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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 11-007

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303

CENTERS FOR MEDICARE & MEDICAID SERVICES

DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

September 12, 2014

Dr. Robin Cummings, Director
Division of Medical Assistance
Department of Health and Human Services
2501 Mail Service Center
Raleigh, NC 27699-2501

Re: North Carolina State Plan Amendment, 11-007

Dear Dr. Cummings:

We have reviewed the proposed State Plan Amendment TN 11-007, which was submitted in response to a Companion Letter issued to the State on June 11, 2011, concurrent with the approval of SPA 10-020. This amendment clarifies the reimbursement methodology for Targeted Case Management for Adults and Children At-Risk for Abuse, Neglect or Exploitation (ARCM).

Based on the information provided, the Medicaid State Plan Amendment NC 11-007 was approved on September 12, 2014. The effective date of this amendment is March 1, 2011. We are enclosing the HCFA Form 179 and the approved plan pages.

If you have any additional questions or need further assistance, please contact Clarence Lewis at 803-898-7647, or Donald Graves at 919-828-2999.

Sincerely,

//s//

Jackie Glaze
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL **FOR: HEALTH CARE FINANCING ADMINISTRATION**	1. TRANSMITTAL NUMBER: **11-007**	2. STATE **NC**
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE **March 1, 2011**	

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION: **Section 1915(g)(1)**	7. FEDERAL BUDGET IMPACT: a. **FFY 2010 $0** b. **FFY 2011 $0**
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: **Supplement 1 to Attachment 3.1-A, Part F, Pages 1-8, Attachment 4.19-B, Section 19, Page 2, Attachment 4.19-B, Section 19, Page 2a, Attachment 4.19-B, Section 19, Page 2b, Attachment 4.19-B, Section 19, Page 2c, and Attachment 4.19-B, Section 19, Page 2d,**	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: **Attachment 4.19-B, Section 19, Page 2 and Supplement 1 to Attachment 3.1-A, Part F, Pages 1-7**

10. SUBJECT OF AMENDMENT:

TCM - At Risk Case Management

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED: SECRETARY

12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//	16. RETURN TO: Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, North Carolina 27699-2001
13. TYPED NAME: Lanier M. Cansler	
14. TITLE: Secretary	
15. DATE SUBMITTED: 03/25/11	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 03-25-11	18. DATE APPROVED: 09-12-14
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 03-01-11	20. SIGNATURE OF REGIONAL OFFICIAL: //s//
21. TYPED NAME: Jackie Glaze	22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns

23. REMARKS: Approved with the following changes as authorized by state agency on letter dated 08/15/14.

Block # 8 changed to read: Attachment 4.19-B Section 19, pages 2, 2a, 2b, 2c and 2d.
Block # 8 changed to read: Attachment 4.19-B Section 19, page 2.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
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B. Targeted Case Management for Adults and Children At-Risk For Abuse, Neglect, or Exploitation (ARCM):

The rate for Targeted Case Management for Adults and Children at Risk for Abuse, Neglect, or Exploitation was established based on data acquired during the Cost Reconciliation Process. The Division of Medical Assistance (DMA) uses the Cost per hour Calculation defined in section ii (d) to determine the interim rate. The Cost per hour rate for each local county DSS is averaged and multiplied by 90% to determine if the interim rate requires adjusting.

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of Targeted Case Management for Adults and Children At-Risk For Abuse, Neglect, or Exploitation. The agency's fee schedule rate of $13.22 was set as of October 1, 2009 and is effective for services provided on or after that date.

Except as otherwise noted in the plan, this per 15 minute rate shall be adjusted annually by the Medicare Market Basket Index. The fee schedule is published on the agency's website at http://www.ncdhhs.gov/dma/fee/fee.htm. Notwithstanding any other provision, if specified, these rates will be adjusted as shown on Attachment 4.19-B, Supplement 5, Page 1 of the State Plan.

This service will be provided by direct enrolled Medicaid providers who may be either private or governmental. Medicaid Governmental services are reimbursed at cost through cost settlement.

Private Providers:

Private providers are reimbursed the lesser of the billed amount or fee schedule amount. The rate for private providers' is not subject to final settlement reconciliation.

Governmental Providers:

Medicaid Governmental Providers are paid at cost.

The interim rate for governmental providers is subject to final settlement reconciliation to actual cost. Each local county DSS provider must prepare and submit a report of its costs and other financial information related to reimbursement annually. The year to date report must include costs from a fiscal period beginning on July 1 and ending on June 30.

Each local county DSS provider must certify the total computable cost of service payments and submit the Certified Public Expenditure (CPE) Attestation form to DMA

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i. The Cost Report Process

To determine the Medicaid-allowable direct and indirect costs of providing Medicaid-eligible at-risk case management (ARCM) services for local county Department of Social Services, the following process is performed:

(1) Accumulate direct costs for ARCM services which include payroll costs that can be directly charged to direct services.

These direct costs are accumulated on the provider's cost distribution report (XS325) utilizing a direct services time equivalency system. (The equivalency system serves as the basis to allocate non-direct personnel costs and overhead to each program.) The provider's XS325 report contains the scope of cost and methods of cost allocation in accordance with the principles in 2 CFR Part 225 and the CMS Provider Reimbursement Manual.

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The ARCM time equivalency (FTE) is a percentage of total minutes charged to ARCM (service code 395, program code 2) on day sheets completed by each direct service employee to total time spent in direct activities for the month utilizing the local county Division of Social Services' (DSS) time recording system. See Table 1 for an example:

Table 1

Program	Service Code/Program Code	Minutes	Time Equivalency (FTE)	County Use
SSBG	X	2,000	.25	01/09
Non-DSS Reimbursement	N	2,000	.25	32/18
Medicaid CMS (ARCM)	395/2	4,000	.50	09/18
Direct Time Total		8,000	1.00	
General Administration		1,600		
Worker Total		9,600		

The direct time FTEs from the day sheets are accumulated for each direct service employee at the end of each month on the Percentages of Time By Program and Service Worker Report and assigned a function code and column code (County Use column on Table 1). The purpose of assigning a function code/column code is to identify the specific service program to allocate the FTE and salary and benefits on the DSS-1571. The function code/column code for ARCM is 09/18. The information is then entered into the DSS-1571 system to generate the Detailed Average Percentage of Time By Employee report (TEC report) which details FTE and salary and benefits cost by employee by program. The ARCM FTE and salary and benefits costs coded to 09/18 are totaled and applied to Part 1A of the XS325, under application code 286 Non Reim MedCMS (the line item on the report specifically for ARCM FTE and costs). The resulting total FTE and salary and benefits cost are the ARCM program's direct costs.

(2) Distribute direct service support costs and indirect costs to each program based on the program's direct service FTE and salary and benefits costs described in (1) above. The distribution is performed in five specific sequential stages on the XS325 as follows:

a) Support A Overhead (cost pool expenses charged to the service programs) and Support A Super 84 costs (salary costs for supervisory and clerical staff providing services to service programs) are allocated to the service programs in Part 1A (Services) of the XS325 based on accumulated direct service FTE. The ARCM program FTE and costs are included in Part 1A. (Likewise, Support B and Support C costs are distributed to Part 1B (Income Maintenance) and 1C (IV-D), respectively. These allocations have no impact on the ARCM costs.)

b) Support J costs (joint worker costs) are allocated to all programs in Parts 1A, 1B and 1C based on the percentage of total direct staff FTE in each program (sum of time equivalency from (1) above and (2a) above) to total staff FTE in the agency. This is the second distribution.

c) Administrative costs (staff costs rendering agency level support such as the Administrative Assistant, Clerical, and Director not directly charged) and FTE are distributed to all agency programs based on each program's accumulated FTE (sum of the program's FTE from (1), (2a), and (2b) above) to total agency staff FTE. This is the third distribution.

d) 311 Indirect Administrative costs (capital outlay equipment, building depreciation from the county's indirect cost allocation plan) are distributed to each program in proportion to the program's accumulated FTE (sum of FTE from (1), (2a), (2b) and (2c) above) to total agency FTE. This is the fourth distribution.

e) Non-matchable costs (non-reimbursable costs such as sales tax, tips, and reimbursable items from other sources) are removed into its own category. This is the final distribution. (This distribution has no impact on the ARCM program costs.)

(3) Determine the cost settlement based on the total accumulated time equivalency and salary and benefits charged to the ARCM program.

ii. **The Cost Reconciliation Process**

a. **Units and Dollars Paid**

A report of the interim payments and units for the cost settlement period is produced by the Medicaid Fiscal Agent for each local county DSS provider.

b. **Minutes Report**

DMA receives a time equivalency report separated by county from the Division of Planning & Evaluation NC DHHS Division of Social Services for the previous SFY. This report includes minutes coded to Program 2 (Medicaid Case Management) for service 395 (At Risk case Management Services).

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c. **Cost Allocation Report**

The Division of Medical Assistance receives each month two county cost allocation reports WC370FY and WC370MON from the DHHS Controllers Office detailing each county costs for the ARCM program. These reports are based on dates of service June – May requiring the reports be converted to SFY dates of service.

d. **Cost per hour Calculation**

The cost per hour calculation is determined by using the minutes report and converting the minutes to hours by dividing the minutes by 60. The total SFY cost (from the Cost Allocation Report) is divided by the minutes (converted to hours) to calculate cost per hour.

e. **Cost Reconciliation Calculation for Each Local County DSS Agency**

The Cost Settlement is calculated by taking the units paid from the data drive run and converting them to hours by dividing them by 4. Using the cost per hour calculation derived in paragraph d. above, multiply the cost per hour by the units converted to hours to determine the total provider cost to run this service. Multiply the total provider cost by the FFP at the time of payment to determine the federal portion of the provider cost. The Settlement result is determined by subtracting the federal portion of the provider cost from the amount paid to the provider.

ii. The Cost Settlement Process

If local county DSS interim payments exceed their certified cost for providing Targeted Case Management for Children At-Risk For Abuse, Neglect, or Exploitation to Medicaid recipients, the local county DSS provider will remit the federal share of the overpayment. If a local county DSS provider's certified cost exceeds their interim payments for providing the service to Medicaid recipients, the local county DSS provider will be reimbursed the difference.

The payment methodology, cost report, cost reconciliation, and cost settlement processes for Targeted Case Management Services for Adults and Children At-risk of Abuse, Neglect or Exploitation as outlined in the above pages end on June 30, 2014.