

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
61 Forsyth St., Suite 4T20  
Atlanta, Georgia 30303-8909



---

October 21, 2011

Craigan Gray, MD, MBA, JD  
Director  
Division of Medical Assistance  
North Carolina Department of Health and Human Services  
2501 Mail Service Center  
Raleigh, North Carolina 27699-2501

Attention: Teresa Smith

RE: North Carolina Title XIX State Plan Amendment, Transmittal #11-031

Dear Dr. Gray:

We have reviewed the proposed amendment to the North Carolina Medicaid State Plan that was submitted under transmittal number 11-031 and received in the Atlanta Regional Office on August 2, 2011.

This amendment is required due to the State administrative decision to freeze existing rates for SFY 2012 as of the rates in effect July 1, 2011 for the Physician Services Program.

Based on the information provided, Medicaid State Plan Amendment 11-031 was approved on October 20, 2011. The effective date of this amendment is November 1, 2011. We are enclosing the approved form HCFA-179 and plan page.

If you have any questions or need any further assistance, please contact Yvette Moore at (404) 562-7327.

Sincerely,

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

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER:  <div style="text-align: center;">11-031</div>	2. STATE  <div style="text-align: center;">NC</div>
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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  <div style="text-align: center;">October 1, 2011</div>	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):  <div style="display: flex; justify-content: space-between;"> <span><input type="checkbox"/> NEW STATE PLAN</span> <span><input checked="" type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN</span> <span><input type="checkbox"/> AMENDMENT</span> </div> <div style="text-align: center; margin-top: 5px;">             COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)           </div>			
6. FEDERAL STATUTE/REGULATION CITATION:  42 CFR 447.201	7. FEDERAL BUDGET IMPACT: a. FFY 2012 \$0 b. FFY 2013 \$0		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, Supplement 3, Page 1	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attachment 4.19-B, Supplement 3, Page 1		
10. SUBJECT OF AMENDMENT:  Physician Services Program			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ): <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT  <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL           </div> <div> <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: SECRETARY           </div> </div>			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  <div style="text-align: center;"> </div>		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: 7/26/11			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:  08/02/11		18. DATE APPROVED:  10/20/11	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  11/01/11		20. SIGNATURE OF REGIONAL OFFICIAL:  <div style="text-align: center;"> </div>	
21. TYPED NAME: Jackie Glaze		22. TITLE: Division of Medicaid & Children Health Opns	
23. REMARKS:  Approved with the following changes to item 4 as authorized by State Agency on email dated 10/11/11:  Blocked #4 changed to read: November 1, 2011.			

State Plan under Title XIX of the Social Security Act  
Medical Assistance Program  
State: North Carolina

Payments for Medical and Remedial Care and Services

---

Payment for Physician Services:

SFY 2004 – No adjustment. Physician Fees

SFY 2005 and 2006 – No rate increase from the June 30, 2005 rate for all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, outpatient hospital, pharmacy and the non-inflationary components of the case-mix reimbursement system for nursing facilities.

North Carolina General Assembly legislation mandates that effective July 1, 2005, reimbursement rates for Physician Fees for the state fiscal years 2005-2006 and 2006-2007 will remain at the rate in effect as of June 30, 2005 except Medicaid rates may be adjusted downward in accordance with the current year's downward adjustments to the Medicare fee schedule.

SFY 2007 - Effective January 1, 2007 an inflationary increase of 5.171% was applied.

SFY 2010 –The rates for SFY 2010 are frozen as of the rates in effect at July 1, 2009, except Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Effective October 1, 2009, an overall negative rate adjustment of 4.90% was applied. There will be no further annual rate adjustment for SFY 2010.

SFY 2011 – The rates for SFY 2011 will be frozen at the rates in effect on June 30, 2010.

SFY 2012 - The rates for SFY2012 are frozen as of the rates in effect at July 1, 2011. Thereafter, the rates shall be reviewed annually, not later than March 1<sup>st</sup> of each succeeding calendar year.

Reference: Attachment 4.19-B, Section 5

TN-No: 11-031  
Supersedes  
TN- No. 09-015

Approval Date: 10-20-11

Eff. Date: 11-01-2011