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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 11-058

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

DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

June 13, 2017

Mr. Dave Richard
Deputy Secretary
Division of Medical Assistance
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, North Carolina 27699-2501

Dear Mr. Richard:

We have reviewed the proposed amendment to the North Carolina Medicaid State Plan (SPA) NC 11-058 (Targeted Case Management Services) that was initially submitted on November 27, 2011. This amendment originally proposed to remove the October 31, 2011 end of service date and thereby allow Child Development Services Agencies to continue to be reimbursed and cost settled for providing this service.

Based on the information provided, we are now ready to approve Medicaid State Plan Amendment NC 11-058. This SPA was approved on June 13, 2017. The effective date of this amendment is December 1, 2011. We are enclosing the signed paper-based HCFA 179 and the approved plan pages.

Should you have questions or need further assistance, please contact Donald Graves at 919-828-2999, or Michelle White at 404-562-7328.

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: 11-058	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 December 1, 2011	

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

☐ NEW STATE PLAN x☐ 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)(I)	7. FEDERAL BUDGET IMPACT: a. FFY 2012 $ ($0.00) b. FFY 2013 $ ($0.00)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Section 19, page 4	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Attachment 4.19-B, Section 19, page 4

10. SUBJECT OF AMENDMENT:

IDD-TCM

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
x ☐ OTHER, AS SPECIFIED:

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, NC 27699-20014
13. TYPED NAME: Lanier M. Cansler	
14. TITLE: Secretary	
15. DATE SUBMITTED:12/15/11	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/21/11	18. DATE APPROVED: 06/13/17
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 12/01/11	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 to block 8 and 9 on response date 05/12/17.

Block # 8 changed to read: Attachment 4.19-B, Section 19, pages 4, 4a, 4b and 4c.

Block # 9 changed to read: Attachment 4.19-B, Section 19, page 4.

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

Payments for Medical and Remedial Care and Services

D. TARGETED CASE MANAGEMENT SERVICES

Children Less Than Three Years of Age Who Are At Risk For, or Have Been Diagnosed With, Developmental Delay/Disability or Social Emotional Disorder

Target Group (42 Code of Federal Regulations 441.18(8)(i) and 441.18(9)):

This target group includes the individuals who meet the requirements defined in the Children's Development Service Agencies' policy: Children less than three years of age who are at risk for, or have been diagnosed with, developmental delay/disability or social emotional disorder.

D.1 **Services provided by Children's Developmental Service Agencies (CDSA):**

Payments for CDSA Services covered under Attachment 3.1-A.1 are equal to the lower of the submitted charge or the appropriate fee from the North Carolina CDSA Fee Schedule. The agency's interim rates were set as of October 1, 2009 and are effective on or after that date. All rates are published on the website at http://www.ncdhhs.gov/dma/fee/index.htm. Except as otherwise noted in the plan, State developed fee schedule rates are the same for all governmental and non-governmental providers. Payments will be based on settled cost, while interim rates will be based on the North Carolina fee schedule.

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To assure payments do not exceed the upper payment limits set forth at 42 CFR 447.321, CDSA services reimbursed under a fee schedule and furnished to Medicaid recipients will be cost settled annually to Medicaid allowable costs. Effective for cost reporting periods ending on or after December 1, 2011, Medicaid-allowable cost will be determined by the Division of Medical Assistance using a CMS approved cost reporting methodology in accordance with 42 CFR § 413 and the CMS Provider Reimbursement Manual

A. Direct Medical Services Payment Methodology:

The annual cost settlement methodology will consist of a CMS approved cost report and reconciliation. If Medicaid payments exceed Medicaid-allowable costs, the excess will be recouped and the Federal share will be returned on the CMS-64 report.

To determine the Medicaid-allowable direct and indirect costs of providing direct medical services to Medicaid recipients receiving services in the CDSA the following steps are performed:

(1) Direct costs for medical service include payroll costs and other costs that can be directly charged to direct medical services. Direct payroll costs include total compensation of direct services of personnel providing direct medical services.

Other direct costs include non-personnel costs directly related to the delivery of medical services, such as purchased services, capital outlay, materials and supplies. These direct costs are accumulated on the annual cost report, resulting in total direct costs.

(2) Indirect costs include payroll costs and other costs related to the administration and operation of the CDSA. Indirect payroll costs include total compensation of CDSA administrative personnel providing administrative services.

Other indirect costs include non-personnel costs related to the administration and operation of the CDSA such as purchased services, capital outlay, materials and supplies.

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(3) Total adjusted indirect costs from Item A 2 above are allocated based on accumulated cost to Direct and Non-Reimbursable cost centers.

(4) For cost reporting periods ending on or after December 1, 2011 the Medicaid percentage of covered services is calculated by dividing the Total Medicaid Encounters by Total Encounters.

(5) Total Medicaid allowable cost is calculated by multiplying the Medicaid percentage of covered services from Item A 6 above by the total allowable cost for Direct Medicaid covered services from Item A 5 above.

B. Certification of Expenditures:

On an annual basis, each CDSA will certify through its cost report its total actual, incurred Medicaid allowable costs. Providers are only permitted to certify Medicaid allowable costs.

C. Annual Cost Report Process:

For Medicaid covered services each CDSA shall file an annual cost report as directed by the Division of Medical Assistance in accordance with 42 CFR 413 Subpart B and 42 CFR 447.202. The Medicaid cost report is due eight (8) months after the provider's fiscal year end. Providers that fail to fully and accurately complete Medicaid cost reports within the time period specified by the Division of Medical Assistance or that fail to furnish required documentation and disclosures for Medicaid cost reports required under this Plan within the time period specified by the Division, may be subject to withhold penalties for non-compliance. A 20 percent withhold of Medicaid payments will be imposed upon the delinquent provider 30 days after the Medicaid cost report filing deadline unless the provider has made a written request for an extension of the Medicaid cost report filing due date to the Division of Medical Assistance and has received a written approval from the Division of Medical Assistance. The withholding of monies will continue until the Medicaid cost report filing requirements have been satisfied. Once, all requirements have been satisfied withheld monies will be released to the provider. Any monies withheld will not accrue interest to the benefit of the provider.

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The primary purposes of the governmental cost report are to:

(1) Document the provider's total CMS-approved, Medicaid-allowable costs of delivering Medicaid covered services using a CMS-approved cost allocation methodology and cost report.

(2) Reconcile annual interim payments to total CMS-approved, Medicaid - allowable costs using a CMS approved cost allocation methodology and cost report.

D. The Cost Reconciliation Process:

The cost reconciliation process must be completed within twelve months of the date the cost report is filed. The total Medicaid-allowable costs are determined based in accordance with 42 CFR 413 Subpart B and the CMS Provider Reimbursement Manual methodology and are compared to the CDSA Medicaid interim payments delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

E. The Cost Settlement Process:

If a provider's interim payments exceed the provider's certified cost for Medicaid services furnished in CDSA's to Medicaid recipients, the provider will remit the excess federal share of the overpayment at the time the cost report is submitted. The federal share will be returned via CMS-64 Report.

If the certified cost of a CDSA provider exceeds the interim payments, the Division of Medical Assistance will pay the federal share of the difference to the provider in accordance with the final actual certification agreement and submit claims to the CMS for reimbursement of that payment in the federal fiscal quarter following payment to the provider.