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**State/Territory Name: North Carolina**

**State Plan Amendment (SPA) #: NC-13-038**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Page

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



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DEC 05 2013

Ms. Aldona Z. Wos, M.D., Ambassador (Ret.)  
Secretary  
North Department of Health and Human Services  
2001 Mail Service Center  
Raleigh, NC 27699-2001

RE: State Plan Amendment NC 13-038

Dear Dr. Wos:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-038. Effective August 1, 2013 this amendment proposes to revise the payment methodology for inpatient hospital services. Specifically, this amendment proposes to freeze payment rates in effect as of June 30, 2013 for state fiscal years 2014 and 2015.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of August 1, 2013. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely,

//s//

Cindy Mann  
Director

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: 13-038	2. STATE NC
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE August 1, 2013	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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:  42 CFR 447.200.	7. FEDERAL BUDGET IMPACT: a. FFY 2014      \$0.00 b. FFY 2015      \$0.00
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-A, Supplement 1, page 3	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-A, Supplement 1, page 3

10. SUBJECT OF AMENDMENT:

Inpatient Hospital Services

11. GOVERNOR'S REVIEW (Check One):

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

12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//	16. RETURN TO: South Carolina Department of Health and Human Services P.O. Box 8206 Columbia, South Carolina 29202-8206
13. TYPED NAME: Aldona Z. Wos, M.D.	
14. TITLE: Secretary	
15. DATE SUBMITTED: 09-24-13	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 09-24-13	18. DATE APPROVED: 12-05-13
<b>PLAN APPROVED - ONE COPY ATTACHED</b>	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 08-01-13	20. SIGNATURE OF REGIONAL OFFICIAL: //s//
21. TYPED NAME: Cindy Mann	22. TITLE: Director
23. REMARKS:	

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

State: NORTH CAROLINA

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Inpatient Hospital:

SFY 2012 – Rates will be frozen at the rate in effect on June 30, 2011. Effective October 1, 2011, existing hospital rates are adjusted by a negative 9.80%, and non-state-owned freestanding psychiatric and rehabilitation hospitals existing rates are adjusted by a negative 2.67%.

SFY 2013 – Effective July 1, 2012, the hospital rates will be adjusted such that they will equal 92.68% of the rate in effect on June 30, 2011, and non-state-owned freestanding psychiatric and rehabilitation hospitals rates will be adjusted such that they will equal 98% of the rate in effect on June 30, 2011. There will be no further annual adjustments this state fiscal year.

SFY 2014 – Effective August 1, 2013, the Base DRG rates, Base Psychiatric per diem rates, Base Rehabilitative per diem rates, and GME factors will be frozen at the rate in effect on June 30, 2013. There will be no further annual adjustments this state fiscal year.

SFY 2015 – Effective July 1, 2014, the Base DRG rates, Base Psychiatric per diem rates, Base Rehabilitative per diem rates, and GME factors will be frozen at the rate in effect on June 30, 2014. There will be no further annual adjustments this state fiscal year.

Reference: Attachment 4.19-A, Page 4, (d)(5)

TN. No. 13-038  
Supersedes  
TN. No. 11-036

Approval Date DEC 05 2013

Eff. Date 8/01/2013