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State/Territory Name: North Carolina

State Plan Amendment (SPA) #:14-0001-MM4

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Companion Letter
- 3) Summary Form (with 179-like data)
- 4) Approved SPA Pages

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

February 24, 2017

Mr. Dave Richard
Deputy Secretary for Medical Assistance
North Carolina Department of Health and Human Services
1985 Umstead Drive
Raleigh, NC 27699-2501

RE: SPA 14-0001-MM4

Dear Mr. Richard:

We have reviewed the proposed amendment to your Medicaid State Plan submitted under Transmittal Number 14-0001-MM4. This state plan amendment updates the structure of the state's single state agency.

Transmittal Number 14-0001-MM4 was approved on February 23, 2017. The effective date is January 1, 2014 as requested. We have enclosed the approved plan pages.

The approved 14-0001-MM4 state plan page contains an attestation by the state that its hearing officers and eligibility workers are governmental employees provided merit protection. During the review of this SPA, CMS determined that North Carolina human resource policies were insufficient to meet federal merit protection standards listed in 5 CFR part 900, subpart F and not compliant with the longstanding requirements at section 1902(a)(4)(A) of the Social Security Act (the Act) and 42 CFR 432.10. Based on this finding, a companion letter is being issued with the approval of this SPA requiring the state to submit a corrective action plan within 30 days to implement merit protection standards for all of its Medicaid employees that are fully compliant with section 1902(a)(4)(A) of the Act, 42 CFR 432.10 and 5 CFR part 900, subpart F.

If you have any questions, please contact Kenni Howard at 404-562-7413 or via email at kenni.howard@cms.hhs.gov.

Sincerely,

//s//

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

Enclosures

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

February 24, 2017

Mr. Dave Richard
Deputy Secretary for Medical Assistance
State of North Carolina, Department of Health and Human Services
1985 Umstead Dr.
Raleigh, NC 27699-2501

RE: SPA 14-0001-MM4

Dear Mr. Richard:

This letter is being sent as a companion to the Centers for Medicare & Medicaid Services (CMS) approval of North Carolina State Plan Amendment (SPA) 14-0001-MM4, which was submitted on March 31, 2014. North Carolina submitted this SPA to update the organizational structure of the state's single state agency ("Medicaid agency"). Subsequently, North Carolina passed a law that reformed the Medicaid agency, which, among other changes, exempted Medicaid agency employees from state merit protection requirements.

The approved 14-0001-MM4 state plan page contains an attestation by the state that the Medicaid agency's hearing officers and eligibility workers are governmental employees provided merit protection. As we explain below, based on our review of human resource documents and discussion with state staff, we have determined that North Carolina is not complying with federal merit protection requirements for these Medicaid employees as required by applicable statute and regulations.

Federal merit protection for Medicaid employees is required by §1902(a)(4)(A) of the Social Security Act, implementing regulations at 42 CFR 432.10, and page 5.1 of the State Plan. Section 432.10(c) of the regulations provides that the Medicaid agency must establish and maintain personnel administration in conformity with 5 CFR part 900, subpart F, Administration of the Standards for Merit System of Personnel Administration, which implements 5 USC § 2301. Starting in the fall of 2015 and continuing throughout 2016, CMS and the state discussed CMS' concerns with H 372, An Act to Transform and Reorganize North Carolina's Medicaid and NC Health Choice Programs, which exempts Medicaid employees from state merit protection requirements. Specifically, we explained that, regardless of the application of state merit protection requirements, the state must comply with federal merit protection requirements, and that the exemption of certain employees from state merit protection requirements under H 372 raised serious concerns about the state's compliance with federal law and regulations. CMS asked North Carolina for any state human resources documents that would demonstrate compliance with federal merit protection requirements. On August 25, 2016, North Carolina provided CMS with the requested documents for CMS review.

On December 7, 2016, CMS held a call with North Carolina state officials, informing them of our determination, based on our review of the documents provided by the state, that the state's personnel policies are not in compliance with several federal merit protections required under the section 1902(a)(4) of the Act and 42 CFR 432.10. Specifically, the North Carolina personnel policies do not provide for 1) protection for Medicaid agency employees against coercion for partisan political purposes (5 CFR 900.603(f)); 2) a prohibition from any employee using his/her official authority for the purpose of interfering with or affecting the result of an election or a nomination for office (5 CFR 900.603(f)); 3) training employees, as needed, to assure high quality performance (5 CFR 900.603(c)); and 4) protection against retaliation for employees exercising rights with regard to any of these merit protection principles (5 CFR 900.603(e)). In addition, at will employment policies, in which an employer may terminate an employee for any reason, or no reason, are not consistent with the merit principles set forth in 5 C.F.R. § 900.603. The documents reviewed by CMS have conflicting information, but suggest that Medicaid agency employees may be subject to at will employment.

During the December 7 call, the state Medicaid agency verbally agreed to make changes to its human resources policies to ensure that it is in compliance with federal merit protection standards.

This letter is a request for a formal corrective action plan describing in detail new personnel policies that ensure compliance with federal merit protection requirements; and a specific timeline for implementing the new policies and demonstrating that the required personnel policy changes have been communicated to state Medicaid employees.

The State has 30 days from the date of this letter to provide the corrective action plan described above. Failure to respond will result in the initiation of a formal compliance process. During the 30 days, CMS is available to provide technical assistance, as needed. If you have any questions, please contact Stephanie Kaminsky, Acting Director, Division of Eligibility at Stephanie.Kaminsky@cms.hhs.gov.

Sincerely,

//s//

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

Medicaid State Plan Eligibility: Summary Page (CMS 179)

State/Territory name: North Carolina**Transmittal Number:**

Please enter the Transmittal Number (TN) in the format ST-YY-0000 where ST= the state abbreviation, YY = the last two digits of the submission year, and 0000 = a four digit number with leading zeros. The dashes must also be entered.

NC-14-0001

Proposed Effective Date

01/01/2014 (mm/dd/yyyy)

Federal Statute/Regulation Citation

42 CFR 431.10

Federal Budget Impact

	Federal Fiscal Year	Amount
First Year	2014	\$0.00
Second Year	2015	\$0.00

Subject of Amendment

Single State Agency

Governor's Office Review

- ☐ Governor's office reported no comment
☐ Comments of Governor's office received

Describe:

- ☐ No reply received within 45 days of submittal

- ☒ Other, as specified

Describe:

Department of Health & Human Services Secretary

Signature of State Agency Official**Submitted By:** Teresa Smith**Last Revision Date:** Dec 8, 2016**Submit Date:** Mar 31, 2014



Medicaid Administration

State Name: North Carolina

OMB Control Number: 0938-1148

Transmittal Number: NC - 14 - 0001

Expiration date: 10/31/2014

State Plan Administration Designation and Authority

A1

42 CFR 431.10

Designation and Authority

State Name: North Carolina

As a condition for receipt of Federal funds under title XIX of the Social Security Act, the single state agency named below submits the following state plan for the medical assistance program, and hereby agrees to administer the program in accordance with the provisions of this state plan, the requirements of titles XI and XIX of the Act, and all applicable Federal regulations and other official issuances of the Department.

Name of single state agency: Department of Health and Human Services

Type of Agency:

- ☐ Title IV-A Agency
☐ Health
☐ Human Resources
☒ Other

Type of Agency: Department of Health and Human Services & Title IV-A Agency

The above named agency is the single state agency designated to administer or supervise the administration of the Medicaid program under title XIX of the Social Security Act. (All references in this plan to "the Medicaid agency" mean the agency named as the single state agency.)

The state statutory citation for the legal authority under which the single state agency administers the state plan is:

North Carolina General Statute §108A-54

The single state agency supervises the administration of the state plan by local political subdivisions.

☒ Yes ☐ No

The state statutory citation for the legal authority under which the agency supervises the administration of the plan on a statewide basis is:

North Carolina General Statute §108A-54

The state statutory citation under which the single state agency has legal authority to make rules and regulations that are binding on the political subdivisions administering the plan is:

North Carolina General Statutes §108A-54 and 108A-54.1B

☒ The certification signed by the state Attorney General identifying the single state agency and citing the legal authority under which it administers or supervises administration of the program has been provided.



Medicaid Administration

An attachment is submitted.

The state plan may be administered solely by the single state agency, or some portions may be administered by other agencies.

The single state agency administers the entire state plan under title XIX (i.e., no other agency or organization administers any portion of it).

☐ Yes ☒ No

☒ Waivers of the single state agency requirement have been granted under authority of the Intergovernmental Cooperation Act of 1968.

The waivers are still in effect.

☒ Yes ☐ No

Enter the following information for each waiver:

Remove

Date waiver granted (MM/DD/YY): 12/27/12

The type of responsibility delegated is (check all that apply):

- ☐ Determining eligibility
☒ Conducting fair hearings
☐ Other

Name of state agency to which responsibility is delegated:

Office of Administrative Hearings (OAH)

Describe the organizational arrangement authorized, the nature and extent of responsibility for program administration delegated to the above named agency, and the resources and/or services of such agency to be utilized in administration of the plan:

The Office of Administrative Hearings will make final agency decisions in contested Medicaid beneficiary and provider cases as defined in paragraphs (1) and (2) below.

1. "Contested Medicaid beneficiary cases" are those defined in N.C.G.S. §150B-22 in which the single state Medicaid agency or one of its contractors or agents denies, reduces, terminates or suspends (or alleges such a decision was not acted upon with reasonable promptness), a Medicaid-reimbursable service. In all contested Medicaid beneficiary cases, OAH shall dismiss appeals when the conditions described in 42 CFR §431.223 are present, as set forth in N.C.G.S. §108A-70.9B(b)(4).

2. In all contested cases in which an enrolled Medicaid provider, or provider applicant, is challenging any decision of the single state Medicaid agency which directly or indirectly affected the provider or applicant substantially in their person, property, or employment as described in N.C.G.S. §150B-2(6). OAH shall agree to dismiss all appeals: (a) that are filled outside of the timeline set forth in N.C.G.S. §150B-23(f); (b) where the petitioner fails to timely serve the single state Medicaid agency; and (c) where the petitioner fails to pay the filing fee. Further, OAH shall agree to dismiss or impose another sanction as provided by law, all appeals where either party fails to file a Prehearing Statement or respond to discovery prior to the hearing, or where either party fails to appear at a scheduled hearing without good cause.



Medicaid Administration

The methods for coordinating responsibilities among the agencies involved in administration of the plan under the alternate organizational arrangement are as follows:

The parties to this waiver acknowledge that the Division of Medical Assistance(DMA) delegates the authority to make final decisions regarding beneficiary and provider contested cases as defined in paragraphs (1) and (2) above to the North Carolina Office of Administrative Hearings (OAH).

As a condition precedent for the State of North Carolina to receive federal financial participation for the functions authorized by this waiver of the single state agency requirement found at 42 C.F.R. § 431.10(e), the North Carolina Office of Administrative Hearings ("OAH") must acknowledge and agree in writing that it will act as a neutral and impartial decision-maker on behalf of the North Carolina single state Medicaid agency in adjudicating contested Medicaid cases and that it will comply with all applicable federal and state laws, rules and regulations governing the Medicaid program.

In addition, OAH acknowledges and agrees that, except as allowed by law, enrolled Medicaid providers have no property or liberty right in initial or continued participation or enrollment in the North Carolina State Medicaid program.

OAH acknowledges and also agrees that the issue to be determined at final hearings conducted in accordance with this waiver is whether the single state Medicaid agency or one of its contractors or agents exceeded its authority or jurisdiction, acted erroneously, failed to use proper procedure, acted arbitrarily or capriciously, and/or failed to act as required by law or rule; that it will conduct de novo reviews in beneficiary cases as set forth below; that it will cooperate with any and all federal or state audits, monitoring, or oversight necessary to substantiate that OAH expenditures are valid and reasonable; that it will assist DMA in tracking and reporting of Medicaid appeal decisions as required by law; and that it will comply with each of the following conditions of this waiver:

Except where agreed to by the parties or for other good cause, OAH agrees to schedule, hear and issue decisions in contested Medicaid beneficiary cases within the time period set forth in 42 C.F.R. §431.244(f) and N.C.G.S. §108A-70.9B(b)(1).

OAH shall schedule, hear and issue decisions in contested Medicaid provider cases within 180 days of the date the appeal is filed with OAH, except that hearings in cases where OAH has issued a temporary restraining order ("TRO"), stay or injunction shall be expedited as soon as practicable. The time for the appeal process may be extended in the event of delays caused or requested by the single state Medicaid agency.

OAH shall only issue TROs, stays or injunctions to maintain the status quo in contested beneficiary and provider Medicaid cases when the petitioner meets the requirements contained in Rule 65 of the North Carolina Rules of Civil Procedure. Any TRO so issued shall be in effect for no longer than allowed by law and shall not be continued except as provided in Rule 65. In contested Medicaid beneficiary cases, OAH shall issue TROs, stays or injunctions which require the single state Medicaid agency or a Local Management Entity operating a Prepaid Inpatient Health Plan in accordance with 42 CFR Part 438 (LME/PIHP) to continue an authorization for Medicaid-reimbursable service(s), or to authorize service(s) at any particular level or frequency, during the pendency of an appeal to the extent required to meet the requirements of 42 CFR 431.230.

DMA and OAH shall allow all parties' witnesses to appear and testify by telephone at hearings, including but not limited to any expert witnesses, unless good cause is shown to require in person appearance by specific witnesses.

When a continuance is necessary, OAH shall only grant requests filed by either party for good cause shown, and shall ensure that hearings are not unreasonably delayed.

In contested Medicaid cases, OAH shall issue decisions that are based on the evidence introduced before the record is deemed closed by the Administrative Law Judge.



Medicaid Administration

To the extent allowed under Rule 32 of the North Carolina Rules of Civil Procedure, OAH may consider deposition testimony in addition to other allowable testimony as evidence at the hearing on the merits. Affidavits and deposition testimony may be permitted for use as evidence in hearings on motions for preliminary injunctive relief as allowed by law.

Subject to applicable law, OAH shall require in the absence of good cause that all discovery be completed at least thirty (30) days prior to the scheduled hearing date, shall comply with the North Carolina Rules of Civil Procedure in contested Medicaid provider cases, and may limit discovery in such cases to provide for the prompt disposition of the contested case and to ensure that the burden or expense of the proposed discovery does not outweigh its likely benefit, considering the needs of the case, the amount in controversy, the parties' resources, the importance of the issues at stake in the action, and the importance of the discovery in resolving the issues.

In all contested Medicaid provider cases, OAH may allow both sides to prepare and file proposed decisions within thirty (30) days of the date of the hearing, unless either party requests a transcript of the hearing, in which case proposed decisions shall be due within thirty (30) days of the date the transcript is prepared and served on the parties.

In contested Medicaid beneficiary cases, OAH shall issue decisions that are based on the evidence introduced before the record is deemed closed by the Administrative Law Judge and the applicable provision(s) of federal or state laws, rules and regulations supporting the decision in accordance with 42 CFR § 431.244 and N.C.G.S. § 108A-70.9B(f).

DMA retains oversight of the State Plan and will establish a process to monitor the entire appeals process, including the quality and accuracy of the final decisions made by OAH.

Add

- ☐ The agency that administers or supervises the administration of the plan under Title X of the Act as of January 1, 1965, has been separately designated to administer or supervise the administration of that portion of this plan related to blind individuals.

The entity or entities that have responsibility for determinations of eligibility for families, adults, and for individuals under 21 are:

- ☒ The Medicaid agency
- ☐ Single state agency under Title IV-A (in the 50 states or the District of Columbia) or under Title I or XVI (AABD) in Guam, Puerto Rico, or the Virgin Islands
- ☐ An Exchange that is a government agency established under sections 1311(b)(1) or 1321(c)(1) of the Affordable Care Act

The entity that has responsibility for determinations of eligibility for the aged, blind, and disabled are:

- ☐ The Medicaid agency
- ☐ Single state agency under Title IV-A (in the 50 states or the District of Columbia) or under Title I or XVI (AABD) in Guam, Puerto Rico, or the Virgin Islands
- ☐ An Exchange that is a government agency established under sections 1311(b)(1) or 1321(c)(1) of the Affordable Care Act
- ☒ The Federal agency administering the SSI program

Indicate which agency determines eligibility for any groups whose eligibility is not determined by the Federal agency:

- ☒ Medicaid agency



Medicaid Administration

☐ Title IV-A agency

☐ An Exchange

The entity or entities that have responsibility for conducting fair hearings with respect to denials of eligibility based on the applicable modified adjusted gross income standard are:

☒ Medicaid agency

☐ An Exchange that is a government agency established under sections 1311(b)(1) or 1321(c)(1) of the Affordable Care Act

☐ An Exchange appeals entity, including an entity established under section 1411(f) of the Affordable Care Act

The agency has established a review process whereby the agency reviews appeals decisions made by the Exchange or Exchange appeals entity or other state agency, but only with respect to conclusions of law, including interpretations of state or federal policies.

☐ Yes ☒ No

State Plan Administration Organization and Administration

A2

42 CFR 431.10
42 CFR 431.11

Organization and Administration

Provide a description of the organization and functions of the Medicaid agency.

The North Carolina Department of Health and Human Services (DHHS) is a cabinet agency, led by a Secretary appointed by the Governor. North Carolina DHHS divisions and offices fall under four broad service areas - health, human services, administrative, and support functions described below.

Division of Aging and Adult Services

Division of Child Development and Early Education

Division of Health Benefits

Division of Health Service Regulation and Office of Internal Audit

Division of Medical Assistance

Division of Mental Health, Developmental Disabilities and Substance Abuse Services

Division of Rural Health and Community Care

Division of Public Health

Division of Services for the Blind

Division of Services for the Deaf and Hard of Hearing

Division of Social Services

Division of Behavioral Health Developmental Disability Services/State Operated Healthcare Facilities

Division of Vocational Rehabilitation Services

HUMAN SERVICES: An organizational umbrella led by a Deputy Secretary that incorporates services provided through the Divisions of Social Services, Aging and Adult Services, Child Development and Early Education, Vocational Rehabilitation Services, Services for the Deaf and Hard of Hearing and Services for the Blind.

DIVISION OF AGING AND ADULT SERVICES:

The Division of Aging and Adult Services (DAAS) promotes successful aging for North Carolina's older population and their families, advancing their social, health, and economic well-being. Working closely with Area Agencies on Aging, senior advocates and local service providers, the division supports the independence and dignity of impaired older persons through such home and



Medicaid Administration

community services as in-home aide care, congregate and home-delivered meals, transportation, adult day care, housing and home improvement, and respite for family caregivers.

The Division also ensures protection of North Carolina's most vulnerable adults of all ages by the delivery of Adult Protective Services and Guardianship Services through the State's 100 county departments of social services. These core services protect against abuse, neglect and exploitation, and provide surrogate decision makers with the appointment of a guardian when older adults and adults with disabilities are unable to make and communicate important decisions about their well-being.

The Division promotes the rights of residents of nursing homes and adult care homes through its Ombudsman Program, and uses Senior Centers as local resources for information and access to a wide range of services and programs. DAAS also is committed to helping younger generations prepare to enjoy their later years.

DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION:

The Division of Child Development and Early Education (CDEE) supports the safety, care and early education of children by licensing, monitoring and regulating over 7,200 child day care facilities statewide. Nearly 250,000 of North Carolina's children age are served regulated day care centers and homes licensed by the division. Licensing consultants make unannounced visits to child care facilities to make sure they are complying with requirements for their star rating (level of licensure). The Division also provides technical assistance and other supports to help child care facilities enhance their program and education standards, and to accommodate children with special needs and other populations.

The Division completes criminal record checks for everyone employed in regulated child care programs. Background checks are performed for adoptive and foster parents, nursing homes employees, family and adult care homes, mental health facilities, emergency medical services and employees of Department agencies.

The North Carolina Subsidized Child Care program is supervised by the Division, and provides financial assistance to eligible families through county departments of social services to help pay for child care. The service benefits over 75,000 children monthly from low-income families. Assistance is available to support parents' employment or education, child developmental needs, child protective services and child welfare services.

The Division administers the NC Pre-K Program, which provides high-quality educational experiences to enhance school readiness for nearly 28,000 at-risk, eligible four-year-olds. The Division also provides support for Smart Start in its mission to advance a high quality, comprehensive, accountable system of care and education for every child beginning with a healthy birth.

DIVISION OF SOCIAL SERVICES:

The Division of Social Services (DSS) works in cooperation with the Social Services Commission, the 100 county departments of social services, and other public and private entities to protect children, strengthen families and help all North Carolinians to achieve maximum self-sufficiency.

The Division provides training, technical assistance and consultation to the local staff who work in programs for families and children, including Medicaid, Child Welfare, Family Support, Work First, Child Support, Food and Nutrition Services, Low Income Home Energy Assistance Program and Refugee Services.

WORKFORCE SERVICES: An organizational umbrella that incorporates services provided through the Division of Vocational Rehabilitation Services its two regional workforce operations, Independent Living, and the Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing.

DIVISION OF SERVICES FOR THE BLIND:

The Division of Services for the Blind provides treatment, rehabilitation, education and independent living alternatives for blind and visually impaired residents of North Carolina. Through vocational rehabilitation, the Division helps people find and keep jobs. The Division also promotes the prevention of blindness through educational programs.

The Division's programs also include the Business Enterprises Program providing opportunities for people who are legally blind to work in food service in vending facilities and the Rehabilitation Center for the Blind offering training in a residential setting to



Medicaid Administration

enable individuals with vision loss to achieve career and personal goals. The Governor Morehead School, the State's residential school for the blind, is co-located with the Division's home office in Raleigh, but operates under the Department of Public Instruction.

DIVISION OF SERVICES FOR THE DEAF AND THE HARD OF HEARING:

The State's over one million deaf and hard of hearing citizens find the assistance and information from the Division of Services for the Deaf and the Hard of Hearing. The Division works to ensure that all deaf, hard of hearing or deaf-blind North Carolinians have the ability to communicate their needs, and to receive information easily and effectively in all aspects of their lives.

The Division, in collaboration with its partners, works to provide deaf, hard of hearing and deaf-blind North Carolinians and their families the information, skills and tools they need to achieve effective communication and access to resources in their communities, resulting in independence and full participation in society. The Division accomplishes this mission through providing advocacy, information, counseling, skills development and telecommunications access to North Carolinians who are deaf, hard of hearing and deaf-blind through its seven Regional Centers.

DIVISION OF VOCATIONAL REHABILITATION SERVICES:

The Division of Vocational Rehabilitation Services assists North Carolinians with disabilities in finding and maintaining employment and living independently in their communities. Vocational rehabilitation counselors work with business and community agencies to help them prepare their work-sites to accommodate employees who have physical, mental health, intellectual/developmental, hearing/communicative or substance abuse disabilities. The Division also provides services that encourage and reinforce independent living options for people with disabilities through the Independent Living Rehabilitation Program and the Assistive Technology Program.

Rehabilitation counselors in vocational rehabilitation offices across the State are available to assist people with disabilities with individualized plans to meet their unique needs. Counselors provide vocational evaluations, job training, guidance and counseling. They help people with disabilities transition from rehabilitation to employment and educate them about the kinds of technology available that could increase independence.

HEALTH SERVICES:

An organizational umbrella led by a Deputy Secretary that incorporates services provided through the Division of Public Health and the Office of Rural Health and Community Care.

DIVISION OF RURAL HEALTH AND COMMUNITY CARE:

The Office of Rural Health and Community Care created within the Department in 1973. Its mission is to assist underserved communities and populations to develop innovative strategies for improving access, quality and cost-effectiveness of health care. Currently, the Office administers the following programs: Designation of health professional shortage areas; provider recruitment and loan repayment; safety net primary care infrastructure development; integration of behavioral, oral and physical health; migrant health programs; telepsychiatry; prescription assistance; and community network development. The Office provides funding and in-depth technical assistance to North Carolina's safety net system, including rural health clinics, community health centers, local health departments, free clinics, school based health centers and critical access hospitals. The Office receives federal funding to serve as the Primary Care Office, State Office of Rural Health, Flex and SHIP Hospital Program, and a Community Health Center Migrant Health Program. In addition, the office assists the Division of Medical Assistance with initiatives for high-risk populations, such as the Centers for Medicare and Medicaid Services Children's Health Insurance Program Reauthorization Act quality improvement demonstration. The Office is funded with federal, State and philanthropic resources and administers over 300 contracts that expand access to high quality health care for rural and underserved populations (Medicare, Medicaid, underinsured and uninsured).

DIVISION OF PUBLIC HEALTH:

The Division of Public Health works to protect, promote and preserve the health of North Carolinians through ethical, compassionate and evidence-based public health practice. The Division's wide range of programs and services are aimed toward protecting and improving the health of the people who live and work in North Carolina. Public health programs reach out to help



Medicaid Administration

build healthy families and communities, promote healthful living, lower the risk of disease and untimely death, and reduce the consequences of disease. The Division also gathers and analyzes statewide health data and statistics needed for making sound public health decisions and policies.

The Division works with other Department divisions, State agencies and local health departments and in partnership with public and private groups to ensure a healthy North Carolina.

DIVISION OF HEALTH SERVICE REGULATION AND OFFICE OF INTERNAL AUDIT:

HEALTH SERVICE REGULATION:

The Division of Health Service Regulation inspects, certifies, registers and licenses hospitals, nursing homes, adult care homes, mental health facilities, home care programs and other health facilities.

INTERNAL AUDIT:

Formally the office of the Internal Auditor, the Office of Internal Audit supports DHHS through a systematic, disciplined approach in the performance of independent, value-added audit, consulting and assurance services.

DIVISION OF BEHAVIORAL HEALTH DEVELOPMENTAL DISABILITY SERVICES/STATE OPERATED HEALTHCARE FACILITIES:

BEHAVIORAL HEALTH DEVELOPMENTAL DISABILITY SERVICES:

The Division also devises statewide standards of care that are unique to each disability group and program, and that best meet the treatment and care needs of the populations served. It partners with regional advocacy groups, local management entity-managed care organizations (LME-MCOs), provider systems, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, and other stakeholders.

STATE OPERATED HEALTHCARE FACILITIES:

The Division of State Operated Healthcare Facilities oversees and manages a system of healthcare facilities that provide individualized, compassionate, efficient and quality care to adults and children with developmental disabilities, substance use disorders and psychiatric illnesses whose needs exceed the level of care available in the community.

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE:

The Division of Mental Health, Developmental Disabilities and Substance Abuse Services develops, provides and oversees publicly supported mental health, developmental disabilities and substance abuse services in North Carolina. The Division carries out its responsibilities through a system of local mental health authorities/managed care organizations known as Local Management Entities/Managed Care Organizations, as well as through contracts with local providers, advocacy organizations and hospitals. The Division collaborates with other State agencies within and outside of the Department to improve services and supports related to mental health, substance use, and intellectual and other developmental disabilities. The Division works closely with other agencies and stakeholders to address those issues, as well as juvenile justice, prescription drug abuse and other related areas.

DIVISION OF MEDICAL ASSISTANCE:

The Division of Medical Assistance is chiefly responsible for administering the federal Medicaid and Children's Health Insurance Programs. The Division also manages several home and community-based waivers, which help the elderly and disabled remain in their homes by providing needed health and personal care services. The Pregnancy Medical Home program helps improve women's access to early prenatal care and preventive health care for low birth weight infants. North Carolina Community Care, Inc., through its provider networks, connects people with primary care doctors who manage their patient care needs. Health Check is an outreach program aimed at improving the quality of health care among low-income children. The program guarantees eligible children regular comprehensive health exams that include necessary immunizations, screenings and follow-up care.



Medicaid Administration

The Division of Medical Assistance is divided into five (5) subdivisions as follows:

Clinical:

The Clinical section is responsible for the overall administration of programs and clinical services covered in the North Carolina Medicaid Program. The section's staff develops clinical coverage policies and procedures, administers those policies and procedures, manages associated programs and contracts and provides related educational activities. Clinical Policy coordinates with other sections within the Division who are responsible for determining eligibility, reimbursement and monitoring program integrity of all covered services. Clinical Policy also provides program information to Medicaid recipients, service providers, and the general public.

Business Information:

The Business Information section is responsible for overseeing Research and Analytics, the Medicaid Management Information System (MMIS), and HIPAA.

Operations:

The Operations section is responsible for the coordination of Regulatory Affairs, Hearings and Appeals, Provider Services, Beneficiary Services, the call center, and Operational Excellence. The section is responsible for the coordination of DMA processes and protocols, access for providers and beneficiaries, assuring maximum efficiency for operations, and development of quality and risk management processes. Beneficiary Services, in partnership with DSS provides, oversight of the counties' eligibility determinations.

Compliance:

The Compliance section is responsible for ensuring compliance, efficiency, and accountability within the Medicaid Program by detecting and preventing fraud, waste, program abuse, and by ensuring that Medicaid dollars are paid appropriately by implementing tort recoveries, pursuing recoupments, and identifying avenues for cost avoidance.

Finance:

The Finance section is responsible for overall provider reimbursement, financial audits, budget and forecasting, purchasing and contracting, and financial policy and reporting.

DIVISION OF HEALTH BENEFITS:

The Division of Health Benefits (DHB) was established by Session Law 2015-245 as a new division of the Department of Health and Human Services. DHB currently manages the process to transition NC Medicaid and NC Health Choice from fee-for-service to capitated managed care per state law. DHB will ultimately manage Medicaid and NC Health Choice operations upon implementation of Medicaid reform.

OFFICE OF THE SECRETARY (ADMINISTRATIVE OFFICES):

The Office of the Secretary, created by the Executive Organization Act of 1973, is a part of the Executive Branch of State Government. The Secretary, appointed by the Governor, serves as the principal officer of the Department and is responsible for the necessary management, development of policy, establishment of standards general health, social services and rehabilitation. The Office of the Secretary includes:

- Office of Budget and Analysis
- Office of Communications
- Office of Controller
- Office of General Counsel
- Office of Government Affairs
- Office of Human Resources
- Office of Information Technology



Medicaid Administration

Office of Procurement Contract and Grants
Office of Property and Construction

FINANCIAL OFFICE:

OFFICE OF BUDGET AND ANALYSIS:

The Division of Budget and Analysis develops, modifies and executes the North Carolina Department of Health and Human Services' operating budget, and researches and analyzes issues that affect the Department's budgets.

OFFICE OF CONTROLLER:

The Office of the Controller sets and interprets all accounting and financial reporting policies and procedures for the Department as authorized by the rules and regulations of the Office of the State Controller and state statute and executes all accounting transactions for the Department of Health and Human Services.

OFFICE OF PROPERTY AND CONSTRUCTION:

The Division of Property and Construction supports DHHS by ensuring that the facilities needs are met statewide. Property and Construction manages the capital improvement program for DHHS which includes providing programming, budget requests, project management, architectural and engineering design, and construction administration services and by managing property leases and acquisitions.

OFFICE PROCUREMENT CONTRACTS AND GRANTS:

Procurement, Contracts and Grants was formerly called Purchasing and Contracts, this office encompasses the business functions of the Department to include grants.

OFFICE OF HUMAN RESOURCES:

The Division of Human Resources helps applicants find information on available jobs, provides consultation to managers and supervisors, informs current employees of benefits and services, and spearheads efforts to recruit hard-to-fill vacancies.

OFFICE OF GOVERNMENT AFFAIRS:

Office of Governmental Affairs is formerly the DHHS Office of Governmental Relations, the DHHS Office of Government Affairs collaborates with internal and external stakeholders to advance legislative policies and initiatives that promote the health, safety and well-being of North Carolinians.

OFFICE OF COMMUNICATIONS:

The Office of Communications works with the media to encourage public support for vulnerable populations. We alert the public to services they may need and to dangers to avoid.

OFFICE OF GENERAL COUNSEL:

The Office of General Counsel provides legal counsel to all Divisions and Offices within DHHS. Attorneys in the Office of General Counsel provide a broad spectrum of legal assistance including, but not limited to, addressing daily legal questions, assessing high-priority policy matters, and analyzing strategies for preventing or resolving litigation. The Office provides frequent legal counsel to DMA with respect to operation of the Medicaid program.

OFFICE OF INFORMATION TECHNOLOGY:

Formerly, called the Information Technology Division (ITD), this office provides technology services to the Department of Health and Human Services and interfaces with state agencies and other government customers across North Carolina. Services include hosting, network, telecommunications, desktop computing, project management services, and unified communications such as email and calendaring.



Medicaid Administration

Upload an organizational chart of the Medicaid agency.

An attachment is submitted.

Provide a description of the structure of the state's executive branch which includes how the Medicaid agency fits in with other health, human service and public assistance agencies.

The North Carolina Executive Branch is comprised of the following:

- Governor's Office
- Cabinet Agencies, led by appointed officials
- Office of the State Controller
- Council of State Agencies, led by elected officials
- Higher education (University and Community College systems)

Outside of DHHS:

- North Carolina Office of Administrative Hearings (OAH) – OAH makes final decision on beneficiary and provider contested cases.
- Department of Public Instruction (DPI) – The Individual with Disabilities Education Act (IDEA) is the federal law requiring education related services to pre-school and school aged children with handicapping conditions. DMA works with DPI to provide Medicaid funding for those related services that are medically indicated, for example, speech, physical, and occupational therapy.

Entities that determine eligibility other than the Medicaid Agency (if entities are described under Designation and Authority)

Remove

Type of entity that determines eligibility:

- ☐ Single state agency under Title IV-A (in the 50 states or the District of Columbia) or under Title I or XVI (AABD) in Guam, Puerto Rico, or the Virgin Islands
- ☐ An Exchange that is a government agency established under sections 1311(b)(1) or 1321(c)(1) of the Affordable Care Act
- ☒ The Federal agency administering the SSI program

Provide a description of the staff designated by the entity and the functions they perform in carrying out their responsibility.

Pursuant to a 1634 agreement, the Social Security Administration determines Medicaid eligibility for Supplemental Security Income recipients.

Add

Entities that conduct fair hearings other than the Medicaid Agency (if are described under Designation and Authority)

Remove

Type of entity that conducts fair hearings:

- ☐ An Exchange that is a government agency established under sections 1311(b)(1) or 1321(c)(1) of the Affordable Care Act
- ☐ An Exchange appeals entity, including an entity established under section 1411(f) of the Affordable Care Act

Provide a description of the staff designated by the entity and the functions they perform in carrying out their responsibility.



Medicaid Administration

Add

Supervision of state plan administration by local political subdivisions (if described under Designation and Authority)

Is the supervision of the administration done through a state-wide agency which uses local political subdivisions?

☐ Yes ☒ No

The types of the local subdivisions that administer the state plan under the supervision of the Medicaid agency are:

☒ Counties

☐ Parishes

☐ Other

Are all of the local subdivisions indicated above used to administer the state plan?

☒ Yes ☐ No

Indicate the number used to administer the state plan: 100

Description of the staff and functions of the local subdivisions:

The local County Departments of Social Services staff is responsible for the following:

- (A) Determining all individuals eligibility determinations for all eligibility groups under the state plan for North Carolina Medicaid and North Carolina Health Choice Programs (other than those determined by SSA).
- (B) Enrolling individuals in managed care programs.
- (C) Maintaining all individuals eligibility determination files.
- (D) Holding the initial evidentiary eligibility appeals for Medicaid/CHIP, unless the appeal is due to denial of disability, and providing hearing summary and evidence if applicant/beneficiary does not agree with local appeal decision.

State Plan Administration

A3

Assurances

42 CFR 431.10
42 CFR 431.12
42 CFR 431.50

Assurances

- ☒ The state plan is in operation on a statewide basis, in accordance with all the requirements of 42 CFR 431.50.
- ☒ All requirements of 42 CFR 431.10 are met.
- ☒ There is a Medical Care Advisory Committee to the agency director on health and medical services established in accordance with meeting all the requirements of 42 CFR 431.12.
- ☒ The Medicaid agency does not delegate, to other than its own officials, the authority to supervise the plan or to develop or issue policies, rules, and regulations on program matters.

Assurance for states that have delegated authority to determine eligibility:



Medicaid Administration

- ☐ There is a written agreement between the Medicaid agency and the Exchange or any other state or local agency that has been delegated authority to determine eligibility for Medicaid eligibility in compliance with 42 CFR 431.10(d).

Assurances for states that have delegated authority to conduct fair hearings:

- ☐ There is a written agreement between the Medicaid agency and the Exchange or Exchange appeals entity that has been delegated authority to conduct Medicaid fair hearings in compliance with 42 CFR 431.10(d).
- ☐ When authority is delegated to the Exchange or an Exchange appeals entity, individuals who have requested a fair hearing are given the option to have their fair hearing conducted instead by the Medicaid agency.

Assurance for states that have delegated authority to determine eligibility and/or to conduct fair hearings:

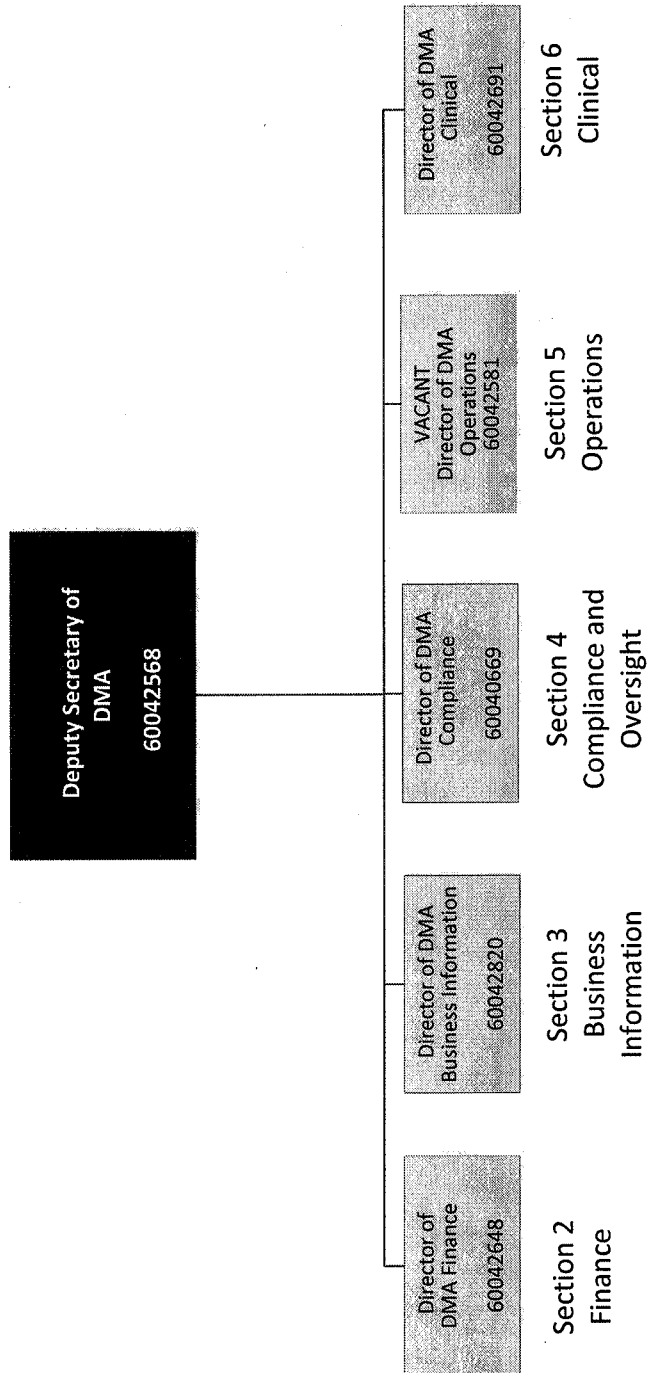
- ☒ The Medicaid agency does not delegate authority to make eligibility determinations or to conduct fair hearings to entities other than government agencies which maintain personnel standards on a merit basis.

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148. The time required to complete this information collection is estimated to average 40 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

V.20141203

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE
EXECUTIVE LEVEL



MEMORANDUM

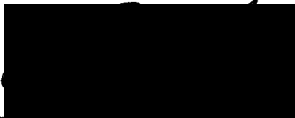
TO: Centers for Medicare and Medicaid Services, Dept. of Health and Human Services

FROM: Roy Cooper, Attorney General for the State of North Carolina

DATE: August 5, 2016

RE: Delegation of Authority for Attorney General Certification

I hereby delegate authority to Special Deputy Attorney General Donna Smith to certify that the North Carolina Department of Health and Human Services is the single State agency administering the Medicaid state plan and supervising the administration of the Medicaid state plan by local political subdivisions.



Roy Cooper
Attorney General for the State of North Carolina

08/05/2016
Date

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

State of North Carolina

ATTORNEY GENERAL'S CERTIFICATION

I certify that:

Department of Health and Human Services

is the single State agency responsible for:

X administering the plan.

The legal authority under which the agency administers
the plan on a Statewide basis is North Carolina General Statute: 108A-54

(Statutory citation)

X supervising the administration of the plan by local political subdivisions.


The legal authority under which the agency supervises
the administration of the plan on a Statewide basis is contained in

North Carolina General Statutes: 108A-54
(Statutory Citation)

The agency's legal authority to make rules and regulations
that are binding on the political subdivisions administering
the plan is

North Carolina General Statutes: 108A-54, 108A-54.1B
(Statutory Citation)

June 16, 2016
DATE

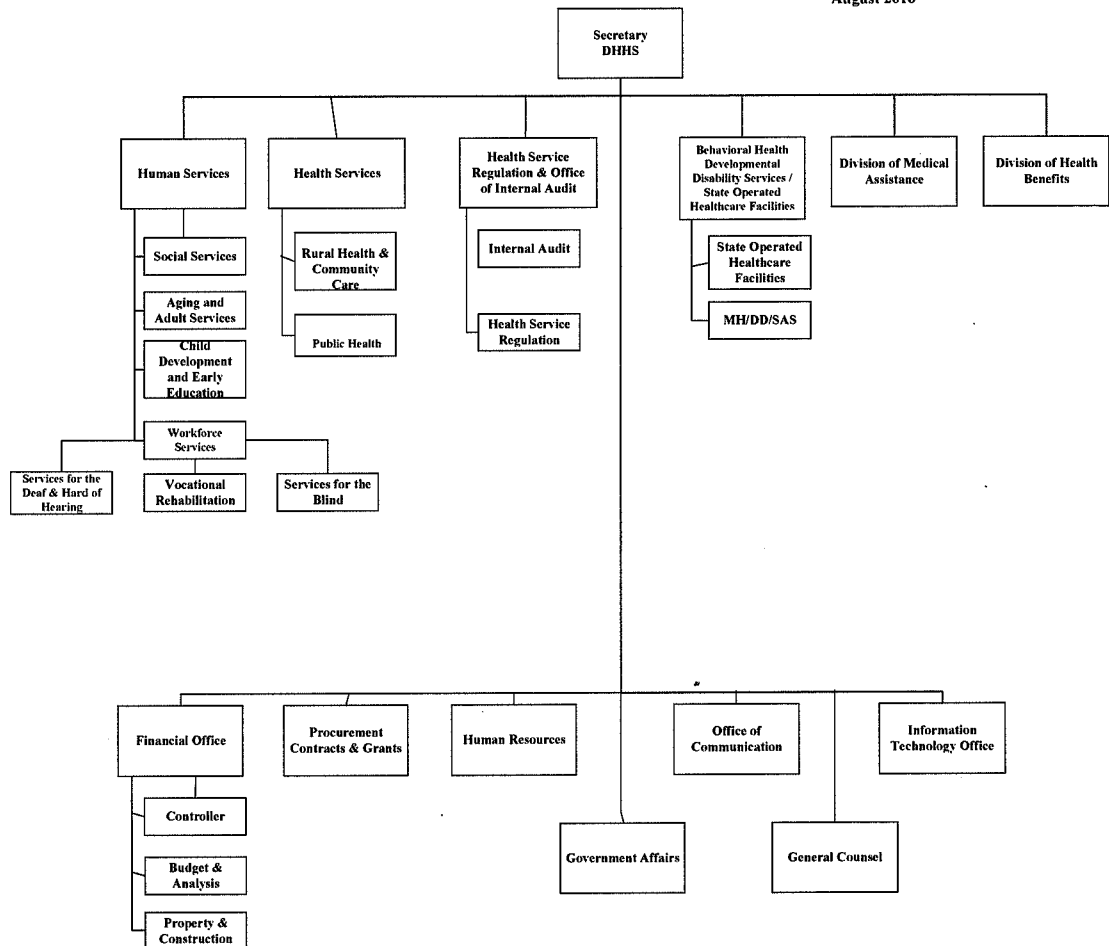

Donna Smith
Special Deputy Attorney General
NC Department of Justice

TN No. 14-0001-MM1
Supersedes
TN No. 00-03

Approval Date _____

Eff. Date: 01/01/2014

**DHHS Executive
Organizational Chart
August 2016**



TN. No. 14-0001-MM1
Supersedes
TN. No. 00-003

Approval Date: _____

Effective Date: 01/01/2014