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**State/Territory Name: North Carolina**

**State Plan Amendment (SPA) #: 14-007**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) 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**

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June 27, 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, 14-007

Dear Dr. Cummings:

We have reviewed the State plan amendment (SPA) 14-007 submitted to CMS on March 31, 2014. This SPA proposes to adjust the reimbursement methodologies for Licensed Practitioners providing services for Chiropractic, Podiatry and Optometry such that rates will equal 97 percent of the rates in effect on July 1, 2013. The requested effective date is January 1, 2014.

CMS conducted its review of your submittal to ensure consistency with the statutory requirements at sections 1905(a)(24) and 1902 (a) of the Social Security Act. We found that the proposed reimbursement methodologies comply with applicable requirements and therefore have approved it with an effective date of January 1, 2014.

During the review of this SPA, CMS reviewed the state's public notice and determined that the notice meets the regulatory requirements at 42 CFR 447.205(c). Consistent with the requirements described in the CFR, the state issued public notice on December 23, 2013 in newspapers of widest circulation within the state and identified a local agency where the proposed changes were available for public viewing. Within the content of the notice, the state adequately described the changes proposed under SPA 14-007. In describing the changes and the budget impact as related to this SPA, North Carolina has adequately met the regulatory public notice requirements and the statutory public process requirements as CMS interprets those requirements.

Also, during its review, CMS queried the state as to what, if any, negative impact the proposed rate reductions could have on access to, or the quality of, chiropractic, podiatry and optometry services provided to North Carolina Medicaid beneficiaries. The state provided information and analysis which indicated that access to, or the quality of, services would not be negatively impacted in connection with the implementation of the proposed rate reductions.

The state applied a number of metrics to their claims data to measure current access to chiropractic, podiatry and optometry services and to set a baseline for future monitoring activities. The state will continue to monitor service utilization through application of these metrics either through the use of its monitoring “dashboard” which is part of its new data warehouse (expected to be functional in June 2014) or through its MMIS claims. In addition, North Carolina has committed to reviewing this data monthly and addressing any access issues that arise.

Regarding the quality of the services provided, the state has provided assurances that annual surveys of all provider types, including chiropractic, podiatry and optometry services providers, are conducted to assess the provider’s compliance with applicable laws and regulations affecting the quality of care provided. Follow up inspections are conducted for those providers who demonstrate significant non-compliance during the annual inspection.

Based on the information and assurances provided by the state, NC SPA 14-007 was approved on June 27, 2014. Enclosed are the HCFA Form 179 and the approved State 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

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 14-007	2. STATE NC
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
<b>TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		4. PROPOSED EFFECTIVE DATE January 1, 2014	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION:  42 CFR 447.201		7. FEDERAL BUDGET IMPACT:  a. FFY 2014 (\$272,258) b. FFY 2015 (\$364,721)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, Supplement 3, page 1d, Attachment 4.19-B, Supplement 3, page 1e, and Attachment 4.19-B, Supplement 3, page 1f		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attachment 4.19-B, Supplement 3, page 1d, Attachment 4.19-B, Supplement 3, page 1e, and Attachment 4.19-B, Supplement 3, page 1f	
10. SUBJECT OF AMENDMENT:  Licensed Practitioners-Chiropractic, Podiatry, & Optometry			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Secretary			
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//		16. RETURN TO:	
13. TYPED NAME: Aldona Z. Wos, M.D.		Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014	
14. TITLE: Secretary			
15. DATE SUBMITTED: 03/13/14			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 03/31/14		18. DATE APPROVED: 06/27/14	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/14		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Jackie Glaze		22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns	
23. REMARKS:			

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

Payments for Medical and Remedial Care and Services

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Payment for Chiropractic Services:

SFY 2004 – No adjustment. Chiropractor 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.

NC General Assembly legislation mandates that effective July 1, 2005, reimbursement rates for Chiropractic 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 – Rates will be frozen at the rate in effect on June 30, 2011. Effective November 1, 2011, existing rates are adjusted by a negative 2.67% to yield a twelve (12) month two percent (2%) reduction in the nine (9) remaining months of this State Fiscal Year.

SFY 2013 – Effective July 1, 2012, the rates will be adjusted such that they will equal 98% of the rate in effect July 1, 2011. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Rates for new codes will not include inflation beyond 2009.

SFY 2014 – Effective August 1, 2013, rates will be frozen at the rate in effect June 30, 2013. Effective January 1, 2014 rates will be adjusted such that they will equal 97% of the rate in effect July 1, 2013. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Rates for new codes will not include inflation beyond 2009.

SFY 2015- Effective July 1, 2014, the rates are frozen at the rate in effect as of June 30, 2014. There will be no further annual rate adjustment.

Reference: Attachment 4.19-B, Section 6, Page 1b



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

Payments for Medical and Remedial Care and Services

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Payment for Podiatry Services:

SFY 2004 – No adjustment. Podiatry 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.

NC General Assembly legislation mandates that effective July 1, 2005, reimbursement rates for Podiatry 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 – Rates will be frozen at the rate in effect on June 30, 2011. Effective November 1, 2011, existing rates are adjusted by a negative 2.67% to yield a twelve (12) month two percent (2%) reduction in the nine (9) remaining months of this State Fiscal Year.

SFY 2013 – Effective July 1, 2012, the rates will be adjusted such that they will equal 98% of the rate in effect July 1, 2011. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Rates for new codes will not include inflation beyond 2009.

SFY 2014 – Effective August 1, 2013, rates will be frozen at the rate in effect on June 30, 2013. Effective January 1, 2014 rates will be adjusted such that they will equal 97% of the rate in effect July 1, 2013. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Rates for new codes will not include inflation beyond 2009.

SFY 2015- Effective July 1, 2014, the rates are frozen at the rate in effect as of June 30, 2014. There will be no further annual rate adjustment.

Reference: Attachment 4.19-B, Section 6, Page 1

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TN-No: 14-007  
Supersedes  
TN- No. 13-035

Approval Date: 06-27-14

Eff. Date: 01/01/2014

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

Payments for Medical and Remedial Care and Services

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Payment for Optometry Services:

SFY 2004 – No adjustment. Optometrist 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.

NC General Assembly legislation mandates that effective July 1, 2005, reimbursement rates for Optometry 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 Rates will be frozen at the rate in effect on June 30, 2011. Effective November 1, 2011, existing rates are adjusted by a negative 2.64% to yield a twelve (12) month two percent (2%) reduction in the nine (9) remaining months of this State Fiscal Year.

SFY 2013 – Effective July 1, 2012, the rates will be adjusted such that they will equal 98% of the rate in effect July 1, 2011. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Rates for new codes will not include inflation beyond 2009.

SFY 2014 – Effective August 1, 2013, rates will be frozen at the rate in effect on June 30, 2013. Effective January 1, 2014 rates will be adjusted such that they will equal 97% of the rate in effect July 1, 2013. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Rates for new codes will not include inflation beyond 2009.

SFY 2015- Effective July 1, 2014, the rates are frozen at the rate in effect as of June 30, 2014. There will be no further annual rate adjustment.

Reference: Attachment 4.19-B, Section 6, Page 1a