

## **Table of Contents**

**State/Territory Name: North Carolina**

**State Plan Amendment (SPA) #: 14-012**

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, 14-012

Dear Dr. Cummings:

We have reviewed the State plan amendment (SPA) 14-012 submitted to CMS on March 31, 2014. This SPA proposes to adjust the reimbursement methodology for Physician Service such that it will equal 97 percent of the rate 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 methodology complies 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 14-012. 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 reduction could have on access to, or the quality of, physician 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 physician 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 physician 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 14-012 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

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**1. TRANSMITTAL NUMBER:  
14-0122. STATE  
NC

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION:  
TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE  
January 1, 2014

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 447.400(a)

7. FEDERAL BUDGET IMPACT:

a. FFY 2014 (\$2,672,014)

b. FFY 2015 (\$3,561,944)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Supplement 1, Page 1e, Attachment 4.19-B,  
Supplement 3, Page 1, Attachment 4.19-B, Supplement 3 Page 1g, and  
Attachment 4.19-B, Supplement 3, Page 1k9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):Attachment 4.19-B, Supplement 1, Page 1e, Attachment 4.19-B,  
Supplement 3, Page 1, Attachment 4.19-B, Supplement 3 Page 1g,  
and Attachment 4.19-B, Supplement 3, Page 1k

10. SUBJECT OF AMENDMENT:

Physician Services

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☒ OTHER, AS SPECIFIED: Secretary

12. SIGNATURE OF STATE AGENCY OFFICIAL:

//s//

13. TYPED NAME:

Aldona Z. Wos, M.D.

14. TITLE:

Secretary

15. DATE SUBMITTED: 03-24-14

16. RETURN TO:

Office of the Secretary  
Department of Health and Human Services  
2001 Mail Service Center  
Raleigh, NC 27699-20014**FOR REGIONAL OFFICE USE ONLY**

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 Nurse-Midwife, Certified Registered Nurse Anesthetist (CRNA) & Anesthesiologist Assistants:

SFY 2004 – No adjustment for Nurse-Midwives, CRNA and AA 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 Nurse-Midwife 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.

SFY 2014 – Effective August 1, 2013, the rates are frozen as of the rate in effect at June 30, 2013. Effective January 1, 2014, the rates for CRNA and Nurse-Midwives will be reimbursed at 98% of the current Medicaid physician fee schedule. Effective January 1, 2014, the rates for Anesthesiologist Assistants will be reimbursed at 50% of the current Anesthesiologist rates for DMA approved procedures (CPT and HCPCS). There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current year's downward adjustments to the Medicare fee schedule.

SFY 2015 –. Effective July 1, 2014, the rates for CRNA and Nurse-Midwives will be reimbursed at 98% of the current Medicaid physician fee schedule. Effective July 1, 2014, the rates for Anesthesiologist Assistants will be reimbursed at 50% of the current Anesthesiologist rates for DMA approved procedures (CPT and HCPCS). There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current year's downward adjustments to the Medicare fee schedule.

Reference: Attachment 4.19-B, Section 17, pages 1 and 2

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TN-No: 14-012  
Supersedes  
TN- No. 13-027

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 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.

SFY 2014 – 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. Those physicians who have attested as being a primary care physician under Section 1202 of the Affordable Care Act shall be excluded from this reduction until January 1, 2015, at which time their reimbursement will be at 97% if the July 1, 2013 rates. 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.

Reference: Attachment 4.19-B, Section 5

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TN-No: 14-012  
Supersedes  
TN- No. 13-033

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 Nurse Practitioner Services:

SFY 2012 – Rates will be frozen at the rate in effect on June 30, 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 2013 – Rates will be frozen at the rate in effect on June 30, 2012. 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. Thereafter, the rate shall be reviewed annually, not later than March 1<sup>st</sup> of each succeeding calendar year.

SFY 2014 – Effective August 1, 2013, the rates are frozen as of the rate in effect at June 30, 2013. Effective January 1, 2014, the rates will be reimbursed at 100% of the current Medicaid physician fee schedule. 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.

SFY 2015 – Effective July 1, 2014, the rates will be reimbursed at 100% of the current Medicaid physician fee schedule. 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.

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

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 Physician Assistant Services:

SFY 2014 - Effective August 1, 2013, the rates will be frozen at the rates in effect on June 30, 2013. Effective January 1, 2014, the rates will be reimbursed at 100% of the current Medicaid physician fee schedule. There will be no further annual rate adjustment except Medicaid rates may be adjusted downward in accordance with the current year's downward adjustments to the Medicare fee schedule.

SFY 2015 - Effective July 1, 2014, the rates will be reimbursed at 100% of the current Medicaid physician fee schedule. There will be no further annual rate adjustment except Medicaid rates may be adjusted downward in accordance with the current year's downward adjustments to the Medicare fee schedule.

Reference: Attachment 4.19-B, Section 5, Page 1f