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**State/Territory Name: North Carolina**

**State Plan Amendment (SPA) #: 14-0037**

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**

January 19, 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

Attention: Teresa Smith

RE: North Carolina Title XIX State Plan Amendment, Transmittal # NC 14-0037

Dear Mr. Richard:

We reviewed the proposed amendment to the North Carolina Medicaid State Plan Amendment (SPA) NC 14-0037 (Labs/X-rays) that was submitted to CMS on September 30, 2014. This amendment originally proposed implementing a 1 percent rate reduction and rate freeze for subsequent years. After intensive collaboration with CMS, the State removed the 1 percent rate reduction and revised the SPA pages to clarify that this program will be reimbursed at the lower of the submitted charge or the appropriate fee from the North Carolina Medicaid fee schedule in effect at a given point in time.

Based on the information provided, we are now ready to approve the Medicaid State Plan Amendment NC 14-0037. This SPA was approved on January 19, 2017. The effective date of this amendment is January 1, 2015. We are enclosing the signed paper-based HCFA-179 and the approved plan pages.

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

Sincerely,

//s//

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

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER: 14-037	2. STATE NC
	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, 2015	

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 414.200	7. FEDERAL BUDGET IMPACT:  a. FFY 2015 (\$186,752) b. FFY 2016 (\$249,003)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B Supplement 3, Page 1b and Attachment 4.19-B Supplement 3, Page 2b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attachment 4.19-B Supplement 3, Page 1b

10. SUBJECT OF AMENDMENT:

Labs and X-Rays

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:  Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014
13. TYPED NAME: Aldona Z. Wos, M.D.	
14. TITLE: Secretary	
15. DATE SUBMITTED: 09/18/14	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 09/30/16	18. DATE APPROVED: 01/19/17
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**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/15	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 # 7, 8 and 9.

Block # 7 changed to read: 7a FFY 2015 (\$0) and 7b FFY 2016 (\$0).

Block # 8 changed to read: Attachment 4.19-B, Section 3 Page 1 and Attachment Supplement 3 page 1b.

Block # 9 changed to read: Attachment 4.19-B, Section 3 Page 1 and Attachment Supplement 3 page 1b.

MEDICAL ASSISTANCE  
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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3. Laboratory and X-ray Services

X-ray Services

Fees for non-hospital based x-ray (radiological/imaging) services shall be the lower of the submitted charge or the fee schedule. The agency's fee schedule rates were set as of July 1, 2012 and is effective for services provided on or after that date.

Laboratory Services

Fees for independent laboratory services shall be the lower of the submitted charge or the appropriate fee from the fee schedule. The agency's fee schedule rates were set as of July 1, 2012 and is effective for services provided on or after that date. The agency fee schedule rates for state lab facilities were set as of July 1, 2014 equal to 91% of the Medicare Clinical Lab fee schedule and is effective for services provided on or after that date. All rates are published on the DMA website at: <https://dma.ncdhhs.gov/providers/fee-schedules>.

Fees for independent laboratory services shall be the lower of the submitted charge or the appropriate fee from the fee schedule in effect on July 1, 2012.

- a. Fees for new services are established at 91% of the Medicare Clinical Lab fee schedule. If there is no Medicare fee available, fees will be based on fees for similar existing services. If there is no Medicare fee or similar services, the fee is based on reasonable cost derived from available industry data until a Medicare fee is established.

The above methodology shall also apply to laboratory services paid to hospital outpatient facilities, physicians, and any provider supplying outpatient laboratory services.

Services reimbursed under the above methodology are not subject to cost settlement. Lab services provided by Local Health Departments are settled in accordance with Attachment 4.19-B, Section 9, not to exceed 100% of the Medicare Clinical Lab fee schedule.

- b. When clinical laboratories services are provided on behalf of a hospital inpatient or critical access hospital inpatient, payment will be made to the hospital and not to the clinical laboratory.

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TN. No. 14-037

Supersedes

TN. No. 13-029

Approval Date: 01/19/17

Eff. Date: 01/01/2015

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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TN No: 14-037  
Supersedes  
TN No. 11-026

Approval Date: 01/19/17

Eff. Date: 01/01/2015