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**State/Territory Name: North Carolina**

**State Plan Amendment (SPA) #:15-0001**

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**

February 05, 2016

Dave Richard, 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, 15-0001

Dear Mr. Richard:

We have reviewed the State Plan Amendment (SPA) 15-0001 that was received in the Regional Office on December 28, 2015. This amendment revises the cost settlement for outpatient services performed at Vidant Medical Center (previously known as Pitt County Memorial Hospital) to 100 percent of allowable costs.

Based on the information provided, the Medicaid State Plan Amendment NC-15-0001 was approved on February 05, 2016. The effective date of this SPA is December 1, 2015. We are enclosing the approved Form HCFA-179 and the approved plan pages.

If you have any additional questions or need 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 and Children's Health Operations

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 15-001	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 December 1, 2015	
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 2015      \$5,434,217 b. FFY 2016      \$7,297,336	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B Section 2, page 1		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attachment 4.19-B Section 2, page 1	
10. SUBJECT OF AMENDMENT:  Hospital Outpatient Cost Settlement-Vidant			
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:  Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014	
13. TYPED NAME: Richard O. Brajer			
14. TITLE: Secretary			
15. DATE SUBMITTED: December 29, 2015			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 12-29-15		18. DATE APPROVED: 02-05-16	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 12-01-15		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Jackie Glaze		22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns	
23. REMARKS: Approved with following changes to block #7 as authorized by state agency on email dated 01-28-16  Block # 7 changed to read: FFY16 \$5,434,217 and FFY17 \$7,297,336.			

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

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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**2.a OUTPATIENT HOSPITAL SERVICES**

With respect to hospitals licensed by the State of North Carolina that are qualified to certify public expenditures in accordance 42 CFR 433.51(b), other than hospitals owned or controlled by the University of North Carolina Health Care System, as defined in N.C. Gen. Stat. 116-37, hospitals that are State-owned and operated by the Department of Health and Human Services, Vidant Medical Center and Critical Access Hospitals pursuant to 42 USC 1395i-4, the expenditures claimable for Federal Financial Participation (FFP) will be the hospitals' reasonable costs incurred in serving Medicaid outpatients, as determined in accordance with Medicare principles. Payment to these hospitals will be made in stages (the first stage payment will be 70% of reasonable cost determined on an interim basis; the second stage payment will be for the difference between the hospital's reasonable costs determined on an interim basis and the first stage payment). Each hospital's allowable Medicaid outpatient costs for the rate year will be determined on an interim basis by multiplying the hospital's Medicaid outpatient ratio of cost-to-charges (RCCs) as specified on lines 37-68 of Worksheet C or D from the hospital's most recent available as-filed CMS 2552 cost report by the hospital's allowable Medicaid outpatient charges for services provided during the same fiscal year as the cost report and paid not less than six months after the end of that same fiscal year. This cost data will be brought forward to the end of the period for which FFP is being claimed by applying the applicable CMS PPS Hospital Input Price Indices. Hospitals' final allowable costs of serving Medicaid outpatients will be determined using audited CMS 2552 cost reports for the year for which final FFP is being determined. The difference between the final and interim allowable Medicaid cost will be an adjustment(s) to the applicable period for which the cost was incurred and initial claim was made.

All hospitals that are state-owned and operated by the Department of Health and Human Services, Vidant Medical Center, and Critical Access Hospitals pursuant to 42 USC 1395i-4 will be reimbursed their allowable outpatient costs as determined using the CMS 2552 in accordance with the provisions of the Medicare Provider Reimbursement Manual. All other hospitals will be reimbursed 70 percent of their allowable outpatient costs as determined using the CMS 2552 cost report and in accordance with the Medicare Provider Reimbursement Manual. Hospitals that are not qualified to certify public expenditures will also be paid using the enhanced payments for outpatient services methodologies described below.