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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 17-0010

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

November 15, 2017

Mr. Dave Richard
Deputy Secretary
Division of Medical Assistance
2001 Mail Service Center
Raleigh, NC 27699-2501

Attention: Teresa J. Smith

RE: State Plan Amendment NC 17-0010

Dear Mr. Richard:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 17-0010. Effective October 1, 2017 this amendment adds diagnosis related groups codes (DRGs) for the payment of long-acting reversible contraception (LARC) services.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of October 1, 2017. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely,

//s//

Kristin Fan
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 17-0010	2. STATE NC
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE October 1, 2017	

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 440.130(c)	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$22,838 b. FFY 2019 \$23,088
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Page 2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-A, Page 2

10. SUBJECT OF AMENDMENT:

Diagnosis Related Groups (DRG)

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:	16. RETURN TO: Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014
13. TYPED NAME: Mandy Cohen, MD, MPH	
14. TITLE: Secretary	
15. DATE SUBMITTED: 09/28/17	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 09/28/17	18. DATE APPROVED: 11/15/17
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/01/17	20. SIGNATURE OF REGIONAL OFFICIAL: //s//
21. TYPED NAME: Kristin Fan	22. TITLE: Director, FMG

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: Inpatient Hospital

DRG RATE SETTING METHODOLOGY

(a) Diagnosis Related Groups is a system of classification for hospital inpatient services. For each hospital admission, a single DRG category shall be assigned based on the patient's diagnosis, age, procedures performed, length of stay, and discharge status. For claims with dates of services prior to January 1, 1995 payments shall be based on the reimbursement per diem in effect prior to January 1, 1995. However, for claims related to services where the admission was prior to January 1, 1995 and the discharge was after December 31, 1994, then the greater of the total per diem for services rendered prior to January 1, 1995, or the appropriate DRG payment shall be made.

(b) The Division of Medical Assistance (Division) shall use the DRG assignment logic of the Medicare Grouper to assign individual claims to a DRG category. Medicare revises the Grouper each year in October. The Division shall install the most recent version of the Medicare Grouper implemented by Medicare to be effective October 1 of each following rate year. Effective October 1, 2012, the Division shall install the most recent version of the Medicare Grouper implemented by Medicare to be effective October 1 of each rate year. The initial DRG in Version 12 of the Medicare Grouper, related to the care of premature neonates and other newborns numbered 385 through 391, shall be replaced with the following classifications:

385	Neonate, died or transferred, length of stay less than 3 days
801	Birth weight less than 1,000 grams
802	Birthweight 1,000 – 1,499 grams
803	Birthweight 1,500 – 1,999 grams
804	Birthweight >=2,000 grams, with Respiratory Distress Syndrome
805	Birthweight >=2,000 grams premature with major problems
810	Neonate with low birthweight diagnosis, age greater than 28 days at admission
389	Birthweight >= 2,000 grams, full term with major problems
390	Birthweight >= 2,000 grams, full term with other problems or premature without major problems
391	Birthweight >= 2,000 grams, full term without complicating diagnoses

Effective October 1, 2008, the premature neonates and other newborn DRGs listed above are replaced by the premature neonates and other newborn DRGs in Version 25 of the Medicare Grouper (i.e. DRGs 789-795).

DRG 789 Neonate, died or transferred, length of stay less than 3 days.

Effective for dates of service on or after October 1, 2017, the below DRG classifications specific to long-acting reversible contraceptives (LARCs) are added to the current Grouper version.

1765	Cesarean Section W CC/MCC with LARC
1766	Cesarean Section W/O CC/MCC with LARC
1767	Vaginal Delivery W Sterilization &/or D&C with LARC
1768	Vaginal Delivery W O.R. Proc Except Sterile &/or D&C with LARC
1769	Postpartum & Post Abortion Diagnoses W O.R. Procedure with LARC
1770	Abortion W D&C, Aspiration Curettage or Hysterectomy with LARC
1774	Vaginal Delivery W Complicating Diagnoses with LARC
1775	Vaginal Delivery W/O Complicating Diagnoses with LARC
1776	Postpartum & Post Abortion Diagnoses W/O O.R. Procedure with LARC
1777	Ectopic Pregnancy with LARC
1779	Abortion W/O D&C with LARC

TN. No: 17-010
Supersedes
TN. No: 12-020

Approval Date: NOV 15 2017

Eff. Date: 10/01/2017