



Disabled and Elderly Health Programs Group

January 19, 2021

Dave Richard, Deputy Secretary
DHHS Division of Health Benefits
1985 Umstead Drive
Raleigh, NC 27609

Dear Mr. Richard:

I am writing to inform you that the Centers for Medicare & Medicaid Services (CMS) has reviewed your state's Electronic Visit Verification (EVV) Compliance Survey submission and determined, based on the information you provided, that North Carolina does not meet the requirements specified in section 1903(l) of the Social Security Act, as added by Section 12006(a) of the 21st Century Cures Act, for personal care services rendered in some or all applicable authorities available within your state. The non-compliant programs include Section 1915(c) home and community based services waivers that operate concurrently with the state's 1915(b) managed care waiver.

The state reported to CMS that its managed care organizations are not on schedule to implement EVV due to business processing issues. The state anticipates implementing EVV for managed care services by March 31, 2021.

Because your state has not demonstrated that it complies with all EVV requirements as specified by the statute, CMS must apply federal medical assistance percentage (FMAP) reductions to personal care service expenditures for the authorities and/or programs listed above, beginning in the first calendar quarter of 2021, consistent with the requirements of 1903(l)(1)(A) of the Act. For each quarter during which the state is not compliant, FMAP will be reduced by 0.5 percentage points for calendar quarters in 2021; by 0.75 percentage points for calendar quarters in 2022; and by 1 percentage point for calendar quarters in 2023 and each year thereafter.

It is important to note that FMAP reductions will only be applied to personal care service expenditures for non-compliant authorities. Based on the state's survey response, the following authorities are compliant and will not incur FMAP reductions:

- Section 1905(a)(24) state plan personal care benefit
- Section 1915(c) home and community based services waivers (fee-for-service only)

Because FMAP reductions are assigned each quarter, you are encouraged to review your survey information on a quarterly basis and update your response when you achieve compliance in any or all authorities to ensure FMAP reductions are lifted in a timely manner. Should the state deliver personal care services in any additional Medicaid authorities other than listed above at a point in the future the state is also responsible for updating its compliance survey.

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I have included the state's current EVV Compliance Survey submission with this letter. If you need assistance, please feel free to contact the CMS EVV mailbox at evv@cms.hhs.gov.

Sincerely,

Alissa Mooney DeBoy, Director