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State Plan Amendment (SPA) #: NC-24-0014

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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Financial Management Group
230 South Dearborn
Chicago, IL 60604



Center for Medicaid & CHIP Services

April 30, 2024

Jay Ludlam
Deputy Secretary of Medical Assistance
Division of Medical Assistance
1985 Umstead Drive
1985 Umstead Dr
Raleigh, NC 27603

Re: Approval of State Plan Amendment NC-24-0014 Tailored Care Management

Dear Jay Ludlam,

On March 27, 2024, the Centers for Medicare and Medicaid Services (CMS) received North Carolina State Plan Amendment (SPA) NC-24-0014 for Health Home - Tailored Care Management.

We approve North Carolina State Plan Amendment (SPA) NC-24-0014 with an effective date(s) of February 01, 2024.

If you have any questions regarding this amendment, please contact Maria Ysabel Gavino at maria.gavino@cms.hhs.gov

Sincerely,
Todd McMillion
Director, Division of Reimbursement
Review
Center for Medicaid & CHIP Services

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NC - Submission Package - NC2024MS0001O - (NC-24-0014) - Health Homes

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CMS-10434 OMB 0938-1188

Package Information

Package ID	NC2024MS0001O	Submission Type	Official
Program Name	Tailored Care Management	State	NC
SPA ID	NC-24-0014	Region	Atlanta, GA
Version Number	1	Package Status	Review
Submitted By	Betty Staton	Submission Date	3/27/2024
Milestone Date	4/6/2024	Regulatory Clock	63 days remain
Priority Code	P2	Review Status	Review 1

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS0001O | NC-24-0014 | Tailored Care Management

Package Header

Package ID	NC2024MS0001O	SPA ID	NC-24-0014
Submission Type	Official	Initial Submission Date	3/27/2024
Approval Date	N/A	Effective Date	N/A
Superseded SPA ID	N/A		

Reviewable Unit Instructions

State Information

State/Territory Name: North Carolina

Medicaid Agency Name: Division of Medical Assistance

Submission Component

- State Plan Amendment
- Medicaid
- CHIP

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS0001O | NC-24-0014 | Tailored Care Management

Package Header

Package ID NC2024MS0001O

SPA ID NC-24-0014

Submission Type Official

Initial Submission Date 3/27/2024

Approval Date N/A

Effective Date N/A

Superseded SPA ID N/A

Reviewable Unit Instructions

SPA ID and Effective Date

SPA ID NC-24-0014

Reviewable Unit	Proposed Effective Date	Superseded SPA ID
Health Homes Payment Methodologies	2/1/2024	NC-22-0024

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS0001O | NC-24-0014 | Tailored Care Management

Package Header

Package ID	NC2024MS0001O	SPA ID	NC-24-0014
Submission Type	Official	Initial Submission Date	3/27/2024
Approval Date	N/A	Effective Date	N/A
Superseded SPA ID	N/A		

Reviewable Unit Instructions

Executive Summary

Summary Description Including Goals and Objectives The goal of this State Plan Amendment is to temporarily increase the Health Home payment rate. North Carolina will temporarily increase the payment rate from \$269.66 to (1) \$343.97 starting on February 1, 2024, through June 30, 2024, and (2) \$294.86 starting on July 1, 2024, through June 30, 2025. During the entire period starting on February 1, 2024, through June 30, 2025, North Carolina will also temporarily increase the add-on payment for individuals enrolled in the Innovations or TBI waivers and for members obtaining 1915(i) services from \$78.94 to \$79.73.

Federal Budget Impact and Statute/Regulation Citation



Federal Budget Impact

	Federal Fiscal Year	Amount
First	2024	\$0
Second	2025	\$0

Federal Statute / Regulation Citation

1945 of the Social Security Act

Supporting documentation of budget impact is uploaded (optional).

Name	Date Created	
24-0014 Fiscal Impact TCM rate increase (signed)	3/27/2024 8:38 AM EDT	
24-0014 CMS 179	3/27/2024 8:39 AM EDT	

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS0001O | NC-24-0014 | Tailored Care Management

Package Header

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Superseded SPA ID	N/A		

Reviewable Unit Instructions

Governor's Office Review

- No comment
- Comments received
- No response within 45 days
- Other

Submission - Public Notice/Process

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS0001O | NC-24-0014 | Tailored Care Management

Package Header

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Approval Date	N/A	Effective Date	N/A
Superseded SPA ID	N/A		

Reviewable Unit Instructions

Name of Health Homes Program

Tailored Care Management

Public notice was provided due to proposed changes in methods and standards for setting payment rates for services, pursuant to 42 CFR 447.205.

Upload copies of public notices and other documents used

Name	Date Created	
24-0014 1-Day Public Notice (Tailored Care Management (TCM))	3/27/2024 9:00 AM EDT	

Submission - Tribal Input

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS0001O | NC-24-0014 | Tailored Care Management

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Superseded SPA ID	N/A		

Reviewable Unit Instructions

Name of Health Homes Program:

Tailored Care Management

One or more Indian Health Programs or Urban Indian Organizations furnish health care services in this state

- Yes
- No

This state plan amendment is likely to have a direct effect on Indians, Indian Health Programs or Urban Indian Organizations, as described in the state consultation plan.

- Yes
- No

The state has solicited advice from Indian Health Programs and/or Urban Indian Organizations, as required by section 1902(a)(73) of the Social Security Act, and in accordance with the state consultation plan, prior to submission of this SPA.

Complete the following information regarding any solicitation of advice and/or tribal consultation conducted with respect to this submission:

Solicitation of advice and/or Tribal consultation was conducted in the following manner:

- All Indian Health Programs

Date of solicitation/consultation:	Method of solicitation/consultation:
1/29/2024	Email


- All Urban Indian Organizations

States are not required to consult with Indian tribal governments, but if such consultation was conducted voluntarily, provide information about such consultation below:

- All Indian Tribes

Date of consultation:	Method of consultation:
1/29/2024	Email

The state must upload copies of documents that support the solicitation of advice in accordance with statutory requirements, including any notices sent to Indian Health Programs and/or Urban Indian Organizations, as well as attendee lists if face-to-face meetings were held. Also upload documents with comments received from Indian Health Programs or Urban Indian Organizations and the state's responses to any issues raised. Alternatively indicate the key issues and summarize any comments received below and describe how the state incorporated them into the design of its program.

Name	Date Created	
tribal response Response to Tribal Response _HH SPA_March 8 2024_vF	3/27/2024 9:54 AM EDT	

Indicate the key issues raised (optional)

- Access
- Quality
- Cost
- Payment methodology
- Eligibility

- Benefits
- Service delivery
- Other issue

Submission - Other Comment

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS0001O | NC-24-0014 | Tailored Care Management

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Reviewable Unit Instructions

SAMHSA Consultation

Name of Health Homes Program

Tailored Care Management

The State provides assurance that it has consulted and coordinated with the Substance Abuse and Mental Health Services Administration (SAMHSA) in addressing issues regarding the prevention and treatment of mental illness and substance abuse among eligible individuals with chronic conditions.

Date of consultation
8/16/2022

Health Homes Payment Methodologies

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS00010 | NC-24-0014 | Tailored Care Management

Package Header

Package ID	NC2024MS00010	SPA ID	NC-24-0014
Submission Type	Official	Initial Submission Date	3/27/2024
Approval Date	N/A	Effective Date	2/1/2024
Superseded SPA ID	NC-22-0024		
	System-Derived		

Reviewable Unit Instructions

Payment Methodology

The State's Health Homes payment methodology will contain the following features

- Fee for Service
- PCCM (description included in Service Delivery section)
- Risk Based Managed Care (description included in Service Delivery section)
- Alternative models of payment, other than Fee for Service or PMPM payments (describe below)
 - Tiered Rates based on
 - Severity of each individual's chronic conditions
 - Capabilities of the team of health care professionals, designated provider, or health team
 - Other

Describe below
Please see below

Describe any variations in payment based on provider qualifications, individual care needs, or the intensity of the services provided
Please see below

Provide a comprehensive description of the policies the state will use to establish Health Homes alternative models of payment. Explain how the methodology is consistent with the goals of efficiency, economy and quality of care. Within your description, please explain the nature of the payment, the activities and associated costs or other relevant factors used to determine the payment amount, any limiting criteria used to determine if a provider is eligible to receive the payment, and the frequency and timing through which the Medicaid agency will distribute the payments to providers.

As a result of North Carolina's annual review of provider costs and the time spent delivering Health Home services to members, North Carolina will temporarily increase the payment rate from \$269.66 to (1) \$343.97 starting on February 1, 2024, through June 30, 2024, and (2) \$294.86 starting on July 1, 2024, through June 30, 2025. During the entire period starting on February 1, 2024, through June 30, 2025, North Carolina will also temporarily increase the add-on payment for individuals enrolled in the Innovations or TBI waivers and for members obtaining 1915(i) services from \$78.94 to \$79.73. The temporary rate increases reflect the level of effort required by providers, based on available data on provider time and effort to date, to implement the Tailored Care Management model. North Carolina is not making any other changes to the payment methodology described below.

Tailored Care Management rates are separate from the PIHPs' risk-based managed care capitation rates. Health Home providers—LME-MCOs, AMH+ practices, and CMAs—will be paid a monthly rate for each member enrolled in Tailored Care Management that obtained a qualifying Health Home contact in the month. A qualifying Health Home contact is defined as an interaction that includes the member (or guardian, as indicated) that fulfills one or more of the six core health home services. The state will add an additional payment to the monthly rates for individuals enrolled in the Innovations or TBI waivers and for members obtaining 1915(i) services to reflect additional care coordination responsibilities required for these HCBS programs. Please see the Addendum to this section for more information on additional care coordination responsibilities required for these HCBS programs. For members

receiving provider-based Tailored Care Management, LME-MCOs will be required to pass the full amount of the monthly payment down to the provider delivering Tailored Care Management.

In order to access the payment for any given member, the LME-MCO must demonstrate that one core Health Home service was delivered to the member during the previous month. For members obtaining Health Home services through AMH+ practices and CMAs, LME-MCOs will make payments to their providers for those months when a core Health Home service was delivered, passing down 100% of the payments. For each member assigned to them who has received a qualifying Health Home service that month, AMH+ practices and CMAs will be required to submit a single claim to the LME-MCO demonstrating that they delivered at least one Health Home core service. LME-MCOs may retain the entirety of the payment for members receiving Health Home services through a plan-based care manager. North Carolina's payment model encourages the provision of high-quality care and ensures members are receiving the right care, at the right place, at the right time by providing Health Home providers with robust standards for what Tailored Care Management entails. It will also ensure that LME-MCOs and AMH+ practices and CMAs are only reimbursed in months in which Health Home services are delivered.

Rates were developed with input from clinical experts on the average amount of time and effort Health Home providers are expected to spend on any given member who receives a qualifying Health Home contact in a month. Rates were based on care manager, care manager extender, and supervising care manager labor costs (including salary, fringe benefits, and vacation/sick time) combined with expected caseloads and adding costs associated with administration/overhead, program expenses and required clinical consultant time. Salaries were derived from state-specific wage data from the Bureau of Labor Statistics. Expected caseloads were developed based on the estimated time needed to deliver meaningful, in-person and telephonic/virtual contacts on a monthly basis to a member that receives a qualifying Health Home contact, time needed for travel and other non-member facing time (e.g., coordination with providers), and the annual productive time for each care manager. The rates will be paid on a per member per month (PMPM) basis for members who received a qualifying Health Home contact in the month.

North Carolina will review rates at least annually and review the provider costs (salary, fringe benefits, and administration/overhead) and the time spent delivering Health Home services to members when determining the appropriateness of the rates. With this, North Carolina will explore whether an acuity-based approach to the payment rate may be appropriate to better align the payment rates with the level of effort required to engage meaningfully with different populations.

Effective Date: 2/1/2024

Website where rates are displayed: <https://medicaid.ncdhhs.gov/tcm-rate-assumption-guidance/download?attachment>

Health Homes Payment Methodologies

MEDICAID | Medicaid State Plan | Health Homes | NC2024MS00010 | NC-24-0014 | Tailored Care Management

Package Header

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	System-Derived		

Reviewable Unit Instructions

Assurances

The State provides assurance that it will ensure non-duplication of payment for services similar to Health Homes services that are offered/covered under a different statutory authority, such as 1915(c) waivers or targeted case management.

Describe below how non-duplication of payment will be achieved

In order to avoid the duplication of payment for similar services, the state analyzed programs and settings that offer beneficiaries services similar to Health Home services. Through this analysis, North Carolina determined that the following services are duplicative of Tailored Care Management:

- Case management provided through Assertive Community Treatment.
- Case management provided through Intermediate Care Facilities for Individuals with Intellectual Disabilities.
- Case management provided through nursing facilities for individuals who have resided in, or are likely to reside there, for a period of 90 days or longer.
- Case management provided through the Community Alternatives Program for Children (CAP/C).
- Case management provided through the Community Alternatives Program for Disabled Adults (CAP/DA).
- Care management provided through the High-Fidelity Wraparound program.
- Care management provided through the EBCL Tribal Option.
- Care management provided through the Program of All-Inclusive Care for the Elderly.
- Care management provided by the state's PCCM vendor.
- Care Management for At-Risk Children (program offered by North Carolina Medicaid and administered by the state's local health departments providing care management services for at-risk children ages zero to five).

Tailored Care Management may be provided for one month if a beneficiary is transitioning to or from ACT, a long-stay in a nursing facility, or ICF-IID to or from Tailored Care Management.

As the Department reviews and approves new in lieu of services (ILOS) and State Plan services, the Department will monitor whether these new services are duplicative of Tailored Care Management and will perform the activities below to prevent duplication.


Individuals who opt out or are not engaged in Tailored Care Management will receive care coordination through the PIHP. North Carolina will not claim the enhanced Health Home match for these individuals.

North Carolina has developed multiple strategies to ensure members do not receive services that are duplicative of Tailored Care Management, including through LME-MCO oversight and systems requirements and quarterly reporting/monitoring requirements:

- LME-MCO Oversight/Reporting Obligations. LME-MCOs are contractually obligated to ensure that members do not receive a duplicative service and must submit, for state review and approval, their policies and procedures for ensuring members do not receive duplicative care management from multiple sources.
- Audits. The Department will audit LME-MCOs to verify that LME-MCOs are not making payments to AMH+ practices and CMAs for both Tailored Care Management and a duplicative service for the same beneficiary in a single month except for months in which a member is transitioning services. LME-MCOs are responsible for ensuring that they do not submit a claim to the Department for Tailored Care Management in a month that a provider delivered a duplicative service to a beneficiary.

- The state has developed payment methodologies and rates that are consistent with section 1902(a)(30)(A).
- The State provides assurance that all governmental and private providers are reimbursed according to the same rate schedule, unless otherwise described above.
- The State provides assurance that it shall reimburse providers directly, except when there are employment or contractual arrangements consistent with section 1902(a)(32).

Optional Supporting Material Upload

Name	Date Created	
REVISED_Addendum to Payment Methodology Section_NC HH SPA_January 2024 (002)	1/29/2024 11:30 AM EST	

PRA Disclosure Statement: Centers for Medicare & Medicaid Services (CMS) collects this mandatory information in accordance with (42 U.S.C. 1396a) and (42 CFR 430.12); which sets forth the authority for the submittal and collection of state plans and plan amendment information in a format defined by CMS for the purpose of improving the state application and federal review processes, improve federal program management of Medicaid programs and Children's Health Insurance Program, and to standardize Medicaid program data which covers basic requirements, and individualized content that reflects the characteristics of the particular state's program. The information will be used to monitor and analyze performance metrics related to the Medicaid and Children's Health Insurance Program in efforts to boost program integrity efforts, improve performance and accountability across the programs. Under the Privacy Act of 1974 any personally identifying information obtained will be kept private to the extent of the law. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1188. The time required to complete this information collection is estimated to range from 1 hour to 80 hours per response (see below), including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

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