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State/Territory Name: NORTH CAROLINA

State Plan Amendment (SPA) #: NC-25-0005

This file contains the following documents in the order listed:

NC - Submission Package - NC2025MS0001O - (NC-25-0005) - Health Homes

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Centers for Medicaid and CHIP Services
230 South Dearborn
Chicago, IL 60604

Center for Medicaid & CHIP Services

Jay Ludlam
Deputy Secretary, Office of the Deputy Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699-2001

Re: Approval of State Plan Amendment NC-25-0005 Tailored Care Management

Dear Jay Ludlam,

On March 31, 2025, the Centers for Medicare and Medicaid Services (CMS) received North Carolina State Plan Amendment (SPA) NC-25-0005 for Tailored Care Management to extend the temporary payment rate and set new ongoing payment rates for Health Homes services.

We approve North Carolina State Plan Amendment (SPA) NC-25-0005 with an effective date(s) of January 01, 2025.

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

Sincerely,

Todd McMillion

Director, FMG Division of Reimbursement Review

Center for Medicaid & CHIP Services

NC - Submission Package - NC2025MS0001O - (NC-25-0005) - Health Homes

CMS-10434 OMB 0938-1188

Package Information

Package ID	NC2025MS0001O	**Submission Type**	Official
Program Name	Tailored Care Management	**State**	NC
SPA ID	NC-25-0005	**Region**	Atlanta, GA
Version Number	2	**Package Status**	Submitted
Submitted By	Ashley Blango	**Submission Date**	3/31/2025
Milestone Date	11/14/2025	**Regulatory Clock**	33 days remain
Priority Code		**Review Status**	Review 2

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2025MS0001O | NC-25-0005 | Tailored Care Management

Package Header

Package ID NC2025MS0001O
SPA ID NC-25-0005
Submission Type Official
Initial Submission Date 3/31/2025
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Superseded SPA ID N/A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: Department of Health and Human Services

Submission Component

- (•) State Plan Amendment
- (•) Medicaid
- ( ) CHIP

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2025MS0001O | NC-25-0005 | Tailored Care Management

Package Header

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Reviewable Unit Instructions

SPA ID and Effective Date

SPA ID NC-25-0005

Reviewable Unit	Proposed Effective Date	Superseded SPA ID
Health Homes Payment Methodologies	1/1/2025	NC-24-0028

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2025MS0001O | NC-25-0005 | Tailored Care Management

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Executive Summary

Summary Description Including Goals and Objectives

The goal of this State Plan Amendment is to extend the temporary payment rate and set new ongoing payment rates.

- North Carolina was previously approved to temporarily increase the Health Home payment rate from $269.66 to (1) $343.97 starting on February 1, 2024, through December 31, 2024, and (2) $294.86 starting on January 1, 2025, through June 30, 2025 (SPA 24-0028). With this SPA, North Carolina will extend the $343.97 temporary payment through June 30, 2025, and North Carolina will set $294.86 as the ongoing payment rate effective July 1, 2025.
- North Carolina was previously approved to temporarily increase the Health Home add-on payment from $78.94 to $79.73 starting on February 1, 2024, through June 30, 2025 (SPA 24-0014). With this SPA, North Carolina will set $79.73 as the ongoing payment rate effective July 1, 2025. This add-on payment is for individuals with behavioral health conditions, intellectual/developmental disabilities, and traumatic brain injury who are higher acuity and require a greater intensity of care coordination due to the complexity of their needs, as compared to other individuals enrolled in the Health Home program.

Federal Budget Impact and Statute/Regulation Citation

Federal Budget Impact

	Federal Fiscal Year	Amount
First	2025	$14122970
Second	2026	$10090872

Federal Statute / Regulation Citation

The state elects to implement the Health Home state plan option under Section 1945 of the Social Security Act.

Supporting documentation of budget impact is uploaded (optional).

Name	Date Created	
NC 25-0005 HH SPA Fiscal Note Signed 122024	3/31/2025 8:09 AM EDT	

Submission - Summary

MEDICAID | Medicaid State Plan | Health Homes | NC2025MS0001O | NC-25-0005 | Tailored Care Management

Package Header

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Superseded SPA ID	N/A		
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Governor's Office Review

- (•) No comment
- ( ) Comments received
- ( ) No response within 45 days
- ( ) Other

Submission - Public Notice/Process

MEDICAID | Medicaid State Plan | Health Homes | NC2025MS0001O | NC-25-0005 | Tailored Care Management

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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	
25-0005 HH SPA One-Day Public Notice	3/31/2025 8:37 AM EDT	

Submission - Tribal Input

MEDICAID | Medicaid State Plan | Health Homes | NC2025MS0001O | NC-25-0005 | Tailored Care Management

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Effective Date N/A
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

[x] 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:

[x] All Indian Health Programs

Date of solicitation/consultation:	Method of solicitation/consultation:
1/23/2025	Email notification

[ ] 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:

[x] All Indian Tribes

Date of consultation:	Method of consultation:
1/23/2025	Email notification

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	
Amended Tribal Response 25-0005 Response to Tribal Response_HH SPA_Q1 2025_final	3/31/2025 8:32 AM EDT	
Official Tribal Notification EBCI 1	3/31/2025 8:32 AM EDT	
Official Tribal Notification EBCI3	3/31/2025 8:32 AM EDT	
Official Tribal Notification EBCI2	3/31/2025 8:32 AM EDT	
Official Tribal Notification EBCI4	3/31/2025 8:32 AM EDT	

Name	Date Created	
Official Tribal Notification Unity	3/31/2025 8:32 AM EDT	

1 – 6 of 6

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 | NC2025MS0001O | NC-25-0005 | Tailored Care Management

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SAMHSA Consultation

Name of Health Homes Program

Tailored Care Management

Date of consultation
8/6/2022

☑ 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.

Health Homes Payment Methodologies

MEDICAID | Medicaid State Plan | Health Homes | NC2025MS0001O | NC-25-0005 | Tailored Care Management

Package Header

Package ID NC2025MS0001O
SPA ID NC-25-0005
Submission Type Official
Initial Submission Date 3/31/2025
Approval Date N/A
Effective Date 1/1/2025
Superseded SPA ID NC-24-0028
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)
- [x] Alternative models of payment, other than Fee for Service or PMPM payments (describe below)

- [x] Tiered Rates based on
  - [ ] Severity of each individual's chronic conditions
  - [ ] Capabilities of the team of health care professionals, designated provider, or health team
  - [x] 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 $343.97 starting on February 1, 2024, through June 30, 2025. Starting on July 1, 2025, the ongoing payment rate will be $294.86. North Carolina previously received approval to temporarily increase the add-on payment from $78.94 to $79.73 starting on February 1, 2024, through June 30, 2025; the add-on payment is for individuals with behavioral health, intellectual/developmental disabilities and traumatic brain injury, who are higher acuity and require a greater intensity of care coordination due to the complexity of their needs, as compared to other individuals enrolled in the Health Home program (as defined in the Addendum to this section). Starting on July 1, 2025, this rate increase will no longer be considered temporary and the ongoing add-on payment will be $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 health plans' 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 who are higher acuity and require a greater intensity of care coordination, as described above and defined in the Addendum to this section. 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 a 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.

Effective Date: 1/1/2025
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 | NC2025MS0001O | NC-25-0005 | Tailored Care Management

Package Header

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Superseded SPA ID	NC-24-0028		
Reviewable Unit Instructions	System-Derived		

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 EBCI 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 or Tailored Plan. 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	
Addendum to Payment Methodology Section_Q1 2025	1/17/2025 4:09 PM EST	

This view was generated on 12/31/2025 10:51 AM EST