

Table of Contents

State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 25-0007

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106

Medicaid and CHIP Operations Group

August 7, 2025

Jay Ludlam
Deputy Secretary
Division of Medical Assistance
2001 Mail Service Center
1985 Umstead Drive
Raleigh, NC 27699-20014

Re: North Carolina State Plan Amendment (SPA) 25-0007

Dear Deputy Secretary Ludlam:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 25-0007. This amendment proposes to confirm the state's compliance with Section 5121 of the 2023 Consolidated Appropriations Act (CAA) to provide screening, diagnostic, and targeted case management services to eligible juveniles as defined in 1902(n) of the Social Security Act.

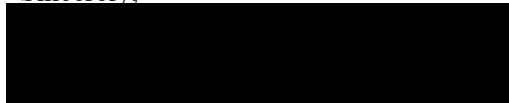
This SPA will sunset on December 31, 2026, and the state must complete the actions outlined in the Companion Letter by the sunset date.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act. This letter informs you that North Carolina's Medicaid SPA TN 25-0007 was approved on August 7, 2025, effective January 1, 2025.

Enclosed are copies of the Form CMS-179 and approved SPA pages to be incorporated into the North Carolina State Plan.

If you have any questions, please contact Morlan Lannaman at (470) 890-4232 or via email at Morlan.Lannaman@cms.hhs.gov.

Sincerely,



Shantrina Roberts, Acting Director
Division of Program Operations

Enclosures

cc: Kathryn Horneffer, NC DHHS
Ashley Blango, NC DHHS

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

601 E. 12th St., Room 355

Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

August 7, 2025

Jay Ludlam
Deputy Secretary
Division of Medical Assistance
2001 Mail Service Center
1985 Umstead Drive
Raleigh, NC 27699-20014

Re: North Carolina State Plan Amendment (SPA) 25-0007- Companion Letter

Dear Deputy Secretary Ludlam:

The Centers for Medicare & Medicaid Services (CMS) is sending this companion letter to NC-25-0007, approved on August 7, 2025. This State Plan Amendment (SPA) amends the Medicaid State Plan to provide mandatory coverage, in accordance with section 1902(a)(84)(D) of the Social Security Act (the Act), for eligible juveniles incarcerated in a public institution following adjudication. As noted in the approval letter and State Plan, this SPA is effective January 1, 2025, and will sunset on December 31, 2026. The state must complete the actions outlined in this letter by the sunset date. Once completed, the state should submit an SPA to remove the sunset date from the plan.

Effective January 1, 2025, section 1902(a)(84)(D) of the Act requires states to have an internal operational plan and, in accordance with such plan, provide for the following for eligible juveniles as defined in section 1902(nn) of the Act (individuals who are under 21 years of age and determined eligible for any Medicaid eligibility group, or individuals determined eligible for the mandatory eligibility group for former foster care children under 42 C.F.R. § 435.150 who are at least age 18 but under age 26) who are within 30 days of their scheduled date of release from a public institution following adjudication:

- In the 30 days prior to release (or not later than one week, or as soon as practicable, after release from the public institution), and in coordination with the public institution, the state must provide any screenings and diagnostic services which meet reasonable standards of medical and dental practice, as determined by the state, or as otherwise indicated as medically necessary, in accordance with the Early and Periodic Screening, Diagnostic, and Treatment requirements, including a behavioral health screening or diagnostic service.
- In the 30 days before release and for at least 30 days following release, the state must provide targeted case management services, including referrals to appropriate care and

services available in the geographic region of the home or residence of the eligible juvenile, where feasible, under the Medicaid State Plan (or waiver of such plan).

We appreciate the state's efforts to implement this mandatory coverage and recognize the progress that has been made and the complexities associated with full implementation. However, during the review of NC-25-0007, CMS identified actions that must be completed to fully implement mandatory coverage in accordance with section 1902(a)(84)(D) of the Act. CMS is issuing this companion letter to document these actions and establish a timeframe for their completion.

To fully implement section 1902(a)(84)(D) of the Act, the state must complete the following actions by December 31, 2026. Once these actions are completed, the state should submit an SPA to remove the sunset date from the State Plan.

North Carolina is using a phased approach, with a strong emphasis on building a robust and sustainable infrastructure starting in 2025 with the state's youth development centers (YDCs), with a comprehensive statewide implementation by December 31, 2026. Other activities needed include:

- **Finalize contracting and launch** targeted case management. Local Management Entities/Managed Care Organizations (LME/MCOs) and the Cherokee Indian Hospital Authority (CIHA) will deliver pre- and post-release care management. North Carolina will ensure that both entities begin providing targeted case management services to eligible juveniles in the YDCs 30 days prior to release and post-release.
- **Enable billing for targeted case management.** North Carolina will finalize processes and system configuration for the billing of targeted case management during the pre-release period.
- **Establish workflows.** The Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention (DJJDP), and the North Carolina Community Health Center Association (NCCHCA) will establish workflows to enable bidirectional information sharing (e.g., processes and forms for information release) and processes for ensuring youth safety and privacy when transported to a community health center for screening and diagnostic services.
- **Establish an automated process for sharing of incarceration status.** North Carolina will establish, with the Division of Juvenile Justice and Delinquency Prevention, an automated process for YDCs to share an individual's incarceration status and release date with DHHS via a daily inmate roster file.
- **Continue technical assistance to implementation partners.** Earlier this year, the state released a provider bulletin and factsheet to support YDCs and providers in implementing CAA Section 5121 services. Moving forward, the state will provide training and additional guidance for YDC staff and meet regularly with DJJDP and NCCHCA to ensure the community health centers are prepared to deliver the required screening and diagnostic services to this population. Additionally, the state will meet

regularly with LME/MCOs to discuss CAA implementation and provide technical assistance.

- **Feasibility Assessment of Remaining Carceral Settings.** North Carolina will survey the 98 county-operated jails in the state to understand the extent to which they serve post-adjudicated youth and identify the feasibility of their participation. The assessment will identify existing capabilities and services already provided in each jail, as well as additional activities needed to implement the CAA 5121 requirements.
- **Onboard additional participating facilities.** Based on the feasibility assessment, North Carolina will work with jails where participation is feasible to operationalize services. This includes establishing/standardizing Medicaid eligibility and enrollment processes; enrolling carceral providers in Medicaid as needed; establishing a way to identify former foster youth; and connecting LME/MCOs and jails to discuss implementation strategies for pre-release care management.

As always, CMS is available to provide technical assistance on any of these actions. Morlan Lannaman can be reached at (470) 890-4232 or via email at Morlan.Lannaman@cms.hhs.gov.

Sincerely,



Shantrina Roberts, Acting Director
Division of Program Operations

Enclosures

cc: Kathryn Horneffer, NC DHHS
Ashley Blango, NC DHHS

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 7

2. STATE

NC

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL

SECURITY ACT ☒ XIX ☐ XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 01, 2025

5. FEDERAL STATUTE/REGULATION CITATION

Section 5121 of the Consolidated Appropriations Act (CAA) of 2023

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 25 \$ 11,893

b. FFY 26 \$ 15,790

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 3.1-M Pages 1-2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

New

9. SUBJECT OF AMENDMENT

CAA Attestation

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED: Secretary

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Jay Ludlam

13. TITLE

Deputy Secretary

14. DATE SUBMITTED 03/20/25 | 2:54 PM EDT

15. RETURN TO

Office of the Deputy Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699-20014

FOR CMS USE ONLY

16. DATE RECEIVED

03/31/2025

17. DATE APPROVED

08/07/2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

01/01/2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Shantrina Roberts

21. TITLE OF APPROVING OFFICIAL

Acting Director, Division of Program Operations

22. REMARKS

**Mandatory Coverage for
Eligible Juveniles who are
Inmates of a Public Institution
Post Adjudication of Charges**

State/Territory: North Carolina

General assurances. State must indicate compliance with all four items below with a check.

☒ In accordance with section 1902(a)(84)(D) of the Social Security Act, the state has an internal operational plan and, in accordance with such plan, provides for the following for eligible juveniles as defined in 1902(nn) (individuals who are under 21 years of age and determined eligible for any Medicaid eligibility group, or individuals determined eligible for the mandatory eligibility group for former foster care children age 18 up to age 26, immediately before becoming an inmate of a public institution or while an inmate of a public institution) who are within 30 days of their scheduled date of release from a public institution following adjudication:

☒ In the 30 days prior to release (or not later than one week, or as soon as practicable, after release from the public institution), and in coordination with the public institution, any screenings and diagnostic services which meet reasonable standards of medical and dental practice, as determined by the state, or as otherwise indicated as medically necessary, in accordance with the Early and Periodic Screening, Diagnostic, and Treatment requirements, including a behavioral health screening or diagnostic service.

☒ In the 30 days prior to release and for at least 30 days following release, targeted case management services, including referrals to appropriate care and services available in the geographic region of the home or residence of the eligible juvenile, where feasible, under the Medicaid state plan (or waiver of such plan).

☒ The state acknowledges that a correctional institution is considered a public institution and may include prisons, jails, detention facilities, or other penal settings (e.g., boot camps or wilderness camps).

PRA Disclosure Statement - This use of this form is mandatory, and the information is being collected to assist the Centers for Medicare & Medicaid Services in implementing Section 5121 of the Consolidated Appropriations Act, 2023. Under the Privacy Act of 1974, any personally identifying information obtained will be kept private to the extent of the law. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. The OMB control number for this project is 0938-1148 (CMS-10398 #85). Public burden for all of the collection of information requirements under this control number is estimated to take about 50 hours per response. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to CMS, 7500 Security Boulevard, Attn: Paperwork Reduction Act Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

TN:25-0007

Supersedes TN: New

Approval Date: 08/07/2025

Effective :01/01/2025

Additional information provided (optional):

☐ No

☒ Yes [provide below]

North Carolina attests to being partially ready to implement Section 5121 as of January 1, 2025, and will institute a phased rollout of Section 5121 requirements. Approximately half of post-adjudication youth in North Carolina are in one of the states' five Youth Development Centers (YDCs), with remaining post-adjudication youth in juvenile detention centers (JDCs), adult prisons, and jails (including tribal jails). In 2025, North Carolina will implement CAA 5121 requirements in YDCs. Youth in these facilities are already receiving many of the required screening, diagnostic, and case management services, and North Carolina is working to align provision of these services with Section 5121 requirements.

North Carolina is planning to implement its Section 1115 reentry demonstration in 2026, and the State intends to subsume the CAA requirements into the state's rollout of the demonstration. Accordingly, other facilities will implement Section 5121 requirements as they launch their participation in the reentry demonstration. North Carolina will provide technical assistance to facilities that elect not to participate in the reentry demonstration to assist in their implementation of Section 5121 requirements.

North Carolina's Reentry Initiative Implementation Plan (to be submitted to CMS by 120 calendar days after approval of the demonstration) will also serve as the State's internal operational plan for CAA Section 5121.

The authority to provide for mandatory coverage for eligible juveniles who are inmates of a public institution post adjudication of charges will cease on December 31, 2026.

The state may determine that it is not feasible to provide the required services during the pre-release period in certain carceral facilities (e.g., identified local jails, youth correctional facilities, and state prisons) and/or certain circumstances (e.g. unexpected release or short-term stays). The state will maintain clear documentation in its internal operational plan regarding each facility and/or circumstances where the state determines that it is not feasible to provide for the required services during the pre-release period. This information is available to CMS upon request. Services will be provided post-release, including the mandatory 30-days of targeted case management, screening, and diagnostic services.

The state will maintain clear documentation in its internal operational plan indicating which carceral facility/facilities are furnishing required services during the pre-release period but not enrolling in or billing Medicaid. This information is available to CMS upon request.

PRA Disclosure Statement - This use of this form is mandatory, and the information is being collected to assist the Centers for Medicare & Medicaid Services in implementing Section 5121 of the Consolidated Appropriations Act, 2023. Under the Privacy Act of 1974, any personally identifying information obtained will be kept private to the extent of the law. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. The OMB control number for this project is 0938-1148 (CMS-10398 #85). Public burden for all of the collection of information requirements under this control number is estimated to take about 50 hours per response. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to CMS, 7500 Security Boulevard, Attn: Paperwork Reduction Act Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

TN:25-0007

Supersedes TN: New

Approval Date: 08/07/2025

Effective :01/01/2025