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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 25-0014

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

June 4, 2025

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

RE: TN NC-25-0014

Dear Secretary Ludlam:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed North Carolina state plan amendment (SPA) to Attachment 4.19-A NC-25-0014, which was submitted to CMS on March 31, 2025. This plan amendment revises hospital readmission review requirements from 30 days to 72 hours to align with Clinical Policy.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of January 1, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact James Francis at 857-357-6378 or via email at James.Francis@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <div>25 — 0014</div>	2. STATE <div>NC</div>
	3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <div><input checked="" type="radio"/> XIX <input type="radio"/> XXI</div>	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <div>January 01, 2025</div>	
5. FEDERAL STATUTE/REGULATION CITATION <div>42 CFR § 447.201</div>	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <div>25</div> \$ <div>0</div> b. FFY <div>26</div> \$ <div>0</div>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <div>Attachment 4.19-A, Page 24</div> <div>Page 24a</div>	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <div>Attachment 4.19-A, Page 24</div> <div>Page 24a</div>	

9. SUBJECT OF AMENDMENT

Hospital Readmission Review

10. GOVERNOR'S REVIEW (Check One)	
<div><input type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT</div> <div><input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED</div> <div><input type="radio"/> NO REPLY RECEIVED WITHIN 45</div>	<div><input checked="" type="radio"/> OTHER, AS SPECIFIED: Secretary</div>
11. SIGNATURE OF STATE AGENCY OFFICIAL <div></div>	15. RETURN TO Office of the Deputy Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014
12. TYPED NAME Jay Ludlam	
13. TITLE Deputy Secretary	
14. DATE SUBMITTED 03/20/25 3:43 PM EDT	

FOR CMS USE ONLY	
16. DATE RECEIVED 03 / 31 / 2025	17. DATE APPROVED June 4, 2025
PLAN APPROVED - ONE COPY ATTACHED	
18. EFFECTIVE DATE OF APPROVED MATERIAL 01 / 01 / 2025	19. SIGNATURE OF APPROVING OFFICIAL <div></div>
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe	21. TITLE OF APPROVING OFFICIAL Director, Financial Management Group
22. REMARKS <div>State provided permission on 5/16/2025 for pen-and-ink change to Blocks 7 and 8 to add "Page 24a" (JGF)</div>	

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

SPECIAL SITUATIONS

(a) In order to be eligible for inpatient hospital reimbursement under this hospital inpatient reimbursement plan, a patient must be admitted as an inpatient and stay past midnight in an inpatient bed. The only exceptions to this requirement are those admitted inpatients who die or are transferred to another acute care hospital on the day of admission. Hospital admissions prior to 72 hours after a previous inpatient hospital discharge are subject to review by the Division of Medical Health Benefits.

Services for patients admitted and discharged on the same day and who are discharged to home or to a non-acute care facility must be billed as outpatient services. In addition, patients who are admitted to observations status do not qualify as inpatients, even when they stay past midnight. Patients in observation status for more than 30 hours must either be discharged or converted to inpatient status.

(b) Outpatient services provided by a hospital to patients within the 24-hour period prior to an inpatient admission in the same hospital that are related to the inpatient admission shall be bundled with the inpatient billing.

HOSPITALS TRANSFERRING PATIENTS

(c) When a patient is transferred between hospitals, the transferring hospital shall receive a pro-rated per diem payment equal to the normal DRG payment divided by the ALOS (Average Length of Stay) for the DRG multiplied by the patient's actual length of stay at discharge. When the patient's actual length of stay equals or exceeds the average length of stay for the DRG at discharge, the transferring hospital receives the full DRG payment. Transfers are eligible for cost outliers if they meet the cost outlier criteria defined on Attachment 4.19-A, page 5, section (f). Hospitals transferring patients are eligible for day outliers if they meet the day outlier criteria defined on Attachment 4.19-A, section (g). The final discharging hospital shall receive the full DRG payment. Hospitals determined to be eligible for both cost or day outliers, will receive whichever is greater.

(d) Discharge of a hospital inpatient is considered to be a transfer under paragraph (c) above when the patient's discharge is assigned to one of the qualifying diagnosis-related groups in (d)(1), (d)(2), or (d)(3), and the discharge is made under any of the following circumstances in (d)(1), (d)(2) or (d)(3) listed below:

HOSPITALS TRANSFERRING PATIENTS (Contd...)

- (1) To a hospital or distinct part hospital unit excluded from the DRG reimbursement system.

Patient Discharge Status = 02

Or

Patient Discharge Status = 05, 62, 63, 65 or 66 and

TDOS is before 10/1/2008 (Grouper version 24 and older) and DRG Code is 014, 113, 209, 210, 211, 236, 263, 264, 429, or 483

If TDOS is on or after 10/1/2008 (Grouper version 25 or later) and DRG Code is 028, 029, 030, 040, 041, 042, 219, 220, 221, 477, 478, 479, 480, 481, 482, 492, 493, 494, 500, 501, 502, 515, 516, 517, or 956

Or

- (2) To a skilled nursing facility.

Patient Discharge Status = 03 and

TDOS before 10/1/2008 (Grouper version 24 and older) and DRG Code is 014, 113, 209, 210, 211, 236, 263, 264, 429, or 483

If TDOS is on or after 10/1/2008 (Grouper version 25 or later) and DRG Code is 028, 029, 030, 040, 041, 042, 219, 220, 221, 477, 478, 479, 480, 481, 482, 492, 493, 494, 500, 501, 502, 515, 516, 517, or 956

Or

- (3) To home under a written plan of care for the provision of home health services from a home health agency and those services begin within 3 days after the date of discharge.

Patient Discharge Status = 06 and

TDOS before 10/1/2008 (Grouper version 24 and older) and DRG Code is 014, 113, 209, 210, 211, 236, 263, 264, 429, or 483

If TDOS is on or after 10/1/2008 (Grouper version 25 or later) and DRG Code is 028, 029, 030, 040, 041, 042, 219, 220, 221, 477, 478, 479, 480, 481, 482, 492, 493, 494, 500, 501, 502, 515, 516, 517, or 956

HOSPITALS RECEIVING TRANSFERS

(e) Hospitals receiving transfer patients that do not follow the criteria listed in (d)(1), (d)(2), and (d)(3) above are eligible for cost or day outliers, whichever is greater. The criteria for cost outliers is defined on Attachment 4.19-A, page 5, section (f); the criteria for day outliers is defined on Attachment 4.19-A, page 6, section (g).

TN. No: 25-0014

Approval Date: June 4, 2025

Eff. Date 01/01/2025

Supersedes:

TN. No: 24-0037