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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 26-0001

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

April 10, 2026

Melanie Bush
Interim Deputy Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699-20014

RE: TN NC-26-0001

Dear Deputy Secretary Bush:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed North Carolina state plan amendment (SPA) to Attachment 4.19-A NC-26-0001, which was submitted to CMS on January 26, 2026. This plan amendment revises hospital readmission review requirements from 72 hours to 30 days 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, 2026. 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 617-531-7575 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 <u>2 6 — 0 0 0 1</u>	2. STATE <u>NC</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE
January 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447.201

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 26 \$ 0
b. FFY 27 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A, Page 24

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-A, Page 24

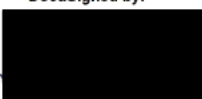
9. SUBJECT OF AMENDMENT

Hospital Program Readmission Review

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 DocuSigned by:


12. TYPED NAME
Jay Ludlam

13. TITLE
Deputy Secretary

14. DATE SUBMITTED
01/14/26 | 11:55 AM EST

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
01/26/2026

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
01/01/2026

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

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 30 days 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 following listed below: