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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 19-0001

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
61 Forsyth Street S.W. Suite 4T20
Atlanta, Georgia 30303



Atlanta Regional Operations Group

August 20, 2019

Mr. Dave Richard
Deputy Secretary
Division of Medical Assistance
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, North Carolina 27699-2501

Dear Mr. Richard:

We have reviewed the proposed amendment to the North Carolina Medicaid State Plan (SPA) NC 19-0001 that was submitted on May 22, 2019. This State Plan Amendment was submitted for the purpose of increasing reimbursement to the average commercial rate certain eligible medical providers described in the Medicaid state plan.

Based on the information provided, we are now ready to approve Medicaid State Plan Amendment NC 19-0001. This SPA was approved on August 19, 2019. The effective date of this amendment is April 1, 2019. We are enclosing the signed paper-based HCFA 179 and the approved plan pages.

Should you have questions or need further assistance, please contact Donald Graves at 919-828-2999.

Sincerely,

/s/

Shantrina D. Roberts, MSN
Deputy Director
Division of Medicaid Field Operations South

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 19-0001	2. STATE NC
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE April 1, 2019	

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN
 AMENDMENT TO BE CONSIDERED AS NEW PLAN
 AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 433.51	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$ 611,884 b. FFY 2019 \$ 2,431,247 c. FFY 2020 \$2,426,541
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Section 5, page 2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, Section 5, page 2

10. SUBJECT OF AMENDMENT:

Physician Services Upper Payment Limit

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT
 OTHER, AS SPECIFIED: Secretary
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/	16. RETURN TO: Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014
13. TYPED NAME: Mandy Cohen, MD, MPH	
14. TITLE: Secretary	
15. DATE SUBMITTED: 05/22/19	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 05/22/19	18. DATE APPROVED: 08/19/19
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PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 04/01/19	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Shantrina D. Roberts	22. TITLE: Deputy Director Division of Medicaid Field Operations South

23. REMARKS: Approved with the following changes to blocks block 8 and 9 as authorized by agency on email dated 08/06/19.

Block# 8 changed to read: Attachment 4.19-B Section 5, page 2 and Attachment 4.19-B Section 5 page 2a (new)

Block #9 changed to read: attachment 4.19-B section 5, page 2 and Attachment 4.19-B Section 5 page 3 (remove)

MEDICAL ASSISTANCE
State: NORTH CAROLINA
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

(c) Supplemental Payments

(1) Supplemental payments will be made to Eligible Medical Professional Providers. These supplemental payments will equal the difference between the Medicaid payments otherwise made under this state plan and the Average Commercial Rate Payment. These supplemental payments will, for the same dates of service, be reduced by any other supplemental payments for professional services found elsewhere in the state plan.

(2) Eligible Medical Professional Providers must meet all of the following requirements. An Eligible Medical Professional Providers must be:

(i) Physicians paid under this Section 5, and other professionals paid under Section 6a-d or Section 17 of this Attachment; and

(ii) Licensed in the State of North Carolina and eligible to enroll in the North Carolina Medicaid program as a service provider; and

(iii) Employed by, contracted to provide a substantial amount of teaching services, or locum tenens of the state-operated school of medicine (SOM) at East Carolina University or the University of North Carolina at Chapel Hill, or employed or locum tenens within the University of North Carolina Health Care System. A professional "contracted to provide a substantial amount of teaching services" is a professional where all or substantially all of the clinical services provided to patients by that contracted professional involves supervision and/or teaching of medical students, residents, or fellows.

Except for professional providers in a Hospital-Based Group Practice, Eligible Medical Professional Providers shall exclude any professional provider that is a member of a group practice acquired or assimilated by the UNC HCS after July 1, 2010. A Hospital-Based Group Practice includes professional providers with the following hospital-based specialties: anesthesiology, radiology, pathology, neonatology, emergency medicine, hospitalists, radiation-oncology, and intensivists. Effective April 1, 2019, all UPL calculations for services rendered during SFY 2019 and after shall not be subject to the restrictions in this paragraph for those practices in those counties designated as rural counties as of January 2018 as listed on the North Carolina Department of Health and Human Services Office of Rural Health, Health Statistics and Data website.

For a group practice that does not consist of professional providers employed by the SOM, is not a Hospital-Based Group Practice, and was included within the UNC HCS on or before July 1, 2010, the number of Eligible Medical Professional Providers in the group practice may not increase beyond the number of Eligible Medical Professional Providers in the group practice as of July 1, 2010.

(iv) Effective April 1, 2019, all UPL calculations for services rendered during SFY 2019 and after, the number of eligible medical professional providers shall be limited as follows:

a.) 433 with the East Carolina University (ECU) Brody School of Medicine.

b.) 1328 for UNC Health Care, which includes the University of North Carolina at Chapel Hill (UNC) Faculty Physicians, the UNC Hospitals' Pediatric Clinic, UNC Physicians Network, and Chatham Hospital.

(v) Effective July 1, 2014, supplemental payments under this section shall not be made for services provided in Wake County.

(3) Supplemental payments will be made quarterly and will not be made prior to the delivery of services.

MEDICAL ASSISTANCE

State: NORTH CAROLINAPAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

- (4) The Quarterly Average Commercial Rate to be paid will be determined in accordance with the following calculation.
- (i) Compute Average Commercial Fee Schedule: Compute the average commercial allowed amount per procedure code for the top five payers with payment rates. The top five commercial third party payers will be determined by total billed charges. If there are any differences in payment on a per billing code basis for services rendered by different types of medical professionals, the Department will calculate separate Average Commercial Fee Schedules to reflect these differences. The data used to develop the Average Commercial Fee Schedule(s) will be based upon payments from the most recently completed state fiscal year. The Average Commercial Fee Schedules will be computed at least once per fiscal year.
- (ii) Calculate the Quarterly Average Commercial Payment Ceiling: For each quarter of the current fiscal year, multiply the Average Commercial Fee Schedule amount, as determined in Paragraph (c)(4)(i) above, by the number of times each procedure code was rendered and paid in the quarter to the Eligible Medical Professional Providers on behalf of Medicaid beneficiaries as reported by the MMIS. If applicable, a separate payment ceiling will be set when payment for the same service differs according to the type of professional rendering the service. The sum of the product for all procedure codes will determine the Quarterly Average Commercial Payment Ceiling.
- (5) Supplemental Payments to be paid will be determined in accordance with the following calculation:
- (i) Determine the Quarterly Supplemental Payment Ceiling at the Average Commercial Rate using the following formula:
- (Quarterly Average Commercial Payment per CPT Code) as calculated x (Medicaid Volume per CPT Code)
= Quarterly Supplemental Payment Ceiling at the Average Commercial Rate calculated as outlined in section (4) paragraph (i).
- (ii) Supplemental Payments will equal the Quarterly Supplemental Payment Ceiling at the Average Commercial Rate less the total Medicaid payments made for the quarter to Eligible Medical Professional Providers for the procedure codes included in the calculation of the Average Commercial Fee Schedule in paragraph (4)(i) above, as reported from the MMIS. Medicaid volume and payments shall include all available payments and adjustments.