

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Centers for Medicaid, CHIP and Survey & Certification

June 20, 2011

Mr. Lanier M. Cansler
Secretary
North Carolina Department of Health and Human Services
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

RE: SPA NC 11-002

Dear Secretary Cansler:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 11-002. Effective January 1, 2011 this amendment proposes to revise the payment methodology for Intermediate Care Facility for the Mentally Retarded (ICFIMR). Specifically, this amendment proposes to increase payment rates by 8.35% effective January 1, 2011 and freeze provider rates at the level in effect as of June 30, 2011. Also, the amendment includes language that allows providers to include provide taxes as an allowable indirect cost.

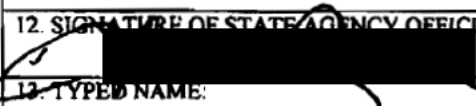

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of January 1, 2011. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely

//s//

Cindy Mann
Director, CMCS

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| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION | | 1. TRANSMITTAL NUMBER: 11-002 | 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 January 1, 2011 | |
| 5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input checked="" type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: | | 7. FEDERAL BUDGET IMPACT: a. FFY 2011 \$20,761,324 b. FFY 2012 \$24,102,946 | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Addendum ICF-MR, Page 14a and Attachment 4.19-D, Addendum ICF-MR, Supplement 1, Page 1a | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-D, Addendum ICF-MR, Page 14a and Attachment 4.19-D, Addendum ICF-MR, Supplement 1, Page 1a | |
| 10. SUBJECT OF AMENDMENT: ICF-MR | | | |
| 11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: SECRETARY <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | | 16. RETURN TO: Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, North Carolina 27699-2001 | |
| 13. TYPED NAME: Lanier M. Cansler | | | |
| 14. TITLE: Secretary | | | |
| 15. DATE SUBMITTED: 3/25/11 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: | | 18. DATE APPROVED: 6-20-11 | |
| PLAN APPROVED - ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN - 1 2011 | | 20. SIGNATURE OF REGIONAL OFFICIAL:  | |
| 21. TYPED NAME: William Lasowski | | 22. TITLE: Deputy Director, CMCS | |
| 23. REMARKS: | | | |

MEDICAL ASSISTANCE
State: North Carolina

PROSPECTIVE REIMBURSEMENT PLAN FOR ICF-MR FACILITIES
PAYMENT FOR SERVICES

- (y) Effective for fiscal year beginning on or after fiscal year 1998, installation cost of Fire Sprinkler Systems in an ICF-MR Facility shall be reimbursed in the following manner.
- (1) Upon receipt of the documentation listed in Parts (A) through (E) of this Subparagraph, the Division of Medical Assistance shall reimburse directly to the provider ninety percent of the verified cost.
 - (A) All related invoices.
 - (B) Verification from the Division of Facility Services that the Sprinkler System is needed.
 - (C) Statement from appropriate authorities that the Sprinkler System has been installed.
 - (D) Three bids to install the system.
 - (E) Prior approval from the Division of Medical Assistance for any installation projected to cost more than \$25,000.
 - (2) The unreimbursed installation cost shall be reimbursed after audit through the annual Cost Settlement Process. This portion shall be offset by profits, after taking into consideration any indirect profits and direct losses. Any overpayments determined after audit shall be returned to the program by the provider through the annual cost settlement process.
 - (3) The installation of the Sprinkler System is Subject to Prudent Buyer Standards contained in the HCFA-15.
 - (4) The Sprinkler System's installation costs shall be properly recorded on the provider's ICF-MR Cost Report.
- (z) ICF-MR Facility Assessment. An adjustment to the ICF-MR Facility payment rate calculated in accordance with section .0304 (f) and (g) is established, effective July 1, 2004, to reimburse Medicaid participating facilities for the provider's assessment costs that are incurred for the care of NC Medicaid residents. No adjustment will be made for the provider's assessment costs that are incurred for the care of private paying residents or others who are not Medicaid eligible. The provider's ICF-MR Facility Assessment costs are allowable as indirect costs and shall not be cost settled.

TN No. 11-002
Supersedes
TN No. 04-012

Approval Date JUN 20 2011

Eff. Date: 01/01/2011

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: North Carolina

Payments for Medical and Remedial Care and Services

Payment for ICF/MR Services - Continued:

FY 2009-2010 - The rates for SFY2010 are frozen as of the rates in effect July 1, 2009.

FY 2010-2011 - Effective January 1, 2011, rates will be adjusted for an overall rate increase of 8.35% for ICF-MR facilities.

FY 2011-2012 - As of July 1, 2011, rates will be frozen at the rate in effect as of June 30, 2011 and thereafter reviewed annually prior to each September 1st of the succeeding calendar year.

Reference - Supplement to Attachment 4.19-D, Addendum ICF-MR Page 10

TN. No. 11-002
Supersedes
TN. No. 09-010

Approval Date: **JUN 2 9 2011**

Eff. Date: 01/01/2011