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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 14-017

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
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

September 11, 2017

Dave Richard, Director
Division of Medical Assistance
Department of Health and Human Services
2501 Mail Service Center
Raleigh, NC 27699-2501

Re: North Carolina State Plan Amendment, 14-017

Dear Mr. Richard:

We have reviewed the State Plan Amendment (SPA) 14-017 that was received in the Regional Office on July 2, 2014. This amendment was submitted for the purpose of clearly defining the comprehensiveness issues regarding the reimbursement methodology for the State operated dental school, University of North Carolina School Of Dentistry. The amendment also deletes the reference to the North Carolina State Legislature on Attachment 4.19-B, Section 10, Page 1. It also updates the link for the North Carolina Division of Medical Assistance.

Based on the information provided, the Medicaid State Plan Amendment NC-14-017 was approved on September 8, 2017. The effective date of this SPA is July 1, 2014. We are enclosing the approved Form HCFA-179 and the approved plan pages.

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

Sincerely,

//s//

Shantrina Roberts, MSN, RN
Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 14-017	2. STATE NC
FOR: HEALTH CARE FINANCING ADMINISTRATION		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 July 1, 2014	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN x <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.100 and 42 CFR 433.51		7. FEDERAL BUDGET IMPACT: a. FFY 2014 (\$ 50,967 b. FFY 2015 (\$208,766)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Section 10, page 1, Attachment 419-B, Section 10, Page 1a, Attachment 4.19-B, Section 10, page 1b, Attachment 4.19-B, Section 10, page 1c and Attachment 41.9-B, Section 10, page 1d		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B, Section 10, page 1, Attachment 419-B, Section 10, Page 1a, Attachment 4.19-B, Section 10, page 1b, Attachment 4.19-B, Section 10, page 1c and Attachment 41.9-B, Section 10, page 1d	
10. SUBJECT OF AMENDMENT: Dental Services			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT x <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <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: //s//		16. RETURN TO: Office of the Secretary Department of Health and Human Services 20011 Mail Service Center Raleigh, NC 27699-2001	
13. TYPED NAME: Aldona Z. Wos, M.D			
14. TITLE: Secretary			
15. DATE SUBMITTED: 07/02/14			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 07/02/14		18. DATE APPROVED: 09/08/17	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 07/01/14		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Shantrina Roberts		22. TITLE: Acting Associate Regional Administrator Division of Medicaid & Children Health Opns	
23. 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

10. Dental Services:

Payments for dental services shall be equal to the lower of the submitted charge or the appropriate fee from the Dental fee schedule, except for payments made to the state operated Dental School at the University of North Carolina. Payments for dental services to the state-operated Dental School will be reimbursed at the maximum amount from the fee schedule and cost settled at year end.

- A. Annual rate adjustments will occur January 1st. At no time shall the rate for any new dental code or any future rate increases exceed 75% of the National Dental Advisory Service (NDAS) 50% median effective July 1st, of the prior year.
- B. Fees for new services are established based on the fees for similar existing services. If there are no similar services the fee is set at 75 percent of the estimated average charge until an NDAS median is established.
- C. Notwithstanding any other provision, if specified, these rates will be adjusted as shown on Attachment 4.19-B, Supplement 3, Page 1a of the State Plan.
- D. The agency's rates were set as of January 1, 1995 and are effective on or after that date. All rates are published on the website at <http://www.ncdhhs.gov/dma/fee/index.htm>. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers.

TN. No: 14-017
Supersedes
TN. No: 07-003

Approval Date: 09/08/17

Eff. Date 07/01/2014

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

Payments for Medical and Remedial Care and Services

F. Direct Medical Services Payment Methodology:

The annual cost settlement methodology will consist of a cost report, periodic time study and reconciliation. If Medicaid payments exceed Medicaid-allowable costs, the excess will be recouped.

To determine the Medicaid-allowable direct and indirect costs of providing direct dental services to Medicaid recipients in the state operated Dental School the following steps are performed:

- (1) Direct costs for dental services include payroll costs and other costs that can be directly charged to direct dental services. Direct payroll costs include total compensation of direct services of personnel providing direct dental services.

Other direct costs include non-personnel costs directly related to the delivery of dental services, such as purchased services, capital outlay, materials and supplies. These direct costs are accumulated on the annual cost report, resulting in total direct costs.

- (2) Total direct costs for direct medical services from Item F (1) above are reduced on the cost report by any restricted public health service grant payments as defined in CMS Publication 15-1 resulting in adjusted direct costs for direct dental services.

- (3) Indirect costs include payroll costs and other costs related to the administration and operation of the Dental School. Indirect payroll costs include total compensation of Dental School administrative personnel providing oversight and support of direct dental services.

Other indirect costs include non-personnel costs related to the administration and operation of the Dental School such as purchased services, capital outlay, materials and supplies.

- (4) Total indirect costs from Item F (3) above are reduced on the cost report by any restricted public health service grant payments as defined in CMS Publication 15-1 resulting in adjusted indirect costs.

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

Payments for Medical and Remedial Care and Services

- (5) A periodic time study performed in accordance with CMS Publication 15-1, Section 2313.2E is used to determine the percentage of time spent by professional and paraprofessional dental service personnel on Medicaid covered services, administrative duties, and non-reimbursable activities.
- (6) (6) The total allowable cost for Direct Medicaid covered services is calculated by multiplying the percentage of time spent on Medicaid covered services from Item F (5) above by the accumulated cost in Direct service cost centers from Item F (2) above.
- (7) Indirect costs received by the Dental School from the Dental School's cognizant agency shall be added to the allowable costs for Direct Medicaid covered services from Item F (5) above. These indirect costs shall be calculated by applying the cognizant agency's Indirect Cost Rate (excluding research) from their Cost Allocation Plan to the total allowable cost for Direct Medicaid covered services from Item F (6) above.
- (8) (8) The Medicaid percentage of covered services shall use usual and customary charges and is calculated by dividing Total Medicaid Charges by Total Charges.
- (9) (9) Total Medicaid allowable cost is calculated by multiplying the Medicaid percentage of covered services from Item F(8) above by the sum of the total allowable cost for Direct Medicaid covered services from Item F (6) above plus the indirect costs received from the cognizant agency from Item F (7) above.

G. Certification of Expenditures:

On an annual basis, the State operated Dental School will certify through its cost report its total actual, incurred Medicaid allowable costs. Providers are only permitted to certify Medicaid allowable costs.

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

H. Annual Cost Report Process:

For Medicaid covered services the state operated Dental School shall file an annual cost report as directed by the Division of Medical Assistance in accordance with 42 CFR 413 Subpart B and 42 CFR 447.202. The Medicaid cost report is due five (5) months after the provider's fiscal year end.

Providers that fail to fully and accurately complete Medicaid cost reports within the time period specified by the Division of Medical Assistance or that fail to furnish required documentation and disclosures for Medicaid cost reports required under this Plan within the time period specified by the Division, may be subject to withhold penalties for non-compliance. A twenty percent withhold of Medicaid payments will be imposed upon the delinquent provider 30 days after the Medicaid cost report filing deadline unless the provider has made a written request for an extension of the Medicaid cost report filing due date to the Division of Medical Assistance and has received a written approval from the Division of Medical Assistance. The withholding of monies will continue until the Medicaid cost report filing requirements have been satisfied. Once, all requirements have been satisfied withheld monies will be released to the provider. Any monies withheld will not accrue interest to the benefit of the provider.

The primary purposes of the governmental cost report are to:

- (1) Document the provider's total CMS approved, Medicaid allowable costs of delivering Medicaid covered services using a CMS approved cost allocation methodology.
- (2) Reconcile annual interim payments to total CMS approved, Medicaid allowable costs using a CMS approved cost allocation methodology.

I. The Cost Reconciliation Process:

The cost reconciliation process must be completed within twelve months of the end of the reporting period covered by the annual State Operated Dental School Cost Report. The total Medicaid allowable costs are determined based in accordance with 42 CFR 413 Subpart B and the CMS-15 Provider Reimbursement Manual methodology and are compared to the state operated Dental School Medicaid interim payments delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

J. The Cost Settlement Process:

If a provider's interim payments exceed the provider's certified cost for Medicaid services furnished in the state operated Dental School to Medicaid recipients, the provider will remit the excess federal share of the overpayment at the time the cost report is submitted. The federal share will be returned via CMS-64 Report.

If the certified cost of a state operated Dental School provider exceeds the interim payments, the Division of Medical Assistance will pay the federal share of the difference to the provider in accordance with the final actual certification agreement and submit claims to the CMS for reimbursement of that payment in the federal fiscal quarter following payment to the provider.