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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 18-0005

This file contains the following documents in the order listed:

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

January 25, 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

Attention: Betty Staton

RE: North Carolina Title XIX State Plan Amendment, Transmittal # NC 18-0005

Dear Mr. Richard:

We reviewed the proposed amendment, North Carolina Medicaid State Plan Amendment (SPA) NC 18-0005, which was received in the Regional Office on November 13, 2018. The amendment expands the documentation options for Local Education Agencies (LEAs) to receive Medicaid reimbursement for nursing, counseling, occupational therapy, speech/language therapy and physical therapy services. This SPA also adds vision screening services and clarifies the definition of hearing services.

Based on the information provided, we are approving the State Plan Amendment NC 18-0005. This SPA was approved on January 25, 2019. The effective date of this amendment is October 1, 2018. We are enclosing the signed paper-based HCFA-179 and the approved plan pages.

If you have any questions or need any further assistance, please contact Charles Friedrich at (404) 562-7404.

Sincerely,

//s//

Shantrina D. Roberts
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF **STATE PLAN MATERIAL**	1. TRANSMITTAL NUMBER: 18-0005	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** October 1, 2018	

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:	7. FEDERAL BUDGET IMPACT:
42 CFR 440.110; 42CFR 44.60; 42 CFR 440.130	a. FFY 2019 $$15,574,199 b. FFY 2020 $15,960,452
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 3.1-A.1, Pages 7d-7f.3; Attachment 4.19-B, Section 6, Pages 2,4, and 5	Attachment 3.1-A.1, Pages 7d-7f.1; Attachment 4.19-B, Section 6, Pages 2,4, and 5

10. SUBJECT OF AMENDMENT:

Local Education Agencies – Expansion of Services

11. 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

12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//	16. RETURN TO:
13. TYPED NAME: Mandy Cohen, MD, MPH	Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014
14. TITLE: Secretary	
15. DATE SUBMITTED: 11/13/18	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 11/13/18	18. DATE APPROVED: 01/25/19
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/01/18	20. SIGNATURE OF REGIONAL OFFICIAL: //s//
21. TYPED NAME: Shantrina D. Roberts	22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health Operations

23. REMARKS: Approved with the following changes to block # 8 as authorized by state agency:

Block # 8 Changed to read: Attachment 3.1-A.1, pages 7d, 7e, 7f, 7f.1, 7f.2(new), 7f.3(new) and 7f.4(new)

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(8) Medicaid Services Provided in Schools (Local Education Agencies)

School-Based Services are services that are listed in a Medicaid beneficiary's Individual Education Program (IEP), Individual Family Service Plan (IFSP), a section 504 Accommodation Plan pursuant to 34 C.F.R. 104.36, an Individual Health Plan (IHP) or a Behavior Intervention Plan (BIP) as appropriate for each covered service. The service must be medically necessary and coverable under one or more of the service categories described in Section 1905(a) of the Social Security Act, as well as necessary to correct or ameliorate defects or physical or mental illnesses or conditions discovered by an EPSDT screen.

(a) Audiology Services

Evaluation services:

Service may include testing and clinical observation**,** as appropriate for chronological age**,** for one or more of the following areas of functioning, and shall yield a written report:

Air tone conduction hearing screening, auditory sensitivity, including pure tone air and bone conduction, speech detection, and speech reception thresholds, auditory discrimination in quiet and noise, impedance audiometry including tympanometry and acoustic reflex, hearing aid evaluation, central auditory function and auditory brainstem evoked response

Treatment services:

Service may include one or more of the following: auditory training, speech reading**,** aural rehabilitation and augmentative communication

Qualifications of Providers: A qualified audiologist is defined under 42 CFR§ 440.110(c) (3)(i)(ii)(A)(B) and the Audiologist qualifications are specified under 42 CFR 484.4. Audiologist shall comply with G.S. Chapter 90, Article 22, Licensure Act for Speech and Language Pathologists and Audiologists and Title 21 NCAC, Chapter 64 Speech and Language Pathologists and Audiologists. For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as an audiologist and must operate within the scope of applicable clinical policy.

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(b) Occupational Therapy

Evaluation services

Service may include testing and clinical observation**,** as appropriate for chronological or developmental age**,** for one or more of the following areas of functioning, and shall yield a written report:

Activities of daily living evaluation, sensorimotor evaluation, neuromuscular evaluation, fine motor evaluation, feeding/oral motor evaluation, visual perceptual evaluation, perceptual motor development evaluation, musculo-skeletal evaluation, gross motor evaluation and functional mobility evaluation.

Treatment services

Service may include one or more of the following**:**

Activities of daily living training, sensory integration, neuromuscular development, muscle strengthening, endurance training, feeding/oral motor training, adaptive equipment application, visual perceptual training, facilitation of gross motor skills, facilitation of fine motor skills, fabrication and application of splinting and orthotic devices, manual therapy techniques, sensorimotor training, functional mobility training, perceptual motor training.

Qualifications of Providers:

Qualified occupational therapist, defined under 42 CFR § 440.110(b)(2), who meets the qualifications as specified under 42 CFR §484.4 may provide services. The occupational therapist shall comply with G.S. Chapter 90, Article 18D Occupational Therapy also known as North Carolina Occupational Therapy Practice Act and Title 21 NCAC, Chapter 38 Occupational Therapy. For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as an occupational therapist and must operate within the scope of applicable clinical policy.

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(c) Physical Therapy

Evaluation services

Service may include testing and clinical observation**,** as appropriate for chronological or developmental age**,** for one or more of the following areas of functioning, and shall yield a written report:

Neuromotor evaluation, range of motion, joint integrity and functional mobility, flexibility evaluation, gait, balance, and coordination evaluation, posture and body mechanics evaluation, soft tissue evaluation, pain evaluation, cranial nerve evaluation, clinical electromyographic evaluation, nerve conduction, latency and velocity evaluation, manual muscle test, activities of daily living evaluation, feeding and oral motor evaluation, cardiac evaluation, pulmonary evaluation, and sensory motor evaluation.

Treatment services

Service may include one or more of the following:

Manual therapy techniques, fabrication and application of orthotic devices, therapeutic exercise, functional training, facilitation of motor milestones, sensory motor training, cardiac training, pulmonary enhancement, adaptive equipment application, feeding/oral motor training, activities of daily living training, gait training, posture and body mechanics training, muscle strengthening, gross motor development, modalities, therapeutic procedures, hydrotherapy, manual manipulation

Qualifications of Providers:

A qualified physical therapist as defined under42 CFR § 440.110(a)(2), who meets the qualifications as specified under 42CFR § 484.4 may provide services. The physical therapist shall comply with G.S. Chapter 90, Article 18B Physical Therapy and Title 21 NCAC, Chapter 48 Physical Therapy Examiners. For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as a physical therapist and must operate within the scope of applicable clinical policy.

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(d) Counseling/Psychological Services

Counseling/Psychological services are provided in accordance with 42CFR § 440.130(d).

Evaluation services

Service may include testing and clinical observation**,** as appropriate for chronological age**,** for one or more of the following areas of functioning, and shall yield a written report:

Cognitive, emotional**,** personality, adaptive behavior, behavior and perceptual or visual motor.

Treatment services

Service may include one or more of the following**:**

Cognitive-behavioral therapy, rational-emotive therapy, family therapy, individual interactive psychotherapy using play equipment, physical devices, language interpreter or other mechanisms of non-verbal communication and sensory integrative therapy

Qualifications of Providers:

Minimum qualifications for service providers are licensure as a psychological associate or practicing psychologist by the North Carolina State Board of Examiners of Practicing Psychologists, licensure as a licensed professional Counselor by the North Carolina Board of Licensed Professional Counselors, or licensure as a school psychologist by the NC Department of Public Instruction, Licensed Clinical Social Workers, and School Psychologist. Licensed Clinical Social Workers, Licensed Professional Counselors and Licensed Psychologists shall provide documentation of appropriate training and experience, which qualified them to work with students in an educational setting**.** All evaluation services must be provided by a licensed psychologist or school psychologist. The duties of school counselors are defined in G.S. 115C-316.1.(a)(2), and the exemptions from licensure is specified in G.S. 90-332.1.(a)(2). For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as a counselor/psychologist and must operate within the scope of applicable clinical policy.

(e) Speech/Language Therapy

Evaluation services

Service may include testing and clinical observation**,** as appropriate for chronological or developmental age**,** for one or more of the following areas and shall yield a written report:

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Receptive and expressive language, auditory memory, auditory discrimination and processing, vocal quality and resonance patterns, phonological development, articulation, pragmatic language, rhythm and fluency, oral mechanism, feeding and oral motor evaluation, swallowing evaluation, augmentative communication and pure tone audiometry.

Treatment services

Service includes one or more of the following:

Articulation therapy, pragmatic language therapy; receptive and expressive language, augmentative communication training, auditory processing therapy, auditory discrimination training, fluency therapy, voice therapy, oral motor training; swallowing therapy and speech reading training.

Qualifications of Providers:

Speech Pathologist, as defined under 42 CFR § 440.110(c) (2)(i)(ii)(iii), may provide services. Speech-language pathologist requirements are specified under 42CFR § 484.4 and defined in G.S. 293(5). Speech-Language Pathologist shall comply with G.S. Chapter 90, Article 22, Licensure Act for Speech and Language Pathologists and Audiologists and Title 21 NCAC, Chapter 64 Speech and Language Pathologists and Audiologists. For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as a speech/language pathologist and must operate within the scope of applicable clinical policy.

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(f) Nursing Services:

Nursing services are provided in accordance with 42CFR § 440.60(a).

Treatment Services:

Nursing services must be medical treatment services that are in a written Plan of Care (POC) developed by a licensed Registered Nurse (RN) based on a Medical Doctor (MD), Doctor of Osteopathic Medicine (DO), Doctor of Podiatric Medicine (DPM), Certified Nurse Midwife (CNM), Physician Assistant (PA), or Nurse Practitioner's (NP) written order as required by the North Carolina Board of Nursing.

Qualifications of Providers:

Licensed RNs or licensed practical nurses (LPNs) under the supervision of a registered nurse shall be licensed to practice in the State of North Carolina. Certain tasks may be delegated by the RN to unlicensed school personnel. Delegated staff includes, but is not limited to, school or contracted staff, such as teachers, teacher assistants, therapists, school administrators, administrative staff, cafeteria staff, or personal care aides. The RN determines the degree of supervision and training required for the LPN and staff to whom duties have been assigned or delegated in accordance with the North Carolina Nursing Practice Act. The RN shall be available by phone to individuals being supervised. All services must be compliant with the regulations cited in Title 21 NCAC, Chapter 36 Nursing and the Nursing Practice Act G.S. Chapter 90, Article 9A. For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as a RN or LPN and must operate within the scope of applicable clinical policy.

(g) Vision Screening

Vision Screening Services must be administered prior to providing a billable psychological evaluation, occupational therapy evaluation, physical therapy evaluation or speech/language evaluation service. Vision screening services are provided in accordance with 42CFR § 440.130(b).

Qualifications of Providers:

Licensed registered nurses (RNs) or licensed practical nurses (LPNs) under the supervision of a registered nurse shall be licensed to practice in the State of North Carolina. All services must be compliant with the regulations cited in Title 21 NCAC, Chapter 36 Nursing and the Nursing Practice Act G.S. Chapter 90, Article 9A. For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as a RN or LPN and must operate within the scope of applicable clinical policy.

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(h) Hearing Screening

Hearing Screening services must be administered prior to providing a billable psychological evaluation, occupational therapy evaluation, physical therapy evaluation or speech/language evaluation service. Hearing screening services are provided in accordance with 42CFR § 440.130(b).

Qualifications of Providers:

Licensed registered nurses (RNs) shall be licensed to practice in the State of North Carolina. All services must be compliant with the regulations cited in Title 21 NCAC, Chapter 36 Nursing and the Nursing Practice Act G.S. Chapter 90, Article 9A. Audiologists and Speech-Language Pathologists shall comply with G.S. Chapter 90, Article 22, Licensure Act for Speech and Language Pathologists and Audiologists and Title 21 NCAC, Chapter 64 Speech and Language Pathologists and Audiologists. For providers employed by federally recognized tribes not subject to North Carolina licensure requirements, tribal providers must have licensure in any state as a RN, an audiologist, or a speech/language pathologist and must operate within the scope of applicable clinical policy.

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(4) Annual fee increases are applied each January 1 based on the physician fee schedule adjustments as set out in Attachment 4.19-B, Section 5, but not to exceed the percentage increase approved by the North Carolina State Legislature. The LEA fee schedule is published on the NC Division of Medical Assistance Web site at: https://dma.ncdhhs.gov/providers/fee-schedule/local-educational-agencies-fee-schedule

(5) Fee for new services are established based on the fees for similar existing services. If there are no similar services the fee is established at 75% of estimated average charge.

(6) Fees for particular services can be increased based on administrative review if it is determined that the service is essential to the health needs of Medicaid recipients, that no alternative treatment is available, and that a fee adjustment is necessary to maintain physician participation at a level adequate to meet the needs of Medicaid recipients. A fee may also be decreased based on administrative review if it is determined that the fee may exceed the Medicare allowable amount for the same or similar services, or if the fee is higher than Medicaid fees for similar services, or if the fee is too high in relation to the skills, time and other resources required to provide the particular service.

(7) Medicaid Services Provided in Schools are services that are medically necessary and provided in schools to Medicaid recipients in accordance with an Individualized Education Program (IEP), an Individual Family Service Plan (IFSP), a section 504 Accommodation Plan pursuant to 34 CFR §104.36, a Behavior Intervention Plan (BIP), or an Individual Health Plan (IHP). Covered services include the following as described in Attachment 3.1-A.1:

a. Audiology
b. Occupational Therapy
c. Physical Therapy
d. Psychological/Counseling Services
e. Speech
f. Nursing Services
g. Vision Screening Services
h. Hearing Screening Services

Other direct costs include costs directly related to the approved direct services personnel for the delivery of medical 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. The cost report contains the scope of cost and methods of cost allocation that have been approved by the Centers for Medicare & Medicaid Services (CMS).

(2) Total direct costs for direct medical services from Item 1 above are reduced on the cost report by any federal grant payments with a matching requirement resulting in adjusted direct costs for direct medical services.

(3) The net direct costs for each service is calculated by applying the direct medical services percentage from the CMS-approved time study to the adjusted direct costs from Item 2 above.

A time study which incorporates a CMS-approved methodology is used to determine the percentage of time medical service personnel spend on IEP/IFSP-related medical services, 504 Plan/BIP/IHP related medical services, and general and administrative time. This time study will assure that there is no duplicate claiming relative to claiming for administrative costs.

(4) Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. North Carolina public school districts use predetermined fixed rates for indirect costs. The Department of Public Instructions (DPI) is the cognizant agency for the school districts, and approves unrestricted indirect cost rates for school districts for the US Department of Education (USDE). Only Medicaid-allowable costs are certified by providers. Providers are not permitted to certify indirect costs that are outside their unrestricted indirect cost rate.

(5) Net direct costs and indirect costs are combined for IEP / IFSP covered services. Net direct costs and indirect costs are combined for 504 Plan/BIP/IHP covered services.

(6) Medicaid's portion of total net costs for IEP/IFSP covered services is calculated by multiplying the results from Item 5 by the ratio of the total number of students with Medicaid Individualized Education Program (IEP) or an Individual Family Service Plan (IFSP) receiving services to the total number of students with an IEP or an IFSP.

(7) Effective for cost report periods beginning on or after 10/1/2018, Medicaid's portion of total net costs for 504 Plan, BIP, and IHP covered services is calculated by multiplying the results from Item 5 by the ratio of the total number of Medicaid students to the total number of students.

B. Certification of Funds Process

Cost reports must be prepared and completed by each LEA on a quarterly basis to reflect the time study results for the quarter in which costs were incurred. On an annual basis, each provider will certify through its cost report its total actual, incurred Medicaid allowable costs/expenditures, including the federal share and the nonfederal share. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

C. Annual Cost Report Process

For Medicaid services listed in Paragraph 7a-f provided in schools during the state fiscal year, each LEA provider must complete an annual cost report. The cost report is due on or before March 1 following the reporting period.

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 penalties for non-compliance. A 20% 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 cost report are to:

(1) Document the provider's total CMS-approved, Medicaid-allowable costs of delivering Medicaid coverable services using a CMS-approved cost allocation methodology