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State/Territory Name: NC

State Plan Amendment (SPA) #: 22-0022

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601

Financial Management Group/ Division of Reimbursement Review

December 19, 2022

Dave Richard, Deputy Secretary
Office of the Deputy Secretary
Department of Health and Human Services NC Medicaid
Division of Health Benefits
2501 Mail Service Center Raleigh, NC 27699-20014

RE: TN: 22-0022

Dear Mr. Richard:

We have reviewed the proposed North Carolina State Plan Amendment (SPA) 22-0022, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 27, 2022. This state plan amendment will supersede SPA NC-21-0016 and will revise the FQHC Cost Based Alternate Payment Methodology (APM) for State Fiscal Year 2022-2023 dates of service. The state of North Carolina also authorized CMS to provide a Pen and Ink (P&I) change to the CMS form 179 to check the appropriate boxes for item 3 and item 10.

Based upon the information provided by the State, we have approved the amendment with an effective date of July 1, 2022. We are enclosing the approved CMS-179 and a copy of the plan pages.

If you have any additional questions or need further assistance, please contact Matthew Klein at 214-767-4625 or matthew.klein@cms.hhs.gov

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

DEPARTMENT OF HEALTH ANDHUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
0MB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 22-0022

2. STATE: NC

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT - P&I X XIX - XXI

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

4. PROPOSED EFFECTIVE DATE
July 01, 2022

5. FEDERAL STATUTE/REGULATION CITATION
Section 1932(a)(1)(A) of the Social Security Act (the Act).

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 22 $ 2,752,086
b. FFY 23 $ 7,800,868

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B Section 2, Pages 2k, 2n

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B Section 2, Pages 2k, 2n

9. SUBJECT OF AMENDMENT
Federally Qualified Health Center (FQHC) Rate Increases

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

P&I: X OTHER, AS SPECIFIED: Secretary

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Dave Richard

13. TITLE
Deputy Secretary

14. DATE SUBMITTED
09/27/2022

15. RETURN TO
Office of the Deputy Secretary
Department of Health and Human Services
NC Medicaid
Division of Health Benefits
2501 Mail Service Center
Raleigh, NC 27699-20014

FOR CMS USE ONLY

16. DATE RECIEVED
09/27/2022

17. DATE APPROVED
December 16, 2022

PLAN APPROVED- ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
07/01/2022

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd, McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement and Review

22. REMARKS
12/13/22: NC authorizes pen and ink (P&I) change on the CMS 179 to box 10 by checking (X) "•OTHER, AS SPECIFIED: Secretary"

12/14/22: NC authorizes pen and ink (P&I) change on the CMS 179 to box 3 by checking (X) "XIX" of the Social Security Act

Instructions on Back

(B) Interim payments to FQHCs are based on the Medicaid Fee Schedule which consists of their provider specific Core Service Rate (T1015) identified in subparagraph (10) and the NC FQHC Physician Service Fee Schedule for all other ambulatory services.

(C) For dates of services between July 1, 2022 and June 30, 2023, services furnished by a federally qualified health center (FQHC) are reimbursed at one hundred thirteen percent (113%) of reasonable allowable cost, as determined in an annual cost report, based on Medicare principles and methods. For all other dates of service, services furnished by a FQHC are reimbursed at one hundred percent (100%) of reasonable allowable cost.

(1) Nutrition services are provided by RHC's and FQHC's. Providers are reimbursed in accordance with reimbursement methodologies established for services provided by RHC's and FQHC's as based on Medicare principles.

(2) Effective October 1, 1993, physician-provided services at a hospital inpatient and an outpatient location are paid at the existing fee-for-service rate only to those clinics whose agreement with their physician states that the clinic does not compensate the physician for services in a location other than at the federally qualified health clinic location.

(D) FQHC Providers reimbursed under this methodology shall file annual Medicaid cost reports as directed by the Division of Health Benefits in accordance with 42 CFR 413, Subpart b and 42 CFR 447.202. The cost report is due five (5) months after the provider's fiscal year end. The Division of Health Benefits will have 120 days after the receipt of the cost report to issue a tentative settlement of 75% of the balance due to the FQHC provider with a final settlement to be issued within eighteen (18) months of the date the full cost report is received.

(E) Cost Report Settlement Process:

(1) The Division annually reconciles the interim payments made to FQHCs to the provider's allowable reimbursement which is the greater of the provider's applicable percentage of Medicaid allowable cost described in subparagraph (5)(C) or what the provider would have received under their APM PPS rate determined in subparagraph (5)(A).

(2) If the provider's allowable reimbursement exceeds interim payments received, the Division will pay the difference to the provider. If the interim payments received by the provider exceed the provider's allowable reimbursement the provider shall remit the difference and the federal share will be returned via the CMS-64 report.

(F) Payment under this APM is at least equal to the BIPA PPS described at 2.c. (1).

(F) Payment under this APM is at least equal to the BIPA PPS described at 2.c.(1).

Alternative Payments

(8) In the case of any FQHC receiving Alternative Payment Methodology reimbursement as established in subparagraph (5) or (7) which is participating with a licensed Medicaid managed care organization, quarterly reconciliation will occur with supplemental payments made no less frequently than every four months to the center for the difference between the payment amounts paid by the managed care organization and the amount to which the center is entitled under the APM PPS rate (subparagraphs (5)(A) and (7)(A), respectively) established in those respective subparagraphs. A final annual reconciliation of any supplemental payments will be completed at the end of the FQHCs' fiscal year. The following payments made by a licensed Medicaid managed care organization to a participating FQHC shall be excluded from the State's calculation and reconciliation of supplemental payments under Managed Care: incentive or bonus payments, payments for care management, advanced medical home fees, and other payments unrelated to FQHC services and other ambulatory services furnished by the FQHC.

(9) Alternate Payment Methodology Election

(A) Established FQHC Providers as of July 1, 2021 and which do not qualify as new FQHC providers under Section (3) shall have 30 days from approval of State Plan Amendment #21-0016 to elect to be reimbursed under an Alternate Payment Methodology described in paragraph (5) or (7) and they shall remain with that election beginning July 1, 2021.

(B) New FQHC providers under Section (3) shall have 30 days from date of enrollment to elect to be reimbursed under Alternate Payment Methodology described in paragraph (7).

(C) New FQHC providers under Section (3) shall have 30 days from date of receipt of their unique provider rates to elect to be reimbursed under an Alternate Payment Methodology described in paragraph (5) or (7) and they shall remain with that election beginning with the date of that election.