



North Carolina
Department of Health and Human Services
Division of Medical Assistance

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Michael F. Easley, Governor
Dempsey Benton, Secretary

Tara R. Larson, Acting Director

MEMORANDUM

To: ALL DMA PROVIDERS

From: Tara R. Larson 

Date: October 10, 2008

RE: SFY 08-09 Division of Medical Assistance Deferral of Remaining Rate Increases and Rate Reduction for Targeted Case Management

As result of the current forecast of declining revenue, the Division of Medical Assistance is required to implement all measures within its control to achieve fiscal responsibility. With such direction, it is necessary to defer any rate increase allowed by SL 2008-107(HB 2436) that have not been implemented. In addition the rate of reimbursement for Targeted Case Management (H1017 HI) will be reduced:

• **Deferral of the remaining inflationary adjustments allowed by SL 2008-107 (HB 2436):**

This deferral of inflationary adjustment is for all providers except those exempted in the Conference Report, Section G, item 65. The division will continue implementing the nursing home rebasing to occur October 1, 2008; however, the inflationary component will be included in this deferment. This deferral affects those providers having rate adjustments with an effective date of October 1st and after, as well as any providers with a prior effective date but for which their new rates have not been activated in the payment system.

Providers whose inflationary increases were sealed into the EDS payment system prior to an October 1st effective date will receive the rate increase.

The providers impacted by this inflationary deferrals are: hospitals, nursing homes, ICF-MRs non-state owned, physicians, dental, optical, chiropractors, podiatrists, local management entities, lab & xray, ambulance, hearing aid, personal care – community and adult care homes, all CAP programs, practitioners – non physician, high risk intervention, hospice and ambulatory surgical centers.

The deferred adjustment is projected through June 1, 2009, at which time, state funding availability will be re-evaluated.

- **Adjustment to the Targeted Case Management currently rate paid to Local Management Agencies and Children Developmental Service Agencies.** Currently, DMA has a state plan amendment (SPA) at Center for Medicare and Medicaid Service (CMS) which is under consideration. During our discussions with them, CMS has required a payment rate methodology which is consistent with their approval of a case management SPA in another state. We have applied this methodology to our current service and the adjusted the rate in accordance to their rate methodology. Targeted Case Management, Code T1017 HI, will have its rate adjusted to meet CMS's approved methodology. The rate adjustment will be effective January 1, 2009 and the new rate would be \$14.59. If any additional rate methodologies are required by CMS, further rate modifications may occur.

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We regret that due to the current budgetary concerns that this is necessary. We appreciate your cooperation and we will continue to monitor the situation as the fiscal year progresses and let you know of any changes.

Please direct any questions you might have concerning this memo to the Roger Barnes, Assistant Director of Finance Management at 919-855-4190.

Cc: Dempsey Benton
Roger Barnes
DMA Assistant Directors
DHHS Budget and Analysis
Kari Barsness

rb/TRL