



## North Carolina Department of Health and Human Services

Pat McCrory  
Governor

Aldona Z. Wos, M.D.  
Ambassador (Ret.)  
Secretary DHHS

September 26, 2014

Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid  
Centers for Medicare and Medicaid Services  
Region IV  
Atlanta Federal Center  
61 Forsyth Street, SW Suite 4T20  
Atlanta, GA 30303-8909

SUBJECT: State Plan Amendment  
Title XIX, Social Security Act  
Transmittal #2014-044

Dear Ms. Glaze:

Please find attached an amendment for North Carolina's State Plan under Title XIX of the Social Security Act for the Medical Assistance Program. The affected pages are Attachment 4.19-B, Supplement 3, Page 1 and Attachment 4.19-B, Supplement 3, Page 1.1.

This state plan change is to revise the reimbursement methodologies for the Physician Services Program. This change also includes a 1% rate reduction to the Physician Services Program effective January 1, 2015, which implements Session Law 2014-100, Section 12H.14A.

This amendment is effective January 1, 2015.

Your approval of this state plan amendment is requested. If you have any questions or concerns, please contact Teresa Smith or me at 919-855-4116.

Sincerely,

A handwritten signature in black ink, appearing to read "Aldona Z. Wos".

Aldona Z. Wos, M.D.

Enclosures

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

Payments for Medical and Remedial Care and Services

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Payment for Physician Services:

SFY 2004 – No adjustment. Physician Fees

SFY 2005 and 2006 – No rate increase from the June 30, 2005 rate for all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, outpatient hospital, pharmacy and the non-inflationary components of the case-mix reimbursement system for nursing facilities.

North Carolina General Assembly legislation mandates that effective July 1, 2005, reimbursement rates for Physician Fees for the state fiscal years 2005-2006 and 2006-2007 will remain at the rate in effect as of June 30, 2005 except Medicaid rates may be adjusted downward in accordance with the current year's downward adjustments to the Medicare fee schedule.

SFY 2007 - Effective January 1, 2007 an inflationary increase of 5.171% was applied.

SFY 2010 –The rates for SFY 2010 are frozen as of the rates in effect at July 1, 2009, except Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule. Effective October 1, 2009, an overall negative rate adjustment of 4.90% was applied. There will be no further annual rate adjustment for SFY 2010.

SFY 2011 – The rates for SFY 2011 will be frozen at the rates in effect on June 30, 2010.

SFY 2012 - The rates for SFY2012 are frozen as of the rates in effect at July 1, 2011. Thereafter, the rates shall be reviewed annually, not later than March 1<sup>st</sup> of each succeeding calendar year.

SFY 2014 – Rates will be frozen at the rate in effect June 30, 2013. Effective January 1, 2014 rates will be adjusted such that they will equal 97% of the rate in effect July 1, 2013. Those physicians who have attested as being a primary care physician under Section 1202 of the Affordable Care Act shall be excluded from this reduction until January 1, 2015, at which time their reimbursement will be at 97% of the July 1, 2013 rates. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule.

SFY 2015 - Effective July 1, 2014, rates are frozen at the rate in effect as of June 30, 2014. Effective January 1, 2015, the rates will be adjusted such that they will equal 99% of the rate in effect December 31, 2014. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule.

Reference: Attachment 4.19-B, Section 5

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TN-No: 14-044  
Supersedes  
TN- No. 14-012

Approval Date \_\_\_\_\_

Eff. Date: 01/01/2015

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

Payments for Medical and Remedial Care and Services

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Payment for Physician Services:

SFY 2016 - Effective July 1, 2015, the rates are frozen at the rate in effect as of June 30, 2015. There will be no further annual adjustments this state fiscal year except that Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule.

Reference: Attachment 4.19-B, Section 5

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TN-No: 14-044  
Supersedes  
TN- No. NEW

Approval Date: \_\_\_\_\_

Eff. Date: 01/01/2015