




NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**  
Division of Health Benefits

ROY COOPER • Governor  
MANDY COHEN, MD, MPH • Secretary  
DAVE RICHARD • Deputy Secretary, NC Medicaid

MEMORANDUM

TO: Mandy Cohen, MD, MPH  
Secretary

FROM: Dave Richard   
Deputy Secretary for NC Medicaid

SUBJECT: State Plan Amendment  
Title XIX, Social Security Act  
Transmittal #2019-0003

DATE: May 1, 2019

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 page is Attachment 4.19-B, Section 3, page 1.

This state plan change will allow Medicaid to remove lab service payments for Local Health Departments (LHDs) from cost settlement and reimburse them at the Medicare Fee Schedule amount.

The Cost Settlement is not permitted in Medicaid Managed Care under 42 CFR 438 and the continuation of this settlement value to LHDs could not be readily factored into the proposed Additional Utilization Based Payments, while maintaining them for the limited fee-for-service Medicaid volume.

This amendment is effective July 1, 2019.

Your approval of this state plan amendment is requested. If you have any questions or concerns, please contact me or Betty J. Staton at 919-527-7093.

DR:bjjs

NC MEDICAID  
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH BENEFITS

LOCATION: 1985 Umstead Drive, Kirby Building, Raleigh NC 27603  
MAILING ADDRESS: 2501 Mail Service Center, Raleigh NC 27699-2501  
www.ncdhhs.gov • TEL: 919-855-4100 • FAX: 919-733-6608

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

MEDICAL ASSISTANCE  
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

---

3. Laboratory and X-ray Services

X-ray Services

Fees for non-hospital based x-ray (radiological/imaging) services shall be the lower of the submitted charge or the fee schedule. The agency's fee schedule rates were set as of July 1, 2012 and is effective for services provided on or after that date.

Laboratory Services

Fees for independent laboratory services shall be the lower of the submitted charge or the appropriate fee from the fee schedule. The agency's fee schedule rates were set as of July 1, 2012 and is effective for services provided on or after that date. The agency fee schedule rates for state lab facilities were set as of July 1, 2014 equal to 91% of the Medicare Clinical Lab fee schedule and is effective for services provided on or after that date. All rates are published on the DMA website at: <https://medicaid.ncdhhs.gov/providers/fee-schedule/laboratory-fee-schedules>.

Fees for independent laboratory services shall be the lower of the submitted charge or the appropriate fee from the fee schedule in effect on July 1, 2012.

- a. Fees for new services are established at 91% of the Medicare Clinical Lab fee schedule. If there is no Medicare fee available, fees will be based on fees for similar existing services. If there is no Medicare fee or similar services, the fee is based on reasonable cost derived from available industry data until a Medicare fee is established.

The above methodology shall also apply to laboratory services paid to hospital outpatient facilities, physicians, and any provider supplying outpatient laboratory services.

Services reimbursed under the above methodology are not subject to cost settlement. Lab services provided by Local Health Departments are established at 100% of the Medicare Clinical Lab fee schedule.

- b. When clinical laboratories services are provided on behalf of a hospital inpatient or critical access hospital inpatient, payment will be made to the hospital and not to the clinical laboratory.

---

TN. No. 19-0003  
Supersedes  
TN. No. 14-037

Approval Date:

Eff. Date: 07/01/2019