



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

**ROY COOPER** • Governor  
**KODY H. KINSLEY** • Secretary  
**DAVE RICHARD** • Deputy Secretary, NC Medicaid

**SIGNATURE REQUEST MEMORANDUM**

**TO:** Jay Ludlam, Assistant Secretary for Medicaid

DocuSigned by:  
*Jay Ludlam*  
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**FROM:** Cecilia Williams, SPA Coordinator

**RE:** State Plan Amendment

Title XIX, Social Security Act  
Transmittal #2023-0002

**Purpose**

Attached for your review and signature is a Medicaid State Plan amendment, summarized below, and submitted on February 08, 2023, with a due date of February 15, 2023.

**Clearance**

This amendment has been reviewed for both accuracy and completeness by:

*Cecilia Williams, Betty J. Staton, Emma Sandoe, Melanie Bush, Lotta Crabtree, Adam Levinson*

**Background and Summary of Request**

It is recommended that you sign this State Plan Amendment submission per Centers for Medicare and Medicaid Services (CMS) protocol as head of the Single State Agency administering the Medicaid program.

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, Section 2, pages 1c and 1d. The purpose of this State Plan Amendment is to request authority for an amendment to reimburse hospitals licensed by the State of North Carolina, except as otherwise noted in the state plan, for outpatient hospital behavioral health services provided to Medicaid beneficiaries awaiting hospital discharge to a more appropriate setting in accordance with Medicaid Clinical Coverage Policy.

The state-developed fee schedule for Emergency Department Bed Hold rates is the same for both governmental and private providers of Behavioral Health (BH) services to beneficiaries awaiting hospital discharge. Individual hospital specific per diem hourly rates will be effective as of March 1, 2023, for services provided on or after that date. The rate will be billed in hourly increments. Additionally, all rates are on the agency’s fee schedule which will be published on the agency’s website at [https://ncdhhs.servicenowservices.com/fee\\_schedules](https://ncdhhs.servicenowservices.com/fee_schedules).

The proposed effective date is March 01, 2023.

Your approval of this State Plan Amendment is requested. If you have any questions or concerns, please contact me or Cecilia Williams at (919) 270-2530.

State Plan Under Title XIX of the Social Security Act  
Medical Assistance Program  
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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2.a OUTPATIENT HOSPITAL BEHAVIORAL HEALTH SERVICES for BENEFICIARIES AWAITING DISCHARGE

Effective March 1, 2023, Medicaid is required to reimburse Hospitals licensed by the State of North Carolina, except as otherwise noted in the state plan, for outpatient hospital behavioral health services provided to Medicaid beneficiaries awaiting hospital discharge to a more appropriate setting in accordance with Medicaid Clinical Coverage Policy.

The state-developed fee schedule for Emergency Department Bed Hold rates is the same for both governmental and private providers of BH services to beneficiaries awaiting hospital discharge. Individual hospital specific per diem hourly rates will be effective as of March 1, 2023, for services provided on or after that date. The rate will be billed in hourly increments. All rates are on the agency's fee schedule which is published on the agency's website at [https://ncdhhs.servicenowservices.com/fee\\_schedules](https://ncdhhs.servicenowservices.com/fee_schedules).

Hospital reimbursement in this section is only applicable to hospitals servicing Medicaid beneficiaries who meet all of the criteria as defined in Medicaid Clinical Coverage Policy sections 3.2.1.4 and 3.2.1.5

- 1) Services reimbursed under this section shall be considered outpatient services to be reimbursed at the established per diem hourly rate.
- 2) Other ancillary services, such as laboratory services, imaging, and prescription drugs, shall be reimbursed separately including any additional services not included as part of the defined Medicaid Clinical Coverage Policy sections 3.2.1.4 and 3.2.1.5

For dates of service beginning March 1, 2023, the individual hospital per diem hourly rate for these services shall be determined based on the steps below.

(MCR):

- A) Identify the hospital specific general adjusted inpatient routine service cost from Worksheet D-1, Line 38 of the hospital's 2021 Healthcare Cost Report Information System (HCRIS) data.
- B) Divide the hospital's adjusted general inpatient service cost from step (A) by 24 to determine the gross hourly rate
- C) Multiply each hospital's individual gross hourly rate by ninety percent (90%)

For dates of service after June 30, 2023, the individual hospital per diem hourly rate for these services will be updated annually at the start of each state fiscal year (July 1) based on information from each hospital's HCRIS data most recently filed with CMS and available as of the prior September 30 using the following steps. All Medicare cost report worksheet, column or line references are based upon the Medicare Cost Report (MCR) CMS 2552 - 10 and should be adjusted for any CMS approved successor Medicare Cost Report (MCR):

- A) Identify the hospital specific general adjusted inpatient routine service cost from Worksheet D-1, Line 38 of the hospital's HCRIS data.
- B) Divide the hospital's adjusted general inpatient service cost from step (A) by 24 to determine the gross hourly rate
- C) Multiply each hospital's individual gross hourly rate by ninety percent (90%)

State Plan Under Title XIX of the Social Security Act  
Medical Assistance Program  
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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The ED Bed Hold rate is only applicable to hours of service provided by the hospital that are incurred above the initial thirty (30) hours of emergency patient boarding required to provide for the safety and wellbeing of Medicaid beneficiaries while awaiting hospital discharge to a more appropriate setting. Reimbursement is applicable to the portion of the overhead cost hospitals incur, including building, fixtures, repairs, operations, laundry and linen, housekeeping, nursing administration, pharmacy overhead, and cafeteria overhead necessary to provide ED Bed Hold services.

Indian Health Services (IHS) or federal recognized tribal providers will receive the All-Inclusive Rate (AIR), also referred to as the OMB rate for Behavioral Health services, instead of the hourly rate. The IHS or tribal provider may receive 1 emergency department (ED) encounter for every 24 hours after the initial 30 hours in the emergency room. The ED encounter will not count toward any daily encounter limitations that may have been established.

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TCN. No. 23-0002  
Supersedes  
TN. No. 21-0005

Approval Date:

Eff Date: 03/01/2023