

# Amendment Number 30 (31)

## #30-190029-DHB-# Standard Plan – PHP

**This Amendment** to Contract #30-190029-DHB-# Standard Plan – PHP (Contract) awarded February 4, 2019, and subsequently amended, is between the North Carolina Department of Health and Human Services, Division of Health Benefits (Division), and PHP Name (Contractor), each, a Party and collectively, the Parties.

### **Background:**

The purpose of this Amendment is to make updates related to financial-related provisions including risk mitigation strategies, State Directed Payments and other provider payments, and overpayment and underpayment recoveries in the following Sections of the Revised and Restated Request for Proposal #30-190029-DHB Standard Plan – PHP:

- I. Section III. Definitions, Contract Term, General Terms and Conditions, Other Provisions and Protections;
- II. Section V. Scope of Services; and
- III. Section VI. Contract Performance.

### **The Parties agree as follows:**

#### **I. Modifications to Section III. Definitions, Contract Term, General Terms and Conditions, Other Provisions and Protections**

**Specific subsections are modified as stated herein.**

**a. Section III.A. Definitions is revised to add the following newly defined term:**

191. **Risk-bearing Subcontractor:** A subcontracted entity that assumes financial risk from the primary managed care plan (MCP).

**b. Section III.B. Acronyms is revised to add the following:**

224. FSPH: Freestanding Psychiatric Hospital

#### **II. Modifications to Section V. Scope of Services**

**Specific subsections are modified as stated herein.**

**a. Section V.D. Providers, 2. Provider Network Management, c. Provider Contracting, xix. is revised and restated in its entirety as follows:**

xix. In Contract Year 1 through December 31, 2026, of Contract Year 6, the PHP shall contract with each LHD in its Region(s) to provide Care Management for At-Risk Children and Care Management for High Risk Pregnant Women, to the extent that each LHD chooses to provide these services.

**b. Section V.D. Providers, 4. Provider Payments, i Local Health Department (LHD) payments, ii. is revised and restated in its entirety as follows:**

ii. For Contract Year 1 through December 31, 2026 of Contract Year 6, the PHP shall pay in-network LHDs for Care Management for At-Risk Children services an amount substantially similar to or no less than the amount paid in the Fee-for-Service program prior to the start of the PHP contract (\$4.56 PMPM for all enrolled children ages 0-5). The Department reserves the right to further prescribe the Care Management for At-Risk Children reimbursement amount or methodology or to change the methodology in Contract Years after Contract Year 1.

**c. Section V.D. Providers, 4. Provider Payments, i Local Health Department (LHD) payments, iv. is revised and restated in its entirety as follows:**

- iv. For Contract Year 1 through December 31, 2026 of Contract Year 6, the PHP shall pay in-network LHDs for Care Management for High Risk Pregnant Women services an amount substantially similar to or no less than the amount paid in the Fee-for-Service program prior to the start of the PHP contract (\$4.96 PMPM for all enrolled women, ages 14 to 44). The Department reserves the right to further prescribe the Care Management for High Risk Pregnant Women reimbursement amount or methodology as allowed under 42 C.F.R. § 438.6(c) or to change the methodology in Contract Years after Contract Year 1.

**d. Section V.D. Providers, 4. Provider Payments, i. Additional Directed Payments for Certain Providers (as allowed under 42 C.F.R. § 438.6(c)(1)(iii)(B)), xi. is revised to add the following:**

- d) Subsections a) to c) in this Section apply to dates of service between July 1, 2021 and June 30, 2025.
- e) For dates of service between July 1, 2025 and June 30, 2027, the PHP shall make directed payments to ECU Health Medical Center as follows:
  - 1. The Department will establish a uniform percentage increase for each Medicaid managed care inpatient and outpatient base payment, initially determined by dividing the projected inpatient and outpatient pool amount by the projected Medicaid managed care inpatient base payments.
  - 2. The Department will establish a uniform percentage increase for each Medicaid managed care outpatient base payment, initially determined by dividing the projected outpatient pool amount by the projected Medicaid managed care outpatient base payments.
  - 3. The Department will calculate the directed payment amount to the PHP on a quarterly basis as the actual total Medicaid managed care inpatient and outpatient base payments multiplied by the inpatient uniform and outpatient percentage increase plus the actual total Medicaid managed care outpatient base payments multiplied by the outpatient uniform percentage increase.

**e. Section V.D. Providers, 4. Provider Payments, i. Additional Directed Payments for Certain Providers (as allowed under 42 C.F.R. § 438.6(c)(1)(iii)(B)), xii. is revised to add the following:**

- d) Subsections a) to c) in this Section apply to dates of service between July 1, 2021 and June 30, 2025.
- e) For dates of service between July 1, 2025 and June 30, 2027, the PHP shall make directed payments to UNC Health Care System hospitals as follows:
  - 1. The Department will establish a uniform percentage increase for each Medicaid managed care inpatient and outpatient base payment, initially determined by dividing the projected inpatient pool amount by the projected Medicaid managed care inpatient base payments.
  - 2. The Department will establish a uniform percentage increase for each Medicaid managed care outpatient base payment, initially determined by dividing the projected outpatient pool amount by the projected Medicaid managed care outpatient base payments.
  - 3. The Department will calculate the directed payment amount to the PHP on a quarterly basis as the actual total Medicaid managed care inpatient and outpatient base payments multiplied by the inpatient and outpatient uniform percentage increase plus the actual total Medicaid managed care outpatient base payments multiplied by the outpatient uniform percentage increase.

**f. Section V.D. Providers, 4. Provider Payments, jj. Healthcare Access and Stabilization Program (HASP) is revised to add the following:**

- x. Freestanding Psychiatric Hospital Component of HASP (July 1, 2025 – June 30, 2026)
  - a) In accordance with N.C. Gen. Stat. § 108A-148.1, for dates of service from July 1, 2025 through June 30, 2026, the PHP shall make payments to eligible in-network Freestanding Psychiatric Hospitals (FSPHs), as defined in N.C. Gen. Stat. § 108A-145.3(6c), for the FSPH component of HASP calculated by the Department according to the FSPH state directed payment preprint approved by CMS. The PHP shall make payments for the FSPH component of HASP as directed by the Department following CMS approval of the FSPH preprint and subject to change by the Department on direction from CMS.
  - b) The requirements specified in *Sections V.D.4.l.i.-viii.* and *Section V.D.4.jj.viii.* shall apply to the payments specified in this Section.
- xi. Healthcare Access and Stabilization Program (HASP) (July 1, 2026 – June 30, 2027)
  - a) For dates of service from July 1, 2026 through June 30, 2027, eligible in-network acute care hospitals will receive HASP payments from the PHP up to the average commercial rate (ACR) for all inpatient and outpatient hospital services, as specified by the Department and approved by CMS. The PHP shall make HASP payments as directed by the Department following approval of the HASP preprint for the applicable time period by CMS and subject to change by the Department based on direction from CMS.
  - b) The requirements specified in *Sections V.D.4.l.i.-viii.* and *Section V.D.4.jj.viii.* shall apply to the payments specified in this Section.

**g. Section V.H. Claims and Encounter Management, 1. Claims, f. Overpayment or Underpayment Recovery, ii. is revised and restated in its entirety as follows:**

- ii. In accordance with 42 C.F.R. § 438.608(a)(2), the PHP and any Subcontractor that is delegated responsibility by the PHP for coverage of services and payment of claims under the Contract shall report to the Department within thirty (30) Calendar Days each overpayment identified or recovered by the PHP. The PHP shall administer the recovery of overpayments and underpayments in accordance with NCGS § 58-3-225(h). Upon identification of overpayments and underpayments the PHP shall provide written notice as required under NCGS § 58-3-225(h) not less than sixty (60) Calendar Days before the PHP seeks to recover any overpayments or offsets any future payments from the provider.

**h. Section V.I. Financial Requirements, 2. Medical Loss Ratio, d., ii. – iv. is revised and restated in its entirety as follows:**

- ii. At the sole discretion of the Department, the Department may allow the PHP to contribute some or all of the rebate otherwise to be remitted to the Department to health-related resources targeted towards high-impact initiatives that improve health outcomes and the cost-effective delivery of care within the Regions and communities it serves, as described in *Section V.C.8. Opportunities for Health*; a proposal for contributions must align with the Department’s Quality Strategy and be reviewed and approved by the Department;
- iii. At the sole discretion of the Department, the Department may allow the PHP to contribute some or all of the rebate otherwise to be remitted to the Department to initiatives that advance public health and Health Equity in alignment with the Department’s Quality Strategy, subject to approval by the Department; and
- iv. At the sole discretion of the Department, the Department may allow the PHP to allocate a portion of the total obligation to be remitted to the Department to a mix of Department approved contributions to health-related resources and/or Department approved public health and Health

Equity investments and the remaining portion to a rebate to the Department, with amounts for each subject to review and approval by the Department.

**i. Section V.I. Financial Requirements, 2. Medical Loss Ratio, i. Minimum Medical Loss Ratio for Medicaid Expansion Eligible Member Population, iii., 2.-4. is revised and restated in its entirety as follows:**

2. At the sole discretion of the Department, the Department may allow the PHP to contribute some or all of the rebate otherwise to be remitted to the Department to health-related resources targeted towards high-impact initiatives that improve health outcomes and the cost-effective delivery of care within the Regions and communities it serves, as described in *Section V.C.8. Opportunities for Health*; a proposal for contributions must align with the Department's Quality Strategy and be reviewed and approved by the Department;
3. At the sole discretion of the Department, the Department may allow the PHP to contribute some or all of the rebate otherwise to be remitted to the Department to initiatives that advance public health and Health Equity in alignment with the Department's Quality Strategy, subject to approval by the Department; and
4. At the sole discretion of the Department, the Department may allow the PHP to allocate a portion of the total obligation to be remitted to the Department to a mix of Department approved contributions to health-related resources and/or Department approved public health and Health Equity investments and the remaining portion to a rebate to the Department, with amounts for each subject to review and approval by the Department.

**j. Section V.I. Financial Requirements, 2. Medical Loss Ratio, j. Medical Loss Ratio Reporting for Risk-Bearing PHP Subcontractors is revised to add the following:**

- ii. Starting with the rating period beginning on July 1, 2026, and annually thereafter, the PHP shall require any Risk-bearing Subcontractor who has a reported MLR that is less than the Department-defined minimum MLR for that rating period to remit payment to the PHP up to the Department-defined MLR.
  - a) The calculation of the risk-bearing Subcontractor(s)' MLR for remittance purposes shall be the same as defined in *Section V.I.2.j.i.*
  - b) The PHP shall require its risk-bearing Subcontractor(s) to pay any remittance owed under *Section V.I.2.j.ii.a)* to the PHP within sixty (60) Calendar Days of the PHP's receipt of the Subcontractor MLR report.
  - c) The PHP shall report any remittances paid to the PHP by any risk-bearing Subcontractor in the PHP's MLR report template for the applicable rating period according to the instructions to be provided by the Department.

**k. Section V.I. Financial Requirements, 4. Risk Corridor, a., i. is revised to add the following:**

- f) For rating year six as July 1, 2026 to June 30, 2027.

**l. Section V.I. Financial Requirements, 4. Risk Corridor, b. Risk Corridor for Medicaid Expansion Eligible Member Populations, ii., a) is revised to add the following:**

- iv. For Period 4: July 1, 2026 to June 30, 2027.

**III. Modifications to Section VI. Contract Performance**

**Section VI. Contract Performance, C. Withholds, 1., iii., a) is revised to add the following:**

- 3) January 1, 2026 to December 31, 2026 - North Carolina Medicaid Standard Plan Withhold Program Guidance: 2026.

**IV. Effective Date**

This Amendment is effective July 1, 2026, unless otherwise explicitly stated herein, subject to approval by CMS.

**V. Other Requirements**

Unless expressly amended herein, all other terms and conditions of the Contract, as previously amended, shall remain in full force and effect.

**Execution:**

By signing below, the Parties execute this Amendment in their official capacities and agree to the amended terms and conditions outlined herein as of the Effective Date.

**Department of Health and Human Services, Division of Health Benefits**

\_\_\_\_\_  
Melanie Bush, Deputy Secretary  
NC Medicaid

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

**Plan Name**

\_\_\_\_\_  
**Plan Signature Authority**

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