



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

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Beverly Eaves Perdue, Governor  
Lanier M. Cansler, Secretary

Craig L. Gray, MD, MBA, JD, Director

January 13, 2011

Re: Increased Federal Matching Funds for Translation and Interpretation Services under Medicaid and CHIP

Dear County Director of Social Services,

Section 201(b) of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) provided increased FMAP funding for translation or interpretation services provided under CHIP (Health Choice) and Medicaid. This legislation, authorized through September 2013, provides the increased funding for interpretation/translation services in connection with program enrollment, maintenance of eligibility, and accessing of covered services by children of families for whom English is not their primary language. This includes individuals who have Limited English Proficiency (LEP) as well as American Sign Language or Braille.

The current Medicaid FMAP for all administrative activities is 50%. The increased FMAP allowed for Medicaid under CHIPRA of 2009 is 75% of allowable expenditures. The current Health Choice FMAP for administrative activities is the enhanced FMAP alone. For Health Choice, the increased FMAP under CHIPRA 2009 is 75%, or the State's enhanced FMAP plus 5%, whichever is higher. For the period October 1, 2010 – September 30, 2011 the Health Choice FMAP is 80.3% (75.3% + 5%).

Under Health Choice, the expenditures that qualify for the increased match are subject to the 10% cap on administrative expenditures. The Division of Medical Assistance does not expect to be at risk of exceeding the 10% cap with the addition of activities that may be claimed under this new provision. However, DMA will be closely monitoring this issue and will make adjustments if it appears that the cap is in danger of being exceeded.

Local Divisions of Social Services may either contract with or employ individuals who provide translation or interpretation functions. The increased FMAP is available for these translation/interpretation activities. Administrative costs that serve multiple programs or objectives must be allocated based on Office of Management and Budget (OMB) Circular A-87 cost allocation principles. Documentation must clearly demonstrate that expenditures claimed directly relate to the administration of the Medicaid or Health Choice programs.



Location: 1985 Umstead Drive • Dorothea Dix Hospital Campus • Raleigh, N.C. 27603

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**The State is required to assure that there is adequate source documentation to support payments.** For example, if time studies (i.e., day sheets) are the method used to capture and allocate the cost of allowable translation activities, the time study forms must be retained to document the claimed amounts. The time studies must clearly delineate the program (Medicaid or Health Choice) for which the enhanced payments are being claimed. An individual staff member's time must be allocated between: (1) time spent on interpretation/translation activities that are eligible for the increased translation/interpretation match rate, (2) time spent on all other administrative activities that are only matched at the regular 50% Medicaid matching rate or the prevailing Health Choice matching rate (75.3% for FFY 2011); and (3) time spent on non-Medicaid, non-Health Choice activities. Staff not involved with translating/interpreting services will continue to track and report their time as is currently done.

A staff that provides interpreter services must complete a day sheet and track direct client time as Medicaid or Health Choice. Workers will complete "white" day sheets (DSS-2203) referencing MAI for Medicaid interpreter services or HCI for Health Choice interpreter services. It will not be permissible to apply a percentage allocation to claim administrative reimbursement, as is currently done for Family and Children services and Health Choice (FCHC); actual time must be tracked and reported on the DSS 1571. If local DSS staff works with non-English speaking Medicaid or Health Choice clients, either speaking non-English with them or speaking English in the course of enrollment, eligibility maintenance or service access, all the time that the staff devotes to these activities can qualify for the enhanced match. All activities must qualify as 'proper and efficient' for the administration of the Medicaid and Health Choice programs. Counties have the option of whether or not to utilize the enhanced Medicaid reimbursement for interpreter services or staff cost.

Under the enhanced reimbursement policy, Medicaid time is that time spent translating/interpreting for all Medicaid categories (Aged, Blind, Disabled, etc). When a worker initiates the application process for Health Choice, this is the point at which Health Choice time begins. The time studies do not have to differentiate between translation and interpretation services for LEP individuals and services provided to individuals for whom English is not their primary language (i.e., American Sign Language or Braille). As is the case with all documentation that supports reimbursements, these time studies are subject to audits by the State or by the Centers for Medicare and Medicaid Services. Counties can direct charge for contracts with interpreters, language line or other purchased services dedicated to interpreting for Medicaid or Health Choice, and charges can be claimed on the eligibility category.

Translation and interpretation activities for Medicaid service expenditures are **not** eligible for the enhanced match. The rate at which DMA reimburses program services is an all-inclusive rate and includes any translation or interpretation activities necessary to communicate effectively with the Medicaid recipient in the course of providing the service. This means that interpretation and translation activities for programs such as At-Risk Case Management or Community Alternatives Programs are not eligible for the enhanced FMAP.

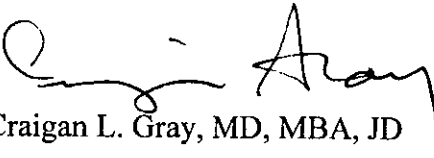
The enhanced funds may be claimed via the DSS-1571 effective February 1, 2011 for payment retroactive to October 2010 service month. If counties wish to claim reimbursement for prior months, documentation must be present to claim all costs. New application codes will be created to enable local Divisions of Social Services to claim the eligible expenditures. Information concerning these codes and associated procedures will be forwarded under a separate



communication from the DHHS Controller's Office. Language will be added to the Medicaid audit compliance supplement pertaining to the claiming of these costs.

If you have questions about the information in this letter, please contact Darlene Creech at 919-855-4148 or [Darlene.Creech@dhhs.nc.gov](mailto:Darlene.Creech@dhhs.nc.gov). If you have questions regarding reporting procedures, please contact your Business Liaison or County Administration Accounting Unit at (919) 733-2306.

Sincerely,

  
Craigan L. Gray, MD, MBA, JD

CLG/dc

CC: DHHS Controller's Office  
Division of Social Services  
DMA Eligibility  
DMA Budget Management  
DMA Audit  
Local Business Liaisons  
Medicaid Program Representatives

