

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

December 14, 2023

James Scott, Director
Division of Program Operations
Department of Health & Human Services
Centers for Medicare & Medicaid Services
601 East 12th Street Room 355
Kansas City, Missouri 64106

SUBJECT: State Plan Amendment
Title XIX, Social Security Act
Transmittal #2023-0049

Dear Mr. Scott:

Please find attached an amendment for North Carolina's State Plan under Title XIX of the Social Security Act for the Medical Assistance Program.


This State Plan Change will allow North Carolina to effectuate the claiming of the enhanced Medicaid expansion federal medical assistance percentage (FMAP) for those eligible for coverage under the 12-month Medicaid postpartum coverage extension but who otherwise qualify under Medicaid expansion coverage.

To support states in implementing extended Medicaid postpartum coverage from 6 weeks to 12-months as authorized by the American Rescue Plan Act and North Carolina SL 2021-180, the Centers for Medicare and Medicaid Services (CMS) authorized states to establish a proxy methodology to account for the proportion of individuals covered by extended postpartum coverage who would otherwise qualify for the Medicaid expansion adult group. This SPA establishes the proxy methodology NC Medicaid plans to use for claiming the enhanced Medicaid expansion adult group FMAP.

The proposed effective date of the SPA is December 01, 2023.

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) 538-3215.

Sincerely,

DocuSigned by:

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Jay Ludlam
Deputy Secretary

Enclosures

2. Attachment C describes any enrollment caps authorized in section 1115 demonstrations as of December 1, 2009 that are applicable to populations that the state covers in the eligibility group described at 42 CFR 435.119 and received full benefits, benchmark benefits, or benchmark equivalent benefits as determined by CMS. The enrollment cap or caps are as specified in the applicable section 1115 demonstration special terms and conditions as confirmed by CMS, or in alternative authorized cap or caps as confirmed by CMS. Attach CMS correspondence confirming the applicable enrollment cap(s).
3. The state applies a combined enrollment cap adjustment for purposes of claiming FMAP in the adult group:
 - Yes. The combined enrollment cap adjustment is described in Attachment C
 - No.
4. Enrollment Cap Methodology: Attachment C describes the methodology for calculating the enrollment cap adjustment, including the use of combined enrollment caps, if applicable.

C. Special Circumstances (42 CFR 433.206(g)) and Other Adjustments to the Adult Group FMAP Methodology

1. The state:
 - Applies a special circumstances adjustment(s).
 - Does not apply a special circumstances adjustment.
2. The state:
 - Applies additional adjustment(s) to the adult group FMAP methodology (complete item 3).
 - Does not apply any additional adjustment(s) to the adult group FMAP methodology (skip item 3 and go to Part 3).
3. Attachment D describes the special circumstances and other proxy adjustment(s) that are applied, including the population groups to which the adjustments apply and the methodology for calculating the adjustments.

TN No: 23-0049

Supersede

TN No: 23-0028

Approval Date:

Effective Date: 12/01/2023

Part 5 - State Attestations

The State attests to the following:

- A. The application of the adult group FMAP methodology will not affect the timing or approval of any individual's eligibility for Medicaid.
- B. The application of the adult group FMAP methodology will not be biased in such a manner as to inappropriately establish the numbers of, or medical assistance expenditures for, individuals determined to be newly or not newly eligible.

ATTACHMENTS

Not all of the attachments indicated below will apply to all states; some attachments may describe methodologies for multiple population groups within the new adult group. Indicate those of the following attachments which are included with this SPA:

- Attachment A – Conversion Plan Standards Referenced in Table 1
- Attachment B – Resource Criteria Proxy Methodology
- Attachment C – Enrollment Cap Methodology
- Attachment D – Special Circumstances Adjustment and Other Adjustments to the Adult Group FMAP Methodology
- Attachment E – Transition Methodologies

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148. The time required to complete this information collection is estimated to average 4 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

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**Attachment D to
Supplement 18 to Attachment 2.6A
Special Circumstances Adjustment and Other Adjustments to the Adult Group FMAP
Methodology**

Attachment D

On April 1, 2022, North Carolina adopted the extended postpartum coverage option available under Sections 9812 and 9822 of the American Rescue Plan Act of 2021. On December 1, 2023, North Carolina expanded Medicaid to newly eligible individuals under Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

North Carolina’s Department of Health and Human Services (NC DHHS) proposes to use a proxy methodology to account for the proportion of individuals covered under the extended postpartum coverage option who would otherwise be newly eligible for coverage in the Medicaid expansion group and for the newly eligible FMAP under section 1905(y) of the Act, if the State completed a redetermination.

Approach to Calculating the Postpartum Proxy Percentage

NC DHHS used State Fiscal Year 2019 historical enrollment data to identify the percentage of adults in the pregnancy eligibility group (called “MPW” or Medicaid for Pregnant Women) that, at the time of eligibility determination or renewal, would have qualified for the Medicaid expansion group based on income, had the state adopted Medicaid expansion at the time. NC covers pregnant individuals up to 196% FPL.

In July 2019, there were 26,499 adults aged 19-64 in the MPW eligibility category. Of those, at eligibility determination or renewal, 16,104—or 61%—had incomes between 43%-138% of the Federal Poverty Level (FPL) based on 2019 FPL, which would have made them eligible for the Medicaid expansion group (and therefore newly eligible), had the State adopted Medicaid expansion at the time. As a result, NC DHHS establishes a postpartum proxy percentage of 61%.

Approach to Operationalizing the Postpartum Proxy Percentage

NC DHHS will apply the postpartum proxy percentage for the purposes of claiming enhanced federal match using the following steps:

1. On a quarterly basis, identify Medicaid managed care per member per month capitation and Medicaid fee-for-service expenditures tied to MPW enrollees in the extended postpartum coverage period (months 3-12 of the 12-month postpartum coverage period), by referencing a combination of the reported delivery date and the end date of the 12 month postpartum certification period for each MPW enrollee.
2. Multiply the postpartum proxy percentage (61%) by expenditures tied to individuals in the extended postpartum coverage period.
3. On a quarterly basis, reclassify the proxy cost for the identified population (in step 2) from the regular FMAP reporting lines to the expansion FMAP reporting lines on the CMS-64.

Individuals enrolled during the MPW 12-month continuous enrollment period shall continue to receive the full State Plan benefit package (in Attachment 3.1L of the state plan). North Carolina’s Alternative Benefit Plan package for expansion adults is aligned with the full State Plan benefit package.