

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
61 Forsyth St., Suite 4T20  
Atlanta, Georgia 30303-8909



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April 4, 2012

Craigian Gray, M.D., M.B.A., J.D.  
Director  
Division of Medical Assistance  
North Carolina Department of Health and Human Services  
2501 Mail Service Center  
Raleigh, North Carolina 27699-2501

Attention: Teresa Smith

RE: North Carolina Title XIX State Plan Amendment, Transmittal # NC12 - 005

Dear Dr. Gray:

We have reviewed proposed North Carolina Medicaid State Plan Amendment (SPA) NC 12 – 005 that was received in the Regional Office on April 3, 2012. This SPA would revise the scope and nature of the personal care service (PCS) benefit under the North Carolina State plan. Because we find that SPA 12-005 complies with the requirements of section 1902(a) of the Social Security Act (Act), I am pleased to inform you that we are approving SPA 12-005. Consistent with the State's request, the approved effective date of this amendment is May 1, 2012, however the service and the payment methodology will cease on December 31, 2012. We are enclosing the approved form HCFA-179 and plan pages.

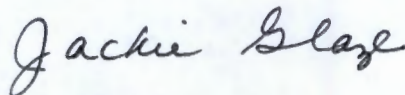
We are also in receipt of a Plan of Correction that the State submitted to articulate its intended actions to implement the SPA and address other issues of concern. We appreciate the State's efforts to address outstanding issues and will take such good faith efforts into account in assessing compliance with statutory and regulatory requirements, as well as with the approved State plan. Consistent with the State's Plan of Correction, and in order to ensure compliance with the requirements of 42 CFR 440.230, the State has indicated that it will continue discussions with CMS about the amount, duration, and scope of the PCS benefit, to ensure the sufficiency of the benefit as it implements SPA 12-005. In addition, and also consistent with the State's Plan of Correction, the State of North Carolina has indicated that it will complete the determinations of the institutions for mental disease (IMDs) by June 30, 2012 for adult care homes that have more than 16 beds, and will complete the determination of homes with common ownership by September 30, 2012. CMS also reminds the State that Federal Financial Participation (FFP) under any Medicaid authority is not available for services to individuals residing in institutions for mental disease (IMDs), and that the State is responsible for documenting the allowability of its claims by reviewing the IMD status of adult care homes. CMS will defer any claims that are not sufficiently documented as allowable.

We appreciate the time and care you have taken to prepare this detailed Plan of Corrective Action to fully implement SPA NC 12-005 and address other issues. We intend to continue to work with the State to ensure that residents of North Carolina receive needed services. We understand, based on the Plan of Corrective Action and our discussions, that the State anticipates that it will formally submit a proposed State Plan Amendment under the authority of section 1915(i) of the Act, that will more comprehensively address beneficiary needs for home and community services. We look forward to working with the State on that initiative, and continue to be available to provide technical assistance.

While Federal Financial Participation available for the services covered pursuant to this SPA may assist the State in financing some of its obligations to provide services in the community under the Americans with Disabilities Act, as articulated in the Supreme Court's Olmstead decision, approval of this SPA should not be viewed as addressing or defining those obligations.

If you have any questions or need any further assistance, please contact Elaine Elmore at (404) 562-7408 or Yvette Moore at (404) 562-7327.

Sincerely,



Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosures