



North Carolina Department of Health and Human Services

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Beverly Eaves Perdue, Governor

November 23, 2009

Lanier M. Cansler, Secretary

Marilyn Chism, Director
Fiscal Research Division
Room 619, Legislative Office Building
Raleigh, NC 27603

Dear Ms. Chism:

Section 14.1 of Session Law 2009-574 provides that the Department of Health and Human Services may conduct a study of rate equity for medical providers. Section 14.2 states that the Department may report findings and recommendations no later than December 1, 2009.

For state fiscal year 2006 – 2007, the General Assembly appropriated \$12 million for provider rate increases effective January 1, 2007. To assist the Division in allocating the appropriated state funds, Session Law 2006-66 required that a Rate Equity Study be conducted and the results reported to the General Assembly. The Division engaged Navigant Consulting and Clifton-Gunderson, LLC to research and prepare a report of the findings. After four months of research and data analysis, the report was presented to the General Assembly February 2007. Since the publication of the report, other than inflationary increases when allowed, equity between provider's rates has remained static.

Since the enactment of Session Law 2009-574, DHHS, Division of Medical Assistance staff has focused their attention to the calculation and implementation of the rate reductions and cost saving measures as mandated. The staff has also been responding to State Plan Amendment questions from the Centers for Medicare and Medicaid Services (CMS) concerning the rate reductions. Unlike SL 2006-66, SL 2009-574 did not provide funding to engage outside staff to conduct an updated study and issue a report of its findings.

The Department feels that it is important to gain provider input during the research and data analysis stage, prior to publishing a final rate equity report. Therefore, we respectfully request the date for the report be delayed so that the report may be submitted by May 31, 2010.

Please direct all questions concerning this report to Roger Barnes, Assistant Director for Finance Management, Division of Medical Assistance at (919) 855-4180.

Sincerely,

A handwritten signature in black ink, appearing to read "Lanier", written over a large, stylized, looping flourish.

Lanier M. Cansler

LMC:kmh



cc: Allen Feezor
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