North Carolina Department of Health and Human Services
Division of Facility Services • Mental Health Licensure and Certification Section
Tel 919-855-3795 • Fax 919-715-8078
2718 Mail Service Center • Raleigh, North Carolina 27699-2718

Michael F. Easley, Governor Carmen Hooker Odom, Secretary Stephanie M. Alexander, Chief

MEMORANDUM

To: Providers Licensed for 10A NCAC 27G .1300
From: Stephanie Alexander, Chief, MH Licensure & Certification Section, DFS
Thru: Bob Fitzgerald, Director, Division of Facility Services
Mike Moseley, Director, Division of MH/DD/SAS
Mark Benton, COO, Division of Medical Assistance MB.
Date: April 1, 2006
Re: Child Residential Rules Transition: 10A NCAC 27G .1300 and 10A NCAC 27G .1700

This memo provides information concerning steps to take regarding the .1300 and the .1700 rules in order to (a) maintain licensure, and (b) maintain enrollment with the Division of Medical Assistance (DMA) or through your Local Management Entity (LME).

The final rules were approved by the Commission for Mental Health, Developmental Disabilities and Substance Abuse Services on January 18, 2006 and were approved by the Rules Review Commission on February 16, 2006. Governor Mike Easley has signed an Executive Order making the rules effective April 3, 2006. The rules can be viewed on the DMH/DD/SAS website at http://www.dhhs.state.nc.us/mhddsas/rules/index.html

Following you will find key information specific to the Division of Facility Services, the Division of Medical Assistance, and to your Local Management Entity. In addition, the attached table outlines the steps you must take for licensure and Medicaid enrollment.

Note: Providers have until June 3, 2006 to complete the process outlined below. Please read carefully.

Division of Facility Services

1. Determine which level of service you wish to provide. Level II and Level III services are prohibited from being provided in the same facility.
   - Level II is provided in the .1300 service category.
   - Level III is provided in the .1700 service category.
2. An attestation letter form is attached to this letter. At a minimum, you will need to submit the attestation letter ***even if you have previously submitted one.***
3. To assist you in the transition process, we have also attached a cover sheet and check list ***to enclose with your packet to DFS***. See table below for further instructions regarding steps to take and items to submit.
4. This letter will be posted on the DFS MH Licensure & Certification Section web site under Announcements: http://facility-services.state.nc.us/mhpage.htm.

Division of Medical Assistance

All Level II & III Medicaid providers directly enrolled with DMA must submit a copy of the attestation letter and new license to DMA once received from DFS by June 3, 2006. Once enrolled with DMA, all residential services Levels II-IV regardless of bed size require prior authorization for the admission, and concurrent authorizations at a minimum of every 30 days. This authorization process is currently performed by the LMEs but will be transitioning to Value Options upon the implementation of the new utilization review process.

Division of Mental Health, Developmental Disabilities and Substance Abuse Services

All Level II and III Medicaid providers must submit a copy of the attestation letter and new license once received from DFS to the DMH/DD/SAS Accountability Team, by June 3, 2006. Address: DMH/DD/SAS Accountability Team, 3012 Mail Service Center, Raleigh, NC 27699-3012.

Local Management Entity

All Level II and III Medicaid providers of less than 4 beds are not currently directly enrolled with DMA. Those homes must submit a copy of the attestation letter and new license to the LME responsible for the catchment area in which the home is located and to those LMEs with which the home has a contract for billing Medicaid. This must be submitted by June 3, 2006. Information on LMEs and the counties they cover can be found on the DMH/DD/SAS website at http://www.dhhs.state.nc.us/mhddsas/lmedirectory.htm

Following is a list of contact information:

DFS Licensure	Laurel Callis (919)855-3797
DMA Enrollment	Cicely Allen (919)855-4068
DMA Rate Setting	Aydlett Hunike (919)855-4208
DMA Clinical Policy	Carol Robertson (919)855-4295
DMH/DD/SAS Accountability Team	Jim Jarrard (919)881-2446

All Level II and III providers must notify DFS, DMA, DMH/DD/SAS and the LME by June 3, 2006. Failure to submit an attestation letter and new license to DMA will result in your Medicaid provider level being reduced to Level II effective June 3, 2006.

Cc: DMH/DD/SAS Executive Leadership Team
NC Council of Community Programs
Division of Social Services
Division of Medical Assistance
Local Management Entities

Licensure and Enrollment Requirements

Current License/Level & New License/Level	Action Steps:
.1300, Level II: Provider chooses to remain in this Service Category	**Provider Submits to DFS:** **Attestation letter** stating that you are a Level II facility and wish to remain licensed as a .1300. **DFS Action:** DFS will issue a new license with the .1300 service category and designation of Level II Facility.
	Provider Directly Enrolled with DMA Submits to DMA: Copy of Attestation Letter and copy of new license. **DMA Action:** DMA sends acknowledgement letter to provider.
	Provider Not Directly Enrolled with DMA Submits to LME: Copy of Attestation letter and copy of new license **LME Action:** LME sends acknowledgement letter to provider.
.1300, Level III: Provider chooses to remain in this Service Category and change to Level II	**Provider Submits to DFS:** **Attestation letter** stating that you (a) wish to remain in the .1300 service category and (b) will switch to a Level II facility. **DFS Action:** DFS will issue a new license with the .1300 service category and designation of Level II Facility.
	Provider Directly Enrolled with DMA Submits to DMA: Copy of Attestation Letter and copy of new license. **DMA Action:** DMA enrolls provider as Level II.
	Provider Not Directly Enrolled with DMA Submits to LME: Copy of Attestation Letter and copy of new license. **LME Action** LME sends acknowledgement letter to provider. May also require a contract amendment.
.1300, Level III: Provider chooses to change to .1700 Service Category	**Provider Submits to DFS:** 1. **Attestation letter** 2. **Change application** stating that you wish to change service categories to .1700. 3. **New Policies and Documentation** that address the new .1700 rule requirements. **DFS Action:** 1. DFS will send a non-renewable 6-month **Provisional** license to providers who submit all three of the above items. 2. DFS will review the **New Policies and Documentation** during this period. DFS may need to meet with provider and/or conduct a site visit. 3. DFS will issue a **full license** to providers who are in compliance with the new rules. 4. Providers that are not able to meet compliance within the 6-month period shall not be issued a full license, and their provisional license will no longer be in effect.
	Provider Directly Enrolled with DMA Submits to DMA: Copy of Attestation Letter and copy of provisional license. Send copy of full license when issued by DFS. **DMA Action:** DMA enrolls provider at new Level III.
	Provider Not Directly Enrolled with DMA Submits to LME: Copy of Attestation Letter and copy of provisional license. Send copy of full license when issued by DFS. **LME Action** LME sends acknowledgement letter to provider. May also require a contract amendment.

Attestation Letter

To: Division of Facility Services Mental Health Licensure & Certification Section

From: **Provider Name:**_____

Address:_____

MHL #:_____

Medicaid Provider #:_____

Date: _____

Re: **Decision Regarding Service Category**

Currently I provide the following service (check one):

_____ .1300 Level II
_____ .1300 Level III

Based on the new rules and expectations, I plan to provide the following service for this facility (check one):

_____ .1300 Level II
_____ .1700 Level III

I pledge to comply with the new rules regarding this service category beginning _____ (insert date between 4/3/2006 and 6/3/2006) for this facility.

_____ _____
Signature of Licensee Date

_____
Print Name

Please complete and sign this letter and return to:

Division of Facility Services
MH Licensure & Certification Section
2721 Mail Service Ctr.
Raleigh, NC 27699-2721
Attn: Laurel Callis

Note: If you have more than one facility that is affected by these changes, you must complete a separate attestation letter for each facility.

Failure to comply with submission of the necessary licensure and provider enrollment documentation shall be reasonable cause for administrative action and withdrawal of participation from the Medicaid program. Billing for services not authorized or within your licensed service category shall be cause for recoupment and applicable penalties under state and federal law.

Cover Letter

To: Division of Facility Services Mental Health Licensure & Certification Section

From: **Provider Name:**_____

Address:_____

MHL #:_____

Medicaid Provider #:_____

Date: _____

Attached you will find the following items (please check all that apply):

_____ Attestation Letter—Signed by Licensee

_____ Change Application

_____ Policies and Documentation as follows:

1. Personnel file information of all direct care staff hired since 1/1/06, to include:
   - _____ a. Educational credentials
   - _____ b. Health Care Personnel Registry check
   - _____ c. Criminal Background check
   - _____ d. Alternative and Restrictive Intervention Training documentation
   - _____ e. Client Rights training
   - _____ f. Specific Population training documentation (children and adolescents with mental illness who are emotionally disturbed or have a substance abuse disorder)

2. Personnel file information of Qualified Professional, to include:
   - _____ a. Educational credentials
   - _____ b. Health Care Personnel Registry check
   - _____ c. Criminal Background check
   - _____ d. Alternative and Restrictive Intervention Training documentation
   - _____ e. Client Rights training
   - _____ f. Specific Population training documentation (children and adolescents with mental illness who are emotionally disturbed or have a substance abuse disorder)

3. Personnel file information of Associate Professional, to include:
   - _____ a. Educational credentials
   - _____ b. Health Care Personnel Registry check
   - _____ c. Criminal Background check
   - _____ d. Alternative and Restrictive Intervention Training documentation
   - _____ e. Client Rights training
   - _____ f. Specific Population training documentation (children and adolescents with mental illness who are emotionally disturbed or have a substance abuse disorder)

4. Policies and Procedures to reflect changes to rules:
   - _____ a. Admission criteria
   - _____ b. Discharge criteria
   - _____ c. Requirements of Qualified Professional
   - _____ d. Requirements of Associate Professional
   - _____ e. Master Staffing Schedule