

## **DHHS Directive Number III-10**

**Title:** Rate Setting Oversight Committee  
**Effective Date:** January 12, 2009  
**Revision History:** November 3, 2008; December 18, 2006; February 13, 2006;  
January 26, 2004; January 1, 2003  
**Authority:** G.S. 143B-10

### **Purpose**

The purpose of this directive is to rename the Rate Setting Advisory Committee to the Rate Setting Oversight Committee. The purpose of the Rate Setting Oversight Committee (R-SOC) shall be to ensure that all provider and service reimbursement rates set by the North Carolina Department of Health and Human Services (NC DHHS) receive an impartial, independent review prior to implementation or modification.

### **Policy**

1. The Secretary of the DHHS, or the Secretary's designee, shall chair the Rate Setting Oversight Committee (R-SOC).
2. In addition to the Secretary, the membership of the R-SOC shall consist of the Deputy Secretary for Health Services, the Deputy Secretary for Long-Term Care and Family Services, the Assistant Secretary for Finance and Business Operations, the Director of the Division of Medical Assistance, the Director of the Division of Budget and Analysis, and the Controller for the DHHS.
3. The R-SOC shall be notified at the first of each month by each departmental division or office of any pending proposed rate changes so that they can be scheduled for a timely review.
4. Directors of departmental divisions impacted by any rates being discussed by the R-SOC shall be notified of such review and shall attend, or send a designated representative, any meetings of the board during which such rates are being discussed to allow for input by the departmental division with oversight responsibility for the rate.
5. The R-SOC shall meet on a monthly basis, or more frequently as required, at a time and day established by the Secretary or the Secretary's designee.
6. The following rates, subject to the exception noted in paragraph 7 below, must be approved by the R-SOC before they are initially established or revised:

- A. Any rate for a new service for which a methodology has not been prior-approved by the R-SOC, the General Assembly or a federal oversight agency (such as CMS);
  - B. Any rate for which the proposed change involves a modification of the rate-setting methodology previously used;
  - C. Any rate or rate-setting methodology that has been identified for special review or focus by the R-SOC;
  - D. Any rate that is cost-settled. (This applies to Local Management Entities, Local Health Departments and state institutions operated by DMH/DD/SAS.);  
or
  - E. Any rate or rate changes that have the potential of negatively impacting the access to or quality of services provided to North Carolina residents.
7. Any rate or rate-setting methodology that is specifically set (or referenced) by federal law or regulation or by General Assembly requires a review – but not approval – by the R-SOC.
8. The R-SOC shall ensure that an inventory is maintained of all rates set by the department. Division directors shall provide to the R-SOC, by July 1st of each state fiscal year, an inventory of current rates in a format specified by the R-SOC.
9. No provider reimbursement rates of the DHHS shall become effective until such time as the R-SOC has reviewed the proposed rate(s) unless the Secretary determines that extenuating circumstances exist to justify such action.
10. Any division or office within the DHHS may request an exception to this Directive by making a request to the Secretary in writing. Such request shall include an explanation of why such exception should be granted. Any decision to grant an exception shall be made in writing by the Secretary to the respective division or office, and a copy shall be provided to the members of the R-SOC.

APPROVED

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Lanier M. Cansler, Secretary  
Department of Health and Human Services