



NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

Catherine Truitt, *Superintendent of Public Instruction*

www.dpi.nc.gov

April 28, 2025

TO: LEA Superintendents
Charter School Administrators
Finance Officers
Exceptional Children Program Directors
Exceptional Children Program Coordinators
Student Services Directors

FROM: Carol Ann Hudgens, Senior Director, Office of Exceptional Children
Nicole Sinclair, Assistant Director Program Administration, Office of Exceptional Children

RE: ALLOCATION OF MEDICAID FEE-FOR-SERVICE REIMBURSEMENT

In May of 2019, the [NC Division of Health Benefits \(DHB\) LEA Policy 10C](#) included reimbursement for evaluation and services provided to Medicaid-enrolled students under 504 Plans, Individual Healthcare Plans (IHP), Behavior Intervention Plans (BIP), and Individual Family Service Plan (IFSP) in addition to evaluation and services provided through an Individualized Education Program (IEP). Public School Unit (PSU) leaders will need to review and understand the policy as they build capacity in their local Medicaid programs. There is an [on-demand course](#) available in the North Carolina Educator Effectiveness System (NCEES) to orient participants to available Medicaid programs, NC Division of Health Benefit (DHB) requirements, and suggested practices.

Prior to this policy change, all fee-for-service reimbursements were allowable *only* through an IEP and required to be allocated to Exceptional Children programs. With the 2019 policy updates, specific allocation requirements were clarified by the NC Department of Public Instruction (DPI) and the Office of State Auditor. Funding allocations are directed according to the plan type generating the evaluation/services reimbursed:

1. Fee-for-service (FFS) reimbursements from IEP and IFSP services must be allocated to Exceptional Children programs.
2. FFS reimbursements from 504 Plans, IHP and BIP services may be allocated to general education or Exceptional Children programs.
3. Medicaid reimbursements are allocated as local funding to PSUs. These funds keep their federal identity and cannot be utilized to meet maintenance of effort (MOE) requirements [§300.154 (g) (2)]. All funds whether generated by fee-for-service, cost report, or administrative claiming programs are included as federal funds. NC DPI Office of Exceptional Children has no requirement for Federal funds to be expended in the year those funds were received.

It is essential that all stakeholders participating in Medicaid programs read, understand, and comply with [NC Medicaid 10C Policy](#) [Scroll down to **Specialized Therapies**, then click *10C, Local Education Agencies (LEAs)*] in order to implement efficient, compliant programs. Please see contact information below for your questions and additional support:

- Technical assistance is available from Physical Therapy & Medicaid consultant, Laurie Ray and resources posted on the [Medicaid in Education webpage](#).
- Fiscal concerns should be directed to Nicole Sinclair.

OFFICE OF EXCEPTIONAL CHILDREN

Dr. Carol Ann M. Hudgens, Senior Director | CarolAnn.Hudgens@dpi.nc.gov
6356 Mail Service Center, Raleigh, North Carolina 27699-6356 | (984) 236-2550
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER



NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

Catherine Truitt, *Superintendent of Public Instruction*

www.dpi.nc.gov

- Discipline specific, Specialized Instructional Support consultants (listed below) are available to assist with questions related to the policy and practitioner qualifications/licensure requirements.
- Questions related to Medicaid claiming and related software should be directed to the PSU's vendor/s.

Contact information for your questions and follow up:

- Nicole Sinclair, Assistant Director Program Administration – nicole.sinclair@dpi.nc.gov or 984) 236-2597
- Laurie Ray, Consultant for Physical Therapy and Medicaid & APE Liaison (*phone calls preferred*) – 919) 636-1827 or laurie.ray@dpi.nc.gov
- Perry Flynn, Consultant for Speech-Language Pathology – pfflynn@uncg.edu or 336) 256-2005
- Bridgette LeCompte, Consultant for Occupational Therapy – bridgette.lecompte@dpi.nc.gov or 984) 236-2638
- Lynn Makor, Consultant for Psychological Services – lynn.makor@dpi.nc.gov or 984) 236-2555
- Megan Cardin, Consultant for School Psychology – megan.cardin@dpi.nc.gov or 984) 236-2812
- Jennifer Corso, Consultant for School Nursing – jennifer.corso@dhhs.nc.gov or 984) 275-9806
- Kisha Bryant, Consultant for School Counseling – kisha.bryant@dpi.nc.gov or 984) 236-2820
- Pachovia Lovett, Consultant for School Social Work – pachovia.lovett@dpi.nc.gov or 984) 236-2821

OFFICE OF EXCEPTIONAL CHILDREN

Dr. Carol Ann M. Hudgens, Senior Director | CarolAnn.Hudgens@dpi.nc.gov
6356 Mail Service Center, Raleigh, North Carolina 27699-6356 | (984) 236-2550
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER