North Carolina Rural Health Transformation Program: Medicaid Primary Care Capitation Pilot

Frequently Asked Questions

These Frequently Asked Questions provide information on the North Carolina Medicaid Primary Care Capitation Pilot initiative that is part of the North Carolina Rural Health Transformation Program (NCRHTP). They are intended to supplement the information provided during two provider webinars held on October 15 and October 28, 2026. Slides and recordings from the webinars can be found at https://www.ncahec.net/core_service/practice-support/.

To find out more about NCRHTP and the other initiatives for North Carolina rural health, please visit: https://www.ncdhhs.gov/about/department-initiatives/rural-health-transformation-program.

Any implementation of the proposed pilot program described in this document is contingent on the relevant federal approvals and necessary contract updates between NCDHHS and Medicaid managed care health plans.

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1: What is the Medicaid Primary Care Capitation Pilot? What are the program's key dates?

A: The North Carolina Department of Health and Human Services (NCDHHS) is proposing a primary care capitation pilot through its Medicaid managed care health plans to test a different way of paying primary care practices who serve Medicaid managed care members in rural communities. The pilot program, being developed as part of the North Carolina Rural Health Transformation Program, would offer a prospective per-member per-month (PMPM) payment for participating primary care practices for a defined set of services that would replace the per-service payments the provider would have otherwise received. The pilot is intended to begin Jan. 1, 2028.

Key dates:

- **By November 9, 2026:** Deadline for provider feedback and non-binding indications of interest (submitted online via the North Carolina Medicaid Primary Care Capitation Pilot Feedback and Interest Form).
- **Early 2027:** NCDHHS releases final program details, preliminary payment rate information, and details on capacity building funds.
- **Spring 2027:** Provider applications due for participation and capacity building funds
- **Late Spring 2027:** Provider participants selected; capacity building funds awards released; providers submit binding letters of commitment
- **Mid-Late 2027:** PHP contracting with participating providers; distribution of capacity building funds
- **January 1, 2028**: Model launches (start of prospective payment to participating providers)

  All dates are contingent on the relevant federal approvals and contracting between NCDHHS and Medicaid managed care plans.

2: Is this pilot available to other payers, such as Medicare or commercial insurance?

A: This pilot is specific to NC Medicaid Managed Care. Other payers may have similar payment models, but they would be at the discretion of the payer and may not include the same set of services or payment design elements as described here.

3: What Medicaid managed care plans will participate?

A: NCDHHS intends that all Standard Plans and Tailored Plans would be required to offer this pilot model to eligible practices. The Children and Family Specialty Plan and NC Medicaid Direct Prepaid Inpatient Health Plans would not be required to include this payment model.

4: Which providers can participate?

A: Primary care providers (PCPs) may be eligible to participate starting in the first phase January 1, 2028 if they:

- meet at least NC Medicaid Advanced Medical Home (AMH) Tier 2 standards,[1]
- do not currently operate under an alternative payment arrangement specified in the Medicaid state plan such as federally qualified health centers (FQHCs)/FQHC look-alikes and federally-designated rural health clinics (RHCs),
- and are assigned a specified percentage of Medicaid managed care members who reside in a rural area.

Any provider who is interested in participating is encouraged to submit a non-binding indication of interest through the North Carolina Medicaid Primary

[1] Providers will also meet AMH requirements to participate in this model if they meet Tier 3 or Tier 3+.

Care Capitation Pilot Feedback and Interest Form by Nov. 9, 2026. NCDHHS is still developing the required minimum percentage of rural members served.

5: How can a provider participate?

A: Providers must apply to participate in the model. NCDHHS will release applications for participation in spring 2027. If selected, the provider must contract with at least one Standard Plan and/or Tailored Plan to participate and be able to receive payment in accordance with this model.

6: Is the provider required to submit a non-binding indication of interest to be able to apply?

A: No, the provider does not need to submit an indication of interest to be able to apply when applications become available in spring 2027. Providers are encouraged to submit their indication of interest to support continued rate development, which will allow the NCDHHS actuarial contractor to better refine the data used in development of rates to providers who are expected to participate in the model.

7: Why are Federally Qualified Health Centers/FQHC look-alikes and federally designated Rural Health Clinics not able to participate in the first phase?

A: FQHCs/FQHC look-alikes and federally designated RHCs currently get paid through an alternate payment arrangement described in the Medicaid State Plan that has been negotiated and agreed upon with these providers. To maximize the limited Rural Health Transformation Program (RHTP) statutory timeline, NCDHHS will not be able to operationalize another alternate payment arrangement specific to FQHCs/RHCs by Jan. 1, 2028. These providers will be considered in a potential second phase.

8: Can Local Health Departments (LHDs) participate in the pilot?

A: NCDHHS is still considering LHD participation in the pilot given the existing payment structure of LHDs. Any LHD who is interested in participation is encouraged to submit the North Carolina Medicaid Primary Care Capitation Pilot Feedback and Interest Form by Nov.9, 2026, to inform NCDHHS of their interest in participation.

9: How many providers will be selected for the pilot?

A: NCDHHS does not have a defined number of providers who will be selected. If a provider is determined to meet the criteria for participation and is found to be ready to participate in the model, they must submit a letter of commitment and work with the Standard Plans and Tailored Plans to contract under this payment arrangement.

10: Will participation be voluntary?

A: Participation is voluntary. Any provider who wishes to participate must submit an application in spring 2027.

11: How is "rural" defined?

A: The pilot seeks to serve rural Medicaid members where they seek care, regardless of provider location. The provider may not need to be physically located in a rural county if they serve a sufficient number of rural members on their panel. Additional information will be shared on eligibility based on this condition. (See also Q4).

The NCRHTP designates counties as rural if one census tract is considered rural by the Health Resources and Services Administration using the most recent census (2020). The counties considered rural under this definition include: Alexander, Alleghany, Anson, Ashe, Avery, Beaufort, Bertie, Bladen, Brunswick, Buncombe, Camden, Carteret, Caswell, Catawba, Chatham, Cherokee, Chowan, Clay, Cleveland, Columbus, Craven, Cumberland, Currituck, Dare, Davidson, Davie, Duplin, Edgecombe, Gaston, Gates, Graham, Granville, Greene, Halifax, Harnett, Haywood,

Henderson, Hertford, Hoke, Hyde, Iredell, Jackson, Johnston, Jones, Lee, Lenoir, Lincoln, Macon, Madison, Martin, McDowell, Mitchell, Montgomery, Moore, Nash, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Person, Polk, Randolph, Richmond, Robeson, Rockingham, Rutherford, Sampson, Scotland, Stanly, Stokes, Surry, Swain, Transylvania, Tyrrell, Vance, Wake, Warren, Washington, Watauga, Wayne, Wilkes, Wilson, Yadkin and Yancey.

12: How will a multisite practice be handled when some locations are rural and others are not?

A: NCDHHS intends to define a minimum percentage of the total Medicaid-assigned members who live in a rural county to determine provider participation eligibility. For multisite practices, this would be considered in aggregate across all sites. There is a question in the North Carolina Medicaid Primary Care Capitation Pilot Feedback and Interest Form requesting approximate information on assigned patients of interested providers, which will assist NCDHHS with further refinement to the requirement.

13: Will there be an opportunity to participate in the model after 2028?

A: The pilot is planned to begin January 2028. NCDHHS is still considering a potential second phase of the pilot, which could include FQHCs/FQHC look-alikes and federally designated RHCs.

14: Will providers be able to revert back to a fee-for-service payment methodology before the pilot ends?

A: Participating providers will need to commit to participation in the model for a minimum time period to support evaluation of the model and ensure consistency with how payment rates are developed. NCDHHS will provide further clarification on the required minimum time period in future guidance.

15: Will there be variation in how the model is implemented between prepaid health plans (PHPs)?

A: The state intends to require Standard Plans and Tailored Plans to implement the model as designed and described in a forthcoming program manual. This will include standardized payment rates and provider criteria for participation. However, there may be differences in how PHPs implement the model within the design details determined by NCDHHS.

16: Is the provider required to contract with all Standard Plans and Tailored Plans under this arrangement?

A: NCDHHS intends to require all Standard Plans and Tailored Plans to offer this payment model to the selected pilot participants. A provider is not required to contract with all plans, but having more of a provider's panel covered under this payment model increases opportunities for enhancing preventive care delivery, provides more predictable revenue and supports investment in practice changes.

17: Is technical assistance available?

North Carolina Area Health Education Center Practice Support is available to assist providers at no cost. Practice Support services include assisting with the required readiness assessment, identifying capacity building fund needs, implementation planning, go-live technical assistance, sustainability support, and education. Providers can request assistance via practicesupport@ncahec.net.

18: How will member assignment to the PCP occur?

A: NCDHHS intends for member assignment to be generally consistent with current primary care assignment processes under the NC Medicaid Advanced Medical Home program. Under this process, prepaid health plans assign members who do not choose a primary care provider to a PCP based on an NCDHHS established algorithm considering factors such as claims history and family member assignment. Note: NCDHHS is in the process of implementing updates to its PCP assignment processes with prepaid health plans intended to better match

PCP assignments with where members receive care. These are expected to take effect during 2027.

19: What is included in the PMPM? Will there be a care management PMPM?

A: The services included in the PMPM include regularly occurring office visits, preventive screenings, telehealth and home visits. Vaccine administration, labs and maternity-related services have been excluded. Other office procedures that are less predictable in nature have also been excluded. To see a full list of the codes included in the PMPM, review Appendix A of the slides from the Oct. 28, 2026, webinar. Providers participating in the pilot will not be paid separately for the services included in the PMPM.

Providers who participate in the Advanced Medical Home Tier 3 or Advanced Medical Home Plus programs will continue to receive care management payments under those programs.

20: How will providers get paid for services not included in the PMPM? How will providers get paid for seeing members who are not assigned to them?

A: Providers will bill the PHPs directly for services outside of the PMPM on a per service basis, or other arrangement as defined in the provider agreement with the Standard Plan or Tailored Plan.

For services to members who are not assigned to their practice, providers will continue to bill the Standard Plan or Tailored Plan on a per-service basis.

21: Will providers get paid the PMPM for only their assigned rural members?

A: Participating providers would receive the PMPM payment for all assigned Medicaid managed care members with each managed care plan they contract with for this arrangement, not just members from rural areas. However, the provider

will need to demonstrate they serve a minimum percentage of rural members to be eligible for the model.

22: How will member risk be assessed for the development of the PMPM?

A: Members will be grouped into different categories to create more predictable payments for members who have similar cost profiles. Currently, NCDHHS is considering grouping based on age and disability/managed care program status. Potential examples could include, but are not limited to, Tailored Plan Non-Disabled Child, Standard Plan Non-Disabled Adult, Standard Plan Disabled Adult, and Newborn up to one year. Other adjustments to the PMPM may include level of rurality of the provider as well as provider characteristics (e.g., independent practice, multi-specialty, outpatient hospital).

23: When will the PMPM amounts be shared?

A: NCDHHS intends to share preliminary information with providers in early 2027 to give a general understanding of the level of payment, but the exact adjustments and payments will not be known until providers are selected for the pilot. We recommend that if a provider is interested in participating, they respond to the North Carolina Medicaid Primary Care Capitation Pilot Feedback and Interest Form, as that will be used to help develop a more accurate representation of PMPM rates based on providers who could be expected to participate in the pilot.

24: Will the service-based PMPM be reconciled and subject to any recoveries?

A: The service-based PMPM would not be subject to a reconciliation process or recoveries unless it was determined that a provider received a PMPM for a member who was not assigned to the practice in that month. The provider would keep the entire amount of the service-based PMPM for each month that a member is assigned.

25: Will providers still be required to submit claims under this model?

A: Providers will be required to submit encounter information for services that are covered in the service-based PMPM. This encounter information will be used for measurement of quality outcomes as well as consideration in future PMPM rate development under the model. Providers will be required to submit claims to be paid for services not covered under the PMPM or for members who are not assigned to their practice.

26: What is the quality bonus payment?

A: NCDHHS is proposing to include an optional upfront quality bonus payment to providers for performance outcomes that occur during the pilot period. This bonus payment would be paid at the start of the pilot for performance during the pilot period and prior to the quality outcomes being known. Providers who choose to receive the upfront quality bonus payments would be subject to a reconciliation of the bonus payment amounts if they do not achieve the prospectively identified performance targets. (This reconciliation would not impact the PMPM payments.) NCDHHS is currently considering options for how the quality bonus payments would be administered, what quality measures would be included and the timeframes for the reconciliation process. Further information will be provided as it becomes available. As with all elements of the pilot program, any implementation is contingent on the relevant federal approvals.

27: When will information about capacity building funds be released?

A: Capacity building funds are temporary upfront funds to support transition to, and initial participation in, the new model that may be available to participating providers through NCRHTP. These funds would be administered by the NCRHTP ROOTS Hubs. NCDHHS plans to release additional information about capacity building funds in the first quarter of 2027. To be considered for capacity building funds, providers must apply for capacity building funds at the same time as they apply for participation in the model.