

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Baltimore, Maryland 21244-1850



State Demonstrations Group

May 20, 2025

Jay Ludlam
Deputy Secretary, North Carolina Medicaid
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, NC 27699-2501

Dear Deputy Secretary Ludlam:

The Centers for Medicare & Medicaid Services (CMS) completed its review of North Carolina's Final Report for the section 1115 demonstration, "COVID-19 Public Health Emergency (PHE) Demonstration" (Project No: 11-W-00350/4). This report covers the demonstration period from June 25, 2020 through March 31, 2021. CMS determined that the Final Report, submitted on May 8, 2024 and revised on May 6, 2025, is in alignment with the CMS-approved Evaluation Design, and therefore, approves the state's Final Report.

The approved Final Report may now be posted to the state's Medicaid website within 30 days. CMS will also post the Final Report on Medicaid.gov.

We sincerely appreciate the state's commitment to evaluating the COVID-19 PHE demonstration under these extraordinary circumstances. We look forward to our continued partnership on North Carolina's other section 1115 demonstrations. If you have any questions, please contact your CMS demonstration team.

Sincerely,

**DANIELLE
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Danielle Daly
Director

Division of Demonstration Monitoring and Evaluation

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cc: Morlan Lannaman, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

Final Summative Evaluation Report of the North Carolina Covid-19 Public Health Emergency Demonstration

INTRODUCTION: NORTH CAROLINA COVID-19 PUBLIC HEALTH EMERGENCY DEMONSTRATION

On March 27, 2020, the North Carolina Department of Health and Human Services submitted an application to the Centers for Medicare & Medicaid Services (CMS) for a COVID-19 section 1115 Demonstration Waiver: North Carolina COVID-19 Public Health Emergency Demonstration (hereafter known as “Demonstration”). The Demonstration was approved on June 25, 2020. The policies implemented under this authority were in effect from June 25, 2020, to March 31, 2021.

The Demonstration included various provisions designed to address COVID-19 challenges, granting the state necessary authority and flexibility to respond to emerging conditions. It enabled targeted interventions for specific populations and offered flexibility in accessing long-term care services and supports (LTSS) through alternative verification methods for income and assets. Additionally, it allowed modifications to long-term services and supports eligibility criteria and flexibility in completing care plans, delivering services in alternate settings, and delaying functional assessments. Lastly, it allowed the state to provide financial support to maintain critical provider capacity for personal care and habilitation services during the pandemic. However, due to the timing of the Demonstration approval, few provisions were implemented.

IMPLEMENTATION

As the Demonstration was approved after the state's stay-at-home order had been lifted, most of its flexibilities were not implemented. The stay-at-home order was effective from March 27, 2020, to April 29, 2020. Only one component of the Demonstration was operationalized. This component allowed the state to waive the annual level of care reviews required for beneficiaries who access long-term services and supports through PACE (Program of All-Inclusive Care for the Elderly). The primary aim was to protect the well-being of PACE participants and staff and ensure participants received uninterrupted care during the public health emergency. Although PACE staff were once again permitted to perform in-person level of care reviews for PACE participants following the end of stay-at-home order, many PACE organizations opted to waive annual level of care reviews throughout the Demonstration period due to ongoing COVID-19 safety concerns.

EVALUATION

Anticipating an earlier Demonstration start date, the state originally planned to perform comprehensive data collection on metrics such as expenditures, cost-effectiveness, and the extent of the Demonstration's influence on PACE participants. As most of the flexibilities allowed by the waiver were ultimately not implemented, much of the evaluation design could not be carried out.

Research Question 1: What were the administrative costs and health services expenditures for demonstration beneficiaries and how did these outlays affect the state's response to the public health emergency?

The administrative costs and health services expenditures for Demonstration beneficiaries are estimated to be minimal, as the Demonstration period did not coincide with the stay-at-home order and most flexibilities were not implemented. While waived level of care reviews were implemented, the state estimates that the temporary change did not have a significant impact on costs. According to PACE data, there was not a single case of a participant not meeting nursing facility level of care on an annual review from April 2021 through April 2022, meaning that any participant who was impacted by the waiver and remained in the program through the year after the waiver ended met nursing facility level of care on their next annual recertification. Thus, the state estimates that temporarily waiving these reviews had little, if any, impact on enrollment and thus little impact on utilization or expenditures. Therefore, the state's response to the public health emergency was not affected by expenditures related to this waiver.

Research Question 2: Did the flexibilities of this demonstration assist in meeting the challenges beneficiaries, providers, and Medicaid staff faced during the public health emergency?

Due to the timing of demonstration approval, most flexibilities were not implemented and thus the impact of this demonstration was limited. The one flexibility that was implemented—waived annual level of care reviews for PACE participants—aimed to ensure continuity of care despite ongoing health and safety concerns that placed additional burden on providers and may have impacted providers' ability to conduct timely level of care reviews.

In total, 1,573 PACE participants were affected by the Demonstration, benefiting from waived annual level of care reviews. Total enrollment for the PACE program was 2,218 in June 2020, the start of the Demonstration, and 2,075 in April 2021, the end of the Demonstration. Table 1 summarizes the number of PACE participants impacted within each PACE organization.

TABLE 1.

NC Medicaid PACE participants who received waived level of care reviews during the COVID-19 Public Health Emergency Demonstration

Dates: 7/1/20 - 3/31/21

PACE Program	Number of Participants Impacted*
Elderhaus	103
Piedmont Health SeniorCare at Burlington	115
Piedmont Health at Pittsboro	97
LIFE St. Joseph of the Pines	207
PACE of the Triad	163
PACE @ Home	113
Carolina Senior Care	149
PACE of the Southern Piedmont	144
VOANS Senior Community Care of NC	135
Senior Total Life Care	160
Randolph Health Staywell Senior Care	61
CarePartners PACE	126
Total	1573

*Data was collected directly from each PACE organization.

Research Question 3: What lessons can be leveraged when responding to similar public health emergencies in the future?

Due to the limited scope of implementation, the ability to draw on lessons learned is limited. However, the relatively high uptake of the waived level of care reviews suggests that providers found the flexibility useful. In responding to future public health emergencies, the state may consider similar ways to temporarily reduce provider administrative burden in order to ensure continuity of care.

CONCLUSION

The Demonstration provided a framework for addressing the challenges posed by the COVID-19 pandemic. Most of the waiver flexibilities were not implemented, and therefore could not be evaluated. PACE organizations did utilize the ability to waive annual level of care reviews, ensuring continuity of care amidst ongoing health and safety concerns. The waived annual level of care reviews affected 1,573 beneficiaries in the PACE program but had no significant impact on costs.