



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Benefits

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
DAVE RICHARD • Deputy Secretary, NC Medicaid

July 9, 2020

Administrator Seema Verma
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Re: Acceptance of Section 1115 Demonstration Waiver Terms and Conditions

Dear Administrator Verma:

North Carolina is pleased to accept the Centers for Medicare & Medicaid Services' (CMS) approval of the North Carolina COVID-19 Public Health Emergency Demonstration. Approval was granted on June 25, 2020 in accordance with Section 1115(a) of the Social Security Act. The Demonstration is effective retroactive to March 1, 2020 through the date that is 60 days after the end of the federal public health emergency.

With this letter, North Carolina acknowledges the award and formally accepts the Special Terms and Conditions (STCs) and waiver and expenditure authorities, as described in CMS' approval letter, with the understanding that the enclosed technical corrections will be made.

The State's demonstration will afford the State needed authority and flexibility to respond to the emerging conditions of the Novel Coronavirus Disease (COVID-19) pandemic. The demonstration permits the State to target the delivery of interventions to specific populations based on pandemic-related needs. It allows for greater flexibility in providing access to certain long-term care services and supports (LTSS) by allowing alternative verification mechanisms for income, assets, and level of care, providing flexibility around completing the plan of care and delivering LTSS services in alternative settings, allowing the State to modify LTSS eligibility criteria, and providing flexibility to delay functional assessments for beneficiaries needing LTSS services. The demonstration also allows the State to provide financial support to providers of personal care and habilitation services in order to maintain critical provider capacity during the pandemic.

As discussed with CMS, North Carolina proposes to modify certain expenditure reporting requirements described in STC 24. These changes will relieve the State of significant operational burden while ensuring that CMS receives all necessary expenditure data. These changes are described in the enclosed technical corrections.

Finally, North Carolina acknowledges that not all requests in the State's demonstration application are approved in these STCs. The State moved rapidly to address the COVID-19 crisis, submitting its demonstration application on March 27, 2020. That same day, Congress passed, and the President signed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the third and largest of a series of stimulus packages to provide funding to address the pandemic. As the State learned more about the opportunities available through the CARES Act and other federal funding authorities, the State elected to use other federal funding sources to cover requests in the State's initial 1115 waiver application. The State used these alternative federal funding sources to address requests like nutrition and housing supports. After securing sufficient other federal funding, the State withdrew the requests from the 1115

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demonstration application. For other requests, including several related to simplifying eligibility, the State withdrew the requests when it was clear that CMS was not prepared to approve them at this time. Notably, the State has not withdrawn the request to establish a COVID-19 Disaster Relief Fund, and CMS has confirmed that this request is still under consideration by CMS. North Carolina looks forward to continuing discussions with CMS on this request.

On behalf of North Carolina's Department of Health and Human Services, I thank you for your time and commitment, as well as that of your team, in reaching this agreement. Our work together will benefit the lives of the more than 2 million North Carolinians served by North Carolina Medicaid and North Carolina Health Choice. Thank you again for your support throughout this process.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Richard". The signature is fluid and cursive, with the first name "Dave" and last name "Richard" clearly distinguishable.

Dave Richard

Enclosure: NC STC Technical Corrections

cc: Secretary Mandy Cohen, MD, MPH