



North Carolina  
Department of Health and Human Services  
**Division of Medical Assistance**  
**Recipient Services MEU**

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Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Mark T. Benton, Director  
William W. Lawrence, Jr., M.D., Senior Deputy Director

August 29, 2007

RE: Medicaid Related Provisions in the 2007  
Appropriations Act and H.B. 1537

Dear County Director of Social Services:

On July 31, 2007, Governor Easley signed House Bill 1473, the 2007 Appropriation Act. The Act contains several new Medicaid provisions that may affect the counties. Following is a brief description of these provisions:

**Elimination of the County Share of Medicaid Program Expenditures (§10.36.(a)):** Beginning October 1, 2007, there will be a 3 year phased elimination of the county share of Medicaid program expenditures.

Effective October 1, 2007, the county portion of the non-federal share of Medicaid program expenditures will be reduced from 15% to 11.25%.

Effective July 1, 2008, the county portion will be reduced to 7.5%.

Effective July 1, 2009, the county portion will be reduced to 0%.

**Coverage of “Independent Foster Care Adolescents” (§10.36.(c)(4)):** Effective October 1, 2007, Medicaid will begin the optional coverage of individuals under age 21, who were in foster care on their 18<sup>th</sup> birthday, without regard to their income and resources.

**Prior Approval for Personal Care Services (§10.36.(d)(21)):** Effective October 1, 2007, coverage of personal care services shall require prior approval.

**Increase in the Number of Covered Outpatient Visits (§10.36.(e)(2)):** Effective July 1, 2007, the limit on the number of visits per recipient to the following providers during a fiscal year is increased from 24 to 30: This applies to visits to hospital outpatient providers, physicians, nurse practitioners, nurse midwives, clinics, health departments, optometrists, chiropractors, and podiatrists. The following visits are exempt from the limit: prenatal services, services provided to children under age 21, emergency room visits and mental health visits that are subject to independent utilization review.

**Pilot Program for Dual Eligible Individuals Certified to Need Nursing Facility Care (§10.40F.):** The Division of Medical Assistance is to develop a pilot program in 2 to 4 regions of the state to offer services, to dual eligible Medicaid recipients who are certified to need nursing facility care, through a Special Needs Plan working with the Community Care Networks. The Department is to report to the General Assembly, no later than May 1, 2008, on the results of the pilot program.

**Families Pay a Portion of the Cost of Services under the CAP-MR/DD and CAP-C Programs (§10.45.):** The Division of Medical Assistance shall develop a schedule of cost-sharing requirements for families of children with incomes above the Medicaid Income Limit to share in their child's Medicaid expenses under the CAP/MR-DD and CAP-C programs. Cost sharing amounts are to be based on a sliding scale of the family income. This will be effective July 1, 2008, for children enrolled in CAP-MR/DD or CAP-C on or after that date. For children enrolled prior to July 1, 2008, the provision is effective at the first redetermination occurring after July 1, 2008.

**NC Health Choice Enrollment Limit (§10.47.):** The Department of Health and Human Services may allow up to 6% enrollment growth per fiscal year, as opposed to 3% growth every six months. The 6% growth will be based on the highest enrollment month during the prior state fiscal year

**NC Kids' Care (§10.48.):** The Department of Health and Human Services shall prepare a report to the General Assembly that identifies the most cost efficient and cost-effective method for developing and implementing a program that will provide, within available funding, comprehensive health benefits to children through age 18 with income between 200% and 300% of the federal poverty level. Coverage will not be an entitlement and will be subject to availability of state and federal funds. A preliminary report is due to the General Assembly not later than January 1, 2008, and a final report is due no later than February 1, 2008. Funds are appropriated for this coverage to begin July 1, 2008.

**Transitional Residential Treatment Program (§10.49.(i)):** The Department of Health and Human Services shall develop a service definition to provide 24-hour residential treatment and rehabilitation for adults who have a pattern of difficult behavior related to mental illness. Before implementing the definition and rate of the service and no later than March 1, 2008, the Department shall report to the General Assembly on implementation of this service.

**DMA to Enroll Three Additional LMEs as Medicaid Providers (§10.49.(y)):** DMA must commence the Medicaid Waiver process for 3 additional LMEs to become providers by July 1, 2008. Funds are appropriated for this enrollment to be effective July 1, 2008.

**Additional Home and Community Based Waivers for Persons with Developmental Disabilities (§10.49.(dd)):** The Department of Health and Human Services shall develop and apply to CMS for additional home community based waivers to create, along with the CAP-MR/DD waiver, a “tiered system of services” for persons with developmental disabilities. The Department is to report to the General Assembly no later than March 1, 2008 on the status of the waivers.

**Evaluation of Community Support Services (§10.49.(ee)):** To avoid overutilization of community support services and the overexpenditure of funds for these services, the Department of Health and Human Services shall immediately conduct an evaluation of the use and cost of community support services to identify existing and potential areas of overutilization and overexpenditure. Additionally, the Department shall adopt or revise policies and procedures to ensure community support services are appropriate to the individuals needs and cost effective. Beginning October 1, 2007, and monthly thereafter, the Department shall report to the General Assembly on utilization and expenditure of funds for community support services.

The following items are appropriations authorized in “The Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets.”

**CARE-LINE Expansion (item G-18):** Increase staff at the CARE-LINE, Information and Referral Service, to expand operation from 8:00 AM to 5:00 PM, 5 days per week to 24 hours, 7 days per week.

**Office of Hearings and Appeals Expansion (item G-77):** Add a hearing officer supervisor and 2 hearing officers to the Department of Health and Human Services, Office of Hearings and Appeals.

**Additional CAP-MR/DD Slots (item G-89):** Add an additional 300 slots for CAP-MR/DD.

The following items are in House Bill 1537, An Act to Make Changes to the Medicaid Estate Recovery Law; To Amend the Law Respecting Data Sharing by Health Insurers With the Department of Health and Human Services, Division of Medical Assistance; and To Enact a Procedures For the Waiver of the Medicaid Transfer of Assets Penalty Due to Undue Hardship:

**Medicaid Estate Recovery:** Language regarding imposing liens is removed from G.S.108A-70.5.

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**Insurers to Provide Certain Information to DHHS:** G.S. 108A-55.4 is amended to clarify that health insurers and pharmacy benefit managers are required to provide DMA, upon request, insurance information on an applicant/recipient in addition to any structured request for the insurer's eligibility data base that is required to be forwarded to DMA not more than 12 times each year.

**Waiver of Transfer of Assets Penalty Due to Undue Hardship:** The new G.S. 108A-58.2 codifies the process a county department of social services must follow when determining if an undue hardship request must be granted and if granted, allows certain protections for the community spouse, if there is a community spouse.

If you would like to review the Appropriations Act, the Joint Conference Committee Report in more detail, and, H.B. 1537, they are available on-line at <http://www.ncga.state.nc.us>.

If you have any additional questions, please contact your Medicaid Program Representative.

Sincerely

Mark T. Benton