



North Carolina Medicaid Reform Section 1115 Demonstration

Public Hearing on Substance Use Disorder (SUD) Institution for Mental Disease (IMD) Authority

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Level Setting: Section 1115 Demonstrations

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot or demonstration projects that are likely to further the goals and objectives of the Medicaid program.

- Section 1115 demonstrations provide states additional flexibility to waive certain components of federal Medicaid law and make changes to the way they operate their Medicaid programs.
- States have used 1115 demonstrations to implement a wide range of programmatic changes, including changes to eligibility, benefits, delivery systems and cost sharing.
- 1115 demonstrations can encompass the entirety of a state's Medicaid program or be tailored to specific sub-populations.
- Demonstrations generally must be budget neutral to the federal government, meaning that Medicaid expenditures under the demonstration cannot exceed what expenditures would have been without the demonstration.
- Demonstrations are generally approved for an initial five-year period and can be extended for up to an additional three to five years.

Link to North Carolina's Approved 1115 Demonstration

[medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nc/nc-medicaid-reform-ca.pdf](https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nc/nc-medicaid-reform-ca.pdf)

Overview of North Carolina's SUD IMD Authority

North Carolina's 1115 demonstration gives the State the opportunity to obtain federal Medicaid matching funds for services delivered in institutions for mental diseases (IMDs). This flexibility supports the State's efforts to expand access to the full continuum of SUD/opioid use disorder (OUD) treatment services.

Level Setting

- Under federal Medicaid law, states are generally prohibited from using federal Medicaid funds for care provided to most patients in mental health and SUD residential treatment facilities larger than 16 beds (known as IMDs).
- As part of its 1115 demonstration, North Carolina received authority beginning in 2019 to access federal matching funds for people obtaining certain SUD/OUD treatment services delivered through short-term residential and inpatient settings that are considered IMDs.
- The State's ability to claim match for people using services in IMDs expires on Oct. 31, 2023.

The State is preparing to request a temporary extension of the SUD IMD authority with the intent of pursuing a five-year extension at the time of the waiver renewal. North Carolina is not requesting any refinements or changes to the existing SUD IMD flexibility at this time.

NC is Expanding SUD Service Continuum in Conjunction with Demonstration

As a condition of obtaining this authority, North Carolina was required to ensure access to a full continuum of SUD services, ensure use of evidence-based patient placement criteria and standards of care and ensure access to medication-assisted treatment (MAT), among other conditions.

Key Waiver Features

- North Carolina is significantly expanding access to the full continuum of ASAM levels of care (all benefits are or will be authorized under the State Plan).
 - New benefits included clinically managed low-intensity residential treatment services, clinically managed population-specific high-intensity residential programs, ambulatory withdrawal management with extended on-site monitoring and clinically managed residential withdrawal management.
 - The state also expanded coverage of existing services to adolescents including clinically managed high-intensity residential services and medically monitored intensive inpatient services.

NC is Seeking to Reduce SUD Through this Demonstration

North Carolina's goal in the current demonstration and requested extension is to reduce SUD. The State will test the following hypotheses in pursuit of this goal:

- Expanding coverage of SUD services to include residential services furnished in IMDs as part of a comprehensive strategy will decrease the long-term use of opioids and increase the use of MAT and other opioid treatment services**
- Expanding coverage of SUD services to include residential services furnished to short-term residents in IMDs with a SUD diagnosis as part of a comprehensive strategy will result in improved care quality and outcomes for patients with SUD**

Opportunities for Public Input

North Carolina welcomes public input on the proposed SUD demonstration extension request.

Public Input Submission Guidelines

- The full SUD demonstration extension request is available for review online on this webpage medicaid.ncdhhs.gov/proposed-program-design
- Written comments may be submitted via mail or email. Please label communications as “NC Section 1115 Waiver” and use the following addresses:
 - Mailing address:
North Carolina Department of Health and Human Services
NC Medicaid Section 1115 Waiver Team
1950 Mail Service Center
Raleigh NC 27699-1950
 - Email Medicaid.NCEngagement@dhhs.nc.gov
- To be assured consideration prior to submission of the extension request, comments must be received by 5 p.m. EST, May 1, 2023,



Questions?

Thank You!

For additional questions or comments, contact

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