

# NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

## *Public Notice for Extension Request of the Substance Use Disorder (SUD) Component of North Carolina's Medicaid Reform Section 1115 Demonstration*

July 28, 2023

This public notice provides information of public interest regarding a proposed extension of the SUD component of North Carolina's Medicaid Reform Section 1115 Demonstration.

### **Program Description and Goals**

North Carolina's Medicaid Reform Section 1115 demonstration authorizes significant transformations of North Carolina's Medicaid delivery system through a mandatory managed care program, the Healthy Opportunities Pilots, and federal Medicaid matching for individuals obtaining SUD treatment in institutions for mental diseases (IMDs). The demonstration as a whole aims to advance integrated, high-value care; improve population health; engage and support providers; and establish a more sustainable program with more predictable costs.

The purpose of this request is to extend North Carolina's expenditure authority for services provided to individuals obtaining residential and inpatient SUD treatment in an IMD. Aligned with this authority, North Carolina is expanding its continuum of SUD services offered and undertaking a variety of initiatives to improve the quality of SUD care delivered in the state. As with the current demonstration, the goal of the proposed extension is to reduce SUD, including decreasing long-term use of opioids, and improve quality and outcomes for patients with SUD.

The SUD component of North Carolina's Medicaid Reform Section 1115 demonstration expires on October 31, 2023, whereas the other components of the demonstration currently have an end date of October 31, 2024. Through this extension request, North Carolina seeks to extend the SUD component of the demonstration for an additional five years. North Carolina is not requesting any changes to the delivery system, eligibility requirements, benefit coverage, or cost sharing, as compared to the State's current demonstration features.

### **Waiver and Expenditure Authorities**

North Carolina is requesting the same expenditure authority as that approved in the current demonstration:

- **Residential and Inpatient Treatment for Individuals with a SUD:** Expenditures for otherwise covered services furnished to otherwise eligible individuals who are primarily receiving treatment and withdrawal management services for SUD who are short-term residents in facilities that meet the definition of an IMD.

### **Hypotheses and Evaluation Approach**

North Carolina's goal in the current demonstration and requested extension is to reduce SUD. The State will test and evaluate 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 Medication Assisted Treatment (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.

## Projected and Historical Enrollment and Expenditures

Table 1 below provides data on the historical and projected future enrollment for Medicaid enrollees obtaining SUD treatment in an IMD from Demonstration Year (DY) 1 (January 1, 2019 -October 31, 2019) to DY 10 (November 1, 2027 - October 31, 2028).

*Table 1. Historical and Projected Enrollment (in Person Counts)\**

Eligibility Group**	DY1	DY2	DY3	DY4	DY5	DY6	DY7	DY8	DY9	DY10	10-Year Total
<b>SUD IMD MEG 1 – MC Temporary Assistance for Needy Families (TANF) &amp; Related Adults</b>	0	0	17	64	64	1,980	2,032	2,085	2,140	2,196	10,578
<b>SUD IMD MEG 2 – MC Aged, Blind, and Disabled</b>	0	0	5	15	15	1,980	2,032	2,085	2,140	2,196	10,468
<b>SUD IMD MEG 3 – MC Innovations / Traumatic Brain Injury (TBI)</b>	0	0	0	0	0	729	748	768	788	808	3,841
<b>SUD IMD Services MEG 4 – Fee-For-Service Adults</b>	92	445	517	705	705	521	535	549	563	578	5,210
<b>Total</b>	<b>92</b>	<b>445</b>	<b>539</b>	<b>784</b>	<b>784</b>	<b>5,210</b>	<b>5,347</b>	<b>5,487</b>	<b>5,631</b>	<b>5,778</b>	<b>30,097</b>

\*Estimates for DY1- DY5 reflect budget neutrality reporting through September 2022. Projections for DY6-10 assume implementation of the Behavioral Health and Intellectual/Developmental Disabilities (BH I/DD) Tailored Plans.

\*\*MEG #1- #3 cover beneficiaries enrolled in a comprehensive managed care plan (i.e., Standard Plan, BH I/DD Tailored Plan). MEG #4 covers beneficiaries enrolled in NC Medicaid Direct who receive physical health services via Medicaid fee-for-service and behavioral health, I/DD, and traumatic brain injury (TBI) services via a prepaid inpatient health plan.

Table 2 below provides data on the historical and projected future expenditures from DY 1 (January 1, 2019 – October 31, 2019) to DY 10 (November 1, 2027 – October 31, 2028) for the SUD component of North Carolina’s Medicaid Reform Section 1115 demonstration.

*Table 2. Historical and Projected Future Expenditures*

Eligibility Group*	DY1**	DY2**	DY3**	DY4**	DY5**	DY6***	DY7***	DY8***	DY9***	DY10***	10-Year Total
<b>SUD IMD MEG 1 - MC TANF &amp; Related Adults</b>	\$0	\$0	\$0	\$9,218	\$9,218	\$7,701,345	\$8,282,101	\$8,906,651	\$9,578,298	\$10,300,594	\$44,787,425
<b>SUD IMD MEG 2 - MC Aged, Blind, and Disabled</b>	\$0	\$0	\$0	\$8,732	\$8,733	\$10,502,163	\$11,258,696	\$12,069,727	\$12,939,180	\$13,871,266	\$60,658,497
<b>SUD IMD MEG 3 – MC Innovations/ TBI</b>	\$0	\$0	\$0	\$0	\$0	\$7,952,834	\$8,480,288	\$9,042,724	\$9,642,462	\$10,281,977	\$45,400,285
<b>SUD IMD Services MEG 4 - Fee-For-Service Adults</b>	\$0	\$20,044	\$179,747	\$146,177	\$146,177	\$11,740,034	\$12,603,241	\$13,529,917	\$14,524,728	\$15,592,685	\$68,482,750
<b>Total</b>	<b>\$0</b>	<b>\$20,044</b>	<b>\$179,747</b>	<b>\$164,127</b>	<b>\$164,128</b>	<b>\$37,896,376</b>	<b>\$40,624,326</b>	<b>\$43,549,019</b>	<b>\$46,684,668</b>	<b>\$50,046,522</b>	<b>\$219,328,957</b>

\*MEG #1- #3 cover beneficiaries enrolled in a comprehensive managed care plan (i.e., Standard Plan, BH I/DD Tailored Plan). MEG #4 covers beneficiaries enrolled in NC Medicaid Direct who receive physical health services via Medicaid fee-for-service and behavioral health, I/DD, and traumatic brain injury (TBI) services via a prepaid inpatient health plan.

\*\* DY1-5 reflect North Carolina DHHS Medicaid Transformation Budget Neutrality Workbook Reporting through September 30, 2022.

\*\*\*These figures assume that BH I/DD Tailored Plans will launch in DY6 and will be in effect through DY10.

## Opportunities for Public Input

Electronic copies of this public notice, the proposed extension request, and public comments related to the extension request are available on the North Carolina Department of Health and Human Services Medicaid website at [medicaid.ncdhhs.gov/proposed-program-design](https://medicaid.ncdhhs.gov/proposed-program-design).

Written comments may be sent to the following address (please indicate “NC Section 1115 Waiver” in the written message):

North Carolina Department of Health and Human Services  
NC Medicaid Section 1115 Waiver Team  
1950 Mail Service Center  
Raleigh, NC 27699-1950

Comments may also be emailed to [Medicaid.NCEngagement@dhhs.nc.gov](mailto:Medicaid.NCEngagement@dhhs.nc.gov). Please indicate “NC Section 1115 Waiver” in the subject line of the email message.

To be assured consideration prior to submission of this waiver extension request, comments must be received by 5 p.m. (Eastern Time) on August 28, 2023.

North Carolina hosted two public hearings to seek input regarding the waiver extension request. Hearings were held on Tuesday, April 11 at 5 p.m. Eastern and Thursday, April 13 at 2 p.m. Eastern via Microsoft Teams. The slide deck used during the public hearings can be found at the following link: <https://medicaid.ncdhhs.gov/documents/medicaid/ncdhhs-sud-waiver-extension-public-hearing/download?attachment>. The public hearings included presentations describing the proposed changes and opportunities for public testimony.