I. Historical Narrative Summary of the Demonstration Project

The North Carolina Medicaid Reform demonstration was approved by the Centers for Medicare & Medicaid Services (CMS) on October 19, 2018, and includes a waiver of the institution for mental disease (IMD) exclusion for substance use disorder (SUD) treatment to expand access to the full continuum of SUD care. The current SUD waiver is effective January 1, 2019, through October 31, 2023. North Carolina requests to extend the SUD waiver for an additional five years.

The current demonstration benefit package for North Carolina Medicaid recipients includes Opioid Use Disorder (OUD)/SUD treatment services, including short-term residential services provided in residential and inpatient treatment settings that qualify as an IMD, which are not otherwise matchable expenditures under section 1903 of the Social Security Act. North Carolina is eligible to receive federal financial participation (FFP) for North Carolina Medicaid recipients who are short-term residents in IMDs under the terms of this demonstration for coverage of medical assistance, including OUD/SUD benefits that would otherwise be matchable if the beneficiary were not residing in an IMD. The State is required to aim for a statewide average length of stay of 30 days in residential treatment settings, which is monitored pursuant to the SUD Monitoring Protocol as outlined in STC 19(b), to ensure short-term residential treatment stays. Under the demonstration, beneficiaries have access to high-quality, evidence-based OUD and other SUD treatment services ranging from medically supervised withdrawal management to ongoing chronic care for these conditions in cost-effective settings while also improving care coordination and care for comorbid physical and mental health conditions. These services are available to beneficiaries enrolled in both the Medicaid managed care and fee-for-service/prepaid inpatient health plan (NC Medicaid Direct) delivery systems.

North Carolina's goal in the current waiver and requested extension is to reduce SUD; the State is testing and evaluating 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.

As required by CMS, the components of the SUD waiver are organized around six milestones: (1) Access, (2) Placement Criteria, (3) Provider Qualifications, (4) Capacity, (5) Prescribing and Overdose, and (6) Care Coordination. North Carolina's Mid-Point Assessment determined that the State is at:

- High risk of not achieving demonstration Milestone 1
- Medium risk of not achieving demonstration Milestones 3 and 6
- Medium/low risk of not achieving Milestone 4
- Low risk of not achieving Milestones 2 and 5

Recommendations for progress are described in the Mid-Point Assessment (see Section V) and include the following:

- Provide greater web content for providers and beneficiaries on the SUD components of the waiver
- Determine barriers for metrics not meeting targets and identify incentives that could address these barriers
- Continue COVID-19 flexibilities
- Use monitoring metrics to mount an adaptive response to immediate needs
- Triangulate code lists and service definitions going forward
- Prioritize minimum MAT access requirements for residential treatment facilities
- Streamline the licensure process for facility-based treatment
- Support inpatient service capacity through direct financial support and/or improved allocation of beds

- Consider expanding Medicaid in North Carolina to cover those who do not have access to SUD services
- Identify and reward higher levels of beneficiary engagement in care.

II. Summary of Changes Requested

No changes requested.

III. Requested Waivers and Expenditure Authorities

North Carolina requests the same expenditure and waiver authorities as those approved for the SUD component of the current demonstration:

- **Residential and Inpatient Treatment for Individuals with a Substance Use Disorder (SUD)**. Expenditures for otherwise covered services furnished to otherwise eligible individuals who are primarily receiving treatment and withdrawal management services for substance use disorder (SUD) who are short-term residents in facilities that meet the definition of an institution for mental diseases (IMD).

IV. Quality Reports and Monitoring

As identified in the North Carolina 2020-2021 EQR Technical Report (Attachment A; also available here: https://medicaid.ncdhhs.gov/2020-2021-eqr-technical-report/download?attachment), Health Services Advisory Group, Inc. (HSAG) is the State's external quality review organization (EQRO). For state fiscal year (SFY) 2021 (July 1, 2020 through June 30, 2021), HSAG conducted preparatory activities with North Carolina for the mandatory EQR activities displayed in Table 1 and optional activities that include encounter data validation, consumer surveys, calculation of additional performance measures, focus studies on quality, quality rating of health plans, annual performance reports, annual care management performance evaluation, and collaborative quality improvement forums. In the SFY 2022 report, HSAG highlights substantive findings and actionable, state-specific recommendations to further advance the goals and objectives outlined in North Carolina's Medicaid Managed Care Quality Strategy.

Table 1. EQR Activities

Activity	Description	CMS EQR Protocol
Mandatory Activities*		
Validation of Performance Improvement Projects (PIPs)	This activity verifies whether a PIP conducted by a health plan used sound methodology in its design, implementation, analysis, and reporting.	**Protocol 1.** Validation of Performance Improvement Projects
Performance Measure Validation (PMV)	This activity assesses whether the performance measures (PMs) calculated by a health plan are accurate based on the measure specifications and State reporting requirements.	**Protocol 2.** Validation of Performance Measures
Compliance With Standards	This activity determines the extent to which a Medicaid and CHIP plan is in compliance with federal standards and associated State-specific requirements, when applicable.	**Protocol 3.** Review of Compliance with Medicaid and CHIP Managed Care Regulations

* Until the CMS network adequacy validation protocol is issued, health plans will only be subject to three mandatory EQR-related activities.

Table 2 from the North Carolina Medicaid Annual Quality Report (December 2020) (Attachment A; also available here: https://files.nc.gov/ncdma/Medicaid_QualityAnnualReport_3.30.2021.pdf) summarizes the State's performance against its Quality Strategy aims and goals in 2019.

Table 2. Summary of NC Medicaid Quality Performance 2019

AIMS	GOALS	OVERALL PERFORMANCE
AIM 1: Better Care Delivery. Make health care more person-centered, coordinated and accessible.	**GOAL 1:** Ensure appropriate access to care	★★
	GOAL 2: Drive patient-centered, whole-person care	★★
AIM 2: Healthier People, Healthier Communities. In collaboration with community partners improve the health of North Carolinians through prevention, better treatment of chronic conditions and better behavioral health care.	**GOAL 3:** Promote wellness and prevention	★★
	GOAL 4: Improve chronic condition management	★
	GOAL 5: Work with communities to improve population health	★★
AIM 3: Smarter Spending. Pay for value rather than volume, incentivize innovation and ensure appropriate care.	**GOAL 6:** Pay for value	★★

★★★ Performance across all measures in the group was **ABOVE** the national median.

★★ Performance across all measures in the group was **AROUND** the national median.

★ Performance across all measures in the group was **BELOW** the national median.

Table 3 is the North Carolina Fiscal Year 2020 Annual Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Form CMS-416 (Attachment A; available here: https://medicaid.ncdhhs.gov/cms-416-participation-reports-epsdt-ffy2020/download?attachment), which collects information on the State's Medicaid and CHIP programs to assess the effectiveness of EPSDT services.

Table 3. North Carolina Fiscal Year 2020 Annual EPSDT Form CMS-416

CMS Generated Reporting of State Form CMS-416 Data Using T-MSIS									
Description	**Cat**	**Total**	**< 1**	**1-2**	**3-5**	**6-9**	**10-14**	**15-18**	**19-20**
1a.Total Individuals Eligible for EPSDT	CN	1,284,952	70,132	145,946	215,359	252,876	310,120	212,485	78,034
	MN	2,014	46	82	129	291	492	489	485
	Total	1,286,966	70,178	146,028	215,488	253,167	310,612	212,974	78,519
1b.Total Individuals Eligible for EPSDT for 90 Continuous Days	CN	1,224,019	56,840	141,370	209,308	241,796	297,876	203,568	73,261
	MN	1,472	18	65	103	224	360	326	376
	Total	1,225,491	56,858	141,435	209,411	242,020	298,236	203,894	73,637

CMS Generated Reporting of State Form CMS-416 Data Using T-MSIS									
Description	**Cat**	**Total**	**< 1**	**1-2**	**3-5**	**6-9**	**10-14**	**15-18**	**19-20**
1c. Total Individuals Eligible Under a CHIP Medicaid Expansion	CN	173,159	187	18,024	36,239	39,915	45,201	30,799	2,794
	MN	0	0	0	0	0	0	0	0
	Total	173,159	187	18,024	36,239	39,915	45,201	30,799	2,794
2a. State Periodicity Schedule			5	4	3	4	5	4	2
2b. Number of Years in Age Group			1	2	3	4	5	4	2
2c. Annualized State Periodicity Schedule			5	2	1	1	1	1	1
3a. Total Months of Eligibility	CN	13,668,019	423,872	1,613,984	2,397,672	2,733,861	3,385,846	2,307,920	804,864
	MN	15,313	149	700	1,098	2,294	3,675	3,369	4,028
	Total	13,683,332	424,021	1,614,684	2,398,770	2,736,155	3,389,521	2,311,289	808,892
3b. Average Period of Eligibility	CN	0.93	0.62	0.95	0.95	0.94	0.95	0.94	0.92
	MN	0.87	0.69	0.90	0.89	0.85	0.85	0.86	0.89
	Total	0.93	0.62	0.95	0.95	0.94	0.95	0.94	0.92
4. Expected Number of Screenings per Eligible	CN		3.10	1.90	0.95	0.94	0.95	0.94	0.92
	MN		3.45	1.80	0.89	0.85	0.85	0.86	0.89
	Total		3.10	1.90	0.95	0.94	0.95	0.94	0.92
5. Expected Number of Screenings	CN	1,412,674	176,204	268,603	198,843	227,288	282,982	191,354	67,400
	MN	1,382	62	117	92	190	306	280	335
	Total	1,414,056	176,266	268,720	198,935	227,478	283,288	191,634	67,735
6. Total Screens Received	CN	1,026,251	261,515	291,251	143,919	105,079	133,031	78,417	13,039
	MN	542	29	83	41	78	138	103	70
	Total	1,026,793	261,544	291,334	143,960	105,157	133,169	78,520	13,109
7. SCREENING RATIO	CN	0.73	1.00	1.00	0.72	0.46	0.47	0.41	0.19
	MN	0.39	0.47	0.71	0.45	0.41	0.45	0.37	0.21
	Total	0.73	1.00	1.00	0.72	0.46	0.47	0.41	0.19
8.Total Eligibles Who Should Receive at Least One Initial or Periodic Screen	CN	1,166,077	56,840	141,370	198,843	227,288	282,982	191,354	67,400
	MN	1,286	18	65	92	190	306	280	335
	Total	1,167,363	56,858	141,435	198,935	227,478	283,288	191,634	67,735
9.Total Eligibles Receiving at Least One Initial or Periodic Screen	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	617,594	54,718	117,816	131,076	100,674	127,194	73,901	12,215
10. PARTICIPANT RATIO	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	0.53	0.96	0.83	0.66	0.44	0.45	0.39	0.18
11. Total Eligibles Referred for Corrective Treatment	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	317,220	51,518	84,314	51,009	40,925	49,870	33,318	6,266
12a. Total Eligibles Receiving Any Dental Services	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	566,868	685	28,613	102,565	141,795	169,330	101,903	21,977
12b. Total Eligibles Receiving Preventive	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS

CMS Generated Reporting of State Form CMS-416 Data Using T-MSIS									
Description	**Cat**	**Total**	**< 1**	**1-2**	**3-5**	**6-9**	**10-14**	**15-18**	**19-20**
Dental Services	Total	520,225	252	27,352	98,339	134,571	156,792	86,462	16,457
12c. Total Eligibles Receiving Dental Treatment Services	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	243,189	286	1,941	29,237	63,846	77,622	57,441	12,816
12d. Total Eligibles Receiving a Sealant on a Permanent Molar Tooth	CN	57,279				30,417	26,862		
	MN	53				20	33		
	Total	57,332				30,437	26,895		
12e. Total Eligibles Receiving Dental Diagnostic Services	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	544,130	664	28,496	101,178	137,682	162,252	93,729	20,129
12f. Total Eligibles Receiving Oral Health Services Provided by a Non-Dentist Provider	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	88,055	5,238	67,525	15,195	49	33	DS	DS
12g. Total Eligibles Receiving Any Preventive Dental or Oral Health Service	CN	DS	DS	DS	DS	DS	DS	DS	DS
	MN	DS	DS	DS	DS	DS	DS	DS	DS
	Total	588,861	5,418	81,680	107,450	134,588	156,801	86,465	16,459
13.Total Eligibles Enrolled in Managed Care	CN	1,201,631	52,304	139,711	207,046	239,201	294,553	200,347	68,469
	MN	1,353	15	64	99	214	336	298	327
	Total	1,202,984	52,319	139,775	207,145	239,415	294,889	200,645	68,796
14a.Total Number of Screening Blood Lead Tests	CN	DS	DS	DS	DS				
	MN	DS	DS	DS	DS				
	Total	97,329	225	84,688	12,416				
14b. Methodology Used to Calculate the Total Number of Screening Blood Lead Tests			Enter X for Method I		Enter X for Method II		Enter X for Method III		
		CPT Code 83655 within certain diagnoses codes (Method I)	X	HEDIS (Method II)		Combin-ation Method-ology (Method III)			

CN = Categorically Needy

MN = Medically Needy

DS = Data suppressed because data cannot be displayed per the Centers for Medicare & Medicaid Services' cell-size suppression policy, which prohibits the direct reporting of data for beneficiary and record counts of 1 to 10 and values from which users can derive values of 1 to 10.

* States are not required to provide the EPSDT benefits to children enrolled in Medicaid through the medically needy benefit. CMS recommends that FFY 2020 data are not trended with data from other fiscal years due to both the significant change in delivery of services because of the COVID-19 public health emergency (PHE) and the initial use of T-MSIS as a data source in 19 states.

n/a = Not Applicable

V. Financial Data

North Carolina reviewed the current 1115 demonstration and emerging waiver reports and experience as part of the evaluation of the necessary financial projections for this requested waiver extension. North Carolina is working to

implement this waiver, and, as described in the mid-point and interim evaluation reports (please see Section VI), various factors that include the COVID-19 PHE and Behavioral Health and Intellectual/Developmental Disabilities (BH I/DD) Tailored Plan launch delays have contributed to limited enrollment and expenditures reported in the first four years of the demonstration as compared to projected values for the renewal. Tables 4 and 5, respectively, describe the historical and projected future enrollment (Table 4) and expenditures (Table 5) as well as the cumulative spend over the lifetime of the demonstration (Table 5).

The budget neutrality projections for the initial waiver approved in 2018 relied on modeling in the SUD toolkit for the implementation of the broader American Society of Addiction Medicine (ASAM) service array. In addition, the Medicaid Eligibility Group (MEG) estimates utilized data from the broader 1115 budget neutrality estimates, also approved in 2018, reflecting differential costs for individuals with more significant behavioral health needs who will be served through the BH I/DD Tailored Plans.[1] As BH I/DD Tailored Plans have not yet been implemented, the prior estimates remain the most relevant data for this projection.

As the budget neutrality projections developed for the initial waiver approved in 2018 are consistent with what is expected in the upcoming Demonstration Years 6 through 10, North Carolina has projected the PMPM costs for the SUD MEGs based on the prior approved PMPMs and estimated enrollment. As illustrated in Table 6, the projection uses Demonstration Year 5 enrollment and PMPM figures from the current waiver, along with the trend factors approved in 2018, to project forward the enrollment (in person counts and member months) and PMPM costs for this waiver extension request. The use of these trends is consistent with prior discussions with CMS; moreover, based on other work within the North Carolina Department of Health and Human Services (DHHS), these trends have been deemed appropriate for estimating recent spending growth. North Carolina proposes to maintain a per capita cap approach for establishing spending limits and monitoring costs for this 1115 waiver renewal.

[1] BH I/DD Tailored Plans are specialized managed care plans that will serve Medicaid enrollees with significant behavioral health conditions, I/DD, and traumatic brain injuries.

*Table 4. Historical and Projected Enrollment (in Person Counts)**

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

*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 5. Historical and Projected Future Expenditures**

Eligibility Group**	DY1	DY2	DY3	DY4	DY5	DY6	DY7	DY8	DY9	DY10	10-Year Total
SUD IMD MEG 1 - MC Temporary Assistance for Needy Families (TANF) & Related Adults	$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
SUD IMD MEG 2 - MC Aged, Blind, and Disabled	$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
SUD IMD MEG 3 – MC Innovations/ Traumatic Brain Injury (TBI)	$0	$0	$0	$0	$0	$7,952,834	$8,480,288	$9,042,724	$9,642,462	$10,281,977	$45,400,285
SUD IMD Services MEG 4 - Fee-For-Service Adults	$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
Total	**$0**	**$20,044**	**$179,747**	**$164,127**	**$164,128**	**$37,896,376**	**$40,624,326**	**$43,549,019**	**$46,684,668**	**$50,046,522**	**$219,328,957**

* Estimates for DY1- DY5 reflect budget neutrality reporting through September 2022. Projections for DY6-10 assume implementation of the 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 6. Budget Neutrality Projections

Eligibility Group*	Metric	Value from DY5 of Approved Waiver**	Trend Rate from Approved Waiver	DY6	DY7	DY8	DY9	DY10	Total Waiver (DY6-DY10)
SUD IMD MEG 1 - MC TANF & Related Adults	Eligible Member Months	2,509	2.6%	2,575	2,642	2,711	2,782	2,855	13,565
	PMPM Cost	$2,854.25	4.8%	$2,991.26	$3,134.84	$3,285.31	$3,443.01	$3,608.27	$16,462.69
	Estimated Claims	N/A	N/A	$7,701,345	$8,282,101	$8,906,651	$9,578,298	$10,300,594	$44,768,989
SUD IMD MEG 2 - MC Aged, Blind, and Disabled	Eligible Member Months	2,509	2.6%	2,575	2,642	2,711	2,782	2,855	13,565
	PMPM Cost	$3,904.53	4.5%	$4,079.11	$4,261.50	$4,452.04	$4,651.11	$4,859.07	$22,302.83
	Estimated Claims	N/A	N/A	$10,502,163	$11,258,696	$12,069,727	$12,939,180	$13,871,266	$60,641,032
SUD IMD MEG 3 - Innovations/ TBI	Eligible Member Months	924	2.6%	948	973	998	1,024	1,051	4,994
	PMPM Cost	$8,071.63	3.9%	$8,388.07	$8,716.91	$9,058.65	$9,413.78	$9,782.83	$45,360.24
	Estimated Claims	N/A	N/A	$7,952,834	$8,480,288	$9,042,724	$9,642,462	$10,281,977	$45,400,285
SUD IMD Services MEG 4 - Fee-For-Service Adults	Eligible Member Months	660	2.6%	677	695	713	732	752	3,569
	PMPM Cost	$16,569.62	4.6%	$17,331.83	$18,129.10	$18,963.05	$19,835.36	$20,747.79	$95,007.13
	Estimated Claims	N/A	N/A	$11,740,034	$12,603,241	$13,529,917	$14,524,728	$15,592,685	$67,990,605

*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.

**Eligible member months in DY5 represent values projected in the original approved demonstration for the current demonstration period. They do not represent actual enrollment during DY5, since data for all estimates within tables 4 and 5 are as of 9/22 (prior to the start of DY5). For the programmatic reasons noted in the narrative, the state believes the original enrollment projections are most accurate.

VI. Evaluation Report

North Carolina submitted a Mid-Point Assessment report to CMS on April 29, 2022 (Attachment B).

Table 7, excerpted from the Mid-Point Assessment, summarizes the percentage of action items complete and the proportion of monitoring targets met for each milestone. In summary, North Carolina is at low risk of not meeting two of the six milestones: Placement Criteria (Milestone 2) and Prescribing and Overdose (Milestone 5). North Carolina is at low/medium risk of not meeting Milestone 4 (Capacity). The assessment depends on the relative importance of changes in the metrics (number of providers providing SUD and Medication for Opioid Use Disorders (MOUD) services to Medicaid beneficiaries from claims data) to completion of the process activities specified in the Implementation Plan and STCs. These documents require network adequacy assessments and provider outreach, which have not yet been completed. The Milestone 4 metrics are advancing in the intended direction (implying low risk of not meeting the milestone), while the process activities have not been completed (implying medium risk).

North Carolina is at medium risk for not completing Milestone 3 on the use of nationally recognized standards to set provider qualifications based solely on implementation activities and Milestone 6 on Coordination of Care. Finally, North Carolina is at high risk for not completing Milestone 1 on Access to Critical Levels of Care for SUD based on its limited progress in achieving targets for a number of metrics reflecting service use.

Table 7. Assessed Risk of Not Achieving Milestones

Milestone	Proportion of monitoring metric goals met (# metrics / total)	Percentage of fully completed action items (# completed / total)	Key themes from stakeholder feedback	Risk level
1. Access	**43% (3/7)**	2% (1/61)	• Milestone 1 has been a main focus of DHHS agencies. • Several factors contributed to delays, including COVID-19, Standard Plan launch, exit of one local management entity/managed care organization (LME/MCO) and preparing for BH I/DD Tailored Plans. • Providers and LME/MCOs report waiting for finalized policies for new services before beginning to establish networks and care standards. • Multiple stakeholders express concerns about preparedness for BH I/DD Tailored Plans.	High

Milestone	Proportion of monitoring metric goals met (# metrics / total)	Percentage of fully completed action items (# completed / total)	Key themes from stakeholder feedback	Risk level
			♦ Beneficiaries report good access to SUD care overall and improved access to care as a result of COVID-19 flexibilities.	
2. Placement Criteria	**50% (1/2)**	60% (6/10)	DHHS agencies have made significant efforts around training providers in ASAM criteria, with over 600 trained. Turnout has not been as high as hoped, which may be partially attributable to the small fee for training.	Low
3. Qualifications	--	0% (0/4)	The State's presentations have clarified licensure requirements. LME/MCOs have concerns about the licensure process for residential facilities, which is long and costly. Some programs in NC still do not offer medication to treat opioid or alcohol use disorder.	Medium
4. Capacity	**100% (2/2)**	0% (0/4)	Staffing inpatient facilities and ensuring sufficient outpatient provider supply is a persistent concern for both State agencies and LME/MCOs. Providers perceive shortages of inpatient beds, outpatient care and office-based opioid treatment (OBOT). LME/MCOs report that developing capacity for facility-based treatment is overall more challenging, especially with lack of startup funds. Funding services is an issue,	Low/ Medium

Milestone	Proportion of monitoring metric goals met (# metrics / total)	Percentage of fully completed action items (# completed / total)	Key themes from stakeholder feedback	Risk level
			given that most people with SUD in NC are uninsured. State funds are critical for this, and the ongoing lack of Medicaid expansion threatens funding streams for new services.	
5. Prescribing and Overdose	**50% (2/4)**	100% (1/1)	There is a broad consensus that improvements to the PDMP have been very successful.	Low
6. Coordinatio n	**71% (5/7)**	66% (2/3)	Both providers and State agencies report co-locating services has improved care coordination. Several providers report needing to make hard decisions about care management going forward, especially with the future launch of BH I/DD Tailored Plans.	Medium

North Carolina submitted an Interim Evaluation Report to CMS on June 8, 2023 (Attachment B). The report finds a number of positive improvements were observed in the state after the implementation of the SUD component of North Carolina's 1115 demonstration. For example, the number of providers offering SUD services to Medicaid beneficiaries has grown since the start of the demonstration and the number of individuals using evidence-based treatments for OUD increased during the evaluation period. At the same time, the report acknowledges the significant challenges and implementation barriers, such as the COVID-19 PHE and BH I/DD Tailored Plan launch delays, that contributed to less favorable results on other metrics during the evaluation period.

VII. Public Notice Process Compliance Documentation

Public Notice and Comment Process

North Carolina first released this waiver extension request for public comment starting on March 31, 2023, and allowed the public to submit comments through May 1, 2023. Subsequently, North Carolina released an updated version of this waiver extension request for public comment on July 28, 2023, and allowed the public to submit comments through August 28, 2023. The State posted the public notice materials (including the full public notice and abbreviated public notice, both of which included details on how to submit comments) and the full waiver extension request on the North Carolina Department of Health and Human Services website (Attachment C; also available here: https://medicaid.ncdhhs.gov/proposed-program-design).

North Carolina disseminated notices and information about the public hearings both by making announcements during monthly meetings with consumer, provider, and family advisory stakeholders as well as by disseminating the notice by email. Emails were sent via "stakeholder" listservs that include over 700 email addresses for consumers, advocacy groups, providers, and community partners.

North Carolina also published the abbreviated public notice in the newspapers of widest circulation in each city in North Carolina with a population of at least 100,000. A list of newspapers by city appears in Table 8 and a newspaper clipping appears in Attachment C.

Table 8. Notice Distribution by Newspaper

Cities	Population as of July 2022[2]	Primary Newspaper by Circulation	Run Dates	Geographic Areas
1. Charlotte	897,720	Charlotte Observer	April 6, 9 & 10	Charlotte; Mecklenburg, Iredell, Cabarrus, Union, Lancaster, York, Gaston, Catawba and Lincoln counties
2. Raleigh	476,587	News & Observer	April 6, 9 & 10	Raleigh; Triangle area; Wake County
3. Greensboro	301,115	Greensboro News & Record	April 7, 9 & 10	Greensboro; High Point; Guilford, Rockingham and Randolph counties
4. Durham	332,680	Durham Herald Sun	April 6, 9 & 10	Durham; Durham, Orange and Chatham counties
5. Winston-Salem	251,350	Winston-Salem Journal	April 7, 9 & 10	Winston-Salem; Forsyth County
6. Fayetteville	208,873	The Fayetteville Observer	April 6, 9 & 10	Fayetteville; Fort Bragg; Cumberland County
7. Cary	180,388	News & Observer	April 6, 9 & 10	Raleigh; Triangle area; Wake County
8. Wilmington	120,324	Wilmington Star-News	April 4, 9 & 10	Wilmington; New Hanover, Brunswick and Pender counties

North Carolina hosted two virtual public hearings to seek input regarding the extension request. Emma Sandoe, Associate Director, Strategy and Planning at the Division of Health Benefits, led both hearings, which were held on Tuesday, April 11, 2023, and on Thursday, April 13, 2023, via Microsoft Teams. The total number of attendees for the hearings was approximately 90 individuals. During the public hearings, DHHS gave a presentation describing the proposed waiver extension request and provided opportunities

[2] U.S. Census. Population Estimates (July 2022)

for public testimony. The slide deck presented can be found here: https://medicaid.ncdhhs.gov/documents/medicaid/ncdhhs-sud-waiver-extension-public-hearing/download?attachment

In addition to the two public hearings dedicated to the SUD waiver, North Carolina discussed the SUD waiver during its most recent post-award public forum held on January 30, 2023. During the webinar, North Carolina presented on progress in the implementation of the 1115 waiver and provided an overview of upcoming work and the timeline for implementation of future key aspects of the waiver. In addition to the SUD waiver, the presentation covered the transition to NC Medicaid managed care and the Healthy Opportunities Pilots.

Comments and questions were received on the following topics, with most questions focusing on BH I/DD Tailored Plans:

- Updates on the State's forthcoming 1915(i) services
- NC Health Choice beneficiary transition to NC Medicaid as part of the State's S-CHIP to M-CHIP transition
- BH I/DD Tailored Plan implementation including:
    - Launch timeline
    - Enrollment and disenrollment
    - Services available in BH I/DD Tailored Plans and care transitions policies
    - Transitions between BH I/DD Tailored Plans and other delivery systems
    - Provider contracting
    - Impact of BH I/DD Tailored Plan launch on Community Alternatives Program for Disabled Adults (CAP/DA) waiver
    - Impact of BH I/DD Tailored Plan launch on children in foster care
    - Identification of BH I/DD Tailored Plan members in MMIS
    - Member ombudsman
- Appeals of Medicaid disenrollment
- Impact of the end of the PHE on the NC Medicaid population
- NC counties served by the Integrated Care for Kids (InCK) program

Response to Public Comments Received between March 31- May 1, 2023

North Carolina received two written letters of public comment from organizations representing hospitals and health care systems in the state, including an integrated behavioral health care system (Attachment D). North Carolina also received one request for clarification during a public hearing.

Key themes from the comments are described below. Comments were supportive of the proposed waiver extension request. North Carolina is not proposing any changes to the waiver extension request in response to comments received through the public notice process.

Comment: **North Carolina received comments supporting the waiver extension request. In addition to extending the waiver of the IMD exclusion for SUD treatment that is approved under the current**

demonstration, a commenter advocated for requesting a waiver of the IMD exclusion for short-term mental health treatment.

North Carolina Response: North Carolina appreciates the commenters' feedback and support of the waiver extension request, and remains committed to providing behavioral health services to individuals in the least restrictive, clinically indicated settings. As the State pursues a variety of reforms to its behavioral health delivery system, including the upcoming launch of BH I/DD Tailored Plans, it continues to explore requesting a waiver of the IMD exclusion for short-term mental health treatment.

Comment: **North Carolina received a comment recommending that it align its licensing criteria for SUD providers with the ASAM criteria.**

North Carolina Response: North Carolina appreciates the commenter's feedback. The State is currently working to align its SUD provider licensure rules with the ASAM criteria and anticipates completing this process by January 2024.

Comment: **North Carolina received a comment recommending that it increase Medicaid reimbursement rates for residential and outpatient SUD and mental health treatment services.**

North Carolina Response: North Carolina appreciates the commenter's feedback and is exploring options with the legislature on the feasibility of increasing rates.

Comment: **North Carolina received a request to clarify if this waiver extension request would change any of the services offered under the approved demonstration.**

North Carolina Response: North Carolina is not seeking to change any of the services offered under the approved demonstration through this waiver extension request.

Response to Public Comments Received between XXX

[Placeholder]

Tribal Consultation Process

North Carolina certifies that it conducted Tribal consultation according to the consultation process outlined in its approved state plan. North Carolina notified the Eastern Band of Cherokee Indians (EBCI) of the proposed SUD waiver extension request via email on September 13, 2022, and offered to schedule a conference call to discuss the proposed extension. The email correspondence was sent to Casey Cooper, CEO of the Cherokee Indian Hospital Authority, and Vickie Bradley, Secretary of EBCI Public Health and Human Services. EBCI provided comments on the SUD waiver extension request on September 23, 2022. The notice and comments appear in Attachment E. EBCI was supportive of the proposed waiver extension request and advocated for expediting implementation of the demonstration components. In addition, EBCI requested that the application clarify that SUD services, including those delivered to individuals in IMDs, are available through both the state's managed care and fee-for-service delivery systems. North Carolina is not proposing any changes to the waiver extension request in response to comments received from EBCI.

In anticipation of submitting the request to CMS, North Carolina shared an updated version of the SUD waiver extension request with EBCI on April 27, 2023. No comments were received in response to the latest communication.

North Carolina also notified the United Tribes of North Carolina of the proposed SUD waiver extension request via email on April 27, 2023, and offered to schedule a conference call to discuss the proposed extension. The email correspondence was sent to Joni Lyon and Cherie Rose at Indian Health Services. North Carolina followed up with United Tribes of North Carolina on May 18, 2023, and included Robert

Sanders at Indian Health Services. No comments were received in response to this communication. The notification appears in Attachment E.