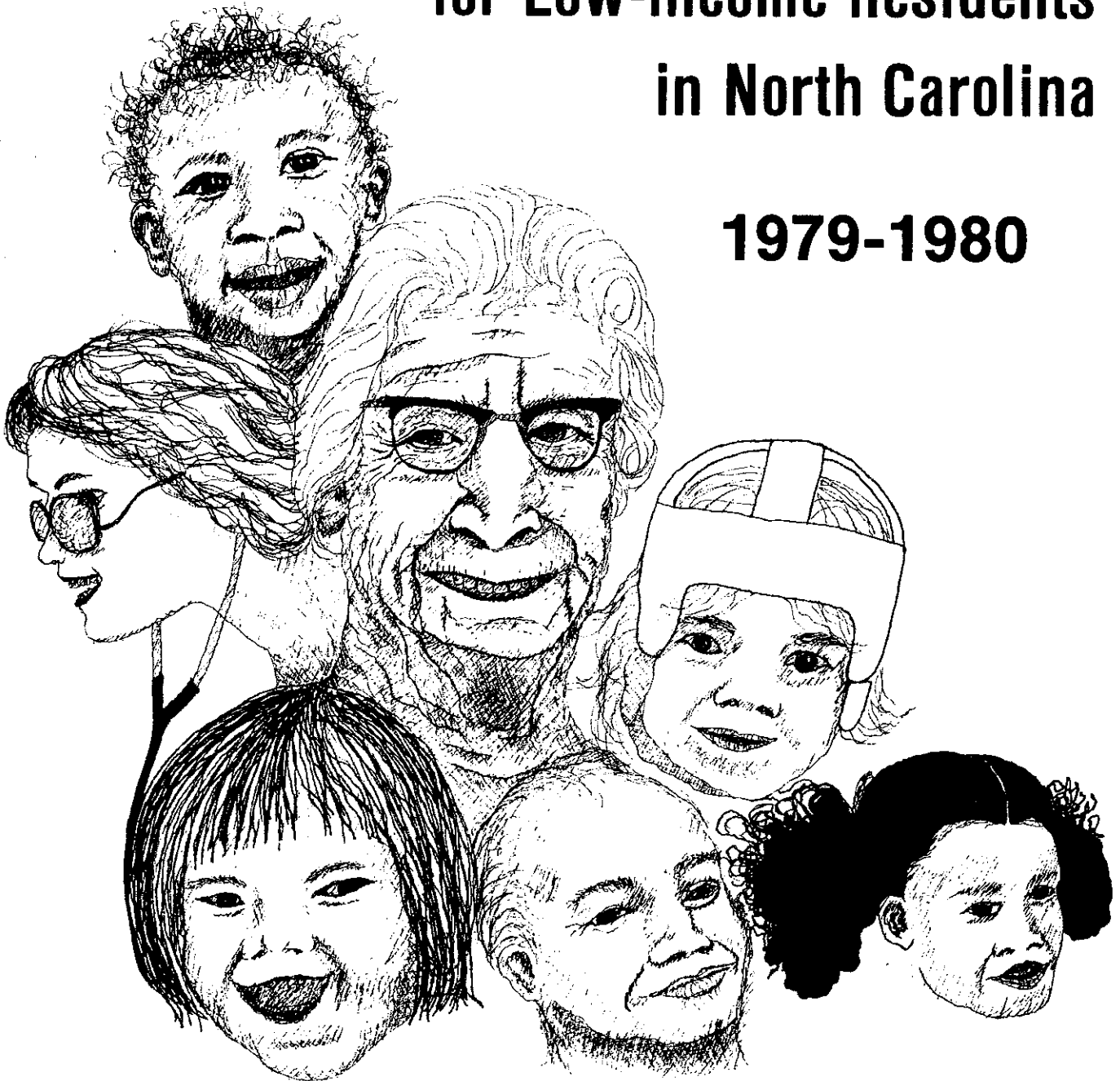


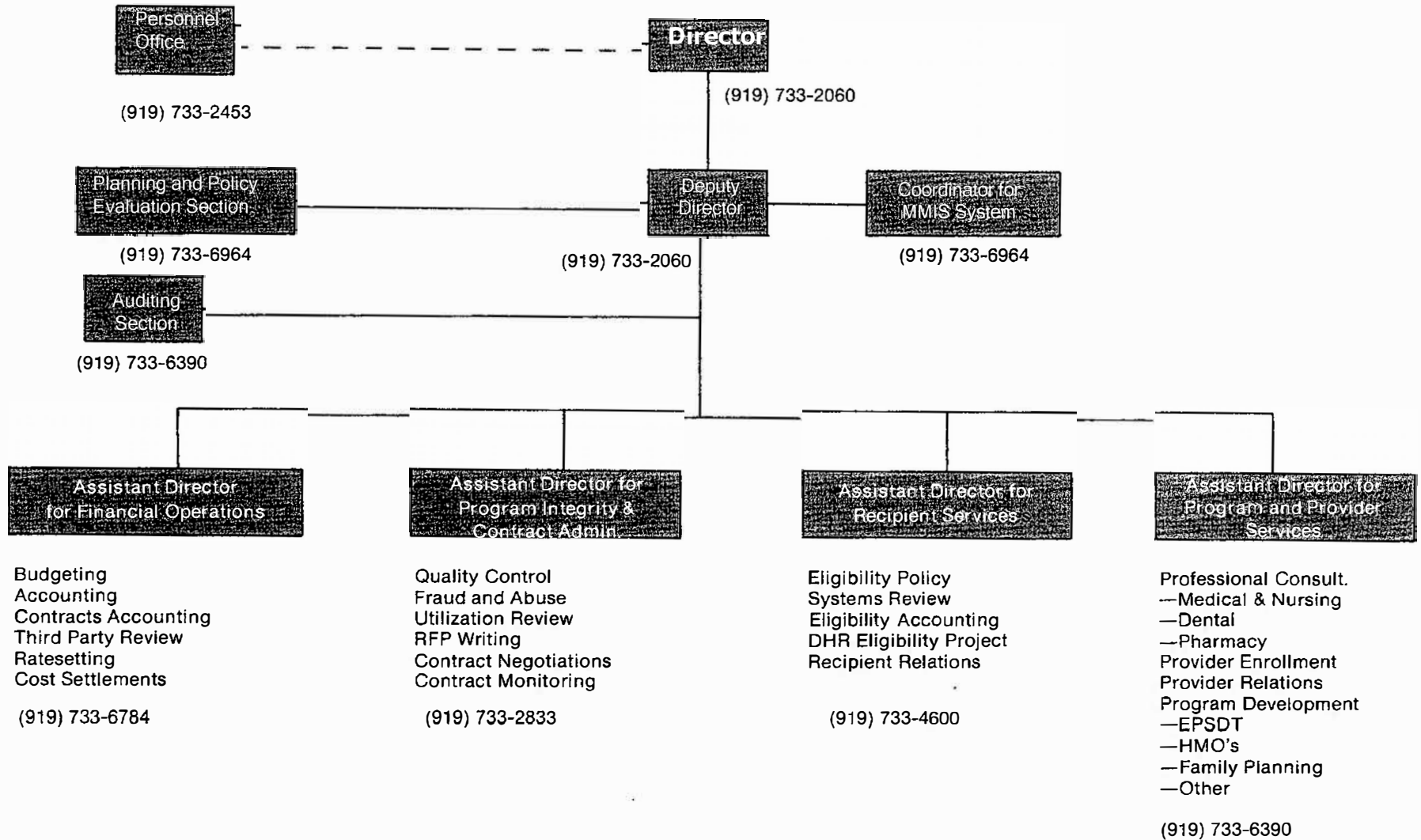
MEDICAID

**An Annual Report of Medical Assistance
for Low-Income Residents
in North Carolina**

1979-1980



**DEPARTMENT OF HUMAN RESOURCES
DIVISION OF MEDICAL ASSISTANCE
OFFICE OF THE DIRECTOR**





North Carolina
Department of
**Human
Resources**

Division of
Medical Assistance
Barbara D. Matula, *Director*

James B. Hunt Jr.
Governor
Sarah T. Morrow, M.D., M.P.H.
Secretary
Tom Gilmore
Deputy Secretary

Dear Citizen:

In 1980 over 376,000 North Carolinians received health services through the Medicaid program at a total cost of over \$410 million. While the number of persons served has remained relatively steady, the cost of providing health care has increased dramatically. The growth in health care costs is not unique to the Medicaid Program, but is evident in all aspects of health care financing, from commercial health insurers to private paying individuals.

Institutional care, including hospitals and nursing homes, accounted for over 70% of all expenditures. Because most people prefer to remain in their own homes, and because of the high cost of institutional care, a major goal of the Division of Medical Assistance has been to encourage home-based and outpatient care. The use of Home Health Services increased during FY 1980. Home Health expenditures were up 87% over the previous year.

Financing for the Medicaid program comes from federal, state and county tax dollars. Rising Medicaid costs have strained budgets at all levels of government. Despite the increasing costs and the concerns over financing, I am confident that we will continue to meet our obligations to provide health care to the less fortunate citizens of North Carolina.

Respectfully submitted

Barbara D. Matula

Barbara D. Matula, Director
Division of Medical Assistance



TITLE XIX
MEDICAL ASSISTANCE PROGRAM

PEOPLE SERVED . . .

During the fiscal year ending September 30, 1980, 376,656 of 455,000 eligible North Carolinians received health care services through the Medicaid Program. The aged, blind and disabled categories included 135,863 people, while the remaining 240,793 people were in families with dependent children. Dependent children are those minor children who are deprived of one or both parents through absence or incapacity.

North Carolina's Medicaid program covers persons who receive payments under the Aid to Families with Dependent Children (AFDC), Special Assistance to the Blind (SAB), or State/County Special Assistance (SA) programs. Many recipients of the federal Supplemental Security Income (SSI) program are also eligible. These persons are known as Categorically Needy.

Medically Needy persons are also covered by North Carolina's Medicaid Program. These are aged, blind or disabled persons, or persons in families with dependent children, who are not eligible for a monthly cash payment, but whose incomes are insufficient to meet their medical expenses.

Coverage of the Categorically Needy groups is mandatory. Coverage of the Medically Needy groups is optional.

PROVIDERS OF SERVICE . . .

Medicaid payments are made to the participating health care professionals who provide medical services to eligible people. No payment is ever made to the recipient. Medicaid recipients have the freedom to choose any medical provider. Each recipient is issued a Medicaid identification card which lets the provider know he should bill his charges to the Medicaid Program.

During fiscal year 1980 10,804 providers submitted 6,344,331 claims for payment.

SERVICES PROVIDED . . .

MANDATORY

Hospital Inpatient
Hospital Outpatient
Lab and X-Ray
Skilled Nursing Facilities,
 over age 21 (SNF)
Home Health
Early and Periodic Screening,
 Diagnosis and Treatment (EPSDT)
Family Planning
Physicians
Hearing Aids for Children
Rural Health Clinics
Transportation (ambulance)

OPTIONAL

Prescribed Drugs
Chiropractors
Dental
Intermediate Care Facilities (ICF)
Intermediate Care Facilities for the
 Mentally Retarded (ICF-MR)
Clinics
Optical Supplies
Optometrists
Skilled Nursing Facilities, under age 21 (SNF)
Podiatrists
Mental Health Facilities, over age 65
Psychiatric Facilities, under age 21
Specialty Hospitals

EARLY AND PERIODIC SCREENING, DIAGNOSIS AND TREATMENT (EPSDT) . . .

North Carolina is a leading state in the percentage of eligible children screened through the EPSDT program. EPSDT is a preventive health care program for Medicaid eligible children. It is designed to identify and treat chronic conditions which can lead to disabling diseases later in life.

EPSDT screenings are provided by local health departments and participating private providers. Families are free to choose which provider will screen their children.

During fiscal year 1980 64,677 children were screened. This number is 40.1% of all eligible children.

ADMINISTRATION, CLAIMS PROCESSING AND UTILIZATION REVIEW . . .

Administration of the Medicaid Program is the responsibility of the Division of Medical Assistance (DMA) in the Department of Human Resources (DHR). DMA has 121 staff positions and two major contracts.

The Claims Processing contract is held by EDS Federal Corporation. EDS Federal operates a federally approved Medicaid Management Information System (MMIS), which is a sophisticated claims processing system designed to cross-check claims for billing errors, ineligible recipients and duplicate billings.

The second major contract, also held by EDS Federal Corporation, is for utilization review. The primary emphasis of utilization review is to prevent inappropriate nursing home placements and to detect fraud and abuse by both recipients and providers. EDS Federal sends a review team to every nursing home in the state at least once a year to assess the quality of care as well as the needs of the Medicaid patients.

THIRD PARTY RECOVERY . . .

North Carolina has a model Third Party Recovery program that is nationally renowned. All medical insurance, including Medicare, and all other legal medical liabilities are considered first payor before Medicaid payment can be made. During state fiscal year 1980 the Third Party Recovery Section reduced Medicaid payments \$8.7 million by seeking out third party resources. The administrative costs associated with this effort was only \$143,000. For every \$1 spent almost \$61 was collected.

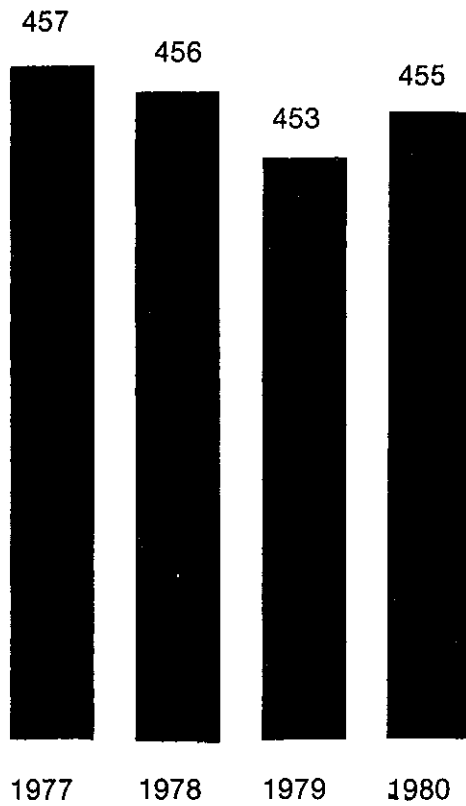
FRAUD AND ABUSE CONTROL PROGRAM . . .

In addition to a Fraud and Abuse Section in DMA, the state Attorney General has a staff devoted to the prosecution of Medicaid fraud in North Carolina. Recouped money tells only a small part of the story, since deterrence of fraud and abuse is the most valuable contribution of these Sections.

During fiscal year 1980 \$129,644 was recouped from recipients and providers. Thirteen providers were referred to the State Attorney General for prosecution.

TOTAL MEDICAID ELIGIBLES
State Fiscal Year 1977-1980

IN THOUSANDS



ENROLLED PROVIDERS
BY TYPE OF SERVICE

Fiscal Year 1980

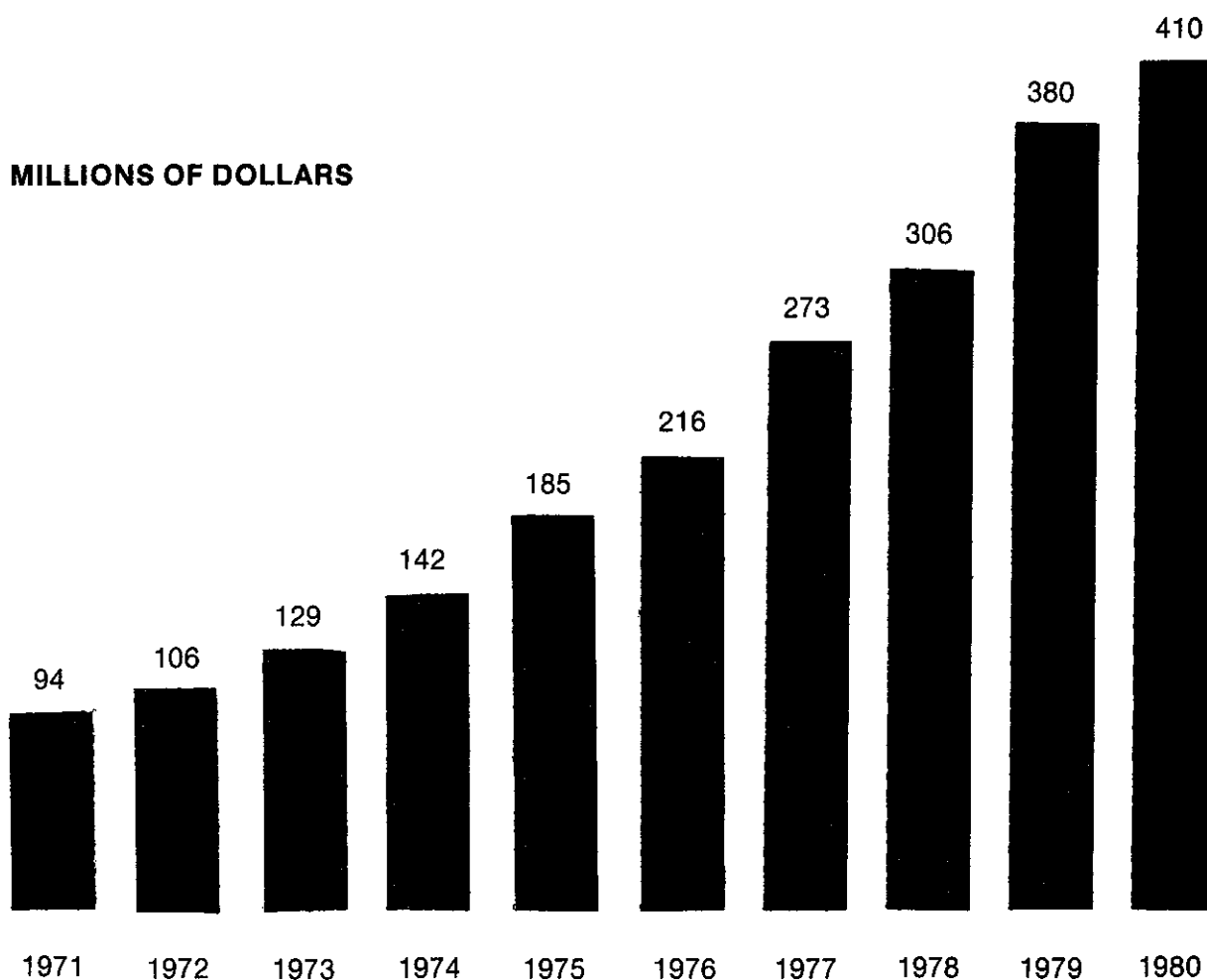
Type of Service	No. of Providers
Physicians	6,223
Radiologists	546
Pharmacies	1,608
Dentists	2,275
Optometrists	539
Chiropractors	363
Podiatrists	104
Ambulance	155
Home Health Agencies	88
ICF — General	159
ICF — MR	8
Hospitals	149
Mental Health Clinics	66
Optical Suppliers	148
Skilled Nursing Facility	148
Other	4,188
Total	16,767

A HISTORY OF MEDICAID EXPENDITURES

For State Fiscal Years 1971-1980

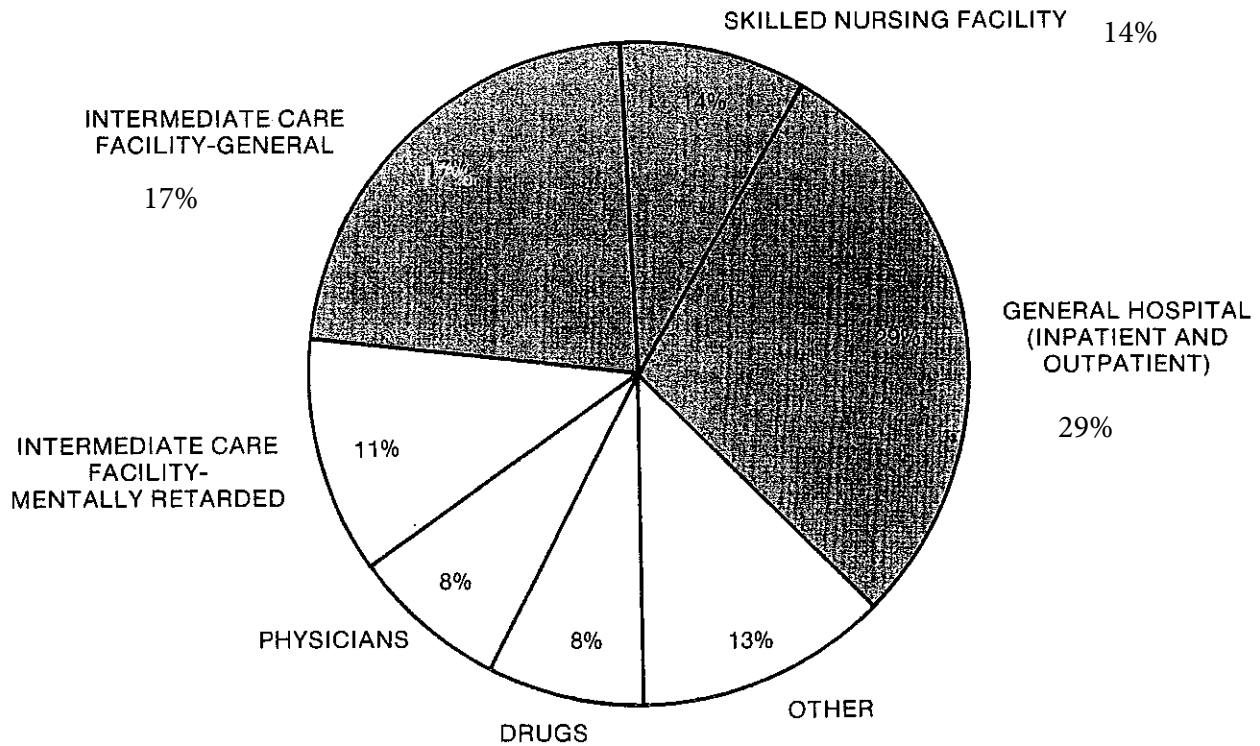
Fiscal Year	Expenditures	Percentage Change
1971	\$ 94,463,693	
1972	105,719,572	11.9
1973	128,631,312	21.7
1974	141,833,487	10.3
1975	184,606,164	30.2
1976	215,741,299	16.9
1977	273,338,697	26.7
1978	306,691,301	12.2
1979	379,769,848	23.8
1980	410,053,625	8.0

NOTE: Expenditures include vendor payments and administrative costs.



Expenditures For Medical Services By Type of Service, Number of Recipients For Each Service, and Average Spent Per Recipient For Federal Fiscal Year 1980.

Type of Service	Total Expenditures	No. of Recipients	Avg. Spent per
Type of Service	Total Expenditures	Number of Recipients	Average Spent Per Recipient
Inpatient Hospital	\$105,640,997	78,614	\$ 1,343.79
Outpatient Hospital	14,882,217	165,117	90.13
Mental Hospital	10,334,654	1,086	9,516.26
Skilled Nursing Home	57,011,096	12,844	4,438.73
Intermediate Care — General	69,885,869	12,640	5,528.95
Intermediate Care — Mentally Retarded	44,466,053	1,933	23,003.65
Physician	32,496,461	260,137	124.92
Prescription Drugs	32,400,669	270,169	119.93
Dental	14,145,766	94,344	149.94
Screening	1,439,480	51,310	28.05
Clinics	8,756,819	32,647	268.22
Family Planning	1,799,835	17,524	102.71
Home Health	1,377,302	2,716	507.11
Rural Health	626,566	11,753	53.31
Other Practitioners	1,675,648	49,064	34.15
Laboratory and Radiology	2,074,091	67,236	30.85



**Comparison of Medical Services Costs for
Federal Fiscal Years 1979 and 1980**

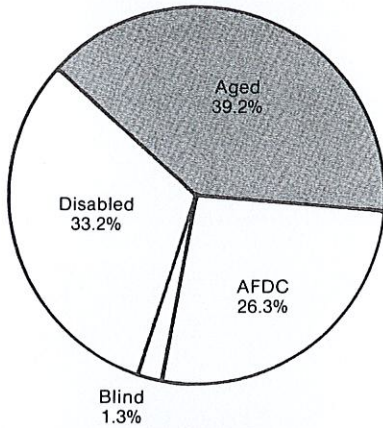
Type of Service	FY 1979 Expenditures	FY 1980 Expenditures	Percentage Increase
Type of Service	FY1979 Expenditures	FY 1980 Expenditure	Percent Increase
Inpatient Hospital	\$ 95,879,477	\$105,640,997	10.2
Outpatient Hospital	11,213,663	14,882,217	32.7
Mental Hospital	10,114,176	10,334,654	2.2
Skilled Nursing Home	47,888,251	57,011,096	19.1
Intermediate Care —			
General	57,432,088	69,885,869	21.7
Intermediate Care —			
Mentally Retarded	32,530,481	44,466,053	36.7
Physician	28,219,943	32,496,461	15.2
Prescription Drugs	29,131,357	32,400,669	11.2
Dental	11,303,240	14,145,766	25.1
Buy In Medicare	7,883,341	8,260,990	4.8
Screening	1,417,832	1,439,480	1.5
Clinics	5,938,593	8,756,819	47.5
Family Planning	1,593,183	1,799,835	13.0
Home Health	736,127	1,377,302	87.1
Other	4,715,974	6,436,341	36.5
Total	\$336,696,553	\$409,334,549	21.6

**Total Expenditures For Medical Services, Total Number of Recipients,
Average Spent Per Recipient, and Percentage By Program Category for
Federal Fiscal Year 1980**

Program Category	Expenditures	Percent of Total	Total No Recipients	Percent of Total	Average Per Recipient
Total	\$401,073,561	100.0	376,656	100.0	\$1,064.83
Aged	\$157,031,764	39.2	79,741	21.2	1,969.27
Blind	5,314,981	1.3	2,703	0.7	1,966.33
Disabled	133,124,332	33.2	53,419	14.2	2,492.08
AFDC-Child	41,738,079	10.4	157,737	41.9	264.61
AFDC-Adult	53,319,690	13.3	77,836	20.6	685.03
Other Child	10,544,715	2.6	5,220	1.4	2,020.06

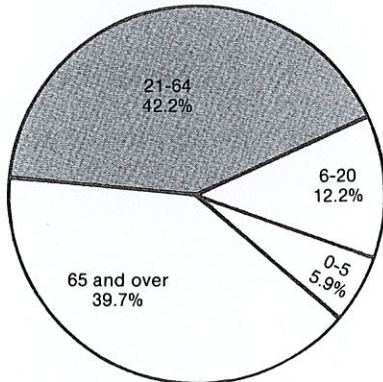
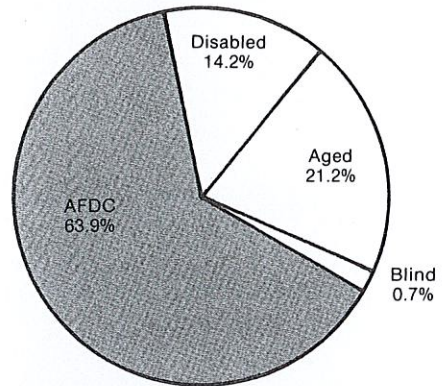
**Expenditures and Recipients by Aid Category, Sex, Race, Age Group
Federal Fiscal Year 1980**

EXPENDITURES

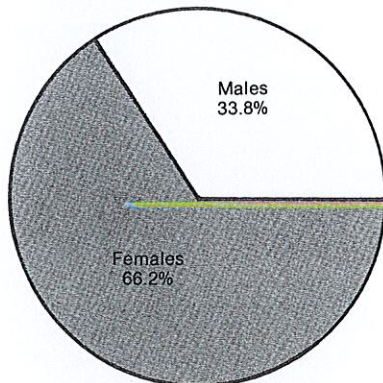
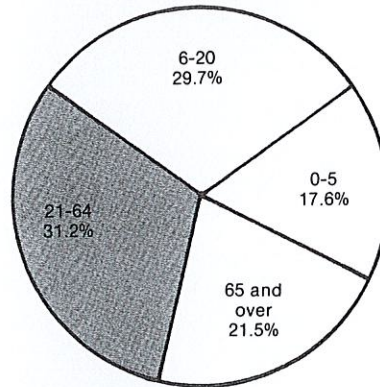


BY AID CATEGORY

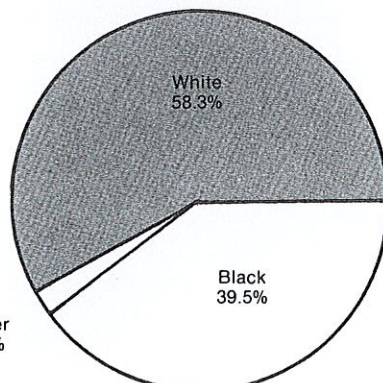
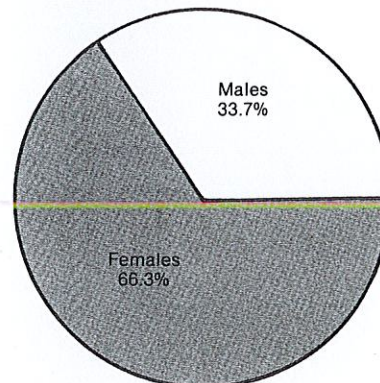
RECIPIENTS



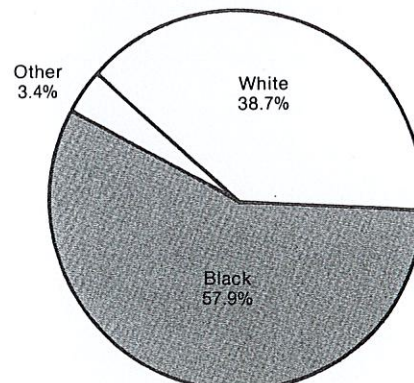
BY AGE GROUP



BY SEX



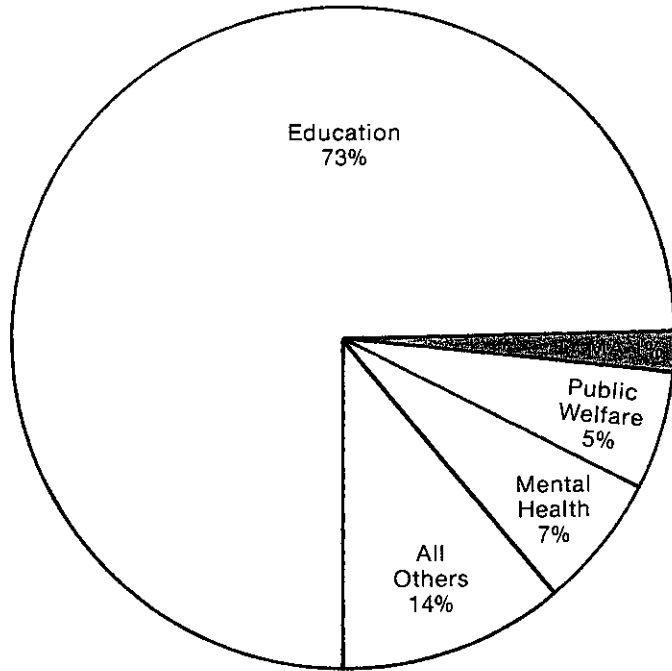
BY RACE



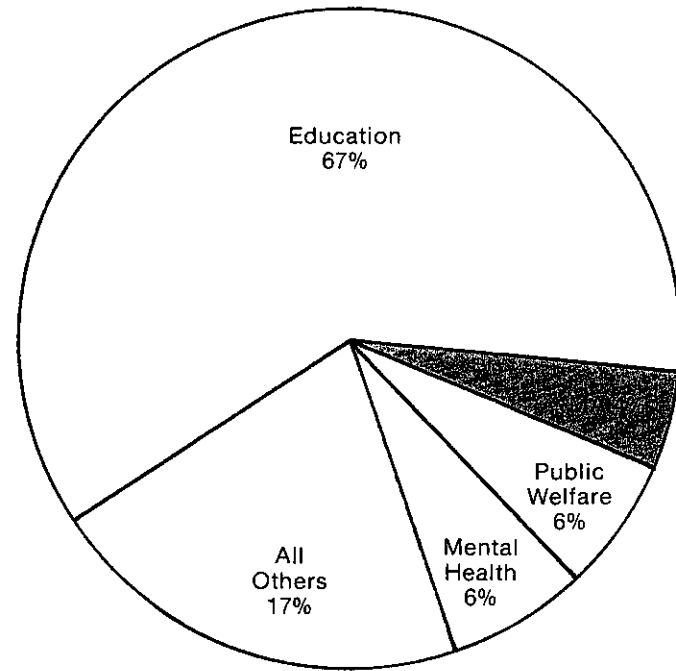
**Expenditures For Major Medical Services By
Program Category For Fiscal Year 1980**

Inpatient Hospital	\$105,640,997	\$14,058,336	\$ 867,793	\$45,671,397	\$19,039,594	\$24,883,181	\$1,120,696
Outpatient Hospital	14,882,217	1,827,725	124,117	3,995,367	4,441,645	4,361,095	132,268
Skilled Nursing Home	57,011,096	46,955,174	965,248	8,875,336	21,687	57,561	136,090
Intermediate Care —							
General	69,885,869	59,999,672	1,237,759	8,628,233	6,354	3,016	10,835
Intermediate Care —							
Mentally Retarded	44,466,053	101,019	1,102,390	35,926,518	94,625	—	7,241,501
Physician	32,496,461	4,385,160	231,943	10,319,344	7,287,387	9,912,480	360,147
Dental	14,145,766	1,789,843	75,183	2,318,471	4,398,659	5,403,539	160,071
Prescription Drugs	32,400,669	16,286,154	479,270	9,780,497	1,828,986	3,947,587	78,175

Medical Assistance Costs vs. State Budget
State Fiscal Years 1970-1980



FY 70



FY 80

The Role of County Social Services Departments in the Medicaid Program



North Carolina has a state supervised — county administered social services system. County social services departments determine eligibility for Medicaid based on federal and state eligibility requirements. They also are required by state statutes to pay a portion of the costs for Medicaid recipients who reside in their county and receive Medicaid services throughout the year. The largest share of the costs of these services is paid by the federal government. During the 1979-80 fiscal year, the federal government paid 67.68 percent of all these costs with the exception of family planning services where it paid 90 percent. The state paid 27.47 percent and counties paid 4.85 percent of costs other than long term care. For long term care, counties paid 11.3 percent and the state 21.01 percent.

**Total Vendor Payments and Total Eligibles By County for
State Fiscal Year July 1, 1979 — June 30, 1980**

Alamance	99,136	4,974	\$ 5,084,169	\$ 3,399,095	\$ 1,338,465	\$ 346,609
Alexander	24,999	1,155	1,302,976	872,819	342,704	87,453
Alleghany	9,587	645	451,310	301,238	127,276	22,796
Anson	25,562	2,325	2,399,788	1,603,601	613,548	182,639
Ashe	22,325	1,472	1,220,062	822,319	332,714	65,029
Avery	14,409	863	1,117,981	745,389	303,104	69,488
Beaufort	40,266	3,363	2,391,793	1,602,606	631,128	158,059
Bertie	21,024	2,797	2,061,293	1,385,210	556,579	119,504
Bladen	30,448	4,066	3,035,864	2,032,256	817,584	186,014
Brunswick	35,767	2,949	2,292,195	1,535,905	609,436	146,854
Buncombe	160,934	7,542	8,852,541	5,932,975	2,350,682	568,884
Burke	72,504	3,356	4,290,615	2,873,508	1,127,512	289,595
Cabarrus	85,895	4,774	4,953,209	3,325,863	1,288,195	339,151
Caldwell	67,746	2,593	3,101,381	2,083,486	814,103	203,792
Camden	5,829	536	443,998	299,882	112,518	31,598
Carteret	41,092	2,728	2,478,321	1,665,626	638,333	174,362
Caswell	20,705	2,191	1,596,515	1,067,106	433,803	95,606
Catawba	105,208	4,840	5,237,208	3,513,239	1,342,743	381,226
Chatham	33,415	1,807	1,883,991	1,260,474	491,999	131,518
Cherokee	18,933	1,236	1,396,953	940,368	368,589	87,996
Chowan	12,558	1,289	1,123,904	757,533	281,463	84,908
Clay	6,619	437	677,132	453,555	178,013	45,564
Cleveland	83,435	7,531	5,968,734	4,021,753	1,551,033	395,948
Columbus	51,037	5,900	5,331,527	3,586,910	1,419,411	325,206
Craven	71,043	6,053	4,330,274	2,927,447	1,133,536	269,291
Cumberland	247,160	22,996	12,352,087	8,325,845	3,375,813	650,429
Currituck	11,089	597	482,257	321,246	125,947	35,064
Dare	13,377	456	538,179	356,517	143,835	37,827
Davidson	113,162	5,813	6,596,590	4,400,301	1,700,124	496,165
Davie	24,599	1,207	1,684,892	1,130,987	432,422	121,483
Duplin	40,952	4,482	3,594,970	2,408,445	936,366	250,159
Durham	152,785	14,790	13,338,196	8,929,948	3,550,650	857,598
Edgecombe	55,988	8,596	5,004,658	3,357,223	1,305,666	341,769
Forsyth	243,683	19,825	15,939,288	10,719,261	4,092,273	1,127,754
Franklin	30,055	3,114	2,807,915	1,876,680	752,004	179,231
Gaston	162,568	11,146	9,867,480	6,622,124	2,568,299	677,057
Gates	8,875	858	832,528	556,284	223,011	53,233
Graham	7,217	549	608,154	410,048	161,669	36,437
Granville	33,995	2,482	2,175,577	1,462,883	584,540	128,154
Greene	16,117	2,220	1,406,111	944,879	374,927	86,305
Guilford	317,154	24,220	21,595,348	14,496,234	5,577,779	1,521,335
Halifax	55,286	10,971	5,850,830	3,933,940	1,541,297	375,593
Harnett	59,570	6,105	5,318,917	3,571,554	1,414,132	333,231
Haywood	46,495	2,439	3,179,397	2,141,555	826,603	211,239
Henderson	58,580	2,469	3,288,287	2,206,621	865,150	216,516
Hertford	23,368	2,739	2,183,244	1,460,608	591,130	131,506
Hoke	20,383	2,350	1,654,087	1,100,859	465,903	87,325
Hyde	5,873	609	413,280	271,608	111,010	30,662

Iredell	82,538	4,757	\$ 5,499,499	\$ 3,699,596	\$ 1,428,486	\$ 371,417
Jackson	25,811	1,281	1,324,140	894,900	344,421	84,819
Johnston	70,599	5,748	5,904,954	3,977,149	1,547,382	380,423
Jones	9,705	1,449	1,096,313	741,393	287,196	67,724
Lee	36,718	2,614	2,475,772	1,665,969	649,288	160,515
Lenoir	59,819	6,393	5,298,656	3,555,032	1,398,086	345,538
Lincoln	42,372	2,024	2,344,964	1,578,811	605,813	160,340
McDowell	35,135	1,928	2,124,327	1,422,222	546,265	155,840
Macon	20,178	697	990,789	663,072	261,453	66,264
Madison	16,827	1,826	1,316,789	876,960	348,678	91,151
Martin	25,948	2,274	1,635,777	1,100,404	426,074	109,299
Mecklenburg	404,270	31,426	23,628,853	15,957,334	6,175,308	1,496,211
Mitchell	14,428	1,154	1,328,540	889,208	357,567	81,765
Montgomery	22,489	1,849	1,578,189	1,059,338	412,627	106,224
Moore	50,505	3,272	3,342,400	2,219,456	897,276	225,668
Nash	67,153	7,295	4,694,744	3,138,107	1,255,250	301,387
New Hanover	103,471	9,129	6,714,662	4,486,407	1,761,096	467,159
Northampton	22,584	4,297	2,552,001	1,713,010	678,394	160,597
Onslow	112,784	4,175	4,143,370	2,792,136	1,054,844	296,390
Orange	77,055	2,926	2,483,153	1,662,922	659,723	160,508
Pamlico	10,398	977	773,185	521,356	198,372	53,457
Pasquotank	28,482	2,178	1,706,692	1,152,875	429,286	124,531
Pender	22,215	2,291	1,468,573	988,704	383,481	96,388
Perquimans	9,486	841	787,083	530,599	205,393	51,091
Person	29,164	2,865	2,614,609	1,759,061	687,007	168,541
Pitt	83,651	10,381	6,208,947	4,167,196	1,644,067	397,684
Polk	12,984	546	646,666	435,984	160,391	50,291
Randolph	91,861	2,665	4,195,416	2,788,966	1,083,803	322,647
Richmond	34,481	3,463	3,260,134	2,190,123	857,746	212,265
Robeson	101,577	15,816	9,036,419	6,090,551	2,441,653	504,215
Rockingham	83,426	5,805	5,719,964	3,832,927	1,484,273	402,764
Rowan	99,186	4,786	5,355,402	3,596,640	1,371,724	387,038
Rutherford	53,787	3,727	3,270,398	2,186,058	878,499	205,841
Sampson	49,687	4,653	4,396,515	2,954,556	1,144,449	297,510
Scotland	32,273	5,018	3,081,170	2,067,378	834,829	178,963
Stanly	48,517	2,459	3,028,943	2,027,996	759,947	241,000
Stokes	33,086	1,648	2,241,011	1,507,380	574,749	158,882
Surry	59,449	3,132	3,564,896	2,388,836	907,453	268,607
Swain	10,283	956	803,070	546,759	206,386	49,925
Transylvania	23,417	1,183	1,363,671	917,113	355,137	91,421
Tyrrell	3,975	659	490,774	325,379	134,870	30,525
Union	70,380	4,388	3,853,228	2,586,354	995,957	270,917
Vance	36,748	4,993	2,830,149	1,902,698	750,496	176,955
Wake	300,833	17,843	17,061,298	11,363,326	4,615,508	1,082,464
Warren	16,232	2,862	1,741,669	1,171,682	468,291	101,696
Washington	14,801	1,597	957,668	646,414	246,785	64,469
Watauga	31,678	1,434	1,471,772	993,899	379,494	98,379
Wayne	97,054	9,168	7,592,027	5,084,051	2,010,382	497,594
Wilkes	58,657	2,818	3,848,048	2,580,208	1,008,375	259,465
Wilson	63,132	7,038	4,612,542	3,079,848	1,248,163	284,531
Yadkin	28,439	1,455	1,831,531	1,230,417	476,913	124,201
Yancey	14,934	1,088	1,001,942	669,402	273,623	58,917



**STATE OF NORTH CAROLINA
DEPARTMENT OF HUMAN RESOURCES**

DIVISION OF MEDICAL ASSISTANCE

336 FAYETTEVILLE STREET MALL

RALEIGH, NORTH CAROLINA 27601