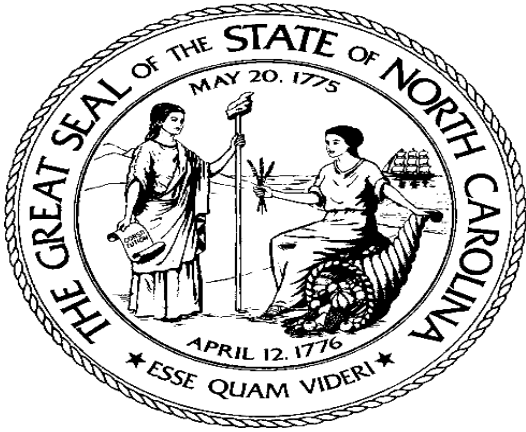




North Carolina Personal Care Services Alignment Demonstration

Medicaid Section 1115 Demonstration Application Public Hearing

Public comment period: September 10 – November 9, 2026

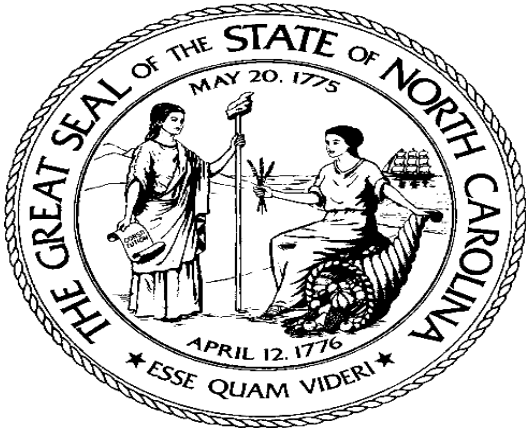
Welcome to the NC Medicaid 1115 Public Hearing

Housekeeping Notes for Today's Session

- This session is being recorded.
- If you need captions:
 - Click the **More** button at the top right of your screen, select **Language and Speech**, then choose **Show Live Captions**.
- Microphones:
 - All attendee microphones are currently muted. We will unmute mics for individuals who choose to provide public comment during the **Public Comment** portion.

Agenda

- **North Carolina Personal Care Services Alignment Demonstration**
 - Presented by Todd Baustert, Deputy Director-Policy, Strategy and Planning
- **Questions and Answer Session**
- **Public Comment Period**
 - We will open the floor for comments from attendees.
- **Closing Remarks**



North Carolina Personal Care Services Alignment Demonstration

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Why We Are Here: The Legislative Mandate

Session Law 2025-64 (House Bill 546), Section 7.1.(a) directs NC Medicaid to submit a request to the Centers for Medicare & Medicaid Services (CMS) that provides Medicaid coverage of personal care services (PCS) to a specific group of people who cannot get it today:

What the statute requires



Setting

Individuals who reside in licensed adult care homes and special care units



Eligibility change

Income above the State-County Special Assistance limit, up to 180% of the federal poverty level (adult care home) or 200% (special care unit)



Service

Medicaid coverage of personal care services: hands-on help with bathing, dressing, eating, mobility, and toileting

The statute also requires that **the cost of the new coverage be offset by savings or cost avoidance** and that the request comply with applicable legal requirements. Under Section 7.1.(b), NC Medicaid may implement the coverage only if CMS approves it and all of these conditions are met.

First Step: A Concept Paper to CMS

On January 30, 2026, the North Carolina Department of Health and Human Services (NCDHHS) submitted a **concept paper to CMS**. House Bill 546 directs the State to request federal authority, but it does not name which Medicaid authority to use. Before drafting a full application, the State evaluated each option against the bill’s requirements and asked CMS to confirm the approach.

Each authority was assessed on: eligibility targeting, income thresholds, service design, operational complexity, and budget neutrality.

Medicaid authority considered	Finding
1915(i) State Plan Amendment	Cannot target eligibility or services to residents of a specific setting such as an adult care home.
1915(c) Home and Community-Based Services Waiver	Would not support limiting the eligibility change to individuals residing in an adult care home or special care unit as House Bill 546 envisions.
Section 1115 Demonstration	May allow a targeted eligibility pathway for adult care home and special care unit residents, income limits raised to the legislated 180% / 200% FPL thresholds, a limited benefit of Medicaid-covered PCS only, and testing whether PCS in these settings reduces avoidable nursing facility stays.

CMS confirmed that a Section 1115 demonstration is the appropriate federal authority to pursue.

What Is a Section 1115 Demonstration?

Section 1115 of the Social Security Act allows CMS to consider experimental, pilot, or demonstration projects that are likely to promote the objectives of the Medicaid program. Demonstrations give states flexibility to test new approaches to serving Medicaid populations, and CMS must approve them.

CMS sets what an application must contain



Program design

Description of the demonstration, its goals and objectives, and the Medicaid program features being modified.



Eligibility, coverage and cost sharing

Who is eligible, what benefits are covered, how services are delivered, and any cost sharing that differs from the current program.



Enrollment and budget impact

Estimated enrollment and expenditures, with historical data and projections for the affected population.



Authorities and evaluation

The waiver and expenditure authorities requested, plus hypotheses, evaluation design, and measures.

The application requests the maximum five-year approval period and is designed to implement House Bill 546 while meeting these federal requirements.

The Problem This Demonstration Addresses

- Individuals wishing to receive PCS in an adult care home or special care unit do not qualify for Medicaid if their income modestly exceeds the State-County Special Assistance limit.
- Higher-income individuals may qualify for Medicaid through a spend-down process if they enter a nursing facility.
- As a result, people with higher incomes can access Medicaid-covered personal care services, but only by entering a nursing facility.



Adult care home

Today: Medicaid PCS only if income is within the Special Assistance limit

Proposed: income up to 180% FPL



Special care unit

Today: Medicaid PCS only if income is within the Special Assistance limit

Proposed: income up to 200% FPL



Nursing facility

Unchanged

Policy impact: Individuals who could be safely served in an adult care home or special care unit lose access to needed personal care services because of income rules. This increases the risk of functional decline and preventable nursing facility placement, and creates a misalignment between care needs, outcomes, and efficient Medicaid delivery.

Demonstration Goals and Objectives

1

Align Medicaid eligibility with the most appropriate care setting

Reduce unnecessary reliance on institutional eligibility pathways when care can be safely delivered in an adult care home or special care unit.

2

Ensure access to PCS in the most appropriate and cost-effective setting

Provide a targeted personal care services benefit to eligible residents where care can be delivered efficiently and appropriately.

3

Reduce unnecessary placement disruptions and nursing facility transfers

Support continuity of care by lowering preventable nursing facility and acute care transitions.

4

Promote preventive, whole-person health and reduce chronic disease progression

Promote residential stability that supports chronic condition management and preventive care.

Who Would Be Eligible

To enroll, an individual would need to meet **all** of the following:



Reside in, or be seeking admission to, a licensed adult care home or special care unit



Be enrolled in Medicare



Have income above the Special Assistance limit but at or below 180% FPL (adult care home) or 200% FPL (special care unit)



Meet all other State-County Special Assistance requirements, such as age, disability, and resource limits



Meet all other Medicaid eligibility rules, including North Carolina residency and citizenship



Have an assessed need for personal care services under NC Medicaid criteria (Clinical Coverage Policy 3L-1)



Not otherwise be eligible for Medicaid-covered PCS in an adult care home or special care unit under an existing pathway

What Is Covered and How It Is Delivered

A limited, service-specific benefit, not full Medicaid coverage. The demonstration aligns with current NC Medicaid personal care services policy and proposes no changes to providers, service definitions, or payment.



Personal care services only

PCS as already defined in the NC Medicaid State Plan: hands-on help with bathing, dressing, eating, mobility, and toileting. Same service, providers, and clinical criteria used today.



Medicare stays primary

Medicare remains the primary payer for the services it covers. Medicaid would pay only for PCS, which Medicare usually does not cover.



Fee-for-service delivery

Services are delivered through Medicaid Direct, the State's existing fee-for-service system for Medicare-eligible individuals.



State Plan payment rates

Providers are paid the same rates and under the same rules as State Plan PCS. No rate enhancements or demonstration-specific payments.



No premiums or copayments

No Medicaid cost sharing. Residents remain responsible for room and board, which Medicaid does not cover, and may contribute available income toward the cost of PCS.



Program integrity safeguards

Standard verification of income, Medicare status, and residency; periodic redeterminations; and audit and monitoring consistent with federal requirements.

How Available Income Is Applied to PCS

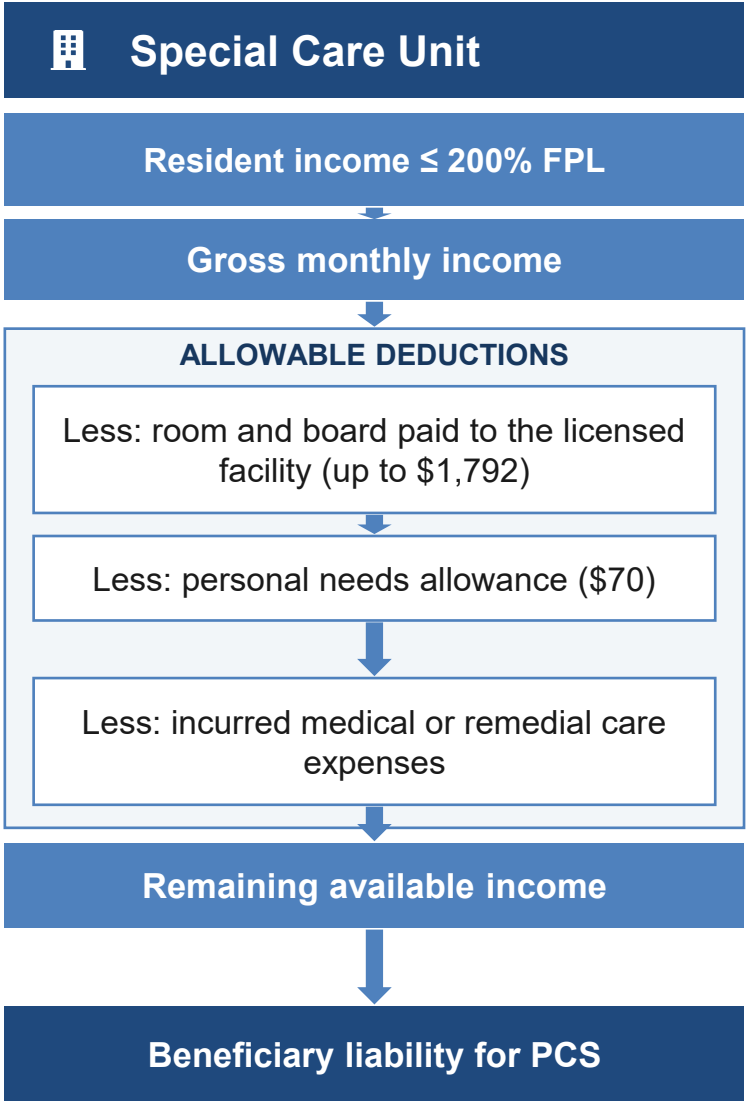
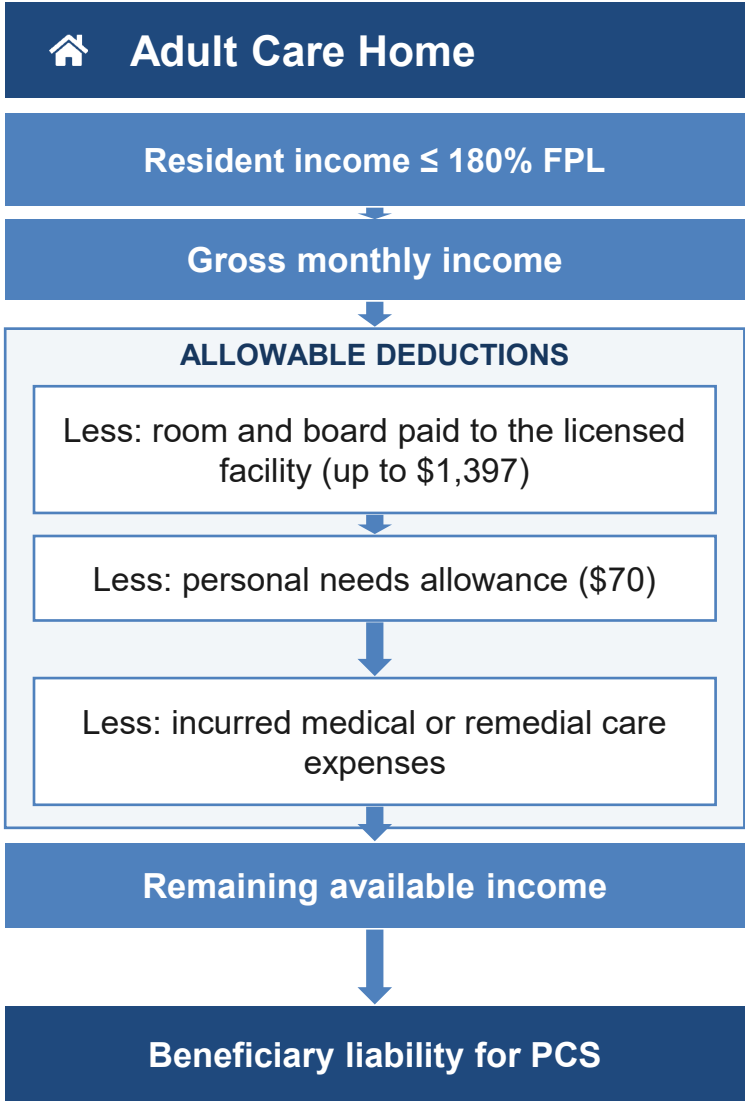
Beneficiary liability

Eligible individuals may contribute a portion of their income toward the cost of PCS after allowable deductions.

The method is aligned with how Medicaid treats income for other long-term services and supports, so the demonstration does not create a more generously subsidized benefit than other Medicaid pathways.

It is not a premium, copayment, or deductible.

Room and board maximums shown are the 2026 State-County Special Assistance limits. They are updated each year with the Social Security cost-of-living adjustment.



Financing and Federal Budget Neutrality

Federal law requires 1115 demonstrations to be budget neutral: they may not cost the federal government more than it would have spent without the demonstration. House Bill 546 separately requires the State to ensure the cost of the new coverage is offset by savings or cost avoidance.

The demonstration is structured as a Medicaid Authorizable Populations and Services (MAPS) activity under current CMS budget neutrality policy: the population could otherwise be covered through an expanded optional state supplement pathway, PCS is an existing State Plan service, and payment follows State Plan methodology, so the net federal budget neutrality impact is zero.

Projected federal expenditures by demonstration year

	DY1 (2027)	DY2 (2028)	DY3 (2029)	DY4 (2030)	DY5 (2031)	Five-year total
Member months	55,500	72,000	72,000	72,000	72,000	343,500
Federal expenditures	\$67,577,934	\$88,239,685	\$88,814,420	\$89,392,897	\$89,975,142	\$424,000,078

What this means: Enrollment is projected to grow from about 3,000 people at launch to 6,000 over roughly 11 months. Federal share reflects the FFY 2027 FMAP of 64.2%; the non-federal share would be paid with State funds. The demonstration does not affect other Medicaid eligibility groups, benefits, or payment arrangements, and no additional State Plan or waiver authority is required to carry it out.

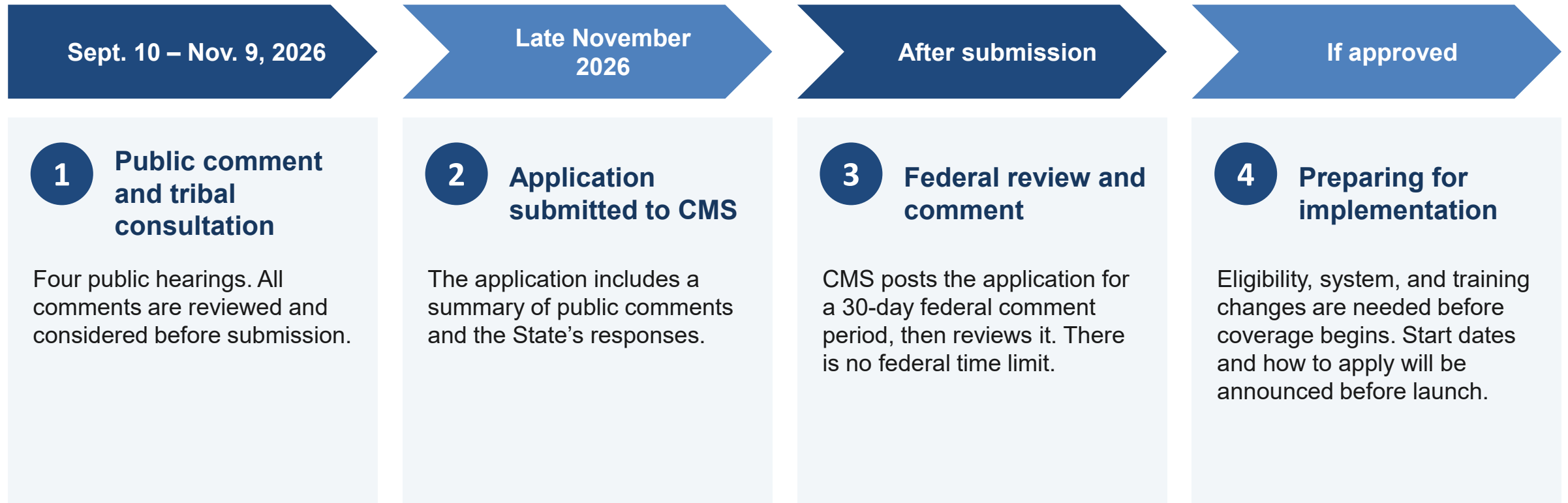
How the Demonstration Would Be Evaluated

CMS requires an independent evaluation of every 1115 demonstration. Each goal has a hypothesis and research questions.

Goal	Hypothesis	Research questions
Align eligibility with the most appropriate care setting	Aligning eligibility with appropriate settings reduces Medicaid spending by shifting utilization from institutional care to PCS in community-based settings.	Does the demonstration reduce Medicaid spending on institutional long-term care? Does PCS spending increase? What is the net effect on per-member Medicaid LTSS spending?
Ensure access to PCS in the most appropriate and cost-effective setting	The demonstration increases access to PCS among eligible individuals in adult care homes and special care units.	Does the share of eligible individuals receiving PCS increase? Does PCS utilization increase after implementation?
Reduce placement disruptions and nursing facility transfers	Access to PCS reduces avoidable transitions to institutional settings and improves care stability.	Does the demonstration reduce Medicaid-paid nursing facility admissions and short-term institutional stays? Does it improve continuity in residential settings?
Promote preventive, whole-person health	Access to PCS supports continuity of care and functional stability, delaying or reducing moves to higher levels of care.	Does the demonstration delay or reduce transitions to higher levels of care, including Medicaid-paid nursing facility admissions?

The full evaluation design is developed after approval and submitted to CMS as part of the demonstration's post-approval evaluation design protocol.

What Happens Next



What this demonstration does not change: People already enrolled in Medicaid keep their current benefits; the demonstration has no effect on their coverage or costs.

How to Share Your Input

State public comment period
September 10, 2026 – 5 p.m. (Eastern), November 9, 2026



Email

Medicaid.NCEngagement@dhhs.nc.gov

Subject line: “NC Section 1115 Waiver”



Mail

NC Department of Health and Human
Services

NC Medicaid Section 1115 Waiver Team

1950 Mail Service Center

Raleigh, NC 27699-1950

Please indicate “NC Section 1115 Waiver”



Public hearings

Give verbal or written comments at any of
the four hearings (next slide).

All comments received during the period
are reviewed and considered before the
application is submitted to CMS.

Read the full application and supporting materials: medicaid.ncdhhs.gov/meetings-notices/proposed-program-design/nc-section-1115-demonstration-waiver

Posted there: draft application, budget neutrality analysis, full and abbreviated public notices, tribal notice, fact sheet, and FAQs. Paper copies of the application and of submitted comments may be requested in writing at the addresses above.

Public Hearings

Four public hearings. Each offers an opportunity to provide verbal or written comments on the proposed demonstration.

	Date and time	Format	Location or access
First hearing	Wednesday, Sept. 16, 2026 5:30 – 7 p.m.	Virtual (Microsoft Teams)	Join link on the demonstration web page Call in (audio only): +1 984-204-1487 Conference ID: 438 242 315#
Second hearing	Tuesday, Sept. 29, 2026 2:30 – 4 p.m.	In person	Greenville Convention Center 303 SW Greenville Blvd, Greenville, NC 27834
Third hearing	Monday, Oct. 12, 2026 2:30 – 4 p.m.	In person	Mountain Area Health Education Center (MAHEC) Blue Ridge A & B, Education Building 121 Hendersonville Road, Asheville, NC 28803
Fourth hearing	Thursday, Oct. 22, 2026 11:30 a.m. – 12:30 p.m.	Virtual (Microsoft Teams) at the NC Medicaid Advisory Committee meeting	Join link on the demonstration web page Call in (audio only): +1 984-204-1487 Conference ID: 352 166 225#

Hearing materials and recordings will be posted on the demonstration web page after each hearing. Questions or accommodation requests: Medicaid.NCEngagement@dhhs.nc.gov



We want to hear from you.

Comments shared today, and any received by 5 p.m. on **November 9, 2026**, will be reviewed and considered before the application is submitted to CMS.

Medicaid.NCEngagement@dhhs.nc.gov

Subject line: “NC Section 1115 Waiver”

medicaid.ncdhhs.gov/meetings-notice/proposed-program-design/nc-section-1115-demonstration-waiver

Public Comments

Ground Rules for Today's Public Hearing

- Please remain respectful and allow each speaker to finish without interruption.
- All comments must relate to the **North Carolina Personal Care Services Alignment Demonstration**.

Public Comment Guidelines

- Please raise your hand if you would like to make a comment.
- Each speaker will have up to 3 minutes for comments.
- One person speaks at a time when called upon.
- Use the Q&A only for session related questions or technical issues.
- Disruptive behavior may result in removal from the session.



We want to hear from you.

Comments shared today, and any received by 5 p.m. on **November 9, 2026**, will be reviewed and considered before the application is submitted to CMS.

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