

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Notice for Section 1115 Waiver Amendment

This public notice provides information of public interest regarding a proposed amendment to North Carolina's Section 1115 Medicaid Demonstration Waiver.

North Carolina's current waiver approval authorizes significant transformations of North Carolina's Medicaid and delivery system through a mandatory managed care program, the Healthy Opportunities Pilots, and expenditure authority for substance use disorder (SUD) treatment in institutions for mental diseases (IMDs). The demonstration aims to advance integrated, high-value care, improve population health, engage and support providers, and establish a more sustainable program with more predictable costs.

While the demonstration was scheduled to launch in November of 2019, core components – including Standard Plans and the Healthy Opportunities Pilots – were delayed until mid-2021 as a result of the COVID-19 pandemic and State budgetary challenges. Accordingly, the State's objectives in amending its 1115 demonstration are to reflect how the design and rollout of North Carolina's Medicaid transformation have evolved over the past several years and allow for full implementation and evaluation of key elements of the demonstration, as originally envisioned under North Carolina's 2019 demonstration approval.

Overview of Key Amendment Requests

In addition to a small number of minor technical changes, key amendment requests include the following:

- **Extending the end date of the managed care components of the demonstration**¹ to June 30, 2026 (from October 31, 2024) to allow for full implementation and robust evaluations of key waiver programs²;
- **Adjusting the coverage approach under the BH I/DD Tailored Plans**, including:
 - Requiring that certain individuals with significant behavioral health needs in residential settings (i.e., those residing in an Intermediate Care Facility for

¹ North Carolina is not requesting any changes to the demonstration years for the IMD components of the demonstration.

² North Carolina would be open, as alternative to approach, to shifting the start date of the portions of the waiver other than those related to IMDs to June 2021 to maintain a 5-year waiver period to align with the timeline for when previously approved 1115 waiver authorities were first used in North Carolina.

Individuals with Intellectual Disabilities (ICF/IID), participating in North Carolina's Transitions to Community Living Initiative, enrolled in the Innovations or Traumatic Brain Injury (TBI) 1915(c) waiver, or living in state-funded residential treatment) enroll in the BH I/DD Tailored Plans in order to ensure that they keep coverage of all needed services, including those that are not covered by Standard Plan³; and

- Removing most dual eligible populations from the demonstration so that those individuals can continue to receive coverage through their current delivery system (i.e., through fee for service for physical health services and local management entities/managed care organizations, or LME-MCOs for behavioral health and I/DD services).⁴
- **Modifying implementation of the Healthy Opportunities Pilots**, including:
 - Adding a limited set of new populations (i.e., NC Health Choice (North Carolina's CHIP program) and Tribal Option enrollees), certain needs/risk-based eligibility criteria (e.g., COVID-19 diagnosis), and flexibility to add at a later date populations currently exempt or excluded from managed care; this would allow North Carolina to ensure access for a broader range of individuals who would benefit from access to appropriate Pilot services;
 - Lengthening the amount of time Pilot capacity building funds can be spent to ensure Human Services Organizations (HSOs) can leverage the funding to successfully participate in a phased-in approach to network development; and
 - Migrating (and making updates to) operational detail currently in the demonstration special terms and conditions (STCs) into a different attachment in order to maintain an agile approach to the evolution of Pilot design (e.g., Pilot value-based payments, operational workflow specifics).

There will be no changes other than those described in the original demonstration approval or as described above to the delivery system, eligibility requirements, benefit coverage, and cost sharing as compared to the State's current program features.

Enrollment and Expenditure Projections

- The following projections are based on calendar year 2015 historical per capita costs and trends (consistent with currently approved waiver), and more recent enrollment and projected enrollment based on the Medicaid populations expected to be enrolled in

³ Beneficiaries who are a member of a federally recognized tribe or eligible for Indian Health Services would continue to be exempt from mandatory enrollment in a Prepaid Health Plan.

⁴ LME-MCOs are limited benefit prepaid inpatient health plans authorized under the State's 1915(b) waiver.

the demonstration (enrollment in the Children’s Health Insurance Program, CHIP, is not included).

- The increase in costs beginning in DY02 includes consideration for the enrollment of additional individuals with I/DD, TBI and/or significant behavioral health needs into the BH I/DD Tailored Plans.

Demonstration Years (DY)		Estimated Members	Estimated Aggregate Expenditures
DY 01	(07/21 - 06/22)	1,477,622	\$ 9,167,779,954
DY 02	(07/22 - 06/23)	1,429,597	\$ 12,283,074,922
DY 03	(07/23 - 06/24)	1,451,041	\$ 12,946,780,892
DY 04	(07/24 - 06/25)	1,472,806	\$ 13,648,072,362
DY 05	(07/25 - 06/26)	1,494,898	\$ 14,389,144,820
5 Year Total		7,325,964	\$ 62,434,852,951

Waiver and Expenditure Authorities

With this amendment, North Carolina is seeking to waive methods of administration requirements established at Section 1902(a)(4) of the Social Security Act. This will allow the state to mandate that certain populations enroll in a BH I/DD Tailored Plan.

Hypotheses and Evaluation Approach

In its current waiver approval, North Carolina articulated the following demonstration goals:

1. Measurably improve health outcomes via a new delivery system;
2. Maximize high-value care to ensure sustainability of the Medicaid program; and
3. Reduce SUD.

North Carolina’s request to amend the demonstration period will allow all components of the demonstration a full opportunity to realize these goals and allow the State to test all associated hypotheses.

North Carolina also proposes adding the following hypothesis with respect to the request to require certain individuals enroll in the BH I/DD Tailored Plans:

- Requiring individuals residing in an ICF-IID, participating in North Carolina’s Transitions to Community Living Initiative, enrolled in the Innovations or TBI 1915(c) waiver, or living in state-funded residential treatment will minimize disruptions in critical services.

Opportunities for Public Input

Electronic copies of this public notice, the proposed amendment, and public comments related to the amendment are available on the North Carolina Department of Health and Human website at <https://medicaid.ncdhhs.gov/>.

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. Please indicate “NC Section 1115 Waiver” in the subject line of the email message.

To be assured consideration prior to submission of this amendment, comments must be received by 5pm (Eastern Time) on December 27, 2021.

North Carolina will also host two public hearings to seek input regarding the amendment. Hearings will be held on Tuesday November 30, 2021 at 5:00 p.m. Eastern via Microsoft Teams and Friday December 10, 2021 at 10:30 a.m. Eastern via Microsoft Teams. The public hearings will include presentations describing the proposed changes and opportunities for public testimony.