

NC Medicaid
Transition of 1915(b)(3) Benefits to 1915(i) Authority
March 3, 2022

Purpose of This Memo

With North Carolina’s Medicaid’s transformation to managed care, NCDHHS of Health and Human Services (NCDHHS) intends to continue to offer to Medicaid beneficiaries a comprehensive array of behavioral health, intellectual/developmental disability (I/DD), and traumatic brain injury (TBI) services. In previous guidance, including the [Behavioral Health and Intellectual/Developmental Disability Tailored Plan Final Policy Guidance](#) and [Behavioral Health and Intellectual/Developmental Disability Tailored Plan Request for Applications](#), NCDHHS has released detailed information about the Standard Plan and future Behavioral Health and I/DD Tailored Plan (Tailored Plan) benefit packages. In this document, NCDHHS is providing new guidance on future coverage of benefits that are currently covered through North Carolina’s 1915(b) waiver – a federal authority that allows North Carolina to offer Medicaid managed care through the local management entities/managed care organizations (LME/MCOs).

Today, NCDHHS uses 1915(b)(3) authority to cover a set of critical home and community-based services (HCBS) provided by LME/MCOs to Medicaid beneficiaries with significant behavioral health needs, I/DDs, and TBI.¹ With the managed care transition, North Carolina is using a new federal authority (i.e., a Section 1115 demonstration) to offer Medicaid managed care and will no longer be able to use the 1915(b)(3) authority to cover these HCBS. As a result, NCDHHS is developing a strategy for the continuation of these services, with certain modifications described below, through the federal 1915(i) State Plan option upon launch of the Tailored Plans. This strategy aims to: (1) ensure that beneficiaries do not experience disruption in their covered services upon the launch of Tailored Plans, and (2) improve the service array offered based on feedback from beneficiaries, advocates, providers, LME/MCOs and other stakeholders.

Delivery System for 1915(i) Benefits

From December 2022 going forward, benefits authorized through 1915(i) State Plan Option (hereafter referred to as 1915(i) benefits) will be available through Tailored Plans, NC Medicaid Direct, the Children and Families Specialty Plan (upon its launch in July 2023) and the Tribal Option for beneficiaries who meet medical necessity criteria. If a Standard Plan member needs a 1915(i) benefit, they will need to move to a Tailored Plan to obtain the benefit.²

Future 1915(i) Benefits and Benefit Changes

Benefits that Will Transition to 1915(i) Authority

To reflect stakeholder feedback and changing beneficiary needs, NCDHHS intends to make several changes to the current set of 1915(b)(3) benefits during the transition to 1915(i) authority. The 1915(i) benefits listed in Table 1 below will be offered upon Tailored Plan launch contingent on CMS approval

¹ Through 1915(b)(3) authority, a state can use managed care savings from a 1915(b) waiver to offer additional benefits.

² Standard Plan members who have previously been determined eligible to enroll in a Tailored Plan, but chose to enroll in a Standard Plan, will be able to enroll in a Tailored Plan through the enrollment broker. Standard Plan members who have not yet been determined eligible to enroll in a Tailored Plan will be able to request a review to move to a Tailored Plan. NCDHHS anticipates that this process will be similar to that being implemented today for Standard Plan members to request a review to move to NC Medicaid Direct and an LME/MCO, which uses [beneficiary](#) and [provider](#) attestation forms that are posted on NCDHHS’s website.

and state budget availability; until then, the current 1915(b)(3) benefits will remain in place. The State intends to release clinical coverage policies for the new 1915(i) benefits prior to Tailored Plan launch.

Delivery of 1915(i) benefits must comply with all relevant sections of the 2014 HCBS final rule, including those related to person-centered planning, conflict-free case management, and the provision of services in home and community-based settings.³ NCDHHS has released guidance on requirements for conflict-free care management for beneficiaries using 1915(i) benefits that can be found on the [Tailored Care Management webpage](#).

Table 1. Description of Future 1915(i) Benefits

1915(i) Benefit	Description of Benefit	Current 1915(b)(3) Benefit(s) to be Incorporated into New 1915(i) Benefit	New Elements of 1915(i) Benefit
Supported Employment	<ul style="list-style-type: none"> ▪ Includes initial job development, job training, and job support services ▪ Will be offered to beneficiaries ages 16 and over with a serious mental illness (SMI), serious emotional disturbance (SED), severe substance use disorder (SUD), I/DD or TBI 	Supported employment	<ul style="list-style-type: none"> ▪ Benefit will be newly available to beneficiaries with severe SUD and TBI ▪ There will be separate service definitions for different disability groups
Individual and Transitional Supports	<ul style="list-style-type: none"> ▪ Support in acquiring, retaining and improving self-help, socialization and adaptive skills necessary to be successful in employment, housing, education and community life and to reside successfully in the community ▪ Will be available to beneficiaries ages 16 and over with SMI 	Individual support and transitional living skills	<ul style="list-style-type: none"> ▪ Combines existing Individual Support and Transitional Living Skills services ▪ NCDHHS is in the process of determining whether Transition Management Services, currently funded through State funds for many Medicaid beneficiaries in the Transitions to Community Living Initiative, can be incorporated into the 1915(i) Individual Support policy
Respite	<ul style="list-style-type: none"> ▪ Provides periodic or scheduled support and relief to the primary caregiver(s) 	Respite	Benefit will be newly available to:

³ 42 CFR Part 441 Subpart M

1915(i) Benefit	Description of Benefit	Current 1915(b)(3) Benefit(s) to be Incorporated into New 1915(i) Benefit	New Elements of 1915(i) Benefit
	<p>from the responsibility and stress of caring for beneficiaries</p> <ul style="list-style-type: none"> ▪ Will be offered for beneficiaries who are any age and have an I/DD; ages 3 to 20 and have an SED; ages 3 to 20 and have a severe SUD; meeting diagnostic criteria and reside in therapeutic foster care or another residential placement and are at risk of losing their placement; or have a TBI 		<ul style="list-style-type: none"> ▪ Children ages 3 to 20 who have a severe SUD; ▪ Children meeting diagnostic criteria who reside in therapeutic foster care or another residential placement and are at risk of losing their placement; and ▪ Adults with TBI
Community Living and Supports	<ul style="list-style-type: none"> ▪ Focuses on skill practice and acquisition and provides supervision and assistance so that beneficiaries can complete an activity to their level of independence ▪ Will be offered for beneficiaries ages 3 and older who have an I/DD or TBI 	In-home skill building	<ul style="list-style-type: none"> ▪ Service definition will be aligned with the Innovations and State-funded community living and supports benefit ▪ Benefit will be newly available to beneficiaries with a TBI
Community Transition	<ul style="list-style-type: none"> ▪ Provides funding for beneficiaries to move from an institutional setting into their own private residence in the community or to divert a beneficiary from entering an adult care home ▪ Qualifying institutional settings include adult care homes, institutions for mental diseases (IMDs), State psychiatric hospitals, intermediate care facilities for individuals with intellectual disabilities (ICF-IIDs), nursing facilities, psychiatric residential treatment facilities, and alternative family living arrangements ▪ Will be offered for beneficiaries ages 18 and older who have an SMI 	One-time transitional costs	No substantive changes

Current 1915(b)(3) Benefits that Will Not Transition to 1915(i) Authority

Based on feedback from stakeholders including beneficiaries, providers and LME/MCOs, NCDHHS has determined that it will **not** transition the services described below to 1915(i) authority, meaning they will no longer be offered as stand-alone services upon Tailored Plan launch. NCDHHS will work with Tailored Plans to ensure that beneficiaries obtaining these services are connected with other services that meet their needs.⁴

- **Intensive recovery support.** Historically, there has been low utilization of this benefit. As a result, this benefit will no longer be offered, and NCDHHS will work with Tailored Plans to ensure that individuals using this benefit are transitioned to another SUD service that meets their needs.
- **(b)(3) Deinstitutionalization (DI) services.**⁵ (b)(3) DI services will only be available through the 1915(c) Innovations waiver as of Tailored Plan launch. NCDHHS is developing a strategy for transitioning individuals obtaining the (b)(3) DI services through the 1915(b)(3) waiver to the 1915(c) Innovations waiver.
- **(b)(3) Community navigator/community guide.** NCDHHS will no longer be offering the community navigator benefit as a discrete, reimbursable service as it is duplicative of Tailored Care Management, the health home care management program for Medicaid beneficiaries in Tailored Plans. Through Tailored Care Management, beneficiaries will have access to the range of supports offered today by community navigators.

Separately, **physician consultation** is now covered under Clinical Coverage Policy 1H: Telehealth, Virtual Communications and Remote Patient Monitoring and will continue being covered through this vehicle.

Next Steps

NCDHHS recognizes that for both beneficiaries and providers it is critical that there is a seamless transition of 1915(b)(3) benefits to 1915(i) authority. To effectuate this transition, NCDHHS plans to undertake the following activities over the next four months:

- Complete stakeholder engagement on this transition
- Publishing updated service definitions for feedback
- Develop 1915(i) State Plan Amendment(s) (SPA(s)) to implement the 1915(i) State Plan Option, posting them for public comment and submitting them to CMS
- Update the Tailored Plan contract to require that Tailored Plans cover these services and comply with relevant federal requirements
- Work with the legislature to ensure funding for these services

NCDHHS welcomes feedback from stakeholders as it continues planning for this transition. Please email comments to Medicaid.Transformation@dhhs.nc.gov.

⁴ The vast majority of beneficiaries who use 1915(b)(3) benefits besides physician consultation will default into Tailored Plans. A small number of beneficiaries who use 1915(b)(3) benefits will be enrolled in NC Medicaid Direct or the Specialized Foster Care Plan.

⁵ In North Carolina's 1915(b)(3) waiver, (b)(3) DI services are referred to as Innovations-look alike services.