

North Carolina

# Medicaid and NC Health Choice

Annual Report for State Fiscal Year 2018  
July 1, 2017 – June 30, 2018



*Building a healthier  
North Carolina.*





## North Carolina's Health Care System Priorities

Advance the health and well-being of North Carolinians  
using the programmatic tools of our Department

Build an innovative, coordinated and whole-person centered system  
that addresses both medical and non-medical drivers of health

Turn the tide on North Carolina's opioid crisis

Ensure all North Carolina children get a healthy start and develop  
to their full potential in safe and nurturing families, schools and communities

Achieve operational excellence

## North Carolina's Goals for Medicaid Managed Care

Measurably improve health

Maximize value to ensure program sustainability

Increase access to care

State of North Carolina • Roy Cooper, Governor

Department of Health and Human Services • Dr. Mandy Cohen, Secretary • [ncdhhs.gov](http://ncdhhs.gov)

NC Medicaid • [medicaid.ncdhhs.gov](http://medicaid.ncdhhs.gov)

Medicaid Transformation • [ncdhhs.gov/nc-medicaid-transformation](http://ncdhhs.gov/nc-medicaid-transformation)

The Department of Health and Human Services does not discriminate based on race, color, national origin, sex, religion, age or disability in employment or the provision of services.

12/2018

# Message from Dave Richard

## Deputy Secretary for NC Medicaid

On behalf of NC Medicaid and the North Carolina Department of Health and Human Services, I am pleased to share the NC Medicaid Annual Report for State Fiscal Year 2018 (July 1, 2017 through June 30, 2018).

In SFY 2018, Medicaid and NC Health Choice provided valuable health programs and services to over two million North Carolinians. We did so in partnership with a vast array of community stakeholders from across our great state. This annual report gives the people of North Carolina information on how their tax dollars support our citizens.

In SFY 2018, North Carolina Medicaid and NC Health Choice programs ended the year \$45 million under budget, the fifth consecutive year NC Medicaid finished with cash-on-hand. This significant accomplishment was due to several factors, including building on well-timed investments in financial technology and talent. Led by our Finance team, NC Medicaid uses a budget process that engages our in-house experts who operate Medicaid's complex array of programs and services, the Department budget and finance teams, and our partners in the North Carolina Office of State Budget Management and the Fiscal Research Division of the General Assembly.

NC Medicaid achieved these financial results while, once again, improving services, policies and oversight. Throughout SFY 2018, NC Medicaid and Department staff worked on the design and implementation of our managed care program that will launch in November 2019 (see enacting Session Law 2015-245).

Working with beneficiaries, providers, advocacies, state leaders and others vested in making our state a healthier place, NC Medicaid introduced several improvements over the past year. These included introducing tactics to reduce the oversupply of prescription opioids and the diversion of prescription drugs, and increasing community awareness and prevention; expanding provider reimbursement opportunities to increase access to mobile oral health services for beneficiaries in long-term care facilities; and adding Innovations waiver slots, per state law, to provide an alternative to institutionalization to more people with intellectual and developmental disabilities, and substance use issues.

We are proud of our commitment to be good stewards of taxpayer money while continuing to provide valuable health programs and services to the Medicaid population. This is an enormous responsibility, one that we are honored to share with our state and local partners. At NC Medicaid, our staff comes to work each day knowing that our contributions make a real difference in the lives of North Carolinians and the communities in which we all live and work.

NC Medicaid is looking forward to an innovative and productive SFY 2019 serving the people of North Carolina.



# Contents

<b>Executive Summary.....</b>	<b>1</b>
High-level Financial Results.....	4
Accomplishments.....	5
A Look at SFY 2019 .....	7
<b>Financial Review .....</b>	<b>8</b>
Factors Affecting SFY 2018 Financial Results.....	9
Expenditure by Funding Level .....	9
<b>Managing Budget, Cost and Health Care Needs .....</b>	<b>12</b>
Medicaid Transformation to Managed Care.....	13
Finance.....	17
Pharmacy .....	19
Compliance and Program Integrity.....	23
Business Information.....	25
Behavioral Health: Child First.....	27
Due Process: Protecting Beneficiary Rights .....	29
Early Periodic Screening, Diagnostic and Treatment Services .....	30
Policy and Regulatory Affairs .....	33
Provider Services.....	34
<b>Making North Carolina Healthier.....</b>	<b>35</b>
Community Alternative Programs.....	36
Durable Medical Equipment .....	39
<b>Overview of Medicaid Programs and Services .....</b>	<b>41</b>
North Carolina Medicaid Programs and Services for Eligible Beneficiaries.....	42

# Exhibits

## Executive Summary

Exhibit 1	Snapshot: North Carolina Medicaid and NC Health Choice – State Fiscal Year 2018.....	3
Exhibit 2	Five-Year Financial Results SFY 2014-2018 .....	4
Exhibit 3	\$14.7 billion in SFY 2018 Expenditure .....	10
Exhibit 4	Medical Assistance Payments by Category of Service .....	11
Exhibit 5	Net Prescription Drug Cost Per Two-year Trend.....	21
Exhibit 6	Annual Requests for Medicaid Data and Reports.....	26

## Additional Exhibits

Exhibit 7	Funding Sources SFY 2017-SFY 2018 .....	53
Exhibit 8	Medicaid Providers by Type SFY 2018 .....	54
Exhibit 9	Average Enrollment Program Aid Category SFY 2014-SFY 2018.....	55
Exhibit 10	Total Expenditure by Category of Service SFY 2017-SFY 2018 .....	56
Exhibit 11	Medicaid Expenditure by Category of Service SFY 2017-SFY 2018.....	57
Exhibit 12	NC Health Choice Expenditure by Category of Service SFY 2017-SFY 2018.....	58

The SFY 2018 NC Medicaid Annual Report uses data and facts from the following sources, unless noted otherwise: Financials from NCAS BD-701; beneficiary count and geographic distribution from Monthly Enrollment Report, NC Medicaid Business Information Office; provider count, and beneficiary age and gender from customer data retrievals, NC Medicaid Business Information Office; claims processed and amount paid from NCTracks' Checkwrite Report.

## About the NC Medicaid Annual Report

The “North Carolina Medicaid and NC Health Choice Annual Report for State Fiscal Year 2018” is an overview of the primary accomplishments and financial results of the Medicaid and NC Health Choice programs, administered by the NC Department of Health and Human Services’ Division of Health Benefits (NC Medicaid).

All profiles, case studies and personal quotes were provided with permission given by the people to whom they are attributed.

Prior Medicaid Annual Reports are on the NC Medicaid website at [medicaid.ncdhhs.gov/reports](https://medicaid.ncdhhs.gov/reports). Additional information on the Department’s transformation to Medicaid managed care is at [ncdhhs.gov/nc-medicaid-transformation](https://ncdhhs.gov/nc-medicaid-transformation).

Please call the NC Medicaid Contact Center at (888) 245-0179 with questions or requests for more information.



---

## **What is “Medicaid”?**

Medicaid provides health coverage to eligible low-income adults, children, pregnant women, seniors and people with disabilities. The program is jointly funded by North Carolina and the federal government.

All states offer some form of Medicaid coverage.

---

---

## **What is “NC Health Choice”?**

NC Health Choice is our state’s name for the Children’s Health Insurance Program (CHIP).

It provides health coverage to eligible children in addition to Medicaid.

NC Health Choice is jointly funded by North Carolina and the federal government.

All states offer some form of CHIP.

---

---

## Executive Summary

---

In state fiscal year 2018 (July 1, 2017 through June 30, 2018), NC Medicaid provided 2.2 million people in North Carolina with access to quality care and services; improved existing programs and operations; and reached several milestones in its transformation to Medicaid Managed Care—making a real difference in the lives of the people of North Carolina.

## Sheila's Story

Sheila, a single mother of two, and her father share a home to make the most of their income while managing the family's expenses, including those for health needs. Sheila's father has medical insurance through his employer; however, about 78% of his bring-home pay is spent on his health care services and daily medication.

Sheila's 9-year-old daughter, Jaslene, has a unique birth defect resulting in special needs. A beneficiary of North Carolina Medicaid and NC Health Choice, Jaslene has required extensive health care, including specialist visits, therapy, complex surgeries, weeks of hospital stays and ongoing medication throughout her young life.

---

**“We spend less time  
in the ER and we see  
fewer doctors...  
Medicaid has truly  
been a blessing for  
my family.”**

---

Even combining households would not have covered the care and services needed for Jaslene.

That's where Medicaid steps in to help Sheila and her family. “Medicaid has been a godsend. It has made all the difference for [Jaslene] and my family,” said Sheila.

Medicaid ensures services and medications are available to manage Jaslene's condition, and provides access to a variety of covered therapies that are key to building Jaslene's independence and improving her quality of life. These include speech, occupational, physical and psychological therapy.

“Her progress has made it possible for [Jaslene] to learn how her body works, how she can function, how to stand up for herself and take care of her own needs,” said Sheila. “Because of that, we spend less time in the ER, and we see fewer doctors.”

Sheila's personal experience has led to her membership in the campaign team for MomsRising, a family advocacy group for a variety of causes. Medicaid collaborates with stakeholder groups, such as MomsRising, to improve the health of people throughout North Carolina.

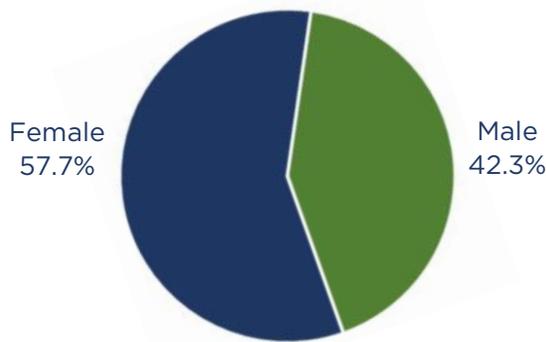
“Medicaid has truly been a blessing for my family,” continued Sheila. “I hope [the Department] will continue to improve this program so many more North Carolina families can say the same.”

EXHIBIT 1

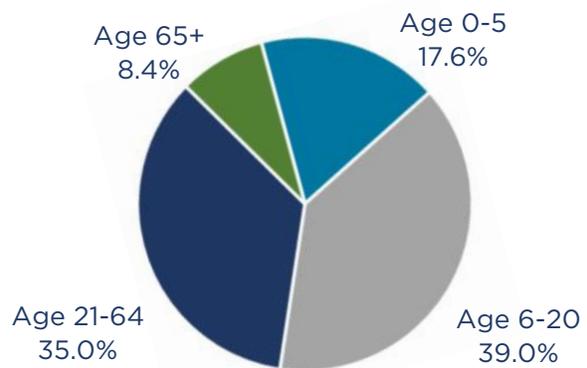
# Snapshot: North Carolina Medicaid and NC Health Choice – State Fiscal Year 2018

Financials (\$B)		Statistics	
Expenditures	\$14.8	Medicaid Beneficiaries <sup>1</sup>	2.1M
Federal Revenue	\$ 9.5	NC Health Choice Beneficiaries <sup>1</sup>	.09M
Other Revenue	\$ 1.7	Providers <sup>2</sup>	71.4K
State Appropriations	\$ 3.7	NCTracks Claims Processed <sup>3</sup>	250M

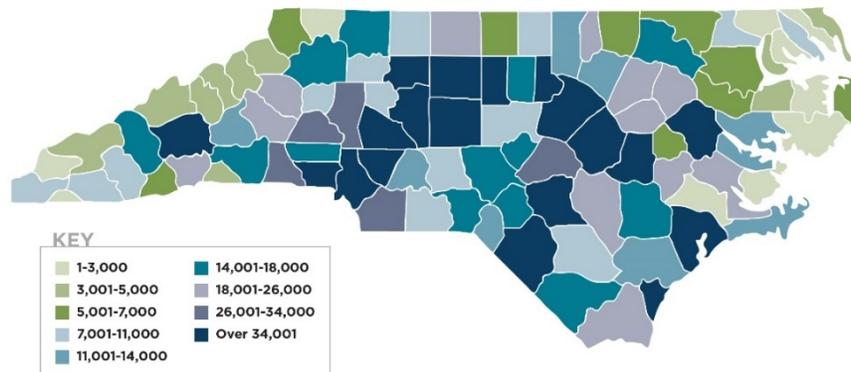
## Beneficiary Gender



## Beneficiary Age



## Total Beneficiaries by County



<sup>1</sup> Average monthly beneficiaries

<sup>2</sup> Provider count represents unique National Provider Identifiers registered in the NC Medicaid system

<sup>3</sup> 250M claims processed represents \$11.9B paid through NCTracks in SFY 2018; compared to 229M claims processed and \$11.3B paid in SFY 2017

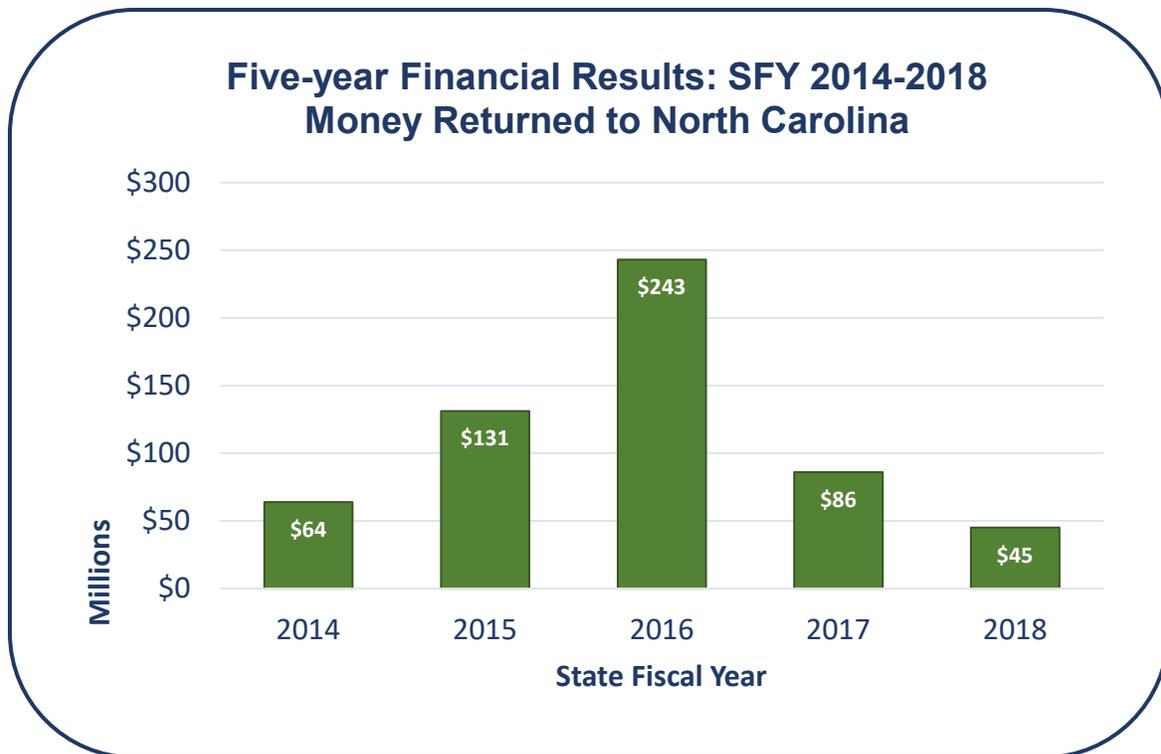
Sources are listed on page iii.

# High-level Financial Results

## \$45 million under budget

The NC Medicaid budget finished SFY 2018 with cash-on-hand for the fifth consecutive state fiscal year. Providing health coverage to more than 2.2 million people in North Carolina, these programs came in at \$45 million under budget for SFY 2018. Actual state appropriations for Medicaid and NC Health Choice programs totaled nearly \$3.7 billion in SFY 2018, a slight increase from \$3.5 billion in SFY 2017.

EXHIBIT 2



# Accomplishments

## NC Medicaid works for North Carolina

NC Medicaid's accomplishments in SFY 2018 ensured continued access to quality care and services, improved current Medicaid and NC Health Choice programs, sought innovations and strengthened future partnerships with state and community organizations dedicated to making North Carolina a healthier place to live and work.

- **Transformation to Medicaid Managed Care.** The Department met several key milestones in SFY 2018 on its journey to implement Medicaid Managed Care. These include releasing a proposed program design in August 2017 and a Section 1115 amended demonstration waiver application in November 2017. Throughout SFY 2018, Medicaid released 13 policy papers outlining the potential impact of transformation on beneficiaries, providers and other stakeholders. See page 13 for details. Medicaid transformation documents are available at [ncdhhs.gov/medicaid-transformation](http://ncdhhs.gov/medicaid-transformation).
- **Opioid epidemic.** The Department continued to aggressively address opioid addiction throughout the state, with Medicaid introducing tactics to reduce the oversupply of prescription opioids, the diversion of prescription drugs, and increasing community awareness and prevention:
  - **NC Payers Council** was formed to bring together payers, including NC Medicaid, to identify, align and implement policies that support providers in the judicious prescribing of opioids and improve access to naloxone; promote safer, more comprehensive and evidence-informed pain management; increase access a continuum of care for substance use disorder treatment and recovery supports.
  - **Safe Prescribing Policies** started a multi-year phased rollout on July 1, 2017. The Department set new policies for Medicaid prescriptions for opioids and benzodiazepines, including requiring prior approval for certain opioid analgesic doses.
  - **Controlled Substance Reporting System** was updated to connect to other states, including those that border North Carolina, thereby allowing doctors and other clinicians to obtain multi-state information about their patients' opioid prescriptions.

These policies apply to the Medicaid and NC Health Choice programs and build on provisions of the [NC Controlled Substance Reporting System](#) and Session Law 2017-74 [Strengthen Opioid Misuse Prevention \(STOP\) Act](#).

More details on the Opioid Action Plan and other steps being taken to turn the tide of opioid addiction in North Carolina are available at [ncdhhs.gov/north-carolinas-opioid-action-plan](http://ncdhhs.gov/north-carolinas-opioid-action-plan).

- **LME/MCO system oversight.** The Department is committed to ensuring organizations effectively use public funds to provide essential behavioral health services to consumers and their families.

In SFY 2018, the Department enforced this commitment when it temporarily assumed leadership of Cardinal Innovations, an LME/MCO authorized under state law to provide essential behavioral services using public funds. The Department's actions were taken after consulting with the NC General Assembly's Joint Legislative Oversight Committee on Health and Human Services and with its full support.

Ensuring that behavioral health services to consumers and payments to providers were not interrupted during this interim period, the Department assisted with the transition to a new Board of Directors in December 2017, and worked with interim leadership to develop a formal Corrective Action Plan that addressed issues identified in audits and oversight activities.

- **Mobile oral health care.** Providers who deliver dental services to people in long-term care facilities are now reimbursed for each beneficiary served per date of service, rather than once per date of service. This change is expected to increase access to oral health care for this high-need population without a substantial impact to the overall Medicaid dental services budget.
- **Innovations waiver slots.** The number of Medicaid Innovations waiver slots was expanded per the NC General Assembly. The new waiver slots increased access to services and supports for individuals with intellectual and developmental disabilities and substance use, and provided more choice, control and community integration as an alternative to institutionalization.
- **Ambulatory surgery center review.** The Department conducted an in-depth clinical policy review of ambulatory surgery centers, which clarified covered services by adding 22 procedures to ambulatory surgery and simplified claims processing removing centers from 28 fee schedule codes.

## A Look at SFY 2019

The Medicaid team, continuing its valuable partnerships with stakeholders across North Carolina, will focus in SFY 2019 on opportunities to improve medical and non-medical drivers of health. Medicaid anticipates starting or completing implementation of the following initiatives over the next state fiscal year:

- **Medicaid transformation** will shift from designing the Medicaid Managed Care program to preparing for launch in November 2019. This will include delivering on several significant milestones, such as:
  - Receiving the Centers for Medicare & Medicaid Services' approval of the amended 1115 waiver application, submitted in November 2017.
  - Awarding the contract for Enrollment Broker Services—the first contract for Medicaid Managed Care.
  - Releasing a Request for Proposal for Medicaid Managed Care Prepaid Health Plans, evaluating the submissions and awarding contracts to qualified health plans in February 2019.
- **The fight to curb opioid addiction** will grow across the state as data become available on remedies put in place over the past few years to assess results and fine-tune approaches.
- **NC Medicaid will begin to integrate social determinants of health**, also known as “Healthy Opportunities,” throughout its work generally, and into the managed care program specifically.

More information on program services and practices for SFY 2018 is available in “Overview of Medicaid Programs and Services” on page 41 and on the Department’s Medicaid website at [medicaid.ncdhhs.gov/providers/programs-services](https://medicaid.ncdhhs.gov/providers/programs-services).

---

## Financial Review

---

Details of Medicaid and NC Health Choice  
SFY 2018 financial results

## Factors Affecting SFY 2018 Financial Results

### Forecast to finish within budget was realized

Medicaid's analysis of trends and ongoing results, as reported to the NC General Assembly, was on target including ending the year within budget. Factors that affected this favorable SFY 2018 variance were:

- NC Medicaid's clinical coverage policy for inpatient hospital services was revised to address growing concerns of long waiting periods for beneficiaries to be placed for behavioral health care, resulting in a 7.5% increase in per recipient cost.
- Hospital emergency services per recipient cost decreased by 2%. A continued decrease is projected over the next 5 to 10 years based on implementation of improved care models.
- After a multi-year shift from generic to brand prescription drugs to maximize rebates, gross drug spending levelled off in SFY 2018. Discount rates for generic products also improved.

## Expenditure by Funding Level

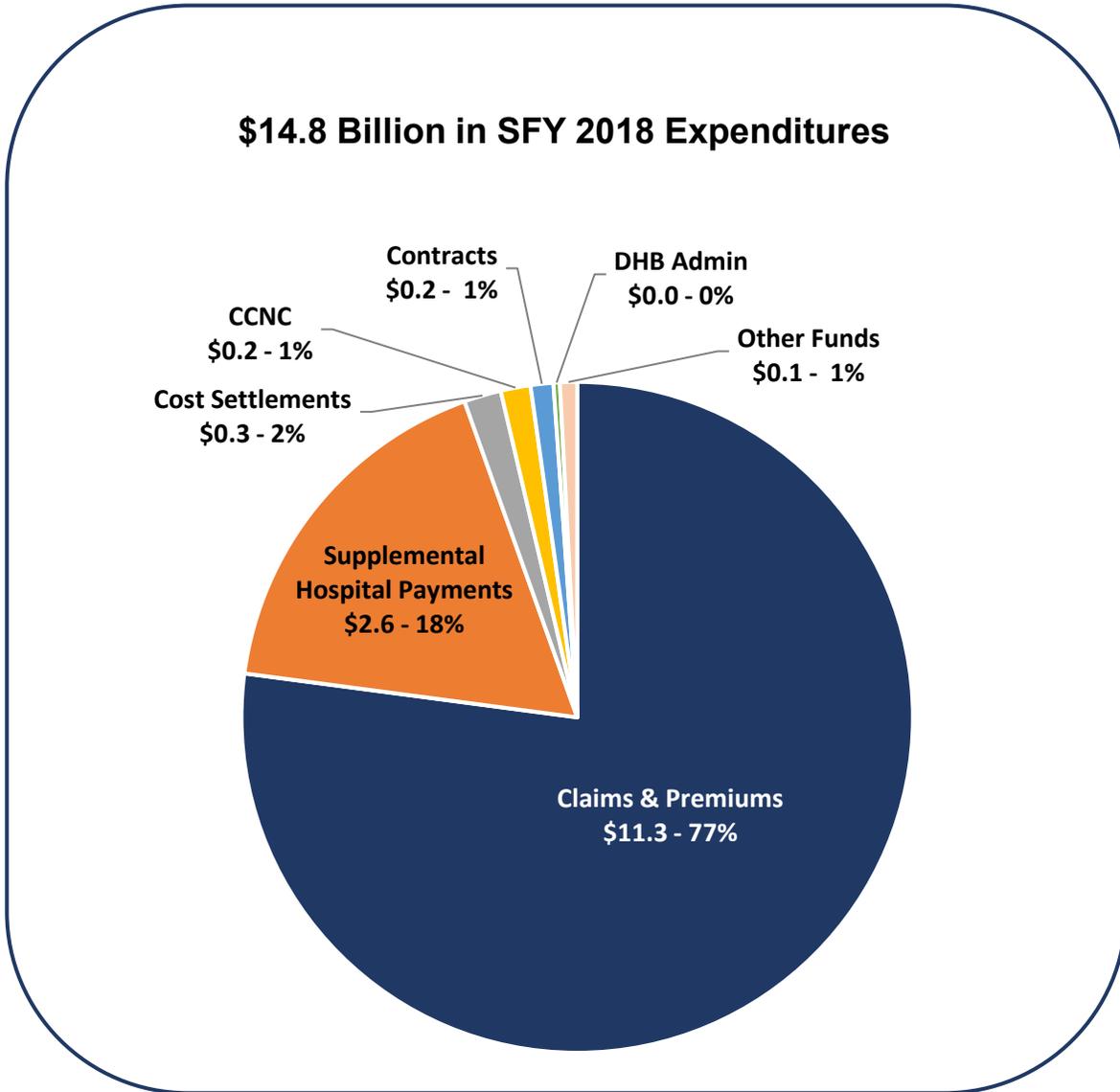
### State share was \$3.7 billion out of \$14.8 billion

Medicaid and NC Health Choice expenditures were nearly \$14.8 billion in SFY 2018. Of this amount, approximately 77% were service expenditures, such as claims, premiums and capitation payments. Service expenditures are divided into different categories of service. Pharmacy rebates flow into a different fund, but are combined and netted with claims expenditure for annual reporting purposes. The net cost for drugs is more relevant to operations.

Other significant funds:

- **Supplemental hospital payments** reimburse hospitals for the treatment of uninsured patients or other significant costs to hospitals.
- **Cost settlements** are payments or recoveries to reconcile whether a participating hospital was paid a predetermined reimbursement rate for inpatient and outpatient costs.
- **Community Care of North Carolina** is the primary care case management health care plan for most North Carolina Medicaid beneficiaries.

EXHIBIT 3



Other costs include contract payments, Medicaid administrative costs, health information technology payments and accounting adjustments due to audits or financial activities affecting a prior year.

Some operations bring revenue into Medicaid. For example, program integrity ensures claims are appropriately and accurately paid, and third-party liability recovers funds paid by Medicaid for incidents that should have been covered by other insurers.

# Medical Assistance Payments

## By Category of Service

EXHIBIT 4

SFY 2018 Claims and Premiums   Medicaid and NC Health Choice (ranked by claims expenditure <sup>4</sup> )			
Service Category	Unduplicated Recipients	Claims Expenditure (\$ millions)	Cost Per Recipient
LME/MCO	1,913,680	\$2,612.1	\$1,365.0
Skilled Nursing Facilities	42,885	1,210.5	28,227.7
Physician Services	1,819,634	1,034.8	568.7
Hospital Inpatient	239,224	947.2	3,959.6
Pharmacy Services	1,327,647	832.0	626.7
Buy-in/Dual Eligible Services	-	753.7	N/A
Hospital Outpatient	732,571	527.2	719.7
Personal Care Services	44,695	452.9	10,134.0
Dental Services	932,509	379.5	407.0
Hospital Emergency Room Services	584,387	377.3	645.6
CAP for Disabled Adults	12,331	237.0	19,221.2
Durable Medical Equipment Services	245,388	211.4	861.5
Practitioner Non-Physician Services	100,353	146.4	1,459.2
Clinic Services	386,789	130.2	336.5
Home Health Services	22,182	126.6	5,706.7
Lab & X-Ray Services	491,423	119.0	242.2
CAP-Children Services	2,555	107.3	41,979.9
Health Check Services	743,067	95.9	129.1
Hospice Services	7,217	68.5	9,492.0
NEM Transport. Services	50,800	58.7	1,156.1
PACE	2,720	58.6	21,535.1
Ambulance Services	165,745	31.9	192.4
Optical Services	284,462	26.2	92.1
Am. Surgery Center Services	35,165	16.5	470.5
Other Services	1,734,063	208.0	120.0
<b>Total</b>	<b>2,378,332</b>	<b>\$10,769.7</b>	<b>\$4,528.3</b>

<sup>4</sup> Claims expenditure data are net of drug rebates.

---

## **Managing Budget, Cost and Health Care Needs**

---

**Being good stewards of taxpayer dollars  
through oversight and innovation**

# Medicaid Transformation to Managed Care

## Designing a Medicaid managed care program that is right for North Carolina

In SFY 2018, the Department's Medicaid Transformation team continued its efforts to change the Medicaid delivery system to managed care as directed by the NC General Assembly in Session Law 2015-245, as amended.<sup>5</sup> The team built on the progress of the prior year and increased its focus on designing a managed care program that reflected the best practices of other states while ensuring that North Carolina's needs were reviewed, discussed and incorporated where practical.

Developing a Medicaid managed care design specific to North Carolina depended greatly on transparency and collaboration with beneficiaries and their advocates, health professionals and organizations, and other interested stakeholders, including:

- Beneficiaries, families and advocacy groups
- Independent health care practices
- Health care associations and organizations
- Fellow NC divisions and agencies
- NC county Departments of Social Services
- NC county health resources, centers and services
- Centers for Medicare & Medicaid Services
- NC Medical Care Advisory Committee

### **How Medicaid Serves the People and Communities of North Carolina**

#### **Medicaid Managed Care will:**

Look at the whole person by coordinating physical and behavioral health care

Address social factors, like transportation, that affect access to health care

Provide dedicated resources to help beneficiaries and providers navigate Medicaid

Help North Carolina's efforts to become a healthier place

<sup>5</sup> NC Session Law 2015-245 has been amended by Session Law 2016-121; Section 11H.17.(a) of Session Law 2017-57, Part IV of Session Law 2017-186; Section 11H.10.(c) of Session Law 2018-5; Sections 4-6 of Session Law 2018-49; and Session Law 2018-48.

- NC General Assembly and its Joint Legislative Committee on Medicaid and NC Health Choice
- Many more state and federal stakeholders

One of the foundational results of these partnerships was the development of a set of goals and recommended practices to develop a Medicaid Managed Care program tailored for North Carolina.

## North Carolina Medicaid Managed Care Goals

Using input from stakeholders along with decades of health care experience in North Carolina, the Department developed the following goals for Medicaid Managed Care:

- Deliver whole-person care through the coordination of health, behavioral health, addressing unmet health-related resource needs and I/DD care models with the goal of improved health outcomes and more efficient and effective use of resources;
- Use cost-effective resources, and unite communities and health care systems to address the full set of factors that impact health;
- Perform localized care management at the site of care, in the home or in the community, where face-to-face interaction is possible to build on the strengths of North Carolina's care management infrastructure;
- Streamline the Medicaid Managed Care beneficiary experience with a simple, timely and user-friendly eligibility and enrollment process focused on service and education;
- Maintain broad provider participation by removing or mitigating administrative burden; and
- Support the Department's overarching vision for a healthier North Carolina.

These goals create a unified framework for the Department and stakeholders, and help guide decisions throughout the complex design process.

## SFY 2018 Accomplishments

Three major achievements were accomplished in SFY 2018:

- **NC Medicaid Managed Care Proposed Program Design.** In August 2017, DHHS released a detailed proposed program design report for transforming Medicaid and NC Health Choice to managed care. This proposed design document ensured that providers had an opportunity to

review and comment on the specifics of the Department vision for managed care.

- **Amended Section 1115 Demonstration Waiver Application.** Adding to feedback received since the initial waiver application was prepared in May 2016, the Department prepared and submitted an amended waiver application to the Centers for Medicare & Medicaid Services in November 2017. This application covered the managed care elements that required approval by this federal agency.
- **Enrollment Broker Services Request for Proposal (RFP).** The Department issued an RFP for Medicaid Managed Care Enrollment Broker Services in March 2018, a crucial component of the Department's beneficiary support system and the first RFP issued for managed care implementation support.

These three documents represented the culmination of more than a year of extensive research, development and stakeholder input and laid out the Department's approach to a North Carolina managed care program design, attention to and compliance with the federal requirements for managed care, and its commitment to ensure a smooth transition for beneficiaries.

## Transparency and Collaboration Continued with Policy Papers

Throughout SFY 2018, the Department issued detailed [policy and concept papers](#) on elements of managed care program design and process. Issued for public feedback and to help health professionals prepare for the transition to managed care, this unprecedented level of transparency and collaboration for managed care transformations covered:

- [Supporting Provider Transition to Managed Care](#) (May 2018)
- [Prepaid Health Plans in NC Medicaid Managed Care](#) (May 2018)
- [Using Standardized Social Determinants of Health Screening Questions to Identify and Assist Patients with Unmet Health-related Resource Needs in North Carolina](#) (April 2018); also see [Updated Standardized Screening Questions for Health-related Resource Needs](#) (July 2018)
- [North Carolina's Vision for Long-term Services and Supports under Managed Care](#) (April 2018)
- [North Carolina's Draft Medicaid Managed Care Quality Strategy](#) (March 2018)
- [Centralized Credentialing and Provider Enrollment](#) (March 2018)

- [Provider Health Plan Quality Performance and Accountability](#) (March 2018)
- [North Carolina's Care Management Strategy under Managed Care](#) (March 2018)
- [Beneficiaries in Medicaid Managed Care](#) (March 2018)
- [Managed Care Benefits and Clinical Coverage Policies](#) (March 2018)
- [Prepaid Health Plan Network Adequacy and Accessibility Standards](#) (February 2018)
- [Addressing Hospital Supplemental Payments in the Transition to Managed Care](#) (November 2017)
- [Behavioral Health and I/DD Tailored Plans](#) and [Population Profiles](#) (November 2017)

Policy papers and other documents are available on the Medicaid Transformation website at [ncdhhs.gov/medicaid-transformation](http://ncdhhs.gov/medicaid-transformation).

## Transformation Focus for SFY 2019

Medicaid Managed Care program design will continue in SFY 2019, but will wind down as the Department shifts resources to focus on preparing for implementation starting November 2019.



## Finance

### Ensuring a diverse financial organization strengthens NC Medicaid budget predictability, ending in another year with cash-on-hand.

NC Medicaid considers a strong finance function as a core approach to address the nation's rapidly evolving health care environment. Incorporating greater transparency of budget and forecasting methods, and increasing collaboration with external and internal stakeholders have contributed greatly to NC Medicaid finishing under budget for the fifth consecutive state fiscal year.

Today, the Finance section continues to analyze the health care market, trending forecasting methodologies and proven budget practices to understand and anticipate factors that could affect financial needs.

Finance also started implementing an internal structure that will support the launch of Medicaid Managed Care in November 2019, while continuing to provide support for fee-for-service operations. Structural improvements included:

- Deepening the skills, experience and talent of the Finance team by establishing and staffing the role of Chief Medicaid Actuary
- Sharpening core support services by moving the Procurement and Contracts unit from Finance to the NC Medicaid Contracts section

### **How Medicaid Serves the People and Communities of North Carolina**

#### **The Finance Team:**

Generates forecasts of Medicaid expenditure, allowing state leaders to more precisely prepare the North Carolina budget

Audits cost reports and other data for accuracy and to comply with state and federal regulations

Establishes reasonable reimbursement rates for health care services that consider providers' business operations and the Medicaid budget

As of June 30, 2018, the Finance section included the following units:

- **Audit** examines annual NC Medicaid cost reports submitted by a variety of providers, including hospitals, long-term care facilities, federally qualified health centers, rural health clinics, local health departments, local education agencies, ambulance services, and state-owned and -operated institutions.
- **Provider Reimbursement** primarily establishes reimbursement methodologies that comply with the Centers for Medicare & Medicaid Services' regulations and legislative authority. This unit develops reasonable reimbursement rates for the numerous NC Medicaid-covered health care services, and administers the financial implementation of the 1915(b)(c) waiver, including financial monitoring and oversight of LME/MCOs.
- **Financial Planning & Analysis** develops external and internal management reporting, quantifies the impact of program and policy changes, responds to ad hoc stakeholder requests, analyzes financial trends and variances, and provides executive management with financial observations that inform and assist with biennium budget development.
- **Budget** develops the biennium and continuation budgets. This unit also proactively monitors spending versus budget, revises budget amounts based on latest forecasts, and engages with NC Medicaid operations and other teams to understand changes that may impact overall budget results.
- **Finance & Accounting** maintains accurate financial records, tracks payments and receipts, and manages federal reporting requirements to the Centers for Medicare & Medicaid Services.

## Pharmacy

### Working closely with prescribers is imperative to manage provider access to medication with its considerable cost

Prescription drugs play a significant and increasing role in maintaining and improving health, treating illnesses and improving quality of life. While groundbreaking research continues to lead to new and more effective medications to address a wider range of diseases, many have a significant cost.

The NC Medicaid Pharmacy program relies on extensive collaboration with providers and other stakeholders to manage health needs with the cost of prescription drugs. Teaming with clinical advisors and providers enables the careful selection of drugs for the Medicaid Preferred Drug List (PDL) and ensures access to the right drugs at the most advantageous cost. The result is a pharmacy benefit that delivers the best overall value to beneficiaries, providers and North Carolina.

### About the Medicaid and NC Health Choice Preferred Drug List

Authorized by the General Assembly in 2009, the Department established the Medicaid and NC Health Choice PDL to ensure beneficiary access to prescriptions that maximize health outcomes. In 2010, legislation enabled the Department to join the National Medicaid Pooling Initiative to make the most of pharmaceutical purchasing power and rebate opportunities. A combination of these efforts has resulted in ongoing savings to North Carolina.

The PDL is reviewed and updated annually. Classes of therapeutic drugs for which the manufacturer provides a supplemental rebate are considered for inclusion on the list. New-to-market drugs are added quarterly, first being

## How Medicaid Serves the People and Communities of North Carolina

### The Pharmacy Program:

Consistently saves taxpayer dollars:  
\$266 million over six years

Teams up with those who prescribe medicines to offer the right drugs at the best cost; delivering overall value to beneficiaries, providers and the state

Supports initiatives to improve the quality of life in North Carolina, including chronic disease management and the fight against the opioid epidemic

designated as non-preferred until reviewed. Diabetic supplies may also be included on the list.

NC Medicaid provides an annual report that evaluates the overall impact of the PDL and the supplemental rebate program. PDL annual reports are on the Medicaid website at [medicaid.ncdhhs.gov/documents/pdl-annual-report-archive](https://www.ncdhhs.gov/documents/pdl-annual-report-archive).

## SFY 2018 Accomplishments

- **NC Medicaid's PDL helped save more than \$775 million** in federal and state funds (\$266 million in state funds alone) over six years, from SFY 2011 through SFY 2016—and more savings are expected as the program continues. This was achieved with no significant differences in use of medical services when comparing beneficiaries impacted by the PDL program to those not impacted by the PDL program for some of the most commonly used therapeutic drug categories.  
  
**A PDL compliance rate of 95.2%,<sup>6</sup>** along with compliance data for hypertension and diabetes management, indicated that the right medications are covered by NC Medicaid and included on its PDL. This shows that the PDL is maximizing drug rebates to mitigate cost while still meeting the needs of beneficiaries, providers and the state.
- **NC Medicaid experienced a 25% decrease in opioid use<sup>7</sup> in SFY 2018 due to significant steps by Pharmacy.** This was a result of establishing new safe prescribing policies in SFY 2017 to support the battle against opioid use. Policies include requiring prior approval for certain opioid analgesic doses and maximizing the Beneficiary Lock-In Program, which increased program capacity and lock-in period from one to two years; increased the refill threshold from 75% to 85% for all opioids and benzodiazepines; and eliminated the prior authorization requirement for prescribing Suboxone.
- **NC Medicaid's net drug cost per prescription increased only 0.8%,** about half of the 1.5% increase in gross drug cost per prescription over the two-year period. This is due to drug rebates of \$1.2B, which reflect NC Medicaid's thorough process to manage costs while ensuring provider access to medications for their patients.

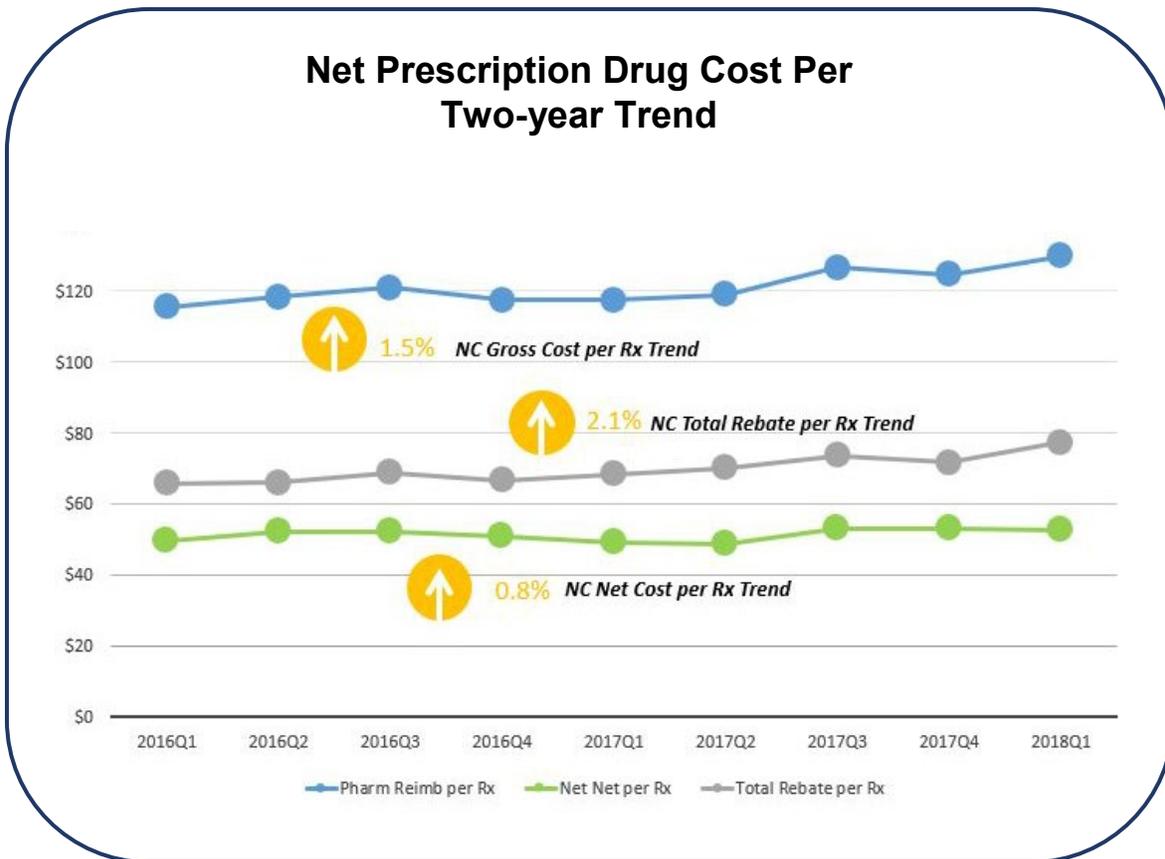
---

<sup>6</sup> Myers and Stauffer, clinical actuarial vendor for NC Medicaid

<sup>7</sup> Magellan, drug utilization review and rebate vendor for NC Medicaid

The following two-year trend line demonstrates how well NC Medicaid manages its PDL to maximize drug rebates to mitigate gross drug expenditure. This is also accomplished while maintaining a 95.2% compliance to the PDL<sup>8</sup> and not compromising beneficiary access to care and drug therapy.

EXHIBIT 5



<sup>8</sup> Magellan, drug utilization review and rebate vendor for NC Medicaid

## Opioid Addiction Affects Every Area of Life

Ed. Note. Names have been changed to protect privacy.

Louis visited his Medicaid doctor to talk about treatment for hepatitis C. After an open conversation, Louis received two diagnoses: one for heroin (opioid) dependence and the other for his hepatitis C. The doctor explained that Louis would need to be first treated for his heroin dependence before undergoing treatment for hepatitis C.

Although talking with his doctor was comfortable, receiving two diagnoses was daunting in the beginning for Louis. However, learning that sobriety

---

**Louis feels great and appreciates...the opportunity to get treatment for multiple issues with the help of Medicaid.**

---

would also lead to treatment for his hepatitis C helped bring him to a point where he was ready to pursue treatment.

Under his doctor's direction, Louis began treating his heroin dependence with buprenorphine/naloxone, a medication often prescribed to treat opioid addiction. Once Louis successfully completed his treatment

plan and was no longer using heroin, his liver specialist was ready to prescribe an antiviral medicine as part of treatment for hepatitis C.

Medicaid covers prescription drugs such as those used by Louis to treat opioid dependence and hepatitis C. Although expensive, the Medicaid Pharmacy program is carefully designed to offer medication that when given early can prevent more extensive (and costly) health problems in the future.

Now four months into his sobriety and no hepatitis C, Louis feels great and appreciates the care and attention of his doctors, and the opportunity to get treatment for multiple issues with the help of Medicaid.

## Compliance and Program Integrity

The Office of Compliance and Program Integrity ensures compliance, efficiency and accountability by detecting and preventing fraud, waste and abuse.

The NC Medicaid Office of Compliance and Program Integrity (OCPI) ensures dollars are paid appropriately for covered services by using claims reviews and investigations, implementing recoveries, pursuing recoupments, and aggressively identifying other opportunities for cost avoidance.

OCPI also protects beneficiary rights with respect to the privacy of health records, as required under the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

### SFY 2018 Accomplishments

- Recovered \$13,835,541 from post-payment review activities, nearly double the recover amount year-over-year<sup>9</sup>
- Completed preliminary reviews for 2,032 individual complaints through these sources, of which 1,515 cases were referred for further investigation within OCPI<sup>10</sup>
- Performed prepayment reviews that resulted in denied or reduced claims representing \$5,672,909 in reduced costs to the state<sup>11</sup>

<sup>9</sup> Department's Office of the Controller monthly OCPI report

<sup>10</sup> OCPI Business Intake Center internal report

<sup>11</sup> OCPI Prepayment Review Vendor Outcomes & Values internal report

## How Medicaid Serves the People and Communities of North Carolina

### The Office of Compliance and Program Integrity:

Saves taxpayer dollars to be used on other Medicaid health care services

Provides confidence that providers are delivering promised services to beneficiaries

Responds to consumer complaints related to fraud, waste and abuse by providers and beneficiaries

Works with the Attorney General's Office to prosecute those indicted for Medicaid fraud

- Made 68 referrals<sup>12</sup> to the North Carolina Attorney General's Office for criminal or civil investigation
- Restructured investigative teams to NC West and NC East to better align with statewide managed care technical assistance and fraud, waste and abuse surveillance

## Responding to Consumer Complaints

OCPI receives complaints from patients, their families and advocates, providers and former employees of providers, and through federal and state referrals. Referrals include complaints made through calls or submitted online:

- **Fraud, waste and abuse tip line**  
1-877-DMA-TIP1 (1-877-362-8471)
- **Fraud and Abuse Confidential Complaint form**  
[medicaid.ncdhhs.gov/get-involved/report-fraud-waste-or-abuse/complaint-form](https://www.ncdhhs.gov/get-involved/report-fraud-waste-or-abuse/complaint-form)

NC Medicaid also responds to fraud calls referred from the North Carolina State Auditor's Waste Line, 1-800-730-TIPS.



<sup>12</sup> OCPI Investigations Unit internal report

## Business Information

The Business Information Office leads technology and business processes to support NC Medicaid.

The Business Information Office is divided into two teams:

- **Business & Technology Relationship Management (BTRM)** is the central facilitation and contact point for Medicaid-related activities of NCTracks, the Department's multi-payer claims system, including translating business rules into NCTracks system requirements; and serving as the liaison with the Medicaid team on NCTracks execution of beneficiary eligibility, provider enrollment, reimbursement, prior approval and claims adjudication requirements. BTRM also oversees and approves the process to implement corrections to the NCTracks system.
- **Business Intelligence (BI)** is a centralized analytics team that uses analytical techniques to resolve Medicaid questions and issues by identifying and gathering business insights from Medicaid data. BI is committed to improving the customer experience through convenience, accuracy, timely delivery, planning for change and sustainable growth of reporting capacity.

## SFY 2018 Accomplishments

### Business and Technology Relationship Management<sup>13</sup>

- Created and tracked 31 new NCTracks customer service requests from initial documentation of operational needs to implementation

## How Medicaid Serves the People and Communities of North Carolina

### The Business Information Office:

Provides faster identification of potential Medicaid claims and eligibility issues under the NCTracks system

Manages NCTracks system improvements and corrections process

Increases transparency by providing dashboards as a visual way for stakeholders to understand and explore Medicaid data

<sup>13</sup> BTRM results are derived from various reports generated by NCTracks

- Reviewed and approved 1,785 NCTracks file maintenance requests including generating, tracking and testing; and provided technical support and guidance to the business owners
- Generated 169 NCTracks service tickets and tracked them through testing, implementation and closure
- Provided support and reviewed results for 179 NCTracks system defects entered by the Department and its fiscal agent

### Business Intelligence

- Completed a series of in-depth projects analyzing prescription opioids in the NC Medicaid population, including the prevalence of opioid prescribing and utilization, a series of patient safety indicators related to opioids (e.g., the incidence of co-prescribing of opioids and benzodiazepines), and new opioid prescriptions.

This work led to a succession of external and internal briefings with stakeholders, and with Department leaders driving [North Carolina's Opioid Action Plan](#) to inform new policies, funding opportunities and management approaches for addressing the opioid epidemic.

- Requests for Medicaid data and reports increased 12% in SFY 2018:

EXHIBIT 6

Category	Reports	Dashboards	Extract Files	Total
Medicaid Enterprise	866	8	0	<b>874</b>
DHHS and Other State Agencies	136	0	0	<b>136</b>
Public Records	111	0	0	<b>111</b>
Legislative & Audit	43	0	12	<b>55</b>
Business Partner Extracts	0	0	1,329	<b>1,329</b>
<b>Grand Total</b>	<b>1,156</b>	<b>8</b>	<b>1,341</b>	<b>2,505</b>

## Behavioral Health: Child First

### North Carolina's Child First intervention program minimizes toxic stress and improves the lives of young children and their families

The impact of toxic stress on the brain of young children is known to damage learning, increase maladaptive behaviors and negatively impact health across the lifespan.

Child First, managed in partnership with Trillium Health Resources,<sup>14</sup> is an intensive, early childhood, home visiting intervention model that works with very young children (prenatal to six years old) and their families.

The goal of Child First is to identify and intervene at the earliest point for children at heightened risk or who have experienced toxic stress. This intervention decreases the incidence of serious emotional and behavioral disturbance, developmental delays, learning problems, abuse and neglect.

The Child First team works to help caregivers become linked to services addressing their own behavioral health needs and support the parent in developing the capacity to understand and nurture their child's socioemotional and physical needs and in creating a safe and stable environment for the whole family.

An essential requirement of the Child First program is that all children and caregivers receive pre- and post-screenings for known toxic stress indicators, including:

- Trauma (child & parental)
- Parental stress
- Depression (parental)
- Parent-child interactions

### How Medicaid Serves the People and Communities of North Carolina

#### Child First:

Identifies and intervenes at the earliest point for children at heightened risk or who have experienced toxic stress.

Supports parents and caregivers by linking them to services to help create a safe and stable environment for the entire family.

<sup>14</sup> Trillium Health Resources is a Medicaid 1915(b)(c) waiver vendor, providing utilization review for Child First services for children over age 3. Medicaid provides utilization review for Child First services for children under age 3.

- Emotional & behavioral problems
- Language and other developmental issues

These characteristics provide a baseline that assists Child First with tracking progress and ensuring quality outcomes.

## SFY 2018 Accomplishments<sup>15</sup>

- 572 North Carolina families served through Child First, with an average length of stay at discharge of 9.1 months
- 283 families were discharged, with 148 having met treatment goals
- 79% of those with one or more baseline problem showed moderate improvement or 0.5 standard deviation improvement in one or more of the measured domains
- 74% of all clients showed moderate improvement or 0.5 standard deviation improvement in one or more of the measured domains



---

<sup>15</sup> Trillium Health Resources, a Medicaid 1915(b)(c) waiver vendor

## Due Process: Protecting Beneficiary Rights

NC Medicaid Appeals ensures beneficiaries have a voice when a claim or request for service is denied.

NC Medicaid beneficiaries are protected by a U.S. constitutional right of due process.<sup>16</sup> Before a request for service is denied or reduced, and before eligibility is denied or stopped, a beneficiary is entitled to a clear and easy-to-understand notice of the decision, delivered in a reasonable amount of time.

NC Medicaid has developed a comprehensive due process system to ensure beneficiaries feel comfortable voicing their challenge of a denied eligibility or covered service. When beneficiaries request a review of a decision, informal mediation is offered and, if needed, a state fair hearing is held before an impartial third party. At that hearing, the beneficiary may present additional information and question those who made the decision.

### SFY 2018 Accomplishments

- Developed new Notices of Adverse Benefit Determination with standardized, easy-to-read formats for all vendors responsible for reviewing prior approval requests.
- Over 85% of appeals were closed within the standard 55 days. Over 95% of remaining cases are closed within 90 days.<sup>17</sup>

## How Medicaid Serves the People and Communities of North Carolina

### Appeals:

Develops easy to understand state notices.

Provides comprehensive system of reconsiderations, mediation and appeal when services have been reduced, denied or stopped.

Provides quality assurance and analytics for every adverse notice sent to beneficiaries.

Provides training and consultation to prior approval teams, resulting in low rates of beneficiary dissatisfaction and appeal.

<sup>16</sup> [U.S. Constitution, 14th Amendment](#) and [Goldberg v Kelly, 397 U.S. 254 \(1970\)](#)

<sup>17</sup> Appeals Clearinghouse Monitoring Reports, State Fiscal Year 2017

## Early Periodic Screening, Diagnostic and Treatment Services

“Health Check” is North Carolina’s preventive health and wellness program for Medicaid beneficiaries under age 21. Health Check services are an essential part of the federal Early Periodic Screening, Diagnostic and Treatment (EPSDT) benefit.

Per federal law, diagnostic and treatment services must be provided when a wellness (periodic screening) visit or any encounter with a provider indicates a need for further evaluation of a child’s medical condition.

Wellness visits are offered and encouraged at intervals recommended by the American Academy of Pediatrics.<sup>18</sup> A minimum of nine visits are offered by NC Medicaid for children up to age 2. Additional visits are covered when providers follow-up on medical concerns found during a periodic preventive services visit.

### SFY 2018 Accomplishments

Children eligible for Medicaid coverage for at least 90 days increased 20% since 2011, from 1,047,608 to 1,266,767 in 2017. During the 2017 reporting period:<sup>19</sup>

## How Medicaid Serves the People and Communities of North Carolina

### EPSDT

Early periodic screening ensures that eligible children have access to regular medical services to promote good health and ensure the earliest possible diagnosis and treatment of health problems.

Services include preventive care, screenings, physical assessments, referrals and follow-up care.

There were 1,338,791 children covered by Health Check in SFY 2018.

<sup>18</sup> [American Academy of Pediatrics: Bright Futures Preventive Services](#) periodicity recommendations

<sup>19</sup> [CMS 416 Annual Report on Early and Periodic Services State Participation](#); see also [Medicaid.gov's Early and Periodic Screening, Diagnostic, and Treatment](#)

- Over 58% of all eligible children received periodic screenings recommended by the American Academy of Pediatrics, compared with 55% in 2011.
- Over 96% of children under age 1 received all recommended preventive check-ups and immunizations, staying stable since 2011.
- 49% of children ages 6 through 9 and 52% of children ages 10 through 14 received an annual screening visit. These two high-priority groups have increased their 2011 participation from 39% and 42% respectively.
- Over 654,000 children received oral health services, up from 470,534 children in 2011; a 39% increase.
- Over 78,000 children received decay-inhibiting sealers on their permanent molars, a 30% increase from the 59,917 receiving sealers as part of their Early and Periodic Visit participation reported to CMS in 2011.

## Vaccines and Early and Preventive Screening

The American Academy of Pediatrics<sup>20</sup> highly recommends that vaccines for children be administered during screening visits to ensure they receive all components of best-practice preventive care. The Center for Medicare & Medicaid Services requires that vaccines recommended by the federal Centers for Disease Control Vaccines for Children Program be administered as part of a complete early and preventive screening visit.

In SFY 2018, over 127,000 vaccines were administered to newborns and babies under 1 year old; over 107,000 of those administrations (85%), were part of a total early and periodic screening visit. This is a significant improvement; in SFY 2015, 146,000 vaccines were delivered to children under age 1. Of that total, about 110,000 (25%) were administered as part of a total early and periodic screening visit.<sup>21</sup>

## Early and Periodic Screening Program Coordinators

Medicaid Local Health Check Coordinators work primarily in North Carolina communities, engaging in personal outreach and health education to pre-adolescent and adolescent populations to build a strong foundation for a lifetime of good health habits. For example, Coordinators:

---

<sup>20</sup> [American Academy of Pediatrics: Bright Futures Preventive Services](#) periodicity recommendations and [CMS' EPSDT--A Guide for States: Coverage in the Medicaid Benefit for Children and Adolescents](#)

<sup>21</sup> **NCDHHS/DHB Ad Hoc report** on Vaccination Place-of-Service: Children under 3 years of age. SFY 2015-2018. e.

- Engage families and children in the field, contacting high-risk, early adolescent populations in high poverty areas through schools, churches and community organizations.
- Ensure follow-up contact with children using emergency department services through the NC Medicaid program to ensure proper access to preventive screenings.



## Policy and Regulatory Affairs

Policy and Regulatory Affairs provides policy-based answers, program information and public records to stakeholders.

Policy and Regulatory Affairs is a team of lawyers who assist callers with questions on eligibility and disability determinations by county Departments of Social Services; application procedures and waiver waiting lists; and the difference between Medicaid and Medicare, and between third-party insurance and liability.

The team also connects callers with statewide and community programs as needed.

Policy and Regulatory Affairs responds to an average of 100 external inquiries per month.

### SFY 2018 Accomplishments

- Received Rules Review Commission approval of 88 rules readopted in 10A NCAC Chapters 21 and 22. Started review of 47 rules for reoption in 10A NCAC Chapters 23 and 25.
- Ensured all SFY 2018 Medicaid-related policy and regulatory activities and initiatives were aligned and supported Department objectives for NC Medicaid, including its beneficiaries, providers, and contractors.

## How Medicaid Serves the People and Communities of North Carolina

### Policy & Regulatory Affairs:

Responds to the public's questions and request for information

Helps communities find answers within complex state and federal rules and regulations

Monitors state and federal legislative activity to determine potential effect on Medicaid programs

Connects callers with statewide and community programs as needed

## Provider Services

The Provider Services team oversees business processes and operations related to the nearly 70,000 North Carolina health care professionals who deliver Medicaid and NC Health Choice services.

Provider services ensures qualified health care professionals deliver services to Medicaid beneficiaries. This starts with monitoring provider qualifications during the application process and follows with supporting providers by addressing their concerns and streamlining processes to allow for more time with patients.

Provider Services uses a precise monitoring plan and other tools to oversee NCTracks performance in adjudicating provider claims and uses that information to proactively identify trends and areas for improvement.

### SFY 2018 Accomplishments

- Updated NCTracks system to be in full compliance with rules for ordering, prescribing, rendering (OPR) and attending providers' active enrollment
- Reviewed and updated 72 standard operating procedures, including restructuring and reorganizing to a standard template
- Fully satisfied deficiency in compliance with federal background checks; results are now documented through vendor reports

## How Medicaid Serves the People and Communities of North Carolina

### Provider Services:

Reduces Medicaid fraud, waste and abuse by ensuring qualified health care professionals are approved to provide Medicaid services

Identifies trending areas of provider concern or potential claims payment issues for faster resolution

Streamlines paperwork so that providers have more time to focus on ways to improve patient health and overall quality of life

---

# Making North Carolina Healthier

---

NC Medicaid in action

## Community Alternative Programs

Community alternative programs cover home- and community-based services that make care at home a possibility for many people who might otherwise be placed in a nursing home.

Community alternative programs (CAPs) supplement formal and informal services and supports already available to a beneficiary. The program is for situations where no household member, relative, caregiver, landlord, community, agency, volunteer agency or third-party payer is able or willing to meet all medical, psychosocial and functional needs of the beneficiary.

There are two CAPs that waive certain Medicaid requirements to allow home- and community-based services to be provided: one program for children (CAP/C) and another for disabled adults (CAP/DA):

- **CAP/C** participants are children, including foster children, from birth to age 21 who are medically fragile
- **CAP/DA** participants are adults age 18 and older with disabilities

### SFY 2018 Accomplishments

- Implemented a nine-member CAP/C Advisory Committee with statewide representatives: founders/executive leaders of advocacy groups, disability rights and home & community-based care associations
- Conducted 12 CAP/C stakeholder engagement activities through collaborative work groups (total of 175 attendees) that reviewed policies and work flow for most efficient program administration

## How Medicaid Serves the People and Communities of North Carolina

### Community alternative programs for children and adults:

Keep individuals out of institutions and in the family home & community

Allow family members to work rather than having to miss time to take care of the beneficiary

Provide paraprofessionals in underserved areas

- Conducted 16 CAP/DA stakeholder engagement activities with hundreds of participants to solicit feedback on renewing the CAP/DA waiver. Through this collaboration, a new waiver service was designed and recommended to be included in the new waiver application along with recommendations to expand waiver service definitions to fully address social determinants of health, especially in rural counties.
- Dedicated a unit manager for CAP/C and CAP/DA program administration.



## Choices That Change Lives

Ed. Note. Names have been changed to protect privacy.

Sometimes there are situations in life that lead to extraordinary choices. Such was the case of Joey, a healthy toddler who was admitted to a hospital with a traumatic injury that resulted in paralysis and brain damage. The doctors' prognosis was that extensive, long-term care would be required due to Joey's physical and behavioral injuries.

Unfortunately, Joey was abandoned at the hospital. With no one to care for the toddler, Marta, a hospital social worker, diligently searched for a suitable home for a young child with high health care needs—to no avail.

---

**CAP/C wrap-around services made it possible to care for her new toddler at home and let him be part of the community.**

---

Faced with no feasible place for Joey to go, Marta knew it was up to her to ensure he received the love and care he deserved. She left her job at the hospital and applied to become Joey's permanent foster mother.

To ensure Joey could stay in her home and receive the care and services he needed, Marta researched available programs and services, and found Medicaid's CAP/C.

Thanks to CAP/C services, Marta has help with daily hands-on personal care for Joey, and her home is easier for him to access with a wheelchair ramp and modified bathroom.

Marta noted that CAP/C wrap-around services made it possible to care for her new toddler at home and let him be part of the community. "CAP/C has been a godsend to me," she said.

## Durable Medical Equipment

The durable medical equipment program covers prosthetics, orthotics and other types of durable medical equipment for enrolled Medicaid and NC Health Choice beneficiaries, and to individuals enrolled in both Medicare and Medicaid.

North Carolina Medicaid covers durable medical equipment, prosthetics, orthotics and related supplies when medically necessary for beneficiaries to function in their home or adult care home, and when ordered by their treating prescriber (physician, physician assistant or nurse practitioner).

Examples of covered equipment include wheelchairs, hospital beds, walkers, canes and crutches; oxygen and respiratory equipment; and glucose monitors.

Covered prosthetic and orthotic devices include artificial limbs, and braces for the limbs or spine. Related supplies covered when medically necessary include those used for incontinence, diabetes, ostomy and tracheostomy care, and tubing, batteries and electrodes.

### **How Medicaid Serves the People and Communities of North Carolina**

#### **Durable Medical Equipment:**

Provides mobility to beneficiaries who may otherwise be limited

Provides medically necessary equipment and supplies

Allows beneficiaries to participate in activities of life that may not otherwise be possible

## Muscular Dystrophy Doesn't Stop Andrea

Ed. Note. Names have been changed to protect privacy.

Andrea is not letting muscular dystrophy stand in the way of completing her master's degree in public health. Although the disease has become progressively worse, the 25-year-old student is continuing her graduate education with the assistance of Medicaid and the Durable Medical Equipment program.

---

**Through the benefits  
Andrea is receiving,  
she can continue to  
pursue her goals  
and live her life to  
the fullest.**

---

With almost no use of her upper or lower extremities, Andrea is still able to live alone in a wheelchair-accessible apartment with a 24/7 health assistant. Caregivers and attendants drive her to school and accompany her throughout her classes.

She has a modified van with ramp entry, which she enters by using just one finger to operate her wheelchair. Her wheelchair features specialized equipment to accommodate her activities, including special lighting to ensure she can see on campus at night. The chair also has a seat elevator that raises her up extra high for safety when crossing the street, visibility when giving class presentations and for personal needs.

Through the benefits Andrea is receiving, she can continue to pursue her educational goals and live life to the fullest.

---

## **Overview of Medicaid Programs and Services**

---

**Medicaid offers a wide array of programs  
and services to eligible North Carolina  
beneficiaries**

# North Carolina Medicaid Programs and Services for Eligible Beneficiaries

North Carolina Medicaid covers a wide variety of programs and services for eligible beneficiaries. Below are some of the most highly used services.

See page 56 for a list of services ranked by claims expenditure. To learn more about programs and services not listed in the annual report, visit the Medicaid website at [medicaid.ncdhhs.gov](http://medicaid.ncdhhs.gov) or call the Medicaid Customer Contact Center at (888) 245-0179.

## Ambulance Services

**Ambulance services provide ground and air transportation for NC Medicaid beneficiaries who experience a sudden medical emergency and cannot be safely transported by other means, like a car or taxi, to receive medically necessary treatment.**

NC Medicaid provides ambulance services to ensure beneficiaries receive appropriate care as soon as possible in a medical emergency. The beneficiary's condition must meet the definition of medical necessity and require medical services that cannot be provided in the beneficiary's home. There are about 400 ambulance providers enrolled in Medicaid.

## Ambulatory Surgery Center Services

**An ambulatory surgery center (ASC) provides surgical procedures in an outpatient setting. A beneficiary receives scheduled procedures, including diagnostic and preventive services, and is discharged on the same day. Most NC Medicaid beneficiaries are eligible to receive ambulatory surgery center services.**

ASCs relieve the workload of hospitals by offering an alternative outpatient setting for a growing number of critical procedures. Without ASCs, Medicaid beneficiaries would be required

## How Medicaid Serves the People and Communities of North Carolina

### Some programs for:

#### Children

Community Alternatives Program for Children (p. 36)

Dental Services (p. 43)

Health Check Early Preventive Health Screening (p. 30)

Optical Services (p. 48)

#### Adults with Disabilities

Community Alternatives Program for Disabled Adults (p. 36)

#### Seniors

Program of All-Inclusive Care for the Elderly (p. 50)

to visit the hospital for surgical procedures. As of July 2018, there were about 141 ASC providers enrolled in NC Medicaid.

## Clinic Services

**Collaborating with federal, state and local partners, NC Medicaid offers an array of clinic services. These include federally qualified health centers, rural health clinics, local health departments and end stage renal disease dialysis facilities.**

Federally qualified health centers (FQHCs) and rural health clinics (RHCs) provide a core set of health care services mandated by federal Medicaid laws.

In SFY 2018, there were over 310 FQHCs and 95 RHCs with services provided by a physician, physician assistant, nurse practitioner or certified nurse midwife. The Office of Rural Health and NC Medicaid work together to oversee RHCs.

In SFY 2018, 25 end-stage renal disease facilities added to provide dialysis treatments to NC Medicaid beneficiaries, bringing the total to over 255 clinics. There were also 22 additional procedures added to ambulatory surgery services.

## Community Alternatives Programs for Children

See page 36.

## Community Alternatives Programs for Disabled Adults

See page 36.

## Dental Services

**Dental services are provided to Medicaid beneficiaries of all ages and NC Health Choice beneficiaries ages 6-18. Dental services include check-ups, X-rays and cleanings; fillings and extractions; complete and partial dentures; and certain surgery procedures.**

Uncontrolled oral disease may lead to a higher risk of developing or exacerbating problems like diabetes, heart disease and bacterial pneumonia. Oral health care is even more important for beneficiaries who are chronically ill or have special needs (aged, blind, disabled, intellectual or developmental disabilities, and other diagnoses).

Over half of the births in North Carolina are to Medicaid-eligible women. Pregnant women with poor oral health are at higher risk for adverse birth outcomes like pre-term and low birth-weight babies, and may more readily transmit bacteria that cause oral disease to their young children.

Medicaid and NC Health Choice dental services provide the opportunity for North Carolinians to improve oral health and lower the risk of compounding future health issues. Orthodontic services also are provided to some beneficiaries under age 21 with functionally impaired ability to speak, eat, swallow or chew due to crooked teeth or jaw growth discrepancies.

## Durable Medical Equipment

See page 39.

## Health Check Early Preventive Health Screening

See page 30.

## Home Health Services

**Home health services are medically necessary skilled nursing services, specialized therapies (physical therapy, speech-language pathology and occupational therapy), home health aide services and medical supplies provided to beneficiaries at home or in adult care homes. Services are available to Medicaid and NC Health Choice beneficiaries at any age.**

Home health services reduce the length and cost of hospital stays for beneficiaries while promoting independence and self-sufficiency. These services are designed to be offered on a short-term or intermittent basis.

Home health services provide cost-effective alternatives to hospital or skilled nursing facility care. They reduce admission into skilled nursing facilities and allow beneficiaries to receive required treatment in the comfort of their homes.



## Hospice Services

**The Medicaid and NC Health Choice hospice benefit provides coordinated and comprehensive services for the physical, psychosocial, spiritual and emotional needs of terminally ill beneficiaries, their families and caregivers. Services are provided in private homes, hospice residential care facilities and a variety of other settings.**

People in their last phase of life may prefer to manage pain and other symptoms in the comfort of their own home rather than continue treatment in a hospital setting. Providers with specialized skills and training to care for those in their final days are necessary to ensure the most appropriate physical and emotional care.

With Medicaid hospice services, beneficiaries with a life expectancy of six months or less may choose to forgo curative measures and, instead, use palliative medicine to manage symptoms. Hospice provides a compassionate approach to end-of-life care, improving the quality of life for beneficiaries and their families.

## Hospital Emergency Department Services

**Hospital emergency departments provide acute care at the sudden onset of a medical condition that may or may not require hospital inpatient admission. Emergency department services received within 24 hours of admission are included as part of the inpatient hospital stay.**

Without hospital emergency department benefits, the burden for emergency care would shift to physicians and clinics. A hospital emergency department benefit provides for stronger hospital systems that provide emergency health care needs by uniquely qualified staff in an appropriate setting, while allowing physicians and clinics to practice primary and integrated care.

## Hospital Inpatient Services

**Hospital inpatient services are primarily treatments that are not practical or advisable to be delivered on an outpatient basis, provided under the direction of a physician or a dentist, and received by a Medicaid patient in a facility qualified to participate in Medicare as a hospital.**

Hospital inpatient services hold a significant role in diagnosing and treating illness while also providing opportunities for Medicaid beneficiaries to become a healthier population with enhanced quality of life based on improved quality of care.

Hospital inpatient services are an important aspect of any health care system. Without this Medicaid coverage, beneficiaries suffering from significant illness

or physical trauma would not have access to necessary procedures or intensive care.

## Hospital Outpatient Services

**Hospital outpatient services cover a wide variety of treatments including preventive, diagnostic, therapeutic, rehabilitative and palliative. These services ordinarily do not require admission to a facility, are provided by or under the direction of a physician or dentist, and are received by a Medicaid patient in a hospital setting.**

Hospital outpatient services provide access to crucial medical care for beneficiaries, while enabling hospitals to provide that care in a quality-oriented and efficient manner. Services that do not require patients to be admitted allow hospitals to dedicate necessary resources to their inpatient services.

The hospital outpatient benefit also provides cost-effective laboratory and radiology services, which can be costlier in other settings. This ensures Medicaid beneficiaries have access to a wider variety of these services.

## Lab and X-ray Services

**Lab and X-ray services include diagnostic lab tests performed in independent laboratories; and lab tests, portable X-rays and ultrasounds that take place in independent diagnostic testing facilities.**

North Carolina provides laboratory services to enrolled Medicaid and NC Health Choice beneficiaries, and to individuals enrolled in both Medicare and Medicaid. X-ray services are included in this category and typically account for a small percentage of total expenditure.

## Licensed Non-Physician Provider Services

**Licensed non-physician provider services are assessments and treatments performed by independent providers licensed to provide audiology, occupational, physical, respiratory and speech therapy services. A physician's order and prior approval are required for these services.**

Child development services agencies (CDSAs), home health agencies, outpatient hospitals, physicians' offices, local education agencies (LEAs), and single-specialty and multi-specialty group practices provide Medicaid therapy services for specific age groups.

To ensure all children receive therapy to improve development skills delayed by impairments or during recovery from an injury or illness, independent providers deliver Medicaid specialized therapy services to eligible beneficiaries under age 21 and NC Health Choice beneficiaries under age 19. The therapies are provided in the beneficiary's home, day care, preschool, school or clinic.

To ensure all adult beneficiaries over age 21 receive medically necessary therapy to improve recovery from an illness/diagnosis or injury requiring an open surgical procedure, adult beneficiaries can receive therapy through the physician's office, home health agency or through an outpatient hospital facility.

## Local Management Entities/Managed Care Organizations

**Local Management Entities/Managed Care Organizations (LME/MCOs) are organizations that manage, coordinate, facilitate and monitor the provision of behavioral health, intellectual and developmental disabilities, and substance use disorder services in the geographic area that they serve.**

LME/MCO organizations strive to meet the needs of people with short- and long-term behavioral health needs, which could include mental health, substance use disorders and developmental disabilities. The service package is comprehensive, and covers outpatient and inpatient levels of care and long-term behavioral health care services and supports in the beneficiary's home or community rather than an institutional setting. The program was initiated to control and more accurately budget the rising costs of these Medicaid-funded services. (See page 27 for the Child First program.)

## Medicare Aid Program

**Medicare Aid helps Medicare-eligible Medicaid beneficiaries pay for Medicare premiums, copayments and deductibles.**

Seniors and disabled individuals who fall within Medicaid eligibility criteria receive assistance with Medicare costs through this program, providing an extra level of coverage tailored to this dual-eligible population and mitigating financial risk to the state. Beneficiaries who fall just outside of full Medicaid income and resource requirements can still receive assistance with some Medicare premiums, copayments and deductibles.

This program offers dual-eligible beneficiaries access to a network of providers who may not necessarily accept patients who have only Medicaid coverage.

Further, the Medicare Aid for Working Individuals with a Disability program enables individuals with disability to pursue employment without jeopardizing continued Medicare coverage.

## Money Follows the Person

**Money Follows the Person (MFP) is a state demonstration project and voluntary program that helps Medicaid-eligible individuals who live in inpatient facilities move into their own homes and communities with supports.**

Medicaid was awarded its MFP grant from the Centers for Medicare & Medicaid Services in May 2007 and began supporting individuals to transition in 2009. MFP was extended under the Affordable Care Act through 2020.

MFP supports beneficiaries by identifying and addressing barriers to receiving quality, community-based, long-term care and supports. Once participating, beneficiaries have priority access to community-based service packages or may enroll in the Program for All-Inclusive Care for the Elderly. MFP also helps fund needs related to transitions, including utility start-up expenses, security deposits, furniture, accessibility modifications or other one-time items and services that may be required to transition.

## Non-Emergency Medical Transportation Services

**Medicaid beneficiaries are provided transportation services to and from medical appointments through county Department of Social Services (DSS) offices. DSS contracts with vendors, including public transportation, taxi cabs, private transportation companies, volunteers and DSS staff, using private and agency vehicles.**

Medicaid beneficiaries often do not have the resources to travel to medical appointments. Non-emergency medical transportation (NEMT) ensures that eligible Medicaid beneficiaries have access to vital health care.

Transportation providers are reimbursed for mileage. Beneficiaries and friends, and financially and non-financially responsible individuals are reimbursed for mileage and travel-related expenses, such as meals and overnight stays, and are provided gas vouchers when they drive their own vehicles.

## Optical Services

**Medicaid and NC Health Choice programs cover optical services, which include routine eye examinations, eyeglasses and medically necessary contact lenses for Medicaid beneficiaries under age 21 and NC Health Choice beneficiaries under age 19.**

Through a partnership between the Department and the Department of Public Safety, eyeglasses are fabricated by Nash Correctional Institution inmates at Nash Optical Plan, a state-owned and -operated, full-service optical laboratory.

There have been no cost increases since 1998 for lenses or add-ons fabricated by Nash Optical Plan. Frame costs have increased minimally with frame updates.<sup>22</sup>

## Personal Care Services

**Personal care services (PCS) include a range of human assistance services to help with common activities of daily living for Medicaid beneficiaries of all ages with disabilities and chronic conditions. Services are provided to Medicaid beneficiaries in a variety of settings.**

The PCS program allows beneficiaries who need assistance with activities of daily living (ADLs) with the opportunity to avoid placement in a nursing home by offering long-term service in a home environment.

PCS provide person-to-person, hands-on assistance with ADLs by a direct care worker in the beneficiary's home or other setting. PCS also include assistance with instrumental activities of daily living (IADLs), such as light housekeeping tasks, when directly related to the approved ADLs and the assistance is specified in the beneficiary's PCS service plan.

North Carolina Medicaid beneficiaries receiving PCS must have a medical condition, disability or cognitive impairment, and demonstrate unmet needs for a certain number of qualifying ADLs at varying levels of required assistance.

## Pharmacy

See page 19.

## Physician Services

**North Carolina Medicaid physician services are provided by all physician specialties. Also included are licensed non-physician providers like nurse practitioners, physician assistants, certified nurse midwives and certified nurse anesthetists. Services are provided to Medicaid-eligible beneficiaries, with certain restrictions depending on the eligibility category. Prenatal care physician services are provided to pregnant beneficiaries.**

North Carolina provides access to health care for low-income children, families and seniors. Without this care, health issues can develop into long-term, chronic illnesses that prevent people from experiencing a full life, providing for their families and contributing to their communities.

---

<sup>22</sup> Clinical Policy Optical Unit claims data for HCPCS code V2020

Physician services provide continuing and comprehensive medical care, health maintenance and preventive services to Medicaid beneficiaries, including the appropriate use of consultants, health services and community resources.

## Program of All-Inclusive Care for the Elderly

**The Program of All-Inclusive Care for the Elderly (PACE) is a national model of a capitated managed care program for adults ages 55 and older who require nursing facility-level of care. The overall goal is to provide higher quality care by managing all health and medical needs to delay or avoid hospitalization and long-term care placement.**

PACE offers a comprehensive array of services including primary health clinics, adult day care programs, areas for therapeutic recreation, personal care and other acute, emergency care and long-term care services for those enrolled in the program.

PACE provides medical care, meal services, physical therapy, activities, socialization and restorative therapies in one location.

## Skilled Nursing Facilities

**A skilled nursing facility provides beneficiaries with daily nursing care that does not require the more complex acute care medical consultations and support services available in a traditional hospital setting.**

Skilled nursing facilities provide short- and long-term care to beneficiaries, placing patients under the close supervision of doctors and nurses specially trained to treat a variety of conditions. Additionally, skilled nursing facilities offer rehabilitative care to patients recovering from stroke, surgery or other events, offering patients an alternative to hospitalization that still provides continued full-time care.

Medicare covers 100% of skilled nursing facility costs for the first 20 days, but only 80% afterward, up to 100 days. Some beneficiaries are unable to cover the cost of treatment when Medicare runs out. Medicaid coverage for skilled nursing care helps ensure continued access to care for beneficiaries.

## NC Medicaid Employees' Dedication Extends into Communities

NC Medicaid is dedicated to improving the health and lives of people throughout North Carolina. Nearly 400 Medicaid employees based in Raleigh and in the field drive and support that mission every day as part of their jobs. This commitment goes beyond daily work, however, as their

passion to personally help those who need it most reaches deeper into the communities where they live and work.

---

### Activities included serving a domestic violence shelter, food bank and home-building organization.

---

Medicaid employees volunteered to assist in numerous community efforts in SFY 2018, saving these organizations 84 staff hours that would have otherwise been required.

- **Food bank.** Sorted and bagged 12,000 pounds of sweet potatoes, onions and peppers, contributing to 10,105 meals for family in the Raleigh area.
- **Domestic violence shelter.** Sorted and organized large quantities of donated items.
- **Affordable home building program.** Organized and displayed large array of home décor to make it more accessible and appealing for customers shopping at the warehouse.

Overall, Medicaid employees provided much needed services that also gave community organization employees and other volunteers more time to focus on helping more people.

Betty “BJ” Jones, Chair of the NC Medicaid Community Outreach Subcommittee, commented that “we really enjoy getting out and serving in our communities. It’s a way to extend the valuable work that we do each day to serve the people of North Carolina.”

---

## **Additional Exhibits**

---

## Funding Sources

### SFY 2017 – SFY 2018

EXHIBIT 7

	Medicaid (\$M)			
	SFY 2017 Actuals	SFY 2017 Budget	SFY 2018 Actuals	SFY 2018 Budget
Expenditure	\$14,171	\$14,474	\$14,579	\$14,658
Revenues	10,656	10,873	10,925	10,959
Appropriations	\$3,515	\$3,601	\$3,654	\$3,699

	Health Choice (\$M)			
	SFY 2017 Actuals	SFY 2017 Budget	SFY 2018 Actuals	SFY 2018 Budget
Expenditure	\$191	\$192	\$199	\$199
Revenues	190	191	199	199
Appropriations	\$1	\$1	\$0	\$0

	Medicaid + Health Choice (\$M)			
	SFY 2017 Actuals	SFY 2017 Budget	SFY 2018 Actuals	SFY 2018 Budget
Expenditure	\$14,362	\$14,666	\$14,778	\$14,857
Revenues	10,846	11,064	11,123	11,158
Appropriations	\$3,516	\$3,602	\$3,654	\$3,700

Note: Due to rounding, budget minus actuals may not equal variance shown.

## Medicaid Providers by Type SFY 2018

EXHIBIT 8

Provider Type	Unduplicated <sup>1</sup> NPI Count By Type	NPI Count with Multiple Taxonomy codes
Agencies	1994	2177
Allopathic & Osteopathic Physicians	27768	32164
Ambulatory Health Care Facilities	861	900
Behavioral Health & Social Service Providers	3169	3372
Chiropractic Providers	286	286
Dental Providers	2458	2601
Eye and Vision Services Providers	867	869
Group	7750	8423
Hospital Units	10	10
Hospitals	552	576
Laboratories	245	245
Managed Care Organizations	30	30
Nursing & Custodial Care Facilities	1756	1809
Other Service Providers	2	2
Pharmacy Service Providers	2649	2649
Physician Assistants & Advanced Practice Nursing Providers	14689	16070
Podiatric Medicine & Surgery Service Providers	250	431
Residential Treatment Facilities	46	46
Respiratory, Developmental, Rehabilitative and Restorative	1883	1931
Respite Care Facility	24	24
Speech, Language and Hearing Service Providers	1715	1728
Student, Health Care	8	8
Suppliers	2019	3169
Transportation Services	441	474
<b>Total</b>	<b>71,472</b>	<b>79,994</b>

<sup>1</sup>This is a count of all NPI providers that have a claim in the SFY 2018.

## Average Enrollment by Program Aid Category SFY 2014-SFY 2018

EXHIBIT 9



## Total Expenditure by Category of Service SFY 2017-SFY 2018

EXHIBIT 10

Medicaid and NC Health Choice (ranked by SFY 2018 claims expenditure)							
Service Category	SFY 2017			SFY 2018			Cost Per Recipient Variance (vs. SFY 2017)
	Unduplicated Recipients	Claims Expenditure (\$M)	Cost Per Recipient	Unduplicated Recipients	Claims Expenditure (\$M)	Cost Per Recipient	
LME/MCO	1,865,167	\$2,629.3	\$1,409.7	1,913,680	\$2,694.0	\$1,407.8	-0.1%
Hospital Inpatient	241,412	2,470.3	10,232.9	239,224	2,633.3	11,007.8	7.6%
Skilled Nursing Facilities	45,316	1,232.9	27,207.7	42,885	1,286.8	30,006.9	10.3%
Physician	1,791,553	1,031.3	575.7	1,819,634	1,062.9	584.1	1.5%
Medicare Aid	-	849.2	N/A	-	902.5	N/A	N/A
Hospital Outpatient	697,110	740.7	1,062.5	732,571	767.4	1,047.5	-1.4%
Pharmacy	1,327,184	708.9	534.1	1,327,647	724.2	545.5	2.1%
Personal Care Services	48,115	418.5	8,697.2	44,695	450.5	10,079.3	15.9%
Dental	916,303	386.8	422.1	932,509	382.3	410.0	-2.9%
Hospital Emergency Dept.	603,885	387.5	641.6	584,387	374.1	640.2	-0.2%
Clinic	365,459	254.9	697.4	386,789	275.4	712.1	2.1%
CAP/DA	11,776	252.1	21,403.9	12,331	253.9	20,592.7	-3.8%
Durable Medical Equip.	240,281	214.8	893.7	245,388	231.3	942.5	5.5%
Home Health	25,599	142.2	5,554.7	22,182	224.0	10,098.9	81.8%
Licensed Non-Physician	80,884	152.7	1,887.6	100,353	167.3	1,667.4	-11.7%
Lab & X-Ray	485,910	112.3	231.1	491,423	117.4	238.8	3.3%
Ambulance	160,709	171.1	1,064.8	165,745	116.6	703.7	-33.9%
Health Check	727,196	96.1	132.1	743,067	91.2	122.7	-7.1%
PACE	1,986	73.3	36,906.5	2,720	76.5	28,121.8	-23.8%
Hospice	7,659	72.2	9,429.3	7,217	75.8	10,501.7	11.4%
NEM Transportation	-	60.2	N/A	50,800	61.6	1,212.3	N/A
CAP/C	2,408	98.1	40,736.1	2,555	54.2	21,228.2	-47.9%
Optical	280,672	27.1	96.4	284,462	28.2	99.1	2.8%
Ambulatory Surgery Ctr.	35,641	16.5	462.5	35,165	16.4	467.2	1.0%
Other	1,722,885	1,075.6	624.3	1,734,063	1,002.6	578.2	-7.4%
<b>Medicaid &amp; NC Health Choice Total</b>	<b>2,324,448</b>	<b>\$13,674.5</b>	<b>\$5,882.9</b>	<b>2,378,332</b>	<b>\$14,070.7</b>	<b>\$5,916.2</b>	<b>0.6%</b>

## Medicaid Expenditure by Category of Service SFY 2017-SFY 2018

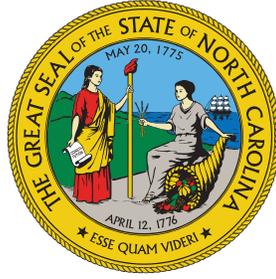
EXHIBIT 11

Medicaid (ranked by SFY 2018 claims expenditure)							
Service Category	SFY 2017			SFY 2018			Cost Per Recipient Variance (vs. SFY 2017)
	Unduplicated Recipients	Claims Expenditure (\$M)	Cost Per Recipient	Unduplicated Recipients	Claims Expenditure (\$M)	Cost Per Recipient	
LME/MCO	1,865,167	\$2,629.3	\$1,409.7	1,913,680	\$2,694.0	\$1,407.8	-0.1%
Hospital Inpatient	240,149	\$2,459.9	10,243.2	237,961	\$2,621.2	11,015.4	7.5%
Skilled Nursing Facilities	45,316	\$1,232.9	27,207.7	42,885	\$1,286.8	30,006.9	10.3%
Physician	1,695,071	\$996.3	587.8	1,719,126	\$1,030.4	599.4	2.0%
Medicare Aid	-	\$849.2	N/A	-	\$902.5	N/A	N/A
Hospital Outpatient	673,902	\$730.2	\$1,083.5	706,333	\$756.7	\$1,071.3	-1.1%
Pharmacy	1,246,805	\$645.5	517.7	1,245,122	\$658.5	528.9	2.2%
Personal Care Services	48,115	\$418.5	8,697.2	44,695	\$450.5	10,079.3	15.9%
Hospital Emergency Dept.	583,123	\$378.7	649.4	563,342	\$365.3	648.4	-0.2%
Dental	841,548	\$366.1	435.0	853,448	\$360.6	422.5	-2.9%
Clinic	352,401	\$252.0	715.1	372,036	\$270.3	726.5	1.6%
CAP/DA	11,776	\$252.1	21,403.9	12,331	\$253.9	20,592.7	-3.8%
Durable Medical Equip.	233,640	\$210.8	902.4	238,336	\$227.1	952.7	5.6%
Home Health	25,561	\$142.1	5,561.1	22,166	\$224.0	10,105.3	81.7%
Licensed Non-Physician	70,328	\$136.2	1,937.0	87,404	\$149.6	1,711.4	-11.6%
Ambulance	159,170	\$170.9	1,073.6	164,133	\$116.4	709.1	-33.9%
Lab & X-Ray	471,067	\$111.0	235.6	475,115	\$115.7	243.5	3.4%
Health Check	681,451	\$92.2	135.3	695,192	\$87.2	125.5	-7.3%
PACE	1,986	\$73.3	36,906.5	2,720	\$76.5	28,121.8	-23.8%
Hospice	7,658	\$72.2	9,429.2	7,217	\$75.8	10,501.7	11.4%
NEM Transportation	-	\$60.2	N/A	50,800	\$61.6	1,212.3	N/A
CAP/C	2,408	\$98.1	40,736.1	2,555	\$54.2	21,229.7	-47.9%
Optical	253,728	\$24.5	96.4	257,618	\$25.5	98.9	2.5%
Ambulatory Surgery Ctr.	34,802	\$16.0	\$458.4	34,406	\$16.0	\$464.1	1.2%
Other	1,722,397	\$1,065.4	618.5	1,733,584	\$991.9	572.2	-7.5%
<b>Medicaid Total</b>	<b>2,198,035</b>	<b>\$13,483.5</b>	<b>\$6,134.4</b>	<b>2,247,663</b>	<b>\$13,872.2</b>	<b>\$6,171.8</b>	<b>0.6%</b>

## NC Health Choice Expenditure by Category of Service SFY 2017-SFY 2018

EXHIBIT 12

NC Health Choice (ranked by SFY 2018 claims expenditure)							
Service Category	SFY 2017			SFY 2018			Cost Per Recipient Variance (vs. SFY 2017)
	Unduplicated Recipients	Claims Expenditure (\$M)	Cost Per Recipient	Unduplicated Recipients	Claims Expenditure (\$M)	Cost Per Recipient	
Pharmacy	80,379	\$63.4	\$788.7	82,525	\$65.7	\$795.8	0.9%
Physician	96,482	\$35.0	362.7	100,508	\$32.5	323.1	-10.9%
Dental	74,755	\$20.7	276.7	79,061	\$21.8	275.6	-0.4%
Licensed Non-Physician	10,556	\$16.5	1,558.8	12,949	\$17.8	1,370.9	-12.1%
Hospital Inpatient	1,263	\$10.4	8,265.2	1,263	\$12.1	9,561.5	15.7%
Hospital Outpatient	23,208	\$10.6	454.6	26,238	\$10.7	406.7	-10.5%
Hospital Emergency Dept.	20,762	\$8.8	422.8	21,045	\$8.9	422.5	-0.1%
Clinic	13,058	\$2.9	219.7	14,753	\$5.2	350.3	59.4%
Durable Medical Equip.	6,641	\$3.9	590.9	7,052	\$4.2	598.0	1.2%
Health Check	45,745	\$3.8	83.9	47,875	\$4.0	82.7	-1.4%
Optical	26,944	\$2.6	96.5	26,844	\$2.7	101.6	5.3%
Lab & X-Ray	14,843	\$1.3	88.9	16,308	\$1.7	102.0	14.8%
Ambulatory Surgery Ctr.	839	\$0.5	631.2	759	\$0.5	610.3	-3.3%
Ambulance	1,539	\$0.2	159.8	1,612	\$0.2	150.6	-5.7%
Home Health	38	\$0.0	1,237.7	16	\$0.0	1,165.9	-5.8%
Hospice	1	\$0.0	10,215.3	-	-	N/A	N/A
Medicare Aid	-	-	N/A	-	-	N/A	N/A
CAP/DA	-	-	N/A	-	-	N/A	N/A
NEM Transportation	-	-	N/A	-	-	N/A	N/A
PACE	-	-	N/A	-	-	N/A	N/A
Personal Care Services	-	-	N/A	-	-	N/A	N/A
Skilled Nursing Facilities	-	-	N/A	-	-	N/A	N/A
LME/MCO	-	-	N/A	-	-	N/A	N/A
CAP/C	-	-	N/A	-	\$(0.0)	N/A	N/A
Other	488	\$10.3	21,030.7	479	\$10.7	22,374.3	6.4%
<b>NC Health Choice Total</b>	<b>126,413</b>	<b>\$190.9</b>	<b>\$1,510.5</b>	<b>130,669</b>	<b>\$198.5</b>	<b>\$1,519.1</b>	<b>0.6%</b>



North Carolina

# Medicaid and NC Health Choice

Annual Report for State Fiscal Year 2018  
July 1, 2017 - June 30, 2018

