



# **NC Medicaid's Recently Renewed 1115 Waiver Post-approval Forum**

May 21, 2025

# Agenda

- Vision and Goals for North Carolina 1115 Demonstration Renewal
- Overview of Demonstration Renewal Initiatives
- Q&A

# **Vision and Goals for North Carolina 1115 Demonstration Renewal**

Katie Horneffer

Associate Director, Strategy and Planning

NC Medicaid

# Context for 1115 Demonstrations

**Section 1115 of the Social Security Act gives the Health and Human Services Secretary authority to approve experimental, pilot, or demonstration projects that are likely to further the goals and objectives of the Medicaid program.**

- Section 1115 demonstrations provide states additional flexibility to waive certain components of federal Medicaid law and make changes to the way they operate their Medicaid program.
- Section 1115 demonstrations are time-limited and are intended to demonstrate and evaluate policy approaches not otherwise allowed under Medicaid program rules
- Section 1115 demonstrations provide federal expenditure authority, meaning states can draw down federal funds to match state expenditures
- States have used 1115 waivers to implement a wide range of programmatic changes, including changes to eligibility, benefits, delivery systems and cost sharing
- Demonstrations are generally approved for an initial five-year period and can be extended for up to an additional five years

Waivers must:

- ✓ Be approved by the Secretary
- ✓ Be budget neutral
- ✓ Promote the objectives of Medicaid
- ✓ Receive stakeholder input during development process

# Vision and Goals for North Carolina 1115 Demonstration Renewal



## History of Medicaid Reform Demonstration

- In October 2018, North Carolina received federal approval to significantly transform its Medicaid program through the [Medicaid Reform Section 1115 Demonstration](#).
- During the first demonstration period, North Carolina began its transition to managed care and invested in novel programs, like the Healthy Opportunities Pilots (HOP), to better respond to the diverse needs of North Carolinians enrolled in NC Medicaid.
- North Carolina is ready to build on early successes and lessons learned to continue this progress over the next five years.



## Overarching Goal for Demonstration Renewal

- In October 2023, North Carolina submitted a request to the Centers for Medicare & Medicaid Services (CMS) to renew its Section 1115 demonstration for another five-year period.
- North Carolina received approval from CMS in December 2024.
- The goal of the demonstration is to improve health and well-being for all North Carolinians through a whole person, well-coordinated system of care that addresses both medical and non-medical drivers of health and advances health access.
- NC Medicaid will work with the General Assembly and Governor Stein to align on the option to implement changes under the waiver and to secure state funds.

# Overview of Demonstration Renewal Initiatives

Katie Horneffer

Associate Director, Strategy and Planning

NC Medicaid

# Overview of Proposed Initiatives in 1115 Demonstration Renewal

North Carolina received federal approval for its 1115 demonstration renewal Dec. 10, 2024. NC Medicaid will work with the General Assembly and Governor Josh Stein to align on the opportunity to implement these initiatives. Implementation is dependent on the availability of state funds to leverage federal matching funds.



## Extension with No Changes

- Substance use disorder (SUD)
- Managed care



## Extension with Refinements

- Home and Community-Based Services under 1915(i)
- Healthy Opportunities Pilots (HOP)



## New Initiatives

- Pre-release services for the reentry population
- Investments to bolster behavioral health and LTSS workforce
- Investments in behavioral health technology
- Continuous eligibility for children and youth

# **Extensions of Initiatives Approved in the Original Demonstration**

Katie Horneffer

Associate Director, Strategy and Planning

NC Medicaid

# Substance Use Disorder (SUD)

The original 1115 demonstration included a waiver of the institution for mental disease (IMD) exclusion for SUD treatment to expand access to the full continuum of SUD care. In October 2023, North Carolina received a temporary 12-month extension of its SUD waiver authority to align effective dates across all demonstration components.



## Extension with No Changes

**North Carolina received federal authority to extend this authority for another five years with no changes to the existing SUD waiver.**

Under the demonstration, beneficiaries have access to high quality, evidence-based opioid use disorder (OUD) and other SUD treatment services ranging from medically supervised withdrawal management to ongoing chronic care for these conditions in cost-effective settings while also improving care coordination and care for comorbid physical and mental health conditions.

# NC Medicaid Managed Care

North Carolina received federal authority to complete its managed care implementation and ensure a continued, smooth transition inline with NC Medicaid's goals to advance high-value care, improve population health, engage and support members and providers and establish a sustainable program with predictable costs.



## Extension with No Changes

**North Carolina received federal approval to extend this authority for another five years with no changes. North Carolina will continue the following managed care implementation efforts in a phased approach:**

- Standard Plans: Integrated physical health, behavioral health, long term services and supports (LTSS) and pharmacy services for most members. Launched July 2021.
- Tailored Plans: Specialized behavioral health and I/DD services for members with I/DD, TBI and/or more serious behavioral health disorders. Launched July 2024.
- Children and Families Specialty Plan: Physical health, behavioral health, pharmacy, LTSS, and I/DD services and resources for children, youth and families served by the child welfare system. Will launch in December 2025.

# **Refinements to Initiatives Approved in Original Demonstration**

Katie Horneffer

Associate Director, Strategy and Planning

NC Medicaid

Maria Perez

Associate Director, Healthy Opportunities

NC Medicaid

# 1915(i) Services

To ensure access to critical supports to home and community-based services, North Carolina received federal authority for 1915(i) benefits previously approved under other authority.

## 1915(i) Overview

1915(i) allows states to design home and community-based service packages targeted for people with specific needs, including special services for those who have developmental disabilities, physical disabilities, mental illness or substance use disorders.



### Refinements to Existing Initiatives

North Carolina received federal authority for 1915(i) services for beneficiaries transitioning out of an institution for mental diseases (IMD).

*North Carolina is simultaneously leveraging another state authority to allow eligibility for 1915(i) services for individuals under 150% FPL.*

# Healthy Opportunities Pilots: Current State

The Healthy Opportunities Pilots (HOP) is a first-in-the-nation program to test and evaluate the impact of providing evidence based, non-medical interventions to qualifying individuals.

## Overview of Current HOP Program

- **Eligibility:** Medicaid enrollees must live in one of the three regions where HOP operates and have at least one qualifying physical or behavioral health condition, and one qualifying social risk factor to receive HOP services.
- **Services:** HOP services currently include non-medical services selected based on their potential to improve health outcomes, lower health care costs and address the needs of qualifying enrollees.
- **Stakeholders:** A diverse set of partners have collaborated to operationalize HOP, including:
  - North Carolina Department of Health and Human Services
  - NC Medicaid Managed Care health plans
  - Care managers
  - Network Leads – new care hub organizations
  - Human service organizations - social service providers and community-based organizations
- **Success to Date:** Early evaluation findings show HOP services are delivered effectively and are associated with improvements in social needs, decreased emergency department and inpatient utilization and lower total cost of care.

# Healthy Opportunities Pilot: Required Program Updates and Possible Opportunities

Building on HOP infrastructure, experience and successes to date, North Carolina received federal authority to renew the Healthy Opportunities Pilots and expand the model across the state. NC Medicaid will work with the General Assembly and Gov. Stein to align on the opportunity to implement these changes, including securing state funding.

## Refinements to Existing Initiatives \*

- North Carolina received federal authority to provide HOP services that address social care needs across three domains (housing, food and IPV/toxic stress)
- North Carolina will be required to make multiple compliance-related changes to the current model including:
  - Changes to services (i.e., no longer cover lead abatement or transportation as a standalone service)
  - Changes to eligibility criteria (i.e., no longer able to use ACEs as qualifying criteria - new “at risk of homelessness” def)
  - Operational modifications (i.e., increase reporting and new approach to manage service spending)
- North Carolina received federal authority for the following opportunities to expand HOP:
  - Permit HOP to expand statewide
  - Add two new HOP services (transitional rent and/or utilities assistance for six months for qualifying members) and expand certain services (three meals per day, up from two meals per day)
  - Expand eligibility criteria to include all pregnant individuals and individuals with one (instead of two) chronic conditions
- North Carolina received federal authority for additional capacity building funding to support these changes.

*\* Program expansions are on hold pending legislative support and funding*

## **New Initiatives**

Reentry

Continuous Eligibility for Children and Youth

Sarah Gregosky

Chief Operating Officer, NC Medicaid

# Reentry Initiative: Overview

To improve health outcomes, ensure continuity of care and support reentry into the community for the reentry population, North Carolina received federal authority to provide a set of targeted pre-release Medicaid services in line with recently issued CMS guidance for such demonstrations.



## New Initiative: Reentry Initiative

North Carolina received federal authority for following targeted pre-release Medicaid services in the 90-day period prior to release for all otherwise Medicaid eligible incarcerated adults and youth. Mandatory services at program launch would include:

- ✓ Care management
- ✓ Medications for opioid use disorder and medications for alcohol use disorder
- ✓ Minimum of 30-day supply of medications in-hand upon release

Additional services that are proposed to be phased in based on facility readiness to implement are:

- ✓ Practitioner office visits
- ✓ Laboratory and radiology services
- ✓ Prescribed drugs and medication administration (prior to release)
- ✓ Tobacco cessation treatment services
- ✓ Medical equipment and supplies upon release

State prisons, youth correctional facilities and county and tribal-operated jails would be eligible to participate in the Reentry Initiative, phasing in based on readiness.

North Carolina has federal authority to leverage capacity building funding to support implementation of pre-release services across correctional facilities.

# Reentry Initiative: Implementation Update

NC Medicaid has engaged partners in program design decisions while working to secure funding to support the state share of this initiative.



## New Initiative: Reentry Initiative

The NC Medicaid Reentry Initiative would build on a range of critical investments DHHS has made to improve care for individuals in contact with the justice system, including Division of Adult Corrections Priority Reentry, NC Formerly Incarcerated Transitions program, the Juvenile Justice Behavioral Health Partnerships and the provision of MOUD in jails, among others. High-level overview of work completed to date:

- Initial design decisions have been made regarding eligibility and enrollment policy, care management strategy and other benefits including a capacity building approach.
- Developed community and partner engagement plan to share design decisions after state budgetary authority is confirmed. Engagement will include the release of a policy paper, a Stakeholder Road Show, webinars and advisory groups to obtain feedback on design and implementation.
- Submitted Implementation Plan and Reinvestment Plan to CMS in April 2025.
- Updated policy to suspend Medicaid coverage during incarceration in county jails, in line with CMS requirements.

*Implementation timeline is dependent on availability of state funds.*

# Continuous Eligibility for Children and Youth

To prevent disruptions in care, promote health disparity and reduce administrative burden for the state, counties and families, North Carolina received federal authority to provide continuous eligibility for children and youth in NC Medicaid.



## New Initiative: Continuous Eligibility

North Carolina received federal authority to provide continuous Medicaid eligibility:

- For children ages 0 through 5 through 6<sup>th</sup> birthday
- 24-month continuous eligibility for children ages 6 through 18 (extends the existing 12-month period for this group)

Eligibility would generally not be redetermined for the duration of the continuous eligibility period outside of specific exceptions and changes in circumstances in alignment with continuous eligibility waivers approved by CMS for other states. The state would terminate eligibility in the cases of an individual's death, moving out of state, the individual requests termination or fraud/abuse.

This policy will apply to all children, excluding medically needy children.

NC Medicaid will implement this policy for some eligibility groups beginning July 2025 and for remaining eligibility groups beginning Summer 2026.

## **New Initiatives**

### **Workforce Programs Overview**

### **Behavioral Health Workforce Loan Repayment Program**

Saarah Waleed

Chief Clinical Officer, Substance Use Prevention Treatment and Recovery

NC Division of Mental Health, Developmental Disabilities and Substance Use Services

### **Behavioral Health Workforce Recruitment and Retention Program**

Tina Barrett

Assistant Director, I/DD

NC Division of Mental Health, Developmental Disabilities and Substance Use Services

### **Behavioral Health and I/DD Technology Initiative**

Katie Horneffer

Associate Director, Strategy and Planning

NC Medicaid

# Behavioral Health and Long Term Services and Supports Workforce Initiatives

To improve access to behavioral health and long term services and supports (LTSS), reduce strain on health care delivery systems, North Carolina received federal authority to invest in and support behavioral health, I/DD and LTSS workforce recruitment and retention.

## **New Initiative: Behavioral Health Workforce**

North Carolina received federal authority to expand the behavioral health student loan repayment program to support additional professionals statewide including:

- Master's-level licensed clinicians (or above), bachelor's level behavioral health professionals and registered nurses, nurse practitioners and physician assistants who care for Medicaid enrollees, people receiving services via IHS, and other under-resourced populations
- Payments may be used to repay eligible clinician's student loans; level of loan repayment will vary based on the clinician's degree

North Carolina received federal authority to provide recruitment and retention payments for certain behavioral health, I/DD and LTSS professionals:

- Eligible providers include Paraprofessionals, Direct Support Professionals and other certified professionals (i.e., Peer Support Specialists, Family Partners, Community Health Workers, Substance Abuse Prevention Specialists, Alcohol and Drug Counselors, Clinical Supervisors) who provide behavioral health, I/DD, and LTSS services to Medicaid beneficiaries and the uninsured
- Recruitment and retention payments may be used for sign-on/retention bonuses, career advancement training and certification/recertification exam fees

# Behavioral Health Workforce Loan Repayment Program: Implementation Update

NC Division of Mental Health, Developmental Disabilities and Substance Use Services is leading the implementation of the loan repayment program for the behavioral health workforce.

## **New Initiative: Behavioral Health Workforce**

The Behavioral Health Loan Repayment Initiative is designed to expand access to student loan repayment programs for behavioral health professionals across North Carolina and support the repayment of eligible clinician student loans.

Below is a summary of key activities and milestones completed to date:

- Requirement Gathering: Completed initial requirements gathering for the Loan Repayment Program, aligned with North Carolina's 1115 Waiver extension and Special Terms and Conditions (STCs).
- RFP Development: Finalized the initial draft of the Request for Proposal scope and associated requirements for program implementation.
- Partnership Exploration: In active discussions with the UNC School of Social Work to explore administrative and deployment partnership opportunities. Design and discovery meetings are currently in progress.
- MOA Development: Initiated development of a Memorandum of Agreement (MOA) with the Office of Rural Health to support collaboration and fund transfers related to Provider Recruitment and Incentives investments.

# Behavioral Health Workforce Recruitment and Retention Program: Implementation Update

NC Division of Mental Health, Developmental Disabilities and Substance Use Services is leading the implementation for the recruitment and retention program for the behavioral health workforce. They are adapting their existing program to meet 1115 requirements.


## **New Initiative: Behavioral Health Workforce**

As a part of the NC Direct Support Professionals (DSPs) Recruitment and Retention Incentives, programmatic updates include:

- Applications will be divided between two rounds of application and funding disbursement.
- Applications for Round 2 launched April 29, 2025, and will remain open until May 27, 2025. Disbursement will follow review and assessment.
- Applications for Round 3 are planned for launch in Summer/Fall 2025.
- Program participants, providers or agencies that provide I/DD services and employ DSPs have the option of how they will implement the programs to best address their specific workforce needs, but all programs will be approved and monitored by DMHDDSUS.
- Program participants have the option of qualified DSPs that they choose to participate in the program, (i.e., full-time only, full-time and part-time or part-time only).
- All beneficiaries (DSPs) will be required to make a 3-year service commitment to participate in the program.

# Behavioral Health and Intellectual or Developmental Disability Technology Initiative

To improve the coordinated system of care for people with behavioral health and I/DD needs, North Carolina received federal authority to invest in behavioral health technology and related technical assistance for behavioral health, I/DD, and TBI service providers who have not accessed support through other initiatives (i.e., HITECH funding).  
Implementation is dependent on availability of state funds.



## New Initiative: Behavioral Health and I/DD Technology Investments

North Carolina received federal authority to provide incentive payments for Health Information Technology (HIT) for behavioral health and I/DD providers:

- Eligible practices would include behavioral health, SUD and I/DD provider practices that serve Medicaid beneficiaries and did not receive incentive payments under the Health Information Technology for Economic and Clinical Health Act.
- Incentive payments for provider adoption and use of Electronic Health Record (EHR) systems, connection with the NC Health Information Exchange HealthConnex, connection with NC’s statewide behavioral health crisis inpatient bed registry and related training/technical assistance.

North Carolina received federal authority to provide incentive payments for use of technology and related technical assistance to expand schools’ health and health-related capabilities:

- Eligible schools would include North Carolina Title I middle and high schools, tribal-operated schools and behavioral health and I/DD specialty schools
- Incentive payments to eligible schools to connect to and use existing technology (e.g., statewide school EHR system) and related technical assistance to expand school’s health and health-related capabilities

# Questions/Comments

# More Information

For more information, please visit these resources:

## Application

- [Approval Letter](#)
- [Renewal Application](#)
- [Previously Approved Application](#)