

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Notice for Section 1115 Waiver Amendment

4/22/2022

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

North Carolina's current waiver approval authorizes significant transformations of North Carolina's Medicaid delivery system through a mandatory managed care program, the Healthy Opportunities Pilots (formerly known as the "Enhanced Case Management and Other Services Pilot Program") and a waiver of the institution for mental diseases (IMD) exclusion for substance use disorder treatment. The mandatory managed care program offers three types of integrated prepaid health plans including:

- **Standard Plans** targeted to the majority of the Medicaid population, which launched in July 2021;
- **Behavioral Health Intellectual/Development Disability Tailored Plans** (Behavioral Health I/DD Tailored Plans) targeted to individuals with significant behavioral health needs, intellectual/developmental disabilities and traumatic brain injuries, which is scheduled to launch in 2022; and
- **The Children and Families Specialty Plan** (formerly known as the "Specialized PHP for children in foster care" and also "Specialized Plan for Children in Foster Care and Formerly in Foster Care"), which will launch after obtaining legislative authority.

In January 2022, the State submitted a separate waiver amendment, which proposed to change the demonstration's end date, adjust the coverage approach under the Behavioral Health I/DD Tailored Plans, modify implementation details of the Healthy Opportunities Pilots (including expanding eligibility to certain additional populations), and exclude the COVID-19 testing group from mandatory managed care.

The State is seeking to further amend its 1115 demonstration to make targeted changes to the eligibility and delivery system for families being served by the North Carolina child welfare system (Child Placement Services and Child Protective Services).

Overview of Key Amendment Requests

The State is proposing to amend its 1115 demonstration with the following changes:

- Extending Medicaid eligibility to parents¹ of children/youth in foster care who are making reasonable efforts to comply with a court-ordered plan of reunification, allowing them to maintain coverage while the child/youth is in foster care; and
- Expanding eligibility for the Children and Families Specialty Plan to include certain Medicaid-eligible parents, custodians and guardians of children/youth in foster care (i.e., those described in the previous bullet); siblings of children/youth in foster care; certain family members receiving Child Protective Services (CPS) In-Home Services; minor children of children/youth in foster care and those receiving adoption assistance; and minor children of former foster youth.

¹ Section 9D.14 of S.L. 2021-180 authorized ongoing coverage for parents of children in foster care but did not include caretaker relatives. The State is seeking authority in the upcoming legislative session to include caretaker relatives in the ongoing coverage. For purposes of this public notice, "parent" includes caretaker relative, pending legislative authority.

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

Enrollment and Expenditure Projections

The table below provides estimated enrollment and projected expenditures for the proposed expansion of eligibility to parents of children entering the foster care system.

Table 1: Estimated Expenditures²

	Demonstration Year (DY) 01 (07/21 – 06/22)	DY 02 (07/22 – 06/23)	DY 03 (07/23 – 06/24)	DY 04 (07/24 – 06/25)	DY 05 (07/25 – 06/26)	5-Year Total
Estimated Members	0	5,000	5,075	5,151	5,228	20,455
Estimated Aggregate Expenditures	\$0	\$95,150,895	\$101,213,910	\$107,663,260	\$114,523,563	\$418,551,629

The enrollment estimates for individuals who will be eligible in this group reflect the number enrolled at full ramp up. The expenditures were estimated by taking the approved waiver cost per eligible for the TANF Adult population and adjusting it upward to account for the expected increased behavioral health needs of this new population. This was done by utilizing estimated cost differentials between Standard Plan and anticipated Behavioral Health I/DD Tailored Plan populations.

Waiver and Expenditure Authorities

Table 2 below lists the additional waivers and expenditure authorities that North Carolina is seeking to support the policies described above.

Table 2: Waiver Authorities Requested

Policy	Waiver/Expenditure Authority	Statutory and Regulatory Citation
Expand Medicaid eligibility to parents of children in the foster care system.	Expenditure authority	Section 1115(a)(2)

Hypotheses and Evaluation Approach

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

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

North Carolina’s requests to extend Medicaid eligibility to parents of children in the foster care system and expand eligibility for the Children and Families Specialty Plan seek to advance each of the three

² These estimates include the number of parents expected to enroll in the demonstration and does not indicate the full number of individuals eligible for Children and Family Specialty Health Plan.

goals above for family members of children/youth in foster care. Each of these goals can be evaluated under their related hypotheses as described in the State's current waiver approval.

North Carolina proposes adding the following hypotheses specific to the provisions requested as part of this amendment:

- Extending Medicaid eligibility to parents of children in the foster care system will increase rates of Medicaid coverage for parents of children in the foster care system, thereby reducing a critical barrier to care.
- Extending Medicaid eligibility to parents of children in the foster care system will maintain access to care for parents with SUD and those who were recently released from the criminal justice system.
- Expanding eligibility for the Children and Families Specialty Plan to family members will increase rates of Medicaid utilization for eligible family members and shorten the amount of time children with enrolled family members spend in the foster care system.
- Expanding eligibility for the Children and Families Specialty Plan to families receiving CPS In-Home Services will reduce the frequency at which enrolled children/youth enter the foster care system.

Opportunities for Public Input

Electronic copies of this public notice, the proposed amendment and public comments related to the amendment are available on the North Carolina Department of Health and Human Services Medicaid website at [medicaid.ncdhhs.gov/more-information](https://www.ncdhhs.gov/more-information). Physical copies of the proposed amendment and copies of public comments related to the amendment are available to the public at:

North Carolina Department of Health and Human Services
Adams Building, Dix Campus
101 Blair Drive
Raleigh, NC 27603

Written comments may be sent to the following address; please indicate "NC Section 1115 Waiver" in the written message:

North Carolina Department of Health and Human Services
NC Medicaid Section 1115 Waiver Team
1950 Mail Service Center
Raleigh NC 27699-1950

Comments may also be emailed to Medicaid.NCEngagement@dhhs.nc.gov. Please indicate "NC Section 1115 Waiver" in the subject line of the email message.

To be assured consideration prior to submission of this amendment, comments must be received by 5 p.m. (ET) on May 23, 2022.

North Carolina will also host two public hearings to seek input regarding the amendment. Hearings will be held virtually on Tuesday, May 3, 2022, at 2 p.m. (ET) and Monday, May 9, 2022, at 3 p.m. (ET) via Microsoft Teams. The public hearings will include presentations describing the proposed changes and opportunities for public testimony.

