



FACT SHEET

North Carolina Medicaid Reform: Section 1115 Demonstration Renewal Request

August 2023

Vision and Goals for North Carolina Section 1115 Medicaid Reform Demonstration

In October 2018, North Carolina received federal approval to significantly transform its Medicaid program through the [Medicaid Reform Section 1115 Demonstration](#).

North Carolina is seeking to renew its Medicaid Reform Demonstration for another five-year period 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 by reducing disparities for historically marginalized populations.

North Carolina is requesting: 1) extensions of ongoing managed care authorities; 2) an expansion of and refinements to the Healthy Opportunities Pilot program, building on successes to date; and 3) implementation of four new initiatives focused on streamlining Medicaid enrollment for children and youth, improving care for justice-involved individuals, and investing in behavioral health, in line with the State's overarching goals.

Detailed information on the demonstration renewal request and instructions for how to submit public comments can be found in the proposed renewal application and notice for public comment at medicaid.ncdhhs.gov/meetings-notices/proposed-program-design/nc-section-1115-demonstration-waiver.

Ongoing Medicaid Transformation Efforts to be Continued

Managed Care

During the first demonstration period, North Carolina began its transition to managed care and undertook significant efforts to transform its Medicaid program to better respond to the diverse needs of North Carolinians who are enrolled in Medicaid.



Demonstration Renewal Request: To support a smooth transition to managed care with a focus on improving care for Medicaid enrollees with the most complex needs, North Carolina is seeking authority to:

- Continue to provide integrated whole-person, well-coordinated care for the majority of Medicaid enrollees through ongoing implementation of **Standard Plans**
- Provide integrated care for individuals with serious mental illness, serious emotional disturbance, severe substance use disorder (SUD), intellectual and developmental disabilities (I/DD), and/or traumatic brain injury (TBI), through the launch of **Behavioral Health and I/DD Tailored Plans**
- Provide integrated care to address the complex needs of youth and families served by the child welfare system through the implementation of the **Children and Families Specialty Plan**
- Continue to reduce incidence of opioid use disorder (OUD)/SUD by providing Medicaid coverage for individuals obtaining **short-term residential services for SUD** in an institution for mental disease (IMD)
- Expand access to critical **home- and community-based services** offered to Medicaid enrollees with significant behavioral health needs, I/DDs, and TBI

Expansion and Refinements to Healthy Opportunities Pilot Program

Healthy Opportunities Pilot

The Healthy Opportunities Pilot (HOP) is a first-in-the-nation comprehensive program to test and evaluate the impact of providing evidence-based, non-medical interventions that address housing instability, transportation insecurity, food insecurity, interpersonal violence (IPV) and toxic stress to qualifying Medicaid enrollees.¹



Demonstration Renewal Request: Building on HOP infrastructure, experience, and successes to date, North Carolina is seeking authority to renew all prior features of HOP and expand the program to North Carolinians across the state by:

- Expanding HOP statewide, including by procuring additional Network Leads in new regions
- Scaling certain existing Pilot services as part of statewide expansion
- Adding firearm safety services, expanding food services to include three meals/day, and increasing the length of time an individual can receive rental assistance to from one to six months
- Expanding eligibility criteria to allow more people to access Pilot services
- Seeking \$300 million in additional capacity building funds to support expansion of the Pilots statewide

For more information on the HOP renewal requests, see the [“North Carolina Medicaid Reform: Healthy Opportunities Pilot”](#) fact sheet.

New Initiatives in Demonstration Renewal

To complement the existing features of the current demonstration, North Carolina is seeking authority for the following four new initiatives focused on streamlining Medicaid enrollment for children and youth, improving care for justice-involved individuals, and investing in behavioral health.

Justice-Involved Reentry

In North Carolina, justice-involved individuals—people who are incarcerated in jails, youth correctional facilities or prisons—are at higher risk for poor physical and behavioral health outcomes and are disproportionately identified as having HRSN.² Justice-involved individuals are particularly vulnerable during the period immediately following release from a correctional setting.³



Demonstration Renewal Request: To improve health outcomes, ensure continuity of care, and support reentry into the community for justice-involved individuals, North Carolina is requesting authority to provide a set of targeted pre-release Medicaid services within the 90-day period prior to release from a participating correctional setting.

- Eligible individuals will, at a minimum, be able to access the following three services:
 - Case management
 - Medication-assisted treatment (MAT)
 - 30-day supply of prescription medication upon release
- In addition to the above three services, the following additional services will be phased in over the course of the demonstration period based on readiness to implement:
 - Physical and behavioral health clinical consultations
 - Laboratory and radiology services
 - Medications and medication administration
 - Tobacco cessation treatment services
 - Durable Medical Equipment (DME) upon release
- Request \$315 million total computable in capacity building funds to support service delivery and cross-system implementation efforts for this initiative

For more information on the proposed justice-involved reentry initiative, see the [“North Carolina Medicaid Reform: Justice-Involved Reentry Initiative”](#) fact sheet.

Continuous Enrollment for Children and Youth

Nationally, approximately four in ten children eligible for Medicaid/Children’s Health Insurance Program (CHIP) who are disenrolled, are re-enrolled within one year, also known as “churn.”⁴ This temporary loss in coverage can lead to gaps in care during critical periods of child development as well as administrative confusion and complexity.



Demonstration Renewal Request: To prevent disruptions in care, promote health equity, and reduce administrative burden for the state, counties, and families, North Carolina is requesting authority to provide continuous enrollment in Medicaid for children and former foster care youth:

- Implement continuous coverage for young children through age 5
- Extend the continuous enrollment period to 24 months for children ages 6-18
- Offer continuous enrollment to certain youth who have aged out of foster care and for whom continuous coverage does not already apply

Investments in Behavioral Health Technology

Behavioral health concerns—further exacerbated by the COVID-19 pandemic—are a significant and growing issue in North Carolina. Nationally, North Carolina is ranked within the bottom ten states for youth mental health, largely due to inadequate access to care and lack of adequate insurance coverage for mental health.⁵



Demonstration Renewal Request: To improve the coordinated system of care for people with behavioral health and I/DD needs, North Carolina is requesting authority to invest in behavioral health technology and related technical assistance for behavioral health, I/DD and TBI service providers. North Carolina is requesting \$45 million in total funding to:

- Provide health information technology (HIT) grants to providers who serve behavioral health patients
- Invest in technology to support school health and health-related capabilities for North Carolina Title I middle and high schools

Investments in Behavioral Health Workforce

North Carolina's workforce lacks the capacity to address the state's growing behavioral health crisis and to meet the needs of people with intellectual and developmental disabilities and those in need of long-term services and supports. As of 2021, more than 2.6 million North Carolinians resided in a community without sufficient mental health professionals.⁶



Demonstration Renewal Request: To improve access to behavioral health services and long-term services and supports (LTSS) and reduce strain on healthcare delivery systems, North Carolina is requesting authority to invest in and develop the behavioral health workforce. North Carolina is requesting \$70 million in total funding to:

- Expand the state's behavioral health student loan repayment program to support behavioral health professionals who provide care to Medicaid enrollees.
- Provide recruitment and retention payments for direct support professionals and other behavioral health professionals who serve Medicaid beneficiaries.

¹ North Carolina Department of Health and Human Service, [Healthy Opportunities Pilots](#). 2023

² [Correctional Program Evaluation](#). 2019

³ [The Commonwealth Fund](#). September 2022

⁴ Medicaid and CHIP Payment and Access Commission. [An Updated Look at Rates of Churn and Continuous Coverage in Medicaid and CHIP](#). 2021

⁵ Reinert, M., T. Nguyen, and D. Fritze, [The State of Mental Health in America 2022](#). 2022, Mental Health America: Alexandria VA

⁶ National Alliance on Mental Illness. [North Carolina Fact Sheet](#)