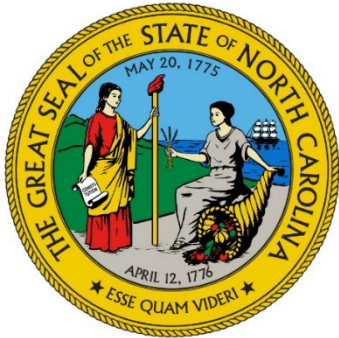


**NC Department of Health and Human Services  
Division of Health Benefits (NC Medicaid)**



## **North Carolina Medicaid Reform Section 1115 Demonstration Renewal Public Hearing**

**Emma Sandoe, PhD, MPH  
Deputy Director, Medicaid Policy**

**Julia Lerche, MSPH, FSA, MAAA  
Chief Strategy Officer and Chief Actuary**

**Maria Ramirez Perez, MPH  
Pilot Program Manager, Healthy Opportunities**

**Carrie Brown, MD  
Chief Psychiatrist  
Deputy Chief Medical Officer, NCDHHS**

**Medical Care Advisory Committee (MCAC) Meeting -- September 15, 2023**

# Agenda

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- **Vision and Goals for North Carolina 1115 Demonstration Renewal**
- **Overview of Demonstration Renewal Request**
  - Extensions of Ongoing Initiatives
  - Refinements of Ongoing initiatives
  - New Initiatives
- **Preliminary Evaluation Plan**
- **Timeline and Next Steps**
- **Public Comment**

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# Vision and Goals for North Carolina 1115 Demonstration Renewal

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# Context for 1115 Demonstrations

CMS can approve requests from states to “waive” certain requirements and spend Medicaid funds in ways that do not conform to federal requirements.

Section 1115 of the Social Security Act gives the Health and Human Services Secretary authority to approve state Medicaid demonstrations. They are time-limited and intended to demonstrate and evaluate policy approaches not otherwise allowed under Medicaid program rules.

## Examples of Medicaid Demonstrations:

- Eligibility/Enrollment – Authority to expand eligibility; authority to make certain populations (e.g., children) continuously eligible regardless of changes in circumstances
- Benefits – Authority to target/narrow benefits or provide new benefits to specific populations (e.g., provide pre-release services to people in carceral settings)
- Financing – Authority to draw down federal match for costs not otherwise Medicaid matchable (e.g., targeted investments or “pools” of funding)

### 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

North Carolina's current 1115 demonstration expires on Oct. 31, 2024; therefore, the State is preparing to submit a request to the Centers for Medicare and Medicaid Services (CMS) by Oct. 31, 2023, to renew the demonstration for another five-year period.

## 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 who are enrolled in Medicaid.
- North Carolina is now ready to build on early successes and lessons learned to continue this progress over the next five years.

## Overarching Goal for Demonstration Renewal

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.

# Public Comments

The public is invited to make comments on the  
NC Medicaid Reform Demonstration renewal application.

To be assured consideration prior to submission of the demonstration renewal  
request, comments **must be received by 5 p.m., Sept. 20, 2023.**

- Written comments may be sent to the following address  
(please add “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 be emailed to [Medicaid.NCEngagement@dhhs.nc.gov](mailto:Medicaid.NCEngagement@dhhs.nc.gov)  
(please add “NC Section 1115 Waiver” in the subject line of the message)
- Electronic copies of the public notice and full application can be found at:  
[medicaid.ncdhhs.gov/meetings-notices/proposed-program-design/nc-section-1115-demonstration-waiver](https://medicaid.ncdhhs.gov/meetings-notices/proposed-program-design/nc-section-1115-demonstration-waiver)

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# Overview of Demonstration Renewal Request

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# Proposed Initiatives in 1115 Demonstration Renewal

North Carolina is requesting the following in its demonstration renewal application: extensions of ongoing initiatives that were approved for the original 1115 demonstration, refinements of ongoing initiatives and select new waiver initiatives.



## 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 justice-involved individuals
- Investments to bolster behavioral health and Long-Term Service and Supports (LTSS) workforce
- Select behavioral health technology investments
- Continuous enrollment for children

Improving health access is at the center of both the broader Medicaid managed care program and the new initiatives the State will include in its 1115 waiver renewal.

\*SUD waiver extension request was submitted on June 14, 2023.



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# Extensions of Initiatives Approved in Original Demonstration with No Changes

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# Substance Use Disorder (SUD)

To reduce incidence of opioid use disorder (OUD)/SUD, North Carolina is requesting continued authority to provide Medicaid coverage for individuals obtaining short-term residential services for SUD in an institution for mental diseases (IMD).



## Extension with No Changes

North Carolina has submitted a request to CMS to extend this authority for another five years. North Carolina is not seeking any changes to the existing SUD waiver.

- Under the demonstration, beneficiaries have access to high-quality, evidence-based 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.
- The State intends to align effective dates across all demonstration components during the next demonstration period.

The current 1115 demonstration includes a waiver of the IMD exclusion for SUD treatment to expand access to the full continuum of SUD care. The current SUD waiver is effective Jan. 1, 2019, through Oct. 31, 2023. North Carolina has already submitted a request to renew this component of the demonstration.

# Managed Care

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 continued authority to implement Standard Plans and launch Tailored Plans and the Children and Families Specialty Plan.



## Extension with No Changes

Extend the authorities to 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 the majority of members. Launched in July 2021.
- **Tailored Plans:** Specialized behavioral health and intellectual and developmental disabilities (I/DD) services for members with I/DD, traumatic brain injury (TBI) and/or more serious behavioral health disorders. Expected to launch calendar year 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. Expected to launch in late 2024 or 2025.

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# Refinements to Initiatives Approved in Original Demonstration

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# Home and Community-Based Services under 1915(i)

To broaden access to critical supports to home and community-based services, North Carolina is seeking authority to expand 1915(i) benefits previously approved under other authority.

## Overview of 1915(i)

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



### Refinements to Existing Initiatives

Expand eligibility for 1915(i) benefits to maintain eligibility levels under 1915(b)(3) for both Tailored Plan and Prepaid Inpatient Health Plan (PIHP) members, specifically:

- Allow individuals > 150% of the Federal Poverty Level (FPL) to be eligible for 1915(i) services

Request expenditure authority for 1915(i) transition services for members transitioning out of an institution for mental diseases (IMD)

# Healthy Opportunities Pilots (HOP): Overview of Program

HOP is a first-in-the-nation program to test and evaluate the impact of providing evidence-based, non-medical interventions.

## Overview of HOP

- **Eligibility:** Medicaid enrollees must live in one of the three regions HOP operates, have at least one qualifying physical or behavioral health condition and one qualifying social risk factor to receive Pilot services
- **Services:** Pilot services include 29 non-medical services selected based on potential to improve health outcomes, lower health care costs and address the needs of qualifying enrollees.
- **Stakeholders:** Diverse set of partners have collaborated to operationalize HOP, including:
  - North Carolina Department of Health and Human Services
  - Medicaid health plans
  - Care managers
  - New organizations called “Network Leads”
  - Human service organizations (HSOs) that deliver Pilot services
- **Success to Date:** Early evidence shows HOP services are filling gaps and meeting enrollee needs in housing, food, transportation and interpersonal violence/toxic stress, highlighting the potential for HOP to meaningfully address non-medical health needs of enrollees over time

# Healthy Opportunities Pilots (HOP): Summary of Renewal Request

To build on the HOP infrastructure, experience and successes to date, North Carolina is seeking authority to renew all prior features of HOP and expand access to services that address non-medical health needs to North Carolinians across the state.

## Current Demonstration

- North Carolina is currently authorized to operate the HOP in 2-4 regions of the state, and to offer 29 pilot services.
- The current waiver authorizes NCDHHS to spend up to \$650M on Pilot capacity building (\$100M) and Pilot services for qualifying members + administrative expenses (\$550M).



## Refinements to Existing Initiatives

Request \$1.7 billion for HOP services, reflecting the following program changes:

- Expand Pilots statewide and procure additional Network Leads
- Scale certain existing Pilot Services
- Modify certain existing Pilot Services
- Expand eligibility criteria

Request \$300M for capacity building to support these changes

*Subsequent slides provide more detail on these requests*

# Healthy Opportunities Pilots: Expanding Pilots to Operate Statewide

The State's vision is to ultimately to expand HOP statewide, scale services and make other program improvements over the course of the next demonstration.



## Refinements to Existing Initiatives: Expand Statewide

Expand the Pilots to operate statewide with the following changes:

- Allow state to procure new Network Leads to operate in new Pilot regions.
- Allow health plans/Human Service Organizations (HSOs) to contract directly with one another in limited circumstances where both parties have demonstrated willingness and readiness to do so.
- Phase-in statewide expansion of certain Pilot services to be determined, based on regional readiness, capacity and service effectiveness.

NC will develop the specific list of services, timeline and expansion approach based on experience under the current waiver, ongoing partner feedback, and assessment of capacity in new areas of the state.



# Healthy Opportunities Pilots (HOP): Modify Pilot Services

The State proposes to modify a select number of existing Pilot services and may also sunset select Pilot services during the renewal period.



## Refinements to Existing Initiatives: Modify Pilot Services

Modify existing Pilot services as follows:

- Add three meals per day to key Pilot services within the food domain
- Break out six month's rent service from short term post-hospitalization housing service already approved and propose to cover rent arrears as part of service definition
- Add firearm safety (e.g., gun safes and locks) as a new Pilot service

Retain the ability to sunset existing Pilot services as appropriate, based on Pilot experience (e.g., low utilization or low impacts) and Health Service Organizations (HSO) capacity to provide the services.

# Healthy Opportunities Pilots (HOP): Expand Pilot Eligibility Criteria

The State proposes to expand Pilot eligibility criteria to allow additional high-need individuals to access Pilot services.



## Refinements to Existing Initiatives: Expand Pilot Eligibility Criteria

Broaden the Pilot-qualifying physical/behavioral health needs criteria to include the following:

- One instead of two chronic conditions for adults 21+
- “At risk of” a chronic condition across all eligibility categories
- All pregnant women (including postpartum)
- All Tailored Plan members and Tailored Care Management eligibles in Prepaid Inpatient Health Plan (PIHP)
- Individuals who are impacted or have recently been impacted by natural disasters
- Individuals who have recently been released from incarceration (in alignment with Justice-involved reentry request)
- Children/youth who receive adoption assistance

More information on the current HOP eligibility criteria can be found in the Appendix

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## New Initiatives for Next Demonstration Period

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# Justice-Involved Reentry Initiative

To improve health outcomes, ensure continuity of care and support reentry into the community for justice-involved (JI) individuals, North Carolina is requesting authority to provide a set of targeted pre-release Medicaid services in line with recently issued CMS guidance for such demonstrations.



## New Initiative: Justice-Involved Reentry

Provide a set of targeted pre-release Medicaid services in the 90-day period prior to release for all Medicaid eligible adults and youth. Minimum services will include:

- Care management
- Medication-Assisted Treatment (MAT)
- Minimum of 30-day supply of medications in-hand upon release

The following additional services will be phased in based on readiness to implement:

- Physical and behavioral health clinical consultations
- Laboratory and radiology services
- Medications and medication administration (prior to release)
- Tobacco cessation treatment services
- Durable medical equipment (DME) upon release

Cover pre-release services in all 53 state prisons and youth correctional facilities and a subset of county and tribal-operated jails, with phase-in of participating facilities starting with prisons as readiness allows

Request \$315M total computable in capacity building funding to support implementation of JI pre-release services across correctional facilities

# Continuous Enrollment (CE) for Children and Youth

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 youth.



## New Initiative: Continuous Enrollment for Children and Youth

Provide continuous enrollment in Medicaid as follows:

- CE for children ages 0 through 5 through 6<sup>th</sup> birthday
- 24-month CE for children ages 6 through 18 (extends existing 12-month CE period for this group)
- CE for youth who have aged out of foster care prior to Jan. 1, 2023, up to age 26, aligning eligibility determination practices for these former foster care youth with other former foster care youth who aged out of foster care after Jan. 1, 2023

Eligibility would generally not be redetermined for the duration of the CE period, unless one of the following circumstances applies: the individual's death, moving out of state, the individual requests termination or fraud/abuse.

North Carolina currently has 12-month continuous enrollment for children ages 0 to 18.

# Bolstering the Behavioral Health and LTSS Workforce

To improve access to behavioral health and Long-Term Services and Supports (LTSS) services and reduce strain on health care delivery systems, North Carolina is requesting authority to invest in and develop the behavioral health and LTSS workforce.



## New Initiative: Behavioral Health & LTSS Workforce

Request \$50 million to expand the Behavioral Health loan repayment program to support additional professionals statewide:

- \$25,000 to \$50,000 (depending on the professional type) for master's-level licensed clinicians (or above), bachelor's level behavioral health professionals and registered nurses
- Up to \$300,000 in loan repayments for psychiatrists, nurse practitioners, and physician assistants
- Loan repayment is contingent upon service commitment in a qualified setting that serves Medicaid beneficiaries, individuals who receive services via Indian Health Services (IHS), and uninsured individuals

Request \$20M for recruitment and retention payments for Paraprofessionals, Intellectual and Developmental Disabilities and LTSS Direct Support Professionals and other certified Behavioral Health professionals:

- Sign-on/retention bonuses
- Childcare subsidies
- Transportation subsidies
- Career advancement training
- Certification/recertification exam fees

# Behavioral Health Technology Investments

To improve the coordinated system of care for people with behavioral health and intellectual and developmental disability (I/DD) needs, North Carolina is requesting authority to invest in behavioral health technology and related technical assistance for behavioral health, I/DD, and traumatic brain injury (TBI) service providers.



## New Initiative: Behavioral Health Technology Investments

Request \$30M for Health Information Technology (HIT) grants for Behavioral Health and I/DD providers:

- Cover costs of Electronic Health Record (EHR) systems/upgrades and connection with the NC Health Information Exchange (HIE) HealthConnex and related training
- Up to \$200,000 per eligible practice (i.e., one that services sizable Medicaid patient volume)

Request \$15M for technology and related technical assistance to expand school health and health-related capabilities

- Up to \$100,000 per school to purchase or upgrade technology and related technical assistance to expand school health and health-related capabilities

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# Preliminary Evaluation Plan

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# Preliminary Evaluation Plan for Demonstration

Under the original demonstration, North Carolina engaged an independent research organization to evaluate the performance of the demonstration initiatives. North Carolina will continue to contract with an independent evaluator to assess the impact of proposed new demonstration features. North Carolina is proposing to test the following hypotheses as part of its evaluation design:

| Initiative                           | Proposed Hypotheses   |
|--------------------------------------|---|
| Managed Care                         | <ul style="list-style-type: none"> <li>• Improve health outcomes for Medicaid enrollees in managed care via a new delivery system</li> <li>• Maximize high-value care to ensure sustainability of the Medicaid program</li> <li>• Reduce Substance Use Disorder (SUD)</li> </ul>  |
| Healthy Opportunities Pilots (HOP)   | <ul style="list-style-type: none"> <li>• Improve health outcomes for HOP participants</li> <li>• Improve the share of Medicaid enrollees receiving Pilot services that report improvements in unmet resource needs</li> </ul>   |
| Justice-Involved Reentry             | <ul style="list-style-type: none"> <li>• Increase Medicaid coverage for justice-involved individuals</li> <li>• Improve health outcomes for justice-involved individuals, including by improving transitions into the community following release</li> </ul>  |
| Behavioral Health and LTSS Workforce | <ul style="list-style-type: none"> <li>• Reduce workforce shortages</li> <li>• Increase provider retention and Medicaid participation among Behavioral Health, intellectual or developmental disability (I/DD) and Long-Term Services and Supports (LTSS) providers who serve Medicaid beneficiaries in NC</li> </ul>   |
| Behavioral Health Technology         | <ul style="list-style-type: none"> <li>• Improve rates of real-time data sharing with the North Carolina HIE (HealthConnex) among participating behavioral health and I/DD providers</li> <li>• Improve rates of schools equipped with technologies needed to improve billing and tracking for delivery of services and referrals among participating school providers</li> </ul> |
| Continuous Enrollment                | <ul style="list-style-type: none"> <li>• Reduce churn and gaps in Medicaid coverage for children and youth, including for racial and ethnic groups that experience disproportionately high rates of churn</li> <li>• Improve health outcomes for children and youth</li> </ul>  |

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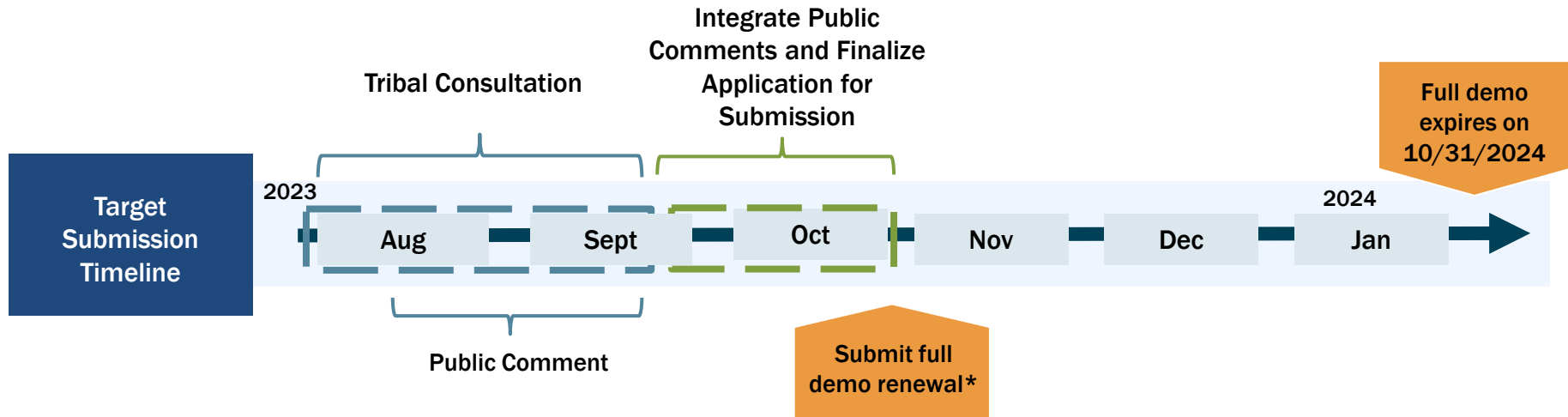
## Timeline and Next Steps

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# Timeline for Submitting 1115 Renewal and Public Engagement

North Carolina plans to submit its comprehensive application to renew its 1115 waiver by the end of October 2023.\*

The application is open for public comment from Aug. 21 through Sept. 20, 2023.



NCDHHS is committed to engaging with community partners on an ongoing basis throughout the design and implementation of the proposed demonstration.

\* 10/31/2023 is the target submission deadline. The SUD component of the demonstration expires in October 2023; therefore, a separate application to extend the SUD components of the demonstration has been submitted.

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# Public Comments

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# Public Comments

The public is invited to make comments on the  
NC Medicaid Reform Demonstration renewal application.

To be assured consideration prior to submission of the demonstration renewal  
request, comments **must be received by 5 p.m., Sept. 20, 2023.**

- Written comments may be sent to the following address  
(please add “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
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- Electronic copies of the public notice and full application can be found at:  
[medicaid.ncdhhs.gov/meetings-notice/proposed-program-design/nc-section-1115-demonstration-waiver](https://medicaid.ncdhhs.gov/meetings-notice/proposed-program-design/nc-section-1115-demonstration-waiver)

# Demonstration Renewal Resources

## Application and Public Notices

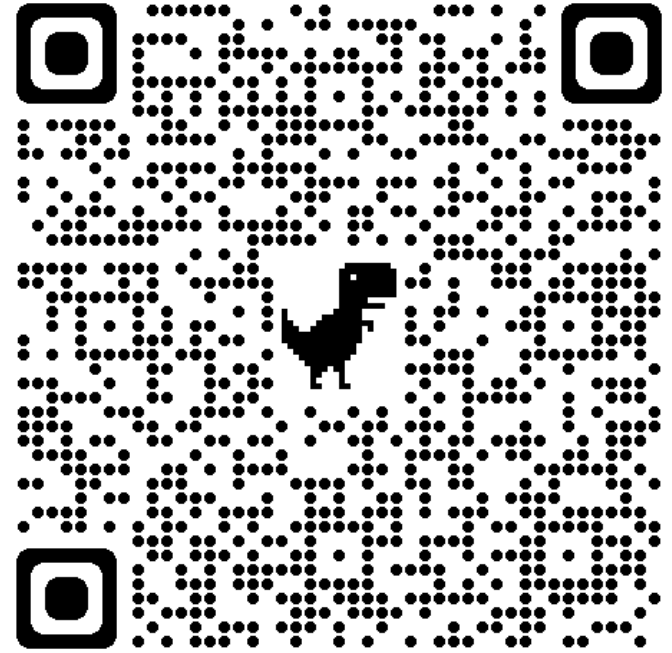
- [Proposed Drafted Application](#)
- [Previously Approved Application](#)
- [Full public notice](#)
- [Abbreviated public notice](#)

## Fact Sheets

- [NC 1115 Waiver Renewal Fact Sheet](#)
- [NC 1115 Waiver Renewal Healthy Opportunities Pilot Fact Sheet](#)
- [NC 1115 Waiver Renewal Justice-involved Fact Sheet](#)

(Copies are also available at the registration desk)

For more information on the pending SUD waiver extension request, visit [this webpage](#)



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**Thank you**

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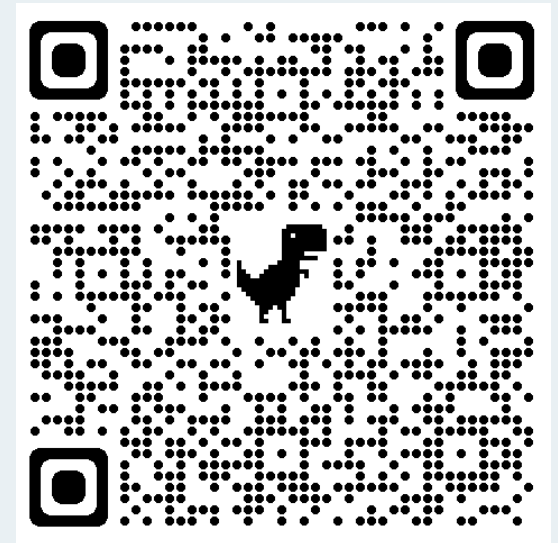
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# Public Comments

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Link to the NC Section 1115 Demonstration Waiver webpage

[medicaid.ncdhhs.gov/meetings-notices/proposed-program-design/nc-section-1115-demonstration-waiver](https://medicaid.ncdhhs.gov/meetings-notices/proposed-program-design/nc-section-1115-demonstration-waiver)





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# Appendix

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# Healthy Opportunities Pilots: Current Eligibility Criteria

To be eligible for pilot services, an individual must be enrolled in NC Medicaid Managed Care and live in a Pilot region. The Medicaid member must have a qualifying physical or behavioral health condition, a qualifying social risk factor and meet any service-specific eligibility criteria as outlined in the Pilot Fee Schedule.

## Social Risk Factor

## Physical and Behavioral Conditions

| Risk Factor   | Eligibly Category | Age | Physical/Behavioral Health Criteria (at least one, per eligibility category)  |
|---|-------------------|-----|---|
| Homelessness and housing insecurity                           | Adults            | 21+ | Two or more chronic conditions. Chronic conditions* that qualify an individual for pilot enrollment include: <ul style="list-style-type: none"> <li>• BMI over 24</li> <li>• Blindness</li> <li>• Chronic cardiovascular disease</li> <li>• Chronic pulmonary disease</li> <li>• Congenital anomalies</li> <li>• Chronic disease of the alimentary system</li> <li>• Substance abuse disorder</li> <li>• Chronic endocrine and cognitive conditions</li> <li>• Chronic musculoskeletal conditions</li> <li>• Chronic mental illness</li> <li>• Chronic neurological disease</li> <li>• Chronic renal failure</li> <li>• Repeated incidents of emergency department use (defined as more than four visits per year) or hospital admissions</li> </ul> * In accordance with Social Security Act Section 1045(h)(2). |
| Food insecurity   |                   |     |   |
| Transportation insecurity                                     |                   |     |   |
| At risk of, witnessing or experiencing interpersonal violence | Pregnant Women    | n/a | <ul style="list-style-type: none"> <li>• Multifetal gestation</li> <li>• Chronic condition likely to complicate pregnancy, including hypertension and mental illness</li> <li>• Current or recent (month prior to learning of pregnancy) use of drugs or heavy alcohol</li> <li>• Adolescent ≤ 15 years of age</li> <li>• Advanced maternal age ≥ 40 years of age</li> <li>• Less than one year since last delivery</li> <li>• History of poor birth outcome including:                             <ul style="list-style-type: none"> <li>• Preterm birth</li> <li>• Low birth weight</li> <li>• Fetal death</li> <li>• Neonatal death</li> </ul> </li> </ul>  |

| Eligibly Category | Age  | Physical/Behavioral Health Criteria (at least one, per eligibility category)   |
|-------------------|------|--|
| Children          | 0-3  | <ul style="list-style-type: none"> <li>• Neonatal intensive care unit graduate</li> <li>• Neonatal Abstinence Syndrome</li> <li>• Prematurity, defined as births that occur at or before 36 completed weeks gestation</li> <li>• Low birth weight, defined as weighing less than 2500 grams or 5 lbs., 8 oz. at birth</li> <li>• Positive mental depression screen at infant well-visit</li> </ul>   |
|                   | 0-20 | One or more significant uncontrolled chronic conditions or, one or more controlled chronic conditions with a high risk of becoming uncontrolled due to unmet social need including: <ul style="list-style-type: none"> <li>• Asthma</li> <li>• Diabetes</li> <li>• Underweight or overweight/obesity as defined by having a BMI in the 85<sup>th</sup> percentile for age and gender</li> <li>• Developmental delays</li> <li>• Cognitive 67 impairment</li> <li>• Substance use disorder</li> <li>• Behavioral/mental health diagnosis (including a diagnosis under DC: 0-5)</li> <li>• Attention deficit/hyperactivity disorder</li> <li>• Learning disorders</li> <li>• Experiencing three or more categories of adverse childhood experiences (e.g., psychosocial, physical or sexual abuse or household disfunction related to substance abuse, mental illness, parental violence or criminal behavior in household)</li> <li>• Enrolled in North Carolina's foster care or kinship placement system</li> </ul> |