



# Public Hearing on the Proposed North Carolina Section 1115 Demonstration Waiver Amendment

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# Introductions

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# Background: Section 1115 Demonstrations

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services 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 programs
- States have used 1115 waivers to implement a wide range of programmatic changes, including changes to eligibility, benefits, delivery systems, and cost sharing
- Waivers can encompass the entirety of a state's Medicaid program or be tailored to specific sub-populations
- Demonstrations generally must be budget neutral to the federal government, meaning that Medicaid expenditures under the demonstration cannot exceed what expenditures would have been without the demonstration.
- Demonstrations are generally approved for an initial five-year period and can be extended for up to an additional three to five years.

Link to North Carolina's Approved Waiver

[medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nc/nc-medicaid-reform-ca.pdf](https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nc/nc-medicaid-reform-ca.pdf)

# Background: North Carolina 1115 Waiver

The current demonstration is approved from Nov. 1, 2019, through Oct. 31, 2024<sup>1</sup> and includes the following key components:

## Mandatory Managed Care Program

North Carolina is transitioning its Medicaid delivery system to managed care and will offer three different plans:

- Standard Plans targeted for most of the Medicaid population. Standard Plans launched July 1, 2021, and currently enroll approximately 1.7 million individuals.
- Behavioral Health Intellectual/Developmental Disability Tailored Plans targeted for individuals with significant mental health needs, intellectual/developmental disabilities, and traumatic brain injuries. The Tailored Plans will provide enhanced benefits and care management and are scheduled to launch December 2022.
- The Children and Families Specialty Plan targeted for children, youth, and families served by the NC child welfare system. The Plan will provide enhanced benefits and specialized care management tailored to individuals involved with the child welfare system.

## Healthy Opportunities Pilots

The State is testing the impact of providing select evidence-based, non-medical interventions related to housing, food, transportation and interpersonal safety to high-need Medicaid enrollees. A phased launch began March 2022.

## Institution for Mental Diseases (IMD) Exclusion Waiver

NC received approval to provide a broader range of substance use disorder (SUD) treatment services with a goal of expanding access to the full continuum of SUD care. The State began this component of the demonstration in 2019.

<sup>1</sup>January 2022, North Carolina submitted a waiver amendment to adjust the end date of the demonstration period to June 30, 2026.

# North Carolina Plans to Pursue a Second 1115 Waiver Amendment

In January 2022, the State submitted a waiver amendment for changes to the demonstration to reflect the delayed roll-out of managed care and make other programmatic and operational changes. The State is seeking to make further targeted changes to eligibility and the delivery system for families involved in the North Carolina child welfare system (i.e., the foster care system) through a second waiver amendment.

## Summary Changes

- Extend Medicaid eligibility to certain parents of children/youth in foster care.
- Expand eligibility for the Children and Families Specialty Plan to include certain Medicaid-eligible family members of children/youth in foster care, family members listed on a Child Protective Services (CPS) In-Home Services agreement, minor children of children/youth in foster care/receiving adoption assistance and minor children of former foster youth.

Both items will be discussed in greater detail in the following slides

# Extend Medicaid Eligibility to Parents of Children in the Foster Care System

North Carolina is seeking authority to implement recent State legislation to allow parents of children/youth in foster care to retain Medicaid eligibility while children/youth are in foster care. This will allow parents to access needed treatment and prevent gaps in coverage while the family works toward reunification.

## Policy Issue

- Currently, certain Medicaid-eligible parents who lose custody of their child may also lose Medicaid coverage due to no longer being considered a parent for the purposes of Medicaid eligibility.
- In many cases, parents lose custody of children due to untreated mental health conditions or SUDs.
- Losing Medicaid coverage can make it even more difficult for these individuals to get care they need and create significant barriers to family reunification.

## Session Law 2021-180

North Carolina's recent budget act requires NCDHHS seek approval to allow certain parents of children in foster care to retain Medicaid eligibility when they lose legal custody of a child, and the child is temporarily in foster care or receiving foster care assistance (regardless of the type of out-of-home placement) if the parent continues to:

- Meet Medicaid income eligibility requirements for parents; and
- Makes reasonable efforts to comply with a court-ordered plan of reunification, determined by the Department

## Waiver Request

North Carolina is seeking authority to implement recent State legislation (Session Law 2021-180) to allow parents to retain Medicaid eligibility and to access needed treatment while the family works toward reunification.

For this provision, NCDHHS seeks to include all parents who meet the federal definition of "caretaker relative," as defined in 42 CFR § 435.4.

# Expand Eligibility for the Children and Families Specialty Plan

North Carolina is seeking authority to implement recent State legislation to allow parents of children/youth in foster care to retain Medicaid eligibility while children/youth are in foster care. This will allow parents to access needed treatment and prevent gaps in coverage while the family works toward reunification.

## Enrollees with Option to Enroll in the Children and Families Specialty Plan

- Parents, guardians and custodians of children/youth in foster care;
- Minor siblings of children/youth in foster care;
- Family members receiving CPS In-Home Services, specifically:
  - All adults included in the CPS In-Home Services Agreement as caregivers; and
  - All minor children included in the CPS In-Home Services Agreement.

## Enrollees who will be Defaulted into the Children and Families Specialty Plan

- Minor children of children/youth in foster care and children/youth receiving adoption assistance in the Children and Families Specialty Plan.
- Minor children of former foster youth in the Children and Families Specialty Plan.

These individuals would be default enrolled in a Standard Plan, Behavioral Health I/DD Tailored Plan (as eligible), EBCI Tribal Option (as eligible) or NC Medicaid Direct but would have the option to enroll in the Children and Families Specialty Plan.

# North Carolina 1115 Waiver Amendment Comment Process

As required by federal law, NC is providing an opportunity for the public to comment on the proposed amendment.

## To Submit Comments

- The 30-day public comment period for the amendment is from April 22, 2022, until May 23, 2022. All comments must be received by 5 p.m. ET May 23, 2022.
- Comments may be emailed to [Medicaid.NCEngagement@dhhs.nc.gov](mailto:Medicaid.NCEngagement@dhhs.nc.gov). Please indicate “NC Section 1115 Waiver” in the subject line of the email message.
- Written comments may be sent to the following address; please indicate “NC Section 1115 Waiver” in the written message:

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

## To Access the Amendment/Public Comments

- Electronic copies of the proposed amendment and public comments related to the amendment are available on the NC Medicaid website at [medicaid.ncdhhs.gov/media/11326/download?attachment](https://medicaid.ncdhhs.gov/media/11326/download?attachment). Updates will be made throughout the public comment and application process.



**Questions/comments?**