

North Carolina

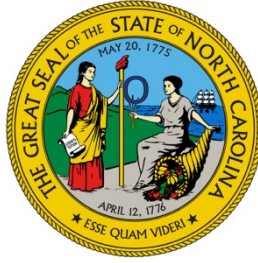
# Medicaid and NC Health Choice

Annual Report for State Fiscal Year 2019  
July 1, 2018 – June 30, 2019



*Building a healthier  
North Carolina.*





## North Carolina's Health Care System Priorities

Advance the health and well-being of North Carolinians  
using the programmatic tools of our Department

Build an innovative, coordinated and whole-person centered system  
that addresses both medical and non-medical drivers of health

Turn the tide on North Carolina's opioid crisis

Ensure all North Carolina children get a healthy start and develop  
to their full potential in safe and nurturing families, schools and communities

Achieve operational excellence

## North Carolina's Goals for Medicaid Managed Care

Measurably improve health

Maximize value to ensure program sustainability

Increase access to care

State of North Carolina • Roy Cooper, Governor

Department of Health and Human Services • Dr. Mandy Cohen, Secretary • [ncdhhs.gov](http://ncdhhs.gov)

NC Medicaid • [medicaid.ncdhhs.gov](http://medicaid.ncdhhs.gov)

Medicaid Transformation • [ncdhhs.gov/nc-medicaid-transformation](http://ncdhhs.gov/nc-medicaid-transformation)

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12/2019

# Message from Dave Richard

## Deputy Secretary, NC Medicaid

On behalf of NC Medicaid and the North Carolina Department of Health and Human Services, I am pleased to share the **NC Medicaid Annual Report for State Fiscal Year 2019** (July 1, 2018 through June 30, 2019). This report provides North Carolinians with details and examples of how tax dollars support our citizens.

As you will read in this report, NC Medicaid is a multifaceted and far-reaching program, encompassing over two million diverse beneficiaries and the many programs that serve them. This 50-year-old program provides critical health insurance coverage for North Carolinians with low income yet is so much more. For instance, people with severe mental health needs use NC Medicaid as the primary funding source for necessary services. For North Carolina's older residents, funding provides crucial in-home supports and facility-based services in adult care homes and nursing homes. In another example, NC Medicaid supports medically fragile children through its Community Alternatives Program for Children, and thousands of children and adults with developmental disabilities through innovative community-based services. Throughout this report, you will read stories of how NC Medicaid makes a difference in the lives of people throughout our state.

In state fiscal year 2019, NC Medicaid and the Department worked closely with stakeholders across our communities to design and begin implementation of Medicaid transformation. The vision for transformation, led by Secretary Mandy Cohen, M.D., shifts our priority from "buying health care" to "buying health." It transforms our current system to an innovative Medicaid program that integrates behavioral health and intellectual and developmental disabilities with physical health; drives value through new payment models tied to quality; prioritizes intensive care management; and implements program funding of non-medical drivers of health—the first in the nation. In 2019, we completed our evaluation of responses to our prepaid health plan request for proposal and awarded five contracts: AmeriHealth Caritas North Carolina, Inc.; Blue Cross and Blue Shield of North Carolina; Carolina Complete Health, Inc., a North Carolina-based provider-led entity; United Healthcare of North Carolina, Inc.; and WellCare of North Carolina, Inc.

Our team, health plans, and provider, county and beneficiary partners were prepared at the end of state fiscal year 2019 to move forward with the most significant change in NC Medicaid history. However, when this annual report was published in December 2019, we had suspended the launch of managed care due to the lack of a state budget.

While working on transformation, our team continued to make important improvements to our valuable Medicaid and NC Health Choice programs and services. We did so in partnership with a vast array of community stakeholders from across the state.

- Recognizing the crucial role that primary care providers play in improving health, we raised reimbursement rates for these providers. The rate increase brought Medicaid payments in line with Medicare reimbursement rates and will help stabilize our primary care system for years to come.
- NC Medicaid also increased rates for dental providers by 10 percent to increase access to oral health care for our beneficiaries.

- Working with legislative partners, NC Medicaid once again offered adult optical services after a seven-year absence due to budget reductions. The addition of adult optical coverage continued to build on our commitment to whole person care.
- In our continued effort to support the Department's Opioid Action plan, we increased access to outpatient therapy services as an alternative to pharmacological treatments for chronic pain.

The NC Medicaid program achieved these significant accomplishments while ending the year \$67 million under budget, the sixth consecutive year NC Medicaid finished with cash-on-hand. By blending stakeholder collaboration with rigorous analysis and monitoring, NC Medicaid Finance enabled leaders to pursue innovative services while staying within the appropriated state budget.

NC Medicaid is committed to being good stewards of taxpayer money while continuing to provide beneficial health programs and services to some of the most vulnerable people in our state. We are privileged to share this significant responsibility with our state, community and health care partners. Our NC Medicaid team is dedicated to making a real difference in the lives and communities of North Carolinians.

We look forward to working with all stakeholders in the coming year to continue to serve North Carolinians who rely on the Medicaid program.

A handwritten signature in black ink, appearing to read "Derrill". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

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The State Fiscal Year 2019 NC Medicaid Annual Report uses data and facts from the following sources, unless noted otherwise: Financial figures from the NC Medicaid Certified Monthly Budget Report (NCAS BD-701); beneficiary count and geographic distribution from the NC Medicaid Business Information Office Monthly Enrollment Report; provider count, and beneficiary age and gender from NC Medicaid Business Information Office customer data retrievals; claims processed and amount paid from the NCTracks Checkwrite Report.



## About the NC Medicaid Annual Report

The “North Carolina Medicaid and NC Health Choice Annual Report for State Fiscal Year 2019” is an overview of the primary accomplishments and financial results of the Medicaid and NC Health Choice programs, administered by the NC Department of Health and Human Services’ Division of Health Benefits (NC Medicaid).

All profiles, case studies and personal quotes were provided with permission of the people to whom they are attributed.

Prior NC Medicaid Annual Reports are on the NC Medicaid website at [medicaid.ncdhhs.gov/reports](https://medicaid.ncdhhs.gov/reports). Additional information on the Department’s transformation to Medicaid Managed Care is at [ncdhhs.gov/nc-medicaid-transformation](https://ncdhhs.gov/nc-medicaid-transformation).

Please call the Medicaid Contact Center at (888) 245-0179 with questions or requests for more information.



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## What is “Medicaid”?

Medicaid provides health coverage to eligible low-income adults, children, pregnant women, seniors and people with disabilities. Medicaid is jointly funded by North Carolina and the federal government. All states offer some form of Medicaid coverage.

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## What is “NC Health Choice”?

NC Health Choice is our state’s name for the Children’s Health Insurance Program (CHIP). The program provides health coverage to eligible children in addition to Medicaid. NC Health Choice is jointly funded by North Carolina and the federal government. All states offer some form of CHIP.

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## Executive Summary

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In state fiscal year 2019 (July 1, 2018 through June 30, 2019), NC Medicaid provided 2.2 million people in North Carolina with access to quality care and services; improved existing programs and operations; and reached several milestones in its transition to implement Medicaid Managed Care—making a real difference in the lives of the people of North Carolina.

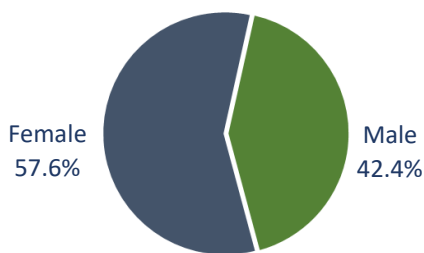
EXHIBIT 1

# Snapshot: North Carolina Medicaid and NC Health Choice – State Fiscal Year 2019

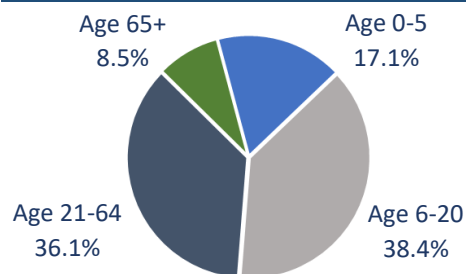
Financials (\$ billion)		Statistics	
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Expenditures	\$15.0	Medicaid Beneficiaries <sup>1</sup>	2.1 million
Federal Revenue	\$ 9.7	NC Health Choice Beneficiaries <sup>1</sup>	104 thousand
Other Revenue	\$ 1.6	Providers <sup>2</sup>	71.3 thousand
State Appropriations <sup>3</sup>	\$ 3.8	Claims Processed <sup>4</sup>	213 million

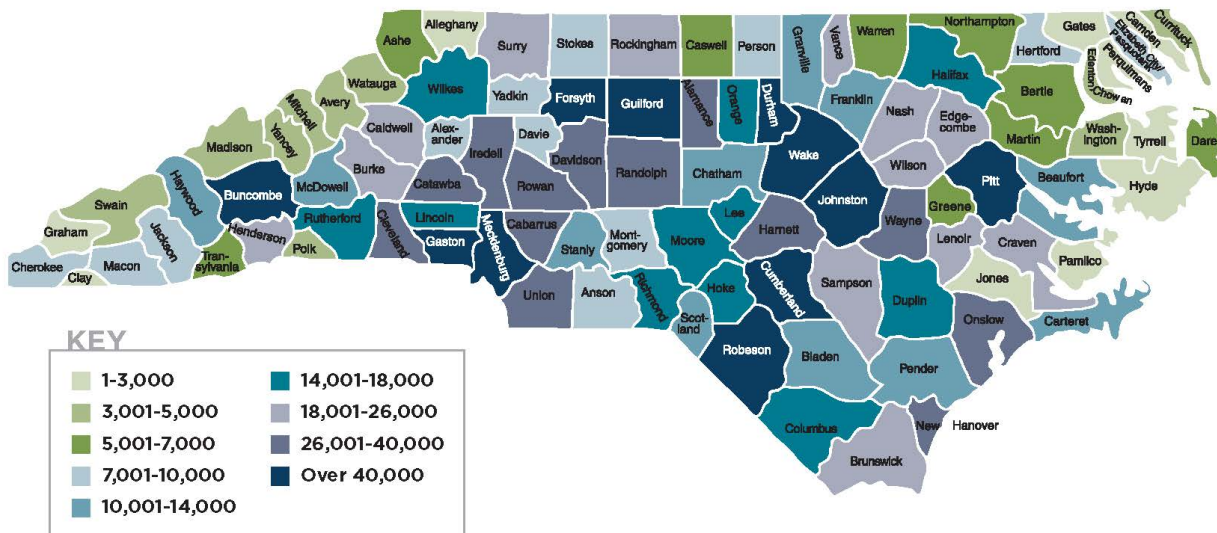
### Beneficiary Gender<sup>5</sup>



### Beneficiary Age<sup>5</sup>



### Total Beneficiaries by County



<sup>1</sup> Average monthly beneficiaries. Throughout the report, “Medicaid beneficiaries” includes the total Medicaid and NC Health Choice programs’ beneficiaries at 2.2 million.

<sup>2</sup> Provider count represents unique National Provider Identifiers registered in the NC Medicaid system.

<sup>3</sup> Sums are affected by rounding.

<sup>4</sup> 213 million claims processed represents approximately \$12 billion paid through NCTracks in state fiscal year 2019.

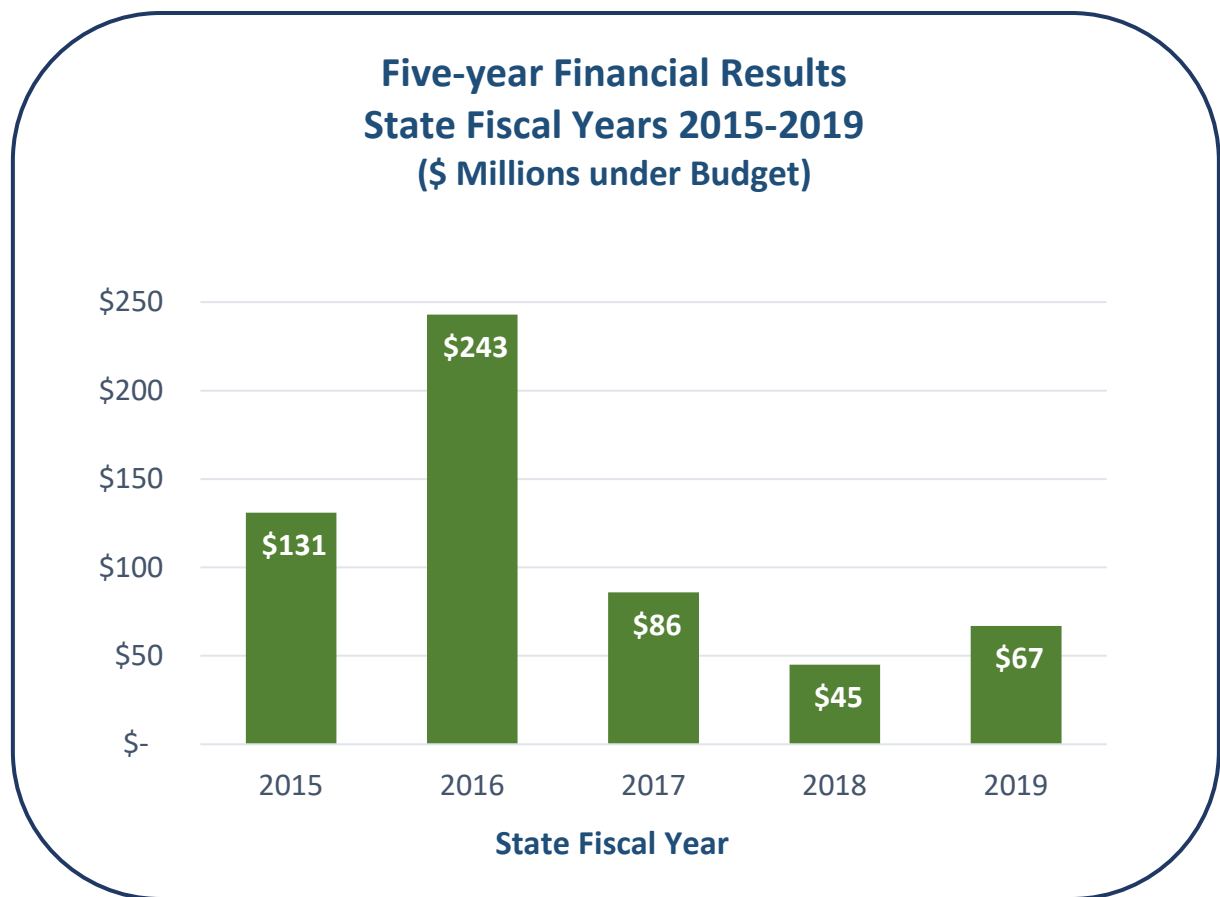
<sup>5</sup> Beneficiary gender and age percentages represent all individuals who applied for NC Medicaid benefits in state fiscal year 2019. Additional data sources used in this report are listed on page iii.

## High-level Financial Results

### \$67 million under budget

The NC Medicaid budget finished state fiscal year 2019 with cash-on-hand for the sixth consecutive year. Providing health coverage to more than 2.2 million people in North Carolina, these programs came in at \$67 million under budget for state fiscal year 2019. Actual state appropriations for Medicaid and NC Health Choice programs totaled nearly \$3.8 billion, a slight increase from \$3.7 billion in state fiscal year 2018.

EXHIBIT 2



# Accomplishments

## NC Medicaid works for North Carolina

NC Medicaid's accomplishments in state fiscal year 2019 ensured continued access to quality care and services, improved current Medicaid and NC Health Choice programs, sought innovations and strengthened future partnerships with state and community organizations dedicated to making North Carolina a healthier place to live and work.

- **Rate increases.** NC Medicaid increased rates for providers of primary care services, personal care services and dental services:
  - Increased rates for physician services related to evaluation and management to keep these in line with the Medicare's physician fee schedule.
  - Personal care services increase led to pay increases for caregivers and improved recruitment.
  - Increased all dental procedure codes by 10%, which led to an overall increase in spending of 2% for dental claims.

Despite these rate increases, total Medicaid expenditures were again within the projected budget for the year.

- **Opioid epidemic.** NC Medicaid continued to contribute to the state's fight to turn the tide of the opioid epidemic by increasing outpatient therapy treatment visits for beneficiaries age 21 and older; and streamlining the prior authorization process. These actions are expected to result in more beneficiaries using outpatient therapy services as a non-pharmacological treatment option. This is especially important for those who suffer from acute or chronic pain. These efforts build on the [NC Controlled Substance Reporting System](#)<sup>6</sup> and [Strengthen Opioid Misuse Prevention \(STOP\) Act](#)<sup>7</sup> (Session Law 2017-74).
- **Integration of primary and behavioral health.** In January 2019, the Department received a five-year, \$10 million grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) to improve the health and well-being of adults and children with challenging mental health issues who live in high-need communities.

NC Medicaid, in partnership with the Division of Mental Health, Intellectual and Developmental Disabilities and Substance Abuse Services, will focus on activities, treatment and support services to integrate primary and behavioral care. The grant will serve an estimated 2,150 people.

- **Adult optical services.** Adult optical services were reinstated Jan. 1, 2019, after being eliminated for over seven years. This is the culmination of several years of work by NC Medicaid and community and legislative advocates, and has the potential to impact over 800,000 adults in North Carolina.

<sup>6</sup> The NC Controlled Substance reporting System is at <https://www.ncdhhs.gov/divisions/mhddsas/ncdcs/csr>

<sup>7</sup> The Strengthen Opioid Misuse Prevention (STOP) Act is at <https://www.ncleg.net/Sessions/2017/Bills/House/PDF/H243v7.pdf>

- **Transformation to Medicaid Managed Care.** The Department reached several significant milestones in state fiscal year 2019 as the transformation to Medicaid Managed Care shifted from program design to preparing for implementation. These include issuing a request for proposal and granting five contracts for Prepaid Health Plans, the largest procurement in NC Medicaid history; and awarding the first Medicaid Managed Care procurement contract (enrollment broker services).

In October 2018, the Department received federal approval for the Section 1115 amended demonstration waiver application submitted in November 2017. The waiver approval included granting the Department authority to create Tailored Plans to serve people with intellectual/developmental disabilities or higher intensity behavioral health needs; implement new flexibilities for substance use disorder treatment in institutions of mental disease (IMD); and develop and implement an innovative Healthy Opportunities pilot program. An enrollment website and other tools were launched to help beneficiaries choose the health plan and primary care provider to best meet their needs.

NC Medicaid also released seven policy papers outlining program strategies, data requirements and other information. See page 9 for details. NC Medicaid transformation documents are available on the NC Medicaid website at [ncdhhs.gov/medicaid-transformation](https://ncdhhs.gov/medicaid-transformation).

- **Early Childhood Action Plan.** NC Medicaid contributed to the Department’s development and release in February 2019 of the Early Childhood Action Plan. This comprehensive and collaborative statewide effort will ensure by 2025 that all North Carolina children from birth to age 8 will be healthy, safe and nurtured, and ready to learn and succeed.
- **Public school services to Medicaid-enrolled students.** NC Medicaid submitted a request to improve delivering needed health services to students on Medicaid. Approved January 2019, Local Education Agencies found it easier to add Medicaid-reimbursable school-based audiology services, occupational, physical and speech/language therapies, counseling/psychological services and nursing services to students’ care plans. Vision and hearing screenings were added as reimbursable school-based services. Group therapy was expanded to include physical and occupational therapy.

More information on program services and practices for state fiscal year 2019 is available in “Overview of NC Medicaid Programs and Services” beginning on page 46 and on the NC Medicaid website at [medicaid.ncdhhs.gov/providers/programs-services](https://medicaid.ncdhhs.gov/providers/programs-services).

## A Look at State Fiscal Year 2020

The NC Medicaid team, continuing its valuable partnerships with stakeholders across North Carolina, will focus in state fiscal year 2020 on opportunities to improve medical and non-medical drivers of health.

NC Medicaid anticipates starting or completing implementation of the following initiatives over the next state fiscal year:

- **Transformation to Medicaid Managed Care.** The Department will continue preparing for the launch and operationalization of Medicaid Managed Care Standard Plans, including preparing Department financial support requests in the biennial budget. Development of Tailored Plans and the Healthy Opportunities pilot will be key projects as the Department secures resources and readies for future implementation dates. Communication and collaboration, training and resource development will continue to be a major part of Medicaid Managed Care.
- **Opioid Addiction.** The fight to curb opioid addiction will grow across the state as results of actions put in place over the past few years provide information to assess and fine-tune approaches.
- **Healthy Opportunities.** NC Medicaid will issue a Request for Proposal (RFP) and select potentially qualified organizations to pilot “Healthy Opportunities,” a program that looks closely at how a person’s social needs affect improving health. The Department will start focusing on housing stability, food security, transportation access and interpersonal safety. The RFP will be issued in November 2019 and the contract awarded in early 2020.
- **Integrated Care for Kids.** NC Medicaid partnered with Duke University and the University of North Carolina (UNC) to apply for the Integrated Care for Kids model, a \$16 million federal funding opportunity from the Centers for Medicare and Medicaid Innovation. If awarded, NC Medicaid will work with Duke and UNC to implement the Integrated Care for Kids model in five counties (Alamance, Granville, Vance, Durham and Orange) from January 2020 to December 2026. Notice of the award is scheduled for December 2019.
- **Early Childhood Action Plan.** NC Medicaid will continue to support the Department’s Early Childhood Action Plan activities, with a vision that all North Carolina children will get a healthy start and develop to their full potential in safe and nurturing families, schools and communities.
- **Engagement, education and collaboration.** NC Medicaid will continue to expand and strengthen its partnership with providers, beneficiaries, community partners and other stakeholders on all NC Medicaid issues through additional engagement opportunities, education and training, and collaboration to ensure initiatives, policies and programs are right for North Carolinians.



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# Making North Carolina Healthier

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NC Medicaid in action

## Community Alternatives Programs

Community alternatives programs cover home- and community-based services that make care at home a possibility for many people who might otherwise be placed in a nursing home.

Community alternatives programs (CAPs) supplement formal and informal services and supports already available to a beneficiary. The programs are for situations where no household member, relative, caregiver, landlord, community agency, volunteer agency or third-party payer is able or willing to meet all medical, psychosocial and functional needs of the Medicaid beneficiary.

There are two CAPs that waive certain NC Medicaid requirements to allow home- and community-based services to be provided: one program for children (CAP/C) and another for disabled adults (CAP/DA):

- CAP/C participants are children, including foster children, from birth through age 20 who are medically fragile
- CAP/DA participants are adults age 18 and older with disabilities and seniors age 65 and older

### State Fiscal Year 2019 Accomplishments – CAP/C

- The NC Medicaid CAP/C team continued to work with the CAP/C Advisory Council (statewide representatives including founders/executive leaders of advocacy groups, disability rights, and home- and community-based care associations). This year, the NC Medicaid and the Advisory Council held four meetings to discuss relevant issues and worked together to develop waiver program changes and service initiatives.
- Three public sessions were held to review proposed waiver changes and gather feedback from caregivers and other people interested in CAP/C services. Approximately 160 attendees participated in each session either in-person or through a webinar.

### How Medicaid Serves the People and Communities of North Carolina

*Community alternative programs  
for children and disabled adults:*

Keep individuals out of  
institutions and in the family  
home & community

Allow family members to work  
rather than having to miss time to  
take care of the beneficiary

Provide paraprofessionals in  
underserved areas

- CAP/C parents using Consumer Direction, a program that allows parents to act as an employer in securing care for their child, increased from 407 to 682 (68%) from state fiscal year 2018 to state fiscal year 2019.

NC Medicaid held six training sessions the first half of state fiscal year 2019, training over 150 parents during these sessions. Beginning January 2019, case managers conducted parent training one-on-one and in small groups to ensure that individual parent needs were being met. Ongoing feedback from parent participants indicates that Consumer Direction training is helpful to effectively transition to consumer-directed care.

- The average time it took to receive a response regarding waiver participation decreased by 23 days in state fiscal year 2019.

### About the CAP/C Consumer Direction Program

NC Medicaid implemented Consumer Direction after two years of working with a stakeholder group that included beneficiaries, family members, case workers, community advocates and an association group. Its work resulted in the development of a detailed training program to ensure that parents are prepared to take on this role.

Consumer Direction allows parents or representatives of CAP/C beneficiaries to fully manage those who provide Medicaid personal care services for their medically fragile children. In this role, parents:

- Choose who will provide care to meet medical and functional needs
- Independently recruit, hire, supervise and fire (when necessary) a caregiver
- Independently set a pay rate for a caregiver
- Assign work tasks for the caregiver based on medical and functional needs

As a result, parents can access Medicaid personal care services and have the flexibility needed to fit the needs of their families. Consumer Direction can be instrumental in addressing caregiver shortages and allow for more person-centered, real-time care interventions.

## CAP/C Consumer Direction is “Life-Changing”

*Editor’s Note. Names have been changed to protect privacy.*

“John,” a beautiful little boy, was born with a significant mobility deficit and displayed increasingly challenged motor skills as a toddler and young child. He learned to walk with effort and had a sway to his gait. Despite his limitations, even at a very young age he could often be heard singing as he struggled to do everyday tasks that many take for granted.

John’s condition required substantial individualized care. His family bore the personal and financial strain of providing this care until they learned about NC Medicaid Community Alternatives Program for Children (CAP/C) benefits when John was in kindergarten. “You can’t imagine the weight and stress it took off our family to have that assistance,” said John’s mother, “Cathy.”

**“Consumer Direction opens up hundreds, maybe thousands more options on caregivers.”**

Yet there were still hurdles to overcome. Due to the structure of the program at that time, all care for John had to be channeled through contracted staffing agencies with low pay and high turnover. This left Cathy and her husband with the constant challenge of training and educating John’s caregivers, with little input

into the quality or suitability of who was sent to their home. The family worked under these frustrating circumstances for several years.

When NC Medicaid introduced Consumer Direction, Cathy could begin to recruit, hire, schedule, train, fire and altogether manage her son’s care. “For most families,” said Cathy, “Consumer Direction opens up hundreds, maybe thousands more options on caregivers.” Because she can advertise where she chooses and manage all aspects of the hiring process, Cathy gained the freedom to find and work with people to consistently provide the care her son needed. “Funds now go directly to the caregiver, so we can offer more and attract those who would never have applied before,” said Cathy. “With this improvement, I find higher quality caregivers and can focus more on John’s needs. It is the greatest improvement in the program that we have experienced.”

Now a high school student, John is in a motorized wheelchair and 100 percent dependent on others for his care. He is “truly brilliant,” says Cathy, “and has the sweetest personality. He is so positive; I can honestly say I cannot remember a time when I’ve heard him complain. He is a huge blessing to our family.” John has been accepted to a university and plans to become an attorney.

“Consumer Direction allowed my husband and me to continue working and build a life for John and his siblings,” said Cathy. “I just can’t say enough about what an incredible blessing it is to us.”

Cathy wishes that Consumer Direction was available to every parent for every level of care across the state. “I cannot express to you the life-changing effect consumer-directed care has had on our family,” Cathy stressed. “I wish everyone in authority knew how much it changes the family dynamic in positive ways that cannot be imagined.”

## State Fiscal Year 2019 Accomplishments – CAP/DA

Renewing the CAP/DA waiver involved hundreds of stakeholders who provided input during 16 feedback opportunities. Through this extensive collaboration, five new waiver services were identified to support the goal of addressing social determinants of health, especially in rural counties.

- One new waiver service is “coordinated caregiving.” This service allows a live-in caregiver to provide social, emotional and physical support to a waiver participant to enable them to carry out activities of daily living. The caregiver may live in the waiver participant’s home or the participant may live in the caregiver’s home. This type of living arrangement promotes a surrogate family for a participant without an informal supports system.
- Other expanded waiver services covered non-emergency medical transportation; community integration services; nutritional services; and chore services, such as decluttering and trash disposal.

All five waiver services were recommended for inclusion in the new waiver application.



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## CAP/DA Enables Triumph Over Tragedy

*Editor's Note. Names have been changed to protect privacy.*

“Olivia” was a vibrant, sociable, independent 34-year-old woman with a stable job and great friends. By all accounts, she was living a most desirable life.

And then she had a tragic accident that left her life forever changed.

Following two months in intensive care in 2016, Olivia was flown with a paramedic to a skilled nursing facility in Charlotte, North Carolina, where she remained until October 2018.

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**With the help of CAP/DA,  
Olivia was able to move from  
a skilled nursing facility to a  
safe and accessible home.**

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Having lost the ability to care for herself, like anyone she wondered, “What’s next for me?” and “Is this my forever?” But even with all that she was facing, she knew without a doubt that she wanted to live at home instead of a facility.

Although the accident had taken away many things, including her mobility, Olivia still had her voice and a very strong will. With help from her

mother and a team of professionals, she found a path to the resources that got her home.

This path ultimately led to the NC Medicaid Community Alternatives Program for Disabled Adults (CAP/DA), a program designed to support adults with disabilities who prefer to remain at home rather than in a nursing facility.

With the help of NC Medicaid’s CAP/DA, Olivia was able to build on her strong support system to establish a safe and accessible home. CAP/DA staff assisted in purchasing necessary equipment and arranging Medicaid transportation to get her to doctor appointments and other places. CAP/DA also provided Olivia with a number of hours per week for personal care.

What’s next for Olivia? With the support of NC Medicaid, cutting edge technology and the encouragement of others, she is going to law school.

In January 2019, Olivia started to study for the Law School Admission Test (LSAT) exam and applied to three colleges offering a hybrid degree program sanctioned by the American Bar Association.

Olivia says, “I was accepted by all three with partial scholarships, and I will start at the University of Dayton School of Law in August. I really want to specialize in disability law.”



## Money Follows the Person

Money Follows the Person is a state demonstration project and voluntary program that helps Medicaid-eligible North Carolinians who live in inpatient facilities move into their own homes and communities with supports.

Money Follows the Person (MFP) supports beneficiaries by identifying and addressing barriers to receiving quality, community-based, long-term care and supports. Once participating, beneficiaries have priority access to community-based service packages or may enroll in the Program of All-Inclusive Care for the Elderly (PACE). MFP also helps fund needs related to transitions, including home utility start-up expenses, security deposits, furniture, accessibility modifications or other one-time items and services.

NC Medicaid was awarded its MFP grant from the Centers for Medicare & Medicaid Services in May 2007 and began supporting individuals to transition in 2009. Funding has been reauthorized in Congress with bipartisan support to continue MFP through 2024.

For individuals who transitioned between 2009 and 2015, MFP program data shows a 42% reduction in expenditures for each older adult and person with disabilities who was transitioned compared to the cost of living in a facility.

MFP targets adults over age 65, people with physical disabilities (under age 65), and individuals with intellectual or other developmental disabilities who reside in facilities such as nursing homes, hospitals or psychiatric residential treatment facilities. Since the program began in 2009, MFP has supported 1,115 beneficiaries with their transition. New data will be available in 2020.

### State Fiscal Year 2019 Accomplishments

During state fiscal year 2019, MFP reached the milestone of helping the 1000<sup>th</sup> person transition from an institution into a home. Other accomplishments included:

- Transitioned 120 beneficiaries out of facilities and into their own homes and communities.

### How Medicaid Serves the People and Communities of North Carolina

*Money Follows the Person Demonstration Project:*

Keeps individuals out of institutions and eases transfer to homes and community

Provides choice

Works with other community services

- Supported 51 beneficiaries to participate in the subsidized housing programs “Targeted / Key Units.”
- Reduced an average 43% in post-transition Medicaid spending for MFP beneficiaries who are seniors or have physical disabilities.
- Held stakeholder engagement events across the state with 358 individuals attending MFP Roundtable events.
- Invested \$3.1 million in eight grant initiatives through the MFP Rebalancing Fund to address specific barriers to transitions. Enhanced services through these initiatives include:
  - Partnering with community organizations to provide care management and respite services for caregivers of individuals with dementia
  - Educating about guardianship and the rights of people with disabilities to self-direct their lives
  - Expanding and strengthening the Department’s capacity to support people with intellectual and developmental disabilities to participate in supported living
  - Preventing or eliminating the three plagues of the human spirit: loneliness, helplessness and boredom through CAP/DA Lead Agency transition practices
  - Improving coordination with hospital discharge and eligibility for CAP/DA or PACE services
  - Providing intensive, hands-on, time-limited oversight and technical assistance to community-based support networks that assist individuals who experience a dual diagnosis of intellectual/developmental disability and serious behavioral challenges as they transition into community settings

## MFP and PACE Collaborate to Create Success

*Editor's Note. Names have been changed to protect privacy.*

Winning the hearts of everyone he encounters, “Clifford” is one of the newest participants in the Program of All-inclusive Care for the Elderly (PACE). Raised by his grandparents on a farm in North Carolina, Clifford learned to work hard and developed a huge passion for football along the way. He supported all the high school and college football games he could get to throughout Virginia, North Carolina and South Carolina.

**“I am so fortunate to have learned about MFP and PACE. I don’t know what I would have done without them.”**

Clifford worked for the City of Charlotte, and then in construction and textiles. He was an active member of the YMCA for over 15 years. However, despite his efforts to be as healthy and active as possible, Clifford battled a few medical conditions that required medications. While taking these medications, he struggled with the side effect of sleepwalking. During an

episode one night, Clifford fell, breaking his neck at vertebrae C-3 and C-4.

After extensive hospital treatment, Clifford spent four months at a rehabilitation center and then was discharged to a nursing home in the Charlotte area. It was there he spent the longest year of his life working hard to recover from that life-changing fall. Due to his insurance benefits ending, Clifford was discharged from therapy services after 100 days of rehabilitation and quickly became a long-term care patient.

Despite insurance’s inability to pay for the necessary care and services, Clifford pressed forward. On his own, he walked 45 minutes each day and continued to lift weights, progressing to lifting an impressive 12-15 pounds with each hand. After qualifying for long-term care services through NC Medicaid, his social worker told him about the Money Follows the Person (MFP) program, which helps Medicaid-eligible individuals leave inpatient facilities and move into their own homes and communities. This good news motivated him to continue to take even more ownership of his progress and remained hopeful that he could one day transition back to the community.

Through a collaborative effort of his MFP caseworker, social worker, long-term care facility nurses and a PACE representative, Clifford was on his way to regaining his independence. He learned to navigate the bus system using his electric wheelchair and found an apartment with help from his MFP representative. He is now exceeding rehabilitation goals weekly at PACE as he works to get the equipment he needs to once again enjoy a live Friday night football game with his closest friends.

When asked about his thoughts on where he is now, he states, “I am so fortunate to have learned about MFP and PACE. I don’t know what I would have done without them. This experience has been a blessing in my life, making my success not only possible, but much easier than it would have been on my own. I am so thankful for all the love and support from these amazing programs and services.”

## Pharmacy

NC Medicaid works to manage prescription drug cost increases that continue to make national headlines.

Prescription drugs have been shown to be very cost effective to prevent, treat and even potentially cure many diseases and conditions.<sup>8</sup> However, prescription drug prices continue to rise with increased utilization.<sup>9</sup> The Centers for Medicare & Medicaid Services projects that spending for outpatient prescription drugs over the next decade will be the fastest growing health category, consistently outpacing other health care spending.<sup>10</sup> These cost increases are expected to be absorbed by the NC Medicaid program.

NC Medicaid continues to use different approaches to manage costs, while providing a valuable pharmacy benefit to our beneficiaries. Our partnership with health care providers and other pharmacy benefit stakeholders will continue to drive savings for our program. Our Preferred Drug List (PDL) also continues to be a valuable tool in saving North Carolina taxpayers significant dollars through effective and efficient management of prescription drug costs. From state fiscal year 2011 through state fiscal year 2018, NC Medicaid's PDL and prior authorization clinical management programs have saved more than \$1.24 billion (\$419.7 million state dollars).

### Medicaid and NC Health Choice Preferred Drug List

Authorized by the North Carolina General Assembly in 2009, the Department established the Medicaid and NC Health Choice PDL to ensure beneficiary access to prescriptions that maximize health outcomes. In 2010, the Department joined the National Medicaid Pooling Initiative to make the most of pharmaceutical purchasing power and rebate opportunities. A combination of these efforts has resulted in ongoing savings to the state.

### How Medicaid Serves the People and Communities of North Carolina

#### *The Pharmacy Program:*

Consistently saves taxpayer dollars—\$419.7 million over seven years

Teams up with those who prescribe medicines to offer the right drugs at the best cost; delivering overall value to beneficiaries, providers and the state

Supports initiatives to improve the quality of life in North Carolina, including chronic disease management and the fight against the opioid epidemic

<sup>8</sup> Health Affairs Article (2000) provides data both ways: <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.19.2.92>.

<sup>9</sup> Peterson-KFF Health System Tracker: Forecasted trends in prescription drug spending: <https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-start>.

<sup>10</sup> Gigi Cuckler et al., "[National Health Expenditure Projections, 2018-2027](#)"; *Health Affairs* 37(3); March 2018.

The PDL is reviewed and updated annually. Classes of therapeutic drugs for which the manufacturer provides a supplemental rebate are considered for inclusion on the list. New-to-market drugs are added quarterly, first being designated as non-preferred until reviewed. Diabetic supplies may also be included on the list.

NC Medicaid provides an annual report that evaluates the overall impact of the PDL and the supplemental rebate program. PDL annual reports are on the NC Medicaid website at [medicaid.ncdhhs.gov/documents/pdl-annual-report-archive](https://medicaid.ncdhhs.gov/documents/pdl-annual-report-archive).

## State Fiscal Year 2019 Accomplishments

- NC Medicaid's PDL helped save more than \$1.24 billion in federal and state funds (\$419.7 million in state funds alone) over seven years, from state fiscal year 2011 through state fiscal year 2018.
- A PDL compliance rate exceeding 95%<sup>11</sup> indicates that the right medications are covered by NC Medicaid and included on its PDL. This rate also reflects the engagement of Medicaid providers and demonstrates that diligent management of the PDL is maximizing drug rebates to mitigate cost while still meeting the needs of beneficiaries, providers and the state.
- NC Medicaid's net drug cost per prescription increased only 1.4% over the last two years, which is well below the national average increase for Medicaid programs.
- Decreased daily opioid dosage limit to 90 MMEs (morphine milligram equivalents); prior authorization is available for recipients requiring chronic use.
- Implemented a point-of-sale edit for the concurrent use of opioids and benzodiazepines to avoid use that may impair cognitive function, cause sedation, suppress breathing and cause overdose fatality.

## NC Medicaid Pharmacy Program and the Opioid Epidemic

North Carolina continues to make strides in curbing the opioid epidemic that is widespread throughout our nation. The Pharmacy program has assisted in decreasing the amount of prescription opioids that are available for potential abuse in our communities through dosage limit edits and prior authorizations, increased access to medications used for substance abuse disorder treatment, and implemented safety edits that assist in reducing accidental overdoses.

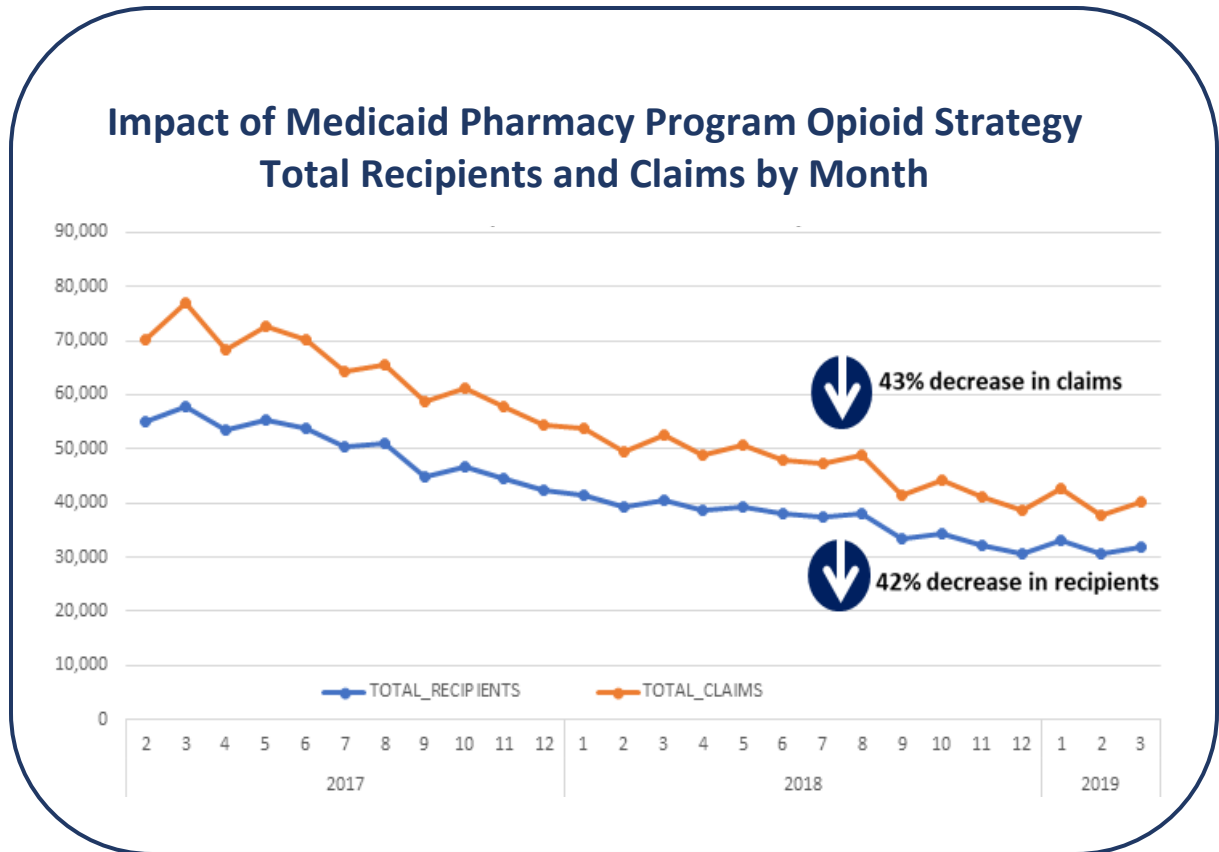
Exhibit 3<sup>12</sup> on page 18 illustrates the reduction in opioid utilization in the NC Medicaid program from early 2017 to early 2019. As shown, NC Medicaid has seen a significant reduction in opioid prescriptions filled by Medicaid beneficiaries. At the same time, the Pharmacy team has continued to work with providers and beneficiaries to provide access to clinically necessary medications through Medicaid prior authorization processes.

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<sup>11</sup> Myers and Stauffer, clinical actuarial vendor for NC Medicaid

<sup>12</sup> Provided by Magellan, vendor for NC Medicaid

EXHIBIT 3





## Hurricane Florence Response and Recovery

Hurricane Florence struck the North Carolina coast on Sept. 14, 2018, causing several deaths and millions of dollars in damage. Together with agencies throughout the state, the Department of Health and Human Services, including NC Medicaid, worked to help people before, during and after the storm.

Under the direction of Secretary Mandy Cohen, M.D., and leadership of Deputy Secretary Dave Richard, NC Medicaid was committed to ensuring Medicaid beneficiaries could get the care and services they needed regardless of the damage left by Hurricane Florence. This required quick implementation to change the way beneficiaries received Medicaid services, some of which required federal approval.

Thanks to the partnership of the Centers for Medicare & Medicaid Services, community partners and fellow state agencies, below are some of the Medicaid and NC Health Choice program changes put in place to help North Carolinians affected before, during and after Hurricane Florence:

- **Access to medication.** Beneficiaries were encouraged to fill prescriptions ahead of the storm even if they were not ready to be refilled. For those who could not access a required pharmacy or prescriber, the NC Medicaid team helped find and approve a substitute.
- **Access to care.** Evacuated beneficiaries could visit any doctor, even outside of North Carolina. Prior authorizations for Medicaid services were waived. A streamlined process was available for health care professionals who wanted to enroll in Medicaid. Requirements and limits were modified, such as waiving the 25-bed limit in critical access hospitals and the three-day stay requirement for skilled nursing facilities.
- **Medicaid eligibility and enrollment.** Those wanting to enroll in Medicaid but were prevented from gathering the necessary documents because of Hurricane Florence, could arrange with their case worker to bring them later. If it was time for eligibility to be redetermined, coverage continued. Beneficiaries evacuated out-of-state who were required to live in North Carolina to get Medicaid, were considered to be “temporarily absent” and remained enrolled.
- **Continuous communication.** NC Medicaid launched a website to serve as a single source for all Medicaid-related information for beneficiaries, their families and providers. Fact sheets, bulletins, forms and other resources were distributed to health associations and community partners. The Medicaid Contact Center team answered and directed questions to NC Medicaid staff for prompt assistance.

## Behavioral Health and Intellectual / Developmental Disabilities

Behavioral health and intellectual/developmental disability services provide outpatient and inpatient, short- and long-term care and supports in a variety of settings.

Behavioral health and intellectual/developmental disability (I/DD) services cover a span of care and services for Medicaid beneficiaries of all ages. NC Medicaid, partnering closely with the Division of Mental Health, I/DD and Substance Abuse Services, provides oversight to ensure partner organizations effectively use public funds; manages policies and waivers to support the needs of North Carolinians; and continues to look for innovative approaches to integrate primary and behavioral care.

- Local Management Entities/Managed Care Organizations (LME/MCOs)** are organizations that manage, coordinate, facilitate and monitor the provision of behavioral health, intellectual and developmental disabilities, and substance use disorder services in the geographic area that they serve.

Under the oversight of NC Medicaid, LME/MCO organizations strive to meet the needs of people with short- and long-term behavioral health needs, which could include mental health, substance use disorders and developmental disabilities. The service package is comprehensive and covers outpatient and inpatient levels of care and long-term behavioral health care services and supports in the beneficiary's home or community rather than an institutional setting.

- Child First**, managed in partnership with Trillium Health Resources,<sup>13</sup> is an intensive, early childhood, home visiting intervention

### How Medicaid Serves the People and Communities of North Carolina

#### *Behavioral Health Services:*

Provide care and supports in a beneficiary's home or community rather than an institutional setting

Address behavioral health needs, including cognitive rehabilitation, life skills training, community networking, personal care and substance use assistance

"The integration of behavioral health and primary care is a critical piece of our work to drive toward better health and focus on the whole person," said Secretary Mandy Cohen, M.D.

<sup>13</sup> Trillium Health Resources is a NC Medicaid 1915(b)(c) waiver vendor, providing utilization review for Child First services for children over age 3. NC Medicaid provides utilization review for Child First services for children under age 3.

model that works with young children (prenatal to six years old) and their families. The goal of Child First is to identify and intervene at the earliest point to decrease the incidence of serious emotional and behavioral disturbance, developmental delays, learning problems, abuse and neglect.

The Child First team works to help caregivers link to services addressing their own behavioral health needs and support the parent in developing the capacity to understand and nurture their child's socioemotional and physical needs, and in creating a safe and stable environment for the whole family.

## State Fiscal Year 2019 Accomplishments

- **Traumatic Brain Injury Model Waiver.** NC Medicaid launched the Traumatic Brain Injury (TBI) Model Waiver in September 2018. The TBI Waiver supports individuals recovering from traumatic brain injuries to enable them to live in their communities. Qualifying individuals are adults who experienced a traumatic brain injury on or after their 22nd birthday and meet Medicaid eligibility and level of care outlined in the waiver. This model waiver is administered through Alliance Health in Wake, Durham, Johnston and Cumberland counties.

The launch of the TBI Waiver marks an important milestone. Children who experience a traumatic brain injury fall under the Intellectual and Developmental Disability (I/DD) scope of services. However, adults with traumatic brain injuries in North Carolina have previously had limited Medicaid long-term support options.

TBI Waiver services focus specifically on best practices for those experiencing a traumatic brain injury. For individuals who qualify, the TBI Waiver opens the door to important services to support ongoing rehabilitation.

Some of the service options include cognitive rehabilitation, life skills training, extended state plan specialized therapies, community networking, personal care and resource facilitation. NC Medicaid is partnering with Alliance, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, and stakeholders in the TBI community to implement and learn from this inaugural model TBI Waiver.

- **Five-year, \$10 million Substance Abuse and Mental Health Services Administration grant.** Awarded by the Substance Abuse and Mental Health Services Administration (SAMHSA), this grant will fund an integrated approach to primary and behavioral health care to improve the overall wellness and physical and behavioral health of:
  - Adults with serious mental illness
  - Children with serious emotional disturbance
  - Adults and children with substance use disorders and/or co-occurring disorders

The grant will be administered by the Department and the Division of Mental Health, Intellectual and Developmental Disabilities and Substance Abuse Services, with support from NC Medicaid, and will serve an estimated 2,150 individuals. The initial focus will be

on families and individuals in two sites in the southeast coastal and western regions. Plans call for future expansion to communities in the state's Piedmont and Sandhills areas.

Goals include:

- Support prevention and wellness activities
- Provide integrated and behavioral health care and retain participants in treatment
- Provide recovery and support services to every participant
- Establish a continuous quality improvement system that will assess project performance

The project objectives align with Department's planned implementation of behavioral health homes and enables implementation of the specialized behavioral health home model prior to launch of Medicaid Managed Care Tailored Plans.



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## Optical Services

Medicaid and NC Health Choice programs cover optical services for Medicaid beneficiaries regardless of age.

Optical services are routine eye exams to help Medicaid beneficiaries regularly check the health of their eyes and their ability to see clearly. Services also include correcting eyesight with eyeglasses or medically necessary contact lenses.

In addition, through a partnership with the Department of Public Safety, eyeglasses fabricated by Nash Correctional Institution inmates at Nash Optical Plan, a state-owned and -operated, full-service optical laboratory, are available.

There have been no cost increases since 1998 for lenses or add-ons fabricated by Nash Optical Plan. Frame costs have increased minimally with frame updates.<sup>14</sup>

### State Fiscal Year 2019 Accomplishments

Since June 2011, optical services were limited to Medicaid beneficiaries under age 21 and NC Health Choice beneficiaries under age 19. With the combined efforts of many advocates of optical services for adults, and through legislation passed in July 2018, adult optical services were reinstated Jan. 1, 2019.

By offering adult optical services, Medicaid has the potential to affect over 800,000 people in North Carolina and, in so doing, impact the families and communities of these adults.

## How Medicaid Serves the People and Communities of North Carolina

### *Optical Services:*

Provide access to routine eye exams and visual aids for Medicaid beneficiaries of all ages

Cover eye exams determine the health of the organs and visual acuity

Correct diminished eyesight using eyeglasses and medically necessary contact lenses.

<sup>14</sup> Clinical Policy Optical Unit claims data for HCPCS code V2020

## Healthy Opportunities

Healthy Opportunities is a program to address conditions such as food insecurity, housing instability, unmet transportation needs and interpersonal violence that affect a person's health, safety and well-being, as well as health care utilization and costs.

NC Medicaid is working closely with the Department to address social determinants of health—conditions that affect a person's ability to become healthier. The program, called Healthy Opportunities, helps identify people in need and connects them with public and private resources.

### State Fiscal Year 2019 Accomplishments

- **NCCARE360.** In partnership with the Foundation for Health Leadership & Innovation, the Department launched NCCARE360, a statewide coordinated care network to make it easier for providers, insurers and community-based organizations to connect people with the community resources they need. NCCARE360 lets health and human services providers communicate in real-time and securely share client information, while also tracking outcomes of those connections.
- **Healthy Opportunities Pilots.** The Department released a policy paper and a Request for Information to invite feedback on the Healthy Opportunities Pilots, a groundbreaking program that will test and evaluate the impact of integrating evidence-based, non-medical services into the delivery of health care.

### How Medicaid Serves the People and Communities of North Carolina

#### *Healthy Opportunities:*

Helps people fulfill basic needs such as housing stability, food security, transportation access and interpersonal safety through connections to community resources and other programs

Through NCCARE360, allows public and private health and human services providers communicate in real-time and share data

The Centers for Medicare & Medicaid Services authorized up to \$650 million in state and federal funding for North Carolina to operate the pilots. The pilots will operate in two to four geographical areas of the state within the Medicaid Managed Care program. The pilots will cover the cost of approved services related to housing, food, transportation and interpersonal safety that directly affect people's health outcomes and health care costs.

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## Managing Budget, Cost and Health Care Needs

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Being good stewards of taxpayer dollars through  
oversight and innovation



# Medicaid Transformation to Managed Care

Medicaid Managed Care program shifts efforts from design to implementation planning in state fiscal year 2019.

The Department's work continued in state fiscal year 2019 to transition the Medicaid delivery system to managed care as directed by the NC General Assembly in Session Law 2015-245.<sup>15</sup> Building on program design efforts of the prior year, NC Medicaid focused on building the infrastructure, processes and education necessary for a successful launch planned for 2020.

Developing an implementation plan customized to North Carolina's needs depended on continued transparency, communication and collaboration with beneficiaries and their advocates, health professionals and organizations, and other interested stakeholders, including:

- Beneficiaries, families and advocacy groups
- Independent health care practices
- Health care associations and organizations
- Fellow NC divisions and agencies
- Local Departments of Social Services
- County managers and county commissioners
- Community-based organizations
- NC Medical Care Advisory Committee and its subcommittees
- The federal Centers for Medicare & Medicaid Services
- NC General Assembly and its Joint Legislative Committee on Medicaid and NC Health Choice

Attaining several crucial milestones in the Medicaid Transformation process in state fiscal year 2019 was one of the results of these partnerships.

## How Medicaid Serves the People and Communities of North Carolina

### *Transformation to Medicaid Managed Care:*

“The Department is committed to improving the health and well-being of all North Carolinians through an innovative, whole-person centered, and well-coordinated system of care that addresses both medical and non-medical drivers of health.”  
– Secretary Mandy Cohen, M.D.

<sup>15</sup> NC Session Law 2015-245 has been amended by Session Law 2016-121; Section 11H.17.(a) of Session Law 2017-57, Part IV of Session Law 2017-186; Section 11H.10.(c) of Session Law 2018-5; Sections 4-6 of Session Law 2018-49; and Session Law 2018-48.

## State Fiscal Year 2019 Accomplishments

There were many achievements in state fiscal year 2019, including developing the technologies, procedures and policies to support Medicaid Managed Care open enrollment; granting contracts worth over \$6 billion; educating beneficiaries, providers and counties on what to expect, what it meant to them, actions they needed to take, and where to find tools and resources to help.

- **Prepaid Health Plans Request for Proposal and Contract Awards.** While the Department will oversee all aspects of the Medicaid and NC Health Choice programs, prepaid health plans will directly manage certain health services, assume financial risk and contract with providers to deliver Standard Plan services to nearly 1.6 million Medicaid beneficiaries.

The largest procurement in NC Medicaid history at \$6 billion, this contract reflected three years of collaboration with and extensive feedback from beneficiaries, clinicians, hospitals, counties, health plans, elected officials, advocates and other stakeholders to design the Medicaid Managed Care program. The Department hosted listening sessions across the state, reviewed more than 1,000 written public comments and released 15 policy papers on different aspects of the program during this period.

On Feb. 4, 2019, the Department awarded four statewide health plan contracts and one regional contract after careful evaluation of all responses to the request for proposal. Health plans will be subject to rigorous oversight by NC Medicaid to ensure strong provider networks, a full range of benefits, accountability for quality and outcomes, a positive beneficiary experience and timely payments to providers as key aspects of a successful managed care program.

- **Enrollment broker contract award.** Another major milestone, the Department awarded its first procurement contract on Aug. 3, 2018, for enrollment broker services. Enrollment broker services are federally required to ensure that choice counseling, enrollment assistance and beneficiary education are independent from the health plans and focused on the beneficiary's needs and circumstances. During state fiscal year 2019, NC Medicaid and the enrollment broker notified beneficiaries of upcoming enrollment into Medicaid Managed Care, placed outreach specialists in local Departments of Social Services offices, and developed tools to help beneficiaries choose a health plan and primary care provider. These included a health plan comparison chart, a call center, an enrollment website and a mobile app. For those who spoke English as a second language, nearly all materials were printed in Spanish and translators in over 15 languages were available.
- **Amended Section 1115 demonstration waiver application approval.** On Oct. 24, 2019, the Department received federal approval from the Centers for Medicare & Medicaid Services to implement the transition to Medicaid Managed Care and integrate physical health, behavioral health and pharmacy benefits. Receiving approval of this amended waiver application submitted in 2017 also granted authority for the Department and NC Medicaid to:
  - Create Tailored Plans to serve people with intellectual/developmental disabilities or higher intensity behavioral health needs (such as serious mental illness, severe substance use disorder, or a traumatic brain injury).

- Implement new flexibilities for treatment of substance use disorder in institutions of mental disease (IMD).
- Develop and implement an innovative Healthy Opportunities pilot program to connect individual with community services. See page 24 for more on Healthy Opportunities.

## Communication and Training Intensified in State Fiscal Year 2019

NC Medicaid continued to deliver on its commitment to encourage feedback from stakeholders, discuss issues and collaborate on resolutions, provide policy and guidance updates, and provide training, resources and tools for managed care partners.

- **County engagement.** NC Medicaid worked closely with local Departments of Social Services, County Managers, County Commissioners and the North Carolina Association of County Departments of Social Services using onsite training, webinars and other methods to share information and prepare caseworkers and other social services staff for their role in the transition to Medicaid Managed Care. NC Medicaid also launched the Medicaid Managed Care [County Playbook](#),<sup>16</sup> a central location for resources, fact sheets, announcements and other information.
- **Provider engagement.** NC Medicaid also worked with provider associations and used feedback received directly and through the Medicaid Transformation mailbox ([medicaid.transformation@dhhs.nc.gov](mailto:medicaid.transformation@dhhs.nc.gov)) to deliver training courses, webinars, forums and events including meet and greets with health plans, and “virtual office hours” where providers could interact with Medicaid Managed Care experts. A Medicaid Managed Care [Provider Playbook](#)<sup>17</sup> was created to give providers one place to find resources and information to prepare their practices and contract with health plans.
- **Medical Care Advisory Council collaboration.** The Medical Care Advisory Council provided NC Medicaid with insights and recommendations through subcommittees for beneficiary engagement, provider engagement, quality, and behavioral health/intellectual and developmental disability Tailored Plan design. These subcommittees were made of providers, beneficiaries, advocacy organizations and subject experts.
- **Managed care transformation update webcasts and presentations.** Throughout state fiscal year 2019, Department Secretary Mandy Cohen, M.D., along with NC Medicaid executives and subject experts, shared progress updates about the transition to Medicaid Managed Care. Audiences ranged from those with specific concerns to anyone interested in improving health care for North Carolinians. Each event included a question and answer session. Relay Conference Captioning was available for the deaf and hard of hearing and transcripts accessible by screen readers for the blind and visually impaired were added to the Medicaid website.

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<sup>16</sup> The County Playbook is at <https://medicaid.ncdhhs.gov/county-dss/county-playbook-medicaid-managed-care>.

<sup>17</sup> The Provider Playbook is at <https://medicaid.ncdhhs.gov/providers/provider-playbook-medicaid-managed-care>.

- **Final guidance and policy papers.**<sup>18</sup> The Department continued to issue final guidance and policy papers on Medicaid Managed Care, adding to more than two dozen papers released the prior year:
  - [\*Behavioral Health and Intellectual and Developmental Disability Tailored Plans Eligibility and Enrollment\*](#) final policy guidance includes details of eligibility requirements and enrollment processes for Behavioral Health and Intellectual/Developmental Disability Tailored Plans.
  - [\*North Carolina's Data Strategy for Tailored Care Management\*](#) policy paper described how Behavioral Health I/DD Tailored Plans and entities providing Tailored Care Management will use data and information to fulfill their care management responsibilities across seven core functional areas.
  - [\*Data Strategy to Support the Advanced Medical Home in North Carolina\*](#) policy paper provided additional information on the types of data that Advanced Medical Home practices are likely to need to perform care coordination and management, population health improvement and quality management functions for the members they serve.
  - [\*Clinically Integrated Network and Other Partners Support of Advanced Medical Homes Care Management Data Needs\*](#) policy paper covered how clinically integrated networks can help Advanced Medical Homes meet care coordination and management requirements, and support data access, sharing and analysis functions.
  - [\*Healthy Opportunities Pilots: A Review of Proposed Design for Interested Stakeholders\*](#). This was a companion document to [\*Healthy Opportunities Pilots request for information\*](#) released earlier.
  - [\*Updated Standardized Screening Questions for Health-related Resource Needs\*](#) was a companion document to [\*Using Standardized Social Determinants of Health Screen Questions\*](#) released earlier.
  - [\*North Carolina Medicaid Managed Care Updates\*](#) policy paper was specific to health plans and supplements information released in previously released papers.

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<sup>18</sup> Final guidance and policy papers are at <https://www.ncdhhs.gov/medicaid-transformation>.

## Medicaid Contact Center

The Medicaid Contact Center gives beneficiaries, providers and the public a single phone number to call with questions about NC Medicaid. People who call receive quality, efficient service.

The Medicaid Contact Center answers or directs questions by beneficiaries, providers and other stakeholders, ensuring a consistent response and professional service. The Medicaid Contact Center focuses on continually improving internal processes as it evolves into a fully functional information resource for North Carolinians.

### State Fiscal Year 2019 Accomplishments

The Medicaid Contact Center continued to evaluate, identify and improve service by:

- Addressing workforce issues such as employee turnover, capacity planning, forecasting, oversight and reporting
- Expanding the quality and training process to deliver timely and thorough caller assistance
- Researching upgraded technology in the ticketing system to incorporate additional features
- Partnering with General Dynamics Information Technology to assist in managing the influx and balance of calls through NCTracks
- Upgrading to a two-tier call ticket system to separate standard and complex calls so that inquiries can be escalated when needed and ensure that all calls are managed efficiently

### How Medicaid Serves the People and Communities of North Carolina

#### *Medicaid Contact Center:*

Provides single number for callers to receive help with any question related to NC Medicaid

Offers bilingual operators to ensure the highest quality of communication

Delivers optimal customer service through expanded employee training

## Provider Services

The Provider Services team oversees business processes and operations related to more than 70,000 North Carolina health care professionals who deliver Medicaid and NC Health Choice services.

Provider services ensures qualified health care professionals deliver services to Medicaid beneficiaries. This starts with monitoring provider qualifications during the application process and follows with supporting providers by addressing their concerns and streamlining processes to allow for more time with patients.

Provider Services uses a precise monitoring plan and other tools to oversee NCTracks performance in processing provider claims and uses that information to proactively identify trends and areas for improvement.

### State Fiscal Year 2019 Accomplishments

- Identified over 700 provider-related business and technical requirements that were needed to transform Provider Services to the new managed care operating model. These requirements were further developed into over 100 business and technology features that drove transformation efforts in state fiscal year 2019.
- Continued work to support North Carolina's centralized credentialing model for our managed care health plans, one of the few Medicaid departments in the U.S. to achieve this goal. This will avoid the redundant and inefficient model of each plan performing individual credentialing.
- Responded in a timely manner to all escalations and legislative inquiries received from Medicaid and NC Health Choice providers while following key processing requirements including turnaround time, key contacts and response guidelines.

## How Medicaid Serves the People and Communities of North Carolina

### *Provider Services:*

Reduces Medicaid fraud, waste and abuse by ensuring qualified health care professionals are approved to provide Medicaid services

Identifies trending areas of provider concern or potential claims payment issues for faster resolution

Streamlines paperwork so that providers have more time to focus on ways to improve patient health and overall quality of life



- Organized and implemented a variety of provider stakeholder engagement activities designed to introduce the new managed care model directly to providers. These activities included:
  - Seven online presentations through virtual office hours offering provider interaction and education on topics including enrollment, credentialing, contracting, appeals, implementation and readiness, operations, service coverage, reviews and audits.
  - 13 meet and greet sessions to provide education and interaction opportunities among providers and managed care Health Plan representatives; all five Health Plans and 1,118 providers participated.
  - Practice support coaches provided through partnership with Area Health Education Centers began contacting Medicaid providers across the state through on-site visits, telephone and email to assist with education regarding the upcoming transition to managed care.



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## A Provider's Impact

As a Medicaid provider in rural North Carolina, Dr. Amy Marietta is passionate about bringing quality health care to Medicaid beneficiaries. A family physician with Blue Ridge Community Health in Polk county, she has been caring for a full spectrum of patients for the past four years, providing care that beneficiaries most likely would not receive without Medicaid coverage.

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**“It’s important that people understand we can do this. We *are* doing it. We are changing futures for North Carolina families.”**

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Dr. Marietta’s patients range from newborn to 98 years old; she provides services from prenatal to geriatric care, with “everything in between.” Many of her pediatric patients were part of her perinatal clinics, where she provides care for mothers immediately before and after birth.

One of Dr. Marietta’s primary focuses is women’s health and reproductive health. As the

only Medicaid prenatal services provider in Polk county, she is heavily involved in the care for this population. Over 66 percent of births in her county are to Medicaid beneficiaries, and Medicaid is the predominant insurance for children under age 18.

“If beneficiaries have to travel more than 30 miles for family care, studies show that most will not seek the care they need,” says Dr. Marietta. “The distance presents barriers such as lack of transportation or gas money, the ability to get off work, find child care or just a commitment to consistently travel this distance to maintain a program of care.”

Dr. Marietta is very active in her local community health organization’s perinatal recovery group, specializing in the treatment of opioid use disorder in pregnant and post-partum women. The program is designed to help women stay in recovery and decrease the health risks to them and their babies.

The recovery group includes medication-assisted treatment that enables women to get suboxone and other medications at the same place and time as their regular medical checkups. This access makes it easier for beneficiaries to maintain their health and recovery efforts as they participate in group therapy and individual counseling, coupled with their medication-assisted treatment. Taking an active role in this group enables many beneficiaries to maintain jobs, take their kids to school, participate in family activities, function in the home and have full lives.

“The recovery group services can be life-changing for these women, their children and generations to come,” says Dr. Marietta. “Medicaid supports the medications that help these beneficiaries achieve their recovery goals. It is a program that is working. It’s important that people understand we can do this. We *are* doing it. We are changing futures for North Carolina families.”

## Finance

Constant fiscal planning and monitoring enables NC Medicaid leaders to make informed, strategic decisions that efficiently use state dollars to promote better health outcomes.

NC Medicaid strives to optimize the purchasing power of each state dollar in the quest to “buy health” efficiently for Medicaid beneficiaries. By blending frequent and varied collaboration with external and internal stakeholders with rigorous analysis and monitoring, NC Medicaid Finance enabled leaders to pursue innovative services while staying within the appropriated state budget for the sixth consecutive state fiscal year.

The Finance section analyzes national and state economies, the health care market, forecasting methodologies, and proven budget and finance practices to prepare the Department and North Carolina for financial challenges that lie ahead.

The Finance section includes the following teams:

- **Budget** develops the biennium and continuation budgets. This team also proactively monitors forecasted and actual spending versus budget, revises budget amounts based on latest forecasts, and engages with NC Medicaid operations and other teams to understand changes that may impact overall budget results.
- **Finance & Accounting** maintains accurate financial records, tracks payments and receipts, and manages required federal reporting to the Centers for Medicare & Medicaid Services.

### How Medicaid Serves the People and Communities of North Carolina

#### *The Finance Team:*

Forecasts Medicaid expenditures, enabling state leaders to more reliably plan North Carolina’s annual budget

Establishes reasonable health care services reimbursement rates that support providers’ businesses operations and stay within the Medicaid budget

Audits provider cost reports and other data to promote accuracy, planning and compliance with state and federal regulations

Establishes reasonable reimbursement rates for services that consider providers’ business operations and Medicaid budget

- **Provider Reimbursement** (fee-for-service and managed care-focused teams) establishes Centers for Medicare & Medicaid Services-approved reimbursement methodologies and rates for the numerous Medicaid-covered health care services and administers the financial implementation of the 1915(b)(c) waiver, including financial monitoring and oversight of local management entities/managed care organizations (LME/MCOs).
- **Provider Audit** examines annual NC Medicaid cost reports submitted by a variety of providers, including hospitals, long-term care facilities, federally qualified health centers, rural health clinics, local health departments, local education agencies, ambulance services, and state-owned and -operated institutions.
- **Financial Planning & Analysis** develops external and internal management reporting, quantifies the impact of program and policy changes, responds to ad hoc stakeholder requests, analyzes financial trends and variances, and provides executive management with financial observations that inform and assist with biennium budget development.



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## Compliance and Program Integrity

The Office of Compliance and Program Integrity ensures compliance, efficiency and accountability by detecting and preventing fraud, waste and abuse.

The NC Medicaid Office of Compliance and Program Integrity (OCPI) verifies dollars are paid appropriately for covered services by using claim reviews and investigations, implementing recoveries, pursuing recoupments and aggressively identifying other opportunities for cost avoidance.

OCPI also protects beneficiary rights with respect to the privacy of health records, as required under the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

### State Fiscal Year 2019 Accomplishments<sup>19</sup>

- Performed prepayment reviews that resulted in denied or reduced claims representing \$15,193,660 in reduced costs to the state
- Recovered \$9,520,163 from post-payment review activities
- Recovered \$752,840 from beneficiary review activities
- Recovered \$294,521 from county audit activities
- Completed preliminary reviews for 1,857 individual complaints, of which 934 cases were referred for further investigation within OCPI

### How Medicaid Serves the People and Communities of North Carolina

*Office of Compliance and  
Program Integrity:*

Saves taxpayer dollars to be used  
on other Medicaid health care  
services

Provides confidence that  
providers are delivering promised  
services to beneficiaries

Responds to consumer  
complaints related to fraud,  
waste and abuse by providers and  
beneficiaries

Works with the Attorney  
General's Office to prosecute  
those indicted for Medicaid fraud

<sup>19</sup> OCPI results are derived from various internal reports



- Made 58 referrals to the North Carolina Attorney General's Office for criminal or civil investigation
- Established the Medicaid Eligibility Review Unit and completed 30 county reviews for a total of 6,000 eligibility determination validations

## Responding to Consumer Complaints

OCPI receives complaints from patients, their families and advocates, providers and former employees of providers, and through federal and state referrals. Referrals include complaints made through calls or submitted online:

- Fraud, waste and abuse tip line: 1-877-DMA-TIP1 (1-877-362-8471)
- Fraud and Abuse Confidential Complaint form:  
[medicaid.ncdhhs.gov/get-involved/report-fraud-waste-or-abuse/complaint-form](https://www.ncdhhs.gov/get-involved/report-fraud-waste-or-abuse/complaint-form)

NC Medicaid also responds to fraud calls referred from the North Carolina State Auditor's Waste Line, 1-800-730-TIPS.



## Business Information

The Business Information Office leads technology and business processes to support NC Medicaid.

The Business Information Office is divided into two teams:

- Business & Technology Relationship Management (BTRM) is the central facilitation and contact point for Medicaid-related activities of NCTracks, the Department's multi-payer claims system, including translating business rules into NCTracks system requirements; and serving as the liaison with the NC Medicaid team on NCTracks execution of beneficiary eligibility, provider enrollment, reimbursement, prior approval and claims adjudication requirements. BTRM also oversees and approves the process to implement corrections to the NCTracks system.
- Business Analytics and Information (BA&I) is a centralized analytics team that uses analytical techniques to resolve Medicaid questions and issues by identifying and gathering business insights from Medicaid data. BA&I is committed to improving the customer experience through convenience, accuracy, timely delivery, planning for change and sustainable growth of reporting capacity.

### State Fiscal Year 2019

#### Accomplishments

Business and Technology Relationship Management (BTRM)<sup>20</sup>

- Created and tracked 34 new NCTracks customer service requests from initial documentation of operational needs to implementation
- Reviewed and approved 1,778 NCTracks file maintenance requests including generating, tracking and testing; and provided technical support and guidance to the business owners

### How Medicaid Serves the People and Communities of North Carolina

*Business Information Office:*

Provides faster identification of potential Medicaid claims and eligibility issues under the NCTracks system

Manages NCTracks system improvements and corrections process

Increases transparency by providing dashboards as a visual way for stakeholders to understand and explore Medicaid data

<sup>20</sup> BTRM results are derived from various reports generated by NCTracks

- Generated 605 NCTracks service tickets and tracked them through testing, implementation and closure
- Generated, monitored, revised and/or implemented 206 system service tickets to ensure a strong technological foundation for Medicaid Direct and Medicaid Managed Care
- To increase and support efficient job performance across the agency, comments regarding 199 deliverables were solicited from internal supervisors, team members, subject matter experts and other stakeholders. Resulting edits were distributed to the Division for review, including manuals, documents, user guides and job aids.

#### Business Analytics and Information (BA&I)

- Upgraded and implemented internal business tools to enable higher functionality and more efficient job performance
  - Cognos Analytics tool was implemented to enable automated report delivery and parametrized queries
  - Tableau Server was implemented to enable collaboration and automated updates to dashboards
- Requests for Medicaid data and reports increased 8.5% in state fiscal year 2019.

EXHIBIT 4

Medicaid Data and Report Requests – State Fiscal Year 2019				
Category	Reports	Dashboards	Extract Files	Total
Medicaid Enterprise	847	10	11	868
DHHS and Other State Agencies	175	0	0	175
Public Records Requests	146	0	0	146
Legislative & Audit	60	0	0	60
Business Partner Extracts	0	0	1,338	1,338
<b>Total</b>	<b>1,228</b>	<b>10</b>	<b>1,349</b>	<b>2,587</b>



## Policy and Regulatory Affairs

Policy and Regulatory Affairs responds to policy-based answers, program information and public records requests from stakeholders.

Policy and Regulatory Affairs assists people who call with questions on eligibility and disability determinations by local Departments of Social Services; application procedures and waiver waiting lists; and the differences between Medicaid/Medicare, and third-party insurance/liability.

The team also connects people who call with statewide and community programs as needed.

Policy and Regulatory Affairs responds to an average of 100 inquiries per month.

### State Fiscal Year 2019

#### Accomplishments

- Ensured all state fiscal year 2019 NC Medicaid-related policy and regulatory activities and initiatives were aligned and supported Department objectives for NC Medicaid, including its beneficiaries, providers, and contractors.
- Secured Rules Review Commission approval of 44 rules in the [NC Administrative Code](#)<sup>21</sup> by determining some rules could be repealed and drafting language to update others. The rules activity was published in the North Carolina Register after soliciting feedback through public hearings.

## How Medicaid Serves the People and Communities of North Carolina

### *Policy & Regulatory Affairs:*

Responds to the public's questions and request for information

Helps communities find answers within complex state and federal rules and regulations

Monitors state and federal legislative activity to determine potential effect on Medicaid programs

Connects callers with statewide and community programs

<sup>21</sup> The North Carolina Administrative Code is at <http://reports.oah.state.nc.us/ncac.asp?folderName=\Title%2010A%20-%20Health%20and%20Human%20Services>.

## Due Process: Protecting Beneficiary Rights

NC Medicaid Appeals ensures beneficiaries have a voice when a claim or request for service is denied.

NC Medicaid beneficiaries are protected by a U.S. constitutional right of due process. Before a request for service is denied or reduced, and before eligibility is denied or stopped, a beneficiary is entitled to a clear and easy-to-understand notice of the decision, delivered in a reasonable amount of time.

NC Medicaid has a [comprehensive due process system](#)<sup>22</sup> to ensure beneficiaries feel comfortable challenging a denied eligibility or covered service. When beneficiaries request a review of a decision, informal mediation is offered and, if needed, a state fair hearing is held before an impartial third party. At that hearing, the beneficiary may present additional information and question the reasons for the decision.

### State Fiscal Year 2019 Accomplishments

- Hearings decreased 52% compared to the same period last year. From January–June 2019, 62 appeals were received compared to 129 from January-June 2018. This is in part due to Session Law 2018-5, Senate Bill 99, in which licensed outpatient behavioral health providers were categorized as “limited” rather than “moderate” risk providers. This removed onsite inspections as a requirement to be a NC Medicaid provider, which means there were fewer provider enrollment adverse decisions for these applicants.
- The percentage of hearing dismissals increased from 69% in 2018 to 77% in 2019, due to Medicaid outreach to providers upon application denial. Through educating the providers on outstanding issues and assisting them in expediting a follow-up application, provider wait time is cut from two weeks for a second hearing down to two to three business days to resubmit a corrected application.

### How Medicaid Serves the People and Communities of North Carolina

#### *NC Medicaid Appeals:*

Develops easy to understand state notices

Provides comprehensive system of reconsiderations, mediation and appeal when services have been reduced, denied or stopped

Provides quality assurance and analytics for every adverse notice sent to beneficiaries

Provides training and consultation to prior approval teams

<sup>22</sup> Due process information is at <https://medicaid.ncdhhs.gov/medicaid/administrative-hearings-appeals>.

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## Financial Review

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Details of Medicaid and NC Health Choice State Fiscal  
Year 2019 financial results

# Factors Affecting State Fiscal Year 2019 Financial Results

## NC Medicaid finished within budget.

North Carolina's Medicaid spending for state fiscal year 2019 increased by approximately 3% over the previous year. This result was primarily driven by three rate increases that went into effect on Jan. 1, 2019, when NC Medicaid:

- Increased all dental procedure codes by 10%, which led to an overall increase in spending of 2% for dental claims
- Increased rates for physician services related to evaluation and management to keep these in line with the Medicare's physician fee schedule
- Introduced increased rates associated with a renewal of the waiver for the Community Alternate Program for Disabled Adults (CAP/DA)

Despite these rate increases, total NC Medicaid expenditures were again within the projected budget for the year. Lower than expected enrollment growth, likely due to favorable statewide economic factors, was the primary contributor to this outcome.

## Expenditure by Funding Level

### State contributed \$3.8 billion out of a total of \$15 billion.

NC Medicaid is jointly funded by North Carolina and the federal government. In state fiscal year 2019, Medicaid and NC Health Choice expenditures of \$15 billion, of which \$3.8 billion was paid by North Carolina and \$9.6 billion paid by the federal government.

Approximately 76% were service expenditures, such as claims, premiums and capitation payments. Service expenditures are divided into different groups, called "categories of service." Pharmacy rebates are paid into a different fund but are combined and netted with claims expenditure for annual reporting purposes. The net cost for drugs is more relevant to operations.

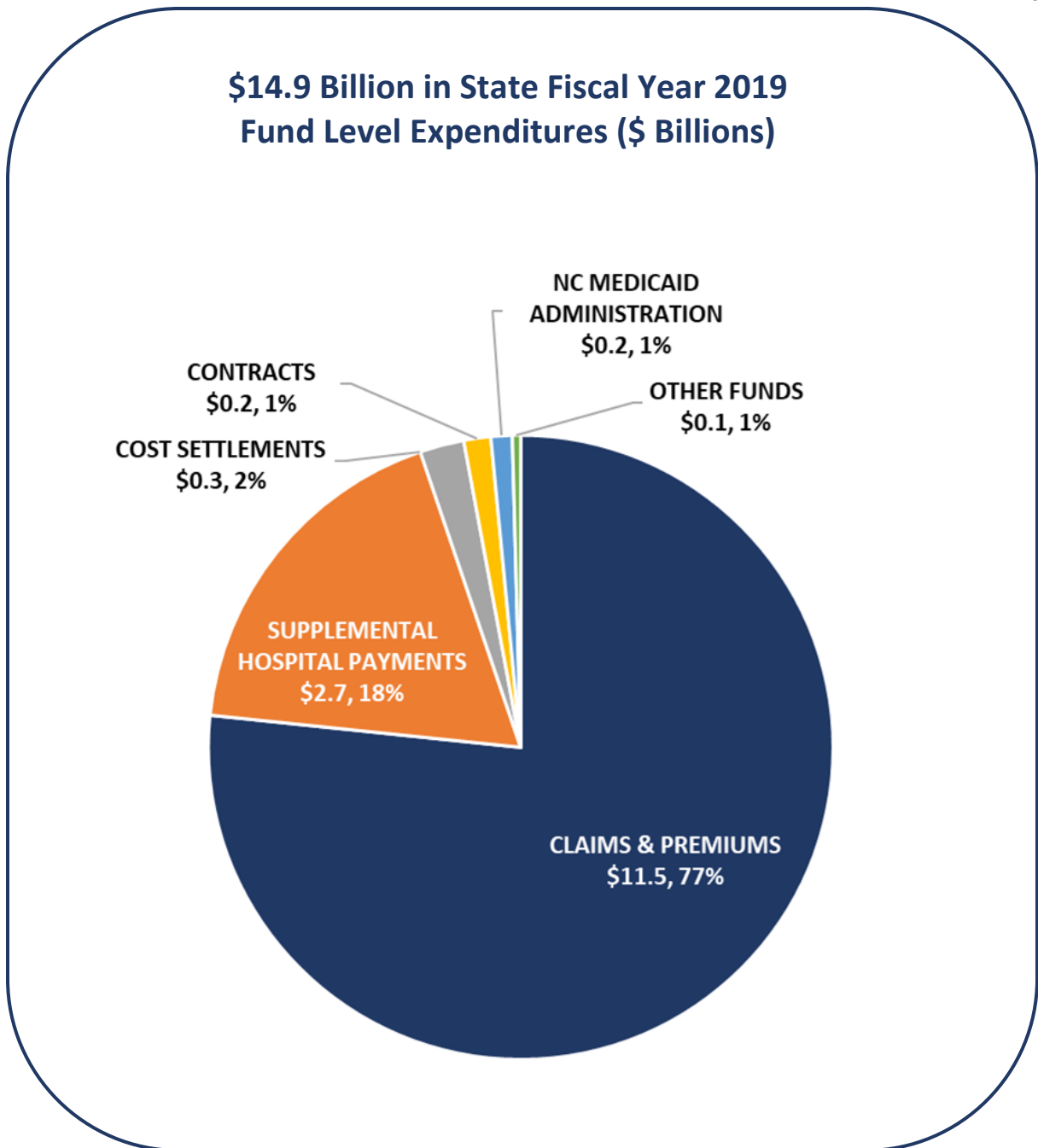
Other significant expenditures:

- Supplemental hospital payments reimburse hospitals for the treatment of uninsured patients or other significant costs to hospitals.
- Cost settlements are payments or recoveries to reconcile whether a participating hospital was paid a predetermined and complete reimbursement rate for inpatient and outpatient costs.

Other costs include contract payments, NC Medicaid administrative costs, health information technology payments and accounting adjustments due to audits or financial activities affecting a prior year.

Some operations recover funds for NC Medicaid. For example, program integrity ensures claims are appropriately and accurately paid, and third-party liability recovers funds paid by NC Medicaid for incidents that should have been covered by other insurers.

EXHIBIT 5



# Medical Assistance Payments

## By Category of Service

EXHIBIT 6

MEDICAL ASSISTANCE PAYMENTS (CLAIMS AND PREMIUMS)   MEDICAID AND NC HEALTH CHOICE (ranked by claims expenditure <sup>23</sup> )			
Service Category	Unduplicated Recipients	Claims Expenditure (\$ millions)	Cost Per Recipient
LME/MCO <sup>24</sup>	1,862,695	\$2,714.3	\$1,457.2
Pharmacy	1,301,567	1,976.9	1,518.8
Skilled Nursing Facilities	41,527	1,304.7	31,418.9
Physician	1,782,877	1,094.7	614.0
Hospital Inpatient	229,008	1,024.3	4,472.8
Buy-in/Dual Eligible	-	919.8	N/A
Hospital Outpatient	703,783	579.8	823.9
Personal Care Services	43,044	470.9	10,940.1
Dental	920,077	382.4	415.6
Hospital Emergency Dept.	565,724	366.5	647.9
CAP <sup>25</sup> for Disabled Adults	12,020	270.9	22,534.6
Durable Medical Equipment	243,579	256.7	1,053.9
Home Health	18,672	221.1	11,842.1
Practitioner Non-physician	106,671	178.3	1,671.7
Clinic	375,528	142.2	378.6
Lab & X-Ray	460,228	114.7	249.2
Health Check	752,403	90.6	120.4
Hospice	7,454	83.7	11,227.3
PACE <sup>26</sup>	2,714	81.0	29,839.9
CAP-Children	2,745	62.4	22,737.3
Non-emergency Medical Trans.	55,590	59.2	1,065.2
Optical	302,260	30.9	102.4
Ambulance	154,307	26.7	173.2
Ambulatory Surgery Center	36,057	17.3	479.7
Other	1,689,817	293.6	173.8
<b>Total</b>	<b>2,332,709</b>	<b>\$12,763.7</b>	<b>\$5,471.6</b>

<sup>23</sup> Claims expenditure data are net of drug rebates.

<sup>24</sup> Local Management Entity/Managed Care Organization

<sup>25</sup> Community Alternatives Program

<sup>26</sup> Program of All-inclusive Care for the Elderly

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## Overview of NC Medicaid Programs and Services

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NC Medicaid offers a wide array of programs and services to eligible North Carolina beneficiaries



# North Carolina Medicaid Programs and Services for Eligible Beneficiaries

NC Medicaid covers a wide variety of programs and services for eligible beneficiaries. Below are some of the most highly used services.

See page 54 for a list of services ranked by claims expenditure. To learn more about programs and services not listed in the annual report, visit the NC Medicaid website at [medicaid.ncdhhs.gov](https://www.ncdhhs.gov/medicaid) or call the Medicaid Contact Center at (888) 245-0179.

## Ambulance Services

Ambulance services provide ground and air transportation for NC Medicaid beneficiaries who experience a sudden medical emergency and cannot be safely transported by other means, like a car or taxi, to receive medically necessary treatment.

NC Medicaid provides ambulance services to ensure beneficiaries receive appropriate care as soon as possible in a medical emergency. The beneficiary's condition must meet the definition of medical necessity and require medical services that cannot be provided in the beneficiary's home. There are 302 ambulance providers enrolled in Medicaid.

## Ambulatory Surgery Center Services

An ambulatory surgery center provides surgical procedures in an outpatient setting. A beneficiary receives scheduled procedures, including diagnostic and preventive services, and is discharged on the same day. Most NC Medicaid beneficiaries are eligible to receive ambulatory surgery center services.

Ambulatory surgery centers relieve the workload of hospitals by offering an alternative outpatient setting for a growing number of critical procedures. Without these services, Medicaid beneficiaries would be required to visit the hospital for all surgical procedures. As of June 2019, there were about 135 ambulatory surgery center providers enrolled in NC Medicaid.

## How Medicaid Serves the People and Communities of North Carolina

*Some programs for:*

### Children

Community Alternatives Program for Children (p.8)

Dental Services (p.48)

Health Check Early Preventive Health Screening (p.49)

Optical Services (p.23)

### Adults with Disabilities

Community Alternatives Program for Disabled Adults (p.8)

### Seniors

Program of All-Inclusive Care for the Elderly (p.53)

## Clinic Services

Collaborating with federal, state and local partners, NC Medicaid offers an array of clinic services. These include federally qualified health centers, rural health clinics, local health departments and end stage renal disease dialysis facilities.

Federally qualified health centers and rural health clinics provide a core set of health care services mandated by federal Medicaid laws. In state fiscal year 2019, there were over 326 federally qualified health centers and 91 rural health clinics with services provided by a physician, physician assistant, nurse practitioner or certified nurse midwife. The Office of Rural Health and NC Medicaid work together to oversee rural health clinics.

In state fiscal year 2019, 25 end-stage renal disease facilities added to provide dialysis treatments to NC Medicaid beneficiaries, bringing the total to over 280 clinics. There were also 33 additional procedures added to ambulatory surgery services.

## Community Alternatives Programs for Children

See pages 8 and 10.

## Community Alternatives Programs for Disabled Adults

See pages 8 and 12.

## Dental Services

Dental services are provided to NC Medicaid beneficiaries of all ages and NC Health Choice beneficiaries ages 6-18. Dental services include check-ups, X-rays and cleanings; fillings and extractions; complete and partial dentures; and certain surgery procedures.

Uncontrolled oral disease may lead to a higher risk of developing or exacerbating problems like diabetes, heart disease and bacterial pneumonia.<sup>27</sup> Oral health care is even more important for beneficiaries who are chronically ill or have special needs (aged, blind, disabled, intellectual or developmental disabilities).<sup>28</sup> Over half of the births in North Carolina are to Medicaid-eligible women.<sup>29</sup> Pregnant women with poor oral health are at higher risk for adverse birth outcomes like pre-term and low birth-weight babies and may more readily transmit bacteria that cause oral disease to their young children.<sup>30</sup>

Medicaid and NC Health Choice dental services provide the opportunity for North Carolinians to improve oral health and lower the risk of compounding future health issues. Orthodontic services also are provided to some beneficiaries under age 21 with functionally impaired ability to speak, eat, swallow or chew due to crooked teeth or jaw growth discrepancies.

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<sup>27</sup> U.S. National Library of Medicine/NCBI at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC88948/>

<sup>28</sup> National Institute of Dental & Craniofacial Research at <https://www.nidcr.nih.gov/health-info/developmental-disabilities/more-info>

<sup>29</sup> Kaiser Family Foundation at <https://www.kff.org/medicaid/state-indicator/births-financed-by-medicaid/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22north-carolina%22:%7B%7D%7D&sortModel=%7B%22colld%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>30</sup> American Family Physician: Oral Health During Pregnancy at <https://www.aafp.org/afp/2008/0415/p1139.html>

## Durable Medical Equipment

The NC Medicaid Durable Medical Equipment program covers prosthetics, orthotics and other types of durable medical equipment for enrolled Medicaid and NC Health Choice beneficiaries, and to individuals enrolled in both Medicare and Medicaid.

“Durable medical equipment” refers to the following categories of equipment and related supplies for use in a Medicaid beneficiary’s home: inexpensive or routinely purchased items, capped rental/purchased equipment, equipment requiring frequent and substantial servicing, oxygen and oxygen equipment, related medical supplies, service and repair, other individually priced items and enteral nutrition equipment.

Examples of covered equipment include wheelchairs, hospital beds, walkers, canes and crutches; oxygen and respiratory equipment; and glucose monitors.

## Health Check Early Preventive Health Screening

Health Check is North Carolina’s preventive health and wellness program for NC Medicaid beneficiaries under age 21. These services are part of the federal Early Periodic Screening, Diagnostic and Treatment (EPSDT) benefit required by the Centers for Medicare & Medicaid Services.

Health Check ensures eligible children have access to early and regular medical surveillance and preventive services, including screenings, physical assessments, referrals and follow-up care to promote good health, and to ensure earliest possible diagnosis and treatment of health problems.

Under EPSDT, diagnostic and treatment services must be provided when Health Check wellness screens indicate a need for further evaluation of a child’s medical condition. Wellness visits are offered and encouraged at intervals recommended by the American Academy of Pediatrics.

## Home Health Services

Home health services are medically necessary skilled nursing services, specialized therapies (physical therapy, speech-language pathology and occupational therapy), home health aide services and medical supplies provided to beneficiaries at home or in adult care homes. Services are available to Medicaid and NC Health Choice beneficiaries at any age.

Home health services reduce the length and cost of hospital stays for beneficiaries while promoting independence and self-sufficiency. These services are designed to be offered on a short-term or intermittent basis.

Home health services provide cost-effective alternatives to hospital or skilled nursing facility care. They reduce admission into skilled nursing facilities and allow beneficiaries to receive required treatment in the comfort of their homes.

## Hospice Services

The Medicaid and NC Health Choice hospice benefit provides coordinated and comprehensive services for the physical, psychosocial, spiritual and emotional needs of terminally ill beneficiaries, their families and caregivers. Services are provided in private homes, hospice residential care facilities and a variety of other settings.

People in their last phase of life may prefer to manage pain and other symptoms in the comfort of their own home rather than continue treatment in a hospital setting. Providers with specialized skills and training to care for those in their final days are necessary to ensure the most appropriate physical and emotional care.

With Medicaid hospice services, beneficiaries with a life expectancy of six months or less may choose to forgo curative measures and, instead, use palliative medicine to manage symptoms. Hospice provides a compassionate approach to end-of-life care, improving the quality of life for beneficiaries and their families.

## Hospital Emergency Department Services

Hospital emergency departments provide acute care at the sudden onset of a medical condition that may or may not require hospital inpatient admission. Emergency department services received within 24 hours of admission are included as part of the inpatient hospital stay.

Without hospital emergency department benefits, the burden for emergency care would shift to physicians and clinics. A hospital emergency department benefit provides for stronger hospital systems that provide emergency health care needs by uniquely qualified staff in an appropriate setting, while allowing physicians and clinics to practice primary and integrated care.

## Hospital Inpatient Services

Hospital inpatient services are primarily treatments that are not practical or advisable to be delivered on an outpatient basis, provided under the direction of a physician or a dentist, and received by a Medicaid patient in a facility qualified to participate in Medicare as a hospital.

Hospital inpatient services hold a significant role in diagnosing and treating illness while also providing opportunities for NC Medicaid beneficiaries to become a healthier population with enhanced quality of life based on improved quality of care.

Hospital inpatient services are an important aspect of any health care system. Without this Medicaid coverage, beneficiaries suffering from significant illness or physical trauma would not have access to necessary procedures or intensive care.

## Hospital Outpatient Services

Hospital outpatient services cover a wide variety of treatments including preventive, diagnostic, therapeutic, rehabilitative and palliative. These services ordinarily do not require admission to a facility, are provided by or under the direction of a physician or dentist and are received by a NC Medicaid patient in a hospital setting.

Hospital outpatient services provide access to crucial medical care for beneficiaries, while enabling hospitals to provide that care in a quality-oriented and efficient manner. Services that do not require patients to be admitted allow hospitals to dedicate necessary resources to their inpatient services.

The hospital outpatient benefit also provides cost-effective laboratory and radiology services, which can be costlier in other settings. This ensures NC Medicaid beneficiaries have access to a wider variety of these services.

## Lab and X-ray Services

Lab and X-ray services include diagnostic lab tests performed in independent laboratories; and lab tests, portable X-rays and ultrasounds that take place in independent diagnostic testing facilities.

North Carolina provides laboratory services to enrolled Medicaid and NC Health Choice beneficiaries, and to individuals enrolled in both Medicare and NC Medicaid. X-ray services are included in this category and typically account for a small percentage of total expenditure.

## Licensed Non-Physician Provider Services

Licensed non-physician provider services are assessments and treatments performed by independent providers licensed to provide audiology, occupational, physical, respiratory and speech therapy services. A physician's order and prior approval are required for these services.

Child development services agencies, home health agencies, outpatient hospitals, physicians' offices, local education agencies, and single-specialty and multi-specialty group practices provide Medicaid therapy services for specific age groups.

To ensure all children receive therapy to improve development skills delayed by impairments or during recovery from an injury or illness, independent providers deliver Medicaid specialized therapy services to eligible beneficiaries under age 21 and NC Health Choice beneficiaries under age 19. The therapies are provided in the beneficiary's home, day care, preschool, school or clinic.

To ensure all adult beneficiaries over age 21 receive medically necessary therapy to improve recovery from an illness/diagnosis or injury requiring an open surgical procedure, adult beneficiaries can receive therapy through the physician's office, home health agency or through an outpatient hospital facility.

## Medicare Aid Program

Medicare Aid helps Medicare-eligible NC Medicaid beneficiaries pay for Medicare premiums, copayments and deductibles.

Seniors and disabled individuals eligible for NC Medicaid receive assistance with Medicare costs through the Medicare Aid Program, providing an extra level of coverage tailored to this dual-eligible population and mitigating financial risk to the state. Beneficiaries outside of full Medicaid income and resource requirements can still receive assistance with some Medicare premiums, copayments and deductibles.

This program offers dual-eligible beneficiaries access to a network of providers who may not necessarily accept patients who have only Medicaid coverage.

Additionally, the Medicare Aid for Working Individuals with a Disability program enables individuals with disability to pursue employment without jeopardizing continued Medicare coverage.

## Money Follows the Person

See pages 13 and 15.

## Non-Emergency Medical Transportation Services

NC Medicaid beneficiaries are provided transportation services to and from medical appointments through local Department of Social Services (DSS) offices. DSS contracts with vendors, including public transportation, taxi cabs, private transportation companies, volunteers and DSS staff, using private and agency vehicles.

NC Medicaid beneficiaries often do not have the resources to travel to medical appointments. Non-emergency medical transportation ensures that eligible NC Medicaid beneficiaries have access to vital health care.

Transportation providers are reimbursed for mileage. Beneficiaries and friends, and financially and non-financially responsible individuals are reimbursed for mileage and travel-related expenses, such as meals and overnight stays, and are provided gas vouchers when they drive their own vehicles.

## Optical Services

See page 23.

## Personal Care Services

Personal care services include a range of human assistance services to help with common activities of daily living for NC Medicaid beneficiaries of all ages with disabilities and chronic conditions. Services are provided to NC Medicaid beneficiaries in a variety of settings.

The Personal Care Services program allows beneficiaries who need assistance with activities of daily living with the opportunity to avoid placement in a nursing home by offering long-term service in a home environment.

Personal care services provide person-to-person, hands-on assistance with activities of daily living by a direct care worker in the beneficiary's home or other setting. Personal care services also include assistance with instrumental activities of daily living, such as light housekeeping tasks, when directly related to the approved activities of daily living and the assistance is specified in the beneficiary's Personal Care Services program service plan.

NC Medicaid beneficiaries receiving personal care services must have a medical condition, disability or cognitive impairment, and demonstrate unmet needs for a certain number of qualifying activities of daily living at varying levels of required assistance.

## Pharmacy

See page 16.

## Physician Services

NC Medicaid physician services are provided by all physician specialties. Also included are licensed non-physician providers like nurse practitioners, physician assistants, certified nurse midwives and certified nurse anesthetists. Services are provided to NC Medicaid-eligible beneficiaries, with certain restrictions depending on the eligibility category. Prenatal care physician services are provided to pregnant beneficiaries.

North Carolina provides access to health care for low-income children, families and seniors. Without this care, health issues can develop into long-term, chronic illnesses that prevent people from experiencing a full life, providing for their families and contributing to their communities.

Physician services provide continuing and comprehensive medical care, health maintenance and preventive services to NC Medicaid beneficiaries, including the appropriate use of consultants, health services and community resources.



## Program of All-Inclusive Care for the Elderly

The Program of All-Inclusive Care for the Elderly (PACE) is a national model of a capitated managed care program for adults ages 55 and older who require nursing facility-level of care. The overall goal is to provide higher quality care by managing all health and medical needs to delay or avoid hospitalization and long-term care placement.

PACE offers a comprehensive array of services including primary health clinics, adult day care programs, areas for therapeutic recreation, personal care and other acute, emergency care and long-term care services for those enrolled in the program.

PACE provides medical care, meal services, physical therapy, activities, socialization and restorative therapies in one location.

For more about PACE, see page 15.

## Skilled Nursing Facilities

A skilled nursing facility provides beneficiaries with daily nursing care that does not require the more complex acute care medical consultations and support services available in a traditional hospital setting.

Skilled nursing facilities provide short- and long-term care to beneficiaries, placing patients under the close supervision of doctors and nurses specially trained to treat a variety of conditions. Additionally, skilled nursing facilities offer rehabilitative care to patients recovering from stroke, surgery or other events, offering patients an alternative to hospitalization that still provides continued full-time care.

Medicare covers 100% of skilled nursing facility costs for the first 20 days, but only 80% afterward, up to 100 days. Some beneficiaries are unable to cover the cost of treatment when Medicare runs out. Medicaid coverage for skilled nursing care helps ensure continued access to care for beneficiaries.

## NC Medicaid Employees' Dedication Extends into Communities

NC Medicaid is dedicated to improving the health and lives of people throughout North Carolina. Nearly 400 people, based in Raleigh and throughout the state, come to work each day because they

Activities included serving a domestic violence shelter, food bank and home-building organization.

firmly believe NC Medicaid can make a difference. This commitment goes beyond daily work, however, as their passion to personally help those in-need reaches into communities across the state.

- **Partnering with community organizations.** NC Medicaid employees helped 11 non-profit groups with 12 community projects in state fiscal year 2019. The result was 191 volunteer hours provided to help these organizations reach their goals.
- **Helping those in need during Hurricane Florence.** In addition to ongoing volunteer efforts, NC Medicaid employees went to work for Hurricane Florence recovery. They collected canned food, toiletries, underwear, socks, diapers and wipes, pillows, blankets, hand sanitizer, bottled water, work gloves and other items, then drove the donations directly to the disaster recovery center in Lumberton for distribution to those in need. See page 19 for more about the NC Medicaid response due to Hurricane Florence.

NC Medicaid employees are dedicated to making a positive impact on people's lives, on and off the job.

### How Medicaid Serves the People and Communities of North Carolina

*Medicaid employees' impact on the community:*

11 organizations

12 community projects

73 employees

191 volunteer hours

Donations and delivery to Hurricane Florence Disaster Recovery Center

Donation of \$15,484 to State Employees Combined Campaign

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## Additional Exhibits

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## Medicaid and NC Health Choice Funding Sources State Fiscal Years 2018 and 2019

EXHIBIT 7

	MEDICAID (\$ Millions)			
	SFY 2018 Actuals	SFY 2018 Budget	SFY 2019 Actuals	SFY 2019 Budget
Expenditure	\$14,579	\$14,658	\$14,819	\$15,050
Revenues	10,925	10,959	11,060	11,224
Appropriations	\$3,654	\$3,699	\$3,759	\$3,826

	NC HEALTH CHOICE (\$ Millions)			
	SFY 2018 Actuals	SFY 2018 Budget	SFY 2019 Actuals	SFY 2019 Budget
Expenditure	\$199	\$199	\$225	\$226
Revenues	199	199	\$226	\$225
Appropriations	\$0	\$0	\$(0)	\$0

	MEDICAID AND NC HEALTH CHOICE (\$ Millions)			
	SFY 2018 Actuals	SFY 2018 Budget	SFY 2019 Actuals	SFY 2019 Budget
Expenditure	\$14,778	\$14,857	\$15,044	\$15,276
Revenues	11,123	11,158	11,286	11,450
Appropriations	\$3,654	\$3,700	\$3,758	\$3,826

Note: Due to rounding, expenditure minus revenues may not equal appropriations figure shown.

## NC Medicaid Providers by Type State Fiscal Year 2019

EXHIBIT 8

PROVIDER TYPE	UNDUPLICATED <sup>31</sup> NPI COUNT BY TYPE	NPI COUNT WITH MULTIPLE TAXONOMY CODES <sup>32</sup>
Agencies	1,866	2,030
Allopathic & Osteopathic Physicians	26,363	28,682
Ambulatory Health Care Facilities	903	940
Behavioral Health & Social Service Providers	3,798	3,962
Chiropractic Providers	280	280
Dental Providers	2,525	2,659
Eye and Vision Services Providers	910	911
Group	7,355	7,903
Hospital Units	9	9
Hospitals	576	584
Laboratories	251	251
Managed Care Organizations	33	33
Nursing & Custodial Care Facilities	1,594	1,641
Other Service Providers	6	6
Pharmacy Service Providers	2,608	2,608
Physician Assistants & Advanced Practice Nursing Providers	15,385	16,497
Podiatric Medicine & Surgery Service Providers	260	426
Residential Treatment Facilities	54	54
Respiratory, Developmental, Rehabilitative and Restorative	2,142	2,193
Respite Care Facility	22	22
Speech, Language and Hearing Service Providers	1,843	1,854
Student, Health Care	12	12
Suppliers	2,021	3,110
Transportation Services	510	542
<b>Total</b>	<b>71,326</b>	<b>77,209</b>

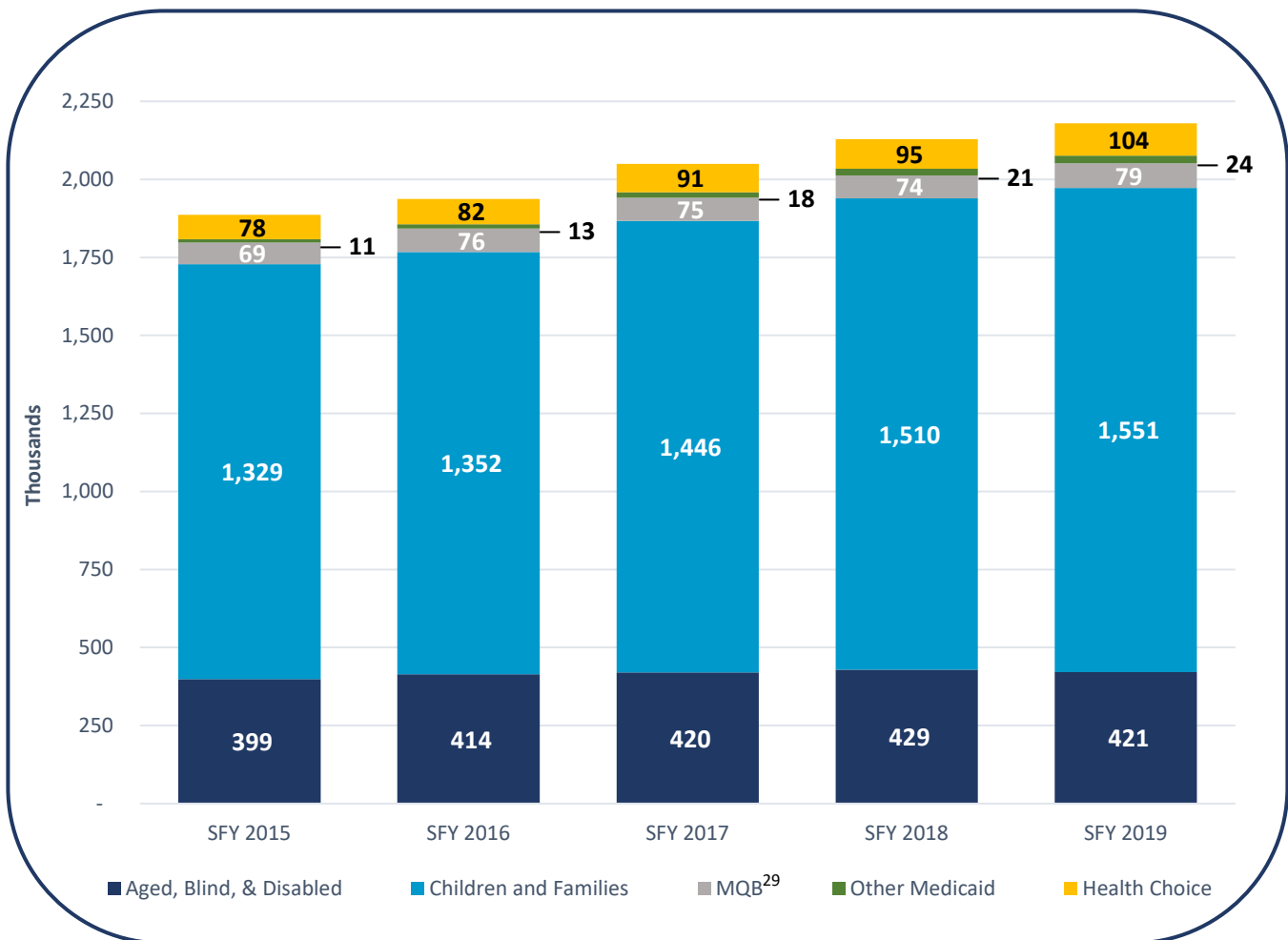
<sup>31</sup> This is a count of all providers who have a unique national provider identifier (NPI) who had a claim in state fiscal year 2019.

<sup>32</sup> Taxonomy codes are unique administrative codes that identify the type and area of specialization for health care providers.

## Average Enrollment by Medicaid Program Aid Categories State Fiscal Years 2015-2019

Medicaid program aid categories<sup>33</sup> are groups of beneficiary types who are generally eligible for similar Medicaid services. Aid categories can be used to track enrollment, as shown in Exhibit 7, and other results over time. NC Medicaid uses this information as one of the ways to best manage the Medicaid and NC Health Choice programs. See the Medicaid website for a complete list of [program aid categories](#).<sup>34</sup>

EXHIBIT 9



<sup>33</sup> Program aid categories are used by NC Medicaid for reporting purposes. They are not used to determine eligibility. For information about Medicaid eligibility requirements, please contact your [local Department of Social Services](#).

<sup>34</sup> Program aid categories can be found at [https://files.nc.gov/ncdma/documents/files/program-aid-category-high-level-definitions\\_0.pdf](https://files.nc.gov/ncdma/documents/files/program-aid-category-high-level-definitions_0.pdf).

<sup>35</sup> "Medicare Qualified Beneficiary" (MQB) are those who qualify for Medicare and NC Medicaid. NC Medicaid may help beneficiaries in this category pay for certain Medicare out-of-pocket costs, such as premiums.

## Medicaid and NC Health Choice Expenditure by Category of Service State Fiscal Years 2018 and 2019

EXHIBIT 10

EXPENDITURE BY CATEGORY OF SERVICE   MEDICAID AND NC HEALTH CHOICE (ranked by SFY 2019 claims expenditure)							
Service Category	SFY 2018			SFY 2019			Cost Per Recipient Variance
	Unduplicated Recipients <sup>36</sup>	Claims Expenditure (\$ Millions) <sup>37</sup>	Cost Per Recipient	Unduplicated Recipients <sup>36</sup>	Claims Expenditure (\$ Millions) <sup>37</sup>	Cost Per Recipient	
LME/MCO <sup>38</sup>	1,913,680	\$2,694.0	\$1,407.8	1,862,695	\$2,714.3	\$1,457.2	3.5%
Hospital Inpatient	239,224	2,633.3	11,007.8	229,008	2,595.7	11,334.3	3.0%
Skilled Nursing Facilities	42,885	1,286.8	30,006.9	41,527	1,302.2	31,357.3	4.5%
Physician	1,819,634	1,062.9	584.1	1,782,877	1,080.3	605.9	3.7%
Buy-in/Dual Eligible	-	902.5	N/A	-	919.7	N/A	N/A
Hospital Outpatient	732,571	767.4	1,047.5	703,783	810.3	1,151.4	9.9%
Pharmacy	1,327,647	724.2	545.5	1,301,567	674.8	518.5	(5.0%)
Personal Care Services	44,695	450.5	10,079.3	43,044	469.9	10,916.4	8.3%
Dental	932,509	\$382.3	\$410.0	920,077	393.2	\$427.3	4.2%
Hospital Emergency Dept.	584,387	374.1	640.2	565,724	363.9	643.3	0.5%
CAP <sup>39</sup> for Disabled Adults	12,331	253.9	20,592.7	12,020	270.8	22,532.7	9.4%
Clinic	386,789	275.4	712.1	375,528	268.5	714.9	0.4%
Durable Medical Equipment	245,388	231.3	942.5	243,579	255.7	1,049.9	11.4%
Home Health	22,182	224.0	10,098.9	18,672	220.7	11,819.0	17.0%
Practitioner Non-physician	100,353	167.3	1,667.4	106,671	177.1	1,660.0	(0.4%)
Ambulance	165,745	116.6	703.7	154,307	114.9	744.6	5.8%
Lab & X-Ray	491,423	117.4	238.8	460,228	114.1	247.9	3.8%
Health Check	743,067	91.2	122.7	752,403	89.8	119.4	(2.7%)
Hospice	7,217	75.8	10,501.7	7,454	83.3	11,178.2	6.4%
PACE <sup>40</sup>	2,720	76.5	28,121.8	2,714	81.0	29,839.9	6.1%
CAP <sup>39</sup> for Children	2,555	54.2	21,228.2	2,745	62.3	22,679.9	6.8%
Non-emergency Medical Trans.	50,800	61.6	1,212.3	55,590	59.2	1,065.2	(12.1%)
Optical	284,462	28.2	99.1	302,260	30.9	102.1	3.0%
Ambulatory Surgery Center	35,165	16.4	467.2	36,057	17.2	477.6	2.2%
Other	1,734,063	1,002.6	578.2	1,689,817	1,119.5	662.5	14.6%
<b>Total</b>	<b>2,378,332</b>	<b>\$14,070.7</b>	<b>\$5,916.2</b>	<b>2,332,709</b>	<b>\$14,289.2</b>	<b>\$6,125.6</b>	<b>3.5%</b>

<sup>36</sup> "Unduplicated recipients" means individuals are counted once to avoid multiple counts of a single person. Column total represents the number of unique individuals served across all service categories, not the total of individuals served within each category. Some individuals may enter and exit one or more service categories on multiple occasions throughout the state fiscal year depending on eligibility status.

<sup>37</sup> Claims expenditure data are net of drug rebates.

<sup>38</sup> Local Management Entity/Managed Care Organization

<sup>39</sup> Community Alternatives Program

<sup>40</sup> Program of All-Inclusive Care for the Elderly



## Medicaid Expenditure by Category of Service State Fiscal Years 2018 and 2019

EXHIBIT 11

EXPENDITURE BY CATEGORY OF SERVICE   MEDICAID (ranked by SFY 2019 claims expenditure)							
Service Category	SFY 2018			SFY 2019			Cost Per Recipient Variance
	Unduplicated Recipients <sup>41</sup>	Claims Expenditure (\$ Millions) <sup>42</sup>	Cost Per Recipient	Unduplicated Recipients <sup>41</sup>	Claims Expenditure (\$ Millions) <sup>42</sup>	Cost Per Recipient	
LME/MCO <sup>43</sup>	1,913,680	\$2,694.0	\$1,407.8	1,862,695	\$2,714.3	\$1,457.2	3.5%
Hospital Inpatient	237,961	2,621.2	11,015.4	227,670	2,581.3	11,337.8	2.9%
Skilled Nursing	42,885	1,286.8	30,006.9	41,527	1,302.2	31,357.3	4.5%
Physician	1,719,126	1,030.4	599.4	1,674,502	1,042.9	622.8	3.9%
Buy-in/Dual Eligible	-	902.5	N/A	-	919.7	N/A	N/A
Hospital Outpatient	706,333	756.7	1,071.3	676,662	797.9	1,179.1	10.1%
Pharmacy	1,245,122	658.5	528.9	1,212,308	601.4	496.1	(6.2%)
Personal Care Services	44,695	450.5	10,079.3	43,044	469.9	10,916.4	8.3%
Dental	853,448	360.6	422.5	833,557	369.1	442.8	4.8%
Hospital Emergency Dept.	563,342	365.3	648.4	543,399	354.4	652.2	0.6%
CAP <sup>44</sup> for Disabled Adults	12,331	253.9	20,592.7	12,020	270.8	22,532.7	9.4%
Clinic	372,036	270.3	726.5	359,315	260.5	724.9	(0.2%)
Durable Medical Equipment	238,336	227.1	952.7	236,207	250.1	1,058.7	11.1%
Home Health	22,166	224.0	10,105.3	18,648	220.7	11,833.5	17.1%
Practitioner Non-physician	87,404	149.6	1,711.4	91,645	157.1	1,714.0	0.2%
Ambulance	164,133	116.4	709.1	152,726	114.7	750.8	5.9%
Lab & X-Ray	475,115	115.7	243.5	442,076	112.2	253.9	4.2%
Health Check	695,192	87.2	125.5	697,425	85.4	122.4	(2.5%)
Hospice	7,217	75.8	10,501.7	7,454	83.3	11,178.2	6.4%
PACE <sup>45</sup>	2,720	76.5	28,121.8	2,714	81.0	29,839.9	6.1%
CAP <sup>44</sup> for Children	2,555	54.2	21,229.7	2,745	62.3	22,679.9	6.8%
Non-emergency Medical Trans.	50,800	61.6	1,212.3	55,590	59.2	1,065.2	(12.1%)
Optical	257,618	25.5	98.9	273,362	27.9	102.0	3.1%
Ambulatory Surgery Center	34,406	16.0	464.1	35,257	16.7	474.4	2.2%
Other	1,733,584	991.9	572.2	1,689,351	1,109.1	656.5	14.7%
<b>Total Medicaid</b>	<b>2,247,663</b>	<b>\$13,872.2</b>	<b>\$6,171.8</b>	<b>2,192,571</b>	<b>\$14,063.9</b>	<b>\$6,414.3</b>	<b>3.9%</b>

<sup>41</sup> "Unduplicated recipients" means individuals are counted once to avoid multiple counts of a single person. Column total represents the number of unique individuals served across all service categories, not the total of individuals served within each category. Some individuals may enter and exit one or more service categories on multiple occasions throughout the state fiscal year depending on eligibility status.

<sup>42</sup> Claims expenditure data are net of drug rebates.

<sup>43</sup> Local Management Entity/Managed Care Organization

<sup>44</sup> Community Alternatives Program

<sup>45</sup> Program of All-inclusive Care for the Elderly

## NC Health Choice Expenditure by Category of Service State Fiscal Years 2018 and 2019

EXHIBIT 12

EXPENDITURE BY CATEGORY OF SERVICE   NC HEALTH CHOICE (ranked by SFY 2019 claims expenditure)							
Service Category	SFY 2018			SFY 2019			Cost Per Recipient Variance
	Unduplicated Recipients <sup>46</sup>	Claims Expenditure (\$ Millions) <sup>47</sup>	Cost Per Recipient	Unduplicated Recipients <sup>46</sup>	Claims Expenditure (\$ Millions) <sup>47</sup>	Cost Per Recipient	
Pharmacy	82,525	\$65.7	\$795.8	89,259	\$73.4	\$822.4	3.3%
Physician	100,508	32.5	323.1	108,375	37.4	345.2	6.9%
Dental	79,061	21.8	275.6	86,520	24.1	278.1	0.9%
Practitioner Non-physician	12,949	17.8	1,370.9	15,026	20.0	1,330.9	(2.9%)
Hospital Inpatient	1,263	12.1	9,561.5	1,338	14.4	10,752.4	12.5%
Hospital Outpatient	26,238	10.7	406.7	27,121	12.4	458.3	12.7%
Hospital Emergency Dept.	21,045	8.9	422.5	22,325	9.5	425.4	0.7%
Clinic	14,753	5.2	350.3	16,213	8.0	494.6	41.2%
Durable Medical Equipment	7,052	4.2	598.0	7,372	5.7	769.9	28.7%
Health Check	47,875	4.0	82.7	54,978	4.5	81.6	(1.4%)
Optical	26,844	2.7	101.6	28,898	3.0	103.1	1.4%
Lab & X-Ray	16,308	1.7	102.0	18,152	1.8	101.8	(0.2%)
Ambulatory Surgery Center	759	0.5	610.3	800	0.5	616.7	1.0%
Ambulance	1,612	0.2	150.6	1,581	0.2	150.3	(0.2%)
Home Health	16	0.0	1,165.9	24	0.0	600.5	(48.5%)
Hospice	-	-	N/A	-	-	N/A	N/A
CAP <sup>48</sup> for Children	-	(0.0)	N/A	-	-	N/A	N/A
Buy-in/Dual Eligible Services	-	-	N/A	-	-	N/A	N/A
CAP <sup>48</sup> for Disabled Adults	-	-	N/A	-	-	N/A	N/A
Non-emergency Medical Trans.	-	-	N/A	-	-	N/A	N/A
PACE <sup>49</sup>	-	-	N/A	-	-	N/A	N/A
Personal Care Services	-	-	N/A	-	-	N/A	N/A
Skilled Nursing Facilities	-	-	N/A	-	-	N/A	N/A
LME/MCO <sup>50</sup>	-	-	N/A	-	-	N/A	N/A
Other	479	\$10.7	22,374.3	466	\$10.4	22,274.7	(0.4%)
<b>Total</b>	<b>130,669</b>	<b>\$198.5</b>	<b>\$1,519.1</b>	<b>140,138</b>	<b>\$225.3</b>	<b>\$1,607.9</b>	<b>5.8%</b>

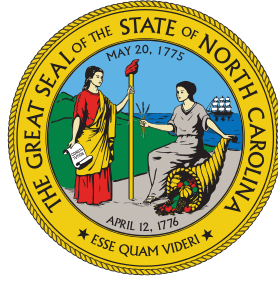
<sup>46</sup> "Unduplicated recipients" means individuals are counted once to avoid multiple counts of a single person. Column total represents the number of unique individuals served across all service categories, not the total of individuals served within each category. Some individuals may enter and exit one or more service categories on multiple occasions throughout the state fiscal year depending on eligibility status.

<sup>47</sup> Claims expenditure data are net of drug rebates.

<sup>48</sup> Community Alternatives Program

<sup>49</sup> Program of All-inclusive Care for the Elderly

<sup>50</sup> Local Management Entity/Managed Care Organization



North Carolina

# Medicaid and NC Health Choice

Annual Report for State Fiscal Year 2019  
July 1, 2018 - June 30, 2019

