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

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

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Background: Section 1115 Demonstrations

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot or demonstration projects that are likely to further the goals and objectives of the Medicaid program.

- Section 1115 demonstrations provide states additional flexibility to waive certain components of federal Medicaid law and make changes to the way they operate their Medicaid programs
- States have used 1115 waivers to implement a wide range of programmatic changes, including changes to eligibility, benefits, delivery systems and cost sharing
- Waivers can encompass the entirety of a state's Medicaid program or be tailored to specific sub-populations
- Demonstrations generally must be budget neutral to the federal government, meaning Medicaid expenditures under the demonstration cannot exceed what expenditures would have been without the demonstration
- Demonstrations are generally approved for an initial five-year period and can be extended for up to an additional three to five years

To view North Carolina's Approved Waiver

medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nc/nc-medicaid-reform-ca.pdf

Background: North Carolina 1115 Waiver

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

Mandatory Managed Care Program

North Carolina has begun transitioning its Medicaid delivery system to managed care and will offer three different plans, including:

- **Standard Plans** targeted for most of the Medicaid population. Standard Plans launched on July 1, 2021, with a current enrollment of approximately 1.7 million individuals.
- **Behavioral Health Intellectual/Developmental Disabilities (I/DD) Tailored Plans** targeted for individuals with significant behavioral health needs and I/DDs. The Behavioral Health I/DD Tailored Plans will provide enhanced benefits and care management and are scheduled to launch Dec. 1, 2022.
- **The Specialized Plan for Children in Foster Care and Formerly in Foster Care** targeted for children and youth in foster care and former foster youth. The Plan will provide enhanced benefits and specialized care management tailored to individuals involved with the child welfare system. It is scheduled to launch in 2023.

Healthy Opportunities Pilots

The State will test the impact of providing select evidence-based, non-medical interventions related to housing, food, transportation and interpersonal safety to high-need Medicaid enrollees. The Pilots are scheduled to launch in early 2022.

Institution for Mental Diseases (IMD) Exclusion Waiver

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

North Carolina Plans to Pursue 1115 Waiver Amendment

Many components of North Carolina's demonstration were delayed as a result of COVID-19 and state budget challenges. North Carolina is pursuing an amendment to its 1115 demonstration to allow for full implementation of all key programs as envisioned under the original waiver approval and to reflect the evolution of key implementation choices since 2019.

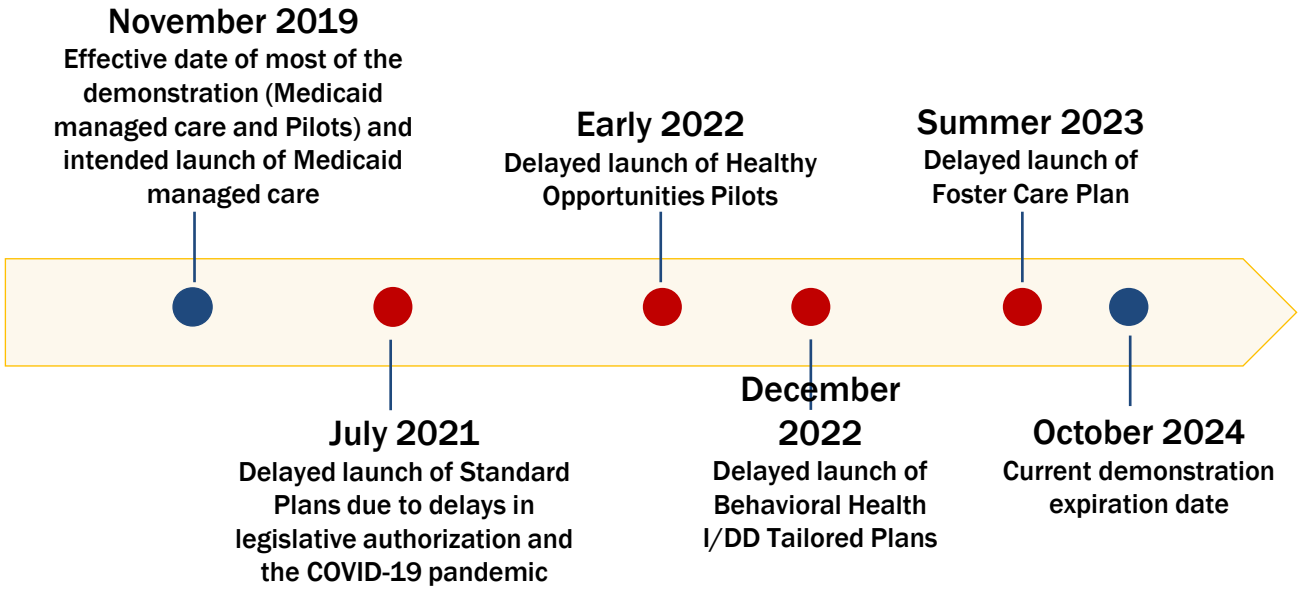
Key Proposed Changes

- Extend the end date of the current demonstration period to reflect implementation delays and provide sufficient time to evaluate key components of the demonstration.
- Adjust which populations will be covered through the Behavioral Health I/DD Tailored Plans.
- Expand eligibility and modify certain implementation details relating to the Healthy Opportunities Pilots.

Though not a new request, North Carolina is also seeking to re-open discussions with CMS around a previous request to establish a Tribal Uncompensated Care Pool

Extending the Demonstration

Most of the North Carolina's 1115 demonstration were effective as of November 2019; however, implementation of managed care is just beginning — 20 months after the effective date.



- Under the demonstration period, managed care will only have been in effect for three years and the Pilots approximately two years when the demonstration expires.
- To allow for full implementation and evaluation of key waiver components, **North Carolina is requesting to amend the end date to June 30, 2026.**

Mandatory Tailored Plan Enrollment for Individuals in Residential Settings

North Carolina seeks authority to require that individuals with significant behavioral health needs in certain residential settings enroll in a Behavioral Health I/DD Tailored Plan

Current Policy

Individuals with significant behavioral health needs are enrolled by default into the Behavioral Health I/DD Tailored Plans but have the choice to enroll in a Standard Plan (SP).

Proposed Policy

- North Carolina is requesting authority to require individuals in certain residential settings to enroll in a Behavioral Health I/DD Tailored Plan so they retain access to critical services that will only be offered through Behavioral Health I/DD Tailored Plan, enabling them to live safely in their current residence.
- The policy would apply in the individuals who meet the following criteria:
  - Resides in an ICF-IID;
  - Participates in NC's Transitions to Community Living Initiative;
  - Is enrolled in the Innovations or TBI 1915(c) waiver; or
  - Lives in State-funded residential treatment (e.g., Group Living, Family Living, Supported Living and Residential Supports).

Changing Coverage Approach for Dual Eligibles

North Carolina seeks to align its approach for covering dual eligibles with recent changes to the state's available care delivery systems and comply with state legislative mandates.

Current Policy

- Beneficiaries dually eligible for Medicare and Medicaid and who meet eligibility criteria may enroll in a Behavioral Health I/DD Tailored Plan for Medicaid-covered behavioral health, I/DD and TBI services only; other Medicaid-covered services will be provided through NC Medicaid Direct.
- All other individuals dually eligible for Medicare and Medicaid will be excluded from enrolling in managed care.

Proposed Policy

- NC is requesting to remove dual eligibles from the populations included in the 1115 demonstration, except for dual eligibles enrolled in the State's Innovations and TBI 1915(c) waiver programs.
- Dual eligibles participating in the State's Innovations and TBI 1915(c) waiver programs will enroll in Behavioral Health I/DD Tailored Plans for physical health, behavioral health, I/DD and TBI services (e.g., expanding Behavioral Health I/DD Tailored Plan coverage to include physical health for dually eligible individuals enrolled in a 1915(c) waiver).

Pilot-related Waiver Amendments

North Carolina is proposing to expand access to the Pilots in addition to several other modifications to reflect changes in the approach to Pilot implementation

Key Pilot-related Requests

Adding a **limited set of new populations** and **eligibility criteria:**

- Extend eligibility to **children enrolled in NC Health Choice** and **individuals enrolled in the Tribal Option**
- Provide North Carolina with **flexibility to add new populations later**, including those who are exempt or excluded from managed care
- **Add additional needs- and risk-based eligibility criteria** (e.g., suffering from the effects of current or long COVID-19, former foster care involvement)

Lengthen the time Pilot capacity building funds can be spent to ensure Network Leads' Human Service Organizations (HSOs) can leverage the funding to successfully participate in a phased-in approach to network development

Migrating and updating operational detail currently in the waiver special terms and conditions (STCs) into **a different vehicle** (e.g., attachment) to maintain an **agile approach** to the evolution of Pilot design (e.g., Pilot value-based payment methodologies, operational workflow specifics)

Tribal Uncompensated Care Pool

North Carolina is requesting to restart discussions on a previously proposed Tribal Uncompensated Care Pool as part of the amendment negotiation.

- North Carolina requested as part of its 2017 waiver application to establish a Tribal Uncompensated Care Pool. CMS did not approve this request as part of the original approval.
- North Carolina and CMS had resumed discussions on this request in early 2020, but these discussions were paused due to the COVID-19 pandemic.
- The State believes this proposal is crucial to ensuring sustainability and maintaining robust access to Tribal providers in the State.

Background on Proposal

- The aim is to increase access to care and expand services for Tribal members.
- Would provide payments of up to $86.6 million over five years to the Cherokee Indian Hospital Authority (CIHA) to offset uncompensated care costs for services provided directly by or arranged through CIHA.

North Carolina 1115 Waiver Amendment Comment Process

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

Submitting Comments

- The 30-day public comment period for the amendment is from Nov. 18, 2021, through Dec. 27, 2021. All comments must be received by 5 p.m. (Eastern Time) on Dec. 27, 2021.
- Comments may be emailed to Medicaid.NCEngagement@dhhs.nc.gov. Please indicate "NC Section 1115 Waiver" in the subject line of the email message.
- Written comments may be mailed to the following address; please indicate "NC Section 1115 Waiver" in the written message:

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

Accessing the Amendment/Public Comments

- Electronic copies of the proposed amendment and public comments related to the amendment are available on the NCDHHS website at medicaid.ncdhhs.gov/transformation/proposed-program-design. NCDHHS will update this webpage throughout the public comment and application process.

Questions & Answers

Medicaid.NCEngagement@dhhs.nc.gov