

**Medicaid Transformation and 4 Year Forecast
SFY 2021 to 2025**

SL 2015-245, Section 13



Report to

**Joint Legislative Oversight Committee on
Medicaid and NC Health Choice**

and

The Office of State Budget Management

by

**North Carolina
Department of Health and Human Services**

August 31, 2022

Background:

Session Law 2015-245, Section 13 requires the Department of Health and Human Services to develop and present by January 1 of each year, beginning in 2017, the following information for the Medicaid and NC Health Choice programs:

a. A detailed four-year forecast of expected changes to enrollment growth and enrollment mix.¹

The table below provides the required four-year enrollment forecast, covering the state fiscal years 2021-22 through 2024-25. The table provides actual data for SFY 2020-21, and the projections for SFY 2021-22 include actual data through November of 2021.² Projections come from the most recent consensus forecast between OSBM and DHB, which were used to formulate the rebase estimate included in the Governor Cooper’s Recommended Budget Adjustments for 2022-23.

The format of the table in this report differs from prior iterations. The rows now better correspond to the SFY 2022-23 capitated rate cells used in Managed Care. In previous years, this report featured a rolled-up view of enrollment categories. Additionally, dual-eligible beneficiaries had been counted with the Aged, Blind, and Disabled (ABD) category but are now in the excluded count. DHB decided to make these changes to better align with the current payment structure.

The report assumes that the current Public Health Emergency (PHE) will end in July 2022, and that the re-determination process will resume in August 2022. Therefore, there is a decrease in enrollment between SFY 2022-23 and SFY 2023-24. Between the completion of the report and its submission, there has been further ninety-day extension of the PHE, now ending in October 2022 and the redetermination process now resuming in November. Note that in either case, actual changes in the enrollment will lag resumption of the process, due to requirements that county workers review each redetermination, provide appropriate notice of changes, and due to appeal periods following notification of those changes.

¹ Enrollment numbers come from the most recent consensus forecast from NCDHHS and OSBM. This is based on a November 2020 pull of data. The consensus forecast model projects enrollment through the end of the 2022-23 state fiscal year. To obtain numbers for SFY 2023-24 for this report, NCDHHS and OSBM applied the growth rate from SFY 2021-22 to SFY 2022-23 by category to the SFY 2022-23 enrollment forecast.

² Actual enrollment for SFY 2020-21 uses average monthly enrollment information from an internal report generated by DHB’s Business Information and Analytics group. The consensus forecast model projects enrollment through the end of the 2023-24 state fiscal year. To obtain numbers for SFY 2024-25 for this report, NCDHHS applies the growth rate from SFY 2023-24 to the numbers to SFY 2024-25 by category to the SFY 2024-25 enrollment forecast.

Medicaid Eligibility Groups	SFY 2020-21 (Actual)	SFY 2021-22	SFY 2022-23	SFY 2023-24	SFY 2024-25
Non-Dual ABD (Aged, Blind, Disabled)	174,598	173,369	174,491	175,353	176,120
TANF & Other Adults	292,610	373,601	390,465	300,641	287,704
TANF & Other Child (includes NC Health Choice)	1,200,515	1,270,077	1,269,496	1,191,108	1,180,621
TANF & Other Infant	70,432	69,663	70,097	70,098	70,098
Foster Care / Adoptive	31,568	32,908	33,487	33,459	34,598
Innovations	12,919	13,548	14,000	14,000	14,000
Managed Care Subtotal	1,782,640	1,933,167	1,952,037	1,784,659	1,763,140
% Growth	N/A	8.44%	0.98%	-8.57%	-1.21%
Excluded from Managed Care ³	714,520	769,555	806,711	816,272	849,783
Medicaid Total	2,497,160	2,702,722	2,758,748	2,600,932	2,612,923

b. What program changes will be made by the Department in order to stay within the existing budget for the programs based on the next fiscal year's forecasted enrollment growth and enrollment mix.

The Medicaid “rebase” projection contained in Governor Cooper’s Recommended Budget Adjustments for 2022-23 accounts for the forecasted enrollment growth and mix, rates for Standard Plan and new Tailored Plan capitated payments, and other needed program, policy, and/or reimbursement adjustments.

³ Approximately 55% of this group is beneficiaries receiving Family Planning benefits only. Other subgroups included in this group are as follows:

- Dual-Eligible
- Eligible for Medicare, but not full Medicaid benefits, including Medicaid cost-sharing
- Program of All-Inclusive Care for the Elderly (PACE)
- Cap-C/Cap-DA
- NC Health Insurance Premium Program (HIPP)
- Medical Emergency Services only
- Medically Needy
- Prison Inmates
- Refugees receiving coverage through the Refugee Medical Assistance program

c. The cost to maintain the current level of services based on the next fiscal year's forecasted enrollment growth and enrollment mix.

Governor Cooper's Recommended Budget Adjustments for 2022-23 estimates that an additional \$267,801,698 in appropriations is needed to meet the service needs for the projected enrollment mix in SFY 2022-23. However, because enrollment is projected to begin declining after the end of the PHE, 64% of this is a non-recurring need and 36% is recurring. Should the PHE be extended, DHB believes this number would go down because of an extension of the enhanced FMAP rate that goes along with the PHE.