

**Medicaid Transformation and 4 Year Forecast  
SFY 2020 to 2024**

**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.<sup>1</sup>**

<b>Medicaid Eligibility Groups</b>	<b>SFY 2019-20 (Actual)</b>	<b>SFY 2020-21</b>	<b>SFY 2021-22</b>	<b>SFY 2022-23</b>	<b>SFY 2023-24</b>
Non-Dual ABD (Aged, Blind, Disabled) plus Full Duals	390,541	402,899	404,392	407,240	410,108
TANF & Other Adults	215,025	271,531	242,897	240,179	237,491
TANF & Other Child (includes NC Health Choice)	1,111,281	1,178,391	1,155,655	1,155,239	1,154,824
TANF & Other Infant	73,915	73,871	73,863	73,864	73,866
CAP-C	2,895	2,950	2,994	3,014	3,035
CAP-DA	10,343	10,377	11,000	11,000	11,000
Foster Care / Adoptive	30,324	31,548	32,539	33,708	34,919
<b>Managed Care Subtotal</b>	<b>1,834,323</b>	<b>1,971,566</b>	<b>1,923,340</b>	<b>1,924,245</b>	<b>1,925,243</b>
% Growth	<b>0.0%</b>	<b>7.5%</b>	<b>-2.4%</b>	<b>0.0%</b>	<b>0.1%</b>
Excluded from Managed Care <sup>2</sup>	463,323	502,620	533,870	555,438	577,878
<b>Medicaid Total</b>	<b>2,297,646</b>	<b>2,474,186</b>	<b>2,457,210</b>	<b>2,479,683</b>	<b>2,503,121</b>

<sup>1</sup> 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.

<sup>2</sup> Approximately 75% of this group is beneficiaries receiving Family Planning benefits only. Other subgroups included in this group are as follows:

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

CAP-DA definition updated for this report; FOSTER program based on prior definition but will change in future versions

**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 Department anticipates shifting from a Fee-for-Service model to Managed Care for most of its beneficiaries on July 1, 2021 (the date prescribed by the General Assembly). To account for various cost inflationary factors associated with the existing array of services, increased appropriations are typically required to operate the same program in a subsequent fiscal year. This updated funding requirement is referred to as the “rebased Medicaid budget” (or simply, “rebase”). The rebase projection, which is still in development, will account for the forecasted enrollment growth and mix, as well as rates for new Prepaid Health Plan (PHP) capitated payments, which also include the additional costs of PHP administration and profit margin. The SFY 2021-22 rebase will appear in the Governor’s Recommended Budget.

As part of the work to develop actuarially sound capitation rates within the great uncertainty created by the COVID-10 public health emergency, the Department is working with its actuarial vendor to determine appropriate risk management structures that could be built into PHP contracts to protect both the state and the health plans from unanticipated swings in enrollment. NCDHHS expects to finalize development of these vehicles by the end of SFY 2020-21.

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

See previous subsection, above.