

North Carolina
**Medicaid and
NC Health Choice**

Annual Report for State Fiscal Year 2020
July 1, 2019 – June 30, 2020



Building a healthier North Carolina.

2022





North Carolina's Health Care System Priorities

Advance the health and well-being of all 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

NC Medicaid • medicaid.ncdhhs.gov

Medicaid Transformation • ncdhhs.gov/nc-medicaid-transformation

COVID-19 Medicaid Resources and Guidance • <https://medicaid.ncdhhs.gov/about-us/covid-19-guidance-and-resources>

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12/2020

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 2020**” (July 1, 2019 through June 30, 2020). This report provides North Carolinians with an overview of how tax dollars support our residents.

As you will read in this report, NC Medicaid is a multifaceted and far-reaching program, supporting over two million diverse beneficiaries and the many programs that serve them. Celebrating its 50th anniversary in 2020, the NC Medicaid 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.

The COVID-19 pandemic created a significant need for NC Medicaid’s involvement in addition to the daily services it provides. In a nationally recognized response, NC Medicaid modified dozens of programs and created tools to make access to health services easier and, in some cases, even possible to be received by beneficiaries and delivered by providers during a pandemic. The need for telehealth—delivering and receiving care by phone and computer—became a necessity instead of an option, and NC Medicaid responded with increased policy flexibilities for patients and providers. NC Medicaid also enhanced communication to keep providers and beneficiaries educated and informed by using videos, fact sheets, webinars, and added a special website where individuals can find information specifically for their needs about the COVID-19 response. We worked closely with health care associations, county Departments of Social Services, providers and advocacy groups to help distribute updates.

As providers worked relentlessly to deliver care to beneficiaries in new ways, NC Medicaid adjusted funding and policy to support our provider community. Temporary rate increases due to COVID-19 were enacted for most Medicaid services. We worked with our federal partners to add flexibilities and with our General Assembly to provide financial support.

The state’s transformation of Medicaid and NC Health Choice programs to a managed care delivery model was suspended in November 2019. During the suspension, providers continued to negotiate contracts with the Medicaid Managed Care health plans, which also continued preparing reporting data and updating systems for when suspension would be lifted. Our team, health plans and provider, county and beneficiary partners remained prepared to move forward and are committed to meet the July 1, 2021, launch date established by Session Law 2020-88 and signed into law by Governor Cooper on July 2, 2020.

We look forward to implementing the innovative program design outlined in our 1115 waiver. We intend to incorporate lessons from COVID-19 by emphasizing our response health inequities experienced by our historically marginalized populations.

The NC Medicaid program achieved these significant accomplishments while ending the year \$116 million under budget, the seventh consecutive year NC Medicaid finished with cash-on-hand. By blending stakeholder collaboration with rigorous analysis and monitoring, NC Medicaid financial efforts enabled leaders to pursue innovative services while staying within the appropriated state budget.

I am very proud of the NC Medicaid team for stepping up to respond to the COVID-19 pandemic while operating the \$16 billion Medicaid and NC Health Choice programs and transitioning to working from home—all without missing a beat. Their unwavering dedication to serving the people of North Carolina never ceases to amaze me.

I am also incredibly proud of the Medicaid providers who worked diligently to change procedures, stay up-to-date with federal and state changes, and modify their practices to quickly adapt to changing ways of delivering care, especially embracing telehealth options. Your commitment to improving the health of people enrolled in NC Medicaid is what makes our program so effective.

Above all, the people of North Carolina deserve special recognition for their resilience in this difficult period. Adjusting to new ways to seek care and support while dealing with the hardships of COVID-19 restrictions has allowed our state to be more successful in fighting the pandemic. Our hearts go out to those who have lost friends and love ones to this terrible virus. Thank you for staying strong.

Our NC Medicaid team is dedicated to making a real difference in the lives and communities of North Carolinians. Thank you to everyone for your continued partnership throughout this past year. Working together is the only way to make real change become a reality. We are privileged to share this significant responsibility with you.

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

A handwritten signature in black ink, appearing to read "David H. Hunt". The signature is written in a cursive style with a large, stylized initial "D".

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The State Fiscal Year 2020 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 Monthly Enrollment Report; provider count, and beneficiary age and gender from NC Medicaid 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 2020” 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://www.ncdhhs.gov/reports). Additional information on the Department’s transformation to Medicaid Managed Care is at [ncdhhs.gov/nc-medicaid-transformation](https://www.ncdhhs.gov/nc-medicaid-transformation).

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



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.

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.

Executive Summary

In state fiscal year 2020 (July 1, 2019 through June 30, 2020), NC Medicaid provided 2.2 million people in North Carolina with access to quality care and services; improved existing programs and operations; and responded valiantly to the COVID-19 pandemic. Several milestones in its transition to implement Medicaid Managed Care were reached prior to suspension in late 2019 due to budgetary limitations. These efforts show the commitment of the NC Medicaid team to make a real difference in the lives of the people of North Carolina.

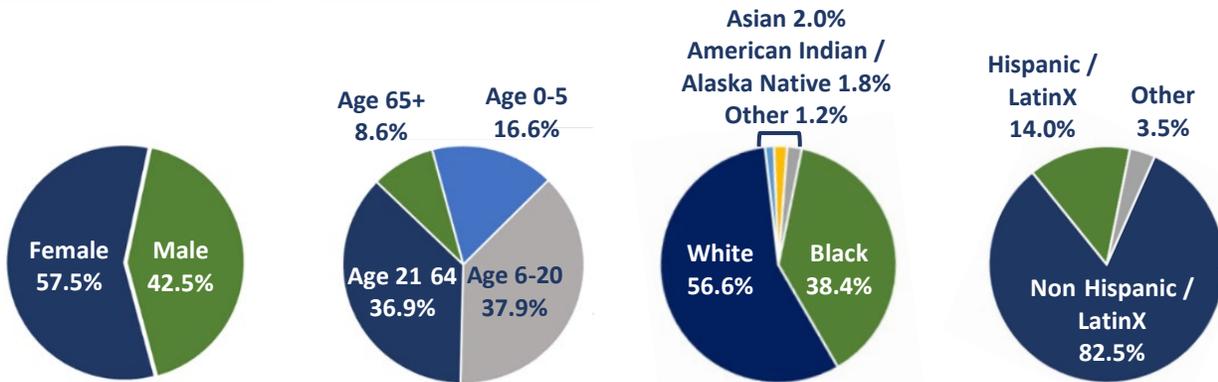
EXHIBIT 1

Snapshot: North Carolina Medicaid and NC Health Choice – State Fiscal Year 2020

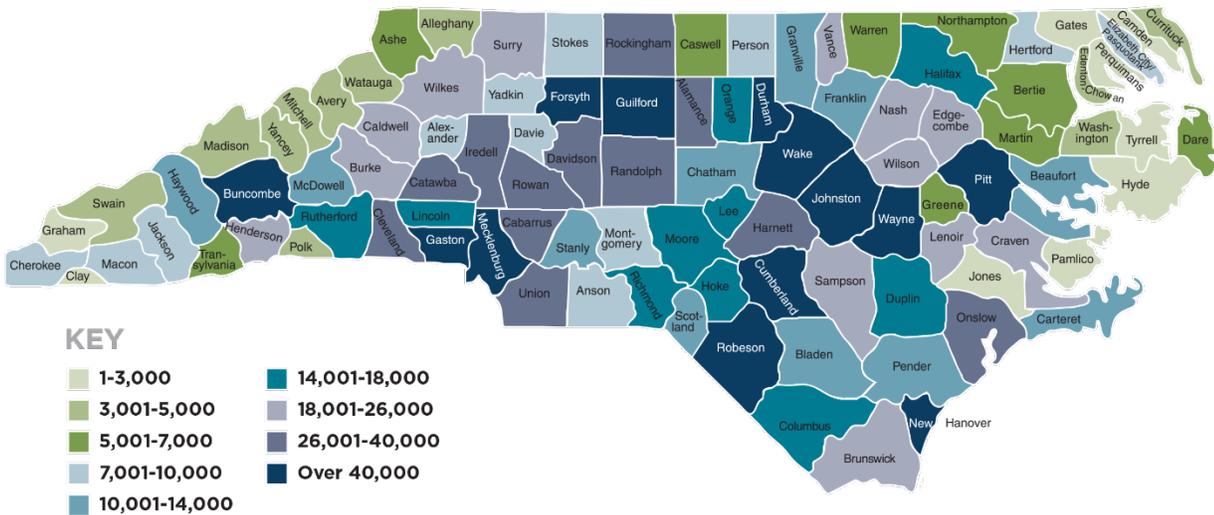
FINANCIALS (\$ billion)		STATISTICS	
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Expenditures	\$16.9	Medicaid Beneficiaries ¹	2.1 million
Federal Revenue	\$11.1	NC Health Choice Beneficiaries ¹	114 thousand
Other Revenue	\$ 2.0	Providers ²	74.7 thousand
State Appropriations ³	\$ 3.8	Claims Processed ⁴	227 million

GENDER ⁵	AGE ⁵	RACE ⁵	ETHNICITY ⁵
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TOTAL BENEFICIARIES BY COUNTY



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

² Provider count represents unique National Provider Identifiers registered in the NC Medicaid system.

³ Sums are affected by rounding.

⁴ 227 million claims processed represents approximately \$12.9 billion paid through NCTracks in state fiscal year 2020.

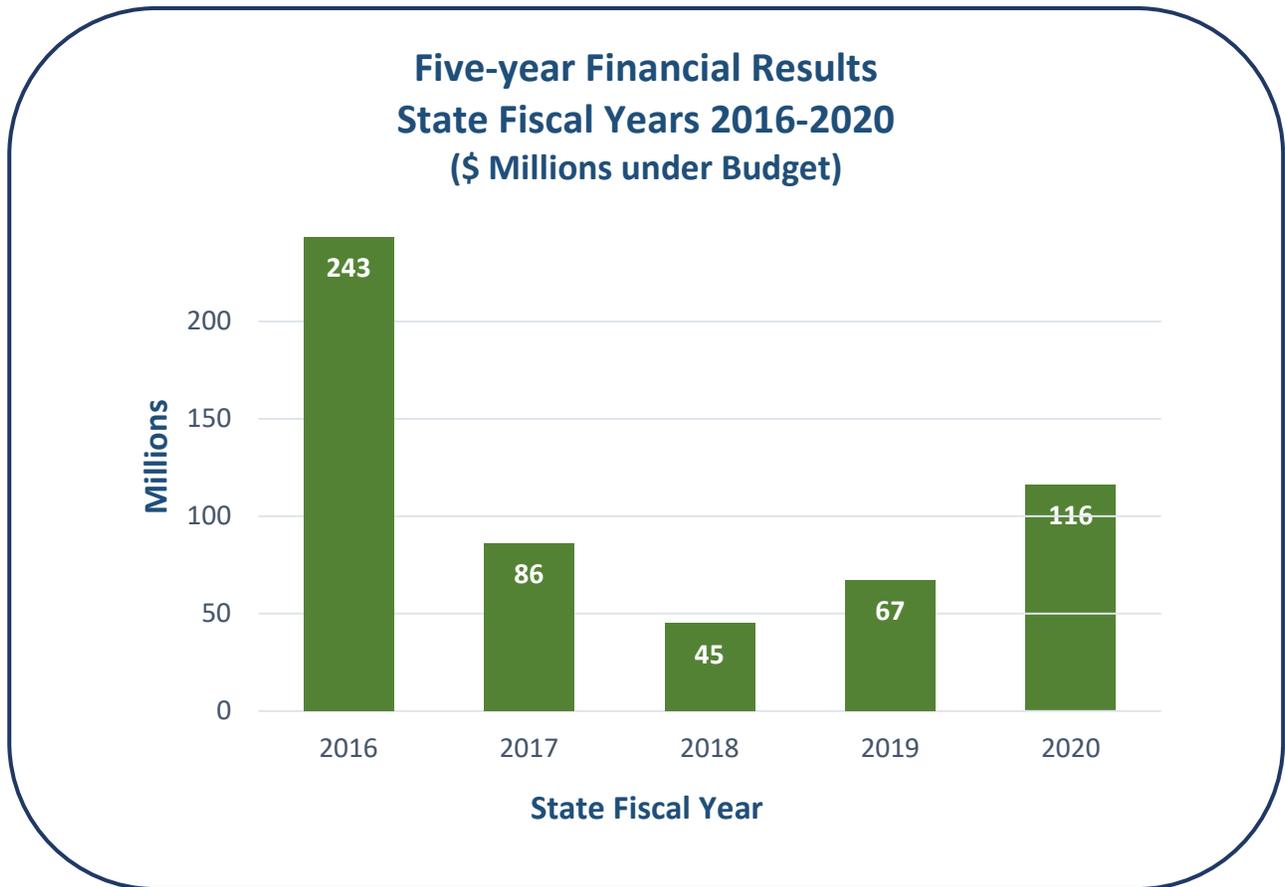
⁵ Beneficiary gender, age, race, ethnicity percentages represent all individuals who applied for NC Medicaid benefits in state fiscal year 2020. Applicants are not required to state race or ethnicity; therefore, unreported data are not included. Additional data sources used in this report are listed on page iii.

High-level Financial Results

\$116 million under budget

The NC Medicaid budget finished state fiscal year 2020 with cash-on-hand for the seventh consecutive year. Providing health coverage to more than 2.2 million people in North Carolina, these programs came in at \$116 million under budget for state fiscal year 2020. Actual state appropriations for Medicaid and NC Health Choice programs totaled approximately \$3.8 billion, same as reported for state fiscal year 2019.

EXHIBIT 2



Accomplishments

NC Medicaid works for North Carolina



In 2020, NC Medicaid celebrated 50 years of providing access to health coverage for people who otherwise would likely be unable to afford it. Since 1970, low income adults, children, pregnant women, seniors and people with disabilities have been able to become healthier and receive

wellness services to stay healthy. As of June 30, 2020, Medicaid and NC Health Choice programs support the health and well-being of 2.2 million North Carolinians and cover more than 65,000 births in the state.

Years of national research show that Medicaid improves health, has long-term benefits for children and improves financial security. Medicaid beneficiaries have better access to care than those without insurance and, therefore, are more likely to access preventive care. By providing access to health care for low-income pregnant women and children, Medicaid has played a significant role in reducing infant and child mortality rates over the last 50 years.

In February 2019, the [Early Childhood Action Plan](#),⁶ an extensive collaboration among the Department, child-focused organizations and community child advocates, was released to establish a cohesive vision, set benchmarks for impact by the year 2025 and establish shared stakeholder accountability to achieve statewide goals for young children from birth through age 8.

In addition, [research shows](#)⁷ that Medicaid promotes state and local economic activity, creating jobs and income in North Carolina.

State Fiscal Year 2020 Accomplishments

NC Medicaid's accomplishments in state fiscal year 2020 are highlighted by its response to COVID-19 by providing resources and guidance, including temporarily modifying policies to help providers deliver care to Medicaid beneficiaries in innovative ways while continuing to operate their businesses during the pandemic. Responses to COVID-19 through June 30, 2020 (the end of the state fiscal year) are reported along with other accomplishments throughout this report.

Additionally, NC Medicaid 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 also dedicated to making North Carolina a healthier place to live and work.

- **Financial Results.** NC Medicaid finished state fiscal year 2020 under budget for the seventh consecutive year. Additionally, rates were temporarily increased for all providers groups to help address patient access to care and business operations due to the COVID-19 pandemic. For example:
 - Skilled Nursing Facilities (SNF) and Home Health providers received 5% and 10% rate increases. SNFs also received an increase to their base rates if the facility was confirmed as

⁶ North Carolina Early Childhood Action Plan (2019). <https://www.ncdhhs.gov/about/departments/initiatives/early-childhood/early-childhood-action-plan>

⁷ Dumas, C., Hall, W. & Garrett, P. (2008). "Economic impacts of Medicaid in North Carolina." National Library of Medicine. <https://pubmed.ncbi.nlm.nih.gov/18605153/>

an outbreak facility (base rate increase of \$86 per day, along with a \$561 per day increase to their per diem rate for the days treating COVID-19 residents).

- Hospice providers received 5% and 10% rate increases along with an increase from 95% to 100% of the SNF base rate for hospice residents' room and board services within a SNF.
 - PCS providers (Adult Care Homes and In-Home providers) received both the 5% and 10% rate increases. PCS providers (Fee-for-Service and Waiver programs) were also awarded additional billing hours when treating COVID-19 residents.
 - FQHCs and RHCs received rate increases to both their ancillary services and their core service rates. LHDs also received a 40 % rate increase.
- **Telehealth Services.** NC Medicaid worked from the start of the COVID-19 pandemic to ensure beneficiary access to care using telehealth services by implementing dozens of rapid policy changes that affected almost every type of provider. As a result, Medicaid expanded telehealth benefits to 2.1 million NC Medicaid beneficiaries and collaborated with other teams at DHHS to provide resources to patients and providers with the launch of a [telehealth section](#)⁸ of the DHHS website.
 - **Community Alternatives for Children (CAP/C).** The NC Medicaid CAP/C waiver was amended in May 2020 to address social determinants of health (transportation, housing, health care and food security) that impact these program participants. The amended waiver added specific goods and services that expand the availability of transportation and access to needed medication and food. The changes in the waiver enhancements also expand the target group eligibility requirement of medical fragility.
 - **Community Alternative for Disabled Adults (CAP/DA).** The NC Medicaid CAP/DA 1915(c) Home- and Community-Based Services (HCBS) waiver amendment was approved Nov. 1, 2019. This amendment is instrumental in addressing social determinants of health (transportation, housing, health care and food security) that affect program participants by adding five new services: non-medical transportation, nutritional services, declutter and garbage disposal services, community integration and coordinated caregiving.
 - **Innovations Waiver.** The Centers for Medicare & Medicaid Services granted renewal of the 1915(c) Innovations Waiver. Additionally, stakeholders partnered with NC Medicaid to negotiate an exception process with the Centers for Medicare & Medicaid Services in February 2020 that allows people with significant disabilities to exceed the \$135,000 per person cost limit to be able to live in a home of their own.
 - **Health Check (Early and Periodic Screening, Diagnostic and Treatment).** Health Check addresses the special challenges to good health, physical growth and emotional/learning development that Medicaid-eligible children face. In state fiscal year 2020, more than 96% of children under one year of age received all recommended preventive check-ups and more than 654,000 children received oral health services.

⁸ <https://www.ncdhhs.gov/about/department-initiatives/telehealth>

- **Integrated Care for Kids (InCK).** In December 2019, NC Medicaid, partnering with Duke University and the University of North Carolina at Chapel Hill, was [awarded the Center for Medicare & Medicaid Innovation grant](#)⁹ to implement the InCK model, a \$16 million federal funding opportunity. The model aims to improve child health, reduce avoidable inpatient stays and out-of-home placement, and create sustainable alternative payment models. NC Medicaid is working with Duke and UNC to implement the InCK model in five counties (Alamance, Granville, Vance, Durham and Orange counties) from January 2020 to December 2026.
- **Fraud, Waste and Abuse.** The NC Medicaid Office of Compliance and Program Integrity performed prepayment reviews that resulted in denied or reduced claims representing \$33,389,125 in reduced costs to the state and recovered \$10,212,534 from post-payment reviews, \$682,290 from beneficiary reviews, and \$260,071 from county audits.
- **Transformation to Medicaid Managed Care.** For the first five months of state fiscal year 2020, NC Medicaid successfully reached several key milestones preparing for beneficiary enrollment in Medicaid Managed Care. These included a implementing a Medicaid Managed Care Enrollment Broker dedicated to answering beneficiary questions and providing different ways to enroll using a Managed Care website, mobile app or by phone. Additionally, the Department expanded the regions awarded to provider-led Carolina Complete Health Inc. to serve as a Medicaid Managed Care health plan in regions 3, 4 and 5.

In November 2019, the Department announced that due to the NC General Assembly adjournment without an approved budget that included spending and program authority needed, the transition to managed care was suspended. (Important Note: Medicaid Managed Care transition resumed July 2, 2020. Details will be included in the NC Medicaid Annual Report for state fiscal year 2021 (July 1, 2020 through June 30, 2021)).

A significant communication campaign was enacted to ensure beneficiaries, providers and other stakeholders were well informed of the suspension and how it would affect them. During the suspension, Medicaid Contact Center representatives answered beneficiaries' questions.

More information on program services and practices for state fiscal year 2020 is available in "Overview of NC Medicaid Programs and Services" beginning on page 67 and on the [NC Medicaid website](#).¹⁰

⁹ Duke Margolis Center for Health Policy press release (2019). Federal award funds collaborative child health effort from Duke, UNC, NC DHHS. <https://healthpolicy.duke.edu/news/federal-award-funds-collaborative-child-health-effort-duke-unc-nc-dhhs>

¹⁰ Medicaid programs and services are described on the NC Medicaid website at medicaid.ncdhhs.gov/providers/programs-services

A Look at State Fiscal Year 2021

The NC Medicaid team, continuing its valuable partnerships with stakeholders across North Carolina, will focus in state fiscal year 2021 on opportunities to improve medical and non-medical drivers of health and continue to support beneficiaries and providers on COVID-19 issues.

NC Medicaid anticipates the following will be priority initiatives over the next state fiscal year:

- **Transformation to Medicaid Managed Care.** The Department is scheduled to launch Medicaid Managed Care Standard Plans statewide on July 1, 2021, with open enrollment beginning March 2021. Behavioral Health I/DD Tailored Plans will become effective the following year. Communication and collaboration, training and resource development will continue to be a major part of Medicaid Managed Care.
- **COVID-19 Response.** NC Medicaid will continue to support all state efforts to fight COVID-19, including continuing to apply temporary flexibilities to policies and communicate federal and state assistance programs to providers, while working hand-in-hand with various state agencies to ensure maximum testing opportunities across the state, educating providers, and partnering with community services to ensure beneficiaries have accurate and dependable information.
- **Telehealth Policies.** NC Medicaid will work with federal partners to permanently incorporate many temporary telehealth policies into the Medicaid State Plan.
- **Healthy Opportunities.** NC Medicaid will resume its selection and contract award of qualified organizations to serve as Healthy Opportunities “lead pilot entities” in response to a request for proposal issued in November 2019. The Department will initially focus on housing stability, food security, transportation access and interpersonal safety.
- **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.

Making North Carolina Healthier

NC Medicaid people and programs 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 an institutional setting.

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, psycho-social and functional needs of the Medicaid beneficiary.

There are two CAPs that permit 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 2020

Accomplishments – CAP/C

- The NC Medicaid CAP/C waiver was amended in May 2020 to address social determinants of health (transportation, housing, health care and food security) that impact these program participants. The amended waiver added specific goods and services that expand the availability of transportation and access to needed medication and food. The changes in the waiver enhancements also expand the target group eligibility requirement of medical fragility.
- The NC Medicaid CAP/C team continued to work with the CAP/C Advisory Council (statewide representatives from advocacy groups such as Disability Rights NC and home- and community-based care associations). This year, NC Medicaid and the Advisory Council held four meetings to discuss relevant issues and worked together to develop waiver program changes and service initiatives.

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 work to take care of their loved one

Provide paraprofessionals in underserved areas

- Two beneficiary-specific stakeholder engagement sessions were held to seek input from program participants, with attendance exceeding 200 stakeholders. Recommendations from these engagement sessions and input received from stakeholder emails informed the amending of the CAP/C waiver and clinical coverage policy. Changes made to the waiver offer greater flexibility in how services are used and approved.
- On March 1, 2020, NC Medicaid began the fourth year of the approved CAP/C 1915(c) Home- and Community-Based Services waiver cycle. At the end of waiver year three (February 2020), 2,719 participants were receiving CAP/C services, which is 68% of the 4,000 maximum approved participants. There were 2,735 children enrolled in the first month of waiver year four; of that total, 819 use the consumer-directed care option.
- [Consumer Direction](#) is a program option that allows parents to act as an employer in securing care for their child. Utilization of this option increased from 682 to 819 (20%) from state fiscal year 2019 to state fiscal year 2020.
- NC Medicaid implemented a revised case management rate methodology to expand the reimbursement allowance and allow case management entities to focus activities on health, well-being and community inclusion for the CAP/C beneficiary.



CAP/C and CAP/DA Bring Independence After Tragedy

At 12 years old, Hannah had just finished sixth grade and was looking forward to a summer of fun before school started again in the fall. Her world was changed when she dove into a neighbor's pool and broke her neck, causing a C5-C6 spinal cord injury with diagnosis of quadriplegia, which left her paralyzed from the waist down and only limited use of her hands, arms and fingers.

At the end of seventh grade, Hannah started with NC Medicaid's Community Alternatives Program for Children (CAP/C), which provided a caregiver for a few hours each evening during the week. With both of her parents working, this assistance was greatly appreciated to help her shower, take medications, take care of personal needs, do light cleaning and be with her one-on-one. The caregiver even helped with homework in the beginning when she was learning how to write again. This routine went on for five years, until she graduated from high school.

"I absolutely would not have been able to go to college without CAP/C and CAP/DA."

"Once I graduated from high school and knew I wanted to go to college, that's when things really escalated for me in the program and they helped me even further," said Hannah. Through CAP/C, she was able to attend Davidson College on the outskirts of Charlotte, and live independent from her parents in the campus dorms

through the assistance of constant aides during the week. "They got me up in the mornings, put me to bed at night, helped me get dressed, they were there for whatever I needed while I was on campus," said Hannah. Her mother would either come stay with her or take her home on the weekends.

This process continued for four years until Hannah graduated from Davidson College with a bachelor's degree in sociology and a minor in economics. She knew she wanted to continue and get a master's degree, so she stayed in the Charlotte area, went to UNC Charlotte and followed the same pattern, using Community Alternatives Program for Disabled Adults (CAP/DA) services after she turned 21 years old. She changed her major and went on to graduate in May 2019 with a master's degree in data science and business analytics.

"I just love being able to feel independent," says Hannah. "I love being able to live on my own like others my age, to have my own apartment with a great view of the city, the ability to get where I need to go on public transportation and just live my life." Hannah was hired shortly after graduation into a job that allowed her to use her degree and her love of math and numbers. She worked full-time until the COVID-19 pandemic caused layoffs at her company. She is in the process of interviewing for her next opportunity and is "feeling good about things."

"People may forget about how much good this program does," says Hannah. "I absolutely would not have been able to go to college without CAP/C and CAP/DA. I would not have been able to move out of my parents' house, get my own apartment, study, work or live so independently – none of this. My life would be so different without it, and I'm so thankful."

State Fiscal Year 2020 Accomplishments – CAP/DA

The CAP/DA 1915(c) Home- and Community-Based Services (HCBS) waiver amendment was approved effective Nov. 1, 2019. This amendment is instrumental in addressing Healthy Opportunities, also known as social determinants of health (transportation, housing, health care and food security) that affect program participants by adding five new services: non-medical transportation, nutritional services, declutter and garbage disposal services, community integration and coordinated caregiving.

The HCBS waiver amendment also offers a revised case management rate methodology to expand reimbursement allowance and allow case management entities to focus activities on health, well-being and community inclusion for the CAP/DA beneficiary.

Consumer Direction for CAP/C and CAP/DA

Consumer Direction, initiated in state fiscal year 2005 for CAP/DA and state fiscal year 2019 for CAP/C, allows participants or parents/representatives of CAP/C beneficiaries to fully manage those who provide Medicaid personal care services for themselves or their medically fragile children.

In the Consumer Direction role, the person responsible can:

- 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, the responsible person 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.

Response to COVID-19

In March 2020, an emergency plan was implemented to safeguard the needs of CAP/C and CAP/DA beneficiaries and mitigate the risk and spread of COVID-19. In planning for this emergency, flexibilities were offered in how families accessed and used these services. Providers and beneficiaries were given toolkits to help guide their care and give access to the flexibilities offered through the CAP/C and the CAP/DA HCBS waiver.

Money Follows the Person

Money Follows the Person is a federally funded 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.

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 1,267 beneficiaries with their transition.

State Fiscal Year 2020 Accomplishments

During state fiscal year 2020, MFP continued to support transitions. A few of the accomplishments included:

- Transitioned 120 beneficiaries out of facilities and into their own homes and communities.
- Supported 73 beneficiaries to participate in the subsidized housing program “Targeted/Key Units.”¹¹

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

¹¹ More information about the Targeting Program is available at <https://www.nchfa.com/community-living-programs>.

- Reduced an average of 43% in post-transition Medicaid spending for MFP beneficiaries who are seniors or have physical disabilities. This translates to an annual savings of \$2.6 million¹² over the cost of institutional care.
- Conducted stakeholder engagement events across the state with 117 individuals attending MFP Roundtable events in first nine months of the state fiscal year.
- Conducted a monthly online professional development and learning series on topics related to transitions, housing, benefits and increasing social connections which drew more than 1,730 participants.
- Launched a new stakeholder engagement committee in collaboration with the Medicaid intellectual/developmental disability (I/DD) team to increase the number of Innovations waiver beneficiaries using supported living service to increase their autonomy and self-direction.
- Invested \$3.25 million in 10 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 loneliness, helplessness and boredom through CAP/DA Lead Agency and LME/MCO 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 help individuals who experience a dual diagnosis of I/DD and serious behavioral challenges as they transition into community settings.

Response to COVID-19

Awarded a CARES (Coronavirus Aid, Relief, and Economic Security) Act grant in partnership with the Division of Aging and NC Assistive Technology Program to support individuals who are at most risk of contracting COVID-19 by developing innovative strategies to continue follow-along visits through video conferencing technology.

¹² 2018 Mercer MFP Sustainability Analysis Report

MFP Helps Provide Transition to an “Unexpected” Life

Jessica grew up in the beautiful mountains of Boone, North Carolina, the child of alcoholic parents who were unable to care for her by the time she turned 13. The benefits of Medicaid were a part of Jessica’s childhood, and helped her family navigate some difficult times. She went to Wilmington to live with an aunt and uncle who changed her life with “more love than I experienced before,” giving her stability, hope and encouragement to “continue growing while smiling along the way.”

Jessica went to East Carolina University on a teaching fellow scholarship where she enjoyed college life, became a marathon runner and earned a teaching degree. She remembers, “I loved my time at ECU and feel that it prepared me for so much.” She “learned to continue dreaming” and taught school for nine years “with so much joy each day.”

MFP helped acquire and install the necessary equipment to give her strength and independence, and “smile a little more each day.”

In 2018, Jessica was in an automobile accident that resulted in a traumatic brain injury. She was unconscious for five months and credits “miraculous prayers, sweet dreams of hope and the best caretakers” for helping her get better each day. She grew stronger in a nursing home and began working with the MFP program with hopes of transitioning from the facility back into her home.

That day eventually came, and MFP helped acquire and install the necessary equipment to give her strength and independence, including grab bars, stair rails and a computer. She uses an iPad and computer to communicate, continue learning about her condition and “smile a little more each day.”

Along the way, Jessica has continued to participate in marathons assisted by friends pushing her in a wheelchair. Not expected to walk again, Jessica surprised her medical team through grit, hard work, perseverance and ongoing rehabilitation to regain her mobility. She now no longer needs a wheelchair – and is able to walk into her home without assistance. She credits the support of wonderful therapists and the love of family and friends with her ongoing recovery.

At 31 years old, Jessica is leading an unexpected, but full life. “I have learned to fully appreciate life,” she says. “I have dreams of teaching again, family time and helping others. Truthfully, just sharing my journey as I am doing now, feels wonderful.”

Pharmacy

NC Medicaid strives to enhance the lives of North Carolina's citizens through a comprehensive pharmacy benefit

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.¹³ Due to Medicaid's role in providing coverage for some of North Carolina's most vulnerable and medically fragile citizens, it pays a disproportionate share of some of the highest cost specialty medications.¹⁴ Managing the utilization and costs for these specialty medications continues to be one of the most important priorities in the program.

Medicaid and NC Health Choice Preferred Drug List

Partnership with health care providers and other pharmacy benefit stakeholders will continue to drive savings and value for the program. The NC Medicaid 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.

State Fiscal Year 2020 Accomplishments

- A PDL compliance rate exceeding 95%¹⁵ generally indicates that North Carolina prescribers agree that the right medications are included on the PDL. This rate also reflects the engagement staff has with Medicaid providers and demonstrates diligent management of the PDL. It also allows Medicaid to maximize drug manufacturer rebates to mitigate cost while still meeting the needs of beneficiaries, providers and the State.

NC Medicaid's gross cost per prescription, manufacturer rebates per prescription and net drug cost per prescription all increased by 1.3% over the last two years. The net drug cost per prescription two-year trend increase of 1.3% is slightly lower than reported in state fiscal year 2019, and is well below the national average increase for Medicaid programs (see Exhibit 3).

How Medicaid Serves the People and Communities of North Carolina

The Pharmacy Program:

Consistently achieves a preferred drug list compliance rate exceeding 95%, indicating diligent management of drug choices and costs

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

¹³ Cuckler, G., et al., "[National Health Expenditure Projections, 2017-2016](#)"; *Health Affairs* 37(3); March 2018

¹⁴ Kaiser Family Foundation: [How State Medicaid Programs are Managing Prescription Drug Costs](#); April 2020

¹⁵ Myers and Stauffer, clinical actuarial vendor for NC Medicaid

- The COVID-19 pandemic highlighted the racial and ethnic disparities in health and health care across the country. The Pharmacy Clinical Policy section implemented a thorough review of clinical policies and overall pharmacy benefit to search for any areas where the program could improve in this area. This includes examining the PDL, therapeutic drug category clinical criteria and prior authorization requirements in the program. This focus on health disparities will continue to be integral to ensuring a clinically sound pharmacy benefit.

Response to COVID-19

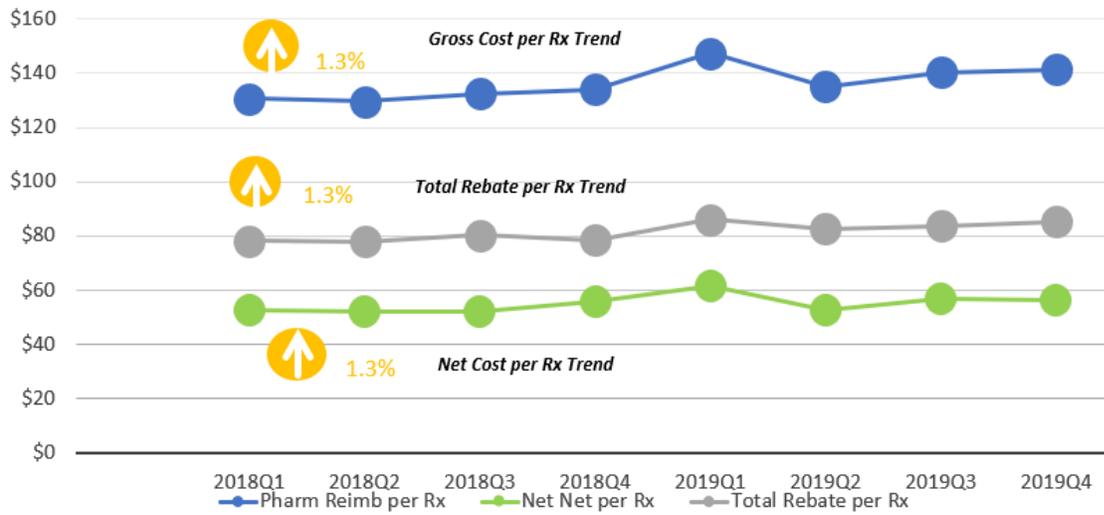
NC Medicaid's Pharmacy program, like all programs, has been challenged by the COVID-19 pandemic in 2020. The program was thoroughly evaluated in response to the COVID-19 pandemic to ensure beneficiaries and providers are provided with the utmost in program support. Below are some of the pharmacy benefit flexibilities in response to the pandemic.

While these flexibilities were designated to be effective only during the declared state of emergency, some will be kept as permanent additions to the program. Some of these flexibilities were implemented to help keep beneficiaries healthy by encouraging social distancing through fewer trips to their pharmacy. Other benefit updates and enhancements were designed to assist Medicaid providers during this unprecedented time in North Carolina history.

- Allowed up to 90-day supply fills or refills of most non-controlled substances
- Allowed early refills of most non-controlled substances, subject to pharmacist and prescriber clinical judgement
- Allowed up to 14-day supply of a medication waiting on prior authorization
- Allowed up to 14-day supply of an emergency lock-in prescription (with limitations)
- Suspended behavioral health edits to lessen administrative burdens on pharmacies and prescribers
- NC Medicaid updated the "Beta agonist" handheld inhaler category on the PDL due to shortages in the marketplace. This category is very important during this time, as the novel coronavirus is primarily a respiratory illness.
- Allowed up to 90-day supply of certain Schedule II stimulant medications
- Allowed up to 90-day supply of certain medication assisted treatment (MAT) medications
- Added a mailing reimbursement fee of \$1.50 (with certain restrictions) to retail pharmacy claims
- Added a delivery reimbursement fee of \$3 (with certain restrictions) to retail pharmacy claims
- Increased traditional dispensing fees and diabetic supply rates by 5% due to North Carolina legislation passed to assist Medicaid providers

EXHIBIT 3

NC Medicaid Pharmacy Program Two-Year Trend



Behavioral Health and Intellectual/Developmental Disabilities

Behavioral Health and Intellectual/Developmental Disability (BH/IDD) services provide outpatient and inpatient, short- and long-term care and supports in a variety of settings.

NC Medicaid provides Behavioral Health (mental health and substance use disorder) and Intellectual/Developmental Disabilities services and support to adults and children receiving Medicaid and NC Health Choice. Services are provided in the following settings:

- **Community.** Outpatient counseling, Mobile Crisis, Community Support Team, Research-Based Treatment for Autism Spectrum Disorders and Peer Support
- **Facilities.** Facility-Based Crisis, Substance Abuse Intensive Outpatient and Psychosocial Rehabilitation
- **Inpatient and institutional settings.** Hospitals, psychiatric residential treatment facilities (PRTFs) and intermediate care facilities (ICFs) for individuals with intellectual disabilities.

Waivers

NC Medicaid manages three waivers under the behavioral health program. Two of these are 1915(c) waivers that provide services in the community as an alternative to institutional care for children and adults with I/DD (Innovations Waiver) and for adults with traumatic brain injury (TBI Waiver). These (c) waivers operate under a 1915(b) waiver that allows for managed care of State Plan Behavioral Health Services.

Partnerships

NC Medicaid partners closely with the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) to provide oversight to ensure effective use of public funds and manage policies to support the needs of North Carolinians while continuing to look for innovative approaches to integrate primary and behavioral care. NC Medicaid also partners and contracts with Local

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

“There is no health without behavioral health, and enabling access to quality services is a key component of promoting wellness and whole person care,” said Secretary Mandy Cohen, M.D.

Management Entities/Managed Care Organizations (LME/MCOs) to 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.

State Fiscal Year 2020 Accomplishments

- **1915 (b) and (c) Waivers.** Effective July 1, 2019, the Centers for Medicare & Medicaid Services granted renewal of behavioral health two North Carolina waivers: 1) 1915(b) waiver for mental health, intellectual/developmental disabilities and substance use disorders and 2) the 1915(c) Innovations Waiver.
- **NC Innovations.** The \$135,000 budget limit was removed for individuals in the Supported Living Level III service who need to live alone due to medical or behavioral issues. Supported Living Level III is a 24-hour per day service that provides support to individuals on the waiver who reside in homes they own or rent.
- **Peer Supports.** Peer Supports, an evidence-based model of care that provides community-based recovery services with mental health or substance use disorders, was added to the Medicaid State Plan. It promotes recovery, self-determination, self-advocacy, engagement in self-care and wellness, and the enhancement of community living skills. Support is provided by Certified Peer Support Specialists who have self-identified as being in recovery from a mental health or substance use disorder.
- **Community Support Team (CST).** Supported housing components were added to the CST service definition, and a dedicated licensed substance abuse professional was included as part of CST with a corresponding rate increase. This is an intensive, community-based rehabilitation team service that provides direct treatment and restorative interventions and case management. CST provides:
 - Symptom stability by reducing presenting psychiatric or substance use disorder symptoms
 - Restorative interventions for development of interpersonal, community, coping and independent living skills
 - Psychoeducation
 - First responder intervention to de-escalate a crisis
 - Service coordination and ensure linkage to community services and resources

Partnerships with Community Groups Through Waiver Programs

A variety of person-centered activities and services that enable beneficiaries to live more independently is provided through partnerships with community organizations.

- **Money Follows the Person.** Money Follows the Person (MFP) is a national demonstration project sponsored by Medicaid to support individuals in moving out of institutional settings like nursing homes and into a home in the community.

While MFP is a catalyst to support individuals to move to the community, those with intellectual and other developmental disabilities use the long-term services and supports (LTSS) waiver called Innovations to provide ongoing assistance to live independently.

See page 13 for more on MFP.

- **Innovations Waiver.** The Innovations waiver provides an array of person-centered services that help with daily living activities like bathing, getting dressed and meal preparation. But the waiver is so much more than assistance with daily activities. Innovations can also provide a combination of physical assistance, organization and decision-making supports and community-based supports to volunteer at a local non-profit or supports for paid employment.

See page 21 for more on the Innovations Waiver.

- **Supported Living Service.** Through North Carolina's Innovations supported living service, individuals can choose to live in an apartment or home by themselves or with a roommate (or two) of their choosing. This customized service addresses the need to create a living space where people who share similar lifestyles can become roommates and friends. Funding available in the Innovations waiver can also provide assistive technology and modifications that make the home more accessible and safer while giving the residents unsupervised time in the home for those desiring greater independence.

How Medicaid Serves the People and Communities of North Carolina

Waiver Programs:

MFP supports moving individuals from institutions into homes in the community

Innovations provides services that help with daily living activities, as well as volunteer and employment opportunities

Supported living services enable independent living with assistive technology and modifications for greater safety and accessibility

The services in the Innovations waiver can be provided through the traditional provider model, self-direction or a hybrid model. For those who want to maximize control of their choices and services, self-direction can give an individual the greatest control over their Innovations waiver services. For those who are somewhere between the provider-led and self-direction models, individuals can use a hybrid model that provides support from a traditional provider as-needed.

As North Carolina leads in making its Innovations waiver an array of long-term services that support independence, it is the cornerstone to success for the MFP beneficiaries with intellectual and other developmental disabilities. With member and family feedback on the Innovations waiver, the Medicaid team and the local management entities/managed care organizations (LME/MCOs) continually improve services to deliver a waiver targeted to help with specific needs, individual choice, self-direction and greater independence in whatever community-based living setting the beneficiary chooses.

State Fiscal Year 2020 Accomplishments

Stakeholders partnered with NC Medicaid to negotiate an exception process with the Centers for Medicare & Medicaid Services in February 2020 that allows people with significant disabilities to exceed the \$135,000 per person cost limit to be able to live in a home of their own.



Stakeholders Come Together and Create Change

Through the Supported Living Level III service under the Innovations Waiver, individuals needing 24-hour awake staffing support can live in the community in homes of their own. The waiver pays for staffing to provide for their needs and allows them independence from a residential or intermediate care facility for individuals with intellectual disabilities (ICF-IDD), with a \$135,000 annual per person cap on the services.

Due to the very significant and unique support needs of the beneficiaries, costs to provide the necessary services can exceed \$135,000 per year. Such was the case in fall 2019 when efforts to resolve the funding shortfall were unsuccessful and two individuals were notified by their provider that their services would need to be terminated. A small group of seven family stakeholders met to identify barriers, define needs and develop potential solutions so they could work toward a positive change.

“When it’s your child, you just can’t accept something less than what they need.”

These stakeholders included the parents who were immediately impacted by these notices, families who would be impacted in the future, a service provider and others involved in researching resources to find sustainable solutions.

The group met with Dave Richard, Deputy Secretary for NC Medicaid, and shared concerns and their vision for their children’s future. They also affirmed their commitment to this new waiver service model and explained the many investments of time, energy and finances they had made to make the model successful for their children.

NC Medicaid immediately began conversations with the Centers for Medicare & Medicaid Services (CMS) to explore possibilities. NC Medicaid was ultimately able to negotiate an exception process with CMS in February 2020 that allows people with significant disabilities to exceed the cost limit to be able to live in a home of their own.

A grateful parent shared, “I just appreciate all the work that was done by so many people. So many times, I was weary and others drove the plane. [My daughter] is so happy, she is very active and hers is a crusade I want to share. She didn’t have to go back to congregate living -- because she would have withered away.” Another parent said, “Instead of an institution, my son is able to live near his parents and his brother’s family; Supported Living is what will work best for him. There is no reason for him to live in an institution.” A mother told of her son who had previously been in an institution and a group home: “He is now in his own home living a life where he gets choice and autonomy. He’s happier and more settled than he has ever been. Every skill across every domain has increased.”

“We have a lot of work to do,” said a mother who is not currently using the waiver services but preparing for the future she foresees for her child. She said this effort shows that “when you have a team of people that includes providers, the people who are living it, the people who are planning to live it and people from the State who are decision-makers in a really focused effort, what boulders and mountains can be moved.”

Another parent shared, “We’re not done yet, there are still things that need to happen. But this is sort of the new future for those with disabilities and it is so much more customized than we ever thought possible. When it’s your child, you just can’t accept something less than what they need.”

Community Partnerships Improve Education and Practice Support

NC Medicaid partners with Community Care of North Carolina and North Carolina Area Health Education Centers to inform and educate the provider community

NC Medicaid's Managed Care Quality Strategy (Quality Strategy) designates advanced medical homes (AMHs) as one of the interventions for building an innovative, whole-person centered, well-coordinated system of care addressing both medical and non-medical drivers of health. Statewide adoption of AMH standards will drive progress toward the Quality Strategy's Aims, Goals, Objectives and Interventions.

In partnership with NC Medicaid, the North Carolina Area Health Education Centers (NC AHEC) will use its practice support model in combination with its continuing professional development program to accelerate the adoption of the AMH model among primary care practices that are in-network with at least one standard health plan.

The practice support will focus on various quality improvement tools and interventions to successfully implement AMH standards and facilitate transformation.

How Medicaid Serves the People and Communities of North Carolina

Provider Partnerships:

Monthly meetings ensure consistent communication with the provider community

Webinars provide education, practice support and a forum for providers and staff to share ideas and voice concerns

CCNC and AHEC work directly with practices on areas of improvement such as billing, adopting telehealth modernization services, coding and resource availability

Quality Strategy Focuses on Whole-person Health and Wellness

NC Medicaid's Quality Strategy is built around the desire to build an innovative, whole-person, well-coordinated system of care that addresses both medical and non-medical drivers of health and promotes health equity.

The vision of whole-person health and wellness is distilled into three central aims:

- Better care delivery
- Healthier people, healthier communities
- Smarter spending

Included within each of these aims are goals and objectives that highlight key areas of expected progress and quality focus. Together, these aims, goals and objectives create a framework through which NC Medicaid defines and drives the overall vision for advancing the quality of care provided to beneficiaries (see Exhibit 4).

These drivers of health are tracked through a robust set of measures and improved through various quality improvement initiatives. Measures are stratified by region, race/ethnicity, gender and disability status, which helps NC Medicaid understand health disparities and set goals to promote equity in quality outcomes.

Annually, the managed care health plans, Primary Care Case Management Programs (PCCMs) and local management entities/managed care organizations (LME/MCOs) are required to report on their plans to strategically improve performance and quality of care for all members served.

How Medicaid Serves the People and Communities of North Carolina

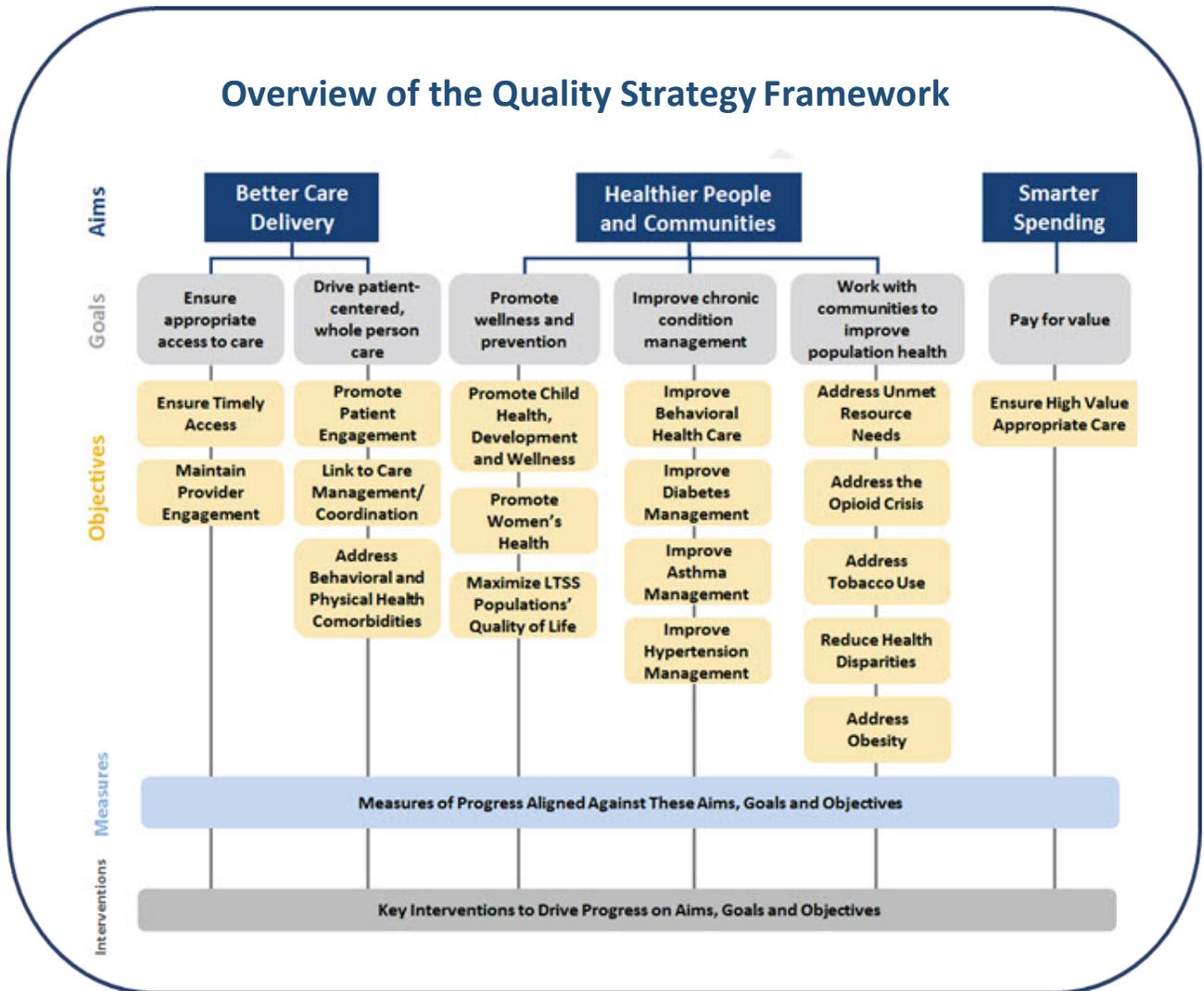
Quality Strategy:

Expands focus from just medical, to include whole-person, non-medical drivers of health

Includes better care delivery through focus on access and patient engagement

Promotes healthier people and communities through wide variety of medical and behavioral health services for families

Ensures high value, appropriate care through smarter spending



Well-Child Visits/Immunization Quality Improvement Action Plans

NC Medicaid stratifies measures, analyzes trends, sets targets to close gaps, and develops quality improvement action plans to ensure quality service to the citizens of North Carolina. Monitoring pediatric preventive care quarter over quarter has shown a steady increase in overdue well-child visits and immunizations from birth to 6 years old (see Exhibit 5 and Exhibit 6). During the COVID-19 pandemic, more infants and children are missing age-appropriate preventive care likely due to a variety of factors.

EXHIBIT 5

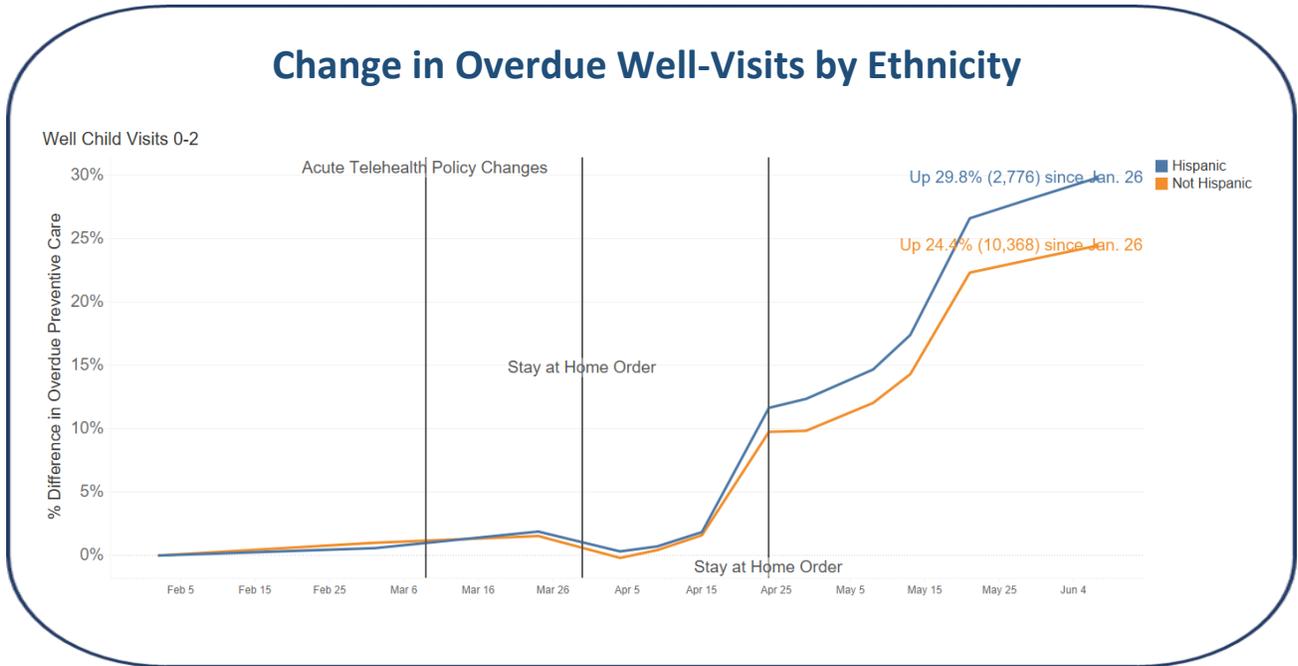
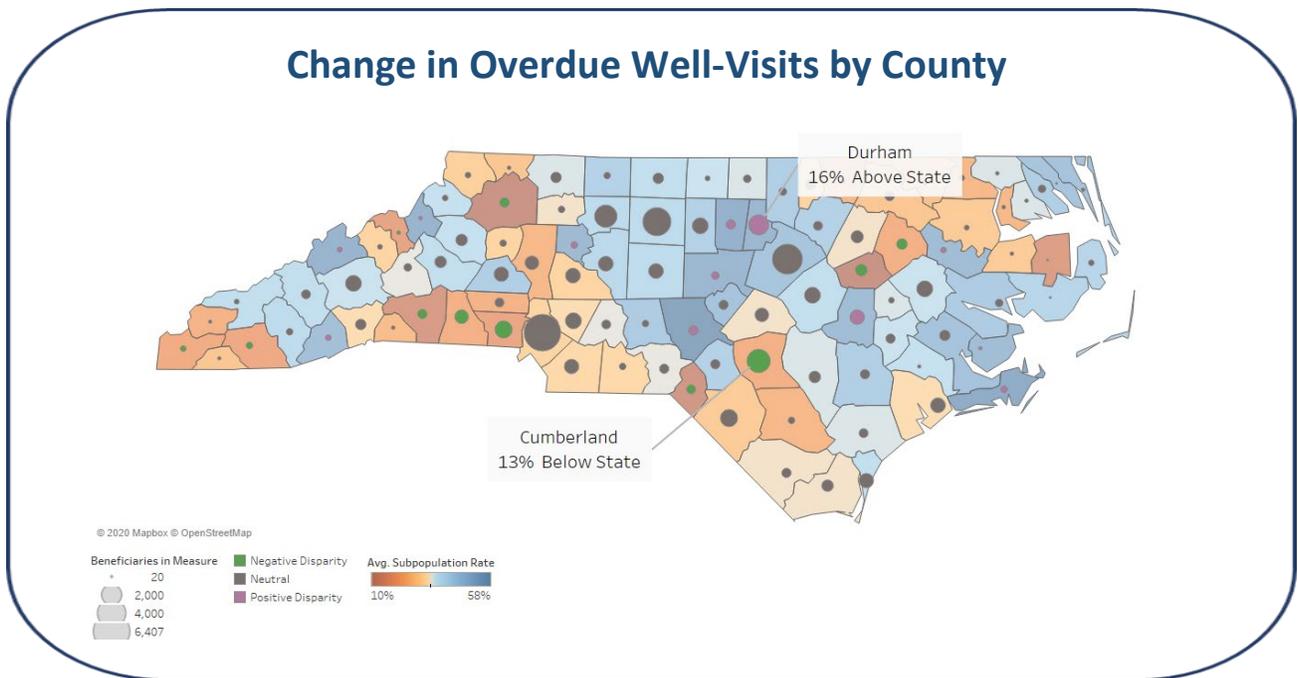


EXHIBIT 6



NC Medicaid and its partners developed a statewide action plan to address this increase in care gaps with community partners. This project is a collaborative effort with NC Medicaid, North Carolina Area Health Centers (NC AHEC), Community Care of North Carolina (CCNC), Office of Rural Health, the Division of Public Health and Local Health Department Care Coordination for Children (CC4C) programs and “Reach Out and Read.”

The Well-child Action Plan has three goals:

- Reduce disparities in childhood well-child visits among racial and ethnic groups
- Improve childhood immunizations among Medicaid enrollees under age 19 to pre-COVID-19 rates
- Improve well-child visits to pre-COVID-19 rates

The action plan uses both provider and beneficiary interventions. Using data, NC AHEC, CCNC and the Office of Rural Health will target and support provider offices that have seen the sharpest declines in pediatric well-care. Interventions will be practice-focused and may include workflow redesign, billing/telehealth support, and member outreach.

The Division of Public Health and local health departments will deploy care managers in outreach efforts to children and families who are due or overdue for well-child visits and vaccines. The “Reach Out and Read” program will encourage timely well-child visits by integrating reading into pediatric practices, advising families about the importance of reading with their children and sharing books that serve as a catalyst for healthy childhood development. This collective work encouraging childhood preventive care will contribute toward preparing kids for school and for a lifetime of optimal health.

EXHIBIT 7

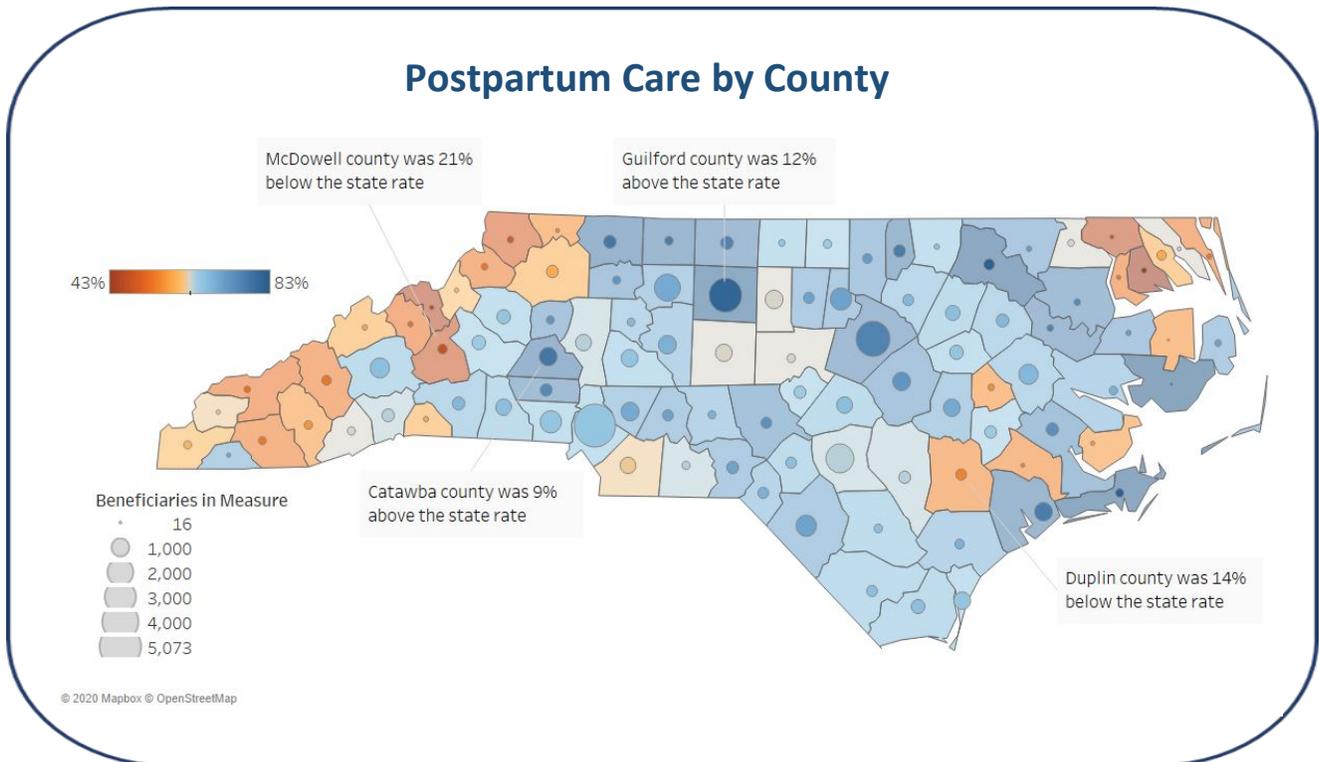


Exhibit 7. Postpartum Care - This map illustrates for each county in North Carolina the 2019 proportion of Medicaid deliveries that had a postpartum visit on or between 21 and 56 days after delivery.

Medical Collaboration Results in Clinical Policy Adjustment for Liver Transplants

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

"Martin" had met the strict clinical criteria to be approved for a liver transplant. Through his health journey, he had now reached a point where a transplant would bring him the best chances for a hopeful recovery.

On medical examination in preparation for the transplant, Martin's provider found a small renal cell carcinoma (cancer) on one of his kidneys. Existing policy prohibited a liver transplant in the presence of cancer outside the liver and recommended that the cancer be fully treated prior to the transplant.

The provider expressed his appreciation for the "open-mindedness to conversation in the best interest of the patient."

After consultation and discussion, Martin's clinical team felt they could successfully remove the kidney containing cancer at the same time they did the liver transplant, making it a timelier process with fewer surgeries and recoveries required. They initiated a prior approval request to NC Medicaid to proceed with this treatment plan. When the request could not be approved due to existing policy, the

clinical team believed strongly in the potential of a positive medical outcome and initiated an appeal, which resulted in mediation.

Transplant surgeon Dr. David Levi met with NC Medicaid's Chief Medical Officer and they discussed Martin's case at length. They also met with other medical colleagues and researched current trends and advances that could make this double surgery appropriate in Martin's case.

Through their combined efforts, in December 2019 the decision to deny the original prior approval request was overturned and an approval was issued to allow Martin's surgery to remove the kidney with cancer at the same time a liver transplant was being performed. In June 2020 a liver became available and the double surgery was completed. Martin is now experiencing a successful recovery.

Dr. Levi expressed his appreciation for the ability to discuss the situation with NC Medicaid's Chief Medical Officer and her "open-mindedness to conversation in the best interest of the patient." Through their collaboration, Martin was able to get the medical care he needed. As a result of this request going through the appropriate process that brought together multiple perspectives, not only was the denial overturned but the clinical policy is being revised to add medical options for beneficiaries in the future. It is this sort of bidirectional communication and collaboration that drives the best outcomes for Medicaid beneficiaries across North Carolina.

Strengthening NC Medicaid's Focus on Health Equity for Historically Marginalized Populations

NC Medicaid's Quality Strategy includes extended outreach to historically marginalized populations with an effort to invest in and direct disproportionate resources to ensure health equity.

"Historically marginalized populations" are individuals, groups and communities that have historically and systematically been denied access to services, resources and power relationships across economic, political and cultural dimensions as a result of systemic, durable and persistent racism, discrimination and other forms of oppression. Members of marginalized populations are often identified based on race, ethnicity, social economic status, geography, religion, language, sexual identity and disability status.

Long-standing and well-documented health inequities have resulted in poor health outcomes, economic disadvantage and increased vulnerability to harm and adverse social, political and economic outcomes.

The NC Medicaid Quality Framework (see Exhibit 4) defines and drives the overall vision for advancing the quality of care provided to Medicaid beneficiaries in North Carolina. As there tends to be a higher representation of historically marginalized populations in Medicaid populations than in the general population, a key objective in the Quality Strategy is to reduce disparities and promote health equity.

In state fiscal year 2020, a special workgroup was established to address the needs of historically marginalized populations.

How Medicaid Serves the People and Communities of North Carolina

Outreach to Historically Marginalized Populations will include:

Engaging people by creating open and inclusive processes to identify and meet unique needs

Creating medical home relationships for underserved communities

Engaging state and local leadership to enforce best practices

Tracking progress against goals to improve the health of historically marginalized populations

Commitments to Achieve the Department's Vision and Mission for Historically Marginalized Populations

There are six Department commitments¹⁶ to historically marginalized populations that direct activities for ongoing outreach and other activities during the COVID-19 pandemic:

1. **Prevention.** Create prevention messaging; engage resources; aid in vaccine distribution
2. **Testing.** Provide COVID-19 testing; gather information to inform policy; engage historically marginalized populations; disseminate resources
3. **Contact Tracing.** Conduct outreach to positive cases; build trust, quality and capacity building; identify contact tracing gaps
4. **Wraparound Services.** Conduct outreach to positive cases; engage resources; complete isolation
5. **Behavioral Health.** Raise awareness of behavioral health resources for historically marginalized populations; crisis and early intervention; connections to behavioral health primary care
6. **Procurement.** Increase procurement with historically marginalized populations; assess current procurement practices; engage resource and partnerships

All Medicaid quality measures are the basis for an annual health equity-related analysis. NC Medicaid analyzes measures by select strata, including age, race, ethnicity, sex, primary language, disability status and geography.

Exhibits 5 and 6 illustrate quality measures stratified by race and geography. NC Medicaid monitors these reports to identify disparities and, based on data over time, develop targeted quality improvement interventions and/or other strategies to address identified disparities. Once Medicaid and NC Health Choice move to Medicaid Managed Care, the health plans also will have NC Medicaid-determined targets to improving health equity by closing gaps in performance between groups.

NC Medicaid will also produce an annual "Health Equity Report," which will present data and analysis of stratified data, an overview of targeted efforts to close disparities in care and summarize areas or care in which disparities have improved, persisted or developed.

¹⁶ Commitments to achieve the Department's vision and mission are subject to change based on historically marginalized population needs.

Ensuring Beneficiary Access to Primary Care and Maternal Health Care

Ensuring equal access to primary and maternal care services for all Medicaid beneficiaries is a focus of NC Medicaid's Quality Strategy

NC Medicaid's health services are delivered through fee-for-service (NC Medicaid Direct) with primary care services managed through the Department's Primary Care Case Management (PCCM) program. Community Care of North Carolina (CCNC) provides a statewide infrastructure for the PCCM to NC Medicaid beneficiaries across all 100 counties.

CCNC has networks that provide statewide care management and data support to more than 1,650 primary care medical homes with over 500 individual providers (including local health departments, FHQCs and other safety net providers) that partner with hospitals, community-based organizations, community pharmacies and specialty practices for coordinated care delivery.

CCNC also uses multidisciplinary health care teams to provide community-based case management. CCNC's primary care case management for NC Medicaid beneficiaries focuses on the management of chronic conditions such as diabetes and hypertension, coordination of care for individuals with complex health needs and closing care gaps for preventive services, especially for children.

Between 2016 and 2018, individual primary care providers (PCPs) increased from 10,608 to 12,924 statewide. This includes more than 5,500 PCPs enrolled in CCNC's medical home program. From calendar year 2016 through 2018 there were an average of six PCPs per 1,000 enrollees (see Exhibit 7).

How Medicaid Serves the People and Communities of North Carolina

Improving beneficiary access to primary care:

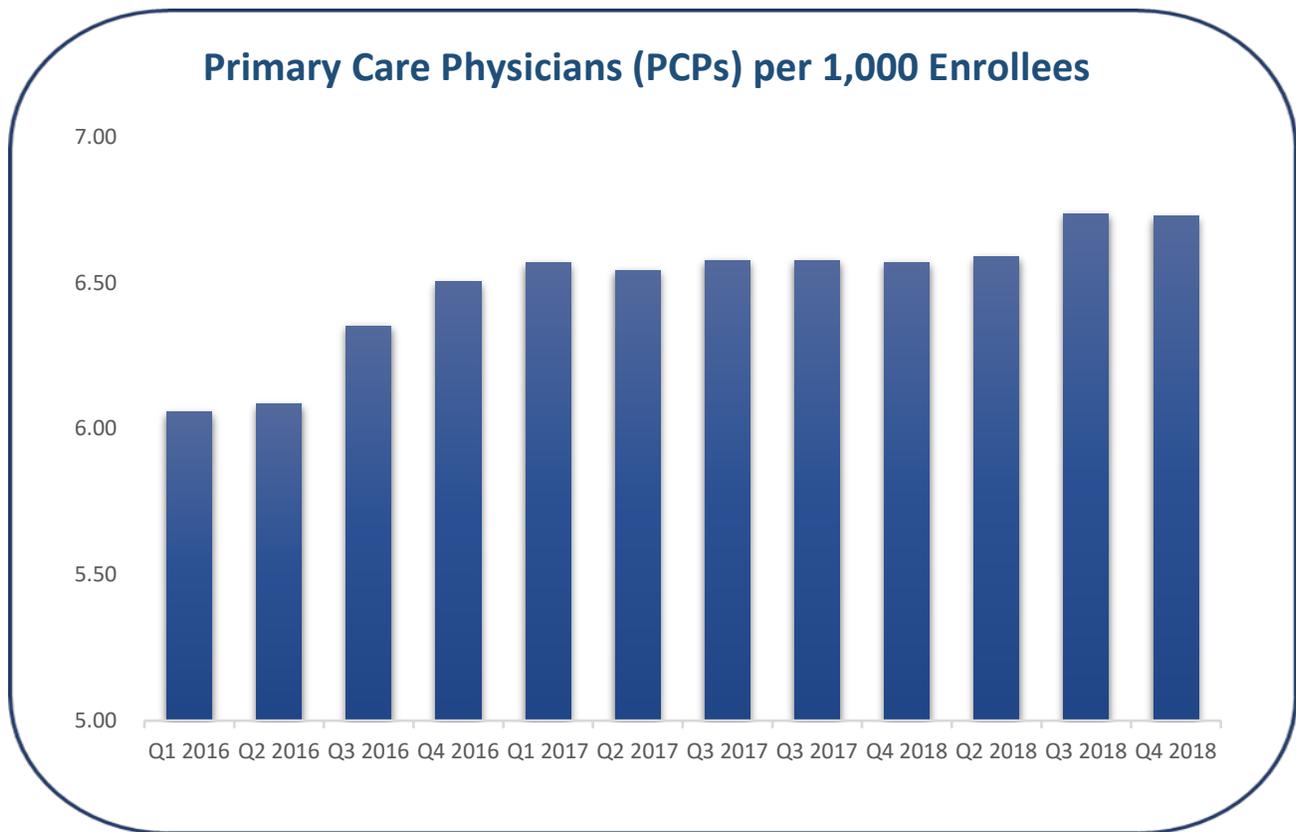
Statewide care management and data support

Coordinated care delivery by 500+ providers in 1650+ medical homes across the state

Multidisciplinary health care teams to provide community-based care management

Management of chronic conditions, complex health needs and closing care gaps for preventive services

EXHIBIT 8



Beneficiary Access to Maternal Health Care

NC Medicaid beneficiaries account for more than 55% of all deliveries in North Carolina. In 2006, only 38% of births in North Carolina were to women with Medicaid coverage in pregnancy. Now, 60% of pregnant women qualify for full Medicaid coverage and 40% are eligible for Medicaid coverage only during pregnancy.

Obstetric services for NC Medicaid beneficiaries are provided through the Pregnancy Medical Home (PMH) program. Operating since 2011, the PHM program includes more than 350 practices and 1,600 individual providers with a primary focus on pre-term birth prevention. The PMH model is a partnership between obstetric providers who agree to work on quality improvement in maternal care, local health departments that provide pregnancy care management for women with high-risk pregnancies and CCNC, which provides data, analytics and physician leadership to the program. PMH providers are paid an incentive rate for performing a pregnancy risk screen and for completing a postpartum visit with women after delivery.

In state fiscal year 2020, Medicaid had 52,262 non-emergency Medicaid deliveries. Of those, 42,796 (82%) received care in a PMH and 14,129 (27%) received care management from a local health department during the pregnancy.

Health Check: Early and Periodic Screening, Diagnostic and Treatment Services (EPSDT)

Federal law guarantees eligible children receive best practice preventive care (early and periodic screening) and any diagnostic and treatment services that Medicaid covers.

High-quality, comprehensive medical care for eligible children is mandated and protected by federal EPSDT guarantees in the Social Security Act. This law recognizes the special challenges to good health, physical growth and emotional/learning development that Medicaid-eligible children face. The Social Security Act directs that these children have a broad menu of treatments and services available to them when they need care.¹⁷

North Carolina has historically implemented these guarantees assertively in its Medicaid Direct (formerly Fee-For-Service) and Medicaid Managed Care programs. Services include preventive (wellness)¹⁸ and diagnostic and treatment services.¹⁹

State Fiscal Year 2020 Accomplishments

- More than **96% of children under one year of age** received all recommended preventive check-ups.
- More than 59% of all eligible children received periodic screenings on the schedule recommended by the American Academy of Pediatrics.
- Annual screening visits were provided to 51% of children ages 6 through 9 and 54% of children ages 10 through 14. These participation rates are exciting improvements in service delivery for this priority population. In state fiscal year 2012 only 39% of 6 through 9-year-olds and 42% of 10 through 14- year-olds were receiving annual periodic screening visits.
- More than 654,000 children received oral health services.
- More than 78,000 children received decay-inhibiting sealers on their permanent molars.²⁰

How Medicaid Serves the People and Communities of North Carolina

Health Check EPSDT Services:

Ensure children see a provider regularly for wellness visits

Provide eligible children under 21 access to any service, product or treatment covered by Medicaid

Require a medical review of a child's individual condition before any denials or reduction of services

¹⁷ [Early and Periodic Screening, Diagnostic and Treatment on NC Medicaid website](#)

¹⁸ [American Academy of Pediatrics Bright Futures Preventive Services Periodicity](#)

¹⁹ [EPSDT – A Guide for States: Coverage in the Medicaid Benefit for Children and Adolescents. CMS Publication](#)

²⁰ [CMS 416 Annual Report on Early and Periodic Services State Participation, SFY 2019](#)

Healthy Opportunities

All North Carolinians should have the opportunity for health. Access to high-quality medical care is critical, but research shows up to 80% of a person's health is determined by social and environmental factors and the behaviors that emerge as a result.

NC Medicaid is working closely with the Department to address these fundamental non-medical drivers of health, also referred to as Healthy Opportunities or social drivers of health. The initial focus is on housing stability, food security, transportation access and interpersonal safety.

Healthy Opportunities Pilots

The Centers for Medicare & Medicaid Services authorized up to \$650 million in state and federal spending authority for North Carolina to operate the pilots. The pilots will operate in up to three geographical areas of the state within the Medicaid Managed Care program and 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.

NCCARE360

NCCARE360 is the nation's first statewide technology platform connecting health care and human service providers to each other and to community members. The coordinated care network makes 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.

NCCARE360 is a public-private partnership between the Department and the Foundation for Health Leadership & Innovation, in collaboration with implementation partners that include the United Way of North Carolina/NC 211, Expound Decision Systems and Unite Us.

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

NCCARE360 allows public and private health and human services providers to communicate in real-time to share data that will help people get needed services

State Fiscal Year 2020 Accomplishments

- In August 2019, CMS approved NC Medicaid's [evaluation design](#)²¹ for the Healthy Opportunities Pilots. The evaluation will include rapid cycle assessments and a sequential multiple-assignment randomized trial (SMART) design, culminating in a summative evaluation. If the pilots prove effective, North Carolina may seek to integrate social services into Medicaid Managed Care on a statewide basis.
- In October 2019, NCCARE360 announced its 1,000th referral. The Piedmont resident was in need of referred to social services case management by a local health department's WIC & Nutrition Services. As a result of the referral, the resident received needed diapers, bedding and other necessities for the resident's home.
- In partnership with the Foundation for Health Leadership & Innovation, the Department fast-tracked the statewide rollout of NCCARE360 six months ahead of schedule to help North Carolina respond to and recover from COVID-19. As of June 2020, NCCARE360 is active in all 100 of North Carolina's counties.
- In November 2019, NC Medicaid released a [Request for Proposal](#)²² to procure up to three Healthy Opportunities Lead Pilot Entities to each build and manage a network of human service organizations and serve as the essential connection between these organizations and Medicaid Managed Care health plans. Lead Pilot Entities will also support the Department's evaluation of the Pilots through key data collection and submission to the Department.
- In December 2019, NC Medicaid released a groundbreaking, standardized [fee schedule](#)²³ that defines and determines reimbursement rates for 29 social service interventions across food, housing, transportation and interpersonal safety services that can be reimbursed by NC Medicaid under the State's Healthy Opportunities Pilots. The Pilots will test the impact of these services on eligible Medicaid members' health outcomes and costs.

Response to COVID-19

NC Medicaid and the Department are leveraging insights gained from designing the Healthy Opportunities Pilots to provide social supports to individuals in isolation or quarantine during the COVID-19 pandemic. More specifically, NC Medicaid is providing Coronavirus Relief Fund dollars to regional or local entities that will be selected through a competitive procurement process to manage the provision of social supports. These include nutrition services, disaster relief payments, private transportation, medication delivery and COVID-related over-the-counter supplies (such as cleaning supplies, masks and thermometers) for people who need and do not have access to these services to safely and effectively isolate or quarantine.

Temporary Suspension of Lead Pilot Entities Procurement. Due to COVID-19, the procurement for the three potential Lead Pilot Entities was temporarily suspended. However, the suspension will be lifted as soon as possible in SFY 2021 as North Carolina prepares to implement Medicaid Managed Care.

²¹ North Carolina Department of Health and Human Services (2019). Enhanced case management and other services pilots evaluation design. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nc/Medicaid-Reform/nc-medicaid-reform-eval-des-appv-ltr-20190815.pdf>

²² <https://medicaid.ncdhhs.gov/transformation/requests-proposals-rfps-and-requests-information-rfis>

²³ https://www.manatt.com/Manatt/media/Documents/Articles/NC-Pilot-Service-Fee-Schedule_Final-for-Webpage.pdf

Managing Budget, Cost and Health Care Needs

Being good stewards of taxpayer dollars through oversight
and innovation

Medicaid Transformation to Managed Care

Medicaid Managed Care prepares for implementation; efforts suspended in November 2019 due to no state budget

The Department's work continued through November 2019 in state fiscal year 2020 to transition the Medicaid and NC Health Choice delivery system from primarily fee-for-service to a managed care model, as directed by the NC General Assembly in Session Law 2015-245.²⁴ Building on program design and implementation preparation efforts of the prior year, NC Medicaid continued building the infrastructure, processes and education necessary for enrollment in late 2019 and launch planned for February 2020.

On November 19, 2019, the Department announced that due to the NC General Assembly adjournment without an approved budget that included spending and program authority needed, the transition to managed care was suspended. (Important Note: Medicaid Managed Care transition resumed July 2, 2020. Details will be included in the NC Medicaid Annual Report for state fiscal year 2021 (July 1, 2020 through June 30, 2021)).

Throughout the suspension period, NC Medicaid continued its commitment to 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

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.

²⁴ 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.

These partnership ensured that several important milestones in the Medicaid Transformation process were reached in spite of the shortened preparation period.

State Fiscal Year 2020 Accomplishments

Prior to the suspension of Medicaid Managed Care transformation activities in November 2019, NC Medicaid accomplishments included:

- Several enrollment tools were built specifically for beneficiaries to help them enroll in Medicaid Managed Care. These included Managed Care website, using a mobile app or by phone.
- In late June 2019, the Medicaid Enrollment Broker Call Center opened to answer beneficiary questions about the NC Managed Care program and to assist beneficiaries find their physicians and connect with a Pre-paid Health Plan that serves their needs.
- Prior to suspending the transition to Managed Care, NC Medicaid began enrollment for 1.6 million beneficiaries in July 2019.
- A significant communication campaign was enacted to ensure beneficiaries, providers and other stakeholders were well informed of the suspension and how it would affect them. During the suspension, the Medicaid Contact Center representatives answered beneficiaries' questions.
- The formal PHP Readiness Review Process included 111 Medicaid Staff, evaluation of 4,431 readiness criteria, and 148 individual onsite readiness review sessions to verify if PHPs were ready to serve beneficiaries.
- 38 provider sessions in the form of webinars, meet and greets, virtual office hours, and webinar training have been conducted and attended by over 15,000 providers.
- As of November 2019, over 2,400 end-to-end test conditions for Provider and Member Open Enrollment, PHP Auto Enrollment, PCP Auto Assignment, Transition of Care, Capitation Payment, Encounter Processing, and Claims Processing have been executed satisfactorily with an additional 2,500 test conditions to be executed by the end of December.
- The Department reviewed and provided feedback on 5,682 of 5,911 deliverable documents received from PHPs as of mid-November. To prepare and support the County DSS Offices 86 training sessions were conducted that were attended by 5,862 DSS county staff.

Medicaid Contact Center

The Medicaid Contact Center gives beneficiaries, providers and the public a single phone number to call with questions about NC Medicaid and 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 2020 Accomplishments

The Medicaid Contact Center continued to evaluate, identify and enhance service. Significant improvements were made in SFY 2020:

- Attained a 96% (A grade) in the Service Level Agreement overall performance metric, raising the result from a previous 75% (C grade).
 - Decreased abandonment rate to from 25% to 2.6%
 - Decreased call wait time average from 6+ minutes to 80 seconds
 - Handled over 202,000 calls with an average time of 7 minutes per call
- Addressed workforce issues such as recruiting and retaining top representatives to resolve customer issues on the first call; and provide capacity planning, forecasting, oversight and reporting.
- Expanding the quality and training process to deliver timely and thorough caller assistance.

Response to COVID-19

- Established a bank of COVID-19-related questions and answers to provide callers with information on eligibility and copay information related to testing, services or treatment.
- Developed and instituted a virtual training course for new and existing employees.

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 Operations

Provider Operations, formerly known as Provider Services, oversees business processes and operations related to more than 90,000 North Carolina health care professionals and facilities who deliver Medicaid and NC Health Choice services.

Provider Operations ensures qualified health care professionals deliver services to Medicaid and NC Health Choice beneficiaries. This includes verifying provider qualifications during the application process, ongoing monitoring of credentials and using a precise monitoring plan and other tools to oversee the performance of NCTracks, the Medicaid claims adjudication system. Through the NC Medicaid monitoring plan, Provider Operations proactively identifies trends and areas for improvement. The outcome is centralized and streamlined processes that allow providers more time with patients.

Provider Operations also supports the provider community by addressing its concerns, proactively notifying stakeholders of upcoming initiatives, and actively participating in stakeholder workgroups.

- Supports the Medicaid Contact Center by responding to 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.
- Monitors disciplinary actions across 11 license board websites to ensure enrolled Medicaid and Health Choice providers continue to meet eligibility requirements and address those who no longer qualify.
- Ensures NC Medicaid is compliant with legislatively required federal database validation checks using the National Plan and Provider Enumeration System (NPPES) during provider re-enrollment and reverification.

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

State Fiscal Year 2020 Accomplishments

- Continued the work started in state fiscal year 2019 to develop more than 700 provider-related business and technical requirements into over 100 business and technology features needed to transform Provider Operations to Medicaid Managed Care.
- Collaborated extensively with the Medicaid Managed Care enrollment broker to refine and enhance the provider and beneficiary experience with the Medicaid Managed Care Provider Directory.
- Beginning October 2019, Provider Operations partnered with North Carolina Area Health Education Centers (NC AHEC) to offer practice level support and technical assistance to essential Medicaid providers on the transformation to Medicaid Managed Care, with a focus on rural, independent and safety net providers (collectively essential providers). Additionally, NC AHEC engaged with Medicaid Managed Care health plans, the Department and other stakeholders to collaboratively address the needs of the provider and member communities to achieve program success.
- Developed a cross-functional Provider Operations Managed Care Health Plans Oversight Team to review and approve PHP policy deliverables, build lasting collaborative relationships with PHP workgroups, and monitor PHP related activities to ensure contractual compliance. The Team was also part of a Division-wide command center organized to resolve stakeholder questions and issues related to managed care. Over 250 (44% of total) inquiries were resolved by this team.
- Provider Operations organized and implemented a variety of provider stakeholder engagement activities designed to continue to familiarize providers to the new managed care model, including:
 - Provided Virtual Office Hours (VOH) topical sessions offering an interactive format for providers to have their questions answered. The VOH presentations and Q&As are published on the [NC Medicaid Website](#).²⁵
 - Responded to more than 400 questions from providers and stakeholders received through public facing email accounts, the Medicaid Contact Center, inbound telephone calls and regional community forums.
 - Collaborated with the NC Medicaid Communications team to publish frequently asked questions.

Response to COVID-19

Provider Operation built on existing partnerships with NC AHEC, the Department and other stakeholders in its response to COVID-19.

- NC AHEC-supported 80 COVID-19-related webinars attended by 33,212 participants
- Distributed 32 COVID-19 tip sheets and achieved over 4,000 provider encounters
- Developed 103 call scripts for the NCTracks Contact Center to provide consistent information with NC Medicaid's Special Bulletins related to COVID-19.

²⁵ <https://medicaid.ncdhhs.gov/>

- Flexibilities were established to help providers serve patients and manage their businesses during COVID-19:
 - Implemented virtual provider site visits to supplement or replace face-to-face interactions
 - Suspended provider enrollment fingerprinting requirements
 - Expedited the Medicaid provider enrollment application process, including a 24-hour turnaround time, for providers enrolling to deliver services during COVID-19 and for out-of-state providers with an active license in good standing in their home state
 - Extended provider recredentialing due dates
 - Prevented the termination of providers with licenses that would have expired during the declared North Carolina State of Emergency
 - Relaxed claim editing requirements to enhance access to care by enabling the rendering and reimbursement of services by any enrolled practitioner at any servicing facility location



Mobile Dental Care Reaches the Most Vulnerable Medicaid Beneficiaries

Imagine a senior with dementia who resides in a skilled nursing facility and needs dental care. Imagine this person being put in a van, disrupting their daily routine, being driven across town, entering into an unfamiliar environment with unfamiliar people, being transferred from a wheelchair into a dental chair – and amid their confusion, asking them to calmly open their mouth and allow dental work to be done. This could be a very traumatizing experience for this patient.

NC Medicaid understands such challenges and supports community efforts to provide access to quality oral care services for North Carolina seniors and other special needs populations. An example is the work of [Access Dental Care](#)²⁶, a non-profit, mobile program created by the North Carolina Dental Society, serving people with intellectual/developmental disabilities (I/DD) onsite at nursing homes or group home day centers. About 80% of Access Dental Care patients are Medicaid beneficiaries.

“It’s all about opening doors and serving folks who need services – *where* they need them.”

Access Dental Care’s mobile dentistry model bypasses logistical concerns and gives patients regular dental care in familiar surroundings with their caregivers nearby. This sense of security makes receiving dental care less traumatizing for this vulnerable population.

Betsy White, dental hygienist with Access Dental Care since 2000, said, “I think it’s important to be able to have this service to provide dentistry to special care patients. Without

a specialized program with individuals who have special training and have a dedicated *heart* to this program, we would have these vulnerable people sitting there unnecessarily suffering.”

The program is run by Dr. Bill Milner, who spent 25 years as director of the Randolph County Public Health Dental Program before starting Access Dental Care in 2000. “My goal,” said Dr. Milner, “has always been to serve folks who have difficulty getting services...The idea is that you go out and open doors.” Dr. Milner shares how mobile dentistry and service work together. “Half of my brain is dentistry and half of it is public health,” he notes. “It’s all about opening doors and serving folks who need services – *where* they need them.”

Access Dental Care works across the state to provide oral care that opens dentistry’s doors to I/DD populations, some of whom have not had oral care for extended periods of time due to their circumstances. With 80% of Access Dental Care’s patients being NC Medicaid beneficiaries, NC Medicaid’s dental leadership and executive team have ensured that billing codes and reimbursement programs can align with this mobile service model.

And the model is working. Access Dental Care partners with 99 active facilities to provide services in 33 counties. In the past 20 years, it has served nearly 2,000 I/DD patients in group home day centers and 740 I/DD patients in the community. Additionally, over 500 patients in NC Medicaid’s Programs of All-inclusive Care for the Elderly (PACE) have received care; 11,571 patients in long-term care and 652 operating room patients.

²⁶ <http://www.accessdentalcare.org/>

Use of Telehealth Technology Expands Access to Care for Medicaid Beneficiaries

Telehealth is the use of technology, such as using a laptop or smartphone, for health care appointments and services. It allows a patient to “see” their doctor without having to go to the doctor’s office. Using telehealth ensures health care needs can be met for patients who may have distance or transportation challenges, health issues that make it difficult to travel or to avoid exposure to weather or other conditions, including the current COVID-19 pandemic.

Since the start of the COVID-19 pandemic, teams within NC Medicaid have worked to ensure telehealth is easier to use for both patients and providers.

State Fiscal Year 2020 Accomplishments

- Medicaid expanded telehealth benefits to 2.1 million NC Medicaid beneficiaries and also collaborated with other teams at DHHS to provide resources to patients and providers with the launch of a [telehealth section](#)²⁷ of the DHHS website.
- NC Medicaid has worked since the start of the pandemic to ensure beneficiary access to telehealth by implementing dozens of rapid policy changes that impact almost every provider type from a routine physician visit to a lactation consultation.

“Why Telehealth in COVID-19?” (2:53)



Ctrl+Click image or go to http://www.youtube.com/watch?v=_0c4kLeBXgY

How Medicaid Serves the People and Communities of North Carolina

Benefits of Telehealth:

Ease of access and convenience of remote consultations

Routine medical visits including well and sick visits, chronic condition management, some prenatal check-ins and behavioral health

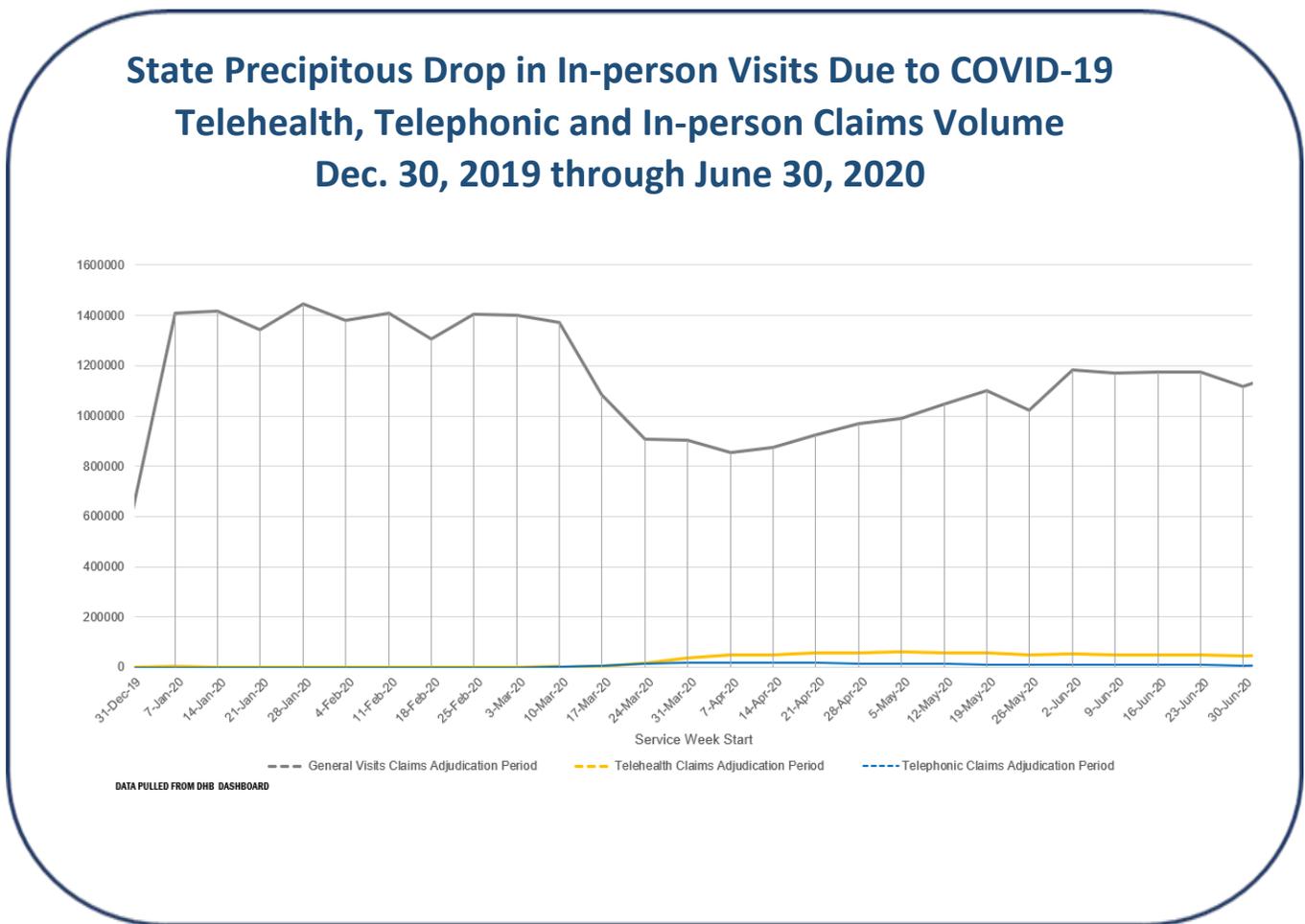
Medication management and prescription renewal

²⁷ <https://www.ncdhhs.gov/about/department-initiatives/telehealth>

- The Medicaid telehealth team held weekly Medicaid provider updates with around 1,400 colleagues from around the state joining to hear about and understand the rapidly changing telehealth landscape.
- Since the NC Medicaid team started the work to make telehealth more accessible, many other insurers have also made changes to adopt telehealth solutions for patients.

Improving access to telehealth is an essential tool in ensuring patients can access the health care services they need in the safest way possible, especially during the COVID-19 pandemic.

EXHIBIT 9²⁸



²⁸ Exhibits 9 and 10 derived from DHB Dashboards: <https://medicaid.ncdhhs.gov/reports/dashboards>. Data generally finalized eight weeks past adjudication period, so may not be fully accurate reflection of information at SFY cutoff date.

EXHIBIT 10

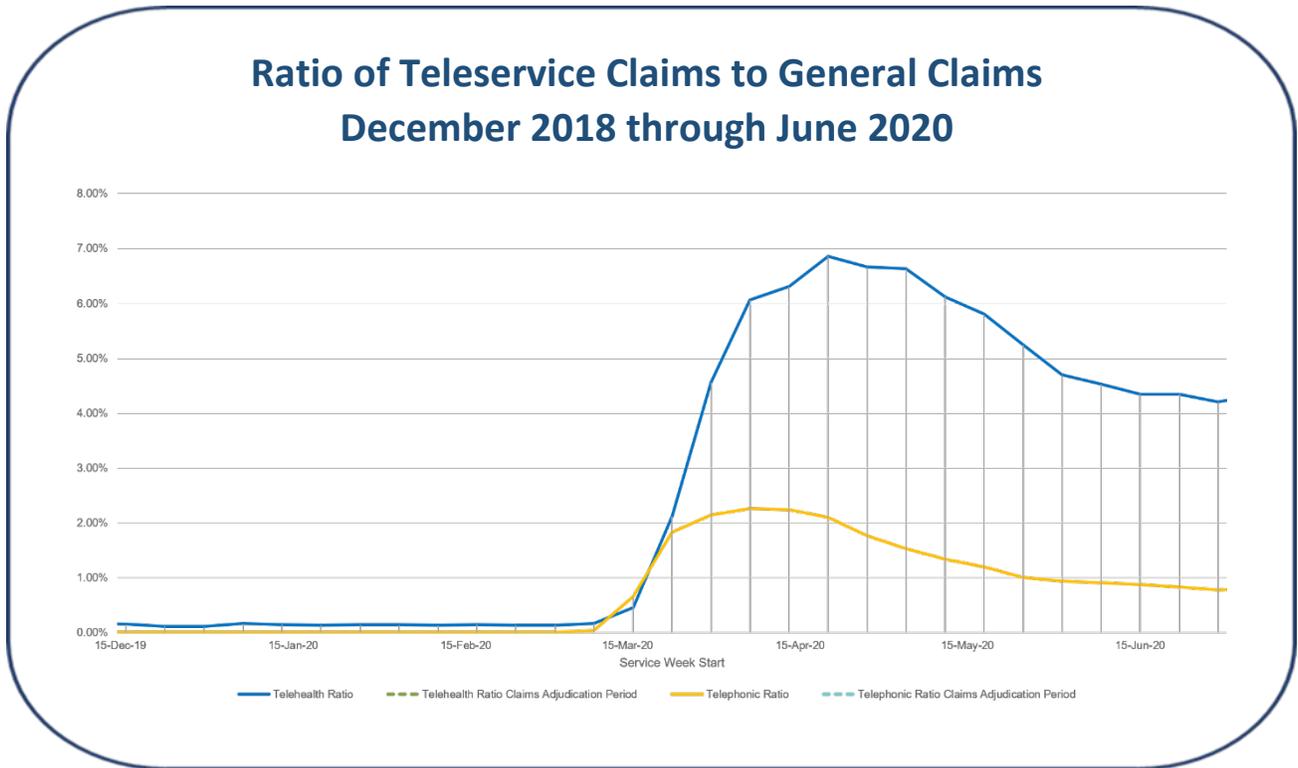
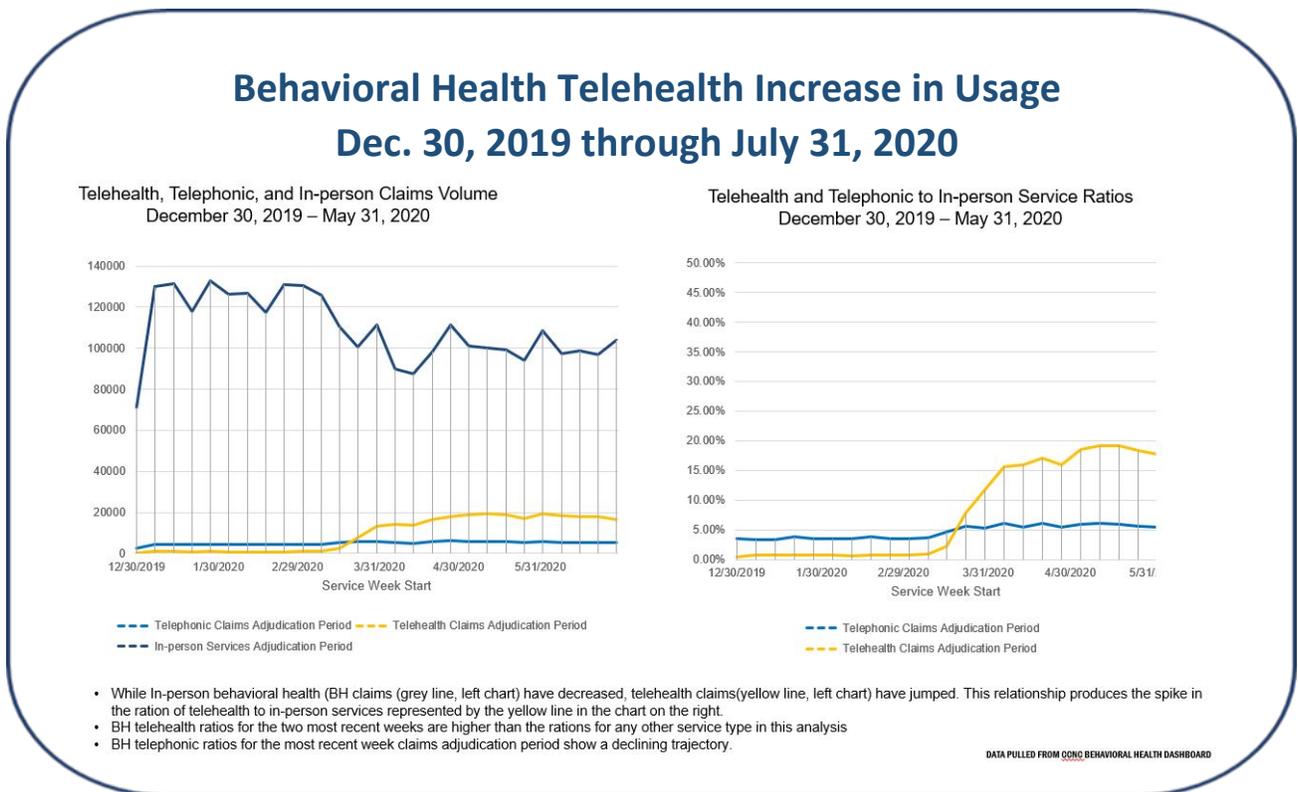
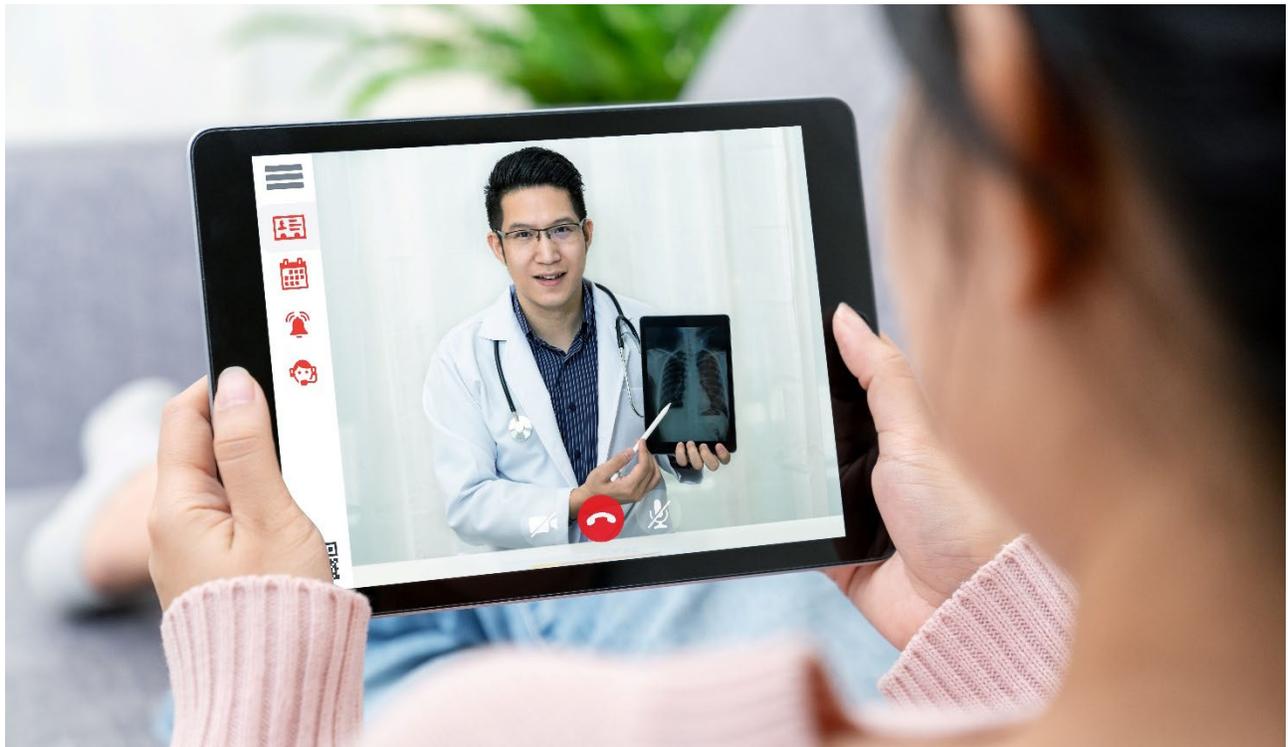
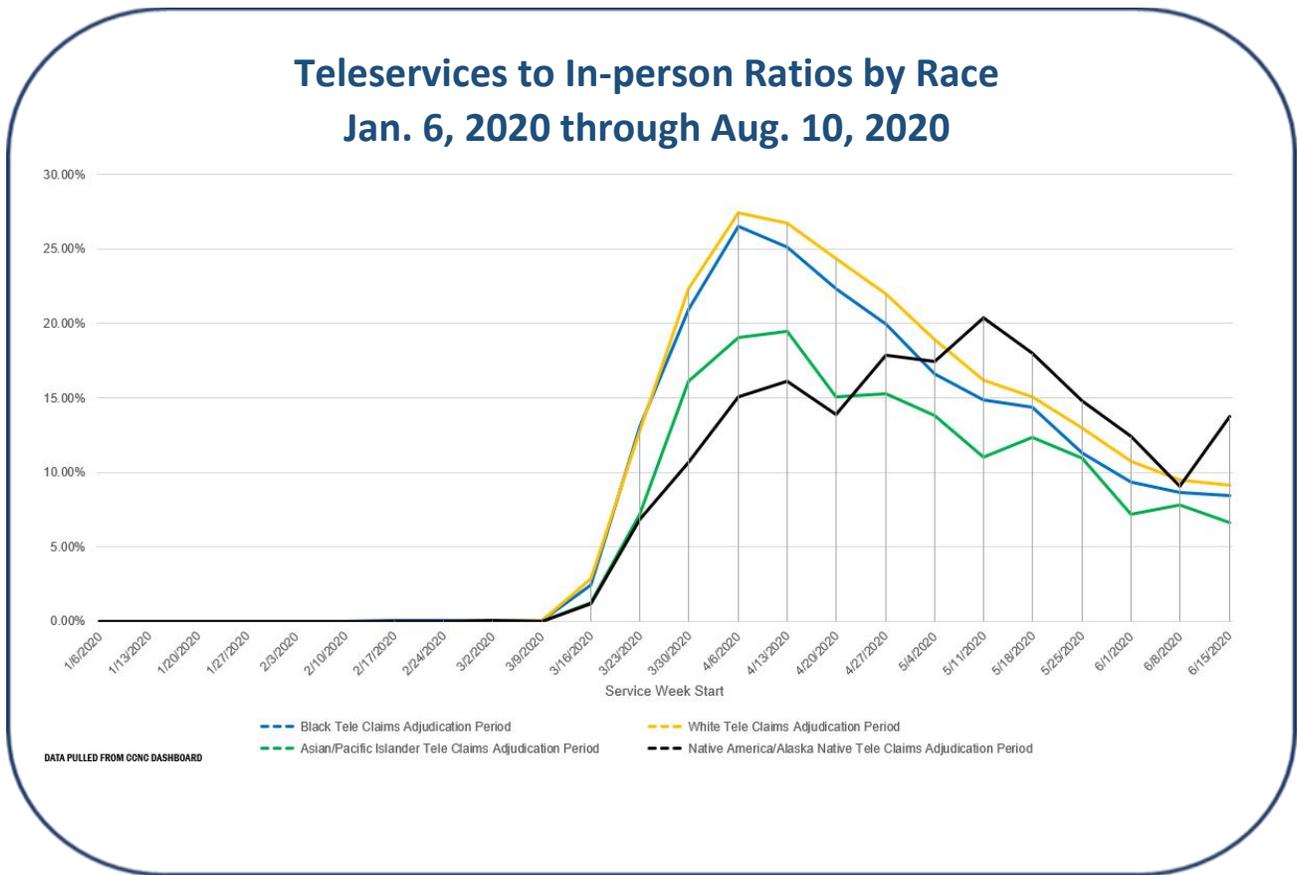


EXHIBIT 11²⁹



²⁹ Exhibits 11 and 12 derived from CCNC Dashboard

EXHIBIT 12



A Provider's View of Telehealth: A Valuable Tool for Quality Health Services

Although telehealth has been around for decades, it has only in recent years become a more established form of medical care. First used in psychiatric consultations in the late 1950s and early 1960s, evidence-based models facilitated by advanced communication and information technologies can improve access to and the quality of most health care forums across the geographic and economic spectrum (National Academy of Sciences, *The Evolution of Telehealth*, 2012).

Telehealth can benefit those with behavioral and medical conditions who are in outlying areas, those who may lack transportation, those who are recuperating from surgery or illness and those with common conditions a primary care doctor can treat.

Dr. Karen Smith, a family physician in Raeford, North Carolina, originally began using telehealth in the treatment of office-based opioid treatment (OBOT). This has since expanded as she has used multiple platforms that integrate data and technology from across the care continuum. This includes telephonics, electronic health records and patient/data analytics that enhance her treatment of a wide variety of health conditions.

In February 2020, just prior to the outbreak of COVID-19, Dr. Smith's team did an offsite retreat to receive in-depth training on the use of telehealth. This proactive effort proved timely. Shortly thereafter, the spread of the virus accelerated, which led to the lock-down of physician offices and other businesses. Her staff was prepared to immediately put into practice what they had just learned.

Through her team's experience with telehealth, she has found there are three key factors to make it successful:

1. The team needs to be trained and ready to use it.
2. Technology needs to be sufficient and efficient.
3. Patients need to have a comfort level with telehealth.

Dr. Smith shared the story of a patient who was COVID-19 positive and in the ICU for 23 days. "She received all the medications we are currently using," said Dr. Smith, "and was discharged to go home. She had been home for three days when I had a telehealth visit with her and went through her medicines, her problem list and all the different questions she had." Dr. Smith shared that the psychological part of "almost dying" from the COVID-19 virus was one of the most difficult thought processes for this patient. Because they were able to visit using telehealth sometimes daily, as needed, the patient was able to shelter in place and care for her own recovery as well as protect the office staff. "We connected. We connected and were able to communicate and have conversations that helped this patient," said Dr. Smith. "If that is what was needed under these circumstances, that is fine, we were successful. I'm just glad that we connected."

This is just one example of the success that telehealth can bring. Dr. Smith was able to see a protruding abdomen in another patient that led to an in-person exam and treatment. She has done a lymph node assessment on an 11-year-old patient by telehealth. “You can move that camera around, and you can see what is happening,” said Dr. Smith. “Once the physicians are comfortable, have completed the training, are accustomed to using the technology and they engage the patient,” the care can be efficient and the patients will feel more comfortable with the process.

“It is so important to be prepared to give quality telehealth service,” says Dr. Smith. “I don’t think we would send any of our medical students into a clerkship without teaching them how to do a physical exam. So likewise, why should physicians think they should do telehealth visits when they haven’t been trained on how to do them?”

When her practice was first considering expanding telehealth, they contacted the NC Medical Society and asked them for support. The NC Medical Society responded by using her practice as a pilot with the “Presence” platform, which is a scheduling and telemedicine solution that gives patients convenient telehealth access to their physicians at a time that works for them. She also used and recommends the Jefferson University School of Medicine exam components and feels it is highly effective. “There are many training resources available,” Dr. Smith said. “There is no excuse for not learning how to use telehealth appropriately.”

COVID-19 brought telehealth to the forefront for many practices, but it will be an integral part of medicine after the pandemic ends. Dr. Smith encourages all providers to educate themselves and their teams and utilize this technology in their practices. It can especially benefit those with behavioral and medical conditions who are in outlying areas, those who may lack transportation, those who are recuperating from surgery or illness and those with common conditions a primary care doctor can treat.

“As we consider the patient who was COVID positive, that is part of where our thoughts need to be now – those who have been treated and are coming home. A lot of these folks are coming out of hospitals and they still have multiple morbidities going on, some of them now have new disabilities. How do we connect with these folks so they don’t land back in the ED because they fell through the cracks or the physician’s office was afraid to treat them? That story is the one that will launch us into the next era of thinking about telehealth.”

Finance

Constant fiscal planning and monitoring enables NC Medicaid leaders to make informed, strategic decisions that use state dollars efficiently 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. In state fiscal year 2020, by blending frequent and varied collaboration with external and internal stakeholders, and rigorous analysis and monitoring, NC Medicaid Finance enabled leaders to pursue innovative services while staying within the appropriated state budget for the seventh consecutive state fiscal year.

The Finance section analyzes national and state economic trends, changes in the health care market, and trends in Medicaid spending using 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 the latest forecasts, and engages with the Centers for Medicare & Medicaid Services (CMS), OSBM, and the Department central finance office to manage cash flow to and from NC Medicaid.
- Finance & Accounting maintains accurate financial records, tracks payments and receipts, and manages required federal reporting to CMS. This team also issues and manages recoupment of hardship advance payments to providers to address special economic circumstances.

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’ business 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

Provides day-to-day financial infrastructure that supports efficient, effective operation of NC Medicaid.

- Provider Reimbursement (fee-for-service and managed care-focused teams) establishes CMS-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). These teams also complete fiscal estimates associated with new or expanded services.
- 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. This team also manages the issuance of cost settlements and hospital supplemental payments.
- Financial Planning & Analysis develops spending and enrollment models that inform executive management as they develop biennium budget and cash projections, creates external and internal management reporting on spending and enrollment trends and variances, quantifies the impact of program and policy changes, and responds to ad hoc stakeholder requests.

Response to COVID-19

To maintain comprehensive access to care for Medicaid beneficiaries during the COVID-19 public health emergency, the DHB Finance team rapidly developed and implemented solutions to address the financial challenges of providers across the Medicaid spectrum. Highlights of this rapid response during the spring and summer of 2020 included the following:

- Injecting over \$1 billion into Medicaid’s provider community by implementing, along with the NC Medicaid Business and Technology Relationship Management (BTRM) team, 210 requests for provider rate changes (both increases and new, different rate structures)
- Developing and implementing tiered rates for Skilled Nursing Facilities, Personal Care Service providers and Hospice providers experiencing a COVID outbreak in their facility and/or serving COVID positive individuals
- Providing targeted rate increases to local health departments, federally qualified health centers and rural health centers
- Issuing \$32 million in expedited payment advances to 17 rural, independent hospitals facing revenue and cost challenges, and \$18 million to long-term care providers with COVID-19 outbreaks
- Accelerating distribution of \$1.6 billion in supplemental funding to hospitals through a single round of payments in May 2020
- Providing a 9.6% rate increase for local management entities/managed care organizations (LME/MCOs) to maintain access to the full spectrum of behavioral health care during COVID-19
- Standing up a new process to distribute up to \$25 million to over 400 congregate care facilities for COVID-19 testing for staff
- Developing the supplemental accounting structure needed to manage and track the flow of additional COVID-19 support funds provided by the federal government and appropriated by the NC General Assembly

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 2020 Accomplishments³⁰

- Performed prepayment reviews that resulted in denied or reduced claims representing \$33,389,125 in reduced costs to the state
- Recovered \$10,212,534 from post-payment review activities
- Recovered \$682,290 from beneficiary review activities
- Recovered \$260,071 from county audit activities
- Completed preliminary reviews for 2,064 individual complaints, of which 1,023 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

³⁰ OCPI results are derived from various internal reports

- Made 60 referrals to the North Carolina Attorney General’s Office for criminal or civil investigation
- County Quality Assurance Team audited 30 counties, reevaluating 6,000 eligibility determinations
- Completed annual HIPAA training for DHB with 97.8% participation (December 2019)

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

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

Response to COVID-19

In response to the COVID-19 pandemic and following CMS’ lead, NC Medicaid suspended the issuance of medical record requests and Tentative Notices of Overpayment (TNO) to providers. The suspension was put in place March 2020. NC Medicaid’s investigative partners were instructed to cease provider investigations contact while continuing to perform other work as possible. This action was taken to give providers the opportunity to fully focus on adjusting their business operations to meet the COVID-19 demands. NC Medicaid appreciates the partnership with providers and associations to deliver effective care to Medicaid beneficiaries.



County DSS Innovates to Improve Beneficiary Services

Ensuring beneficiaries receive the appropriate Medicaid benefits in a timely manner was on the minds of a county Department of Social Services when they decided to adjust their business process through Business Process Redesign (BPR), an organizational process that is about re-thinking, re-planning and rebuilding to meet the customer's (in this case the beneficiary's) expectation. Through this process, the county was able to increase both effectiveness and efficiency.

Re-thinking, re-planning and rebuilding ensured beneficiaries would receive benefits both accurately and timely through revised use of resources.

Chatham County discovered during the Medicaid Eligibility Determination Audit under Session Law 2017-57 that they fell short of meeting accuracy requirements. They acted to quickly implement the BPR and were able to change the final results. Their efforts to meet audit requirements resulted in Medicaid beneficiaries receiving benefits both accurately and timely.

The County realized that with staff turnover, which can occur often in this line of work, and the need to ensure accurate application of policy, a deep dive into the

business process was the only way to restructure the organization and benefit the agency.

They restructured their Medicaid Eligibility and Redetermination staff by reorganizing them into two teams, with one group working on processing initial eligibility and the other group working on redeterminations. Staff cross-trained and could be shifted between teams as needed to address workload demands. Not only did they meet their accuracy goals, they also included a cushion to allow a review to be conducted two months ahead of the due date for recertification approvals.

This new restructure ensured that the number of internal control errors was reduced to meet North Carolina's standard for beneficiaries.

Business Information & Analytics Office

Connects the organization with business intelligence reports and analysis to support NC Medicaid

The Business Information & Analytics (BIA) Office is a centralized business intelligence team that uses analytical techniques to solve Medicaid questions by identifying and gathering strategic insights from Medicaid data. BIA is committed to improving the customer experience through thorough analysis, accurate reporting, timely delivery, and sustainable growth of reporting capacity. BIA's reporting cornerstones include:

- **Ad hoc and recurring data requests** focus on finding connections in Medicaid data, via collaboration with subject matter experts, that enhance NC Medicaid's operational monitoring of programs and broaden the organization's strategic understanding of services.
- **Tableau dashboards** help NC Medicaid oversee programs with data visualizations that prompt understanding at both the individual and organizational levels.
- **Cognos Analytics** enables self-service reporting and data access for NC Medicaid business users. It generates both summary and detail reports, tailored to the various programs within the organization.
- **Quality evaluation support** provides clinical consultation and coordinates production of quality metrics fundamental to program oversight and federal reporting.
- **Data warehouse operations** collaborate with the NCAalytics data warehouse vendor to oversee maintenance of and upgrades to the data structure and tools used for Medicaid reporting and analysis.

How Medicaid Serves the People and Communities of North Carolina

Business Information & Analytics Office:

Provides operational reporting on Medicaid claims, members, and providers for data-driven decision-making

Increases data visibility by providing public [reports](#) and [dashboards](#) on the Medicaid website for stakeholders to better understand and explore Medicaid data

Manages Medicaid data warehouse enhancements and monitoring processes

Several reports and dashboards³¹ are provided on the Medicaid website to increase public visibility into Medicaid data.

³¹ NC Medicaid reports: <https://medicaid.ncdhhs.gov/reports>; NC Medicaid dashboards: <https://medicaid.ncdhhs.gov/reports/dashboards>

State Fiscal Year 2020 Accomplishments

- Expanded use of internal business intelligence tools to enable advanced functionality and more efficient report delivery
 - Cognos Analytics tool includes approximately 20 prompt reports, with the option of scheduled report delivery
 - Tableau Server contains 20 BIA-produced data visualization dashboards that allow cross-matrix collaboration with scheduled data refreshes
 - Began implementation of IBM Watson Health's Flexible Analytics, which will provide analytic data sets to integrate with the data warehouse
- Supported ongoing business operations and oversight with data and reporting. Requests increased 17.9% in state fiscal year 2020, with an additional 25 recurring reports automated to run on varying frequencies.
- Prepared for Managed Care Transformation:
 - Developed, tested, and launched Tailored Plan Determination process
 - Developed ~70 PHP report templates and reporting server process
 - Completed 100+ analytic test cases to validate 32 new PHP encounter data tables and implement 20+ system changes in the NCAalytics data warehouse
- Delivered 100+ quality metrics for calendar year 2018-2019 measurement periods
 - Measures include 56 HEDIS® (Healthcare Effectiveness Data and Information Set), 28 1115-Waiver Substance Use Disorder (SUD) Monitoring, 21 Non-HEDIS CMS Adult and Child Core Set, and 3 CAHPS (Consumer Assessment of Healthcare Providers and Systems) surveys
 - Produced calendar year 2019 HEDIS® Measures and associated Stratification Reporting ~6 months early
- Completed data transfer for triennial CMS Payment Error Rate Measurement (PERM) project.
- Provided 100+ files in support of the Single County Audit for the semiannual Medicaid Population project.

Medicaid Data and Report Requests State Fiscal Year 2020

Category	Reports	Dashboards	Extract Files	Total
Medicaid Enterprise	817	8	53	878
DHHS, CMS & Other Agencies	206	0	1	207
Public Records Requests	169	0	12	181
Emergency Preparedness & Response	75	6	57	138
Legislative & Audit	34	0	0	34
Business Partner Extracts	0	0	1,908	1,908
Total	1,301	14	2,031	3,346

Response to COVID-19

The BIA team assisted with the COVID-19 response in the following ways:

- Generated 10+ service utilization extracts, which consolidated 90M+ claims and member records, from which 5+ Service Utilization and Financial Tableau dashboards were developed and deployed
- Cognos ad hoc parameterized queries deployed to support fiscal impact analysis, given temporary rate increases and policy flexibilities
- Analysis using NC Electronic Disease Surveillance System (EDSS) COVID-19 lab results and NC Disease Event Tracking and Epidemiologic Collection Tool (DETECT) emergency department visits for Medicaid beneficiaries along with statistical analysis of telehealth service uptake are currently underway



Business & Technology Relationship Management

Leading technology, business processes and infrastructure to support NC Medicaid.

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 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. Additionally, this year the BTRM team worked on implementing changes and processes related to Health Information Exchange (HIE), and access request for the PHP Contract Data Utility (PCDU) through Service Now.

The BTRM team is also responsible for initiating system changes for Medicaid Managed Care which includes: Managed Care Organizations, PACE and Community Care of North Carolina. This includes the monitoring and implementation of capitation payments and management fees, monitoring and the implementation of encounters. The BTRM team oversees the dissemination of the Global Eligibility file, Global Provider file, Institutional claims file, Professional claims file and Pharmacy files to the vendors that support the Managed Care program.

State Fiscal Year 2020 Accomplishments³²

- Recovered \$24,641,564 in fraud recoveries through collaboration with the Business Technology Office, Office of Compliance and Program Integrity, Clinical Policy and other NC Medicaid sections.
- Created and tracked 34 standard NCTracks customer service requests and 26 Medicaid Managed Care customer service requests from initial documentation of operational needs to implementation
- Reviewed and approved 1,530 NCTracks file maintenance requests, providing technical support and guidance to the business owners

How Medicaid Serves the People and Communities of North Carolina

Business Technology:

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

Manages NCTracks system improvements and corrections process

Initiates, monitors and implements system changes for Medicaid Managed Care

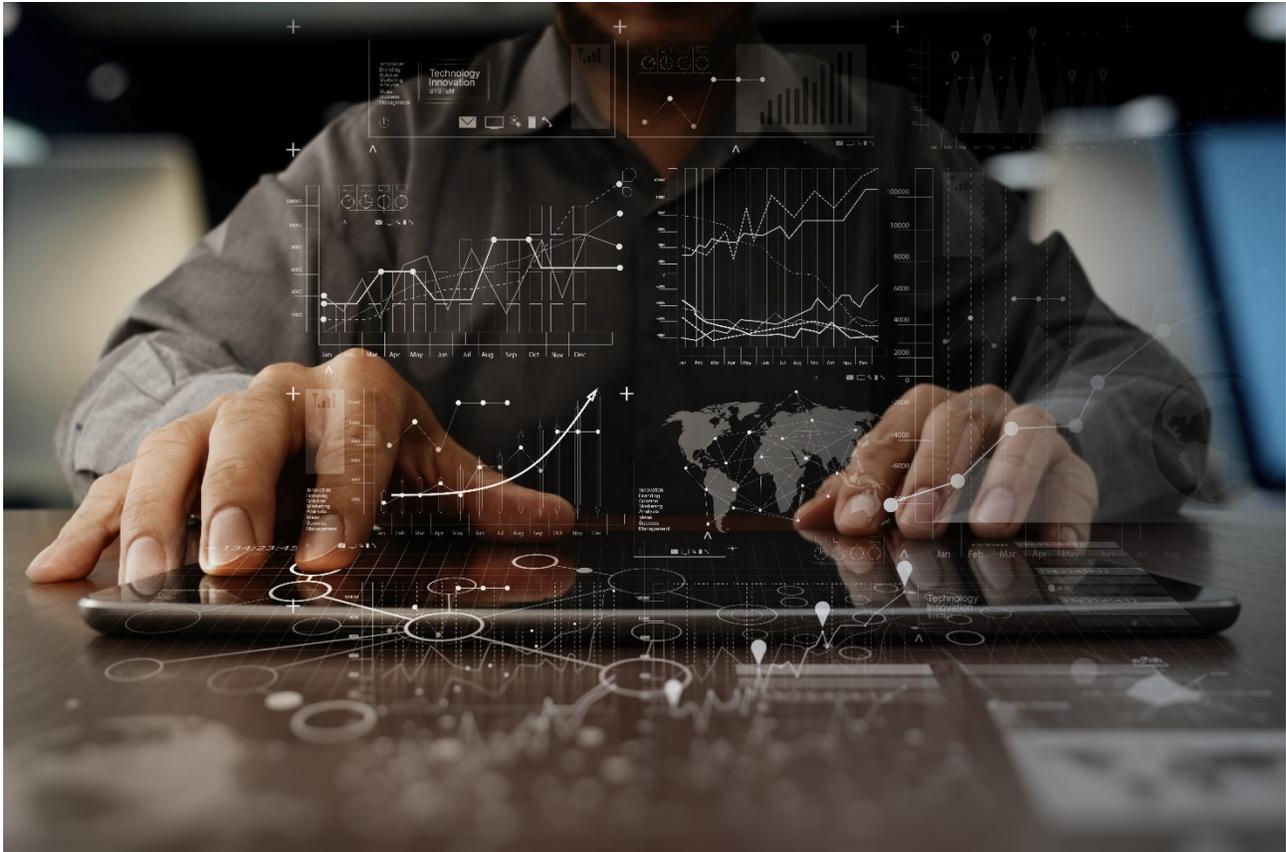
Manages infrastructure support for all Medicaid employees

³² BTRM results are derived from various reports generated by NCTracks

- Generated 344 standard NCTracks service tickets and 11 Medicaid Managed Care service tickets. These were tracked through testing, implementation and closure.
- Monitored 1,023 system defects, including 32 for Medicaid Managed Care.
- Comments regarding 232 deliverables were solicited from internal supervisors, team members, subject matter experts and other stakeholders to increase and support efficient job performance across the agency. Resulting edits were distributed to the Division for review, including manuals, documents, user guides and job aids.

Response to COVID-19

- In response to COVID-19, the BTRM team managed 337 file maintenance requests, 75 service tickets, five customer service requests and one system defect.
- Transitioned nearly all permanent and temporary NC Medicaid employees to work remotely while providing seamless service to North Carolinians. The BTRM Infrastructure Support team managed the process, which included providing equipment and technology and ongoing support to help employees with transition questions.



Policy and Regulatory Affairs

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

Policy and Regulatory Affairs assists legislative staff who call with questions on a constituent's 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.

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

State Fiscal Year 2020 Accomplishments

- Coordinated responses for 869 constituent inquiries.
- Coordinated responses to 131 public records requests from stakeholders, analysts and the media to facilitate transparency of governmental operations to public.
- Coordinated responses to 151 requests by beneficiaries for claims reports. The reports help the State recover Medicaid expenditures from third parties.
- Verified all state fiscal year 2020 Medicaid related policy and regulatory activities were aligned and supported Department objectives for NC Medicaid, including its beneficiaries, providers and contractors.

Response to COVID-19

Policy and Regulatory Affairs secured approval of a temporary rule to facilitate conducting State-level appeals remotely to ensure beneficiary safety during the COVID-19 public health emergency.

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

Financial Review

Details of Medicaid and NC Health Choice State Fiscal Year
2020 financial results

Factors Affecting State Fiscal Year 2020

Financial Results

NC Medicaid finished within budget, supported response to COVID-19

North Carolina Medicaid's total spending for state fiscal year 2020 increased by approximately 12% compared to the previous year, though expenditure of State appropriations increased only 1.2%. The following four main factors contributed to these results:

- Managing services carefully for the first three quarters of the fiscal year in a financial environment that included no enacted budget, higher year-over-year service costs, and preparation for and ultimately the delay of managed care launch
- Accelerating supplemental payments to hospitals in the fourth quarter of the state fiscal year as a part of the state's pandemic response
- A fourth quarter that brought decreases in service utilization related to social distancing requirements and temporary limits on elective procedures during the COVID-19 pandemic
- Temporary increases in federal match rates provided by Congress through the Families First Coronavirus Relief Act (FFCRA)

These factors enabled NC Medicaid to enact temporary policies that maintained access to care for beneficiaries during the public health crisis, including the following:

- Providing temporary across-the-board rate increases and hardship advance interim payments to Medicaid providers
- Implementing rates and technology system changes to enable providers to offer telehealth services for beneficiaries
- Providing targeted financial assistance to Skilled Nursing Facilities, Adult Care Homes, and providers of home-based long-term care to address outbreaks in congregate care settings and care for COVID-positive individuals
- Maintaining full Medicaid coverage for all beneficiaries who were enrolled at the time the public health emergency began, even if the beneficiary otherwise might have become ineligible.

Expenditure by Funding Level

State contributed \$4 billion out of a total of \$17 billion

NC Medicaid is jointly funded by the state of North Carolina and the federal government. In state fiscal year 2020, Medicaid and NC Health Choice had expenditures of \$16.8 billion, with \$3.8 billion paid by North Carolina and \$13 billion paid by the federal government.

Approximately 76% of expenditures were for services, paid for through claims, premiums, and capitation payments. These service expenditures are tracked by the various types of Medicaid service, typically referred to as “categories of service;” examples include hospital inpatient and outpatient, skilled nursing facilities, and pharmacy.

Other significant expenditures include the following:

- Supplemental hospital payments, which reimburse hospitals for a portion of the cost of treating Medicaid patients and uninsured patients.
- Cost settlements, which are payments or recoveries that reconcile certain providers’ initial Medicaid payments with complete reimbursement for costs.

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

Also of note, some NC Medicaid operations recover funds that reduce expenditures. For example, Program Integrity ensures claims are appropriately and accurately paid, and Third-Party Liability recovers funds paid by NC Medicaid for claims that should have been covered by other insurers.



\$16.9 Billion in State Fiscal Year 2020 Fund Level Expenditures (\$ Billions)

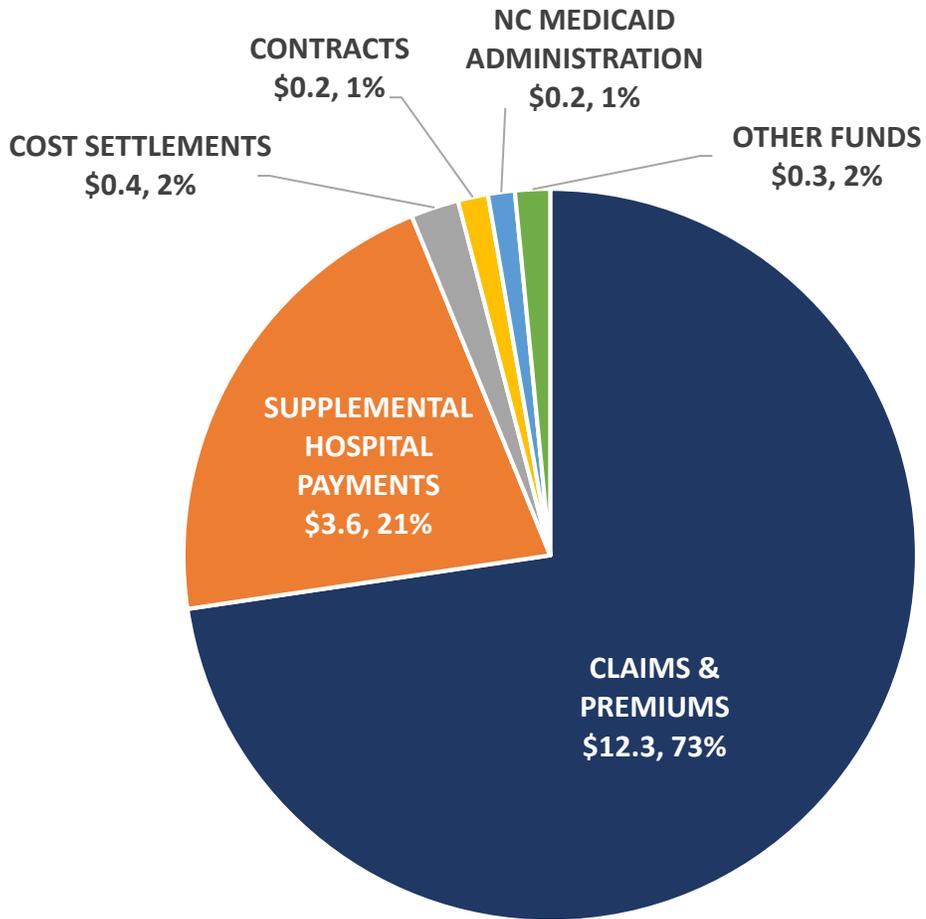


EXHIBIT 15

Medicaid Assistance Payment by Category of Service

MEDICAL ASSISTANCE PAYMENTS (CLAIMS AND PREMIUMS) MEDICAID AND NC HEALTH CHOICE (ranked by claims expenditure ³³)			
Service Category	Unduplicated Recipients	Claims Expenditure (\$ millions)	Cost Per Recipient
Hospital Inpatient	234,088	3,218.4	13,748.8
LME/MCO ³⁴	1,847,047	\$2,939.5	1,591.4
Skilled Nursing Facilities	41,441	1,509.9	36,434.9
Physician	1,732,487	1,215.5	701.6
Buy-in/Dual Eligible	-	944.3	N/A
Hospital Outpatient	667,052	930.0	1,394.2
Pharmacy	1,233,252	712.1	577.4
Personal Care Services	42,242	495.2	11,722.0
Hospital Emergency Dept	542,815	366.2	674.7
Dental	862,766	351.5	407.4
CAP ³⁵ for Disabled Adults	11,826	310.0	26,211.7
Clinic	353,178	281.1	795.9
Durable Medical Equipment	238,593	263.5	1,104.5
Home Health	16,749	224.4	13,396.0
Practitioner Non-physician	110,670	183.9	1,661.6
Ambulance	149,551	129.2	863.7
Health Check	717,598	107.7	150.1
Lab & X-Ray	430,345	107.1	248.9
Hospice	7,830	98.2	12,539.0
PACE ³⁶	2,929	88.1	30,078.5
CAP-Children	2,926	68.4	23,366.4
Non-emergency Medical Trans.	54,271	63.5	1,169.7
Ambulatory Surgery Center	34,538	39.2	1,133.8
Optical	301,274	27.3	90.7
Other	1,813,334	1,176.2	648.6
Total	2,344,689.0	\$15,850.1	\$6,760.0

³³ Claims expenditure data are net of drug rebates.

³⁴ Local Management Entity/Managed Care Organization

³⁵ Community Alternatives Program

³⁶ Program of All-inclusive Care for the Elderly

Overview of NC Medicaid Programs and Services

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 [Exhibit 21](#) 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 307 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 2020, there were 138 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. 9)

Dental Services (p. 69)

Health Check Early Preventive Health Screening (p. 34)

Optical Services (p. 73)

Adults with Disabilities

Community Alternatives Program for Disabled Adults (p. 12)

Seniors

Program of All-Inclusive Care for the Elderly (p. 75)

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 2020, there were over 350 federally qualified health centers and 105 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 2020, five end-stage renal disease facilities were added to provide dialysis treatments to NC Medicaid beneficiaries, bringing the total to 285 clinics. There were also six additional procedures added to ambulatory surgery services.

Community Alternatives Programs for Children

See pages 9-11.

Community Alternatives Programs for Disabled Adults

See pages 11-12.

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.

Dental decay is the most common chronic disease in children; it is about five times more common than asthma. Uncontrolled oral disease may lead to a higher risk of developing or exacerbating problems like diabetes, heart disease and bacterial pneumonia.²⁷ Oral health care is even more important for beneficiaries who are chronically ill or have special health care needs (aged, blind, disabled, intellectual or developmental disabilities).²⁸ Over half of the births in North Carolina are to Medicaid-eligible women.²⁹

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.³⁰

Medicaid and NC Health Choice dental services provide the opportunity for North Carolinians to improve oral health and lower the risk of compounding systemic 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 misaligned teeth or jaw growth discrepancies.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2821841/>

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

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

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

³⁰ 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 (DME) program covers medically necessary equipment and supplies, as well as orthotics and prosthetics for enrolled Medicaid and NC Health Choice beneficiaries and for individuals enrolled in both Medicare and Medicaid.

“Durable medical equipment and supplies” refers to items used to maintain or improve a beneficiary’s medical, physical or functional level and appropriate for use in a residential setting where normal life activities take place. Examples of covered equipment and supplies include wheelchairs, hospital beds, walkers, canes and crutches; oxygen, CPAP and nebulizers urinary catheters, feeding tubes, enteral formula and glucose test strips.

“Orthotics and prosthetics” refers to braces and splints used to support or align joints, limbs or the spine, as well as devices that replace a missing or malfunctioning body part to preserve or improve function.

Hearings Office

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](#)³⁷ 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.

Health Check Early Preventive Health Screening

See page 34.

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.

³⁷ Due process information is at <https://medicaid.ncdhhs.gov/medicaid/administrative-hearings-appeals>.

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 the end stage of their disease 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 person-centered 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 Cost Assistance

Medicare beneficiaries eligible for NC Medicaid receive assistance with Medicare costs, providing an extra benefit tailored to this population while mitigating financial risk to the State. Beneficiaries outside of full Medicaid income and resource requirements may still receive assistance with some Medicare premiums, copayments and deductibles under the Medicare Aid programs.

Money Follows the Person

See page 13.

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

Medicaid and NC Health Choice programs cover optical services, which include routine eye examinations, eyeglasses and medically necessary contact lenses for all child and adult Medicaid beneficiaries and NC Health Choice beneficiaries under age 19.

Through a partnership between NC Medicaid and the Department of Public Safety, eyeglasses are fabricated by Nash Correctional Institution inmates at Nash Optical Plan, a state-owned and -operated, full-service optical laboratory. 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.

Personal Care Services

Personal care services (PCS) include a range of human assistance services to help with routine 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 five qualifying activities of daily living of the program are bathing, dressing, eating, toileting, and mobility. PCS allow beneficiaries who need assistance with activities of daily living the opportunity to receive services in a setting that is least restrictive and promotes beneficiary independence. PCS 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. PCS 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 PCS program service plan.

NC Medicaid beneficiaries receiving PCS 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.

Over 40,000 individuals across the state receive PCS each year. Utilization remains stable from year to year as the program for some is critical to avoiding admissions to skilled nursing facilities by offering long-term services and supports in a home environment.

High utilization of PCS in North Carolina and across the country has resulted in a federal mandate, the 21st Century Cures Act Section 12006, directing states to implement electronic visit verification (EVV) for all PCS programs. EVV will offer a measure of accountability to help ensure that individuals who are authorized to receive services, in fact, receive them. The NC Department of Health and Human Services issued a Request for Proposal for an EVV vendor to ensure compliance with the Cures Act. The Department plans to implement EVV across all Medicaid PCS programs in 2021.

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 full-risk managed care program for adults ages 55 and older who require nursing facility-level of care. The overall goal is to provide high quality care by managing all health and medical needs to delay or avoid unnecessary hospitalization and provide a community-based alternative to 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. Each beneficiary has an interdisciplinary team to case manage services provided or arranged by the PACE organization.

PACE provides medical care, meal services, physical therapy, activities, socialization and restorative therapies in one location. There are currently 11 PACE organizations delivering services at 12 locations in NC. As of June 1, 2020, PACE organizations were serving a total of 2,215 beneficiaries. The PACE organizations assume full financial risk for all health care services.

Skilled Nursing Facilities

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, joint replacement surgeries or other disabling medical conditions that result in loss of independent function.

Nursing facilities offer placement to support individual who are recovering from an acute health condition when hospitalization is no longer appropriate, and the supervision of licensed health providers is still needed more than eight hours a day. The NC Department of Health and Human Services Division of Health Service Regulation currently regulates and licenses 421 skilled nursing facilities in the state.

Medicare may cover the first 20 days of a skilled nursing home placement at 100% of skilled nursing the facility costs. After that, Medicare will cover 80% of the cost of care up to 100 days. Some residents are unable to cover the cost of treatment when Medicare runs out. Medicaid coverage for nursing care helps ensure continued access to care for these individuals when they are eligible for Medicaid.

NC Medicaid Employees' Dedication Extends into Communities

NC Medicaid is dedicated to improving the health and lives of people throughout North Carolina. Over 500 people, based in Raleigh and throughout the state, come to work each day because they firmly believe NC Medicaid can

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

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 seven non-profit groups with seven community projects in the first half of state fiscal year 2020 (prior to the COVID-19 pandemic). The result was 171 volunteer hours provided to help these organizations reach their goals.

Donations of time, talents and gifts

For the past two years, Medicaid employee volunteers have visited seniors in a local assisted living facility, taking blankets, toiletries, cozy socks, notecards, games, puzzle books and other items so that each resident could have several gifts. Visits have included providing a sing-along and serving refreshments to the residents.

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:

7 organizations

7 community projects

49 employees

171 volunteer hours

Donation of \$19,687 to State Employees Combined Campaign

Additional Exhibits

Medicaid and NC Health Choice Funding Sources State Fiscal Years 2019 and 2020

EXHIBIT 16

	MEDICAID (\$ Millions)			
	SFY 2019 Actuals	SFY 2019 Budget	SFY 2020 Actuals	SFY 2020 Budget
Expenditure	\$14,819	\$15,050	\$16,744	\$16,840
Revenues	11,060	11,224	12,928	12,941
Appropriations	\$3,759	\$3,826	\$3,816	\$3,899

	NC HEALTH CHOICE (\$ Millions)			
	SFY 2019 Actuals	SFY 2019 Budget	SFY 2020 Actuals	SFY 2020 Budget
Expenditure	\$225	\$226	\$253	\$252
Revenues	\$226	\$225	236	228
Appropriations	\$(0)	\$0	\$17	\$24

	MEDICAID AND NC HEALTH CHOICE (\$ Millions)			
	SFY 2019 Actuals	SFY 2019 Budget	SFY 2020 Actuals	SFY 2020 Budget
Expenditure	\$15,044	\$15,276	\$16,997	\$17,091
Revenues	11,286	11,450	13,164	13,168
Appropriations	\$3,758	\$3,826	\$3,833	\$3,923

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

NC Medicaid Providers by Type State Fiscal Year 2020

EXHIBIT 18

PROVIDER TYPE	UNDUPLICATED ³⁸ NPI COUNT BY TYPE	NPI COUNT WITH MULTIPLE TAXONOMY CODES ³⁹
Agencies	1,957	2,114
Allopathic & Osteopathic Physicians	27,144	29,452
Ambulatory Health Care Facilities	941	973
Behavioral Health & Social Service Providers	4,198	4,346
Chiropractic Providers	257	257
Dental Providers	2,647	2,774
Eye and Vision Services Providers	936	938
Group	7,388	7,941
Hospital Units	19	19
Hospitals	603	618
Laboratories	264	264
Managed Care Organizations	28	28
Nursing & Custodial Care Facilities	1,648	1,686
Other Service Providers	5	5
Pharmacy Service Providers	2,384	2,384
Physician Assistants & Advanced Practice Nursing Providers	17,018	18,235
Podiatric Medicine & Surgery Service Providers	288	442
Residential Treatment Facilities	40	40
Respiratory, Developmental, Rehabilitative and Restorative	2,430	2,497
Respite Care Facility	21	21
Speech, Language and Hearing Service Providers	1,929	1,938
Student, Health Care	13	13
Suppliers	2,046	3,494
Transportation Services	518	540
Total	74,722	81,019

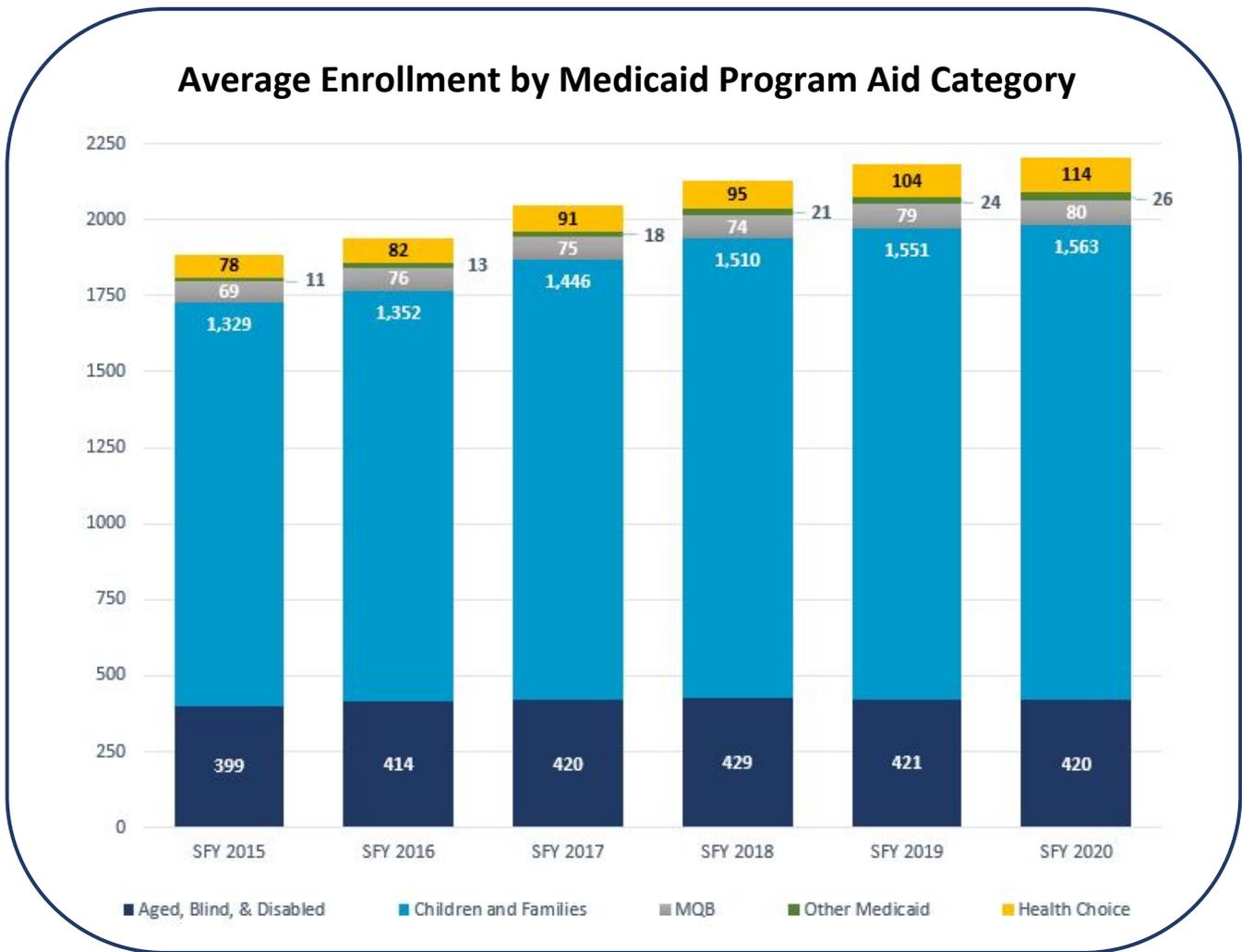
³⁸ This is a count of all providers who have a unique national provider identifier (NPI) who had a claim in state fiscal year 2020.

³⁹ 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 2015-2020

Medicaid program aid categories⁴⁰ are groups of beneficiary types who are generally eligible for similar Medicaid services. Aid categories can be used to track enrollment 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](#).⁴¹

EXHIBIT 19



⁴⁰ 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](#).

⁴¹ Program aid categories can be found at https://files.nc.gov/ncdma/documents/files/program-aid-category-high-level-definitions_0.pdf.

⁴² "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 2019 and 2020

EXHIBIT 20

EXPENDITURE BY CATEGORY OF SERVICE MEDICAID AND NC HEALTH CHOICE (ranked by SFY 2020 claims expenditure)							
Service Category	SFY 2019			SFY 2020			Cost Per Recipient Variance
	Unduplicated Recipients ⁴³	Claims Expenditure (\$ Millions) ⁴⁴	Cost Per Recipient	Unduplicated Recipients ³⁶	Claims Expenditure (\$ Millions) ³⁷	Cost Per Recipient	
LME/MCO ⁴⁵	1,862,695	\$2,714.3	\$1,457.2	1,847,047	\$2,939.5	\$1,591.4	9.2%
Skilled Nursing Facilities	41,527	1,304.7	31,418.9	41,441	1,495.4	36,084.1	14.8%
Physician	1,782,877	1,094.7	614.0	1,732,487	1,228.9	709.3	15.5%
Hospital Inpatient	229,008	1,024.3	4,472.8	234,088	1,069.8	4,570.0	2.2%
Buy-in/Dual Eligible	-	919.8	N/A	-	944.3	N/A	N/A
Pharmacy	1,301,567	704.6	541.4	1,233,252	736.6	597.2	10.3%
Hospital Outpatient	703,783	579.8	823.9	667,052	587.9	881.3	7.0%
Personal Care Services	43,044	470.9	10,940.1	42,242	495.6	11,732.9	7.2%
Hospital Emergency Dept.	565,724	366.5	647.9	542,815	373.6	688.3	6.2%
Dental	920,077	382.4	415.6	862,766	369.0	427.7	2.9%
CAP ⁴⁶ for Disabled Adults	12,020	270.9	22,534.6	11,826	310.2	26,232.9	16.4%
Durable Medical Equipment	243,579	256.7	1,053.9	238,593	269.0	1,127.5	7.0%
Home Health	18,672	221.1	11,842.1	16,749	229.5	13,702.3	15.7%
Practitioner Non-physician	106,671	178.3	1,671.7	110,670	183.0	1,653.9	-1.1%
Clinic	375,528	142.2	378.6	353,178	142.3	403.0	6.4%
Other	1,689,817	293.6	173.8	1,813,334	136.3	75.2	-56.7%
Health Check	752,403	90.6	120.4	717,598	113.1	157.6	30.9%
Lab & X-Ray	460,228	114.7	249.2	430,345	109.0	253.2	1.6%
Hospice	7,454	83.7	11,227.3	7,830	98.4	12,572.2	12.0%
PACE ⁴⁷	2,714	81.0	29,839.9	2,929	88.1	30,078.5	0.8%
CAP ³⁹ for Children	2,745	62.4	22,737.3	2,926	69.1	23,602.2	3.8%
Non-emergency Medical Trans.	55,590	59.2	1,065.2	54,271	63.5	1,169.7	9.8%
Ambulance	154,307	26.7	173.2	149,551	34.3	229.3	32.4%
Optical	302,260	30.9	102.4	301,274	20.9	69.3	-32.3%
Ambulatory Surgery Center	36,057	17.3	479.7	34,538	16.8	487.6	1.6%
Total	2,332,709	\$12,763.7	\$5,471.6	2,344,689	\$12,124.1	\$5,170.9	-5.5%

⁴³ "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.

⁴⁴ Claims expenditure data are net of drug rebates.

⁴⁵ Local Management Entity/Managed Care Organization

⁴⁶ Community Alternatives Program

⁴⁷ Program of All-Inclusive Care for the Elderly

Medicaid Expenditure by Category of Service State Fiscal Years 2019 and 2020

EXHIBIT 21

EXPENDITURE BY CATEGORY OF SERVICE MEDICAID (ranked by SFY 2020 claims expenditure)							
Service Category	SFY 2019			SFY 2020			Cost Per Recipient Variance
	Unduplicated Recipients ⁴⁸	Claims Expenditure (\$ Millions) ⁴⁹	Cost Per Recipient	Unduplicated Recipients ⁴¹	Claims Expenditure (\$ Millions) ⁴²	Cost Per Recipient	
LME/MCO	1,862,695	\$2,714.3	\$1,457.2	1,847,047	\$2,939.5	\$1,591.44	9.2%
Skilled Nursing Facilities	41,527	1,304.7	31,418.9	41,441	1,495.4	\$36,084.07	14.8%
Physician	1,674,502	1,057.0	631.2	1,621,243	1,183.0	\$729.66	15.6%
Hospital Inpatient	227,670	1,009.6	4,434.3	232,608	1,054.3	\$4,532.69	2.2%
Buy-in/Dual Eligible	-	919.8	N/A	-	944.3	N/A	N/A
Pharmacy	1,212,308	630.9	520.4	1,144,305.0	656.5	\$573.73	10.2%
Hospital Outpatient	676,662	564.4	834.1	639,611	572.3	\$894.83	7.3%
Personal Care Services	43,044	470.9	10,940.1	42,242	495.6	\$11,732.87	7.2%
Hospital Emergency Dept.	543,399	356.9	656.8	520,065	362.9	\$697.82	6.2%
Dental	833,557	358.1	429.6	776,912	343.7	\$442.37	3.0%
CAP for Disabled Adults	12,020	270.9	22,534.6	11,826	310.2	\$26,232.88	16.4%
Durable Medical Equipment	236,207	251.0	1,062.7	230,896	262.9	\$1,138.74	7.2%
Home Health	18,648	221.1	11,856.6	16,717	229.5	\$13,726.75	15.8%
Practitioner Non-physician	91,645	158.3	1,727.2	94,466	160.0	\$1,693.31	-2.0%
Clinic	359,315	138.1	384.2	336,745	138.1	\$409.95	6.7%
Other	1,689,351	293.5	173.7	1,652,318	134.4	\$81.36	-53.2%
Lab & X-Ray	442,076	112.8	255.2	412,085	107.2	\$260.02	1.9%
Health Check	697,425	86.1	123.4	661,396	106.8	\$161.45	30.8%
Hospice	7,454	83.7	11,227.3	7,830	98.4	\$12,572.16	12.0%
PACE	2,714	81.0	29,839.9	2,929	88.1	\$30,078.53	0.8%
CAP39 for Children	2,745	62.4	22,737.3	2,926	69.1	\$23,602.19	3.8%
Non-emergency Medical Trans.	55,590	59.2	1,065.2	54,271	63.5	\$1,169.69	9.8%
Ambulance	152,726	26.5	173.4	147,785	34.0	\$229.93	32.6%
Optical	273,362	28.0	102.3	273,649	19.0	\$69.51	-32.0%
Ambulatory Surgery Center	35,257	16.8	476.4	33,629	16.3	\$483.81	1.6%
Total Medicaid	2,192,571	\$12,548.1	\$5,723.0	2,176,617	\$11,884.9	\$5,460.2	-4.6%

⁴⁸ "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.

⁴⁹ Claims expenditure data are net of drug rebates.

NC Health Choice Expenditure by Category of Service State Fiscal Years 2019 and 2020

EXHIBIT 22

EXPENDITURE BY CATEGORY OF SERVICE NC HEALTH CHOICE (ranked by SFY 2020 claims expenditure)							
Service Category	SFY 2019			SFY 2020			Cost Per Recipient Variance
	Unduplicated Recipients ⁵⁰	Claims Expenditure (\$ Millions) ⁵¹	Cost Per Recipient	Unduplicated Recipients ⁴⁶	Claims Expenditure (\$ Millions) ⁴⁷	Cost Per Recipient	
Pharmacy	89,259	\$73.8	\$826.4	88,947	\$80.0	\$899.7	8.9%
Physician	108,375	37.7	348.1	111,244	46.0	413.1	18.7%
Dental	86,520	24.3	280.7	85,854	25.3	295.2	5.2%
Practitioner Non-physician	15,026	20.0	1,333.0	16,204	23.1	1,424.3	6.9%
Hospital Outpatient	27,121	15.5	570.4	27,441	15.5	566.3	-0.7%
Hospital Inpatient	1,338	14.8	11,025.7	1,480	15.4	10,432.4	-5.4%
Hospital Emergency Dept.	22,325	9.6	430.6	22,750	10.7	470.3	9.2%
Health Check	54,978	4.5	82.1	56,202	6.3	112.3	36.7%
Durable Medical Equipment	7,372	5.7	772.6	7,697	6.1	791.2	2.4%
Clinic	16,213	4.1	253.7	16,433	4.3	260.5	2.7%
Optical	28,898	3.0	103.4	27,625	1.9	67.7	-34.5%
Other	466	0.1	274.4	161,016	1.9	11.5	-95.8%
Lab & X-Ray	18,152	1.9	102.3	18,260	1.8	99.7	-2.6%
Ambulatory Surgery Center	800	0.5	622.9	909	0.6	627.1	0.7%
Ambulance	1,581	0.2	151.9	1,766	0.3	175.5	15.6%
Home Health	24	0.0	617.0	32	0.0	937.5	51.9%
Hospice	-	-	N/A	-	-	N/A	N/A
Buy-in/Dual Eligible Services	-	-	N/A	-	-	N/A	N/A
CAP ⁴⁸ for Disabled Adults	-	-	N/A	-	-	N/A	N/A
CAP ⁵² for Children	-	-	N/A	-	-	N/A	N/A
LME/MCO ⁵³	-	-	N/A	-	-	N/A	N/A
Non-emergency Medical Trans	-	-	N/A	-	-	N/A	N/A
PACE ⁵⁴	-	-	N/A	-	-	N/A	N/A
Personal Care Services	-	-	N/A	-	-	N/A	N/A
Skilled Nursing Facilities	-	-	N/A	-	-	N/A	N/A
Total	140,138	\$215.7	\$1,539.1	168,072	\$239.2	\$1,472.9	-4.3%

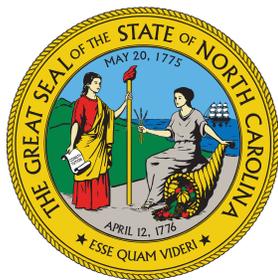
⁵⁰ "Unduplicated recipients" means individuals are counted once to avoid multiple counts of a single person. Column total represents the number of unique individuals served across all service categories, not the total of individuals served within each category. Some individuals may enter and exit one or more service categories on multiple occasions throughout the state fiscal year depending on eligibility status.

⁵¹ Claims expenditure data are net of drug rebates.

⁵² Community Alternatives Program

⁵³ Local Management Entity/Managed Care Organization

⁵⁴ Program of All-inclusive Care for the Elderly



North Carolina

Medicaid and NC Health Choice

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July 1, 2019 - June 30, 2020

