



NORTH CAROLINA

# Medicaid and NC Health Choice

Annual Report for State Fiscal Year 2022  
July 1, 2021 – June 30, 2022



*Building a healthier  
North Carolina.*





## North Carolina Department of Health and Human Services Strategic Priorities

Investing in behavioral health and resilience

Supporting child and family well-being

Building a strong and inclusive workforce

These priorities are grounded in whole-person health and equity, and cut across a broader strategic plan that the Department uses to drive effective operations and measure the impact of services provided throughout the state.

[NCDHHS Mission Vision and Values](#)

[NCDHHS Initiatives](#)

## North Carolina's Goals for NC 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 • Kody Kinsley, Secretary • [ncdhhs.gov](https://ncdhhs.gov)

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

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

COVID-19 Medicaid Resources and Guidance • [medicaid.ncdhhs.gov/about-us/covid-19-guidance-and-resources](https://medicaid.ncdhhs.gov/about-us/covid-19-guidance-and-resources)

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4/2023

# Message from Kody H. Kinsley

## Secretary, NC Department of Health and Human Services

Congratulations to the NC Medicaid team on another year of significant accomplishments, including successfully overseeing the first year of NC Medicaid Managed Care. I am so grateful for our team and for its close collaboration with many partners and stakeholders across North Carolina to improve the health and well-being of North Carolinians.

NCDHHS has three priorities for cross-departmental collaboration and innovation to meet the greatest needs of this moment: **Behavioral health and resilience**, **Child and family well-being** and building a **Strong and inclusive workforce**. Across these, we strive to embed health equity in our work, to use data to drive our decision making, and to make our money go farther toward advancing the health and well-being of the people we serve.

NC Medicaid plays a crucial role in advancing all three of these priorities:

**Behavioral Health & Resilience.** The implementation of NC Medicaid Standard Plans in state fiscal year 2022 aligns managed care with our goal to achieve better health outcomes, and costs, by delivering integrated physical and behavioral care, also known as “whole person care,” within the same plan. In spring 2023, Tailored Plans will strengthen this integrated care approach for beneficiaries with significant behavioral health and intellectual/developmental disability needs.

**Child & Family Well-Being.** Nearly half of all people in NC Medicaid are children under age 18. We continue to identify new opportunities within Medicaid to improve the health of children and families. In state fiscal year 2022, that included taking advantage of a federal option to extend postpartum benefits from six to 12 months, and provide full Medicaid benefits. In spring 2023, NC Health Choice participants will join the Medicaid program, increasing their access to benefits. And we continue to stay on the leading edge to serve children in a more integrated and outcome-focused way through [North Carolina Integrated Care for Kids](#) program, which launched in five counties in January 2022.

**Strong & Inclusive Workforce.** Our health care workforce is essential to keeping North Carolinians healthy and well. That includes often-overlooked health care heroes, such as the direct care workers who provide care to North Carolina’s most vulnerable citizens. In 2022, with the support of the NC General Assembly, NC Medicaid worked to provide one-time bonuses of up to \$2,000 to eligible direct care workers and support staff. We also partnered with [HBCUs to host a mental health summit](#) with a focus on the future of the mental health workforce and invested in training NC’s [substance use workforce](#).

Every day, we continue our push for the most transformative investment that can be made to increase access to health care in North Carolina: **Expanding Medicaid**.

These accomplishments wouldn’t be possible without the dedication and commitment of the people who work in NC Medicaid to ensure nearly 3 million North Carolinians have access to health care.





# Message from Jay Ludlam

## 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 2022” (July 1, 2021 through June 30, 2022). This report provides North Carolinians with an overview of how tax dollars support our residents and outlines the many accomplishments achieved under the tireless leadership of my predecessor, Dave Richard, who retired from the Department in March 2023.

NC Medicaid supports the physical and behavioral health and wellbeing of 2.9 million North Carolinians, more than one in four people<sup>1</sup> across our state and an increase of 6 million Medicaid beneficiaries since state fiscal year 2021.<sup>2</sup> While NC Medicaid core programs provide access to vital health insurance benefits for individuals and families with low income, services that provide opportunities for North Carolinians of all ages to improve their lives. These programs help medically fragile children, people with severe mental illness, substance use disorders and traumatic brain injuries, as well as those in adult care homes and nursing homes. NC Medicaid also gives much-needed support to the families of these individuals, listening to their challenges and needs caring for their loved ones. I encourage everyone to read through the programs, services and case studies in this Annual Report to learn more.

This past year was one of significant transformation as the state launched NC Medicaid Managed Care Standard Plans on July 1, 2021, the first day of the fiscal year. Since legislation passed in 2015, we have worked closely with beneficiaries, providers, health plans, county partners and many other stakeholders to design an innovative health care delivery system that focuses on improving the health of beneficiaries. The start of NC Medicaid Managed Care marked the biggest change to Medicaid in its history.

This year also was one of transition, as the NC Medicaid team moved from being the sole payer for Medicaid standard plan services to overseeing the operations of six health plans, each with its own network of Medicaid providers delivering services to beneficiaries. This includes a payment structure that rewards health plans for better health outcomes, integrating physical and behavioral health, and investing in non-medical interventions—all aimed to reduce costs and improve the health of Medicaid beneficiaries.

At the same time, NC Medicaid was also transitioning to lower number of COVID-19 cases while continuing to anticipate the potential reactions to new variants. Preparations began for the possible end of the federal public health emergency and a smooth transition of flexibilities put in place during the pandemic. Telehealth and other services were made a permanent part of the Medicaid state plan. Bonus payments were provided to direct care workers and rate increases continued for long-term care.

We are proud to say that NC Medicaid is running well. In fact, **we finished the state fiscal year with a surplus for the ninth year in a row** while experiencing a substantial growth in the number of NC Medicaid beneficiaries; launch of a complex and innovative health care system; expanding and improving clinical policies to meet the changing needs of our providers and beneficiaries; and many other initiatives. These accomplishments are a direct tribute to the hard work, dedication and commitment of the people who work in NC Medicaid to ensure nearly three million North Carolinians have access to services to improve their lives.

We look forward to working together to continue serving our beneficiaries.



<sup>1</sup> United States Census; [census.gov/quickfacts/NC](https://www.census.gov/quickfacts/NC)

<sup>2</sup> NC Medicaid Annual Report for State Fiscal Year 2021; [medicaid.ncdhhs.gov/reports/annual-reports-and-tables](https://www.ncdhhs.gov/reports/annual-reports-and-tables)

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## About the NC Medicaid Annual Report

The “North Carolina Medicaid and NC Health Choice Annual Report for State Fiscal Year 2022” 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 attributed.

The 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, beneficiary age and gender from NC Medicaid customer data retrievals; claims processed and amount paid from the NCTracks Checkwrite Report.

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

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



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## What is “Medicaid”?

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

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## What is “NC Health Choice”?

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

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## What is “NC Medicaid Managed Care”?

NC Medicaid Managed Care is the way most Medicaid and NC Health Choice beneficiaries get their care and services. Beneficiaries enroll in a health plan that contracts with the NC Department of Health and Human Services. Doctors, nurses, hospitals and other providers join a health plan’s network. Beneficiaries visit their primary care provider and specialists in the health plan’s network. All health plans offer the same Medicaid and NC Health Choice benefits. Some health plans offer extra services to help beneficiaries take better care of their health.

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## What is “NC Medicaid Direct”?

NC Medicaid Direct is a way some Medicaid and NC Health Choice beneficiaries get their care and services. Beneficiaries can visit any doctor, nurse, hospital or other provider who accepts Medicaid patients. All Medicaid providers offer the same Medicaid and NC Health Choice benefits as Managed Care health plans.

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## Executive Summary

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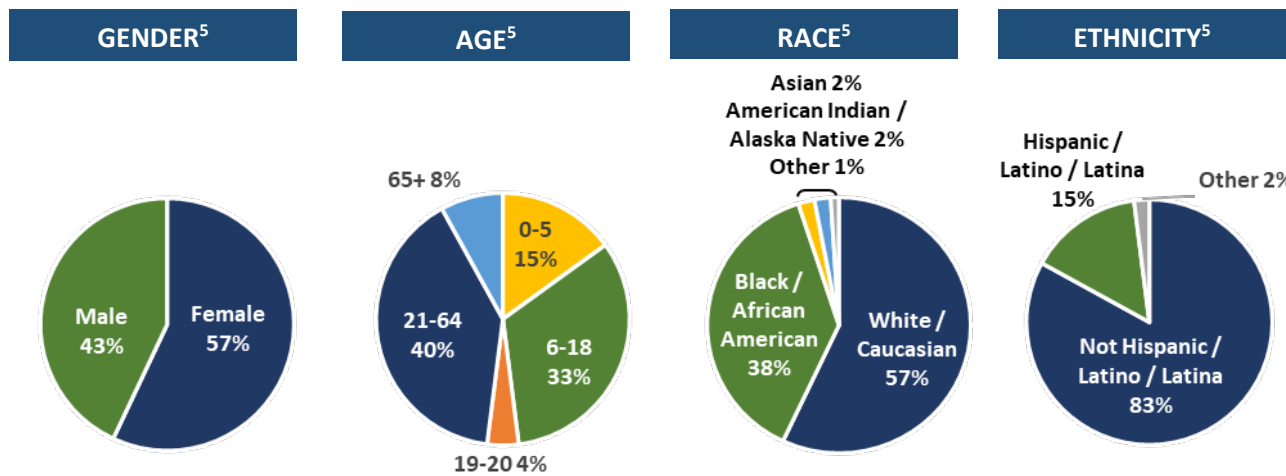
In state fiscal year 2022 (July 1, 2021 through June 30, 2022), NC Medicaid provided nearly 2.9 million North Carolinians—600,000 more than last year—with access to quality care and service while also finishing the year under budget. Beginning with the statewide launch of NC Medicaid Managed Care Standard Plans on July 1, 2021, the NC Medicaid team completed its first year overseeing the operations of the five health plans as they delivered Medicaid and NC Health Choice program services and other benefits to 1.6 million beneficiaries. Extensive planning and preparations also continued during state fiscal year 2022 for the upcoming launch of NC Medicaid Behavioral Health I/DD Tailored Plans in April 2023.

At the same time, the NC Medicaid team continued providing access to crucial health care and community transition services through NC Medicaid Direct and the Innovations, Traumatic Brain Injury and Community Alternative Program waivers, as well as other programs and services. Existing programs and operations were improved, including adding telehealth policies to the Medicaid state plan and extending Medicaid postpartum benefits from 60 days to 12 months. New initiatives, such as the Healthy Opportunities Pilots, were launched. And, as the COVID-19 pandemic slowed, the NC Medicaid team began preparing to help beneficiaries, providers and community partners navigate the complex potential unwinding of federal COVID-19 public health emergency flexibilities, the restart of Medicaid beneficiary eligibility recertification and provider redetermination.

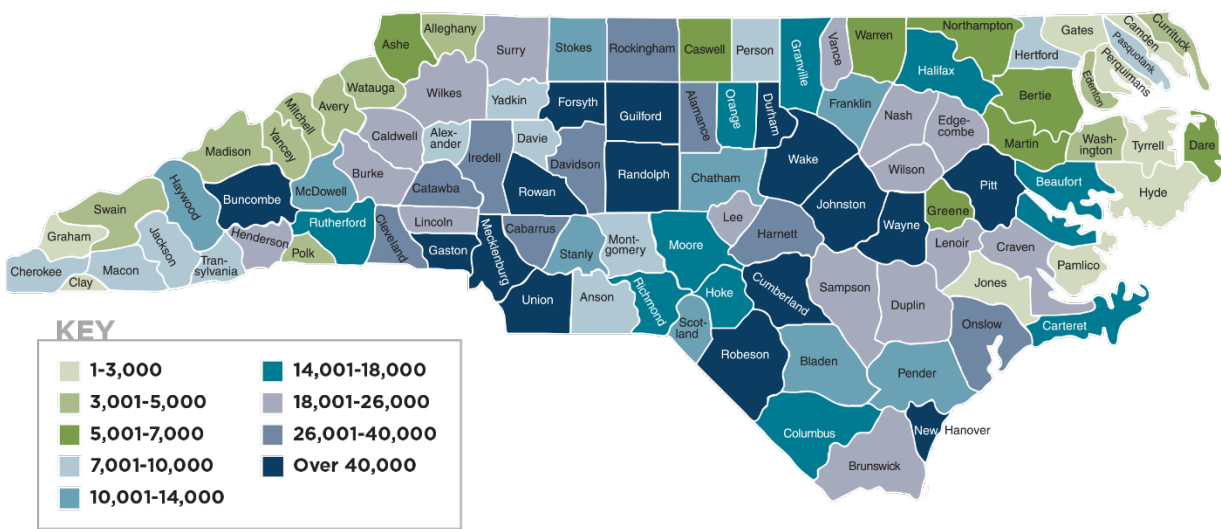
Above all, NC Medicaid continued to fulfill its commitment to working closely with its community partners, advocacy groups, providers and beneficiaries to improve the health and well-being of North Carolinians.

# Snapshot: North Carolina Medicaid and NC Health Choice – State Fiscal Year 2022

FINANCIALS (\$ billion)		STATISTICS	
Expenditures	\$21.33	NC Medicaid Beneficiaries <sup>3</sup>	2.9 million
Federal Revenue	\$14.80	- Medicaid	2.8 million
Other Revenue	\$ 2.54	- NC Health Choice	60 thousand
State Appropriations <sup>4</sup>	\$ 3.99	Providers <sup>5</sup>	74.7 thousand
		Claims Processed <sup>6</sup>	137 million



## TOTAL BENEFICIARIES BY COUNTY



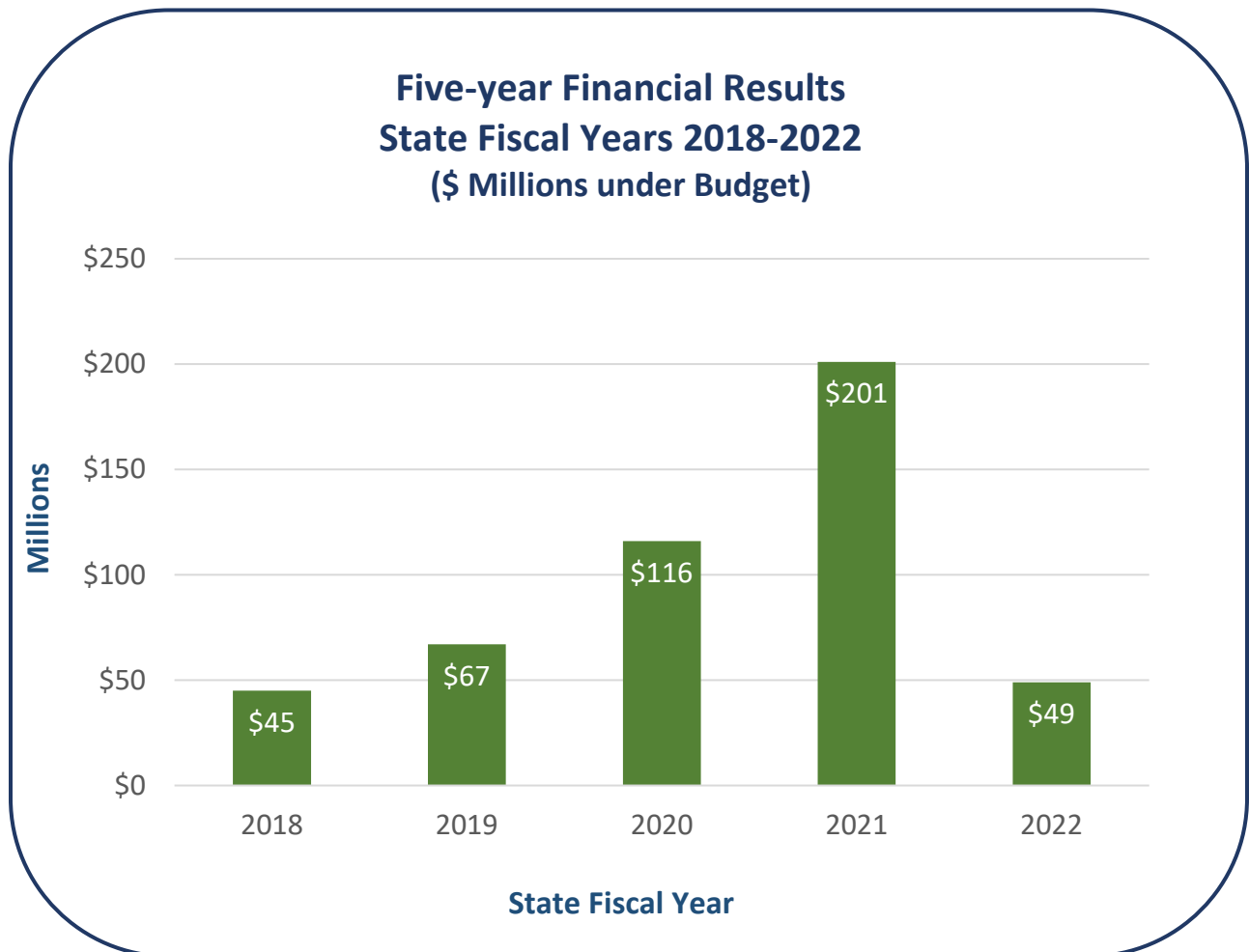
<sup>3</sup> Average monthly beneficiaries. Throughout the report, “Medicaid beneficiaries” includes the total Medicaid and NC Health Choice beneficiaries.  
<sup>4</sup> Figures are affected by rounding.  
<sup>5</sup> Provider count represents unique National Provider Identifiers for individual registered in the NC Medicaid system.  
<sup>6</sup> 137 million claims processed represents more than \$19 billion paid to providers through NCTracks in state fiscal year 2022.  
<sup>7</sup> Beneficiary gender, age, race, ethnicity percentages represent all individuals who applied for NC Medicaid benefits in state fiscal year 2022. Applicants are not required to state race or ethnicity.  
 Additional data sources used in this report are listed on page iii.

# High-level Financial Results

## State fiscal year 2022 ended at \$49 million under budget

The NC Medicaid budget finished state fiscal year 2022 with cash-on-hand for the ninth consecutive year. Providing health coverage to nearly 2.9 million people in North Carolina, these programs came in at \$49 million under budget. Total expenditure of state appropriations for Medicaid and NC Health Choice programs totaled approximately \$3.99 billion, up from \$3.93 billion in state fiscal year 2021. This higher spending was related primarily to a return to more typical service utilization patterns, including beneficiaries resuming non-urgent doctor visits and procedures; higher enrollment due to the continuing federal COVID-19 public health emergency and the Families First Coronavirus Response Act (FFCRA) maintenance of eligibility requirements; and the launch of NC Medicaid Managed Care Standard Plans.

EXHIBIT 2



# Accomplishments

## State Fiscal Year 2022 Programs and Services

In state fiscal year 2022, NC Medicaid served about 600,000 additional beneficiaries than the prior year, continued managing clinical policy and rate modifications to support access to care during the COVID-19 pandemic and launched the NC Medicaid Managed Care Standard Plans on July 1, 2021—the biggest change in the state’s Medicaid program since its inception just over 50 years. The NC Medicaid team also continued to strengthen ongoing operations through innovations and improvements. State fiscal year 2022 key accomplishments, in addition to completing the year under budget (see Exhibit 2 on page 3), are listed below:

- **NC Medicaid Managed Care.** NC Medicaid transitioned approximately 1.6 million beneficiaries to NC Medicaid Managed Care Standard Plans on July 1, 2021. This landmark event began the state’s shift to a new managed care health care delivery system that puts beneficiaries in the forefront by integrating physical and behavioral health care, rewarding health plans for improving health outcomes and strengthening care management. For the first time, NC Medicaid beneficiaries chose and enrolled in a health plan and selected a primary care provider from that health plan’s network.

Also on July 1, the Department partnered with the Cherokee Indian Hospital Authority and launched the Eastern Band of Cherokee Indians (EBCI) Tribal Option—the first managed care entity of its kind in the nation.

- **Postpartum Health Care.** Per state legislation and the American Rescue Plan Act of 2021, North Carolina extended Medicaid postpartum health care coverage from 60 days to 12 months beginning April 1, 2022. Beneficiaries who gave birth between Feb. 1, 2022 and March 31, 2022, were also eligible for 12 months of continuous postpartum coverage. Additionally, Medicaid for Pregnant Women (MPW) was improved to provide full coverage Medicaid benefits for the duration of pregnancy through the end of the new 12-month postpartum period.
- **Community Alternatives Programs (CAP).** During state fiscal year 2022, the Community Alternatives Programs for Children (CAP/C) and for Disabled Adults (CAP/DA) waivers promoted continuous access to services and a streamlined process for enrollment:
  - In April 2022, a slot-sharing initiative was launched for CAP/DA to reduce the wait time for people seeking waiver services. This initiative identified vacant slots across the state and shared them between counties with no open slots or long wait times. During this initiative, a total of 1,004 waitlisted individuals were assessed for appropriateness of enrollment in the CAP/DA waiver.
  - Amendments were made to the CAP/DA and CAP/C waivers to add new service definitions and a rate methodology change to increase the potential of a \$15 minimal wage for direct care workers. These changes will help address direct care worker shortages and services to mitigate social determinants of health.
  - Enrollment in the CAP/C waiver increased by 237 new members from June 2021, totaling 3,237 enrolled participants of the 4,000 available slots by June 2022. The CAP/DA waitlist was reduced to 207 individuals with a wait time of three months.



- COVID-19 public health emergency flexibilities implemented in the CAP/C waiver permitted 93 families to employ a legal guardian, live-in relatives or a close kinship relative to be the paid caregiver to supplement the unavailability of a direct care worker in their communities.
- **Fraud, Waste and Abuse.** The NC Medicaid Office of Compliance and Program Integrity performed prepayment reviews that resulted in denied or reduced claims representing \$27,980,495 in reduced costs to the state. The team also recovered \$16,334,020 from post-payment reviews and \$27,801 from county audits. NC Medicaid OCPI made 72 referrals to the North Carolina Attorney General’s Office for criminal or civil investigation, resulting in the Attorney General’s Medicaid Investigations Division securing two convictions and one civil settlement, recovering \$175,389.
- **Healthy Opportunities.** In March 2022, the Department launched its nationally recognized Healthy Opportunities Pilot program. The Healthy Opportunities Pilot program is the nation’s first comprehensive program to test evidence-based, non-medical interventions to improve the health of NC Medicaid beneficiaries while reducing costs. Between March and June 2022, the Department began offering 24 pilot services over 33 counties to address needs related to food, housing, transportation and toxic stress. In collaboration with multiple partners, the Department established the infrastructure, partnerships and payment models to integrate non-medical services into its Medicaid program for a broad range of high-need Medicaid enrollees.
- **NCCARE360.** NCCARE360 is the first statewide network that unites health care and human services organizations with a shared technology that enables a coordinated, community-oriented approach to delivering care in North Carolina. Currently used by the NC Medicaid Managed Care Standard Plans and the local managed care organizations/managed care organizations (LME/MCOs), the Department extended additional functionality to support the Healthy Opportunities Pilots in March 2022. This included documenting pilot eligibility and enrollment, facilitating pilot service authorization, and offering health service organizations a streamlined way to invoice for delivered pilot services.

For financial information, see “[Factors Affecting State Fiscal Year 2022 Financial Results](#)” on page 49. More information on NC Medicaid program and services is available in “[Overview of NC Medicaid Programs and Services](#)” beginning on page 53 and on the [NC Medicaid website](#).<sup>8</sup>

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<sup>8</sup> Medicaid programs and services are described on the NC Medicaid website at [medicaid.ncdhhs.gov/providers/programs-services](https://medicaid.ncdhhs.gov/providers/programs-services)

## A Look Ahead: State Fiscal Year 2023

In state fiscal year 2023, the NC Medicaid team will continue strengthening its valuable partnerships with stakeholders across North Carolina as it reaches another major transformation milestone by launching NC Medicaid Managed Care Behavioral Health I/DD Tailored Plan.

NC Medicaid anticipates the following initiatives will be part of the next state fiscal year results:

- **NC Medicaid Managed Care Tailored Plan.** On April 1, 2023, the Department will launch the NC Medicaid Managed Care Behavioral Health and Intellectual/Developmental Disability (I/DD) Tailored Plan. This is an integrated health plan for individuals with behavioral health needs and intellectual/developmental disabilities (I/DDs). Tailored Plans also will serve other special populations including Innovations and Traumatic Brain Injury (TBI) waiver enrollees and waitlist members, and will be responsible for managing the state's non-Medicaid behavioral health, developmental disabilities and TBI services for uninsured and underinsured North Carolinians.
- **Tailored Care Management.** As an integral component of Tailored Plans, Tailored Care Management will be a new care management model that reflects the goal of whole-person care management in NC Medicaid Managed Care when it launches in on Dec. 1, 2022. Beneficiaries receiving tailored care management will have a single designated care manager supported by a multidisciplinary care team to provide whole-person care management that addresses all their needs, including physical health, behavioral health, I/DD, traumatic brain injuries (TBI), pharmacy, long-term services and supports, and unmet health-related resource needs.
- **NC Health Choice Move to Medicaid.** On April 1, 2023, approximately 60,000 children enrolled in the NC Health Choice program will move to Medicaid and begin receiving additional physical and behavioral health services. This change will help save families money and increase access to care. Families with children moving from NC Health Choice to Medicaid will no longer have to pay enrollment fees or copays for medical visits and prescriptions. They will also have help getting to and from medical appointments through non-emergency medical transportation services and early and periodic screening, diagnosis and treatment (EPSDT)— to discover and treat health conditions before they become serious.
- **Healthy Opportunities.** In spring 2023, the Department plans to make Healthy Opportunities Pilot services available to Tailored Plan members and launch its remaining interpersonal violence and toxic stress services. The Department will also enhance its existing technical infrastructure and minimize operational complexity. Data will continue to be captured to help improve the program and provide the first Rapid Cycle Assessment.

- **Health Equity.** Efforts will continue to improve health equity by reducing health disparities in historically marginalized populations (HMPs) throughout North Carolina and include a focus on rural areas. Objectives include incentivizing health plans to invest in unmet health-related resource needs to prioritize HMPs; incorporate social risk factors in developing NC Medicaid Managed Care health plan capitation rates to ensure they reflect the underlying costs of providing care for HMPs; ensure advisory committees include members who represent the diversity of North Carolina; improve availability of translation services for medical care; and use state-directed payments to ensure access to high-quality care for providers who serve HMPs.
- **End of the COVID-19 Public Health Emergency.** NC Medicaid is committed to a smooth transition from federal COVID-19 public health emergency requirements and temporary flexibilities when it ends May 11, 2023. As part of this process, some flexibilities established during the public health emergency, such as telehealth policies, will become added to the Medicaid state plan. The transition also will include extensive communication and support for providers as they go through recredentialing and for beneficiaries who may no longer be eligible for Medicaid coverage.



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## Making North Carolina Healthier

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### NC Medicaid people and programs in action

NC Medicaid is committed to introducing and enhancing programs and services to improve the health of North Carolinians. By listening to stakeholders, holding discussions and analyzing state data, NC Medicaid can develop solutions with community partners that best address the needs of individuals throughout the state.

## Community Alternatives Programs

Community alternatives programs cover home- and community-based services that make care at home possible 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 NC 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.<sup>9</sup>
- CAP/DA participants are adults ages 18 and older with disabilities and seniors ages 65 and older.

### State Fiscal Year 2022

#### Accomplishments – CAP/C

- The NC Medicaid CAP/C team continued to engage stakeholders to finalize the renewal of the CAP/C waiver. The renewal waiver focuses on addressing direct care worker shortages through person-centered service choices such as consumer direction and stipends for a live-in caregiver, quality assurance and improvement for beneficiary satisfaction and provider effectiveness, and equity and diversity.
- The NC Medicaid CAP team engaged various stakeholders through work sessions to identify strategies to market the CAP waivers and streamline the enrollment process.

## 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

Provide paraprofessionals in underserved areas

<sup>9</sup> LTSS Program guidance, 2021. A medically fragile condition is defined as a chronic physical condition which results in a prolonged dependency on medical care for which consistent skilled nursing intervention is medically necessary.



- At the end of this state fiscal year 2022, 3,247 participants received CAP/C services, which was 81% of the 4,000 maximum approved participants.
- Consumer Direction continues to be a well-received program option for parents of children participating in CAP/C. The utilization rate continues to increase each year. In state fiscal year 2022, a total of 1,158 participants were enrolled in the consumer direction program.

## State Fiscal Year 2022 Accomplishments – CAP/DA

**Safeguards During COVID-19 Extended.** In March 2022, the emergency planning document remained in effect to address direct care work shortages by permitting legally responsible individuals to be the paid caregivers or live-in caregivers who receive a stipend to provide care to a waiver participant.



## CAP/D Benefits the Entire Family

*Ed. Note: Names have been changed to protect the privacy of individuals and their families.*

Brenda became a caregiver for her father after he suffered a stroke. He spent time in the hospital, a rehabilitation center and, eventually, a nursing home.

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**“I know he’s getting every benefit and service that he could possibly get due to these workers.”**

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“I would go and visit him every weekend,” Brenda said, “I knew if I left him there, he wouldn't come back. I don't know what condition he would have been in.”

While in the nursing home, Brenda’s father was in distress and unhappy. He often would not let Brenda leave the room. On one visit she found large bed

sores on her father’s body. Brenda wanted to find a way to bring her father home.

Brenda contacted NC Medicaid and was able to have everything set up for her father to move in within two weeks, including a bed. She learned that her father qualified for CAP/DA, a program that provides a cost-effective alternative to institutionalization for NC Medicaid beneficiaries who are medically fragile.

After his initial assessment, Brenda’s father’s new aide came by the house to get to know the family and talk about how the home setting could work best not only for her father, but also for Brenda and her family. In fact, the aide informed Brenda that she qualified for a program that would help them with home modifications to accommodate her father’s new challenges. Brenda and her son even took certifications and became CNAs to learn how to better help her father.

“They're really involved with my dad. I know that he's getting every benefit and service that he could possibly get due to these workers,” Brenda said.

Having a consistent presence for her father has been a lifesaver for Brenda and her family. The aide built a rapport with Brenda’s father and got to know his personality. “The nurses gave him a sense of pride, dignity and independence,” Brenda said.

These services allowed Brenda’s father to remain in her home by supplementing the formal and informal services and supports that were already available to him.

## Money Follows the Person

Money Follows the Person is a state project and voluntary program that helps NC Medicaid-eligible individuals living in inpatient facilities move into their own homes and communities with supports.

As one of 45 states participating in Money Follows the Person (MFP), North Carolina MFP supports beneficiaries by identifying and addressing barriers to receiving quality, community-based, long-term care and supports. Once their MFP application has been accepted, beneficiaries are either granted priority access to a community-based service package or they are permitted to enroll in the Program for All-inclusive Care for the Elderly (PACE). MFP also helps fund initial start-up expenses for individuals to move into the community, including expenses crucial to a successful transition but not covered under the Medicaid service packages, like accessibility modifications, one-time items and services, security deposits and furniture.

The Centers for Medicare & Medicaid Services awarded NC Medicaid its MFP grant in May 2007 and the program began supporting individuals to transition in 2009. Congress has passed five short-term extensions of MFP since funding initially expired in 2018. In December 2020, the program was extended under the Consolidated Appropriations Act<sup>10</sup> with federal bipartisan support to authorize MFP for continuation funding through 2024.

MFP supports older adults (age 65 and older), 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 2009, MFP has supported over 1,400 beneficiaries with transitions. MFP claims data show a 42% reduction in expenditures for each older adult and person with disabilities who transitioned compared to the cost of living in a facility.

The bill that reauthorized the MFP Demonstration Project also created additional program flexibilities:

- The mandatory residency requirement in a qualified facility has been reduced from 90 days to 60 days.
- Medicare rehabilitation days in a qualified facility now count toward the 60-day stay.

The impact of these changes in MFP rules means that people can transition back to the community sooner.

### 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

<sup>10</sup> Consolidated Appropriations Act, 2021. "Sect. 204. Extension of Money Follows the Person Rebalancing Demonstration," pp. 2244-2254. [rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-116HR1333SA-RCP-116-68.pdf](https://www.rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-116HR1333SA-RCP-116-68.pdf).

## State Fiscal Year 2022 Accomplishments

During state fiscal year 2022, the MFP team:

- Transitioned 150 beneficiaries out of facilities and into their own homes and communities.
- Supported 14 beneficiaries' participation in the "Targeted/Key Units" subsidized housing programs.
- Saved an average of 42% in reduced post-transition Medicaid spending compared to pre-transition costs for MFP beneficiaries who are seniors or have physical disabilities.
- Hosted leadership development training through the Transitions Institute for 32 individuals from 16 organizations statewide, focusing on quality transition coordination.
- Conducted a monthly online professional development and learning series on topics related to transitions, housing, benefits and increasing social connections that drew more than 4,993 participants.
- Held stakeholder engagement events across the state with 1,001 individuals attending MFP Roundtables.
- Launched a professional development partnership with the Division of State Operated Health Facilities (DSOHF) to provide person-centered training to social workers from the three State Developmental Centers (Caswell, Murdoch and Riddle) as part of the DSOHF Olmstead Strategic Plan implementation.
- Invested \$3.1 million in eight grant initiatives through the MFP Rebalancing Fund to address specific barriers to transitions, such as housing, tenancy supports and workforce development.
- Launched four new capacity-building initiatives in partnership with the UNC Cares program to address systemic barriers to transition – housing, access to the community, increasing natural supports and building a strong direct support workforce. These grants will run for four years with a potential for a five-year renewal. Community Inclusion Specialists completed 835 contacts to skilled nursing facilities across the state providing education and outreach regarding the MFP program and made connections to MFP staff to support transitions from the facilities back to the community.

## Money Follows the Person Helps a Mother and Daughter Stay Together

*Ed. Note: Names have been changed to protect the privacy of individuals and their families.*

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The MFP project allowed Maria and her family to be reunited and spend quality time together.

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After a routine tooth extraction, Maria began experiencing numbness and electrical shock sensations in her face. Her initial medical diagnosis was Trigeminal Neuralgia and her doctors performed brain surgery in hopes of alleviating the pain. The surgery and medicine provided some relief, but also brought on dementia-like symptoms.

Maria functioned well for some years, but “in one day, the bottom fell out,” according to her daughter Angie. In 2017, Maria became disoriented and wandered out of the house. She was not able to recognize her daughter. After being hospitalized for a week or two, she was discharged into a facility three hours from home. “We’d never even been on vacation without my mother, we were inseparable,” Angie said. At first Angie was able to visit her mother only on weekends, but eventually Maria was moved to a facility about 20 minutes away from her daughter they were able to see each other three times a week.

In September 2018, Maria’s home was destroyed by Hurricane Florence. The house was unlivable, and there were no contractors available. To make matters worse, in January 2020, the facility told Angie that Maria’s needs were beyond what they could handle, and she would be moved to a facility several hours away. The COVID-19 pandemic delayed the transfer to the new facility, but Maria was unable to have any visitors.

Angie found herself in an unhappy situation. Her mother was alone in a facility that could appropriately care for her but Angie was concerned that she did not have the resources to bring her home.

Fortunately, Angie and her family found the right solution through Money Follows the Person program, which helped provide resources to help Maria move out of the facility and return to the community. She now lives with Angie’s brother and a CAP/DA aide comes for eight hours a day Monday through Thursday to help Maria, while Angie and her brother share the caregiving responsibilities Friday through Sunday. Maria has thrived in this family-centered approach. She is no longer in a wheelchair except during meals. Maria and Angie get to spend Tuesday and Thursday evenings at Angie’s home where they enjoy listening to Christian music together.

Angie is now anticipating better days, with more healing. They look forward to being part of church fellowship again once COVID-19 becomes manageable for Maria’s health needs. They are also eager to plant flowers in the spring and continuing decorating Maria’s newly repaired home.

The most challenging thing for Angie is seeing her mother’s condition compared to the life she had prior to her illness. “I see her struggling for a thought, but it doesn’t stop her from enjoying what she can.” When asked what she would say to someone in a similar situation as she and her mother were in, Angie says, “Don’t let the fear stop you. You’ll never regret it. Most importantly never give up.”



## 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 of PACE is to provide high quality care by managing a beneficiary's 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 covering 34 counties in North Carolina. As of June 1, 2022, PACE organizations were serving a total of 2,019 beneficiaries.

### State Fiscal Year 2022 Accomplishments

In 2019, NC Medicaid issued a Request for Applications for PACE Service Area Expansion (SAE). In August 2021, four PACE programs were awarded SAE after a committee review process. One of these programs, PACE@Home has added 10 ZIP codes to their service area. The three remaining PACE organizations are expected to construct new centers between 2023 and 2024:

- Senior Total Life Care – Gastonia, NC
- Carolina SeniorCare – Lexington, NC
- PACE of the Triad – Greensboro, NC

Once all expansions are completed, PACE will cover 45 counties in North Carolina.

Elderhaus PACE organization finished construction of a replacement Adult Day Health Center in Wilmington, North Carolina, and commenced operations in the new center in January 2022.

NC Medicaid approved four Alternative Care Settings (ACS) for three PACE organizations. An "alternative care setting" is any physical location in the PACE organization's current service area other than the participant's home, an inpatient facility or PACE center that provides some (but not all) PACE services. Alternative care settings allow PACE organizations to decrease travel times to a center and to make more services available to the participants.

Also in state fiscal year 2022, NC Medicaid increased the PACE Medicaid rate, which had not increased in 13 years, for dually eligible PACE beneficiaries and Medicaid-only beneficiaries. Moving forward, the PACE Medicaid rate will be set at an established percentage of the cost of a comparable population.

NC Medicaid also began a payment reconciliation process for state fiscal years 2017 and 2019, and clean-up efforts continued during the year. NC Medicaid submitted final letters to PACE organizations to complete the state fiscal year 2019 payment reconciliation process.

## PACE Preserved Her Dignity and Quality of Life

*Ed. Note: Names have been changed to protect the privacy of individuals and their families.*

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**“If it weren’t for PACE, we would be unable to keep mom at home the way we did. I will be eternally grateful for the promise PACE kept.”**

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Lily wanted her mother, who had been diagnosed with dementia, to live at home where she could be taken care of by family. As her mother’s dementia contributed to physical and cognitive decline, Lily saw that simple tasks, such as social engagement and activities of daily living, were becoming extremely difficult. Her mother’s behaviors were often hard to navigate, placing additional physical

and emotional demands on Lily and her family. Lily was caught between wanting to provide more for her mother while also trying to balance work and care for her young children.

Lily’s diligence to find the best solution led her to Piedmont Health SeniorCare, a PACE organization in Pittsboro. She enrolled her mother in PACE in May 2015, and was finally able to keep her mom at home while providing the special care her mother needed.

PACE transportation services brought her mother to the center weekly. At the PACE center, Lily’s mom also received medical care, including participating in cognitive care groups, while joining center activities. Despite her mother’s dementia diagnosis, Lily saw her start to blossom on the days at the center. Her mother socialized regularly with PACE participants and staff, attended musical programs, and frequently walked in the garden where she was especially fond of looking at the roses.

As physical and cognitive functions deteriorated over the years, Lily’s mother had the PACE interdisciplinary team as a stable pillar of medical care, education and support. This helped Lily continue to keep her mother at home, while receiving needed care. In-home aide, respite care and other collaborative services from PACE were put into place to relieve some of Lily’s burden as caregiver. Social workers helped Lily navigate the emotional challenges as care needs progressed. When her mother began losing the ability to walk, PACE provided supports to keep her safe. Ramps were installed for safer, easier home access. The PACE team provided a hospital bed, a Hoyer lift and other equipment, and taught Lily and the home care nurse aides how to use them safely. The PACE team also increased home care services.

Lily’s mother continued to regularly attend the PACE center even as her ability to communicate diminished. She began attending activities in the “lily room,” established for advanced dementia care. While in the lily room, Lily’s mother enjoyed listening to music, going outside on the porch, eating snacks and napping under a warm blanket.

With the support of PACE, Lily was able to preserve her mother’s dignity and quality of life until her passing in September 2022 in the comfort of her own home. Lily shared a few words about her journey with PACE. “Thank you for all you did for mom over the years. I appreciated the constant communication and for always being there for me. Your willingness to help when I needed it or to simply be a listening ear is something I truly appreciated. If it weren’t for PACE, we would be unable to keep mom at home the way we did. I will be eternally grateful for the promise PACE kept.”

# Pharmacy

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

The NC Medicaid pharmacy team spent state fiscal year 2022 providing oversight to the NC Medicaid Managed Care Standard Plans, followed by preparing for the launch of Tailored Plans in state fiscal year 2023, both of which include the design and maintenance of a carved-in pharmacy benefit.

## Pharmacy Outlook

According to the Centers for Medicare & Medicaid Services (CMS) 2021-2020 National Health Expenditure (NHE) report, spending for retail prescription drugs is projected to increase at an average rate of 5% over 2021-2030.<sup>11</sup> In 2021, growth was expected to accelerate (4.7%) compared to 2020 (3%) due to faster Medicaid drug spending growth, driven by faster projected Medicaid enrollment growth. In 2022, the overall retail prescription drug spending growth was projected to slow to 4.3%, as declines in Medicaid enrollment were expected to lead to slower drug spending for Medicaid, which would more than offset faster Medicaid spending for drugs that year.

Although NC Medicaid enrollment has not yet begun to decline, there has been only minimal growth in expenditures for medications (0.8% increase in gross cost per prescription in state fiscal year 2022 as compared to 3.4% in state fiscal year 2021). CMS reports that during 2023 and 2024, retail prescription drug spending growth is projected to accelerate slightly to 4.7 and 5.1%, respectively, as drug prices and prescription drug use increase. During the years 2025-2030, retail prescription drug spending growth is anticipated to average 5.2%, mainly reflecting slightly higher price growth and the impact of new pharmaceuticals launched during 2022-2026.<sup>12</sup>

Price increases for existing drugs and the pipeline of new drugs, particularly specialty drugs, have the potential to increase spending and have attracted considerable attention by policy makers.<sup>13</sup> Opportunities

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

The Pharmacy Program:

Prescription drugs play a significant role in maintaining health and treating illnesses, allowing the opportunity to live healthier, with improved quality of life. Through current pharmacy program management strategies, the NC Medicaid pharmacy benefit ensures access to evidence-based, cost-effective medications that provide the best overall value to beneficiaries, providers and North Carolina.

<sup>11</sup> Centers for Medicare & Medicaid: [CMS Office of the Actuary Releases 2021-2030 Projections of National Health Expenditures](#); March 2022

<sup>12</sup> Centers for Medicare & Medicaid: [National Health Expenditure Projections 2021-2030: Forecast Summary](#)

<sup>13</sup> Health Affairs Forefront: [National Health Expenditure Projections and a Few Ways We Might Avoid Our Fate](#); March 2022

for value-based purchasing agreements, utilizing real-world impacts on beneficiary outcomes to determine drug costs, are the subject of much scrutiny and consideration at NC Medicaid.

## State Fiscal Year 2022 Performance

In state fiscal year 2022, NC Medicaid's prescription benefit supplied beneficiaries with more than 15.5 million prescriptions at a cost of \$1.47 billion to North Carolina taxpayers. On average, NC Medicaid beneficiaries received six prescriptions at approximately \$88.42 per prescription cost to the state, after rebates were applied. The top 10 drugs by expenditures include medications used to treat atopic dermatitis, plaque psoriasis, mental illness, seizure disorder, opiate dependence, movement disorders and major depressive disorder (see Exhibit 4 on page 21). The top 10 drugs by claim count include claims for bronchodilators, antihistamines, nasal steroids, neuropathic pain agents, antidepressants, proton pump inhibitors, penicillin-type antibiotics and nonsteroidal anti-inflammatory medications (see Exhibit 4 on page 21).

Compared with previous years, North Carolina experienced only a slight trend of increasing drug expenditures over the past two years. The gross cost-per-prescription and net cost-per-prescription each increased by only 0.8%, compared to 3.4% and 3.9% respectively in state fiscal year 2021 (see Exhibit 3 on page 20). Rebate dollars per prescription received by NC Medicaid increased by 0.7% for federal and 4.3% for supplemental rebates over the two-year period. This reflects NC Medicaid's thorough process to manage costs while ensuring provider access to medications to treat beneficiaries. The average total rebate discount received by NC Medicaid for state fiscal year 2022 was 57.8% of pharmacy expenditures, which is lower than last year's figure of 67.4%. The all-state Medicaid average rebate discount for this same time period was 61.8%,<sup>14,16</sup> demonstrating NC Medicaid's efficiency at maximizing available rebates is in line with the national average for Medicaid programs (see Exhibit 3 on page 20).

Due to NC Medicaid's role in providing coverage for some of North Carolina's most vulnerable and medically fragile citizens, NC continues to pay a disproportionate share of some of the highest cost specialty medications.<sup>15</sup> Managing the utilization and costs for these specialty medications continues to be one of the most important priorities in the program.

## NC Medicaid Direct, NC Medicaid Managed Care and NC Health Choice Single NC Preferred Drug List

North Carolina continues to partner with health care providers and other pharmacy benefit stakeholders to drive savings and value for NC Medicaid through utilization of a single NC Preferred Drug List (NC PDL). NC Medicaid Direct, NC Medicaid Managed Care health plans and NC Health Choice all utilize a single NC PDL to define the drug formulary. The use of a single NC PDL allows North Carolina to receive supplemental drug rebates from manufacturers while eliminating the complexity of multiple formularies for providers. Compliance with the NC PDL across NC Medicaid Direct and the health plans continues to be 94.7%,<sup>16</sup> which demonstrates that medications on the NC PDL are appropriate for the provider population and beneficiaries served in the state. The NC PDL continues to be a valuable tool in saving North Carolina taxpayers significant dollars through effective and efficient management of prescription drug costs.

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<sup>14</sup> Magellan Health, NC Medicaid consultant

<sup>15</sup> Kaiser Family Foundation: [How State Medicaid Programs are Managing Prescription Drug Costs](#); April 2020

<sup>16</sup> Myers and Stauffer, NC Medicaid clinical actuarial vendor

## Opioid Epidemic: The Fight Continues

Since 2018, when safe prescribing practices policies for opioids were established to support the North Carolina Opioid Strategic Plan and the battle against the opioid crisis, NC Medicaid has demonstrated a 64% decrease in claims for opioids at doses greater than 90 morphine milligram equivalents (MME) per day, a 58% decrease in prescribers who prescribe and a 44% decrease in pharmacists who dispense greater than 90 MME per day<sup>17</sup> (see Exhibits 6 and 7 on page 22). The work to combat the opioid crisis continued in state fiscal year 2022. The following list includes efforts to directly impact the opioid crisis in North Carolina, with the addition of further enhancements made in state fiscal year 2022:

- Policies that comply with the NC STOP Act
- Supplies for greater than seven days of opioids requiring prior authorization (PA), regardless of placement on the NC PDL
- Abuse deterrent formulations preferred on the NC PDL
- 90 MME cumulative limit without high dose PA
- Early refill alert set at 85%
- Therapeutic duplication alert, opioid plus benzodiazepine system edit, monitoring of high dose prescribing
- Lock-in program for coordination of care
- Encouragement to use Naloxone standing order

In state fiscal year 2022, the following actions were taken:

- Continued to encourage use of the Naloxone standing order
- Advocated for both brand Suboxone and the generic buprenorphine/naloxone to be made available as preferred agents on the NC single state PDL
- Removed buprenorphine from the list of medications that qualify for the lock-in program
- Managed the use of opioids through NC Medicaid Managed Care health plan lock-in programs, which are designed following the state's policy, but may offer more direct care management as compared to what is offered in traditional NC Medicaid Direct
- Allowed for 90-day supplies for Opioid Use Disorder medications as part of the COVID flexibilities

## Hepatitis C Public Health Crisis: Drug Utilization Trends

In 2014, NC Medicaid created its first prior authorization policy to manage Hepatitis C agents starting with Solvadi® and Olysio®. As new Hepatitis C agents entered the market, prior authorization policies were created, approved by the North Carolina Pharmacy and Therapeutics Committee, and implemented after a public comment period. Similarly, the Department and the North Carolina Pharmacy and Therapeutics Committee monitored the Hepatitis C treatment landscape and adjusted policies to ensure clinical appropriateness. The Drug Utilization Review Board evaluated the effects of the policy and prescribing trends as of October 2021. The data showed that North Carolina is consistently treating approximately 197 patients

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<sup>18</sup> MME: morphine milligram equivalents

per month in the fall 2021, compared to a high of almost 367 in 2017 and 2018. The following changes to the Hepatitis C program were implemented in October 2021:

- Removed “Beneficiaries must agree to toxicology and/or alcohol screens as needed” from the prior authorization criteria
- Updated language from “No sign(s) of high-risk behavior (recurring alcoholism, IV drug use, etc.) or failure” to “Beneficiary has completed HCV disease evaluation appointments and procedures as requested by provider”
- Removed requirement for genotype testing for Mavyret and Eplclusa (and generics) for treatment naïve patients
- Removed criteria for reauthorization labs at four weeks for all agents

EXHIBIT 3

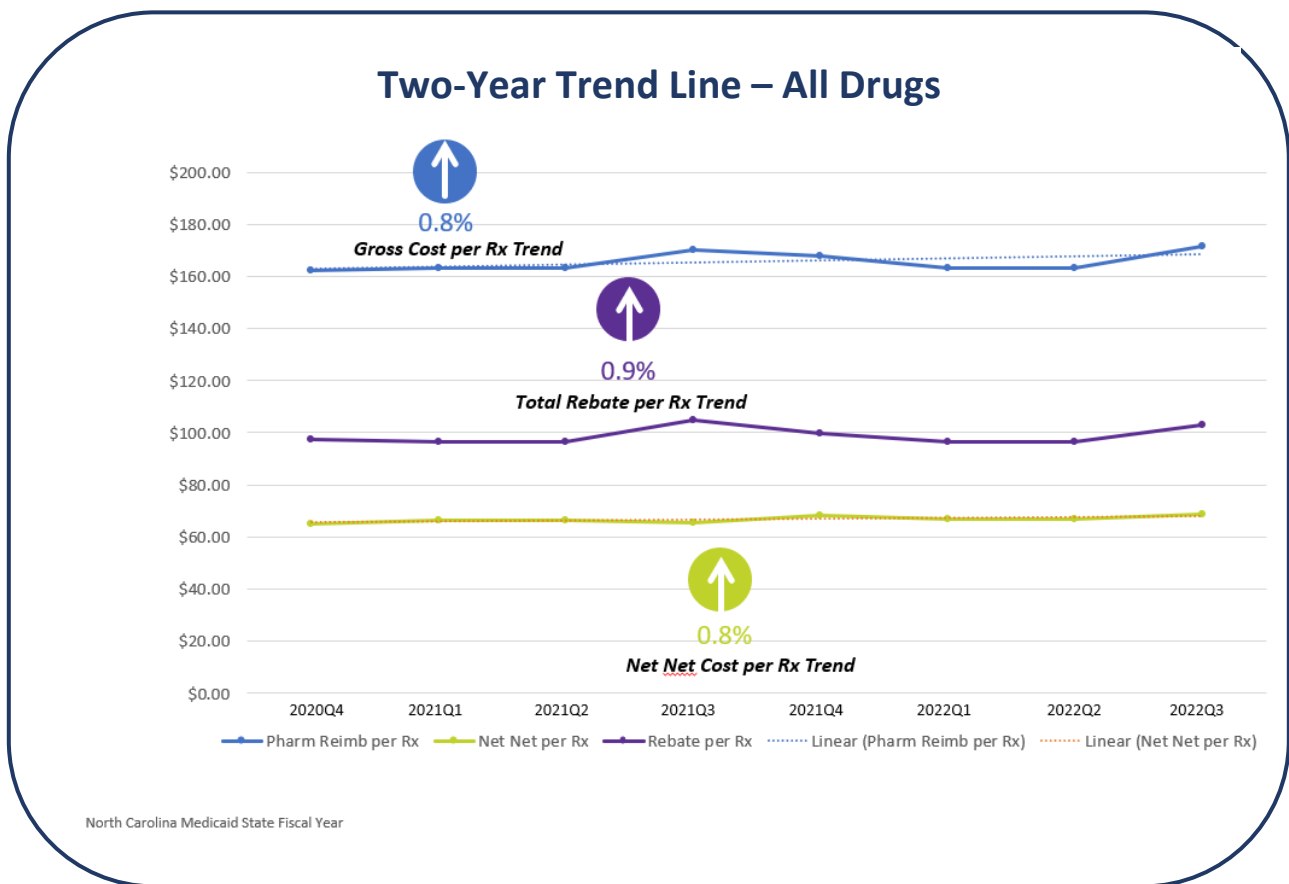




EXHIBIT 4

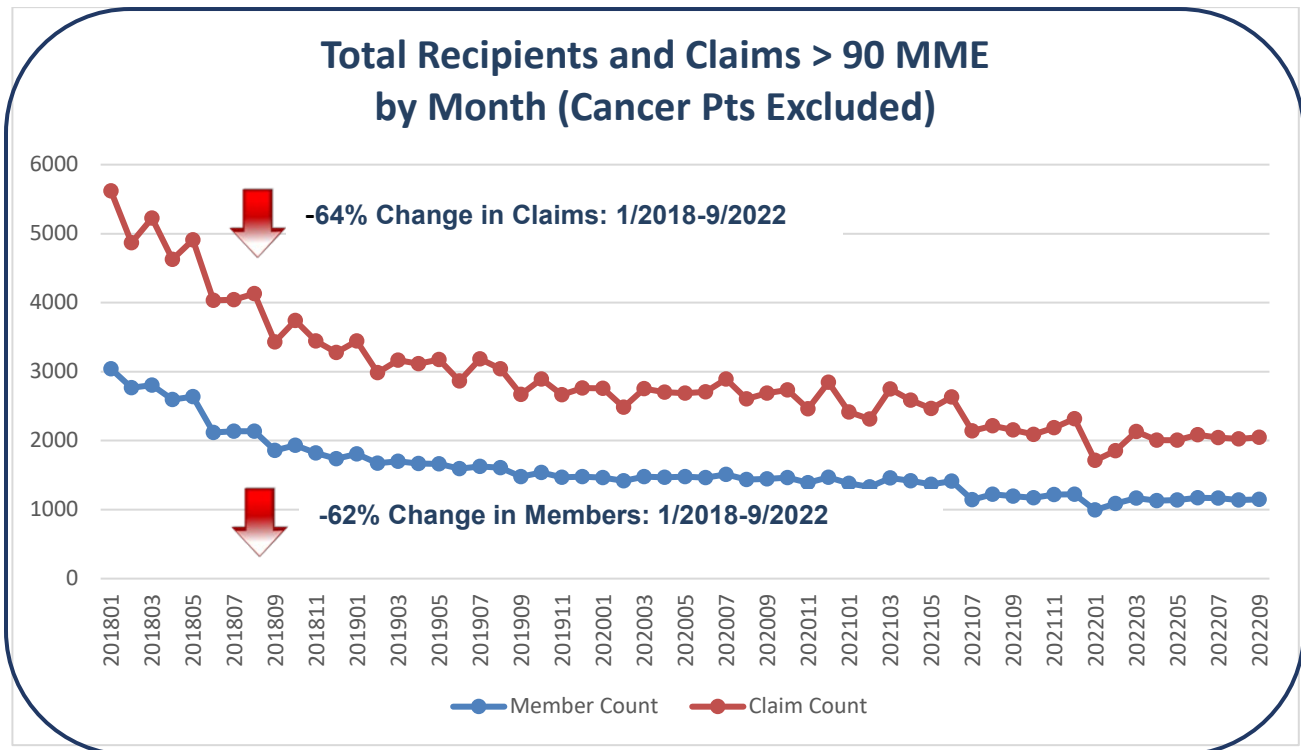
**Top 10 Drugs by Claim Count**

1. Proair HFA (inhalation)
2. Cetirizine tablets (OTC)
3. Fluticasone nasal
4. Cetirizine solution
5. Gabapentin capsule
6. Sertraline tablet
7. Omeprazole
8. Amoxicillin suspension
9. Trazodone
10. Ibuprofen tablet

**Top 10 Drugs by Net Spend**

1. Dupixent
2. Stelara
3. Vraylar
4. Invega Sustenna
5. Dupixent Pen
6. Epidiolex
7. Suboxone Film
8. Ingrezza
9. Abilify Maintena
10. Rexulti

EXHIBIT 5<sup>18</sup>



<sup>18</sup> MME: morphine milligram equivalents

EXHIBIT 6

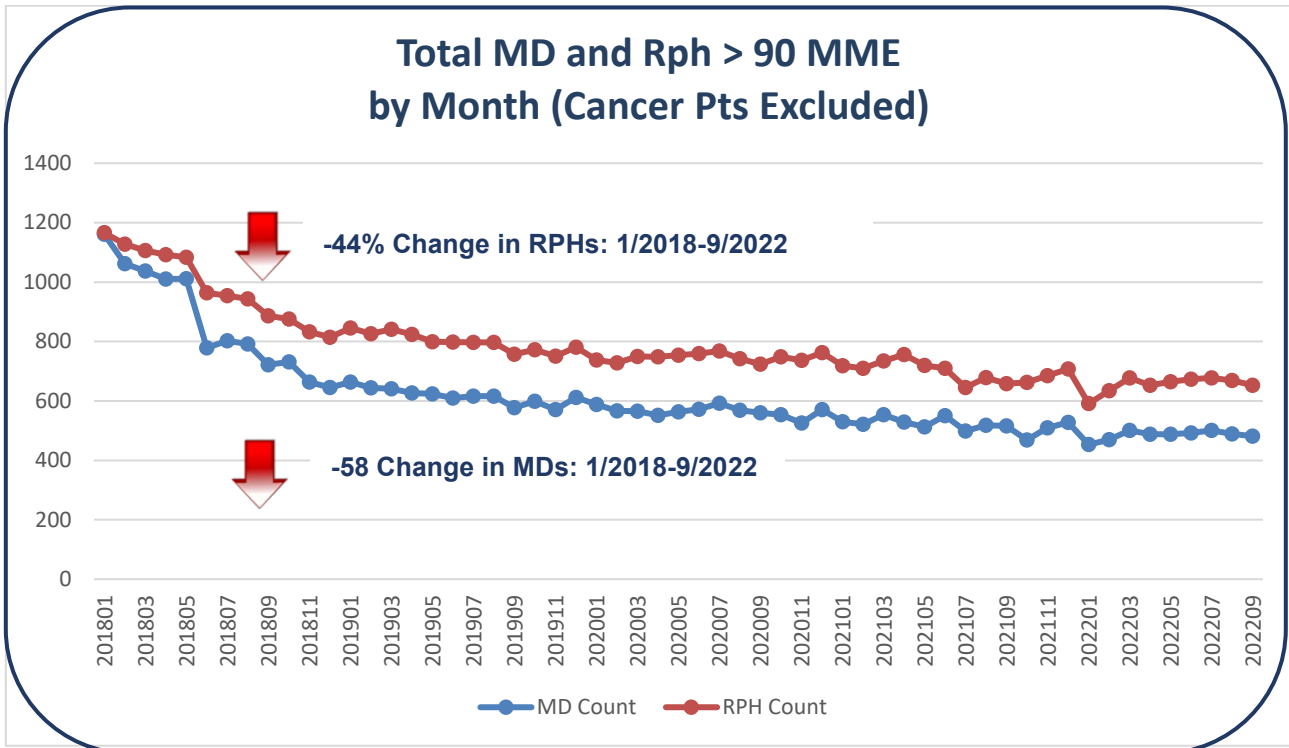
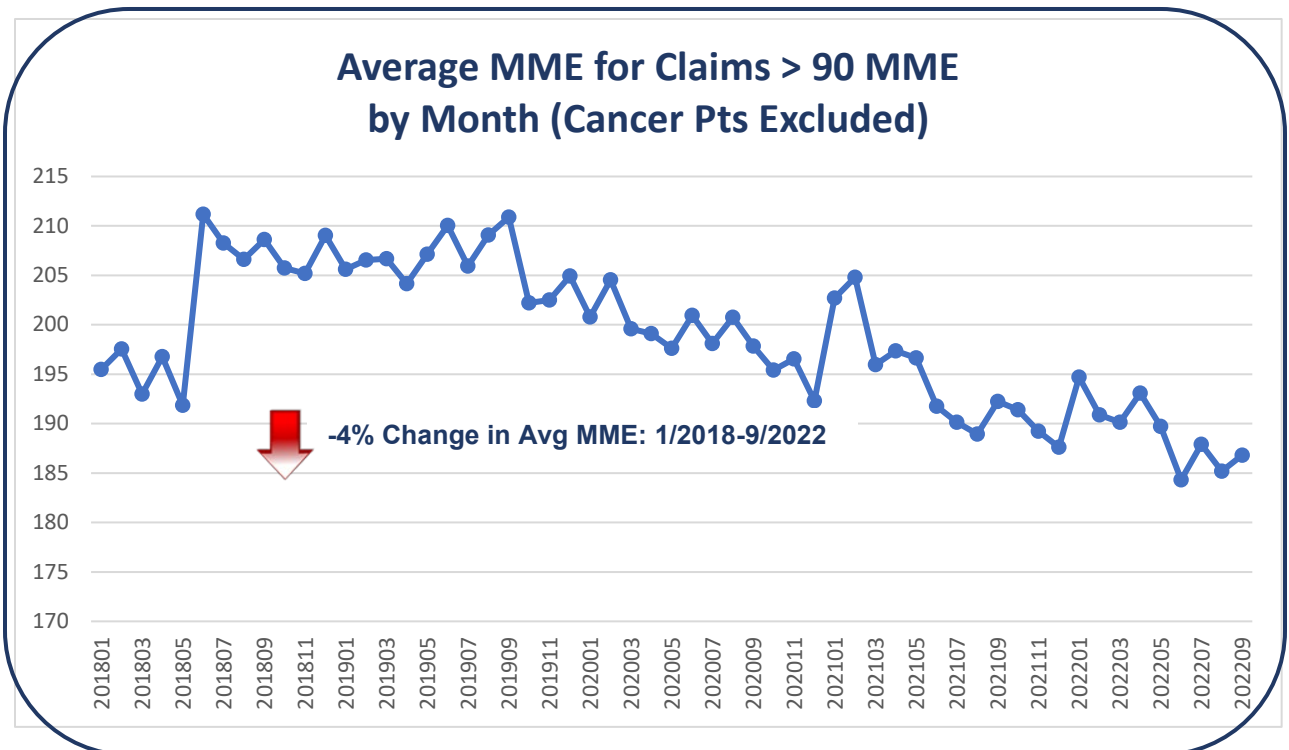


EXHIBIT 7



## Behavioral Health and Intellectual/Developmental Disabilities

Behavioral Health and I/DD 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 (I/DD) services and support to adults and children receiving Medicaid and NC Health Choice. Services are provided in:

- **Communities.** 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 and intermediate care facilities for individuals with intellectual disabilities (ICFs/IID)

### 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. These include the Innovations waiver for children and adults with I/DD and the TBI waiver for adults with traumatic brain injury. These (c) waivers operate under a 1915(b) waiver that allows for managed care of State Plan Behavioral Health Services and LME/MCOs to manage, coordinate, facilitate and monitor the provision of behavioral health, I/DD and substance use disorder services in the geographic area they serve.

### 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

“Investing in the behavioral health and resilience of North Carolinians is smart for people and their whole-person health.”

“Providing necessary supports for those with disabilities to live, work and thrive in community is a fundamental goal for our work.”

— Secretary Kody H. Kinsley

## State Fiscal Year 2022 Accomplishments

- **Value and Alternative-based Payment Pilot for Individual Placement and Support.** NC Medicaid implemented a value-based and alternative payment model in one LME/MCO for individual placement and support (IPS) services for adults with serious mental illness. IPS helps individuals find and maintain employment. This shift means that the IPS provider gets paid when the individual meets the following milestones:
  - Receives outreach and engagement services
  - Completes a career profile
  - Has or has not been linked to Division of Vocational Rehabilitation for sequential funding
  - Completes job development and places in a job

Other considerations include:

- How long the individual remains employed
- If the team supports the individual in educational goals
- If the team supports the individual in vocationally advancing

This model supports providers in shifting from either NC Medicaid or North Carolina Division of Vocational Rehabilitation funds. Individual placement or support linkage to DVR has historically been complex due to different requirements and funding streams. The Value and Alternative-based Payment Pilot facilitates this process.

Under the Pilot, providers have less administrative burden and, therefore, have more time to work directly with individuals or reach out to local employers to complete job development tasks. The LME/MCO can track an individual's place in their employment journey using claims for milestone payments.

- **Expansion of Research-based Behavioral Health Treatment.** NC Medicaid received approval from the Centers of Medicare & Medicaid Services to provide Research-Based Behavioral Health Treatment to individuals with Autism Spectrum who are over age 21.

## Waiver Programs

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

- **Money Follows the Person.** Money Follows the Person (MFP) is a national demonstration project sponsored by NC Medicaid to support individuals in moving out of institutional settings; for example, from a nursing homes 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 12 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 help with daily activities. The Innovations waiver 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.
- **Supported Living Service.** Through North Carolina's Innovations supports 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. Those who are somewhere between the provider-led and self-direction models can use a hybrid model with 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 NC Medicaid team and the local management entities/managed care organizations (LME/MCOs) continually improve services to deliver a waiver focused on helping specific needs, individual choice, self-direction and greater independence in whatever community-based living setting the beneficiary chooses.





## He's My Greatest Teacher

*Ed. Note: Names have been changed to protect the privacy of individuals and their families.*

Dora is a special education teacher and recognized some developmental delays when her son Daniel was just seven months old. He received early intervention therapy, where he was diagnosed with global developmental delay. Now, at 32 years old, Daniel has “high support needs” autism and intellectual and developmental disabilities. He requires someone to be with him almost all the time.

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**“He’s doing better than he ever has in his adult life.”**

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Until he was age 21, Daniel lived at home with his family, but his parents’ plan was always for him to find a place to live on his own. “Living at home is not sustainable as parents age,” said Dora.

At first, Daniel was accepted into an intermediate care facility (ICF), but was asked to leave after six months because that home was unable to support his specific needs. After leaving the ICF, Daniel lived in a group home with two other people where he experienced abuse and neglect.

Dora describes herself as a “deep researcher” and learned about the Supported Living program on her own. Supported Living was rolled out in November 2016 as part of the North Carolina Innovations waiver and provides people with significant disabilities the opportunity an opportunity to live in their own homes.

The Supported Living program partners the individual with an organization, family, friends and community resources to experience life in a way that results in a safe and decent home of one’s own; personalized assistance; choice; and support and respect from others. The program offers different levels of service determined by Supports Intensity Scale (SIS) levels outlined in the waiver.

As one of the first beneficiaries of the Supported Living program, Daniel moved into his own condo in October 2017. Based on his needs, Daniel is receiving the supports of Level 3. Dora feels strongly that Daniel is doing better now than he ever has in his adult life. As a result of Dora’s persistence to find the best solution for her son, along with the partnership of the Supported Living program, Daniel currently owns a shredding business where he works 10 hours a week. Rather than living in an institution or group home, Daniel has become an important part of the community where he lives and works.

## Quality Strategy

NC Medicaid's Quality Strategy advances North Carolina's vision of building an innovative, whole-person, well-coordinated system of care that addresses both medical and non-medical drivers of health and promotes health equity.

NC Medicaid is committed to advancing high-value care, improving population health, engaging and supporting beneficiaries and providers, promoting health equity and establishing a sustainable program with predictable costs. NC Medicaid's second Annual Quality Report, which will be released in early 2023, assesses NC Medicaid's performance on quality measures from 2016-2021 as they relate to the three aims and associated goals identified in the [NC Medicaid Managed Care Quality Strategy](#):

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

NC Medicaid's Managed Care Quality Strategy uses the Annual Quality Report and other historical performance data to evaluate high quality of care as well as areas where a stronger focus is needed to improve outcomes and population health. The Quality Strategy measures align with key Department initiatives, including the Opioid Action Plan, the Early Childhood Action Plan, the Perinatal Health Strategic Plan, the Maternal Health Strategic Plan (in development) and Healthy North Carolina 2030. This methodology supports a unified approach to continuous improvement.

Each year, NC Medicaid will set goals for closing gaps between groups in quality performance and, in some cases, create financial incentives for plans to outperform historical goals. Central to NC Medicaid's effort to improve quality, care delivery and health outcomes, is a commitment to address the social and environmental factors that directly impact health outcomes and cost using Healthy Opportunities for North Carolinians. To effectively address these challenges, NC Medicaid is using data and embedding strategies to promote Healthy Opportunities into its NC Medicaid program through screening, identification and mapping of unmet health-related resource needs, as well as a statewide coordinated care network (NCCARE360).

NC Medicaid will work with health plans, local management entities/managed care organizations (LME/MCOs), primary care case management entities (PCCMe) and providers to ensure significant improvements in quality performance year over year.

### 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

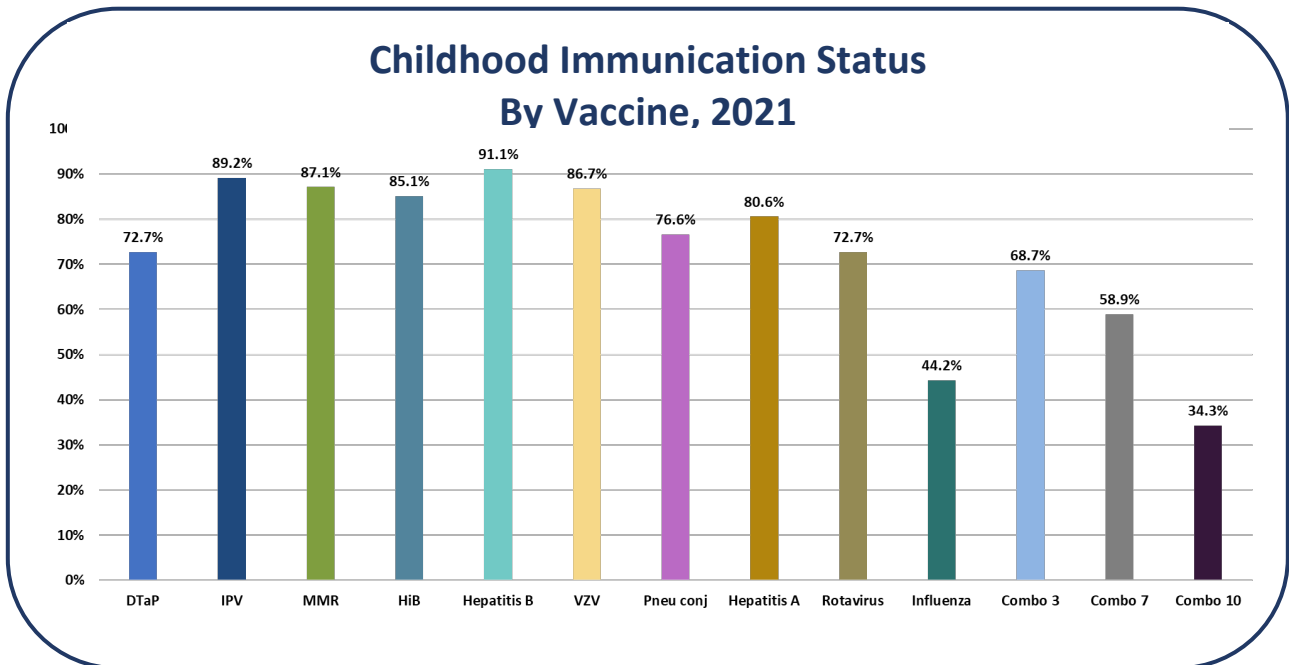
## Promoting Child Wellness

NC Medicaid tracks drivers of health using a robust set of measures through various quality improvement initiatives and interventions. One such intervention includes NC Medicaid Managed Care health plans Performance Improvement Projects (PIPs) for Childhood Immunizations. This intervention highlights the Quality Strategy's:

- Aim 2: Healthier People and Communities
  - Goal 3: Promote Wellness and prevention
    - Objective 3.1 Promote Child health, development, and wellness

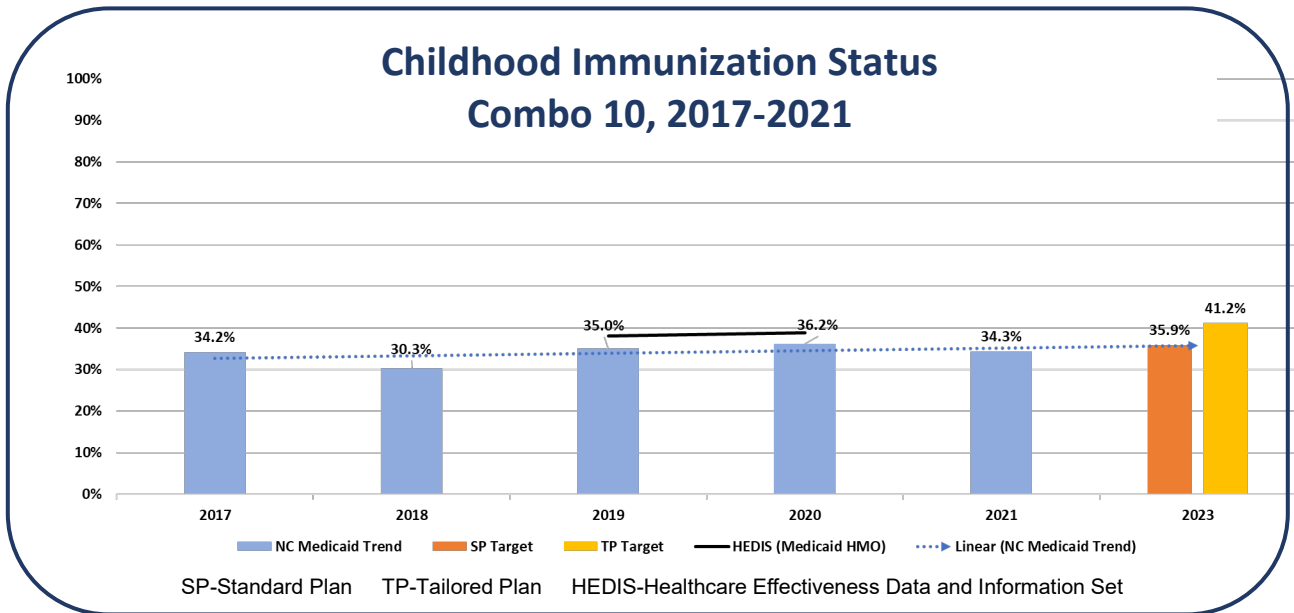
Women and children<sup>19</sup> are more than 85% of the NC Medicaid population, and NC Medicaid continues to focus on these populations in the Quality Strategy Framework's Goal 3: Promote Wellness and prevention. During the COVID-19 public health emergency, NC Medicaid showed a decrease in well-child visits and recommended vaccinations for almost every practice in the state, especially for Black/African American and Latino and Latina populations. Childhood vaccines protect children from a number of deadly diseases, such as diphtheria, tetanus, influenza and measles.

EXHIBIT 8



<sup>19</sup> Source: Medicaid enrollment data.

EXHIBIT 9



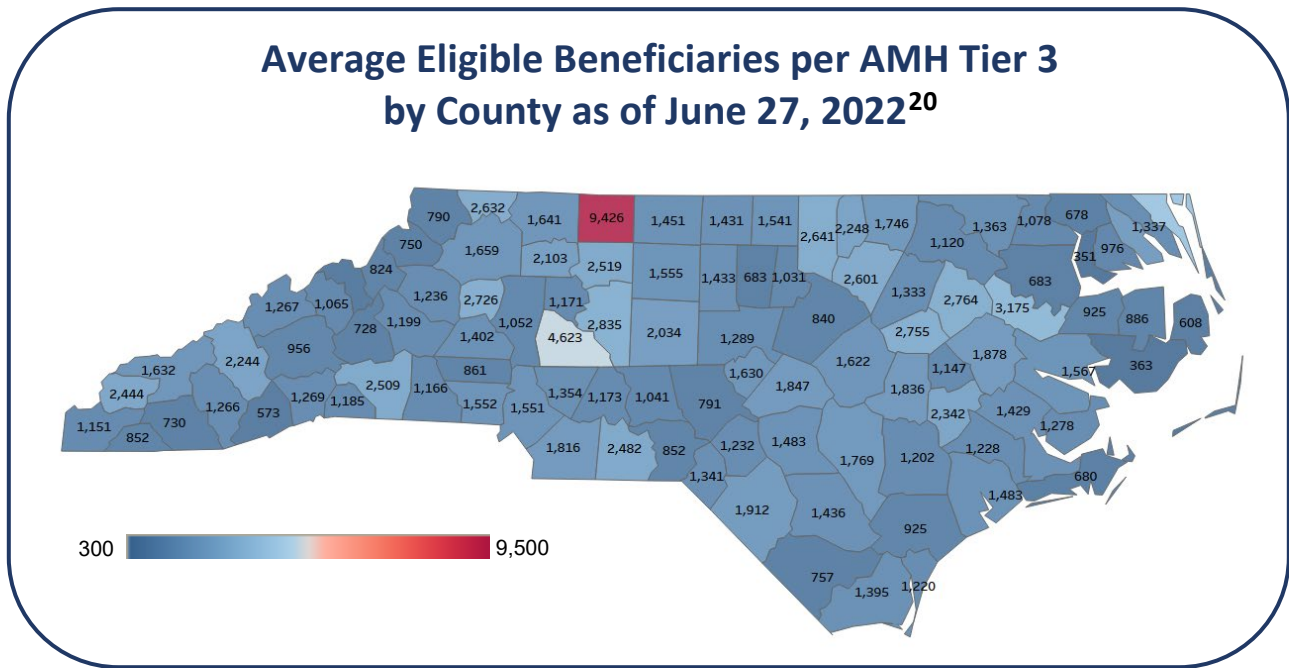
Since launch in 2021, NC Medicaid Managed Care health plans have conducted a performance improvement project on childhood immunization. Performance improvement plans achieve significant improvement in health outcomes through the implementation of specific interventions. Interventions, such as increased outreach, are developed to address potential causes and barriers for poor measure rates, and are identified through a continuous cycle of data measurement and analysis. The Childhood Immunizations Status (CIS) Combo-10 measure is closely monitored to track performance improvement.

### Advancing Quality with Advanced Medical Homes

NC Medicaid developed the Advanced Medical Home (AMH) model as the primary approach for care management as NC Medicaid transitions to managed care. High-quality primary care with the capacity to manage population health is foundational to the success of the NC Medicaid transformation, supporting the delivery of timely care in the appropriate setting to meet each beneficiary’s needs. The AMH model supports NC Medicaid’s transformation vision by maintaining the strengths of North Carolina’s legacy care management and primary care structure, and promoting delivery of care management and high-quality care in the community.

NC Medicaid’s AMH program integrates local care management with primary care at AMH Tier 3 practices. AMH Tier 3s are also eligible to earn negotiated performance incentive payments based on the AMH measure set, selected from the managed care quality measure sets for their relevance to primary care and care coordination. More than 80% of NC Medicaid Managed Care Standard Plan members are receiving primary care from AMH Tier 3s.

NC Medicaid will increasingly tie payment to value and has developed strategic interventions that promote new care delivery models (such as AMH Tier 3s), drive payment innovations and address non-medical drivers of health. Overall, the goal is for NC Medicaid to buy health by focusing payment on the key primary drivers of health and rewarding health outcomes at the provider and health plan level. By doing so, NC Medicaid hopes to see lower rates of avoidable spending (inpatient utilization and readmissions) and better beneficiary outcomes.



## Telemedicine

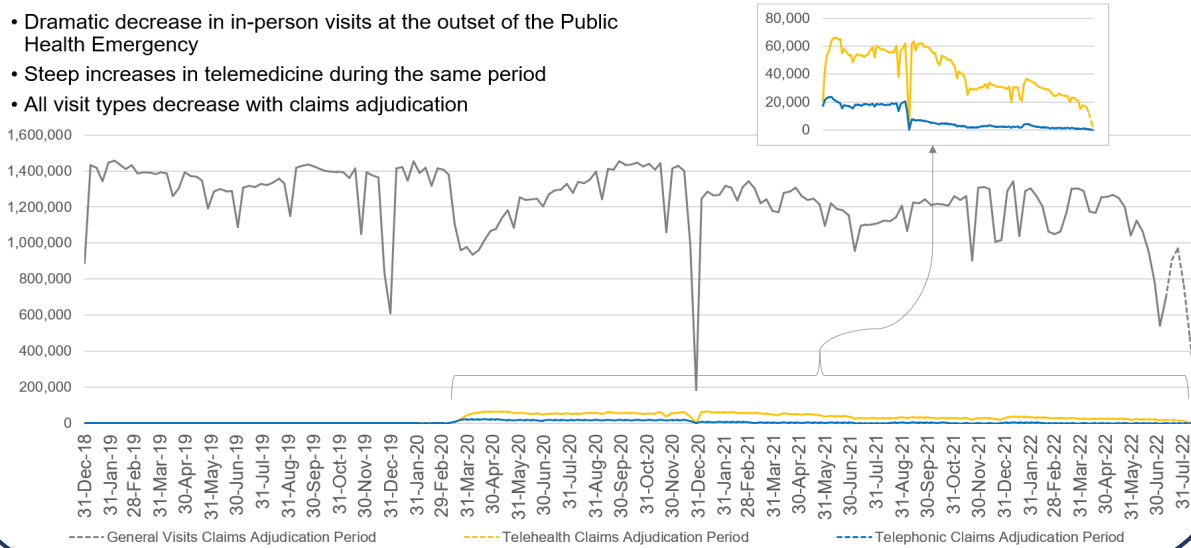
Telemedicine provides increased access to health services and use of this delivery method grew to be embraced by more beneficiaries and providers due to the COVID-19 public health emergency. Telemedicine provides:

- 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
- Analyses to-date of telehealth claims and clinical data (see Exhibit 11 on page 32) have found that:
- Practices that adopted telemedicine at higher rates saw a larger proportion of their enrolled Medicaid patients during the first five months of the public health emergency
- Beneficiaries receiving behavioral health services that used telehealth continued to access services at similar levels during the public health emergency while utilization dropped substantially for those that did not engage in telehealth
- Initially lower, Black, Hispanic and rural beneficiaries’ probability of using telehealth has risen to virtually the same levels as their non-Black, non-Hispanic and urban counterparts, in an analysis that controls for all reported factors
- In a 2021 survey, more than 80% of adult beneficiaries and more than 90% of parents or guardians of child beneficiaries reported a positive or somewhat positive experience with overall health care received, regardless of whether they received telehealth services

<sup>20</sup> Of the 15 provider locations in Stokes County, 1 is Tier 3 and 12 are Tier 2.

## Telehealth, Telephonic and In-person Claims Volume Dec. 31, 2018 through August 15, 2022

- Dramatic decrease in in-person visits at the outset of the Public Health Emergency
- Steep increases in telemedicine during the same period
- All visit types decrease with claims adjudication





# Health Equity for Historically Marginalized Populations

NC Medicaid's Quality Strategy includes a specific focus on historically marginalized populations with an effort to invest in and direct disproportionate resources to promote health equity.

"Historically marginalized populations" (HMPs) 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 due to systemic, durable and persistent racism, discrimination and other forms of oppression. Members of marginalized populations are often identified based on categories such as 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 defines and drives the overall vision for advancing the quality of care provided to NC 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. To support this goal, NC Medicaid tracks performance across certain quality measures by select strata (such as age, race, ethnicity, sex, primary language and disability status). NC Medicaid developed and released a set of suggested measure targets for NC Medicaid Managed Care Standard Plans for Advanced Medical Homes that focuses on improving performance for subpopulations experiencing disparities.

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

Outreach to Historically Marginalized Populations includes:

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

## Maternal Health Care

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

NC Medicaid's health services are delivered through 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, federally qualified health centers 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.

### NC Medicaid Postpartum Care

To help improve maternal health and coverage stability, the American Rescue Plan Act of 2021<sup>21</sup> gave states the option to extend Medicaid postpartum care from 60 days to 12 months, authorized through March 2027. Adopted by NC Medicaid on April 1, 2022, the new benefit provides 12 months of continuous postpartum coverage to eligible NC Medicaid beneficiaries who are pregnant or gave birth between Feb. 1, 2022 and March 31, 2022. In addition, pregnant and postpartum beneficiaries have access to full Medicaid benefits, instead of the maternity-focused benefits previously included in the Medicaid for Pregnant Women (MPW) program.<sup>22</sup>

### 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

<sup>21</sup> [congress.gov/bill/117th-congress/house-bill/1319/text](https://www.congress.gov/bills/117/congress/house-bill/1319/text)

<sup>22</sup> [medicaid.ncdhhs.gov/media/11045/open](https://www.ncdhhs.gov/media/11045/open)

## 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 health is determined by social and environmental factors and the behaviors that emerge as a result.<sup>23</sup>

In March 2022, NC Medicaid launched the pilot program for Healthy Opportunities, the first program in the nation to operationalize Medicaid payments, using a standardized fee schedule, for evidence-based, non-medical services that address social needs. Through Healthy Opportunities, NC Medicaid beneficiaries are connected to community resources and other programs that help with unmet needs in housing, food, transportation, interpersonal safety and toxic stress.

### Healthy Opportunities Pilots

The Healthy Opportunities Pilot program operates in three regions of North Carolina, covering a total of 33 counties (see Exhibit 12 on page **Error! Bookmark not defined.**). Over a three-month phased implementation period in state fiscal year 2022, NC Medicaid began covering 24 non-medical services that address needs related to food, housing and transportation. These services are delivered to NC Medicaid Managed Care Standard Plan beneficiaries by Human Service Organizations (HSO), such as community-based organizations and social service agencies.

HSOs invoice NC Medicaid for services delivered and are reimbursed by the NC Medicaid beneficiary's health plan. Each region has one Network Lead, procured by the Department to build and manage a network of HSOs in their region, provide technical assistance and training to their HSOs, and connect the HSOs to NC Medicaid Managed Care Standard Plans.

The Healthy Opportunities Pilot program relies on an ecosystem of partners in each region, including five health plans, five clinically integrated networks, three Network Leads, and ultimately more than 100 HSOs. In the first three months, over 650 NC Medicaid beneficiaries were enrolled in the Healthy Opportunities pilot and more than 1,500 services were delivered (see Exhibit 13 on page 36).

## 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

<sup>23</sup> University of Wisconsin Population Health Institute. *Different Perspectives for Assigning Weights to Determinants of Health*. Boosek, B.C., Athens, J.K., Kindig, D.A., Park, H., Remington, P.L. Feb. 2010. [countyhealthrankings.org/sites/default/files/differentPerspectivesForAssigningWeightsToDeterminantsOfHealth.pdf](https://countyhealthrankings.org/sites/default/files/differentPerspectivesForAssigningWeightsToDeterminantsOfHealth.pdf)

EXHIBIT 12

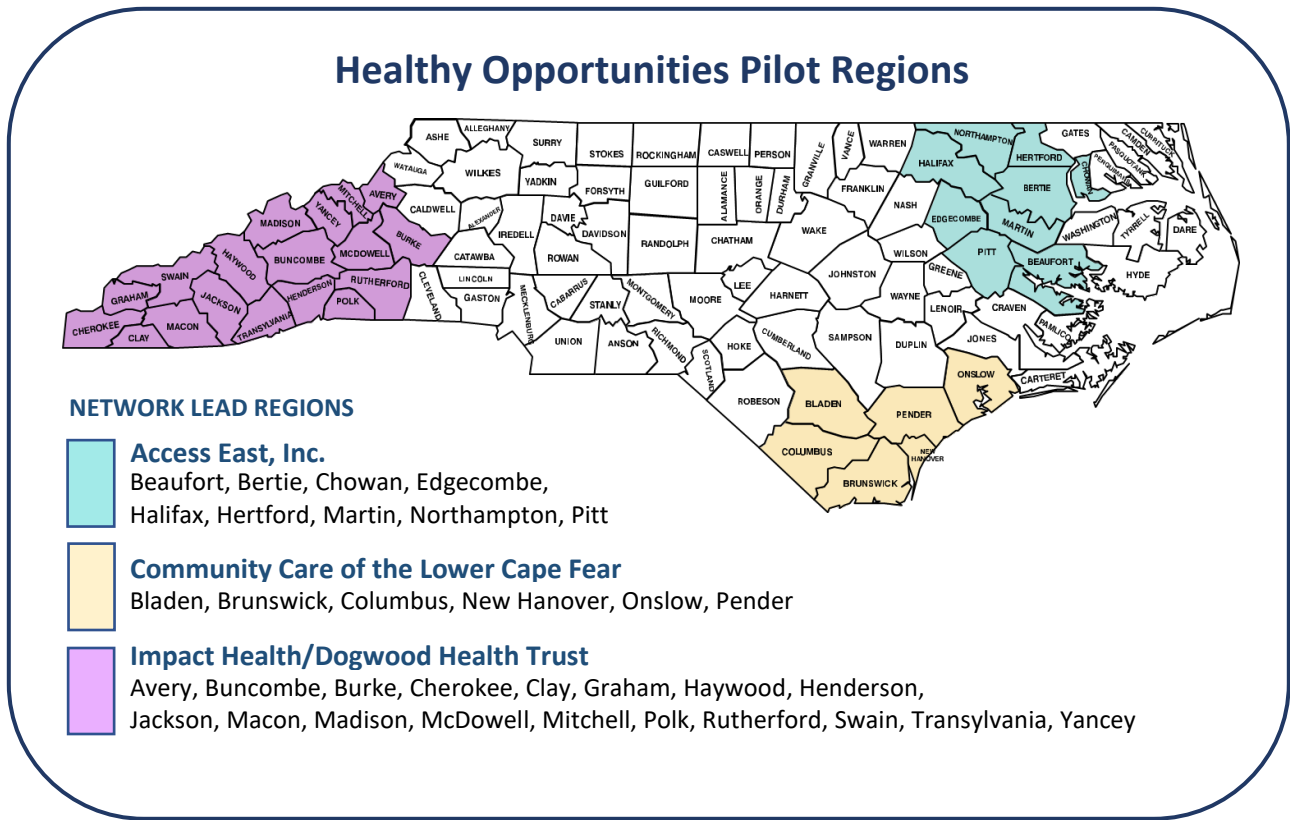
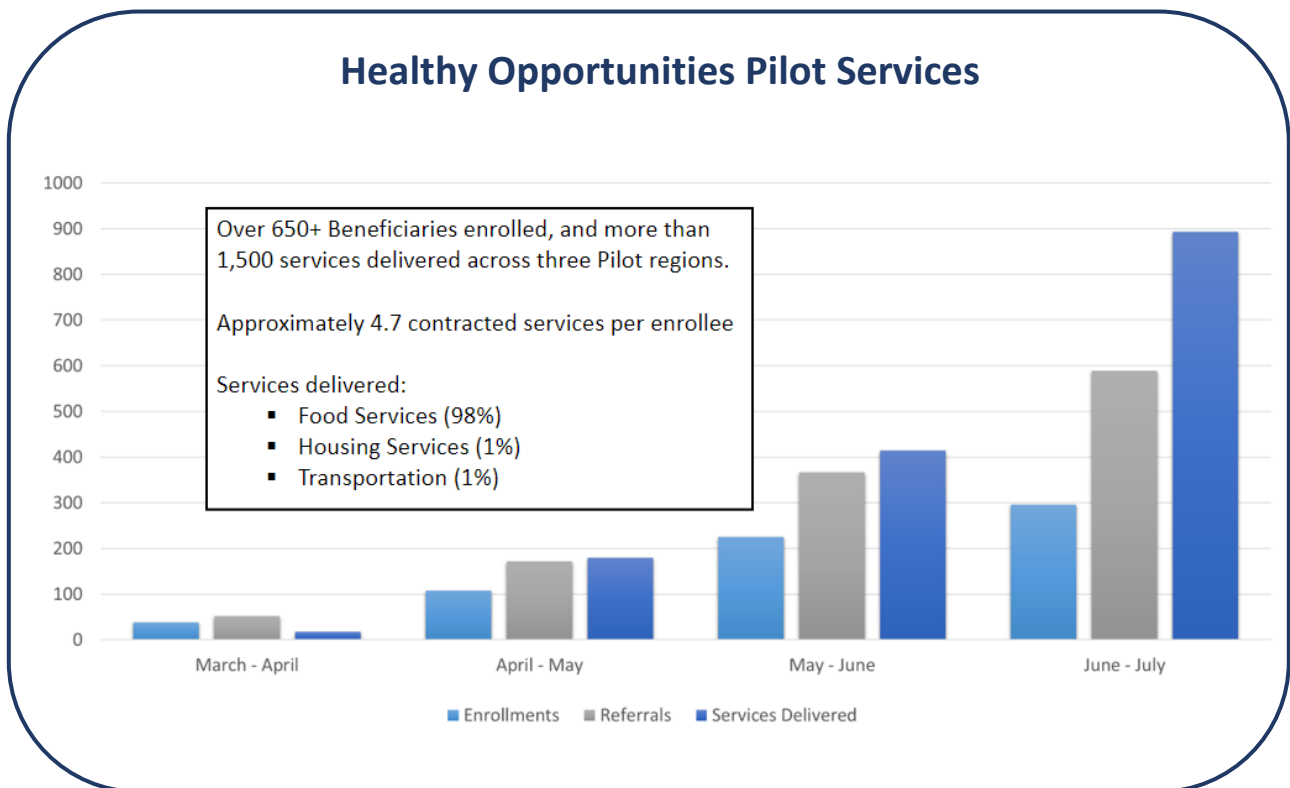


EXHIBIT 13



## NCCARE360

NCCARE360 is the first statewide network that connects health care and human services organizations with a shared technology that enables a coordinated, community-oriented approach to deliver care in North Carolina. NCCARE360 allows health care providers and human services organizations in all 100 of North Carolina's counties to connect individuals and families to community resources, communicate in real time, securely share client information and track outcomes. NCCARE360 is a public-private partnership between the Department for Health Leadership and Innovation, in collaboration with implementation partners that include the United Way of North Carolina / NC 211, Expound Decision Systems, and Unite Us. Additionally, the Department extended additional functionality into NCCARE360 to support the Healthy Opportunities Pilot program, including the ability to document pilot eligibility and enrollment, facilitate pilot service authorization, and offer HSOs a streamlined way to invoice for delivered pilot services.

## State Fiscal Year 2022 Accomplishments

- In early 2022, the Department began the phased rollout of Healthy Opportunity pilot program services. Food services became available March 15, 2022. On May 1, 2022, housing and transportation services were added, followed by toxic stress services beginning June 15.
- In state fiscal year 2022, the Healthy Opportunities pilots program generated partnerships and collaboration across health and human service sectors, bringing together five health plans, five clinically integrated networks (23 care management organizations), three Network Leads, and more than 70 HSOs.
- The Healthy Opportunities Pilot program began establishing predictable funding streams for HSOs. HSOs received capacity building funds to build their infrastructure and staffing to expand the reach of their services and serve additional populations, ensuring that any investments can support the HSOs longer-term sustainability.
- In March 2022, all NC Medicaid Managed Care Standard Plans, Network Leads, select care managers and HSOs began using the NCCARE360 platform for service authorization, referrals and invoicing of Healthy Opportunities Pilot program services. The platform developed in partnership with the Foundation for Health Leadership & Innovation is used by the Standard Plans as part of their care management activities.
- Over 95,000 clients have been served using the NCCARE360 platform.

## Healthy Opportunities Pilot Program at Work

Healthy Opportunities may be in the pilot stage, but it is already changing lives throughout North Carolina. Visit the [Healthy Opportunities Pilots webpage](#) for actual stories and the latest statistics.

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## Managing Budget, Cost and Health Care Needs

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Being good stewards of taxpayer dollars through oversight  
and innovation



# Medicaid Transformation to Managed Care

## NC Medicaid Managed Care Standard Plans launched July 1, 2021

NC Medicaid Managed Care Standard Plans launched statewide on July 1, 2021. The transition of Medicaid and NC Health Choice from predominantly a fee-for-service health care delivery system to managed care will drive continued access and improve how programs and services are received by NC Medicaid beneficiaries.

NC Medicaid Managed Care features include a payment structure that rewards better health outcomes, integrates physical and behavioral health, and invests in non-medical interventions aimed at reducing costs and improving the health of NC Medicaid beneficiaries.

The Department continues its extensive preparations for the next step to transform NC Medicaid to managed care: Launching NC Medicaid Managed Care Behavioral Health I/DD Tailored Plans in April 2023. Tailored Plans will provide the same services as NC Medicaid Managed Care Standard Plans, but also will provide additional specialized services for individuals with significant behavioral health conditions, I/DDs and traumatic brain injuries.

## State Fiscal Year 2022 Accomplishments

- Enrolled more than 1.6 million beneficiaries since the NC Medicaid Managed Care Standard Plan launch on July 1, 2021.
  - At launch, over 80% of Standard Plan members were enrolled in an AMH Tier 3, the Department's highest level of primary care, focused on care management and quality.
  - At launch, over 98% of beneficiaries were enrolled with a primary care physician.
  - At launch, 95% of beneficiaries were assigned to a PHP that had the respective beneficiary's PCP in network.
  - At launch, all Standard Plans achieved network adequacy goals in the five key service categories of Primary Care, Hospitals, Pharmacies, OB/GYN, and Outpatient Behavioral Health.
- Provided continual communication during year one:
  - Hosted 10 Community Partners webinars to provide updates on NC Managed Care and Healthy Opportunities with a total of more than 5,000 attendees.
  - Published 293 Medicaid Provider Bulletins on topics including coverage policy updates, upcoming deadlines and other important updates for health plan enrollees.
  - Delivered more than 200 messages on NCTracks, the multi-payer NC Medicaid Management Information System for the Department.

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

Transformation to  
NC Medicaid Managed Care:

“Working together, NC Medicaid and our many stakeholders will continue to transform health care throughout the state toward our vision of improving health, safety and well-being of all North Carolinians.”

—Secretary Kody Kinsley

## NC Medicaid Contact Center

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

The team is charged with full operations and management of the NC Medicaid Contact Center, which includes issue triage and resolution for complaints and trends.

### State Fiscal Year 2022 Accomplishments

The NC Medicaid Contact Center continued to evaluate, identify and enhance service. Significant improvements were made in state fiscal year 2022:

- Handled 222,434 calls with an average time of 6:55 minutes per call
- Closed out 86% of incoming calls within specified best practice times
- Continued to provide excellent customer service, with an abandonment rate of 2.6%
- Established NC Medicaid Managed Care Tailored Plan call center metrics and reporting
- Supported state vaccination and booster efforts
- Continued oversight of partner call centers, including the Enrollment Broker, health plans and NC Medicaid ombudsman

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

Medicaid Contact Center:

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

Offers Spanish-speaking operators and other translation services to ensure the highest quality of communication

Delivers optimal customer service through in-depth employee training

## Finance

Constant fiscal planning and monitoring enables NC Medicaid leaders to make informed, strategic decisions that use state and federal 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 2022, by blending frequent and varied collaboration with external and internal stakeholders with rigorous analysis and monitoring, NC Medicaid Finance enabled leaders to pursue innovative services while staying within the appropriated state budget for the ninth consecutive state fiscal year.

The NC Medicaid Finance team 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. In state fiscal year 2022, NC Medicaid Finance implemented financial systems and processes for the launch of NC Medicaid Managed Care Standard Plans, to ensure health plans and providers continued receiving payment in a timely manner and NC Medicaid beneficiaries could continue receiving services.

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’ businesses operations and stay within the Medicaid budget

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

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

- **Provider Reimbursement** establishes CMS-approved reimbursement methodologies and rates for the numerous NC 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 and oversaw extensive changes to the hospital financing model in state fiscal year 2022.
- **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.

## State Fiscal Year 2022 Accomplishments

- Implemented payments and accounting structures for NC Medicaid Managed Care, while also continuing payments for fee-for-service programs through NC Medicaid Direct, all with minimal disruption for beneficiaries, providers and health plans.
- Implemented a new model for hospital assessments and additional utilization-based payments to replace Disproportionate Share Hospital (DSH) Payments and other supplemental payments that cannot occur under managed care.
- Continued to stabilize the NC Medicaid provider community through continued COVID-19 increases, some of which had to be adjusted mid-stream, and hardship payments, all of which required manual preparation and execution.
- Implemented legislative programs to provide bonuses to direct care workers and rate increases for skilled nursing facilities and other long-term-care providers.
- Monitored spending and enrollment changes, adjusting as needed to finish the fiscal year under budget for the ninth year in a row.
- Provided reporting and support for implementation of the state's Home- and Community-based Services (HCBS) plan.
- Working across the agency to prepare financial systems for the launch of NC Medicaid Managed Care Tailored Plans in April 2023.

# Compliance and Program Integrity

The Office of Compliance and Program Integrity promotes 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 2022 Accomplishments<sup>24</sup>

- Performed prepayment reviews that resulted in denied or reduced claims representing \$27,980,495 in reduced costs to the state
- Recovered \$16,334,020 from post-payment review activities
- Recovered \$27,801 from county audit activities
- Completed preliminary reviews for 840 individual complaints, of which 402 cases were referred for further investigation within OCPI
- County Quality Assurance Team audited 35 counties, reevaluating 7,000 eligibility determinations
- Made 72 referrals to the North Carolina Attorney General’s Office for criminal or civil investigation, resulting in the Attorney General’s Medicaid Investigations Division securing 2 convictions and 1 civil settlement, recovering \$175,388.92

## 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:

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

Office of Compliance and Program Integrity:

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

Provides confidence that providers are delivering promised services to beneficiaries

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

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

<sup>24</sup> OCPI results are derived from various internal reports

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





## 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 NC Medicaid questions by identifying and gathering strategic insights from NC Medicaid data. BIA is committed to improving the customer experience through analysis, accurate reporting, timely delivery and sustainable growth of reporting capacity. BIA's reporting cornerstones include:

- **Ad hoc and recurring data** requests focused on finding connections in 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.
- **Dashboards** (Tableau) help NC Medicaid oversee programs with data visualizations that prompt understanding at both the individual and organizational levels.
- **Analytics** (Cognos) enable self-service reporting and data access for NC Medicaid business users. It generates 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 NC Medicaid reporting and analysis.

### State Fiscal Year 2022 Accomplishments

- Supported ongoing business operations and oversight with data and reporting by fulfilling more than 2,700 data requests in state fiscal year 2022 (27% increase over state fiscal year 2021). This data and reporting inform a wide variety of business activities, including the transformation to NC Medicaid Managed Care, quality measures, program monitoring, policy development, legislative inquiries, special projects and external research projects.
- Expanded the use of self-service reporting capabilities using the business intelligence tools to provide advanced results and more automated report delivery.

### 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

- Implemented a common data model named “Integrated Reporting Layer” in the NCAalytics data warehouse. This model allows unification of NC Medicaid Direct, local management entity/managed care organization (LME/MCO) and NC Medicaid Managed Care health plan data sourced from disparate systems, and creating easy and efficient consumption by the reports and dashboards.
- Cognos Analytics, which has 55 reports prompts and scheduled report delivery.
- Tableau Server, which contains more than 200 data dashboards to support program monitoring and collaboration.
- Delivered 150+ quality metrics in reports and dashboards for calendar year 2017-2021 measurement periods.
- Measures include 54 HEDIS (Health care Effectiveness Data and Information Set) and Non-HEDIS quality measures included in CMS Adult and Child Core Sets, InCK, and quality health dashboards.
- Successfully implemented Electronic Visit and Verification system and Healthy Opportunities pilot data into NCAalytics Data Warehouse.
- Tested over 40 test case scenarios with NC Medicaid Managed Care Standard Plans and Tailored Plans toward Tailored Care Management implementation.



# 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 NC Medicaid-related activities of NCTracks, the Department's multi-payer claims system, including translating business rules into system requirements. BTRM is the NC Medicaid liaison 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.

The BTRM team is responsible for initiating system changes for NC Medicaid Managed Care, which include local management entity/managed care organizations (LME/MCOs), Program of All-inclusive Care for the Elderly (PACE) and Community Care of North Carolina (CCNC). 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 NC Medicaid Managed Care.

### State Fiscal Year 2022 Accomplishments

BTRM provided key services that supported access to services to NC Medicaid beneficiaries, including:

- Created and tracked 30 NC Medicaid Direct NCTracks customer service requests and 52 NC Medicaid Managed Care customer service requests from initial documentation of operational needs to implementation.
- Reviewed and approved 1,314 NCTracks maintenance requests, providing technical support and guidance to NC Medicaid business units.
- Generated 380 standard NCTracks service tickets and 27 NC Medicaid Managed Care service tickets. These were tracked through testing, implementation and closure.

## 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 NC Medicaid Managed Care

Manages infrastructure support for all Medicaid employees

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## Financial Review

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Details of Medicaid and NC Health Choice  
State Fiscal Year 2022 financial results

# Factors Affecting State Fiscal Year 2022

## Financial Results

### NC Medicaid finished within budget

NC Medicaid's total spending for state fiscal year 2022 increased by approximately 17.6% compared to the previous year, though expenditure of state appropriations increased only 1.5%. The following three main factors contributed to these results:

- Careful and regular monitoring of spending against forecast, and evaluation of new policy and reimbursement changes, such as provider equity payments, to ensure these would fit within expected spending.
- Extension of the federal COVID-19 public health emergency through the entire fiscal year. This required NC Medicaid to continue keeping beneficiaries enrolled during the period and increasing costs, but it also provided 12 months' of the temporary increases in federal match rates provided by Congress through the Families First Coronavirus Relief Act (FFCRA) to offset this.
- Covering the non-federal share of two large blocks of expenditures with funds other than state appropriations:
  - Home- and Community-based Services (HCBS) receipts to cover the state share of temporary rate increases related to COVID-19 from July-December 2021 through the state's HCBS plan.
  - Covering fee-for-service runout costs for NC Medicaid Managed Care Standard Plan beneficiaries with funds from the state-level Medicaid Transformation Reserve.

These factors enabled NC Medicaid to continue to provide temporary policy flexibility and other supports that maintained access to care for beneficiaries during the pandemic, including the following:

- Continuing temporary across-the-board rate increases and hardship advance interim payments to NC Medicaid providers.
- 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 NC Medicaid coverage for all beneficiaries who were enrolled when the federal COVID-19 public health emergency began, even if the beneficiary otherwise might have become ineligible.
- Providing one-time bonuses for direct care workers, along with rate increases to help long-term-care providers increase pay for their workers.

## Expenditure by Funding Source

### North Carolina contributed \$4 billion out of a total of \$21.3 billion

NC Medicaid is jointly funded by the North Carolina and the federal government. In state fiscal year 2022, Medicaid and NC Health Choice programs had expenditures of \$21.3 billion, with \$3.9 billion paid by North Carolina, \$14.8 billion paid by the federal government and \$2.54 in other revenue.

Approximately 90% of expenditures were for services paid for through claims, premiums and capitation payments. The largest set of service expenditures were for capitated payments for the NC Medicaid Managed Care Standard Plans, which made up roughly 38% of total expenditures. Capitated payments for local management entities/managed care organizations (LME/MCOs) made up an additional 19% of total expenditures. Fee-for-service expenditures are tracked by the various types of NC Medicaid services, typically referred to as “categories of service.” Examples include hospital inpatient and outpatient, skilled nursing facilities and pharmacy.

Other significant expenditures for services include payments to hospitals for Graduate Medical Education, and Additional Utilization Based Payments to providers such as local health departments.

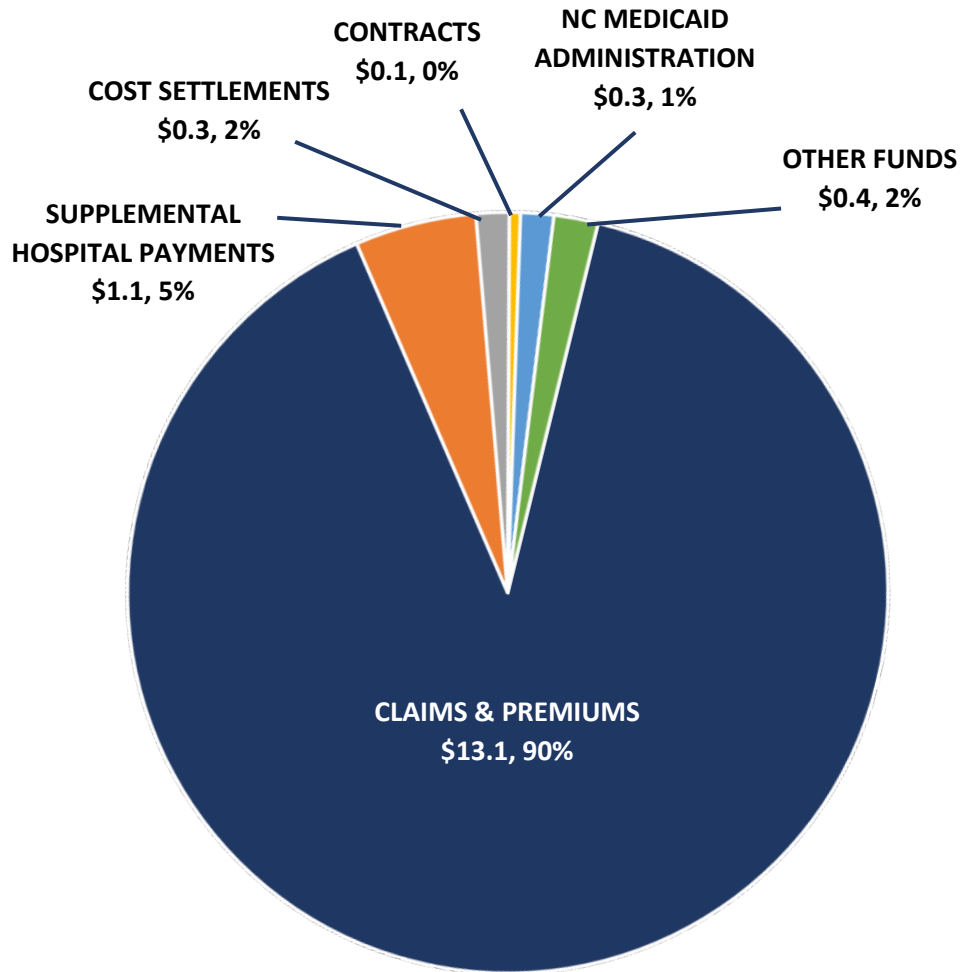
Non-service expenditures include contract payments, NC Medicaid administrative costs, health information technology payments and accounting adjustments due to audits or financial activities affecting a prior year. NC Medicaid’s operating costs, including salaries and benefits, make up approximately 1% of overall NC Medicaid expenditures.

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.



### \$21.3 Billion in State Fiscal Year 2022 Fund Level Expenditures

(\$ Billions)



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## Overview of NC Medicaid Programs and Services

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

# NC 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 16 on page 64 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/providers/programs-and-services](https://www.ncdhhs.gov/providers/programs-and-services) or call the NC 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 282 ambulance providers enrolled in NC 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, NC Medicaid beneficiaries would be required to visit the hospital for all surgical procedures. As of November 2022, there were 141 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.54)

Health Check Early Preventive Health Screening (p. 55)

Optical Services (p. 58)

### Adults with Disabilities

Community Alternatives Program for Disabled Adults (p. 9)

### Seniors

Program of All-Inclusive Care for the Elderly (p. 15)

## 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 2022, there were 415 federally qualified health centers and 121 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 2022, three end stage renal disease facilities terminated their Medicaid enrollment to provide dialysis treatments to NC Medicaid beneficiaries, bringing the total to 287 clinics.

## Community Alternatives Programs for Children

See page 9.

## Community Alternatives Programs for Disabled Adults

See page 9.

## 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.<sup>25</sup> 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).<sup>26</sup> Over half of the births in North Carolina are to NC Medicaid-eligible women.<sup>27</sup>

Pregnant women with poor oral health are at higher risk for adverse birth outcomes like pre-term and low birth-weight babies and may more readily transmit bacteria that cause oral disease to their young children.<sup>28</sup>

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.

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<sup>25</sup> U.S. National Library of Medicine/NCBI at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC88948/>

<sup>26</sup> National Institute of Dental & Craniofacial Research at <https://www.nidcr.nih.gov/health-info/developmental-disabilities/more-info>  
<sup>27</sup> Kaiser Family Foundation at <https://www.kff.org/medicaid/state-indicator/births-financed-by-medicicaid/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22northcarolina%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>28</sup> American Family Physician: Oral Health During Pregnancy at <https://www.aafp.org/afp/2008/0415/p1139.html>

## Durable Medical Equipment

The NC Medicaid Durable Medical Equipment program covers 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” means 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” means 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

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

NC Medicaid has a [comprehensive due process system](#)<sup>29</sup> to ensure beneficiaries feel comfortable challenging a denied eligibility or covered service. When beneficiaries request a review of a decision, informal mediation is offered and, if needed, a state fair hearing is held before an impartial third party. At that hearing, the beneficiary may present additional information and question the reasons for the decision.

## Health Check Early Preventive Health Screening

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 NC 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.<sup>30</sup>

North Carolina assertively implements these guarantees in its NC Medicaid Direct and NC Medicaid Managed Care programs. Services include periodic preventive care visits including developmental, emotional and behavioral screenings; vaccines recommended by the Centers for Disease Control Advisory Committee on Immunization Practices and parent support, education and counseling; and services to diagnose and treat medical conditions.

No request for care is ever denied until a complete medical review is conducted that applies federal EPSDT standards and criteria.

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<sup>29</sup> Due process information is at <https://medicaid.ncdhhs.gov/medicaid/administrative-hearings-appeals>.

<sup>30</sup> More information about EPSDT is available at [Early and Periodic Screening, Diagnostic and Treatment on NC Medicaid website](#) and in the CMS publication [EPSDT, a Guide for States](#).

## 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 NC Medicaid and NC Health Choice beneficiaries at any age.

Home health services reduce the length and cost of hospital stays for beneficiaries while promoting independence and self-sufficiency. These services are designed to be offered on a short-term or intermittent basis. Home health services provide cost-effective alternatives to hospital or skilled nursing facility care. They reduce admission into skilled nursing facilities and allow beneficiaries to receive required treatment in the comfort of their homes.

## Hospice Services

The NC 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 NC 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 NC 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 evaluations 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.

Children's development services agencies, home health agencies, hospital outpatient clinics, physicians' offices, local education agencies and single-specialty and multi-specialty group practices provide NC 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 NC Medicaid specialized therapy services to eligible beneficiaries under age 21 and NC Health Choice beneficiaries under age 19. Therapy services can be provided in a clinic, office or school setting as well as the beneficiary's home, day care or preschool.

To ensure all adult beneficiaries age 21 and over receive medically necessary therapy to improve recovery from an illness, injury or surgical procedure, adult beneficiaries can receive therapy through a physician's office that employs therapists, a home health agency or through a hospital outpatient facility.

## Medicare Cost Assistance

Medicare beneficiaries eligible for Medicaid receive help 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 help with some Medicare premiums, copayments and deductibles under the Medicare Aid program.

## Money Follows the Person

See page 12.

## Non-emergency Medical Transportation Services

NC Medicaid beneficiaries often do not have the resources to travel to their medical appointments. Non-emergency Medical Transportation (NEMT) ensures that eligible NC Medicaid beneficiaries have access to vital health care services available from NC Medicaid providers.

NC Medicaid beneficiaries are provided NEMT services to and from medical appointments, which consist of arranging and paying for transportation that is medically necessary. NC Medicaid Managed Care health plans provide NEMT services for their Medicaid and NC Health Choice enrollees. NC Medicaid Direct enrollees request services through their local Department of Social Services (DSS) offices. Both the health plans and DSS offices may contract with vendors or brokers, according to North Carolina NEMT policies.

## Optical Services

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

Through a partnership between NC Medicaid and the NC Department of Public Safety, eyeglasses are fabricated by Nash Correctional Institution's full-service optical laboratory. There have been no cost increases since 1998 for lenses or add-ons; 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. PCS provides person-to-person, hands-on help with activities of daily living by a direct care worker in the beneficiary's home or other setting. PCS allow beneficiaries who need help with activities of daily living the opportunity to receive services in a setting that is least restrictive and promotes beneficiary independence.

Activities of daily living of the program are bathing, dressing, eating, toileting and mobility. PCS also includes help 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.

## Pharmacy

See page 17.

## Physician Services

Medicaid and NC Health Choice 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.

The Department 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

See Page 15.

## Provider Operations

Provider Operations manages business processes and operations related to North Carolina health care professionals and facilities who deliver Medicaid and NC Health Choice services. 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. Provider Operations proactively identifies trends and areas for improvement and supports the provider community by addressing concerns, creating stakeholder engagement activities and communications, developing NC Medicaid initiatives and continuing vendor management.

Through these efforts, and by partnering with providers, advocacy groups, community partners and other stakeholders, Provider Operations reduces NC Medicaid fraud, waste and abuse by ensuring qualified health care professionals are approved to provide NC Medicaid services; identifies trending areas of provider concern or potential claims payment issues for faster resolution; and streamlines paperwork so that providers have more time to focus on ways to improve patient health and overall quality of life.

## 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 individuals 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 Division of Health Service Regulation currently regulates and licenses 423 skilled nursing facilities in the state.

Medicare may cover the first 20 days of a skilled nursing home placement at 100%. After that, Medicare will cover the cost of care [less an applicable co-insurance amount](#) up to 100 days. Some residents are unable to cover the cost of treatment when Medicare runs out. NC Medicaid coverage for nursing care helps ensure continued access to care for these individuals when they are eligible for NC Medicaid.



# NC Medicaid Employees' Dedication Extends into Communities

NC Medicaid is dedicated to improving the health and lives of people throughout North Carolina. More than 500 people, based in Raleigh and throughout the state, come to work each day because they firmly believe NC Medicaid can make a difference. This commitment goes beyond daily work, however, as their passion to personally help those in need reaches into communities across the state, including Carrboro, Chapel Hill, Durham and Raleigh as well as Durham, Wake and Orange Counties.

## Medicaid employee volunteers helped care for community gardens, distributed groceries to seniors and cleaned up litter

- **Partnering with community organizations.** NC Medicaid employees helped six non-profit groups with five community projects in state fiscal year 2022. The result was more than 160 volunteer hours provided to help these organizations reach their goals.
- **Bringing Joy to Seniors** through meal delivery.
- **DHHS Bunny Drive.** Employees donated 261 stuffed animals as part of the annual Bunny Drive. Donations are delivered to Triangle area hospitals, nursing homes, assisted living facilities, domestic violence shelters, surgical rehab centers, rescue missions and hospice facilities. The Bunny Drive has been an annual DHHS tradition for more than 20 years.
- **St. Saviour's Center Diaper Train.** Employees donated and distributed diapers to families in need.
- **Food Drive Collection.** Employees donated 500 pounds of food through the Interfaith Food Program.

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:

6 organizations

5 community projects

33 employees

160 volunteer hours

Donated 500 pounds of food and household supplies during holiday food drive

Donation of 261 stuffed animals to nursing home residents during the Bunny Drive

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## Additional Exhibits

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## Medicaid and NC Health Choice Funding Sources State Fiscal Years 2021 and 2022

EXHIBIT 15

	MEDICAID (\$ Millions)			
	SFY 2021 Actuals	SFY 2021 Budget	SFY 2022 Actuals	SFY 2022 Budget
Expenditure	\$17,908	\$18,041	\$21,109	\$21,277
Revenues	14,019	13,954	\$17,155	\$17,275
Appropriations	\$3,889	\$4,088	\$3,954	\$4,002

	NC HEALTH CHOICE (\$ Millions)			
	SFY 2021 Actuals	SFY 2021 Budget	SFY 2022 Actuals	SFY 2022 Budget
Expenditure	\$230	\$232	\$217	\$223
Revenues	190	189	\$181	\$185
Appropriations	\$40	\$42	\$37	\$38

	MEDICAID AND NC HEALTH CHOICE (\$ Millions)			
	SFY 2021 Actuals	SFY 2021 Budget	SFY 2022 Actuals	SFY 2022 Budget
Expenditure	\$18,138	\$18,273	\$21,326	\$21,499
Revenues	14,209	14,143	\$17,336	\$17,460
Appropriations	\$3,929	\$4,130	\$3,990	\$4,040

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

## Medicaid and NC Health Choice Expenditure by Category of Service State Fiscal Years 2021 and 2022

EXHIBIT 16

EXPENDITURE BY CATEGORY OF SERVICE   MEDICAID AND NC HEALTH CHOICE (ranked by SFY 2022 claims expenditure)			
Service Category	SFY 2021	SFY 2022	
	Claims Expenditure (\$ Millions) <sup>31</sup>	Claims Expenditure (\$ Millions) <sup>37</sup>	Year-Over Year Variance SFY 2022 vs SFY 2021
PHP Capitation	\$-	\$7,322.7	N/A
LME/MCO <sup>32</sup>	\$3,461.8	\$3,635.9	5.0%
Skilled Nursing Facilities	\$2,057.9	\$2,004.4	-2.6%
Hospital Inpatient	\$2,531.2	\$1,488.0	-41.2%
Buy-in/Dual Eligible	\$903.6	\$1,021.9	13.1%
Pharmacy	\$917.0	\$966.6	5.4%
Other Services	\$2,848.8	\$701.8	-75.4%
Personal Care Services	\$597.0	\$556.5	-6.8%
Physician	\$1,191.3	\$456.8	-61.7%
Dental	\$418.9	\$426.5	1.8%
CAP <sup>33</sup> for Disabled Adults	\$361.8	\$415.2	14.8%
Hospital Outpatient	\$827.3	\$349.6	-57.7%
Hospital Emergency Dept.	\$368.2	\$195.9	-46.8%
Home Health	\$234.3	\$191.8	-18.1%
Durable Medical Equipment	\$294.6	\$182.1	-38.2%
Hospice	\$128.4	\$119.7	-6.8%
Practitioner Non-Physician	\$197.1	\$105.4	-46.5%
CAP <sup>39</sup> for Children	\$81.6	\$92.0	12.7%
PACE <sup>34</sup>	\$82.2	\$78.6	-4.4%
Clinic	\$250.3	\$78.3	-68.7%
Lab & X-ray	\$158.9	\$68.4	-57.0%
Non-emergency Medical Trans.	\$48.0	\$57.1	18.8%
Ambulance	\$112.1	\$19.0	-83.1%
Health Check	\$119.2	\$14.1	-88.2%
Optical	\$23.0	\$6.0	-74.2%
Ambulatory Surgery Center	\$18.9	\$5.3	-72.3%
<b>Total</b>	<b>\$18,233.4</b>	<b>\$20,559.5</b>	<b>12.8%</b>

<sup>31</sup> Claims expenditure data are net of drug rebates.

<sup>32</sup> Local Management Entity/Managed Care Organization

<sup>33</sup> Community Alternatives Program

<sup>34</sup> Program of All-Inclusive Care for the Elderly

## Medicaid Expenditure by Category of Service State Fiscal Years 2021 and 2022

EXHIBIT 17

EXPENDITURE BY CATEGORY OF SERVICE   MEDICAID (ranked by SFY 2022 claims expenditure)			
Service Category	SFY 2021	SFY 2022	
	Claims Expenditure (\$ Millions) <sup>35</sup>	Claims Expenditure (\$ Millions) <sup>37</sup>	Year-Over Year Variance SFY 2022 vs SFY 2021
PHP Capitation	\$-	\$7,167.2	N/A
LME/MCO <sup>36</sup>	\$3,461.8	\$3,635.9	5.0%
Skilled Nursing Facilities	\$2,057.9	\$2,004.4	-2.6%
Hospital Inpatient	\$2,518.7	\$1,482.4	-41.1%
Buy-in/Dual Eligible	\$903.6	\$1,021.9	13.1%
Pharmacy	\$848.2	\$957.3	12.9%
Other Services	\$2829.9	\$698.7	-75.3
Personal Care Services	\$597.0	\$556.5	-6.8%
Physician	\$1,153.9	\$450.9	-60.9%
CAP <sup>37</sup> for Disabled Adults	\$361.8	\$415.2	14.8%
Dental	\$394.3	\$409.7	3.9%
Hospital Outpatient	\$814.0	\$345.2	-57.6%
Hospital Emergency Dept.	\$359.4	\$193.9	-46.1%
Home Health	\$234.3	\$191.8	-18.1%
Durable Medical Equipment	\$289.5	\$181.2	-37.4%
Hospice	\$128.4	\$119.7	-6.8%
Practitioner Non-Physician	\$175.6	\$95.4	-45.7%
CAP <sup>39</sup> for Children	\$81.6	\$92.0	12.7%
Clinic	\$244.5	\$77.3	-68.4%
PACE <sup>38</sup>	\$82.2	\$78.6	-4.4%
Lab & X-ray	\$155.1	\$67.8	-56.3%
Non-emergency Medical Trans.	\$48.0	\$57.1	18.8%
Ambulance	\$111.8	\$18.9	-83.1%
Health Check	\$113.0	\$13.5	-88.0%
Optical	\$21.2	\$5.8	-72.7
Ambulatory Surgery Center	\$18.4	\$5.2	-71.9%
<b>Total</b>	<b>\$18,233.4</b>	<b>\$20,343.2</b>	<b>13.0%</b>

<sup>35</sup> Claims expenditure data are net of drug rebates.

<sup>36</sup> Local Management Entity/Managed Care Organization

<sup>37</sup> Community Alternatives Program

<sup>38</sup> Program of All-Inclusive Care for the Elderly

## NC Health Choice Expenditure by Category of Service State Fiscal Years 2021 and 2022

EXHIBIT 18

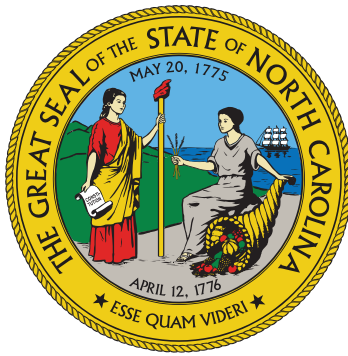
EXPENDITURE BY CATEGORY OF SERVICE   NC HEALTH CHOICE (ranked by SFY 2022 claims expenditure)			
Service Category	SFY 2021	SFY 2022	
	Claims Expenditure (\$ Millions) <sup>39</sup>	Claims Expenditure (\$ Millions) <sup>37</sup>	Year-Over Year Variance SFY 2022 vs SFY 2021
PHP Capitation	\$-	\$155.6	N/A
Dental	\$24.6	\$16.8	-31.8%
Practitioner Non-Physician	\$21.5	\$10.0	-53.5
Pharmacy	\$68.7	\$9.3	-86.5%
Physician	\$37.4	\$6.0	-84.0%
Hospital Inpatient	\$12.5	\$5.5	-55.7%
Hospital Outpatient	\$13.3	\$4.4	-66.7%
Other Services	\$19.0	\$3.2	-83.3%
Hospital Emergency Dept.	\$8.8	\$2.1	-76.6%
Clinic	\$5.8	\$1.0	-82.3%
Durable Medical Equipment	\$5.0	\$0.9	-81.7%
Health Check	\$6.1	\$0.6	-91.0%
Lab & X-ray	\$3.8	\$0.6	-84.3%
Optical	\$1.9	\$0.2	-91.4%
Ambulatory Surgery Center	\$0.5	\$0.1	-87.5%
Ambulance	\$0.2	\$0.1	-75.0%
Home Health	\$0.0	\$0.1	50.0%
Hospice	\$-	\$-	N/A
CAP <sup>39</sup> for Children	\$-	\$-	N/A
Buy-in/Dual Eligible	\$-	\$-	N/A
CAP <sup>40</sup> for Disabled Adults	\$-	\$-	N/A
Non-emergency Medical Trans.	\$-	\$-	N/A
PACE <sup>41</sup>	\$-	\$-	N/A
Personal Care Services	\$-	\$-	N/A
Skilled Nursing Facilities	\$-	\$-	N/A
LME/MCO <sup>42</sup>	\$-	\$-	N/A
<b>Total</b>	<b>\$229.2</b>	<b>\$216.3</b>	<b>-5.6%</b>

<sup>39</sup> Claims expenditure data are net of drug rebates.

<sup>40</sup> Community Alternatives Program

<sup>41</sup> Program of All-Inclusive Care for the Elderly

<sup>42</sup> Local Management Entity/Managed Care Organization



NORTH CAROLINA

# Medicaid and NC Health Choice

Annual Report for State Fiscal Year 2022  
July 1, 2021 - June 30, 2022

