

# **Use of the Medicaid Transformation Fund for Medicaid Transformation Needs**

**Session Law 2023-134, Section 9E.9(e)**



**Report to**

**Joint Legislative Oversight Committee on Medicaid  
and**

**Fiscal Research Division**

**By**

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

**February 23, 2024**

## **Background**

Session Law 2023-134, Section 9E.9(e) requires the Department of Health and Human Services, Division of Health Benefits, to report on expenditures paid for by Medicaid transformation funds no later than January 15, 2024, and every six months thereafter until the final report due on July 15, 2025. Each report is to include the expenditures for the previous six months and whether the expenditure is expected to continue into the 2025-2027 fiscal biennium. Included in this report are the expenditures from July 1, 2023 through November 30, 2023. The total amount spent on Medicaid transformation for this period was \$93,716,421 with \$42,849,865 of that being the non-federal share. The breakdown of expenditures is set forth below.

**SL 2023-134. Section 9E.9(e): Use of Medicaid Fund for Medicaid Transformation Needs**

**July 1 – November 30, 2023 Expenditures**

<b>SL 2023-134 Qualifying Need #</b>	<b>Qualifying Need Title</b>	<b>Total Medicaid Expenditure</b>	<b>Medicaid Transformation Fund Non-Federal Share</b>	<b>Included Initiatives</b>
1	Program Design	\$6,303,249	\$3,151,624	Program design for various Medicaid Managed Care payments streams (FQHC, Ambulance, Tailored Care Management, etc.)
2	Beneficiary and Provider Experience	\$12,233,161	\$6,116,580	Ombudsman, Enrollment Broker and provider education/training
3	IT Upgrades, Operations, and Maintenance	\$2,944,099	\$796,277	Change order for existing systems and development, operations & maintenance on new Medicaid Enterprise System (MES) modules
4	Data Management Tools	\$0	\$0	
5	Program Integrity	\$0	\$0	
6	Quality Review	\$563,240	\$216,047	External Quality Reviews on Medicaid Managed Care claims
7	Actuarial Rate Setting Functions	\$2,432,723	\$1,216,362	Rate Setting for current and prospective Medicaid Managed Care capitation payments
8	Technical and Operational Integration	\$47,052,636	\$23,526,318	Project management/development support; temporary, contracted, and Time-Limited staffing and staff development/training
9	BH IDD Tailored Plan Health Homes	\$0	\$0	
10	Legal Fees	\$0	\$0	
11	Expenses Related to the Enhanced Case Management and Other Services Pilot Program, Commonly Referred to as the “Healthy Opportunities Pilots”	\$22,187,313	\$7,826,657	Healthy Opportunities Pilot service and administrative payments, NCCARE360 licenses/enhancements
<b>TOTALS</b>		<b>\$93,716,421</b>	<b>\$42,849,865</b>	

**NOTES:**

- 1) “Total Costs” from above reflect Year-to-Date Expenditures as of November 30, 2023. At the time this document was prepared, DHB certified our books for October 2023, and we are working to close out books for November 2023.
- 2) This reporting only covers costs for DHB; costs on the Information Technology Division’s (ITD) books are still to be determined. These costs are anticipated to be in the next iteration of this report.
- 3) All of the costs incurred as of November 30, 2023, are expected to occur again in the next biennium, SFY 2025-27.

## **Appendix A: Session Law 2023-134, Section 9E.9.(e)**

### **Use of the Medicaid Transformation Fund for Medicaid Transformation Needs**

**SECTION 9E.9.(e) Reporting.** – No later than January 15, 2024, and every six months thereafter until the final report due July 15, 2025, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each expenditure that has been funded from the Medicaid Transformation fund in the preceding six months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium.