

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 144  
Committee Substitute Favorable 3/9/21  
Committee Substitute #2 Favorable 5/5/21  
PROPOSED SENATE COMMITTEE SUBSTITUTE H144-PCS10640-TR-11

Short Title: Medicaid Children and Families Specialty Plan.

(Public)

Sponsors:

Referred to:

February 25, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT AUTHORIZING THE CHILDREN AND FAMILIES SPECIALTY PLAN AS AN  
3 ADDITIONAL MEDICAID MANAGED CARE PLAN AND MAKING OTHER  
4 CHANGES TO MEDICAID MANAGED CARE STATUTES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** The Department of Health and Human Services (Department) shall  
7 issue a request for proposals to procure a single statewide children and families specialty plan  
8 with services to begin no later than December 1, 2023. Only entities operating a standard benefit  
9 plan or a BH IDD tailored plan contract with the Department at the time the request for proposals  
10 is issued may submit a proposal. Each entity may only submit one response to an RFP issued by  
11 the Department, and eligible entities under common control or ownership with one another may  
12 collectively submit only one response. The Department shall define the services available and  
13 the Medicaid and NC Health Choice beneficiaries who are eligible to enroll in the children and  
14 families specialty plan, except as otherwise specified in this act.

15 **SECTION 2.** G.S. 108D-1 reads as rewritten:

16 "**§ 108D-1. Definitions.**

17 The following definitions apply in this Chapter:

18 ...

19 (4) Behavioral health and intellectual/developmental disabilities tailored plan or  
20 BH IDD tailored plan. – A capitated prepaid health plan contract under the  
21 Medicaid transformation demonstration waiver that meets all of the  
22 requirements of Article 4 of this Chapter, including the requirements  
23 pertaining to BH IDD tailored ~~plans-plans~~, but excluding the requirements  
24 pertaining only to the CAF specialty plan.

25 ...

26 (5a) Children and families specialty plan or CAF specialty plan. – A statewide  
27 capitated prepaid health plan contract under the Medicaid transformation  
28 demonstration waiver that meets all of the requirements of Article 4 of this  
29 Chapter, including the requirements pertaining to the CAF specialty plan, but  
30 excluding the requirements only pertaining to BH IDD tailored plans.

31 (6) ~~Closed network. – The network of providers that have contracted with (i) a~~  
32 ~~local management entity/managed care organization operating the combined~~  
33 ~~1915(b) and (c) waivers or (ii) an entity operating a BH IDD tailored plan to~~



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furnish mental health, intellectual or developmental disabilities, and substance abuse services to enrollees.

...

(30) Prepaid health plan or PHP. – A prepaid health plan, as defined in G.S. 58-93-5, that is under a capitated contract with the Department for the delivery of Medicaid and NC Health Choice services, or a local management entity/managed care organization that is under a capitated PHP contract with the Department to operate a BH IDD tailored plan.Department.

...

(36) Standard benefit plan. – A capitated prepaid health plan contract under the Medicaid transformation demonstration waiver that meets all of the requirements of Article 4 of this Chapter except for the requirements pertaining only to a BH IDD tailored plan and only to the CAF specialty plan."

**SECTION 3.** G.S. 108D-5.3 reads as rewritten:

**"§ 108D-5.3. Enrollee requests for disenrollment.**

...

(b) Without Cause Enrollee Requests for Disenrollment. – An enrollee shall be allowed to disenroll ~~request disenrollment~~ from the PHP without cause only during the times specified in 42 C.F.R. § 438.56(c)(2), except that enrollees who are in any of the following groups may request to disenroll at any time:

- (1) Beneficiaries who meet the definition of Indian under 42 C.F.R. § 438.14(a).
- (2) Beneficiaries who are ~~enrolled in the foster care system described in~~ G.S. 108D-40(a)(14).
- (3) ~~Beneficiaries who are in the former foster care Medicaid eligibility category.~~
- (4) ~~Beneficiaries who receive Title IV-E adoption assistance.~~
- (5) Beneficiaries who are receiving long-term services and supports in institutional or community-based settings.
- (6) Any other beneficiaries who are not required to enroll in a PHP under G.S. 108D-40.
- (7) Beneficiaries who are described in G.S. 108D-40(a)(12).

...."

**SECTION 4.** G.S. 108D-21 reads as rewritten:

**"§ 108D-21. LME/MCO provider networks.**

Each LME/MCO operating the combined 1915(b) and (c) waivers shall develop and maintain a closed network of providers to furnish mental health, intellectual or developmental disabilities, and substance abuse services to its enrollees. The closed network is the network of providers that have contracted with the local management entity/managed care organization operating the combined 1915(b) and (c) waivers."

**SECTION 5.** G.S. 108D-22 reads as rewritten:

**"§ 108D-22. PHP provider networks.**

(a) Except as provided in ~~G.S. 108D-23, G.S. 108D-23 and G.S. 108D-24,~~ each PHP shall develop and maintain a provider network that meets access to care requirements for its enrollees. A PHP may not exclude providers from their networks except for failure to meet objective quality standards or refusal to accept network rates. Notwithstanding the previous sentence, a PHP must include all providers in its geographical coverage area that are designated essential providers by the Department in accordance with subdivision (b) of this section, unless the Department approves an alternative arrangement for securing the types of services offered by the essential providers.

...."

**SECTION 6.** G.S. 108D-23 reads as rewritten:

1 **"§ 108D-23. BH IDD tailored plan networks.**

2 Entities operating BH IDD tailored plans shall develop and maintain a closed network of  
3 providers only for the provision of behavioral health, intellectual and developmental disability,  
4 and traumatic brain injury services. The closed network is the network of providers that have  
5 contracted with the entity operating a BH IDD tailored plan to furnish these services to enrollees."

6 **SECTION 7.** Article 3 of Chapter 108D of the General Statutes is amended by  
7 adding a new section to read:

8 **"§ 108D-24. Children and families specialty plan networks.**

9 The entity operating the children and families specialty plan shall develop and maintain a  
10 closed network of providers only for the provision of the following services:

- 11 (1) Intensive in-home services.  
12 (2) Multi-systemic therapy.  
13 (3) Residential treatment services.  
14 (4) Services provided in private residential treatment facilities.

15 The closed network is the network of providers that have contracted with the entity operating  
16 the CAF specialty plan to furnish the services specified in this section to enrollees."

17 **SECTION 8.(a)** G.S. 108D-35 reads as rewritten:

18 **"§ 108D-35. Services covered by PHPs.**

19 (a) Capitated PHP contracts shall cover all Medicaid and NC Health Choice services,  
20 including physical health services, prescription drugs, long-term services and supports, and  
21 behavioral health services for NC Health Choice recipients, except as otherwise provided in this  
22 section.

23 (b) The capitated contracts required by this section shall not cover:

- 24 (1) Medicaid services covered by the local management entities/managed care  
25 organizations (LME/MCOs) under the combined 1915(b) and (c) ~~waivers~~  
26 waivers, or an approved 1915(i) waiver, shall not be covered under a standard  
27 benefit plan, except that all capitated PHP contracts shall cover the following  
28 services:

29 ...

- 30 q. Substance abuse comprehensive outpatient treatment program  
31 services.  
32 r. Substance abuse intensive outpatient program services.  
33 s. Social setting detoxification services.

34 In accordance with this subdivision, 1915(b)(3) services shall not be covered  
35 under a standard benefit plan.

36 ...."

37 **SECTION 8.(b)** The Revisor of Statutes is authorized to change all references to  
38 "G.S. 108D-35(1)" to "G.S. 108D-35(b)(1)" throughout Article 4 of Chapter 108D of the General  
39 Statutes.

40 **SECTION 9.** G.S. 108D-40 reads as rewritten:

41 **"§ 108D-40. Populations covered by PHPs.**

42 (a) Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid  
43 categories except for the following categories:

44 ...

- 45 (12) Recipients with a serious mental illness, a serious emotional disturbance, a  
46 severe substance use disorder, an intellectual/developmental disability, or who  
47 have survived a traumatic brain injury and who are receiving traumatic brain  
48 injury services, who are on the waiting list for the Traumatic Brain Injury  
49 waiver, or whose traumatic brain injury otherwise is a knowable fact, until BH  
50 IDD tailored plans become operational, at which time this population will be  
51 enrolled with a BH IDD tailored plan in accordance with ~~G.S. 108D-60(10).~~

1 Recipients G.S. 108D-60(10), except as described in subdivision (14) of this  
 2 subsection. Except as provided in G.S. 108D-60(a)(11), recipients in this  
 3 category shall have the option to voluntarily enroll with a ~~PHP,~~ PHP operating  
 4 a standard benefit plan, provided that (i) a recipient electing to enroll with a  
 5 PHP operating a standard benefit plan would only have access to the  
 6 behavioral health services covered by ~~PHPs according to G.S. 108D-35(1)~~  
 7 standard benefit plans and would no longer have access to the behavioral  
 8 health services excluded from standard benefit plan coverage under  
 9 G.S. 108D-35(1) and (ii) the recipient's informed consent shall be required  
 10 prior to the recipient's enrollment with a ~~PHP.~~ PHP operating a standard  
 11 benefit plan. Recipients in this category shall include, at a minimum,  
 12 recipients who meet any of the following criteria:

13 ...  
 14 (13) Recipients in the following categories shall not be covered by PHPs for a  
 15 period of time to be determined by the Department that shall not exceed five  
 16 years after the date that capitated PHP contracts begin:

17 ...  
 18 e. ~~Recipients who are (i) enrolled in the foster care system, (ii) receiving~~  
 19 ~~Title IV E adoption assistance, (iii) under the age of 26 and formerly~~  
 20 ~~were in the foster care system, or (iv) under the age of 26 and formerly~~  
 21 ~~received adoption assistance.~~

22 (14) Until the CAF specialty plan becomes operational, recipients who are (i)  
 23 children enrolled in foster care in this State, (ii) receiving adoption assistance,  
 24 or (iii) former foster care youth until they reach the age of 26. Starting on the  
 25 date that capitated contracts for BH IDD tailored plans begin, and until the  
 26 CAF specialty plan becomes operational, recipients described in this  
 27 subdivision may voluntarily enroll in a PHP operating a standard benefit plan  
 28 or, if eligible under G.S. 108D-40(a)(12), enroll with a BH IDD tailored plan.  
 29 When the CAF specialty plan becomes operational, recipients described in  
 30 this subdivision will be enrolled in accordance with G.S. 108D-62.

31 ...."

32 SECTION 10. G.S. 108D-45 reads as rewritten:

33 "**§ 108D-45. Number and nature of ~~capitated PHP contracts~~ contracts for standard benefit**  
 34 **plans.**

35 The number and nature of the contracts for standard benefit plans required under  
 36 ~~G.S. 108D-65(3)~~ G.S. 108D-65(6) shall be as follows:

37 ...  
 38 (3) ~~The limitations on the number of contracts established in this section shall not~~  
 39 ~~apply to BH IDD tailored plans described in G.S. 108D-60.~~

40 ...."

41 SECTION 11. G.S. 108D-60 reads as rewritten:

42 "**§ 108D-60. BH IDD tailored plans.**

43 (a) BH IDD tailored plans shall be defined as capitated PHP contracts that meet all  
 44 requirements in this Article pertaining to capitated PHP contracts, except as specifically provided  
 45 in this section. With regard to BH IDD tailored plans, the following shall occur:

46 ...  
 47 (10) Recipients described in G.S. 108D-40(a)(12) shall be automatically enrolled  
 48 with an entity operating a BH IDD tailored ~~plan and plan~~, except that  
 49 recipients who are also described in G.S. 108D-40(a)(14) shall be enrolled in  
 50 accordance with G.S. 108D-62. Except as provided in subdivision (11) of this  
 51 subsection, recipients described in G.S. 108D-40(a)(12) shall have the option

1 to enroll with a PHP operating a standard benefit plan, provided that a  
2 recipient electing to enroll with a PHP operating a standard benefit plan would  
3 only have access to the behavioral health services covered by the standard  
4 benefit plans and would no longer have access to the behavioral health  
5 services excluded from standard benefit plan coverage under G.S. 108D-35(1)  
6 and provided that the recipient's informed consent shall be required prior to  
7 the recipient's enrollment with a PHP operating a standard benefit plan.

8 (11) Recipients described in G.S. 108D-40(a)(12) shall not have the option to  
9 voluntarily enroll with a PHP operating a standard benefit plan or the CAF  
10 specialty plan while receiving services offered by the programs or in the  
11 settings specified below:

12 a. Recipients enrolled in the Innovations waiver.

13 b. Recipients enrolled in the Traumatic Brain Injury waiver.

14 c. Recipients residing in or receiving respite services at an intermediate  
15 care facility for individuals with intellectual/developmental  
16 disabilities.

17 d. Recipients enrolled in and being served under Transitions to  
18 Community Living.

19 e. Recipients receiving State-funded residential services, including  
20 group living, family living, supported living, and residential supports.

21 (b) The Department may contract with entities operating BH IDD tailored plans under a  
22 capitated or other arrangement for the management of behavioral health, intellectual and  
23 developmental disability, and traumatic brain injury services for any recipients excluded from  
24 PHP coverage under G.S. 108D-40(a)(4), (5), (7), (10), (11), (12), and (13)."

25 **SECTION 12.** Article 4 of Chapter 108D of the General Statutes is amended by  
26 adding a new section to read:

27 **"§ 108D-62. Children and families specialty plan.**

28 (a) The following definitions apply in this section:

29 (1) Caretaker relative. – As defined in 42 C.F.R. § 435.4.

30 (2) Child. – A person who is under the age of 18, is not married, and has not been  
31 legally emancipated.

32 (3) Custodian. – As defined in G.S. 7B-101.

33 (4) Foster care. – The placement of a child who is described in  
34 G.S. 108D-40(a)(14) whose custody has been awarded by court order or  
35 pursuant to a voluntary placement agreement from the parent, custodian, or  
36 guardian (i) to the county department of social services or (ii) to the Eastern  
37 Band of Cherokee Indians' Department of Public Health and Human Services.

38 (5) Guardian. – A guardian of the person as defined in G.S. 35A-1202.

39 (6) Minor. – A person who is under the age of 18.

40 (7) Parent. – As defined in 42 C.F.R. § 435.603(b).

41 (8) Reunification. – As defined in G.S. 7B-101.

42 (9) Sibling. – As defined in 42 C.F.R. § 435.603(b).

43 (b) The CAF specialty plan is defined as one statewide capitated PHP contract that meets  
44 all the requirements in this Article pertaining to capitated PHP contracts, excluding the  
45 requirements that only apply to BH IDD tailored plan contracts, except as specifically provided  
46 in this section. With regard to the CAF specialty plan, all of the following shall occur:

47 (1) The capitated contract for the CAF specialty plan shall be the result of a  
48 request for proposals issued by the Department. Only PHPs that are under  
49 contract with the Department to operate a standard benefit plan or a BH IDD  
50 tailored plan are eligible to respond to a request for proposal issued by the  
51 Department to operate the CAF specialty plan.

- 1           (2)    An entity operating the CAF specialty plan shall authorize, pay for, and  
2           manage all Medicaid and NC Health Choice services covered under the plan.
- 3           (3)    An entity operating the CAF specialty plan shall operate care coordination  
4           functions and provide whole-person, integrated care across healthcare and  
5           treatment settings and foster care placements for recipients enrolled in the plan  
6           to support family preservation, advance the reunification of families, support  
7           the permanency goals of children, and support the health of former foster  
8           youth.
- 9           (4)    An entity operating the CAF specialty plan shall be the single point of care  
10          management accountability.
- 11          (5)    The Department shall establish requirements for the effective operation of the  
12          CAF specialty plan that, at a minimum, shall address all of the following:
- 13               a.    Continuity of care and support across health care settings, changes in  
14               placement, and when the child transitions into the former foster youth  
15               Medicaid eligibility category.
- 16               b.    Managing care according to competencies specific to the recipients  
17               described in G.S. 108D-40(a)(14) and to recipients receiving child  
18               protective services in-home services, including medication  
19               management, utilization of trauma-informed care, and any other areas  
20               determined appropriate by the Department.
- 21               c.    Coordination of activities with local governments, county departments  
22               of social services, the Division of Juvenile Justice of the Department  
23               of Public Safety, and other related agencies that support the child  
24               welfare system.
- 25               d.    Approaches to address unmet health-related resource needs.
- 26          (c)    In addition to the services required to be covered by all PHPs under G.S. 108D-35,  
27          the CAF specialty plan shall cover the behavioral health, intellectual and developmental  
28          disability, and traumatic brain injury services excluded from standard benefit plan coverage  
29          under G.S. 108D-35(1), except that the CAF specialty plan shall not cover:
- 30               (1)    Innovations waiver services.
- 31               (2)    Traumatic Brain Injury waiver services.
- 32               (3)    Services provided to recipients residing in or receiving respite services at an  
33               intermediate care facility for individuals with intellectual/developmental  
34               disabilities.
- 35               (4)    Services provided to recipients determined eligible to participate in and be  
36               served under Transitions to Community Living.
- 37               (5)    Non-Medicaid behavioral health services funded with federal, State, and local  
38               funding in accordance with Chapter 122C of the General Statutes and other  
39               applicable State and federal law, rules, and regulations.
- 40          (d)    Unless ineligible under subsection (e) of this section, the following Medicaid and NC  
41          Health Choice recipients shall be eligible to enroll in the CAF specialty plan:
- 42               (1)    Recipients described in G.S. 108D-40(a)(14) and their children. The children  
43               shall be enrolled in the CAF specialty plan for as long as the parent remains  
44               enrolled, unless the parent elects to enroll the child in another plan in  
45               accordance with subsection (g) of this section.
- 46               (2)    Adults identified on an open child protective services in-home family services  
47               agreement case and any minor children living in the same home.
- 48               (3)    Adults identified in an open Eastern Band of Cherokee Indians Department of  
49               Public Health and Human Services Family Safety program case and any  
50               children living in the same home.

- 1           (4)   The minor siblings of a child in foster care who lived in the same home as that  
2           child at the time of the child's removal and with whom household reunification  
3           efforts are ongoing.
- 4           (5)   Recipients who have a child temporarily in foster care if all of the following  
5           are met:
- 6           a.     A court of competent jurisdiction has not found that aggravated  
7           circumstances exist in accordance with G.S. 7B-901(c).
- 8           b.     A court of competent jurisdiction has not found that a plan of  
9           reunification would be unsuccessful or would be inconsistent with the  
10          child's health or safety in accordance with G.S. 7B-906.1(d).
- 11          c.     The recipient is any of the following:
- 12                 1.     A parent.
- 13                 2.     A caretaker relative.
- 14                 3.     A custodian.
- 15                 4.     A guardian.
- 16          (6)   Any other recipients who have had involvement with the child welfare system  
17          and whom the Department has determined would benefit from enrollment in  
18          the CAF specialty plan.
- 19          (e)   The following Medicaid and NC Health Choice recipients shall be not eligible to  
20          enroll in the CAF specialty plan:
- 21                 (1)   Recipients who require services that are excluded from coverage by the CAF  
22                 specialty plan under subsection (c) of this section.
- 23                 (2)   Temporary safety provider caregivers identified on an open child protective  
24                 services in-home family services agreement case or an open Eastern Band of  
25                 Cherokee Indians Department of Public Health and Human Services Family  
26                 Safety program case.
- 27                 (3)   Recipients who are excluded from PHP coverage under G.S. 108D-40(a).
- 28          (f)   Recipients described in subdivision (d)(1) of this section shall be automatically  
29          enrolled in the CAF specialty plan, unless they are also described in G.S. 108D-40(a)(5), in which  
30          case they may enroll voluntarily. All other recipients described under subsection (d) of this  
31          section may enroll voluntarily in the CAF specialty plan.
- 32          (g)   Recipients eligible to enroll in the CAF specialty plan under subsection (d) of this  
33          section shall have the option to enroll with a PHP operating a standard benefit plan or, if eligible  
34          under G.S. 108D-40(a)(12), a BH IDD tailored plan. A recipient enrolled in the CAF specialty  
35          plan who elects to enroll with a PHP operating a standard benefit plan would only have access to  
36          the behavioral health services covered by the standard benefit plans and would no longer have  
37          access to the behavioral health services excluded from standard benefit plan coverage under  
38          G.S. 108D-35(1). The recipient's informed consent, or, as applicable, the informed consent of the  
39          recipient's custodian or guardian, shall be required prior to the recipient's enrollment with a PHP  
40          operating a standard benefit plan.
- 41          (h)   Recipients described in G.S. 108D-40(a)(14)(i) who exit the custody of the county  
42          department of social services may elect to remain enrolled in the CAF specialty plan for 12  
43          months after the date the recipient exits custody. In the case of recipients who achieve  
44          reunification, any of the following individuals with whom the recipient reunifies may also elect  
45          to remain enrolled in the CAF specialty plan as long as the recipient remains enrolled:
- 46                 (1)   A parent.
- 47                 (2)   A caretaker relative.
- 48                 (3)   A custodian.
- 49                 (4)   A guardian.
- 50                 (5)   A minor sibling."

51         **SECTION 13.** G.S. 122C-3 reads as rewritten:

1 "§ 122C-3. Definitions.

2 The following definitions apply in this Chapter:

3 ...

4 (4a) Children and families specialty plan or CAF specialty plan. – As defined in  
5 G.S. 108D-1.

6 ...

7 (20c) Local management entity/managed care organization (LME/MCO). – A local  
8 management entity that is under contract with the Department to operate the  
9 combined Medicaid Waiver program authorized under Section 1915(b) and  
10 Section 1915(c) of the Social Security Act or to operate a ~~BH-IDD tailored~~  
11 ~~plan~~-capitated PHP contract under Article 4 of Chapter 108D of the General  
12 Statutes.

13 ...."

14 **SECTION 14.** G.S. 122C-115 reads as rewritten:

15 "**§ 122C-115. Duties of counties; appropriation and allocation of funds by counties and**  
16 **cities.**

17 ...

18 (e) Beginning on the date that capitated contracts under Article 4 of Chapter 108D of the  
19 General Statutes begin, LME/MCOs shall cease managing Medicaid services for all Medicaid  
20 recipients other than recipients described in G.S. 108D-40(a)(1), (4), (5), (6), (7), (10), (11), (12),  
21 ~~and (13)-(13), and (14).~~ Until BH-IDD tailored plans become operational, all of the following  
22 shall occur:

23 (1) LME/MCOs shall continue to manage the Medicaid services that are covered  
24 by the LME/MCOs under the combined 1915(b) and (c) waivers for Medicaid  
25 recipients described in G.S. 108D-40(a)(1), (4), (5), (6), (7), (10), (11), (12),  
26 ~~and (13)-(13), and (14).~~

27 ...."

28 **SECTION 15.** Part 2 of Article 4 of Chapter 122C of the General Statutes is amended  
29 by adding a new section to read:

30 "**§ 122C-115.5. Children and families specialty plan operation.**

31 An area authority is authorized to operate the CAF specialty plan under a contract with the  
32 Department. For purposes of operating the CAF specialty plan only, all of the following apply:

33 (1) The area authority shall have a statewide catchment area.

34 (2) Counties are prohibited from withdrawing from or declining to participate in  
35 the statewide catchment area of the CAF specialty plan."

36 **SECTION 16.** Except as otherwise provided, this act is effective when it becomes  
37 law.