

**JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON MEDICAID**

NC Department of Health and Human Services

Presentation of Current and Historical Administrative Costs

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Medicaid Administrative Responsibilities

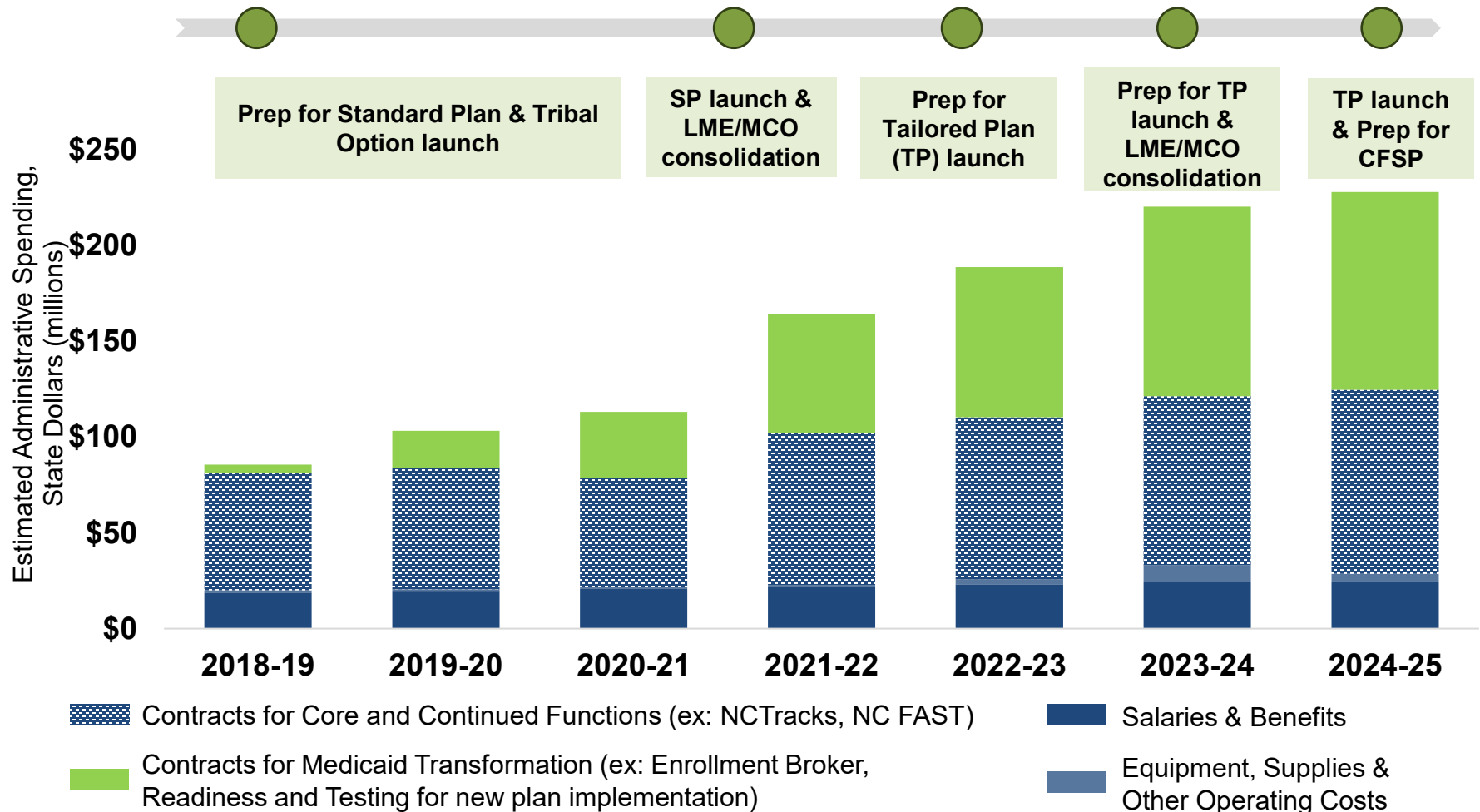
Medicaid Administration (Core Functions)	Fee-for-Service (Continued Functions)	Managed Care (Added Functions)
Eligibility Determination / Redetermination Policy and Oversight	Fee Schedules; UPL demonstrations	Program Design, Readiness, and Testing
Provider Enrollment	CAP Waiver Management	Health Plan Oversight & Financial Monitoring
Program Integrity	Prior Authorizations*	Capitation Rate Development** & Payment Operations
Fiscal Oversight & Budget Development	Claims Adjudication (Review & Payment)*	Encounter Acceptance & Validation
Clinical Policy & Guidance	Utilization Management*	Federal Managed Care Authority Compliance
Stakeholder Engagement (MAC & BAC)	Care Management*	External Quality Review Organization (EQRO)**
System Procurement, Management, Certification		Enrollment Broker Services**
Federal authority management (state plan amendments, HCBS & 1115 waivers)		Managed Care Quality Strategy
Prescription Drug List Management		State Directed Payments (HASP) Preprints and Evaluations
Federal Drug Rebate Management		Managed Care Federal Reporting (MCPAR)
Disaster Planning & Response		
PACE Program Administration		

*The volume of these activities in FFS decreased with Transformation; however, these functions are outsourced, and while state staff oversee those contracts, reduced claims volume does not translate to reduced staffing needs

**These activities required new and expanded specialized contracts

Estimated Administrative Spending SFY 2019-2025, State Dollars

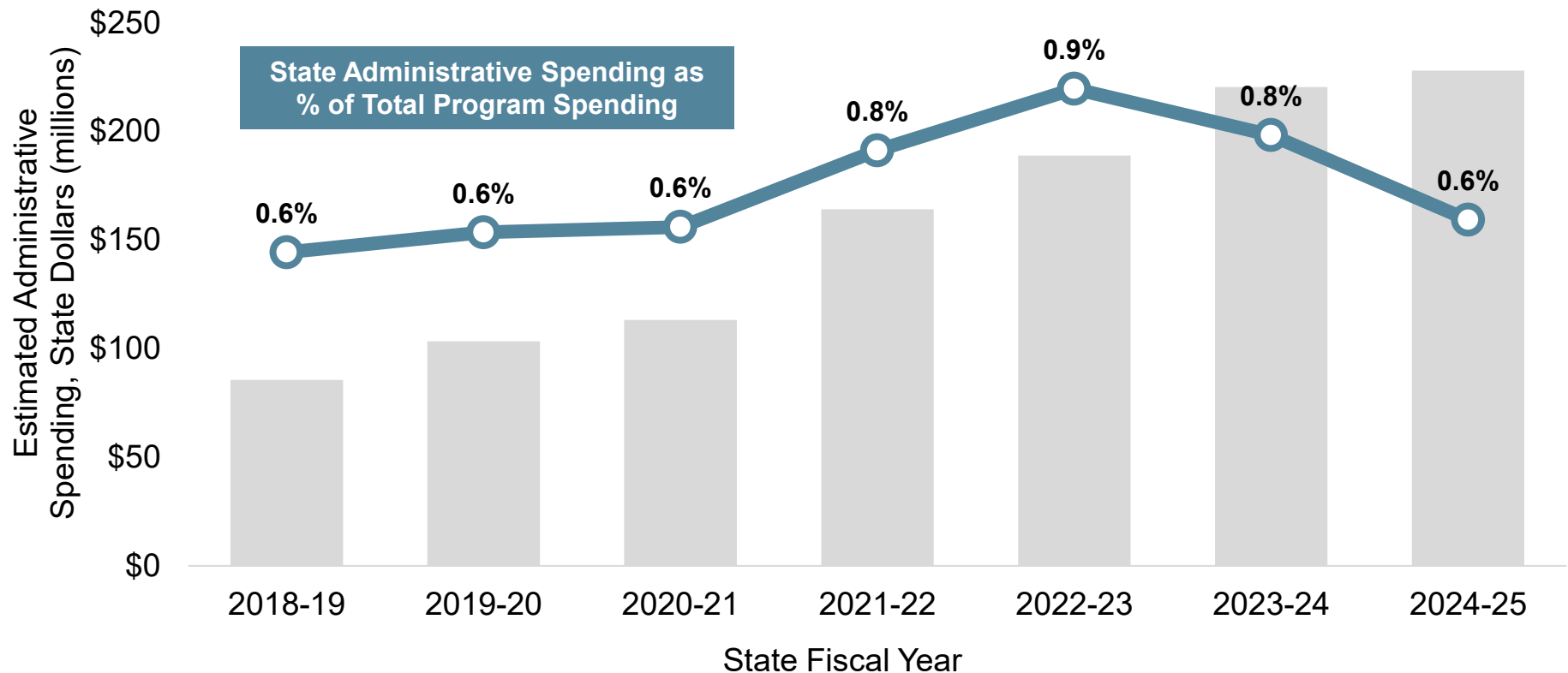
Growth in administrative costs tracks preparation for and implementation of **legislatively directed** transition to Medicaid Managed Care



Admin Spending (State Dollars) vs. Total Medicaid Spending, 2019-2025

Administrative costs as a share of total Medicaid program spending have generally **remained flat over SFY 2019-25**

(Ranging between 0.6 - 0.9% of total annual Medicaid spending)



Key DHB Administrative Accomplishments

- Transitioned **2.5M beneficiaries** to managed care with minimal service disruptions and improved care management delivery
- Implemented a cross program Help Center that has triaged and resolved over **80,000 beneficiary and provider issues across** over 40 internal business units and 20 integrated external vendors
- Minimized service disruption to beneficiaries and impacts to providers during COVID by utilizing capabilities such as **telehealth, addressing provider access issues**, and transitioning critical functions to remote work
- **Improved data and analytics capabilities** to better understand individual's healthcare needs, such as the ability to identify high-risk beneficiaries during hurricane Helene to help direct search and rescue
- Developed a comprehensive managed care oversight framework that is **overseeing 28,000 requirements** across all Medicaid Business Units

Key DHB Administrative Accomplishments

- Established the overall technical architecture, standards, and integration model across **43 systems and 2,000+ integrations** that required changes
- Developed **5-Year Medicaid Technology Roadmap** to support CMS-directed modernization and replacement of Medicaid Enterprise Systems
- Implemented **118 operational improvements to improve efficiency, effectiveness, and automation** of Medicaid
- To ensure successful program launches, conducted end-to-end testing that have included **650+ test paths** which identified and **resolved 2,230+ defects** prior to launch
- To ensure successful execution and meet CMS requirements, verified **over 17,500+ criteria** as part of readiness reviews for program launches
- Developed **15,000+ notices, letters, social media, videos, presentations, and a beneficiary portal** to support member and provider stakeholders during Managed Care Transformation

Selected Examples: Impacts of Lower Admin Funding

Areas where Support is Reduced or Eliminated	Potential Impact
Help Center ticket resolution support	Delayed or inability to address beneficiary, provider, or stakeholder issues escalated to the Department (e.g., provider claim issues, beneficiary care issues)
Beneficiary, provider, county, and stakeholder communication and engagement	Lack of clarity on new programs, existing program changes, and required stakeholder action potentially leading to disruption in programs
Contracts and related support	Delays and increased timelines for amendments, notices of deficiencies, liquidated damages, and corrective action plans, decreasing the ability to hold health plans and vendors accountable
Finance Operations (e.g., fee schedule, covered codes, claims research and monitoring, public dashboards)	Lack of clarity on provider payment information, increased provider claim issues, and decreased transparency
Operational reporting	Delays in generating operational reports and data, reducing the ability to oversee health plans and program operations; delayed ability to respond to questions and report requests from external entities
Reduction in AHEC contract	Provider practice support for Medicaid Transformation curtailed; loss of key quality and provider support resources

Selected Examples: Impacts of Lower Admin Funding

Areas where Support is Reduced or Eliminated	Potential Impact
Managed care improvement programs	Not receiving the full return on investment in care management and associated health outcomes; inability to mature programs to further improve the return on investment
Member Ombudsman not renewed	Loss of help with resolving problems with DHHS, providers or health plans, understanding rights, and connecting with other resources like legal aid or social services
Project management and technology support for MES modernization	Increased implementation issues, delays, and/or budget overruns
Medicaid, Health Plan, and other vendor call center operations and oversight	Increased unresolved issues, providing incorrect information, delays in addressing beneficiary, provider, and stakeholder calls
Health Plan, vendor, and stakeholder implementation and operations coordination	Increased in issues resulting from lack of coordination and/or delays in resolving member, provider, or stakeholder issues
Managing and tracking the implementation of federal and State requirements	Delays in implementing requirements and/or an inability to timely report implementation progress (e.g. federal government, NC legislature)
Compliance operations and implementation	Longer times to address compliance issues and delays in implementing efficiency improvements