

## JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES

NC Department of Health and Human Services

# Budget Update

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for Medicaid**

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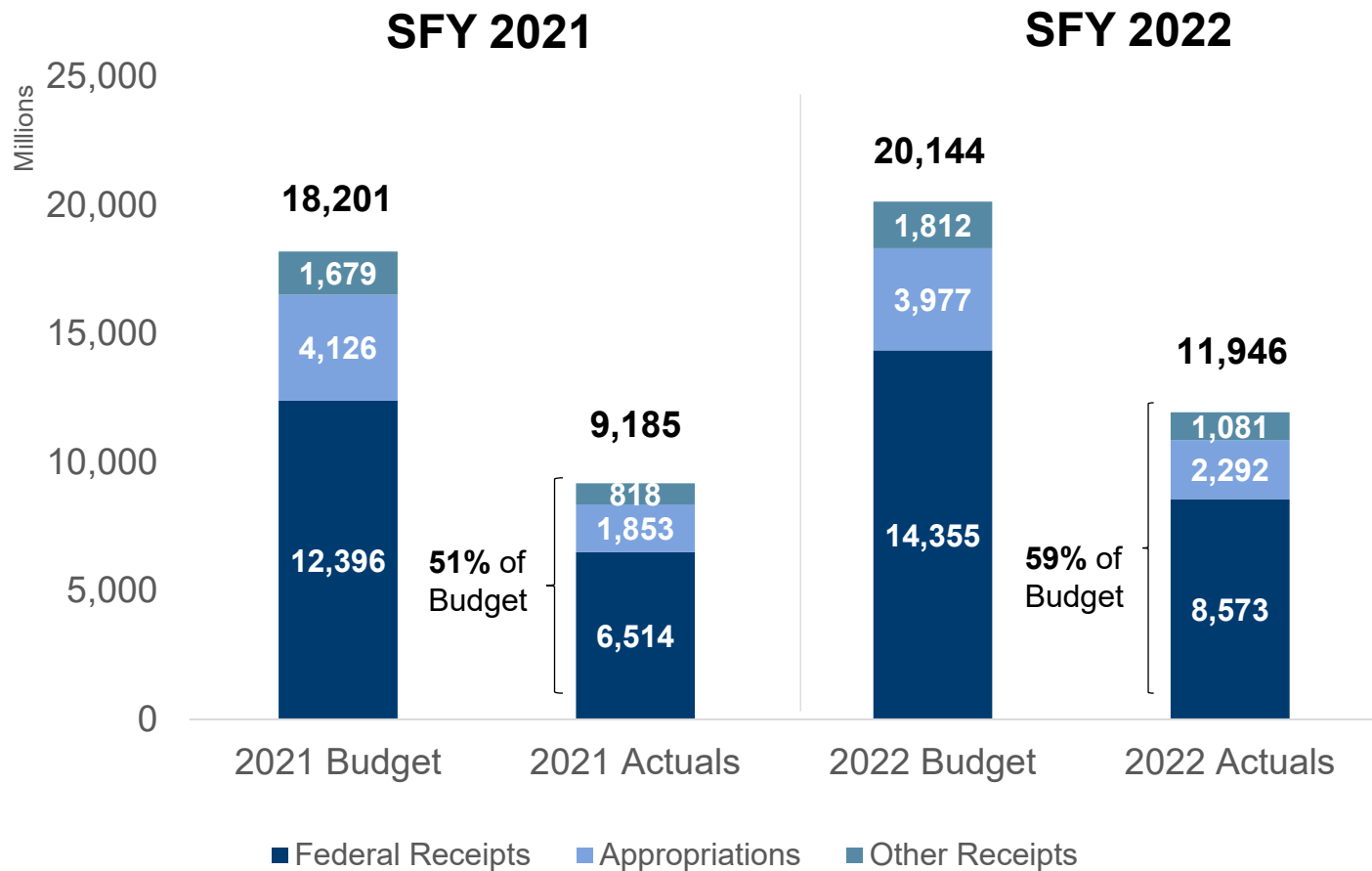
# NC Medicaid Budget Pressures

- **Convergence of managed care and pandemic uncertainties**
- **Actual enrollment exceeding projections**
- **COVID response costs (temporary rate increases) continued longer than planned**
- **Continued COVID response to address skilled nursing facility (SNF) staffing challenges**
- **Change in hospital financing approach (H383)**

**Surplus unlikely this year (unlike prior 8 years)**

# NC Medicaid Actuals v. Budget

Through January, NC Medicaid has expended a higher % of total budget than at the same point last year.



*BD701 actuals as of January 2021 and January 2022*

# Highlights of Enacted 2021-23 Biennium Budget

- Medicaid funding for direct care worker wage increases, 1,000 Innovations Waiver slots, Community Alternatives for Disabled Adults (CAP/DA), Community Alternatives for Children (CAP/C), and Traumatic Brain Injury, 12 months postpartum coverage, and allowing parents to maintain Medicaid while working towards reunification.
- \$3.6M/\$5.7M in recurring funds for Home and Community Care Block Grant expansion to reduce this waiting list and help to reach hard-to-serve clients.
- \$900k to establish positions to implement the Regional Support Model as directed by Rylan's Law and the statewide Child Protective Services Hotline.
- \$6M/\$12M to offset expected losses in federal receipts for foster congregate care and evidence-based approaches to prevention, kinship care, and reunification.
- \$20M/\$30M for technology upgrades including the development of the electronic health record system at State-operated healthcare facilities to enhance services and patient safety.

# Impact of COVID on DHHS Budget

- **DHHS continues to administer funding for programs through the 100+ federal funding streams and allocations that North Carolina has been awarded to address needs specific to the COVID response.**
- **Some of the key areas that continue to be addressed include support for:**
  - **Testing**
  - **Vaccine administration**
  - **Behavioral health and substance use services**
  - **Childcare providers and families**
  - **Healthcare providers**
  - **Families impacted by the pandemic**
- **DHHS is actively pursuing FEMA reimbursements for eligible COVID related costs to maximize and extend support for services across North Carolina.**

# Mitigating Budget Pressures

- **Long standing budget shortfalls were partially addressed in SL 2021-180 and can be managed this year, including:**
  - **Mitigating chronic receipt shortfalls in the state operated healthcare facilities.**
  - **Addressing a long-standing receipt shortfall in information technology.**
- **Overall, DHHS is managing budget pressures for state fiscal year 2021-22, including Medicaid.**

# Recover Stronger

*These priorities and our work across the department are grounded in **whole-person health**, driven by **equity**, and responsive to the lessons learned responding to the greatest health crisis in more than a generation.*

## Behavioral Health & Resilience



We need to offer services further upstream to build resiliency, invest in coordinated systems of care that **make mental health services easy to access** when and where they are needed and **reduce the stigma** around accessing these services.

## Child & Family Wellbeing



We will work to ensure that North Carolina's children grow up safe, healthy and thriving in nurturing and resilient families and communities. **Investing in families and children's healthy development builds more resilient families, better educational outcomes and, in the long term, a stronger society.**

## Strong & Inclusive Workforce



We will work to strengthen the **workforce that supports early learning, health and wellness by delivering services to North Carolina.** And we will take action to be an equitable workplace that lives its values and ensure that all people have the opportunity to be fully included members of their communities.

***The health insurance coverage gap coupled with insufficient access to affordable care disproportionately impacts Historically Marginalized Populations who have also experienced worse outcomes than others under COVID-19. Medicaid expansion would help close the health insurance coverage gap.***

# Behavioral Health and Resilience

- ***Budget Priorities will invest in:***
  - Access to treatment and services for those most at risk, including people involved in the justice system and the child welfare system.
  - Helping people have access to the right level of high-quality services for their needs, including care in their community.
  - Combating the increase in behavioral health crises, including overdoses and youth suicides, with expanded crisis supports and investing in upstream prevention and resilience.



# Child and Family Wellbeing

- ***Budget Priorities will invest in:***
  - Increasing access to child and family wellbeing services
  - Sustainable pay for the Early Childhood workforce to expand high quality programs
  - Building a stronger Child Welfare infrastructure that is able to offer collaborative, coordinated services.

# Strong and Inclusive Workforce

- ***Budget Priorities will invest in:***
  - **Strengthening and supporting the workforce that provides healthcare and direct services to North Carolinians**
  - **Employment support services that help all people have the opportunity to be fully included members of their communities**
  - **Building a more robust local public health infrastructure that can be prepared for the next crisis.**