



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

June 21, 2023

SENT VIA ELECTRONIC MAIL

The Honorable Jim Perry, Chair
Joint Legislative Oversight Committee on
Medicaid and NC Health Choice
North Carolina General Assembly
Room 311, Legislative Office Building
Raleigh, NC 27603

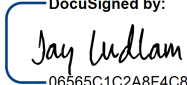
The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Medicaid and NC Health Choice
North Carolina General Assembly
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2015-245, Section 13, requires the Department of Health and Human Services, Division of Health Benefits, to report annually on the Medicaid and NC Health Choice programs. The report should include a detailed four-year forecast of expected changes to enrollment growth and enrollment mix, any program changes that will be made by the Department in order to stay within the existing budget for the programs based on the next fiscal year's forecasted enrollment growth and enrollment mix and the cost to maintain the current level of services based on the next fiscal year's forecasted enrollment growth and enrollment mix. This report is due to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Office of State Budget Management. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Walker Wilson, Assistant Secretary for Policy, at Walker.Wilson@dhhs.nc.gov.

Sincerely,

DocuSigned by:
 on behalf of
Kody H. Kinsley
Secretary

cc:	Mark Collins	Joyce Jones	Lisa Wilks	Jessica Meed
	Theresa Matula	Katherine Restrepo	Amy Jo Johnson	Luke MacDonald
	Nathan Babcock	Francisco Celis Villagrana	Fred Aikens	Todd Barlow
	Darryl Childers	Melissa Roark	Marissa Doctrove	Tai Rochelle

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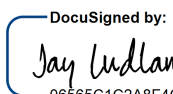
Ms. Kristin Walker
State Budget Director
Office of State Budget and Management
Room 5200, Administration Building,
Raleigh, NC 27603-8005

Dear Director Walker:

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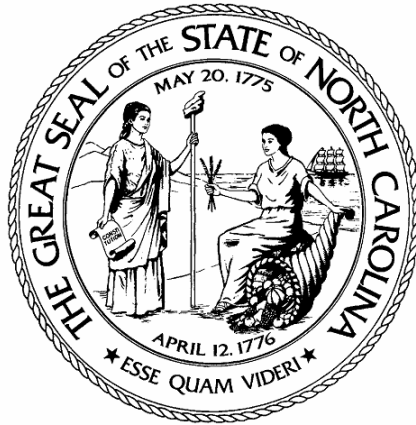
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Medicaid Transformation and 4-Year Forecast

SL 2015-245, Section 13



Report to

**Joint Legislative Oversight Committee on
Medicaid and NC Health Choice**

and

The Office of State Budget Management

By

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

June 21, 2023

SL 2014-245, Section 13:

Transformation of Medicaid & NC Health Choice Programs- Innovations Center - Develop and present by January 1 of each year, beginning in 2017, the following information for the Medicaid and NC Health Choice programs:

a. A detailed four-year forecast of expected changes to enrollment growth and enrollment mix.

The table below provides the required four-year enrollment forecast, covering the state fiscal years 2022-23 through 2025-26.¹ The table provides actual data for SFY 2021-22, and the projections for SFY 2022-23 include actual data through October of 2022.² Projections come from the most recent consensus forecast between OSBM and DHB, which is being used to formulate the rebase estimate included in Governor Cooper’s Recommended Budget for the 2023-25 Biennium.

In the Consolidated Appropriations Act of 2023, Congress set a date of April 1, 2023 for the end of the continuous enrollment requirement that has been in place since the start of the public health emergency in 2020. The continuous coverage requirement prevented NC from terminating full Medicaid coverage for most beneficiaries whose redetermination showed them to no longer meet Medicaid eligibility requirements; this requirement has led to steady enrollment growth. This report assumes that the NC continuous coverage unwinding process is initiated in April 2023, with the first disenrollments due to redeterminations taking effect in July 2023.³ The removal of the continuous coverage requirement will result in a substantial decrease in enrollment in SFY 2023-24.

¹ As a reminder the format of the table in this report is the same as last year’s report but differs from prior iterations. The rows now better correspond to the SFY 2022-23 capitated rate cells used in Managed Care. In previous years, this report featured a rolled-up view of enrollment categories. Additionally, dual-eligible beneficiaries had been counted with the Aged, Blind, and Disabled (ABD) category, but are now in the count for the “Excluded from Managed Care” group.

² Actual enrollment for SFY 2022-23 uses average monthly enrollment information from an internal report generated by DHB’s Business Information and Analytics group. The consensus forecast model projects enrollment through the end of the 2024-25 state fiscal year. To obtain numbers for SFY 2025-26 for this report, NCDHHS applies the growth over the last two months of projections from SFY 2024-25 to project July 2025 enrollment, then makes the same adjustment month-by-month for each category.

³ This lag between the end of the continuous enrollment requirement and the appearance of disenrollments in the data is the result of due process requirements whereby beneficiaries must receive and have adequate time to respond to notice of changes in circumstances.

Medicaid Eligibility Groups	SFY 2021-22 (Actual)	SFY 2022-23	SFY 2023-24	SFY 2024-25	SFY 2025-26
Non-Dual ABD (Aged, Blind, Disabled)	175,506	178,457	181,432	184,175	186,887
TANF & Other Adults	377,758	447,284	394,919	320,453	315,513
TANF & Other Child (includes NC Health Choice)	1,200,422	1,269,150	1,310,432	1,260,465	1,196,207
TANF & Other Infant	70,527	71,678	71,670	71,670	71,670
Foster Care / Adoptive Placement / Former Foster Youth	32,987	34,387	34,667	35,035	36,297
Innovations / TBI Waiver	13,548	14,000	14,000	14,000	14,000
Managed Care Subtotal⁴	1,870,748	2,014,957	2,007,121	1,885,799	1,820,574
% Growth	10.13%	7.71%	-0.39%	-6.04%	-3.46%
Excluded from Managed Care ⁵	839,005	862,888	800,507	818,421	919,880
Medicaid Total	2,709,753	2,877,845	2,807,628	2,704,220	2,740,454

- b. **What program changes will be made by the Department in order to stay within the existing budget for the programs based on the next fiscal year's forecasted enrollment growth and enrollment mix.**

The Medicaid “rebase” projection contained in Governor Cooper’s Budget for the 2023-25 Biennium accounts for the forecasted enrollment growth and mix, rates for Standard Plan and new Tailored Plan capitated payments, and other needed program, policy, and/or reimbursement adjustments.

⁴ Includes populations currently eligible to enroll in Standard Plans, as well as populations proposed to enroll in BH IDD Tailored Plans and the proposed Children and Families Specialty Plan once launched.

⁵ Approximately 55% of this group is beneficiaries receiving Family Planning benefits only. Other subgroups included in this group are as follows:

- Dual-Eligible
- Eligible for Medicare, but not full Medicaid benefits
- Program of All-Inclusive Care for the Elderly (PACE)
- CAP-C/CAP-DA
- NC Health Insurance Premium Program (HIPP)
- Medical Emergency Services only
- Medically Needy
- Prison Inmates
- Refugees receiving coverage through the Refugee Medical Assistance program

- c. **The cost to maintain the current level of services based on the next fiscal year's forecasted enrollment growth and enrollment mix.**

Governor Cooper's Budget for the 2023-25 Biennium will provide an estimate of the amount needed to maintain the current level of services based on the enrollment forecast (see section b above).