



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

February 23, 2024

SENT VIA ELECTRONIC MAIL

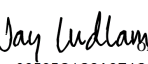
Mr. Brian Matteson, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Director Matteson:

Session Law 2023-123, Section 9E.9.(e) requires the Department of Health and Human Services, Division of Health Benefits, to 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. 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 Karen Wade, Director of Policy, at Karen.Wade@dhhs.nc.gov.

Sincerely,

DocuSigned by:
 in behalf of Kody H. Kinsley
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Kody H. Kinsley
Secretary



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The Honorable Jim Burgin, Chair
Joint Legislative Oversight Committee on
Committee on Medicaid
North Carolina General Assembly
Room 620, Legislative Office Building
Raleigh, NC 27603

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

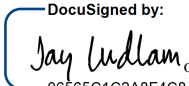
The Honorable Larry Potts, Chair
Joint Legislative Oversight
Committee on Medicaid
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2023-123, Section 9E.9.(e) requires the Department of Health and Human Services, Division of Health Benefits, to 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. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

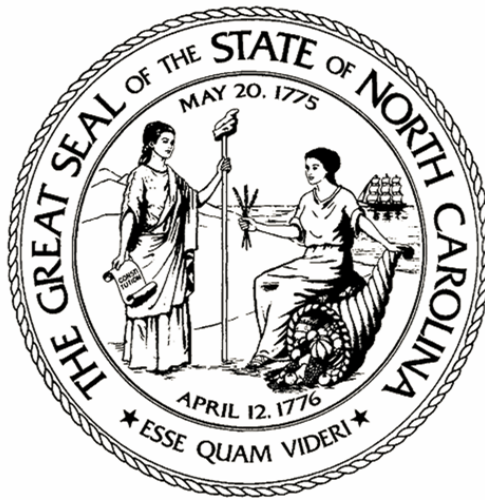
Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at Karen.Wade@dhhs.nc.gov.

Sincerely,

DocuSigned by:

on behalf of Kody H. Kinsley
Kody H. Kinsley
Secretary

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**

SL 2023-134 Qualifying Need #	Qualifying Need Title	Total Medicaid Expenditure	Medicaid Transformation Fund Non-Federal Share	Included Initiatives
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
TOTALS		\$93,716,421	\$42,849,865	

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.