



NORTH CAROLINA MEDICAID

Annual Report for State Fiscal Year 2024



July 1, 2023 - June 30, 2024

Building a healthier North Carolina.



Message from Kody Kinsley

Secretary, North Carolina Department of Health and Human Services

Medicaid is one of the most powerful tools that North Carolina has to improve the health and well-being of our people. I can proudly say over the past state fiscal year – indeed over the past eight years of Governor Roy Cooper’s administration – we have leveraged the promise of Medicaid to provide life-saving health coverage to more people, improve health, save costs by addressing people’s social needs and address whole-person health and dramatically reduce the burden of medical debt.

Perhaps no accomplishment in the past year will have greater impact than providing health coverage to more than 570,000 North Carolinians who can now see a doctor, get preventative care, manage chronic conditions and get needed prescriptions through Medicaid expansion. We got here through the hard work of NC Medicaid and the commitment of community organizations, businesses and local leaders who came together to help every eligible North Carolinian have the information they needed to enroll. Our collective work resulted in North Carolina enrolling people at a faster pace than any previous state and nearly achieving our two-year goal in just one year.

This year also marked the second anniversary of our Healthy Opportunities Pilots (HOP), another groundbreaking program that is serving as a national model. Recognizing that people’s health is mostly determined by the conditions in which they live, HOP provides evidence-based services related to housing, food, transportation and safety to Medicaid enrollees. An evaluation completed this year shows HOP produces significant results. Participants need less emergency care; the risk of food insecurity, housing instability and lack of access to transportation decreased and North Carolina spends less in medical costs per HOP beneficiary. The findings showed that the longer a person was enrolled in the pilots the greater the reduction of risk and cost savings.

This commitment to whole-person care is also evident in our launch of Behavioral Health and Intellectual/Developmental Disabilities (I/DD) Tailored Plans. These plans invest in the health and well-being of more than 210,000 people by addressing their physical and behavioral health needs in one health plan. Tailored plans cover doctor visits, prescription drugs and services for mental health, substance use, I/DD, and traumatic brain injury (TBI) in one plan. This is another critical milestone in our work to build a stronger, more outcomes-oriented and accessible behavioral health system for North Carolina.

Looking to the future, as we spoke to people newly eligible for Medicaid across the state, we learned that many still faced an additional hurdle to getting the health care they needed – medical debt. North Carolina was among the states with the highest share of adults with such debt. No more. We will be the first in the nation to leverage federal Medicaid payments to hospitals to incentivize medical debt relief. Working with North Carolina’s hospitals, our program will relieve approximately \$4 billion in medical debt for nearly 2 million people and help prevent future medical debt.

Health and well-being are the foundation of opportunity. By being innovative, strategic and excellent stewards of public resources, NC Medicaid is bringing opportunity to millions of North Carolinians.



Message from Jay Ludlam

Deputy Secretary for NC Medicaid

North Carolinians can take pride in their Medicaid program and feel confident that it serves as a national model for innovation, helping to fulfill NCDHHS' mission to improve people's health and well-being, while also being an excellent steward of the public funds entrusted to it.

The accomplishments of the past state fiscal year were made possible through extensive collaborations with our partners across the state, community leaders and organizations committed to ensuring North Carolinians understand and can access the services available to them, and the operational excellence of the NC Medicaid team. Our collective work is guided by the same north star: improving the health and well-being of the people we serve.

Of note, during state fiscal year 2024 (July 1, 2023 – June 30, 2024), NC Medicaid:

Provided health coverage to more North Carolinians than ever before. On December 1, 2023, North Carolina became the 40th state to implement Medicaid expansion, enacting the largest health care change in the state's history. In just the first seven months (through June 30, 2024), NC Medicaid enrolled more than 470,000 people. Our pace of enrollment surpassed any previous expansion state.

Was recognized by Kaiser Family Foundation as having the nation's lowest rate of Medicaid disenrollments in connection with unwinding. The unwinding of continuous Medicaid coverage allowed during the federal public health emergency could have had a devastating impact on North Carolinians. However, we took steps that not only mitigated that impact but increased coverage for thousands of eligible people. In addition to expanding Medicaid, we became one of only two states in the nation that keep children through age 5 continuously enrolled in Medicaid and older children enrolled for two years before needing recertification.

Demonstrated that addressing people's social needs improves health and reduces costs. Healthy Opportunities Pilots (HOP) is North Carolina's groundbreaking initiative that connects eligible beneficiaries to care management and provides reimbursement for services that address health-related needs like food, housing, transportation and interpersonal violence/toxic stress. In state fiscal year 2024, more than 20,000 enrolled beneficiaries received more than 461,000 non-medical services across 33 counties. An interim evaluation found that that HOP resulted in lower health care expenditures to participants, fewer emergency department visits and improved social needs.

Launched a new Medicaid health plan to meet people's physical, mental, severe substance use, intellectual/developmental disability (I/DD) or traumatic brain injury needs in one plan. Approximately 220,000 North Carolinians are now enrolled in Behavioral Health and I/DD Tailored Plans. NC Medicaid partnered with the Division of Mental Health and Developmental Disabilities and Substance Use Services to provide beneficiaries with accessible communications and resources to help them better understand NC Medicaid programs and policies. Tailored Plan website traffic increased from 800 visits per week to 3,600 visits per week after the toolkit launched.

Prioritized proactive communications engaging trusted community partners. NC Medicaid developed comprehensive outreach, engagement and communications campaign called NC Medicaid for More People. The campaign was designed to meet NCDHHS' three goals: get people covered, get people care and collaborate with partners. To ensure access, the campaign was bilingual with several resources produced in additional languages. We also launched a new initiative – Medicaid Ambassadors – to help people understand who is eligible for Medicaid and provide support with the application. By the end of state fiscal year 2024, the initiative grew to 90 ambassadors serving all 100 counties from 60 organizations.

These are just a few of the highlights. I encourage you to review the report in its entirety to see how NC Medicaid works for North Carolina.

A handwritten signature in black ink, appearing to read "Josh Stein".

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About the Annual Report

The NC Medicaid Annual Report for state fiscal year 2024 (NC Medicaid Annual Report) is an overview of **financial outcomes** and **investment summaries** in NC Medicaid programs and services administered by the NC Department of Health and Human Services' (NCDHHS) Division of Health Benefits (NC Medicaid).

The NC Medicaid Annual Report uses data and facts from the following sources, unless noted otherwise: financial figures from the NC Medicaid Certified Monthly Budget Report (NCAS BD-701); beneficiary count and geographic distribution from the NC Medicaid Monthly Enrollment Report; provider count, beneficiary age and gender from NC Medicaid customer data retrievals; NC Vital Statistics/ State Center for Health Statistics (SCHS); claims processed and amount paid from the NCTracks Checkwrite Report.

Prior NC Medicaid Annual Reports can be found on the [NC Medicaid reports webpage](#). Additional information on the Department's transformation to NC Medicaid Managed Care is located on the [NC Medicaid transformation webpage](#).

Please call the NC Medicaid Contact Center at 888-245-0179 with questions or requests for more information.



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About NC Medicaid

What is Medicaid?

Medicaid provides health care coverage to eligible people with low incomes in North Carolina including adults, children, pregnant women, seniors and people living with disabilities. Medicaid is jointly funded by North Carolina and the federal government and administered by the state.

What is NC Medicaid Managed Care?



NC Medicaid Managed Care is the way most Medicaid beneficiaries and consumers get their health care and services.

Beneficiaries enroll in a health plan that contracts with the NC Department of Health and Human Services (NCDHHS). Doctors, nurses, hospitals and other providers join a health plan's network. Beneficiaries visit their primary care provider and specialists in the health plan's network. All health plans offer the same basic Medicaid benefits and services. Some health plans may offer additional services.

What is NC Medicaid Direct?



NC Medicaid Direct is the way some NC Medicaid beneficiaries get their health care coverage and services. Beneficiaries can visit any doctor, nurse, hospital or other provider who accepts NC Medicaid patients.

What is Medicaid expansion?



North Carolina has expanded health care coverage to more people.

With Medicaid expansion, more people can get NC Medicaid. Adults ages 19 through 64 with higher incomes may be eligible for Medicaid even if they did not qualify before. NC Medicaid pays for doctor visits, yearly check-ups, emergency care, dental care, mental health and more – at little or no cost to beneficiaries.

Individuals eligible for Medicaid expansion may be enrolled in a NC Medicaid Managed Care plan or in NC Medicaid Direct.

Additional Programs

NC Medicaid also offers benefit programs designed to meet the unique needs of beneficiaries. These include the Family Planning Program, the Health Insurance Premium Payment Program (HIPP), Medicare-Aid and additional home and community-based services through Medicaid waiver programs such as the Community Alternatives Programs (CAP), the Program for All-inclusive Care for the Elderly (PACE), the Traumatic Brain Injury (TBI) Waiver and the NC Innovations Waiver.

Administering Benefits

An administrative team of various business units and capability groups at NC Medicaid ensures the management of benefits. The team sets strategic goals that meet NCDHHS' vision and mission as they oversee its programs, services or operations, use analytics to measure operational key performance indicators, or ensure systems meet operational needs.

Executive Summary

In state fiscal year 2024 (July 1, 2023, through June 30, 2024), NC Medicaid provided more than 3 million North Carolinians with access to quality care and services.

Health care in North Carolina has changed significantly over the last several years. In perhaps the greatest change to health care in the state's history, **Medicaid expansion launched Dec. 1, 2023**. After years of effort, the once-in-a-generation investment resulted in increased access to health care and reduced disparities in opportunity and outcomes for North Carolinians. **By the end of state fiscal year 2024, more than 470,000 beneficiaries had been enrolled in Medicaid expansion.**

NC Medicaid continued to innovate through programs such as the Healthy Opportunities Pilots (HOP), which have tested and evaluated the impact of providing evidence-based, non-medical interventions to Medicaid beneficiaries with a demonstrated need for these supports. An interim evaluation report developed in state fiscal year 2024 showed participation in HOP reduced the use of health-related resource needs, decreased emergency department utilization and lowered the total cost of care for the state. Through state fiscal year 2024 and beyond, North Carolina aims to **build upon the success of HOP to improve health across the Medicaid program and lower medical service costs by addressing both medical and non-medical health-related needs.**

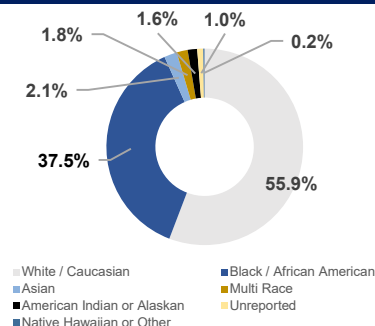
NC Medicaid prioritizes **providing comprehensive and individualized care to North Carolinians with complex health needs**. In preparation for the launch of the Behavioral Health Intellectual/Developmental Disability (I/DD) Tailored Plans on July 1, 2024, NC Medicaid tested the readiness of health plans procured to provide integrated health benefits to individuals with complex health care needs. NC Medicaid reviewed required contract deliverables, determined network adequacy and conducted onsite visits to ensure operational readiness. NC Medicaid also developed a bilingual toolkit to help beneficiaries, their advocates and Medicaid providers understand what to expect during the transition to Tailored Plans.

In October 2023, North Carolina submitted a request to the Centers for Medicare & Medicaid Services (CMS) to renew the 1115 Demonstration waiver for another five-year period to continue the important Medicaid Transformation work underway and pursue select new opportunities to advance the State's goal of improving the health and well-being for all North Carolinians through a whole-person, well-coordinated system of care that addresses both medical and non-medical drivers of health and advances health access by reducing disparities for historically marginalized populations. NC Medicaid is committed to strengthening access to quality health care for the people of North Carolina. Though this waiver provides North Carolinians with greater health access, for sustained operations of these innovations the General Assembly must provide the necessary funding.

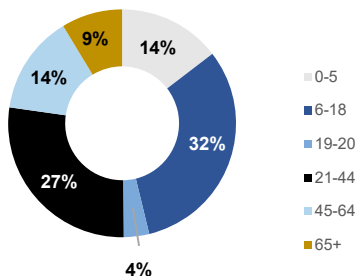
Snapshot: North Carolina Medicaid

NC Medicaid ended state fiscal year 2024 with a total beneficiary population of **2,971,562**, a **1.4% increase** compared to state fiscal year 2023. Total expenditures were nearly **\$27.8 billion**, a **\$6.3 billion increase** from state fiscal year 2023, driven primarily by the Health Access and Stabilization Program (HASP) and Medicaid expansion, neither of which required any State general fund appropriations. NC Medicaid finances closed out the state fiscal year **\$4 million under budget**.

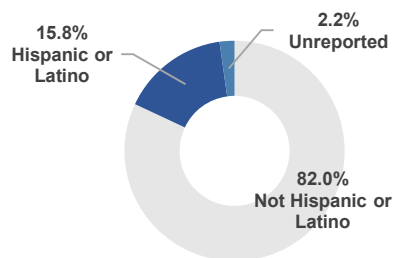
Beneficiary Demographics | Race



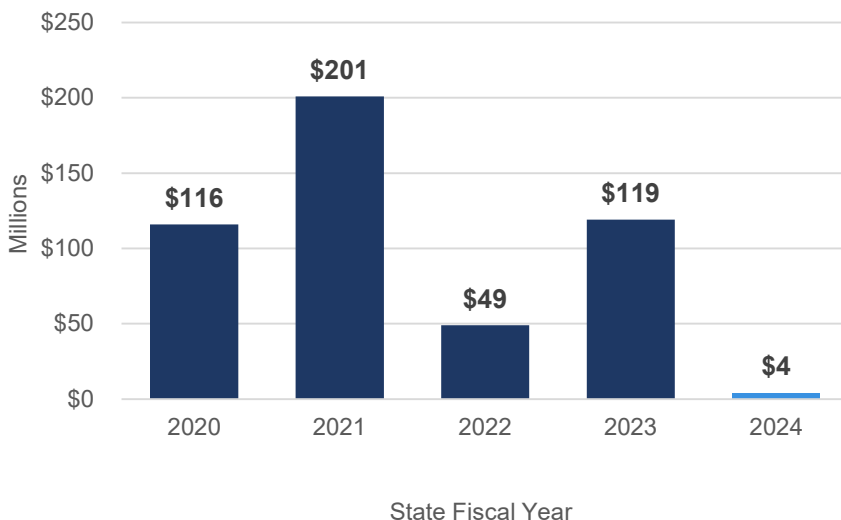
Beneficiary Demographics | Age



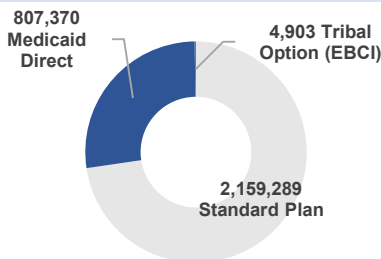
Beneficiary Demographics | Ethnicity



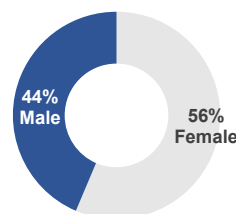
Five-Year Financial Results (\$ Millions Under Budget) State Fiscal Years 2020-2024



Beneficiary Demographics | Program



Beneficiary Demographics | Gender



Total Beneficiaries by County



Impactful Accomplishments: State Fiscal Year 2024

Medicaid Expansion	On March 27, 2023, Governor Roy Cooper signed Medicaid expansion into law (HB 76) contingent on the North Carolina budget approval, which was enacted Oct. 3, 2023. North Carolinians ages 19 through 64 with incomes up to 138% of the federal poverty level (e.g., singles earning about \$20,000/year or families of three earning about \$34,000/year) are eligible for Medicaid. These beneficiaries now have access to the same comprehensive benefits and copays as other non-disabled adults in NC Medicaid. On Dec. 1, 2023, North Carolina launched Medicaid expansion. More than 260,000 people in NC Medicaid's limited Family Planning program were automatically enrolled in full Medicaid. By the end of state fiscal year 2024, more than 470,000 beneficiaries had been enrolled through Medicaid expansion, a faster rate than any previous state had expanded Medicaid.
Healthcare Access and Stabilization Program (HASP)	In November 2023, NCDHHS announced eligible hospitals in the state would begin receiving payments through the Healthcare Access and Stabilization Program (HASP), a federally authorized program that raised Medicaid hospital reimbursement to the approximate average private payer rate. NC Medicaid distributed nearly \$2.6 billion to 102 hospitals across the state. These funds support our state's health care safety net, and help hospitals offset the costs of the non-federal share of Medicaid expansion.
Amended Section 1115 Demonstration Waiver	In October 2018, North Carolina received federal approval to significantly transform its Medicaid program through the NC Section 1115 Demonstration Waiver. On July 7, 2023, the Centers for Medicare & Medicaid Services (CMS) approved an amendment to the Section 1115 demonstration waiver. Approval of this amendment adjusted the populations covered under the Tailored Plan, expanded access to the Healthy Opportunities Pilots (HOP) for NC Medicaid Direct beneficiaries and modified implementation details related to HOP. This amendment will remain in effect through the demonstration approval period and expires Oct. 31, 2024. In October 2023, North Carolina submitted a request to renew its Medicaid Reform Demonstration, the managed care and HOP authority, for another five-year period.
Transition of 1915(b)(3) Services Transition to 1915(i) Authority	Effective July 1, 2023, 1915(i) services were available to NC Medicaid beneficiaries with qualifying diagnoses. 1915(i) services are Home and Community-Based Services that provide beneficiaries with services in their home or community rather than an institutionalized setting. These services include Community Living and Support, Community Transition, Individual and Transitional Support, Respite, Individual Placement and Support and Supported Employment.
Congenital Syphilis Partnership	In October 2023, NC Medicaid and NCDHHS joined a partnership with southeastern states, insurers and national health leaders to combat the surge in congenital syphilis infections. The partnership aims to standardize syphilis screening in pregnant women and enforce control measures for diseases like congenital syphilis. Congenital syphilis is preventable, but can lead to stillbirth, blindness, deafness, developmental delays and other health complications if left untreated. Jan. 1, 2024 NC Medicaid begins Point of Care rapid testing for syphilis and human immunodeficiency virus (HIV) coverage.

	<i>This new coverage addresses the rise of syphilis and congenital syphilis cases that have reemerged as a public health threat both nationally and in North Carolina.</i>
Behavioral Health Service Rate Increases	The North Carolina General Assembly appropriated \$220 million in recurring funds in the Current Operations Appropriations Act of 2023 (SL 2023-134) to increase Medicaid reimbursement rates for providers of mental health, substance use disorder (SUD) and intellectual/developmental disability (I/DD) services. The rate increases were effective Jan. 1, 2024.

A Look Ahead: State Fiscal Year 2025

In state fiscal year 2025, the NC Medicaid team will continue to increase access to integrated physical and behavioral health care for more North Carolinians, launch Behavioral Health Intellectual/Development Disability (I/DD) Tailored Plans and award the Children and Families Specialty Plan (CFSP) contract.

Tailored Plan	Behavioral Health and I/DD Tailored Plans provide an integrated health plan to individuals covered by NC Medicaid with a serious mental illness, a severe substance use disorder, an I/DD or traumatic brain injury (TBI). July 1, 2024 Behavioral Health and I/DD Tailored Plan will launch. <i>Tailored Plans are responsible for managing the state’s non-Medicaid (state-funded) behavioral health, I/DD and TBI services for uninsured and underinsured North Carolinians.</i>
Children and Families Specialty Plan	In September 2023, the North Carolina General Assembly authorized NCDHHS to procure the CFSP, a single, statewide NC Medicaid Managed Care plan to support seamless, integrated and coordinated health care for Medicaid-enrolled children, young adults and families currently and formerly served by the child welfare system. On Feb. 7, 2024, NCDHHS released the CFSP request for proposals (RFP).
Medicaid Advisory Committee and Beneficiary Advisory Council	In April 2024, CMS released its final rule on Ensuring Access to Medicaid Services. The new rule centers the lived experience of beneficiaries, their families and caregivers. Changes with the new rule include repurposing the existing Medical Care Advisory Committee (MCAC) with a Medicaid Advisory Committee (MAC) and establishing a Beneficiary Advisory Council (BAC). The MAC and BAC will provide a more formalized structure for beneficiaries and interested parties to provide feedback to the state about Medicaid. July 2025 Deadline for inaugural MAC and BAC meetings.
Medical Debt Relief	In state fiscal year 2025, NCDHHS will begin efforts to relieve existing medical debt and ease the burden of medical debt on North Carolinians in the future. All of North Carolina’s 99 eligible hospitals have committed to participate and in exchange will receive enhanced Medicaid reimbursement under the Healthcare Access and Stabilization Program (HASP), bringing billions of additional federal dollars into the state while mitigating the negative impacts of medical debt. <i>Medical debt is a burden that impacts many North Carolinians as well as the state’s health care system. Hospitals often only receive a small fraction of debt billed through collections.</i>
Medicaid Coverage for Obesity Management Medications	Effective Aug. 1, 2024, NC Medicaid will provide coverage for U.S. Food & Drug Administration (FDA)-approved GLP-1 obesity management medications for beneficiaries ages 12 and older. NC Medicaid is adding this coverage due to the substantial weight loss associated with these medications and the reduction of potential weight-related comorbidities. Prescription obesity management medications are widely accepted in addressing the obesity epidemic and may provide additional weight loss benefits compared to lifestyle modifications alone. Additionally, NC Medicaid receives federal match, federal pharmacy rebates and

	supplemental rebates which decrease the cost of weight loss therapies and ultimately lower overall health care costs in the long term.
Opioid Use Disorder and Nicotine Replacement Therapy	Effective Aug. 1, 2024, NC Medicaid will remove copay requirements for opioid antagonists, nicotine replacement therapy and medications used to treat opioid use disorder. This change applies to both NC Medicaid Direct and NC Medicaid Managed Care beneficiaries who are covered under the Outpatient Pharmacy benefit. The exemption will help ensure beneficiaries living with nicotine dependence or opioid use disorder do not face financial barriers when obtaining these medications from outpatient pharmacies.
Medicaid Recertifications after CMS Extension	In 2022, the 2023 Consolidated Appropriations Act (Omnibus Bill) ended the requirement that state Medicaid programs provide continuous coverage for beneficiaries regardless of changes in their eligibility due to the federal COVID-19 public health emergency (PHE). Due to the 90-day renewal process in North Carolina, the first terminations were effective July 1, 2023. The Omnibus Bill established new requirements, including a requirement to make a “good faith effort” to reach beneficiaries using at least two different methods before terminating Medicaid benefits for procedural reasons. Because of the large backlog of recertifications, local Department of Social Services staffing challenges and an increase in applications due to Medicaid expansion, NC Medicaid was granted additional time to process the recertifications. CMS recently published new guidance giving states until Dec. 1, 2025, to complete unwinding recertifications.

Financial Results

State fiscal year 2024: Growth, Change and Responsiveness

NC Medicaid adapted to serving nearly 3 million people through new and changing coverage and new payment mechanisms and was able to stay within budget for the eleventh consecutive year. NC Medicaid worked to allocate funds efficiently and effectively across all programs to enable the best possible support for our beneficiaries.

NC Medicaid implemented several significant new program elements in state fiscal year 2024: Medicaid expansion, the Healthcare Access and Stabilization Program (HASP), and a real-time wrap-around payment methodology for Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC), each of which involved creating new accounting and/or payment structures. NC Medicaid also implemented legislated rate increases for the full array of Behavioral Health services, Innovations Waiver and Long Term Services and Supports (Skilled Nursing, Personal Care Services and Community Alternatives Programs).

NC Medicaid finished implementation of the federal Home and Community Based-Services Plan funded by enhanced federal matching dollars and administered receipt and allocation of the \$664 million dollars in “bonus” federal match that the State earned by implementing Medicaid expansion.



For 11 consecutive years, NC Medicaid has finished the state fiscal year within budget.

NC Medicaid provided needed services while remaining in budget due in part to:



- One-time, higher than anticipated non-federal receipts



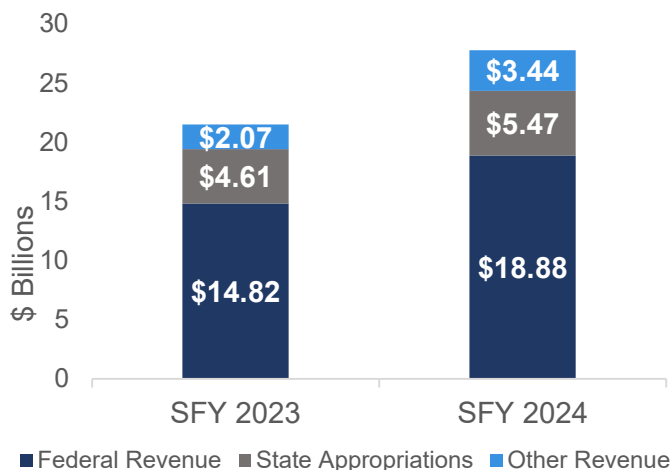
- Delay in the launch of the NC Medicaid Tailored Plans



- More gradual take up of Healthy Opportunities Pilot (HOP) services than projected

Current vs. prior year expenditures, by funding source

Exhibit 1. Total Expenditures by Revenue/Funding Source (\$ Billions) | State Fiscal Years 2023 & 2024



NC Medicaid’s total spending across all funding sources for state fiscal year 2024 was \$27.79 billion, an increase of 29.3% over the previous state fiscal year. This increase in overall spending was in large part attributable to HASP (\$2.9 billion) and Medicaid expansion (\$1.7 billion), neither of which required State general fund appropriations. Medicaid expansion is funded with 90% federal receipts and 10% hospital assessments and premium tax revenue. The non-federal share of HASP payments is funded by the hospitals. The state fiscal year 2024 increase in State appropriations spending was due primarily to lower federal match, higher than projected enrollment and health care cost inflation.

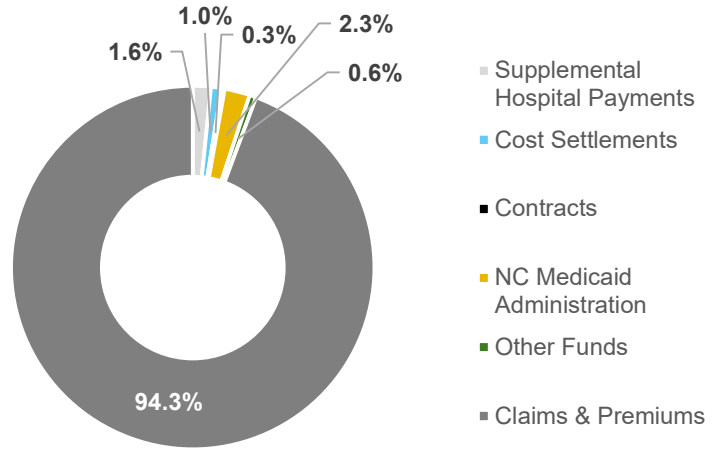
Of the overall state fiscal year 2024 expenditures, \$5.47 billion was paid by State appropriations, \$18.88 billion was paid by the federal government and \$3.44 billion was contributed via other revenue, primarily hospital assessments.

Most state fiscal year 2024 NC Medicaid expenditures (nearly \$26.5 billion) paid for care to beneficiaries via claims and premiums (which includes HASP and Medicaid expansion) and other supplemental hospital payments. NC Medicaid Administration accounted for less than 2.5% of overall Medicaid expenditures.



Nearly **\$26.2 billion** of NC Medicaid's total expenditures for state fiscal year 2024 went to claims and premiums.

Exhibit 2. \$27.8 B Fund Level Expenditures | State Fiscal Year 2024



Compliance and Program Integrity

The NC Medicaid Office of Compliance and Program Integrity (OCPI) verifies money paid appropriately for covered services by employing claim reviews and investigations, implementing recoveries, pursuing recoupments and aggressively identifying other opportunities for cost avoidance. OCPI also protects beneficiary rights with respect to the privacy of health records, as required under the Health Insurance Portability and Accountability Act (HIPAA) of 1996.



In state fiscal year 2024, a **total of \$22.5 million** was recovered through a series of post-payment reviews and county audits, or payment denials associated with pre-payment claims review.



OCPI reviewed **1,255 intake submissions** that included complaints of suspected fraud and requests not related to fraud, waste or abuse.



179 HIPAA privacy incidents reported, researched and resolved.



133 referrals were sent to the NC Attorney General for criminal or civil investigation.

Compared to state fiscal year 2023, state fiscal year 2024 experienced...



11.7%↑

In the number of total health plan claims paid



8.4%↑

In the number of total health plan claims denied



18.6%↑

In total \$ spent on paid health plan claims

Strategic Priorities

NC Medicaid is thoughtful and strategic in determining priorities and allocating funds to effectively manage and optimize NC Medicaid health care benefits and achieve strategic priorities.

North Carolina Department of Health and Human Services Strategic Priorities

NC Medicaid provides health care and essential services to eligible low-income adults, children, pregnant women, seniors and people living with disabilities while advancing innovative solutions that foster **whole-person health and health access** for all North Carolinians.

This state fiscal year, NCDHHS released its [2024-2026 Strategic Plan](#), outlining the goals and priorities for the next two years. These priorities cut across a broader strategic plan the Department uses to **drive effective operations** and **measure the impact of services** provided throughout the state. In addition to the [NCDHHS 2024-2026 Strategic Plan](#), you can learn about [NCDHHS Mission Vision and Values](#) and [NCDHHS Initiatives](#) on the NCDHHS website.

	Advance health by increasing opportunity and improving outcomes for people who face greater health and situational challenges within NCDHHS and across the state.
	Promote child and family well-being by making it easier for children and families to access the health care, programs and supports they need to thrive.
	Support behavioral health and resilience by prioritizing investments in coordinated systems of care that make services easy to access when and where they are needed and reduce the stigma around accessing these services.
	Build a strong and inclusive workforce that supports early learning, health and wellness across North Carolina.
	Achieve operational excellence by enabling efficient, effective and innovative processes and services.

Ensure Access to Health Care Services



Medicaid expansion is one of **the largest health care changes in North Carolina history**. In March 2023, Governor Roy Cooper signed a law to expand Medicaid under the Affordable Care Act, **delivering access to health insurance for an estimated 600,000 North Carolinians**. This number includes those enrolled in the limited Family Planning program and those who would lose coverage during Continuous Coverage Unwinding (CCU).

Medicaid expansion launched in North Carolina on Dec. 1, 2023.

Through Medicaid expansion and other efforts, in state fiscal year 2024 NC Medicaid worked to:

- Minimize health care coverage gaps
- Raise awareness and promote enrollment in Medicaid
- Leverage trusted partnerships
- Address challenges that create differences in access to health care
- Empower providers to improve the health of their patients, and
- Communicate proactively with North Carolinians through a variety of channels and provide opportunities for feedback.

Minimize health care coverage gaps

When Medicaid expansion was announced in March 2023, NC Medicaid's initial enrollment outreach focus was on beneficiaries enrolled in the limited Family Planning Only benefit and those who would lose coverage CCU beginning July 2023.

An estimated 100,000 beneficiaries who were expected to lose coverage due to CCU were able to keep their coverage with the launch of Medicaid expansion. NC Medicaid evaluated the disenrolled individuals for other available programs, including the limited Family Planning Only benefit. According to an analysis by Kaiser Family Foundation (KFF), North Carolina had the nation's lowest rate of Medicaid disenrollments in connection with the unwinding¹.

When Medicaid expansion launched Dec. 1, 2023, approximately 260,000 people who met the new eligibility rules automatically received full Medicaid coverage.

Medicaid expansion extends eligibility to include adults ages 19 through 64 who have incomes up to 138% of the federal poverty level	
Household Size	Annual Income before Taxes*
Single Adults	\$20,120 or less
Family of 2	\$27,214 or less
Family of 3	\$34,307 or less
Family of 4	\$41,400 or less
Family of 5	\$48,493 or less
Family of 6	\$55,586 or less

*Income limits are updated annually on April 1

¹kff.org/medicaid/issue-brief/medicaid-enrollment-and-unwinding-tracker/

Raise awareness and promote enrollment in NC Medicaid

NC Medicaid developed a comprehensive outreach, engagement and communications campaign called **NC Medicaid for More People**. The campaign was designed to meet NCDHHS' three goals: get people covered, get people care and collaborate with partners.

NCMEDICAID FOR MORE PEOPLE

The first wave of communication focused on beneficiaries with the Family Planning Only benefit. Subsequent waves of the Medicaid expansion communications campaign leveraged existing partnerships with community partners and providers, modeled from the lessons learned from COVID-19 outreach. To ensure North Carolinians knew about the expanded eligibility to Medicaid, NC Medicaid launched a [Medicaid expansion webpage](#) in October 2023, that included a toolkit of resources for organizations to spread the word to their communities.

NCDHHS prioritized accessibility to valuable information about Medicaid expansion by ensuring materials on the Medicaid expansion webpage were translated into Arabic, Chinese, Haitian Creole, Hmong, Kinyarwanda, Korean, Russian, Spanish, Swahili and Vietnamese. Medicaid expansion materials were developed to reach workers from specific industries, including retail, hospitality, childcare, health aides and barber/cosmetology. NCDHHS also provided free, printed educational materials for partners to distribute to individuals and families interested in Medicaid expansion and enrollment, including flyers, coloring books and wallet cards in English and Spanish.

In addition to online and printed materials, the NC Medicaid for More People campaign included strategies such as **media, expanded customized resources, virtual townhalls and Fireside Chats/Cafecitos**.

By the end of state fiscal year 2024, **more than 470,000 beneficiaries had enrolled in Medicaid through expansion**, rapidly approaching NC Medicaid's goal of 600,000 people enrolled in two years.

Leverage trusted partnerships

In addition to extensive communications materials, NCDHHS leveraged existing partnerships with trusted organizations and community leaders, including philanthropies, libraries, civic and faith-based groups, to deliver messages about Medicaid expansion to potential beneficiaries. NC Medicaid worked closely with partners across the state to increase awareness of eligibility, reduce barriers to enrollment and support people through the enrollment process.

In March 2024, NC Medicaid launched the Medicaid Ambassador Initiative. The Medicaid Ambassador Initiative is a network of volunteers working in North Carolina that can assist potential beneficiaries in-person or over the phone as they complete the NC Medicaid application through ePASS, North Carolina's online portal to apply for benefits, or HealthCare.gov.



The goal of the initiative is to lessen the workload of local Departments of Social Services (DSS), build a network of volunteers to reach all 100 counties in North Carolina and connect potential beneficiaries to a trusted community partner. Medicaid Ambassadors can provide access to technology, walk people through the online Medicaid application or HealthCare.gov, answer application-related questions, help people understand what information may be needed to complete an application or refer someone to an NC Navigator or local DSS for questions about the federal marketplace or eligibility. NCDHHS provided Medicaid Ambassadors with free marketing materials that were shared with communities to inform them about Medicaid expansion. Medicaid Ambassadors also participated in community engagements with organizations supporting housing, veterans, community health workers and other communities in North Carolina.

The [Medicaid Ambassador webpage](#) was launched in conjunction with the initiative to provide resources for potential beneficiaries, as well as those interested in becoming a Medicaid Ambassador. The webpage includes a “Find a Medicaid Ambassador” search tool to help North Carolinians quickly connect to in-person, community-based application support. NC Medicaid continues to identify ways to leverage Medicaid Ambassadors as community partners that can get accurate and timely information to the regions and populations that they serve.

By the end of state fiscal year 2024, the Medicaid Ambassador Initiative had grown to include more than 90 ambassadors from more than 60 organizations that serve all 100 counties in the state.

Address challenges that create differences in access to health care

NC Medicaid’s goal is to ensure all beneficiaries have access to the care they need. In addition to expanding Medicaid, NC Medicaid invested in programs that aim to serve beneficiaries in all areas of their life, including providing access to non-medical resources which may improve health.



In state fiscal year 2024, Non-emergency Medical Transportation (NEMT):

- Provided 610,734 rides to Standard Plan beneficiaries
- Served an average of 67,980 Standard Plan beneficiaries per month

NEMT provides NC Medicaid beneficiaries with transportation to medical appointments. Tailored Plan NEMT services went live in May 2024 for all four Tailored Plans. Beneficiaries enrolled with a Tailored Plan starting July 1, 2024, and were able to schedule NEMT services for July 1 and beyond to ensure there was no disruption of care.

In state fiscal year 2024, NC Medicaid approved the transportation network company Lyft for NEMT services. This pivotal milestone in the program will further reduce health disparities by ensuring everyone, regardless of income or mobility challenges, can access essential health care services.

NC Medicaid covers a wide variety of programs and services for eligible beneficiaries. To learn more about the programs and services not covered in the annual report, visit the NC Medicaid Programs and Services webpage at medicaid.ncdhhs.gov/providers/programs-and-services or call the NC Medicaid Contact Center at 888-245-0179.

Continuing telemedicine transformation

NC Medicaid addresses challenges that create differences in access to care by continuing to invest in telemedicine transformation. Telemedicine is an important tool in providing access to health care for all North Carolinians. It allows patients to stay safely at home while still receiving the care they need and

can remove long commutes for beneficiaries in rural communities. NC Medicaid is invested in providing resources to health care providers and its consumers to increase access to care and utilization of telemedicine across the state.

At the end of 2020 and into early 2021, the Department reviewed which telemedicine flexibilities implemented by the COVID-19 federal public health emergency (PHE) to keep permanent. Considering the state's telemedicine utilization data and community feedback, NC Medicaid began a formal integration process that resulted in permanently implementing more than 50% of the telemedicine flexibilities from the COVID-19 PHE.

Complete Medicaid renewals after Continuous Coverage Unwinding

During the COVID-19 PHE, states were required to provide ongoing health care coverage for Medicaid beneficiaries even if their eligibility changed. The 2023 Consolidated Appropriations Act required states to restart the eligibility renewal process. In North Carolina, the process of unwinding the continuous coverage requirements began April 1, 2023.

To ensure NC Medicaid beneficiaries and their families were aware the renewal process resumed after a three-year pause, NC Medicaid launched an outreach campaign to encourage beneficiaries to update their contact information and check their mail for information from their local DSS.

To reduce the burden on caseworkers and beneficiaries, NC Medicaid also implemented several improvements during the renewal process. These included enhancing straight-through processing for applications and recertifications using automation. NC Medicaid leveraged flexibilities granted by CMS to extend coverage for certain populations, specifically continuous coverage for children under age 19 which saves money and effort for county staff since this group is almost always redetermined eligible. In addition, NC Medicaid used information from existing sources, such as Supplemental Nutrition Assistance Program (SNAP)/Temporary Assistance for Needy Families (TANF), to assist with *ex parte* renewals without requesting additional information from beneficiaries.

Federally-facilitated Marketplace eligibility determinations

This year, NC Medicaid also began accepting Federally-facilitated Marketplace (FFM) eligibility determinations on Feb. 1, 2024. This change allows FFM to make the eligibility determination for individuals who apply for coverage through the Federal Marketplace at HealthCare.gov and whose eligibility is determined following modified adjusted gross income (MAGI) rules. From now through the authority's expiration in June 2025, North Carolinians who apply for Medicaid through HealthCare.gov and are determined fully eligible for Medicaid by the FFM will no longer require an eligibility determination by a local DSS caseworker. Once NC Medicaid receives notification of eligibility, NC FAST reviews the case to determine which full benefit program the individual qualifies for and sends the appropriate final notice of eligibility to the individual.

Empower providers to improve the health of their patients

NC Medicaid works to create and maintain a robust provider network across the state by serving all 100 counties in North Carolina. Improving health care access requires NC Medicaid to monitor the health plans and track the volume and location of providers in their networks and the services available in each region. Federal regulations require health plans maintain a provider network sufficient to provide adequate access for all services covered under the contract for all beneficiaries.

NC Medicaid's Provider Operations facilitates the centralized provider enrollment, credentialing and data maintenance of all providers, alleviating the need for providers to complete a credentialing process with each health plan. This allows health plans to focus on contracting, which aids in building provider networks and offering consistent provider information to beneficiaries. Network adequacy teams verify the sufficiency of those networks to provide adequate access to services by constantly reviewing and

addressing any accessibility concerns quickly. The Department continuously monitors the network adequacy standards outlined, as well as appointment wait time metrics and panel availability.

Exhibit 3. Provider Snapshot



Provider reverification resumed in May 2023 after a three-year pause during the PHE.



Provider reverification is an ongoing process but an initial effort to update delayed reverifications was completed in early 2024.

Provider Snapshot			
	102,800 providers		257 ambulance providers
	484 Federally Qualified Health Centers (FQHCs)		107 Rural Health Clinics

Communicate proactively with North Carolinians through a variety of channels

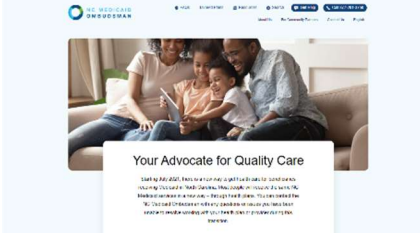
NC Medicaid and its partners conduct **outreach and engagement** through various channels to ensure beneficiaries and community partners who assist beneficiaries are kept informed of program changes, calls to action or other important updates.

Assistance options and community engagement

Even with a variety of programs available, a lack of awareness of these resources can create an additional barrier to health care. With value proven by sustained high usage rates, NC Medicaid continues to invest in its NC Medicaid Contact Center, NC Medicaid Enrollment Broker and the NC Medicaid Ombudsman, ensuring beneficiaries fully understand the services and resources for which they qualify. All these assisters offer Spanish-speaking operators, materials or other translation services to ensure high-quality access to information.

Metrics show beneficiaries use these assisters

	NC Medicaid Contact Center answers or directs questions from beneficiaries, providers and other stakeholders, ensuring a consistent response and professional service		In state fiscal year 2024, the NC Medicaid Contact Center: • Fielded 294,491 calls with a 1.65% abandonment rate • Received a Quality Assurance score of 87.55% • Reviewed 12,096 calls across the Medicaid ecosystem • The entire Medicaid ecosystem received an average Quality Assurance score of 91%
	The NC Medicaid Enrollment Broker enrolls North Carolinians in health plans, provides choice counseling, and educates beneficiaries on NC Medicaid Managed Care.		In state fiscal year 2024, the NC Medicaid Enrollment Broker: • Fielded 251,673 calls with a 5.53% abandonment rate

	 Held 2,842 outreach events  Assisted with 57,698 enrollments
NC Medicaid Ombudsman advocates for beneficiaries and helps them understand NC Medicaid Managed Care. They are available to assist beneficiaries when they are not able to resolve problems with their health plan or provider. 	 Fielded 19,570 calls; 18,456 English and 1,114 Spanish  Participated in 218 outreach events, with 7,984 attendees  16,030 cases opened, resolving 98% of them

As part of its commitment to robust communication strategies, NC Medicaid supports both the public and its business partners by a mix of social media messaging, provider bulletins, fact sheets, toolkits, press releases, knowledge articles and web content for its initiatives. NC Medicaid routinely hosts webinars for community partners, advocates and providers, sharing the most recent information to help support NC Medicaid beneficiaries.

The North Carolina Area Health Education Centers (NC AHEC) is a statewide network striving to meet North Carolina's health care and health workforce needs. NC AHEC partners with NC Medicaid to support NC Medicaid Managed Care programs and initiatives by strategically providing education, training and technical support to participating Medicaid providers.



More than 5,837 attendees opted to be included on NC Medicaid distribution lists for Community Partner webinars, finding it a valuable source for NC Medicaid updates. The distribution list **increased** by 17% in state fiscal year 2024.

NC Medicaid Communications Strategies and Tools

Strategies for Public / Beneficiaries:



Increased push for enhanced readability in all beneficiary-facing materials.

Strategies for Providers:



Published 171 Medicaid Bulletins for providers and sent 260 emails to providers through NCTracks email blasts.



Connected 18,805 providers to NC AHEC to offer one-on-one support, resources and share information on behalf of the NC Medicaid program.

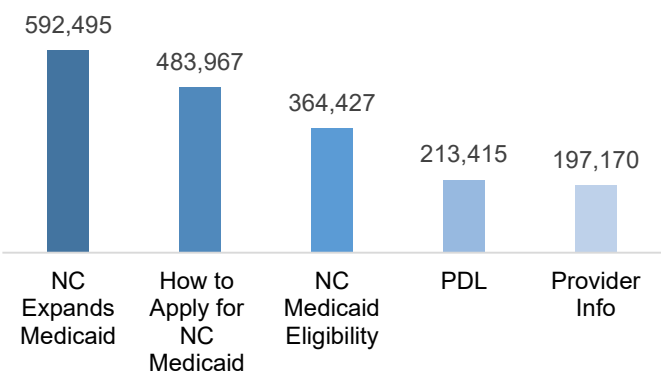


Hosted:

- Six Back Porch/Fireside Chats, reaching 819 providers
- 11 Advanced Medical Home (AMH) technical advisory group (TAG) meetings
- 12 Tailored Care Management (TCM) TAG meetings, reaching approximately 200 providers

Strategies for Local DSS:	• More than 15 TCM Learning Collaborative meetings	
	 Added more than 12 new fact sheets to the County Playbook.	 More than 34 training videos were added to the Learning Gateway.
	 Responded to 186 Dear County Director letters	

Exhibit 4. State Fiscal Year 2024 Top Five Most Visited NC Medicaid Website Pages



NC Medicaid supports initiatives with web content to ensure beneficiaries and partners can access needed information.

The top five most visited pages for state fiscal year 2024 were North Carolina Expands Medicaid, How to Apply for NC Medicaid, NC Medicaid Eligibility, Preferred Drug List (PDL), NC Medicaid: Provider Information, see Exhibit 4.

Advance Medicaid Transformation



Since North Carolina received federal approval to transform its Medicaid program in 2018, NC Medicaid has been dedicated to improving the health and well-being for all North Carolinians. **From the transition to managed care to investments in innovative programs, NC Medicaid has responded to the diverse needs of North Carolinians enrolled in Medicaid.**

In state fiscal year 2024, NC Medicaid continued to commit resources to its multi-year roadmap to advance Medicaid transformation by enhancing NC Medicaid enrollment options (see Exhibit 5 below).

Exhibit 5. NC Medicaid Enrollment Options

NC Medicaid Enrollment Options

Phase 1			Phase 2	Phase 3
Standard Plan July 1, 2021	EBCI Tribal Option July 1, 2021	NC Medicaid Direct July 1, 2021	Behavioral Health I/DD Tailored Plan July 1, 2024	Children and Families Specialty Plan Dec. 1, 2024
Standard Plans provide integrated physical health, behavioral health, pharmacy, and long term services and support to most Medicaid beneficiaries, as well as programs and services that address other unmet health related resource needs.	The Eastern Band of Cherokee Indians (EBCI) Tribal Option is available to federally recognized tribal members and their families, as well as IHS eligible beneficiaries for primary care case management and will be managed by the Cherokee Indian Hospital Authority (CIHA).	NC Medicaid Direct is North Carolina's health care program for NC Medicaid beneficiaries who are not enrolled in NC Medicaid Managed Care. It includes care management by Community Care of North Carolina (CCNC), the primary care case management entity for physical health services. Local Management Entity/Managed Care Organizations (LME/MCOs) coordinate services for mental health disorder, substance use disorder, intellectual/developmental disability (I/DD) or traumatic brain injury (TBI).	Behavioral Health I/DD Tailored Plans will provide the same services as Standard Plans, as well as additional specialized services for individuals with serious mental health and severe substance use disorders (SUD), I/DDs and traumatic brain injury (TBI Waiver), on the Innovations Waiver, as well as people using state-funded services.	Children and Families Specialty Plan will provide the same services as Standard Plans, as well as specialized care management services that aim to address many of the challenges children/youth in the child welfare system face today in receiving seamless, integrated and coordinated health care.

Building on Medicaid success: NC Section 1115 Demonstration Waiver Renewal

In October 2018, North Carolina received federal approval to significantly transform its Medicaid program through the [Medicaid Reform Section 1115 Demonstration Waiver](#). During the first demonstration period, NC Medicaid began its transition to managed care and invested in innovative programs like the Healthy Opportunities Pilots (HOP). In October 2023, North Carolina submitted a request to renew its Medicaid Reform Demonstration Waiver for another five-year period.

The 1115 Demonstration Renewal application includes requests for extensions of ongoing initiatives that were approved for the original 1115 Demonstration Waiver, refinements of ongoing initiatives and new waiver initiatives. Once approved, the 1115 Demonstration Renewal Waiver will be effective for five years.

1115 Demonstration Renewal Waiver requested provisions

 Extension with No Changes	 Extension with Refinements	 New Initiatives
• Substance use disorder (SUD) • NC Medicaid Managed Care, including Standard Plans, Tailored Plans and the forthcoming CFSP	• Home and Community-Based services under 1915(i) • Healthy Opportunities Pilot	• Pre-release services for justice-involved individuals • Investments to bolster behavioral health and Long Term Services and Supports (LTSS) workforce • Select behavioral health technology investments • Continuous enrollment for children

In July 2023, CMS approved an amendment to the section 1115(a) demonstration, which will remain in effect throughout the demonstration approval period.

Extensions of NC Medicaid initiatives

Substance Use Disorder

As part of the 1115 Demonstration Waiver, NC Medicaid submitted a request to CMS to extend the existing SUD waiver with no changes. By providing Medicaid coverage for individuals obtaining short-term residential services for SUD in an institution for mental diseases (IMD), North Carolina aims to reduce the incidence of opioid use disorder (OUD) and SUD in the state.



Addressing the opioid epidemic and SUD has long been a NC Medicaid priority, and the renewed demonstration waiver will allow beneficiaries to continue to receive this critical care.



Beneficiaries will continue to have **access to high-quality, evidence-based OUD and other SUD treatment services** ranging from medically supervised withdrawal management to ongoing chronic care for these conditions in cost-effective settings while also improving care.



In October 2023, NC Medicaid added the Substance Abuse Intensive Outpatient Program (SAIOP), Substance Abuse Comprehensive Outpatient Treatment (SACOT) and social setting detox services to expand the NC Medicaid Standard Plan behavioral health service array.

The expansion of services further improved rapid access and reduced barriers to substance use disorder services for beneficiaries enrolled in a Standard Plan.

NC Medicaid Managed Care — Standard Plans

North Carolina also submitted a request for authority to continue operating Standard Plans and launch Tailored Plans and the Children and Families Specialty Plan (CFSP). This continued authority will allow North Carolina to **support a smooth transition to managed care to improve care for Medicaid beneficiaries with complex needs.**



The start of NC Medicaid Managed Care in 2021 was the **biggest change to the state's Medicaid program** in its history.



With NC Medicaid Managed Care, beneficiaries can choose a health plan and get care through a health plan's network of doctors.

Standard Plans offer integrated physical health, behavioral health, LTSS and pharmacy services.



When NC Medicaid Managed Care Standard Plans launched July 1, 2021, approximately **1.6 million beneficiaries were transitioned** to the new care delivery model. Today, **Standard Plan beneficiaries represent a majority (72.7%) of the total NC Medicaid beneficiary population.**

By the end of state fiscal year 2024, 2,159,289 North Carolinians were enrolled in Standard Plans. This marked a 14.28% increase in Standard Plan enrollment when compared to state fiscal year 2023. There were 4,912 enrolled in the first-in-the-nation Indian Managed Care Entity (IMCE), the EBCI Tribal Option, as of July 2024.

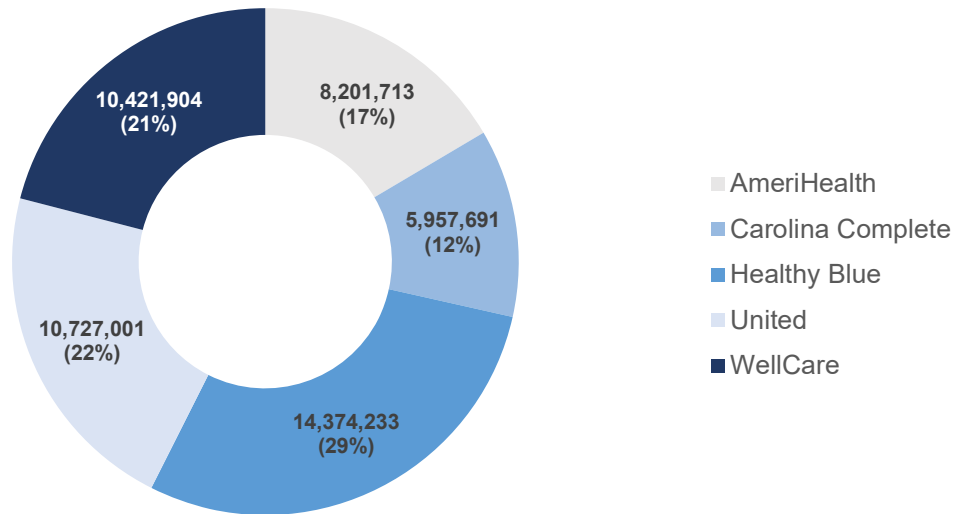
Exhibit 6. Enrollment by Health Plan

Standard Plan Health Plans	Enrollees as of June 2024
AmeriHealth	380,599
Carolina Complete*	269,943
Healthy Blue	582,079
UnitedHealthcare	453,269
WellCare	473,399
Total	2,159,289

Note: Carolina Complete Health operates in three of NC Medicaid's six Standard Plan regions

In state fiscal year 2024, the five Standard Plans processed more than 49 million pharmacy, professional and institutional claims.

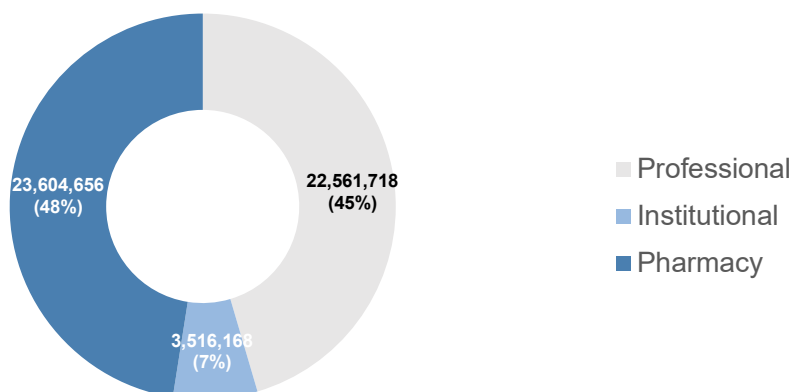
Exhibit 7. NC Medicaid Managed Care State Fiscal Year 2024 Total Claims Volume by Plan



Note: This chart includes all claims (approved and denied)

During state fiscal year 2024, 71.11% of NC Medicaid Managed Care claims were approved. As shown in Exhibit 7, Healthy Blue processed the highest claims volume with 28.9% of all claims. Carolina Complete, which operates in three of NC Medicaid's six Standard Plan regions, had the fewest number of claims, making up 12% of the total claims volume for NC Medicaid.

Exhibit 8. NC Medicaid Managed Care State Fiscal Year 2024 Total Claims Volume by Claim Type



Note: This chart includes all claims (approved and denied)

As shown in Exhibit 8, of all the NC Medicaid Managed Care claims in state fiscal year 2024, 48% were Pharmacy claims. Professional claims made up the second highest category (45%), while Institutional claims made up the smallest portion of all NC Medicaid Managed Care claims received (7%). Both Professional and Institutional claims categories had more than 85% of their claims paid (85.1% and 87.8% respectively). Of the claims categories, Pharmacy claims had the highest rate of denial, with 44.8% of all Pharmacy claims for state fiscal year 2023 being denied.

NC Medicaid Managed Care — Tribal Option

The EBCI Tribal Option is a health care option managed by the Cherokee Indian Hospital Authority (CIHA) to meet the primary care coordination needs of federally recognized tribal members and others eligible for services through Indian Health Service (IHS).



Only IHS-eligible beneficiaries associated with the EBCI can participate in this health care option.



ECBI Tribal Option had 4,912 beneficiaries as of June 2024.

NC Medicaid Direct

During state fiscal year 2024, NC Medicaid Direct served beneficiaries who were not enrolled in with a Standard Plan or the Tribal Option. NC Medicaid Direct went live April 1, 2023, and provides behavioral health and Intellectual/Development Disability (I/DD) services for more than 475,000 beneficiaries.

Many NC Medicaid Direct beneficiaries will be transitioned to Tailored Plans upon the July 1, 2024, launch.



NC Medicaid Direct is North Carolina's health care program for Medicaid beneficiaries who are not enrolled in a health plan or EBCI Tribal Option.



812,273 NC Medicaid Direct beneficiaries as of June 2024. *

*This figure includes partial benefit programs which do not provide all NC Medicaid services.

A Unique Type of Care: Tailored Care Management

In December 2022, NC Medicaid launched Tailored Care Management (TCM), a service that pairs beneficiaries with a Tailored Care Manager to support their health and well-being. With the launch of Tailored Plan, **Medicaid beneficiaries in Tailored Plans will be able to access TCM services throughout the duration of their enrollment in either NC Medicaid Direct or Tailored Plans.**



TCM is North Carolina's specialized care management model targeted toward individuals with a serious mental illness, severe substance use disorder, I/DD or TBI.



252,980 beneficiaries are currently eligible for TCM.



88 community-based providers are currently certified as TCM providers in addition to TCM services delivered by Tailored Plans.

TCM is available to NC Medicaid beneficiaries who meet clinical eligibility criteria, including individuals with serious mental illness (SMI), serious emotional disturbance (SED), severe SUD, I/DDs and TBIs.

Children and youth in foster care, children receiving adoption assistance and former youth in foster care under age 26 can receive TCM if they meet eligibility criteria.

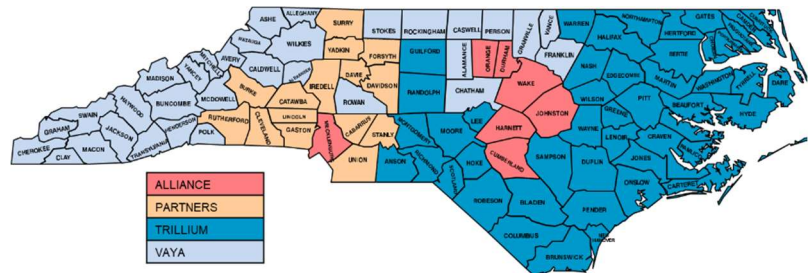
With TCM, NC Medicaid beneficiaries receive:

- Personalized care in beneficiary-preferred settings to the maximum extent possible
- Prioritized frequent in-person interactions with their care managers
- Management of chronic health conditions
- Support accessing medical and non-medical health-related needs

LME/MCO consolidation

In preparation for the launch of the Behavioral Health and I/DD Tailored Plan, NCDHHS consolidated the state's Local Management Entity/Managed Care Organizations (LME/MCOs) from six plans to four to improve access to health care services.

Eastpointe and Trillium Health Resources consolidated into one entity, and Sandhills Center was dissolved, at the direction of the North Carolina General Assembly and NCDHHS Secretary Kody H. Kinsley.



NCDHHS and the LME/MCOs [developed a transition plan](#) to best support beneficiaries and recipients, providers and counties during consolidation.



To ease this transition, NC Medicaid and the LME/MCOs sent enrollment materials and resources to beneficiaries who would experience a change of LME/MCO to help them navigate services, including information on their new LME/MCO.

On July 1, 2024, the Department, alongside Alliance, Partners, Trillium and Vaya will launch Behavioral Health I/DD Tailored Plans.

Launching Tailored Plans

The launch of the Behavioral Health and I/DD Tailored Plans will occur July 1, 2024. Tailored Plans cover doctor visits, prescription drugs and services for serious mental illness, severe substance use disorders, I/DD and traumatic brain injury, all in one plan.



Behavioral Health and I/DD Tailored Plans will launch **July 1, 2024.**



Tailored Plans are a **new kind of NC Medicaid Managed Care health plan** for beneficiaries with a serious mental illness, severe substance use disorder, intellectual/developmental disability or traumatic brain injury.



Approximately 220,000 North Carolinians will receive services through a Tailored Plan.



Tailored Plans cover doctor visits, prescription drugs and services for mental illness, substance use disorder, I/DD and TBI in one plan.

In preparation for the launch of Tailored Plans, NC Medicaid partnered with the Division of Mental Health and Developmental Disabilities and Substance Use Services (DMHDDSUS) to provide beneficiaries with accessible communications and resources to help them better understand NC Medicaid programs and policies.

NC Medicaid created a new Tailored Plan webpage, “[What to do if your NC Medicaid moved to a Tailored Plan.](#)” that features helpful information, including a toolkit with a presentation on Tailored Plans, flyers on Non-Emergency Medical Transportation (NEMT), “What happens if your providers are not in your network” and 1915(i) services fact sheets and sample social media posts. NC Medicaid also hosted a Community Partners webinar on Tailored Plans.

Tailored Plan website traffic increased from 800 visits per week to 3,600 visits per week after the Tailored Plan toolkit launched.

Children and Families Specialty Plan

The CFSP is a single, statewide NC Medicaid Managed Care plan currently in the implementation phase.



The CFSP will cover physical health, behavioral health, pharmacy, LTSS and I/DD services for children, young adults and families currently and formerly served by the child welfare system.

Additionally, the CFSP will be responsible for addressing unmet health-related resource needs, including housing, food, transportation and interpersonal violence.

Rapid Cycle Adjustments to NC Medicaid Initiatives

Healthy Opportunities Pilot

North Carolina sought authority to renew features HOP and expand access to services that address non-medical health needs to eligible North Carolinians statewide.



HOP is the **nation’s first comprehensive program to test and evaluate the impact of providing select evidence-based, non-medical interventions** related to housing, food, transportation and interpersonal violence and toxic



NC Medicaid sought authority to renew all prior features and expand HOP, as well as procure additional Network Leads, scale and modify certain existing Pilot services, expand eligibility criteria and leverage capacity building funds to support these changes.

stress to high-needs Medicaid enrollees.

Home and Community-Based Services under 1915(i)

In addition to extensions of ongoing initiatives, NC Medicaid broadened access to critical supports to Home and Community-Based Services by expanding 1915(i) services previously approved under the 1915(b)(3) Waiver authority.



1915(i) services are Home and Community-Based Services that **provide opportunities for Medicaid beneficiaries to receive services in their own home or community rather than an institutional setting.** NC Medicaid 1915(i) services include Community Living and Support, Community Transition, Individual and Transitional Support, Respite, Individual Placement and Support and Supported Employment.



NC Medicaid received approval to expand eligibility for 1915(i) services to maintain eligibility levels under 1915(b)(3) for both Tailored Plan and NC Medicaid Direct beneficiaries specifically:

- Allow individuals with more than 150% of the Federal Poverty Level (FPL) to be eligible for 1915(i) services
- Request expenditure authority for 1915(i) transition services for beneficiaries transitioning out of an institution for mental diseases (IMD)



This transition allows NC Medicaid to **extend coverage of the current 1915(b)(3) services to additional populations**, ensuring a comprehensive array of behavioral health, I/DD and TBI services in NC Medicaid Direct and Tailored Plans.

New Initiatives for the Next 1115 Demonstration Waiver Period

As part of the 1115 Demonstration Waiver renewal application, North Carolina is seeking authority to introduce four new initiatives. Each of these initiatives drive NC Medicaid’s objectives to improve health and well-being for all North Carolinians through a whole-person, well-coordinated system of care that addresses both medical and non-medical drivers of health and reducing disparities for populations that have been historically marginalized.

Justice-Involved Reentry Initiative	Continuous Enrollment for Children and Youth
 Justice-involved individuals are at a higher risk for poor physical and behavioral health outcomes. Research shows justice-involved individuals are particularly vulnerable during the period immediately following release from a correctional institution. Providing access to key services for justice-involved individuals prior to release has the potential to: • Improve access to physical and behavioral health services upon reentry into the community • Improve coordination and communication between correctional	 Nationally, around four in ten children eligible for Medicaid who are disenrolled are reenrolled within one year. This temporary loss in coverage can lead to gaps in care during critical periods of child development as well as administrative confusion and complexity. Providing continuous enrollment in Medicaid for children and youth has the potential to: • Prevent disruptions in care • Reduce health disparities

systems, Medicaid systems, managed care plans and community-based providers • Improve physical and behavioral health outcomes • Reduce the number of emergency department and inpatient hospitalizations	• Reduce administrative burden for the state, counties and families
Behavioral Health Technology	Behavioral Health and Long Term Services and Supports (LTSS) Workforce
 Behavioral health concerns are a significant and growing issue in North Carolina, especially since the COVID-19 public health emergency. North Carolina is currently ranked in the bottom 10 states for youth mental health, largely due to inadequate access to care and lack of adequate insurance coverage for behavioral health. North Carolina is requesting authority to invest in behavioral health technology for behavioral health, I/DD and TBI service providers. These investments have the potential to improve the coordinated system of care for people with behavioral health, TBI and I/DD needs.	 North Carolina's workforce lacks the capacity to address the state's growing behavioral health crisis and meet the needs of people with intellectual and developmental disabilities and those in need of Long Term Services and Supports. Investing in and developing the behavioral health and long-term services and supports workforce has the potential to: • Improve access to behavioral health services and long-term services and supports • Reduce strain on health care delivery systems

Advance Strategic Quality Programs

Maternal Health Care

Maternal Health Improvement Opportunities in North Carolina		
		
43.9%	11.8%	60.5%
Of women giving birth and enrolled in NC Medicaid had prenatal care visits in the first trimester (2023)	Of Medicaid births in North Carolina were pre-term (SFY2024)	Of NC Medicaid delivering mothers who completed a postpartum visit on or between seven and 84 days after delivery (2023)

Timely and adequate prenatal and postpartum care (PPC) is important for the long-term health and well-being of pregnant women and their infants. Access to these services is a top priority for CMS and NC Medicaid.



Qualifying NC Medicaid beneficiaries receive **childbirth education classes, provider counseling and emotional support, and medical home visits** through the NC Medicaid Maternal Support Services.

To improve NC Medicaid's performance in this area, the Division updated the [Obstetrical Services Clinical Coverage Policy No: 1E-5](#) June 15, 2024. The change requires the use of two new PPC F Codes to capture information about the timeliness of prenatal and postpartum care provided to NC Medicaid beneficiaries.



During state fiscal year 2024, NC Medicaid paid nearly **\$603.7 million** for health plan coverage for prenatal, delivery and postpartum care events.

NC Medicaid is working to improve data quality and gain a more comprehensive understanding of the medical service utilization of Medicaid beneficiaries. Improved data quality will also benefit the plans through accommodating more accurate and timely tracking of their performance on related measures.

The PPC measure was included in the first measurement year (MY) of NC Medicaid's withhold program for Standard Plans (MY2024). Under the withhold program, a portion of each Standard Plans' capitation payment is withheld, and plans must meet quality measure performance targets, including PPC, to receive withheld funds from the Department after the conclusion of the performance period. Inclusion of PPC in the withhold program aligns with NC Medicaid's Quality Strategy goal of promoting wellness and prevention, specifically supporting the objective of promoting women's health. Other withhold measures in 2024 focus on improving rates of childhood immunizations and health-related resource needs screening.

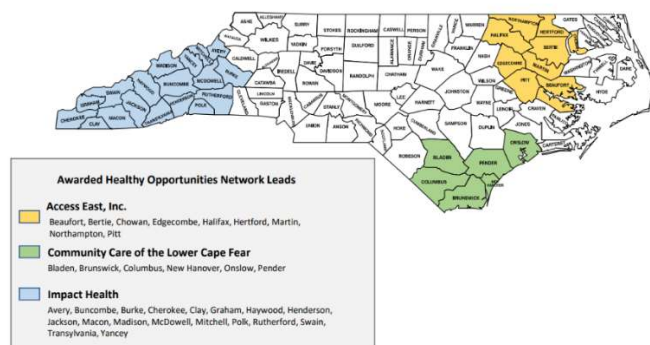
Finally, NC Medicaid added group prenatal care as an optional service for pregnant beneficiaries July 1, 2023, and aims to reach beneficiaries who routinely fall out of care or have limited prenatal care. With incentive payments for five or more documented group prenatal care visits, NC Medicaid hopes to increase beneficiary engagement and compliance with medical guidance through a supportive peer approach.

Community reinvestments from health plans

NC Medicaid has partnered with its managed care plans to support investments that address health disparities and health-related resource needs in North Carolina communities. As part of their contract, NC Medicaid Managed Care health plans are incentivized to propose investments to address community needs.

Proposed investments must reflect meaningful engagement with local communities, promote the aims of NC Medicaid's Quality Strategy and impact a population broader than just the plan's beneficiaries. Plans are encouraged to partner with Community-based Organizations and use existing data to drive the development of proposals. For example, proposals might focus on expanding the capacity of a food-focused nonprofit to provide mobile services in rural areas; establishing new initiatives to support the training and development of the health care workforce; or supporting a program that provides rent and housing assistance to low-income individuals. Since 2022, NC Medicaid has approved 45 different proposals from plans, funneling nearly \$105 million into North Carolina communities.

Healthy Opportunities Pilots address non-medical barriers to health in North Carolina



Healthy Opportunities Pilots (HOP) is the first comprehensive program in the country to integrate non-medical services, including healthy food, housing, transportation and supports for interpersonal violence and toxic stress into its Medicaid program. The federal government authorized the use of up to \$650 million in federal and state Medicaid funding for HOP to operate in three regions of the state over five years, through October 2024.

Since March 15, 2022, NC Medicaid has reimbursed Human Service Organizations (HSOs) for the delivery of evidence-based, non-medical services to address whole-person health through HOP. HOP connects eligible beneficiaries to care management, defines and prices non-medical services and provides reimbursement for the provision of non-medical services that address health-related social needs related to food, housing, transportation and interpersonal violence/toxic stress. HOP covers the cost of 28 interventions as listed in the [Pilot Service Fee Schedule](#).

In May 2024, HOP expanded eligibility to include a subset of beneficiaries living in the pilot regions and are enrolled in NC Medicaid Direct. Beneficiaries who receive Tailored Care Management and services from a Local Management Entity/Managed Care Organizations (LME/MCO) may qualify for HOP. This allowed the state to address the non-medical needs of **approximately 14,000 additional beneficiaries**.

On July 1, 2024, HOP will expand Pilot eligibility to beneficiaries enrolled in Tailored Plans living in the [pilot regions](#). Prior to this, only individuals who receive Medicaid through a Standard Plan or were enrolled with NC Medicaid Direct and eligible for Tailored Care Management (TCM) were eligible to participate in HOP.

HOP covers a wide variety of programs and services for eligible beneficiaries. To learn more about the programs and services not covered in the NC Medicaid Annual Report, visit the [Healthy Opportunities Pilots webpage](#).

Evaluating the success of the Healthy Opportunities Pilots



In state fiscal year 2024, approximately 20,000 beneficiaries received more than **461,000** non-medical services across 33 counties

As part of the comprehensive HOP evaluation design, NCDHHS commissioned the Cecil G. Sheps Center for Health Services Research at the University of North Carolina to develop an Interim Evaluation Report summarizing early program findings from program launch through Nov.30, 2023. Released in April 2024, the evaluation provides important information to help NC Medicaid guide service delivery and programmatic adjustments in the future.

The findings from the Interim Evaluation Report are promising and support further investment in the HOP initiative and plans to scale-up over time. Specifically, the Interim Evaluation Report highlighted the following:



HOP services are delivered effectively: HOP infrastructure successfully enabled delivery of HOP services. As of Nov. 30, 2023, more than 13,000 unique individuals were enrolled in HOP and nearly 200,000 services were delivered across several types of interventions by 147 community-based organizations/social services agencies. Food services were the most common service type, representing more than 85% of all services delivered.



HOP services are associated with improvements in social needs: Participation in HOP reduced the total number of social needs across the housing, food and transportation domains. Findings suggest extended HOP participation was associated with reduced needs. Interpersonal violence/toxic stress services were not part of this evaluation, as implementation of these services occurred later.



Participation in HOP impacted health care usage: Participants were likely to enroll in HOP during a period of rising risk for adverse health care usage and spending. HOP participation was associated with decreased emergency department usage (an estimated reduction of six emergency department visits per 1,000 member months). HOP participation was also associated with reduced inpatient hospitalizations for non-pregnant adults by two admissions per month per 1,000 beneficiaries.



Receipt of HOP services lowered total cost of care: Researchers found lower health care expenditures attributed to HOP participation across several analyses, relative to what would have occurred without HOP participation. Evaluators estimated service spending (which includes spending for medical care and HOP services) was, on average, \$85 dollars less per HOP participant, per month than it would have been with the absence of HOP. Longer participation in HOP (e.g., 12 months rather than six months) was associated with greater reductions in direct service spending.

What is next for the Healthy Opportunities Pilots?

Based on the Interim Evaluation findings, researchers outlined four key recommendations:

1. **Maintain efforts to screen, enroll and deliver Healthy Opportunities Pilots services to Medicaid beneficiaries:** Screening, enrollment and delivery of services observed in the Interim Evaluation is substantially greater than it was at earlier program evaluation results.
2. **Do not limit service duration:** For most areas where HOP services appear to be improving outcomes (e.g., health-related social needs, adverse health care usage and spending), researchers found that longer periods of time after Pilot enrollment were expected to result in better outcomes.
3. **Understand the relationship between Pilot services and social needs:** The key focus of HOP is to address health-related social needs to improve health. Though resolution of a need (defined as no longer reporting a need once previously reported) is likely to be beneficial, it is also important to recognize that needs could worsen in the absence of HOP, and thus services may be beneficial even if individuals continue to report a need. Ongoing assessment of whether HOP services are 'addressing' needs should attend to the nuance of the HOP participant's experience.

4. **Expand Pilot services to other regions of North Carolina:** Although this is only an interim evaluation, there are clear signs key features of HOP are working as intended. Offering HOP services in additional parts of the state, assuming similar operating conditions can be established, is well-supported by the available data.

Advance Strategic Benefits Programs

NC Medicaid implemented numerous adjustments to better serve its beneficiaries. To streamline access to long term benefits, NC Medicaid launched NC Medicaid Linking Individuals & Families for Long Term Services and Supports (NCLIFTSS), a single point of entry to manage long term services and supports. In addition, more children received services through the Community Alternatives Program for Children (CAP/C) with 500 additional slots available this year.

Long Term Services and Supports

To achieve the Department's priority of whole-person health, some beneficiaries need additional services and supports that directly correspond to their living circumstances. Addressing this need, NC Medicaid offers a variety of strategic benefit programs, including CAP waivers, the Program for All-inclusive Care for the Elderly (PACE), Money Follows the Person (MFP), Traumatic Brain Injury (TBI) waiver and Innovations waiver.

In June 2023, NCDHHS awarded the NC Medicaid Comprehensive Independent Assessment Entity (CIAE) contract to Kepro, now Acentra Health, to streamline access to long term services and supports (LTSS). This single point of entry is branded NCLIFTSS.

Beneficiaries and providers can access LTSS programs in NC Medicaid through a unified point of entry. NCLIFTSS aims to reduce wait times between initial contact and service enrollment and enhance service quality with increased provider training and technical support. In addition, this will improve coordination between NC Medicaid Direct and other benefit plans and offer a dedicated resource for Medicaid beneficiaries.

NCLIFTSS processes referrals, performs option counseling, conducts assessments and quality assurance reviews, provides service plan management and customer service and conducts provider training to a variety of LTSS programs. NCLIFTSS provides management and oversight for the Community Alternatives Programs, Pre-Admission Screening and Resident/Review process (PASRR) Level II and serves as North Carolina's Transition of Care Coordinator (TCC) for nursing home residents who request information about options for less restrictive care settings.

Community Alternatives Programs

CAP covers Home and Community-Based Services (HCBS) to allow beneficiaries to receive care at home instead of an institution. Services offered through CAP waivers supplement rather than replace the formal and informal services and supports already available to a Medicaid beneficiary. There are two CAP programs, one for children (CAP/C) and another for disabled adults (CAP/DA). Beneficiaries enrolled in CAP may elect to participate in the consumer direction model of care. Consumer direction allows a CAP beneficiary flexibility and decision-making authority over what services to receive to address health care needs, when and where the services are provided and by whom services are delivered.

In state fiscal year 2023, the CAP/C waiver received a five-year extension from CMS. The extension included an additional 500 waiver slots annually, reaching 6,000 slots by the fifth year. The number of available slots for state fiscal year 2024 was 4,500 and will increase to 5,000 for state fiscal year 2025.

With assistance from local CAP/DA case management entities and NCLIFTSS, enrollment assessments for CAP/DA increased significantly over the past year, resulting in maximum use of the waiver slots. Due to an active waitlist for CAP/DA, a request will be made to the North Carolina General Assembly in state fiscal year 2025 to increase capacity to serve at least an additional 1,000 unduplicated individuals. The current CAP/DA waiver is set to expire Oct. 31, 2024, and a renewal request will be submitted to CMS during state fiscal year 2025 for the continuation of this program.

By the Numbers: Community Alternatives Programs			
			
3,708	11,114	4,742	\$617.4 million
CAP/C participants, 82% of the 4,500 available slots	CAP/DA participants, 95% of the 11,648 available slots	Consumer- direction participants	In CAP reimbursements, a 4.9% increase compared to state fiscal year 2023

Program for All-inclusive Care for the Elderly

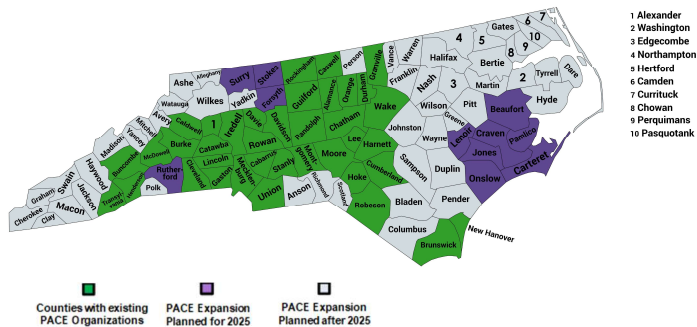
PACE is a national model of a capitated full-risk managed care program for adults ages 55 and older who require nursing facility-level of care. The goal of PACE is to provide high quality care by managing a beneficiary’s health and medical needs to delay or avoid unnecessary hospitalization and provide a community-based alternative to long-term care placement.

PACE offers a comprehensive array of services including primary health clinics, adult day care programs, areas for therapeutic recreation, personal care and other acute, emergency care and long-term care services for those enrolled in the program. Each beneficiary has an interdisciplinary team to case manage services provided or arranged by the PACE organization.

By the Numbers: Program for All-Inclusive Care for the Elderly			
			
11	38	2,640	\$136.6 million
PACE organizations, delivering services at 12 locations	Counties covered by PACE organizations and working to expand	Beneficiaries served, a 5% decrease compared to state fiscal year 2023	Invested in PACE, a 19.3% increase compared to state fiscal year 2023

In state fiscal year 2024, the Department reimbursed \$136.6 million to PACE organizations, at a monthly per person rate of \$6,224.42 for dual-eligible beneficiaries (receiving both Medicaid and Medicare) and \$8,199.38 for Medicaid-only beneficiaries. In February 2023, the Department allowed four additional PACE organizations to submit statements of intent for service area expansion (SAE), as part of a plan to expand the program to 13 counties between 2024 and 2026.

Exhibit 9. PACE Service Areas and Planned Expansions



In 2023, CarePartners was approved for expansion and added McDowell and Transylvania counties to its service area in April 2024. Senior Total Life Care submitted its SAE application to CMS in December 2022 after review by NC Medicaid and plans to expand by September 2024. PACE of the Triad and Carolina SeniorCare plan to expand by 2025. In addition, NC Medicaid approved the statement of intent for SAE for PACE of

the Southern Piedmont and CarePartners. Once these expansions are completed, PACE will cover 49 of the 100 counties. NC Medicaid anticipates the submission of two additional statements of intent for its review in state fiscal year 2025.

Money Follows the Person

Money Follows the Person (MFP) is a CMS-funded project administered by NC Medicaid designed to move Medicaid beneficiaries living in inpatient facilities into their own homes and communities while getting the support they need. MFP supports older adults (ages 65 and older), people living with physical disabilities (ages 65 and under), individuals with traumatic brain injuries and individuals with intellectual or other developmental disabilities who reside in facilities such as nursing homes, hospitals, psychiatric residential treatment facilities or intermediate care facilities (ICFs).

Benefits of MFP include initial start-up funding for expenses to move individuals into the community, including expenses not covered under the Medicaid service packages, such as accessibility modifications, pre-transition assessments, security deposits and furniture.

By the Numbers: Money Follows the Person



131

Beneficiaries transitioned out of facilities and into their own homes and communities in state fiscal year 2024



2,029

Participants attended 11 online lunch and learn webinars



368

Participants attended stakeholder engagements across the state



\$2,600

Transition of individuals under MFP saves Medicaid \$2,600 per month per person

Funding from the Consolidated Appropriations Act 2023 (CAA 2023) (P.L. 117-328) provided an extension of MFP services through 2031. CAA 2023 extended the MFP program to appropriate \$450 million in federal funding for each fiscal year from state fiscal year 2024 through state fiscal year 2027, for a total of \$1.8 billion for competitive grants to states (to remain available through 2031 until extended). In addition, the provision appropriated \$5 million to states for state fiscal year 2023 and for each subsequent three-year period through state fiscal year 2029 for capacity building initiatives for quality assurance and improvement, technical assistance, oversight, research and evaluation.

The renewal of the MFP demonstration grant will empower states to continue and expand the transition of individuals living in institutional settings to the community. It supports North Carolina's Olmstead Plan

to provide services and supports in the least restrictive environment. **In total, the MFP has supported 1,847 beneficiaries with transitions since 2009.**

A key focus area for MFP this past year was to launch a request for proposals (RFP) and select a single Statewide Transition Coordination Entity (STCE) to support transitions for older adults and adults living with physical disabilities. The implementation of the STCE will improve consistency of practices, quality of service delivery and communication.

On June 20, 2024, Vaya Health was awarded the contract for MFP transition coordination services and outreach and education activities, supporting the aging and populations living with physical disabilities served by the program. The single statewide vendor will provide a comprehensive array of services including transition coordination, housing assistance, a full range of services and supports needed for living in the community and follow-along supports for 365 days.

Transition coordination services and outreach and education activities will launch Sept. 18, 2024. Vaya Health currently provides transition coordination services and outreach and education activities for the Intellectual/Developmental Disability (I/DD) populations for MFP participants under a separate agreement. Transition services for the I/DD population will continue to be delivered by the managed care organizations in their catchment area.

MFP hosted leadership development training for 47 individuals from 19 different organizations to strengthen the organizations involved in community transitions. In addition, MFP welcomed a CMS team for an MFP site visit and roundtable discussion, with 49 people in attendance.

The second year of a five-year partnership with UNC Cares to launch and support four capacity building initiatives was completed in June 2024. UNC Cares provided ongoing training, technical assistance and assistance with the design and implementation of evaluation models for each of the grantees. The grantees are building capacity in four areas to address barriers to transitions: housing, transportation, paid support staff and natural supports. The grantees are:



HOPE NC leading the
IDEAL Communities
initiative



Land of Sky Regional
Council leading the
WISH Collaborative



Duke University
leading the WECARE
initiative



Piedmont Triad Regional
Council leading the
Natural Supports initiative

Behavioral Health and Intellectual/Developmental Disabilities

Behavioral Health and I/DD services provide NC Medicaid beneficiaries with medically necessary diagnostic, therapeutic, rehabilitative, palliative or case management needs. In state fiscal year 2024, the North Carolina General Assembly appropriated \$220 million in recurring funds to increase Medicaid reimbursement rates for providers of mental health, substance use disorder (SUD) and I/DD-related services.



This transformative change is the first increase to the state minimum reimbursement rates for behavioral



Raising these rates will **strengthen the care workforce** and **make Medicaid expansion more impactful** for the estimated 600,000 people who will gain

health services in more than a decade.

access to these Medicaid health care services.

Non-waiver

The 2024 Medicaid Annual Report highlights Mental Health Parity, a key initiative in the Behavioral Health (non-waiver) program.

Mental Health Parity

This initiative aims to ensure that health insurers provide the same level of benefits for mental health and substance use disorder services as they do for medical and surgical services. A two-part mental health parity analysis was completed for Tailored Plans and Standard Plans and submitted to CMS.

The impact of this initiative on beneficiaries and stakeholders includes increased access to mental health and substance use disorder services.

As part of the 1115 Demonstration Waiver Renewal, North Carolina also requested authority to invest in behavioral health technology and related technical assistance for behavioral health, I/DD and TBI service providers. This investment would aim to address behavioral health access and lack of adequate insurance coverage for mental health.

Behavioral Health Waivers Innovations Waiver

The NC Innovations waiver is a federally approved 1915(c) Medicaid Home and Community-Based Services (HCBS) waiver. It is designed to meet the needs of individuals with an I/DD to receive long-term care services and supports in their home or community, rather than in an institutional setting.

The Medicaid Innovations waiver provides support to individuals with I/DD to help them live the life they choose. Waiver services are administered by a Local Management Entity/Managed Care Organization (LME/MCO), which facilitate services and oversees a network of community-based service providers.

Effective March 1, 2024, CMS approved NC Medicaid to continue certain temporary flexibilities in the 1915(c) Innovations waiver. The following flexibilities are now considered ongoing:



Home delivered meals (up to seven meals per week/one per day).



Access to real time, two-way interactive audio, and video telemedicine for Community Living Support including:

- Day Support
- Supported Employment
- Supported Living and Community Networking to be delivered via telemedicine



Allow beneficiaries to receive services in alternative locations: hotel, shelter, church or alternative facility-based settings under specific circumstances.

	Remove the requirement for beneficiaries to attend the day supports provider once per week.
	Increase the Innovations waiver cap from \$135,000 to \$184,000 per waiver year. This is a change from the initial requested increase of \$157,000 and considers the increase for Innovations Direct Care Workers.
	Allow parents of minor children receiving Community Living and Support to provide this service to their child (who has been indicated as having extraordinary support needs) up to 40 hours/week.
	Allow Supported Living to be provided by relatives.
	Allow relatives as providers for adult waiver beneficiaries to provide above 56 hours/week, not exceeding 84 hours/week of Community Living and Supports.
	Community Navigator service will be available only to beneficiaries who self-direct one or more of their services through the agency with choice or employer of record model.
	Added 350 legislated Innovations Waiver slots.

Traumatic Brain Injury Waiver

The Traumatic Brain Injury (TBI) waiver pilot began in September 2018. The program is currently available to eligible individuals living in the Alliance Health LME/MCO catchment area (Wake, Durham, Johnston, Cumberland, Mecklenburg and Orange counties).

The TBI waiver provides long term services and supports to eligible people with TBI so they may remain in their homes and communities. TBI waiver services are limited. If service slots are full, the beneficiary's name is added to the wait list.

Temporary flexibilities implemented during the public health emergency were scheduled to end effective Nov. 11, 2023. NC Medicaid extended temporary flexibilities until Feb. 29, 2024, and submitted a 1915(c) TBI waiver amendment to CMS to make the following flexibilities permanent:

- Allow home delivered meals (up to seven meals per week/one per day)
- Allow real time two-way interactive audio and video telemedicine for Life Skills Training, Cognitive Rehabilitation, Day Support, Supported Employment; Supported Living and Community Networking to be delivered via telemedicine.
- Allow waiver individuals to receive services in alternative locations: hotel, shelter, church, or alternative facility-based settings.
- Remove the requirement for the beneficiary to attend the day supports provider once per week.
- Allow relatives as providers for TBI waiver individuals to provide Personal Care and/or Life Skills Training (or a combination of those two services) for up to 40 hours/week total.

- Add Harnett County to the Alliance Health TBI network

The amendments will be effective July 1, 2024, through April 30, 2026.

Pharmacy

NC Medicaid enhances the lives of beneficiaries through a comprehensive pharmacy benefit. In state fiscal year 2024, NC Medicaid improved pharmacy provider reimbursement, access to reproductive health care and modernized claim processes. The NC pharmacy team provided oversight of the pharmacy benefit managed by Standard Plans and prepared for launch of the Tailored Plans in state fiscal year 2024.

State Fiscal Year 2024 Performance

NC Medicaid currently spends \$3.08 billion gross on pharmacy claims per year. Spending is reduced to \$1.4 billion per year after state and federal rebates are received. NC Medicaid pays for 17 million prescriptions per year.

Overall, the gross spending per prescription increased by 0.5% to approximately \$166.10 per prescription in state fiscal year 2024. After rebates are factored in, the net cost per prescription remains at approximately \$79.83 per prescription, a 2.3% increase over the past two years.

Considering only traditional medications, the gross spend on a per prescription basis decreased 1.1% to \$98 per prescription and the net cost after rebates increased 2% to \$32 per prescription.

Specialty drug spending continues to rise to 59.5% of the overall drug spend. This reflects an increase of 1.2% in gross spend per prescription and an increase of 1.4% in net spend per prescription after rebates. The gross spend in state fiscal year 2024 was approximately \$22,703 per specialty drug prescription and net cost was approximately \$12,885 per specialty drug prescription.

Medications for behavioral health represent 14.14% of the overall drug spend.

Exhibit 10. Two-Year Trend Line — All Drugs

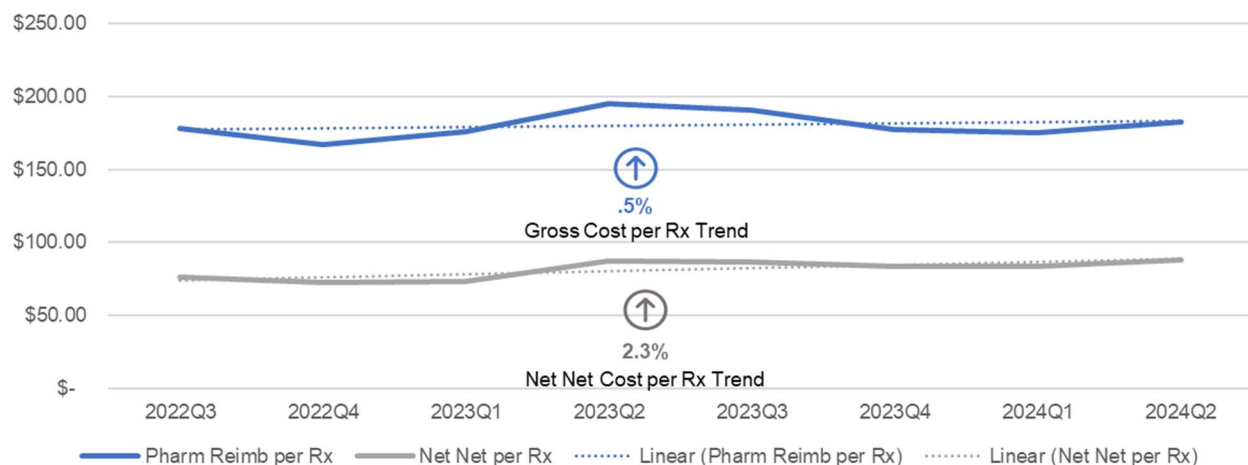


Exhibit 11. Two-Year Trend Line — Traditional

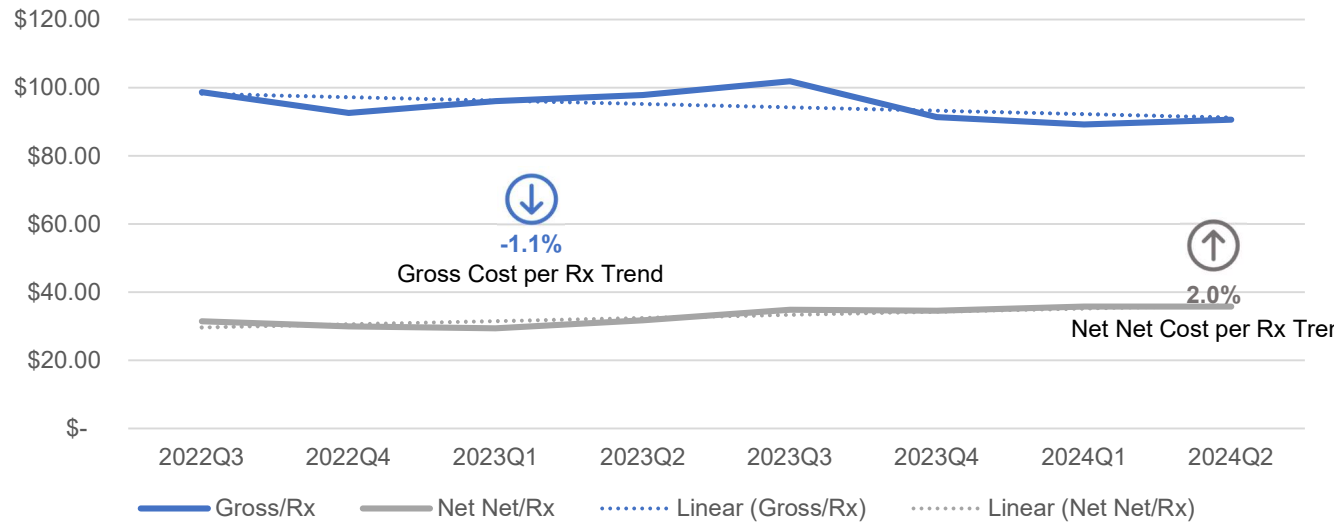
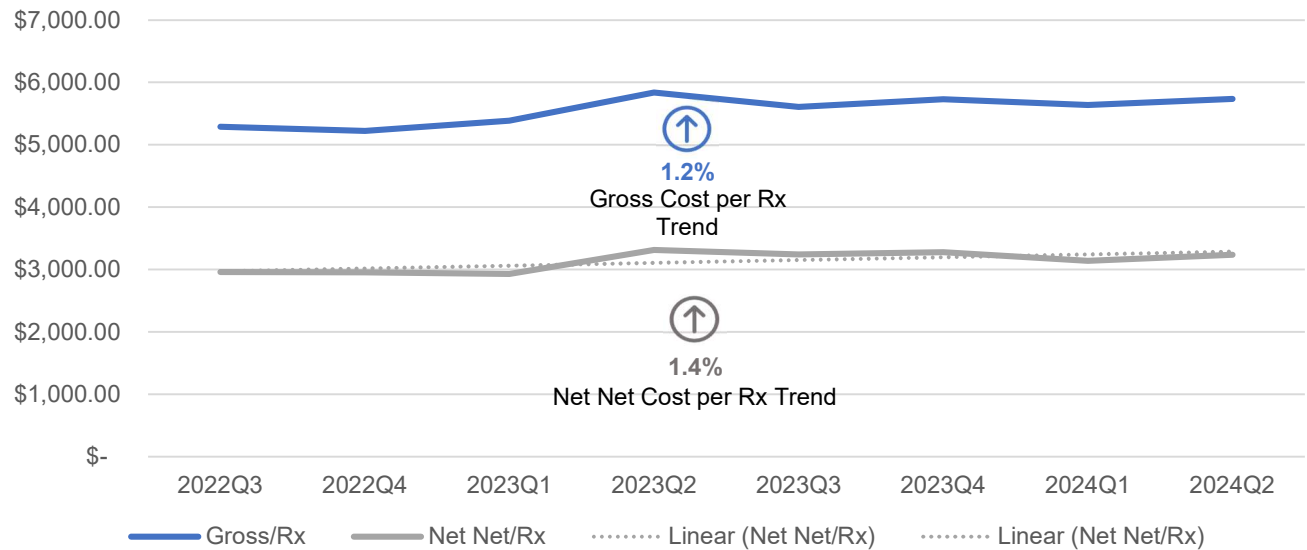


Exhibit 12. Two-Year Trend Line — Specialty



The NC Medicaid pharmacy benefit is largely funded through federal and supplemental rebates. The rebate program is supported by the Single State Preferred Drug List (PDL), followed by both NC Medicaid Direct and NC Medicaid Managed Care health plans. The PDL current compliance rate is 96%, which is exceptional. It reflects NC Medicaid's thorough process to manage costs while ensuring provider access to medications to treat beneficiaries. The average total rebate discount received by NC Medicaid for state fiscal year 2024 was 56% of pharmacy expenditures.

Exhibit 13. Top 10 Drugs by spend

Rank	Drug
1	Humira (Adalimumab)
2	Ozempic (semaglutide)
3	Dupixent (Dupilumab)
4	Vyvanse (Lisdexamfetamine)
5	Stelara (Ustekinumab)
6	Invega Sustenna (paliperidone palmitate)
7	Vraylar (cariprazine)
8	Cosentyx (secukinumab)
9	Suboxone (Buprenorphine / Naloxone)
10	Trulicity (Dulaglutide)

Changes to Hepatitis C coverage criteria

Several enhancements to Hepatitis C coverage criteria were approved in state fiscal year 2023 for implementation in early state fiscal year 2024. The changes included reducing clinical requirements for coverage deemed no longer necessary and considered as barriers to treatment and access to care. Beneficiaries were also allowed to receive enough medication for the entire treatment course at once, increasing the likelihood of beneficiaries completing treatment. As a result, NC Medicaid saw a 94% increase in beneficiaries who completed treatment for Hepatitis C, a 150% increase in new beneficiaries utilizing treatment, and a 114% increase in total users during state fiscal year 2024.

Exhibit 14. Users of Hepatitis C Drugs per Quarter | State Fiscal Year 2024

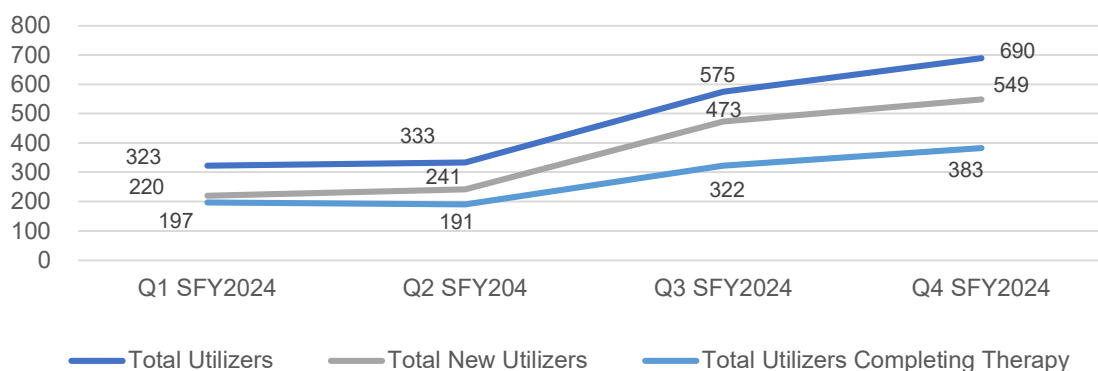


Exhibit 15. Hepatitis C Drug Expenditures per Quarter | State Fiscal Year 2024

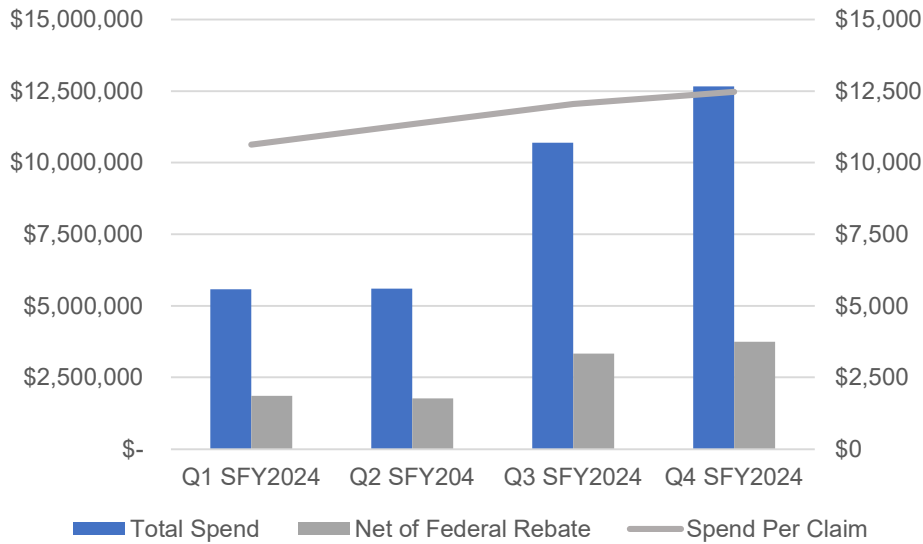
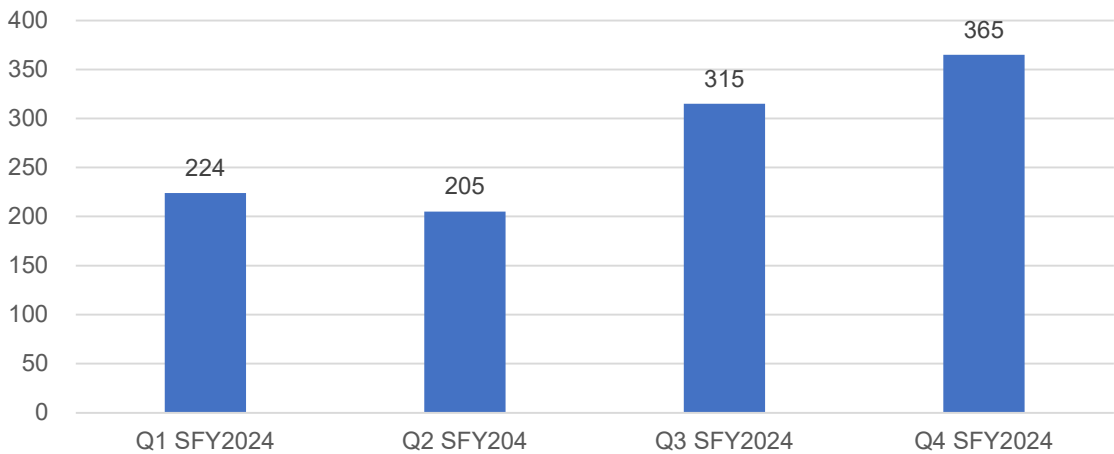


Exhibit 16. Hepatitis C Number of Prescribers per Quarter | State Fiscal Year 2024



Policy changes to support public health priorities

NC Medicaid waived copay requirements for several medications, including medications used to treat HIV, to reverse opioid overdose, to treat opioid use disorder and used for nicotine replacement therapy per the State protocol. These exemptions to copay lower the beneficiary’s financial burden and increase access to public health services. Given the current state of the opioid crisis and the significant harm of tobacco use on NC communities, increasing access to services improves overall public health.

In addition to the copay waivers, NC Medicaid added the following items for coverage under the over-the-counter drug formulary: naloxone, condoms and spermicide with a prescription. In an unprecedented effort to support child and family well-being, NC also added coverage of over-the-counter Opill without a prescription. This coverage allows a woman to obtain effective contraception when and where she needs it, even while waiting to see a physician or pharmacist prescriber for a full range of contraceptive options.

Pharmacist enrollment as providers and pharmacy reimbursement

NC Medicaid continues to reimburse pharmacies and providers for the drugs dispensed and products administered to Medicaid beneficiaries. Two important policy changes implemented in SFY24 allow

pharmacies to be paid for clinical pharmacy services. For the first time, NC Medicaid allowed immunizing pharmacists to enroll in NC Medicaid as providers. During the COVID-19 pandemic, pharmacists were heavily utilized to increase access to care for Medicaid beneficiaries.

With pharmacist enrollment as providers, pharmacies can be reimbursed when pharmacists use the State Protocol for Contraception and Smoking Cessation. These Standing Orders, authored by the State Health Director, transitioned to State Protocols under the NC Board of Pharmacy and requires an enrolled pharmacist provider to execute them. To maintain NC Medicaid beneficiary access to these State Protocols, pharmacists must now enroll as providers within NC Medicaid. As of Jan. 8, 2024, pharmacists may enroll, and pharmacies may receive reimbursement for clinical services when pharmacists use the State Protocol for Contraception and Smoking Cessation.

Coverage of medications for indication of weight loss

Significant work occurred in state fiscal year 2024 to support implementation of coverage of medications used for the indication of weight loss. Historically, Medicaid programs did not cover drugs for obesity but given the adverse health impacts of obesity and the effectiveness of GLP-1s for the treatment of obesity, the evidence supports proper treatment of beneficiaries to achieve better health and avoid chronic conditions such as diabetes, hypertension, stroke, hypercholesterolemia and cancer. NC Medicaid became the 17th state to cover medications for weight loss.

Coverage of imported “prescribed drugs” during a drug shortage

To support combating the syphilis epidemic and to manage the shortage of the medication used to treat syphilis, coverage was added for “prescribed drugs,” which include imported drugs not approved by the Federal Drug Administration (FDA). Prescribed drugs are approved for utilization only during a drug shortage. The coverage allowed NC to cover the use of two imported drugs for the treatment of syphilis while the standard of care medication was not available in the marketplace.

Procurement of PBA vendor

NC Medicaid procured a point of service vendor, Magellan Medicaid Administration, LLC to serve as the State’s full-service Pharmacy Benefit Administrator (PBA). The PBA is responsible for adjudicating pharmacy claims when submitted by the pharmacy, as well as applying the State’s prior authorization rules to ensure drugs are used appropriately. The PBA will invoice manufacturers for drug rebates, as well as support the State’s Single Preferred Drug List, Lock-in Program, and Drug Utilization Review Board. The new PBA is expected to be implemented in state fiscal year 2026.

By the Numbers: Point of Sale Billing		
		
\$3,066,661,763	16,982,008	96%
Pharmacy Reimbursement	Prescriptions Paid per Year	PDL Compliance Rate
		
92.22%	\$34,549,310	53
Generic Dispensing Rate	HepC Drug Expenditures state fiscal year 2024	Immunizing Pharmacists Enrolled in NC Medicaid as Providers

The strategic goals met through these initiatives include improve pharmacy provider reimbursement, access to reproductive health care, modernize claim processes and ensure the continued provision of necessary medications to NC Medicaid beneficiaries. The impact of these programs on beneficiaries and stakeholders is significant, as they aim to improve health outcomes, increase access to care and streamline administrative processes.

Additional Exhibits

Exhibit 17. Medicaid and NC Health Choice (program ended on April 1, 2024) Funding Sources | State Fiscal Years 2022-2024

(\$ millions)	Medicaid + NC Health Choice ¹					
	2022 Actuals	2022 Budget	2023 Actuals	2023 Budget	2024 Actuals	2024 Budget
Expenditures	\$21,326	\$21,499	\$21,496	\$22,052	\$27,789	\$29,257
Revenues-Fed	14,731	14,678	14,822	15,192	18,877	19,890
Revenues-Other	2,605	2,781	2,068	2,135	3,443	3,895
Appropriations	\$3,990	\$4,040	\$4,606	\$4,725	\$5,468	\$5,471

¹ Includes all Medicaid & Health Choice fund expenditures and receipts

Exhibit 18. Medicaid and NC Health Choice Medical Assistance Payment by Category of Service |
State Fiscal Years 2022-2024

EXPENDITURES FOR MEDICAID + HEALTH CHOICE SERVICES (ranked by claims expenditure in SFY 2024)							
	SFY2022		SFY2023			SFY2024	
Service Category	Claims Expenditure (\$ millions)		Claims Expenditure (\$ millions)	YOY Vairance (vs. SFY2021)		Claims Expenditure (\$ millions)	YOY Vairance (vs. SFY2022)
PHP Capitation	\$ 7,322.7		\$ 8,579.8	17.2%		\$ 13,437.1	56.6%
LME/MCO	3,636		3,710.1	2.0%		4,201.6	13.2%
Skilled Nursing Facilities	2,004		2,114.1	5.5%		2,221.2	5.1%
Hospital Inpatient	1,488		1,481.5	-0.4%		1,524.8	2.9%
Buy-in/Dual Eligible Services	1,022		1,116.5	9.3%		1,181.0	5.8%
Pharmacy Services	967		923.5	-4.5%		924.4	0.1%
Personal Care Services	556		581.7	4.5%		569.8	-2.0%
Physician Services	457		341.0	-25.4%		331.3	-2.8%
Dental Services	427		440.1	3.2%		473.0	7.5%
CAP for Disabled Adults	415		483.0	16.3%		505.2	4.6%
Hospital Outpatient	350		331.6	-5.1%		319.2	-3.7%
Hospital Emergency Room Services	196		173.9	-11.2%		181.7	4.4%
Home Health Services	192		182.7	-4.7%		206.3	12.9%
Durable Medical Equipment Services	182		173.5	-4.7%		168.9	-2.6%
Hospice Services	120		129.5	8.2%		145.9	12.7%
Practitioner Non-Physician Services	105		97.7	-7.3%		97.0	-0.7%
CAP-Children Services	92		105.4	14.6%		112.2	6.4%
PACE	79		114.5	45.7%		136.6	19.3%
Clinic Services	78		66.5	-15.0%		69.8	4.8%
Lab & X-Ray Services	68		51.4	-24.8%		43.2	-15.9%
NEM Transport. Services	57		72.0	26.1%		84.2	16.9%
Ambulance Services	19		17.1	-9.6%		15.8	-7.6%
Health Check Services	14		7.5	-46.8%		7.7	3.2%
Optical Services	6		4.5	-24.2%		12.6	179.2%
Am. Surgery Center Services	5		4.2	-19.8%		6.3	50.4%
Other Services	702		423.6	-39.7%		924.1	118.2%
	20,559		21,727	5.7%		27,901	28.4%