



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

February 28, 2020

SENT VIA ELECTRONIC MAIL

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

The Honorable Ralph Hise, Chair
Joint Legislative Oversight Committee on
Medicaid and NC Health Choice
North Carolina General Assembly
Room 300A, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

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

Should you have any questions regarding this report, please contact Dave Richard, Deputy Secretary of NC Medicaid, at 919-855-4100, or Dave.Richard@dhhs.nc.gov.

Sincerely,

Mandy Cohen, MD, MPH
Secretary

cc:	Kody Kinsley	Susan G. Perry	Dave Richard	Ben Money
	Tara Myers	Rob Kindsvatter	Marjorie Donaldson	Zack Wortman
	Matt Gross	Hattie Gawande	Joyce Jones	Lisa Wilks
	Katherine Restrepo	Jared Simmons	Deborah Landry	Luke MacDonald
	Erin Matteson	Theresa Matula	Mark Collins	Jessica Meed
	reports@ncleg.net			

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SECRETARY

February 28, 2020

SENT VIA ELECTRONIC MAIL

Mr. Charles Perusse
State Budget Director
Office of State Budget and Management
Room 5200, Administration Building,
Raleigh, NC 27603-8005

Dear Director Perusse:

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

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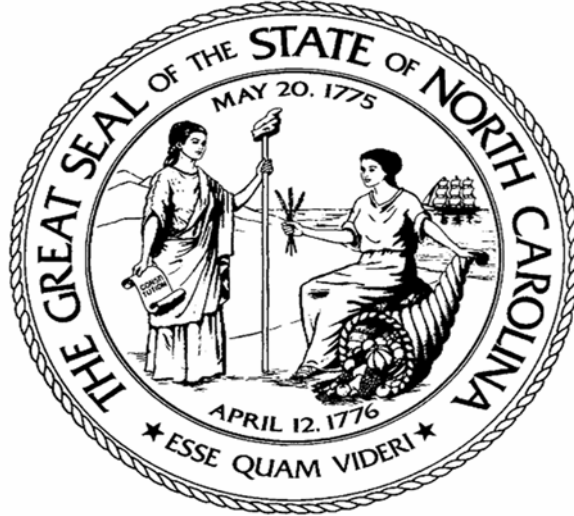
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Medicaid Transformation and 4-Year Forecast

SL 2015-245, Section 13



Report to

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

and

The Office of State Budget Management

by

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

February 28, 2020

SL 2014-245, Section 13:

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

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

Medicaid Enrollment Forecast

Average membership; Nov 2019 projection, based on data through May 2019

Medicaid Eligibility Groups	SFY 2018-19 (Actual)	SFY 2019-20	SFY 2020-21	SFY 2021-22	SFY 2022-23
Aged, Blind, Disabled (ABD; includes individuals dually- eligible for Medicare)	395,107	384,018	379,044	374,349	369,738
Temporary Assistance for Needy Families (TANF) & Other Adults	210,771	199,051	198,736	201,453	205,643
TANF & Other Children (includes NC Health Choice)	1,115,282	1,108,567	1,125,684	1,139,362	1,153,183
TANF & Other Infant	74,395	74,637	74,637	74,637	74,637
Community Alternatives Program-Children (CAP-C)	2,111	2,111	2,111	2,111	2,111
Community Alternatives Program-Disabled Adults (CAP-DA)	3,169	3,169	3,169	3,169	3,169
Foster Care / Adoptive	26,162	27,226	28,622	30,019	31,415
Managed Care Subtotal	1,826,997	1,798,779	1,812,004	1,825,100	1,839,897
% Growth		-1.5%	0.7%	0.7%	0.8%
Excluded from Managed Care ¹	398,247	436,176	473,706	510,942	548,287
Medicaid Total	2,225,244	2,234,955	2,285,709	2,336,043	2,388,184

¹ Approximately 75% of this group is beneficiaries receiving Family Planning benefits only. Other subgroups included in this group are as follows:

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

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

The Department anticipates operating the existing Medicaid program (fee-for-service) in the current State fiscal year. To account for various cost inflationary factors associated with the existing array of services, increased appropriations are typically required to operate the same program in a subsequent fiscal year. This updated funding requirement is referred to as the “rebased Medicaid budget” (or simply, “rebase”). The rebase projection, which is still in development, will account for the effects of the forecasted enrollment growth and mix. The rebase will appear in the Governor’s Recommended Budget.

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

See previous subsection, above.