



12/09/2019: Report has been attached, please see below.

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

March 1, 2019

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 300-A, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2018-97, Section 3.13, requires the Department of Health and Human Services to report on all new services and rate increases implemented for the Medicaid program or NC Health Choice program during the 2017-2019 fiscal biennium, the annualized cost of each new service and rate, any State Plan amendments or waivers pending approval by the Centers for Medicare and Medicaid Services containing requests for new services or rate increases and the anticipated annualized cost of each pending new service and rate increase. This report is due to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on or before March 1, 2019.

On behalf of Secretary Cohen, the Department is notifying you that this report will be delayed.

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: | Rod Davis | Matt Gross | Theresa Matula | Katherine Restrepo |
| | Joyce Jones | Lisa Wilks | Marjorie Donaldson | Rob Kindsvatter |
| | Erin Matteson | Kody Kinsley | LT McCrimmon | Deborah Landry |
| | reports@ncleg.net | Mark Benton | Susan Perry-Manning | Zack Wortman |
| | Steve Owen | Mark Collins | Denise Thomas | Jessica Meed |



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SENT VIA ELECTRONIC MAIL

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

Dear Director Trogdon:

Session Law 2018-97, Section 3.13, requires the Department of Health and Human Services to report on all new services and rate increases implemented for the Medicaid program or NC Health Choice program during the 2017-2019 fiscal biennium, the annualized cost of each new service and rate, any State Plan amendments or waivers pending approval by the Centers for Medicare and Medicaid Services containing requests for new services or rate increases and the anticipated annualized cost of each pending new service and rate increase. This report is due to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on or before March 1, 2019.

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December 9, 2019

SENT VIA ELECTRONIC MAIL

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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.

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Increase Rate for CAP-DA In-Home Aide Services and Provide Adult Optical Coverage

Citation Requiring Report

Session Law 2018-97 Section 3.13



Report to

**The Joint Legislative Oversight Committee on
Medicaid and NC Health Choice and the
Fiscal Research Division**

By

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

Date

December 9, 2019

Reporting Requirements:

Session Law 2018-97 Section 3.13

Section 11H.13.(a) Notwithstanding any provision of this act, the Committee Report described in Section 39.2 of this act, any provision of S.L. 2017-57, as amended, or the Committee Report described in Section 39.2 of S.L. 2017-57 to the contrary, the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, for the Medicaid Rebase for the 2018-2019 fiscal year shall be reduced by the sum of seven million five hundred thousand dollars (\$7,500,000) in recurring funds.

Section 11H.13.(b) Notwithstanding any provision of this act, the Committee Report described in Section 39.2 of this act, any provision of S.L. 2017-57, as amended, or the Committee Report described in Section 39.2 of S.L. 2017-57 to the contrary, there is appropriated the sum of five million five hundred thousand dollars (\$5,500,000) in recurring funds for fiscal year 2018-2019 to be used to increase the rate to no more than three dollars and ninety cents (\$3.90) paid per 15-minute billing unit for in-home aide services provided under the Community Alternatives Program for Disabled Adults (CAP-DA) waiver pursuant to Clinical Coverage Policy 3K-2, effective January 1, 2019. Notwithstanding G.S. 108A-54(e), the rate paid per 15-minute billing unit for in-home aide services provided under the CAP-DA waiver pursuant to Clinical Coverage Policy 3K-2 shall not exceed three dollars and ninety cents (\$3.90).

Section 11H.13.(c) Notwithstanding any provision of this act, the Committee Report described in Section 39.2 of this act, any provision of S.L. 2017-57, as amended, or the Committee Report described in Section 39.2 of S.L. 2017-57 to the contrary, there is appropriated the sum of two million dollars (\$2,000,000) in recurring funds for fiscal year 2018-2019 to be used to provide adult optical Medicaid coverage, effective January 1, 2019.

Section 11H.13.(d) No later than March 1, 2019, the Department shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on the following:

- (1) All new services and rate increases implemented for the Medicaid program or NC Health Choice program during the 2017-2019 fiscal biennium and the annualized cost of each new service and rate.
- (2) Any State Plan amendments or waivers pending approval by the Centers for Medicare and Medicaid Services containing requests for new services or rate increases and the anticipated annualized cost of each pending new service and rate increase."

Executive Summary:

CAP-DA: Through engagement and collaboration with the Centers for Medicare and Medicaid Services (CMS), the proposed amendments to the 2013-2018 CAP-DA 1915 (c) Home and Community Based Services (HCBS) waiver application has been approved. The approval cycle for the newly amended CAP-DA waiver is November 1, 2019 through October 31, 2024. The CAP-DA Clinical Coverage Policy has been revised and will be effective on November 1, 2019. The approved amendments in the CAP-DA 1915 (c) HCBS waiver include:

1. The addition of a new service called Coordinated Caregiving. This service will assist to address the shortages of paraprofessionals and to provide surrogate support to waiver participants.
2. The addition of individuals receiving Hospice as another priority member to supplement supportive care during the end-of-life cycle.
3. The combining of Home accessibility and adaptation and assistive technology services into one service type called Equipment, Modification, and Technology. The combining of these services will provide greater flexibility of use and allow for the modification to vehicles.

4. Expanding goods and services into five distinct service types of participant goods and services individual-directed goods and services; chore services-declutter and garbage disposal; non-medical transportation; nutritional services; and pest eradication.
5. Expanding community integration definition to address tenancy related issues.
6. Adding a new, independent assessment entity to assist with the administration of the waiver in the area of waiver entry.
7. Arranging a flat rate reimbursement methodology for case management.
8. Adding a robust critical incident management system to address five key areas- monthly and quarterly monitoring of health, safety and well-being; transitions; incident management; emergency and disaster planning; and complaint and grievances.

Adult Optical: Previously the Division of Health Benefits (DHB) implemented optical coverage for adult Medicaid beneficiaries 21 years of age and older. These services were terminated on Oct 1, 2011 based on HB200, Section 10.37.(a)(11)a. Coverage was reinstated (as a new policy), based on Session Law Section 2018-97 (Senate Bill 335), Section 11H.13.(c) which appropriated the sum of two million dollars (\$2,000,000) in recurring funds for fiscal year 2018-2019 to be used to provide adult optical Medicaid coverage, effective January 1,2019.

Optical coverage includes routine eye exams, prescription eyeglasses and medically necessary contact lenses. There are specific criteria for qualifying minimal eyeglasses prescriptions, frames and lenses, frequency of services, early routine eye exams, and replacement visual aids.

New Services and Rate Increases: The Department of Health and Human Services submitted several State Plan Amendments (SPA) that included rate increases, rate methodology modifications, and the addition of new services during the 2107-2019 fiscal biennium. The SPAs have been approved by the Center for Medicare and Medicaid Services (CMS) and have been implemented to the satisfaction of the department. They have benefited Medicaid providers servicing Medicaid beneficiaries. The following chart provides a summary of the program, the fiscal impacts and short description.

Fiscal Impacts for Newly Covered Services and Rate Increases

Program	Effective Date	SFY 2017-2018 State Impact	SFY 2018-2019 State Impact	SFY 2019-2020 State Impact	SFY 2020-2021 State Impact	Description
Long Term Care Hospital (LTCH)	Oct. 2017	\$627,075	\$615,187	*	*	Establish rates paid at a minimum of 65% of actual cost
Research-Based Intensive Behavioral Health Treatment (RBI-BHT)	July 2017	\$10,126	\$10,069	*	*	Add new service
Durable Medical Equipment (DME)	January 2018	\$1,963,642	\$3,927,284	*	*	Inc Blood Glucose Test Equip & Supply max allowable cost
Personal Care Services (PCS) Revised Fiscal Impact	August 2017	\$7,065,268	\$781,412	*	*	Revised fiscal impact 2.2019
Inpatient Hospital	October 2017	\$11,528	\$11,310	*	*	Add 11 new Diagnosis Related Group (DRG's)
Local Education Agency (LEA)	October 2018	N/A	N/A	N/A	N/A	Including beneficiaries and cost settlement revision.
Lead Investigations	November 2018	N/A	\$77,049	\$115,574	*	Increase State Maximum Allowable Cost
Optical Fiscal Impact	January 2019	N/A	\$3,463,883	\$4,927,528	*	Reinstate Optical coverage for adult Medicaid beneficiaries
Dental	January 2019	N/A	\$6,996,194	\$14,082,172	*	10% Increase
Ambulance Non-Emergency Medical Non-	January 2019	N/A	\$708,824	\$1,426,744	*	Increase reimbursement rate CMS

Program	Effective Date	SFY 2017-2018 State Impact	SFY 2018-2019 State Impact	SFY 2019-2020 State Impact	SFY 2020-2021 State Impact	Description
Transportation (NEMT)						Approved June 4, 2019
Primary Care Physicians	January 2019	N/A	\$16,178,749	\$32,565,124	*	Increase reimbursement rate CMS Approved June 4, 2019
Physician Service Upper Payment Limit (UPL)	January 2019	N/A	N/A	N/A	N/A	Amend State Plan to increase the number of eligible ECU & UNC physicians receiving payment
Local Health Departments (LHD)– Labs	January 2019	N/A	N/A	N/A	N/A	Remove cost settlement language rendered by LHDs
Laboratory and X- ray Services	January 2019	N/A	N/A	\$52,840	\$52,840	Transfer LHD cost report settlement to Labs
CAP-DA Waiver	January 2019	N/A	N/A	\$8,090,297	\$10,908,231	Renewal of 5-year Waiver

The impact for PCS and Primary Care Physicians was revised in 2019, the original fiscal impact numbers were higher.

**State Plan Amendment fiscal impact analysis is generally done for only two years.*