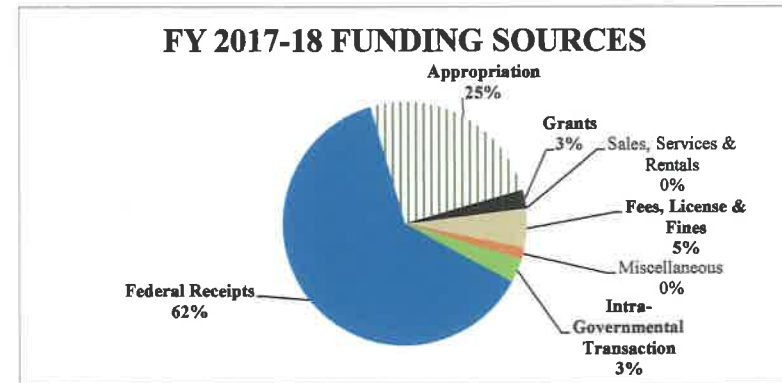
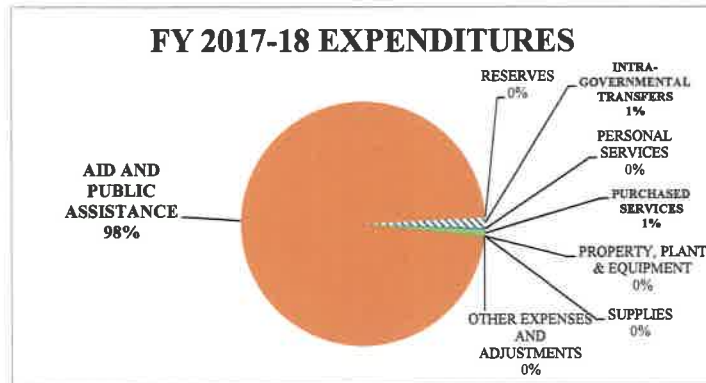


Division of Medical Assistance - Medicaid

Purpose: Division of Medical Assistance (DMA) uses the resources and partnerships of Medicaid to improve health care for all North Carolinians. The DMA vision is to lead the transformation to a healthier North Carolina.

FY 2017-18 BASE BUDGET



BASE BUDGET

| Account Title | Actual 2015-16 | Certified 2016-17 | Authorized 2016-17 | Incr/Decr 2017-18 | Total 2017-18 | Incr/Decr 2018-19 | Total 2018-19 |
|--|-------------------|----------------------|-----------------------|----------------------|-------------------|----------------------|-------------------|
| PERSONAL SERVICES | \$ 27,484,611 | \$ 34,984,672 | \$ 34,874,936 | \$ 125,260 | \$ 35,000,196 | \$ 125,260 | \$ 35,000,196 |
| PURCHASED SERVICES | \$ 124,373,153 | \$ 114,952,838 | \$ 114,973,712 | \$ 343,490 | \$ 115,317,202 | \$ 343,660 | \$ 115,317,372 |
| SUPPLIES | \$ 92,855 | \$ 214,331 | \$ 196,975 | \$ - | \$ 196,975 | \$ - | \$ 196,975 |
| PROPERTY, PLANT & EQUIPMENT | \$ 254,479 | \$ 284,843 | \$ 234,459 | \$ - | \$ 234,459 | \$ - | \$ 234,459 |
| OTHER EXPENSES AND ADJUSTMENTS | \$ 2,065,461 | \$ 913,989 | \$ 1,020,989 | \$ - | \$ 1,020,989 | \$ - | \$ 1,020,989 |
| AID AND PUBLIC ASSISTANCE | \$ 13,283,476,363 | \$ 13,918,105,533 | \$ 13,900,423,226 | \$ 12,307,212 | \$ 13,912,730,438 | \$ 12,307,212 | \$ 13,912,730,438 |
| RESERVES | \$ - | \$ 340,673 | \$ 155,519 | \$ (105,249) | \$ 50,270 | \$ (105,249) | \$ 50,270 |
| INTRA-GOVERNMENTAL TRANSFERS | \$ 333,367,256 | \$ 201,937,407 | \$ 189,148,168 | \$ 7,482 | \$ 189,155,650 | \$ 7,482 | \$ 189,155,650 |
| Total Requirements | \$ 13,771,114,177 | \$ 14,271,734,286 | \$ 14,241,027,984 | \$ 12,678,195 | \$ 14,253,706,179 | \$ 12,678,365 | \$ 14,253,706,349 |
| GRANTS | \$ 315,860,639 | \$ 369,757,571 | \$ 362,826,007 | \$ - | \$ 362,826,007 | \$ - | \$ 362,826,007 |
| INVESTMENT INCOME | \$ 669,896 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SALES, SERVICES & RENTALS | \$ 13,934 | \$ 14,317 | \$ 14,317 | \$ - | \$ 14,317 | \$ - | \$ 14,317 |
| FEES, LICENSE & FINES | \$ 745,682,820 | \$ 772,597,345 | \$ 771,797,345 | \$ - | \$ 771,797,345 | \$ - | \$ 771,797,345 |
| MISCELLANEOUS | \$ (191,657,613) | \$ (215,740,678) | \$ (196,929,578) | \$ (17,236,985) | \$ (214,166,563) | \$ (17,236,985) | \$ (214,166,563) |
| INTRAGOVERNMENTAL TRANSACTION | \$ 636,454,374 | \$ 497,102,575 | \$ 480,645,011 | \$ - | \$ 480,645,011 | \$ - | \$ 480,645,011 |
| INTRAGOVERNMENTAL TRANSACTION(Federal Funds) | \$ 8,771,307,311 | \$ 9,246,824,359 | \$ 9,221,725,415 | \$ (53,931,408) | \$ 9,167,794,007 | \$ (53,931,323) | \$ 9,167,794,092 |
| Total Receipts | \$ 10,278,331,361 | \$ 10,670,555,489 | \$ 10,640,078,517 | \$ (71,168,393) | \$ 10,568,910,124 | \$ (71,168,308) | \$ 10,568,910,209 |
| Net Appropriation | \$ 3,492,782,816 | \$ 3,601,178,797 | \$ 3,600,949,467 | \$ 83,846,588 | \$ 3,684,796,055 | \$ 83,846,673 | \$ 3,684,796,140 |
| FTE | | | | | | | |
| Account Title | Actual | Certified | Authorized | Incr/Decr | Total | Incr/Decr | Total |
| Code | 2015-16 | 2016-17 | 2016-17 | 2017-18 | 2017-18 | 2018-19 | 2018-19 |
| | 391.500 | 416.510 | 416.510 | - | 416.510 | - | 416.510 |
| Total FTE | 391.500 | 416.510 | 416.510 | - | 416.510 | - | 416.510 |

Increase/Decrease Detail - NR Items removed, annualization and other changes

| | Total FY 2017-18 | Total FY 2018-19 |
|--|----------------------|----------------------|
| NR Items removed | | |
| LME/MCO Intergovernmental Transfers | \$ 17,236,985 | \$ 17,236,985 |
| Enhanced SCHIP Match Rate | \$ 54,333,825 | \$ 54,333,825 |
| FY 2016-17 rebase | \$ 8,056,927 | \$ 8,056,927 |
| FY 2016-17 salary and benefits | \$ (105,249) | \$ (105,249) |
| Partial Year Funding Annualized | | |
| CAP DA additional Slots | \$ 1,500,000 | \$ 1,500,000 |
| Innovations Waiver additional slots | \$ 2,595,840 | \$ 2,595,840 |
| Other Changes | | |
| Retirement increase | \$ 58,302 | \$ 58,302 |
| Transfer DOJ Positions | \$ 166,416 | \$ 166,416 |
| Lease agreement escalation | \$ 3,542 | \$ 3,627 |
| Total | \$ 83,846,588 | \$ 83,846,673 |

Major Programs

Medicaid

S.L. 2015-241: 2015 Appropriations Act Significant Actions

| | FY 2015-16 | FY 2016-17 |
|--|--------------------|--------------------|
| Non-recurring increase in Federal receipts as part of the ACA | \$ (38,731,522) R | \$ (54,333,825) R |
| LME/MCO intergovernmental transfer to the state share of the Medicaid risk reserve add on to the capitation | \$ (17,236,985) NR | \$ (17,236,985) NR |
| Reduce cost of pharmacy dispensing based on average acquisition costs | \$ (3,700,000) R | \$ (8,200,000) R |
| Discontinue GME add on to inpatient hospital base rates | \$ (12,748,795) R | \$ (31,127,204) R |
| Increase funding for a new service packaged for a Traumatic Brain Injury waiver | \$ 1,000,000 R | \$ 2,000,000 R |
| Reinstate Cost settlement for Vidant Medical Center hospital outpatient services | \$ 3,400,000 R | \$ 3,400,000 R |
| 12H.1 - Reinstate Medicaid annual report | | |
| 12H.4 - Provider recertification fee change to require recertification every 5 years, instead of every 3 years. | | |
| 12H.5 - Immunizing pharmacy fees to allow payment to pharmacies for the administration of covered vaccinations and immunizations. | | |
| 12H.20 - Dental service cost settlement adopted for all State operating dental schools | | |
| 12H.21 - Mobile dental provider enrollment requires all mobile dental providers demonstrate proof of existence of a contractual affiliation with a non-mobile dental provider. | | |
| 12H.22 - Private duty nursing rates increased by 10% effective 1/1/16 | | |

S.L. 2016-94: 2016 Appropriations Act Significant Actions

| | FY 2016-17 |
|---|----------------|
| Expand Support for Alzheimers Patients | \$ 1,500,000 R |
| Innovations Waiver | \$ 2,595,840 R |
| Community Alternatives Program for Children (CAP-C) Nursing Rates | \$ 2,266,000 R |
| Federal Rural Hospital Designation - Graduate Medical Education | \$ 431,185 R |
| 12H.3A - Contract to recover certain overpayments and reporting on prepayment fraud directing DMS to issue an RFP by 10/1/16 for overpayments less than \$150. | |
| 12H.4 - Clarify DHHS authority to administer Medicaid and NC Health Choice consistent with S.L. 2015-245, the Medicaid reform law (HB 1140/SB 885) | |
| 12H.9 - Study Medicaid coverage for school based health services to identify eligible services which could be added as covered. | |
| 12H.11 - Study Innovations Waiver to address the waitlist and federal changes | |
| 12H.12 - Medicaid graduate medical education payments eliminates add-on payment funded with State appropriations, and leaves those cost as eligible costs for determining cost and UPL supplemental payments. | |
| 12H.13 - Rates paid to Federally Qualified Health Centers and Rural Health Centers to more accurately reflect the true costs of these services within existing funds. | |
| 12H.15 - Evaluate Medicaid and NC Health Choice behavioral health provider classification to identify high categorical risk providers and propose an evaluation tool to classify providers in to risk categories. | |
| 12H.16 - Completion of performance audit of county departments of social services administration of the Medicaid program | |
| 12H.17 - Medicaid eligibility determination timeliness by county departments of social services reporting requirement | |

2017 - Major Budget Issues Potentially Requiring Legislative Action

Under the Affordable Care Act (ACA) MCHIP enrollee spending received an additional federal match of 23 percentage points effective through September 30, 2019. With the discussion of repeal of the ACA at the federal level and the lack of details, the enhancement to the match rate could be eliminated at some date prior to the current effective date through September 30, 2019. This would result in a loss of federal receipts in both NC Health Choice and Medicaid. The total impact on Medicaid would be over \$54 million on an annual basis for Medicaid.