



What Is Medicaid?

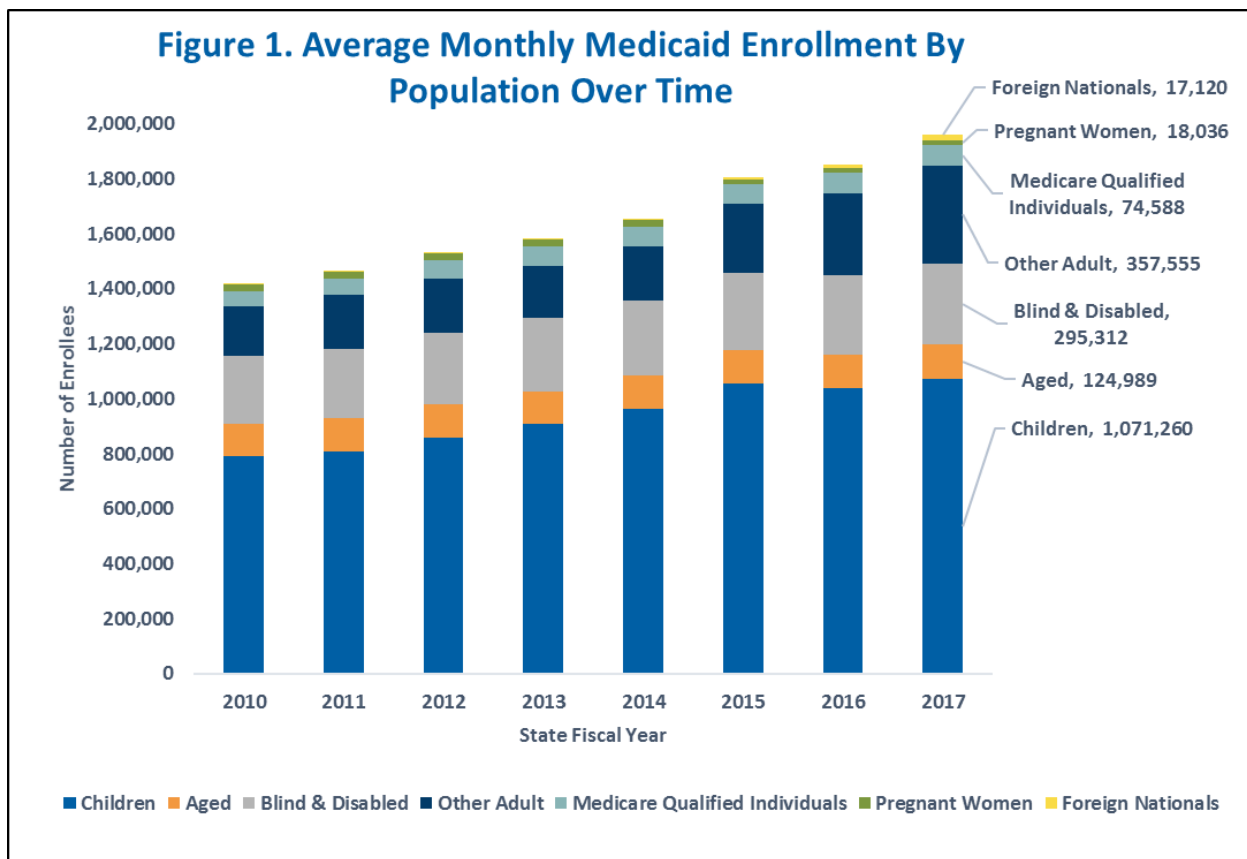
Medicaid provides health insurance to eligible low-income individuals, including children, pregnant women, parents, seniors, and people with disabilities.

Although Medicaid is a national public program, the specifics of the program differ by state. States administer Medicaid, and are given flexibility to design their own programs. Each state creates its own health care delivery models, sets eligibility criteria, selects covered services, develops methods for paying providers, and oversees other aspects of Medicaid.¹ When designing the details of Medicaid programs, states must comply with federal standards, such as minimum criteria for eligibility and mandatory covered services.

Medicaid In North Carolina

In North Carolina, Medicaid covers almost 2 million people (approximately one-fifth of the state’s population) (see Figure 1).^{2,3} Between state fiscal years (SFYs) 2010 and 2017, average monthly enrollment in the program increased by approximately 38%.

At the end of SFY 2017, North Carolina had the 9th largest Medicaid population in the nation, and the 3rd largest Medicaid population among states that did not expand Medicaid.⁴



Note: Data from the North Carolina Division of Medical Assistance. Medicaid and Health Choice Enrollment Reports, Monthly Medicaid Enrollees SFY 2009 through SFY 2018. Available at <https://dma.ncdhhs.gov/documents/medicaid-and-health-choice-enrollment-reports>. Accessed November 1, 2017.

More than half of covered North Carolinians are children.^{a 5}

The elderly and disabled, who account for 21% of Medicaid enrollees, also make up a significant portion of beneficiaries (see Figure 2).⁵

Who Is Eligible For Medicaid?

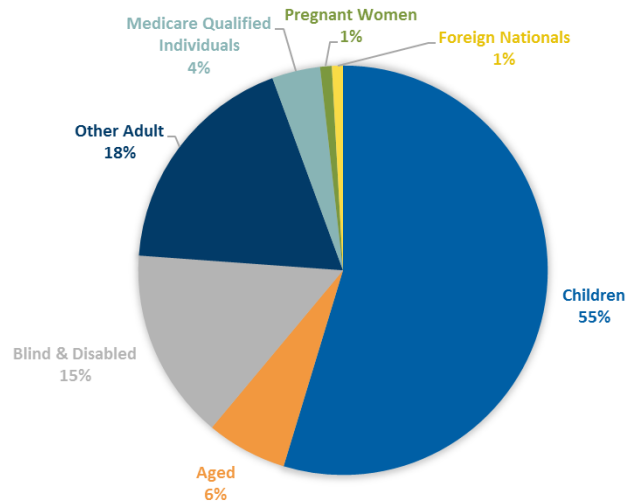
Both federal and state law determine who is eligible for Medicaid. Criteria for qualifying for Medicaid varies by program aid category (PAC) (see Figure 3). In North Carolina, PACs are made up of different populations of low-income individuals, for example children, pregnant women, parents, seniors, people with disabilities, and, in certain circumstances, individuals receiving Medicare.⁶ Childless adults are not eligible for Medicaid (unless they are pregnant or disabled).

Who Is In Charge Of North Carolina's Medicaid Program?

Within North Carolina's Department of Health and Human Services, the Division of Medical Assistance (DMA) oversees and administers the state Medicaid program, while the Division of Health Benefits (DHB) oversees Medicaid's transformation into a managed care delivery system.^b

^a Medicaid eligibility categories that comprise each population (applicable throughout primer): Children: TANF (under 21), Other Child, MIC, MCHIP; Aged: Aged; Blind & Disabled: Blind, Disabled; Other Adult: TANF (over 20), Family Planning, Breast & Cervical Cancer; Medicare Qualified Individuals: MQB-Q, MQB-B, MQB-E; Pregnant Women: MPW; Foreign Nationals: Aliens-Legal, Aliens-Illegal, Refugees.

FIGURE 2. PERCENTAGE OF MONTHLY AVERAGE MEDICAID ENROLLMENT BY POPULATION (SFY 2017)



Note: Data from the North Carolina Division of Medical Assistance. Medicaid and Health Choice Enrollment Reports, Monthly Medicaid Enrollees SFY 2009 through SFY 2018. Available at <https://dma.ncdhhs.gov/documents/medicaid-and-health-choice-enrollment-reports>. Accessed November 1, 2017.

Each state establishes specific eligibility criteria based on standards set by the federal government.⁶ In North Carolina, eligibility for Medicaid differs by age, health status, household structure, income, and resources. A person's income and resources must fall below a certain threshold, which varies by PAC, to qualify for coverage.^c Individuals receiving Supplemental Security Income, Work First Cash Assistance, or special assistance for the aged or disabled are automatically eligible for Medicaid coverage.

To qualify for Medicaid, an individual also must be a U.S. citizen or provide proof of immigration status, live in North Carolina and present proof

^b Melanie Bush, Deputy Director, Clinical and Operations Division of Medical Assistance, North Carolina Department of Health and Human Services, e-mail communication, October 6, 2017.

^c Income limits are defined in relation to the Federal Poverty Level (FPL).

of residency, and have a Social Security number or have applied for one.⁷

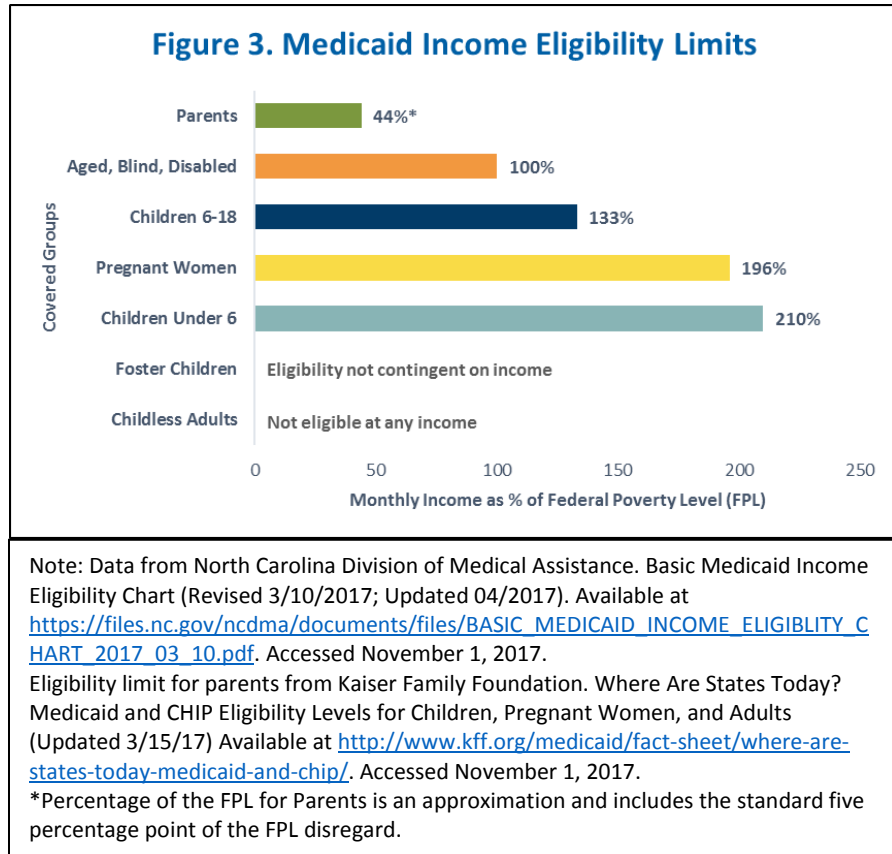
Dual Eligibles

Certain Medicare beneficiaries qualify for, and receive, Medicaid benefits. These people, called “dual-eligible beneficiaries” or “dual eligibles,” qualify for Medicare based on their age or disability status.⁸ Dual eligibles qualify for Medicaid based on financial and need-based criteria (and are typically in poorer health and older than the rest of the Medicaid population). Certain dual eligibles, called “full-dual” beneficiaries, are eligible for full Medicaid benefits, including medically necessary long-term services and supports, behavioral health benefits, transportation, and wrap-around benefits.⁹ Other dual eligibles, called “partial-dual” beneficiaries, are eligible only for assistance with Medicare premiums and cost sharing. In 2011, dual eligibles were 17% of the Medicaid population, but accounted for 31% of the state’s Medicaid spending.⁹

What Services Does Medicaid Cover?

Federal law requires state Medicaid programs to cover certain mandatory services, while giving states the option to cover additional

^d For a general list of services covered by North Carolina Medicaid see <https://dma.ncdhhs.gov/medicaid/get-started/apply-for-medicaid-or-health-choice/medicaid-services>. Lists of covered services can also be found in NC DMA Consumer Guides: A Consumer’s Guide to North Carolina Medicaid Programs for Aged, Blind and Disabled (<https://files.nc.gov/ncdma/documents/files/abd.pdf>); A Consumer’s Guide to North Carolina Medicaid Programs for Families and Children



services. Mandatory covered services include hospital inpatient and outpatient services, physician services, and nursing facility services. In North Carolina, optional services include prescription drugs, mental and behavioral health care, and hearing and vision services.^{10 11} Services must be medically necessary to be covered.

Covered services are not universal across all populations.^d For example, Medicaid covers dental care for children, but not adults. Through

(https://www2.ncdhhs.gov/DMA/pub/0812_famchld.pdf); and A Consumer’s Guide to Medicare Savings Programs within North Carolina Medicaid (https://files.nc.gov/ncdma/documents/files/medicare_savings.pdf). For a list of covered services for CCNC beneficiaries, see <https://files.nc.gov/ncdma/documents/files/Community-Care-of-North-Carolina-Member-Handbook-2014-10-English.pdf>.

Differences Between Medicaid And Medicare

Medicaid

- Covers specific populations of low-income North Carolinians
- Eligibility determined by income, resources, age, and health status
- Funded jointly by North Carolina and the federal government

Medicare

- Covers most North Carolinians ages 65 and older, as well as some disabled North Carolinians
- Eligibility is determined by age, work history, and disability
- Funded by the federal government

waivers, disabled beneficiaries in Medicaid's Community Alternative Program receive services and supports that allow them to continue living in their communities, rather than in institutions.¹² Beneficiaries in the "Be Smart Program" only receive comprehensive family planning care, not the full array of Medicaid benefits.¹³

How Do Medicaid Beneficiaries Access Health Care?

Most of North Carolina's Medicaid population enrolls in Community Care of North Carolina/Carolina ACCESS (CCNC/CA).¹⁴ CCNC/CA, a public-private partnership, is a statewide system of 14 regional Community Care networks that provide care management for Medicaid beneficiaries through a patient-centered medical home model.^{14 15} Medicaid beneficiaries, in particular high-risk beneficiaries, who enroll with CCNC choose, or are assigned to, a medical home. A primary care physician (and, for high-need and high-risk patients, a primary care manager) oversees each patient's care. The primary care manager, either a registered nurse or a social worker, coordinates health, illness, and wellness care with an interdisciplinary team of healthcare

professionals, which could include pharmacists, nutritionists, and behavioral health providers.¹⁶

In North Carolina, mental health, intellectual or developmental disability, and substance use disorder (MH/IDD/SUD) services are provided to Medicaid beneficiaries through managed care organizations, known as Local Management Entities/Managed Care Organizations (LME/MCOs). LME/MCOs do not provide services directly. Instead, they coordinate care for the Medicaid population, contracting with local providers to provide MH/IDD/SUD services.¹⁷ North Carolina's Medicaid program reimburses LME/MCOs in the form of per-member-per-month payments. Currently, seven LME/MCOs operate in North Carolina.¹⁸

NC Medicaid Providers by the Numbers (SFY 2017)^{e 22}

All Providers: 68,583

Hospitals: 697

Nursing & Custodial Care Facilities: 1,711

Behavioral Health & Social Service

Providers: 2,881

^e Unduplicated count of all NPI providers that have a claim in SFY 2017 (from SFY 2017 Medicaid Annual Report Tables).

Medicaid Financing

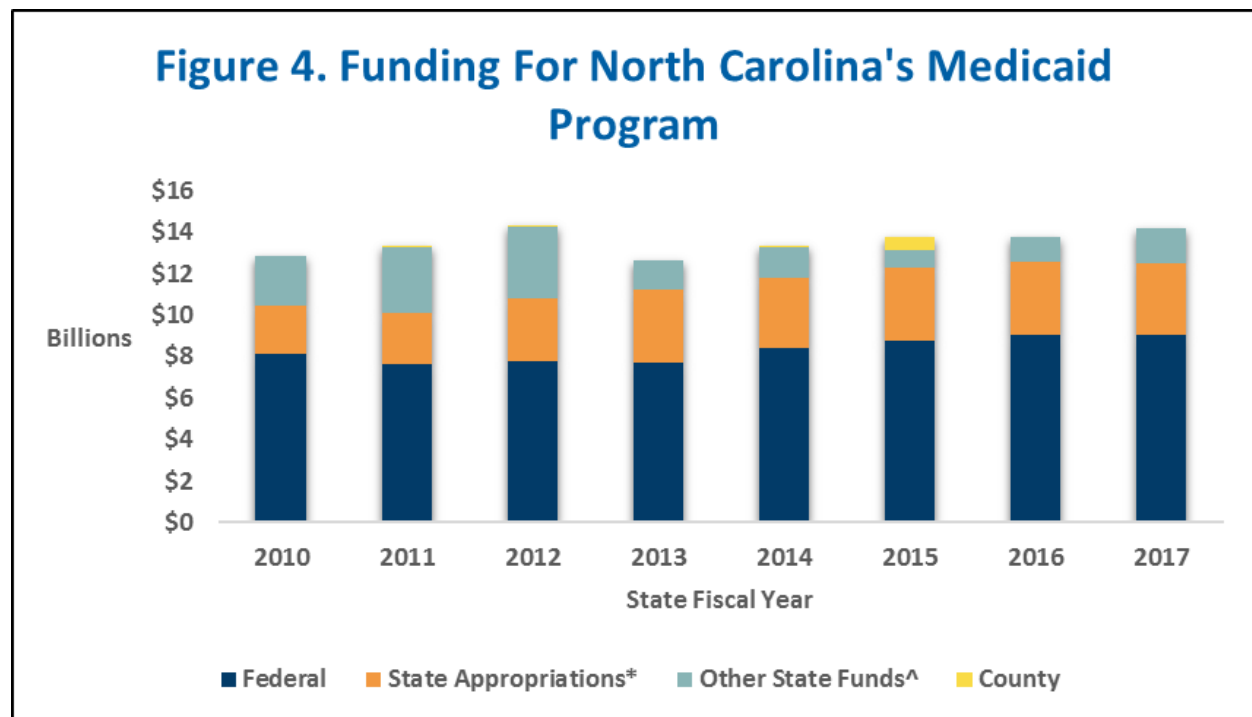
Medicaid is financed with federal, state, and county government funds. The federal government matches state spending at a particular rate, called the Federal Medical Assistance Percentage (FMAP), which varies by state.^{f 19} For Fiscal Year 2018, North Carolina's FMAP is 67.61%.²⁰ For each additional dollar North Carolina spends on Medicaid, the federal government contributes approximately \$2.²¹ The federal government does not cap the amount of eligible spending it reimburses each state.

The federal government contributes the largest share of funding for North Carolina's Medicaid program, financing almost 64% of the cost of Medicaid (see Figure 4). North Carolina covers

approximately 36% of the cost through appropriations and other funding, such as prior year earned revenues and transfers from other state agencies.²² In some years, county funds also make up a small portion of Medicaid funding.

Medicaid Spending

In Fiscal Year 2016, North Carolina's total Medicaid spending was 11th highest in the nation and 3rd highest among non-expansion states.²³ However, North Carolina ranks 35th in spending per enrollee (receiving either full or partial benefits).^{g 24} In 2015, spending on Medicaid accounted for approximately 32% of the North Carolina's total budget, which includes state and federal funds, and just over



Note: Data from North Carolina Division of Medical Assistance. Medicaid Annual Report Table, SFY 2017. Available at <https://dma.ncdhhs.gov/annual-reports-and-tables-0>. Accessed November 13, 2017.

*Refers to state appropriation of funds

^Refers to collection of nursing facility and ICF/MR assessments, prior year earned revenues, transfers from other state agencies, receipts from DSH and certified public expenditures applicable to Local Education Agencies and Qualified Public Hospitals where DMA pays only the federal share

^f The FMAP determines the share of qualifying state Medicaid spending reimbursable by the federal government. Each state's FMAP is calculated using a

formula comparing the state's per capita income to U.S. per capita income.

^g Based on Fiscal Year 2014 data.

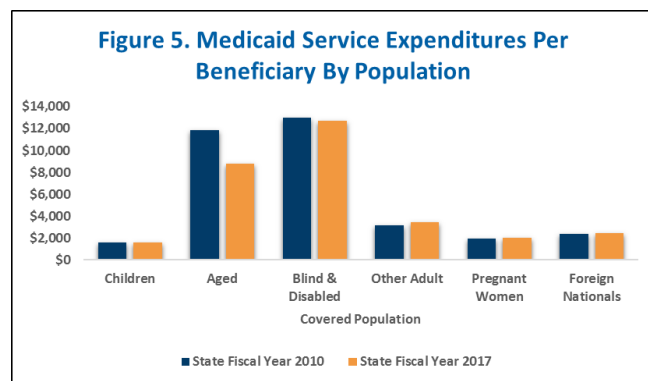
16% of the state-funded portion of North Carolina's budget.^{25 26}

Medicaid's Impact on Financial Security, Access to Care, and Health

Expanding the availability of health insurance, including Medicaid, to additional populations can reduce bill collection and out-of-pocket expenses.^{27 28} Recent research also suggests Medicaid expansion is associated with increased use of preventive services, primary care, and medications.²⁷

Health insurance coverage can lead to better financial security and improved access to care.

In North Carolina, Medicaid beneficiaries have better access to physicians than beneficiaries in other states. Approximately 80% of office-based physicians accept new Medicaid patients, compared to a national average of 69%.²⁹



Note: Data from North Carolina Division of Medical Assistance. Medicaid Annual Report Tables SFY 2017 & 2010. Available at <https://dma.ncdhhs.gov/annual-reports-and-tables-0>. Accessed November 13, 2017.

North Carolina Health Choice

North Carolina Health Choice, the state's version of the federal State Children's Health Insurance Program (SCHIP), is a health insurance program for low- and moderate-income children.³⁰ SCHIPs are jointly financed by federal and state governments, similar to how Medicaid is financed, but with a significantly higher Federal Medical Assistance Percentage (FMAP). For Fiscal Year 2018, the FMAP for NC Health Choice, an enhanced FMAP, is 100%.^h While the federal government finances a higher proportion of the cost of care under SCHIPs, the total amount of money the federal government will provide to states is capped. To cover costs, North Carolina requires certain families to pay copayments (ranging from \$5 to \$25 for services and \$1 to \$10 for prescriptions), and requires families with incomes above 159% of the FPL to pay a minimal enrollment fee.³¹ If funding is unavailable, enrollment is frozen and children who apply are placed on a waiting list.³² Enrollment has not been capped in the program since 2001.ⁱ

Health Choice covers children ages 6 to 18 whose family income is between 133% and 211% of the FPL.³³ In SFY 2017, an average of just over 90,000 children were covered each month.⁵ NC Health Choice covers similar services to North Carolina's Medicaid program, but does not cover long-term care, early and periodic screening, diagnostic and treatment (EPSDT) services, or non-emergency medical transportation, and restricts dental coverage.^{6 30}

Additional Resources

For more information about North Carolina Medicaid and Health Choice, visit <https://dma.ncdhhs.gov/>.

^h The Patient Protection and Affordable Care Act increased states' enhanced FMAPs by 23 percentage points (with the enhanced FMAP not to exceed 100%).

ⁱ Melanie Bush, Deputy Director, Clinical and Operations

Division of Medical Assistance, North Carolina Department of Health and Human Services, e-mail communication, October 6, 2017.

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