



Basic Medicaid Overview

**Department of Health and Human Services
Division of Medical Assistance**

February 26, 2018

Agenda

- **General Medicaid Overview**
 - Eligibility
 - Enrollment
 - Services
 - Financial Impact

- **Opportunities to Promote Work and Community Engagement**

What is Medicaid?

- **Title XIX of the Social Security Act**
- **Provides health coverage for families, children, pregnant women, seniors, and people with disabilities who have low incomes**
- **Largest insurer in the United States**
 - Payor of last resort
 - Pays Medicare premiums, deductibles, and coinsurance for qualifying beneficiaries

What is Medicaid?

MEDICARE	MEDICAID
Federally-administered	State administered in accordance with federal law
Federal tax dollars	Federal and state tax dollars
Available to all people: <ul style="list-style-type: none">• 65 and older• Under 65 with certain disabilities• Any age with End Stage Renal Disease (ESRD) or ALS	Limited to: <ul style="list-style-type: none">• People with low-incomes• People with certain disabilities
Services and benefits are the same across states	Services and benefits vary by state
Paid for by premiums and copays	Limited out-of-pocket expenses

Federal administrator for both programs is the Center for Medicare and Medicaid Services (CMS) within the Department of Health and Human Services (DHHS). North Carolina administrator is NC DHHS, as delegated to the Division of Medical Assistance.

What is Medicaid?

- **Entitlement program**
 - Means-tested eligibility
 - Entitled to service regardless of cost or availability of funds

- **Counter-cyclical, safety net program**
 - Designed to counteract the fluctuations of the economic cycle
 - When the economy sinks, more people lose health coverage, so enrollment grows
 - When the economy sinks, state revenues also drop, historically causing budget shortfalls

What is Medicaid?

- **Most services are provided under the federal authority of the Medicaid State Plan**
- **States can waive requirements of federal law through various waivers**

Waiver Type	Waiver authority
1915(b)	Allows states to implement managed care by waiving freedom of choice requirements
1915(c)	Allows states to provide home and community based services for individuals who would otherwise receive institutional care
1115	Allows states to expand eligibility, provide services not typically covered, or use innovative service delivery methods

Medicaid Waivers

North Carolina Medicaid Waiver	Type	Description	Status
Community Alternatives Program for Children (CAP-C)	1915(c)	Provides home and community-based services to children at risk for institutionalization in a nursing home.	Active
Community Alternatives Program for Disabled Adults (CAP-DA)	1915(c)	Provides home and community-based services for adults with disabilities who prefer to remain in their primary private residences rather than in a nursing home.	Active
MH/IDD/SAS Health Plan	1915(b)(1), 1915(b)(3), 1915 (b)(4)	Allows for behavioral health, developmental disability, and substance use services to be provided under managed care through LME/MCOs.	Active
NC Innovations	1915(c)	Provides home and community-based services for individuals with Intellectual or Developmental Disabilities (I/DD) through LME/MCOs.	Active
Family Planning	1115	Provides family planning services for individuals up to 195% FPL	Inactive*
Medicaid Transformation	1115	Proposes transforming Medicaid physical health delivery system to managed care statewide.	Pending

Who receives Medicaid?

- **Federally mandatory and optional populations**
- **States have flexibility to:**
 - Decide whether to cover optional populations
 - Set income limits for some eligibility categories
- **North Carolina General Assembly sets income limits in the biannual Appropriations bill**
 - See Session Law 2017-57, Section 11H.1.

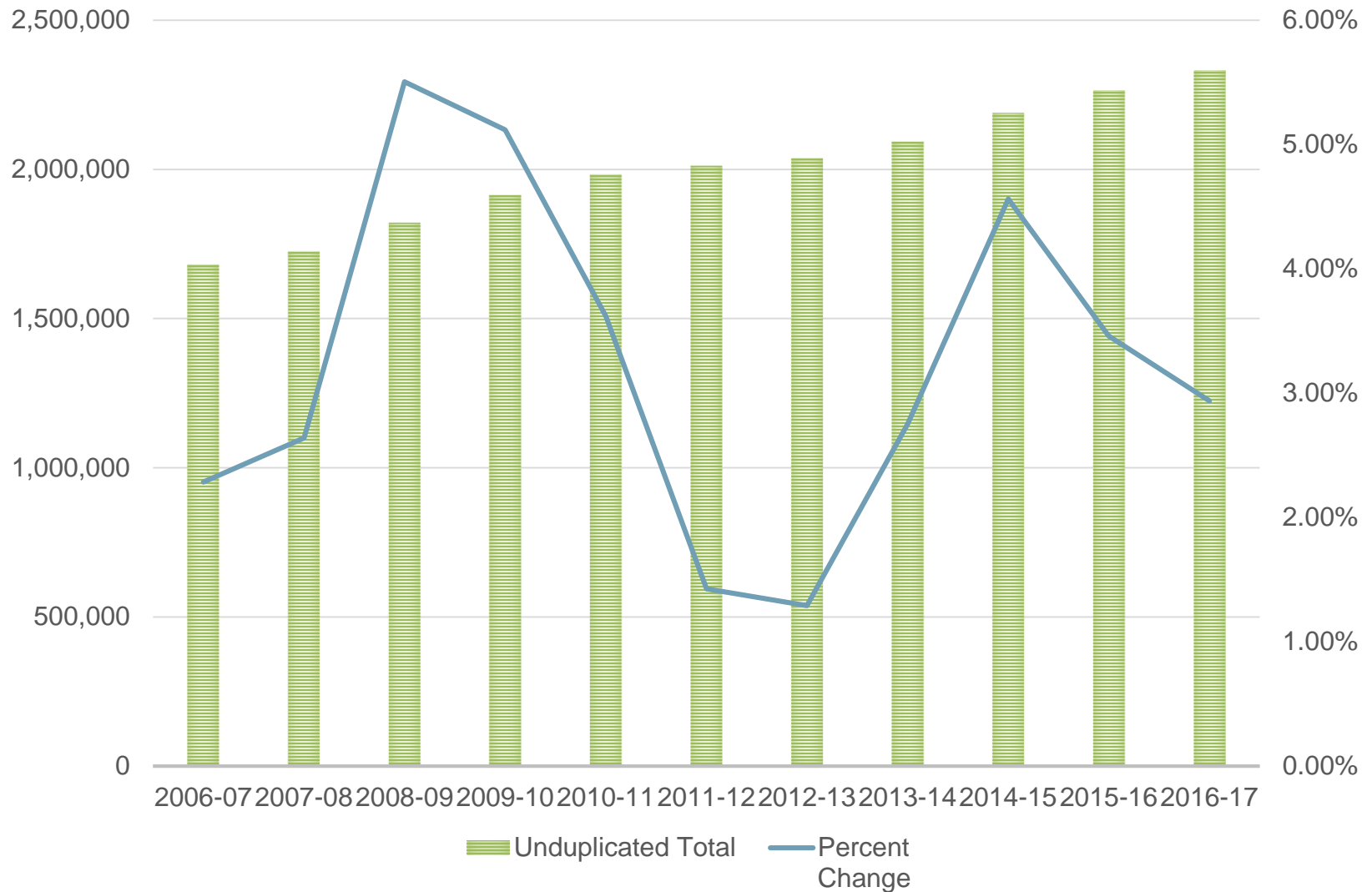
Who receives Medicaid?

MANDATORY	OPTIONAL
Low income families	Children with non-IV-E Adoption Assistance
Transitional Medical Assistance	Independent Foster Care Adolescents
Children with Title IV-E Adoption Assistance, Foster Care, or Guardianship Care	Optional Targeted Low Income Children (M-CHIP)
Pregnant Women and Children	Individuals Receiving Home and Community Based Services through Waivers
Infants and Children aged 0-18	Certain Women Needing Treatment for Breast or Cervical Cancer (BCCCP)
Individuals receiving Supplemental Security Insurance (SSI)	Individuals Eligible for Family Planning Only Services
Aged, Blind, and Disabled Individuals	Medically Needy Individuals with High Health Care Expenditures (Spend Down)
Working Disabled	Any mandatory group at a higher income level
Disabled Adult Children	
Qualified Medicare Beneficiaries	

Who receives Medicaid?

GROUP	BENEFITS	MONTHLY INCOME LIMIT
Seniors > 65 People with blindness People with disabilities	Full Medicaid coverage	100% of Poverty Level 1 - \$1,000 2 - \$1,354
Parents/caretakers of children <21	Full Medicaid coverage	1 - \$434 2 - \$569 3 - \$667
Pregnant women	Treatment for conditions that affect the pregnancy	196% of Poverty Level 1 - \$1,970 2 - \$2,653 3 - \$3,336
Children <6	Full Medicaid coverage	210% of Poverty Level 1 - \$2,111 2 - \$2,842 3 - \$3,574
Children >6	Full Medicaid Coverage	133% of Poverty Level 1 - \$1,337 2 - \$1,800 3 - \$2,264
Family Planning Only	Family planning exams/services, screenings/treatment for STIs, sterilization	195% of Poverty Level 1 - \$1,960 2 - \$2,639 3 - \$3,319

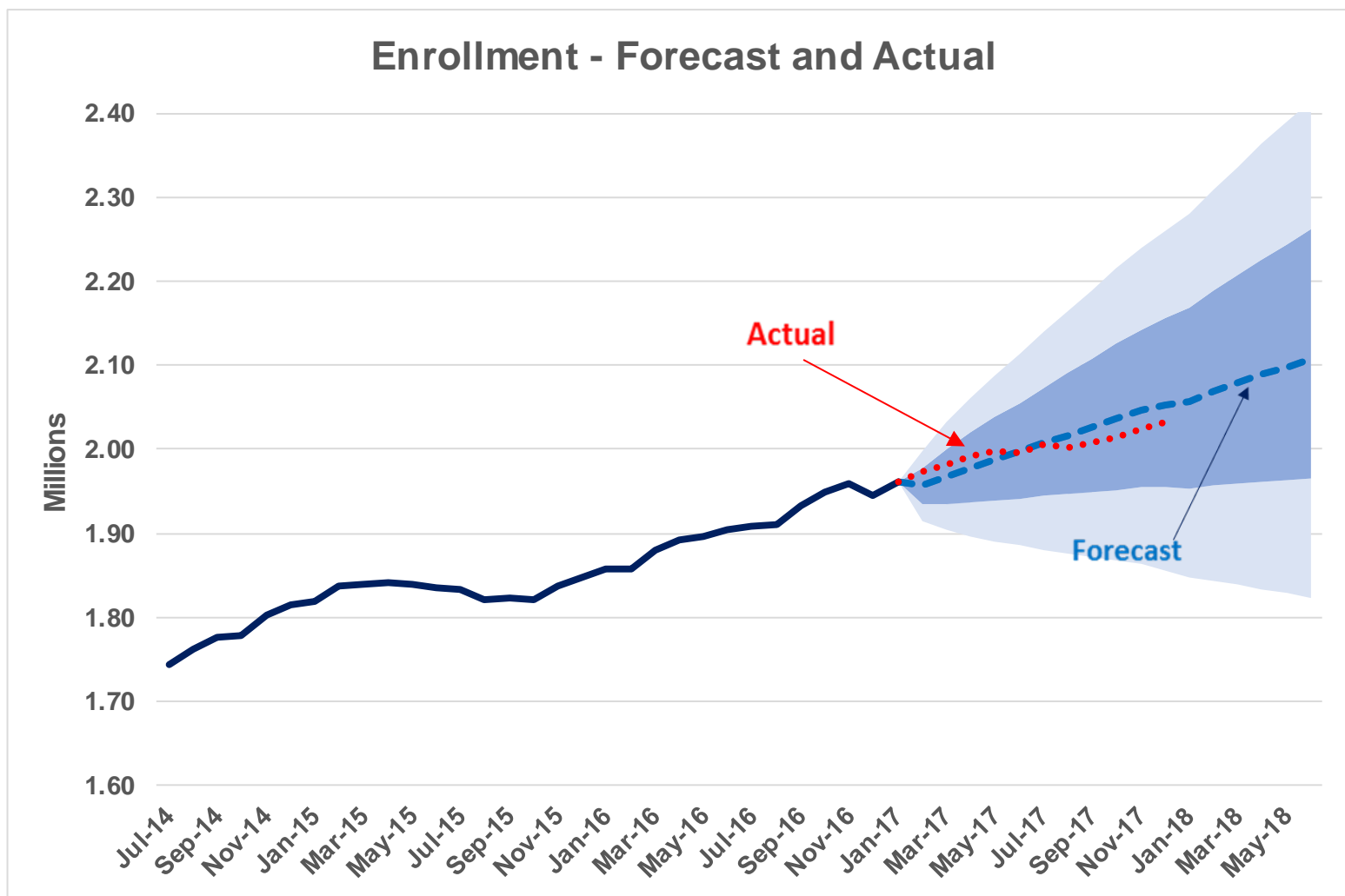
Medicaid enrollment growth



Source: SFY 2017 Medicaid Annual Report Tables, <https://dma.ncdhhs.gov/annual-reports-and-tables-0>

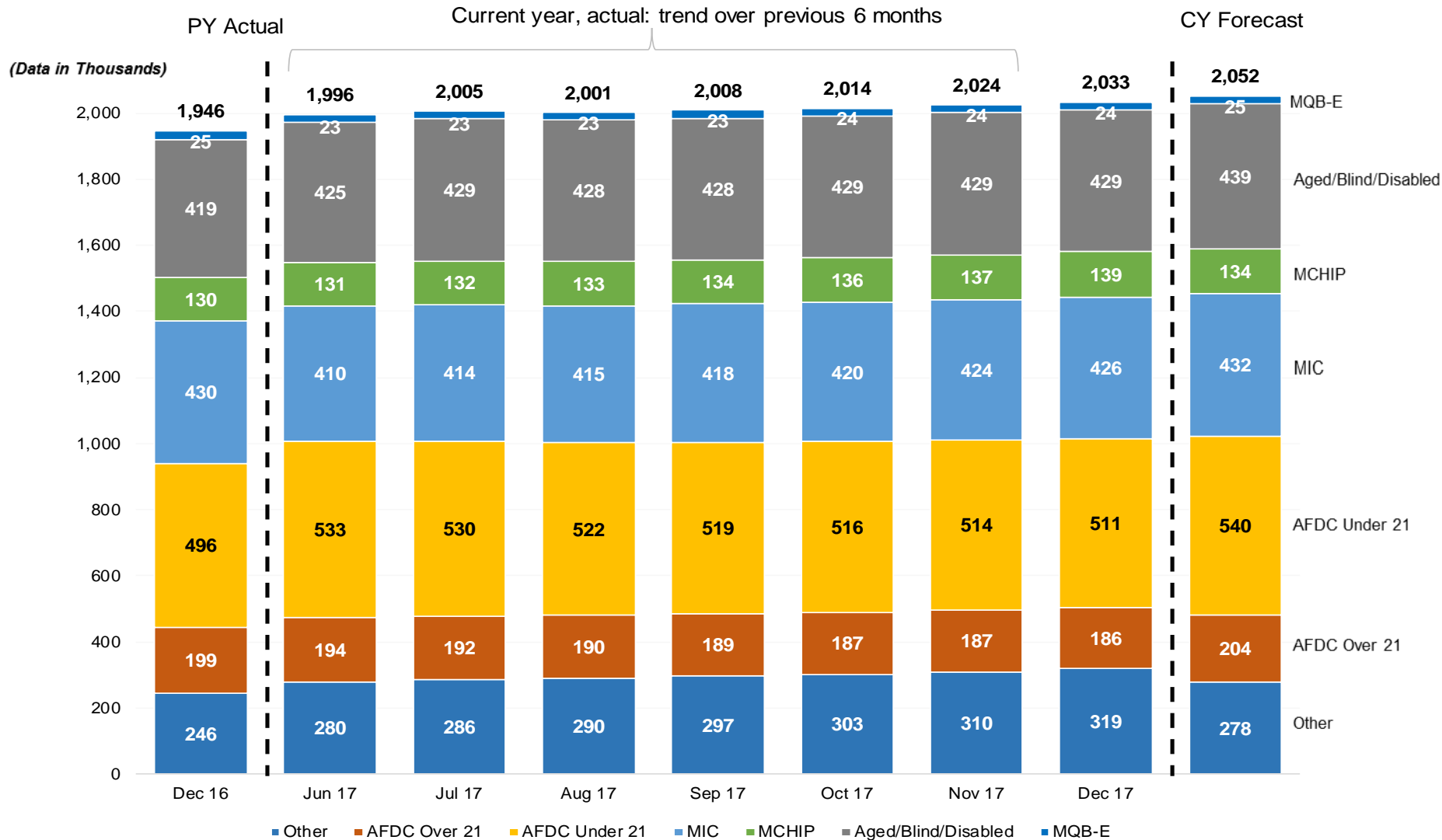
Medicaid Enrollment – Forecast vs. Actual

Medicaid enrollment has tracked roughly in line with DMA's expectations to date.



Medicaid Enrollment by Program Aid Category

Current enrollment at December 2017 of 2.033M is 4.5% higher than the one year prior 1.946M at December 2016



What does Medicaid pay for?

- **Federal statute outlines both mandatory and optional services**
- **Includes**
 - Physical health services
 - Behavioral health services
 - Care management
 - Long-term services and supports
 - Non-emergency medical transportation

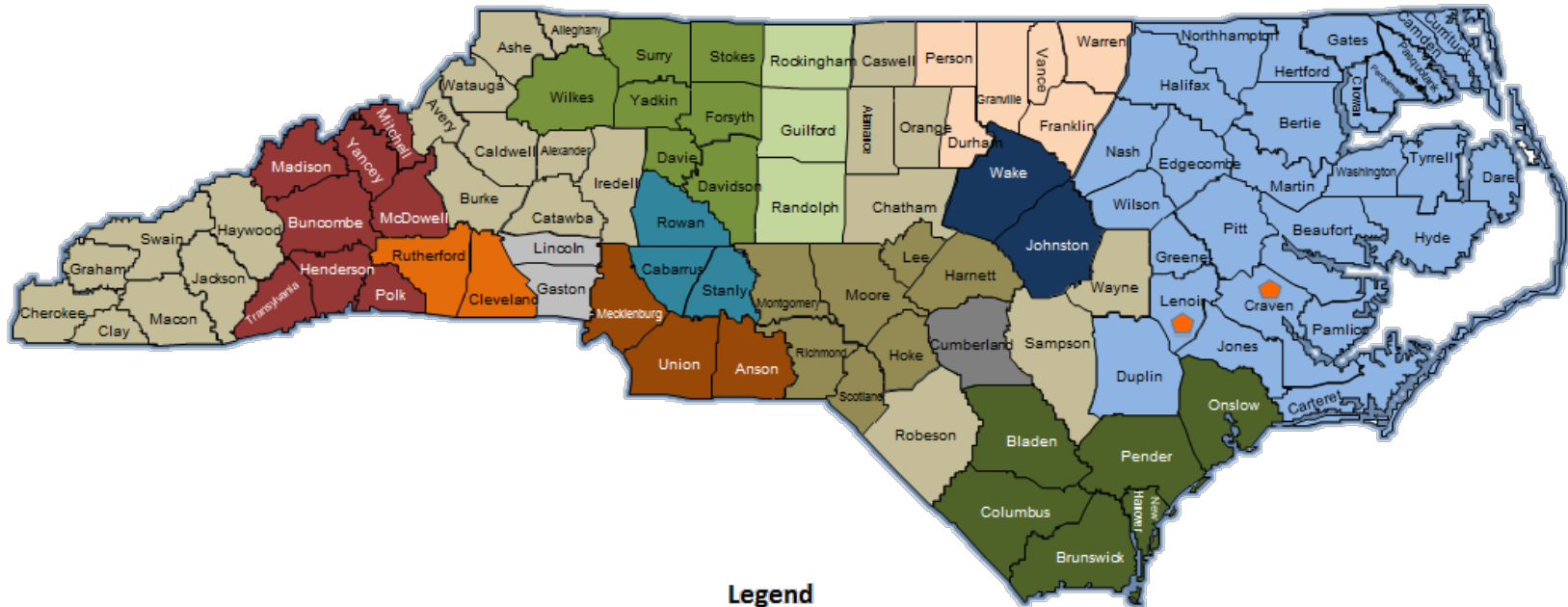
What does Medicaid pay for?

Mandatory Federal Benefits	Additional North Carolina Benefits
<ul style="list-style-type: none"> • Inpatient hospital services • Outpatient hospital services • Early and periodic screening, diagnostic and treatment services (EPSDT) • Nursing facility services • Home health services • Physician services • Rural health clinic services • Federally qualified health center services • Laboratory and X-ray services • Family planning services • Nurse midwife services • Certified pediatric and family nurse practitioner services • Freestanding birth center services (when licensed or otherwise recognized by the State) • Transportation to medical care • Tobacco cessation counseling for pregnant women 	<ul style="list-style-type: none"> • Prescription drugs • Clinic services • Physical therapy • Occupational therapy • Speech, hearing and language disorder services • Respiratory care services • Other diagnostic, screening, preventive and rehabilitative services • Podiatry services • Optometry services • Prosthetics • Chiropractic services • Other practitioner services as outlined in the Medicaid State Plan (behavioral health) • Eyeglasses • Private duty nursing services • Personal care • Hospice • Case management • Durable medical equipment • Prosthetics, orthotics and supplies • Home infusion therapy • Services for individuals age 65 or older in an institution for mental disease (IMD) • Services in an intermediate care facility for individuals with intellectual disability • Inpatient psychiatric services for individuals under age 21 • Health homes for enrollees with chronic conditions – section 1945

What does Medicaid pay for?

- Physical health benefits are provided on a fee-for service (FFS) basis
- Community Care of North Carolina (CCNC) provider networks provide primary care case management (PCCM) for beneficiaries within geographic network areas
 - Provide care management for high needs, high utilization patients with interdisciplinary teams that form Medical Home
 - Lead innovative initiatives to improve chronic illness management; prevent diabetes, asthma, congestive heart failure; improve opioid safety; promote palliative care; and assist in practice transformation, etc.
 - Assist in transitions of care

CCNC Networks



Legend

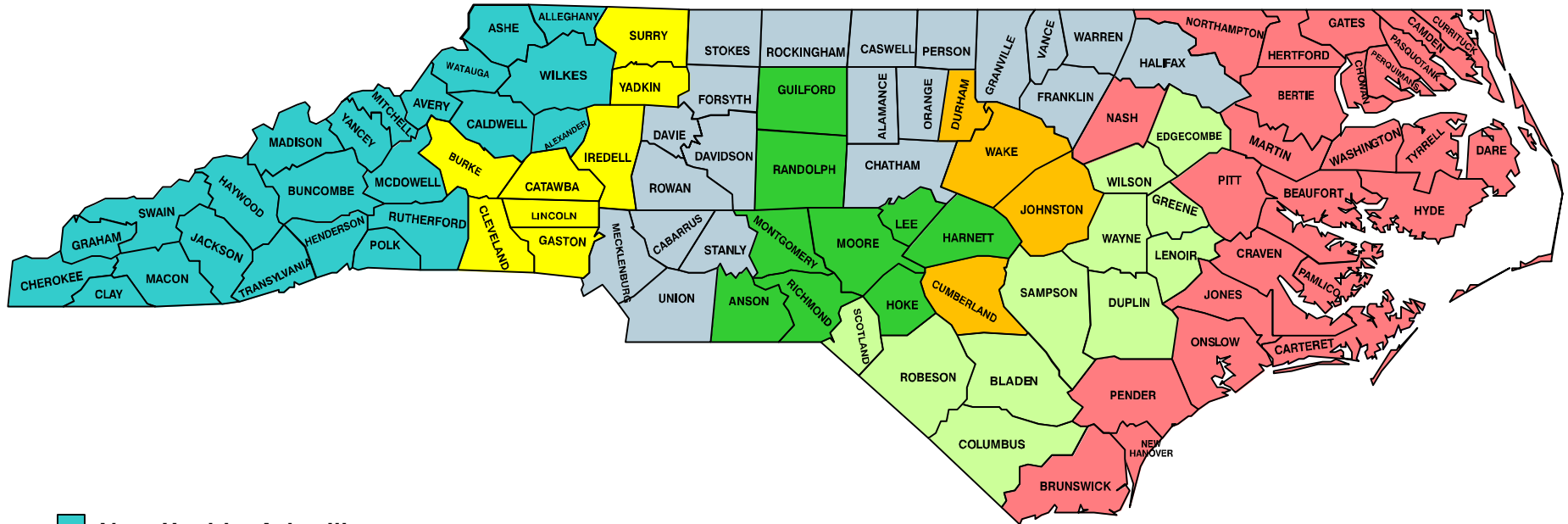
- AccessCare Network Sites
- AccessCare Network Counties
- Community Care of Western North Carolina
- Community Care of the Lower Cape Fear
- Carolina Collaborative Community Care
- Community Care of Wake and Johnston Counties
- Community Care Partners of Greater Mecklenburg
- Carolina Community Health Partnership
- Community Care Plan of Eastern Carolina
- Community Health Partners
- Northern Piedmont Community Care
- Northwest Community Care
- Partnership for Community Care
- Community Care of the Sandhills
- Community Care of Southern Piedmont

Source: CCNC March 2013

What does Medicaid pay for?

- **Behavioral health and substance use services and services for individuals with intellectual or developmental disabilities are provided through managed care**
 - Administered by local management entities/managed care organizations (LME/MCOs)
 - Payment is a capitated, per member per month rate
 - Services are coordinated by LME/MCO is geographic catchment area

LME-MCO Catchment Areas



- Vaya Health - Asheville
- Cardinal Innovations Healthcare Solutions - Kannapolis
- Partners Behavioral Health Management - Gastonia
- Alliance Behavioral Healthcare - Durham
- Sandhills Center - West End
- Trillium Health Resources - Greenville
- Eastpoint - Beulaville

How much does Medicaid pay?

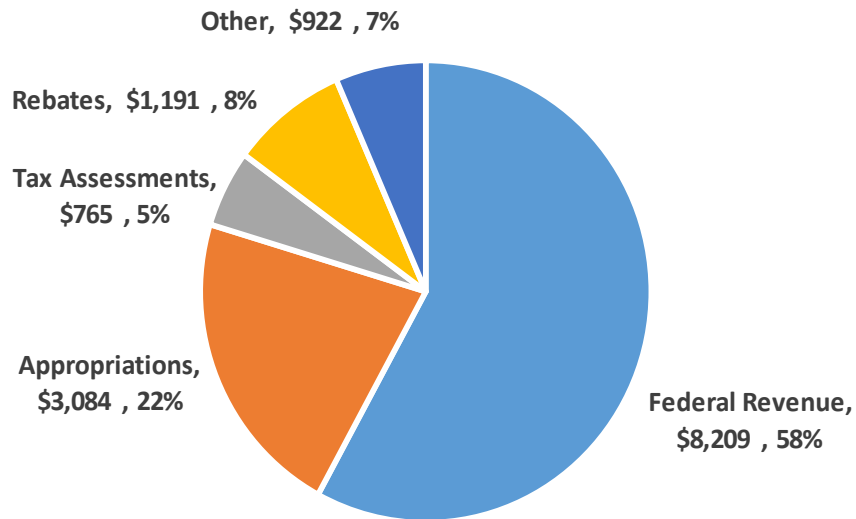
- Joint federal-state partnership
- States receive federal medical assistance percentages (FMAP) for services and functions approved by CMS
 - 67% for most services
 - Some enhanced rates for certain services or populations (i.e. in expansion states)
 - 50% for administrative costs
 - Some enhanced rates for technology, eligibility determination, certain staff positions, etc.

How much does Medicaid pay?

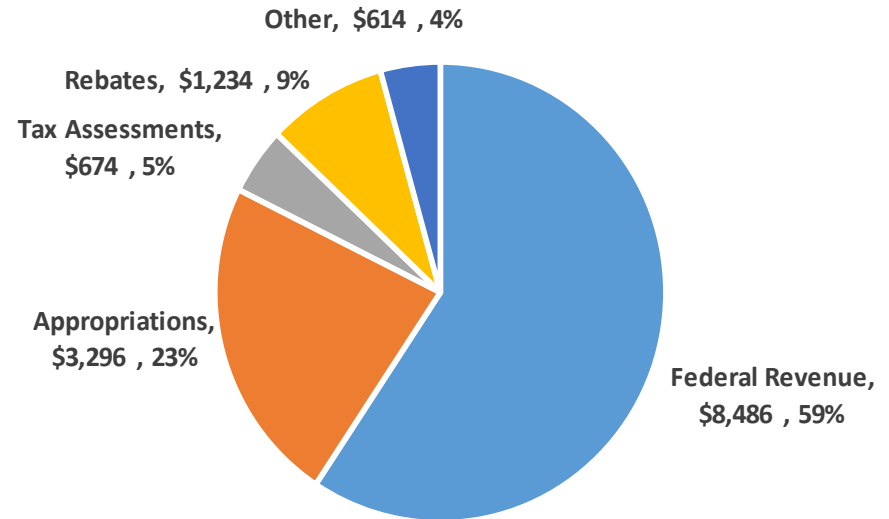
- **FMAP is based on a formula that takes into account the average per capita income for each state relative to the national average**
 - The lower the state's per capita income, the higher the FMAP
- **Adjusted on October 1 every year (FFY)**
 - North Carolina FMAP, due to population growth and overall income growth, will decrease
- **Sources of additional revenue**
 - Drug rebates
 - Skilled nursing home assessments
 - Hospital assessments

Medicaid Revenue Distribution

SFY2017 Actuals (\$ millions)



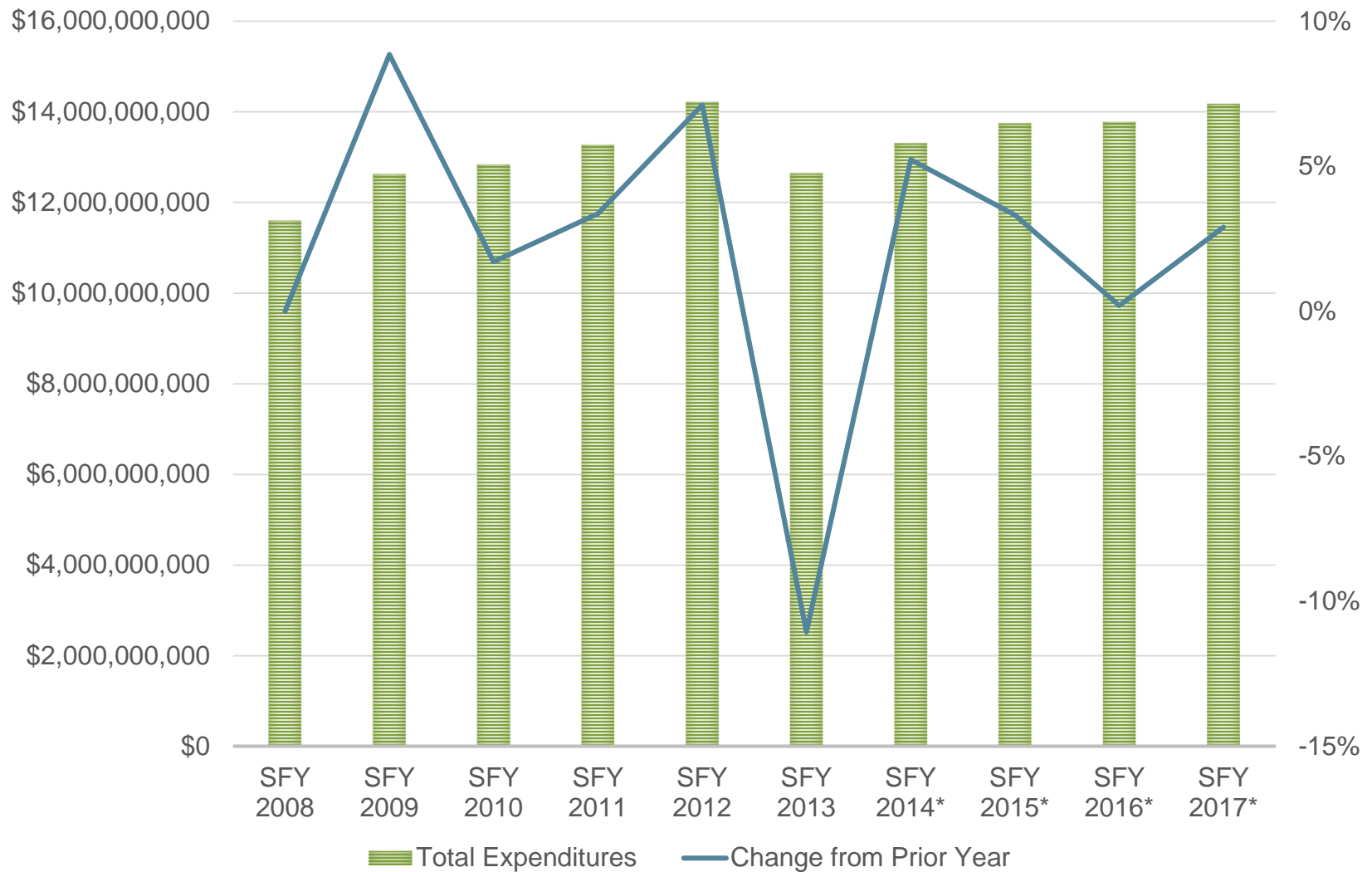
SFY2018 Budget (\$ millions)



How much does Medicaid pay?

NC Medicaid	2017-2018	2018-2019
Total Requirements	\$14,305,119,778	\$14,637,232,551
Less Estimated Receipts	\$10,614,364,607	\$10,835,551,339
NET APPROPRIATION	\$3,690,775,171	\$3,801,681,212

Medicaid Total Expenditures



Source: SFY 2017 Medicaid Annual Report Tables, <https://dma.ncdhhs.gov/annual-reports-and-tables-0>

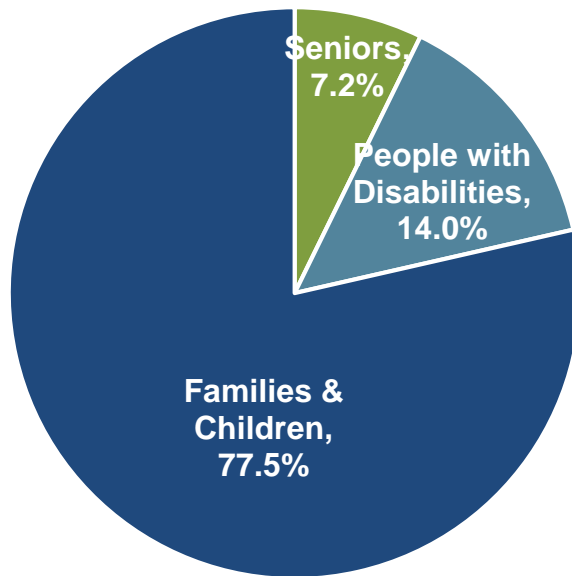
Medicaid Service Expenditures by Group

Eligibility Group	Total Service Dollars	% of Service Dollars	Total Beneficiaries	% of Beneficiaries	SFY 2017 Expenditures/ Beneficiary
Seniors	\$1,678,173,422	15.1%	207,117	7.2%	\$8,103
People with Disabilities	\$5,134,669,546	46.2%	404,690	14.0%	\$12,688
Families and Children	\$4,216,800,650	37.9%	2,242,567	77.5%	\$1,880

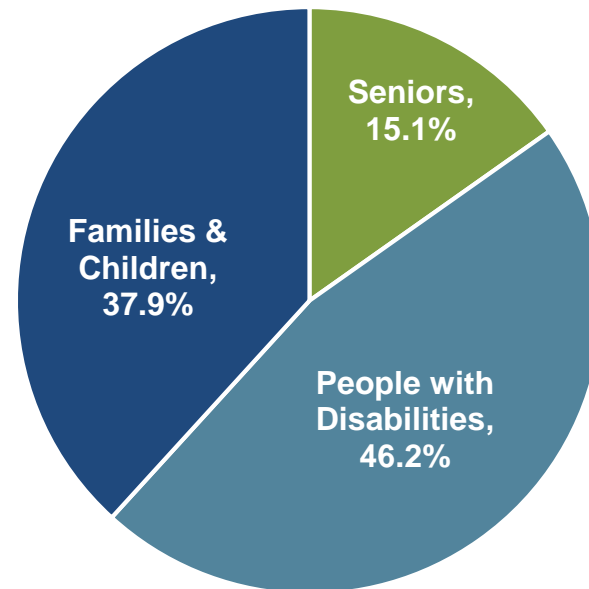
Source: SFY 2017 Medicaid Annual Report Tables, <https://dma.ncdhhs.gov/annual-reports-and-tables-0>

Medicaid Service Expenditures by Group

Percent of Recipients



Percent of Service Dollars



Source: SFY 2017 Medicaid Annual Report Tables, <https://dma.ncdhhs.gov/annual-reports-and-tables-0>

Medicaid SFY18 Actuals vs. Budget

Through November 2017, total Medicaid expenditures were **\$263.1M** or **4.3%** favorable to the authorized budget.

(\$ millions)

Fund Description	SFY2018B YTD	SFY2018A YTD	Variance (vs. Budget)	Variance %
Hospital ¹	\$ 828.3	\$ 844.4	\$ 16.1	1.9%
Skilled Nursing Facilities	551.2	551.8	0.6	0.1%
Physician	462.2	449.0	(13.1)	-2.8%
Pharmacy ³	514.4	452.7	(61.8)	-12.0%
Other Claims	1,022.2	1,002.4	(19.9)	-1.9%
Total Fee-For-Service Claims Exp.	\$ 3,378.4	\$ 3,300.3	\$ (78.1)	-2.3%
Consolidated Supp. Hospital Payments	915.4	873.8	(41.7)	-4.6%
Cost Settlements	77.1	29.0	(48.1)	-62.4%
Capitation, Premiums & Other Exp. ²	1,806.0	1,710.8	(95.2)	-5.3%
Total Expenditures	\$ 6,176.9	\$ 5,913.8	\$ (263.1)	-4.3%

Notes:

1. Hospital Expenditures include Inpatient, Outpatient, and Emergency Room Services.
2. Includes LME/MCO, PACE, High-Tech Imaging, and Buy-in/Dual Eligible Services.
3. Pharmacy Expenditures are net of rebates.

Opportunities to Promote Work and Community Engagement

- **State Medicaid Director Letter (SMD) 18-002**
- **Incentives to make participation in work or other community engagement a requirement as a condition of Medicaid**
 - Eligibility
 - Coverage
 - Additional or enhanced benefits
 - Reduced premiums or cost sharing

Opportunities to Promote Work and Community Engagement

- **Non-elderly, non-pregnant adult beneficiaries who are eligible on a basis other than disability**
 - Parents of children
 - Family planning only beneficiaries
- **Beneficiaries required to engage in work or community engagement activities**
 - Skills training
 - Education
 - Job search
 - Caregiving
 - Volunteer service

Opportunities to Promote Work and Community Engagement

- States are required to monitor beneficiaries to determine if work or community engagement leads to improved health outcomes
- Requires an 1115 waiver
 - Implementation must be budget neutral
 - Requires robust evaluation
- Approved for Kentucky
 - Pending waiver requests:
 - AR, AZ, IN, KS, ME, NH, UT, WI
 - Generally tied to expansion efforts

Additional Resources

- **Medicaid Dashboards**
 - Enrollment
 - Annual Reports
 - HEDIS Measures
 - Payments to Providers
 - Expenditures
 - <https://dma.ncdhhs.gov/dashboards>

- **State Medicaid Director Letter 18-002**
 - <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>

Questions

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