



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**  
Division of Health Benefits

ROY COOPER • Governor  
KODY H. KINSLEY • Secretary  
DAVE RICHARD • Deputy Secretary, NC Medicaid

MEMORANDUM

DATE: October 18, 2022

TO: Judith Cash, Director, State Demonstrations Group  
Center for Medicaid and CHIP Services

FROM: Dave Richard [REDACTED]

SUBJECT: **North Carolina Medicaid Reform Demonstration Special Terms and Conditions (STCs) – Amendment Dated September 16, 2022**

Thank you for your review and approval of North Carolina's request to amend the section 1115(a) demonstration titled, "North Carolina Medicaid Reform Demonstration" (Project Numbers 11-W-00313/4 and 21-W-00070/4), to expand eligibility for the state's existing demonstration initiative called "Healthy Opportunities Pilots" to individuals covered in the state's Separate Children's Health Insurance Program (S-CHIP).

This letter confirms North Carolina's acceptance of these amended STCs, pending the incorporation of following minor technical corrections:

- Page 5/238: Please remove the phrase "title XXI funded" from the first sentence
- Page 26/238: Please add a space between "deliver" and "Healthy" in (v)(a)
- Page 28/238: Part (d) appears to feature the first reference to "HOP." We suggest either defining this acronym here and carrying the acronym forward throughout the document or replacing this reference with "Healthy Opportunities Pilots"
- Page 32/238: Please replace "updated" with "update" in part (vii)(a)
- Page 48/238: Please replace "ECM" with "HOP" in part (B)(i)
- Page 49/238:
  - Please replace "ECM" with "HOP" in part (B)(ii)
  - Please add a space between "HOP" and "Supplemental" in part (B)(ii)
- Page 51/238: The link appears to be broken. Please replace with a functioning link.

Additionally, we look forward to hearing from CMS regarding its review of the following outstanding requests that were included in the January 2022 waiver amendment submission:

- Extending the end date of the demonstration for components other than those related to IMD to June 30, 2026 (from October 31, 2024) to allow for full implementation and robust evaluations of key waiver programs
- Adjusting the coverage approach under the BH I/DD Tailored Plans by:
  - Requiring that certain individuals with significant behavioral health needs in residential settings enroll in the BH I/DD Tailored Plans in order to ensure that they keep coverage of all needed services
  - Removing most dual eligible populations from the demonstration so that those individuals can continue to receive coverage through their current delivery system

(i.e., through fee for service for physical health services and local management entities/managed care organizations, or LME-MCOs for behavioral health and I/DD services)

- Modifying implementation of the Healthy Opportunities Pilots by:
  - Adding a limited set of other new populations (i.e., Tribal Option enrollees) and flexibility to add at a later date populations currently exempt or excluded from managed care; this would allow North Carolina to ensure access for a broader range of individuals who would benefit from access to appropriate Pilot services
  - Lengthening the amount of time Pilot capacity building funds can be spent to ensure Human Services Organizations (HSOs) can leverage the funding to successfully participate in a phased-in approach to network development
  - Migrating (and making updates to) operational detail currently in the demonstration special terms and conditions (STCs) into a different vehicle (e.g., an attachment) in order to maintain an agile approach to the evolution of Pilot design (e.g., Pilot value-based payments, operational workflow specifics)
- Excluding the COVID-19 testing group from mandatory managed care

Thank you for your continued partnership.