

# **Use of Medicaid Transformation Funds for Medicaid Transformation Needs**

**Session Law 2023-134, Section 9E.9(e)**



**Report to**  
**Joint Legislative Oversight Committee on Medicaid**  
**and**  
**Fiscal Research Division**  
**by**  
**North Carolina Department of Health and Human Services**

**July 15, 2024**

## Background

Session Law 2023-134, Section 9E.9(e) requires the Department of Health and Human Services, Division of Health Benefits, to report on expenditures paid for by Medicaid Transformation funds no later than January 15, 2024, and every six months thereafter until the final report due on July 15, 2025. Each report is to include the expenditures for the previous six months and whether the expenditure is expected to continue into the 2025- 2027 fiscal biennium. Included in this report are the expenditures from December 1, 2023, through May 31, 2024. The total amount spent on Medicaid transformation for this period was \$166,338,133 with \$72,873,438 of that being the non-federal share. The breakdown of expenditures is set forth below.

### SL 2023-134, Section 9E.9(e): Use of Medicaid Fund for Medicaid Transformation Needs December 1, 2023 – May 31, 2024 Expenditures

SL 2023-134 Qualifying Need #	Qualifying Need Title	Total Medicaid Expenditure	Medicaid Transformation Fund Non-Federal Share	Included Initiatives
1	Program Design	\$ 7,009,324	\$ 3,504,663	Program design for various Medicaid Managed Care payments streams (FQHC, Ambulance, Tailored Care Management, etc.)
2	Beneficiary and Provider Experience	\$ 27,857,074	\$ 13,928,538	Ombudsman, Enrollment Broker and provider education/training
3	Information Technology Upgrades, Operations, and Maintenance	\$ 5,894,275	\$ 1,274,656	Change order for existing systems and development, operations & maintenance on new Medicaid Enterprise System (MES) modules
4	Data Management Tools	\$0	\$0	
5	Program Integrity	\$0	\$0	
6	Quality Review	\$ 2,416,238	\$ 674,097	External Quality Reviews on Medicaid Managed Care claims
7	Actuarial Rate Setting Functions	\$ 5,655,835	\$ 2,827,917	Rate Setting for current and prospective Medicaid Managed Care capitation payments
8	Technical and Operational Integration	\$ 68,703,117	\$ 34,351,558	Project management/development support; temporary, contracted, and Time-Limited staffing and staff development/training
9	BH IDD Tailored Plan Health Homes	\$0	\$0	
10	Legal Fees	\$0	\$0	
11	Expenses Related to the Enhanced Case	\$ 48,802,270	\$ 16,312,009	Healthy Opportunities Pilot service and administrative payments, NCCARE360 licenses/enhancements

	Management and Other Services Pilot Program, Commonly Referred to as the "Healthy Opportunities Pilots"			
<b>TOTALS</b>		<b>\$ 166,338,133</b>	<b>\$ 72,873,438</b>	

NOTES:

- 1) "Total Costs" from above reflect Year-to-Date Expenditures as of May 31, 2024. At the time this document was prepared, DHB has certified our books for May 2024, and we are working to close out books for June 2024.
- 2) This reporting only covers costs for DHB; costs on the Information Technology Division's (ITD) books are still to be determined. These costs are anticipated to be in the next iteration of this report.
- 3) 3) All of the costs incurred as of May 31, 2024, are expected to occur again in the next biennium, SFY 2025-27.

## **Appendix A:**

### **Session Law 2023-134, Section 9E.9.(e) Use of the Medicaid Transformation Fund for Medicaid Transformation Needs**

SECTION 9E.9.(e) Reporting. – No later than January 15, 2024, and every six months thereafter until the final report due July 15, 2025, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each expenditure that has been funded from the Medicaid Transformation fund in the preceding six months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium.