

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 144  
Committee Substitute Favorable 3/9/21  
Committee Substitute #2 Favorable 5/5/21  
Senate Health Care Committee Substitute Adopted 6/2/22  
PROPOSED SENATE COMMITTEE SUBSTITUTE H144-PCS30582-TR-13

Short Title: Medicaid Children and Families Specialty Plan.

(Public)

Sponsors:

Referred to:

February 25, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT AUTHORIZING THE CHILDREN AND FAMILIES SPECIALTY PLAN AS AN  
3 ADDITIONAL MEDICAID MANAGED CARE PLAN AND MAKING OTHER  
4 CHANGES TO MEDICAID MANAGED CARE STATUTES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** The Department of Health and Human Services (DHHS) shall issue  
7 a request for proposals to procure a single statewide children and families specialty plan contract  
8 with a prepaid health plan, as defined in G.S. 58-93-5 or G.S. 108D-1, with services to begin no  
9 later than December 1, 2023. Each eligible responding entity may submit only one response to  
10 an RFP issued by DHHS. DHHS shall define the services available and the Medicaid and NC  
11 Health Choice beneficiaries who are eligible to enroll in the children and families specialty plan,  
12 except as otherwise specified in this act.

13 **SECTION 1.(b)** DHHS shall request approval from the Centers for Medicare and  
14 Medicaid Services (CMS) to require that a child who is automatically enrolled in the children  
15 and families specialty plan under G.S. 108D-62(f) may not elect to enroll instead in a standard  
16 benefit plan or a behavioral health and intellectual/developmental disabilities tailored plan unless  
17 doing so is in the best interest of the child.

18 **SECTION 2.** G.S. 108D-1 reads as rewritten:

19 "§ 108D-1. **Definitions.**

20 The following definitions apply in this Chapter:

21 ...

22 (4) Behavioral health and intellectual/developmental disabilities tailored plan or  
23 BH IDD tailored plan. – A capitated prepaid health plan contract under the  
24 Medicaid transformation demonstration waiver that meets all of the  
25 requirements of Article 4 of this Chapter, including the requirements  
26 pertaining to BH IDD tailored plans, but excluding the requirements  
27 pertaining only to the CAF specialty plan.

28 ...

29 (5a) Children and families specialty plan or CAF specialty plan. – A statewide  
30 capitated prepaid health plan contract under the Medicaid transformation  
31 demonstration waiver that meets all of the requirements of Article 4 of this  
32 Chapter, including the requirements pertaining to the CAF specialty plan, but  
33 excluding the requirements only pertaining to BH IDD tailored plans.



\* H 1 4 4 - P C S 3 0 5 8 2 - T R - 1 3 \*

1           (6) ~~Closed network.—The network of providers that have contracted with (i) a~~  
 2           ~~local management entity/managed care organization operating the combined~~  
 3           ~~1915(b) and (c) waivers or (ii) an entity operating a BH IDD tailored plan to~~  
 4           ~~furnish mental health, intellectual or developmental disabilities, and substance~~  
 5           ~~abuse services to enrollees.~~

6           ...

7           (30) Prepaid health plan or PHP. – A prepaid health plan, as defined in  
 8           G.S. 58-93-5, that is under a capitated contract with the Department for the  
 9           delivery of Medicaid and NC Health Choice services, or a local management  
 10          entity/managed care organization that is under a capitated PHP contract with  
 11          the ~~Department to operate a BH IDD tailored plan.~~Department.

12          ...

13          (36) Standard benefit plan. – A capitated prepaid health plan contract under the  
 14          Medicaid transformation demonstration waiver that meets all of the  
 15          requirements of Article 4 of this Chapter except for the requirements  
 16          pertaining only to a BH IDD tailored ~~plan~~plan and only to the CAF specialty  
 17          plan."

18          **SECTION 3.** G.S. 108D-5.3 reads as rewritten:

19          "**§ 108D-5.3. Enrollee requests for disenrollment.**

20          ...

21          (b) Without Cause Enrollee Requests for Disenrollment. – An enrollee shall be allowed  
 22          to ~~disenroll~~request disenrollment from the PHP without cause only during the times specified in  
 23          42 C.F.R. § 438.56(c)(2), except that enrollees who are in any of the following groups may  
 24          request to disenroll at any time:

- 25               (1) Beneficiaries who meet the definition of Indian under 42 C.F.R. § 438.14(a).  
 26               (2) Beneficiaries who are ~~enrolled in the foster care system described in~~  
 27               G.S. 108D-40(a)(14).  
 28               (3) ~~Beneficiaries who are in the former foster care Medicaid eligibility category.~~  
 29               (4) ~~Beneficiaries who receive Title IV-E adoption assistance.~~  
 30               (5) Beneficiaries who are receiving long-term services and supports in  
 31               institutional or community-based settings.  
 32               (6) Any other beneficiaries who are not required to enroll in a PHP under  
 33               G.S. 108D-40.  
 34               (7) Beneficiaries who are described in G.S. 108D-40(a)(12).

35          ...."

36          **SECTION 4.** G.S. 108D-21 reads as rewritten:

37          "**§ 108D-21. LME/MCO provider networks.**

38          Each LME/MCO operating the combined 1915(b) and (c) waivers shall develop and maintain  
 39          a closed network of providers to furnish mental health, intellectual or developmental disabilities,  
 40          and substance abuse services to its enrollees. The closed network is the network of providers that  
 41          have contracted with the local management entity/managed care organization operating the  
 42          combined 1915(b) and (c) waivers."

43          **SECTION 5.** G.S. 108D-22 reads as rewritten:

44          "**§ 108D-22. PHP provider networks.**

45          (a) Except as provided in ~~G.S. 108D-23, G.S. 108D-23 and G.S. 108D-24,~~ each PHP  
 46          shall develop and maintain a provider network that meets access to care requirements for its  
 47          enrollees. A PHP may not exclude providers from their networks except for failure to meet  
 48          objective quality standards or refusal to accept network rates. Notwithstanding the previous  
 49          sentence, a PHP must include all providers in its geographical coverage area that are designated  
 50          essential providers by the Department in accordance with subdivision (b) of this section, unless

1 the Department approves an alternative arrangement for securing the types of services offered by  
2 the essential providers.

3 ...."

4 **SECTION 6.** G.S. 108D-23 reads as rewritten:

5 **"§ 108D-23. BH IDD tailored plan networks.**

6 Entities operating BH IDD tailored plans shall develop and maintain a closed network of  
7 providers only for the provision of behavioral health, intellectual and developmental disability,  
8 and traumatic brain injury services. The closed network is the network of providers that have  
9 contracted with the entity operating a BH IDD tailored plan to furnish these services to enrollees."

10 **SECTION 7.** Article 3 of Chapter 108D of the General Statutes is amended by  
11 adding a new section to read:

12 **"§ 108D-24. Children and families specialty plan networks.**

13 The entity operating the children and families specialty plan shall develop and maintain a  
14 closed network of providers only for the provision of the following services:

15 (1) Intensive in-home services.

16 (2) Multisystemic therapy.

17 (3) Residential treatment services.

18 (4) Services provided in private residential treatment facilities.

19 The closed network is the network of providers that have contracted with the entity operating  
20 the CAF specialty plan to furnish the services specified in this section to enrollees."

21 **SECTION 8.(a)** G.S. 108D-35 reads as rewritten:

22 **"§ 108D-35. Services covered by PHPs.**

23 (a) Capitated PHP contracts shall cover all Medicaid and NC Health Choice services,  
24 including physical health services, prescription drugs, long-term services and supports, and  
25 behavioral health services for NC Health Choice recipients, except as otherwise provided in this  
26 section.

27 (b) The capitated contracts required by this section shall not cover:

28 (1) Medicaid services covered by the local management entities/managed care  
29 organizations (LME/MCOs) under the combined 1915(b) and (c) ~~waivers~~  
30 waivers, or an approved 1915(i) waiver, shall not be covered under a standard  
31 benefit plan, except that all capitated PHP contracts shall cover the following  
32 services:

33 ...

34 q. Substance abuse comprehensive outpatient treatment program  
35 services.

36 r. Substance abuse intensive outpatient program services.

37 s. Social setting detoxification services.

38 In accordance with this subdivision, 1915(b)(3) services shall not be covered  
39 under a standard benefit plan.

40 ...."

41 **SECTION 8.(b)** The Revisor of Statutes is authorized to change all references to  
42 "G.S. 108D-35(1)" to "G.S. 108D-35(b)(1)" throughout Article 4 of Chapter 108D of the General  
43 Statutes.

44 **SECTION 9.** G.S. 108D-40 reads as rewritten:

45 **"§ 108D-40. Populations covered by PHPs.**

46 (a) Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid  
47 categories except for the following categories:

48 ...

49 (12) Recipients with a serious mental illness, a serious emotional disturbance, a  
50 severe substance use disorder, an intellectual/developmental disability, or who  
51 have survived a traumatic brain injury and who are receiving traumatic brain

injury services, who are on the waiting list for the Traumatic Brain Injury waiver, or whose traumatic brain injury otherwise is a knowable fact, until BH IDD tailored plans become operational, at which time this population will be enrolled with a BH IDD tailored plan in accordance with ~~G.S. 108D-60(10). Recipients~~ G.S. 108D-60(a)(10), except as described in subdivision (14) of this subsection. Except as provided in G.S. 108D-60(a)(11), recipients in this category shall have the option to voluntarily enroll with a ~~PHP,~~ PHP operating a standard benefit plan, provided that (i) a recipient electing to enroll with a PHP operating a standard benefit plan would only have access to the behavioral health services covered by ~~PHPs according to G.S. 108D-35(1) standard benefit plans~~ and would no longer have access to the behavioral health services excluded from standard benefit plan coverage under G.S. 108D-35(1) and (ii) the recipient's informed consent shall be required prior to the recipient's enrollment with a ~~PHP.~~ PHP operating a standard benefit plan. Recipients in this category shall include, at a minimum, recipients who meet any of the following criteria:

...  
 (13) Recipients in the following categories shall not be covered by PHPs for a period of time to be determined by the Department that shall not exceed five years after the date that capitated PHP contracts begin:

...  
 e. ~~Recipients who are (i) enrolled in the foster care system, (ii) receiving Title IV E adoption assistance, (iii) under the age of 26 and formerly were in the foster care system, or (iv) under the age of 26 and formerly received adoption assistance.~~

(14) Until the CAF specialty plan becomes operational, recipients who are (i) children enrolled in foster care in this State, (ii) receiving adoption assistance, or (iii) former foster care youth until they reach the age of 26. When the CAF specialty plan becomes operational, recipients described in this subdivision will be enrolled in accordance with G.S. 108D-62.

...."

SECTION 10. G.S. 108D-45 reads as rewritten:

"§ 108D-45. Number and nature of ~~capitated PHP contracts~~ contracts for standard benefit plans.

The number and nature of the contracts for standard benefit plans required under ~~G.S. 108D-65(3)~~ G.S. 108D-65(6) shall be as follows:

...  
 (3) ~~The limitations on the number of contracts established in this section shall not apply to BH IDD tailored plans described in G.S. 108D-60.~~

...."

SECTION 11. G.S. 108D-60 reads as rewritten:

"§ 108D-60. BH IDD tailored plans.

(a) BH IDD tailored plans shall be defined as capitated PHP contracts that meet all requirements in this Article pertaining to capitated PHP contracts, except as specifically provided in this section. With regard to BH IDD tailored plans, the following shall occur:

...  
 (10) Recipients described in G.S. 108D-40(a)(12) shall be automatically enrolled with an entity operating a BH IDD tailored ~~plan and plan~~, except that recipients who are also described in G.S. 108D-40(a)(14) shall be enrolled in accordance with G.S. 108D-62. Except as provided in subdivision (11) of this subsection, recipients described in G.S. 108D-40(a)(12) shall have the option

1 to enroll with a PHP operating a standard benefit plan, provided that a  
2 recipient electing to enroll with a PHP operating a standard benefit plan would  
3 only have access to the behavioral health services covered by the standard  
4 benefit plans and would no longer have access to the behavioral health  
5 services excluded from standard benefit plan coverage under G.S. 108D-35(1)  
6 and provided that the recipient's informed consent shall be required prior to  
7 the recipient's enrollment with a PHP operating a standard benefit plan.

8 (11) Recipients described in G.S. 108D-40(a)(12) shall not have the option to  
9 voluntarily enroll with a PHP operating a standard benefit plan or the CAF  
10 specialty plan while receiving services offered by the programs or in the  
11 settings specified below:

12 a. Recipients enrolled in the Innovations waiver.

13 b. Recipients enrolled in the Traumatic Brain Injury waiver.

14 c. Recipients residing in or receiving respite services at an intermediate  
15 care facility for individuals with intellectual/developmental  
16 disabilities.

17 d. Recipients enrolled in and being served under Transitions to  
18 Community Living.

19 e. Recipients receiving State-funded residential services, including  
20 group living, family living, supported living, and residential supports.

21 (b) The Department may contract with entities operating BH IDD tailored plans under a  
22 capitated or other arrangement for the management of behavioral health, intellectual and  
23 developmental disability, and traumatic brain injury services for any recipients excluded from  
24 PHP coverage under G.S. 108D-40(a)(4), (5), (7), (10), (11), (12), ~~and (13)-(13)~~, and, until the  
25 CAF specialty plan becomes operational, any Medicaid recipients excluded from PHP coverage  
26 under G.S. 108D-40(a)(14)."

27 **SECTION 12.** Article 4 of Chapter 108D of the General Statutes is amended by  
28 adding a new section to read:

29 **"§ 108D-62. Children and families specialty plan.**

30 (a) The following definitions apply in this section:

31 (1) Caretaker relative. – As defined in 42 C.F.R. § 435.4.

32 (2) Child. – A person who is under the age of 18, is not married, and has not been  
33 legally emancipated.

34 (3) Custodian. – As defined in G.S. 7B-101.

35 (4) Foster care. – The placement of a child who is described in  
36 G.S. 108D-40(a)(14) whose custody has been awarded by court order or  
37 pursuant to a voluntary placement agreement from the parent, custodian, or  
38 guardian (i) to the county department of social services or (ii) to the Eastern  
39 Band of Cherokee Indians' Department of Public Health and Human Services.

40 (5) Guardian. – A guardian of the person as defined in G.S. 35A-1202.

41 (6) Minor. – A person who is under the age of 18.

42 (7) Parent. – As defined in 42 C.F.R. § 435.603(b).

43 (8) Reunification. – As defined in G.S. 7B-101.

44 (9) Sibling. – As defined in 42 C.F.R. § 435.603(b).

45 (b) The CAF specialty plan is defined as one statewide capitated PHP contract that meets  
46 all the requirements in this Article pertaining to capitated PHP contracts, excluding the  
47 requirements that only apply to BH IDD tailored plan contracts, except as specifically provided  
48 in this section. With regard to the CAF specialty plan, all of the following shall occur:

49 (1) The capitated contract for the CAF specialty plan shall be the result of a  
50 request for proposals issued by the Department. Only entities that meet the  
51 definition of PHP under G.S. 58-93-5 or under this Chapter are eligible to

- 1                    respond to the request for proposal issued by the Department to operate the  
2                    CAF specialty plan.
- 3                    (2)    An entity operating the CAF specialty plan shall authorize, pay for, and  
4                    manage all Medicaid and NC Health Choice services covered under the plan.
- 5                    (3)    An entity operating the CAF specialty plan shall operate care coordination  
6                    functions and provide whole-person, integrated care across healthcare and  
7                    treatment settings and foster care placements for recipients enrolled in the plan  
8                    to support family preservation, advance the reunification of families, support  
9                    the permanency goals of children, and support the health of former foster  
10                   youth.
- 11                   (4)    An entity operating the CAF specialty plan shall be the single point of care  
12                   management accountability.
- 13                   (5)    The Department shall establish requirements for the effective operation of the  
14                   CAF specialty plan that, at a minimum, shall address all of the following:
- 15                   a.      Continuity of care and support across health care settings, changes in  
16                   placement, and when the child transitions into the former foster youth  
17                   Medicaid eligibility category.
- 18                   b.      Managing care according to competencies specific to the recipients  
19                   described in G.S. 108D-40(a)(14) and to recipients receiving child  
20                   protective services in-home services, including medication  
21                   management, utilization of trauma-informed care, and any other areas  
22                   determined appropriate by the Department.
- 23                   c.      Coordination of activities with local governments, county departments  
24                   of social services, the Division of Juvenile Justice of the Department  
25                   of Public Safety, and other related agencies that support the child  
26                   welfare system.
- 27                   d.      Approaches to address unmet health-related resource needs.
- 28                   (c)    In addition to the services required to be covered by all PHPs under G.S. 108D-35,  
29                   the CAF specialty plan shall cover the behavioral health, intellectual and developmental  
30                   disability, and traumatic brain injury services excluded from standard benefit plan coverage  
31                   under G.S. 108D-35(1), except that the CAF specialty plan shall not cover:
- 32                   (1)    Innovations waiver services.
- 33                   (2)    Traumatic Brain Injury waiver services.
- 34                   (3)    Services provided to recipients residing in or receiving respite services at an  
35                   intermediate care facility for individuals with intellectual/developmental  
36                   disabilities.
- 37                   (4)    Services provided to recipients determined eligible to participate in and be  
38                   served under Transitions to Community Living.
- 39                   (5)    Non-Medicaid behavioral health services funded with federal, State, and local  
40                   funding in accordance with Chapter 122C of the General Statutes and other  
41                   applicable State and federal law, rules, and regulations.
- 42                   (d)    Unless ineligible under subsection (e) of this section, the following Medicaid and NC  
43                   Health Choice recipients shall be eligible to enroll in the CAF specialty plan:
- 44                   (1)    Recipients described in G.S. 108D-40(a)(14) and their children. The children  
45                   shall be enrolled in the CAF specialty plan for as long as the parent remains  
46                   enrolled, unless the parent elects to enroll the child in another plan in  
47                   accordance with subsection (g) of this section.
- 48                   (2)    Adults identified on an open child protective services in-home family services  
49                   agreement case and any minor children living in the same home.

- 1           (3)    Adults identified in an open Eastern Band of Cherokee Indians Department of  
2           Public Health and Human Services Family Safety program case and any  
3           children living in the same home.
- 4           (4)    The minor siblings of a child in foster care who lived in the same home as that  
5           child at the time of the child's removal and with whom household reunification  
6           efforts are ongoing.
- 7           (5)    Recipients who have a child temporarily in foster care if all of the following  
8           are met:
- 9           a.     A court of competent jurisdiction has not found that aggravated  
10          circumstances exist in accordance with G.S. 7B-901(c).
- 11          b.     A court of competent jurisdiction has not found that a plan of  
12          reunification would be unsuccessful or would be inconsistent with the  
13          child's health or safety in accordance with G.S. 7B-906.1(d).
- 14          c.     The recipient is any of the following:
- 15               1.     A parent.
- 16               2.     A caretaker relative.
- 17               3.     A custodian.
- 18               4.     A guardian.
- 19          (6)    Any other recipients who have had involvement with the child welfare system  
20          and whom the Department has determined would benefit from enrollment in  
21          the CAF specialty plan.
- 22          (e)    The following Medicaid and NC Health Choice recipients shall be not eligible to  
23          enroll in the CAF specialty plan:
- 24               (1)    Recipients who require services that are excluded from coverage by the CAF  
25               specialty plan under subsection (c) of this section.
- 26               (2)    Temporary safety provider caregivers identified on an open child protective  
27               services in-home family services agreement case or an open Eastern Band of  
28               Cherokee Indians Department of Public Health and Human Services Family  
29               Safety program case.
- 30               (3)    Recipients who are excluded from PHP coverage under G.S. 108D-40(a).
- 31          (f)    Recipients described in subdivision (d)(1) of this section shall be automatically  
32          enrolled in the CAF specialty plan, unless they are also described in G.S. 108D-40(a)(5), in which  
33          case they may enroll voluntarily. All other recipients described under subsection (d) of this  
34          section may enroll voluntarily in the CAF specialty plan.
- 35          (g)    Except as limited by any provision of a waiver or State Plan amendment approved by  
36          CMS, recipients eligible to enroll in the CAF specialty plan under subsection (d) of this section  
37          shall have the option to enroll with a PHP operating a standard benefit plan or, if eligible under  
38          G.S. 108D-40(a)(12), a BH IDD tailored plan. A recipient enrolled in the CAF specialty plan  
39          who elects to enroll with a PHP operating a standard benefit plan would only have access to the  
40          behavioral health services covered by the standard benefit plans and would no longer have access  
41          to the behavioral health services excluded from standard benefit plan coverage under  
42          G.S. 108D-35(1). The recipient's informed consent, or, as applicable, the informed consent of the  
43          recipient's custodian or guardian, shall be required prior to the recipient's enrollment with a PHP  
44          operating a standard benefit plan.
- 45          (h)    Recipients described in G.S. 108D-40(a)(14)(i) who exit the custody of the county  
46          department of social services may elect to remain enrolled in the CAF specialty plan for 12  
47          months after the date the recipient exits custody. In the case of recipients who achieve  
48          reunification, any of the following individuals with whom the recipient reunifies may also elect  
49          to remain enrolled in the CAF specialty plan as long as the recipient remains enrolled:
- 50               (1)    A parent.
- 51               (2)    A caretaker relative.

- (3) A custodian.
- (4) A guardian.
- (5) A minor sibling."

**SECTION 13.** G.S. 122C-3 reads as rewritten:

**"§ 122C-3. Definitions.**

The following definitions apply in this Chapter:

...

(4a) Children and families specialty plan or CAF specialty plan. – As defined in G.S. 108D-1.

...

(20c) Local management entity/managed care organization (LME/MCO). – A local management entity that is under contract with the Department to operate the combined Medicaid Waiver program authorized under Section 1915(b) and Section 1915(c) of the Social Security Act or to operate a ~~BH IDD tailored plan~~ capitated PHP contract under Article 4 of Chapter 108D of the General Statutes.

...."

**SECTION 14.** G.S. 122C-115 reads as rewritten:

**"§ 122C-115. Duties of counties; appropriation and allocation of funds by counties and cities.**

...

(e) Beginning on the date that capitated contracts under Article 4 of Chapter 108D of the General Statutes begin, LME/MCOs shall cease managing Medicaid services for all Medicaid recipients other than recipients described in G.S. 108D-40(a)(1), (4), (5), (6), (7), (10), (11), (12), ~~and (13).~~ (13), and (14).

(e1) Until BH IDD tailored plans become operational, all of the following shall occur:

(1) LME/MCOs shall continue to manage the Medicaid services that are covered by the LME/MCOs under the combined 1915(b) and (c) waivers for Medicaid recipients described in G.S. 108D-40(a)(1), (4), (5), (6), (7), (10), (11), (12), ~~and (13).~~ (13), and (14).

...

(f) Entities operating the BH IDD tailored plans under G.S. 108D-60 may continue to ~~manage~~ manage, under any contract with the Department in accordance with G.S. 108D-60(b), the behavioral health, intellectual and developmental disability, and traumatic brain injury services for any Medicaid recipients described in G.S. 108D-40(a)(4), (5), (7), (10), (11), (12), ~~and (13) under any contract with the Department in accordance with G.S. 108D-60(b).~~ (13), and, until the CAF specialty plan becomes operational, recipients excluded from PHP coverage under G.S. 108D-40(a)(14)."

**SECTION 15.** Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding a new section to read:

**"§ 122C-115.5. Children and families specialty plan operation.**

An area authority is authorized to operate the CAF specialty plan under a contract with the Department. For purposes of operating the CAF specialty plan only, all of the following apply:

- (1) The area authority shall have a statewide catchment area.
- (2) Counties are prohibited from withdrawing from or declining to participate in the statewide catchment area of the CAF specialty plan."

**SECTION 16.** Except as otherwise provided, this act is effective when it becomes law.