



2023-2024 General Assembly

# HOUSE BILL 259: 2023 Appropriations Act, Sec. 9E.16: Behavioral Health and Intellectual/Developmental Disabilities Tailored Plan Updates

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<b>Committee:</b>		<b>Date:</b>	December 11, 2023
<b>Introduced by:</b>		<b>Prepared by:</b>	Jennifer Hillman
<b>Analysis of:</b>	Sec. 9E.16 of S.L. 2023-134		Staff Attorney

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**OVERVIEW:** Section 9E.16 of S.L. 2023-134 directs certain activities related to the upcoming transition to a Medicaid managed care model for delivering whole-person physical and behavioral health services to Medicaid beneficiaries in need of specialized behavioral health services. The services covered under this model are referred to as a behavioral health and intellectual/developmental disabilities tailored plan (Tailored Plan). This section of the act directs the following activities:

- Requires the launch of Tailored Plans by July 1, 2024 (Section 9E.16(a)).
- Requires the initial term of the Tailored Plan contracts to be no less than four years (Section 9E.16(a)).
- Requires the Department of Health and Human Services (DHHS) and local management entity/managed care organizations (LME/MCOs) to report a proposal for modifying the existing statutes that require LME/MCOs to use closed provider networks. If proposed modifications are not enacted by July 1, 2024, then specified legislative changes will become effective on that date that will require LME/MCOs to accept certain additional providers in their networks (Section 9E.16(b)).
- Requires DHHS to report a plan to transition the administration of the Community Alternatives Program for Disabled Adults (CAP/DA) program to Tailored Plan contracts by January 1, 2025. The report must be submitted to the Joint Legislative Oversight Committee on Medicaid by June 1, 2024 (Section 9E.16(c)).
- Requires DHHS to request federal approval to expand the Traumatic Brain Injury waiver statewide and to seek an implementation date of January 1, 2025 (Section 9E.16(d)).
- Requires DHHS to report a plan for a waiver to provide Medicaid services to the adult incarcerated population through Tailored Plans by January 1, 2025. The report must be submitted to the Joint Legislative Oversight Committee on Medicaid by January 1, 2024 (Section 9E.16(e)).

*Except as specified with regard to closed provider networks, this section became effective October 3, 2023.*

**BACKGROUND:** Medicaid transformation legislation enacted in 2015 (S.L. 2015-245, as amended) directed the transition of the NC Medicaid program to a managed care model. Under the managed care model, the Department of Health and Human Services, Division of Health Benefits, pays monthly, per-person, capitated rates to cover the physical and behavioral health services of the Medicaid beneficiaries

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who are enrolled with a prepaid health plan (PHP). A PHP can be a commercial insurer, a provider-led entity, or a local management entity/managed care organizations (LME/MCOs). Article 4 of Chapter 108D of the General Statutes establishes two benefit coverage plans: standard benefit plans (Standard Plans) and behavioral health and intellectual/developmental disabilities (BH IDD) tailored plans (Tailored Plans). Tailored Plans cover the same benefits as Standard Plans and additionally cover more intensive behavioral health and developmental disabilities services that Standard Plans do not cover. Standard Plans launched July 1, 2021. Prior law required Tailored Plans to launch on December 1, 2022, but the launch was delayed. Under prior law, the initial Standard Plan contracts and the initial Tailored Plan contracts both end on December 1, 2026 with the option to extend up to one additional year. During the initial Tailored Plan contracts, an LME/MCO is the only entity that can operate a Tailored Plan.