DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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State Demonstrations Group

August 27, 2026

Melanie Bush
Deputy Secretary, North Carolina Medicaid
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, NC 27699-2501

Dear Deputy Secretary Bush:

The Centers for Medicare & Medicaid Services (CMS) completed its review of the Final Report for the "North Carolina Hurricane Helene Public Health Emergency (PHE) Section 1115(a) Demonstration" (Project No: 11-W-00503/4). This report covers the demonstration period from December 2024 to March 2025. CMS determined that the Final Report submitted on January 2, 2026 is in alignment with the CMS-approved Evaluation Design, and therefore approves the state's Final Report.

In accordance with STC 8.3, the approved Final Report may now be posted to the state's Medicaid website within 30 days. CMS will also post the Final Report on Medicaid.gov.

States are responsible for following all applicable federal law and regulations when they claim and use federal Medicaid funds and must fully comply with all applicable Medicaid statutes and regulations under a section 1115 demonstration, except where specific provisions have been expressly waived or identified as not applicable for that demonstration. This obligation includes all requirements in Title XIX of the Social Security Act and implementing regulations governing provider screening and enrollment activities, pre- and post-payment review claiming, payment methodologies and rate-setting, utilization controls, and program integrity, including processes to identify, investigate, and refer suspected fraud, and methods to receive complaints and identify questionable practices. States must maintain effective systems and safeguards to prevent, detect, and address any fraud, waste, or abuse (FWA) in the delivery of and payment for Medicaid services, including referrals to law enforcement when appropriate.

States should have heightened monitoring and oversight mechanisms in place featuring robust internal controls to identify and remediate all vulnerabilities (including, but not limited to, FWA and beneficiary access issues) inherent in service areas approved as part of a demonstration. At any time, CMS may request that the state provide a plan detailing the state's systems and

safeguards to prevent, detect, and address any FWA relative to this demonstration. Failure to meet program integrity obligations under federal statutes and regulations or under the terms and conditions of this demonstration approval may result in compliance actions or other enforcement measures that could include requirements to develop and implement corrective action plans, withholdings, deferrals, disallowances, and termination of demonstration authority.

We sincerely appreciate the state's commitment to evaluating the North Carolina Hurricane Helene PHE Section 1115(a)demonstration under these extraordinary circumstances. We look forward to our continued partnership on North Carolina's other section 1115 demonstration. If you have any questions, please contact your CMS demonstration team.

Sincerely,

DANIELLE DALY -S

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Date: 2026.08.27 04:08:34 -04'00'

Danielle Daly
Director
Division of Demonstration Monitoring and Evaluation

cc: Leilani Ochai, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

North Carolina Hurricane Helene Public Health Emergency Section 1115 (a) Demonstration: Summative Evaluation Report

Introduction

The Secretary of the U.S. Department of Health and Human Services determined that a public health emergency (PHE) exists in the state of North Carolina as a result of the consequences of Hurricane Helene on September 28, 2024, and had existed since September 25, 2024. On December 27, 2024, this PHE declaration was renewed with a retroactive start date of December 24, 2024, and concluded on March 23, 2025.

On December 9, 2024, the North Carolina Department of Health and Human Services submitted an application to the Centers for Medicare & Medicaid Services (CMS) for a PHE section 1115(s) Demonstration Waiver: North Carolina Hurricane Helene Public Health Emergency Section 1115(s) Demonstration (hereafter known as "Demonstration"). The Demonstration gave NC Medicaid the federal authority to:

1). Modify eligibility for the Healthy Opportunities Pilot (HOP). The waiver allows beneficiaries who lived in a HOP region and were approved for HOP services at the start of the PHE to maintain HOP eligibility if they were displaced by Hurricane Helene

2). Provide retainer payments to 1905(a) personal care service (PCS) providers to maintain capacity during the PHE when a Medicaid provider's ability to deliver services is directly impacted by Hurricane Helene.

The waiver was approved by CMS on March 25, 2025. The authorities approved under the Demonstration accompanied many other temporary flexibilities utilized under various federal and state authorities to support beneficiaries and providers in the aftermath of Hurricane Helene. The primary objectives of the waiver flexibilities were to limit care disruptions to HOP-enrolled beneficiaries impacted by the PHE and to maintain PCS workforce capacity by preventing financial hardship among providers.

Implementation

As the Demonstration was approved after the PHE declaration had ended, most of its flexibilities were not fully implemented. No official guidance was released on the HOP flexibilities as the immediate need had passed at the time of approval. Guidance was given on retainer payments available for 1905(a) PCS providers, as they were rolled out along with a series of retainer payments for other provider types.

Evaluation

Research Question 1: What challenges did the Hurricane Helene public health emergency pose to the continued delivery of HOP and 1905(a) personal care services?

Hurricane Helene resulted in landslides, debris flows, tornadoes, and record-breaking floods that overwhelmed and destroyed homes, businesses, parks, hospitals, and critical infrastructure such as power, cellular, and water systems, while also causing extensive damage to thousands of roads, highways, and bridges.[1,2,3,4] Consequently, Hurricane Helene resulted in vast damage to HOP service delivery infrastructure. The delivery of HOP services depends on the ability of both the state and their contracted network of providers to deliver supports such as food, transportation, housing, and other non-medical needs. This delivery requires the ability to navigate roadways as well as cell tower connections.

Fifteen of the 25 Helene-impacted counties were part of the Impact Health region of the Healthy Opportunities Pilots.[5] Damages resulted in increased difficulty in ensuring that HOP beneficiaries within that region, and those enrolled but displaced from that region, continued to have access to timely, quality services. For example, Manna, western North Carolina's largest and most wide-reaching food bank, was destroyed by the overflow of the Swannanoa River. The only resources remaining were its trucks which were moved to higher ground. Without this key community partner, food deliveries, a key service within HOP, became extremely difficult.[6,7] Manna works with a partner network of over 220 non-profit pantries, meal sites or other community organizations to help provide free food to western NC.[6,7]

The delivery of 1905(a) services was also impacted. Delivery of Personal Care Services (PCS) depends on the ability of the provider to care for patients in their homes, facilities, or other living arrangements. Damages to roadways and bridges resulted in providers being unable to reach their patients, greatly challenging their ability to provide PCS.[8] Beyond ability to travel to patients, some beneficiaries may have been evacuated from their homes, further limiting delivery of PCS services. This raised concerns about maintaining an already strained PCS workforce as PCS providers could have gone long periods without pay and could relocate or seek out additional job opportunities.

Research Question 2: What were the challenges associated with the implementation of the waiver flexibilities?

The timing of the section 1115 waiver made the implementation process difficult because HOP infrastructure is innovative and unique to North Carolina, meaning that there was not a clear CMS process for the request flexibilities. Without a defined process specific to programs of a similar nature, negotiations with CMS were time-intensive and led to

difficulties in taking advantage of the flexibilities available. Once CMS confirmed approval, the HOP flexibilities were past the point of utility.

Fewer challenges were associated with the implementation of retainer payments for PCS providers. The rollout of these payments was intentionally structured to align with existing retainer payments already in place for other providers under various federal authorities. As such, retainer payments for PCS providers were a part of a bundle. To address confusion stemming from the variety of provider types, NC Medicaid hosted informational webinars and collaborated with managed care plans to ensure clarity and alignment.

Research Question 3: What are the lessons learned that can be applied when responding to similar public health emergencies in the future?

In future PHEs it is important to note that HOP infrastructure was helpful to leverage in responding to this disaster. HOP's existing network of community partners could be responsive to immediate non-medical needs of the individuals residing in affected regions, which is crucial to a robust PHE response.

Additionally, as communications with CMS regarding the details of utilizing flexibilities related to HOP services were navigated, the state developed and documented a comprehensive process outlining the necessary steps and considerations. This documentation now serves as a valuable resource that can streamline and accelerate similar efforts in the future, ensuring a more efficient response during emergencies or when policy adaptations are needed.

Research Question 4: What were the administrative and program costs related to the demonstration and how did these outlays affect the state's response to the PHE?

a. Modified HOP eligibility
    i. How many beneficiaries utilized the modified HOP eligibility in each of the two affected HOP regions?
        a. No beneficiaries utilized the modified HOP eligibility in each of the two affected HOP regions.
    ii. What was the total cost of services provided to HOP-eligible beneficiaries who were displaced from a HOP region during the PHE?
        a. The total cost of services provided to HOP-eligible beneficiaries who were displaced from a HOP region during the PHE was $0.
    iii. What was the impact of these costs on the state's PHE response?
        a. As there were no costs, there was no impact on the state's PHE response.

b. PCS provider retainer payments

Table 1. Claims data for PCS (Procedural Code 99509)

Medicaid Direct FFS		
Number of Claims:	23 claims were submitted	18 claims were paid
Amount Paid	$1,436.36	
Managed Care		
Number of Claims:	8 claims were submitted	6 claims were paid
Amount Paid	$357.60	

1. How many PCS provider retainer payments were paid?
   a. 24 PCS provider retainer payments were paid.
2. What was the total cost of provider retainer payments made under the waiver flexibility?
   a. The total cost of provider retainer payments made under the waiver flexibility was $1,793.96.
3. What was the impact of these costs on the state's PHE response?
   a. As there were minimal costs, there was no impact on the state's PHE response.

Conclusion

The Demonstration provided a framework for addressing weather-related public health emergencies. While the flexibilities for HOP and PCS services were minimally utilized, the evaluation provides valuable lessons learned regarding the waiver process for HOP and PCS services.

References

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