

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

June 29, 2023

Jay Ludlam
Deputy Secretary for North Carolina Medicaid
North Carolina Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699-2001

Dear Jay Ludlam:

Thank you for your application for an extension of the Substance Use Disorder program within the section 1115(a) demonstration, titled "North Carolina Medicaid Reform Demonstration" (Project Numbers 11-W-00313/4 and 21-W-00070/4). The Centers for Medicare & Medicaid Services (CMS) received North Carolina's request on June 14, 2023. We have completed a preliminary review of your extension request in accordance with the transparency and public notice procedures specified in 42 CFR 431.412(c) and determined that the state's application does not meet these requirements for a complete extension application.

The specific elements that are missing from the state's extension application that are needed in order for CMS to determine that the request is complete are outlined in the attached enclosure. At this time, CMS will not begin our 30-day federal public comment and notice process as specified under 42 CFR 431.416(b). After the state completes another minimum 30-day public notice and comment period on a revised extension application that includes the missing elements as described in the enclosure, CMS will conduct another review of the state's submission to determine if the revised request is complete.

We look forward to working with you and your staff and are available to provide technical assistance as you revise the state's extension application. If you have questions regarding this correspondence, please contact your CMS Technical Director, Mr. Michael Trieger, Division of System Reform Demonstrations, at Michael.Trieger1@cms.hhs.gov.

Sincerely,

Angela D. Garner
Director
Division of System Reform Demonstrations

Enclosure

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cc: Robert Townes, State Monitoring Lead, CMS Managed Care Group

ENCLOSURE

Federal application procedures at 42 CFR 431.412(c)(2)(vii) specify that the state must comply with the public notice process set forth in 42 CFR 431.408, including the post-award public input process described in 42 CFR 431.420(c). In accordance with these requirements, below is a list of transparency procedures or application elements that are necessary for the submission of a "complete" section 1115 demonstration extension request which were not included in the state's section 1115 demonstration extension application:

1. In accordance with 42 CFR 431.408(a)(1)(i)(C) and 431.412(c)(2)(v), the application must include the state's historical and projected enrollment and expenditures for the extension period. Specifically, the state must provide public notice and comment on current enrollment in the demonstration as well as the expected increase or decrease in annual enrollment (person counts, not member months), and in annual aggregate expenditures, including historic enrollment and budgetary data. The draft application posted for public notice and comment did not include the annual enrollment or annual aggregate expenditure information. The application submitted to CMS included a financial workbook and this information did provide budget neutrality projections with eligible member months and per member per month cost projections.
2. In accordance with 42 CFR 431.412(c)(2)(v), the application must include the state's financial data demonstrating the historical and projected expenditures for the requested period of the extension, as well as cumulatively over the lifetime of the demonstration. This includes a financial analysis of changes to the demonstration requested by the state. The state's application did not provide projected person counts for determining the financial projections for this extension.