

## **DHHS Affordable Care Act (ACA) Implementation Report First Quarter SFY2011**

The following highlights the progress the Department of Health and Human Services (DHHS) has made to date with respect to the implementation of health care reform. This is not an inclusive list, but includes some of the key issues which have been or are in the process of being addressed.

The Division of Medical Assistance (DMA) verified that no changes need to be made to the Medicaid program in order to comply with the following provisions in the Affordable Care Act (ACA):

- Tobacco cessation services for pregnant women (Sec. 4107)
- Services provided by free-standing birthing centers (Sec. 2301)
- Reduction in Medicaid payments to hospitals for hospital-acquired infections and Never Events effective January 1, 2011 (Sec. 2702)
- Termination of provider participation under Medicaid if terminated under Medicare or other State Plans (Sec. 6501)
- Prohibition on payments to institutions or entities outside of the United States (Sec. 6505)
- Inclusion of National Provider Identifier (NPI) on provider application (Sec. 6402)
- Full Medicaid services are already provided to individuals receiving home and community based services (HCBS) (Sec. 2402)

DMA has also received approval from the Physician's Advisory Group (PAG) and implemented a policy to reduce the institutional residency period for the Money Follows the Person demonstration program from six months to 90 days (Sec. 2403). This policy is posted on the DHHS website for 45-day public review and comment.

DHHS is working on the following to ensure compliance with near-term provisions of ACA:

- A state plan amendment (SPA) to allow for children in Medicaid and CHIP who are receiving hospice care to also be eligible for treatment (Sec. 2302)
- Additional Medicaid drug rebates (Sec. 2501)
- New rules for establishing upper payment limits for pharmaceuticals (Sec. 2503)
- Program Integrity Fraud and Abuse rules that go into effect January 1, 2011
- Expansion of the Recovery Audit Contractor Program (RAC): DMA is reviewing whether the current post-payment review contractor meets the requirements of a RAC (Sec. 6411)
- Mandatory State use of National Correct Coding Initiative (Sec. 6507)
- Review of Medicaid coverage for existing prevention services and codes (Sec. 4106)
- Review and reconciliation of Prescription drug coverage (Sec. 2501, 1206, 2502, and 2503)

The following are updates on policy decisions DHHS has made or is in the process of reviewing with respect to near-term or other key options available to states through ACA:

- The waiver for family planning services to non-pregnant individuals was extended for 90 days (through 12/31/2010) and DMA is working with DPH to assess the pros and cons of covering these services through a state plan amendment rather than the waiver (Sec. 2303)
- DHHS has decided that to assure successful implementation, NCFast will interface with, but not function as the eligibility determination and enrollment engine for the Health Benefit Exchange.
- DHHS is not currently pursuing the expansion of HCBS to individuals with incomes up to 300% SSI limits (Sec. 2402)
- DHHS is not currently pursuing early expansion of Medicaid to adults up to 133% FPL (Sec. 2001)

In addition to the work described above, DHHS has pursued the following ACA grant opportunities, totaling \$18 million, with more than \$16.5 million awarded:

| Grant Name  | Status  | Applying Agency | Federal Funding Amount (Awarded or Requested by DHHS) <sup>1</sup> | Required State Match |
|---|---------|-----------------|--|----------------------|
| Maternal, Infant, and Early Childhood Home Visiting Program                                   | Awarded | DPH             | \$2,134,807  | \$0                  |
| State Supplemental Funding for Behavioral Risk Factor Surveillance System (BRFSS) Component 1 | Awarded | DPH             | \$349,990  | \$0                  |
| State Competitive Supplemental Funding for BRFSS Component 2                                  | Awarded | DPH             | \$272,104  | \$0                  |
| State Personal Responsibility Education Program (STATE PREP)                                  | Awarded | DPH             | \$1,544,312  | \$0                  |
| Strengthening Public Health Infrastructure - Component 1                                      | Awarded | DPH             | \$400,000  | \$0                  |
| Strengthening Public Health Infrastructure - Component 2                                      | Awarded | DPH             | \$1,503,858  | \$0                  |
| Communities Putting Prevention to Work-Tobacco Component                                      | Awarded | DPH             | \$98,266   | \$0                  |
| Communities Putting Prevention to Work – Obesity Initiative                                   | Awarded | DPH             | \$3,800,492  | \$0                  |
| Epidemiology and Laboratory Capacity for Infectious Diseases                                  | Awarded | DPH             | \$371,894  | \$0                  |
| Pregnancy Assistance Fund: Support for Pregnant and Parenting Teens                           | Awarded | DPH             | \$1,768,000  | \$0                  |
| ADRC Nursing Home Transition & Diversion  | Awarded | DMA             | \$389,951  | \$0                  |
| ADRC Long Term Services Options Counseling & Assistance                                       | Awarded | OLTSS           | \$523,500  | \$0                  |
| Personal & Home Care Aide State Training <sup>2</sup>   | Awarded | OLTSS           | \$2,022,504  | \$0                  |
| State Planning and Establishment Grants for the ACA Exchanges <sup>3</sup>                    | Awarded | DOI             | \$300,000  | \$0                  |
| Medicare Improvements for Patients and Providers Act <sup>4</sup>                             | Awarded | DOI             | \$1,043,103  | \$0                  |
| Personal Responsibility Education Program   | Denied  | DPH             | \$1,000,000  | \$0                  |
| ADRCs Evidence-Based Care Transition  | Denied  | OLTSS           | \$500,000  | \$0                  |

<sup>1</sup> Amounts represent the full award and may span multiple years.

<sup>2</sup> The full award amount is \$2,022,504. \$523,500 was awarded for the first year and additional program funds are authorized but not appropriated.

<sup>3</sup> DOI was awarded a grant of \$999,999; however work will be done in partnership with and grant funds will be shared with DHHS (approximately \$300,000) and NCIOM.

<sup>4</sup> DOI was awarded a grant of approximately \$1.8 million of which \$701,661 is for DAAS and \$341,442 is for OLTSS.

DHHS did not pursue an initial grant for developing a Background Check program (Sec. 6201) because North Carolina's background check system is comparable to that proposed through the new program, and identifying State resources to meet the match requirement would have been challenging. This grant is expected to be re-released at which point North Carolina can reconsider whether to apply.