

United States Senate

WASHINGTON, DC 20510

June 12, 2024

The Honorable Xavier Becerra
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Becerra,

We write today regarding the North Carolina Department of Health and Human Services (NCDHHS) Division of Health Benefit's Medicaid Reform Section 1115 Waiver Demonstration Request ("Waiver"). Like you, we are committed to ensuring federal and state resources are used effectively to address the health care and social needs of North Carolinians, however, recent feedback and legislative testimony regarding the Healthy Opportunity Pilot (HOP) section of the Waiver, along with information regarding the performance of NCCARE360, raises significant concerns that we believe must be reviewed and addressed.

As you are aware, the North Carolina Healthy Opportunities Pilot (HOP) is a program to test and evaluate the impact of providing select evidence-based, non-medical interventions to high-need Medicaid beneficiaries using Medicaid dollars. HOP is authorized through October 31, 2024 and the state has submitted an application to renew the 1115 waiver, which includes a statewide expansion of HOP and a five-year extension. We know that addressing key social determinants of health can improve health and reduce long-term costs, but the viability of an innovative program such as HOP requires efficient spending and effective management.

According to recent testimony from officials at NCDHHS, the state and federal government have spent approximately \$110 million on HOP to provide enhanced social services to Medicaid beneficiaries in three regions of the state, covering about one-third of the state's counties.¹ With that funding, just 13,000 North Carolinians have been served, which amounts of more than \$8,400 per person who received services from HOP. As you are aware, that's over \$1,000 more than the per capita spending on Medicaid enrollees for all services.²

NCCARES360 is a coordinated network that connects providers – such as health care providers, insurers, and community-based organizations – through a shared technology platform to communicate in real-time, assess for and identify unmet needs, make electronic referrals, securely share data, and track outcomes. Despite significant investment from NCDHHS that was specifically allocated to HOP, it has become apparent through public comments and legislative testimony that NCCARES360 is failing to meet the day-to-day needs of participating human service organizations (HSOs), care managers, network leads, or prepaid health plans (PHPs). One of the three network leads administering a region for the program reported that the

¹ <https://www.youtube.com/watch?v=UZLVUnGUj1o&t=3394s>

² <https://www.medicaid.gov/state-overviews/scorecard/measure/Medicaid-Per-Capita-Expenditures?measure=EX.5&measureView=state&stratification=463&dataView=pointInTime&chart=map>

functionality of the current technology used to coordinate enrollment, referrals, and reimbursement is “inadequate and administratively burdensome” for most stakeholders.³ Some commenters identified financial audit deficiencies to data security concerns and the platform’s invoicing and claims functions lack controls, which results in mismanaged invoices, delayed payments, and potential compliance risks. Still others reported the platform lacks basic functionality as a referral platform, failing to perform tasks consistently and reliably.

Together, these reports on financial and operational shortcomings present a significant threat to the success of the Healthy Opportunities Pilot and raise serious concerns about the safety and well-being of patients and stakeholders. In light of these issues, we urge the Department to thoroughly review the performance of NCCARE360 and take immediate action to address the apparent deficiencies and extraordinary cost as the Department considers renewal of this waiver.

Additionally, we would ask that you respond to the following questions no later than July 12, 2024.

1. Can you provide details on the auditing capacity and oversight mechanisms in place to ensure the proper utilization of funds allocated for the Healthy Opportunity Pilots, including those disbursed to Unite Us for NCCARE360?
2. What specific data does HHS receive regarding outcomes and performance metrics related to the Healthy Opportunity Pilots, and how is this data used to evaluate the effectiveness of the program?
3. How does HHS address concerns raised about the security of sensitive patient data within the NCCARE360 platform, and what measures are being taken to ensure compliance with privacy regulations?
4. What steps is HHS taking to address the reported deficiencies in the functionality of NCCARE360 as a referral platform, and how will these issues be rectified to ensure the success of the Healthy Opportunity Pilots as they expand statewide?
5. Can HHS provide insight into the process for identifying and resolving technical and operational challenges with platforms like NCCARE360, and what resources are available to support stakeholders in navigating these issues?
6. How does HHS intend to ensure transparency and accountability in the use of taxpayer funds allocated for initiatives like the Healthy Opportunity Pilots, particularly in light of concerns raised about invoicing accuracy and financial compliance with NCCARE360?
7. Can HHS provide updates on any ongoing efforts to enhance interoperability and data sharing standards across healthcare and social service providers, with the aim of improving the integration of services and addressing social determinants of health?

³ <https://medicaid.ncdhhs.gov/1115-demonstration-renewal-public-comments/download?attachment>

Thank you for your attention to this matter. We look forward to working with you to address these concerns and ensure the effective utilization of Medicaid funds for the benefit of all North Carolinians.

Sincerely,



Thom Tillis
United States Senator



Ted Budd
United States Senator