

# Memo

To: Mandy Stone

From: C Venable

Date: Friday, November 12, 2010

Re: Summary of Medicaid Mental Health Waiver

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## **Waivers:**

Medicaid waivers come in several varieties, the primary 2 are called 1115 and 1915 waivers. The waivers involved for mental health, developmental disabilities and substance abuse are 1915b and 1915c.

- 1915c waivers are often called Home & Community-Based Services (HCBS) waivers. North Carolina's current developmental disabilities, disabled adult and child waivers are 1915c waivers.
- 1915b waivers are capitated waivers; meaning a fixed or capped sum of funding is dedicated to the waiver and the costs must be limited to the fixed amount. Increased service use or increased provider cost does not result in increased funding.

## **Loss Risk:**

North Carolina statute requires counties to cover the losses of area authorities if the authority is dissolved or merged. The waiver being considered has a State-funded "stop loss" set aside funded at the level of 2% of administrative costs.

## **Service Structure Flexibility:**

The State's model Waiver Contract does not allow variation in the nature of the Medicaid services to be delivered.

## **Rate and Provider Selection Flexibility**

The waiver does allow flexibility in the rates paid to providers or the manner of payment (shifting from fee for service to monthly payments). The waiver does allow the area authority to choose to deal with less than all of the current mental health, developmental disabilities, substance abuse services providers in the area.