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North Carolina - Healthy Opportunities Pilots

Introduction

The Healthy Opportunities Pilots ("Pilots") are a North Carolina Medicaid pilot program designed to advance whole-person, prevention-oriented care for the state's highest-need populations. Authorized under a Section 1115 Medicaid Waiver demonstration, the Pilots test the impact of directing Medicaid funding toward the root causes of avoidable health care utilization and chronic disease by delivering targeted, evidence-based interventions to address non-medical drivers of health in predominantly rural areas of the state. The recently published summative evaluation report demonstrated the impacts of such interventions, including reductions in health care costs by an average of $164 in per member per month among Pilots participants.

The program's future remains uncertain; despite federal approval to renew the Pilots through 2029 and expand statewide, implementation has been paused since July 2025 due to ongoing state budget discussions in the North Carolina General Assembly.

Services Included

- Fee schedule with 29 covered services across the following domains:
  - Food Care
  - Housing
  - Non-Medical Transportation
  - Interpersonal Violence (IPV)/Stress
  - Cross-Domain

Target Patient/Beneficiary Population(s)

- Targeting high-risk, high-need Medicaid beneficiaries
- Individuals living in an eligible region with at least one physical or behavioral health condition + one qualifying risk factor

Levers & Authorities

- 1115 Waiver

Defining Features

- Comprehensive Scope
  - Included services
    - The Pilots include interventions across multiple core domains related to addressing non-medical drivers of health. Although food/nutrition and housing services accounted for most of the utilization, the program demonstrated how a broad range of service types can be incorporated within a single initiative.
  - Broad patient population
    - Programs authorized under 1115 waiver authority are often targeted to specific populations or conditions. The Pilots tested using relatively broad eligibility

criteria to learn 'what works' and generated evidence and lessons that can be considered in other similar efforts.

  - Cross-sectoral partnerships for service delivery
    - The Pilots introduced a new coordinating role, Network Lead organizations, that connect health care and social service organizations to help ensure patients' social needs were addressed alongside their medical care. Partnerships with state and local entities allow systems and interventions to be tailored to specific community needs, and states considering similar programs should look to the Pilots as a model for balancing local tailoring and flexibility with standardization.
- Infrastructure & Capacity Building
  - Data exchange and IT infrastructure
    - The Pilots use a statewide technology platform (NCCARE360) to bridge health care and social service organizations and connect patients with resources for addressing their social needs.
- Strategic Implementation
  - Phased launch of services
    - Rather than launching all at once, the Pilots rolled out gradually, beginning with a capacity-building phase to prepare participants to then introducing services in stages. This approach gave stakeholders time to orient, identify challenges, and adapt before full implementation.
  - Transition from pilot to expanded approach
    - The program operates across three primarily rural regions. This limited geographic scope enabled evidence generation and iterative learning, which could be a valuable framework for other states considering how to transition pilot efforts into sustained, statewide interventions.
  - Payment Processes
    - As part of the Pilots, North Carolina built out a fee schedule to price and define non-medical social support services, which was developed through evidence review, stakeholder input, and independent actuarial analysis.

Evaluation Method(s)

- The Pilots were evaluated externally and covered six evaluation questions, encompassing the following focuses:
  - Effective delivery of services
  - Increased rates of social risk factor screening and connection to appropriate services
  - Improved social risk factors
  - Clinical outcomes
  - Health care utilization
  - Cost of care
- As detailed in the interim evaluation report, the evaluators used a variety of quantitative and qualitative methods to address each evaluation question.
- As part of the 1115 waiver requirements, three evaluation reports were produced: a rapid cycle assessment, interim evaluation report, and summative evaluation report.

Budget Neutrality Demonstration

- Under the first waiver period (2019-2024): Funding for the Pilots was treated as "hypothetical," and a separate expenditure cap was established for Pilots expenditures.
- Under the second waiver period (2024-2029):
    - CMS applied a budget neutrality ceiling to certain Pilots services in the Pilots and an additional sub-ceiling to infrastructure expenditures. For this, the state had a specific expenditure limit for each year and did not have to show savings.
    - Other Pilots services not classified by CMS as non-medical drivers of health services (e.g., IPV/toxic stress case management, diabetes prevention) are covered under a hypothetical budget neutrality test.

Key Intervention Impacts (from the Summative Evaluation Report)

- Health Impact: Pilots participation was associated with reductions in emergency department utilization and inpatient hospital admissions, with care shifting to outpatient settings. Additionally, 89 percent of surveyed Pilots participants agreed that the Pilots improved their health 12 months after beginning the program.
- ROI: NC Medicaid beneficiaries enrolled in the Pilots had reduced average health care costs of $164 per beneficiary per month, compared to what was expected if they had not been enrolled in the Pilots. This savings is inclusive of the cost of services and administrative overhead.

Additional Duke-Margolis Resources on the Healthy Opportunities Pilots

- Project Page: Practical, Timely Lessons for Advancing and Aligning North Carolina's Health Care Transformation Leadership to Address Social Needs
- Policy Brief: North Carolina's Healthy Opportunities Pilots: Impacts and Budgetary Considerations
- Project Report: Addressing Social Needs through Medicaid: Lessons from Planning and Early Implementation of North Carolina's Healthy Opportunities Pilots

For additional case studies and further insights from the State Rapid Learning Collaborative, visit https://www.acceleratecare.org/rapidlearning/stateleadercasestudies.