
Executive Summary

In FY 2004, North Carolina's Medicaid Program spent nearly \$8.5 billion on health coverage for 1.5 million citizens. The state's Medicaid spending grew at a rate of 11.9%. In North Carolina, as in other states, the continued growth in Medicaid spending is an increasingly pressing concern.

This report discusses Medicaid cost containment strategies in North Carolina and other states. A "family impact perspective" on policymaking informs this report. Specifically, policymakers routinely consider environmental or economic impacts of programs. Family Impact Seminars aim to help policymakers examine the impacts of policies on families. Family Impact Seminars provide objective, nonpartisan, solution-oriented research to state policymakers.

This report consists of four briefs:

The first brief describes **the Medicaid Program in North Carolina**. The brief illustrates eligibility criteria, expenditures for different population groups of recipients, available benefits, and their costs. The brief also discusses changes to North Carolina's Medicaid program in the past 15 years, including expansions in eligibility criteria and programmatic changes in managed care, prescription drugs, provider rates, recipients, and recipient services.

The second brief addresses **how states are trying to control Medicaid costs**. This brief first provides a view of the national Medicaid program, highlighting how Medicaid enrollment and expenditures continue to rise in all 50 states. The brief then reviews an array of measures states have enacted in the past two years, highlighting North Carolina's recent activities within each of these strategies. The brief concludes with a forecast of what states might expect regarding spending trends and other challenges in the years to come.

The third brief addresses **state experiences with Medicaid managed long-term care**. This brief examines the current status of the Medicaid managed long-term care market on a national level, discusses the potential benefits and challenges of implementing new managed long-term care programs, and describes North Carolina Medicaid's preliminary ventures into the managed long-term care arena. It concludes with a short discussion of the potential impact of managed long-term care on families.

The fourth brief describes **selected cost containment strategies for Medicaid prescription drug spending**. This brief reviews Medicaid prescription drug spending and cost containment strategies that have been implemented across the country, highlighting approaches in Florida and North Carolina. It focuses some attention on several emerging strategies not yet implemented in North Carolina: preferred drug lists, supplemental rebates, and multi-state purchasing pools.

In North Carolina, as in other states, the continued growth in Medicaid spending is an increasingly pressing concern.