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SENATE BILL DRS35102-MR-42 (02/14)

Short Title: Dental Services/Medicaid Transformation. (Public)

Sponsors: Senators Pate and Krawiec (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ENHANCE MEDICAID TRANSFORMATION BY PROVIDING FOR
CAPITATED CONTRACTS FOR THE PROVISION OF DENTAL SERVICES TO
MEDICAID AND NC HEALTH CHOICE RECIPIENTS.

The General Assembly of North Carolina enacts:

SECTION 1. Consistent with the goals of Medicaid transformation outlined in Session Law 2015-245, as amended, the Department of Health and Human Services shall enter into capitated contracts with at least two prepaid dental plans for the provision of dental services to Medicaid and NC Health Choice recipients. For the purposes of this act, dental services are services that are rendered by licensed dental and specialist providers, and a prepaid dental plan is any entity that operates or will operate a capitated contract for the provision of dental services, either directly or by contracting with dental providers, pursuant to this act.

SECTION 2.(a) Contracts for the provision of dental services entered into pursuant to Section 1 of this act shall be the result of requests for proposals issued by the Department of Health and Human Services (DHHS) and the submission of competitive bids by prepaid dental plans. DHHS shall oversee, monitor, and enforce capitated dental services contract performance under the contract. Contracts shall include, at a minimum, all of the following:

- (1) The prepaid dental plan will be responsible for all administrative functions for recipients enrolled in the organization, including claims processing, care and case management, grievances and appeals, and other necessary administrative services.
- (2) The prepaid dental plan must offer dental services statewide and ensure access to care for Medicaid and NC Health Choice recipients in all 100 counties.
- (3) The prepaid dental plan must be licensed as a prepaid ambulatory health plan as defined in 42 C.F.R. § 438.2 or other risk-bearing entity authorized to transact the business of accident and health insurance in this State.
- (4) The prepaid dental plan shall be prohibited from outsourcing, subcontracting, or assigning any rights or obligations to unaffiliated third parties without authorization from DHHS.
- (5) The prepaid dental plan shall be compensated on a prepaid, capitated basis. DHHS shall set capitation rates that are actuarially sound. Actuarial calculations must include utilization assumptions consistent with industry and local standards. Capitation rates shall be risk-adjusted and shall include a portion that is at risk for achievement of quality and outcome measures, including value-based payments.



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- 1 (6) The prepaid dental plan shall reimburse dental and specialist providers on a
2 fee-for-service basis. The fee schedule shall be set by DHHS.
- 3 (7) At least eighty-five percent (85%) of the contracting fee shall be used to
4 directly offset the cost of providing direct patient care and expenditures for
5 activities that improve health care quality. No more than fifteen percent (15%)
6 of the contracting fee may be spent on administrative costs. The components of
7 the numerator and dominator used to calculate these percentages shall be
8 defined by DHHS.
- 9 (8) The prepaid dental plans and Medicaid and NC Health Choice providers shall
10 be required to submit data through the Health Information Exchange Network,
11 as required by Section 12A.5 of House Bill 97, 2015 Regular Session, in order
12 to ensure effective systems and connectivity to support clinical coordination of
13 care, the exchange of information, and the availability of data to DHHS to
14 manage the Medicaid and NC Health Choice programs for the State.
- 15 (9) Operational metrics demonstrating program success shall be incorporated into
16 the contract and shall include data on the following:
- 17 a. Patient access to care.
 - 18 b. Provider networks accepting new patients.
 - 19 c. Provider experience with the administration of the program, including
20 claims submission and payment time lines, as well as the prior
21 authorization process and time lines.
 - 22 d. Enrollee complaints.
 - 23 e. The reduction of enrollee utilization of emergency room services for
24 dental care.
 - 25 f. The improvement to overall enrollee oral health, including the impact
26 on conditions such as diabetes and preterm births.

27 **SECTION 2.(b)** Prior to issuing the requests for proposals (RFPs) required by
28 subsection (a) of this section, the Department of Health and Human Services shall consult, in
29 accordance with G.S. 12-3(15), with the Joint Legislative Oversight Committee on Medicaid and
30 NC Health Choice on the terms and conditions of the RFPs for the solicitation of bids for
31 statewide capitated contracts for the provision of dental services.

32 **SECTION 3.** It is the intent of the General Assembly that the transition to the
33 provision of dental services under capitated contracts shall coincide with Medicaid transformation
34 as provided for in Session Law 2015-245, as amended. The Department of Health and Human
35 Services (DHHS) shall take steps to ensure that the implementation of this act is in line with the
36 implementation of Medicaid transformation. DHHS shall submit to CMS any necessary waiver
37 applications and State Plan amendments to accomplish the requirements of this act no later than
38 January 1, 2018.

39 **SECTION 4.** This act is effective when it becomes law.