

Principles and Recommendations

NC Medical Care Advisory Committee
Dr. Karen Smith, Chair

Joint Legislative Oversight Committee on
Health and Human Services

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MCAC Process

- Our recent charge
 - To advise the Secretary of Health and Human Services on recommendations to fill the current projected budget shortfall
 - Recognizing the pressure Medicaid places on the State budget, focus on long-term strategies for containing costs

MCAC Process

- Monthly meetings starting in August 2011
 - Several interim conference calls
 - Google internet group to share information
- Developed consensus on guiding principles to be used when considering budget reductions
- Developed consensus on budget recommendations

Guiding Principles

- Pursue changes and strategies based on their ability to increase quality and decrease unnecessary utilization using evidenced based medicine.
- Prefer targeted rate reductions and targeted program modifications, while trying to avoid service eliminations.
- Consider the benefits impact of primary care. Make every effort to both preserve access to primary care and expand access of CCNC and other primary care models that use proven clinical management protocols to manage patient conditions.

Guiding Principles

- Limit impact on life-saving procedures but ensure that Medicaid protocols are consistent with other payers.
- Consider reducing the allowable number of visits by service, with appropriate prior authorization criteria for higher need patients.
- Manage drug classes equitably, consider eliminating some drug classes.
- Standardize rates for same service across like programs.

Guiding Principles

- Review what we pay and how we pay. Consider alternative rate methodologies (code limits, case rates, global rates, etc.) that will have the impact of improving the quality and utilization equations through both patient and provider behavior changes.
- Support person-centered care and services, with community options and placements that can be supported with evidence that they reduce facility-based options.
- Protect the safety net.

Options Considered

- Payment and rates
 - Rate reductions – across the board and targeted
 - Alternative payment methodologies
 - Global funding – case rates
 - More per member/per month (PMPM)
 - Incentives
 - Administrative fees
 - Billing codes

Options Considered

- Program Modifications/Service Eliminations
 - Optional program eliminations
 - Increased use of prior approvals
 - Restrictions on drugs and services
 - Increased use of independent assessments
 - Visit limits

Options Considered

- Given limited time remaining to fill budget shortfall this fiscal year, rejected:
 - Large, across-the board rate reductions
 - Wholesale elimination of all optional services
- Massive rate reductions and optional service eliminations would detrimentally impact recipients and the provider networks that serve them

Recommendations

1. No across the board rate reductions, should be targeted
2. Convert Hospital Outpatient imaging to Fee Schedule (\$726,000)
3. Reduce Outpatient Hospital other services (\$1.9 million)
4. Modify Private Duty Nursing Rates (\$571,000)
5. Move to global funding methodology and case rates (TBD)
6. Restructure Emergency Department payments for nonemergent care (TBD)
7. Implement Specialty Pharmacy Network for hemophilia (\$1.7 million)
8. Expand 340B pharmacy program participation (TBD)
9. Implement clinical restrictions on mental health drugs (\$4.9 million)
10. Increase Home Health management by Community Care of North Carolina (CCNC) (TBD)

Questions?