



N.C. Department of Health
and Human Services

Shared Savings Plan Joint Legislative Oversight Committee

Joint Legislative Oversight Committee on Health and Human Services
December 10, 2013

Sandy Terrell
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Section 12H.18.(b)

“During the 2013-2015 fiscal biennium, the Department of Health and Human Services shall withhold three percent (3%) of payments for the following services rendered to Medicaid and NC Health Choice recipients on or after January 1, 2014:

- (1) Inpatient hospital.
- (2) Physician, excluding primary care until January 1, 2015.
- (3) Dental.
- (4) Optical services and supplies.
- (5) Podiatry.
- (6) Chiropractors.
- (7) Hearing aids.
- (8) Personal care services.
- (9) Nursing homes.
- (10) Adult care homes.
- (11) Dispensing drugs.

Funds from payments withheld under this section that are budgeted to be shared with providers shall not revert to the General Fund”



Section 12H.18.(c)

“The Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services on the development of the shared savings program established by this section no later than March 1, 2014.”



CMS Medicaid Directors Letter

- CMS Medicaid Directors Letter, dated August 30, 2013 re: Shared Savings Methodologies
- “CMS is not interested, at this time, in partnering with states on shared savings proposals that are based only on cost savings and that do not improve quality and health outcomes or limit access to eligible beneficiaries.”



CMS Medicaid Directors Letter

- Methodologies must encourage care coordination and practice transformation activities (i.e. - change in behavior).
- Series of questions (50) to answer as part of shared savings proposals, including:
 - How does the model promote better care for individuals, better health for populations, and lower costs through improved care delivery?
 - How does a provider qualify for payment?
 - Are all Medicaid eligible beneficiaries included in the shared savings calculation?



Stakeholder Engagement

- In researching other states, the main difference between NC Shared Savings Plan and other states is that in NC *"payments to members of a particular provider group shall come from the funds withheld from that group."*
- Held meetings with Medical Care Advisory Committee, the Personal Care Services stakeholders group, the Federally Qualified Health Centers Think Tank and Community Care of North Carolina.
- Ongoing meetings with all other provider groups are occurring now and into January 2014.



Stakeholder Engagement

- Information regarding Shared Savings is posted at:
<http://www.ncdhhs.gov/dma/plan/index.htm>
- Providers and stakeholders can send questions/comments/recommendations to:
DMA.NCSharedSavings@lists.ncmail.net



Timeline

- 12/31/13: Publish Public Notice for 3% rate reduction
- **1/1/14: Implement rates reduced by 3% in CSC**
- 3/1/14: Report on Shared Savings Methodology to Joint Legislative Oversight Committee
- 3/31/14: Submit State Plan Amendment (SPA) for rate reduction to CMS
- 6/30/14: Publish Public Notice for Shared Savings
- **7/1/14: Shared Savings Plan implemented**
- 9/30/14: Submit SPA for Shared Savings to CMS
- **1/1/15: Payments to providers for Shared Savings Plan**



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Cost Containment

SL 2013-360, Section 12H.26



Cost Containment

SL 2013-360, Section 12H.26(a)

“The Department of Health and Human Services may use up to five million dollars (\$5,000,000) in the 2013-2014 fiscal year and up to five million dollars (\$5,000,000) in the 2014-2015 fiscal year in Medicaid funds budgeted for program services to support the cost of administrative activities when cost-effectiveness and savings are demonstrated. The funds shall be used to support activities that will contain the cost of the Medicaid Program, including contracting for services, hiring additional staff, funding pilot programs, Health Information Exchange and Health Information Technology (HIE/HIT) administrative activities, or providing grants through the Office of Rural Health and Community Care to plan, develop, and implement cost containment programs.”



Cost Containment

- Identifying opportunities in Optional Services
- Exploring stricter eligibility criteria
- Reviewing possible Prior Authorization requirements
 - Rheumatoid Arthritis (RA) Agents
 - Hepatitis C Drugs
 - Synagis



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Medicaid Reform Update

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Status of Budget-Directed Medicaid State Plan Amendments

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Budget-Directed State Plan Amendments (SPA)

- Rate Freeze for Services to Automatic Increases – *Submitted*
- Medicaid Copayments – *Pending*
- Hospital Provider Assessment change to % vs. Fixed Amount – *Pending*
- Hospital Outpatient Payments at 70% of Cost - *Pending*
- Cost Savings through drug pricing adjustments - *Pending*
- Physician Office visit Limitation - *Pending*
- Shared Savings Plan - *Pending*