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EAST CAROLINA BEHAVIORAL HEALTH

Empowering Change. Building Hope.

Joint Legislative Oversight Committee on Health and Human Services, Medicaid Reform/DMA Reorganization Subcommittee

Public Comments by Leza Wainwright, Chief Executive Officer, East Carolina Behavioral Health

Mr. Chairman and Members of the Committee:

I am Leza Wainwright, Chief Executive Officer of East Carolina Behavioral Health, a Local Management Entity/Managed Care Organization (LME/MCO) based in Greenville, NC that serves 19 counties in eastern North Carolina.

Thank you for the opportunity to speak to you today about the important role that LME/MCOs can play in addressing the goals of the General Assembly for Medicaid Reform.

This General Assembly clearly outlined its goals for Medicaid Reform in Senate Bill 402, the 2013 Appropriations Act. Those goals were: 1. to achieve a predictable and sustainable Medicaid program; 2. to increase administrative ease and efficiency for Medicaid providers; and 3. to provide care for the whole person. I am pleased to report that, following the passage of House Bill 916 in June of 2011, the LME/MCOs have successfully achieved those same goals.

Since all counties in the State were covered by the 1915(b)/(c) Medicaid Waiver in March, 2013, the behavioral health and intellectual and other developmental disabilities services component of the Medicaid budget has been fully capitated. As a result, that portion of the budget is completely predictable, and sustainable. The State realized savings in the initial move to managed care of in excess of $150 million. Since then, capitation rates have steadily decreased, as services have been managed. At ECBH alone, rates have decreased by $14.31 per member per month, resulting in an overall savings to the Medicaid budget of $25.4 million, or savings in State appropriations of more than $8.6 million.

This has occurred at the same time that we have been able to raise rates for certain critical services and increase access to evidence-based services - those services that have been proven to work best for people with mental illness and addictive diseases. We are **not** serving fewer people – we are serving basically the same number of people as received services in the unmanaged system. The difference is we now have the ability to manage services to ensure that Medicaid beneficiaries receive the most appropriate service, in the right dosage and for the proper duration, at the right time. ECBH has also encouraged the use of technology that can increase consumers' independence and reduce reliance on paid services and supports.

LME/MCOs are also " increasing administrative ease" to allow providers to be more effective and efficient. We have the ability to pay providers in creative ways that can lead to more

effective and efficient services. At ECBH, we have instituted a case rate payment methodology for two evidence-based services for children: multi-systemic therapy and child/parent psychotherapy. The case rate allows providers to focus more on actual service delivery, rather than concentrating on maximizing the number of 15-minute billable units.

And, we are focused on integrated, whole person care. It just makes sense and is the right thing to do. People recovering from mental illness and addictive diseases live more fulfilling lives in the community if their physical health needs are being met. People with intellectual and other developmental disabilities do as well. Our care coordinators work with Community Care of NC and other physical health providers to achieve that goal. They focus as much on ensuring that a person with a serious mental illness is receiving their physical healthcare services as they do to make sure they are well-linked to a mental health provider. We work to make sure that people with intellectual and developmental disabilities see a dentist and have regular preventive physical healthcare visits. It produces better outcomes for the people we serve and, frankly, it is also better for our "bottom line."

One difference in our system, however, is that our focus on the "whole person" goes beyond healthcare. As the National Alliance on Mental Illness (NAMI) recognizes, access to safe and stable housing can be the biggest obstacle to people achieving recovery from mental illness and employment can be a critical positive component of reaching that goal. For people with intellectual and other developmental disabilities, employment can dramatically increase independence and community integration. The speciality system goes beyond health care and does truly focus on the "whole person" in terms of overall health and well-being, including those needed housing and employment services.

One other aspect of the LME/MCO system that I feel is important to mention is the geographic responsibility that a regional system gives the State. In most aspects of the economy, competition is very valuable. However, unlike most of health care, for behavioral health and intellectual and developmental disability services, Medicaid is the primary payor. In that environment, the accountability the State achieves through a regional approach is of great benefit. I have the privilege of serving a very beautiful, but sparsely populated, portion of North Carolina. ECBH is responsible for ensuring access to services in all 19 counties we serve. Its not really hard to get services in Greenville, or New Bern or even Elizabeth City; but it is a challenge to make services available in Swan Quarter in Hyde County or Columbia in Tyrell County or on the Outer Banks. If multiple managed care organizations served that same territory and services were not available, the State couldn't really hold any one organization accountable – if everyone is responsible, no **one** is responsible. With the geographic accountability of the current LME/MCO system, it is clear whom the State can hold accountable for access to services in the ECBH territory.

Finally, I would add that we clearly understand the desire of the General Assembly and the Administration to reduce the number of LME/MCOs. Though there are now only 9 of us, that still means that providers have to potentially deal with nine managers. I am pleased to report that ECBH and CoastalCare have announced our intent to consolidate by July 1, 2015. That will

mean that providers in almost ¼ of the State's counties will have only one LME/MCO managing services.

This General Assembly made a very informed and deliberate decision when it enacted House Bill 916 in June 2011, which created the LME/MCOs. The goals of that legislation are the same goals the General Assembly is seeking to achieve in the entire Medicaid budget. I encourage you continue to build upon the success of the LME/MCOs as you work to design a plan to reform all of the Medicaid program in North Carolina.

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Two Years Operating the 1915(b)/(c) Waiver

Sustainability & Budget Predictability

Medicaid Capitation Rate by

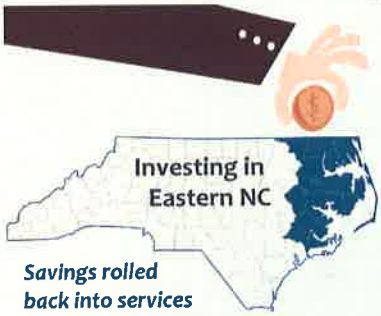
April 1, 2012 — April 1, 2014

Reduction of $14.31 / member

For 87,000 covered lives, translates into $25.4 million annually for Medicaid budget

- Manage Services
- Enforce Service Definitions

HIGH COST SERVICES



Savings rolled back into services and new initiatives

Increased Access to Care

Medicaid Penetration Rate Monthly

12,000 — 9.5%

Remains consistent with historical levels

- Psychological Testing 10% ↑
- Psychiatric Services 10% ↑
- Peer Support Services 7% ↑

- Outpatient Therapy - 24 Visits
- All Substance Use Disorder Services
- Facility-Based Crisis Services

DIAL 211 Help starts here.

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INNOVATIVE CONNECTIONS

Increased Quality of Services

Implement Evidence-Based Practices (EBPs)
- Trained Provider Staff in Six Models

Innovations Waiver Enhancement
- 16% Rate Increase for Personal Care

Employ Assistive Technology
- Choose Home Initiative
- Families Realizing Resources Together Conference

Integrated Care

Community Care of North Carolina

EPIC
Embracing & Practicing Integrated Care

CMT

caraSolva

Coordinating | Linking | Connecting

Increased Administrative Ease for Providers

- Established Multisystemic Therapy Case Rate
- Work with Provider Network Council to Identify Barriers & Solutions