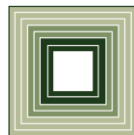


# **Joint Legislative Oversight Committee for Medicaid and NC Health Choice**

## **Review of Amended Waiver Application Provisions**

**Steve Owen,  
Fiscal Research Division**

**February 28, 2018**



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

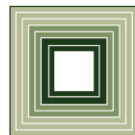
# *Discussion Guide*

- Amended Waiver provisions that are not consistent with S.L. 2015-245, as amended by S.L. 2016-121, Sec. 11H.17 of S.L. 2017-57, and Sec. 4 of S.L. 2017-186
- Funding Summary/Budget Neutrality
- Other provisions needing CMS approval
- Amended Waiver provisions needing additional explanation
- Considerations

# *Basics of Medicaid Reform Legislation*

<b>Overview</b>	Transition the Medicaid program from a fee for service model to a managed care model <b>18 months</b> after CMS approves an 1115 waiver
<b>Prepaid Health Plans (PHPs)</b>	<p>PHPs will receive a <b>capitated</b> (per enrollee, per month) <b>payment</b> to cover all services to the enrollee.</p> <p>Both <b>commercial plans</b> or <b>provider-led entities</b> (PLEs) (defined in the legislation) will be considered PHPs. Commercial plans may only operate statewide contracts, and PLEs may operate statewide or regionally.</p> <p><b>3 statewide contracts</b> are required and up to <b>12 regional PLE contracts</b> are permitted across 6 regions to be determined by the Department.</p>
<b>Populations to be Covered</b>	<b>All populations except:</b> dual eligibles, medically needy, presumptive eligibles, HIPP enrollees, and emergency-only recipients. Participation by members of a federally-recognized tribe is voluntary.
<b>Services to be Covered</b>	<b>All services except:</b> behavioral health services covered by LME/MCOs (for four years after the date capitated contracts begin), dental, PACE, certain services provided in school pursuant to an IEP, CDSA services, services provided prior to an eligibility determination and fabrication of eye glasses.
<b>Department Role</b>	The Department shall ensure sustainability of the transformed program and beginning in September 2015 was granted <b>full authority to manage</b> the Medicaid and Health Choice programs within authorized budgets, except that the <b>General Assembly shall determine eligibility categories and income thresholds</b> .

Amended Waiver  
Application provisions that  
are not consistent with  
Medicaid Transformation  
Legislation S.L. 2015-245,  
as amended



## *Inconsistencies with SL 2015-245, as amended*

- Increase access through implementation of Carolina Cares; *“if proposed State legislation is enacted”* – Page 1.
- Request for up to \$1.2 billion in increased spending over five years to fund implementation of targeted initiatives at a 50% match rate; *Non Federal share funding not identified other than implied savings on traditional Medicaid and lower Carolina Cares cost* – Page 2.
- Tribal uncompensated care pool; *100% federally funded* – Page 5

## *Inconsistencies with SL 2015-245, as amended*

- Carve out Nursing home long stays, Family Planning populations, prisoners, CAP-C and CAP-DA populations – Page 14.
- Implementation of Carolina Cares premiums and Work Requirements *“If enacted by the State Legislature...”* – Page 14
- Delay in enrollment of populations eligible for tailored plans until year 3 – Page 18.

## ***Inconsistencies with SL 2015-245, as amended***

- Delay in enrollment of TBI populations until year 3 – Page 19.
- Behavioral Health/Intellectual Developmental Disability Tailored Plans and Specialized Foster Care Plans; “*Pending State legislative authority...*” – Page 21.
- Waiver states that 3 commercial plans will be offered state-wide/silent on PLE’s – Page 28.

## *Inconsistencies with SL 2015-245, as amended*

- Carves out costs for “fabrication, fitting and dispensing” of eyeglasses – Page 29.
- Schedule proposed phrased “Begin launch of managed care” July 2019 (17 months after CMS approval). Unclear what “Begin” means – Page 34.



## ***Inconsistencies with SL 2015-245, as amended***

- PHP's will be charged a “premium tax” and the proceeds of that tax will be used to fund Medicaid programs; *“if approved by the legislature”* – Page 41.

# *Proposed Federal Funding Summary*

Budget neutrality is a basis for negotiating spending caps with CMS that will be the methodology used to determine that the demonstration does not cost the federal government more than it would had it not approved the demonstration.

***IMPORTANTLY BUDGET NEUTRALITY ESTABLISES A CAP FOR FEDERAL PARTICATION IN SPENDING. MEDICAID SPENDING IN EXCESS OF THE CAP WILL RESULT IN NORTH CAROLINA FUNDING 100% OF THE AMOUNT OVER THE CAP, WITH NO FEDERAL SHARE.***

# *Proposed Federal Funding Summary*

- The Amended Waiver application **only includes projected budget impact** for federal spending

	<i>Total Requirements **</i>	<i>Federal **</i>
Workforce Initiatives	\$ 45,000,000	\$ 22,500,000
Public Private Partnerships	800,000,000	400,000,000
Tribal Uncompensated Care Pool	86,573,048	86,573,048
BH/IDD Care Management	150,000,000	75,000,000
Telemedicine	5,000,000	2,500,000
Telemedicine Innovation	80,000,000	40,000,000
Cost of Waiver Initiatives	<u>\$ 1,166,573,048</u>	<u>\$ 626,573,048</u>
Savings on Traditional Medicaid	\$ (1,032,036,692)	\$ (698,309,621)
Savings on Carolina Cares	<u>(1,365,893,331)</u>	<u>(1,229,918,027)</u>
POTENTIAL IMPACT REPORTED IN WAIVER	\$ (1,231,356,975)	\$ (1,301,654,600)

**\*\* - Exhibits 3, 4, 5 and 6 from pages 55-58 of the Amended Waiver Application FY 2019-24**

# Potential Estimated Total Funding Impact

The Non-Federal share of the proposed spending is not included in the waiver.

The only way to estimate the maximum potential impact is to derive the non-federal share using Exhibits in the waiver.

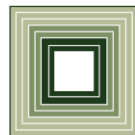
## WAIVER ESTIMATED SPENDING IMPACT FY 2019-2024

	<i>Total Requirements **</i>	<i>Federal **</i>	<i>Non-Federal ****</i>
Workforce Initiatives	\$ 45,000,000	\$ 22,500,000	\$ 22,500,000
Public Private Partnerships	800,000,000	400,000,000	400,000,000
Tribal Uncompensated Care Pool	86,573,048	86,573,048	-
BH/IDD Care Management	150,000,000	75,000,000	75,000,000
Telemedicine	5,000,000	2,500,000	2,500,000
Telemedicine Innovation	80,000,000	40,000,000	40,000,000
Cost of Waiver Initiatives	<u>\$ 1,166,573,048</u>	<u>\$ 626,573,048</u>	<u>\$ 540,000,000</u>
Savings on Traditional Medicaid	\$ (1,032,036,692)	\$ (698,309,621)	\$ (333,727,071)
Savings on Carolina Cares	<u>(1,365,893,331)</u>	<u>(1,229,918,027)</u>	<u>-</u>
POTENTIAL IMPACT REPORTED IN WAIVER	\$ (1,231,356,975)	\$ (1,301,654,600)	\$ 206,272,929
Potential Incremental Spending Increase	27,132,658,460	24,452,649,192	2,680,009,268
Potential Increase in Provider Assessment	<u>-</u>	<u>-</u>	<u>(2,680,009,268)</u>
Potential Increased Spending from Waiver	<u>\$ 25,901,301,485</u>	<u>\$ 23,150,994,592</u>	<u>\$ 206,272,929</u>

\*\* - Exhibits 3, 4, 5 and 6 from pages 55-58 of the Amended Waiver Application FY 2019-24

\*\*\*\* - May include sources of receipts not identified in the waiver that can impact potential State appropriations.

# Other Provisions or Considerations from Amended Waiver Application



# *Other Provisions Needing CMS Approval*

- Cost Settlement for safety net providers – Page 3
- Approval to cover IMD services by Medicaid immediately – Page 4
- Carolina Cares work requirements and the premiums-  
Page 1

# *Elements Needing Further Explanation*

- One stop credentialing and regional provider support centers
- Improvements to physical and behavioral health
- Public-Private partnership desired outcomes and measures
- “Workforce Fund” or loan forgiveness program
- Telemedicine services and Home Health Care Management
- Ensuring access and network adequacy
- PHP capitation rate setting, enrollment and reimbursement assumptions for cost projections
- Assumptions for funding impact of new provisions

# ***CONSIDERATION***

What is the implication for federal funding if CMS approves the waiver as filed and the Department is never authorized by the General Assembly to implement elements included in the Waiver?



# QUESTIONS

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