JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON MEDICAID AND NC HEALTH CHOICE

Medicaid Transformation Update

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Legislative Action Needed

- Managed Care cannot go-live under a Continuing Resolution Budget. A new budget must include:
  - Authority to pay capitation payments and claims run-out
  - Authority to utilize Transformation dollars
  - PHP tax authorization which is already included in the capitation rates
  - Authority for the appropriate Hospital assessments
- Need the RIGHT budget – cannot destabilize the department at this time of major transformation.
  - $42M cut to recurring administrative funding = PEOPLE
  - This cut is unprecedented and there is NO scenario where it will not greatly impact service delivery

North Carolina's Vision for Medicaid Transformation

"To improve the health of North Carolinians through an innovative, whole-person centered, and well-coordinated system of care that addresses both the medical and non-medical drivers of health."

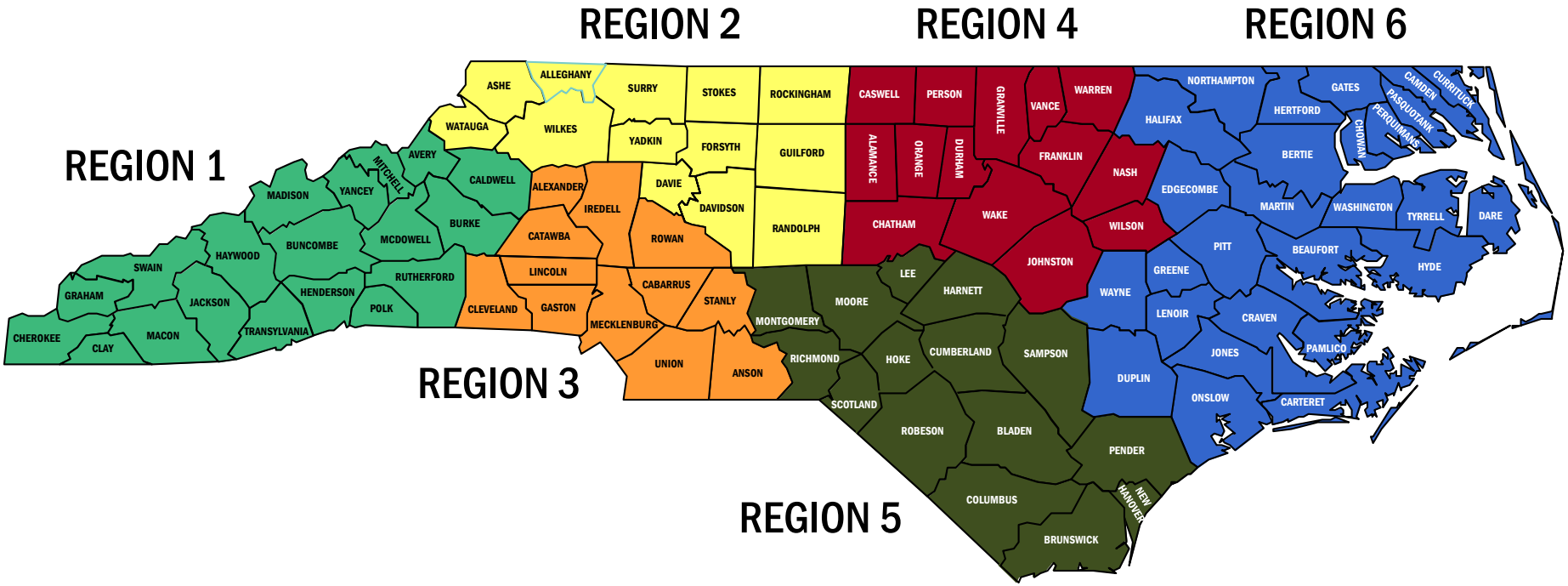
Moving to Managed Care

- 1.6 of 2.2 million Medicaid beneficiaries will enroll in Standard Plans.

- Beneficiaries will be able to choose from 5 Prepaid Health Plans (PHPs), including a Provider-Led Entity
  - AmeriHealth Caritas, Healthy Blue, United HealthCare, WellCare, Carolina Complete Health (Regions 3, 4, 5)

- Some beneficiaries will stay in fee-for-service because it provides services that meet specific needs or they have limited benefits. This will be called NC Medicaid Direct.

NC Medicaid Managed Care Regions



Managed Care Progress (as of November 2019)

Milestones

- Enrollment Broker contract awarded
- Health Plan contracts awarded
- Managed Care Waiver approved from CMS
- Choice counseling made available to members
- Open Enrollment began
- Enrolled member information sent to PHPs
- Encounters development and testing performed
- Provider information sent to health plans for contracting
- Health plan readiness reviews in progress
- Initial readiness documents sent to CMS

Program Progress Summary

- Over 109,000 Medicaid Members selected a PHP as of November 8
- The formal PHP Readiness Review Process included 111 Medicaid Staff, evaluation of 4,431 readiness criteria, and 148 individual onsite readiness review sessions
- 38 provider sessions - webinars, meet and greets, virtual office hours, and webinar training - attended by over 15,000 providers
- Over 2,400 end-to-end test conditions executed satisfactorily for Provider and Member Open Enrollment, PHP Auto Enrollment, PCP Auto Assignment, Transition of Care, Capitation Payment, Encounter Processing, and Claims Processing
- 5,682 of 5,911 deliverable documents received from PHPs reviewed and feedback provided as of mid-November (e.g., annual compliance plans, call scripts, member marketing, value added service materials, and clinical coverage policies)
- 86 training sessions attended by 5,862 DSS county staff

Suspension activities

- Managed Care Implementation suspended as of 11/20/19
- Open Enrollment cancelled - Notified 1.6 million beneficiaries about the suspension
- Enrollment Broker Call Center remained open through 1/31/20
- Held webinars, all-state calls and other engagement activities with provider and members explaining what was happening and what to expect
- Continue to meet regularly with the health plans to move forward
- Reduced vendor contracts with specialized skillsets
- Engage with counties and other stakeholders to continue to facilitate the transition to managed care, including non-emergency medical transportation, ambulance, behavioral health crisis, health care systems
- Moving forward with managed care related procurements including Member Ombudsman, External Quality Review Organization (EQRO), Healthy Opportunities Pilots

Restarting Managed Care Implementation – Highlight of Activities

- Update all stakeholder materials, websites, smart phone apps and technical systems across multiple platforms (Enrollment Broker, health plans, NCTRACKS)
- Formulate capitation rates and submit to CMS for approval
- Re-review and resubmit to CMS for approval several health plans' contractual policies and procedures deliverables (annual compliance plans, call scripts, member marketing, value added service materials, and clinical coverage policies)
- Upgrade the Consolidated Provider Directory (NC DHHS, Enrollment Broker, health plans)
- Test Primary Care Provider Auto Assignment between NCFAST, NCTRACKS, health plans and providers
- Complete key testing activities to finalize data, analytics, reporting functionality including Transition of Care (NC FAST, Enrollment Broker, NC TRACKS, health plans, LME-MCOs, UM Vendors & CCNC) and Data Warehouse
- Re-review and re-validate Enrollment Broker readiness including call center staff and scripting once rehired
- Re-evaluate internal Division of Health Benefit staff readiness
- Complete provider contracting (health plans and providers)
- Analyze health plan network adequacy to ensure adequate provider networks and processes

Healthy Opportunities Pilot

- As part of the 1115 Waiver – federal government authorized North Carolina to test evidence-based, health-related social service interventions designed to improve health outcomes and reduce healthcare costs for a subset of Medicaid enrollees.
  - Cover the cost of federally-approved Pilot services
  - Support capacity building to establish "Lead Pilot Entities"
- No pilot funds are planned to be expended this fiscal year
- Released Healthy Opportunity Pilot RFP in November 2019; award in late spring/early summer

"As we seek to create a health care system that truly rewards value, we must consider the impact that factors beyond medical care have in driving up health costs . . . North Carolina will implement a groundbreaking program in select regions to pilot evidence-based interventions addressing issues like housing instability, transportation insecurity, food security, interpersonal violence and toxic stress."

— Seema Verma, CMS Administrator; *Health Affairs*, Oct. 24, 2018