

## North Carolina Medicaid and NC Health Choice Transformation Request for Public Input

The Department of Health and Human Services is requesting public input from April 25 to 11:59 p.m. on May 25 on Medicaid and NC Health Choice transformation. While comments will be accepted on any area relevant to this effort, the Department is particularly interested in feedback on:

1. Physical and Behavioral Health Service Delivery
2. Supporting Provider Transformation
3. Care Management and Population Health
4. Addressing Social Determinants of Health
5. Improving Quality of Care
6. Paying for Value
7. Increasing Access to Care and Treating Substance Use Disorder

Significant efforts are underway to improve the health of North Carolinians as the North Carolina Medicaid and NC Health Choice programs transform from fee-for-service to managed care.

At this point during the transformation process, the Department is requesting public input by answering questions on specific topics. This information will be used by the Department as it considers whether modifications are needed to the currently proposed and submitted 1115 waiver.

### TO PROVIDE INPUT ON ONE OR MORE TRANSFORMATION TOPICS FROM APRIL 25 TO MAY 25

#### Attend a Public Input Session:

May 1, 5:30-7:30 p.m., Greensboro  
Guilford County DHHS Building  
1203 Maple St, Rooms 122 and 123

May 10, 3:00-5:00 p.m., Greenville  
Greenville Convention Center  
303 Greenville Blvd SW, Emerald Ballroom

May 12, 2:00-4:00 p.m., Asheville  
Asheville-Buncombe Technical College  
340 Victoria Rd., Ferguson Auditorium

May 16, 6:00-8:00 p.m., Raleigh  
McKimmon Conference & Training Center  
1101 Gorman St.

See [www.ncdhhs.gov/nc-medicaid-reform](http://www.ncdhhs.gov/nc-medicaid-reform)  
for speaker guidelines.

#### Submit written input:

Email: [MedicaidReform@dhhs.nc.gov](mailto:MedicaidReform@dhhs.nc.gov)

**U.S. Mail:** Department of Health and  
Human Services, Division of Health  
Benefits, 1950 Mail Service Center, Raleigh  
NC 27699-1950

**Drop-off:** Department of Health and  
Human Services, Dorothea Dix Campus,  
Adams Building, 101 Blair Dr., Raleigh NC

Questions can be submitted to:  
[MedicaidReform@dhhs.nc.gov](mailto:MedicaidReform@dhhs.nc.gov).

## 1. Physical and Behavioral Health Service Delivery

One of the most important steps to achieve North Carolina's goals is creating a managed care system that embraces 'total person care'.

Today, North Carolina Medicaid behavioral health, intellectual/developmental disability (I/DD) and substance use disorder (SUD) services are managed by regional local management entities/managed care organizations (LME/MCOs). Current law keeps this structure in place for at least four years after Medicaid moves to managed care.

Another approach could be to work with the legislature to more quickly integrate behavioral health service delivery with physical health services while facilitating long-term local involvement. This effort must successfully integrate services not only for special populations with unique care needs, such as those with serious mental illness, but also for the many North Carolinians with lower intensity or lower frequency behavioral health service needs.

Creating a single point of accountability for managing physical and behavioral health services could reduce fragmentation, improve care by focusing on the whole person and better manage costs. Any changes must put beneficiaries at the center and ensure that vulnerable populations receive the specialized care and services that they need.

- 1.1 What are the opportunities and risks with integrating behavioral health services with physical health services? Should North Carolina pursue an approach of integrating physical and mental health services earlier than four years after the managed care transition?
- 1.2 How can the Department best integrate care delivery for individuals with lower intensity, lower frequency behavioral health needs? Should these individuals be enrolled in a "traditional" prepaid health plan with the expectation that both physical health and behavioral health services will be covered?
- 1.3 Should North Carolina use Special Needs Plans to cover the physical and behavioral health services to individuals with serious mental illness, I/DD or moderate to severe SUD? If so, how should these plans be structured, and what requirements or protections should be included to ensure access to crucial benefits and specialized care management? Are there any special considerations for the delivery of I/DD services, including the Innovation Waiver, through Special Needs Plans?
- 1.4 How can Medicaid assist LME/MCOs in transitioning to an integrated managed care system (e.g., helping LME/MCOs prepare to offer Special Needs Plans)? How can the State best design an appropriate governance model for integrated managed care and how can Medicaid facilitate the implementation of that model?

### BACKGROUND

*In September 2015, the General Assembly passed Session Law 2015-245, as amended by Session Law 2016-121, addressing a redesign of the North Carolina Medicaid and NC Health Choice programs. The legislation called for most Medicaid services to be delivered using a managed care system instead of the current fee-for-service. The new system would be administered by prepaid health plans that include statewide commercial plans and regional provider-led entities. In June 2016, DHHS submitted a Section 1115 demonstration waiver application to the federal Centers for Medicare and Medicaid Services.*

#### **Session Law 2015-245:**

<http://www.ncleg.net/EnactedLegislation/SessionLaws/PDF/2015-2016/SL2015-245.pdf>

#### **Session Law 2016-121:**

<http://www.ncleg.net/EnactedLegislation/SessionLaws/PDF/2015-2016/SL2016-121.pdf>

#### **Section 1115 demonstration waiver application:**

<https://ncdhhs.s3.amazonaws.com/s3fs-public/NC-Section-1115-Demonstration-App2016.pdf>

*For Medicaid transformation information and progress updates, visit the Medicaid Transformation website at [www.ncdhhs.gov/nc-medicaid-reform](http://www.ncdhhs.gov/nc-medicaid-reform)*

- 1.5 If not through Special Needs Plans, how should North Carolina ensure delivery of integrated physical and behavioral health for individual with serious mental illness, I/DD or moderate to severe SUD?

## 2. Supporting Provider Transformation

A notable strength of North Carolina Medicaid is the high number of providers who participate in the program. To preserve this participation, North Carolina will seek to support providers and minimize their administrative burdens as they make the transition to managed care. Some providers also will want to participate in risk-sharing agreements or form regional provider-led entities that will serve alongside commercial plans as prepaid health plans.

- 2.1 How can the state minimize administrative burdens on providers as Medicaid transitions to managed care (e.g., standardized provider credentialing, required provider notifications, standardized data-sharing requirements)?
- 2.2 What support will be necessary to assist in the transition to managed care for small providers and providers in rural or underserved communities?
- 2.3 What are the primary opportunities and barriers for providers interested in establishing provider-led entities? What, if any, support or special accommodations should be made to facilitate the creation of provider-led entities?

## 3. Care Management and Population Health

Under current law, North Carolina will eventually end its contract with NC Community Care Networks, Inc. The waiver proposes the creation of person-centered health communities. North Carolina must sharpen its vision for leveraging its considerable investments in care management and create the next generation in advanced medical home at the site of care, with a focus on high need/high cost populations.

- 3.1 Should North Carolina consider developing standardized, statewide criteria and a certification process for providers to qualify as advanced medical homes under Medicaid? General comments are welcome on this approach.
- 3.2 If North Carolina adopts a qualification or certification process for advanced medical homes, please comment on possible guiding principles or factors that should be considered to ensure success (e.g., alignment with other payer programs, specific infrastructure requirements, performance measures).
- 3.3 Should the Department contractually mandate that prepaid health plans provide an enhanced care management fee to support delivery of care coordination and care management services to advanced medical home practices?
- 3.4 What strategies should the Department consider for providers who may face barriers to meeting the care management criteria, such as small and rural providers?
- 3.5 What types of population health management support should prepaid health plans provide to providers that would assist them in effectively managing care for beneficiaries, particularly those with the most complex needs?
- 3.6 Please comment on the types of services and support that are best managed at the local provider/practice level and those that can best be supported at the prepaid health plan level.

## 4. Addressing Social Determinants of Health

Health improvement efforts often focus on how clinical care is delivered to drive health outcomes. Many of the most effective and economically efficient investments to improve patient and population health, however, involve addressing the economic, environmental and social factors that impact health.

- 4.1 How can the state help providers, community-based organizations and prepaid health plans further integrate and coordinate health care delivery, social services supports and targeted interventions regarding social and environmental determinants of health?
- 4.2 What types of strategic investments in infrastructure to address unmet resource needs (e.g., housing, nutrition, utilities, safety) would have the most significant positive impact on the health of North Carolina communities?
- 4.3 Please comment on the types of investments that would be best managed at the local provider/practice level and those that can best be supported at the state level.
- 4.4 What actions can be taken by the state to help providers integrate social and environmental determinants of health into their care for patients and communities? What are the biggest capability or infrastructure gaps?

## 5. Improving Quality of Care

Improving quality of care—and thereby improving health outcomes—is an essential component of North Carolina’s transformation. The waiver indicates that the Department will select a common set of quality measures based on statewide clinical priorities; this effort is underway by the North Carolina Institute of Medicine Task Force on Health Care Analytics.

To ensure the Task Force’s work is meaningful, North Carolina must further develop its approach to ensure that health care stakeholders—both prepaid health plans and providers—will be held accountable to these measures. The Department must use the data collected to assess prepaid health plan and provider performance, and inform and encourage quality improvement efforts. The Department also must reward improvement by rewarding high-quality care.

- 5.1 Which quality measures should be used? What quality measures will improve outcomes while rewarding value? How can the unique needs of special populations best be considered when creating quality measures?
- 5.2 What types of quality programs should prepaid health plans deploy to advance quality goals? How should prepaid health plans be rewarded to reach quality goals?
- 5.3 What types of support do providers need to accurately collect and report quality data?
- 5.4 What strategies should the Department consider to ensure prepaid health plans effectively communicate to providers about quality of care provided to their patients?
- 5.5 How can providers be supported in quality improvement and rewarded for high-quality care?
- 5.6 How can providers be supported in maximizing patient satisfaction and creating a positive patient experience?

## 6. Paying for Value

Transitioning the Medicaid and NC Health Choice programs from fee-for-service to managed care offers opportunities for improved care management, better health outcomes and smarter spending. However, under the current statute and waiver, a significant portion of Medicaid expenditures would be outside of prepaid health plan management. Integration of physical and behavioral health into a single plan is one crucial step toward paying for value, but more is needed for North Carolina to achieve its transformation goals.

### Hospital Supplemental Payments

Currently, more than half of hospital payments under Medicaid are supplemental payments. The waiver proposes to transition supplemental payments into an uncompensated care pool, which would keep them sitting outside of managed care. These funds are crucial to the stability and health of North Carolina's hospital systems; however, they must be better aligned with North Carolina's transformation goals.

- 6.1 How can Medicaid best support hospitals' delivery of high value care? To what extent can redirecting supplemental payments into significantly enhanced base rates help to achieve this goal?
- 6.2 How can alignment with transformation goals best be achieved without destabilizing hospitals or disrupting access to care? Should North Carolina use a portion of these funds to help transition hospitals to the managed care system? What types of supports would help smooth this transition?
- 6.3 What are the opportunities and risks associated with redirecting supplemental payments, including the implications on different types of hospitals?
- 6.4 Are there things the state should consider in this arena that are specific to supportive smaller and rural hospital systems?

### Prepaid Health Plan Contracting Requirements

- 6.5 How should North Carolina encourage prepaid health plans to develop value-based purchasing arrangements with their downstream provider networks that align with statewide quality goals and measures?
- 6.6 What support would providers need to participate in value-based purchasing arrangements?

## 7. Increasing Access to Care and Treating Substance Use Disorder

Proposed legislation in the North Carolina General Assembly aims to increase access to affordable health care under Medicaid, including to thousands of citizens with opioid and other substance use disorders. National estimates suggest that up to 28 percent of those who could receive coverage under the proposed legislation have mental health or substance use disorder needs, populations that could experience dramatic health improvements if they became insured.

This increased access to care would aid North Carolina's most crucial public health priorities (such as combatting the opioid crisis and other substance use issues), while also bringing billions in new federal funding into the state's economy,<sup>1</sup> supporting care in rural areas and spurring job creation in our communities. Many states have crafted programs to expand access to care that are tailored to state priorities and local needs.

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<sup>1</sup> Office of State Budget and Management. March 2017.

- 7.1 What are the opportunities and risks of increasing care access to North Carolinians under Medicaid? What will be the impact on individuals and families? On providers and communities? State and local government?
- 7.2 What health benefits should be covered to meet the health care needs of this population? How should the benefits align or differ from coverage currently available under Medicaid?
- 7.3 What additional steps can the Department take to ensure that we are doing everything possible to meet the coverage and access needs of North Carolinians addicted to opioids and other substances? How would Medicaid coverage be used for prevention, treatment and ongoing recovery efforts?
- 7.4 What special programmatic features or strategies should North Carolina consider for the newly eligible population to facilitate enrollment, engage patients in their care and ensure continuity of coverage?

Thank you for taking the time to share your comments with the Department on these topics or other areas you believe are relevant to this effort. Please attach your input as a Word document or an Adobe PDF, and email to [MedicaidReform@dhhs.nc.gov](mailto:MedicaidReform@dhhs.nc.gov). (See page 1 for additional delivery options).

A summary of feedback received by May 25, 2017, will be posted on the Medicaid Reform website by July 2017.