

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

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SENATE BILL 703

Short Title: Medicaid Transformation. (Public)

Sponsors: Senators Berger (Primary Sponsor); Hartsell, Hise, and Pate.

Referred to: Rules and Operations of the Senate.

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO TRANSFORM THE MEDICAID PROGRAM FROM A MOSTLY
FEE-FOR-SERVICE PROGRAM TO A CAPITATED, RISK-BASED, MANAGED
CARE PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Health and Human Services, Division of Medical Assistance, (Department) shall create and implement a detailed plan to transform North Carolina's Medicaid program to a program that shall, no later than January 1, 2017, accomplish the following:

- (1) Transform the current mostly fee-for-service Medicaid program into a capitated, risk-based, managed care Medicaid program.
- (2) Enter into risk contracts with at least three statewide Medicaid managed care organizations that assume full risk for all Medicaid benefits. The terms "risk contract" and "managed care organization" used in this act have the same meaning as those terms are given in 42 C.F.R. § 438.2.
- (3) Enroll all Medicaid beneficiaries, to the maximum extent allowable under federal law or waiver, in a statewide Medicaid managed care organization.
- (4) Make changes to the NC Health Choice program that correspond with the changes made to the Medicaid program.

SECTION 2. The Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2015, containing the detailed plan required by Section 1 of this act. The Department is encouraged to include as much detail as possible, but at a minimum the report shall include:

- (1) Proposed waivers and State plan amendments required to implement this act.
- (2) Proposed legislation and changes to the General Statutes required to implement this act.
- (3) An estimate of the amount of State and federal funds necessary to implement the plan.
- (4) An estimate of the long-term savings to the amount of State funds required for the Medicaid and NC Health Choice programs.
- (5) Strategies that will be utilized to ensure successful negotiations with managed care companies.
- (6) A plan for implementation, including a time line for the each of the steps necessary to meet the time lines in this act as well as plans for educating Medicaid and NC Health Choice providers and beneficiaries about the changes to the programs.



1 **SECTION 3.** No later than June 1, 2016, the Department shall publish a request for
2 proposal for the risk contracts described in Section 2 of this act.

3 **SECTION 4.** The Department shall submit to the Centers for Medicare and
4 Medicaid Services (CMS) the State plan amendments necessary to accomplish the requirements
5 of this act within the required time frames.

6 **SECTION 5.** It is the intent of the General Assembly to appropriate the funds
7 necessary to accomplish the Medicaid transformation required by this act.

8 **SECTION 6.** This act is effective when it becomes law.