



JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON MEDICAID AND NC HEALTH CHOICE

NC Medicaid Transformation

Section 1115

Demonstration Waiver

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Agenda

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- **Summary of key provisions of approved waiver:**
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 - Opioid Strategy
 - Healthy Opportunities Pilots
- **Additional Demonstration Details: Budget Neutrality and Evaluation**
- **Next steps:**
 - Milestones for implementing transformation
 - Next steps for completing pending waiver components
 - Next steps for RFP award process
- **Plan for submitting legislative changes needed prior to implementation**
- **Anticipated changes to 1915(b) and (c) waivers as a result of 1115 waiver**

Medicaid Transformation: Vision

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

Medicaid Transformation: Background

- The North Carolina Department of Health and Human Services (DHHS) has **collaborated extensively** with clinicians, hospitals, beneficiaries, counties, health plans, elected officials, advocates and other stakeholders to shape the program, and is committed to:
 - **Creating an innovative, integrated and well-coordinated system of care**
 - **Supporting clinicians and beneficiaries during and after the transition**
 - **Promoting access to care**
 - **Promoting quality and value**
 - **Ensuring a successful managed care program**

1115 Waiver Approval is Key Milestone

Receiving waiver approval is a key milestone in the effort to pursue North Carolina's broader Medicaid transformation goals

- **DHHS recently received approval from the federal Centers for Medicare and Medicaid Services (CMS) for the State's 1115 Demonstration Waiver, which:**
 - **Provides North Carolina with authority to implement its Medicaid managed care program**
 - **Allows the State to incorporate innovative features into its new managed care delivery system that require federal waiver authority**

Summary of Key Provisions of the Approved Waiver

- 1. Behavioral Health Integration and Tailored Plans**
- 2. Opioid Strategy**
- 3. Healthy Opportunities Pilots**

1 Behavioral Health Integration and Tailored Plans

Description

North Carolina will integrate physical, behavioral and pharmacy benefits into both Standard Plans and Tailored Plans. Tailored plans will provide:

- Integrated physical, behavioral and pharmacy benefits to people with a serious mental illness, serious emotional disturbance, severe substance use disorder, intellectual/developmental disability or a traumatic brain injury
- A specific, more intensive set of behavioral health benefits that are not available in Standard Plans (as approved in the 1115 demonstration waiver)*
- Care management through a specialized behavioral health home model designed to meet beneficiaries' complex needs

Impact

Supports the State's goal to provide managed care beneficiaries seamless access to coordinated care and benefits through one managed care plan and to ensure those with serious behavioral health conditions get the care they need.

**Individuals eligible for Tailored Plans may elect to enroll in either Standard Plans or Tailored Plans, but will only have access to the more intensive behavioral health benefits in the Tailored Plans*

2 Opioid Strategy

Description

As part of the State's comprehensive strategy to address the opioid crisis, North Carolina will (1) increase access to inpatient and residential substance use disorder treatment by beginning to reimburse for substance use disorder services provided in institutions of mental disease (IMD), and (2) expand the substance use disorder service array to ensure the State provides the full continuum of services.

Impact

Strengthens the State's approach to improving care quality and outcomes for patients with substance use disorders, including by decreasing the long-term use of opioids and increasing the use of medication-assisted treatment (MAT) and other opioid treatment services.

3 Healthy Opportunities Pilots

Description

- North Carolina will implement within its Medicaid managed care program a groundbreaking **pilot program** in two to four regions of North Carolina to improve health and reduce health care costs.
- Working with managed care plans, these pilots will **identify cost-effective, evidence-based strategies** focused on addressing Medicaid enrollees' needs in five priority areas that drive health outcomes and costs: **housing, food, transportation, employment and interpersonal safety**.
- The State will increasingly **link pilot payments to improvements** in health outcomes and efficiency.
- North Carolina will use a **rigorous rapid-cycle assessment strategy** to evaluate pilot performance and tailor service offerings to those with demonstrated efficacy.

Impact

Up to 80% of a person's health is determined through social and environmental factors and the behaviors that are influenced by them. The Healthy Opportunities pilots leverage federal funding to ensure the most efficient and effective managed care program and to strengthen work already underway in communities to improve population health.

CMS Administrator Seema Verma on NC Pilots

“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. That’s why many states are beginning to think about ways to better address the root cause of chronic illness. As part of this demonstration, 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.”

Budget Neutrality

- **CMS policy requires that 1115 waivers be budget neutral to the federal government, meaning that the State not spend more than the State projected to spend without the waiver.**
- **In granting the waiver, CMS has agreed that North Carolina's waiver will not increase Medicaid spending for the populations and services authorized through the waiver.**

Evaluation Strategy

North Carolina will conduct a rigorous evaluation of the waiver to ensure the State is achieving its goals.

Evaluation Strategy

- Consistent with standard waiver practice, North Carolina will arrange for a third-party entity to conduct an independent evaluation of the waiver.
- The State will submit to CMS two publicly available reports prepared by the independent evaluator: one in the middle of the demonstration and one after the five-year demonstration period ends (2019-2024).

Milestones for Implementing Transformation

- **PHP Award and Enrollment Broker Readiness (February - June 2019)**
- **Open Enrollment (June – October 2019 / September 2019 – January 2020): when beneficiaries pick PHPs**
 - **“Soft launch” (June 2019/September 2019): Enrollment packages sent to beneficiaries; Enrollment Broker website and call center educating beneficiaries & enrolling into PHPs**
 - **Open Enrollment (July 2019/October 2019): formal period which will last ~60 days**
 - **PHP readiness activities begin and continue after go-live**
- **Transition of Care (October 2019/January 2020): transmitting data to the PHPs**
 - **Auto Assignment to PHPs: Beneficiaries who don’t actively choose a PHP will be assigned a PHP based on where they live, historic PCP relationship, etc**
 - **Transition of Care: Information which will assist AMHs and PHP care management and facilitate smooth transition of beneficiary care will be sent to PHPs (e.g., Prior Auths, historic claims)**
- **PHP go-live and post go-live (November 2019/February 2020)**
 - **After go-live PHP members have 90 days to change health plans**
 - **Continued monitoring of PHP and program performance**

Next Steps for Completing Pending Waiver Components

CMS and North Carolina agreed to finalize a first set of activities under the approved 1115 waiver authority while continuing to negotiate pending requests over the upcoming months.

Pended Items

Uncompensated Care Pool for Tribal Providers

- North Carolina's waiver application included a request for expenditure authority for an uncompensated care pool to address the high burden of uncompensated care borne by the Cherokee Indian Hospital Authority.

Workforce

- North Carolina proposed to invest in building its Medicaid provider network through an Innovation Workforce Fund. The Fund would support loan repayment and recruitment bonuses for critical Medicaid provider types targeted to fill identified gaps in the Medicaid provider network.

Behavioral Health Home Capacity Building Funds

- North Carolina is working with CMS to secure funding that will support upfront investment in the development of a strong health home care management model to ensure at launch the health homes can meet the needs of people with intellectual/developmental disabilities or significant behavioral health needs.

Next Steps in the RFP Award Process

- **PHP Request for Proposal Responses** were submitted on Friday, October 19.
- **Evaluation process:**
 - **DHHS** will first review offers to determine that they are in the proper form and include all required documents.
 - The **Evaluation Committee** will then screen the offers to determine if the minimum qualifications have been met.
 - The **Evaluation Committee** will evaluate proposals meeting the minimum qualifications and develop consensus ratings, ultimately developing an award selection that is aligned with state law, and will provide supporting documentation for their selection.
 - **DHHS** will submit the contracts to the federal Centers for Medicare & Medicaid Services for its approval.
- **Award contracts in February 2019.**

Legislative Changes to Launch Managed Care

- **Chapter 105: PHP Premium Tax**
- **Chapter 108A: Hospital Assessment and Supplemental Payments**
- **Chapter 122C: Tailored Plans**
- **Other Technical Corrections**

Anticipated changes to 1915(b) and (c) Waivers

- **Technical amendments to (b) waiver for launch of Standard Plans**
 - **Amend covered populations**
 - **Update Capitation Rate**
 - **Update Cost Projections**
- **1915 (c) waivers run concurrent with 1115**