NC DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE

MEDICAL CARE ADVISORY COMMITTEE MEETING
DECEMBER 11, 2015
BROWN BUILDING, HEARING ROOM #104, RALEIGH, NC 27603

The Medical Care Advisory Committee (MCAC) met on Friday, December 11, 2015 at 9:00 a.m.

ATTENDEES

Members In Person: Gary Massey, MCAC Chair, Kim Schwartz, Samuel Clark, Carol Yates Day, William Cockerham, Polly-Gean Cox, Dr. Marilyn Pearson, Ted Goins, Jr., Dr. Derek Pantiel, Billy West, Ben Money, Laura Coatta,, Chris Evans, Cindy Snyder, DHHS Secretary Rick Brajer, Dave Richard, Sandra Terrell, Dee Jones, Linda Rascoe, Michael Eliahu, Roger Barnes, Christal Kelly, Sarah Pfau, Sabrena Lea, Beth Daniel, Mark Casey, Jeff Horton, Jamal Jones, Julia Lerche, Teresa Smith, Mary Rhodes, Pamela Beatty
Telephone: Dr. Paula Cox-Fishman, Casey Cooper, Stephen Small, Ted Goins,

CALL TO ORDER

Gary Massey, MCAC Chair

- Meeting called to order at 9:08 a.m. followed by introduction of participants.
- Minutes approved from the September 18, 2015 meeting.
- Gary announced that the flow of today's (December 11th) meeting will change slightly to accommodate remarks by special guest, DHHS Secretary, Richard Brajer.

INTRODUCTION OF RICHARD BRAJER, DHHS SECRETARY

Dave Richard, Deputy Secretary, DMA

- Dave proudly introduced Secretary Rick Brajer who has been with the Department of Health and Human Services (DHHS) for three months. Dave stated that Secretary Rick Brajer is an incredible individual with the ability to listen, make great strategic decisions, and provide strong leadership as we go forward with the transformation of our health system. We are thrilled that he is with us during this important time for Medicaid, said Dave.

REMARKS FROM DHHS SECRETARY

Richard O. Brajer

- Secretary Brajer greeted the committee with honor and pleasure. Informed them that The Department is embarking in partnership with the community to redesign North Carolina's healthcare system through what is known as the Medicaid Reform; more accurately described as a health system reform. Several themes have been laid out in legislation related to provider led entities, capitation, etc. Only 5% of the work has been done and 95% is yet to be filled out in design and implementation.
- In concert with the Legislature, our team has been in discussions with external stakeholders to focus on the Waiver's design issues and elements. Some of the many discussions taken place related to (1) how to increase the standard of care in rural areas to improve equality across the state; (2) the roles of the public health departments going forward; (3) to what extent will we integrate physical and behavioral health. There are design principals that are very important that we need to address. Think we are doing that, said Secretary Brajer.
- The Department will engage in a series of 1-3 hour town hall meetings to talk about the issues and the key design principles of the Waiver. Hope to get input from the MCAC as well, said the Secretary.
- Through legislation, we have created a new ***Division of Health Benefits (DHB)***. Dee Jones has been appointed the Chief Operating Officer reporting directly to Secretary Brajer. Secretary Brajer encouraged the group to get to know and work together with Dee Jones and her team.

REMARKS FROM DHHS SECRETARY (CONT'D.)

Richard O. Brajer

- The DHB team's first task is to work together with a broad community to develop a waiver for submission to the Legislature by June 1, 2016. A number of work streams are underway that include external stakeholder groups. For example; a group of hospital CFOs are working together to determine alternatives to preserve value around the hospital supplemental payments. Hospital systems are looking at referral patterns in the regions. Lots of work has been done on quality measures to hold providers by the same report cards.
- Secretary Brajer said that elements are in place that will contribute to developing and creating a North Carolina solution that all participate in. Our challenge today is to preserve those things that are best about our healthcare systems while moving towards a system that will continue to make great progress.

OPENING COMMENTS

Dave Richard, Deputy Secretary, DMA

- Dave Richard emphasized the importance of the MCAC and its wide variety of expertise in this process. Stated that the MCAC is an organizational part of DMA and is viewed as a key component of engagement in how we report to CMS. Much of today's meeting will be dedicated to what the future of Medicaid looks like, said Dave.
- Thanked the Committee members for their feedback. The Division is looking at how best to improve the utilization of the Committee's advice. We all have to put aside our parochial interests and look at what is best for the state of North Carolina.

DIVISION OF HEALTH BENEFITS (DHB) UPDATE

Dee Jones, Chief Operating Officer, Division of Health Benefits

- Dee acknowledged Julia Lerche and Jamal Jones' involvement on the programmatic side of the DHB. Stated that lots of progress has been made since late September 2015. Numerous stakeholder meetings have been held and feedback gathered from a variety of sources. Conversations will be ongoing to operationalize the effort. Feedback is being requested in writing and will be assimilated in a summarized fashion. The Draft 1115 Waiver Report is due on March 1, 2016. The final waiver is due on June 1, 2016.
- DHB will begin working with their waiver vendor in January 2016. The DHB team is looking at other Managed Care states to see what is working for them. Dee ended by saying that DHB is looking forward to working with the MCAC.
- Secretary Brajer opened the meeting for questions and answers.
- Paula Cox-Fishman expressed concern that not all of the different factions of stakeholders have been at the table. Inquired if meetings have taken place with representatives from the developmental centers or the psychiatric hospitals such as consumers, families and guardians of individuals living in these facilities? Paula stated that they rarely get invited to the table in these meetings.
- Dave Richard responded by saying that there have been meetings with our traditional stakeholders, external advisory teams, professional organizations and advocacy groups that represents that population. Our highest priority is to establish a stakeholder group with Behavioral Health and Developmental Disabilities which will include direct consumers and family advocates. We will make sure that people with family members in the developmental centers have an opportunity to talk with Dee and her team as we go forward.
- Secretary Brajer added that he has met with the Tammy Lynn Center (an organization of self-advocates for people who live with mental illness) and the Board of NC Council on Developmental Disabilities (composed of individuals with developmental disabilities or family members).
- Kim Schwartz commented that Medicaid Expansion has been stymied in the last 3 years by conversations around the budget as the reason why it cannot be expanded. Kim stated that bureaucratic barriers and the same excuses are being given about progress, issues, and things that should have been done a long time ago. Asked Secretary Brajer to allow her comments to inform decisions going forward and not allow Medicaid expansion to continue to be stuck in holding patterns as major problems with the uninsured, eligibility and enrollment continue to escalate.
- Dave agreed with Kim Schwartz that Medicaid has been stalled for three years. Today, we can begin thinking about things that can be done differently to improve and unclog the system pertaining to rates, behavioral health integration, technology, long-term care waivers as we move forward, said Dave. He assured the Committee that their advice and ideas are very critical and will make it into what the Division is doing.
- Thomas Johnson expressed appreciation for Secretary Brajer's comments on the preservation of supplemental hospital payments. Asked if the redesign and the waiver could be shared yet? Dee Jones responded that it is premature and not public.

DIVISION OF HEALTH BENEFITS UPDATE (CONT'D.)

Dee Jones, Chief Operating Officer

- Derrick Pantiel asked how the MCAC, as a committee, can help in terms of being proactive versus reactive to what happens with the NC Medicaid Program? Secretary Brajer responded; one way is to provide your input on issues that you care about and things that can be preserved, built upon or changed. We want to hear what the Medicaid Department can do today and within the next 3 years to move the system in the direction of goodness. Secretary Brajer thanked the Committee for allowing him to share with them.
- Paula Cox-Fishman commented about the consolidation of CAP/DA and CAP/C services. Asked the Department to think about having a waiver for long-term care services that might include TBI, mental illness, IDD, CAP, disabled adults and children. Dave Richard commended Paula for this recommendation. Because of dual eligible issues; lots of the services will be in the waiver. Dave advised Paula that he would make sure to include her in conversations as the Department works the long-term support services side of where it's headed.
- Dee provided a snapshot of the feedback that she and her team have received thus far from stakeholder meetings. There is common thread in the conversations from every group. Some areas with commonality that need addressing are Medicaid expansion, integration, supplemental payments, technology to make enrollment easier, and standardized provider credentialing to hold providers accountable consistently across the state.
- Dee asked the Committee to provide their feedback with enough context in terms of what they would like to see changed or fixed specifically. The Division will add it to their data pool as it tries to work through the issues. Kim Schwartz asked the Division to continue using NC Tracks as it goes forward. NC Tracks is working and already in place. It is universal, reliable and predictable. Hurdles have already been crossed and it is paying on time in her health center, said Kim.
- Gary Massey added as we look at the design of the Waiver, we should look at uniformity across the state with both the Medicaid enrollment and the billing processes. The same standard billing process must be adopted by the different parties that may become the MCOs. Dr. Marilyn Pearson added that credentialing standardization is good for people and will help across the lines. We do not live in silos.
- Ben Money said that his organization is very much in touch with colleagues across the country that have MCOs. One of the things that they hear consistently is that credentialing is one of the ways that commercial MCOs slow walk providers getting paid. It's one of the strategies they use to get their revenue stream. It is important to address provider credentialing.
- Dee closed by saying this is an exciting opportunity and told the group not to hesitate in reaching out to the Division.
- Dave responded to questions from the floor. Kim Schwartz asked what DMA had learned as a result of having a managed care system already in place with the behavioral side of Medicaid? Paula Cox-Fishman's asked if there was any way to provide support to local hospitals struggling with mentally ill people with severe challenging behaviors; to keep them close to home and out of psychiatric hospitals.
- Gary Massey asked Dave Richard to provide deadlines for the DHB design, implementation and transition. Dave provided the following: **March 1, 2016:** A high level framework of the waiver's structure will be submitted to the General Assembly for review and feedback. The public involvement process will also take place in March 2016. **January 8, 2016**: Deadline for the MCAC to submit collective wisdom and feedback as a group. **May 2016:** The Innovation Center Report is due. **June 1, 2016:** The 1115B Waiver will be submitted to CMS.
- Dave said DMA established the DHB in October 1, 2015. DHB is currently a planning and development division and is not an operational division. All of the operational components of Medicaid continue to operate within the Division of Medical Assistance. DHB and DMA will operate in one budget. Key component is that the Legislation allows flexibility for procurement, contracting and hiring.
- DMA will continue for 12 months after going live with the waivers. The transition of roles will be based on approval of CMS. We have extensive talent within DMA and want all employees to transition to DHB. We will continue to negotiate with CMS after June 1, 2016. Estimated go live date is 2019.
- Correction: **Sam Clark asked the Division to look into the feasibility of having individuals who reside in institutions having their Medicaid case managed by the county where they currently reside, rather than the county where they lived prior to entering the institution. Doing so simplifies the system and the number of people they have to deal with, said Mr. Clark.**
- Dr. Pearson commented that we also need to include in the reform ways in which we can help people improve their own health and take better care of themselves to prevent the increase of healthcare costs.
- Kim Schwartz initiated a conversation about the six regions of the healthcare system and the distribution of numbers within the geographical regions.

The minutes are a synopsis of the MCAC Meeting topics. All items are an update of the program area since the last meeting. Dates vary dependent upon reporting period. Available presentations may be viewed for more details on the DMA Medical Care Advisory (MCAC) web page at: https://dma.ncdhhs.gov/get-involved/committees-work-groups

MEDICAID BUDGET UPDATE

Roger Barnes, Deputy Finance Director, DMA

- As of November 2015, current enrollment is 1.838million and has fluctuated over the past six months. I t has increased from this time in 2014. We have approximately 100k people less than what we had forecasted. Important thing on that is that forecast was built on a five-year look back. SFY 2011-2015, the growth rate is 5.5% which is significant. We are seeing in 2015-16, that the growth rate is cut in half to about 2.5%. Budget was based on a historical 5.5% and we are not seeing that materialize today.
- Claims payments are slightly above where we were last year from this time; less than one percent. We are down in hospital payments and up in skilled nursing facilities, physicians are down.
- Drugs have experienced a hefty growth (13.1%) over previous years. John Stancil added that specialty drugs are a driver of increased spending in our drugs category. We are aggressively working with manufacturers on our preferred drugs list for rebates. Last fiscal year, rebates increased 25% and decreased gross drugs spend after rebates. Sandy gave kudos to John and team for having conversations with drug manufacturers as this is the first time this has been done.
- Overall 5.2% favorable to budget on our total expenditures.
- Roger reported that our 1% savings SPAs effective January 1, 2015 are not approved. We are in continuous discussion with CMS. One of CMS' major concern is access to care. Effective January 2, 2016, CMS issued new guidance on access to care and monitoring wait times and rates compared to other payers like Medicare. The Medicaid budget has been based on approval of 1% rate reductions. If SPAs are not approved, adjustment will be made if needed.

PUBLIC COMMENTS

- NONE

CLOSING REMARKS

- Gary Massey informed the group that the MCAC is short two members. Representative is needed in Congressional District 3 and 9. Stated that DMA staff has had conversations with physician associations. Recommended that the Division reach out to the Department of Social Services as well. Gary reminded the MCAC to keep in mind that members are required to live in the district they are representing.
- Discussion held on shifting MCAC Meeting dates in 2016 to accommodate dates surrounding the waiver deadlines.
- Reminded the group to get their comments pertaining to the waiver in to Teresa Smith (Teresa.smith@dhhs.nc.gov) and Pamela Beatty (pamela.beatty@dhhs.nc.gov) to filter through the process.
- Gary Massey thanked everyone for their participation.

ADJOURNMENT

- Meeting adjourned at 11:30 am