

State	<i>North Carolina</i>
Demonstration Name	<i>North Carolina Medicaid Reform Demonstration</i>
Approval Date	<i>October 24, 2018</i>
Approval Period	<i>November 1, 2019 through October 31, 2024</i>
Demonstration Goals and Objectives	<p><i>North Carolina seeks to transform its Medicaid delivery system by meeting the following goals:</i></p> <ul style="list-style-type: none"> <i>• Measurably improve health outcomes via a new delivery system;</i> <i>• Maximize high-value care to ensure sustainability of the Medicaid program; and</i> <i>• Reduce Substance Use Disorder (SUD).</i>

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Submitted on January 28, 2021

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Executive Summary

In August 2020, the Department re-started activities for Managed Care Transformation including Standard Plans, Tribal Options, and Tailored Plans.

- Standard Plans - Will serve the vast majority of Medicaid enrollees.
- Tribal Option - The EBCI Tribal Option is a managed care option (PCCM) for federally recognized tribal members and other individuals eligible to receive Indian Health Services.
- Tailored Plans – These are integrated health plans designed for individuals with significant behavioral health needs and intellectual/developmental disabilities (I/DDs) and Traumatic Brain Injury (TBI). The Behavioral Health I/DD Tailored Plan will also serve Innovations and Traumatic Brain Injury (TBI) waiver enrollees, and beneficiaries on the waitlist for the Innovations or TBI waivers.

Go-live dates for Standard Plans and Tribal Option were set for July 1, 2021 and Tailored Plans for July 1, 2022. To support this effort the Department re-engaged key stakeholders in planning activities to align with go-live dates. The State is on track with key milestones to date.

In September, the Department re-started work on the Enhanced Case Management and Other Services (Healthy Opportunities) Pilots. In particular, the Department developed a new pilot timeline, re-engaged partners, re-launched design sessions, and continued to onboard key entities onto NCCARE360 (NC's statewide community-based resources platform). The Department also drew from its work on pilot design to launch a program to help North Carolinians isolate or quarantine due to COVID-19 (outside Medicaid). The Quarantine and Isolation Supports Program modeled the Healthy Opportunities Pilot design and the Department will use key lessons learned from the program to inform implementation of the Healthy Opportunities Pilots.

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Medicaid Managed Care

Operational Updates

Managed Care Transformation was restarted in August 2020. The restart included Standard Plans (SP) and the Tribal Option (TO), both with go-live dates of July 1, 2021, as well as Tailored Plans which will start on July 1, 2022 (see Appendix 1 North Carolina Medicaid Transformation Achievements for detailed list).

Key achievements and to what conditions and efforts successes can be attributed.

Milestones

Completed milestones for reporting period:

1. Planning activities for Standard Plans and Tribal Option were completed to align with go-live date of July 1, 2021.
2. NCTracks¹ Consolidated Provider Directory - This has ensured NCTracks retains responsibility as the centralized system to perform data reconciliation of the PHP Network File with the State's source and has reduced the errors the PHPs are receiving since the provider data the PHPs have is more consistent with NCTracks. This has also positioned the Department to modularize functions related to the Consolidated Provider Directory to support the Medicaid Enterprise System architecture.
3. The Enrollment Broker public website launched the afternoon of 10/30 which includes the "Learn" page that provides an overview of Managed Care for beneficiaries.
4. Behavioral Health I/DD Tailored Plan Request for Applications (RFA) was developed for planned November 2021 release.

Upcoming milestones for next reporting period:

1. Contact Center Customer Service Management (CSM) Launch
2. Beneficiary Portal Launch
3. Behavioral Health and Intellectual and Developmental Disabilities (BHIDD) Tailored Plan Request for Application (RFA) Released
4. Tribal Option Contract Execution
5. Enrollment Broker (EB) Provider Directory Redesign

Program Progress Summary

The Managed Care Transformation restart necessitated re-planning activities to align with the July 1, 2021 go-live date for Standard Plans and Tribal Option. These activities were completed and engagement with key partners began. Some of the key partners the state reengaged were the

¹ NCTracks is North Carolina's claim tracking system.

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enrollment broker, Pre-Paid Health Plans (PHPs), and the Eastern Band of Cherokee Indians (EBCI). The reengagement included updating policies for Advanced Medical Homes (AMH), updating requirements for Transition of Care (TOC), developing and testing systems to support capitation payments to the PHPs, and development of contract amendments with the PHPs. The State collaborated with the Enrollment Broker on beneficiary engagement strategies, to include the creation of new communication materials, and planning for Standard Plan and Tribal Option implementation.

In addition to reengaging key stakeholders in planning; the state also restarted the technology interfaces needed for the various partners' database systems to communicate with each other. During the 4th quarter, August – October 2020, the state tested the cross-over of claims payments between PHPs and the States internal claims system, NC Tracks. Testing and finalization of interface platforms were also implemented during this quarter to ensure proper functioning. Key systems that were addressed; critical interfaces/CM platform for Care Management for At-Risk Children (CMARC) and Care Management for High-Risk Pregnant Women (CMHRP).

Planning for the Tailored Plans restarted with continued development of the Request for Proposals and development of high-level implementation timelines to support July 1, 2022 launch. The key stakeholders engaged in the Tailored Plan restart were the Local Managed Entities – Managed Care Organizations (LME-MCOs) and key behavioral health groups such as Benchmarks Provider Association, i2i Center for Integrative Care, and the NC Providers Council.

Issues or complaints identified by beneficiaries.

Two hundred and eighty-four (284) beneficiary concerns came in during the reporting quarter, August – October 2020, of which only 4 were related to managed care.

Lawsuits or legal actions

No lawsuits were initiated during the reporting quarter, August – October 2020. Cardinal Innovations Health Care Solutions and the NC Department of Health and Human Services have entered a settlement on the petition for a contested hearing brought by Cardinal in 2019.

Unusual or unanticipated trends

The state is not reporting any unusual or unanticipated trends for the reporting quarter.

Legislative updates

The state is not reporting any legislative updates for the reporting quarter.

Descriptions of post-award public fora

No post-award public fora were held during the reporting quarter.

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Performance Metrics

Impact of the demonstration in providing insurance coverage to beneficiaries and the uninsured population.

North Carolina's Managed Care Transformation entered a restart period during the current reporting quarter. The state will begin reporting managed care metrics after go-live, in its DY3Q3 submission.

Outcomes of care

Quality of care

Cost of care

Access to care

Results of beneficiary satisfaction surveys

Grievances and appeals

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Budget Neutrality and Financial Reporting Requirements

North Carolina appears to be within budget neutrality limits for the SUD component of the demonstration (Appendix 2). For the broader demonstration, Managed Care Transformation, North Carolina has not gone live with managed care at this time, so there is no budget neutrality information to report for the period.

Evaluation Activities and Interim Findings

The SUD evaluation instructions request updates on the following components:

- *Evaluation Design:* There are no updates on the evaluation design to report. The Evaluation design for both the SUD and the overall 1115 waiver was approved on January 15, 2020.
- *Evaluation procurement:* Just before the start of the current demonstration quarter, the State signed a contract with the Cecil G Sheps Center for Health Services Research at the University of North Carolina at Chapel Hill for the current State Fiscal Year (2021) to serve as the independent evaluator for all aspects of NC's 1115 Waiver, including Managed Care transformation. During the current quarter, the Sheps team took over the reporting of the required SUD metrics. The analytics team at NC DHHS's DHB provided outstanding technical support and consultation throughout the transition to ensure a smooth process.
- *Evaluation implementation:* The Sheps Center independent evaluator team has created values for required metrics in the SUD Monitoring Template document and spreadsheet, including metrics 3, 6-12, 15, 17.1, 17.2, 18, and 21-24. We are in the process of creating baseline estimates for these and Q1 SUD metrics and should be able to report these values with the DY3Q1 report.
- *Evaluation deliverables:* We are on track regarding the timing of SUD deliverables per the STCs. Sheps Center analysis of the metrics indicates that the number of Medicaid-enrolled individuals with a SUD disorder (SUD Metric 3) has remained relatively stable in the 4th quarter of Demonstration Year 2 (May – July 2020), increasing by only 0.2% from the prior quarter (February – April, 2020). While this is somewhat surprising given that the 4th quarter was entirely during the Public Health Emergency, the 11-month lookback for this metric likely explains most of its stability. We also note that the size of the Medicaid population grew considerably during this quarter, largely due to the requirement to not disenroll Medicaid beneficiaries during the Public Health Emergency, so the relative prevalence of people with SUD diagnoses and/or treatments has fallen during this time. In addition, we find that the number of individuals receiving various forms for SUD treatments, including Residential and Inpatient Services, Withdrawal management, and Medication treatment for OUD (Metrics 10-12) have increased over time, while the total number of people receiving any form of SUD treatment has actually declined by almost 3% from the prior quarter, due largely to the decrease in Outpatient Services for SUD (Metric #8). We highlight promising movements in some of the metrics, including a marked decrease in the Concurrent Use of Opioids and Benzodiazepines (Metric #18) and an almost 5% decrease in the Use of the Emergency Department for SUD per 1000 Medicaid Beneficiaries (Metric #23).
- *Data collection, including any issues collecting, procuring, managing, or using data for the state's evaluation or federal evaluation:* Although the nature of the administrative data available to the Sheps Center is slightly different from the dynamic warehouse available within DHB, the Sheps Center team was able to closely replicate the metrics for the prior reporting period.

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- The Sheps team is in the process of generating baseline values for the large number of metrics that will be monitored for the 1115 waiver evaluation. In addition, the Sheps Center team is conducting a qualitative evaluation as described in the Design document, which will include interviews with a heterogeneous panel of Medicaid providers and practices regarding key components of the waiver. This mixed method approach will allow the triangulation of the quantitative and qualitative findings for a robust waiver evaluation. The qualitative team has selected a pilot sample of providers from Region 4 that include both UNC systems-affiliated providers as well as Federally Qualified Health Center and Community Health Center providers from each of the broad taxonomy groups (internal medicine, family medicine, OBGYNs, pediatrics, and behavioral health). The first 10 interviews should be completed before the end of Calendar Year 2020. These initial interviews will inform any necessary updates to the interview protocol and provider interviews moving forward. The transcribed and coded interviews will address the major goals and research questions for the evaluation.

Enhanced Case Management (Healthy Opportunities) Pilot evaluation

Owing to the Public Health Emergency, the Healthy Opportunities Pilots implementation activities were suspended for much of 2020. This resulted in delays to selection of the Lead Pilot Entities, which are now anticipated to be selected in Spring 2021. Further, no pilot services were delivered during this period. As no Lead Pilot Entities have been selected, all planned evaluation work that involved Lead Pilot Entities has been postponed until such time as they are selected. The Department is preparing for the Pilot capacity building period and is on track to collect the data needed for monitoring and evaluation once the capacity building period begins.

Enhanced Case Management (ECM) and Other Services Pilot Program Operational Updates

Introduction

In September, the Department re-started work on the Enhanced Case Management and Other Services (Healthy Opportunities) Pilots. In particular, the Department developed a new pilot timeline, re-engaged partners, re-launched design sessions, and continued to onboard key entities onto NCCARE360. The Department anticipates awarding Lead Pilot Entity (LPE) contracts and beginning the capacity building period in Spring 2021 and anticipates beginning pilot service delivery in early 2022.

The Department also drew from its work on pilot design to launch a program to help North Carolinians isolate or quarantine due to COVID-19 (outside of Medicaid). The Quarantine and Isolation Supports Program modeled the Healthy Opportunities Pilot design and the Department will use key lessons learned from the program to inform implementation of the Healthy Opportunities Pilots.

Key achievements and to what conditions and efforts successes can be attributed

The Department was able to re-start work on the pilots once a state budget was approved and a new managed care launch date was set. The Department is currently finalizing outstanding design issues and has re-started the evaluation of LPE proposals.

Additionally, the Department amended contracts with all Local Management Entity-Managed Care Organizations (LME-MCOs) to have LME-MCOs onboard to, and begin using, NCCARE360, which will be a key infrastructure in the pilots. The Department also continued onboarding community-based organizations and health care providers onto NCCARE360.

Using Coronavirus Relief Funds, the Department was able to leverage its work on pilot design to launch a program to deliver services such as food, financial assistance, and connections to primary care to help North Carolinians isolate or quarantine due to COVID-19. The Department conducted a competitive procurement and awarded contracts to four vendors on August 25. Each vendor covers a region of counties that is most impacted by COVID-19 and sub-contracts with community-based organizations to deliver services to its community. Service delivery began on September 8 and services are reimbursed using a fee schedule similar to the pilot service fee schedule. The program uses NCCARE360 to send, receive, and track referrals for isolation and quarantine supports.

From September 8 through October 31, 2020, the program delivered 10,886 services to 2,997 households in 20 counties. Home-delivered meals and groceries, financial relief payments, and COVID-related supplies were the most consistently requested services, with requests for medication delivery and transportation to/from an isolation site or health professional being minimal. The Department will use key lessons learned from the Quarantine and Isolation Supports Program to inform implementation of the Healthy Opportunities Pilots.

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Issues or complaints identified by beneficiaries

No issues or complaints have been identified by beneficiaries related to the pilots. For the Quarantine and Isolation Supports Program, North Carolina residents were overwhelmingly grateful for the program. The main complaints received by residents centered on the issue that services were not always able to be delivered to residents as quickly as preferred given the high demand for services and limited capacity of vendors and community-based organizations. Some residents were also concerned that they did not live in a county covered for the program or were otherwise not eligible.

Lawsuits or legal actions

No lawsuits were initiated during the reporting quarter, August – October 2020.

Unusual or unanticipated trends

There are no unusual or unanticipated trends for the pilots. For the Quarantine and Isolation Supports Program, demand for medication delivery and transportation was lower than expected. Additionally, demand for services took about 3 weeks to start, while the vendors built capacity to operate the program and word got out to the community about the program. However, beginning in the fourth week, demand for services and delivery of services doubled every week and has not yet leveled off. Small community-based organizations also did not have enough cash on hand to pay for and deliver services up front and be reimbursed retrospectively, so cash flow has continued to be a challenge.

Legislative updates

No legislative updates were reported during this reporting period, August – October 2020.

Descriptions of post-award public fora

Summary of all public comments received through post-award public fora regarding the progress of the demonstration

Performance Metrics

The State is not able to report on performance metrics until incentive funds begin to be disbursed in Spring 2021 and service payments begin in early 2022.

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Amount and how incentive funds were dispersed to PHPs

Amount and how incentive funds were dispersed to LPEs

Amount and how incentive funds were dispersed to pilot providers

The enrollee cost for each of the top ten enrollees who received the most costly services across all ECMs cumulatively

The 90% percentile cumulative cost for an enrollee in ECM

The 75% percentile cumulative cost for an enrollee in ECM

The 50% percentile cumulative cost for an enrollee in ECM

The 25% percentile cumulative cost for an enrollee in ECM

The 10% percentile cumulative cost for an enrollee in ECM

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Residential and Inpatient Treatment for Individuals with a Substance Use Disorder

During a call with the state's CMS project officer, Stefanie Vance, North Carolina was asked to participate in a pilot program. The pilot involves the state's Substance Use Disorder quarterly submission. The state's project officer has given the Division of Health Benefits (DHB) an extension on the SUD quarterly submission. The SUD submission will be submitted during the pilot program.

This submission contains appendices for managed care the budget neutrality workbook. The budget neutrality workbook contains information for the SUD submission only, as neither managed care nor enhanced case management launched during the reporting period covered by this submission.

Appendix 1: North Carolina Medicaid Transformation Achievements

Appendix 2: NC BN Workbook-NC Medicaid Reform – DY2 Q4 (thru 2020 – 09)