

Medicaid Section 1115 Monitoring Report

North Carolina - North Carolina Medicaid Reform Demonstration

Demonstration Year 3 – November 1, 2020 through October 31, 2021

Quarter 1 Measurement Period – November 1, 2020 through January 31, 2021

Submitted on

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	<i>North Carolina seeks to transform its Medicaid delivery system by meeting the following goals:</i> <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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Executive Summary

The state continues to make progress toward NC Medicaid Managed Care launch on July 1, 2021.

Due to the on-going pandemic, the state adjusted aspects of its NC Medicaid Managed Care roll-out. Some of the adjustments include development of a plan to provide virtual support to county departments of social services, desktop readiness reviews with the plans and changing the enrollment broker's (EB) call center from in-person to virtual.

During this reporting quarter, November 2020 to January 2021, the state continued to engage providers to ensure readiness on July 1. Key business units continue to meet with the prepaid health plans (PHPs). In November 2020, the PHP provider manuals were approved, a communication rollout plan was executed, and work on the Provider Playbook continued. The [Provider Playbook](#) is a webpage where providers can access the latest information, tools and other resources to help themselves and their patients smoothly transition to NC Medicaid Managed Care. Information includes, but is not limited to, trending topics (key dates, contracting reminders, new tools), fact sheets with commonly asked questions related to NC Medicaid Managed Care, provider training opportunities (through the health plans or through the state's other vendors), and a link to beneficiary materials that providers can access and utilize.

The state moved forward with Enhanced Case Management, or Healthy Opportunities, Pilots during this quarter. The Lead Pilot Entity (LPE) RFP evaluation committee re-started the evaluation of LPE proposals and expects to recommend LPE awards in Spring 2021. Key business units took actions necessary to prepare for activities that will begin shortly after LPE contracts are awarded. These activities include refining the LPE inbound deliverable submission and review approach, identifying the method by which Capacity Building Funds will be distributed to the LPEs and modifying the model contracts that LPEs will leverage as they establish their networks for Pilot service delivery.

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NC Medicaid Managed Care

Operational Updates

The state continued to make progress to prepare for the key project milestones for soft launch on March 1, 2021 and open enrollment for March 15, 2021. This included ensuring EB functionality was ready to support beneficiaries with selection of plans and desktop readiness reviews of the PHPs to ensure their processes and procedures were aligned with contract requirements. Readiness reviews will continue into the next reporting period with virtual system and process demonstrations and virtual staff interviews to help validate that the PHPs have the ability and capacity to support managed care go-live.

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

Milestones

Key milestones met during this reporting period include release of the Behavioral Health and Intellectual and Developmental Disabilities (I/DD) Tailored Plan Request for Applications (RFA) and the Enrollment Broker Provider Directory tool was launched Jan. 25 of 2021.

Program Progress Summary

The state made progress in all major business units associated with managed care implementation. For a detailed list of program progress see Appendix 1, *North Carolina Medicaid Transformation Achievements*.

- Provider Operations launched the provider directory tool on January 25th and approved the PHP provider manuals.
- Compliance finalized Standard Plan inbound deliverables and identified top areas from Tribal Option Readiness Criteria Tracker.
- Data analytics consolidated Standard Plan report templates to streamline across business units.
- Plan administration went over PHP readiness review criteria tracker with the PHPs.
- Quality and Population Health awarded a contract to the PHP External Quality Review Organization (EQRO) and finalized the Advance Medical Home (AMH)/Primary Care Provider (PCP) assignment flexibilities.

Issues or complaints identified by beneficiaries

During the reporting quarter, November 2020 to January 2021, 279 beneficiary concerns were submitted to NC Medicaid, of which only four were related to managed care.

Lawsuits or legal actions

The contract awards for the Standard Plan remain under protest. The Office of Administrative Hearings ruled in favor of the Department in all cases. The following entities then sought judicial review: Aetna

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Better Health of North Carolina, Inc.; Optima Family Care of North Care; and My Health by Health Providers. Aetna's petition for judicial review was dismissed on Nov. 18, 2020, and is on appeal. The other cases remain with the superior court awaiting hearing on their petitions for judicial review during this reporting period.

Unusual or unanticipated trends

No unusual or unanticipated trends were identified during this period.

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.

Performance Metrics

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

North Carolina's transformation to managed care remained in a restart phase during this 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, NC Medicaid Managed care not gone live at this time, so there is no budget neutrality information to report for the period.

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Evaluation Activities and Interim Findings

Managed Care Evaluation

The Sheps Center for Health Services Research team is on-boarding a large number of metrics that will be monitored for the 1115 waiver evaluation outside of the SUD metrics reported herein. In addition, the Sheps Center team is conducting a qualitative evaluation as described in the Design document, which 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. We have completed over 30 interviews to date and are on track to complete the anticipated 50 interviews before the end of the fiscal year. 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 LPEs, which are now anticipated to be selected in Spring 2021. Further, no pilot services were delivered during this period. As no LPEs have been selected, all planned evaluation work that involved LPEs 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.

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Enhanced Case Management (ECM) and Other Services Pilot Program

Operational Updates

Introduction

During this reporting period, the state continued work designing and planning the implementation of the Enhanced Case Management and Other Services (Healthy Opportunities) Pilots. In particular, a detailed project plan and timeline incorporating a revised design schedule and set of implementation related tasks necessary to enable the Pilots were developed. The LPE RFP evaluation committee restarted its work and anticipates awarding LPE contracts and beginning the capacity building period in Spring 2021. The State anticipates beginning pilot service delivery in early 2022. The development of business and technical requirements necessary for activities that begin shortly after the expected LPE contract award are also now underway.

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

The state re-started the LPE RFP evaluation process and took actions necessary to prepare for activities that will begin shortly after LPE contracts are awarded in the Spring of 2021. These activities include refining the LPE inbound deliverable submission and review approach, identifying the method by which Capacity Building Funds will be distributed to the LPEs and modifying the model contracts that LPEs will leverage as they establish their networks for Pilot service delivery.

The state made a concentrated effort to quickly finalize outstanding design features of the Pilot program this period. After replanning the remaining design work, the Department has successfully reengaged key stakeholders, including the PHPs, to review the preliminary design of the program and provide input and feedback on both the processes included in Pilot service authorization and delivery as well as technology that may be able to support these processes. This feedback is being incorporated into all facets of the design and being incorporated as business and technical requirements are developed for the Pilot program.

The state has worked closely with Unite Us to continue contracting and onboarding efforts for the various entities that will play a role in making referrals to Pilot services on the NCCARE360 platform. As of the end of January, three of the seven Local Management Entity/Managed Care Organization (LME-MCOs), which may become Behavioral Health I/DD Tailored Plans, successfully launched on the NCCARE360 Platform. The remaining four will go-live on the platform by the end of March. The PHPs are completing contracting with Unite Us to begin onboarding with the goal to be live on the platform by the end of May 2021. The state also continued onboarding community-based organizations and health care providers onto NCCARE360.

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Key challenges, underlying causes of challenges, how challenges are being addressed

Key challenges for the Enhanced Case Management and Other Services (Healthy Opportunities) Pilots program during the current period include achieving and maintaining enough progress on the design and business and technical requirements development to meet the implementation timeline necessary for Pilot service delivery to start in early 2022. The state is addressing an aggressive timeline to be ready for service delivery in a few ways. As the design of the program is progressing, business and technical requirements are being drafted in parallel when possible. The state is adopting a Minimal Viable Product (MVP) approach to the technology that will need to be enabled to support the Pilots. This MVP approach will allow the team to leverage existing processes and technical functions as much as possible and minimize technology changes and associated timeframes for development and testing that would need to be taken on either by the state or by vendors supporting the Program. More mature functionality could then be built over time throughout the Pilot program.

Issues or complaints identified by beneficiaries

Lawsuits or legal actions

No lawsuits or legal actions were brought forward during this period.

Unusual or unanticipated trends

No unusual or unanticipated trends were identified during this period.

Legislative updates

There are no legislative updates to report during this period.

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

Given that the LPE contract award is still pending, no funds were dispersed to PHPs or LPEs or performance metrics captured during this period.

Amount and how incentive funds were dispersed to PHPs

Amount and how incentive funds were dispersed to LPEs

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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

ii. Incentive Payments. The state will provide a report on the amount and how incentive funds were dispersed to PHPs, LPEs, and pilot providers.

iii. ECM Capacity Building. The state will provide a report on the amount of capacity building provided to each LPE, the time frame the funding was provided, and what the funding was used for.

Residential and Inpatient Treatment for Individuals with a Substance Use Disorder

The Division of Health Benefits and Division of Mental Health/Developmental Disabilities/Substance Abuse Services worked with the North Carolina Division of Health Service Regulation during this reporting quarter on revisions to the 10A North Carolina Administrative code 27G SECTION .3300 (10A NCAC 27G .3301, for 1-WM (ambulatory withdrawal management without extended on-site monitoring) and to determine if a new licensure rule or amended licensure rule for 2-WM, ambulatory withdrawal management with extended on-site monitoring, is needed.

Appendix 1: North Carolina Medicaid Transformation Achievements

Appendix 2: NC BN Workbook-NC Medicaid Reform – DY3 Q1 (thru 2020 – 12)

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