NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

NC Medicaid Transformation Section 1115 Demonstration Waiver

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Agenda

Vision and background

Summary of key provisions of approved waiver

- Behavioral Health Integration and Tailored Plans
- 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 before implementation
- Anticipated changes to 1915(b) and (c) waivers due to 1115 waiver

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."

Background

The Department has extensively collaborated 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 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 & Medicaid Services (CMS) for North Carolina's 1115 demonstration waiver that:

- Provides the Department with the authority to implement Medicaid managed care
- Allows the Department to incorporate innovative features that require federal waiver authority into its new managed care delivery system

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

Physical, behavioral and pharmacy benefits will be integrated 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 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 Department'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 more intensive behavioral health benefits in the Tailored Plans

2 Opioid Strategy

As part of North Carolina's comprehensive strategy to address the opioid crisis, the Department will:

- 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
- Expand the substance use disorder service array to ensure the Department provides access to the full continuum of services

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

3 Healthy Opportunities Pilots

- North Carolina will implement within Medicaid managed care 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.
- DHHS will increasingly link pilot payments to improvements in health outcomes and efficiency.
- DHHS 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 percent 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, and interpersonal violence and toxic stress."

Budget Neutrality

- CMS policy requires that 1115 waivers be budget neutral to the federal government, meaning that the Department not spend more than projected to spend without the waiver.
- CMS approval of the NC 1115 waiver is its agreement that Medicaid spending will not increase for populations and services authorized through the waiver.

Evaluation Strategy

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

- Consistent with standard waiver practice, the Department will arrange for a third-party entity to conduct an independent evaluation of the waiver.
- The Department 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): 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 Authorizations, 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 CMS 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 1915 (b) waiver for launch of Standard Plans to:
  - Amend covered populations
  - Update capitation rate
  - Update cost projections
- 1915 (c) waivers run concurrent with 1115

Key Design Questions on Tailored Plan Protections

DHHS is working to design responsive Tailored Plans (TPs) that consider the varied and specialized needs of their populations, and will be seeking stakeholder input on how to best ensure enrollee protections are in place, and that enrollees have a positive experience.

Ensuring Smooth Transitions

Enrollees may need to transition between Medicaid fee-for-service, TPs and standard plans depending on service needs.

DHHS will be seeking input on requirements to promote continuity of both physical and behavioral health (BH) services when these transitions occur.

Developing an Effective Service Authorization and Appeals Process

An effective service authorization and appeals process for approval and denial of benefits or services is central to timely access to critical care.

DHHS will seek feedback on this process to ensure it meets the unique needs of TP enrollees.

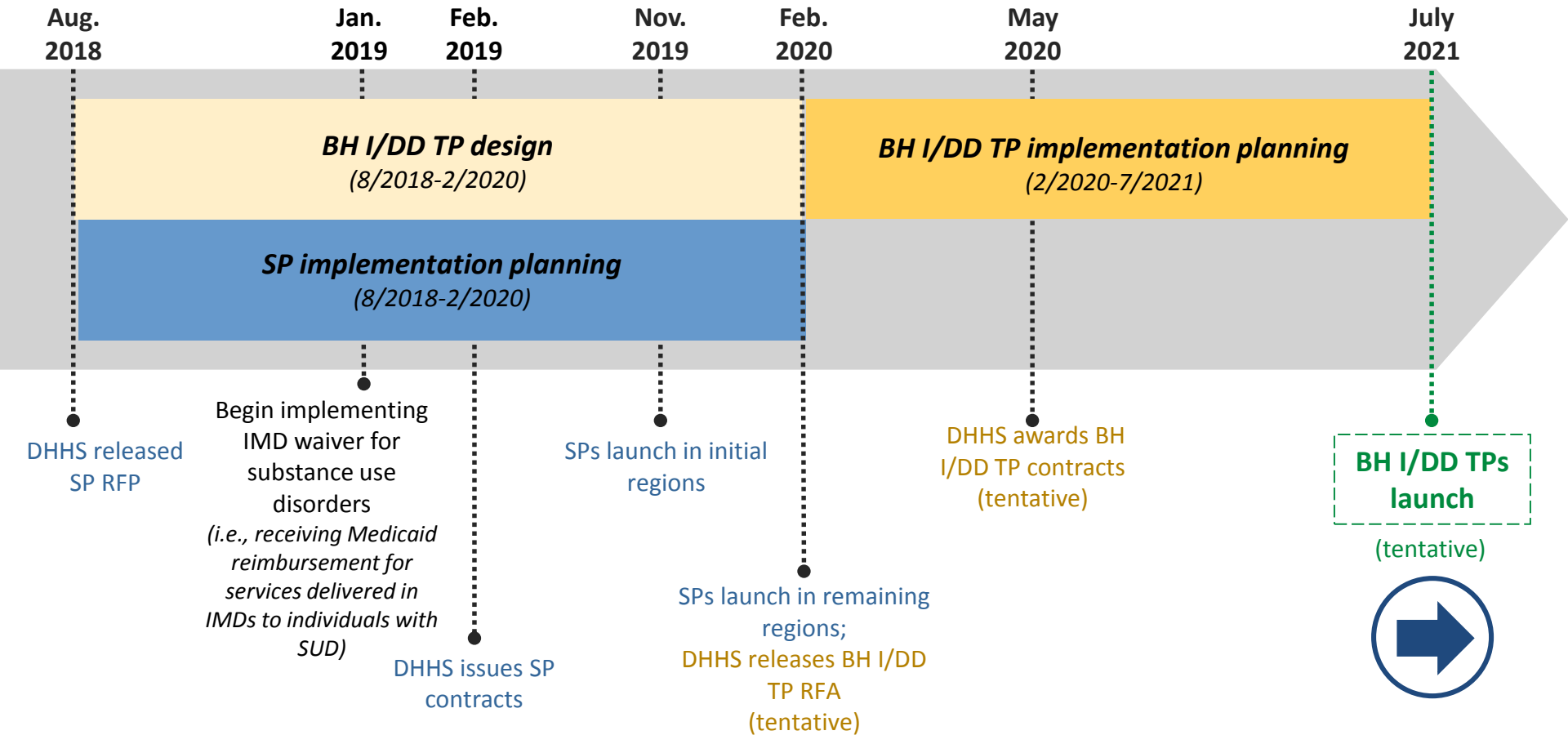
Ensuring Consumer Representation in TP Operations

TPs will be required to regularly engage and consult with consumer and family representatives.

DHHS will be seeking ways to ensure this engagement is meaningful and responsive.

Tailored Plan Design and Launch Timeline

Until early 2020, DHHS will be conducting intensive planning for both Standard Plans (SPs) and TPs. After SPs launch, DHHS will continue implementation planning for TPs.



Opportunities to Engage

DHHS values input and feedback from stakeholders and will make sure stakeholders have the opportunity to connect through a number of venues and activities

Ways to Participate

- Regular webinars, conference calls, meetings, and conferences
- Comments on periodic white papers, FAQs, and other publications
- Regular updates to website: https://www.ncdhhs.gov/assistance/medicaid-transformation

Groups DHHS Will Engage

- Consumers, Families, Caregivers, and Consumer Representatives
- Providers
- Health Plans and LME-MCOs
- Counties
- General Public

Comments? Questions? Let's hear from you!

Comments, questions and feedback are all very welcome at Medicaid.Transformation@dhhs.nc.gov