

# North Carolina Medicaid Managed Care

## Behavioral Health and Intellectual/Developmental Disability Tailored Plan Request for Applications Fact Sheet

On Nov. 13, 2020, the North Carolina Department of Health and Human Services (NCDHHS) released a Request for Applications (RFA) for Behavioral Health and Intellectual/Developmental Disability (I/DD) Tailored Plans. The Behavioral Health I/DD Tailored Plan RFA solicits applications for specialized Medicaid Managed Care plans to provide services to Medicaid and NC Health Choice members and some underinsured and uninsured individuals with significant behavioral health conditions—including mental illness, severe substance use disorders (SUD), I/DD, and traumatic brain injuries (TBI).<sup>1</sup> Behavioral Health I/DD Tailored Plans will be responsible for managing both Medicaid and non-Medicaid (i.e., State-funded) services.<sup>2</sup> Per legislation<sup>3</sup>, only Local Management Entity/Managed Care Organizations (LME/MCOs) are eligible to respond to this RFA to serve as Behavioral Health I/DD Tailored Plans for the first contract term. Through this RFA process, NCDHHS will award no more than seven and no fewer than five regional Behavioral Health and I/DD Tailed Plan contracts and will not award any statewide contracts.

This fact sheet is for informational purposes only. While it reflects NCDHHS's thinking, this document is not part of the RFA. The requirements and responsibilities defined within the RFA will govern subsequent Behavioral Health I/DD Tailored Plan contracts. It is the responsibility of the LME/MCOs to carefully read the RFA and respond to the items therein. Send all procurement related inquiries to [Medicaid.Procurement@dhhs.nc.gov](mailto:Medicaid.Procurement@dhhs.nc.gov).

Behavioral Health I/DD Tailored Plans<sup>4</sup> will be integrated managed care products that provide physical health, behavioral health, long-term care, and pharmacy services, and address unmet health-related resource needs under one plan. They will also offer certain high-intensity behavioral health, I/DD, and TBI services to meet the needs of the population served. Behavioral Health I/DD Tailored Plans will administer two of the State's Medicaid Section 1915(c) Home and Community-Based Services (HCBS) waivers: the North Carolina Innovations waiver for individuals with I/DD and the TBI waiver for individuals with a TBI.

The RFA outlines NCDHHS' requirements and defines the standard terms and conditions that Behavioral Health I/DD Tailored Plans must adhere to in contracting with NCDHHS. All plans will be subject to rigorous oversight by NCDHHS to ensure strong provider networks, a full range of benefits, accountability for quality and outcomes, a positive beneficiary experience and timely payments to providers.

**Stakeholder and Community Engagement** NCDHHS has collaborated with and solicited extensive feedback from stakeholders impacted by the creation of Behavioral Health I/DD Tailored Plans, including beneficiaries with behavioral health needs, I/DD, and TBI; Regional and State Consumer and Family Advisory Committees (CFACs); behavioral health

<sup>1</sup> N.C. Gen. Stat. 2015-245 has been amended by N.C. Gen. Stat. 2016-121; Section 11H.17.(a) of N.C. Gen. Stat. 2017-57, Part IV of N.C. Gen. Stat. 2017-186; Section 11H.10.(c) of N.C. Gen. Stat. 2018-5; Sections 4 - 6 of N.C. Gen. Stat. 2018-49; and N.C. Gen. Stat. 2018-48

<sup>2</sup> State-funded services are *not* Medicaid services and are *not* considered entitlements; this means that funding is limited, and services are not available for everyone who may qualify.

<sup>3</sup> N.C. Gen. Stat. 2015-245 as amended by N.C. Gen. Stat. 2018-48, authorizing the creation of Behavioral Health I/DD Tailored Plans.

<sup>4</sup> More information about the Behavioral Health I/DD Tailored Plan eligibility criteria, which may be subject to updates, is available here: <https://www.ncdhhs.gov/assistance/medicaid-transformation/proposed-program-design/policy-papers>.

and I/DD providers; advocacy organizations; counties; and LME/MCOs. Feedback has shaped the program design throughout this process—from publishing policy papers, hosting webinars, reviewing more than 1,000 written public comments, holding hundreds of meetings with various stakeholders and hosting listening sessions across the state. NCDHHS has developed a Medicaid Managed Care program—and in particular, a Behavioral Health I/DD Tailored Plan design—that is innovative, adherent to North Carolina and federal laws, and responsive to the needs of the members and recipients, as well as clinicians, providers, hospitals and health plans.

**Overview:** NCDHHS is committed to creating an innovative, integrated, and well-coordinated system of care which purchases health, focuses on health equity, and addresses both medical and non-medical drivers of health. In addition, the Department envisions that through Medicaid Managed Care and provision of State-funded Services, Behavioral Health I/DD Tailored Plans will address the unique needs of Historically Marginalized Populations including people of color and others who have been marginalized across Department service sectors. This fact sheet summarizes six broad goals of this RFA and how Behavioral Health I/DD Tailored Plans will advance each goal for Medicaid beneficiaries and, as applicable, State-funded Services recipients:

1. Create an innovative, integrated, and well-coordinated system of care
2. Support providers and beneficiaries during and after the transition to managed care
3. Promote access to care
4. Foster community inclusion
5. Promote quality and value
6. Ensure a successful managed care program

## **1. CREATE AN INNOVATIVE, INTEGRATED AND WELL-COORDINATED SYSTEM OF CARE**

**Implement a groundbreaking Tailored Care Management model.** Care management is critical to ensuring that individuals obtain integrated, whole-person care through fostering coordination and collaboration among care team members across disciplines and settings. Tailored Care Management is built on the principle that provider- and community-based care management is crucial to the success of fully integrated managed care. The Behavioral Health I/DD Tailored Plan must ensure that care managers delivering Tailored Care Management coordinate across a member's whole-person needs, including physical health, behavioral health, I/DD, TBI, and pharmacy services, long-term services and supports, and address unmet health related resource needs. Unlike Standard Plans, which provide care management to only a subset of members, Tailored Care Management will be available to all Medicaid members in Behavioral Health I/DD Tailored Plans unless they are receiving duplicative care management services.

**Make smart investments in “Healthy Opportunities.”** Research shows that overall health is driven by many things outside the four walls of a hospital or clinic. To ensure the most efficient managed care program and to build on work already being done by pediatricians, family physicians, community-based organizations, and others, NCDHHS has identified four (4) priority domains to address Medicaid members unmet health-related resource needs: housing, food, transportation, and interpersonal violence/toxic stress. Like in Standard Plans, Behavioral Health I/DD Tailored Plans will address these priority Healthy Opportunities domains and other identified unmet health related resource needs through their care management programs, quality standards, value-based payment strategies, stakeholder engagement, and provision of in lieu of services. For State-funded recipients, Behavioral Health I/DD Tailored Plans will be required to work with county agencies, CFACs, and community-based organizations to increase the availability of natural, community and recovery supports for their recipients.

## **2. SUPPORT CLINICIANS, PROVIDERS, AND BENEFICIARIES DURING AND AFTER THE TRANSITION**

**Mitigate administrative burden whenever possible.** NCDHHS is dedicated to maintaining broad

clinician and provider participation by reducing or mitigating the administrative burden whenever feasible, building on the framework developed for Standard Plans. Behavioral Health I/DD Tailored Plans will be required to comply with NCDHHS efforts to ease clinician and provider administrative burden, including efforts to standardize and simplify processes across Behavioral Health I/DD Tailored Plans and Standard Plans, where appropriate.

**Preserve strong clinician and provider participation and fair and timely payments to providers of care.** As directed by the General Assembly, Behavioral Health I/DD Tailored Plans will be required to include any willing provider in their physical health networks, with exceptions for providers who do not meet Behavioral Health I/DD Tailored Plan quality standards or agree to network rates. Behavioral Health I/DD Tailored Plans will maintain closed networks for behavioral health, I/DD, and TBI providers. To encourage continued provider participation in the Medicaid program and to ensure beneficiary access and support safety net providers, Behavioral Health I/DD Tailored Plans will be subject to requirements for provider payments, consistent with Standard Plan practices. These requirements include rate floors—at NC Medicaid Direct levels or levels defined by NCDHHS—for in-network physicians, physician extenders, pharmacies (dispensing fees), hospitals and nursing facilities. For certain in-network providers (e.g., local health departments, public ambulance providers), Behavioral Health I/DD Tailored Plans will also be required to make additional payments based on utilization of specific services. To encourage innovation related to value-based payments, Behavioral Health I/DD Tailored Plans and providers may mutually agree to alternative reimbursement arrangements.

**Support continuity of doctor-patient relationships.** NCDHHS is contracting with an independent, third-party enrollment broker to ensure that Medicaid and NC Health Choice beneficiaries understand their plan choices in Medicaid Managed Care. The enrollment broker will provide choice counseling and enrollment assistance to beneficiaries and/or to their authorized representatives about enrolling in managed care plans, including Behavioral Health I/DD Tailored Plans, Standard Plans, and the Eastern Band of Cherokee Indians (EBCI) Tribal Option, and selecting a primary care provider (PCP). PCP selection counseling will help beneficiaries consider a number of factors, including proximity to the beneficiary's home and existing doctor-patient relationships. Behavioral Health I/DD Tailored Plans will be required to provide the enrollment broker with network provider directory information that will be consolidated and used by the enrollment broker in choice counseling.

### **Build an accessible and convenient experience for Medicaid beneficiaries and State-funded Services beneficiaries.**

Consistent with Standard Plan requirements, Behavioral Health I/DD Tailored Plans must maintain a robust member and recipient services department, including a member and recipient call center and a dedicated member and recipient services webpage; easy to understand member and recipient materials such as a Welcome Packet; and other community engagement strategies, all with the goal of ensuring an orderly transition to Medicaid Managed Care or from a Standard Plan or other Behavioral Health I/DD Tailored Plan.

**Protect the rights of members and recipients:** NCDHHS is committed to ensuring that members and recipients understand and can freely exercise their rights to resolve issues efficiently with minimal burden. Behavioral Health I/DD Tailored Plans will educate members and recipients on their rights, Behavioral Health I/DD Tailored Plans will also assist Medicaid members and recipients with understanding and navigating the appeals, complaints, and grievances processes. For Medicaid beneficiaries, Behavioral Health I/DD Tailored Plans will work with the newly established Ombudsman program to provide education, advocacy, and issue resolution, whether they are in the Medicaid Managed Care program or the Medicaid Direct.

## **3. PROMOTE ACCESS TO CARE**

**Ensure Behavioral Health I/DD Tailored Plans maintain strong networks.** The RFA contains specific standards around network adequacy, including time and distance and appointment wait time standards. These standards ensure Medicaid members will receive adequate and timely coverage of out-of-network services if the Behavioral Health I/DD Tailored Plan is unable to provide coverage within network on a timely basis. NCDHHS will closely monitor Behavioral Health I/DD Tailored Plan Network Access Plans, which must demonstrate that the Behavioral Health I/DD Tailored Plan has a network with the capacity to serve the expected enrollment.

**Ensure members maintain benefits.** Behavioral Health I/DD Tailored Plan must cover the same physical health, State Plan long-term services and supports, and pharmacy services as NC Medicaid Direct, except for a small number of services excluded from Medicaid Managed Care by law (which will continue to be covered through NC Medicaid Direct).

The pharmacy benefit includes all covered outpatient drugs for which the manufacturer has a Centers for Medicare & Medicaid Services (CMS) rebate agreement and for which NCDHHS provides coverage and requires Behavioral Health I/DD Tailored Plans to adhere to NCDHHS' defined preferred drug list (PDL). As with medical benefits, Behavioral Health I/DD Tailored Plans will furnish pharmacy benefits in an amount, duration, and scope no less than what beneficiaries currently receive in NC Medicaid Direct.

The Behavioral Health I/DD Tailored Plan will also be responsible for covering behavioral health, I/DD and TBI services covered by LME/MCOs today, including 1915(c) Innovations and TBI waiver services<sup>5</sup> and State-funded Services. Additionally, the Behavioral Health I/DD Tailored Plan must comply with all federal requirements related to Early and Periodic Screening, Diagnostic and Treatment (EPSDT) for its Medicaid members and not set benefit limits that are more restrictive than the existing NC Medicaid Direct program. Behavioral Health I/DD Tailored Plans also are encouraged to provide in lieu of services. All services will be delivered within the defined standards of care and meet NCDHHS quality standards.

### **Ensure access to non-emergency medical transportation (NEMT).**

To ensure Medicaid members have coordinated, timely, safe, clean, reliable and medically necessary transportation to and from providers, Behavioral Health I/DD Tailored Plans, like Standard Plans, provides NEMT services for all Medicaid individuals through the least expensive mode possible and to the nearest appropriate care provider. Medicaid members must be informed of their rights to access this service if they are unable to arrange or pay for transportation or arrive at a care provider in time for a scheduled appointment. Behavioral Health I/DD Tailored Plans will develop an NEMT provider network that will be monitored by NCDHHS.

**Encourage innovative use of telehealth.** To promote innovation, Behavioral Health I/DD Tailored Plans, like Standard Plans, will be encouraged to provide telehealth services as an alternative service delivery model and to support providers in optimizing the use of telehealth, but will be prohibited from restricting services to telehealth-only. For Medicaid, Behavioral Health I/DD Tailored Plans must include payment parity in their payment of these services.

## **4. FOSTER COMMUNITY INCLUSION**

**Provide services and supports in integrated settings.** NCDHHS is committed to preventing institutionalization and providing services and supports in a community setting to the greatest extent possible. Behavioral Health I/DD Tailored Plans will be required to identify Medicaid members with Serious Mental Illness (SMI), serious emotional disturbance (SED), I/DD and TBI diagnoses, and State-funded Services recipients with SMI, who are receiving care in an institutional setting and work with them—and their families or guardians, as appropriate—to transition to a community setting when their needs can be safely met. Behavioral Health I/DD Tailored Plans will also be required to identify members who are at risk of requiring care in an institutional setting and provide individualized interventions to help the member remain in a community setting. The in-reach, transition, and diversion requirements developed for Behavioral Health I/DD Tailored Plans

---

<sup>5</sup> The TBI waiver will only be offered in limited geographies.

build on the accomplishments of the Transitions to Community Living Initiative (TCLI) and the Money Follows the Person (MFP) program.

## **Ensure continuity in services and supports for members enrolled in Innovations and TBI Waivers**

Behavioral Health I/DD Tailored Plans will be required to administer the Innovations and TBI waivers<sup>6</sup> for members with a waiver slot who would otherwise require care in institutional settings. Behavioral Health I/DD Tailored Plans will manage specialized networks of waiver providers and authorize services in accordance with members' individualized service plans. In addition, members enrolled in the Innovations or TBI waiver will have the same access to whole-person Tailored Care Management as all other Behavioral Health I/DD Tailored Plan members. Behavioral Health I/DD Tailored Plans will also manage access to Innovations and TBI waiver slots and maintain a Registry of Unmet Needs (waiting list) for members who are determined eligible for waiver funding but for whom funding is not available at the time of their waiver eligibility determination.

## **Empower beneficiaries and other stakeholders to participate in delivery of services.**

NCDHHS remains committed to ensuring that Behavioral Health I/DD Tailored Plans are responsive to the needs and preferences of their members and recipients. Behavioral Health I/DD Tailored Plans will be required to regularly engage with their CFACs, community and peer-run organizations, as well as an array of other community stakeholders to incorporate their feedback in the delivery of Medicaid and State-funded Services. The Behavioral Health I/DD Tailored Plan will be required to develop and implement a Local Community Collaboration and Engagement Strategy that supports continued engagement with county agencies, CFACs, and community-based organizations and build partnerships at the local level to improve the health of their members and recipients.

## **5. PROMOTE QUALITY AND VALUE**

**Hold Behavioral Health I/DD Tailored Plans accountable for quality and outcomes.** Like Standard Plans, Behavioral Health I/DD Tailored Plans are held accountable for quality and outcomes. NCDHHS has developed a data-driven, outcomes-based quality improvement strategy that requires Behavioral Health I/DD Tailored Plans to meet relevant targets and benchmarks to improve care delivery, support healthy people and communities, and pay for value. Beginning in the first year of contracting with Behavioral Health I/DD Tailored Plans, NCDHHS will report plans' performance on the specified measures. All measures will be stratified by demographics to ensure plans are identifying and addressing health disparities. NCDHHS will contract with an External Quality Review Organization (EQRO), which will review each Behavioral Health I/DD Tailored Plan's performance and quality outcomes on an annual basis against contractual expectations and will administer annual satisfaction surveys to members, recipients, and clinicians.

## **6. ENSURE A SUCCESSFUL MANAGED CARE PROGRAM**

**Contract performance standards:** NCDHHS will remain responsible for all aspects of the Medicaid and NC Health Choice programs, and will delegate the direct management of certain health services and financial risks to Standard Plans and Behavioral Health I/DD Tailored Plans, which will contract with health care providers to deliver services to their members. NCDHHS will retain broad authority to impose sanctions and take other appropriate action for contract noncompliance and actions taken may be publicized and Federal agencies notified. NCDHHS has created a contract enforcement and oversight system that provides transparency, expectations for contract performance and compliance, and flexibility to appropriately address violations for both Standard Plans and Behavioral Health I/DD Tailored Plans based on the nature of the harm incurred.

---

<sup>6</sup> The TBI waiver will only be offered in limited geographies.

**Conduct thorough readiness reviews of Behavioral Health I/DD Tailored Plans.** To ensure that all Behavioral Health I/DD Tailored Plans are prepared to support the managed care program, NCDHHS will complete a thorough review of Behavioral Health I/DD Tailored Plan administration, customer service, clinical technology, financing and reporting functions following contract award and after launch.

The readiness review will also include activities to verify that the Behavioral Health I/DD Tailored Plan, its staff, providers, subcontractors, and other individuals and organizations are prepared to support, administer, and provide services on behalf of NCDHHS. Readiness review includes desktop reviews, onsite reviews, system demonstrations, staff interviews and self-audit evaluations.

**Figure 1: Overview of rate setting process**



**Provide fair capitation rates for plans.** Capitation rates are set using actuarial principles and are meant to provide a reimbursement structure that will match payment to the expected financial risk of the managed care program assumed by the Behavioral Health I/DD Tailored Plan. Like Standard Plans, Behavioral Health I/DD Tailored Plans must accept the capitation rates developed by NCDHHS and its actuary. This includes projecting clinical expenditures, administrative costs, underwriting gain, and premium taxes imposed on the Behavioral Health I/DD Tailored Plans. The RFA includes a Draft Rate Book that provides draft capitation rates and describes the methodology and considerations by which NCDHHS will set final capitation rates.

The minimum aggregate Medical Loss Ratio (MLR), the percent of premium an insurer spends on claims and expenses that improve health care quality, threshold will be 88%. If the Behavioral Health I/DD Tailored Plan's MLR is less than the minimum threshold, they must rebate the difference to NCDHHS or make contributions to health-related, high-impact initiatives that improve health outcomes.

**Funding for State-funded Services.** State-funded behavioral health, I/DD, and TBI services are non-entitlement services that are supported by limited funding authorized by the General Assembly and a variety of federal grants, including Substance Abuse and Mental Health Services Administration (SAMHSA) block grants. NCDHHS will disburse State funds to the Behavioral Health I/DD Tailored Plans and require them to use these funds to authorize and manage the delivery of State-funded Services consistent with federal and state guidelines and local needs. NCDHHS will also disburse funds directly to providers for piloting innovative approaches and administrative efficiency of certain State-funded Services.

**Transition hospital reimbursement away from supplemental payments:** NCDHHS has historically reimbursed hospitals for physical health services using a mix of claims payments and supplemental payments for services provided in the Medicaid Direct program, but currently do not provide supplemental payments for Behavioral Health services covered by LME/MCOs. Federal rules for Medicaid Managed Care do not allow for continuation of North Carolina's supplemental payments to hospitals in their current form. To ensure similar reimbursement levels to hospitals under managed care, supplemental payments (excluding Graduate Medical Education and Disproportionate Share Hospital payments) will be incorporated into base rates in the Medicaid Direct program, which will then serve as the basis for a limited-duration rate floor under managed care. These increased base rates are utilized in developing capitation rates to Behavioral Health I/DD Tailored Plans. Behavioral Health I/DD Tailored Plans will be required to make additional utilization-based

payments to hospitals owned by UNC Health System or Vidant Medical Center, to reflect their unique role as hospitals affiliated with the State's public medical schools.

## NEXT STEPS

**RFA evaluation and award:** Once NCDHHS receives the applicants' submissions, NCDHHS will review the applications to determine they are complete and contain all documents and attachments as required in the RFA. An Evaluation committee will be established to review each Applicant's Response to the RFA and make award recommendations. NCDHHS will submit the contracts to CMS for its approval. Behavioral Health I/DD Tailored Plans contract awards are anticipated to be announced in early Summer 2021.

## ANTICIPATED TIMELINE

- **Now and ongoing.** Health care providers may be contacted by potential Behavioral Health I/DD Tailored Plans (current LME/MCOs) that wish to initiate contract discussions.
- **Early Summer 2021.** NCDHHS will award contracts to the selected LME/MCOs to serve as Behavioral Health I/DD Tailored Plans.
- **July 1, 2022.** Behavioral Health I/DD Tailored Plans will launch in all seven regions.

For more information about Medicaid Managed Care visit the Medicaid Transformation website at [www.ncdhhs.gov/medicaid-transformation](http://www.ncdhhs.gov/medicaid-transformation).

More information about Tailored Plans is available at: <https://medicaid.ncdhhs.gov/providers/programs-and-services/behavioral-health-idd/behavioral-health-idd-tailored-plan>

Refer all media requests to the NCDHHS Office of Communications at [news@dhhs.nc.gov](mailto:news@dhhs.nc.gov).