



NC Medicaid Managed Care Prepaid Health Plans Overview

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Background

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|----------------------|------------------------------------------------------------------------|
| 2015 | Session Law 2015-245 directs DHHS to transition to managed care |
| 2015-2018 | Extensive collaboration with and feedback from stakeholders |
| August 2018 | PHP RFP released |
| October 2018 | <i>CMS approves 1115 waiver</i> |
| February 2019 | <i>PHP selection announced</i> |

Vision for NC Medicaid Managed Care: 1115 Waiver (CMS Approval)

“Improving the health and well-being 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.”

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.”

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).**

Vision for NC Medicaid Managed Care: Procurement of Prepaid Health Plans (PHPs)

“Improving the health and well-being 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.”

Types of PHPs per S.L. 2015-245

Commercial Plan (CP)

“Any person, entity, or organization, profit or nonprofit, that undertakes to provide or arrange for the delivery of health care services to enrollees on a prepaid basis except for enrollee responsibility for copayments and deductibles and holds a PHP license issued by the Department of Insurance.”

Provider-led Entity (PLE)

“Provider led entity or PLE. – An entity that meets all of the following criteria:

1. A majority of the entity's ownership is held by an individual or entity that has as its primary business purpose the ownership or operation of one or more capitated contracts for the delivery of Medicaid and NC Health Choice services or Medicaid and NC Health Choice providers.
2. A majority of the entity's governing body is composed of individuals who (i) are licensed in the State as physicians, physician assistants, nurse practitioners, or psychologists and (ii) have experience treating beneficiaries of the North Carolina Medicaid program.
3. Holds a PHP license issued by the Department of Insurance.”

PHP RFP Guidelines

Offerors' could submit proposals:

- **CPs: statewide only**
- **PLEs: statewide, regional or both**

Offerors' proposal guidelines

- **Total of 4 statewide contracts (CP or PLE)**
- **Up to 12 regional contracts (PLE only)**
 - **PLEs encouraged to propose for more than 1 region (contiguous)**
 - **Only 1 regional contract for Regions 1 and 6**
 - **Up to 2 regional contracts for Regions 2, 3, 4 and 5**

PHP Evaluation and Selection Process

- **RFP issued Aug. 9, 2018; responses opened Oct. 12, 2018**
- **Department Procurement & Contracts section reviewed proposals for completeness per RFP requirements**
- **Over several months, Evaluation Committee of Department professionals:**
 - **Screened proposals for minimum qualifications outlined in RFP**
 - **Reviewed proposals and developed consensus scoring**
 - **Used scoring to develop award selections**

PHP Contracts

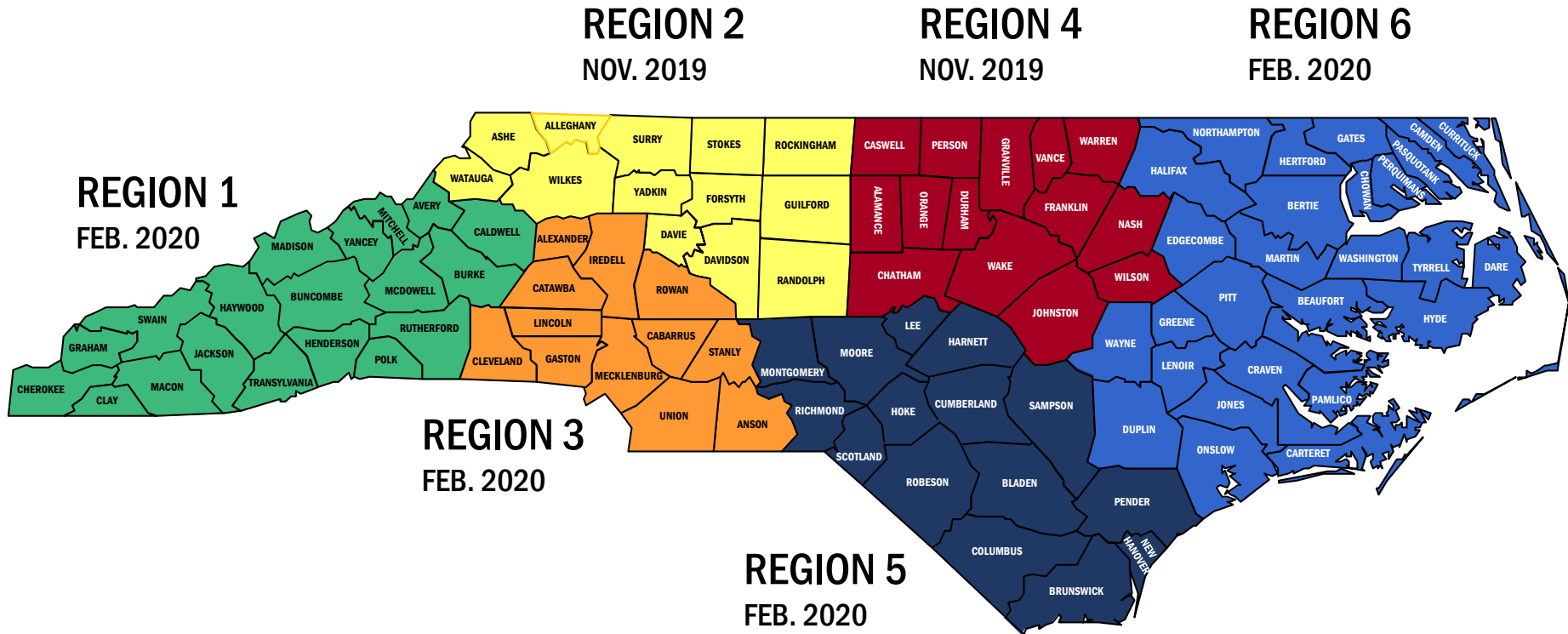
- Prepaid Health Plans will manage care for 1.6 million Medicaid beneficiaries, delivered by providers in PHP networks
- Contracts are for Standard Plans; Behavioral Health I/DD Tailored Plans will be procured later

PHP Contract Term*

Implementation period	Contract award through Oct. 31, 2019
Contract Year 1 <ul style="list-style-type: none">• Phase 1• Phase 2	Nov. 1, 2019 through June 30, 2020 Feb. 1, 2020 through June 30, 2020
Contract Year 2	July 1, 2020 through June 30, 2021
Contract Year 3	July 1, 2021 through June 30, 2022

* Option to extend for two additional 1 year terms beyond Contract Year 3.

NC Medicaid Managed Care Regions and Rollout Dates



Rollout Phase 1: Nov. 2019 – Regions 2 and 4

Rollout Phase 2: Feb. 2020 – Regions 1, 3, 5 and 6

PHPs for NC Medicaid Managed Care

Four statewide PHP contracts

- AmeriHealth Caritas North Carolina, Inc.
- Blue Cross and Blue Shield of North Carolina, Inc.
- UnitedHealthcare of North Carolina, Inc.
- WellCare of North Carolina, Inc.

One regional provider-led entity

- Carolina Complete Health, Inc.
- Regions 3 and 5

Department Oversight

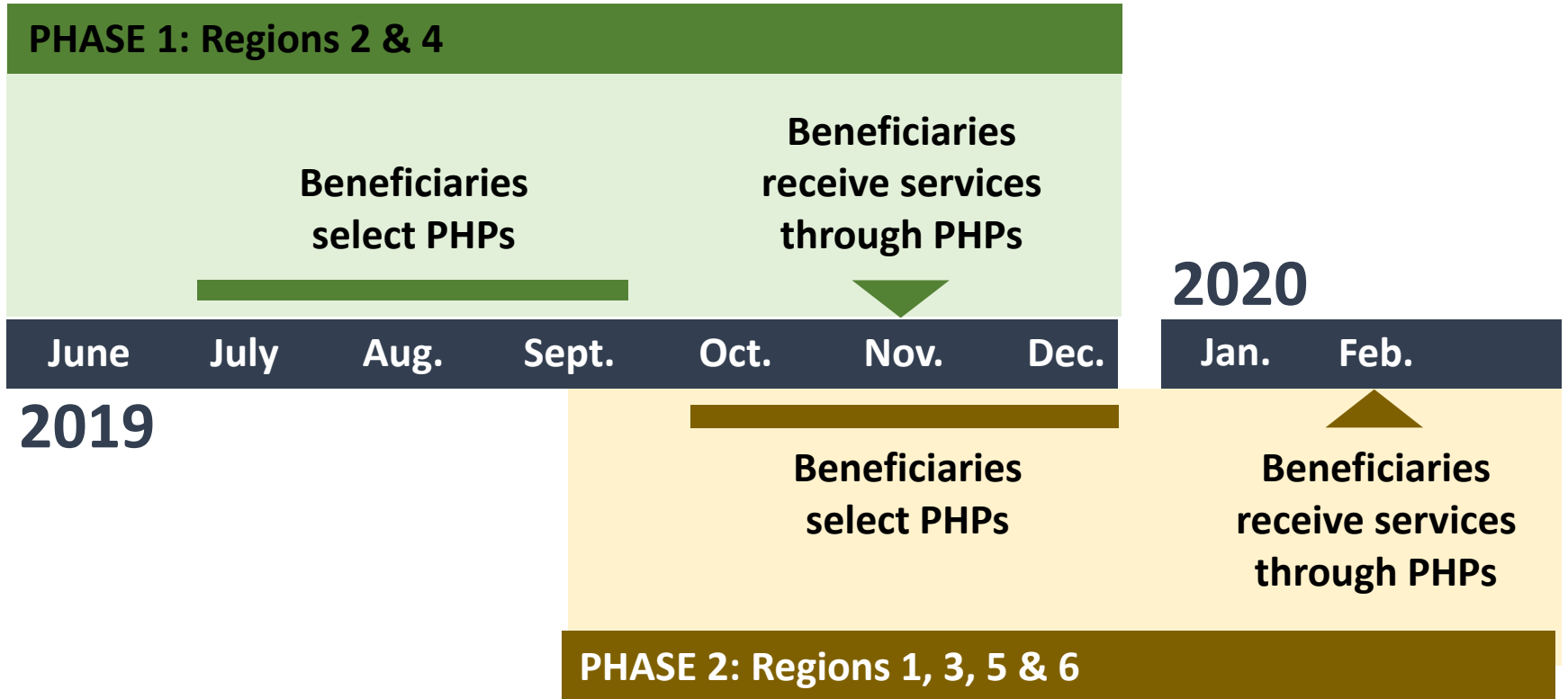
All plans will be subject to rigorous oversight by DHHS to ensure a successful managed care program.

- DHHS leading intensive onboarding through the end of February, including introducing key staff, reviewing contract requirements and aligning on key milestones and deadlines
- Will need to pass a Readiness Review before Medicaid Managed Care launch
- Inability to fulfill contract provisions can result in corrective action plans, financial penalties and other sanctions

Readiness Review

- **Readiness Review is required by law when a state launches a new managed care program**
- **Evaluates PHPs' understanding and incorporation of federal and North Carolina Medicaid requirements into daily processes, and PHPs' capability and capacity to meet these requirements**
- **Must assess ability and capacity of PHPs to perform satisfactorily across 14 distinct areas that support a smooth transition to managed care**

What Beneficiaries Can Expect Next



Beneficiary Transition

- Only thing beneficiaries need to do now is update their contract information through their local DSS office
- Help will be available for beneficiaries to select a plan based on what makes the most sense for them
- Beneficiary rights will be protected
- Many provisions will remain the same
 - Eligibility rules
 - Covered services/treatments/supplies
 - Cost-sharing

What Providers Can Expect Next

- Presentations at stakeholder and association meetings
- Provider/PHP meet and greet sessions
- Information (e.g., fact sheets, FAQs)
- Training (webinars and web-based resources)
- Virtual office hours
- Practice-level technical assistance
- Feedback opportunities

Provider Transition

Across all PHPs:

- **Standardized and simplified administrative processes**
- **Centralized and streamlined provider enrollment and credentialing process**
- **Transparent and fair payments to providers**
- **Single statewide drug formulary**
- **Same services covered as Medicaid Fee for Service (except carve outs)**
- **DHHS definition of “medical necessity” used when making coverage decisions**
- **Contracting “guardrails”**

Commitment to Transparency and Collaboration

- DHHS webcasts
- Policy papers
- Transformation news, updates and documents:
www.ncdhhs.gov/medicaid-transformation
- Feedback and questions
 - PHP procurement:
Medicaid.Procurement@dhhs.nc.gov
 - Managed care and Medicaid transformation:
Medicaid.Transformation@dhhs.nc.gov

Questions