Nothing Compares
NORTH CAROLINA

NC Medicaid Reform and Long-term Services & Supports Webinar Series: Summer 2016

Medicaid Reform Review

July 8, 2016

Today

NC Medicaid reform and relevant legislation, especially as it relates to LTSS

- Medicaid background
- How Medicaid reform came together
- Session law 2015-245 requirements
- Medicaid reform basics under 2015-245

www.ncdhhs.gov/dual-eligibles-advisory-committee

Medicare and Medicaid: The difference

MEDICARE

- Health care for older adults & some people with disabilities
- Federal program attached to Social Security
- Income is not an eligibility factor
- One program for U.S.

BOTH

Federally legislated, government-sponsored programs to help cover health care costs

Established in 1965

Taxpayer funded

MEDICAID & CHIP

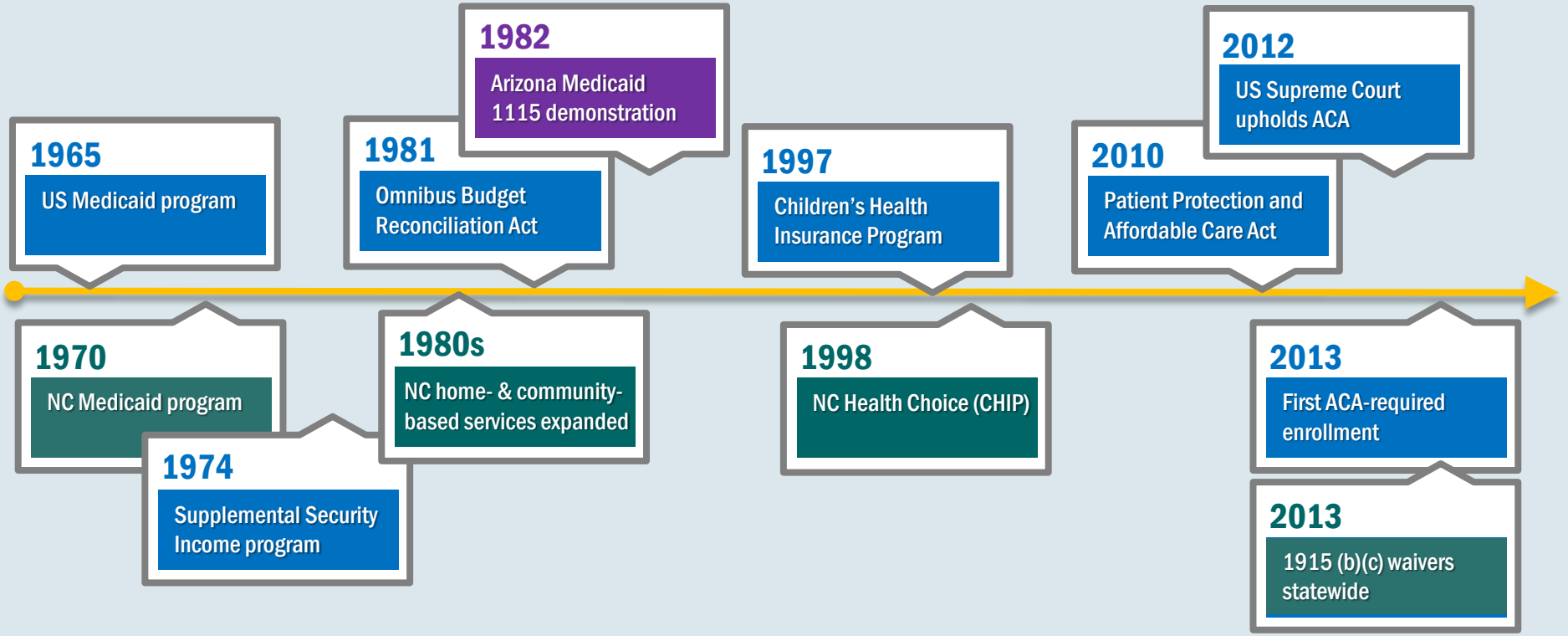
- Health care for low-income people
- Jointly managed federal and state programs
- Income is an eligibility factor
- Programs for each state

Medicaid history

Title XIX of the Social Security Act of 1965

Originally an entitlement program to provide health care

- Certain aged, blind and disabled individuals
- Families qualifying for Aid to Families with Dependent Children



North Carolina Medicaid program

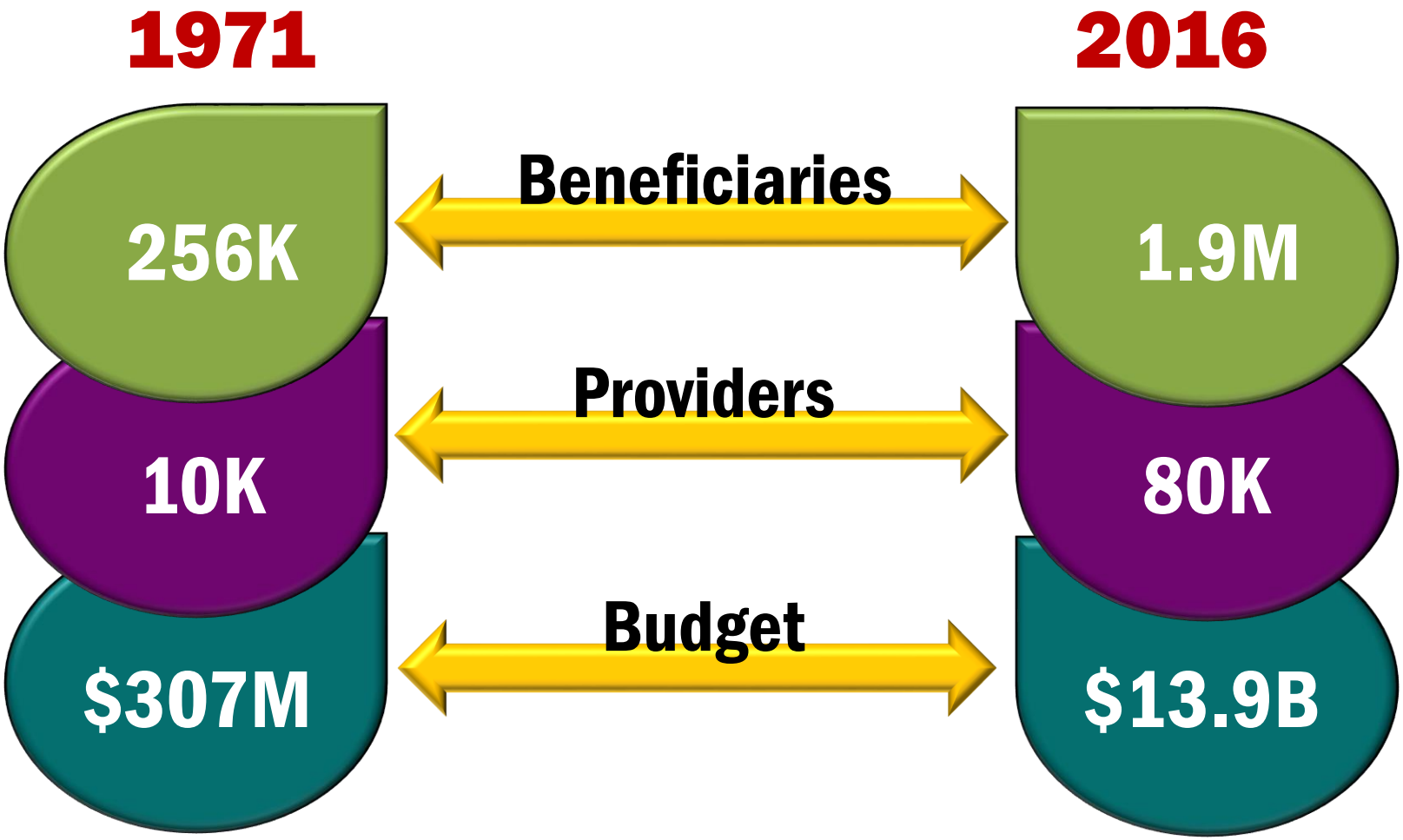
North Carolina:

- 10th largest Medicaid program in the U.S.
- Covers more than 1.9 million North Carolinians
- Approx. $14 billion in expenditures

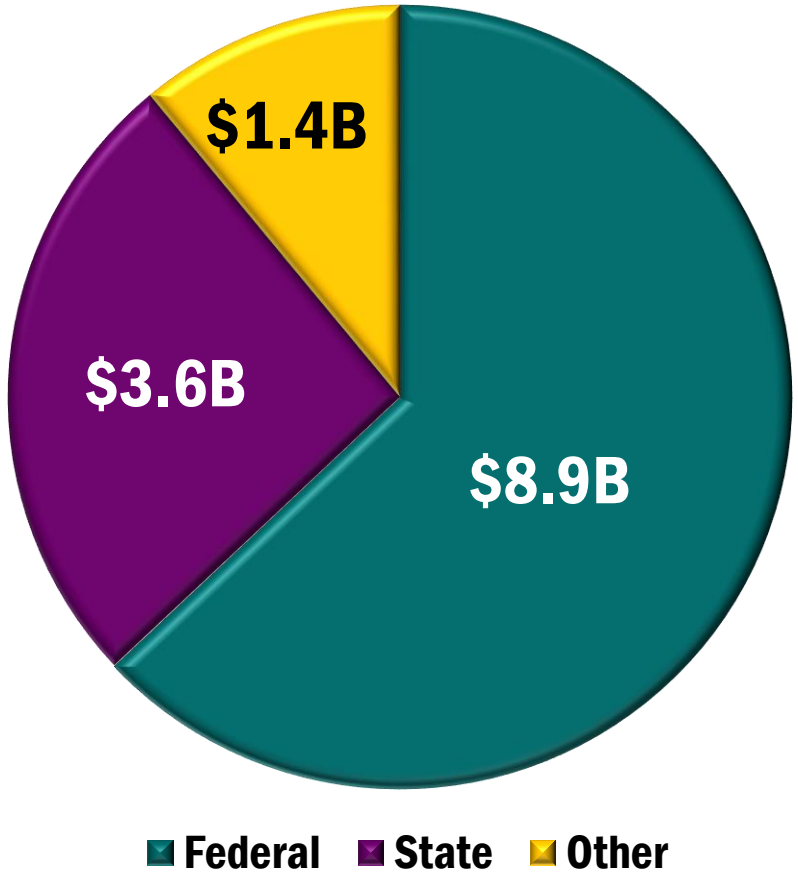
ENROLLMENT RATES BY POPULATION			
	Total	Elderly/ Disabled	Parents/ Children
North Carolina	1.9M	25%	75%
Ohio	2.3M	25%	75%
Texas	4.8M	22%	78%
Arizona	1.5M	16%	84%
Georgia	1.8M	25%	75%

NC: SFY 2015 annual report, average enrollment by program aid category; other states: MacArthur Foundation's *State Health Care Spending on Medicaid* published July 2014 via PCG

North Carolina Medicaid growth over 45 years



NC Medicaid funding sources

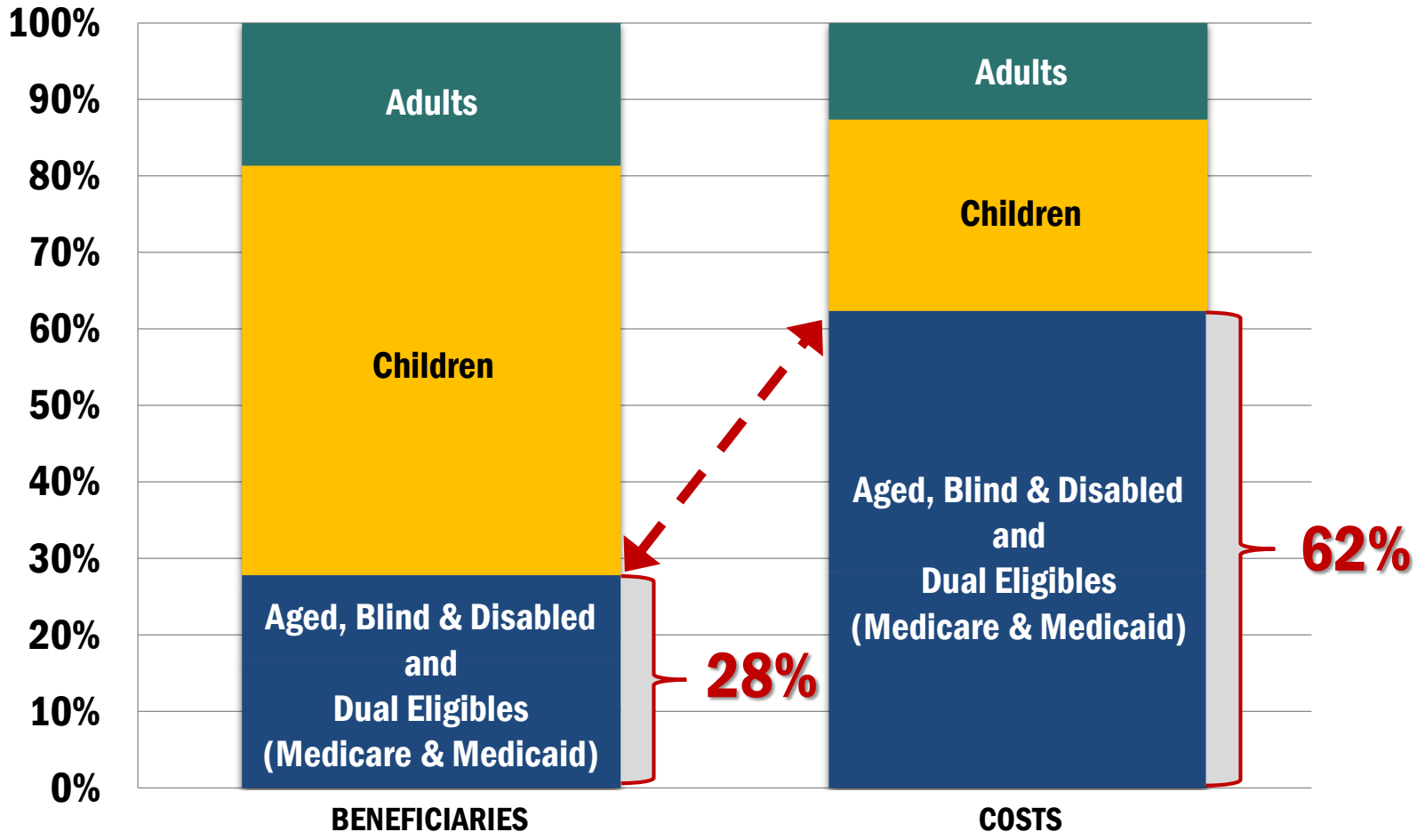


Provider payments are the most significant part of budget at 95%

Source: Division of Medical Assistance SFY 2015 Annual Report. “Other” includes drug rebates, fraud recoveries and cost settlements.

NC Medicaid enrollees and expenditures

Smaller portion of beneficiaries account for larger share of costs



Source: CCNC Informatics Center

Medicaid spending: Importance of LTSS

Spending is concentrated on older adults and people with disabilities

Small segment of population, yet…

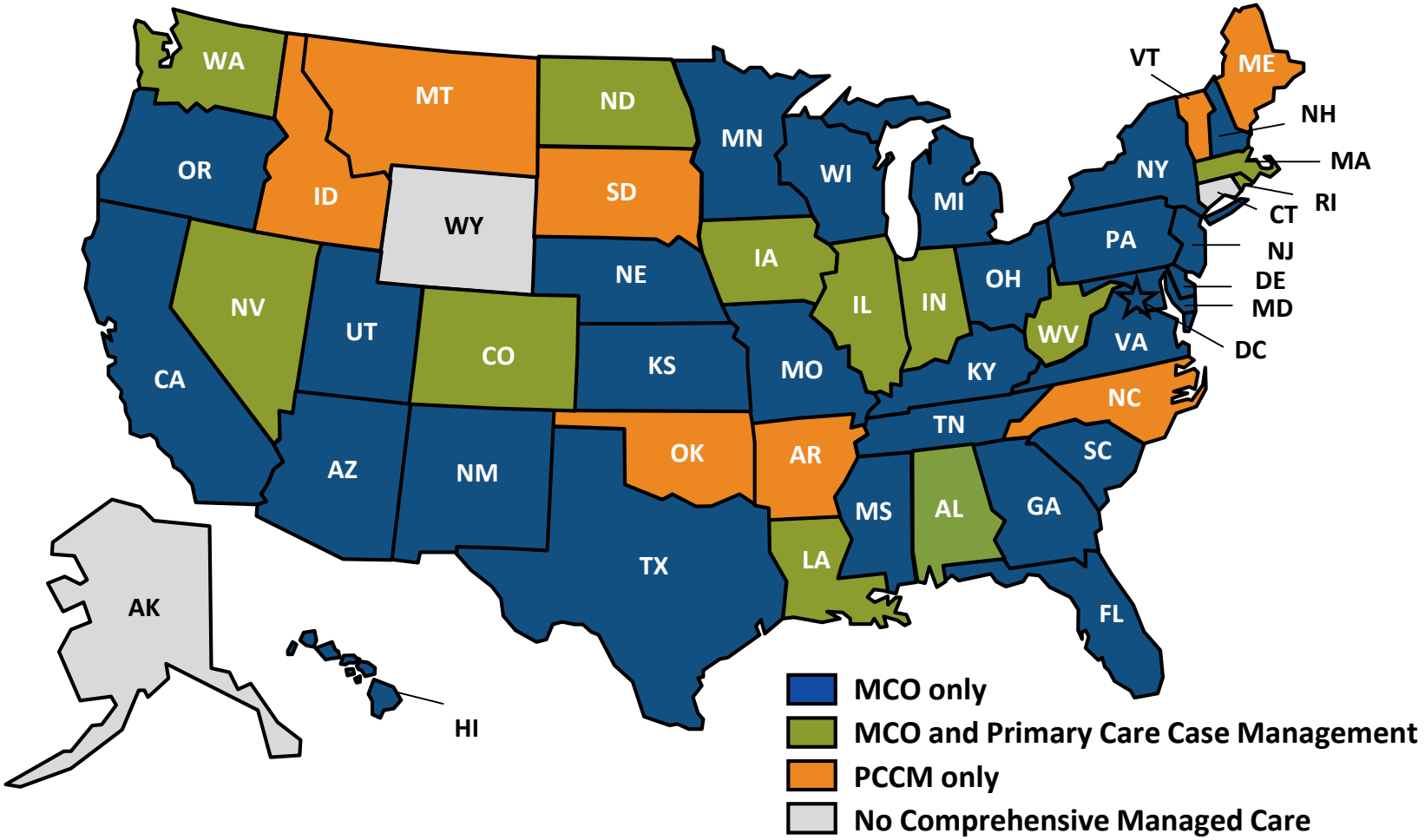
- More complex health care needs, and
- More costly acute and long-term care services

Costs for these populations range from $8,000 in Alabama to $26,000 in New York

	Older Adults and People with Disabilities	Parents and Children
North Carolina	$13,366	$2,989
Ohio	$18,080	$2,352
Texas	$12,985	$3,058
Arizona	$15,945	$4,108
Georgia	$9,472	$2,109

Source: 2010 data as reported by the MacArthur Foundation's *State Health Care Spending on Medicaid* published July 2014

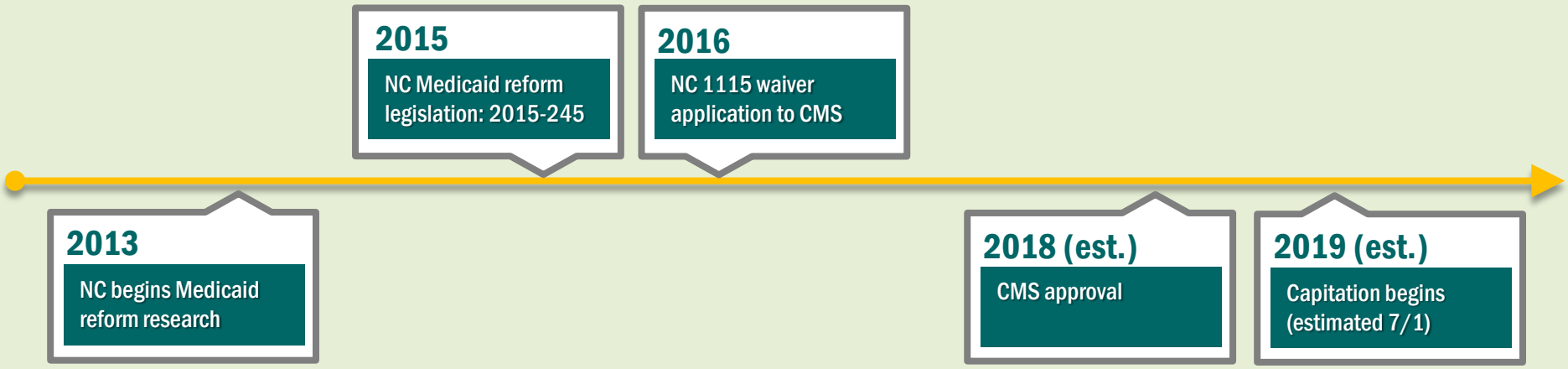
39 states use comprehensive MCOs



Source: Adapted from findings of Health Management Associates survey conducted for Kaiser Family Foundation, October 2014

NC Medicaid reform history

Medicaid reform is the result of extensive collaboration among beneficiaries, providers and other stakeholders, McCrory administration and NC General Assembly



Why reform Medicaid in NC?

Improve access to,
quality of
and cost effectiveness
of health care for
most of our 1.9 million
Medicaid and
NC Health Choice
beneficiaries

- Redesign payments to reward value rather than volume
- Restructure care delivery using accountable, next-generation prepaid health plans
- Plan toward true “person-centered” care grounded in increasingly robust patient-centered medical homes and wrap-around community support and informatics services

Session law 2015-245

Directives are to ensure:

- Budget predictability through shared risk and accountability
- Balanced quality, patient satisfaction, and financial measures
- Efficient and cost-effective administrative systems and structures
- Sustainable delivery system through the establishment of two types of prepaid health plans (PHPs): provider-led entities (PLEs) and commercial plans (CPs)

Medicaid reform legislation:

- Does not eliminate currently covered mandatory or optional Medicaid services
- Does not allow for Medicaid expansion

Session law 2015-245: Key legislation features

Feature	Reform Component
Capitation	Full capitation
Excluded populations and services	• Dual eligible beneficiaries • Dental • LME/MCOs continue under existing waivers
Timeline	Approx. 3-4 years
Health Plans	• Up to 12 PLEs in 6 regions • Up to 3 statewide MCOs
Oversight	New DHHS Division of Health Benefits

Medicaid reform basics

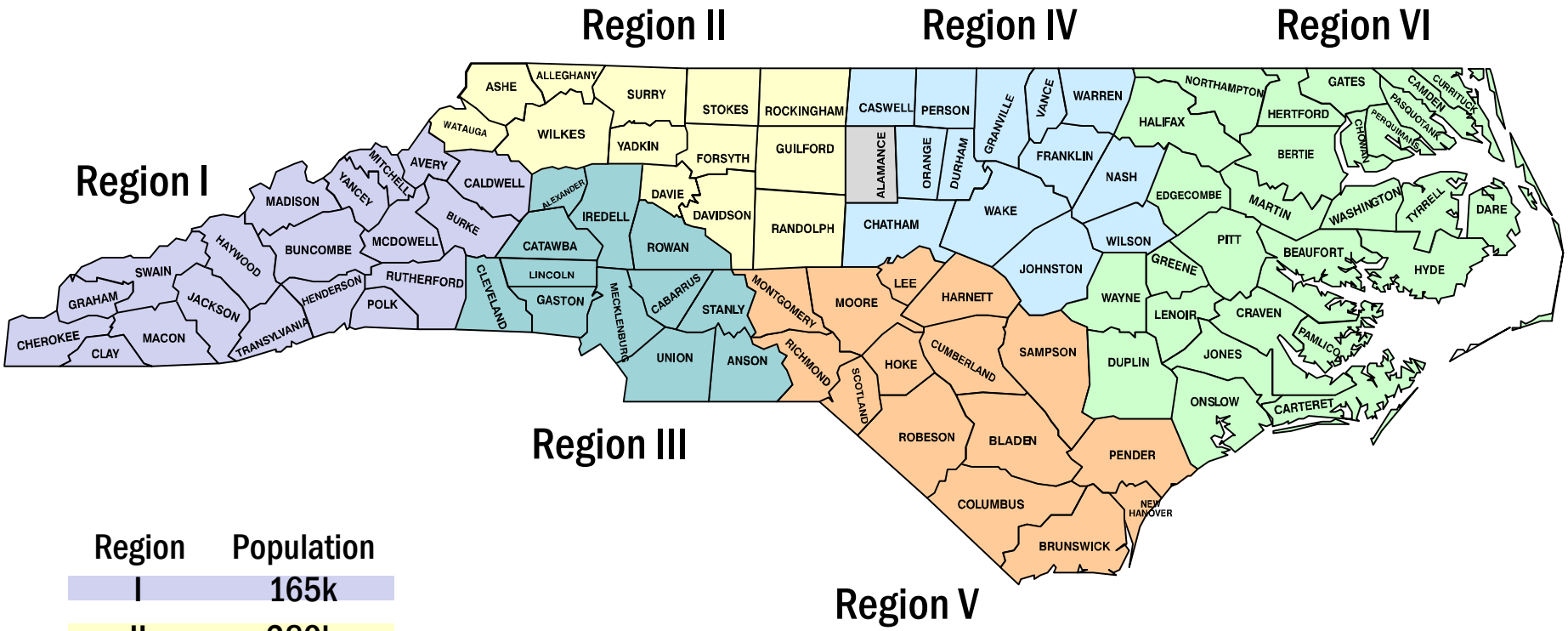
What Will Change	To be Transitioned	What Will Remain the Same
• Medicaid beneficiaries will enroll in their choice of health plans • Providers receive capitated payments and incentive payments for quality care goals	• Services provided by CCNC • Strategy to include dual eligibles (enrollees in both Medicare and Medicaid)	• Dental services (FFS) • Program of All-inclusive Care for the Elderly (PACE) services (carved out of PHP scope) • Local education agency services (FFS) • Child development service agencies (FFS) • Short-term eligibility groups; e.g., emergency-only services (FFS)

Regional capitated PHP contracts

Anticipated distribution

- Reform legislation designates six regions
- Region design reflects:
  - Existing beneficiary utilization and provider referral patterns
  - Sufficient enrollment to support at least one PLE per region
- DHHS requests flexibility to allow up to 12 regional PLE contracts
- Maximum number of PHPs per region based on number of eligible Medicaid beneficiaries in the region

Proposed regions



Region	Population
I	165k
II	280k
III	410k
IV	299k
V	291k
VI	230k
II & IV	29k

Populations estimated from June 2015 enrollment data

Standards and protections

Beneficiaries

Must comply with new CMS Medicaid managed care rule

Expect additional stakeholder engagement

ACCESS

- time and distance standards
- appointment availability and office waiting time
- variation for rural versus metropolitan/urban areas

QUALITY & SATISFACTION

- services
- outcomes

Providers

Rate floors

Essential providers

Good faith negotiations

Protections against exclusion of certain provider types

Anti-trust policies

Prompt pay requirements

Uniform credentialing requirements

LTSS reform initiatives: Dual eligibles

- Currently, dual eligible beneficiaries are not covered under capitated PHP contracts
- DHHS will develop long-term strategy for covering dual eligibles through PHP contracts
- Dual Eligibles Advisory Committee established by S.L. 2015-245
  - Members: Beneficiaries, providers, health plans, associations and other stakeholders who represent dual eligible population
  - Goal: Advise DHHS as it develops dual eligibles long-term strategy
  - Activities: Meet to discuss dual eligibles strategy and advise how NC could best cover them through capitated PHP contracts
  - Report: DHHS will present strategy to Joint Legislative Oversight Committee on Medicaid and NC Health Choice by Jan. 31, 2017

Image: Thinkstock by Getty Images

PROFILE

- Age 85
- Receives Medicaid and Medicare
- Receives services under CAP/DA

CHOICES

No new decisions initially required under Medicaid reform

DELIVERY

- Medicaid services remain available
- CAP/DA services remain available
- Neither is coordinated through PHP medical home

Illustrative purposes only; based on June 1, 2016, Section 1115 waiver application as submitted to CMS. Application is subject to modification by CMS prior to final approval.

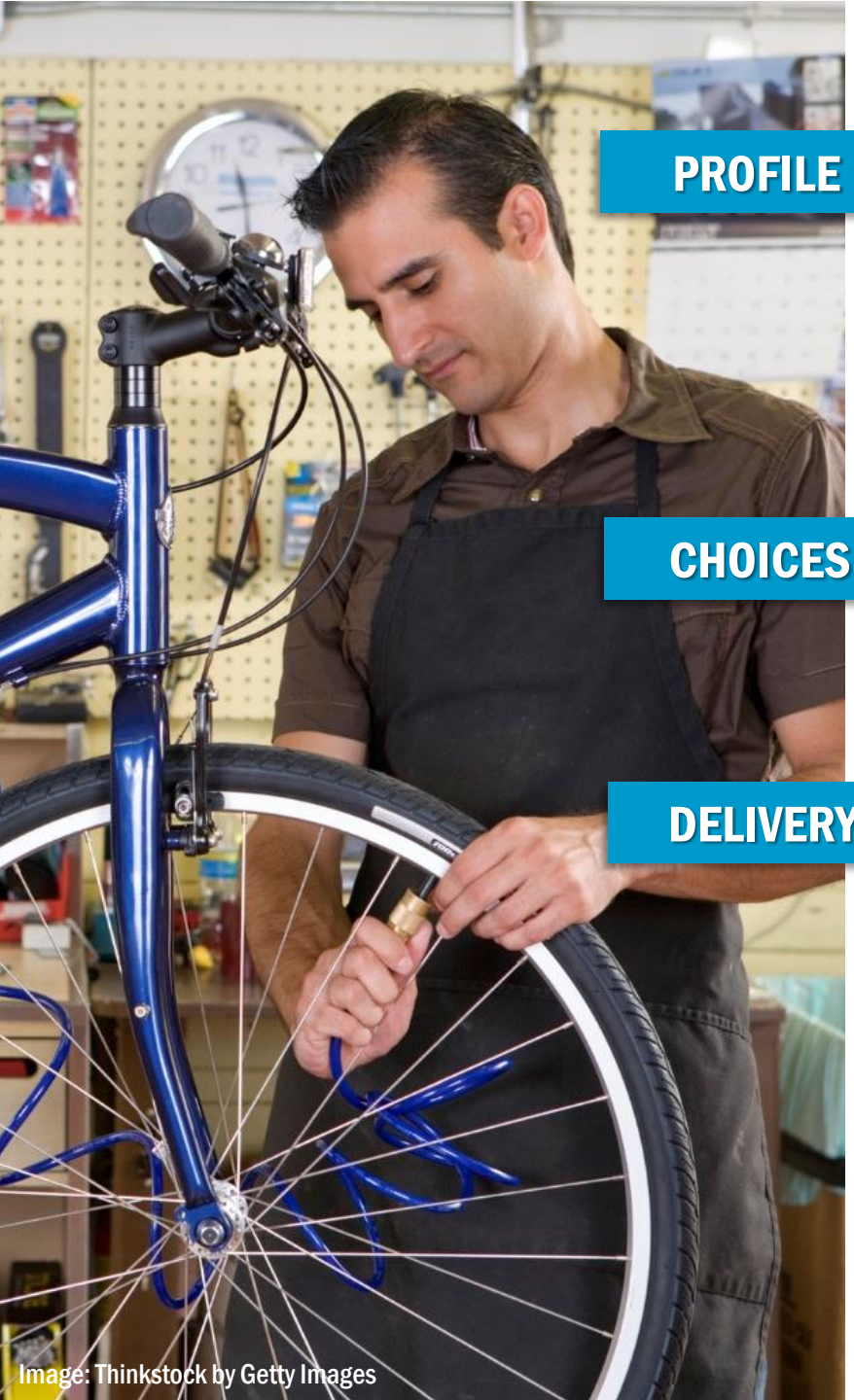


Image: Thinkstock by Getty Images

PROFILE

- 30 years old
- Receives Medicaid, but not Medicare
- Receives behavioral health services through LME-MCO

CHOICES

- Health plan: 3 statewide and 2 regional
- Primary care physician/medical home

DELIVERY

- Medical care received through his chosen PCP and medical home
- Medical services under health plan
- Behavioral health care under LME-MCO

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Coming up

FRIDAY, JULY 15	Managed Care and LTSS: A Tutorial
FRIDAY, JULY 22	North Carolina's Proposed Direction: An Overview of NC's 1115 Waiver Application

Registration for each session is required

www.ncdhhs.gov/dual-eligibles-advisory-committee

- Registration for upcoming webinars
- Dual Eligibles Advisory Committee information

www.ncdhhs.gov/nc-medicaid-reform

- Medicaid reform updates, presentations and materials
- Session law 2015-245
- June 1, 2016, waiver demonstration application

Questions