Nothing Compares
NORTH CAROLINA

NC Medicaid Reform and Long-Term Services and Supports: A Learning Series

Part III: North Carolina's Proposed Direction
An Overview of NC's 1115 Waiver Application

July 22, 2016

NC Medicaid Reform and Long-Term Services & Supports Webinar Series

The Webinar Series

Week 1: Overview of NC Medicaid Transformation Act (SL 2015-245)

Week 2: Medicaid Managed Care 101

Today: LTSS Services and the 1115 Waiver

Overview of Today

Vision and importance to LTSS

Importance of whole person care

Understanding DHHS program goals

NC's 1115 waiver proposal

- Overview and history
- Background
- Initiatives
- Supplemental payments
- Budget neutrality
- Public comments

Vision

Our vision is to improve access to, quality of, and cost effectiveness of health care for Medicaid and NC Health Choice beneficiaries by:

- Restructuring care delivery using accountable, next-generation prepaid health plans
- Redesigning payment to reward value rather than volume of services
- Planning for true “person-centered” care grounded in increasingly robust patient-centered medical homes, and wrap-around community support and informatics services

Why the waiver is important to LTSS

- Waiver sets direction and goals
- Specific waiver design elements will be developed over time with additional stakeholder input
- Reflects efforts and beliefs that DHHS has regarding services in the LTSS community
  - Builds on stakeholder input already received
  - Reflects earlier recommendations
  - Builds on our goal of “whole-person” care

A system that supports whole person care is…

1. Integrated

- Integrates care across settings
- Integrates physical health, behavioral health and LTSS supports
- Has a collaborative assessment and planning process
  - Better information, more practical and more equitable
  - Assessments and planning efforts are conversation-based
  - Integrate the assessor into the planning process
  - Ensure assessor is using tool that is statistically valid and reliable

A system that supports whole person care is…

2. Always evolving

- Anticipates the needs of the growing LTSS population
- Ensures that providers are held accountable for LTSS specific quality, outcome and performance measures
- Seeks opportunities for flexibility and innovation

A system that supports whole person care is…

3. Well coordinated

- No need to look in completely different systems, with separate processes and diagnoses to get needed care
- Clear, consistent, coordinated support for system navigation
- Support strategies promote goals without creating service vulnerabilities
- Seamless coordination of services across settings, ensuring continuity of care across lifespan

Questions

Waiver addresses challenges to whole person care

- Improves flexibility to better meet beneficiary needs
- Supports innovation
- Expands access to home- and community-based services

Overview: Medicaid 1115 demonstration waivers

- Provide states a way to test and implement Medicaid approaches that do not meet federal program rules
  - Named after section 1115 of the Social Security Act
  - Allow for broad changes in eligibility, benefits, cost sharing and provider payments
- States submit an application to waive Medicaid requirements to try new approaches
  - Considered a proposal until approved by Centers for Medicare & Medicaid Services (CMS)
  - Authority granted by CMS (Secretary of Health and Human Services Burwell)
  - Usually approved for 5 years and then reapproved

History

- Medicaid reform signed into law Sept. 2015 by Gov. McCrory after extensive engagement with General Assembly, providers, beneficiaries and other stakeholders throughout the state
- SL 2015-245 required DHHS to submit an 1115 demonstration waiver application to CMS by June 1, 2016, to support reform goals
- Waiver application, once approved by CMS and according to SL 2015-245, will transform North Carolina Medicaid and NC Health Choice programs through system-wide innovation for beneficiaries, communities and providers while promoting budget stability

SL 2015-245 requirements: Completed to-date

Date	Activity
March 1, 2016	• Draft Section 1115 demonstration waiver application prepared and presented to Joint Legislative Oversight Committee on Medicaid and NC Health Choice (JLOC) • Medicaid reform legislative report delivered and presented to JLOC
March 7 – April 18, 2016	• Draft waiver application posted for public comment for 43 days (CMS requires 30 days) • Held 12 public hearings across the state to collect public feedback (CMS requires two hearings) • 1,590 individuals attended public hearings of which 323 attendees spoke • Over 750 commenters provided over 1,700 comments
April 12, 2016	• DHHS submitted language for legislative change requests
May 1, 2016	• DHHS submitted legislative report on NC Health Transformation Center
June 1, 2016	• DHHS submitted Section 1115 demonstration waiver application to CMS

Initiatives

1. Build a system of accountability for outcomes
2. Create person-centered health communities (PCHCs)
3. Support providers through engagement and innovations
4. Connect children and families in the child welfare system to better health
5. Implement capitation and care transformation through payment alignment

1 Build a System of Accountability for Outcomes

- **Next generation prepaid health plans in a hybrid model**

  Contract with two types of prepaid health plans (PHPs): provider-led entities (PLEs) and commercial plans (CPs)

- **Person-centered health communities supported by PHPs**

  Partner with PHPs to support advancement beyond the current patient-centered medical home functions and create person-centered health communities (PCHCs)

- **Clinically integrated behavioral and physical health**

  Address the complex interaction of mind and body by focusing on clinical integration of behavioral health services with primary care

- **Long-term services and supports for Medicaid-only beneficiaries**

  Implement integrated long-term services and supports (LTSS) for Medicaid-only beneficiaries, consistent with standards for person-centered care and supportive of family caregivers and other natural supports

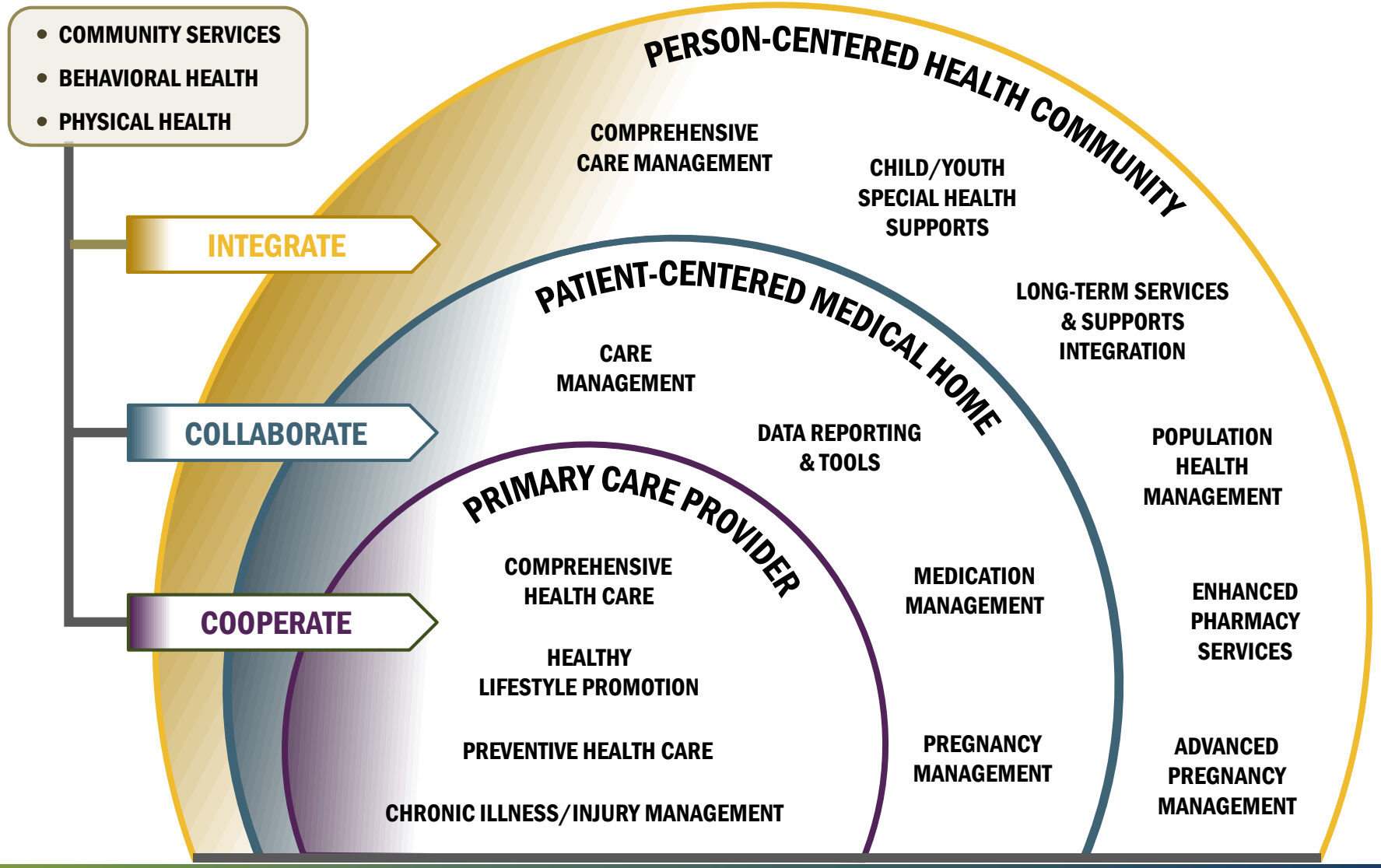
2 Create Person-Centered Health Communities

Transformation of Patient-Centered Medical Homes (PCMHs) and enhanced Primary Care Case Management (ePCCM) to Person-Centered Health Communities (PCHCs)

- Expand on existing care management programs, and include provider and PHP financial incentives through value-based payment
- Meet needs of individual beneficiary, and incorporate aspects of population health and community health needs
- Improve rural health access, outcomes and equity
  - Enhance existing rural health programs, including but not limited to:
    - Pregnancy Medical Home model focused on improving outcomes related to infant mortality
    - Support for the Advanced Pregnancy Home model, Independence at Home, Community Pharmacy Enhanced Services Network
  - Broadening telemedicine to include access to behavioral health and support primary care providers

Transformation to NC Person-Centered Health Community

PCHC: From cooperation of health care and community series under PHPs



2 Features of PCHCs to be considered

- Concentrated effort to ensure that beneficiaries are provided with appropriate support regarding their social determinants of health, coordinated linkages to needed public services, primary and specialty care; along with follow-up and ongoing planning
- Beneficiaries will receive a health assessment, which may include an assessment of physical health, behavioral health, need for LTSS and social determinants of health
- Beneficiaries with more complex or complicated needs will have a care plan and person-centered goals that are visible to care team members
- Care plans will be exchanged electronically among the beneficiary's appropriate providers
- Use of non-face-to-face encounters, such as telemedicine, will be incentivized as appropriate, when it improves access, outcomes and efficiency of care
- Beneficiaries will have a choice of primary care provider
- Beneficiary experience is measured annually
- Case management is performed at the local community level
- Improve rural health access, outcomes, and equity

Questions

3 Support providers through engagement and innovations

- Provider administrative ease in PHP contracts
- Practice supports for quality improvement
- NC Health Transformation Center
- Health Information Exchange
- Statewide informatics layer
- Strengthening the safety net
- Community residency and health workforce education

4 Connect children and families in the child welfare system to better health

- Designate a statewide PHP for children in foster care
- Expand Fostering Health NC
- Extend coverage to parents of children in foster care

5 Implement capitation and care transformation through payment alignment

- Capitation payments and incentives
- Public and private safety net hospital payments
- Delivery system reform incentive payment (DSRIP) program initiatives
- Workforce initiatives in underserved areas
- Tribal uncompensated care payments and alternative services

Questions

LTSS-specific 1115 waiver considerations

- Waiver application does not apply to dual eligibles population, but does include LTSS for Medicaid-only beneficiaries
- Waiver proposes that LTSS (not currently covered by LME-MCOs) be covered through Provider-led Entities (PLEs) and Commercial Plans for Medicaid-only beneficiaries
- Current 1915(c) waivers (CAP/DA and CAP/C) will remain, and CPs and PLEs will be responsible for all services

LTSS inclusion into PLEs and CPs

- Support and build a system that promotes consumer choice
- Build upon current system by ensuring continued access to facility-based services when necessary, and expanding continuum of services and variety of settings in which to receive them
- Promote use of enabling technology
- Invest in service strategies that prevent, delay or avert need for Medicaid-funded LTSS through appropriate upstream interventions
- Recognize and bolster key role family caregivers and other natural supports play in supporting beneficiaries with long-term care needs to delay or divert use of institutional services
- Ensure that LTSS beneficiaries have access to, as needed, hands-on streamlined service coordination that is responsive to their clinical and social needs
- Focus on care transitions and opportunities for early interventions related to transition planning

Questions

Budget neutrality

- Waiver must cost federal government no more than what would have been spent otherwise
- Budget neutrality is basis for negotiations with CMS and is not a calculation that reflects state budget impact
- Preliminary estimates suggest reform will drive over $400M in savings over five years
- DHHS intends to reinvest a significant portion of savings as incentive payments to improve health outcomes
- Final budget estimates, savings and reinvestment amounts are subject to negotiations with CMS and OMB

Public comments: Themes and responses

- Beneficiary concerns. Ensure beneficiaries continue to have a voice through work groups; ensure adequate patient access to providers
- Provider concerns. With possibility of working with up to five plans, DHHS must standardize processes to reduce administrative burden; ensure independent appeals process, rate adequacy, and support for local health departments, HIV specialists and psychiatry
- Expansion. Strong advocacy for expansion by attendees
- Case/care management. Ensure continuation of care management, provider supports and analytics
- Supplemental payments. Ensure levels of funding are maintained for providers (LHD, EMS, hospitals, etc.)
- Behavioral health. Favorable feedback around integrated care

CMS managed care rule impact

- CMS released final rule April 25, 2016; effective date July 5, 2016
- First major update of rules governing Medicaid and CHIP in more than a decade; 1400+ pages
- Broad-based changes to federal rules that will govern PHPs, including:
  - Beneficiary information and support, network adequacy, quality of care, appeals and grievances, LTSS, program integrity, encounter data, medical loss ratio, and capitation/provider payments
  - Most provisions phased-in between now and 2019; PHPs in 2019 will need to comply
- Impact still being reviewed, but expectations are aligned with North Carolina direction for LTSS

1115 waiver proposed implementation timeline

KEY ACTIVITY	DATE (assuming CMS approval Jan. 1, 2018)
Submit demonstration application	June 1, 2016
Draft RFP (including contract)	October 2016–January 2018
CMS approval of the 1115	Jan. 1, 2018
Consult with Joint Legislative Oversight Committee on terms and conditions of the RFP	February 2018
RFP issued	March 2018
PHP proposals due	June 2018
PHP awards	September 2018
Readiness reviews	November 2018–June 2019
PHP go live	July 1, 2019

Questions

Additional CMS information and resources

Managed Care Overview

https://www.medicaid.gov/medicaid-chip-program-information/by-topics/delivery-systems/managed-care/managed-care-site.html

Managed Care Final Rule

https://www.medicaid.gov/medicaid-chip-program-information/by-topics/delivery-systems/managed-care/managed-care-final-rule.html

Summary of Key LTSS Provisions in Final Rule

https://www.medicaid.gov/medicaid-chip-program-information/by-topics/delivery-systems/managed-care/downloads/strengthening-the-delivery-of-managed-long-term-services-and-supports-fact-sheet.pdf

Additional DHHS resources

Recognizing the importance of ongoing dialogue, DHHS will seek and identify opportunities for additional discussion and engagement.

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