NC Medicaid

Healthy Opportunities Pilots Fact Sheet

In October 2018, the federal Centers for Medicare & Medicaid Services (CMS) approved North Carolina's 1115 waiver for a five-year demonstration period. The waiver provides the North Carolina Department of Health and Human Services (DHHS) authority to transition its fee-for-service delivery system to a managed care program and, as part of the transition, important flexibility to implement a groundbreaking pilot program in select regions to promote value through evidence-based interventions designed to address non-medical factors that drive health outcomes and costs.

NORTH CAROLINA'S APPROACH

DHHS is committed to improving the health and well-being of North Carolinians with an innovative, well-coordinated system of care that addresses both the medical and non-medical drivers of health. While high-quality medical care is crucial, up to 80 percent of a person's health is determined by social and environmental factors. To create a system that improves health and promotes value, North Carolina must look beyond the four walls of a hospital or clinic.

All of North Carolina's Medicaid managed care plans — known as Prepaid Health Plans (PHPs) — will have a role in addressing the medical and non-medical factors that drive health outcomes and costs. For example, PHPs will implement a standardized screening tool for all beneficiaries that assesses their non-medical needs, such as unstable housing, insufficient food and interpersonal violence. Where identified, PHPs will connect beneficiaries to community resources using North Carolina's new Resource Platform and, in high-need cases, provide more support, such as navigating to a local food bank or domestic violence shelter.

HEALTHY OPPORTUNITIES PILOTS

North Carolina will launch "Healthy Opportunity Pilots" in two to four geographic areas of the state to test evidence-based interventions designed to reduce costs and improve health by more intensely addressing housing instability, transportation insecurity, food insecurity, interpersonal violence and toxic stress for eligible Medicaid beneficiaries.

HEALTHY OPPORTUNITIES

"We want to build an innovative, whole-person centered, and well-coordinated system of care that addresses both medical and non-medical drivers of health."

Mandy Cohen, Secretary of the North Carolina Department of Health and Human Services

The federal government has authorized up to $650 million in state and federal Medicaid funding for the pilots over the five-year life of the waiver, including capacity-building funding in the early years to support the launch of the project. PHPs will implement the pilots in collaboration with a network of human service organizations (e.g., community-based organizations and social services agencies) established and overseen by Lead Pilot Entities (LPEs), described later in this document.

To ensure there is accountability for investment in these pilots, rapid-cycle assessments will track enrollees' health outcomes and costs to determine which interventions are most and least effective, enabling North Carolina to shift pilot dollars to interventions with a demonstrated impact on cost and outcomes. Additionally, the demonstration will increasingly use value-based payments over time, starting with incentive payments that reward PHPs, LPEs and participating community-based providers for successfully preparing for pilot launch and executing their responsibilities.

HEALTHY OPPORTUNITY PILOTS — A FEDERAL PERSPECTIVE

"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, interpersonal violence and toxic stress."

Seema Verma, CMS Administrator; Health Affairs, Oct. 24, 2018

ROLE OF MEDICAID MANAGED CARE ORGANIZATIONS

North Carolina's Medicaid managed care plans, called PHPs, will be central to the Healthy Opportunity Pilots. PHPs will work closely with their communities and LPEs to operate the pilots and will be ultimately responsible for managing pilot enrollees' care — considering their physical, behavioral, social, and pharmacy needs. Having PHPs and their care managers own this responsibility will promote integrated, whole-person health. Many of the PHP responsibilities will be shared with their designated care managers located in the community. Under NC Medicaid managed care, PHPs will delegate some care management functions to advanced medical homes and local health departments. Embedding the pilot activities within the PHP and their care management infrastructure will promote sustainability and facilitate statewide implementation when the five-year demonstration ends.

PHP and care manager key pilot-related responsibilities will include:

- **Identifying Eligible Beneficiaries.** PHPs will leverage their community-based care managers to identify those in need and determine beneficiary eligibility for initial and ongoing pilot services.
- **Assessing for Needed Services.** PHPs and their care managers will determine which services to provide to a pilot enrollee from a predefined set of cost-effective and evidence-based interventions. The services will be delivered by human services organizations.
- **Managing the Pilot Budget.** Each PHP will have a capped allocation of funding to spend on pilot services outside of its Medicaid managed care capitation rate. PHPs will be highly incented to spend pilot dollars wisely, as improvements in their enrollees' health and reductions in their health care costs will boost PHPs' performance. In addition, DHHS will establish parameters to ensure that dollars are spent on both services that are likely to result in decreased medical expenses in the short-term, but also on effective, evidence-based interventions that result in a financial return on investment over the longer-term.
- **Collecting and Submitting Data.** PHPs will be responsible for collecting and submitting data to DHHS to support real-time, rapid-cycle assessments; a summary evaluation of the demonstration's final outcomes; and ongoing program oversight.

ROLE OF THE LEAD PILOT ENTITIES

LPEs will serve as the essential connection between PHPs and human services organizations. Two to four LPEs will be selected by DHHS in 2019 through a competitive bidding process, each representing a different geographic area. Each LPE must have extensive experience with local human service organizations in its community, with strong knowledge of and connections to those resources.

Each LPE will propose the geographic boundaries of its pilot area during the competitive bidding process. DHHS anticipates that each pilot geographic area will cover at least two contiguous counties and serve a mix of urban and rural communities. Key LPE responsibilities include:

- **Developing a Human Services Organization Network.** LPEs will recruit, train, manage and oversee the network of organizations that deliver pilot services (e.g. community-based organizations, social service agencies) within its pilot area.
- **Convening Key Pilot Stakeholders.** LPEs will convene key pilot entities (e.g., PHPs, human services organizations, clinical leaders) and other stakeholders to promote communication and coordination across partners.
- **Paying Human Services Organizations and Providing Financial Oversight.** LPEs will require strong financial management and accounting capabilities as they will be the entity receiving payment from PHPs and, in turn, are responsible for paying human services organizations for services rendered.
- **Providing Technical Assistance.** LPEs will provide technical assistance and expertise to human services organizations to ensure their successful participation in the pilot.
- **Collecting and Submitting Data.** Like the PHPs, LPEs will also be responsible for collecting and submitting data that will be used for rapid-cycle assessments, the summary evaluation and ongoing program oversight.

ROLE OF HUMAN SERVICES ORGANIZATIONS

Human services organizations, including community-based organizations and social service agencies, will play the crucial role of delivering pilot services to Medicaid beneficiaries — providing locally based, high-quality services that address beneficiaries' needs related to housing instability, transportation insecurity, food insecurity, interpersonal violence and toxic stress. To play this role, human service organizations must:

- **Contract with the LPE.** Human services organizations interested in participating in a pilot will need to enter into a contract with the LPE in its geographic area. As part of the contracting process, the LPE will assess whether a community-based organization meets qualifications (such as experience delivering pilot services) and is ready to successfully participate in the pilot.
- **Participate in Readiness Activities, Training and Convening.** While some community-based organizations may have experience with processes, like identifying insurance status and billing for discrete services, many

will not. North Carolina and the LPE will provide technical assistance and education aimed at human services organizations in pilot areas to ensure their success. Human services organizations contracting with LPEs must participate in these educational and training opportunities to ensure their readiness for and success in the pilots. They must also actively participate in convenings facilitated by the LPE and DHHS that will promote communication and coordination across all pilot entities.

- **Deliver Services to Pilot Enrollees.** As described above, the success of the pilots will rely on human services organizations providing high-quality and timely services to pilot enrollees. These services will be key to address enrollees' social needs, improve their health outcomes and reduce their health care costs over time.
- **Track and Bill for Services Delivered.** Human services organizations in the pilots must identify pilot enrollees and submit invoices to the LPE with standardized information about pilot services delivered to pilot enrollees to receive reimbursement from the LPE.
- **Collect and Share Data.** Like the PHPs and LPEs, human services organizations will be responsible for collecting and sharing data that will be crucial for evaluation and program oversight.

HOW PILOT SERVICES PROVIDED TO ELIGIBLE BENEFICIARIES WILL IMPROVE HEALTH

The Healthy Opportunities Pilots will provide evidence-based interventions to address housing, food, transportation, interpersonal violence and toxic stress for Medicaid-enrolled pregnant women, children and adults who meet certain eligibility criteria. Pilot participants must have at least one physical or behavioral health risk factor (e.g., multiple chronic conditions or history of a poor birth outcome) and at least one social risk factor (e.g., homelessness/housing insecurity or food insecurity) — as defined by DHHS. Each pilot must address all domains of need (housing, food, transportation, interpersonal violence and toxic stress) for all types of eligible beneficiaries (pregnant women, children and adults).

In each example below about the delivery of pilot services, the Medicaid beneficiary receiving the service will have been identified and enrolled into the pilot by a PHP and a care manager, who will help connect the beneficiary to the LPE's network of human services organizations that can meet the beneficiary's needs:

- **Housing Modifications.** A Medicaid-enrolled child with asthma has repeated visits to the emergency department (ED) because of asthma attacks brought on by her apartment's moldy carpet or broken air conditioner, which is bad for the child and her family, and costly for the health system. Once enrolled in the Healthy Opportunities Pilot, pilot funds can be used to replace her carpet or fix her air conditioner, improving control of her asthma and reducing ED visits and hospitalizations.
- **Improved Access to Healthy Foods.** A Medicaid-enrolled adult with diabetes lives in a rural food desert, does not have a car or access to public transportation, and experiences repeated hospitalizations due to uncontrolled high blood sugar, interrupting his life, increasing the risk of further medical complications, and driving up medical expenditures. Once enrolled in the Healthy Opportunities Pilot, the pilot can finance taxi vouchers to a community-based food pantry or a medically targeted healthy food box, providing access to nutritious medically appropriate foods not otherwise available. With sustained access to healthy foods, this Medicaid enrollee can better control his diabetes, leading to fewer complications and hospitalizations.
- **Addressing Interpersonal Violence.** A Medicaid-enrolled pregnant woman with hypertension experiences intimate partner violence, creating concerns for her personal safety, contributing to her high blood pressure, and adding a risk factor for a poor birth outcome. As part of her ongoing medical treatment, she is connected to a domestic violence shelter and targeted services to help her transition out of her traumatic condition (e.g. helping her secure safe housing and establishing a new phone number), thereby helping her to control her hypertension and leading to an improved birth outcome.

Simple, cost-effective interventions like these can result in marked improvements in health for North Carolinians, while simultaneously reducing health care spending.

HOW DHHS WILL ENSURE PILOTS ARE EFFECTIVE

To ensure accountability for state and federal dollars, North Carolina will:

- **Employ Rigorous Evaluation.** North Carolina will execute a formal summative evaluation on the final outcomes of the demonstration and conduct rapid cycle assessments to gain insights into pilot impact in as close to real time as possible. The findings from rapid-cycle assessments will help to identify which interventions are most and least effective, enabling North Carolina to shift pilot dollars to interventions with a demonstrated impact on cost and outcome.
- **Link Payments to Outcomes.** Over time, payments made for pilot services will be increasingly linked to improvements in enrollees' health outcomes.
- **Implement Course Corrections.** Throughout the demonstration, DHHS will modify or discontinue initiatives that are less effective and shift dollars to interventions with a demonstrated impact on cost and outcomes.

NEXT STEPS

DHHS anticipates releasing a Request for Information in early 2019 to inform Healthy Opportunities Pilot design, followed by a Request for Proposals mid-2019 to procure LPEs. As described earlier, LPEs will contract directly with other organizations to build a network of human services organizations to deliver pilot services in their geographic area. DHHS anticipates that LPEs will be selected at the end of 2019 and pilots will begin delivering services in late 2020.

Organizations awarded LPE contracts will have access to limited capacity-building funding for up to two years to develop the necessary infrastructure to effectively execute on their responsibilities.

Securing federal authority was a major milestone, but it was only the first step toward successfully implementing the Healthy Opportunities Pilots. In the coming months, DHHS is committed to working in partnership with North Carolina lawmakers, communities, PHPs and other stakeholders to make these pilots a reality for North Carolinians.

For more information on Healthy Opportunities initiatives, visit ncdhhs.gov/about/department-initiatives/healthy-opportunities.

For more information on North Carolina's approved waiver or more information about Medicaid managed care, visit the Medicaid Transformation website at ncdhhs.gov/medicaid-transformation.