NC Collaborative on Medicaid Transformation
Medicaid Funding Act
Friday, July 10, 10:00 – 11:00 a.m.
**Meeting held virtually via Zoom*

Meeting Purpose

- Create a shared understanding of the Medicaid Funding Act – how it came about, what it includes, and where we go from here

Meeting Notes

Overview of Medicaid Funding Act & Consumer Advocates' Expectations Going Forward
Nicole Dozier, Director, Health Advocacy Project, NC Justice Center

- **See attached PowerPoint slides.**
- The reason behind the advocacy stance that the NC Justice Center took around SB 808 was to help eliminate poverty in NC – medical debt and financial ruin often happen because people don't have equitable access to healthcare.
- Because of COVID-19, the world is coming to understand that the U.S. is not built on a system of equity. To illustrate, African Americans make up 22% of the population, 26% of COVID-positive cases, and 34% of deaths (according to data from the month of June).
- SB 808, in its original form, had Medicaid Managed Care going live on 1/1/21, Prepaid Health Plans (PHPs) would have 5 months to have everyone (1.6 million beneficiaries) enrolled, NCDHHS would move to Granville County, and there wasn't enough funding for COVID testing and contact tracing.
- In the midst of a pandemic, when we need to be all hands on deck trying to save lives, advocates felt that rushing the implementation of Medicaid Transformation would be disruptive. Advocates would rather see Medicaid expanded instead of disrupted at this time.
- People don't even feel comfortable getting preventive care during COVID-19, and it is believed that historically disenfranchised groups will suffer even more during a pandemic, especially while transitioning a system.
- An April 2019 report from the General Assembly said there were upfront costs to transitioning to Medicaid Managed Care and that savings wouldn't be realized until after those important upfront costs.
- Medicaid Expansion, on the other hand, would've boosted rural hospitals, the economy, created jobs, and approximately 175,000 people who lost their coverage during COVID (who currently fall into the gap) would've been covered.
- Some of the key issues that healthcare advocates care about as it relates to Medicaid Managed Care are as follows:
    - Want to understand the authorization process – what is the science and data behind these policies – because this will impact people's experiences.
    - The PHPs will have Member Advisory Committees which is great, but we need to make sure beneficiaries are heard and made to feel like they belong there.

- Make sure that people are supported as it relates to food insecurity, housing, childcare, etc. – all of the things that COVID-19 has exacerbated.
- Need to think about other partners who can have Medicaid members' backs, like faith leaders, service providers, etc. This will require the training of Managed Care staff but also grasstops organizations so they can help to relay stories while allowing room for members to be heard in an authentic way.
- Concerned about Ombudsman program – want to make sure people feel like they have a place to go to talk about their experiences and that those experiences will make for better policies, due process, redeterminations, etc.
- Health insurance is tethered to work and now we understand that healthcare tied to work doesn't work. Unemployment pre-COVID in 2019 was double that of White Americans. That's why the NC Justice Center and its partners were laser-focused on expanding Medicaid first.

- SB 808 got better before it was signed into law by Governor Cooper:
  - Allowed PHPs more breathing room – it can go live in July 2021 instead of January 2021. Advocates worked to get the implementation date moved out because they felt it would be more helpful to NCDHHS as well.
  - The Secretary got an additional $50 million; altogether, the Department received about $125 million more for testing and contact tracing.
  - Moving to Granville County is now off the table; NCDHHS will remain in Wake County.
  - Advocates are still concerned about network adequacy and how people can get care. People shouldn't have to drive more than 50 miles to get care or access to an ICU bed.
- We have to grab onto this moment after George Floyd's killing. We can't go back to normal because normal didn't work for everyone.
- We need to work as PHPs, advocates, NCDHHS, etc. to make sure equity is a part of everything we do. We can't just put a band-aid on racist systems but break them down and build them up so all of us can be well.

The Prepaid Health Plans' Collective Vision & Next Steps
Pam Perry, Vice President of Legislative Affairs and Government Relations, Carolina Complete Health

- **See attached PowerPoint slides.**
- Pam provided some background information on SB 808 and mentioned that it passed with an overwhelming majority – unanimous support in the final Senate vote (third reading); the Senate Committee vote was 46-5 in favor; and the House vote was 111-2 in favor.
- There was great support and conversation around what was in the bill, why it was included, and what needed to be in the bill. There was also a lot of back and forth with NCDHHS staff around what they needed – not only for Medicaid Transformation but Medicaid rebates, testing and contact tracing (which was a drawdown of federal money from the CARES Act), etc. It ultimately became a broader bill with a lot in it.
- Medicaid Transformation has been an evolution… July 2021 is right around the corner/less than a year away to launch this major initiative.
- Original legislation was passed in 2015, Cooper took office in 2017, and he hired Secretary Cohen to lead NCDHHS. Since then, there have been a lot of new, innovative approaches incorporated into the Medicaid Transformation program.
- The 1115 waiver had already been submitted to CMS but Governor Cooper and Secretary Cohen decided to seek input from North Carolinians via listening sessions, RFI's, etc. They landed on a few areas that have greatly improved the program, like integrated behavioral and physical health, Healthy Opportunities (first time a state has received federal authority in the

1115 waiver to test these issues that ride along with physical concerns – e.g., food insecurity, housing, transportation, workforce issues, violence and toxic stress)

- NCDHHS was due to make the Healthy Opportunities award on May 15 but that's been delayed. The Healthy Opportunities Pilots are expected to launch with the standard plans, as members of the pilots will come from the PHPs.
- There will be 2-3 pilots initially and if they're successful, it can spread over time.
- Tailored plans will launch after the standard plans and will address more severe behavioral health, substance abuse and IDD needs. It will be a partnership between the standard plan and LME/MCO for the first 4 years.
- There are approximately 31 white papers around different Medicaid Transformation design elements on the NCDHHS website.
- NCDHHS facilitates the Medical Care Advisory Committee (MCAC) and 8 or so subgroups – e.g., Credentialing, Network Adequacy, and Behavioral Health. These subcommittees were meeting on a regular cadence pre-COVID and are expected to continue to meet and develop recommendations around Medicaid Transformation.
- After the initial bill was passed in 2015, there were additional bills (HB 156 & 403) to implement some of the Medicaid components – e.g., licensure, MLR (medical loss ratio), patient and provider protections, etc.
- Immediate work to get ready after PHP contracts were awarded – cadence has slowed down a bit but still continues
- November 2019 was supposed to be the Phase I roll-out but Medicaid Managed Care was suspended that month instead. Session Law 2020-88 establishes July 1, 2021 as the new start date with a 5-month roll-out period.
- The PHPs' vision for Medicaid Transformation is as follows:
    - Innovative, integrated, whole-person care linking to Behavioral Health services with those Healthy Opportunities services
    - Advanced Medical Homes – looking at value-based payment arrangements for the first time
    - Making sure to recruit, maintain, and grow pool of providers.
    - PHPs were asked to commit to offering an Exchange product in the ACA Marketplace.
    - Improving the beneficiary experience – Having consumer advisory panels and deep roots in the community as well as an Ombudsman (award pending)
    - Conducting health risk assessments within 90 days – expedited for those at greater risk or with more severe, chronic issues
    - Value-added services beyond the State Plan – PHPs can offer additional services that complete standard plan services and meet the needs of members who might want help navigating their health conditions. It's a more flexible approach to providing and delivering care.
    - Medicaid hotline that NCDHHS manages and will grow to address Medicaid Transformation questions
    - Accountability and integrity – There are quality standards that must be met in a certain amount of time or there will be liquidated damages + accreditation requirements, External Quality Review Organization (EQRO) to make sure PHPs are compliant with state requirements + performance bond that PHPs were required to put up + risk-based capital requirements to shift risk from the State to PHPs. The NC Department of Insurance monitors the risk-based capital requirements.
- Cost savings as part of 1115 waiver – Estimates will need to be refined now that implementation has been delayed. Rates will need to be redeveloped and resubmitted to CMS

for approval to make sure everything is actuarially sound. There's a 7-year projection of cost savings on the legislative website.

- Related to COVID, PHPs will have such good information about their members and their members' needs (as well as the providers serving those beneficiaries) that, hopefully, we can connect the needs to the resources in a way that will address the next wave of COVID or the next pandemic, natural disaster or any type of crisis. The health plans will be a lever to get activated on an issue of concern around Medicaid in a way that does not currently exist today. For example, if asthma is increasing at an extraordinary rate, the Secretary can ask the PHPs to develop a strategy to address asthma in the 1.6 million beneficiaries in 30 days and it will get done.
- We'll be responsive, accountable, and hopefully work in partnership with all of the stakeholders to make sure the program is as successful as it can be in serving Medicaid beneficiaries and the state of North Carolina.

Q&A

- ***As it relates to the requirement to conduct health risk assessments within 90 days, is there a plan/process for communicating those results back to the Primary Care Provider?***
  Under this period of pause, revisions have been made to many different policies and procedures. Pam Perry will take this question back and get any documentation to Willona to share with NC COMeT partners.

- ***Is the state planning to make any of the PHPs pay a minimum per member/per month?***
  For every member, depending on their category of eligibility, there is an associated actuarial number to the per member/per month. Based on membership and composition of membership (e.g., disabled adults, pregnant women, children, infants, etc.), you have rate bands within each. There's basically an average that's done among that membership to the health plan and that's the PM/PM payment that the plans would receive. Also based on historical trend - What has the state incurred in cost in those different categories of Medicaid-eligibles?

  Short answer: *Yes*, as time goes on and the Plans have more experience serving members. Rates are set on an annual basis and the State has an actuarial firm (Mercer) working with the Plans to help develop the rates.

  Clarification: Was referring to PHPs' payment to provider practices and if the State plan will pay a minimum rate
  Most PCPs at a rate minimum will receive 100% of fee-for-service for each member that is included in the contract for PHPs to work with. Until next July, providers have a set fee that they're paid based on the state's Medicaid plan – it is an individual negotiation and if you're an Advanced Medical Home and want to stack some value-based payment arrangements into your contract, it will depend on the terms of that contract.

- ***Can you describe how the PHPs are working to ensure capacity of care management to address the needs of priority populations and high-need enrollees?***
  Every PHP will be working with a cadre of both staff that are internal to do care management and Advanced Medical Homes that will be taking on some of these responsibilities. The capacity issue is one that we have to aware of – We don't have members yet so we don't know what the membership numbers will look like. However, as the program begins to enroll members into the Health Plans, we'll get a line of sight into what our membership will look like through

member selection and auto selection.

- ***What's the status of the Ombudsman contract award?***
  Nothing has been posted publicly. However, the contract is believed to be pending (based on conversations the PHPs have had with NCDHHS), which could mean that a selection has been made and it's just a matter of getting the award through.

  The Ombudsman funding is likely tied up with the Medicaid Transformation funding, meaning that the money needed to fund the Ombudsman program wasn't available until SB 808 passed.

  Healthcare advocates are glad we will have an Ombudsman in our state because we started out not having one. However, they really pushed for it because people don't really understand the current Medicaid program so they will certainly need help understanding this new system.

- ***In the Free Clinic world, we deal with a population (uninsured population) where the health disparities issue may be the strongest. How might we consider linking the uninsured data and work together to prepare the pre-Medicaid population for Medicaid? Would like to invite these conversations again now that the certainty of Medicaid Transformation is more clear.***
  Throughout the SB 808 process, conversations about the uninsured were constant. Even those who weren't supportive said that Session Law 2020-88 is a first step. The PHPs see the opportunity to have these conversations in the future only increasing.

  Healthcare advocates are frustrated that people are still in the coverage gap. We have to do what's right and advocates believe the first step is expanding Medicaid. Some people were already suffering and now we're in hurricane season… Medicaid Expansion would boost rural hospitals (7 have closed and many are on life support)/Many of these hospitals are also in the Black Belt where people who were enslaved are most prevalent. This is truly a health equity issue.

- ***What should providers be doing now to help them prepare for the launch of Medicaid Transformation next July?***
  Since the bill was signed into law, there hasn't been an official announcement from NCDHHS about the relaunch of implementation. You should reach out to your PHP partners to reestablish those contacts if you haven't already. As a provider, there may be stale language in your contract that you want to refresh, so you can start by doing that. There weren't any major provider changes in the new legislation that should affect your contract terms and conditions except for DME providers. DME providers were brought up to 100% of the Medicaid fee-for-service rate, so if you're a DME provider, that may need to be adjusted with your PHP partners.

  As part of NCDHHS' restart, they will need to look at reimbursement for PHPs, PM/PM, redoing rates, looking at telehealth, parody, etc. This is something providers might consider preparing for as well.

Wrap-up and Next Steps – The next NC COMeT meeting will take place on Friday, August 14 from 10:00 to 11:00 a.m. Please mark your calendar and stay tuned for updates. Thanks for your support!