Legal Basics for Health & Human Services Directors

Medicaid Transformation

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What is Medicaid Transformation?

July 1, 2021—New system for managing and paying for the cost of health care for Medicaid and NC Health Choice enrollees—$15 billion.

- **Medicaid** covers healthcare costs for qualifying low-income individuals—approximately 2 million as of February 2019.
- **NCHC** covers children ages 6-18 in households with income between 133% and 210% of FPL—appx. 106,333, Feb 2019.

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Medicaid Managed Care

- Roughly 1.6 million enrollees move from a *fee-for-service* to a *managed care* system of payment for healthcare services.
  - Fee-for-service—health care providers paid directly for each covered service provided to a Medicaid enrollee.
- Managed care—State contracts with private entity to coordinate and pay for the physical **and** mental health care needs of enrollees
  - Prepaid Health Plan (PHP)—MCO paid in advance a set, contractually agreed upon fee for each Medicaid/NCHC enrollee in the MCO's covered region
  - Provider network—MCO contracts with health care providers to provide services

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Behavioral Health and Managed Care

- 2013—Public mental health authorities (LMEs) moves from fee-for-service to managed care
  - Performs managed care functions for publicly-funded MH/IDD/SA services.
  - Hence, the LMEs are called LME-MCOs.
- Prepaid Health Plan (PHP)—the LME-MCO is "pre-paid" a set, contractually agreed upon fee for each Medicaid enrollee. PMPM—per member per month
- LME-MCO required to manage, coordinate, and pay for the behavioral health service needs of Medicaid enrollees in a manner that keeps costs within the per-person rate

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Behavioral Health & Medicaid Transformation

- Many LME enrollees ("clients") move to private MCOs
- Enrollees with more serious MI, severe SUD, IDD, and certain other designations (G.S. 108D-40) will continue to have LME/MCOs manage their care
- LME/MCOs will become responsible for managing the physical healthcare needs of these enrollees—"integrated care"

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Two kinds of Prepaid Health Plans

- Standard Plan—Administered by Private MCOs serving those with no or lower intensity behavioral health needs
  - AmeriHealth Caritas
  - Healthy Blue
  - United Healthcare
  - WellCare
  - Carolina Complete Health (a provider led entity)
- Tailored Plans—Managed by Public MCOs (LMEs) serving those with more serious BH/IDD needs
  - Manage non-Medicaid funding (federal/state/county)
  - Have to competitively bid for tailored plans after 4 years

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Medicaid Transformation

LME/MCO — MH, IDD, SA and physical health services for individuals with IDD and serious MH or SA ("Tailored Plans")

Fee for Service Medicaid — Some will remain in "Medicaid Direct"

Private MCO — Physical, prescription, long term care, MH, SA ("Standard Plans")

Mild to Moderate MH and SA move to Private MCOs

Most move to Private MCO

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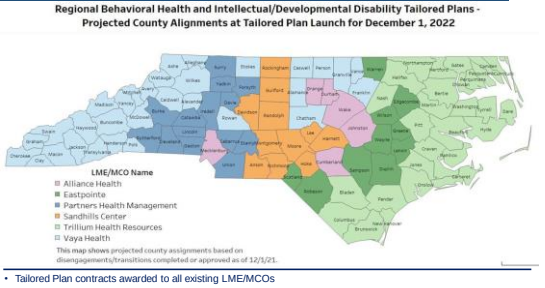
LME-MCO Catchment Areas—2022

https://www.ncdhhs.gov/providers/lmemco-directory



- Tailored Plan contracts awarded to all existing LME/MCOs
- DHHS working with future Tailored Plan to prepare for December 2022 implementation

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Managing Care

- Managing the quality of care
- Managing the cost of care

LMEs: 350,000 served in FY 2020
http://ncdhhs.gov/media/10457/download

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Service Authorization

- Eligible individual?
- Covered service?
- Based on clinical assessment?
- Medically necessary?
- Qualified provider?
- Evidence that treatment helps?
- Other needed services?
- Outcomes over time?

MCO Provider

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Service Management

- Service authorization—Approve specific services to individual consumers
- Utilization management—Evaluate the medical necessity, clinical appropriateness, and effectiveness of services according to state criteria
- Care coordination—Monitor individual care decisions at critical treatment junctures to assure effective care is received when needed

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Medicaid Transformation

Challenges and Opportunities

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Implementation Issues

The Standard Plan PHPs are

- denying services that Tailored Plans authorized
- writing checks to the wrong provider
- not paying the correct rates (not the contract rate)
- referring to a contract copy that doesn't match the provider's contract copy
- failing to recognize Pandemic coding
- not transparent—check comes without further documentation, i.e., for 2 services and 500 denials but provider doesn't know what to chase

Seems DHHS had no Data Strategy for transfer of services from Tailored Plans to Standard Plans

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Consequences for Behavioral Healthcare Providers

- Under capitalized agencies rely on billing systems to be automated and efficient
- Something that used to be managed by a single person a few minutes a day now requires dozens of staff
- Payment rates do not support the increase in overhead expenses
- Have to survive on cash reserves until payment issues are resolved

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Care Management

- Assesses and coordinates all of a patient's needs
  - Physical health, behavioral health, IDD, TBI, employment, housing, etc.
- Requires personnel and data
  - multidisciplinary team who communicate and collaborate closely and efficiently
  - technology that bridges data silos across providers and plans
- Drives development of a care plan → $$$
- Can be performed by a primary care or behavioral healthcare provider working with a CIN

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Clinically Integrated Network

- A structure that allows collaboration among providers
- To create and share a technology platform
- To develop information and analytics for predicting patient needs (e.g., for behavioral health, predicting the risk of inpatient care)
- To support care management
- Benefits: better data → better patient outcomes → reduced provider costs

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Thinking about the Future

- Learn from the behavioral healthcare world
- Don't assume that PHPs understand you or what you do
- Identify and sell the *infrastructure* and *expertise* that you offer to managed care organizations
  - Expertise that addresses how to provide accessible, quality, and coordinated care for Medicaid populations
  - How the coordination of clinical and population-based activities support managed care goals
- Explore ways to enhance and add value to what you do:
  - Care management
  - Clinically Integrated Network (CIN)

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Resources

- LME-MCO Directory
  https://www.ncdhhs.gov/providers/lmemco-directory
- NC DHHS Medicaid Transformation page:
  https://medicaid.ncdhhs.gov/transformation
- County "playbook" (fact sheets, guides, educational materials, population):
  https://medicaid.ncdhhs.gov/counties/county-playbook-medicaid-managed-care
- Fiscal Research Division, Medicaid and NC Health Choice
  https://www.ncleg.gov/documentsites/committees/JointAppropriationsHHS/2019%20Session/02-27-2019/Medicaid%20NCHC%20Intro%20Base%20Budget.pdf

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Questions?

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