The Future of Mental Health Services and Medicaid Reform in North Carolina

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Terminology

- Area Authority
- Local Management Entity (LME)
- Managed Care Organization (MCO)

Topics

1. What is an LME and what does it do?
2. What is the future under Medicaid Reform?
   - For LMEs?
   - For you?
WHAT IS AN LME AND WHAT DOES IT DO?

How are LMEs Established?

- A county must provide MH/DD/SA services through an area authority
- With DHHS Secretary approval
  - Boards of county commissioners must jointly establish an area authority
  - A county may “disengage” from one area authority and “realign” with another
  - Two area authorities may consolidate (merge) to create one larger area authority

G.S. 122C-115.

Who Governs the LME?

- Boards of county commissioners within the LME’s catchment area shall appoint governing board members according to a plan
  - jointly adopted by the counties
  - that describes the board composition, appointment, and selection process
- LME board statute
  - requires 11 to 21 voting members
  - 11 prescribed categories of professional and constituent representation

G.S. 122C-118.1, 122C-115.2
What Does an LME Do?

- LMEs are responsible for the management and oversight of the public system of MH/DD/SA services at the community level.
- An LME shall plan, develop, implement, and monitor services within a specified geographic area to ensure expected outcomes for consumers within available resources. G.S. 122C-115.4

Who Pays for Services?

- Medicaid: 81%
- State/Federal Block Grant: 17%
- County: 2%

Cardinal Innovations
FY 2013-14 Revenue By Source

$428 million
Who Pays for Services?

- Medicaid: 80%
- State and Federal Block Grant: 17%
- County: 1%
- Other: 2%

Total: $369 million

Smoky Mountain Center FY 2015-16 Budgeted Revenues By Source

Where Does the State and Federal Money Go?

- Services: 88%
- Admin.: 11%
- Risk Reserve: 1%

Total: $360.5 million

Smoky Mountain Center FY 2015-16 Budgeted Medicaid/State/Federal Revenues

Agency Functions and Mission

- Personnel
- Budget and finance
- Consumer affairs
- Information management
- Services
  - Access
  - Provider relations
  - Service management
  - Quality management
  - Community collaboration

To efficiently provide necessary and effective services to eligible people within available resources
Service Management

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

Managing Care

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

Managing Care—Cost and Quality

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

The LME must establish and maintain effective collaborative working relationships with other public agencies, health care providers, and human services agencies within their catchment area.

Collaborative Context

- Social Services
- Juvenile Justice
- LME-MCO
- Health Care Providers
- Schools
- Others

WHAT DOES THE FUTURE HOLD?
Medicaid Reform—S.L. 2015-245 (H 372)

- Establishes the Joint Legislative Oversight Committee on Medicaid and NC Health Choice
- Creates a new Division of Health Benefits (DBH) in DHHS
- Directs DHB to develop a federal waiver application to transform the Medicaid and NC Health Choice systems from a fee for service system to a managed care system.

Managed Care Through Prepaid Health Plans

Prepaid Health Plan (PHP)=an entity
- that enters into a prepaid, capitated contract with DHB
- for the delivery of all Medicaid and NC Health Choice services—physical health services, prescription drugs, long-term care and supports, and behavioral health services—“whole care”
- to all Medicaid and NC Health Choice aid categories—“enrollees” (except those dually eligible for Medicaid and Medicare)
- in a geographic region defined by DHB—“catchment area”

Prepaid Health Plans=Two Types

- Commercial plan (CP)—
  - a profit or nonprofit entity
  - licensed by the Department of Insurance
- Provider led entity (PLE)—
  - majority of ownership held by individual or entity whose primary purpose is the operation of one or more Medicaid or NC Health Choice providers
  - majority of governing body composed of physicians, physician assistants, nurse practitioners, or psychologists
  - licensed by the Department of Insurance
Prepaid Health Plans

- Three statewide contracts with Commercial Plans
- Up to 10 regional contracts with Provider Led Entities

Providers

- PHPs must develop and maintain a provider network that meets the needs of its enrollees
- PHPs can exclude providers for failure to meet quality standards or refusal to accept network rates
- PHPs cannot exclude “essential providers”
  - Federally qualified health centers
  - Rural health centers
  - Free clinics
  - Local health departments
- All providers must submit data through the Health Information Exchange Network (must have an EHR)

Managing Care—Cost and Quality

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

- March 1, 2016—DHB reports to Oversight Committee
- June 1, 2016—DHB submits waiver application to Centers for Medicare & Medicaid Services (CMS)
- Within unknown period—CMS approves NC’s plan
- 18 months after CMS approval—PHP contracts begin and initial recipient enrollment is complete
- 4 years after contracts begin—LME/MCOs stop managing Medicaid behavioral health services

3-4 years enrollees receive services through PHPs
7-8 years LME/MCOs lose Medicaid MCO contract

When LME/MCOs lose Medicaid contract?

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<tr>
<th>What happens to the State funding for the indigent and uninsured who are not eligible for Medicaid?</th>
<th>What happens to the non-Medicaid functions of an LME/MCO?</th>
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| Medicaid 80%
State and Federal Block Grant 17%
County 1%
Other 2%
$400 million | Local service planning with stakeholders
Collaborative working relationships with other public agencies
Community collaborative of crisis/emergency stakeholders
Coordinate services to juveniles in the juvenile justice system
Perform multidisciplinary evaluations |

Questions?

Resources:
- Mental health website
  sog.unc.edu/resources/microsites/mental-health