



NC Medicaid Transformation Section 1115 Demonstration Waiver

**NCDHHS Secretary Mandy Cohen, M.D.
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Medicaid Transformation Vision

“ To improve the health of North Carolinians through an innovative, whole-person centered, and well-coordinated system of care that addresses both medical and non-medical drivers of health. ”

Transition to Medicaid Managed Care

- In 2015, the **NC General Assembly enacted Session Law 2015-245**, directing the transition of Medicaid and NC Health Choice from predominantly fee-for-service to managed care.
- Since then, the North Carolina Department of Health and Human Services (DHHS) has **collaborated extensively** with clinicians, hospitals, beneficiaries, counties, health plans, elected officials, advocates and other stakeholders to shape the program, and is committed to ensuring Medicaid managed care plans:
 - Deliver **whole-person care** through coordinated physical health, behavioral health, intellectual/developmental disability and pharmacy products, and care models
 - Address the **full set of factors** that impact health, uniting communities and health care systems
 - Perform **localized care management** at the site of care, in the home or community
 - Maintain broad **provider participation** by mitigating provider administrative burden

1115 Waiver Approval is Key Milestone

Receiving waiver approval is a key milestone in the effort to pursue North Carolina's broader Medicaid transformation goals

DHHS recently **received approval** from the federal Centers for Medicare and Medicaid Services (CMS) for the State's 1115 Demonstration Waiver, which:

- Provides North Carolina with **authority to implement its Medicaid managed care program**
- Allows the State to incorporate **innovative features** into its new managed care delivery system that require federal waiver authority

1115 Waiver's Innovative Features of Medicaid Managed Care

1115 Waiver: Innovative Medicaid Managed Care Features

- 1 Behavioral Health Integration and Tailored Plans
- 2 Opioid Strategy
- 3 Healthy Opportunities Pilots

Behavioral Health Integration and Tailored Plans

Description

North Carolina will **integrate physical, behavioral and pharmacy benefits** into both Standard Plans and Tailored Plans. **Tailored plans** will provide:

- Integrated physical, behavioral and pharmacy benefits to people with a serious mental illness, serious emotional disturbance, severe substance use disorder, intellectual/ developmental disability or a traumatic brain injury
- A specific, more intensive set of behavioral health benefits that are not available in Standard Plans (as approved in the 1115 demonstration waiver)*
- Care management through a specialized behavioral health home model designed to meet beneficiaries' complex needs

Impact

Supports the State's goal to provide managed care beneficiaries seamless access to coordinated care and benefits through one managed care plan and to ensure those with serious behavioral health conditions get the care they need.

**Individuals eligible for Tailored Plans may elect to enroll in either Standard Plans or Tailored Plans, but will only have access to the more intensive behavioral health benefits in the Tailored Plans*

Opioid Strategy

Description

As part of the State's comprehensive strategy to address the opioid crisis, North Carolina will (1) increase access to inpatient and residential substance use disorder treatment by beginning to reimburse for substance use disorder services provided in institutions of mental disease (IMD), and (2) expand the substance use disorder service array to ensure the State provides the full continuum of services.

Impact

Strengthens the State's approach to improving care quality and outcomes for patients with substance use disorders, including by decreasing the long-term use of opioids and increasing the use of medication-assisted treatment (MAT) and other opioid treatment services.

Healthy Opportunity Pilots

Description

- North Carolina will implement within its Medicaid managed care program a groundbreaking **pilot program** in two to four regions of North Carolina to improve health and reduce health care costs.
- Working with managed care plans, these pilots will **identify cost-effective, evidence-based strategies** focused on addressing Medicaid enrollees' needs in five priority areas that drive health outcomes and costs: **housing, food, transportation, employment and interpersonal safety**.
- The State will increasingly **link pilot payments to improvements** in health outcomes and efficiency.
- North Carolina will use a **rigorous rapid-cycle assessment strategy** to evaluate pilot performance and tailor service offerings to those with demonstrated efficacy.

Impact

Overall health is driven by many factors beyond the four walls of a hospital or clinic. The Healthy Opportunities pilots leverage federal funding to ensure the most efficient and effective managed care program and to strengthen work already underway in communities to improve population health.

Budget Neutrality

- CMS policy requires that 1115 waivers be **budget neutral** to the federal government, meaning that the State not spend more than the State projected to spend without the waiver.
- In granting the waiver, CMS has agreed that North Carolina's waiver will not increase Medicaid spending for the populations and services authorized through the waiver.

Evaluation Strategy

North Carolina will conduct a **rigorous evaluation of the waiver** to ensure the State is achieving its goals.

Evaluation Strategy

- Consistent with standard waiver practice, North Carolina will arrange for a third-party entity to conduct an independent evaluation of the waiver.
- The State will submit to CMS two publicly available reports prepared by the independent evaluator: one in the middle of the demonstration and one after the five-year demonstration period ends (2019-2024).

Pended Requests for Further Negotiation

CMS and North Carolina agreed to finalize a first set of activities under the approved 1115 waiver authority while continuing to negotiate pending requests over the upcoming months.

Pended Items

1 Uncompensated Care Pool for Tribal Providers

- North Carolina's waiver application included a request for expenditure authority for an uncompensated care pool to address the high burden of uncompensated care borne by the Cherokee Indian Hospital Authority.

2 Workforce

- North Carolina proposed to invest in building its Medicaid provider network through an Innovation Workforce Fund. The Fund would support loan repayment and recruitment bonuses for critical Medicaid provider types targeted to fill identified gaps in the Medicaid provider network.

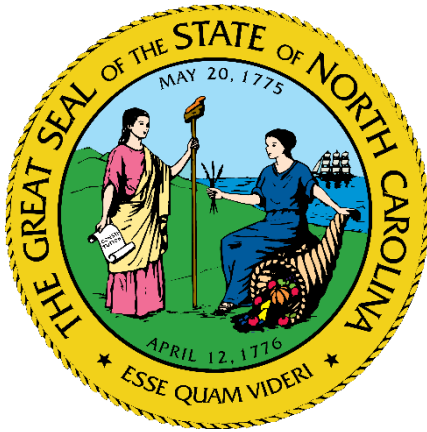
3 Behavioral Health Home Capacity Building Funds

- North Carolina is working with CMS to secure funding that will support upfront investment in the development of a strong health home care management model to ensure at launch the health homes can meet the needs of people with intellectual/developmental disabilities or significant behavioral health needs.

Next Steps & Questions

- PHP Request for Proposal Responses submitted on Friday, Oct. 19, 2018
- Award contracts in February 2019
- Launch the phase-in of Medicaid managed care in November 2019





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**For information about North Carolina
Medicaid Transformation, visit:**

ncdhhs.gov/assistance/medicaid-transformation