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Tandem Bills Passed to Move Medicaid Transformation Forward

The General Assembly passed two bills that work together, H. 403 and H. 156, to clarify the implementation of the Standard and BH/I-DD Tailored Plans and the licensure requirements for managers under Medicaid Transformation. In a historic move, legislators passed H. 403 that moves Medicaid recipients with mild-to-moderate behavioral health needs under the Standard Plan for Medicaid services. Individuals with a serious mental illness, a serious emotional disturbance, a severe substance use disorder, an intellectual/developmental disability, US DOJ settlement consumers, or individuals who have survived a traumatic brain injury are the defined population that will fall under the Behavioral Health/Intellectual-Developmental Disability (BH/I-DD) Tailored Plan. The BH/I-DD Tailored Plan will begin one year after the Standard Plan with the LME/MCOs as the lead plan managers working with another PHP to offer the physical healthcare services for Tailored Plan Medicaid recipients for four years after that. NC DHHS will likely publish the RFP for the Standard Plan in late August or early September. They do not need CMS approval to publish the RFP.

After decades of using the LME/MCOs as the access point for all individuals who need public mental health and substance use disorder services, H. 403 requires that Medicaid recipients with a MH or SUD diagnosis be further assessed to determine which plan, Standard or Tailored, and corresponding benefit package will fit their needs. NC DHHS further indicates in a recent report that the uninsured, State-funded consumers of BH/I-DD will fall under the Tailored Plan. Presumably these changes will move North Carolina closer to an integrated model of care that fuses the physical health and behavioral health/I-DD and other needs of individuals. The timelines incorporated in H. 156 push for the State to complete the transition to the Standard and Tailored Plans as well as moving other specialty populations under managed care within five years. Some would say that the five years is the initial transition and that changes in policy and law to integrate publically funded services will necessarily continue beyond that time.

Based on a provision in H. 403, NC DHHS promptly sent a report to the legislature to outline further the transition to Standard and Tailored Plans. The report indicates that several changes will need to be made to Chapter 122C of the NC Statutes such as: re-evaluating the LME/MCO boards and CFAC representation to ensure that physical healthcare is included; specifying the performance expectations for LME/MCOs as PHPs; expanding the statutory role of the LME/MCO to include all components required for the BH/I-DD Tailored Plan. A report is due to the legislature in November 2018 outlining how NC DHHS will tackle these changes. NC DHHS is accepting feedback on this report through Medicaid.Transformation@dhhs.nc.gov.

Here's a bulleted breakdown of provisions in both bills, with citations for the bill in which the provision was contained, and related portions of the NC DHHS report:

Provision	**Citation**
Timelines:	

Standard Plan to begin 18 months after the approval by the federal Centers for Medicare and Medicaid Services (CMS) of the 1115 Medicaid waiver.	H. 156, Section 3
BH/I-DD Tailored Plan will be initiated at the start of the fiscal year that is one year after the implementation of the Standard Plan through a NC DHHS and LME/MCO contract.	H. 403, Section 1(10)a(3), DHHS Report Section 1
Beginning on August 31, 2018, NC DHHS is authorized to take action on the BH/I-DD Tailored Plans.	H. 403, Section 1(10)d
RFP Processes:	
There will be up to four statewide PHP contracts with NC DHHS and up to 12 regional PLE/PHP contracts. Contracts will be staggered.	H. 403, Section 1(6)
There will be up to seven and no fewer than five LME/MCO contracts to conduct the BH/I-DD Tailored Plan.	H. 403, Section 1(10)a(3)
The legislature has prescribed the timeframe for the NC DHHS to issue a RFP for the Standard Plan to be either up to 60 days after H. 156 became law (June 22, 2018) in the instance when the 1115 waiver has <u>not</u> yet been approved by CMS. Or, if CMS does approve the 1115 waiver within sixty days of when H. 156 became law (June 22, 2018), NC DHHS may issue the RFP for the Standard Plan 30 days after the date of the waiver approval—whichever is later.	H.156, Section 10
LME/MCOs are now defined as Prepaid Health Plans (PHP).	H. 403, Section 1(2)
LME/MCOs will be the sole Tailored Plan managers for four years and, because they are the BH/I-DD Tailored Plans, they will be expected to also offer the physical healthcare integrated component through a PHP that covers services under the Standard Plan as a partnering agency.	H. 403, Section 1(10)a(2) and (5), NC DHHS report, Section 2
NC DHHS will competitively bid the BH/I-DD Tailored Plan after four years.	H. 403, Section 1(10)a(4)
Prepaid Health Plans and Licensure:	
Each PHP applying for licensure will be responsible for meeting several criteria, including a financial feasibility study and a plan for handling insolvency and must have $1.5m in working capital along with	H. 156, Section 1
A PHP may, with the DOI approval, purchase a hospital or other specific types of entities and the PHP may make loans to medical groups they are associated with.	H. 156, Section 1
In the event of a suspension or revocation of the PHP license, the PHP may not enroll new members and DOI will work with DHHS to take any further action needed.	H. 156, Section 1
Definitions of Populations:	
BH/I-DD Tailored Plan is defined to include the following services: behavioral health, physical health, I-DD, TBI, LTSS and pharmacy	NC DHHS report, Section 2.2
CAP/C Medicaid recipients will be included in the BH/I-DD Tailored Plan and served by a PHP with experience in serving specialized populations. This transition will not occur until four years after the implementation of managed care.	NC DHHS report, Section 10

Children age 0-3 who are identified with or at risk of an I-DD diagnosis will be under the BH/I-DD Tailored Plan and will continue being served through the CDSAs.	H. 403, Section 1(5)l(4), NC DHHS report, Section 11
Children involved with juvenile justice and delinquency prevention programs will be under the BH/I-DD Tailored Plan.	H. 403, Section 1(5)l(4)
Children in Foster Care will be under a specialized PHP Program.	NC DHHS report, Section 12
Qualifying Events for the BH/I-DD Tailored Plan or Standard Plan:	
Multiple criteria are set forth to determine when a Medicaid recipient who is in the Standard Plan may become qualified for the BH/I-DD Tailored Plan including emergency room visits, BH crisis episodes, involvement in other public human service agencies, etc. Note: Access to care standards will be in place to ensure continuity for the Medicaid recipient.	H. 403, Section 1(5)l(3), NC DHHS report, Section 4.1
DHHS will review encounters and claims Medicaid data to identify any BH/I-DD Tailored Plan Medicaid or State-funded consumers who have not used BH/I-DD services in the past two years and that consumer will be given 90 days to change PHPs.	NC DHHS Report, Section 4.7
Capitation:	
LME/MCO current capitation that is based on the number of Medicaid recipients per month will be recalculated to only account for those higher needs Medicaid recipients who will be in the BH/I-DD Tailored Plan.	H. 403, Section 1(9)b
Business Structures:	
The BH/I-DD Tailored Plan will operate with a closed provider network and BH/I-DD Tailored Plans will be expected to operate under the same standards of accessibility as the Standard Plan PHPs.	H. 403, Section 1(10)a(IV), NC DHHS Report, Section 9
Medical Loss Ratio is set at 88% for all PHPs.	H. 156, Section 5, NC DHHS Report, Section 8.3
Lays out timelines and reporting requirements for DOI to incorporate PHPs into the NC tax structure and estimate the revenue expected from PHP business.	H. 156 Sections 8-9
Advanced Medical Home:	
PHPs will not be required to contract with any particular AMH care management program and may create its own AMH.	H. 156, Section 7
Quality Metrics:	
Along with NC DHHS expecting quality outcomes similar to the Standard Plan, the LME/MCO and the physical healthcare partnering entity will have quality outcome metrics showing they are integrating care	NC DHHS Report, Section 2.2