

Overview of the NC Medicaid Transformation Process

In 2015, the North Carolina General Assembly enacted House Bill 372, marking the start of the state's transition away from its classic fee-for-service Medicaid and Health Choice programs to Medicaid managed care. Under HB 372, North Carolina Medicaid will rely on multiple statewide and regional prepaid health plans ("PHPs") to manage the insurance risk of the program and fully embrace the principles of value-based care delivery.

In the last session, the General Assembly enacted House Bills 156 and 403, which provide additional clarity on how the Medicaid transformation will proceed. With these new laws, the North Carolina Association of EMS Administrators has partnered with EMS Management and Consultants to review and monitor the status of the transition and what it means for emergency medical services professionals across the state.

To date, there have been any significant changes. However, many have started receiving communications from companies that hope to become one of the state-selected PHPs. These companies seek to form early relationships with providers (typically by contract or a non-binding letter of intent) to demonstrate their viability as a PHP and to improve their chances in the bidding process.

Outlined below is a general overview of the history of Medicaid transformation and what's to come.

The History of Medicaid Transformation

Since 2015, the NC Department of Health & Human Services (DHHS) has been gradually designing the new program. This effort involves shifting its own culture and role from operating the Medicaid program to administering multiple large contracts for the delivery of health services. Here are some key events that have occurred since the enactment of House Bill 372:

- **June 2016:** DHHS submits North Carolina's 1115 Waiver Application to the federal Centers for Medicare & Medicaid Services (CMS), which must review and approve major changes to Medicaid. CMS usually takes many months to review large-scale programmatic changes.

- **August 2017:** DHHS issues Proposed Program Design for Medicaid Managed Care and seeks public comment. This detailed blueprint articulates DHHS's priorities for Medicaid reform under Secretary Mandy Cohen's leadership, which began in January 2017.
- **November 2017:** DHHS submits to CMS an amended version of the 1115 Waiver Application. This is the most current version of NC's Waiver Application and is still under review by CMS.
- **November 2017:** DHHS begins publishing a series of short concept papers on key topics in transformation. These papers reveal how DHHS may answer important policy questions it faces in transformation.
- **December 2017:** NC Association of EMS Administrators and EMS Management & Consultants staff members convened a stakeholders subcommittee to study and issue recommendations on key EMS reform topics. The subcommittee met with DHHS Deputy Secretary, Mark Benton and Division of Medical Assistance leaders to discuss maintaining Medicaid Cost Report, provider credentialing, limited broker participation, beneficiary engagement, and managed care quality and oversight (among other items). These recommendations were submitted to DHHS Secretary, Mandy Cohen for review and consideration.
- **June 2018:** The General Assembly enacts additional legislation (HB 156 and HB 403) that will accelerate Medicaid transformation. Highlights of the legislation include:
 - Requires PHPs to adhere to patient and provider protections that apply in the commercial insurance market. Provider groups have consistently advocated for these "Chapter 58 protections," which include prompt payment, direct access to certain specialists, fair contracting, and more.
 - Requires each PHP to maintain a medical loss ratio of 88%.
 - Sets a 60-day deadline for DHHS to release its request for proposal (RFP) and open the competitive bidding process for PHPs.
 - Increases the number of statewide PHP contracts to be awarded from three to four.
 - Creates a pathway for new "tailored plans" to finance the care for certain patients with serious, persistent mental illnesses.
- **August 2018:** DHHS issued Request for Proposal for organizations wishing to participate in Medicaid managed care as Prepaid Health Plans (PHPs) and the competitive bidding process for PHPs. This milestone—

was originally scheduled to occur in spring 2018. The document outlined in more definitive detail what the transformed Medicaid program will look like under the management of PHPs (*although little information is provided under the transportation component*). Bidders have 60 days to submit their responses from the release of the RFP.

- **August 2018:** MAXIMUS (*Virginia based government services provider*) was awarded the enrollment broker contract. MAXIMUS will provide counseling, enrollment assistance and education to beneficiaries as they select from a variety of health plans.

What's Next?

The next major step in DHHS's Medicaid transformation process will review the bids once submitted and award contracts in the fall of 2018. Proposals are scheduled to be opened on October 12, 2018 at 2:00 pm. The entities selected will then proceed with a more intensive ramp-up process. They will continue recruiting providers to their networks, determine coverage policies and claims processing rules, prepare materials for their beneficiaries, and prepare for implementation.

Currently, DHHS is still on track for the original proposed go-live date of July 1, 2019. This is when PHPs begin receiving capitated payments from the state and when Medicaid beneficiaries will start receiving services from medical practices as network providers. However, there is considerable speculation that go-live may be pushed to 2020, given the delay in the state's release of the RFP and CMS's continued review and pending approval of the Waiver Application.

Conclusion

The second half of 2018 will be the busiest period yet in the transformation of North Carolina Medicaid. Governmental entities, pre-hospital providers, EMS Physicians and all healthcare agencies should continue following the developments closely and analyzing their options for future involvement including reimbursement with the selected PHPs.