

Medicaid Section 1115 Monitoring Report

North Carolina - North Carolina Medicaid Reform Demonstration

Demonstration Year 3 – November 1, 2020 through October 31, 2021

Quarter 2 Measurement Period – February 1, 2021 – April 30, 2021

Submitted on June 28, 2021

State	<i>North Carolina</i>
Demonstration Name	<i>North Carolina Medicaid Reform Demonstration</i>
Approval Date	<i>October 24, 2018</i>
Approval Period	<i>November 1, 2019 through October 31, 2024</i>
Demonstration Goals and Objectives	<i>North Carolina seeks to transform its Medicaid delivery system by meeting the following goals:</i> <ul style="list-style-type: none"><i>• Measurably improve health outcomes via a new delivery system;</i><i>• Maximize high-value care to ensure sustainability of the Medicaid program; and</i><i>• Reduce Substance Use Disorder (SUD).</i>

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Executive Summary

During the reporting quarter, February – April 2021, the state made significant progress as it prepares for Managed Care launch on July 1, 2021.

Managed Care Standard Plan open enrollment began mid-March 2021 and is scheduled to end mid-May 2021. As of early May 2021, the total count for enrollments with plan selections stood at 96,922, 44,678 of whom selected a Primary Care Provider (PCP). To increase visibility for open enrollment the state launched television and digital advertisement campaigns to draw beneficiaries' awareness to the transition to managed care. In late April 2021, the Ombudsman launched and continues to make progress to be ready for go-live in July. The Ombudsman helps North Carolina Medicaid and NC Health Choice beneficiaries understand the Medicaid program and changes happening as the State moves to NC Medicaid Managed Care.

The state continued work designing and planning the implementation of the Healthy Opportunities Pilots as well as evaluating potential vendors to be awarded contracts to serve as the Lead Pilot Entities (LPE) for the program. Additionally, the business and technical processes necessary to establishing the LPEs as providers and issue capacity building payments were developed and implemented during this period. The state continued to refine the technical approach and requirements associated with determining a beneficiary's pilot eligibility, service authorization, referrals, and payments as well as the detailed implementation tasks necessary to enable those program processes. Communication and engagement efforts with key stakeholders, including the PHPs, were also continued throughout this reporting period.

The next submission, Demonstration Year 3 Quarter 3, will be the first to reflect Managed Care metrics.

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Medicaid Managed Care

Operational Updates

Key achievements and to what conditions and efforts successes can be attributed

Managed Care Standard Plan open enrollment began mid-March 2021 and is scheduled to end mid-May 2021. As of early May 2021, the total count for enrollments with plan selections stood at 96,922, 44,678 of whom selected a Primary Care Provider (PCP). The total number of Medicaid beneficiaries eligible for Standard Plan enrollment as of April 2021, is 1,615,685. The Standard Plan enrollment number at the end of April is short approximately 1.5 million still needing to be enrolled. This number includes approximately 200k that are up for redetermination before launch on July 1. The low number of enrollments may be due to the on-going Public Health Emergency (PHE) and pre-PHE lack of access to internet as the enrollment process has been moved online as well as phone.

In mid-March, the communications team launched television and digital advertisement campaigns to draw beneficiaries' awareness to the transition to managed care. In February 2021, the Ombudsman website launched and in April 2021 the program launched. In addition to announcing the launch of the Ombudsman program in April 2021 the communications team hosted a webinar with community partners that discussed Medicaid's transition to Managed Care in April 2021. The Ombudsman helps North Carolina Medicaid and NC Health Choice beneficiaries understand the Medicaid program and changes happening as the State moves to NC Medicaid Managed Care.

In March 2021, the Enrollment Broker completed development for and launched the mobile application, website, and call center. This same month they began conducting virtual outreach events with beneficiaries. In April 2021, the Call Center team hosted the first monthly Managed Care Call Center meeting with PHPs, Enrollment Broker, and Managed Care contact center.

Network adequacy continues to be monitored for all plans to ensure sufficient provider coverage for go-live. Specific focus during this time is on hospital and NEMT contracting that was lagging behind.

Milestones

Milestones that were met during this reporting quarter include:

- The state successfully reassigned approximately 150 thousand beneficiaries to new PCPs with whom they had an active primary care relationship.
- The state submitted the PHP rate certification letter and package materials to CMS in March 2021.
- Auto Enrollment interface features completed in April 2021.

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- Strategy was developed to identify errors in the PHP Network data sent over following the completion of contracts between the PHPs and one of the large hospital systems in NC in April 2021.

Issues or complaints identified by beneficiaries

During this reporting quarter the state received 4 complaints pertaining to eligibility and 1 complaint related to providers.

Lawsuits or legal actions

Aetna's appeal to the NC Court of Appeals was heard on May 26, 2021. A decision has not yet been issued. My Health's petition for judicial review was denied by the NC Superior Court on April 12, 2021. My Health has appealed that decision to the Court of Appeals. In addition, Aetna appealed both the February 22, 2021 NC Superior Court order limiting Aetna's participation in the My Health case to My Health's issues and the April 12, 2021 order denying My Health's petition for judicial review. Parties are in the process of developing and settling the Record on Appeal. Optima's case has been stayed pending the outcome of My Health's appeal.

Unusual or unanticipated trends

No unusual or unanticipated trends for this reporting quarter.

Legislative updates

No legislative updates for this reporting quarter.

Descriptions of post-award public fora

Summary of all public comments received through post-award public fora regarding the progress of the demonstration

No post-award public fora occurred during this reporting quarter.

Performance Metrics

The state is in the process of selecting specific measures to report in preparation for Managed Care launch on July 1, 2021.

Impact of the demonstration in providing insurance coverage to beneficiaries and the uninsured population

Outcomes of care

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Quality of care

Cost of care

Access to care

Results of beneficiary satisfaction surveys

Grievances and appeals

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Budget Neutrality and Financial Reporting Requirements

Since North Carolina has not gone live with Managed Care yet, we do not have budget neutrality reporting available for this submission.

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Evaluation Activities and Interim Findings

Managed Care Evaluation

The evaluation team continues to prepare for July 1, 2021, managed care launch by programming HEDIS and other metrics that will be tracked during the evaluation period, preparing for the transition from fee-for-service claims data to encounter data and corresponding new data files and fields, and completing the first year of provider and stakeholder interviews. We are also evaluating the use of Marketplace enrollees from a NC-based insurer as a potential comparison group for the difference-in-differences analysis through the comparison in trends in seven identified measures.

The evaluation uses a mixed-methods approach, combining analysis of administrative data with qualitative data in order to obtain detailed insights into the transformation that are not easily captured through claims and surveys; for example, how providers are preparing for the transformation and what can be done to improve their satisfaction with the Medicaid program. The qualitative team has completed interviews with 44 individuals from practices across the state, including administrative personnel (e.g., practice managers, billing managers), direct providers (e.g., physicians, psychologists, registered nurses), leadership (e.g., Executive Directors), and health system representatives (e.g., Atrium, WakeMed, UNC, Cone Health). For the next 5-6 interviews, the qualitative team will turn outreach efforts towards representatives from the Prepaid Health Plans and/or state policymakers. In tandem with final outreach, the qualitative team has finalized an initial codebook, including both descriptive and emerging themes codes. Coding of provider interviews will take place concurrent to upcoming interviews with PHPs and/or state policymakers and findings will be available in the next monitoring report.

Healthy Opportunities Pilots Evaluation

The Healthy Opportunities Pilots service delivery activities were delayed beginning in 2020 due to the COVID-19 pandemic. Currently, Lead Pilot Entities are now anticipated to be selected in late May of 2021. No pilot services were delivered during this period. As no Lead Pilot Entities have been selected, all planned evaluation work that involved Lead Pilot Entities has been postponed until such time as they are selected.

During this period, evaluation consisted of two main activities. The first was providing technical assistance to the state of North Carolina regarding operationalization of the Healthy Opportunities Pilots in order to facilitate evaluation once Pilot services begin. As examples, these activities consisted of advice regarding operationalization of eligibility criteria, workflows for delivery of pilot services, and types of services to emphasize in order to achieve desired outcomes. The second main type of activity involved preparing the necessary information technology infrastructure to receive data regarding Pilot activities once they commence. This involved, for example, identification of necessary data elements,

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owners of the needed data, and making necessary arrangements to receive data when available. As of this writing, we are well poised to evaluate the delivery of Pilot services once they commence.

Enhanced Case Management (ECM) and Other Services Pilot Program

Operational Updates

Introduction

During this reporting period, February – April 2021, the state continued work designing and planning the implementation of the Healthy Opportunities Pilots as well as evaluating potential vendors to be awarded contracts to serve as the Lead Pilot Entities (LPE) for the program. Additionally, the business and technical processes necessary to establishing the LPEs as providers and issue capacity building payments were developed and implemented during this period. The state continued to refine the technical approach and requirements associated with determining a beneficiary's pilot eligibility, service authorization, referrals and payments as well as the detailed implementation tasks necessary to enable those program processes. Communication and engagement efforts with key stakeholders, including the PHPs, were also continued throughout this reporting period.

Key achievements and to what conditions and efforts successes can be attributed

The state's evaluation committee continued evaluating applicants for LPE contract awards. As of April 2021, final award decisions have not been communicated or made publicly available. Engagement with the awardees will commence after award decisions are announced, likely in early May. The state has developed processes to enroll the LPEs as providers in the state's MMIS system, and processes for issuing capacity building payments were developed and deployed so that payments may begin shortly after contract awards are final. LPEs will also be supplied with a model contract that may be leveraged as they begin developing their networks of Human Service Organizations (HSOs), that will deliver Pilot services to beneficiaries.

During this period, a concentrated effort to identify and evaluate technologies that may support the pilot eligibility, service authorization and payment components of the program was undertaken. Recommendations were reviewed and final approaches were arrived at towards the end of April. The state is now refining the necessary technical requirements so they may then be passed on to the appropriate vendor (Unite Us, PHPs, etc.) for implementation.

The state has continued to engage PHPs throughout this period to provide information related to program design, as well as gather feedback on the program. The feedback has been incorporated into design and technology considerations and the engagement sessions have fostered positive working relationships between the State and the PHPs regarding to the Healthy Opportunities Pilot efforts.

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The state continued working closely with Unite Us as contracting and onboarding of the seven Local Management Entity/Managed Care Organization (LME-MCOs), which may become Behavioral Health I/DD Tailored Plans, all successfully launched on the NCCARE360 platform. The PHPs all completed contracting with Unite Us and are currently going through onboarding with the goal to be live on the platform by the end of May 2021.

Key challenges, underlying causes of challenges, how challenges are being addressed

Key challenges for the Healthy Opportunities Pilots program during the current period include finalizing the technical approach, business and technical requirements and related vendor contracts necessary to develop and implement the solution while maintaining the timeline for Pilot service delivery to start in early 2022. The state continues to address an aggressive timeline to be ready for service delivery in a few ways. The state continues to focus on adopting a Minimal Viable Product (MVP) approach to the technology that will need to be enabled to support the Pilots and by identifying potential program simplifications that would support meeting the aggressive launch date but also be able to be enhanced and improved throughout the service delivery period. The state is also exploring adding additional resources to be able to support LPE capacity building efforts and implementation of the necessary service delivery and payment components at the same time.

Issues or complaints identified by beneficiaries

No issues or complaints identified by beneficiaries for this reporting quarter.

Lawsuits or legal actions

No lawsuits or legal actions during this reporting quarter.

Unusual or unanticipated trends

No unusual or unanticipated trends during this quarter.

Legislative updates

No legislative updates during this reporting quarter.

Descriptions of post-award public fora

No post-award public fora this reporting quarter.

Summary of all public comments received through post-award public fora regarding the progress of the demonstration

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[Performance Metrics](#)

No performance metrics to report for the Pilots this reporting quarter as they have not launched yet.

[Amount and how incentive funds were dispersed to PHPs](#)

[Amount and how incentive funds were dispersed to LPEs](#)

[Amount and how incentive funds were dispersed to pilot providers](#)

[The enrollee cost for each of the top ten enrollees who received the most costly services across all ECMs cumulatively](#)

[The 90% percentile cumulative cost for an enrollee in ECM](#)

[The 75% percentile cumulative cost for an enrollee in ECM](#)

[The 50% percentile cumulative cost for an enrollee in ECM](#)

[The 25% percentile cumulative cost for an enrollee in ECM](#)

[The 10% percentile cumulative cost for an enrollee in ECM](#)

ii. Incentive Payments. The state will provide a report on the amount and how incentive funds were dispersed to PHPs, LPEs, and pilot providers.

iii. ECM Capacity Building. The state will provide a report on the amount of capacity building provided to each LPE, the time frame the funding was provided, and what the funding was used for.

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Residential and Inpatient Treatment for Individuals with a Substance Use Disorder (SUD)

During the current reporting quarter, February – April 2021, the state initiated or completed work on several policies related to the Substance Use Disorder program. Key policies addressed during this period include those related to withdrawal management (ASAM 1WM and 2WM), access to SUD treatment (ASAM 2.1 & 2.5) and opioid addiction (Opioid Treatment Programs). Development began on new policies allowing intervention services in IMDs. These policies will fall under ASAM level of care 3.5 and will be added to the State Plan Amendment (SPA). In accordance with the waiver, training was provided to professionals (n = 130) in the community on ASAM criteria between February – April 2021.

The number of Medicaid-enrolled individuals with an SUD disorder (Metric #3) has remained relatively stable in the 2nd quarter of Demonstration Year 3 (November 2020 – January 2021), increasing by only 1.49% from the prior quarter (August – October 2020). The size of the Medicaid population continued to grow during this quarter by 3% of fully eligible beneficiaries, indicating that the overall percent of Medicaid beneficiaries with an SUD diagnoses declined from the 1st to the 2nd quarter. The number of individuals receiving various forms of SUD treatments (Metric #6), including Outpatient Services, Residential and Inpatient Services, and Withdrawal Management Services (Metrics #8, 10-11) have decreased compared to the previous quarter, whereas those receiving Early Intervention, and Intensive Outpatient and Partial Hospitalization Services (Metrics #7-8) and medication assisted treatment (Metric #12) have increased. The decreases in most types of services used may be due to a combination of continued lower rates of services use during the Public Health Emergency, as well as potential greater reporting lags for claims and encounters. The use of the emergency department for SUD per 1000 Medicaid beneficiaries (Metric #23) has further declined during this quarter by 17%, continuing the trend highlighted in the previous quarter. We also observe a considerable decrease in inpatient stays for SUD per 1000 Medicaid beneficiaries (Metric #24), by 18% this quarter. For the first time, we are reporting the percent of SUD visits that had a PCP visit in the 30 days following the SUD visit, as a way of measuring the use of both specialty SUD services and PCP services for this population. This ratio increased by 6.1% compared to the prior quarter.

More detailed information on SUD implementation can be found in the DY3Q2 SUD monitoring report narrative and SUD metrics workbook. The Center for Medicare and Medicaid Services (CMS) recently granted the state a change for the states SUD monitoring report narrative and the SUD metrics workbook. Effective DY3Q2, both reports will be due 1-month after the Managed Care and Healthy Opportunities narrative and metric deliverables.