

LATE WINTER 2019 NEWSLETTER

On February 4, 2019, the North Carolina Department of Health and Human Services announced the names of six entities that received contracts to participate as Prepaid Health Plans (PHPs) in Medicaid Managed Care when the program begins in November 2019. This newsletter provides detailed information on the new program, including background, how the program works, the evaluation process, the plans selected, the timetable, and answers to frequently asked questions.



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IMPORTANT CHANGES IN NC MEDICAID PROGRAM

Background

In 2015, the North Carolina General Assembly made the commitment (House Bill 372) to move away from the state's traditional fee-for-service Medicaid and Health Choice programs to Medicaid Managed Care. The goal was to shift the insurance risk of the program to multiple statewide and regional prepaid health plans (PHPs), embracing the concept of value-based care.

Under the change, the North Carolina Department of Health and Human Services retains responsibility for all aspects of the Medicaid and Health Choice programs while delegating the direct management of certain health services and financial risks to PHPs. The PHPs will contract directly with providers to deliver services to their members.

Between 2015 and 2018, the Department and stakeholders shaped a detailed program that received federal approval from the Center for Medicare & Medicaid Services (CMS) in October 2018.

How the Program Works

Instead of reimbursing physicians and hospitals for work performed, the state will now pay PHPs a flat monthly fee for each patient covered. Think capitation. PHPs have a financial incentive to keep costs down. Depending on their performance, they either share in the profits or absorb the losses.

The Department developed the capitation payments with the assistance of Mercer Government Human Services Consulting (Mercer). The rates for Year 1 ensure 100% of the current Medicaid fee-for-service reimbursement rates.

Evaluation Process

Given the scope and cost (\$6 billion) of the new program, the process for evaluating applications for participation was extensive. The Department issued a Request for Proposal (RFP) in August 2018. Proposals were due in October 2018. The evaluation process took four months. CMS must now approve the contracts that the Department awarded.

Plans Selected

The Department awarded both **statewide** and **regional** PHP contracts. Recipients of statewide PHP contracts are AmeriHealth Caritas North Carolina, Inc., Blue Cross Blue Shield of North Carolina, UnitedHealthcare of North Carolina, Inc., and WellCare of North Carolina. Carolina Complete Health, a provider-led joint venture between Centene Corporation, the North Carolina Medical Society, and North Carolina Community Health Center Association, received a regional contract to offer plans in Region 3 (12 counties) and Region 5 (15 counties). Applicants that were not selected are: (1) Aetna; (2) Optima Health; and (3) My Health by Health Providers, a consortium of Presbyterian Healthcare Services in New Mexico and 12 North Carolina healthcare systems. A major factor impacting the exclusion of My Health by Health Providers was the organization's lack of experience with managed Medicaid contracts.

The decision on participating/non-participating PHPs has created concern to some advocates for low-income residents who oppose awarding contracts to two out-of-state insurers (i.e. Centene Corporation and AmeriHealth Caritas). Other critics of the decision fear a negative impact on patient care if the large health systems that already provide care (i.e. My Health by Health Providers) to 80 percent of North Carolina's Medicaid population do not have a contract.

All three of the applicants that were not selected have the right of appeal within 30 days of the February 4, 2019 decision. My Health by Health Providers has already announced its decision to appeal. The appeal process may be complicated. State law allows only four major insurers to receive statewide Medicaid contracts. If My Health by Health Providers were awarded a statewide contract, one of the other applicants already selected could retroactively lose its designation. It is unclear if the state could circumvent this restriction by awarding My Health by Health Providers multiple regional contracts.

Timetable

The timetable for the new program includes both start-up and phased activities. At the outset, healthcare providers will review the PHP awards and hold contract discussions with the PHPs. Meanwhile, the Department and the PHPs will focus on system and operational readiness. Medicaid beneficiaries will receive information on both their options and the enrollment packet.

Medicaid Managed Care will launch in two phases. Regions 2 and 4 (Phase 1) will launch in November 2019. Regions 1,3,5, and 6 (Phase 2) will launch in February 2020.

Important dates for phasing in the Medicaid Managed Care are as follows:

- **Summer 2019:** The PHPs contract with providers to build their networks.
- **July 2019:** Each enrollment broker establishes an operational call-center and locates staff in North Carolina.
- **July-September 2019:** Managed care will start in two phases. Medicaid beneficiaries in Phase 1 Regions 2 and 4 will select a PHP.
- **September 2019:** Phase 1 beneficiaries who do not select a PHP will have one automatically assigned to them.
- **September-October 2019:** Phase 1 beneficiaries will receive a welcome packet and identification care from their selected or assigned PHP. The Department will provide transition of care to the PHP in order to support continuity of care and care management.
- **November 2019:** NC Medicaid Managed Care Phase 1 will launch. Beneficiaries will begin to receive services through their PHPs.
- **October-December 2019:** Medicaid beneficiaries in Phase 2 Regions 1,3,5, and 6 will select a PHP.
- **February 2020:** NC Medicaid Managed Care Phase 2 will launch. Beneficiaries will begin to receive services through their PHPs.

Frequently Asked Questions

- Where can I get additional information? ncdhhs.gov/Medicaid-transformation
- **Will physicians need to sign separate Medicaid agreements with the PHPs in which they participate?** At this point in time, it is unclear how different PHPs will handle agreements with physicians. Keep in mind that for Medicare Advantage, some plans roll multiple products into a single agreement, while others have separate agreements for different products.
- **Does Medicaid Managed Care cover all Medicaid beneficiaries?** No, it does not. About 500,000 Medicaid beneficiaries who are considered to be medically complex will remain on the traditional Medicaid fee-for-service program. Included in this group are patients with mental illness, developmental disabilities, or substance abuse problems.

More Information About Medical Practice Management

For more information on medical practice management, contact us at Margie@satinskyconsulting.com or **919.383.5998** or visit our website at www.satinskyconsulting.com.

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