

## Managed Care & Medicaid: How Medicaid Transformation, Standard Plans, and Tailored Plans, Will Change Medicaid.

### Medicaid Now

Medicaid has two parallel systems: one uses a fee-for-service model to pay physical health care and emergency health care providers directly for care provided to people on Medicaid. The other uses a managed care model, via regional Local Management Entities - Managed Care Organizations (LME-MCOs) to pay a per member per month (PMPM) rate to deliver behavioral and developmental services to people on Medicaid.

Fee for service Medicaid has mostly focused on physical or short-term care: people see a doctor, go to an ER, or get rehabilitation for a broken leg, and those physicians, hospitals and other professionals are paid directly by the state's Medicaid program for those billed services.

Medicaid also allows states to utilize HMO-type managed care models in the design of its Medicaid programs. States like NC have already been approved to use a variety of waivers including 1115, 1915 (b), and/or 1915 (c) waivers to carve out services for people with developmental disabilities, mental health needs and substance use disorders to create a pre-paid, shared risk, managed care program to deliver home and community-based and/or long-term care services.

The type of Medicaid waivers that NC currently uses, 1915 (b) waivers, limit choice of provider, therefore placing limits on the number and type of providers in a regional LME MCO network and 1915 (c) waivers allow for long term care services to be delivered in community settings under managed care. While other managed care models require the MCO to take on all the financial risk, in North Carolina the state and the LMEs (which are quasi-governmental multi-county authorities) have a shared financial risk for mismanagement of funds; if they run over PMPM costs they cannot get more funds from the Federal government and the state must ultimately absorb the cost. There are disincentives for LME/MCOs to run into funding deficits.

Other Medicaid waivers allow for comprehensive demonstration projects to integrate care or carve out specific populations to provide more comprehensive care models. ***1115 waivers allow for broad changes to state Medicaid programs that otherwise might now be allowed by law, such as using a specific provider network, offering healthy behavior incentives, using Medicaid funds to address social determinants of health, among many other things.*** These 1115 waivers are what will be implemented under Medicaid Transformation.

### Medicaid Transformation

At its most basic, managed care models use funding from state and federal sources, including funds that might be utilized for institutional and hospital care, and pool them together. With these pooled funds the health management organization or managed care organization (HMO or MCO) is paid a PMPM rate to deliver services and supports. The incentive is to keep people "well" and out of more expensive care because those savings can be retained and can be used to expand available services or kept as profits in for-profit managed care.

NC's Medicaid Transformation is designed to create more whole person care by integrating physical health, behavioral health, intellectual/developmental disabilities services, pharmacy, and other care models into a coordinated system and a single health plan for the person.

[Read more and get updates here: <https://medicaid.ncdhhs.gov/transformation>]

Under Transformation, those on Medicaid will be served by two types of health plans: Standard Plans, serving people with low to moderate physical and behavioral health care needs and Tailored Plans, serving people with intellectual and/or developmental disabilities, mental illness or substance use disorders who have more serious, ongoing, or long-term support needs (behavioral, developmental, and/or physical) who will be in the Tailored Plans.

Medicaid beneficiaries will have access to additional programs and services under Transformation including Broker services for plan selection, Medical Health Homes, Ombudsman Services, and Care Management (IDD)/Case Management (MH/SUD).

### **Standard Plans**

Private HMOs and/or health care provider led organizations will deliver managed care in Standard Medicaid Plans. The managing entity is allowed to limit the number and type of providers, determine any additional services to provide beyond what is required by the state, and the rates to be paid to providers. Those in the Standard Plan have a choice of which plan to be in, but once in a plan may have some limits on choices of who provides care.

Standard Plans will deliver the standard Medicaid physical health care benefits (except dental, school-based services, and PACE for the elderly) plus the following:

- Inpatient behavioral health services
- Outpatient behavioral health services, including services provided by direct enrolled providers
- Mobile Crisis Management
- Diagnostic Assessment
- Partial Hospitalization
- Facility Based Crisis (child/adult) and Professional Services
- Ambulatory Detoxification
- Non-hospital Medical Detox
- Medically Supervised or ADATC Detox Crisis Stabilization
- Outpatient Opioid
- Research Based Intensive BH Treatment for Autism Spectrum
- Early and Periodic Screening Diagnostic Treatment (EPSDT) services

### **Tailored Plans**

In North Carolina currently the Local Management Entity Managed Care Organization a regional governmental authority, is the managed care agent for MH, DD and SA services. Under the Tailored Plans model, a select group of those LME MCOS will manage physical, behavioral and developmental services for people who need more intensive or longer term supports, as well as those who are only accessing services paid for with state single stream and Federal block grant funds. People on Innovations Waivers will be in the Tailored Plans.

Tailored Plans will deliver the standard Medicaid physical health care benefits, (except dental, school-based services, and PACE for the elderly) plus the following:

- Residential treatment facility services
- Child and adolescent day treatment services
- Intensive in-home services
- Multi-systemic therapy services
- Psychiatric residential treatment facilities (PRTFs)
- Assertive community treatment (ACT)
- Community support team (CST)
- Substance abuse non-medical community residential treatment
- Substance abuse medically monitored residential treatment
- Intermediate care facilities for individuals with intellectual disabilities (ICF/IID)
- WAIVER SERVICES
  - TBI waiver services
  - Innovations waiver services
- 1915(b)(3) services
- ALL STATE-FUNDED BH & I/DD SERVICES
  - Including state funded TBI services

#### **When will Transformation take place?**

- People eligible for the Standard Plans began getting letters about picking a standard plan beginning the first weeks of March of 2021.
- Open enrollment, which means people can choose which Standard Plan organization they want to join, is March 15 - May 15, 2021.
- After May 15, 2021 people who have not chosen a plan will be assigned to one.
- Plans begin delivering health services July 1, 2021.
- Until September 1<sup>st</sup>, 2021 new plan enrollees can switch to a different Standard Plan organization.
- After that, Standard Plan enrollees can only switch plans during an open enrollment period (March-May of a given year) OR when their behavioral or developmental health condition changes and warrants them being moved to the Tailored Plan for their region.

#### **Advocacy around Medicaid**

North Carolina Department of Health and Human Services' leaders and the NC General Assembly (who are ultimately responsible for Medicaid and MHDDSA services) see managed care as an optimal way to manage Medicaid funds and population health across all Medicaid services. Advocates for people with developmental disabilities are closely watching and providing feedback about the implementation of large-scale reforms in Medicaid to integrate physical, behavioral and developmental care.

As with any change, many things can go wrong, but we are advocating to make sure that the goals of this transformation achieve better health outcomes for those with developmental disabilities because we know that people with IDD need better access to all types of health care services, especially preventative care, screenings, and conflict free case management. North Carolinians with disabilities have been through many health-care reforms that have not

necessarily improved personal outcomes. Advocates continue to be concerned about the need to develop more IDD expertise in managed care organizations and that the use of excessive cost controls in traditional managed care could have the effect of limiting the scope of services or the number of people served, especially when coupled with governmental funding cuts and lack of care continuity. Our advocacy goal is to make sure this does not happen in this Transformation.

*\*See the ASNC policy paper “Services and Supports, Medicaid and the State Budget” for more info on LMEs.*