



## CORE PRINCIPLES

- a) Put patients first: Improve quality of care and health outcomes for Medicaid beneficiaries – and incorporate quality performance into the payment framework**
- b) Secure budget predictability and cost savings for the Medicaid program – to this end, risk-based solutions are essential**
- c) Build on what we have in North Carolina: Partner with North Carolina’s health care community as the first line strategy for achieving a and b – providers will lead the new organized systems of care, and LME-MCOs and CCNC will have key roles**

## PHYSICAL HEALTH

**Recommendation 1: North Carolina Medicaid services for physical health will be coordinated through accountable care organizations (ACOs) that share savings and losses with the State and are responsible for quality.**

ACOs will begin in July 2015 with an opportunity to share in savings produced by managing population health and coordinating patient care. ACOs will also share in the loss if medical costs exceed targets. The risk of loss will be substantially mitigated at the outset. Quality of care will also be a key factor in the ACO incentive formula. ACOs will proceed along a pathway of increasing risk assumption over time.

To implement shared-risk ACOs, DMA will need CMS approval of a state plan amendment and possibly a modest program waiver (Section 1915b).

**Recommendation 2: ACOs’ coverage of the population and financial accountability will rise progressively; DHHS will benchmark progress.**

By July 2018, ACOs will be expected to cover at least 80% of the Medicaid population. ACOs also will have accepted the major share of financial risk for costs incurred by Medicaid beneficiaries. Further, they will continue along the pathway toward full risk.

If the ACO initiative as a whole achieves interim and final benchmarks for beneficiary access, budget impact, quality of care, and other key measures set forth up front, it will continue.

At such point that full-risk contracts may be entered, DMA will need a federal demonstration waiver (Section 1115) in order to continue the safety net supplemental payments that today are tied to the fee-for-service payment structure.

## **DHHS MEDICAID REFORM RECOMMENDATIONS – HIGH LEVEL OVERVIEW (cont.)**

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### **MENTAL HEALTH, INTELLECTUAL/DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES**

#### **Recommendation 3: Enhance the state’s Medicaid mental health, substance abuse and intellectual/developmental disability service delivery system.**

- Consolidate to 4 strong LME-MCOs
- Enhance performance measures and add financial penalties and incentives
- Standardize processes across all LME-MCOs in the state
- Intensify monitoring and technical assistance aimed at system improvement
- Integrate care between LME-MCOs and ACOs; DMA may pilot programs within regions
- Explore ways to reduce the waiting list for waiver services to increase access to care

### **LONG-TERM SERVICES & SUPPORTS (LTSS)**

#### **Recommendation 4: Streamline and strengthen case management for long-term services and supports**

By July 2015, DMA will institute uniform, holistic needs assessment and care planning for beneficiaries requiring LTSS, at the time of intake into Medicaid or the emergence of LTSS need for existing Medicaid beneficiaries. Needs assessment and care planning will be followed by case management of an intensity appropriate to each client, with a focus on managing transitions between care settings. An experienced contractor(s) may be engaged to perform some or all of these functions.

#### **Recommendation 5: Shape the ultimate direction of LTSS**

Throughout 2014 and into 2015, DHHS will facilitate a strategic planning process, inclusive of providers, beneficiaries and other stakeholders, around the long-range design of the LTSS service delivery system. Analysis and planning will include, but will not be limited to, assessing the viability of a risk-based, managed LTSS delivery model that spans all LTSS services.

The 1115 waiver described under Recommendation 2 would also apply to this activity if full-risk contracting is to be pursued.