North Carolina Medical Society
Leadership in Medicine

Issue	House Medicaid Reform Proposal: H 372	Senate Medicaid Reform Proposal: H 97
Governance requirements	Section 2: (5) Provider-led entity. – Any of the following: a. A provider. b. An entity with the primary purpose of owning or operating one or more providers. c. A business entity in which providers hold a controlling ownership interest. Section 3: (10) A majority of each provider-led entity's governing board shall be comprised of physicians who treat Medicaid patients including those who provide clinical services to Medicaid patients.	PLE governing board must have a "provider" majority: "The majority of the members of a PLE's governing board shall be composed of providers as defined in G.S. 108C-2 or entities composed of providers." No stipulations for MCO governance.
Data provisions requiring HIE, access to robust clinical & claims data	Section 7: HHS directed to… (5) Adopt and implement requirements for the contracts entered into under Section 6 of this act concerning Health Information Technology, robust data analytics, quality of care, and care-quality improvement.	Requires all Medicaid providers to use the NC HIE by 7/1/17, all other providers by 1/1/18. Allows for "reasonable participation fees" to be charged to providers for connectivity/funding.
Timeline for transition to full capitation	Requires 90% managed care within 5 years of enactment of law. Section 4: (1) Within 12 months of this act becoming law, the Department shall develop, with meaningful stakeholder engagement, and submit to CMS a request for an 1115 Medicaid demonstration waiver to implement the components of this act. (2) Within 24 months of this act becoming law and with waiver approvals from CMS, the Department will issue an RFP for provider-led entities to bid on contracts required under this act. (3) Within five years of the date this act becomes law, ninety percent (90%) of	Requires all entities to be in fully capitated contracts with the state by 8/1/17. Requires first open enrollment period to begin 4/1/17.

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	Medicaid recipients shall be enrolled in full-risk, capitated health plans for all services other than the services contracted for through the local management entities/managed care organizations (LME/MCOs), dental services, and pharmaceutical products. However, prior to reaching the coverage required under this subdivision, the Department may accept a full-risk, capitated health plan as a pilot that begins within three years of enactment of this act. (4) Within six years of the date this act becomes law, each provider-led entity under contract with the Department must meet the risk, cost, performance, and quality goals required by this act and as contained in the contract with the Department	
Populations carved out of reform plan	LME/MCO, dual eligible, dental services, pharmaceutical services	Dual eligible w/ copay payment only
Triple Aim enforced in all contracts with state, in all provider contracts with PLE/MCO	Triple aim vaguely referenced in intent and goals section. Section 1: It is the intent of the General Assembly to transform the State's current Medicaid program to a program that provides budget predictability for the taxpayers of this State while ensuring quality care to those in need. The new Medicaid program shall be designed to achieve the following goals: (1) Ensure budget predictability through shared risk and accountability. (2) Ensure balanced quality, patient satisfaction, and financial measures. (3) Ensure efficient and cost-effective administrative systems and structures. (4) Ensure a sustainable delivery system. (5) Improve health outcomes for the State's Medicaid population.	Triple aim explicitly expressed in intent and goals section, in contracting requirements with MCOs and PLEs. "The new Medicaid program shall be designed to achieve the following goals: (1) Ensure budget predictability through shared risk and accountability. (2) Ensure balanced quality, patient satisfaction and financial measures. (3) Ensure efficient and cost-effective administrative systems and structures. (4) Ensure a sustainable delivery system." "All bidders ensure that their contracts with providers include value-based payment systems that support the achievement of overall performance, quality and outcome measures."
Managed care protections for physicians (rates, access/network adequacy, enrollment	Department to ensure patient access. Section 7: The Department is directed to… Ensure recipients have appropriate access to primary care and specialty care services	"All bidders establish appropriate networks or providers to deliver services."

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requirements, etc.)	and shall develop a rate floor for this purpose.	
Clinical quality measurement and oversight	Section 8: Quality Assurance Advisory Committee – The Secretary shall convene an advisory committee consisting of experts in the areas of Medicaid, actuarial science, health economics, health benefits, and administration of health law and policy. At least one shall be a member of the North Carolina State Health Coordinating Council. The Committee shall advise the Department on the development and submission of requests for all federal waivers that are necessary to implement this act and to support the development and approval of the performance goals that will serve as the basis of the pay-for-performance system. The committee shall terminate five years from the date of enactment of this act.	Defined measures and goals for risk adjusted health outcomes, quality of care, patient satisfaction and cost. To be monitored and measured continually and reported at set intervals as determined by the Health Benefits Authority. The Authority may use organizations such as NCQA, PCPI, HEDIS and others as necessary to develop effective measures for outcomes and quality.
Regions requirement	No requirement, however PLEs must be present in all 100 counties.	Six regions to be established.
NC DHHS role in reform	NC DHHS to submit waiver to CMS and manage contracts with PLEs and the state. PLEs responsible for all administrative functions for the PLE (claims processing, appeals etc.). Section 7: The General Assembly delegates full authority to the Department of Health and Human Services to take all actions necessary to implement the Medicaid transformation described in this act. The Department shall administer and manage the program within the budget enacted by the General Assembly provided that the total expenditures, net of agency receipts, for the Medicaid program do not exceed the enacted budget.	No role for NC DHHS. Establishes a “Health Benefits Authority” to administer the Medicaid and Health Choice programs. Also establishes a Joint Legislative Oversight Committee for the new Health Benefits Authority.
Type of waiver used for reform plan	1115 Medicaid Demonstration waiver while also maintaining existing 1915 (b)/(c) Waiver	Not stated.

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Financial solvency requirements	PLEs must meet financial solvency requirements developed by the Department of Insurance that are equivalent to the solvency requirements for health maintenance organizations in G.S. 58-67-110	All DOI requirements apply.
Minimum patient coverage requirements	PLEs must cover at least 30,000 patients	Not stated.
Medical Loss Ratio requirements	PLEs must have a 90/10 Medical Loss Ratio	None specifically stated, but the state must "negotiate competitive medical loss ratios."
Other notes	Provision requires PLEs to remain 2% below national spending growth calculated by CMS. Section 3: Provider-led entity contracts result in controlling the State's cost growth at least two percentage (2%) points below national Medicaid spending growth as documented and projected in the annual report prepared for CMS by the Office of the Actuary for non-expansion states.	All MCOs/PLEs must subcontract with LME/MCOs. 3 entities must provide statewide coverage, there will be opportunities for PLEs, and up to 12 contracts between the Authority and individual PLEs for coverage of specified regions (regional contracts). DHHS will also establish a "Medicaid Stabilization Team" in the interim while transitioning to fully capitated entities.