Overview: NC Managed Care Capitation Rates – Care Management Assumptions

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Introduction

The purpose of this document is to provide additional information about the assumptions underlying the care management component of capitation payments to NC Medicaid Managed Care Prepaid Health Plans (PHPs). The PHP capitation rates developed by the North Carolina Department of Health and Human Services (DHHS) reflect its belief that investment in robust community-based care management will drive improvements in care outcomes and achieve greater value from the state's Medicaid dollar.

Under the Advanced Medical Home (AMH) Tier 3 program, PHPs must delegate certain care management functions and responsibilities to certified practices that meet the program's requirements. Where such delegation occurs, PHPs are expected to pay care management fees sufficient to support the delegated activities. While the department has declined to establish minimum care management fees to date, the expectation underlying the AMH Tier 3 model is that PHPs and practices will arrive at mutually agreeable rates that are commensurate with the intensity and breadth of the care management being provided.

Early reports from the market suggest that PHPs are retaining a larger share of capitation payments and that care management fees provided by PHPs to support practice-level activities are lower than our modeling had predicted. After discussions with key stakeholders during the past several months, the department wants to ensure that the care management fees being contemplated by PHPs are adequate to support the level of quality of community-based care management services that DHHS expects of its AMH Tier 3 practices.

By providing additional information on the assumptions the department used to develop components of the rate, PHPs and AMH Tier 3 practices will be better positioned to enter into care management contracts that enable all parties to meet the department's expectations in the execution of care management responsibilities and achievement of improved health outcomes.

Care Management Capitation Component

The Medicaid Managed Care Draft Rate Book includes a care management component valued at $10.86 per member per month (PMPM). This figure is exclusive of AMH Medical Home fees ($2.38 blended average, based on current Carolina ACCESS reimbursement levels[1]) and the continuation of historical care management payments to local health departments (LHDs); $1.85[2]. After an offset to account for

[1] AMH Medical Home Fees are a continuation of payments under the existing Carolina ACCESS program. North Carolina Medicaid currently reimburses $1.00 PMPM for Carolina ACCESS I practices (equivalent to AMH Tier 1); It reimburses Carolina ACCESS II (often referred to as "CCNC") practices $2.50 PMPM for non-aged, blind, and disabled (ABD) members and $5.00 PMPM for ABD members (AMH Tier 2 and Tier 3 practices will receive Carolina ACCESS II-equivalent Medical Home Fees).

[2] This amount is blended across Standard Plan populations; average PMPM payments will vary by category of aid.

care management overlap between PHPs and LHDs (-$0.71), the $10.86 includes components for care management oversight ($1.78), care coordination ($1.10), and activities to address the social determinants of health ($0.17).

The remainder, **$8.51 PMPM, is the assumed cost of delivering care management in accordance with the department's requirements.** This figure is agnostic to the entity responsible for the delivery of care management and represents the expected cost to either a PHP or an AMH Tier 3 practice of delivering care management. The full care management rate build-up is described in Table 1 below.

Table 1: Care Management Capitation Component – Full Rate Build-up

Activity	Cost ($PMPM)	Description
AMH/LHD Base Payments	**$ 4.23**	
AMH Medical Home Fees	$ 2.38	Blended average of $2.50/$5.00 PMPM for non-ABD/ABD members assigned to Tier 2 and 3 AMHs and $1.00 PMPM for Tier 1 AMHs
OBCM/CC4C Base Payments	$ 1.85	Continuation of historical payments to LHDs
Total Care Management (as provided in the Draft Rate Book)	**$ 10.86**	
LHD/PHP Responsibility Overlap	$ (0.71)	Offset for care management performed by LHDs
Oversight/Backstop Accountability	$ 1.78	PHP oversight and coordination with Tier 3 AMHs
Care Coordination	$ 1.10	Coordinating the provision of services across settings for all Standard Plan members
Healthy Opportunities Activities	$ 0.17	PHP activities to address social determinants of health
Care Management (excluding oversight/accountability, care coordination, and healthy opportunities activities)	**$ 8.51**	Intensive care management for individuals identified as being high-need or who are transitioning out of the hospital
*Low-Needs Members**	*$ 2.59*	
*Moderate-Needs Members**	*$ 3.49*	
*High-Needs Members**	*$ 1.96*	
*Supervisor**	*$ 0.48*	
Total Care Management and Related Activities	**$ 15.10**	

**PMPM cost build-ups outlined in the table below.*
Totals may not sum correctly due to rounding.

Table 2 below describes the buildup of the $8.51 PMPM care management component described above. **The buildup is based on a set of assumptions about care manager staffing ratios and qualifications, which should be understood as averages rather than policies about how each care team must be constructed.** In reality, care teams will vary in how they are staffed according to the needs of individual members. As described in Table 2, the department assumes that 22 percent of beneficiaries will receive

care management, with 11.5 percent classified as “low-needs,” 8.5 percent classified as “moderate-needs” and 2 percent as “high-needs” within that 22 percent.

Table 2: Care Management Capitation Component – Care Management Staffing Assumptions

Component	Share of Members	Staffing Ratio	Staff Qualifications	Average Compensation per FTE	Cost ($PMPM)
Low-Need Care Management	11.5%	250 members per FTE	CHW/LPN/MA/SW	$ 67,500	$ 2.59
Moderate-Need Care Management	8.5%	150 members per FTE	CHW/LPN/MA/RN	$ 74,000	$ 3.49
High-Need Care Management	2.0%	75 members per FTE	RN	$ 88,000	$ 1.96
Staff Supervisor	NA	20 per FTE care manager		$ 88,000	$ 0.48
				Total	**$ 8.51**