

MEDICAL CARE ADVISORY COMMITTEE (MCAC) MEETING MINUTES  
NCSU McKimmon Center, 1101 Gorman Street, Raleigh, NC

Teleconference: Dial-in: 888-363-4735 Access Code 9405409

Friday, June 14, 2019

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The Medical Care Advisory Committee (MCAC) met face-to-face on Friday, June 14, 2019 (9:00 a.m. – 12:00 noon).

ATTENDEES

**MCAC Members:** Gary Massey, MCAC Chairman, Marilyn Pearson, Vice MCAC Chair, Kim Schwartz, Samuel Clark, David Tayloe, Benjamin Smith, Marilyn Pearson, Ivan Belov, Chris DeRienzo, Casey Cooper, Billy West, Jr., Thomas Johnson, III, Ted Goins, Jenny Hobbs,

**MCAC Members via Telephone:** Linda Burhans, Paula Cox-Fishman

**MCAC Interested Parties:** Sarah Pfau, Sara Wilson, Nonna Belov, Brian Perkins, Ben Smith, Jamal Jones, Jesse Thomas, Ames Simmons, April Morgan, Adam Sholar, Jeff Horton, Jason Swartz, Meisha Evans, Julia Adams Scheurich

**DHB Staff:** Jay Ludlam, Roger Barns, Debra Farrington, Sandra Terrell, Kelly Crosbie, Julia Lerche, Reggie Little, Patrick Doyle, Terri Pennington, Sarah Gregosky, Shazia Keller, Sharlene Mallette, Betty Staton, Pamela Beatty

CALL TO ORDER

***Marilyn Pearson, Vice MCAC Chair***

Marilyn Pearson, Vice MCAC Chair, called the meeting to order at 9:00 a.m. followed by the MCAC member roll call and introduction of staff and interested parties. Pamela Beatty declared a quorum. The Committee's attention was directed to the MCAC Written Report for comments. Motion to approve the May 17, 2019 minutes was seconded. Minutes approved.

OPENING REMARKS:

***Dave Richard, Deputy Secretary, NC Medicaid***

- Dave Richard was unable to attend the meeting in person due to an out-of-state meeting but did call in to provide opening remarks. Dave shared multiple concerns the Department has with the Senate Budget including:
  - The proposal to move the Department of Health and Human Services (DHHS) headquarters from Raleigh to Granville County.
  - Decrease in funding of the Medicaid rebase. Dave said he is hopeful that the final version of the Senate and House Budget will provide a Medicaid rebase that is closer to what was requested in the Governor's budget. Currently, we are significantly below that in both budgets.
  - Significant administrative costs reductions across DHHS which could have devastating effects on the Department and Medicaid, if passed.
  - The Department continues to work on very specific detailed information around hospital assessment and believe it is getting resolved at this point.
  - The Department does not have a vehicle, at this point, that brings Medicaid Expansion into the Budget or into a separate bill, and that is a key priority for the for us all, Dave stated.
  - Legislative issues pertaining to Medicaid Transformation are in the process of being worked out. We believe the General Assembly is trying to make all the technical changes needed for us to go live, Dave stated.
- Dave announced the retirement of Roger Barnes, Chief Financial Officer at the end of June 2019, and Dr. Nancy Henley, Chief Medical Officer, at the end of August 2019. They both are incredible professionals, team players, and have given so much to NC Medicaid and to our efforts. They have done a tremendous job, Dave said.
- Adam Levinson will be the new Chief Financial Officer, NC Medicaid. We are actively recruiting for a new Chief Medical Officer. **Thomas Johnson** requested that the minutes reflect the MCAC's appreciation for Roger and his contributions made over the years to the NC Medicaid program.
- Vice Chair Pearson opened the floor for questions. **Dave Tayloe** asked when the provider rate increase will go into effect? Dave replied the provider rate increase was approved on June 4th. We are grateful and plan to implement,

within two weeks, a retroactive rate dating back to January 1, 2019. Roger Barnes introduced Reggie Little, Associate Director of Medicaid Provider Reimbursement (Fee-for-Services) and stated questions regarding the provider rate increase should be directed to Reggie.

- Dave Tayloe asked if a special bulletin would be published? Reggie replied that is correct. Bulletins will be disseminated prior to the actual implementation, once we get the actual date.
- Roger announced the Medicaid Non-Emergency Medical Transportation (NEMT) state plan was approved on June 3, 2019. The NEMT rate was raised significantly. We hope this will ease some of the issues we have had from the east coast with ambulance transportation.

## MEDICAID BUDGET UPDATE

### *Roger Barnes, Chief Financial Officer, NC Medicaid*

- Roger presented the Medicaid Budget through April 2019 and a slight update of where we think we are going to be at the end of the fiscal year.
- Current Medicaid enrollment at April 2019 is 2.079M and 1.1% higher than April 2018. Family Planning is our biggest area of increases as people get recertified. They may not qualify for other categories and fall into family planning. Chris DeRienzo asked if the low unemployment and strong economy are driving the counter cyclical? Roger replied a lot of it is employment. Kim Schwartz added that one of the components we have been hearing about in Medicaid Transformation is the distribution of rural, urban, and suburban populations. Although more people are coming into the state, they are not going into the rural areas.
- Medicaid Enrollment has tracked roughly in line with DHB's expectations to date. We are in a good position with employment increase.
- Total Medicaid expenditures were \$217.2 M higher vs. the prior year.
- Total Medicaid expenditures were \$438.9M or 3.8% favorable to the authorized budget. Roger highlighted the drivers.
- Billy West asked that the minutes show he is hearing the MCOs are having less enrollment in behavioral health. His agency is seeing an 8% increase in crisis services, and 60% of those people are indigent. A lot of those indigent people (going back to your first comment) have jobs and are working. However, they do not have jobs that are going to pay their benefits. It is easy to say people are coming in and they have jobs. It is great and good for their mental health. It is good for the economy but that does not mean their healthcare is being taken care of. This Committee, I know has taken a stance before on wanting to expand Medicaid. I wonder if it would be good for this Committee to bring it back up. If it would matter, Billy said.
- Roger stated that Billy made a solid and good point. Governor Cooper has talked about people who have jobs that do not provide benefits and do not qualify for Medicaid. As a result, these people fall into the Medicaid coverage gap. There are about 500-600,000 North Carolinians in this situation. Roger further stated that the Governor is working hard with the General Assembly on this issue. Kim Schwartz echoed Billy's point and the Governor's emphasis. Living wages are a real component and issue of being able to equify that folks are underemployed and under benefited. In the rural areas it is just an epidemic.
- Marilyn Pearson, MCAC Vice Chair, agreed with Billy and asked that the MCAC go on record supporting expanded Medicaid coverage. Also, asked the members to contact their representatives and let them know.
- The question was asked if there any way to answer Billy and Kim's questions using data? Do we have some way of knowing where folks are covered who we thought would be on Medicaid? Are they now on the Exchange? Are they now uninsured? Are they now commercially covered? What kind of access do we have on a state-wide coverage data?
- Roger replied we have looked at the urban studies which monitor in all states what is going on with the uninsured. We can report back to the Committee on this question at a later meeting. Jay Ludlam referenced the increase in behavioral health crisis services that Billy has measured and added, we might collectively and regularly report or look at various measurements tracked by the Committee to determine: 1) if we see an increase in indigent behavioral health crisis and what that might mean; 2) are there other metrics that we can follow?
- Roger continued with the Medicaid Budget update. Today, total Medicaid expenditures are \$438.9M or 3.8% favorable to the authorized budget. This will be the sixth straight consecutive year that we have been under budget. Roger jokingly said he was retiring on a high note.

## MEDICAID MANAGED CARE UPDATE

### *Jay Ludlam, Assistant Secretary, NC Medicaid*

- Open enrollment will begin on July 15<sup>th</sup>. The Department began many activities intermittently and will start updating some of the systems to prepare for the rollout.

#### Day 1 Priorities

- Beneficiaries receive the care that they received on October 31, 2018.
- Beneficiaries can get appointments.
- Beneficiaries can get their prescription filled by a pharmacist.

- Providers who are enrolled in Medicaid continue to participate in Medicaid and in Managed Care. After a service is provided by a provider, we expect the health plans to pay for that service.

#### What Is Happening Now

- The State is in the process of reviewing numerous documents from the Prepaid Health Plans (PHPs) pertaining to policies, marketing plans, desktops, processes, strategic plans, technical specs, compliance documents, to name a few. These activities fall into two basic analyses: 1) Contract Compliance and 2) State and Health Plans Readiness Review required by CMS. We need to demonstrate to CMS that we are ready from a regulatory standpoint and that staff is trained on the new systems.
- Desktop reviews – we ask for a document and our employees can sit at their desk, review it, and understand.
- Planning and scheduling onsite reviews of the five PHPs – we visit the PHPs and sit with staff, interview staff, watch them as they use the technical systems. We make changes if needed.
- Developing outreach materials
- Working very closely with our Enrollment Broker (EB) to ensure they have materials to distribute to members and individuals who support our beneficiaries. These materials include palm cards, pamphlets, websites, and Smartphone apps.
- Training, education and internal engagement for our staff
- Procurement activities including Ombudsman and EQRO. We released a new Ombudsman RFP on May 30, 2019. The proposed deadline is July 16, 2019.
- Jay directed the Committee to the county, member, and provider playbooks inside their packets. These playbooks are published on our web site and are a new way of summarizing and distributing information to our partners. The playbooks will give a policy overview as well as an explanation of how the Department expects our partners to execute on the policies. These documents will assist in preparation of Open Enrollments and allow our county workers and partners to see what members will see and bring to their offices. Jay asked that the members refrain from widely distributing them to ensure our beneficiaries do not get confused. You will see updates over time.
- Marilyn Pearson, Vice Chair, said her office has been using some of the information and posters to educate beneficiaries. She thinks it is a great idea for clinics to have this information. Jay expressed appreciation for her feedback and said the Department is looking for wider means of disseminating the resources.
- Kim Schwartz asked about the types of feedback the Department is receiving from those that are really interconnected with their counties and represent DSS. Jay said there is concern about the unknown and how to size the problem. There are thoughts about foot traffic in the local offices. Kim followed up by asking if there is a mechanism for lessons learned from Phase 1 go live? Jay said the Department is attuned to making Phase 2 adjustments, based on lessons learned from Phase 1. We are constantly refining our approach.

#### What Happens Next?

- Enrollment activities
- The Enrollment Broker (EB) has opened their Morrisville call center and is actively engaged in training.
- We are in the process of printing approximately 500,000 enrollment packages to mail to beneficiaries.
- An enrollment smartphone app will be posted on June 28, 2019
- Outreach events are being coordinated through the EB and the Department. We are in the field working with members and the counties to educate beneficiaries on the process and what to expect.
- Go live will take place within 140 days on November 1, 2019.
- We continue to do virtual office hours, webinars, meet and greets scheduled. This is an opportunity for all PHPs to meet and be in one location at all times. We have engaged AHEC as a partner to help support our providers.
- PHP readiness reviews continue. The focus for the health plans is around provider contracting. Nearly all of the PHPs provider contracts have been posted or approved. The Department received requests to post the contracts on our web page. Dave Tayloe asked if the contracts that have not yet been approved can be divulged. Sarah Gregosky replied the PHPs are actively working on creating a checklist that will either link to our web site or be on their web site. They are also providing provider networks' contact information. We have disseminated NCTracks bulletins on what has been approved. Ivan Belov asked when provider manual will be approved. Sarah Gregosky replied, we have some provider manuals now with the draft stamp on them. Hopefully, you will start to see them soon. Kim Schwartz asked if we have a FQHC attachment sheet yet. Sarah replied, we can follow up on that information. Kim asked if the State's component has been approved. Sarah responded the State is still reviewing that. Jay stated one of the complexities is each health plan contracts differently and may have a general contract with an attachment or they may have a specific FQHC attachment. There are five potentially different business models. Kim inquired about the FQHC perspective payment rate that was federally mandated and has already been set by the State. How is the State going to distribute it? We still have no contract. There has not been a satisfactorily standard response yet from the State, Kim said. Julia Lerche replied, the PHPs will be required to reimburse FQHCs using the current Medicaid fee-for-service floor rate outlined in the

contract. The Department will provide payments on top of that to meet the federal requirement. Jay will circle back around with Kim regarding this matter.

- Jay entertained additional questions from the floor prior to wrapping up his presentation.
- Chairman Massey arrived and proceeded to conduct the meeting.

#### AMH/CARE MANAGEMENT UPDATE

##### ***Kelly Crosbie, Deputy Director, Quality and Population Health, NC Medicaid***

- Kelly provided a review of the Advanced Medical Home (AMH) Program and the AMH Technical Advisory Group (TAB).
- Advanced Medical Homes (AMHs)
  - Primary Care is incredibly important for us in Medicaid. Advanced Medical Home (AMH) is a system delivery model that puts primary care at the center. Our goal is to invest more resources and new opportunities to get paid core value. This delivery system moves forward the three aims of our Managed Care Quality Strategy: 1) Better care delivery, 2) Healthier People, Healthier Communities, and 3) Payment for value.
  - AMH has three tiers. Tiers 1 and 2 are the same and are built on the current Carolina ACCESS program. Funding for AMH will continue as they are today. Kelly addressed questions from Dave Tayloe and Charles Johnson regarding provider attestation to multiple and different tiers, and the flow of funds between the PCP and a third party/AMH.
  - Our care management approach is prescriptive and was given to our PHPs in their contract. This care management expectation does pass down to the Tier 3s or to their CIN or other partners helping them with care management. An important thing about the AMH program is Tier 3 practices are entitled to upside only incentive payments for meeting specific targets or improvement in those quality measures. There is a downside risk in year one. We received lots of feedback from our MCAC Quality Subcommittee.
  - AMH Facts and Figures: Today, we have lots of practices and beneficiaries are enrolled in Carolina Access. We have 1.3M beneficiaries which exceeded what we hoped to get. Chairman Massey asked if this number included BH/IDD individuals? Yes, the number includes all those in standard and tailored plans, said Kelly.
  - Timeline of AMH Program launched in Fall 2018. We wanted the AMH program to be in place as we headed into Managed Care. Therefore, we started the grandfathering and attestation back in Fall 2018.
- Technical Advisory Group (TAG)
  - The TAG is a committee formed specifically to help the Department implement the AMH and get advice from the field around very particular strategic and policy issues. The Committee is an advisory body and is composed of representatives from PHPs and Clinically Integrated Networks, and independent physicians. We have had three meetings so far. We also have a Data Subcommittee.
  - The TAG will tackle the following: 1) AMH certification and contracting process, 2) Data Sharing, 3) Quality, 4) Program Oversight & Evaluation, 5) Program Design.
  - Chairman Massey opened the floor for questions. Kim Schwartz responded, “certainly is aspirational”.
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#### MEDICAID MANAGED CARE CAPITATION RATE DEVELOPMENT

##### ***Julia Lerche, Chief Actuary and Policy Advisory, NC Medicaid***

- Julia described the difference in how rates are set in the commercial insurance world versus how rates are set in NC Medicaid. PHPs do not set their rates in NC Medicaid. The State actually set the rates and it becomes a part of their contract.

##### PHP Payment Structure:

- There are basically four buckets or categories of payments in the contracts between the State and the PHPs.
  1. Risk adjusted Per Member Per Month (PMPM) capitated payments. These payments are made from the Department to the PHP based on projected cost. They are set prospectively before the plan year starts. The PHPs bear the risk of utilization and cost being any different than what we project in the capitation rates.
  2. Maternity Event Payment
  3. Utilization Based Directed Payments (pending CMS approval)
  4. Healthy Opportunities Pilots

##### Federal Capitation Rate Setting Requirements:

- There are federal requirements that guide how states set capitation rates. They must be actuarially sound and developed by a credentialed actuary. The Department contracted with Mercer.
- The rates must be appropriate for the covered populations and services in the contracts with the PHPs. They must be in accordance with generally accepted actuarial principles and practices.
- CMS approval is required.

##### Federal Capitation Rate Setting Requirements:

- Julia provided a step-by-step component of how the capitation rates are set.

- The capitation rates that the Department is providing for the PHPs are built on what the LME-MCOs have historically paid. Debra Farrington added that there are some services that providers have negotiated with the LME-MCOs for higher rates and those services are really important to the continuum.
- A discussion was held on the fee-for-service rates adjustment throughout the year and the plan for rate floor adjustments. In light of time, Julia quickly highlighted key considerations for capitation rate development.
- Chris DeRienzo stated that risk adjustment is one of his biggest concerns as the MC program rolls out. Folks are heavily incentivized to make sure they are accurately capturing the acuity of their populations and coding. Chris asked Julia if she could dive deeper (at the September meeting) on this subject and educate us on scenarios where this could play out and the plans for under compensation because of coding.
- Roger Barnes noted that there will be substantial change. Currently and in the past as a fee-for-service program, the Department has been able to make adjustments within the year as needed. We will not have that flexibility going forward. We are trading off flexibility for more predictability. 25% of Medicaid's business will continue in fee-for-service and we will have that flexibility. The Department will start building its ledgers in the fall. Julia and her staff are going to start doing capitation rates at the same time for the next budget year. Roger encouraged the Committee to notify the Department early if they make changes in services, program, or reimbursement so that they can work together to incorporate the changes.
- Chairman Massey asked if the Committee could get another chance at the September meeting to hear more about capitation rates and what is being planned for risk adjustment after the State starts Managed Care and final rate tables are published. Chairman Massey asked when the rate plan would be published. Julia replied in July 2019.
- Chairman Massey reminded the Committee members of their role and asked them to reach out to their constituencies for additional feedback to bring back to the Department for more in-depth conversation in this process.

#### ACCESS MONITORING REVIEW PLAN UPDATE

##### *Terri Pennington, Business Information Office, NC Medicaid*

- Terri stated there are a lot of decreases in utilization of services visit types in the Executive Summary Access Monitoring Report. We are drilling down to look at that to see why there have been decreased visits. We will be looking at gender and age stratifications particularly for adults.
- New data will be presented at the July Meeting. It will not be a complete report but will have some beautiful graphs for you to view related to what is happening during Calendar Years (CYs) 2016, 2017, and 2018.

#### DIRECT CARE WORKER CRISIS

##### *Ted Goins, MCAC Member*

- The Direct Care Workforce Crisis Summit group held its second meeting on January 4, 2019. This is a self-selected interesting and broad based-group of folks from advocacy to provider, senior services to child and family services. Health and Human Services and the private sector are involved. We will probably meet again in the next couple of months. Ted asked if anyone was interested in attending to let him know.
- The NC Health Care Facilities Association (NHCFA) surveyed its members in the spring to determine the number of existing vacant nurse aid positions. One hundred twenty-four (124) nursing facilities responded. The average number of budgeted vacancies was 8.9 vacancies in skilled nursing centers.
- NHCFA and LeadingAge NC are applying for a major grant from the Civil Money Penalties (CMP) that is directly for nursing homes to attract new people to this kind of work.
- Ted said he is concentrating on nursing assistants because that is a major need. But we are also talking about dietary staff, housekeepers, construction workers, and farm workers. It really is broader than just this.
- Ted directed the members to a list of articles in his handouts that highlight the direct care workforce crisis. These articles share the depth and breadth of this direct care worker shortage.
- Questions and Comments: Jenny Hobbs stated she has good homecare connections and will put them in contact with Ted. Paula Cox-Fishman stated the changes coming with CAP/DA that restrict the number of hours and types of services that guardians can provide may help with this. Why would you restrict workers if you are looking at a situation where you do not have enough workforce? Paula requested the CAP/DA issue be placed on the next meeting agenda. Debra stated we probably need to check on the timelines as there may be an open comment period. Don't know when those final recommendations will be put in place. Want to make sure comments can be considered while we are making final policy recommendations. Kim Schwartz commented on workforce levels and equity for all, from entry, professional, and executive levels. It is a genuine direct driver to the quality of care. This a component that the Committee needs to bring forward and have some deeper discussions as the State is contracting. Some components may be regulatory, Kim said. Ted requested that we keep Direct Care Workforce Crisis on our in-person MCAC Meetings.

### PUBLIC COMMENTS

- Gary Massey acknowledged written comments from Mary Short regarding the CAP/DA Waiver restricting the number of hours guardians can provide services.
- Sarah Pfau noted that in addition to the Skilled Nursing Facilities context that Ted Goins' workgroup has reported on, provider associations including the NC Providers Council have been advocating for hourly wage increases to address the workforce crisis among Direct Support Professionals in Group Homes and ICF-I/DD facilities. There are parallels in terms of recruitment and retention within the broader economy.

### CLOSING REMARKS:

- Chairman Massey announced the next MCAC Meeting on July 19, 2019 (10:30am – 12:00 noon) via teleconference.

**MEETING ADJOURNED**