

Fact Sheet

Medicaid Transformation: Overview

What is Medicaid Transformation?

Medicaid Transformation is changing the way most people receive Medicaid services. In 2015, the NC General Assembly enacted Session Law 2015-245, which directed the Department of Health and Human Services (DHHS) to transition Medicaid and NC Health Choice from fee-for-service to managed care.

Under the fee-for-service model, DHHS reimbursed physicians and healthcare providers based on the number of services they provide or the number of procedures they order. This model will now be known as **NC Medicaid Direct**. Only a small number of people will stay in Medicaid Direct.

Under Managed Care, instead of contracting directly with providers, the State will contract with insurance companies, called Prepaid Health Plans or PHPs. This model is known as **NC Medicaid Managed Care**. Approximately 1.6 million of the current 2.1 million Medicaid beneficiaries will transition to Medicaid Managed Care.

KEY TERMS YOU SHOULD KNOW

ELIGIBILITY refers to whether a person qualifies for Medicaid or NC Health Choice. Eligible individuals may need to enroll in a health plan.

ENROLLMENT is the process of joining a health plan that is responsible for that person's Medicaid health coverage.

BENEFICIARY refers to a person who is eligible for Medicaid or NCHC. Once a beneficiary enrolls in a health plan, he or she becomes a **MEMBER** of that health plan.

PREPAID HEALTH PLANS may be a commercial plan or provider-led entity, that operates or will operate a capitated contract for the delivery of covered services. A **capitation rate** is a pre-determined set rate per person to provide all services.

Within Medicaid Managed Care, there are **STANDARD PLANS** (members will benefit from integrated physical & behavioral health services) and **TAILORED PLANS** (specialized plans that offer integrated services for members with significant behavioral health needs and intellectual/developmental disabilities).

CHANGES FOR MEDICAID BENEFICIARIES

Medicaid Managed Care will bring changes for most Medicaid beneficiaries.

- Medicaid services under Medicaid Managed Care will now be administered by health plans.
- Beneficiaries will be able to choose their health plan and primary care provider (PCP). They will have new support systems available to help them make that choice.
- Medicaid services will not change, but the health plans may offer enhanced services to their plan members, such as smoking cessation programs.
- Medicaid eligibility rules will not change because of Medicaid Transformation.

MEDICAID BENEFICIARY POPULATIONS

NC Medicaid determines the populations in Medicaid Managed Care who will enroll in a health plan:

Those who are in the **MANDATORY** population **MUST ENROLL** in a health plan. This includes most Family & Children's Medicaid, NC Health Choice, Pregnant Women, Non-Medicare Aged, Blind, Disabled.



Those who are in the **EXCLUDED** population **CANNOT ENROLL** in Managed Care and must stay in Medicaid Direct. This includes the Family Planning Program, Medically Needy, Health insurance premium payment (HIPP), Program of all-inclusive care for the elderly (PACE), and Refugee Medicaid.

Some beneficiaries are temporarily excluded and become Mandatory later. This includes dually-eligible Medicaid/Medicare, Foster Care/Adoption, & Community Alternatives Program for Children (CAP-C).

Those who are in the **EXEMPT** population **MAY ENROLL** in a health plan or stay in Medicaid Direct. This includes Federally recognized tribal members and beneficiaries who would be eligible for behavioral health tailored plans (until they become available). The Target launch date for Tailored Plans is mid-2021.

- **Enrollment Broker:** unbiased, third party entity to provide enrollment assistance and help choosing a plan; outreach & education to beneficiaries.
- **Local Health Departments:** continue to provide services under Medicaid Direct; may contract with health plans for some services
- **Community based-agencies:** disseminate information to help educate the public on changes to Medicaid; provide feedback to DHHS from clients they serve

We will also partner with an **Ombudsman**, someone who is appointed to help resolve complaints. More information will be forthcoming.

WHAT DOES MEDICAID TRANSFORMATION MEAN FOR YOU?

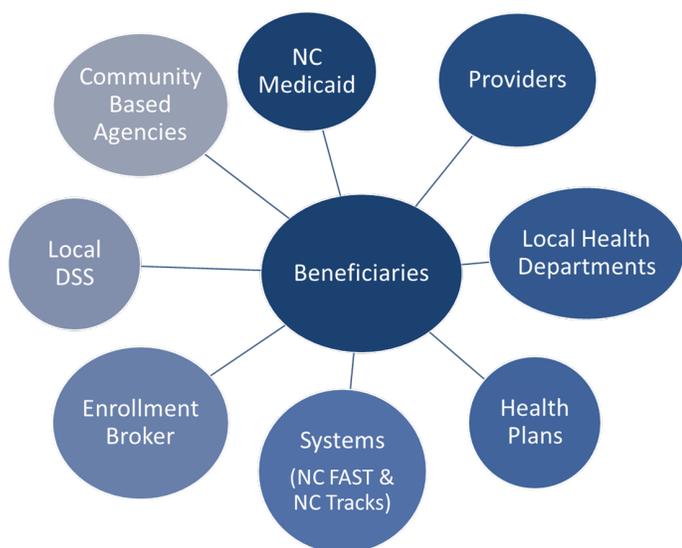
Providers will be impacted by Medicaid Transformation. As with beneficiaries, many things will stay the same, but some things will change. This playbook is one tool to help you understand what is changing. NC Medicaid offers and coordinates support to providers through web-based resources on the Medicaid website, webinars, FAQs and Virtual Office Hours. Training and hands-on technical assistance are also provided for targeted providers (e.g., Rural/Essential/Smaller Providers). DHHS also is collaborating with provider associations to share information, gather feedback, and provide needed support.

Under Medicaid Managed Care, providers will submit claims to the PHP with whom the beneficiary is enrolled. The health plan will then pay providers. Providers are encouraged to explore contracting options with each PHP. Staff should know which PHPs the provider has contracted with so that they can share that information with beneficiaries.

Enrolled and credentialed Medicaid providers should contact PHPs directly regarding network participation opportunities. Please see the [Health Plan Contact Information](#) posted on our website. PHPs are required to contract with “any willing qualified provider,” unless the provider does not meet “objective quality” standards. There are specific requirements for PHPs to include all essential providers (i.e., federally qualified health centers, local health departments, veteran’s homes and rural health centers) in their provider networks.

Providers should be aware of timelines associated with Medicaid Transformation and ensure that related information and communications (like these Fact Sheets) are shared with staff. All staff who interact with beneficiaries should be aware of Medicaid Transformation and the changes it brings. Providers can contribute to the

KEY PARTNERS AND THEIR ROLES



Beneficiaries are at the center of this process. Partners need to work together to support beneficiaries through this transformation and ongoing.

- **NC Medicaid:** provide Medicaid supervision, oversight of health plans and other partners
- **Health Plans:** provide health care and related services to their members
- **Providers:** will contract with the health plans; must continue to enroll as an NC Medicaid or NC Health Choice provider
- **Local DSS:** determine Medicaid eligibility, update beneficiary information, Medicaid case management
- **NC FAST & NCTracks:** these systems will continue to transmit beneficiary information; NC FAST will remain the system of record.

success of this initiative by ensuring staff participate in upcoming trainings. More information for providers transitioning to Medicaid Managed Care is available [online](#).

WHAT ADMINISTRATIVE CHANGES SHOULD YOU EXPECT?

DHHS has worked to mitigate administrative burden for providers.

Health plans are required to ease provider administrative burden:

- Standardizing and simplifying processes and standards across health plans wherever appropriate
- Using standard prior authorization forms
- Using DHHS' definition of "medical necessity" when making coverage decisions and set fee-for-service benefit limits as a floor in managed care (covering the same services as Medicaid Direct (except select services carved out of managed care))

In addition, DHHS is:

- Incorporating a centralized, streamlined enrollment and credentialing process
- Ensuring transparent payments for health plans and fair contracting and payments for clinicians
- Standardizing quality measures across health plans
- Establishing a single statewide preferred drug list that all health plans will be required to use
- Requiring health plans to use DHHS' definition of "medical necessity" when making coverage decisions and set fee-for-service benefit limits as a floor in managed care

More information on key dates and milestones within Medicaid Transformation are provided in the Medicaid Transformation: Beneficiary Enrollment and Timeline Fact Sheet.

HOW YOU CAN SUPPORT BENEFICIARIES

Current beneficiaries will receive information by mail that outlines actions to be taken, when to take those actions, and who they can contact for assistance.

Materials are available to share with beneficiaries about the changes. Please consider:

- Displaying a [poster](#) in your office.
- Sharing the [fact sheet](#) and [flyer](#) in your waiting area.
- Handing beneficiaries a [palm card](#) at their next visit.
- Playing the promotional [video](#) in your waiting area.
- Reviewing the [Q&A](#) with your staff.
- Reading the Beneficiary Experience paper to familiarize yourself with the changes that beneficiaries will experience. (Coming soon!)

GOALS FOR DAY 1 OF MANAGED CARE

The Department of Health and Human Services' highest priority is the health and well-being of the people it serves. DHHS is committed to improving the health and well-being of North Carolinians through an innovative, whole-person centered and well-coordinated system of care that addresses both medical and non-medical drivers of health. DHHS' main focus for Medicaid Transformation is that on Day 1:

- A provider enrolled in Medicaid prior to the launch of Medicaid health plans will still be enrolled;
- A provider is paid for care delivered to members through evidence-based interventions designed to address non-medical factors that drive health outcomes and costs;
- A member with a scheduled appointment will be seen by their provider;
- A member's prescription will be filled by the pharmacist; and
- Members know their chosen or assigned health plan.

Fact Sheets will be updated periodically with new information. Created July 2019. For more information, please visit <https://www.ncdhhs.gov/assistance/medicaid-transformation>