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Secretary Cohen shared her background with the group. As a primary care physician who trained at Massachusetts General, Secretary Cohen’s first role was at the Women’s VA in DC working on policy issues to better integrate veteran women’s health care into the larger VA. More than 50% of her medical work was on behavioral health issues in the VA population for women with depression, anxiety and post-traumatic stress disorder. Her last 6 to 7 years were in a variety of roles at CMS, and she worked on the insurance Exchange and the operations side. She also served as the Chief Operating Officer and Chief of Staff during her last two years of her tenure at CMS. Secretary Cohen shared where and the Department is going with Medicaid overall, and that there is a great opportunity with the move to managed care. Seen some states struggle and some are rebooting, so her goal is to make sure that NC is learning lessons from other States.

Secretary Cohen charged the Committee to look at other states and make sure we are learning from what they have done to determine how we can bring the best here to NC. She noted that she wants to build a system that will provide the best health and social services for the citizens of NC. Her staff have been spending time learning about the link between the social determinants of health. Sometimes it is focusing on housing and food stability, then later what we can do with the medical side of things. As we have this opportunity in NC, the Secretary wants the MCAC to think about those kinds of issues and what we can imbued into the Medicaid program.

Secretary Cohen commented that she is also very focused on the opioid crisis. The physician’s community will receive a letter from her asking for their personal help on this issue. Solutions don’t rest solely with the physician’s community, but they do have a role to play with the CDC guidelines related to opioid prescriptions and screening for possible opioid abuse. The Governor, Secretary Cohen, and others will make a big push around standing up additional access to treatment.

Questions from the Committee

- Gary Massey, Chairman, prompted the Committee members and those on the telephone to ask questions or make comments.
- Kim Schwartz commented that she was glad to hear of Secretary Cohen’s work in integrated care with behavioral health and the focus on the complexities of social determinants of health. Dave Tayloe thanked the Secretary for meeting with the group. He commented that many Primary Care Providers have been and continue to be nervous about the 1115 Waiver and the potential for having to deal with multiple payers, rules, and reimbursement formulas. The current Medicaid Primary Care Case Management system, Community Care of North Carolina (CCNC), is admired nationally, particularly because of the clearinghouse data and healthcare informatics that they provide for us. Dave asked the Secretary whether she foresees an additional administrative burden and CCNC moving forward.
- Secretary Cohen responded that she is paying a lot of attention to this and has been in conversation with many folks including CCNC, FQHCs and hospitals to get a good lay of the land. She noted that DHHS’s job as we are thinking about the future, with input from MCAC as well, is (1) to determine how to preserve those things that are working well; (2) to allow innovation to come into our State and drive us forward in terms of improvement, and (3) to standardize where we can such as quality metrics across the plans.
- Chairman Massey commented on a recent conversation he had with Committee member Ted Goins and DMA staff regarding payment rates and the need for certain provider reimbursement increases to occur, especially before we go into a new environment. Chairman Massey stated that it is very challenging to recruit staff in the community based services; especially the personal care aides. At the low rates currently being paid, it going to continue to be a problem for the providers to be able to provide health benefits that the individuals need. Regrettably often the aides are on Medicaid themselves. Chairman Massey asked Ted if he wanted to expand on the subject.
- Ted Goines added that from a quality of care and an access to care standpoint, it is going to be a problem for Medicaid recipients when places aren’t staffed and they are trying to cover 3rd shift positions. We are capping out at $15/hour and our best CNAs are being cherry picked by others paying $16/$17 more per hour. He encouraged considering this issue.

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Secretary Cohen said that she appreciated the comments and that is not the first time she has heard these concerns. She noted that her team is thinking hard about the leverage we have at the Department and the partnership with the General Assembly.

Marilyn Pearson commented that as we think about the Medicaid problem and the issues that our enrollees face, we must be thinking about what is it we can do to help. Not just getting people to doctor's appointments; but, what are some things that they need? What can we do as Medicaid providers to help with food and transportation, etc.? How can we pay for some of those things?

Secretary Cohen replied that is exactly the kind of thinking her team is trying to do. They are going to be looking to their colleagues in Public health and others to see how they can imbed housing stability, food, stability, and electricity into this new transition.

Dave Tayloe asked, with all the Federal uncertainty, with the block granting and reduced federal funding, how are you guys approaching that?

Secretary Cohen want to make sure that we are setting NC up to be in the strongest position ever no matter what happens at the Federal level. I don't want to see a Federal investment in the state. Made an appeal to the General Assembly explaining the facts and what it will do for our budget and the impact it will have on our State. We will be prepared for whatever comes our way, we will make it work.

Gary Massey shared with Secretary Cohen that the MCAC went on records unanimously supporting expanding Medicaid.

Before departing for her next meeting, Secretary Cohen thanked the MCAC members for sharing their time and publicly thanked Dave and Sandy for all the work that they have been doing. Advised the MCAC that they have terrific leadership in them. Secretary Cohen ended her comments by saying that it is exciting times and a lot of moving pieces. There is going to be some activities as we move forward on the Medicaid managed care pieces. There is going to be a ton of engagement with the committee. You will probably get sick of us. I charged the Committee with several items and look forward to receiving feedback, said Secretary Cohen.

Chairman Massey asked Roger to wrap up prior to Dave Richard getting us back on the track.

MEDICAID BUDGET UPDATE (CONT’D):
Roger Barnes, Deputy Director of Finance, DMA

- Total Medicaid expenditures are approximately $80 million more than last year’s, which is consistent with the increase in enrollees.
- A comparison of January year-to-date actual results versus budget indicates that we are doing well in all budget categories. We are about 7.1% under budget through January, which puts us in a good position for the year’s balance.

REMARKS
Dave Richard, Deputy Secretary, DMA

- Dave expressed appreciation for Secretary Cohen coming to the meeting, and noted that DMA’s team has been so impressed with her ability to come in and sit down and hear from the people. Dave added that he has observed those conversations and how they have informed her decision making in terms of the future of the system. The General Assembly, both Republicans and Democrats, have a great deal of respect for her. You cannot go into a meeting with her and not be prepared.
- Dave stated that regarding rates and reimburse strategies, we are bound to present a rebase based upon our estimates and eligibility changes.
- Dave noted that DMA and the Department have the authority under legislation to adjust rates and to make changes in the Medicaid program with available resources. However, legislation will not be able to make all rate adjustments that people want to see, but we will be creative and find new ways to adjust and drive reimbursement to the right polices. We will be limited with the available resources in our rebase.

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• And there is the ability to work with the providers already in the LME/MCO system to adjust reimbursement based upon need. After our last meeting, there was a lot of publicity around an auditor’s report pertaining to Medicaid eligibility determination errors that caused ineligible applicants to be approved or eligible applicants to be denied. We respect the work of the auditor and believe there is room for improvement at the county level. We do not believe the report is accurate. NC Fast works fine. There is a difference in County resources put toward their eligibility worth. From our position, it is the county’s responsibility to carry out the Department’s ultimate responsibility and accountability for getting accurate enrollment in Medicaid. When CMS look at us, they look at the State and not our 100 counties. We will work with the GA and the auditor to make sure that at the local level, people who are eligible for Medicaid receive it and those that are not will not be enrolled. If you saw that report, understand it is not as bad as it sounds and that the Department and DMA take the responsibility very seriously and will make corrections to improve the system.

• Dave then reemphasized what Secretary Cohen had said regarding the concern about moving to managed care. There is power in managed care that we do not have in a fee-for-service, and we are not doing any of this alone. We will be in the field with a lot of you as we make this transition. We are going to do it with you and honor what we have heard. Administrative burden is at the top of our list. We will strive toward a system that we believe in and promotes health for NC citizens. We will continue the conversations. Dave asked the Committee to please take serious what Secretary Cohen had asked them to do, and noted that the Department and Division will support them with the charges that she made. It will be part of the work plan moving forward. Dave emphasized that there is no change in the commitment to working with providers, families, individuals, beneficiaries and all other stakeholders to ensure a smooth transition to managed care. One of the fundamental principles that we should have in terms of a measure of services is whether we lose any providers in the Medicaid system today when we shift to managed care, that will be considered a failure. We want to keep this network as robust as it is today because we do have a good thing in North Carolina and we do not want to lose that.

• Dave concluded by thanking Roger Barnes publicly for stepping into the role of Interim Chief Financial Officer, DMA, and how it was not easy to come in after Trey Sutten, who was terrific. Roger stepped up in a way that we all knew he would and we are all excited about that.

• Chairman Massey thanked Dave and Roger.

MEDICAID TRANSFORMATION PROGRESS UPDATE:
Angela Diaz, Chief Operating Officer, DHB

• Angela thanked the group for allowing her to share Medicaid transformation updates. Angela announced her new role as Chief Operating Officer, DHB, adding that we refer to ourselves Medicaid as we are all in this together and work very closely with DMA folks in the room.

• Angela reported that they had added a technology vendor, Accenture. They are working to access the current state to understand - those systems are doing, what they are capturing, and what reports are being delivered to understand where we are today. Mannatt is working on the program design to understand our future. Between the two vendors, we will identify the gaps between the current and future state and what we need to be doing from an IT perspective to deliver the services that are needed. Angela thanked Steve Tedder for helping to guide a lot of this work.

• Kelly Crosby is leading the NCIOM initiative. Her background is quality metrics, and she is doing a fantastic job leading from the Medicaid perspective. Dr. Nancy Henley is also participating on that taskforce. There are monthly meetings, and you will be hearing more by the end of the year.

• About 13 members of the Medicaid staff went to visit TennCare. It was a great visit; we got to meet all the leaders and heard about lessons that they have learned. Ten Care has been around for two decades had a lot of lessons to learn along the way. They implemented a standard process around administrative burden. We heard what improved with managed care. For example, quality metrics around diabetes improved. There were some successes, but there is still a lot of work to be done. Steve Tedder talked with TennCare about their IT systems. We are beginning to look at Iowa and Illinois to meet with them, too. Ted Goins asked if they were good State models. Angela replied it is not that they are necessarily good states; rather, NC would look at their successes and their mistakes and learn from them.

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• Dave Richard added that NC Medicaid would look at how the other states run manage care as an Agency and how they are driving their quality metrics.
• Angela closed by reporting that the NC Medicaid Dual Eligible Report was submitted to the General Assembly on January 31, 2017, and that DHB and DMA we want to make sure there is a readiness there before integrating that population.

Questions & Comments
• Dave Tayloe asked Angela whether there were any changes on the timeline for implementation. Angela responded that they are sticking to their timeline. Submission of the Waiver application to CMS; then 18 months to go live which will be July 2018; depending on the changes of the Federal Government. Dave Tayloe followed up with the question about the number of groups bidding. Dave Richard responded that very few national managed care companies are not interested in bidding. Dave thinks the question will be the Provider Led Entity (PLE) response; not the commercial managed care response. There is a lot of PLE interest out there versus commercial manage care response.
• Stephen Small asked about plans to modernize the Health Information Exchange (HIE) to prevent issues with obtaining data. He stated that what we have is not so user friendly. This question lead to a lengthy discussion. Steve Tedder informed that HIE in the past year has been working with SAS and O’Ryan to lay out an architecture to incorporate administrative and clinical information not just for Medicaid, but for the general improvement of healthcare within the State. They are getting there; but, they are not there yet.

LEGISLATIVE UPDATE
Sarah Pfau, Associate Director of Policy & Regulatory Affairs, DMA

• Sarah reported that we do not have anything conclusive at the Federal level regarding health care reform and the Obamacare ‘repeal and replace.’ She reported tracking the policy listservs and federal articles, and she shared information about the American Healthcare Act. Everyone has heard a lot about block grants and per capita cap funding. There was a hopeful article that mentioned details about the effects that we could see at the State levels for Medicaid programs depending on what is enacted. Sarah reported that the week of the MCAC meeting, Congress had proposed repealing the essential health benefits. She reminded the MCAC members that they have seen in the State Plan Amendments that DMA posted in January, the basis for some of the service coverage in the Medicaid expansion, would have been founded on essential health benefits. Another thing that could potentially affect Medicaid expansion is that the federal government may require more frequently redetermination of the eligibility of Medicaid expansion individuals. We know that we have an estimated 500 to 600,000 individuals eligible for Medicaid expansion in NC, so that would yield more administrative burden on the local level offices.
• Sarah added to Dave’s earlier conversation about the eligibility determination challenges at the local level. In the 2016 Appropriations Act, there were lengthy provisions to implement reporting and monitoring the timeliness of Medicaid eligibility determination at the county level and to ramp up the Department’s oversight and ability to impose sanctions.
• Another proposed change under the American Healthcare Act is eliminating presumptive eligibility. This change would prevent retroactively paying medical bills for people that are deemed retroactively eligible for Medicaid. It would also affect safety net hospitals in terms of them relying on the fact that they may be deemed presumptively eligible. We could also see a decrease in the federal poverty threshold level for the MCHIP eligible population.
• In relation to Medicaid expansion, DMA did post the proposed Medicaid Expansion SPA in January 2017. It is the Governor’s priority. Senate Bill 290 was filed in the Senate on March 19th with a proposed effective date of January 2018. The proposed mechanism for the state share of the funding of Medicaid Expansion in our State would be additional hospital assessments. Ted Goins asked who the bill sponsors were, and Sarah reported Senators Clark and Bryant.

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Sarah stated that DMA was waiting to see what special provisions come out in the Senate and House Appropriations, and that the Policy and Regulatory Affairs Section would be tracking those carefully and responding to the Department very quickly with any concerns that we have in the provisions as they are drafted.

Sarah recognized several staff members who provide support and managerial assistance with the numerous constituent requests, legislative requests, public records requests, medical records requests that are received daily by the Division. Pamela Beatty is our Constituent Relations Coordinator. In the last three months, we have processed 183 constituent requests. That is a lot and the majority come from program applicants, many from beneficiaries and the smallest number from providers, said Sarah. Virginia Niehaus processes the legislative requests, public records requests, and requests from University researchers. We have had 23 legislative requests in the past eight weeks. Every month, we receive approximately 10-15 public records requests.

Dave called attention to the “Proposed SPA List” in the meeting handouts. Listed are a host of SPAs with the description that says “SPA Pages are being revised to clarify that programs are reimbursed via the NC Medicaid fee schedules in effect at the given point in time.” Dave noted that those are the legislatively mandated 1% rate reduction SPAs that were withdrawn from CMS review.

Dave said that DMA’s Single State Agency SPA was approved along with the Eastern Band of Cherokee Indians (EBCI) SPA, which allows EBCI to do eligibility at the local level. He noted that there was an IRS data redisclosure approval issue that won’t allow us to go live on April 1, 2017, which is an implementation date in legislation. But DHHS and its relevant Divisions were working through that with the Tribe to address that issue.

Dave also reported that there were legislative requirements that DMA submit the Inpatient Hospital (GME) SPA to end the add on. Posted the Inpatient Hospital (GME) SPA and submitted it to CMS on March 31, 2017. Our goal is not to eliminate GME add on funding and work with the General Assembly.

For details on DMA Legislative Reporting for 2017 Quarter 1, please refer to Sarah Pfau’s handouts at: https://ncdma.s3.amazonaws.com/s3fs-public/DMA_Legislative_Reports_2017_03_24.pdf

Medicaid Access Monitoring Update
Jeff Horton, DMA Utilization Committee Chair

Jeff provided a recap of where the project was last year. The Access Monitoring plan was submitted to CMS on September 30, 2016. Service utilization had decreased from 2014 to 2015. However, there was no increase in ER and hospital visits. Finally, the Medicaid program had more providers in urban areas than metropolitan areas, which was surprising to see.

Jeff noted that one thing that the Agency is excited about is that we were allocated a position to hire a data analyst in January. She is working with our Business Intelligence Office and analyzing data from CY2014-2016 to identify access to care for various services.

Jeff closed by noting that he was currently working on Medicaid State Plan Amendment to reduce the reimbursement for hemophilia drugs and an access monitoring review plan.

For details on Medicaid Access Monitoring Update, please refer to Jeff Horton’s handouts at: https://ncdma.s3.amazonaws.com/s3fs-public/Medicaid_Access_Monitoring_Update_2017_03.pdf

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Questions & Comments

- **Derrick Pantiel** raised the issue of rate reductions and costs compared to access to care. He stated that it does not take a lot of data or research to realize that a lot of physicians do not enroll with Medicaid due to the reimbursement rates. Patients leaving ERs do not have a primary care provider to see after leaving the ER. How do we look at it from the economic standpoint if we don't look at increasing physician rates so that the primary care providers will see these patients versus paying more for these patients to be seen in hospitals? What is the data showing on that? Jeff Horton provided a lengthy response.

- **Kim Schwartz** posed a question regarding the Department of Insurance’s proposed plan to cover rural primary care access by purchasing 30 mobile units. She asked whether anyone had insight, and wanted to know why this is not in DHHS.

- **Chairman Massey** responded that he shared her concern with Dave Richard and that he would look into it and keep the Committee informed.

  **Kim Schwartz** extended the discussion around opening access to our Medicaid plan via Expansion. She stated that primary care should be something that everyone is entitled to; she likes to refer to it as, “grace and grits.” Kim noted that there are some good models out there, and that she hopes that the Committee and DHHS can explore some of those. Kim expressed appreciation for the leadership team and the encouragement that it brings to the providers serving in the field. Chairman Massey thanked Kim for her comments.

PUBLIC COMMENTS

- Mary Short stated that she has an outstanding legislative inquiry that will turn into an access to care issue shortly. Dave Richard replied that we do not discuss constituent inquiries with protected health information in public but that we would follow up with her after the meeting. Ms. Short also asked how beneficiaries can receive feedback and engagement on the stages of the Innovations Waiver. Dave responded that DMA was in the planning stages and that information would be coming soon.

CLOSING REMARKS

- Chairman Massey requested a copy of the article regarding AHCA Congressional Bill and Medicaid access that Sarah had mentioned. Sarah agreed to forward it to Committee members through Pam.

- Chairman Massey reminded the Committee of the charge from the Secretary. He advised the Division that the Committee will welcome anything that it would like to share as it explores and learns more about what other State programs are doing, such as TennCare. Chairman Massey expressed his appreciation to the Committee and those in the room; especially Pamela Beatty and her awesome task of keeping the Committee informed and working with them.

MEETING ADJOURNED