

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE

MEDICAL CARE ADVISORY COMMITTEE MEETING  
September 22, 2017  
NCSU – McKimmon Center, 1101 Gorman Street, Raleigh, NC  
Teleconference No. 919-850-2820

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The Medical Care Advisory Committee (MCAC) met at the NCSU McKimmon Center on Friday, September 22, 2017 at 9:00am – 12:00 noon.

ATTENDEES

**MCAC Members in Person:** Gary Massey, MCAC Chairman, David Tayloe, Polly-Gean Cox, Marilyn Pearson, Billy West, Jr., C. Thomas Johnson, III, David Sumpter, Samuel Clark, Paula Cox Fishman

**MCAC Members via Telephone:** Kim Schwartz, William Cockerman, Stephen Small, Casey Cooper

**DMA Staff:** Sandra Terrell, Roger Barnes, Mona Moon, Melanie Bush, Christal Kelly, Deborah Farrington, Lynette Harris, Angelia Diaz, John Stancil, Patrick Doyle, Virginia Niehaus, Sarah Pfau, Sabrena Lea, Tracy Linton, Teresa Smith, Betty Staton, Pamela Beatty

**MCAC Interested Parties:** Sarah Wilson, Brian Perkins, Karen Kranbuehl, Edward Turner, Julia Adams-Scheurich, Karen Salack, Brendan Riley, Jeff Horton, Tripp Tart, Nichole Melton Mitchell, Beverly Hamilton, Michael Packer, Dave Snow, Ann Rodriguez, Kari Barsness, Richard Edwards, Matt Wolfe, Adam (?), Lee Dobson, Mary Short

CALL TO ORDER

Gary Massey, MCAC Chair

- Gary Massey, MCAC Chair, called the meeting to order at 9:00 a.m. followed by a roll call of the members. Quorum declared. Chairman Massey welcomed and thanked everyone for their participation.
- Chairman Massey opened the floor to approve the minutes for the past three meetings (March 24, 2017, August 31, 2017 and June 23, 2017. Dr. Pearson made a motion for approval; the minutes were seconded and approved.

OPENING COMMENTS

Dave Richard, Deputy Secretary, DMA

- Dave Richard provided an overview on current Medicaid topics.
  - The PCS SPA was submitted to CMS.
  - Graduate Medical Education (GME) SPA was submitted to CMS to change the language; however it has been withdrawn and is no longer with CMS. The General Assembly initially provided \$30 million and took back \$15 million.
  - Dave made the following DMA Staff introductions and announcements:
    - Jay Ludlam, Assistant Secretary, Medicaid Transformation, DHB
    - Mona Moon, Chief Operating Officer, Medicaid
    - Melanie Bush, returning to us as the Deputy Clinical Director
    - Roger Barnes, Chief Financial Officer

- Dave asked Sarah Pfau and Virginia Niehaus, Policy & Regulatory Affairs Staff, to provide an update on DMA Rule Making and Legislative Reports.
  - Sarah provided an overview of the SFY2018 Medicaid Legislative Reports beginning in October 2017 through July 2018. Sarah commented that we have many mandated legislative reports this year. Provided the citations from the Appropriations Act and general titles of the reports.
  - Sarah advised the group to contact DMA if they wanted to know more about the substance of the reports. Once the legislative reports are finalized by the Department and submitted to the General Assembly, they are available to the public under a public records request. Virginia Niehaus manages our public records.
  - Virginia Niehaus reported that she is currently facilitating the re-adoption of:
    - 82 rules in Chapters 21 and 22
    - 42 rules in Chapters 23 and 25
 In accordance with the Periodic Review and Expiration of Existing Rules Provision (at NCGS § 150B-21.3A) statute, agencies are required to review their rules every 10 years. There are two phases to the periodic review process: Phase 1 entails reviewing the rules and classifying them and Phase 2 includes amending and repealing the rules.
  - Deadline for the re-adoption of DMA's rules
    - Chapters 21 and 22 is March 31, 2018.
    - Chapters 23 and 25 is March 31, 2019.
  - For Chapters 21 and 22, we are currently planning:
    - Publish notice in the NC register in mid-December of this year
    - Accept comments from mid-December to mid-February (60 days)
    - And readopt by the end of March 2018.
  - We will begin the process of reviewing rules for re-adoption in Chapters 23 and 25 in early Spring 2018.
  - Virginia noted that the rules are not being updated to align with Medicaid Transformation at this time because the mandated deadline does not line up with our Medicaid Transformation deadline.

MEDICAID BUDGET UPDATE:

Roger Barnes, Deputy Director of Finance, DMA

- Roger Barnes provided an update on the Medicaid Budget through the month of July 2017. The Division ended June under \$2 million. Our tracking is on forecast of our expectations.
- Current Medicaid enrollment as of September 2017 is 4% higher than enrollment in September 2016.
- Tracking of our Medicaid enrollment is on forecast of our expectations to date.
- Medicaid total expenditures are \$49.3 million higher than the prior year.
- Total Medicaid expenditures were \$20.8 million or 1.9% favorable to the authorized budget.
- The use of appropriations totaled \$394 million which is \$50 million or 14.6% unfavorable to the authorized budget.
- Dave Richard asked Sandra Terrell to give a quick update on the Children Health Insurance Plan (CHIP), now known as NC Health Choice or SChip. Sandra stated that the funding for NC Health Choice technically ends on September 30, 2017. There is a lot of effort on the Hill in trying to determine the fate of this program. We have been engaged as well as and concerned about its impact on NC. We have received an enhanced match, as all states have. There will be a small percentage of state contribution. Congress has not made a decision to continue its funding. We have been told by Congressional staff members, the National Association of Medicaid Directors, and other associations that the consensus from the Hill is that program funding will continue. No one wants to cut the funding of the program.
- Dave Tayloe asked if claims for reimbursement of vaccines will be reprocessed retroactive July 1, 2017?
- Roger said claims will be reprocessed automatically for Health Choice and Medicaid. There will not be a lot of claims.
- Dave Richard mentioned that the Graham Castle bill, an ACA effort, is getting a lot of attention and could possibly be approved. We are continuing a more detailed analysis of this bill. If approved, it could have a significant impact on North Carolina.

## MEDICAID TRANSFORMATION UPDATE:

Jay Ludlam, Assistant Secretary, Medicaid Transformation, DHB

- Jay Ludlam provided a high level of his background and experience with Medicaid transformation. Jay has a good understanding of how to operate state and local health plans. Recently completed a successful managed care transformation in Missouri.
- Jay stressed that the MCAC will be beneficial in providing feedback. We will do whatever we can to incorporate it into the ultimate design model.
- In August 2017, the Division released a white paper that outlined our NC proposed program design for Medicaid Managed Care. We have received a lot of feedback through that process; approximately 210 responses from health plans and associations. The comment period is formally closed. We have a team who is reviewing the comments. We will consolidate our feedback and get it back out to the field by early October 2017.
- Comments received included positive support for physical and behavioral health integration. There was a lot of support for considering social determinants of health and of course reducing the administrative burden in the provider credentialing process. There were a couple basic questions that our Communications team will work on to make sure our messaging is more clear regarding when we will go live and the dental exclusion? There were some concerns around the implementation timeline. We have a very aggressive program design and I think it is very doable through a lot of effort, said Jay. There were concerns around eligibility and enrollment -- whether the local county offices will be responsible for enrollment and if it would impose too much burden on the DSS employees.
- Jay highlighted the engagement of key procurement activities to launch Managed Care throughout 2019. We are focused on three major milestones:
  - (1) Request for Information (RFI) document that will solicit more technical and targeted feedback on the program design elements. This document will be released Fall 2017
  - (2) Request for Proposal (RFP) a formal solicitation which will outline the contract expectations. It will be released in the Spring 2018. The statute requires us to lock down 18 months after CMS waiver approval and go live. We are looking at 45-60 days for the health plans to respond and early Fall 2018 for as the actual award.
  - (3) Enrollment Broker – The enrollment process will begin mid-Winter through Spring 2018.
- Jay encouraged the group to respond where appropriate.
- Jay discussed the role of the MCAC throughout this process. One concrete example is the marketing materials. There are federal requirements to get stakeholder feedback. The Division will share with the MCAC and seek feedback on enrollment broker materials, health plan marketing materials. As the Division gets closer to launching, we will share with you what the member and provider handbooks look like for your feedback. Before going live, it would be useful to have the Committee talk to us about risks, controls that you think the State should put on communications either with the health plans or with the Department and what we should be focused on in the rollout. We will have targeted discussions on credentialing, value based purchasing, care management, consumer noticing and issues that the MCAC may have. We are also going to seek engagement from you on our quality strategy, social determinants of health, and potential tribal issues.
- Jay said that he is very open to discussions. He believes that it very important to engage in dialogue. It is very important to understand the concerns that the community has and develop mechanisms of strong state oversight to hold the Managed Care companies accountable.
- Paula Cox Fishman stated that with the current system, providers who are doing business across the MCOs must get credentialed separately with each MCO which is quite expensive. If they get credentialed once, can't that be enough? This question lead to a lengthy conversation about provider credentialing and the MCOs with comments from Marilyn Pearson, Billy West, Dave Tayloe, Dave Richard and others.
- Jay explained the credentialing process steps. He further elaborated that the Division's proposed design is to have a centralized credentialing vendor handle the administrative burden of receiving and approving the provider packages. The administrative burden of the provider having to submit 15 files is reduced to submitting one file to the credentialing vendor and have them create a pool of approved complete files. When the Managed Care companies complete their credentialing process and are ready to allow a provider into their network, they would obtain that provider file from the credentialing vendor. The

MCOs would then have a localized decision about whether to credential the provider to their network. Again, this is the model that we are debating. We are want to allow the healthcare plans to take on liability that they feel comfortable with. Dr. Marilyn Pearson added that this needs to be addressed in the contract.

- Dave Richard added that the distinction is a contract negotiation between the provider and the MCO choosing whether they want to be in a network.
- Billy West led a conversation about the importance of understanding the details of behavioral health and substance abuse enhanced services across the MCO lines.
- Dave Richard stated that the Agency is still in conversation with the General Assembly about trying to go forward. Provider contracting and MCOs is a complicated issue and we need to continue working together on it to make sure we get it right. Dave asked the group to give the Agency a chance to work with them and General Assembly.
- Dr. Dave Tayloe shared the following concerns of some Medicaid pediatric providers. He commenced to say that the prospective of most pediatric providers who see a substantial number of Medicaid patients is that the NC Medicaid program has been and continues to be a national model. That is accredited to DHHS, DMA, providers and different patient advocacy organizations.
- Dr. Tayloe shared two important points: (1) Pediatric providers are scared to death about this Medicaid transformation. He stated that CCNC has been vital to the success and cost savings of the NC Medicaid program. The hope of most pediatric providers is that CCNC or an organization like CCNC continues as a clearinghouse for case management, informatics, and all the services that CCNC has provided. (2) The administrative burden is going to increase. Currently, practices deal with one system; NC Tracks. We do everything in that one system, including billing and checking eligibility. When we go to Medicaid Reform, we will be dealing with maybe five or more. That is going to increase administrative burden by requiring more staff and money. Yet, the rate for it is the current Medicaid rate which is 50% of what a private insurer like BCBS pays. It is going to be a money losing proposition for pediatric providers who take care of a substantial number of pediatric patients. It will not be worthwhile for pediatric providers in urban areas to see Medicaid patients because it would be too onerous. In rural areas, our practices are almost 50% Medicaid and it is going to be very difficult financially for us to survive. Many pediatric providers are advocating for rates that are on par with Medicare, said Dr. Tayloe.
- Jay Ludlam stated that one of the aspects of the Managed Care program is that before signing a contract, providers can negotiate the rates and terms of the contract. Jay encouraged the providers to read the contract, circle the provisions that outline their concerns and negotiate the contract. They may not agree with you; but, it is important to do this.
- Chairman Massey added that the conversation taking place today is good and can feed into more focused conversations with the creation of MCAC Subcommittees. Chairman Massey asked the committee to make it known if there is a MCAC Subcommittee that they would be interested in serving on based on the targeted discussions highlighted in Jay's presentation today.
- Dave Richard mentioned that because the MCAC is relatively small, it is important to think about adding members of the public on subcommittees to work with MCAC so that we can obtain additional expertise. Chairman Massey said that was an excellent thought and suggestion.
- Chairman Massey opened the meeting to comments from participants on the telephone.
- Casey Cooper commented that the Eastern Band of Cherokee Indians have enjoyed fabulous consultation with the Department and the Manatt group. He stated that he looks forward to continued consultation as the State continues down this path. This is a level of conversation that most tribes in other states do not enjoy. We appreciate it. Dave Richard thanked Casey for his comments.
- Chairman Massey discussed the following housekeeping matters; (1) Reminded the MCAC members of their responsibility and commitment to participate and become more involved and not less involved. There are a few that we will reach out to and make sure their interest is still there. (2) Announced that there are vacancies in the 9<sup>th</sup> and 10<sup>th</sup> Congressional Districts. Chairman Massey asked the Committee to make it known if they knew of individuals to recommend in those Congressional Districts; (3) Reminded the MCAC members to notify the Division if they still want the \$15 stipends that they are currently receiving. Asked the MCAC members to review their reimbursement forms and indicate whether they want to continue receiving reimbursement of meals as well.
- Dr. Tayloe stated that he would appreciate it if the Division would give more advanced notice about impromptu MCAC meetings.

## PUBLIC COMMENTS

- Gary Massey, MCAC Chair, opened the meeting for public comments.
- Jenny Hobbs thanked the group for the opportunity to speak. Stated that this was her first time in attendance and she wanted to stress to the group that it is extremely important that children, as Medicaid beneficiaries, are represented well.
- Karen Kranbuehl thanked the group for the opportunity to speak and presented comments on the following:
  - Subcommittee participation and meetings being opened to the public.
  - Fitting behavioral health into the subcommittees and the plan to bring in people with behavioral health lived experience to give the beneficiary's point of view.
  - The ombudsman's connection with the MCAC
  - The public's access to more information on the MCAC website such as its vacancies and the current representation.
- Mary Shorts requested a quick lesson on what DMA authorizes as "in lieu of services" and how that works. Dave Richard elaborated on the subject. "In lieu of services" are services provided to the Medicaid population that are not in the state plan; but, are just as effective and less expensive than the services offered in the Medicaid state plan.

## CLOSING REMARKS

- Chairman Massey thanked everyone for their participation and reminded the Committee of the October 26<sup>th</sup> and November 15<sup>th</sup> MCAC teleconference meetings and to mark their calendars.

MEETING ADJOURNED