

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS75258-LN-86 (2/14)

Short Title: Initiatives to Reduce Medicaid Costs. (Public)

Sponsors: Senator Pittenger.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF MEDICAL ASSISTANCE, TO DEVELOP A DEMONSTRATION PROJECT TO IMPROVE THE EFFICIENCY AND COST-EFFECTIVENESS OF THE MEDICAID PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Health and Human Services, Division of Medical Assistance, shall develop a pilot initiative to provide for a more efficient and effective service delivery system that enhances quality of care and client outcomes in the State Medical Assistance Program (Medicaid). The initiative shall be a demonstration project (Project) applicable in two geographic areas of the State. It is the intent of the General Assembly that the Project shall be implemented initially in one county in the 2009-2010 fiscal year and, if successful and funds are made available, expanded to three additional counties for the fiscal year 2010-2011. The Department shall recommend in its report to the 2009 General Assembly the geographic areas and counties that should be included in the Project.

SECTION 2. The Project shall provide for mandatory participation of specified Medicaid enrollee populations in managed care plans that offer customized benefit packages and individual involvement in the selection of private health plan options. The project will promote competition by allowing HMOs and other managed care entities including provider service networks and other licensed insurers to participate and to offer benefit plans. The components of the Project shall address the following:

- (1) Medicaid participants (participants) will have a choice in the marketplace and be able to choose customized plans and methods of accessing services. Participants will be assisted by choice counselors in choosing a plan that is right for them.

- 1 (2) Participants will be able to choose among HMOs, Community
2 Provider Service Networks, Minority Physician Networks, or other
3 organized provider networks.
- 4 (3) Participants will be offered the choice of opting out of Medicaid and
5 directing Medicaid funds to an employer-sponsored plan. Participants
6 will have the option to reenroll in Medicaid.
- 7 (4) A premium-based coordinated system of care. Premiums shall be
8 risk-based by the State and paid with State and federal Medicaid funds.
- 9 (5) Low-income pool shall be established to ensure availability of needed
10 health care services to Medicaid, underinsured, and uninsured
11 populations.
- 12 (6) Initially the Project will not cover long-term care services. It is the
13 intent that these services will be included if the Project is continued
14 beyond the second year of implementation and there is provider
15 interest and adequacy of services.

16 The same limits on coverage will apply under participating managed care
17 plans as now apply under Medicaid. Services available to children and pregnant women
18 under Medicaid will be available at the same levels under the Project plans.
19 Participating managed care plans must accept all enrollees who choose the managed
20 care plan.

21 **SECTION 3.** In developing the Project, the Department of Health and
22 Human Services, Division of Medical Assistance, shall explore similar initiatives
23 proposed or being implemented in other states to determine if such initiatives would be
24 applicable and effective in North Carolina. The Department shall submit the Project to
25 the 2009 General Assembly upon its convening for review and authorization to seek the
26 federal waivers necessary to implement the Project. The Department shall provide an
27 interim report on its progress in developing the Project not later than May 1, 2008, to
28 the Senate Appropriations Committee on Health and Human Services, the House of
29 Representatives Appropriations Subcommittee on Health and Human Services, and the
30 Fiscal Research Division.

31 **SECTION 4.** This act becomes effective July 1, 2007.