Expansion of the 1915(b)(c) Medicaid Waiver for MH/DD/SAS

Joint House & Senate Appropriations
Subcommittee on Health and Human Services

Lanier Cansler
Secretary DHHS
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Proposed Plan

- Expand 1915 (b)(c) Medicaid Waivers statewide for individuals with MH/DD/SA service needs by 7/1/13
- Increase the minimum population threshold for LMEs to 300,000 by 7/1/12 and to 500,000 by 7/1/13 to attain financial and management efficiencies and statewide consistency. Reduce number of LMEs to 8-10.
- Maintain a local presence in order to respond to unique needs and priorities of local communities

What is a 1915(b)(c) Medicaid Waiver?

- Combines services for all Medicaid funded MH/DD/SA service recipients into a single capitated funding model
- Eliminates “any willing and qualified provider” provision. Waiver site can limit provider network
- Waiver entity assumes risk in managing services within the Medicaid capitation rate
- Combines authorization management of Medicaid/State Funds at the community level
- Expansion of successful PBH pilot wavier covering Cabarrus, Davidson, Rowan, Stanly, and Union counties

Goals of the 1915(b)(c) Medicaid Waiver

- Improved Access to Services
- Improved Quality of Care
- Ensure services are managed and delivered within a quality management framework
- Increased Cost Efficiencies
- Predictable Medicaid Costs

Goals of the 1915(b)(c) Medicaid Waiver (cont'd)

- Empower consumers and families to shape the system through their choices of services and providers
- Empower LMEs to build partnerships with consumers, providers and community stakeholders to create a more responsive system of community care

Managed Care Tools

- *Capitation* provides local flexibility and control of resources
- *Payor of claims* ensures that funds are spent in accordance with authorizations
- *Rate setting authority* allows adjustment of rates according to local conditions
- *Closed network* allows for competition and choice while rightsizing the marketplace which ensures the fiscal viability of providers
- *Utilization management* ensures consumers receive the appropriate service in the right amount to meet their needs
- *Care Coordination* directly intervenes to ensure consumers receive the care needed when it is needed in order to prevent higher cost services

Benefits of a Publically Managed 1915(b)(c) Medicaid Waiver

- Predictable Medicaid expenditures for MH/DD/SA services
- Maintains public infrastructure to manage MH/DD/SA services
- High quality standards/consumer outcomes
- Improved access to services
- Public accountability at state and local level
- Coordination with Primary Care/CCNC
- Savings remain in North Carolina and may be reinvested

Cost Impact of Statewide Medicaid Waiver Implementation and Reduction in LMEs

Projected State Savings:

- Year 1/SFY 2012: $10,537,931
- Year 2/SFY 2013: $52,551,082
- Year 3/SFY 2014: $132,214,213
- Year 4/SFY 2015: $235,799,286
- Year 5/SFY 2016: $253,285,205

Next Steps

- Legislation to allow expansion of the current waiver site -- PBH (15 Counties) and additional sites (S316/H424)
- Proceed to implement waiver into previously identified waiver sites ECBH (19 Counties), Sandhills (8 Counties), Western Highlands Network (8 Counties)
- Amend General Statutes to increase minimum population for an LME and allow DHHS to assign management of Medicaid/State funds if LMEs fail to realign
- Protect counties from financial responsibility for cost overruns

Next Steps (cont'd)

- Released RFA April 1st to identify new waiver sites including:
  - Administrative and Management competencies
  - Disability specific infrastructure
  - Administrative and clinical functions
  - Functions that may be subcontracted
  - Local presence and stakeholder involvement
- Identify new waiver sites by August 2011
- Readiness reviews and implementation of new waiver sites
- Statewide implementation of waiver by July 1, 2013