

Director's Report

July 17, 2019

Medicaid Transformation Update

Management and staff continue to attend meetings and webinars regarding the change in the Medicaid program from fee for service to managed care. The Division of Health Benefits (DHB) has developed a *Readiness Considerations Workbook* for local Departments of Social Services in the Phrase I counties to use as an internal tool to ensure that they are prepared for the changes. Although Rutherford will not transition until February 2020, notices from DHB and PHP will begin to go out in July and open enrollment will be from September 15 – December 13. We are already reviewing these tools and assessing our readiness to begin and making changes where necessary. All staff will receive the information that will be sent to Medicaid consumers so that they can be familiar with them and can help guide consumers to the resources to answer their questions. We expect to see an increase in foot traffic and phone calls when these notices go out and as open enrollment approaches. Media coverage of the change has already caused concern for consumers in our County. We also continue to review *County Playbook – Medicaid Managed Care* published on the DHB website. The page provides general and detailed information and will be stored to support us as we make the transition and is released in phrases.

While we are utilizing all available resources to prepare for this transition, we are concerned about our ability to handle the additional work. Information from the State recommending Counties prepare for readiness and providing information about how our workload will be effected came after DSS budgets had been developed. There are also concerns about the negative effects this transition could have on consumers and their ability to get needed care. The State is seeing that few primary care providers and hospitals are signing up to be a Medicaid provider. It is speculated that the reasons for this include concerns about the complexity of the process that may require additional employees, DHB expectations for providers, and concern that Medicaid rates will be decreased. State level staff have commented that they believe that when patients show up at hospitals and they realize that they will only receive what Medicaid will pay, they will sign up. Medicaid transportation is a concern because after the transition PHPs will be responsible for arranging and providing this service for those consumers under managed care. There has been little information provided about how this will be done, and PHPs will likely do this differently. This is especially a concern for the first two regions rolling out in phrase 1.

Three pre-paid plans in North Carolina, Aetna Better Health, a commercial health care company; Optima, a health care group part of Virginia Sentara Health; and My Health, a provider-led coalition; filed a lawsuit against the NC Division of Health and Human Services

claiming that the selection process used to select PHPs to participate in NC Medicaid Managed Care was flawed. Last week, a NC Administrative Law Judge ruled in favor of the NC DHHS and denied a preliminary injunction request. The companies are expected to file appeals, but it is not likely that the transition will be delayed or interrupted.

Senate Bill 212 states that if a State budget is not approved by July 15, Medicaid Transformation will be delayed until March 2020. This has to do with 2019-20 funds not being available until the budget is approved. However, HB 111 gives permission to use Medicaid Transformation funds and if this passes, it will negate SB 212. The success of these bills is still unknown, but HB 111 seems to be on a faster track than SB 212.

Proposed Legislative Bills

There are many proposed bills in both the Senate and House that effect the Social Services system and the children, adults, and families that it serves. Over the past several months, I have shared bills that I believe would have the most impact at the local level fiscally on our workload and effect our consumers. Included in the agenda packet is a summary of each of these bills. Several of the proposed bills were rolled in the House and Senate Compromised budget (HB 966). Updates as of 7/10/2019 are bolded underneath each bill. If you would like to see the complete bill, you can follow this link to the NC General Assembly website and enter the bill number in the bill search area in the right top corner of the page.

<https://www.ncleg.gov/>.

House and Senate Compromised Budget (House Bill 966) – The House and Senate presented their Compromised Budget to the Governor on June 25, 2019. It was vetoed by the Governor, many believe because it did not include Medicaid Expansion. It seems plausible that there may be some form of Medicaid Expansion in the final budget. The Compromised Budget included several changes and additions that will effect local DSS Agencies and their consumers. Many times proposals from other proposed bills are rolled into the budget bill. I have indicated bill numbers for those funding requests in other bills.

- Additional SSBG funds were included to increase and support Adult Protective Services workers at the local level. It is uncertain whether this funding will be given to Counties to support current positions.
- The Special Needs Allowance for SA recipients in assisted living facilities to increase from \$46 to \$70 a month effective October 1, 2019. This increase is supported because it will provide assisted living residents personal needs and there are no other financial means for this to occur. The personal needs allowance has not increased in many years, leaving the residents without support for basic needs, such as hygiene supplies and

clothing. This could potentially increase caseloads because this could make those slightly over the income limit eligible. The SA rate is \$1,182.00, which is also the income limit. The special needs allowance is added to this to make the rate \$1,228.00, which becomes the maximum income limit. Therefore, the income limit for eligibility will increase from \$1,228.00 to \$1,252.00. All Adult Medicaid recipients currently receive an automatic \$20.00 from their income, so consumers in the SA facilities actually will have \$90 per month personal needs allowance. Special Assistance is 50% County funded, so this will slightly increase the County cost. We currently have 167 recipients in SA facilities, so the County's portion will increase by approximately \$2,000. To ensure that SA recipients receive this support in FY 19-20, the General Assembly has been encouraged to fund the full increase for one year of the biennium, which would allow Counties time to incorporate the increase in their FY 20-21 budgets. Counties pay 50% of the personal needs allowance along with half of the SA rate and 100% of the administrative cost. (HB 752)

- Temporary Assistance for Facilities that serve Special Assistance Recipients – Includes funding to increase this assistance from \$34 to \$70 a month per SA recipient effective October 1, 2019. Special Assistance is 50% County funded, so this will increase County cost by approximately \$3,000 which was not budgeted. (HB 539, SB 538) We are concerned about the temporary assistance increase in lieu of an SA rate increase, because of the fiscal impact on Counties beyond the 50% match of the SA payment. By not raising the SA rate, the income limits are resulting in fewer people being eligible for SA. When DSS has an APS or Guardianship case that needs placement in this level care and their income is slightly above the cap, the County often has to supplement their income in order to get a facility to take the individual. This becomes a 100% County expense.
- Food and Nutrition Services Outreach for Medicaid/Medicare Dual Eligible – Includes \$600,000 funding to increase access to FNS benefits for individuals who are dually eligible for Medicaid and Medicare. This continues a pilot project that began in 2016. This will have no impact on the County budget.
- Low Income Energy Assistance – Reduces service and administrative funds for Energy Assistance Programs (Crisis Intervention Program and Low Income Energy Assistance Program) due to reduced Federal funding. While these programs are funded totally by Federal dollars, it could impact available funds to assist consumers. However, for the past two years, Rutherford County has not spend the total funds available to the County.

- Quality Assurance Positions – Provides funds for a 50% match to participating Counties to establish new quality assurance positions for Child Welfare at the local level. The match funds will be prioritized based on County need and population. Counties having at least one percent (1%) of the State's population each would receive one position and Counties having less than one percent (1%) of the State's population would share a position.
- Child Welfare Program Improvement – Provides funding to establish 11 new positions to increase the State's capacity to provide technical assistance and program monitoring of County Child Welfare Agencies.
- Child Advocacy Centers – Provides increased funding for Child Advocacy Centers. This could enhance the services provided by our local child advocacy centers, resulting in enhanced Child Protective Services.