

# Medicaid Reform for Children

## Ensuring Medicaid reform improves access to high-quality care for children

By Rob Thompson

### Introduction

North Carolina's future prosperity depends on the healthy development of our children. We can help to ensure that prosperity by strengthening North Carolina's Medicaid program. Statewide, nearly one million children receive health insurance through Medicaid, which is well over 1/2 of the program's overall enrollment. Any successful reform effort must pay close attention to the impact on services for children and youth.

We recognize the need to reform our state's Medicaid system to improve outcomes for children and to control growing costs. A successful reform effort will take into account the unique challenges that are presented by serving children and particularly children with special needs.

NC Child offers the following principles and recommendations for reforming Medicaid.

### Goal of Medicaid Reform

The overarching goal of our public health care infrastructure is to ensure that all children receive high-quality health care that meets their unique needs. Medicaid reform

should strengthen our entire health system by demonstrating improved health outcomes, while containing costs and enhancing budget predictability.

### Implementing Medicaid Reform

The future success of Medicaid reform is dependent on a deliberate and well-planned implementation phase.

Moving North Carolina away from a fee-for-service system towards a version of a managed care, either provider-led or fully privatized, will be a challenging and complicated transition. The legislature and administration should take a careful approach to implementation that involves an analysis of all potential downstream impacts.

Once a new system is approved, the Department of Health and Human Services (DHHS) should implement reforms incrementally and utilize pilot programs to work out potential kinks in the system and to avoid a disruption in services for consumers. DHHS should also test new or modified

electronic interfaces and databases prior to a statewide roll-out.

Furthermore, DMA should build in a continuous improvement system from the beginning to ensure that Medicaid meets the needs of a changing population now and in the future.

Lastly, the integration of behavioral and physical health is an exciting idea that holds the promise of better outcomes for our state's Medicaid population. It is, however, a strategy where no blueprint for success exists from our state or other states. As such, we should move carefully to ensure that any attempts at integration do not have unintended consequences, particularly for our newly-created system of LME/MCOs. As a starting point, we should consider initiating coordinated care with an interdisciplinary team for patients in the medical and mental health systems, while identifying and expanding pilots for integration.

In the meantime, Medicaid should be integrated as fully as possible into the broader health system, including MH/DD/SA, Public Health, Environmental Health, Child Development, Services for the Deaf and Hard of Hearing, Services for the Blind, and Education Services. Integration should be an important factor as legislators consider the appropriate organizational home for Medicaid.

## Measuring Success

It is important to carefully consider the quality metrics and outcomes used to measure

success in pediatric care in either a provider-led or managed care based system.

This is particularly important for pediatric care, where the potential for immediate shared savings within the pediatric population is limited. The majority of savings from pediatric care occur later in life as a result of avoided and better managed chronic conditions, such as diabetes, obesity, and heart disease or in other parts of the budget (education, juvenile justice, etc.).

Success by pediatric providers should be measured using public health and preventive care indicators, not just immediate cost-savings. This will pay handsomely in avoided costs in future budget years.

## Benefits and Eligibility

### *EPSDT*

The Early Periodic Screening, Diagnosis and Treatment Program (EPSDT) is the child health component of Medicaid law that requires North Carolina to provide all Medicaid-eligible children with medically-necessary services. Medicaid reform must comply with EPSDT in statute, in rules, and most importantly, in practice by ensuring that the array of services is sufficient to meet the needs of all North Carolina children.

By complying with EPSDT, North Carolina promotes positive long-term health outcomes and prevents chronic conditions that result in significant ongoing expenses.

## *Children with Developmental Delays and Disabilities*

When addressed early, some developmental delays can be resolved or moderated resulting in better outcomes for the child and substantial cost-savings. However, many children with developmental delays or disabilities will not achieve typical development and will need continuous high-level care throughout their childhood and adult lives. While Medicaid should incentivize screening for and the early diagnosis and treatment of developmental delays and disabilities, it should also provide adequate and on-going habilitative services for children in need.

## *Maintaining Current Eligibility Standards*

Children who are legal residents who currently have access to Medicaid services should not be excluded from a reformed system. Providing preventative pediatric care now, such as immunizations, is less expensive and more effective than managing chronic conditions in the future.

Pregnant women under 185% of the federal poverty line, who currently have access to Medicaid services, should also be included in a reformed system as ensuring healthy birth outcomes prevents excessive hospitalization bills and promotes long-term health for the child and the mother.

The state should also continue the Family Planning Waiver, which allows women and men below 185% of the Federal Poverty Line,

but who are not eligible for Medicaid, to receive family planning benefits. These benefits include pregnancy testing, birth control, and STI testing.

## **Service Delivery**

### *Provider Capacity*

In many rural areas of North Carolina, specialized services, particularly for children with high-needs, are unavailable due to a lack of providers. This problem can be traced largely back to insufficient reimbursement rates for providers, who, in impoverished rural areas, rely on Medicaid recipients as the majority of their clients. To facilitate network expansion, particularly in under-resourced areas, and expand the continuum of the service array, Medicaid reform should consider increased provider reimbursement rates or other incentives for rural Medicaid providers.

### *Ensuring High-Quality Care*

Given that provider rate increases do not guarantee quality outcomes, the establishment of ongoing quality indicators is an essential element of any successful system reform. Commitment to standards of care consistent with evidence-based treatments and application of said interventions must be key components of any quality management program. Fostering adherence to evidence-based practices will be a necessity to insure achievement of high quality care. Therefore, it will be important to mandate the use of evidence-based practices and monitor fidelity to the treatment models on which the evidence is based. Fidelity and outcomes

should be monitored with data at both the regional and statewide levels.

### *Medical Homes*

Family-centered medical homes are critical for the delivery and coordination of preventative, outcome-focused pediatric care. Medicaid reform should promote and support pediatric medical homes, especially for high-risk populations.

Additionally, Medicaid reform should build off of Community Care of North Carolina's (CCNC) successful efforts to provide pregnancy medical homes for expecting mothers. This is an evidence-based strategy that is improving birth outcomes in North Carolina.

## System Integrity

### *Medical Loss Ratio*

Medicaid reform should include a minimum Medical Loss Ratio for all managed care providers to ensure that an appropriate amount of Medicaid dollars are utilized for direct services.

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### *Due Process*

When Medicaid services are limited or denied, consumers must be provided with a clear and transparent explanation and have legitimate avenues for recourse. This principle is particularly important for the special needs population receiving long-term or intensive services.

North Carolina's Medicaid system must also process applications and recertifications in accordance with mandated federal guidelines. This is particularly important for pregnant women and newborns.

### *Data Access*

Transparency should also extend to program and population-level data access. Available data should include:

- Array of services provided by region and/or catchment area;
- Populations being served;
- Utilization rates;
- Penetration rates; and,
- Timeliness of service provision.