

August 10, 2018

TO: Executive Officers and Chief Financial Officers, Member Institutions

FROM: Ronnie Cook, Finance and Managed Care Consultant  
[rcook@ncha.org](mailto:rcook@ncha.org), 919-677-4225  
Jeff Weegar, Vice President of Financial Policy  
[jweegar@ncha.org](mailto:jweegar@ncha.org), 919-677-4231

### **DHHS Releases Request for Proposal for Prepaid Health Plans**

On Thursday, Aug. 9, 2018, the North Carolina Department of Health and Human Services (DHHS) issued a Request For Proposal (RFP) for organizations wishing to participate in Medicaid managed care as Prepaid Health Plans (PHPs) when the program launches in 2019. The RFP outlines DHHS' requirements and defines the standards that PHPs must adhere to in contracting with DHHS. This procurement is only for the Standard Plans in which most Medicaid managed care beneficiaries will be enrolled. DHHS will accept proposals from potential PHPs until Oct. 12, 2018. Both DHHS and the Centers for Medicare & Medicaid Services (CMS) will have to approve the contract awards, which are anticipated to be announced on Feb. 4, 2019.

DHHS Secretary Mandy Cohen, M. D. led a stakeholder conference call on Thursday to discuss the issuance of the RFP. She discussed the following five broad goals of the RFP and summarized how the structure of the managed care program will advance each goal for Medicaid beneficiaries:

1. Create an innovative, integrated and well-coordinated system of care
2. Support clinicians and beneficiaries during and after the transition
3. Promote access to care
4. Promote quality and value
5. Ensure a successful managed care program

Dr. Cohen outlined the following anticipated timeline for the roll-out of Medicaid Managed Care:

- Now and on-going: PHPs may start to reach out to initiate contract discussions with providers
- February 2019: DHHS will announce which health plans will be PHPs in managed care.
- Summer 2019: PHPs must have contracted with enough providers for network to meet DHHS standards.
- July 2019: PHPs must have all call centers operational and all relevant staff located in North Carolina.
- July – September 2019: Managed care will start in two phases. For regions of the state in Phase 1, this will be the window in which beneficiaries select a PHP.
- November 2019: Managed care will start in some regions of North Carolina.
- October – December 2019: For regions of the state in Phase 2, this will be the window in which beneficiaries select a PHP.
- February 2020: Managed care will start in the rest of the state.

The Medicaid Managed Care RFP, along with fact sheets for hospitals, beneficiaries, and clinicians, can be found at <https://www.ncdhhs.gov/medicaid-transformation>.

### **CMS Releases IPPS Final Rule**

The Centers for Medicare & Medicaid Services (CMS) released its annual Inpatient Prospective Payment System final rule on August 2, 2018, which increases price transparency for patients and boosts payments to acute care hospitals. A summary of the key takeaways from the 2,593-page final rule is presented below:

Under the final rule, acute care hospitals that report quality data and are meaningful users of EHRs will receive a 1.85 percent increase in Medicare operating rates in fiscal year 2019. CMS arrived at this increase based on a 2.9 percent market basket update and 0.5 percentage point increase required by law, adjusted down 0.8 percentage points for productivity and 0.75 percentage points as required by the ACA.

CMS projects the rate increase, together with other changes to IPPS payment policies, will cause total Medicare spending on inpatient hospital services to increase by approximately \$4.8 billion in fiscal 2019.

Uncompensated care payments will increase by \$1.5 billion, bringing the total available uncompensated care funding to \$8.3 billion in fiscal 2019. The increase stems from estimated growth in payments that would otherwise be disproportionate share payments and a change in the percentage of Americans who have health insurance.

Under the final rule, hospitals are required to publish a list of their standard charges online in a machine-readable format and to update this information at least annually. Hospitals are currently required to make this information publicly available or available upon request.

CMS finalized the removal of 18 measures from the Inpatient Quality Reporting Program that are "topped out," that are no longer relevant or whose cost of data collection outweighs the value. CMS will "de-duplicate" an additional 21 measures, removing them from the IQR Program but retaining them in other programs.

The final rule includes several changes to ease documentation requirements. For example, the rule eliminates the requirement that certification statements detail where in the medical record the required information can be found.

Please refer to this week's NCHA *Financial Feature* found in the NCHA Newsline weekly publication for more details.

### **340B Recertification Begins August 15, 2018**

The annual 340B Drug Pricing Program recertification period for hospitals begins Aug. 15, 2018. Hospitals will have until Sept. 12, 2018 to complete the process. 340B covered entities must annually recertify their eligibility to remain in the 340B Drug Pricing Program and continue purchasing covered outpatient drugs at discounted 340B prices. The purpose of annual recertification is twofold – it verifies the accuracy of entities' information on the Office of Pharmacy Affairs (OPA) covered entity database and it requires entities to certify that they meet 340B participation requirements.

Hospitals must complete their recertification through the Office of Pharmacy Affairs Information System (OPAIS). Authorizing officials and primary contacts must create their own OPAIS accounts before recertifying. Covered entities that fail to create OPAIS accounts and conduct recertification will be removed from the 340B program.

Questions regarding recertification should be directed to [apexusanswers@340bpvp.com](mailto:apexusanswers@340bpvp.com) or 888.340.2787. A user guide, webinars, and other 340B educational resources can be found at <https://www.hrsa.gov/opa/educational-resources/index.html>.

### **CMS Gives MA Plans New Drug Flexibilities**

The Centers for Medicare & Medicaid Services (CMS) announced that it will allow Medicare Advantage (MA) plans to use step therapy for certain physician-administered beginning in the 2019 plan year. Step therapy allows plans to steer patients to the most preferred drug therapy, moving them to other therapies only if necessary. In addition, the agency will permit those plans that also provide Part D coverage to require that a beneficiary try a Part D drug therapy prior to covering a Part B drug therapy.

CMS's Memorandum announcing these changes can be found online at <https://go.cms.gov/2M2h21m>.

### **DMA Issues August 2018 Medicaid Bulletin**

The August 2018 Medicaid Bulletin is available on the N.C. Division of Medical Assistance (DMA) website. The Medicaid Bulletin contains information about a variety of topics, including:

- NPI Exemption List
- Acute Inpatient Hospital Services Clinical Policy 2A-1
- Clinical Coverage Policies
- Provider Risk Level Adjustment
- Fingerprinting Criminal Background Check and Related Information
- Re-credentialing and On-going Verification

The August 2018 Medicaid Bulletin can be found by clicking on the Medicaid Bulletin 2018\_08 link at <https://dma.ncdhhs.gov/documents/2018-medicaid-bulletin-and-index>.

### **BCBSNC Posts Provider Resources**

Blue Cross and Blue Shield of North Carolina (BCBSNC) has posted resources on its website to assist providers in better understanding how health insurance at BCBSNC works. These resources can be found at <http://www.bcbsnc.com/content/campaigns/ncqa/providers.htm>. The Provider Communication can be found at <https://www.bluecrossnc.com/provider-news/what-our-providers-need-know-0>.

### **Reminder - Next Palmetto GBA Ask the Contractor Teleconference Scheduled for August 14, 2018**

The next Ask the Contractor Teleconference (ACT) with Palmetto GBA is scheduled for 11 a.m. on Aug. 14, 2018. The topic for this ACT will be Drugs and Biologicals. Palmetto GBA will provide information concerning recent medical review findings and how to improve documentation. ACTs are intended to open communication channels between providers and Palmetto GBA and provide a vehicle for information-sharing and the timely identification of problems. Hospitals are encouraged to submit questions prior to the call via the Submit a Question form at (<http://palmgba.com/medicareforms/?lob=jma>). For more details, go to <https://www.palmettogba.com/event/pgbaevent.nsf/EventDetails.xsp?EventID=B2ALVT5816>.

### **Reminder - Palmetto GBA Home Health Webinar Scheduled for August 15, 2018**

Palmetto GBA and Noridian Healthcare Solutions will co-host a webinar on Aug. 15, 2018, from 2:00 p.m. to 3:00 p.m. EDT entitled Home Health Referrals and Clinical documentation Requirements. Topics will include an overview of coverage for home health services, billing opportunities, common documentation errors and helpful resources. You can register for this webinar at <https://register.gotowebinar.com/register/497814177144538627>.

### **Palmetto GBA Offering Part A Rural Health Clinic (RHC) Services Webcast**

Palmetto GBA will host a Part A RHC Services Webcast Teleconference at 1:00 p.m. ET on Wednesday, Sept. 5, 2018. Registration instructions can be found at <https://www.palmettogba.com/event/pgbaevent.nsf/EventDetails.xsp?EventID=B3DQVB6408>.

Please contact Ronnie Cook ([rcook@ncha.org](mailto:rcook@ncha.org) or 919-677-4225) or Jeff Weegar ([jweegar@ncha.org](mailto:jweegar@ncha.org) or 919-677-4231) with any questions.