October 17, 2014

Joint Legislative Oversight Committee on Health and Human Services
Medicaid Reform/DMA Reorganization Subcommittee
North Carolina General Assembly
Raleigh, NC 27601

Mr. Chairman and Members:

Thank you for this opportunity to submit comments. North Carolina’s future prosperity depends on the healthy development of our children, which we can help to ensure by strengthening North Carolina’s Medicaid program. Children constitute the majority of Medicaid recipients.

As President of the NC Pediatric Society and representing our 2,000 members, I urge you to pay close attention to the impact on services and access to services for children and youth as you work to reform Medicaid.

Pediatricians across North Carolina recognize the need to reform our state’s Medicaid system to improve outcomes for children and to control costs. It is critical that any reforms offer North Carolina based solutions to the unique challenges that are presented by serving children and adolescents, especially those who have special needs.

The NC Pediatric Society urges you to consider the following:

- **Reforms should build on the success of medical homes and provider-led initiatives.**

  Reform should sustain the medical-home networks we have worked so hard to build. Our state is a leader in the number of nationally recognized Patient-Centered Medical Homes, a model that has time and time again been shown to lower cost and improve quality. We must realign payment incentives from a volume based "sick-care-system" to a "health-and-wellness-system" to reward the strong work that is happening today in our state.

  Second, reform should ensure competition at the provider-level by taking into account the important role of independent practices and insuring their viability into the future. Independent practices are especially critical for the care of the Medicaid population.

- **Reform can improve and promote the health and well being of children and youth with special needs.**

  Children and youth with special health care needs have or are at risk for a chronic physical, development, behavioral, or emotional condition. They may require health and related services of a type or amount beyond that required by children generally. The medical home should be a trusted resource for families to have access to care and coordinated services.
Metrics and outcomes for pediatric care should accurately reflect the conditions of the population and the success of pediatric medical homes.

Through the use of medical homes, beginning with prenatal care through early childhood, pediatricians have already produced great savings from the health care system while improving child health. However, the potential for immediate cost 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 and are also reflected in other parts of the budget (education, juvenile justice, and other divisions of DHHS), and these savings are substantial. Success by pediatric providers should be measured by the use of preventive care and the management of chronic conditions, not just by immediate cost-savings.

Successful reform must also be built on accurate budgeting and forecasting. We appreciate the steps that are already being taken within the Department of Health and Human Services to improve the organization of the Medicaid program and its financial controls.

We also believe that Medicaid should remain within the Department of Health and Human Services. Medicaid works closely with Public Health, Mental Health, Social Services and state facilities to coordinate whole-person care, and that is best accomplished by continuing to improve the internal operations of the Department rather than creating a new bureaucracy.

Reforms should make the system easier for patients, families and doctors to use — not increase bureaucratic or access barriers.

The administrative complexity of our healthcare system must be decreased. We need our state’s family physicians and pediatricians concentrating on providing care for their patients.

Not only is this important for doctors, it is important to families to have as many providers as possible able to participate. In many rural areas of North Carolina, such as Washington where I practice, specialized services, particularly for children and youth with special needs, are often 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 improve provider availability and outcomes for children, Medicaid reform should include increased provider reimbursement rates or other incentives for rural Medicaid providers.

Reforms should be North Carolina-focused and North Carolina-based.

It is essential to keep scarce health care dollars in North Carolina to provide the care our patients need through provider-led organizations. North Carolina should not pay for additional administrative overhead to multiple out-of-state managed care companies.

Thank you for addressing these important issues for our state. As pediatricians, we recognize the complexity of your work and appreciate your efforts to craft reforms that work for children, their families and their health care providers.

Sincerely,

Deborah L. Ainsworth, MD
President