May 21, 2019

Dear Senator Hise and Senator Krawiec:

Thank you for your efforts to assure that Medicaid Transformation is implemented as efficiently and effectively as possible in North Carolina. We are especially interested in a successful implementation that improves health outcomes for our state’s children.

We have identified an administrative challenge to that success, and are requesting your assistance in addressing it. Specifically, Transformation will cover two existing programs (Medicaid and CHIP) that have slightly different benefit packages, appeals processes, and vaccine supply sources. This has been a challenge in the current one-provider system. Having at least five PHPs involved in the new system is quite likely to exacerbate problems in the Transformation process with regard to eligibility, service delivery and monitoring. Streamlining the transition by aligning the two programs will be easier for Plans, practices, and families.

To avoid what will almost certainly be confusion and a detraction from successful implementation, we recommend that CHIP be merged with Medicaid before Transformation is implemented.

It should be noted that 21 states have successfully merged CHIP with Medicaid, and even in NC we already have an MCHIP program which successfully merged CHIP and Medicaid for children under age 6. Thus our current CHIP program includes only about 100,000 older children, compared with the Medicaid population of more than one million children.

Points of Consideration Regarding Alignment

- Provides substantial administrative simplification (with associated cost savings) for DHHS, the enrollment broker, families, providers, and the PHPs
- Assures Plans would only need to administer one Plan under Medicaid Transformation, instead of a Medicaid variant and a CHIP variant
- Provides simplification for families since there would no longer be families with a child in each program, nor children transferring from one program to the other due to small fluctuations in family income.
- Aligns benefit package for children insured through Medicaid or CHIP. There are some relatively little used benefits from which children on CHIP are currently excluded, such as non-emergency medical transport and Early Periodic Screening Diagnosis and Treatment (EPSDT)
- Lowers overall vaccine cost since all children on Medicaid are covered by the federal Vaccines for Children Program, vaccines for children on CHIP must be purchased on the private market.
It should be noted that the Mercer actuarial analysis to determine the appropriate rate cell structure for Plans in Transformation determined that the fiscal differences between the programs are so small that Mercer recommends that the reimbursement rates be the same. DHHS staff believes that there are some nuances that need to be addressed. Thus, these nuances might need to be quantified if the merger of the two programs is recommended.

Thank you for your consideration of this request. We would be happy to help in any way to make this proposal a reality.

The following organizations are in support:
Advocates for Medically Fragile Children
Disability Rights NC
March of Dimes NC
MomsRising
NC Academy of Family Physicians
NC Alliance for Health
NC Child
NC Community Health Center Association
NC Justice Center
NC Local Health Director Association
NC Pediatric Society

Sincerely

Michelle Hughes
Executive Director
NC Child

Elizabeth Hudgins
Executive Director
NC Pediatric Society