Addendum Statement of Objectives (7/21/08)

S.1 Newly-Mandated Program Requirements

S.1.1 Overview

Per The Current Operations and Capital Improvements Appropriations Act of 2008, the North Carolina Department of Health and Human Services (DHHS) is required to include additional benefit programs in this Contract[1]. These programs are:

- North Carolina Health Choice (NCHC), including Kids' Care
- Medicaid Community Alternatives Program for Persons with Mental Retardation or Developmental Disabilities (CAP-MR/DD) and Medicaid Community Alternatives Program for Children (CAP-C) where families pay part of the cost of services
- Health Coverage for Workers with Disabilities (HCWD), a Medicaid program under Ticket to Work-Work Incentives Improvement Act (TWWIIA)

Per law, the Replacement MMIS shall "have the capability to fully implement the administration of NC Health Choice, NC Kids' Care, Ticket to Work, Families Pay Part of the Cost of Services under the CAP-MR/DD, CAP Children's Program, and all relevant Medicaid waivers and the Medicare 646 waiver as it applies to Medicaid eligibles."

These programs have income-based cost sharing attributes that drive requirements for system capabilities and fiscal agent responsibilities (subject to change as the programs are updated). Cost sharing options allow families to obtain health care coverage with costs depending on income.

These programs have unique aspects such as enrollment fees, different provider reimbursement fees, recipient co-payments, premiums with family-based payment thresholds and pre-admission certification. In order to properly fulfill the requirements for these programs, the Replacement MMIS must have the capability to correctly handle financial transactions with recipients given the more complex, family-oriented ~~eligibility~~ cost-sharing definitions.

The Fiscal Agent shall assume greater responsibility for recipient management including activities related to notification, collection and application of recipient premiums for Medicaid and NCHC programs. In addition, for NCHC and Kids' Care, the Fiscal Agent shall provide mechanisms for recipient communications concerning claims payment, prior approvals, covered services, and other non-eligibility related issues. Managing premium payment collection and refunding presents a challenging problem with many potential solutions. Payment methods shall include, at a minimum, cash, check, money

[1] At the time of publication of this Addendum, the budget bill had not yet been signed into law. If the final version differs substantively, the State will publish another Addendum to update the requirements, as necessary.

order, and credit/debit card. Offerors shall propose collection and refunding methodologies (e.g., mail, phone, EFT, Web, etc.) that are flexible and cost effective.

S.1.2 North Carolina Health Choice (NCHC) and Kids' Care

Per Title XXI of the Social Security Act, NCHC, also known as the State Children's Health Insurance Program (SCHIP), expands the provision of child health assistance to uninsured, low-income children. This program, in accordance with North Carolina Statues, is currently administered by the North Carolina State Health Plan on behalf of the Division of Medical Assistance via contracts with Blue Cross and Blue Shield of North Carolina and Medco to process non-Pharmacy and Pharmacy claims.

Children enrolled in NCHC receive core benefit coverage similar to that defined for children in the North Carolina State Health Plan with the addition of dental, hearing and vision benefits. Children in need of services not covered by this core plan may qualify for additional coverage under the Special Needs Services Plan. Both NCHC and the Special Needs Services Plan are included when referring to NCHC or SCHIP.

Providers receive payment based on Medicaid rates for services to children whose family income ranges from 150% to 200% of the federal poverty level. NCHC currently provides funding to roughly 115,000 children each month.

Kids' Care is an expansion of the NC Health Choice for children whose family annual incomes fall between 200% and 250% of the federal poverty level (FPL).

NCHC and Kids' Care recipients will be required to comply with managed care policies and procedures although they will not participate in the Health Check Program and are not subject to Early Periodic Screening, Diagnosis, and Treatment (EPSDT).

S.1.3 Cost Sharing for Community Alternatives Program for Persons with Mental Retardation or Developmental Disabilities (CAP-MR/DD) and the Community Alternatives Program for Children (CAP/C)

Families will pay part of the cost of services under the Medicaid CAP-MR/DD and CAP/C programs. The CAP-MR/DD program is designed to give persons with mental retardation (ICF-MR) and developmental disabilities a cost-effective alternative to care in an intermediate care facility. The goal of CAP-MR/DD is to allow individuals to return to and live in their community with as much independence as possible.

The CAP/C is a special Medicaid-wavier community care program. It is designed to serve a limited number of medically high risk children who would be institutionalized in a nursing facility or hospital without the Medicaid payment for the home care available though CAP/C. The goal of the program is to allow children needing long term medical care to remain safely in the community at a lower Medicaid cost than institutional care.

S.1.4 Health Coverage for Workers with Disabilities (HCWD) Medicaid Program

To be authorized for Medicaid under the HCWD program, individuals with eligible income in excess of 200% of the FPL will pay an initial fee and a monthly premium to

the State. (Individuals with incomes up to 150% of FPL will have no fees or premiums. Individuals with income over 150% of FPL up to 200% of FPL will have to pay an annual enrollment fee to the county DSS.)

Current recipient enrollment of individuals with income at or below 150% of FPL is estimated at 1,200 with that number estimated to grow to 3,700 by program year 2013/2014. This is about 80% of total HCWD enrollees. Estimates suggest that 200 people with income above 150% of FPL will enroll in the 2009/2010 program year with 700 enrolled by the 2013/2014 program year.

S.2 Retrospective Drug Utilization Review (DUR)

The Replacement MMIS Vendor shall take over responsibility for performing Retrospective DUR operations as soon as practical after Contract award and continue throughout the life of the Contract. In its Retrospective DUR solution, the Vendor shall address any necessary interaction with the legacy Fiscal Agent and/or interfacing with the Legacy MMIS+ prior to the Replacement MMIS Operational Start Date.