



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 555: Medicaid Transformation Implementation.

2019-2020 General Assembly

Committee:	Senate Health Care. If favorable, re-refer to Rules and Operations of the Senate	Date:	August 21, 2019
Introduced by:	Reps. Dobson, White, Saine, Lambeth	Prepared by:	Jennifer Hillman
Analysis of:	PCS to Second Edition H555-CSMRa-12		Staff Attorney

OVERVIEW: *The PCS to House Bill 555 provides funding for the operation of the Medicaid program and the transition to managed care during the 2019-2020 fiscal year, and makes other changes necessary for the transition to managed care to begin as scheduled on November 1, 2019.*

CURRENT LAW: Medicaid Transformation legislation enacted in 2015 by the General Assembly required the current Medicaid and Health Choice fee-for-service programs to transition to a managed care model.¹ Under a waiver that was approved by the federal Centers for Medicare and Medicaid Services (CMS), the State will pay commercial and nonprofit prepaid health plans a monthly per-person capitated rate to cover Medicaid and Health Choice services for their enrollees beginning November 1, 2019.

BILL ANALYSIS:

Part I – Implementation in Conjunction with Statutory Procedures for Budget Continuation

Section 1.1 requires this act to be implemented in conjunction with the procedures for budget continuation outlined in the State Budget Act, and provides that the provisions of this act prevail in the event of any conflict. **Sections 1.2 and 1.3** provide for the repeal of duplicative provisions if House Bill 966, the 2019 Appropriations Act, becomes law.

Part II – Funds for Operation of the Medicaid Program

Sections 2.1 through 2.3 appropriate funds to the Division of Health Benefits for the Medicaid and NC Health Choice programs rebase and for the purpose of transitioning to Medicaid managed care.

Part III – Use of Medicaid Transformation Fund for Medicaid Transformation Needs

Section 3.1 transfers funds to the Medicaid Transformation Fund, and **Section 3.2** allows the funds to be used for (i) claims run out as the Medicaid program transitions to managed care, (ii) specified qualifying needs related to Medicaid Transformation, as verified by the Office of State Budget and Management, and (iii) for administrative bridge funding for nonrecurring administrative expenses within the Department of Health and Human Services (DHHS).

¹ S.L. 2015-245, as amended.

Karen Cochrane-Brown
Director



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Part IV – Medicaid Transformation Administrative Reduction Flexibility and Report

Section 4.1 directs a reduction in administrative costs attributable to Medicaid Transformation that may be achieved through a reduction in administrative costs across all Divisions within DHHS. **Section 4.2** requires DHHS to submit two reports on the actions taken to achieve the reduction.

Part V – Repeal of Past GME Directives to Align with Medicaid Transformation

Section 5.1 repeals past budget provisions directing the elimination of certain Medicaid graduate medical education reimbursement.

Part VI – Medicaid Transformation Hotline Option

Section 6.1 requires DHHS to ensure that its Customer Service hotline is responsive to Medicaid Transformation questions from beneficiaries, providers, and the public.

Part VII – Tribal Option/Medicaid Transformation

Section 7.1 allows DHHS to contract with an Indian managed care entity or an Indian health care provider to assist with the provision of health-care related services to certain eligible Medicaid recipients and makes conforming changes to the legislation governing Medicaid Transformation.

Part VIII – Revise and Rename the Supplemental Payment Program for Eligible Medical Professional Providers

Section 8.1 requires DHHS to revise the current supplemental payment program for eligible medical professional providers to conform with managed care.

Part IX – Medicaid Contingency Reserve Codification

Section 9.1 codifies the establishment of the Medicaid Contingency Reserve and the use of funds in the reserve.

EFFECTIVE DATE: The PCS is effective when it becomes law, except for Section 8.1(e), which repeals certain Medicaid provisions from past budgets effective October 1, 2019.