The tense debate over the NC Medicaid Program (House Bill 1181/North Carolina Medicaid Modernization) continues in the NC General Assembly. The Senate has dug in on its version of how the reformed agency should look and function. Meanwhile, the House of Representative’s has a considerably different view of the changes needed to help shore up the ailing program.

So, the battle goes on. If the neither chamber will accept the other’s proposal, a conference committee will be empanelled with representatives from both the House and Senate to try to work out a negotiated solution.

Below are the two most recent updates from the NC Medical Society providing an overview of the latest activity and summarizing medicine’s concerns with what the Senate’s version of HB1181.

At this point, attention has been shifted from the Senate to the House of Representatives. Please call your House member (House Member List) and Speaker Thom Tillis (919-733-3451) to express thanks for their position on Medicaid Reform and ask for their continued support of a provider-led alternative for the Medicaid Program.

The 2014 session of the General Assembly is winding down. Everyone’s diligence is vital until the final gavel.

Thank you,
Alan Skipper

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July 28, 2014

Make your voice heard in the Medicaid reform debate

Although you may continue to hear about budget negotiations that are ongoing, there is also a substantive debate on Medicaid reform that is occurring simultaneously.
**NCMS Position:** The North Carolina Medical Society has been a strong supporter of physician-led Medicaid reform using Accountable Care Organizations (ACOs) to lead this effort. We realize that the state of North Carolina needs a new value-based system — one in which doctors are rewarded for improving the health of their patients while reducing costs. Physicians and their care teams, combined with the appropriate information technology and data, can best manage their patients' spectrum of health care needs. Corporate Managed Care Organizations (MCOs) are not the answer. They have a dismal track record and are not the right solution for North Carolina. View the NCMS' position paper on Medicaid reform (PDF).

**What happened in the House:** The House of Representatives unanimously passed HB 1181, which utilizes provider-led ACOs to lead the charge for Medicaid reform. This proposal also mirrors the position of the Governor, which NCMS has supported.

**What happened in the Senate:** The Senate voted (28-16) to modify the House plan by pitting corporate Managed Care Organizations (MCOs) against ACOs. The timeline proposed in the Senate’s version of this bill also uses an unreasonable timeframe to move to full capitation, putting physicians and ACOs at a huge disadvantage. Lastly, the Senate creates a new government entity, the Department of Medical Benefits to run the Medicaid program. This new entity would be governed by 7 appointed board members — none of which may be physicians currently leading the charge in reform. This is an unacceptable proposal and the NCMS strongly opposes the Senate’s approach.

The North Carolina Medical Society (NCMS) has adamantly opposed this type of solution and has worked for more than a year in collaboration with legislators, the Department of Health and Human Services and the Governor to develop a consensus-based reform plan that addresses the needs of patients as well as the budget predictability sought by the General Assembly. The NC House, the Governor and other health care stakeholders support this alternative to managed care.

**Call to Action!** Now is the time to let the Speaker of the House of Representatives, Thom Tillis, know the importance of continuing to stand by physicians by holding strong on physician-led Medicaid reform. Please call the Speaker to thank him and ask for the House’s continued support as negotiations on Medicaid reform and the budget continue this week. Phone: 919-733-3451

July 24, 2014

**NC Senate Votes for Medicaid Managed Care**
Today the North Carolina Senate tentatively voted 28 to 17 to use outside managed care corporations as part of their Medicaid reform plan. The North Carolina Medical Society (NCMS) has adamantly opposed this type of solution and has worked for more than a year in collaboration with legislators, the Department of Health and Human Services and the Governor to develop a homegrown reform plan that addresses the needs of patients as well as the budget predictability sought by the General Assembly. The NC House, the Governor and other health care stakeholders support this alternative to managed care.

Immediately after the Senate vote today NCMS sent the following statement from NCMS EVP/CEO Robert W. Seligson to media statewide:

“Today the Senate had a clear choice between the health of our state’s most vulnerable citizens and the health of Wall Street corporations, and they chose the corporations. Despite strong alternative proposals from the North Carolina House, Governor McCrory and the health care community on the best way to improve patient care and quality and provide budget predictability, Senators voted against this consensus. Outside managed care companies have a dismal track record of success. The Medical Society would like to recognize and appreciates the bipartisan support for the consensus plan of the health care community, the House and the Governor on the Senate floor today. It appears that the 28 senators who voted for managed care are not aware or don’t care about the negative history of managed care and are welcoming it to North Carolina.”

For instance,

- Kentucky moved 550,000 of its Medicaid patients to three national managed care corporations in 2011. Since then, a 2012 evaluation by the Urban Institute found that patients faced delays in getting care, and there was an adversarial relationship between the managed care plans and the medical community. State legislators continue to be flooded with complaints and passed a bill to set up an appeals process at the Department of Insurance to mediate disputes between the medical community and the plans. One of the managed care plans pulled out of the state last year, suing the state saying it lost money and forcing 125,000 patients into the other two plans.

- In Illinois, a federal judge awarded over $334 million in a fraud lawsuit against the Medicaid HMO Amerigroup Illinois and its parent company, Amerigroup Corporation, for systematic and extensive fraud for discriminating against pregnant women and those with expensive medical conditions.

- In Georgia, their Medicaid program was fined $3.7 million for consistently refusing to pay for authorized care.