

Benchmarks

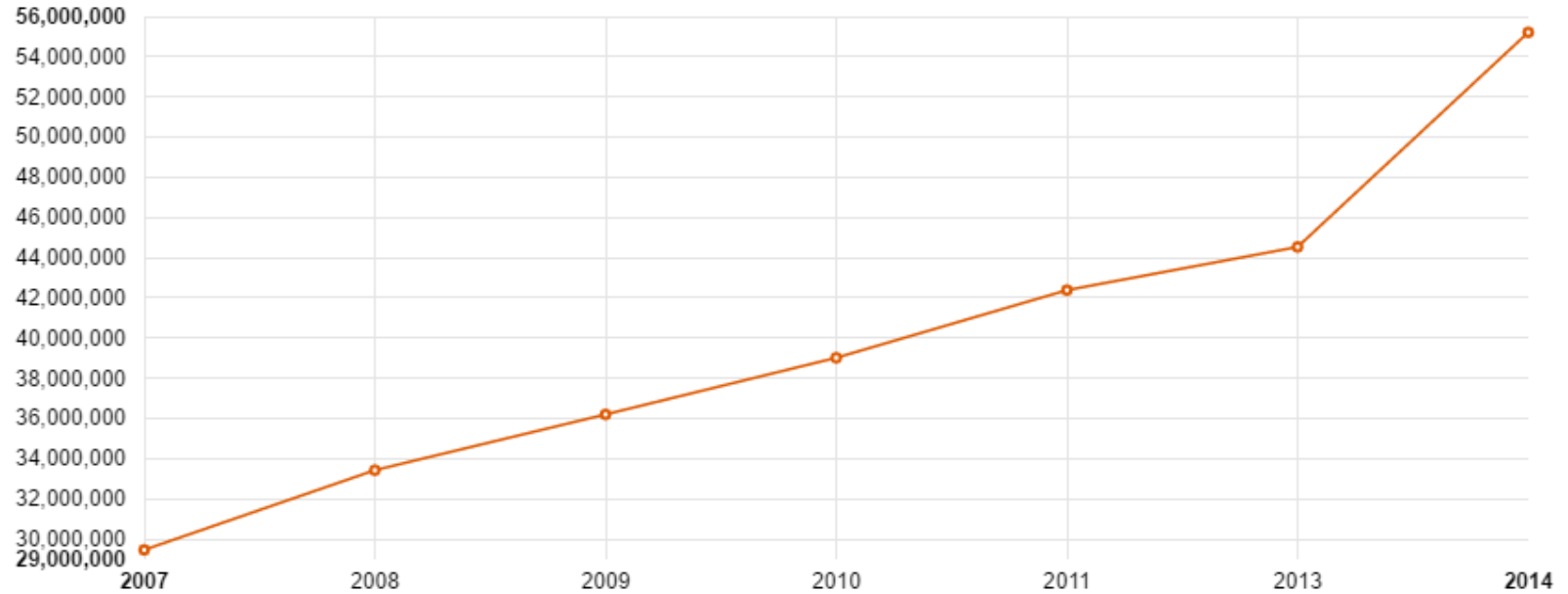
Karen McLeod, MSW
President/CEO

National Trends

- ▶ Integrated Health Care – Behavioral health integrated in overall health management in policy and practice
- ▶ Political and policy acceptance of pay-for-performance reimbursement
- ▶ Managed Care and ACO expansion to control health costs
 - 1995 – 29.45% of Medicaid under managed care
 - 2014 – 75% of Medicaid under managed care

National Trends

Total Medicaid Managed Care Enrollment: Total Medicaid Managed Care Enrollment, 2007 - 2014




● Total Medicaid Managed Care Enrollment

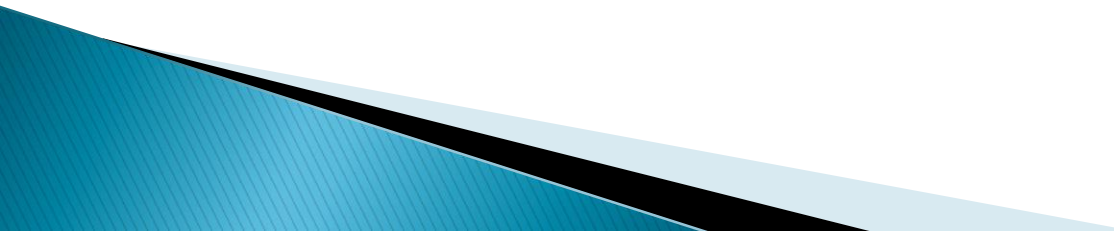
■ United States

SOURCE: Kaiser Family Foundation's State Health Facts.

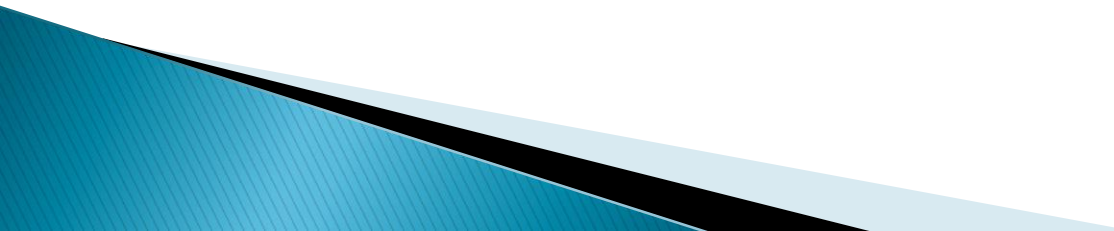
National Trends

- ▶ Focus on reducing health care cost for high need/complex consumers
 - 5% of U.S. population used the largest portion of the health care budget
 - 95% of US population need to be prevented from becoming high cost complex consumers
 - ▶ Technology is changing the nature of services
 - Telemedicine, E Health, Remote Monitoring
 - ▶ Short term, outcome oriented, evidenced-based programming
 - ▶ Shared financial risk
 - ▶ Focus on prevention and aftercare
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National Trends

- ▶ Trauma-informed environment and treatment
 - ▶ Co-occurring services (DRNC recent lawsuit)
 - ▶ Using electronic systems for service efficiencies and ability to measure outcomes/ROI
 - ▶ Closing outdated services and creating or transforming services for new marketplace
 - ▶ Increased use of competitive bidding for services
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National Trends

- ▶ Increased kinship care and family preservation
 - ▶ Reduction of residential use and length of stay
 - ▶ Movement to more community-based and in-home care
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NC Trends

- ▶ Intent of Medicaid reform: control costs and create predictive budgets (less money in the Medicaid system)
 - ▶ PLEs and private managed care coming to NC to manage physical health costs
 - ▶ Significant pressure for integration of physical/behavioral care
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NC Trends

- ▶ Industry driving toward performance indicators
 - DHHS developing plan to post provider outcome reviews per mandate of new CMS rules
 - LME/MCO RFPs for services
 - LME/MCO specialized market share contracts based on performance benchmarks

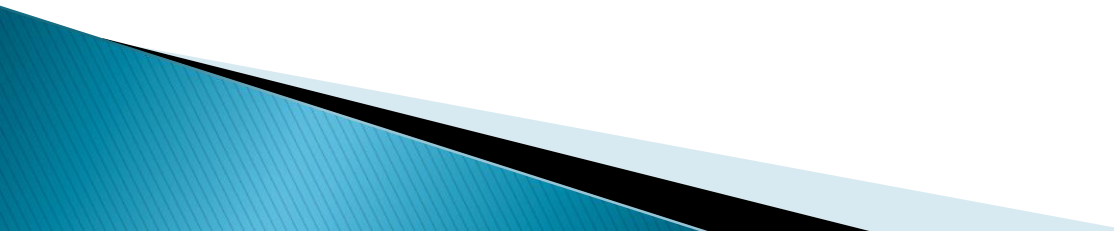
NC Trends

- ▶ Legislation driving toward performance indicators
 - **Health Analytics Pilot Program** – scope includes:
 - (1) The integration of new data sources, such as patient level HEDIS quality measures, as prioritized by the Department and GDAC.
 - (2) Customized reporting and analytics capabilities
 - (3) A tool to construct and analyze claims as clinical episodes of care in order to assist North Carolina in its transition to capitated managed care and value-based purchasing arrangements.

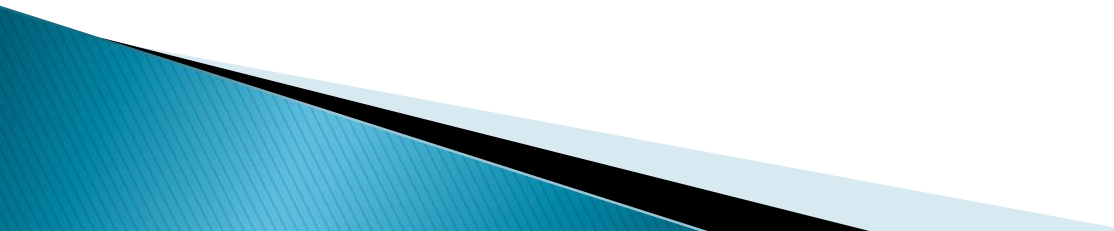
NC Trends

- ▶ Legislation driving toward performance indicators
 - MH/DD/SA Strategic plan
 - Includes: A process for ensuring that all behavioral health providers and MCOs responsible for managing Medicaid behavioral health services (including LME/MCOs) contain goals for overall behavioral health services, along with specific measurable outcomes for all publicly funded services
 - HIE system scheduled for implementation February 2018 for Medicaid and June 2018 for Health Choice
 - Provider information must be uploaded twice a day to provide real time data

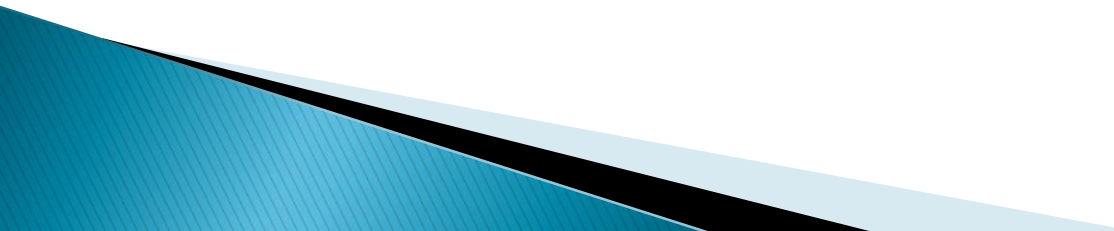
NC Trends

- ▶ Right sizing of the provider industry
 - RFPs
 - Contract Restrictions
 - Contract Terminations
 - Utilization Starvation
 - ▶ The number of providers in the system will continue to reduce.
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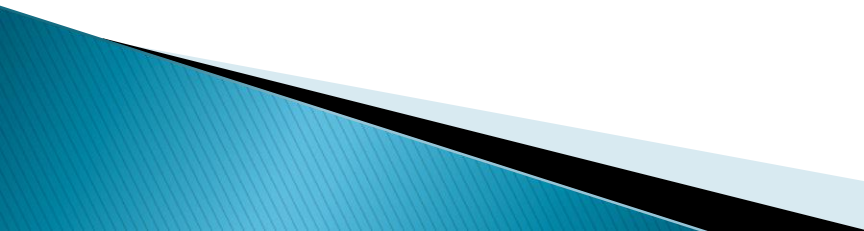
What to expect?

- ▶ Greater competition for services
 - ▶ Enhanced expectations of quality and outcomes
 - ▶ Capacity to measure ROI and performance metrics
 - ▶ Necessity to gauge and initiate customer needs
 - ▶ Integration of healthcare services
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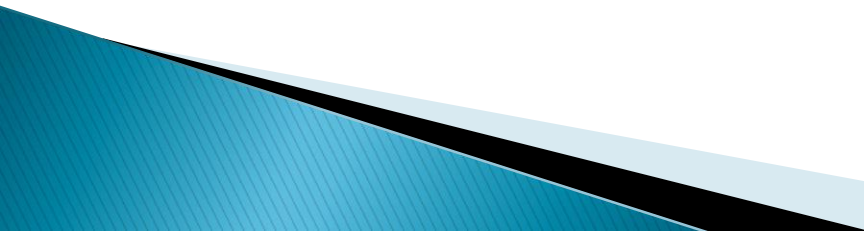
How to survive?

- ▶ Survival increasingly depends on economy of scale
 - Reduction in administrative overhead
 - Greater service capacity to absorb fiscal losses
 - More viable “sell” as a continuum
 - Greater geographic presence in multiple MCOs to offset risk
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How to survive!

- ▶ Know unit costs and cost drivers to streamline operations
 - ▶ Set thresholds for discontinuing service lines
 - ▶ Expand private pay services
 - ▶ Executive leadership must remain nimble to adjust to system maturation and changes
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How to Survive!

- ▶ Learn to effectively market your services so that payers and prospective clients know your organization's name and associates it with value
 - ▶ Provide a unique array of services that customers/payers want and need
 - ▶ Capture a significant portion of the market segments you seek
 - ▶ Move toward healthcare integration
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