North Carolina's Healthy Opportunities Pilots: Lead Pilot Entity Statement of Interest and Supplementary Guidance

North Carolina Department of Health and Human Services

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Introduction

Background

Authorized under North Carolina's Medicaid Reform 1115 Demonstration waiver in October 2018, the Healthy Opportunities Pilots (the Pilots) present an unprecedented opportunity to test the impact of providing select, evidence-based non-medical interventions to higher-risk Medicaid Managed Care enrollees. Through October 2024, the Pilots will allow up to $650 million in federal and state Medicaid funding to provide Pilot services related to housing, food, transportation and interpersonal safety and toxic stress that directly impact the health outcomes and health care costs of enrollees in two to four geographic areas of the State. After rigorous evaluation, the North Carolina Department of Health and Human Services (the Department) will seek to systematically integrate Pilot services shown to be effective into North Carolina Medicaid Managed Care on an ongoing basis statewide.

The Pilots will be implemented through various key players, including: Prepaid Health Plans (PHPs) and local care management entities,[1] community-based organizations or human service organizations (HSOs), and a new type of entity known as a "Lead Pilot Entity" (LPE) that is the subject of this document. The purposes of this document are three-fold:

1. **Outline the anticipated procurement process for LPEs,** including the timeline for the LPE Request for Proposals (RFP) and sources of additional information.

2. **Solicit non-binding Statements of Interest from potential LPE applicants** and describe the process for submitting a Statement of Interest (Attachment A). While not required, the Department strongly encourages potential LPE applicants to submit a Statement of Interest.

3. **Provide guidance for potential LPE applicant organizations** regarding the types of entities that can apply to serve as an LPE as well as key requirements and responsibilities (Attachment B).

Lead Pilot Entity Procurement Background

The Department is currently developing an RFP to procure two to four LPEs through a competitive bidding process. **The Department anticipates releasing the LPE RFP in fall 2019 and selecting LPEs in early 2020.** Organizations that respond to the LPE RFP will define their geographic regions as part of their response. The Department will select organizations to serve as LPEs based in part on their capacity to perform the LPE responsibilities described in Attachment B and more fully defined in the forthcoming RFP. A key LPE responsibility is to develop a network of HSOs in its region that will deliver Pilot services to Pilot enrollees. Selected LPEs will have access to capacity building funding for up to two years to

[1] Advanced Medical Homes, Local Health Departments and Care Management Agencies.

develop the necessary infrastructure within the LPE and its HSO network to effectively execute their Pilot responsibilities. The Department expects Pilots to begin delivering services in early 2021, which will allow the selected LPEs to dedicate the majority of the first contract year to readiness preparations and capacity building.

In their capacity as LPEs, selected organizations are not expected to interact directly with Pilot enrollees, but rather will establish a network of HSOs to provide Pilot services and promote coordination among healthcare organizations, care managers and human service providers. Organizations that are not interested in or do not have the capacity to serve as an LPE may still have the opportunity to participate in a Pilot if they operate in a selected Pilot region. They may be able to serve as:

- A sub-contractor to the organization selected to serve as the LPE, or as
- A direct, client-facing Pilot service provider (i.e., a human service organization).

Additional Pilot Resources

For additional information about the Healthy Opportunities Pilots, potential LPE applicants should also refer to the following:

- "North Carolina's Healthy Opportunities Pilots: A Review of Proposed Design for Interested Stakeholders," released by the Department in February 2019.
- Healthy Opportunities Pilots website for additional updates and information.

Interested organizations may also sign up for the Department's Healthy Opportunities listserv and direct questions and comments regarding the LPE Supplementary Guidance or Statement of Interest process by emailing healthyopportunities@dhhs.nc.gov. Questions and information submitted through this process will inform the content of the LPE RFP and/or future guidance.

Attachment A: Voluntary, Non-Binding Lead Pilot Entity Statement of Interest Template

Instructions

Organizations interested in serving as a Healthy Opportunities Pilot Lead Pilot Entity (LPE) are encouraged to submit a Statement of Interest by completing the form below. Submission of a Statement of Interest is voluntary and non-binding. Failure to submit a Statement of Interest will not preclude an organization from submitting a response to the LPE RFP. Submission of a Statement of Interest does not obligate an organization to submit a response to the LPE RFP and will not impact the evaluation of RFP responses. Note that earlier responses to the Department's Request for Information (RFI) related to the Pilots, released in February 2019 and closed in March 2019, are not considered Statements of Interest nor responses to the forthcoming Request for Proposals.

Organizations that are not interested in serving as an LPE but that wish to participate in the Pilot in a different capacity (e.g., as an in-network human service organization) should not submit a Statement of Interest.

Interested organizations should electronically submit a completed Statement of Interest to healthyopportunities@dhhs.nc.gov by 5pm ET on Monday, August 12, 2019.[2] The email's subject line should be: "Statement of Interest: Healthy Opportunities Pilots." Respondents should use Attachment A as the template for their Statement of Interest. Attachment A is available as a downloadable Word document here.

The Department will post all responses to the Statement of Interest on the Healthy Opportunities Pilot website in August 2019 to promote community awareness and collaboration among organizations interested in bidding to serve as an LPE and the other organizations (e.g., healthcare and human service organizations, among others) in its region.

[2] The Department has extended the deadline for entities to submit Statements of Interest to bid from the previous deadline of Friday, August 9th to Monday, August 12th.

Statement of Interest to Serve as a Healthy Opportunities Lead Pilot Entity

Please provide answers to the following questions to indicate your organization's non-binding interest in serving as a Lead Pilot Entity in North Carolina's Healthy Opportunities Pilot Project. The Department plans to post all responses received on the Healthy Opportunities Pilots website to facilitate collaboration among interested organizations. Demographic information is required, but all other questions are optional.

Demographic Information

Organization Name _____
Organization Address _____
Contact Person and Title _____
Phone _____
E-mail _____

Statement of Interest

1. What counties is your organization planning to serve through a Healthy Opportunities Pilot?

2. If you plan to contract with any organizations to execute the LPE responsibilities, who are your potential sub-contractors and what are their anticipated roles?

3. Please provide any additional comments below.

Attachment B: Additional Information for Potential Lead Pilot Entity Applicants

To help organizations assess whether they would like to submit a Statement of Interest, this document provides information on key Lead Pilot Entity (LPE) requirements, roles and responsibilities related to:

- Primary LPE Responsibilities;
- LPE Entity Type;
- LPE Pilot Governance Structure;
- Pilot Region Geographic Boundaries; and
- LPE HSO Network Adequacy Expectations.

For additional information about the LPE and overarching Pilot design, potential LPE applicants should refer to the design document released by the Department in February 2019, "North Carolina's Healthy Opportunities Pilots: A Review of Proposed Design for Interested Stakeholders." It is important to note that while the information included in this guidance will help organizations assess whether they would like to submit a Statement of Interest, the Department will include substantially more detail regarding LPE responsibilities and obligations in the LPE RFP that will be released in the fall of 2019, including on additional requirements not addressed in this guidance. This guidance reflects developing Pilot program design; the content of the LPE RFP will be the authoritative source of LPE requirements and will supersede this document.

Primary LPE Responsibilities

LPEs will serve as the essential connection between Prepaid Health Plans (PHPs) and human services organizations (HSOs), contracting with all PHPs operating in the Pilot region and developing and managing a network of HSOs capable of providing the full set of Pilot services related to housing, food, transportation and interpersonal safety/toxic stress. Each LPE must have extensive experience with local HSOs in its community, as well as strong knowledge of and connections to those organizations.

The LPE for a Pilot region will have key responsibilities in the following areas:

- **Establish geographic boundaries for the proposed Pilot region**, as part of the potential LPE's response to the RFP, for which the LPE will establish a network of HSOs to serve Pilot enrollees.
- **Develop, assess and manage a contracted network of HSOs** that will deliver Pilot services across the Pilot region. The LPE will monitor its HSO network closely to ensure the delivery of high-quality services to Pilot enrollees, avoid and address underperformance, and prevent waste, fraud and abuse. The LPE will also identify and reward high-performing HSOs through distribution of value-based payments earned by the Pilot region.
- **Manage all financial resources for the LPE and contracted HSOs,** including serving as financial intermediary for payments between PHPs and contracted network HSOs for authorized services, receiving and distributing capacity building funding, and executing on all financial management, reporting and oversight responsibilities. HSOs in the LPE's network that provide Pilot services

will invoice the LPE for delivered services and receive reimbursement from the LPE. The LPE will contract with and receive payment from PHPs for services delivered to their enrollees.

- **Conduct and/or provide trainings and technical assistance for contracted HSOs** to ensure their successful participation in the Pilot.
- **Support care managers** in implementing Pilot activities, by serving as primary source of expertise for care managers regarding the availability and expertise of network HSOs providing Pilot services.
- **Convene Pilot participating entities** such as PHPs, HSOs, clinical leaders, care managers and other stakeholders to promote exchange of best practices and promote coordination across partners, including through establishing and facilitating Learning Communities.
- **Support evaluation and monitoring efforts** by collecting and providing data that will be used for periodic assessments, overall program evaluation and ongoing program monitoring and oversight.

Some of these responsibilities and roles are outlined in more detail below to make it easier for potential applicants to determine whether to submit a voluntary, non-binding Statement of Interest.

To support infrastructure development and other activities necessary to execute Pilot responsibilities, the Department will provide LPEs with capacity building funding for up to the first two years of the Pilot. LPEs will also distribute a portion of these funds to contracted HSOs to support them in preparing for Pilot implementation. Once Pilot service delivery begins, LPEs will receive payments to support their ongoing overhead and administrative costs.

LPE Entity Type

A corporation (profit or non-profit), partnership, limited liability corporation (LLC), foundation, government entity, or any other entity recognized under federal and state law may be an LPE, with the exceptions listed below. While the Department will accept an LPE bid from many entity types, entities likely best positioned for the LPE role include: community-based organizations, multi-service agencies, community health centers, community health foundations, associations, county-based public agencies, local health departments (LHDs), and social service agencies that can effectively serve a multi-county region.

LPE applicants must be a single legal entity. The LPE must be one organization that serves as the single point of accountability to the Department for LPE responsibilities. This organization is expected to have defined articles of incorporation and an operating governance structure.

LPE applicants may sub-contract some responsibilities to other entities. The Department will evaluate any organization that will serve the LPE applicant through a sub-contractual relationship on its capacity to execute its delegated responsibilities through the RFP responses.

Hospitals and health systems[3] may not apply to serve as an LPE unless the hospital's or health system's LPE application includes: (1) a description of how the hospital or health system is exclusively positioned to serve as the LPE within the proposed region, and (2) letters of attestation[4] validating the applicant's contention that no other entity could serve as the LPE for the region. At a minimum, a hospital or health system applying to serve as an LPE must obtain and submit a letter of attestation in support of its application from:

- The County Manager from each county within the proposed region, and
- 10 non-medical service provider organizations (e.g., local departments of social services or HSOs that provide Pilot services) in the Pilot region, and
- 10 healthcare provider organizations not affiliated with the applicant health system or hospital (e.g., federal qualified health centers, rural health centers, local health departments, primary care providers, behavioral health providers) in the Pilot region.

For the purposes of meeting LPE Entity Type Requirements, an applicant that is affiliated with a hospital or health system, but that can demonstrate that it is independently operated and governed for the purposes of Pilot responsibilities, will not be considered a hospital or health system.

PHPs and Local Managed Entity-Managed Care Organizations (LME-MCOs) are not permitted to serve as an LPE. Additionally, LPEs may not sub-contract or delegate any of their responsibilities to PHPs or LME-MCOs.

LPE Pilot Governance Structure

Each awarded LPE will establish a Pilot-specific governance body to: oversee and advise the LPE on its Pilot roles and responsibilities; provide transparency into the LPE's Pilot-related operations and decision-making; and ensure community-based input into and feedback on Pilot design, operations and implementation. The governance body must have decision-making authority over Pilot-related key strategic decisions and use of financial resources and must be formed shortly after Pilot contract award.

[3] A health system is defined as an organization that includes at least one hospital and at least one group of physicians that provides comprehensive care (including primary and specialty care) who are connected with each other and with the hospital through common ownership or joint management (AHRQ, 2016).

[4] The Letter of Attestation will require the signee to attest to the following: "I understand that the North Carolina Department of Health and Human Services (the Department) released a Request for Proposals to procure a Lead Pilot Entity for the Healthy Opportunities Pilots. I understand that the Department will not accept a response from a hospital or a health system to serve as the Lead Pilot Entity unless that hospital or health system collects and submits letters of attestation from key community partners validating that the hospital or health system is exclusively positioned to serve as the Lead Pilot Entity in the proposed region. By signing this on behalf of my organization, I certify that this organization, _____, has determined this hospital or health system, _____, to be exclusively positioned to serve as the Lead Pilot Entity for this community."

If needed to fulfill these requirements, the LPE's standing organizational governing Board will delegate decision-making authority related to the project to the Pilot-specific governance body, except to the extent that decisions of the Pilot governance body are contrary to the Board's fiduciary duties or obligations under law.

An LPE's Pilot-specific governance body must include:

- Representation from both medical and non-medical organizations and service providers, including entities operating in the Pilot region such as:
    - Health system(s), provider organization(s), federally qualified health center(s), or rural health clinic(s);
    - PHPs;
    - Behavioral health agency(ies) or behavioral health provider organization(s);
    - Local health department(s);
    - Department(s) of social services;
    - Human service organizations; or
    - Other community partners, such as community health foundations, associations or human service organizations.
- Representation from organizations in the Pilot region that are not part of the LPE organization's core book of business prior to the Pilot; and
- At least one consumer representative and/or Medicaid beneficiary (or parent/caregiver), specifically a current or former Pilot enrollee (or parent/caregiver) after launch of Pilot service delivery, who must be provided with training on his/her responsibilities and compensation for, at a minimum, travel expenses and time spent preparing for and participating in meetings.

Pilot Region Geographic Boundaries

LPEs will propose their Pilot region's geographic boundaries as part of their response to the LPE RFP, consistent with Department guidelines, which will be described in more detail in the LPE RFP. LPEs should define their proposed geographic region in close collaboration with key stakeholders in their community—including HSOs and healthcare providers—to ensure the success of the Pilot. The Department expects LPEs to promote cross-county collaboration in recognition that enrollees seek services across county lines and the benefits of cross-county collaboration.

An LPE's Pilot region must:[5]

- Cover a minimum of two and a maximum of nine contiguous counties;
- Include only contiguous counties and not cover a portion of a county without covering the entire county; and,
- Include a minimum of:

[5] The Department has revised its original policy design as it relates to Pilot regions crossing Medicaid Standard Plan PHP regions. The revised policy design **does permit** a Pilot region to cross Medicaid Standard Plan PHP regions.

- 105,000 Medicaid enrollees, if the proposed Pilot region includes an urban or suburban county (based on enrollment figures and county designation in Attachment C), or
- 30,000 Medicaid enrollees, if the proposed Pilot region includes only rural counties (based on enrollment figures and county designation in Attachment C).

The LPE's HSO network will only serve Pilot enrollees whose Medicaid address of record is within the boundaries of the defined Pilot region. The Department reserves the right to work with an LPE applicant to modify its proposed geographic boundaries, if needed, to ensure that:

- Selected LPE Pilot regions do not overlap with one another;
- A sufficient number of Pilot-eligible beneficiaries are expected to reside within the boundaries of each Pilot region to achieve overall Department goals for the Pilot program; and
- A mix of urban, suburban and rural counties are included in Pilot program implementation across the two to four regions selected. An LPE applicant is not required to include a mixture of urban, suburban and rural counties in the proposed geographic region, but is encouraged to do so.

LPE HSO Network Adequacy

Each LPE will be required to establish and maintain a network of HSOs that will provide Pilot services to address the housing, food, transportation and interpersonal safety/toxic stress needs of enrollees within the geographic boundaries of the Pilot region.[6] The LPEs will form their HSO network using a fair and transparent process. An LPE will need to ensure that its HSO network can deliver the full array of Pilot services in its region to eligible Pilot enrollees. In developing the HSO network, LPEs are expected to leverage, strengthen and invest in existing community organizations for purposes of service delivery prior to investing in or building their own capacity to provide Pilot services.

LPEs will be required to contract with HSOs to create an HSO network that meets Department-defined network adequacy standards. The Department expects LPEs to develop a robust network in each Healthy Opportunities domain. With respect to network adequacy, the Department currently is planning to propose that, at a minimum, the HSO network must:

- Be able to provide all Pilot services to Pilot enrollees residing within the region, such that:
    - Pilot enrollees are not required to travel an unreasonable distance or length of time to obtain Pilot services, as assessed by the Department.

[6] The Healthy Opportunities Pilots services were authorized by the Centers for Medicare and Medicaid (CMS) as part of the State's recently approved 1115 demonstration waiver, available here. The State is currently seeking feedback on detailed Pilot service descriptions and pricing benchmarks, here.

    - Pilot enrollees are not required to wait an unreasonable length of time to obtain Pilot services due to unavailability of contracted HSOs willing and able to accept Pilot enrollees, as assessed by the Department.
- Include at least two contracted organizations per county within the Pilot region per each of the four Healthy Opportunities domains.[7]

The Department will continue to refine these standards, with the final approach reflected in the LPE RFP.

An LPE's Pilot network may change over the course of the demonstration as long as it continues to meet network standards. LPEs that cannot meet the network adequacy standards may submit for Department review and approval a plan that describes existing HSO capacity, the reasons it cannot meet these standards, and actions it will take to strengthen community resources to meet the standards (e.g., providing technical and financial assistance to existing HSOs to expand their service options to include additional Pilot services).

LPEs will be responsible for managing their HSO network, including developing participation standards related to experience, readiness, accessibility, accreditation, and cultural and linguistic competency, and identifying and addressing gaps in meeting those standards. LPEs will also be responsible for continually assessing their HSO network's performance to ensure the delivery of high-quality services to enrollees.

[7] An HSO that offers services in more than one county within a Pilot region may be counted towards the two organization requirement in all counties that the HSO serves. A multi-service HSO that provides services in more than one Healthy Opportunities domain may be counted towards the 2-organization requirement in all domains for which it provides services.

Attachment C: County Medicaid Enrollment and Designation

County	Medicaid Enrollment*	Classification**
Alamance	34,653	Suburban
Alexander	7,276	Rural
Alleghany	2,546	Rural
Anson	7,580	Rural
Ashe	5,651	Rural
Avery	2,988	Rural
Beaufort	11,914	Rural
Bertie	5,812	Rural
Bladen	9,536	Rural
Brunswick	22,721	Rural
Buncombe	43,619	Suburban
Burke	20,300	Rural
Cabarrus	35,981	Suburban
Caldwell	20,497	Rural
Camden	1,163	Rural
Carteret	11,534	Rural
Caswell	5,596	Rural
Catawba	30,641	Suburban
Chatham	9,274	Rural
Cherokee	6,891	Rural
Chowan	3,503	Rural
Clay	2,247	Rural
Cleveland	28,392	Rural
Columbus	17,278	Rural
Craven	19,387	Rural
Cumberland	83,664	Suburban
Currituck	2,850	Rural
Dare	4,964	Rural
Davidson	33,626	Suburban
Davie	6,605	Rural
Duplin	15,126	Rural
Durham	54,656	Urban
Edgecombe	20,148	Rural
Forsyth	78,486	Urban
Franklin	13,183	Rural
Gaston	49,233	Suburban
Gates	2,146	Rural
Graham	2,341	Rural

County	Medicaid Enrollment*	Classification**
Granville	10,745	Rural
Greene	4,983	Rural
Guilford	114,998	Urban
Halifax	16,868	Rural
Harnett	26,065	Rural
Haywood	13,662	Rural
Henderson	16,870	Suburban
Hertford	7,235	Rural
Hoke	14,111	Rural
Hyde	1,204	Rural
Iredell	28,067	Suburban
Jackson	7,766	Rural
Johnston	40,421	Rural
Jones	2,366	Rural
Lee	14,951	Rural
Lenoir	17,569	Rural
Lincoln	15,091	Suburban
Macon	7,110	Rural
Madison	4,664	Rural
Martin	6,273	Rural
McDowell	10,818	Rural
Mecklenburg	203,919	Urban
Mitchell	3,391	Rural
Montgomery	7,260	Rural
Moore	15,602	Rural
Nash	23,704	Rural
New Hanover	34,741	Urban
Northampton	6,038	Rural
Onslow	34,142	Rural
Orange	15,472	Suburban
Pamlico	2,350	Rural
Pasquotank	9,186	Rural
Pender	12,729	Rural
Perquimans	2,690	Rural
Person	8,881	Rural
Pitt	39,070	Suburban
Polk	3,187	Rural
Randolph	32,356	Rural
Richmond	16,277	Rural
Robeson	50,230	Rural
Rockingham	21,618	Rural

County	Medicaid Enrollment*	Classification**
Rowan	33,357	Suburban
Rutherford	15,469	Rural
Sampson	18,376	Rural
Scotland	12,736	Rural
Stanly	12,226	Rural
Stokes	8,265	Rural
Surry	16,823	Rural
Swain	4,498	Rural
Transylvania	5,897	Rural
Tyrrell	921	Rural
Union	30,362	Suburban
Vance	17,633	Rural
Wake	132,344	Urban
Warren	5,016	Rural
Washington	3,855	Rural
Watauga	4,426	Rural
Wayne	33,476	Rural
Wilkes	15,459	Rural
Wilson	22,308	Rural
Yadkin	7,488	Rural
Yancey	3,968	Rural

Source Notes:

*** Average calendar year (CY) 2018 Medicaid enrollment.** Calculated by averaging monthly enrollment for January 2018 – December 2018 as reported in the "Annual Enrollment by County and Budget Groups" reports, available at https://medicaid.ncdhhs.gov/documents/reports/enrollment-reports/medicaid-and-health-choice-enrollment-reports.

** **Classifications developed and defined by the N.C. Rural Center,** as available at: https://www.ncruralcenter.org/about-us/.