



NCAFP Guiding Principles of Medicaid Reform Plan Development: The Fundamental Fifteen

The members of the North Carolina Academy of Family Physicians are deeply involved in the daily delivery of healthcare to individuals covered by North Carolina's Medicaid program. The NCAFP suggests the following fundamental questions and principles be used to evaluate any proposed Medicaid reform plan. These fifteen principles are based on years of experience delivering patient-focused care and a growing body of national knowledge regarding what must be achieved to lower costs and improve quality of care, including what innovations have been successful in North Carolina and beyond.

1. Have any problems with Medicaid been accurately diagnosed and does the plan truly address each problem by first and foremost determining what needs to be changed about Medicaid in North Carolina?
 2. Does the plan build on what is currently working in North Carolina?
 3. Is the plan patient-centered and built on a Patient-Centered Medical Home model?
 4. Does the plan reduce administrative complexity?
 5. Does the plan encourage multiple practice environments including independent practice?
 6. Does the plan propose to effectively integrate physical and mental healthcare?
 7. Is the plan based on the collection, accessibility, and usability of accurate data utilizing appropriate technology?
 8. Does the plan propose innovation in alternative reimbursement models and appropriately adjust for patient risk?
 9. Does the plan increase access to high quality healthcare based upon principles of evidence-based medicine?
 10. Does the plan appropriately focus on the long-term healthcare needs of the state, including long-term budget predictability? Does it keep scarce healthcare dollars in our state?
 11. Does the plan address the need for better forecasting and budgeting?
 12. Does the plan create effective healthcare markets?
 13. Does the plan consider social determinants of health?
 14. Does the plan encourage personal responsibility?
 15. Does the plan encourage physician involvement in reform, including ongoing evaluation?
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1. **Addressing the True Need:** For any Medicaid reform plan to be truly effective, it must first accurately determine the issues with the current system (i.e., make the appropriate diagnosis). Reform must first diagnose the true problem.
 2. **Building on What's Working:** Once the problems with Medicaid have been identified, any reform should build on what's working well in North Carolina, including the award-winning system of medical homes developed through Community Care of North Carolina. Primary care is the foundation of an efficient healthcare system that improves quality and lowers costs. Reform should build on those parts of the system that are already working well in our state.
 3. **Patient-Centered Medical Home:** It is well documented that medical homes lead to higher quality care and lower costs, especially for patients with multiple complex medical conditions. The physician-led PCMH model must be the core of any advanced health care delivery system such as Primary Care Case Management, Accountable Care Organizations, or broader physician/hospital network systems. Reform must include appropriately administered care management based on the PCMH model and produce significant financial saving while improving quality and health outcomes.
 4. **Reduction in Administrative Complexity:** The introduction of multiple plans and multiple markets would likely increase administrative complexity regarding credentialing, provider enrollment, patient enrollment, performance-based outcome tracking and billing, ultimately leading to increased overhead and increased costs. Reform must reduce administrative complexity, not increase it.
 5. **All Practice Environments:** Because physicians practice in many different practice environments -- from integrated health systems to independent practices -- the reform plan must recognize these differences, encourage their existence in the free market, and develop robust primary care in each type of setting. Primary care is the heart of any effective physician-led Accountable Care Organization. Reform must encourage the existence of primary care in various practice settings to ensure quality care across the market.

6. Integration of Physical and Mental Healthcare: A comprehensive approach to patient care manages the complete physical health, behavioral health and long-term care of our patients. The behavioral health system and the physical health system must work together to treat the whole person. Reform must recognize the differences between systems and work towards making collaboration easier for all providers.
7. Data Collection and Utilization: To effectively improve the health of a population and reduce the cost of healthcare, physicians must have access to real time data about both the individual patient they are treating and their overall patient population. Reform must emphasize comprehensive and accurate longitudinal data-collection and utilize technology to enhance that experience through real-time analytics.
8. Innovative Reimbursement Design and Adjustment of Risk: To eliminate wasteful spending and stimulate growth, quality of care must be rewarded instead of quantity of services. There must be incentives and alternative reimbursement for physicians managing service delivery teams within established budgets, with reimbursement acknowledging leadership, disease management and prevention responsibilities. In addition, patients present different diseases and various levels of complexity. Reform must take the lead role in reimbursement re-design and at the same time recognize that patients will have different levels of risk and adjust for that risk.
9. Importance of Evidence-based Healthcare: The use of evidence-based healthcare to make decisions about the care of patients and the delivery of health services will ensure quality care for patients. In order to effectively control costs, patients must have access to high quality, effective healthcare sooner rather than later, focusing on prevention and chronic disease management. The earlier problems are discovered and managed, the better patient outcomes can be and ultimate savings will follow. Reform must incorporate the use of evidence-based healthcare.
10. Cost Containment Should Focus on Long-Term Budget Predictability and Keep Scarce Healthcare Dollars in NC: Lowering costs should be a goal of any changes to the Medicaid program, but it cannot be the sole objective. Improving healthcare must always come first. The reform plan must focus on long-term cost containment and quality of care. There must be honest discussions on the costs and savings of the Medicaid program. The state must make sure Medicaid is properly funded, its budget accurately reflects the priorities of North Carolina, and scarce healthcare dollars remain in state, providing services to our most vulnerable citizens. Reform must ensure budget predictability, transparency, and the use of scarce dollars to actually provide care, not pay unnecessary administrative overhead.
11. Accurate Forecasting and Budgeting: A key to any successful reform plan is accurate budgeting and forecasting, including the understanding that changes to the state plan will not always be approved by the federal government or implemented immediately. Reform must include efforts to increase stability and accuracy in budget forecasting.
12. Creating Effective and Flexible Healthcare Markets: Populations across North Carolina are diverse. Breaking the state into population based and/or geography-based regions could create new healthcare markets that did not exist before. Applying measurement standards to those markets present unique challenges regarding the portability of the benefits, the measurement of health outcomes, and the configuration of provider networks. The insertion of, or overlaying of, new management structures into existing health care delivery systems also reduces collaboration and creates resistance. Reform must create effective and flexible health care markets that increase provider collaboration.
13. Social Determinants of Health: A comprehensive approach to patient care promotes the health and well being of all North Carolinians, their families, and their communities. Reform must consider social determinants of health.
14. Personal Responsibility: Because patients can play a large role in preventing expensive medical interventions, reform must promote patient responsibility for behavioral change.
15. Physician Involvement: Family physicians are at the frontline of healthcare delivery in our state, with almost all family physicians caring for some Medicaid recipients. For true success, reform must involve practicing physicians in the development, ongoing management and evaluation of the Medicaid program.