COVID-19 Impacts to NC's Public Behavioral Health System

On behalf of North Carolina's seven Local Management Entity/Managed Care Organizations (LME/MCOs), we appreciate the opportunity to provide continuing feedback on how the COVID-19 pandemic has impacted our state's publicly managed behavioral health system. LME/MCOs are responsible for managing Medicaid and other public behavioral health and intellectual/developmental disability (IDD) funds for millions of North Carolinians in all 100 counties. We are working 24/7 to support frontline healthcare providers, ensure access to and continuity of care, and meet the staggering behavioral health challenges faced by our communities as a result of this terrible pandemic.

Given the unprecedented nature of the pandemic, the LME/MCO system respectfully requests the Legislature's consideration of the following:

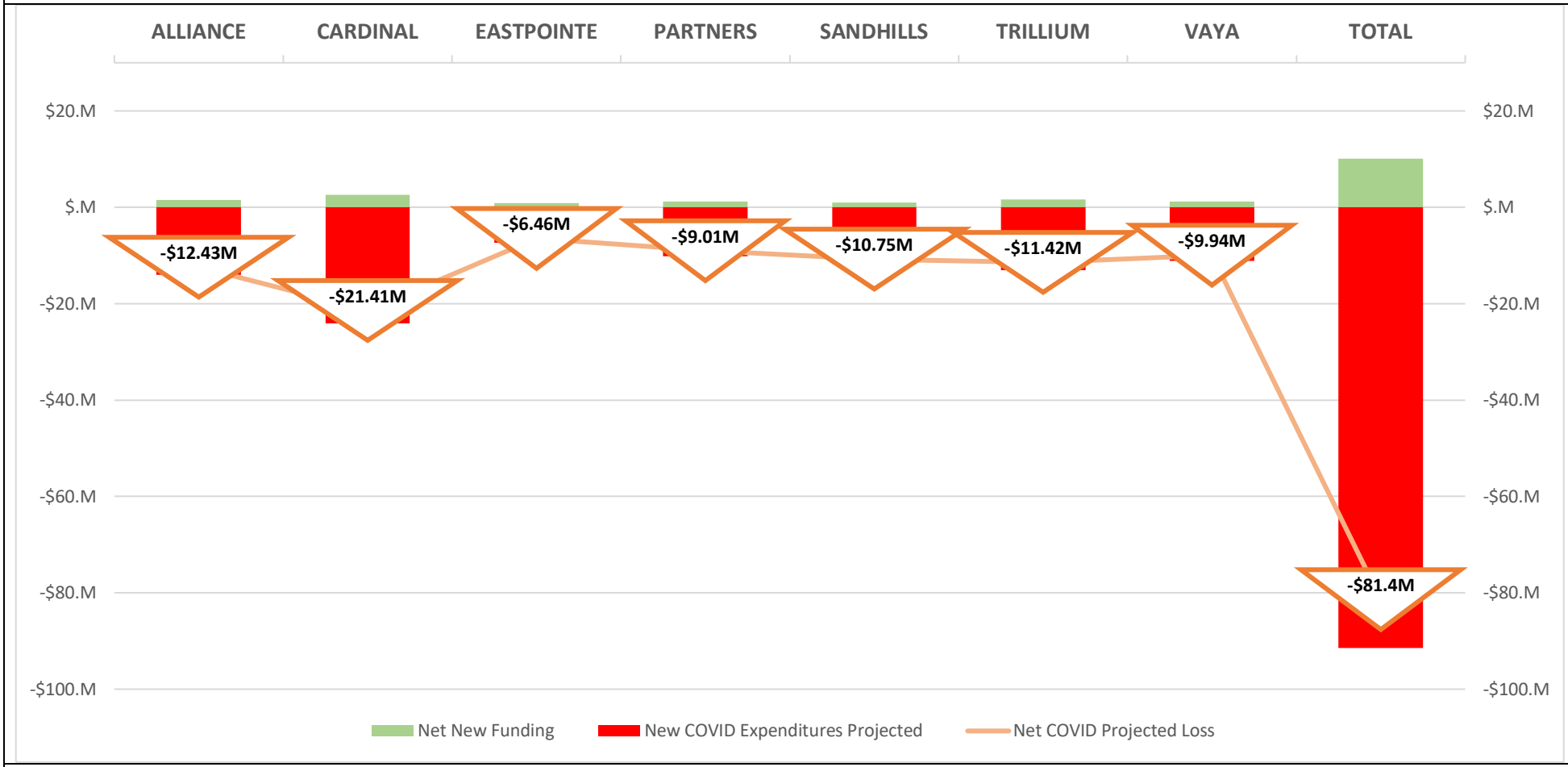
- **A System Payment of $81.4 Million to Cover Direct COVID-19 Related Care Costs for Current Fiscal Year (as detailed in Table 1 below):** The COVID-19 pandemic is the largest crisis to ever hit behavioral health and IDD care providers. As a system, the LME/MCOs have incurred increased and unexpected cost increases as they have taken swift and measured action to preserve the continuity of care for members and offer needed assistance to providers. In addition, other pandemic-related impacts have led to increases in expenses, including:
    - Increasing provider reimbursement rates to address COVID-19 impacts (hazard pay, PPE, operating costs of implementing social distance within their care model)
    - Expansion of essential enhanced care by providing telehealth equipment, housing and food to our most vulnerable population
    - Making financial stability payments to vital providers to keep their doors open throughout this crisis and beyond
    - Converting services customarily performed in the community or group settings to virtual services

  In addition, we have experienced significant increases in certain service utilization trends due to stay-at-home orders, as well as increased coverage costs due to new regulatory flexibilities such as the temporary lifting of payment caps for certain services.

  As shown in Table 1, this $81.4 million one-time system payment accounts for the **net new** spend due to the COVID-19 pandemic for March-June 2020, the initial four months of the pandemic. Additionally, further service payments will be essential to bolster the public behavioral health system in the upcoming state fiscal year beginning July 1st when the needs of our members and providers are expected to increase drastically due to continuing COVID-19 Response initiatives and the devastating statewide economic impact of the pandemic.

  It is critical to note that the majority of COVID-19 Response resources made available to LME/MCOs are not new funds and do not carry forward past State Fiscal Year 2020. As LME/MCOs have stepped up to help our members and our communities weather this storm, this system payment is crucial to make sure we can continue to support the frontline behavioral healthcare providers that make up our networks and assist the members and families that are suffering during this crisis.

TABLE 1: LME/MCO System-Wide COVID-19 Cost Impact Projections, March – June 2020



Impact Projection Assumptions

Timeline - Phase 3 through June 30th, 2020

Projections - Initiatives and expenditures are conservative as of 5/6/2020. Efforts are ongoing to develop additional initiatives as current data is evolving and this projection is based on available data

New COVID Expenditures Projected- Includes COVID related housing/food/telehealth equipment, net new impact on increased utilization projections, net new impact on provider rate increases (i.e. hazard pay), grant/hardship payments, net new impact on provider retainer payments, net new impact on provider enhanced rates

Admin - Additional COVID-19 related administrative costs, provider support and equipment purchased not included

Note: All seven LME/MCO CFOs organized the various COVID-19 initiatives to streamline coding and reporting to ease the State's and providers' administrative burden. We have consolidated the various initiatives for this report.