

Transformation of North Carolina Medicaid

Carolina Complete Health Network
Wednesday, March 8, 2017

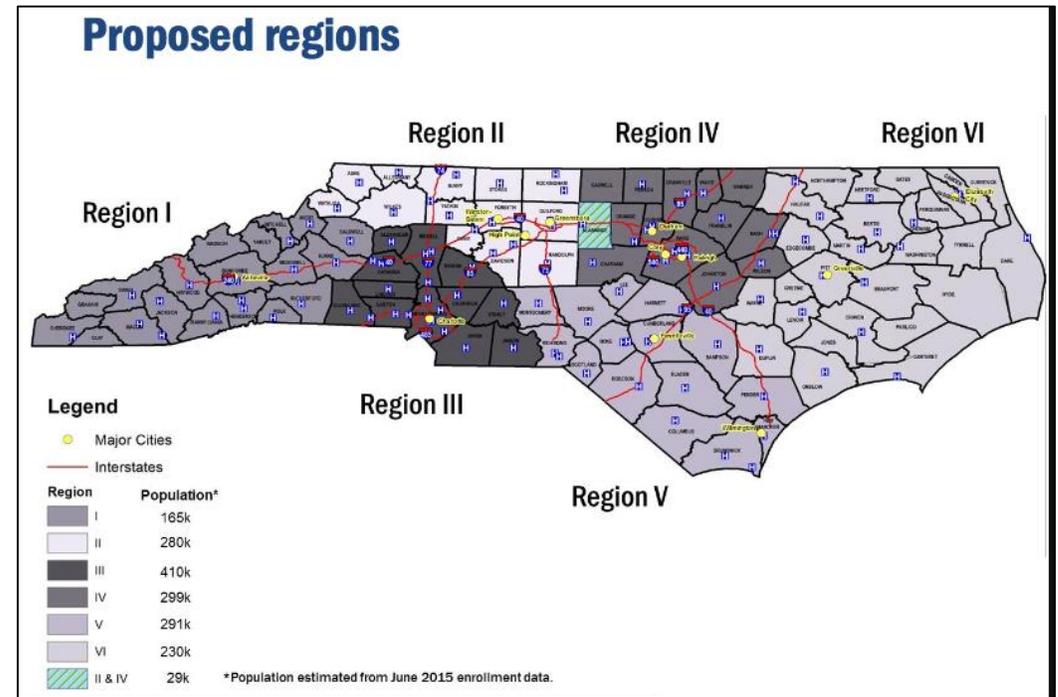
NCMS Goals for Medicaid Reform

1. Use physician-led teams.
2. Physicians need data and tools to identify and address problems.
3. Move Medicaid to a value-driven system, consistent with the rest of the health care system.
4. Quality and efficiency goals must be thoroughly vetted and accepted by physicians.
5. Medicaid program should be transparent and accountable.

Medicaid Program Transformation

-- Key Features --

- Statewide...
 - 3 statewide capitated plans
 - Can be MCO or PLE
- Regional...
 - Provider-Led Entities (PLEs only)
 - up to 12 PLEs may be approved
 - possibly multiple PLEs per region (each must cover 1 or more contiguous regions)
- Division of Health Benefits (DHB) to replace DMA
- Joint Legislative Oversight Committee on Medicaid created



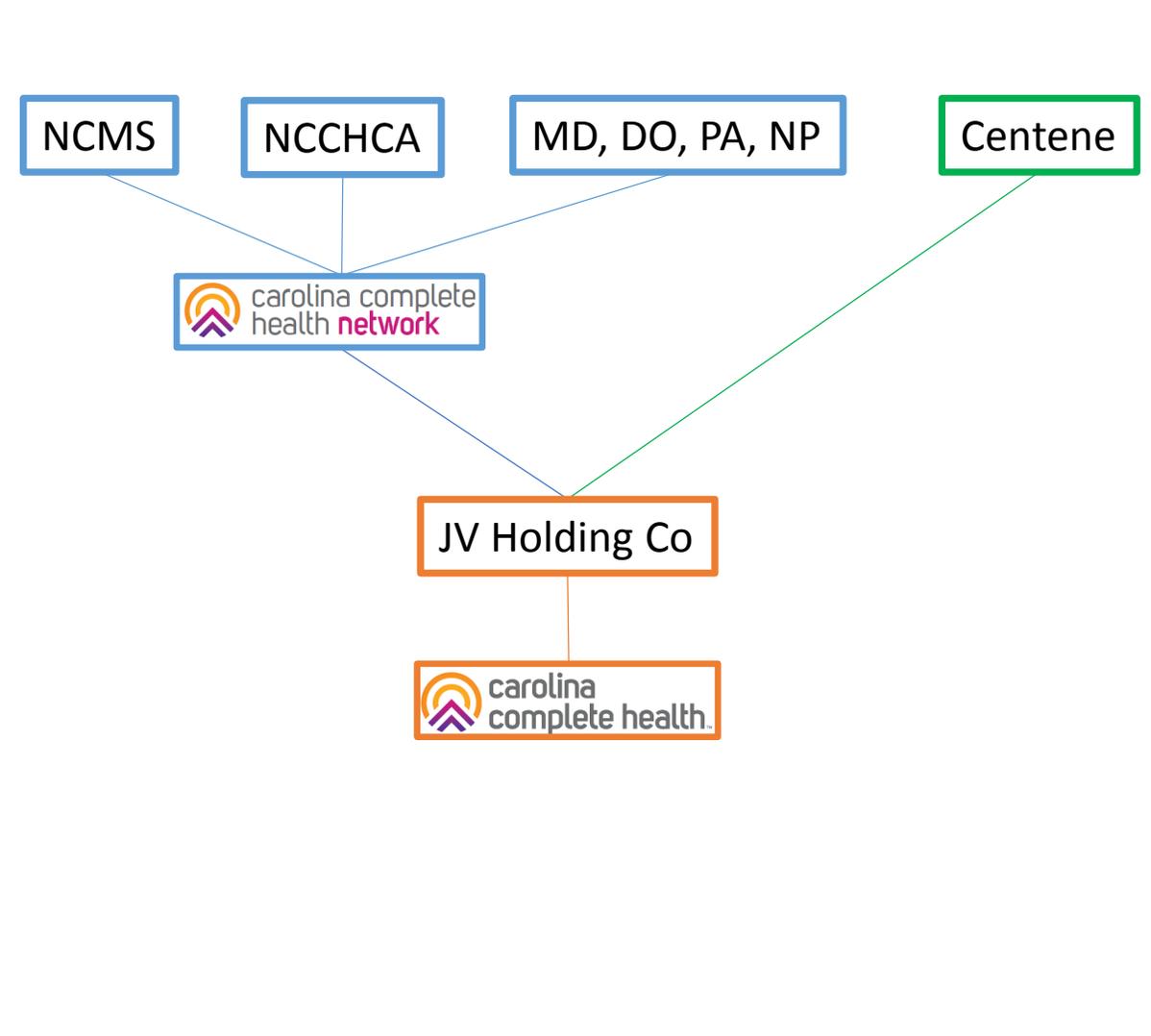
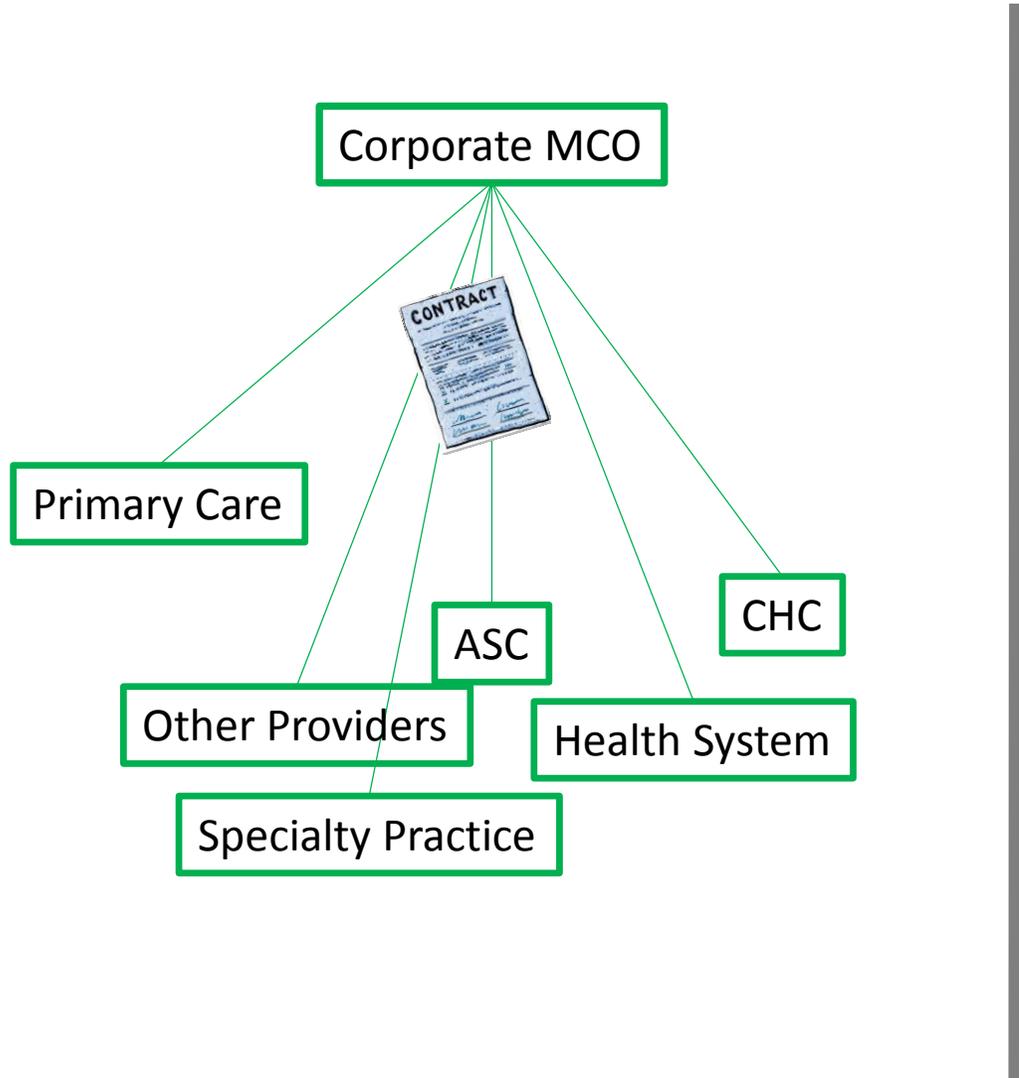
Entities Expected to Compete for PHP Contracts



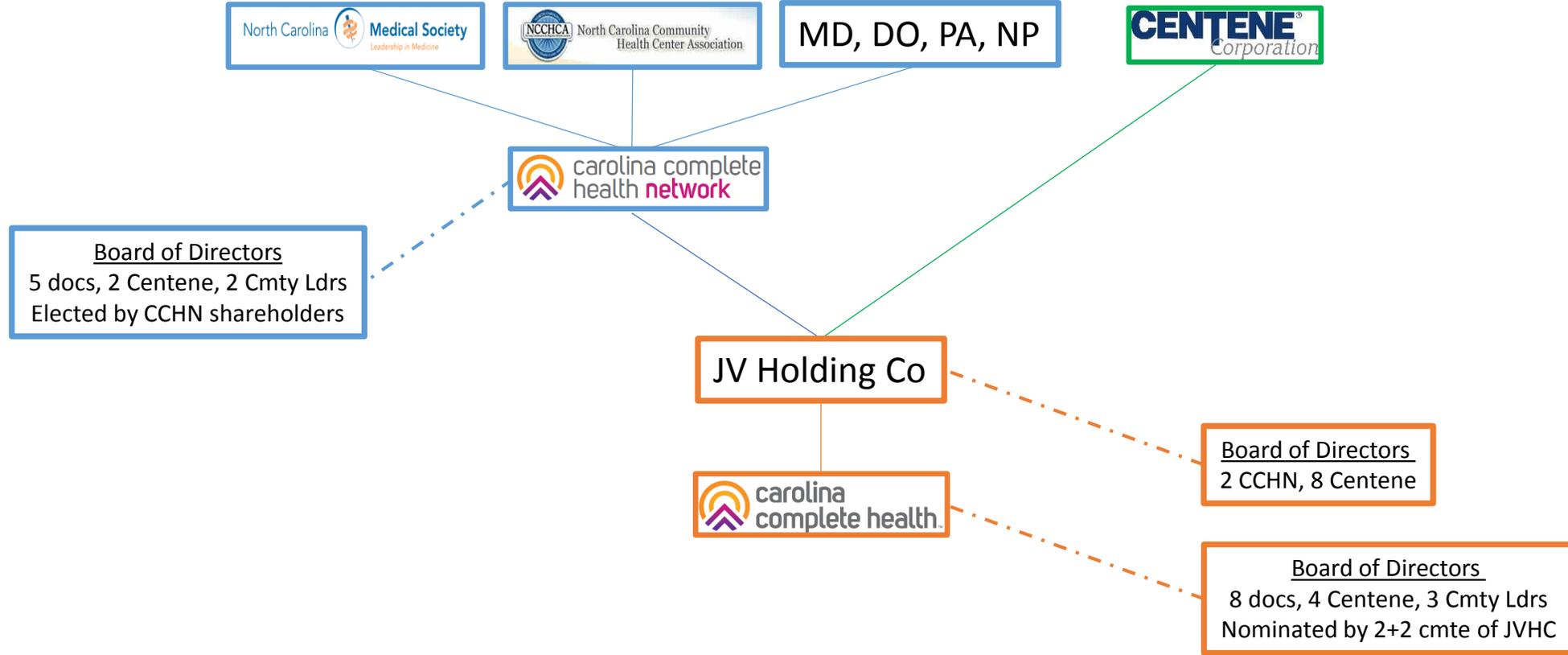
PLPCC, LLC



How is this Different? Ownership



How is this Different? Leadership

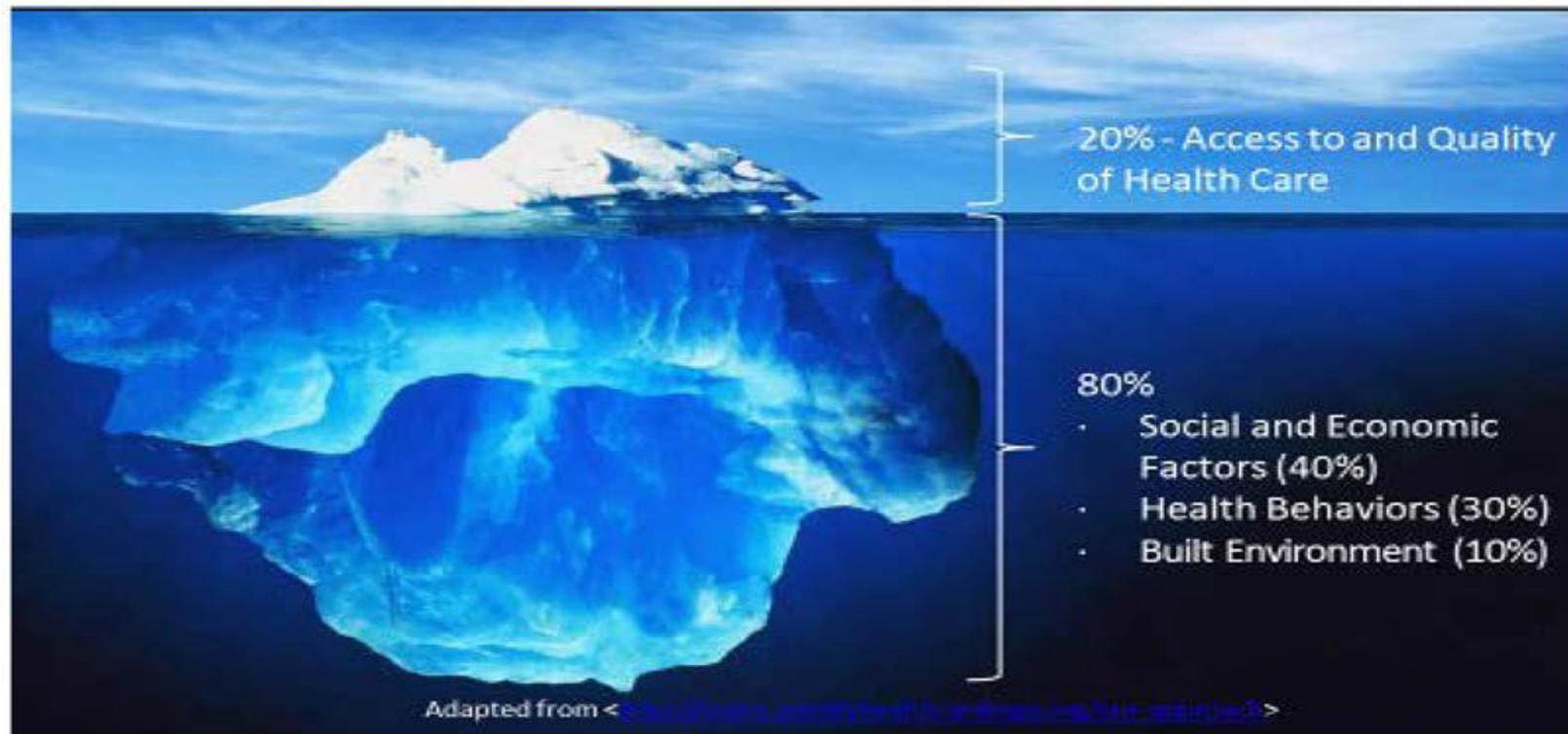


The Role of Public Health and Health Departments

- Sign a provider participation agreement to be in the network
- If you are an MD, DO, PA or NP—buy a share, and which gives you the ability to participate in the governance and medical affairs committee structure
- **Largest contribution—work closely with CCH and CCHN on your area of substantial expertise....**

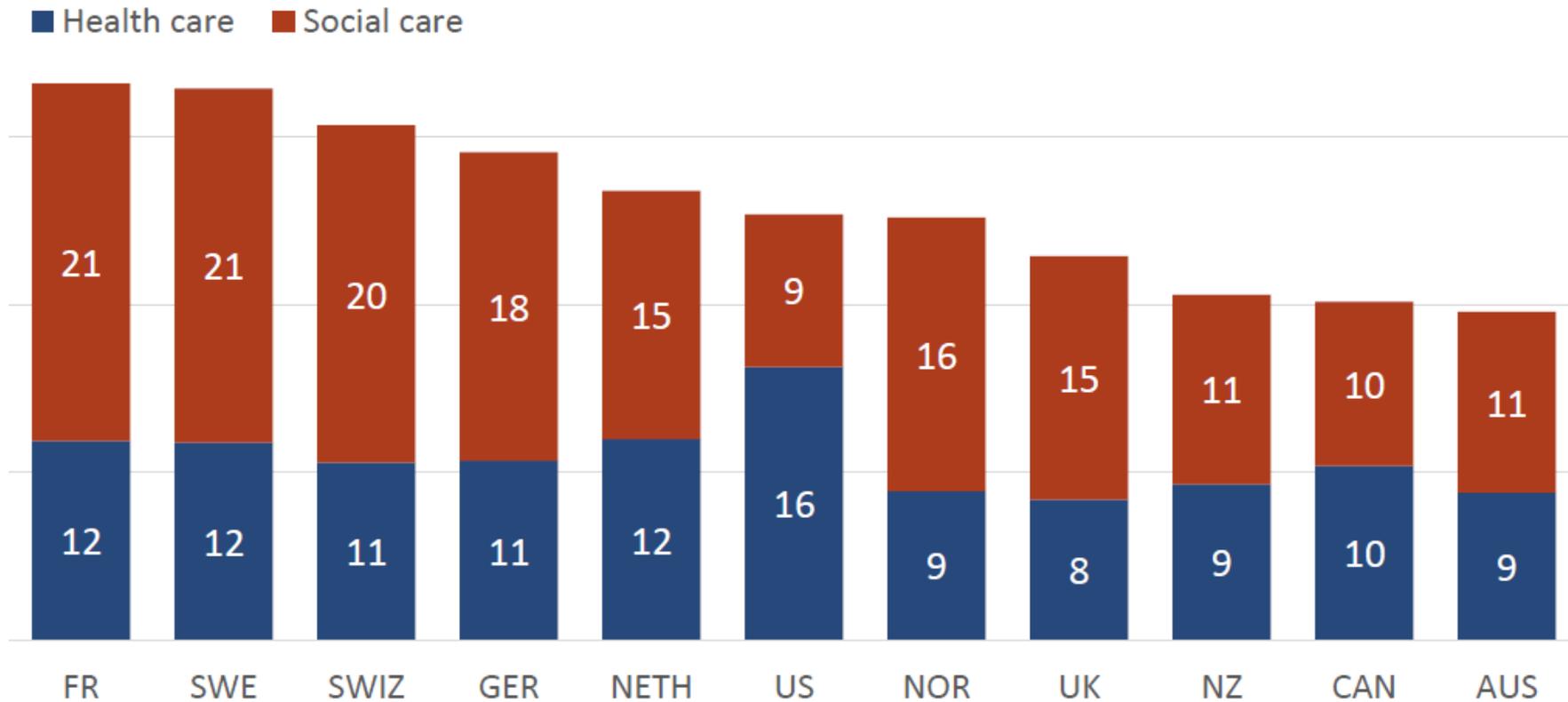
Population Health Extends Beyond the Medical Community

Factors Influencing Health Outcomes



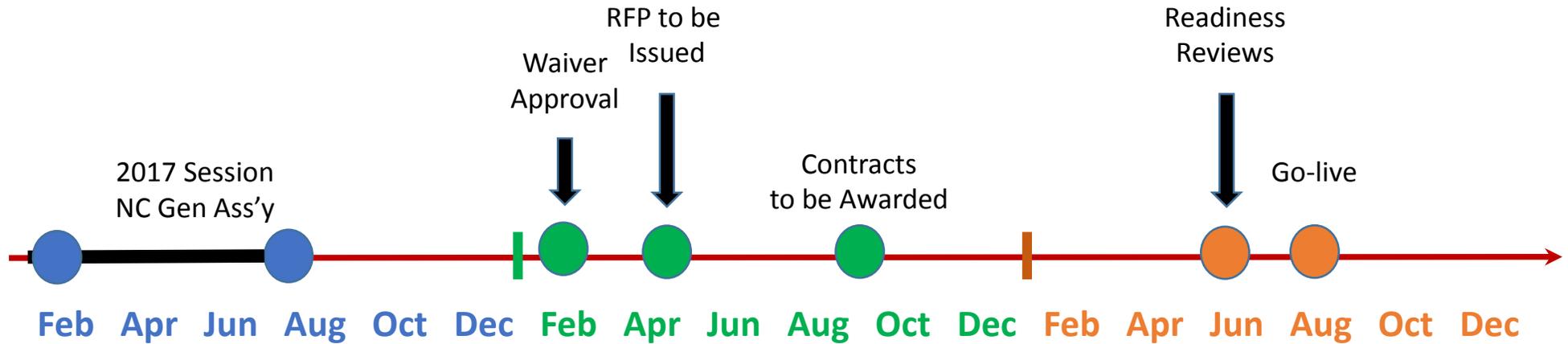
Need for Social Investment and Supportive Policies

Percent of GDP spent on:



Source: E. H. Bradley, L. A. Taylor, and H. V. Fineberg, *The American Health Care Paradox: Why Spending More is Getting Us Less*, Public Affairs, 2013.

Implementation Timeline



Test the Waters

Sell Shares CCHN

Sign CCHN Owners

Finish Network Build

Medical Policy Development

What Happens Now?

- We are seeking SEC approval to sell stock in CCH Network.
- Once approved (summer 2017), we will sell shares of CCH Network to MDs, PAs, NPs for \$750.
- To be eligible to buy a share...
 - MD, DO, PA, or NP actively practicing in North Carolina.
 - In the CCH Network.
- We will then respond to the RFP issued by the State (spring 2018)
- Once awarded a statewide contract, we will invest the funds raised into CCH, and aim toward go-live in mid-2019.
- In the interim, CCH Network will begin operating the Medical Affairs Committee structure for CCH to develop medical coverage policy.
- For public health, this means we need to start meeting sooner rather than later.

Note carefully:

- NCMS is “testing the waters” under Regulation A under the Securities Act of 1933, as amended, to gauge market demand from potential investors for an offering of securities by its wholly-owned subsidiary (the “issuer”) formed in connection with the contemplated joint venture between NCMS and Centene. No money or other consideration is being solicited, and if sent in response, will not be accepted. No offer to buy the securities can be accepted and no part of the purchase price can be received until an offering statement is filed with, and qualified by, the Securities and Exchange Commission. Any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of its acceptance given after the qualification date. A person’s indication of interest involves no obligation or commitment of any kind.
- This communication contains forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” or the negative or plural of these words or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the joint venture, the proposed health plan and our projections. You should not rely upon forward-looking statements as predictions of future events. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, among other things, satisfaction of the conditions to closing of the joint venture transaction. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this communication may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Except as required by law, neither Centene, NCMS, the issuer, NCCHCA nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Centene, NCMS, the issuer and NCCHCA undertake no obligation to update publicly any forward-looking statements for any reason after the date of this communication to conform these statements to actual results or to changes in our expectations.
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