Sandhills Center *for* *Mental Health, Developmental Disabilities and Substance Abuse Services*	**Original Effective Date:**	**Revised Effective Date(s):**	**Policy ID:**
	Title: UM POLICY - MEDICAID: DRAFT ***Reference(s):*** _X_ New ___ Revised – *Supersedes:* **Approved by:** _____ Board of Directors Chair		

Sandhills Center maintains a utilization management (UM) program for medical, behavioral health (BH), intellectual/developmental disabilities (I/DD), long-term services and supports (LTSS), non-emergency medical transportation (NEMT), and pharmacy services. Sandhills Center's UM program utilizes nationally-recognized, evidence-based clinical practice guidelines and decision support methodologies to support the implementation of UM principles and the prior authorization for services not otherwise defined in mandated clinical coverage policies. All third-party UM contractual relationships (i.e. subcontractors) are developed to align with the goals and standards of the Sandhills Center Utilization Management Program. To meet these goals, and consistent with 42 C.F.R. § 438.210(b) and 438.210(a)(3)(i), Sandhills Center maintains a comprehensive Utilization Management Program inclusive of a subset of NC Medicaid Direct clinical coverage policies as defined in the NC Medicaid contract and sets forth the following policy for its UM program. The UM program Policy will be revised based on changes requested by North Carolina Department of Health and Human Services (NC DHHS) and submitted to NC DHHS, in writing, no less than sixty (60) calendar days before such changes go into effect. This policy is submitted one hundred fifty (150) days after contract award and then annually to NC Department of Health and Human Services (NC DHHS).

Sandhills Center Covers all services in the NC Medicaid and NC Health Choice state plans with the exception of services carved out of Medicaid Managed Care under NC Gen. Stat. § 108D-25; as specified in 42 C.F.R. § 438.210; and as otherwise noted within the NC DHHS Medicaid contract. Sandhills Center is not responsible for providing carved out service to members as defined in the NC Medicaid contract, Section V.B.2. Table 1: Services Carved Out of Medicaid Managed Care. For a summary of Medicaid and NC Health Choice State Plan covered services, see the NC DHHS Medicaid contract, Section VII, Attachment B: Summary of Medicaid and NC Health Choice Services & Clinical Coverage policies – Note: the aforementioned table is not meant to be exhaustive and is a summary of the services included in the Medicaid and NC Health Care state plan.

In making coverage determinations, Sandhills Center uses the North Carolina definition of medical necessity defined in 10A NCAC 25A.0201. Consistent with 42 C.F.R § 438.210(a)(3)(ii), Sandhills Center does not arbitrarily deny or reduce the amount, duration, or scope of a required service solely because of the member's diagnosis, type of illness, or condition. Covered benefits are covered in an amount, duration, and scope no less than the amount, duration, and scope for the same services furnished to beneficiaries under NC Medicaid Direct. In accordance with 42 C.F.R § 438.210(a)(2), Sandhills Center ensures services are

sufficient in amount, duration, or scope to reasonably achieve the purpose for which the services are furnished.

Clinical Coverage Policies, Clinical Guidelines, and Decision Support Tools

In order to assess whether members are receiving the appropriate level of care corresponding to their clinical information, Sandhills Center uses several prior authorization decision support tools. Sandhills Center has the option of using NC Medicaid Direct clinical coverage policies as the basis for the UM program or developing its own for all covered services with the exception of those listed in the NC DHHS Medicaid contract, Section V.B.2, Table 6: Required Clinical Coverage Policies. Consistent with N.C. Gen. Stat. §§ 108D-60 and 108D-35, Sandhills Center covers the behavioral health (BH) and Intellectual and Developmental Disability (I/DD) services defined in the NC DHHS Medicaid contract, Section V.B.2. Table 2: Behavioral Health Services Covered in Standard Plans and BH I/DD Tailored Plans, including 1915(c) Innovations Waiver services as well as any services that the NC DHHS obtains authority to cover and adds to the Sandhills Center benefit package (e.g., supported employment).

Sandhills Center opts to use the NC Medicaid Direct clinical coverage policies as the basis for the Medicaid UM program; however, when necessary to fill service gaps, Sandhills Center may develop its own policies. Sandhills Center utilizes all required clinical coverage policies listed in the NC DHHS Medicaid contract.

All clinical practice guidelines:

1) Are based on valid and reliable clinical evidence or consensus of providers in the applicable field;
2) Consider the needs of members;
3) Are adopted in consultation with contracting health professionals;
4) Are reviewed and updated periodically as appropriate;
5) Meet the clinical practice guidelines required for Health Plan Accreditation with LTSS distinction set forth by the National Committee for Quality Assurance (NCQA) and 42 C.F.R §438.236(b).

Any use of proprietary UM policies will be limited and after receiving prior approval by NC DHHS. For a limited number of services, Sandhills Center will incorporate existing NC Medicaid Direct, NC Health Choice, and State-funded clinical coverage policies into the UM Program to maintain services for specific vulnerable populations, maximize federal funding, and comply with State mandates as described in the NC DHHS contract. Sandhills Center will adopt any additional, contractually required NC Medicaid Direct clinical coverage policies developed by NC DHHS.

Pharmacy Criteria

Pharmacy services follows the existing NC Medicaid Direct and NC Health Choice Fee-for-Service clinical coverage policies and prior authorization (PA) criteria into the UM program as described in Clinical Coverage Policies: Section V.B.2. Table 8: Required Pharmacy Clinical Coverage Policies. Prior authorization criteria for drugs and/or drug classes requiring prior approval are available at the NCTracks website.

Sandhills Center aligns prior authorization requirements as defined in the Opioid Misuse Prevention and Treatment Program.

Sandhills Center may use the FDA approved label and indications to determine approval criteria for new to market drugs which require clinical criteria and are listed as non-preferred on the PDL until DHB creates prior approval criteria. All other new to market drugs that meet CMS' definition of a covered drug will be covered without requiring a PA unless DHB develops coverage criteria. Non-preferred drugs on the PDL without clinical criteria will continue to follow standard PA procedure which requires a trial and failure of 2 preferred drugs, as not all non-preferred drugs have clinical criteria.

Beginning in its second year as a contracted BH/IDD Tailored Plan, Sandhills Center, after consultation with its or its vendor/subcontractor's Pharmacy and Therapeutics Committee consistent with N.C. Gen. Stat. § 58-3-221(a)(1), may submit alternative pharmacy clinical coverage and PA criteria to the Department for review and approval. Sandhills Center shall adhere to the NC DHHS-defined uniform review and approval process to request alternative clinical coverage and PA criteria, and seek NC DHHS approval of alternative prior authorization criteria prior to implementing the alternative criteria.

In Lieu of Services

Under the authority of 42 C.F.R. § 438.3(e)(2)i-iv, Sandhills Center may implement in lieu of service (ILOS) definitions in order to offer services or settings that are not covered under the North Carolina Medicaid and NC Health Choice State Plans. These services and settings are determined to be medically appropriate and cost effective alternatives to a State Plan covered service. Prior to implementation of an ILOS, Sandhills Center submits the NC DHHS standardized ILOs Service Request Form to NC DHHS for approval. If Sandhills Center pursues an ILOS previously approved by NC DHHs, Sandhills Center will submit the NC DHHS standardized ILOS Service Request Form for approval. Upon approval of an ILOS, Sandhills Center will post ILOS policies on the publicly available member and provider Sandhills Center website.

Sandhills Center will not reduce or remove an ILOS without approval of NC DHHS within a contract year. If NC DHHS approves a change, reduction, or removal of an established ILOS, Sandhills Center will notify members of the change by mail and update marketing and educational materials to reflect the change at least thirty (30) calendar days prior to the effective date of the change. Members will be notified of other approved service options. Sandhills Center will also notify NC DHHS of the plan to transition members receiving the terminated ILOS.

Sandhills Center monitors the cost-effectiveness of each approved ILOS by tracking utilization and expenditures on an annual basis and more frequently upon request of NC DHHS.

Sandhills Center does not require members to utilize an ILOS.

Value-Added Services

Sandhills Center may implement value-added services as approved by NC DHHS. Prior to implementing a value-added services, Sandhills Center will submit the following information using a standardized template developed by NC DHHS:

1) Definition and description of the value-added service, including if prior authorization is required;
2) Definition of the criteria to be eligible for proposed value-added services;
3) Types of providers eligible to provide the value-added services;
4) Description of how and when providers and members will be notified about the availability of the proposed value-added service;
5) Duration for which value-added services will be provided; and
6) Description of if, and how, the services will be identified in encounter data.

Any proposed changes to value-added services will be submitted to NC DHHS for approval. Sandhills Center will not reduce or remove a value-added service without approval of NC DHHS within a contract year. If NC DHHS approves a change, reduction, or removal of an established value-added service, Sandhills Center will notify members of the change by mail and update marketing and educational materials to reflect the change at least thirty (30) calendar days prior to the effective date of the change.

Per 42 C.F.R. § 438.3(e), value-added services will not be included in the calculation of capitation payments.

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)

Sandhills Center implements and adheres to all EPSDT policies, protocols, and criteria for Medicaid members under the age of twenty-one (21) as defined in 42 U.S.C § 1369d(r) and 42 C.F.R. § 441.50-62. See the stand-alone Sandhills Center EPSDT policy.

Behavioral Health Level of Care Determination and Screening Tools

Providers are required to use the following behavioral health or other NC DHHS approved level-of-care determination and screening tools:

1) **Substance use** service providers must utilize the **American Society of Addiction Medicine (ASAM)** for medical necessity reviews for all populations except children ages zero (0) through six (6). Sandhills Center UM utilizes EPSDT criteria when evaluating requests for child substance use services for any person under the age of twenty-one (21).*
2) **Mental health** service providers must use the
    a. **Level of Care Utilization System (LOCUS)** scores for adults ages eighteen (18) and older,
    b. **Child and Adolescent Level of Care Utilization System (CALOCUS)** scores for children and adolescents ages six (6) through seventeen (17).
    c. **Early Childhood Services Intensity Instrument (ESCII)** or **Children and Adolescents Needs and Strengths (CANS) for Infants, Toddlers, and Preschoolers** for children ages

zero (0) through five (5) or another validated assessment tool with prior approval from NC DHHS.

* Sandhills Center utilizes the NC DHHS issued crosswalk of SUD services covered under the Medicaid and NC Health Choice state plans to national clinical standards, as provided in the NC DHHS contract Section V.B.2, Table 3: Crosswalk of Covered American Society of Addiction Medicine (ASAM) SUD Services to North Carolina Medicaid Covered SUD Services.

Innovations Waiver Services Level of Care Determination Tools

For Innovations waiver members, Sandhills Center uses the NC Innovations level of care assessment tool to determine whether a member meets the level of care required by the Innovations waiver

Results from the Supports Intensity Scale (SIS®) are utilized in determining areas of need for Innovations waiver participants. For SIS® evaluation results, members have the opportunity to discuss the results of the SIS® evaluation with Sandhills Center and to raise concerns. The results of the SIS® may be adjusted if it is determined that the particular needs of the individual were not accurately captured. The failure to request a grievance does not waive the Innovations waiver member's ability to argue that the results of the SIS® are incorrect in requesting of services, or during a reconsideration review or the State Fair Hearing. Sandhills Center ensures the SIS® is used to guide the development of the ISP, and that the results of the SIS®, or any other similar evaluation, are not the sole basis for limiting the services requested or approved. Sandhills Center may use the SIS® in conjunction with other information to reduce or deny requested services.

Specialized Services Under Federal Preadmission Screening and Resident Review (PASRR)

Sandhills Center works with NC DHHS and the member's nursing facility to coordinate specialized services as defined under federal PASRR regulations, 42 C.F.R § 483.120, for members admitted to nursing facilities. Sandhills Center ensures the provision of specialized services identified by the PASRR process for members admitted to nursing facilities in accordance with the Medicaid benefits and limits covered under the NC DHHS contract. Sandhills Center ensures that any approved specialized services are part of the nursing facility's plan of care for the member and shall coordinate with the nursing facility and other providers, as relevant, to ensure that such specialized services are delivered.

Long-Term Services and Supports (LTSS)

Authorization of state plan LTSS is based on a member's current needs assessment and is consistent with the person-centered plan. (See pg. 26 for additional information – to be added here after readiness review)

Service Authorizations

The UM review process supports an integrated, holistic look at a member's physical health, LTSS, BH, and I/DD needs and considers when alternative treatments or supports may be appropriate in light of a member's

complete clinical and other supports needs. In order to facilitate an integrated healthcare approach and effectively manage the care of our members, Sandhills Center adopts the following prior authorization principles:

1) Establish and maintain a referral and prior authorization process that is centered on the member's primary care provider (PCP);
2) Use current clinical documentation and consider the comprehensive range of members' physical health, LTSS, BH, and I/DD needs, noting that alternative treatments or supports may be appropriate in light of a member's complete clinical presentation and other support needs;
3) After being vetted through the internal oversight structure, determine when a referral for any medical services not provided by the PCP except where specifically prohibited in the NC DHHS contract and in federal and state statute and regulations;
4) Review service authorization requests without requiring the submission of an Individualized Education Program (IEP) plan as a condition of receiving a prior authorization and without using evidence of an IEP as ground for a prior authorization request denial for services that are not required to be provided by the Local Education Agency (LEA).
5) Fund the following services without requiring a referral or prior authorization consistent with 42 C.F.R. § 438.206:
    a. Emergency Services
    b. Family Planning Services

The Authorization Process

- Provider submits the authorization request with the required documentation to the UM Department. Included in the request are the following:
    - Member demographics
    - Requesting provider information
    - Member diagnoses
    - Member's medical provider
    - Member's current medications
    - Clinical information pertinent to the current request
    - Requested service
    - Requested duration and frequency of service
    - Treatment history
    - Functionality
    - Level of care needs
    - Applicable scores from assessment tools

  - Treatment plans, as required

- A UM initial clinical reviewer with the appropriate expertise and credentials reviews the authorization request within the required timeframes using pre-established clinical criteria.
  - Clinical criteria are communicated to the provider upon enrollment with Sandhills Center, at annual orientation trainings, and are available on the DHHS website.
- If the initial clinical reviewer authorizes the service request at initial review, the approval decision with any necessary additional information is communicated to the provider via an email auto-generated from the Sandhills Center managed care software system. The provider is responsible for communicating the authorization approval to the member.
- If at initial review, the initial clinical reviewer is unable to approve the request, the authorization service request is sent to peer review. The peer reviewer works collaboratively with the provider to review additional data or information to support the medical necessity of the services and/or to determine if alternative services would better meet the member's needs.
  - Initial clinical reviewers do *not* have the authority to deny coverage.
- If, upon consultation with the peer reviewer, the initial clinical reviewer can authorize the service request, the approval is communicated to the provider.
- If at peer review the request is denied or partially denied, the service authorization request is sent to the initial clinical reviewer for processing of the denial/partial denial of the authorization.
- Upon issuance of an adverse determination, Sandhills Center informs the provider and the member of the decision to deny, reduce, suspend, and/or terminate services.
  - The provider is informed of the adverse determination via an email that is auto-generated from the Sandhills Center managed care software system. When possible, the UM Care Manager calls the provider to inform them of the decision.
  - The member is informed of the adverse determination via a letter sent certified mail. This letter is formatted on a state-mandated template that details the principle reason for the adverse decision. The letter details the member's appeal rights and the appeal process/instructions, including specific and important deadlines.
- If the request is missing information or documentation, the initial clinical reviewer contacts the provider in an attempt to obtain the required elements. If the initial clinical reviewer is unable to obtain the required elements, the request will be deemed "unable to process." The provider may submit a subsequent authorization request with the required elements.
- For NC Innovations waiver requests, a Care Manager submits the request in lieu of the provider. The request is first pre-screened by a non-licensed qualified professional for any administrative errors. Communication regarding administrative elements of the request are conducted between the pre-screener and Care Manager. Once ready for clinical review, the pre-screener sends the authorization request to the initial clinical reviewer who uses the above process to make a clinical

authorization determination. Communication is conducted primarily between the UM Department and the assigned Care Manager.

Prospective and concurrent service authorization requests are processed according to urgent or routine timeframes.

- Urgent prospective and concurrent requests are processed within twenty-four (24) to seventy-two (72) hours.
- Urgent concurrent requests are processed within twenty-four (24) hours if the concurrent request is received at least 24 hours before expiration of currently authorized services.
- Routine prospective and concurrent requests are processed within a maximum of fourteen (14) calendar days.

Services are eligible for retrospective review when a member becomes eligible for Medicaid retroactively, typically after services have been provided. Retrospective review requests are processed within thirty (30) calendar days of submission of the request and required documentation.

Authorization requests that include administrative errors that cannot be rectified by Sandhills Center staff (e.g. missing member demographics, request for ineligible member, incorrect service code, duplicate request, etc.) will result in an "unable to process" (UTP) determination. Technical assistance is offered to the provider and the provider is able to resubmit a corrected request. When authorization requests are missing documentation required by the state clinical coverage policy or service definition, the initial clinical reviewer attempts at least twice to obtain the required documents from the provider. If all attempts fail and if continued delay will result in non-compliance with review timeframe standards, the request will be processed as an "administrative denial." An administrative denial letter will be sent to the member explaining the denial rationale and explaining the member's appeal rights. Prior to any member appeal, the provider can submit a new authorization request with the required documentation. The new authorization request will be reviewed under the typical UM protocols.

Because the UM process should not put any undue burden on a provider or member, UM staff limit contacts, including email and telephone contacts, with requesting the provider or member to those needed to obtain more information about the service request prior to the decision for prior approval and/or to provide education about covered services.

While request is under review, Sandhills Center UM may suggest alternative services that may better meet the member's needs, may engage in clinical or educational discussions with members or providers, or may engage in informal attempts to resolve member concerns. In these situations, Sandhills Center UM makes clear that the member has the right to request authorization of any service he/she/they want to request.

(a) Sandhills Center will not request that providers or members withdraw or modify a request for EPSDT services to accept fewer number of hours or a less intensive type or service or to modify a SNAP (Support Needs Assessment Profile), SIS®, or other clinical assessment.

(b) Sandhills Center does not present any material misinformation or engage in intimidation of providers or members that has the foreseeable effect of significantly discouraging a request for EPSDT service or the filing or prosecution of OAH (Office of Administrative Hearings) appeals.

(c) The care management process shall not be used to improperly influence, change or prevent a request for a prior approval.
(d) Sandhills Center is not prevented from engaging in clinical or treatment discussions.

In accordance with 42 C.F.R. § 438.210(b)(3), any decision to deny a service authorization request or to authorize a service in an amount, duration, or scope that is less than requested is made by an individual who has appropriate expertise in addressing the member's medical, BH, I/DD, TBI, or LTSS needs. No service authorization request, including those for emergency services, will be retracted after the services, supplies, or other items have been provided, except as provided in NC Gen. Stat. § 58-3-190c) and § 58-3-200(c).

The UM Program uses a standardized prior authorization request form developed by NC DHHS.

Pharmacy Authorizations

Sandhills Center utilizes a web-based PA processes in conjunction with our partner Pharmacy Benefits Manager, PerformRx, which provides an electronic review system accessible to providers and NC DHHS staff. Common PA request form(s), developed by NC DHHS, will be used, and PA requests are accepted via electronic submission, via phone, via fax, or via U.S. mail.

In accordance with Section 1927(d)(5) of the Social Security Act and 42 C.F.R. §438.3(s)(6), PA requests will be processed within twenty-four hours from when the request is received, and the prescriber notified by electronic means within that twenty-four hours. If additional information is needed, the PA request is pended and the prescriber is notified of the need for additional information within twenty-four (24) hours of request receipt. Within twenty-four (24) hours of receipt of additional information, Sandhills Center or its vendor will notify the prescriber of the authorization decision.

Sandhills Center will allow the satisfying of any prior authorization requirement that mandates prior use of an alternative drug or drugs if the prescribing physician certifies that the member has previously used an alternative drug not requiring prior authorization and/or the alternative drug has been determined detrimental to the member's health or has been ineffective in treating the same condition and, in the opinion of the prescribing physician, is likely to be detrimental to the member's health or ineffective in treating the condition again. Sandhills Center will not void or refuse to renew a provider contract because the provider has provided a certification for a medically necessary drug.

Sandhills Center will not require prior authorization for any antihemophilic factor drugs prescribed for the treatment of hemophilia and blood disorders where there is no generically equivalent drug available.

If pharmacist cannot fill a prescription due to a prior authorization requirement in an emergency situation, Sandhills Center will cover a seventy-two (72) hour emergency supply of the prescription. The pharmacist will not be required to dispense the seventy-two (72) hour emergency supply if the dispensing pharmacist determines that taking the prescribed medication would jeopardize the member's health or safety, and he/she/they has made good faith efforts to contact the prescriber. The pharmacy is allowed to bill consecutive seventy-two (72) hour supplies if the prescriber is unavailable and a decision in response to the prior authorization request has not been made during the initial seventy-two (72) hour period. Sandhills

Center will reimburse the pharmacy for dispensing the temporary supply of medication and the pharmacy shall only receive one dispensing fee per month for each medication dispensed.

Sandhills Center has developed and maintains an Emergency Preparedness Protocol, consistent with Required Pharmacy Clinical Coverage Policy 9: Outpatient Pharmacy, to prevent a significant disruption in medication access during a state of emergency or disaster.

During any transitions of care across health plans, Sandhills Center will honor existing and active pharmacy services prior authorizations on file with the North Carolina Medicaid program, NC Health Choice program, a Standard Plan or another BH I/DD Tailored Plan through the expiration date of the active service authorization.

Innovations Authorizations

Sandhills Center ensures that any service authorization request is consistent with and incorporates the desires of the Innovations waiver waiver member and that such desires are reflected in the Innovations waiver member's Individual Support Plan (ISP), including the desired type, amount, and duration of services. Service authorization request reviews are made in accordance with 42 C.F.R. § 438.210(d).

(a) The member's care manager based at Sandhills Center or at an Advanced Medical Home (AMH+) or Care Management Agency (CMA) shall discuss with the member the duration of services expected by the member and shall ensure that proposed ISP request authorization for each service at the duration requested by the member during the contract year.
(b) The member's care manager based at Sandhills Center or at an Advanced Medical Home (AMH+) or Care Management Agency (CMA) shall assist the member in developing an ISP and shall explain options regarding the services available to the member.

Sandhills Center informs Innovations waiver members that they may make a new request for services at any time by requesting an updated ISP.

Care managers based at Sandhills Center or at an Advanced Medical Home (AMH+) or Care Management Agency (CMA) may not exercise prior authorization authority over the ISP. Sandhills Center issues prior authorizations for all behavioral health and I/DD services covered under the 1915(c) waivers and any forthcoming 1915(i) SPAs according to the requirements set forth in the service definitions that are established by NC DHHS.

Sandhills Center may act to terminate a member from participation in the Innovations waiver based upon the following circumstances:

i. The member's or member's personal representative's failure to comply with the requirements set forth in the Innovations waiver approved by CMS,
ii. The member no longer meets the Level of Care criteria stipulated in the Innovations waiver,
iii. For other reasons explicitly authorized in the Innovations approved by CMS.

Prior to the termination of a member from the Innovation waiver, Sandhills Center will discuss the termination with NC DHHS. Termination from Innovations waiver participation is considered an adverse

benefit determination. Notification will be made per the requirements of adverse benefit determination notifications, and appeal rights will be in accordance with those of adverse benefit determinations.

Division of State Operated Healthcare Facilities (DSOHF) Authorizations

In accordance with NC General Statute § 122C-261(f)(4) and NC DHHS contract Section VII, Attachment N: Addendum for Division of State Operated Healthcare Facilities, Sandhills Center complies with the authorization and admission requirements for state psychiatric hospitals, ADACTs, and developmental centers. Prior to authorizing or making a referral for the admission to a state psychiatric hospital, Sandhills Center attempts to identify an appropriate alternative treatment location, including referral to community inpatient psychiatric units or other locations providing the necessary level of care. These efforts may also include specialized or wrap around services for special populations such as individuals with I/DD, TBI, or dementia. Prior to referral or authorization of any member known or reasonably believed to have an intellectual disability for admission to a state psychiatric hospital, Sandhills Center verifies that the referral is in accordance with the requirements of NC General Statute § 122C-261 and any other applicable North Carolina law governing the admission of members with intellectual disabilities to a state psychiatric hospital. For members who have multiple disorders and medical fragility or have multiple disorders and deafness, Sandhills Center is designated by NC DHHS to determine whether members have a high level of disability that alternative care is inappropriate, consistent with NC General Statute § 122C-261(e)(4). In determining whether members are eligible for referral and/or authorization for admission to a state psychiatric hospital, Sandhills Center utilizes and completes the I/DD diversion process and tools established and approved by NC DHHS for this purpose in order to determine that any less restrictive and less costly options in the community have been exhausted.

Services Not Requiring a Referral or Prior Authorization

Emergency Services

Sandhills Center does not require members to obtain a referral or prior authorization before receiving emergency services nor does it limit what constitutes an emergency medical condition on the basis of lists of diagnoses or symptoms. Sandhills Center does not refuse to cover emergency services, including ambulance services, based on the provider of such services, the hospital, or the fiscal agent not notifying the member's PCP or Sandhills Center of the member's screening and treatment within ten (10) calendar days of presentation for emergency services. Sandhills Center covers and pays for emergency services regardless of whether the provider that furnishes the services is part of the Sandhills Center provider network. Members with an emergency medical condition are not held liable for payment of subsequent screening and treatment needed to diagnose the specific condition or stabilization of the condition. Sandhills Center does not deny payment for treatment obtained due to an emergency medical condition or as a result of the member having been instructed by a representative of Sandhills Center to seek emergency services.

Family Planning Services

In accordance with 42 C.F.R § 438.206(b)(3), Sandhills Center does not require members to obtain a referral or prior authorization for family planning services and supplies and reproductive health services and supplies

nor does it restrict the member's free choice of family planning services and supplies providers. Members are not held liable for payment for family planning services or supplies furnished outside of the Sandhills Center provider network. In accordance with 42 C.F.R. § 438.206(b)(2) and NC Gen. Stat. § 58-51-38, members are not required to obtain referrals for services provided by women's health specialists. Female members are not required to obtain a referral or prior authorization to women's health specialists within the provider network for covered care necessary to provide women's routine and preventive health care services. Providers are not required to obtain prior approval for any obstetrical ultrasound. (See pg. 27 for info to be added here)

Women's routine and preventive health care services may include but are not limited to initial and follow-up visits for services unique to women such as:

(a) Mammograms
(b) Pap smears
(c) Prenatal and maternity care
(d) Services to treat genitourinary conditions such as vaginal and urinary tract infections and sexually transmitted infections

Behavioral Health Services

Sandhills Center does not require members to obtain a referral or prior authorization for the first mental health or substance use assessment completed in a twelve (12) month period.

Children's Screening Services

Sandhills Center does not require members to obtain a referral or prior authorization for children's screening services or Local Health Department services.

Primary Care Services

Sandhills Center does not require members to obtain a referral or prior authorization for primary care services.

School-Based Clinic Services

Sandhills Center does not require members to obtain a referral or prior authorization for services rendered at school-based clinics.

The member handbook includes information on services that do not require a referral or prior authorization. A complete listing of participating mental health and substance use disorder (SUD) providers, including a specific list of which providers specialize in children's mental health services, is available to all members through the provider directory. Through various modes of communication (e.g. member outreach, provider trainings, member handbook, etc.), members are made aware of having direct access to services for which NC DHHS does not allow Sandhills Center to require referral or prior authorizations as defined in the NC DHHS contract.

Utilization Management Timelines and Notifications

Using templates developed by NC DHHS, Sandhills Center provides written notice to members on decisions related to authorization of services. The written notices include the following:

i. The basis for the UM decision;
ii. Sufficient details of the decision and the rationale for the decision in order to provide members the information necessary to determine if they wish to appeal the decision.

Per the requirements of 42 C.F.R. § 438.210(d)(1), for standard authorization requests, notice is provided as expeditiously as the member's condition requires and no later than fourteen (14) calendar days following the receipt of the service authorization request. If the member requests an extension or Sandhills Center justifies (1) the need for additional information and (2) how an extension is in the best interest of the member, Sandhills Center may receive an extension of up to fourteen (14) calendar days to review the standard authorization request. If Sandhills Center extends the timeframe beyond fourteen (14) calendar days, members and providers will be provided with a written notice of (1) the reason for the decision to extend the timeline and (2) the member's right to file a grievance if they disagree with the decision to extend the timeframe.

Per the requirements of 42 C.F.R. § 438.210(d)(2), for expedited authorization decisions, notice is provided no later than seventy-two (72) hours following the receipt of the service authorization request. If the member requests an extension or Sandhills Center justifies (1) the need for additional information and (2) how an extension is in the best interest of the member, Sandhills Center may extend the seventy-two (72) hour time period by up to (14) calendar days. If Sandhills Center extends the timeframe beyond seventy-two (72) hours, members and providers will be provided with a written notice of (1) the reason for the decision to extend the timeline and (2) the member's right to file a grievance if they disagree with the decision to extend the timeframe.

For standard plan members transferring to Sandhills Center for Medicaid benefits management, the timeline for processing the service authorization request and issuing notice of the decision, for both standard and expedited requests, begins when NC DHHS receives the request to transfer to Sandhills Center.

Innovations Waiver Notifications

Sandhills Center uses a NC Medicaid-approved template to notify members enrolled in the Innovations waiver of the results of any new SIS® evaluation and to inform member in writing of the opportunity and process for:

(a) Raising concerns regarding SIS® evaluations and results, and
(b) Filing a grievance regarding SIS® evaluations and results.

Cost Sharing Notifications

For any NC DHHS-initiated changes to the Medicaid or NC Health Choice benefits package or cost sharing requirements, Sandhills Center provides written notice to members using the NC DHHS standardized

template. Notification is provided at least thirty (30) calendar days in advance of the effective date of such change. NC DHHS provides written notice to members of the aggregate family limit on cost sharing. NC DHHS provides written notice to Sandhills Center and members when a member incurs out-of-pocket expenses up to the aggregate household limit and individual household members are no longer subject to cost sharing for the remainder of the quarter.

UM Determination Appeals

The Care Management/Utilization Management (CM/UM) Program, in compliance 42 CFR 438.408 Resolutions and notifications: Grievances and Appeals, establishes and maintains a formal process to consider appeals of non-certification decisions. An appeal is a request for review of an adverse benefit determination made by Sandhills Center.

Adverse benefit determinations that can be appealed are denials or limited authorization of a requested service (including the duration and type or level of service); requirements for medical necessity appropriateness, setting, or effectiveness of a covered benefit; reductions, suspensions, or terminations of a previously authorized service; the denial, in whole or in part, of payment for service; the failure to provide services in a timely manner, as defined by the State; or the failure of Sandhills Center to act within mandated timeframes; and the denial of a member's request to dispute a financial liability, including cost sharing, copayments, premiums, deductibles, coinsurance, and other financial liabilities. For a member who is a resident of rural area and for whom Sandhills Center is the only tailored plan, an adverse determination also includes the denial of the member's request to obtain services outside of the network under any of the following circumstances:

(a) When services from any other provider in terms of training, experience, and specialization are not available in the network.
(b) From a provider not part of Sandhills Center's closed network who is the main source of service to the member, provided that the provider is given the same opportunity to become a participating provider as similar other providers. If the provider does not choose to join the network or does not meet the qualifications, the member is given a choice of participating providers and is transitioned to a participating provider within sixty (60) calendar days.
(c) Because the only provider does not provide the member's requested service due to moral or religious objections.
(d) NC Medicaid determines that other circumstances warrant out-of-network treatment.

The member, legally responsible person, a provider, or other designated personal representative, acting on behalf of the member and with the member's signed consent, may file an appeal for any non-certification decision to deny, reduce, suspend, or terminate services. The appeal process includes the availability of standard appeal for non-urgent, or routine, cases and expedited appeal for cases involving urgent need.

Appeals may be requested within sixty (60) calendar days of the mailing date of the adverse benefit determination letter. Standard appeals will typically be processed within thirty (30) calendar days of receipt of the appeal request. Expedited appeals will typically be processed within seventy-two (72) hours of receipt of the appeal request. For both standard and expedited appeals, a fourteen (14) day extension may be requested by the member/member's representative or by Sandhills Center. Written notification of the outcome of the appeal is sent to the member/member's representative and attending provider within one (1) business day of the appeal decision. For expedited appeals, Sandhills Center attempts to verbally notify the

member/member's representative within one (1) business day of receipt of the appeal decision.

If a member is unsatisfied with the outcome of the appeal, the member may request a State Fair Hearing from the North Carolina Office of Administrative Hearings (OAH). The request for a State Fair Hearing must be made to OAH within one hundred twenty (120) days of the mailing date of the Sandhills Center appeal decision letter.

See the stand-alone UM Appeal procedure for a detailed description of the appeal process.

Telehealth, Virtual Patient Communications, and Remote Patient Monitoring

Sandhills Center contracts with providers that provide services via telehealth, virtual patient communications, and remote patient monitoring to Medicaid and NC Health Choice members as an alternative service delivery model when clinically appropriate in compliance with all state and federal laws, including HIPAA and record retention requirements. In compliance with 42 C.F.R. § 438.210(a)(2), any services provided via telehealth, virtual patient communications, and remote patient monitoring is provided in an amount, duration, and scope no less than the amount, duration, and scope for the same services furnished to beneficiaries under the NC Medicaid Direct program. See the stand-alone Sandhills Center Telehealth policy.

Non-Emergency Medical Transportation (NEMT)

Sandhills Center administers NEMT services to ensure that members have coordinated, timely, safe, clean, reliable medically necessary transportation to and from NC Medicaid-enrolled providers. NEMT services are furnished in an amount, duration, and scope no less than the amount, duration, and scope for the same services furnished to beneficiaries under NC Medicaid Direct and consistent with the NC DHHS Medicaid managed care policy guidance for NEMT. See the stand-alone Sandhills Center NEMT policy.

Inter-Rater Reliability (IRR) and Evaluation of Consistent Application of Standards

UM authorization review processes and protocols are closely monitored by UM management to ensure all practices are standardized; all decisions are made based on consistently applied criteria and uniform use of decision support tools; all timeframes are met; and all initial, peer, and appeals reviewers have the experience, expertise, credentials, and qualifications needed to carry out UM responsibilities. The primary mechanism for monitoring process consistency is interrater reliability (IRR); however, other tools such as regularly scheduled audits and individual and group staff supervision are also used.

IRR is conducted using the following procedure:

a. Using an algorithm developed specifically for IRR and that draws data from the Sandhills Center managed care software system, a sample of five percent (5%) of adjudicated requests is generated.

b. A packet is created for each authorization in the sample. The packet includes the Service Authorization Request (SAR) with any decision-related information redacted, any documents submitted with the SAR, and a review decision form to be completed by the secondary reviewer.

c. The UM Director or designee assigns each IRR case to a reviewer with expertise in the population served and who was not the initial reviewer for the case.

d. IRR staff review the case independently and without consultation from peers and determine a disposition of the case.

e. Following this process, the UM Director or designee reviews each case and notates whether the secondary reviewer's decision agrees with that of the initial reviewer. The results are documented on a spreadsheet and the consistency rate is analyzed.

f. Any service area that fails to meet an 85% consistency rate will result in a plan of action. Plans of action are determined on a case-by-case basis depending upon the nature of the disagreement, historical trends in IRR, and the needs of the reviewer and department. Examples of plans of action include but are not limited to individual supervisory consultation, group supervisory consultation, group training plans, or individualized work plans. A failure to meet the 85% consistency rate benchmark for three consecutive months will result in a plan of correction. The plan of correction will be followed until the consistency rate meets the 85% benchmark for three consecutive months.

g. IRR results are also presented quarterly in Quality Management Committee UM Committee. Opportunities for discussion and growth based upon IRR results are encouraged and the UM Department acts on opportunities for improvement when identified.

Delegated functions performing prior authorization duties participate in a quarterly IRR process using a sample of cases generated by Sandhills Center and sent to the delegated function for review. Results are returned to the UM Director or designee and communicated quarterly in Quality Management Committee.

Over-, Under-, and Misutilization

The UM program works diligently to ensure that Sandhills Center is a good steward of taxpayer dollars and that Medicaid dollars are utilized effectively so members receive the right service at the right time and in the right amount. The UM program employs mechanisms to detect over-, under-, and misutilization.

UM reviewers apply standardized, uniform criteria to assess medical necessity and to confirm care and services are provided in the most appropriate clinical setting, intensity, and duration that is consistent with the member's condition(s) and co-morbidities. On a quarterly basis, the UM Committee reviews quarterly utilization data to identify any areas of over- or underutilization across service areas and populations served. Any aberrant patterns are discussed and an action plan to encourage different utilization patterns is implemented if necessary. Through the authorization review process, UM staff identify potential incidents of fraud, waste, and abuse and refer such incidents to the Program Integrity Department for further investigation.

Drug Utilization Review

As required by 42 C.F.R. § 438.3(s)(4) and in compliance with 42 C.F.R. part 456, subpart K and Section 1927(g) of the Social Security Act, Sandhills Center operates a drug utilization review (DUR) program that includes prospective DUR, retrospective DUR, and an educational program for prescribers and pharmacists.

The prospective DUR program operates at the pharmacy point of sale, and address, but not be limited to the following:

1) Screening for potential drug therapy problems due to therapeutic duplication;

2) Drug-disease contraindications;

3) Drug-drug interactions (including serious interactions with nonprescription or over-the-counter drugs);

4) Incorrect drug dosage or duration of drug treatment, drug-allergy interactions;

5) Clinical abuse or misuse; and

6) Other parameters as appropriate.

The retrospective DUR program addresses, at minimum, the following:

1) Therapeutic appropriateness;

2) Over- and under-utilization;

3) Use of anti-psychotics in children and youth;

4) Psychotropic polypharmacy in children and youth;

5) Appropriate use of generic products;

6) Therapeutic duplication, drug-disease contraindication;

7) Drug-drug interaction;

8) Incorrect drug dosage;

9) Incorrect duration of drug treatment; and

10) Clinical abuse or misuse.

Sandhills Center conducts a quarterly review of paid drug pharmacy and medical claims utilization data and other records to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among prescribers, pharmacists, and members; and address other programs and initiatives as directed by NC DHHS.

Sandhills Center provides an educational program within the DUR for prescribers and pharmacists which includes, at a minimum, the following:

1. Written, verbal, or electronic reminders containing patient-specific or drug utilization review-specific information (or both) and suggested changes in prescribing or dispensing practices;

2. Face-to-face discussions, with follow up discussions when necessary, between health care professionals who are experts in appropriate drug therapy and selected prescribers and pharmacists who have been targeted for educational intervention on optimal prescribing, dispensing, or pharmacy care practices;

3. Intensified review or monitoring of selected prescribers or pharmacists; and

4. Other educational activities as appropriate per 42 C.F.R. 456 subpart K.

As part of its larger DUR program, Sandhills Center's DUR program addresses opioid misuse and, upon contractual request from NC DHHS, will develop DUR programs for other targeted populations, drug classes and/or disease states. Sandhills Center utilizes the Opioid Misuse Prevention and Treatment Program as defined in the NC Medicaid Contract standards for Prevention and Population Health Programs.

On an annual basis, Sandhills Center provides a detailed description of its DUR program activities to NC DHHS per the requirement of 42 C.F.R. § 438.3(s)(5). DUR program data is reported to NC DHHS in a format consistent with NC DHHS's reporting format for the Centers for Medicare & Medicaid Services (CMS) annual report no later than ninety (90) calendar days prior to the CMS due date.

In order to prevent overprescribing and inappropriate prescribing of antipsychotics in members under the age of eighteen (18), PA policies and procedures and pharmacy point of service edits process are consistent with the A+KIDS program.

Delegated Functions

All Sandhills Center delegated contractors are required to meet all NC DHHS contract and accreditation standards, including, but not limited to, timeliness standards and staff qualifications. Delegated contractors are to provide performance reports to Sandhills Center at a frequency determined in each delegated contract to ensure that all NC DHHS and accreditation standards are met. Sandhills Center may conduct audits and/or engage the delegated contractor in IRR activities as outlined in the delegation contract. Performance concerns are addressed by the Chief Medical Officer. Continued failure to meet performance standards may result in a plan of correction and possibly a termination of contract.

Physical Health Utilization Reviews

Sandhills Center contracts with a NC Medicaid Standard Plan to conduct utilization reviews for Medicaid physical health prior authorization requests. The Standard Plan partner follows all required protocols for authorization approvals, adverse determinations, and appeals. Sandhills Center's delegated PBM partner is contracted to provide performance metric reports on a monthly, quarterly, and annual basis.

Pharmacy Delegation

Sandhills Center contracts with a pharmacy benefits manager (PBM) to administer the pharmacy benefit as detailed in the NC DHHS contract standards for Third Party (Subcontractor) Contractual Relationships. As a requirement of the subcontractor relationship, Sandhills Center maintains policies and procedures to

independently audit payments, eliminate conflicts of interest with affiliated pharmacy providers, monitor PBM performance, and ensure the confidentiality of member information, and NC DHHS information that is not public. On an annual basis, Sandhills Center reports all financial arrangements with the PBM and all drug-related companies to NC DHHS. Drug-related companies include manufacturers, labelers, compounders, and benefit managers as specified by NC DHHS. Should Sandhills Center enter into a contract with a PBM that is owned wholly or in part by a retail participating pharmacy, chain drug store or pharmaceutical manufacturer, Sandhills Center will submit a written description of the assurances and procedures that must be put in place under the proposed PBM subcontract, such as an independent audit to prevent patient steering, to ensure no conflicts of interest exist, ensure the confidentiality of members, and NC DHHS proprietary information. Sandhills Center's PBM shall provide a liaison with whom NC DHHS can communicate directly. The PBM liaison is available for direct communication with pharmacy providers to resolve problems and to work with NC DHHS to resolve any rebate issues that may result from Sandhills Center's encounter and drug utilization files. Sandhills Center's delegated PBM partner is contracted to provide performance metric reports on a monthly, quarterly, and annual basis.

Behavioral Health Peer Reviews

Sandhills Center utilizes an Independent Review Organization (IRO) to conduct clinical reviews for initial adverse determinations and appeal cases for behavioral health service requests. The IRO participates in IRR specific to Sandhills Center cases on a quarterly basis. On a bi-annual schedule, the IRO reports to Sandhills Center on performance metrics, including, but not limited to, the number of reviews conducted within the requested timeframe. Sandhills Center audits IRO documentation and performance standards at least quarterly.

Organ Transplants

Per Section 1903(i) of the Social Security act, similarly situated individuals are treated alike for organ transplant procedures. Any restriction on facilities or practitioners are consistent with the accessibility of high quality care to members.

Institutions of Mental Disease (IMD)

Under North Carolina's 1115 waiver authority, Sandhills Center provides coverage for substance use disorder (SUD) services for members aged twenty-one (21) through sixty-four (64) in and IMD, as well as any other state plan services for which they may be eligible during their stay in the IMD. Sandhills Center reports weekly to NC DHHS on members who are residing or have resided in an IMD for SUD treatment as defined in the NC Medicaid contract, Section VII, Attachment J: Reporting Requirements to Support 1115 Waiver Reporting to CMS. The report is submitted to NC DHHS each Friday and no later than fourteen (14) calendar days from the applicable admission or discharge. For members newly enrolled with Sandhills Center with no immediately prior period of Medicaid Managed Care enrollment or NC Medicaid Direct enrollment with inpatient coverage, Sandhills Center shall be responsible for any diagnosis-related group-based inpatient facility claims if the member's first day of Sandhills Center enrollment is during the hospital stay.

Dissemination of Guidelines

The UM Program Policy is posted on the Sandhills Center, publicly available website for providers and members. It is also available in other forms, at no cost, as requested by the provider or member. The web address of the UM Program Policy will be prominently referenced in the provider and member handbooks, including the Innovations handbook.

As part of the Provider Training Plan, Sandhills Center provides training and education to providers, including prescribers, on changes to the UM Program prior to the effective date of the change. These trainings are typically part of the quarterly Provider Forum but may be offered on an as-needed basis and separate from the Provider Forum.

Pharmacy Services Website

Sandhills Center maintains its own pharmacy services web page available to providers and members with information regarding the drug formulary and UM Program Policy.

The pharmacy services web page contains, at a minimum:

(1) The drug formulary;

(2) UM Policy, including pharmacy clinical coverage and PA criteria; and

(3) PA request form(s).

(4) Information about how to access medication during a disaster or emergency

All additions or changes to the drug formulary, UM Program Policy and PA request form shall be posted thirty (30) Calendar Days prior to the effective date of the requirement or revision. Sandhills Center will utilize a Pharmacy Benefits Manager (PBM), and the pharmacy services web page may direct providers and members to the PBM's pharmacy services web page, which shall adhere to all the same requirements outlined in this policy.

Financial Incentives and Discouragement, Coercion, and Misinformation

Consistent with 42 C.F.R. § 438.210(e), Sandhills Center ensures that compensation to individuals or entities that conduct UM activities is not structured to provide financial incentives for the individual or entity to deny, limit, or discontinue services to members. Members are protected from discouragement, coercion, and misinformation about the amounts of services that they may request in their plans of care and their right to appeal a denial, reduction, or termination of a service and their right to appeal a denial, reduction, or termination of a service.

Mental Health Parity

Sandhills Center complies with all federal laws and regulations on mental health parity, including the Mental Health Parity and Addiction Equity Act (MHPAEA), 42 C.F.R. §438.3(e)(1)(ii), and 42 C.F.R. §438.910(b)-

(d). A standardized parity analysis workbook provided by NC DHHS is completed annually and submitted to NC DHHS.

Oversight

Numerous Sandhills Center teams, councils and committees support, facilitate, contribute to and/or oversee the functions and responsibilities of the UM Department including the Clinical Leadership Team (CLT), Clinical Advisory Committee (CAC), and the Utilization Management Committee (UM Committee).

Utilization Management Committee

The UM Committee is comprised of the Medical Director, UM Director, Chief Member Services Officer, Customer Services Director, Health Network Director, Care Coordination Director, and Quality Management Director.

The role of this committee is to oversee and monitor the UM structure, processes, and performance to ensure members have prompt access to all relevant covered services according to member need, choice, medical necessity, and established and emerging best practices. Through the review and analyses of single member, population specific, and aggregate data, the UM Committee monitors and evaluates to ensure all members receive culturally competent, medically necessary services that are aligned with evidence-based and best practice guidelines.

Clinical Leadership Team

The Clinical Leadership Team (CLT) serves as an adjunct and advisory council to the UM program. The Clinical Leadership Team is a formally established sub-committee of the UM Committee, comprised of the Medical Director, Chief Member Services Officer, UM Director, Care Coordination Director, Clinical Director for MH/SA Care Coordination, Clinical Director for Innovations and I/DD, Quality Management Director, Customer Services Director, Provider Network Director, and the Director for External and Quality Programs. Contracting providers and community health professionals, including representatives from the Clinical Advisory Council (CAC), may serve on CLT on an ad hoc basis.

Clinical Advisory Committee

The Clinical Advisory Committee (CAC) is a shared sub-committee of the Network Operations Committee and the UM Committee. The CAC is comprised of active practitioners contracted within the Sandhills Center provider network and select Sandhills Center clinical staff. The CAC provides guidance to the UM program based upon best practices from the field. The CAC may advise on various aspects of the UM program, including, but not limited to, decision support tools, quality improvement activities, indicators for over- and under-utilization, and emerging clinical practices and technologies.

Quality Management Committee

The Quality Management Committee has overall responsibility for final approval of the annual UM

Program Description and proprietary UM decision support tools. The Quality Management Committee receives quarterly data-driven reports from the UM Committee to ensure compliance and performance standards are met and conducts analysis of all UM quality improvement projects.

The Chief Medical Officer or designee is available to discuss and report on the UM Program as requested by NC DHHS.

Drug Rebate Oversight

Sandhills Center will disclose to NC DHHS all financial terms and arrangements for remuneration of any kind that apply between Sandhills Center and other entities identified in the Operating Plan and any drug manufacturer, labeler or PBM including, without limitation, formulary management, drug-switch programs, educational support, claims processing, pharmacy network fees, data sales fees, and any other fees. NC DHHS shall maintain the confidentiality of information disclosed by Sandhills Center to the extent that the information is confidential under North Carolina or federal law. Sandhills Center will comply with any NC DHHS audit of financial terms and arrangements for remuneration of any kind that apply between Sandhills Center and any drug manufacturer or labeler.

Claims, Reimbursement, and Encounters

Pharmacy Claims and Reimbursement

Sandhills Center/PerformRx's pharmacy claim processing system has the ability to integrate member pharmacy claims and diagnosis history to automate the adjudication of pharmacy claims requiring PA based on criteria requiring the existence of diagnosis or prior pharmacy claims history.

Dispensing fees are paid to pharmacies in accordance with NC Gen. Stat. §108D-65(5)b at a rate established by NC DHHS. The dispensing fee are defined by the NC Medicaid State Plan as found in the applicable attachment of the NC DHHS contract. Sandhills Center may choose to reimburse based on flat dispensing fee of $10.24 as defined in the NC DHHS 2015 cost of dispensing (COD) study or the NC DHHS's current composite rate utilized in fee-for-service. NC DHHS performs a cost of dispensing study every five (5) years to inform the NC Medicaid Direct and NC Health Choice Fee-for-Service dispensing rate. At the conclusion of that study, when NC DHHS notifies Sandhills Center of any changes to the pharmacy dispensing fee, Sandhills Center adjusts its dispensing fees accordingly. Sandhills Center uses the same calculation used by NC DHHS to determine the quarterly generic dispensing rate (GDR) for tiered reimbursement. A claim level GDR report is provided to each pharmacy provider prior to each quarterly dispensing rate adjustment for tiered reimbursement.

Sandhills Center reimburses pharmacies' ingredient costs at the same rate at the NC Medicaid Direct and NC Health Choice Fee-for-Service rate. The NC Medicaid Direct and NC Health Choice Fee-for-Service rates include, but are not limited to, the Wholesale Acquisition Cost, National Average Drug Acquisition Cost (NADAC), the State Maximum Allowable Cost (SMAC) list, and other financial arrangements established by NC DHHS. Based on lesser of logic methodology, the pharmacy is reimbursed the usual and customary

cost if it is less than the allowed amount. Drug ingredient cost reimbursement rates are updated at least weekly and are subject to NC DHHS's schedule of updates. Beginning in its second year as a contracted BH/IDD Tailored Plan, and subject to NC DHHS review and approval, Sandhills Center may develop its own pharmacy contracting for ingredient reimbursement if it Sandhills Center demonstrates that the reimbursement results in overall savings to NC DHHS and does not impact access to care. In submitting an alternative reimbursement schedule, Sandhills Center will also submit a pharmacy network access monitoring plan and will comply with N.C. Gen. Stat. §58-51-37(f) in relation to any rebates or marketing incentives offered by Sandhills Center. For reimbursement inquiries Sandhills Center requires pharmacies to continue to utilize the NC DHHS SMAC rate reimbursement inquiry process, as long as the SMAC is established by NC DHHS.

Drug Rebates

Sandhills Center or its subcontractor shall not negotiate rebates for any covered drugs in the Medicaid and NC Health Choice program as NC DHHS has sole authority to negotiate rebate agreements for all covered drugs in the Medicaid and NC Health Choice Program and does not delegate authority to negotiate rebate agreements for covered drugs in the Medicaid or NC Health Choice Program. Sandhills Center does not have an existing rebate agreement with a manufacturer. Should any Sandhills Center subcontractor have an existing rebate agreement with a manufacturer, all Medicaid and NC Health Choice covered drug claims, including outpatient pharmacy, outpatient hospital and physician-administered drugs, are exempt from such rebate agreements. Sandhills Center submits outpatient pharmacy (point-of-sale), physician-administered (professional) and outpatient hospital (institutional) drug claims encounter data to the NC DHHS or its encounter data processing vendor on a weekly basis, no later than seven (7) calendar days following the date on which the claims for drug rebate invoicing, as defined in the NC DHHS contract standards for encounters, were adjudicated. Sandhills Center submits all pharmacy and medical drug encounter data for rebate invoicing in a format determined by NC DHHS or its drug rebate vendor. Per the reporting requirements of 42 C.F.R. § 438.3(s)(2), the data is, at a minimum, at the claims level and includes the total number of units by strength by NDC of each covered outpatient pharmacy drug, outpatient hospital drug and physician administered drug paid for by Sandhills Center or its subcontractor.

Per the reporting requirements of 42 C.F.R. § 438.3(s)(2), Sandhills Center submits drug encounters using a HCPCS/CPT code with the following:

1. An NDC that is appropriate for the HCPCS/CPT code based on the drug description, strength and date of service.
2. HCPCS/CPT units and NDC units reported that represent a medically appropriate dosing and package size.
3. Date of service that is not past the termination date of the drug.
4. An NDC that is from a rebate-eligible manufacturer on the date of service of the claim.

Sandhills Center pharmacy provider contracts require 340B covered entities, and the entity's 340B contract pharmacies, to submit national Council for Prescription Drug Programs (NCPDP) code "8" in Basis of Cost Determinations filed 423-DN or in Compound Ingredient Basis of Cost Determination filed 490-UE or a

"20" in the submission clarification code field (NCPDP D.0 field 420-DK) at the point of sale to identify claims submitted for drugs purchased through the 340B program. Per the requirements of 42 C.F.R. § 438.3(s)(3), Sandhills Center pharmacy provider contracts require 340B covered entities to identify outpatient hospital and physician-administered drug claims submitted for drugs purchased through the 340B program using a UD modifier or other claim modifiers defined NC DHHS. In compliance with 42 C.F.R. § 438.3(s)(3), Sandhills Center pharmacy provider contracts require that 340B covered entities' written agreements with contracted pharmacies specify that contract pharmacies comply with the point of sale identification of drugs purchased through the 340B program and require contract pharmacies that retroactively identify 340B claims resubmit the claims with the appropriate NCPDP 340B claims identification codes. Sandhills Center reports to NC DHHS the commencement, conclusion and final results of all HRSA audits, reviews 340B covered entities' HRSA audits, and coordinates with NC DHHS to ensure the prevention of duplicate discounts.

Sandhills Center will support NC DHHS with drug rebate dispute resolution processes within the timeframe requested by NC DHHS. Sandhills Center or any subcontractor provides a single point of contact to research any encounters that are denied on submission to NC DHHS or identified as a dispute by the drug manufacturers and resolves the denied or disputed encounter within thirty (30) calendar days. Sandhills Center or its designated subcontractor provides an explanation of such disputes to NC DHHS at the encounter claim level in a spreadsheet. If the encounter claim information is found to be in error, the encounter shall be voided within five (5) business days of the determination.

Electronic Visit Verification System (EVV) for Personal Care Services

Sandhills Center utilizes an EVV system to verify personal care services, including Medicaid State Plan and all waiver services that provide assistance with activities of daily living that are provided in the member's home and are not provided as a per diem service, prior to releasing payment.

As referenced in the 21st Century CURES Act, 114 U.S.C. § 255, Sandhills Center utilizes an EVV system to collect the following data as required by federal mandate and other data as required by NC DHSS for claims adjudication:

(a) Type of service performed;
(b) Individual receiving the service;
(c) Date of the service;
(d) Time that the service begins;
(e) Location of service delivery;
(f) Individual providing the service; and
(g) Time that the service ends.

The EVV system Sandhills Center utilizes is compliant with state and federal regulations and can deliver to NC DHHS required EVV data in a format and frequency specified by NC DHHS. Sandhills Center delivers the EVV data elements to the Encounter Processing System (EPS) for Personal Care Services or services that provide support with activities of daily living in a member's home that are not daily rate services.

Providers are required to use an EVV system that is compliant with state and federal regulations. Sandhills Center implementation of an EVV system for State Plan Personal Care Services and Innovations waiver services, is in accord with all contractual timeline requirements.

Moral and Religious Objection

Sandhills Center is not required to provide, reimburse for, or provide coverage of a counseling or referral service if it objects to the service on moral or religious grounds so long as the information requirements of 42 C.F.R. § 438.102(b) have been met. Per the requirements of Section 1932(b)(3)(B)(i) of the Social Security Act and 42 C.F.R. § 438.102(b)(1)(i)(A)(2), if Sandhills Center elects not to provide, reimburse for, or provide coverage of a counseling or referral service because of an objection on moral or religious grounds, Sandhills Center will furnish information about the services it does not cover to NC DHHs and to any other NC DHHS partner as directed by NC DHHS, whenever it adopts such a policy while under the term of the NC DHHS contract.

Cost Sharing

Sandhills Center imposes the same cost sharing amounts as specified in North Carolina's Medicaid and NC Health Choice state plans. Sandhills Center does not require members to pay for any covered services other than the copayment amounts required under the state plans. Per 42 C.F.R. § 438.106, Sandhills Center does not hold members responsible for any of the following:

1) Sandhills Center debts in the event of Sandhills Center's insolvency;
2) Covered services provided to the member for which:
    a. NC DHHS does not pay Sandhills Center, or
    b. NC DHHS or Sandhills Center does not pay the health care provider that furnished the services under a contractual referral or other arrangement.
3) Payments for covered services furnished under a contract, referral, or other arrangement, to the extent that those payments are in excess of the amount that the member would owe if Sandhills Center covered the services directly.

Exceptions for cost sharing:

1) Pursuant to 42 C.F.R. § 457.505(d)(1), all NC Health Choice members receive well-child visits and age-appropriate immunizations at no cost to their families.
2) Consistent with 42 C.F.R. § 447.56, Medicaid cost sharing does not apply to a subset of the population including:
    a. Children under age twenty-one (21),
    b. Pregnant women,
    c. Individuals receiving hospice care,
    d. Federally-recognized American Indians/Alaska Natives,
    e. Breast and Cervical Cancer Control Program (BCCCP) beneficiaries,
    f. Foster children,
    g. Disabled children under Family Opportunity Act,
    h. 1915(c) waiver beneficiaries,

   i. Individuals whose medical assistance for services furnished in an institution is reduced by amounts reflecting available income other than required for personal needs.
3) Sandhills Center does not impose cost sharing on Medicaid and NC Health Choice behavioral health, and I/DD as defined by NC DHHS.

Sandhills Center tracks cost sharing obligations of each member and provides this information to NC DHHS using the NC DHHS standardized template.

Women's Health and Cancer Rights Act of 1998 (WHCRA)

In accordance with the federal Women's Health and Cancer Rights Act of 1998 (WHCRA), Sandhills Center provides protections to members who choose to have breast reconstruction relating to a mastectomy. Coverage includes:

1) All stages of reconstruction of the breast on which the mastectomy has been performed;
2) Surgery and reconstruction of the other breast to produce a symmetrical appearance;
3) Prostheses and treatment of physical complications of all stages of the mastectomy, including lymphedema

Long-Term Services and Supports (LTSS) (see note on pg. 5)

LTSS is provided in a setting that complies with 42 C.F.R. § 441.301(c)(4) requirements for home and community-based settings.

Family Planning Services (see note on pg. 12)

Sandhills Center does not prohibit physicians from billing valid global obstetrics claims, including antepartum care, labor and delivery, and post-partum care as defined in Obstetrics Clinical Coverage Policy 1E-5, regardless if the antepartum care was provided prior to member enrolling in the Sandhills Center Tailored Plan.