



# Why Tailored Plans Exist

## Executive Summary

North Carolina's Tailored Plans launched July 1, 2024, providing an integrated Medicaid managed-care model for approximately 210,000 individuals statewide with the most complex behavioral, developmental, and medical needs. Tailored Plans offer a specialized and comprehensive benefit array designed to meet the needs of high-acuity populations that Standard Plans are not intended to support. Through whole-person care management, strengthened rural provider networks, and administration of specialized waiver programs, Tailored Plans deliver coordinated, equitable and cost-effective Medicaid services designed to improve health outcomes while supporting the whole person and the communities in which they live. As part of North Carolina's modernized health care strategy, Tailored Plans serve as experts in complex population management and leverage this expertise to identify opportunities to reinvest savings in innovative technologies, advanced analytics, and emerging clinical interventions that can further enhance member outcomes while strengthening the communities in which members live, work, and receive care.

## Introduction

North Carolina's Behavioral Health and I/DD Tailored Plans were developed as a core component of the state's Medicaid transformation to ensure that beneficiaries with the most complex behavioral, developmental, and medical needs receive coordinated, comprehensive, and equitable care. Standard managed care structures are not designed to address the multifaceted challenges faced by individuals with serious mental illness, severe substance use disorder, intellectual and developmental disabilities, traumatic brain injury, and serious emotional disturbance nor do they adequately account for the systemic and geographic barriers that shape outcomes for high-acuity populations. Tailored Plans leverage the longstanding expertise and infrastructure of LME/MCOs to provide whole-person care management, strengthened rural provider networks, and targeted interventions that address access to care. Tailored Plans offer a cost-effective health system designed to meet the intensive needs of North Carolinians by putting members first and recognizing the importance of individual choice, dignity, independence, and connection to



community. In alignment with modern health care delivery models, Tailored Plans apply data-driven decision making, technology-enabled care management, and innovative service models to ensure members receive high-quality, person-centered care. Their deep expertise in serving high-need populations and commitment to continuous improvement enables them to strategically invest savings into cutting-edge tools including assistive technologies, remote monitoring capabilities, and evidenced-based community innovations that can further enhance system performance and member well-being and expand opportunities for people to live and thrive in their communities.

## **To Address Complex Clinical Needs**

Tailored Plans were established to meet the needs of individuals whose clinical and functional profiles are among the most complex in the Medicaid population, including those with serious mental illness (SMI), severe substance use disorder (SUD), intellectual and developmental disabilities (I/DD), traumatic brain injury (TBI), and serious emotional disturbance (SED). These members frequently experience co-occurring behavioral and physical health conditions, higher acuity service needs, and chronic medical challenges that require an integrated, whole person care approach that recognizes their individual goals, preferences, and circumstances.

Tailored Plans deliver a specialized level of support through specialized benefit structures, whole-person care management strategies, and provider networks designed to address complex, multi-layered needs. By integrating behavioral health, physical health, long-term services and supports with individualized interventions, Tailored Plans create a coordinated care environment capable of managing complex clinical profiles while supporting choice, independence, and quality of life. Because Tailored Plans focus on high-acuity populations, they remain consistently committed to improving health outcomes by advancing evidence-based, modern care practices designed to meet these unique needs.

Tailored Plans also bring extensive expertise in administering specialized waiver programs, including the NC Innovations Waiver and the TBI Waiver. These waivers ensure access to essential home- and community-based services for individuals who meet the clinical criteria for an institutional level of care. Waiver services benefit both the individuals who rely on them and taxpayers by improving quality of life, supporting personal choice, enhancing community integration, promoting greater independence, and generating significant cost savings through reduced reliance on



high-cost institutional settings. However, the number of individuals who could benefit from the Innovations Waiver services far exceeds the budget provided for these services. Tailored Plans also maintain a waitlist for these individuals, called the Registry of Unmet Needs. Tailored Plans still coordinate services for these members during this waiting period, locating other supports that can help maintain and enrich their care.

## **To Improve Access to Care**

Within North Carolina's managed care framework, Tailored Plans operate as the specialized delivery model equipped to support Medicaid members with significant behavioral, developmental, and medical complexity. The central purpose of this model is to improve access to care through modernized, evidence driven strategies that address the systemic inequities disproportionately affecting these high need populations and ensure that access to care is not determined by geography, circumstance, or ability to navigate the health care system. Many of the inequities faced by these individuals stem from systemic barriers that traditional managed care structures are not designed to address, resulting in disparate access and poorer health outcomes.

Standard Plans generally presume that members have reliable access to core resources, including a sufficient provider network, transportation options, broadband connectivity, adequate health literacy, and stable socioeconomic conditions. In practice, these conditions are not consistent across the state. In many rural North Carolina communities, these resources are limited or absent, requiring a more contemporary, equity focused approach to service delivery that directly addresses the digital, geographic, and socioeconomic divides shaping health outcomes and creating meaningful opportunities for people to access care where they live.

The Tailored Plan model is intentionally designed to respond to the unique challenges of rural health environments. Rural counties face limited provider availability, persistent workforce shortages, long travel distances, reduced access to crisis and specialty services, and lower digital connectivity. Tailored Plans overcome these structural barriers by leveraging the longstanding LME/MCO infrastructure and durable community partnerships to build and stabilize provider networks aligned with local capacity and expand access to care in communities where capacity has historically been limited. This includes deploying modern access solutions such as digitally enabled provider outreach, targeted workforce stabilization initiatives, and



data informed recruitment strategies for behavioral health, I/DD, TBI, and SUD providers in historically underserved regions.

Whole person care management is a core feature of Tailored Plans and plays a critical role in promoting health equity. Care managers provide high touch, field-based coordination that helps address geographic isolation, gaps in health literacy, and supports social determinants of health needs. By integrating technology supported assessments, culturally responsive engagement approaches, and real-time coordination tools, care managers ensure members can access services even when traditional clinical pathways are not available or accessible and help individuals remain connected to the people, supports, and communities that are important to them.

Tailored Plans also utilize alternative and in-lieu-of services to extend essential supports to populations disproportionately affected by limited access. These flexible, community-based interventions enable the delivery of clinically appropriate care in settings that are accessible to members in rural or underserved areas. These innovations serve as a practical mechanism for improving access to care by aligning service delivery with the lived realities of communities that face persistent structural inequities. In doing so, Tailored Plans advance health equity across the Medicaid system and ensure that individuals with complex needs receive care that is responsive, coordinated, and equitable.

## **To Provide Cost-Effective Care**

Tailored Plans achieve cost savings by operating under a capitated per member, per month (PMPM) payment structure that assumes full financial risk for service utilization. This fixed rate model incentivizes proactive, efficient care rather than high volume service delivery. By integrating behavioral health, physical health, long-term services and supports, and specialized waiver programs within a single accountable entity, the Tailored Plan model streamlines coordination, reduces duplication, and promotes timely intervention. Modernized care strategies used by Tailored Plans such as risk stratification analytics and real time data monitoring further strengthen their ability to improve quality and outcomes while controlling costs and responsibly stewarding public resources.

The Tailored Plan Care Management model aims to identify emerging risks early, coordinate across providers, and address social and environmental factors that



contribute to escalating medical and behavioral health crises. This proactive, coordinated approach helps stabilize members and maintain their care in lower cost, community settings with the potential to reduce reliance on higher-cost services such as the emergency department and inpatient hospitalization. Savings achieved through these efficiencies allow Tailored Plans to reinvest in innovative technologies, pilot programs, and advanced service models that enhance care accessibility, member engagement, and long-term system sustainability.

### **To Serve the Uninsured**

Along with coordinating care for Medicaid and Innovations Waiver services, Tailored Plans also oversee the uninsured and underinsured population. Through federal grants or funds allocated by the North Carolina General Assembly, these state-funded services fill a critical gap for individuals who may not be eligible for Medicaid due to a variety of reasons. While many of the same services as in Medicaid are available for those on the state-funded plan, such as Community Support Team, Peer Support Services, and Opioid Treatment Program Services, it is important to note these are not an entitlement. Once the funding has been exhausted, Tailored Plans cannot authorize recipients to continue receiving these services. This disruption in care can negatively affect health outcomes and requires time and resources to reinstitute care once it has been paused. In addition, recipients may not choose to reengage once services are again available, making continuity of care an important component of supporting stability, access, and long-term well-being.

### **Conclusion**

Tailored Plans play a critical role in North Carolina's Medicaid system by serving individuals whose complex behavioral, developmental, and medical needs require a specialized approach to managed care. Their integrated benefit structure, specialized provider networks, whole person care management strategies, administration of complex waiver programs and innovative reinvestments are designed to ensure that high acuity members receive the services and supports they need while promoting better outcomes. By addressing systemic inequities, overcoming rural access barriers, and promoting clinically appropriate, community-based care, Tailored Plans advance health equity across the state. Their capitated PMPM payment model reinforces cost-effective care delivery by incentivizing



prevention, coordination, and supporting efforts to reduce reliance on high-cost emergency and inpatient services. Together, these features demonstrate the value of Tailored Plans in building a more equitable, efficient, and responsive Medicaid system for North Carolina's most vulnerable populations. At their core, Tailored Plans put members first by addressing individual needs and supporting choice and independence; recognize that communities matter by strengthening local access and community-based care; and advance quality, innovation, growth, and excellence through data-driven approaches, specialized expertise, and continuous improvement. As North Carolina continues modernizing its health care delivery system, Tailored Plans are uniquely positioned to drive innovation by leveraging specialized expertise, data, technology, and opportunities for reinvestment to advance models of care that improve outcomes, expand access, and help individuals and communities thrive.

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