

March 6, 2008  
Quality, Access and Value Work Group Meeting

**Basic Principles Governing the Development of this Plan**

1. Promote Cost-Effective Approaches: In these times of high and increasing costs of most health care services, North Carolina is committed to promoting cost-effective approaches to the provision and purchase of health services. The Department of Health and Human Services encourages the development and use of cost-effective alternative approaches to health care delivery by providers of care, consumers and third-party payers. The Department encourages the development of health care delivery networks, accountable health plans, accountable health carriers, community care networks, integrated delivery systems or any system which provides for most cost-effective delivery of health care services through collaborative efforts among health care providers. Other examples of cost-effective approaches include the development of prepaid health plans, appropriate uses of out-patient treatment modalities, community-based services, innovative reimbursement programs, and conversion of underutilized existing facilities to uses for which there is a demonstrated need.

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2. Expand Health Care Services to the Medically Underserved: The Department of Health and Human Services recognizes the need to ensure access to health care in as equitable a manner as possible. Individuals who are medically underserved include low-income people, racial and ethnic minorities, and disabled people.

It is important to recognize that a variety of public funds are used to address the needs of the medically underserved, including Medicare, Medicaid, State and local funding of public health clinics and community mental health centers, local funding of community hospitals, and some State programs that help individuals with specialized health problems (i.e., Children's Special Health Services Program, Sickle Cell Anemia Program, Sudden Infant Death Syndrome Program, etc.). In addition, many providers serve low-income people by increasing the charges paid by insured patients, although the extent of this cost-shifting is not always known. As the health care system becomes more competitive, providers may be forced to decrease their cost-shifting practices, resulting in an increased reliance on public funds or a decrease in services available to the medically underserved.

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3. Encourage Quality Health Care Services: The Department of Health and Human Services is committed to assuring citizens of North Carolina adequate access and availability to quality health care at a reasonable cost.

The Department of Health and Human Services recognizes the practical limits of this commitment, i.e., the Department of Health and Human Services does not have resources adequate to guarantee each citizen access to every health service that could possibly benefit that person throughout her/his lifetime. Therefore, the Department, in allocating its available resources, gives priority to health services which are considered to be: a) cost-effective, and b) potentially beneficial to the majority of North Carolina's citizens. Further, the Department of Health and Human Services will attempt to influence resource allocation decisions by other public and private entities in the same direction. Trade-offs among cost containment, access and quality complicate decisions about acceptable or desirable levels of care as well as the trend toward using complex technology, treating a greater mix of cases, and dealing with more chronic conditions. In spite of these complexities, it is important that quality of care be assured.