



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

January 31, 2020

SENT VIA ELECTRONIC MAIL

Mr. Mark Trogdon, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Mr. Trogdon:

Section 122C-124.2(a) of the North Carolina General Statutes requires the Secretary of Health and Human Services to certify whether each, local management entity/managed care organization (LME/MCO) approved to operate the 1915(b)/(c) Medicaid Waiver is in compliance with the requirements of G.S. § 122C-124.2(b). Those certifications shall be made every six months, beginning August 1, 2013, and be based on an appropriate internal and external assessment.

Based upon (1) an internal review by an intradepartmental monitoring team comprised of individuals from the Division of Medical Assistance and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and (2) an external review by the Carolinas Center for Medical Excellence contractor HMS, thereby certifies that the following LME/MCOs are in compliance with the requirements of N.C.G.S. § 122C-124.2(b): Alliance, Cardinal Innovations, Eastpointe, Partners, Sandhills, VayaHealth, and Trillium.

While all of the LME/MCOs meet the requirements of the law, we do believe it is appropriate to revisit and refine the solvency standards. North Carolina's mental health landscape and the LME/MCO managed care system has evolved since its inception while measures and standards, including solvency requirements, are different today than when the legislation was passed. The department intends to work with the General Assembly and other stakeholders to review and adjust the financial measures to balance the solvency of the organizations and the need to reinvest in critical mental health initiatives.

WWW.NCDHHS.GOV

TEL 919-855-4800 • FAX 919-715-4645

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MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,



Mandy Cohen, MD, MPH
Secretary

cc: Matt Gross Hattie Gawande Rob Kindsvatter Dave Richard Kody Kinsley
Joyce Jones Jared Simmons Katherine Restrepo Marjorie Donaldson Lisa Wilks
Theresa Matula Erin Matteson reports@ncleg.net Zack Wortman Mark Collins
Susan G. Perry Jessica Meed Deborah Landry Luke MacDonald Ben Money



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DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

January 31, 2020

SENT VIA ELECTRONIC MAIL

The Honorable Donna White, Chair
House Appropriations Committee on
Health and Human Services
Room 306A2, Legislative Office Building
Raleigh, NC 27603

The Honorable Larry Potts, Chair
House Appropriations Committees on
Health and Human Services
Room 307C, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Section 122C-124.2(a) of the North Carolina General Statutes requires the Secretary of Health and Human Services to certify whether each, local management entity/managed care organization (LME/MCO) approved to operate the 1915(b)/(c) Medicaid Waiver is in compliance with the requirements of G.S. § 122C-124.2(b). Those certifications shall be made every six months, beginning August 1, 2013, and be based on an appropriate internal and external assessment.

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A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,

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Mandy Cohen, MD, MPH
Secretary

cc: Matt Gross Hattie Gawande Rob Kindsvatter Dave Richard Kody Kinsley
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DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

January 31, 2020

SENT VIA ELECTRONIC MAIL

The Honorable Joyce Krawiec, Chair
Senate Appropriation Committees on
Health and Human Services
Room 308, Legislative Office Building
Raleigh, NC 27603

Dear Chairwoman:

Section 122C-124.2(a) of the North Carolina General Statutes requires the Secretary of Health and Human Services to certify whether each, local management entity/managed care organization (LME/MCO) approved to operate the 1915(b)/(c) Medicaid Waiver is in compliance with the requirements of G.S. § 122C-124.2(b). Those certifications shall be made every six months, beginning August 1, 2013, and be based on an appropriate internal and external assessment.

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Mandy Cohen, MD, MPH
Secretary

cc: Matt Gross Hattie Gawande Rob Kindsvatter Dave Richard Kody Kinsley
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STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

January 31, 2020

SENT VIA ELECTRONIC MAIL

The Honorable Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 307B, Legislative Office Building
Raleigh, NC 27603

The Honorable Joyce Krawiec, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Section 122C-124.2(a) of the North Carolina General Statutes requires the Secretary of Health and Human Services to certify whether each, local management entity/managed care organization (LME/MCO) approved to operate the 1915(b)/(c) Medicaid Waiver is in compliance with the requirements of G.S. § 122C-124.2(b). Those certifications shall be made every six months, beginning August 1, 2013, and be based on an appropriate internal and external assessment.

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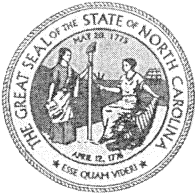
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Sincerely,



Mandy Cohen, MD, MPH
Secretary

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NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Benefits

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

DAVE RICHARD • Deputy Secretary, NC Medicaid

January 2, 2020

Mandy Cohen, M.D., MPH
Secretary
North Carolina Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699

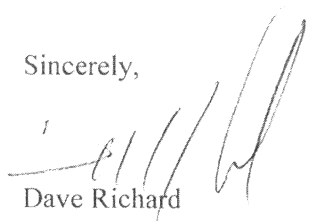
Dear Secretary Cohen:

Pursuant to Session Law 2013-85, the Secretary of the Department of Health and Human Services shall complete a certification of compliance, in accordance with G.S. § 122C-124.2(a), for each local management entity/managed care organization that has been approved by the Department to operate the 1915(b)(c) Medicaid Waiver. The Secretary shall also provide a copy of the completed certification to the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, the Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division by no later than February 1, 2020.

Attached hereto, please find a summary report of the findings for fiscal solvency, clean claims payment, and HIPAA compliance for the following local management entities/managed care organizations: Alliance, Cardinal Innovations, Eastpointe, Partners, Sandhills, Vaya Health, and Trillium.

At this time, based on the attached records, the Division of Health Benefits (DHB) is attesting that all seven organizations are appropriate for certification. Additionally, the Intradepartmental Monitoring Team (including DHB and the Division of Mental Health, Developmental Disabilities and Substance Abuse Services staff) determines that all seven LME-MCOs have made adequate provisions against the risk of insolvency based on quarterly financial reports submitted to DHHS.

Sincerely,


Dave Richard

Attachments

NC MEDICAID

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH BENEFITS

LOCATION: 1985 Umstead Drive, Kirby Building, Raleigh NC 27603
MAILING ADDRESS: 2501 Mail Service Center, Raleigh NC 27699-2501
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Claims Accuracy and Timeliness Review: Summary Findings						
Audit Type	Timeliness of Provider Payment (Within 30 days)		Claims Processing Accuracy		Financial Accuracy	
LME/MCO						
Alliance Health	99.84%	Compliant	99.97%	Compliant	99.99%	Compliant
Cardinal Innovations	99.97%	Compliant	99.97%	Compliant	99.99%	Compliant
Eastpointe Behavioral Health	100%	Compliant	99.98%	Compliant	99.99%	Compliant
Partners Behavioral Healthcare	99.99%	Compliant	100%	Compliant	100%	Compliant
Sandhills Center	99.5%	Compliant	100%	Compliant	100%	Compliant
Trillium Health Resources	100%	Compliant	99.10%	Compliant	99.57%	Compliant
Vaya Health	99.98%	Compliant	99.65%	Compliant	99.93%	Compliant

Data is based on a statistical sample of Medicaid claims processed between March 2019 through August 2019 for each LME-MCO.

Solvency Review: Current Ratio Summary Findings												
Month	March 2019		April 2019		May 2019		June 2019		July 2019		August 2019	
LME-MCO												
Alliance Health	2.48	Yes	2.78	Yes	2.61	Yes	2.64	Yes	2.29	Yes	2.14	Yes
Cardinal Innovations	2.64	Yes	2.57	Yes	2.43	Yes	2.43	Yes	2.22	Yes	2.18	Yes
Eastpointe Behavioral Health	4.05	Yes	4.14	Yes	4.56	Yes	4.29	Yes	4.76	Yes	4.96	Yes
Partners Behavioral Healthcare	1.41	Yes	1.25	Yes	1.27	Yes	1.05	Yes	1.16	Yes	1.15	Yes
Sandhills Center	6.53	Yes	7.84	Yes	6.38	Yes	6.38	Yes	5.61	Yes	4.93	Yes
Trillium Health Resources	2.92	Yes	2.84	Yes	3.02	Yes	2.06	Yes	2.29	Yes	2.15	Yes
Vaya Health	2.84	Yes	3.28	Yes	3.03	Yes	2.80	Yes	3.01	Yes	3.08	Yes

Data is based on financial information combined for State and Medicaid funds from March 2019 through August 2019 for each LME-MCO.

Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings

Month	March 2019		April 2019		May 2019		June 2019		July 2019		August 2019	
LME-MCO												
Alliance Health	92%	Yes	98%	Yes	102%	No	107%	No	94%	Yes	95%	Yes
Cardinal Innovations	98%	Yes	108%	No	106%	No	105%	No	106%	No	101%	No
Eastpointe Behavioral Health	94%	Yes	104%	No	97%	Yes	101%	No	98%	Yes	98%	Yes
Partners Behavioral Healthcare	92%	Yes	113%	No	101%	No	122%	No	88%	Yes	96%	Yes
Sandhills Center	102%	No	108%	No	107%	No	115%	No	106%	No	105%	No
Trillium Health Resources	88%	Yes	104%	No	94%	Yes	99%	Yes	93%	Yes	94%	Yes
Vaya Health	103%	No	100%	Yes	101%	No	101%	No	98%	Yes	99%	Yes

Data is based on financial information combined for State and Medicaid funds from March 2019 through August 2019 for each LME-MCO.

Solvency Review: Defensive Interval Summary Findings

Month	March 2019		April 2019		May 2019		June 2019		July 2019		August 2019	
LME-MCO												
Alliance Health	76.71	Yes	64.64	Yes	71.19	Yes	63.46	Yes	51.10	Yes	49.05	Yes
Cardinal Innovations	55.60	Yes	47.30	Yes	45.67	Yes	43.43	Yes	46.19	Yes	43.79	Yes
Eastpointe Behavioral Health	90.11	Yes	81.48	Yes	103.78	Yes	79.93	Yes	86.89	Yes	81.64	Yes
Partners Behavioral Healthcare	33.36	Yes	28.22	No	30.13	Yes	27.93	No	30.35	Yes	32.10	Yes
Sandhills Center	141.12	Yes	94.05	Yes	104.24	Yes	94.81	Yes	101.04	Yes	100.82	Yes
Trillium Health Resources	79.06	Yes	65.84	Yes	76.48	Yes	49.46	Yes	58.37	Yes	51.34	Yes
Vaya Health	72.83	Yes	62.56	Yes	66.61	Yes	64.25	Yes	66.91	Yes	66.50	Yes

Data is based on financial information combined for State and Medicaid funds from March 2019 through August 2019 for each LME-MCO.

HIPAA Transaction Review: Summary Findings

Audit Type	Enrollment (820)	Health Care Claim Transaction Set (837i and 837p)	Health Care Claim Payment / Advice Transaction Set (835)	Benefit Enrollment and Maintenance Set (834)	Health Care Eligibility / Benefit Inquiry and Response (270/271)
LME-MCO					
Alliance Health	Compliant	Compliant	Compliant	Compliant	Compliant
Cardinal Innovations	Compliant	Compliant	Compliant	Compliant	Compliant
Eastpointe Behavioral Health	Compliant	Compliant	Compliant	Compliant	Compliant
Partners Behavioral Healthcare	Compliant	Compliant	Compliant	Compliant	Compliant
Sandhills Center	Compliant	Compliant	Compliant	Compliant	Compliant
Trillium Health Resources	Compliant	Compliant	Compliant	Compliant	Compliant
Vaya Health	Compliant	Compliant	Compliant	Compliant	Compliant

Data is based on a statistical sample of Medicaid claims processed from March 2019 through August 2019 for each LME-MCO.

A finding of “Compliant” means that CCME found that the LME-MCO was compliant with the outlined requirements.