



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

August 1, 2019

SENT VIA ELECTRONIC MAIL

The Honorable Gregory Murphy, Senior Chair
House Appropriations Committee on
Health and Human Services
Room 307B1, Legislative Office Building
Raleigh, NC 27603

The Honorable Larry Potts, Chair
House Appropriations Committees on
Health and Human Services
Room 306B1, Legislative Office Building
Raleigh, NC 27603

The Honorable Donna White, Chair
House Appropriations Committee on
Health and Human Services
Room 306A2, 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.

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.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mandy Cohen', with a stylized flourish at the end.

Mandy Cohen, MD, MPH
Secretary

cc:	Matt Gross	Hattie Gawande	Rob Kindsvatter	Dave Richard	Kody Kinsley
	Joyce Jones	Rob Kindsvatter	Marjorie Donaldson	Steve Owen	Lisa Wilks
	Theresa Matula	Denise Thomas	Katherine Restrepo	Erin Matteson	Ben Money
	Zack Wortman	Deborah Landry	Susan Gale Perry	Mark Collins	Jessica Meed



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SECRETARY

August 1, 2019

SENT VIA ELECTRONIC MAIL

The Honorable Dan Bishop, Chair
Senate Appropriations Committee on
Health and Human Services
Room 2108, Legislative Building
Raleigh, NC 27601

The Honorable Joyce Krawiec, Chair
Senate Appropriation Committees on
Health and Human Services
Room 308, 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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ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

August 1, 2019

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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STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

August 1, 2019

SENT VIA ELECTRONIC MAIL

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

Dear Mr. Trogon:

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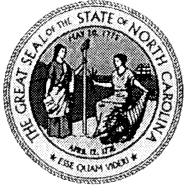
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NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Benefits

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

DAVE RICHARD • Deputy Secretary, NC Medicaid

July 29, 2019

Mandy Cohen, MD, MPH
Secretary
North Carolina Department of Health and Human Services
101 Blair Drive
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 August 1, 2019.

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, VayaHealth, 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 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
www.ncdhhs.gov • TEL 919-855-4100 • FAX: 919-733-6608

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

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	99.91%	Compliant	100.00%	Compliant	99.98%	Compliant
Cardinal Innovations	99.98%	Compliant	99.51%	Compliant	99.50%	Compliant
Eastpointe Behavioral Health	99.98%	Compliant	100.00%	Compliant	100.00%	Compliant
Partners Behavioral Healthcare	100.00%	Compliant	100.00%	Compliant	99.99%	Compliant
Sandhills Center	99.99%	Compliant	100.00%	Compliant	100.00%	Compliant
Trillium Health Resources	100.00%	Compliant	99.12%	Compliant	99.12%	Compliant
Vaya Health	99.90%	Compliant	99.97%	Compliant	99.95%	Compliant

Data is based on a statistical sample of Medicaid claims processed between September 2018 through February 2019 for each LME-MCO.

Solvency Review: Current Ratio Summary Findings												
Month	September		October		November		December		January		February	
LME-MCO												
Alliance Health	2.70	Yes	2.95	Yes	2.73	Yes	2.67	Yes	2.75	Yes	2.47	Yes
Cardinal Innovations	3.34	Yes	3.20	Yes	3.22	Yes	2.89	Yes	2.61	Yes	2.48	Yes
Eastpointe Behavioral Health	3.28	Yes	4.08	Yes	4.35	Yes	3.45	Yes	4.33	Yes	4.47	Yes
Partners Behavioral Healthcare	2.83	Yes	3.22	Yes	2.99	Yes	2.55	Yes	3.04	Yes	2.74	Yes
Sandhills Center	5.78	Yes	6.28	Yes	6.56	Yes	5.71	Yes	7.40	Yes	7.24	Yes
Trillium Health Resources	2.35	Yes	2.64	Yes	2.61	Yes	2.19	Yes	2.33	Yes	3.10	Yes
Vaya Health	2.98	Yes	3.26	Yes	3.25	Yes	2.58	Yes	3.17	Yes	3.31	Yes

Data is based on financial information combined for State and Medicaid funds from September 2018 through February 2019 for each LME-MCO.

Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings												
Month	September		October		November		December		January		February	
LME-MCO												
Alliance Health	108%	No	99%	Yes	106%	No	77%	Yes	115%	No	120%	No
Cardinal Innovations	95%	Yes	107%	No	97%	Yes	97%	Yes	109%	No	102%	No
Eastpointe Behavioral Health	96%	Yes	97%	Yes	97%	Yes	98%	Yes	97%	Yes	98%	Yes
Partners Behavioral Healthcare	108%	No	100%	Yes	107%	No	95%	Yes	100%	No	107%	No
Sandhills Center	99%	Yes	103%	No	99%	Yes	96%	Yes	104%	No	97%	Yes
Trillium Health Resources	84%	Yes	84%	Yes	98%	Yes	88%	Yes	104%	No	60%	Yes
Vaya Health	103%	No	97%	Yes	98%	Yes	101%	No	100%	No	93%	Yes

Data is based on financial information combined for State and Medicaid funds from September 2018 through February 2019 for each LME-MCO.

Solvency Review: Defensive Interval Summary Findings												
Month	September		October		November		December		January		February	
LME-MCO												
Alliance Health	66.95	Yes	72.24	Yes	63.11	Yes	88.80	Yes	65.50	Yes	62.30	Yes
Cardinal Innovations	83.26	Yes	66.14	Yes	74.69	Yes	74.43	Yes	59.97	Yes	53.14	Yes
Eastpointe Behavioral Health	109.04	Yes	102.30	Yes	103.20	Yes	97.19	Yes	102.22	Yes	94.28	Yes
Partners Behavioral Healthcare	66.44	Yes	63.25	Yes	58.25	Yes	78.70	Yes	65.90	Yes	50.13	Yes
Sandhills Center	140.44	Yes	126.73	Yes	129.39	Yes	145.93	Yes	128.62	Yes	110.24	Yes
Trillium Health Resources	72.98	Yes	75.89	Yes	63.90	Yes	82.38	Yes	65.50	Yes	82.56	Yes
Vaya Health	75.83	Yes	63.97	Yes	70.89	Yes	82.35	Yes	71.38	Yes	60.71	Yes

Data is based on financial information combined for State and Medicaid funds from September 2018 through February 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
Vaya Health	Compliant	Compliant	Compliant	Compliant	Compliant
Trillium Health Resources	Compliant	Compliant	Compliant	Compliant	Compliant

Data is based on a statistical sample of Medicaid claims processed from September 2018 through February 2019 for each LME-MCO.

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