



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

February 1, 2021

SENT VIA ELECTRONIC MAIL

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

Dear Director 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.

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TEL 919-855-4800 • FAX 919-715-4645

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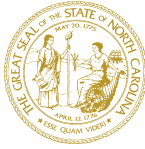
A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mandy K. Cohen". The signature is fluid and cursive, with the first name "Mandy" being more prominent.

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	Mark Collins	Jessica Meed
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February 1, 2021

SENT VIA ELECTRONIC MAIL

The Honorable Donna White, Chair
House Appropriations Committee on
Health and Human Services
Room 307, Legislative Office Building
Raleigh, NC 27603

The Honorable Larry Potts, Chair
House Appropriations Committees on
Health and Human Services
Room 307C1, Legislative Office Building
Raleigh, NC 27603

The Honorable Kristin Baker, Chair
House Appropriations Committee on
Health and Human Services
Room 306A3, Legislative Office Building
Raleigh, NC 27603

The Honorable Wayne Sasser, Chair
House Appropriations Committees on
Health and Human Services
Room 529, 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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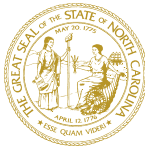
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February 1, 2021

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

The Honorable Jim Burgin, Chair
Senate Appropriations Committee on
Health and Human Services
Room 620, Legislative Office Building
Raleigh, NC 27603

The Honorable Jim Perry, Chair
Senate Appropriation Committees on
Health and Human Services
Room 311, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
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MANDY COHEN, MD, MPH
SECRETARY

February 1, 2021

SENT VIA ELECTRONIC MAIL

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 303, 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

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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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

December 15, 2020

Mandy Cohen, M.D., 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 February 1, 2021.

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
Deputy Secretary, NC Medicaid

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

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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	99.62%	Compliant	99.99%	Compliant	99.99%	Compliant
Cardinal Innovations	99.99%	Compliant	99.86%	Compliant	99.93%	Compliant
Eastpointe Behavioral Health	100%	Compliant	99.91%	Compliant	99.90%	Compliant
Partners Health Management	100%	Compliant	100%	Compliant	100%	Compliant
Sandhills Center	100%	Compliant	99.89%	Compliant	99.96%	Compliant
Trillium Health Resources	100%	Compliant	99.94%	Compliant	99.96%	Compliant
Vaya Health	99.92%	Compliant	99.24%	Compliant	99.82%	Compliant

Data is based on a statistical sample of Medicaid claims processed between March 2020 through August 2020 for each LME/MCO.

Solvency Review: Current Ratio Summary Findings												
Month	March		April		May		June		July		August	
LME/MCO												
Alliance Health	2.56	Yes	2.59	Yes	2.37	Yes	2.90	Yes	2.61	Yes	3.00	Yes
Cardinal Innovations	1.93	Yes	1.87	Yes	2.02	Yes	1.99	Yes	2.26	Yes	2.18	Yes
Eastpointe Behavioral Health	2.03	Yes	1.93	Yes	1.77	Yes	1.56	Yes	1.57	Yes	1.67	Yes
Partners Health Management	1.03	Yes	1.31	Yes	1.51	Yes	2.11	Yes	2.16	Yes	2.20	Yes
Sandhills Center	3.14	Yes	3.39	Yes	3.31	Yes	4.12	Yes	3.24	Yes	3.08	Yes
Trillium Health Resources	1.41	Yes	1.31	Yes	1.39	Yes	1.77	Yes	1.69	Yes	1.79	Yes
Vaya Health	3.40	Yes	3.15	Yes	2.74	Yes	3.73	Yes	3.13	Yes	2.99	Yes

Data is based on a statistical sample of Medicaid claims processed between March 2020 through August 2020 for each LME/MCO.

Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings												
Month	March		April		May		June		July		August	
LME/MCO												
Alliance Health	87%	Yes	98%	Yes	105%	No	76%	Yes	86%	Yes	85%	Yes
Cardinal Innovations	89%	Yes	84%	Yes	79%	Yes	98%	Yes	87%	Yes	93%	Yes
Eastpointe Behavioral Health	98%	Yes	96%	Yes	98%	Yes	103%	No	93%	Yes	87%	Yes
Partners Health Management	99%	Yes	97%	Yes	98%	Yes	79%	Yes	93%	Yes	90%	Yes
Sandhills Center	105%	No	99%	Yes	111%	No	98%	Yes	98%	Yes	95%	Yes
Trillium Health Resources	106%	No	108%	No	97%	Yes	80%	Yes	97%	Yes	92%	Yes
Vaya Health	101%	No	98%	Yes	99%	Yes	76%	Yes	89%	Yes	90%	Yes

Data is based on a statistical sample of Medicaid claims processed between March 2020 through August 2020 for each LME/MCO.

Solvency Review: Defensive Interval Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance Health	53.48	Yes	50.02	Yes	54.25	Yes	53.40	Yes	59.42	Yes	64.00	Yes
Cardinal Innovations	44.62	Yes	48.70	Yes	42.44	Yes	55.28	Yes	62.39	Yes	62.58	Yes
Eastpointe Behavioral Health	36.82	Yes	32.27	Yes	30.94	Yes	24.40	No	35.67	Yes	35.89	Yes
Partners Health Management	27.98	No	38.07	Yes	46.31	Yes	47.09	Yes	62.05	Yes	62.37	Yes
Sandhills Center	72.98	Yes	73.59	Yes	67.98	Yes	55.74	Yes	70.44	Yes	75.90	Yes
Trillium Health Resources	27.45	No	28.02	No	34.32	Yes	31.71	Yes	37.57	Yes	41.81	Yes
Vaya Health	57.24	Yes	59.87	Yes	66.21	Yes	68.88	Yes	76.65	Yes	83.24	Yes

Data is based on a statistical sample of Medicaid claims processed between March 2020 through August 2020 for each LME/MCO.

HIPAA Transaction Review: Summary Findings					
Audit Type	Premium Payment Transactions (X12N 820)	Enrollment Transactions (X12N 834)	Health Care Claim Transactions (X12N 837I, 837P)	Remit Processing Transactions (X12N 835)	Eligibility Inquiry & Response (X12N 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 Health Management	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 between March 2020 through August 2020 for each LME/MCO.

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