



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

July 31, 2020

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.

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

LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

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

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

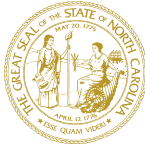
A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,

A handwritten signature in dark 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 | Zack Wortman | Mark Collins |
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SECRETARY

July 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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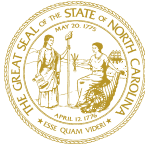
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MANDY COHEN, MD, MPH
SECRETARY

July 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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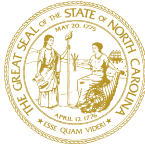
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DEPARTMENT OF HEALTH AND HUMAN SERVICES

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GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

July 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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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 28, 2020

Secretary Mandy Cohen, M.D., MPH
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, 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,

DocuSigned by:
A stylized signature of Dave Richard in blue ink.
11395D232A054A2...

Dave Richard
Deputy Secretary for 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 | 99.80% | Compliant | 99.92% | Compliant | 99.97% | Compliant |
| Cardinal Innovations | 99.99% | Compliant | 99.98% | Compliant | 99.99% | Compliant |
| Eastpointe Behavioral Health | 100% | Compliant | 100% | Compliant | 100% | Compliant |
| Partners Behavioral Healthcare | 99.99% | Compliant | 99.99% | Compliant | 99.99% | Compliant |
| Sandhills Center | 100% | Compliant | 100% | Compliant | 100% | Compliant |
| Trillium Health Resources | 100% | Compliant | 99.90% | Compliant | 99.96% | Compliant |
| Vaya Health | 100% | Compliant | 99.99% | Compliant | 100% | Compliant |

Data is based on a statistical sample of Medicaid claims processed between September 2019 through February 2020 for each LME/MCO.

| Solvency Review: Current Ratio Summary Findings | | | | | | | | | | | | |
|---|-----------|-----|---------|-----|----------|-----|----------|-----|---------|-----|----------|-----|
| Month | September | | October | | November | | December | | January | | February | |
| LME/MCO | | | | | | | | | | | | |
| Alliance Health | 2.12 | Yes | 2.30 | Yes | 2.11 | Yes | 2.03 | Yes | 2.17 | Yes | 2.22 | Yes |
| Cardinal Innovations | 2.12 | Yes | 2.00 | Yes | 2.27 | Yes | 2.29 | Yes | 2.27 | Yes | 2.31 | Yes |
| Eastpointe Behavioral Health | 3.68 | Yes | 3.33 | Yes | 3.03 | Yes | 3.24 | Yes | 1.75 | Yes | 1.74 | Yes |
| Partners Behavioral Healthcare | 1.10 | Yes | 1.06 | Yes | .96 | No | 1.02 | Yes | 1.03 | Yes | 1.03 | Yes |
| Sandhills Center | 4.67 | Yes | 4.60 | Yes | 4.37 | Yes | 3.78 | Yes | 3.77 | Yes | 3.97 | Yes |
| Trillium Health Resources | 2.23 | Yes | 1.90 | Yes | 1.82 | Yes | 1.54 | Yes | 1.55 | Yes | 1.68 | Yes |
| Vaya Health | 2.95 | Yes | 3.01 | Yes | 2.99 | Yes | 2.80 | Yes | 2.97 | Yes | 2.88 | Yes |

Data is based on financial information combined for State and Medicaid funds from September 2019 through February 2020 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 | 100% | Yes | 93% | Yes | 102% | No | 94% | Yes | 91% | Yes | 92% | Yes |
| Cardinal Innovations | 94.91% | Yes | 106.74% | No | 92.77% | Yes | 99.81% | Yes | 101.91% | No | 93.28% | Yes |
| Eastpointe Behavioral Health | 97% | Yes | 95% | Yes | 97% | Yes | 97% | Yes | 101% | No | 97% | Yes |
| Partners Behavioral Healthcare | 99% | Yes | 99% | Yes | 103% | No | 98% | Yes | 102% | No | 103% | No |
| Sandhills Center | 97% | Yes | 110% | No | 91% | Yes | 98% | Yes | 101% | No | 87% | Yes |
| Trillium Health Resources | 93% | Yes | 116% | No | 93% | Yes | 99% | Yes | 105% | No | 90% | Yes |
| Vaya Health | 97% | Yes | 101% | No | 96% | Yes | 98% | Yes | 99% | Yes | 95% | Yes |

Data is based on financial information combined for State and Medicaid funds from September 2019 through February 2020 for each LME/MCO.

| Solvency Review: Defensive Interval Summary Findings | | | | | | | | | | | | |
|--|-----------|-----|---------|-----|----------|-----|----------|-----|---------|-----|----------|-----|
| Month | September | | October | | November | | December | | January | | February | |
| LME-MCO | | | | | | | | | | | | |
| Alliance Health | 47.67 | Yes | 50.42 | Yes | 48.03 | Yes | 56.94 | Yes | 54.17 | Yes | 50.74 | Yes |
| Cardinal Innovations | 40.06 | Yes | 36.16 | Yes | 51.15 | Yes | 52.55 | Yes | 50.75 | Yes | 54.12 | Yes |
| Eastpointe Behavioral Health | 84.33 | Yes | 62.42 | Yes | 71.10 | Yes | 87.83 | Yes | 33.54 | Yes | 32.00 | Yes |
| Partners Behavioral Healthcare | 34.58 | Yes | 30.17 | Yes | 26.67 | No | 32.32 | Yes | 29.63 | No | 29.82 | No |
| Sandhills Center | 103.39 | Yes | 89.74 | Yes | 89.33 | Yes | 89.40 | Yes | 83.77 | Yes | 84.38 | Yes |
| Trillium Health Resources | 56.64 | Yes | 44.69 | Yes | 43.19 | Yes | 42.49 | Yes | 37.00 | Yes | 41.51 | Yes |
| Vaya Health | 66.45 | Yes | 63.52 | Yes | 62.54 | Yes | 65.71 | Yes | 64.73 | Yes | 62.54 | Yes |

Data is based on financial information combined for State and Medicaid funds from September 2019 through February 2020 for each LME/MCO.

| HIPAA Transaction Review: Summary Findings | | | | | |
|---|-------------------------|---|--|---|---|
| Audit Type | Enrollment (820) | Benefit Enrollment and Maintenance Set (834) | Health Care Claim Transaction Set (837i and 837p) | Health Care Claim Payment / Advice Transaction Set (835) | 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 September 2019 through February 2020 for each LME/MCO.

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