



North Carolina Department of Health and Human Services  
Division of Medical Assistance

Pat McCrory  
Governor

Aldona Z. Vos, M.D.  
Ambassador (Ret.)  
Secretary DHHS

Sandra Terrell, MS, RN  
Acting Director

January 30, 2014

Secretary Aldona Z. Vos, MD.  
North Carolina Department of Health and Human Services  
101 Blair Drive  
Raleigh, NC 27699

Dear Secretary Vos:

Pursuant to Session Law 2013-85, the Secretary of the Department of Health and Human Services (DHHS) 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 and provide a copy of the 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. Beginning on February 1, 2014, and for all subsequent assessments for certification, the independent review will be made by an External Quality Review Organization approved by the Centers for Medicare and Medicaid Services and in accordance with applicable federal and State laws and regulations.

The Division of Medical Assistance (DMA) contracted with Carolinas Center for Medical Excellence (CCME), who subcontracted with Milliman, to conduct the assessments for fiscal solvency, clean claims payment, and HIPPA compliance. Attached hereto, please find a summary report of the findings for the following local management entities/managed care organizations: Alliance, Cardinal Innovations, CenterPoint, CoastalCare, Eastpointe, East Carolina Behavioral Health (ECBH), MeckLINK, Partners Behavioral Health Management, Sandhills Center, and Smoky Mountain Center.

At this time, based on the attached records, DMA is attesting that all ten organizations are appropriate for certification. There are some financial concerns with MeckLINK and CoastalCare. However, the MeckLink catchment will transition to Cardinal Innovations effective April 1, 2014. CoastalCare has committed to transition to ECBH and Eastpointe at a date that has yet to be determined. DMA and the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH) will continue to monitor both the transition planning and fiscal health of both MeckLINK and Coastal Care. Additionally, the Intradepartmental Monitoring Team (including DMA and DMH staff) determines that all ten LME-MCOs have made adequate provisions against the risk of insolvency based on quarterly financial reports submitted to DHHS.

Sincerely,

Sandra Terrell

Attachment

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**Claims Accuracy and Timeliness Review:  
Summary Findings for North Carolina LME/MCOs**

Audit Type	Timeliness of Provider Payments (within 30 days)	
LME - MCO	Result	Finding
Alliance	97.76%	Compliant
Cardinal Innovations	95.93%	Compliant
CenterPoint	98.02%	Compliant
CoastalCare	98.96%	Compliant
East Carolina Behavioral Health	96.33%	Compliant
Eastpointe	99.87%	Compliant
MeckLINK	99.65%	Compliant
Partners Behavioral Health	98.21%	Compliant
Sandhills Center	99.27%	Compliant
Smoky Mountain Center	97.84%	Compliant

**HIPAA Transaction Review: Summary Findings for North Carolina LME/MCOs**

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)	Health Care Claim Status Request and Notification (276/277)	Health Care Service Review Information (278)
LME - MCO	Finding	Finding	Finding	Finding	Finding	Finding	Finding
Alliance	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
Cardinal Innovations	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
CenterPoint	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
CoastalCare	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
East Carolina Behavioral Health	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
Eastpointe	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
MeckLINK	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
Partners Behavioral Health	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
Sandhills Center	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *
Smoky Mountain Center	Compliant	Compliant	Compliant *	Compliant	Compliant *	Compliant *	Compliant *

## Solvency Review: Summary Findings (Current Ratio > 1.0 is Compliant) for North Carolina LME/MCOs

Month	Jun-13		Jul-13		Aug-13		Sep-13		Oct-13	
LME - MCO	Result	Finding	Result	Finding	Result	Finding	Result	Finding	Result	Finding
Alliance	1.36	Compliant	1.29	Compliant	1.38	Compliant	1.35	Compliant	1.32	Compliant
Cardinal Innovations	2.48	Compliant	2.84	Compliant	2.79	Compliant	2.62	Compliant	2.52	Compliant
CenterPoint	1.62	Compliant	2.73	Compliant	1.96	Compliant	1.94	Compliant	1.94	Compliant
CoastalCare	2.04	Compliant	1.27	Compliant	1.20	Compliant	1.99	Compliant	1.36	Compliant
East Carolina Behavioral Health	4.04	Compliant	3.79	Compliant	3.58	Compliant	3.79	Compliant	4.63	Compliant
Eastpointe	2.21	Compliant	2.60	Compliant	2.63	Compliant	2.49	Compliant	2.71	Compliant
MeckLINK	1.28	Compliant	1.60	Compliant	1.17	Compliant	1.34	Compliant	1.34	Compliant
Partners Behavioral Health	2.46	Compliant	2.54	Compliant	2.82	Compliant	2.98	Compliant	3.28	Compliant
Sandhills Center	1.78	Compliant	1.70	Compliant	1.85	Compliant	1.64	Compliant	1.69	Compliant
Smoky Mountain Center	2.66	Compliant	2.74	Compliant	2.57	Compliant	2.66	Compliant	2.08	Compliant