

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE DRS75080-MG-64A (02/20)

Short Title: Effective Operation of 1915(b)/(c) Waiver. (Public)

Sponsors: Senators Tucker and Barringer (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENSURE EFFECTIVE STATEWIDE OPERATION OF THE 1915 (B)/(C)
3 MEDICAID WAIVER.

4 Whereas, S.L. 2011-264, as amended by Section 13 of S.L. 2012-151, required the
5 Department of Health and Human Services (Department) to restructure the statewide
6 management of the delivery of services for individuals with mental illness, intellectual and
7 developmental disabilities, and substance abuse disorders through the statewide expansion of
8 the 1915(b)/(c) Medicaid Waiver; and

9 Whereas, local management entities (LMEs) that are awarded contracts to operate
10 the 1915(b)/(c) Medicaid Waiver must maintain fidelity to the Piedmont Behavioral Health
11 (PBH) demonstration model; and

12 Whereas, these LMEs are acting as Medicaid vendors and the Department must
13 ensure that they are compliant with the provisions of S.L. 2011-264, as amended by Section 13
14 of S.L. 2012-151, as well as all applicable federal, State, and contractual requirements; Now,
15 therefore,

16 The General Assembly of North Carolina enacts:

17 **SECTION 1.** G.S. 122C-3 is amended by adding a new subdivision to read:

18 "(20c) "Local management entity/managed care organization" or "LME/MCO"
19 means an LME that has been approved by the Department to operate the
20 1915(b)/(c) Medicaid Waiver."

21 **SECTION 2.** Article 4 of Chapter 122C of the General Statutes is amended by
22 adding a new section to read:

23 "**§ 122C-124.2. Actions by the Secretary to ensure effective management of behavioral**
24 **health services under the 1915(b)/(c) Medicaid Waiver.**

25 (a) For LME/MCOs with whom the Department has contracted to operate the
26 1915(b)/(c) Medicaid Waiver for less than three years, the Secretary shall provide an
27 unqualified attestation every six months that the LME/MCO is in compliance with (i) the terms
28 of its contract with the Department, (ii) S.L. 2011-264, as amended by Section 13 of S.L.
29 2012-151, and (iii) all other applicable State and federal requirements. For LME/MCOs with
30 whom the Department has contracted to operate the 1915(b)/(c) Medicaid Waiver for at least
31 three years, the Secretary shall provide this unqualified attestation of compliance in writing on
32 an annual basis. The Secretary shall specifically address the following requirements in each
33 attestation:

34 (1) Solvency.

35 (2) Timeliness of provider payments.



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- 1 (3) Compliance with the requirements of S.L. 2011-264, as amended by Section
2 13 of S.L. 2012-151.
- 3 (4) Compliance with the provisions of any contract in effect between the
4 LME/MCO and the Department with respect to management responsibilities
5 for the delivery of services for individuals with mental illness, intellectual or
6 other developmental disabilities, and substance abuse disorders under the
7 1915(b)/(c) Medicaid Waiver.
- 8 (5) The ability to exchange billing, payment, and transaction information with
9 LME/MCOs and providers in a manner that complies with all applicable
10 federal standards, including but not limited to all of the following.
- 11 a. Standards for information transactions and data elements specified in
12 42 U.S.C. 1302d-2 of the Healthcare Insurance Portability and
13 Accountability Act (HIPAA), as from time to time amended.
- 14 b. Standards for health care claims or equivalent encounter information
15 transaction specified in HIPAA regulations in 45 C.F.R. 162.1102, as
16 from time to time amended.
- 17 c. Implementation specifications for Electronic Data Interchange
18 standards published and maintained by the Accredited Standards
19 Committee (ASC X12) and referenced in HIPAA regulations in 45
20 C.F.R. 162.920.

21 (b) If the Secretary is unable to provide an LME/MCO with the unqualified attestation
22 of compliance required by subsection (a) of this section on the date the attestation is due
23 because the LME/MCO is noncompliant, then the Secretary shall assign the LME/MCO's
24 contract to operate the 1915(b)/(c) Medicaid Waiver to another LME/MCO no later than thirty
25 days after the Secretary's unqualified attestation of compliance was due for the LME/MCO.
26 Upon assigning a contract pursuant to this subsection, the Secretary shall effectuate an orderly
27 transfer of management responsibilities from the noncompliant LME/MCO to a compliant
28 LME/MCO, including the responsibility of paying providers for covered services, in order to
29 ensure uninterrupted provision of medically necessary services to Medicaid recipients.

30 (c) The Secretary shall provide a copy of each unqualified attestation of compliance
31 completed in accordance with this section to the Senate Appropriations Committee on Health
32 and Human Services, the House Appropriations Subcommittee on Health and Human Services,
33 the Legislative Oversight Committee on Health and Human Services, and the Fiscal Research
34 Division."

35 **SECTION 3.** By no later than June 30, 2013, the Secretary of Health and Human
36 Services shall complete an initial unqualified attestation of compliance, in accordance with
37 G.S. 122C-124.2(a), for each LME that has been approved by the Department to operate the
38 1915(b)/(c) Medicaid Waiver and provide a copy of the attestation to the Senate Appropriations
39 Committee on Health and Human Services, the House Appropriations Subcommittee on Health
40 and Human Services, the Legislative Oversight Committee on Health and Human Services, and
41 the Fiscal Research Division.

42 **SECTION 4.** This act is effective when it becomes law.