GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2015

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SENATE BILL 371 PROPOSED COMMITTEE SUBSTITUTE S371-PCS25237-SH-25

Short Title: LME/MCO Claims Reporting.

(Public)

Sponsors:

Referred to:

	March 24, 2015		
1 2	A BILL TO BE ENTITLED AN ACT TO MODERNIZE DATA COLLECTION BY THE DEPARTMENT OF HEALTH		
3	AND HUMAN SERVICES RELATED TO LME/MCO MANAGED CARE CLAIMS.		
4 5	Whereas, the Department of Health and Human Services (DHHS) contracts with local management entities/managed care organizations (LME/MCOs) for the management of		
6	services for mental health, intellectual and developmental disabilities, and substance abuse		
7	disorders; and		
8	Whereas, LME/MCOs are paid to manage Medicaid services on a capitated basis		
9	and are at full financial risk for the cost of services delivered through a network of contracted		
10	service providers; and		
11	Whereas, LME/MCOs operate pursuant to federal Medicaid managed care rules and		
12 13	have the authority to set rates and utilization rules that are different than fee-for-services		
13 14	payment models; and Whereas, LME/MCOs also manage State and federal block grant funds under		
15	contracts with DHHS; and		
16	Whereas, DHHS requires LME/MCOs to report records of claims payments to		
17	providers (encounter data) through NCTracks for both Medicaid and State-funded services; and		
18	Whereas, each LME/MCO has an annual quality review by DHHS, an annual		
19	compliance audit by an independent auditor, and two DHHS audits conducted pursuant to S.L.		
20	2013-85 to evaluate the LME/MCO claims processing function for accuracy and completeness;		
21	and		
22	Whereas, the results of each LME/MCO's numerous audits are utilized to evaluate		
23 24	quality, ensure operational competence and contract compliance, and verify that all federal Medicaid managed care requirements are met; and		
24 25	Whereas, DHHS has multiple responsibilities to the Centers for Medicare and		
26	Medicaid Services (CMS), to federal authorities for block grants, and to the General Assembly		
27	for the proper and accountable expenditure of funds managed by the LME/MCOs in		
28	accordance with State and federal requirements and for the review and audit of encounter data		
29	necessary for the implementation of these responsibilities; Now, therefore,		
30	The General Assembly of North Carolina enacts:		
31	SECTION 1. The encounter data submission requirements for local management		
32	entities/managed care organizations (LME/MCOs) shall be as follows:		
33	(1) LME/MCOs shall submit to the Department of Health and Human Services		
34 25	(DHHS) encounter data, consisting of records of claims payments made to		
35 36	providers, for Medicaid and State-funded mental health, intellectual and developmental disabilities, and substance abuse disorder services using a		
50	developmental disaonnies, and substance abuse disorder services using a		



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	General Assembly Of North Carolina	Session 2015
1	single nationally recognized, standardized electronic format,	which shall be
2	specified to the LME/MCOs in advance to assure compli	ance with the
3	format of encounter data submitted to the DHHS.	
4	(2) DHHS may use encounter data for purposes including, but	not limited to,
5	setting LME/MCO capitation rates, measuring the quality	y of services
6	managed by LME/MCOs, assuring compliance with Stat	e and federal
7	regulations, and for oversight and audit functions.	
8	(3) DHHS, pursuant to G.S. 143B-426.38A, shall share encounte	r data with the
9	Government Data Analytics Center in order to leve	erage existing
10	public-private partnerships and subject matter expertise tha	t can assist in
11	providing outcome-based analysis of services and program	ns as well as
12	population health analytics of the LME/MCO patient population	on.
13	(4) DHHS shall work with LME/MCOs to ensure that the process	for submitting
14	encounter claims through NCTracks is successful.	
15	(5) DHHS shall report to the Joint Legislative Oversight Comm	ittee on Health
16	and Human Services regarding the status of this section on or	before October
17	31, 2015.	
18	SECTION 2. This act is effective when it becomes law.	