



North Carolina Department of Health and Human Services

Pat McCrory
Governor

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

July 31, 2013

The Honorable Marilyn Avila, Chair
Appropriations Subcommittee on Health
And Human Services
Room 2217, Legislative Building
Raleigh, NC 27601-1096

The Honorable William Brisson, Chair
Appropriations Subcommittees on Health
and Human Services
Room 405, Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Mark Hollo, Chair
Appropriations Subcommittee on Health
And Human Services
Room 639 Legislative Office Building
Raleigh, NC 27603-5925

Dear Representatives Avila, Brisson and Hollo:

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 Health Management Systems, a summary of which is attached, I hereby certify that the following LME/MCOs are in compliance with the requirements of N.C.G.S. § 122C-124.2(b): Alliance, Cardinal Innovations, CenterPoint, CoastalCare, Eastpointe, East Carolina Behavioral Health, MeckLINK, Partners Behavioral Health Management, Sandhills and Smoky Mountain Center. Western Highlands Network (WHN) was not reviewed because it is operating under a management agreement with Smoky Mountain Center, and the Department has communicated its intent to terminate WHN's contract to operate the 1915(b)/(c) waiver.

Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Wos".

Aldona Wos, M.D.

Enclosures

www.ncdhhs.gov

Telephone 919-855-4800 • Fax 919-715-4645

Location: 101 Blair Drive • Adams Building • Raleigh, NC 27603
Mailing Address: 2001 Mail Service Center • Raleigh, NC 27699-2001
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Representatives Avila, Brisson and Hollo

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Cc: Carol H. Steckel
Dave Richard
Courtney Cantrell
Adam Sholar
Senator Louis Pate
Representative Justin Burr
Representative Nelson Dollar
Pat Porter
Sarah Riser
Kristi Huff
Brandon Greife
Steve Owen

Rick Brennan
Les Merritt
Susan Jacobs
Denise Thomas
Brian Ingraham
Ellen Holliman
Pam Shipman
Betty Taylor
Foster Norman
Leza Wainwright
Ken Jones
Phil Endress
Rhett Melton
Victoria Whitt



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

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Governor

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

Carol H. Steckel, MPH
Director

July 31, 2013

Secretary Aldona Z. Wos, M.D.
North Carolina Department of Health and Human Services
101 Blair Drive
Raleigh, NC 27699

Dear Secretary Wos:

Pursuant to Session Law 2013-85, the Secretary of the Department of Health and Human Services shall complete an initial 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 by no later than August 1, 2013.

Attached hereto, please find a summary report of the findings for fiscal solvency, clean claims payment, and HIPPA compliance for the following local management entities/managed care organizations: Alliance, Cardinal Innovations, CenterPoint, CoastalCare, Eastpointe, East Carolina Behavioral Health, MeckLINK, Partners Behavioral Health Management, Sandhills Center, and Smoky Mountain Center.

At this time, based on the attached records, the Division of Medical Assistance is attesting that all ten organizations are appropriate for certification. Additionally, the Intradepartmental Monitoring Team (including DMA and Division of Mental Health, Developmental Disabilities and Substance Abuse Services 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,

Carol H. Steckel, MPH
Director, Division of Medical Assistance

Dave Richard
Director, Division of Mental Health, Developmental Disability, and Substance Abuse Services

www.ncdhhs.gov • www.ncdhhs.gov/dma
Tel 919-855-4100 • Fax 919-733-6608

Location: 1985 Umstead Drive • Dorothea Dix Hospital Campus • Raleigh, NC 27603
Mailing Address: 2501 Mail Service Center • Raleigh, NC 27699-2501
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Health Management Systems (HMS) Review Result Tables

Claims Accuracy and Timeliness Review: Summary Findings						
Audit Type	Timeliness of Provider Payments (within 30 days)		Claims Processing Accuracy		Financial Accuracy	
	Result	Finding	Result	Finding	Result	Finding
LME-MCO						
Alliance	99.95%	Compliant	99.92%	Compliant	99.68%	Compliant
Cardinal Innovations	99.98%	Compliant	98.48%	Compliant	99.43%	Compliant
CenterPoint	99.91%	Compliant	99.97%	Compliant	99.76%	Compliant
CoastalCare	93.06%	Compliant	99.73%	Compliant	99.72%	Compliant
East Carolina Behavioral Health	100.00%	Compliant	100.00%	Compliant	100.00%	Compliant
Eastpointe	99.97%	Compliant	99.69%	Compliant	100.00%	Compliant
MeckLINK	99.99%	Compliant	97.60%	Compliant	97.93%	Compliant
Partners Behavioral Health	99.75%	Compliant	99.85%	Compliant	99.70%	Compliant
Sandhills Center	100.00%	Compliant	99.90%	Compliant	100.00%	Compliant
Smoky Mountain Center	99.66%	Compliant	99.96%	Compliant	99.81%	Compliant

Data is based on a statistical sample of Medicaid claims processed between February and May of 2013 for each LME-MCO, as applicable given staggered implementation of the 1915(b)(c) waiver.

Solvency Review: Summary Findings (Current Ratio > 1.0 is Compliant)								
Month	February		March		April		May	
LME-MCO	Result	Compliant	Result	Compliant	Result	Compliant	Result	Compliant
Alliance	1.20	YES	1.18	YES	1.11	YES	1.28	YES
Cardinal Innovations	2.74	YES	2.06	YES	2.74	YES	2.71	YES
CenterPoint	1.63	YES	1.66	YES	1.70	YES	1.72	YES
CoastalCare	N/A	N/A	1.90	YES	1.99	YES	1.94	YES
East Carolina Behavioral Health	3.83	YES	4.48	YES	4.55	YES	5.06	YES
Eastpointe	2.75	YES	2.93	YES	3.22	YES	3.28	YES
MeckLINK	N/A	N/A	1.32	YES	1.54	YES	1.80	YES
Partners Behavioral Health	2.49	YES	2.30	YES	2.49	YES	2.63	YES
Sandhills Center	1.67	YES	1.74	YES	1.62	YES	1.72	YES
Smoky Mountain Center	2.46	YES	2.56	YES	2.56	YES	2.95	YES

Data is based on financial information combined for State and Medicaid funds between February and May of 2013 for each LME-MCO, as applicable given staggered implementation of the 1915(b)(c) waiver.

HIPAA Transaction Review: Summary Findings					
Audit Type	X12N 820 Premium Payment Transaction	X12N 834 Enrollment Transactions	X12N 837I/837P Health Claim Transactions	X12N 835 Remit Processing Transactions	X12N 270/271 Eligibility Inquiry & Response Transactions
LME-MCO	Finding	Finding	Finding	Finding	Finding
Alliance	Compliant	Compliant	Compliant	Compliant	Compliant
Cardinal Innovations	Compliant	Compliant	Compliant	Compliant	Compliant
CenterPoint	Compliant	Compliant	Compliant	Compliant	Compliant
CoastalCare	Compliant	Compliant	Compliant	Compliant	Compliant
East Carolina Behavioral Health	Compliant	Compliant	Compliant	Compliant	Compliant
Eastpointe	Compliant	Compliant	Compliant	Compliant	Compliant
MeckLINK	Compliant	Compliant	Compliant	Compliant	Compliant
Partners Behavioral Health	Compliant	Compliant	Compliant	Compliant	Compliant
Sandhills Center	Compliant	Compliant	Compliant	Compliant	Compliant
Smoky Mountain Center	Compliant	Compliant	Compliant	Compliant	Compliant

Data is based on a statistical sample of Medicaid claims processed between February and May of 2013 for each LME-MCO, as applicable given staggered implementation of the 1915(b)(c) waiver.

*A finding of "compliant" means that HMS found that the LME-MCO was compliant with the requirements set forth in SB 208.