



## North Carolina Department of Health and Human Services

Pat McCrory  
Governor

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

July 31, 2013

Mark Trogon, Director  
Fiscal Research Division  
Suite 619, Legislative Office Building  
Raleigh, NC 27603

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 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 dark ink, appearing to read "Aldona Wos".

Aldona Wos, M.D.

Enclosures

Mark Trogon

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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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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

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An Equal Opportunity / Affirmative Action Employer



### Health Management Systems (HMS) Review Result Tables

<b>Claims Accuracy and Timeliness Review: Summary Findings</b>						
Audit Type	Timeliness of Provider Payments (within 30 days)		Claims Processing Accuracy		Financial Accuracy	
LME-MCO	Result	Finding	Result	Finding	Result	Finding
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.

<b>Solvency Review: Summary Findings (Current Ratio &gt; 1.0 is Compliant)</b>								
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.