

**From:** Cody Hand [<mailto:chand@ncha.org>]

**Sent:** Wednesday, October 22, 2014 11:59 AM

**To:** Rep. Justin Burr; Sen. Ralph Hise; Rep. Marilyn Avila; Rep. William Brisson; Rep. Nelson Dollar; Rep. Mark Hollo; Rep. Donny Lambeth; Sen. Fletcher Hartsell, Jr.; Sen. Floyd McKissick; Sen. Louis Pate

**Cc:** Adam Sholar; Brandon Greife (President Pro Tem's Office); Sarah Riser (Speaker Tillis' Office)

**Subject:** Correction to Hospital Association Testimony

To the members of the Joint Legislative Oversight Committee on Health and Human Services, Medicaid Reform/DMA Reorganization Subcommittee,

On Monday I cited a previous testimony that the LME/MCOs were in need of more money to complete the fiscal year. I have since learned that the testimony given was subsequently corrected, and I am now correcting the record for the committee. The Hospital relationship with the LME/MCOs is evolving and will continue to do so as we work with them to provide better care to the behavioral health population.

While the LME/MCOs are functioning to save the state money, the population that they manage is dissimilar to the medical population served by Medicaid. Insurance companies that manage Medicaid in other states increasingly ask for more state funds to cover that population, with the threat of leaving should the State not meet their demands.

In Massachusetts, the Medicaid MCOs have asked the state for more funds to cover \$140 million in losses due to poor budgeting. The fear is that they cannot absorb the losses and will pull out of the state.

When managed care companies experience losses caring for Medicaid patients, they discontinue coverage, which recently happened in New York, when a major insurance company notified the state they would no longer cover the Medicaid population. Such a disruption is unnecessary when you have providers, who are tied to the state by their very nature, willing to manage the Medicaid population with full assumption of risk.

While the data I gave you regarding LME/MCOs has been proven inaccurate, the remainder of my assertions remain. Provider led Accountable Care Organizations are the best option for this state.

Thank you,

Cody Hand

Vice President and Deputy General Counsel

North Carolina Hospital Association

PO Box 4449

Cary, NC 27519-4449

919-677-4113 (office)

919-793-8318 (cell)

[chand@ncha.org](mailto:chand@ncha.org)

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