



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

February 1, 2019

**SENT VIA ELECTRONIC MAIL**

The Honorable Gregory Murphy, Senior Chair  
House Appropriations Committee on  
Health and Human Services  
Room 307B1, Legislative Office Building  
Raleigh, NC 27603

The Honorable Larry Potts, Chair  
House Appropriations Committees on  
Health and Human Services  
Room 306B1, Legislative Office Building  
Raleigh, NC 27603

The Honorable Donna White, Chair  
House Appropriations Committee on  
Health and Human Services  
Room 306A2, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

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 the Carolinas Center for Medical Excellence contractor HMS, thereby certifies that the following LME/MCOs are in compliance with the requirements of N.C.G.S. § 122C-124.2(b): Alliance, Cardinal Innovations, Eastpointe, Partners, Sandhills, VayaHealth, and Trillium.

While all of the LME/MCOs meet the requirements of the law, we do believe it is appropriate to revisit and refine the solvency standards. North Carolina's mental health landscape and the LME/MCO managed care system has evolved since its inception while measures and standards, including solvency requirements, are different today than when the legislation was passed. The department intends to work with the General Assembly and other stakeholders to review and adjust the financial measures to balance the solvency of the organizations and the need to reinvest in critical mental health initiatives.

A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'MKC', followed by a long horizontal flourish.

Mandy Cohen, MD, MPH  
Secretary

cc:	Matt Gross	LT McCrimmon	Rob Kindsvatter	Dave Richard	Rod Davis
	Kody Kinsley	Joyce Jones	Marjorie Donaldson	Steve Owen	Lisa Wilks
	Theresa Matula	Denise Thomas	Katherine Restrepo	Erin Matteson	Mark Benton
	Zack Wortman	Deborah Landry	Susan Perry-Manning	Mark Collins	Jessica Meed



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SECRETARY

February 1, 2019

**SENT VIA ELECTRONIC MAIL**

The Honorable Dan Bishop, Chair  
Senate Appropriations Committee on  
Health and Human Services  
Room 2108, Legislative Building  
Raleigh, NC 27601

The Honorable Joyce Krawiec, Chair  
Senate Appropriation Committees on  
Health and Human Services  
Room 308, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

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.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

February 1, 2019

**SENT VIA ELECTRONIC MAIL**

The Honorable Josh Dobson, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
Room 307B, Legislative Office Building  
Raleigh, NC 27603

The Honorable Joyce Krawiec, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
Room 308, Legislative Office Building  
Raleigh, NC 27603

The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
Room 303, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

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.

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Mandy Cohen, MD, MPH  
Secretary

cc:	Matt Gross	LT McCrimmon	Rob Kindsvatter	Dave Richard	Rod Davis
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DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

February 1, 2019

**SENT VIA ELECTRONIC MAIL**

Mr. Mark Trogdon, Director  
Fiscal Research Division  
Suite 619, Legislative Office Building  
Raleigh, NC 27603-5925

Dear Mr. Trogdon:

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.

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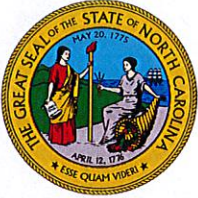
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Mandy Cohen, MD, MPH  
Secretary

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NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**  
Division of Health Benefits

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

DAVE RICHARD • Deputy Secretary, NC Medicaid

December 20, 2018

Mandy Cohen, M.D., MPH  
Secretary  
North Carolina Department of Health and Human Services  
101 Blair Drive  
2001 Mail Service Center  
Raleigh, NC 27699

Dear Secretary Cohen:

Pursuant to Session Law 2013-85, the Secretary of the Department of Health and Human Services shall complete a 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. The Secretary shall also provide a copy of the completed 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 February 1, 2019.

Attached hereto, please find a summary report of the findings for fiscal solvency, clean claims payment, and HIPAA compliance for the following local management entities/managed care organizations: Alliance, Cardinal Innovations, Eastpointe, Partners, Sandhills, VayaHealth, and Trillium.

At this time, based on the attached records, the Division of Health Benefits (DHB) is attesting that all seven organizations are appropriate for certification. Additionally, the Intradepartmental Monitoring Team (including DHB and Division of Mental Health, Developmental Disabilities and Substance Abuse Services staff) determines that all seven LME-MCOs have made adequate provisions against the risk of insolvency based on quarterly financial reports submitted to DHHS.

Sincerely,

Dave Richard  
Deputy Secretary, NC Medicaid

Attachments

**NC MEDICAID**

**NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH BENEFITS**

LOCATION: 1985 Umstead Drive, Kirby Building, Raleigh NC 27603  
MAILING ADDRESS: 2501 Mail Service Center, Raleigh NC 27699-2501  
www.ncdhhs.gov • TEL: 919-855-4100 • FAX: 919-733-6608

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Claims Accuracy and Timeliness Review: Summary Findings						
Audit Type	Timeliness of Provider Payment (Within 30 days)		Claims Processing Accuracy		Financial Accuracy	
LME-MCO						
Alliance	98.03%	Compliant	99.94%	Compliant	99.95%	Compliant
Cardinal Innovations	99.99%	Compliant	100.00%	Compliant	100.00%	Compliant
Eastpointe	99.94%	Compliant	99.98%	Compliant	100.00%	Compliant
Partners Behavioral Healthcare	99.96%	Compliant	100.00%	Compliant	100.00%	Compliant
Sandhills Center	100.00%	Compliant	99.94%	Compliant	99.95%	Compliant
Vaya Health	99.92%	Compliant	100.00%	Compliant	100.00%	Compliant
Trillium Health Resources	100.00%	Compliant	99.81%	Compliant	99.90%	Compliant

Data is based on a statistical sample of Medicaid claims processed between March 2018 through August 2018 for each LME-MCO.

A finding of "Compliant" means that CCME found that the LME-MCO was compliant with the outlined requirements.

Solvency Review: Current Ratio Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance	3.82	Yes	3.52	Yes	4.05	Yes	3.14	Yes	3.31	Yes	3.13	Yes
Cardinal Innovations	3.77	Yes	3.67	Yes	3.89	Yes	3.26	Yes	3.83	Yes	3.38	Yes
Eastpointe	2.77	Yes	2.81	Yes	2.91	Yes	2.90	Yes	2.90	Yes	3.40	Yes
Partners Behavioral Healthcare	4.07	Yes	3.79	Yes	4.06	Yes	3.29	Yes	5.11	Yes	3.49	Yes
Sandhills Center	7.89	Yes	7.69	Yes	8.55	Yes	7.94	Yes	7.26	Yes	6.03	Yes
Vaya Health	3.29	Yes	3.15	Yes	3.58	Yes	3.46	Yes	3.46	Yes	3.60	Yes
Trillium Health Resources	1.88	Yes	1.92	Yes	2.00	Yes	1.95	Yes	2.22	Yes	2.13	Yes

Data is based on financial information combined for State and Medicaid funds from March 2018 through August 2018 for each LME-MCO.

Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance	91%	Yes	100%	Yes	102%	No	108%	No	99%	Yes	104%	No
Cardinal Innovations	97%	Yes	98%	Yes	103%	No	115%	No	91%	Yes	109%	No
Eastpointe	101%	No	91%	Yes	94%	Yes	97%	Yes	99%	Yes	96%	Yes
Partners Behavioral Healthcare	98%	Yes	102%	No	98%	Yes	126%	No	80%	Yes	118%	No
Sandhills Center	104%	No	97%	Yes	105%	No	112%	No	107%	No	104%	No
Vaya Health	115%	No	92%	Yes	102%	No	94%	Yes	112%	No	104%	No
Trillium Health Resources	100%	Yes	93%	Yes	98%	Yes	103%	No	86%	Yes	96%	Yes

Data is based on financial information combined for State and Medicaid funds from March 2018 through August 2018 for each LME-MCO.

Solvency Review: Defensive Interval Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance	102.55	Yes	94.75	Yes	92.84	Yes	71.90	Yes	77.42	Yes	69.18	Yes
Cardinal Innovations	96.68	Yes	94.41	Yes	89.35	Yes	75.02	Yes	92.25	Yes	74.24	Yes
Eastpointe	101.03	Yes	114.41	Yes	115.08	Yes	100.95	Yes	97.34	Yes	110.63	Yes
Partners Behavioral Healthcare	93.29	Yes	89.95	Yes	94.06	Yes	66.25	Yes	89.86	Yes	58.16	Yes
Sandhills Center	147.70	Yes	162.10	Yes	147.54	Yes	129.88	Yes	145.68	Yes	135.72	Yes
Vaya Health	87.30	Yes	79.74	Yes	75.66	Yes	80.21	Yes	71.13	Yes	69.63	Yes
Trillium Health Resources	57.13	Yes	62.00	Yes	58.67	Yes	53.73	Yes	61.93	Yes	58.06	Yes

Data is based on financial information combined for State and Medicaid funds from March 2018 through August 2018 for each LME-MCO.

HIPAA Transaction Review: Summary Findings					
<b>Audit Type</b>	<b>Enrollment (820)</b>	<b>Health Care Claim Transaction Set (837i and 837p)</b>	<b>Health Care Claim Payment / Advice Transaction Set (835)</b>	<b>Benefit Enrollment and Maintenance Set (834)</b>	<b>Health Care Eligibility / Benefit Inquiry and Response (270/271)</b>
<b>LME-MCO</b>					
Alliance	Compliant	Compliant	Compliant	Compliant	Compliant
Cardinal Innovations	Compliant	Compliant	Compliant	Compliant	Compliant
Eastpointe	Compliant	Compliant	Compliant	Compliant	Compliant
Partners Behavioral Healthcare	Compliant	Compliant	Compliant	Compliant	Compliant
Sandhills Center	Compliant	Compliant	Compliant	Compliant	Compliant
Vaya Health	Compliant	Compliant	Compliant	Compliant	Compliant
Trillium Health Resources	Compliant	Compliant	Compliant	Compliant	Compliant

Data is based on a statistical sample of Medicaid claims processed from March 2018 through August 2018 for each LME-MCO.

A finding of “Compliant” means that CCME found that the LME-MCO was compliant with the outlined requirements.