



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

July 31, 2020

**SENT VIA ELECTRONIC MAIL**

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

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 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.

[WWW.NCDHHS.GOV](http://WWW.NCDHHS.GOV)

TEL 919-855-4800 • FAX 919-715-4645

LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

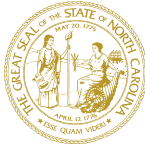
A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mandy K. Cohen". The signature is fluid and cursive, with the first name "Mandy" being more prominent than the last name "Cohen".

Mandy Cohen, MD, MPH  
Secretary

cc:	Matt Gross	Hattie Gawande	Rob Kindsvatter	Dave Richard	Kody Kinsley
	Joyce Jones	Jared Simmons	Katherine Restrepo	Marjorie Donaldson	Lisa Wilks
	Theresa Matula	Erin Matteson	reports@ncleg.net	Zack Wortman	Mark Collins
	Susan G. Perry	Jessica Meed	Jane Chiulli	Luke MacDonald	Ben Money



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

July 31, 2020

**SENT VIA ELECTRONIC MAIL**

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

The Honorable Larry Potts, Chair  
House Appropriations Committees on  
Health and Human Services  
Room 307C, 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.

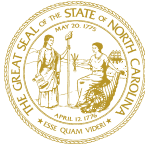
A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mandy K. Cohen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mandy Cohen, MD, MPH  
Secretary

cc:	Matt Gross	Hattie Gawande	Rob Kindsvatter	Dave Richard	Kody Kinsley
	Joyce Jones	Jared Simmons	Katherine Restrepo	Marjorie Donaldson	Lisa Wilks
	Theresa Matula	Erin Matteson	reports@ncleg.net	Zack Wortman	Mark Collins
	Susan G. Perry	Jessica Meed	Jane Chiulli	Luke MacDonald	Ben Money



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

July 31, 2020

**SENT VIA ELECTRONIC MAIL**

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

Dear Chairwoman:

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.

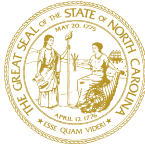
A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mandy K. Cohen". The signature is fluid and cursive, with the first name "Mandy" being more prominent.

Mandy Cohen, MD, MPH  
Secretary

cc:	Matt Gross	Hattie Gawande	Rob Kindsvatter	Dave Richard	Kody Kinsley
	Joyce Jones	Jared Simmons	Katherine Restrepo	Marjorie Donaldson	Lisa Wilks
	Theresa Matula	Erin Matteson	reports@ncleg.net	Zack Wortman	Mark Collins
	Susan G. Perry	Jessica Meed	Jane Chiulli	Luke MacDonald	Ben Money



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

July 31, 2020

**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.

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 black ink, appearing to read "Mandy K. Cohen". The signature is fluid and cursive, with the first name "Mandy" being more prominent.

Mandy Cohen, MD, MPH  
Secretary

cc:	Matt Gross	Hattie Gawande	Rob Kindsvatter	Dave Richard	Kody Kinsley
	Joyce Jones	Jared Simmons	Katherine Restrepo	Marjorie Donaldson	Lisa Wilks
	Theresa Matula	Erin Matteson	reports@ncleg.net	Zack Wortman	Mark Collins
	Susan G. Perry	Jessica Meed	Jane Chiulli	Luke MacDonald	Ben Money





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

July 28, 2020

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

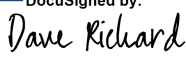
Dear Secretary Cohen:

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 August 1, 2020.

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, Vaya Health, 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 the 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,

DocuSigned by:  
  
11395D232A054A2...

Dave Richard  
Deputy Secretary for 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 Health	99.80%	Compliant	99.92%	Compliant	99.97%	Compliant
Cardinal Innovations	99.99%	Compliant	99.98%	Compliant	99.99%	Compliant
Eastpointe Behavioral Health	100%	Compliant	100%	Compliant	100%	Compliant
Partners Behavioral Healthcare	99.99%	Compliant	99.99%	Compliant	99.99%	Compliant
Sandhills Center	100%	Compliant	100%	Compliant	100%	Compliant
Trillium Health Resources	100%	Compliant	99.90%	Compliant	99.96%	Compliant
Vaya Health	100%	Compliant	99.99%	Compliant	100%	Compliant

Data is based on a statistical sample of Medicaid claims processed between September 2019 through February 2020 for each LME/MCO.

Solvency Review: Current Ratio Summary Findings												
Month	September		October		November		December		January		February	
LME/MCO												
Alliance Health	2.12	Yes	2.30	Yes	2.11	Yes	2.03	Yes	2.17	Yes	2.22	Yes
Cardinal Innovations	2.12	Yes	2.00	Yes	2.27	Yes	2.29	Yes	2.27	Yes	2.31	Yes
Eastpointe Behavioral Health	3.68	Yes	3.33	Yes	3.03	Yes	3.24	Yes	1.75	Yes	1.74	Yes
Partners Behavioral Healthcare	1.10	Yes	1.06	Yes	.96	No	1.02	Yes	1.03	Yes	1.03	Yes
Sandhills Center	4.67	Yes	4.60	Yes	4.37	Yes	3.78	Yes	3.77	Yes	3.97	Yes
Trillium Health Resources	2.23	Yes	1.90	Yes	1.82	Yes	1.54	Yes	1.55	Yes	1.68	Yes
Vaya Health	2.95	Yes	3.01	Yes	2.99	Yes	2.80	Yes	2.97	Yes	2.88	Yes

Data is based on financial information combined for State and Medicaid funds from September 2019 through February 2020 for each LME/MCO.

<b>Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings</b>												
<b>Month</b>	<b>September</b>		<b>October</b>		<b>November</b>		<b>December</b>		<b>January</b>		<b>February</b>	
<b>LME/MCO</b>												
<b>Alliance Health</b>	100%	Yes	93%	Yes	102%	No	94%	Yes	91%	Yes	92%	Yes
<b>Cardinal Innovations</b>	94.91%	Yes	106.74%	No	92.77%	Yes	99.81%	Yes	101.91%	No	93.28%	Yes
<b>Eastpointe Behavioral Health</b>	97%	Yes	95%	Yes	97%	Yes	97%	Yes	101%	No	97%	Yes
<b>Partners Behavioral Healthcare</b>	99%	Yes	99%	Yes	103%	No	98%	Yes	102%	No	103%	No
<b>Sandhills Center</b>	97%	Yes	110%	No	91%	Yes	98%	Yes	101%	No	87%	Yes
<b>Trillium Health Resources</b>	93%	Yes	116%	No	93%	Yes	99%	Yes	105%	No	90%	Yes
<b>Vaya Health</b>	97%	Yes	101%	No	96%	Yes	98%	Yes	99%	Yes	95%	Yes

Data is based on financial information combined for State and Medicaid funds from September 2019 through February 2020 for each LME/MCO.

<b>Solvency Review: Defensive Interval Summary Findings</b>												
<b>Month</b>	<b>September</b>		<b>October</b>		<b>November</b>		<b>December</b>		<b>January</b>		<b>February</b>	
<b>LME-MCO</b>												
<b>Alliance Health</b>	47.67	Yes	50.42	Yes	48.03	Yes	56.94	Yes	54.17	Yes	50.74	Yes
<b>Cardinal Innovations</b>	40.06	Yes	36.16	Yes	51.15	Yes	52.55	Yes	50.75	Yes	54.12	Yes
<b>Eastpointe Behavioral Health</b>	84.33	Yes	62.42	Yes	71.10	Yes	87.83	Yes	33.54	Yes	32.00	Yes
<b>Partners Behavioral Healthcare</b>	34.58	Yes	30.17	Yes	26.67	No	32.32	Yes	29.63	No	29.82	No
<b>Sandhills Center</b>	103.39	Yes	89.74	Yes	89.33	Yes	89.40	Yes	83.77	Yes	84.38	Yes
<b>Trillium Health Resources</b>	56.64	Yes	44.69	Yes	43.19	Yes	42.49	Yes	37.00	Yes	41.51	Yes
<b>Vaya Health</b>	66.45	Yes	63.52	Yes	62.54	Yes	65.71	Yes	64.73	Yes	62.54	Yes

Data is based on financial information combined for State and Medicaid funds from September 2019 through February 2020 for each LME/MCO.

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

Data is based on a statistical sample of Medicaid claims processed from September 2019 through February 2020 for each LME/MCO.

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