



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

February 1, 2021

**SENT VIA ELECTRONIC MAIL**

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

Dear Director 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.

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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

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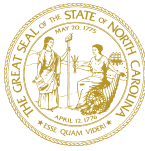
A summary of the certification is attached for your review. Please feel free to contact me with any suggestions.

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   |
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**SENT VIA ELECTRONIC MAIL**

The Honorable Donna White, Chair  
House Appropriations Committee on  
Health and Human Services  
Room 307, Legislative Office Building  
Raleigh, NC 27603

The Honorable Larry Potts, Chair  
House Appropriations Committees on  
Health and Human Services  
Room 307C1, Legislative Office Building  
Raleigh, NC 27603

The Honorable Kristin Baker, Chair  
House Appropriations Committee on  
Health and Human Services  
Room 306A3, Legislative Office Building  
Raleigh, NC 27603

The Honorable Wayne Sasser, Chair  
House Appropriations Committees on  
Health and Human Services  
Room 529, 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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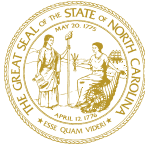
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The Honorable Joyce Krawiec, Chair  
Senate Appropriation Committees on  
Health and Human Services  
Room 308, Legislative Office Building  
Raleigh, NC 27603

The Honorable Jim Burgin, Chair  
Senate Appropriations Committee on  
Health and Human Services  
Room 620, Legislative Office Building  
Raleigh, NC 27603

The Honorable Jim Perry, Chair  
Senate Appropriation Committees on  
Health and Human Services  
Room 311, Legislative Office Building  
Raleigh, NC 27603

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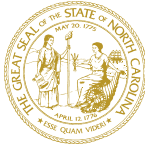
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The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
Room 303, Legislative Office Building  
Raleigh, NC 27603

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

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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 15, 2020

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, 2021.

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,

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

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| 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   | 99.62%  | Compliant | 99.99%                     | Compliant | 99.99%             | Compliant |
| Cardinal Innovations                                    | 99.99%  | Compliant | 99.86%                     | Compliant | 99.93%             | Compliant |
| Eastpointe Behavioral Health                            | 100%  | Compliant | 99.91%                     | Compliant | 99.90%             | Compliant |
| Partners Health Management                              | 100%  | Compliant | 100%                       | Compliant | 100%               | Compliant |
| Sandhills Center  | 100%  | Compliant | 99.89%                     | Compliant | 99.96%             | Compliant |
| Trillium Health Resources                               | 100%  | Compliant | 99.94%                     | Compliant | 99.96%             | Compliant |
| Vaya Health   | 99.92%  | Compliant | 99.24%                     | Compliant | 99.82%             | Compliant |

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

| Solvency Review: Current Ratio Summary Findings |       |     |       |     |      |     |      |     |      |     |        |     |
|---|-------|-----|-------|-----|------|-----|------|-----|------|-----|--------|-----|
| Month   | March |     | April |     | May  |     | June |     | July |     | August |     |
| LME/MCO   |       |     |       |     |      |     |      |     |      |     |        |     |
| Alliance Health                                 | 2.56  | Yes | 2.59  | Yes | 2.37 | Yes | 2.90 | Yes | 2.61 | Yes | 3.00   | Yes |
| Cardinal Innovations                            | 1.93  | Yes | 1.87  | Yes | 2.02 | Yes | 1.99 | Yes | 2.26 | Yes | 2.18   | Yes |
| Eastpointe Behavioral Health                    | 2.03  | Yes | 1.93  | Yes | 1.77 | Yes | 1.56 | Yes | 1.57 | Yes | 1.67   | Yes |
| Partners Health Management                      | 1.03  | Yes | 1.31  | Yes | 1.51 | Yes | 2.11 | Yes | 2.16 | Yes | 2.20   | Yes |
| Sandhills Center                                | 3.14  | Yes | 3.39  | Yes | 3.31 | Yes | 4.12 | Yes | 3.24 | Yes | 3.08   | Yes |
| Trillium Health Resources                       | 1.41  | Yes | 1.31  | Yes | 1.39 | Yes | 1.77 | Yes | 1.69 | Yes | 1.79   | Yes |
| Vaya Health                                     | 3.40  | Yes | 3.15  | Yes | 2.74 | Yes | 3.73 | Yes | 3.13 | Yes | 2.99   | Yes |

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

| Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings |       |     |       |     |      |     |      |     |      |     |        |     |
|--|-------|-----|-------|-----|------|-----|------|-----|------|-----|--------|-----|
| Month  | March |     | April |     | May  |     | June |     | July |     | August |     |
| LME/MCO  |       |     |       |     |      |     |      |     |      |     |        |     |
| Alliance Health  | 87%   | Yes | 98%   | Yes | 105% | No  | 76%  | Yes | 86%  | Yes | 85%    | Yes |
| Cardinal Innovations   | 89%   | Yes | 84%   | Yes | 79%  | Yes | 98%  | Yes | 87%  | Yes | 93%    | Yes |
| Eastpointe Behavioral Health   | 98%   | Yes | 96%   | Yes | 98%  | Yes | 103% | No  | 93%  | Yes | 87%    | Yes |
| Partners Health Management   | 99%   | Yes | 97%   | Yes | 98%  | Yes | 79%  | Yes | 93%  | Yes | 90%    | Yes |
| Sandhills Center   | 105%  | No  | 99%   | Yes | 111% | No  | 98%  | Yes | 98%  | Yes | 95%    | Yes |
| Trillium Health Resources  | 106%  | No  | 108%  | No  | 97%  | Yes | 80%  | Yes | 97%  | Yes | 92%    | Yes |
| Vaya Health  | 101%  | No  | 98%   | Yes | 99%  | Yes | 76%  | Yes | 89%  | Yes | 90%    | Yes |

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

| Solvency Review: Defensive Interval Summary Findings |       |     |       |     |       |     |       |     |       |     |        |     |
|--|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|--------|-----|
| Month  | March |     | April |     | May   |     | June  |     | July  |     | August |     |
| LME-MCO  |       |     |       |     |       |     |       |     |       |     |        |     |
| Alliance Health                                      | 53.48 | Yes | 50.02 | Yes | 54.25 | Yes | 53.40 | Yes | 59.42 | Yes | 64.00  | Yes |
| Cardinal Innovations                                 | 44.62 | Yes | 48.70 | Yes | 42.44 | Yes | 55.28 | Yes | 62.39 | Yes | 62.58  | Yes |
| Eastpointe Behavioral Health                         | 36.82 | Yes | 32.27 | Yes | 30.94 | Yes | 24.40 | No  | 35.67 | Yes | 35.89  | Yes |
| Partners Health Management                           | 27.98 | No  | 38.07 | Yes | 46.31 | Yes | 47.09 | Yes | 62.05 | Yes | 62.37  | Yes |
| Sandhills Center                                     | 72.98 | Yes | 73.59 | Yes | 67.98 | Yes | 55.74 | Yes | 70.44 | Yes | 75.90  | Yes |
| Trillium Health Resources                            | 27.45 | No  | 28.02 | No  | 34.32 | Yes | 31.71 | Yes | 37.57 | Yes | 41.81  | Yes |
| Vaya Health  | 57.24 | Yes | 59.87 | Yes | 66.21 | Yes | 68.88 | Yes | 76.65 | Yes | 83.24  | Yes |

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

| HIPAA Transaction Review: Summary Findings |   |                                    |  |  |   |
|--|---|------------------------------------|--|--|---|
| Audit Type                                 | Premium Payment Transactions (X12N 820) | Enrollment Transactions (X12N 834) | Health Care Claim Transactions (X12N 837I, 837P) | Remit Processing Transactions (X12N 835) | Eligibility Inquiry & Response (X12N 270/271) |
| <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 Health Management</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 between March 2020 through August 2020 for each LME/MCO.

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