



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

February 1, 2018

SENT VIA ELECTRONIC MAIL

The Honorable Ralph Hise, Chair
Appropriations Subcommittee on
Health and Human Services
Room 312, Legislative Office Building
Raleigh, NC 27603

The Honorable Louis Pate, Chair
Appropriation Subcommittees on
Health and Human Services
Room 311, Legislative Office Building
Raleigh, NC 27603

The Honorable Joyce Krawiec, Chair
Appropriations Subcommittee 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), related specifically to solvency, timeliness of claims payments, and federal HIPAA standards. 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 of solvency, claims payments, and HIPAA compliance 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 of solvency, claims payments, and HIPAA compliance by the Carolinas Center for Medical Excellence contractor HMS, thereby certifies that the following LME/MCOs are in compliance with the specific 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. We provided additional feedback on this issue in a report submitted to the General Assembly on September 29, 2017.

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

Sincerely,

Mark T. Bunker

Dr. Mandy Cohen, M.D, MPH
Secretary

Attachments

cc: Rod Davis Matt Gross Theresa Matula Kolt Ulm Joyce Jones
Marjorie Donaldson Leah Burns Deborah Landry Pam Kilpatrick Dave Richard
Christen Linke Young Denise Thomas reports@ncleg.net Mark Benton Susan Perry-Manning
Jason Vogler LT McCrimmon Lisa Wilks

Claims Accuracy and Timeliness Review: Summary Findings

Audit Type	Timeliness of Provider Payment (Within 30 days)		Claims Processing Accuracy		Financial Accuracy	
LME-MCO						
Alliance	99.88%	Compliant	99.97%	Compliant	99.98%	Compliant
Cardinal Innovations	99.99%	Compliant	99.85%	Compliant	99.94%	Compliant
Eastpointe	99.68%	Compliant	99.98%	Compliant	99.98%	Compliant
Partners Behavioral Healthcare	98.47%	Compliant	99.99%	Compliant	99.99%	Compliant
Sandhills Center	99.79%	Compliant	99.88%	Compliant	99.86%	Compliant
Vaya Health	98.50%	Compliant	99.84%	Compliant	99.93%	Compliant
Trillium Health Resources	99.98%	Compliant	99.10%	Compliant	99.76%	Compliant

Data is based on a statistical sample of Medicaid claims processed between March 2017 through August 2017 for each LME-MCO.

Solvency Review: Current Ratio Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance	3.40	Yes	3.74	Yes	4.27	Yes	4.23	Yes	3.44	Yes	3.69	Yes
Cardinal Innovations	3.61	Yes	3.83	Yes	3.90	Yes	4.92	Yes	4.57	Yes	4.82	Yes
Eastpointe	3.40	Yes	3.33	Yes	3.36	Yes	3.08	Yes	3.13	Yes	3.30	Yes
Partners Behavioral Healthcare	4.13	Yes	3.72	Yes	4.07	Yes	3.48	Yes	3.89	Yes	4.82	Yes
Sandhills Center	8.88	Yes	9.13	Yes	9.25	Yes	8.59	Yes	7.52	Yes	7.48	Yes
Vaya Health	3.60	Yes	3.50	Yes	3.46	Yes	3.05	Yes	3.34	Yes	3.63	Yes
Trillium Health Resources	2.86	Yes	2.97	Yes	3.14	Yes	2.53	Yes	2.46	Yes	2.66	Yes

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Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance	101%	No	83%	Yes	95%	Yes	97%	Yes	100%	Yes	96%	Yes
Cardinal Innovations	95%	Yes	83%	Yes	108%	No	88%	Yes	94%	Yes	98%	Yes
Eastpointe	96%	Yes	94%	Yes	104%	No	97%	Yes	96%	Yes	96%	Yes
Partners Behavioral Healthcare	96%	Yes	98%	Yes	98%	Yes	179%	No	100%	Yes	95%	Yes
Sandhills Center	92%	Yes	80%	Yes	112%	No	82%	Yes	101%	No	98%	Yes
Vaya Health	107%	No	98%	Yes	110%	No	99%	Yes	95%	Yes	99%	Yes
Trillium Health Resources	105%	No	93%	Yes	105%	No	126%	No	84%	Yes	97%	Yes

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Solvency Review: Defensive Interval Summary Findings												
Month	March		April		May		June		July		August	
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Alliance	100.47	Yes	128.93	Yes	106.18	Yes	77.54	Yes	98.86	Yes	88.22	Yes
Cardinal Innovations	106.70	Yes	125.76	Yes	92.15	Yes	104.44	Yes	115.52	Yes	102.72	Yes
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Partners Behavioral Healthcare	96.99	Yes	90.12	Yes	80.47	Yes	83.62	Yes	97.13	Yes	66.22	Yes
Sandhills Center	175.02	Yes	188.53	Yes	135.79	Yes	177.20	Yes	150.38	Yes	155.22	Yes
Vaya Health	85.91	Yes	88.11	Yes	76.21	Yes	83.22	Yes	91.38	Yes	80.46	Yes
Trillium Health Resources	71.06	Yes	76.35	Yes	65.68	Yes	47.71	Yes	70.98	Yes	62.92	Yes

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HIPAA Transaction Review: Summary Findings

Audit Type	Enrollment (820)	Health Care Claim Transaction Set (837i and 837p)	Health Care Claim Payment / Advice Transaction Set (835)	Benefit Enrollment and Maintenance Set (834)	Health Care Eligibility / Benefit Inquiry and Response (270/271)
LME-MCO					
Alliance	Compliant	Compliant	Compliant	Compliant	Compliant
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The Honorable Gregory Murphy, Chair
Appropriations Subcommittee on
Health and Human Services
Room 632, Legislative Office Building
Raleigh, NC 27603

The Honorable William Brisson, Chair
Appropriations Subcommittees on
Health and Human Services
Room 405, Legislative Office Building
Raleigh, NC 27603

The Honorable Josh Dobson, Chair
Appropriations Subcommittee on
Health and Human Services
Room 301N, Legislative Office Building
Raleigh, NC 27603

The Honorable Chris Malone, Chair
Appropriations Subcommittees on
Health and Human Services
Room 1229, Legislative Building
Raleigh, NC 27601

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), related specifically to solvency, timeliness of claims payments, and federal HIPAA standards. 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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Health and Human Services
Room 301N, Legislative Office Building
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Health and Human Services
Room 311, Legislative Office Building
Raleigh, NC 27603

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

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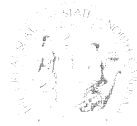
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SECRETARY

February 1, 2018

SENT VIA ELECTRONIC MAIL

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

Dear Director Trogdon,

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Sandhills Center	8.88	Yes	9.13	Yes	9.25	Yes	8.59	Yes	7.52	Yes	7.48	Yes
Vaya Health	3.60	Yes	3.50	Yes	3.46	Yes	3.05	Yes	3.34	Yes	3.63	Yes
Trillium Health Resources	2.86	Yes	2.97	Yes	3.14	Yes	2.53	Yes	2.46	Yes	2.66	Yes

Data is based on financial information combined for State and Medicaid funds from March 2017 through August 2017 for each LME-MCO.

Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance	101%	No	83%	Yes	95%	Yes	97%	Yes	100%	Yes	96%	Yes
Cardinal Innovations	95%	Yes	83%	Yes	108%	No	88%	Yes	94%	Yes	98%	Yes
Eastpointe	96%	Yes	94%	Yes	104%	No	97%	Yes	96%	Yes	96%	Yes
Partners Behavioral Healthcare	96%	Yes	98%	Yes	98%	Yes	179%	No	100%	Yes	95%	Yes
Sandhills Center	92%	Yes	80%	Yes	112%	No	82%	Yes	101%	No	98%	Yes
Vaya Health	107%	No	98%	Yes	110%	No	99%	Yes	95%	Yes	99%	Yes
Trillium Health Resources	105%	No	93%	Yes	105%	No	126%	No	84%	Yes	97%	Yes

Data is based on financial information combined for State and Medicaid funds from March 2017 through August 2017 for each LME-MCO.

Solvency Review: Defensive Interval Summary Findings												
Month	March		April		May		June		July		August	
LME-MCO												
Alliance	100.47	Yes	128.93	Yes	106.18	Yes	77.54	Yes	98.86	Yes	88.22	Yes
Cardinal Innovations	106.70	Yes	125.76	Yes	92.15	Yes	104.44	Yes	115.52	Yes	102.72	Yes
Eastpointe	87.52	Yes	89.21	Yes	86.36	Yes	88.02	Yes	98.49	Yes	100.30	Yes
Partners Behavioral Healthcare	96.99	Yes	90.12	Yes	80.47	Yes	83.62	Yes	97.13	Yes	66.22	Yes
Sandhills Center	175.02	Yes	188.53	Yes	135.79	Yes	177.20	Yes	150.38	Yes	155.22	Yes
Vaya Health	85.91	Yes	88.11	Yes	76.21	Yes	83.22	Yes	91.38	Yes	80.46	Yes
Trillium Health Resources	71.06	Yes	76.35	Yes	65.68	Yes	47.71	Yes	70.98	Yes	62.92	Yes

Data is based on financial information combined for State and Medicaid funds from March 2017 through August 2017 for each LME-MCO.

HIPAA Transaction Review: Summary Findings

Audit Type	Enrollment (820)	Health Care Claim Transaction Set (837i and 837p)	Health Care Claim Payment / Advice Transaction Set (835)	Benefit Enrollment and Maintenance Set (834)	Health Care Eligibility / Benefit Inquiry and Response (270/271)
LME-MCO					
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 2017 through August 2017 for each LME-MCO. A finding of “Compliant” means that CCME found that the LME-MCO was compliant with the outlined requirements.