LME/MCO Solvency Dashboard

In accordance with SL 2023-134, SECTION 9G.7A.(a11), which revised General Statute 122C-125.3, on a quarterly basis, beginning on April 1, 2024, the Department of Health and Human Services (DHHS) will utilize information from financial reports submitted monthly by each Local Management Entities/Managed Care Organizations (LME/MCO) to evaluate each entity's compliance with solvency standards specified in their contract with the State.

The tables below document the DHHS findings for the quarter ending in March 2024 and will be updated each quarter going forward based on the most current previous quarter's available financial data.

Each solvency standard is briefly described, followed by a table that indicates each LME/MCO's performance against the standard.

Current Ratio

Contractual Requirement: Each LME/MCO shall maintain a Current Ratio above 1.0, as determined from the monthly, quarterly, and annual financial reporting schedules.

The Current Ratio is defined as Current Assets divided by Current Liabilities. Current Assets include any short-term investments that can be converted to cash within five (5) Business Days without significant penalty. A significant penalty is a penalty greater than twenty percent (20%). Current liabilities are obligations whose liquidation is reasonably expected to occur within one year.

If an LME/MCO's Current Ratio falls below 1.0 at any point in time, the entity must submit a report to DHHS that describes the reason for the decline, proposed corrective action to increase the ratio and projections of the impact of the corrective actions.

Table 1- Current Ratio Summary Findings (Jan 24-Mar 24)

		Jan- 24		Feb- 24		Mar- 24	
		Total	**Ratio**	**Total**	**Ratio**	**Total**	**Ratio**
Alliance	**Current Assets**	$358,599,819	2.12 Compliant	$356,779,240	2.23 Compliant	$365,452,724	2.31 Compliant
	Current Liabilities	$168,766,485		$159,801,199		$158,392,622	
Partners	**Current Assets**	$135,925,290	1.58 Compliant	$138,308,181	1.49 Compliant	$141,695,229	1.54 Compliant
	Current Liabilities	$86,178,306		$92,993,736		$92,064,836	
Trillium	**Current Assets**	$140,851,496	2.06 Compliant	$286,870,247	2.41 Compliant	$240,324,221	1.64 Compliant
	Current Liabilities	$68,320,533		$119,196,208		$146,518,126	
Vaya	**Current Assets**	$177,544,576	1.92 Compliant	$182,599,944	1.91 Compliant	$201,006,352	1.93 Compliant
	Current Liabilities	$92,464,861		$95,417,068		$104,170,623	

Assets & Liabilities are Medicaid-only Current Assets/Liabilities (minimum benchmark Current Ratio of 1.0)

Defensive Interval Ratio

Contractual Requirement: Each LME/MCO shall maintain a Defensive Interval Ratio above thirty (30) Calendar Days as determined from the monthly, quarterly, and annual financial reporting schedules.

The Defensive Interval is defined as Cash plus Cash Equivalents divided by Average Daily Operating Expenses.

If an LME/MCO's Defensive Interval Ratio falls below 30 days at any point in time, the LME/MCO must submit a report to DHHS that describes the reason for the decline, proposed corrective action to increase the ratio and projections of the impact of the corrective actions.

Table 2- Defensive Interval Ratio Summary Findings (Jan 24-Mar 24)

		Jan - 24		Feb - 24		Mar - 24	
		Total	Ratio	Total	Ratio	Total	Ratio
Alliance	**Cash + Current Investment**	$337,847,657	114.46 Compliant	$337,338,530	103.90 Compliant	$344,232,806	116.13 Compliant
	Operating Expense	$91,502,932		$94,154,296		$91,890,015	
Partners	**Cash + Current Investment**	$130,178,049	62.34 Compliant	$135,859,806	50.63 Compliant	$140,028,960	60.60 Compliant
	Operating Expense	$64,735,232		$77,815,715		$71,635,305	
Trillium	**Cash + Current Investment**	$114,595,219	55.69 Compliant	$137,606,106	28.2 non-Compliant[1]	$191,615,212	42.77 Compliant
	Operating Expense	$63,788,984		$141,503,824		$138,874,940	
Vaya	**Cash + Current Investment**	$153,390,093	72.47 Compliant	$162,716,779	68.21 Compliant	$169,900,205	74.43 Compliant
	Operating Expense	$65,613,620		$69,176,160		$70,761,301	

Figures are Medicaid-only Current Assets/Operating Expenses (minimum benchmark Defensive Interval of 30 days)

[1] *Trillium reported to DHHS the reason for the non-compliant ratio, explaining it was due to lags in fund balance transfers resulting from consolidation. The subsequent transfer of fund balances during March resulted in a compliant ratio. No corrective action plan is needed at this time.*

Capital Reserves

Contractual Requirement: The LME/MCO operating a Tailored Plan must, by Day 1 of Tailored Plan/Medicaid Direct Prepaid Inpatient Health Plan (MDPIHP) launch, fully fund Tailored Plan/MDPIHP capital reserves at twelve and a half percent (12.5%) of total expected annual Tailored Plan and MDPIHP Medicaid capitation.

If an LME/MCO fails to meet the Medicaid twelve and a half percent (12.5%) reserves requirement by Day 1 of Tailored Plan launch, the Tailored Plan/MDPIHP must submit a viable plan outlining how the Tailored Plan/MDPIHP will meet these requirements by the end of Contract Year 2, for approval at the discretion of DHHS.

For an LME/MCO to be considered viable, the LME/MCO must document capital reserves of at least 9.0% of total expected annual Tailored Plan/MDPIHP Medicaid Capitation by Day 1 of Tailored Plan launch.

After Tailored Plan launch, if an LME/MCO's capital reserves fall below 9.0% of total expected annual combined Tailored Plan/MDPIHP Medicaid capitation in any quarterly statement, the Tailored Plan must submit a report to DHHS that describes the reason for the decline in capital reserves, proposed corrective action to increase capital reserves and projections of the impact of the corrective actions on the capital reserve levels.[2][3][4]

Table 3a- January 2024 Capital Reserves Summary Findings

Tailored Plan/PIHP	Risk Reserve and Other Applicable Fund Balances	Additional 'Restricted-Other' Funds that could be used for Capital Requirements	Total Capital, Including Applicable 'Restricted-Other' Funds	Total Projected Tailored Plan (TP) + Medicaid Direct BH (MD) Revenue	Current Capital as a % of TP + MD Revenue
Alliance	$287,336,573	$46,526,619	$333,863,192	$1,894,694,417	17.62%
Partners	$149,066,638	$35,038,468	$184,105,106	$1,499,512,627	12.28%
Trillium	$87,335,451	$46,841,703	$134,177,154	$2,565,689,700	10.30%
Sandhills	$6,523,628	$76,614,589	$83,138,216		
Eastpointe	$20,447,089	$26,583,799	$47,030,888		
Vaya	$142,157,656	0	$142,157,656	$1,317,024,650	10.79%

Current Capital is based on LME/MCO (Full Entity) Unobligated Assets (Tailored Plan Requirement is 12.5%)

[2] *LME/MCO Capital Reserve Findings are based on January, February, and March Financial Reporting Template submissions.*

[3] *DHHS is working with Trillium on their documentation of a viable approach to meet the 9% and 12.5% capital reserve requirements.*

[4] *Vaya submitted documentation to DHHS substantiating a viable approach to meet the 9% and 12.5% capital reserve requirements.*

Table 3b- February 2024 Capital Reserves Summary Findings

Tailored Plan/PIHP	Risk Reserve and Other Applicable Fund Balances	Additional 'Restricted-Other' Funds that could be used for Capital Requirements	Total Capital, Including Applicable 'Restricted-Other' Funds	Total Projected Tailored Plan (TP) + Medicaid Direct BH (MD) Revenue	Current Capital as a % of TP + MD Revenue
Alliance	$302,336,953	$46,526,619	$348,863,572	$1,894,694,417	18.41%
Partners	$159,834,564	$33,756,002	$193,590,566	$1,499,512,627	12.91%
Trillium	$198,101,405	$102,603,920	$300,705,325	$2,565,689,700	11.72%
Vaya	$151,134,055	0	$151,134,055	$1,317,024,650	11.48%

Current Capital is based on LME/MCO (Full Entity) Unobligated Assets (Tailored Plan Requirement is 12.5%)

Table 3c- March 2024 Capital Reserves Summary Findings

Tailored Plan/PIHP	Risk Reserve and Other Applicable Fund Balances	Additional 'Restricted-Other' Funds that could be used for Capital Requirements	Total Capital, Including Applicable 'Restricted-Other' Funds	Total Projected Tailored Plan (TP) + Medicaid Direct BH (MD) Revenue	Current Capital as a % of TP + MD Revenue
Alliance	$316,515,676	$46,526,619	$363,042,295	$1,894,694,417	19.16%
Partners	$167,595,931	$32,928,703	$200,524,634	$1,499,512,627	13.37%
Trillium	$193,032,041	$99,812,567	$292,844,608	$2,565,689,700	11.41%
Vaya	$160,725,732	0	$160,725,732	$1,317,024,650	12.20%

Current Capital is based on LME/MCO (Full Entity) Unobligated Assets (Tailored Plan Requirement is 12.5%)

Profit/Loss

Profit or Loss will help determine the current financial position of the LME/MCO but there is no requirement to operate with a profit or certain amount of profit.

The Profit or Loss is defined as Total Revenues minus Total Expenses.

Since there is no specific target for each Plan to meet, no corrective action will be required associated with a Plan's quarterly profit or loss.

Table 4- Profit / Loss Summary Findings (Jan 24-Mar 24)

		Jan-24		Feb-24		Mar-24	
		Total	**Profit/(Loss)**	**Total**	**Profit/(Loss)**	**Total**	**Profit/(Loss)**
Alliance	**Total Expenses**	$91,502,932	$3,838,505	$94,154,296	$9,020,059	$91,890,015	$11,087,094
	Total Revenue	$95,341,437	Profit	$103,174,355	Profit	$102,977,110	Profit
Partners	**Total Expenses**	$64,735,232	$7,315,533	$77,815,715	$(3,567,013)	$71,635,305	$4,568,160
	Total Revenue	$72,050,765	Profit	$74,248,702	Loss	$76,203,465	Profit
Trillium[5]	**Total Expenses**	$63,788,984	$(5,328,735)	$141,503,824	$(11,271,856)	$138,874,940	$(7,254,026)
	Total Revenue	$58,460,248	Loss	$130,231,968	Loss	$131,620,915	Loss
Vaya	**Total Expenses**	$65,613,620	$(1,652,479)	$69,176,160	$2,332,339	$70,761,301	$1,531,755
	Total Revenue	$63,961,141	Loss	$71,508,500	Profit	$72,293,055	Profit

Calculations based on Medicaid Revenue and Expenses only; State-funded services are not included.
Profit/(Loss)= Revenue (Service + Administrative + TCM) - Expenses (Net Service+ Administrative)

[5] *The Department is in discussions with Trillium regarding their pattern of three consecutive months of loss.*