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 June 2024 and will be updated each quarter going forward based on the most current previous quarter's available financial data. Note that monthly, quarterly, and annual financials used for this report are subject to change based on the results of LME/MCO audits and/or restated financial reports that are submitted to the department after the posting date of the dashboard.

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 (April 24-June 24)

		April- 24		May- 24		June- 24	
		Total	**Ratio**	**Total**	**Ratio**	**Total**	**Ratio**
Alliance	**Current Assets**	$343,209,994	2.09 Compliant	$348,180,381	2.00 Compliant	$341,385,850	1.97 Compliant
	Current Liabilities	$163,860,994		$174,445,830		$173,082,500	
Partners	**Current Assets**	$115,661,483	1.55 Compliant	$100,502,828	1.32 Compliant	$92,182,656	1.26 Compliant
	Current Liabilities	$74,589,685		$75,962,042		$73,439,352	
Trillium	**Current Assets**	$236,833,815	1.59 Compliant	$232,191,489	1.54 Compliant	$230,023,599	1.36 Compliant
	Current Liabilities	$148,565,553		$151,145,833		$168,793,594	
Vaya	**Current Assets**	$203,232,195	1.96 Compliant	$184,954,448	2.09 Compliant	$188,437,195	2.19 Compliant
	Current Liabilities	$103,504,643		$88,673,051		$86,178,542	

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 Defense 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 (April 24-June 24)

		April - 24		May - 24		June - 24	
		Total	Ratio	Total	Ratio	Total	Ratio
Alliance	**Cash + Current Investment**	$ 323,847,068	100.98 Compliant	$ 332,414,941	84.74 Compliant	$ 324,234,995	98.09 Compliant
	Operating Expense	$ 96,212,416		$ 121,598,851		$ 99,165,874	
Partners	**Cash + Current Investment**	$ 111,693,167	40.37 Compliant	$ 99,579,576	34.52 Compliant	$ 86,535,251	31.57 Compliant
	Operating Expense	$ 83,008,260		$ 89,422,188		$ 82,238,143	
Trillium	**Cash + Current Investment**	$ 180,348,467	41.95 Compliant	$ 168,088,318	32.56 Compliant	$ 154,364,191	32.16 Compliant
	Operating Expense	$ 128,988,737		$ 160,013,536		$ 143,981,994	
Vaya	**Cash + Current Investment**	$ 166,829,646	72.33 Compliant	$ 151,098,077	62.26 Compliant	$ 132,075,662	51.17 Compliant
	Operating Expense	$ 69,195,149		$ 75,234,547		$ 77,435,184	

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

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.[1,2]

Table 3a- April 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	$292,670,689	$21,799,567	$ 314,470,256	$1,894,694,417	16.6%
Partners	$159,493,805	$27,581,750	$ 187,075,555	$1,499,512,627	12.5%
Trillium	$193,316,413	$33,306,042	$226,622,454	$2,565,689,700	8.8%
Vaya	$163,631,484	$0.00	$163,631,484	$1,317,024,650	12.4%

[1] *LME/MCO Capital Reserve Findings are based on April, May, and June Financial Reporting Template submissions which are submitted 20-days after month's end, i.e., June FRT was received July 20th. Note that, as of July 1, 2024, the submission timeline for Tailored Plan Financial Reporting is 45-days after month's end.*
[2] *Based on available information as of July 1, 2024, all LME-MCOs met the 9% Capital Reserve Requirement needed to be viable for Tailored Plan launch.*

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

Table 3b- May 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	$281,372,109	$30,127,921	$311,500,030	$1,894,694,417	16.4%
Partners	$152,311,322	$25,048,952	$177,360,274	$1,499,512,627	11.8%
Trillium	$187,471,874	$23,594,885	$211,066,759	$2,565,689,700	8.2%
Vaya	$159,644,837	$0	$159,644,837	$1,317,024,650	12.1%

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

Table 3c- June 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	$275,367,502	$30,127,921	$305,495,423	$1,894,694,417	16.1%
Partners[3]	$153,735,666	$24,610,723	$178,346,389	$1,499,512,627	11.9%
Trillium[4]	$177,318,754	$6,458,460	$183,777,215	$2,565,689,700	7.2%
Vaya	$167,027,994	$0	$167,027,994	$1,317,024,650	12.7%

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

[3] *The Department is in-discussions with Partners to identify a viable approach to meet the 12.5% capital reserve requirements by end of contract year 2.*

[4] *The Department is in-discussions with Trillium to identify a viable approach to meet the 12.5% capital reserve requirements by end of contract year 2.*

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 (April 24 - June 24)

		April-24		May-24		June-24	
		Total	**Profit/(Loss)**	**Total**	**Profit/(Loss)**	**Total**	**Profit/(Loss)**
Alliance[5]	**Total Expenses**	$96,212,416	$(23,650,978)	$121,598,851	$(14,807,222)	$99,165,874	$432,883
	Total Revenue	$72,561,437	Loss	$106,791,629	Loss	$99,598,756	Profit
Partners[6]	**Total Expenses**	$83,008,260	$(7,732,998)	$89,422,188	$(14,274,175)	$82,238,143	$(5,867,690)
	Total Revenue	$75,275,262	Loss	$75,148,013	Loss	$76,370,453	Loss
Trillium[7]	**Total Expenses**	$128,988,737	$ 4,011,959	$160,013,536	$(17,639,806)	$ 143,981,994	$(8,410,320)
	Total Revenue	$133,000,696	Profit	$142,373,731	Loss	$ 135,571,674	Loss
Vaya	**Total Expenses**	$69,195,149	$2,960,635	$75,234,547	$(3,719,794)	$77,435,184	$(5,979,773)
	Total Revenue	$72,155,784	Profit	$71,514,753	Loss	$71,455,411	Loss

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 Alliance to understand losses incurred during the months of April and May.*
[6] *The Department is in discussions with Partners regarding their pattern of 3 months with consecutive losses.*
[7] *The Department is in discussions with Trillium to understand losses incurred during the months of May and June.*