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 Chairman:

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,

[Signature]

Dr. Mandy Cohen, M.D, MPH
Secretary

Attachments

c:  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 McRimmon  Lisa Wilks
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<tr>
<th>Audit Type</th>
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Data is based on a statistical sample of Medicaid claims processed between March 2017 through August 2017 for each LME-MCO.

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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 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:

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Sincerely,

Mark T. Baker

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Secretary

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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 Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 301N, Legislative Office Building
Raleigh, NC 27603

The Honorable Louis Pate, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 311, 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), 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. Bihl

Dr. Mandy Cohen, M.D, MPH
Secretary
Attachments

cc: Rod Davis
    Marjorie Donaldson
    Christen Linke Young
    Jason Vogler

Matt Gross
Leah Burns
Denise Thomas
LT McRimmon

Theresa Matula
Deborah Landry
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Susan Perry-Manning
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Data is based on a statistical sample of Medicaid claims processed between March 2017 through August 2017 for each LME-MCO.

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# Solvency Review: Current Ratio Summary Findings

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### Solvency Review: Total Expenses to Total Medicaid Revenue Summary Findings

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### Solvency Review: Defensive Interval Summary Findings

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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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Sincerely,

Mandy Cohen, M.D., MPH
Secretary

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<td>93%</td>
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</table>

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

<table>
<thead>
<tr>
<th>Month</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
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<tbody>
<tr>
<td><strong>LME-MCO</strong></td>
<td></td>
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<tr>
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<td>128.93</td>
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<td>125.76</td>
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<td>89.21</td>
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<td>86.36</td>
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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

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<th>Enrollment (820)</th>
<th>Health Care Claim Transaction Set (837i and 837p)</th>
<th>Health Care Claim Payment / Advice Transaction Set (835)</th>
<th>Benefit Enrollment and Maintenance Set (834)</th>
<th>Health Care Eligibility / Benefit Inquiry and Response (270/271)</th>
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<tbody>
<tr>
<td>LME-MCO</td>
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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.