

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

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**SENATE BILL 371
Health Care Committee Substitute Adopted 4/21/15**

Short Title: LME/MCO Claims Reporting. (Public)

Sponsors:

Referred to:

March 24, 2015

A BILL TO BE ENTITLED
AN ACT TO MODERNIZE DATA COLLECTION BY THE DEPARTMENT OF HEALTH
AND HUMAN SERVICES RELATED TO LME/MCO MANAGED CARE CLAIMS.

Whereas, the Department of Health and Human Services (DHHS) contracts with local management entities/managed care organizations (LME/MCOs) for the management of services for mental health, intellectual and developmental disabilities, and substance abuse disorders; and

Whereas, LME/MCOs are paid to manage Medicaid services on a capitated basis and are at full financial risk for the cost of services delivered through a network of contracted service providers; and

Whereas, LME/MCOs operate pursuant to federal Medicaid managed care rules and have the authority to set rates and utilization rules that are different than fee-for-services payment models; and

Whereas, LME/MCOs also manage State and federal block grant funds under contracts with DHHS; and

Whereas, DHHS requires LME/MCOs to report records of claims payments to providers (encounter data) through NCTracks for both Medicaid and State-funded services; and

Whereas, each LME/MCO has an annual quality review by DHHS, an annual compliance audit by an independent auditor, and two DHHS audits conducted pursuant to S.L. 2013-85 to evaluate the LME/MCO claims processing function for accuracy and completeness; and

Whereas, the results of each LME/MCO's numerous audits are utilized to evaluate quality, ensure operational competence and contract compliance, and verify that all federal Medicaid managed care requirements are met; and

Whereas, DHHS has multiple responsibilities to the Centers for Medicare and Medicaid Services (CMS), to federal authorities for block grants, and to the General Assembly for the proper and accountable expenditure of funds managed by the LME/MCOs in accordance with State and federal requirements and for the review and audit of encounter data necessary for the implementation of these responsibilities; Now, therefore, The General Assembly of North Carolina enacts:

SECTION 1. The encounter data submission requirements for local management entities/managed care organizations (LME/MCOs) shall be as follows:

- (1) LME/MCOs shall submit to the Department of Health and Human Services (DHHS) encounter data, consisting of records of claims payments made to providers, for Medicaid and State-funded mental health, intellectual and developmental disabilities, and substance abuse disorder services using a



1 single nationally recognized, standardized electronic format, which shall be
2 specified to the LME/MCOs in advance to assure compliance with the
3 format of encounter data submitted to the DHHS.

4 (2) DHHS may use encounter data for purposes including, but not limited to,
5 setting LME/MCO capitation rates, measuring the quality of services
6 managed by LME/MCOs, assuring compliance with State and federal
7 regulations, and for oversight and audit functions.

8 (3) DHHS, pursuant to G.S. 143B-426.38A, shall share encounter data with the
9 Government Data Analytics Center in order to leverage existing
10 public-private partnerships and subject matter expertise that can assist in
11 providing outcome-based analysis of services and programs as well as
12 population health analytics of the LME/MCO patient population.

13 (4) DHHS shall work with LME/MCOs to ensure that the process for submitting
14 encounter claims through NCTracks is successful.

15 (5) DHHS shall report to the Joint Legislative Oversight Committee on Health
16 and Human Services regarding the status of this section on or before October
17 31, 2015.

18 **SECTION 2.** This act is effective when it becomes law.