

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE BILL 208

Short Title: Effective Operation of 1915(b)/(c) Waiver. (Public)

Sponsors: Senators Tucker, Barringer (Primary Sponsors); Clark and Hise.

Referred to: Health Care.

March 7, 2013

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENSURE EFFECTIVE STATEWIDE OPERATION OF THE 1915 (B)/(C)  
3 MEDICAID WAIVER.

4 Whereas, S.L. 2011-264, as amended by Section 13 of S.L. 2012-151, required the  
5 Department of Health and Human Services (Department) to restructure the statewide  
6 management of the delivery of services for individuals with mental illness, intellectual and  
7 developmental disabilities, and substance abuse disorders through the statewide expansion of  
8 the 1915(b)/(c) Medicaid Waiver; and

9 Whereas, local management entities (LMEs) that are awarded contracts to operate  
10 the 1915(b)/(c) Medicaid Waiver must maintain fidelity to the Piedmont Behavioral Health  
11 (PBH) demonstration model; and

12 Whereas, these LMEs are acting as Medicaid vendors and the Department must  
13 ensure that they are compliant with the provisions of S.L. 2011-264, as amended by Section 13  
14 of S.L. 2012-151, as well as all applicable federal, State, and contractual requirements; Now,  
15 therefore,

16 The General Assembly of North Carolina enacts:

17 **SECTION 1.** G.S. 122C-3 is amended by adding a new subdivision to read:

18 "(20c) "Local management entity/managed care organization" or "LME/MCO"  
19 means an LME that has been approved by the Department to operate the  
20 1915(b)/(c) Medicaid Waiver."

21 **SECTION 2.** Article 4 of Chapter 122C of the General Statutes is amended by  
22 adding a new section to read:

23 "§ 122C-124.2. Actions by the Secretary to ensure effective management of behavioral  
24 health services under the 1915(b)/(c) Medicaid Waiver.

25 (a) For LME/MCOs with whom the Department has contracted to operate the  
26 1915(b)/(c) Medicaid Waiver for less than three years, the Secretary shall provide an  
27 unqualified attestation every six months that the LME/MCO is in compliance with (i) the terms  
28 of its contract with the Department, (ii) S.L. 2011-264, as amended by Section 13 of S.L.  
29 2012-151, and (iii) all other applicable State and federal requirements. For LME/MCOs with  
30 whom the Department has contracted to operate the 1915(b)/(c) Medicaid Waiver for at least  
31 three years, the Secretary shall provide this unqualified attestation of compliance in writing on  
32 an annual basis. The Secretary shall specifically address the following requirements in each  
33 attestation:

34 (1) Solvency.

35 (2) Timeliness of provider payments.



- 1           (3) Compliance with the requirements of S.L. 2011-264, as amended by Section  
2           13 of S.L. 2012-151.
- 3           (4) Compliance with the provisions of any contract in effect between the  
4           LME/MCO and the Department with respect to management responsibilities  
5           for the delivery of services for individuals with mental illness, intellectual or  
6           other developmental disabilities, and substance abuse disorders under the  
7           1915(b)/(c) Medicaid Waiver.
- 8           (5) The ability to exchange billing, payment, and transaction information with  
9           LME/MCOs and providers in a manner that complies with all applicable  
10          federal standards, including but not limited to all of the following.
- 11          a. Standards for information transactions and data elements specified in  
12          42 U.S.C. 1302d-2 of the Healthcare Insurance Portability and  
13          Accountability Act (HIPAA), as from time to time amended.
- 14          b. Standards for health care claims or equivalent encounter information  
15          transaction specified in HIPAA regulations in 45 C.F.R. 162.1102, as  
16          from time to time amended.
- 17          c. Implementation specifications for Electronic Data Interchange  
18          standards published and maintained by the Accredited Standards  
19          Committee (ASC X12) and referenced in HIPAA regulations in 45  
20          C.F.R. 162.920.

21          (b) If the Secretary is unable to provide an LME/MCO with the unqualified attestation  
22          of compliance required by subsection (a) of this section on the date the attestation is due  
23          because the LME/MCO is noncompliant, then the Secretary shall assign the LME/MCO's  
24          contract to operate the 1915(b)/(c) Medicaid Waiver to another LME/MCO no later than thirty  
25          days after the Secretary's unqualified attestation of compliance was due for the LME/MCO.  
26          Upon assigning a contract pursuant to this subsection, the Secretary shall effectuate an orderly  
27          transfer of management responsibilities from the noncompliant LME/MCO to a compliant  
28          LME/MCO, including the responsibility of paying providers for covered services, in order to  
29          ensure uninterrupted provision of medically necessary services to Medicaid recipients.

30          (c) The Secretary shall provide a copy of each unqualified attestation of compliance  
31          completed in accordance with this section to the Senate Appropriations Committee on Health  
32          and Human Services, the House Appropriations Subcommittee on Health and Human Services,  
33          the Legislative Oversight Committee on Health and Human Services, and the Fiscal Research  
34          Division."

35          **SECTION 3.** By no later than June 30, 2013, the Secretary of Health and Human  
36          Services shall complete an initial unqualified attestation of compliance, in accordance with  
37          G.S. 122C-124.2(a), for each LME that has been approved by the Department to operate the  
38          1915(b)/(c) Medicaid Waiver and provide a copy of the attestation to the Senate Appropriations  
39          Committee on Health and Human Services, the House Appropriations Subcommittee on Health  
40          and Human Services, the Legislative Oversight Committee on Health and Human Services, and  
41          the Fiscal Research Division.

42          **SECTION 4.** This act is effective when it becomes law.