

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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SENATE BILL 657

Short Title: LME/MCO Transparency and Accountability. (Public)

Sponsors: Senator Grafstein (Primary Sponsor).

Referred to: Rules and Operations of the Senate

April 10, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE QUARTERLY REPORTING BY LOCAL MANAGEMENT
3 ENTITIES/MANAGED CARE ORGANIZATIONS REGARDING ACCESS TO
4 HEALTHCARE PROVIDERS AND TO PROVIDE FOR SPECIFIC MINIMALLY
5 ADEQUATE SERVICES REQUIREMENTS TO BE MET BY LOCAL MANAGEMENT
6 ENTITIES/MANAGED CARE ORGANIZATIONS.

7 The General Assembly of North Carolina enacts:

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9 **PART I. QUARTERLY LME/MCO REPORTING**

10 **SECTION 1.** On a quarterly basis beginning October 1, 2023, and for the period of
11 four years thereafter, every local management entity/managed care organization shall submit to
12 the Department of Health and Human Services (DHHS) the following information:

- 13 (1) The number of individuals served by the LME/MCO who had an emergency
14 department stay of more than 24 hours and the length of stay for each
15 individual.
16 (2) The number, and percentage of, individuals served by the LME/MCO who
17 were unable to access a healthcare provider both willing and able to initiate
18 services within 30 days of the approval of those services.
19 (3) The amount of funds retained by the LME/MCO as a result of services that
20 are approved for an individual served by the LME/MCO but that are not used
21 due to limited access to appropriate or available providers.
22 (4) For the initial report, the number of healthcare providers in the LME/MCO's
23 network, by provider type. For each subsequent report, any change, positive
24 or negative, in the number of providers in the LME/MCO's network, by
25 provider type.
26 (5) The number of individuals who are deemed eligible for mental, behavioral, or
27 substance use services pursuant to contract between DHHS and the
28 LME/MCO who are not receiving any or all of those services through the
29 LME/MCO, except when the needed service is made available by another
30 payor.

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32 **PART II. LME/MCO MINIMALLY ADEQUATE SERVICES REQUIREMENTS**

33 **SECTION 2.(a)** Pursuant to the authority granted to the Secretary of the Department
34 of Health and Human Services (Secretary) under G.S. 122C-112.1(25), the Secretary shall adopt
35 rules incorporating the following standards for minimally adequate services provided by local



1 management entities/managed care organizations (LME/MCOs) to be met no later than
2 December 31, 2023, and each quarter thereafter:

3 (1) LME/MCOs shall have fewer than two beneficiaries per county in the
4 LME/MCO's catchment area boarded in a hospital emergency department at
5 any one time. For the purposes of this subdivision, the term "boarded" means
6 a stay of more than 24 hours after an individual is medically cleared for
7 discharge or referral to a behavioral healthcare setting.

8 (2) Individuals served by the LME/MCO shall have access to a willing and
9 available healthcare provider and begin receiving all approved services within
10 45 days of the approval of the services at least eighty-five percent (85%) of
11 the time. This goal does not include specialized medical services for which
12 there are extended wait times for individuals who are not Medicaid
13 beneficiaries.

14 **SECTION 2.(b)** The Secretary may incorporate the criteria specified in subsection
15 (a) of this section in any future managed care contracts. In addition to the measures outlined in
16 this section, the Secretary may develop additional measures of LME/MCO compliance with
17 established requirements for timely access to services for individuals served by the LME/MCO.

18 **SECTION 2.(c)** The failure of an LME/MCO to meet the access to service
19 benchmarks specified in subsection (a) of this section, or as specified in rules adopted in
20 accordance with that subsection, for two consecutive quarters shall constitute a failure to provide
21 for minimally adequate services and the Secretary shall take corrective action and initiate the
22 procedures set out in G.S. 122C-124.1.

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24 **PART III. EFFECTIVE DATE**

25 **SECTION 3.** This act is effective when it becomes law.