

## **House Budget Passes**

The House unveiled their budget proposal on Monday, April 29<sup>th</sup> and passed the budget by the end of the week. This is a significant step in moving toward a budget agreement for the biennium of July 1, 2019 – June 30, 2021. As reported earlier, there has been a lot of discussion already amongst legislative leaders. This may be a sign that the budget will expediently work its way through the General Assembly. Once this proposal is passed by the House, the Senate will consider it and probably make some changes. At that point, there would be a conference committee appointed if budget differences need to be reconciled. Here are some highlights of the budget as it pertains to individuals in the public system:

**Medicaid Transformation Reserve:** Funds are transferred from the Medicaid Transformation Reserve of the State General Fund in the amount of:

\$206.1 million non-recurring in SFY19-20

\$62.5 million non-recurring in SFY20-21

The majority of that funding will be used to pay for the fee-for-service claims that will continue coming through as Medicaid beneficiaries are moved to managed care (termed the “fee-for-service claims run-out”). Some of the funds will be used for the following so that there is no need for any new appropriations:

- Enrollment Broker Contract
- Ombudsman Contract
- Provider Data Management and Credentialing Contract
- NC FAST upgrades
- NC TRACKS upgrade to include program integrity component
- 30 new time-limited positions in DHHS

**Expanding Innovations Waiver by 150 Slots:** NC DHHS will amend the North Carolina Innovations waiver to increase the number of slots available under the waiver by 150 slots. 125 of these additional slots will be made available on March 1, 2020. 25 of the slots will also be available on March 1, 2020 but will be distributed to LME/MCOs based on population and first-come, first-served by length of time on the waiting list.

Net appropriations for this slot increase:

\$1.08 million recurring for SFY19-20

\$3.26 million recurring for SFY20-21

Funds are also appropriated to conduct an actuarial analysis to determine adjustments needed to align wages paid to direct support personnel providing waiver services with wages paid to State employees in State-owned developmental centers.

Finally, a ten-year plan will be developed by DHHS in conjunction with a group of external stakeholders that includes ways to address the unmet needs in the Innovations waiver.

**Traumatic Brain Injury Funding:**

\$2.3 million recurring in each fiscal year of the biennium

**ICF “In Lieu of” Service:** An “in lieu of” service definition is used to create an alternative to an existing Medicaid service. It must be budget neutral to the existing Medicaid services. DHHS has created an “in lieu of” service definition using community-based supported living as an alternative to an ICF residential setting.

Net appropriation for the “in lieu of” service:

\$11.5 million recurring for SFY19-20

\$11.4 million recurring for SFY20-21

**New Broughton Hospital:**

\$8.7 million recurring to create 60 new full-time positions, operational costs for the new beds and the cost of transferring patients from the old facility to the new facility.

**Changes to NCFAST:**

\$18 million was reserved from the General Fund for NC FAST.

From DHHS Central Management funds, \$18.3 million non-recurring for SFY19-20 and \$12.3 million non-recurring will be used. In addition, from receipts \$41.3 million for SFY19-20 and \$24.8 million for SFY20-21 to do the following:

- Document Management capacity that will allow for a broader sharing of data, including local departments of social services;
- Migrate the data to a cloud based platform and allow for 24/7 access to the data;
- Builds case management capacity to comply with Rylan’s Law and the Families First Prevention Services Act.

**Single Stream Funding Cut Change:** Revises and decreases the recurring Single Stream Funding reductions that were made previously to LME/MCOs. This revision actually increases Single Stream Funding to each LME/MCO. The NC DHHS Secretary must submit a proposal by March 1, 2020 for any adjustments to the specified reductions for future fiscal years.

**Supplemental Short-Term Assistance for Group Homes:**

\$31 million non-recurring is budgeted total from the DMH/DD/SAS budget:

- \$8 million non-recurring in SFY19-20 in monthly payments made per resident that meets certain criteria.
- \$23 million non-recurring in SFY20-21 to be infused in the LME/MCO capitation rate and with a rate adjustment analysis, potential rate adjustments and changes to the service definitions. A report due to the General Assembly by 11/1/20.

**Group Home Wages:** Increases the capitation rates for LME/MCOs, effective January 1, 2020, to enable increases in the wages paid to direct support personnel working in group homes for individuals with I/DD.

Net appropriation to be used for wage increases:

- \$5.5 million recurring for SFY19-20
- \$11 million recurring for SFY20-21

**Reports and Specific Projects:**

- Requires annual report due on September 1 of each year on use of funds to purchase inpatient alcohol and substance use treatment services.
- Provides funds to NC APSE to create training modules on evidence-based practices in supported employment of individuals with SMI and I/DD.

- Provides funds to conduct statewide compliance checks on the youth tobacco access law.
- Funds a feasibility study for a regional behavioral health center in Burke County.
- Establishes a work group to reduce administrative duplication for BH and I/DD providers.
- Designates money from the Mental Health Block Grant for two Peer Wellness Center pilot programs.
- Provides continuation funds for the Community Paramedicine Pilot Program.
- Expands the NC Telepsychiatry Program to two more counties with funding.
- \$7.7 million from the State Capital and Infrastructure Fund is allocated for the construction of a facility-based mental health crisis center in Guilford County to serve adults with mental illness.

**Co-Payments for Medicaid Services:** Beginning November 1, 2019, the co-payments for Medicaid services will be increased to \$4.00 with some exceptions. Adjustments to Medicaid payments to providers are made to account for the \$1-2 increase in the copayments.

De-Allocated Appropriations:

- (\$3.5 million) recurring in SFY19-20
- (\$5 million) recurring in SFY20-21

**Strengthen Child Fatality Prevention System:** Provides definitions and direction for centralization and coordination of child death reviews. Requires that external stakeholders be brought into a review of causes and evidence-driven strategies to reduce the number of child fatalities. Makes some changes to the membership of the NC Child Fatality Task Force.

**Hospital Assessment Act:** Spells out the framework for the hospital supplement and base assessments that are being done as a part of Medicaid managed care. Public hospitals are exempt from the supplemental assessment.

The following hospitals are exempt from both the supplemental assessment and the base assessment: (1) Critical access hospitals; (2) Freestanding psychiatric hospitals; (3) Freestanding rehabilitation hospitals; (4) Long-term care hospitals; (5) State-owned and State-operated hospitals; (6) The primary affiliated teaching hospital for each University of North Carolina medical school.

**Standardized Assessment/Foster Care Pilot:** Allocates from the Division of Social Services budget, \$80,000 for SFY19-20 and \$150,000 for SFY20-21 to implement a Standardized Assessment/Foster Care Pilot. The pilot will “develop and implement a process for every child, four years of age and older, entering into foster care to receive a standardized trauma and evidence-informed screening and assessment to ensure an appropriate diagnosis, which will in turn lead to the proper provision of services for the child.” Up to 3 LME/MCOs will be involved in the pilot. A report is due on April 1, 2022.

**Raise The Age:**

Provides approximately \$32 million in recurring funding to implement the Juvenile Justice Reinvestment Act ("Raise the Age"). About \$16 million will be used to expand judicial positions that are needed to work with the adolescents who will benefit from the raising of the age of juvenile jurisdiction. Some of the funds will be used to expand beds and service capacity, including:

- Provides \$4.5 million recurring in SFY19-20 and \$6.7 million recurring in SFY20-21 to increase bed capacity at Juvenile Detention Centers. These facilities provide temporary secure custody for juveniles deemed to require it as they move through the juvenile justice system.
- Provides \$6.85 million recurring in SFY19-20 and \$11.1 million recurring in SFY20-21 to increase funding for contracts for Level II community-based and residential programs for juveniles who have been adjudicated delinquent.
- Provides \$4.4 million recurring in SFY19-20 and \$8.8 million recurring in SFY19-20 for additional funding to be allocated to the county-level JCPCs. These statutorily defined councils identify and recommend programs that serve Level I delinquent juveniles, diverted juveniles, and at-risk juveniles.

**School Safety Grants Programs:** Three grant programs are established and funded through the Department of Public Instruction budget.

***School mental health support personnel grants:***

\$19 million non-recurring, SFY19-20

\$30.2 million recurring, SFY20-21

***School safety training grants:***

\$3 million non-recurring, SFY19-20

\$4.6 million recurring, SFY20-21

***Students in crisis grants:***

\$2 million non-recurring, SFY 19-20

\$4.6 million recurring, SFY20-21

The Students in Crisis Grants will be awarded to public school units to contract with community partners (see definition below) to provide or pay for the provision of any of the following crisis services: a. Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care. b. Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following 1. Cognitive or behavioral problems. 2. Developmental delays. 3. Aggressive behavior. c. Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following: 1. Parent-child interaction therapy. 2. Trauma-focused cognitive behavioral therapy. 3. Dialectical behavior therapy. 4. Child-parent psychotherapy. d. Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds allocated to the Superintendent for grants pursuant to this subdivision, the Superintendent shall not use more than fifty percent (50%) for the services identified in this sub-subdivision

Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.

**School Counselor Position Study:** A study will be conducted and reported to the General Assembly by March 1, 2020. The study will assess the current status of school counselor positions around the State and a survey of local education agencies will be done to determine needs and issues.

**Scholarship Awards for Students with Certain Disabilities.** – An eligible student may be awarded scholarship funds in an amount of up to seventeen

thousand dollars (\$17,000) for each school year only if the student has been determined to have one or more of the following disabilities as a primary or secondary disability at the time of application for scholarship funds: (1) Autism. (2) Hearing impairment. (3) Moderate or severe intellectual or developmental disability. (4) Multiple, permanent orthopedic impairments. (5) Visual impairment.

**Veterans Health Care Pilot Program:** Health care initiative to provide to veterans increased access to health care resources through the care coordination efforts of community health workers. The pilot will recruit and train unemployed and underemployed veterans as community health workers for the health care initiative.

**Robotics Program for Students with Autism:** The Department of Public Instruction will use funds in an amount of up to \$300,000 for each fiscal year of the 2019-2021 fiscal biennium to implement a program for students with autism that uses interactive facially expressive humanoid robotics for social and behavioral skills development for the advanced treatment of autism.