

## General Assembly Leaves Raleigh Without Passing Budget

On October 31<sup>st</sup>, both the House and Senate adjourned with the intention of coming back into session on November 13<sup>th</sup> to consider select issues. The biggest impact of their adjournment is that the SFY19-20 and SFY20-21 State budgets remain in limbo. Over 130 days have passed since the new fiscal year began on July 1, 2019. This is the longest recorded budget delay in North Carolina history, surpassing the previous record of 122 days in 1998.

The Senate leadership had indicated that they expected to take a vote on the Governor's veto of the budget. In order to override that veto, one Democrat would have had to align with Republicans to vote in favor of the override. Presumably they did not have that vote, and they adjourned without even considering the override. When they return on November 13<sup>th</sup>, as written in their October [adjournment resolution](#), they will consider redistricting; selections, appointments and confirmations of vacant positions; adoption of conference reports, and a joint resolution further adjourning the session until January 14, 2020. The resolution allows for the consideration of the budget veto in January. According to some, it does not preclude the General Assembly from taking up the budget in November.

While the budget bill itself has stalled, there has been significant effort to separate out sections of the budget and take action on them. Are you keeping track? If your answer is no, you are not alone. Knowing the disposition of each part of the budget is a challenge. In fact, it's just as important to know what hasn't seen action as it is to know what has made its way into law. Below are some of the items in the budget bill that are pertinent to health and human services.

**Medicaid Transformation:** The budget bill authorized the transfer of funds to allow for the progression of Medicaid managed care implementation and the use of the funds for fee-for-service claims pay-out of services provided during the transition as well as capitation payments for managed care.

There are other statutory language changes needed to move forward with Medicaid managed care implementation in the budget bill including: the allowance for a

gross premium tax on PHPs; the hospital assessments and supplemental payments; the creation of a Medicaid Contingency Reserve; the authority to have the Tribal Option for Medicaid managed care; and, the creation of the Hospital Uncompensated Care Fund.

**Disposition:** Stalled in budget bill. An attempt was made through [H555](#) to separate out the components of the budget bill related to Medicaid Transformation. The Governor vetoed that bill on the same principles he used to veto the budget bill. The veto of H555 was overridden in the House on the same day it was overridden for the budget bill. The Senate has not voted to override either the budget bill or H555.

**DHHS Administrative Reduction:** Requires that a recurring reduction of administrative funds be absorbed by NC DHHS over the next two years and ongoing. The reduction can be taken across DHHS divisions.

**Disposition:** Stalled in budget bill.

**Expanding Innovations Slots by 1,000:**

- 400 new slots available January 1, 2020 distributed using current formula;
- 100 new slots available January 1, 2020 distributed through LME/MCOs using a certain formula;
- 400 new slots available January 1, 2021 distributed using current formula;
- 100 new slots available January 1, 2021 distributed through LME/MCOs using a certain formula.

**Disposition:** Stalled in budget bill.

**Supplemental Short-Term Assistance for Group Homes:** One-time, short-term funding to assist group homes due to changes in the Personal Care Services (PCS).

**Disposition:** Stalled in budget bill.

**Traumatic Brain Injury Funding:** Funding to support TBI services and to continue the adult and pediatric TBI pilots.

**Disposition:** Stalled in budget bill.

**Raise the Age of Juvenile Jurisdiction:** Provides funding for the new law that will go into effect on December 1, 2019 by increasing judicial branch positions, funding renovations and increased beds in youth development centers and increased funding to the local Juvenile Crime Prevention Councils.

**Disposition:** [S.L. 2019- 229](#) provides funding authority for items noted above. [S.L. 2019-242](#) makes conforming changes related to the funding.

**NC Families Accessing Services through Technology (NC FAST):** One-time funding would be allocated to do the following: (i) the child welfare case management component, (ii) 24 hours per day/seven days per week access to the NC FAST system, and (iii) a document management solution to allow State and federal Program Integrity staff and the county departments of social services to share and provide data in a timely manner.

**Disposition:** Funding stalled in budget bill.

[S.L. 2019-240 \(S537\)](#) postpones the implementation of the child welfare case management component until July 1, 2020. Those pilot sites that began prior to 1/1/19 will continue. The Division of Social Services is authorized to publish Requests for Information for improving or replacing the case management function of NC FAST. Reports are due to the General Assembly.

**Single Stream Funding:** The budget not only continues the \$36.4 million recurring cut, but they also further reduce Single Stream Funding by \$15 million in recurring funds for SFY2019-2020 and \$15 million in recurring funds for SFY 2020-2021. This increases the recurring Single Stream Funding reduction from \$36.4 million to \$51.4 million annually. DHHS is provided the option to adjust the recurring reductions among the LME/MCOs by March 1, 2020.

**Disposition:** Stalled in the budget bill.

**Establish New Adult Care Home Payment Methodology:** Provides authority to look at all funding streams for adult care homes, to review service definitions and expand where needed.

**Disposition:** Included in S.L. [2019-240](#).

**Establish a Child Welfare/Behavioral Health Project:** Funds a two-year pilot to increase access to comprehensive health services for children in the foster care system.

**Disposition:** Stalled in the budget bill.

**Medication-Assisted Opioid Use Disorder Treatment Pilot:** Funding for the continuation of a pilot and evaluation.

**Disposition:** Included in [S.L. 2019-192](#).

**Veterans Health Care Pilot Program:** A pilot in Cumberland County to increase access to health care for veterans through increased care coordination and focused training of veterans to be community health workers.

**Disposition:** Stalled in the budget bill.

**School Safety:** The budget bill has a number of funding and study provisions to increase the school safety across North Carolina. New language that was signed into law on September 18<sup>th</sup> includes funding for a school safety grants program, a School Mental Health Crisis Response Program and a study of school counselor positions.

**Disposition:** [S.L. 2019-222](#)

**Department Base Budget Funding:** As always, the budget bill includes funding for the daily operations of various Departments of North Carolina state government. A continuation funding bill was signed into law on November 6<sup>th</sup>.

**Disposition:** [S.L. 2019-242](#)