

Dateline: June 4, 2019

Senate Budget Passed

The Senate introduced and passed their budget proposal in the same week, just as the House did earlier this month. That moves the budget ahead to a conference committee, yet to be appointed, and made up of House and Senate members, where the differences between the two budgets will be reconciled.

When you review the comparison of the Senate and House budgets below, *note that any line item where there is a difference will have to be negotiated.* Any line item that is exactly the same in both budgets will go through to the final budget without need for negotiation.

It's hard to say at this point if they will agree on a budget before the end of the State fiscal year on June 30th. If not, the current budget will remain in place until they do pass a budget and the Governor signs it into law. Here are some budget provision comparisons between the House and Senate budget line items that pertain to individuals in the public MH/IDD/SUD system:

Medicaid and Transformation: In both the Senate and House budgets there are budget line items that allow for the transition to Medicaid managed care. 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”).

From Medicaid Transformation Fund:

Purpose/Allowance	House	Senate
Total Medicaid Transformation Reserve funds transferred for use	\$206.1M NR SFY19-20 \$62.5M NR SFY20-21	\$210M NR SFY19-20 \$22.3M NR SFY20-21
Non-claims runout related expenses allowable amount (see below for specifics)	\$55.9M NR SFY19-20 \$51.1M NR SFY20-21	\$49M NR SFY19-20 \$10.9M NR SFY20-21
Totals NC DHHS may request to cover the State	Up to \$233 M SFY19-20 Up to \$199 M SFY20-21	Up to \$190 M SFY19-20 Up to \$96 M SFY20-21

share allowable for Medicaid Transformation costs.		
--	--	--

M= million NR= non-recurring SFY= State Fiscal Year

Medicaid Transformation Funds not related to the claims run-out will be used for the following:

Non-claims runout funds can be used for:	House	Senate
Medicaid Transformation Program Design	not included	included
Enrollment Broker Contract	included	included
Ombudsman Contract	included	not included
Provider Data Management and Credentialing Contract	included	included
NC FAST upgrades	included	included
NC TRACKS upgrade to include program integrity component	included	included
30 new time-limited positions in DHHS	included	not included
administrative expenses related to the transition to managed care only for SFY2019-2020	not included	included

Single Stream Funding Cut Change: In the previous biennium, the General Assembly imposed recurring reductions to Single Stream Funding totaling \$36.4 million. Neither the Senate nor the House put the \$36.4 million back into the Single Stream Funding for community-based MH/IDD/SUD services for the uninsured. Single Stream Funding is separate from Medicaid funding.

While the House kept the \$36.4 million recurring Single Stream Funding cut that was in the previous budget, they did reallocate those reductions among the LME/MCOs and provide DHHS the option to further reallocate the recurring reductions by March 1, 2020.

The Senate 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. Like the House, the Senate provides DHHS the option to adjust the recurring reductions among the LME/MCOs by March 1, 2020.

Substance Use Treatment and Opioid Misuse: Allocates an additional \$5 million in non-recurring dollars for each of the fiscal years to increase substance use treatment and recovery options and to help prevent and reduce prescription opioid misuse. This is only in the Senate budget.

Workforce Housing Loan Program Fund: Provides funds for the Workforce Housing Loan Program to assist with the development of multi-family affordable housing units across the State.

House	Senate
\$20M NR SFY19-20	\$10M NR SFY19-20 \$10M NR SFY20-21

M=million NR=non-recurring SFY=State Fiscal Year

Changes to NCFAST:

Totals	House	Senate
Funds from DHHS	\$18.3 M NR	\$18.09 M NR
Central Management	\$12.3 M NR	\$11.2 M NR
Receipts	\$41.3 M \$41.1 M	\$41.1 M \$23.7 M
Breakdown	House	Senate
Operations and Maintenance	\$5.7M R SFY19-20 and \$7.9M R SFY20-21	\$6.8M SFY19-20 and \$11M SFY20-21 (both combined recurring and non-recurring funds)
Document Management capacity that will allow for a broader sharing of data, including to local DSS offices	Specific allocation not included	\$1.6M NR SFY20-21
Migrate the data to a cloud based platform and allow for 24/7 access to the data	Specific allocation not included	\$2.4M NR SFY19-20 and \$2.5M NR SFY20-21
Further development and implementation of the child welfare case management component	Specific allocation not included	\$7.2M NR SFY19-20 and \$4M NR SFY20-21

M=million NR=non-recurring SFY=State Fiscal Year

NCFAST Child Welfare Case Management Capacity Delay: There is a separate provision in the Senate budget that calls for delays in the continuation of the NC DHHS to build the NC FAST functionality for child welfare case management. The provision requires that NC DHHS receive prior approval from the General Assembly before fully implementing this component, does not allow them to move forward to statewide implementation and delays adding more local DSS offices to the current pilot sites.

Establish a Child Welfare/Behavioral Health Project (see [S549](#)): This provision is in the Senate budget but not in the House budget. This is also stand-alone legislation. The purpose of the two-year child welfare and behavioral health pilot project is to establish a trauma-informed integrated health foster care model to facilitate partnerships between county departments of social services and local management entities/managed care organizations (LME/MCOs) regarding children placed in foster care.

Co-Payments for Medicaid Services: An increase in the co-payment for Medicaid services was included in both the Senate and House budgets. Beginning November 1, 2019, the co-payments for Medicaid services will be increased by \$4.00 with some exceptions. Adjustments to Medicaid payments to providers are made to account for the \$1-\$2 increase in the copayments.

The Senate and House budgets take out the following amounts in anticipation of receiving more money from the co-payment increase:

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

Foster Care Rate Increase:

House	Senate
not included	\$6.9 M SFY20-21

M=million SFY=State Fiscal Year

Child Advocacy Center Funding:

Provision	House	Senate
Allocates up to \$100,000 each year of the biennium for each child advocacy center in good standing with Children's Advocacy Centers of North Carolina, Inc.	included	included

Allocates \$100,000 for each year of the biennium to Children's Advocacy Centers of North Carolina, Inc., for its operations.	included	included
---	----------	----------

Traumatic Brain Injury Funding: Both the Senate and House budgets continue the designation of \$2.3 million recurring in each fiscal year of the biennium for Traumatic Brain Injury services.

The Senate additionally included \$300,000 non-recurring for State Fiscal Year 2019-20 to continue the Adult and Pediatric Traumatic Brain Injury Pilot Program.

Reports and Specific Projects:

Report/Project	House	Senate
Requires annual report due on September 1 of each year on use of funds to purchase inpatient alcohol and substance use treatment services.	included	included
Provides funds to NC APSE to create training modules on evidence-based practices in supported employment of individuals with SMI and I/DD.	included	included
Allows funds budgeted in the last biennium to carry over and be used by Vaya Health for the finalization of facility-based crisis in Wilkes County.	not included	included
Provides funds to conduct statewide compliance checks on the youth tobacco access law.	included	included
Funds a feasibility study for a regional behavioral health center in Burke County.	included	not included
Establishes a work group to reduce administrative duplication for BH and I/DD providers.	included	not included
Designates money from the Mental Health Block Grant for two Peer Wellness Center pilot programs.	included	not included

Provides continuation funds for the Community Paramedicine Pilot Program.	included	included, McDowell County only
Provides funds for a Medication-Assisted Opioid Use Disorder Treatment Pilot	not included	included
Expands the NC Telepsychiatry Program to two more counties with funding	included	not included
Allocates \$1.5 million in SFY19-20 Alcoholism & Chemical Dependency Program – Black Mountain Modular Classroom Capital Project	included	included
\$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.	included	not included

Raise the Age: Provides approximately \$32 million in recurring funding to implement the Juvenile Justice Reinvestment Act ("Raise the Age") in both the Senate and House budgets. About half of that 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. This is included in both the Senate and House budgets.
- 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. This is also in both the Senate and House budgets.
- 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 in both the Senate and House budgets. These statutorily defined councils identify and recommend programs that serve Level I delinquent juveniles, diverted juveniles, and at-risk juveniles.

School Safety:

Allocation Purpose	House	Senate
School Psychologist Allotment increases the number statewide by 100 FTEs	not included	\$35.4M R SFY19-21
School Mental Health Support Personnel Grants	\$19M NR SFY19-20 and \$30.2M R SFY20-21	\$10M R SFY19-21
School Safety Training Grants	\$3M NR SFY19-20 and \$4.6M R SFY20-21	\$4.5M NR SFY19-20 funded through receipts
Students in Crisis Grants	\$2M NR SFY 19-20 and \$4.6M R SFY20-21	\$4.5M NR SFY19-20 funded through receipts

M=million R=recurring NR=non-recurring SFY=State Fiscal Year

One difference in the Senate and House budgets is that the Senate budget puts LME/MCOs in the “other health services” definition as it relates to the Students in Crisis Grants and does not include a “community partner” definition. The House budget puts LME/MCOs in the “community partner” definition.

The Students in Crisis Grants will be awarded to public school units for crisis respite services to prevent more intensive levels of care, expanding services for therapeutic foster care families and licensed child placement agencies, evidence-based therapy services aligned including targeted training for students and their parents or guardians, and any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety.

Exceptional Children Transportation Fund: The Senate budget states this Fund is to be used to cover extraordinary transportation costs for high-needs children with disabilities attending local school administrative units and charter schools. \$3 million was allocated for each fiscal year of the biennium. This was not included in the House budget.

School Psychologists Allotment: The Senate budget allows for contracting out school psychologist services. It transfers 326 School Psychologist positions from the Instructional Support Allotment and funds 100 new School Psychologist positions. This was not included in the House budget.

School Mental Health Crisis Response Program: The Senate budget includes a provision to allow for the temporary transfer of school mental health support personnel from a participating unit to a requesting unit during or after a crisis. This was not included in the House budget.

Scholarship Awards for Students with Certain Disabilities. – An eligible student may be awarded scholarship funds in an amount of up to \$17,000 for each school year 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, or (5) Visual impairment. Both the Senate and House included this provision.

Expanding Innovations Waiver by 1,000 Slots:

Waiver Slots	House	Senate
1,000 new waiver slots beginning 1/1/20	not included	\$10.9M R SFY19-20 and \$21.7M R SFY20-21
150 new waiver slots beginning on 3/1/20	\$1M R SFY19-20 and \$3.3M R for SFY20-21	not included

M=million R=recurring SFY=State Fiscal Year

Other I-DD Service System Provisions:

The Senate and House budgets also call for a ten-year plan to be developed by DHHS in conjunction with a group of external stakeholders that includes ways to address the unmet needs in the Innovations waiver.

Only the House budget included funds 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.

Supplemental Short-Term Assistance for Group Homes:

Funds to Group Homes	House	Senate
Allocated in monthly payments to group homes	\$8 M NR SFY19-20	\$1.8 M NR SFY19-20 \$1.8 M NR SFY20-21

Group Home Stabilization and Transition Initiative: Allocates funds to LME/MCOs as a part of their capitation payment	\$23 M NR SFY20-21	not included
Analysis and plan of action for long-term stabilization of group homes	included	not included

M=million NR=non-recurring SFY=State Fiscal Year

Gross Premiums Tax on the Prepaid Health Plans Capitations (See [H114](#) or [S144](#)): This provision is in the Senate budget but not in the House budget. This is also stand-alone legislation.

Provider participation in North Carolina’s Health Information Exchange Network known as NC HealthConnex (see [H70](#)):

- Moves psychiatrists required participation beginning on June 1, 2021
- Adds State facilities to begin on June 1, 2021
- Allows for voluntary participation of long-term services and supports and intellectual-developmental disability providers.

LME/MCO Intergovernmental Transfers: The Senate budget adds a provision stating, if NC Medicaid does not make the additional capitation payment associated with the Medicaid risk reserve to an LME/MCO in any given month, then the intergovernmental transfer required to be made by that LME/MCO under subsection (a) shall be reduced on a pro rata basis and the aggregate amount to be collected by DHB in the corresponding fiscal year shall be adjusted accordingly.

Primary Care Providers Reimbursement Increased: Only the Senate budget includes a provision requiring DHHS, Division of Health Benefits, to increase the reimbursement for the evaluation and management codes that are (i) paid to primary care physicians, including obstetricians and gynecologists, nurse practitioners, and physician assistants, and (ii) contained in the State Plan amendment 15 #2018-0012 submitted by the Department of Health and Human Services on March 8, 2019.

Use of Dorothea Dix Property Funds:

Use	House	Senate
The Samaritan Colony for the completion of construction on the Residential Treatment Center for Women	not included	\$500,000 NR SFY19-20
Bridge to Recovery	not included	\$600,000 NR SFY19-20

NR=non-recurring SFY=State Fiscal Year

New Broughton Hospital funding to staff and to operationalize in SFY20-21:

House	Senate
\$8.7 M R, 60 new FTEs, operational costs and cost of transferring patients from old facility	\$4.9 M R to open new Psychiatric Intensive Care Unit beds

M=million R=recurring FTE=full-time employee

Hospital Assessment Act (H989): This Act is included in both the Senate and House budgets. It 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.

“Results First” Annual Report by Office of State Budget and Management: Both the Senate and House budgets require that by October 1st of each year, the Office of State Budget and Management will submit an annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on General Government, and Joint Legislative Program Evaluation Oversight Committee on the progress in implementing the cost-benefit analysis model for use in crafting policy and budget decisions. The report may include recommendations for legislation. There is another provision only in the Senate budget that specifies that NC DHHS programs will specifically undergo the “Results First” benefit-cost analysis.

House budget items that are NOT included in the Senate budget:

Intermediate Care Facility “In Lieu of” Service: An “in lieu of” service definition is used to create an alternative to an existing Medicaid service. It must not cost any more than the current Medicaid ICF-MR service. 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:

\$10 million recurring for SFY19-20

\$9.9 million recurring for SFY20-21

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

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 three LME/MCOs will be involved in the pilot. A report is due on April 1, 2022.

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.

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.

Veterans Health Care Pilot Program: Health care initiative providing 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.