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**Review of Budget Provisions for State Fiscal Years 2023-2024 and 2024-2025**

**that Impact Children, Youth and Families**

**Budget References:**

[From H. 259, Ratified Version](chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https:/www.ncleg.gov/Sessions/2023/Bills/House/PDF/H259v6.pdf)

[From Committee Report 9/20/23 Version](https://webservices.ncleg.gov/ViewNewsFile/81/CommitteeReport_2023_09_20_Final) (Education = Section B, Health and Human Services = Section C, Juvenile Justice = Section E)

**Terminology:**

* M = Million
* NR = Non-recurring (one-time)
* R = Recurring
* SFY = State Fiscal Year

**Statewide Mental Health Legislative Budget Priorities, Page 28:**

*“The General Assembly finds that prioritizing mental healthcare in this State offers significant benefits to North Carolina's citizens of all ages and has positive impacts on a multitude of factors impacting those citizens, including overall health and well-being, education, business, workforce development, and the justice system. The General Assembly supports the comprehensive plan to strengthen North Carolina's mental health and substance use disorder treatment system developed by the Department of Health and Human Services and is providing funding for initiatives contained within that plan. Further demonstrating a commitment to mental healthcare in this State, the General Assembly is also providing funding for additional mental and behavioral healthcare facilities, projects, programs, and services that will impact a diverse array of State departments and agencies, as well as local entities and enterprises in this State, thereby benefitting citizens statewide.”*

**Transferred from the State’s General Fund:**

Medicaid Contingency Fund: $400 M NR SFY23-24, $250 M NR SFY24-25 (Page 10)

Housing Reserve Established: $40 M NR SFY23-24, $40 M NR SFY24-25 (Page 12)

Medicaid Transformation Fund: $5 M NR SFY23-24 (Page 14)

**NC Care, Page 52:**

A joint effort of East Carolina University Brody School of Medicine and the University of North Carolina School of Medicine to increase health outcomes in rural communities. The funding will be used to establish an outcome driven regional systems of care, beginning in eastern North Carolina.

$420 M NR

$10 M to establish a Clinically Integrated Network

$210 M for three health clinics, of which $105 M has been appropriated.

$150 M for hospital investment

$50 M for regional behavioral health hospital

**Community College Workforce Training:**

**High-Cost Healthcare Workforce Programs Start-Up Funds, Page 66:**

The Fund is derived from American Rescue Plan Act federal funds and will be used to assist community colleges in starting new programs in high-demand healthcare career fields that require significant start-up funds. Monies are allocated from the Fund in each fiscal year of the 2023-2025 fiscal biennium only for programs related to healthcare, including nursing.

* Initial report submitted to Joint Legislative Oversight Committee on Education by 12/1/24.

**NC Community College Short-Term Workforce Development Grant Program, Page 68:**

To be administered by the State Board of Community Colleges. The State Board will adopt rules for the disbursement of the $750.00 grants to students pursuing short-term, noncredit State and industry workforce credentials in areas including health sciences.

**Training Programs for Students with Intellectual-Developmental Disabilities, Page 69:**

The State Board of Community Colleges will establish a community college training program for up to 15 community colleges. The program will provide opportunities for micro-credentials or other credentials that lead to increased employment outcomes for individuals with intellectual and developmental disabilities (IDD).

**Vocational Rehabilitation Pilot Program, Page 78:**

The State Board of Community Colleges will establish the Vocational Rehabilitation Pilot Program for the 2023-2024 to 2025-2026 academic years. The purpose of the Program is to provide support services to community college students with intellectual and developmental disabilities to help the students reach their goals for employment and independence without duplicating the existing vocational support network.

**Primary and Secondary Education:**

**Weighted Funding for Exception Children (EC) Students, Page 86:**

The Department of Public Instruction will develop a model, based on the study conducted pursuant to Section 7.44 of [S.L. 2021-180](https://www.ncleg.gov/enactedlegislation/sessionlaws/html/2021-2022/sl2021-180.html), for funding children with disabilities services on the basis of the reported cost of the services provided. The Department will report to the Joint Legislative Education Oversight Committee by 1/15/24, on the model of funding developed and a comparison by public school unit of funds provided under the existing model and the model developed pursuant to this section.

**School Health Personnel Allotment, Page 96:**

* Prohibits schools from using school counselors to administer standardized testing.
* Changes School Psychologist allotment to School Health Personnel Allotment.
* Establishes the Transportation Reserve Fund for Homeless and Foster Students to provide for a grant program to cover extraordinary school transportation costs for homeless and foster students.

**School Safety Grants, Page 100:**

$25 M NR SFY23-24 $35 M NR SFY24-25

Continues the School Safety Grant Program.

Committee Report, B23: Budgets a transfer of projected interest earned from the State Fiscal Recovery Reserve and provides additional funding for the school safety grants program to support students in crisis, school safety training, and the purchase of safety equipment.

**Life Changing Experiences, Page 103:**

Requires the Department of Public Instruction to allocate $500,000 NR for each of the 2023-2025 fiscal years to a contract with [Children and Parent Resource Group, Inc](https://www.cprhelp.org/). This allocation will be used by the organization to establish the Life Changing Experiences in grades six through 11 in at least the following local school administrative units: Cleveland County Schools, Greene County Schools, Lenoir County Public Schools, Lincoln County Schools, McDowell County Schools, Mitchell County Schools, and Pitt County Schools. The Project will include theme-specific programs and certain additional follow-up applications that address dangerous life- and community-threatening activities that negatively impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these programs is to increase positive intentions and behavioral outcomes by teaching students the techniques and skills that empower them to reach meaningful life goals, employ positive behaviors, and start businesses and social enterprises.\

**Combining of the Education and Workforce Innovation Commission Grant Programs, Page 106:**

* Creates the NC Education and Workforce Commission and includes the Career and Technical Education (CTE) Grade Expansion Program.
* Establishes an innovation grant program available to schools and partners.

**Study for Students with Extraordinary Costs/Report, Page 116:**

The Department of Public Instruction will conduct a study that includes:

* A method of improving options for children with disabilities with intensive needs which require private placement in an Approved School consistent with the student's individualized education program (IEP).
* A method of determining that placement in an Approved School is the means that most appropriately suits the child's individual needs.
* Extraordinary costs incurred by the public school unit by student placement in Approved Schools.
* Methods of creating a network of Approved Schools into which a child with disabilities with intensive needs may be placed consistent with the student's IEP.
* A method of prioritizing dispersal of funds to public school units to assist with the cost associated with enrolling in an Approved School in early grades to incentivize public school units to enroll students in the Approved Schools at the earliest appropriate age.
* Recommendations on the proportion of a student's extraordinary cost to be paid from local, State, and federal sources, respectively, and to identify existing funds at each level that may be available for the purposes studied pursuant to this section.
* A method to monitor overidentification of children with disabilities with intensive needs.
* Methods to allow for Medicaid reimbursement for additional services, such as transportation, and expanding the eligible age range to receive reimbursement for services.
* An estimated range of costs associated with implementing the studied methods.
* The advisability of one or more pilot programs with one or more Approved Schools.

**Opportunity Scholarship Financial Impact Report/Reinvestment in Public Schools, Page 139:**

*“It is the intent of the General Assembly to reinvest in the public schools any savings realized by the State each year, beginning in the 2025-2026 school year, because of the transfer of a student from a public school unit to a nonpublic school where the student accepts an opportunity scholarship grant award that is less than one hundred percent (100%) of the average State per pupil allocation for average daily membership for a student in a public school unit.”*

* Expand eligibility for Opportunity Scholarships, Page 187
* Allow the Authority to use administrative funds from Opportunity Scholarships for Personal Education Student Accounts for Children with Disabilities Program, Page 208

**Post-Secondary Education:**

**Educational Opportunities Program, Page 163:**

The purpose of the Program is to provide postsecondary opportunities for eligible students, including the following: (1) A person-centered planning process. (2) The opportunity to pursue educational credentials, including degrees, certificates, and other nondegree credentials. (3) Inclusive academic enrichment, socialization, independent living skills, and integrated work experiences to develop career skills that can lead to gainful employment. (4) Individual supports and services for academic and social inclusion in academic courses, extracurricular activities, and other aspects of campus life.

**Primary Care Medicine and Psychiatry Targeted Assistance Program, Page 203:**

A targeted assistance program administered through the Forgivable Education Loans for Service Program to provide forgivable loans to certain students who agree to practice primary care medicine or psychiatry on a full-time basis at healthcare facilities located in eligible counties.

**Health and Human Services, Page 208:**

**Expansion of the NC Loan Repayment Program/Incentives for the Recruitment and Retention of Health Providers in Outpatient Primary Care Settings in Rural, Underserved Areas, Page 210:**

Includes a Behavioral Health Providers Initiative, including Licensed Clinical Addiction Specialists, Licensed Clinical Mental Health Counselors (formerly known as Licensed Professional Counselors), Licensed Clinical Social Workers, Licensed Marriage and Family Therapists, Licensed Psychologists, Licensed Psychological Associates

**Use of Federal American Rescue Plan Act (ARPA) Funds for purposes related to Child and Family Well-Being, Page 213:**

$20 M NR for SFY23-24, $60 M NR for SFY24-25

1. To support families and other caregivers of children with high behavioral health or other special needs by expanding intensive supports in the community and increasing structured options for meeting the needs of these children.
2. To strengthen specialized treatment options for children with complex behavioral health or other special needs.

Committee Report Page, C21: Child Welfare and Family Well-Being Fund Code: 1910 Budgets receipts transferred from the ARPA Temporary Savings Fund to be allocated to the Division of Child and Family Well-Being, the Division of Mental Health, Developmental Disabilities, and Substance Use Services, and the Division of Social Services to provide supports to families caring for children with behavioral health or other special needs and strengthen available specialized behavioral health treatment options.

**Expand NC Innovations Waiver Slots, Page 228:**

Increases number of slots by 350, effective when federal Centers for Medicare and Medicaid Services (CMS) approval is received.

**Increase Wages of Direct Care Workers/Innovations Waiver,** **Page 229:**

* Increases wages of Direct Care Workers for individuals in the Innovations Waiver
* Increases wages “by an industry average rate of six dollars and fifty cents ($6.50) per hour above the North Carolina industry average hourly wage rate”
* LME/MCOs will receive the funds for the increase in their capitation rate
* Providers who employ Innovations direct care workers will attest and provide verification to the relevant LME/MCO that this increased funding is being used to the benefit of its Innovations direct care workers, including in the form of an increase in hourly wage, benefits, or associated payroll costs

**BH/IDD Tailored Plan Updates, Page 230:**

* NC DHHS will implement the BH/IDD Tailored Plans no later than 7/1/24
* The initial contract period will be no less than four years
* DHHS and the LME/MCOs will develop a proposal for potentially opening the LME/MCO closed provider networks for services and supports that are excluded from prepaid health plan coverage except under BH IDD tailored plan contracts. A report is due to the legislature by 2/1/24
* No later than 6/1/24, NC DHHS will submit a plan to the legislature to transition Community Alternative Programs-Disabled Adults members to BH/IDD Tailored Plans
* Expand the Traumatic Brain Injury waiver statewide by 1/1/25
* No later than 1/1/24, NC DHHS will submit a plan to the legislature around “a Medicaid Reentry Section 1115 Demonstration Opportunity waiver to provide services to the adult incarcerated population, to be managed under BH IDD tailored plan contracts, and to begin no later than January 1, 2025.”

**Expedited Medicaid Preferred Drug List Review for Drugs Treating Serious Mental Illness, Page 232:**

Includes drugs to treat child and adolescent depression

**Relatives Providing Care to Minors on the Innovations Waiver, Page 233:**

NC DHHS will seek to amend NC Medicaid Clinical Coverage Policy 8-P "North Carolina Innovations" to allow Community Living and Support services to be provided by a relative of a Medicaid beneficiary residing in the same home as the beneficiary when that beneficiary is under the age of 18 and when no other provider is available to provide these services, similar to what is currently allowed for beneficiaries age 18 and older. Effective when federal approval is received.

**Behavioral Health Services for Beneficiaries Awaiting Hospital Discharge, Page 234:**

Adjust implementation date for requiring LME/MCOs to pay for behavioral health services provided to beneficiaries awaiting hospital discharge from 3/1/23 to when new service definitions are approved by federal CMS.

**Draft SMI/SED Waiver, Page 234:**

Authorizes the development of a draft SMI/SED waiver that will apply to children and adolescents with serious emotional disturbances. NC DHHS will submit a report to the Jt Legislative Oversight Committee on Medicaid by 3/1/24.

Goals to be achieved through the waiver that include the following: a. Reduced utilization and lengths of stay in hospital emergency departments among Medicaid beneficiaries with SMI or SED while awaiting mental health treatment in specialized settings. b. Reduced preventable readmissions to acute care hospitals and residential settings by Medicaid beneficiaries with SMI or SED. c. Improved availability of crisis stabilization services. d. Improved access to community-based services to address the chronic mental health care needs of Medicaid beneficiaries with SMI or SED. e. Improved care coordination and continuity of care following episodes of acute care in hospitals and residential treatment facilities.

**NC – Psychiatry Access Line (NC-PAL), Page 235:**

$1.85 M R for SFY23-24

$1.95 M R for SFY24-25

Required to submit reports to the legislature for both fiscal years that include: “The results of any new pilot program offering consultations with county department of social services offices or residential providers and whether those consultations reduced placement disruptions for children in the custody of county departments of social services or the need for crisis intervention.”

**Additional Medicaid Services for Foster Youth, Page 235:**

*“The Department of Health and Human Services (DHHS), Division of Health Benefits (DHB), shall convene a workgroup composed of county child welfare agencies, representatives with lived experience in child welfare, the nonprofit corporation Benchmarks, prepaid health plans, and local management entities/managed care organizations (LME/MCOs) to identify innovative Medicaid service options to address any gaps in the care of children receiving foster care services.”*

The workgroup will identify innovative Medicaid service options that are either of the following: (1) Models of community evidence-based and evidence-informed practices that support a foster child returning to the child's family in a timely manner and diverting higher level foster care placements. (2) Models of intensive community or short-term residential treatment options that serve children with high acuity needs that divert a child from higher level placements such as psychiatric residential treatment facility placement. The provision of stepdown options from higher levels of care may be considered. NC DHHS will provide training to local departments of social services and Tribal offices on new Medicaid services.

**Children and Families Specialty Plan, Page 236:**

* Single Contract
* Initial Request for Proposals should be published by 12/1/24
* Recipients described in G.S. 108D-40(a)(14)(i) who exit the custody of the county department of social services may elect to remain enrolled in the CAF specialty plan for 12 months after the date the recipient exits custody.

**Increase Medicaid Personal Needs Allowance, Page 259:**

* Increases the Personal Needs Allowance for Medicaid recipients who are institutionalized from $30 to $70 for individuals and from $60 to $140 for married Medicaid recipients who are both institutionalized.

**Medicaid Expansion, Committee Report, K8:**

Healthcare Access and Stabilization Program -- Adjustment Increases gross premiums tax revenues from Medicaid Prepaid Health Plans (PHPs) due to increased payments to PHPs for hospital reimbursements ([S.L. 2023-7](https://www.ncleg.gov/BillLookUp/2023/H76), Access to Healthcare Options).

Medicaid Expansion -- Adjustment Increases gross premiums tax revenues from Medicaid PHPs due to anticipated enrollment increases in Medicaid managed care (S.L. 2023-7, Access to Healthcare Options).

**Primary Care Payment Reform Task Force, Page 250:**

The task force is made up of medical and health and human service professionals. A report is due to the Joint Legislative Oversight Committees on HHS and on Medicaid by 4/1/24. The purpose of the task force is to:

1. Establish a definition of primary care to be utilized by the Task Force. This term should be applicable to services and care provided under the NC Medicaid program, the State Health Plan, and commercial insurance.
2. Conduct an actuarial evaluation of the current healthcare spend on primary care services, both as it relates to the NC Medicaid program and the commercial market, including Medicare Advantage plans.
3. Determine the adequacy of the primary care delivery system in North Carolina, including the impact this system has on the supply of the primary care providers in this State.
4. Study the primary care payment landscape in other states, specifically considering states that have implemented a minimum primary care spend.
5. Identify data collection and measurement systems to inform creation of a primary care investment target for the NC Medicaid program, the State Health Plan, and commercial insurance. This includes a method by which to measure improvements made toward that target.
6. Evaluate the need for a permanent Primary Care Payment Reform Task Force, or other similar entity, including which State agency or body is best suited to oversee the work of that group.
7. Perform any other studies, evaluations, or determinations the Task Force considers necessary.

**Committee Report, C73:** Transfers funds to DHHS DMH/DD/SUS to pay **start-up costs for primary care practices to adopt the Collaborative Care model.**  More on Collaborative Care Model: [American Psychiatric Assn](https://www.psychiatry.org/psychiatrists/practice/professional-interests/integrated-care/learn), [NC Psychiatric Assn](https://www.ncpsychiatry.org/cocm), [Center for Healthcare Strategies](https://www.chcs.org/resource/the-collaborative-care-model-an-approach-for-integrating-physical-and-mental-health-care-in-medicaid-health-homes/)

**Workforce Development Funds for Adults with IDD, Page 259:**

American Rescue Plan Act funds contracted to [UMAR Services, Inc](https://umarinfo.com/):

$2 M NR SFY23-24

$2 M NR SFY24-25

**Building a Safety Net through an Accountable System of Care Focused on Substance Use and Mental Health Issues in the Workplace/Pilot Program, Page 256:**

$2 M NR SFY23-24

American Rescue Plan Act funds to [Truusight Health Solutions, LLC](https://truusight.com/) for a pilot in Stanly and Cabarrus counties. The purpose of the pilot is to address the needs of employees requiring access to behavioral health services and to support employers in this State to navigate the complex behavioral health system. The goals of the pilot program are to build a stronger and more connected behavioral health safety net, to reduce the societal costs related to employees with mental health or substance use issues, and to reduce stigma related to accessing behavioral health services. No later than 18 months after the start of the pilot a report will be submitted to the Joint Legislative Oversight Committee on HHS.

**Committee Report, C73:** Transfers funds to DHHS DMH/DD/SUS for **new mobile crisis teams and crisis and respite facilities.**

**Agency Requested Changes/Behavioral Health, Page 256:**

Gives the Secretary of NC DHHS the authority to consider any mergers or consolidations of LME/MCOs. The Secretary will report to the legislature quarterly beginning on 7/15/23. The Secretary should consider the following related to mergers and consolidations:

1. For any area authority receiving a county, the readiness of that area authority to operate the BH IDD tailored plan in the expanded catchment area.
2. For any area authority receiving a county, the area authority's operational capacity and history of performance.
3. Whether the distribution among area authorities of the population of individuals covered under BH IDD tailored plans will promote fiscal viability of BH IDD tailored plan contracts.
4. Assurances of network adequacy and the alignment with existing hospitals and health systems of the area authorities involved in the merger or consolidation.
5. For any area authority involved in the merger or consolidation, the area authority's experience with prior mergers and consolidations.
6. Any input received by a county being realigned from one area authority to another.
7. Geographic contiguity of counties within a catchment area.
8. For any area authority receiving a county, the number of providers that will have to enter into new contracts with that area authority.
9. Any input received from a provider or a Consumer and Family Advisory Committee established under G.S. 122C-170 or G.S. 122C-171.\

The provisions address the transfer of fund balances, LME/MCO solvency, transition of enrollees when a LME/MCO is dissolved and consideration of county concerns and requests.

**Report on Implementation Status of New Electronic Health Records System at State Psychiatric Hospitals, Page 273:**

12/1/23 and 12/1/24 reports are due to the legislature.

**Establishment and Funding of State Office of Child Fatality Prevention within the NC DHHS, Division of Public Health, Page 282:**

To coordinate the work of the statewide Child Fatality Prevention System.

**Establishment of NC Citizen Review Panels, Page 297:**

NC DHHS, Division of Social Services, will ensure the existence of, at a minimum, three citizen review panels (panels) to fulfill requirements in the federal Child Abuse Prevention and Treatment Act (CAPTA), The panels will be operated and managed by a qualified organization that is independent from any State or county department of social services. NC DSS will assist any organization managing a panel with providing information, reports, and support the panel needs in carrying out its duties pursuant to this section. Panels will consist of volunteer members who broadly represent the community in which the panel is established, including members who have expertise in the prevention and treatment of child abuse and neglect, and may include adult former victims of child abuse or neglect.

**Foster Care Trauma-Informed Assessment, Page 303:**

The NC Division of Social Services will develop the assessment in partnership with a designated group of divisions, individuals, agencies, and organizations. The purpose of the assessment is to assist children (i) who are at risk of entry into foster care or currently in foster care and have experienced trauma warranting the involvement of the Division of Social Services (Division) and other child welfare agencies and (ii) who, as a result of the trauma, are at a higher risk of needing behavioral health or intellectual or developmental disability services.

Membership of development team includes persons with lived experience.

* Development of template by 3/1/24.
* Final assessment template and training plan done by 9/30/24.
* Phase-in use of assessment begins on 10/1/24 and is implemented statewide by 9/30/25.

**Transportation of High-Risk Juveniles, Page 305:**

The director of a county department of social services who has invoked the jurisdiction of the court, and who is serving as custodian over a juvenile, is authorized to make a written request to a high-risk juvenile transporter to transport a high-risk juvenile upon determining assistance with placement responsibilities for the juvenile is necessary. A high-risk juvenile transporter may use reasonable force to restrain the high-risk juvenile if it appears necessary to protect the high-risk juvenile transporter or other individuals. The cost and expenses of transporting a high-risk juvenile pursuant to this section are the responsibility of the county department of social services having custody of the high-risk juvenile.

**Committee Report, C73:** Provides funds to DMHDDSUS for **re-entry and diversion programs and detention center or community-based capacity restoration programs across the State.**

**Juvenile Justice, Page 509:**

* Community program contracts funding may only be used for:
* Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.
* Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.
* Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.
* The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).
* Community program funding CANNOT be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.
* Department of Public Safety is required to submit an electronic report by October 1 of each year of the 2023-2025 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of justice-related appropriations committees.

*\*If you see a provision in the budget that you believe is of interest to the NC Collaborative for Children, Youth and Families, please let us know by emailing ann@i2icenter.org*