

Conference Committee Report
Session Law 2017-57 (S. B. 257), 2017 Appropriations Act
Selected Highlights for Health and Human Services

The Conference Budget for Health and Human Services in FY 2017-18 includes net appropriations of \$5.3 billion, which is \$20.6 million, 0.4%, less than the base budget for FY 2017-16. The FY 2018-19 net appropriations is \$5.4 billion, which is \$116.4 million above the base budget for FY 2017-18, a 2.2% increase.

The following selected Department of Health and Human Services (DHHS) highlights may be found in **Section G** of the 2017 Conference Committee Report (page and item numbers noted); selected special provisions may be found in **Part XI** of S.B. 257 (section references are noted):

Division of Central Management and Support

Committee Report Items

- Reduces funding for contracts and purchased services on a department-wide basis by \$3.2 million recurring. **(Page G-7, Item #4)**
- Provides \$7.5 million recurring to double the grant funding for community health centers, rural health centers, free clinics, and other health safety net providers. **(G-7, #6)**
- Provides one-time funding of \$3 million to the Cape Fear Valley Medical Center to offset actual lost Medicare payments for admissions to the Center prior to October 1, 2017, that are attributed to the Center's reclassification by the federal Centers for Medicare and Medicaid Services (CMS) as a rural hospital or rural referral center or any other change approved by CMS. **(G-8, #9)**
- Provides funding for continued development of NC FAST including the Child Welfare case management system. (\$8.9 million in 2017-19 and \$11.9 million in 2018-19 on a nonrecurring basis in both years) **(G-9, #13)**
- Supports the ongoing operation, development and enhancement of the Controlled Substances Reporting System to automate reports, generate and deploy advanced analytics to improve prescribing practices and to identify unusual prescribing patterns. Provides funding for 6 positions, 4 in Central Management for operation and maintenance of the system and 2 in the Division of Mental Health, Developmental Disability and Substance Abuse Services for analytics. (\$1.8 million recurring each year of the biennium) **(G-11, #18 & #19)**

Provisions from S.B. 257

- Community Health Program Changes –authorizes the use of State and federal funding to provide safety net health care providers ongoing training and technical assistance related to health information technology, electronic health records, and connecting to the State’s health information exchange network. **(Sec. 11A.8)**
- Provides \$4.7 million in the DHHS Competitive Grants for Boys and Girls Clubs, Big Brothers Big Sisters, and Triangle Residential Options for Substance Abusers (TROSAs). **(Sec. 11A.14)**

Division of Aging and Adult Services

Provisions from S.B. 257

- Recommendation to Appoint a Subcommittee on Aging states that the cochairs for the Joint Legislative Oversight Committee on Health and Human Services (JLOC HHS) may consider appointing a subcommittee on aging to examine the states delivery of services for older adults in order to (1) determine their needs and (2) make recommendations on how to address those needs. **(Sec. 11D.3)**

Division of Child Development and Early Education (DCDEE)

Committee Report Items

- Provides \$9 million in FY 2017-18 and \$18.3 million in FY 2018-19 to reduce the North Carolina Pre-K (NC Pre-K) waitlist by 75% by FY 2018-19. Funding is comprised of federal block grant funds and general fund appropriation. NC Pre-K slots will be increased by 1,725 in FY 2017-18 and 3,525 in FY 2018-19 over the number of FY 2016-17 slots. The total number of slots will be approximately 28,725 in FY 2017-18 and 30,525 in FY 2018-19. This will reduce the current waiting list of 4,700 by 75% by FY 2018-19. (Current number of NC Pre-K slots is 27,000) **(G- 29, #42)**

NC Pre-K Conference Budget

	2007-18	2018-19
Requirements	\$9,000,000	\$18,300,000
Receipts	\$6,000,000	\$12,200,000
Appropriations	\$3,000,000	\$6,100,000
Current slots (2016-17)	27,000	27,000
New Slots	1,725	3,325
Total Slots	28,725	30,525

The waitlist for FY 2016-17 was 4,700. In FY 2018-19, the 3,525 slots are 75% of the waitlist of 4,700.

- Child Care Subsidy market rate increase provides \$13 million in FY 2017-18 and \$17 million in FY 2018-19 to increase the market rate effective October 1, 2017 for infants through 2 year olds in 3-, 4-, and 5-star centers and homes in Tier 3 counties to the recommended market rate. Also effective October 1, 2017 the market rate is increased for school-aged children in 3-, 4-, and 5-star centers and homes in Tier 1 and 2 counties to the recommended market rate. **(G-29, #43)**
- Smart Start Reading Initiative increases access to Dolly Parton’s imagination Library an early literacy program that mails age-appropriate books to register children on a monthly basis. Once fully implemented access to the program will be statewide. (\$3.5 million in FY 2017-18 and \$7 million in FY 2018-19) **(G-30, #47)**

Provisions from S.B. 257

- Child Care Allocation Formula allows the DCDEE to withhold up to 2% of available funds from the allocation formula for preventing the termination of services and for repayment of any federal funds identified by counties as overpayments. The Division must allocate any funds withheld before the end of the fiscal year if the funds are not needed for these purposes. The Division must set aside 4% of the subsidy allocation for vulnerable populations which include special needs and homeless children. Counties with a spending coefficient above 100% must submit a plan for managing their allocation before receiving any reallocated funds. **(Sec. 11B.5)**

Division of Social Services

Committee Report Items

- Funds resources to implement the Child Welfare Federal Program Improvement Plan required under the federal Child and Family Services Review. Provides \$8.7 million in FY 2017-18 and \$9.5 million for enhancements to the Child Welfare system including training for local child welfare workers and supervisors. Expands both In-Home and post permanency support services to improve the safety and outcomes of children involved in the Child Welfare system. **(G-38, #54)**
- Provides nonrecurring funding to implement the Family/Child Protection & Accountability Act to reform the State child welfare system, improve State oversight, and develop a plan for the regionalization of county departments of social services. (\$161,439 in FY 2017-18 and \$3.2 million in FY 2018-19) **(G-38, #55)**
- Continues the provision of temporary assistance for facilities that serve special assistance recipients. Counties and the State will each provide 50% of the funding. Facilities will receive \$34 per month for each resident who receives

Special Assistance. (\$5 million nonrecurring in each year of the biennium) (**G-38, #56**)

Provisions from S.B. 257

- Social Services Block Grant provides \$3 million nonrecurring in each year of the biennium to assist counties in the implementation of the Child Welfare case management system in NC FAST. (**Sec. 11L.1.k**)

Division of Public Health

Committee Report Items

- Provides \$2 million recurring to expand Nurse Family Partnership Program home visiting services. (**G-50, #83**)
- Provides \$500,000 recurring to expand 2 smoking cessation programs: QuitlineNC and You Quit Two Quit. (**G-50, #84**)
- Provides \$500,000 nonrecurring for tobacco prevention activities targeted to youth and people of childbearing age. (**G-50, #85**)
- Provides \$1 million recurring and \$2 million nonrecurring to address the structural budget deficit at the State Laboratory of Public Health. (**G-51, #86**)
- Provides \$600,000 for Hepatitis C and other communicable disease testing and treatment. (**G-51, #87**)

Provisions from S.B. 257

- Implements the Federal Elevated Blood Level Standard in North Carolina to lower the level of lead detected in children and pregnant women that requires immediate action to remove sources of lead from their environment. This action makes the State's blood lead level consistent with the federal Centers for Disease Control and Prevention. (**Sec. 11E.6**)
- Authorizes the use of Modified Adjusted Income (MAGI) to determine income eligibility for the AIDS Drug Assistance Program, raising the income eligibility level for uninsured persons with AIDS/HIV to receive AIDS drug assistance. (**Sec. 11E.9**)
- Authorizes and provides \$2.2 million in federal block grant funding to establish the 3-year *Every Week Counts Demonstration Project* to reduce pre-term births and improve birth outcomes in Robeson and Columbus Counties. These counties have the highest number of preterm births in the State. (**Sec. 11E.12**)

Division of Mental Health, Developmental Disabilities and Substance Abuse Services

Committee Report Items

- Behavioral health funding consolidates several changes on a recurring and nonrecurring basis in both years of the biennium as reflected in total below: **(G-60, #105)**

	FY 2017-18	FY 2018-19
Recurring	(\$9.7) million	(\$1.9) million
Nonrecurring	(\$43.4) million	(\$44.6) million

The components of the changes are reflected below:

	FY 2017-18		FY 2018-19	
	Recurring	Nonrecurring	Recurring	Nonrecurring
Single Stream	(\$31.5) M	(\$55.5)M	(\$36.0) M	(\$54.6) M
3-Way Beds	\$2.5 M		\$2.5 M	
Disability Rights Settlement	\$6.2 M	\$26 K	\$6.3 M	
DOJ Settlement	\$8.9 M		\$17.0 M	
Expand DD Slots	\$4.1 M		\$8.3 M	
Group Home Funding		\$5.0 M		\$5.0 M
Community Substance Abuse Services		\$5.0 M		\$5.0 M
Case Management System		\$2.0 M		

- Provides nonrecurring funds for Broughton Hospital of \$2.5 million in each year to fund potential litigation and other costs related to delays in hospital construction, other costs related to minor equipment to be installed during construction and transition to the new hospital and funds a study of potential uses for the old Broughton Hospital facilities. **(G-61, #107)**
- Drug overdose medication provides recurring funding of \$100,000 to purchase opioid antagonists. **(G-62, #110)**

Provisions from S.B. 257

- Defines the Single Stream Funding reduction amount for each Local Management Entity/Managed Care Organization (LME/MCO) for both recurring and nonrecurring reductions. The provision directs the Secretary to provide any recommended changes in these amounts to the JLOC HHS by March 1, 2018 and directs the Department on July 1, 2017 to begin a quarterly financial review of all LME/MCOs to identify vulnerable LME/MCOs. The solvency standards that will

be included in the DHHS Behavioral Health Strategic Plan required by January 1, 2018 will be the basis for determining LME/MCOs at risk of failing within a 2-year period that will require corrective action plans and monthly reporting. The first report to the JLOC HHS identifying any LME/MCOs at risk of failing is required by 10/1/17.

The provision states it is the intent of the General Assembly that LME/MCOs maintain utilization at the same level as 2015.

The provision allows up to \$30 million nonrecurring to be restored in the event the Office of State Budget and Management (OSBM) certifies a surplus in Medicaid spending. **(Sec. 11F.2)**

- Modifies the percentage requirement for LME/MCO purchase of inpatient Alcohol and Substance Use Disorder Treatment Services (ADATC) beds from state operated facilities in FY 2017-18. **(Sec. 11F.4)**
- Directs the funding of psychiatric and facility based crisis beds using sale of Dorothea Dix Property funds in the amount of \$17M to increase inpatient behavioral health bed capacity for adults at 5 selected hospitals/centers and \$2M for competitive grants to establish up to two new facility-based crisis facilities for children and adolescents. **(Sec. 11F.5)**
- Requires the Department to study the Statewide Expansion of the Wright School and to submit a report by March 1, 2018 with options and recommendation for feasibility, cost and obstacles to establishing additional facilities for the treatment to children, 20 ages six to 12, with serious emotional and behavioral disorders and (ii) support their families 21 and communities in building the capacity to meet their children's special needs at home, at 22 school, and within their local communities. **(Sec. 11F.12)**
- Describes the use of the SAMHSA two year grant totaling \$30 million to address North Carolina's Opioid Crisis and reporting requirements for the use of the funds and outcomes on November 1st in 2018 and 2019. **(Sec. 11F.14)**
- Provides nonrecurring funding for Group Homes in the amount of \$5 million each year to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets all of the criteria defined in the provision. **(Sec. 11F.18A)**

Division of Medical Assistance

Committee Report Items

- Medicaid Rebase increases base budget in both years of the biennium to reflect the impact of enrollment and utilization trends as reflected below: **(G-88, #134)**

	FY 2017-18	FY 2018-19
Recurring	\$66.7 million	\$177.4 million
Nonrecurring	(\$63.0) million	(\$64.8) million

- Reduces budget to reflect LME/MCO intergovernmental transfer to help fund the State's cost for behavioral health services totaling \$17.7 million in FY 2017-18 and \$18.0 million in FY 2018-19. **(G-88, #135)**
- Increase rates for Medicaid personal care services effective 1/1/18 to an effective rate per hour of \$15.60 for a total cost in FY 2017-18 of \$1.3 million and in FY 2018-19 of \$2.7 million. **(G-88, #137)**
- Graduate Medical Education reimbursement funded at \$30 million nonrecurring in each year. **(G-89, #139)**
- Management flexibility reduction of \$15 million nonrecurring in each year with the Department's authority. **(G-89, #140)**
- Provides \$1.4 million in FY 2017-18 and \$1.5 million in FY 2018-19 to extend the clinical policy allowing retroactive authorization of personal care services from 10 days to 30 days. **(G-89, #141)**

Provisions from S.B. 257

- Plan to establish Medicaid coverage for ambulance transports to alternative appropriate care locations directs the Department to develop a plan to implement coverage for ambulance transports for individuals in behavioral health crisis to alternative locations, such as behavioral crisis centers, rather than hospital emergency departments. The Department is to submit a report no later than 12/1/17 with details on the implementation plan. **(Sec. 11H.14A)**
- Prepayment Claims Review Modifications allows DHHS to keep providers on prepayment review for up to 24 months (currently 12) and would require providers to submit a certain volume of claims during the review period in order to meet the standards for successful completion of the program. Clarifies certain aspects of provider terminations and appeals resulting from prepayment review. **(Sec. 11H.19)**

NC Health Choice

Committee Report Items

- Adjusts the base budget to reflect spending target in both years of the biennium as reflected below (**G-96, #145**):

	FY 2017-18	FY 2018-19
Nonrecurring	(\$44.6) million	(\$46.9) million
Recurring	\$1.5 million	\$3.9 million