

Highlights of the Health and Human Services Budget

The Conference Budget for Health and Human Services in FY 2021-22 includes net appropriations of \$5.77 billion, which is \$219.8 million above the base budget for FY 2021-22, a 4.0% increase. FY 2022-23 includes net appropriations of \$6.32 billion, \$771.8 million above the base budget. This is a 13.9% increase. The highlights of the Health and Human Services budget adjustments follow below.

Committee Report Items

Division of Aging and Adult Services

- (Page C7, Item #6) **Provides \$15.0 million from the State Fiscal Recovery Fund for rapid rehousing services** for individuals and families at risk of homelessness due to the COVID-19 pandemic.
- (Page C9, Item #14) **Increases funding for the Home and Community Care Block Grant** to expand services for older adults and their unpaid primary care givers (\$3.6 million R in FY 2021-22 and \$5.8 million R in FY 2022-23).

Central Management and Support

- (Page C19, Item #36) **Provides \$15.0 million from the State Fiscal Recovery Fund to the North Carolina Association of Free & Charitable Clinics** to support member clinics throughout the State.
- (Page C19-C20, Items #37, #38, and #39) **Provide \$12.5 million from the State Fiscal Recovery Fund to support telehealth and telepsychiatry efforts.** The total includes \$10.0 million for a Virtual Behavioral Health Service grants program, \$1.5 million for the North Carolina Statewide Telepsychiatry Program (NC-STeP), and \$1.0 million for a school-based virtual health pilot program.
- (Pages C20-C21 and C26, Items #43, #44, #79, and #80) **Provide funding for NC FAST operations and maintenance and system development activities,** including child welfare case management and infrastructure modernization (\$20.0 million R in General Fund in each year of the biennium, as well as \$39.7 million NR in FY 2021-22 and \$38.4 million NR in FY 2022-23 from the Medicaid Transformation Reserve).
- (Page C21, Item #45) **Provides \$12.7 million R in FY 2021-22 and \$13.3 million R in FY 2022-23 for Medicaid Enterprise System** operations and maintenance.
- (Page C22, Item #52) **Budgets federal American Rescue Plan Act (ARPA) funds to support COVID-19 testing and mitigation in small rural hospitals** (\$4.9 million NR in FY 2021-22).

- (Page C22, Item #54) **Provides \$4.0 million NR in FY 2021-22 for the Rural Health Loan Assistance Repayment Program** for loan repayment incentives to recruit doctors, physician assistants, dentists, nurse practitioners, and certified nurse midwives to rural areas.

Division of Child Development and Early Education

- (Page C33, Item #87) **Provides \$20.0 million for start-up and capital grants for child care centers and NC Pre-K classrooms from the State Fiscal Recovery Fund.**
- (Page C34, Item #92) **Provides \$10.0 million R each year of the biennium for Smart Start.**
- (Page C35, Item #94) **Increases the NC Pre-K rates for child care centers by 2% in FY 2021-22 and by an additional 2% in FY 2022-23** with the intent that the funds be used to increase the salaries of teachers working in child care centers to address the disparities in teacher salaries among those working in child care centers compared to those working in public schools or Head Start centers (\$1.7 million R in FY 2021-22 and \$3.5 million R in FY 2022-23).
- (Page C36, Item #102) **Budgets federal Child Care and Development Fund block grant funds for child care services and supports** (\$502.8 million NR provided through ARPA). The funds will be used for:
 - subsidized child care services (between \$206.0 million and \$215.0 million),
 - modernizing early childhood technology infrastructure (\$50.0 million to \$59.0 million),
 - copays for families receiving subsidized child care (covered through December 2021) (\$30.0 million), and
 - workforce initiatives, including teacher recruitment and retention efforts (up to \$207.8 million).

Division of Health Benefits

- (Page C45, Item #113) **Recognizes \$274.8 million NR in savings from the enhanced federal match on home and community-based services (HCBS)** available from ARPA. The savings will be placed into a new HCBS Fund (Page C45, Item #114) and used **to enhance, strengthen, and expand Medicaid HCBS**. Money from the HCBS Fund will support the State share of costs to:
 - **Add at least 1,000 Innovations waiver slots and 114 slots in the Community Alternatives Program for Disabled Adults** waiver program (Page C45, Items #115, #116, and #117),
 - **Increase wages for HCBS direct care workers**, with the goal of getting these workers to a wage of at least \$15 per hour (Page C45, Item #118),
 - **Increase the Medicaid reimbursement rate for private duty nursing** (Page C45, Item #119),
 - **Expand the State-County Special Assistance In-Home program** by aligning the income eligibility level with the Special Assistance Adult Care Home program beginning July 1, 2022 (Page C46, Item #120), and

- **Support the Transitions to Community Living Initiative**, which assists Medicaid beneficiaries with mental illness in transitioning from institutions to community settings in accordance with the U.S. Department of Justice Olmstead Settlement (Page C46, Item #121).

By the end of the biennium, the State will have spent nearly \$180 million on HCBS enhancements and initiatives using the savings placed in the HCBS Fund. The Fund will continue to support HCBS enhancements through March 31, 2024. Beginning April 1, 2024, ongoing State costs for the enhancements will be paid through an increase in hospital assessments.

- (Page C46, Item #122) **Provides \$10.0 million R in FY 2021-22 and \$21.8 million R in FY 2022-23 to increase the wages of direct care workers working in intermediate care facilities for individuals with intellectual disabilities (ICF/IID).**
- (Page C49, Item #133) **Provides funds for the Medicaid and NC Health Choice rebase** (\$33.4 million R/NR in FY 2021-22 and \$562.6 million R in FY 2022-23). The funds support projected changes to enrollment, service utilization, prices, and federal match, as well as the transition to managed care. The rebase for FY 2022-23 is higher due to the anticipated termination of the enhanced federal COVID-19 match in the first year of the biennium.
- (Page C49, Item #134) **Authorizes State funding from the Medicaid Transformation Fund to support IT upgrades, contracts, and initiatives needed for the State’s transition to managed care on July 1, 2021, including funds for the Healthy Opportunities program.** The State share of project costs, \$133.1 million NR in FY 2021-22 and \$119.0 million NR in FY 2022-23, will be transferred from the Medicaid Transformation Fund. The projects and initiatives must be approved as qualifying needs by the Office of State Budget and Management before State funding from the Medicaid Transformation Fund can be expended.
- (Page C49, Item #135) **Extends Medicaid coverage from 60 days postpartum to 12 months postpartum and broadens Medicaid coverage for pregnant women to include the full set of Medicaid services.** The State share of costs for the extension, \$12.5 million R in FY 2021-22 and \$50.8 million R in FY 2022-23, will be generated through an increase in hospital assessments. The program begins April 1, 2022, and sunsets March 31, 2027.
- (Page C49, Item #136) **Provides funds to enable the parents of children temporarily placed in the child welfare system to retain Medicaid benefits** as long as the parents are making reasonable efforts to comply with their court-ordered reunification plans (\$8.1 million R in FY 2021-22 and \$18.0 million R in FY 2022-23).

Division of Mental Health, Developmental Disabilities and Substance Abuse Services

- (Page C72, Item #173) **Provides \$12.6 million in temporary funding assistance for ICF/IID providers from the State Fiscal Recovery Fund.** Funds will go towards increased

reimbursements for intermediate care facilities for individuals with intellectual disabilities services.

- (Page C72, Item #174) **Provides \$25.0 million for behavioral health crisis partnerships in Forsyth and Mecklenburg counties from the State Fiscal Recovery Fund.** Funds will go towards partnership programs between the applicable county and its local hospital system, local behavioral health crisis centers, local emergency services providers, and local management entity/managed care organization (LME/MCO) in order to divert individuals from hospital emergency rooms.
- (Page C76, Item #192) **Provides funds to complete the phased implementation of the Transition to Community Living Initiative (TCLI)** in each year of the biennium (\$15.1 million R). Funding ensures compliance with the 2012 US Department of Justice settlement by helping transition individuals into housing slots, increasing the number of referrals to supported employment, and assisting more individuals in Assertive Community Treatment.
- (Page C78, Item #200) **Provides funds for operating costs at Broughton Hospital** (\$5.65 million R in each year).
- (Page C82, Item #212) **Provides funds for electronic health record development** at State operated healthcare facilities (\$20.0 million NR in FY 2021-22 and \$30.0 million NR in FY 2022-23).
- (Page C82, Item #214) **Provides funds for incentivizing the development of Medicaid services to support the needs of recipients living in community-based group homes and establishing new rate and funding models and methodologies** (\$10.0 million R in each year).
- (Page C85, Item #237) **Provides \$13.0 million R in each year of the biennium for the Division of State Operated Healthcare Facilities to rectify a chronic budget shortfall** by reducing overbudgeted receipts across various State healthcare facilities.
- (Page C87, Item #243) **Provides funds for opioid abatement and remediation initiatives** funded by the State's recent opioid settlement with McKinsey and Co. (\$15.7 million NR in FY 2021-22 and \$812,250 NR in FY 2022-23). A new Opioid Abatement Fund is established to hold the settlement receipts, and funds will be used to cover the legal costs of the case and to remediate the harms caused to the State by the opioid epidemic.

Division of Public Health

- (Page C96, Item #249) **Provides \$36.0 million from the State Fiscal Recovery Fund for local health departments** to expand communicable disease surveillance, detection, control, and prevention activities to address COVID-19 and other communicable disease challenges exacerbated by the COVID-19 pandemic.

- (Page C96, Item #250) **Provides \$150.0 million from the State Fiscal Recovery Fund for Lead and Asbestos Remediation in Schools and Child Care Facilities.**
- (Page C100, Items #265 and #266) **Provide an additional \$2.1 million in FY 2021-22 and \$3.3 million in FY 2022-23 for grant programs for pregnancy centers.**
- (Page C100, Item #267) **Provides \$3.2 million NR in each year of the biennium for the expansion of the Continuum of Care Pilot Program.** The purpose of the statewide continuum of care program includes expansion and operation of the Human Coalition Pregnancy Support Program to provide community outreach, consultations, and support and care coordination for women experiencing under-supported pregnancies.
- (Page C101-C102, Items #272 and #276) **Budget a total of \$89.7 million in federal ARPA receipts to support the State and local public health workforce.** The total includes \$62.3 million to support COVID-19 prevention, preparedness, response, and recovery initiatives – including school-based health services – and \$27.4 million to support Disease Intervention Specialists to address COVID-19 and other infectious diseases.
- (Page C101, Items #273, #274, and #275) **Budget an additional \$35.8 million in federal ARPA receipts to support the detection and mitigation of COVID-19.** The total includes approximately \$20.2 for detection and mitigation in confinement facilities, \$1.4 million for detection and mitigation in populations experiencing homelessness, and \$14.2 million for Nursing Home and Long-term Care Facility Strike Teams.
- (Page C102, Item #277) **Budgets federal ARPA receipts to support Statewide COVID-19 Vaccination Efforts** (\$102.5 million NR in FY 2021-22).
- (Page C103, Item #281) **Provides funds for youth tobacco and nicotine dependence prevention activities** funded by the State’s recent settlement with Juul Labs. A new Youth Electronic Nicotine Dependence Abatement Fund is established to hold the settlement receipts, and \$11.0 million NR from the Fund will be used in FY 2021-22 for cessation, prevention, data monitoring, and other evidence-based activities targeted at youth and young adults.

Division of Social Services

- (Page C121, Item #299) **Provides \$48.0 million from the State Fiscal Recovery Fund to reduce the negative economic impact of the COVID-19 pandemic on facilities that serve Special Assistance (SA) recipients.** Funding will provide a monthly payment of \$125 per SA recipient beginning July 2021.
- (Page C122, Item #304) **Provides \$10.0 million R/NR in FY 2021-22 and \$5.0 million R in FY 2022-23 for child advocacy centers across the State.**

- (Page C128, Items #329 and #331) **Increase adoption assistance and foster care rates** beginning January 1, 2022 (total of \$5.3 million R in FY 2021-22 and \$5.4 million R in FY 2022-23).
- (Page C128, Item #332) **Provides \$6.0 million NR in FY 2021-22 and \$12.0 million NR in FY 2022-23 to cover a loss in federal receipts from the Family First Prevention Services Act,** which limits Title IV-E funding for congregate care to 14 days starting October 1, 2021.
- (Page C130, Item #340) **Increases the personal needs allowance for SA recipients** from \$46 to \$70 a month, effective January 1, 2022 (\$2.0 million R in FY 2021-22 and \$2.7 million R in FY 2022-23).
- (Page C133, Item #366) **Provides \$900,000 R in each year of the biennium for up to 15 FTEs to staff the regional supervision support model** directed by S.L. 2017-41 and a statewide child protective services hotline.

Special Provisions

Division of Aging and Adult Services

- (Section 9A.3A) **Expands the State-County Special Assistance (SA) In-Home program** by establishing the SA In-Home program as a State entitlement and increasing the SA In-Home income eligibility limit to match the SA Adult Care Home (ACH) income eligibility limit. This program change is intended to create parity between the SA ACH program and the SA In-Home program.

Division of Health Benefits

- (Section 9D.13A) **Increases Medicaid hospital assessments to fund the extension of postpartum benefits beginning April 1, 2022, and the home and community-based service enhancements beginning April 1, 2024.** The increases are implemented through the addition of two new components to the assessment formula.
- (Section 9D.22) **Requires DHHS to develop a clinical coverage policy and assign a billing code for Medicaid coverage of behavioral health services provided after the first 30 hours in a hospital setting for beneficiaries awaiting discharge to a more appropriate setting.** The new Medicaid covered services and rates must be implemented by July 1, 2022.

Division of Public Health

- (Section 9G.6A) **Requires implementation of new newborn screenings within three years of being added to the national Recommended Uniform Screening Panel (RUSP).** DHHS must report on new conditions to be added to the program and the status and reason for a delay of more than three years.

Division of Social Services

- (Section 9I.15) **Requires the Division of Social Services to deploy the child welfare case management component of NC FAST statewide before October 1, 2022** and provides timelines by which the Division must release a request for proposal and enter into a contract for at least one significant augmentation to the child welfare component.