

Highlights of the Health and Human Services (HHS) Budget

The Conference Budget for HHS in FY 2022-23 includes net appropriations of \$6.55 billion, which is \$730 million above the FY 2021-22 amount, a 12.5% increase. The highlights of the HHS adjustments are as follows:

Division of Aging and Adult Services (DAAS)

Special Provisions

- (Sec. 9A.1) **Implements an annual rate adjustment in the State and County Special Assistance (SA) program beginning January 1, 2023.** The rate adjustment will match the annual Social Security cost-of-living adjustment.

Central Management and Support (CMS)

Committee Report Items (Pages C10-C15)

- Provides funding for the Office of Rural Health Loan Assistance Repayment Program to be used **for recruitment and retention incentives for primary care providers in rural areas** (\$3.0 million R).

Special Provisions

- (Sec. 9B.1, as modified by S.L. 2022-75, Sec. 18) Requires the Department of Health and Human Services to submit a **detailed plan and timeline for the transfer of existing departmental programs and services to the new Division of Child and Family Well-Being** by October 1, 2022. Any revisions to the plan must be submitted by April 1, 2023.

Division of Child Development and Early Education (DCDEE)

Committee Report Items (Pages C16-C21)

- Provides funds for a **5% increase in NC Pre-K provider reimbursement rates.** Private child care facilities, who were slated to receive a 4% rate increase with funds from the 2021 Appropriations Act, will now receive a 9% reimbursement rate increase in FY 2022-23, while providers at public schools and Head Start facilities will receive a 5% increase over current rates (\$9.0 million R).

Division of Health Benefits (DHB)

Committee Report Items (Pages C22-C31)

- **Provides funds to continue temporary COVID-19 rate increases for skilled nursing facilities and personal care services.** Once the additional funds are expended, rates for skilled nursing facilities and personal care services return to DHB's normal rate-setting authority (\$95.0 million NR).

- **Provides funding for an increase in the reimbursement rates for the Program of All-Inclusive Care for the Elderly (PACE)**, a capitated program that provides comprehensive care for qualifying Medicaid recipients through services provided by an interdisciplinary team (\$6.0 million R).
- **Budgets additional funds for federally qualified health centers (FQHCs) to receive an above-cost reimbursement** from Medicaid to recognize challenges in FQHC reimbursements for prescription drugs (\$4.4 million NR).
- Increases funding for the **Medicaid rebase** due to continued enrollment growth during the biennium (\$83.6 million, including \$74.5 million R and \$9.1 million NR). Combined with the rebase from the 2021 Appropriations Act, **the FY 2022-23 rebase totals \$646.1 million.**
- **Authorizes additional spending from the Medicaid Transformation Fund for contracts, programs, and projects related to the State’s transition to managed care.** Spending from the Fund must be for an approved “qualifying need” for transformation. The additional authorization allows DHB to use up to \$326.2 million for the nonfederal share of transformation project costs over the biennium.

Special Provisions

- (Sec. 2.2.(e)) **Reserves an additional \$151.1 million in the Medicaid Contingency Reserve** to enable the State to respond to COVID-19 public health emergency (PHE) scenarios.
- (Sec. 9D.3) **Adds \$52.8 million to the FY 2021-22 budget for DHB to cover the cost of continuing temporary COVID-19 rate increases for skilled nursing facilities and personal care services** during April, May, and June of 2022.
- (Sec. 9D.5) **Requires all necessary Medicaid redeterminations be completed as expeditiously as possible within 12 months after the national public health emergency ends.**
- (Sec. 9D.7) **Adjusts the start date for BH IDD Tailored Plans to December 1, 2022**, the date planned by the Department of Health and Human Services and DHB.
- (Sec. 9D.15) **Merges the NC Health Choice program into Medicaid** by eliminating the NC Health Choice program and broadening Medicaid eligibility to include the children who have been eligible for NC Health Choice.

Division of Health Service Regulation (DHSR)

Special Provisions

- (Sec. 9E.1) **Allows a nursing facility to employ or contract with health care personnel who are not listed on the Nurse Aide Registry to perform the duties of a nurse aide for a period of up to four months.**
- (Sec. 9E.2) **Provides emergency flexibilities for certain facilities and services regulated by the DHSR.** The provision allows the Department to temporarily waive rules and increase bed capacity for adult care homes, hospitals, nursing homes, hospices, and other

licensed facilities. The provision also allows emergency waivers for credentialed personnel for ambulances and for Nurse Aide Registry rules.

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS)

Committee Report Items (Pages C39-C52)

- **Provides funds for the 988 Crisis Helpline for contracted call center staff** in preparation for the helpline's July 2022 launch (\$1.3 million R).
- **Budgets funding from the Opioid Abatement Reserve**, which holds payments to the State from recent settlements of opioid lawsuits. Funds will be distributed to the following recipients for various opioid use disorder treatment, prevention, research, and strategic planning activities: \$6.0 million (\$1.0 million each) to the six Local Management Entities/Managed Care Organizations (LME/MCOs), \$1.9 million to DMH/DD/SAS for a digital therapeutics pilot program, \$1.0 million to TROSA, \$375,000 to the North Carolina Association of County Commissioners, and \$5.6 million to the University of North Carolina Policy Collaboratory (\$14.8 million NR).

Division of Public Health (DPH)

Committee Report Items (Pages C53-C61)

- **Provides funding to support increased caseloads and address backlogs within the Office of the Chief Medical Examiner.** Funds will be used to create 7 Forensic Pathologist positions and to increase the contract base-rate paid to decedent transportation providers (\$4.8 million R).

Special Provisions

- (Sec. 9G.7) **Authorizes the State Health Director to issue a standing order to facilitate vaccinations, diagnostic tests, or other treatments for COVID-19.** The Provision does not authorize the State Health Director to require any individual to submit to vaccinations, diagnostic test, or other treatments of COVID-19.
- (Sec. 9G.8) **Modifies the authority to issue a quarantine or isolation order.** The provision expands the authority to issue isolation or quarantine orders to include local health directors. Orders that apply Statewide are limited to 7 days, and orders that apply less than Statewide are limited to 30 days, unless the court grants an extension.

Division of Social Services (DSS)

Committee Report Items (Pages C68-C80)

- **Increases funding for Child Advocacy Centers**, which provide services and resources to abused children and their nonoffending family members. The added funding is provided to the Children's Advocacy Centers of North Carolina, Inc. (CACNC), and CACNC must allocate at least 75% of the funds to regional Child Advocacy Centers (\$3.0 million NR).

- Replaces funds that were initially budgeted from the Home and Community-Based Services Fund (HCBS Fund) with a General Fund appropriation, **enabling the State to align the income eligibility for the State and County Special Assistance (SA) in-home program with the facility-based side of the program.** The federal Centers for Medicare and Medicaid Services disallowed the use of the HCBS Fund to pay the SA costs associated with creating parity between the programs (\$5.4 million R).
- **Begins an annual cost-of-living adjustment for SA** on January 1, 2023, one year earlier than originally planned (\$2.0 million R).

Special Provisions

- (Sec. 9I.1) **Provides added flexibility to the Department of Health and Human Services in allocating payments through the Low-Income Energy Assistance Program** by increasing the income eligibility threshold and the maximum payment amount.
- (Sec. 9I.2) **Requires the Division of Social Services to implement an increase in the administrative rate for foster care** using available funds in the foster care budget.

Miscellaneous HHS

Special Provisions

- (Sec. 9K.2) **Requires the Secretary to publish minimum standards and operating procedures to comply with the requirements** of Part 2B of Article 10 of Chapter 153A 16 of the General Statutes, **Dignity for Women Incarcerated in Local Confinement Facilities.** This provision also clarifies the nutritional guidelines for pregnant female incarcerated persons.
- (Sec. 9L.2(a)) Requires DCDEE to use a portion of the federal Child Care and Development Block Grant funds available through the American Rescue Plan Act, appropriated in the 2021 Appropriations Act, to **temporarily increase the child care subsidy reimbursement rates** to those recommended in the 2018 Child Care Market Rate Study.