



Health and
Human Services

Richard O. Brajer
Secretary

Courtney Cantrell
Division of Mental Health, Developmental Disabilities and Substance Abuse Services Director

January 19, 2016

SENT VIA ELECTRONIC MAIL

The Honorable Marilyn Avila, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 2217, Legislative Building
Raleigh, NC 27601

The Honorable Josh Dobson, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 301N, Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Louis Pate
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 1028, Legislative Building
Raleigh, NC 27601

Dear Chairmen:

Section 12F.2.(c) of North Carolina Session Law 2015-241, enacted on September 18, 2015, requires the Department of Health and Human Services ("Department") to modify the monthly reporting package submitted by the LME/MCOs to the Department to include revenues and expenditures for the State funding sources for single stream, intellectual and developmental disability, and substance abuse services on Schedule D2. Additionally, the Department is required to modify appropriate schedules in the LME/MCO monthly reporting package to include unduplicated recipients and encounters in the same level of detail included in each D schedule for each source of funding for the reporting for the current and previous year's month and year to date periods. Further, the Department is also to submit these reports to the Joint Legislative Oversight Committee on Health and Human Services by the third Monday of each month beginning in October 2015.

The Department appreciates and shares the desire for more detailed, consolidated monthly expenditure reports on the part of LME/MCOs for single stream state funds. As such, the Department's Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDAS), in coordination with the Division of Medical Assistance (DMA), has initiated the process of revising Schedule D. Draft revisions to the state funded portion of Schedule D2, and the addition of schedules that show





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unduplicated recipients of mental health disorders, intellectual and developmental disability, and substance use disorder services were completed and distributed to the LME/MCOs in December 2015. As the LME/MCOs began to attempt to implement the changes it became apparent that the various financial reporting systems could not be immediately reprogrammed to satisfy the requirements. Therefore, the Department revisited the most appropriate approach to effectively modify the reporting package so that it most accurately satisfies the legislative intent of the reporting requirements.

DMHDDSAS has undertaken the project, in conjunction with the Finance Officers of the LME/MCOs, to revisit the structure of Schedule D for both Medicaid and State fund reporting to bring the two processes into greater alignment and to support the reporting specificity required by the legislation. This project is of greater scope than originally understood and will require the remainder of the current fiscal year to pursue.

On January 12, 2016, a presentation was provided to the Joint Legislative Oversight Committee on Health and Human Services. During the presentation the delay in completing the revisions to Schedule D2 was presented along with data demonstrating that the Department is closely monitoring the LME/MCOs' accountability for the Maintenance of Effort and continued level of services as described in Section 12F.2.(b) of NC Session Law 2015-241. The information distributed at the time of the presentation is included in attachment 1.

DMHDDSAS will continue to monitor all of the legislative requirements from Section 12F and provide updates to the Joint Legislative Oversight Committee monthly.

Should you have any questions, please contact me at (919) 733-7011.

Sincerely,

Courtney Cantrell, PhD
Division of Mental Health, Developmental Disabilities and Substance Abuse Services
Director

Attachment





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cc: Secretary Richard O. Brajer Brian Perkins Hannah Tedder
Dave Richard Rod Davis Theresa Matula
Marjorie Donaldson Sarah Newton reports@ncleg.net
Joyce Jones Brandon Greife Kolt Ulm
Steve Owen Susan Jacobs



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*Joint Legislative Oversight Committee
LME-MCO Maintenance of Service Level with Funding Reduction January 12, 2016*

Session Law 2015-241: House Bill 97 Section 12F.2.(b) and (c) directs the DMH/DD/SAS to: 1) Reduce its allocation for single stream funding [to LME-MCOs]; 2) Allocate reductions based on the ... percentage of cash on hand; 3) Report to JLCC that LME-MCOs maintain the same level of service as 2014-15 SFY; 4) Modify reporting monthly package on Schedule D2.

Reductions of Single Stream Funding were allocated as follows:

	Alliance	Cardinal	Center Point	East Pointe	Partners	Sandhills	Smoky Mountain Center	Trillium
% Reduction	10%	14%	7%	8%	14%	18%	13%	15%
Single Stream \$ Reduction	11,066,104	15,299,258	7,336,280	9,328,296	15,634,173	20,451,797	14,950,588	16,742,256
SFY16 Allocation	27,425,828	51,038,846	11,410,100	18,555,386	17,527,293	11,201,156	35,349,653	29,521,280
State Fund Balance after Level of Service	-6,821,786	2,825,742	-1,336,280	-2,121,005	6,471,918	15,150,187	1,937,358	-10,755,368

Level of service requirement target arrived at by considering total service dollars spent in previous year and the percentage of funding that would be spent for 5/12 of the year, i.e. through the month of November = 42%.

LME-MCOs are performing at or above the 42% expectation for expenditures through November 2015.

Dr. Courtney Cantrell, Director - Division of Mental Health, Developmental Disabilities and Substance Abuse Services

