

IV. Implementation of Budget Items:

**DRAFT 2015 ANNOTATED CONFERENCE REPORT
ON THE BASE, EXPANSION, AND CAPITAL
BUDGETS - HEALTH AND HUMAN SERVICES
SECTION**

Health and Human Services Section G

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2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND			
		FY 15-16		FY 16-17	
Recommended Base Budget		\$89,605,783		\$89,605,783	
Legislative Changes					
(1.0) Division of Central Management and Support					
1 State Health Plan		\$594,352	R	\$594,352	R
Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium. (S.L. 2015-241, Sec. 30.20)					
2 State Retirement Contributions		\$340,897	R	\$340,897	R
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund increased retiree medical premiums. Total General Fund appropriation across all sections in the committee report is \$11.0 million in FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec. 30.20)					
3 Compensation Reserve		\$124,148	R	\$124,148	R
Provides funds for a \$750 one-time bonus for State employees. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. In addition, funds are appropriated for the changes to the Statewide teacher salary schedule that affect State agency teachers within the Department. (S.L. 2015-241, Sec. 30.9. Sec. 30.10, and Sec. 30.18A)		\$5,221,738	NR		
4 Health Information Exchange (1910)		(\$2,000,000)	R	(\$2,000,000)	R
Eliminates recurring funding for the exchange in accordance with S.L. 2015-7.					
5 Vacant Positions		(\$1,481,673)	R	(\$1,481,673)	R
Eliminates vacant positions within the Department of Health and Human Services (DHHS).		-57.00		-57.00	
6 Competitive Block Grant Transfer (1910)		(\$75,000)	R	(\$75,000)	R
Electronic Information for the Blind to the Division of Services for the Blind. Combined with the Competitive Block Additional Funds item, the total competitive block grant appropriation is increased by 11% to \$14,506,411. (S.L. 2015-241, Sec. 12A.8)					
7 Health Net Grants (1372)		(\$2,250,000)	R	(\$2,250,000)	R
Eliminates the NC Health Net program and allocates half of the remaining funding to the Community Health Grants program. The Community Health Grant program is increased by 42% to \$7.5 million. (S.L. 2015-241, Sec. 12A.9)					

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Agenda Item	8 Miscellaneous Contractual Services (1120)				
	Reduces funding for contracts in central management. Over \$3.1 million remains in the budget for this purpose in central management. (S.L. 2015-268, Sec. 4.1, General Government Technical Corrections, amends this item to allow the reduction to be taken from any departmental contracts, except contracts associated with the federal Department of Justice settlement agreement for housing, support and other services for people with mental illness.)	(\$3,200,000)	NR		
	9 NC FAST Required Changes (2411,1122)	\$360,000	R	\$360,000	R
	Provides funds to make the required changes to NC FAST associated with allowing the Eastern Band of the Cherokee to administer their Medicaid and Food and Nutrition Services Programs in accordance with State law. (S.L. 2015-241, Sec. 12C.10)	\$3,200,000	NR		
	10 NC FAST- Operations and Maintenance (2411, 1122)				
	Provides \$9,871,059 in FY 2015-16 and \$13,220,665 in FY 2016-17 in additional receipts for ongoing maintenance and operations for the NC FAST system. Three technology support analyst positions will be created and funded with the additional receipts. Total funding for this purpose is \$60 million for FY 2015-16 and \$47.5 million for FY 2016-17. (S.L. 2015-241, Sec. 12A.7)				
	11 NC FAST (2411, 1122)				
	Provides funding for continued system development including using prior-year earned revenue in the nonrecurring amount of \$9.4 million in FY 2015-16 and FY 2016-17, to bring the total funding for NC FAST, along with federal funding, to \$77.7 million for FY 2015-16 and \$84.4 million for FY 2016-17. (S.L. 2015-241, Sec. 12A.7)	\$5,803,000 37.00	NR	\$13,052,000 40.00	NR
	12 NCTRACKS (2413, 1122)	\$400,000	R	\$400,000	R
	Provides recurring funding for the operation and maintenance of NC TRACKS. Additional nonrecurring funding is provided for the development and implementation of 2 projects; ICD-10 which is used to code medical procedures and the Business Process Automated System for the Division of Health Service Regulation. Total funding for this purpose is over \$60 million for FY 2015-16 and FY 2016-17. (S.L. 2015-241, Sec.12A.6)	\$2,300,000	NR	\$940,000	NR
	13 Health Information Exchange (HIE) (1910)	\$8,000,000	R	\$8,000,000	R
	Funding is provided to continue efforts towards the implementation of a statewide HIE. (S.B. 713/H.B. 940; S.L. 2015-264, Sec. 86.5; S.L. 2015-241, Sec. 12A.5)	\$4,000,000	NR	\$4,000,000	NR
	14 Government Data Analytics Center (1910)	\$250,000	R	\$250,000	R
	Funds a contract for the development for new and enhanced health data analytics capability and functionality for the Department. (S.L. 2015-241 Sec. 12A.17)	\$750,000	NR		

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15 Office of Program Evaluation, Reporting and Accountability (1910)

\$250,000

R

\$500,000

R

Establishes an Office within the Department of Health and Human Services to evaluate effectiveness and efficiency of programs as Directed by the Secretary, Governor and as requested by the General Assembly. (S.L. 2015-241, Sec. 12A.3)

16 Community Paramedicine Pilot Project

\$350,000

NR

Provides funds to implement 3 pilot projects focused on expanding the role of paramedics to allow for community-based initiatives designed to avoid nonemergency use of hospital emergency rooms. (H.B. 472/S.B. 381; S.L. 2015-241, Sec. 12A.12)

17 Competitive Block Grant Additional Funds (1910)

\$1,625,000

R

\$1,625,000

R

Increases funds for long-term, residential substance abuse services. (S.L. 2015-241, Sec. 12A.8)

18 Office of the State Auditor - Financial Audit

\$450,000

R

\$450,000

R

Provides funds for a comprehensive financial audit of DHHS for FY 2014-15 and FY 2015-16. These funds shall be transferred to the Office of the State Auditor to perform the financial audit.

19 Community Mental Health Initiatives (1910)

\$7,848,341

R

\$15,597,746

R

Provides funds pursuant to the U.S. Department of Justice settlement agreement to continue to develop and implement housing, support, and other services for people with mental illness. This action increases the settlement budget to \$27.5 million in FY 2015-16 and to \$35.3 million in FY 2016-17.

Agenda
Item

Total Legislative Changes

\$14,436,065

R

\$22,435,470

R

\$18,424,738

NR

\$17,992,000

NR

Total Position Changes

-20.00

-17.00

Revised Budget

\$122,466,586

\$130,033,253

Special Provisions

2015 Session: HB 97

Division: (1.0) Division of Central Management and Support

Section: 12A.3

**Title: CREATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY
WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Summary Amends G.S. 143B-216.52 - 216.55 by establishing an independent Office of Program Evaluation Reporting and Accountability (OPERA) within the Department of Health and Human Services (DHHS). Subsection (a) requires the Secretary to appoint a director for OPERA, who has a minimum of 10 years of experience in program evaluation. This subsection specifies that the director can only be removed from the position by the Secretary effective 30 days after written notification, which includes a justification for the removal, to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the State Auditor, and the Director of Fiscal Research.

Subsection (a) also delineates the duties and powers of the new office which include (i) evaluating DHHS programs using evidence-based methodologies; (ii) developing an inventory of all DHHS programs and publishing the inventory to a departmental website; (iii) developing an inventory of DHHS contracts; and (iv) responding promptly to information requests for program-level data and information. Subsection (a) also authorizes OPERA to have access to any data or record maintained by DHHS, interview DHHS employees, and conduct announced or unannounced inspections of DHHS facilities.

Subsection (b) amends G.S. 126-5.(c1) by exempting the employees of OPERA from the NC Human Resources Act.

Section: 12A.4

Title: HEALTH INFORMATION TECHNOLOGY

Summary Directs the DHHS, in cooperation with the State Chief Information Officer, to coordinate State Health Information Technology (HIT) policies and programs in a manner consistent with State and federal HIT goals and to establish and direct an efficient and transparent HIT management structure that is compatible with the Office of National Health Coordinator for Information Technology. DHHS is to provide a comprehensive report on the status of these efforts to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by January 15, 2016.

Section: 12A.5

Title: **FUNDS FOR OVERSIGHT AND ADMINISTRATION OF STATEWIDE HEALTH INFORMATION EXCHANGE NETWORK**

Summary Directs DHHS Central Management and Support to transfer funds appropriated for the implementation of a statewide Health Information Exchange (HIE) network to the State Chief Information Officer (CIO). The State CIO and the Secretary of DHHS shall enter into a written memorandum of understanding pursuant to which the State CIO will have sole authority to direct expenditure of these funds until the NC Health Information Exchange Authority (Authority) is established and the State CIO has appointed an Authority director and the NC HIE Advisory Board is established with members appointed.

The Authority must establish, oversee, administer and provide ongoing support to a successor HIE Network for the HIE Network established under Article 29A of Chapter 90 of the General Statutes. The Authority must facilitate the termination or assignment to the Authority by February 29, 2016, of any contracts pertaining to the HIE Network established under Article 29A of Chapter 90 of the General Statutes.

Subsection (d) amends Chapter 90 of the General Statutes by adding a new Article 29B Statewide Health Information Exchange Act. This Article describes the purpose, definitions, and required participation for certain providers in the HIE Network. The Article requires the Authority to provide to the Department and the State Health Plan for Teachers and State Employees secure, real-time access to data and information disclosed through the HIE Network to improve care coordination within and across health systems, increase care quality for beneficiaries, enable more effective population health management, allow more accurate measurement of care services and outcomes, and facilitate health care cost containment. Any data submitted through and stored by the HIE Network is and will remain the sole property of the State. The North Carolina Health Information Exchange Authority and the North Carolina Health Information Exchange Advisory Board are created. Penalties are established for any covered entity that discloses protected health information in violation of Article 29B.

Subsection (f) repeals Article 29A of Chapter 90 of the General Statutes. (S.B. 713/H.B. 940)

(S.L. 2015-264, Sec. 86.5, GSC Technical Corrections 2015, amends this section to require that no later than 30 days after receipt of the transferred funds and notwithstanding any State laws pertaining to contracting procedures, that State CIO shall negotiate and enter into or amend a contract for services to accomplish the following: 1) transition from the HIE Network established under Article 29A of Chapter 90 of the General Statutes to the successor HIE Network; 2) establishment, oversight, administration and ongoing support for the successor HIE Network; and 3) initial steps toward implementation of an HIE analytics data warehouse.

The State CIO shall: 1) ensure the provision of services necessary to accomplish the State's transition to the successor HIE Network; 2) provide for the integration of health information exchange clinical data, including the implementation of a health information exchange analytics data warehouse; and 3) provide health information exchange stakeholders with access to specific health information exchange analytics that allows stakeholders to leverage data for the purpose of reducing healthcare costs and improving quality and access to care.

Adds new subsection (f1) clarifying that covered entities that are required to submit demographic and clinical information through the successor HIE are not required to do so until the Authority establishes a date for covered entities to begin submitting data.)

Section: 12A.6

Title: **FUNDS FOR NCTRACKS, THE REPLACEMENT MULTIPAYER MEDICAID MANAGEMENT INFORMATION SYSTEM**

Summary Directs the use of nonrecurring funds appropriated for NCTracks be used to develop and implement the 10th revision of International Statistical Classification of Diseases and Related Health Problems (ICD-10) Project and the Business Process Automated System for the Division of Health Service Regulation. Overrealized receipts are appropriated up to the amounts necessary to implement this section. In order to utilize the overrealized receipts, DHHS must first obtain prior approval from the Office of State Budget and Management and report to the Joint legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

DHHS is directed to report beginning November 15, 2015, and monthly thereafter to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status of the implementation of ICD-10. DHHS must continue to report by the 15th of each month until 3 consecutive months have passed in which DHHS did not issue any hardship advances and until the new Department of Information Technology can assume this function.

Section: 12A.7

Title: **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST)**

Summary Directs DHHS to use appropriated funds and the cash balance in Budget code 24410 Fund 2411 for the NC FAST project to match federal funds to expedite the development and implementation of Child Care, Low Income Energy Assistance, Crisis Intervention Program, Child Services and the NC FAST Federally-Facilitated Marketplace (FFM) interoperability components of the NC FAST program. DHHS shall report any changes in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

Departmental receipts are appropriated to be used for the ongoing maintenance and operations for the NC FAST system, including the creation of 3 full-time equivalent technology support analyst positions.

Section: 12A.8

Title: **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

Summary Subsections (a) and (b) set forth the requirements for funds appropriated for nonprofits and requires DHHS to continue to administer a competitive process for nonprofit funding. Grants may be awarded up to 2 years.

Subsection (c) requires that the Secretary allocate funds awarded to nonprofits no later than July 1 of each year. The DHHS Secretary is required to report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards.

Subsection (d) requires each nonprofit organization to submit a report to the Division of Central Management and Support no later than December 1 of each year.

Subsection (e) states that for FY 2015-17, Boys and Girls Clubs and the Triangle Residential Options for Substance Abusers, Inc. will not have to compete for funding, and will receive specific amounts.

Section: 12A.9

Title: **COMMUNITY HEALTH GRANT PROGRAM CHANGES**

Summary Transfers 50% of the funds from the Health Net Program to the Community Health Grant Program. Agencies receiving Health Net funds at the end of FY 2014-15 are authorized to continue to receive Community Health Grant funding at the same level for FY 2015-17. After FY 2016-17, agencies will be required to compete for the funding.

Section: 12A.10

Title: **RURAL HEALTH LOAN REPAYMENT PROGRAM**

Summary Allows DHHS to use funds to repay loans for medical, dental, and psychiatric providers practicing in State facilities or in rural or medically underserved communities. Subsection (b) expands the use of funds to include eligible providers in North Carolina who use telemedicine in rural and underserved areas.

Section: 12A.12

Title: **FUNDS FOR COMMUNITY PARAMEDICINE PILOT PROGRAM**

Summary Establishes a paramedicine pilot program.

Subsection (a) directs the use of \$350,000 for a pilot program designed to expand the role of paramedics in providing care that would avoid unnecessary use of hospital admissions and emergency services.

Subsections (b) and (c) require the North Carolina Office of Emergency Medical Services to set the education and qualification standards for the program, and DHHS to establish up to 3 sites to implement the program.

Subsection (d) requires DHHS to submit a report to the Senate Appropriations Committee on Health and Human Services, the House of Representative Appropriations Committee on Health and Human Services, and the Fiscal Research Division by June 1, 2016.

Subsection (e) requires a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1, 2016. (H.B. 472)

Section: 12A.13

Title: **STUDY DESIGN AND IMPLEMENTATION OF CONTRACTING SPECIALIST AND CERTIFICATION PROGRAM**

Summary Directs the Joint Legislative Oversight Committee on Health and Human Services to study and make recommendations on the design of a contracting specialist training and certification program similar to the Certified Local Government Purchasing Officer Program.

Section: 12A.15

Title: **HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT REVISIONS**

Summary Amends G.S. 131E-214.13 by changing reporting period dates and frequencies, and extending the time to adopt rules to March 1, 2016 that establish and define no fewer than 10 quality measures for licensed hospitals and licensed ambulatory surgical facilities. Subsection (b) amends G.S. 131E-214.14 by changing the disclosure of charity care and policy costs by requiring DHHS to post all of the information collected on its website in one location and in a searchable format.

Section: 12A.16

Title: **RENAMING OF OFFICE OF RURAL HEALTH AND COMMUNITY CARE**

Summary Renames the Office of Rural Health and Community Care to the Office of Rural Health.

Section: 12A.17

Title: **FUNDS FOR DEVELOPMENT OF HEALTH ANALYTICS PILOT PROGRAM**

Summary Directs the DHHS to use funds appropriated for the development and implementation of a pilot program for Medicaid claims analytics and population health management.

DHHS is directed to coordinate with the Government Data Analytics Center (GDAC) to develop the pilot program.

DHHS and GDAC are directed to provide a progress report on the pilot program by January 15, 2016, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Committee on Health and Human Services and the Fiscal Research Division. A final report is due by May 31, 2016 to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

Section: 12I.1

Title: **DHHS BLOCK GRANTS**

Summary Sets forth the allocation of nearly \$900 million in federal block grant funds for each year of the FY 2015-17 biennium in subsection (a).

Subsections (b) through (f) direct the use of all of the block grants.

Subsections (g) through (i) direct the use of the Temporary Assistance for Needy Families block grant.

Subsections (j) through (q) direct the use of the Social Services Block Grant.

Subsections (r) and (s) direct the use of the Low-Income Home Energy Assistance Block Grant.

Subsections (t) and (u) direct the use of the Child Care and Development Fund Block Grant.

Subsection (v) directs the use of the Mental Health Services Block Grant

Subsection (w) directs the use of the Substance Abuse Prevention and Treatment Block Grant.

Subsections (x) through (bb) direct the use of the Maternal and Child Health Block Grant.

Subsection (z) requires that \$1,575,000 be used for evidence-based programs in counties with the highest infant mortality rates.

(S.L. 2015-268, Sec.4.6, General Government Technical Corrections, amends (w) to correct the name of the entity receiving Substance Abuse Prevention and Treatment Block Grant funds from the Department of Administration, Division of Veterans Affairs, to the Department of Military and Veterans Affairs.)

2015 Session: **HB 259**

Division: (1.0) Division of Central Management and Support

Section: 4.1

Title: **BUDGET CHANGE: MISCELLANEOUS CONTRACTUAL SERVICES**

Summary Amends S.L. 2015-241, 2015 Appropriations Act, to add a new Section 21A.18 that converts a nonrecurring reduction for miscellaneous contracts in the Division of Central Management and Support to a reduction in contracts department-wide. DHHS is prohibited from reducing any contracts to develop and implement housing, support, and other services for people with mental illness pursuant to the settlement agreement entered into between the U.S. Department of Justice and the State.

Section: 4.6

Title: **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

Summary Amends S.L. 2015-241, Sec. 12I(w), 2105 Appropriations Act, to correct the name of the entity receiving Substance Abuse Prevention and Treatment Block Grant funds from the Department of Administration, Division of Veterans Affairs, to the Department of Military and Veterans Affairs.

2015 Session: **SB 119**

Division: (1.0) Division of Central Management and Support

Section: 86.5

Title: **BUDGET CHANGE: FUNDS FOR OVERSIGHT AND ADMINISTRATION OF STATEWIDE HEALTH INFORMATION EXCHANGE NETWORK**

Summary Amends S.L. 2015-241, Sec. 12A.5, 2015 Appropriations Act, to require that no later than 30 days after receipt of the transferred funds and notwithstanding any State laws pertaining to contracting procedures, that State Chief Information Officer (CIO) shall negotiate and enter into or amend a contract for services to accomplish the following: transition from the Health Information Exchange (HIE) Network established under Article 29A of Chapter 90 of the General Statutes to the successor HIE Network; establishment, oversight, administration and ongoing support for the successor HIE Network; and initial steps toward implementation of an HIE analytics data warehouse.

The State CIO is required to: 1) ensure the provision of services necessary to accomplish the State's transition to the successor HIE Network; 2) provide for the integration of health information exchange clinical data, including the implementation of a health information exchange analytics data warehouse; and 3) provide health information exchange stakeholders with access to specific health information exchange analytics that allows stakeholders to leverage data for the purpose of reducing healthcare costs and improving quality and access to care.

A new subsection (f1) is added clarifying that covered entities required to submit demographic and clinical information through the successor HIE are not required to do so until the Authority establishes a date for covered entities to begin submitting data.

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Health and Human Services

		GENERAL FUND		
		FY 15-16	FY 16-17	
Recommended Base Budget		\$42,845,788	\$42,845,788	
Legislative Changes				
(2.0) Division of Aging and Adult Services				
20 Home and Community Care Block Grant (1370,1451)				
Restores the reduction taken in FY 2014-15, increasing the Home and Community Care Block Grant total availability by 2% to \$55 million.	\$969,549	NR	\$969,549	NR
Total Legislative Changes				
	\$969,549	NR	\$969,549	NR
Total Position Changes				
Revised Budget	\$43,815,337		\$43,815,337	

Special Provisions

2015 Session: HB 97

Division: (2.0) Division of Aging and Adult Services

Section: 12D.1

Title: STATE-COUNTY SPECIAL ASSISTANCE RATES

Summary Sets FY 2015-17 biennial State-County Special Assistance rates for adult care home residents at \$1,182 per month per resident and at \$1,515 per month per resident for special care units. (S.B. 713/H.B. 940)

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Health and Human Services

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$249,687,727	\$249,687,727

Legislative Changes

(3.0) Division of Child Development and Early Education

21 Federal Funding for NC Pre-K (1330)

Budgets Temporary Assistance for Needy Families block grant funding on a nonrecurring basis for NC Pre-K. (S.L. 2015-241, Sec. 12I.1.(a))

(\$16,829,306)	NR	(\$12,333,981)	NR
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22 Cost-Allocate Staff (1110)

Budgets federal block grant funds for positions within the Division of Child Development and Early Education. Total availability for this program has not changed. (S.L. 2015-241, Sec. 12I.1(a))

(\$507,577)	R	(\$507,577)	R
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23 Child Care Subsidy (1380)

Budgets Temporary Assistance for Needy Families (TANF) and TANF Contingency Block grant funds on a nonrecurring basis for child care subsidy. Total availability for this program has not changed. (S.L. 2015-241, Sec. 12I.1.(a))

(\$5,211,614)	NR	(\$2,835,482)	NR
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24 NC Pre-K (1330)

Provides funding for NC Pre-K, including \$2,716,401 in Lottery receipts. Total availability is \$144.2 million. (S.L. 2015-241, Sec. 5.2)

\$2,323,599	R	\$2,323,599	R
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25 Child Care Subsidy Market Rate Increase (1380)

Provides funding to increase the Child Care Subsidy market rate, effective January 1, 2016, to the recommended rates based on the 2015 Market Rate study for ages 0,1 and 2 in 3-, 4-, and 5-star centers and homes in Tier 1 and 2 counties. Total availability for FY 2015-16 is increased by 1.3% to \$330.4 million and for FY 2016-17 is increased by 1.5% to \$333.4 million. (S.L. 2015-241, Sec.12B.2A)

\$3,000,000	R	\$6,000,000	R
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26 North Carolina Early Childhood Integrated Data System (ECIDS) (1163)

Provides funding for ECIDS, an integrated system of early childhood education, health, and social service information focused on children ages 0-5 receiving State and federal services. The system is designed to provide information about when and how children are being served and the program services they receive. ECIDS will connect with the Department of Public Instruction's data system to allow analysis of the effects of early childhood programs and services over time.

		\$699,690	R
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2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Total Legislative Changes	\$4,816,022 R (\$22,040,920) NR	\$8,515,712 R (\$15,169,463) NR
Total Position Changes		
Revised Budget	\$232,462,829	\$243,033,976

Special Provisions

2015 Session: HB 97

Division: (3.0) Division of Child Development and Early Education

Section: 12B.1

Title: NC PRE-K PROGRAM/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES

Summary Maintains the current eligibility criteria for the prekindergarten program, NC Pre-K.

Subsections (a) through (d) require NC Pre-K contractors to continue to issue multi-year contracts, and requires entities operating NC Pre-K classrooms to adhere to programmatic standards and classroom requirements as prescribed by the Division of Child Development and Early Education (DCDEE). Local NC Pre-K committees are required to use the standard decision-making process developed by DCDEE in awarding prekindergarten classroom slots and student selection.

Subsection (e) directs DCDEE to report annually by March 15 on the number of children served by county, expenditures, and the results of an annual evaluation of the program. The report is to be provided to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division.

Subsection (f) requires the administration of NC Pre-K by local partnerships be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

Section: 12B.2

Title: **CHILD CARE SUBSIDY RATES**

Summary Sets the Child Care Subsidy income, market rate and other payment criteria.

Subsection (a) sets the maximum gross family income for child care subsidy eligibility at 200% of the federal poverty level (FPL) for children age 0-5 and special needs children and to 133% FPL for children age 6-12.

Subsection (b) directs DCDEE to revise child care subsidy policy to exclude from the policy's definition of "income unit" a nonparent relative caretaker, and the caretaker's spouse and child, if applicable, when the parent of the child receiving child care subsidy does not live in the home with the child.

Subsection (c) sets the co-payment at 10% of gross family income and co-payments for part-time care are set at 75% of the full-time co-payment.

Subsection (d) sets out the requirements for payments to child care facilities and prohibits the use of child care subsidy funds for facility registration fees and transportation services. Eligibility for post-secondary education subsidy is limited to 20 months.

Subsections (e) through (h) direct DCDEE to calculate a market rate for each rate category in each county or region, define higher quality care as four- and five-star rated facilities, and prohibit separate licensing requirements for facilities operated pursuant to G.S. 110-106.

Subsection (i) requires that child care services funded through the Temporary Assistance for Needy Families Block Grant comply with all subsidized child care program regulations and procedures.

Subsection (j) sets child care subsidy eligibility criteria for legal and illegal noncitizen families in the State.

Subsection (k) requires county departments of social services to include information on whether a child waiting for child care subsidy is receiving assistance through NC Pre-K or Head Start. (H.B. 743, H.B. 832)

Section: 12B.2A

Title: **CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE GROUPS AND COUNTIES**

Summary Requires DHHS to adjust the child care market rate for children from birth to age 2 in three-, four- and five-star rated child care centers and homes in tier 1 and tier 2 counties to the recommended market rate in the 2015 Market Rate Study. County tier designations are those established by the N.C. Department of Commerce's 2015 County Tier Designations.

Section: 12B.3

Title: **CHILD CARE ALLOCATION FORMULA**

Summary Sets the allocation formula to distribute child care subsidy funds to counties.

Subsection (a) directs DHHS to allocate child care subsidy funds to counties based on the number of children in each county under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 12B.2.

Subsection (b) authorizes DHHS to reallocate unused child care subsidy voucher funds to counties based on projected expenditures of all child care subsidy voucher funding.

Subsection (c) requires DCDEE to continue to implement one-third of the change in a county's allocation based on the newest census data; implement an additional one-third in FY 2016-17, and the final one-third in FY 2018-19. Counties shall not receive an increase in their allocations beginning in FY 2015-16 if their spending coefficient is less than 95% in the previous fiscal year. DCDEE may waive the spending coefficient requirement due to extraordinary circumstances and is required to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1st of each year the counties that received a waiver and the reasons for the waiver.

Section: 12B.4

Title: **CHILD CARE FUNDS MATCHING REQUIREMENTS**

Summary Directs that no matching funds may be required of local governments as a condition of receiving their initial allocation of child care funds. All reallocated funds exceeding \$25,000 above a local government's initial allocation shall be matched by 20%.

Section: 12B.5

Title: **CHILD CARE REVOLVING LOAN**

Summary Authorizes DHHS to administer the Child Care Revolving Loan Fund.

Section: 12B.6

Title: **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES/USE OF SUBSIDY FUNDS FOR FRAUD DETECTION**

Summary Directs DCDEE to fund the administrative allowance for county departments of social services at 4% of the county's total child care subsidy funds or \$80,000, whichever is greater.

County department of social services are allowed to use up to 2% of subsidy funds allocated to the county for fraud detection and investigation.

DCDEE is allowed to adjust the allocations in the Child Care and Development Fund Block Grant specified in Section 12I.1 to the final allocations for local departments of social services under subsection (a) of this section and the funds allocated for fraud detection and investigation initiatives under subsection (b). DCDEE must submit a report on the final adjustments to the allocations of the administrative costs no later than January 1, 2016 for the 2015-16 fiscal year, and no later than September 30 of each year thereafter, to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

Section: 12B.7

Title: **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS**

Summary Directs the North Carolina Partnership for Children, Inc. (NCPC) and its board to establish policies that focus on improving child care quality in North Carolina for children from birth to 5 years of age.

NCPC shall maintain administrative costs at no more than 8% of the total statewide allocation to all local partnerships. NCPC shall not reduce allocations for counties with less than 35,000 population below their FY 2012-13 funding level. NCPC is prohibited from allocating funds for use on capital expenditures or on advertising and promotional activities. Local partnerships are prohibited from using State funds on marketing and advertising.

Section: 12B.8

Title: **STATEWIDE EARLY EDUCATION AND FAMILY SUPPORT PROGRAMS**

Summary Requires the Joint Legislative Oversight Committee on Health and Human Services to appoint a subcommittee to study early childhood and family support programs, including the Child Care Subsidy, NC PreK, and Smart Start programs.

The subcommittee must develop a proposal for a statewide plan that addresses how to meet county or regional needs of children. The report is due to the Joint Legislative Oversight Committee on Health and Human Services on or before April 1, 2016, at which time the subcommittee shall terminate.

Section: 12B.9

Title: **U.S. DEPARTMENT OF DEFENSE-CERTIFIED CHILD CARE FACILITIES PARTICIPATION IN STATE-SUBSIDIZED CHILD CARE PROGRAM**

Summary Amends Article 7 of Chapter 110 of the General Statutes by adding G.S. 110-106.2, Department of Defense-certified child care facilities. Department of Defense (DoD) child care facilities are exempted from State licensure. DoD child care facilities must file a notice of intent to operate a child care facility. DoD certified child care facilities may participate in the Subsidized Child Care program and will be reimbursed on a five-star rated license rate if accredited by the National Association for the Education of Young Children, all other DoD certified child care centers are reimbursed based on the four-star rated license rate.

G.S. 143B-168.15(g) is amended to require funds allocated under this section to supplement and not supplant any federal or State funds allocated to DoD certified child care facilities licensed under G.S. 110-106.2.

Funds allocated from the Subsidized Child Care program to DoD certified child care centers that participate in the program must supplement and not supplant funding received in accordance with G.S. 143B-169.15(g). (S.B. 368)

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$180,017,803	\$180,017,803

Legislative Changes

(4.0) Division of Social Services

27 State-County Special Assistance (1570) (\$4,000,000) R (\$5,750,000) R

Reduces funding for State-County Special Assistance due to a decline in the number of individuals participating in the program. The FY 2015-16 total availability is decreased by 6% leaving \$125.8 million. The FY 2016-17 total availability is decreased by 8.6% leaving \$122.3 million.

28 Personal Services Contracts (1110) (\$9,540) R (\$9,540) R

Eliminates funding for personal services contracts in the Services Support fund. There is \$2.5 million remaining for this purpose across all funds in the division.

29 Foster Care Caseload Increase (1532) \$4,500,000 R \$7,500,000 R

Increases funding for foster care to support the growth in the foster care caseload. Paid placements are expected to increase by 6% in FY 2015-16 and 3% in FY 2016-17. Increases total availability by 6.9% to \$192.7 million in FY 2015-16 and increases total availability by 11.7% to \$201.2 million in FY 2016-17.

30 Foster Care Expansion to Age 21 (1532) \$50,000 R \$1,000,000 R

Provides funding to increase the age to 21 for youth in foster care. This item along with the Foster Care Caseload item increases the total availability for FY 2016-17 by 13.8% to \$205 million.

Social Services Program Coordinator - \$58,951

(S.B. 424/H.B. 424; S.L. 2015-241, Sec. 12C.9)

31 Child Advocacy Centers

Provides funding for child advocacy centers.

\$400,000 NR

32 Adoption Assistance for Youth Adopted after Age 16 (1531) \$100,000 R

Provides funds for Adoption Assistance to age 21 for youth adopted after age 16. Federal rules require that if states extend foster care past age 18, they must extend adoption assistance for youth adopted after age 16 to the same age as foster care. This increases the total availability for Adoption Assistance to \$105.7 million.

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	FY 15-16		FY 16-17	
33 Successful Transition of Youths in Foster Care (1532)	\$1,300,000	R	\$1,750,000	R
Provides funds to support a demonstration project with services provided by Youth Villages to improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services. (H.B. 933; S.L. 2015-241, Sec. 12C.6)				
34 Maternity Homes (1110)	\$925,000	R	\$925,000	R
Provides recurring funding for maternity homes. Funding remains the same as the FY 2014-15 level of \$1.3 million.				
35 Child Support Enforcement Incentive Payments (1371)				
Budgets federal Child Support Enforcement incentive payments. The Division shall retain up to 15% of annual federal incentive payments it receives to enhance centralized child support services. No less than 85% of the federal incentive payments must be allocated to county child support services programs to improve effectiveness and efficiency. (H.B. 940/S.B. 713, S.B.115/H.B.121; S.L. 2015-241, Sec. 12C.7)				
Total Legislative Changes	\$2,765,460	R	\$5,515,460	R
	\$400,000	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$183,183,263		\$185,533,263	

Special Provisions

2015 Session: HB 97

Division: (4.0) Division of Social Services

Section: 12C.1

Title: TANF BENEFIT IMPLEMENTATION

Summary Approves the Temporary Assistance for Needy Families (TANF) 2013-16 State plan, and designates the Electing Counties for 2013-16.

Section: 12C.2

Title: INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

Summary Notwithstanding G.S. 143B-150.6 and sets forth the standards and reporting requirements for the Intensive Family Preservation Service Program, which provides intensive services for children and families in cases of child abuse, neglect, or dependency where a child may or may not be at imminent risk of removal from the home.

Section: 12C.3

Title: CHILD CARING INSTITUTIONS

Summary Limits the maximum reimbursement rates for child caring institutions to the rate established by the DHHS, Office of the Controller until the Social Services Commission adopts rules setting standardized rates.

Section: 12C.4

Title: USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

Summary Authorizes the Division of Social Services (DSS) to use existing funds available for foster care services to support the Guardianship Assistance Program that will allow existing foster parents to serve as legal guardians of children in foster care. In order for a child to be eligible for the program, the child must be deemed to be in a permanent family placement setting, eligible for legal guardianship, and otherwise unlikely to receive permanency. This section requires DSS to design the Guardianship Assistance Program to include provisions for extending guardianship services for individuals who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if they meet certain conditions.

Section: 12C.5

Title: CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

Summary Requires funds appropriated to the DHHS for NC Reach be used to continue the program. NC Reach is a child welfare postsecondary support program that provides assistance for the educational needs of youth aging out of foster care and for special needs children adopted from foster care after age 12.

Section: 12C.6

Title: **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

Summary Creates the Foster Care Transitional Living Initiative Fund to support a demonstration project designed to improve outcomes for youth ages 17-21 years who are transitioning from foster care. The project will implement outcome-based transitional living services, identify cost-savings in social services, juvenile and adult correction services, and take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. Services will be provided by Youth Villages. G.S. 131D-10.9A is amended to include a representative from Youth Villages on the Permanency Innovation Initiative Oversight Committee. (H.B. 933)

Section: 12C.7

Title: **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

Summary Requires the Child Support Services Section of the DHHS, Division of Social Services, to retain up to 15% of the annual federal incentive payments it receives to enhance centralized child support services. Requires the Child Support Services Section to work with county child support services programs to identify how federal incentive funding could improve centralized services.

Requires the Child Support Services Section to allocate no less than 85% of the annual federal incentive payments to county child support services programs to improve effectiveness and efficiency using the federal performance measures. Requires the Child Support Services Section to: (1) work with county child support services programs to examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate, and (2) upon adopting an alternative formula, develop a process to phase in the alternative formula over a 4 year period.

The Child Support Services Section shall develop a plan to implement the requirements of this section and report on the plan to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by February 1, 2016. (S.B. 713/H.B. 940, S.B. 115/H.B. 121)

Section: 12C.8

Title: **CHILD PROTECTIVE SERVICES IMPROVEMENT INITIATIVE/REVISE STATEWIDE EVALUATION REPORT DATE**

Summary Requires the report on findings and recommendations from the comprehensive statewide evaluation of the State's child protective services system required by S.L. 2014-100 Section 12C.1(f) be submitted to the Joint Legislative Oversight Committee on Health and Human Services on or before March 1, 2016.

Section: 12C.9

Title: **FOSTERING SUCCESS/EXTEND FOSTER CARE TO 21 YEARS OF AGE**

Summary Amends G.S. 108A-48 to expand the foster care to age 21 for youth who choose to remain in foster care. The youth must be completing secondary education, enrolled in an institution that provides postsecondary or vocational education, participating in a program or activity to remove barriers to employment, employed for at least 80 hours a month, or must be incapable of participating in any of these activities due to a medical condition or disability.

A child who attained the age of 18 years and initially chose not to continue receiving foster care services, may opt to receive foster care services at a later date until reaching 21 years of age.

The court must review the placement of a youth who opts to continue receiving foster care services after turning age 18 within 90 days of the date the voluntary placement agreement was executed. (S.B. 424/H.B. 424)

Section: 12C.10

Title: **REQUIRE TRANSFER OF CERTAIN SERVICES TO EASTERN BAND OF CHEROKEE INDIANS**

Summary Amends G.S. 108A-25, which allows Native American tribes within the State to assume responsibility for any social services, Medicaid and NC Health Choice healthcare benefit programs.

Subsection (a) requires an agreement between DHHS and a tribe who wishes to assume responsibility for any of the aforementioned programs, to set forth the general terms, definitions, and conditions by which the parties shall operate.

Subsection (b) amends G.S. 108A-87(c) clarifying the State's provision of nonfederal matching funds and other State funds for State programs to the Eastern Band of Cherokee Indians.

Subsection (e1) amends Section 12C.3(b) of S.L. 2014-100, Appropriations Act of 2015 to change the dates to no later than October 1, 2016 that the Eastern Band of Cherokee Indians may assume responsibility for certain programs.

Subsection (e2) requires Jackson and Swain County Departments of Social Services to provide NC Medicaid, NC Health Choice, and Supplemental Nutrition Assistance Program eligibility workers on-site at the Qualla Boundary 5 days per week until the transfer of eligibility determination responsibilities under this section have been completed.

Subsection (f1) requires DHHS in collaboration with the Eastern Band of Cherokee Indians to draft a project plan to meet the October 1, 2016 effective date to administer the NC Medicaid and NC Health Choice programs. DHHS must report on the project plan to the Joint Legislative Oversight Committee on Health and Human Services on or before January 1, 2016.

Beginning October 1, 2015 and quarterly thereafter the Department must report to the Joint Legislative Oversight Committee on Health and Human Services on the status of implementation of this section until implementation is complete.

(S.L. 2015-268, Sec. 4.2, General Government Technical Corrections, amends this section to remove reference to the Division of Social Services, and includes the Division of Central Management and Support as the agency receiving funding.)

Section: 12C.11

Title: **CHILD PROTECTIVE SERVICES PILOT PROJECT**

Summary Directs the Division of Social Services (DSS) to continue implementing the pilot project to enhance coordination of services and information among county departments of social services, local law enforcement agencies, the court, guardian ad litem programs, and other agencies as deemed appropriate by DHHS as established by Section 12C.1(e) of S.L. 2014-100.

The DSS must submit its findings and recommendations in a final report to the Joint Legislative Oversight Committee on Health and Human Services no later than March 1, 2016.

2015 Session: HB 259

Division: (4.0) Division of Social Services

Section: 4.2

Title: **TECHNICAL CHANGE: REQUIRE TRANSFER OF CERTAIN SERVICES OT EASTERN BAND OF CHEROKEE INDIANS**

Summary Amends S.L. 2015-241, Sec. 12C.10(c), 2015 Appropriations Act by removing the reference to the Division of Social Services, and including the Division of Central Management and Support as the division receiving funding.

2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND			
		FY 15-16		FY 16-17	
Recommended Base Budget		\$141,283,615		\$141,283,615	
Legislative Changes					
(5.0) Division of Public Health					
36 Office of Minority Health (1262)					
Budgets additional federal Preventive Health Services Block Grant funds to be used for community health disparities grants and maintains \$3,299,576 in total funds available. (S.L. 2015-241, Sec. 12E.3)		(\$2,756,865)	NR		
37 AIDS Drug Assistance Program Receipts (1460)					
Budgets additional drug rebate receipts and maintains funds available for AIDS pharmaceuticals at \$47,844,707.		(\$6,268,646)	R	(\$6,268,646)	R
38 Physical Activity and Nutrition Program (1261)					
Budgets additional federal Preventive Health Services Block Grant funds. \$9,436,780 remains in total funds available.		(\$1,243,899)	NR		
39 Personal Services and University Contracts (1110)					
Reduces funding for university and personal services contracts. \$3,551,989 remains available for this purpose.		(\$70,072)	R	(\$70,072)	R
40 QUITLINE Receipts (1271)					
Budgets additional Medicaid receipts and maintains Quitline's budget at \$1,200,000.		(\$100,000)	R	(\$100,000)	R
41 Office of Chief Medical Examiner (OCME) - Autopsy Costs (1172)					
Budgets revenue generated from autopsy fee increase and eliminates the \$400.00 supplement paid for autopsies performed by contractors, a savings of \$1,080,000. This is offset by the increased contract rate that OCME will pay for contracted autopsies that are not billed to counties, a cost of \$418,500. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395; S.L. 2015-241, Sec. 12E.3)		(\$661,500)	R	(\$661,500)	R
42 Office of Chief Medical Examiner - Equipment (1172)					
Provides funds to replace outdated and obsolete equipment. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.		\$400,000	NR	\$400,000	NR
43 Office of Chief Medical Examiner - Automation (1172)					
Provides funds to replace and upgrade the Medical Examiner Information System. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)				\$2,195,000	NR

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		FY 15-16		FY 16-17	
Agenda Item	44 Office of Chief Medical Examiner - Transportation (1172)	\$400,000	R	\$400,000	R
	Provides funds to increase the rate paid for transporting bodies for death investigations or to the OCME autopsy centers. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)				
Agenda Item	45 Office of Chief Medical Examiner - Training (1172)	\$100,000	R	\$100,000	R
	Provides funds to implement mandatory annual training for county medical examiners. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (H.B. 814, S.B. 395; S.L. 2015-211, Sec. 1)				
Agenda Item	46 ECU and Wake Forest University Forensic Pathologist Fellowships (1172)	\$250,000	R	\$250,000	R
	Provides funds to support 1 Forensic Pathologist Fellowship each at East Carolina and Wake Forest Universities. The fellows will perform autopsies at the State's regional autopsy centers. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)				
Agenda Item	47 Office of Chief Medical Examiner - Autopsy Fee Receipts (1172)	\$0	R	\$0	R
	Budgets increased annual autopsy fee receipts of \$585,000 paid by counties. Effective October 1, 2015, the autopsy fee will increase from \$1,250 to \$2,800. The new fee approximates the actual cost to perform an autopsy. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17. (S.B. 395)				
Agenda Item	48 Office of Chief Medical Examiner (OCME) - Autopsy Fee Supplement	\$3,780,000	R	\$3,780,000	R
	Provides funds to offset the difference between the rate that counties will be billed for autopsies, \$1,750, and the cost of performing an autopsy, \$2,800. (S.B.395; S.L. 2015-241, Sec. 12E.5)				
	49 State Public Health Laboratory (1174)	\$110,000	R	\$110,000	R
	Budgets funds to provide rabies drugs to indigent persons who have been exposed to rabid animals. This action increases funds available for drug supplies to \$280,466.				
	50 Electronic Death Records System (1173)	\$106,587	R	\$138,531	R
	Provides funds to develop and implement an Electronic Death Records System. This action increases the vital records automation budget from \$36,052 to \$510,639 in FY 2015-16 and from \$510,639 to \$1,506,083 in FY 2016-17.	\$368,000 2.00	NR	\$1,331,500 2.00	NR
Agenda Item	51 Local Health Departments - Improve Birth Outcomes (13A1)	\$2,500,000	R	\$2,500,000	R
	Provides funds for a competitive block grant process for county health departments to increase access to prenatal care and improve birth outcomes. This action increases funding for Maternal and Infant Health to \$52.8 million. (S.L. 2015-241, Sec. 12E.11)				

2015 Annotated Conference Committee Report

	FY 15-16		FY 16-17	
52 Nurse Family Partnership Program (13A1)	\$900,000	R	\$900,000	R
Provides funds for home visiting services provided by the Nurse Family Partnership Program. Of the amount provided, \$225,000 shall be used to add new and expand existing programs serving rural areas in the western and eastern portions of the State. Total funds available for the program is \$1.4 million.				
53 Perinatal Quality Collaborative of North Carolina (PQCNC) (13A1)	\$465,000	NR	\$635,000	NR
Provides funds to sustain PQCNC while it transitions during the 2015-17 biennium to become fully receipt-supported effective July 1, 2017. This action maintains funding at \$808,172 in FY 2015-16 and \$835,000 in FY 2016-17.				
54 Newborn Screening (1174)	\$440,000	NR		
Provides funding for equipment and supply purchases needed to expand newborn screening to include severe combined immunodeficiency (SCID) as required by H.B. 698. This action increases funding for newborn screening to \$24.4 million in FY 2015-16. (H.B. 698; S.L. 2015-272)				
55 Poison Control Center Funds (1332)	\$1,000,000	R	\$1,000,000	R
Provides funding for the Carolinas Poison Center 24-hour telephone hotline. This action increases the Children's Health Services budget to \$268 million. (S.B. 437)				
56 High Risk Maternity Clinic (13A1)	\$375,000	R	\$375,000	R
Provides funds for the East Carolina University High Risk Maternity Clinic.				
<hr/>				
Total Legislative Changes	\$2,421,369	R	\$2,453,313	R
	(\$2,327,764)	NR	\$4,561,500	NR
Total Position Changes	2.00		2.00	
Revised Budget	\$141,377,220		\$148,298,428	
<hr/>				

Special Provisions

2015 Session: HB 97

Division: (5.0) Division of Public Health

Section: 12E.1

Title: FUNDS FOR SCHOOL NURSES

Summary Directs that funds appropriated for the School Nurse Initiative shall supplement, not supplant, other State or local funds for school nurses. Local Education Agencies shall maintain current level of effort and funding for school nurses. An allocation formula for the distribution of the funds is established.

Section: 12E.2

Title: AIDS DRUG ASSISTANCE PROGRAM (ADAP)

Summary Directs DHHS to work with the Department of Public Safety (DPS) to ensure that DPS expenditures for AIDS pharmaceuticals are included in the State matching funds required to draw down federal Ryan White funds.

Section: 12E.3

Title: COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

Summary Directs DHHS to award up to 12 grants, not to exceed \$300,000 each, to local health departments, hospitals, community and faith-based organizations, and the Community Care of North Carolina networks for initiatives to eliminate health disparities among minority populations. A report on the activities funded is required to be submitted to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2017.

Section: 12E.5

Title: INCREASE IN NORTH CAROLINA MEDICAL EXAMINER AUTOPSY FEE

Summary Amends G.S. 130A-389(a) to increase the autopsy fee from \$1,250 to \$2,800 per autopsy, effective October 1, 2015. Counties in which decedents resided shall pay \$1,750 per autopsy with the State paying the remaining balance of \$1,050. If the death occurred outside the decedent's county of residence, the State shall pay the full fee of \$2,800 per autopsy. (S.B.395)

Section: 12E.6

Title: INCREASE IN MEDICAL EXAMINER FEES

Summary Amends G.S. 130A-387 to increase the fee from \$100 to \$200 per filed death investigation report, effective October 1, 2015. (S.B.395)

Section: 12E.7

Title: INCREASE IN TRANSPORTATION RATE FOR DEATH INVESTIGATIONS AND AUTOPSIES

Summary Directs that the funds appropriated to the DHHS Office of the Chief Medical Examiner for transportation shall be used to increase the base contract rate paid to transport bodies for death investigations and autopsies to \$190 for the first 40 miles and then \$1.00 per mile after the first 40 miles.

Section: 12E.11

Title: **IMPROVE MATERNAL AND CHILD HEALTH/ESTABLISH COMPETITIVE GRANTS PROCESS**

Summary Establishes a competitive grants process for local health departments to improve maternal and child health.

Subsection (a) states the General Assembly's findings related to the status of maternal, infant, and early childhood health in North Carolina.

Subsection (b) designates the DHHS, Division of Public Health (DPH) as the lead agency responsible for 1) controlling all funding and contracts designed to improve birth outcomes, the overall status of children ages 1 through 5, and lower the State's infant mortality rates, 2) working with the University of North Carolina (UNC) Gillings School of Global Public Health to develop a statewide comprehensive maternal and child health plan, and 3) conducting a continuation review of all maternal and child health-related programs and activities designated under S.L. 2015-246, Sec. 6.20.

Subsection (c) establishes a competitive grant process to provide funds for local health departments to invest in evidence-based maternal and child health programs.

Subsection (d) requires DHHS to use \$2.5 million to establish the competitive grants process for local health departments.

Subsection (e) directs DPH to work with the UNC Gillings School of Global Public Health to establish an evaluation protocol for determining program effectiveness and future funding requirements.

Section: 12E.12

Title: **INCREASE FEE FOR NEWBORN SCREENING PROGRAM**

Summary Amends G.S. 130A-125(c) to increase the fee for newborn screening tests from \$19 to \$24, effective October 1, 2015. (S.L. 2015-272)

Section: 12E.13

Title: **LIMITATION ON USE OF STATE FUNDS FOR FAMILY PLANNING SERVICES, PREGNANCY PREVENTION ACTIVITIES, AND ADOLESCENT PARENTING PROGRAMS**

Summary Prohibits the allocation of State funds to renew or extend existing contracts or enter into new contracts for family planning services, pregnancy prevention activities, or adolescent parenting programs with any provider that performs abortions. This section clarifies that DHHS is not prevented from paying any State Health Plan or Medicaid provider for authorized services. (S.L. 2015-265)

2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND			
		FY 15-16		FY 16-17	
Recommended Base Budget		\$680,179,847		\$680,179,847	
Legislative Changes					
(6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services					
Agenda Item	57 Personal Services Contracts (1110)	(\$243,886)	R	(\$243,886)	R
	Reduces funding for personal services contracts. \$535,015 remains available for personal and miscellaneous contractual services in each year of the biennium.				
	58 Alcohol and Drug Abuse Treatment Centers (ADATC) (156D, 156E, 156F)	(\$37,381,817)	R	(\$37,381,817)	R
	Eliminates the General Fund appropriations and converts the State-operated ADATCs to 100% receipt-supported. (H.B. 119; S.L. 2015-241, Sec. 12F.12)				
	59 Single Stream Funding (1422)				
	Reduces single stream funding and replaces it with LME/MCO cash balance for both years of the biennium. (S.L. 2015-241, Sec. 12F.2)	(\$110,808,752)	NR	(\$152,850,133)	NR
	60 Paramedicine/ER Diversion Pilot Projects (1464)				
	Provides funds to pilot the use of emergency medical services (EMS) departments to assess and transport persons with a mental health or substance abuse crisis to a nonhospital setting such as a behavioral health urgent care center. The amount provided will expand the existing pilot from 1 to 14 sites and complete a study after 1 year. This action increases the pilot budget from \$60,000 to \$285,000. (H.B. 472; S.L. 2015-241, Sec. 12F.8)	\$225,000	NR		
	61 New Broughton Hospital (1541, 1561)				
	Provides funds for technology infrastructure, furniture, and equipment for the Broughton Hospital replacement facility scheduled to open in December 2016.	\$16,598,589	NR		
	62 Inflationary Increases for State Facilities (14460)	\$2,819,802	R	\$3,158,730	R
	Provides funds to offset inflationary increases in utilities, food, and other costs at the State-operated healthcare facilities. This action increases the total funds available for the facilities to \$897,841,574 in FY 2015-16 and \$898,180,502 in FY 2016-17.				
	63 Three-way Psychiatric Beds (1464)				
Agenda Item	Provides funds to increase the number of community hospital beds that may be purchased to provide psychiatric inpatient treatment services. This action increases funding 7% to \$40,583,394 and will increase the three-way contract capacity from 165 to 172 beds.	\$2,463,750	NR	\$2,463,750	NR

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

64 START Teams (1445,1462)

Provides funds to expand Systematic, Therapeutic, Assessment, Resources, and Treatment Team (START) services to children and adolescents with intellectual or developmental disabilities and to add respite services for both children and adults. This action increases the total funds available for child and adult NC START services from \$2,437,207 to \$3,981,207.

\$1,544,000

R

\$1,544,000

R

65 Substance Abuse Services Criminal Offenders - TASC (1463)

Provides funds to increase the number of Treatment Alternatives for Safer Communities (TASC) case managers who provide substance abuse assessment and referral services to criminal offenders who are maintained in the community instead of sentenced to prison or those who have been released from prison and are under supervision of a probation officer. This action will increase the TASC budget by 35% from \$5,362,122 to \$7,222,122.

\$1,860,000

R

\$1,860,000

R

66 Crisis Bed Registry (1110)

Provides funds to develop and operate a psychiatric bed registry to provide real-time information on the number of child, adolescent, and adult beds available at each licensed inpatient facility in the State.

\$134,000

R

\$134,000

R

\$350,000
2.00

NR

2.00

67 Substance & Alcohol Abuse Treatment Services (1442, 1463)

Provides funding to LME/MCOs to purchase inpatient alcohol and substance abuse treatment services from the State-operated ADATCs. This action increases the budget for LME/MCO alcohol and substance abuse treatment to \$77,692,211. (H.B. 119; S.L. 2015-241, Sec. 12F.12)

\$37,381,817

R

\$37,381,817

R

68 Cross-Area Service Programs (1422)

Provides funding to support individuals with intellectual/developmental disabilities including residential living, day services, supported employment opportunities, and family support services. This action increases the single stream funding budget to \$330,828,240 in FY 2015-16 and to \$331,628,240 in FY 2016-17.

\$800,000

R

\$1,600,000

R

69 Drug Overdose Medications (1463)

Provides funds to purchase opioid antagonists as defined in G.S. 90-106.2. This action increases funding for adult community substance abuse services to \$34,618,966. (S.B. 377; S.L. 2015-241, Sec. 12F.15)

\$50,000

NR

70 NC Controlled Substance Reporting System (1110)

Provides funding to strengthen controlled substance monitoring. This action increases the Services Support budget to \$14,116,956. (H.B. 165, S.B. 317; S.L. 2015-241, Sec. 12F.16)

\$15,000

R

\$15,000

R

\$95,070

NR

Total Legislative Changes

\$6,928,916

R

\$8,067,844

R

(\$91,026,343)

NR

(\$150,386,383)

NR

Total Position Changes

2.00

2.00

Revised Budget

\$596,082,420

\$537,861,308

Special Provisions

2015 Session: HB 97

Division: (6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

Section: 12F.1

Title: FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

Summary Directs the use of \$40,583,394 in funds appropriated to the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) each year of the FY 2015-17 biennium to increase the number of community hospital beds available to Local Management Entities/Managed Care Organizations (LME/MCO) under the State administered three-way contracts. Authorizes the use of the funds for both new and existing beds. The funds are to be used only to purchase inpatient psychiatric services for individuals who are medically indigent. DHHS shall submit annual reports on the uniform system and other State-funded initiatives to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1, 2016 and December 1, 2017.

Section: 12F.2

Title: SINGLE STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES

Summary Sets forth the requirements for the allocation of State single stream funding to the LME/MCO.

Subsection (a) directs DMH/DD/SAS to distribute 1/12th of each LME/MCO allocation at the beginning of each fiscal year.

Subsection (b) directs DHHS to reduce single stream funding to the LME/MCOs by \$110,808,752 nonrecurring in FY 2015-16 and by \$152,850,133 nonrecurring in FY 2016-17.

Subsection (c) directs DHHS to modify the monthly reporting requirement for LME/MCOs to include revenues and expenditures for State single stream funds.

Subsection (d) authorizes the Division of Medical Assistance to transfer \$30 million each year of the biennium to DMH/DD/SAS to offset the single stream reduction, if OSBM certifies a Medicaid budget surplus.

Subsection (e) directs DHHS to develop annual maintenance of effort (MOE) spending requirements, which must be maintained for all mental health and substance abuse services using non-federal, State appropriations.

Section: 12F.3

Title: FUNDS FOR THE NORTH CAROLINA CHILD TREATMENT PROGRAM

Summary Directs the use of funds appropriated for the FY 2015-17 biennium for the NC Child Treatment Program for clinical training on evidence-based mental health treatment for children. DHHS shall develop a secure, online database to provide individual and aggregate-level data. All data, including data entered or stored in the database, is and shall remain State property.

Section: 12F.6

Title: **TRAUMATIC BRAIN INJURY FUNDING**

Summary Directs that \$2.4 million of the funds appropriated to DMH/DD/SAS be used exclusively for services and assistance to individuals with traumatic brain injury.

Section: 12F.7

Title: **DOROTHEA DIX HOSPITAL PROPERTY FUND AND PLAN FOR USE OF FUNDS**

Summary Amends G.S. 143C-9-2 to establish the Dorothea Dix Hospital Property Fund to receive the proceeds from the sale of the Dorothea Dix Hospital property. The proceeds may be allocated or expended only upon appropriation by the General Assembly. DHHS shall submit a plan for using up to \$25 million of the receipts to establish 150 new inpatient behavioral health beds around the State to be named in honor of Dorothea Dix. DHHS shall submit recommendations to increase community-based, behavioral health treatment and services. The plan and recommendations shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services no later than April 1, 2016. (H.B. 923, S.B. 705)

Section: 12F.8

Title: **COMMUNITY PARAMEDIC MOBILE CRISIS MANAGEMENT PILOT PROGRAM**

Summary Directs the use of \$225,000 provided to implement 13 community paramedic mobile crisis pilot sites around the State in FY 2015-16. DHHS shall develop a plan to evaluate the pilot program and submit a report to the House and Senate Appropriations on Health and Human Services Committees and the Fiscal Research Division by June 1, 2016.

Section: 12F.10

Title: **JOINT STUDY OF JUSTICE AND PUBLIC SAFETY AND BEHAVIORAL HEALTH**

Summary Directs the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Justice and Public Safety to each appoint a subcommittee to study the intersection of justice and public safety and behavioral health. The subcommittees shall meet jointly to study and report their findings and recommendations to their respective committees.

Section: 12F.12

Title: **LME/MCO USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND SUBSTANCE ABUSE SERVICES**

Summary Eliminates the General Fund appropriation for the Alcohol and Drug Abuse Treatment Centers (ADATCs) and transitions them to 100% receipt-supported over the next ten years. The State appropriation is re-directed on a phased-in basis over the next 10 years to the LME/MCOs to purchase inpatient alcohol and substance abuse services. By March 1, 2016, DHHS shall develop and report to the Joint Legislative Health and Human Services Oversight Committee and the Fiscal Research Division a plan to fully convert the ADATCs to receipt-support. The report shall also include an evaluation of alternative community-based and residential services that could be provided by the ADATCs, and potential funding sources. (H.B. 119)

Section: 12F.14

Title: **REPORT ON MULTIPLICATIVE AUDITING AND MONITORING OF CERTAIN SERVICE PROVIDERS**

Summary Directs DHHS to report no later than December 1, 2015 to the Joint Legislative Health and Human Services Oversight Committee and the Fiscal Research Division on the status of multiplicative auditing and monitoring of all MH/DD/SAS provider agencies accredited through a recognized national accrediting body.

Section: 12F.15

Title: **FUNDS FOR DRUG OVERDOSE MEDICATIONS**

Summary Directs the use of \$50,000 nonrecurring in FY 2015-16 appropriated to purchase opioid antagonists medications for persons at risk of experiencing an opioid drug overdose. \$25,000 shall be used to purchase opioid antagonists to be distributed for free to an incorporated, nonprofit organization in the State that provides services to at-risk individuals or to their friends and family members. The remaining \$25,000 shall be used to purchase medications to be distributed free of charge to North Carolina law enforcement agencies. The funds shall be adjusted or eliminated if DHHS obtains grants or other receipts for this purpose and unused funds shall revert to the General Fund. (S.B. 377)

Section: 12F.16.(a)

Title: **STATEWIDE OPIOID PRESCRIBING GUIDELINES**

Summary Requires DHHS, the Department of Public Safety, and other specified health care provider licensing boards to adopt the NC Medical Board's policy for the Use of Opiates for the Treatment of Pain. (H.B.165, S.B. 317)

Section: 12F.16.(b)

Title: **CONTINUING EDUCATION REQUIREMENTS**

Summary Requires providers who are licensed by the Board of Dental Examiners, Board of Nursing, Board of Podiatry Examiners, and Medical Board and who prescribe controlled substances to complete 1 hour of continuing education on the abuse of controlled substances. (H.B.165, S.B. 317)

Section: 12F.16.(d)

Title: **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND UTILIZATION**

Summary Amends G.S. 90-113.74 to require that data within the North Carolina Controlled Substances Reporting System (CSRS), which contains information on controlled substance prescriptions, be accessible to federal law enforcement and the North Carolina Health Information Exchange (NC HIE). (H.B.165, S.B. 317)

Section: 12F.16.(f)

Title: **IMPROVED CONTROLLED SUBSTANCES REPORTING SYSTEM CONTRACT**

Summary Requires DHHS to modify the Controlled Substances Reporting System contract in order to improve performance, establish user access controls, establish data security protocols, and ensure availability of data for advanced analytics. Specifically, the contract shall be modified to (1) include a connection to the Health Information Exchange Network, (2) establish interstate connectivity, and (3) include data security protocols.

Subsection (g) directs DHHS to complete the contract modifications by December 31, 2015. A progress report is due to the Joint Legislative Program Evaluation Oversight Committee and the Joint Oversight Committee on Health and Human Services by November 15, 2015.

Subsection (h) directs DHHS to apply for grant funding from the National Association of Boards of Pharmacy to establish the connection to the PMP InterConnect.

Subsection (i) appropriates \$15,000 recurring and \$95,070 nonrecurring in FY 2015-16 for the Controlled Substances Reporting System contract.

(H.B.165, S.B. 317)

Section: 12F.16.(l)

Title: **MEDICAID LOCK-IN PROGRAM**

Summary Requires the Division of Medical Assistance to modify the existing Medicaid lock-in program to improve its effectiveness and efficiency. (H.B.165, S.B. 317)

Section: 12F.16.(m)

Title: **STATEWIDE STRATEGIC PLAN**

Summary Creates the Prescription Drug Abuse Advisory Committee. The Committee shall develop a statewide strategic plan to combat prescription drug abuse and monitor the implementation of the plan. (H.B.165, S.B. 317)

Section: 12F.16.(r)

Title: **EFFECTIVE DATE**

Summary Directs that Sec. 12F.16.(a) subdivision (1) of this act becomes effective upon the establishment of the Health Information Exchange Network. The remaining Sec. 12F.16 subdivisions become effective when H.B.97 becomes law. (H.B.165, S.B. 317)

Section: 12F.17

Title: **ELIMINATE PUBLICATION/ACCESS NORTH CAROLINA TRAVEL GUIDE**

Summary Repeals G.S. 168-2, which establishes the right of persons with disabilities to have full and free use of all public facilities, and requires DHHS to develop, print, promote, and make copies of the ACCESS NORTH CAROLINA travel guide publication.

(S.L. 2015-264, Sec. 87, Technical Corrections, repeals Sec.12F.17 and amends G.S. 168-2 to eliminate the requirement that DHHS develop, print, and promote the ACCESS NORTH CAROLINA travel guide and provide copies to the NC Department of Commerce.)

2015 Session: HB 259

Division: (6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

Section: 4.4

Title: **TECHNICAL CHANGE: MEDICAID LOCK-IN PROGRAM**

Summary Amends S. L. 2015-241, Sec. 12F.16.(l) by changing a reporting date from September 30, 2015 to September 30, 2016.

Section: 4.8

Title: **LME/MCO SINGLE STREAM FUNDING**

Summary Amends S.L. 2015-241, Sec. 12F.2(b) to add language clarifying that the section cannot be construed to require LME/MCOs to maintain funding of services for individual persons or providers at FY 2014-15 level. Additionally, it is clarified that Sec. 12F.2(b) cannot be construed to create a private right of action for any person or entity against the State, DHHS, or any of its divisions, agents, or contractors.

2015 Session: SB 119

Division: (6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

Section: 87.(a)

Title: **TECHNICAL CHANGE: REPEAL S.L. 2015-241, SEC. 12F.17 ELIMINATE PUBLICATION/ACCESS NC TRAVEL GUIDE**

Summary Reinstates G.S. 168-2 which was erroneously repealed by S.L. 2015-241, Section 12F.17. G.S. 168-2 establishes the right of persons with disabilities to have full and free use of all public facilities, and requires the Department of Health and Human Services to develop, print, and promote the ACCESS NORTH CAROLINA travel guide publication.

Section: 87.(b)

Title: **TECHNICAL CHANGE: ELIMINATE ACCESS NC TRAVEL GUIDE**

Summary Amends G.S. 168-2 to eliminate the requirement that DHHS develop, print, promote and make copies of the ACCESS NORTH CAROLINA travel guide. See Sec. 87.(a) above.

2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$37,752,132	\$37,752,132
Legislative Changes			
(7.0) Division of Vocational Rehabilitation			
71 Access North Carolina Travel Program		\$0 R	\$0 R
Eliminates the Access NC Travel Guide due to the loss of Highway Fund receipts earmarked for this purpose. One position is eliminated:			
60054404, Communications Project Manager, \$41,729			
(S.L. 2015-241, Sec. 12F.17)			
(S.L. 2015-264, Sec. 87.(a), Technical Corrections, repeals this S.L. 2015-241, Sec. 12F.71. S.L. 2015-264, Sec. 87.(b) amends G.S. 168-2 to eliminate the requirement that DHHS develop, print, and promote and make copies of the ACCESS NORTH CAROLINA travel guide.)			
Total Legislative Changes		\$0 R	\$0 R
Total Position Changes			
Revised Budget		\$37,752,132	\$37,752,132

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND			
	FY 15-16		FY 16-17
Recommended Base Budget	\$16,022,641		\$16,022,641
Legislative Changes			
(8.0) Division of Health Service Regulation			
72 Overnight Respite (1101)	\$82,606	R	\$88,033 R
Increases funding for staffing cost for a new nursing consultant and an engineer/architect tech for new Medicaid waiver and Home and Community Care Block Grant services. The positions will perform initial and renewal inspections of Adult Care Homes and Adult Day Health Facilities and oversight of construction of facilities for overnight respite services. These positions are partially supported by initial and renewal certification fees and other receipts. (H.B. 910; S.L. 2015-241, Sec. 12G.3)	2.00		2.00
Total Legislative Changes	\$82,606	R	\$88,033 R
Total Position Changes	2.00		2.00
Revised Budget	\$16,105,247		\$16,110,674

Special Provisions

2015 Session: HB 97

Division: (8.0) Division of Health Service Regulation

Section: 12G.2

Title: MORATORIUM ON SPECIAL CARE UNIT LICENSES

Summary Amends S.L. 2013-360, Section 12G.1(a) to extend the moratorium on the issuance new special care licenses to June 30, 2017, except under circumstances defined in this Section. The section also requires DHHS to report to the JLOC on HHS by March 1, 2016 on special care units in North Carolina.

Section: 12G.3

Title: LICENSURE OF OVERNIGHT RESPITE FACILITIES

Summary Amends G.S. 131D-6.1 to add a new section authorizing the licensure of overnight respite facilities. Directs DHHS to adopt rules for the annual licensing of adult day and adult day health facilities by the Medicaid Care Commission as respite care facilities.

The section limits the provision of overnight respite services to no more than 14 consecutive calendars and not more than 60 days in a 365 day period. The section defines the minimum requirements to ensure health and safety of overnight respite recipients.

The section requires that each facility licensed to periodically report to DHHS on number of recipients served and the average daily census on a schedule to be determined by DHHS.

The section establishes fees to be imposed for the review of residential construction projects.
(H.B. 910)

2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$3,532,548,786	\$3,532,548,784
Legislative Changes			
(9.0) Division of Medical Assistance			
73 Personal Services Contracts (1101)	(\$425,447) R	(\$850,895) R	
Reduces funding for personal services contracts effective 1/1/16. This leaves over \$3 million in the Medicaid budget for this and similar spending.			
74 NCTRACKS Certification	(\$8,940,545) R (\$19,600,000) NR	(\$8,566,737) R	
Increases federal receipts for the Medicaid program for claims adjudication and other functions contracted through Computer Sciences Corporation (CSC) effective 7/1/15 due to federal certification of the system. The NCTRACKS system was certified in April 2015, allowing the Federal Medical Assistance Percentage to increase from 50% to 75% on a recurring basis. This item includes the nonrecurring impact of recovering the difference in Federal Medical Assistance Percentage (FMAP) paid from 7/1/13 for NCTRACKS prior to system certification by Centers for Medicare and Medicaid Services (CMS).			
75 NCTRACKS-System Savings (1102)	(\$4,775,749) R	(\$4,775,749) R	
Decreases funding based on anticipated savings associated with the replacement of Medicaid's claims processing system. Over \$60 million remains in the DHHS budget for this purpose.			
76 Mobile Dental Screenings and Assessments (1310)	(\$255,900) R	(\$511,800) R	
Eliminates gaps in services created by mobile dental screenings and assessments in both public schools and long-term care settings where no referral for subsequent treatment by a qualified Medicaid provider follows screening and assessment service effective 1/1/16. This represents a .4% reduction in provider payments and will leave over \$350 million in budgeted payments for dental providers. (S.L. 2015-241, Sec. 12H.21)			
77 Pharmacy Dispensing Fees (1310)	(\$3,700,000) R	(\$8,200,000) R	
Reduces funding for dispensing prescribed drugs. The Department shall use a survey of pharmacies to determine the average cost of dispensing Medicaid prescriptions and increase the weighted average dispensing fee to no more than \$12.40 effective 1/1/16 to ensure the cost of filling Medicaid prescriptions is covered based on the survey. The Department will maintain a higher dispensing fee for generic and preferred drugs than for brand and non-preferred drugs. This represents a 1.4% reduction in provider payments and leaves over \$1.5 billion for payment of prescription drugs. (S.L. 2015-241, Sec. 12H.19)			

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

78 LME/MCO Intergovernmental Transfers

Recognizes LME/MCO intergovernmental transfer (IGT) of \$17,236,985 in both years of the biennium on a nonrecurring basis to fund a portion of the State's Medicaid spending for behavioral health services. (S.L. 2015-241, Sec. 12H.8)

(\$17,236,985) NR (\$17,236,985) NR

79 Hospital Inpatient Base Rates - GME (1310, 1320, 1337)

Discontinues the Graduate Medical Education (GME) add-on to inpatient hospital base rates effective 1/1/16. The GME cost will continue to be included in all calculations under the Medicaid Reimbursement Initiative (MRI) and Hospital GAP equity and upper payment limit (UPL) supplemental plans for determining payments and related intergovernmental transfers and provider assessments. This will leave over \$850 million in Medicaid claims for inpatient hospital services and increases the budget for supplemental payment to over \$900 million for inpatient hospitals. (S.L. 2015-14, Sec. 12H.23)

(\$12,748,795) R (\$31,127,204) R

80 Traumatic Brain Injury Waiver (1101, 1102, 1310)

Increases funding for a new service package for Traumatic Brain Injury under a waiver in North Carolina effective 1/1/16. Cost include both service expenditures and administrative costs. (S.L. 2015-241, Sec. 12H.6)

\$1,000,000 R \$2,000,000 R

81 Immunizing Pharmacists (1102)

Provides funding for programming NCTRACKS to allow pharmacists to be added as an individual provider for reimbursement for vaccinations. (S.L. 2015-241, Sec. 12H.5)

\$500,000 NR

82 Medicaid Reform (1101, 1102)

Provides funding for planning and reform of the Medicaid program to shift utilization risk from the State under a capitated model. (S.L. 2015-245)

\$5,000,000 R \$5,000,000 R

83 Reinstate Cost Settlement Per 1993 Agreement (1310, 1320)

Increases outpatient cost settlement for Vidant Medical Center to 100% of allowable costs. (S.L. 2015-241, Sec. 12H.17)

\$3,400,000 R \$3,400,000 R

84 Private Duty Nursing Rates (1310)

Increases rates for private duty nursing services (PDN) by 10% effective 1/1/16. (S.L. 2015-241, Sec. 12H.22)

\$1,182,615 R \$2,564,747 R

85 Medicaid Rebase (1310, 1311, 1320, 1331)

Provides funds for enrollment and utilization growth for the Medicaid program.

\$299,358,485 R \$496,326,936 R

86 State Children's Health Insurance Program Federal Rate (1101, 1102, 1310)

Reduces funding on a nonrecurring basis for SCHIP/Health Choice due to a nonrecurring increase in FMAP for 2 years.

(\$38,731,522) NR (\$54,333,825) NR

2015 Annotated Conference Committee Report

FY 15-16

FY 16-17

Total Legislative Changes	\$279,094,664	R	\$455,259,298	R
	(\$75,068,507)	NR	(\$71,570,810)	NR
Total Position Changes				
Revised Budget	\$3,736,574,943		\$3,916,237,272	

Special Provisions

2015 Session: HB 97

Division: (9.0) Division of Medical Assistance

Section: 12H.1

Title: **REINSTATE MEDICAID ANNUAL REPORT**

Summary Directs DHHS to reinstate the Medicaid Annual Report discontinued after 2008. The report is to be published on the website by June 1, 2016.

Section: 12H.2

Title: **MEDICAID ELIGIBILITY**

Summary Sets authorized categories of eligibility and income standards for Medicaid eligibility.

Section: 12H.3

Title: **LME/MCO OUT-OF-NETWORK AGREEMENTS**

Summary Directs DHHS to ensure that all LME/MCO agreements contain standardized elements for out-of-network services. The out-of-network agreements shall streamline agreements between single providers and an LME/MCO to ensure access to care in accordance with 42CFR 438.206 (b)(4), reduce administrative burden, and comply with State and federal regulations. Out-of-network agreements shall be effective 11/1/15, based on meeting conditions outlined in Section 12H.3.

Section: 12H.4

Title: **PROVIDER APPLICATION AND RECREDENTIALING FEE**

Summary Directs DHHS to reaffirm the frequency of fee charged to providers being credentialed as a participating provider every three years.

(S.L. 2015-264, Section 87.5, amends S.L. 2015-241, Section 12H.4 to modify the frequency of recredentialing for Medicaid providers to every five years rather than every three years.)

Section: 12H.5

Title: **REIMBURSEMENT FOR IMMUNIZING PHARMACIST SERVICES**

Summary Directs DHHS to modify reimbursement policies to include payment to pharmacies for the administration of covered vaccinations and immunizations to Medicaid and NC Health Choice enrollees.

Section: 12H.6

Title: **TRAUMATIC BRAIN INJURY MEDICAID WAIVER**

Summary Directs DHHS to submit a waiver application to the federal Centers of Medicare and Medicaid Services (CMS) to establish services for individuals affected by a traumatic brain injury.

Section: 12H.6A

Title: **STUDY MEDICAID COVERAGE FOR VISUAL AIDS**

Summary Directs DHHS, in consultation with the Department of Public Safety, to submit a report by March 1, 2016 analyzing the impact of reinstating Medicaid coverage of visual aids for adults through a contract with the Department of Public Safety.

Section: 12H.7

Title: **ASSESSMENTS**

Summary Amends G.S. 108A.122(b) to clarify the definition of allowable Medicaid cost to exclude provider assessments paid.

Section: 12H.8

Title: **LME/MCO INTERGOVERNMENTAL TRANSFERS**

Summary Requires Local Management Entities/Managed Care Organizations (LME/MCO) to make intergovernmental transfers in the amount of \$17,236,985 in each year of the FY 2015-17 biennium. The transfers approximate the State's share of risk payments made as part of the monthly capitation payments by DHHS to LME/MCO's.

Section: 12H.9

Title: **ADMINISTRATIVE HEARINGS FUNDING**

Summary Maintains the annual transfer of funds from DHHS to the Office of Administrative Hearings to fund the cost of Medicaid applicant and recipient appeals.

Section: 12H.10

Title: **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

Summary Establishes the amount to be accounted for as nontax revenue each year of the FY 2015-17 biennium from DHHS revenues and deposited with the Department of State Treasurer.

Section: 12H.11

Title: **MEDICAID SPECIAL FUND TRANSFER**

Summary Establishes the amount from funds transferred to DHHS pursuant to G.S. 143C-9-1 that will be appropriated to the Medicaid Special Fund annually during the biennium.

Section: 12H.12

Title: **MISCELLANEOUS MEDICAID PROVISIONS**

Summary Continues miscellaneous Medicaid provisions.

Subsection (a) authorizes DHHS to contract for services, medical equipment, supplies and appliances by implementing volume purchase plans, single source procurement and other processes to improve cost containment.

Subsection (b) authorizes DHHS to undertake cost containment programs, including contracting, preadmissions and prior authorizations for certain outpatient surgeries before they are performed in an inpatient setting.

Subsection (c) directs the DHHS to issue Medicaid identification cards annually.

Section: 12H.17

Title: **REINSTATE COST SETTLEMENT PURSUANT TO 1993 STATE AGREEMENT**

Summary Reinstates cost settlement to 100% of allowable Medicaid cost for outpatient services performed by Vidant Medical Center.

(S.L. 2015-268, Section 4.7, changes the effective date for Vidant Medical Center's cost settlement from July 1, 2015 to October 1, 2015)

Section: 12H.18

Title: **COVERED SERVICES AND PAYMENT FOR SERVICES**

Summary Establishes that all reimbursement rates and fees and copays in effect at June 30, 2015, unless otherwise modified in this act or another act, shall remain in force.

Section: 12H.19

Title: **DRUG REIMBURSEMENT USING AVERAGE ACQUISITION COST**

Summary Directs DHHS to adopt an average acquisition cost methodology for brand and generic drugs by January 1, 2016 and to raise the average dispensing fee to the weighted average cost of dispensing up to \$12.40 per prescription. DHHS shall maintain a differential in dispensing fees for brand/nonpreferred versus generic/preferred drugs.

Section: 12H.20

Title: **MEDICAID DENTAL SERVICE COST SETTLEMENT**

Summary Directs DHHS to submit a State plan amendment to CMS to adopt a single payment methodology that is the same for all State operated dental schools.

Section: 12H.21

Title: **MOBILE DENTAL PROVIDER ENROLLMENT**

Summary Directs DHHS to establish that all providers seeking Medicaid enrollment to provide mobile dental services must demonstrate proof of the existence of a contractual affiliation with a nonmobile dental practice.

Section: 12H.22

Title: **INCREASE RATES FOR PRIVATE DUTY NURSING**

Summary Directs DHHS to increase rates for private duty nursing services by 10% effective January 1, 2016.

Section: 12H.23

Title: **RESTRICTING GRADUATE MEDICAL EDUCATION PAYMENTS**

Summary Directs DHHS to eliminate the graduate medical education add-on to the hospital inpatient claims payments.

Subsection (a) eliminates the claims payment add-on to inpatient hospital rates for graduate medical education (GME).

The elimination of the GME add-on shall be effective upon approval by CMS. DHHS shall be exempt from the 90 day prior submission requirement in G.S. 108A-54.1A for submission of a State Plan Amendment.

Subsection (d) directs DHHS to submit a report to the Joint Legislative Oversight Committee on Health and Human Services by March 1, 2016 on options for alternative funding to replace GME reimbursement eliminated in this section.

(S.L. 2015-264, Section 88 Amends S.L. 2015-241, Section 23H.23(a) to confirm that graduate medical education costs will be considered as an allowable Medicaid cost and considered in the calculation of all supplemental payments made as part of cost settlement, the Medicaid Reimbursement Initiative plan and upper payment limit models.)

Section: 12H.25

Title: **MEDICAID TRANSFORMATION ENACTMENT CONTINGENCY**

Summary Directs DHHS to take certain actions if H.B. 372 is not ratified prior to March 1, 2016. (H.B. 372 was ratified on 9/22/2015 and became S.L. 2015-245)

Section: 12H.27

Title: **BLOOD GLUCOSE TESTING EQUIPMENT AND SUPPLIES**

Summary Authorizes DHHS to use any reimbursement methodology to provide Medicaid coverage for blood glucose testing supplies and equipment as long as it does not exceed \$1,933,357 in FY 2015-16 and \$2,020,974 in FY 2016-17.

Section: 12H.28

Title: **MEDICAID CONTINGENCY RESERVE**

Summary Sets forth the conditions under which the Contingency Reserve may be used to cover budget shortfalls.

Section: 12H.29

Title: **MEDICAID TRANSFORMATION FUND**

Summary Establishes a special fund in OSBM to provide funds for the transformation of Medicaid from a fee-for-service payment system to a capitated payment system.

2015 Session: HB 259

Division: (9.0) Division of Medical Assistance

Section: 4.7

Title: **BUDGET CHANGE: COST SETTLEMENT**

Summary Amends S.L. 2015-241, Section 12H.17 to change the effective date for Vidant Medical Center's cost settlement from July 1, 2015 to October 1, 2015.

2015 Session: SB 119

Division: (9.0) Division of Medical Assistance

Section: 87.5

Title: **TECHNICAL CHANGE: PROVIDER CREDENTIALING FEE**

Summary Amends S.L. 2015-241, Sec. 12H.4 to modify the frequency of re-credentialing for Medicaid providers to every five years rather than every three years.

Section: 88

Title: **TECHNICAL CHANGE: GRADUATE MEDICAL EDUCATION COSTS**

Summary Amends S.L. 2015-241, Sec. 12H.23(a) to clarify that graduate medical education costs will be included as an allowable Medicaid cost and considered in the calculation of all supplemental payments made as part of cost settlement, the Medicaid Reimbursement Initiative plan and upper payment limit models.

Section: 89

Title: **TECHNICAL CHANGE: AMEND LOCAL HEALTH DEPARTMENT COST SETTLEMENT**

Summary Amends S.L. 2015-241 to add a new Section 12H.30 directing the Department of Health and Human Resources to submit a state plan amendment to modify cost settlement for local health departments to ensure settlement payments include the maximum federal reimbursement consistent with Medicare reimbursement principles.

2015 Annotated Conference Committee Report

Health and Human Services

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$41,874,629	\$41,874,629
Legislative Changes			
(10.0) NC Health Choice			
87 SCHIP FMAP Rate			
Budgets an increase in the Federal Medical Assistance Percentage (FMAP). North Carolina's FMAP is increasing by 23 percentage points effective October 1, 2015. Overall spending is not impacted by the budgeting of these increased receipts.		(\$34,841,237) NR	(\$47,358,284) NR
88 Health Choice Rebase			
Funds the anticipated growth in the Health Choice program. Projects enrollment growth at 2.3% for FY 2015-16 and 1.1% for FY 2016-17. Funds are also provided for increased utilization and claims. Increases total availability in FY 2015-16 by 14.2% to \$199.2 million. Increases total availability in FY 2016-17 by 16.2% to \$202.8 million.		\$5,522,950 R	\$6,230,413 R
Total Legislative Changes		\$5,522,950 R (\$34,841,237) NR	\$6,230,413 R (\$47,358,284) NR
Total Position Changes			
Revised Budget		\$12,556,342	\$746,758

Special Provisions

2015 Session: HB 97

Division: (10.0) NC Health Choice

Section: 12H.14

Title: **MISCELLANEOUS HEALTH CHOICE PROVISIONS**

Summary Repeals subsections (g) and (h) of G.S. 108A-70.21.

Amends G.S. 108A-70.21(i) permitting benefits provided to an enrollee to be subject to lifetime maximum limits set forth in Medicaid and NC Health Choice medical coverage policies.

Section: 12H.26

Title: **NC HEALTH CHOICE COST SETTLEMENT**

Summary Requires, effective October 1, 2015, that hospital outpatient services covered by NC Health Choice to be cost settled at 70% of allowable costs using the same methodology used for Medicaid.

2015 Annotated Conference Committee Report

Health and Human Services

GENERAL FUND				
	FY 15-16		FY 16-17	
Recommended Base Budget	\$8,107,457		\$8,107,457	
Legislative Changes				
(11.0) Division of Services for the Blind and Services for the Deaf and Hard of Hearing				
89 Personal Services Contract (1110)	(\$9,250)	R	(\$9,250)	R
Reduces funding for personal services contracts. \$65,750 remains available to fund contractual services.				
90 Accessible Electronic Information for the Blind (1110)	\$75,000	R	\$75,000	R
Provides funding for the National Federation for the Blind Newslite, an electronic reading service for the blind.				
Total Legislative Changes	\$65,750	R	\$65,750	R
Total Position Changes				
Revised Budget	\$8,173,207		\$8,173,207	

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