



Joint Legislative Oversight Committee
on Health and Human Services
January 12, 2016

*Department of Health and Human Services
Budget Item Implementation*



Vacant Positions

Eliminates vacant positions within the Department of Health and Human Services.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ (1,481,673)		\$ (1,481,673)		-57

Department management worked with divisions to identify vacant positions to meet this requirement. The chart below provides detail related to this reduction:

Budget Code	Division	FTE	Salary & Fringe Appropriated	Salary & Fringe Receipts	Grand Total
14410	Central Management & Support	5	\$ 298,463	\$ 69,222	\$ 367,685
14420	Child Development & Early Education	3	\$ 78,720	\$ 138,113	\$ 216,833
14430	Public Health	3	\$ 145,302	\$ 13,209	\$ 158,511
14440	Social Services	4	\$ 85,741	\$ 137,999	\$ 223,740
14450	Blind Services	3	\$ 32,536	\$ 109,013	\$ 141,549
14460	Mental Health	33	\$ 585,590	\$ 1,063,572	\$ 1,649,162
14470	Health Service Regulation	1	\$ 49,081	\$ 21,272	\$ 70,353
14480	Vocational Rehabilitation Services	6	\$ 206,240	\$ 69,195	\$ 275,435
DHHS Summary		57	\$ 1,481,673	\$ 1,621,595	\$ 3,103,268

Miscellaneous Contractual Services

Reduces funding for contracts in Central Management. Over \$3.1 million remains in the budget for this purpose in Central Management.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
	\$ (3,200,000)			

In approaching this reduction, the department focused on identifying state funding that could be freed up on a one-time basis in order to minimize the impact to service delivery. As a result, there were three key areas of focus:

- Contracts where state funds could be replaced with one-time federal funds.
- Contracts that have historically underspent or were identified to under-spend in the current SFY.
- Contract budget lines with unobligated balances.

Miscellaneous Contractual Services

SFY 2015-16 Non-Recurring Contract Reductions					
Budget Code	Division	Appropriations replaced with one time federal funds	Contracts that have historically under-spent or projected to under-spend in the current SFY	Unobligated contractual budget	Grand Total
14410	Central Management & Support - Office of Rural Health	\$ -	\$ (817,850)	\$ -	\$ (817,850)
14420	Division of Child Development & Early Education	\$ (1,000,000)	\$ -	\$ -	\$ (1,000,000)
14430	Division of Public Health	\$ -	\$ (80,000)	\$ (46,436)	\$ (126,436)
14440	Division of Social Services	\$ -	\$ (326,414)	\$ -	\$ (326,414)
14450	Division of Services for the Blind	\$ -	\$ (30,000)	\$ -	\$ (30,000)
14460	Division of Mental Health	\$ -	\$ (24,300)	\$ -	\$ (24,300)
14470	Division of Health Services Regulation	\$ -	\$ -	\$ (125,000)	\$ (125,000)
14480	Division of Vocational Rehabilitation	\$ (750,000)	\$ -	\$ -	\$ (750,000)
DHHS Summary		\$ (1,750,000)	\$ (1,278,564)	\$ (171,436)	\$ (3,200,000)

Community Mental Health Initiatives

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ 7,848,341		\$ 15,597,764		

- Based on recommendations from the new Independent Reviewer, evaluated every area of the settlement and realigned existing budget accordingly.
- Leadership jointly planned for the use of expansion dollars based on the incremental increase in individuals served in supportive housing, services and supported employment as required by the settlement.

NC Pre-K

*Provides funding for NC Pre-K, including \$2,716,401 in Lottery receipts.
Total availability is \$144.2 million.*

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ 2,323,599		\$ 2,323,599		

- The above appropriations were combined with increased lottery funds for a total of \$5.04M.
- The funds have been allocated to NC Pre-K contractors.
- \$2.2M allocated to maintain teacher salaries implemented in SFY 14/15.
- Remaining funds were allocated to add 815 additional children.

Child Care Subsidy Market Rate Increase

Provides funding to increase the Child Care Subsidy market rate, effective Jan. 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.

SFY 15/16		SFY 16/17		FTE
Recurring	Non-Recurring	Recurring	Non- Recurring	
\$ 3,000,000		\$ 6,000,000		

The Tier 1 and Tier 2 counties were identified and the \$3M for market rate increases has been implemented as described in Section 12 B.3 (a) and (c) for only these counties. The resulting amounts were added to each Tier 1 and Tier 2 county's total subsidized child care allocations.

Foster Care Caseload Increase

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. Increases total availability by 11.7% to \$201.2 million in FY 2016-17.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ 4,500,000		\$ 7,500,000		

- Expansion budget assumed a 6% increase in paid placements for SFY 15-16. Current estimates project a growth of roughly 4.5% for the same time period.
- Based on current estimates, foster care should come within budget for SFY 15-16.

Successful Transition of Youths in Foster Care

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ 1,300,000		\$ 1,750,000		

- With this funding, the evidence-based program is expanding from 19 counties to 41 counties
- Will serve approximately 98 new young adults by providing transitional services lasting 6-12 months that include:
 - Connecting youth to supportive adults with a goal of establishing lifelong connections.
 - Assisting in high school or GED completion.
 - Connecting youth with employment opportunities.
 - Connecting young adults to housing that can be maintained by the young adult upon discharge.

Office of Chief Medical Examiner – Automation

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
			\$ 2,195,000	

- Project Manager will be hired July 2016.
- Target date for posting the RFP is October 2016, with contract award approximately March 2017.

Office of Chief Medical Examiner – Transportation

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non-Recurring	FTE
\$ 400,000		\$ 400,000		

- OCME is working on a new contract process for transporters in order to pay the new base rate. New agreements are to be completed by the fourth quarter of the current SFY.
- OCME is maintaining logs of the payments to transporters since the beginning of the SFY and will adjust payments accordingly.

Office of Chief Medical Examiner – Training

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ 100,000		\$ 100,000		

- The first phase of a mandatory orientation program for all new Medical Examiners (MEs) has been developed and was implemented at 10 sites across the state in October - November 2015.
- This orientation program will assume a quarterly schedule to train all new MEs within the 90-day window.
- Additional ME training is being developed and will be rolled out in the third and fourth quarters of SFY 2015-16.

Office of Chief Medical Examiner – ECU and Wake Forest University Forensic Pathologist Fellowships

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non-Recurring	FTE
\$ 250,000		\$ 250,000		

- OCME has contracted with WFU to provide funding to continue its existing forensic pathology fellowship program.
- OCME has contracted with ECU to develop a forensic pathology fellowship program.
- Each regional autopsy center has a forensic pathology fellow employed and being trained in the current SFY.
- They are recruiting for next year's forensic pathology fellows at this time.

Office of Chief Medical Examiner – Autopsy Receipts / Supplements

Budgets increased annual autopsy fee receipts of \$585,000 paid by counties. Effective Oct. 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.

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non-Recurring	FTE
\$ 3,780,000		\$ 3,780,000		

- OCME is modifying contracts with the 3 regional autopsy centers and the 5 pathology providers in order to pay the state's portion of the increased autopsy fee effective Oct. 1, 2015. Contracts are expected to be executed in February 2016.
- OCME will pay the new fees (for the state portion) to these centers / providers retroactively to Oct. 1, 2015.
- County rates have been billed with an effective date for any new autopsies conducted after Oct. 1, 2015.

Local Health Departments – Improve Birth Outcomes

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.

SFY 15/16		SFY 16/17		FTE
Recurring	Non-Recurring	Recurring	Non- Recurring	
\$ 2,500,000		\$ 2,500,000		

- DHHS Division of Public Health (DPH) is currently assisting local health departments (LHDs) in preparing for the SFY 2016-17 competitive grants process.
- In January 2016, DPH will release a Request for Applications (RFA) for local health departments to compete for the SFY 2016-17 grants using evidence-based strategies.
- DPH will evaluate the LHD proposals and make recommendations for funding, and will report the details of the awards to the legislature by April 1, 2016, as required in the legislation.

Alcohol and Drug Abuse Treatment Centers

Eliminates the General Fund appropriations and converts the state-operated ADATCs to 100% receipt-supported.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ (37,381,817)		\$ (37,381,817)		

- During the budget certification process, state funds in this amount were eliminated from the ADATCs.
- See item 67 for additional information.

Three-way Psychiatric Beds

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non-Recurring	FTE
	\$ 2,463,750		\$ 2,463,750	

- DMH/DD/SAS is contracting with two new hospitals and their corresponding LME-MCOs, adding four additional beds.
 - **CarolinaEast Medical Center** (Trillium LME-MCO), funded at \$547,056 for each of the two SFYs, for two beds. This contract is still in the signature phase between the hospital and the LME-MCO.
 - **Southeast Regional Medical Center** (Eastpointe LME-MCO), funded at \$547,056 for each of two SFYs, for two beds. This contract became effective on Nov. 8, 2015.

Three-way Psychiatric Beds

- In addition, the contracts of two existing hospitals and their corresponding LME-MCOs with three-way psychiatric inpatient beds were amended to add five additional beds.
 - **Carolinas Health System** (Cardinal LME-MCO) received an additional \$820,582 for each of the two SFYs, for 3 additional beds; bringing the totals for SFY 16 and SFY 17 to \$1,368,082 for 5 beds per SFY. This contract amendment became effective Dec. 1, 2015.
 - **UNC Hospitals at Wakebrook** (Alliance LME-MCO) received an additional \$547,056 for each of the two SFYs, for two additional beds; bringing the totals for SFY 16 and SFY 17 to \$1,685,233 for 7 beds per SFY. This contract amendment became effective Nov. 15, 2015.

Crisis Bed Registry

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ 134,000	\$ 350,000	\$ 134,000	\$ -	2

- Discussions with stakeholder groups and North Carolina Hospital Association (NCHA) have determined that the current bed registry developed by DHHS and NCHA several years ago has not met their needs.
- Alternative ways to structure an electronic system are being explored.
- DMH/DD/SAS is continuing to work with stakeholders to ensure that the solution chosen is one that works best for the state.
- The two FTE positions are still in process and existing staff are leading the project.

Substance & Alcohol Abuse Treatment Services

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.

SFY 15/16		SFY 16/17		
Recurring	Non-Recurring	Recurring	Non- Recurring	FTE
\$ 37,381,817		\$ 37,381,817		

- On Oct. 6, 2015, DMH/DD/SAS allocated to each LME-MCO a portion of the \$37,381,817 for the purpose of purchasing inpatient alcohol and substance abuse treatment services from the state-operated Alcohol and Drug Abuse Treatment Centers (ADATCs).
- Following the monthly receipt of these funds, the LME-MCO is required to remit payment in full to the appropriate ADATCs.
- Payment by the LME-MCO to the DHHS Controllers Office Accounts Receivable is required to be submitted no later than the 10th day of the same month or within 7 business days of receiving the deposit if not received by the LME-MCO on the first working day of the month to avoid cash flow problems in the ADATCs.