JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES

COVID-19 Budget Update

Mandy Cohen, MD, MPH

Susan Gale Perry

Department of Health and Human Services

August 11, 2020

Three Broad Funding Streams for COVID-19 Funding

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116- 136) established the **Coronavirus Relief Fund (CRF),** which provided $150 billion to state, local, territorial, and tribal governments, administered by the US Dept of the Treasury.

- The CARES Act and the Families First Coronavirus Response Act (P.L. 116-127) and the Coronavirus Preparedness and Response Act (P.L. 116-123) also authorized **supplemental funding of several grant programs.**

- Enhanced Federal Medical Assistance Percentage (FMAP) for the Medicaid Program authorized in the Families First Act.

Funding Received to Date

- To date, DHHS has received **$345,340,000** in Coronavirus Relief Funds (CRF) from the US Treasury appropriated through the General Assembly. All funding allocated from this source must be expended by 12/30/2020.

- Other CARES Act funding received, primarily as supplemental funding to existing federal grants to help prevent, prepare for, or respond to the coronavirus pandemic totals: **$508,230,785.** These funds have longer liquidation periods ranging from 12 to 36 months.

- The Federal Medical Assistance Percentage for Medicaid was increased by 6.2 percentage points (from 67.03% to 73.23%) through December 31, 2020. This change reduces the state share of costs for NC Medicaid. For SFY 20-21 this is projected to equate to $500M in avoided state cost (for July through December).

CRF Summary by Program Areas

Project	Appropriation
Enhanced Capacity for MH & Crisis Services	$ 75,000,000
Special Assistance Facilities	$ 25,000,000
Public Health, Mental Health, & Crisis Services	$ 20,000,000
Food Safety and Child Care	$ 25,000,000
Early Childhood Initiatives	$ 20,000,000
Foster Care	$ 3,550,000
LINKS Program	$ 290,000
NC MedAssist	$ 1,500,000
Testing, Tracing and Contact Trends	$ 125,000,000
Rural and Underserved Communities	$ 50,000,000
TOTAL CORONAVIRUS RELIEF FUND	**$ 345,340,000**

Summary of Additional Federal Funding

Project	Award/Appropriation
NC Emergency COVID-19	$ 2,000,000
CCDFBG - Child Care	$ 118,135,976
Older Americans Act - For Older Adults	$ 31,999,207
Homeless Assistance / Emergency Solutions Grant (ESG)	$ 18,600,000
Public Health Emergency Preparedness/ ELC Grants	$ 219,811,792
Supplemental Funding for Health Care Centers	$ 992,271
Child Nutrition	$ 47,150,000
Rural Hospital Assistance Program: State Hospital Improvement Program	$ 2,613,827
Hospital Preparedness Program	$ 7,646,856
Community Services Block Grant	$ 26,243,124
Supplemental LIHEAP Funding for Energy Assistance	$ 24,455,858
Child Welfare Services State Grants	$ 1,593,398
Supplemental Funds to Community Health Centers	$ 256,846
Immunization COVID-19 Supplement	$ 4,145,415
Housing Opportunities for Persons with AIDS	$ 525,361
Ryan White HIV/AIDS Program	$ 1,060,854
TOTAL OTHER COVID-19 FUNDING	**$ 508,230,785**

Notes About Funding Outlined in the Presentation

- All funding amounts on these slides, unless otherwise noted, represent funds that are already spent, obligated, or are budgeted and in the process of being obligated.

- In some cases there may be more than one funding source that can be used to support one or more Covid-19 response needs. We are actively managing all funding collectively to maximize these resources based upon the specific funding requirements and funding deadlines associated with each fund source.

- The following plan represents our plan as of today. Given the dynamic nature of this pandemic and associated shifting needs, these plans and will be managed and adjusted as needed to address critical priorities.

Overview of Key Funding Initiatives:
Supporting Families
Prevention
Testing and Tracing
Isolation Supports

Supporting Child Care

- Maintaining access to high quality child care for children of essential workers has been a key priority since the start of the pandemic.

- Funding from the CARES Act was used to provide child care subsidies for children of essential workers, support teachers and staff, and help purchase PPE and cleaning supplies.

Funding	Source	Program Goals and Outcomes
$57M	CARES – Child Care Development Fund	Over 3,800 programs received operational grants to help them stay open in April, May, June, with an additional $23m projected for July.
$38M		More than 25,000 teachers and staff received bonuses to help ensure there were adequate staffing levels at child care facilities to serve children of essential workers.
$34.7M		20,000 children were served through emergency child care subsidy funding.
$10M		Projected funding to cover parent copayments for families receiving subsidy in June and July at open programs.

Ensuring Access to Nutrition

- The economic challenges from COVID-19 have exacerbated food insecurity across our state. NCDHHS has focused funding to increase access to food for individuals and families through multiple programs.

Funding	Source	Program Goals and Outcomes
$47.1M	CARES - Child Nutrition Program Grant	Funds nutritious meals from March through September for those at child and adult care institutions as well as family or group day care homes. This includes older adults and chronically impaired disabled persons.
$6M	CRF – Food and Safety Allocation	Each of the state's six NC Food Banks received $1 million to support local families' nutrition needs. The funding will allow them to increase food purchases up to 20%.
$2.5M		At least 20,000 households will receive $40 month to buy fresh produce through Reinvestment Partners' Produce Prescription Program.

Supporting Child Welfare

- COVID-19 has had a severe financial impact on North Carolina Foster Parents as they have had to incur additional expenses due to school and child care center closures.

- Funding from the CRF and the CARES Act will be used to assist our Foster Parents with internet and electronic devices for virtual education, child care needs, and providing nutritious meals for the children in their care.

Funding	Source	Program Goals and Outcomes
$8.3M	CRF	Up to $8.3 million in essential emergency funding has been designated for use by counties, giving them the flexibility to pay essential expenses, including salaries, for Adult Protective Services (APS) and Child Protective Services (CPS).
$3.6M	CRF	- $3,550,000 available to all county Divisions of Social Services at the rate of $100 per child for each month beginning in April. These additional funds will continue until all are exhausted. - 3,213 children/youth have benefited from the extra funds.
$1.6M	CARES	- Funds for residential child care facilities to purchase critical supplies and PPE. - 1,640 children and youth will benefit
$290K	CRF	$290K for transitioning foster care youth in the LINKS program who need assistance with housing or transitional costs due to COVID-19.

Support for Older Adults

- The COVID-19 pandemic has created significant challenges for older North Carolinians given their higher risk for severe complications from COVID-19 and the need for social distancing. NCDHHS has worked on multiple fronts to support older North Carolinians.

Funding	Source	Program Goals and Outcomes
$25M	CRF – Payment to Special Assistance Facilities	• An estimated <u>17,500 individuals will potentially benefit from the one-time payment to facilities</u> serving beneficiaries of State-County Special Assistance to offset the increased costs of serving residents during the COVID-19 emergency. The allocated funding allows for the purchase of these critical PPE supplies and to offset increased food costs.
$25.2M	CARES - Older Americans Act III Home Delivered Meals	Funding through our Area Agencies on Aging (AAA) to support: • An average of <u>24,686 individuals have received nutrition services</u> including meals and emergency response costs such as PPE or food service supplies. • <u>2,000,000 meals have been provided</u> to date to vulnerable older adults practicing social distancing.
$6.2M	CARES - Older Americans Act III Supportive Services	• Funds <u>supportive services</u> under the Older Americans Act that allow an individual to <u>remain in the community</u> including Adult Day Care and Adult Day Health Care, In-Home Aid services, case management and transportation services. • NCDHHS has allocated all funds through our Area Agencies on Aging (AAA); Contracts are being finalized with services beginning in many parts of the state.
$3.1M	CARES - Older Americans Act III - Family Caregiver Support Program	Funds for Family Caregiver Support: <u>Support for elder caregivers</u> through our Area Agencies on Aging (AAA) including services such as in-home and community respite, caregiver-directed vouchers, medical equipment and assistive technology, among others, and emergency response costs.

Addressing Housing Challenges

- The economic challenges from the COVID-19 pandemic have impacted families' ability to pay rent, utilities, and created additional barriers for individuals facing homelessness.

Funding	Source	Program Goals and Outcomes
$26M	CARES – Community Services Block Grant	Funding allocated to Community Action Agencies help low-income individuals and families meet a variety of needs caused by the economic disruption of the COVID-19 pandemic including those facing eviction with unmet rent and utility expenses.
$25M	CARES - Low Income Home Energy Assistance Grant	Supplemental Low-Income Home Energy Assistance Program (LIHEAP) and the Crisis Intervention Program (CIP) ensures that vulnerable residents have resources to effectively heat their homes. Approximately $19M allocated to the existing home energy program, LIEAP (winter heating); and up to $4M towards the weatherization assistance program. The remaining funds will be used to develop a process to automatically enroll eligible seniors and to create an online application process for all other applicants, both designed to promote social distancing and keep our citizens safe and warm. The online application process will be available January 2021 for all households who have a heating need and who meet eligibility requirements. An estimated 171,000 individuals will be served..
$3.2M	CRF - Food Safety and Child Care	Back@Home, a housing stability intervention that uses a rapid rehousing approach which is a critical part of the State's disaster response. $3.2 million dollars in funding will be used to support the ESG-CV/Back@Home Program, which will provide funding for infrastructure needs for ESG-C including the Homelessness Information Management System.
$18M	CARES – Emergency Solution Grant	Leverage and expand the Back@Home Program through the Emergency Solution Grant and CFR funding to support Continuums of Care (CoCs) and community agencies in the housing stability efforts. To effectively keep sheltered and unsheltered populations safe, funding will be made available for homeless service providers and domestic violence shelters to fund activities related to shelter operations, street outreach, rapid rehousing, and prevention.

Mental Health and Crisis Supports

- The COVID-19 pandemic has caused a spike in demand for mental health supports across our state. NCDHHS has leveraged federal funds to help support those who need additional mental health and crisis services.

Funding	Source	Program Goals and Outcomes
$50M	CRF – Enhanced Capacity for Mental Health and Crisis Services Allocation	Increased state funded services for the uninsured through LME-MCOs to address a 15% increase of mental health and substance use services due to increased need or loss of health insurance.
$12.6M		Provided 3 months of temporary funding to support increased staffing and care costs at residential facilities and group homes.
$7M		Funded the Hope4NC Mental Health Emergency Room Diversion Program to provide 6 months of community-based services and peer warm-line to stabilize crisis and reduce emergency department visits.
$5M		Funding to group homes for individuals with intellectual or developmental disabilities to support preventive measures to address COVID-19 among residents and staff of these facilities.
$400K		Funded over 10,000 doses of naloxone to prevent accidental overdoses that may increase as a result of the COVID-19 pandemic.

Overview of Key Funding Initiatives:
Supporting Families
Prevention
Testing and Tracing
Isolation Supports

Ensuring Access to Health Care

- The high number of uninsured in North Carolina has been a tremendous barrier to the state's response to the pandemic.
- NCDHHS has focused funding to support access to health care for North Carolinians during the pandemic.

Estimated Funding Amount	Funding Source	Program Goals and Outcomes
$37M per month ($27M Federal)	Enhanced FMAP	Rate increases (ranging from 5-20%) for Medicaid fee-for-service providers: Skilled Nursing Facilities, Personal Care Services, CAP-C, CAP-DA, Home Health, Local Health Departments, Hospice, Program of All-Inclusive Care for the Elderly (PACE), Intermediate Care Facilities (ICF), Federally Qualified Health Centers (FQHC), Rural Health Clinics (RHC); Pharmacy delivery fees; and doubling of Primary Care medical home payments.
$21M per month ($15M federal)		A 9.6% Medicaid rate increase for Local Management Entity/Managed Care Organizations (LME/MCOs; behavioral health)
$20M per month ($15M federal)		A 5% rate increase for all Medicaid fee-for-service providers who had not yet received a 5% increase during the COVID-19 public health emergency (Note: directed in SL 2020-4).
$46M per month ($34M federal)		Targeted additional Medicaid rate increases for Outbreak support to Skilled Nursing Facilities and Adult Care Homes; and for In-Home Personal Care Services to COVID+ individuals.
$2M per month ($1.5M federal)		Additional increase (40%) to Local Health Department medical rates (note: similar increase of 40% for LHD dental rates effective July 1); also seeking federal approval for Disaster Relief State Plan Amendment (SPA) that would help LHDs retain more of this increase at settlement.

Ensuring Access to Health Care

Estimated Funding Amount	Funding Source	Program Goals and Outcomes
$400M	Federal Match	Accelerated ~$400M in net <u>supplemental Medicaid payments to hospitals</u> in May 2020 (had been scheduled for payment in September 2020)
$32M	State Appropriations	<u>Hardship advances to 17 rural, independent hospitals</u> to help with their continuity of operations. These advances must be repaid within 24 months, but repayment not required to begin until after public health emergency ends.
<$1 M per month	Enhanced FMAP	Time-limited, targeted, <u>enhanced Medicaid swing bed </u>rates to support hospitals that provide post-acute care services to COVID+ Medicaid beneficiaries and non-COVID+ Medicaid beneficiaries transferred from other acute care hospitals as part of a surge response.
$90M	Federal Match	Seeking federal approval for Disaster Relief State Plan Amendment (SPA) that would <u>support adjusted Medicaid deficit payments to hospitals</u> for the period from March – September 2020. Projected net gain to hospitals is $90M.

Ensuring Access to Health Care

Funding	Source	Program Goals and Outcomes
$12.5M	CRF - Rural and Under-served Communities Allocation	Support COVID-related <u>integrated primary care services to the uninsured</u> (including employees of long-term care facilities, those in the service industry, as well as historically marginalized populations)
$9M*		Fund <u>telehealth services</u> to support COVID-19 primary care though community health workers in historically marginalized communities.
$1.5M	CRF - NC MedAssist Allocation	Through the nonprofit <u>MedAssist</u>: • At least 17,200 prescriptions dispensed for the pharmacy per month for 3,500 residents. • The value of those prescriptions will be approximately $4.5 million per month average wholesale price (AWP).
$7.6M	CARES	Fund hospital preparedness and response to COVID
$700K	CRF	Fund community engagement and outreach to Historically Marginalized Populations stakeholder partner organizations

* Please note this funding is also reflected on slide 28.

Distributing PPE

- NCDHHS has worked with our emergency management partners to distribute PPE to health care workers, long-term care facilities, childcare centers, court facilities, and schools. Leveraging $180 million in Emergency Management funds, NCDHHS has been able to complete:

  - An initial shipment of PPE and supplies to farms and agricultural operations, which included 900,000 masks. Future shipments will reach farmworkers, farmers, and other agriculture workers in targeted settings such as NC Cooperative Extensions, NC Farmworkers Health Programs, meat packing plants, and community organizations.

  - Our first shipment of face coverings for visitors to North Carolina Administrative Office of the Courts (NCAOC) facilities. Moving forward, NCAOC facilities will receive approximately 300,000 face coverings per month from NCDHHS for public distribution.

  - An initial PPE shipment to North Carolina's more than 3,000 state-licensed long-term care facilities earlier in July. Throughout the COVID-19 response, NCDHHS has taken early and aggressive actions to protect long-term care facilities' residents and staff.

Funding	Source	Program Goals and Outcomes
$6.2M	CARES – Child Care Development Fund	NCDHHS is providing each of the state's approximately 4,200 currently-open child care programs with PPE and cleaning supplies. Childcare programs have been open with additional health requirements throughout the pandemic, providing an essential service to other frontline workers.

Protecting Long-Term Care Residents

- DHHS has leveraged several funding sources to support our efforts to prevent the spread of COVID-19 in nursing homes and other long-term care facilities

Funding	Source	Program Goals and Outcomes
$3.9M	CRF - Rural and Underserved Communities Allocation	Funded Long-term Care Infection Control and Prevention Strike Teams
$10.9M	CRF- Rural and Underserved Communities Allocation	Funding was distributed to all Local Health Departments for infection control support and training in nursing homes and adult care homes.
$5M	CRF - Public\Mental Health and Crisis Serv. Allocation	Funded rapid response teams to work with nursing homes outbreaks.
Up to $49M*	CRF - Testing & Tracing Funds	Nursing Home Testing: • Contract executed with CVS/Omnicare (~$14M) to test nursing home residents and staff – 245 facilities are being tested (49,252 tests) • 147 facilities have reported completing testing on their own; 29 facilities pending • ~$25M in funding will be allocated to cover the costs to conduct bi-weekly or during outbreaks, weekly testing of all nursing home staff statewide (400+ homes).

* Please note this is also reflected on slide 22.

Overview of Key Funding Initiatives:

Supporting Families
Prevention
Testing and Tracing
Isolation Supports

Testing and Tracing

- DHHS has expanded testing across the state with a focus on historically marginalized populations and communities with high levels of viral spread.

- NCDHHS received the following funding allocations to support these efforts:

  - $25 million on May 4th through the passage of H1043
  - $100 million on July 2nd through the passage of S808.
  - NCDHHS has prioritized the use of this funding to ramp up testing across the state given the funding will expire in December 30, 2020.

COVID-19 Testing

Funding	Source	Program Goals and Outcomes
Up to $14m*	CRF - Testing & Tracing Funds	Will fund initial testing for nursing home residents and staff. This will help to establish baseline data for nursing home needs. More than 18,000 tests have been completed as of 7/30/20. • Contract with CVS/Omnicare to test nursing home residents and staff • 245 facilities are being tested (49,252 tests) • 147 facilities have reported completing testing on their own • 29 facilities pending
Up to $35m*	CRF - Testing & Tracing Funds	Funding for Ongoing Nursing Home Staff Testing: • Funding will be allocated to cover the costs to conduct bi-weekly or during outbreaks, weekly testing of all nursing home staff statewide (400+ homes).
$20m	CRF - Testing & Tracing Funds	• Funding to test an estimated 120,000 tests for North Carolinians in communities with higher prevalence of virus and among historically marginalized communities. • As of 8/2, testing 50+ zip codes across 175 events with most tests performed in the African American community with ongoing outreach to LatinX communities.
$20m	CARES – CDC Lab Capacity Grant	• State-funded testing (150k-175k total tests) for high throughput vendor sites in high impact counties: Wake, Mecklenburg, Durham, Forsyth, Guilford, and Johnston counties. ~3-4k tests per day for 6-8 weeks.

* Please note this funding is also reflected on slide 19.

Contact Tracing

- Contact tracing is a key strategy for preventing the further spread of COVID-19. Identifying and quarantining close contacts of those who test positive for COVID-19 limits their ability to spread disease should they become infectious and helps to limit community spread.

Funding	Source	Program Goals and Outcomes
Up to $30M	CRF - Testing & Tracing Funds	Contact Tracing: • Funds support the training, and hiring of staff to identify, notify, and monitor anyone who came in close contact with an individual who tested positive for COVID-19 while they were infectious. • More than 600 contact tracers have been hired to meet the requests of local health departments to expand their tracing capacity.
$35M	CARES – CDC Lab Capacity Grant	Provide funding to 85 Local Health Departments (LHDs) to support increased testing and tracing, hiring additional staff, improving infection controls, and strengthening IT infrastructure and improving data sharing & visualization. LHDs will receive a base allocation of $90K per county and the remaining funds will be apportioned on county population and cumulative COVID-19 positive caseload. LHDs will have several requirements related to this funding, including increased testing, use of the contact tracing tool, making initial contact with 24 hours of receiving positive test results for 80% or better of all new cases.

Testing and Tracing Infrastructure Support

- DHHS is investing federal funds to strengthen our public health infrastructure to continue to meet the demands of the pandemic.

Funding	Source	Program Goals and Outcomes
$26.9M	CARES – CDC Lab Capacity Grant	Modernize public health surveillance systems. These systems include the NC Electronic Disease Surveillance System (NCEDSS); Electronic Case Reporting (ECR); the Medical Examiner Information System Replacement (MEISR); the Electronic Death Registration System (EDRS); and the Immunization Registry (IMMR).
$14.8M	CARES – CDC Lab Capacity Grant	Surge staffing in the form of temporary employees and consultants will be an ongoing requirement for the duration of the COVID19 response at all levels of government. Included amongst these will be financial and program managers at the Division and Department level to assist with post-award grant management requirements.
$1M	CARES – CDC Lab Capacity Grant	Support scientific research in order to learn the true impact (i.e., prevalence) of COVID-19 in North Carolina, DPH is funding and coordinating a series of community-based, prospective point-prevalence studies with academic partners in North Carolina.

Testing and Tracing Infrastructure Support

Funding	Source	Program Goals and Outcomes
$6M	CARES – CDC Lab Capacity Grant	**Data and policy analysis.** Scope of work includes: actively track and provide rapid response insights on the implications of evolving federal and state guidance and funding developments; and evaluating their near-term and longer-term strategic responses.
Up to $25M	CRF - Testing & Tracing Funds	**Data, Analytics and Other Program Supports** for Testing and Tracing: • Funding provides technology infrastructure, software tools and project management services to support North Carolina's response to and management of the COVID 19 emergency. • Deployment of 'Check My Symptoms' tool in English/Spanish • Deployment of "Find My Testing Site" in English/Spanish • Communications activities to support testing sites and importance of testing and tracing

Ongoing Testing and Tracing Work

- DHHS recognizes the long-term need for ongoing COVID-19 testing and will use federal funding to support our efforts into next year.

Funding	Source	Program Goals and Outcomes
$56.3M	CARES – CDC Lab Capacity Grant	Contracts with private vendors qualified to perform testing for COVID-19 for following testing service components: 1. High throughput testing; 2. Directed/Mobile testing; and; 3. Laboratory Reserve Capacity. Testing reagents to support increased COVID-19 serology and molecular testing at the State Laboratory of Public Health (SLPH) for prioritized groups including historically marginalized communities and potential new groups. Tubes, plastics, tips, and related instrument consumables are required to perform increase testing for COVID-19, flu, and respiratory viruses. **This funding will be available beyond 12/30/2020.**
$29M	CARES – CDC Lab Capacity Grant	Support DHHS contact tracing response. Scope of work will include staffing, training, cultural and linguistic competency, and technology support for Contact Tracers and Case Investigators.

Overview of Key Funding Initiatives:

Supporting Families
Prevention
Testing and Tracing
Isolation Supports

Isolation Supports

- In order to slow the spread of the virus in the state, it is critical to provide support services including nutrition, medication and COVID-19 relief payments to individuals to assist them with safely and effectively isolating or quarantining due to COVID-19.

Funding	Source	Program Goals and Outcomes
Up to $40M	Multiple	Leveraging and providing <u>wrap-around services that will be available in 20 priority counties</u> defined by high rates of COVID-19 cases including the following: • Deploying over <u>250 community health workers</u> (CHWs) to assess the needs of individuals for testing, tracing, primary care, isolation or quarantine; refer individuals to needed services; and support individuals throughout isolation or quarantine. • <u>Telehealth Services</u> to support COVID primary care through community health workers in historically marginalized communities* • <u>Rural primary care</u> to assess individuals' needs to test, isolate, or quarantine. • Provide <u>non-congregate shelter</u> and **essential wraparound services** to individuals with no other safe place to isolate or quarantine (FEMA reimbursement). • Provide <u>support services that allow individuals to safely isolate or quarantine,</u> including **nutrition, transportation, emergency relief assistance** to offset temporary loss of income or ability to look for work, medication delivery, and COVID-related supplies such as a face mask or cleaning supplies.

* Please note this funding is also reflected on slide 17.

Isolation Supports

Funding	Source	Program Goals and Outcomes
$5M	CRF - Enhanced Capacity for Public Health, MH and Crisis Services	• Support expansion of NCCARE360, a statewide coordinated care network that will connect individuals impacted by COVID-19 to local services such as food, housing, child care and other resources. • Funding will support expedited roll-out and the use of NCCARE360 for COVID-related programs (e.g., Community Health Workers, LHD contact tracing, isolation/quarantine wrap-around supports, etc.).
$5M	CRF - Enhanced Capacity for Public Health, MH and Crisis Services	Provide transportation in Tier 1 counties utilizing the Rural Operating Assistance Program (ROAP) in support of wraparound services and other needs to mitigate COVID

Funding Priorities Moving Forward

- Increasing Access to Health Care
- Supporting NC Providers
- Expanding Prevention Efforts to Combat COVID-19
- Supporting Mental Health and Resilience
- Supporting Rural and Historically Marginalized Populations
- Prioritizing Early Childhood: Responding to COVID-19 /Addressing Leandro
- Protecting and Serving Aging Adults
- Fighting the Opioid Epidemic During COVID
- Serving People with Disabilities Close to Home