

# HISTORY OF NORTH CAROLINA'S BEHAVIORAL HEALTH DELIVERY SYSTEM

Research Division  
September 10, 2012

# 1700's, 1800's

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County governments  
permitted to confine persons  
with mental illness in jails or  
poorhouses.

# Mid-1800's

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1849 – formation of North Carolina State Medical Society. Institution authorized for care of mentally ill.

1856 – Opened "State Hospital for the Insane," which became Dorothea Dix.

# By 1914

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- ◎ Two more state hospitals.
- ◎ State facility for individuals with mental retardation.

1930's

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Local mental health clinics in  
Charlotte, Winston-Salem.

1946

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National Mental Health Act, PL 487.

# 1950's

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- Most individuals needing MHDDSAS services and almost all public funds went to or through state facilities.
- NC's MHDDSAS consisted of 4 state psychiatric hospitals, 4 mental retardation centers, and various other facilities.
- First of three Alcohol Treatment Centers established at Butner.

# 1963

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- Movement towards creating community-based services to provide mental health treatment.
- Community Mental Health Centers Act, H.R. 58.
- NCGA authorized communities to collaborate with state agencies to create and operate mental health clinics.



# 1970

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- Establishment of 42 Area Programs
- Governor established NC Drug Commission and first drug prevention treatment programs in the state.

# 1977

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**NCGA required counties to establish “Area Authorities.”** (Former G.S. 122C-35 et seq.)

# 1980's

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1981 - Congress repealed the Community Mental Health Centers Act.

Responsibility for providing mental health and substance abuse services moved to public behavioral health services, primary care providers, emergency departments, law enforcement/courts.

# 1990

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“Equal Opportunity for Individuals with Disabilities” (Americans with Disabilities Act, or ADA) enacted.  
Title 42, U.S.C., Chapter 126

ADA Home Page: [www.ada.gov](http://www.ada.gov)

For text, go to:

[www.ada.gov/pubs/ada.htm](http://www.ada.gov/pubs/ada.htm)

# Early 2000's – MAJOR MENTAL HEALTH REFORM

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- (1) Olmstead v. L.C., 527 U.S. 581 (June 22, 1999).

[www.ada.gov/olmstead/index.htm](http://www.ada.gov/olmstead/index.htm)

- (2) N.C. State Auditor's Report (April 2000).

# July 5, 2000

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## ◎ S.L. 2000-83

- Established the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services.
- Directed the LOC to develop a plan to reform the state system for MH/DD/SAS.
- Directed the Secretary of DHHS to overhaul NC's public system of MH/DD/SAS.

# 2001 – Major Mental Health Reform Legislation

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October 2001 – N.C.'s mental health reform legislation was passed:

- Session Law 2001-437 (HB 381):  
An Act To Phase In Implementation Of  
Mental Health System Reform At The  
State And Local Level.
- Primary intent -- deinstitutionalization and  
privatization of clinical services.

# DHHS Plan: LMEs

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The Secretary's State Plan 2001: Blueprint for Change, dated November 30, 2001.

<http://www.ncdhhs.gov/mhddsas/statspublications/annualrptsstrategicplans/Strategicplan2001/sp01-staffcompetencies11-30.pdf>



# General Assembly Action

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- Identified new funding for hospitalizations for uninsured patients in 3-way contracts between DHHS, LMEs and local hospitals.
- Provided support for mobile crisis and crisis intervention teams.
- Provided funding for local psychiatrists.

# Post 2001

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- Admissions to the four state hospitals continued to increase.
- Division of MH/DD/SAS instituted waiting lists for state hospital admissions.
- Demands on hospital emergency departments increased.

# ValueOptions - 2002

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NC Division of Medical Assistance (DMA) entered into a contract with ValueOptions, Inc., to provide utilization review for Medicaid patients.

# 2005 - Piedmont Behavioral Health

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- The state established Piedmont Behavioral Health (PBH) (now Cardinal Innovations) as a pilot Medicaid managed care vendor through the use of the Medicaid 1915 (b)/(c) Waiver Program.
- Pilot program expanded through S.L. 2008-107.
- S.L. 2010-31 required the designation of two additional expansion sites.

# 2008-2009 – CABHAs

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- DHHS created new provider agencies called Critical Access Behavioral Health Agencies (CABHAs) to provide comprehensive and integrated services.
- By March 2012, more than 200 CABHAs had been certified in NC.

# 2009 - Medicaid Behavioral Health Managed Care

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DHHS selected the 1915 (b)/(c) Medicaid Waiver Program to control Medicaid-funded services.

# 1915(b) Waivers

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1915(b) Waivers are one of several options available to states that allow the use of a *MANAGED CARE* delivery approach in the Medicaid Program.

# 1915(c) Waivers

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1915(c) Waivers are one of many options available to states to allow the provision of long term care services in *HOME AND COMMUNITY BASED SETTINGS* under the Medicaid Program.



# 2010 – Affordable Care Act

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States have options to:

- ❖ analyze financing and organizational structure.
- ❖ promote care.
- ❖ coordinate Medicaid behavioral health services with social services.
- ❖ focus on preventive services and education.
- ❖ use evidence-based practices in public behavioral health.

# 2011 – Disability Rights Lawsuit

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- ◉ Disability Rights NC filed a complaint with the USDOJ based on the *Olmstead* decision, alleging that N.C. inappropriately institutionalizes individuals in adult care homes.
- ◉ In August 2012, North Carolina reached a settlement with the USDOJ to develop and implement strategies to transition individuals with mental illness out of adult care homes.

# 2011 – Waiver Expansion:

## HB 916

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The General Assembly passed House Bill 916 (S.L. 2011-264), requiring expansion of PBH's model managed behavioral health care program under the 1915(b)/(c) Medicaid Waiver.

- ❖ Required rapid statewide expansion of the 1915(b)/(c) Waivers.
- ❖ Phased merger of LMEs into Managed Care Organizations (MCOs) Medicaid behavioral health benefits will be carved-out from other Medicaid benefits and managed by the LME/MCOs under contract with DHHS's Division of Medical Assistance.
- ❖ The State assumes financial risk.
- ❖ Implementation set for completion by 2013.