

**SENATE APPROPRIATIONS COMMITTEE**

**ON**

**HEALTH AND HUMAN SERVICES**

**REPORT  
ON THE  
CONTINUATION AND EXPANSION BUDGETS**

**House Bill 97**

**June 15, 2015**

## Health and Human Services

## GENERAL FUND

	FY 15-16	FY 16-17
<b>Recommended Base Budget</b>	<b>\$89,605,783</b>	<b>\$89,605,783</b>

## Legislative Changes

## ( 1.0) Division of Central Management and Support

<b>1 Health Information Exchange (1910)</b>	(\$2,000,000)	R	(\$2,000,000)	R
Eliminates recurring funding for the exchange in accordance with S.L. 2015-7.				
<b>2 Health Net Grants (1372)</b>	(\$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.				
<b>3 NCTRACKS- System Savings (2413,1122)</b>	(\$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.				
<b>4 Miscellaneous Contractual Services (1120)</b>	(\$3,200,000)	NR		
Reduces funding for contracts in central management. Over \$3.1 million remains in the budget for this purpose in central management.				
<b>5 NC FAST Required Changes (2411,1122)</b>	\$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.				
	\$3,200,000	NR		
<b>6 NC FAST- Operations and Maintenance (2411, 1122)</b>				
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				
<b>7 NC FAST System Development (2411,1122)</b>				
Provides funding for continued system development including using prior-year earned revenue in the nonrecurring amount of \$6,647,849 million in FY 2015-16 and \$5,298,178 in FY 2016-17. The total funding for NC FAST is \$60 million for FY 2015-16 and \$47.5 million for FY 2016-17. Creates 18 positions in FY 2015-16 and 20 positions in FY 2016-17 with the additional receipts.				

**8 Child Welfare Case Management System (1910)**

Provides nonrecurring funds to purchase a child welfare case management system. The NC FAST system will not be used for child welfare case management. Funding includes prior year earned revenue in the amount of \$2,752,151 in FY 2015-16 and \$4,101,824 in FY 2016-17. Total funding, including federal funding for the system is \$8.5 million in FY 2015-16 and \$17.2 million in FY 2016-17.

\$5,803,000 NR \$13,052,000 NR

**9 NCTRACKS (2413, 1122)**

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.

\$400,000 R  
\$2,300,000 NR \$400,000 R  
\$940,000 NR

**10 Health Information Exchange (HIE) (1910)**

Funding is provided to continue efforts towards the implementation of a statewide HIE.

\$8,000,000 R \$8,000,000 R

**11 Government Data Analytics Center (1910)**

Funds a contract for the development for new and enhanced health data analytics capability and functionality for the Department.

\$300,000 R  
\$700,000 NR \$300,000 R  
\$1,000,000 NR

**12 Community Paramedicine Pilot Project**

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.

\$350,000 NR

**13 Competitive Block Grant- Additional Funds (1910)**

Provides \$350,000 in recurring funds for long-term residential substance abuse services. Designates \$350,000 for Big Brothers Big Sisters North Carolina Collaborative in FY 2015-16 and allows non-profits providing mentoring services to compete for the additional funds beginning in FY 2016-17. Total availability for this purpose is increased to \$14.2 million for each year of the biennium.

\$700,000 R \$700,000 R

**14 Competitive Block Grant-Transfer from Division of Public Health (1910)**

Transfers funds resulting from the elimination of the Office of Minority Health and the Physical Activity and Nutrition Branch in the Division of Public Health. The scope of the block grant is increased to allow non-profits to compete to receive funding for programs proven to reduce health disparities and improve physical health and nutrition across the state. Preventative Health Services block grant funds in the amount of \$4,000,754 are also transferred to this competitive block grant. This action provides \$7.7 million for health disparities, physical activity, and nutrition grants.

\$3,410,420 R \$3,410,420 R

**15 Office of the State Auditor - Financial Audit**

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.

\$450,000 R \$450,000 R

**16 Worker's Compensation Adjustment Reserve**

\$5,148,986

R

\$5,148,986

R

Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

**17 Contracting Specialist and Certification Program**

\$150,000

NR

\$175,000

R

\$25,000

NR

2.00

Provides nonrecurring funds to contract with the UNC School of Government to design a program for DHHS managers similar to the School's Certified Local Government Purchasing Officer and local purchasing and contracts programs. Recurring funds in FY 2016-17 will fund positions for the Office of State Human Resources (OSHR) dedicated to the oversight and training of the new program at DHHS.

**18 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.

**19 Justification Review (1910)**

(\$7,572,212)

R

(\$7,572,212)

R

\$7,572,212

NR

Requires a justification review as part of a statewide plan to invest in evidence-based programs focused on reducing infant mortality and improving birth outcomes and the health status of children birth to age 5. The following programs will have funds converted to nonrecurring for FY 2015-16 and funds for FY 2016-17 will be contingent upon a statewide plan and report submitted to the Legislative Oversight Committee on Health and Human Services:

Programs Subject to Justification Review:

Maternal and Child Health Contracts - \$2,472,094

High Risk Maternity Clinic - \$375,000

Healthy Beginnings (2 contracts) - \$396,025

Pregnancy Care Case Management - \$300,901

Maternal, Infant and Early Childhood Home Visiting - \$425,643

Triple P- Positive Parenting Program - \$828,233

NC Perinatal and Maternal Substance Abuse Initiative - \$2,729,316

Perinatal Substance Abuse Specialist - \$45,000

Programs Receiving Receipts Only

(subject to a review and inclusion in the statewide plan):

Baby Love Plus - \$1,156, 915 (Federal Funds)

Young Families Connect - \$1,027,528 (Federal Funds)

**20 Justification Review Reserve (1910)**

\$7,572,212

R

Establishes a recurring reserve for programs subject to a justification review in FY 2015-16. Ongoing funding will be contingent upon a statewide plan submitted to the Legislative Oversight Committee on Health and Human Services.

## Senate Appropriations Committee on Health and Human Services

FY 15-16

FY 16-17

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<b>Total Legislative Changes</b>	<b>\$10,019,786</b>	<b>R</b>	<b>\$25,516,403</b>	<b>R</b>
	<b>\$16,875,212</b>	<b>NR</b>	<b>\$15,017,000</b>	<b>NR</b>
<b>Total Position Changes</b>			2.00	
<b>Revised Budget</b>	<b>\$116,500,781</b>		<b>\$130,139,186</b>	

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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		
21 No Action Taken		
Takes no action on the Division's FY 2015-17 recommended base budget.		
Total Legislative Changes		
Total Position Changes		
Revised Budget	\$42,845,788	\$42,845,788

## Health and Human Services

## GENERAL FUND

	FY 15-16		FY 16-17	
<b>Recommended Base Budget</b>	<b>\$249,687,727</b>		<b>\$249,687,727</b>	
<b>Legislative Changes</b>				
<b>( 3.0) Division of Child Development and Early Education</b>				
<b>22 Federal Funding for NC Pre-K (1330)</b>				
Budgets Temporary Assistance for Needy Families block grant funding on a nonrecurring basis for NC Pre-K.	(\$16,891,442)	NR	(\$16,891,442)	NR
<b>23 Cost-Allocate Staff (1110)</b>	(\$507,577)	R	(\$507,577)	R
Budgets federal block grant funds for positions within the Division of Child Development and Early Education. Total availability for this program is not changed.				
<b>24 Child Care Subsidy (1380)</b>				
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 is not changed.	(\$5,211,614)	NR	(\$2,835,482)	NR
<b>25 NC Pre-K (1330)</b>	\$2,323,599	R	\$2,323,599	R
Provides recurring funding for NC Pre-K. Total availability is \$141.5 million.				
<b>26 Child Care Subsidy Market Rate Increase (1380)</b>	\$4,200,000	R	\$5,000,000	R
Provides funding to increase the Child Care Subsidy market rate, effective September 1, 2015, to the recommended rates based on the 2013 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 \$331.6 million and for FY 2016-17 is increased by 1.5% to \$332.4 million.				
<b>27 North Carolina Early Childhood Integrated Data System (ECIDS) (1163)</b>			\$699,690	R
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.				
<b>28 Early Childhood Education and Development Plan</b>				
Provides funding for a plan by the Program Evaluation Division to consolidate the NC Pre-K, Smart Start, and Child Care Subsidy programs.	\$300,000	NR		

## Senate Appropriations Committee on Health and Human Services

FY 15-16

FY 16-17

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**Total Legislative Changes**

\$6,016,022	R	\$7,515,712	R
(\$21,803,056)	NR	(\$19,726,924)	NR

**Total Position Changes****Revised Budget**

\$233,900,693	\$237,476,515
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## Health and Human Services

## GENERAL FUND

	FY 15-16		FY 16-17
<b>Recommended Base Budget</b>	<b>\$180,017,803</b>		<b>\$180,017,803</b>

## Legislative Changes

## ( 4.0) Division of Social Services

<b>29 State-County Special Assistance (1570)</b>	(\$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.				
<b>30 Personal Services Contracts (1110)</b>	(\$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.				
<b>31 Foster Care Caseload Increase (1532)</b>	\$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. Increases total availability by 11.7% to \$201.2 million in FY 2016-17.				
<b>32 Foster Care Expansion to Age 21 (1532)</b>	\$50,000	R	\$2,000,000	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				
<b>33 Adoption Assistance for Youth Adopted after Age 16 (1531)</b>			\$200,000	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.				
<b>34 Maternity Homes (1110)</b>	\$925,000	R	\$925,000	R
Provides recurring funding for maternity homes. Funding remains the same as the FY 2014-15 level of \$1.2 million.				
<b>35 Child Protective Services Pilot- GDAC (1430)</b>	\$300,000	NR		
Provides funding for a contract with the Government Data Analytics Center to enhance and improve the coordination of services and information among agencies to improve the protection and outcomes for vulnerable children served through Child Welfare Services.				

**36 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.

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<b>Total Legislative Changes</b>	<b>\$1,465,460</b>	<b>R</b>	<b>\$4,865,460</b>	<b>R</b>
	<b>\$300,000</b>	<b>NR</b>		
<b>Total Position Changes</b>	1.00		1.00	
<b>Revised Budget</b>	<b>\$181,783,263</b>		<b>\$184,883,263</b>	

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## Health and Human Services

## GENERAL FUND

	FY 15-16	FY 16-17
<b>Recommended Base Budget</b>	<b>\$141,283,615</b>	<b>\$141,283,615</b>

## Legislative Changes

## ( 5.0) Division of Public Health

<b>37 Office of Minority Health (1262)</b>	(\$3,144,108)	R	(\$3,144,108)	R
Eliminates the Office of Minority Health and transfers the General Fund appropriation and receipts to the competitive block grant administered by the Division of Central Management and Support. Six positions, 3.38 FTE supported by the General Fund, are eliminated:	-3.38		-3.38	
60039724 - Public Hlth Prog Consult I, \$59,769				
60041601 - Public Hlth Prog Consul II, \$53,248				
60041613 - Public Health Prog Mgr II, \$76,031				
60041619 - Program Assistant IV, \$33,060				
60041620 - Public Hlth Pgm Consult II, \$66,780				
60041600 - PH Program Supervisor II, \$26,230				
<b>38 AIDS Drug Assistance Program Receipts (1460)</b>	(\$6,268,646)	R	(\$6,268,646)	R
Budgets additional drug rebate receipts and maintains funds available for AIDS pharmaceuticals at \$47,844,707.				
<b>39 Personal Services and University Contracts (1110)</b>	(\$70,072)	R	(\$70,072)	R
Reduces funding for university and personal services contracts. \$3,551,989 remains available for this purpose.				
<b>40 QUITLINE Receipts (1271)</b>	(\$100,000)	R	(\$100,000)	R
Budgets additional Medicaid receipts and maintains the Quitline's budget at \$1,200,000.				

**41 Physical Activity and Nutrition Branch (1261)**

(\$266,312) R

(\$266,312) R

Eliminates the Physical Activity and Nutrition Branch, and transfers the General Fund appropriation and receipts to the competitive block grant administered by the Division of Central Management and Support. Six positions, 2.30 FTE supported by the General Fund, are eliminated:

-2.30

-2.30

65021006 - Information and Communications Spec II, \$55,000

60041098 - Nutrition Prog Consultant, \$57,360

60041186 - Public Hlth Prog Supv II, \$56,898

60041112 - Public Health Prog Mgr I, \$74,931

60041107 - Office Assistant IV, \$33,587

60041125 - Office Assistant IV, \$36,224

**42 Office of Chief Medical Examiner (OCME) - Autopsy Costs (1172)**

(\$661,500) R

(\$661,500) R

Budgets revenue generated from autopsy fee increase and eliminates the \$400 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.

**43 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.

**44 Office of Chief Medical Examiner - Equipment (1172)**

\$400,000 NR

\$400,000 NR

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.

**45 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.

**46 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.

\$2,195,000 NR

**47 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.

**48 Office of Chief Medical Examiner - Autopsy Fee Receipts (1172)**

Budgets increased autopsy fee receipts of \$1,813,500 annually. Effective July 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.

**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 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.

**51 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 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.

**52 Perinatal Quality Collaborative of North Carolina (PQCNC) (13A1)**

Provides funds to sustain PQCNC while it transitions during the FY 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.

\$465,000

NR

\$635,000

NR

**53 Forensic Tests for Alcohol (1151)**

(\$1,368)

R

(\$1,368)

R

Eliminates the base budget for the Forensic Tests for Alcohol Branch pending the findings of a continuation review to be completed during FY 2015-16. All programs supported with Highway Fund receipts are subject to a continuation review during FY 2015-16. About 37% of the Branch's budget are Highway Fund receipts. FY 2016-17 funds for this purpose are budgeted in a separate reserve account to be restored if recommended during the 2016 Short Session.

\$1,368

NR

**54 Newborn Screening (1174)**

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.

\$440,000

NR

## Senate Appropriations Committee on Health and Human Services

**FY 15-16****FY 16-17****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.

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**Total Legislative Changes**

(\$5,252,006) R

(\$5,252,006) R

\$1,306,368 NR

\$3,230,000 NR

**Total Position Changes**

-5.68

-5.68

**Revised Budget**

\$137,337,977

\$139,261,609

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## Health and Human Services

## GENERAL FUND

	FY 15-16		FY 16-17	
<b>Recommended Base Budget</b>	<b>\$680,179,847</b>		<b>\$680,179,847</b>	
<b>Legislative Changes</b>				
<b>( 6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>				
<b>56 Personal Services Contracts (1110)</b>	(\$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.				
<b>57 Single Stream Funding (1422)</b>	(\$185,604,653)	NR	(\$185,604,653)	NR
Reduces single-stream funding and replaces it with LME/MCO cash balance for both years of the biennium.				
<b>58 Wright School (1546)</b>	(\$2,106,265)	R	(\$2,808,353)	R
Eliminates funding and closes the Wright School, effective October 1, 2015.				
	-38.66		-38.66	
<b>59 New Broughton Hospital (1541, 1561)</b>	\$16,598,589	NR		
Provides funds for technology infrastructure, furniture, and equipment for the Broughton Hospital replacement facility scheduled to open in December 2016.				
<b>60 Inflationary Increases for State Facilities (14460)</b>	\$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.				
<b>61 Three-way Psychiatric Beds (1464)</b>	\$2,463,750	NR	\$2,463,750	NR
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.				
<b>62 START Teams (1445,1462)</b>	\$1,544,000	R	\$1,544,000	R
Provides funds to expand START (Systematic, Therapeutic, Assessment, Resources and Treatment) Team 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.				

## Senate Appropriations Committee on Health and Human Services

**FY 15-16****FY 16-17**

<b>63 Substance Abuse Services Criminal Offenders - TASC (1463)</b>	\$1,860,000	R	\$1,860,000	R
Provides funds to increase the number of TASC (Treatment Alternatives for Safer Communities) 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.				
<b>64 Crisis Bed Registry (1110)</b>	\$134,000	R	\$134,000	R
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.	\$350,000 2.00	NR	2.00	
<b>65 Alcohol and Drug Abuse Treatment Centers (ADATC) (156D, 156E, 156F)</b>	(\$37,381,817)	R	(\$37,381,817)	R
Eliminates the General Fund appropriations and converts the State-operated ADATCs to 100% receipt-supported.				
<b>66 Substance &amp; Alcohol Abuse Treatment Services (1442, 1463)</b>	\$37,381,817	R	\$37,381,817	R
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.				
<b>67 Cross-Area Service Programs (1422)</b>	\$800,000	R	\$1,600,000	R
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.				
<b>68 Drug Overdose Medications (1463)</b>	\$50,000	NR		
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.				
<b>69 Compensation Increase Reserve - HHS State Agency Teachers</b>	\$141,455	R	\$141,455	R
Provides funds to change the tiers of the salary schedule, to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for eligible educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.				
<b>70 NC Controlled Substance Reporting System (1110)</b>	\$15,000	R	\$15,000	R
Provides funding to strengthen controlled substance monitoring. This action increases the Services Support budget to \$14,116,956.	\$95,070	NR		



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<b>Total Legislative Changes</b>	<b>\$4,964,106</b>	<b>R</b>	<b>\$5,400,946</b>	<b>R</b>
	<b>(\$166,047,244)</b>	<b>NR</b>	<b>(\$183,140,903)</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-36.66</b>		<b>-36.66</b>	
<b>Revised Budget</b>	<b>\$519,096,709</b>		<b>\$502,439,890</b>	

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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			
Total Legislative Changes	\$0	R	\$0 R
Total Position Changes			
Revised Budget	\$37,752,132		\$37,752,132

## Health and Human Services

## GENERAL FUND

	FY 15-16		FY 16-17	
<b>Recommended Base Budget</b>	<b>\$16,022,641</b>		<b>\$16,022,641</b>	
<b>Legislative Changes</b>				
<b>( 8.0) Division of Health Service Regulation</b>				
<b>72 Certificate Of Need (1102, 1101)</b>	<b>(\$560,506)</b>	<b>R</b>	<b>(\$1,120,013)</b>	<b>R</b>
Eliminates funding for the cost of Certificate of Need (CON) activities beginning in FY 2015-16 and phases out all CON by 2019. This reduction will leave over \$1.6 million in the portion of the Health Service Regulation for CON and Health Planning and over \$16 million in the Division budget for all functions.				
<b>Total Legislative Changes</b>	<b>(\$560,506)</b>	<b>R</b>	<b>(\$1,120,013)</b>	<b>R</b>
<b>Total Position Changes</b>				
<b>Revised Budget</b>	<b>\$15,462,135</b>		<b>\$14,902,628</b>	

## Health and Human Services

## GENERAL FUND

	FY 15-16		FY 16-17	
<b>Recommended Base Budget</b>	<b>\$3,532,548,786</b>		<b>\$3,532,548,784</b>	
<b>Legislative Changes</b>				
<b>( 9.0) Division of Medical Assistance</b>				
<b>73 Personal Service Contracts (1101)</b>	(\$850,895)	R	(\$850,895)	R
Reduces funding for personal service contracts. This leaves over \$3 million dollars in the Medicaid budget for this and similar spending.				
<b>74 NCTRACKS Certification</b>	(\$8,940,545)	R	(\$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 represents the 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).				
	(\$19,600,000)	NR		
<b>75 Mobile Dental Screenings and Assessments (1310)</b>	(\$511,800)	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 service. This represents a .4% reduction in provider payments and will leave over \$350 million in budgeted payments for dental providers.				
<b>76 Pharmacy Dispensing Fees (1310)</b>	(\$4,052,375)	R	(\$9,005,279)	R
Implements average acquisition cost as a basis for Medicaid payment that will result in lower product cost for drugs for the Medicaid program. The Department will 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 \$12.00 effective 1/1/16 to ensure pharmacies cover the cost of filling Medicaid prescriptions based on the survey. The Department will maintain a higher dispensing fee for generic and preferred drugs and 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.				

<b>77 340B Pricing for Specialty Prescription Drugs (1102, 1310)</b>	(\$67,413)	R	(\$483,139)	R
Implements enhanced Medicaid payments to 340B specialty pharmacies to incentivize them to fill prescriptions using their lower cost 340B inventory. The lower cost for the product/drug will be passed on to Medicaid through the claims payment. This is a 0.09% reduction in provider payments and leaves over \$1.5 billion for payment of prescription drugs. The first year savings are reduced by the programming cost in NCTRACKS to implement this change.				
<b>78 340B Pharmacy Network Creation (1310)</b>	(\$255,900)	R	(\$341,200)	R
Creates a network of 340B specialty pharmacies and requires those pharmacies to invoice product cost (any medication with a cost of \$1,500 per month) at 340B pricing rather than the retail pharmacy rate. This represents a 0.06% reduction in payments to providers and leaves over \$1.5 billion for payment of prescription drugs.				
<b>79 Local Management Entity/Managed Care Organization 2% Risk Reserve (1310)</b>	(\$8,444,580)	R	(\$17,236,985)	R
Requires the LME/MCO's to transfer operating cash to the risk reserve to meet the 15% risk reserve requirement. This item discontinues funding for the 2% add on to Local Management Entity/Managed Care Organization (LME/MCO) capitation payments for all LME/MCO's meeting reserve requirement after the transfer. The change will be effective 1/1/16. This will leave over \$2.5 billion for payments to the LME/MCO's for behavioral health services and administration.				
<b>80 Hospital Inpatient Base Rates - GME (1310, 1320, 1337)</b>	(\$12,748,795)	R	(\$31,127,204)	R
Discontinues the Graduate Medical Education (GME) add-on to inpatient hospital base rates effective 10/15/15. 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.				
<b>81 Community Care of North Carolina (CCNC) Contract (1311)</b>	(\$32,475,000)	R	(\$64,950,000)	R
Discontinues contracts and payments to North Carolina Community Care Networks (NCCCN) effective 1/1/16. Contract payments for care management and pregnancy home will be discontinued, along with pass-through payments to NCCCN for the Health Departments. Health Department pass through payments to NCCCN will be changed to direct payment to Health Departments for services. Per Member Per Month (PMPM) payments that will be discontinued include the Carolina Access payments to physician providers.				
<b>82 Health Department Care Coordination for Children Payments (1310)</b>	\$6,475,000	R	\$12,950,000	R
Reinstates the Health Department pass through payments included in the NCCCN contract care coordination for children services to a direct payment to Health Departments for services.				

## Senate Appropriations Committee on Health and Human Services

**FY 15-16****FY 16-17****83 Primary Care and Obstetrician Rates (1310)**

\$25,302,940

R

\$50,605,880

R

Increases rates for primary care physicians and obstetricians to be equal to Medicare rates effective 1/1/16.

**84 Traumatic Brain Injury Waiver (1101, 1102, 1310)**

\$2,000,000

R

\$2,000,000

R

Increases funding for a new service package for Traumatic Brain Injury under a waiver in North Carolina. Costs include both service expenditures and administrative costs.

**85 Immunizing Pharmacists (1102)**

Provides funding for programming NCTRACKS to allow pharmacists to be added as an individual provider for reimbursement for vaccinations.

\$500,000

NR

**86 Hospital Outpatient Cost Increase (1310, 1320)**

\$1,061,096

R

\$1,105,662

R

Increases funding for the loss of the sales tax exemptions for not for profit hospitals effective 7/1/15. The sales tax paid will become an allowable cost for these hospitals and will increase the settlement for outpatient services. This will increase the total requirements for outpatient services claims/settlement and supplemental equity payments by \$4,331,000.

**87 Medicaid Reform (1101, 1102)**

\$5,000,000

R

\$5,000,000

R

Provides funds for planning and reform of the Medicaid program to shift utilization risk from the State under a capitated model.

**88 Reinstatement Cost Settlement Per 1993 Agreement (1310, 1320)**

\$3,400,000

R

\$3,400,000

R

Increases outpatient cost settlement for Vidant Medical Center to 100% of allowable costs.

**89 Private Duty Nursing Rates (1310)**

\$1,182,615

R

\$2,564,747

R

Increases rates for private duty nursing services (PDN) by 10% effective 1/1/16.

**90 Medicaid Rebase (1310, 1311, 1320, 1331)**

\$311,706,719

R

\$489,053,809

R

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

**91 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.

(\$39,631,522)

NR

(\$55,533,825)

NR

**Total Legislative Changes**

\$287,781,067

R

\$433,606,859

R

(\$58,731,522)

NR

(\$55,533,825)

NR

**Total Position Changes****Revised Budget**

\$3,761,598,331

\$3,910,621,818

## Health and Human Services

## GENERAL FUND

	FY 15-16		FY 16-17	
<b>Recommended Base Budget</b>	<b>\$41,874,629</b>		<b>\$41,874,629</b>	
<b>Legislative Changes</b>				
<b>(10.0) NC Health Choice</b>				
<b>92 SCHIP FMAP Rate</b>				
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
<b>93 Cost Settlement of Hospital Outpatient Services (1310, 1320)</b>	\$816,877	R	\$843,834	R
Increases funding to allow the settlement of hospital outpatient services on the same methodology as Medicaid at 70% of allowable costs effective 7/1/15. This will increase total requirements for outpatient services for the new settlement methodology by \$3,100,000.				
<b>94 Health Choice Rebase</b>	\$5,522,950	R	\$6,230,413	R
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.				
<b>Total Legislative Changes</b>	<b>\$6,339,827</b>	<b>R</b>	<b>\$7,074,247</b>	<b>R</b>
	<b>(\$34,841,237)</b>	<b>NR</b>	<b>(\$47,358,284)</b>	<b>NR</b>
<b>Total Position Changes</b>				
<b>Revised Budget</b>	<b>\$13,373,219</b>		<b>\$1,590,592</b>	

## Health and Human Services

## GENERAL FUND

	FY 15-16		FY 16-17	
<b>Recommended Base Budget</b>	<b>\$8,107,457</b>		<b>\$8,107,457</b>	
<b>Legislative Changes</b>				
<b>(11.0) Division of Services for the Blind and Services for the Deaf and Hard of Hearing</b>				
<b>95 Personal Services Contract (1110)</b>	(\$9,250)	R	(\$9,250)	R
Reduces funding for personal services contracts. \$65,750 remains available to fund contractual services.				
<b>Total Legislative Changes</b>	<b>(\$9,250)</b>	<b>R</b>	<b>(\$9,250)</b>	<b>R</b>
<b>Total Position Changes</b>				
<b>Revised Budget</b>	<b>\$8,098,207</b>		<b>\$8,098,207</b>	