House Appropriations Committee on Health and Human Services

Proposed Special Provisions for S.B. 257, 2017 Appropriations Act

May 25, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA

SPECIAL PROVISIONS
HOUSE APPROPRIATIONS, HEALTH AND HUMAN SERVICES REPORT

MAY 24, 2017

Report Last Updated: May 24, 2017 10:56 p.m.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Drafting
SPECIAL PROVISION **2017-HHSADMN-H4(S11A.1)i**

Administrative Offices – DHHS
House Appropriations, Health and Human Services

HEALTH INFORMATION TECHNOLOGY

SECTION 11A.1. Article 3 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-139.4D. Department of Health and Human Services; coordination of health information technology.**

(a) The Department of Health and Human Services, in cooperation with the State Chief Information Officer, shall coordinate health information technology policies and programs within the State of North Carolina. The goal of the Chief Information Officer of the Department of Health and Human Services in coordinating State health information technology policy and programs shall be to avoid duplication of efforts and to ensure that each State agency, public entity, and private entity that undertakes health information technology activities does so within the area of its greatest expertise and technical capability and in a manner that supports coordinated State and national goals, which shall include at least all of the following:

(1) Ensuring that patient health information is secure and protected, in accordance with applicable law.

(2) Improving health care quality, reducing medical errors, reducing health disparities, and advancing the delivery of patient-centered medical care.

(3) Providing appropriate information to guide medical decisions at the time and place of care.

(4) Ensuring meaningful public input into health information technology infrastructure development.

(5) Improving the coordination of information among hospitals, laboratories, physicians' offices, and other entities through an effective infrastructure for the secure and authorized exchange of health care information.

(6) Improving public health services and facilitating early identification and rapid response to public health threats and emergencies, including bioterrorist events and infectious disease outbreaks.

(7) Facilitating health and clinical research.

(8) Promoting early detection, prevention, and management of chronic diseases.

(b) The Department, in cooperation with the Department of Information Technology, shall establish and direct a health information technology management structure that is efficient and transparent and that is compatible with the Office of the National Health Coordinator for Information Technology (National Coordinator) governance mechanism. The health information technology management structure shall be responsible for all of the following:

(1) Developing a State Plan for implementing and ensuring compliance with national health information technology standards and for the most efficient, effective, and widespread adoption of health information technology.

(2) Ensuring that (i) specific populations are effectively integrated into the State Plan, including aging populations, populations requiring mental health services, and populations utilizing the public health system, and (ii) unserved

and underserved populations receive priority consideration for health information technology support.

(3) Identifying all health information technology stakeholders and soliciting feedback and participation from each stakeholder in the development of the State Plan.

(4) Ensuring that existing health information technology capabilities are considered and incorporated into the State Plan.

(5) Identifying and eliminating conflicting health information technology efforts where necessary.

(6) Identifying available resources for the implementation, operation, and maintenance of health information technology, including identifying resources and available opportunities for North Carolina institutions of higher education.

(7) Ensuring that potential State Plan participants are aware of health information technology policies and programs and the opportunity for improved health information technology.

(8) Monitoring health information technology efforts and initiatives in other states and replicating successful efforts and initiatives in North Carolina.

(9) Monitoring the development of the National Coordinator's strategic plan and ensuring that all stakeholders are aware of and in compliance with its requirements.

(10) Monitoring the progress and recommendations of the Health Information Technology Policy and Standards Committee and ensuring that all stakeholders remain informed of the Committee's recommendations.

(11) Monitoring all studies and reports provided to the United States Congress and reporting to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the impact of report recommendations on State efforts to implement coordinated health information technology."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Proofed
SPECIAL PROVISION **2017-HHSADMN-H5(S11A.2)-P**

Administrative Offices – DHHS
House Appropriations, Health and Human Services

FUNDS FOR MEDICAID MANAGEMENT INFORMATION SYSTEM/ANALYTICS REPROCUREMENT

SECTION 11A.2.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of one hundred forty-two thousand seven hundred dollars ($142,700) in prior year earned revenues for the 2017-2018 fiscal year and the sum of two hundred forty-three thousand nine hundred sixty-seven dollars ($243,967) in prior year earned revenues for the 2018-2019 fiscal year shall be used to match federal funds to (i) determine enhancements necessary or plan the strategy to align the Medicaid Management Information System (MMIS) and Reporting and Analytics systems with federal Medicaid Information Technology Architecture standards and (ii) prepare for the procurement of a new MMIS contract and a new Reporting and Analytics contract, all as required by the federal Centers for Medicare and Medicaid Services. This project shall not proceed until the business case has been approved by the Office of State Budget and Management and the State Chief Information Officer in the Enterprise Project Management Office Touchdown System. Upon such approval, funds may be budgeted and the Department may create up to 10 full-time equivalent time-limited positions dedicated to the project for the 2018-2019 fiscal year.

SECTION 11A.2.(b) Departmental receipts appropriated in this act in the sum of one million two hundred eighty-four thousand three hundred dollars ($1,284,300) for the 2017-2018 fiscal year and in the sum of two million one hundred ninety-five thousand seven hundred three dollars ($2,195,703) for the 2018-2019 fiscal year shall be used for the purposes described in subsection (a) of this section.

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

SECTION 11A.3.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of eight million nine hundred thousand dollars ($8,900,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of eleven million one hundred nine thousand dollars ($11,109,000) in nonrecurring funds for the 2018-2019 fiscal year, along with prior year earned revenue in the amount of eleven million nine hundred thousand dollars ($11,900,000) for each year of the 2017-2019 fiscal biennium and the cash balance in Budget Code 24410 Fund 2411 shall be used to match federal funds to expedite the development and implementation of Child Services Case Management, additional Medicaid eligibility requirements, Enterprise Program Integrity, and Identity Proofing Feasibility components of the North Carolina Families Accessing Services through Technology (NC FAST) project. The Department 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, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division. Departmental receipts appropriated in this act in the sum of one hundred three million four hundred fifty thousand dollars ($103,450,000) for the 2017-2018 fiscal year and in the sum of seventy-five million five hundred ninety-one thousand dollars ($75,591,000) for the 2018-2019 fiscal year shall be used to implement the components of the NC FAST project described in this subsection.

SECTION 11A.3.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of one million nine hundred thousand dollars ($1,900,000) in recurring funds for the 2017-2018 fiscal year and seven million seven hundred thousand dollars ($7,700,000) in recurring funds for the 2018-2019 fiscal year shall be used to provide ongoing maintenance and operations for the NC FAST system, including the creation of 32 full-time equivalent positions for the 2017-2018 fiscal year and 54 full-time equivalent positions for the 2018-2019 fiscal year. Departmental receipts appropriated in this act in the sum of ten million five hundred thousand dollars ($10,500,000) for the 2017-2018 fiscal year and in the sum of fifteen million dollars ($15,000,000) for the 2018-2019 fiscal year shall be used for the purposes specified in this subsection.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Proofed
SPECIAL PROVISION **2017-HHSADMN-H7(S11A.4)-P**

Administrative Offices – DHHS
House Appropriations, Health and Human Services

HEALTH ANALYTICS PILOT PROGRAM

SECTION 11A.4. The Department of Health and Human Services shall continue to coordinate with the Government Data Analytics Center (GDAC) to further develop and fully operationalize the Health Analytics Pilot Program for Medicaid claims analytics and population health management authorized by Section 12A.17 of S.L. 2015-241, as amended by Section 12A.7 of S.L. 2016-94. The purpose of the Health Analytics Program is to apply analytics to Medicaid data available to GDAC through the Department in a manner that maximizes health care savings and efficiencies to the State, optimizes positive impacts on health outcomes, and assists in the transition to, and management of, the transformed North Carolina Medicaid and North Carolina Health Choice programs as described in S.L. 2015-245, as amended by Section 2 of S.L. 2016-121.

HEALTH INFORMATION EXCHANGE

SECTION 11A.5.(a) Section 12A.5(a)(1) of S.L. 2015-241 reads as rewritten:

"(1) Establish a successor HIE Network to which ~~(i) all Medicaid providers shall be connected by February 1, 2018, and (ii) all other entities that receive State funds for the provision of health services, including local management entities/managed care organizations, shall be connected by June 1, 2018.~~the following providers shall establish connectivity and commence submission of demographic and clinical data or encounter and claims data, as appropriate, in accordance with the following time line:

a. The following providers of Medicaid services that have an electronic health record system, by June 1, 2019:

1. Hospitals as defined in G.S. 131E-176(13).
2. Physicians licensed to practice under Article 1 of Chapter 90 of the General Statutes.
3. Physician assistants as defined in 21 NCAC 32S .0201.
4. Nurse practitioners as defined in 21 NCAC 36 .0801.

b. Prepaid Health Plans, as defined in S.L. 2015-245, by the commencement date of a capitated contract with the Division of Health Benefits for the delivery of Medicaid and NC Health Choice services as specified in S.L. 2015-245.

c. All other providers of Medicaid and State-funded services, including local management entities/managed care organizations, by June 1, 2020."

SECTION 11A.5.(b) G.S. 90-414.4 reads as rewritten:

"**§ 90-414.4. Required participation in HIE Network for some providers.**

(a) Findings. – The General Assembly makes the following findings:

(1) That controlling escalating health care costs of the Medicaid program and other State-funded health services is of significant importance to the State, its taxpayers, its Medicaid recipients, and other recipients of State-funded health services.

(2) That the State needs timely access to certain demographic and clinical information pertaining to services rendered to Medicaid and other State-funded health care program beneficiaries and paid for with Medicaid or other State-funded health care funds in order to assess performance, improve health care outcomes, pinpoint medical expense trends, identify beneficiary health risks, and evaluate how the State is spending money on Medicaid and other State-funded health services.

(3) That making demographic and clinical information available to the State by secure electronic means as set forth in subsection (b) of this section will, with respect to Medicaid and other State-funded health care programs, improve care coordination within and across health systems, increase care

quality for such beneficiaries, enable more effective population health management, reduce duplication of medical services, augment syndromic surveillance, allow more accurate measurement of care services and outcomes, increase strategic knowledge about the health of the population, and facilitate health care cost containment.

(a1) Mandatory Connectivity to HIE Network. – Notwithstanding the voluntary nature of the HIE Network under G.S. 90-414.2, the following providers shall establish connectivity to the HIE Network and commence submission of demographic and clinical data or encounter and claims data, as appropriate under subsections (b) and (c) of this section, by the following dates:

(1) The following providers of Medicaid services that have an electronic health record system, by June 1, 2019:
   a. Hospitals as defined in G.S. 131E-176(13).
   b. Physicians licensed to practice under Article 1 of Chapter 90 of the General Statutes.
   c. Physician assistants as defined in 21 NCAC 32S .0201.
   d. Nurse practitioners as defined in 21 NCAC 36 .0801.

(2) Prepaid Health Plans, as defined in S.L. 2015-245, by the commencement date of a capitated contract with the Division of Health Benefits for the delivery of Medicaid and NC Health Choice services as specified in S.L. 2015-245.

(3) All other providers of Medicaid and State-funded services, including local management entities/managed care organizations, by June 1, 2020.

(a2) Extensions of Time for Establishing Connectivity. – The Authority and the Department may establish a process to grant limited extensions of the time for providers to establish connectivity to the HIE Network and commence data submission as required under this section upon the request of a provider that demonstrates an ongoing good-faith effort to take necessary steps to establish such connectivity. The process for granting an extension of time must include a presentation by the provider to the Authority and the Department of the expected time line for establishing connectivity to the HIE Network and commencing data submission as required by this section. Neither the Authority nor the Department shall grant an extension of time (i) to any provider that fails to provide this information to the Authority and the Department or (ii) that would result in the provider establishing connectivity to the HIE Network and commencing data submission as required by this section later than June 1, 2021.

(b) Mandatory Submission of Demographic and Clinical Data. – Notwithstanding the voluntary nature of the HIE Network under G.S. 90-414.2 and except as otherwise provided in subsection (d) of this section, as a condition of receiving State funds, including Medicaid funds, the following entities shall submit at least twice daily, through the HIE network, demographic and clinical information pertaining to services rendered to Medicaid and other State-funded health care program beneficiaries and paid for with Medicaid or other State-funded health care funds, solely for the purposes set forth in subsection (a) of this section:

(1) Each hospital, as defined in ~~G.S. 131E-76(3),~~ G.S. 131E-176(13), that has an electronic health record system.
(2) Each Medicaid provider.
(3) Each provider that receives State funds for the provision of health services.
(4) Each local management entity/managed care organization, as defined in G.S. 122C-3.

This subsection does not apply to the entities listed in subsection (c) of this section.

(c) Mandatory Submission of Encounter and Claims Data. – Notwithstanding the voluntary nature of the HIE Network under G.S. 90-414.2 and except as otherwise provided in subsection (d) of this section, beginning June 1, 2019, the following entities shall submit, through the HIE network, encounter and claims data pertaining to services rendered to

Medicaid and other State-funded health care program beneficiaries and paid for with Medicaid or other State-funded health care funds as a condition of receiving State funds:

(1) Providers of respiratory, developmental, rehabilitative, or restorative services, or a combination of these services.

(2) Facilities that provide respite care.

(3) Providers of speech, language, or hearing services, or a combination of these services.

(4) Providers of transportation services.

(5) Suppliers of durable medical equipment.

(d) Exemption for Certain Records. – Providers with patient records that are subject to the disclosure restrictions of 42 C.F.R. § 2 are exempt from the requirements of subsections (b) and (c) of this section but only with respect to the patient records subject to these disclosure restrictions. Providers shall comply with the requirements of subsections (b) and (c) of this section with respect to all other patient records.

(e) Method of Data Submissions. – The ~~daily~~ data submissions required under this ~~subsection~~ section shall be by connection to the HIE Network periodic asynchronous secure structured file transfer or any other secure electronic means commonly used in the industry and consistent with document exchange and data submission standards established by the Office of the National Coordinator for Information Technology within the U.S. Department of Health and Human Services."

SECTION 11A.5.(c) G.S. 90-414.10(e) is repealed.

SECTION 11A.5.(d) The Department of Health and Human Services shall include as one of the terms and conditions of any contract it enters into on or after the effective date of this section with a local management entity/managed care organization or Prepaid Health Plan (PHP), as defined in S.L. 2015-245, a requirement that the local management entity/managed care organization or PHP comply with the provisions of G.S. 90-414.4, as amended by this section.

SECTION 11A.5.(e) Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for the 2017-2018 fiscal year for the Health Information Exchange Network shall be used as follows:

(1) The sum of three million dollars ($3,000,000) in nonrecurring funds shall be transferred by November 1, 2017, to the Department of Information Technology, Government Data Analytics Center, and shall be used to support all activities related to upgrading the data exchange technical environment.

(2) The sum of one million dollars ($1,000,000) in recurring funds shall be used to provide ongoing maintenance and operations of the new data exchange technical environment.

SECTION 11A.5.(f) The Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Joint Legislative Oversight Committee on Information Technology shall conduct a joint study of the feasibility of Medicaid providers, other than those specified in subdivision (1) of subsection (a1) of G.S. 90-414.4, as amended by this act, connecting with and submitting demographic, clinical, encounter, and claims data through the HIE Network. As part of this study, the Committees shall examine at least all of the following:

(1) The availability of connection, exchange, and data submission standards established by the Office of the National Coordinator for Information Technology within the U.S. Department of Health and Human Services.

(2) The adoption of national standards for the connection, exchange, and data submission standards by provider type.

(3) Cost estimates by provider type to connect and submit data to the HIE and any availability of federal or State funds to meet connection or submission requirements.
(4) Data captured in the treatment of patients, segmented by provider type.
(5) Activity of other states and payor plans with respect to the establishment of an HIE Network.
(6) Alternatives to the connection and submission of demographic, clinical, encounter, and claims data through the HIE Network.

By April 1, 2018, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Joint Legislative Oversight Committee on Information Technology shall jointly submit a final report of their findings and recommendations to the 2018 Regular Session of the 2017 General Assembly.

CONTROLLED SUBSTANCES REPORTING SYSTEM IMPROVEMENTS

SECTION 11A.6.(a) It is the intent of the General Assembly to improve the security and functionality capabilities of the Controlled Substances Reporting System (CSRS) in order to provide additional value to practitioners and dispensers within their current clinical workflows. Toward that end, of the one million two hundred thousand dollars ($1,200,000) in recurring funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each fiscal year of the 2017-2019 fiscal biennium for the CSRS, the Department shall allocate funds as follows:

(1) Four hundred sixty-four thousand dollars ($464,000) shall be used to create four permanent, full-time equivalent positions within the Division of Central Management and Support for the continued support, operation, and maintenance of the CSRS.

(2) One hundred seventy-five thousand dollars ($175,000) shall be used to create two permanent, full-time equivalent business analytics management level positions within the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(3) Five hundred sixty-one thousand dollars ($561,000) shall be used to pay for contractual hours to develop and implement software via existing public-private partnerships with the Government Data and Analytics Center (GDAC) for the performance of advanced analytics within the CSRS. These hours shall be used to achieve the purposes specified in G.S. 90-113.71 and, more specifically, to accomplish at least all of the following:

a. To enhance and automate reports authorized under G.S. 90-113.74.

b. To enhance the Department's ability to provide data to persons or entities authorized to receive information under G.S. 90-113.74. In improving the CSRS as specified in this subdivision, the Department shall utilize subject matter expertise and technology available through existing GDAC public-private partnerships. Upon development and implementation of the advanced analytics software for the CSRS, the Division of Central Management and Support shall coordinate with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Division of Public Health, and any other appropriate division within the Department of Health and Human Services to ensure that advanced analytics are developed and utilized in a manner that achieves the purposes specified in G.S. 90-113.71.

c. To aggregate relevant data sources, including those available through the GDAC.

d. To enhance the Department's ability to generate and deploy advanced analytics in order to improve opioid prescribing practices, identify

unusual prescribing patterns, and detect behavior indicative of misuse, addiction, or criminal activity.

SECTION 11A.6.(b) By December 1, 2017, the Department of Health and Human Services shall execute any contractual agreements and interagency data sharing agreements necessary to complete the improvements to the CSRS described in subdivisions (1) through (4) of subsection (a) of this section.

SECTION 11A.6.(c) To the extent allowable under federal and State laws and regulations, the Department of Information Technology shall coordinate with the Division of Central Management and Support and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to develop an interface between the CSRS and the Health Information Exchange (HIE) Network and leverage the interfaces already developed between the HIE Network and health care entities as a method of providing CSRS data, reports, and analytic outputs to health care practitioners and dispensers.

SECTION 11A.6.(d) This section is effective when this act becomes law.

DATA ANALYTICS & PERFORMANCE ENHANCEMENTS

SECTION 11A.7. Any enhancement of the State's data analytics capabilities utilizing funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each year of the 2017-2019 fiscal biennium shall be subject to applicable State laws requiring that these analytics be developed and implemented in collaboration with the Government Data Analytics Center.

COMMUNITY HEALTH GRANT PROGRAM CHANGES

SECTION 11A.8.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for Community Health Grants, the sum of seven million five hundred thousand dollars ($7,500,000) in recurring funds for the 2017-2018 fiscal year and the sum of seven million five hundred thousand dollars ($7,500,000) in recurring funds for the 2018-2019 fiscal year shall be used as follows:

(1) Two hundred thousand dollars ($200,000) in recurring funds for each fiscal year of the 2017-2019 fiscal biennium shall be used to establish four permanent, full-time equivalent positions within the Office of Rural Health to support administration of the Community Health Grant Program.

(2) Seven million one hundred fifty thousand dollars ($7,150,000) in recurring funds for each fiscal year of the 2017-2019 fiscal biennium shall be used to award grants on a competitive basis to free and charitable clinics, federally qualified health centers, State-designated rural health centers, local health departments, school-based health centers, and other nonprofit organizations that (i) provide primary and preventative medical services to uninsured or medically indigent patients and (ii) serve as a medical home to these vulnerable populations, in order to accomplish any of the following purposes:

a. Increase access to primary care and preventative health services for these vulnerable populations in existing primary care locations.

b. Establish primary care and preventative health services in counties where no such services exist to serve these vulnerable populations.

c. Create new services, sustain existing service levels, or augment existing services provided to these vulnerable populations, including primary care and preventative health services and including dental, pharmacy, and behavioral health services when integrated into the medical home.

d. Increase primary care capacity to serve these vulnerable populations, including enhancing or replacing facilities, equipment, or technologies necessary to participate in the exchange of data and tools to monitor and improve the quality of care provided.

SECTION 11A.8.(b) The Office of Rural Health shall work with the North Carolina Community Health Center Association, the North Carolina Association of Local Health Directors, the North Carolina Association of Free and Charitable Clinics, the North Carolina School-Based Health Alliance, and other organizations representing eligible grant recipients to establish a Primary Care Advisory Committee to develop an objective and equitable process for grading applications for grants funded by this section and making recommendations to the Office of Rural Health for the award of grants funded by this section.

The Office of Rural Health shall make the final decision about awarding grants funded by this section, but no single grant award shall exceed one hundred fifty thousand dollars ($150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after-hours care; and collaboration between the applicant and a community hospital or other safety-net organizations.

SECTION 11A.8.(c) Grant recipients shall not use these funds to do any of the following:

(1) Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not obligate the Department of Health and Human Services to continue to fund compensation beyond the grant period.

(2) Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.

(3) Finance or satisfy any existing debt.

SECTION 11A.8.(d) The Office of Rural Health shall develop a standardized method for grant recipients to report objective, measurable quality health outcomes and shall require grant recipients to report these quality health outcomes to the Department. Beginning recipients of grant funds shall annually provide to the Office of Rural Health a written report detailing the number of patients that are cared for, the types of services that were provided, quality measures and outcomes, and any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

SECTION 11A.8.(e) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for the Community Health Grant Program, the sum of up to one hundred fifty thousand dollars ($150,000) in recurring funds for each fiscal year of the 2017-2019 fiscal biennium shall be used to match federal funds to provide to safety net providers eligible to participate in the Community Health Grant Program, through the Rural Health Technology Team, ongoing training and technical assistance with respect to health information technology, the adoption of electronic health records, and the establishment of connectivity to the State's health information exchange network known as NC HealthConnex.

RURAL HEALTH LOAN REPAYMENT PROGRAMS

SECTION 11A.9. Article 3 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-139.4C. Office of Rural Health; administration of loan repayment programs.**

(a) The Department of Health and Human Services, Office of Rural Health, shall use funds appropriated to the Department for loan repayment to medical, dental, and psychiatric providers practicing in State hospitals or in rural or medically underserved communities in this State to combine the following loan repayment programs in order to achieve efficient and effective management of these programs:

(1) The Physician Loan Repayment Program.

(2) The Psychiatric Loan Repayment Program.

(3) The Loan Repayment Initiative at State Facilities.

(b) These funds may be used for the following additional purposes:

(1) Continued funding of the State Loan Repayment Program for primary care providers and expansion of State incentives to general surgeons practicing in Critical Access Hospitals located across the State.

(2) Expansion of the State Loan Repayment Program to include eligible providers residing in North Carolina who use telemedicine in rural and underserved areas."

REDUCTION OF FUNDS FOR PURCHASED SERVICES

SECTION 11A.10. The Department of Health and Human Services, Division of Central Management and Support, shall achieve the required reduction in purchased services by reducing fund code 1910 by the sum of three million two hundred thousand dollars ($3,200,000) in nonrecurring funds for the 2017-2018 fiscal year and by the sum of three million two hundred thousand dollars ($3,200,000) in nonrecurring funds for the 2018-2019 fiscal year. In making the reductions required by this section, the Department may implement department-wide reductions in purchased services but shall not reduce any funds (i) that impact direct services provided through contracts or (ii) used to support the 2012 settlement agreement entered into between the United States Department of Justice and the State of North Carolina to ensure that the State will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in *Olmstead v. L.C.*, 527 U.S. 581 (1999).

OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY

SECTION 11A.11.(a) The Department of Health and Human Services shall not use any funds appropriated in this act for the Office of Program Evaluation Reporting and Accountability for any purpose other than to establish and administer that Office and to implement the provisions of Part 31A of Article 3 of Chapter 143B of the General Statutes.

SECTION 11A.11.(b) By December 1, 2017, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the establishment and operation of the Office of Program Evaluation Reporting and Accountability. The report shall include at least all of the following:

(1) A breakdown of all expenditures from the funds appropriated to the Department since the 2015-2016 fiscal year for the establishment and administration of the Office.

(2) All steps taken by the Department to establish the Office pursuant to Part 31A of Article 3 of Chapter 143B of the General Statutes.

(3) An organizational chart of the Office that includes all employees.

(4) A list of all assessments and evaluations conducted or in progress by the Office.

(5) An explanation of any obstacles to establishment and operation of the Office or fulfillment by the Office of any of the duties prescribed in G.S. 143B-216.56.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Drafting
SPECIAL PROVISION **2017-HHSADMN-H14(S11A.12)i**

Administrative Offices – DHHS
House Appropriations, Health and Human Services

CONTRACTING SPECIALIST AND CERTIFICATION PROGRAM

SECTION 11A.12.(a) By September 1, 2017, the Department of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the proposal prepared pursuant to Section 12A.4 of S.L. 2016-94 by the School of Government at the University of North Carolina at Chapel Hill, in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, for the implementation and administration of a contracting specialist training program for management level personnel within the Department. The proposal shall include a detailed description of the proposed program curriculum along with budget estimates for program implementation and administration based on the requirements of the program design.

SECTION 11A.12.(b) This section is effective when this act becomes law.

GRADUATE MEDICAL EDUCATION FUNDING/CAPE FEAR VALLEY MEDICAL CENTER

SECTION 11A.13.(a) Calculation of Nonrecurring Payment of Funds. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for the 2017-2018 fiscal year for Graduate Medical Education, the sum of up to one million dollars ($1,000,000) in nonrecurring funds shall be allocated to Cape Fear Valley Medical Center (the Center) to support the establishment of residency programs affiliated with Campbell University School of Medicine. Subject to fulfillment of the conditions specified in subsection (b) of this section, the nonrecurring amount of funds allocated to the Center pursuant to this section shall be equal to the total amount of actual lost Medicare payments for admissions to the Center prior to October 1, 2017, attributed to the Center's reclassification by the federal Centers for Medicare and Medicaid Services (CMS) as a rural hospital or rural referral center or any other change approved by CMS, up to a maximum of one million dollars ($1,000,000).

SECTION 11A.13.(b) Conditions for Payment of Funds. – No funds shall be paid to the Center pursuant to the calculation specified in subsection (a) of this section until the Office of State Budget and Management (OSBM) certifies, in writing, all of the following:

(1) The amount of actual lost Medicare payments for admissions to the Center prior to October 1, 2017, attributed to the Center's reclassification by the federal CMS as a rural hospital or rural referral center or any other change approved by CMS.

(2) That the Center has maintained approval from CMS for reclassification as a rural hospital or rural referral center.

(3) That the Center has maintained approval from the Accreditation Council for Graduate Medical Education or the American Osteopathic Association for residency programs with a minimum of 130 additional residency slots.

SECTION 11A.13.(c) Report on Use of Funds. – The Center shall report on or before April 1, 2018, to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division regarding its progress in establishing any residency programs funded by State appropriations.

SECTION 11A.13.(d) Any funds not obligated or encumbered for the purposes specified in this section by June 30, 2018, shall revert to the General Fund.

SECTION 11A.13.(e) Section 12A.8 of S.L. 2016-94, as amended by Section 5.1 of S.L. 2016-123, is repealed.

COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS

SECTION 11A.14.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of ten million six hundred fifty-three thousand nine hundred eleven dollars ($10,653,911) for each year of the 2017-2019 fiscal biennium, the sum of four million two hundred two thousand five hundred dollars ($4,202,500) for each year of the 2017-2019 fiscal biennium appropriated in Section 11L.1(p) of this act in Social Services Block Grant funds, and the sum of one million six hundred thousand dollars ($1,600,000) for each year of 2017-2019 fiscal biennium in Section 11L.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds shall be used to allocate funds for nonprofit organizations.

SECTION 11A.14.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

(1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.

(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.

(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.

b. A system of residential supports for those afflicted with substance abuse addiction.

c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.

d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.

e. A food distribution system for needy individuals.

f. The provision and coordination of services for the homeless.

g. The provision of services for individuals aging out of foster care.

h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.

i. The provision of services and screening for blindness.

j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.

k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.

l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.

m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.

n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

It is the intent of the General Assembly that annually the Secretary evaluate and prioritize the categories of health and wellness initiatives described under this subdivision to determine the best use of these funds in making grant awards, exclusive of direct allocations made by the General Assembly.

(5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

(6) A process that allows grants to be awarded to nonprofits for up to two years.

(7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

SECTION 11A.14.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.

(2) The amount of funding awarded to each grantee.

(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 11A.14.(d) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this subsection in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

a. The entity's mission, purpose, and governance structure.

b. A description of the types of programs, services, and activities funded by State appropriations.

c. Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

d. Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.

e. A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

SECTION 11A.14.(e) For the 2017-2019 fiscal biennium only, from the funds identified in subsection (a) of this section, the Department shall make allocations as follows:

(1) The sum of three hundred fifty thousand dollars ($350,000) in each year of the 2017-2019 fiscal biennium to provide grants to Big Brothers Big Sisters. Big Brothers Big Sisters shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section.

(2) The sum of one million six hundred twenty-five thousand dollars ($1,625,000) for each year of the 2017-2019 fiscal biennium and the sum of one million six hundred thousand dollars ($1,600,000) in Section 11L.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2017-2019 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals with substance abuse addiction. TROSA shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section.

(3) The sum of two million seven hundred fifty thousand dollars ($2,750,000) in each year of the 2017-2019 fiscal biennium to provide grants to Boys and Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates. Boys and Girls Clubs shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section.

SECTION 11A.14.(f) Funds appropriated pursuant to this section that have been awarded but not yet disbursed or encumbered at the end of each fiscal year shall not revert but shall remain available for expenditure.

SECTION 11A.14.(g) G.S. 143B-139.2A is repealed.

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

SECTION 11B.1.(a) Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on active duty. Eligibility determinations for NC Pre-K participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 11B.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 11B.1.(b1) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 11B.1.(c) Programmatic Standards. – Except as provided in subsection (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 11B.1.(d) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC Pre-K classroom slots and student selection.

SECTION 11B.1.(e) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

(1) The number of children participating in the NC Pre-K program by county.

(2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.

(3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.

(4) The results of an annual evaluation of the NC Pre-K program.

SECTION 11B.1.(f) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

SECTION 11B.1.(g) Oral Health Screen and Health Assessment Transmittal Form. – G.S. 130A-441(a)(5) reads as rewritten:

"(a) Health assessment results shall be submitted on the statewide standardized health assessment transmittal form developed by the Department and the Department of Public Instruction and submitted to the school principal by either (i) the parent, guardian, or person standing in loco parentis for the student or (ii) the health care provider specified in G.S. 130A-440(c), if authorized in writing by the parent, guardian, or person standing in loco parentis. The health assessment transmittal form shall include only the items listed below:

…

(5) A section that includes the following information, if applicable, supplied by a health care provider specified in G.S. 130A-440(c):

…

<u>f1. Information on whether the student passed a dental screening and any concerns related to the student's oral health.</u>

…."

STATE AGENCY CONTINUED COLLABORATION ON EARLY CHILDHOOD EDUCATION/TRANSITION FROM PRESCHOOL TO KINDERGARTEN

SECTION 11B.2.(a) The Department of Health and Human Services, in consultation with the Department of Public Instruction and any other agencies or organizations that administer, support, or study early education in this State, and within resources currently available, shall continue to collaborate on an ongoing basis in the development and implementation of a statewide vision for early childhood education. In collaborating in this effort, the agencies shall continue developing a comprehensive approach to early childhood education, birth through third grade, including creating cross agency accountability with a comprehensive set of data indicators, including consideration of the NC Pathways to Grade-Level Reading, to monitor and measure success of the early childhood education systems.

SECTION 11B.2.(b) The Department of Health and Human Services, the Department of Public Instruction, and any other agencies or organizations that administer, support, or study early education programs in this State shall submit a follow-up report of their findings and recommendations, including any legislative proposals, on the statewide vision for early childhood education pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2018, and may make any subsequent reports, annually, on or before January 1, as needed to those same committees.

SECTION 11B.2.(c) The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall continue developing a standardized program to transition children from preschool to kindergarten. In developing this standardized transition program, the Department of Health and Human Services shall identify, at a minimum:

(1) Methods to standardize student transition information such that it is quantifiable.

(2) Recommendations for sharing data contained in a student's transition plan between preschool teachers and either kindergarten teachers or the schools that receive the incoming kindergarten students.

(3) Recommendations for sharing data contained in a student's transition plan between preschool teachers and the parents or guardians of the child who is transitioning to kindergarten.

(4) Recommendations for preschool teacher training and continuing education to support their role in completing transition plans for preschool children.

(5) Recommendations for baseline information that should be compiled in transition plans for students transitioning to kindergarten.

(6) Procedures for the management of transition plan documents, including recommendations for the length of records retention, provisions for confidentiality, and proper disposal.

(7) Any other components the Department deems appropriate in the provision of information between preschools, students' families, and kindergartens.

SECTION 11B.2.(d) The Department of Health and Human Services shall report on the development of the standardized transition program required pursuant to subsection (c) of this section, including any findings and recommendations and any legislative proposals, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2018.

CHILD CARE SUBSIDY RATES

SECTION 11B.3.(a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 11B.3.(b) Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

SECTION 11B.3.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.

(3) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(4) No payments shall be made for transportation services or registration fees charged by child care facilities.

(5) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment.

(6) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

SECTION 11B.3.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 11B.3.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

SECTION 11B.3.(f) The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy funds shall not be paid for one- or two-star rated facilities. For those counties with an inadequate number of four- and five-star rated facilities, the Division shall continue a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The Division may allow exemptions in counties where there is an inadequate number of four- and five-star rated facilities for non-star rated programs, such as religious programs.

SECTION 11B.3.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. Except as authorized by subsection (f) of this section, no separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 11B.3.(h) Payment for subsidized child care services provided with Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 11B.3.(i) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

(1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.

(2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.

(3) The child for whom a child care subsidy is sought is a citizen of the United States.

SECTION 11B.3.(j) The Department of Health and Human Services, Division of Child Development and Early Education, shall require all county departments of social services to include on any forms used to determine eligibility for child care subsidy whether the family waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

SECTION 11B.3.(k) Department of Defense-certified child care facilities licensed pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that provides for the purchase of care in child care facilities for minor children in needy families, provided that funds allocated from the State-subsidized child care program to Department of Defense-certified child care facilities shall supplement and not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose Department of Defense-certified child care facilities and who are eligible to receive subsidized child care shall be as set forth in this section.

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

SECTION 11B.4.(a) Beginning October 1, 2017, the Division shall increase the child care subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study for children birth through two years of age in three-, four-, and five-star-rated child care centers and homes in tier three counties.

SECTION 11B.4.(b) Beginning October 1, 2017, the Division shall increase the child care subsidy market rates by thirty percent (30%) of the difference between the current market rates and the rates recommended by the 2015 Child Care Market Rate Study for children three through five years of age in three-, four-, and five-star-rated child care centers and homes in tier three counties.

SECTION 11B.4.(c) For purposes of this section, tier three counties shall have the same designations as those established by the N.C. Department of Commerce's 2015 County Tier Designations.

CHILD CARE ALLOCATION FORMULA

SECTION 11B.5.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

(1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 11B.3(a) of this act.

(2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:

a. The amount of funds used for preventing termination of services and the repayment of any federal funds.

b. The date the remaining funds were distributed to counties.

c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2017-2019 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed, but no later than April 1 of each respective year.

(3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 11B.5.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 11B.5.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process, rather than calculating the increases outside of the formula process. Additionally, the Department shall do the following:

(1) Implement the final one-third change in a county's allocation beginning fiscal year 2018-2019. A county's initial allocation shall be at least the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available. With the exception of market rate increases consistent with any increases approved by the General Assembly, a county whose spending coefficient is less than ninety-five percent (95%) in the previous fiscal year shall receive its prior year's expenditure as its allocation and shall not receive an increase in its allocation in the following year. A county whose spending coefficient is at least ninety-five percent (95%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ninety-five percent (95%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected county. By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.

(2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

CODIFY CERTAIN CHILD CARE SUBSIDY PROVISIONS

SECTION 11B.6. Article 3 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 10C. Child Care Subsidy.

"**§ 143B-168.25. Child care funds matching requirements.**

No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving its initial allocation of child care funds unless federal law requires a match. If the Department reallocates additional funds above twenty-five thousand dollars ($25,000) to local purchasing agencies beyond their initial allocation, local purchasing agencies must provide a twenty percent (20%) local match to receive the reallocated funds. Matching requirements shall not apply when funds are allocated because of an emergency as defined in G.S. 166A-19.3(6).

"**§ 143B-168.26. Child care revolving loan.**

Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or pay the Department's cost of administering the program.

"**§ 143B-168.27. Administrative allowance for county departments of social services; use of subsidy funds for fraud detection.**

(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall fund the allowance that county departments of social services may use for administrative costs at four percent (4%) of the county's total child care subsidy funds allocated in the Child Care and Development Fund Block Grant plan or eighty thousand dollars ($80,000), whichever is greater.

(b) Each county department of social services may use up to two percent (2%) of child care subsidy funds allocated to the county for fraud detection and investigation initiatives.

(c) The Division may adjust the allocations in the Child Care and Development Fund Block Grant according to (i) the final allocations for local departments of social services under subsection (a) of this section and (ii) the funds allocated for fraud detection and investigation initiatives under subsection (b) of this section. The Division shall submit a report on the final adjustments to the allocations of the four percent (4%) administrative costs to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than September 30 of each year."

SMART START INITIATIVES

SECTION 11B.8.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to five years of age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to five years of age that do the following:

(1) Increase children's literacy.
(2) Increase the parents' ability to raise healthy, successful children.
(3) Improve children's health.
(4) Assist four- and five-star-rated facilities in improving and maintaining quality.

SECTION 11B.8.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 11B.8.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

(1) The population of the area serviced by a local partnership.
(2) The amount of State funds administered.
(3) The amount of total funds administered.
(4) The professional experience of the individual to be compensated.
(5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local partnership from using non-State funds to supplement an individual's salary in excess of the amount set by the salary schedule established under this subsection.

SECTION 11B.8.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the 2017-2019 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2017-2019 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records.
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
(3) Not include expenses funded by State funds.
(4) Be supplemental to and not supplant preexisting resources for related program activities.
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
(6) Be otherwise allowable under federal or State law.
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the 2017-2019 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Oversight Committee on Health and Human Services in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 11B.8.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
(2) For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.

(3) For amounts of fifteen thousand dollars ($15,000) or more, but less than forty thousand dollars ($40,000), a request for proposal process.

(4) For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 11B.8.(f) Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

SECTION 11B.8.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 11B.8.(h) Expenditure Restrictions. – The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2017-2019 fiscal biennium shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

(2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2017-2019 fiscal biennium.

For the 2017-2019 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

SMART START EARLY LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION LIBRARY

SECTION 11B.9.(a) Funds allocated to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, shall be used to increase access to Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books on a monthly basis to children registered for the program, with the intent that, upon full implementation, access to the program shall be statewide.

SECTION 11B.9.(b) The North Carolina Partnership for Children, Inc., may use up to two percent (2%) of the funds for program evaluation. Funds appropriated under this section shall not be subject to administrative costs requirements under Section 11B.8(b) of this act, nor shall these funds be subject to the child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under Section 11B.8(d) of this act.

SECTION 11B.9.(c) The North Carolina Partnership for Children, Inc., shall report on the success of the early literacy initiative, including any recommendations, to the Joint Legislative Oversight Committee on Health and Human Services by March 1, 2018. The report shall include participation rates for Dolly Parton's Imagination Library.

TANF BENEFIT IMPLEMENTATION

SECTION 11C.1.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2016, through September 30, 2019. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 11C.1.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 11C.1.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2016 through 2019, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2017. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2019.

SECTION 11C.1.(d) For each year of the 2017-2019 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2016-2017 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 11C.1.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2017-2018 fiscal year or the 2018-2019 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

SECTION 11C.2.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be developed and implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 11C.2.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

(1) An established follow-up system with a minimum of six months of follow-up services.

(2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.

(3) Cost-benefit data.

(4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.

(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.

(6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 11C.2.(c) The Department shall establish a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

CHILD CARING INSTITUTIONS

SECTION 11C.3. Until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 11C.4. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program (GAP) shall 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 the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 11C.5.(a) Funds appropriated from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system and special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 11C.5.(b) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars ($50,000) for the 2017-2018 fiscal year and the sum of fifty thousand dollars ($50,000) for the 2018-2019 fiscal year shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 11C.5.(c) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars ($339,493) for the 2017-2018 fiscal year and the sum of three hundred thirty-nine thousand four hundred ninety-three dollars ($339,493) for the 2018-2019 fiscal year shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

SECTION 11C.5.(d) Funds appropriated to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 11C.6.(a) Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.

(2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.

(3) Develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 11C.6.(b) County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.

(2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

SECTION 11C.6.(c) Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

(1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.

(2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.

SECTION 11C.6.(d) Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process the NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

CHILD WELFARE SYSTEM CHANGES

SECTION 11C.7.(a) Federal Improvement Plan Implementation. – The Department of Health and Human Services, Division of Social Services, shall continue implementing the requirements of the federal Program Improvement Plan to bring our State into compliance with national standards for child welfare policy and practices. The Division shall collaborate with county departments of social services to develop a model of oversight that supports program outcomes and a county's ability to meet performance standards as outlined in the Program Improvement Plan. Oversight may include support for continuous quality improvement, staff training, and data analysis.

The Division shall report on the implementation and outcomes of the Program Improvement Plan to the Joint Legislative Oversight Committee on Health and Human Services. The report shall be submitted semiannually on February 1 and August 1 of each year, with a final report on February 1, 2019.

SECTION 11C.7.(b) Child Welfare/NC FAST. – The Department of Health and Human Services, Division of Social Services, shall continue toward completion of the child welfare component of the North Carolina Families Accessing Services Through Technology (NC FAST) system to (i) bring the State into compliance with the Statewide Information System systematic factor of the Child and Family Services Review (CFSR) and (ii) ensure that data quality meets federal standards and adequate information is collected and available to counties to assist in tracking children and outcomes across counties.

It is the intent of the General Assembly that the child welfare component of the NC FAST system be operational by December 31, 2017. To that end, the Department of Health and Human Services, Division of Social Services, shall report on the development, implementation, and outcomes of the child welfare component of the NC FAST system to the Joint Legislative Oversight Committee on Health and Human Services quarterly through April 1, 2019. The report shall include, at a minimum, each of the following:

(1) The current time line for development and implementation of the child welfare component to NC FAST.
(2) Any adjustments and justifications for adjustments to the time line.
(3) Progress on the development and implementation of the system.
(4) Address any identified issues in developing or implementing the child welfare component to NC FAST and solutions to address those issues.
(5) The level of county participation and involvement in each phase of the project.
(6) Any budget and expenditure reports, including overall project budget and expenditures, and current fiscal year budget and expenditures.

INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS

SECTION 11C.8.(a) The Department of Health and Human Services, Division of Social Services (Division), shall continue implementing an evidence-based pilot program to increase access to public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated experience in assisting with these types of services and the partnership shall accomplish each of the following:

(1) Identify, through data sharing, dual eligible seniors aged 65 and older who qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are not currently enrolled.

(2) Conduct an outreach program toward those seniors for the purpose of enrolling them into SNAP.

(3) Provide comprehensive application assistance through outreach specialists to complete public benefits application processes.

(4) Evaluate project effectiveness and explore how data can be utilized to achieve optimal outcomes.

(5) Make recommendations regarding policy options available to the State to streamline access to benefits.

SECTION 11C.8.(b) The Division shall report to the Office of the Governor and the Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot program by February 1 following each year the pilot program is in place. The report shall, at a minimum, include the following:

(1) The number of seniors age 65 and older who are dual eligibles but are not enrolled in SNAP.

(2) The number of those identified that would be included in the sample population.

(3) Methods of outreach toward those seniors in the sample population.

(4) Number of to date enrollments in SNAP as a direct result of outreach during the pilot program.

(5) Participation rate to date in SNAP of those seniors in the sample population.

(6) Any other findings the Division deems relevant.

SECTION 11C.8.(c) Any nonrecurring funds remaining in the 2016-2017 fiscal year from implementation of the pilot program under this section shall not revert, but shall remain available for continued implementation of the pilot program, along with any private or nonprofit funding provided to the Division for use in the pilot program. If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH/PERMANENCY INNOVATION INITIATIVE TECHNICAL CHANGE

SECTION 11C.9.(a) There is created the Foster Care Transitional Living Initiative Fund to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based programs to serve the at-risk population described in this section. The Fund shall support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In implementing these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

(1) Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program's inception. The program has been evaluated through an independent Randomized Controlled Trial. Results indicate that Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.

(2) Public-Private Partnership, which is a commitment by private-sector funding partners to match one hundred percent (100%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2017-2019 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.

(3) Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.

(4) Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

SECTION 11C.9.(b) G.S. 131D-10.9A(c) reads as rewritten:

"(c) Purpose and Powers. – The Committee shall:

(1) Design and implement a data tracking methodology to collect and analyze information to gauge the success of the initiative established under this section as well as ~~an initiative~~any initiatives for foster care youth transitioning to ~~adulthood in accordance with Part 3 of this Article.~~adulthood.

(2) Develop a methodology to identify short- and long-term cost-savings in the provision of foster care and foster care transitional living services and any potential reinvestment strategies.

(3) Oversee program implementation to ensure fidelity to the program models identified under subdivisions (1) and (2) of ~~G.S. 131D-10.9B(a) and under subdivisions (1) through (4) of G.S. 131D-10.9G(a).~~G.S. 131D-10.9B(a).

(4) Study, review, and recommend other policies and services that may positively impact permanency, well-being outcomes, and youth aging out of the foster care system."

FINAL REPORT/EASTERN BAND OF CHEROKEE INDIANS ASSUMPTION OF SERVICES

SECTION 11C.10.(a) The Department of Health and Human Services, Division of Social Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of S.L. 2016-94, when implementation is complete.

SECTION 11C.10.(b) Section 12C.10(h) of S.L. 2015-241 is repealed.

Division of Social Services - DHHS
House Appropriations, Health and Human Services

Requested by

ECKERD KIDS AND CARING FOR CHILDREN'S ANGEL WATCH PROGRAM/REPORT ON USE OF ADDITIONAL FUNDS

SECTION 11C.14.(a) The Department of Health and Human Services, Division of Social Services, shall report on the use of additional funds provided in this act for each year of the 2017-2019 fiscal biennium to provide continued support of the Eckerd Kids and Caring for Children's Angel Watch program, a foster care program for children who are ages zero to six, with siblings up to age 10, who are not in the custody of a county department of social services and whose families are temporarily unable to care for them due to a crisis. The report shall, at a minimum, include each of the following:

(1) The number of families and children served by the program, including the counties in which services are provided.

(2) The number of children who enter foster care within six months after their family participates in the program.

(3) A comparison of children with similar needs that do not participate in the program and the number of those children who enter into foster care.

(4) Any other matters the Division deems relevant.

SECTION 11C.14.(b) The Division shall submit the report required by subsection (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1, 2018.

Requested by

CHILD ADVOCACY CENTER FUNDING

SECTION 11C.15. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2017-2019 fiscal biennium for child advocacy centers, allocations shall be made as follows:

(1) Up to one hundred thousand dollars ($100,000) for each child advocacy center in good standing with Children's Advocacy Centers of North Carolina, Inc.

(2) One hundred thousand dollars ($100,000) to Children's Advocacy Centers of North Carolina, Inc., for its operations.

Division of Aging and Adult Services – DHHS
House Appropriations, Health and Human Services

STATE-COUNTY SPECIAL ASSISTANCE RATE INCREASE

SECTION 11D.1.(a) From July 1, 2017, through September 30, 2017, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars ($1,182) per month per resident. Beginning October 1, 2017, through the remainder of the 2017-2019 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand two hundred sixteen dollars ($1,216) per month per resident.

SECTION 11D.1.(b) From July 1, 2017, through September 30, 2017, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident. Beginning October 1, 2017, through the remainder of the 2017-2019 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred forty-nine dollars ($1,549) per month per resident.

ALIGNMENT OF STATE & FEDERAL AGING PLAN REPORTING DEADLINES

SECTION 11D.2. G.S. 143B-181.1A reads as rewritten:

"**§ 143B-181.1A. Plan for serving older adults; inventory of existing data; cooperation by State agencies.**

(a) The Division of ~~Aging,~~Aging and Adult Services of the Department of Health and Human Services shall submit a regularly updated plan to the General Assembly by ~~March 1~~July 1 of every other odd-numbered year, beginning March 1, 1995. This plan shall include:

(1) A detailed analysis of the needs of older adults in North Carolina, based on existing available data, including demographic, geographic, health, social, ~~economical,~~economic, and other pertinent ~~indicators;~~indicators.

(2) A clear statement of the goals of the State's long-term public policy on ~~aging;~~aging.

(3) An analysis of services currently provided and an analysis of additional services ~~needed; and~~needed.

(4) Specific implementation recommendations on expansion and funding of current and additional services and ~~services~~ service levels.

(b) The Division of ~~Aging,~~Aging and Adult Services of the Department of Health and Human ~~Services,~~Services shall maintain an inventory of existing data sets regarding the elderly in North Carolina, in order to ensure that adequate demographic, geographic, health, social, economic, and other pertinent indicators are available to generate its regularly updated Plan for Serving Older Adults.

Upon request, the Division of Aging and Adult Services shall make information on these data sets available within a reasonable time.

All State agencies and entities that possess data relating to the elderly, including the Department of ~~Health and Human Services' Division of Health Services, the Division of~~ Administration and the Divisions of Public Health, Health Service Regulation, and ~~the Division of Social Services, and the Department of Administration,~~Social Services of the Department of Health and Human Services, shall cooperate, upon request, with the Division of Aging and Adult Services in implementing this subsection."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Proofed
SPECIAL PROVISION **2017-DAAS-H3-P**

Division of Aging and Adult Services – DHHS
House Appropriations, Health and Human Services

Requested by

RECOMMENDATION TO APPOINT A SUBCOMMITTEE ON AGING

SECTION #.(a) Pursuant to the authority in G.S. 120-208.2(d), the cochairs for the Joint Legislative Oversight Committee on Health and Human Services may consider appointing a subcommittee on aging to examine the State's delivery of services for older adults in order to (i) determine their service needs and to (ii) make recommendations to the Oversight Committee on how to address those needs. North Carolina currently ranks ninth in the nation for the size of the age 60 and older population and tenth in the nation for the age 85 and older population. From 2015 to 2035, the age 65 and older population is projected to increase sixty-seven percent (67%) and the age 85 and older population is projected to increase one hundred two percent (102%). By 2019, North Carolina will have more people that are 60 years of age and older than children age zero to 17. It is recommended that the subcommittee examine the range of programs and services for older adults throughout the continuum of care. The subcommittee is encouraged to seek input from a variety of stakeholders and interest groups, including the Division of Aging and Adult Services and the Division of Social Services, Department of Health and Human Services; the North Carolina Coalition on Aging; the North Carolina Senior Tarheel Legislature, and the Governor's Advisory Council on Aging.

SECTION #.(b) If a subcommittee on aging is appointed, the subcommittee shall submit an interim report of its findings and recommendations, including any proposed legislation, to the Joint Legislative Oversight Committee on Health and Human Services on or before March 1, 2018, and shall submit a final report of its findings and recommendations, including any proposed legislation, on or before November 1, 2018, at which time it shall terminate unless reappointed by the cochairs of the Oversight Committee under the authority granted in G.S. 120-208.2(d).

FUNDS FOR SCHOOL NURSES

SECTION 11E.1. Part 1 of Article 1 of Chapter 130A of the General Statutes is amended by adding a new section to read:

"**§ 130A-4.3. State funds for school nurses.**

(a) The Department shall use State funds appropriated for the School Nurse Funding Initiative to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. The Department shall ensure that communities maintain their current level of effort and funding for school nurses. These funds shall not be used to fund nurses for State agencies. These funds shall be distributed to local health departments according to a formula that includes all of the following:

(1) School nurse-to-student ratio.
(2) Percentage of students eligible for free or reduced-price meals.
(3) Percentage of children in poverty.
(4) Per capita income.
(5) Eligibility as a low-wealth county.
(6) Mortality rates for children between one and 19 years of age.
(7) Percentage of students with chronic illnesses.
(8) Percentage of county population consisting of minority persons.

(b) The Division of Public Health shall ensure that school nurses funded with State funds (i) do not assist in any instructional or administrative duties associated with a school's curriculum and (ii) perform all of the following with respect to school health programs:

(1) Serve as the coordinator of the health services program and provide nursing care.
(2) Provide health education to students, staff, and parents.
(3) Identify health and safety concerns in the school environment and promote a nurturing school environment.
(4) Support healthy food services programs.
(5) Promote healthy physical education, sports policies, and practices.
(6) Provide health counseling, assess mental health needs, provide interventions, and refer students to appropriate school staff or community agencies.
(7) Promote community involvement in assuring a healthy school and serve as school liaison to a health advisory committee.
(8) Provide health education and counseling and promote healthy activities and a healthy environment for school staff.
(9) Be available to assist the county health department during a public health emergency."

STRATEGIES FOR ADDRESSING STRUCTURAL BUDGET DEFICIT IN STATE LABORATORY OF PUBLIC HEALTH

SECTION 11E.2.(a) By March 1, 2018, the Department of Health and Human Services, Division of Public Health, shall review the current fee schedule for medical and environmental services provided by the State Laboratory of Public Health (SLPH) and report any recommended strategies for addressing its structural budget deficit. The report must include at least all of the following:

(1) Recommendations on all of the following:

a. Any service the SLPH currently provides at no cost for which it should begin charging a fee, along with recommendations for the amount of each new fee sufficient to cover both the direct and indirect costs of the service.

b. Implementation of a billing system for services provided by the SLPH.

c. Strategies to improve billing accuracy in order to increase the SLPH's Medicaid reimbursement rate.

d. The feasibility of modifying the Medicaid State Plan to allow the SLPH to engage in cost settlement, similar to the approaches used by local health departments.

(2) Identification of measures to ensure that local health departments collect and report all data needed to ensure accurate and timely billing of SLPH services.

(3) Proposals on alternative funding options to support the operating costs of the SLPH.

SECTION 11E.2.(b) This section is effective when this act becomes law.

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 11E.3.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2017-2019 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

(1) Improve North Carolina's birth outcomes.

(2) Improve the overall health status of children in this State from birth to age five.

(3) Lower the State's infant mortality rate.

SECTION 11E.3.(b) The plan for administering the competitive grant process shall include at least all of the following components:

(1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.

(3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.

(4) Allows grants to be awarded to local health departments for up to two years.

SECTION 11E.3.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.

(2) The amount of funding awarded to each grantee.

(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 11E.3.(d) No later than December 1 of each fiscal year, each local health department receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities

funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) A description of the types of programs, services, and activities funded by State appropriations.

(2) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

(3) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities based on the evaluation protocols developed by the Division, in collaboration with the University of North Carolina Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight Committee on Health and Human Services on April 1, 2016.

(4) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

Division of Public Health - DHHS
House Appropriations, Health and Human Services

EVIDENCE-BASED DIABETES PREVENTION PROGRAM TO ELIMINATE HEALTH DISPARITIES

SECTION 11E.5.(a) The Department of Health and Human Services, Division of Public Health, Office of Minority Health, shall continue to administer, in consultation with the Chronic Disease and Injury Prevention Section, an evidence-based Diabetes Prevention Program modeled after the program recommended by the National Institute of Diabetes and Digestive and Kidney Diseases, targeting minority populations.

SECTION 11E.5.(b) By December 1, 2017, and annually thereafter, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services on the status, participant demographics, cost, and outcomes of the Diabetes Prevention Program authorized by subsection (a) of this section.

IMPLEMENTATION OF THE FEDERAL ELEVATED BLOOD LEVEL STANDARD IN NORTH CAROLINA

SECTION 11E.6.(a) It is the intent of the State to protect young children and pregnant women from being exposed to high levels of lead that can cause substantial harm to their normal neurological development and to ensure important intervention services, including required remediation of lead hazards, will be provided to children and pregnant women whose health is threatened by lead exposure.

SECTION 11E.6.(b) G.S. 130A-131.7 reads as rewritten:

"**§ 130A-131.7. Definitions.**

The following definitions apply in this Part:

…

(3) "Confirmed lead poisoning" means a blood lead concentration of ~~20~~ 10 micrograms per deciliter or greater determined by the lower of two consecutive blood tests within a ~~six-month~~12-month period.

…

(5) "Elevated blood lead level" means a blood lead concentration of ~~10~~ five micrograms per deciliter or greater determined by the lower of two consecutive blood tests within a ~~six-month~~12-month period.

…

(13) "Readily accessible substance" means any substance that can be ingested or inhaled by a child less than six years of ~~age.~~age or by a pregnant woman. Readily accessible substances include deteriorated paint that is peeling, chipping, cracking, flaking, or blistering to the extent that the paint has separated from the substrate. Readily accessible substances also include soil, water, toys, vinyl miniblinds, bathtubs, lavatories, doors, door jambs, stairs, stair rails, windows, interior windowsills, baseboards, and paint that is chalking.

…."

SECTION 11E.6.(c) G.S. 130A-131.9C reads as rewritten:

"**§ 130A-131.9C. Abatement and Remediation.**

(a) Upon determination that a child less than six years of age or a pregnant woman has a confirmed lead poisoning of ~~20~~ 10 micrograms per deciliter or greater and that child or pregnant woman resides in a residential housing unit containing lead poisoning hazards, the Department shall require remediation of the lead poisoning hazards. The Department shall also require remediation of the lead poisoning hazards identified at the supplemental addresses of a child less than six years of age or a pregnant woman with a confirmed lead poisoning of ~~20~~ 10 micrograms per deciliter or greater.

…

(h) All lead-containing waste and residue shall be removed and disposed of in accordance with applicable federal, State, and local laws and rules. Other substances containing lead that are intended for use by children less than six years of age or pregnant women and

vinyl miniblinds that constitute a lead poisoning hazard shall be removed and disposed of in accordance with applicable federal, State, and local laws and rules.

…

(j1) Compliance with the maintenance standard satisfies the remediation requirements for confirmed lead poisoning cases identified on or after 1 October 1990 as long as all lead poisoning hazards identified on interior and exterior surfaces are addressed by remediation. Except for owner-occupied residential housing units, continued compliance shall be verified by means of an annual monitoring inspection conducted by the Department. For owner-occupied residential housing units, continued compliance shall be verified (i) by means of an annual monitoring inspection, (ii) by documentation that no child less than six years of age and no pregnant woman has resided in or regularly visited the residential housing unit within the past year, or (iii) by documentation that no child less than six years of age and no pregnant woman residing in or regularly visiting the unit has an elevated blood lead level.

(k) Removal of children or pregnant women from the residential housing unit or removal of children from the child-occupied facility shall not constitute remediation if the property continues to be used for a residential housing unit or child-occupied facility. The remediation requirements imposed in subsection (a) of this section apply so long as the property continues to be used as a residential housing unit or child-occupied facility."

SECTION 11E.6.(d) G.S. 130A-131.9G reads as rewritten:

"**§ 130A-131.9G. Resident responsibilities.**

In any residential housing unit occupied by a child less than six years of age or a pregnant woman who has an elevated blood lead level of ~~10~~ five micrograms per deciliter or greater, the Department shall advise, in writing, the owner or managing agent and the pregnant woman or the child's parents or legal guardian of the importance of carrying out routine cleaning activities in the units they occupy, own, or manage. The cleaning activities shall include all of the following:

(1) Wiping clean all windowsills with a damp cloth or sponge at least weekly.

(2) Regularly washing all surfaces accessible to children.

(3) In the case of a leased residential housing unit, identifying any deteriorated paint in the unit and notifying the owner or managing agent of the conditions within 72 hours of discovery.

(4) Identifying and understanding potential lead poisoning hazards in the environment of each child less than six years of age and each pregnant woman in the unit (including toys, vinyl miniblinds, playground equipment, drinking water, soil, and painted surfaces), and taking steps to prevent children and pregnant women from ingesting lead such as encouraging children and pregnant women to wash their faces and hands frequently and especially after playing outdoors."

AIDS DRUG ASSISTANCE PROGRAM

SECTION 11E.7. Part 1 of Article 1 of Chapter 130A of the General Statutes is amended by adding a new section to read:

"**§ 130A-4.4. Funds for AIDS Drug Assistance Program.**

The Department shall work with the Department of Public Safety to use Department of Public Safety funds to purchase pharmaceuticals for the treatment of individuals in the custody of the Department of Public Safety who have been diagnosed with Human Immunodeficiency Virus or Acquired Immune Deficiency Syndrome (HIV/AIDS) in a manner that allows these funds to be accounted for as State matching funds in the Department of Health and Human Services drawdown of federal Ryan White funds earmarked for the AIDS Drug Assistance Program also known as ADAP."

IMPLEMENTATION OF COST-NEUTRAL PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 11E.8.(a) The Department of Health and Human Services, Division of Public Health, shall continue to implement within the North Carolina AIDS Drug Assistance Program (ADAP) a health insurance premium assistance program that (i) is cost neutral or achieves savings; (ii) utilizes federal funds from Part B of the Ryan White HIV/AIDS Program and ADAP funds to provide individual ADAP participants or subsets of ADAP participants with premium and cost-sharing assistance for the purchase or maintenance of private health insurance coverage, including premiums, co-payments, and deductibles; and (iii) meets the requirements of Section 12E.1 of S.L. 2016-94.

SECTION 11E.8.(b) By March 1, 2018, the Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on implementation of the health insurance premium assistance program authorized by subsection (a) of this section. The report must include at least all of the following components:

(1) A detailed explanation of the program design.

(2) A demonstration of cost neutrality, which shall include a comparison of the cost of providing prescription drugs to eligible beneficiaries through the health insurance premium program created pursuant to subsection (a) of this section and the cost of providing prescription drugs to eligible beneficiaries through the existing ADAP program.

(3) Information on health outcomes of program participants.

(4) Any obstacles to program implementation.

USE OF MODIFIED ADJUSTED GROSS INCOME (MAGI) FOR AIDS DRUG ASSISTANCE PROGRAM (ADAP) ELIGIBILITY DETERMINATIONS

SECTION 11E.9. Beginning January 1, 2018, the Department of Health and Human Services shall implement the use of the Modified Adjusted Gross Income formula in the calculation of income for the purpose of determining eligibility for the AIDS Drug Assistance Program in order to ensure consistency in the Department's methods of determining eligibility for other benefit programs.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Proofed
SPECIAL PROVISION **2017-DPH-H15-P**

Division of Public Health - DHHS
House Appropriations, Health and Human Services

Requested by

DIVISION OF PUBLIC HEALTH EATING DISORDER STUDY

SECTION #.(a) The Department of Health and Human Services, Division of Public Health, is directed to study eating disorders in the State of North Carolina. At a minimum, the Division shall:

(1) Identify the number of diagnosed incidences of eating disorders in North Carolina.

(2) Provide an estimate of the number of individuals in North Carolina who are suffering from an eating disorder but who have not been formally diagnosed.

(3) Identify the number of individuals who are being treated for an eating disorder.

(4) Identify strategies by which the State can increase awareness of, and disseminate information about, eating disorders, including their symptoms, effects, and preventative interventions.

(5) Examine the adequacy of training provided to public school officials in identifying the symptoms of eating disorders and in providing support to the individuals and families affected by eating disorders.

(6) Make recommendations for improving education, prevention, early detection, and treatment of eating disorders.

(7) Identify the availability of treatment consistent with the best practices described by the American Psychiatric Association and other published materials to individuals and families affected by eating disorders.

(8) Consider any other issues the Division identifies that are related to the objectives of this study.

The Division shall solicit input from relevant organizations and entities, including the UNC Center for Excellence for Eating Disorders at the University of North Carolina at Chapel Hill, the North Carolina Chapter of the American Academy of Pediatrics, the North Carolina Academy of Family Physicians, and national organizations specializing in eating disorders.

SECTION #.(b) On or before November 1, 2017, the Division shall submit a report containing findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services. Based on the Division's report, the Committee shall consider making a recommendation to the 2018 General Assembly.

SECTION #.(c) This section is effective when this act becomes law.

EVERY WEEK COUNTS DEMONSTRATION PROJECT

SECTION #.(a) The General Assembly finds that preterm birth is the major driver of infant mortality in the United States and the leading cause of long-term neurological disabilities in children. It further finds that the counties in North Carolina with the highest infant mortality rates are multiply burdened by high rates of preterm birth and high rates of poverty and also tend to be counties that are also disproportionately composed of racial minorities. It is the intent of the General Assembly to reduce the incidence of preterm birth and infant mortality by funding and supporting for a period of at least three years a demonstration project in two counties of Perinatal Care Region V of North Carolina to study (i) the extent to which a home-based prenatal care model can reduce the rate of preterm birth among multiparous women and (ii) whether multiparous women without a prior preterm birth, but with multiple risk factors for preterm birth in the current pregnancy, may benefit from 17 Alpha-Hydroxyprogesterone Caproate (17P) therapy.

SECTION #.(b) To that end, of the funds appropriated to the Department of Health and Human Services, Division of Public Health, the sum of two million two hundred thousand dollars ($2,200,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of two million two hundred thousand dollars ($2,200,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to conduct a demonstration project in Robeson and Columbus counties to do the following:

(1) Investigate the effectiveness of in-home prenatal care for the prevention of preterm birth among multiparous women of low income.

(2) Conduct a nested randomized controlled trial of 17P for preterm birth prevention among women without a prior preterm birth, but with a significant constellation of risk factors that increases their likelihood of having a preterm birth in the current pregnancy.

Multiparous women at or below one hundred eighty-five percent (185%) of the federal poverty level and primaparous women at or below two hundred percent (200%) of the federal poverty level, who are in the early stages of pregnancy, ideally prior to 17 weeks gestation, are eligible to participate in the demonstration project regardless of age or medical history. Faculty at the University of North Carolina at Chapel Hill shall supervise the demonstration project.

SECTION #.(c) The demonstration project shall consist of at least all of the following components:

(1) An Every Week Counts enrollment visit that includes an early ultrasound assessment and a complete medical examination to ascertain baseline health characteristics, presence of reproductive tract infections, and other risk factors for preterm birth including reproductive history and other relevant factors. The enrollment visit shall also include a detailed interview to ascertain the social and psychological state of the program participant.

(2) Women enrolled in Every Week Counts shall receive home visits during pregnancy that combine a home-based prenatal care model with social interventions focused on addressing barriers to completing educational goals, obtaining employment, identifying reliable and high-quality child care, and addressing the health and safety needs of the growing family.

(3) Women enrolled in Every Week Counts shall receive home visits during the first two years of their child's life. Program participants and their infants will be followed until the child's second birthday. In these monthly visits, the child's health, growth, and development will be tracked; the mother will be provided with information on nutritional, health, and developmental needs; and children in need of Early Intervention Services will be identified to ensure school readiness. Primary health care in addition to targeted education in early childhood development and health needs will be provided to participants in a home setting. In order to track the development of these children, standardized tests will be administered periodically to assess cognitive, psychomotor, and behavioral development.

(4) There shall be a randomized clinical trial of 17P within Every Week Counts in a population of women enriched for preterm birth susceptibility. Eligible women that choose to enroll in this intervention trial will be randomized to a weekly 17P injection after 16-20 weeks' gestation or a sham injection. Women who choose to participate in the 17P intervention trial will be co-enrolled in Every Week Counts and will receive all the same home-based prenatal care and child development services, but will receive weekly visits from the Nurse Practitioner after 16-20 weeks' gestation in order to deliver the 17P intramuscular injection.

SECTION #.(d) Not later than six months after the conclusion of the demonstration project, the University of North Carolina at Chapel Hill shall submit a final report on the demonstration project to the Department that addresses at least all of the following:

(1) For the Every Week Counts part of the demonstration project:

a. Percent preterm and low birth weight relative to overall county statistics in current and prior years using vital statistics data, within categories of race/ethnicity and parity.

b. Percent initiating breastfeeding at delivery and the average duration of breastfeeding.

c. Percent reporting active smoking at the time of delivery.

d. Uptake of contraception postpartum.

e. Average length of interpregnancy interval.

f. Percent of children meeting developmental milestones in the first year.

g. Number of emergency room visits related to child health in the first two years.

(2) For the 17P Intervention Trial, relative risk of preterm birth in treated versus untreated program participants.

SECTION #.(e) Not later than three months after the Department receives the report due under subsection (d) of this section, the Department shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division evaluating the demonstration project. At a minimum, the report shall include all of the following:

(1) An estimate of the cost to expand the program incrementally and statewide.

(2) An estimate of any potential savings of State funds associated with expansion of the program.

(3) If expansion of the program is recommended, a time line for expanding the program.

SECTION #.(f) The demonstration project authorized under this section shall terminate upon the submission of the report due under subsection (d) of this section by the University of North Carolina at Chapel Hill.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Proofed
SPECIAL PROVISION **2017-DPH-H16B-P**

Division of Public Health - DHHS
House Appropriations, Health and Human Services

Requested by

FUNDS FOR MEDICAL EQUIPMENT AND TRAINING

SECTION #. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of one million three hundred thousand dollars ($1,300,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of one million three hundred thousand dollars ($1,300,000) in nonrecurring funds for the 2018-2019 fiscal year shall be allocated to the Carolina Pregnancy Care Fellowship for grants to purchase durable medical equipment for clinics that apply to the Carolina Pregnancy Care Fellowship for such equipment. The Carolina Pregnancy Care Fellowship may use (i) up to thirty thousand dollars ($30,000) of these nonrecurring funds for each year of the 2017-2019 fiscal biennium for administrative purposes and (ii) up to one hundred seventy thousand dollars ($170,000) of these nonrecurring funds for each year of the 2017-2019 fiscal biennium to provide grants for training on the use of durable medical equipment to clinics that apply to the Carolina Pregnancy Care Fellowship for such training.

COMMUNICABLE DISEASE TESTING

SECTION #. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, State Laboratory of Public Health, the sum of one million two hundred thousand dollars ($1,200,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of one million two hundred thousand dollars ($1,200,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used for the following purposes:

(1) To provide testing for Hepatitis C and other priority communicable diseases identified by the Division of Public Health.

(2) To provide individuals who test positive for Hepatitis C and other priority communicable diseases with access to appropriate treatment options.

FUNDS FOR THE NORTH CAROLINA CHILD TREATMENT PROGRAM

SECTION 11F.1.(a) The title to Part 4 of Article 3 of Chapter 143B of the General Statutes reads as rewritten:

"Part 4. ~~Commission for~~ Mental Health, Developmental Disabilities, and Substance Abuse Services."

SECTION 11F.1.(b) Part 4 of Article 3 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-150.1. Use of funds for North Carolina Child Treatment Program.**

(a) State funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the North Carolina Child Treatment Program shall be used exclusively for the following purposes:

(1) To continue to provide clinical training and coaching to licensed clinicians on an array of evidence-based treatments and to provide a statewide platform to assure accountability and measurable outcomes.

(2) To maintain and manage a public roster of program graduates, linking high-quality clinicians with children, families, and professionals.

(3) To partner with leadership within the State, local management entities/managed care organizations as defined in G.S. 122C-3, and the private sector to bring effective mental health treatment to children in juvenile justice and mental health facilities.

(b) All data, including any entered or stored in the State-funded secure database developed for the North Carolina Child Treatment Program to track individual-level and aggregate-level data with interface capability to work with existing networks within State agencies, is and remains the sole property of the State."

SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES

SECTION 11F.2.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, the DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

SECTION 11F.2.(b) The DMH/DD/SAS is directed to reduce its allocation for single-stream funding by twenty million one hundred ninety-three thousand four hundred forty-nine dollars ($20,193,449) in recurring funds and by thirty-seven million four hundred twenty-four thousand eight hundred eighteen dollars ($37,424,818) in nonrecurring funds for the 2017-2018 fiscal year and by thirty million nine hundred eighty-six thousand two hundred thirty-four dollars ($30,986,234) in recurring funds for the 2018-2019 fiscal year.

The DMH/DD/SAS shall allocate these recurring and nonrecurring reductions for single-stream funding among the LME/MCOs as follows:

	FY 2017-2018	**FY 2018-2019**
Alliance Behavioral Healthcare		
Recurring	($5,488,112)	($8,421,342)
Nonrecurring	($6,011,507)	-
Cardinal Innovations Healthcare		
Recurring	($5,015,785)	($7,696,570)
Nonrecurring	($9,636,515)	-
Eastpointe		
Recurring	($1,575,476)	($2,417,520)
Nonrecurring	($3,848,066)	-
Partners Behavioral Health Management		
Recurring	($1,383,137)	($2,122,382)
Nonrecurring	($4,463,652)	-
Sandhills Center		
Recurring	($5,004,989)	($7,680,003)
Nonrecurring	($6,003,492)	-

Trillium Health Resources		
Recurring	($795,661)	($1,220,917)
Nonrecurring	($3,613,035)	-
Vaya Health		
Recurring	($930,289)	($1,427,500)
Nonrecurring	($3,848,550)	-
TOTALS		
Recurring	($20,193,449)	($30,986,234)
Nonrecurring	($37,424,818)	-

By March 1, 2018, the Secretary of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a proposal for any adjustments to the specified recurring reductions among the LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting any proposed changes.

It is the intent of the General Assembly that, during each fiscal year of the 2017-2019 fiscal biennium, each LME/MCO shall offer at least the same level of service utilization as during the 2014-2015 fiscal year.

SECTION 11F.2.(c) The Department of Health and Human Services shall continue to use the monthly reporting package submitted by the LME/MCOs to the Department, as modified pursuant to Section 12F.2(c) of S.L. 2015-241, to include revenues and expenditures for the State funding sources for single-stream, intellectual and developmental disability, and substance abuse services on Schedule D2. Additionally, the Department shall continue to use appropriate schedules in the LME/MCO monthly reporting package, as modified pursuant to Section 12F.2(c) of S.L. 2015-241, to include unduplicated recipients and encounters in the same level of detail included in each D schedule for each source of funding for the reporting for the current and previous year's month and year-to-date periods. The Department shall continue to submit these reports to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by the third Monday of each month.

SECTION 11F.2.(d) If, on or after June 1, 2018, the Office of State Budget and Management (OSBM) certifies a Medicaid budget surplus in fund codes 1310 and 1311 and sufficient cash in Budget Code 14445 to meet total obligations for the 2017-2018 fiscal year, then the Department of Health and Human Services, Division of Medical Assistance (DMA), may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

If, on or after June 1, 2019, the OSBM certifies a Medicaid budget surplus in fund codes 1310 and 1311 and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2018-2019, then the DMA may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among the LME/MCOs based on the individual LME/MCO's percentage of nonrecurring reductions in single-stream funding for the fiscal year, as required by subsection (b) of this section. These funds shall be allocated as prescribed by June 30 of each State fiscal year.

SECTION 11F.2.(e) The Department of Health and Human Services shall develop a maintenance of effort (MOE) spending requirement for all mental health and substance abuse services which must be maintained using nonfederal, State appropriations on an annual basis in

order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the MOE spending requirement is met using State appropriations.

SECTION 11F.2.(f) Beginning July 1, 2017, and quarterly thereafter, the Secretary of Health and Human Services shall evaluate the financial position of each LME/MCO relative to the solvency standards to be developed by the Department and included in the statewide Strategic Plan for Behavioral Health Services pursuant to Section 12F.10(b)(4) of S.L. 2016-94 (approved solvency standards).

If, at any time, the Secretary determines an LME/MCO is at risk of failing financially in the ensuing two-year period, based on the approved solvency standards, the Secretary shall immediately meet with that LME/MCO for the purpose of evaluating the reasons for the LME/MCO's vulnerable financial position, including reasons attributable to trends in performance management and utilization of services. Within 30 days after meeting with an LME/MCO pursuant to this section, the Secretary shall submit a written report of its evaluation to the LME/MCO. By October 1, 2017, the Secretary shall submit an initial report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on each LME/MCO determined to be at risk of failing financially, identifying the reasons for each LME/MCO's vulnerable financial position.

Within 45 days after receiving the Secretary's report, the LME/MCO shall develop and submit to the Secretary, in writing, a proposed plan of corrective action with specific initiatives and actions to be implemented by the LME/MCO in order to bring its financial position into compliance with the approved solvency standards, along with a projected time line for completing each identified initiative or action and a deadline for achieving full compliance with the approved solvency standards. At a minimum, the proposed plan of corrective action shall address (i) rates paid to the LME/MCO and its providers for services, contracts, and administrative costs; (ii) utilization of services; (iii) management of the operations of the LME/MCO; and (iv) financial risk to the State.

Within 14 days after receiving the LME/MCO's proposed plan of corrective action, the Secretary shall make any changes to the proposed plan of corrective action it deems necessary for the LME/MCO to bring its financial position into compliance with the approved solvency standards and submit a final, Secretary-approved plan of corrective action to the LME/MCO, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division.

The LME/MCO shall submit monthly reports to the Secretary on its progress under the final, Secretary-approved plan of corrective action. The Secretary shall submit monthly reports to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division evaluating the LME/MCO's progress under the final, Secretary-approved plan of corrective action, identifying any variance from the corrective plan of action that could be an obstacle to the LME/MCO achieving full compliance with the approved solvency standards by the deadline included in the final, Secretary-approved corrective plan of action.

FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 11F.3.(a) Use of Funds. – Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for crisis services, the sum of forty-one million three hundred fifty-one thousand six hundred forty-four dollars ($41,351,644) in recurring funds and the sum of forty-one million three hundred fifty-one thousand six hundred forty-four dollars ($41,351,644) in recurring funds for the 2018-2019 fiscal year shall be used to purchase additional new or existing local inpatient psychiatric beds or bed days not currently funded by or though LME/MCOs. The Department shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by the Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated or otherwise available to the Department for the purchase of inpatient psychiatric services through contracts with local hospitals.

SECTION 11F.3.(b) Distribution and Management of Beds or Bed Days. – Except as provided in this subsection, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, as defined in this subsection. In addition, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State in LME/MCO catchment areas and according to need as determined by the Department. The Department shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State in LME catchment areas, including any catchment areas served by managed care organizations, and according to greatest need based on hospital bed utilization data. The Department shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

The Department may use up to ten percent (10%) of the funds allocated in this section for each year of the 2017-2019 fiscal biennium to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless if the individuals are medically indigent, defined as uninsured persons who (i) are financially

unable to obtain private insurance coverage as determined by the Department and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

SECTION 11F.3.(c) Funds to Be Held in Statewide Reserve. – Funds appropriated to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to the Department within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from the Department.

SECTION 11F.3.(d) Ineffective LME/MCO Management of Beds or Bed Days. – If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of this section, the Department may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

SECTION 11F.3.(e) Reporting by LME/MCOs. – The Department shall establish reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

SECTION 11F.3.(f) Reporting by Department. – By no later than December 1, 2018, and by no later than December 1, 2019, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

(1) A uniform system for beds or bed days purchased during the preceding fiscal year from (i) funds appropriated in this act that are designated for this purpose in subsection (a) of this section, (ii) existing State appropriations, and (iii) local funds.

(2) An explanation of the process used by the Department to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.

(3) The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.

(4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.

(5) Other Department initiatives funded by State appropriations to reduce State psychiatric hospital use.

USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND SUBSTANCE USE DISORDER TREATMENT SERVICES

SECTION 11F.4. Section 12F.12(b) of S.L. 2015-241 reads as rewritten:

"**SECTION 12F.12.(b)** From funds appropriated ~~in this act~~ to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to be allocated to LME/MCOs for the purchase of inpatient alcohol and substance abuse treatment services, the LME/MCOs shall use their respective fund allocations for individuals within their respective catchment areas as follows:

(1) During the 2015-2016 fiscal year, a minimum of one hundred percent (100%) of the allocation shall be used exclusively to purchase inpatient alcohol and substance abuse treatment services from the ADATCs.

(2) During the 2016-2017 fiscal year, a minimum of ninety percent (90%) of the allocation shall be used exclusively to purchase inpatient alcohol and substance abuse treatment services from the ADATCs. The LME/MCOs shall use the remaining ten percent (10%) of their respective allocations to purchase inpatient alcohol and substance abuse treatment services from any qualified provider.

(2a) During the 2017-2018 fiscal year, a minimum of eighty-six percent (86%) of the allocation shall be used exclusively to purchase inpatient alcohol and substance abuse treatment services from the ADATCs in order to increase the availability of services through the ADATCs to individuals in need of inpatient opioid treatment. The LME/MCOs shall use any remaining allocations to purchase inpatient alcohol and substance abuse treatment services from any qualified provider.

(3) In subsequent fiscal years, the percentage of the allocation that shall be used exclusively to purchase inpatient alcohol and substance abuse treatment services from the ADATCs shall decrease by ten percentage points each fiscal year after the 2016-2017 fiscal year until it reaches zero percent (0%). The percentage of the allocation remaining that shall be used to purchase inpatient alcohol and substance abuse treatment services from any qualified provider shall increase by ten percentage points each fiscal year after the 2016-2017 fiscal year until it reaches one hundred percent (100%)."

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR THE PURCHASE OF ADDITIONAL PSYCHIATRIC AND FACILITY-BASED CRISIS BEDS AND A CASE MANAGEMENT PILOT PROGRAM FOR INDIVIDUALS WITH BEHAVIORAL HEALTH NEEDS

SECTION 11F.5.(a) It is the intent of the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the State with the highest need. To that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2017-2018 fiscal year, the sum of up to nineteen million dollars ($19,000,000) in nonrecurring funds shall be used to pay for any renovation or building costs associated with (i) the construction of new licensed inpatient behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed inpatient behavioral health beds, or (iii) a combination of these options as follows:

(1) The sum of up to four million dollars ($4,000,000) in nonrecurring funds shall be used to pay for any renovation or building costs associated with the construction of new licensed inpatient behavioral health beds at Caldwell/ University of North Carolina Health Care in Caldwell County.

(2) The sum of up to four million dollars ($4,000,000) in nonrecurring funds shall be used to pay for any renovation or building costs associated with the construction of new licensed inpatient behavioral health beds at Cape Fear Valley Medical Center in Cumberland County.

(3) The sum of up to four million dollars ($4,000,000) in nonrecurring funds shall be used to pay for any renovation or building costs associated with the construction of new licensed inpatient behavioral health beds at Vidant Health in Eastern North Carolina.

(4) The sum of up to three million dollars ($3,000,000) in nonrecurring funds shall be used for any renovation or building costs associated with the construction of new licensed inpatient behavioral health beds at Good Hope Hospital in Harnett County.

(5) The sum of up to two million two hundred thousand dollars ($2,200,000) in nonrecurring funds shall be used to pay for any renovation or building costs associated with the construction of new licensed inpatient behavioral health beds at Mission Health System, Inc., in Buncombe County.

(6) The sum of up to one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds shall be used to pay for any renovation or building costs associated with the construction of new licensed inpatient behavioral health beds at the Dix Crisis Intervention Center in Onslow County.

SECTION 11F.5.(b) Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, each facility that receives funds allocated under subsection (a) of this section shall be allowed to

construct new or convert unused acute care beds into licensed, inpatient behavioral health beds without undergoing certificate of need review by the Division of Health Service Regulation for the beds constructed or converted with funds allocated under subsection (a) of this section. All newly constructed or converted beds shall be subject to existing licensure laws and requirements. As a condition of receiving these funds, each selected rural hospital shall reserve at least fifty percent (50%) of the constructed or converted beds for (i) purchase by the Department under the State-administered, three-way contract and (ii) referrals by local management entities/managed care organizations (LME/MCOs) of individuals who are indigent or Medicaid recipients. Any hospital unit or other location with inpatient behavioral health beds constructed or converted with funds allocated under subsection (a) of this section shall be named in honor of Dorothea Dix.

SECTION 11F.5.(c) Beginning November 1, 2018, the Department of Health and Human Services shall annually report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section. By December 1, 2020, the Department shall submit a report that includes a proposal for funding the recurring operating costs of these additional beds from a source or sources other than the Dorothea Dix Hospital Property Funds, including the identification of potential new funding sources.

SECTION 11F.5.(d) It is the intent of the General Assembly to continue to increase the number of facility-based crisis centers in North Carolina for children and adolescents. To that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2017-2018 fiscal year, the sum of two million dollars ($2,000,000) in nonrecurring funds shall be used to award grants on a competitive basis for the establishment of up to two new facility-based crisis centers in the State for children and adolescents. The Department shall establish a process for applying for these grants, criteria for evaluating applications, and a process for allocating grants.

SECTION 11F.5.(e) It is the intent of the General Assembly to reduce avoidable emergency department readmissions and emergency department boarding times among individuals with behavioral health needs. To that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2017-2018 fiscal year, the sum of two million dollars ($2,000,000) in nonrecurring funds shall be allocated for the development and establishment of a two-year pilot program at a hospital in Wake County that supports a hospital-based, comprehensive community case management program. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in consultation with local management entities/managed care organizations responsible for the management and provision of mental health, developmental disabilities, and substance abuse disorder services in Wake County under the 1915(b)/(c) Medicaid Waiver, shall oversee the development and establishment of the pilot program to ensure it is designed to reduce avoidable emergency department readmissions and emergency department boarding times among individuals with behavioral health needs. The pilot program shall be conducted at the hospital in Wake County with the largest number of emergency department visits that agrees to participate in the two-year pilot program authorized by this subsection.

By December 1, 2020, the Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division evaluating the effectiveness of the pilot program in reducing avoidable emergency department

readmissions and emergency department boarding times among individuals with behavioral health needs.

SECTION 11F.5.(f) Any funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) pursuant to Section 12F.4 of S.L. 2016-94 for the 2016-2017 fiscal year that are not expended or encumbered as of June 30, 2017, shall remain in the Dorothea Dix Hospital Property Fund.

SECTION 11F.5.(g) Any funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) pursuant to this section for the 2017-2018 fiscal year that are not expended or encumbered as of June 30, 2019, shall remain in the Dorothea Dix Hospital Property Fund.

ADDITIONS TO THE STRATEGIC PLAN FOR IMPROVEMENT OF BEHAVIORAL HEALTH SERVICES

SECTION 11F.6.(a) Section 12F.10(b) of S.L. 2016-94 reads as rewritten:

"**SECTION 12F.10.(b)** By January 1, 2018, the Department of Health and Human Services shall develop and submit to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, and the Fiscal Research Division a strategic statewide plan to improve the efficiency and effectiveness of State-funded behavioral health services. In developing the plan, the Department shall review and consider its past and current studies, and associated reports, relating to behavioral health services in the State. The plan shall include at least all of the following:

…

(5) Any other ~~component~~component, study, or report that the Department deems necessary to achieve the goal of improving the effective and efficient delivery and coordination of publicly funded behavioral health services across the State."

SECTION 11F.6.(b) Section 12F.10 of S.L. 2016-94 is amended by adding a new subsection to read:

"**SECTION 12F.10.(b1)** In the development of the strategic statewide plan, required under subsection (b) of this section, the Department of Health and Human Services shall consider policy issues pertaining to the delivery of services for people with intellectual and developmental disabilities. Consideration shall be given to all of the following:

(1) The causes and potential solutions for the growing waitlist for NC Innovations Waiver slots. Potential solutions to be studied include the following:

a. Increasing the funding for the 1915(c) Innovations Waiver to result in more individuals served.

b. Creating new support waiver slots as recommended in the March 2015 "Study Additional 1915(c) Waiver" report from the Department of Health and Human Services, Division of Medical Assistance, to the Joint Legislative Oversight Committee on Health and Human Services.

c. Utilizing a 1915(i) waiver option and exploring how the 1115 waiver required for Medicaid transformation may assist in addressing current waitlist for services.

(2) Issues surrounding single-stream funding and how single-stream funding is used to support services for people with intellectual and developmental disabilities.

(3) Multiple federal mandates that will directly impact current services and supports for people with intellectual and developmental disabilities, including Home and Community-Based Services changes, the Work Force

Innovations and Opportunities Act, and changes under section 14(c) of the federal Fair Labor Standards Act.

(4) The coverage of services for the treatment of autism, including any State Plan amendment needed to address guidance issued by the Centers for Medicare and Medicaid Services."

TRAUMATIC BRAIN INJURY FUNDING

SECTION 11F.8. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of two million three hundred seventy-three thousand eighty-six dollars ($2,373,086) for the 2017-2018 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars ($2,373,086) for the 2018-2019 fiscal year shall be used exclusively to support traumatic brain injury (TBI) services as follows:

(1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars ($359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or other appropriate service providers.

(2) The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars ($796,934) shall be used to support residential programs across the State that are specifically designed to serve individuals with TBI.

(3) The sum of one million two hundred sixteen thousand nine hundred thirty-four dollars ($1,216,934) shall be used to support requests submitted by individual consumers for assistance with residential support services, home modifications, transportation, and other requests deemed necessary by the consumer's local management entity and primary care physician.

FUNDS FOR BROUGHTON HOSPITAL LITIGATION COSTS RELATED TO CONSTRUCTION DELAYS AND TO EXTEND THE STUDY ON THE FUTURE USE OF BROUGHTON HOSPITAL FACILITIES

SECTION 11F.13. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for Broughton Hospital, the sum of up to two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of up to two million five hundred thousand dollars ($2,500,000) for the 2018-2019 fiscal year shall be used to offset the following costs arising from delays in the construction of the new Broughton Hospital:

(1) A combined sum for both years of the 2017-2019 fiscal biennium of not more than two million two hundred twenty thousand dollars ($2,220,000) in nonrecurring funds for litigation costs resulting from anticipated or pending litigation against private third parties. The Secretary of the Department of Health and Human Services may retain private legal counsel to represent the interest of the State in such litigation, as provided in G.S. 147-17(c1), as amended by this act, and G.S. 114-2.3(d), as amended by this act.

(2) The sum of one hundred eighty thousand dollars ($180,000) for the 2017-2018 fiscal year shall be transferred to the Department of Commerce to extend the study on the future use of Broughton Hospital Facilities authorized by Section 15.20 of S.L. 2014-100, as amended by Section 15.5 of S.L. 2016-94.

(3) A combined sum for both years of the 2017-2019 fiscal biennium of not more than the balance of the funds allocated under this section or two million six hundred thousand dollars ($2,600,000) in nonrecurring funds, whichever is greater, for any combination of the following:

a. Costs related to design changes, technology changes, continued use of the existing hospital, staffing, and other costs directly related to the delays in construction.

b. Costs to equip the new hospital.

c. Administrative costs.

FUNDS FOR OVERDOSE MEDICATIONS

SECTION 11F.14. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred thousand dollars ($100,000) in recurring funds for each year of the 2017-2019 fiscal biennium shall be used to purchase opioid antagonists, as defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

(1) Seventy-five thousand dollars ($75,000) in recurring funds for each year of the 2017-2019 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to the North Carolina Harm Reduction Coalition to serve individuals at risk of experiencing an opioid-related drug overdose or to the friends and family members of an at-risk individual.

(2) Twenty-five thousand dollars ($25,000) in recurring funds for each year of the 2017-2019 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to North Carolina law enforcement agencies.

Divisions of MH-DD-SAS and State Operated Healthcare Facilities – DHHS
House Appropriations, Health and Human Services

Requested by

NC START FUNDING AND REPORT

SECTION #.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2018-2019 fiscal year shall be allocated to contracts for providing North Carolina Systemic, Therapeutic Assessment, Respite and Treatment (NC START) services, an evidenced-based model of community-based crisis prevention and intervention services for individuals with Intellectual/Developmental Disabilities (I/DD) who are at least 18 years of age and who experience crises due to mental health or complex behavioral health issues.

SECTION #.(b) By December 1, 2020, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report to the Joint Legislative Oversight Committee on Health and Human Services on NC START services funded by State appropriations during the 2017-2019 fiscal biennium. The report shall include at least all of the following components:

(1) A breakdown of expenditures.

(2) The number of individuals who received services, broken down by age and category of disability.

(3) Specific and objectively measurable outcomes for each individual who received services.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Proofed
SPECIAL PROVISION **2017-DMH-H13-P**

Divisions of MH-DD-SAS and State Operated Healthcare Facilities – DHHS
House Appropriations, Health and Human Services

Requested by

REPEAL OF LME/MCO CLINICAL INTEGRATION ACTIVITIES REPORT

SECTION #. Subsection (e) of Section 12F.4A of S.L. 2013-360 is repealed.

Divisions of MH-DD-SAS and State Operated Healthcare Facilities – DHHS
House Appropriations, Health and Human Services

Requested by

LME/MCO FUND BALANCE, CASH RESERVE DESIGNATION, AND REINVESTMENT

SECTION #.(a) Prior to the submission of the behavioral health strategic statewide plan that is required, in accordance with Section 12F.10 of S.L. 2016-94, to be submitted by January 1, 2018, and that will contain comprehensive solvency standards for LME/MCOs, the Department of Health and Human Services (Department) shall establish interim policies regarding LME/MCO cash reserves and reinvestments that apply to the LME/MCO's entire operation. These interim policies shall be incorporated, as appropriate, into the final comprehensive solvency standards contained in the behavioral health strategic statewide plan.

SECTION #.(b) In addition to the Medicaid risk reserve that the LME/MCOs must maintain as required by their contracts with the Department of Health and Human Services, LME/MCOs may maintain other operating and cash reserve accounts. The Department shall determine what operating and cash reserve accounts are permissible and which reserve accounts are restricted or unrestricted. LME/MCOs may not use funds in restricted reserves for any purpose other than those approved by the Department. Funds in unrestricted reserves must be used for the provision of mental health, developmental disability, and substance abuse services (MH/DD/SAS) to individuals in the catchment area of the LME/MCO. Plans for the reinvestment of unrestricted reserves must be approved by the Department, must result in specific measurable outcomes, and must be consistent with the Medicaid State Plan, the Department's behavioral health strategic statewide plan, and the long-term goals of the Department for the provision of MH/DD/SAS services. The Department shall set a balance threshold for each LME/MCO's unrestricted reserve account.

SECTION #.(c) By March 1 of each year, the Department shall notify each LME/MCO of the approved purposes for which restricted cash reserve funds may be used and the LME/MCO's approved unrestricted cash reserve balance threshold for the next State fiscal year. The Department shall submit a copy of these notices to the Joint Legislative Oversight Committee Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, and the Fiscal Research Division.

SECTION #.(d) The Department shall review the cash reserves of each LME/MCO on December 31 and June 30 of each year. If the unrestricted cash reserve balance exceeds the threshold set by the Department, the Department may withhold the amount in excess of the threshold from the monthly single-stream payments to the LME/MCO so long as doing so does not impact the ability of the LME/MCO to meet the maintenance of effort spending requirements to maintain federal block grant funding developed pursuant to Section 11F.2(e) of this act. If the withholding of the amount in excess of the threshold from the single-stream payments to the LME/MCO would result in the LME/MCO's inability to meet the maintenance of effort spending requirements to maintain federal block grant funding developed pursuant to Section 11F.2(e) of this act, then the LME/MCO shall be required to transfer to its Medicaid risk reserve an amount equal to the lesser of (i) the amount of the unrestricted cash reserve balance that exceeds the threshold set by the Department or (ii) the amount needed to

reach a Medicaid risk reserve balance of fifteen percent (15%) of the LME/MCO's annual capitation payment. Any funds withheld may be distributed by the Department to any LME/MCOs that are in compliance with the unrestricted cash reserve balance thresholds. These distributed funds shall be used for the provision of priority MH/DD/SAS services in accordance with the Department's behavioral health strategic statewide plan that result in specific measurable outcomes. These withheld funds shall not be used by the Department for any other purpose without an act by the General Assembly.

SECTION #.(e) If a LME/MCO's unrestricted cash reserve balance exceeds the threshold set by the Department, then the LME/MCO must maintain the level of services provided across the LME/MCO's catchment area in the preceding 12 months regardless of any withholding of single-stream payments under subsection (d) of this section. This requirement shall not be construed to require LME/MCOs to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. Further, this requirement shall not be construed to create a private right of action for any person or entity against the State of North Carolina or the Department of Health and Human Services or any of its divisions, agents, or contractors and shall not be used as authority in any contested case brought pursuant to Chapter 108A or 108D of the General Statutes.

SECTION #.(f) If actions taken under subsection (d) and (e) of this section do not result in the unrestricted cash reserve balance meeting the threshold requirements at the next semi-annual review required by subsection (d) of this section, then the Department shall develop a plan to reduce payments, transfer funds, or ensure that funds are spent on needed MH/DD/SAS services that will result in the LME/MCO's unrestricted cash reserves balance meeting the Department's threshold requirements. The plan must comply with all State and federal laws, rules, regulations, and the Medicaid State Plan and waivers.

SECTION #.(g) Upon a demonstration that the LME/MCO's unrestricted cash reserves balance is in compliance with the Department's threshold requirements, the Department shall discontinue the actions taken under subsection (d) of this section, the LME/MCO shall no longer be subject to the requirements of subsection (e) of this section, and the LME/MCO shall no longer be required to comply with any plan developed under subsection (f) of this section.

SECTION #.(h) This section is effective when it becomes law and expires on June 30, 2019, or on the date when the solvency standards requirement by Section 12F.10(b)(f) of S.L. 2016-94 are incorporated into State contracts with each LME/MCO, whichever is earlier. The Secretary of the Department of Health and Human Services shall certify to the Revisor of Statutes that the solvency standards have been incorporated into State contracts with each LME/MCO.

FUNDS TO CONTINUE COMMUNITY PARAMEDICINE PILOT PROGRAM

SECTION 11G.1.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Service Regulation, the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds for the 2017-2018 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds for the 2018-2019 fiscal year shall be used to continue the community paramedicine pilot program authorized in Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94, as follows:

(1) The sum of two hundred ten thousand dollars ($210,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the New Hanover Regional Emergency Medical Services site.

(2) The sum of seventy thousand dollars ($70,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the McDowell County Emergency Medical Services site.

(3) The sum of seventy thousand dollars ($70,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the Wake County Emergency Medical Services site.

The focus of this community paramedicine pilot program shall continue to be expansion of the role of paramedics to allow for community-based initiatives that result in providing care that avoids nonemergency use of emergency rooms and 911 services and avoidance of unnecessary admissions into health care facilities.

SECTION 11G.1.(b) The participation requirements, objectives, standards, and required outcomes for the pilot program shall remain the same as established pursuant to Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

SECTION 11G.1.(c) By November 1, 2019, the Department of Health and Human Services shall submit an updated report on the community paramedicine pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the updated report shall include all of the following:

(1) Any updated version of the evaluation plan required by subsection (d) of Section 12A.12 of S.L. 2015-241.

(2) An estimate of the cost to expand the program incrementally and statewide.

(3) An estimate of any potential savings of State funds associated with expansion of the program.

(4) If expansion of the program is recommended, a time line for expanding the program.

FACILITIES INCLUDED UNDER SINGLE HOSPITAL LICENSE

SECTION 11G.2.(a) G.S. 131E-77(e1) reads as rewritten:

"(e1) Any license issued by the Department shall include only ~~facilities, premises, buildings, outpatient clinics, and other locations~~ facilities (i) operated by the hospital within a single county and (ii) operated by the hospital in an immediately adjoining county; provided, however, that ~~facilities, premises, buildings, outpatient clinics, and other locations~~ facilities operated by a hospital in an immediately adjoining county shall only be included within the same hospital license if the applicant hospital demonstrates all of the following to the satisfaction of the Department:

(1) There was previously only one hospital licensed by the Department ~~and~~ providing inpatient services in the immediately adjoining county.

(2) The licensed ~~inpatient~~ hospital in the immediately adjoining county described in subdivision (1) of this subsection closed or otherwise ceased providing hospital services to patients no more than three years prior to the date the applicant hospital first applied to license a ~~facility, premises, building, outpatient clinic, or location~~ facility in such immediately adjoining county.

If the Department approves ~~an applicant~~ a hospital's initial request to include within its hospital ~~licensure an initial facility, premises, building, outpatient clinic, or other location~~ license a facility in an immediately adjoining county, then any other ~~designated facilities, premises, buildings, outpatient clinics, or other locations~~ hospital services thereafter developed and operated by the applicant in such immediately adjoining county in accordance with applicable law may also be included within and covered by the license issued to the applicant by the Department."

SECTION 11G.2.(b) This section is effective when this act becomes law.

MEDICAID ELIGIBILITY

SECTION 11H.1.(a) Families and children who are categorically and medically needy are eligible for Medicaid, subject to the following annual income levels:

Family Size	Categorically Needy Income Level	Medically Needy Income Level
1	$ 5,208	$ 2,904
2	6,828	3,804
3	8,004	4,404
4	8,928	4,800
5	9,888	5,196
6	10,812	5,604
7	11,700	6,000
8	12,432	6,300

The Department of Health and Human Services shall provide Medicaid coverage to 19- and 20-year-olds under this subsection in accordance with federal rules and regulations. Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 11H.1.(b) For the following Medicaid eligibility classifications for which the federal poverty guidelines are used as income limits for eligibility determinations, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines. The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to the following:

(1) All elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines.

(2) Pregnant women with incomes equal to or less than one hundred ninety-six percent (196%) of the federal poverty guidelines and without regard to resources. Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy.

(3) Infants under the age of one with family incomes equal to or less than two hundred ten percent (210%) of the federal poverty guidelines and without regard to resources.

(4) Children aged one through five with family incomes equal to or less than two hundred ten percent (210%) of the federal poverty guidelines and without regard to resources.

(5) Children aged six through 18 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines and without regard to resources.

The Department of Health and Human Services, Division of Medical Assistance, shall also provide family planning services to men and women of childbearing age with family incomes equal to or less than one hundred ninety-five percent (195%) of the federal poverty guidelines and without regard to resources.

SECTION 11H.1.(c) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to adoptive children with special or rehabilitative needs, regardless of the adoptive family's income.

SECTION 11H.1.(d) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to "independent foster care adolescents," ages 18, 19, and 20, as defined in section 1905(w)(1) of the Social Security Act (42 U.S.C. § 1396d(w)(1)), without regard to the adolescent's assets, resources, or income levels.

SECTION 11H.1.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to women who need treatment for breast or cervical cancer and who are defined in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).

Division of Medical Assistance (Medicaid) - DHHS
House Appropriations, Health and Human Services

MEDICAID ANNUAL REPORT

SECTION 11H.2. The Department of Health and Human Services, Division of Medical Assistance (Division), shall continue the publication of the Medicaid Annual Report and accompanying tables. The Division shall publish the report and tables on its Web site no later than December 31 following each State fiscal year.

PROVIDER APPLICATION AND RECREDENTIALING FEE

SECTION 11H.3. Chapter 108C of the General Statutes is amended by adding a new section to read:

"**§ 108C-2.1. Provider application and recredentialing fee.**

(a) Each provider that submits an application to enroll in the Medicaid program shall submit an application fee. The application fee shall be the sum of the amount federally required and one hundred dollars ($100.00).

(b) The fee required under subsection (a) of this section shall be charged to all providers at recredentialing every five years."

ADMINISTRATIVE HEARINGS FUNDING

SECTION 11H.4. Of the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, for administrative contracts and interagency transfers, the Department of Health and Human Services (Department) shall transfer the sum of one million dollars ($1,000,000) for the 2017-2018 fiscal year and the sum of one million dollars ($1,000,000) for the 2018-2019 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by the OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate the Department's ability to draw down federal Medicaid funds to support this administrative function. Upon receipt of invoices from the OAH for covered services rendered in accordance with the MOA, the Department shall transfer the federal share of Medicaid funds drawn down for this purpose.

Division of Medical Assistance (Medicaid) - DHHS
House Appropriations, Health and Human Services

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 11H.5.(a) Receivables reserved at the end of the 2017-2018 and 2018-2019 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years.

SECTION 11H.5.(b) For the 2017-2018 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred sixty-four million seven hundred thousand dollars ($164,700,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2018-2019 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-nine million six hundred thousand dollars ($149,600,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of the payments from the Division of Medical Assistance for uncompensated care. The treatment of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

SECTION 11H.6. The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS

SECTION 11H.7. The Department of Health and Human Services (Department) shall issue Medicaid identification cards to recipients on an annual basis with updates as needed. The Department shall adopt rules, or amend any current rules relating to Medicaid identification cards, to implement this section.

LME/MCO OUT-OF-NETWORK AGREEMENTS

SECTION 11H.8.(a) The Department of Health and Human Services (Department) shall continue to ensure that local management entities/managed care organizations (LME/MCOs) utilize an out-of-network agreement that contains standardized elements developed in consultation with LME/MCOs. The out-of-network agreement shall be a streamlined agreement between a single provider of behavioral health or intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and comply with all requirements of State and federal laws and regulations. LME/MCOs shall use the out-of-network agreement in lieu of a comprehensive provider contract when all of the following conditions are met:

(1) The services requested are medically necessary and cannot be provided by an in-network provider.

(2) The behavioral health or IDD provider's site of service delivery is located outside of the geographical catchment area of the LME/MCO, and the LME/MCO is not accepting applications or the provider does not wish to apply for membership in the LME/MCO closed network.

(3) The behavioral health or IDD provider is not excluded from participation in the Medicaid program, the NC Health Choice program, or other State or federal health care program.

(4) The behavioral health or IDD provider is serving no more than two enrollees of the LME/MCO, unless the agreement is for inpatient hospitalization, in which case the LME/MCO may, but shall not be required to, enter into more than five such out-of-network agreements with a single hospital or health system in any 12-month period.

SECTION 11H.8.(b) Medicaid providers providing services pursuant to an out-of-network agreement shall be considered a network provider for purposes of Chapter 108D of the General Statutes only as it relates to enrollee grievances and appeals.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 11H.10. The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Medical Assistance (DMA), in an aggregate amount of seventeen million seven hundred thirty-six thousand nine hundred eighty-five dollars ($17,736,985) in the 2017-2018 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) for the 2018-2019 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DMA. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	2017-2018	**2018-2019**
Alliance Behavioral Healthcare	$2,994,703	$3,043,874
Cardinal Innovations Healthcare	$4,118,912	$4,186,543
Eastpointe	$2,011,858	$2,044,892
Partners Behavioral Health Management	$1,913,793	$1,945,216
Sandhills Center	$1,924,822	$1,956,427
Trillium Health Resources	$2,457,426	$2,497,775
Vaya Health	$2,315,471	$2,353,490

In the event that any county disengages from an LME/MCO and realigns with another LME/MCO during the 2017-2019 fiscal biennium, DMA shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium are achieved.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 11H.11. The Department of Health and Human Services, Division of Medical Assistance, shall amend the North Carolina Innovations waiver to increase the number of slots available under the waiver by 250 slots. These additional slots shall be made available on January 1, 2018.

Division of Medical Assistance (Medicaid) - DHHS
House Appropriations, Health and Human Services

INCREASE PERSONAL CARE SERVICES RATE

SECTION 11H.12. Beginning January 1, 2018, the Department of Health and Human Services, Division of Medical Assistance, shall increase to three dollars and ninety-four cents ($3.94) the rate paid per 15-minute billing unit for personal care services provided pursuant to Clinical Coverage Policy 3L.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Proofed
SPECIAL PROVISION **2017-DMA-H22-P**

Division of Medical Assistance (Medicaid) - DHHS
House Appropriations, Health and Human Services

Requested by

RETROACTIVE PERSONAL CARE SERVICES PAYMENT

SECTION 11H.12A.(a) The Department of Health and Human Services, Division of Medical Assistance, shall amend Section 5.5, Retroactive Prior Approval for PCS, of Clinical Coverage Policy 3L, State Plan Personal Care Services (PCS), to extend the allowable retroactive period for prior approvals for personal care services from 10 days to 30 days upon the same conditions that are currently required for retroactive prior approval of personal care services. This section shall not be construed to require Medicaid reimbursement for personal care services provided within the retroactive period in excess of the number of hours approved through the prior approval process.

SECTION 11H.12A.(b) This section becomes effective August 1, 2017, and applies to Requests for Independent Assessment for Personal Care Services Attestation for Medical Need forms received on or after that date.

Division of Medical Assistance (Medicaid) - DHHS
House Appropriations, Health and Human Services

GRADUATE MEDICAL EDUCATION MEDICAID REIMBURSEMENT

SECTION 11H.13.(a) Beginning July 1, 2017, the Department of Health and Human Services, Division of Medical Assistance, shall no longer be required to implement the prohibitions on reimbursement for Graduate Medical Education payments required by Section 12H.23 of S.L. 2015-241, as amended by Section 88 of S.L. 2015-264.

SECTION 11H.13.(b) No later than January 1, 2018, the Department of Health and Human Services, Division of Medical Assistance, shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division on any changes in spending or other actions taken that will result in lower overall appropriations needed for the 2017-2019 fiscal biennium.

PLAN TO IMPLEMENT COVERAGE FOR HOME VISITS FOR PREGNANT WOMEN AND FAMILIES WITH YOUNG CHILDREN

SECTION 11H.14.(a) It is the intent of the General Assembly to provide Medicaid and NC Health Choice coverage for evidence-based home visits for pregnant women and families with young children designed to improve maternal and child health, prevent child abuse and neglect, encourage positive parenting, and promote child development and school readiness that are consistent with the model used by Nurse-Family Partnership. No later than July 1, 2018, the Department of Health and Human Services, Division of Medical Assistance (Department), shall begin providing Medicaid and NC Health Choice coverage for home visits statewide or through a pilot program.

The Department shall develop a plan to implement changes necessary to provide Medicaid and NC Health Choice coverage for home visits statewide or through a pilot program; however, consistent with G.S. 108A-54(e)(4), the Department is not authorized to make any changes to eligibility for the Medicaid or NC Health Choice programs. The plan shall detail the design and scope of coverage for the home visits for pregnant women and families with young children and include the identification of any State Plan Amendments or waivers that may be necessary to submit to the Centers for Medicare and Medicaid Services.

SECTION 11H.14.(b) No later than November 1, 2017, the Department shall submit to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division a report containing the following information:

(1) As required by subsection (a) of this section, a copy of the plan to provide, no later than July 1, 2018, Medicaid and NC Health Choice coverage for home visits statewide or through a pilot program.

(2) A detailed description of the coverage to be provided, including the proposed service definition, the home visit schedule, the scope of the covered service, and the anticipated reimbursement rate to be paid.

(3) An analysis of the total fiscal impact of adding Medicaid and NC Health Choice coverage for the home visits for pregnant women and families with young children. This shall include an outline of both costs and savings to the Medicaid and NC Health Choice programs, as well as any savings to other programs provided by the State.

(4) A description of how the Department intends to leverage any private funding that may be currently utilized to provide coverage for evidence-based home visits for pregnant women and families with young children.

(5) Whether the Department intends to add this coverage pursuant to its authority under G.S. 108A-54(e) or whether additional appropriations are required.

(6) Any plans to include pay-for-success initiatives as part of the Medicaid and NC Health Choice funding for the covered service.

(7) An anticipated time line for the implementation of the Department's plan and the submission of any necessary State Plan Amendments or waivers to the Centers for Medicare and Medicaid Services.

PLAN TO ESTABLISH MEDICAID COVERAGE FOR AMBULANCE TRANSPORTS TO ALTERNATIVE APPROPRIATE CARE LOCATIONS

SECTION 11H14A.(a) It is the intent of the General Assembly to provide opportunities to divert individuals in behavioral health crisis from hospital emergency departments to alternative appropriate care locations. Consistent with Option 1 outlined in the Department of Health and Human Services' (Department) March 1, 2015, legislative report entitled "Ambulance Transports to Crisis Centers," the Department shall design a plan for adding Medicaid coverage for ambulance transports of Medicaid recipients in behavioral health crisis to behavioral health clinics or other alternative appropriate care locations. The plan shall ensure the following:

(1) Medicaid reimbursement is contingent upon an Emergency Medical Services (EMS) System's ability to demonstrate its EMS providers have received appropriate education in caring for individuals in behavioral health crisis and that the EMS System has at least one partnership with a receiving facility that is able to provide care appropriate for those individuals.

(2) An EMS System shall be required to include in its EMS System Plan a report on patient experiences and outcomes in accordance with rules adopted by the Department of Health and Human Services, Division of Health Regulation, Office of Emergency Medical Services.

SECTION 11H14A.(b) No later than December 1, 2017, the Department shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on the plan for adding Medicaid coverage for ambulance transports of Medicaid recipients in behavioral health crisis to behavioral health clinics or other alternative appropriate care locations. The report shall include the following:

(1) The proposed reimbursement methodology to be utilized.

(2) An analysis of the financial impact of adding the coverage, including any anticipated costs to the Medicaid program.

(3) Whether the Department intends to add this coverage pursuant to its authority under G.S. 108A-54(e) or whether additional appropriations are required.

(4) If the Department intends to add this coverage pursuant to its authority under G.S. 108A-54(e), a time line for submission of any State Plan amendments or any waivers necessary for implementation and expected implementation date.

NC TRACKS ENHANCEMENTS TO PREVENT AND DETECT FRAUD, WASTE, AND ABUSE

SECTION 11H.15. The Department of Health and Human Services (Department) shall enhance the capability of the NC Tracks Medicaid Management Information System (MMIS) to include the ability to detect and prevent fraud, waste, and abuse prior to the payment of claims. Program changes shall be made to MMIS to prevent claims payment to providers when fraud, waste, or abuse is identified. The new capability required by this subsection shall utilize publicly available data regarding Medicaid providers and recipients. For this new capability, the Department shall establish criteria for the identification of suspicious claims, suspicious patterns of activity, or both without preselecting providers or recipients for review. Claims or patterns of activity identified by this new capability shall be evaluated utilizing a combination of automated and manual processes to determine the validity of the suspected fraud, waste, or abuse prior to the issuance of any payment to the provider for the suspicious claims.

The new capability required by this subsection shall be implemented utilizing existing MMIS contracts no later than 210 days after this section becomes law. Nothing in this section shall be construed to change or limit any current laws or rules regarding prompt payment to providers or provider prepayment claims review.

DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM MODIFICATIONS

SECTION 11H.16. Except for eligibility categories and income thresholds and except for statutory changes, the Department of Health and Human Services shall not be required to maintain, after June 30, 2019, any modifications to the Medicaid and NC Health Choice programs required by this Subpart.

MEDICAID TRANSFORMATION TECHNICAL AND CLARIFYING CHANGES

SECTION 11H.17.(a) Section 4 of S.L. 2015-245, as amended by Section 2(b) of S.L. 2016-121, reads as rewritten:

"**SECTION 4.** Structure of Delivery System. – The transformed Medicaid and NC Health Choice programs described in Section 1 of this act shall be organized according to the following principles and parameters:

…

(4) Services covered by PHPs. – Capitated PHP contracts shall cover all Medicaid and NC Health Choice services, including physical health services, prescription drugs, long-term services and supports, and behavioral health services for NC Health Choice recipients, except as otherwise provided in this subdivision. The capitated contracts required by this subdivision shall not cover:

…

d. ~~Audiology, speech therapy, occupational therapy, physical therapy, nursing, and psychological services prescribed~~Services documented in an Individualized Education Program (IEP) and ~~performed by schools or individuals contracted with~~provided or billed by Local Education Agencies.

e. Services provided ~~directly~~and billed by a Children's Developmental Services Agency (CDSA) ~~or by a provider under contract with a CDSA if the service is authorized through the CDSA and is~~that are included on the child's Individualized Family Service Plan.

…."

SECTION 11H.17.(b) G.S. 143B-216.80(b)(1) reads as rewritten:

"(1) Employees of the Division of Health Benefits shall not be subject to the North Carolina Human Resources Act, except as provided in ~~G.S. 126-5(c1)(31).~~G.S. 126-5(c1)(33)."

Division of Medical Assistance (Medicaid) - DHHS
House Appropriations, Health and Human Services

Requested by

PREPAID HEALTH PLAN BID AND CONTRACT EXCLUSIONS

SECTION #. Any health insurer or prepaid health plan that is in litigation, as of April 1, 2017, with the United States government that involves overbilling or otherwise defrauding the Medicare program, may not bid for and may not be granted a contract with the State as a prepaid health plan under the State's 1115 Demonstration Waiver submitted in accordance with S.L. 2015-245, as amended.

PREPAYMENT CLAIMS REVIEW MODIFICATIONS

SECTION 11H.19.(a) G.S. 108C-7 reads as rewritten:

"**§ 108C-7. Prepayment claims review.**

(a) In order to ensure that claims presented by a provider for payment by the Department meet the requirements of federal and State laws and regulations and medical necessity criteria, a provider may be required to undergo prepayment claims review by the Department. Grounds for being placed on prepayment claims review shall include, but shall not be limited to, receipt by the Department of credible allegations of fraud, identification of aberrant billing practices as a result of ~~investigations or~~ investigations, data analysis performed by the ~~Department~~ Department, the failure of the provider to timely respond to a request for documentation made by the Department or one of its authorized representatives, or other grounds as defined by the Department in rule.

(b) Providers shall not be entitled to payment prior to claims review by the Department. The Department shall notify the provider in writing of the decision and the process for submitting claims for prepayment claims ~~review no less than 20 calendar days prior to instituting prepayment claims~~ review. The written notice shall be deposited, first-class postage prepaid, in the United States mail and addressed to the most recent address given by the provider to the Department. The prepayment claims review shall be instituted no less than 20 calendar days from the date of the mailing of written notification. The notice shall contain all of the following:

…

(4) A specific list of all supporting documentation that the provider will need to submit ~~contemporaneously with the~~ to the prepayment review vendor for all claims that ~~will be~~ are subject to the prepayment claims review.

…

(d) The Department shall process all clean claims submitted for prepayment review within 20 calendar days of ~~submission by the provider~~ receipt of the supporting documentation for each claim by the prepayment review vendor. To be considered by the Department, the documentation submitted must be complete, legible, and clearly identify the provider to which the documentation applies. If the provider failed to provide any of the specifically requested supporting documentation necessary to process a claim pursuant to this section, the Department shall send to the provider written notification of the lacking or deficient documentation within 15 calendar days of ~~receipt of such claim~~ the due date of requested supporting documentation. The Department shall have an additional 20 days to process a claim upon receipt of the documentation.

(e) The provider shall remain subject to the prepayment claims review process until the provider achieves three consecutive months with a minimum seventy percent (70%) clean claims ~~rate~~rate, provided that the number of claims submitted per month is no less than fifty percent (50%) of the provider's average monthly submission of Medicaid claims for the three-month period prior to the provider's placement on prepayment review. If a provider does not submit any claims following placement on prepayment review in any given month, then the

claims accuracy rating shall be zero percent (0%) for each month in which no claims were submitted. If the provider does not meet ~~this standard~~ the seventy percent (70%) clean claims rate minimum requirement for three consecutive months within six months of being placed on prepayment claims review, the Department may implement sanctions, including termination of the applicable Medicaid Administrative Participation Agreement, or continuation of prepayment ~~review for an additional six-month period.~~review. The Department shall give adequate advance notice of any modification, suspension, or termination of the Medicaid Administrative Participation Agreement.~~ In no instance shall prepayment claims review continue longer than 12 months.~~

Prepayment claims review shall not continue longer than 24 consecutive months unless the Department has initiated the termination or other sanction of the provider and the provider has appealed that termination or sanction. If the Department has initiated the termination or other sanction of the provider and the provider has appealed that termination or sanction, then the provider shall remain on prepayment review until the final disposition of the Department's termination or other sanction of the provider.

(e1) Failure of a provider to meet the seventy percent (70%) clean claims rate minimum requirement may result in a termination action. A termination action taken shall reflect the failure of the provider to meet the seventy percent (70%) clean claims rate minimum requirement and shall result in exclusion of the provider from future participation in the Medicaid program. If a provider fails to meet the seventy percent (70%) clean claims rate minimum requirement and subsequently requests a voluntary termination, the termination shall reflect the provider's failure to successfully complete prepayment claims review and shall result in exclusion of the provider from future participation in the Medicaid program.

(e2) A provider shall not withhold claims to avoid the claims review process. Any claims for services provided during the period of prepayment review may still be subject to review prior to payment regardless of the date the claims are submitted and regardless of whether the provider has been taken off of prepayment review for any reason, including attaining a minimum of seventy percent (70%) clean claims rate for three consecutive months, the expiration of the 24-month time limit, or the termination of the provider.

(f) The decision to place or maintain a provider on prepayment claims review does not constitute a contested case under Chapter 150B of the General Statutes. A provider may not appeal or otherwise contest a decision of the Department to place or maintain a provider on prepayment review.

(g) If a provider elects to appeal the Department's decision to impose sanctions on the provider as a result of the prepayment review process to the Office of Administrative Hearings, then the provider shall have 45 days from the date that the appeal is filed to submit any documentation or records that address or challenge the findings of the prepayment review. The Department shall not review, and the administrative law judge shall not admit into evidence, any documentation or records submitted by the provider after the 45-day deadline. In order for a provider to meet its burden of proof under G.S. 108C-12(d) that a prior claim denial should be overturned, the provider must prove that (i) all required documentation was provided at the time the claim was submitted and was available for review by the prepayment review vendor and (ii) the claim should not have been denied at the time of the vendor's initial review."

SECTION 11H.19.(b) This section becomes effective October 1, 2017, and applies to providers who are placed on prepayment review on or after that date and written notices provided to providers on or after that date.

MEDICAID ELIGIBILITY DETERMINATION TIMELINESS REPORTING

SECTION 11H.21. Part 10 of Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"**§ 108A-70.43. Reporting.**

No later than November 1 of each year, the Department shall submit a report for the prior fiscal year to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division containing the following information:

(1) The annual statewide percentage of Medicaid applications processed in a timely manner for the fiscal year.

(2) The statewide average number of days to process Medicaid applications for each month in the fiscal year.

(3) The annual percentage of Medicaid applications processed in a timely manner by each county department of social services for the fiscal year.

(4) The average number of days to process Medicaid applications for each month for each county department of social services.

(5) The number of months during the fiscal year that each county department of social services met the timely processing standards under G.S. 108A-70.38.

(6) The number of months during the fiscal year that each county department of social services failed to meet the timely processing standards under G.S. 108A-70.38.

(7) A description of all corrective action activities conducted by the Department and county departments of social services in accordance with G.S. 108A-70.36.

(8) A description of how the Department plans to assist county departments of social services in meeting timely processing standards for Medicaid applications, for every county in which the performance metrics for processing Medicaid applications in a timely manner do not show significant improvement compared to the previous fiscal year."

MEDICAID SUBROGATION RIGHTS CONFORMING CHANGES

SECTION 11H.23. If Section 202(b) of the Bipartisan Budget Act of 2013, P.L. 113-67, takes effect on October 1, 2017, as provided in Section 202(c) of that act, as amended by Section 211 of the Protecting Access to Medicare Act of 2014, P.L. 113-93, and Section 220 of the Medicare Access and CHIP Reauthorization Act of 2015, P.L. 114-10, then G.S. 108A-57 reads as rewritten:

"**§ 108A-57. Subrogation rights; withholding of information a misdemeanor.**

(a) As used in this section, the term "beneficiary" means (i) the beneficiary of medical assistance, including a minor beneficiary, (ii) the medical assistance beneficiary's parent, legal guardian, or personal representative, (iii) the medical assistance beneficiary's heirs, and (iv) the administrator or the executor of the medical assistance beneficiary's estate.

Notwithstanding any other provisions of the law, to the extent of payments under this Part, the State shall be subrogated to all rights of recovery, contractual or otherwise, of ~~the~~ a beneficiary ~~of this assistance, or of the beneficiary's personal representative, heirs, or the administrator or executor of the estate,~~ against any person. A personal injury or wrongful death claim brought by a ~~medical assistance~~ beneficiary against a third party shall include a claim for all medical assistance payments for health care items or services furnished to the ~~medical assistance~~ beneficiary as a result of the injury, hereinafter referred to as the "Medicaid claim." Any personal injury or wrongful death claim brought by a ~~medical assistance~~ beneficiary against a third party that does not state the Medicaid claim shall be deemed to include the Medicaid claim.

(a1) ~~If the amount of the Medicaid claim does not exceed one-third of the medical assistance beneficiary's gross recovery, it is presumed that the gross recovery includes compensation for the full amount of the Medicaid claim. If the amount of the Medicaid claim exceeds one-third of the medical assistance beneficiary's gross recovery, it is presumed that one-third of the gross recovery represents compensation for the Medicaid claim.~~The Medicaid claim shall be a lien upon any recovery that a beneficiary obtains. The amount of the lien shall be equal to the total amount of the Medicaid claim but shall not exceed one-third of the gross amount of the recovery obtained.

If a beneficiary has claims against more than one third party related to the same injury, then the payment of the Medicaid lien on any individual recovery shall reduce the total balance of the Medicaid claim. The remaining balance of the Medicaid claim shall be applied as a lien on any subsequent recovery, provided that the lien on each recovery shall not exceed one-third of the gross amount of each recovery obtained.

~~(a2) A medical assistance beneficiary may dispute the presumptions established in subsection (a1) of this section by applying to the court in which the medical assistance beneficiary's claim against the third party is pending, or if there is none, then to a court of competent jurisdiction, for a determination of the portion of the beneficiary's gross recovery that represents compensation for the Medicaid claim. An application under this subsection shall be filed with the court and served on the Department pursuant to the Rules of Civil Procedure no later than 30 days after the date that the settlement agreement is executed by all parties and,~~

~~if required, approved by the court, or in cases in which judgment has been entered, no later than 30 days after the date of entry of judgment. The court shall hold an evidentiary hearing no sooner than 30 days after the date the action was filed. All of the following shall apply to the court's determination under this subsection:~~

~~(1) The medical assistance beneficiary has the burden of proving by clear and convincing evidence that the portion of the beneficiary's gross recovery that represents compensation for the Medicaid claim is less than the portion presumed under subsection (a1) of this section.~~

~~(2) The presumption arising under subsection (a1) of this section is not rebutted solely by the fact that the medical assistance beneficiary was not able to recover the full amount of all claims.~~

~~(3) If the beneficiary meets its burden of rebutting the presumption arising under subsection (a1) of this section, then the court shall determine the portion of the recovery that represents compensation for the Medicaid claim and shall order the beneficiary to pay the amount so determined to the Department in accordance with subsection (a5) of this section. In making this determination, the court may consider any factors that it deems just and reasonable.~~

~~(4) If the beneficiary fails to rebut the presumption arising under subsection (a1) of this section, then the court shall order the beneficiary to pay the amount presumed pursuant to subsection (a1) of this section to the Department in accordance with subsection (a5) of this section.~~

~~(a3) Notwithstanding the presumption arising pursuant to subsection (a1) of this section, the medical assistance beneficiary and the Department may reach an agreement on the portion of the recovery that represents compensation for the Medicaid claim. If such an agreement is reached after an application has been filed pursuant to subsection (a2) of this section, a stipulation of dismissal of the application signed by both parties shall be filed with the court.~~

(a4) Within 30 days of receipt of the proceeds of a settlement or judgment related to a claim described in subsection (a) of this section, the ~~medical assistance~~ beneficiary or any attorney retained by the beneficiary shall notify the Department of the receipt of the proceeds.

(a5) ~~The medical assistance~~ Within 30 days of receipt of the proceeds of a settlement or judgment related to a claim described in subsection (a) of this section, a beneficiary or any attorney retained by the beneficiary ~~shall, out of the proceeds obtained by or on behalf of the beneficiary by settlement with, judgment against, or otherwise from a third party by reason of injury or death,~~ shall distribute to the Department ~~the amount due pursuant to this section as follows:~~an amount sufficient to fully satisfy the Department's Medicaid lien as provided in subsection (a1) of this section. The Department's right to payment under this subsection shall be a right to first recovery and shall not be prorated with or otherwise reduced by the claims of any other persons or entities having medical subrogation or medical liens against the amount received or recovered by the beneficiary.

~~(1) If, upon the expiration of the time for filing an application pursuant subsection (a2) of this section, no application has been filed, then the amount presumed pursuant to subsection (a1) of this section, as prorated with the claims of all others having medical subrogation rights or medical liens against the amount received or recovered, shall be paid to the Department within 30 days of the beneficiary's receipt of the proceeds, in the absence of an agreement pursuant to subsection (a3) of this section.~~

~~(2) If an application has been filed pursuant to subsection (a2) of this section and no agreement has been reached pursuant to subsection (a3) of this section, then the Department shall be paid as follows:~~

~~a. If the beneficiary rebuts the presumption arising under subsection (a1) of this section, then the amount determined by the court pursuant to subsection (a2) of this section, as prorated with the claims of all others having medical subrogation rights or medical liens against the amount received or recovered, shall be paid to the Department within 30 days of the entry of the court's order.~~

~~b. If the beneficiary fails to rebut the presumption arising under subsection (a1) of this section, then the amount presumed pursuant to subsection (a1) of this section, as prorated with the claims of all others having medical subrogation rights or medical liens against the amount received or recovered, shall be paid to the Department within 30 days of the entry of the court's order.~~

~~(3) If an agreement has been reached pursuant to subsection (a3) of this section, then the agreed amount, as prorated with the claims of all others having medical subrogation rights or medical liens against the amount received or recovered, shall be paid to the Department within 30 days of the execution of the agreement by the medical assistance beneficiary and the Department.~~

(a6) The United States and the State of North Carolina shall be entitled to shares in each net recovery by the Department under this section. Their shares shall be promptly paid under this section and their proportionate parts of such sum shall be determined in accordance with the matching formulas in use during the period for which assistance was paid to the recipient.

(b) It is a Class 1 misdemeanor for any person seeking or having obtained assistance under this ~~Part~~ Part, for ~~himself~~ himself or herself or ~~another~~ for another, to willfully fail to disclose to the county department of social services or its attorney and to the Department the identity of any person or organization against whom the recipient of assistance has a right of recovery, contractual or otherwise.

(c) This section applies to the administration of and claims payments made by the Department of Health and Human Services under the NC Health Choice Program established under Part 8 of this Article.

(d) As required to ensure compliance with this section, the Department may apply to the court in which the ~~medical assistance~~ beneficiary's claim against the third party is pending, or if there is none, then to a superior court of competent jurisdiction for enforcement of this section."

PROFESSIONAL SUPPLEMENTAL PAYMENT ASSESSMENT

SECTION #.(a) Notwithstanding any other provision of law, in order to continue the supply of well-trained clinicians who practice and provide access to high-quality care for Medicaid patients across the State, the Department of Health and Human Services (Department) shall amend the Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, which pertains to supplemental payments, to replace the existing definition of "eligible medical professional providers" under subsection (c)(2) so as to expand the eligible medical professionals to include those Medicaid-enrolled North Carolina physicians, advance care practitioners, and other related professionals, who are employed or contracted by (i) State-operated schools of medicine, (ii) the University of North Carolina Health Care System, (iii) University Health Systems of Eastern Carolina, doing business as Vidant Health, (iv) any entity controlled by or under common control, including common operational control, with a hospital that qualifies to certify expenditures or a public hospital, (v) any entity controlled by or under common control, including common operational control, with a hospital that qualifies for Equity Enhanced Payments under the Medicaid State Plan, Attachment 4.19-B, Section 2, Pages 1a and 1b, or (vi) the faculty practice plan associated with Duke University. The Department shall further condition eligibility for contracted eligible professionals upon a demonstration that the contracts account for at least eighty percent (80%) of net professional fees from commercial payers or that the contracts address the overall financial risk of the professional's practice or group.

The Department shall submit the State Plan Amendment required by this subsection to the Centers for Medicare and Medicaid (CMS) no later than October 1, 2017. The Department shall not implement the requirements of this subsection until approval of the Medicaid State Plan Amendment required by this subsection is obtained from CMS.

SECTION #.(b) G.S. 108A-121 is rewritten to read:

"**§ 108A-121. Definitions.**

The following definitions apply in this Article:

(1) CMS. – Centers for Medicare and Medicaid Services.

(2) Critical access hospital. – Defined in 42 C.F.R. § 400.202.

(3) Department. – The Department of Health and Human Services.

(4) Equity assessment. – The assessment payable under G.S. 108A-123.

(5) Medicaid equity payment. – The amount required to be paid under G.S. 108A-124.

(5a) Professional supplemental payment. – The amount required to be paid under G.S. 108A-124.

(5b) Professional supplemental payment assessment. – The assessment payable under G.S. 108A-123.

(6) Public hospital. – A hospital that certifies its public expenditures to the Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which the assessment applies.

(7) Secretary. – The Secretary of Health and Human Services.
(8) State's annual Medicaid payment. – For an assessment collected under this Article, an amount equal to twenty-eight and eighty-five ~~one~~ hundredths percent (28.85%) of the total amount collected under the assessment.
(9) Total hospital costs. – The costs as calculated using the most recent available Hospital Cost Report Information Systems cost report data, available through CMS, or other comparable data.
(10) Upper pay limit (UPL). – The maximum ceiling imposed by federal regulation on hospital Medicaid payments under 42 C.F.R. § 447.272 for inpatient services.
(11) UPL assessment. – The assessment payable under G.S. 108A-123.
(12) UPL gap. – The difference between the UPL attributable to hospital inpatient services and the reasonable costs of inpatient hospital services as defined in Section (f)(2)(A) on page 11 of Attachment 4.19-A of the State Medicaid Plan as approved on December 15, 2005.
(13) UPL payment. – The amount required to be paid under G.S. 108A-124."

SECTION #.(c) G.S. 108A-122 reads as rewritten:

"**§ 108A-122. ~~Assessment.~~Assessment Percentage.**

(a) Assessment Imposed. – Except as provided in this section, the assessments authorized under this Article are imposed as a percentage of total hospital costs on all licensed North Carolina hospitals. The assessments are due quarterly in the time and manner prescribed by the Secretary. Payment of an assessment is considered delinquent if not paid within seven days of the due date. With respect to any past-due assessment, the Department may withhold the unpaid amount from Medicaid payments otherwise due or impose a late-payment penalty. The Secretary may waive a penalty for good cause shown.

(b) Allowable Cost. – An assessment paid under this Article may be included as allowable costs of a hospital for purposes of any applicable Medicaid reimbursement formula; assessments paid under this Article shall be excluded from cost settlement. An assessment imposed under this Article may not be added as a surtax or assessment on a patient's bill.

(c) Full Exemption. – The following hospitals are exempt from both the equity assessment and the UPL assessment:
(1) State-owned and State-operated hospitals.
(2) The primary affiliated teaching hospital for each University of North Carolina medical school.
(3) Critical access hospitals.
(4) Long-term care hospitals.
(5) Freestanding psychiatric hospitals.
(6) Freestanding rehabilitation hospitals.

(d) Partial Equity Assessment Exemption. – A public hospital is exempt from the equity assessment.

(e) Partial Professional Supplemental Payment Assessment Exemption. – All of the following hospitals are exempt from the professional supplemental payment assessment:
(1) Critical access hospitals.
(2) Freestanding psychiatric hospitals.
(3) Freestanding rehabilitation hospitals.
(4) Hospitals owned by the University Health Systems of Eastern Carolina, doing business as Vidant Health.
(5) Hospitals owned by the University of North Carolina Health Care System.
(6) Long-term care hospitals.
(7) Public hospitals.
(8) State-owned and State-operated hospitals."

SECTION #.(d) G.S. 108A-123 reads as rewritten:

"**§ 108A-123. Assessment amount.**

(a) Annual Calculation. – The Secretary must annually calculate the equity assessment ~~amount and~~ amount, the UPL assessment ~~amount~~ amount, and the professional supplemental payment assessment amount for each hospital subject to the respective assessment. Each assessment must comply with applicable federal regulations and may be prorated for any partial year.

The Secretary must notify each hospital that is assessed the amount of its individual UPL assessment amount and, if applicable, its individual equity assessment amount and its individual professional supplemental payment assessment. The notice must include all of the following:

(1) The applicable assessment rates.

(2) The hospital costs on which the hospital's assessments are based.

(3) The elements of the calculation of the hospital's UPL.

(b) Total Equity ~~Assessment.~~Assessment Amount. – The equity assessment consists of both inpatient and outpatient components. The equity assessment percentage rate must be calculated to produce an aggregate annual amount equal to the following:

(1) The amount needed ~~to make~~ for the nonfederal share of the Medicaid equity payments under G.S. 108-124.

(2) The applicable portion of the State's annual Medicaid payment, as provided in subsection (d) of this section.

(c) Total UPL ~~Assessment.~~Assessment Amount. – The UPL assessment consists of both inpatient and outpatient components. The UPL assessment percentage rate must be calculated to produce an aggregate annual amount equal to the following:

(1) The amount needed ~~to make~~ for the nonfederal share of the UPL payments under G.S. 108A-124.

(2) The applicable portion of the State's annual Medicaid payment, as provided in subsection (d) of this section.

(c1) Total Professional Supplemental Payment Assessment Amount. – The professional supplemental payment assessment consists of both inpatient and outpatient components. The professional supplemental payment assessment percentage rate must be calculated to produce an aggregate amount equal to the total of the following:

(1) The amount needed for the nonfederal share of the Medicaid professional supplemental payments under G.S.108A-124(b)(4)a.

(2) The applicable portion of the State's annual Medicaid payment, as provided in subsection (d) of this section.

(d) State's Annual Medicaid Payment. – The first forty-three million dollars ($43,000,000) of the State's annual Medicaid payment must be allocated between the equity assessment and the UPL assessment based on the amount of gross payments received by hospitals under ~~G.S. 108A-124.~~G.S. 108A-124(b)(1) and G.S. 108A-124(b)(2). A portion of the State's annual Medicaid payment equal to twenty-eight and eighty-five hundredths percent (28.85%) of the amount needed under subdivision (1) of subsection (c1) of this section must be allocated to the professional supplemental payment assessment. The remaining portion of the State's annual Medicaid payment must be allocated to the UPL assessment.

(e) Appeal. – A hospital may appeal an assessment determination through a reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation to pay an assessment amount when due."

SECTION #.(e) G.S. 108A-124 reads as rewritten:

"**§ 108A-124. Use of assessment proceeds.**

(a) Use. – The proceeds of the assessments imposed under this Article and all corresponding matching federal funds must be used to make the State annual Medicaid

payment to the State and the Medicaid equity ~~payments and~~ payments, professional supplemental payments, and UPL payments to hospitals.

(b) Quarterly Payments. – Within seven business days following the due date for each quarterly assessment imposed under G.S. 108A-123, the Secretary must do the following:

(1) Pay to each hospital that has paid its equity assessment for the respective quarter twenty-five percent (25%) of its Medicaid equity payment amount. A hospital's Medicaid equity payment amount is the sum of the hospital's Medicaid inpatient and outpatient deficits after calculating all other Medicaid payments, excluding disproportionate share hospital payments and the UPL payment remitted to the hospital under subdivision (2) of this ~~subsection.~~subsection and any professional supplemental payments remitted to hospitals under sub-subdivision a. of subdivision (4) of this subsection.

(2) Pay to the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine, to the critical access hospitals, and to each hospital that has paid its UPL assessment for the respective quarter twenty-five percent (25%) of its UPL payment amount, as determined under subsection (c) of this section.

~~(3) Pay to the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine, to the critical access hospitals, and to each hospital that has paid its UPL assessment for the respective quarter twenty-five percent (25%) of its UPL payment amount, as determined under subsection (c) of this section.~~

(4) Pay, for the respective quarter, twenty-five percent (25%) of the hospital's professional supplemental payment amount to the following hospitals:

a. Each hospital (i) that is a critical access hospital or a hospital that has paid the required professional supplemental payment assessment and (ii) that has eligible professionals.

b. Each hospital that is not a critical access hospital, that is exempt from payment of a professional supplemental payment assessment under G.S. 108A-122(e), and that has eligible professionals.

A professional supplemental payment amount is the amount calculated pursuant to the Medicaid State Plan.

(c) UPL Payment Amount. – The aggregate UPL payments made to eligible hospitals that are public hospitals is the sum of the UPL gaps for all public hospitals. The aggregate UPL payments made to eligible hospitals that are not public hospitals is the sum of the UPL gaps for these hospitals. UPL payments are payable to the individual hospitals in the ratio of each hospital's Medicaid inpatient costs to the total Medicaid inpatient costs for the respective group.

(d) Refund of Assessment. – If all or any part of a payment required to be made under this section is not made to one or more hospitals when due, the Secretary must promptly refund to each such hospital the corresponding assessment proceeds collected in proportion to the amount of assessment paid by that hospital."

SECTION #.(f) Article 7 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"**§ 108A-129. Required intergovernmental transfers.**

Any hospital that (i) is not a critical access hospital, (ii) is exempt under G.S. 108A-122(e) from the professional supplemental payment assessment, and (iii) is eligible to receive a professional supplemental payment shall make an intergovernmental transfer to the Department in an amount equal to the nonfederal share of the amount needed to make the professional supplemental payment to that hospital."

SECTION #.(g) The Medicaid Retention Fund is established as a special fund in the Office of State Budget and Management. The Department of Health and Human Services,

Division of Medicaid Assistance, shall transfer any receipts attributable to an increase in the State's annual Medicaid payment under G.S. 108A-121(8) resulting from the professional supplemental payment assessment under G.S. 108A-123(c1), as enacted by subsection (d) of this section, to the Medicaid Retention Fund.

SECTION #.(h) If the Department of Health and Human Services, Division of Medical Assistance (Department), has receipts resulting from the professional supplemental payment assessment under G.S. 108A-123(c1), as enacted by subsection (d) of this section, that are not required to be transferred to the Medicaid Retention Fund in accordance with subsection (g) of this section, then those receipts shall be used to make the professional supplement payments required under G.S. 108A-124, as enacted by subsection (e) of section.

SECTION #.(i) Subsections (b) through (f) of this section are effective upon approval by the Centers for Medicare and Medicaid Services (CMS) of the Medicaid State Plan amendment required by subsection (a) of this section. The Secretary of the Department of Health and Human Services shall certify to the Revisor of Statutes that approval by CMS of the State Plan amendment has occurred and shall provide notice of State Plan amendment approval by posting the effective date of the change on its Web site. The remainder of this section becomes effective July 1, 2017.

Division of Medical Assistance (Medicaid) - DHHS
House Appropriations, Health and Human Services

Requested by

STUDY PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY

SECTION #.(a) The Department of Health and Human Services, Division of Medical Assistance (Department), shall conduct a study of the efficacy of the Program of All-Inclusive Care for the Elderly (PACE). In conducting the study, the Department shall engage a variety of stakeholders, including existing PACE organizations, PACE consumers, and the general public. The study shall consist of the following:

(1) An evaluation of the existing program to include information on and an assessment of the following:
   a. An update on all of the information required to be reported on under Section 12H.34(b) of S.L. 2014-100.
   b. The structures of the various PACE organizations.
   c. Any clinical outcome or quality measures available for each PACE service or PACE organization.

(2) A statewide assessment of anticipated long-term care needs over the next 10 years, broken down by county.

(3) A review of PACE experiences in other states, including an analysis of costs and quality.

(4) An evaluation of State regulations placed upon PACE providers. The study shall include the identification of any regulations that could be eliminated in order to reduce cost or unnecessary duplication.

(5) An assessment of the role of PACE in the continuum of care, including opportunities to apply the PACE model to additional populations under the PACE Innovations Act of 2015, P.L. 114-85.

SECTION #.(b) No later than March 1, 2018, the Department shall submit to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice a report containing the information outlined in subsection (a) of this section, as well as any recommendations and proposed legislative changes that further the goal of providing the highest quality programs at a low cost to keep aging individuals in their homes.

DIVISION OF HEALTH BENEFITS FEDERAL FUNDS

SECTION 11I.1. To the extent that the Department of Health and Human Services, Division of Health Benefits', net appropriations are made available as a result of increased federal receipts collected as federal match for the Division of Health Benefits' Medicaid transformation project expenditures, those net appropriations shall not be transferred or used for any other purpose and shall revert at the end of the 2017-2019 fiscal biennium.

JOINT OVERSIGHT SUBCOMMITTEES ON MEDICAL EDUCATION PROGRAMS AND MEDICAL RESIDENCY PROGRAMS

SECTION 11J.2.(a) The Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee shall each appoint a subcommittee to jointly examine the use of State funds to support medical education and medical residency programs. In conducting the study, the subcommittees shall examine at least all of the following:

(1) The health care needs of the State's residents and the State's goals in meeting those health care needs through the support and funding of medical education and medical residency programs located within the State.

(2) The short-term and long-term benefits to the State for allocating State funds to medical education and medical residency programs located within the State.

(3) Recommended changes and improvements to the State's current policies with respect to allocating State funds and providing other support to medical education programs and medical residency programs located within the State.

(4) Development of an evaluation protocol to be used by the State in determining (i) the particular medical education programs and medical residency programs to support with State funds and (ii) the amount of State funds to allocate to these programs.

(5) Any other relevant issues the subcommittees deem appropriate.

SECTION 11J.2.(b) The subcommittees may seek input from other states, stakeholders, and national experts on medical education programs, medical residency programs, and health care as it deems necessary.

SECTION 11J.2.(c) By February 1, 2018, the Department of Health and Human Services and The University of North Carolina shall provide the subcommittees the following information regarding State funds and other support provided by the State to medical education programs and medical residency programs located in North Carolina:

(1) The identity, location, and number of positions available in these medical education programs and medical residency programs, broken down by geographic area.

(2) The specific amount of State funds or the nature of any other support provided by the State to medical education programs and medical residency programs, broken down by program.

(3) The number of graduates of medical education programs and medical residency programs who are currently practicing in North Carolina, broken down by specialty areas in which North Carolina is experiencing a shortage, including:

a. Anesthesiology.

b. Neurology.

c. Neurosurgery.
c. Obstetrics/Gynecology.
d. Primary Care.
e. Psychiatry.
f. Surgery.
g. Urology.
h. Any other specialty areas determined by the Department of Health and Human Services or The University of North Carolina to be experiencing a shortage.

(4) The number of program graduates who practiced in North Carolina for at least five years after graduation.

(5) Any other information requested by the subcommittees.

SECTION 11J.2.(d) The subcommittees shall jointly develop a proposal for a statewide plan to support medical education programs and medical residency programs within North Carolina in a manner that maximizes the State's financial and other support of these programs and addresses the short-term and long-term health care needs of the State's residents. Each subcommittee shall submit a report to its respective oversight committee on or before March 15, 2018, at which time each subcommittee shall terminate.

SECTION 11J.2.(e) This section is effective when this act becomes law.

DHHS Block Grants
House Appropriations, Health and Human Services

DHHS BLOCK GRANTS

SECTION 11L.1.(a) Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2019, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**FY 2017-2018**	**FY 2018-2019**
Local Program Expenditures		
Division of Social Services		
01. Work First Family Assistance	$49,479,444	$49,479,444
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877
05. Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
06. Child Welfare Program Improvement Plan	775,176	775,176
07. Child Welfare Collaborative	400,000	400,000
08. Child Welfare Initiatives	1,400,000	1,400,000
Division of Child Development and Early Education		
09. Subsidized Child Care Program	53,605,680	58,112,735
10. NC Pre-K Services	6,000,000	12,200,000
10A. Swap Child Care Subsidy	392,420	294,697
Division of Public Health		
11. Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000

DHHS Administration		
12. Division of Social Services	2,482,260	2,482,260
13. Office of the Secretary	34,042	34,042
14. Eligibility Systems – Operations and Maintenance	2,908,598	2,765,192
15. NC FAST Implementation	48,495	875,264
Transfers to Other Block Grants		
Division of Child Development and Early Education		
16. Transfer to the Child Care and Development Fund	71,773,001	71,773,001
Division of Social Services		
17. Transfer to Social Services Block Grant for Child Protective Services – Training	1,300,000	1,300,000
18. Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
19. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	7,500,000	7,500,000
20. Transfer to Social Services Block Grant – Foster Care Services	1,385,152	1,385,152
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**$301,385,315**	**$312,678,010**
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Subsidized Child Care	$28,600,000	$28,600,000
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS	**$28,600,000**	**$28,600,000**

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01. County Departments of Social Services (Transfer From TANF $7,500,000)	$32,971,498	$33,003,632
02. EBCI Tribal Public Health and Human Services	244,740	244,740
03. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
04. State In-Home Services Fund	1,943,950	1,943,950
05. Adult Protective Services	1,245,363	1,245,363
06. State Adult Day Care Fund	1,994,084	1,994,084
07. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
08. Special Children Adoption Incentive Fund	462,600	462,600
09. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	1,300,000	1,300,000
10. Child Protective Services – Child Welfare Training for Counties	737,067	737,067
11. Home and Community Care Block Grant (HCCBG)	1,696,888	1,696,888
12. Child Advocacy Centers	582,000	582,000
13. Guardianship – Division of Social Services	815,362	815,362
14. Foster Care Services (Transfer From TANF)	1,385,152	1,385,152

Division of Central Management and Support

15. DHHS Competitive Block Grants for Nonprofits	4,202,500	4,202,500

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

16. Mental Health Services – Adult and

Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	4,563,078	4,530,944
DHHS Program Expenditures		
Division of Services for the Blind		
17. Independent Living Program	3,361,323	3,361,323
Division of Health Service Regulation		
18. Adult Care Licensure Program	381,087	381,087
19. Mental Health Licensure and Certification Program	190,284	190,284
Division of Aging and Adult Services		
20. Guardianship	3,766,119	3,766,119
DHHS Administration		
21. Division of Aging and Adult Services	577,745	577,745
22. Division of Social Services	634,680	634,680
23. Office of the Secretary/Controller's Office	127,731	127,731
24. Legislative Increases/Fringe Benefits	236,278	236,278
25. Division of Child Development and Early Education	13,878	13,878
26. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
27. Division of Health Service Regulation	118,946	118,946
TOTAL SOCIAL SERVICES BLOCK GRANT	**$69,521,667**	**$69,521,667**
LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
Local Program Expenditures		
Division of Social Services		
01. Low-Income Energy Assistance Program (LIEAP)	$36,402,610	$35,419,272
02. Crisis Intervention Program (CIP)	36,402,610	35,419,272

Local Administration		
Division of Social Services		
03. County DSS Administration	5,978,512	5,817,014
DHHS Administration		
Division of Central Management and Support		
04. Division of Social Services	10,000	10,000
05. Office of the Secretary/DIRM	252,603	128,954
06. Office of the Secretary/Controller's Office	18,378	18,378
07. NC FAST Development	139,991	2,468,390
08. NC FAST Operations and Maintenance	2,135,701	2,539,033
Transfers to Other State Agencies		
Department of Environmental Quality		
09. Weatherization Program	10,716,043	10,426,573
10. Heating Air Repair and Replacement Program (HARRP)	5,701,752	5,547,732
11. Local Residential Energy Efficiency Service Providers – Weatherization	439,982	428,097
12. Local Residential Energy Efficiency Service Providers – HARRP	234,105	227,781
13. DENR – Weatherization Administration	439,982	428,097
14. DENR – HARRP Administration	234,105	227,781
Department of Administration		
15. N.C. Commission on Indian Affairs	87,736	87,736
TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT	**$99,194,110**	**$99,194,110**
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
Local Program Expenditures		
Division of Child Development and Early Education		

01. Child Care Services (Smart Start $7,000,000)	$152,923,849	$152,416,794
02. Transfer from TANF Block Grant for Child Care Subsidies	71,773,001	71,773,001
03. Quality and Availability Initiatives (TEACH Program $3,800,000)	45,761,678	45,761,678
DHHS Administration		
Division of Child Development and Early Education		
04. DCDEE Administrative Expenses	9,042,159	8,929,324
Division of Social Services		
05. Local Subsidized Child Care Services Support	16,436,361	16,436,361
06. Direct Deposit for Child Care Payments	505,100	505,100
Division of Central Management and Support		
07. NC FAST Development	24,237	427,865
08. NC FAST Operations and Maintenance	2,758,389	2,581,225
09. DHHS Central Administration – DIRM Technical Services	645,162	645,162
10. Central Regional Maintenance	287,854	287,854
11. DHHS Central Administration	7,346	7,346
Division of Public Health		
12. Child Care Health Consultation Contracts	62,205	62,205
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	**$300,227,341**	**$299,833,915**
MENTAL HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Mental Health Services – Child	$3,619,833	$3,619,833
02. Mental Health Services – Adult/Child	10,967,792	10,967,792

03. Crisis Solutions Initiative – Critical Time Intervention	750,000	750,000
04. Mental Health Services – First Psychotic Symptom Treatment	1,430,851	1,430,851
DHHS Administration		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
05. Administration	200,000	200,000
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	**$16,968,476**	**$16,968,476**
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
Local Program Expenditures		
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
01. Substance Abuse – HIV and IV Drug	$3,919,723	$3,919,723
02. Substance Abuse Prevention	8,998,382	8,998,382
03. Substance Abuse Services – Treatment for Children/Adults (Medication-Assisted Opioid Use Disorder Treatment Pilot Program $500,000; First Step Farm of WNC, Inc. $100,000)	27,722,717	27,621,286
04. Crisis Solutions Initiatives – Walk-In Crisis Centers	420,000	420,000
05. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,085,000	1,085,000
06. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management	60,000	60,000
07. Crisis Solutions Initiatives – Innovative Technologies	41,000	41,000
DHHS Program Expenditures		
Division of Central Management and Support		
08. Competitive Block Grant	1,600,000	1,600,000
DHHS Administration		

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
09. Administration	454,000	454,000
10. Controlled Substance Reporting System Enhancement	326,224	427,655
Division of Public Health		
11. HIV Testing for Individuals in Substance Abuse Treatment	965,949	965,949
Transfers to Other State Agencies		
Department of Military and Veterans Affairs		
12. Crisis Solutions Initiative – Veteran's Crisis	250,000	250,000
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	**$45,842,995**	**$45,842,995**
MATERNAL AND CHILD HEALTH BLOCK GRANT		
Local Program Expenditures		
Division of Public Health		
01. Women and Children's Health Services (Safe Sleep Campaign $45,000; Sickle Cell Centers $100,000; Prevent Blindness $575,000; March of Dimes $350,000; Teen Pregnancy Prevention Initiatives $650,000; 17P Project $52,000; Nurse-Family Partnership $550,000; Carolina Pregnancy Care Fellowship $400,000; Perinatal & Neonatal Outreach Coordinator Contracts $440,000)	$14,002,435	$14,002,435
02. Oral Health	48,227	48,227
03. Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
DHHS Program Expenditures		
04. Children's Health Services	1,427,323	1,427,323
05. Women's Health – Maternal Health	169,864	169,864
06. Women and Children's Health – Perinatal Strategic Plan Support Position	68,245	68,245

07. State Center for Health Statistics	158,583	158,583
08. Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration		
09. Division of Public Health Administration	552,571	552,571
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	**$18,089,519**	**$18,089,519**
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Physical Activity and Prevention	$3,545,093	$3,545,093
02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	180,778	180,778
DHHS Program Expenditures		
Division of Public Health		
03. HIV/STD Prevention and Community Planning	145,819	145,819
04. Oral Health Preventive Services	451,809	451,809
05. Laboratory Services – Testing, Training, and Consultation	21,012	21,012
06. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	192,315	192,315
07. State Laboratory Services – Testing, Training, and Consultation	199,634	199,634
08. Performance Improvement and Accountability	1,104,455	1,104,455
09. State Center for Health Statistics	107,291	107,291
DHHS Administration		
Division of Public Health		
10. Division of Public Health	172,820	172,820
TOTAL PREVENTIVE HEALTH		

SERVICES BLOCK GRANT	**$6,121,026**	**$6,121,026**
COMMUNITY SERVICES BLOCK GRANT		
01. Community Action Agencies	$24,187,142	$24,187,142
02. Limited Purpose Agencies	1,343,730	1,343,730
03. Office of Economic Opportunity	1,343,730	1,343,730
TOTAL COMMUNITY SERVICES BLOCK GRANT	**$26,874,602**	**$26,874,602**

GENERAL PROVISIONS

SECTION 11L.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.

(2) A delineation of the proposed State and local administrative expenditures.

(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

(5) A projection of current year expenditures by program or activity.

(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 11L.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2017-2018 and 2018-2019, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for four-year-old children and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 11L.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2019, according to the schedule enacted for State fiscal years 2017-2018 and 2018-2019 or until a new schedule is enacted by the General Assembly.

SECTION 11L.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and the Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing the changes. The report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 11L.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those block grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 11L.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for each year of the 2017-2019 fiscal biennium appropriated in this section in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 11L.1.(h) The sum of nine million four hundred twelve thousand three hundred ninety-one dollars ($9,412,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in TANF funds for each fiscal year of the 2017-2019 fiscal biennium for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2017-2018 and 2018-2019 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 11L.1.(i) The sum of two million twenty-six thousand eight hundred seventy-seven dollars ($2,026,877) appropriated in this section in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, for each fiscal year of the 2017-2019 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall

develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 11L.1.(j) The sum of one million four hundred thousand dollars ($1,400,000) appropriated in this section in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2017-2019 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

SOCIAL SERVICES BLOCK GRANT

SECTION 11L.1.(k) The sum of thirty-two million nine hundred seventy-one thousand four hundred ninety-eight dollars ($32,971,498) for the 2017-2018 fiscal year and the sum of thirty-three million three thousand six hundred thirty-two dollars ($33,003,632) for the 2018-2019 fiscal year appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for county block grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

Of the funds appropriated in this subsection for each year of the 2017-2019 fiscal biennium for county block grants, three million dollars ($3,000,000) shall be used to assist counties in the implementation of Project 4, Child Services, in North Carolina Families Accessing Services Through Technology (NC FAST). These funds shall be available in each fiscal year of the fiscal biennium for this purpose.

SECTION 11L.1.(*l*) The sum of one million three hundred thousand dollars ($1,300,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2017-2019 fiscal biennium shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.

(2) Provide training for residential child caring facilities.

(3) Provide for various other child welfare training initiatives.

SECTION 11L.1.(m) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

SECTION 11L.1.(n) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

SECTION 11L.1.(o) The sum of five million forty thousand dollars ($5,040,000) appropriated in this section in the Social Services Block Grant for each fiscal year of the 2017-2019 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 11L.1.(p) The sum of four million two hundred two thousand five hundred dollars ($4,202,500) for each year of the 2017-2019 fiscal biennium appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 11A.14 of this act. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 11L.1.(q) The sum of five hundred eighty-two thousand dollars ($582,000) appropriated in this section in the Social Services Block Grant for each fiscal year of the 2017-2019 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 11L.1.(r) The sum of three million seven hundred sixty-six thousand one hundred nineteen dollars ($3,766,119) for each fiscal year of the 2017-2019 fiscal biennium appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds appropriated in this section to support existing corporate guardianship contracts during the 2017-2018 and 2018-2019 fiscal years.

SECTION 11L.1.(s) The sum of seven hundred thirty-seven thousand sixty-seven dollars ($737,067) appropriated in this section in the Social Services Block Grant for each fiscal year of the 2017-2019 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. These funds shall be used to assist with training needs for county child welfare training staff and shall not be used to supplant any other source of funding for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 11L.1.(t) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

SECTION 11L.1.(u) The sum of thirty-six million four hundred two thousand six hundred ten dollars ($36,402,610) for the 2017-2018 fiscal year and the sum of thirty-five million four hundred nineteen thousand two hundred seventy-two dollars ($35,419,272) for the 2018-2019 fiscal year appropriated in this section in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

(1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.

(2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.

(3) Be approved by the local board of social services or human services board prior to submission.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 11L.1.(v) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 11L.1.(w) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 11L.1.(x) The sum of one million four hundred thirty thousand eight hundred fifty-one dollars ($1,430,851) appropriated in this section in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2017-2019 fiscal biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment. The Division shall report on (i) the specific evidence-based treatment and services provided, (ii) the number of persons treated, and (iii) the measured outcomes or impact on the participants served. The Division shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 11L.1.(y) The sum of two hundred fifty thousand dollars ($250,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2017-2019 fiscal biennium shall be allocated to the Department of Military and Veterans Affairs, for the call-in center established to assist veterans in locating service benefits and crisis services. The call-in center shall be staffed by certified veteran peers within the Department of Military and Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

SECTION 11L.1.(z) The sum of five hundred thousand dollars ($500,000) allocated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2017-2019 fiscal biennium shall be used for a medication-assisted opioid use disorder treatment pilot program.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 11L.1.(aa) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2017-2018 fiscal year or the 2018-2019 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an

abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 11L.1.(bb) The sum of one million five hundred seventy-five thousand dollars ($1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each fiscal year of the 2017-2019 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 11L.1.(cc) No more than fifteen percent (15%) of the funds provided in this section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship shall be used for administrative purposes. The balance of those funds shall be used for direct services.

SECTION 11L.1.(dd) The sum of sixty-eight thousand two hundred forty-five dollars ($68,245) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's Health Section, for each fiscal year of the 2017-2019 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

SECTION 11L.1.(ee) The sum of one hundred thousand dollars ($100,000) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2017-2019 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.