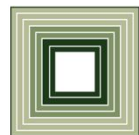


Department of Health and Human Services Overview

Fiscal Research Division

February 8, 2010



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Department of Health and Human Services
 - Overview
 - Programs
 - Budgets
 - Recent Significant Legislative Actions

- Questions

Departmental Overview

Health and Human Services

- Largest agency in State government, with over 18,000 full-time-equivalent positions
- Three broad service areas:
 - Health
 - Regulation of Facilities
 - Human services
- Operate facilities:
 - Psychiatric hospitals and alcohol and drug abuse treatment centers (ADATCs)
 - Developmental centers and schools
 - Neuro-medical centers
- DHHS provides:
 - Health insurance for low-income children and the elderly, blind, and disabled
 - Mental health and substance abuse services
 - Child welfare and social services
 - Public health prevention and education
 - Services for the disabled and people who are blind, deaf, or hard of hearing
 - Services for the aging

Budget Overview

2010-11 General Fund Budget

Subcommittee/Area	Net Appropriation ¹	% of Total
Education	10,807,660,079	57.00%
Health & Human Services	3,949,918,671	20.83%
Justice & Public Safety	2,115,263,447	11.16%
Natural & Economic Resources	467,727,028	2.47%
General Government	439,210,275	2.32%
Capital & Debt Service	718,695,003	3.79%
Salaries & Benefits - Reserves	437,479,709	2.31%
Other Reserves	23,040,000	0.12%
TOTAL	\$18,958,994,212	100.00%

¹Includes general purpose revenue such as income and sales tax; does not include agency receipts.



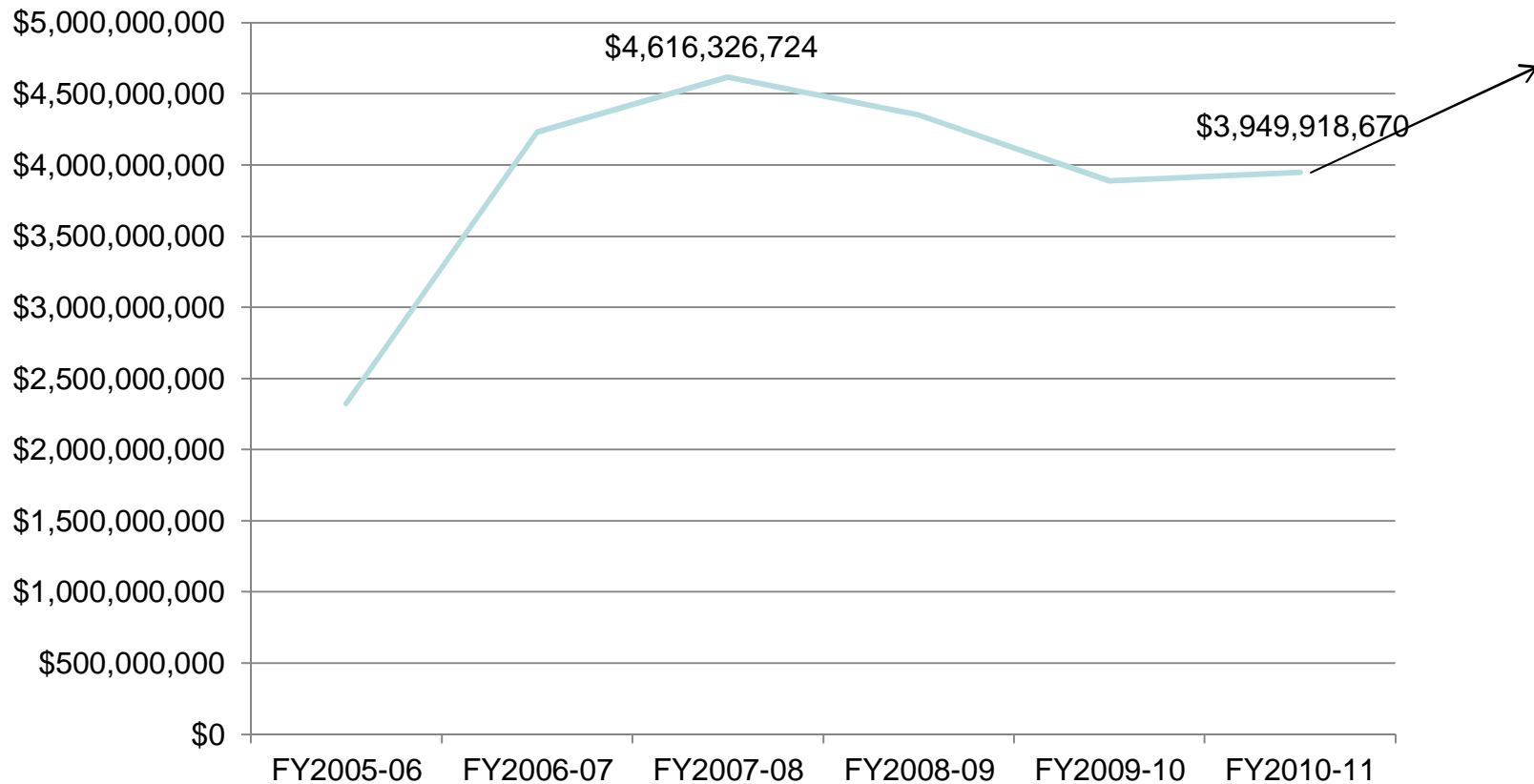
Department of Health and Human Services Budget Growth – Total Funds

	Actual Expenditures	Annual Percent Change
FY2005-06	\$14,403,574,250	
FY2006-07	\$16,117,806,435	12%
FY2007-08	\$16,807,346,814	4%
FY2008-09	\$17,888,636,902	6%
FY2009-10	\$18,163,595,628	2%
FY2010-11 * Certified Budget	\$17,320,039,894	-5%

****With one-time adjustments excluded, the continuation budget totals \$17,918,321,019 (OSBM 12/2010); this is the starting point for the 2011-12 budget.***

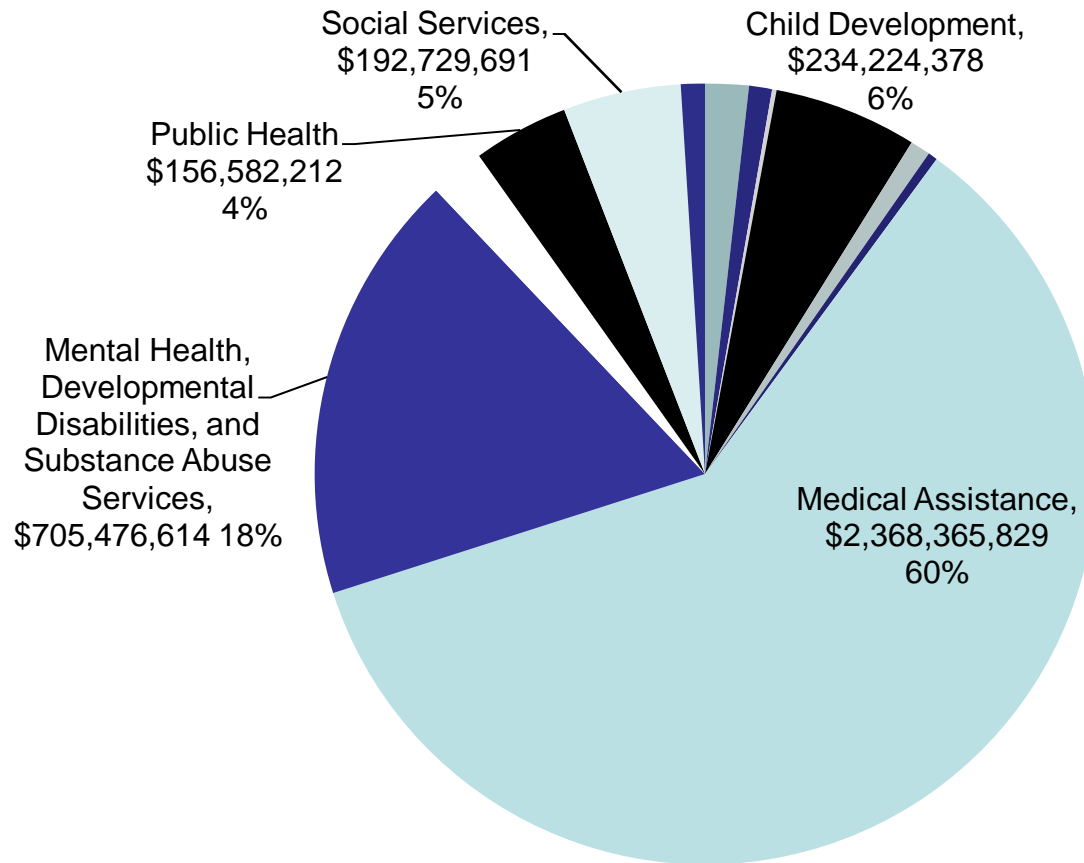
Budget Overview

General Fund Growth

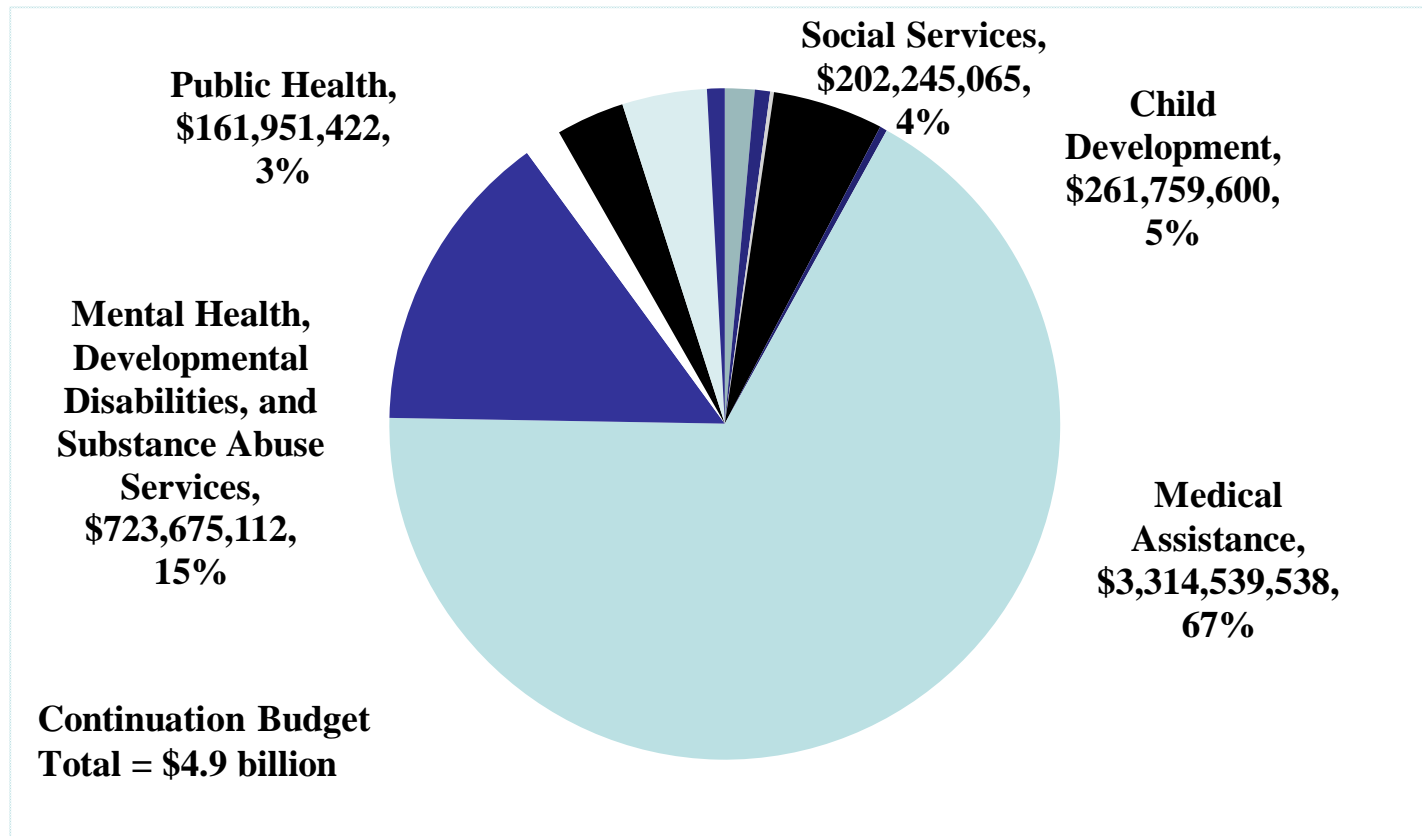


Budget Overview

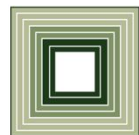
General Fund \$3.9 billion



Department of Health and Human Services FY2011-12 Continuation Budget General Fund Appropriations



*All Other Divisions/Programs total \$263.7M , 6%, and include:
Health Choice, Aging and Adult Services, Blind and Deaf and Hard-of-Hearing, Central
Management, Health Service Regulation, and Vocational Rehabilitation*



FISCAL RESEARCH DIVISION
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Division of Child Development

PURPOSE

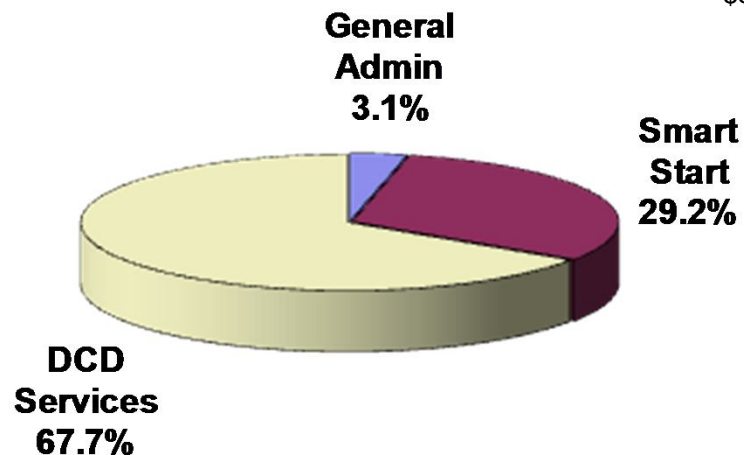
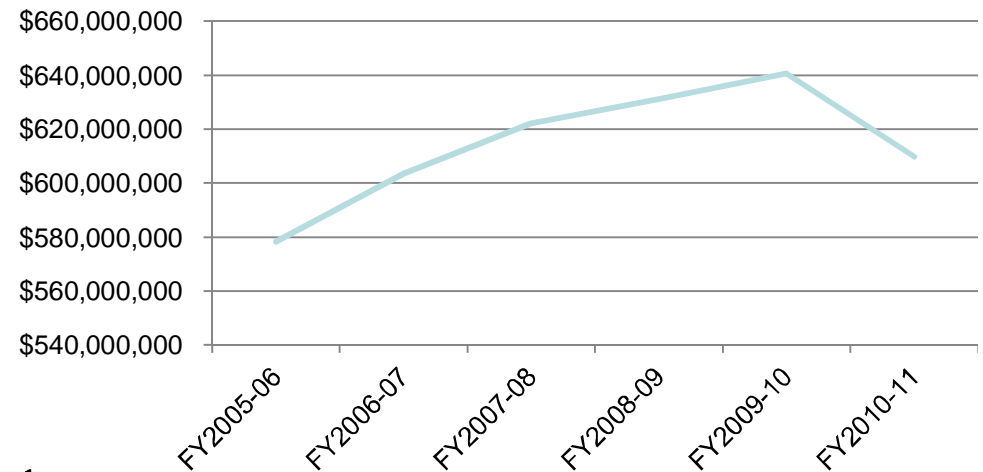
- Supports early childhood services, including:
 - Regulation and Licensure of child care centers and homes
 - 4,400 Centers
 - 3,519 Homes
 - Approximately 240,000 children in licensed care monthly (August 2010)
 - Administration of Child Care Subsidies
 - 150,000 Children Served (unduplicated annually)
 - Early childhood initiatives
 - Smart Start
 - Other
 - Criminal Background Checks for other agencies



Division of Child Development

BUDGET

- SFY 2010-11: \$609 million
 - 375.7 million receipts
 - \$234.2 million State funds



Division of Child Development

RECENT LEGISLATIVE ACTIONS

2009-10

- Federal Recovery Funds \$65M in FY2009-10
- Child Care Subsidies Reduction (\$15.2M)
- Administrative and Operations Reductions (**\$301,391**)
- Increase in Licensure Fees (\$602,385)
- Smart Start Reduction (\$15.9M, an additional \$365,000 for FY2010-11)

2010-11

- Administrative and Operations Efficiencies (\$334,255)
- Child Care Subsidies Funds Replaced w/ Temporary Assistance w/ Needy Families Block Grant (\$23,625,329)
- Electronic Payment System (\$6M)
- Smart Start Reduction (\$5M)
- Replace State Funds with Federal Funds (\$3,8M)

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and State Operated Facilities

PURPOSE

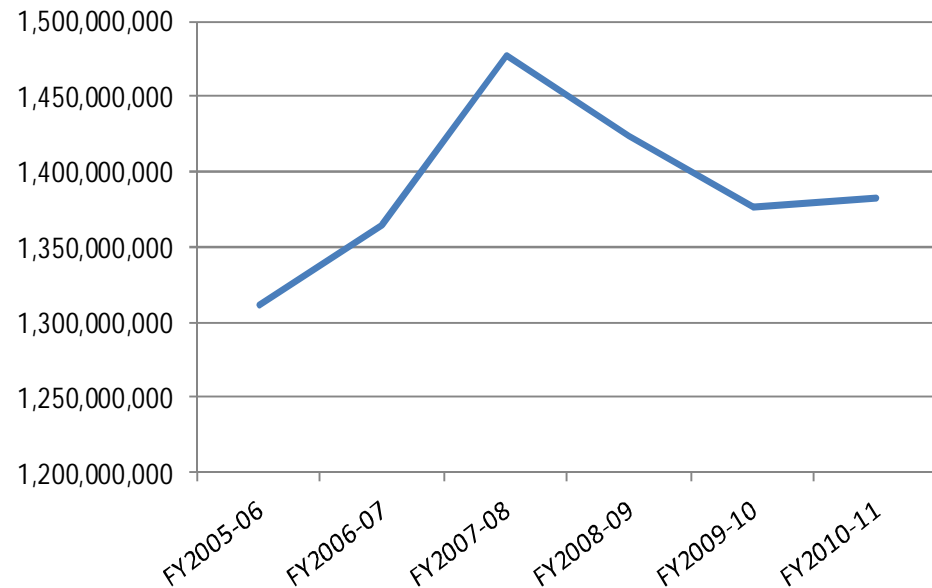
- Provides prevention, intervention, treatment and services to people who have or at risk of having:
 - Mental illness
 - Developmental disabilities
 - Substance abuse problems
- Includes
 - community-based services
 - State-operated residential treatment facilities
 - Psychiatric hospitals and developmental centers
 - Alcohol and drug abuse treatment centers (ADATCs)
 - Neuro-medical centers (psychiatric and developmental disability)
 - Residential programs for children

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

BUDGET

- SFY 2010-11: \$1.3 billion
 - \$677 million receipts
 - \$705 million State funds

Federal funds include Medicaid and federal block grant funding



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

RECENT LEGISLATIVE ACTIONS

2009-10

- Position Eliminations totaling \$12.8M
- Local Management Entities System Management Funds (\$3M) and (\$3.7M for FY2010-11
- Reduction in Community Service Funding of \$60M
- (\$16M) in supplemental funding for CAP-MR-DD recipients
- (\$40M) across the board in service reductions managed through Local Management Entities
- (\$4M) for non-core services
- \$40M restored in FY2010-11.
- Operations Reduction of (\$1.3M)
- Expansion of \$12M for the Three-Way- Hospital Contracts
- Dorothea Dix Operations \$6M (non-recurring)
- Other Crisis Services \$1.6M

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

RECENT LEGISLATIVE ACTIONS

2010-11

- Division Management Funds (\$7M)
- Convert Whitaker School to PRTF (\$1.9M)
- Expansion of Three-Way-Hospital Contracts \$9M
- Community Service Funds \$40M (reinstated from FY2009-10)
- Leadership Academy \$250,000
- Outreach and Support Intervention Services (OASIS) Program \$200,000

Division of Central Management and Support

PURPOSE

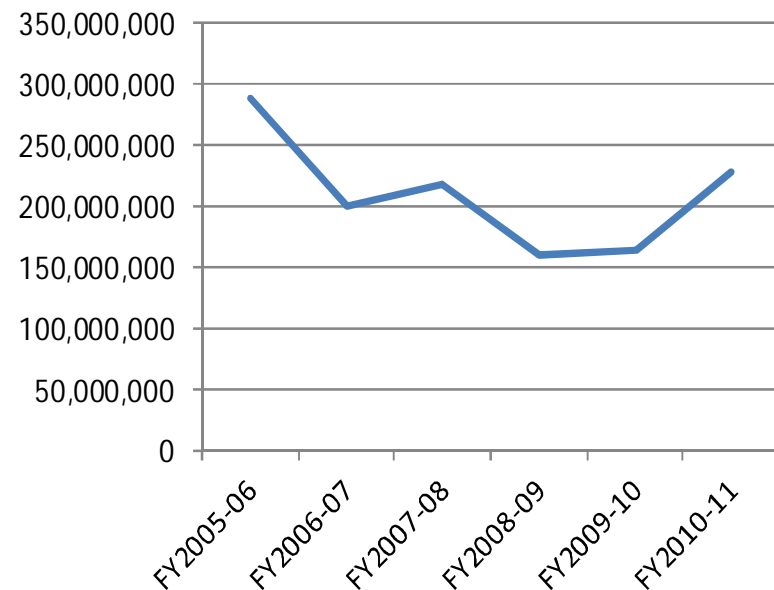
- Provides agency-wide administrative support to the divisions and offices within DHHS. Sections include:
 - Budget and Analysis
 - Internal Auditor
 - Information Resource Management
 - Citizen Services
 - Medicaid Management Information System
 - Office of the Secretary
 - Human Resources
 - Controller
 - Property & Construction
 - Government & Community Relations
 - Office of Rural Health



Division of Central Management and Support

BUDGET

- SFY 2010-11: \$228 million
 - \$157.3 million receipts
 - \$70.6 million State fundsFederal receipts represent 69% of total funding, including Medicaid and block grant funding



RECENT LEGISLATIVE ACTIONS

- 2009 – Residential Energy Conservation Assistance Program was transferred to Department of Commerce
- Reduction in operations for the Care Line
- Administrative efficiency reductions
- Key Program Non-recurring Reductions

Division of Medical Assistance

PURPOSE

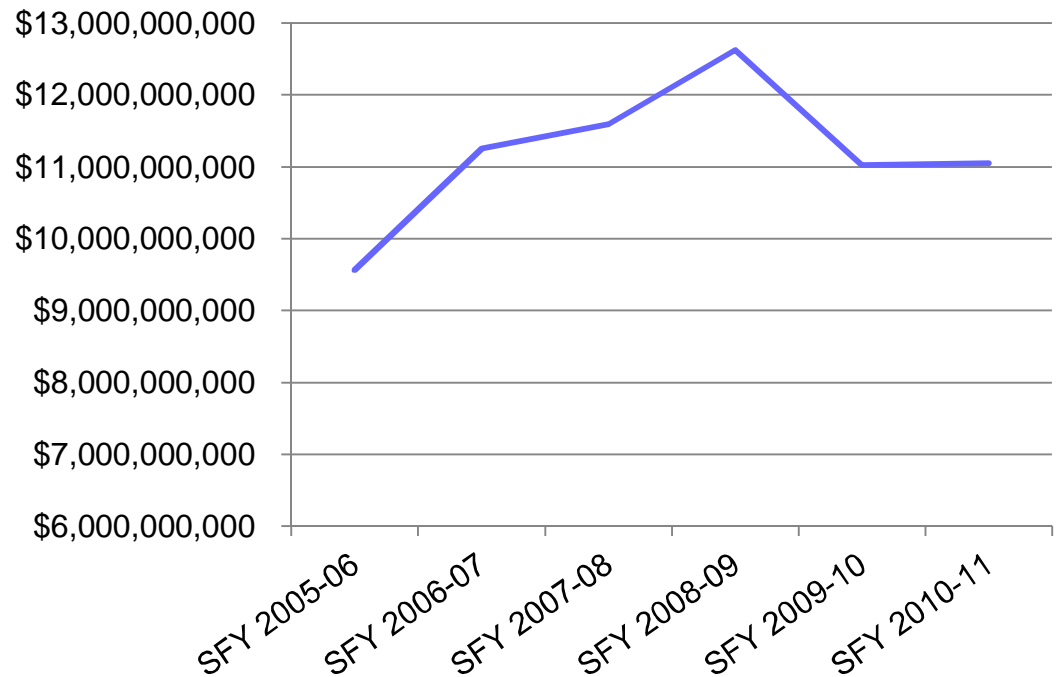
- DMA provides health insurance and services to:
 - Low-income children and their families
 - Pregnant women
 - Aged, blind, and disabled
- Caseload:
 - 60% Children
 - 10% TANF Adults
 - 9% Aged, 18% Blind and Disabled
 - 3% Other
- Services Received
 - Mandatory Services—15
 - Optional Services –23/25



Division of Medical Assistance

BUDGET

- SFY 2010-11: \$11.893 billion
 - \$9.525 billion receipts
 - \$2.368 billion State Funds
 - Receipts include ARRA Funds



Division of Medical Assistance

RECENT LEGISLATIVE ACTIONS

2009-10

- Completely phased-out County Share +\$ 271 million
- Provider rate reductions (\$82 million)
- Reduced group homes (\$23 million)
- Reduced Community Support services (\$98 million)
- Community Care of North Carolina savings (\$45 million)
- Preferred Drug List – Mental Health Drug savings (\$10 million)

2010-11

- Enhanced Mental Health Changes (\$41 million)
- In-Home Personal Care Services reform (\$51 million)
- Program Integrity Savings (\$40 million)
- Medicaid Rebase + \$430.5 million

Division of Aging and Adult Services

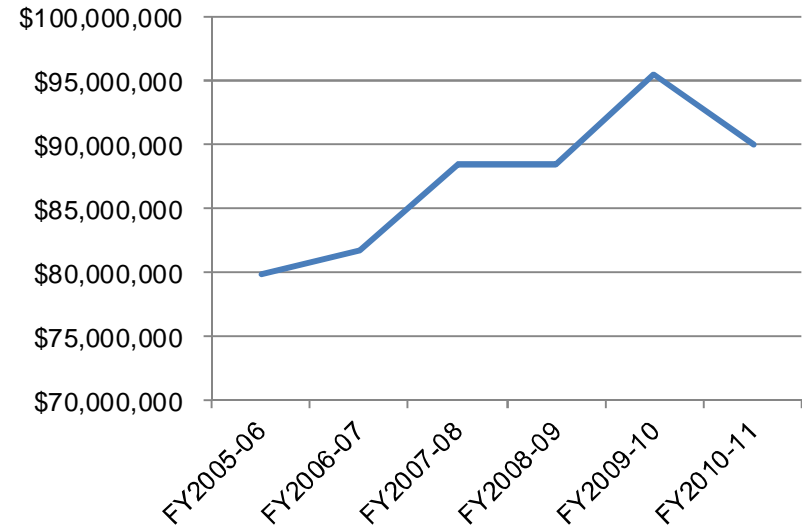
PURPOSE

- Provides services for the elderly and services for disabled adults through
 - 17 Area Agencies on Aging
 - 100 county departments of social services
- Programs include :
 - Home and community based services
 - Adult day care
 - Nutrition services
 - Transportation
 - Senior Centers
 - Adult protective services and guardianship
 - State/County Special Assistance for adult care homes
 - At-risk and adult care home case management

Division of Aging and Adult Services

BUDGET

- SFY 2010-11: \$89.9 million
 - \$53 million revenue
 - \$37 million State funds
- Decrease of 6% from prior year
- Approximately 60% of budget funded by federal Older Americans Act and Social Services Block Grant



RECENT LEGISLATIVE ACTIONS

- Elimination of Senior Center Outreach Program (\$100,000)
- Reduced Home and Community Care Block Grant Funds (\$1.8M)
- Eliminated Quality Improvement Consultation Program (\$100,000)
- Funded Project CARE \$500,000 NR and \$100,000 R

Division of Health Service Regulation

PURPOSE

- Establish and enforce the regulation of facilities
- Major functions:
 - Medical facilities planning
 - Licensure and regulation of the construction and operation of facilities
 - Operation of the health care personnel registry
 - Development of statewide emergency medical services (EMS)



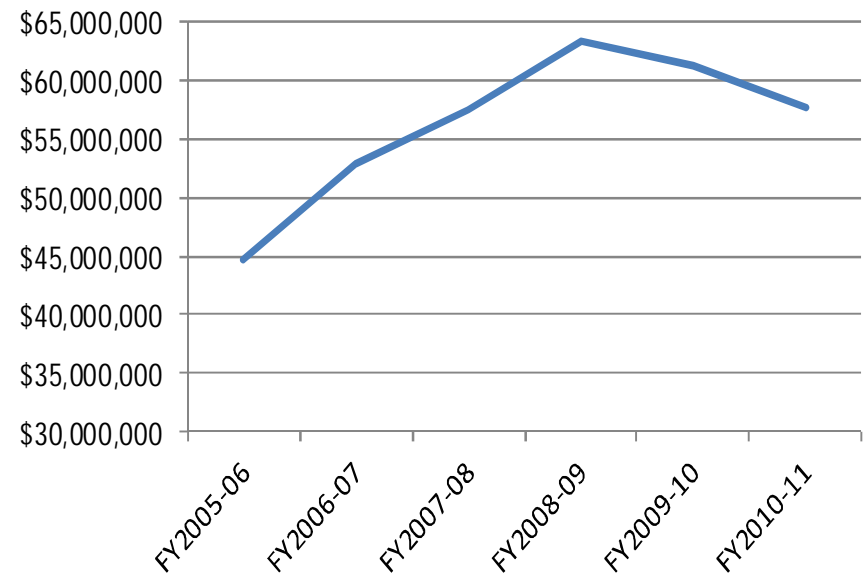
Division of Health Service Regulation

BUDGET

- SFY 2010-11: \$58 million
 - \$42 million receipts
 - \$16 million State funds
- Decrease of 7% from prior year

RECENT LEGISLATIVE ACTIONS

- Increased licensure fees and implemented new initial facility licensure fee; maximized federal receipts, and eliminated 9 positions (\$2 million)



Health Choice

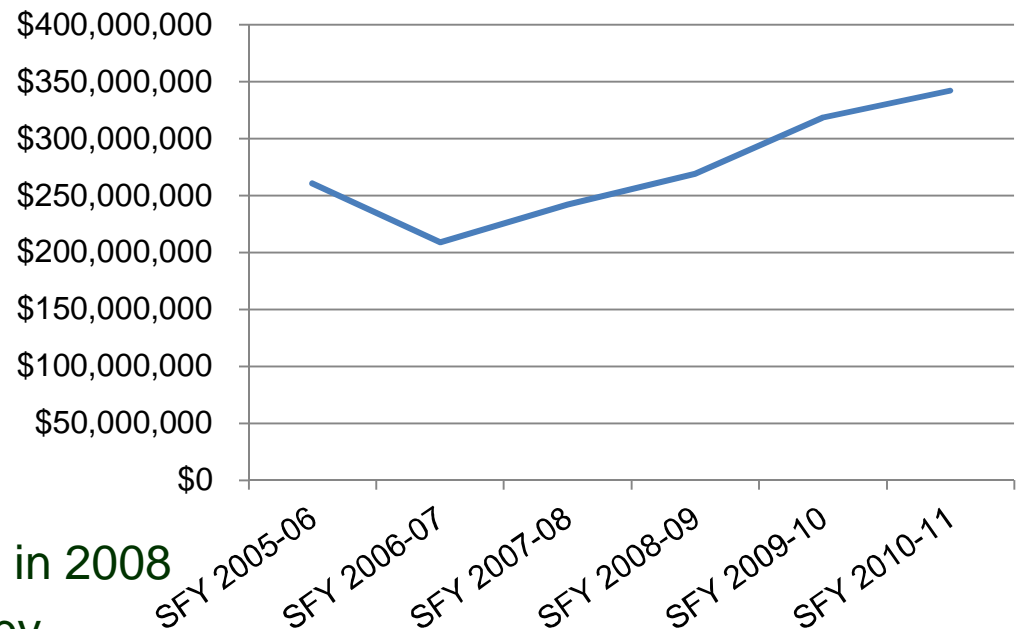
PURPOSE

- Provide health insurance to uninsured children
 - Up to age 18
 - From families with income up to 200 percent FPL
- Benefits that mirror the State Health Plan, plus
 - Dental, Vision, Hearing
- Not an entitlement program
- Administered by Division of Medical Assistance

Health Choice

BUDGET

- SFY 2010-11 \$ 368.4 million
 - \$ 280.0 million receipts
 - \$ 88.4 million State funds



RECENT LEGISLATIVE ACTIONS

- Enrollment growth capped at 6% in 2008
- As of July 1, 2010 administered by Division of Medical Assistance
- Claims continue to be paid by Blue Cross Blue Shield NC

Division of Public Health

PURPOSE

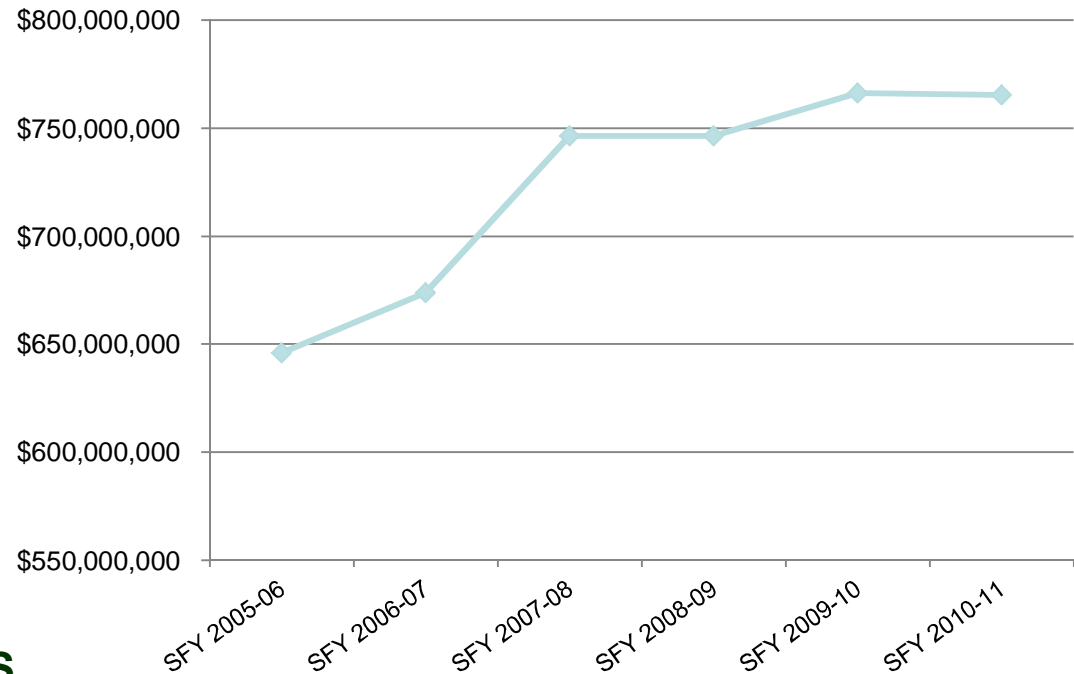
- Supports the Local Health Departments
- Epidemiology
 - State Laboratory
 - Communicable Disease
 - Public Health Preparedness
 - Epidemiology
- Women's and Children's Health
 - Maternal and Infant Health
 - Early Intervention
 - Child Health
- State Center for Health Statistics
- Chronic Disease
 - Diabetes, Heart Disease, Stroke, Tobacco-use, & Obesity



Division of Public Health

BUDGET

- SFY 2010-11 \$788.2 million
 - \$630.3 million receipts
 - \$157.9 million State funds
 - State Funds are 20 percent



RECENT LEGISLATIVE ACTIONS

- Increased funding for Local Health Departments
- Review and reduction for unnecessary contracts
- Elimination of Purchase of Medical Care programs
- Public & private health insurance reimburses childhood immunization

Division of Social Services

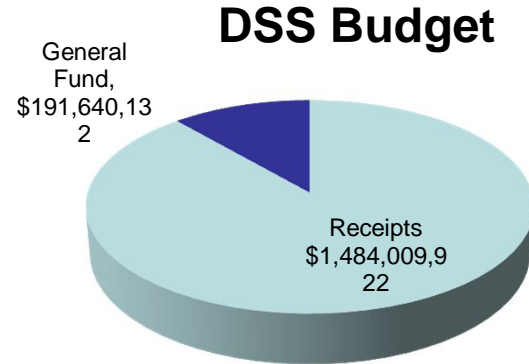
PURPOSE

- Provides services ,through the 100 county social services departments, to children and families, including:
 - Work First Family Assistance
 - Nearly 50,000 individuals receiving assistance in November 2010
 - Food and Nutrition Services (aka Food Stamps)
 - Over 700,000 NC households (1.5 million individuals) received assistance in December
 - Child Welfare
 - Child Support Enforcement – collects \$700 million in payments
 - Child Protective Services – 60,000 reports of child neglect and abuse annually
 - Adoption and Foster Care -8,800 children in NC foster care system
 - Other
 - Low-income Home Energy Assistance (LIHEAP) - \$107 million federal block grant
 - Refugee Assistance

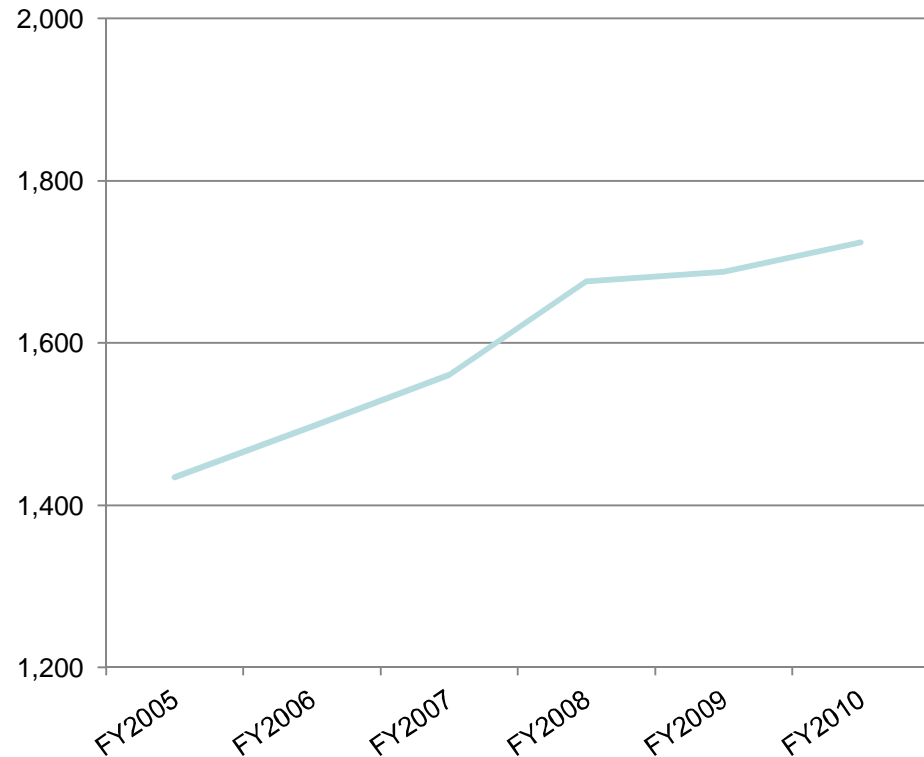
Division of Social Services

BUDGET

- SFY 2010-11: \$1.7 billion
 - \$1.5 billion receipts
 - \$191.6 million State funds



Budget History (\$ millions)



Division of Social Services

RECENT LEGISLATIVE ACTIONS

2009-10

- Reduced the continuation budget by \$850,000 R to the FY 2009-09 level, eliminated 22 positions, and reduced operating budget by \$2.4 million R
- Reduced funding for Work First Family Assistance - \$9.5 million
 - \$2.4 million was non-recurring and was offset by \$2.4 million in federal Temporary Assistance for Needy Families (TANF) block grant funds
- Non-recurring reduction to adoption assistance and foster care budgets offset by ARRA funds - \$5 million NR
- Reduced funding to counties for administering public assistance programs - \$5.5 million NR



Division of Social Services

RECENT LEGISLATIVE ACTIONS

2010-11

- Eliminated State child support offices and transferred responsibility to counties - \$1.3 million R; -33 positions
- Reduce Work First county funds and replaced with federal TANF block grant - \$2.4 million
- Eliminated 15 Division positions -\$960,000 R
- Non-recurring reduction to adoption assistance and foster care budgets offset by ARRA funds - \$1.4 million NR



Division of Vocational Rehabilitation (DVR)

PURPOSE

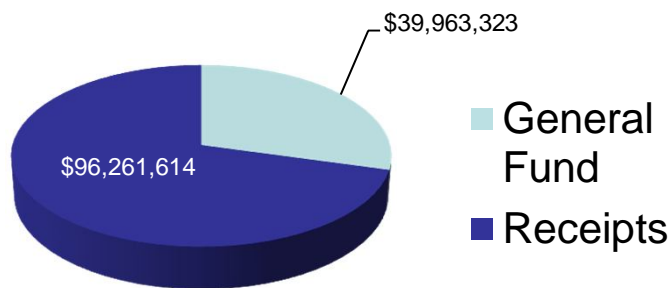
- Serve persons with physical, intellectual, and psychiatric disabilities
 - 6,300 individuals received employment training and readiness services: counseling, evaluation, training, education, transportation, modification of vehicles, homes, and work spaces.
 - Independent living services, including counseling, vehicle modification, rehabilitation, prosthetics, and personal assistant services provided to 2,200 disabled persons to maintain them in the home or community rather than an institutional setting.
 - Assistive Technology services include information/referral, training, and short-term loans of equipment/devices to support activities of daily living, mobility, communications, and education.
 - 6,700 individuals provided with loaned equipment
 - 9,300 persons received assistive technology training
- Processes applications and determines eligibility for federal Social Security Disability, Supplemental Security (SSI), and Medicaid benefits
 - Processes over 160,000 applications/claims per year

Division of Vocational Rehabilitation

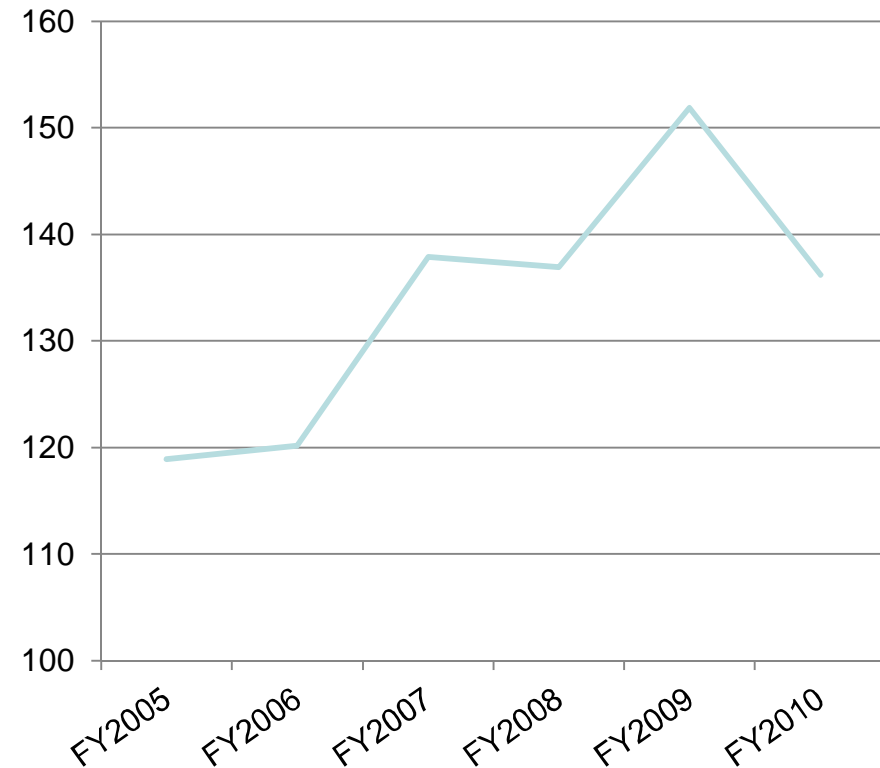
BUDGET

- SFY 2010-11: \$136 .2 million
 - \$96.2 million receipts
 - \$40.0 million State funds

DVR Budget



Budget History (\$ millions)



Division of Vocational Rehabilitation

RECENT LEGISLATIVE ACTIONS

- Reduced the continuation budget to the FY 2008-09 level -\$1.2 million R
- Reduced budget for non-medical basic support services - \$3.6 million
- Provider reimbursement rate reductions - \$80,000 R
- Reduced Independent Living Program budget offset by ARRA funds - \$200,000 NR
- \$1.3 million NR reduction to Basic Support Program budget



Divisions of Blind, Deaf and Hard-of-Hearing

PURPOSE

- Provide comprehensive range of services including information, referrals, advocacy, training, outreach, interpreters, assistive technology
- Services to Blind: blind or visually impaired individuals
 - Vocational rehabilitation services provided to 3,200 individuals
 - 340 students, aged 14 -21, received transition services including summer programs, jobs, and internships
 - 540 individuals received assistive technology services
 - Independent living Program served 1,600 individuals
 - 4,000 persons received financial assistance for medical eye care, including eye exams, glasses, treatment, and surgery
- Services for Deaf and Hard-of-Hearing: deaf, hard-of-hearing, or speech impaired individuals, affected families, agencies, and businesses
 - Services provided to 6,300 individuals and 1,400 agencies in 2010
 - 5,300 telecommunications equipment/devices distributed

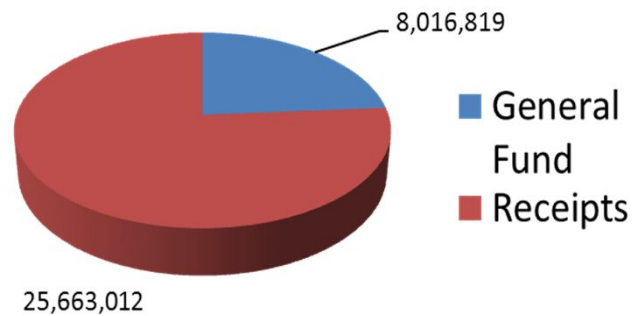


Divisions of Services to Blind, Deaf, & Hard-of-Hearing

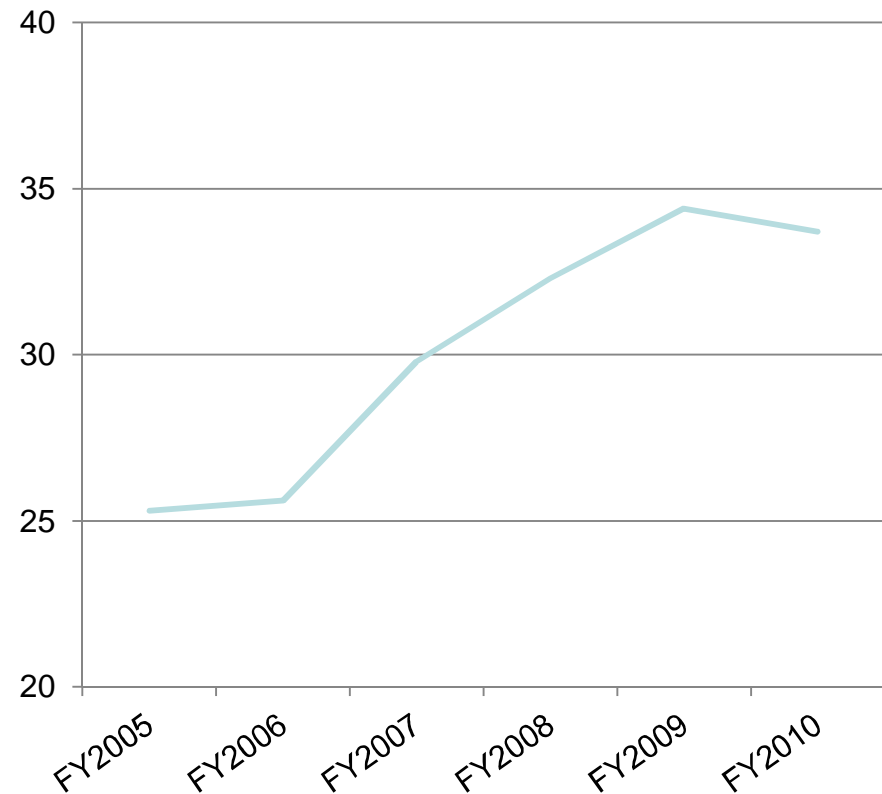
BUDGET

- SFY 2010-11: \$33.7 million
 - \$25.7 million receipts
 - \$8.0 million State funds

DSB/DHH Budget



Budget History (\$ millions)



Divisions of Services to Blind, Deaf, & Hard-of-Hearing

RECENT LEGISLATIVE ACTIONS

- Eliminated the General Fund budget for the Deaf and Hard of Hearing regional resource centers and replaced with Telecommunications Relay Trust Fund receipts - \$2.1 million
- Transferred \$4.5 million from the Telecommunications Relay Trust Fund to offset General Fund revenue shortfalls
- Non-recurring reduction to Older Blind Individuals' independent living budget offset by ARRA funds - \$260,000 NR
- \$75,000 NR provided for accessible electronic information services



Questions

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