

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

July 20, 2022

SENT VIA ELECTRONIC MAIL

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 620, Legislative Office Building
Raleigh, NC 27603

The Honorable Jim Burgin, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Larry Potts, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2016-94, Section 12F.4.(d), requires the Department of Health and Human Services ("Department") to report annually to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section.

Additionally, Session Law 2018-5, Section 11F.2, requires the Department to report annually on the number of beds or bed days reserved for and purchased by (i) the Department under the State-administered, three-way contract and (ii) the LME/MCOs for individuals who are indigent or Medicaid recipients. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact John Furnari, Program/Policy Analyst, at John.Furnari@dhhs.nc.gov.

Sincerely,

DocuSigned by:

A handwritten signature in black ink, appearing to read "Kody H. Kinsley".

D7816E4CBA6F4A8...

Kody H. Kinsley
Secretary

cc: Mark Collins Joyce Jones Katherine Restrepo Lisa Wilks Amy Jo Johnson
Jessica Meed Theresa Matula Luke MacDonald Nathan Babcock

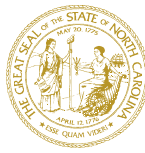
WWW.NCDHHS.GOV

TEL 919-855-4800 • FAX 919-715-4645

LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

July 20, 2022

SENT VIA ELECTRONIC MAIL

Mr. Mark Trogdon, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

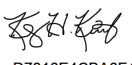
Dear Director Trogdon:

Session Law 2016-94, Section 12F.4.(d), requires the Department of Health and Human Services ("Department") to report annually to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section.

Additionally, Session Law 2018-5, Section 11F.2, requires the Department to report annually on the number of beds or bed days reserved for and purchased by (i) the Department under the State-administered, three-way contract and (ii) the LME/MCOs for individuals who are indigent or Medicaid recipients. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact John Furnari, Program/Policy Analyst, at John.Furnari@dhhs.nc.gov.

Sincerely,

DocuSigned by:

D7816E4CBA6F4A8...
Kody H. Kinsley
Secretary

cc: Mark Collins Joyce Jones Katherine Restrepo Lisa Wilks Amy Jo Johnson
Jessica Meed Theresa Matula Luke MacDonald Nathan Babcock

WWW.NCDHHS.GOV

TEL 919-855-4800 • FAX 919-715-4645

LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

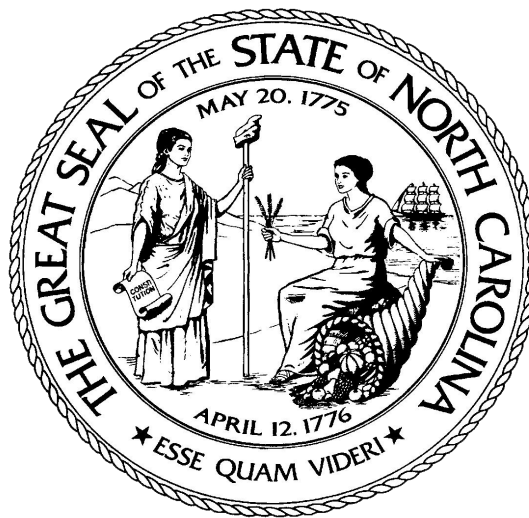
MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Use of Dorothea Dix Hospital Property Funds to Increase Short-Term, Inpatient Behavioral Health Bed Capacity in Rural Areas of the State with the Highest Need

Session Law 2016-94, Section 12F.4.(d)

Session Law 2017-57, Section 11F.5.(e) as amended by Session law 2018-5, Section 11F.2.



**Report to the
Joint Legislative Oversight Committee on Health and Human
Services**

and

The Fiscal Research Division

By

North Carolina Department of Health and Human Services

July 20, 2022

Reporting Requirements

S.L. 2016-94, Section 12F.4.(d) Beginning November 1, 2017, 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 short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section.

S.L. 2017-57, Section 11F.5.(e) as amended by S.L. 2018-5, Section 11F.2. Report on Use of Funds to Purchase Additional Beds. – 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 and, of this number, and pursuant to subsection (d) of this section, the number of beds or bed days reserved for and purchased by (i) the Department under the State-administered, three-way contract and (ii) the LME/MCOs for individuals who are indigent or Medicaid recipients.

This report addresses the reporting requirements identified in the two excerpted paragraphs above.

Number and Location of Behavioral Health Bed Capacity Funded

Of the eight Dorothea Dix Hospital Property Fund (DDHPF) contractors, seven are hospitals or hospital systems, which are contracted to renovate or construct a total of 157 psychiatric inpatient beds: 16 licensed child/adolescent inpatient beds and 141 licensed adult psychiatric inpatient beds. There is also a DDHPF contract with Onslow County, which is funded for 16 licensed Facility-Based Crisis (FBC) beds for adults. In total, the DDHPF is funding the development of approximately 173 behavioral health beds throughout the State. Attachment 1 identifies the DDHPF contract facilities, including the locations by county and Local Management Entity/Managed Care Organization (LME/MCO) service area, as well as the number of beds that are licensed, operational, and in development.

Table 1, below, presents a snapshot of the status of the DDHPF projects. All contracts have been executed, and the design/construction projects are in varying stages of completion, with 96 beds having been brought into operation thus far. Estimated completion dates, where available, of each project are also indicated. Due to changes to the estimated cost and scope of work for Southeastern Regional Medical Center, an estimated completion date remains to be determined.

Table 1: Contractors, Locations, Beds & State Funding

Contractor	County	City	# of Beds Being Developed	Type of Beds to be Licensed	Contract Amount	# of Operational Beds; or Completion Estimation
Caldwell UNC Health	Caldwell	Lenoir	27	Adult Psychiatric Inpatient	\$4,000,000	27
Cape Fear Valley Health System	Cumberland	Fayetteville	16	Child/Adolescent Psychiatric Inpatient	\$4,000,000	12/15/2021 (16 projected)
Charles A. Cannon, Jr. Memorial Hospital	Avery	Linville	37	Adult Psychiatric Inpatient	\$6,503,478	11/15/2021 (10 projected initially; bi-weekly phased standup for remaining beds)
DLP Maria Parham	Franklin	Louisburg	33	Adult Psychiatric Inpatient	\$10,103,500	33
Good Hope Hospital	Harnett	Erwin	16	Adult Psychiatric Inpatient	\$3,000,000	12/31/2021 (16 projected)
MH -Mission Hospital	Buncombe	Asheville	20	Adult Psychiatric Inpatient	\$3,438,179*	20
Onslow County	Onslow	Jacksonville	16	Facility Based Crisis – Adult	\$2,000,000	16
Southeastern Regional Medical Center	Robeson	Lumberton	8	Adult Psychiatric Inpatient	\$1,389,912	To Be Determined
Total			173		\$34,435,069	96 Operational

*Note: S.L. 2017-57 appropriated up to \$4 million for MH-Mission Hospital.

Number of Beds Reserved for and Purchased by DHHS

Both S.L. 2016-94 and S.L. 2017-57 require that the contractors reserve at least 50% of the added beds or bed days for possible purchase by DHHS via Three-Way Contracts for psychiatric inpatient care and by LME/MCOs for persons who are indigent or are Medicaid recipients. At a minimum, when all beds become operational, at least 78 beds will be required to be reserved for DHHS and LME/MCOs to serve persons who are indigent or have Medicaid health insurance. Actual purchase of reserved bed days will be subject to need, eligibility, and available resources.

Thirteen geriatric psychiatric inpatient beds at DLP Maria Parham in Franklin County became operational in October 2018, and construction for another 20 licensed adult psychiatric inpatient beds was subsequently completed in February 2020; all 33 beds were licensed and operational by March 2020. Twenty psychiatric inpatient beds opened in MH Mission Hospital in March 2019. During the month of July 2019, Recovery Innovations, Inc. began serving persons who were experiencing behavioral health crises in the 16 licensed and operational FBC beds in the Onslow County facility. Caldwell UNC Health's 27 new adult psychiatric inpatient beds were licensed and all 27 recently became operational. Each of these four facilities has received designation as an Involuntary Commitment (IVC) facility with respect to the new beds.

Of the 96 beds that have become operational, Table 2 below identifies the number of bed days between July 1, 2020 and June 30, 2021 (SFY 2021) that have been reported to the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) by the three hospitals and the FBC provider during which behavioral health services were delivered to persons needing such care. The bed days reported by the four organizations were paid from the funds held by two payer sources: Medicaid paid by LME/MCO; and state-funds. The state-funded FBC bed days were paid from LME/MCO single stream dollars, while the state-funded psychiatric inpatient care was paid via Three-Way Psychiatric Inpatient Contracts with the LME/MCOs and hospitals.

Caldwell UNC Health reported 922 Medicaid bed days and 1,905 self-pay/medically indigent bed days for psychiatric inpatient care in SFY 2021. DLP Maria Parham reported 1,730 Medicaid and 1,083 self-pay/medically indigent bed days of psychiatric inpatient care. MH Mission Hospital reported 5,268 bed days paid with Medicaid funds and 2,160 self-pay/medically indigent bed days during the SFY. Onslow county reported that Recovery Innovations, Inc. likewise provided FBC services for a combined total of 1,457 Medicaid, self-pay/medically indigent, and other/unknown (payer) bed days in SFY 2021.

Table 2: Bed Days: July 1, 2020 to June 30, 2021

Contractor	LME-MCO	Service Type	Bed Days: Medicaid	Bed Days: Self-Pay, Medically Indigent	*Bed Days: Other or Unknown	Combined Bed Days
Caldwell UNC Health	Vaya Health	Psychiatric Inpatient	922	1,905	-	2,827
DLP Maria Parham	Cardinal Innovations	Psychiatric Inpatient	1,730	1,083	-	2,813
Mission Health System	Vaya Health	Psychiatric Inpatient	5,268	2,160	-	7,428
Onslow County (Provider: Recovery Innovations, Inc.)	Trillium Health	Facility Based Crisis	280	1,112	65	1,457
Total			8,200	6,260	65	14,525

*Dashes reflect that no data was reported by the facility.

Table 2 reflects the number of days that individuals received psychiatric inpatient or FBC services, with the payer sources for the individuals who were identified as having Medicaid, no health insurance, and other/unknown health insurance coverage. A total of 14,525 bed days were reported for the 96 operational DDHPF beds. Of that total, the three hospitals provided a total of 13,068 psychiatric inpatient bed days, and Recovery Innovations, Inc. provided 1,457 FBC bed days.

Psychiatric Inpatient Bed Utilization Throughout North Carolina

The beds being constructed from the DDHPF are adding to the total psychiatric inpatient beds in community hospitals throughout the state. The 2022 State Medical Facilities Plan indicates that there were 2,411 licensed psychiatric inpatient beds in the state for Federal FY20 – 397 for children/adolescents and 2,014 for adults.¹ However, only 71.2% and 60.0% of those beds,

¹ Does not include psychiatric beds in the State Psychiatric Hospitals

respectively, were utilized. This amounted to a total bed utilization rate throughout the state of 61.9%.

Psychiatric Care in Acute Care Hospitals	Child / Adolescent (0-17)	Adult (18+)	Total
Licensed Beds	162	1,570	1,732
% Utilization of Licensed Psychiatric Beds	59.2%	54.2%	54.6%
Psychiatric Care in Psychiatric Hospitals	Child / Adolescent (0-17)	Adult (18+)	Total
Licensed Beds	235	444	679
% Utilization of Licensed Psychiatric Beds	79.5%	80.7%	80.3%
Psychiatric Care in Acute Care Hospitals and Psychiatric Hospitals	Child / Adolescent (0-17)	Adult (18+)	Total
Licensed Beds	397	2,014	2,411
% Utilization of Licensed Psychiatric Beds	71.2%	60.0%	61.9%

Source: 2022 State Medical Facilities Plan

* Does not include psychiatric beds in State Psychiatric Hospitals

Summary

Eight contracts were funded by a total of \$34,435,069 from the DDHPF. Of the 173 beds, located in renovated or newly constructed facilities, 157 are psychiatric inpatient beds in community hospitals and 16 beds are in a Facility-Based Crisis program. Ninety-six of the beds are currently operational, and design and construction activities are ongoing for the remaining 77 beds.

A total of 14,525 bed days of behavioral health care to persons, who had Medicaid, no health insurance (medically indigent), or whose health coverage was identified as other or unknown, was reported by the facilities that had provided care in the new DDHPF beds.

As of FFY20, psychiatric inpatient bed utilization by local hospitals in North Carolina was 61.9%.

Attachment 1
North Carolina
Dorothea Dix Hospital Property Funded Contracts
New Behavioral Health Beds & In Development
 As of July 1, 2021

