

2001

**JOINT
APPROPRIATIONS
SUBCOMMITTEE ON
HEALTH & HUMAN
SERVICES**

MINUTES

**JOINT APPROPRIATIONS
SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES**

2001-2002 SESSION

COMMITTEE CHAIRMEN

Representative Beverly Earle
Representative Edd Nye
Senator Bill Martin

FISCAL STAFF

Karen Hammonds-Blanks
Carol Shaw
Lisa Hollowell
Susan Morgan

COMMITTEE ASSISTANT

Joyce Hodge
Ann Raeford
Jo Bobbitt

MEMBERSHIP LIST

CHAIRS

Representative Beverly Earle

Representative Edd Nye

Senator Bill Martin

MEMBERS

<u>MEMBER</u>	<u>PHONE</u>	<u>ROOM</u>	<u>ASSISTANT</u>
Rep. Beverly Earle Chair	3-5747	535	Ann Raeford
Rep. Edd Nye Chair	3-5477	639	Jo Bobbitt
Sen. Bill Martin Chair	5-3042	411	Joyce Hodge
Rep. Lanier Cansler	3-5757	1217	Barbara Cansler
Rep. Mark Crawford	3-5605	1209	Denise Roberts
Rep. Walter Church	3-5805	1311	Joyce Fuller
Rep. Debbie Clary	3-5654	1211	Elena Askey
Rep. Billy Creech	3-4466	602	Rhonda Todd
Rep. Theresa Esposito	5-3009	418-C	Judy Lowe
Rep. Verla Insko	3-7208	2121	Linda McCrodden
Rep. Thomas Wright	3-5754	528	Clarestene Stewart
Sen. Charlie Dannelly	3-5955	2106	Dee Hodge
Sen. James Forrester	3-5708	1121	Mary Watson
Sen. John Kerr	3-5621	526	Evelyn Hartsell
Sen. Kenneth Moore	5-0706	419	Heidi Yates
Sen. Bill Purcell	5-0690	2117	Lorraine Blake

NORTH CAROLINA GENERAL ASSEMBLY
APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES
2001 – 2002 SESSION



Rep. Earle
Chair



Rep. Nye
Chair



Rep. Cansler



Rep. Church



Rep. Clary



Rep. Creech



Rep. Esposito



Rep. Insko



Rep. Wright

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Thursday, February 22nd, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Introduction of Committee Members and Staff

Appropriations Committee Process/ Role of Legislative and Departmental Staff

Staff Assignments (List provided)

Meeting Schedule

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee Health and Human Services

**Thursday, February 22, 2001
8:00 A.M.
Room 424, Legislative Office Building**

The Joint Appropriations Subcommittee on Health and Human Services met on Thursday, February 22, 2001 in room 424 of the Legislative Office Building. Members present were Representative Edd Nye, Co-Chair, Representative Lanier Cansler, Representative Theresa Esposito, and Representative Verla Insko. There were five senators present.

Representative Nye presided. He called the meeting to order and introduced the Pages that assisted the Committee. He then explained that Representative Beverly Earle, Co-Chair was unable to attend the meeting due to a death in the family. Senator Martin, Co-Chair, was recognized to make a few remarks. He stated the Committee would be seeking to learn what wasn't working and try to eliminate it. Some things that are working may have to be prioritized.

Representative Nye asked the members to introduce themselves. After introducing the Legislative Assistants, the Sergeant-At-Arms staff that was assisting was introduced. Carmen Hooker Buell, Secretary of Health and Human Resources, and other members of the Department that were present introduced themselves.

Karen Hammonds-Blank, Fiscal Research Staff, was introduced to speak to the Committee. Ms. Hammonds-Blanks presented the members with a handout titled Appropriations Committee Process. (See Attachment I) She introduced Susan Morgan, Carol Shaw, and Lisa Hollowell who are the other three staff members that make up the Health and Human Service team. She stated that they were waiting for Governor Easley's budget. They will be using the zero based modified version approach in looking at possible areas of reductions and adjustments. They believe the Committee will have six to eight weeks to go through the continuation budget, but the Appropriations Chairs will give the Committee a schedule to follow. She briefly reviewed the handout.

Senator Forrester stated he knew what a zero based budget was, but wanted an explanation of a modified zero based budget. Representative Nye responded that a zero based budget goes back five years and the Committee will do more than that. Senator

Martin added that with a full zero based budget, they would be looking at everything. There is a list of about 17 or 18 areas that will be focused on that probably need more attention, but they will be considering other aspects as well. Representative Nye noted that nonprofits were one of the areas that they would zero in on. One large program is Smart Start that has been going on for several years and they plan to have an extensive review of that program.

Susan Morgan, Analyst with the Fiscal Research Division, reviewed her area of responsibility from a handout explaining their team assignments. (See Attachment II) There are two analyst assigned for each division. There is a lead analyst and a backup analyst. She is lead analyst for the Division of Aging, and a portion of Social Services.

Carol Shaw, Analyst with Fiscal Research, explained that she is lead analyst for Division of Medical Assistance, Division of Facility Services, Division of Vocational Rehabilitation Services, Division of Services for the Blind, and Division of Services for the Deaf and Hard of Hearing.

Lisa Hollowell, Analyst with Fiscal Research, reviewed the areas that she covers, which are Division of Early Intervention and Education, Division of Public Health, and Office of Rural Health.

Ms. Hammonds-Blanks explained the areas she is responsible for are Division of Mental Health, Division of Social Services, and the Division of Child Development.

Representative Nye stated the Committee would meet from 8:30 A.M. to 10:00 A.M. on Tuesday, Wednesday, and Thursday. He then asked for suggestions from the Committee members for staff to put on their list. Representative Cansler noted it was going to be a very difficult Session. A lot of community services are being eliminated. He expressed concern that the State not balance the budget on the backs of the hospitals.

Senator Purcell noted he is concerned about the area of dental care for children, which is a major health care problem for children in North Carolina that keeps being ignored. He hopes the Committee will keep that in mind in whatever they do. Senator Kerr asked if the state had lobbyist in Washington and noted someone wasn't doing a very good job.

Representative Nye informed the Committee there had been some concerns raised about SB10 and the implication it has for an industry. He stated they would zero in on this Bill and see if it did what it was intended to do. He met with a group from Sampson County and they are very concerned with their Medicaid budget. He wants to challenge staff and the Department to tell the Committee how Medicaid can be controlled.

The meeting was adjourned at 10:00 A.M.

Edd Nye
Representative Edd Nye, Presiding Chair

Representative Beverly Earle, Co-Chair

Senator Bill Martin, Co-Chair

Jo Bobbitt
Jo Bobbitt
Committee Assistant

APPROPRIATIONS COMMITTEE PROCESS

Joint Appropriations Subcommittee on Health and Human Services

GOAL: TO PREPARE THE HEALTH AND HUMAN SERVICES (HHS) BUDGET AS DEVELOPED THROUGH THE SUBCOMMITTEE PROCESS FOR PRESENTATION TO FULL APPROPRIATIONS AND THE GENERAL ASSEMBLY.

Continuation Budget:

The Continuation Budget is the recommended funding plan to continue the current operations at the level previously appropriated by the General Assembly.

- Subcommittee reviews the continuation budget of the Department of Health and Human Services (by division) for possible reductions/adjustments or changes in policy.
- Subcommittee reviews the programs and services administered and/or provided by the Department of Health and Human Services (by division).
- Continuation budget process lasts approximately 6 to 8 weeks (the 2001 schedule to be determined).

Expansion Budget:

The Expansion Budget includes various recommended increases in existing programs; permanent funding for pilots or programs funded with non-recurring funds and the creation of new programs. Expansion items usually include members' bills or suggestions; mandatory items that are the result of federal requirements or legal action; and the Governor's recommendations

- Subcommittee (historically) reviews the expansion budget after the continuation budget.

Block Grants:

Each year the General Assembly, through its Joint Subcommittee on Health & Human Services, appropriates \$650M in various federal block grants. These block grants provide funding for various health and human services areas such as child care, public and mental health, and social services.

- Subcommittee reviews block grants at the end of the expansion budget process.
- Subcommittee holds public hearings as required by federal law.
- Subcommittee appropriates funds at the end of the expansion process.

Other :

- **Budget Targets** are usually provided to each Subcommittee by the Full Appropriations Chairpersons. Traditionally, the target is inclusive of continuation and expansion requirements.
- **Flagging** is a process used by the Subcommittee to identify budget and policy items for further information, review or action. *Since votes on budget reductions or increases are generally not taken until later in the process, all items flagged for potential action will be tracked by fiscal staff. Items flagged for additional information will be tracked by fiscal staff and coordinated with DHHS staff for response to members.*
- **Special Provisions** provide legislative direction and policy guidance on the use of certain funds. As program and budget issues arise members may suggest special language to direct certain policy actions or specifies the use of certain funds. Legislative staff, in consultation with members, will facilitate the development of these special provisions.

Role of Legislative and Departmental Staff

Joint Appropriations Subcommittee on Health and Human Services

GOAL: TO PREPARE THE HEALTH AND HUMAN SERVICES (HHS) BUDGET AS DEVELOPED THROUGH THE SUBCOMMITTEE PROCESS FOR PRESENTATION TO FULL APPROPRIATIONS AND THE GENERAL ASSEMBLY.

Role of Legislative and Departmental Staff:

- **Fiscal Research Division** staff review, analyze, and present information on the continuation and expansion budgets for each division within DHHS. In addition, with direction from subcommittee chairs, fiscal staff coordinate subcommittee meetings and agendas; track flagged items and coordinate information requests; upon request, prepare fiscal notes; assist legislative counsel in the development of special provisions and prepare the Subcommittee report to Full Appropriations.
- **Bill Drafting Division** staff draft legislation; assist members with legal research; and the development of special provisions. Bill drafting staff usually attend subcommittee meetings.
- **Department of Health and Human Services** staff attend subcommittee meetings and work with legislative staff to answer members' questions and obtain additional information if needed. Departmental staff may also make presentations on various budget issues and reports mandated by the General Assembly.
- **Office of State Budget, Planning and Management (OSBPM)** staff attend subcommittee meetings and assist in the development of special provisions, budget/program information, and policy matters as needed.

**HEALTH & HUMAN SERVICES
TEAM ASSIGNMENTS
January 2001**

DIVISION/PROGRAMS

ANALYSTS

Division of Aging

Adult Care Homes
Long Term Care
Senior Centers
Home and Community Based Services

Susan Morgan/
Carol Shaw

Division of Child Development

Smart Start
Child Care Subsidy
Leandro & Pre-K

Karen Hammonds-Blanks
Lisa Hollowell

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

Court Mandated Programs (Willie M & Thomas S)
CAP-MR/DD
State Psychiatric Hospitals & Other Facilities
Area Mental Health Authorities/Programs

Karen H-Blanks/
Carol Shaw

Division of Medical Assistance

Medicaid
Health Choice (Children's Health Insurance)

Carol Shaw/
Karen Hammonds-Blanks

Division of Facility Services

Medical Care Commission
Health Care Facilities Licensure & Regulation
Certificate of Need

Carol Shaw/
Susan Morgan

Division of Social Services

Work First (Welfare Reform)
Child Support
TANF Block Grant
Food Stamps
Child Protective Services/Foster Care/Adoptions
Abortion Fund
Social Services Block Grant
Adult Services

Karen H-Blanks/
Susan Morgan

Susan Morgan/
Karen H-Blanks

Division of Vocational Rehabilitation Services

Independent Living Rehabilitation Program

Carol Shaw/
Lisa Hollowell

**HEALTH & HUMAN SERVICES
TEAM ASSIGNMENTS
January , 2001**

DIVISION/PROGRAMS

ANALYSTS

Division of Services for the Blind

Carol Shaw/
Lisa Hollowell/

**Division of Services for the
Deaf and Hard of Hearing**

Carol Shaw/
Lisa Hollowell

**Division of Early Intervention
and Education**

Schools for the Deaf
Governor Morehead School
Developmental Evaluation Centers

Lisa Hollowell/
Karen Hammonds-Blanks

Division of Public Health

Women's and Children's Health
(Immunizations, WIC, Infant Mortality)

Lisa Hollowell/
Carol Shaw

Office of Minority Health
Chronic Diseases

Lisa Hollowell/
Carol Shaw

Epidemiology
State Laboratory
Office of Chief Medical Examiner
AIDS/HIV/STDs
ADAP

Lisa Hollowell/
Karen Hammonds-Blanks

Office of Secretary

Karen H-Blanks/
Carol Shaw

Office of Rural Health

Lisa Hollowell/
Carol Shaw

Office of Economic Opportunity
Community Services Block Grant

Susan Morgan/
Karen H-Blanks

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS HEALTH & HUMAN SERVICES

Name of Committee Health & Human Services

Date 2-22-01

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Bob Hedrick	Community Support Providers Council
John Kuntz	NCFPC
Kylan Francis	Meck County
John Bowdosh	Alley Associates
Quinn J.E.	Assn. for Home & Hospice Care of NC
Jerry Cooper	N.C. Assisted Living Association
May Greene	OSBPM
Whitney Oring	OSBPM
Debbie Street	PPAP
Patrice Roeder	NCAACE
Andy Ellen	NCRMA

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS HEALTH & HUMAN SERVICES

Name of Committee Health & Human Services

Date 2-22-01

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

John Titter	MHA/NC - C2001
Sally Cameron	NC Psychological & C2001
Ben Aiken	NCPA & UAB
Bruce Melcher	NAME NC
A Denny McBride	DHHS
Pete Jones	DHHS
Linda Portier	DHHS
Allen Duffey	DHHS
Lisa Edgerton	DHHS
Carmen Hooker Buehl	DHHS
John D. [unclear]	DHHS

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS HEALTH & HUMAN SERVICES

Name of Committee Health & Human Services

Date 2-22-01

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Michelle Cotton	DMH/DO/SAS
Jeanne Schen Stevens	NC Assoc. of Nurses
Adam Seaving	NCHAC
Roshya Sewell	NC Child Care Coalition
Sharrese Hanson	NC DSS
Bernie Hollen	DMHS
Martha Lowman	DOA
Jack Strangbach	NC Council
David Richmel	Proc Inc
Roger Bone	Bone Assoc.
Paym MATHIAS	Sp in.

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, February 27th, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Approach for the Review of the Department of Health and Human Services – FRD Staff

Committee Discussion

Next Meeting

Adjourn

Fiscal Research Division
Approach for the Review of the
Department of Health and Human Services
Session 2001

FOR ALL DIVISIONS

- Division Overviews – Services provided, organizational structure, revenue and expenditure trends
- Layers of management
- Potential Reorganization and consolidation
- Vacant positions
- Contracts for technical assistance, training, research and evaluation
- Nonprofits
- Modified-Zero-Based Budgeting – travel, training, cellular phone usage
- Duplication of services and streamlining of administrative functions
- Optional programs and services
- Block grants

Division of Medical Assistance

- Forecast Methodology
- Inflation
- Optional Services
- Limitations on Services
- Service Utilization
- Optional Eligibles
- Cost Sharing
- Payments to Providers
- Administrative Savings

NC Health Choice

- Enrollment Cap
- Federal Funding
- Cost Sharing by Participants
- Cost Sharing by Counties

Division of Facility Services

- Staffing
- Fees
- Grant Programs
- Travel

Division of Blind Services

Division of Deaf and Hard-of-Hearing

Division of Vocational Rehabilitation

- Service Delivery
- Regional Offices

Fiscal Research Division
Approach for the Review of the
Department of Health and Human Services
Session 2001

Division of Early Intervention and Education

- Enrollment at the Schools for the Deaf
- Academic scores at the Schools - ABCs program
- Pre-school programs
- Developmental Evaluation Centers

Division of Public Health

- Health indicators and programs
- Regional Offices
- Oral Health Section – provision of direct services
- Women and Children’s Health Section – new programs and programs that serve less than half of counties
- Epidemiology – AIDS Drug Assistance Program (ADAP)
- Chronic Disease Control and Prevention – Task Forces
- Fees

Division of Aging

- Reauthorization of the Older Americans Act
- Family Caregiver Funding
- Inter-Agency Collaborations
- Senior Centers
- Area Agencies on Aging
- Adult Day/Health Center
- Progress of the new Adult Day Care/Adult Day Health facilities (\$250,000) appropriated in 2000.
- Community-Based Services
- Waiting Lists

Division of Social Services

- Work First and TANF Block Grant
- Maintenance of Effort provision
- Effectiveness of child support operations
- Use of consultants
- Regional offices/staff
- Optional programs & services
- Intensive Family Preservation Services
- Child and Adult Services
- Performance Measurements
- Turnover rates for local staff
- Foster Care
- Trend data
- Independent Living

Fiscal Research Division
Approach for the Review of the
Department of Health and Human Services
Session 2001

- Adoption Services
- Comparisons of N.C. to other states
- State/County Special Assistance for Adults
- Special Assistance Demonstration Project
- Resident Evaluation Services
- Adult Care Homes
- Utilization Rates
- Maternity Home Fund - Inflation
- State Abortion Fund

**Division of Mental Health/Developmental Disabilities/
Substance Abuse Services**

- Recent organizational changes
- Mental Health Oversight Reform Initiative
- MH/DD/SAS Facilities
- Overview of Area Programs & issues impacting them
- Update on CAP-MR/DD Program

Division of Child Development

- Division Administration (management & direct services staff)
- Optional programs and services
- Child Care Subsidy waiting list

North Carolina Partnership for Children (Smart Start)

- Administration
- Carryforward
- Contracts
- Mandatory 30% allocation for child care subsidy
- Local Partnerships

Office of the Secretary

- Newly created positions, offices & programs
- Optional services provided to local governments (such as personnel)
- Optional Offices/Services (such as public relations, etc.)

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, February 27th, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Approach for the Review of the Department of Health and Human Services – FRD Staff

Committee Discussion

Next Meeting

Adjourn

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building
Tuesday, February 27, 2001
8:30 a.m.
Minutes

The Health and Human Services Appropriation Subcommittee met Tuesday, February 27, 2001 in Room 422 of the Legislative Office Building. Senator Bill Martin, Chair, called the meeting to order and introduced the pages. Representative Beverly Earle was recognized to give opening statements. Members of the Department Health and Human Services Budget Analysis Staff were also introduced.

Sen. Martin stated that this meeting is a prelude to the next meeting when the Secretary will give the state of the department and discuss where we go from here. In reviewing the agenda, he said that this meeting is an opportunity to discuss areas that the committee feels the need to look at more closely. Fiscal staff will lead the discussion of the review process. The Chair stated that the department is currently conducting an in-depth review of all the programs. He stated that there is the tremendous task before the committee is to look closely at what savings can be made, how well everything is working and where we need to go from here in a way that does not harm the citizens of North Carolina.

Carol Shaw was recognized to begin the overview of the review process. She began by giving a general overview of items to be reviewed in each division and of the approach the Fiscal Health and Human Service Team will take for the review of the budget of the Department of Health and Human Services. She referenced the handout (Attachment 1). The first section referred to the items for all divisions that will be reviewed. A division overview consisting of a background of what that division is doing, the content of their budget and strategies used to provide services or perform tasks they are responsible for, as well as indicators of how well they are doing those tasks. She stated that layers of management will be review to determine the need for any organizational changes, are there duplication of services, the possibility of streamlining administrative functions. Potential reorganization with regard to possible consolidation and combination of programs to better deliver services to the public and effectuate cost savings at the same time. She said that the Appropriations Leadership have identified items to be reviewed as well as the modified zero base budgeting such as vacant positions, contracts, non-profits, travel and training and cellular phone use.

The Division of Medical Assistance is a division with unique areas. She said that because it is an entitlement program, it is different from some of the other divisions. An established amount cannot be appropriated, because it is an entitlement program, if people are eligible, services have to be rendered and costs for medical and/or long-term care

services will have to be paid. The forecast is one of the most important things related to Medicaid. There will be a review of the forecast methodology to ensure that the increases are appropriate. A report from the Lewlyn Group, of the limitations on services is due May 1, 2001. This report should be helpful to the Committee process.

During committee discussion, the following questions were asked:

Regarding the NC Health Choice, because it is not an entitlement, when the money is utilized, do we stop paying? Why do we need a reserve fund? Can the reserve fund be used to draw down and match for more children?

If the amount of the reserve were used as suggested, the issue becomes what happens in terms of the budget in the odd years if it were used to increase the enrollment, what would the overall cost be for the next two to four years? Dr. Walker of the State Employees Plan will address the issue of reserve later in the session.

What percent is the state's share of Medicaid. Does federal law mandate counties to participate? How many states require county participation?

How many prescriptions are allowed under Medicaid?

When we look at some of the rural counties, about 7 percent of the budget goes to Medicaid and other counties only 1.2 percent. It appears that the poorer counties are penalized.

Is there a formula for prescription drug coverage under Medicaid, and if so, who establishes that formula?

Lisa Hollowell was recognized to review the Divisions of Early Intervention and Education and Public Health. She began by giving a brief history of the Division of Early Intervention and Education, which was created last year. The three schools for the Deaf are in this division. The three schools are located in the eastern part of the state, the western part of the state and also one in Greensboro. The enrollment is at an all time low. The academic scores of the schools, which were put under the ABC's program last year, will also be examined. A review of services targeted to 0 to 5 years old individuals who are at-risk for developmental disabilities and the developmental evaluation centers will also be done. The enrollment for the preschool program for hearing impaired children will also be examined.

Regarding the Division of Public Health, the health indicators, programs designed to address them, such as the Infant Mortality Rate, teen pregnancy rates and mortality rates across the state, the programs in place as well as the impact of these programs will also be

reviewed. The Regional offices of the Division of Public Health and the number of positions located at each office and what they do, services provided to public health department, and vacant positions will also be assessed.

The possibility of fees offsetting the cost of programs will be discussed. This could be a potential reduction in budget.

To what extent is there duplication of the various prevention programs and how could some of those efforts be combined.

The Committee requested a breakdown of the Million Dollar drug program.

The Smart Start Reports includes funding through Smart Start for Public Health. The committee agreed that there is a need to get a handle on what Smart Start is doing for Public Health Departments.

Regarding early intervention, why was the ABC Program instituted in these schools? The schools were not academically focused and were placed in the ABC Program so there would be more of an education program at the schools. At the same time the performance will have to be taken under consideration of federal guidelines and regulations.

It was also suggested that the committee examine task forces, regarding dollars actually reaching the people as opposed to salaries.

Susan Morgan was recognized to give an overview of the Division of Aging, and the Division of Social Services. Among the areas of concern reauthorization and recent changes of the Older American's Act; interagency collaboration; Senior Centers - rural verses urban locations, allocation of resource, populations served and also outreach funds provided by the state to area agencies on aging for outreach of Senior Centers. In reviewing area agencies on aging, organizational changes and funding and also expenditure trends for the seventeen area agencies on aging.

In the area of adult day care and health centers, cost data, utilization rates, progress of allocated funds (\$250,000 last year) for start-up grant will be reviewed. She stated that waiting list for in-home and personal services will also be addressed.

Karen Hammonds-Blanks was recognized for an overview of the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, which includes the institutions and facilities within this Division as well as recent organizational changes at the State Level. She will also give an update of Mental Health Reform Legislation, and the area programs and issues impacting them, including the waiver programs for Developmentally Disabled Individuals. She stated that the new programs and new issues impacting the reform efforts would also be discussed.

The Division of Child Development is a very small program when the Smart Start section is removed. Primarily the administration, optional services, regulatory and child subsidy programs, the subsidy waiting list will be discussed. An update on the Leandro Law suit and the impact this budget. The policy, spending and contracts at the local level of North Carolina Partnership for Children (Smart Start) will be reviewed.

In response to the question of how much is presently being spent in Smart Start, Karen stated that approximately \$231 million, which includes administration at the state and local levels.

Carol Shaw stated that the increase in Medicaid of approximately \$370 million is the result of a combination of increased eligibility, prescription amounts, increased prescription costs and increased services provided. However the greatest difference now than in previous years is the significant increase in the utilization of services.

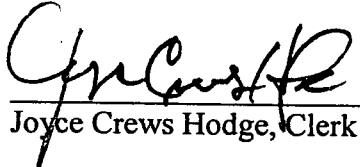
The Office of the Secretary is a very large office, which provides services generally to support other Divisions within the Department, including the budget unit, office of construction, office of public relations or consumer of affairs will also be reviewed.

The Committee requested a list of contracts the department has for outside services with a summary of the services to be provided.

The meeting was adjourned at 9:55 a.m.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

VISITOR REGISTRATION SHEET

Appropriations Subcommittee - HHS
 Name of Committee

2-27-01
 Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Allen Duffing	DHHS
Tiffany Bonds	Intern
Jim Elam	DHHS
Allyson	DHHS
Wanda Mandeville	DHHS
Deborah Atkinson	DHHS
Jim Skale	DHHS
Kyle Fay	DHHS
Rob Linkwater	DHHS
Allen Hawks	DHHS
Koz Sawitt	NC Child Care Coalition
Sharon Hirsch	NC Social Services Consortium
Thomas V. Bennett	NC Child Fatality Task Force
A DENNIS McBride	DHHS
JERRY HADLEY	NC Food Banks
Sharon	NC DSS
Chris Hoke	DHHS
Glen Wells	DHHS/Pop. Health
John Hoke	NCFPC
Michelle Cotton	DMH/DOISA
John Bowditch	Alley Associates

VISITOR REGISTRATION SHEET

App. HHS Joint Sub

02.27.2008

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Bela Melcher	NAAMI North Carolina
Jo Perkins	DVRS
Good Shepherd	NC Council of Community Programs
Patricia Parker	NCACC
ANN LORE	DUNS
Andy Ellen	NCRMA
Ed Cochran BROWN	DHHS
Wayne Williams	OSBPM
Mary D. Greene	OSBPM
Whitney Ortiz	OSBPM
Lon Wilson	NCALTC7
Bennie Hollen	DHHS
Mrs. Thelma Anderson	YALCO
Ann Tiller	in state - NC - 2008
Gene Pickard	AIRC / NC - 12001

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Wednesday, February 28th, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Department of Health and Human Services Overview – *Carmen Hooker Buell, Secretary*

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

**Wednesday, February 28, 2001
8:30 A.M.**

Room 424, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday, February 28, 2001, at 8:30 A.M. in Room 424 of the Legislative Office Building. Members present were Representative Edd Nye, Presiding Chairman, Representative Beverly Earle, Co-Chairman, Representative Lanier Cansler, Representative Walter Church, and Representative Verla Insko. There were six senators present.

Representative Nye chaired the meeting and began by recognizing the Pages. He then recognized Carmen Hooker Buell, Secretary of Health and Human Services. Secretary Buell stated she would give the Committee an overview of the Department and information/discussion about how they are meeting their needs with the present budget. (See Attachment I) She had recently attended the Governors Association meeting in Washington with Governor Easley and said every state is facing a huge problem with their Medicaid budget. The Department is charged with making sure the state has high quality daycare, caring for the mentally ill, and taking care of the people with developmental disabilities.

Secretary Buell reviewed the Departments mission, goals, organization, and key budget and personnel facts. Their mission is to enable individuals, families, and communities to be healthy and secure, and to achieve social and economic well-being. The goals of the Department is to support family development and independence, promote safety and health of children, improve quality of life for adults, improve quality of life for individuals with physical and mental disabilities, promote optimum health, and to provide quality education for DHHS students.

The Secretary continued with her presentation by reviewing the handout. Eighty four percent of the money they receive goes to programs and benefits. A lot of the budget is for direct institutional care. Ninety percent goes to direct care of the people they serve. Department growth has increased by 587% since the early 1980's and the number of

clients has increased by 288% with staff increasing by 9%. Three fourths of their employees make 35,000 per year or less.

Senator Purcell questioned what qualifies as a client. He was referring to the statement that 5.6 million people were being served. He pointed out there are only 6 million people living in the State. Jim Edgerton, Deputy Secretary with the Department, responded that it is the clients that each division serves including Medicaid, Area Mental Health, Child Care clients, and the blind. Secretary Buell pointed out that of all the babies born in North Carolina, 44% are Medicaid. Senator Forrester noted there has to be some duplication of clients from the different divisions. He asked for the number of employees in the Department and was told there were just under 20 thousand employees. Senator Forrester asked for the number of vacant positions and Mr. Edgerton responded there are just over one thousand and most of those are direct care positions.

Representative Church expressed interest in centralizing and combining management where possible to avoid redundancy. Mr. Edgerton explained they had been required to submit a report and it was somewhere with the Senate. There are 300 million dollars worth of repairs in the next five years to be address, so he doesn't suggest cutting maintenance, just maybe eliminating some supervisors.

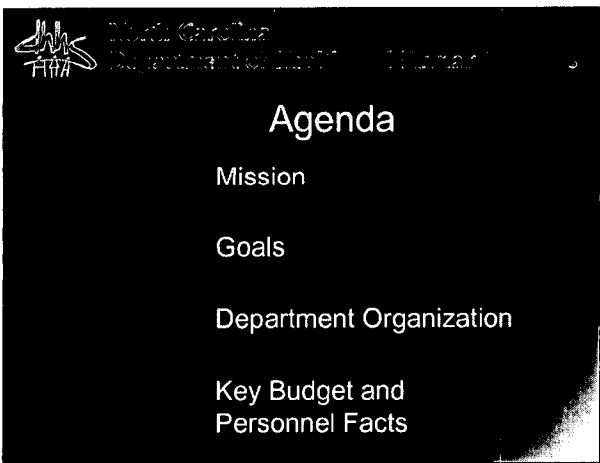
Senator Dannelly asked concerning procedures if the Department could bring their recommended cuts to the Committee and then the Committee could make cuts. Representative Nye responded that the Committee's staff had been making notes since January 24th, and they are very much on target. Secretary Buell responded to Senator Dannelly by stating they would be working with the Committee's staff on targeted cuts.

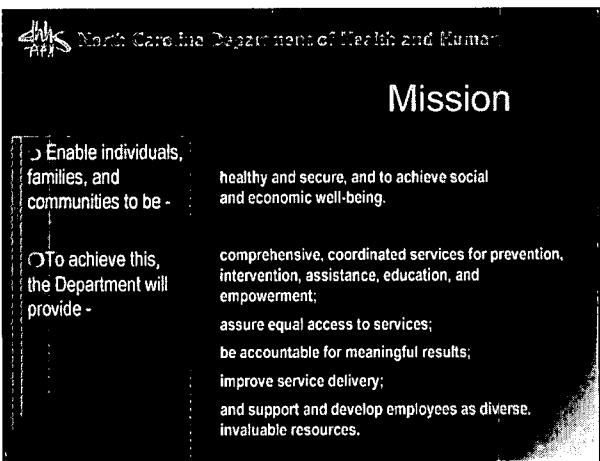
Secretary Buell continued with her presentation by presenting an overview of what the Department had done concerning this years budget. She reviewed the requirements of the Department that are in place to respond to this year's budget, and gave a brief explanation of the Medicaid shortfall. The current estimate shortfall for the year is 108 million. The major factor has been that the non-long-term care expenditures exceeded projections. It was anticipated there would be revenues in Social Services of 7.6 million. That amount was not realized primarily because of a drop in FANF caseloads. There was a discussion concerning bad checks that the Department receives and also the Department having to have reserve on hand due to having to pay out to counties before funding is received from federal government. Representative Cansler stated it wasn't the counties fault, and the State can't keep going to the ones who provide services to resolve the budget problems. Senator Martin mentioned truth in budgeting. It is much better to resolve the problems where they are than come up with a quick fix and deferring until next time.

Senator Moore asked for clarification concerning the \$20.0 million budgeting additional federal resources available on a one-time basis. Mr. Edgerton explained that \$10.0 million was TANF money, \$4.9 million is Mental Health Block Grant money, \$3.5 million is Child Care Development, \$1.6 million is money received back from federal government, and \$.5 million is for Low Income Energy Assistance.


Overview








Overview

 North Carolina Department of Health and Human Services

Goals

The Goals of the Department of Health and Human Services are...

- Support Family Development & Independence
- Promote Safety & Health of Children at Risk
- Improve Quality of Life for Adults
- Improve Quality of Life for Individuals with Physical & Mental Disabilities
- Promote Optimum Health
- Provide Quality Education for DMH Students

 North Carolina Department of Health and Human Services

OFFICE OF THE SECRETARY, EXECUTIVE STAFF

- Assistant Secretary for Budget, Management and Planning
- Assistant Secretary for Human Services and Education Policy
- Assistant Secretary for Health/State Health Director
- Assistant Secretary for Human Resources and Community Relations

 North Carolina Department of Health and Human Services

CENTRAL MANAGEMENT AND SUPPORT


- Council on Developmental Disabilities
- Division of Budget, Planning and Analysis
- Division of Human Resources
- Division of Information Resource Management
- Division of Property and Construction
- Office of the Controller
- Office of Economic Opportunity
- Office of Intergovernmental Relations
- Office of Internal Audit
- Office of Legal Affairs
- Office of Public Affairs
- Office of Research, Demonstrations, and Rural Health Development

Overview

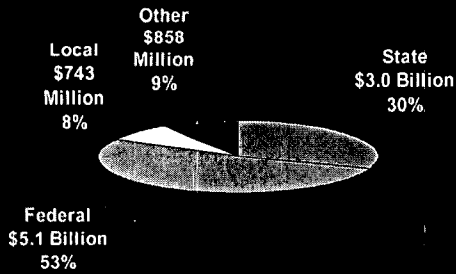
 North Carolina Department of Health and Human Services

DHHS DIVISIONS

- Division of Aging
- Division of Services for the Blind
- Division of Child Development
- Division of Services for the Deaf and the Hard of Hearing
- Division of Early Intervention and Education
- Division of Facility Services
- Division of Medical Assistance
- Division of Mental Health, Developmental Disabilities and Substance Abuse Services
- Division of Public Health
- Division of Social Services
- Division of Vocational Rehabilitation

 North Carolina Department of Health and Human Services

Where our money comes from



 North Carolina Department of Health and Human Services

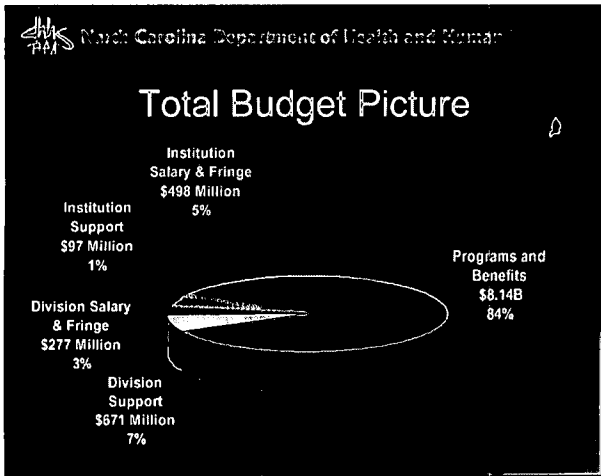
Direct Institutional Care

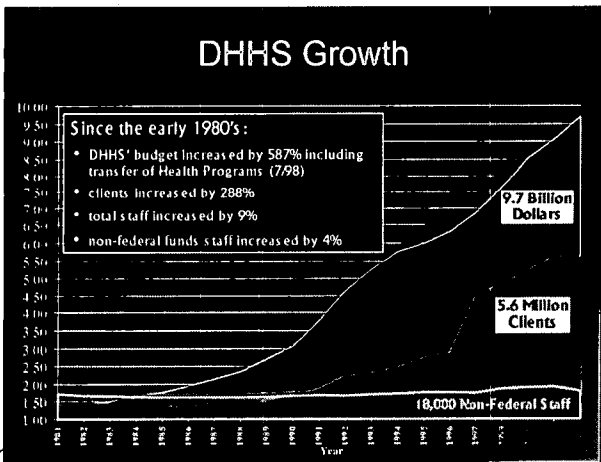
Institution Salary & Fringe
\$498 Million
5%

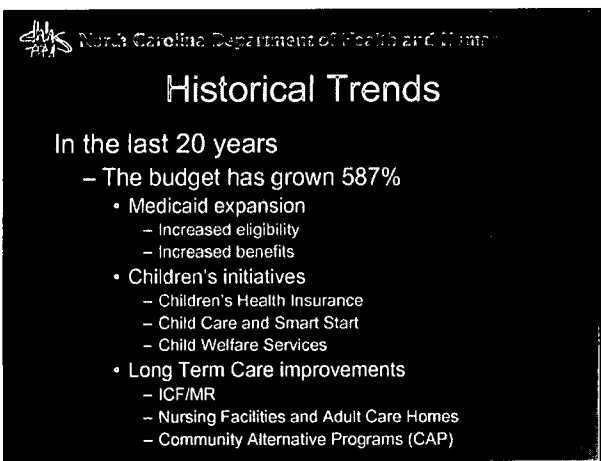
Institution Support
\$97 Million
1%

Programs and Direct Care account for 90% of the Budget

Overview







Overview

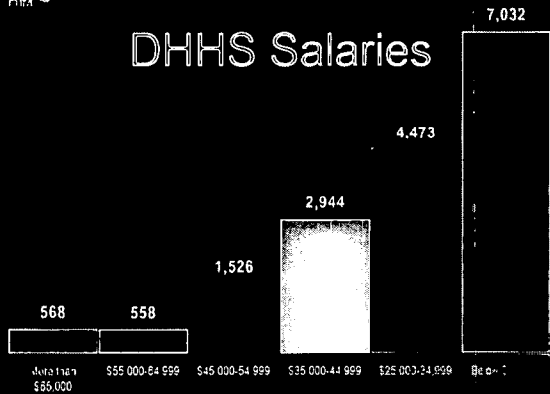
 North Carolina Department of Health and Human Services


DHHS Workforce

- Workforce includes:
 - nearly 7,600 health care personnel
 - over 562 teachers and counselors
 - over 2,500 counselors and therapists
 - about 1,800 day care specialist, child support enforcers
 - nearly 5,000 professionals who ensure safety of DHHS institutions and facilities
- Remember, our staff has grown 9% in the last 20 years
 - The lowest rate of any State department

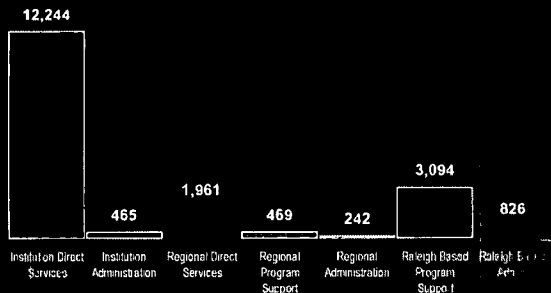
 North Carolina Department of Health and Human Services

DHHS Salaries

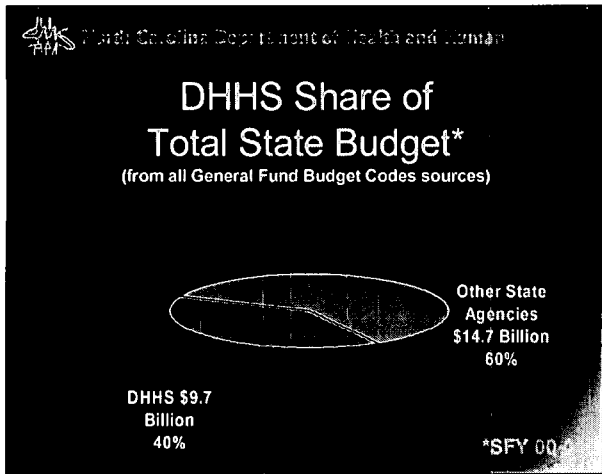


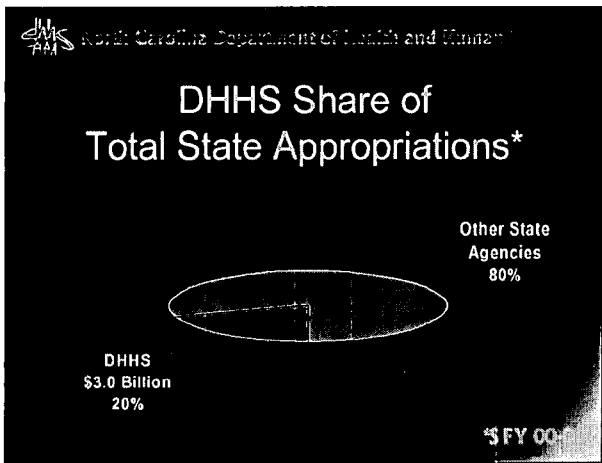
 North Carolina Department of Health and Human Services

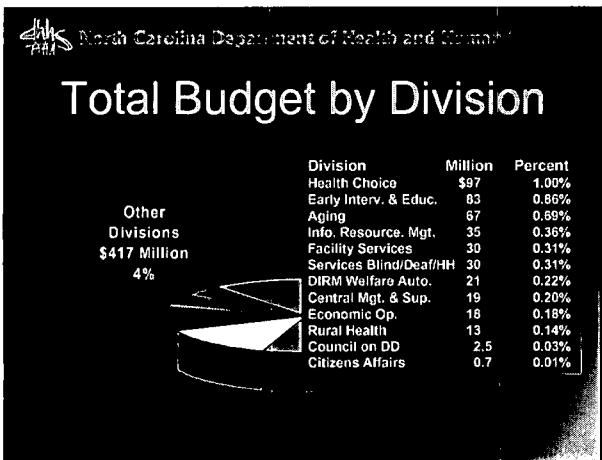
Positions by Location



Overview








Overview




 North Carolina Department of Health and Human Services

Identified Budget Issues For The Department Total \$218.1 Million

Goal Was to Identify Funding Without:

- Reducing Allocation to Local Service Providers
- Carrying Invoices (including Medicaid Claims) Into 2001-02.

 North Carolina Department of Health and Human Services

Budget Issues Fall Into Seven Major Groupings

- Medicaid Shortfall
- Budget Issues Unaddressed in Prior Budget Submissions
- Budget Issues Passed by 2000 Legislative Session
- Budget Issues Arising During the Year
- Miscellaneous Operational Requirements
- Need to Protect Cash Flow Funding
- Required Reversion of \$21 Million

Overview

 North Carolina Department of Health and Human Services

Medicaid Shortfall

Current Estimated Shortfall is \$108 Million (State Appropriations).

Non-Long Term Care Expenditures Exceeded Projections.

More Complete Explanation in A Subsequent Presentation.

 North Carolina Department of Health and Human Services

Budget Issues Unaddressed in Prior Budget Submissions

Total Operational Shortfalls of \$18.6 Million Were Known Prior to July, 2000.

Include Over Budgeted Revenues in Social Services of \$7.6 Million.

Include Under Budgeted Needs for DIRM Operations of \$5.4 Million and ITS Fees of \$5.6 Million.

 North Carolina Department of Health and Human Services

Budget Issues Passed by the 2000 Legislative Session

Budgeting Of Prior Year Earned Revenue - \$13 Million.

Recurring Receipts To Be Identified By Department - \$3.0 Million.

Elimination of 29 Positions Which Did Not Equate to \$2.1 Million.

Overview

 North Carolina Department of Health and Human Services

Budget Issues Arising During the Year

Five Items Requiring \$13.0 Million


- Automation Efforts Related to HIPPA (Federally Required And Firm Due Dates)
- Settlement of Denied Child Inpatient Days (Medicaid Settlement with DMH/DD/SAS)
- Patient Receipts Shortfall In Institutions
- Bad Checks Related to Child Support Enforcement
- Expenses To Move Two Offices On Which Leases Expired

 North Carolina Department of Health and Human Services

Need to Protect Cash Flow Funding

Funding Required Due To Timing Differences Of Expenditure and Federal Revenue Being Received.

Amount Established Based on Last Year's Actual Amount of \$37.6 Million.

 North Carolina Department of Health and Human Services


Miscellaneous Operational Requirements

Miscellaneous Items Total \$2.2 Million.

These Items Include:


- Medical Malpractice Insurance Premiums;
- Increased Cost of Enrolling VR Clients in Community colleges;
- Equipment for Hearing Screenings for Children;
- Purchasing Special Formulas for Infants.

Overview

 North Carolina Department of Health and Human Services

Required Reversion of \$21 Million


Target For DHHS of \$21 Million
Established by OSBPM;
DHHS Participation in General Revenue
Shortfall.

 North Carolina Department of Health and Human Services

Funding For These Items Required ALL Department Resources PLUS More.

Medicaid Deficit Funded By:


- \$85.0 Million Anticipated DSH Contributions From Public Hospitals
- Use of Remaining Medicaid Trust Fund Balance of \$5.6 Million.
- Use of Interest Realized by DMA on Claims Payments.
- Transfers from Other DHHS Divisions of \$17.0 Million.

 North Carolina Department of Health and Human Services

All Other Budget Issues (Including the Transfer of \$17.0 Million to Medicaid) Are Funded By The Following Resources:

- Departmental Lapsed Salaries and Related Fringes of \$10.0 Million;
- Prior Year Earned Revenues of \$29.9 Million;
- Indirect Costs of \$2.8 Million;
- Refunds From Prior Year Operations \$6.5 Million;
- Over-Realized Receipts of \$2.0 Million;
- Entitlements and Other Operational Projections Under Spending By \$32.6 Million;
- Budgeting Additional Federal Resources Available on a one-time Basis \$20.0 Million;
- Interest and Reserve Funds Available to DHHS - \$17.7 Million; and,
- Other Miscellaneous Receipts of \$2.5 Million.

Overview

 North Carolina Department of Health and Human Services

In Summary

The Current DHHS Budget Plan is
Balanced

New Budget Issues Or Shortfall in
Available Funding Will Be Most
Challenging, Especially as we get
Closer to the end of the Fiscal Year

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Wendy Willock	Legislative Intern
Maitha Lomana	VAZO
Clyde Hewitt	DHHS (Contract)
Dave Richard	Apel WC
IAEF MDEEE	MAKER OF DIMB
Glenn Wells	DHHS/PA
Chris Hoke	DHHS
Thomas V. Bennett	NCCFTF
Roz Sawitt	NC Child Care Coalition
Skansone	NC DSS
Chip Modlin	NC DSS

VISITOR REGISTRATION SHEET

Appropriations Subcom HHS

2-28-01

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Dr. Rick Mumford Chief Oral Health Section, Div Public Hlth

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NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Kathy Heeter	DHHS - Human Resources
TARA LARSON	DMH/DD/SAS
Charles Davis	DMH/DD/SAS
ART ROBARCE	DMH/DD/SAC
Helen Lipman	Meade Co.
Garry Caspell	NCALA
Adam Scoring	NCIAC
Michelle Cotton	DMH/DD/ISA
Bob Shulch	DURS
John DeJura	DSB
Whitney Oring	OSBPM

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NAME	FIRM OR AGENCY AND ADDRESS
Wayne Williams	OSBPA
Mary Greere	OSBPM
Dorothy Cienti	DHHS - Div of Public Health
Jennifer Mahan	MHA / NC
Bobbie Rooney	Social Services Consortium
Paula Wolf	Covenant w/ NC's Children
Joe LIBERA	AHHQ
Torlon Wade	DHHS - ORDRHD
Bob Fitzgerald	DHHS - DFS
Sharon Hirsch	NC Social Services Consortium
Beth Meicher	NAMI NC

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Shannon Tyler, MD	NC Psychiatric Assoc.
Janet Schanzelbach	NC Council on Community Programs
Susan Markham	NCEquity
HUE# Tilson	NCHA
Jan Wild	NCHTC7
BILL COX	DHHS
TERRY HARDESTY	NC Food Parks
Stacy Flannery	NCHFA
Pepi Maynard	SPD
Bernie Spiller	DHHS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Thursday, March 1, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Department of Health and Human Services Overview – *Carmen Hooker Buell, Secretary*

Committee Discussion

Next Meeting

Adjourn

***HOUSE APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES***

**MINUTES
MARCH 1, 2001
8:30 a.m.**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Thursday, March 1, 2001, at 8:30 a.m. in Room 643 of the Legislative Office Building.

House Co-Chair, Representative Beverly Earle presided. Other House members present were:

**Representative Edd Nye, Co-Chair
Representative Lanier Cansler
Representative Walter Church
Representative Theresa Esposito
Representative Verla Insko
Representative Thomas Wright**

Six Senate members were present.

Representative Beverly Earle called the meeting to order at 8:35 a.m. Pages were introduced and the meeting began with Secretary Carmen Hooker Buell continuing her presentation on the Medicaid Shortfall.

Medicaid Shortfall Presentation

Secretary Buell stated that the Department was doing very well in December 1999, but in June 2000 we were over budget between 25 and 35 million dollars. As of October 2000, the problem has grown to 108 million dollars.
(See Attachment II)

Mr. Dave McCoy from the State's Budget Office, presented to the Subcommittee information pertaining to the Medicaid shortfall. Mr. McCoy explained how the state was too optimistic with the forecast for Medicaid. They reviewed the numbers, and believed the forecast was valid and reliable. Ultimately the numbers were not reliable. We are now in a situation that we otherwise would not be in, if we would have been more flexible. The numbers have proved that the State's

Budget Office was too optimistic. Robert Powell, also from the State's Budget Office was available for questions.

Secretary Buell continued with the presentation. She listed the factors driving the Medicaid budget:

Number of services used

-Non long-term care services increased in 5 major areas

Increased payment for services

-Expenditures increased 17.6%

-Cost per eligible increased by 11.8%

Increased number of eligible

-5.1% increase over last year

Prescription drugs also played a major role with the increase in Medicaid. Drug expenditures went up 22.2% or \$92.5 million. The number of prescriptions increased by 11%, and the average cost per prescription increased by 10%.

Inpatient hospital admissions and expenditures continue to increase also. Hospital expenditures are up \$42.1 million, or 11%. The average admissions increased by 5%, and the average cost per admission increased by 6%.

Hospital Emergency Room expenditures were held at about 60 million for SFY's 97, 98 and 99. Emergency Room costs are now back at a high rate of growth. For three years, a HCFA approved policy was in place, which paid ER full cost only for true emergencies. From July to January of last year compared to the same time period this year, ER expenditures are up \$10.3 million, or 26.4%. The use of the ER is up 17.5% and cost per average visit is up 8%.

Physician services are seeing more patients and are providing more services. From July to January of last year compared to the same time period this year, physician services expenditures are up \$55.0 million, or 24.3%. Physician services units have increased by 15%, with the average cost per recipient is up 15%. The average number of recipients is up 8%.

Mental health increases reflect a demand for mental health services, a change in policy that placed the state match for these services in the Medicaid budget. From July to January of last fiscal year compared to the same time period

this fiscal year, mental health expenditures are up \$18.2 million. Average monthly recipients increased 10%, and an average cost per recipient increased by 8%.

An overall cost has increased because of services and increased cost of services mean higher cost per eligible per member/per month. Cost have increased for most service population categories which include: **Aged, Blind Disabled, AFDC <21, AFDC > 21, Infants and Children, Pregnant Women, Other Children, and Aliens.** (See Attachment II)

This concluded the Medicaid presentation from Secretary Hooker Buell.

Questions and comments were made from the committee members.

Prescription Drug Rebate

Mr. Gamble discussed in detail how the rebate program is working. Through January the state has collected 95 million dollars in drug rebate. Approximately 1/3 of that amount would have been put back in the budget to support the Medicaid program based on the Appropriation Act of last year. Approximately 50 million dollars goes back to the budget this year. The 50 million dollars include Federal, State, and County. The money is disproportioned, which means that approximately 62% goes back to the Federal Government, 5 1/2 % goes to the County and the balance goes to the State.


A presentation on the Disproportion Share Hospital Payment Program was given. This program allows the hospital, when it serves a disproportion number of uninsured persons, receives additional payments. In 1991-1992 state hospitals were made a total payment of 56 million dollars. The Federal share of this amount was 37 million. In September of this year, a total payment was made of 175 million dollars. This is the estimated cost from the hospital of uninsured patients that they served. To sum up the presentation, since 1991-92, the state has benefited, with no state appropriations, two billion, four hundred, eighty nine million dollars. Of that amount one billion, one hundred and ninety dollars have been returned to the general fund, as a non-tax revenue deposit. These funds have been appropriated by the General Assembly.

Questions and comments were made at this time from the committee.

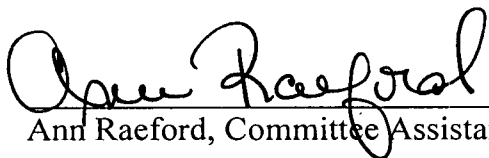
This concluded all presentations, and the meeting was adjourned.

Appropriations Subcommittee on Health and Human Services
March 1, 2001
Minutes
Page 4

Respectfully Submitted,



Presiding Co-Chair, Representative Beverly Earle

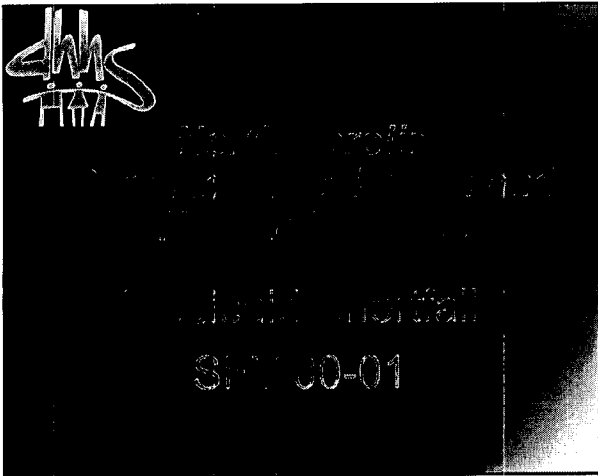


Ann Raeford, Committee Assistant

Attachments:

Attachment I
Attachment II
Attachment III
Attachment IV

Agenda
Medicaid Shortfall SFY 00-01
DHHS Initiatives 1993-2000
Visitor's Registration

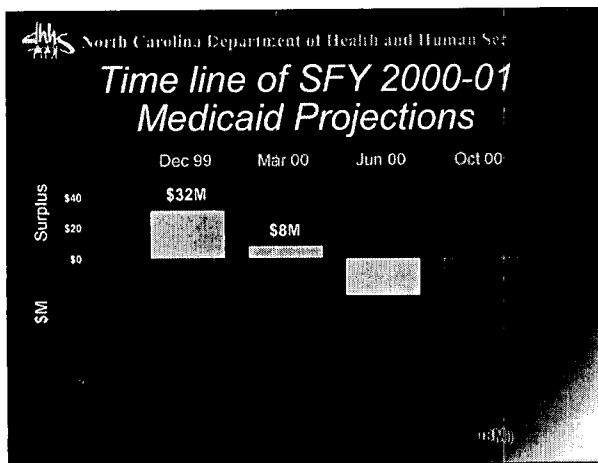


North Carolina Department of Health and Human Services
**Time line of SFY 2000-01
Medicaid Projections**

■ **Over (Under) Budget**

- December 1999	(\$32 million)
- March 2000	(\$ 8 million)
- June 2000	\$25-35 million
- October 2000	\$108 million

March 1, 2001





North Carolina Department of Health and Human Services

North Carolina is Not Alone

Many states are facing Medicaid shortfalls

- Kentucky - \$24 Million
- Indiana - \$71 Million
- North Carolina - \$108 Million
- Georgia - \$160 Million
- Ohio - \$249 Million
- Florida - \$271 Million
- Texas - \$602 Million

March 7, 2001



North Carolina Department of Health and Human Services

History of Policy Initiatives Impacting Medicaid Spending

Policy Initiative		Prompted By
AABD eligibility increased to 100% FPL. Exercised option under federal law to extend full Medicaid benefits to aged, blind and disabled (AABD) adults up to 100% FPL. Prior to this change, state law limited eligibility to roughly 75% FPL (SSI level). This change moved approximately 35,000 adults from limited coverage (paying only Medicare premium and deductible) to full Medicaid coverage (drugs, DME, hospital in-patient, etc.).	01/01/99	State Legislative Initiative
12 Months Continuous Eligibility added for Children. Exercised option under federal law to maintain a child's eligibility for Medicaid without regard to change in income/finances. Previously, children were terminated immediately if their family's income exceeded allowable income and earning levels.	02/01/99	State Legislative Initiative
Transitional Medicaid Extended to 24 Months. Exercised option under federal law to provide an additional 12 months of Medicaid for families who leave <i>Work First</i> for work. Previously, families were eligible for up to 12 months of coverage. More families now receive Medicaid and for longer periods of time.	11/01/99	State Legislative Initiative
Adult Care Homes reimbursed for new Personal Care Services. Provided additional reimbursement to ACH's for Medication Supervision and assistance with locomotion. Also included additional funding for increased time to administer medication (to help reduce medication error rates).	01/01/00	Department Initiative with Legislative Approval

March 1, 2001



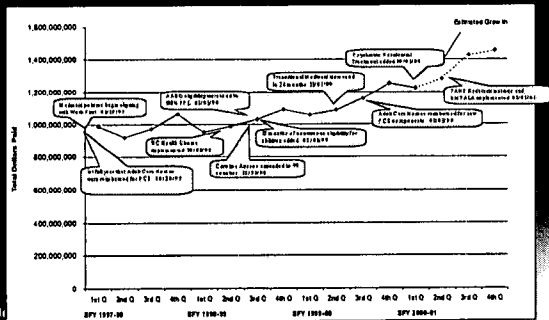
North Carolina Department of Health and Human Services

History of Policy Initiatives Impacting Medicaid Spending

Policy Initiative		Prompted By
Psychiatric Residential Treatment Facility (PRTF). A mandate from the General Assembly and threatened court action by Legal Services required the State to cover "psychiatric residential treatment facilities" as part of the EPSDT mandate. This is a longer-duration, in-patient service (below hospital level) that includes costs for both treatment and room-and-board. Estimated cost: \$8.8M (Total), \$2.8M (State)	10/01/00	Department Initiative to Avoid Potential Litigation
High Risk Intervention (HRI). Many children are eligible for HRI services but are not receiving them. DHHS is implementing a program to better identify children needing behavioral health services and directly enrolling HRI providers in the Medicaid program. These actions will increase HRI expenditures for this year and into the biennium. Estimated cost: \$23.7M (Total), \$7.6M (State)	10/01/00	Department Initiative
TANF Redeterminations. Requires the State to restate thousands of <i>Work First</i> recipients to verify that their eligibility for Medicaid was determined correctly when they left the cash welfare rolls. Each of these recipients will be provided up to 3 months of Medicaid eligibility while a local DSS worker determines their eligibility for on-going benefits. Estimated cost: \$17.3M (Total), \$7.9M (State)	01/01/01	Federal Policy
Emergency Room Policy Change (EMTALA). Requires the State to comply with the federal "emergency room policy." HICFA determined that NC's policy of permitting a nurse to triage a Medicaid recipient for non-emergency visits is out of compliance with federal policy. Now, triage no longer occurs and all costs (for both emergency and non-emergency care) are covered by Medicaid - which will result in higher ER costs. Estimated cost: \$4.7M (Total), \$1.5M (State)	01/01/01	Federal Policy

March 1, 2001

Growth in Medicaid Checkwrites



Factors Driving the Medicaid Budget

- **Number of services used**
 - Non long-term care services increased in 5 major areas
- **Increased payment for services**
 - Expenditures increased 17.6%
 - Cost per eligible increased by 11.8%
- **Increased number of eligibles**
 - 5.1% increase over last year
 - The State Employee's Health Plan and North Carolina Health Choice report about the same increase*

March 1, 2001

Increased Use of Services

- **Increase in non-long term care services caused growth in expenditures**
- **Non long-term care cost per eligible is up 11.8% over last fiscal year**
- **Long-term care costs are rising 4%**

March 1, 2001

Non Long-Term Care Services

■ **Costs increased substantially in:**

- Prescription Drugs
- Inpatient Hospital
- Hospital Emergency Room
- Physician Services
- Mental Health

March 1, 2001

Prescription Drugs

■ **From July - January of last year compared to the same time period this year:**

- Drug expenditures up 22.2% or \$92.5 million
- Number of prescriptions increased by 11%
- Average cost per prescription increased by 10%.

March 1, 2001

Prescription Drugs - 2

■ **Drug expenditures are difficult to control**

- Heavy drug marketing
- Newer, more expensive drugs
- States cannot control drug pricing
- Physician prescribing patterns hard to change

March 1, 2001



Prescription Drugs - 3

- Medicaid policies to help control drug costs:
 - Six prescription per month limit;
 - Mandatory generic substitution unless physician specifies in writing;
 - No dispensing fees for refills in same month;
 - Prospective drug utilization review to insure drug being prescribed is appropriate;
 - Drug retrospective review of providers prescribing patterns and recipient use patterns;
 - Drug education programs based on prescriber profiles;
 - Co-pay of \$1.00 for non-pregnant adults; and,
 - Use of one pharmacy each month.

March 1, 2001



Inpatient Hospital

Admissions and expenditures continue to increase

- For 7/99-1/00 compared to 7/00-1/01
 - Hospital expenditures are up \$42.1M, or 11%
 - Average admissions increased 5%
 - Average cost per admission increased 6%
- Hospital inpatient expenditures went down in SFY's 97-98 and 98-99, then increased by 7.3% last year

March 1, 2001



Hospital Emergency Room

- With strong controls, Hospital Emergency Room (ER) expenditures were held at about \$60 million for SFYs 97, 98 and 99. ER costs are now back at a high rate of growth.
- For three years, a HCFA approved policy was in place which paid ER full costs only for true emergencies. In SFY 1999-00, HCFA informed DHHS that NC's policy was no longer in compliance with a new federal law.
- From July to January of last year compared to the same time period this year:
 - ER expenditures are up \$10.3 million, or 26.4%;
 - Use of the ER is up 17.5%; and
 - Cost per average visit is up 8%.

March 1, 2001



Physician Services

- Physicians are seeing more patients and are providing more services.
- From July to January of last year compared to the same time period this year:
 - Physician services expenditures are up \$55.0M, or 24.3%;
 - Physician services units have increased 15%;
 - Average cost per recipient is up 15%;
 - Average number of recipients is up 8%.

March 1, 2001



Mental Health

- Increases reflect:
 - A pent-up demand for mental health services
 - A change in policy that placed the state match for these services in the Medicaid budget
- From July to January of last fiscal year compared to the same time period this fiscal year:
 - Mental Health expenditures up \$18.2M (18.9%)
 - Average monthly recipients increased 10%;
 - Average cost per recipient increased by 8%.

March 1, 2001



And our costs have increased

- Increased use of services & increased cost of services mean higher cost per eligible
 - Per Member/Per Month cost have increased for most service population categories
 - Aged
 - Blind
 - Disabled
 - AFDC < 21
 - AFDC > 21
 - Infants and Childrens
 - Pregnant Women
 - Other Children
 - Aliens

March 1, 2001



the department of health and human services

DHHS
Initiatives
1993-2000

HELPING CHILDREN AND YOUTH

- NC Health Choice for Children
- Health Check-Medicaid for Children
- Immunizing Children
- Reducing Infant Mortality
- Expanding Newborn Screening for Potential Genetic Problems
- Reducing Teen Pregnancy
- Leading the Country in Child Care Innovation
- Increased Child Care Availability
- Subsidized Child Care Services
- Smart Start
- Education of Child Care Teachers and Directors
- Working to Reduce Teen Tobacco Use
- Establishing and Supporting the Child Fatality Prevention Task Force
and the Child Fatality Prevention Team
- Preventing Dental Decay in Preschool Children
- Early Intervention
- Newborn Hearing Screenings
- Residential Schools for Children Who are Deaf and Blind
- Emergency Medical Services for Children
- Ensuring That Children Have Permanent Homes
- Increasing Child Support

HELPING POOR PEOPLE RECEIVE MEDICAL CARE

HELPING NORTH CAROLINA'S AGING POPULATION

- Rest Home Improvements
- Resident Assessment Instrument for Home Care
- Prescription Drug Assistance
- Senior Tar Heel Legislature
- Division of Aging Pilot Programs and Projects

HELPING NORTH CAROLINIANS WITH DISABILITIES

- Helping People with Mental Illness
- Helping People with Developmental Disabilities
- Helping People Who are Deaf, Hard of Hearing, Blind or Visually Impaired
- Helping People Through Vocational Rehabilitation
- Helping People Who are Substance Abusers

HELPING PEOPLE LEAVE WELFARE FOR WORK

HELPING PEOPLE WITH HIV/AIDS AND PREVENTING HIV/AIDS AND OTHER STDs

IMPROVING SERVICES THROUGH TECHNOLOGY

- Business Process Reengineering Project
- Data Warehouse
- Electronic Funds Transfer/Direct Deposit
- Electronic Benefit Transfer (EBT)
- Medicaid Improvements

HELPING CHILDREN AND YOUTH

In the past eight years, we've made great strides in improving the lives of North Carolina's children. Today North Carolina's children are more likely to have health insurance and up-to-date immunizations. They're also more likely to receive quality child care. But, we continue to work for the future. Although we've provided health insurance coverage for many North Carolina children through our Medicaid and NC Health Choice for Children programs, there's still more work to be done. Our best guess is that 30,000 children who are eligible for the state's programs remain uninsured.

NC Health Choice for Children

- The program began enrolling children on October 1, 1998. Today more than 71,000 children are enrolled. It is a stand alone state program modeled upon the benefits of dependents of the State Employees and Teachers Health Plan plus vision, dental and hearing benefits and special needs care.
- In its first two years the program paid for over 120,000 doctor's visits, 20,000 pairs of glasses and a variety of care ranging from general preventive care to a heart and lung transplant.
- Most importantly, the program helped to reduce the numbers of uninsured children – both through its direct enrollments and through the children it helped bring into Medicaid. Locally driven outreach efforts were conducted in all 100 counties.
- Generally considered to be one of the best programs in the country, NC Health Choice has been frequently cited as a model program by HCFA administrator Tim Westmoreland.

Health Check—Medicaid for Children

- The Division of Medical Assistance collaborated with the Division of Public Health to create the NC Health Check program. This program includes local Health Check coordinators to work within the public health departments to encourage Medicaid patients to receive their Health Check screenings and follow-up on children who are delinquent in their screenings.
- In February 1999, North Carolina elected to adopt a federal Medicaid option for children known as "continuous eligibility". Under this provision, a child who meets the Medicaid requirements is certified for benefits for 12 consecutive months without regard to any changes in family finances during the 12-month period. There is a scheduled eligibility re-determination every 12 months. This procedure provides more consistent and predictable health insurance coverage than had been possible when any change in family income jeopardized the child's Medicaid status.
- Many adopted children with special medical and rehabilitative needs do not qualify for a type of federal adoption assistance that includes medical coverage through Medicaid. In October 1994, North Carolina began covering medical costs for these special needs adoptive children through age 18. Prior to the change, the adoptive parents' income had to be counted in determining the child's Medicaid eligibility. In most instances the child did not qualify, imposing a financial barrier for potential adoptive families. Federal law gives states the option to provide Medicaid to these children without counting the adoptive parents' income.

Immunizing Children

- North Carolina implemented the Universal Childhood Vaccine Distribution Program (UCVDP) in 1994. The UCVDP offers vaccine at no charge to health care providers. This eliminates financial barriers to immunizations and allows children to receive immunizations in their medical home.

- For the 1999-2000 school year, 99.4 percent of "school-aged" children were immunized. According to the National Immunization Survey sponsored by the Centers for Disease Control and Prevention, 81 percent of North Carolina children are "age-appropriately" immunized.
- The North Carolina Immunization Registry (NCIR) is a computerized database containing children's immunization records. Currently, the NCIR is a component of the Health Services Information System (HSIS) which is utilized only by county health departments. Once the NCIR is fully operational, it will provide patients, parents, health-care providers, school and child-care facilities timely access to accurate immunization data.
- Since 1995, North Carolina's Sixth Grade School Site Hepatitis B Immunization Initiative has experienced great success. During the last five years, 92 percent-95 percent of all children vaccinated through the program completed all the shots recommended.

Reducing Infant Mortality

- North Carolina's 1999 infant mortality rate was 9.1 deaths per 1,000 live births - the lowest in state history. This is down slightly from the 1998 rate of 9.3 deaths per 1,000 live births and the previous state low of 9.2 that was set in 1995 and equaled in 1996 and 1997.
- 1999 also saw a significant closing of the gap between the infant mortality rates of minorities and whites. In 1999, the infant mortality rate for minorities was 14.8 deaths for every 1,000 live births compared to the 1998 rate of 16.3 - a decline of almost 9 percent. The infant mortality rate for whites rose slightly from the 6.4 deaths per 1,000 live births in 1998 to 6.8 in 1999.

Expanded Newborn Screening for Potential Genetic Problems

- In 1999, the NC State Laboratory of Public Health became the first state laboratory in the nation to offer an expanded array of newborn screening tests. This new technology offers at least 30 additional conditions for which newborns can be screened and treated if an aberrant condition is detected. Since its inception, about 65 additional cases of metabolic disorders have been detected. This technology is highly sophisticated and has served as a national model for other laboratories.
- Universal Sickle Cell screening of North Carolina newborns - In 1994, the NC State Laboratory began universal screening for sickle cell in newborns. Prior to this time, only babies whose race was listed as African American or black were tested. This universal screening reduced the numbers of babies who would not be tested due to incorrect or incomplete demographic data.

Reducing Teen Pregnancy

- Our efforts are making an impact. From 1992 to 1999, the pregnancy rate for girls ages 15-19 dropped almost 20 percent, and it dropped almost 30 percent for girls ages 10-14. The teenage pregnancy rate in North Carolina is at its lowest level in more than twenty years.
- In 1998, \$2 million in federal Temporary Assistance to Needy Families (TANF) funds were allocated to expand adolescent pregnancy prevention programs, and a statewide media campaign was launched to urge parents to talk with their children about responsible sex.
- The Adolescent Pregnancy Prevention Program operates in 24 counties to help younger teens avoid first-time pregnancies.
- The Adolescent Parenting Program operates in 31 counties to help teens that have had one child to prevent a second pregnancy. Among other support services, the program counsels teens on abstinence and the importance of staying in school.

Leading the Country in Child Care Innovation

- Recipient of 1998 Innovations in American Government Award from the Ford Foundation and the John F. Kennedy School of Government at Harvard University for Smart Start.
- In 1999, received Innovation in Government Award from the Council of State Governments for Smart Start.
- Selected by *Working Mother* magazine in November 2000 as one of the top six states for child care.
- Spotlighted as innovative state by the Southern Institute on Children and Families for innovative subsidy policy.
- Frequent advisor to other states on child care licensing and subsidy policies and systems.
- SB 929 established a new five-level star rated license for child care facilities based on achieving higher voluntary levels of program standards, staff education, and compliance history.
- One in three children are enrolled in centers meeting higher than minimum standards, vs. one in five in 1993.
- Child care subsidy reimbursement rates were tied to the star ratings in 1999, giving providers higher reimbursements to support higher quality.

Increased Child Care Availability:

- Over 100 child care facilities have received low-interest loans totaling almost \$5 million through federal funds DCD provides to the Self-Help Credit Union for a revolving loan fund. A special loan-to-grant program was created for providers impacted by Hurricane Floyd, with 14 loans approved to date totaling \$1.4 million.
- The number of regulated child care facilities has increased 43 percent from 6,595 in 1993 to 9,433 in 2000.
- The number of children enrolled in regulated child care facilities has increased 31 percent from 163,401 children in 1993 to 214,870 in 2000.

Subsidized Child Care Services:

- The income eligibility limits for subsidized child care have increased from approximately 43 percent to 75 percent of state median income, helping to keep more families working and off of welfare.
- About 44 percent of children currently in regulated care in NC benefit from the state's subsidized child care program, with 80 percent of those families earning less than \$20,000 annually.
- Created a single application and uniform eligibility criteria by consolidating multiple funding streams in 1996, making it easier for families to apply for and continue receiving services.
- Increased funding available to support subsidized child care, from approximately \$100 million in 1993 serving 88,766 children, to over \$305 million in 2000 serving over 183,000 children.

Smart Start:

- Expanded Smart Start from 12 pilot partnerships in 1993 to 83 partnerships in all 100 counties.
- An evaluation of Smart Start showed that children attending child care centers participating in Smart Start activities had better cognitive and language skills when they entered kindergarten.

- Since Smart Start began, 48,655 new child care spaces have been created; 132,493 children have received child care subsidies so their parents can work; 297,236 children have received early intervention and preventive health screenings; 294,653 children have received higher quality care thanks to Smart Start quality improvements; and 158,102 parents have received parent and health education through a variety of Smart Start-supported activities.

Education of Child Care Teachers and Directors:

- Expanded T.E.A.C.H. (Teacher Education and Compensation Helps) Scholarship Fund to make education available to all child care teachers and directors. Over 13,000 individuals have received these scholarships since 1993.
- Teacher turnover has been reduced from 42 percent to 31 percent due to higher education of staff.

Working to Reduce Teen Tobacco Use.

- Teens are finding it much harder to buy cigarettes these days. Thanks to increased merchant education and enforcement efforts, more youths under 18 are turned away by store clerks when trying to buy tobacco products. Substance abuse officials report a significant reduction in illegal youth tobacco sales in the past year. The rate of vending machine sales dropped dramatically from 38 percent to 11 percent and over-the-counter sales dropped from 24 percent to 20 percent.
- The state has increased its efforts to help teens avoid tobacco. The program has included a number of teen empowerment projects. Late last year, we introduced a new web site for this project, <http://www.StepUpNC.com/>.

Establishing and Supporting the Child Fatality Prevention Task Force and the Child Fatality Prevention Team.

- The Office of the Chief Medical Examiner was crucial to this effort, which helps to reduce child fatalities by learning from past child fatalities. It has also facilitated local efforts in each county for child fatality prevention plans and in seeing that those plans were initially executed and are now institutionalized.

Preventing Dental Decay in Preschool Children

- The Oral Health Section collaborated with the UNC-CH Schools of Public Health and Dentistry to create and pilot test an innovative approach for preventing dental decay in preschool children. This approach uses dental public health professionals as trainers, working with medical providers who will deliver a preventive package of services to children between the ages of 9 months and 3 years. Services are targeted to children who are 'at risk' for tooth decay. The package includes conducting an oral screening, providing dental health/nutritional counseling and providing fluoride varnishes
- The North Carolina Seal the State in '98 was a community-based program designed to increase the use of dental sealants through local sealant programs in all 100 counties during February 1998. All 100 counties participated in the program, even those counties where there are no privately practicing dentists. During the promotion, a total of 39,387 sealants were placed on 8,828 children at no charge. The sealant educational campaign reached 195,300 North Carolinians.
- A statewide outreach campaign to encourage dentists to participate in the program and actively provide dental care for all Medicaid Eligibles has been ongoing for the past three years. Dental services for children have increased from 19 percent to 40 percent over the last fiscal year.

- Since Feb. 1, 2000, an oral screening preventive package of services to be provided by physicians' offices to the very young child from birth to age three has been covered statewide. The package consists of three components: a dental screening, dietary/oral hygiene counseling to caregivers and the application of dental varnish to the child's teeth. These services will allow early childhood caries to be reduced by 42-50 percent.

Early Intervention

- North Carolina implemented a comprehensive interagency agreement to assure that early intervention services are available to all eligible children. The agreement coordinates efforts of twelve state agencies and organizations. The agreement has been cited as a national example of best practices. As a result of the agreement, these agencies collaboratively funded 3.2 million in joint projects.
- Over the past 7 years, the number of children under 3 years of age with or at risk for disabilities who receive early intervention services has increased from 5,000 to 8,000
- Children are referred to early intervention services 6 months earlier, enabling them to obtain services during the most critical formative years.
- The percentage of children who are deaf, hard of hearing or visually impaired served in their homes or in settings with non disabled children has increased.
- The percentage of children served by their local education agency by 4 years of age has increased.
- As a result of early intervention services, deaf, hard of hearing and visually impaired students have made greater gains as evidenced by an increase of goals mastered in the Individualized Family Service Plan or Individualized Education Plan.

Newborn Hearing Screenings

- To ensure more opportunities for those with hearing impairments, we must identify their needs as soon as possible. So in 1999, we successfully pushed for legislation requiring all newborns to receive hearing screenings.
- Infants born in North Carolina's 93 birthing hospitals are now screened before they are discharged. Those who show possible problems are screened a second time and, if necessary, receive an audiological examination.
- It is estimated that 400-600 hearing-impaired infants will be identified each year by the newborn hearing screenings — and that they'll get the services they need to develop appropriately.

Residential Schools for Children Who are Deaf and Blind

- North Carolina's accountability standards have been implemented, raising the expectations of staff and families
- School wide assessment of student achievement has been implemented
- Students in each school have demonstrated progress on North Carolina's Standard Course of Study, as evidenced by the results on End of Grade testing
- Governor Morehead School was recognized as being one of North Carolina's Exemplary Schools by the Department of Public Instruction

Emergency Medical Services for Children

- Developed and distributed locally and nationally Pediatric Emergency Care Course for all levels of emergency care providers. More than 1,000 clinicians, primarily paramedics and emergency nurses, have been trained in this program in NC alone.
- Developed, implemented and evaluated an educational emergency preparedness program that links pediatric primary care providers with the EMS system, helping to assure that these providers have access to pediatric emergency equipment and life saving procedures in the office based setting.
- North Carolina is known as the "color-coded" state for pediatric emergency care. We are the national model in development and implementation and evaluation of standardized emergency care treatment, using the Broselow System. This system is designed to reduce medical error and increase clinician comfort in the emergency care of children throughout the health care system.
- North Carolina was honored with the 1999 National Heroes Award for State Achievement for its efforts to enhance emergency medical services so that the right amount of medications and the right-sized equipment are readily available for different sized children in emergency rooms.

Ensuring That Children Have Safe Permanent Homes

- Hundreds more foster children found permanent homes in North Carolina last year than in previous year. In state fiscal year 1999-2000, 1,231 children found permanent homes, up from 895 the previous year.
- DSS has incorporated new methods to recruit families to adopt foster children. An adoption web site, linked with national adoption web site, features children needing adoption. DSS is using a toll-free number, media campaigns, and advocates to reach prospective adoptive parents. Through an agreement with the General Baptist State Convention, 4,000 Baptist pastors are recruiting parents in their congregations to adopt children from foster care.
- Families for Kids began in 1995 in 8 counties with a grant from the Kellogg Foundation. Families for Kids is now totally state supported in 16 counties, providing a new model for how a county DSS provides child welfare services. Goals are to provide community support for families, which can make the difference in whether a child enters foster care, or helps make that foster care stay short, coordinate the assessment process for families, keep the child with a single caseworker, a single stable foster care placement for each child, and work to make sure each child is in a permanent home within a year of entering foster care.
- In the last few years, DSS has placed 460 more child protection workers in counties so that all county departments of social services can meet state child welfare staffing standards. It appears this is working to protect children. More reports of abuse are being investigated, while for the first time in years, the number of children reported as abused and neglected in 2000, and the number substantiated (that is, found to actually have been abused or neglected) actually decreased.
- INSYNC: (Information Network for the Success of the Young in North Carolina) INSYNC is the new child welfare information system which is scheduled to be put in place this winter. INSYNC greatly increases the amount of information collected and amount that will be available about the children served. From now on social workers themselves (rather than data entry clerks) will be able to use the state's information system, using the world wide web. INSYNC means more information for social workers about the children they serve and more readily available information on which to make case decisions, which will translate into better decisions for children.

Increasing Child Support

- Child Support Enforcement Program Collections have increased steadily from just under \$200 million in 1993 to \$428 million in 2000.
- In 1994, Child Support Enforcement implemented the Omnibus Budget Reconciliation Act (OBRA). OBRA mandated that states develop and put into place a hospital-based paternity establishment procedure in all federally licensed birthing hospitals. This process allows parents to acknowledge paternity at the time of the child's birth in the hospital. The Program was required to pursue establishment of a medical support order for a child receiving Medicaid when a supporting parent is absent from the child's home.
- ACTS: In 1997, DSS implemented a single statewide comprehensive child support enforcement automated system, known as ACTS, for Automated Collection and Tracking System. This is a case management and financial management system that is helping the state collect more child support, locate more absent parents and establish more child support orders. This system receives and shares data with more than 30 state, federal and private agencies. ACTS was designated the State Case Registry, the official repository of records of all child support orders. Records of all ordered child support cases, including those enforced by clerks of court and private orders, were added to ACTS in 1998. These cases are incorporated into a national Federal Case Registry of all child support cases nationwide.
- New Hires Reporting. In 1997, DHHS provided for the development and installation of a New Hires Reporting function for employers, for the purpose of speeding child support collections and locating absent parents. Employers must report to the New Hire Operation Center the hiring or rehiring of employees within twenty days of the date of hire.
- Centralized Collection of Child Support. In 1999, Child Support Enforcement implemented the Central Collection Operation. Payments on all Child Support Enforcement Program cases and on all clerk-of-court cases are mailed to one location for disbursement. While start-up problems created headaches and bad press, the system has been functioning well for a year now and is highly accurate.
- Child Support Enforcement put in place the Financial Institution Data Match and the Multi-State Financial Institution Data Match programs. Financial institutions are required to identify delinquent obligors' assets and upon receipt of a lien or levy to pay out those assets to pay off delinquent child support accounts.
- Finding absent parents. The Federal Parent Locator Service (FPLS) expanded its capabilities. Information is automatically forwarded to states when there is a National New Hire match, and the FCR includes quarterly wage data, unemployment insurance payments and location information on matched cases. Income withholding documents are generated automatically generated on New Hire hits.
- Child Support Customer Services Center. DHHS is building a new child support customer service center, due to open Spring 2001, that will give parents seeking or paying child support easy access to information on their cases and child support checks. An aging phone system now handles thousands of calls every day from parents checking on the status of their child support. The current technology can only handle a minimum number of calls at one time and has limited capacity to put calls on hold. More than 900,000 parents call Child Support Enforcement to find out details of their case, including whether an absent parent has been located, the status of a child support order, whether an absent parent paid support, if a check was received, to verify their arrears or to verify a payment due date.

HELPING POOR PEOPLE RECEIVE MEDICAL CARE

We've made great strides in helping North Carolina's poor families receive medical care. North Carolina's Medicaid program is a national leader in this area. We must continue our efforts to improve Medicaid; one great challenge is finding dentists who are able to care for Medicaid patients.

- **Carolina ACCESS Statewide Expansion.** Since January 1999, Medicaid patients are able to select a primary care provider upon certification or re-certification in the Medicaid program in all counties across the state. The Carolina ACCESS program has recruited physicians to serve as medical homes for the Medicaid patients enrolled in this 1915b waived program. As of November 2000, more than 565,000 Medicaid patients have been linked with a primary care provider.
- **ACCESS II & III.** In July 1998, DMA, along with the Office of Research, Demonstrations and Rural Health, started the ACCESS II & III program. This program works with the larger Carolina ACCESS providers to create local community networks that enable providers to implement disease management and care management processes. There are nine demonstration sites across the state.
- **HealthCare Connection.** In 1996, DMA along with the Mecklenburg County Department of Social Services began offering HMO options to the Medicaid patients in Mecklenburg County. This is the only mandatory HMO county in the state and some 36,000 patients are enrolled with three HMO options.
- **Automatic Enrollment Of SSI Recipients.** On Jan. 1, 1995, North Carolina instituted automatic Medicaid coverage for SSI recipients. This change allowed all SSI recipients to receive Medicaid and eliminated the need to go to the county social services' office to file an application. As of November 1, 2000, more than 155,000 elderly and disabled SSI recipients receive health coverage because of this expansion. Before, SSI recipients had to file a separate Medicaid application and have a separate eligibility determination. Many elderly and disabled who received both SSI and Social Security payments had to spend down to receive Medicaid.
- **Aged, Blind And Disabled Income Limit Increased To 100 percent FPL.** Building on the earlier expansion to cover SSI recipients, North Carolina implemented a further extension of medical coverage to the elderly and disabled in January 1998. At that time the income limit was increased from the SSI standard – 75 percent of the federal poverty level) – to 100 percent of the federal poverty level. This allowed many elderly and disabled with incomes slightly higher than SSI to receive health coverage through the Medicaid program. Following the implementation of higher income limits, full Medicaid coverage became available, including prescription drugs. Many of these persons were Medicare recipients receiving Medicaid help with their Medicare premiums, deductibles, and coinsurance but were unable to afford prescription drugs on their limited income.
- **Extended Medicaid Benefits For Working Families.** North Carolina received federal approval to provide an additional 12 months of uninterrupted Medicaid benefits for Work First families losing cash benefits due to increased earnings. This new coverage extends a family's health care benefits to a maximum of 24 months following employment and serves to provide a medical safety net for newly working parents. This benefit was first offered in November 1999.
- **In November 1999, Medicaid began covering Diabetes Outpatient Self-Management training.** The training program provides patient education in the successful management of diabetes. It includes education about self-monitoring of blood glucose, diet and exercise, specifically developed insulin treatment plan for insulin dependent patients and motivations for patients to use the skills for self-management. The goal of self-management is to reduce the number of physician contact and costly hospital stays.

HELPING NORTH CAROLINA'S AGING POPULATION

In the past eight years, we've improved the lives of North Carolina's aging population. We've taken steps to improve rest home care, provide a small amount of prescription drug coverage, involve seniors in the legislature and protect seniors from consumer fraud.

But, there's still more to be done. Prescription drugs are a big problem for the state's seniors, and, other than Medicaid, there is currently no statewide prescription drug assistance program. Senior issues are becoming more important. Nearly a third of our state's population was born in the baby boom years between 1946 and 1964. The first wave of those boomers will turn 65 by the end of this decade, stressing services for seniors.

Rest Home Improvements

- In 1995, the N.C. General Assembly passed legislation that changed the way licensed adult care homes are paid for, providing care to residents who are eligible for Special Assistance through DSS and Medicaid. This resulted in new Medicaid coverage with the creation of our Adult Care Home Services program. Over the past four years, the program has phased in: (1) reimbursing ACHs for providing personal care services; (2) developed three *enhanced* care services for those residents needing extensive assistance with eating, toileting, and the combination of eating and toileting; (3) requiring ACH providers to have prior authorization from a DSS case manager before being reimbursed for enhanced care services rendered; and (4) adding "ambulation/locomotion" as an enhanced care service.
- Following the passage of SB 864 in the 1995 session of the General Assembly, state money was freed up when federal Medicaid funds were made available to cover personal care needs of residents. The following improvements were made in rest homes: mandated training of up to 75 hours for aides; additional staff to insure that the state can monitor rest homes before they are licensed; case managers who coordinate care and ensure that residents who need enhanced care obtain those services; requirements for greater accountability by providers - most of whom now have to submit audited cost reports. Also required: personal care aide training, performance of resident assessments, development of resident care plans, resident case management services and licensed health professional support (quarterly visits by registered nurses if residents have certain conditions or health care needs).
- The Department of Health and Human Services' Long-term Care Safety Initiative became the basis for new (1999) legislation and rules. New requirements included
 - Competency evaluation of staff administering medications,
 - Behavioral intervention training of aides and supervisors
 - Staffing and qualifications of supervisors of personal care aides
 - Aide staffing
 - Due process and appeal rights for resident discharge/transfer
 - DFS checks compliance history of providers before licenses are initially given or before they are renewed to ensure that 'bad actors' don't continue to be able to expand or operate.
 - Requirements for Alzheimer's and mental health special care units in adult care homes that advertise special care units
 - Time limited provisional licenses
 - Time limits for investigation of complaints
 - Additional and stronger requirements for medication administration and resident assessment.

- The Division of Facility Services has greatly strengthened its oversight of county departments of social services who have the primary responsibility to do the routine monitoring of adult care homes. The division has thoroughly revised its procedure manual, has provided extensive training of adult care home staff and conducts quarterly conferences to determine county compliance with state guidelines for monitoring.
- The Licensure and Certification Section added 15 new complaint investigator positions in 1999. This enabled the section to reduce the time that complaints against nursing homes are investigated from five to six months to 30-45 days.
- Creation of the Health Care Personnel Registry (1996) for reporting of cases of abuse, neglect, diversion of drugs, fraud and misappropriation of property by personal care aides and their direct supervisors.
- Expansion of the Health Care Personnel Registry Section to include Mental Health facilities (1997).
- Requiring all health care facilities to check Registry prior to hiring unlicensed health care workers. (1999)
- Statutory requirement for criminal history record checks of all unlicensed health care workers in nursing homes, adult care homes and home care agencies.
- Expanded Health Care Personnel Registry investigative staff from two to 16 from 1995 through 1999, adding four from state in 1996, two in 1997 and four in 1999. The other four were provided through federal resources in 1995, 1996 and 1997.
- Created the Health Care Personnel Registry Web page, <http://www.ncnar.org/>, which allows public searches of the Health Care Personnel Registry over the Internet. Inaugurated on Jan. 11, 2000. More than 38,000 hits thus far.
- General Assembly implemented a state tax credit of 15 percent up to a maximum of \$350 for long-term care insurance paid in tax years 1999-2003.
- General Assembly created optional group long-term care insurance for state, retired employees and families.
- New definitions incorporated into law to describe assisted living in N.C. (licensed adult care homes and registered multi-unit assisted housing with services) and limitations on admissions and residents who can be served in these facilities based on physical/health conditions. (1995)
- Administrative penalties increased for rest home rule violations threatening the health and safety of residents and daily penalties set for failure to correct violations as established in corrective action plans. (1997)
- Third-shift staffing ratio revised from 1/50 to 1/30. (1998)
- Statutory requirements established for the certification of adult care home administrators.
- The Division of Facility Services has received national attention regarding the support it has given the Eden Alternative program in both nursing homes and adult care homes. The Eden Alternative is a process where institutional facilities use pets, plants, children and staff empowerment and team building to transform facilities into human habitats. DFS formed the first Eden Alternative Coalition in the country and was the first to use its federal nursing home fine money to provide start-up grants to nursing homes to implement the process and greatly improve the lives of their residents. Two years ago, \$195,000 in grants were awarded to 13 nursing homes. This year, approximately \$150,000 will be available for grants.

- DFS and the NC Health Care Facilities Association formed a multi-agency task force on restraint use. The group consisted of advocates, providers, representatives from three universities and other associations in long-term care. Medical Review of North Carolina carried out a restraint minimization project in 22 facilities geared to physicians, administrators and directors of nursing. This, along with other targeted efforts, resulted in a statewide reduction in restraint use from more than 30 percent to 8 percent.

Resident Assessment Instrument for Home Care:

- DSS is piloting a resident assessment instrument for the aging and disabled in rest homes. This will evaluate the level of care needed by the elderly and disabled, and what it would take to stay in their own home. The goal is to prevent people from being institutionalized prematurely.
- Eligible individuals who need adult care home level of care will be able to live at home with the aid of the Special Assistance income supplement, in-home services, and family/informal support. The demonstration project will operate through June 2001 and is limited to 400 individuals living in the 22 counties participating in the project.
- County DSS agencies began taking applications in September 2000. Case managers for the assessment and service planning components of this project are using a new, comprehensive assessment instrument, known as the Resident Assessment Instrument for Home Care. The assessment instrument is automated and used on a laptop computer, which requires less time and makes the process more efficient for the client and case manager while gathering the right kinds of information needed to develop a useful and workable service plan with the client.

Prescription Drug Assistance

- The 1999 session of the North Carolina General Assembly appropriated \$500,000 for the 1999-2000 fiscal year and \$500,000 for the 2000-2001 fiscal year to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes for persons who are 65+, not eligible for full Medicaid benefits, and whose income is not more than 150 percent of the federal poverty level. For 2000, these funds were targeted to older adults in counties in eastern North Carolina impacted by Hurricane Floyd.

Senior Tar Heel Legislature

- In 1993 the state General Assembly created the North Carolina Senior Tar Heel Legislature to help it assess the legislative needs of older adults. The Division staffs the Senior Tar Heel Legislature, which has proven to be a very effective body.
- Senior Tar Heel legislative successes include appropriations for in-home and community based services as well as money for senior centers.

Division of Aging Pilot Programs and Projects

- In 1994, the Division received foundation funds to support a "single portal of entry" demonstration in Alamance and Pitt Counties, to see how best to help frail seniors to get the services they need.
- In 1995, based on a successful pilot project in Northampton County, the Division began promoting the Senior Education Corps (SEC) statewide. As a cooperative effort between the North Carolina Division of Aging and the Department of Public Instruction, the SEC is an intergenerational program that connects the needs of North Carolina school children with the talent, expertise and experience of our older adults. The Senior Education Corps is now active in 27 counties, and is in development in 30 more.
- In 1998, the Division worked with the Attorney General's Office and AARP to establish a North Carolina Senior Consumer Fraud Task Force to protect older adults from unscrupulous telemarketing practices and other scams.
- In 1999, The Division of Aging received two federal competitive grants: one to start the Senior Medicare Patrol Project in North Carolina to address health care waste, fraud and abuse in Medicare and Medicaid; and the second to pilot Outcome Performance Measures with home and community services. The Division's application for the Senior Medicare Patrol Project was scored the highest among the federal reviewers and that included the applications from the original 12 states that had been in operation for three years.

HELPING NORTH CAROLINIANS WITH DISABILITIES

We've worked to improve the lives of North Carolinians with disabilities during the past eight years. We've improved mental health regulations, and expanded opportunities for North Carolinians who are deaf, blind or physically impaired. Much remains to be done, especially with the state's mental health system.

Helping People with Mental Illness

- The state's mentally ill and mentally retarded citizens benefit from changes in caregiver regulations enacted last summer. The legislation impacts more than 10,000 people in 3,400 group homes, day treatment and outpatient programs and 328 intermediate care facilities for the mentally retarded.
- The changes authorize the state Mental Health Commission to set personnel staffing requirements for mental health facilities; to adopt rules for qualifications of mental health facility administrators; to implement death reporting requirements and requirements for patient advocates as a condition of licensure. In addition, facilities are now required to notify DHHS of all allegations against their health care personnel related to abuse, neglect, taking of property, fraud and diversion of patient drugs. Results of investigators are to be reported to the state Health Care Personnel Registry. Facilities also are more accountable to the state regarding death reporting and they are subjected to fines of up to \$10,000.
- Temporary rules became effective January 1, 2001 for personnel staffing requirements, qualifications of mental health facility administrators, and death reporting. The rules will help implement the recently enacted legislation described above.
- NC was one of only nine states to receive federal funds to participate in a demonstration project to serve homeless adults with mental illness. The ACCESS project, funded at approximately \$9 million over five years, helped demonstrate that assertive outreach to this population can lead to engagement in services and treatment that result in overall decreases in high cost inpatient services.
- Expanded the special fund to pay for newer atypical antipsychotic medications for community clients with very limited incomes who are not Medicaid eligible. These newer drugs are exponentially more expensive than conventional drugs but have been shown to have fewer side effects resulting in a higher rate of medication compliance. The use of these drugs facilitated the discharge of a number of patients who had been long term residents of the state hospitals.
- Expanded housing opportunities for adults with mental illness. The Adult Mental Health obtained seven Shelter Plus Care grants from HUD that provide rental assistance to approximately 400 homeless persons with mental illness served by the area programs. Additionally, the Division developed a cross disability housing plan which resulted in the establishment of a nonprofit Housing Intermediary that provides technical assistance to local programs and their affiliates in the financing, development and management of supportive housing.
- Increased the level of mental health services to people who are incarcerated in local jails. Currently 10 area programs are receiving special funds to provide mental health treatment to mentally ill adults who wind up in the local jail.

Helping People With Developmental Disabilities

- The Division of Mental Health's Disabilities' Section has increased community service resources for persons with developmental disabilities in the past seven years by 81 percent. The national average is 54 percent. The American Association on Mental Retardation called North Carolina "a leader in expansion of community services".

- The Section has implemented local Single Portal of Entry/Exit which requires active participation of consumers and families, includes the development of a Person Centered Plan for every consumer and coordinates efforts through an interagency council, including private providers and other key agencies.
- Developmental Disabilities has developed an automated process for the accurate determination of those persons in need of services for whom services were unavailable. This data resulted in accurate local and statewide planning, leading to an increase in Medicaid and state appropriations that removed over 3,000 persons from the waiting list by providing the services they need.
- The Developmental Disabilities Section has developed the North Carolina Support Needs Assessment Profile, which is administered to all persons with developmental disabilities by certified individuals to determine level of intensity of service need. This will result in a more responsive, accountable and cost effective system of services.
- The Developmental Disabilities Section has initiated and expanded First in Families, a direct family support program. North Carolina is among the top ten states in the nation for the amount of funding provided directly to family support.
- Developmental Disabilities has directed a carefully planned, successfully implemented reduction of the residential census in our Mental Retardation Centers for the past ten years with a reduction in census supported at a daily cost below the national average.
- North Carolina has significantly increased expert and cost effective training, technical assistance, specialized clinics, outpatient services and consultation provided by the Mental Retardation Center staff. These services are largely unavailable elsewhere in our state.
- The Developmental Disabilities Section initiated the development of community programs for very medically involved children in collaboration with university hospitals to allow children who will need long term treatment to live outside of the hospital, but receive all medical services necessary. These programs are teaching sites for physicians and allied health personnel.
- North Carolina is among the top five states in the nation in the funding for and provision of assistive technology for persons with developmental disabilities.

Helping People Who are Deaf, Hard of Hearing, Blind or Visually Impaired

- Increased assistance to the blind and visually impaired through the Business Enterprises Program. Gross sales increased from \$7,824,740 in FY 1992 to \$11,753,390 in FY 2000, net proceeds paid to operators increased from \$1,413,422 in FY 1992 to \$2,843,778 in FY 2000, and average operator income increased from \$22,014 in FY 1992 to \$31,795 in FY 2000.
- Creation of the Tech-Ed Center in partnership with Carteret Community College through a Kate B. Reynolds Grant which provides technology demonstrations and training to blind and visually impaired individuals in Carteret and three surrounding counties.
- Receipt of an AmeriCorps Grant through which 12 AmeriCorps members will provide computer training to 300 blind and visually impaired individuals per year in 19 predominantly rural counties.
- Established cooperative programs with five school systems that bring specialized vocational rehabilitation transition services to blind and visually impaired high school students, increasing their opportunities for employment after high school.
- Piloted NewsLine for the blind, a service through which individuals who are blind in Mecklenburg and seven surrounding counties can access the Charlotte Observer and three national newspapers through a touch-tone telephone, in partnership with the National Federation of the Blind of North Carolina.
- Advocated for and supported the establishment and operation of a teacher training program in the field of blindness and visual impairment at North Carolina Central University.

- 1996-2000, the Division for Services to Deaf and Hard of Hearing established telecommunications relay service, with the added innovation of an ongoing video relay service component. This video relay service is one of the first of its kind in the world and has drawn international attention.
- Adult Mental Health has developed a comprehensive system of services for people who are deaf. Over the past six years DMH/DD/SAS has (1) developed a 17-bed inpatient unit for the deaf at Dix Hospital; (2) established nine regional mental health service sites staffed by mental health professionals who are skilled in American Sign Language and familiar with deaf culture; (3) established a Deaf Mental Health Advisory Council; (4) developed a contract with the ECU School of Social Work to develop a specialty track for graduate social work students who are interested in working with the deaf; (5) established two residential programs for persons who are deaf; and (6) established a fund to pay for interpreters for persons who are deaf.
- In 1992-93 the state implemented a program for all deaf and hard of hearing substance abusers in the state. In 1997, five regional coordinators were hired to provide deaf and hard of hearing services throughout the state. There is also a fund for interpreter services at AA/NA meetings.

Helping People Through Vocational Rehabilitation

- The Division of Vocational Rehabilitation has been successful in its mission to assist North Carolina citizens with disabilities through effective provision of services resulting in the accomplishment of those citizens achieving their employment goals. Number of citizens served has increased from 59,820 in 1993 to 66,037 in 2000, with the number of successful employment outcomes increasing from 8,448 to 9,424.
- Developed four new transitional employment programs designed to assist individuals with significant mental illness in maintaining employment over extended periods of time.
- 29,461 individuals were or are being served through DVR's independent living program with a total of 8,815 successful outcomes.
- DVR has worked to prevent folks from entering nursing homes and to move folks from nursing homes to community based settings. In 1998, 232 individuals were kept out of institutions and 37 were relocated to community-based settings. In 1999, 420 individuals were kept out of institutions and 46 were moved to community based settings.
- Opened new Assistive Technology Center in rural NC Mountains jointly funded by NCATP & Women's and Children's Health.
- Over 5,000 Assistive Technology equipment loans provided this year through NCATP centers and staff.
- Expanded the Check-It-Out equipment loan program during 2000 with over 6,247 equipment loans provided by the 32 participating statewide organizations.

Helping People Who are Substance Abusers

- Developed and implemented a multimedia prevention campaign, *The Partnership for a Drug-Free North Carolina (PDFNC)*.
- Developed over 70 recovery homes under the umbrella of Oxford House, Inc. These houses have a minimum of six beds. Participation in a memorandum with states in the southeast that resulted in standards for Narcotic Addiction Treatment.
- Developed a statewide Perinatal/Maternal Substance Abuse Initiative that was expanded from six programs in 1992 to 23 specialized programs in 2000. The program provides gender specific services to substance abusing pregnant women, women with dependent children, or pregnant adolescents and their infants. SAS continues to maintain a Substance Abuse professional on the 1-800 referral line that makes referrals to prenatal care and substance abuse service.

- Since 1998, the Substance Abuse Services Section has promoted and supported increased participation in research to practice initiatives sponsored by federal institutes and agencies. These initiatives blend well with the State's desire to promote the adoption of research-based, best practice models by programs receiving state-support. The State was the second to be awarded the National Institutes of Alcohol Abuse and Alcoholism (NIAAA) "Research in Residence Program." The section has sponsored the development of a North Carolina Practice Research Consortium. The goals of this consortium are to improve the quality and effectiveness of substance abuse service delivery in the State of North Carolina.
- The Substance Abuse Section, along with 19 other states, have formed a National Recovery Network. The state affiliate is VOICES for Addiction Recovery North Carolina. VOICES is a statewide grassroots organization made up of people in recovery, their families and friends who have suffered the consequences of addiction and alcoholism. The organization is formed to celebrate, support, and advocate for recovery. This initiative sponsored by the Center for Substance Abuse Treatment, U.S. Department of Health and Human Services, has included representatives from VOICES in several national forums designed to encourage other states to establish such networks.

HELPING PEOPLE LEAVE WELFARE FOR WORK

We've made great strides in helping North Carolinians leave welfare for work. Today's welfare rolls have been reduced by 60 percent. We must continue to build on these efforts. Some economic signs point to a slowing economy in the coming years. Workers who have recently left the welfare system to receive paychecks stand to be dramatically affected by an economic downturn. We must continue our efforts to support these newly independent families and make sure they don't return to welfare.

- North Carolina reformed welfare in a massive shift that changed an entrenched entitlement program to a temporary benefits and employment program. Beginning statewide in 1995, Work First has helped tens of thousands of families on welfare to build stronger families and lead more productive lives. These are the families who left welfare for work, or were diverted from entering welfare, because of Work First's short-term cash assistance, job training, job search help, child care services, transportation and other support services. Eighty-thousand families have left welfare and welfare rolls have tumbled 60 percent.
- Millions of dollars previously spent for welfare cash assistance are being reinvested to help low income working families stay in the work force and protect children from abuse or neglect. Some uses of this money include working to prevent teen pregnancy, helping low-income fathers find jobs to pay child support and reconnect with their children, helping substance abusers on welfare kick the habit so they can become better parents and become self sufficient, operating a call-back center to help Work First graduates resolve issues that may push them back on welfare (this 6-county pilot program is operating from Edgecombe County) and granting funds to community organizations, faith groups, and nonprofits to design creative community programs that help families. The federal portion of Work First funding (which is part of the county block grant) has also been used to hire more child protective services staff and to pay the cost of placing children in foster care.
- In an effort to involve the business community in welfare reform, the Governor's Work First Business Council, a group of 31 business leaders from across the state, was formed in April 1998. Council members represent various industries and come from businesses large and small. The Governor's Work First Business Council works with businesses to find jobs for Work First participants and advises government on strategies to help citizens achieve self-sufficiency.
- To help Work First participants get to jobs, DSS is working with the Department of Transportation to pilot a rural vanpool program in six counties and on various other initiatives to encourage solutions to transportation barriers.
- The Work First Substance Abuse Initiative began in 1998, with the goal of providing early identification of Work First Participants who have substance abuse problems severe enough to impact their ability to secure and maintain employment. Data from May 1998 through June 2000 shows that 3,756 of the people who were referred to treatment, went on to be admitted.

HELPING PEOPLE WITH HIV/AIDS AND PREVENTING HIV/AIDS AND OTHER STDS

We've made great strides in helping prevent HIV/AIDS, as well as helping people who have HIV/AIDS, but we must continue our efforts in this area. Some national data shows that people may be letting their guard down and forgetting about the dangers of contracting HIV/AIDS.

- HIV case management was established as a Medicaid reimbursable service in April 1994. A waiver to permit the implementation of the Medicaid "Community Alternatives Program" (CAP) for persons living with AIDS (PLWA) was obtained, and CAP AIDS services begun, in July 1995.
- The existence of HIV Care Consortia was expanded to cover all 100 counties, thus assuring access to Ryan White-supported services statewide. Eight primary medical and/or dental care programs were funded with federal Ryan White Program resources as a means of expanding access to care for PLWA/HIV across the state.
- The HIV Medications Program (or AIDS Drug Assistance Program or ADAP) grew from a \$200,000 program providing 1 drug to PLWA/HIV who had incomes less than 85 percent of the federal poverty level to a \$14+ million program providing 50 drugs to PLWA/HIV with incomes at or below 125 percent of the federal poverty level.
- HIV/AIDS prevention activities within the African-American Faith Community for the Healing of AIDS were expanded locally and statewide in 1996. In 1997, a similar Native American Faith Initiative was begun.
- An HIV/STD Prevention and Community Planning Academy, designed to provide training opportunities and certification for community participants in the basics of community-based planning and organizational management was implemented.
- Funding decisions for new community-based prevention programs were made based on priorities established within the Community Planning process. This included funding programs to conduct social marketing and training initiatives for the African-American and "Men who have Sex with Men" communities.
- Special events (e.g., the CBO Summit, a statewide STD Conference) were developed and sponsored to strengthen linkages between organizations involved in HIV prevention and related activities. This included co-sponsoring a Youth Summit (1996) to provide education and a forum for adolescent participants to share concerns and issues regarding HIV/AIDS with others involved in community prevention efforts.
- Worked closely with and provided training to Department of Correction staff to improve coordination of prevention and care-related activities and services for those inmates released from State correctional institutions.
- In an effort to eliminate barriers to HIV prevention services, non-traditional HIV counseling and testing sites were established. These sites are located in easily accessible community settings, offer services at "nontraditional hours," and include special outreach and behavioral skills building efforts. They also foster improved relationships between community-based organizations, local public health departments and other human/social service agencies. These sites have helped to reach, counsel and test individuals who, as a group, are slightly different than those who are served at more traditional sites.
- The number of AIDS cases declined during the period 1993 – 2000; from 1,284 to a projected 686 for 2000 (a decline of 46 percent). AIDS related deaths declined among 15-44 year olds by 48 percent between 1992 and 1999, with the advent of highly active antiretroviral therapies (HAART) most frequently credited as the reason for this reduction.

- Perinatal HIV infection (mother to baby transmission) decreased by 71 percent from 1992/93 (75 HIV/AIDS cases) through 1998/99 (22 HIV/AIDS cases). Only three HIV infection reports and two AIDS case reports for children less than five years of age have been filed during the first three-quarter of 2000.
- Initiated a Syphilis Elimination Program to address the extremely high rates of the disease in eight NC counties and statewide. Efforts included funding to these eight high-morbidity counties, a statewide promotional/educational campaign and rapid ethnographic community assessments in seven counties, which allows the tailoring of the programs to the specific community.
- NC's syphilis morbidity has been reduced by 73 percent since 1992; from 4,340 cases to a projected 1,168 cases for 2000. Gonorrhea cases experienced a decline as well; from 26,367 cases in 1992 to 22,469 cases projected for 2000.
- Significantly expanded screening for chlamydia in STD and Family Planning clinics in local public health departments, and significantly increased the awareness of the prevalence and dangers of the disease.
- Beginning in 1994, the State expanded laboratory services available at no charge to local public health departments or their clients to include the testing for "helper T lymphocytes" (T-cells, CD-4 count).

IMPROVING SERVICES THROUGH TECHNOLOGY

In recent years, the Department of Health and Human Services (DHHS) has responded to challenges of historic proportions. Sweeping changes in federal and state social policy, federal changes in funding methods, procurement reform and citizen demands for easier, more convenient access to services have created an environment of constant and accelerating change. The most significant policy changes have been in welfare reform, managed care reform and health insurance reform. DHHS has responded to these challenges by developing a vision that places the individual citizen and family at the center of a seamlessly delivered array of services that result in economic self-sufficiency and optimum health.

Current technology systems often impede this goal and result in inconvenience and inefficiency for both citizens and service delivery professionals. The new vision seeks to have the greatest positive impact in serving citizen needs, while having the least negative impact on citizen convenience. It envisions that a citizen or family will enter the DHHS network of services at any point and receive services required to meet his or her needs without finding it necessary to understand the DHHS organizational structure, visit numerous physical locations with long lines or need to provide the same personal, confidential information repeatedly to different employees. It also uses taxpayer funds effectively and efficiently.

The vision encompasses the entire enterprise of DHHS—the official local and state organizations and the profit and not-for-profit partners and stakeholders required to deliver such an extensive family of services. Processes are to be integrated and information shared across organizational boundaries. Barriers to this integration and sharing must be reduced or eliminated, while vigorously preserving all appropriate privacy.

Business Process Reengineering Project:

- The process through which North Carolina families access services and benefits locally has not changed significantly for over 20 years. To address this critical issue, the Business Process Reengineering Project began in the fall of 1999 an effort to apply updated business models and innovative e-government strategies to the local human service delivery system.
- In an unprecedented cooperative effort, partner agencies, including the Divisions of Social Services, Information and Resource Management, Child Development, and Medical Assistance as well as representatives of six local departments of social services developed the new business model during an intensive 12-week effort. The on-going management team for implementation is now formed and implementation is fast approaching with a statewide comprehensive case management system as one of the very first projects.
- Expected results are simplified administration of programs, the ability to serve families with a unified service delivery process for all programs, connections of all 100 counties connected through the internet, use of new web technologies for timely exchange of data, and better public access to information and services.
- The project has already resulted in some noticeable improvements. Manuals used by local DSS, like Medicaid documents, have been created electronically and can be easily accessed via the Internet. The NC Department of Social Services has developed a new web site, <http://www.dhhs.state.nc.us/dss/>. The Division of Child Development has developed a new site to help parents find quality child care, <http://www.ncchildcare.net/search.asp>.

Data Warehouse

- As federal and state regulations and reporting requirements continue to increase, become more complex and change at an ever increasing frequency, DHHS has a need for access to program information on a more timely and consistent manner.
- The data warehouse project currently under way provides a single source for information across the agency, the base for future growth without modification to existing systems and considerable user flexibility. Data are extracted from current systems and loaded into the data warehouse.
- Users have easy access to data and can combine data from many programs to provide a complete picture of assistance. It is also a valuable tool for measuring the effectiveness of programs and policy.
- This will also mean that counties have much improved access to data. Information currently available includes EIS data, EPIS data, FSIS data, and Food Stamp EBT data. There are plans to add SIS data, Employment data, Child Welfare data, Child Day Care data, Child Support data, Adult Services data, Epics data, and FSIS Authorized Rep data.

Electronic Funds Transfer/Direct Deposit

- DHHS is currently phasing in electronic funds transfer technology as a payment method for child support employer wage withholdings. With electronic funds transfer (EFT), companies remit child support wage withholdings directly to the bank accounts of custodial parents. EFT saves employers time and is more accurate. Parents can also pay or receive payments electronically, saving time and improving accuracy.

Electronic Benefit Transfer (EBT)

- North Carolina began using EBT to replace paper food stamps in 1997. EBT is an electronic system that allows a recipient to authorize transfer of their government benefits from a Federal account to a retailer account to pay for products received. EBT eliminates the cumbersome processes required by the paper food stamp system. By eliminating paper coupons that may be lost, sold or stolen, EBT may help cut back on food stamp fraud. Recipients like the convenience and security of EBT. Retailers and bankers like EBT because it offers simplicity of accounting and reduces labor costs because there are no coupons to sort, count, and bundle. All the accounting is done automatically.

Medicaid Improvements

- DRIVE. In February 1999, the NC Medicaid data warehouse (DRIVE) became fully operational. It contains three years of Medicaid claims and eligibility data with associated reference files such as provider files, rate files, diagnosis and procedure files, etc. Prior to having this data warehouse, Medicaid data had to be pulled from a multitude of flat files. This was very time consuming and expensive. A major advantage of the DRIVE warehouse is that it is a relational database and can return responses to queries in a matter of minutes. In addition, ad hoc queries can be built quickly to provide responses to specific questions asked by management and/or the legislature.
- ITME. Identification, Tracking, Measurement Enhancement (ITME) is a major enhancement to the NC Medicaid claims processing system (MMIS). This has added more flexibility, modularity, and table driven processes to the system. Waiver programs within Medicaid can be more clearly identified for better tracking and measurement of program effectiveness. It also allows multiple financial payers to use the same claims processing system while still maintaining the integrity each payer's claims. Individual financial payers and population groups can make their own decisions about such things as fees, edits and audits to apply to claims, who are eligible providers, and what services will be paid. In addition, it can assure that multiple payers do not pay the same claim. This will allow the Medicaid

program to contract with managed care entities on an at-risk basis while still processing the claims through a centralized system. Also, other state payers such as Mental Health can use this same claims processing system for their claims payment. This gives medical providers a single place to send claims for payment. This enhancement will be fully operational in February 2001.

- N'ABLE. NC Access Browser Lookup Environment (N'ABLE) is another major enhancement to the NC Medicaid claims processing system (MMIS) and became operation in October 2000. It contains a web-enabled user interface to Medicaid information. The N'ABLE project will facilitate enhanced provider services, improved Third Party Recovery and Program Integrity recoveries, and will allow user-friendly access to various kinds of Medicaid-related information via the user's desktop.
- Fraud and Abuse Detection System. DMA has installed FraudSpotlight – a sophisticated Medicaid fraud and abuse detection software. This system includes a browser-based user interface tool called Fraud Spotlight. The software runs off our claims data warehouse. It has a web browser tool that allows staff real time access to claim detail, provider enrollment, and recipient eligibility data to investigate cases, manipulate data, drill-to-detail level of information, and then export that data to spreadsheets. We currently have 24 working fraud detection filters and three modeling techniques. There are four new filters and two new models in process. Those new models include a spike detection model and a model that identifies providers not practicing like anyone else.
- Enhanced Automation. In 1998, DMA installed a PC-LAN system. This was the stepping stone for our move to a data warehouse and a fraud and abuse detection system. We have the capability to import and export data to spreadsheet recovery charts, use mass mailings, share information faster and, most importantly, move that information to the investigative recovery source faster.
- Claim imaging. DMA now uses a claim imaging process as opposed to microfiche copying. All Medicaid staff can pull up a claim for investigation in seconds at their desktop PC. Having a copy of the provider's claim available online makes investigation faster and eliminates clerical effort to pull this information manually. As a by-product, this readily available information helps improve customer service by making claim research faster for all DMA staff. It simplified work processes by replacing manual search and storage efforts with real time online availability.
- Browser-Based Claim System. We converted our MMIS system claim information screens to a browser-based system. This system delivers tremendous time and cost saving benefits throughout our agency. For the investigator, the ability to drill to claim detail makes investigations move in minutes verses days and weeks. Our new system with a browser based system and the addition of a claim detail database, staff will have a faster and easier to use system. The browser has code-to-English hypertext link translations, mouse-over explanations, and other features that will make it easier for new employees to adapt. The ability to drill to detail will mean less paper use, savings of at least a week to nine days to all agency staff and the ability to answer provider complaints more quickly.
- Enhanced Investigations and Customer Service. Report2Web Software – permits a report to be placed on web access where the data can be manipulated and exported for use. Remittance Advice and Status Reports and "Paid - Full" reports will be loaded initially followed by cost report summaries for the Audit Section. This eliminates pulling microfiche manually.
- Provider Call Tracking System. Calls to our fiscal agent and DMA are logged into a Provider Call Tracking database where information is stored about the caller and the resolution. Frequently asked questions get catalogued to assure a same response and cut down on answer shopping. FAQ's also become part of future training. In-house staff can conclude work started by other employees without having to re-research the same issues or problems. Investigation staff will benefit from knowing if a provider was provided incorrect information or ever contacted the agency of fiscal agent.
- Online research and reference material. CPT, ICD-9, Provider manuals and other reference information are available for online research by all staff. This ensures accurate and timely distribution of information and saves time and clerical work of maintaining paper manuals and materials.

- Modifiers. In June 1999, Medicaid began processing claims using modifiers. Modifiers are two digit identifiers billed with procedure codes to convey specific information regarding the procedure or service to which it is appended. Using Modifiers enables Medicaid to adopt many of Medicare's policies, and allow providers to bill more uniformly between carriers. Providers may bill using up to three Modifiers per detail. Modifiers allow providers to indicate that a service rendered to a patient has been altered by some special circumstances while the code description remains the same.
- Developed and implemented HEARTS, Healthcare Enterprise and Accounts Receivables Tracking System. HEARTS is the primary health care information system used in the state mental health institutions. HEARTS handles the collection of patient specific information, patient charges and billing for those charges.

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Goodman	L. J. JORDAN MEDICAL & ASSOC
Charles Hosgood	NEAS
L. J. White	NCA 6707
Theresa Bove	Bove & Assoc.
Richard S. Clark	Richard S. Clark & Assoc.
Luz Bove	Purdum & Dickson's
B. J. Jones	AL 3
E. M. Robles	U of Mississippi
John McMillan	MFS PA
Mark J. ...	Mark

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NAME	FIRM OR AGENCY AND ADDRESS
Joanne Stevens Achon	NC Nurses Association
Beth Melcher	N. East Plains
Glen Walls	DHHS
Brian Francis	N. East Plains
Patrice Reesler	Meck County
C. W. [Signature]	PCACC
[Signature]	DHHS
Jul W. [Signature]	NCCSPC
[Signature]	MHA/NC/CC001
Robert Hoffman	NCPA/CC001

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NAME

FIRM OR AGENCY AND ADDRESS

Patricia A. Yancey	APPCWC / Carolina Center for Hospice & EHC
John Bowditch	Alley Associates
Janis S. Jackson	Eckerd Corp.
Andy Ellon	NCFMA
Craig Sany	NCHCFA
Gay Flannery	NCHCFA
Mari Jucis	GSK
Joe Libera	AT&T
Bernie Hollum	DHHS
Roz Sault	NC Child Care Coalition
Stanger Hirsch	NC Social Services Coalition

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NAME	FIRM OR AGENCY AND ADDRESS
Jerry Cooper	NCALA
Janet Salinas	NC Council of Community Programs
Carol Chapman	" "
Frank White	AARP
Helen Savage	AARP
Jim Bernstein	NC Office of Rural HHL
STEVE WEAVER	ACCESS CARE
Dr. Rick Mumford	Oral Health Section, Div. of Public Hlth
Mary Greene	OSBPM
Wayne Williams	OSBPM
Alison Gray	NC HFAC
Dae Richter	HRC INC

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Tuesday, March 6th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Department of Health and Human Services Overview –

*Jim Edgerton
Assistant Secretary, DHHS*

NC Health Choice –

*Carol Shaw
Fiscal Research Division Staff*

*Dr. Jack Walker
Executive Director
State Employees' Health Plan*

Committee Discussion

Next Meeting

Adjourn

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building
Tuesday, March 6, 2001
8:30 a. m
Minutes

The Joint Appropriations Subcommittee on Health and Human Services met Tuesday, March 6, 2001 in Room 643 of the Legislative Office Building, with Senator Bill Martin presiding. Three Senate members and six House members were present. After opening remarks and introductions the Chair, Jim Edgerton, assistant Secretary of Department of Health and Human Services was recognized to give an overview of the Department. A copy of his presentation (DHHS Initiatives 1993-2000) is included as Attachment 1). He stated that there has been an increase in the Vocational Rehab services and vast improvements have been made in the area of Mental Health. Regarding Welfare Reform, he stated that action has been taken to reduce welfare role by 60 per cent. The department needs to do more in the area of technology. A summary of accomplishments is included in the handout.

The Chair asked committee members to review the handout within the next few days to get additional information. During Committee discussion, it suggested during the effort address things to change; there should be a review of more than the past five years. A suggestion of eight to ten years was made. The Chair sated that the Committee will not be restricted by the five-year request from the Co-chairs.

During discussion of the Call Centers, an update of the Martin County Center was given. It is scheduled to open mid May the delay is due to construction of the facility.

Carol Shaw was recognized to give an update on Health Choices. An outline of her presentation in included in the minutes as Attachment #2. Regarding the program budget, Carol stated that enrollment fees could not be used to match federal funds. The issue of the possibility to shift some of these dollars to younger and older children over the next ten years was discussed. The Committee agreed that there is a need to address adolescent health care needs and requested information of the State's share of these dollars over the next ten years.

The meeting was adjourned at 9:48 to continue this afternoon at 1:30.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

NC Health Choice Projections SFY 2000-01 Through SFY 2006-07
Under Current Federal Law
(Dollar Amounts in Millions)

Federal Fund Availability

Federal Fiscal Year	FFY98	FFY99	FFY00	FFY01	FFY02	FFY03	FFY04	FFY05	FFY06	FFY07
Federal Allotments	\$79.50	\$79.10	\$89.20	\$103.72	\$76.04	\$77.50	\$77.50	\$99.65	\$99.65	\$123.02
Federal Reallocations			\$21.00	\$75.75	\$25.25					
Lost Federal Funds							(\$89.37)			

Maximizing Available Federal Funds With An Enrollment Cap at 82,000 Children

State Fiscal Year	SFY98	SFY99	SFY00	SFY01	SFY02	SFY03	SFY04	SFY05	SFY06	SFY07
Annual Premium	n/a	\$1,309	\$1,309	\$1,450	\$1,450	\$1,624	\$1,819	\$2,037	\$2,282	\$2,556
Average Monthly Enrollment	0	26,253	55,589	67,969	80,955	82,000	82,000	82,000	82,000	82,000
Available Federal Funds	\$59.63	\$138.84	\$202.44	\$262.32	\$274.47	\$352.20	\$236.06	\$214.42	\$185.54	\$159.90
Estimated Expenditures	\$0.00	\$31.12	\$82.89	\$106.29	\$126.29	\$142.17	\$158.15	\$176.05	\$196.09	\$218.55
Federal Share	\$0.00	\$23.08	\$61.21	\$78.37	\$92.85	\$104.27	\$115.75	\$128.53	\$142.81	\$156.92
State Share	\$0.00	\$8.04	\$21.68	\$27.92	\$33.44	\$37.90	\$42.40	\$47.52	\$53.28	\$61.63
State Continuation Appropriations	\$0.00	\$8.04	\$21.68	\$25.46	\$25.46	\$25.46	\$25.46	\$25.46	\$25.46	\$25.46
Additional State Appropriations	\$0.00	\$0.00	\$0.00	(\$2.46)	(\$7.98)	(\$12.44)	(\$16.94)	(\$22.06)	(\$27.82)	(\$36.17)
Federal Carry Forward	\$59.63	\$115.76	\$141.23	\$183.95	\$181.62	\$247.93	\$120.31	\$85.89	\$42.73	\$2.98

Notes:
Assumes enrollment will reopen effective 07/01/01 and remain open until average monthly enrollment reaches 82,000. Assumes children on the waiting list enter the program on 07/01/01.
Based on current estimates from the SEHP actuary, assumes the annual premium for SFY 2000-01 will remain constant for SFY 2001-02. In subsequent years, annual premiums will grow 12% per year.

Afternoon meeting, March 6, 2001

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building

Tuesday, March 6, 2001

1:30 p. m

Minutes

After introductions of the pages, the Chair, Sen. Bill Martin, stated that some of the members have a conflict with the redistricting meeting and will possibly come in before this meeting is completed. He said that this meeting would deal with substance abuse, and recognized Karen Hammonds-Blanks to begin the overview of substance abuse. She began with Section 3 of the attached handout (Substances Abuse Services attachment #3, Page 73), which highlighted the problems of our state. There is an estimated 784,000 individuals in our state that need some type of substance abuse services. The national household survey is conducted every two years provides information on reported use of substances such as alcohol, tobacco, etc. The most recent report, 1999, indicated that approximately 15 million Americans use illegal drugs. She stated that this is a large program in the nation as well as the state. Approximately 67 million Americans reported that they use tobacco and an estimated 105 million consume alcohol. She also gave an analysis of the number of incarcerated individuals requiring substance abuse services. There is a reported increase in alcohol and drug use in North Carolina High Schools, which the drug of choice is marijuana. There is a decrease in alcohol use and an increase in marijuana use throughout the North Carolina middle school students. North Carolina rates high (#5) for use of tobacco by children ages 12 to 17. However, North Carolina does not have that same distinction for illegal drug use. She stated that there is an increase in the use of "club drugs". On page 74, she pointed out that during 1998, 72% of the 42,000 drug related arrests that occurred were juveniles less than eighteen years of age.

Karen also emphasized that the problems from health or medical care standpoint is also significant. She identified significant areas where untreated substance abuse can be found in state government as well as other areas and the associated costs.

"Changing the Conversation," a document put forth by the Federal Government through the Substance Abuse Mental Health Services Administration, through the Center for Substance Abuse Treatment (CSAT) advocates that there is a no wrong door policy. Access to treatment should occur regardless of the point of entry and that standards of care should be in place as well. The Department is using this philosophy as it relates to the child residential mental health treatment initiative.

The following questions were asked:

What is the source of the estimated 47% needing comprehensive substance abuse treatment shown on page 73.

The information is specific to North Carolina. Information was compiled from a phone survey by the State several years ago. This is not the most recent information.

What would be considered or defined as comprehensive treatment?

The committee agreed that there is no ideal substance abuse treatment situation in any part of the state, however some parts of the state are worse than others.

Before reviewing the responsibilities of the divisions, Karen Hammonds-Blanks stated that North Carolina ranked 38 in a study that was done several years ago in spending for substance abuse services. The amount of funds supporting this area has not grown significantly since that time. She gave the budget summary for this particular area; for this fiscal year the budget is approximately \$96 million.

The Mission of the Substance Abuse Section within the Division is to provide leadership, developmental organization to support to oversee the operation of the three alcohol and drug treatment centers as well as the local community program of system of services available at the local level. Specific areas within that section include institutional services, community services, regulatory unit, DWI Unit, Employee Assistance Program and some prevention initiative services. Karen gave an overview of the responsibilities of each unit.

The pie chart on page 81 of the handout is a budget summary for this particular area. This fiscal year's budget is approximately \$96 million. On page 82 is a comparison of how substance abuse compares to the two other disabilities service areas in State and federal appropriations. An explanation of the use of dollars for services is given on page 83. North Carolina spends very little on prevention however the substance abuse block grant is largely funded.

Among the questions and comments from the committee members are:

In addition to not being able to maintain a waiting list for requested substance abuse services, often there is small window of opportunity. If the services are not available when requested by the citizens then that is a lost opportunity therefore that compounds the problem further.

The Committee agreed that detoxification and follow-up services definitely need more attention. This is a crucial area.

Karen identified three specific initiatives for the committee's attention: 1) The Treatment Alternative Crime Task Program which is a model used across the country to target offenders who criminal behavior is directly related to drug use. It is based on a model that includes, among other things, frequent drug testing and a continuum of sanctioned treatment. It does not directly provide services, however it is a way of managing the system. There are twenty-three programs serving forty-three judicial districts in the state.

2) The NC Costa Works for Families Residential Initiative is a new initiative that the Legislature appropriated funds for during last Session. \$5 Million was appropriated from the TANF Block Grant last Session. The target population included Work-first Women and their children and it involves a comprehensive treatment strategy. Services include treatment, case management, employment and retention, childcare, safe housing and child mental health intervention.

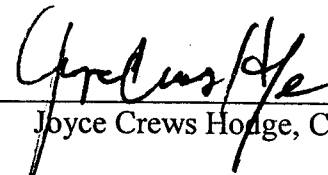
3) Managing Access for Juvenile Offenders Resources and Services (MAJORS) targets the population of 12 to 17 year old juvenile offenders that are at-risk for placement through residential treatment or juvenile detention or training schools. These are individuals returning to the community after having been in out of home placement and received clinical assessment. Currently there are twelve area programs covering 22 counties and the funding is a combination of dollars, most of which comes from TANF Block Grants. The majority of these funds are being recommended for elimination.

During committee discussion, the Chair stated that the Committee is definitely interested in the reasons for elimination of the funds for the MAJORS program. The Secretary stated that the stress of the TANF funds is caused by the increased and anticipated increased requirement for the cash assistance.

The meeting was adjourned.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

DIVISION OF MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES/SUBSTANCE ABUSE SERVICES

BUDGET/PROGRAM OVERVIEW

Section II.

Fiscal Research Division

March 2001

Division of Mental Health/Developmental Disabilities/Substance Abuse Services

OLMSTEAD v. L.C.

What is Olmstead?

- 1999 U.S. Supreme Court Decision
- Originated in Georgia
- Claimed Discrimination Under the Federal Americans With Disabilities Act (ADA)
- Court Found that Placements Should be in Community Settings:
(1) Treatment Needs Dictate, (2) Individual Choice, and (3) Community Placement Contingent Upon State's Available Resources for Others with Disabilities
- Addressed Individuals with Mental Disabilities
- Reasonableness Standard
- Implications of Olmstead are Unclear

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

"Development of the Olmstead Plan"

Components of North Carolina's Plan:

1. Outreach
2. Assessment and Identification
3. Transition Plans
4. Waiting Lists
5. Inventory of Existing Resources and Supports
6. Identification of Needed Community Resources to Support Integration
7. Monitoring and Quality Assurance

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

NC's Olmstead Plan Includes Individuals Residing In:

- Nursing Facilities
- State & Private ICF/MR's
- State Psychiatric Hospitals
- State Child Residential Treatment Facilities
- NC Special Care Center
- Individuals At-Risk of Institutionalization

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

**DEVELOPMENTAL DISABILITIES
SERVICES**

DEVELOPMENTAL DISABILITIES SERVICES

The purpose of the Developmental Disabilities Section is to direct, manage and facilitate services and supports for individuals with developmental disabilities and their families. Services for persons with developmental disabilities are administered by the Division and operated by the thirty-nine (39) Area Programs or their contract agencies and the five state operated mental retardation centers.

What is a Developmental Disability?

A severe, chronic disability of a person which:

- is attributable to a mental /physical impairment or combination,
- is manifested before the age of 22 , unless the disability is caused by a traumatic head injury after age 22;

DEVELOPMENTAL DISABILITIES SERVICES

DEVELOPMENTAL DISABILITIES

- Results in substantial functional limitations in 3 or more of the following:
 - self-care
 - self-direction & self sufficiency
 - receptive & expressive language
 - mobility
 - capacity for independent living
 - learning, and
- Reflects the person's need for a combination or sequence of interdisciplinary or generic care, treatment, or other services which are of a lifelong or extended duration and are individually planned and coordinated; or
- When applied to children from birth through four years of age, may be evidenced as a developmental delay.

CONDITIONS WHICH CAN LEAD TO A DEVELOPMENTAL DISABILITY:

- Autism
- Cerebral Palsy
- Polio
- Spinal Cord Injury
- Severe Head Injury
- Severe Learning Disabilities
- Spina Bifida
- Congenital Heart Disease
- Sickle Cell Anemia
- Epilepsy
- Blindness
- Mental Retardation

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

ARRAY OF SERVICE OPTIONS

Early Intervention Services

- Early Identification & Screening
- Multidisciplinary Assessment
- Services Include Respite, Speech Therapy, Other Special Therapies

Case Management

Day Services

- Community Inclusion
- Parent Training

Case Management

Vocational/Employment Services & Supports

- Supported Employment
- Sheltered Workshops

Case Management

Housing Supports

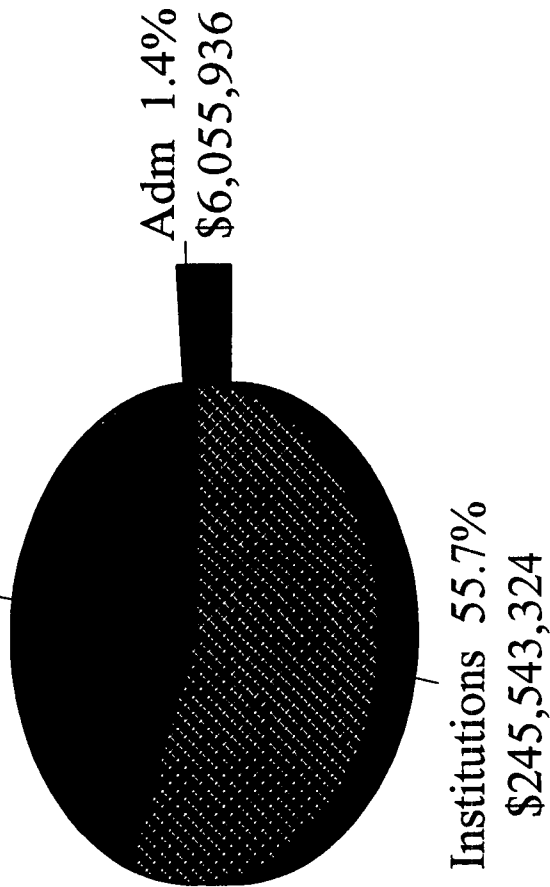
- Supported Living
- Intermediate Care Facility for the Mentally Retarded (ICF/MR)
- Developmentally Disabled Adult Group Homes (DDA)

Case Management

DEVELOPMENTAL DISABILITIES SERVICES

BUDGET SUMMARY:	FY99/00 ACTUAL	FY00/01 AUTHORIZED
REQUIREMENTS	\$438,936,113	\$436,450,560
REVENUES	\$239,620,438	\$245,059,461
APPROPRIATIONS	\$199,315,675	\$191,391,099
POSITIONS	5,835.2	5,899.24

Community Programs 43.0%
\$189,516,950

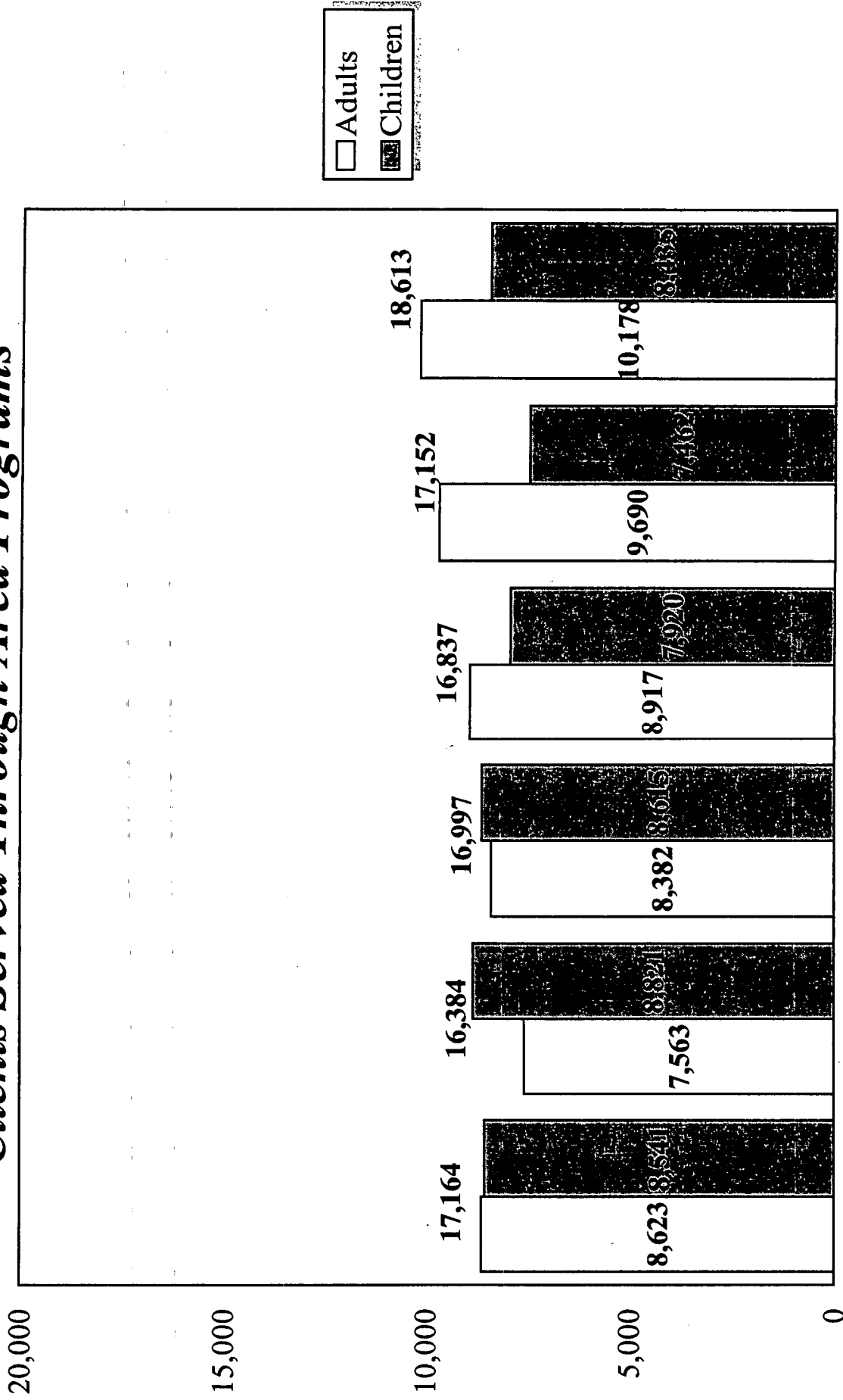


DEVELOPMENTAL DISABILITIES SERVICES

Where Do the Developmentally Disabled Receive Services?

1. Area Mental Health Programs
2. State Intermediate Care Facility for Mentally Retarded (ICF-MR)
3. Community Alternatives Program for the Mentally Retarded/Developmentally Disabled (CAP-MR/DD)

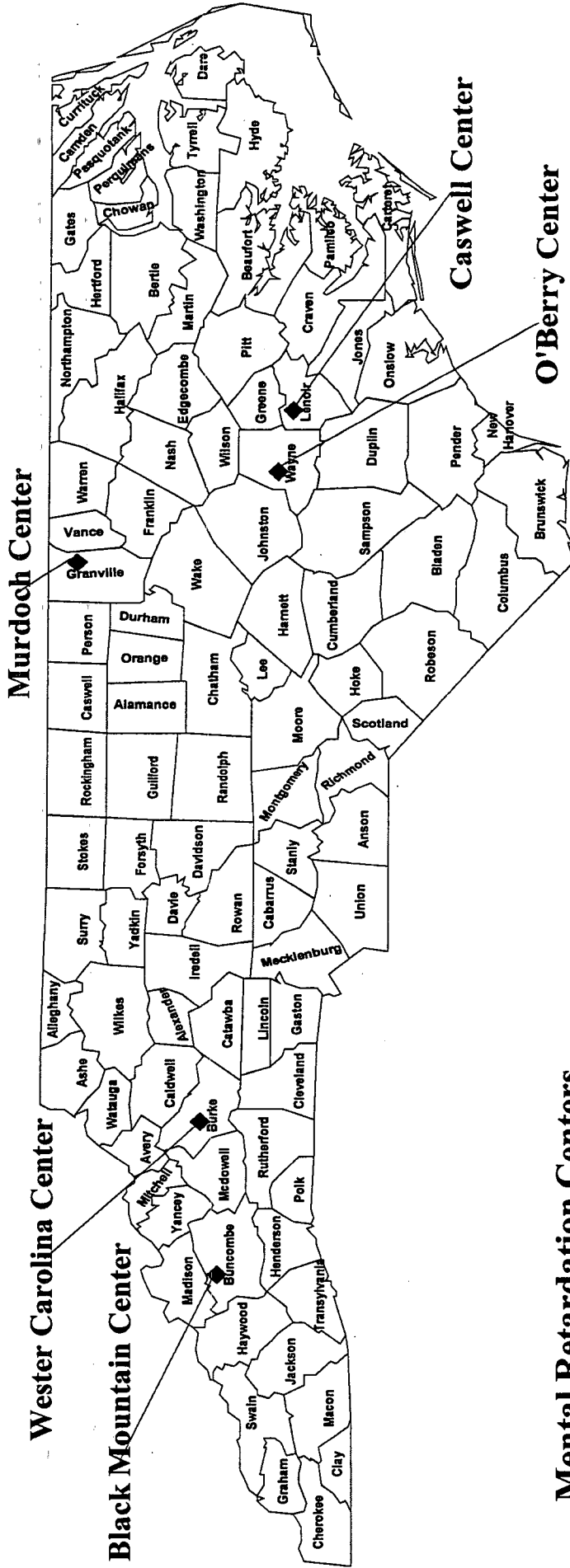
Developmental Disabilities Services Clients Served Through Area Programs



FY93/94 FY94/95 FY95/96 FY96/97 FY97/98 FY98/99

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS



Mental Retardation Centers

- Western Carolina Center - Morganton, NC
- O'Berry Center - Goldsboro, NC
- Murdoch Center - Butner, NC
- Caswell Center - Kinston, NC
- Black Mountain Center - Black Mountain, NC

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Black Mountain Center

- Opened in 1937
- Serves Western NC
- Bed Capacity of 190 (Ave. Daily Population Regular Beds: 76)
- FY00/01 Operating Budget: \$19M
- Persons Served FY99/00: 310
- 443 Staff
- Special Units: 71-Bed Alzheimer Unit

Caswell Center

- Authorized by General Assembly in 1911 (NC's First MR Center)
- Serves Central NC
- Bed Capacity of 829 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$72M
- Persons Served FY99/00: 645 Average Daily Population: 595
- 1,715 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Murdoch Center

- Began 1948
- Serves Central NC
- Bed Capacity of 660 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$67M
- Persons Served FY99/00: 610
- 1,678 Staff
- Special Units: BART & Autistic Children)

O'Berry Center

- Opened in 1957
- Serves Eastern NC
- Bed Capacity of 485 (Ave. Daily Population: 340)
- FY00/01 Operating Budget: \$42M
- Persons Served FY99/00: 376
- 1,015.5 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Western Carolina Center

- Began 1948
- Serves Western NC
- Bed Capacity of 493 (Ave. Daily Population: 352)
- FY00/01 Operating Budget: \$45M
- Persons Served FY99/00: 354
- 994.3 FTE/Staff

DEVELOPMENTAL DISABILITIES SERVICES

Clients Served In State Mental Retardation Centers

Client Profile: (as of 6/30/00)

Persons Served: 2,298 (2,096 Residents & 202 Respite Services)

- 57% Male -43% Female

- 71% White -29% Non-White

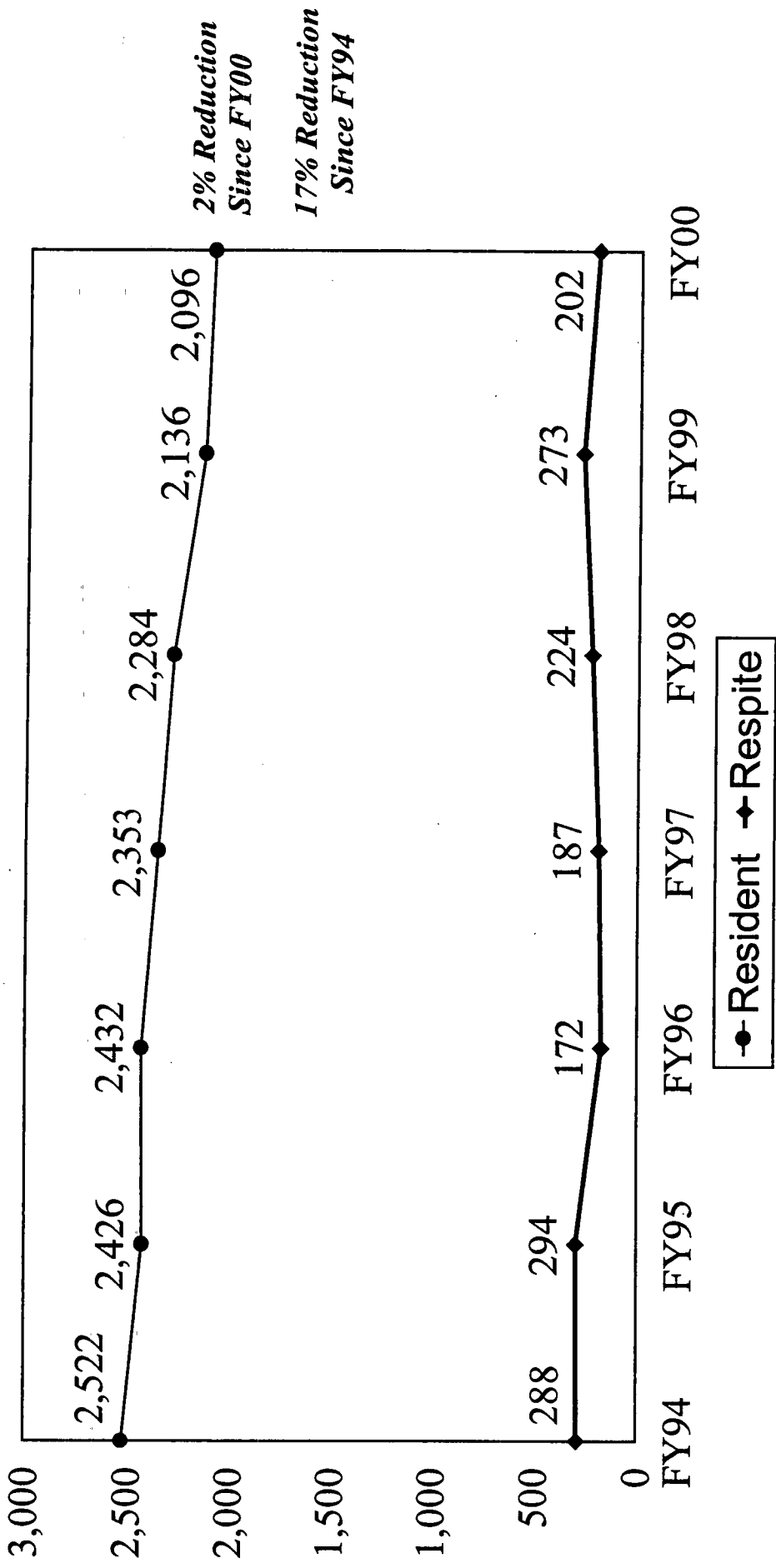
- 66% Age 25-54 Years - 68% Average Length of Stay: >21 years

-Majority are Severely/Profoundly Impaired

-Impairments Other Than MR: Cerebral Palsy, Autism, Epilepsy,
Language Impairment & Alzheimer's Disease

DEVELOPMENTAL DISABILITIES SERVICES

PERSONS SERVED IN MENTAL RETARDATION CENTERS



DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

- ◆ Medicaid Waiver Program
 - Income and Resources of the Consumer (Not Parents or Spouse) Are Considered When Application is Made
 - Level of Disability is the Major Determination of Eligibility
- ◆ Began 1983, Program Serving Individuals Who Would Otherwise Require Care in an Intermediate Care Facility for People with Mental Retardation or Developmental Disabilities (ICF-MR)
- ◆ "Benefits Cap" Approach to Managed Care
- ◆ Maximum Annual Benefit Limit \$68K/Slot
 - Total of 6,527 Slots (FY00/01)
 - \$6.89M Appropriation (2000 Legislative Session)
 - Average Cost Per Consumer \$28K Per Year
 - Approximately 250 Slots Are Designated for Emergencies

DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

Array of Service Options

- ◆ Case Management
- ◆ Adult Day Health Care & Adult Day Care
- ◆ Augmentative Communication Equipment
- ◆ Supplies & Equipment
- ◆ Crisis Stabilization
- ◆ Supported Living Services
- ◆ Environmental Accessibility Adaptations
- ◆ Vehicle Adaptations
- ◆ In-Home Aide Services
- ◆ Personal Emergency Response System
- ◆ MR Personal Care
- ◆ Respite Services
- ◆ Personal Habilitation Services {E.g... Supported Employment}

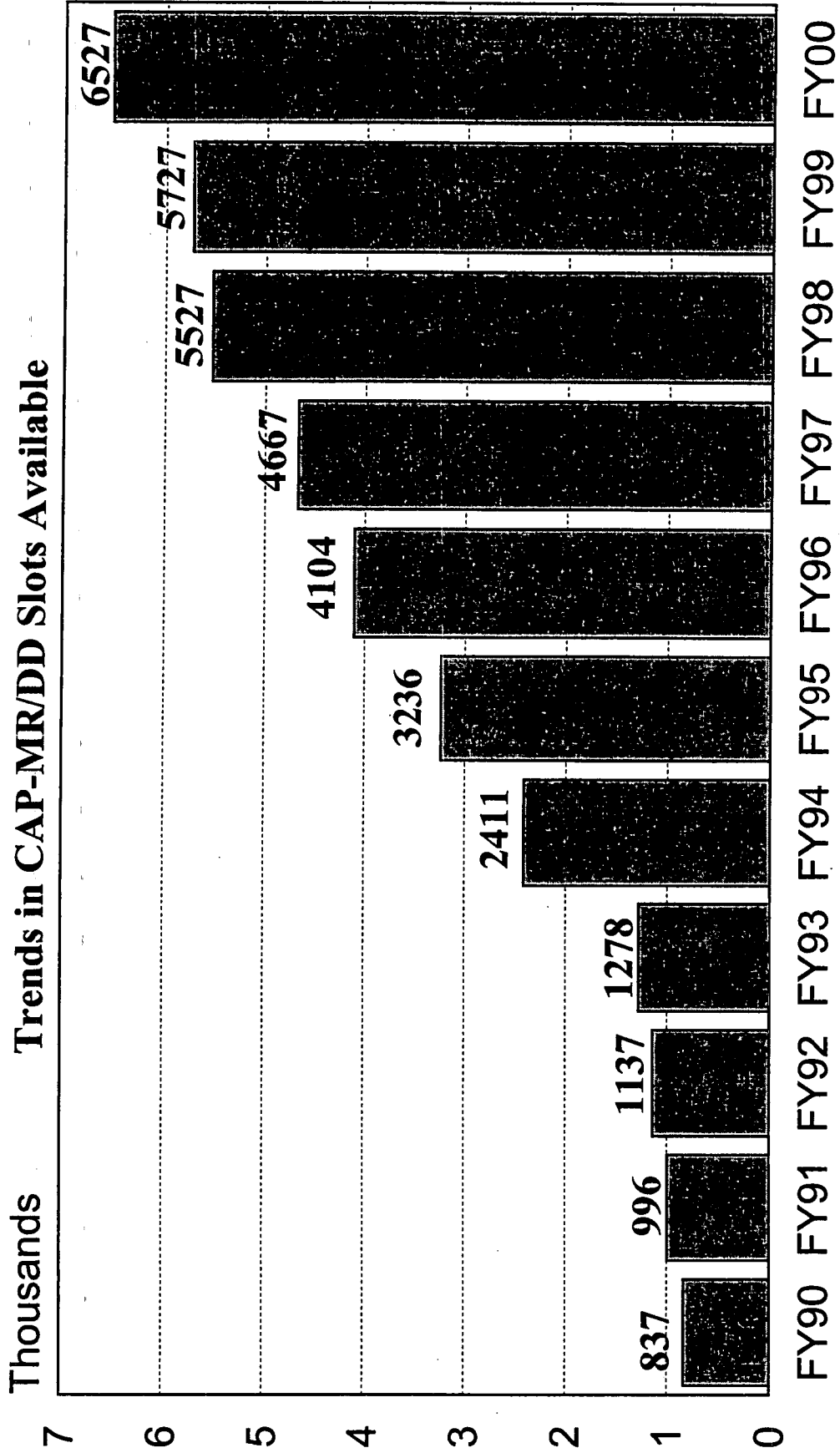
DEVELOPMENTAL DISABILITIES SERVICES

**COMMUNITY ALTERNATIVES PROGRAM FOR THE
MENTALLY RETARDED OR DEVELOPMENTALLY
DISABLED (CAP-MR/DD)**

FIVE MOST USED CAP-MR/DD SERVICES:

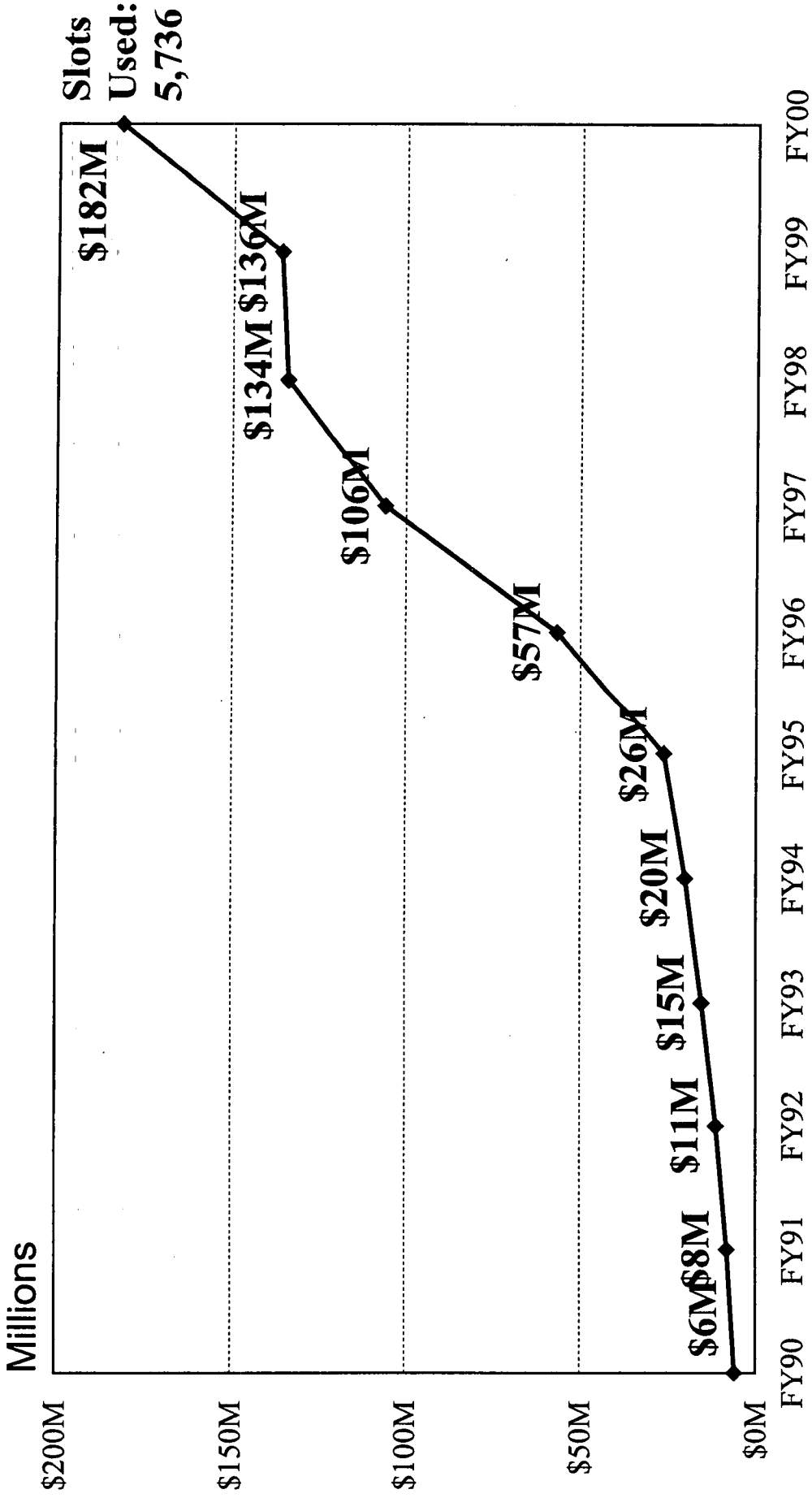
1. Case Management
2. Community Inclusion (individual)
3. Respite (community-based)
4. Supported Living
5. Medical Supplies

DEVELOPMENTAL DISABILITIES SERVICES
COMMUNITY ALTERNATIVES PROGRAM FOR THE
MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED
(CAP-MR/DD)



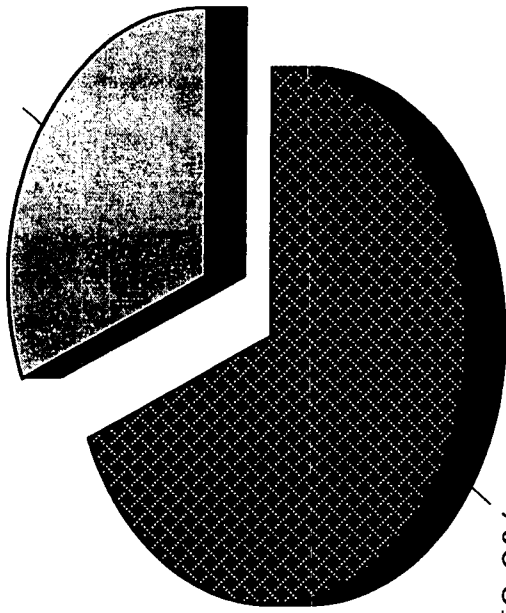
DEVELOPMENTAL DISABILITIES SERVICES

CAP-MR/DD EXPENDITURE GROWTH



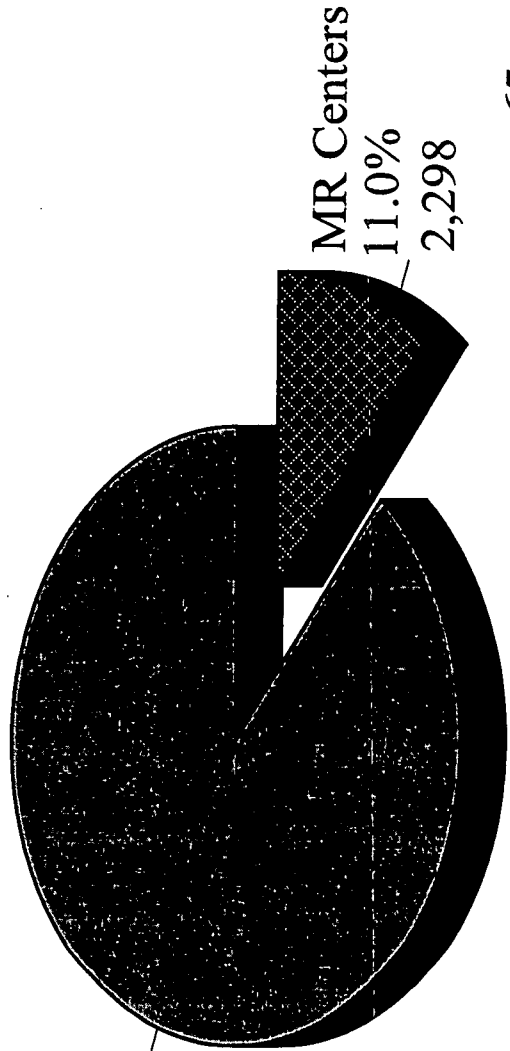
Persons Served in Community & Institutional Programs Compared to Expenditures for Each

FY00 EXPENDITURES
 Community Programs 31.1%
 \$107,495,940



MR Centers 68.9%
 \$237,812,416

PERSONS SERVED



Community Programs 89.0%
 18,613

MR Centers
 11.0%
 2,298

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES TO MULTIPLY DIAGNOSED ADULTS

Services to Multiply Diagnosed Individuals (Mental Retardation & Mental Illness (Former Thomas S Court Mandated Program))

- ◆ FY99/00 Expenditures: \$92M
- ◆ Clients Served: 1,370
- ◆ 37% of Clients Cost in Excess of \$100K Per Year

HB 1840, Section 11.22 "Services to Multiply-Diagnosed Adults"

1. Medical Necessity
2. Utilization Review
3. Eliminate "Thomas S" Administrative Infrastructure
4. Implement Cost Reduction Strategies:
 - Preauthorization & State Review of Service Plans

DEVELOPMENTAL DISABILITIES SERVICES

Partners in Autism Treatment & Habitation Program (PATH)

- ▶ \$1.5M Appropriated During 2000 Session
- ▶ 8-Bed Residential Unit (2 Respite Beds) located at Murdoch Center in Butner
- ▶ 4-Bed Group Home in Oxford (Opens May 2001)
- ▶ Services to Children 6-16 Years Old

- ▶ Services Available: Array of Professional Services
- ▶ Treatment Model: Individualized Behavior Intervention
- ▶ Referrals: Mental Health Agencies Across the State
- ▶ Admission: InterAgency Council/Single Portal Committee
- ▶ Length of Stay: Short Term (Maximum 2 Years)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities Section
2. Compliance With HB 1840, Section 11.22

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities Section
 - ▶ Section Staff Increased by 37 FTE's Since FY99/00
 - ▶ Section Maintains Functional Responsibilities (Centralized for Program/Service Sections)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

2. Compliance With HB 1840, Section 11.22
 - ▶ Identify Savings Realized From Elimination of Program Administration and Infrastructure:
 - 1999 Special Provision Originally Mandated
 - 2000 Special Provision Mandated
 - No Progress To Date
 - ▶ State Review of (1) Individualized Service Plans for All Adults Served to Ensure that Service Plans Focus on Delivery of Appropriate Services Rather than Optimal Treatment and Habilitation Plans, and (2) Staffing Patterns of Residential Services:
 - State Review & Approval of Plans in Excess of \$100K
 - State Monitors a Sample of Other Plans

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>Bob Anderson</i>	<i>DHHS Budget Planning & Analysis</i>
<i>Steve Mitchell</i>	<i>Novartis</i>
<i>Tom V. Langone</i>	<i>NC CHILD ADVOCACY INST.</i>
<i>David Rehnold</i>	<i>Archive</i>
<i>Jul Will</i>	<i>NCCSPC</i>
<i>John Stein</i>	<i>OMH/DD/SMS</i>
<i>Patricia Reuler</i>	<i>NCAEE</i>
<i>Amy Fox</i>	
<i>Tony Solari</i>	<i>NCPC - SMART START</i>
<i>Mede Dusenberry</i>	<i>Planned Parenthood Action Fund of Orange & Durham</i>
<i>Julio Wn</i>	<i>Boddow's Office</i>

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
bj Avent-Turner	ded dhhs
Peggy Ball	ded dhhs
Denise Hollen	dhhs - see off
CL Cochran	UCP - C2007
Jud Schaefer	NC Council
Pam Dowdy	Wake Co. Smart Start
Kevin Ryan	DHHS
Dorothy Gentry	DHHS-DPH
STEVE WESSON	ACCESS/HR
Deborah Rowe	NC Public Health Assoc & Local Health Directors Assoc
Steve Shore	NC Pediatric Society

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, March 7th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

NC Health Choice –

*Carol Shaw
Fiscal Research Division Staff*

*Dr. Jack Walker
Executive Director
State Employees' Health Plan*

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Wednesday, March 7, 2001

8:30 A.M.

Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday, March 7, 2001, at 8:30 A.M. in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye, presiding Chairman, Representative Beverly Earle, Co-Chairman, Representative Lanier Cansler, Representative Theresa Esposito, Representative Verla Insko, and Representative Thomas Wright. There were six senators present.

Representative Nye asked Carol Shaw with the Fiscal Research Division to continue her presentation from the handout of the last meeting, NC Health Choice Budget Overview. She started with page 16 of the handout, program eligibility and enrollment for children. To participate in this program a child has to be under the age of 19, ineligible for Medicaid, Medicare or other health care insurance, be a resident of the State, and be in a family with income at or below 200% of federal poverty level. Children of State employees are allowed to participate. Continuous eligibility is for a year. She reviewed other eligibility requirements. She explained how the enrollment cap works. Representative Esposito asked if the parent doesn't reenroll their child, does the child have to start again on the waiting list. Carol explained that was correct, they have to re-enroll each year to see if they are still eligible. A Department representative stated they sent out letters to all enrollees and explained the freeze, and what they have to do. Each card they have shows a date to re-enroll. Representative Esposito noted that was something they need to pay close attention to. Children who cannot participate are ones who have graduated from Medicaid and special needs children. Senator Martin asked for the number of children this included and Carol responded that were seven thousand children on a waiting list. They do not have a breakdown of these numbers. Senator Forrester asked for the ages of these children. A Department spokesman responded they do not.

Ms. Shaw continued by discussing the benefit package these children receive. It is equivalent to coverage provided to dependents of state employees. A program was set up for special needs children where money could be spent for services not normally covered under the State Employee Health Plan. Very little of this money has been spent because the State Employees Health Plan covers almost all the needs of these children. There are three benefits provided to children in NC Health Choice that are not provided under regular State Employee Health Package. These are dental care, vision care, and hearing services. She reviewed the benefits for special needs children. She pointed out that there

were concerns when the program first started that the program would not meet the needs of special needs children, but it is doing a very good job. Senator Martin referred to page 25 and asked what the long-term services referenced. She explained that long-term needs children would be covered under Medicaid or Medicare because they would look only at the child's income and not the parent's income. Senator Martin asked for a breakdown of the children on the waiting list by age, and graduation from Medicaid status, and special needs. Someone from the Department responded they would get the information. Representative Esposito asked if the list on page 22 included all the benefits for dependents under the North Carolina Health Choice. Ms. Shaw responded it did not include all the benefits. Representative Esposito asked for a list that includes all the benefits. Jack Walker, Director of State Health Plan, explained to Representative Esposito that he could furnish her a list, but it was in State statute under section 135.

Ms. Shaw discussed program issues. She highlighted the difference in regulations concerning families with incomes at or below 150% of federal poverty level, and families with incomes above 150% of the federal poverty level. She explained that under cost sharing under NC Health Choice, co-payments are paid directly to the service provider and reduce the cost of claims. Enrollment fees are paid directly to the county Department of Social Services and offset the cost of enrolling children. They overestimated how much would be collected from these fees because they thought 50% of the children would be above the 150% poverty level. The split has been about 70/30% meaning there is less money being collected for that purpose. Some counties are electing not to collect the money and still enroll children. The counties just lose that cost. Senator Martin expressed interest in the amount of the co-pay that goes for administrative cost. Representative Insko asked about enrollment date and Ms. Shaw explained that it was the date they sign up.

Senator Dannelly asked what the federal poverty level was. Ms. Shaw said it is a calculation that is done annually looking at what it cost for a family varying in size from one to eight to live. Page 19 shows the breakdown by family size for the present year. Senator Dannelly also wanted to know what was involved in enrolling a child each year. Ms. Shaw responded that there is a simple form to fill out to provide basic information on the family and income. This form has been simplified to what it used to be. The form is submitted by mail. Once the child is determined to be eligible, the enrollment fee has to be paid. At that time, a card will be issued.

Representative Cansler mentioned that when the program was started, the reason for the enrollment fee was to give the parents the opportunity to participate and feel a part of helping to pay for their children's health insurance. Ms. Shaw added there was concern about how to collect the money, so they decided to let the counties collect the money and use it to offset their cost.

Ms. Shaw continued on page 30 of the handout, and stated there was very high usage of the emergency room. This is much higher than children on the State Employee Health Plan, and higher even in some cases than Medicaid. This is due, in part, to parents not being used to having insurance, and being accustomed to going to the emergency room

prior to having the insurance. At least one third of use of the emergency room is for non-emergency use. Representative Insko asked about a primary care physician for these children. Ms. Shaw noted they are not assigned a primary care physician. Representative Wright requested information showing the breakout of the times and types of cases for these enrollees that are going to the emergency room, to determine if it is after 5:00 P.M. or before. He expressed there is a need to look at the situation and see if health departments or community health centers should stay open later hours. The cost would be lower than going to the emergency room. Staff responded that they would get that information for him. Senator Dannelly agreed with Representative Wright, and further stated that families at that income level could not afford to leave work during the day to take care of things during working hours. Representative Cansler wanted to know if the program was seeing an increase in emergency room visits. Mr. Walker explained that out of every 1000 children enrolled that pays the co-pay, 339 will visit the emergency room that year. This compares to 146 children out of 1000 in the State Employees Health Plan. The enrollee pays a \$20.00 co-pay, and the hospital charges the State, on average, \$459.00 for the visit.

Senator Purcell said Carolina Access was a good program because it assigns a primary physician and the patient has to call them before going to the emergency room. He stated this program is a good model for North Carolina Health Choice. Senator Kerr noted there were not enough primary care physicians. He suggested working with the private emergency care groups. Representative Insko asked for the number of patients per thousand that use the emergency for Medicaid. Ms. Shaw responded she would get that information. Representative Earle noted she thought they needed to redirect the mindset of these people that are going to the emergency room with situations that could probably wait until the next day. The Committee needs to look at this issue and maybe attach a charge.

Representative Nye adjourned the meeting at 10:00 A.M.

Edd Nye
Representative Edd Nye, Presiding Chair

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Jo Bobbitt
Jo Bobbitt
Committee Assistant

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, March 14th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

NC Health Choice –

*Carol Shaw
Fiscal Research Division Staff*

*Dr. Jack Walker
Executive Director
State Employees' Health Plan*

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Wednesday, March 14, 2001

8:30 A.M.

Room 643, Legislative Office Building

The Joint Appropriations subcommittee on Health and Human Services met on Wednesday, March 14, 2001, at 8:30 A.M. in Room 643 of the Legislative Office Building. Member present were Representative Edd Nye, Presiding Chairman, Representative Beverly Earle, Co-Chairman, Representative Lanier Cansler, Representative Verla Insko, and Representative Thomas Wright. Representative Theresa Esposito had an excused absence. There were six senators present.

Representative Nye introduced the Pages assisting with the meeting and then recognized Ms. Carol Shaw, Legislative Fiscal Research Division, to continue her presentation from the last meeting concerning North Carolina Health Choice. She continued speaking from the handout, NC Health Choice Budget Overviews, and began with page 32. She reviewed the advantages and disadvantages of cost sharing by counties.

She discussed the Enrollment Cap issue on page 34. North Carolina Health Choice program was established during the 1998 Special Session. The federal government had projected that just over 71,000 children would be eligible for the program. Approximately 130,000 children were identified, but it was believed that 60,000 of those were eligible for Medicaid. The Current Population Data, CPD, has not been a good data source, which is why there has been a higher enrollment, but that is what the federal government decided to use. Based on that data, the cost projections assumed that 90% of the children, about 64,000, would enroll in the program. Enrollment exceeded 64,000 in July of 2000 and was growing by 1500 to 2000 children per month. This shows that the projected 71,000 was too low, and that it could be as high as 100,000. Enrollment was frozen effective January 1, 2001 because the Department had to decide what to do, because the legislature would not allow them to spend any more money than was already appropriated.

Representative Cansler asked if there were children insured under other programs that were switching over to North Carolina Health Choice. Ms. Shaw referred him to page 21, program enrollment chart. There was a six months waiting period when the program was created, but it was changed to two months. Ms. June Milby, with the Department of Health and Human Resources, responded that the Schepps center did a survey of

enrollees. There were questions asking whether the children had previously had health insurance, what kind, and for how long. The estimate from the survey for a three-month period was .2% had dropped other insurance within the two-month period to go into the program.

Ms. Shaw stated many members had asked her what is needed to lift the enrollment freeze. There is a long waiting list of children that would like to participate in the program. Additional state appropriations will be required. An important question is "how much will lifting the enrollment freeze cost." The following factors affect the program: number of children enrolled; availability of state appropriations; annual, per child, premium cost; and availability of federal funds. She discussed the premium rates and also availability of federal funds, which are not controlled by the State. Senator Martin asked for the current number of enrollees. Ms. Shaw stated the enrollment as of March 1st was 68,520. It will drop monthly as families fail to enroll, or are no longer eligible. In comparison to other states, North Carolina has a high number of uninsured children and families at or below 200% of poverty.

Senator Martin asked how much additional appropriation in up coming fiscal year and 2002-2003 would the State have to make in order to draw down the maximum allotment. Ms. Shaw stated they were not close to spending the allotment. Senator Kerr noted Greene County's Medicaid cost sharing is going up from \$852,000 to \$1,300,000.

Ms. Shaw continued her presentation from page 44 of the handout. Based on projections, the NC Health Choice Program can serve 82,000 children annually through 2006-2007. She ended her discussion with reallocations and allotments. If there were more time to spend reallocations, money wouldn't be lost in allotments. After some discussion by members of the committee, Ms. Shaw ended her presentation.

Dr. Jack Walker, Executive Director State Employees' Health Plan, was introduced to address the effect of provider reimbursement changes to NC Health Choice of Children. (See Attachment I). Senator Martin asked Dr. Walker was there a state-by-state comparison in reference to the dispensing fee. A survey of what managed care companies are paying is that it is between \$1.50 and \$2.50. Senator Martin asked for a copy of the survey for the committee members. Senator Purcell asked for figures showing amount pharmacies need from dispensing fees to make their business viable comparing small pharmacies to chain pharmacies. Is \$1.50 a reasonable amount? The contractors being used have guaranteed the fee will be \$1.50. The courts will not allow the State to pay a higher fee to small pharmacies than it does to larger chain pharmacies. Representative Insko noted the big chains are more prevalent in more populated areas and independent pharmacies are located more in the rural areas. She expressed concern that if the independents have to close, how would people in the rural areas of the State get access to prescriptions. There was a discussion concerning the increase in the fee schedule.

The meeting was adjourned at 10:00 A.M.

Edd Nye

Representative Edd Nye, Presiding Chair

Representative Beverly Earle, Co-Chair

Senator Bill Martin, Co-Chair

Jo Bobbitt

Jo Bobbitt
Committee Assistant



STATE OF NORTH CAROLINA
THE TEACHERS' AND STATE EMPLOYEES'
COMPREHENSIVE MAJOR MEDICAL PLAN

MEMORANDUM

TO: Senator Tony Rand
Representative Thomas Wright

FROM: Jack W. Walker, Ph.D. *JWW*
Executive Administrator

DATE: March 7, 2001

SUBJECT: Effect of Provider Reimbursement Changes
to NC Health Choice for Children (CHIP)

For the next biennium (FY 2001-2003), health care provider reimbursement for CHIP could be reduced within the following range: \$9.15 million to \$20.34 million. The components of this reduction are:

	<u>Low Estimate</u>	<u>High Estimate</u>
In-patient Hospital	\$ 0.00 million	\$ 1.39 million
Out-patient Hospital	\$ 4.25	\$ 7.08
Physician	\$ 3.83	\$ 8.62
Vision Services	\$ 0.60	\$ 0.95
Mental Health Professional Services	\$ 0.29	\$ 0.53
Chiropractic Services	\$ 0.18	\$ 0.24
Dental Services	<u>\$ 0.00</u>	<u>\$ 1.53</u>
	\$ 9.15 million	\$20.34 million

In addition, pharmacy expenses could be reduced by lowering the pharmacy dispensing fee. Currently the Program pays for 300,000 prescriptions per year. Hence, if the fee were reduced from \$6/prescription to \$4/prescription, the two-year savings would be \$1.2 million, and if the fee were reduced to \$2, the savings would be \$2.4 million.

Should you wish to discuss this further, I will be happy to meet with you both.

cc: Sam Byrd

Estimated Medicaid cost for 2002 increases significantly

By J. HARRIS
Staff Writer

Although Medicaid costs for Greene County have risen significantly since 1995, the news the county received Friday was stunning.

"We are flabbergasted," said Greene County Manager Greg Martin. "We can't believe it."

Greene County received a recent memo from the North Carolina Department of Health and Human Services regarding the rate increase.

According to Martin, the estimated Medicaid cost to the county will increase from approximately \$852,000 for the current fiscal year, 2001, to \$1,249,052 for fiscal year 2002. That is approximately a \$400,000, or roughly a 46 percent, increase.

Martin did say that there had been significant increases in the past couple of years, but nothing like the increase for 2002.

"We have had significant increases over the years," said Martin, "but nothing like this." Martin provided a list of the county's Medicaid cost over the past seven years: 1995-\$458,754; 1996-\$516,410; 1997 \$623,265; 1998 \$647,512; 1999 \$680,385; 2000-\$829,732; 2001 \$852,000. Over this seven year period, the county's Medicaid cost also increased by roughly \$400,000.

What was approximately a \$400,000 increase over seven years has become a \$400,000 increase over one year.

While a spokesperson with the Greene County Department of Social Services was hesitant to give a specific reason for the dramatic increase, it was agreed that lower eligibility requirements to receive Medicaid benefits, which has meant more people enrolled and increased health-care costs have been the

Medicaid

Continued From Page 1

main contributors.

However, some specific information about the impact to Greene County was given by Martin.

According to Martin, the Medicaid increase would equate to over 6.5¢ increase on the property tax rate, given the penny generates approximately \$60,000 in county revenue. In other words it would take an extra \$0.065 to cover the increase. The county currently operates on a .85¢ per \$100 property tax.

Theoretically, the increase could be covered by an increase

in the property tax rate, but since the information is so new, the commissioners haven't had time to discuss any options.

Add to the problem Governor Easley's proposal to cancel Greene County's (and others) April 30 inventory tax payment, which would equate to approximately 2.5¢ of the property tax for this fiscal year, and the budget begins to tighten and wallets may begin to lighten.

In any case, there has not been enough time to discuss the new Medicaid increase or to pose possible solutions for the 2002 fiscal year, but one thing is almost a certainty: The money will have to be paid, and the money will come from someone's pocket.

VISITOR REGISTRATION SHEET

HEALTH & HUMAN SERVICES 3/14/01
 Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Steve Mitchell	NOVARTIS
Janet Schanzbach	NC Council
ANN LYLE	DUHS
HUGH TILSON	NCHA
JOE LIBERA	AMHC
Bennie Hollen	DHHS
Roz Sault	NCCCO
Beth Melcher	MAMI NC
Sharon Rasone	NC DSS
Fred Waell	NCCSPC
Thomas V. Bennett	NCCFTF
Tom Vitagliano	NE CHIROPY. INST
Jimmy Mann	State Health Plan
Bob Kindsratt	DHHS
Wayne Wilburn	OSBPM
Mary Mow	OSBPM
Jennifer Mahan	MHA-NC
Dorothy Alworth	DHHS-DPH
Paul Seto	State Health Plan
Jerry Cooper	NCACA
Bob Boice	Podiatrist
Rayon Child	NC Social Services Commission
Bekki Stout	PPAM
Al Adams	Headstart, NCCPA -
Johnny Jones	OSBPM
John Behrdest	Alley Associates
Wendy Mills	NC HCFA
Adam Scaring	NCHAC

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, March 14th, 2001

4:30 p.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Dorothea Dix Psychiatric Hospital

Dr. Terry Stelle, Director

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Wednesday, March 14, 2001

4:30 P.M.

Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday afternoon at 4:30 P.M. in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye, presiding Chairman, Representative Beverly Earle, Co-Chairman, Representative Verla Insko, and Representative Thomas Wright. Representative Theresa Esposito had an excused absence. There were three senators present.

Representative Nye began the meeting by stating there was concern with the funding pattern of Dorothea Dix and asked Dr. Terry Stelle, Director of Dorothea Dix, to address the committee. Dr. Stelle discussed the death of a patient at Dorothea Dix. He gave an overview of how he thinks they have developed a failsafe system to prevent overdoses in the future. They have established a continuous quality medical improvement team to look into every aspect of medication administration from beginning to end to determine what some of their problems are. Up to fifty percent of patients that come into state hospitals have medical problems. He sees a problem with middle management in the hospital and the inability to move out some of them and replace them with more qualified managers at the same time. The current biggest problem continues to be nursing vacancies. Five hundred psychiatric beds have been lost in the State in the last year.

Senator Forrester noted medical errors have been overlooked and there needs to be a better way for them to be picked up. He also expressed concern with how they get by with such a low staffing pattern especially on weekends. The answer to the problem of getting and keeping nurses is to increase the salaries significantly to attract people to work there. Dr. Stelle explained they have a pool of nurses that they can draw upon when needed.

Rep. Nye asked if the pharmacist reports directly to Dr. Stelle. He was told the pharmacist reports directly to the clinical director who is a physician.

Senator Martin asked what triggers the use of outside consultants and is it on a contractual basis. Dr. Stelle explained they sometimes send people to UNC Memorial to get a consult.

Representative Nye asked if bed closings have had an impact on admissions at Dix. Dr. Stelle stated it is difficult to see a direct relationship. There has been a 35% increase in admissions over the last decade. In 1998-1999 there were 3,969 admissions and in 1999-2000 there were 5,184 admissions. That rate of increase is continuing which means at some point they will not be able to handle the increase.

Representative Insko asked if they could handle some of the vacancies within the existing budget if they had more flexibility from state personnel regulations. Dr. Stelle stated that the problem is on weekends and if they had the flexibility to do as hospitals are doing, they could fill a number of the vacancies. They can't compete at the present time.

Senator Martin asked what impact could the vacancies have on the operations of the facility such as accreditation and negative impact upon patients. Are the problems that result from nurse vacancies only on weekends or is it a problem in general. Dr. Stelle explained it is more pronounced on the weekends. That is where coverage is more difficult to find. Yes, they are concerned with accreditation.

Representative Nye ended the meeting by stating they would look at flexibility in the budget for Dorothea Dix because they had allowed some others to have it.

The meeting was adjourned at 5:35 PM.

Edd Nye
Representative Edd Nye
Co-chairman

Jo Bobbitt
Jo Bobbitt
Committee Assistant

VISITOR REGISTRATION SHEET

HEALTH & HUMAN SERVICES 3/14/01
 Name of Committee Date

4:30 P.M.

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Steve Mitchell	NOVARTIS
John Bawdich	Alley Associates
Philip Veerkus MD	DMH DD SA
CAIMED HOOKER, BUILL	DHHS
ART ROBARBE	DD / M / I / S / A / S
Allen Saffay	DHHS
Jim Oshby	DMH / DD / S / A / S
Abbas Parlich	DHHS
Tara Larson	DMH / DD / S / A / S
Charles Danner	DMH / DD / S / A / S
Michelle Cotton	DMH / DD / S / A / S
Robert	Assoc. Source.
Bernie Holler	DHHS
Joan Behren	nc nurses associates
Dennis Holt	NCA
Meagan	OSBPM
Jennifer Mahan	MHA-NC
Whitney Berg	OSBPM
Nahy Seem	OSBPM
Wayne Wallking	OSBPM
Sally Cameron	NC Psychological
La Wata	NCA / I / C / F.
John Yancy	APPCWC / Hospice
Jim Engstrom	DHHS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Thursday, March 15th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Child Development

*Karen Hammonds-Blanks
Fiscal Research*

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**MINUTES
MARCH 15, 2001
8:30 A.M.**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Thursday, March 15, 2001, at 8:30 a.m. in Room 643 of the Legislative Office Building.

House Co-Chair, Representative Beverly Earle presided. Other House members present were:

**Representative Edd Nye, Co-Chair
Representative Lanier Cansler
Representative Verla Insko
Representative Thomas Wright**

Six Senate members were present.

Representative Beverly Earle, Co-Chair, opened the meeting by introducing the Pages, and introducing Karen Hammonds-Blank to discuss Child Development. She began by stating that the Smart Start Program is including in the Child Development Division, but that program will be covered at a later meeting.

The Division of Child Development

The Mission of the Division is **“To build a stronger and economic future for North Carolina by promoting high quality early childhood experiences.”** The mission is being accomplished by ensuring the health and safety of child care; providing child care assistance; improving the quality and availability of child care; coordinating head start collaboration; and parent outreach.

The Division of Child Development began in 1992, when the Governor and the Department decided to pull together all the different functions related to childcare.

To view the budget summary for the Division of Child Development as 12/31/00 for the FY 00/01 see page 3 of Attachment I.

Ms. Hammonds-Blank spoke briefly on the Regulatory Commissions for Child Care and for Social Services. (See Attachment I)

The Division of Child Care Development began major improvements with Senate Bill 929. This bill was titled "**An Act to Enhance and Improve Child Care in North Carolina.**"

The main purpose of this bill was to improve **quality**. It also began with the Star Rating System, which began on a limited basis in 1999.

Ms Hammonds-Blanks spoke in depth on the Child Care Subsidy Program. This program which provides financial assistance that meet the income eligibility. Last year, about 305 million dollars in state and federal funds were used for this program. It is state supervised by the Department of Social Services. See Attachment I for families that are eligible for child care subsidy.

The trends in children served in child care has grown tremendously. In 1992, 34,355 children were served spending 37 million dollars. In 2000, 183,532 children were served spending 305 million dollars. (See Attachment I) The waiting list has increased 100% from January 2000 to January 2001.

A question and answer session began at this time.

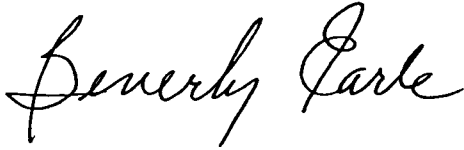
Senator Moore asked if there are guidelines as to who is chosen to participate in the program. Ms. Ball answer by stating that the county determines who is chosen. It is based on a priority list, it is not based on income. Child protective service and child welfare are high priority children. These children are placed first.

Senator Dannelly wanted to know the reason for the decline in numbers served in the last year with more money being funded. Ms. Hammonds-Blanks answered by the stating that the reason the number is showing a decrease is because a lot of children are being counted twice.

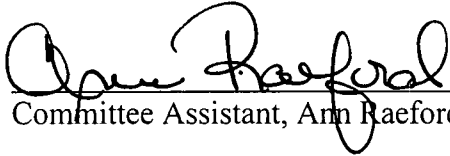
Representative Wright wanted to know if a better accounting system can be implemented to count the children once. He also wanted to know the reason for the drastic increase in the number of children served. Ms. Hammonds-Blanks replied by saying more are in the system because of Smart Start funding, and more money from the federal government. (TANF Block Grants)

Part two of this presentation entitled **Regulation/Licensure "Stare Rated Licenses"** will be continued at the next meeting. The meeting adjourned at 9:30 a.m.

Respectfully Submitted,



Presiding Co-Chair, Representative Beverly Earle



Committee Assistant, Ann Raeford

Attachments:

Attachment I
Attachment II
Attachment III

Agenda
Division of Child Development
Visitor's Registration

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD DEVELOPMENT

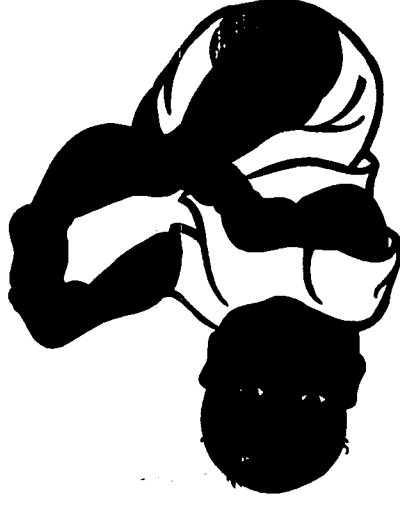
Fiscal Research Division
March 15, 2001

DIVISION OF CHILD DEVELOPMENT

MISSION

“To build a stronger and economic future for North Carolina by promoting high quality early childhood experiences.”

- Ensure the Health and Safety of Children in Child Care Arrangements
- Provide Child Care Assistance
- Improve the Quality and Availability of Child Care
- Coordinate Head Start Collaboration
- Parent Outreach



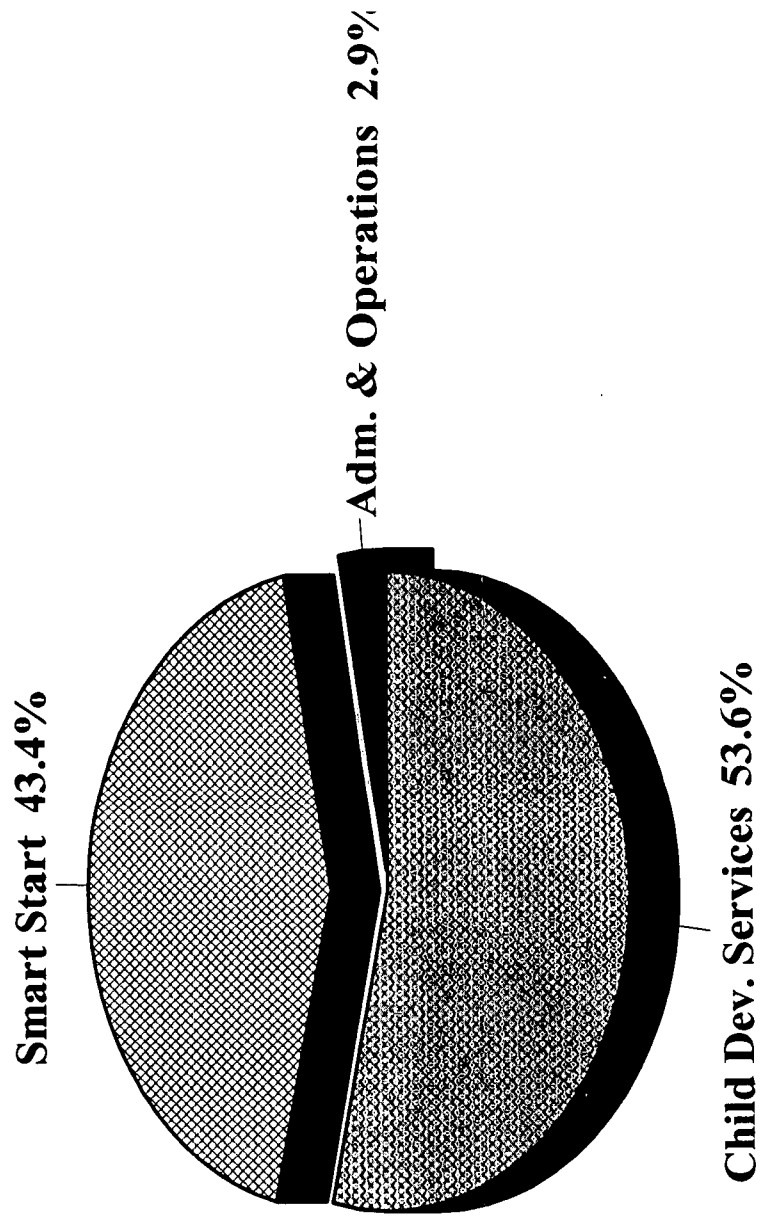
DIVISION OF CHILD DEVELOPMENT
BUDGET SUMMARY

	1999-00 Actual	2000-01 Certified	2000-01 Authorized	2001-02 Recom'd	2002-03 Recom'd
Requirements	\$546,150,383	\$531,795,106	\$577,834,049		
Receipts	\$258,775,795	\$230,551,709	\$276,591,917		
Appropriation	\$287,374,588	\$301,243,397	\$301,242,132		
Positions	213.75	282.75	282.75		

- FY00/01 Authorized Budget (as of 12/31/00)
- 69 Positions Added During 2000 Session
- 5% Increase in State Appropriation:
 - legislative salary increase
 - inflationary increases in operations
 - increases in Smart Start
- FY01/03 Recommended Pending

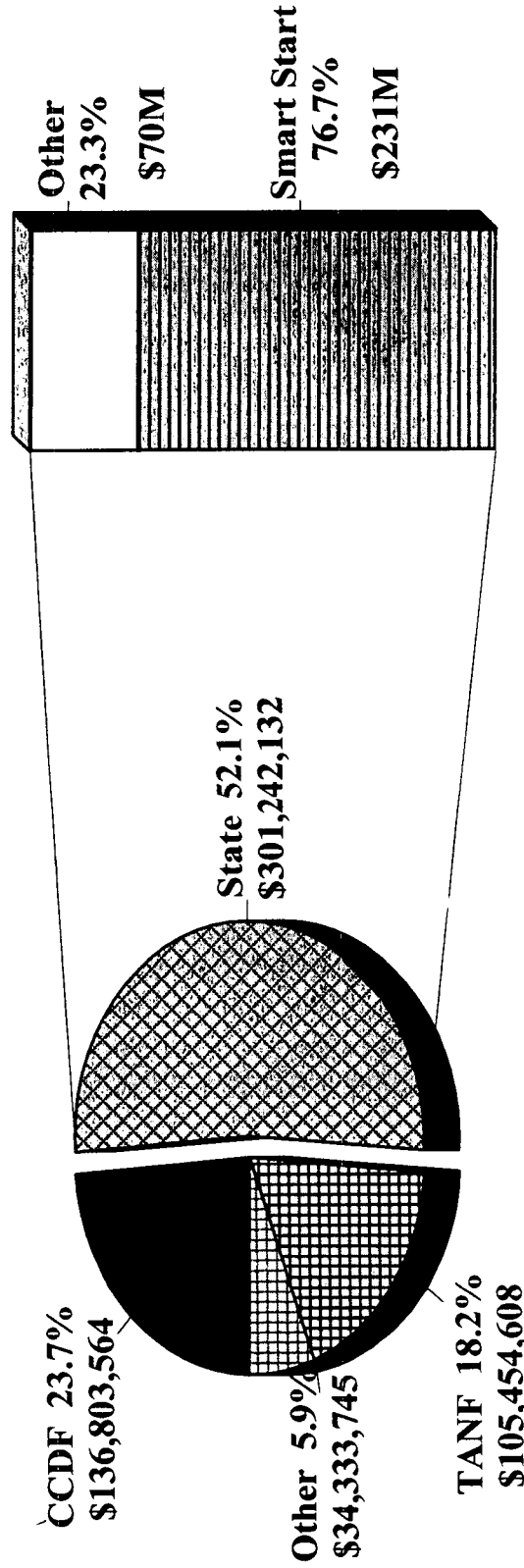
DIVISION OF CHILD DEVELOPMENT

How Are the Funds Spent?



DIVISION OF CHILD DEVELOPMENT

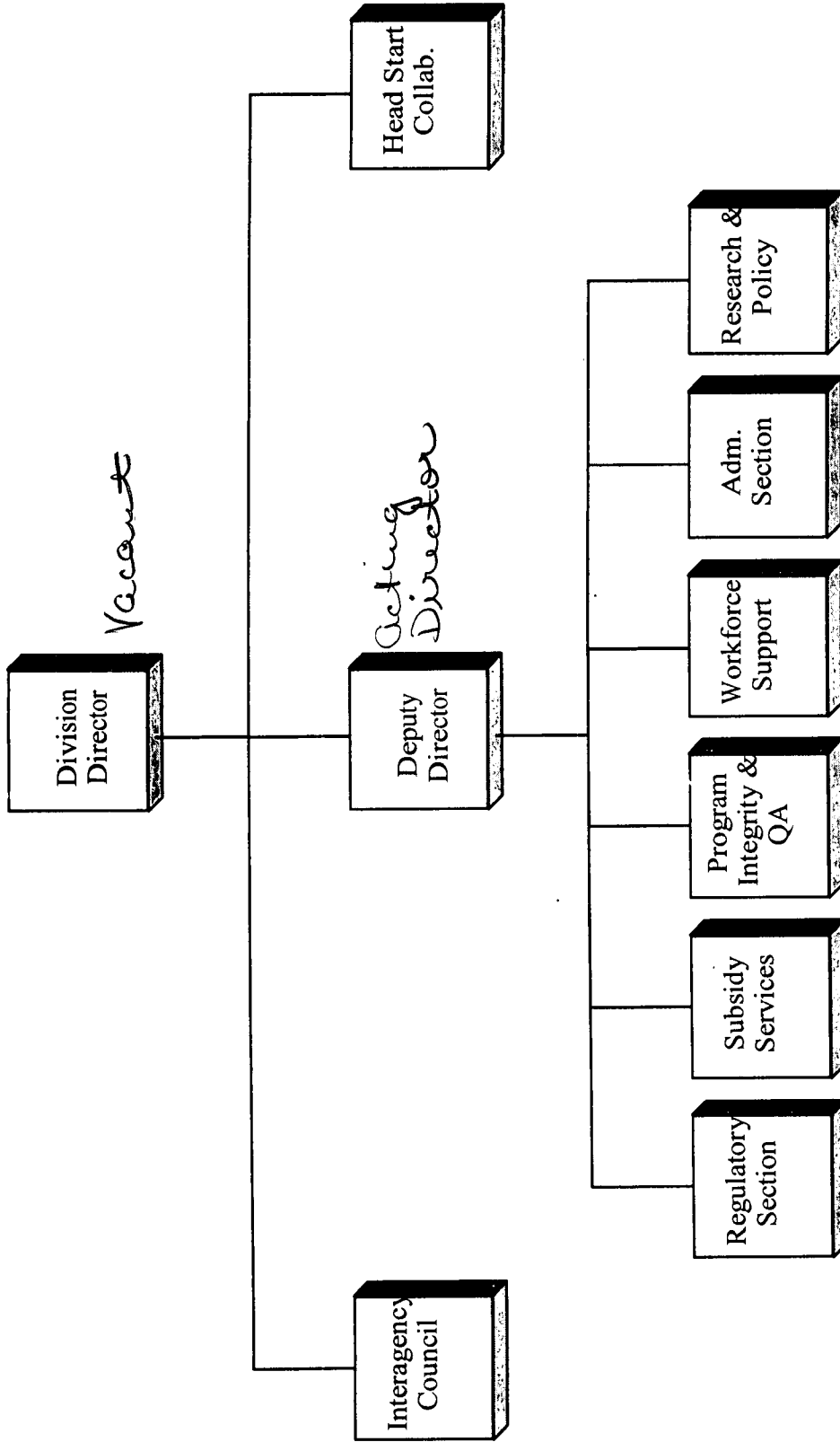
Where Do Their Funds Come From?



Total Requirements: \$577,834,049

DIVISION OF CHILD DEVELOPMENT

Organization Chart (January 2001)



**Total Positions:
282.75**

DIVISION OF CHILD DEVELOPMENT

2, REGULATORY COMMISSIONS

Child Care Commission

- G. S. 143B-168.3
- 15 Members
- 2-Year Terms
- Adopt rules for licensing and operation of child care facilities
- Quarterly meetings (minimum)
- Receives per diem, travel and subsistence
- Administrative support is provided by the Division of Child Development

Social Services Commission

- G.S. 143B-143
- 1 Member for Each Congressional District
- 4-Year Terms
- Quarterly meetings (minimum) ^{monthly} Bases
- Adopt rules for fees for child care
- Receives per diem, travel and subsistence
- Administrative support is provided by the Division of Social Services

DIVISION OF CHILD DEVELOPMENT
“LEGISLATIVE HIGHLIGHTS”

<i>Item</i>	<i>1997 Session FY97/98-FY98/99</i>	<i>1998 Session</i>	<i>1999 Session FY99/00-FY00/01</i>	<i>2000 Session</i>
Smart Start Expansion	\$21,408,625 \$850,000 NR \$25,298,838	\$42,500,000	\$58,000,000 \$78,928,826	\$43,500,000 (\$49,000,000) NR
T.E.A.C.H. Expansion	\$422,000	\$100,000 NR (Capital Funds)	\$778,000	\$400,000
Smart Start Evaluation & Collaboration			\$1,500,000 NR \$165,000 R \$165,000	
DCD Staff (Regulatory) Expansion				68 FTE's (CCDF)
Touching the Lives of Children			\$300,000	

DIVISION OF CHILD DEVELOPMENT

CHILD CARE SYSTEM IMPROVEMENTS

SENATE BILL 929:

- “An Act to Enhance and Improve Child Care in NC”
- Increased Minimum Staff Qualifications
- Expanded Criminal Background Checks for Homes
- Authorized Non-Expiring Licenses
- Authorized Development of Voluntary, Enhanced Standards
- Foundation for the Star Rated License System

STAR RATING SYSTEM:

- Implemented on a Limited Basis Beginning 1999
- Mandatory Implementation 9/01/00 (interim rates 9/1/00 – 8/31/01)
- New Market Rates to be Implemented 9/01/01
- Provides Financial Incentives for Higher Standards of Care
- Assessment of Program & Education Standards and Compliance History

DIVISION OF CHILD DEVELOPMENT

NORTH CAROLINA CHILD CARE PROFILE

- 1999 Total Population: 7,650,789 • Licensed Child Care Arrangements: 9,425
- 1999 Children 0-4 Years: 534,227 •
- 1999 Children 5-9 Years: 552,457 • Number of Children in Subsidized Child Care: 185,999 FY99/00
- 1999 Total Children < 18: 1,940,947 •
- Children Under 5 as Percent of total Population: 7% • Number of Children in Head Start: 17,221 FY97/98
- Percent of Children <6 with Working Parents: 72%
- Percent of Children < 13 Living in Low-Income Families with Working Parents: 26%
- State Median Income: \$54,331

DIVISION OF CHILD DEVELOPMENT

RESPONSIBILITIES

- **Ensure the Health and Safety of Children in Child Care Arrangements**
 - **Oversee regulated child care arrangements**
 - **Issue operating permits**
 - **Investigate reports of illegal operations**
 - **Monitor compliance**
 - **Investigate abuse and neglect in child care settings**
 - **Administer criminal records checks for child care providers**
 - **Supervise counties in the administration of child care subsidy program**
 - **Provide training and technical assistance**
 - **Coordinate quality and availability initiatives**
 - **Administer Head Start Collaboration Project Grant**
 - **Provide support to Smart Start, Interagency Coordinating Council and the Child Care Commission**
- **Provide Child Care Assistance**
- **Improve the Quality and Availability of Child Care**
- **Coordinate Head Start Collaboration**
- **Parent Outreach**

DIVISION OF CHILD DEVELOPMENT

PROGRAMS AND SERVICES

- CHILD CARE SUBSIDY
- LICENSURE/REGULATION
- CHILD ABUSE & NEGLECT
- OTHER PROGRAMS/INITIATIVES

DIVISION OF CHILD DEVELOPMENT

CHILD CARE SUBSIDY

- ✓ Support Working Families
 - ✓ Financial Assistance for Child Care
 - ✓ FY00 \$305M in State and Federal Funds
- ✓ Support Child Welfare Services
 - State-supervised Locally Administered (primarily through local departments of social services)
- ✓ Support Educational & Job Related Training
 - Income Eligibility Requirements (< than 75% of state median income)
- ✓ Support Children with Developmental Disabilities
 - Most Families Pay Nominal Fees (7%-9%)
 - Parental Voucher/Choice
 - Counties Determine Priorities



DIVISION OF CHILD DEVELOPMENT

Who May Receive Child Care Subsidy?

- ✓ Families Receiving Child Protective Services
- ✓ Families Receiving Child Welfare Services
- ✓ Working Families Who Are Income Eligible
- ✓ Families Seeking to Maintain Employment
- ✓ Families With Developmentally Delayed or Disabled Children
- ✓ Eligible Families Attending School or Job Training

DIVISION OF CHILD DEVELOPMENT
CHILD CARE SUBSIDY PROGRAM

Family Size	Monthly Income	Annual Income
1	\$1,683	\$20,198
2	\$2,201	\$26,413
3	\$2,719	\$32,628
4	\$3,237	\$38,843

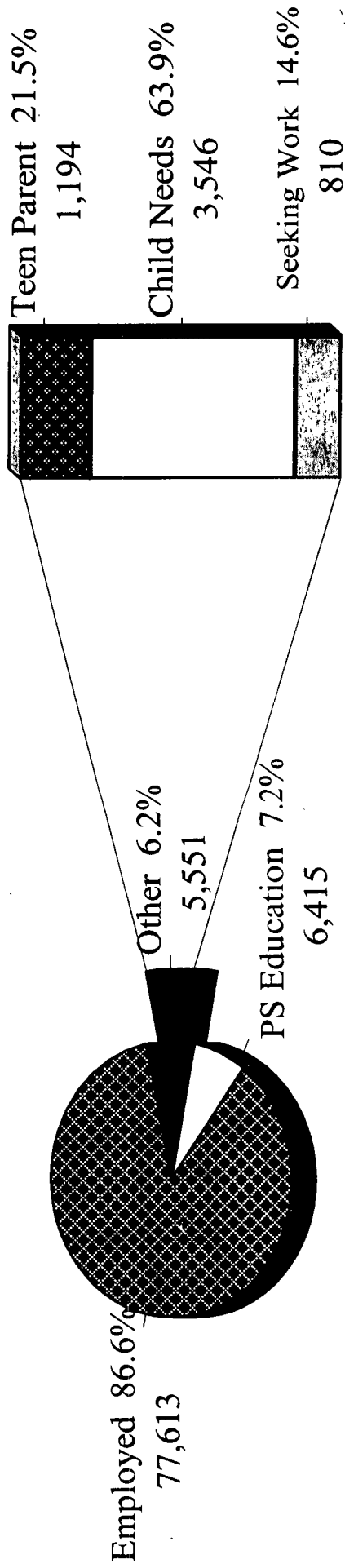
SELECTED PROGRAM FACTS:

- Nominal Fees (7-9% depending on family size and income)
- 59% Families in Urban Areas
- 55% Receiving Subsidies are African American; 39% White

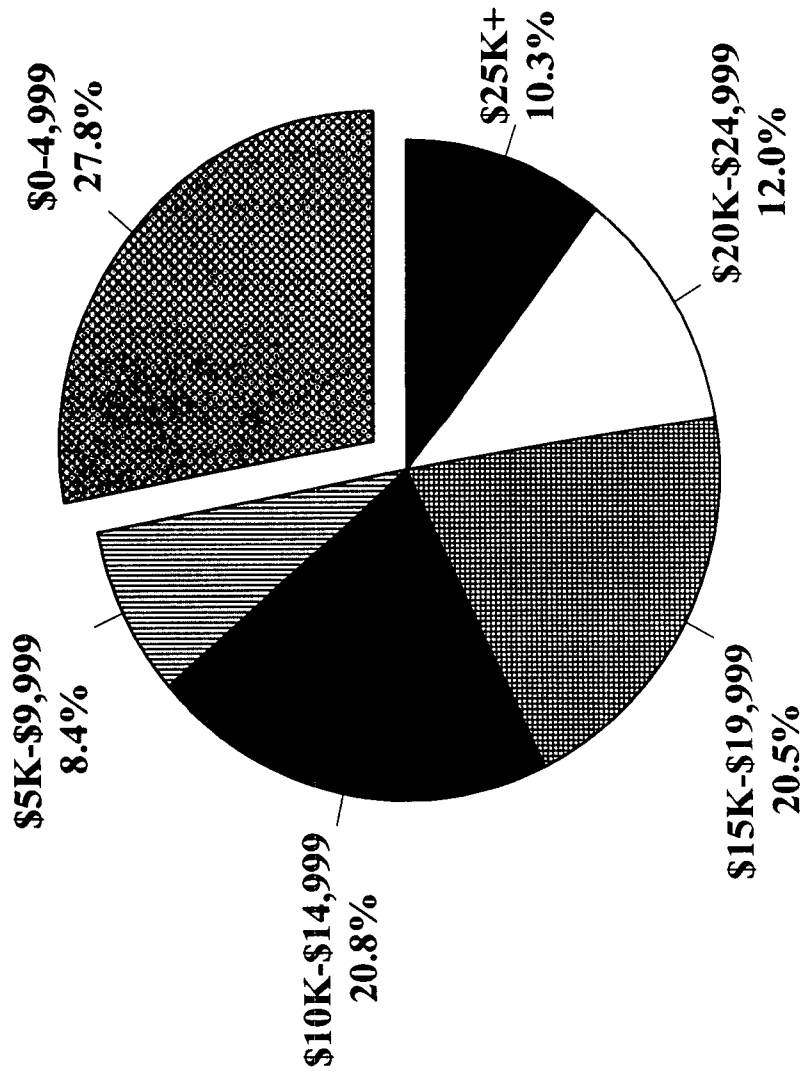
~~•37% of Children Served Ages 5-17~~
Below age 9

DIVISION OF CHILD DEVELOPMENT

Why Do Families Seek Child Care Subsidy?

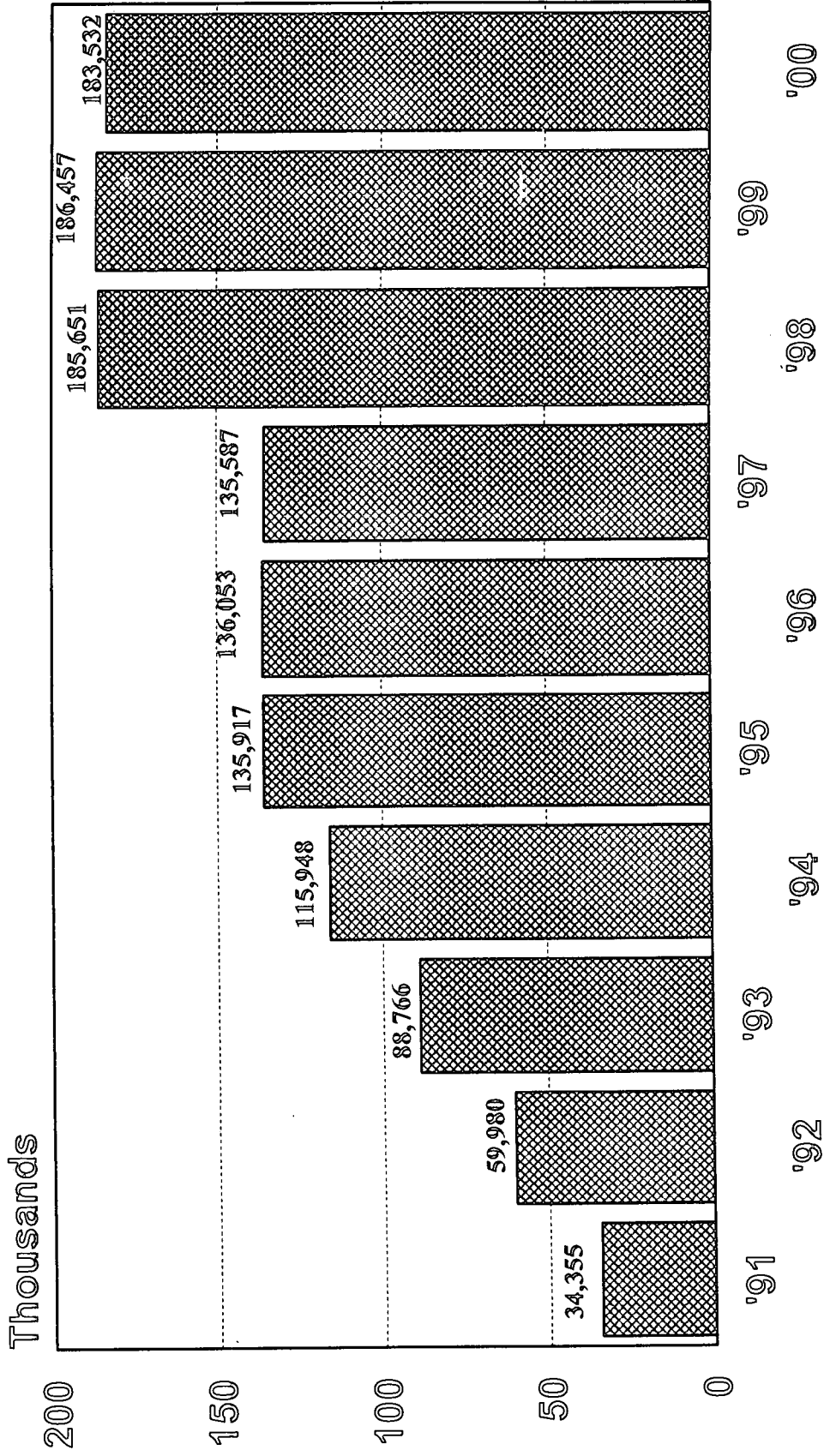


DIVISION OF CHILD DEVELOPMENT CHILD CARE SUBSIDY BY FAMILY INCOME



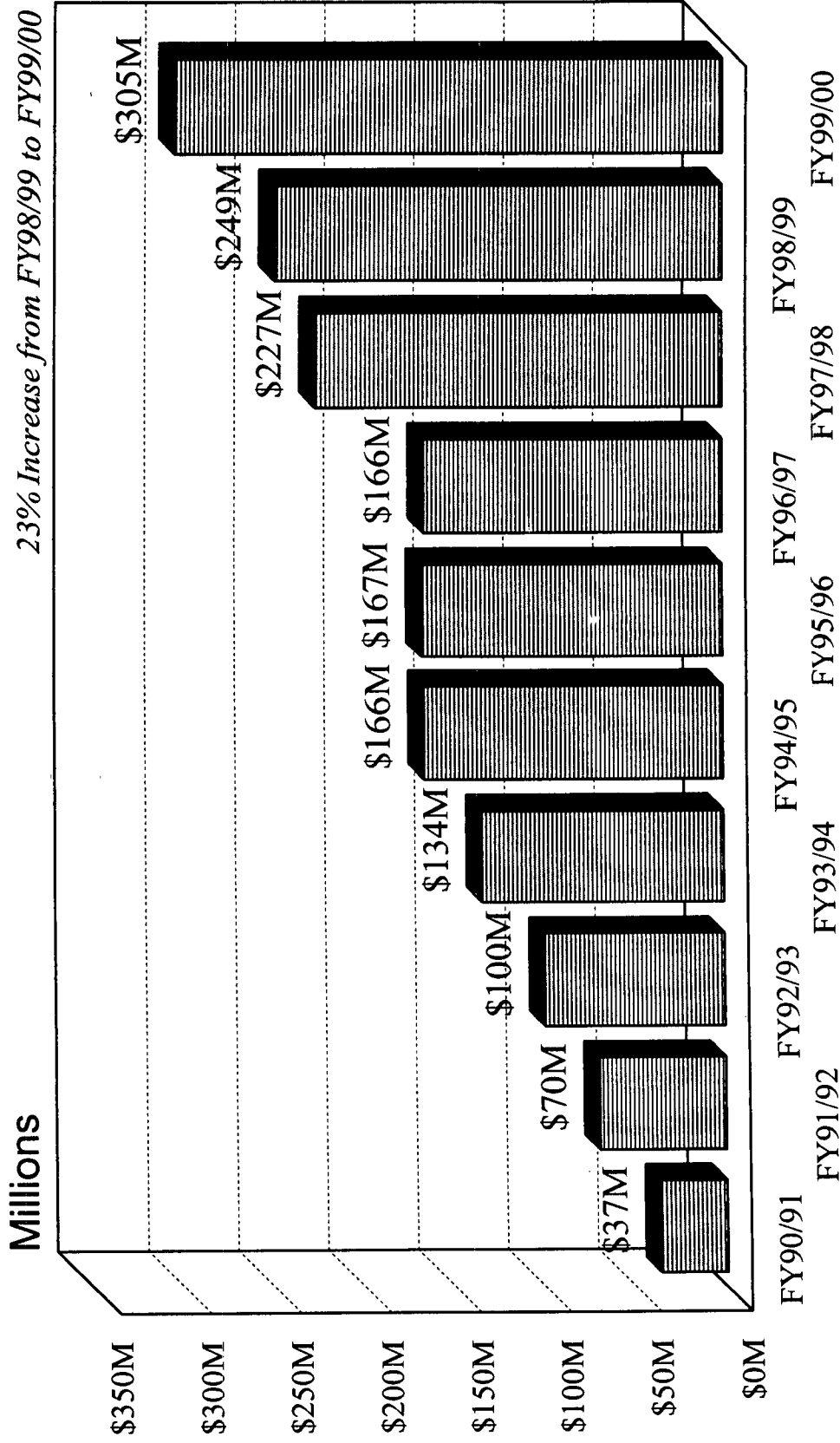
- Largest % < \$5,000/Year
- 57% < \$15,000/Year

DIVISION OF CHILD DEVELOPMENT
SUBSIDY: TRENDS IN CHILDREN SERVED
(Total Children Served)



DIVISION OF CHILD DEVELOPMENT

TRENDS IN SUBSIDIZED CHILD CARE EXPENDITURES

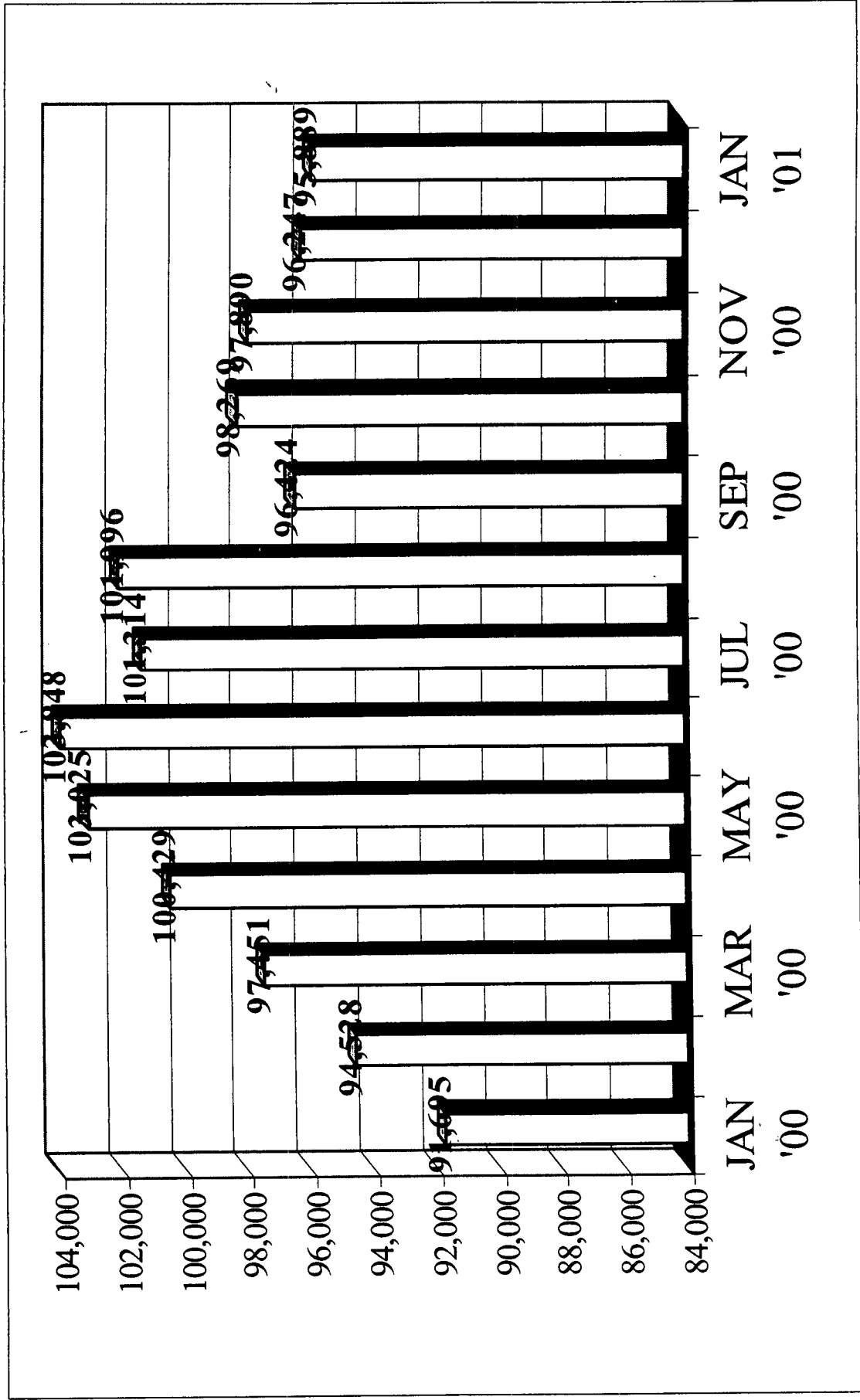


TRENDS IN SOURCES OF SUBSIDY FUNDING

Fiscal Year	Total Subsidy Expenditures	Smart Start Subsidy Expenditures	Smart Start as a % of Total Subsidy	TANF Subsidy Expenditures	TANF as a % of Total Subsidy
1993-94	\$134,451,570	1,455,336	1%	NA	NA
1994-95	\$166,374,250	10,217,650	6%	NA	NA
1995-96	\$167,322,177	17,750,798	11%	NA	NA
1996-97	\$193,149,130	16,334,104	8%	NA	NA
1997-98	\$226,644,449	24,371,872	11%	5,599,759 ✓	3%
1998-99	\$278,824,557	31,971,418	11.5%	64,002,682 ✓	26%
1999-00	\$305,386,524	47,382,042	15.5%	76,585,609 ✓	25%

“At 50%, federal CCDF funds constitute the largest percentage of funds for child care subsidy.”

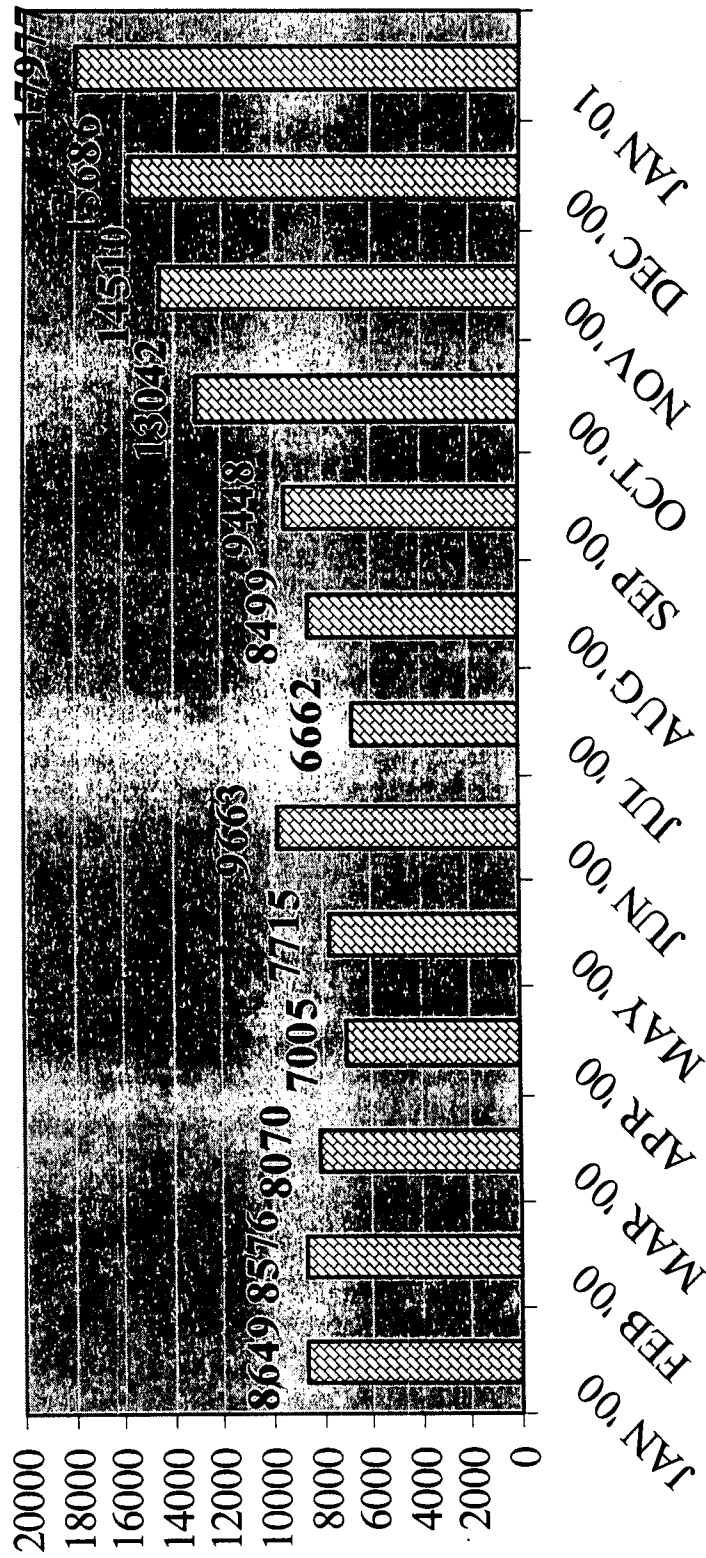
**DIVISION OF CHILD DEVELOPMENT
 SUBSIDY: CHILDREN SERVED (Monthly)**



**DIVISION OF CHILD DEVELOPMENT
CHILDREN WAITING FOR CHILD CARE SUBSIDY**

(January 2000 – January 2001)

Waiting List



DIVISION OF CHILD DEVELOPMENT

**REGULATION/LICENSURE
“STAR RATED LICENSES”**

*Question &
Answer
Session*



DIVISION OF CHILD DEVELOPMENT

Regulatory & Licensing Responsibilities

- ✓ Issues Operating Permits
- ✓ Investigate Reports of Abuse
Neglect
- ✓ Monitor Compliance with
State Regulations
- ✓ Investigate Reports of Illegal
Operation of Child Care
- ✓ Provide Orientation Workshop
- ✓ Administer Criminal Record
Checks
- ✓ Provide Technical Assistance

DIVISION OF CHILD DEVELOPMENT

When Does Child Care Require Regulation ?

G.S. 110-91 Requires Regulation:

- When 3 or More (unrelated) Children are in Care for More Than 4 Hours Per Day (at least once a week)

Exemptions:

- Recreational Programs of < 4 consecutive months
- Specialized Activities Such as Athletics, Dance, or Organized Clubs for Children such as Boy Scouts, 4-H Groups or Boys and Girls Clubs

G.S. 110-106 Religious Sponsored

Programs:

- Religious Sponsored Programs Can Choose to Operate with a Notice of Compliance (no licensure)
- Certain Cooperative Arrangements Among Parents
- Public Schools
- Others

DIVISION OF CHILD DEVELOPMENT

LICENSURE/REGULATORY SERVICES

Facilities/Centers:

- Child Care Homes – Maximum of 5 Preschool Children (or up to 8 if 3 are school age children)
- Child Care Centers – More than 5 Preschool (the number is based upon various factors such as square footage)

Licensure:

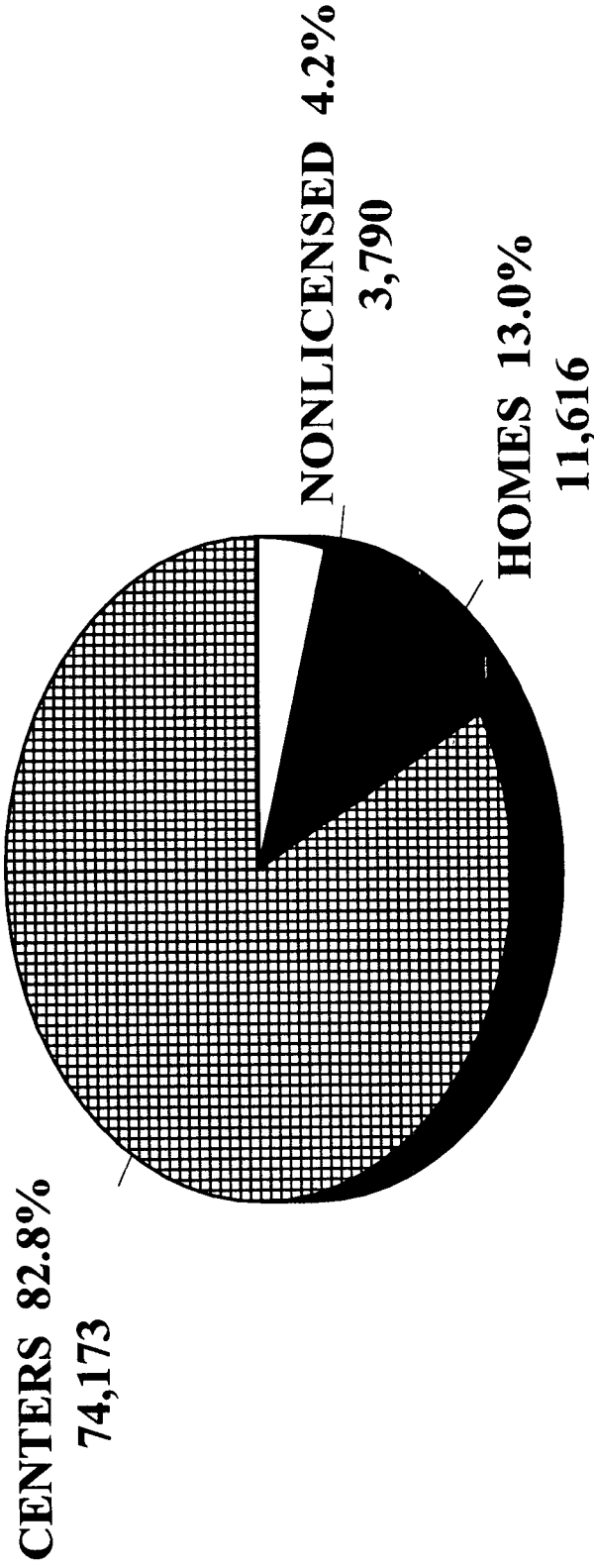
- Non-expiring licenses (no annual renewal)
- Annual local inspections (if necessary)
- Compliance visits (annually for centers; random for homes)
- Unannounced visits to investigate complaints; monitor corrective action

Regulated Facilities/Centers: 9,425 (January 2001)

- Child Care Homes 5,490 (59%)
- Child Care Centers 3,935

DIVISION OF CHILD DEVELOPMENT

WHERE DO CHILDREN RECEIVE CARE?



TOTAL CHILDREN: 89,579

DIVISION OF CHILD DEVELOPMENT

STAR RATED LICENSE HIGHLIGHTS




- Senate Bill 929 (1997 Session)
- Voluntary, Financial Incentives for Quality Improvements
- Star Rating Based Upon **Program Standards, Staff Education Levels and Compliance History**
- Limited Implementation September 1999
- Statewide Implementation September 1, 2000
- Licenses Issued, No Re-licensure
- Religious Sponsored Programs Continue to Operate With a Notice of Compliance

**INTERIM MARKET RATES RANGES FOR CENTER-
BASED CHILD CARE (MONTHLY)**

Star Rating	Infant/Toddler	2 Year Olds	3-5 Year Olds	School Age
★ 1	\$281-\$575	\$281-\$498	\$260-\$437	\$260-\$433
2	\$295-\$604	\$295-\$523	\$281-\$523	\$273-\$455
3	\$515-\$783	\$391-\$689	\$374-\$676	\$345-\$591
4	\$528-\$803	\$401-\$706	\$383-\$693	\$350-\$606
5	\$541-\$872	\$411-\$723	\$393-\$710	\$358-621

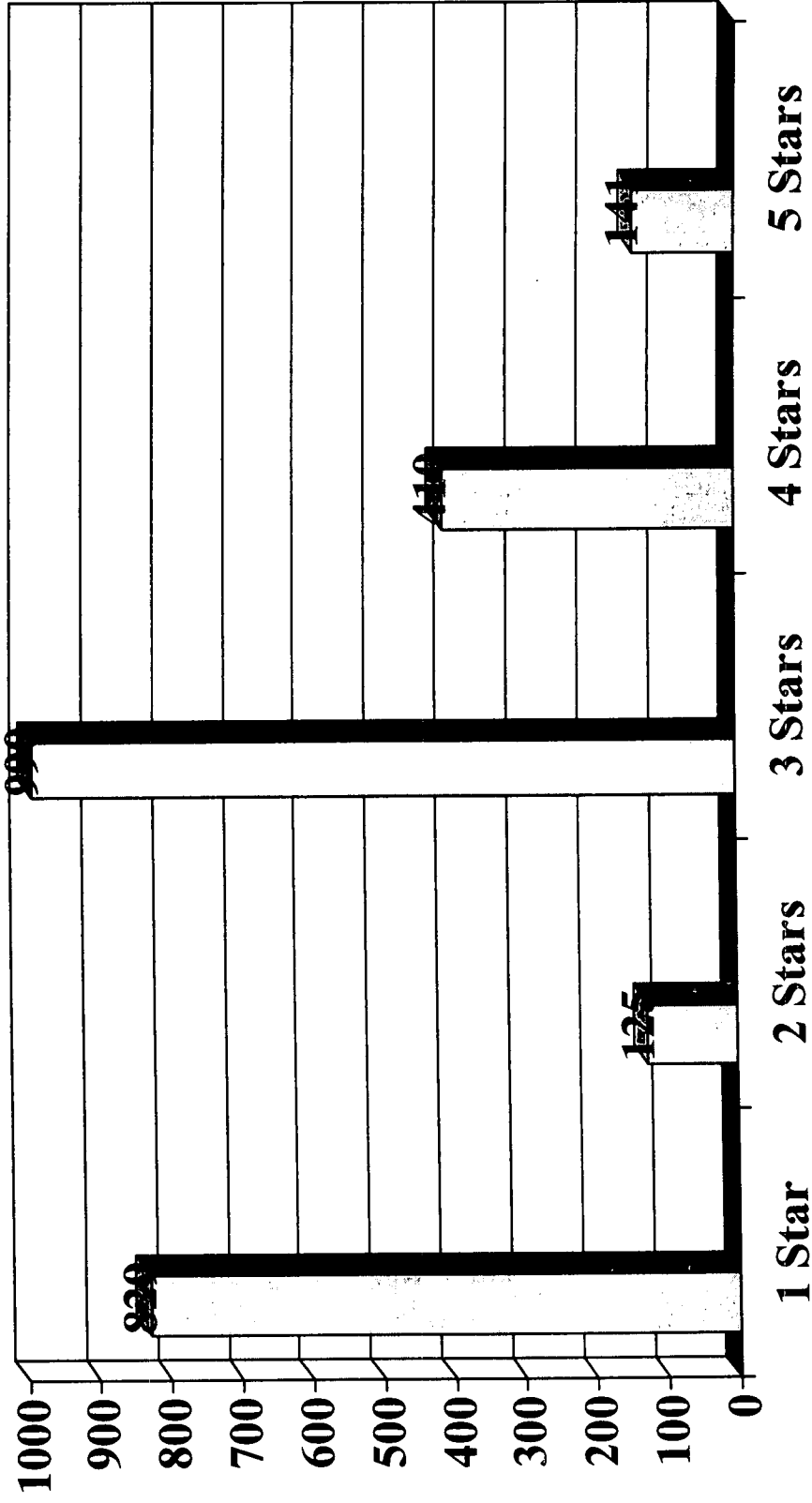
**INTERIM MARKET RATE RANGES FOR FAMILY
CHILD CARE HOMES (MONTHLY)**

Star Rating	Infant/Toddler	2 Year Olds	3-5 Year Olds	School Age
1 	\$325-\$540	\$325-\$498	\$304-\$498	\$304-\$498
2	\$341-\$567	\$341-\$523	\$319-\$523	\$319-\$523
3	\$358-\$594	\$358-\$548	\$334-\$548	\$334-\$548
4	\$366-\$608	\$366-\$560	\$342-\$560	\$342-\$560
5	\$374-\$621	\$374-\$573	\$350-\$573	\$350-\$573

DIVISION OF CHILD DEVELOPMENT

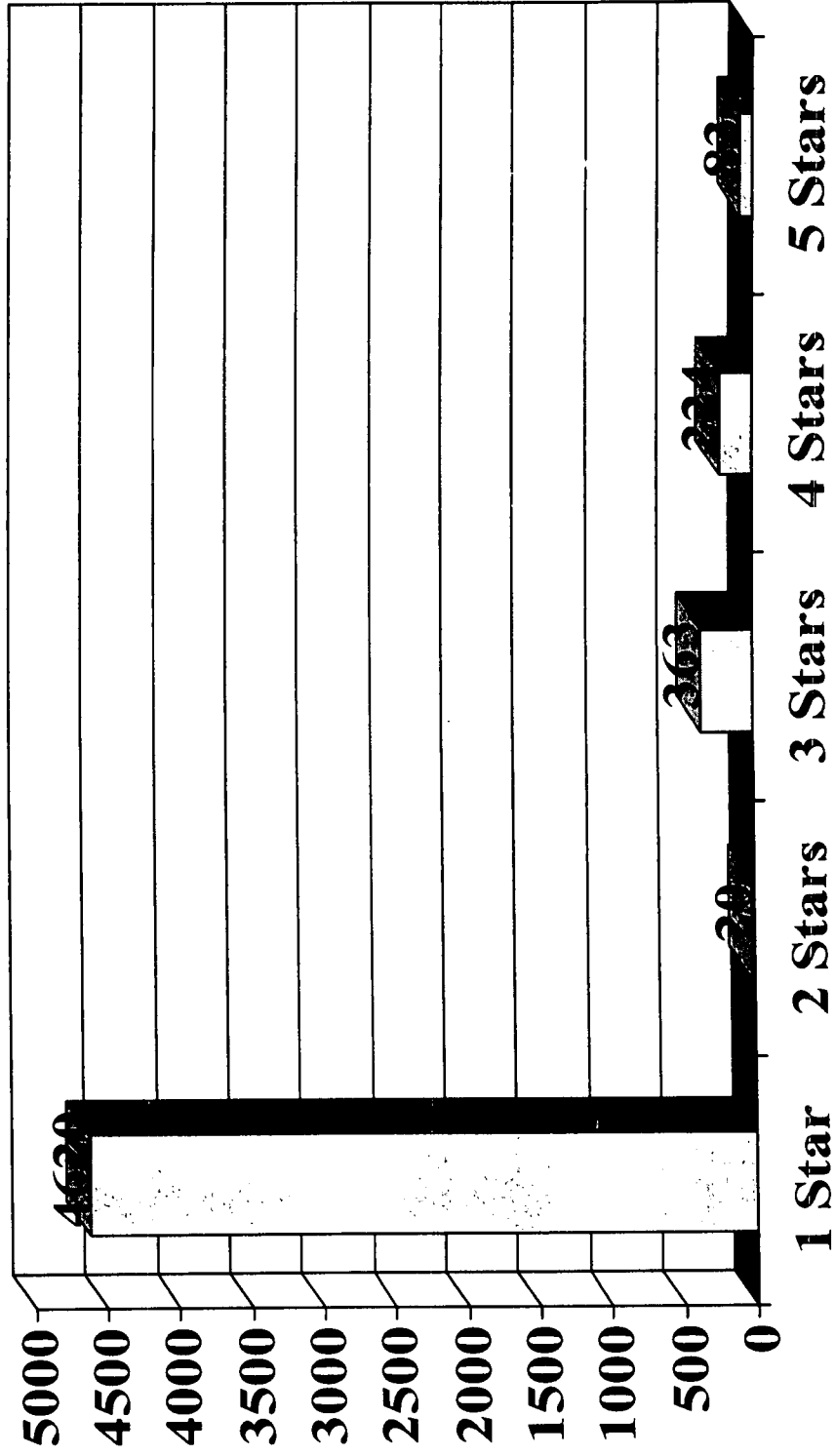
RATED LICENSES FOR CHILD CARE CENTERS

(as of January 2001)

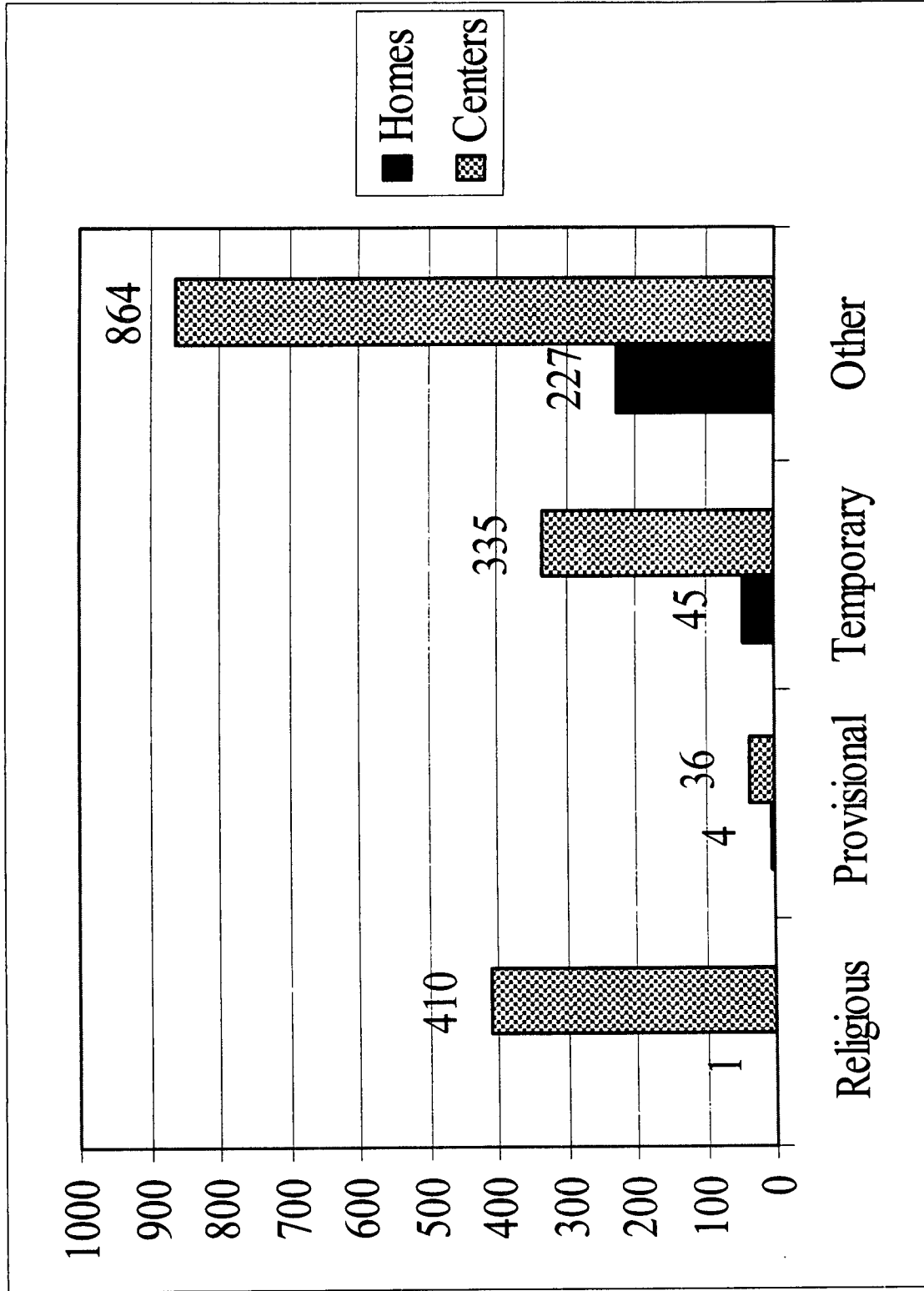


DIVISION OF CHILD DEVELOPMENT

RATED LICENSES FOR FAMILY CARE HOMES
(as of January 2001)



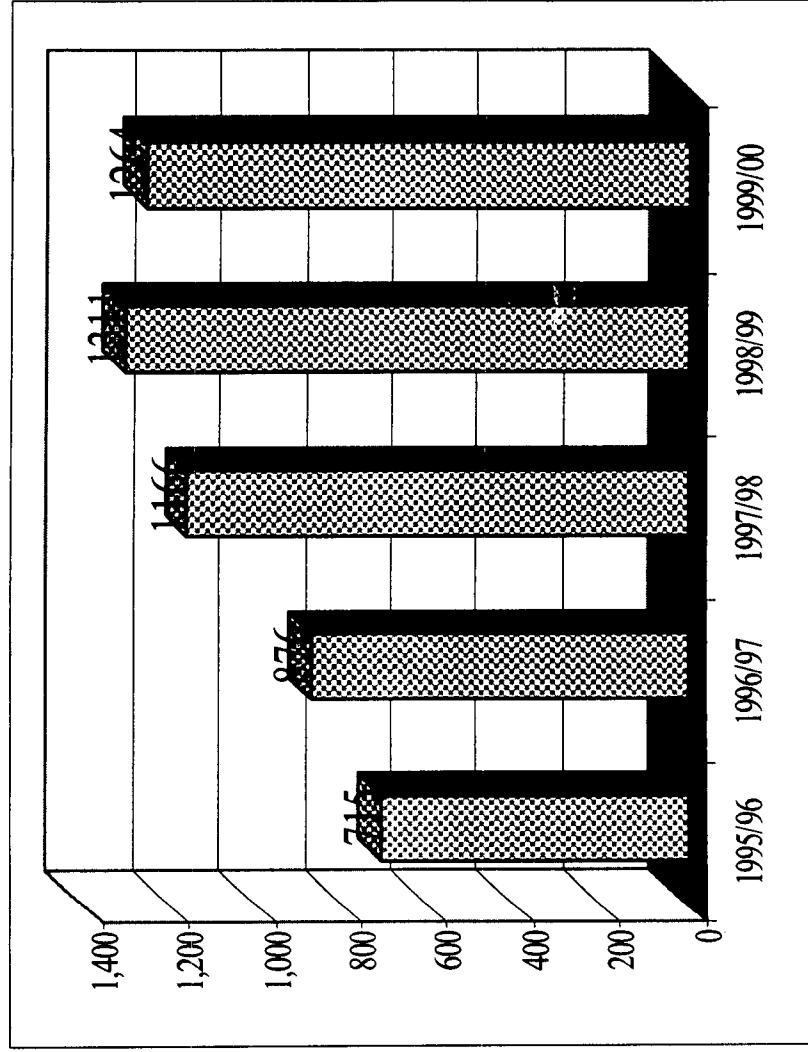
OTHER CHILD CARE LICENSURE (as of January 2001)



**DIVISION OF CHILD DEVELOPMENT
CHILD ABUSE & NEGLECT INVESTIGATIONS**

Purpose:

- Investigate Allegations of Abuse and Neglect in Centers and Family Child Care Homes
- Work with Local Departments of Social Services
- Work with Providers on Corrective Action Plans



DIVISION OF CHILD DEVELOPMENT

OTHER PROGRAMS AND INITIATIVES

DIVISION OF CHILD DEVELOPMENT

Teacher Education and Compensation Helps (T.E.A.CH.)

Purpose:

- Increase the education levels of child care directors and teachers
- Encourage better trained, qualified child care workforce
- Increase Compensation for child care workers
- Reduce staff turnover

Program: FY00/01 \$2.8M

- Provides scholarships
- Cost share with Sponsoring Child Care Provider
- Requirements for participants for time commitment

- 4,376 Scholarship Participants
- 1,321 Participating Child Care Centers & 400 Family Care Homes
- Average Annual Wages (Directors \$16,183; Teachers \$12,659; Family Care Providers \$12,984)

DIVISION OF CHILD DEVELOPMENT

CHILD CARE WAGES PROJECT

PURPOSE: *Improve child care quality by reducing turnover and encouraging the continued education of teachers, directors, and family child care providers.*

- A salary supplement program • \$6.2M FY00/01
- Rewards higher levels of education • 56 Participating Counties/Partnerships (FY99/00)
- Designed to reduce turnover • 6,147 Child Care Staff Participated
- Encourages continuing education • 1,702 Child Car Programs
- Rewards permanency • Reduction in Turnover of 20% (from 31% to 11%)
- No increase to parents
- Funded by local Smart Start Programs
- Supplements range from \$300 - \$4,000

DIVISION OF CHILD DEVELOPMENT

OTHER PROGRAMS/INITIATIVES

- Workforce Support
- Disaster Recovery Loan/Grant Program
- Criminal Records Checks
- NC Early Childhood Credential
- T.E.A.C.H (Health Insurance)
- Head Start Collaboration
- Parent Outreach

DIVISION OF CHILD DEVELOPMENT
MODIFIED ZERO-BASED BUDGET ITEMS PENDING
FURTHER REVIEW

<i>Program/Item:</i>	<i>FY01/02</i>
• UNC-CH Frank Porter Graham Contracts	
• “Touching the Lives of Children” Grant	300,000
• WAGES	5,539,881
• TEACH	2,800,000
• Travel	
• Cellular Telephones, Etc.	
• Layers of Management	
• Other Non-Direct Services/Programs	







DIVISION OF CHILD DEVELOPMENT

POLICY ISSUES

- Implications of the Statutory Subsidy Rate Increase & the Subsidy Waiting List
- Fees for Licensure
- Pre-Kindergarten for At-Risk 4 Year Olds (Leandro)

DIVISION OF CHILD DEVELOPMENT

HISTORY OF MARKET RATES & FUTURE IMPLICATIONS

- 1994 Market Rate Study  •Implemented Increase November 1994
- 1996 NO STUDY  •Implemented Increase October 1996
- 1997 Market Rate Study  •Implemented Increase October 1997
- 1999 NO STUDY  •Implemented Increase October 1999
•Implemented Quality Bonuses 1999
•Implemented Interim Increase
September 2000
- 2001 Market Rate Study  •Mandatory Rate Increase 2001
- MANDATORY STUDY**  •Mandatory Rate Increase 2002
•Mandatory Rate Increase 2003
•Mandatory Rate Increase 2005

DIVISION OF CHILD DEVELOPMENT

MANDATORY MARKET RATE INCREASE ISSUES

(G.S. 110-109)

- **Market Rate Increases Directly Impact Waiting Lists**
- **G.S. 110-109 Impacts General Assembly's Decision Making Regarding Increases**
- **Mandatory Increases Are Not the Norm in the DHHS Budget**

DIVISION OF CHILD DEVELOPMENT

LEANDRO QUESTIONS & ISSUES

WHAT IS LEANDRO ANYWAY?

- 2000 Ruling From NC Supreme Court Regarding Equity in Public School Education
- Raised the Issue of Pre-Kindergarten for Certain Children
- Final Ruling Pending

WHAT ARE THE IMPLICATIONS FOR N.C.?

- Potential Creation of Pre-Kindergarten Program for At-Risk 4 Year Olds
- Additional Resources Will Be Needed
- Unknown Impact on Public Schools
- Child Care Providers Will be Impacted

POLICY ISSUES

1. At-Risk Definition
2. Curriculum
3. Philosophical Debate (Development vs. Education)

DIVISION OF CHILD DEVELOPMENT

***SHOULD THE STATE IMPOSE LICENSURE
FEES ON CHILD CARE PROVIDERS?***

1. Licensure Costs
2. Many Providers are For-Profits
3. Demand Will Continue
4. Other States Charge Fees

VISITOR REGISTRATION SHEET

Joint Health and Human Services

March 15, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

ANN WISE	OUHS
John Bowditch	Alley Associates
Jim Haddock	NC Food Bank
Deborah Atkinson	DHHS
Margaret Guess	DHHS - DCD
Roslyn Smith	NC Child Care Coalition
Jenice Fin	NC Div Child Dev
Ron Penney	"
of Arent-Farmer	NC Div Child Dev
Bernie Holler	DHHS
Sunny Kim	SHF

VISITOR REGISTRATION SHEET

Joint Health and Human Services

March 15, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>Whitney Obig</i>	OSBPM
<i>Wayne Williams</i>	OSBPM
<i>Mary Green</i>	OSBPM
<i>Sharon</i>	NC DSS
<i>Sharon Ghisel</i>	NC Social Services Consortium
<i>Cathy R.</i>	NCPD
<i>Becki Street</i>	PPAIB
<i>AL DEITCH</i>	DOA/YAFO
<i>Ardis Watkins</i>	SEAN
<i>Andy All</i>	NCRMA
<i>FRAN RESTON</i>	NCRMA

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Tuesday, March 20, 2001

4:30 p.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Facility Services

*Carol Shaw
Fiscal Research Division Staff*

Committee Discussion

Next Meeting

Adjourn

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 643, LOB
Tuesday, March 20, 2001
3:30 p.m.
Minutes

The Joint Appropriations Subcommittee on Health and Human Services met Tuesday, March 20, 2001 at 8:30 a.m. in Room 424, Legislative Office Building. Five Senate Members and six House Members were present. Representative Esposito requested and excused absence. After introductions of Pages, and giving an update to the Committee schedule, Senator Bill Martin, presiding Chair called the meeting to order.

He recognized Carol Shaw to speak to the Division of Child Development. She spoke from the attached Division of Facility Services Handout (Attachment #1). She stated that this Division is the primary regulatory agency for the Department of Health and Human Resources. Regarding the budget, she stated that the authorized budget as of December 31, 2000 was just over \$30 million. \$13 million comes from receipts and \$17 million is the net appropriations. The final figures for 2002 and 2003 have not been obtained. The total staff is 406. State appropriations are nearly 56% of the budget, federal funds are 42.4% and that fees are a small portion of the budget. The fees for the Certificate of Need Program are deposited directly into the General Fund. Almost 71% of the budget goes to the regulation of facilities. The next largest amount is 15.7% for the Emergency Medical Service Program; Medical Facilities Management includes the Certificate of Need Program and State Health Facility Management. 7.7% of the budget goes to management and support of the Division. Included in the handout is a brief description of each of the programs, as well as basic information about the health care facilities. In summary the legislative highlights include several new positions have been authorized for this division, the poison control center received permanent funding and two programs have been transferred to other divisions of state government. The Mental Health Licensure and Certification Section was not included in the 1999 budget. New positions were created and transferred because of the generated interest.

During Committee discussion, several areas and issues of concern were expressed. On page 24 of the handout, regarding travel, would it be wise to have some people to work in other areas, the highly populated areas. Even if that is true, the idea of reducing travel might have to be addressed.

The fire protection revolving loan fund was created to provide assistance to owners of adult care homes, group homes and nursing homes with the purchase and installation of fire protection system. Generators were added to this program during last year because of the Hurricane Floyd power outages. To date nine facilities have requested and

received loans for installation of fire protection systems. At this time there is just over \$195,000 left in this fund. The Committee discussed the repayment process. North Carolina doesn't charge any fees to offset the cost of licensure and the regulation of the health and social care facilities. Fees are charged related to the Certificate of Need Program.

Any fees proposed by the Committee for this Division would require a separate bill because fee legislation cannot be included in the Appropriations Bill, it could be included in an independent separate fee bill. Because of this process any reduction resulting in state appropriations would be contingent upon the fee legislation becoming law.

The CON fees that go into regular General Fund was just over \$1.2 million last year and as been as high as \$1.7 million. It varies annually, depending on the applications. The fees are closely tracked and have always succeeded the cost of the program.

On page 16, substantiation of complaints increased from one third to one half in 2000, the committee inquired as to how many actual complaints do the nursing homes have and how many staff do they have looking at that. Linda McDaniel stated that there are 28 staff conducting complaint investigations. Five are located in the western part of the state (Black Mountain) the others are in Raleigh. There are some people from the Health Care Personnel registry located in Charlotte working out of their homes who would investigate complaints for the nurse aides. The Health Care Personnel Registry has 35 people and one major responsibility is to investigate complaints against nurse aides in all type health care facilities including nursing homes. The committee requested staff to get the number of complaints received during the past year.

Linda McDaniel stated that 1,916 complaints were received last year and 1,607 were received during the first nine months of this year. She stated that they are required to investigate all complaints. The committee suggested that there should be a screening process put in place before the state inspection teams come in to save dollars.

The Division of Facility Services travels 3.4 million miles annually and \$600 monthly per person. The committee asked if it would be more beneficial to have people working in the eastern part of the state. Linda McDaniel stated that there is a survey team located in the Charlotte area. The complication is because they work as teams and would need a single spot to complete reports and get together to travel to the facilities. They are willing to explore improvement of coverage across the state.

The committee requested information on possibilities that could reduce some of the travel, even if it is in conjunction of the programs in place, please think about ways that reduction of travel can be accomplished.

Representative Nye, Co-Chair, flagged the following areas:

- Fees;

- EMS Services breakdown as to the amount of grants and also where the money is going;

Carolina Medical Center of Poison Control;
Mental Health Licensure - check to see why the Governor needed to
increase the amount that the Legislature had included;
Duplication of inspections;

Senator Martin stated that the revolving fire protection loan fund has been in effect since 1996. Are there any pending applications?

Regarding the Emergency Medical Services Grants, Senator Martin requested discussion on the purpose for developing the regional system and to what extent that purpose has been fulfilled therefore suggesting whether or not it should be continue or modified.

Drexel Pratt, Chief of Office of Emergency Medical Services, stated that the regional grant program was established in 1980, which was developmental in purpose. The federal monies have since dropped and there is now \$544,000. That is used for local projects. One region developed information systems for call reporting for a five county system. For the most part it supplements positions and minor projects across the state. It does allow rural areas to purchase equipment however for the most part it is supplementing positions and minor projects. The original purpose was to fund equipment, personnel and communications. At that time there was a huge amount of federal money going into the fund that has now subsided.

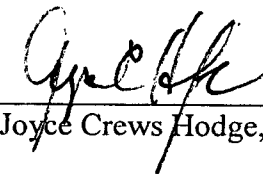
Carol Shaw stated that she would get the repayment process of the fire protection revolving loan.

Regarding the licensure fees, Senator martin asked would any fees paid be added back to the rate structure therefore canceling out the impact to the fees in the long run. Would the facilities seek reimbursement as a part of the rate structure? Carol Shaw stated that licensure fees would be included in indirect costs.

After giving a schedule update, the Chair adjourned the meeting at 5:15 p.m.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**DIVISION OF FACILITY SERVICES
BUDGET OVERVIEW**

**FISCAL RESEARCH DIVISION
MARCH 2001**

03/20/2001

DIVISION OF FACILITY SERVICES

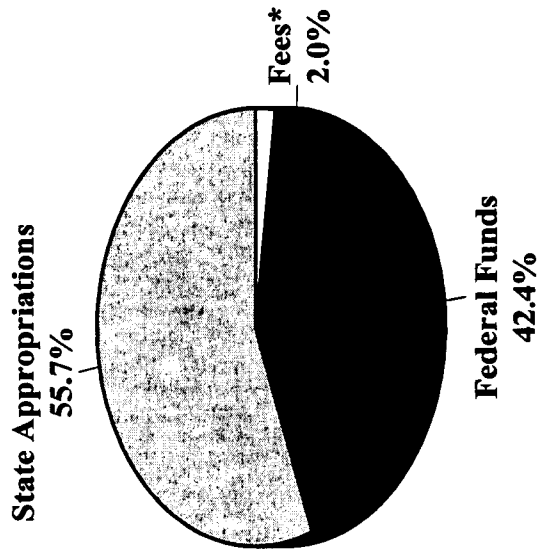
MISSION

Provide for the health, safety, and well-being of individuals through effective regulatory and remedial activities including appropriate consultation and training opportunities and by improving access to health care delivery systems through the rational allocation of needed facilities and services.

DIVISION OF FACILITY SERVICES

2001-03 CONTINUATION BUDGET

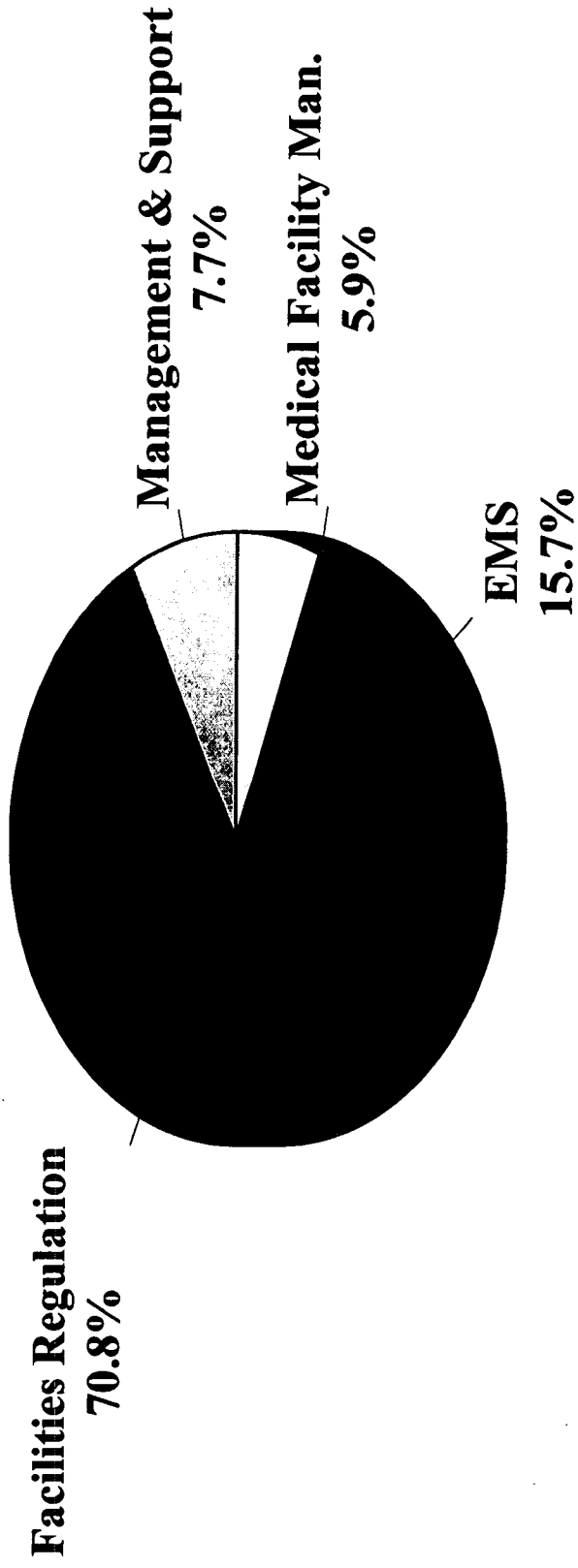
Description	1999-00 Actual	2000-01 Authorized	2001-02 Recommended	2002-03 Recommended
Total Requirements	\$26,278,826	\$30,362,266		
Estimated Receipts	(\$12,106,748)	(\$13,232,509)		
Net Appropriation	\$14,843,026	\$17,129,757		
Total Number of Positions	403.7	406.3		



*Does not include CON fees that are deposited directly into the General Fund.

DIVISION OF FACILITY SERVICES

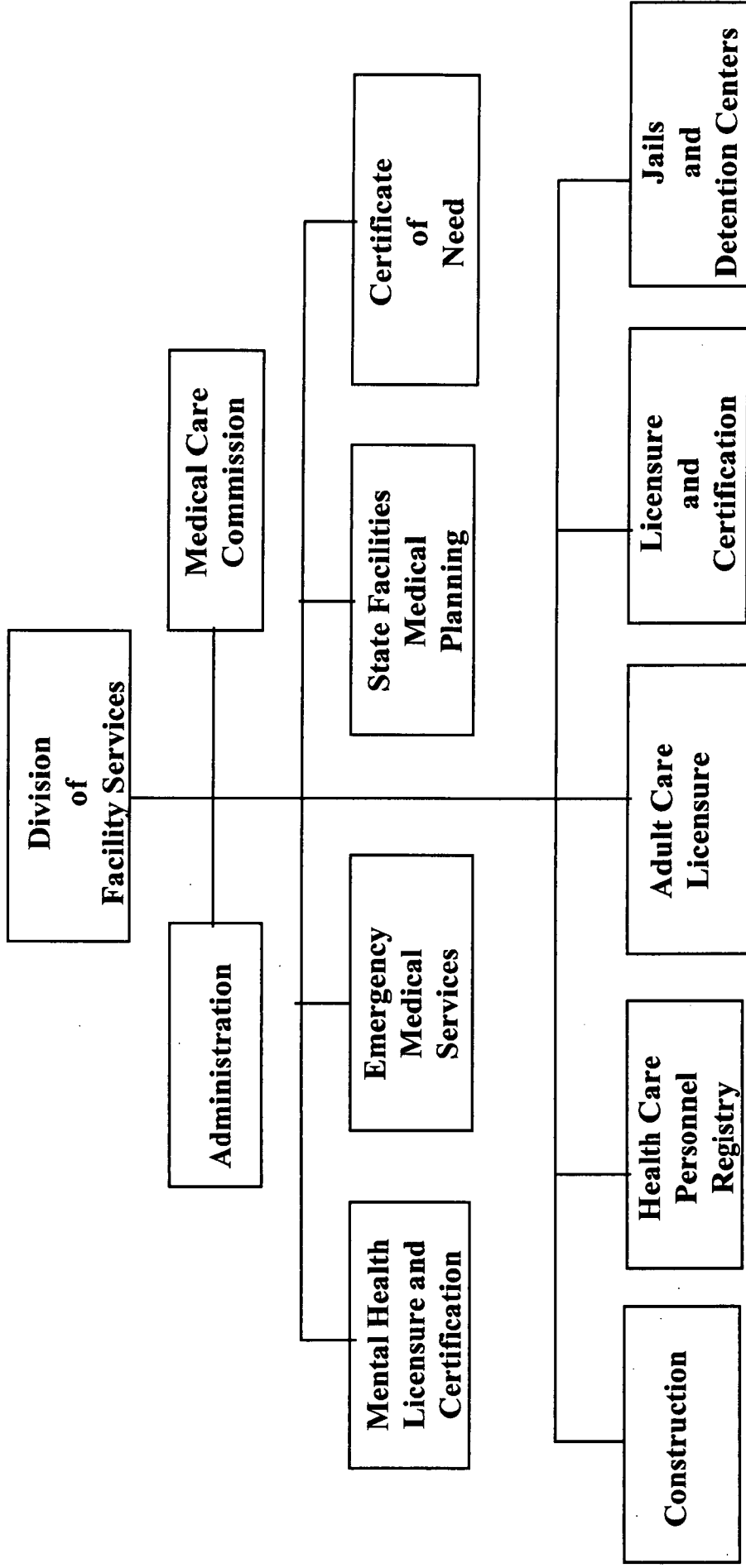
EXPENDITURES BY PURPOSE



2000-01 Authorized Budget

DIVISION OF FACILITY SERVICES

ORGANIZATION



Total Positions: 406.25

DIVISION OF FACILITY SERVICES

MAJOR PROGRAMS

State Medical Facilities Planning Section: Determines the degree of unmet need for health facilities throughout the state.

Certificate of Need Section: Restricts unnecessary increases in health care costs and limits unnecessary services and facilities based on geographic, demographic, and economic considerations.

Construction Section: Reviews plans and specifications, makes inspections, and provides consultation to ensure a safe environment in those facilities wishing to be licensed, certified or receive financial assistance.

Health Care Personnel Registry Section: Maintains a registry of nurse aides and other health care personnel and investigates alleged abuse, neglect, or misappropriation of resident's property in health and social care facilities.

Jail and Detention Section: Ensures compliance with NC statutes and administrative rules through inspection of all jails in North Carolina.

DIVISION OF FACILITY SERVICES

MAJOR PROGRAMS

Adult Care Licensure Section: Licenses and regulates adult care homes and provides supervision, consultation, training, and technical assistance to county departments of social services staff who regularly monitor the compliance status of the facilities in terms of rules and quality of services.

Licensure and Certification Section: Conducts surveys and complaint investigations in health care facilities. Manages and directs administrative services and quality assurance to ensure compliance with federal regulations for Medicare/Medicaid certification.

Medical Care Commission: Issues tax-exempt revenue bonds to nonprofit and public health care facilities for construction, renovation and expansion of facilities.

Emergency Medical Services Sections: Ensures all citizens have access to quality emergency medical care by providing technical assistance and regulatory oversight to all local EMS systems.

Mental Health Licensure and Certification Section: Inspects and licenses psychiatric hospitals and psychiatric units of acute care hospitals, intermediate care facilities for mental retarded (ICF-MR), and all other mental health group homes and treatment facilities.

DIVISION OF FACILITY SERVICES

MEDICAL CARE COMMISSION

- G. S. 143B-165
- 17 members appointed by the Governor
- 4-year Terms
- Quarterly meetings (minimum)
- Receives per diem, travel, and subsistence
- Administrative support provided by the Division of Facility Services
- Primary responsibilities include:
 - ✓ *Required* Promulgating rules and regulations for various health and social care facilities, and
 - ✓ Issuing bonds for the construction of health care facilities.

DIVISION OF FACILITY SERVICES

LEGISLATIVE HIGHLIGHTS

Eliminate Positions

1997-98 -\$ 48,692 (2 positions)

New Positions

1998-99	\$ 225,000 (8 positions for the Construction Section) NR
1999-00	\$ 115,375 (15 positions for complaint investigations in long-term care facilities)
2000-01	\$ 222,750 (15 positions for complaint investigations in long-term care facilities)
1999-00	\$ 781,617 (15 positions to monitor group care facilities)
2000-01	\$ 731,809 (15 positions to monitor group care facilities)
2000-01	\$ 149,000 (6 positions to regulate adult care homes)

DIVISION OF FACILITY SERVICES

LEGISLATIVE HIGHLIGHTS

Poison Control Center

1997-98	\$ 200,000	(Grant-in-aid to Carolinas Medical Center)	NR
1998-99	\$ 300,000	(Grant-in-aid to Carolinas Medical Center)	NR
2000-01	\$1,000,000	(Grant-in-aid to Carolinas Medical Center)	

Charitable Solicitation

This program was transferred to the Secretary of State effective January 1, 1999.

Bingo Regulation

This program was transferred to the Department of Crime Control and Public Safety effective July 1, 1999.

DIVISION OF FACILITY SERVICES

LEGISLATIVE HIGHLIGHTS

Smoke Detector/Sprinkler Loan Fund

1996-97	\$1,000,000 NR
1999-00	-\$ 200,000 NR

Health Care Personnel Registry

1996-97	\$ 160,000 (From HHS funds)
1997-98	-\$ 80,000 (Medicaid Receipts)
1998-99	\$ 150,000 (4 positions for mental health facilities) NR
1998-99	\$ 75,000 (2 positions to reduce backlog) NR

Certificate of Need Program

Replaced CON fees with appropriations for support of the CON program and deposited fees as a nontax revenue into the General Fund. The net effect to the General Fund was zero. Effective July 1, 1994.

DIVISION OF FACILITY SERVICES

REGULATED FACILITIES AND PROGRAMS

SFY 1999-2000

Type of Facility/Program	Number of Facilities/Programs	Actual Beds
Nursing Facilities	429	41,770
Adult Care Homes	1,658	46,788
Mental Health Facilities	3,446	15,126
Home Care Agencies	1,023	NA
Hospitals	140	27,004
Ambulatory Surgery Facilities	51	NA
Hospice	74	123
Cardiac Rehab Programs	78	NA
Abortion Clinics	17	NA
End Stage Renal Disease Dialysis	108	2,2382 stations
Home Health Agencies	165	NA
Rural Health Clinics	127	NA
Jails and Detention Facilities	117	15,721
Grand Total	7,433	148,914

DIVISION OF FACILITY SERVICES

STAFFING BY PROGRAM AND FUNDING SOURCE

SECTION	TOTAL POSITIONS	STATE FUNDED	RECEIPT FUNDED
Administration	20.75	14.7	6.05
Licensure/Certification	156.5	30.3	126.2
Mental Health Licensure and Certification	60	38.7	21.3
Health Care Personnel Registry	35	18.5	16.5
State Medical Planning	5	5	0
Emergency Medical Services	38	32	6
Jails and Detention	4	4	0
Certificate of Need	13	13	0
Construction	37	26.1	10.9
Adult Care Licensure	37	15.3	21.7
TOTAL	406.25	197.6	208.65

DIVISION OF FACILITY SERVICES

STAFFING LEVELS

Since 1999, the Division of Facility Services has gained 75.6 full time equivalent positions:

- 39 positions authorized by the General Assembly
 - ✓ 15 positions for Licensure and Certification
 - ✓ 15 positions for Mental Health Licensure
 - ✓ 7 positions for Adult Care Home Licensure
 - ✓ 2 positions for the Health Care Personnel Registry

- 31 positions authorized by the Executive Branch for the Governor's Mental Health Initiative:
 - ✓ 24 positions for Mental Health Licensure
 - ✓ 5 positions for Construction
 - ✓ 2 positions for Health Care Personnel Registry

DIVISION OF FACILITY SERVICES

STAFFING LEVELS

- 10.1 positions funded from increased federal funds:
 - ✓ 9.1 positions for Licensure and Certification
 - ✓ 1 position for Health Care Personnel Registry

- ³4.5 positions abolished or transferred to other departments;
 - ✓ 1.5 positions abolished in Licensure and Certification
 - ✓ 1 position abolished in Adult Care Home Licensure
 - ✓ 1 position transferred to the Department of Crime Control and Public Safety (Bingo Program)

DIVISION OF FACILITY SERVICES

ISSUES

- **Benefits of Staffing Increases**
- **Travel**
- **Cost Allocation**
- **Emergency Medical Services Grants**
- **Fire Protection Fund**
- **Fees**

DIVISION OF FACILITY SERVICES

BENEFITS OF STAFFING INCREASES

- Licensure and Certification Section:
 - ✓ All serious complaints are investigated within 10 days.
 - ✓ All life threatening complaints are investigated within 2 days.
 - ✓ Average number of days from complaint intake to investigation has been reduced from 60 days in 1999 to 29 days in 2000.
 - ✓ Complaint substantiation has increased from 32% in 1998 to 48% in 2000.

- Mental Health Licensure Section:
 - ✓ Projected 2,200 initial and routine inspections of facilities for SFY 2001.
 - ✓ Projected 340 complaint investigations for SFY 2001.

- Construction Section:
 - ✓ Plan review time has been reduced by one half (9 to 12 weeks).
 - ✓ Routine on-site physical plant investigations have increased from 50 in SFY 1999 to 955 projected in SFY 2001.

DIVISION OF FACILITY SERVICES

TRAVEL EXPENDITURES

Travel expenditures for SFY 2000-01 are over \$2,000,000 -- 6.6% of the Division's total budget.

- 275 regulatory staff who routinely travel -- 68% of the total positions in the Division.
 - ✓ Travel costs average \$600 per month per employee
 - ✓ Employees travel over 3,400,000 miles per year in NC
 - ✓ Extensive use of State vehicles (120 cars)
- Regulatory staff are primarily located in Raleigh or Black Mountain. Seven staff in the Health Care Personnel Registry Section work out of their homes.

DIVISION OF FACILITY SERVICES

COST ALLOCATION PROCESS

- Cost allocation is the process of charging a portion of the cost of positions to federal programs that derive a benefit from the activities of state funded positions.
- The federal programs charged by the Division of Facility Services include: *charge*
 - ✓ Medicare
 - ✓ Medicaid
 - ✓ Clinical Laboratory Inspection Act
 - ✓ Social Services Block Grant
- The federal government benefits from the regulatory activities of the Division of Facility Services because it protects the health and safety of Medicare and Medicaid beneficiaries living in or receiving services from health and social care facilities.

DIVISION OF FACILITY SERVICES

BENEFITS OF COST ALLOCATION

- The cost allocation process has the following benefits:
 - ✓ The need for state appropriation is reduced.
 - ✓ State appropriations can be used to draw down federal funds and increase the number of total positions in a program.
- The Division of Facility Services is already using cost allocation to cover the cost of 335 regulatory and administrative positions -- 82.5% of all its positions.
- The Governor's proposed budget recommends additional cost allocation in the Mental Health Licensure Section resulting in a cost savings of \$250,000.

DIVISION OF FACILITY SERVICES

EMERGENCY MEDICAL SERVICES GRANTS

- Since 1980, the Office of Emergency Medical Services (OEMS) has provided grant funds for the development of regional EMS systems statewide.
 - ✓ Funding level: \$544,937 State appropriations
 - ✓ Funding formula: 30% population, 15% total area, 15% total land area, and 40% number of counties in region
 - ✓ 18 Lead Regional Organizations receive the grants
 - ✓ Grants range from \$18,798 to \$63,875 for SFY 2000-01
- Use of regional grant funds is determined by Regional EMS Councils with oversight from OEMS. Funding is used as follows:
 - ✓ Purchase patient care equipment
 - ✓ Provide training programs for local EMS providers
 - ✓ Part-time EMS Planner positions
 - ✓ Compensation for Regional EMS Medical Director
 - ✓ Administrative support for Regional EMS Councils

DIVISION OF FACILITY SERVICES

FIRE PROTECTION REVOLVING LOAN FUND

- Provides assistance to owners of adult care homes, group homes for developmentally disabled adults, and nursing homes with the purchase and installation of fire protection systems and generators in existing and new facilities.
 - ✓ Established and funded in 1996
 - ✓ Original funding level \$1,000,000
 - ✓ Maximum loans ranged \$1.75 to \$6.00 per square foot
 - ✓ Interest rates ranged 3% to 6%
 - ✓ 9 facilities have received loans totaling \$591,842.
- \$200,000 was cut from the fund during 1999 Session *at Budget Cuts*
- Current fund balance is \$195,271.

DIVISION OF FACILITY SERVICES

LICENSURE FEES

How Does NC Compare To Other States?

- North Carolina does not charge any fees to offset the cost of licensure of health and social care facilities.
- North Carolina does charge fees for the Certificate of Need (CON) application process. While CON fees are deposited into the General Fund, the fees collected have exceeded the cost of the CON process since SFY 1995-96.
- At least ^{of 38} 34 states charge a licensure fee for one or more type of health care facility. Facilities charged licensure fees include hospitals, nursing homes, home care agencies, ambulatory surgical care facilities, hospice, and abortion clinics.

DIVISION OF FACILITY SERVICES

LICENSURE FEES

How Does DFS Compare to Other State Programs?

Many State programs charge licensure or regulatory fees to offset the cost of licensing and regulation:

- Structural Pest Control • Environmental Permitting
- Industry
 - Air Quality
- Plant Industry
 - Water Quality
- Elevator and Amusement
 - Marine Fisheries
- Device Inspection
 - Solid Waste
- Boiler Inspection
 - Radiation Protection
- Insurance Industry
 - Environmental Health
- Regulation

DIVISION OF FACILITY SERVICES

LICENSURE FEES

Implementation Issues

- What percentage of State appropriations for the Division of Facility Services should be offset by fees?
- How should fees be allocated among the various health and social care facilities licensed and regulated by the Division of Facility Services?
- How should the fee schedule be calculated?
- What administrative overhead is needed to collect fees?
- How much will the fee collection process cost?
- What will be the effective date for fee collection?

DIVISION OF FACILITY SERVICES

LICENSURE FEES

Legislative Issues

Licensure and regulatory fees for the Division of Facility Services will require legislation.

- Requires a separate bill because fee legislation cannot be included in the main Appropriation Bill.
- Authorizing legislation can be included in an omnibus fee bill that includes fees from various state agencies.
- Reduction in State appropriations are contingent upon the fee legislation becoming law.

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Deborah Atkinson	DHHS
Jennifer Mahan	MHA-NC
Jennifer Sullivan	Nat'l Assoc. of Social Workers - NC
CPMedlin	Sen. Dannelly
Wayne Williams	OSBPM
Whitney Craig	OSBPM
Mary Greene	OSBPM
Patrice Reedy	NCACC
Bob Sedwick	NCCSPC
Jim Hawks	Fetal BANKS
Michelle Cotton	Dmtt/dolsas

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, March 21, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Division of Aging

Susan Morgan
Fiscal Research Division Staff

Committee Discussion

Next Meeting

Adjourn

Minutes

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, March 21, 2001

8:30 AM

Room 643 Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday, March 21, 2001, at 8:30 AM in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye, Presiding Chairman, Representative Beverly Earle, Co-Chairman, Representative Lanier Cansler, Representative Debbie Clary, Representative Verla Insko, and Representative Thomas Wright. Representative Theresa Esposito had an excused absence. There were six senators present.

Representative Nye began the meeting by introducing the Pages assisting in the meeting. He then asked Susan Morgan, Fiscal Research Division Staff, to present information to the committee concerning the Division of Aging. (See Attachment I) The Division was established in 1977 by state law. The Division focuses on supporting services that will enable older adults in North Carolina to maintain their independence. They are responsible for administering, planning, and evaluating those programs established by the Older Americans Act, and also those programs that have been funded by the General Assembly.

The Division is broken up into four sections including Planning and Information, Service Operations Section, Elder Rights Section, and Budget and Information Systems Section. Based on 1999-2000 actual receipts the Division's budget is approximately \$67,312,848. Ninety-four percent of the budget is used for Community Based Services. She reviewed the new programs and initiatives listed on page seven of the handout. There are 17 Area Agencies on Aging located within the regional Councils of Government.

Senator Moore expressed concern that there are 116 sites in 64 counties with an average of 30 people per site and asked how many people are working at the sites to provide the care. Ms. Morgan explained the requirements are one staff member per six clients for Adult Day Care and for Adult Day Health Care it is one staff member for five clients.

Ms. Morgan continued by reviewing current issues and initiatives on page 27 of the handout. There are 6,637 people waiting for services. Senator Martin asked for the eligibility requirements. He was told an assessment is made as to if they need these services. There are percentages they look at listed on page 19 for eligibility. They are

not allowed to ask for assets or charge fees. They are allowed to ask to asked recipients to cost share and contribute to their services. Most everyone contributes something.

Representative Nye told the committee they could flag any issue they would like to come back to for more discussion later. The Committee then had a question and answer discussion concerning the presentation.

Ms. Morgan then reviewed the six current contracts listed on the handout titled "Current List of Contracts". (See Attachment II).

Representative Nye adjourned the meeting.

Edd Nye
Representative Edd Nye
Co-Chairman

Jo Bobbitt
Jo Bobbitt
Committee Assistant

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

MARCH 21, 2001

4:30 P.M.

The Joint Appropriations Subcommittee on Health and Human Services met on March 21, 2001 in the afternoon in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye presiding Chairman, Representative Beverly Earle, Co-Chairman, Representative Billy Creech, and Representative Verla Insko. Representative Theresa Esposito had requested an excused absence. There were five senators present.

Representative Nye began the meeting by stating a flag would be put on AAA Funding and also for administrative cost. Karen Hammonds-Blanks, Fiscal Research Staff, was asked to continue with her presentation of Early Childhood Development from a previous meeting. Representative Insko asked why some counties have no waiting list while others have a fairly large waiting list. Ms. Hammonds-Blanks explained that one factor has to do with the size of the county and the number of children. The second factor has to do with Smart Start and the local Partnership's decision to put money in. Some do not want waiting list.

Ms. Hammonds-Blanks then reviewed licensure and regulation. She gave an overview of when a provider or facility has to have some regulation involved. Statute GS110-91 requires that if a facility or program has more than three children cared for at least four hours once a week, then regulation is required. The other area that the law speaks to is the religious sponsored programs. They can operate with a notice of compliance, which doesn't require the same kinds of permits. As of January of this year, there were 9,425 facilities regulated by the State. The majority are childcare homes. There are 4,000 childcare centers.

The presentation continued with a review of the star rated license. It is a voluntary system with a financial incentive. It is based on three areas; program standards, staff education level, and compliance history.

Ms. Hammonds-Blanks then discussed the TEACH Program. The purpose of this program is to increase the education levels of the childcare directors and teachers, and to encourage a better-trained and quality workforce. The ultimate goal is to reduce staff turnover. For this fiscal year the budget includes 2.8 million dollars. It operates by providing scholarships to individuals so they can increase their education. For fiscal year 1999-2000 a total of 4,400 scholarships were awarded to individuals. Representative Nye asked about the health insurance subsidy. Ms. Hammonds-Blanks responded that was also a program under TEACH and it provides that the state pay one third, the provider pay one third, and the employee pay one third of their health insurance premiums.

Representative Nye asked that the mandatory rate increase issue be flagged. Senator Kerr asked who is responsible for doing the rate study. Ms. Hammonds-Blanks stated it was done within the Department. Mr. Peter Leousis with the Department of Human Resources stated that last year they contracted with the Center for Urban Affairs and Community Services at NC State University to help with the market rate survey. They have compiled the results and are currently analyzing those and will produce the report that they are required to produce under the law later in the month. He is aware of some of the problems and will be coming back to the Committee with recommendations as to how they can adjust the problems.

Concerning the At Risk Pre K Program, Ms. Hammonds-Blanks noted there are three areas that need to be addressed. One is that the term itself is too broad. The Committee will need to better define what it means. The issue of the curriculum needs to be addressed. Also, another issue is the philosophical debate over what is educational and what is development. In childcare subsidy, there is over 40 million dollars being spent now on four year olds now. Representative Nye asked if the Department has discussed fees for the providers. Ms. Hammonds-Blanks responded that they have done some research, but wasn't sure how serious they have been in pursuing it. Representative Nye stated that they needed to make a determination to asked staff to come up with a fee schedule for licensed daycare providers. He stated the consensus seemed to be to asked staff to develop a fee schedule for the providers.

The meeting was then adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

Department of Health and Human Services

Division of Aging

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

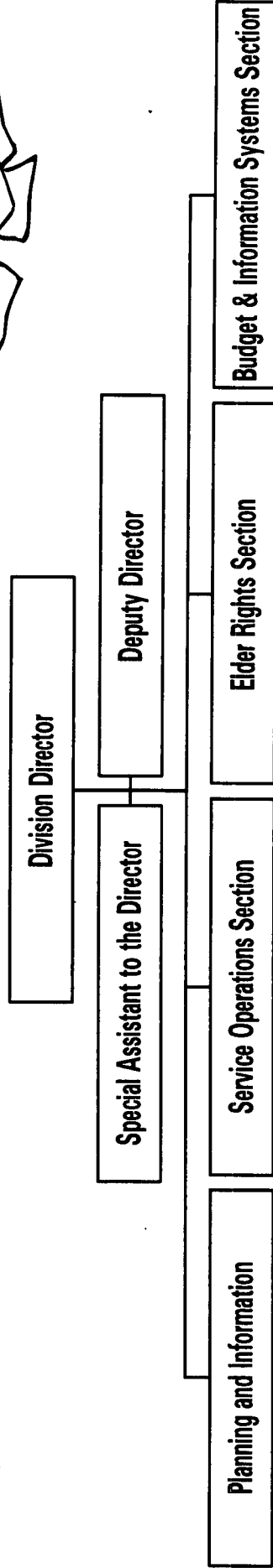
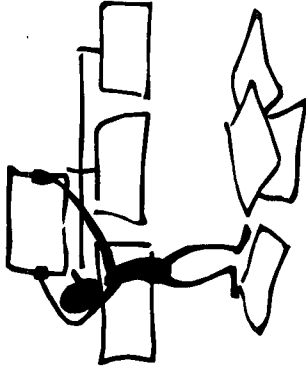
Division of Aging

Mission

The Division of Aging works to achieve successful aging for North Carolina's older population by providing a system of services, opportunities, and protective supports that include:

- *Supporting* home and community services to promote independence and self-sufficiency;
- *Promoting* opportunities for citizen involvement to allow seniors to contribute in civic affairs and public policymaking, and through volunteerism;
- *Ensuring* the rights and protections of older people for their social, health, and economic well-being; and
- *Preparing* younger generations to enjoy meaningful lives in their later years.

Division of Aging Organization



Total Positions = 33

Division of Aging

Budget Summary 2001-2003

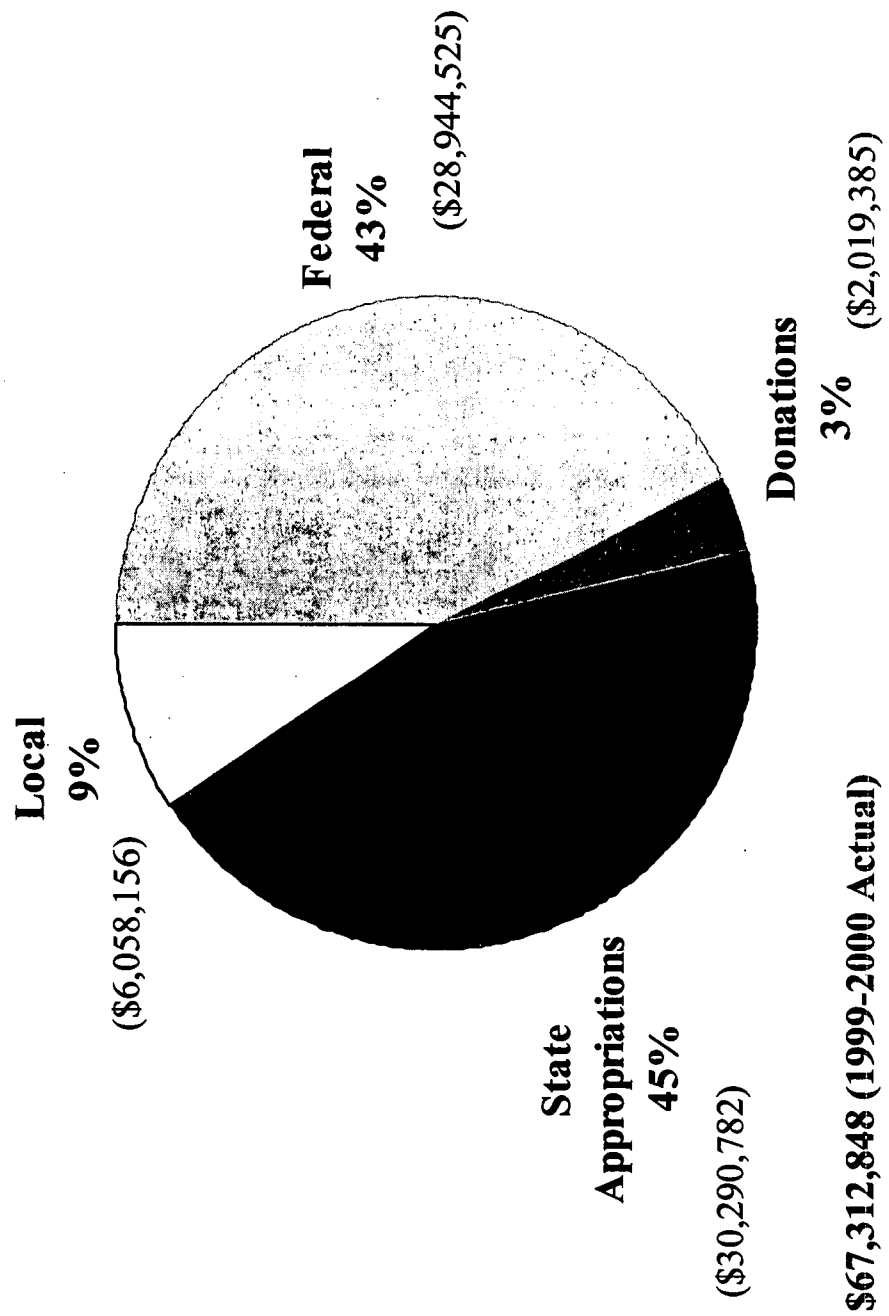
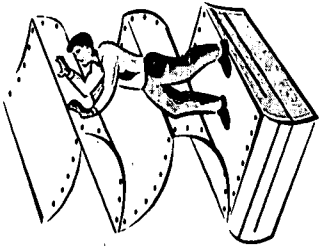
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Description	99-00 Actual	00-01 Authorized	01-02* Recommended	02-03* Recommended
Total Requirements	\$67,312,848	\$67,358,772		
Estimated Receipts	\$37,585,870	\$37,330,980		
Net Appropriation	\$29,726,978	\$30,027,792		
Total Number of Positions	33	33		

*Complete information currently unavailable

Division of Aging

Funding Sources

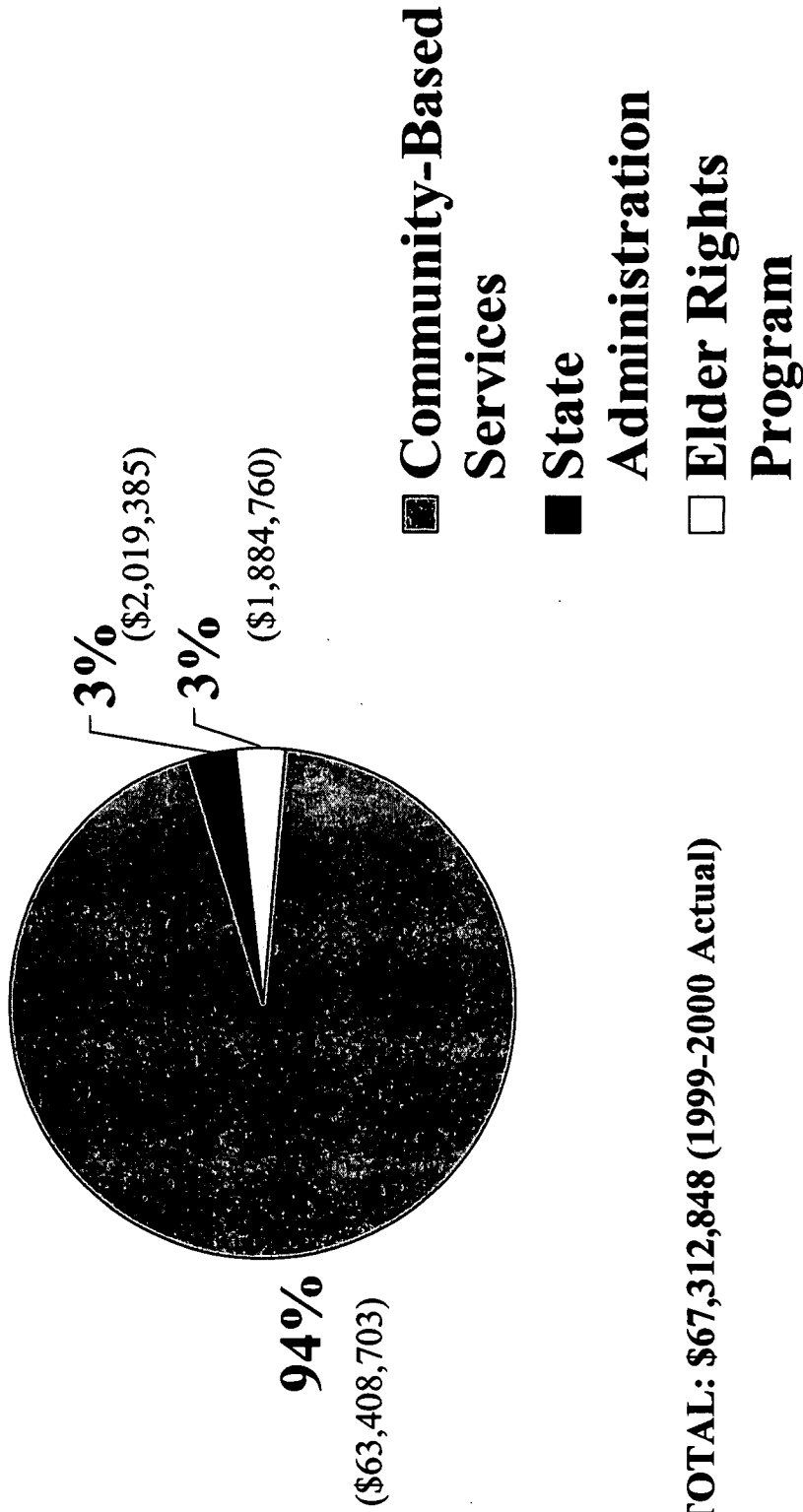


March 21, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Aging

Funds by Purpose



TOTAL: \$67,312,848 (1999-2000 Actual)

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Aging

New Programs and Initiatives 1993 - 2000

- Senior Center Funds (\$1,000,000)
- Alzheimer's Association Chapters (\$150,000)
- N.C. Senior Games (\$175,000)
- Senior Tar Heel Legislature (\$9,000)
- Home and Community Care Block Grant (\$26,326,774)
- AAA Planning and Administrative Funds (\$1,217,918)
- Regional Adult Day Start-Up Funds (\$250,000)
- Long-Term Care Ombudsman Program (\$380,413)

Division of Aging

Legislative Highlights

- **Area Agencies on Aging**
 - 1998- 01 \$900,000 annually
- **Home and Community Care Block Grant**
 - 1995-96 \$ 500,000
 - 1996-97 \$5,000,000
 - 1997-98 \$5,000,000
 - 1998-99 \$8,000,000

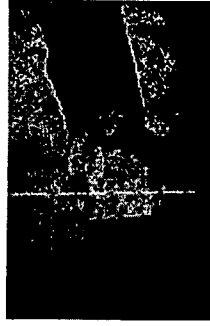
Division of Aging

**Legislative Highlights
(continued)**

- **Senior Centers**
 - 1997-98 \$1,000,000
 - 1998-99 \$2,500,000
 - 1998-99 \$1,000,000 R

- **Adult Day Care Fund**
 - 1998-01 \$732,875 annually

Division of Aging Collaboration/Partnerships



Healthy Aging

- Division of Public Health
- Senior Games, Inc.
- Department of Agriculture
- N.C. Cooperative Extension
- AAAs
- N.C. Association on Aging

Home and Community Services

- Alzheimer's chapters
- Duke Family Support Program
- North Carolina Alliance of Information and Referral Services (NCAIRS)
- N.C. Association on Aging
- AAAs

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Aging

Collaboration/Partnerships (continued)

Education, Outreach, and

Planning

- All DHHS Agencies
- UNC –Institute on Aging
- Dept. of Public Instruction
- Office of the Attorney General
- Department of Commerce
- Department of Insurance
- Duke Long-Term Care Resources Program
- N.C. Coalition on Aging
- N.C. Tar Heel Legislature
- Governor’s Advisory Council on Aging

Long-Term Care

- Divisions of Mental Health, Facility Services, Medical Assistance and Vocational Rehabilitation
- AARP
- UNC Institute on Aging
- Housing Finance Agency
- Council on Developmental Disabilities
- Friends of Relatives in Long Term Care
- Carolinas Center for Hospice and End of Life Care
- North Carolina Association for Home Care, Inc.
- North Carolina Association, Long Term Care Facilities

Division of Aging

Senior Tar Heel Legislature

- **Created by the General Assembly in 1993 for the purpose of:**
 - *Providing* information to older adults on the legislative process;
 - *Promoting* citizen involvement and advocacy concerning aging issues; and
 - *Assessing* the legislative needs of older citizens by convening a forum modeled after the N.C. General Assembly.

- **The Division of Aging budgeted \$14,000 for the Senior Tarheel Legislature in FY 00-01.**

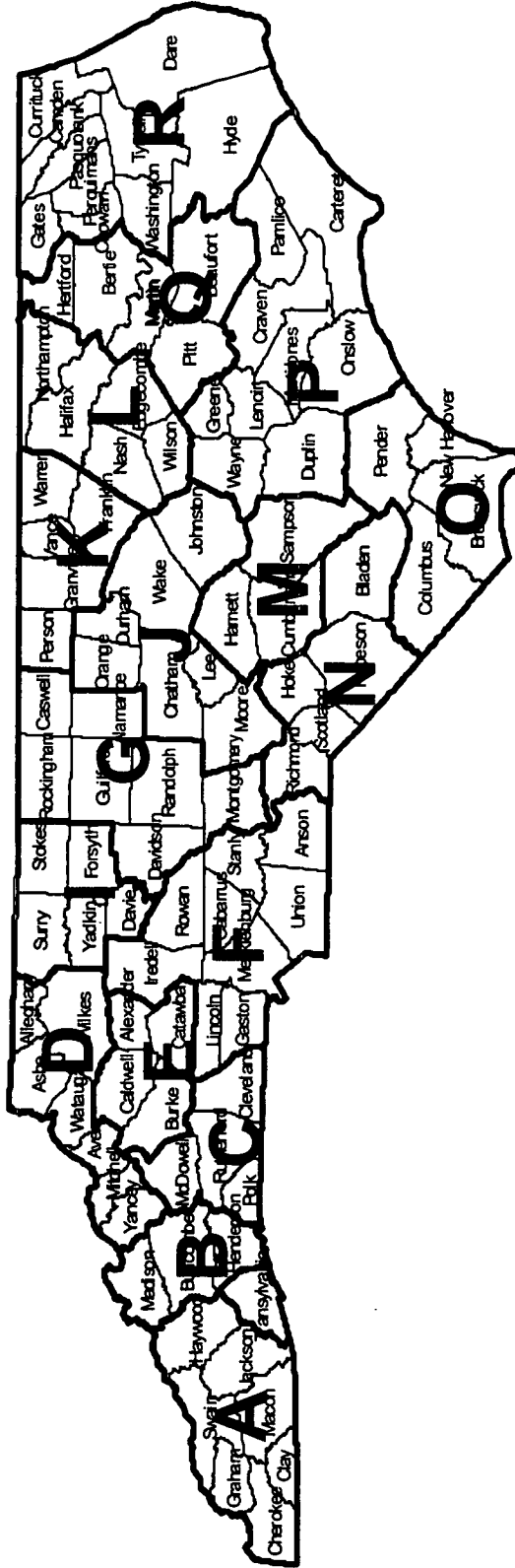
Division of Aging

Area Agencies on Aging (AAAs)

- North Carolina currently has 17 AAAs located within the regional Councils of Government.
- Established through the Older Americans Act amendments in 1973.
- Purpose: To facilitate and support the development of programs to address the needs of older adults within defined geographic regions.

Division of Aging

Regional Area Agencies on Aging



March 21, 2001

North Carolina General Assembly
Fiscal Research Division

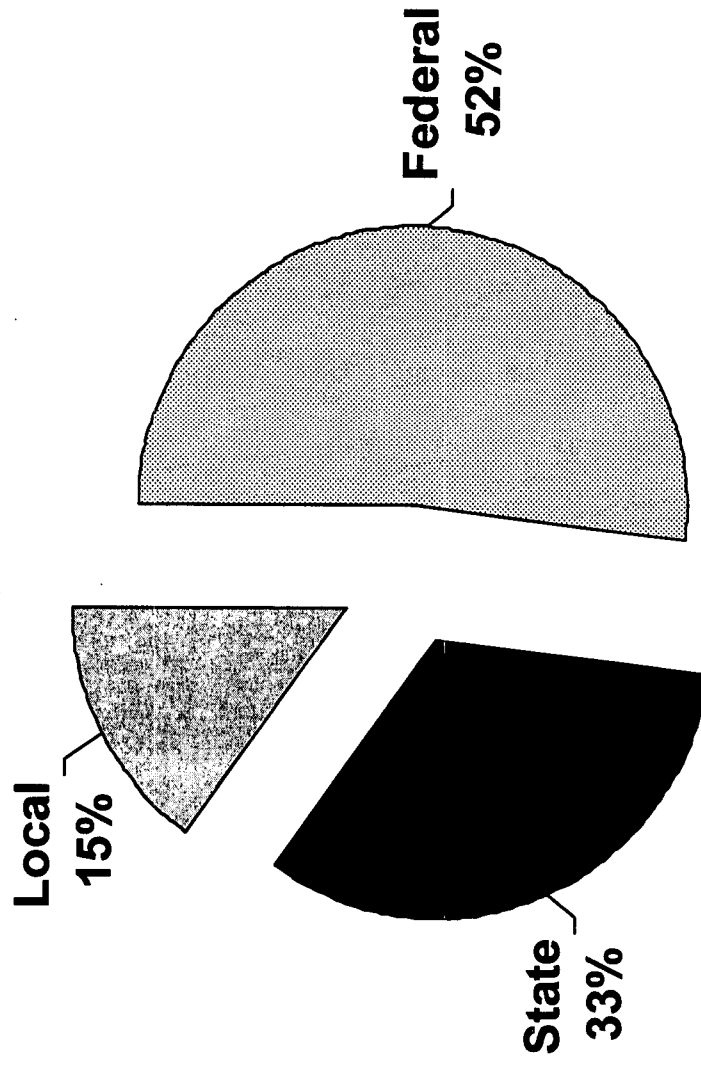
Division of Aging

AAA Planning and Administrative Funding

- Planning and Administrative (P+A) funds equal \$3,673,724 for FY 00-01 (consists of federal, state and local funding);
- In 1998 the General Assembly increased P+A funding to \$1.2 million – a recurring increase of \$900,000;
 - Expanded funding was to be used for enhancement of services, and to better meet the technical assistance and data needs of providers, local planning committees, and local governments.

Division of Aging

AAA Planning and Administrative Funding Sources



FY 00-01 \$3,673,724

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Aging

Home and Community Care Block Grant (HCCBG)

- Implemented in 1992 for the purpose of improving the planning, management and coordination of in-home and community-based services for older North Carolinians.
- Combined state and federal funding previously allocated separately.
- County commissioners must designate a lead agency to develop a block grant funding plan.

Division of Aging

HCCBG Funding Plan

- The funding plan must identify services to be provided, the funding levels for services, unit costs, and the agencies designated to provide or purchase services on behalf of the county.
- The plan must be approved by the county commissioners, and a public hearing must be held.
- Upon approval, the plan is sent to the Division and AAAs for funding.

Division of Aging

Intra-state Funding Formula

- HCCBG funds are allocated to counties through the intrastate funding formula;
 - 60+ population (50%)
 - 60+ population in poverty (30%)
 - 60+ minority population (10%)
 - 60+ rural population (10%)
- Each county's funds are calculated and awarded through AAAs.
- A 10% local match is required.

Division of Aging

HCCBG Expenditures

Service Type	99-00 Expenditures	00-01 Allocations
Adult Day Services	\$ 2,844,834	\$ 2,982,470
Care Management	957,950	994,804
Nutrition Services	15,224,276	15,410,233
Respite Care	384,938	387,769
In-Home Aide	16,233,980	17,012,019
Information and Case Management	1,708,398	1,706,412
Senior Center Operations	1,737,797	1,788,856
Transportation	5,837,772	5,909,435
Housing and Home Improvement	798,328	775,540
Other Services	438,128	385,480
Total	\$ 46,166,401	\$ 47,353,018

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Aging

HCCBG Client Demographics

- 66,253 clients received services in 99-00;
- 63% were over age 75 (1 out of 5 were >age 85);
- 52% had incomes at or below 100% of the federal poverty level;
- 72% were female;
- 67% were Caucasian, 31% were African-American and 2% were other races;
- 16% were very frail; and
- 27% received more than one service

Division of Aging

Adult Day Services

- **Adult Day Care** – In a community group setting, an organized program of services are provided to support the personal independence of older adults and promote their social, physical, and emotional well-being.
- **Adult Day Health Care** – Provides the same services as Adult Day Care and provides additional health care services.

Division of Aging

Adult Day Services

- Currently, 116 centers are located in 64 counties.
 - 57 centers provide adult day care only;
 - 57 centers provide both adult day and adult day health services; and
 - 2 centers provide adult day health services only.
- 461 slots are subsidized through the State Adult Day Care Fund.
 - Cost per Adult Day Care slot = \$6,780/year (*Average annual cost per client = \$2,428/yr.*)
 - Cost per Adult Day Health slot = \$8,580/year (*Average annual cost per client = \$2,672/yr.*)

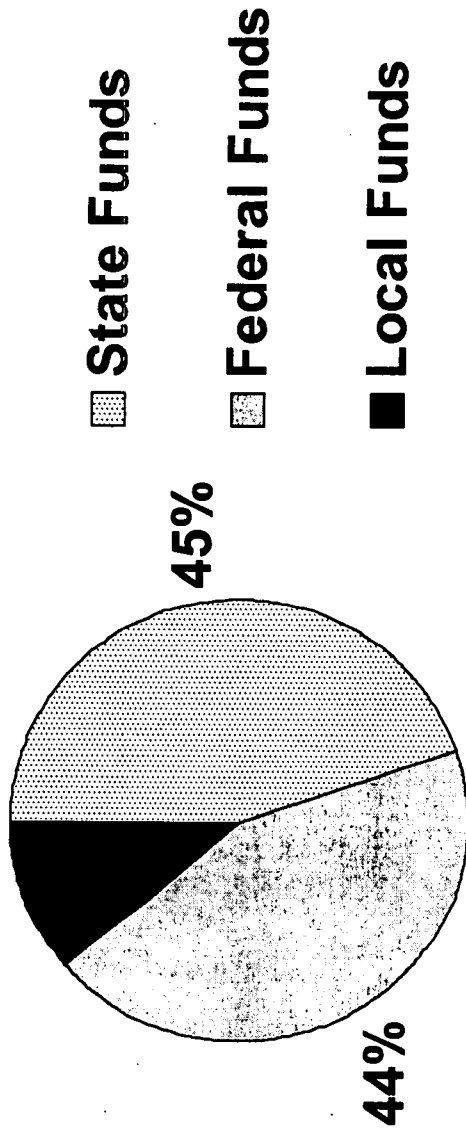
Division of Aging

Adult Day Services Funding

- Fiscal Year 00-01
 - State Funds = \$2,812,143
 - Federal Funds = \$2,760,499
 - Local Funds = \$710,869

11%

Total Funding = \$6,283,511



Division of Aging

Adult Day Services Participation Rates

September 2000, Survey Results:

Certified Capacity	Total = 1,662 slots	Range: Minimum = 6 Maximum = 72
Average Daily Participation	1,014 slots	Range: Minimum = 5 Maximum = 50
Occupancy Rate	Average = 61% Maximum Efficiency = 80%*	Range: Minimum = 18% Maximum = 100%

*North Carolina Adult Day Services Association recommended maximum efficiency rate.

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Aging

Adult Day Care

“Start-up” Grant Funding

- **\$250,000 Appropriation during the 2000 Legislative Session.**
 - ✓ **4 counties approved for new ADCs;**
 - ✓ **3 counties approved for new combination ADC/Adult Day Health facilities; and**
 - ✓ **2 counties approved to add Adult Day Health services to existing Adult Day Care Programs.**

Division of Aging

Current Issues/Initiatives

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

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Division of Aging

Waiting Lists

Service Category	Number of Clients on List
Home Delivered Meals	2,888
Personal Care	1,518
Housing and Home Improvement	314
Home Management	1,758
Adult Day Care	112
Adult Day Health Care	47
Total Waiting	6,637

March 21, 2001

North Carolina General Assembly
Fiscal Research Division

Data as of 1/30/01

Division of Aging

Family Caregiver Funds

- Established through the Reauthorization of the Older Americans Act in November, 2000.
- North Carolina received \$2,916,628 to develop a support system for family caregivers.
 - ✓ 5% can be used for State Administration;
 - ✓ Funds are to supplement, not supplant, existing services;
 - ✓ Up to 10% can be used to provide support services to grandparents and older individuals who are relative caregivers; and
 - ✓ The required non-Federal share is 25% (cash or in-kind).

Division of Aging

Plans for Family Caregiver Funds

- Work in partnership with AAAs with AAAs (AAAs will receive funds varying between \$65,614 to \$417,745);
- Build capacity within each AAA region to support the program (1 new position per AAA and 1 new position at the Division of Aging);
- Give priority to older adults with the greatest social and economic need, and older individuals caring for children with developmental disabilities; and
- Support caregivers through some combination of: information about services, assistance with access to service, individual counseling, organization of support groups and caregiving training, respite care, and supplemental services.

Division of Aging

Family Caregiver Program Goals:

- For the first three years of the program the Division has set the following statewide goals:
 - Establish adequate infrastructure at the AAA and State level to support the program;
 - Every region will have an Information and Assistance system;
 - Family caregivers in every county will have access to respite care, counseling and training;
 - AAAs and the Division will know the unmet needs of caregivers for planning and program development purposes; and
 - AAAs and the Division will have contributed significantly to helping the State implement recommendations of the IOM Task Force on Long-Term Care, including promotion of the availability of core services and the strengthening of local planning for aging and long term care.

Division of Aging

DHHS Expenditures by Agency

Agency	Total FY 99-00 Expenditure	Percent of Total Expenditures
Medical Assistance	\$1,800,310,910	83.4%
Mental Health	\$ 165,467,608	7.7%
Social Services	\$ 124,669,144	5.8%
Aging	\$ 54,775,795	2.5%
Other Agencies	\$ 14,237,462	< 1%
TOTAL	\$2,159,460,919	100%

Division of Aging

DHHS Expenditures by Service Area

Type of Service	Total FY 99-00 Expenditures	Percent of Total Expenditures
Adult Care Homes	\$ 131,350,468	6.08%
Economic Support	\$ 169,356,529	7.84%
Health Care	\$ 578,880,862	26.81%
Home Health/In-Home Care	\$ 299,220,463	13.86%
Institutional Care	\$ 938,086,415	43.44%
Social/Supportive Services	\$ 42,566,182	1.97%
TOTAL	\$2,159,460,919	100%

Division of Aging Presentation
March 21, 2001

Current List of Contracts:

Senior Games, Inc.	\$175,000
Promotion of the North Carolina Senior Games	
Duke Aging Center Family Support Program	\$50,000
Alzheimer's Program	
Maintain Toll-Free Hot Line	
Produce 2 issues of <u>The Caregiver</u> Newsletter	
Technical Assistance to AAAs and other providers	
Brenda F. Porter	\$10,500
Staff Task Force on Aging Information and Assistance	
Assist the Division's Information and Assistance Program	
Developer	
Contracts with the Alzheimer's Disease Chapters	
Carolina Piedmont Chapter	\$50,000
Western North Carolina Chapter	\$50,000
Eastern North Carolina Chapter	\$50,000
UNC-Chapel Hill-Center for Aging Research and Education Services	\$102,000
CARES Contract:	
Senior Center Development Training	
Family Support Training	
Quality Improvement Training	
Aging Training Curriculum	
DOA and AAA Retreat	
Continuity with Previous Projects; Search for New Opportunities	
Z. Smith Reynolds Contracts	
Various contracts with local	
Councils on Aging	\$35,000

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, March 21, 2001

4:30 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Division of Child Development

Karen Hammonds-Blanks
Fiscal Research

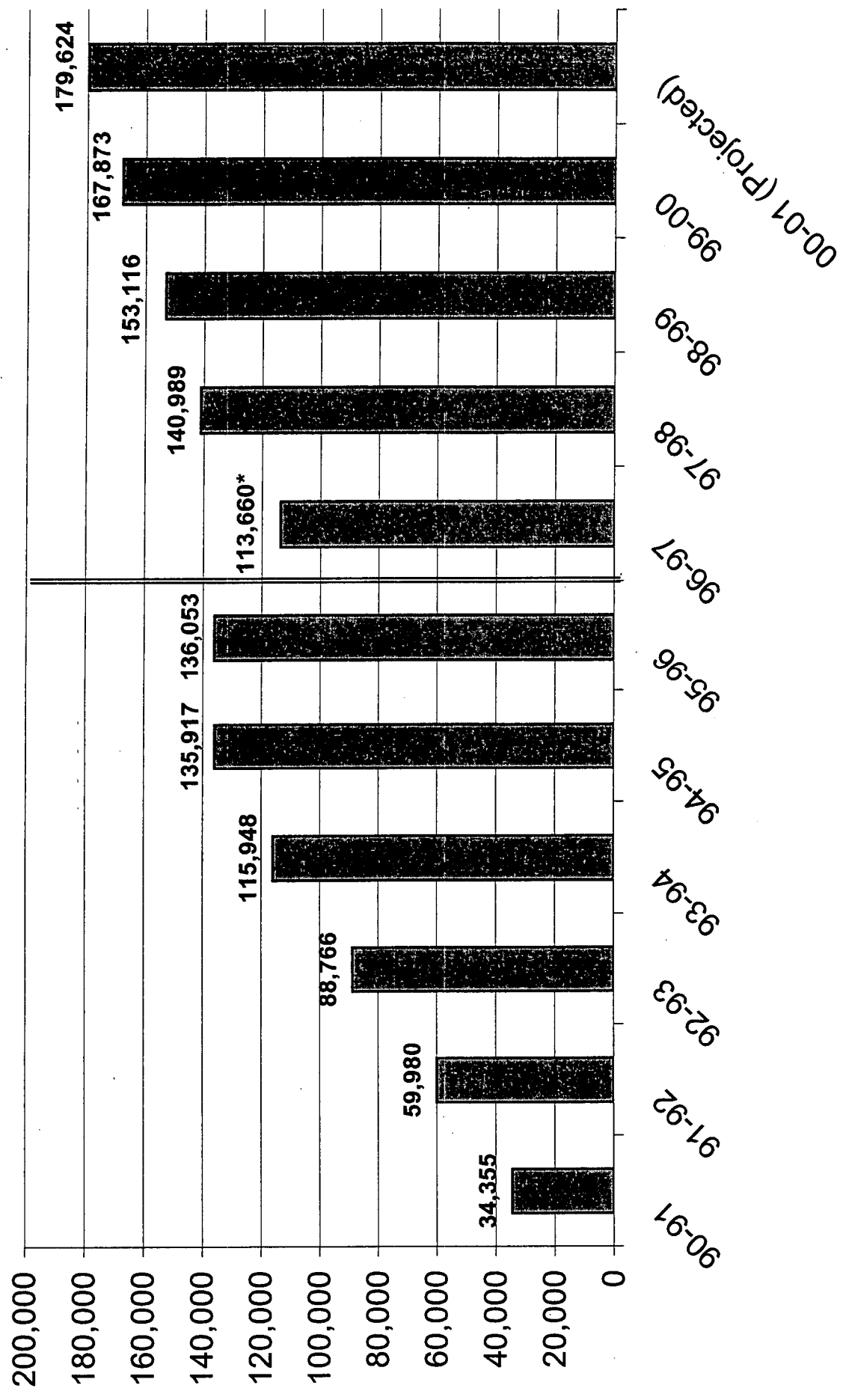
Committee Discussion

Next Meeting

Adjourn

March 21, 2001
Greenwood Mtg

Number of Children Served with Subsidized Child Care SFY 1990-91 to SFY 2000-01 (Projected)



* Recent changes made in the child care information system allow for unduplicated child counts across funding sources back to this date. The lower number shown does not mean that fewer children were served. 3/16/01

March 21, 2001
Afternoon Meeting

**Children Served with Subsidized Child Care
Children on the Subsidized Child Care Waiting List
January, 2001 Service Month**

County	Children Served				Children on the SCC Waiting List		
	Subsid. Child Care (Non-WF)	Work First Related	Smart Start Funded	Undup. Total	Subsid. Child Care	Work First Related SCC	Total
Alamance	795	67	152	930	179		179
Alexander	164	15	95	272	44		44
Alleghany	113	1	40	137			
Anson	263	5	109	355	178		178
Ashe	291	11	87	311			
Avery	143	2	53	151	28		28
Beaufort	453	52	47	551	140		140
Bertie	244	17	4	261			
Bladen	471	48	49	564			
Brunswick	483	28	99	571	499	52	551
Buncombe*							
Burke	922	22	11	943			
Cabarrus	990	28	377	1,154			
Caldwell	1,090	55	339	1,156			
Camden	57	5	12	62			
Carteret	554	33		583	201		201
Caswell	193	17	36	244			
Catawba	2,060	103	810	2,207			
Chatham	409	15	151	487	147		147
Cherokee*							
Chowan	247	56	17	316	35	9	44
Clay*							
Cleveland	1,060	59	346	1,193	275	7	282
Columbus	586	102		685			
Craven	1,152	75	256	1,308			
Cumberland	4,383	679	1,510	5,961			
Currituck	122	2	36	149	91		91
Dare	214	10	20	235	182		182
Davidson	1,620	75	601	1,728			
Davie	80	5	92	147	66		66
Duplin	632	93	285	767	164		164
Durham	3,460	341	34	3,804			
Edgecombe	505	163	283	895	173		173
Forsyth	3,619	46		3,664	410		410
Franklin	371	12	80	407			
Gaston	2,154	121	166	2,385	106		106
Gates	83	1	20	101			
Graham*							
Granville	266	23	71	344	79		79
Greene	181	3	81	250			
Guilford	3,805	694	990	4,911	1,260		1,260
Halifax	498	71	141	647			
Harnett	710	24	465	1,109	391		391
Haywood*							
Henderson	789	63	407	903	112	6	118
Hertford	284	3	32	319	125		125
Hoke	378	71		448			
Hyde	23	2	1	25			
Iredell	970	12	260	1,072	285		285
Jackson*							
Johnston	1,053	109	509	1,274	415		415
Jones	200	12		210	59		59
Lee	359	61	246	618	33		33
Lenoir	871	146	381	1,022	139		139
Lincoln	471	35	132	603	81	19	100
Macon*							
Madison	166			166			

* Subsidized child care program is fully or partially administered through a state-level contractor.

**Children Served with Subsidized Child Care
Children on the Subsidized Child Care Waiting List
January, 2001 Service Month**

County	Children Served				Children on the SCC Waiting List		
	Subsid. Child Care (Non-WF)	Work First Related	Smart Start Funded	Undup. Total	Subsid. Child Care	Work First Related SCC	Total
Martin	276	47	25	323	117		117
McDowell	284	42	117	325	99	50	149
Mecklenburg	6,856	2,455	2,051	10,464	5,444		5,444
Mitchell	87	4	38	98			
Montgomery	243	14	122	257			
Moore	756	15	170	828			
Nash	705	125		827			
New Hanover	2,702	120	576	2,991			
Northampton	228	49	69	336			
Onslow	959	49	756	1,573	217		217
Orange	539	75		610	244		244
Pamlico	154	14	71	196	17		17
Pasquotank	441	73	43	553	198		198
Pender	435	36	61	473	108		108
Perquimans	103	27	13	136			
Person	326	15	55	388			
Pitt	1,089	161	354	1,522	655		655
Polk	150	9	13	171			
Randolph	1,088	65	109	1,183			
Richmond	638	163	93	799	378		378
Robeson	2,294	205	343	2,555	390	19	409
Rockingham	648	54	572	1,132			
Rowan	815	125	165	1,044			
Rutherford	590	45		632			
Sampson	615	18	181	719	77		77
Scotland	576	69	111	700	246		246
Stanly	536	42	85	579	124		124
Stokes	312	14	39	338			
Surry	555	12	374	698	193		193
Swain*							
Transylvania	256	22	84	310			
Tyrrell	26			26			
Union	1,154	67	313	1,266	238		238
Vance	660	71	243	851			
Wake	3,398	681	326	4,062	1,451		1,451
Warren	295	36	35	337	7		7
Washington	207	41	26	272	76		76
Watauga	199	13	68	229			
Wayne	1,510	88	536	1,596	553		553
Wilkes	521	39	289	638	26	9	35
Wilson	749	69	286	1,025	588		588
Yadkin	251		181	360			
Yancey	48		8	56			
State Contracts							
Southwestern	841	23	1,469	2,126	254	2	256
Region D	190	2		192			
Northwest	280	49		329			
Buncombe CDC	1,031	52	1,519	2,560	207		207
Blue Ridge	154	14		166			
UCP	117	13		129			
Totals	77,827	9,114	21,907	97,500	17,804	173	17,977

* Subsidized child care program is fully or partially administered through a state-level contractor.

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jerry Hardisty	NC Food Banks
ANN WALKER	DUHS
HUGH TILSON	NCHA
John Kent	NCFPC
Sissy T. Newell	MJ/TA - Wayne County
Joan Hackmann	MHA - Wayne County
JOE LIBERA	AHHC
Evelyn Bilucas	Coalition 2001
Rebecca S. Kelly	coalition
Jenny Cooper	NCALA
Josie Dougan	Coalition 2001/ NC Assoc. of the Deaf

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Bob Melcher	NAMI NC
Frank Mice	NCCSPC
Adelle Zuckler	Eastco Seals
Bryan Edgerton	" "
Robin Horvill	First In Families
Jim Edgerton	DHHS
Myra	OSBPM
Patricia Reever	NCAAC
Sharon Gansome	NC DSS
Julie Bell	PTCOG AAA
Joyce Cedar	ECC COG - Region P

Box Contents
2001-02 Standing Committee Minutes (Item 25894)

Box 3

1. 2001 Joint Appropriations – Health & Human Services
(begins March 22)
2. 2002 Joint Appropriations – Health & Human Services

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Thursday, March 22, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Division of Public Health

Lisa Hollowell
Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE N HEALTH AND HUMAN SERVICES

**Minutes
March 22, 2001
8:30 A.M.**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Thursday, March 22, 2001, in Room 643 of the Legislative Office Building.

House Co-Chair, Representative Edd Nye opened the meeting. Representative Beverly Earle, Co-Chair joined the meeting later and presided. Other members present were:

**Representative Beverly Earle, Co-Chair
Representative Lanier Cansler
Representative Debbie Clary
Representative Verla Insko
Representative Thomas Wright**

Six Senate members were present.

Pages were introduced and Lisa Hollowell, from the Fiscal Research Division. Ms Hollowell's presentation focused on **The Division of Public Health**. Her presentation will focus on the Mission of the division, a budget overview, the State Health Director's office, organization of the division and women and children's health. (Attachment II)

The Mission of the Public Health system is to **"Provide and contribute to the highest level of health possible for the people of North Carolina."** The essential health service under the Division of Public Health is health support, environmental health, and personal health.

The State Health Director is appointed by the Secretary of the Department of Health and Human Services to perform duties and exercise the authority assigned by the Secretary of the Department of Health and Human Services.

The Commission for Health Services develops rules and standards governing the nature and scope of public health services rendered by local health departments.

(To view budget information see page 10 of Attachment II.)

Ms. Hollowell continued her presentation which focused on Women's and Children's Health Services. The purpose is to promote and protect the health and development of families with an emphasis on women of childbearing age, infants, children and youth, and to focus on immunizations and nutrition services.

Women's and Children's Health Section Children & Youth Branch

Susan Morgan, Fiscal Research Division stated that the mission and purpose of the Women's and Children's Health Immunization Branch is to promote public health by reducing the spread of or eliminating vaccine-preventable diseases. The branch is responsible for management and control of vaccine-preventable diseases and disease outbreaks. (See Attachment I) The Division also has a supplemental nutrition program for women, infants and children. The purpose is to provide nutritious foods to eligible women, infants and children through coupons.

Infant Mortality

"What is the state doing to prevent infant mortality?"

There are several programs in place to help prevent infant mortality. Listed programs: Baby Love, Baby Love Plus, Certified Nurse Midwifery, High Risk Maternity Clinic and Perinatal Outreach and Education Training. Infant mortality is declining each year.

Intensive Home Visitation

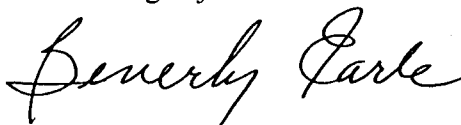
Intensive Home Visitation program is a series of home visits provided to pregnant women, mothers, and children to prevent problems before they occur. The objective is to reduce morbidity and mortality resulting from child abuse and neglect, to improve perinatal outcomes, enhance child and family development and prevent physical and mental health problems. The first year the program enrolled 435 families, through attrition...153 families remain in the program at the two-year point for families.

Adolescent Pregnancy Prevention Programs


North Carolina ranked 37th of all states in teen pregnancy rates (with one being the lowest). Adolescent pregnancy prevention programs received \$4,548, 678 in grant funds to local organizations for programs, which exist in 56 counties.

Question and comments were made at this time.

The meeting adjourned.



Presiding Co-Chair, Representative Beverly Earle

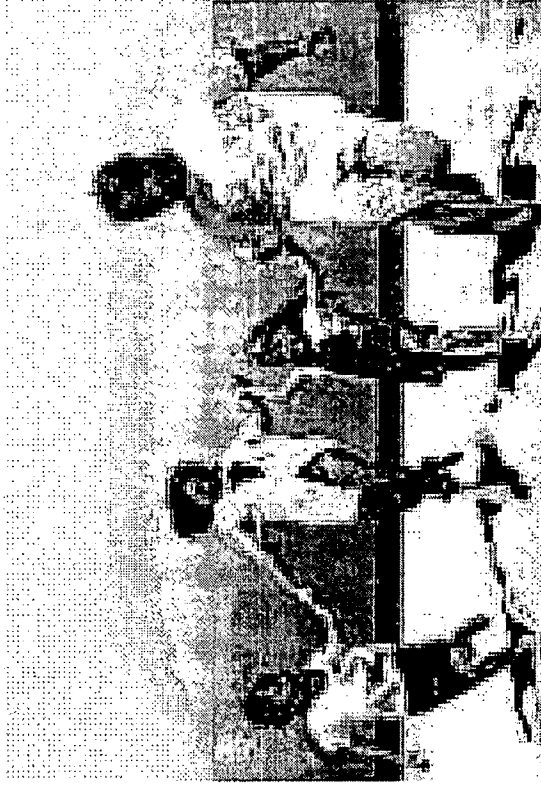


Ann Raeford, Committee Assistant

Attachments
Attachment I
Attachment II

Agenda
The Division of Public Health

The Division of Public Health Department of Health and Human Services



The Division of Public Health Department of Health and Human Services

- **Mission**
- **Budget Overview**
- **State Health Director's Office**
- **Organization of Division**
- **Women's and Children's Health Section**

The Division of Public Health

GS 130A-1-1

“The General Assembly declares that the mission of the public health system is to promote and contribute to the highest level of health possible for the people of North Carolina.”

The Division of Public Health

Essential Health Services

GS 130A 1-1

- ✓ Health Support**
- ✓ Environmental Health**
- ✓ Personal Health**

The Division of Public Health

State Health Director

Appointed by the Secretary of Department of Health and Human Services.

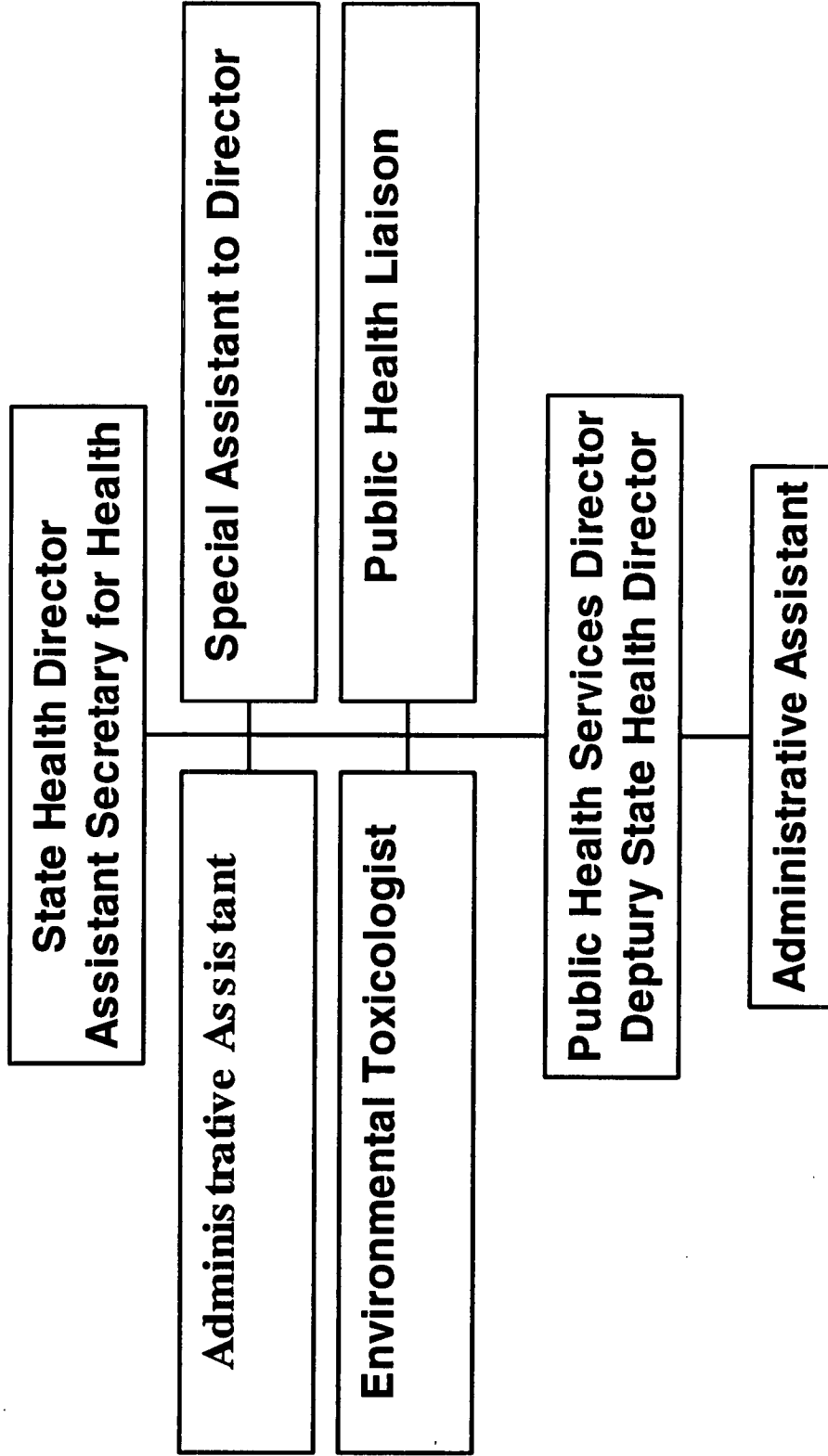
Performs duties and exercises authority assigned by the Secretary of the Department of Health and Human Services.

The Division of Public Health

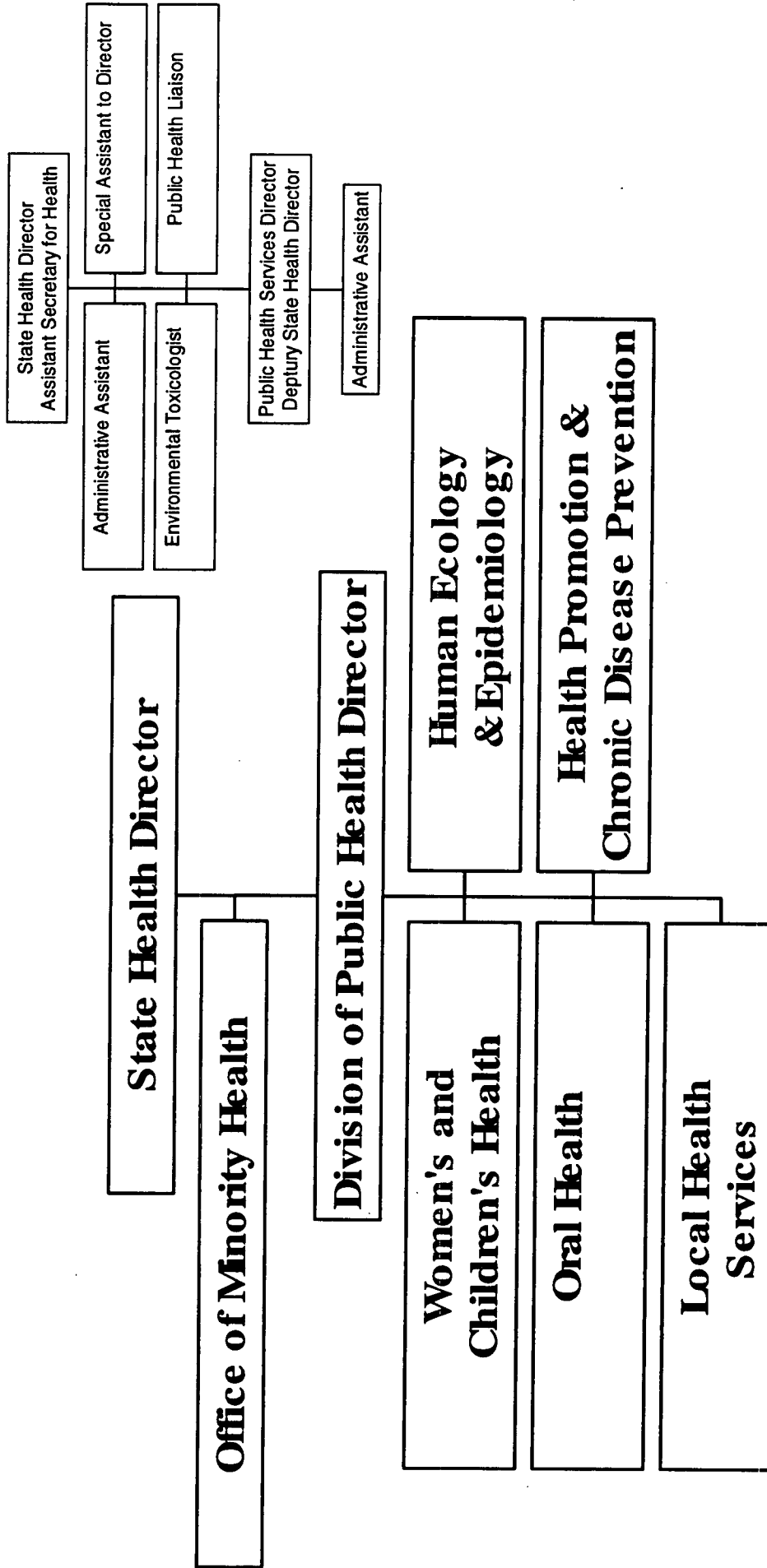
Commission for Health Services develops rules and standards governing the nature and scope of public health services rendered by local health departments.

- 13 members – four elected by the North Carolina Medical Society
- Meet four times per year
- State Health Director provides annual report

The Division of Public Health



Division of Public Health



Division of Public Health

Recent History

1997 – Divisions within Department of Environment and Natural Resources were moved to Department of Health and Human Services

1999 – One Division of Public Health was formed from eight divisions

*** Administrative efficiencies may be obtained through reorganization of functions*

***Governor Easley's budget cut administrative positions*

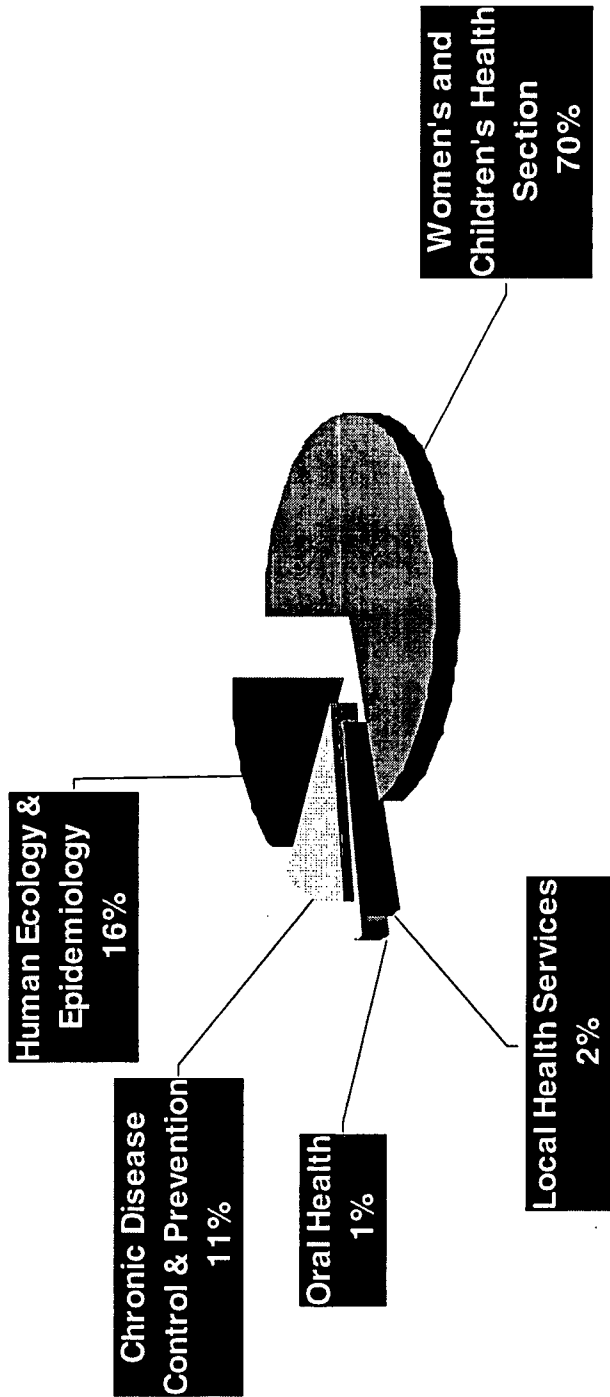
Division of Public Health

Budget Information

	1999-00 Actual	2000-01 Authorized
Requirements	\$409,009,852	\$442,488,981
Receipts	\$299,873,449	\$329,101,535
Net Appropriations	\$109,136,403	\$113,387,446
Total Positions	1338.66	1338.66

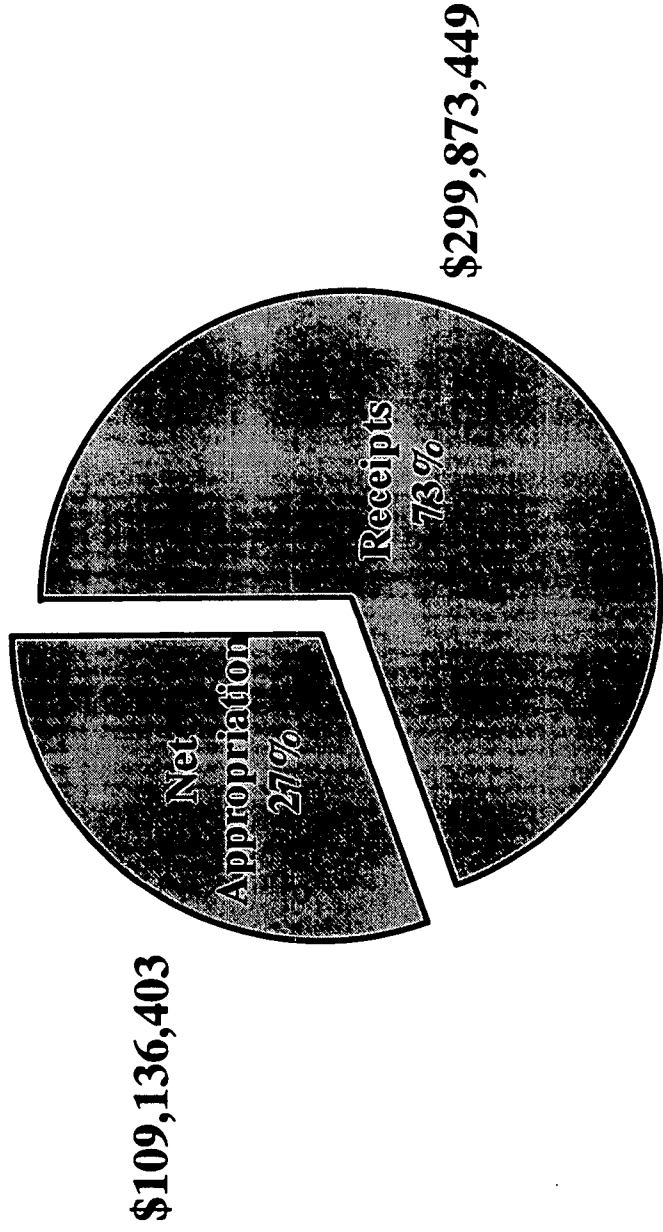
Division of Public Health

Total Budget 2000



Division of Public Health

Division of Public Health - Funding Sources FY99-00



Division of Public Health

Women's and Children's Health Section

- Promotes and protects the health and development of families with an emphasis on women of childbearing age, infants, children and youth
- Immunizations, Nutrition Services and Women's & Children's Health Services

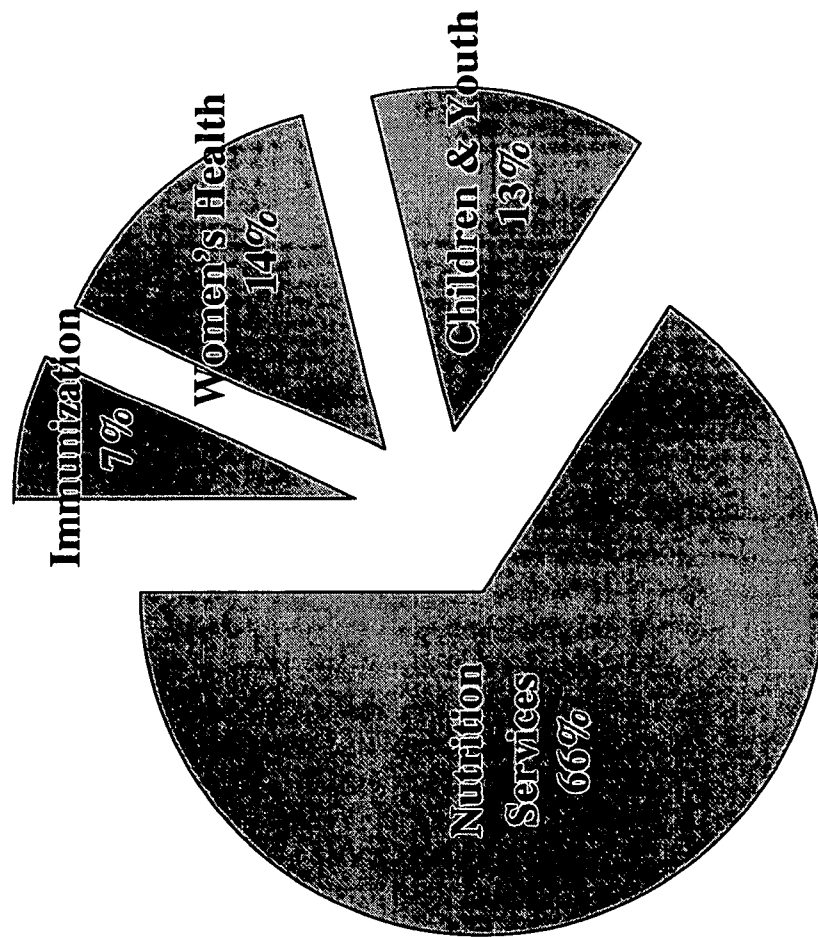


Women's & Children's Health Section

FY2000-2001

Total Budget	Net Appropriation	Total Positions
\$309,511,385	\$53,986,193	252.4

Women's & Children's Health



Women's and Children's Health Section

Nutrition Services Branch

Supplemental nutrition program for women, infants and children

Total Requirements	\$203,911,233
Net Appropriation	\$1,082,598

Women's and Children's Health Section

Nutrition Services Branch

- Eligibility – NC Resident, Family Income <185% FPL
- 198,000 participants monthly
- Purpose: Provide nutritious foods to eligible women, infants and children through coupons
- WIC Farmers' Market Nutrition Program - \$128,000
- Matches federal money – approx. \$300,000
- 4 - \$3 checks to participants
- Limited number of counties

Women's and Children's Health Section Immunization Branch

Mission and Purpose:

Promote public health by reducing the spread of or eliminating vaccine-preventable diseases. Responsible for management and control of vaccine-preventable diseases and disease outbreaks.

Total Requirements	\$21,139,579	
Net Appropriation	\$14,304,922	68%

**Women's and Children's Health Section
 Children & Youth Branch
 Newborn Hearing Screening
 Children with Special Health Services
 Genetics Program and Sickle Cell Syndrome Program**

Total Requirements	\$40,620,108	
Net Appropriation	\$21,852,388	54%

Women's and Children's Health Section

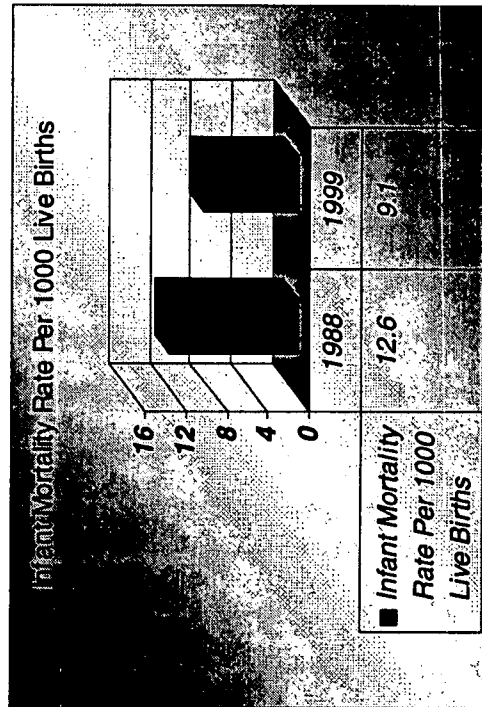
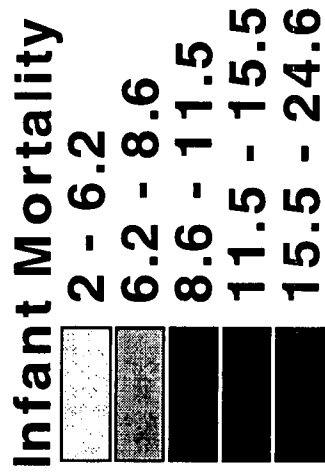
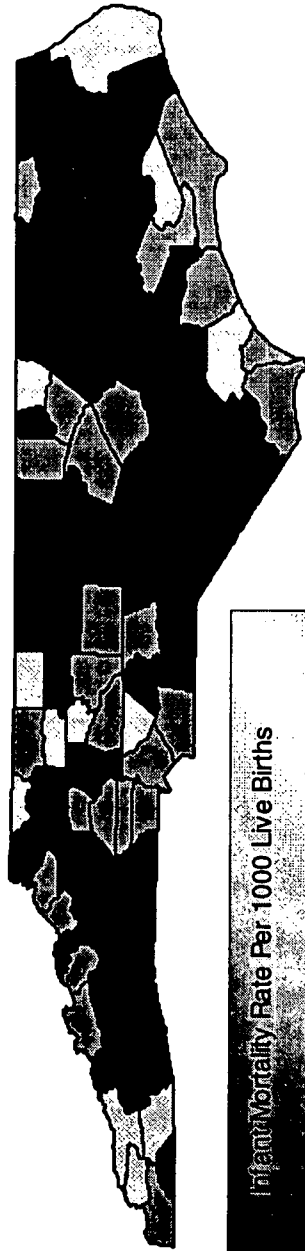
Women's Health Branch

- Care coordination/case management and outreach services
- Family Planning
- Prenatal care services
- Infant mortality reduction Programs

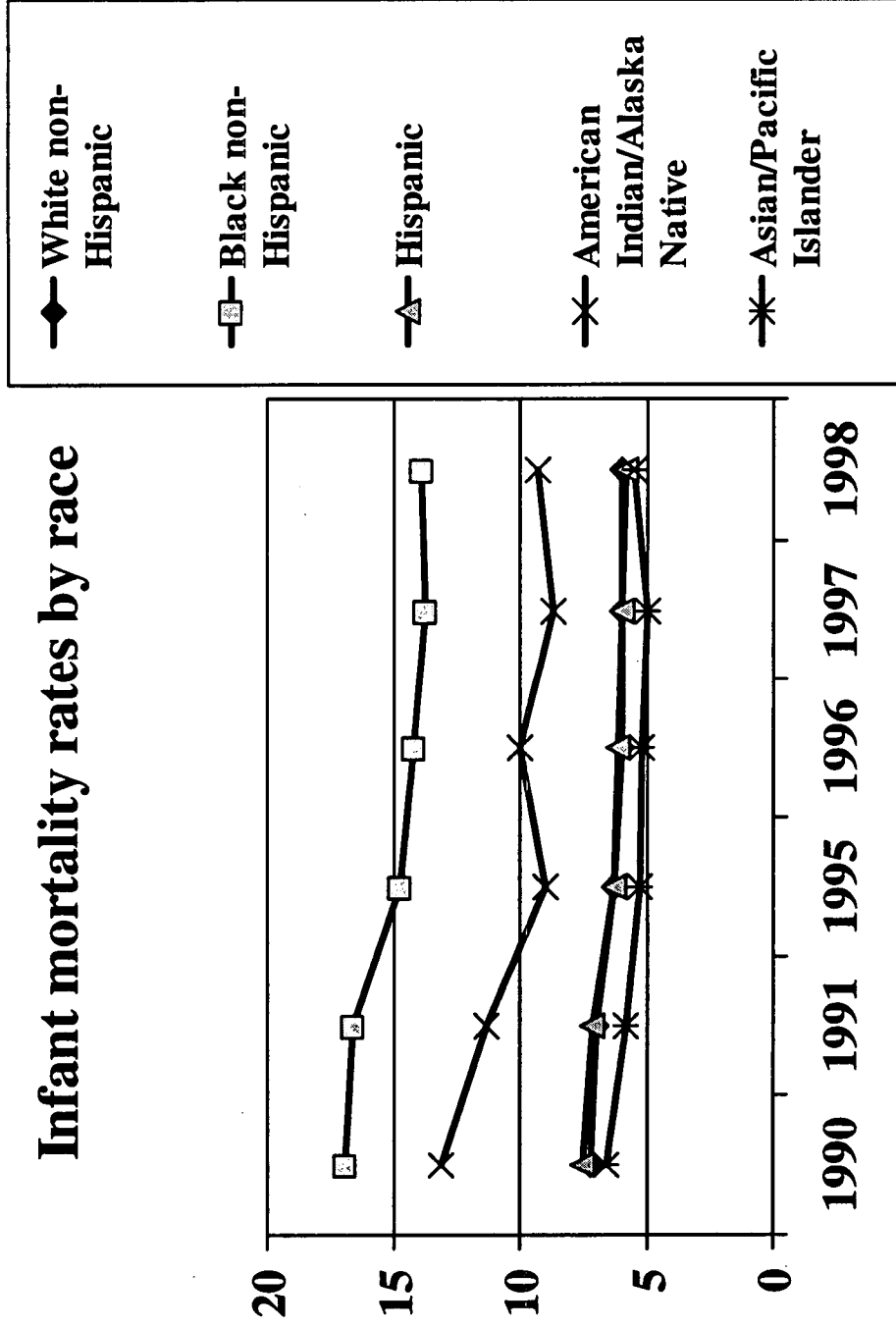
Total Requirements	\$43,841,466	
Net Appropriation	\$16,745,285	38%

Women's and Children's Health Section

Infant Mortality Rates for North Carolina Counties
Overall 9.1 deaths per 1,000 live births



Women's and Children's Health Section



Women's and Children's Health Section

What is the state doing to prevent infant mortality?

Baby Love (Maternity Care Coordination & Maternal Outreach Worker) – Non-Medicaid Clients – state funds	\$250,000 state & Medicaid Funding
MCC Start-up Funds	\$143,000 State
Baby Love Plus	\$2,595,492 federal funding
Certified Nurse Midwifery	\$340,000 state
High Risk Maternity Clinics	➤ \$1,602,373 state (65%) and federal (35%)

Women's and Children's Health Section

Minority Infant Mortality Reduction Program	\$750,000 - state
Targeted Infant Mortality Reduction Program	\$307,098 - state
Fetal and Infant Mortality Review	\$100,000 federal
Perinatal Outreach & Education Training	\$1,125,145 state (45%) and federal (55%) funding
Folic Acid	\$500,000 state and Smart Start

Women's and Children's Health Section

What is the state doing to prevent infant mortality?

1-800 For Baby	\$301,430 state
First Step Campaign	\$227,005 state
Neonatal Bed Locator Service	\$60,000 state
Sudden Infant Death Syndrome	\$16,251 state

Women's and Children's Health Section

What is the state doing to prevent infant mortality?

Rural Obstetrical Care Incentive	\$1,255,000 - State
Smoking Cessation/Tobacco Use	\$45,000 – Maternal Child Health Block Grant
Maternal Health Program	\$5,138,010 (86% state & 14% federal funding)
Intensive Psycho-Social Counseling	Medicaid

Women's and Children's Health Section

What is the state doing to prevent infant mortality?

Medical Nutrition Therapy for Pregnant and Postpartum Women	Medicaid
Nurse Consultant Services	Medicaid
Social Work Consultants	Medicaid
Total – not counting all of Medicaid	Approx. 15M

Women's and Children's Health Section

Highlights from last year...

- **“Prevention of Birth Defects” non-recurring funding appropriated in the 2000 session for the education and awareness activities on the importance of folate consumption preceding pregnancy to effectively prevent neural tube birth defects and infant mortality.**
\$150,000 – not included in the governor's budget
- **Birth Defects Monitoring Program was funded \$200,000 annually.**

Women's and Children's Health Section

Intensive Home Visitation –series of home visits provided to pregnant women, mothers, and children to prevent problems before they occur.

Eligibility:

- **Low-income, pregnant women and/or first time mothers and their families**

Objectives:

- **Reduce Morbidity and mortality resulting from child abuse and neglect**
- **Improve perinatal outcomes**
- **Enhance child and family development**
- **Prevent physical and mental health problems**

Women's and Children's Health Section

Intensive Home Visitation

1997 – General Assembly appropriated \$825,000 for Maternal Outreach Worker Program

1998 – Seven projects began the Intensive Home Visitation Program

1999 – Seven additional projects began IHV through Office of Juvenile Justice funding

1999 – General Assembly allowed \$945,000 to be used to match federal funds for the IHV program

2000 – General Assembly decided not to use Medicaid funds to expand program

Total Budget = \$1,425,000 annually – HHS and Office of Juvenile Justice funding

Women's and Children's Health Section

Intensive Home Visitation

First year program enrolled 435 families, through attrition... 153 families remain in the program at the two year point for families.

No output information since families may or may not complete the interview/survey administered at the beginning and upon leaving the program.

Total families served: 872 (Report 2001)

298 families left program = 582 families (Report 2001)

➤ Approximately \$1,000,000 has been spent on the evaluation of this program to date, over a four year period.

Women's and Children's Health Section

Intensive Home Visitation

UNC Contract	
2000-2001	\$225,000 for evaluation
1999-2000	\$410,000 for evaluation
1998-1999	\$275,256 for evaluation
	\$50,000 supported personnel to develop a system for evaluation
	\$90,336 supported personnel providing training, planning and evaluation
1997-1998	\$35,000 for evaluation (partial year)

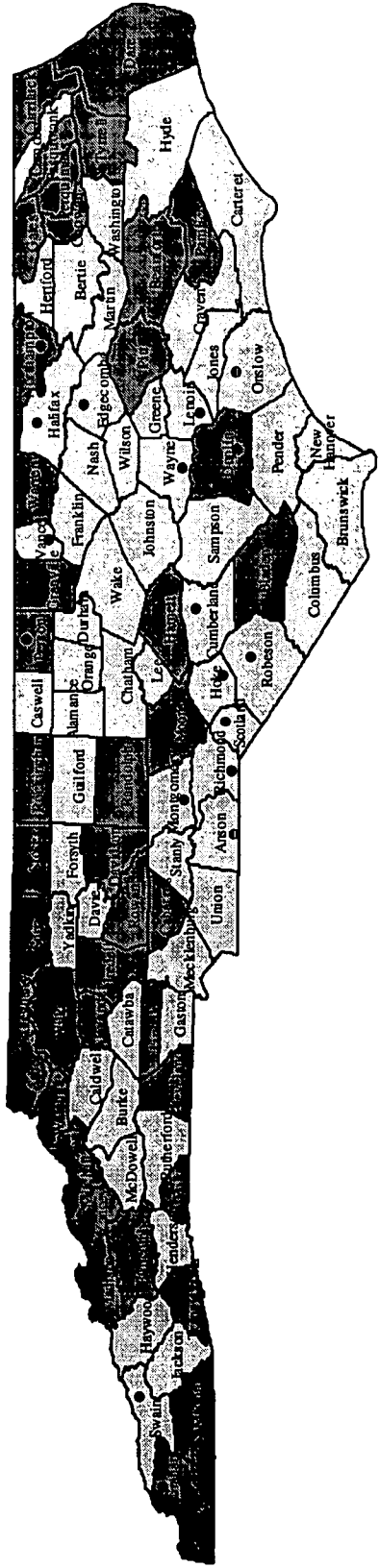
Women's and Children's Health Section

Adolescent Pregnancy Prevention Programs

- 1999 – 79.5 pregnancies per 1000 girls aged 15-19 = 19,941 pregnancies in North Carolina
- North Carolina ranked 37th of all states in teen pregnancy rates (with one being the lowest)
- Adolescent Pregnancy Prevention Programs - \$4,548,687 grants to local organizations for programs
- Programs in 56 counties (State Appropriation and TANF funds)

Women's and Children's Health Section Adolescent Pregnancy Prevention

Teen Pregnancy Prevention Programs



- Counties with teen pregnancy rates greater than 100 per 1,000 teens ages 15 - 19
- DHHS - funded teen pregnancy prevention program
- No program currently in county

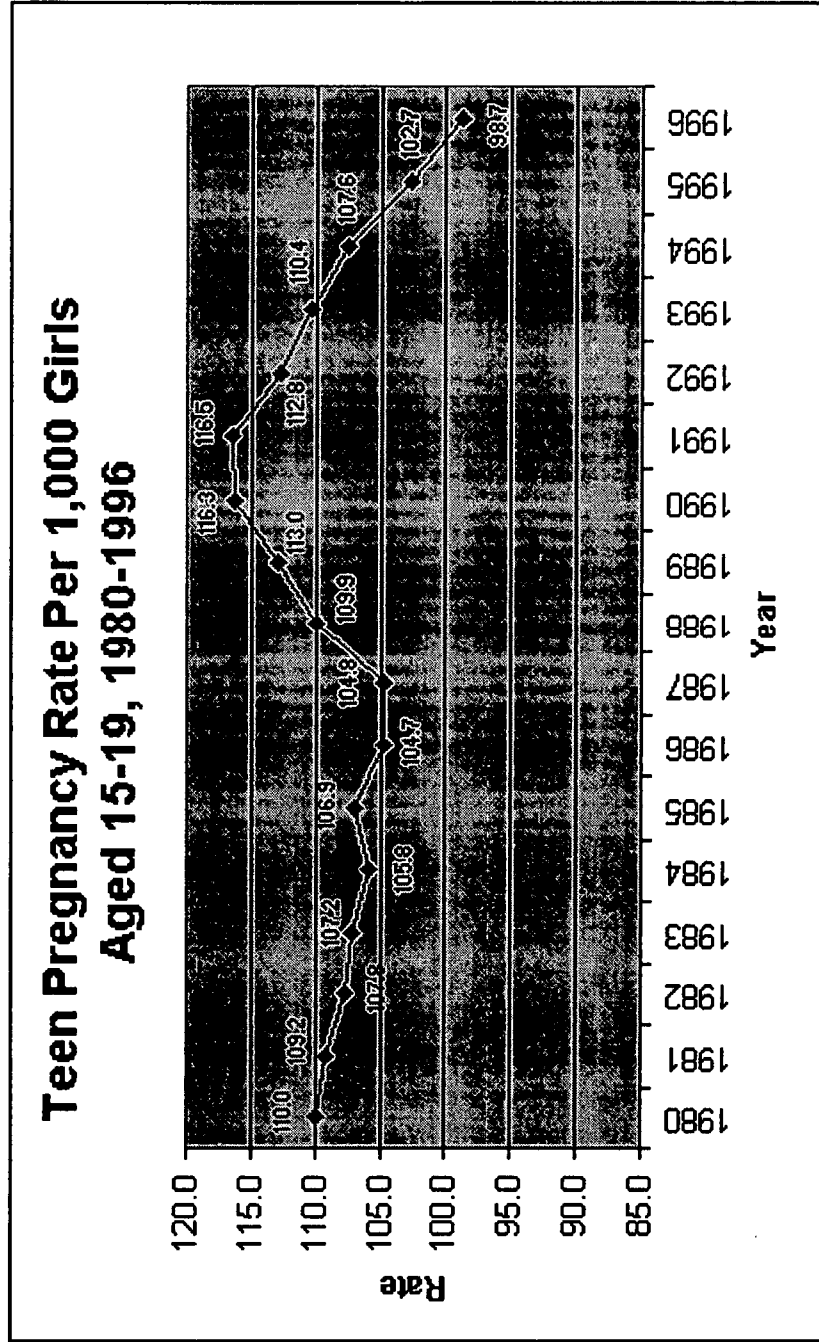
Women's and Children's Health Section

Adolescent Pregnancy Prevention

	Counties with Prevention Programs	Counties without Prevention Programs
Decreases in Teen Pregnancy Rates	78% (44)	73% (32)
Increases in Teen Pregnancy Rates	22% (12)	27% (12)

Women's and Children's Health Section

Adolescent Pregnancy Prevention



The National Center for Health Statistics
(Sept. 2000)

Women's and Children's Health Section

Task Forces

NC Child Fatality Task Force	<p style="text-align: center;">\$108,514 2.0 FTE</p>
NC Council on Sickle Cell Syndrome	<p style="text-align: center;">\$11,000 .05 FTE</p>
Commission on Children with Special Health Care Needs	<p style="text-align: center;">\$6,825 .25 FTE</p>

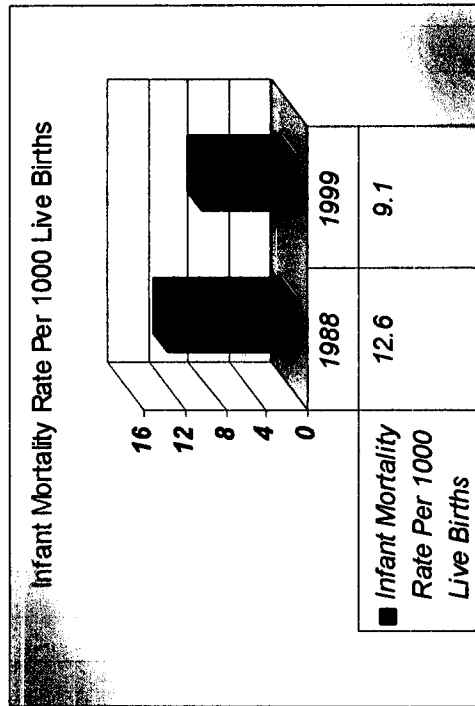
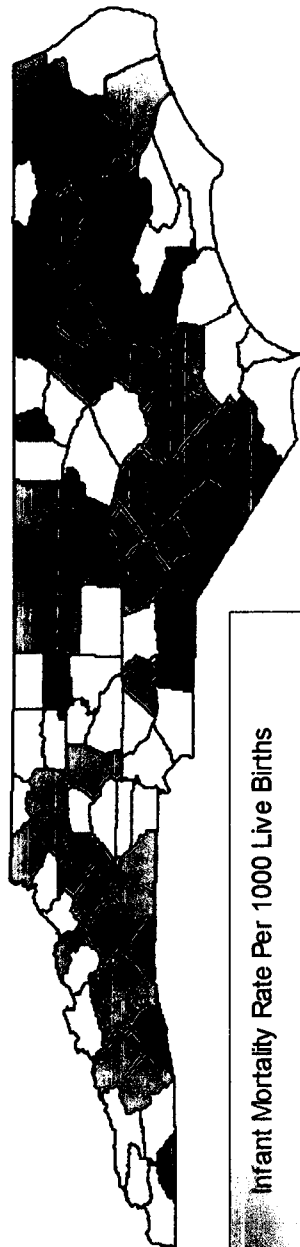
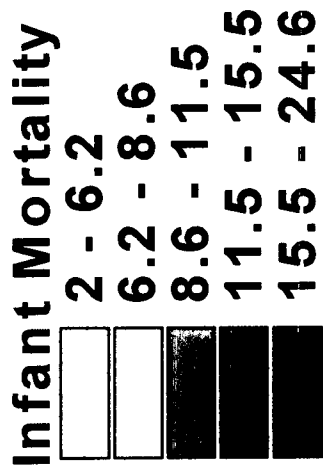
Women's and Children's Health Section

Contracts

- Many - State and Federal funding
- Automatic
- Oversight

Women's and Children's Health Section

Infant Mortality Rates for North Carolina Counties Overall 9.1 deaths per 1,000 live births



VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Marsha Jones	Autism
Robert M. Spencer	N.C. Community Action
John Bowditch	Alley Associates
Joanne Shoen Steens	DC nurses
Roz Sawitt	NC Child Care Coalition
CP Medlin	Sen. Dannelly
A.D. McBrink	DHHS
Erinly Fulghum	Smith Anderson
Janice Freedman	NC Healthy Start Foundation
Angie Harris	Marylin Taylor & Ellis
Adam Seering	NCHAC

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME FIRM OR AGENCY AND ADDRESS

ANN LOPE	OUPS
Jan Ranzwood	NCSOS
John R	DCPPE
Wayne Raynor	Harnett Co. Health Dept. N.C. Assoc of Local Health Directors
Deborah Rouse	NC Assoc of Local Health Directors NC Public Health Assoc
BRANDON THOMAS	SEANC
Thomas V. Bennett	NCCFTF
Sharon	
Mary Breece	OSBPM
Whitney May	OSBPM
Wayne Williams	OSBPM

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Hall	DHHS
Stewart	DHHS
Marian Smith	GPO
Richard Carlton	Merck & Co.
Carol Sant	DPH, City Branch
Delinda Pettiford	DPH - Women's Health Branch
Sandra A. Young	APP @ NC
Tammy Lester	OSBPM
Leah Devlin	DHHS
Deb Ross	AUMC
Brian Francis	Mecklenburg County

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Monday, March 26, 2001

3:00 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Division of Public Health

Lisa Hollowell
Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**MINUTES
MARCH 26, 2001
3:00 P.M.**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations subcommittee on Monday, March 26, 2001, in Room 643 of the Legislative Office Building. The following members were present: **Representative Edd Nye, Co-Chair, Representative Verla Insko, and Representative Therease Esposito.**

Three Senate members present.

House Co-Chair, Representative Beverly Earle opened the meeting by introducing the Pages and Lisa Hollowell to finish her presentation from the Division of Public Health.

Ms. Hollowell begin her presentation with an overview of the total budget for 2000.

Human Ecology and Epidemiology – 16%

Health Promotion and Disease Prevention – 11%

Oral Health – 1%

Local Health Services – 2%

Women's and Children's Health Section – 70%

200M is for nutritional services which is voucher payment to recipients.

(See Attachment II)

Health Promotion and Disease Prevention

The Mission for Health Promotion and Disease Prevention is to develop and implement effective strategies to prevent, detect and control chronic diseased, cancer and diabetes. Some of the activities that are preformed under the Health Promotion and Disease Prevention Section include: Professional and public education to improve the ability of communities to prevent, detect or control chronic disease, to provide funding for communities to conduct chronic disease screening, diagnosis and treatment services, collaborate with communities to foster chronic disease control through advisory councils and coalitions, and to promote partnerships to deliver high quality chronic disease services.

Diabetes Branch

The purpose is to reduce the burden of diabetes through education, clinical interventions and surveillance activities through contractual arrangements with ECU School of Medicine, Commission on Indian Affairs, Community Colleges, Health Centers and others.

Cancer Control Branch

Breast and Cervical Cancer control program is to screen and follow-up service for the early detection of breast and cervical cancer. The funds are provided to local health departments.

Health Promotion Branch

To provide physical and nutrition (by 2003) to increase to 30% the proportion of adults 18 and older who consume at least five servings of fruits and vegetables and who engage in moderate physical activity for 30 minutes daily.

Tobacco Prevention

To prevent initiation of smoking, eliminate exposure to 2nd hand smoke, quit smoking among adults, and eliminate race disparities of smokers.

Forensic Test for Alcohol Branch

To reduce death, injuries and health care cost by drunken drivers.

Older Adults Branch

The purpose is to promote the health and quality of life of North Carolina's older adults through encouraging healthy behaviors, reducing, the risk of chronic diseases, maintain and improve the function among impaired older adults.

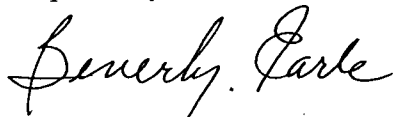
Office of Minority Health

Their purpose is to bridge the health status gap between minorities and the general population by advocating for policies and programs that improve access to public health services for racial/ethnic populations in the state. A budget overview can be viewed on page 35 of Attachment II.

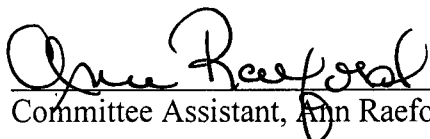
Question and comments were discussed at this time.

The meeting adjourned.

Respectfully submitted,



Presiding Co-Chair, Representative Beverly Earle



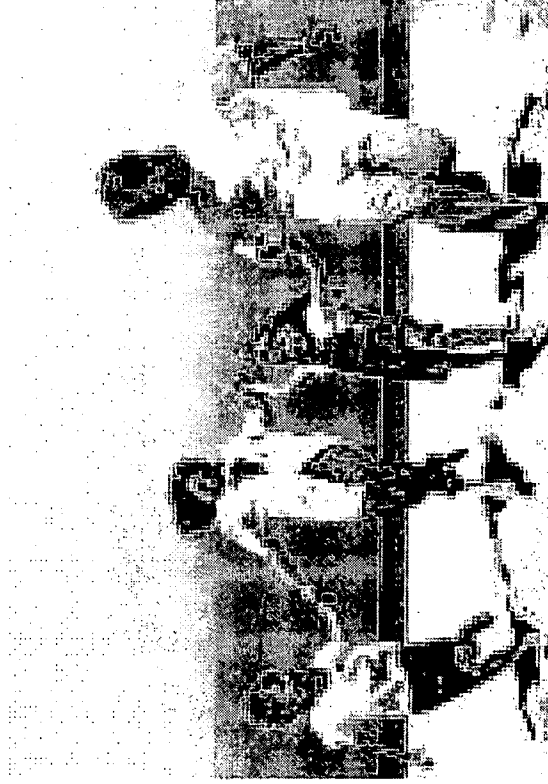
Committee Assistant, Ann Raeford

Attachments

Attachment I
Attachment II
Attachment III
Attachment IV

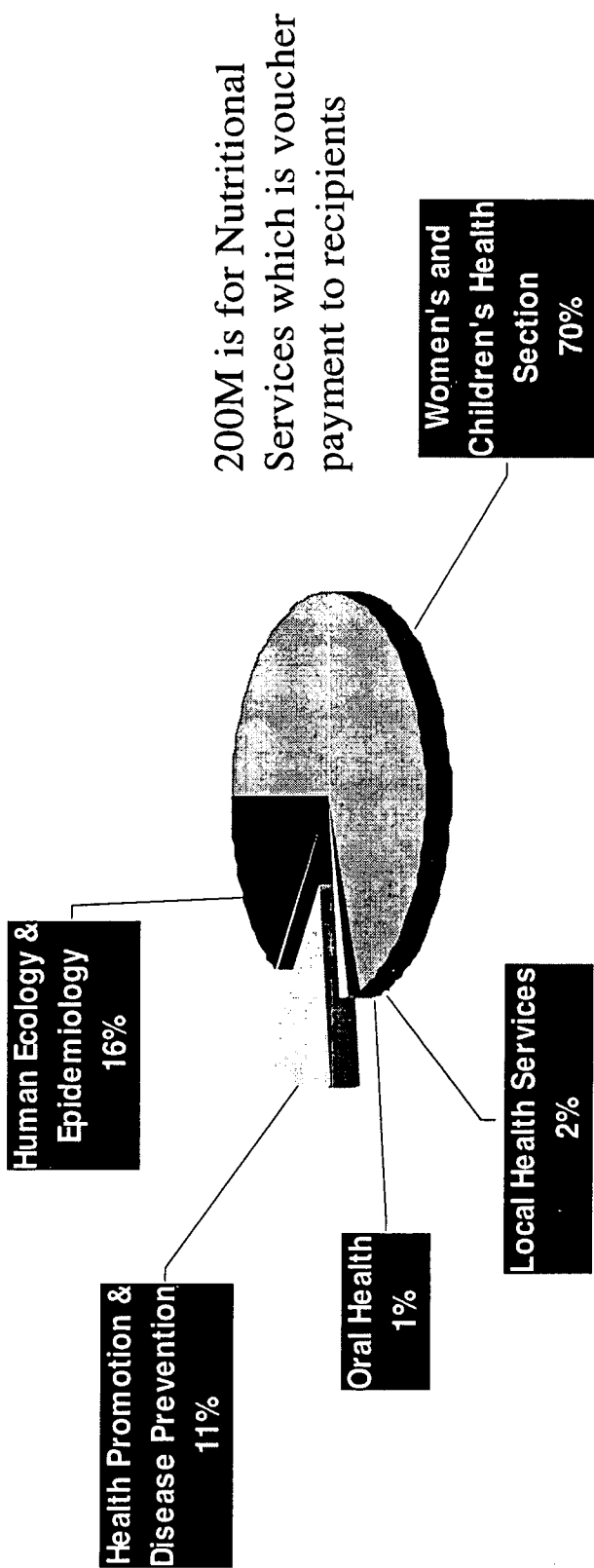
Agenda
Division of Public Health
Office of Minority Health
Visitor's Registration

The Division of Public Health Department of Health and Human Services

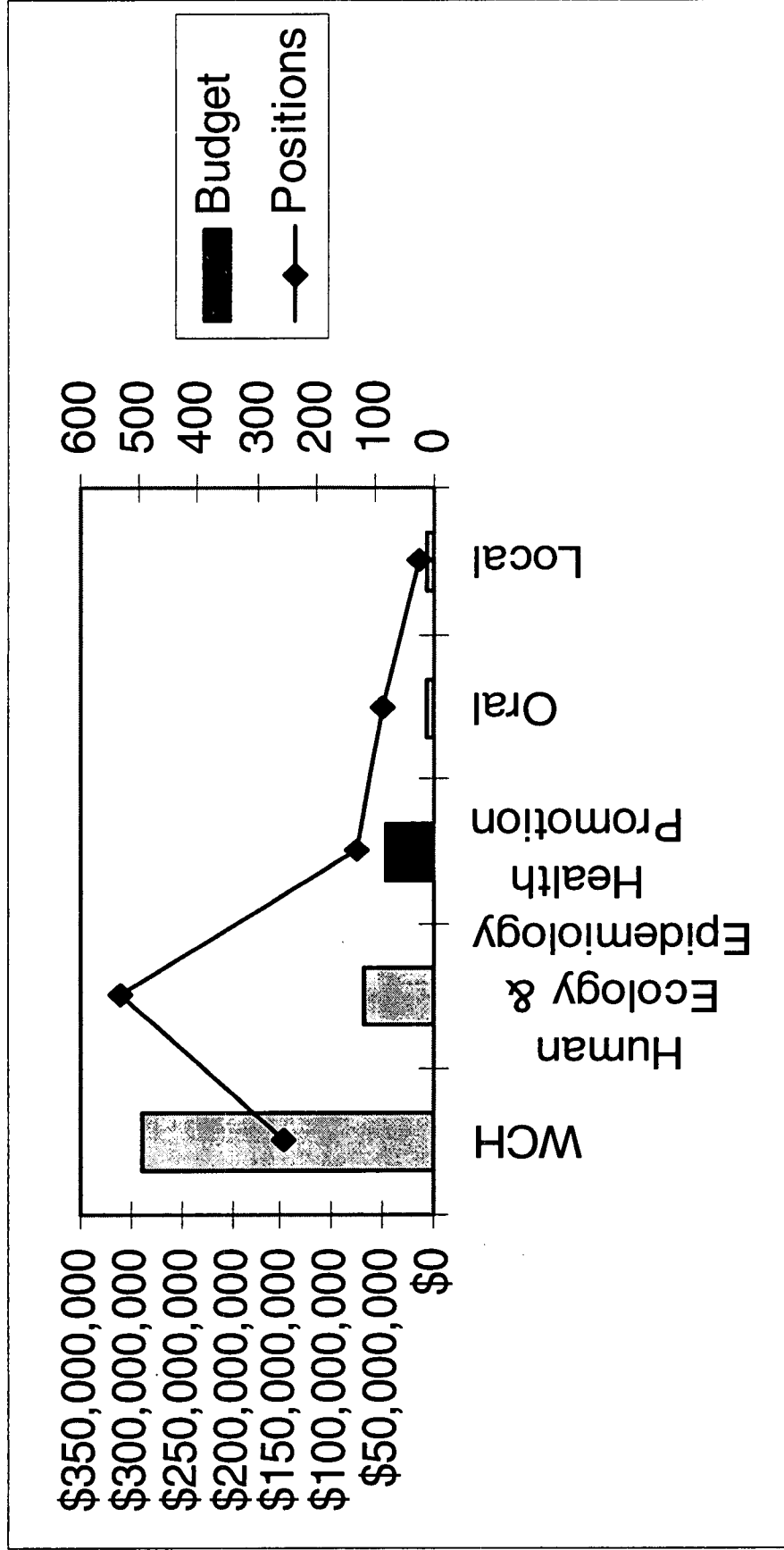


Division of Public Health

Total Budget 2000



Division of Public Health

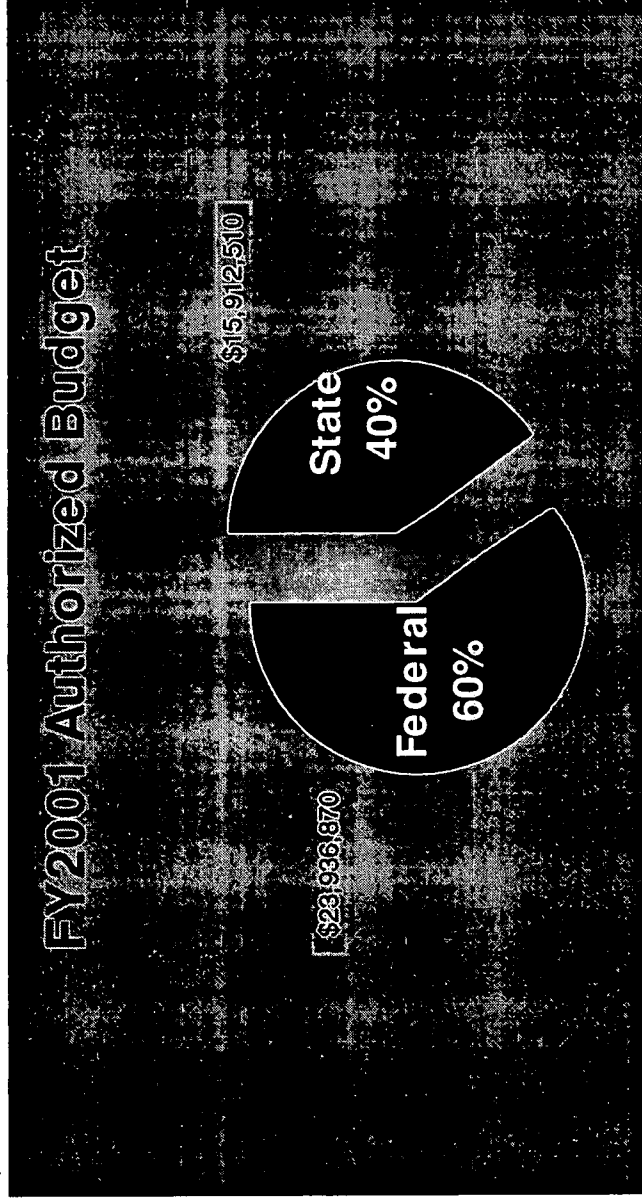


Health Promotion & Disease Prevention Section Budget 38M 120 Employees

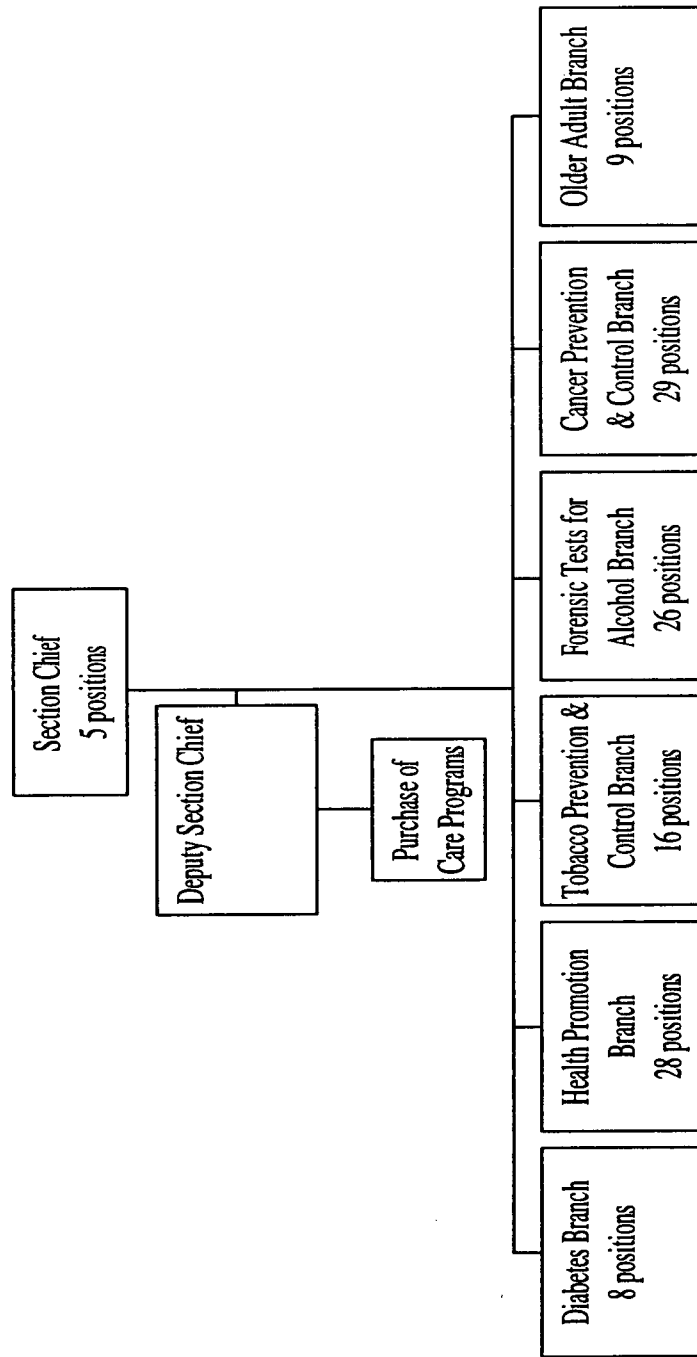
Mission: Develop and implement effective strategies to prevent, detect and control chronic diseases such as heart disease, cancer and diabetes.



Health Promotion & Disease Prevention Section



Health Promotion & Disease Prevention Section



Health Promotion & Disease Prevention Section

NC Death Rates compared with US Death Rates

Per 100 thousands

	NC	US
Heart Disease	255.8	161.2
Cancer	204.6	123.6
Cerebrovascular Disease	75.8	25.1
Chronic Lower Respiratory Diseases	47.1	21.3
Diabetes Melitus	26.8	13.6
Pneumonia/Influenza	25.7	13
Motor Vehicle Deaths	19.8	15.6
Other Accidental Deaths	22.3	14.4

Source: Center for Health Informatics and Statistics – 1999

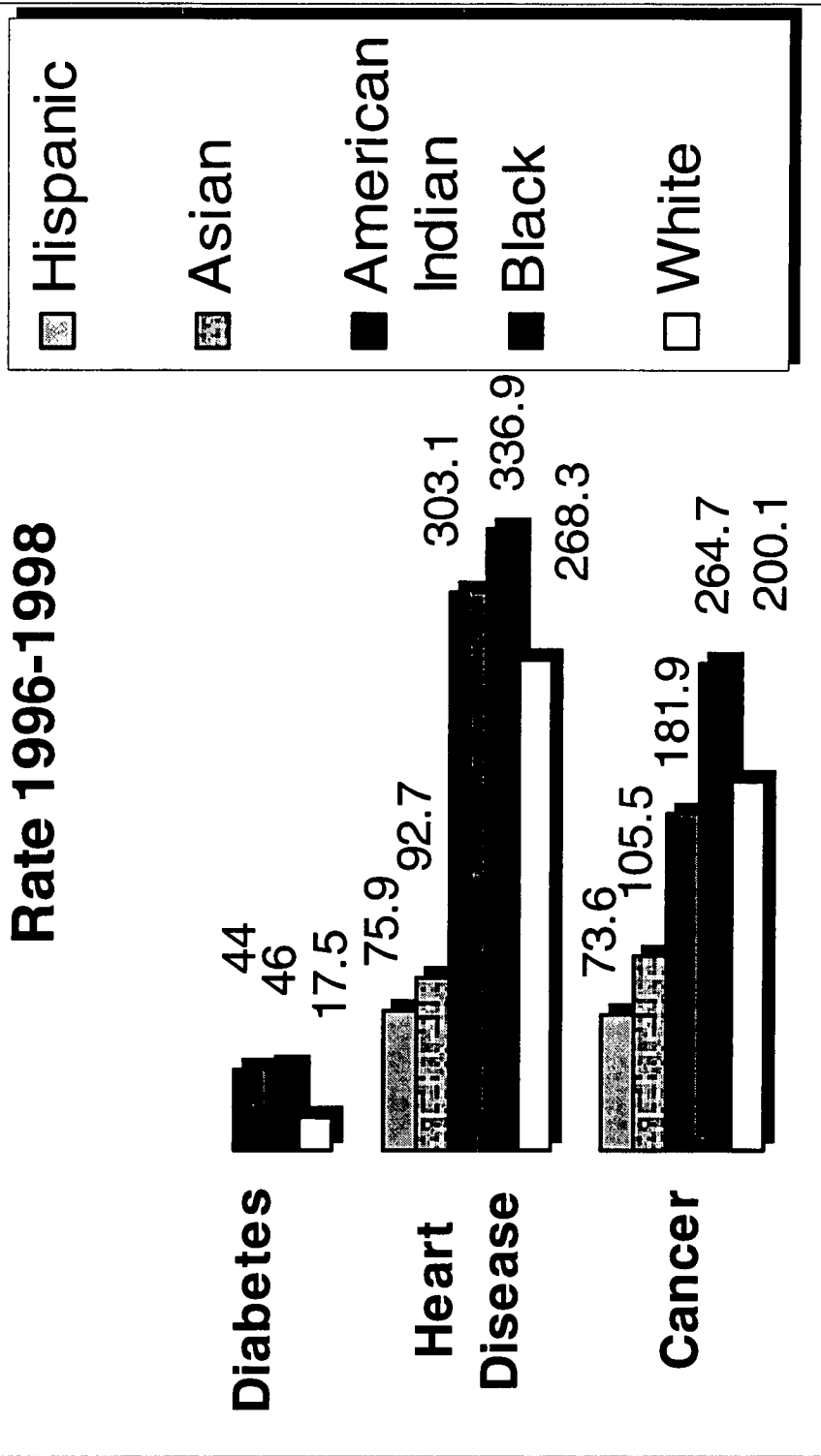
National Vital Statistics Reports, Vol. 48 (1998-stats) for US numbers

Fiscal Research Division 3/2001

Health Promotion & Disease Prevention Section

Mortality Rates per 100,000 population

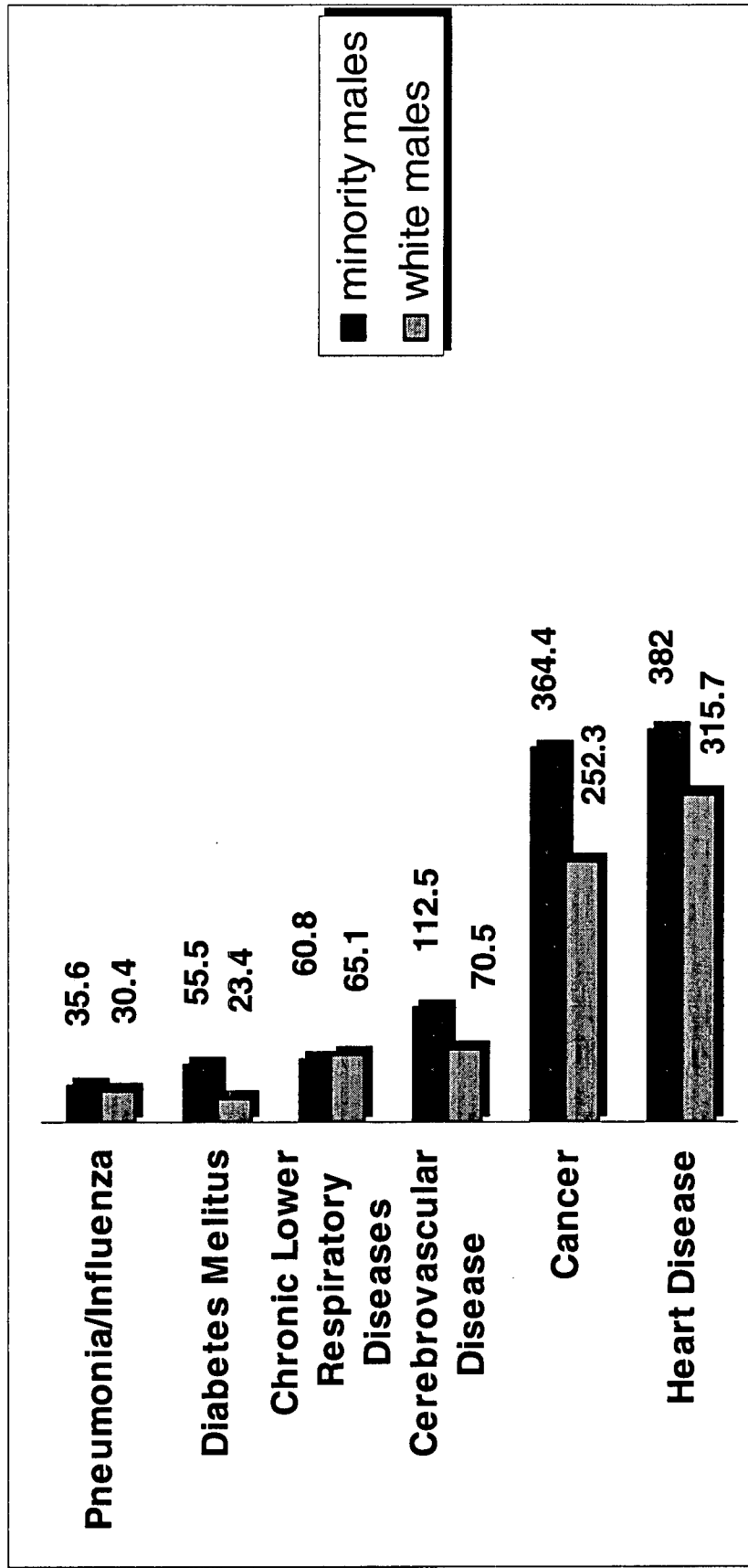
Average Annual Age-Adjusted Death Rate 1996-1998



Source: Center for Health Informatics and Statistics and Office of Minority Health

Health Promotion & Disease Prevention Section

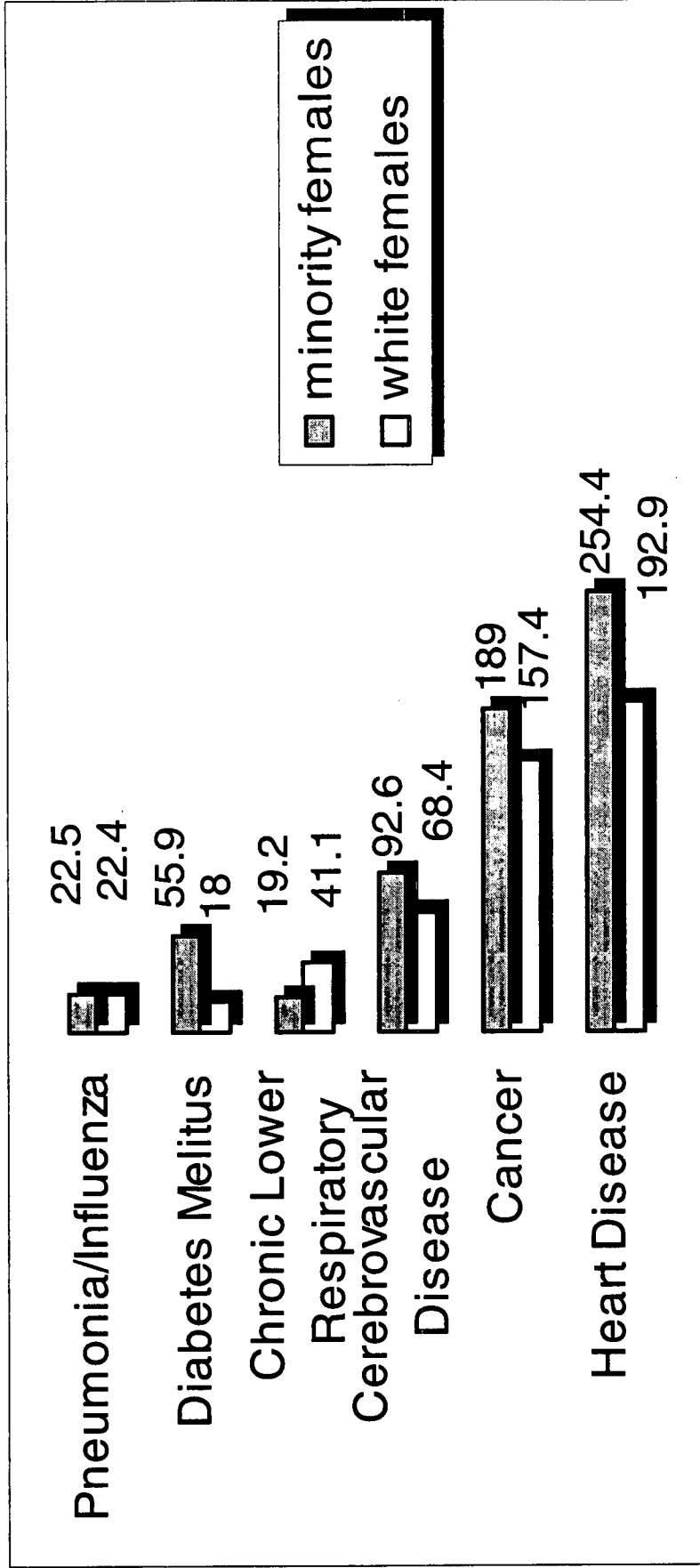
Mortality Rates per 100,000 population



Source: Center for Health Informatics and Statistics

Health Promotion & Disease Prevention Section

Mortality Rates per 100,000 population



Source: Center for Health Informatics and Statistics

Health Promotion & Disease Prevention Section Activities

- Professional and public education to improve the ability of communities to prevent, detect or control chronic disease
- Provide funding for communities to conduct chronic disease screening, diagnosis and treatment services
- Collaborate with communities to foster chronic disease control through advisory councils and coalitions
- Promote partnerships to deliver high quality chronic disease services

Health Promotion & Disease Prevention

Section

Purchase of Care

- Fee-for-service payments to providers for medical care when no other source of payment is available. There are several purchase of care programs throughout the Division of Public Health and other divisions within the Department of Health and Human Services. Policy for purchase of care programs are established within the respective divisions/sections and payments are made by the Controller's Office.

Health Promotion & Disease Prevention Section
Purchase of Care

Migrant Health Program	\$880,000 state	2,697 farm workers @ \$51 – 8,165 claims paid
Kidney Program	\$665,000 state	4,000 individuals (60% FPL)
Epilepsy	\$200,000 state	150 low income individuals
Refugee Health	\$70,000 Receipts	
Cancer Control	\$3M	Statewide Diagnostic screening and treatment

Health Promotion & Disease Prevention

Section

Diabetes Branch

- Reduce the burden of diabetes through education, clinical interventions and surveillance activities through contractual arrangements with ECU School of Medicine, Commission on Indian Affairs, Community Colleges, Health Centers and others.
- Project Direct – Center for Disease Control National Demonstration. Develop, implement and evaluate diabetes prevention and control strategies in Wake County.

Health Promotion & Disease Prevention

Section

Cancer Control Branch

- Breast and Cervical Cancer Control Program - Screening and follow-up services for the early detection of breast and cervical cancer. Funds are provided to local health departments.
- Advisory Council for Cancer Coordination and Control – Facilitate the reduction of cancer incidence and mortality in NC and enhances access to quality treatment and support services through educating and advising government officials and the public.

Health Promotion & Disease Prevention Section

Health Promotion Branch

- **Physical Activity and Nutrition – (By 2003) Increase to 30% the proportion of adults 18 and older who consume at least five servings of fruits and vegetables and who engage in moderate physical activity for 30 minutes daily.**
- **Hypertension – Increase to 98% the proportion of adults who have had their blood pressure measured within two years.**
- **Cholesterol – Increase to 80% the number of adults who have had their cholesterol checked.**
- **Injury/Violence Prevention – Reduce deaths caused by unintentional injuries.**

Health Promotion & Disease Prevention Section

Health Promotion Branch

- Heart Disease is the number 1 leading cause of death in NC & nation – 20,000 in 1999
- Leading cause of hospitalization which costs NC over \$2Billion (1996) annually
- Risk Factors: physical inactivity, poor nutrition, overweight, diabetes, high blood cholesterol, hypertension, tobacco use
- Budget = \$8,386,138

Health Promotion & Disease Prevention Section

Health Promotion Branch

- Heart Disease and Stroke Prevention Task Force – 1995 \$10,700 for staff & activities
 - Recommendation of Department to combine the Governor’s Council on Fitness with this task force
- 1999-2003 Plan to prevent Heart Disease & Stroke

Health Promotion & Disease Prevention Section

- Heart Disease & Stroke Prevention Task Force
- North Carolina Plan to Prevent Heart Disease and Stroke 1999-2003
 - Physical Activity – Strategize with NCDOT for walking and biking trails, get advocates involved with local policies, partner with other organizations on education.
 - Nutrition – Marketing campaigns, restaurant partnering to promote healthy eating.
 - Tobacco Use – Eliminate exposure to environmental tobacco use and prevent initiation among youth. Partner with the American Heart Association, American Lung Association and the American Cancer Society.

Health Promotion & Disease

Prevention Section

Governor's Council on

Physical Fitness & Health

- Identify ways to improve physical activity
- \$5,100 of state funds for the council activities
- *Department plans to combine council into the Heart Disease and Stroke Task Force*

Health Promotion & Disease Prevention

Section

Tobacco Prevention

- Prevent initiation of smoking, eliminate exposure to 2nd hand smoke, quit smoking among adults, and eliminate race disparities of smokers
- \$2.6 M - Funded with federal funds through Center for Disease Control and private funding.
- Grants to 10 local health departments and 3 regional youth centers - \$1.7M

Health Promotion & Disease Prevention Section Forensic Tests for Alcohol Branch

- Reduce deaths, injuries and massive health care costs by the drunken drivers.
- Train & Certify
- Evaluate BAT instruments
- Evaluate alcohol screening devices
- Provide expert witness testimony
- Technical advice *to Gov.*
- Instruct/lecture

Best mobile to NC - one more

Health Promotion & Disease

Prevention Section

Older Adults Branch – Osteoporosis Task

Force

- Study Osteoporosis and oversee statewide prevention and control efforts
- \$5,250 of \$150,000 (Non-recurring) in state appropriations
- *Department plans to eliminate the task force*

Health Promotion & Disease

Prevention Section

Older Adults Branch

- Purpose – Promote the health and quality of life of North Carolina’s older adults through encouraging healthy behaviors, reducing the risk of chronic diseases, maintain and improve the function among impaired older adults.

Health Promotion & Disease

Prevention Section

Prescription Drug Assistance Program (PDAP)

- \$500,000 Recurring (2000) *30 counties due to hurricane*
- \$500,000 Nonrecurring & \$400,000 transfer within department Total \$1,400,000 (2001)
- 65 years old
- Diabetes mellitus and cardiovascular disease
- Earn less than 150% of FPL
- Cannot be Medicaid Recipient

Family Size	Family Income 150% FPL
1	\$12,885
2	\$17,415
3	\$21,945
4	\$26,475

Health Promotion & Disease Prevention Section
Prescription Drug Assistance Program (PDAP)

FY2000 – 30 Eastern (Hurricane Floyd) Counties

1,150 individuals enrolled ✓

757 utilized program benefits ✓

FY2001 – Expanded Statewide

2,150 enrolled and utilizing program

23,907 prescriptions purchased under program

Average \$32.01 per prescription

Health Promotion & Disease Prevention Section Elderly Prescription Drug Assistance

- 26 states have authorized some type of prescription drug assistance program
- Range of coverage varies (disease specific – all drugs)
- Program costs vary (\$500,000 – 263M)
- For coverage of aged/disabled adults up to 150% FPL – serving 81,786- 136,310 would cost \$198.2M – \$330.4M

Assistance program for Low-Income Elderly and Disabled. • Report on Proposal for a Prescription Drug

Health Promotion & Disease Prevention Section – PDAP

State Name	Year Program Began	Annual Enrollment	Coverage	Restrictions	Annual Cost	Source of Funding
New Jersey	1975	214,018	All legend drugs, syringes, needles, and diabetic testing materials.	DESI drugs, non-rebatable drugs, and over-the-counter drugs,	\$196M	State General Fund and Casino Revenue Fund
Pennsylvania	1984	305,102	All federal legend drugs and insulin, insulin syringes and needles manufactured by companies who participate in the PACE rebate program.	No experimental drugs or drugs for baldness and wrinkles and OTCs.	\$263M	State Lottery
Pennsylvania (2)	1996	1,522	All fed. Legend drugs and insulin, syringes and needles manufactured by companies who participate in the PACE rebate program.	Baldness, wrinkle or experimental drugs, OTC's most off-label uses; mandatory generic substitution for A-rated products; DESI drugs if	see above	State Lottery
Delaware	1981	9,355	All prescription drugs, insulin syringes.	Insulin	unknown	Nemours Foundation - No Govt Funding
Delaware	1999	6,000	Generic and brand name FDA-approved and other legal prescription drugs, as well as cost effective OTC drugs prescribed by a physician. Diabetic supplies not already covered by Medicare. Limit of \$2,500 per eligible person per fiscal year.		\$6M	Tobacco Settlement Funds

Health Promotion & Disease Prevention Section

Types of Contracts

2 million in contracts

- **Epidemiology and Data Analysis (17)**
 - UNC – Hypertension prevalence
 - UNC – School of Public Health – (6 years) for data collection, analysis and evaluation of programs
 - UNC – School of Public Health – (5 years) for developing nutrition and exercise interventions and evaluate data collected through local health departments.
- **Provider Training (14)**
 - ECU - Diabetes Clinic Training – (5 years) for training professionals in diabetes and foot care.
 - NC A&T – Plan and conduct conference on the disparities in cancer screening and treatment.

Health Promotion & Disease Prevention Section
Contracts

- Public Awareness/Education/Outreach (20)
 - Tobacco, Cancer & Diabetes Activities with various organizations
- Technical Support (5)
 - Writing new cancer control plan
 - Staffing and planning committee meetings for Cancer Control Committee

Health Promotion & Disease Prevention Section Issues

- Organization of the section
- Purchase of Care Programs
- Contracts

Health Promotion & Disease Prevention Section
Reducing Health Disparities in conjunction with
Office of Minority Health

- 1st Annual Health Disparities Conference
- Regional Assessments – identifying groups and disparities
 - Determining solutions
 - Identifying resources necessary
- Statewide Scientific Advisory Committee
- 2nd Annual Health Disparities Conference

Office of Minority Health

Purpose – Bridge the health status gap between minorities and the general population by advocating for policies and programs that improve access to public health services for racial/ethnic populations in the state.

Director is staff to the Minority Health Advisory Council

Office of Minority Health

- \$850,000 Budget
- 9 FTEs
- \$444,000 state appropriations (\$200,000 in NR funding)
- \$400,000 other funding (private and federal)

Cultural diversity training

Interpreter

Health Terminology

Office of Minority Health

- Cultural Diversity Training
 - Training through trained volunteers
 - 2,348 staff of local Public Health Departments since 1994
 - 559 staff trained in the Hispanic/Latino Training Program
- Interpreter Training
 - Duke Endowment Funding
 - 700 interpreters and providers trained since 1999

Office of Minority Health

- AIDS Demonstration Grant Program – 9 community based organizations
- Mini-Grants Program – seeks to encourage and support activities that will result in efforts to address minority health issues. Funding for planning, partnership development, or implementation purposes.
 - OMH funded 14 Health Departments and 7 Community Based Organizations (\$5,000 - \$10,000)

Office of Minority Health

- Summer Intern Program with the Historically Black Colleges and Universities – 20 students placed \$50,000
- Summer 2000 DHHS Floyd Recovery Corps – 150 students placed \$750,000

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dorothy Calenti	DHHS - DPH
AL E. EISELE	DHHS - DPA - FTA BRANCH
LARRY JENKINS	DHHS - DPH - CANCER BRANCH
Janet Reeves	DHHS - DPH - Diabetes Unit
CHARLES REED	DHHS - DPH - PRESCRIPTION DRUG ASSISTANCE
Barbara Pullen-Smith	DHHS - DPH - OMH
Jay Agon	DHHS - DEIE
CARMEN HOOKER BUELL	DHHS
Allen Saffery	DHHS
Leah Decker	DHHS
A.D. McBride	DHHS

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Standa St. No 16	AHHS - Office of Minority Health
Jude Suggs	NCASA
Rob Kindsvater	DHHS - Budget Planning Analysis
Richell	Assn. for Home & Hospice Care
Stu Stone	NC Pediatric Society
Paula A. Wolf	Covenant w/NC's Children
Brenda Pire-Wiggin	DHHS - Div. of Public Health
Jan Robinson	OSBPM
Whitney Wang	OSBPM
Mary Greene	OSBPM
WAYNE WILLIAMS	OSBPM

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME FIRM OR AGENCY AND ADDRESS

John Bowdich	Alley Associates
Gacy Flannery	NCHCFA
Chris Rodgers	Parker Poe Adams + Bernstein
Debbie [unclear]	"
[unclear]	[unclear]
Lou Wilson	NCAATC 71
Libby Puckett	D.P.H.
Brenda Mottlinger	DPH
Peter Anderson	DPH
Rick [unclear]	DPH
Blanca [unclear]	DPH 5

VISITOR REGISTRATION SHEET

3/26/01

Joint Approp. Subcommittee on Health & Human Services
Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Lynette Riverbank

ANA

Dale G. Young

APPCNC / Hospice

Crispin Porter

Bone & Associates

Walter Potter Jr
Jacqueline Scherer Steves

NCAS - NEPTA
NCNASS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, March 27th, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Division of Public Health

Lisa Hollowell
Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, March 27th, 2001

3:30 p.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Public Health

*Lisa Hollowell
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 643, LOB
Tuesday, March 27, 2001
8:30 a.m.
Minutes

The Joint Appropriations Subcommittee on Health and Human Services met Tuesday, March 27, 2001 in Room 643 of the Legislative Office Building. After introduction of the pages, Senator Bill Martin called the meeting to order and recognized Lisa Hollowell to complete the presentation on the Division of Public Health.

She reviewed the mission and purpose of each branch of the division and continued with an overview of the budget information beginning on page 2, the section for Human Ecology and Epidemiology, which makes up approximately 16% of the total budget for the Division of Public Health. Listed on page 3 is the number of employees for each section as well as the budget. Women and children's health has the largest budget however due to the fact that 65% of the budget is the Women Infant and Children Supplemental (WIC) Program it does not have the largest number of employees.

The actual budget information for year 2000 and the authorized information for 2000-2001 information as of December 30, 2000 and the proposed amount included in the Governor's budget was discussed. The total number of employees for the proposed budget included (1025) is an approximate number. The exact information can be obtained from the division.

Regarding the section for Human Ecology and Epidemiology the total budget is \$72 million and a total of 532 employees or FTEs. They work to understand the causes and effect of contagious diseases in a community. Forty-five percent of the funding is state funding. Three branches, the Office of Medical Examiner, the State Lab and the Center for Informatics and Statistics were added this year. Fifty-four percent of the budget goes to the HIV/STD Control branch, the largest branch.

The proposed budget for 2002 for the General Communicable Disease Control Branch is \$7 million plus. Approximately \$4 million goes out to local health departments to aid in the control of the spread of communicable disease at the local level.

As of December 1999, there are approximately 10 to 12 thousand individuals living with Aids. The HIV/STD Prevention and care branch has a proposed budget of \$39 million. There is also a grant program for non-traditional counseling, testing and referrals after hours. Since 1984, to date there have been 19,000 cases of aids; 6,000 individuals have died from aids. Since 1996, there appears to be a decrease in the number of cases reported annually. However, due to confidentiality in reporting and testing, this number maybe skewed. The Center for Disease Control estimates that approximately two thirds of individuals living with Aids have been confidentially tested, which means that the prevalence of Aids in North Carolina could be higher than what is shown.

During committee discussion, the following questions were asked:

What reporting criteria are used for confidentiality testing for and reporting of individuals with HIV/STDs. Even though the State requires labs to report confidential testing, people are often tested in other states. The Center for Disease Control identifies two-thirds of the individuals tested are tested, as confidentially, therefore those cases are not included in the reports.

Dr. Dennis McBride, State Health Director, stated that even though confidential testing requires labs to report to the state, Sexually Transmitted Diseases are under reported.

There was discussion regarding the policy for HIV testing of pregnant women in the state. The committee requested the number of HIV pregnancy cases in the state.

Regarding the figures on page 14, the committee asked how many persons are actually included in the 65.1%. That is 65.1 cases per 100,000 general population; 72% of all new cases being reported. Those are the rates, per 100,000 general populations. Over fifty percent of all cases are minorities.

The eligibility to participate in the AIDS/Drug Assistance program is one must meet the federal poverty level of 125 per cent. That is the lowest nation. Surrounding states have higher eligibility criteria than North Carolina. 2,600 individuals were authorized participants for this program in FY 2000. Of that number approximately 70 per cent actually utilized the program (1,800 individuals). The cost per client in FY 2000 was approximately \$1,100 per month per client and \$14,000 annually. The total amount spent for the program for FY 2000 was over \$9 million. The program took a \$3 million non-recurring budget cut for FY 2001. That was partly due to the increase of federal funds received and also under utilization of the program, however the level of under utilization is decreasing.

In reference to the cost per client, and the total amount being spent for the Fiscal year, the Committee requested information on how North Carolina compares to other states. Staff will get that information as well as an assessment of whether we are doing better or worse than comparable states and also in terms of persons covered. The Committee also requested comparative information on bordering and similar states. The Chair stated that the Committee should look at the annualized cost rather than the start-up.

Regarding incarcerated persons, the Department of Corrections facility provides medication and health care. Testing is informed consent and individuals are encouraged to utilize the testing process, however they have to agree to the testing. It would be a violation of NC law to mandate testing for incarcerated individuals.

At the request of the Committee, Dr. McBride gave a brief scientific background and pathos-physiological description of the disease.

Dr. McBride also stated that the state lab has a very important function in public health. Information regarding new emerging conditions is shared from the state lab.

The meeting recessed until 3:30 this afternoon.

Afternoon meeting

Tuesday, March 27, 2001

3:50 p.m.

Minutes

The Joint Appropriations Subcommittee on Health and Human Services met in Rom 643 of the Legislative Office Building Tuesday, March 27 at 3:50 p.m. Senator Martin called the meeting to order and stated that the Oral Health would be discussed during this meeting. He recognized Lisa Hollowell to continue with Oral Health and Local Health Services. These two sections comprise approximately three per cent of the entire budget for the Division Public Health. Beginning on page 4, she continued with the attached handout.

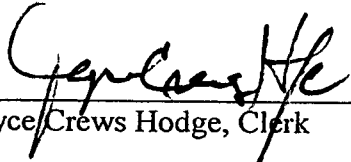
She stated that there are approximately fifty dental hygienists that provide education and primary prevention services to school aged children. They work primarily with kindergarteners and fifth graders in screening as well as providing the education. The hygienists are regionally located throughout the state.

Regarding the office of Rural Health, there is a loan repayment program for physicians and dentists. During the year 2000, two hundred forty-three physicians and dentists were placed of which thirty-five are dentists and one dental hygienist. This is a four-year commitment and the average loan repayment program for dentists is approximately \$32,000. The loan repayment program seems to be more workable that scholarships in getting dental care in the targeted areas.

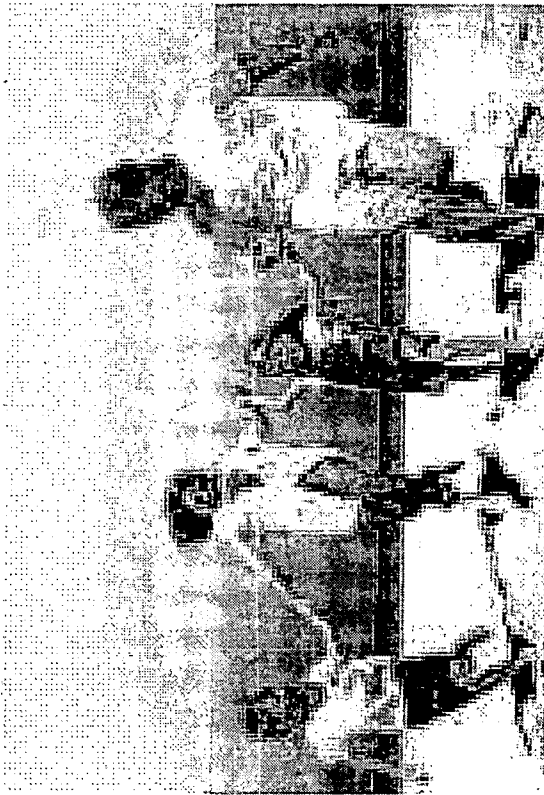
The superintendents and principals in the county are consulted regarding the optional mouth wash (SWISH) program. Kindergarten students do not participate in the fluoride wash program. The programs include students in grades 1 through 6. Eighty-nine per cent of the water systems are currently being fluorinated.

After committee discussion, the meeting was adjourned.


William N. Martin, Chair


Joyce Crews Hodge, Clerk

The Division of Public Health Department of Health and Human Services

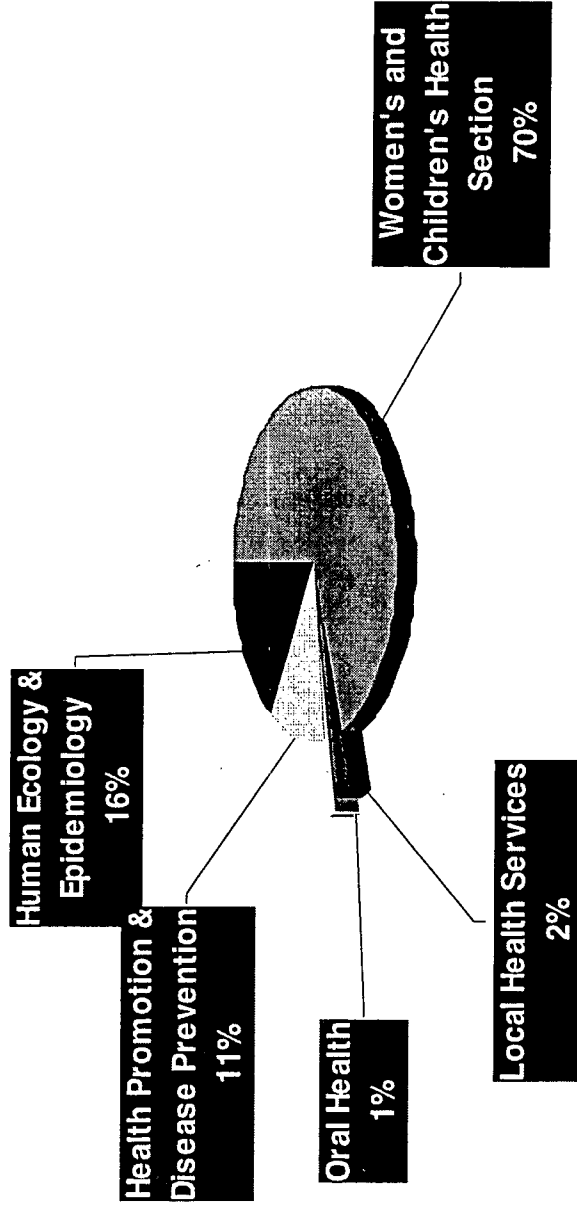


North Carolina General Assembly
Fiscal Research Division 3/2001

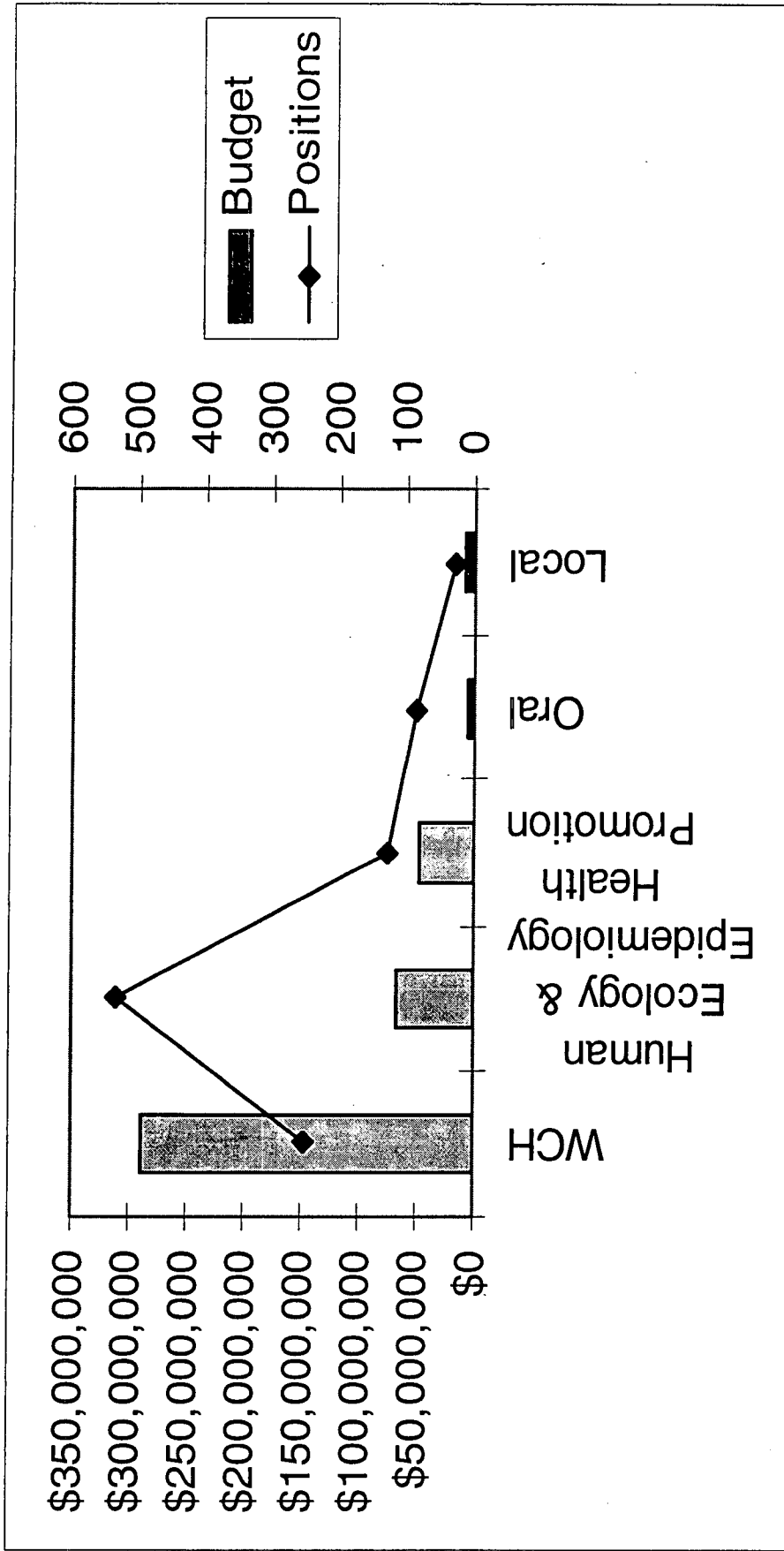
C. Johnson 5-27-2001

Division of Public Health

Total Budget 2000
\$409M



Division of Public Health



Oral Health

2002 Proposed Budget	\$5,711,567
Receipts	\$579,651
State Appropriations	\$5,131,916

The goal of Oral Health is to promote conditions in which all North Carolina citizens can achieve optimal oral health. Oral Health is working towards a decay-free generation of North Carolina children.

Oral Health Staff

- 6 Dentist Supervisors
- 4 Field Dentists
- 54 Hygienists
- Administrative Staff

Oral Health

What is the state doing to improve oral health in North Carolina?



- State Dental Hygienists
 - Smart Smiles Demonstration Effort
 - Office of Rural Health - Loan repayment programs for physicians and dentists – FY2000-2001– 243 total placements of which 35 are dentists and 1 dental hygienist. *4 year commitment pay after service*
- Typically, this is four year commitment. Average loan repayment is \$32,000 for dentists.

Oral Health – Services Branch – Client Count

Education of children and adults	274,058	Oral health assessment, referrals & follow-up; education, promotion & fluoride mouthrinse.
Assessments and Screenings	214,545	
Flouride Mouthrinse	256,346	
Sealants	1,662 (about 4 each)	Provided by Hygienists and supervised by Field Clinical Dentists

Oral Health Opportunities

- Four Dentist Positions

Local Health Services

Total Requirements	\$7,347,551
Receipts	\$580,083
Net Appropriation	\$6,767,468
***Aid to Counties	\$5M

***Chief of Local Health Services is contract position

Local Public Health Services GS 130A

- County must provide public health services either directly through a county health department, participate in a district health department, or contract with the state for provision of these services
- Governed by a local Board of Health
- 86 Health Departments
- 7 District and 79 single-county departments.



Local Health Services

Local Health Departments - Service Availability

- Approx. 51% of counties report operating more than 40 hours/week
- Seven counties offer weekend services
- 81% provide vision and hearing screenings
- 70% provide dental screening and referral
- 45% provide sealant applications
- 38% provide dental treatment

Local Health Services

Activities

- Administrative Consultation Services
- Support Healthy Carolinians
- Architectural Consultation Services for local health departments

Local Health Services

Healthy Carolinians

- 80 counties - \$10,000 grants – (\$800,000 of \$1M nonrecurring funds)
- Mini-grant program for local Healthy Carolinians to address health disparities among minorities.
- Other Funding for some Healthy Carolinians programs
 - Approximately 6 Office of Minority Health mini-grant (\$5,000 - \$10,000) programs were through the local Healthy Carolinians effort.
 - Mini grants (\$5,000) for local fitness councils may also be part of Healthy Carolinians (12 sites)

Local Health Services

Office of Public Health Nursing Professional Development

- \$1M budget
- Net appropriation approx. \$814,000
- Staff of 12 individuals
 - 1 Director
 - 4 Nurse Consultants
 - 4 Administrative Consultants
 - 3 other administrative positions
- Nursing staff provide consultation and technical assistance on nursing practice and standards and policies and procedures which cross programmatic boundaries
- Administrative Consultants provide general administrative consultation, advise on policy development and assist with the board relations.

Local Health Services Contract

- UNC – Ch School of Public Health, Institute for Public Health
- \$437,239 – Total
 - Base Amount \$33,380
 - \$199,809 – Public Health Training and Information Network
 - \$149,050 Enhanced Role Nurse Education
 - \$25,000 Introduction Course - Public Health
 - \$30,000 Leadership Institute – assures 10 seats

Local Health Services
Issues/Opportunities

- Office of Public Health Nursing
Professional Development
- Chief Contract
- Contracts

Division of Public Health

- Women's and Children's Health
 - Nurse Midwifery Program...\$340,000
Catawba Memorial Hospital, Coastal AHEC,
Cleveland County, Duke Planning Grant, UNC-
Program Evaluation of the program
- Health Promotion and Disease Prevention
 - Breast and Cervical Cancer Control Program
(BCCCCP)
 - All federally funded

Division of Public Health

- State Laboratory
 - Conduct tests for 30 metabolic conditions in newborns.

Office of Minority Health

- Cultural Diversity Training
 - Training through trained volunteers
 - 2,348 staff of local Public Health Departments since 1994
 - 559 staff trained in the Hispanic/Latino Training Program
- Interpreter Training
 - Duke Endowment Funding
 - 700 interpreters and providers trained since 1999

Office of Minority Health

- AIDS Demonstration Grant Program – 9 community based organizations
- Mini-Grants Program – seeks to encourage and support activities that will result in efforts to address minority health issues. Funding for planning, partnership development, or implementation purposes.
 - OMH funded 14 Health Departments and 7 Community Based Organizations (\$5,000 - \$10,000)

Office of Minority Health

- Summer Intern Program with the Historically Black Colleges and Universities – 20 students placed \$50,000
- Summer 2000 DHHS Floyd Recovery Corps – 150 students placed \$750,000

a.m.

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Joint Appropriations Subcommittee on Health and Human Services Date: March 27, 2001

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>Remond Williams</i>	<i>DHHS</i>
<i>Jenny Cooper</i>	<i>NCALA</i>
<i>JOE LIBERA</i>	<i>AHHC</i>
<i>Thomas V. Bennett</i>	<i>NCCFTF</i>
<i>Bob Scott</i>	<i>NEACA</i>
<i>Adam Searing</i>	<i>NCHAC</i>
<i>ANN LOBE</i>	<i>OUHS</i>
<i>HUGH TILSON</i>	<i>NCHA</i>
<i>Debra L. Rome</i>	<i>NCPNA / Local Health Directors</i>
<i>Jeanne Schom Stevens</i>	<i>AC nurses Association</i>
<i>John Bowditch</i>	<i>Alley Associates</i>

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Maria Linton	CSK
Evelyn Ford	HIVIS + Branch DHHS
John Booker	CHIS, DHHS
John Butts	OCMIA, DHHS
Yammy Lester	OSBPM
Lou Turner	State Lab of Public Health - SHPE /DPH
Dorothy C. Kent	DHHS - DPH
CARMEN HOOVER BUELL	DHHS
Steve Cline	DHHS - DPH
D. D. McBratney	DHHS - DPH
Rob Lindorfer	DHHS - BPA
Myron	OSBPM
Alyce Jeffrey	DHHS

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

BRANDON THOMAS	SEANC
C. L. Gehron	UCP C2001
Tony Mulvihill	Alcohol/Drug Council of NC
Jim Tice	MHA/NC - C2001
Beth Melcher	NAMI NC - C2001
Helen Lipman	Mechlenburg County
Lou Wilson	NCAHTEF
Whitney Obrig	OSBPM
Wayne Wilburn	OSBPM
Mary Green	OSBPM
Sam Richardson	OSBPM

Afternoon

Joint Appropriations Subcommittee on Health and Human Services Date: March 27, 2001

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

John Bontis	Alley Associates
Ben Walker	DHHS
Hugh Tison	NCHA
Deborah Rowe	NCPHA / Soc Health Director Assoc
Jennifer Sullivan	Nat'l Assoc of Social Workers - NC
Whitney Obrig	OSBPM
Sam Richardson	OSBPM
Meagan	OSBPM
Mary Green	OSBPM
Jim Bambini	ORH
Dennis Harrington	DHHS - DPH

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Wednesday, March 28th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Mental Health

*Karen Hammonds-Blanks
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Wednesday, March 28, 2001

8:30 A.M.

Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday, March 28, 2001 at 8:30 A.M. in Room 643 of the Legislative Office Building. Members present were: Representative Edd Nye, presiding Chairman, Representative Beverly Earle, Co-Chairman, Representative Lanier Cansler, Representative Walter Church, Representative Theresa Esposito, Representative Verla Insko, and Representative Thomas Wright. There were six senators present.

Representative Nye began the meeting by introducing the Pages assisting with the meeting. Karen Hammonds-Blanks was asked to discuss the Mental Health report. See Handout titled Division of Mental Health/Developmental Disabilities/Substance Abuse Services). This is a budget and program overview. The Mental Health Division is the largest department within Health and Human Services in terms of employees and is the third largest in terms of its budget. The majority of dollars are allocated for institutional purposes at 53% of the budget. The community programs are 42% of the budget, and administration is almost 5%. Highlights of legislative/budget actions were reviewed. Representative Wright asked for a flag to be placed for future discussion concerning substance abuse. Senator Kerr expressed concern that brain injury clients were being served and asked that Traumatic Brain Injury be flagged for future discussion.

Ms. Hammonds-Blanks reviewed the four state psychiatric hospitals listed on pages 25 and 26 of the handout. Senator Martin asked if there is information showing increase of persons served in community settings. Mike Watson, Area Mental Health Director, responded that across the State, over the last two or three years, they have closed local psychiatric beds due to lack for money for indigent care. Representative Insko stated it would be helpful to know the amount of money being put into institutional care versus amount being put into community care. Representative Nye stated that it cost \$120,000 per patient, per year for institutional care. The cost for community care varies because it depends on which services are being used. Senator Moore asked for a better understanding of NC Special Care Facility and also where does Western Carolina Center budget fall within the entire department. Senator Moore asked staff to get him more information concerning NC Special Care Facility. The Committee had further discussion concerning institutions and community programs.

The meeting was adjourned at 9:45 A.M.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Wednesday, March 28, 2001

4:50 P.M.

Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday, March 28, 2001 at 4:50 P.M. in Room 643 of the Legislative Office Building. Members present were: Representative Edd Nye, Co- Chairman. There were six senators present.

Senator Bill Martin, Co-Chairman, presided. The Committee had a discussion concerning the budget cuts they were going to be required to make. There was concern about the length of time it was taking. Senator Martin stated the co-chairs would get with staff and look into working things out without a full overview.

Karen Hammonds-Blanks, Fiscal Research Staff, continued her presentation on page 30 of the handout of the morning meeting. The NC Special Care Facility in Wilson provides nursing level care to former state psychiatric hospital patients. Pages 31 and 32 show a brief overview of the schools for children. The Whitaker School is for emotionally disturbed youth that are referred from Area Mental Health Programs. The Wright School provides residential treatment to behaviorally and emotionally disturbed youth from six to 13 years old.

Ms. Hammonds-Blanks then did a presentation on Child and Family Mental Health Services, (See Attachment). One in five children and adolescents have serious unmet mental health needs in the United States. There are five percent, or approximately 173-208 thousand children under 18 years with serious emotional disturbances in North Carolina. She stated that there had been a lack of priority given to target populations mandated in 2000 session law, Section 11.19, for children who are deaf, sexually aggressive youth, and substance abusers. She recommended the Department give some direction to follow through with the law. She recommended to the Committee to require the Department to conduct a "need" assessment to see how services at Wright and Whitaker Schools can best be met, whether in the community or the facility in Greensboro. Some planning time is necessary.

Representative Nye referred to Page 41, item number two. He expressed concern with why the 8 million that was appropriated for this wasn't used. The Department stated they had not gotten to do it. Representative Nye expressed his concern that the Department had not done as the legislature had requested. Senator Kerr expressed his concern as well. Representative Nye asked that the issue be flagged.

The meeting was adjourned at 6:00 P.M.

Senator Bill Martin, Presiding Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

**DIVISION OF MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES/SUBSTANCE ABUSE SERVICES**

BUDGET/PROGRAM OVERVIEW

Fiscal Research Division

March 2001

Division of Mental Health/Developmental Disabilities/Substance Abuse Services

Mission

The Mission of the Division of Mental Health, Developmental Disabilities and Substance Abuse Services is...to enable North Carolina's most vulnerable and disabled persons with mental, developmental and substance abuse problems to exercise their rights and responsibilities as citizens.

§ Policy (G.S. Section 122C-2)

The policy of the State is to assist individuals with mental illness, developmental disabilities, and substance abuse problems in ways consistent with the dignity, rights, and responsibilities of all North Carolina citizens. Within available resources, it is the obligation of the State and local government to provide services to eliminate, reduce, or prevent the disabling effects of mental illness, developmental disabilities, and substance abuse through a service delivery system designed to meet the needs of clients in the least restrictive available setting, if the least restrictive setting is therapeutically most appropriate, and to maximize their quality of life.

DIVISION OF MH/DD/SAS

OVERSIGHT & REGULATORY COMMISSIONS

- ◆ *Commission for Mental Health/Developmental Disabilities/Substance Abuse Services*
 - G.S. 143B-147 through 143B-150
 - 26-member regulatory body
 - adopt/amend/repeal rules for state & local mh/dd/sas

- *Legislative Study Commission on Mental Health/Developmental Disabilities/Substance Abuse Services*
 - G.S. 120-204 through 120-207
 - 22 members
 - review systemwide issues affecting mental health/developmental disabilities/substance abuse services

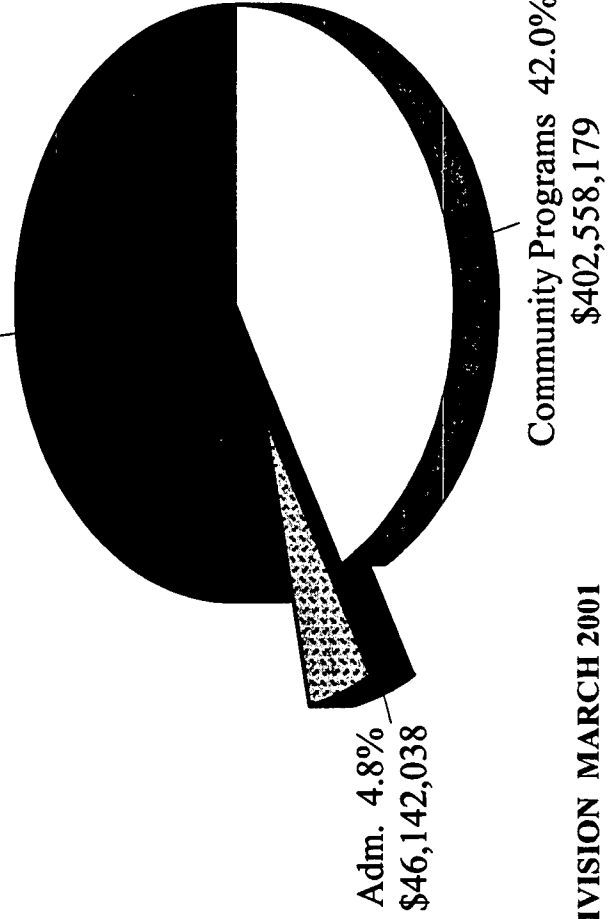
- ◆ *Oversight Committee on Mental Health/Developmental Disabilities/Substance Abuse Services*
 - G.S. 120-240
 - 16 members
 - develop and oversee reform of the system

DIVISION OF MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

BUDGET SUMMARY:	FY99/00 Actual	FY00/01 Certified	FY00/01 Authorized	FY01/02 Rec'd.	FY02/03 Rec'd.
REQUIREMENTS	\$1,136,290,298	\$1,035,395,786	\$1,176,175,037		
REVENUES	\$555,992,721	\$451,182,876	\$587,873,176		
APPROPRIATION	\$580,297,577	\$584,212,910	\$588,301,861		
POSITIONS	11,995.32	12,094.45	12,080.35		

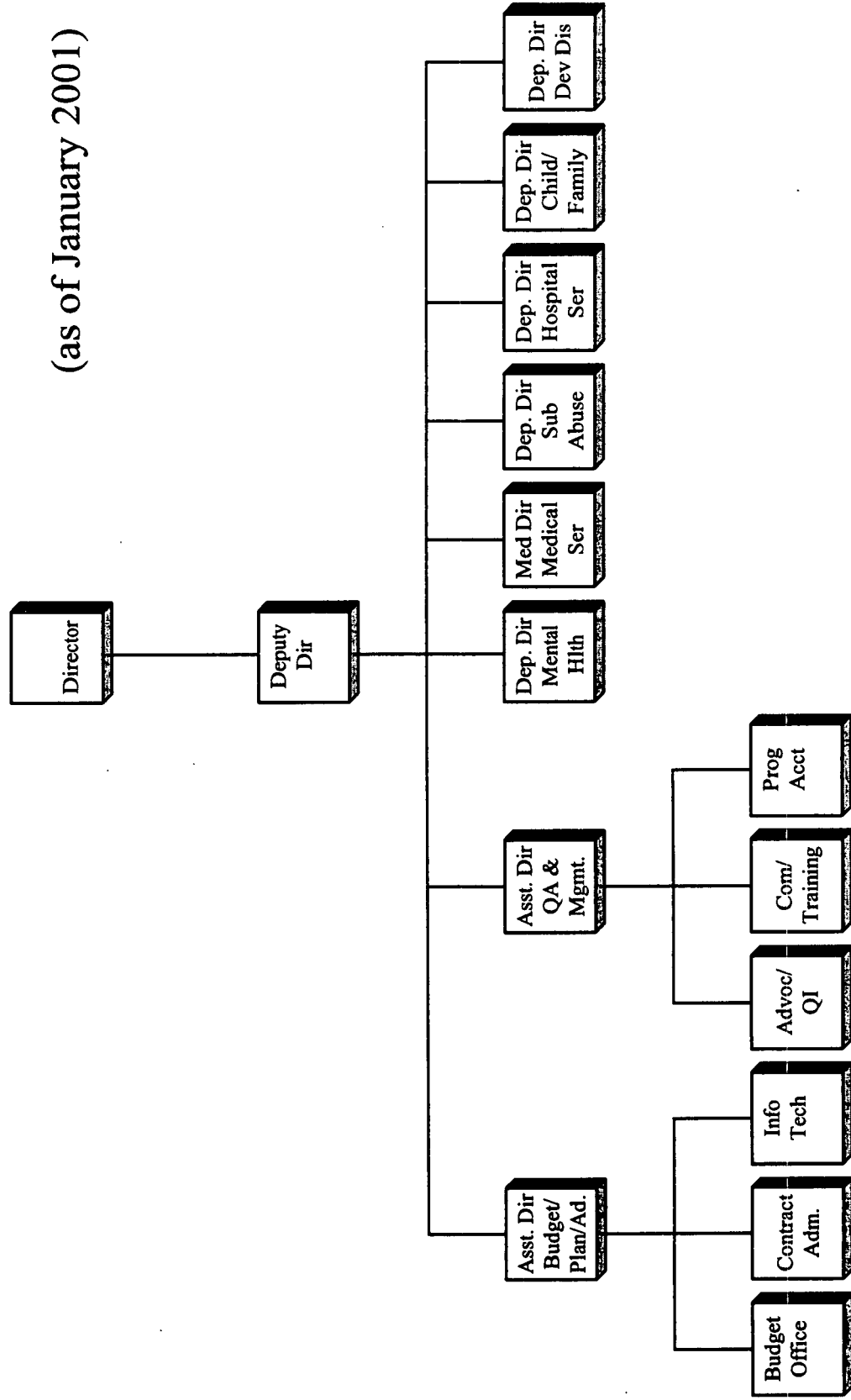
FY00/01 Authorized Budget

Institutions 53.1%
\$508,901,943



DEPARTMENT OF HEALTH & HUMAN SERVICES

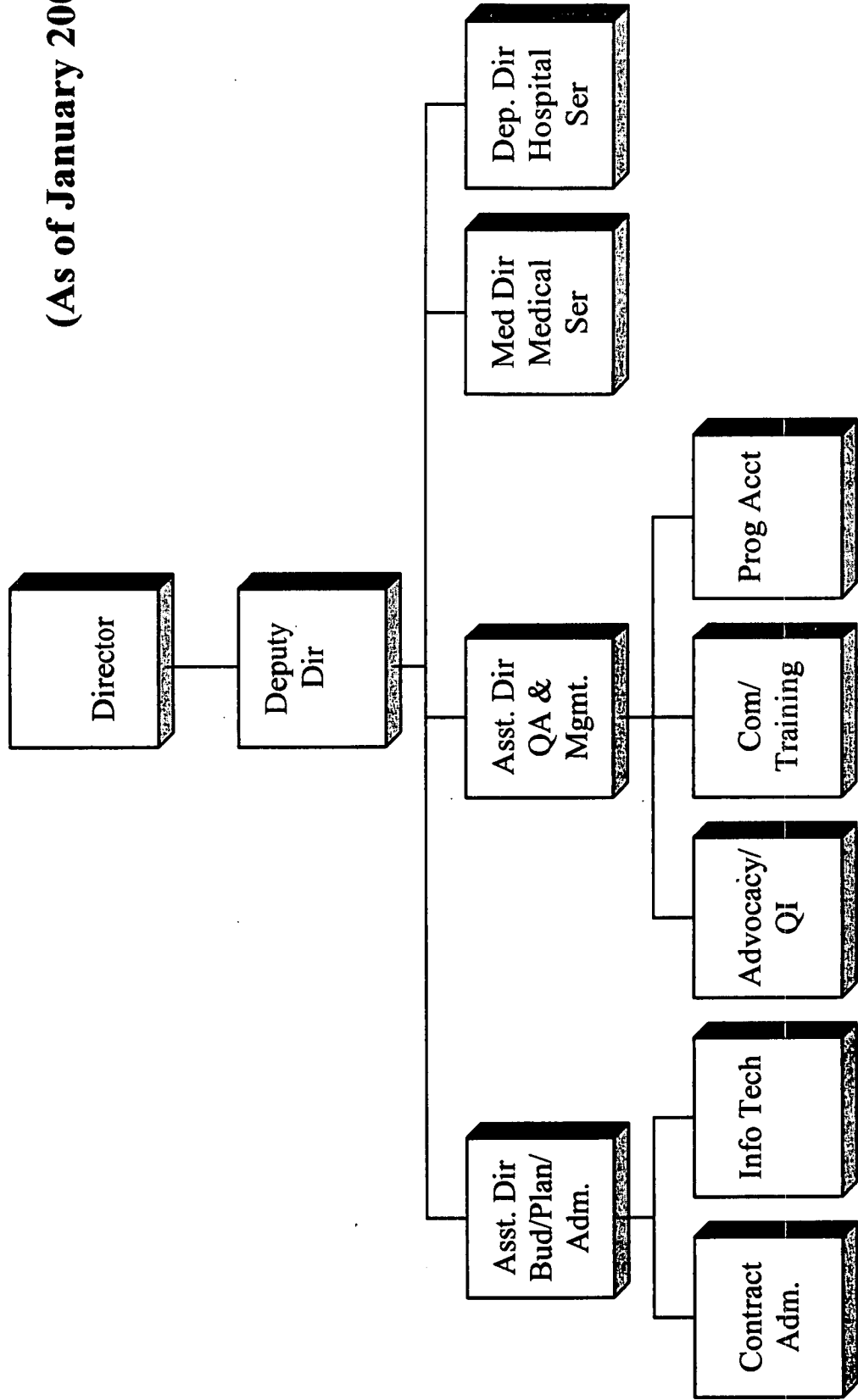
Division of Mental Health/Developmental Disabilities/Substance Abuse Services



DEPARTMENT OF HEALTH & HUMAN SERVICES
Division of MH/DD/SAS

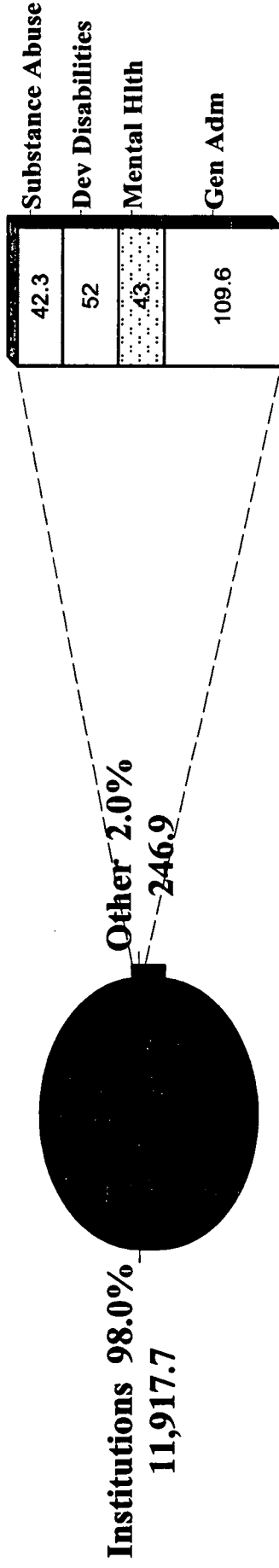
NEW FUNCTIONAL/ORGANIZATIONAL UNITS

(As of January 2001)



DIVISION OF MH/DD/SAS

FY2000-01 POSITIONS BY FUNCTION



Total Positions: 12,164.6

DIVISION OF MH/DD/SAS

Highlights of Legislative/Budget Actions

1997 Session:

- ✓ Area Mental Health Expansion \$5M
- ✓ Tri-County Dissolution & Realignment \$1.45M
- ✓ Forensic Treatment Unit @ Dorothea Dix Hospital \$1.1M
- ✓ Crisis Services Expansion \$1M
- ✓ Early Intervention Services \$2.7M
- ✓ Efficiency Study of State Psychiatric Hospitals
- ✓ Whitaker School Replacement Facility

DIVISION OF MH/DD/SAS

Highlights of Legislative/Budget Actions

1998 Session:

- ✓ Creation of Medicaid Match Reserve \$38M
- ✓ Funding for Developmental Disabilities Waiting List \$12M
- ✓ Atypical Antipsychotic Medications \$1.3M
- ✓ Violent & Assaultive Children \$5.3M
- ✓ Continuation/Expansion of the Hospital Study \$750K
- ✓ Design of Replacement Facility for Dix Hospital \$2M
- ✓ Whitaker School Planning \$250K
- ✓ Increased Area Program Accountability Initiatives

DIVISION OF MH/DD/SAS

Highlights of Legislative/Budget Actions

1999 Session:

- ✓ Merger of Cleveland Co. & Gaston-Lincoln Area Prog \$800K
- ✓ Funding for Community Programs \$6M
- ✓ Establishment of TBI Unit \$692K
- ✓ Violent & Assaultive Children \$4.3M
- ✓ Autism/TEACCH Expansion \$1.7M
- ✓ Willie M & Thomas S Dissolution

DIVISION OF MH/DD/SAS

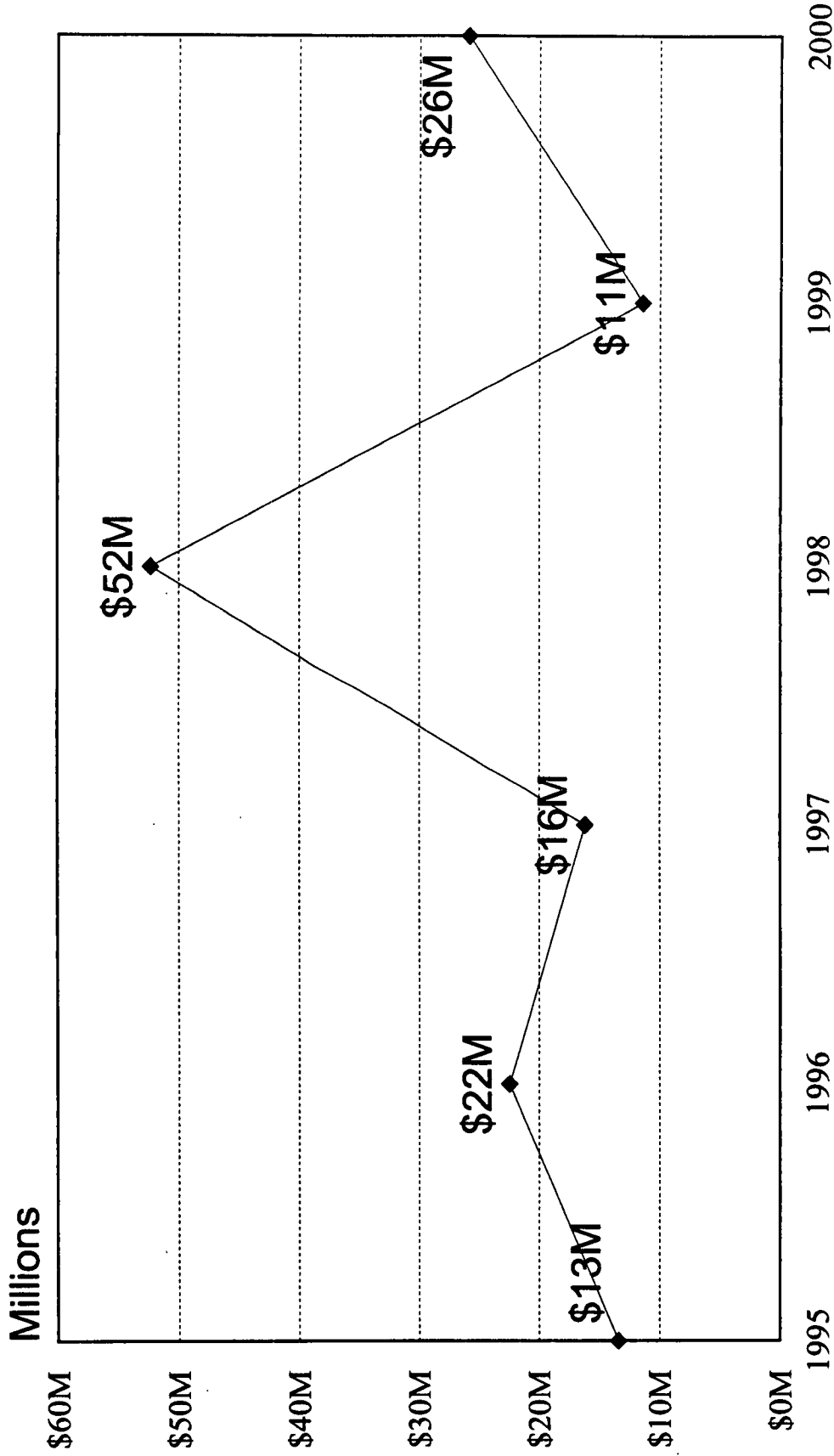
Highlights of Legislative/Budget Actions

2000 Session:

- ✓ Mental Health System Reform \$3M
- ✓ Funding for Community Programs \$4M
- ✓ Establishment of Child Residential Initiative \$8M
- ✓ Violent & Assaultive Children \$4.3M NR
- ✓ Autism Units at Murdoch \$1.5M
- ✓ Expansion of CAP-MR/DD \$6.89M
- ✓ Establishment of Work First Residential Ini. \$5M
- ✓ Enactment of HB 1519/System Reform

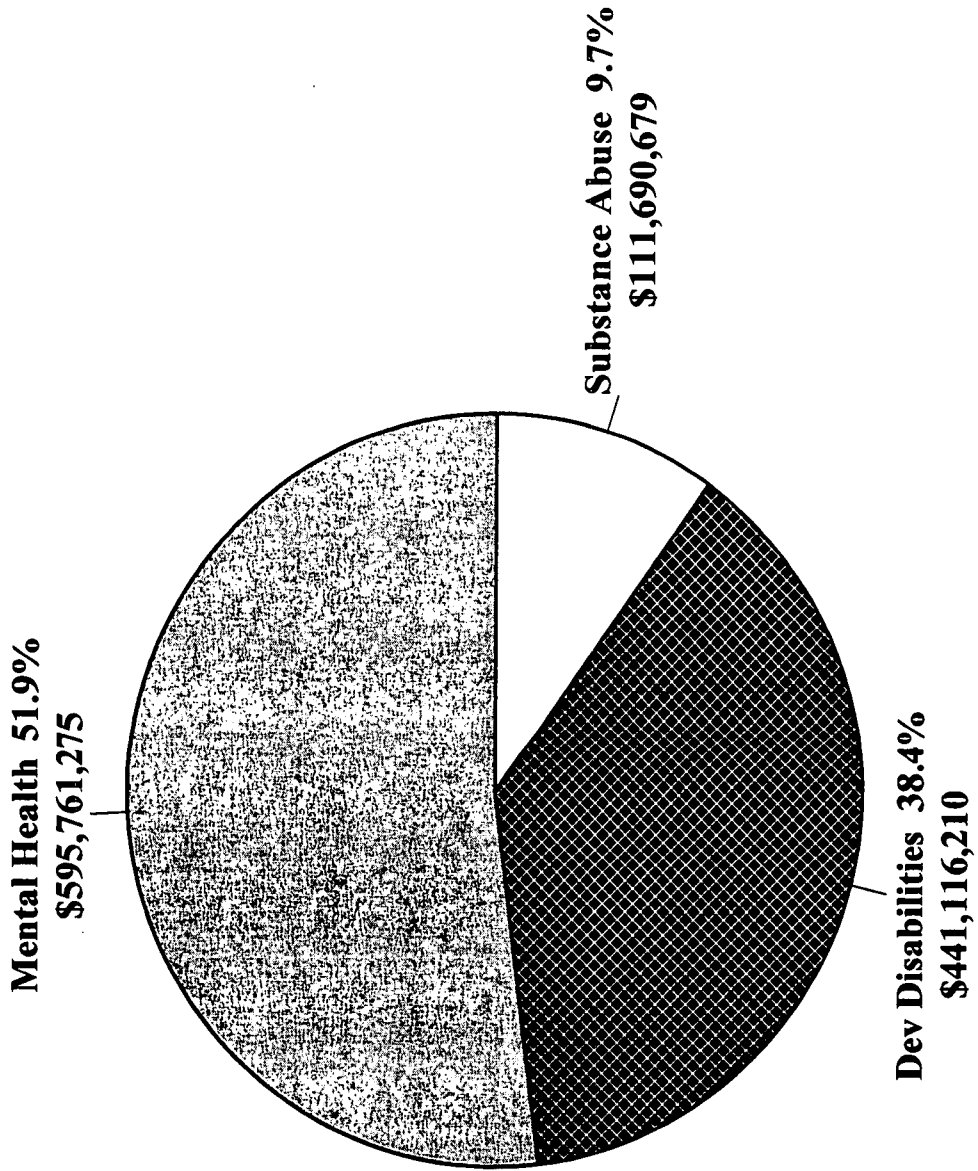
DIVISION OF MH/DD/SAS

NEW STATE APPROPRIATIONS BY LEGISLATIVE SESSION



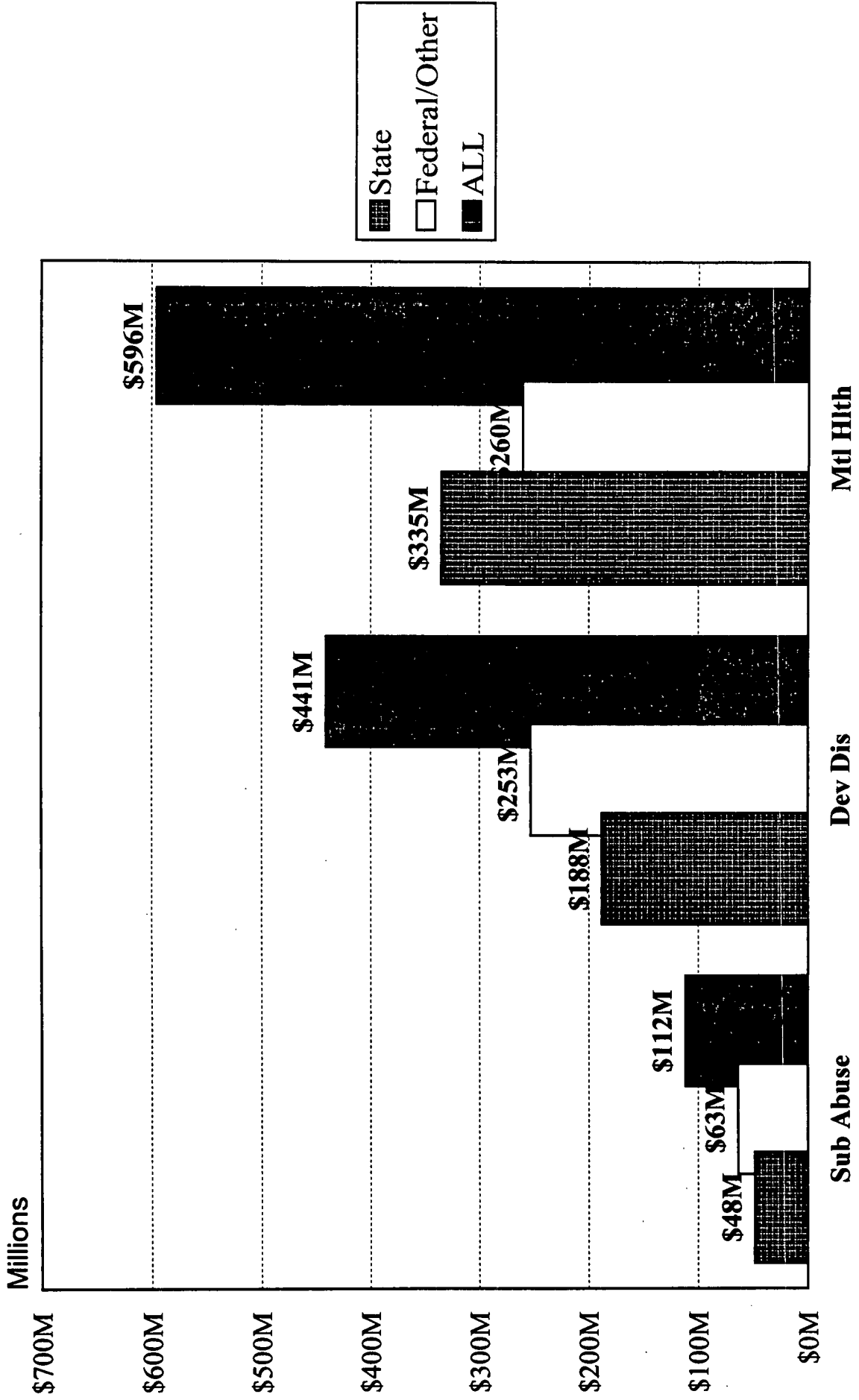
DIVISION OF MH/DD/SAS

Total Expenditures by Disability



FY00/01 AUTHORIZED BUDGET

DIVISION OF MH/DD/SAS
FY00/01 Funding by Disability Area and Source

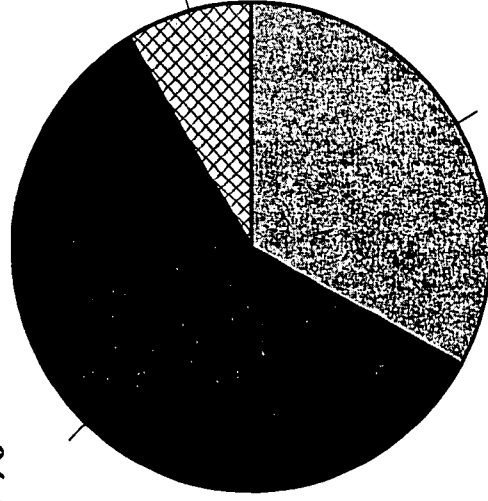


DIVISION OF MH/DD/SAS

State Appropriations by Disability Area

FY2000-01 Authorized Budget

Mental Health 58.7%
\$335,303,155



Substance Abuse 8.4%
\$48,251,035

Dev Disabilities 32.9%
\$188,101,174

**Division of Mental Health/ Developmental
Disabilities/Substance Abuse Services**

***2001-03 Governor's Recommended Continuation Budget
Adjustments***

	<u>FY01/02</u>	<u>FY02/03</u>
1. Reduction in Reform Reserve	\$ (413,233)	
2. Reduction for Oakview Apts.	(600,055)	(600,055)
3. Eliminate TBI Unit	(571,526)	(571,526)
4. Increased Medicaid Receipts	(1,809,118)	(1,809,118)
5. Violent & Assaultive Children Services (Does Not Include the Continuation of \$4,353,003 for Children in Existing Services)		

**DIVISION OF MENTAL HEALTH, DEVELOPMENTAL
DISABILITIES, SUBSTANCE ABUSE SERVICES**

PROGRAMS/SERVICES



DIVISION OF MH/DD/SAS

SERVICES WITHIN DMH/DD/SAS

- ◆ Adult Community Mental Health Services
 - ◆ Child & Family Services
 - ◆ Hospital Services
 - ◆ Developmental Disabilities
 - ◆ Substance Abuse Services
- Programs*
-
- ◆ Medical Services*
 - ◆ Advocacy, Client Rights & Quality Improvement
 - ◆ Information Technology Services*
 - ◆ Communications & Training*
 - ◆ Program Accountability*
 - ◆ Contracts & Administration*
 - ◆ Budget Office
- Support*

***Indicates a Newly Established Functional Unit/Organization**

MENTAL HEALTH SERVICES
HOSPITALS
OTHER INSTITUTIONS
COMMUNITY PROGRAMS
CHILD & FAMILY

MENTAL HEALTH SERVICES

MISSION:

To promote the development of services for adults with severe and persistent mental illness and seriously emotionally disturbed minors through supervision of state mental health institutions, policy guidance, special grant initiatives and advocacy within the Division, the Department of Health and Human Services and other departments and offices of state government.

What Is Mental Illness and Who Is Disabled?

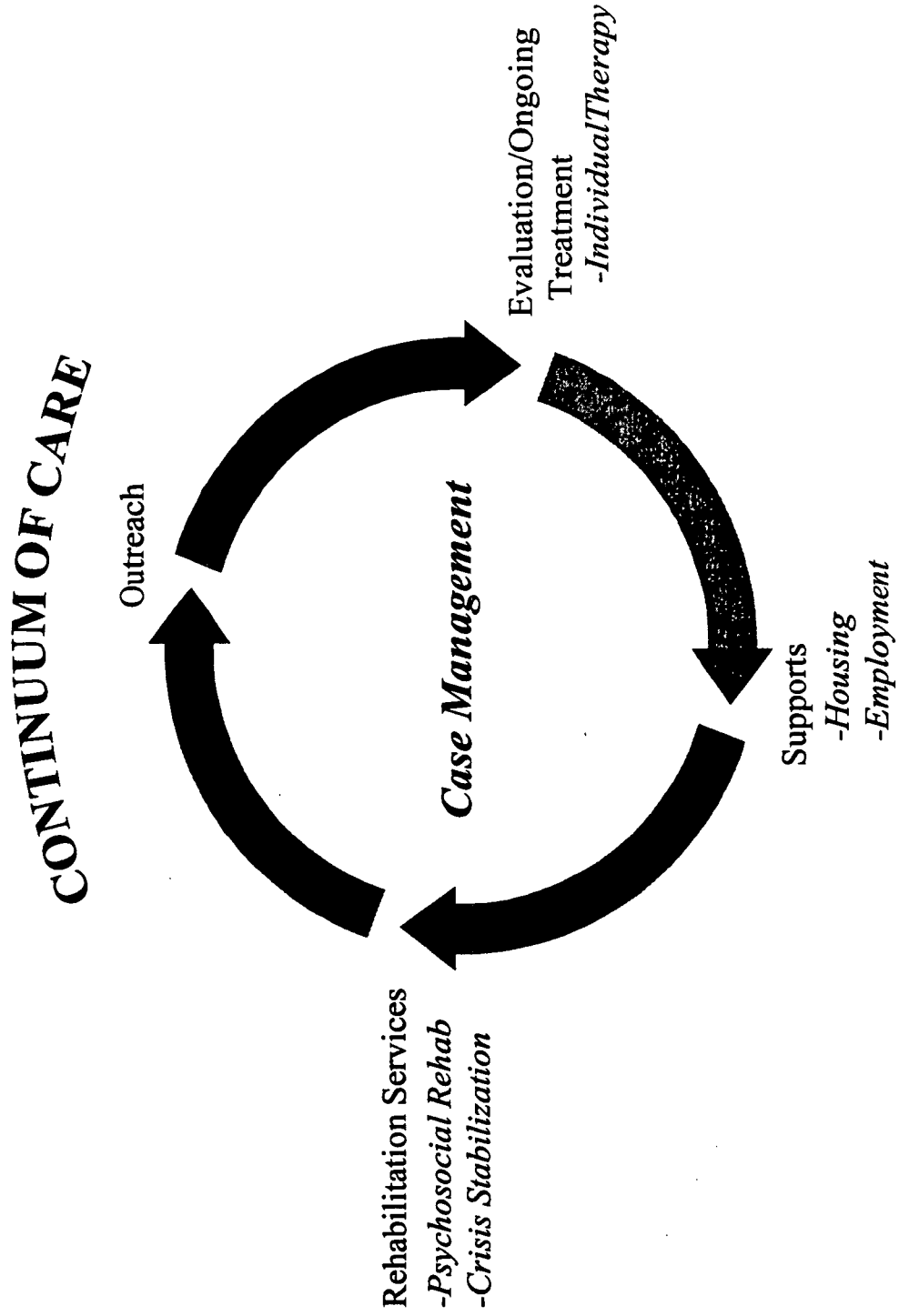
In adults, the most disabling forms of Mental Illness are *Schizophrenia, Clinical Depression And Manic-Depressive Disease*

Subpopulations Exist With Special and Different Needs - *Homeless, Dually Diagnosed, Children, Young Adults and Elderly*

Characteristics of Serious & Chronic Mental Illness:

- difficulty with tasks of daily living;
- recurrent problems in meeting basic survival needs;
- extreme vulnerability to stress;
- tendency toward episodes of "acting out";
- lack of ability to develop personal social networks; and
- lack of ability to seek help from others.

**MENTAL HEALTH SERVICES
SERVICES FOR PERSONS WITH MENTAL ILLNESS**

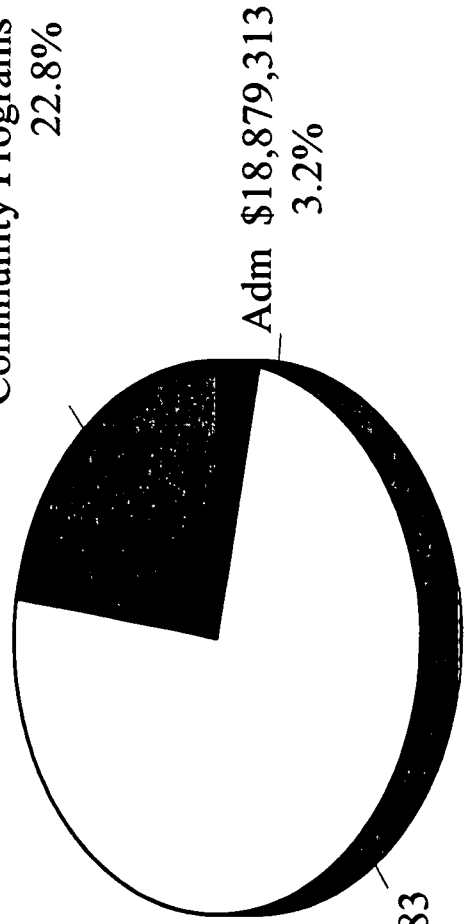


MENTAL HEALTH SERVICES

BUDGET SUMMARY:	FY99/00 ACTUALS	FY00/01 AUTHORIZED
REQUIREMENTS	\$581,384,007	\$595,761,275
REVENUES	\$254,046,663	\$260,458,120
APPROPRIATIONS	\$327,337,344	\$335,303,155
POSITIONS	5,882.9	5,858.4

FY00/01 Authorized Budget

Community Programs \$135,778,308
22.8%

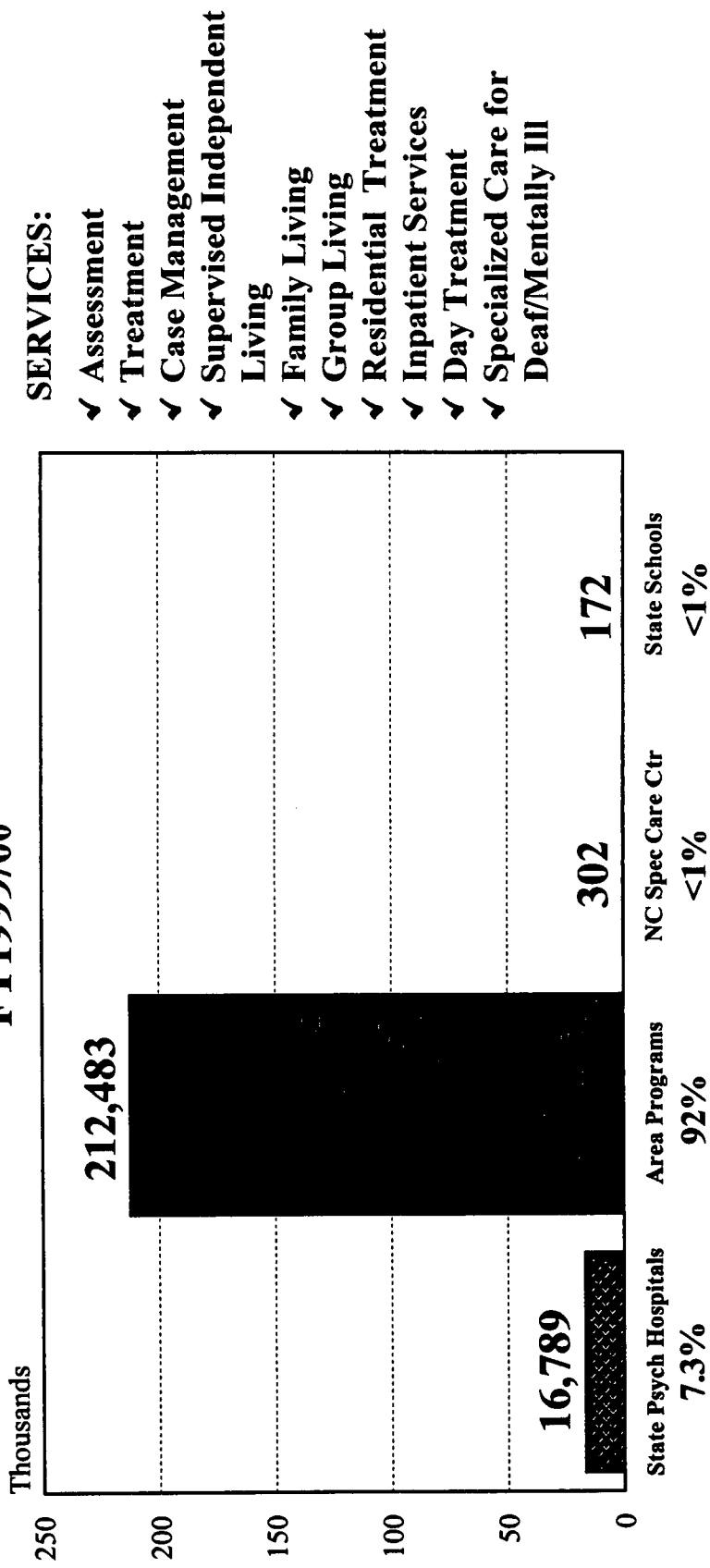


Institutions \$441,114,383
74.0%

DIVISION OF MH/DDDSAS

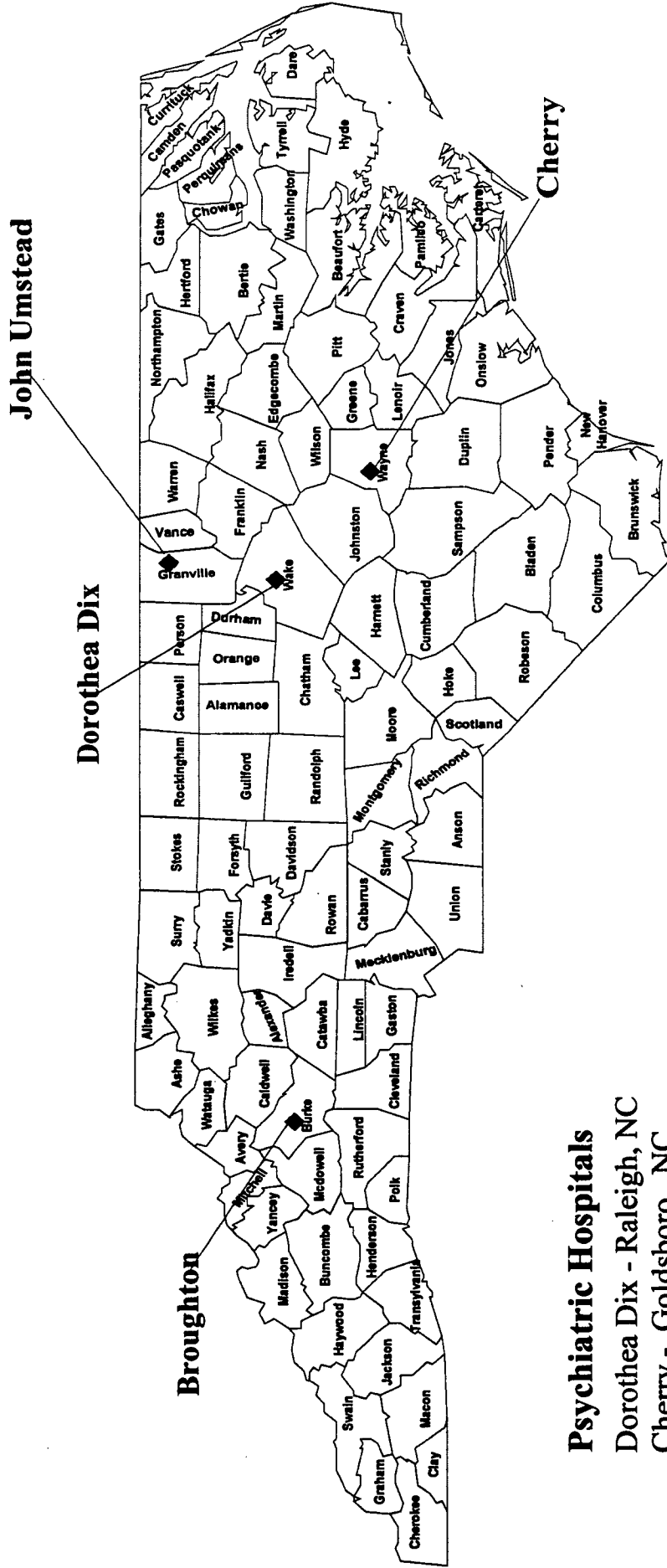
Where Are the Mentally Ill? What Services Do They Receive?

FY1999/00



MENTAL HEALTH SERVICES

STATE PSYCHIATRIC HOSPITALS



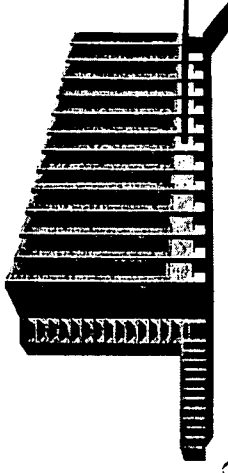
Psychiatric Hospitals
 Dorothea Dix - Raleigh, NC
 Cherry - Goldsboro, NC
 John Umstead - Butner, NC
 Broughton - Morganton, NC

MENTAL HEALTH SERVICES

STATE PSYCHIATRIC HOSPITALS

Dorothea Dix Hospital

- Opened in 1856
- Serves South Central Region (16 Counties)
- Bed Capacity of 512
- FY00/01 Operating Budget: \$112M (State Appropriations: \$56M)
- Persons Served FY99/00: 4,763
- 1356.6 Staff
- Special Units: Forensic, Residency Training, Deaf & Pre-Trial Evaluation

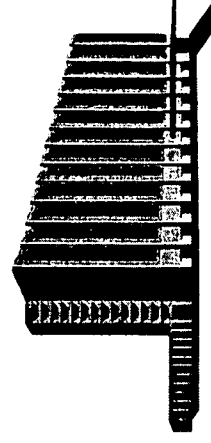


Broughton Hospital

- Opened 1882
- Serves Western Region (32 Counties)
- Bed Capacity 508
- FY00/01 Operating Budget: \$102.6M (State Appropriations: \$42.5M)
- Persons Served FY99/00: 4,251
- 1320 Staff
- Special Units: Medical/Surgical

MENTAL HEALTH SERVICES

STATE PSYCHIATRIC HOSPITALS



Cherry Hospital

- Opened in 1880
- Serves Eastern Region (33 Counties)
- Bed Capacity of 589
- FY00/01 Operating Budget: \$98M (State Appropriations \$48M)
- Persons Served FY99/00: 3,472
- 1277.6 Staff
- Special Units: Tuberculosis

John Umstead Hospital

- Opened in 1944
- Serves North Central Region (16 Counties)
- Bed Capacity of 340
- FY00/01 Operating Budget: \$102M (State Appropriations \$55M)
- Persons Served FY99/00: 4,303
- 1292.7 Staff
- Special Units: Residency Training

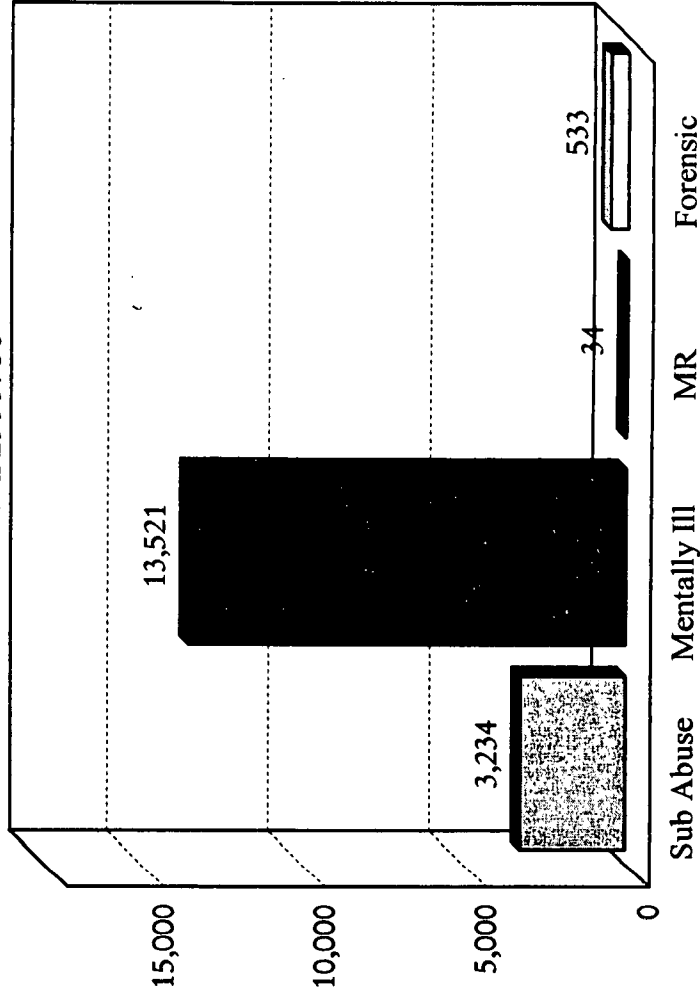
MENTAL HEALTH SERVICES
STATE PSYCHIATRIC HOSPITALS

State Hospitals Provide an Array of Services - medical, psychiatric nursing and rehabilitative services to adults, children and geriatric individuals.

Patient Characteristics:

- ▶ Primary Diagnosis Schizophrenia - 14%
- ▶ Major Depressive - 13.6%
- ▶ Alcohol & Drug Diagnoses - 19%
- ▶ 48% or 8,092 Persons Ages 25 - 44 yrs
- ▶ 62% Male
- ▶ 9,916 or 59% White
- ▶ 6,324 or 38% African American
- ▶ 74.5% or 12,513 Involuntary Admissions

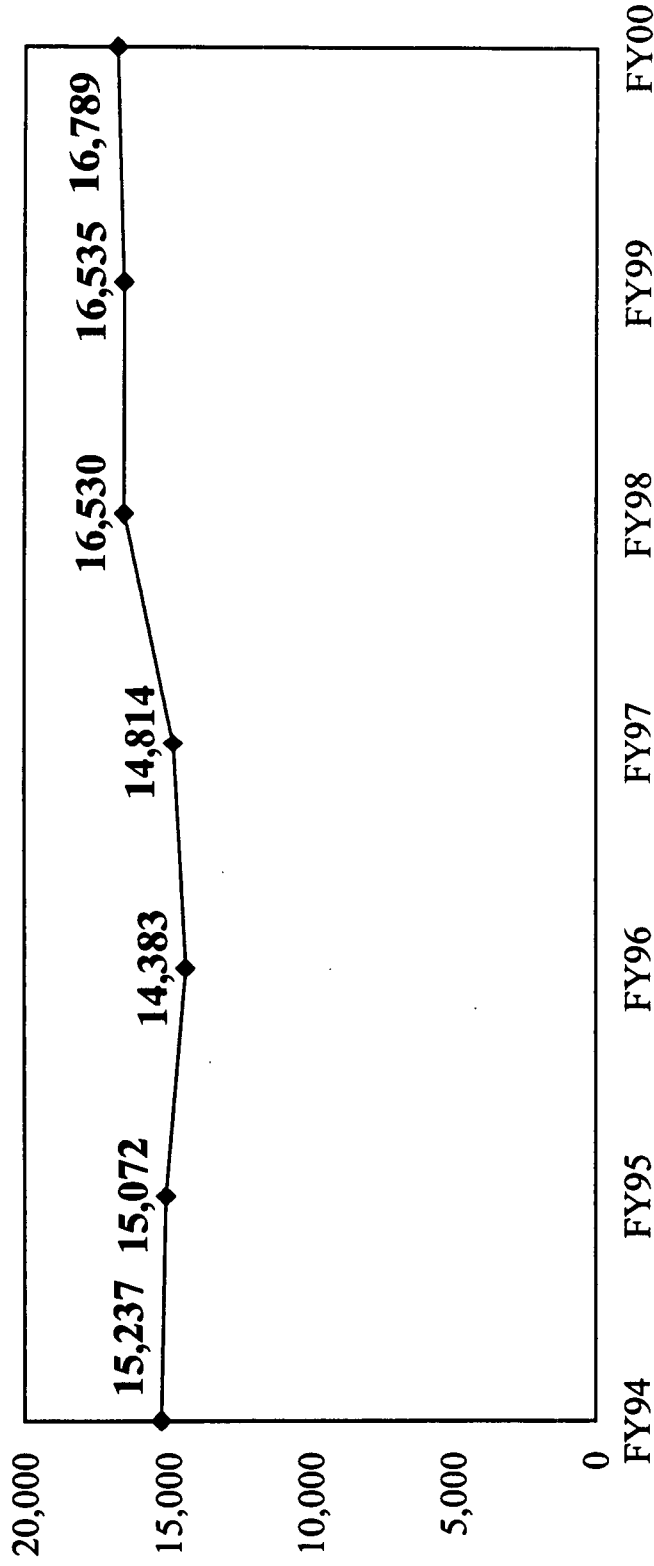
**Persons Served by Type of Service
FY1999/00**



Type of Service

MENTAL HEALTH SERVICES

TRENDS IN PERSONS SERVED IN STATE HOSPITALS

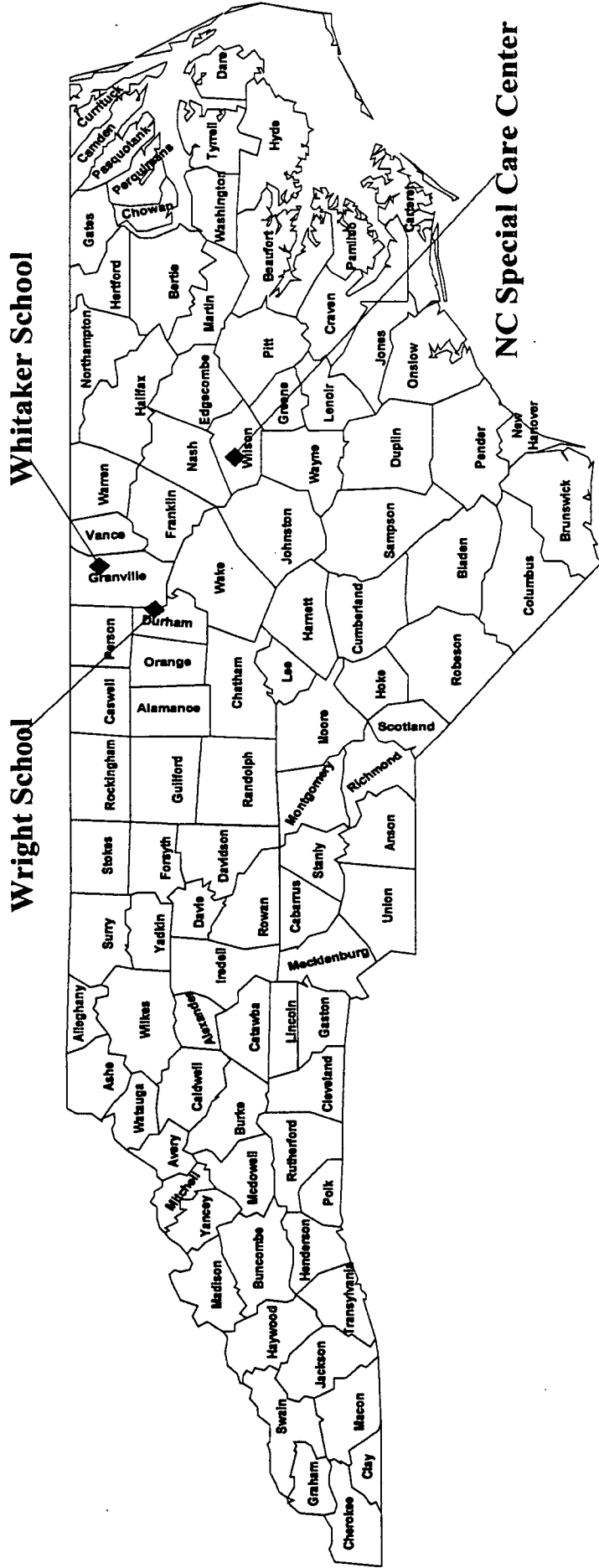


NOTE:

1.6% Increase in Persons Served Since FY99

10% Increase in Persons Served Since FY94

**MENTAL HEALTH SERVICES
OTHER INSTITUTIONAL SERVICES**



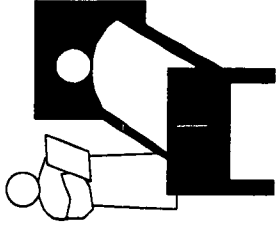
- Other State Institutions**
 Whitaker School - Butner, NC
 Wright School - Durham, NC
 NC Special Care Center - Wilson, NC

MENTAL HEALTH SERVICES

OTHER INSTITUTIONAL SERVICES

N.C. Special Care Facility

- Opened in 1978
- Provides Nursing Level Care to Former State Psychiatric Hospital Patients
- Service Region Statewide
- Referrals From State Psychiatric Hospitals
- Bed Capacity of 208
- Persons Served FY99/00: 302 Average Daily Population: 198
- FY00/01 Operating Budget: \$16.6M (State Appropriations \$4.1M)
- 351 Staff



Client Profile:

- 62% Require Intermediate Care Nursing
- 54% White
- 71% 65+ Years

MENTAL HEALTH SERVICES

OTHER INSTITUTIONAL SERVICES

Whitaker School

- Opened in 1978
- Adolescent Re-educational Model
- Providing Secure, Residential Treatment to Behaviorally and Emotionally Disturbed Youth
- Service Region Statewide
- Referrals From Area Mental Health Programs
- Bed Capacity of 38
- Persons Served FY99/00: 96
- FY00/01 Operating Budget: \$2.2M
- 51 Staff



Client Profile:

- 64% Male
- 50% Non-White
- Average Age: 15 Years
- Average Stay: 10 Months

MENTAL HEALTH SERVICES

OTHER INSTITUTIONAL SERVICES

Wright School

- Providing Residential Treatment to Behaviorally and Emotionally Disturbed Youth 6-13 Years Old
- Service Region Statewide
- Referrals From Area Mental Health Programs
- Bed Capacity of 24 (1 Respite Bed)
- Persons Served FY99/00: 76
- FY00/01 Operating Budget: \$1.9M
- 37.36 Staff

Client Profile:

- 97% Male
- 56% Non-White
- Average Age: 11 Years
- Average Stay: Approximately 6 Months

**CHILD & FAMILY MENTAL
HEALTH SERVICES**

MENTAL HEALTH SERVICES

How Many Children Need Mental Health Services?

BACKGROUND:

- "1 in 5 Children & Adolescents Have Serious UNMET Mental Health Needs in the U.S."
- "The Great Smoky Mountain Study" - longitudinal study of NC's children with emotional and behavioral disorders & their use of mental health services
- 5% or approximately 173K- 208K Children < 18 Years with Serious Emotional Disturbances (SED)

PROBLEM:

- School Dropout
- Drug or Alcohol Abuse
- Involvement With the Judicial System/Institutionalization
- School Expulsion
- Unplanned Teen Pregnancy

MENTAL HEALTH SERVICES

How Has North Carolina Responded to the Need?

- ✓ Approximately \$86M for Child Mental Health
- ✓ 78,185 Children Were Served by Area Programs (FY99)
- ✓ 1,271 Children Were Served in State Psychiatric Hospitals (FY00)
- ✓ 172 Children Were Served in State Residential Programs (FY00)
- ✓ Since FY94, a 300% Increase in the Number of SED Children Served
- ✓ *Expanded Use of \$50M for Former "Willie M" Program*
- ✓ *\$8M Appropriation & Establishment of Residential Treatment Initiative*
- ✓ *Expansion of System of Care Approach to Service Delivery*

MENTAL HEALTH SERVICES

At-Risk Children's (ARC) Program

- Legislature Mandated the Transition of a "Closed System" to a System Open to ALL Children in Need of Services to Prevent Institutionalization
- Maximizes Use of Funds for Former Willie M Program & \$8M for Residential Treatment Program
- Mandatory Clinically Appropriate & Medically Necessary Services
- Mandatory Priority Populations (former class members & children at risk of out-of-home placement/institutionalization)
- One Appeals Process
- Screening & Assessment of Social Services & Juvenile Justice Children
- Memorandum of Agreement at State & Local Levels

MENTAL HEALTH SERVICES

At-Risk Children's (ARC) Program

- Psychiatric Residential Treatment Facility (PRTF) Service Created (Effective 10/1/00)
 - 7 Providers (131 Beds)
- \$8M Appropriation (2000 Legislative Session)
 - \$3M Transferred to Medicaid for Match
 - \$750,000 Reserved for Room & Board for Federal Match
 - \$3,950,000 Allocated to Area Programs 3/1/01 for Residential Services
- 2,140 Eligible Children for ARC (22% Increase from FY00)
- 1,826 Received Non-Residential Services & 946 Residential

MENTAL HEALTH SERVICES

At-Risk Children's (ARC) Program

- Children Have Complex Needs
 - 2-3 Diagnoses Are Most Common (ADHD, Other Disruptive Behavior & Conduct Disorder)
 - 86% of Children Had 2 or More Diagnoses
 - Larger Numbers of Children with Substance Abuse
- Systems Are Still Fragmented in Delivery Systems to the SAME Child (Social Services, Juvenile Justice, Mental Health, Public Health, Schools and Others)
- Continued Overemphasis on Expensive Out-of-Home Residential Services

**MENTAL HEALTH SERVICES
CHILD AND FAMILY SERVICES**

"The System of Care as a Promising Solution"

What is a System of Care?

A Comprehensive Spectrum of Mental Health and Other Necessary Services and Supports Organized Into Coordinated Networks With the Following Components:

1. Broad & Flexible Array of Services and Supports
2. Child and Family Teams
3. Collaborative Management, Support & Accountability

**MENTAL HEALTH SERVICES
CHILD AND FAMILY SERVICES**

"The System of Care as a Promising Solution"

- North Carolina's Initiative Began in 1993
- Previously & Currently Funded with Federal Grant Funds
- Currently Being Implemented in 22 Counties
- Approach is Being Used to Change the Way Services are Delivered to Children & Families & to Implement the New ARC Program
- Early Evaluation Results Indicate Improved School Attendance & Performance, Reductions in Hospital & Out-of-Home Placements, Improved Behavior & Functioning and Reduction in Violations of the Law

MENTAL HEALTH SERVICES
CHILD AND FAMILY SERVICES

Policy Issues

1. Emphasis on Expensive Residential Care
2. Lack of Priority Given to Target Populations Mandated in 2000 Session Law, Section 11.19(Deaf, Sexually Aggressive Youth, and Substance Abusers)
3. Legislative Support for System of Care Approach
4. \$4.3 NR Funds for At-Risk Program
5. Future of Wright & Whitaker Schools

**MENTAL HEALTH SERVICES
CHILD AND FAMILY SERVICES**

Policy Issues

5. Future of Wright & Whitaker Schools

-Lack of Data/Needs Assessment

-Planning Time & Resources Needed

-Potential for Inappropriate Use of the Central School Facility
(Greensboro, NC)

**DIVISION OF MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES/SUBSTANCE ABUSE SERVICES**

BUDGET/PROGRAM OVERVIEW
Section II.

Fiscal Research Division

March 2001

Division of Mental Health/Developmental Disabilities/Substance Abuse Services

OLMSTEAD v. L.C.

What is Olmstead?

- 1999 U.S. Supreme Court Decision
- Originated in Georgia
- Claimed Discrimination Under the Federal Americans With Disabilities Act (ADA)
- Court Found that Placements Should be in Community Settings:
(1) Treatment Needs Dictate, (2) Individual Choice, and (3) Community Placement Contingent Upon State's Available Resources for Others with Disabilities
- Addressed Individuals with Mental Disabilities
- Reasonableness Standard
- Implications of Olmstead are Unclear

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

"Development of the Olmstead Plan"

Components of North Carolina's Plan:

1. Outreach
2. Assessment and Identification
3. Transition Plans
4. Waiting Lists
5. Inventory of Existing Resources and Supports
6. Identification of Needed Community Resources to Support Integration
7. Monitoring and Quality Assurance

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

NC's Olmstead Plan Includes Individuals Residing In:

- Nursing Facilities
- State & Private ICF/MR's
- State Psychiatric Hospitals
- State Child Residential Treatment Facilities
- NC Special Care Center
- Individuals At-Risk of Institutionalization

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

**DEVELOPMENTAL DISABILITIES
SERVICES**

DEVELOPMENTAL DISABILITIES SERVICES

The purpose of the Developmental Disabilities Section is to direct, manage and facilitate services and supports for individuals with developmental disabilities and their families. Services for persons with developmental disabilities are administered by the Division and operated by the thirty-nine (39) Area Programs or their contract agencies and the five state operated mental retardation centers.

What is a Developmental Disability?

A severe, chronic disability of a person which:

- is attributable to a mental /physical impairment or combination,
- is manifested before the age of 22 , unless the disability is caused by a traumatic head injury after age 22;

DEVELOPMENTAL DISABILITIES SERVICES

DEVELOPMENTAL DISABILITIES

- Results in substantial functional limitations in 3 or more of the following:
 - self-care
 - self-direction & self sufficiency
 - receptive & expressive language
 - mobility
 - capacity for independent living
 - learning, and
- Reflects the person's need for a combination or sequence of interdisciplinary or generic care, treatment, or other services which are of a lifelong or extended duration and are individually planned and coordinated; or
- When applied to children from birth through four years of age, may be evidenced as a developmental delay.

CONDITIONS WHICH CAN LEAD TO A DEVELOPMENTAL DISABILITY:

- Autism
- Cerebral Palsy
- Polio
- Spinal Cord Injury
- Severe Head Injury
- Severe Learning Disabilities
- Spina Bifida
- Congenital Heart Disease
- Sickle Cell Anemia
- Epilepsy
- Blindness
- Mental Retardation

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

ARRAY OF SERVICE OPTIONS

Early Intervention Services

- Early Identification & Screening *Case Management*
- Multidisciplinary Assessment
- Services Include Respite, Speech Therapy, Other Special Therapies

Day Services

- Community Inclusion *Case Management*
- Parent Training

Vocational/Employment Services & Supports

- Supported Employment *Case Management*
- Sheltered Workshops

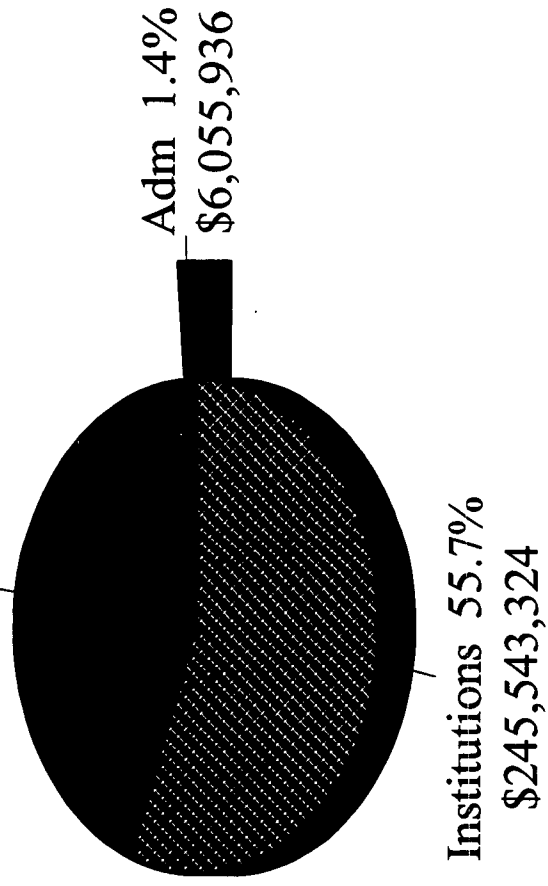
Housing Supports

- Supported Living *Case Management*
- Intermediate Care Facility for the Mentally Retarded (ICF/MR)
- Developmentally Disabled Adult Group Homes (DDA)

DEVELOPMENTAL DISABILITIES SERVICES

BUDGET SUMMARY:	FY99/00 ACTUAL	FY00/01 AUTHORIZED
REQUIREMENTS	\$438,936,113	\$436,450,560
REVENUES	\$239,620,438	\$245,059,461
APPROPRIATIONS	\$199,315,675	\$191,391,099
POSITIONS	5,835.2	5,899.24

Community Programs 43.0%
\$189,516,950

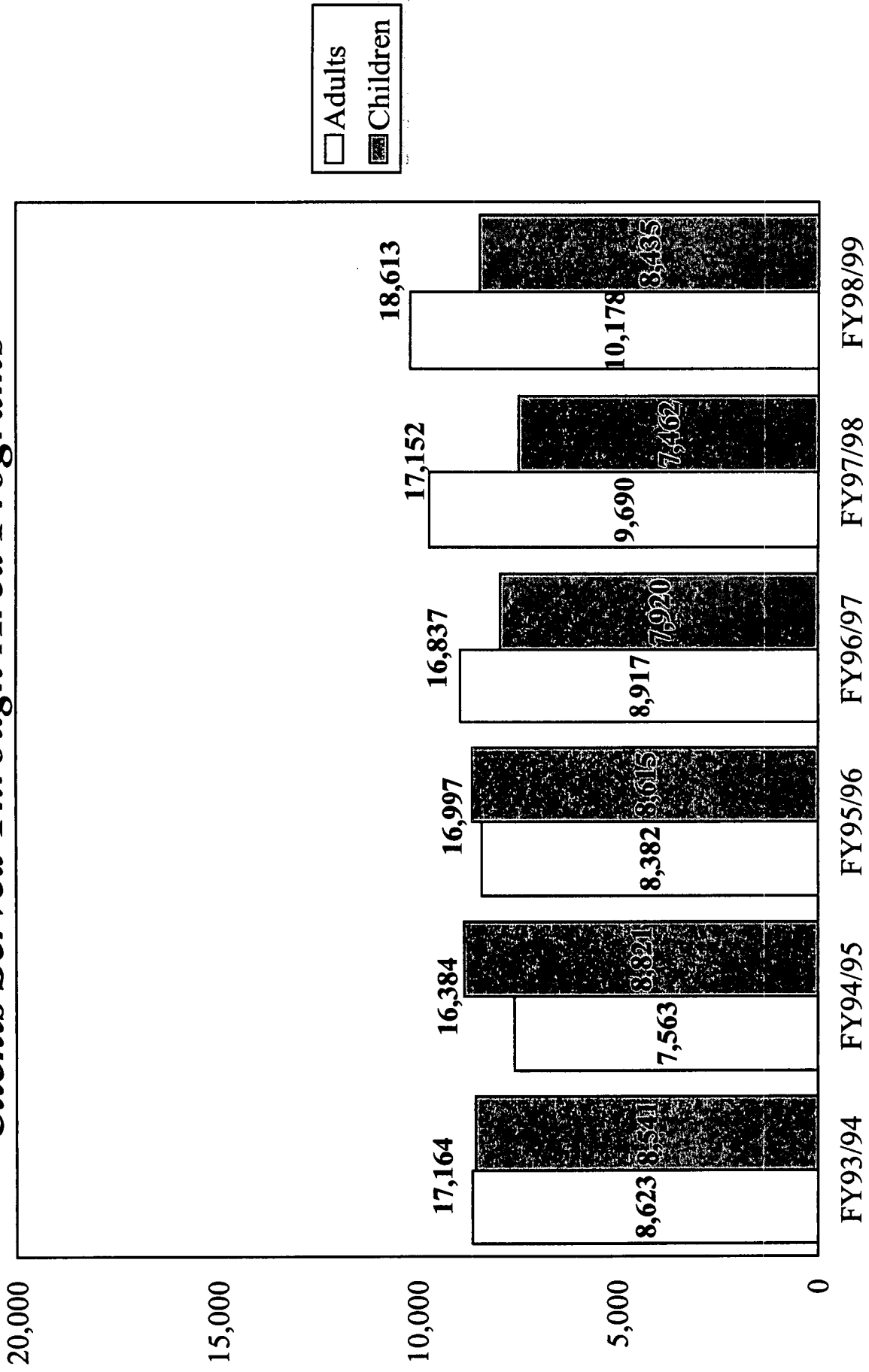


DEVELOPMENTAL DISABILITIES SERVICES

Where Do the Developmentally Disabled Receive Services?

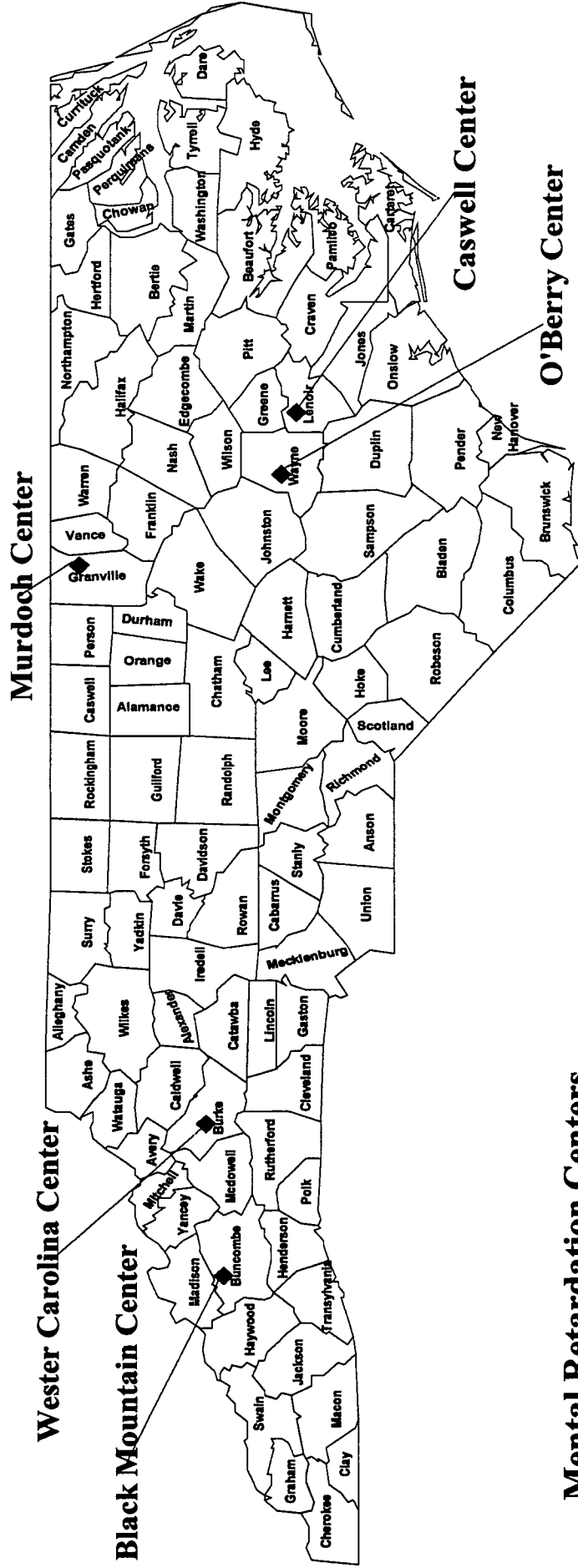
1. Area Mental Health Programs
2. State Intermediate Care Facility for Mentally Retarded (ICF-MR)
3. Community Alternatives Program for the Mentally Retarded/Developmentally Disabled (CAP-MR/DD)

Developmental Disabilities Services Clients Served Through Area Programs



DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS



Mental Retardation Centers

- Western Carolina Center - Morganton, NC
- O'Berry Center - Goldsboro, NC
- Murdoch Center - Butner, NC
- Caswell Center - Kinston, NC
- Black Mountain Center - Black Mountain, NC

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Black Mountain Center

- Opened in 1937
- Serves Western NC
- Bed Capacity of 190 (Ave. Daily Population Regular Beds: 76)
- FY00/01 Operating Budget: \$19M
- Persons Served FY99/00: 310
- 443 Staff
- Special Units: 71-Bed Alzheimer Unit

Caswell Center →

- Authorized by General Assembly in 1911 (NC's First MR Center)
- Serves Central NC
- Bed Capacity of 829 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$72M
- Persons Served FY99/00: 645 Average Daily Population: 5⁴~~2~~5
- 1,715 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Murdoch Center

- Began 1948
- Serves Central NC
- Bed Capacity of 660 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$67M
- Persons Served FY99/00: 610
- 1,678 Staff
- Special Units: BART & Autistic Children)

O'Berry Center

- Opened in 1957
- Serves Eastern NC
- Bed Capacity of 485 (Ave. Daily Population: 340)
- FY00/01 Operating Budget: \$42M
- Persons Served FY99/00: 376
- 1,015.5 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Western Carolina Center

- Began 1948
- Serves Western NC
- Bed Capacity of 493 (Ave. Daily Population: 352)
- FY00/01 Operating Budget: \$45M
- Persons Served FY99/00: 354
- 994.3 FTE/Staff

DEVELOPMENTAL DISABILITIES SERVICES

Clients Served In State Mental Retardation Centers

Client Profile: (as of 6/30/00)

Persons Served: 2,298 (2,096 Residents & 202 Respite Services)

- 57% Male -43% Female

- 71% White -29% Non-White

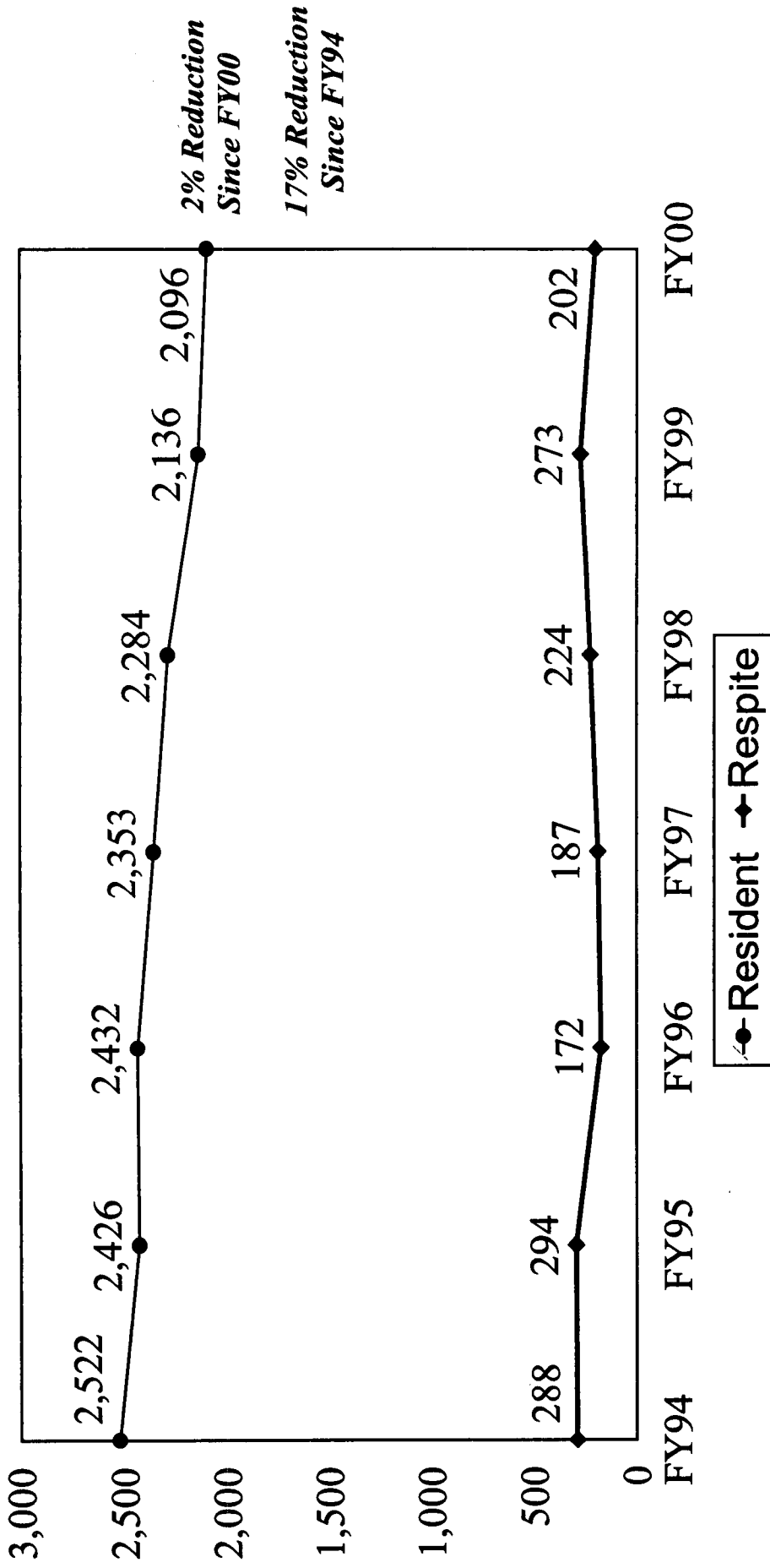
- 66% Age 25-54 Years - 68% Average Length of Stay: >21 years

-Majority are Severly/Profoundly Impaired

**-Impairments Other Than M R: Cerebral Palsy, Autism, Epilepsy,
Language Impairment & Alzheimer's Disease**

DEVELOPMENTAL DISABILITIES SERVICES

PERSONS SERVED IN MENTAL RETARDATION CENTERS



DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

- ◆ Medicaid Waiver Program
 - Income and Resources of the Consumer (Not Parents or Spouse) Are Considered When Application is Made
 - Level of Disability is the Major Determination of Eligibility
- ◆ Began 1983, Program Serving Individuals Who Would Otherwise Require Care in an Intermediate Care Facility for People with Mental Retardation or Developmental Disabilities (ICF-MR)
- ◆ "Benefits Cap" Approach to Managed Care
- ◆ Maximum Annual Benefit Limit \$68K/Slot
 - Total of 6,527 Slots (FY00/01)
 - \$6.89M Appropriation (2000 Legislative Session)
 - Average Cost Per Consumer \$28K Per Year
 - Approximately 250 Slots Are Designated for Emergencies

DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

Array of Service Options

- ◆ Case Management
- ◆ Adult Day Health Care & Adult Day Care
- ◆ Augmentative Communication Equipment
- ◆ Supplies & Equipment
- ◆ Crisis Stabilization
- ◆ Supported Living Services
- ◆ Environmental Accessibility Adaptations
- ◆ Vehicle Adaptations
- ◆ In-Home Aide Services
- ◆ Personal Emergency Response System
- ◆ MR Personal Care
- ◆ Respite Services
- ◆ Personal Habilitation Services {E.g... Supported Employment}

DEVELOPMENTAL DISABILITIES SERVICES

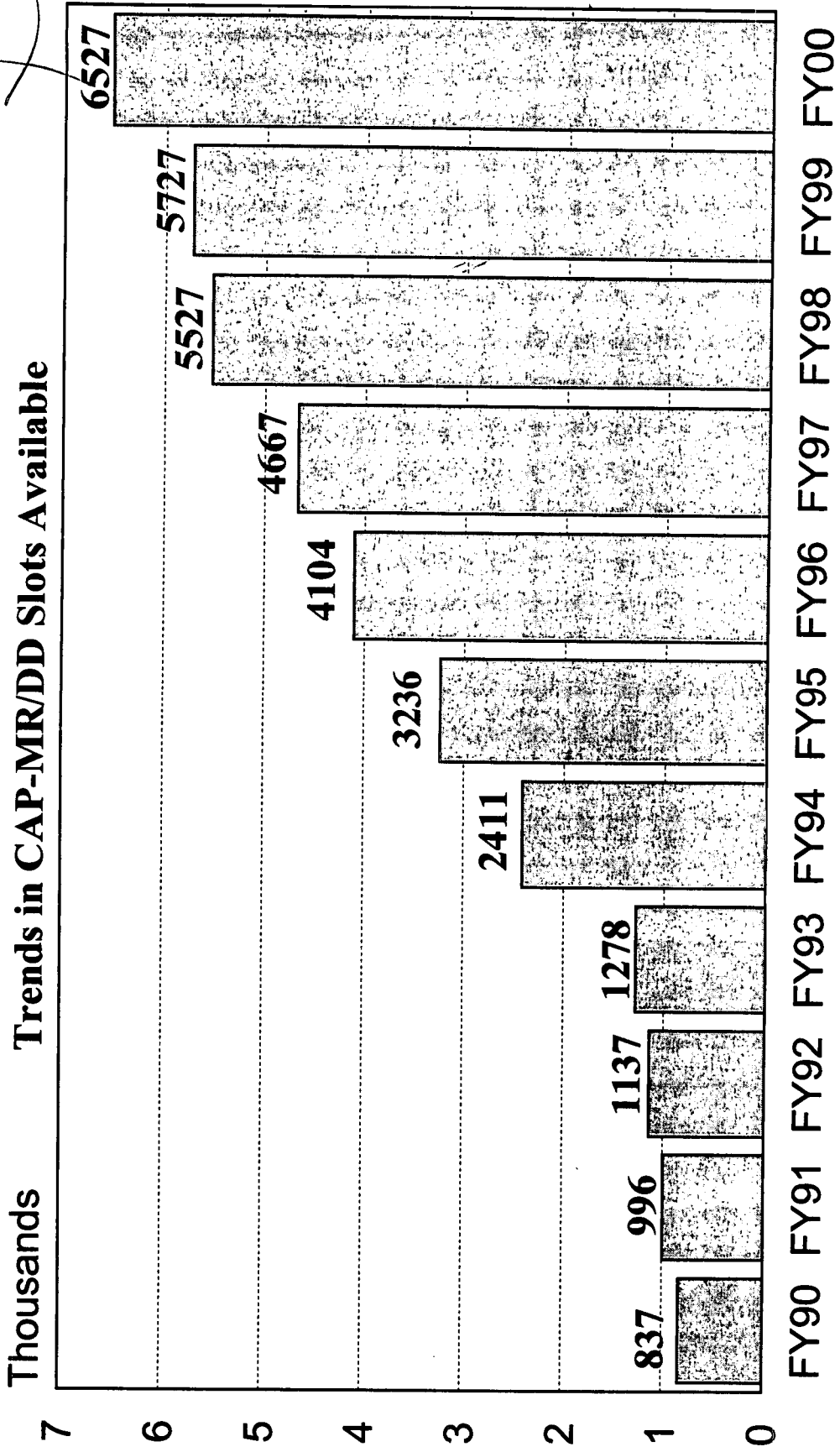
***COMMUNITY ALTERNATIVES PROGRAM FOR THE
MENTALLY RETARDED OR DEVELOPMENTALLY
DISABLED (CAP-MR/DD)***

FIVE MOST USED CAP-MR/DD SERVICES:

1. Case Management
2. Community Inclusion (individual)
3. Respite (community-based)
4. Supported Living
5. Medical Supplies

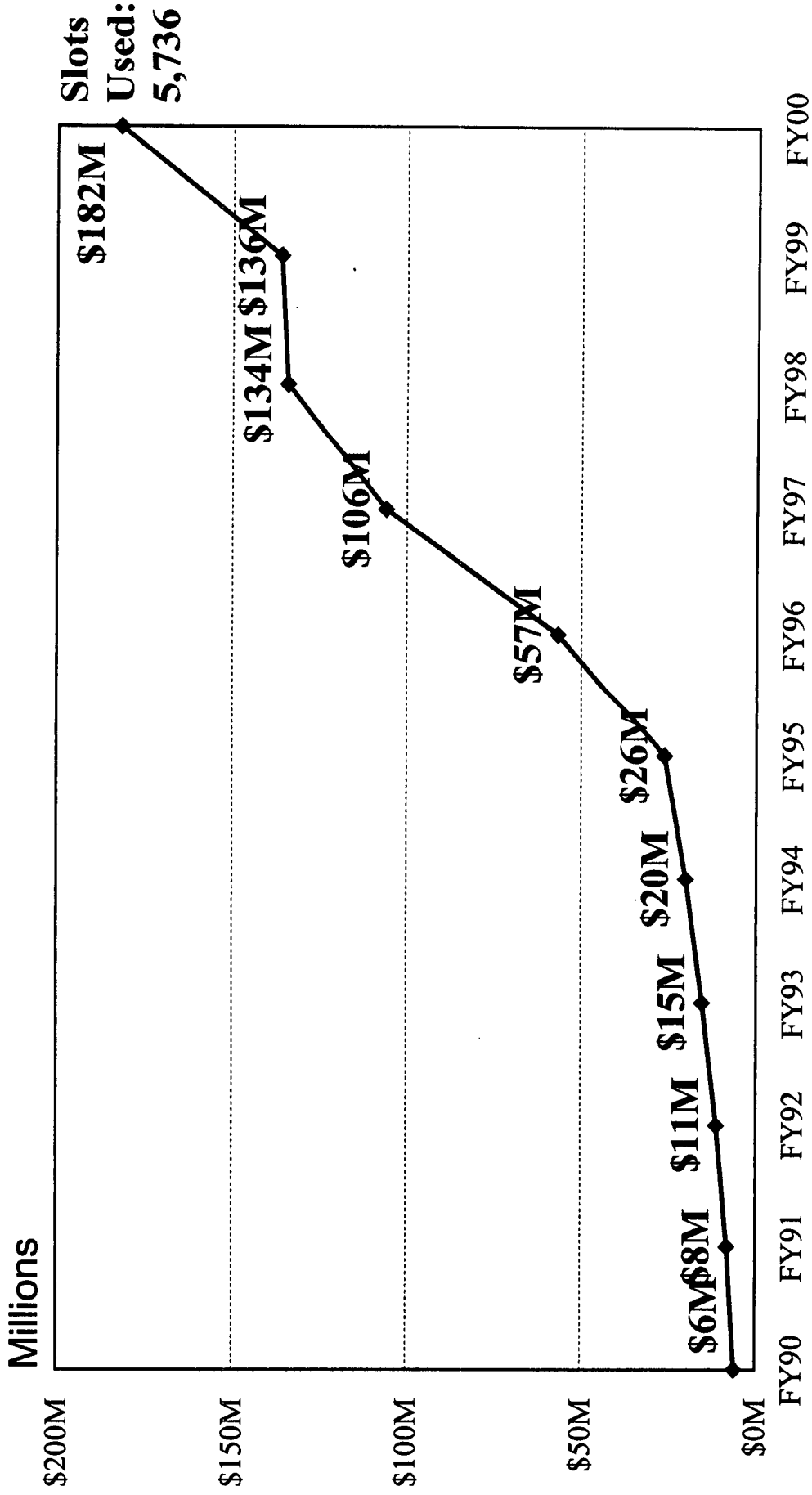
DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE
MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED
(CAP-MR/DD)



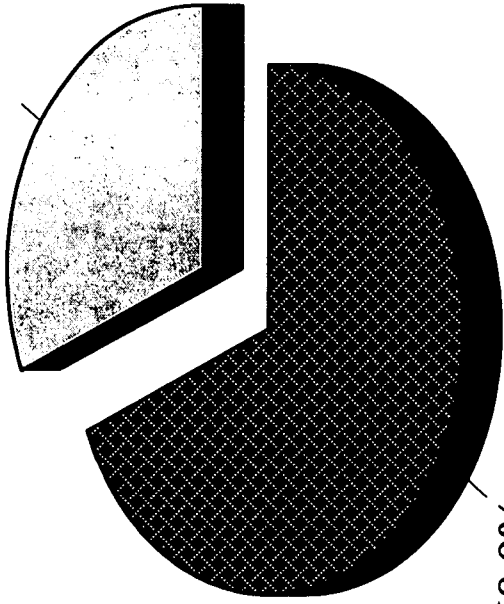
DEVELOPMENTAL DISABILITIES SERVICES

CAP-MR/DD EXPENDITURE GROWTH



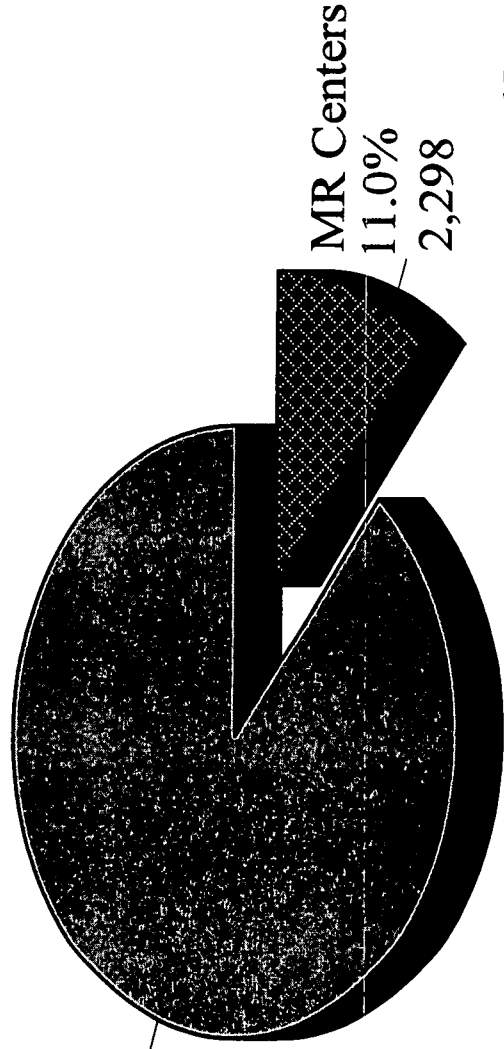
Persons Served in Community & Institutional Programs Compared to Expenditures for Each

FY00 EXPENDITURES
Community Programs 31.1%
\$107,495,940



MR Centers 68.9%
\$237,812,416

PERSONS SERVED



Community Programs 89.0%
18,613

MR Centers 11.0%
2,298

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES TO MULTIPLY DIAGNOSED ADULTS

Services to Multiply Diagnosed Individuals (Mental Retardation & Mental Illness (Former Thomas S Court Mandated Program)

- ◆ FY99/00 Expenditures: \$92M
- ◆ Clients Served: 1,370
- ◆ 37% of Clients Cost in Excess of \$100K Per Year

HB 1840, Section 11.22 "Services to Multiply-Diagnosed Adults"

1. Medical Necessity
2. Utilization Review
3. Eliminate "Thomas S" Administrative Infrastructure
4. Implement Cost Reduction Strategies:
 - Preauthorization & State Review of Service Plans

DEVELOPMENTAL DISABILITIES SERVICES

Partners in Autism Treatment & Habitation Program (PATH)

- ▶ \$1.5M Appropriated During 2000 Session
- ▶ 8-Bed Residential Unit (2 Respite Beds) located at Murdoch Center in Butner
- ▶ 4-Bed Group Home in Oxford (Opens May 2001)
- ▶ Services to Children 6-16 Years Old

- ▶ Services Available: Array of Professional Services
- ▶ Treatment Model: Individualized Behavior Intervention
- ▶ Referrals: Mental Health Agencies Across the State
- ▶ Admission: InterAgency Council/Single Portal Committee
- ▶ Length of Stay: Short Term (Maximum 2 Years)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities
Section
2. Compliance With HB 1840, Section 11.22

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities Section
 - ▶ Section Staff Increased by 37 FTE's Since FY99/00
 - ▶ Section Maintains Functional Responsibilities (Centralized for Program/Service Sections)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

2. Compliance With HB 1840, Section 11.22
 - ▶ Identify Savings Realized From Elimination of Program Administration and Infrastructure:
 - 1999 Special Provision Originally Mandated
 - 2000 Special Provision Mandated
 - No Progress To Date
 - ▶ State Review of (1) Individualized Service Plans for All Adults Served to Ensure that Service Plans Focus on Delivery of Appropriate Services Rather than Optimal Treatment and Habilitation Plans, and (2) Staffing Patterns of Residential Services:
 - State Review & Approval of Plans in Excess of \$100K
 - State Monitors a Sample of Other Plans

VISITOR REGISTRATION SHEET

Joint Subcommittee on Health & HUMAN Services 3/28/01
 Name of Committee _____ Date _____

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Thomas V. Bennett	NC CFTF
Marilyn Williams	on hill, 12511 Dunning
Janet Swanson	NC Council
Dave Richard	ARC
JOE LIBENA	AH HC
Don Willis	DMH DD SAS
Flo Stein	DMH DD SAS
Norman & Illoia Melton	NAMI - Alamance Co.
Mary Eldridge	NC dir MH/DD/SAS
Jennifer Mahan	MHA/NC
Lucinda Spatcher	Easter Seals
Joan Douglas	NC Assoc. of the Deaf/Coalition 2001
DENISE MERCADO	EASTER SEALS NC
Adelle Foxchi	Easter Seals NC
Rohi D. Howell	Joint with Families of NC
Yammy Lester	OSBPM
Rosemary Kernus	Parent
Bryant Edgerton	Easter Seals NC
Sharon Hird	NC Social Services Consortium
Christina Stearns	NC Social Services Consortium
Joe Williams	OSBPM

VISITOR REGISTRATION SHEET

Joint Subcommittee on Health & Human Services 3/28/01

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Whitney Obrig	OSBPM
Nina Yeager	OSBPM
Pam Richardson	OSBPM
May Greene	OSBPM
BRANDON THOMAS	SEANC
Patricia Reider	NCA CL
Robin Huffman	NC Psychiatric Assoc
Joe Donnell	NAMI
John Lee	MHA/NC CZ001
Lon Wilson	NCA/TC 7
Beth Melcher	NAMI NC c2001
Clay Cochran	UCP c2001
Thomas Bane	Board of Assoc
William Scott Doherty	DMH/DO/SAS
Juanita E Robinson	DMH/DO/SAS
Mary Fraser	MHA/NC
Tommy Mulvihill	AD/NC
STAN SLAPINSKI	MH/DO/SAS
Marian Austin	SKB
Michelle Colton	DMH/DO/SAS
Gra Larson	DMH/DO/SAS

VISITOR REGISTRATION SHEET

Joint Subcommittee on Health & Human Services 3/28/01
 Name of Committee _____ Date _____

VISITORS: Please sign below and return to Committee Clerk.

NAME FIRM OR STATE AGENCY AND ADDRESS

<i>Sherry Harrison</i>	<i>DMH/DD/SAS</i>
<i>James P. Welch</i>	<i>UHS</i>
<i>Emily Fitch</i>	<i>NCMS</i>
<i>Ann H. Suggs M.D.</i>	<i>Randolph County MH/DD/SA</i>
<i>Pat Porter</i>	<i>DMH/DD/SAS</i>
<i>Phillip W. Brown</i>	<i>" " "</i>
<i>Charles W. Brown</i>	<i>" " "</i>
<i>ACT Robarge</i>	<i>DMH/DD/SAS</i>
<i>Kyle Fay</i>	<i>PHHS</i>
<i>CARMEN HOOKER BROWN</i>	<i>DHHS</i>
<i>Allye Duffek</i>	<i>DHHS</i>
<i>J. Craig Ford</i>	<i>UHS</i>
<i>Morgan Blewett</i>	<i>Randolph County MH/DD/SA</i>
<i>Carol Santt</i>	<i>The Workshop of David</i>

VISITOR REGISTRATION SHEET

Health & Human Services

Name of Committee

3/28/01 4:30

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Shanrese Rauson	NC DSS
Bob Hedrick	NCCSPC
David Bibb	NAMI Orange County
Joel Schramm	NC Council
Ron Hamed	First In Families
Al Stein	DMH/DD/SAS
Mary Elbridge	DMH/DD/SAS
Michelle Cotton	DMH/DD/SAS
Tara Larson	"
Don Willis	" " "
Mark R. Fryer	" " "
Jeff Baker	" " "
Michael Wharton	" " "
Charles Dennis	" " "
ART ROBARGE	" " "
Kyle Kay	DHHS
Christina Rose	DHHS
Steph Kullback	DHHS
Nina Yeager	OSBPM
Whitney Obriq	OSBPM
May Greene	OSBPM
Julie Robyn	ARC Mecklenburg
Ryan Wilson	ARC Mecklenburg
Jammy Lester	OSBPM
Andrew J. Ray	Adaptive Life
HUGH WILSON	NCAAP
Dana Young	Carolina Center for Hospice & End of Life Care

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Thursday, March 29th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Mental Health

*Karen Hammonds-Blanks
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**MINUTES
MARCH 29, 2001
8:30 am**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Thursday, March 29, 2001 in Room 424 of the Legislative Office Building. The following members were present:

**Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair
Representative Lanier Cansler
Representative Theresa Esposito
Representative Verla Insko
Representative Thomas Wright**

Six Senate members were present.

The meeting was opened by Rep. Edd Nye, in the absence of Rep. Beverly Earle. Rep. Beverly Earle joined the meeting later. Pages were introduced and Karen Hammonds-Blank was instructed by the Co-Chair to continued with her presentation from the Division of Mental Health/Developmental Disabilities/Substance Abuse Services. She spoke on the Budget/Program Overview which she labeled as Section II.

She began with how the Olmstead was formed. In 1999 the U.S. Supreme Court issued a ruling on a case that originate out of Georgia. The lawsuit claimed discrimination under the Federal Americans With Disabilities Act, known as ADA. The court ruled in favor of the plaintiff stating that they should be in community settings with treatment needs should be dictated by a professional, individual choice, and community placement contingent upon state's available resources for other with disabilities. One of the things that the case did was to address individual with mental disabilities, also based their ruling on a reasonable standard, and it must be noted that the implications of Olmstead are very much unclear at this point. (See Attachment II)

Ms. Hammonds-Blank presented to the committee how North Carolina is responding to Olmstead, and presented the seven components of the state's plan.

- (1) Outreach – Informed choices
- (2) Assessment and Identification – Process of going through and trying to identify the potential candidates are that may benefit from moving them out of institutions.
- (3) Transition Plan – Transition for individual to be moved out of institutions to the communities

- (4) Waiting List – Individuals on a waiting list must be working to be moved at a reasonable pace.
- (5) Inventory of Existing Resources and Supports – Busy trying to determine where resources exist and how to best use them.
- (6) Identification of Needed Community Resources to Support Integration –
- (7) Monitoring and Quality Assurance – Assurance that they would be moved out of the institutions and out into the communities.

The plan will target individuals in nursing facilities, state and private ICF/MR's , state psychiatric hospital, state child residential treatment facilities, special care centers, and individuals at-risk of institutionalization.

Developmental Disabilities Services

The purpose of the Developmental Disabilities Section is to direct, manage and facilitate services and supports for individuals with developmental disabilities and their families. Services for persons with developmental disabilities are administered by the Division and operated by the thirty-nine (39) Area Programs or their contract agencies and the five state operated mental retardation centers. Developmental disability is a severe, chronic disability of a person which is attributable to a mental/physical impairment or combination and is manifested before the age of 22, unless the disability is caused by a traumatic head injury after age 22.

There are an array of service options for persons with developmental disabilities. (See Attachment II) Institutions account for 55.7% of the budget, which is \$245,543,324, Community Programs is 43.0%, which is \$189,516,950 and 1.4% is for administration.

There are 2,298 clients served in state mental retardation centers.

57% Male	43% Female
71% White	29% Non-White
66% Age 25-54	68% Average Length of Stay is 21 years

The majority of the clients are severely/profoundly impaired. Other impairments other than mental retardation is cerebral palsy, autism, epilepsy, language impairment and alzheimer's disease.

**Community Alternatives Program For The Mentally Retarded of
Developmentally Disabled (CAP-MR/DD)**

The program began in 1983, to serve individuals who would otherwise require care in an intermediate care facility for people with mental retardation or developmental disabilities. (ICF-MR) The five most used CAP_MR/DD services are Case Management, Community Inclusion, Respite (community based), Supported Living, and Medical Supplies. The expenditure growth has increased from 6 million in 1990, to 182 million in 2000.

Questions and comments were made at this time

The meeting adjourned.

Respectfully submitted,



Presiding Co-Chair, Representative Beverly Earle



Committee Assistant, Ann Raeferd

Attachments

Attachment I
Attachment II
Attachment III

Agenda
Budget Program Overview
Visitor's Registration

**DIVISION OF MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES/SUBSTANCE ABUSE SERVICES**

BUDGET/PROGRAM OVERVIEW
Section II.

Fiscal Research Division

March 2001

Division of Mental Health/Developmental Disabilities/Substance Abuse Services

OLMSTEAD v. L.C.

What is Olmstead?

- 1999 U.S. Supreme Court Decision
- Originated in Georgia
- Claimed Discrimination Under the Federal Americans With Disabilities Act (ADA)
- Court Found that Placements Should be in Community Settings:
(1) Treatment Needs Dictate, (2) Individual Choice, and (3) Community Placement Contingent Upon State's Available Resources for Others with Disabilities
- Addressed Individuals with Mental Disabilities
- Reasonableness Standard
- Implications of Olmstead are Unclear

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

"Development of the Olmstead Plan"

Components of North Carolina's Plan:

1. Outreach
2. Assessment and Identification
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**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

NC's Olmstead Plan Includes Individuals Residing In:

- Nursing Facilities
- State & Private ICF/MR's
- State Psychiatric Hospitals
- State Child Residential Treatment Facilities
- NC Special Care Center
- Individuals At-Risk of Institutionalization

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

**DEVELOPMENTAL DISABILITIES
SERVICES**

DEVELOPMENTAL DISABILITIES SERVICES

The purpose of the Developmental Disabilities Section is to direct, manage and facilitate services and supports for individuals with developmental disabilities and their families. Services for persons with developmental disabilities are administered by the Division and operated by the thirty-nine (39) Area Programs or their contract agencies and the five state operated mental retardation centers.

What is a Developmental Disability?

A severe, chronic disability of a person which:

- is attributable to a mental /physical impairment or combination,
- is manifested before the age of 22 , unless the disability is caused by a traumatic head injury after age 22;

DEVELOPMENTAL DISABILITIES SERVICES

DEVELOPMENTAL DISABILITIES

- Results in substantial functional limitations in 3 or more of the following:
 - self-care
 - self-direction & self sufficiency
 - receptive & expressive language
 - mobility
 - capacity for independent living
 - learning, and
- Reflects the person's need for a combination or sequence of interdisciplinary or generic care, treatment, or other services which are of a lifelong or extended duration and are individually planned and coordinated; or
- When applied to children from birth through four years of age, may be evidenced as a developmental delay.

CONDITIONS WHICH CAN LEAD TO A DEVELOPMENTAL DISABILITY:

- Autism
- Cerebral Palsy
- Polio
- Spinal Cord Injury
- Severe Head Injury
- Severe Learning Disabilities
- Spina Bifida
- Congenital Heart Disease
- Sickle Cell Anemia
- Epilepsy
- Blindness
- Mental Retardation

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

ARRAY OF SERVICE OPTIONS

Early Intervention Services

- Early Identification & Screening
 - Multidisciplinary Assessment
 - Services Include Respite, Speech Therapy, Other Special Therapies
- Case Management*

Day Services

- Community Inclusion
 - Parent Training
- Case Management*

Vocational/Employment Services & Supports

- Supported Employment
 - Sheltered Workshops
- Case Management*

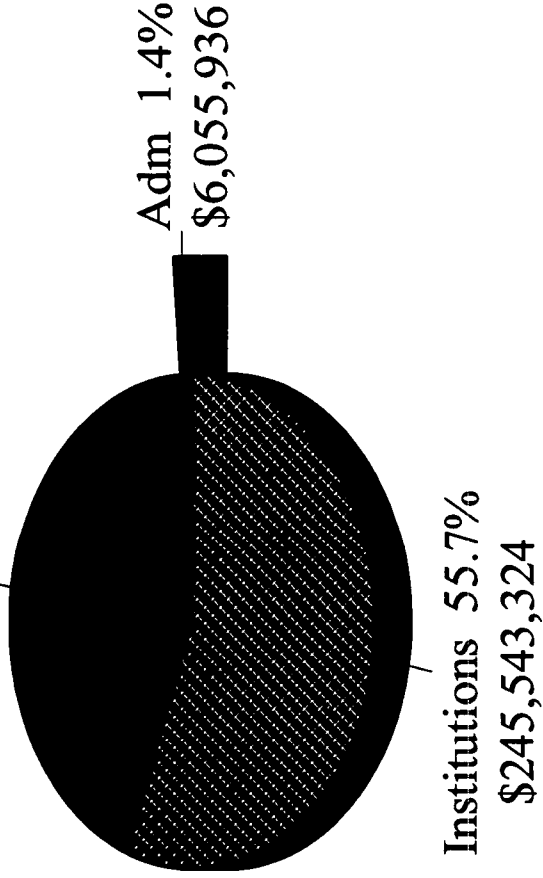
Housing Supports

- Supported Living
 - Intermediate Care Facility for the Mentally Retarded (ICF/MR)
 - Developmentally Disabled Adult Group Homes (DDA)
- Case Management*

DEVELOPMENTAL DISABILITIES SERVICES

BUDGET SUMMARY:	FY99/00 ACTUAL	FY00/01 AUTHORIZED
REQUIREMENTS	\$438,936,113	\$436,450,560
REVENUES	\$239,620,438	\$245,059,461
APPROPRIATIONS	\$199,315,675	\$191,391,099
POSITIONS	5,835.2	5,899.24

Community Programs 43.0%
\$189,516,950



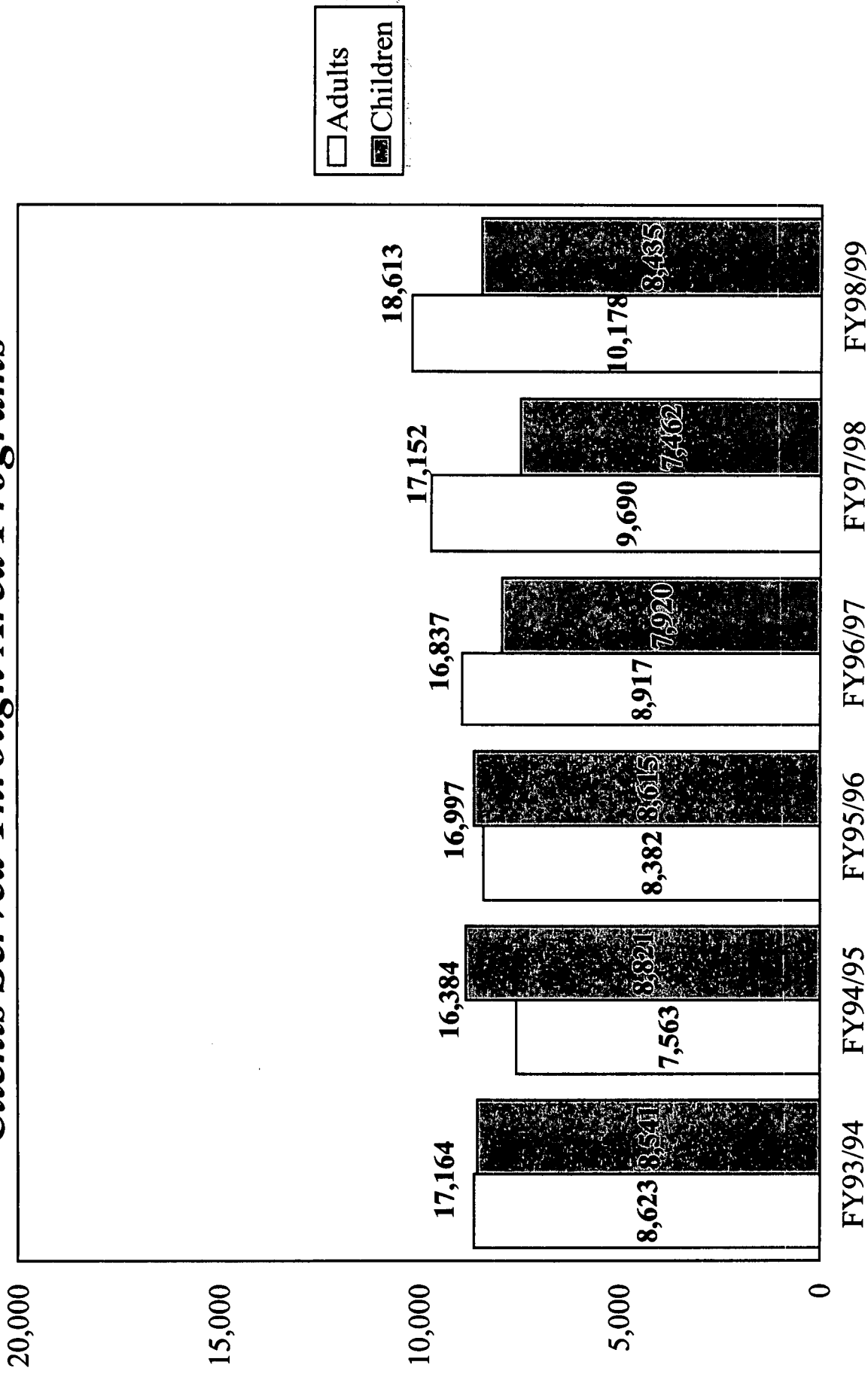
FY00/01 Authorized Budget

DEVELOPMENTAL DISABILITIES SERVICES

Where Do the Developmentally Disabled Receive Services?

1. Area Mental Health Programs
2. State Intermediate Care Facility for Mentally Retarded (ICF-MR)
3. Community Alternatives Program for the Mentally Retarded/Developmentally Disabled (CAP-MR/DD)

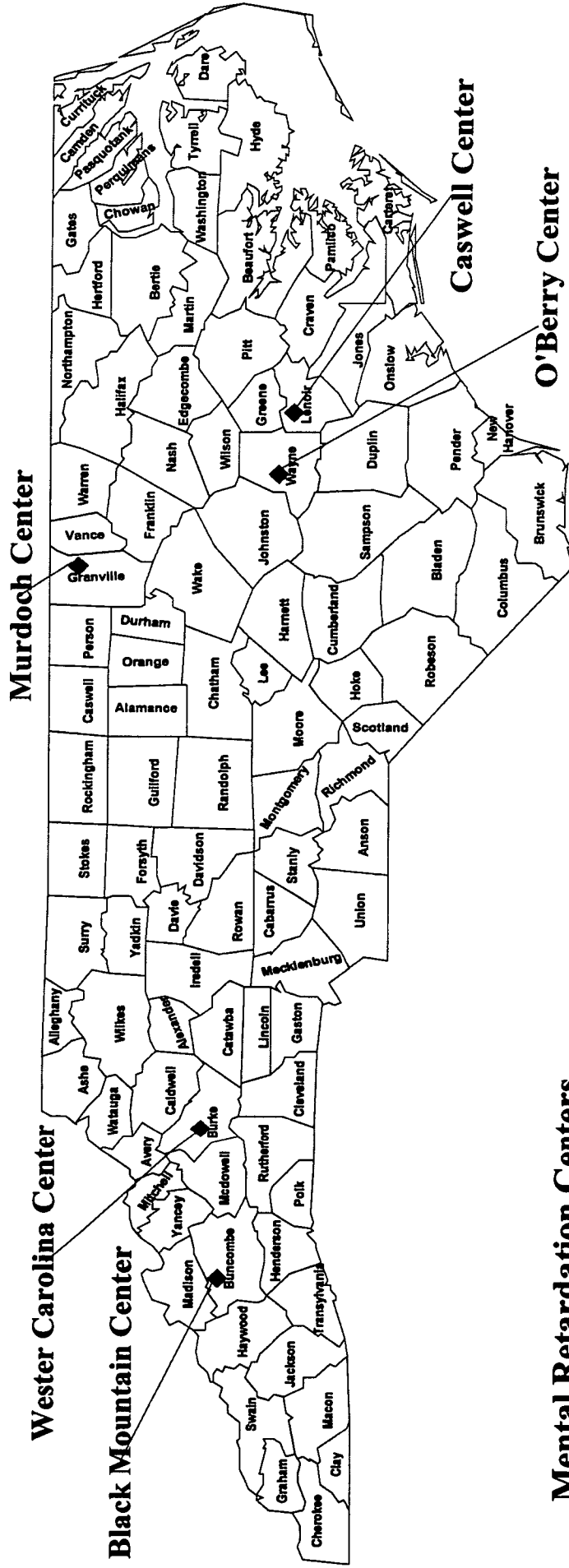
Developmental Disabilities Services Clients Served Through Area Programs



FISCAL RESEARCH DIVISION MARCH 2001

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS



Mental Retardation Centers

- Western Carolina Center - Morganton, NC
- O'Berry Center - Goldsboro, NC
- Murdoch Center - Butner, NC
- Caswell Center - Kinston, NC
- Black Mountain Center - Black Mountain, NC

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Black Mountain Center

- Opened in 1937
- Serves Western NC
- Bed Capacity of 190 (Ave. Daily Population Regular Beds: 76)
- FY00/01 Operating Budget: \$19M
- Persons Served FY99/00: 310
- 443 Staff
- Special Units: 71-Bed Alzheimer Unit

Caswell Center

- Authorized by General Assembly in 1911 (NC's First MR Center)
- Serves Central NC
- Bed Capacity of 829 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$72M
- Persons Served FY99/00: 645 Average Daily Population: 595
- 1,715 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Murdoch Center

- Began 1948
- Serves Central NC
- Bed Capacity of 660 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$67M
- Persons Served FY99/00: 610
- 1,678 Staff
- Special Units: BART & Autistic Children)

O'Berry Center

- Opened in 1957
- Serves Eastern NC
- Bed Capacity of 485 (Ave. Daily Population: 340)
- FY00/01 Operating Budget: \$42M
- Persons Served FY99/00: 376
- 1,015.5 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Western Carolina Center

- Began 1948
- Serves Western NC
- Bed Capacity of 493 (Ave. Daily Population: 352)
- FY00/01 Operating Budget: \$45M
- Persons Served FY99/00: 354
- 994.3 FTE/Staff

DEVELOPMENTAL DISABILITIES SERVICES

Clients Served In State Mental Retardation Centers

Client Profile: (as of 6/30/00)

Persons Served: 2,298 (2,096 Residents & 202 Respite Services)

- 57% Male -43% Female

- 71% White -29% Non-White

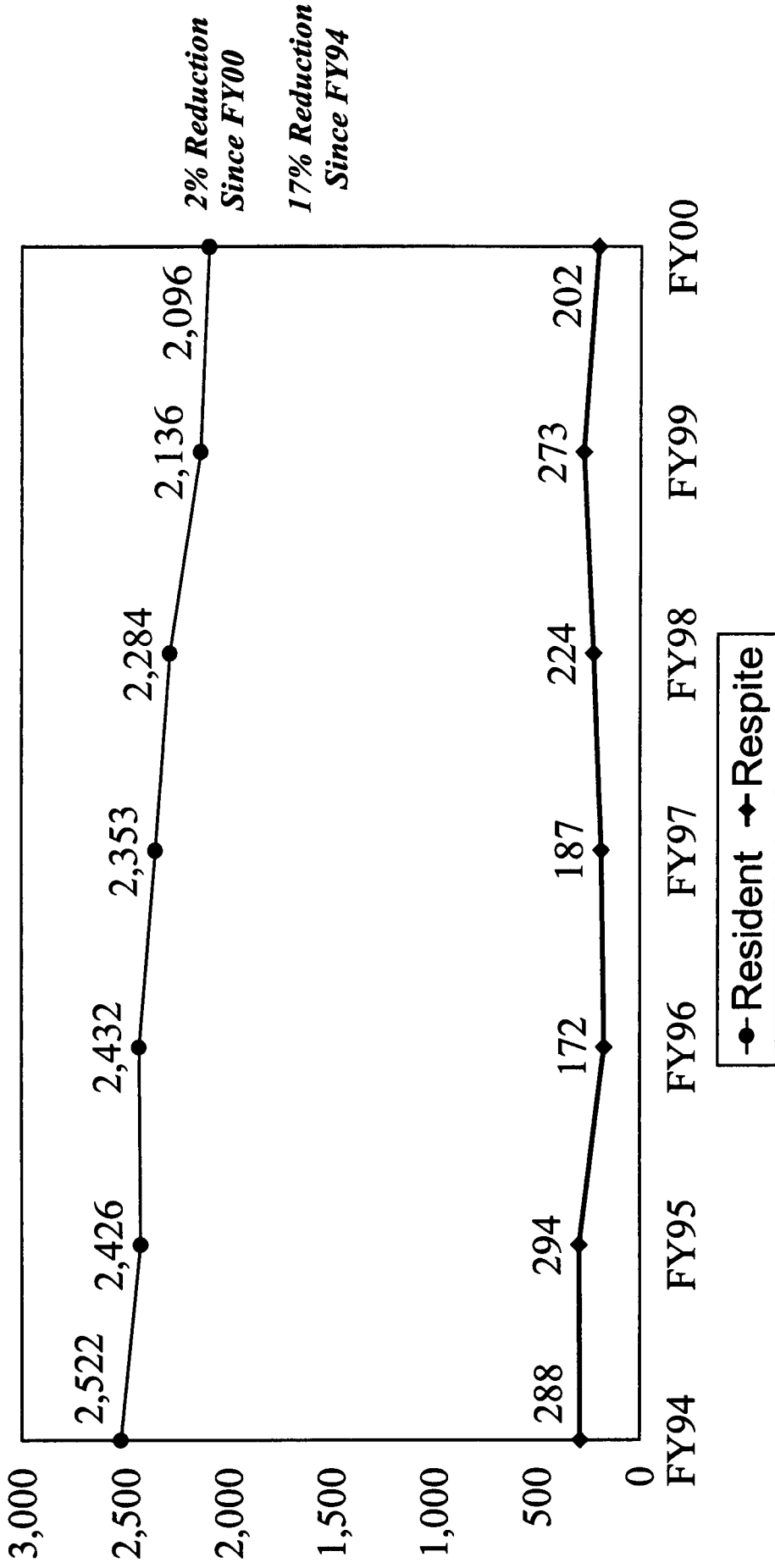
- 66% Age 25-54 Years - 68% Average Length of Stay: >21 years

-Majority are Severly/Profoundly Impaired

-Impairments Other Than M R: Cerebral Palsy, Autism, Epilepsy,
Language Impairment & Alzheimer's Disease

DEVELOPMENTAL DISABILITIES SERVICES

PERSONS SERVED IN MENTAL RETARDATION CENTERS



DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

- ◆ Medicaid Waiver Program
 - Income and Resources of the Consumer (Not Parents or Spouse) Are Considered When Application is Made
 - Level of Disability is the Major Determination of Eligibility
- ◆ Began 1983, Program Serving Individuals Who Would Otherwise Require Care in an Intermediate Care Facility for People with Mental Retardation or Developmental Disabilities (ICF-MR)
- ◆ "Benefits Cap" Approach to Managed Care
- ◆ Maximum Annual Benefit Limit \$68K/Slot
 - Total of 6,527 Slots (FY00/01)
 - \$6.89M Appropriation (2000 Legislative Session)
 - Average Cost Per Consumer \$28K Per Year
 - Approximately 250 Slots Are Designated for Emergencies

DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

Array of Service Options

- ◆ Case Management
- ◆ Adult Day Health Care & Adult Day Care
- ◆ Augmentative Communication Equipment
- ◆ Supplies & Equipment
- ◆ Crisis Stabilization
- ◆ Supported Living Services
- ◆ Environmental Accessibility Adaptations
- ◆ Vehicle Adaptations
- ◆ In-Home Aide Services
- ◆ Personal Emergency Response System
- ◆ MR Personal Care
- ◆ Respite Services
- ◆ Personal Habilitation Services {E.g... Supported Employment}

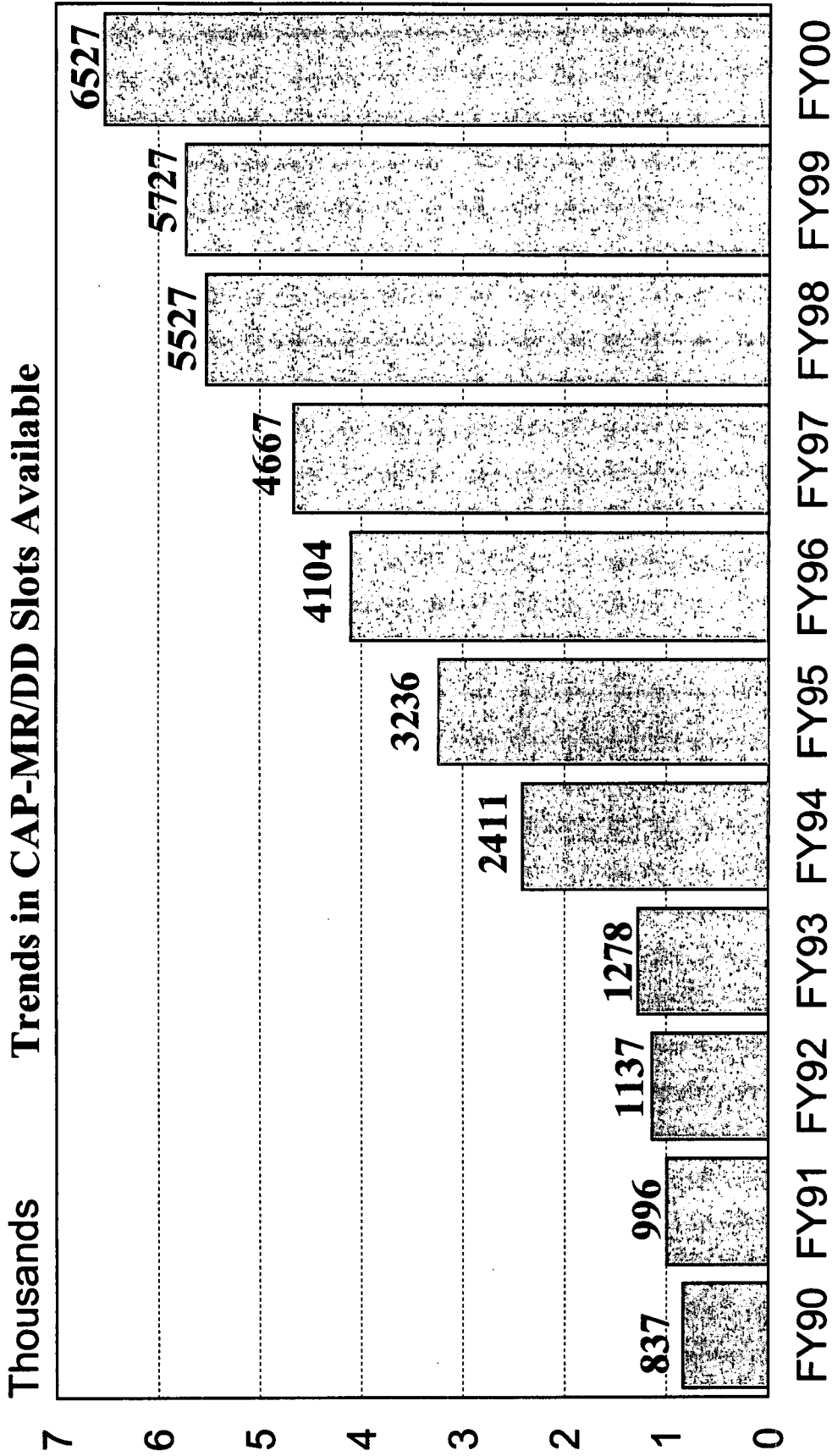
DEVELOPMENTAL DISABILITIES SERVICES

***COMMUNITY ALTERNATIVES PROGRAM FOR THE
MENTALLY RETARDED OR DEVELOPMENTALLY
DISABLED (CAP-MR/DD)***

FIVE MOST USED CAP-MR/DD SERVICES:

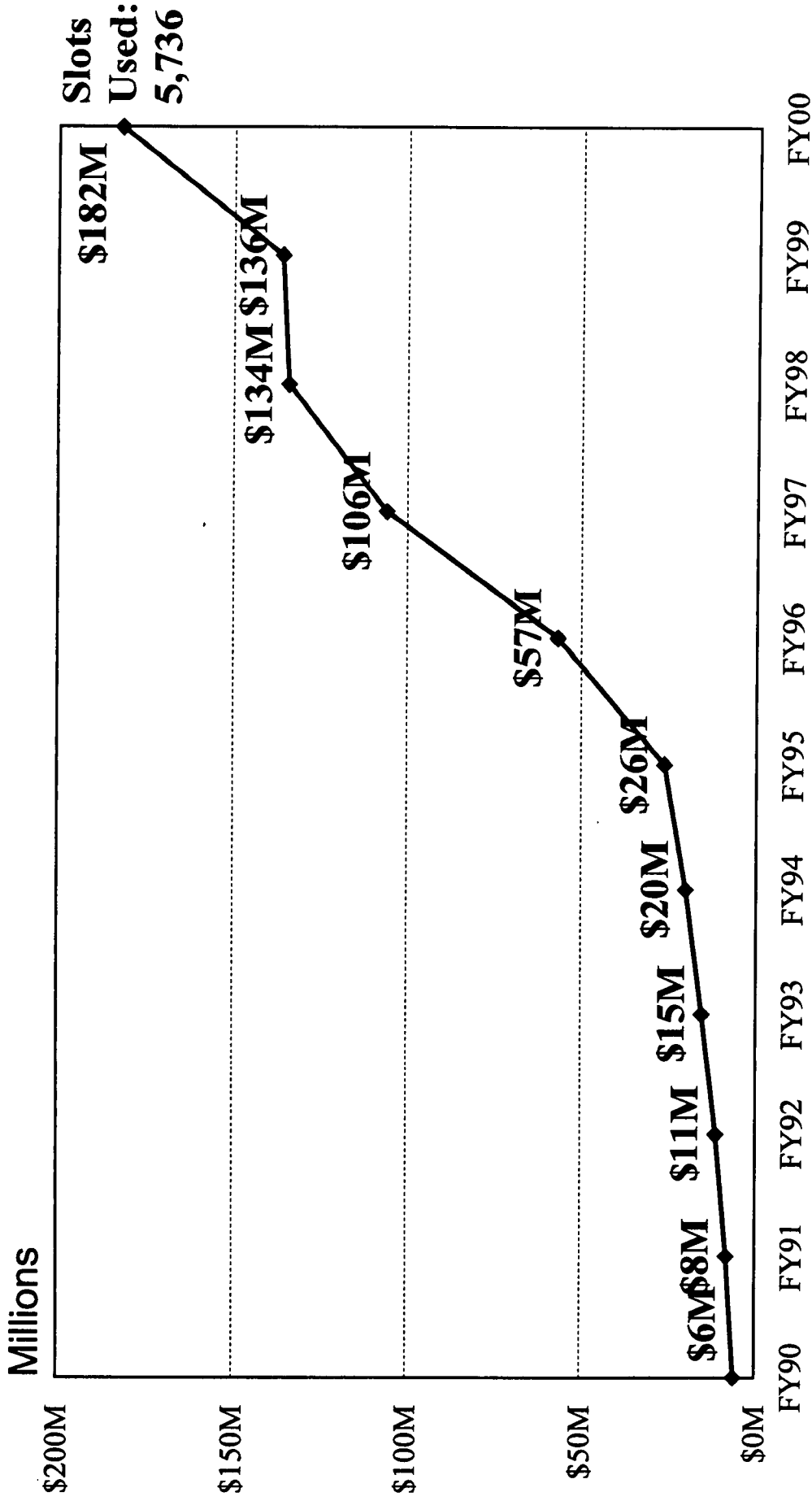
1. Case Management
2. Community Inclusion (individual)
3. Respite (community-based)
4. Supported Living
5. Medical Supplies

**DEVELOPMENTAL DISABILITIES SERVICES
 COMMUNITY ALTERNATIVES PROGRAM FOR THE
 MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED
 (CAP-MR/DD)**



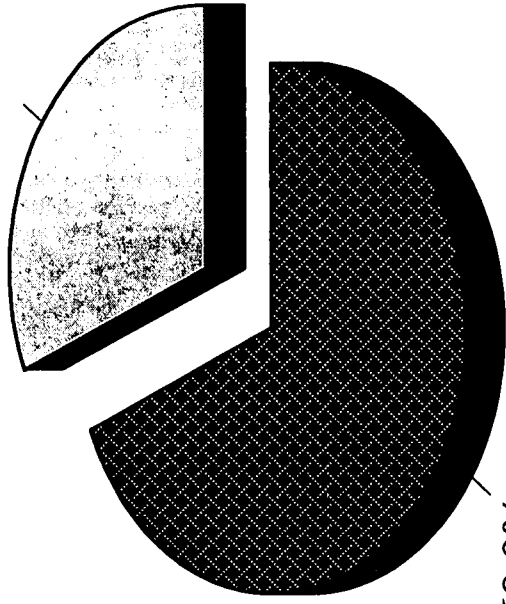
DEVELOPMENTAL DISABILITIES SERVICES

CAP-MR/DD EXPENDITURE GROWTH



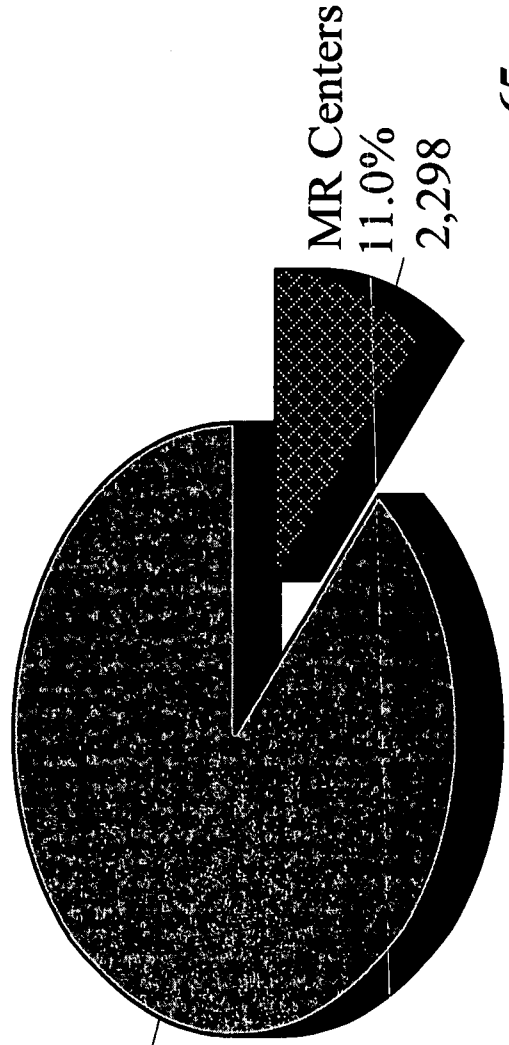
Persons Served in Community & Institutional Programs Compared to Expenditures for Each

FY00 EXPENDITURES
 Community Programs 31.1%
 \$107,495,940



MR Centers 68.9%
 \$237,812,416

PERSONS SERVED



Community Programs 89.0%
 18,613

MR Centers 11.0%
 2,298

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES TO MULTIPLY DIAGNOSED ADULTS

Services to Multiply Diagnosed Individuals (Mental Retardation & Mental Illness (Former Thomas S Court Mandated Program)

- ◆ FY99/00 Expenditures: \$92M
- ◆ Clients Served: 1,370
- ◆ 37% of Clients Cost in Excess of \$100K Per Year

HB 1840, Section 11.22 "Services to Multiply-Diagnosed Adults"

1. Medical Necessity
2. Utilization Review
3. Eliminate "Thomas S" Administrative Infrastructure
4. Implement Cost Reduction Strategies:
 - Preauthorization & State Review of Service Plans

DEVELOPMENTAL DISABILITIES SERVICES

Partners in Autism Treatment & Habitation Program (PATH)

- ▶ \$1.5M Appropriated During 2000 Session
- ▶ 8-Bed Residential Unit (2 Respite Beds) located at Murdoch Center in Butner
- ▶ 4-Bed Group Home in Oxford (Opens May 2001)
- ▶ Services to Children 6-16 Years Old

- ▶ Services Available: Array of Professional Services
- ▶ Treatment Model: Individualized Behavior Intervention
- ▶ Referrals: Mental Health Agencies Across the State
- ▶ Admission: InterAgency Council/Single Portal Committee
- ▶ Length of Stay: Short Term (Maximum 2 Years)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities
Section
2. Compliance With HB 1840, Section 11.22

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities Section
 - ▶ Section Staff Increased by 37 FTE's Since FY99/00
 - ▶ Section Maintains Functional Responsibilities (Centralized for Program/Service Sections)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

2. Compliance With HB 1840, Section 11.22
 - ▶ Identify Savings Realized From Elimination of Program Administration and Infrastructure:
 - 1999 Special Provision Originally Mandated
 - 2000 Special Provision Mandated
 - No Progress To Date
 - ▶ State Review of (1) Individualized Service Plans for All Adults Served to Ensure that Service Plans Focus on Delivery of Appropriate Services Rather than Optimal Treatment and Habilitation Plans, and (2) Staffing Patterns of Residential Services:
 - State Review & Approval of Plans in Excess of \$100K
 - State Monitors a Sample of Other Plans

Lovaas Treatment

- Developed by Dr. Ovor Lovass (UCLA)
- Intensive Behavioral Intervention for Young Autistic Children
- Instruction is One-on-One (principally in the home)
- Education, therapy, and speech language services
- Direct Involvement of Parents Stressed
- Non-Aversive Treatment system of rewards for positive behavior
- Benefits:
 - increased communication
 - increased self help and learning skills
 - seems to reduce high levels of aggression, self-injury & lethargy

<http://www.lovaas.com/>

VISITOR REGISTRATION SHEET

Joint Approp/Sub Health and Human Services

March 29, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>Hugh Wilson</i>	<i>WCAATC 7.</i>
<i>HUGH WILSON</i>	<i>NCHA</i>
<i>Joanne Schoen Stevens</i>	<i>NC nurses Association</i>
<i>Bob Hedrick</i>	<i>NC Support Providers Council</i>
<i>Jammy Lester</i>	<i>OSBPM</i>
<i>CLEVELAND SIMPSON</i>	<i>NC DOC</i>
<i>John Kurt</i>	<i>NCFPC</i>
<i>John Bowditch</i>	<i>Alley Associates</i>
<i>Adelle Eschler</i>	<i>Easter Seals</i>
<i>Gaylyn Henderson</i>	<i>UNC Chapel Hill</i>

VISITOR REGISTRATION SHEET

Joint Approp/Sub Health and Human Services

March 29, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>Jim Tice</i>	<i>MHA/NC - C2001</i>
<i>C.L. Cochran</i>	<i>UCIP - C2001</i>
<i>DAVE RICHARD</i>	<i>ARC - C2001</i>
<i>ANN LOBE</i>	<i>DHHS</i>
<i>Roz Savitt</i>	<i>NCCCE</i>
<i>Jo Stein</i>	<i>DMH/OD/SAS</i>
<i>Sally Cameron</i>	<i>NCPA - C2001</i>
<i>Robin Norrell</i>	<i>First In Families</i>
<i>Blansome</i>	<i>NCDSS</i>
<i>STAN SLAWINSKI</i>	<i>DMH/OD/SAS</i>
<i>Bennie Holler</i>	<i>DHHS</i>

VISITOR REGISTRATION SHEET

Joint Approp/Sub Health and Human Services

March 29, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Quid Jell	Assn. for Home & Hospice Care of NC
Reha Melcher	NAMI NC
Patrice Rander	NCACC
Tony Mulvihill	ADCNC
Bob Kuntz	Division MH/DD/SATS -
Wayne Walker	OSBPM
Mary D. Greene	OSBPM
Pam Richardson	OSBPM
Whitney King	OSBPM
BRANDON THOMAS	SEANC
Frank Stumpach	NC Council

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Monday, April 2, 2001

4:00 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

AIDS Drug Assistance Program

Dr. Steve Cline
Division of Public Health

Division of Public Health - Contracts

Lisa Hollowell
Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

**Monday, April 2, 2001
4:00 P.M.**

Room 424 Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Monday, April 2, 2001 at 4:00 P.M. in the Legislative Office Building. Members present were; Representative Edd Nye, Co-Chairman, Representative Beverly Earle, Co-Chairman, Representative Walter Church, and Representative Theresa Esposito. There were four senators present.

Representative Nye, presiding chairman, began the meeting by asking Dr. Steve Cline, Chief of the Epidemiology and Communicable Disease Section with the Division of Public Health, to begin his presentation on AIDS Drug Assistance Program (See Attachment).

Dr. Cline presented the report to the Committee in accordance with the requirements of Session Law 2000-67, Section 11.35. The report includes information on HIV/AIDS cases reported in North Carolina; eligibility, utilization and cost data from the program; and other information related to the operation and status of the program. The Committee asked Dr. Cline a number of questions concerning the program.

Ms. Lisa Hollowell, Fiscal Research Staff, was next to address the Committee. She reported to the Committee on the Division of Public Health Contracts (See Attachment). This report included both direct and non-direct service contracts, but contracts with local health departments are not included. The Committee had many questions concerning the contracts, including how the Division keeps track of all of them and how they are entered into. Senator Dannelly asked why there were so many contracts and asked if it was more cost effective. Mr. Allen Guffy, Department of Health and Human Services, replied that they get better expertise sometimes by contracting. Representative Earle noted that there were a lot more contracts with UNC Chapel Hill than with other Universities.

Senator Purcell had questions concerning Healthy Start on page ten of the handout. He noted there were federal dollars but no state money listed. Representative Nye asked the Department representative to get the Committee a breakdown on Healthy Start to see where the contracts are coming from and information concerning the match. Senator Martin asked what are the obstacles that exist for having a centralized control system for the contracts. Representative Nye asked that contracts be flagged. Senator Martin asked

Mr. Guffy to get back with the Committee to clarify the Departments definition of direct and indirect contracts to help them better understand the difference between the two.

The Committee members questioned many of the contracts. Representative Nye asked that all contracts with state money be flagged. He asked Dr. McBride to prepare for the Committee an explanation of the state and federal match for each contract.

The meeting was adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant



4-2-01 Attachment I

North Carolina Department of Health and Human Services
2001 Mail Service Center • Raleigh, North Carolina 27699-2001
Tel 919-733-4534 • Fax 919-715-4645

el F. Easley, Governor

Carmen Hooker Buell, Secretary

March 28, 2001

EPIDEMIOLOGY
DIRECTOR'S OFFICE

The Honorable William N. Martin, Chair
Senate Appropriations Committee on Health and Human Services
North Carolina General Assembly
Room 411, Legislative Office Building
300 North Salisbury Street
Raleigh, NC 27601-2808

Dear Senator Martin:

In accordance with the requirements of Session Law 2000-67, Section 11.35 – AIDS Drug Assistance Program, following is the final report of the Department of Health and Human Services. This report includes information on HIV/AIDS cases reported in North Carolina; eligibility, utilization and cost data from the program; and other information related to the operation and status of the program.

If you have any questions or need additional information, please contact Dr. J. Steven Cline, Chief of the Epidemiology and Communicable Disease Section, Division of Public Health. He can be reached at (919) 715-6733.

Sincerely yours,

Carmen Hooker Buell

CHB:bb

Enclosure

- cc: James B. Edgerton
- A. Dennis McBride, M.D., M.P.H.
- Chris Hoke
- Allyn Guffey
- Nina Yeager
- Lisa Hollowell
- J. Steven Cline, D.D.S., M.P.H.
- Legislative Library (2)

THE AIDS DRUG ASSISTANCE PROGRAM (ADAP)

A final report submitted by the Department of Health and Human Services to:

*The House of Representatives,
Appropriations Subcommittee on Health and Human Services*

and

The Senate Appropriations Committee on Human Resources

in fulfillment of the requirements of Special Provision – Section 11.35 – 2000 Session

April 1, 2001

For further information contact:

J. Steven Cline, DDS, MPH
Chief, Section of Human Ecology and Epidemiology
Division of Public Health, DHHS
(919) 715-6733

Introduction

The North Carolina AIDS Drug Assistance Program (ADAP; also known as the HIV Medications Program), uses a combination of State and Federal funds to provide low-income residents with assistance in purchasing medications to fight HIV/AIDS and the opportunistic infections which often accompany the disease. As part of the State Budget for FY 2000 – 2001, the General Assembly requested an Interim Report (submitted on September 29, 2000), and a Final Report (to be submitted on April 1, 2001), and specified particular data and information that should be included.

This Final Report, submitted in response to Special Provision 11.35 (below), updates the Interim Report and provides the specified data and other information to the extent possible.

Special Provision - 11.35 – 2000 Session

Requested by: Representatives Earle, Nye, Easterling, Redwine, Wright, Senators Martin of Guilford, Plyler, Perdue, Odom

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

Section 11.35.(a) Subsections (d) and (e) of Section 11.55 of S.L. 1999-237 read as rewritten:

“Section 11.55.(d) The Department shall also develop a comprehensive information management system on AIDS/HIV clients receiving services from the State. The Department may use up to fifty thousand dollars (\$50,000) of the funds appropriated under this act to implement this information management system. This information management system shall be patterned after the information management system used by the Elderly Drug Assistance Program, shall provide instantaneous internal access to information, and this system shall include information on the following:

- (1) Program usage patterns of ADAP participants, including, but not limited to, frequency of prescription purchases, and types of medications prescribed, and the cost of prescribed medications on a monthly basis.
- (2) Demographics of participants in the program, including the age, gender, race, ethnicity, and county of residence of participants.

The Department shall also develop a plan for promoting patient adherence to physician treatment recommendations. In developing the plan, the Department shall identify ways of obtaining information without interfering with physician-patient confidentiality. The Department shall report on this plan to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division not later than May 15, 2000.

Section 11.55.(e) For the 1999-2000 fiscal year, and for the 2000-2001 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. Notwithstanding any other provision of law, eligibility for participation in ADAP during the 1999-2000 fiscal year shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. Eligibility for participation in ADAP during the 2000-2001 fiscal year may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (d) of this section. Until the Office of State Budget and Management makes this certification, eligibility for participation in ADAP during the 2000-2001 fiscal year shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. All individuals who are eligible for participation in ADAP shall be served by the Department of Health and Human

Services. If sufficient funds are not available from funds allocated to ADAP, the Department of Health and Human Services shall transfer available funds from other programs within the Department to meet the funding needs of ADAP.”

Section 11.35.(b) The Department of Health and Human Services shall make an interim report by October 1, 2000, and a final report by April 1, 2001, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on ADAP. The reports shall include the following:

- (1) Monthly data on total cumulative AIDS/HIV cases reported in North Carolina.
- (2) Monthly data on the estimated number of individuals eligible to participate in ADAP and the actual number of participants in ADAP.
- (3) Monthly data on the number of individuals who have applied to participate in ADAP that have been determined to be ineligible.
- (4) Monthly data on the income level of participants in ADAP and of individuals who have applied to participate in ADAP that have been determined to be ineligible.
- (5) Monthly data on fiscal-year-to-date expenditures of ADAP. The interim report shall contain monthly data on the calendar-year-to-date expenditures of ADAP.
- (6) Monthly data on the actual line-item budget of ADAP.
- (7) Monthly data on funding sources of ADAP expenditures.
- (8) Monthly data on ADAP funds that are applied to a Medicaid spend-down.
- (9) An update on the status of the information management system.
- (10) Monthly data on ADAP usage patterns and demographics of participants in ADAP.
- (11) Estimated participation rates and costs if eligibility for participation in ADAP were raised to one hundred seventy-five percent (175%) of the federal poverty level or to two hundred percent (200%) of the federal poverty level.

ITEM #1 – Table 1: Total Cumulative AIDS/HIV Cases Reported in North Carolina – 1996 to Present

HIV Disease ⁽¹⁾		
Calendar Year	# of Cases Reported	Rate
1996	1651	22.6 ⁽²⁾
1997	1664	22.4 ⁽²⁾
1998	1488	19.7 ⁽²⁾
1999	1557	20.4 ⁽²⁾
2000	1477	19.0 ⁽³⁾

(1) This Table includes reports of both HIV and AIDS, categorized by the date of first report

(2) Per 100,000 population based on estimates available from the U. S. Census

(3) Per 100,000 population based on projection (simple linear) using 1995-98 U. S. Census estimates

NOTE: These data are presented on an annual basis in order to provide the reader with the most useful and frequently presented format. HIV/AIDS incidence rates, one of the more comparable and significant indicators, are only calculated and reported annually. Since the incidence and reporting of HIV/AIDS are not seasonally-related events, monthly reports and rates do not provide any additional insight and/or value for epidemiological and planning/evaluation purposes. Presentation of annual data also eliminates the potential variation that reporting can have on monthly data, and allows the variation observed in numbers and rates between years to more accurately reflect trends and differences in the incidence of new cases.

It is important to note that the number of new HIV cases reported over the past few years has remained fairly constant. Thus, although it has been well documented and widely reported that the number of new cases of and mortality from AIDS has declined, primarily due to the effectiveness of the new medications and therapeutic regimens, the rate of transmission and newly-diagnosed and reported cases of HIV have not significantly decreased.

It should also be noted that not all racial and ethnic groups are impacted equally by the disease. In 2000 in North Carolina, almost 78% of the newly diagnosed and reported cases of HIV infection were among the non-white population, with African Americans representing about 72% of the new cases. The rate for African Americans (62.9/100,000 population) was more than 10 times the rate for whites (5.8/100,000), and the rate for Latinos/Hispanics (25.2/100,000) was almost 4.2 times the rate for whites.

This information points to at least two areas of need in very dramatic fashion. First, efforts devoted to both primary and secondary prevention of HIV disease must be increased and enhanced for all North Carolinians. Within this context, an increased focus on the role and responsibility of the HIV-infected individual in preventing the further spread of the disease is likely to occur at both the state and federal levels. The second area of concentration must be that the disparities between racial and ethnic groups are openly acknowledged and declared "unacceptable." This, in term, demands that a serious commitment to eliminating these racial disparities must be adopted by the State Program, all that work within the public and private health and medical care communities and all who serve the people of the state.

It has also been widely and repeatedly suggested that the number of cases that are reported to and by the State, and appear above and in other official publications, significantly understate the actual number of individuals living with HIV disease in North Carolina. The reasons for this are complex, but the most often cited include: (1) individuals (frequently former residents of the state who were living elsewhere) who have previously been diagnosed and reported as HIV+ in other states (and who are, therefore, not included in the reports of new cases for North Carolina), returning home to North Carolina to be with family; (2) individuals being diagnosed in NC but, for whatever set of reasons, not being reported to the State; and, (3) individuals who are HIV+ but who have not yet been tested (i.e., they do not even know that they are infected). Virtually all providers of significant amounts of medical care to persons with HIV disease have stated, without reservation, that they are serving more HIV+ individuals than are reported for their geographic areas by the official State reports. It is frequently suggested that the number of HIV+ cases reported and showing up in official figures represent anywhere from 50% to 75% of the actual number of persons living with HIV/AIDS.

ITEMS #2 AND #5 – Table 2: NC ADAP Program – # Authorized and Served and \$ Expended – by Month – FY 1999 – 2000 (and 1st 8 months of FY 2000 – 2001)

Month	# Authorized	# Served ⁽¹⁾	\$ Expended ⁽²⁾	\$ Expended per Client Served
Jul-99	1,617	463	468,109	1,011
Aug	1,734	736	975,558	1,325
Sept	1,871	552	549,032	995
Oct	1,952	687	728,499	1,060
Nov	2,052	471	527,738	1,120
Dec	2,118	734	994,411	1,355
Jan-00	2,185	731	841,091	1,151
Feb	2,295	920	1,409,832	1,532
Mar	2,397	685	777,273	1,135
Apr ⁽³⁾	1,394	867	1,066,592	1,230
May	1,582	714	862,429	1,208
June	1,730	662	702,594	1,061
FY 2000 Totals	2,630 ⁽⁴⁾	1,895 ⁽⁵⁾	9,903,158	1,182 ⁽⁶⁾
Jul-00	1,905	659	723,471	1,098
Aug	2,060	1,032	1,494,900	1,449
Sept	2,195	838	1,035,021	1,235
Oct	2,317	870	1,058,800	1,217
Nov	2,397	751	843,893	1,124
Dec	2,512	526	509,127	968
Jan	2,636	1,079	1,451,062	1,345
Feb	2,744	1,094	1,483,702	1,356
FY 2001 to date	na	na	8,599,976	1,224 ⁽⁶⁾

(1) # of clients for whom a pharmacy claim was paid that month

(2) \$ paid out for claims paid during that month

(3) April is the start of the new Program year; all clients must reapply and be reauthorized to participate after April 1

(4) this total = the unduplicated total of individuals authorized by the Program during FY 1999 - 2000; not the sum of clients authorized in each month as indicated in this table. These data are not yet available for FY 2001.

(5) this total = the unduplicated total of individuals served by the Program during FY 1999 - 2000; not the sum of clients served in each month as indicated in this table. These data are not yet available for FY 2001.

(6) this figure = the average of each month's \$ expended/clients served; not total expended by total served. It is presented for FY 2000 and the 1st 8 months of FY 2001. The average expended/client served during the 1999-2000 fiscal year = \$5,230.

ITEM #3 – Table 3: People that Applied to ADAP and were Determined by the Office of Purchase of Care to be Ineligible – January 1999 – December 2000 ⁽¹⁾

Reason for Being Determined Ineligible for ADAP	#
Applicant is Medicaid eligible	307
Applicant does not meet financial eligibility criterion	110
Applicant has insurance (other than Medicaid)	20
Additional information has been requested – may be reconsidered	140
Applicant does not meet NC residency requirement	4
Applicant does not meet Program eligibility requirements (unspecified)	14
Applicant requested non-covered service (e.g., physician visits, more than 1-month supply of medications, approved to other provider)	18
Application was submitted too late to be approved	2
TOTAL	615

(1) This table reports data on the number of individuals that applied to the ADAP Program and who were determined to be ineligible or for whom additional information was requested by the Office of Purchase of Care once their applications were sent to and reviewed in Raleigh. This number represents only a fraction of the number of individuals, the total of which is unknown and unavailable, who apply to the Program and are determined not to be eligible for coverage at the time of application.

Applicants begin the process of applying to the ADAP Program by working with a “facilitator” somewhere in a local community. This is consistent with the way in which many of North Carolina’s Purchase of Care-based programs operate. These facilitators may work for local health departments or hospitals or social service agencies, for HIV care consortia or case management agencies or medical offices or clinics, or for other community based organizations. Most of the people who serve as facilitators in the ADAP application process are very familiar with the rules and requirements of the Program. When the facilitator and the applicant sit together to complete the financial and medical applications, it is usually immediately apparent to the facilitator whether the individual will qualify financially for ADAP; medical eligibility is not usually the problem. In the event that the applicant is believed to be eligible, or even if it is questionable in the mind of the facilitator, the completed application is sent to the Office of Purchase of Care for “official determination and notification of eligibility.” In the event that the applicant is clearly not financially eligible for the Program – because of excess income, Medicaid or other insurance – the application is usually not even sent to POC. And while POC does, in fact, deny a small number of applicants for the above reasons (as reflected in Table 3, above), the majority of individuals who are “determined to be ineligible” are so determined at the local level. POC generally does not have access to these “denied applications.” There is thus no record within POC of the number who may have applied and been locally determined not to qualify, or of the reason for them not qualifying. There are also no data related to these individuals’ financial or insurance status available, nor of the month of their application (and denial). The data presented in the above Table 3 represents a limited set of individuals determined to be ineligible at the time of application by POC and the reasons for their not qualifying for the Program. Some of these individuals eventually do qualify for ADAP (e.g., upon the submission of additional information, once their Medicaid eligibility ends, etc.). It is the opinion of the Program and POC that these individuals and the data reported above are not representative of the universe of those who seek enrollment in the Program and are determined not to qualify, and should not be considered as a valid or reliable indicator of those who apply and are denied coverage. These data are presented primarily for “context,” and to document some of the most common reasons for denial at the state level.

ITEM #6 – Table 4: NC ADAP Program Budget and Source of Funds - FY 2000 – 2001

Source of Funds	Budget Line Item	Amount Available	Time Available
State	1461-5574-0001	\$4,855,195 ⁽¹⁾	7/1/2000 – 6/30/2001
State (Prior Year)	1461-5574-0000	\$520,000	
Federal (Ryan White)	1461-5574-1251	\$6,688,398 ⁽²⁾	7/1/2000 – 3/31/2001
Federal (RW – PY)	1461-5574-1250	\$1,049,000	
Manufacturers' Rebates	1461-5574-9407	\$1,140,000 ⁽³⁾	Received quarterly, based on actual expenditures for which rebates are requested
Man. Rebates (PY)	1992-5574-9407	\$634,926	
TOTAL		\$14,887,519 ⁽⁴⁾	

- (1) This figure reflects a "one-time" reduction of \$3 million implemented by the General Assembly during the last "short session"
- (2) NC had available \$6,688,398 in Federal Ryan White Medication funds for the period July 1, 2000 – March 31, 2001. As of February 28, 2001, that entire total had been expended.
- (3) This total represents an estimate of what NC is likely to receive from pharmaceutical manufacturers' rebates, during the year based on spending all of the state and federal funds available. Since the rebates must be filed for quarterly, a significant portion of the total does not arrive in NC until after the close of the SFY. Thus, the estimated rebate figure is judged to be "reasonable," but the exact total to be received and the date of availability of any particular amount is not absolutely predictable.
- (4) Based on the discussion in #3, this is also an estimated total.

NOTE: These data are presented for the state fiscal year 2000 – 2001, and are as of February 14, 2001. Once the actual annual "budget figure" for each line item available to the Program is known and included within the budget, it does not generally change from month to month unless a budget revision is done. The amounts expended and unexpended will change monthly, based on which line items funds are taken from and used to make the payments that month. Those data are available within the budget system, and reflect what has happened from the start of the fiscal year to February 28, 2001.

ITEM #7 - Table 5: ADAP Expenditures by Funding Source (State Appropriated, Federal Ryan White or Rebate funds) - FY 1999 through February 2001

MONTH	State \$			Federal (Ryan White) \$		Rebates
	(7/98 - 6/99)	(7/99 - 6/00)	(7/00 - 6/01)	(4/99 - 3/00)	(4/00 - 3/01)	
	Jul-99	\$ 468,109.47				
Aug	\$ 488,732.12	\$ 486,824.72				
Sept	\$ 41,977.84			\$ 507,054.47		
Oct	\$ 43,878.45			\$ 684,620.35		
Nov	\$ 53,192.84			\$ 474,544.84		
Dec	\$ 74,343.31	\$ (1,996.36)		\$ 922,063.85		
Jan-00	\$ 17,569.61	\$ (1,106.31)		\$ 824,627.78		
Feb		\$ 1,409,831.57				
Mar		\$ 777,272.62				
Apr				\$ 462,519.90		\$ 604,072.20
May		\$ 478,269.91		\$ 384,158.92		
June				\$ 140,239.40	\$562,354.10	
Total	\$ 1,187,803.64	\$ 3,149,096.15		\$ 4,399,829.51	\$562,354.10	\$ 604,072.20
Jul-00				\$ 74,049.94	\$ 649,421.17	
Aug				\$ 978,795.21	\$ 516,105.44	
Sept				\$ 28,734.73	\$ 1,006,286.20	
Oct				\$ -	\$ 1,058,800.50	
Nov				\$ 63,894.01	\$ 779,998.87	
Dec				\$ 2,293.36	\$ 506,833.79	
Jan		\$ 3,339.90	\$ 10,196.03	\$ 12,952.25	\$ 1,424,574.20	
Feb		\$ 31,246.68	\$ 641,210.94		\$ 811,244.21	
YTD		\$ 34,586.58	\$ 651,406.97	\$ 1,160,719.50	\$ 6,753,264.38	

ITEM #9 - Current Status of the "Information Management System"

In accordance with Section 11.35 (a), the Department is pursuing a modification of the administration of the AIDS Drug Assistance Program (ADAP) in order to improve the timeliness of information available to the Program. Up to \$50,000 of State funds was authorized for development of this enhanced information system for ADAP. In doing so, the Department is modeling administration of the ADAP Program after that which is in place for the Prescription Drug Assistance Program (for the Elderly – PDAP). There are some important differences between these two programs, necessitating that the ADAP model has some characteristics and components not present in the PDAP and adding to the complexity of accomplishing this transfer from administration/management by the Office of Purchase of Care to a Benefits Management firm. However, the intended outcome of the process is to have the same type and timeliness of information available to the ADAP Program that is available to the PDAP Program.

The ADAP Program developed and submitted a DRAFT Request for Proposal (RFP) for the administration/management of the Program that was very consistent with the RFP that was developed for the PDAP. The draft ADAP RFP was reviewed and approved within the Department. The Department then suggested that, based on the limited number of responses (i.e., one) received to the PDAP RFP, the ADAP Program might be able to be awarded as a "sole source" contract. Most of the electronic data sharing and processing details have been worked out with Department's Division of Information Resources Management and the potential contractor, and the proposed contract has been forwarded to the Department for processing. Without significant delays, this should enable the contract to be in place, and administration of the Program by a Pharmacy Benefits Management (PBM) firm to begin its "testing and phase-in period," by April 2001.

Once the Program has entered into a contract with the PBM, the appropriate information will be forwarded to the Office of State Budget and Management for their review. Upon demonstration of success and certification by OSBM, the financial eligibility for ADAP will be raised to 150% of the Federal Poverty Level.

ITEM # 10 – Table 6a: Distribution by Race of Authorized HIV Patients and Patients for Whom a Claim was Paid – CY 2000 – (Figures Represent Unduplicated Counts)

	Authorized to receive services		Claims were paid for		% of authorized for whom a claim was paid
	Number	Percentage	Number	Percentage	
White	1,066	31.0	734	33.7	68.9
African-American	2,173	63.1	1,327	61.0	61.1
Native American	49	1.42	28	1.29	57.1
Hispanic	132	3.83	72	3.31	54.5
Asian/Pacific Islander	8	0.23	7	0.32	87.5
Other Minority	16	0.46	7	0.32	43.9
Totals	3,444	100	2,175	100	63.2

ITEM #10 - Table 6b: Distribution by Gender of Authorized HIV Patients and Patients for Whom a Claim was Paid – CY 2000 – (Figures Represent Unduplicated Counts)

	Authorized to receive services		Claims were paid for		% of authorized for whom a claim was paid
	Number	Percentage	Number	Percentage	
Male	2,461	71.5	1,571	72.2	63.8
Female	783	28.5	604	27.8	61.4
Totals	3,444	100	2,175	100	63.2

All but 4 of the 2,175 individuals served by ADAP in CY 2000 were 20 years old or older.

NOTE: These data are presented for the most current year in order to provide total unduplicated enrollment and utilization information. Monthly data includes significant duplication, and would not be as meaningful in presenting an overview of who has been enrolled in and used the Program during the specified time period (CY 2000).

Data on utilization by race indicate some disparities among identified groups. The Division of Public Health is committed to assuring that all HIV+ individuals and providers of services across the state are aware of the services that are available through the AIDS Care Programs – especially ADAP, and know who to contact and how to access those services. In previous reports the Division has proposed a unit that would be responsible for “...following up on individuals who are enrolled in the ADAP Program, and who either cease to use the Program after using it for a period of time, or never use it despite being eligible for and authorized to receive services.” This unit would insure that important programmatic information is available in locations, manners and languages such that all North Carolinians know what they, their family members or their clients are eligible for and how to access the services. This unit would also be an integral part of the framework and implementation of the “...plan for promoting patient adherence to physician treatment recommendations,” as stipulated in the Special Provision. It is strongly believed that follow-up activities are important to the overall success of the ADAP Program, both in facilitating HIV+ individuals to maintain and improve their health status and in assuring the optimal utilization of available resources and effectiveness of the ADAP Program.

ITEM #11 – Estimated participation rates and costs if eligibility were raised to 175% or 200% of the Federal Poverty Level (FPL)

In approaching the issue of increasing the financial eligibility for the ADAP Program, it is critical to recognize that North Carolina's current ADAP financial eligibility criterion of 125% of the FPL is the lowest in the country (see Appendix 1). Raising the financial eligibility criterion is something that is not only seen as critical by the Program and within the state's HIV/AIDS community, but also strongly supported by HRSA, the federal funding agency for the Ryan White Program (see Appendix 2).

Item #11 requested estimates of the participation and costs if the financial eligibility criterion of the Program were raised to 175% or 200% of the Federal Poverty Level. Based on available data, the program has estimated that raising the eligibility to 200% of the Federal Poverty Level would result in an increase in enrollment of approximately 400 additional persons, with an increase in actual utilization (based on ~50% utilization) of approximately 200. This is in addition to the normal increases in Program enrollment based on newly-diagnosed cases and other patients starting on HIV medications. Overall, this would result in an estimated increased cost to the Program of approximately \$3.8 million annually

Data are not available to do an independent analysis of the potential impact on utilization and cost if the Program's financial eligibility were raised to 175%. The only way to provide these estimates is through interpolation, (i.e., by estimating the relative increase in utilization and cost between the real situation in 1999 – 2000 and the projected increase to 200% cited above. (The same is true for estimates provided at 300% of the FPL). By this approach, it is estimated that raising the financial eligibility level to 175% of the Federal Poverty Level would result in approximately 270 new enrollees, approximately 135 additional clients served (at the 50% utilization rate), and an increased cost of approximately \$2.55 million.

The projected budget available for FY 2001 – 2002, assuming that the \$3 million "one-time reduction" is restored by the General Assembly, would equal approximately \$16.5 million. At the current rate of expenditure (i.e., slightly over \$1 million per month), and at the current 125% of the Federal Poverty Level, the Program is expected to spend approximately \$13 million this state fiscal year. When one takes into account the limited time period that prior year carry forward funds may be used and when manufacturers' rebates are actually received, budgeted and available for use, this is very close to the amount that is actually available during this year (~\$13.5 - \$14 million). Raising the financial eligibility criterion to 200%, as described in the first paragraph above, would add an estimated \$3.8 million to the anticipated Program expenditures. This, again, is very close to the anticipated FY 2001 budget. Thus, it appears that raising the financial eligibility to at least 200% is a reasonable objective and able to be accomplished within the budget expected to be available. First year and annualized costs, at each eligibility level, and given a gradual enrollment of clients, are shown included in Table 7, below.

Table 7: Estimated Enrollment, Utilization and Cost for ADAP at Increased Financial Eligibility

Financial Eligibility Level (re: FPL)	Estimated Additional Annual Enrollment	Estimated Utilization	Estimated 1 st Year Expense	Estimated Additional Annualized Expense	Estimated Total Annualized Budget Requirement
125%	0	50%	0	0	\$13.2 million
150%	135	50%	\$870,000	\$1.3 million	\$14.5 million
175%	270	50%	\$1.71 million	\$2.55 million	\$15.8 million
200%	400	50%	\$2.55 million	\$3.8 million	\$17.0 million
250%	600	50%	\$3.02 million	\$4.5 million	\$17.8 million
300%	900	50%	\$4.82 million	\$7.2 million	\$20.5 million

Additional Information

Responses to Items # 4 and # 8 can not be provided at this time. Item # 4 requests data related to “the income levels of participants in ADAP and of individuals who have applied to participate but have been determined to be ineligible.” As explained in the discussion on page 7 related to Item #3, data on those determined to be ineligible are not available, except for the limited data previously presented. There is no record of the financial situation of those determined to be ineligible to report. With regard to those who are participants, the only solid and reliable piece of data is that all participants have a net family income at or below 125% of the federal poverty level.

Item # 8 requests data related to “ADAP funds that are applied to a Medicaid spenddown.” Again these data are not captured within the context of the POC determination of eligibility and payment of claims. POC does check Medicaid status at the time of receipt of an application, upon each request for payment of a claim, and several months retrospective to paying a claim, in order to assure that ADAP funds are not being used if the individual is Medicaid eligible. However, POC does not have the ability to track and maintain data related to an individual being in “spenddown” status. The individual is either eligible for Medicaid or not, and POC approves eligibility and/or pays claims accordingly.

It should be noted that the data that are currently unavailable to respond to Items # 4 and #8 will continue to be unavailable within the context of the proposed “improved data management system.” While providing access to “real-time” expenditure, service and utilization data, the new system will not capture additional data related to “non-participants.”

Appendix #1 –

List of Financial Eligibility Criteria for ADAP Among all States – March 2000

State-by-State ADAP Financial Eligibility Criteria

State	Financial Eligibility Criteria (% of Federal Poverty Level) FY 2000	Financial Eligibility Criteria (% of Federal Poverty Level) FY 1999
New Jersey	500%	
Rhode Island	400%	
California	400%	
Hawaii	400%	
Illinois	400%	
Maryland	400%	
Mississippi	400%	200%
Nevada	400%	200%
Washington	370%	
Michigan	362%	
Oregon	325%	
Arkansas	300%	100%
Alaska	300%	
Connecticut	300%	
D.C.	300%	
Florida	300%	200%
Georgia	300%	
Indiana	300%	
Kansas	300%	
Kentucky	300%	
Minnesota	300%	
Missouri	300%	185%
New Mexico	300%	
New Hampshire	300%	
South Carolina	300%	
South Dakota	300%	
Tennessee	300%	
Wyoming	300%	
Ohio	281%	
Alabama	250%	
West Virginia	250%	
Delaware	230%	
Arizona	200%	
Idaho	200%	
Iowa	200%	
Louisiana	200%	
Maine	200%	
Nebraska	200%	
Texas	200%	
Vermont	200%	
Virginia	200%	
Wisconsin	200%	
Colorado	185%	
North Dakota	150%	
Oklahoma	150%	
North Carolina	125%	
Other Financial Eligibility Criteria		
New York	\$44,000	
Pennsylvania	\$30,000	
Massachusetts	\$27,000	
Montana	Need-based	
Puerto Rico	Certified as Indigent	
Utah	Sliding Scale	

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID # Convert 01/10/01	E C								
15158022	00301-01	WC	Adolescent Pregnancy Prevention Coalition of NC	07/01/00-06/30/01	Technical Assistance and start up funds for newly formed local adolescent pregnancy coalitions	536989	1511 5158 T201	90,000	Federal TANF	2
CD14200	00319-00	CD	American Cancer Society	09/01/99-08/31/00	Continuation of NC Comprehensive Breast and Cervical Cancer Coalition Conduct meetings of Breast and Cervical Cancer Control Program Coalition; manage the communications needs of the coalition.	536989	1551 5452 0130	70,000	Federal	6
CD01064	00319-01	CD	American Cancer Society	09/01/00-08/31/01	Breast and Cervical Cancer Coalition Conduct meetings of Breast and Cervical Cancer Control Program Coalition; manage the communications needs of the coalition.	536989	1551 5452 0131	50,000	Federal	6
AT1100	00321-01	CD	American Lung Association / NC Tri-Agency	05/01/00-06/30/01	TATU mini grant and NOT training Up to 13 TATU Minigrants, Conduct One N-O-T Master Trainer Workshop, Three N-O-T Facilitator Trainings, and fund part-time Training Coordinator Position	536989	1551 5451 1290	43,375	Federal	1
V0288	00322-01	EC	American Social Health Association	01/01/01-12/31/01	To continue technical assistance for the Know the Facts media campaign for the NC Syphilis Elimination Project	536989	1461 4608 1110	15,000	Federal	1
PH00301	00332-01	LH	Association of NC Boards of Health	07/01/00-08/31/00	Local Board of Health Development Training (terminated and processed as Special Appropriation) Provides orientation to Local Boards of Health; develops leadership and educational programs	536989	1410 4101 0001	100,000	State	July 16, 1994 funds appropriated Effective FY 99-00; a contract was established each year since.
15301015	00340-01	WC	Beginnings for Parents of Children who are Deaf & HH	01/01/01-12/31/03	Early intervention in infants w/ hearing loss helping development (original submission cancelled)	536989 536989 536989 536989 536989	1531 5326 0410 1531 5326 0411 1531 5326 0411 1531 5326	12,500 12,500 37,500 12,500 37,500 12,500 25,000	Federal Federal Federal Federal Federal Federal Federal	1 st year 2001

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID # 01/10/01	E C								
			Continued from page 1							
15152002	00344-01	WC	Best Start Social Marketing	09/28/00-12/03/00	Provide 3 – 1 ½ state wide trainings in best practice models of social marketing in DPH	536989	1511 5152 1121	18,767	Federal	0
PH00401	00358-01	LH	Bullard, Shirley	11/30/00-02/23/01	Provide administrative and technical support to the Institutional Review Board (IRB)	532199	1410 4101 0001	4,500	State	0
15104001	00374-01	WC	Cumberland Co. Hosp. (Cape Fear Valley Med. Center)	07/01/00-06/30/01	Continue with IRB and add Rules Review	536989	1511 5104 0001	45,501	State	15
CD01141	00375-01	CD	Capitol Radio Network	08/15/00-08/14/01	Perinatal Education & Training-Continuing educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers	536989	1511 5104 1211	11,446	Federal	1
CD2500	00379-00	CD	Carbone, Elena	07/01/99-06/30/01+	Radio broadcast for early detection of breast and cervical cancer Produce and air public service announcements	532199	1551 5452 0131	85,800	Federal	1
15201004	00386-01	WC	Carolina's Healthcare System	07/01/00-06/30/01	Armd#1 Support Advisory Subcommittee w/ new Cancer Control Plan	536989	1520 5201 0001	11,500+	State	2
					Organizing quarterly and special meetings for the Early Detection; drafting meeting agendas and annual Subcommittee workplan; gathering data and researching issues; preparing meeting documents; coordinate the Subcommittee's work for the 2006 Plan; draft report on prostate cancer by 6/30/2001			220,753	State	2

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID #	Convert								
	01/10/01	E C								
15104003	00389-01	WC	Carolina Medical Center	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536989 536989 536989	1511 5104 0001 1511 5104 1211 1511 5104 1210	60,575 11,429 3,810 75,814T	State Federal Federal	20
15104004	00390-01	WC	Carolina Medical Center	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers	536989 536989 536989	1511 5104 0001 1511 5104 1211 1511 5104 1210	50,672 9,560 3,187 63,419T	State Federal Federal	15
15116002	00415-01	WC	Coalition to Improve the Quality of Life in Lee County	07/01/00-06/30/01	To provide preconceptional health education to African American women of childbearing age throughout targeted communities in Lee County. Education and training is also provided to beauticians and lay health advisors to increase awareness of contraception and infant mortality.	536989	1511 5116 0001	50,000	State	6
CD01148	00420-01	CD	Coleman, Sylvia	10/25/00-03/02/01	Implement Tri-State Stroke Network & Coordinate "Heart Health" Day at NC General Assembly Develop and deliver meetings, charges for TSSN & sub-committees. Develop and deliver legislative Heart Health Day	532199 532199	1551 5528 0231 1551 5528 0001	17,500 17,500 35,000T	Federal State	1
AT0200	00439-00	CD	Davenport-Cook, Glenna	10/01/99-12/15/00+	Amrd#1 Training & analysis for coordinators of Tobacco Free Schools Program Conduct One Tobacco Free Schools Train-the-Trainer Workshop and three TFS training workshops, provide guidance to TPCB on programs/issues effecting tobacco use prevention in NC schools, work with DPI and TPCB on distributing statewide TFS data collection form and data analysis.	532199	1551 5451 1291	23,173+	Federal	1

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/	#
ID #	Convert	E							Federal	Renew Years
15403056	00443-01	WC	Devaney, Barbara L, PhD	10/01/00-09/30/02	Research to examine impact of child WIC participation on health care costs & utilization of well child care	532199	1540 5418 0658	20,000	Federal	1
V0268	00454-01	EC	Dispute Settlement Center	07/01/00-02/28/01	Plan, convene, facilitate and evaluate NC first "All-titles" meeting	536989	1461 5574 1251	47,815	Federal	0
05104002	00463-00	WC	Duke University Medical Center	07/01/99-06/30/00	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536929	1511 5104 0000 1511 5104 1210	34,786 103,257 138,043 T	State Federal Federal	20
05104002	00463-00	WC	Duke University Medical Center	07/01/99-06/30/01+	Amnd#1 Perinatal education and training. (This is the 2 nd year funding and time for this contract)	536929 536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	34,786 77,443 25,814 138,043T+	State Federal Federal	1
CD01145	00475-01	CD	Durham AreaCorp Inc	10/01/00-12/31/01	Implement Youth Center to develop Youth led tobacco prevention coalition—community education, training, & youth involvement Develop capacity to mobilize community education programs, change the norm regarding tobacco use among youth, and initiate tobacco-free schools in the region, Expand youth leadership programs throughout the region and Conduct training for youth-led initiatives.	536989	1551 5588 8320	144,723	Private	1
05104006	00482-00	WC	Eastern AHEC	07/01/99-06/30/01+	Amnd to extend time and add funds for the Perinatal Program (this is the second year funding and extension for this contract)	536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	28,038 56,415 18,805 103,258+	State Federal Federal	1
15125001	00483-01	WC	Eastern AHEC	07/01/00-06/30/01	Provide conference coordination to include program development, resource procurement, and management and	536929	1511 5125 1400	65,000	Federal	3

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID # 01/10/01	E C			administration for the 4 th Annual Healthy Start Baby Love Plus Training Institute				Federal	
15403058	00484-01	WC	Eastern Band of Cherokee Indians	10/01/00-09/30/03	Performance of special functions for the EBCI WIC Program including NC automated Data Processing System, redemms, infant formula rebates, training, and technical assistance.	536175 536175 536175	1540 5403 1601 1540 5403 1602 1540 5403 1603	Est:335,000 3,000 2,000 340,000 T	Federal Federal Federal	5+
15403051	00487-01	WC	Eastern Carolina Human Services	07/01/00-06/30/01	Provide WIC services to eligible clients (DOP Consolidated Human Service Agency)	536989 536989	1540 5403 1600 1540 5403 1601	66,062 198,186 264,248T	Federal	15+
HP1600	00497-00	CD	ECU	03/01/00-09/30/00	Provide training and technical assistance to leas CVH counties to reduce racial disparities	536929	1551 5528 0230	29,999	Federal	1
CD01121	00500-01	CD	ECU, School of Medicine	07/01/00-06/30/01	Skill building workshops delivered Specialized diabetes clinical training to Pub. Health professionals	536929	1551 5456 0001	30,821	State	5
15104002	00502-01	WC	ECU, School of Medicine	07/01/00-06/30/01	1. Training for 34 health professionals in diabetes 2. Training for 13 health professionals in foot care Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536929 536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	21,707 44,707 14,902 81,316T	State Federal Federal	1

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
CD01131	00510-01	CD	ECU, School of Medicine	07/15/00-06/30/01	Provide expertise for professional educational components of cancer control Faculty support and consultant to the Eastern Coalition; two professional education conferences by May 31, 2001; final reports and conference evaluation by June 30, 2001.	536929	1551 5578 0001	41,189	State	1
V0277	00514-01	EC	Engel, Nicholas J	01/01/01-12/31/01	Training HIV/STD P&C Field Service Staff of disease intervention	532199	1461 4608 1111	28,500	Federal	3
15158031	00519-01	WC	Family Life Council of Greater Greensboro Inc	01/01/01-06/30/01	Leadership training to enhance competency level of prevention practitioners in Teen Pregnancy Prevention & Fatherhood	536989	1511 5161 T201	30,000	Federal	2
15116003	00542-01	WC	General Baptist State Convention	07/01/00-06/30/01	To provide education to pre and postnatal education to pregnant and parenting African American mothers in Northampton County. Mothers are paired with volunteers who provide education, transportation and support during and following pregnancy	536989	1511 5116 0001	50,000	State	6
CD01123	00543-01	CD	General Baptist State Convention	07/01/00-06/30/01	Diabetes Education and Outreach Initiative 1. two progress reports to the DPCU 2. presentation at a statewide conference 3. dissemination plan for NDEP	536989	1551 5456 0001 1551 5456 1081	30,846 5,000 35,846 T	State Federal	5
CD2400	00571-00	CD	Havala, Suzanne	07/01/99-06/30/01+	Amd#1 Increase in funds to cont. support in developing Cancer Control Plan (This line is for FY 00/01) Organizing quarterly and special meetings for the Prevention Subcommittee; drafting meeting agendas and annual Subcommittee workplan; gathering data and researching issues; preparing meeting documents; monitor implementation of Plan's strategies; coordinate the Subcommittee's work for the 2006 Plan.	532199	1551 5578 0001	8,000	State	2

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	Convert 01/10/01	E C								
15403054	00572-00	WC	Hayes, Dayle	10/01/00-04/30/01	Dev. Materials & provide training for sch/comm teams to establish nutrition envrnmts/policies for dietary guidelines of "Amer.2000"	532199	1575 5791 0660	6,750	Federal	0
CD01143	00575-01	CD	Header, Sandra	10/01/00-05/31/01	Plan/implement tobacco prevention & control AA youth initiatives Plan and implement activities of the African American Youth Retreat, participate in activities designed to expand the membership of the African American Action Team, Report on activities of the AAAT at national meetings and conferences, Conduct two Pathways to Freedom smoking cessation facilitator's trainings, serve as consultant on Disparity Workgroup and serve on Expert Evaluation Team providing expertise on process evaluation.	532199	1551 5451 1291	20,142	Federal	1
15104005	00577-01	WC	Health Sciences Foundation Inc	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	18,754 41,750 13,917 74,421	State Federal Federal	17
15116004	00580-01	WC	Hertford County Quality of Life Association	07/01/00-06/30/01	Provides pre and postnatal education to pregnant and parenting African American mothers in Hertford County. This project provides training on goal setting, conflict resolution and domestic violence.	536989	1511 5116 0001	50,000	State	6
15340004	00606-01	WC	Iredell County Partnership for Young Children	11/01/00-06/30/01	Provide leadership development skills, and identify barriers for services to families and develop ways to remove them	536989	1531 5340 0001	5,000	State	1yr contract not renewed

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/Federal	# Renew Years
	ID #	Convert								
	01/10/01	C								
V0295	00613-01	EC	Jones, David	02/01/01-03/31/02	Performance of a comprehensive survey and analysis of NC Ryan White Programs, CCDC prevention programs and state funded programs	532199	1461 5574 1251	41,018	Federal	NA 1 st Year
15116005	00617-01	WC	Laurinburg District Youth Center	07/01/00-06/30/01	Provide education to pregnant and parenting mothers in Hoke County that focuses on well baby care, self-esteem improvement and nutrition	536989	1511 5116 0001	50,000	State	6
15403046	00621-01	WC	Lincoln Community Health Center	07/01/00-06/30/01	Provide WIC services to eligible clients	536989 536989	1540 5403 1600 1540 5403 1601	158,203 474,609 632,812T	Federal Federal	12+
15130002	00627-01	WC	March of Dimes—North Carolina Chapter	11/01/00-06/30/01	Public awareness on folic acid & birth defect prevention. Manage public awareness campaign for health care providers and consumers to increase folic acid use by women to reduce birth defects. To support mini-grants to grass-roots agencies for folic acid education and promotion activities.	536989 536989	1511 5130 0001 1511 5130 3931	40,000 350,000 390,000T	State Private	0
V0291	00628-01	EC	McComb, Errin	01/01/01-12/31/01	Provision of technical assistance to funded projects for the HIV event Form	532199	1461 4533 1171	2,250	Federal	2
15403053	00631-01	WC	Mead Johnson Nutritionals	10/01/00-09/30/03	Infant Formula Rebate contract disbursement of funds FROM contractor to NC	213801	6115	136,248.09 6	Federal	0
15320004	00632-01	WC	Mecklenburg County Mental Health Authority (we most likely will provide these services ourselves & not contract for them.	07/01/00-06/30/01	Provide training and consult. Technical. Asst.	536961	1531 5320 0001	86,144	State	5

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID # 01/10/01	E C								
15104006	00637-01	WC	Memorial Mission Hospital	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536989 536989 536989	1511 5104 0001 1511 5104 1211 1511 5104 1210	68,702 12,961 4,321 85,984T	State Federal Federal	19
15130001	00639-01	WC	Memorial Mission Hospital / Fullerton Genetics Center	11/01/00-06/30/01	NC Folic Acid Council partnership to develop and implement strategies targeting health care professionals and consumers to increase consumption of folic acid by women of childbearing age to prevent birth defects in this region of highest incidence of birth defects in NC.	536989	1511 5130 0001	95,000	State	0
CD01156	00662-01	CD	Napp, David	11/01/00-06/30/01	Work w/ DP&C to finish diabetes plan & to edit final document 1. Final formatted document of state plan	532199	1551 5456 0001	4,950	State	2
V0292	00665-01	EC	Napp, David	01/01/01-12/31/01	Facilitation of the HIV priority setting process in NC	532199	1461 4533 1171	15,300	Federal	5
V0253	00668-01	EC	NC Primary Health Care Association	08/01/00-06/30/01	HIV Counseling and Testing training for local health departments etc.(NC AIDS Training Network)	536989	1461 4542 0001	46,500	State	1
HP0600	00674-00	CD	NC Coalition Against Sexual Assault	10/01/99-09/30/00	Develop state resources for the prevention of sexual assault Member Services Coordinator, Community Relations Coordinator, communications system improvements, state resource center	536989	1551 5531 1239	100,000	Federal	2
CBO19	00675-01	MH	NC Fair Share Education Fund	01/15/01-06/30/01	Program funding to facilitate, support and strengthen the capacity of minority community organizations to develop community interventions	536989	1410 4115 0001	10,000	State	

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/Federal	# Renew Years
	Convert 01/10/01	E C								
15126002	00676-01	WC	NC Family Resource Coalition	08/01/00-03/01/01	Provide consumers with the knowledge and skills they need to become active participants in human service delivery reform. Provide technical assistance to consumers and human service professionals to help them forge new relationships and to gain a better understanding of how they work together to reduce infant mortality in Guilford and Forsyth Counties. Provide family empowerment training for consumers, community members and Triad Baby Love Plus staff.	536989	1511 5126 1421	25,000	Federal	0
CD01132	00678-01	CD	NC Health & Fitness Foundation	08/01/00-06/30/01	Promote physical activity in NC increasing activity opportunities Disseminate RFP for Be Active NC grants, award and monitor funds	536989	1551 5525 0001	110,000	State	2
05125004	00679-00	WC	NC Healthy Start Foundation Inc	11/01/99-06/30/01	Healthy Start Baby Love Plus initiative campaign-includes public education, media, and materials development	536989 536989	1511 5125 1400 1511 5125 1401	155,442 80,165 235,607T	Federal Federal	4
05126002	00680-00	WC	NC Healthy Start Foundation Inc	12/01/99-06/30/01	Healthy Start Baby Love Plus initiative campaign includes public education, media, and materials development. (This line reflects the funds for 00/01)	536989	1511 5126 1420	108,946	Federal	1
15114002	00681-01	WC	NC Healthy Start Foundation Inc	02/01/01-06/30/01	First Step Campaign development of SIDS Program Brochure; coordinate the development, design, and production of a new material about smoking during pregnancy	536989	1511 5102 1210	40,000	Federal	0

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00/01 ID #	ID# Convert	S E C	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
95114001	00682-99	WC	NC Healthy Start Foundation Inc	07/01/98-06/30/01	Amd#5 FIRST STEP and Health Check/NC Health Choice for Children Campaigns and to fund the NC Family Health Resource Line (NCFHRL). The First Step and Health Check/NC Health Choice Campaigns use a multi-media approach to focus public attention on the importance of pre-conceptional health, prenatal care and appropriate parenting skills and other issues related to family and its effect on infant mortality, as well as, increasing public awareness through the development of public and private partnerships at the state level with the goal of improving the health status of NC Children and adolescents.	536989 536989 536989 532199	1511 5114 0000 1535 5376 H100 1511 5114 0000 1102 1000 6C	227,005 410,000 301,430 223,793 1,162,228 T	State St/Fed State Federal Federal	1
					The NC Family Health Resource Line provides information on healthy pregnancies and a variety of other topics such as domestic violence, substance use prevention and treatment, child abuse, housing transportation, care seat rentals, public assistance and other local resources. Bilingual staff are available to assist Spanish speaking callers and a TTY line to offer support to the deaf and hard of hearing. This is a collaborative effort of several agencies and groups. (This is a 3-year contract. The funds for this line are for FY99-2000) NOTE: Year I is available upon request.					

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00/01 ID #	ID# Convert	S E C	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/Federal	# Renew Years
95114001	00682-99 01/10/01	WC C	NC Healthy Start Foundation Inc	07/01/98-06/30/02	Amd#6 Back to Sleep Campaign- Maintain BTS materials inventory and distribution; design, produce, and distribute print material developed in conjunction with an African American community based coalition; targeted radio advertising campaign; 4 new conferences in targeted counties to call attention to SIDS and NC efforts to reduce SIDS risk through NC BTS Campaign. (Additional funding for FY 99-2000)	536989	1511 5114 1210	40,000+	Federal	0
95114001	00682-99	WC	NC Healthy Start Foundation Inc	07/01/90-6/30/02	Amd#7 Development of a logo and program brochure and insert describing the history, goals and activities of the statewide Minority Infant Mortality Reduction Program and also identifying currently funded local projects; Travel funds for new Substance Use Specialist at NC Family Health Resource Line due to increased travel requirement of visiting all perinatal substance use facilities in the state plus other required work assignments. (Additional funding for FY99-2000)	536989 536989	1511 5101 1210 1511 5114 0000	10,000+ 6,200+ 16,200 T	State Federal	

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
95114001	00682-99	WC	NC Healthy Start Foundation Inc	07/01/98-06/30/01+	Amd#8 FIRST STEP and Health Check/NC Health Choice for Children Campaigns and to fund the NC Family Health Resource Line (NCFHRL). The FIRST STEP and Health Check/NC Health Choice Campaigns use a multimedia approach to focus public attention on the importance of preconceptual health, prenatal care and appropriate parenting skills and other issues related to family and its effect on infant mortality, as well as, increasing public awareness through the development of public and private partnerships at the state level with a goal of improving the health status of NC children and adolescents.	536989 536989 536989 532199	1511 5114 0001 1535 5376 H101 1511 5114 0001 1102 1000 6C00	227,005 410,000 301,430 223,793 1,162,228T	State St./Fed. State Federal	
	01/10/01	E C			The NC Health Resource Line provides information on healthy pregnancies and a variety of other topics such as domestic violence, substance use prevention and treatment, child abuse, housing, transportation, car seat rentals, public assistance, and other local resources. Bilingual staff are available to assist Spanish speaking callers and a TTY line to offer support to the deaf and hard of hearing. This is a group collaborative effort of several agencies and groups.					
					This is a three-year contract. This is Year 3 funding FY2000-2001.					

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
15127002	00684-01	WC	NC Healthy Start Foundation Inc	11/01/00-05/31/01	Development of comprehensive public awareness for NE BL P I- includes public education, media and materials development.	536989	1511 5127 1480	50,000	Federal	0
CD01142	00688-01	CD	NCCCU, Department of Health Education	08/15/00-06/30/01	Provide/deliver services to support Project DIRECT's (diabetes) goals: Health Promotion Intervention 1. data analysis report for Ready, Set, Walk	536929	1551 5456 1081	14,863	Federal	5
CD01144	00689-01	CD	NCCCU, Department of Health Education	09/01/00-06/30/01	Provide/deliver services to support Project DIRECT's (diabetes) goals: Outreach Intervention biannual reports of activities that relate to objectives in CDC grant	536929	1551 5456 1081	53,638	Federal	6
CD01150	00691-01	CD	NCSU	09/01/00-06/30/01	Project DIRECT input & analysis of info & support groups 1. dataset free of duplicate omissions and errors 2. two data analysis reports	536929	1551 5456 1081	6,400	Federal	6
CD01155	00692-01	CD	NCSU	10/01/00-06/30/01	Maintain/enhance community-based comprehensive cancer control Leadership and technical assistance to BRCC; implementation plan; database and evaluation tools; inter-coalition electronic network; develop infrastructure for institutionalization; implement activities related to one or two strategies in the Plan; regional Cancer Summit; quarterly reports; final report and Summit evaluations.	536929	1551 5561 0001	90,341	State	1
HP1900	00695-00	CD	NCSU	04/01/00-01/31/01	To conduct mail survey and analysis in six counties Inventory and analyze Policies impacting on Physical Activity	536929	1551 5528 0230	17,672	Federal	1

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/Federal	# Renew Years
V0270	00711-01	EC	Omar, Alan	08/01/00-06/30/01	Provide technical assistance to management staff/governing bodies of assigned community based non profits organizations and to assist them to meet program goals, administrative and fiscal requirements	532199	1461 4533 1170	52,500	Federal	NA 1 st Year
05403043	00725-00	WC	PDA Software Services/Viking Computing Inc	10/15/99-10/14/02	Provision of processing services for WIC and Farmers Market Program	536989	1540 5403 1600	407,170(1) 427,528(2) 448,904(3) 1,283,602T	Federal Federal Federal	0
HP21199	00729-99	CD	Pennsylvania State University	04/16/99-06/30/01+	Amd#2 CDV surveillance, Tri State Stroke Network, & CVH Data Unit epidemiologic support Consultation re Epi & surveillance for CVH	536929	1551 5528 0001	53,355	State	3
15403047	00734-01	WC	Piedmont Health Services Inc	07/01/00-06/30/01	Provide WIC services to eligible clients	536989	1540 5403 1600 1540 5403 1601	94,327 282,983 377,310T	Federal Federal	15+
15351002	00753-01	WC	Prevent Blindness NC	07/01/00-06/30/01	A statewide program that provides training and certification for school vision screeners for the state k-6 population.	536601	1535 5351 0001	419,000	State	2
CD14900	00761-01	CD	Randall-David, Betsy	02/15/00-12/31/00	Provide training at 25 sites on value of clinical trials Develop 4 to 5-hr training clinical trials curricula for community advocates; training at 25 sites; 12 hours of mentoring; written report on the training session; participate in the qualitative evaluation of the trainings.	532199	1551 5578 0000 1551 5578 0001	7,409 9,821 17,230T	State State	3
CD14900	00761-01	CD	Randall-David, Betsy	02/15/00-12/31/00	Amd#1 Advocacy training & assessment of Clinical Trials Campaign Report the assessment of the Clinical Trials Campaign.	532199	1551 5578 0000	4,275+	State	3

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID #	Convert								
	01/10/01	E C								
CD14900	00761-01	CD	Randall-David, Betsy	02/15/00-03/31/01+	Amd#2 to extend time and add funds to perform a literary review, and write a journal article Perform a literary review and write journal article to be submitted to a national peer reviewed journal	532199	1551 5578 0001	3,150+	State	3
V0293	00763-01	EC	Randall-David, Betsy	01/01/01-12/31/01	Facilitation of the HHIV priority setting process in NC	532199	1461 4533 1171	15,300	Federal	5
15403050	00779-01	WC	Saluda Medical Center	07/01/00-06/30/01	Special Supplemental food program for women infants and children	536989	1540 5403 1600 1540 5403 1601	94,751 284,251 379,002 T	Federal Federal	15+
15403059	00784-01	WC	SC Data Inc	01/01/01-06/30/01	Provide keypunching service of invalid WIC food instruments	532170	1540 5403 1601	3,780	Federal	0
15340003	00786-01	WC	Scotland County Partnership for Children and Families	10/15/00-06/30/01	Collaboration & diversity training & development of a Community Resource Directory of Scotland County agencies, and, planning for a 'home visitor' to be placed at the Health Department	536989	1531 5340 0001	5,000	State	1 yr. contract will not be renewed
AT0100	00790-00	CD	Scott, Sheryl	11/01/99-05/31/01+	Amd#1 to extend the development and implementation of core evaluation system for Tobacco Prevention Work with Branch to develop a full evaluation model, Collaborate with key stakeholders/staff to implement the Progress Tracking System, Collaborate with staff to develop/implement evaluation activities and core program monitoring system for RWJ Youth Centers, Conduct and disseminate results of school tobacco use policy analysis	532199	1551 5451 1291	32,529+	Federal	2
CD01119	00791-01	CD	Scott, Susan M	07/01/00-06/30/01	Draft, edit, coordinate the writing of Cancer Control Plan 2001-6 2006 Cancer Control Plan (Subcommittees' drafts, stand-alone sections of the Plan)	532199	1551 5578 0001	62,000	State	1

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID # 01/10/01	E C								
CBO16	00792-01	MH	Senior Outreach: Winston Salem Urban League	01/15/01-06/30/01	Program funding to facilitate, support and strengthen the capacity of minority community organizations to develop community interventions	536989	1410 4115 0001	8,000	State	
V0269	00794-01	EC	Shaw University	07/01/00-01/31/01	Prevention education and awareness in African American community to decrease spread of HIV/AIDS	536929	1461 4533 1179	60,000	Federal	NA 1 st Year
CD01138	00805-01	CD	Spiedel Group, The	11/01/00-01/01/01	State radio campaign to reward youth work in Gov's tobacco-free (x ref 01073-01) Develop marketing plan for reaching teens (ages 14-17) through paid radio, Negotiate placements with radio stations throughout the state, review statements from radio stations to determine if stations meg agreements for airtime.	536989	1551 5588 8320	150,000	Private	1
CD01136	00812-01	CD	STATE - Administration, Indian Affairs	08/01/00-06/30/01	Diabetes Education and Outreach Initiative targeting American Indians 1. one education session conducted for COAI leadership 2. one article written for newsmagazine 3. one diabetes education workshop conducted at 2001 NC Indian Unity Conference	536989 536989	1551 5456 1081 1551 5456 0001	5,000 30,000 35,000T	Federal State	1
	00813-00	WC	STATE - Agriculture	07/01/00-06/30/01+	Arnd#1 Increase time and \$\$ for Farmer's Market Nutrition Program	536898	1540 5411 0001	4,000+	Federal	
CD2300	00815-00	CD	STATE - DENR, Division of Radiation Protection	08/15/99-08/14/00	Provision of quality assurance and continuing education for mammography providers and facilities Inspection and certification of mammography facilities to adhere to federal standards	536989	1551 5452 0130	72,230	Federal	7

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00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/	#
ID #	Convert	F C							Federal	Renew Years
CD01105	00815-01	CD	STATE - DENR, Radiation Protection	08/15/00-08/14/01	Quality Assurance & cont. education for mammography providers Inspection and certification of mammography facilities to adhere to federal standards	536989	1551 5452 0131	72,320	Federal	7
15403052	00825-01	WC	STATE - Justice	07/01/00-06/30/01	Provide legal services for the WIC and CACFP program	532110 532110 532110 532110	1540 5403 1600 1540 5403 1601 1575 5758 0600 1575 5758 0601	11,368 34,104 7,579 22,737 75,788T	Federal Federal Federal Federal	10+
	00828-00	WC	STATE - Treasurer	07/01/99-06/30/01+	Amd#2 Provide banking services for WIC & Farmers Market programs (this line represents 00/01 year)	532199 532199	1540 5403 1600 1540 5403 1601	59,650 177,950 237,600	Federal Federal	
CD01159	00829-01	CD	STATE - Insurance	01/01/01-09/29/01	Implementation and of <i>Remembering When: A Fire and Fall Prevention Program for Older Adults</i> curriculum Train 96 presenters of the curriculum in 8 counties, assist in presenting to 300 older adults.	536989	1551 4431 0461	32,000	Federal	1
HP1500	00835-00	CD	Stroke Belt Consortium	03/01/00-09/30/00	Increase and enhance public awareness of stroke in eastern NC Survey of Stoke Awareness. Airing of PSA in 3 eastern markets	536929	1551 5528 0230	50,000	Federal	2
15116011	00845-01	WC	Today's Woman Health and Wellness Center	07/01/00-06/30/01	To implement the Hold Out the Lifeline Project: This project provides education, training and public awareness about infant mortality among African American churches throughout Forsyth County.	536989	1511 5116 0001	50,000	State	3

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/	#
ID #	Convert	E							Federal	Renew Years
5126005	00846-01	WC	Today's Woman Health and Wellness Center	08/01/00-03/01/01	"Teens with a Purpose" project will collaborate with Northwest Area Health Education Center, LEAP Academy, Hold Out the Lifeline Churches Ministry, school guidance counselors, health care providers, local business owners and community residents to provide health education, case management, job readiness training and employment opportunities for youth living in Forsyth County. Program participants will take part in structured learning and skill building activities and will conduct outreach in targeted neighborhoods to educate their peers on pregnancy prevention and healthy lifestyles.	536989	1511 5126 1421	19,000	Federal	0
5403049	00851-01	WC	Tri County Community Health Center	07/01/00-06/30/01	Provide WIC services to eligible clients	536989	1540 5403 1600 1540 5403 1601	25,502 76,506 102,008T	Federal Federal	15+
5403048	00859-01	WC	Twin County Rural Health Center Inc	07/01/00-06/30/01	Provide WIC services to eligible clients	536989 536989	1540 5403 1600 1540 5403 1601	75,882 227,647 330,529T	Federal Federal	15+
5315002	00865-01	WC	UNC-CH, Sheps Center for Health Services	02/01/00-06/30/01	Monitor quality and satisfaction of care among children with special health care needs	536929	1531 5315 H100	154,597	State and Federal	1
D2200	00868-00	CD	UNC-CH	08/15/99-08/14/00	Continuation of mammography quality assurance and professional education to mammography providers Provide continuing education for radiologists and coordinate with Division of Radiation Protection for mammography facility certification	536929	1551 5452 0130	92,000	Federal	7

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID # 01/10/01	E C								
CD001104	00868-01	CD	UNC-CH	08/15/00-08/14/01	Mammography Education To Providers Provide continuing education for radiologists and coordinate with Division of Radiation Protection for mammography facility certification	536929	1551 5452 0131	92,000	Federal	7
CD14700	00869-00	CD	UNC-CH, Lineberger Comprehensive Cancer Center	10/01/99-12/31/00+	Armd#1 to extend time and increase funds to implement colorectal screening in local health departments	536929	1551 5578 0001	39,092+	State	2
HP1000	00872-00	CD	UNC-CH	11/01/99-10/30/00	Assure that adequate qualitative and quantitative data are collected; draft report to Early Detection Subcommittee for January 2001; protocol for the Appropriateness of Care Study.	536929	1551 5528 0000 1551 5528 0001	8,050 1,950 10,000T	State State	1
V0252	00873-01	EC	UNC-CH	07/27/00-07/26/01	Assess hypertension prevalence, knowledge and preventive care practices among NC residents Analysis of data and report for program development	536929	1461 4546 1049	188,929	Federal	3
V0187	00874-01	EC	UNC-CH	07/01/00-12/31/00	Coordinated STD services in a Southern Community, evaluating the feasibility of HIV Prevention through improved STD services	536929	1461 4602 1110	1,000	Federal	3
HP2000	00875-01	CD	UNC-CH, Chronic Disease & Prevention Control	07/01/00-02/28/01	Study 911 tapes on stroke symptoms that result w/ least EMS time Analysis of data and develop report for targeted distribution	536929 536929	1551 5528 0001 1551 5528 0230	1,208 3,914 5,122 T	State Federal	1

Division of Public Health Contracts

00/01	ID#	Convert	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
CD14000	00879-00	01/10/01	E C	UNC-CH, Lineberger Comprehensive Cancer Center	09/01/99-09/30/00	Provision of expertise to the planning and implementation of a year long statewide clinical trials awareness initiative Convene and staff a work group responsible for the timeliness, workplans, planning, coordinating, implementing and evaluating this initiative; draft and present mid-course and final reports of the project and the process and outcome evaluations	536989	1551 5578 0000	52,785	State	2
CD01134	00881-01		CD	UNC-CH, Department of Epidemiology	07/01/00-06/30/01	To develop methods to inventory community facilities for physical activity. Recommendations for cost effective methods for assessment	536929	1551 5528 0230 1551 5528 0231	18,900 41,342 60,242 T	Federal Federal	1
CD01133	00883-01		CD	UNC-CH, School of Public Health	08/15/00-06/30/01	Project coordination and evaluation of the Be Active NC Project. Develop training for PAN staff, design and coordinate workshop	536929	1551 5525 0001 1551 5525 1230	36,654 50,000 86,654T	State Federal	3
CD01137	00884-01		CD	UNC-CH, Department of Health Behavior & Education	08/01/00-06/30/01	Develop and facilitate 2 In Service trainings. Coordination of and consultation re Evaluation	536929	1551 5528 0230 1551 5528 0231	6,383.50 19,150.50	Federal Federal	1
15335001	00891-01		WC	UNC-CH, Frank Porter Graham	07/01/00-06/30/01	Surveillance and prevention of secondary disabilities	536929	1531 5335 1271	370,841	Federal	13
CD14600	00893-00		CD	UNC-CH, School of Public Health	10/01/99-09/30/00	Provide coordination of the evaluation, nutrition and exercise components of the BC BCCP Wise Woman project Develop nutrition and exercise interventions; perform evaluation of the data collected through the local health departments	536929	1551 5465 1220	230,000	Federal	5

Division of Public Health Contracts

00/01 ID #	ID# Convert	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/Federal	# Renew Years
CD01154	00893-01 01/10/01	CD C	UNC-CH, School of Public Health	01/01/01-12/31/01	Coordination of the evaluation, nutrition and exercise components of the NCBCCCO Wise Woman Program Develop nutrition and exercise interventions; perform evaluation of the data collected through the local health departments	536929	1551 5465 1221	125,000	Federal	5
5340002	00894-01	WC	UNC-CH, School of Public Health	10/01/00-06/30/01	NC Intensive Home Visiting Initiative assessment, evaluation, & training, & technical assistance w/ program enhancement, etc.	536929	1531 5340 0001	225,000	State	4 yrs.
05104003	00902-00	WC	UNC-CH, School of Medicine	07/01/99-06/30/00	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers. (This line represents 99/00 FY)	536929	1511 5104 0000 1511 5104 1210	34,786 92,782 127,568 T	State Federal	19
05104003	00902-00	WC	UNC-CH, School of Medicine	07/01/99-06/30/01+	Amnd# Perinatal education and training programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers. (This line represents 00/01 FY)	536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	35,844 71,265 23,755 130,864+ T	State Federal Federal	0
15104010	00903-01	WC	UNC-CH, School of Medicine	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	21,467 42,466 14,155 78,088T	State Federal Federal	17
15301003	00904-01	WC	UNC-CH, School of Medicine	07/01/00-06/30/01	Enhance Parent perspective in development and implementation of Child Service Coordination	536929	1531 5301 0001	223,561	State	5

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
5122001	00912-99 01/10/01	E C								
5122001	00912-99	WC	UNC-CH, School of Nursing	07/01/98-06/30/01	Amd#2 Women's Health Enhanced Role Nurse Program: Required educational program for nurses providing physical assessments to clients in Women's Preventive Health and Maternal Health. The program assures that providers have certain basic knowledge and skills prior to providing patient care. The program is one part of a comprehensive QA package. Second year contract funds (This is year 2 FY99-2000)	536929	1511 5122 0000	121,855+	State	2
5122001	00912-99	WC	UNC-CH, School of Nursing	07/01/98-06/30/01	Amd #3 Legislative Cost of Living Increase	536929	1511 5122 0000	1,232+	State	0
5122001	00912-99	WC	UNC-CH, School of Nursing	07/01/98-06/30/01+	And#4 Public Health Nurses Training	536929	1511 5122 0001	(20,000)	State	0
5122001	00912-99	WC	UNC-CH, School of Nursing	07/01/98-06/30/01+	Amd#5 Women's Health Enhanced Role Nurse Program: Required educational program for nurses providing physical assessments to clients in Women's Preventive Health and Maternal Health. The program assures that providers have certain basic knowledge and skills prior to providing patient care. The program is one part of a comprehensive QA package. (This is FY 00-01)	536929	1511 5122 0001	121,061+	State	1
15301013	00914-01	WC	UNC-CH, School of Public Health	07/01/00-06/30/01	Asthma Surveillance to assist in development & preparation of a protocol for an asthma surveillance & intervention program in NC	536929	1531 5301 0000	124,810	State	3
05710001	00918-00	WC	UNC-CH, School of Public Health	11/01/99-10/31/01+	Amd #1 to extend time and increase funds for the 2001 coordination and management services for additional continuing education teleconference events	536929	1570 5710 1090	20,000+	Federal	3

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/	#
ID #	Convert	E							Federal	Renew Years
05710001	00918-00	WC	UNC-CH, School of Public Health	11/01/99-10/31/01+	Amnd #2 to increase funds for the 2001 coordination and management services for additional continuing education teleconference events and Conference management.	536929	1570 5710 1091	40,000+	Federal	3
15403057	00919-01	WC	UNC-CH, School of Public Health	10/01/00-09/30/02	Examination of the impact of child WIC participation on health care cost and utilization of well child care	536929	1540 5418 0658	9,160	Federal	
CD01124	00923-01	CD	UNC-CH, School of Public Health	07/01/00-06/30/01	Development of a comprehensive Master Training Plan Develop comprehensive plan including identification of resources	536929 536929	1551 5528 0230 1551 5528 0231	5,000 15,724 20,724 T	Federal Federal	1
CD01125	00924-01	CD	UNC-CH, School of Public Health	07/01/00-06/30/01	To provide expertise and technical assistance for various programs Data collection and analysis; report development; consultation on epidemiological issues; consultation and assistance with evaluation of cancer, cardiovascular, diabetes and tobacco programs	536929 536929 536929	1551 5452 0131 1551 5456 1081 1551 5528 0230	36,754 37,547 23,906 347,514 T	Federal Federal Federal	6
CD01126	00925-01	CD	UNC-CH, Injury Prevention Research Center	07/01/00-06/30/01	Technical assistance with injury surveillance & program. Evaluation Assist with data analysis and surveillance reports, assist with Youth Suicide State Plan and evaluation.	536929	1551 4424 1210	35,275	Federal	2
CD01127	00927-01	CD	UNC-CH, School of Public Health	07/01/00-06/30/01	To enhance coverage of counseling for lifestyle risk factors Develop employers guide for purchase of preventive benefits and incentives	536929 536929	1551 5528 0230 1551 5528 0231	15,000 55,000 70,000 T	Federal Federal	2
CD01128	00928-01	CD	UNC-CH, School of Public Health	07/01/00-06/30/01	To enhance healthy dining options in NC restaurants Develop program manual, provide training and TA for implementation	536929 536929	1551 5528 0230 1551 5528 0231	20,000 20,000 40,000 T	Federal Federal	2

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	Convert 01/10/01	E C								
CD01135	00929-01	CD	UNC-CH, School of Public Health	07/01/00-06/30/01	Academic evaluation, design & training to the CVH program Provide consultation and professional guidance for program evaluation	536929 536929	1551 5528 0230 1551 5528 0231	15,376 46,128 61,504	Federal Federal	3
CD01157	00930-01	CD	UNC-CH, School of Public Health	11/15/00-05/31/01	Collaboration to achieve smoking cessation as a covered benefit among health plans Develop training program and train local health partners on Employer's Guide to Purchasing Preventive Benefits, Create web-based prevention toolkit and materials for use by NC health plans, hospitals, community health centers and health professions, Encourage participation of health care plans and providers, Produce and promote to key individuals in the NC Legislature a NC Guide to Purchasing Preventive Benefits for NC State Employees, including an accounting of cost of tobacco use among state employees, comparison to cost of purchasing cessation and other preventive benefits and promotion of overall gains of purchasing cessation benefits	536929	1551 5451 1291	40,000	Federal	1
CD01160	00931-01	CD	UNC-CH, Injury Prevention Research Center	01/01/01-09/29/01	Process and implement evaluation of the <i>Remembering When: A Fire and Fall Prevention Program for Older Adults</i> Develop data collection protocols for process and impact evaluation, train presenters to collect data, analysis of data and reporting.	5369299	1511 4431 0461	25,461	Federal	1

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
PH00100	00934-00	LH	UNC-CH, School of Public Health	07/01/99-09/30/00+	Amnd#1 Extending contract to promote "Start with your Heart" (re-bidding) Deliverables: - ongoing management of the "Start with your Heart" campaign - a telephone poll to evaluate the campaign - maintenance and revision of a website regular reports to NC Heart Disease and Stroke Prevention Task Force	536929	1551 5528 0001	42,000+	State	0
PH00101	00934-01	LH	UNC-CH, School of Public Health	07/01/00-06/30/01	Continuing education activities Deliverables: - staff, brochure development and handling registration for courses developed by PHNCEAC and SOP staff to oversee and provide technical expertise to run PHTIN as well as scheduling of programming ; - replacement equipment and bridging fees as needed; - 2 "Physical Assessment of Adults" courses, 2 "STD Nurse Clinician" courses and 1 "Breast and Cervical Cancer update;" and up to 8 fellowships, including coordination of clinical practicums and final clinical check-off of competency - 2 offerings of "Introduction to Principles and Practices of Public Health and Public Health Nursing" with 3 teleconference modules open to all new public health employees - 10 "slots" for NC public health staff in the Regional Public Health Leadership Institute	536929 536929 536929 536929 536929 536929 536929 536929 536929 536929 536929 536929	1410 4101 0001 1430 4303 C6 1551 5452 0131 1531 5301 1210 1451 4551 0001 1551 5561 0001 1461 4542 0001 1430 4301 1560 5602 0001	33,380 79,119 40,000 132,455 6,876 28,878 85,306 25,000 6,225 437,239T	State Federal Federal Federal State State State State State State State State	This contract in some form has been in place since 1983; the specific components have changed from year to year.

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
PH00201	00935-01 01/10/01	LH C	UNC-CH, School of Public Health	07/01/00-06/30/01	Technical Assistance to local health departments Deliverables: - a faculty member to serve as Chief of Local health Services in DHHS - a full-time manager for the Public Health Awareness Campaign and \$25,000 for training and continuing education re: this initiative	536929 536929	1551 5561 0001 1410 4101 0001	127,494 79,200 206,694T	State State	These were part of another contract in FY00; first year as separate contract
15158026	00941-01	WC	UNC-CH, School of Social Work	07/01/00-06/30/01	Evaluation of NC Teen Pregnancy Prevention Initiatives	536929	1511 5158 T200	200,000	Federal	3
05125003	00942-00	WC	UNC-CH, Sheps Center for Health Services	09/01/99-06/30/01+	Amnd#1 Evaluation of Eastern Baby Love Plus Healthy Start Project - includes community surveys and data management (This line represents 00/01 FY)	536929 536929	1511 5125 1401 1511 5125 1400	148,271 34,863 183,134T+	Federal Federal	1
05126001	00943-00	WC	UNC-CH, Sheps Center for Health Services	09/01/99-06/30/01+	Amnd Continued evaluation of Triad Baby Love Plus (This line represents 00/01 FY)	536929	1511 5126 1421	103,489+	Federal	1
4356001	00944-00	DH	UNC-CH, Sheps Center for Health Services	11/15/99-09/15/01	Evaluation of Guilford County Dental Health Check Project	536989	1435 4356 2000	60,000*		1
15105005	00946-01	WC	UNC-CH, Sheps Center for Health Services	01/01/01-06/30/01	To determine long term effectiveness of the Midwifery grants program at improving access to perinatal care in critically underserved areas in NC	536929	1511 5105 0001	33,193	State	0
15127001	00947-01	WC	UNC-CH, Sheps Center for Health Services	Last sign-05/31/01	Evaluate the Northeast Healthy Start Baby Love Plus Program - includes community surveys and data management	536929	1511 5127 1480	39,989	Federal	1
15158001	00949-01	WC	UNC-Charlotte	07/01/00-06/30/01	Evaluation of the Adolescent Pregnancy Prevention Program	536929 536929	1511 5162 T201 1511 5158 0001	10,780 43,120 53,900T	Federal State	10

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	ID # 01/10/01	E C								
15315001	00964-01	WC	Value Options	08/01/00-06/30/01	Provision of medical necessity determinations and utilization management services for children with mental health, developmental disabilities or substance abuse	536989	1531 5315 H100	62,000	State and Federal	2
15104007	00970-01	WC	WakeMed, Wake AHEC	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	14,370 31,992 10,663 57,025T	State Federal Federal	11
15403055	00978-01	WC	Wake Forest University, Northwest AHEC	10/01/00-06/30/01	Provide training on Dietary Guidelines for "Americans 2000" to influence School Nutrition Policy in North Carolina.	536929	1575 5791 0660	38,856	Federal	0
15104009	00979-01	WC	Wake Forest University, School of Medicine	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	21,957 48,880 16,294 87,131T	State Federal Federal	20
15104008	00980-01	WC	Wake Forest University, School of Medicine	07/01/00-06/30/01	Perinatal Education & Training-Educational programs/activities to enhance the knowledge and clinical skills of perinatal/neonatal providers.	536929 536929 536929	1511 5104 0001 1511 5104 1211 1511 5104 1210	17,249 38,401 12,801 68,451T	State Federal Federal	21

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
15126004	01002-01 01/10/01	WC C	Washington Drive Resource & Enrichment Center	08/01/00-03/01/01	Provide disadvantaged youth in High Point area with life skills. The "I Am" project will provide disadvantaged youth who live in High Point with the opportunity to build life skills and earn money through employment. Program participants will work part-time at a local business and will also receive structured education and training that includes academic, recreational and cultural enrichment activities.	536989	1511 5126 1421	25,000	Federal	0
CD01146	01026-01	CD	Wilmington Health Access for Teens	10/01/00-12/31/01	Implement Youth Center to develop Youth led tobacco prevention coalition—community education, training, & youth involvement Develop capacity to mobilize community education programs, change the norm regarding tobacco use among youth, and initiate tobacco-free schools in the region, Expand youth leadership programs throughout the region and Conduct training for youth-led initiatives.	536989	1551 5588 8320	140,255	Private	1
15126007	01034-01	WC	Winston Salem State University	09/01/00-04/01/01	A.H. Ray Student Health Service will provide comprehensive sexuality education to students attending Winston-Salem State University. Special emphasis will be placed on reaching entering freshman with information on pregnancy and STD prevention. Educational messages will underscore male responsibility and the role that drug use plays in unsafe sex.	536929	1511 5126 1421	6,300	Federal	0

Division of Public Health Contracts

00/01	ID#	S	CONTRACTOR NAME	Effective Period	BRIEF DESCRIPTION	ACCT #	CENTER #	TOTAL \$	State/ Federal	# Renew Years
	Convert 01/10/01	E C								
15126008	01035-01	W/C	Winston Salem Urban League	09/01/00-04/01/01	Will conduct a workshop series entitled "Strengthening Families in the New Millennium" for parents of children age 0-5. Three half-day workshops will be held during which the following topics will be covered: relationships, STDs, family planning, preconceptual health, fatherhood involvement and infant mortality. Participants will be recruited from FEAT (Families in Education and Training); a Smart Start- funded program that is currently being implemented by Winston-Salem Urban League.	536989	1511 5126 1421	5,000	Federal	0
	01058-01	CD	NC A&T	03/01/01-06/30/01	Plan and conduct statewide conference on the disparities in cancer screening and treatment Conference proceedings (10 copies); Report with recommendation for strategies and opportunities for collaboration to address cancer-related health disparities in targeted populations; list of African Americans, Native Americans and Latino community contacts.	536929	1551 5561 0001	38,747	State	1
	01059-01	CD	NC A&T	03/01/01-06/30/01	Develop curriculum for training of community resource advocates about cancer prevention, screening and treatment Curriculum manual; teaching aids; evaluation tool and summary report	536929	1551 5561 0001	16,420	State	1

• Duke Endowment Funds (DH 00944-00)

VISITOR REGISTRATION SHEET

Joint Approp/Sub Health and Human Services

APRIL 02, 2001
~~MARCH 29, 2001~~

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rob Kindsvater	DHHS - DN. Budget Planning Analysis
Glenn Wells	DHHS
Angie Harris	Maupin Taylor & Ellis
Jamice Freedman	NC Healthy Start Foundation
Kevin Ryan	DHHS - DPH
Dennis Harrington	DHHS - DPH -
Belinda Pettiford	DHHS - DPH
Steve Mitchell	Novartis
Leah Devlin	DHHS
Joe Hally	DHHS
Patrice Reeder	NCAI

2001

**JOINT
APPROPRIATIONS
SUBCOMMITTEE ON
HEALTH & HUMAN
SERVICES**

MINUTES

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, April 3rd, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Mental Health

*Karen Hammonds-Blanks
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building
Tuesday, April 3, 2001
8:30 a.m.
Minutes

The Health and Human Services Appropriation Subcommittee met Tuesday, April 3, 2001 in Room 422 of the Legislative Office Building, all Senators and Representatives Earle, Nye, Church, Clary, Insko and Wright present. Senator Bill Martin, Chair, called the meeting to order and introduced the pages. Representative Beverly Earle was recognized to give opening statements.

The Chair stated that the committee would continue with the Division of Mental Health Developmental Disabilities and Substance Abuse Services and recognized Karen Hammonds-Blanks to continue her presentation from the attached handout (Attachment #1 – Section 2). She stated that today's discussion would be an overview of what the programs provide in the community.

She began on page 60 of the handout, the Community Alternatives Programs, which is known as the CAP/MRDD program. This program is a very popular program that is very much in demand. Unlike the other funds in the developmental disabilities area, these funds are actually in the budget for the Division of Medical Assistance. This program is aimed specifically at serving individuals whose income and resources are not dependent upon the parents but on the individual. It is also aimed at those individuals whose disability is the major determination of their eligibility as opposed to financial.

The top five most utilized services under the CAP waiver are Case Management, Community Inclusion based on individual basis, Respite Services, Supported Living and Medical Supplies.

Questions and discussion from the committee included:

Does the area mental programs provide all case managements.

Community inclusion is a service provided to allow individuals who have substantial disabilities to participate in community activities. As well as learn to be independent in the community in the areas of transportation, use and exchange of money and the things normally done in daily community interaction.

What is the rate for community inclusion per hour, is it \$21 or \$20?

During the last Session there was a Special Provision direction to transition the former court mandated program known as Thomas S into program services called Multiple Diagnosed Adults. Karen review Section 11.22 of HB 1880, which was a Special

Provision to continue the efforts of 1999 in which the Department was directed basically transition both the Willie M and the Thomas S Programs into the broader disability areas of Mental Health and Developmental Disabilities. This Provision is a continuation of that initiative from 1999 and was intended to terminate the port-mandated programs and to initiate broader program that serves basically the same population. The Special Provision provides very specific instructions to the Division.

As a result of legislative action last Session, a new program has been implemented. \$1.5 million was appropriated to begin a program to provide residential services to children with Autism. The program has been created and given the name Partners in Autism Treatment and Habilitation (PATH). The two components of this initiative were to provide an eight-bed residential program located at the Murdoch Center in Butner, and to purchase a home to provide a four-bed group home that is scheduled to open in May. The goal is to serve children between ages six thru sixteen and to provide a broad array of services to these children.

Karen also addressed two specific policy issues.

- 1) Organization and staffing of the section that oversees Developmental Disabilities and
- 2) The Special Provision.

She stated that the Special Provision was very broad and was intended to address the various areas of concern regarding the costs of the individual programs and individuals within the former court mandated programs. There are two areas that the committee might want to give direction. At the local level there were individuals only working with Thomas S class members. It is the intent of the Division to address that issue which was raised in 1999 and again last session in Special Provisions. A pilot program is presently in place to deal with some of the administration at the local level as opposed to dealing with those across the board. The legislature was very generous as opposed to taking those as reductions, said that the money could be invested back into services. However, after two special provisions, it is necessary to identify as an issue to give more direction to the Division rather than doing a pilot at the local level.

The second area is the state review of individualized service plans for all adults. The intent of that language was to address each individual in the service plan, not only the individuals that were \$100,000 and above. The response of the Division to the Provision is their plan was to only look at those at the local level with the local employees. The instructions from the provision are that the state should conduct the review because the locals are the individuals who assisted with the initial plans. The intent was that over time, not within six months or the first year, that the Division review each individual service plan to insure that it was meeting all of the areas of the special provision. The February report indicated that only some of the individuals would be addressed in terms of the high cost areas. A sample review of the plans was not in compliance with the direction of the committee or the legislature when the budget was adopted.

During committee discussion, the intent of the provision was clarified to the extent that all administration at both the local and state levels would be eliminated specific to Thomas S, specific to the flag. The division has not been able to implement that because of a variety of reasons. The intent was to use the Duplin-Sampson program as a pilot to determine how to best accomplish that. The committee was reminded that the Thomas S legal action (law suit) was dismissed in January 1998. The Division was given one year to complete the transition.

Regarding information from other states, whereas the cases are unique from one state to another, the Chair noted that North Carolina is model in terms of comparison. The Developmental Disabilities Services serves over 30,000 persons.

The Chair reminded the committee that this area is flagged and will be reviewed in more detail to determine the effectiveness, as well as various special provisions that relates to the Division.


With regard to the issue of rate, Karen Hammonds-Blanks stated that it is a very complicated area. It is not just the money in the Division's budget, the Medicaid rate cutting over the last several years got entangled with trying to bring certain rates in line with what costs were verses the area of the entire state allocations for Thomas S. It didn't occur over a short span of time, it occurred over several years.

Attachment 3 is a document provided by the Division, which includes a waiting list for Developmental Disabilities Services as of January 2001. The information is provided according to the types of services, by the age group and the total.

The meeting adjourned until 1:30 p.m.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

DIVISION OF MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES/SUBSTANCE ABUSE SERVICES

BUDGET/PROGRAM OVERVIEW

Section II.

Fiscal Research Division

March 2001

0403 2001

Division of Mental Health/Developmental Disabilities/Substance Abuse Services

OLMSTEAD v. L.C.

What is Olmstead?

- 1999 U.S. Supreme Court Decision
- Originated in Georgia
- Claimed Discrimination Under the Federal Americans With Disabilities Act (ADA)
- Court Found that Placements Should be in Community Settings:
(1) Treatment Needs Dictate, (2) Individual Choice, and (3) Community Placement Contingent Upon State's Available Resources for Others with Disabilities
- Addressed Individuals with Mental Disabilities
- Reasonableness Standard
- Implications of Olmstead are Unclear

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

"Development of the Olmstead Plan"

Components of North Carolina's Plan:

1. Outreach
2. Assessment and Identification
3. Transition Plans
4. Waiting Lists
5. Inventory of Existing Resources and Supports
6. Identification of Needed Community Resources to Support Integration
7. Monitoring and Quality Assurance

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

OLMSTEAD v. L.C.

How is North Carolina Responding to Olmstead?

NC's Olmstead Plan Includes Individuals Residing In:

- Nursing Facilities
- State & Private ICF/MR's
- State Psychiatric Hospitals
- State Child Residential Treatment Facilities
- NC Special Care Center
- Individuals At-Risk of Institutionalization

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

**DEVELOPMENTAL DISABILITIES
SERVICES**

DEVELOPMENTAL DISABILITIES SERVICES

The purpose of the Developmental Disabilities Section is to direct, manage and facilitate services and supports for individuals with developmental disabilities and their families. Services for persons with developmental disabilities are administered by the Division and operated by the thirty-nine (39) Area Programs or their contract agencies and the five state operated mental retardation centers.

What is a Developmental Disability?

A severe, chronic disability of a person which:

- is attributable to a mental /physical impairment or combination,
- is manifested before the age of 22 , unless the disability is caused by a traumatic head injury after age 22;

DEVELOPMENTAL DISABILITIES SERVICES

DEVELOPMENTAL DISABILITIES

- Results in substantial functional limitations in 3 or more of the following:
 - self-care
 - receptive & expressive language
 - capacity for independent living
 - self-direction & self sufficiency
 - mobility
 - learning, and
- Reflects the person's need for a combination or sequence of interdisciplinary or generic care, treatment, or other services which are of a lifelong or extended duration and are individually planned and coordinated; or
- When applied to children from birth through four years of age, may be evidenced as a developmental delay.

CONDITIONS WHICH CAN LEAD TO A DEVELOPMENTAL DISABILITY:

- Autism
- Cerebral Palsy
- Polio
- Spinal Cord Injury
- Severe Head Injury
- Severe Learning Disabilities
- Spina Bifida
- Congenital Heart Disease
- Sickle Cell Anemia
- Epilepsy
- Blindness
- Mental Retardation

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

ARRAY OF SERVICE OPTIONS

Early Intervention Services

- Early Identification & Screening
- Multidisciplinary Assessment
- Services Include Respite, Speech Therapy, Other Special Therapies

Case Management

Day Services

- Community Inclusion
- Parent Training

Case Management

Vocational/Employment Services & Supports

- Supported Employment
- Sheltered Workshops

Case Management

Housing Supports

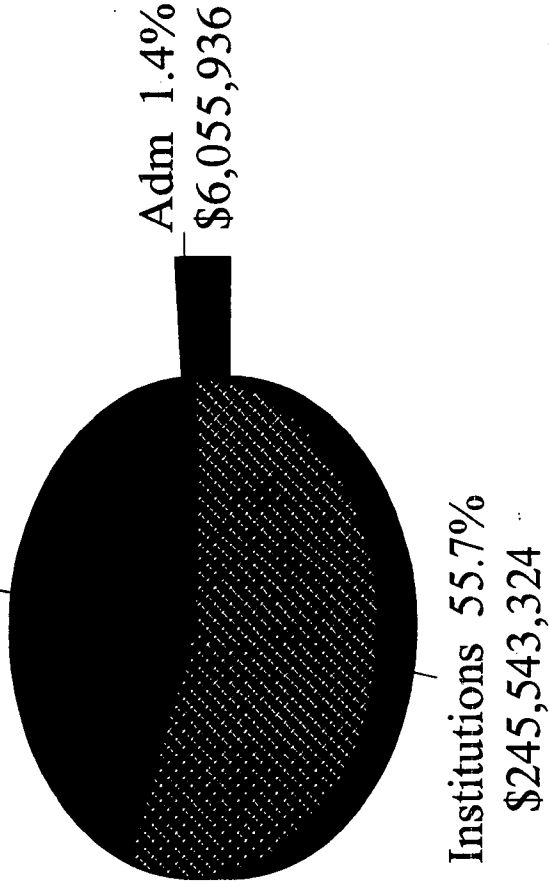
- Supported Living
- Intermediate Care Facility for the Mentally Retarded (ICF/MR)
- Developmentally Disabled Adult Group Homes (DDA)

Case Management

DEVELOPMENTAL DISABILITIES SERVICES

BUDGET SUMMARY:	FY99/00 ACTUAL	FY00/01 AUTHORIZED
REQUIREMENTS	\$438,936,113	\$436,450,560
REVENUES	\$239,620,438	\$245,059,461
APPROPRIATIONS	\$199,315,675	\$191,391,099
POSITIONS	5,835.2	5,899.24

Community Programs 43.0%
\$189,516,950



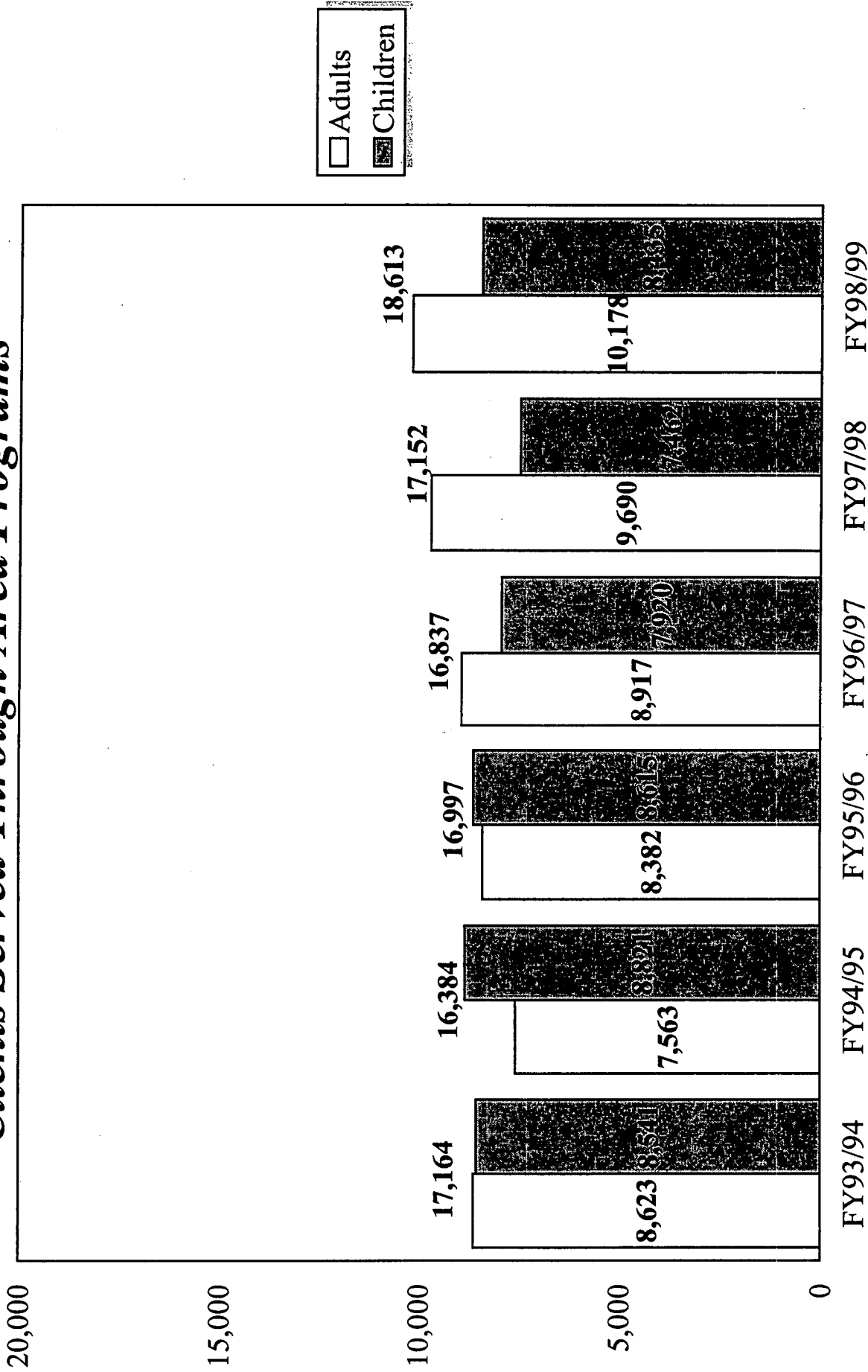
FY00/01 Authorized Budget

DEVELOPMENTAL DISABILITIES SERVICES

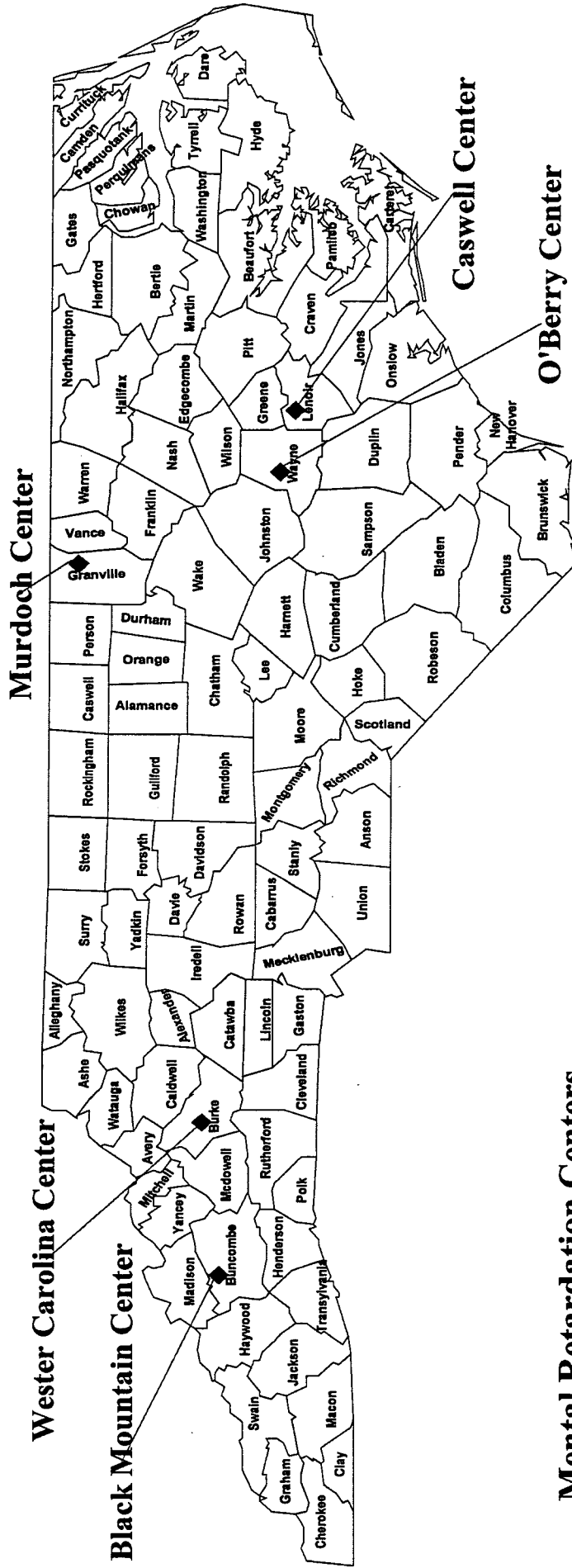
Where Do the Developmentally Disabled Receive Services?

1. Area Mental Health Programs
2. State Intermediate Care Facility for Mentally Retarded (ICF-MR)
3. Community Alternatives Program for the Mentally Retarded/Developmentally Disabled (CAP-MR/DD)

Developmental Disabilities Services Clients Served Through Area Programs



DEVELOPMENTAL DISABILITIES SERVICES
MENTAL RETARDATION CENTERS



Mental Retardation Centers
 Western Carolina Center - Morganton, NC
 O'Berry Center - Goldsboro, NC
 Murdoch Center - Butner, NC
 Caswell Center - Kinston, NC
 Black Mountain Center - Black Mountain, NC

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Black Mountain Center

- Opened in 1937
- Serves Western NC
- Bed Capacity of 190 (Ave. Daily Population Regular Beds: 76)
- FY00/01 Operating Budget: \$19M
- Persons Served FY99/00: 310
- 443 Staff
- Special Units: 71-Bed Alzheimer Unit

Caswell Center

- Authorized by General Assembly in 1911 (NC's First MR Center)
- Serves Central NC
- Bed Capacity of 829 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$72M
- Persons Served FY99/00: 645 Average Daily Population: 595
- 1,715 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Murdoch Center

- Began 1948
- Serves Central NC
- Bed Capacity of 660 (Ave. Daily Population: 549)
- FY00/01 Operating Budget: \$67M
- Persons Served FY99/00: 610
- 1,678 Staff
- Special Units: BART & Autistic Children)

O'Berry Center

- Opened in 1957
- Serves Eastern NC
- Bed Capacity of 485 (Ave. Daily Population: 340)
- FY00/01 Operating Budget: \$42M
- Persons Served FY99/00: 376
- 1,015.5 Staff

DEVELOPMENTAL DISABILITIES SERVICES

MENTAL RETARDATION CENTERS

Western Carolina Center

- Began 1948
- Serves Western NC
- Bed Capacity of 493 (Ave. Daily Population: 352)
- FY00/01 Operating Budget: \$45M
- Persons Served FY99/00: 354
- 994.3 FTE/Staff

DEVELOPMENTAL DISABILITIES SERVICES

Clients Served In State Mental Retardation Centers

Client Profile: (as of 6/30/00)

Persons Served: 2,298 (2,096 Residents & 202 Respite Services)

- 57% Male -43% Female

- 71% White -29% Non-White

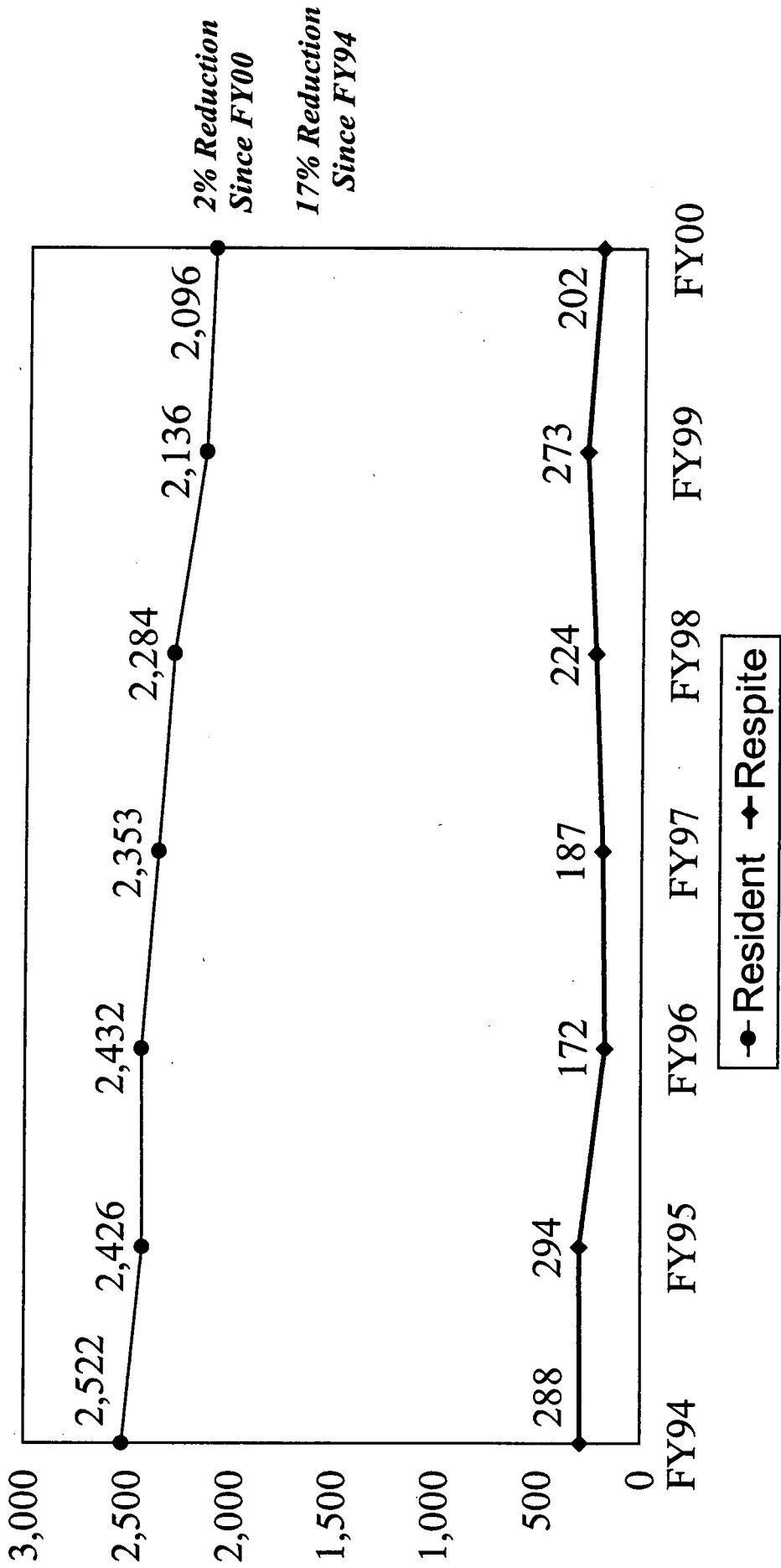
- 66% Age 25-54 Years - 68% Average Length of Stay: >21 years

-Majority are Severly/Profoundly Impaired

-Impairments Other Than M R: Cerebral Palsy, Autism, Epilepsy,
Language Impairment & Alzheimer's Disease

DEVELOPMENTAL DISABILITIES SERVICES

PERSONS SERVED IN MENTAL RETARDATION CENTERS



DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

- ◆ Medicaid Waiver Program
 - Income and Resources of the Consumer (Not Parents or Spouse) Are Considered When Application is Made
 - Level of Disability is the Major Determination of Eligibility
- ◆ Began 1983, Program Serving Individuals Who Would Otherwise Require Care in an Intermediate Care Facility for People with Mental Retardation or Developmental Disabilities (ICF-MR)
- ◆ "Benefits Cap" Approach to Managed Care
- ◆ Maximum Annual Benefit Limit \$68K/Slot
 - Total of 6,527 Slots (FY00/01)
 - \$6.89M Appropriation (2000 Legislative Session)
 - Average Cost Per Consumer \$28K Per Year
 - Approximately 250 Slots Are Designated for Emergencies

DEVELOPMENTAL DISABILITIES SERVICES

COMMUNITY ALTERNATIVES PROGRAM FOR THE MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED (CAP-MR/DD)

Array of Service Options

- ◆ Case Management
- ◆ Adult Day Health Care & Adult Day Care
- ◆ Augmentative Communication Equipment
- ◆ Supplies & Equipment
- ◆ Crisis Stabilization
- ◆ Supported Living Services
- ◆ Environmental Accessibility Adaptations
- ◆ Vehicle Adaptations
- ◆ In-Home Aide Services
- ◆ Personal Emergency Response System
- ◆ MR Personal Care
- ◆ Respite Services
- ◆ Personal Habilitation Services {E.g... Supported Employment}

DEVELOPMENTAL DISABILITIES SERVICES

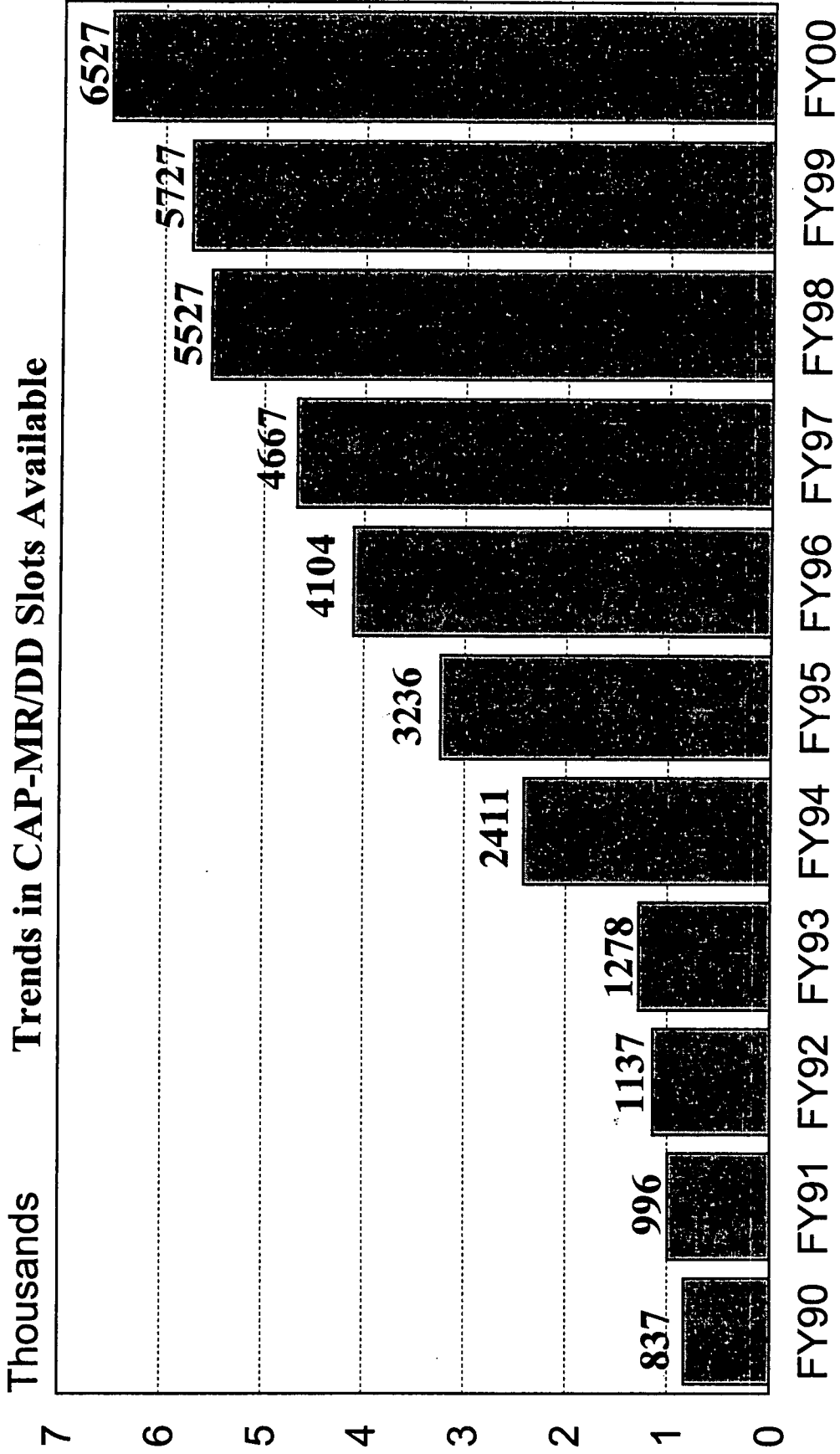
***COMMUNITY ALTERNATIVES PROGRAM FOR THE
MENTALLY RETARDED OR DEVELOPMENTALLY
DISABLED (CAP-MR/DD)***

FIVE MOST USED CAP-MR/DD SERVICES:

1. Case Management
2. Community Inclusion (individual)
3. Respite (community-based)
4. Supported Living
5. Medical Supplies

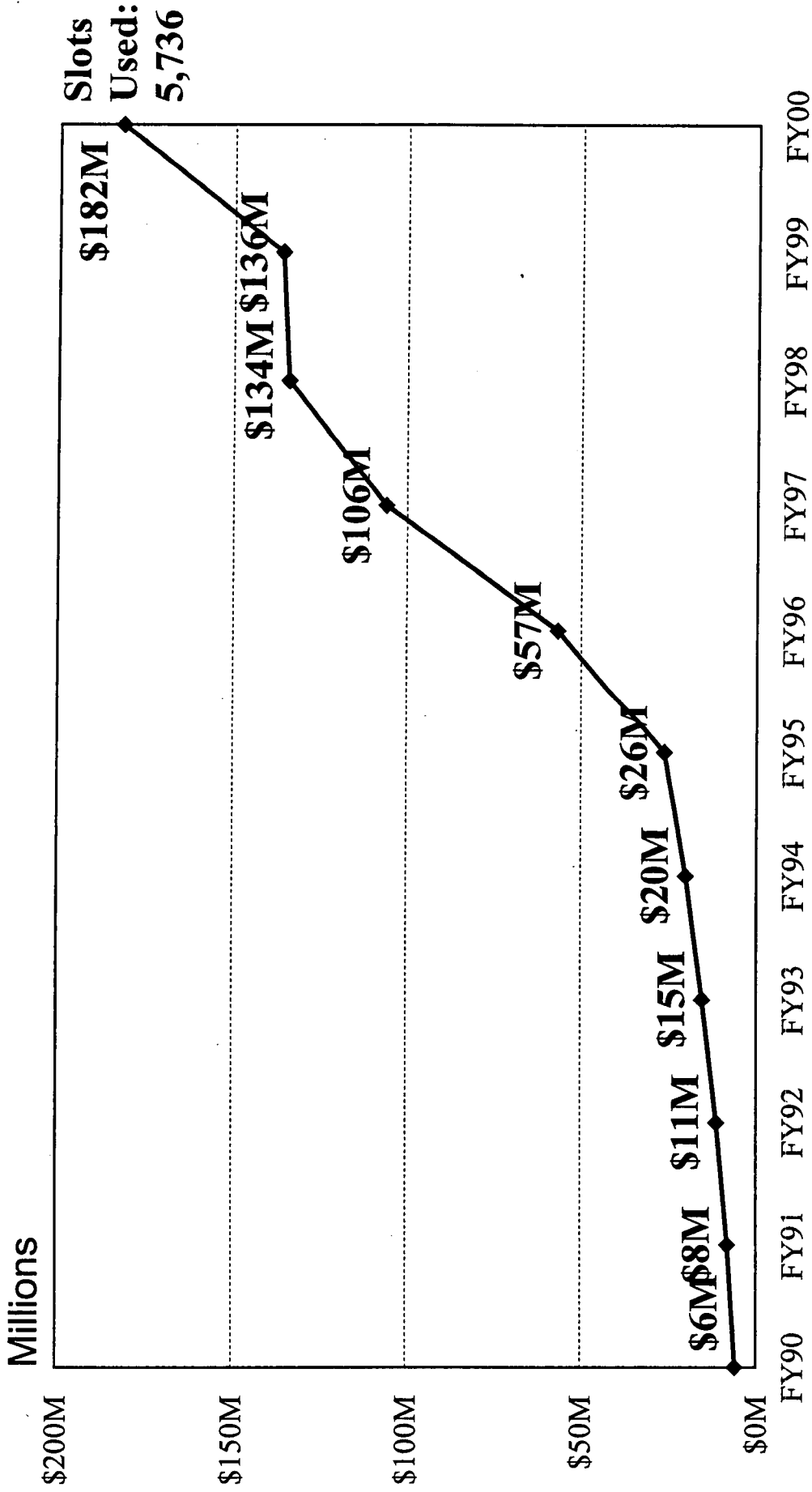
DEVELOPMENTAL DISABILITIES SERVICES

**COMMUNITY ALTERNATIVES PROGRAM FOR THE
MENTALLY RETARDED OR DEVELOPMENTALLY DISABLED
(CAP-MR/DD)**



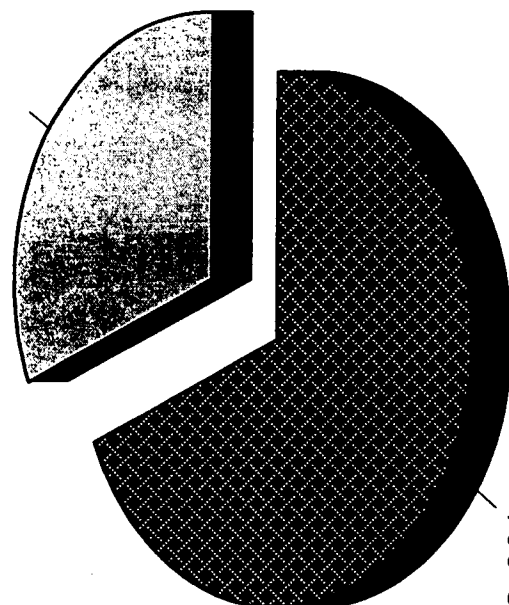
DEVELOPMENTAL DISABILITIES SERVICES

CAP-MR/DD EXPENDITURE GROWTH



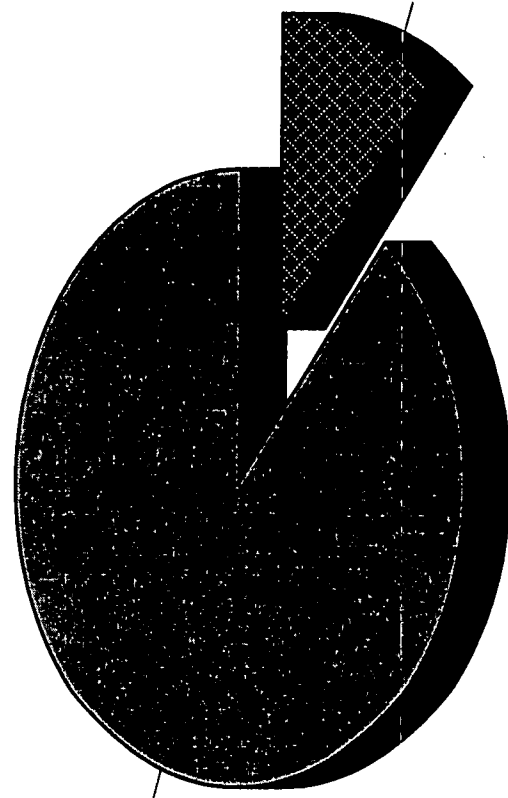
Persons Served in Community & Institutional Programs Compared to Expenditures for Each

FY00 EXPENDITURES
 Community Programs 31.1%
 \$107,495,940



MR Centers 68.9%
 \$237,812,416

PERSONS SERVED



Community Programs 89.0%
 18,613

MR Centers 11.0%
 2,298

DEVELOPMENTAL DISABILITIES SERVICES

SERVICES TO MULTIPLY DIAGNOSED ADULTS

Services to Multiply Diagnosed Individuals (Mental Retardation & Mental Illness (Former Thomas S Court Mandated Program)

- ◆ FY99/00 Expenditures: \$92M
- ◆ Clients Served: 1,370
- ◆ 37% of Clients Cost in Excess of \$100K Per Year

HB 1840, Section 11.22 "Services to Multiply-Diagnosed Adults"

1. Medical Necessity
2. Utilization Review
3. Eliminate "Thomas S" Administrative Infrastructure
4. Implement Cost Reduction Strategies:
 - Preauthorization & State Review of Service Plans

DEVELOPMENTAL DISABILITIES SERVICES

Partners in Autism Treatment & Habitation Program (PATH)

- ▶ \$1.5M Appropriated During 2000 Session
- ▶ 8-Bed Residential Unit (2 Respite Beds) located at Murdoch Center in Butner
- ▶ 4-Bed Group Home in Oxford (Opens May 2001)
- ▶ Services to Children 6-16 Years Old

- ▶ Services Available: Array of Professional Services
- ▶ Treatment Model: Individualized Behavior Intervention
- ▶ Referrals: Mental Health Agencies Across the State
- ▶ Admission: InterAgency Council/Single Portal Committee
- ▶ Length of Stay: Short Term (Maximum 2 Years)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities Section
2. Compliance With HB 1840, Section 11.22

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

1. Organization & Staffing of Developmental Disabilities Section
 - ▶ Section Staff Increased by 37 FTE's Since FY99/00
 - ▶ Section Maintains Functional Responsibilities
(Centralized for Program/Service Sections)

DEVELOPMENTAL DISABILITIES SERVICES

POLICY ISSUES

2. Compliance With HB 1840, Section 11.22
 - ▶ Identify Savings Realized From Elimination of Program Administration and Infrastructure:
 - 1999 Special Provision Originally Mandated
 - 2000 Special Provision Mandated
 - No Progress To Date
 - ▶ State Review of (1) Individualized Service Plans for All Adults Served to Ensure that Service Plans Focus on Delivery of Appropriate Services Rather than Optimal Treatment and Habilitation Plans, and (2) Staffing Patterns of Residential Services:
 - State Review & Approval of Plans in Excess of \$100K
 - State Monitors a Sample of Other Plans

4. State review of individualized service plans for all children served to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans.
- (4) Collaborate with other affected State agencies such as the Office of Juvenile Justice and the Administrative Office of the Courts, and with local departments of social services and area mental health programs to eliminate cost-shifting and facilitate cost-sharing among these governmental agencies with respect to the treatment and placement services.

Section 11.21.(b) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division.

Section 11.21.(c) G.S. 122C-3(13a) is repealed.

Section 11.21.(d) G.S. 122C-112(14) is repealed.

Section 11.21.(e) Part 7 of Article 4 of Chapter 122C of the General Statutes is repealed. This subsection applies to petitions for contested case review filed on and after the effective date of this act.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

SERVICES TO MULTIPLY-DIAGNOSED ADULTS

Section 11.22.(a) In order to ensure that multiply-diagnosed adults are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these adults:

- ✓ (1) Provide only those treatment services that are medically necessary.
- ✓ (2) Implement utilization review of services provided.
- ✓ (3) Effective immediately:
 - a. Eliminate formerly court-mandated Thomas S. Program administration, infrastructure, and categorical funding designation at the local level, while continuing to provide services to former Thomas S. clients and other multiply-diagnosed adults;
 - b. Identify savings realized from elimination of Program administration and infrastructure;
 - c. Adopt the following guiding principles for the provision of services:
 1. Service delivery system must be outcome oriented and evaluation based.
 2. Services should be delivered as close as possible to the consumer's home.
 3. Services selected should be those that are most efficient in terms of cost and effectiveness.
 4. Services should not be provided solely for the convenience of the provider or the client.
 5. Families and consumers should be involved in decision-making throughout treatment planning and delivery; and
 - d. Implement all of the following cost reduction strategies:

1. Preauthorization for all services except emergency services.
2. Criteria for determining medical necessity.
3. Clinically appropriate services.
4. State review of (i) individualized service plans for all adults served to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans, and (ii) staffing patterns of residential services.

Section 11.22.(b) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply-diagnosed adults.

Section 11.22.(c) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Phillips, Plyler, Perdue, Odom

FUNDS FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES OVERSIGHT COMMITTEE

Section 11.23.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the Department shall transfer the sum of three hundred fifty thousand dollars (\$350,000) to the General Assembly, Legislative Services Office, for the 2000-2001 fiscal year. These funds shall be used for the mental health, developmental disabilities, and substance abuse services system reform initiative proposed in Senate Bill 1217 and House Bill 1519, 1999 General Assembly, Regular Session 2000. The funds shall be used specifically for a comprehensive study of developmental disabilities services and administration and to hire professional staff to assist the Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services. These funds may be transferred for these purposes if and only if Senate Bill 1217 or House Bill 1519, 1999 General Assembly, becomes law.

Section 11.23.(b) The Department shall study whether a new division of developmental disabilities should be established in the Department. Not later than January 1, 2001, the Department shall report its findings and recommendations to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources.

Section 11.23.(c) The Department of Health and Human Services shall proceed with plans for the construction of a new State psychiatric hospital to replace Dorothea Dix hospital. Not later than October 1, 2000, the Department shall report the status of the plans including identification of potential sites for the new facility. The report shall be made to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, to the Senate Appropriations Committee on Human Resources, and the House of Representatives Appropriations Subcommittee on Health and Human Services.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD DECISION

Section 11.24.(a) There is created in the Office of State Budget and Management the Mental Health, Developmental Disabilities, and Substance Abuse

Type of Service	Age Group			
	Child	Adult	Total	
010	Hourly Respite	599	201	800
020	Personal Care	182	103	285
021	Community Integration Training	18	16	34
022	Daily Living Skills Training	107	45	152
023	Community Inclusion	253	168	421
024	After School Care/Summer	108	5	113
030	Client Behavior Intervention	72	119	191
120	Case Consultation	16	7	23
210	Case Management	1147	759	1906
230	Assertive Outreach	24	7	31
310	Screening Evaluation	225	117	342
340	Multi-disciplinary Evaluation	23	8	31
410	High Risk Intervention	433	7	440
420	Out Patient Treatment	91	59	150
422	Physical Therapy	139	32	171
423	Speech Therapy	228	47	275
424	Occupational Therapy	151	34	185
590	New Periodic Service	158	98	256
595	Supported Living	185	199	384
610	Dev. Day Care Licensed Child Dev. Center (Child)	279	0	279
615	Prevocational	12	39	51
620	ADVP	41	692	733
630	Supported Employment - Individual	36	728	764
631	Long Term Follow Along	18	216	234
640	Supported Employment - Group	2	161	163
650	Sheltered Workshop	1	28	29
660	Day Activity	10	102	112
661	Retirement Day	0	12	12
680	Psychosocial Rehabilitation (Clubhouse)	2	28	30
699	New Day/Night Services	118	100	218
701	Family Residential (Child)	9	0	9
702	Family/Program Residential (Child)	6	0	6
703	Residential Treatment - High (Child)	46	0	46
704	Residential Treatment - Secure (Child)	12	0	12
710	Supervised Living - Low	18	233	251
720	Supervised Living - Moderate	12	176	188
730	Community Respite	121	78	199
740	Family Living - Low (Adult)	5	35	40
750	Family Living - Moderate (Adult)	10	36	46
760	Group Living - Low (Adult)	9	128	137
770	Group Living - Moderate (Adult)	37	451	488
780	Group Living - High (Adult)	121	515	636
785	Skilled Nursing Level	1	4	5
840	State MR Center	3	10	13
899	New 24 Hour Service	1	11	12
901	Transportation	107	349	456
Total Number of Service Needs		5196	6163	11359
Persons Not Receiving Any Service		1730	1970	3700
Persons Waiting Unduplicated		3155	4767	7922

Prepared by Division of MH/DD/SAS, Developmental Disabilities Section, State of North Carolina

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building
Tuesday, April 3, 2001
1:30 a.m.
Minutes

Afternoon Meeting

The Joint Appropriations Subcommittee on Health and Human Services met Tuesday, April 3, 2001 in Room 424 of the Legislative Office Building with Senator Bill Martin presiding. After calling the meeting to order and introduction of the pages. He stated that several members were not present due to the concurrent Redistricting meeting.

Karen Hammonds-Blanks was recognized to give the Substance Abuse presentation. Attachment #3, Substance Abuse Services, is included with these minutes. She began by highlighting the problem in North Carolina. She noted on 73 of the attachment there is an estimate of 784,000 individuals in the state that need some kind of substance abuse services. The National Household Survey, which is conducted every other year, provides information regarding the individual that report their use of substances such as alcohol, tobacco, etc. The last available report, 1999, indicated approximately 15 million Americans use illegal drugs; approximately 6.67 million Americans report use of tobacco and 105 million consume alcohol. Public Health implications are that there is an estimated 16,000 I V drug users as it relates to HIVs and STDs. There is an estimated 16,000 incarcerated individuals that need some type of substance abuse services. She said that there is a reported increase in alcohol and drug abuse in our state's high schools. There is a decrease in the use of alcohol in the middle schools however there is an increase in marijuana use for middle school children. North Carolina ranks number five for children ages 12 to 17 who actually use tobacco. There is an increase in the use of "CLUB Drugs."


"Changing the Conversation" is a document sent forth by the Federal Government through the Substance Abuse and Mental Health Services Administration through the Center for Substance Treatment. The philosophy is that they are advocating for in this initiative is a "no wrong door" policy –that is- access to treatment should occur regardless of the point of entry and that standards of care should be in place as well.


In reference to the estimated 47% needing comprehensive substance abuse treatment, the committee wanted to know the source of the data. This information was compiled from a phone survey done by the state. This information is specific to North Carolina.

Karen continued her presentation on page 78, regarding what is occurring in the Department of Health and Human Services, Division of Mental Health Development Disabilities and Substance Abuse Services. Several years ago, a study revealed that North Carolina then ranked 38th in its spending for substance abuse services. The amount of funds supporting this area has not significantly grown since that time. She reviewed the mission and responsibilities of the substance abuse section in the Division. Flo Stine was available to answer questions from the committee members.

During discussion, the committee agreed that there is no area of the state that provides adequate services in this area and that the area of Substance Abuse needs more attention. The state spends very little funds on prevention.

The meeting adjourned at 2:45 p.m.


William N. Martin, Chair


Joyce Crews Hodge, Clerk

**DIVISION OF MENTAL HEALTH/DEVELOPMENTAL
DISABILITIES/SUBSTANCE ABUSE SERVICES**

**BUDGET/PROGRAM OVERVIEW
SUBSTANCE ABUSE SERVICES**

Section III.

Fiscal Research Division

APRIL 2001

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

SUBSTANCE ABUSE SERVICES

**FISCAL RESEARCH DIVISION
APRIL 2001**

SUBSTANCE ABUSE SERVICES

THE PROBLEM IN NORTH CAROLINA

- ◆ Estimated 784,000 North Carolinians Need Substance Abuse Services
- Estimated 47% (or 370,005) Need Comprehensive Substance Abuse Treatment (≥ 18 years)
- Of These, Approximately 24% Report No Health Insurance

- ◆ Estimated 16,048 IV Drug Users

- ◆ Estimated 16K FY99/00 Prison Admissions Need Services

- ◆ Estimated 70% (or 22,140) of Inmates in State Prisons Need Substance Abuse Services

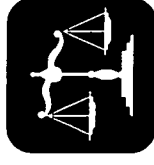
- ◆ Increase in High Schoolers Reporting Alcohol & Drug Use

- ◆ Decrease in Middle Schoolers Reporting Alcohol Use & Increase for Drug Use

SUBSTANCE ABUSE SERVICES

THE PROBLEM

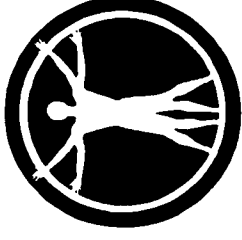
- ◆ 42,131 Drug Related Arrests During 1998
-7% Were Juveniles Less Than 18 Years Old
- ◆ 63,788 DWI's (1998 - 5% Increase from 1995)
- ◆ 28,208 Filings (10% of total filings) in Superior Court for
Controlled Substances (FY98) - Up 5% From FY96
- ◆ 17% of Rapes Included Offenders Under the Influence of
Alcohol/Drugs (1998)
- ◆ 4,445 Drug Arrests < 18 Years Old
-66% for Marijuana
-18% for Heroin & Cocaine



SUBSTANCE ABUSE SERVICES

THE PROBLEM

- ◆ Estimated 7,400 Infants Born Exposed to Illicit Drugs
(1998, NC State Center for Health Statistics)
- ◆ 13,704 Crashes Involving Alcohol *(1994, National Highway Traffic Safety Administration)*
- ◆ 35.6% of All Crash Deaths Attributed to Alcohol
(1994, National Highway Traffic Safety Administration)
- ◆ \$27.6M in Medicaid Payments for Substance Abuse Services (FY98)
- ◆ 7.4% (or 2,842) of Pregnant Women in the Sample Tested Positive for Illicit Drug Use *(1999, NC State Center for Health Statistics)*



**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

SUBSTANCE ABUSE SERVICES

IMPACT OF UNTREATED SUBSTANCE ABUSE

Consequence	Cost
Foster Care	\$4,200 - \$62,050/Year
Prison Bed	\$23,232/Year
Juvenile Training School Bed	\$34,314/Year
Welfare Costs	\$7,116/Year
Employee Absenteeism	Unknown
High School Dropout	Unknown
Fetal Alcohol Syndrome	Unknown

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

***NORTH CAROLINA'S RESPONSE TO
SUBSTANCE ABUSE***

FISCAL RESEARCH DIVISION APRIL 2001

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

SUBSTANCE ABUSE SERVICES

Mission: to provide leadership in the planning, development and organization of a statewide system of alcohol and other drug services; to coordinate and communicate policies and strategies that educate, encourage, and respond proactively to alcohol and other drug prevention, intervention, and treatment issues.

The Division Supports This Mission Through:

- ◆ Institutional Services
- ◆ Community Services
- ◆ Regulatory Unit
- ◆ DWI/Criminal Justice
- ◆ Employee Assistance Program
- ◆ Prevention Services

SUBSTANCE ABUSE SERVICES

- ◆ Institutional Services
 - Provides inpatient services through the State Alcohol and Drug Abuse Treatment Centers (ADATC).
- ◆ Community Services
 - Provide support to 39 Area Programs in the implementation of substance abuse plans; 2) Coordinate and develop programs to reduce HIV/AIDS; 3) Coordinate and develop programs and services to women, including TANF recipients and their families; and 4) Provide leadership and support for the development of a comprehensive system of prevention and treatment services for children and youth.
- ◆ Regulatory Unit
 - Prevents controlled substances into illicit markets

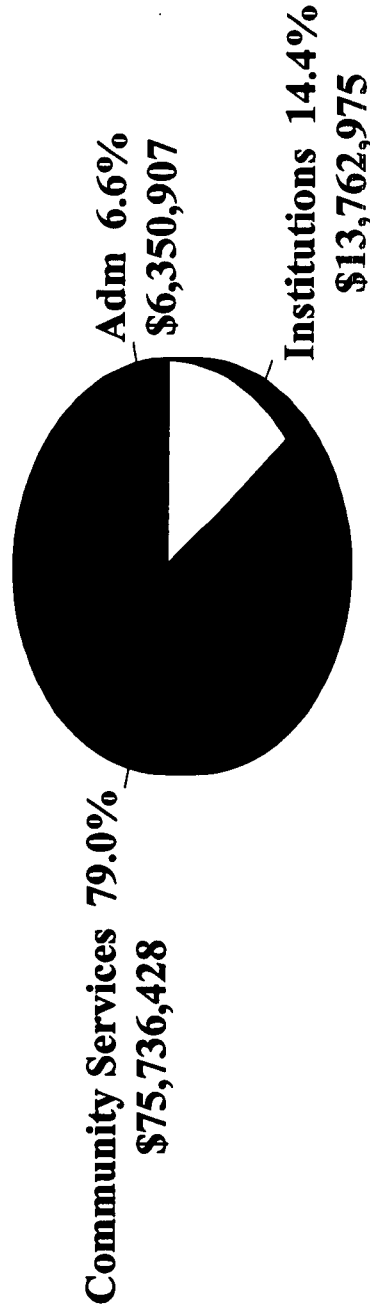
SUBSTANCE ABUSE SERVICES

- ◆ **DWI/Criminal Justice**
 - Provide leadership and support for services targeted at clients involved with the criminal justice system (e.g., Treatment Alternatives to Street Crime - TASC).
- ◆ **Employee Assistance Program**
 - Assist employees impaired by stress, substance abuse or other personal concerns; Develop of Enhance EAP to private employers and TANF recipients; provide technical assistance to Area Programs; and provides guidance for DHHS's Alcohol & Drug-Free Workplace Initiative.
- ◆ **Prevention Services**
 - Develop and coordinate prevention efforts statewide including the infusion of science-based prevention strategies into existing prevention programs.

SUBSTANCE ABUSE SERVICES

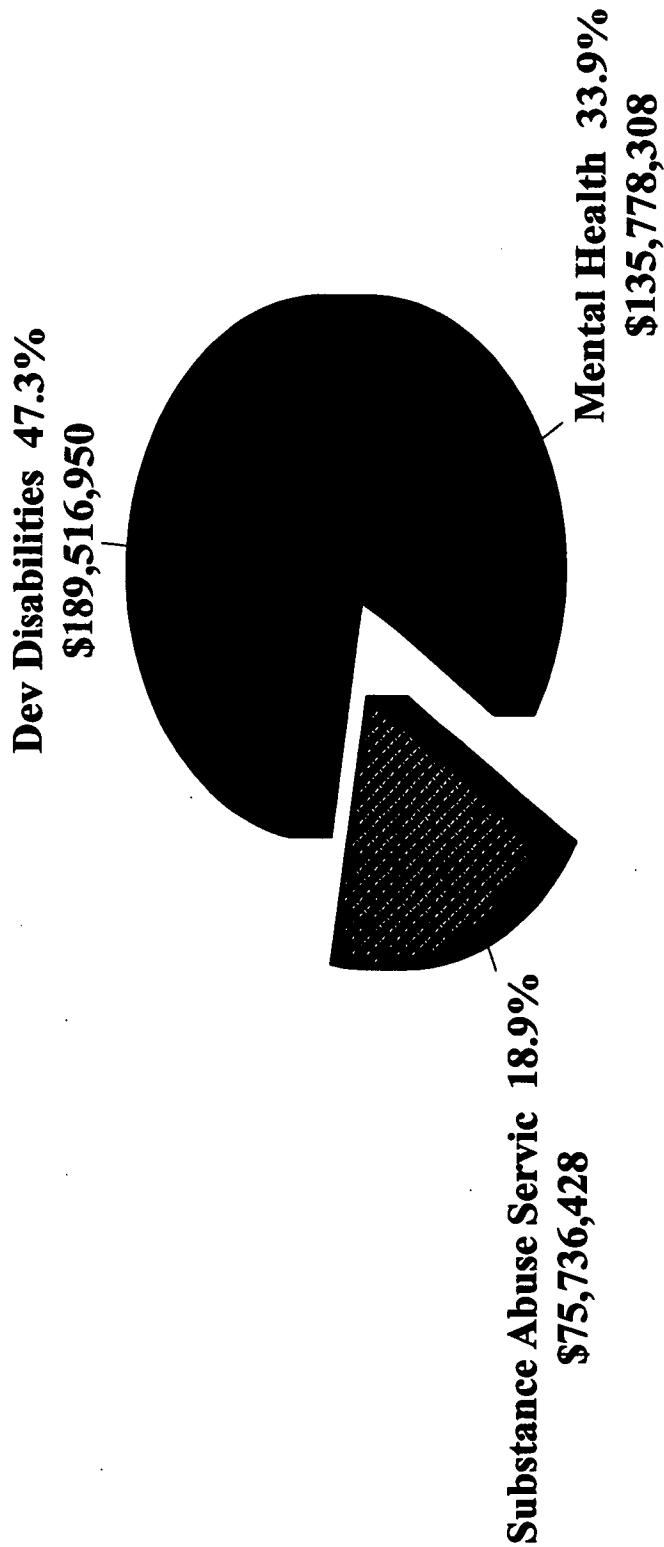
Budget Summary:	FY99/00 Actual	FY00/0 Authorized	FY01/02 Rec'd.	FY02/03 Rec'd.
Requirements	\$90,382,327	\$95,850,310	\$95,850,310	\$95,850,310
Revenues	57,447,363	47,706,303	47,706,303	47,706,303
Appropriations	\$44,468,198	\$48,144,007	\$48,144,007	\$48,144,007
Positions	291.17	298.17	298.17	298.17

FY00/01 Authorized Budget



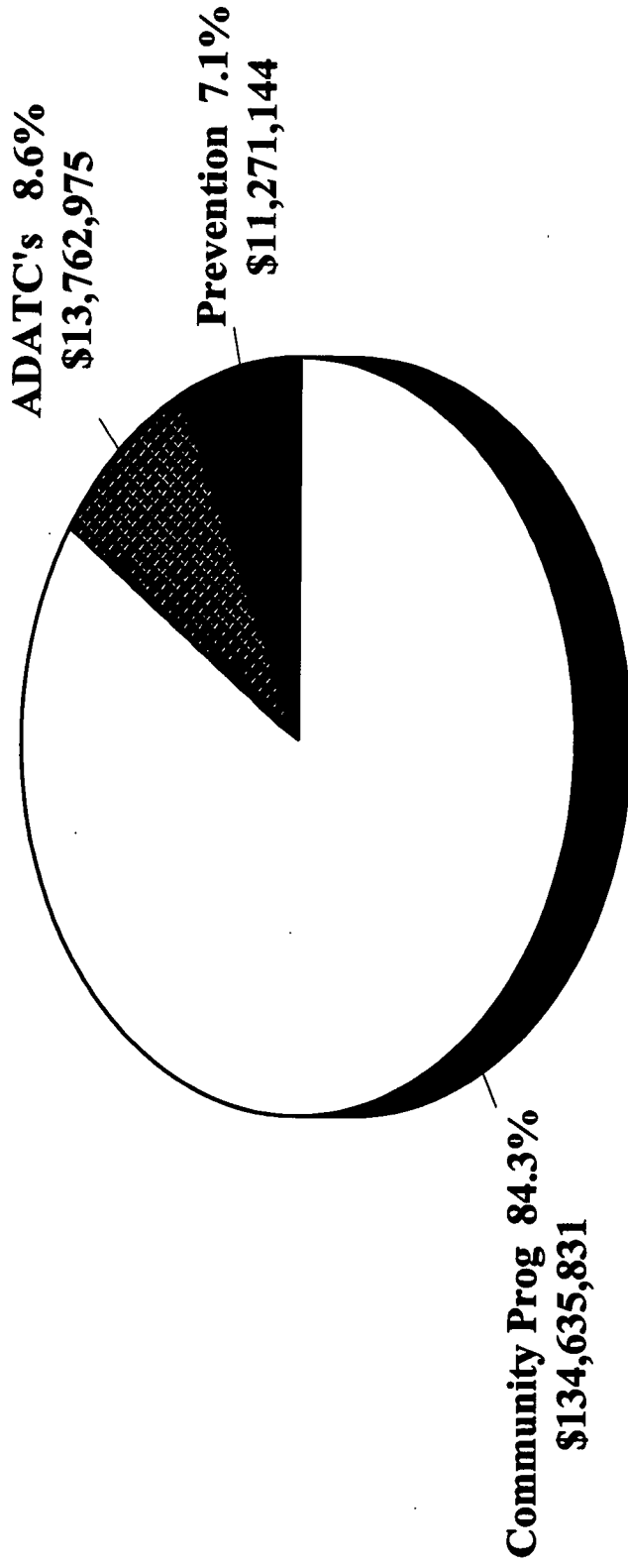
SUBSTANCE ABUSE SERVICES

**FUNDING FOR COMMUNITY SERVICES BY
DISABILITY (FY00/01)**

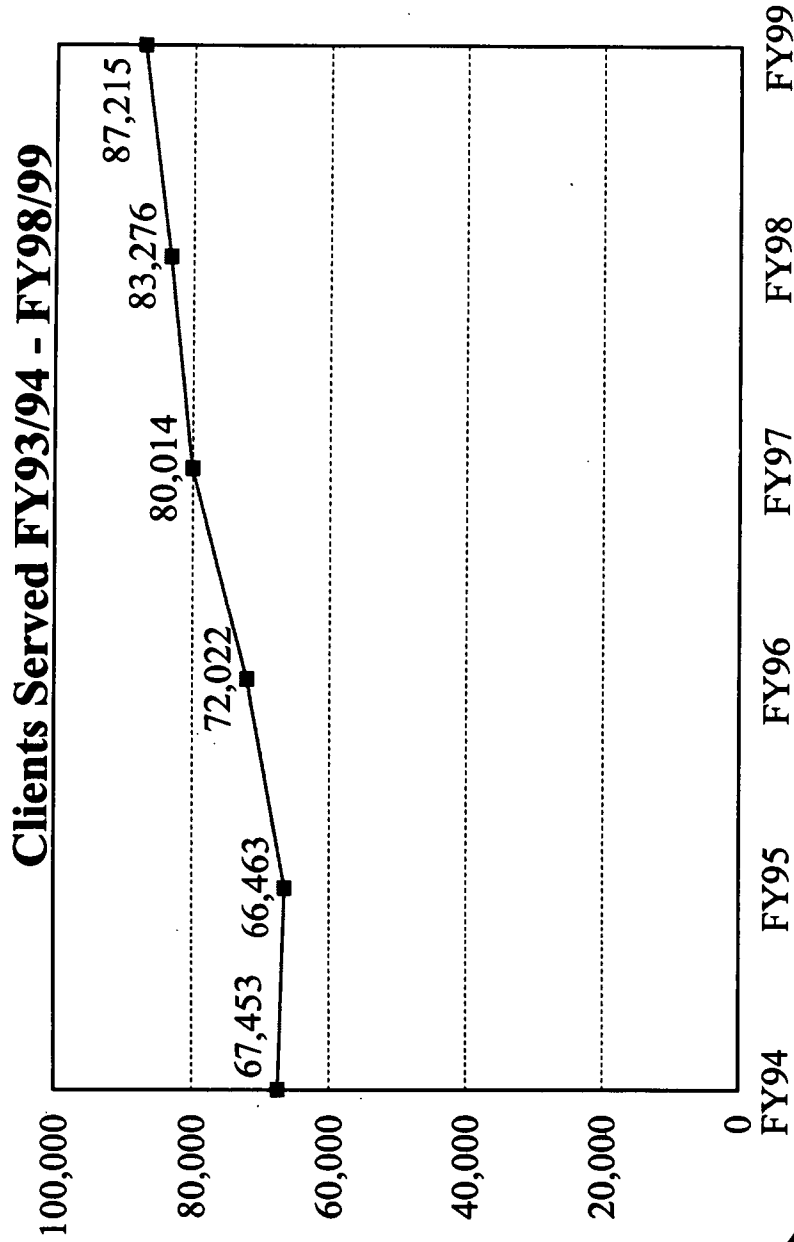


SUBSTANCE ABUSE SERVICES

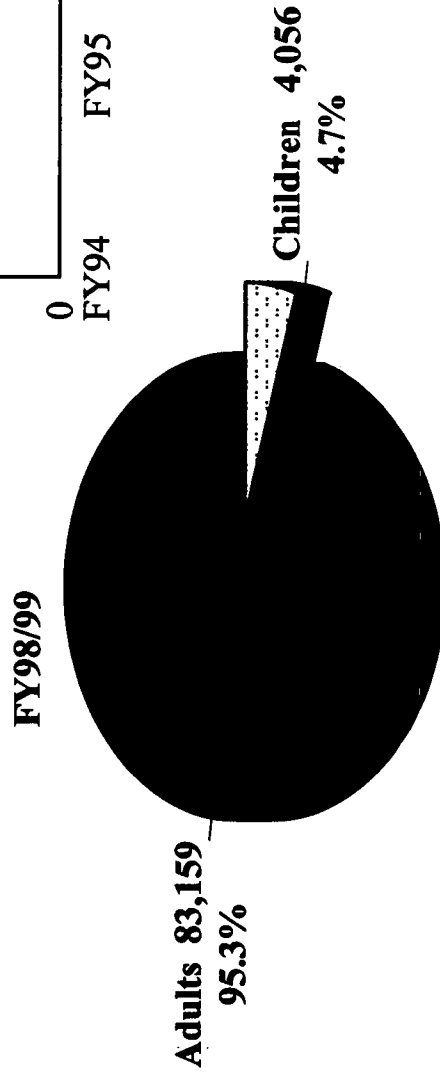
**SUBSTANCE ABUSE SERVICE FUNDING BY
TYPE OF SERVICE (FY00/01)**



SUBSTANCE ABUSE SERVICES AREA MENTAL HEALTH PROGRAMS



29% Increase Since FY94



SUBSTANCE ABUSE SERVICES

STATE ALCOHOL & DRUG ABUSE TREATMENT CENTERS

Julian F. Keith ADATC

- ◆ Serves Western NC
- ◆ Bed Capacity: 80
- ◆ Persons Served FY99/00: 1,291
- ◆ Average Length of Stay: 23.6 Days
- ◆ Average Daily Population: 73
- ◆ FY99/00 Occupancy Rate: 79%
- ◆ Operating Budget FY00/01: \$6.7M (State Appropriations: \$6.5M)
- ◆ FY99/00 Disproportionate Receipts: \$6.5M

Butner ADATC

- ◆ Serves Central NC
- ◆ Bed Capacity: 60
- ◆ Persons Served FY99/00: 1,528
- ◆ Average Length of Stay: 15.5 days
- ◆ Average Daily Population: 54
- ◆ FY99/00 Occupancy Rate: 82.5%

SUBSTANCE ABUSE SERVICES

STATE ALCOHOL & DRUG ABUSE TREATMENT CENTERS

Walter B. Jones ADATC

- ◆ Serves Eastern NC
- ◆ Bed Capacity: 77
- ◆ Persons Served FY99/00: 1,212
- ◆ Average Length of Stay: 18.8 Days
- ◆ Average Daily Population: 57
- ◆ FY99/00 Occupancy Rate: 74%
- ◆ Operating Budget FY00/01: \$6.2M (State Appropriations: \$5.7M)
- ◆ FY99/00 Disproportionate Share Receipts: \$5.1M
- ◆ Unique Characteristics:
SA/Deaf Unit

SUBSTANCE ABUSE SERVICES

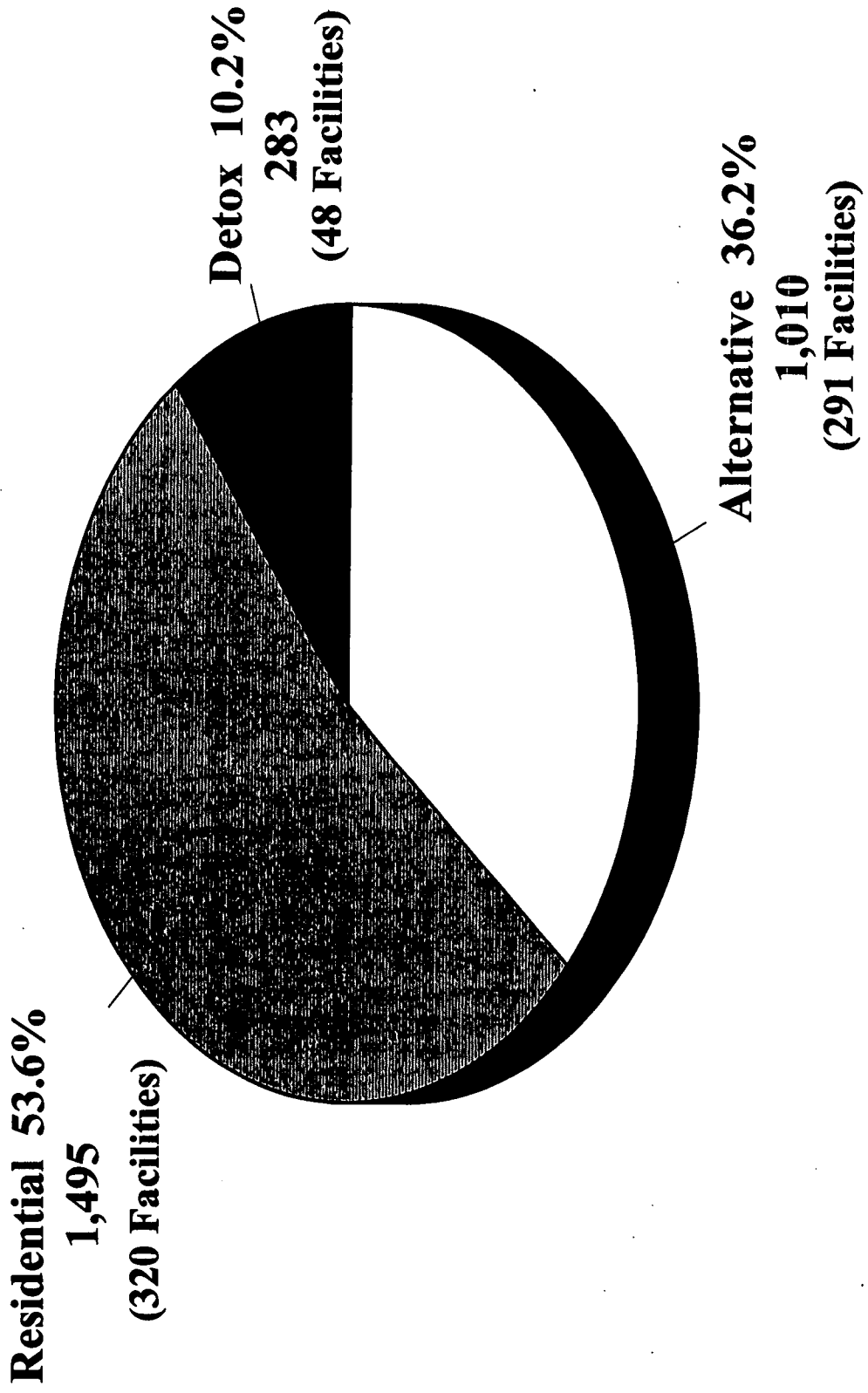
STATE ALCOHOL & DRUG ABUSE TREATMENT CENTERS

CLIENT PROFILE (FY99/00)

- ◆ Total Beds 217 ◆ 54% Alcohol & Drugs
- ◆ 4,031 Persons Served ◆ 33% Reported Cocaine as the Drug of Choice
- ◆ Avg Length of Stay: 19.1 days ◆ 2% IV Drug Users
- ◆ Avg Daily Population: 184 ◆ 31% Women Served
- ◆ Avg Occupancy Rate: 79% ◆ 2% Clients Were Pregnant Women
- ◆ 21% Diagnosed Drugs Only ◆ 38% Nonwhite Clients
- ◆ 20% Diagnosed Alcohol Only ◆ 77% Voluntarily Committed

SUBSTANCE ABUSE SERVICES

BEDS AVAILABLE



SUBSTANCE ABUSE SERVICES

SUBSTANCE ABUSE INITIATIVES

1. TREATMENT ALTERNATIVES TO STREET CRIME (TASC)

- ◆ Began in 1978
- ◆ Program Targets Offenders Whose Criminal Behavior is Driven by Drugs
- ◆ Based on the "Breaking the Cycle" Model Which Includes Frequent Drug Testing & Continuum of Sanctions and Treatment
- ◆ Includes Identification, Assessment, Treatment Matching, Referral & Treatment Management
- ◆ 23 Programs Serving 43 Judicial Districts
- ◆ During FY99/00, 6,458 Offenders Were Served
- ◆ Funding: \$3.34M (State Appropriations and Substance Abuse Prevention and Treatment Block Grant)

SUBSTANCE ABUSE SERVICES

SUBSTANCE ABUSE INITIATIVES

2. *NC CASAWORKS for Families Residential Initiative*
 - ◆ \$5M Appropriation During 2000 Legislative Session
 - ◆ Target Population: Work First Recipients & Their Children
 - ◆ Comprehensive Treatment Strategy
 - ◆ Gender Specific
 - ◆ Services Include: Treatment, Case Management, Employment Training, Child Care, Transportation, Safe Housing, Child Mental Health Interventions, Etc.
 - ◆ Nine (9) Programs Funded (\$62,500/family per year)
 - ◆ Implementation Underway

SUBSTANCE ABUSE SERVICES

SUBSTANCE ABUSE INITIATIVES

3. MANAGING ACCESS FOR JUVENILE OFFENDER RESOURCES AND SERVICES (MAJORS)

- ◆ **Target Population:** 12-17 Year Old Juvenile Offenders At Risk for Placement in Residential Treatment or Juvenile Detention/Training Schools
- ◆ **Target Population:** 12-17 Year Olds Returning to the Community Following Placement in a Residential Treatment or Juvenile Detention/Training School
- ◆ Clinical Assessments Upon Referral from Court Counselor
- ◆ Substance Abuse Counselor/Care Coordinator Provides Case Management
- ◆ 12 Area Programs (22 Counties)
- ◆ Funding: \$2.2M (Social Services Block Grant, Governor's Crime Commission and State)

SUBSTANCE ABUSE SERVICES

SUBCOMMITTEE POLICY ISSUES

Are Limited State Resources Being Used Efficiently and Effectively?

1. Average Daily Occupancy of ADATC's (79%)
 - Decreased in the Last Three Years (80% & 86%, 90%)
 - Reduced Number of State Beds (Down from 256)
 - Non-State Capacity is at a Low Statewide

2. High Percentage of "No Shows" for Residential Placements in the ADATC's

3. State Psychiatric Beds Are Inappropriate Placements for Substance Abuse Clients
 - 3,234 Persons Served During FY99/00 for SA Treatment

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Tony McVikill	ADENC
Rick J...	AHHCNC
Wayne Williams	OSBPM
Mary Green	OSBPM
Pam Rechner	OSBPM
Jamie Newman	NC Hearting Start Foundation
Angie Harris	Maupin Doyler + Ellis

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

John Bowditch	Adley Associates
Bennett Hollen	DHHS
Crissy Porter	Bone & Associates
Lee Hinton	NCAITC 7
Jack Schanzbach	NC Council
Cleveland Johnson	
Veenhuis	DMIT/DDSAS
STAN SKAWINSKI	DEV. DISABILITIES SECTION
Phil Nadala	NCCSPL
C.L. Cochran	UCP - 0200
Adelle Zischia	Eastern Seals

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim [unclear]	MHA/NC - C2001
Robi Harrell	First In Families
David Bibb	NAMI Orange County
Roz Sawitt	NC Child Care Coalition
Dan [unclear]	The [unclear]
Brenda [unclear]	Lee Co Social Services
Sharon [unclear]	NC Social Services Consortium
Mauri [unclear]	SKB
Steve Mitchell	Novartis
Mary Eldridge	Dir MH/MS/SAS
Bob [unclear]	NCCSA

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jennifer Sullivan	Nat'l Assoc of SW's - NC
Reynolds, Chad	Reynolds, Chad & Associates
Bernie Hollee	DHHS
Ryan Wilson	NCAATC 7.
Jim Hudson	NC Food BANKS
McBee	OSBPM
PAM RICHARDSON	OSBPM
WAYNE WILLIAMS	OSBPM
Sue Crighton	DMH/DD/SAS
Starleen Scott Robbins	DMH/DB/SAS
Spencer Clark	DMH/DD/SAS
W. H. [Signature]	NCRA & NCDS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Wednesday, April 4th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Mental Health

*Karen Hammonds-Blanks
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Minutes
April 4, 2001
8:30 A.M.

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Wednesday, April 4, 2001 in Room 424 of the Legislative Office Building.

House Co-Chair , Representative Beverly Earle opened the meeting. Pages were introduced with the following members were present:

Representative Edd Nye, Co-Chair
Representative Lanier Cansler
Representative Theresa Esposito
Representative Thomas Wright

Six Senate members were present.

The meeting began with a presentation from Karen Hammonds-Blanks, from the Fiscal Research Division. Ms. Hammonds-Blank continued her presentation from a previous meeting held on Tuesday, April 3, 2001. The topic of discussion was **Area Mental Health Programs – Section IV**. (See Attachment II). She began with a structure of the system. The program consist of 15-25 members, a Director, program staff and contracts for services.

The provision of mental health in North Carolina is a cooperative effort of the state and local governments. Public mental health services are coordinated and delivered primarily on the local level by Area Mental Health Authorities/Programs. Area Programs provide services directly or under contract with other service providers. All funds appropriated by the General Assembly for the purpose of providing these services are administered by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services. North Carolina Policy is that the state and local governments shall develop and maintain a unified system of services centered in area programs. The public service system will strive to provide a continuum of services for clients while considering the availability of services in the private sector. The services to implement the policy of this section requires the cooperation and financial assistance of counties, the state, and the federal government.

What is an Area Mental Health Program?

It is a local political subdivision of the state, which was created in the early 70's. Unlike counties, it has no taxing authority. There are 41 area mental health programs which are governed by an area boards.

What roles do area programs play in the system of services?

They are the provider of services, purchasers of services, coordinators with other human services areas, the gatekeepers, and monitors. They provide substance abuse services, developmental disabilities services, mental health services, and the coordination/integration with other human services areas. In 1993 there were 225,167 clients served, with a 45% increase. Since then, the number of clients served in 1999 is 325,081. The growth in state appropriations went from 236 million in 1994 to 325 million in 2000. Financial stability of are programs are direct billing of Medicaid, direct billing of Non-Medicaid services and continual erosion of funding for administration.

To review highlights of mental health, developmental disabilities and substance abuse services reform, see page 110 of attachment II.

Questions and comments were discussed at this time.

Karen Hammonds-Blank presented to the committee options for consideration. They were as followed:

- (1). Reduce State Appropriations for Area Program Administration TBD
- (2). Reduce State Appropriations for State ICF/MR's TBD
- (3). Eliminate MR/MI Transition Unit in DD Section TBD
- (4). Reduce Layers of Management
 - 2.0 Assistant Division Directors
 - 1.0 Deputy division Director
- (5). Eliminate Director of Child Research/Grants Program Development \$99K
- (6). Eliminate Hospital Services Section
 - 2.0 FTE's
- (7). Close Whitaker School
 - Cut 135 FTE's
 - Transition Children Into Residential Treatment Programs Closer to Home
- (8). Transfer Physician Epidemiologist Back to the Division of Public Health
- (9). Study Efficacy of Consolidation "Policy" Functions Across DHHS
 - Medical Services Director
 - Chief of Pharmacy Services
 - Clinical Director of Child & Family Services
- (10). Evaluate Duplication of DMH/DD/SAS Program Accountability Section with Division of Facility Services Mental Health Facilities Monitoring Section.

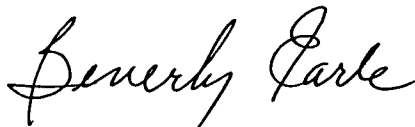
Question and answer were discussed at this time.

Appropriations Subcommittee on Health and Human Services
Minutes
April 4, 2001
Page 3

Representative Beverly Earle, Co-Chair, stated that the committee will take into account all options of consideration.

The meeting was adjourned.

Respectfully Submitted,



Presiding Co-Chair, Representative Beverly Earle



Committee Assistant, Ann Raeford

Attachments

Attachment I
Attachment II

Attachment III

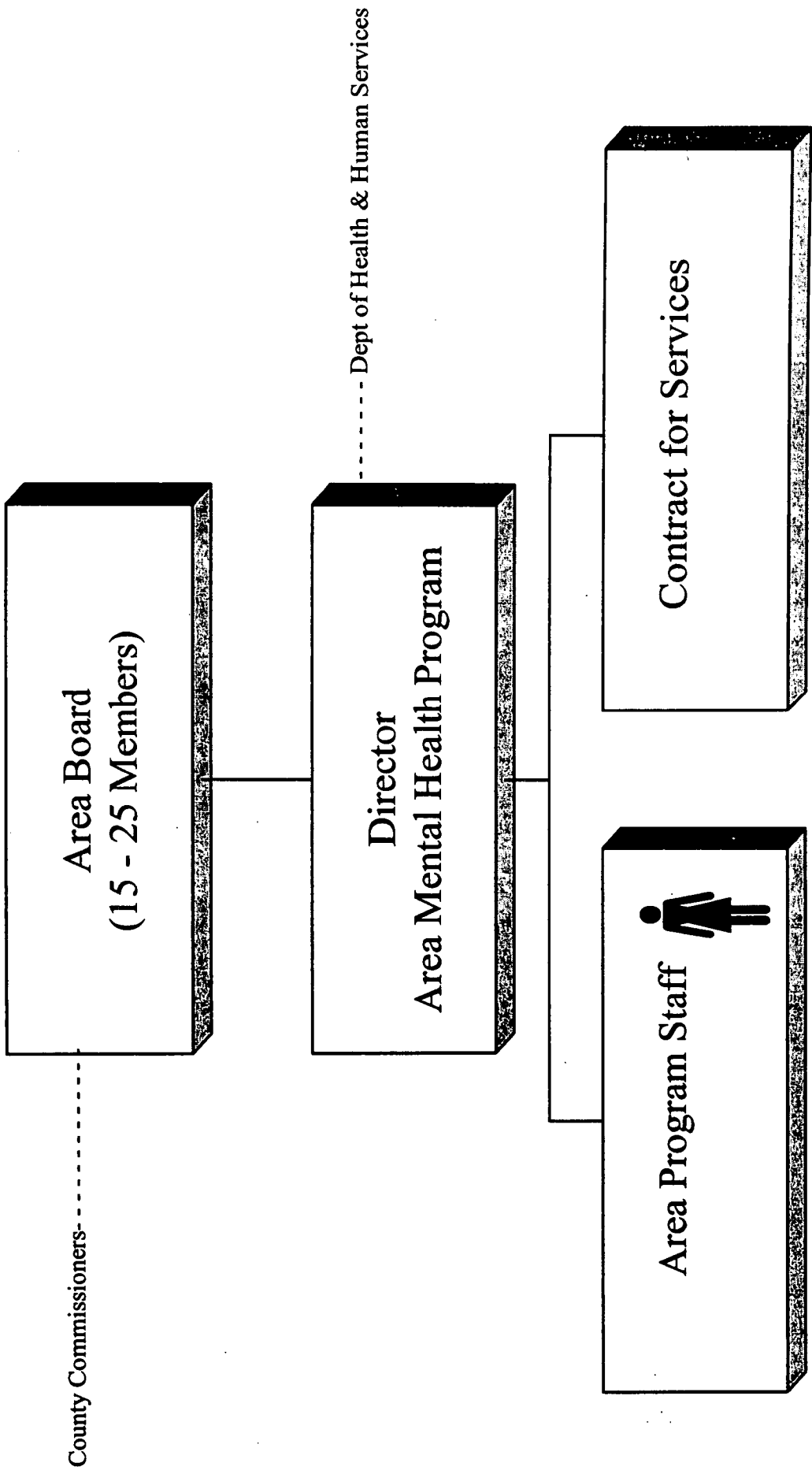
Agenda
Area Mental Health Programs
Section IV
Visitor's Registration

**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

**AREA MENTAL HEALTH PROGRAMS
SECTION IV.**

**FISCAL RESEARCH DIVISION
APRIL 2001**

NORTH CAROLINA AREA MENTAL HEALTH PROGRAMS



NORTH CAROLINA'S PUBLIC SYSTEM OF SERVICE DELIVERY

AREA MENTAL HEALTH PROGRAMS

The provision of mental health in North Carolina is a cooperative effort of the state and local governments. Public mental health services are coordinated and delivered primarily on the local level by Area Mental Health Authorities/Programs. Area Programs provide services directly or under contract with other service providers. All funds appropriated by the General Assembly for the purpose of providing these services are administered by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services.

§ G.S. 122C-2. North Carolina Policy

State and local governments shall develop and maintain a unified system of services centered in area programs. The public service system will strive to provide a continuum of services for clients while considering the availability of services in the private sector. The furnishing of services to implement the policy of this section requires the cooperation and financial assistance of counties, the State, and the federal government.

AREA MENTAL HEALTH AUTHORITIES/PROGRAMS

N.C. STATUTORY AUTHORITY

§ G.S. 122C-115. Powers and duties of counties and cities.
(d) Counties shall not reduce county appropriations and expenditures for area authorities because of the availability of State allocated funds, fees, capitation amounts, or fund balance to the area authority.

§ G.S. 143-10.1A. Budget required to include State cost of local programs -- Continuation and expansion costs.
(d) Effective July 1, 1991, the Office of Budget and Management and the Director of the Budget, with advice of the Advisory Budget Commission, shall prepare the State Budget in a format that adequately and fairly reflects the continuation costs for the State's share of locally operated programs established by statute or State appropriation.

NORTH CAROLINA'S PUBLIC MENTAL HEALTH SYSTEM

WHAT IS AN AREA MENTAL HEALTH PROGRAM ?

- ◆ Local Political Subdivisions of the State *early 70's*
(Authorities Created by State Statute 1973)
(Unlike Counties, No Taxing Authority)
- ◆ 39 Area Mental Health Authorities/Programs
(24 are Multi-County; 15 Single County)
- ◆ Governed by an Area Board
- ◆ Area Board is a Policy Making Body
- ◆ County Commissioners Appoint Area Board
- ◆ Director is Appointed by Local Board
- ◆ Employees Work for Area Authority (Not State Employees)

AREA MENTAL HEALTH PROGRAMS

SELECTED FACTS

Catchment Area Size (2000 Census Data):

- ◆ Single County Program Range:
 - RiverStone (formerly known as Halifax) - 57,370
 - Mecklenburg - 695,454
- ◆ Multi-County Program Range:
 - Roanoke-Chowan - 74,976
 - Centerpoint (Includes Iredell, Forsyth & Stokes Counties) - 385,613

Area Program Budgets:

- ◆ Budget Range:
 - 5 Programs < \$10M
 - 17 Programs = \$10M - \$19M
 - 8 Programs = \$20M - \$29M
 - 2 Programs = \$30M - \$35M
 - 6 Programs = \$40M - \$48M
 - 1 Program = \$81M

AREA MENTAL HEALTH PROGRAMS

SELECTED FACTS

- ◆ **Range in Persons Served (FY98/99):**
 - 9 Programs Served < 5,000
 - 21 Programs Served 5,000 - 10,000
 - 9 Programs Served > 10,000

NORTH CAROLINA'S PUBLIC MENTAL HEALTH SYSTEM

AREA MENTAL HEALTH PROGRAMS

***WHAT ROLE DO AREA PROGRAMS PLAY IN THE
SYSTEM OF SERVICES?***

- ◆ PROVIDERS OF SERVICES
- ◆ PURCHASERS OF SERVICES
- ◆ COORDINATORS WITH OTHER HUMAN SERVICES
AREAS
- ◆ GATEKEEPERS
- ◆ MONITORS

NORTH CAROLINA'S PUBLIC MENTAL HEALTH SYSTEM

AREA MENTAL HEALTH PROGRAMS

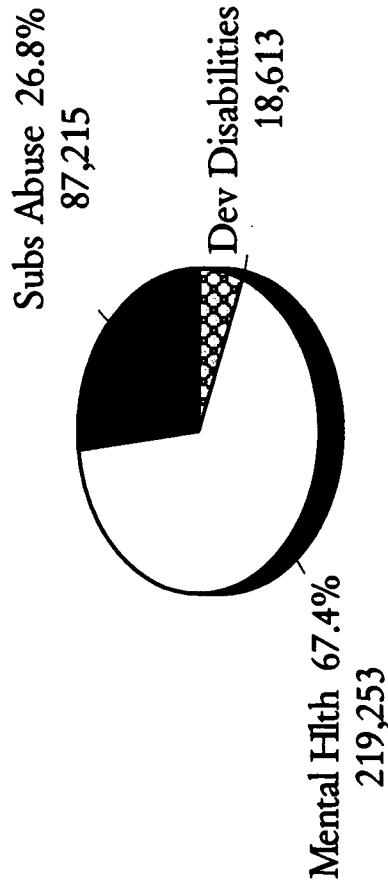
WHAT SERVICES DO THEY PROVIDE?

- ◆ **SUBSTANCE ABUSE SERVICES**
- ◆ **DEVELOPMENTAL DISABILITIES SERVICES**
- ◆ **MENTAL HEALTH SERVICES**
- ◆ **COORDINATION/INTEGRATION WITH OTHER
HUMAN SERVICES AREAS**

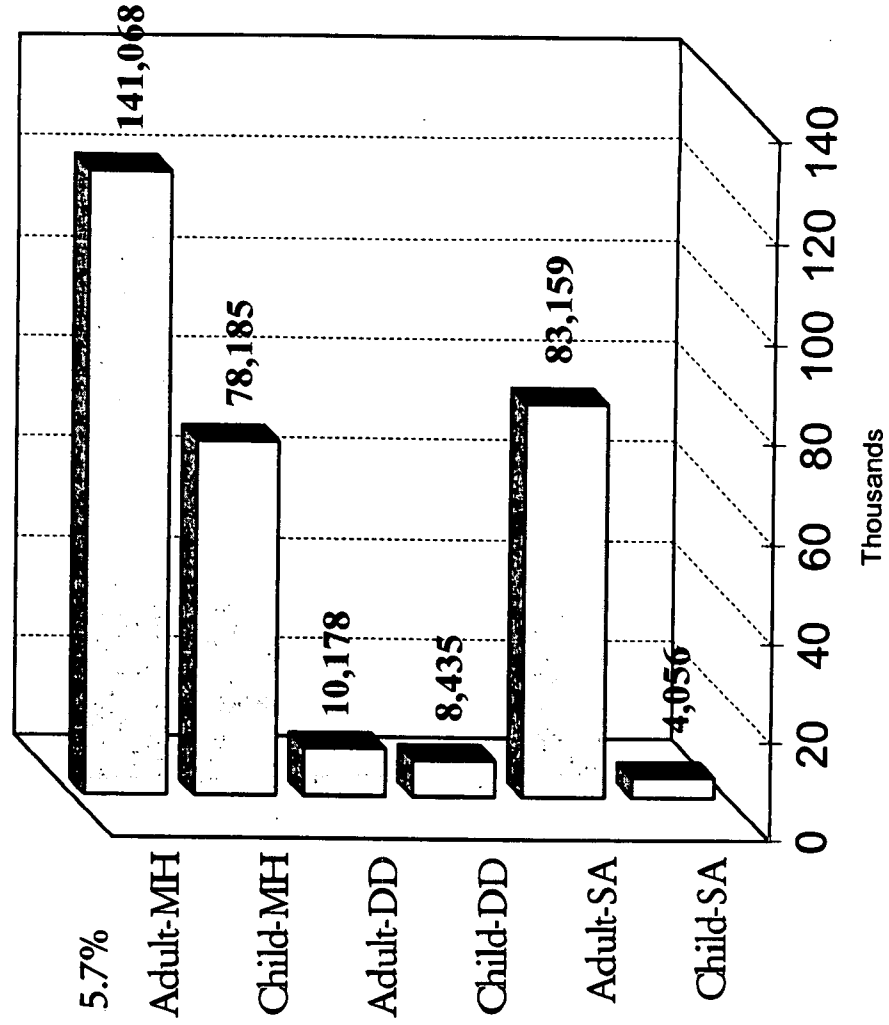
AREA MENTAL HEALTH PROGRAM

CLIENTS SERVED BY DISABILITY AND AGE

FY98/99



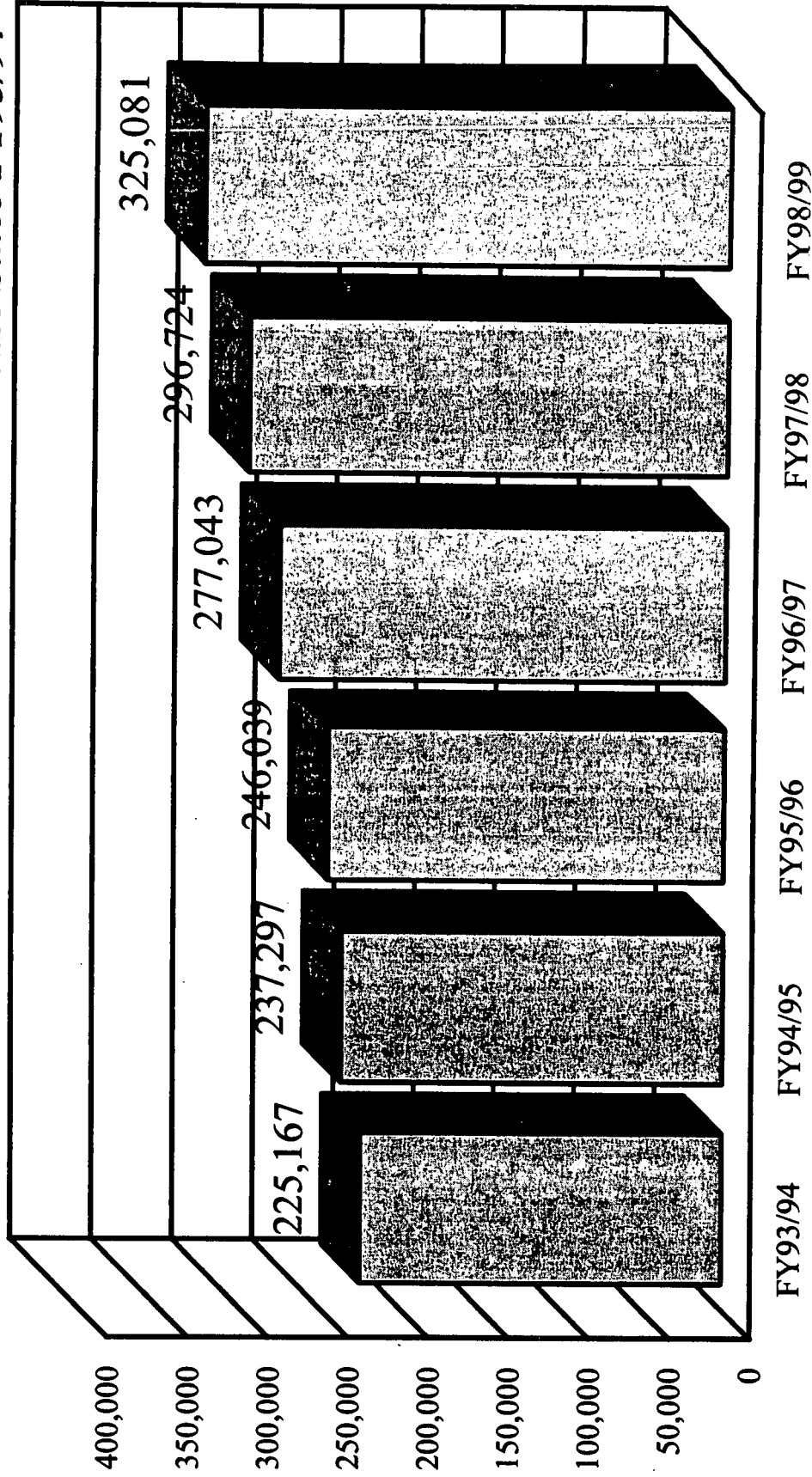
Total Clients Served: 325,081



AREA MENTAL HEALTH PROGRAM

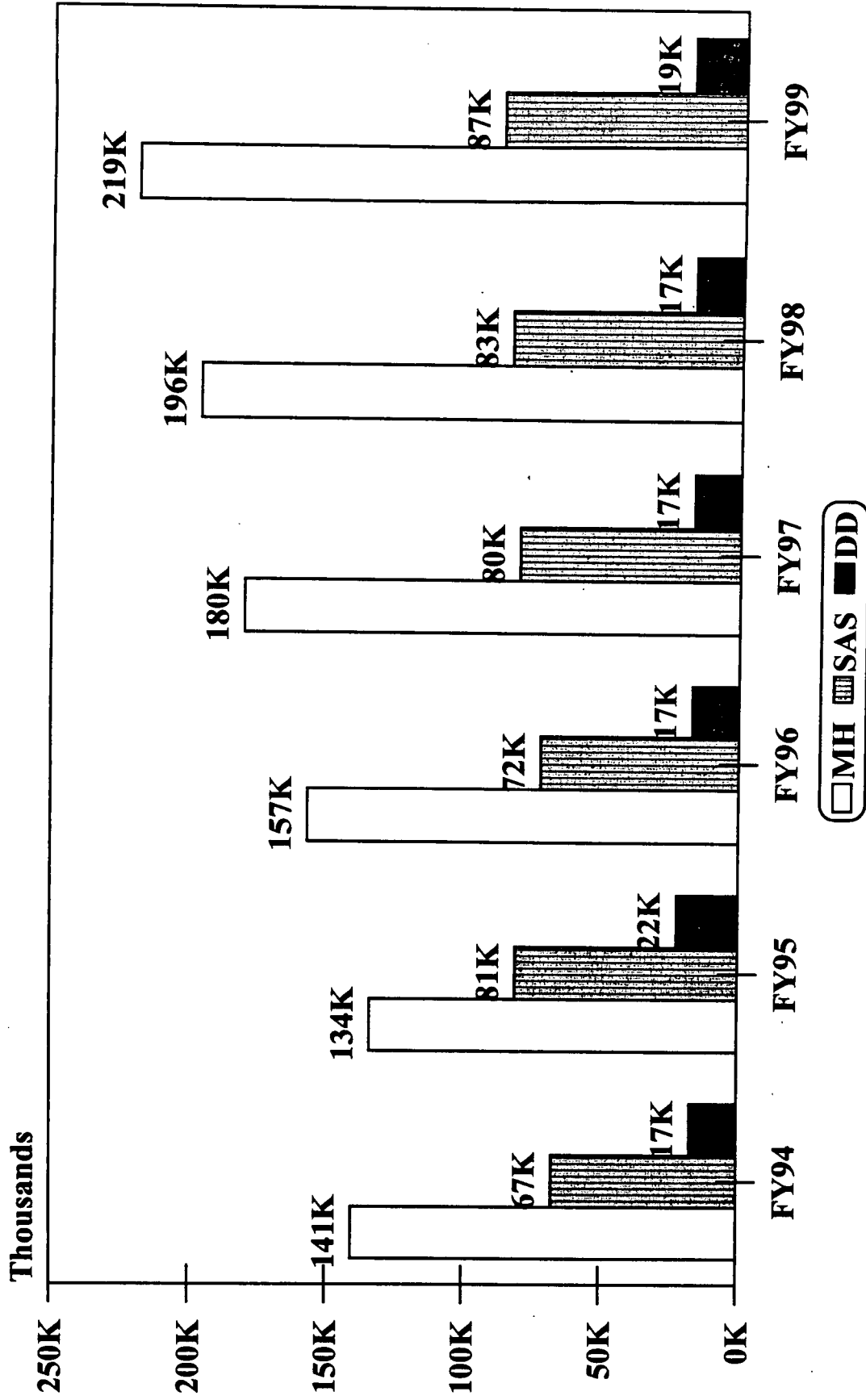
TOTAL CLIENTS SERVED

45% Increase Since FY93/94



AREA MENTAL HEALTH PROGRAMS

GROWTH IN CLIENT SERVICES

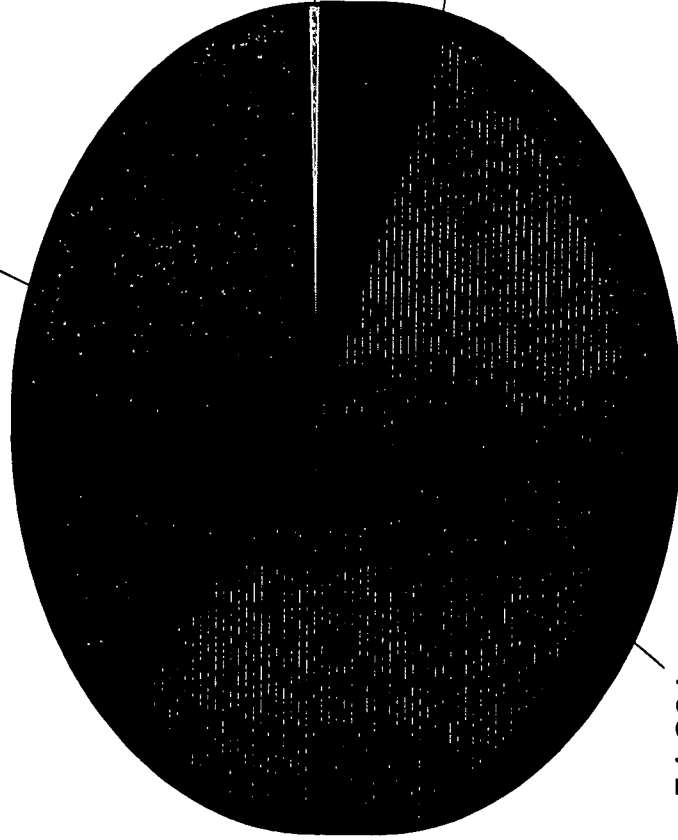


AREA MENTAL HEALTH PROGRAMS

PROGRAM SERVICES BY DISABILITY

FY00/01

Mental Health 38.0%
\$583,162,203



Dev Disabilities 54.8%
\$841,271,787

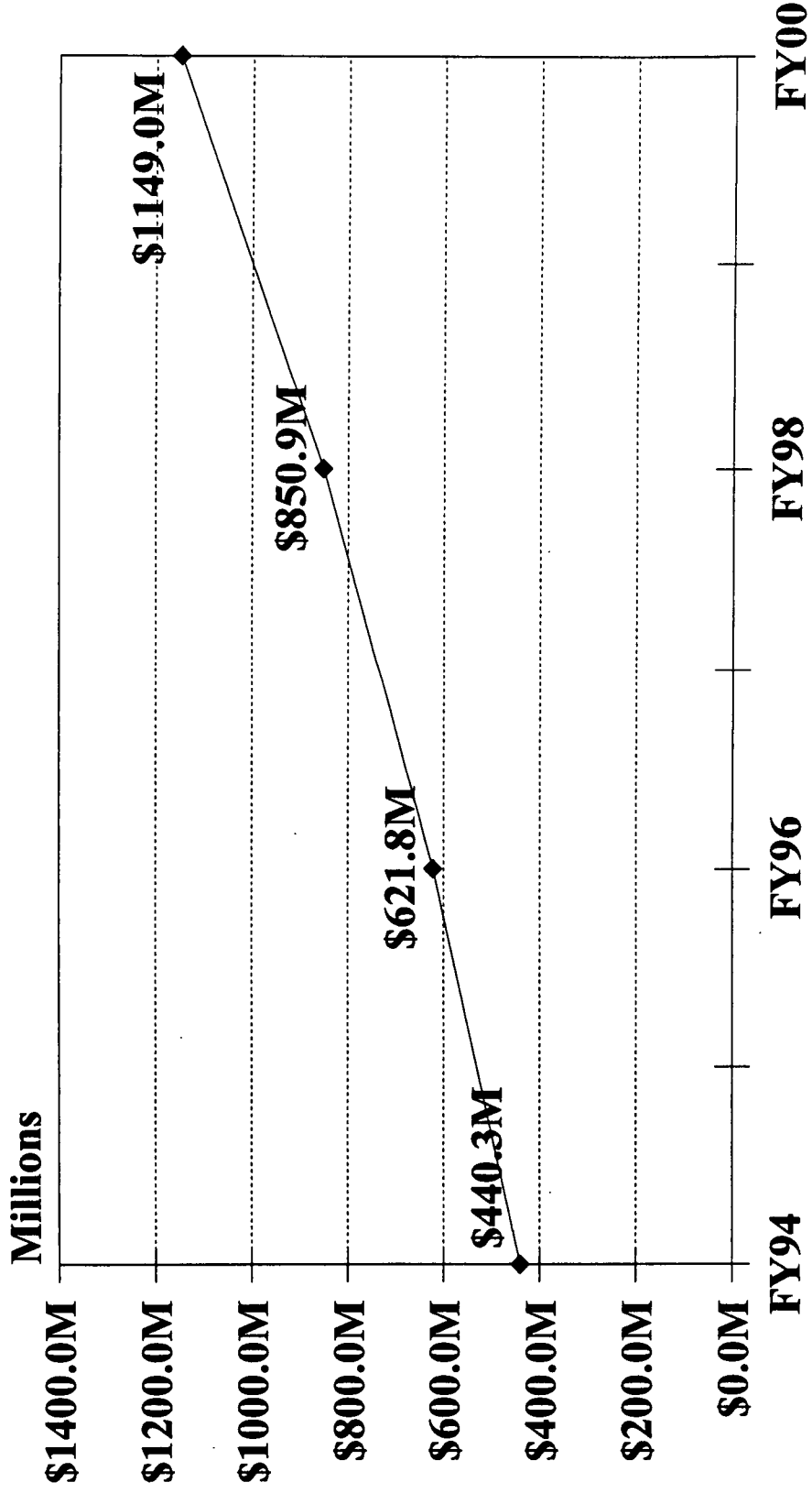
Adm 0.7%
\$10,822,772

Sub Abuse 6.4%
\$98,737,637

TOTAL: \$1.73 Billion

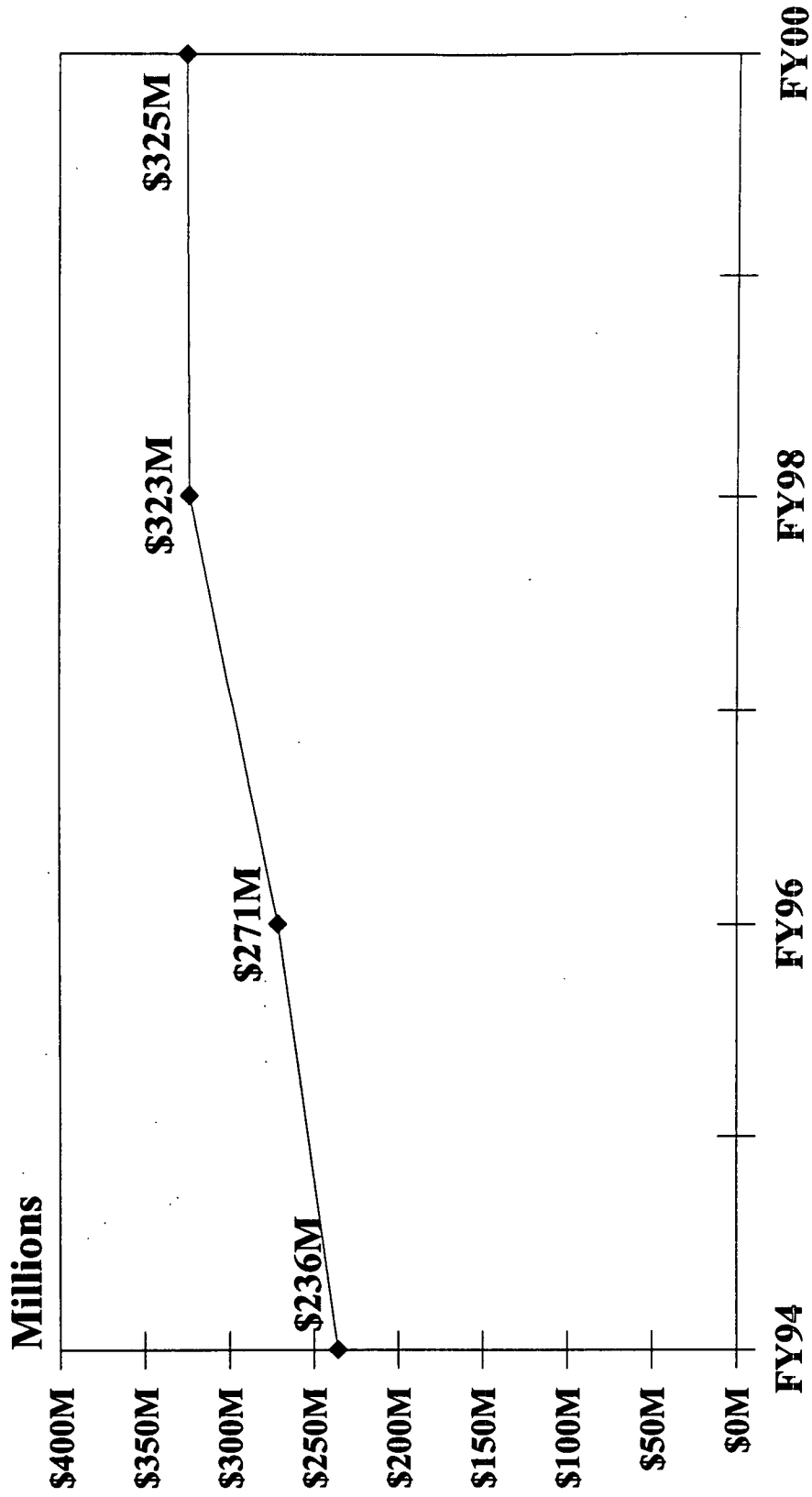
AREA MENTAL HEALTH PROGRAMS

GROWTH IN AREA PROGRAM RESOURCES



AREA MENTAL HEALTH PROGRAMS

GROWTH IN STATE APPROPRIATIONS



**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

Subcommittee Policy/Issues

- 1. Financial Stability of Area Programs**
 - ▶ Direct Billing of Medicaid
 - ▶ Direct Billing of Non-Medicaid Services
 - ▶ Continual Erosion of Funding for Administration

**MENTAL HEALTH, DEVELOPMENTAL DISABILITIES
AND SUBSTANCE ABUSE SERVICES REFORM
HIGHLIGHTS**

COMPONENTS	STATUS QUO	PROPOSED
Area Program Board	Governing	Advisory
Area Authority	Local Government	No Government Status
County	Minimal	Partnership With State
Financing	State/Federal/Area Program/County	State & County
Area Director	Appointed by AP Board	County Appoints
Ombudsman Program	None	State & Local
Priority Populations	None	Designated
Core Services	Undefined	Defined

**JOINT HEALTH & HUMAN SERVICES SUBCOMMITTEE
ON APPROPRIATIONS,
OPTIONS FOR CONSIDERATION**

- 1. Reduce State Appropriations for Area Program Administration TBD
- 2. Reduce State Appropriations for State ICF/MR's TBD
- 3. Eliminate MR/MI Transition Unit in DD Section TBD
- 4. Reduce Layers of Management
 - 2.0 Assistant Division Directors
 - 1.0 Deputy Division Director
- 5. Eliminate Director of Child Research/Grants Program Development \$99K
- 6. Eliminate Hospital Services Section
 - 2.0 FTE's TBD
- 7. Close Whitaker School
 - Cut 135 FTE's
 - Transition Children Into Residential Treatment Programs Closer to Home TBD

JOINT HEALTH & HUMAN SERVICES SUBCOMMITTEE
ON APPROPRIATIONS
OPTIONS FOR CONSIDERATION

8. Transfer Physician Epidemiologist Back to the Division of Public Health
9. Study Efficacy of Consolidating "Policy" Functions Across DHHS
 - Medical Services Director
 - Chief of Pharmacy Services
 - Clinical Director of Child & Family Services
10. Evaluate Duplication of DMH/DD/SAS Program Accountability Section
with Division of Facility Services Mental Health Facilities Monitoring Section

JOINT HEALTH & HUMAN SERVICES SUBCOMMITTEE ON APPROPRIATIONS OPTIONS FOR CONSIDERATION

- 1. Reduce State Appropriations for Area Program Administration - TBD
Not to reduce services
- 2. Reduce State Appropriations for State ICF/MR's - TBD
- 3. Eliminate MR/MI Transition Unit in DD Section - *How much money is this* TBD
- 4. Reduce Layers of Management
-2.0 Assistant Division Directors *125 million dollar*
-1.0 Deputy Division Director *reduction*
- 5. Eliminate Director of Child Research/Grants Program Development \$99K
New Program - Duke University
- 6. Eliminate Hospital Services Section
-2.0 FTE's - 2 employees TBD
- 7. Close Whitaker School Better in Communities
-Cut 135 FTE's
-Transition Children Into Residential Treatment Programs Closer to Home TBD

4 million dollar shortfall

JOINT HEALTH & HUMAN SERVICES SUBCOMMITTEE
ON APPROPRIATIONS
OPTIONS FOR CONSIDERATION

8. Transfer Physician Epidemiologist Back to the Division of Public Health
9. Study Efficacy of Consolidating "Policy" Functions Across DHHS
 - Medical Services Director - *MR - Medicaid*
 - Chief of Pharmacy Services - *Pull together*
 - Clinical Director of Child & Family Services - *Consolidated*
10. Evaluate Duplication of DMH/DD/SAS Program Accountability Section
with Division of Facility Services Mental Health Facilities Monitoring Section

Notes

April 4, 2001
8:30 am

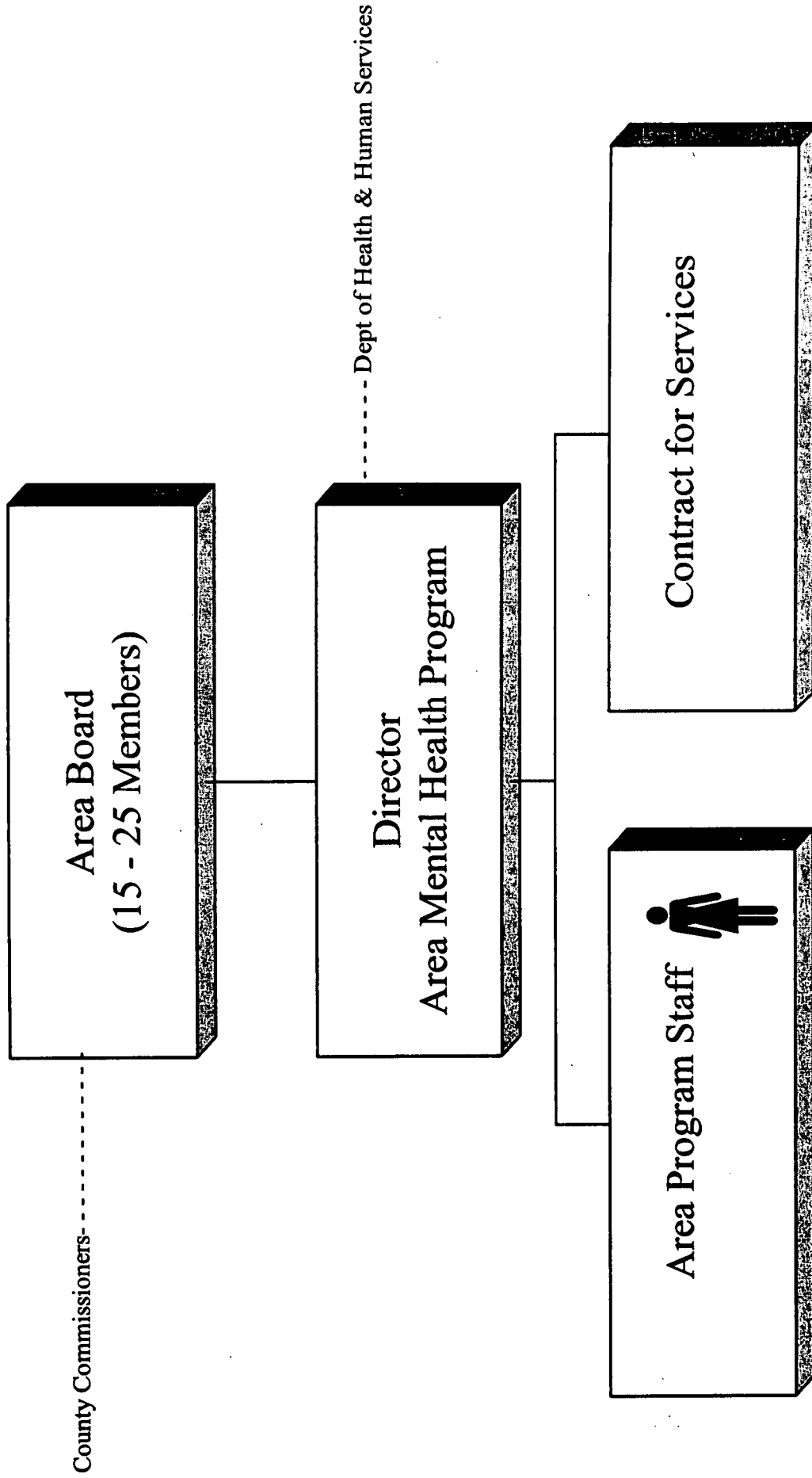
**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

**AREA MENTAL HEALTH PROGRAMS
SECTION IV.**

**FISCAL RESEARCH DIVISION
APRIL 2001**

3-2992

NORTH CAROLINA AREA MENTAL HEALTH PROGRAMS



NORTH CAROLINA'S PUBLIC SYSTEM OF SERVICE DELIVERY

AREA MENTAL HEALTH PROGRAMS

The provision of mental health in North Carolina is a cooperative effort of the state and local governments. Public mental health services are coordinated and delivered primarily on the local level by Area Mental Health Authorities/Programs. Area Programs provide services directly or under contract with other service providers. All funds appropriated by the General Assembly for the purpose of providing these services are administered by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services.

§ *G.S. 122C-2. North Carolina Policy*

State and local governments shall develop and maintain a unified system of services centered in area programs. The public service system will strive to provide a continuum of services for clients while considering the availability of services in the private sector. The furnishing of services to implement the policy of this section requires the cooperation and financial assistance of counties, the State, and the federal government.

AREA MENTAL HEALTH AUTHORITIES/PROGRAMS

N.C. STATUTORY AUTHORITY

§ **G.S. 122C-115. Powers and duties of counties and cities.**
(d) Counties shall not reduce county appropriations and expenditures for area authorities because of the availability of State allocated funds, fees, capitation amounts, or fund balance to the area authority.

§ **G.S. 143-10.1A. Budget required to include State cost of local programs -- Continuation and expansion costs.**
(d) Effective July 1, 1991, the Office of Budget and Management and the Director of the Budget, with advice of the Advisory Budget Commission, shall prepare the State Budget in a format that adequately and fairly reflects the continuation costs for the State's share of locally operated programs established by statute or State appropriation.

NORTH CAROLINA'S PUBLIC MENTAL HEALTH SYSTEM

WHAT IS AN AREA MENTAL HEALTH PROGRAM ?

- ◆ Local Political Subdivisions of the State
(Authorities Created by State Statute 1973)
(Unlike Counties, No Taxing Authority)
- ◆ 39 Area Mental Health Authorities/Programs
(24 are Multi-County; 15 Single County)
- ◆ Governed by an Area Board
- ◆ Area Board is a Policy Making Body
- ◆ County Commissioners Appoint Area Board
- ◆ Director is Appointed by Local Board
- ◆ Employees Work for Area Authority (Not State Employees)

AREA MENTAL HEALTH PROGRAMS

SELECTED FACTS

Catchment Area Size (2000 Census Data):

- ◆ Single County Program Range:
 - RiverStone (formerly known as Halifax) - 57,370
 - Mecklenburg - 695,454
- ◆ Multi-County Program Range:
 - Roanoke-Chowan - 74,976
 - Centerpoint (Includes ^{Davie} Iredell, Forsyth & Stokes Counties) - 385,613

Area Program Budgets:

- ◆ Budget Range:
 - 5 Programs < \$10M
 - ✓ -17 Programs = \$10M - \$19M
 - 8 Programs = \$20M - \$29M
 - 2 Programs = \$30M - \$35M
 - 6 Programs = \$40M - \$48M *Cuma Guilford*
 - 1 Program = \$81M - *Mecklenburg*

AREA MENTAL HEALTH PROGRAMS

SELECTED FACTS

- ◆ **Range in Persons Served (FY98/99):**
 - 9 Programs Served < 5,000
 - 21 Programs Served 5,000 - 10,000
 - 9 Programs Served > 10,000

NORTH CAROLINA'S PUBLIC MENTAL HEALTH SYSTEM

AREA MENTAL HEALTH PROGRAMS

✓ **WHAT ROLE DO AREA PROGRAMS PLAY IN THE SYSTEM OF SERVICES?**

Where many parts

- ✓ ♦ PROVIDERS OF SERVICES
- ♦ PURCHASERS OF SERVICES
- ♦ COORDINATORS WITH OTHER HUMAN SERVICES AREAS
- ♦ GATEKEEPERS - *people in ICF - MR*
- ♦ MONITORS - *Activities*

NORTH CAROLINA'S PUBLIC MENTAL HEALTH SYSTEM

AREA MENTAL HEALTH PROGRAMS

WHAT SERVICES DO THEY PROVIDE?

- ◆ SUBSTANCE ABUSE SERVICES
- ◆ DEVELOPMENTAL DISABILITIES SERVICES
- ◆ MENTAL HEALTH SERVICES
- ◆ COORDINATION/INTEGRATION WITH OTHER HUMAN SERVICES AREAS
where children + family overlap in other areas.

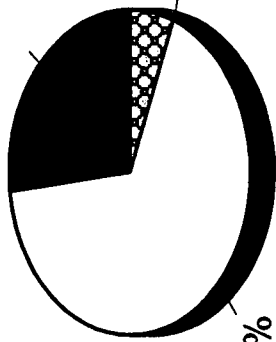
AREA MENTAL HEALTH PROGRAM

CLIENTS SERVED BY DISABILITY AND AGE

FY98/99

Subs Abuse 26.8%

87,215



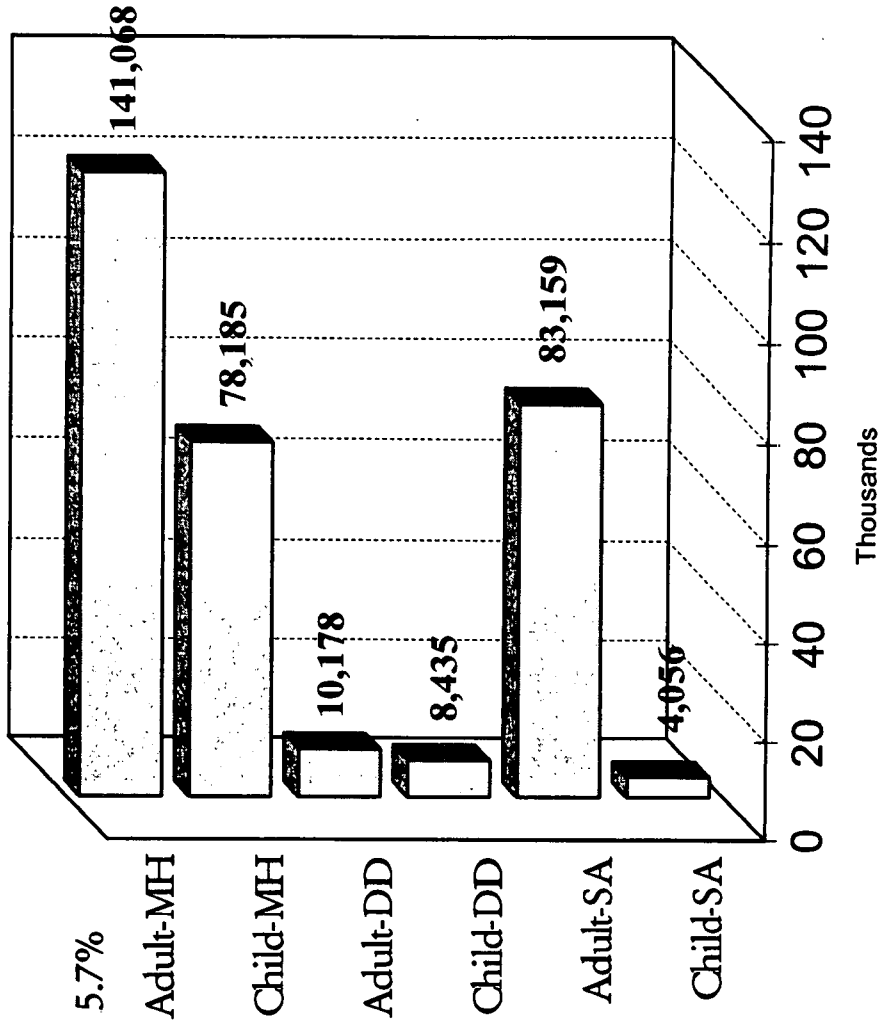
Dev Disabilities 5.7%

18,613

Mental Hlth 67.4%

219,253

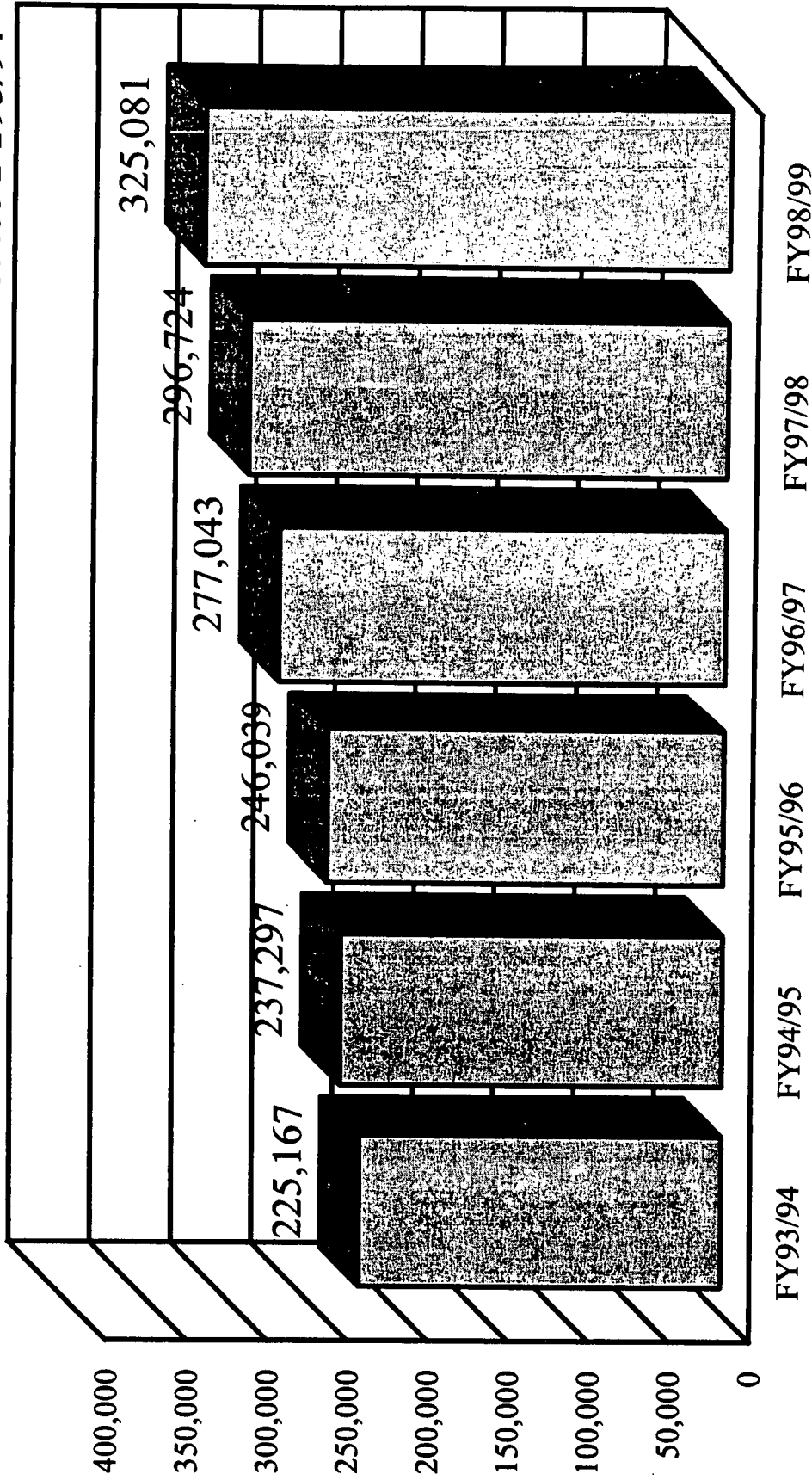
Total Clients Served: 325,081



AREA MENTAL HEALTH PROGRAM

TOTAL CLIENTS SERVED

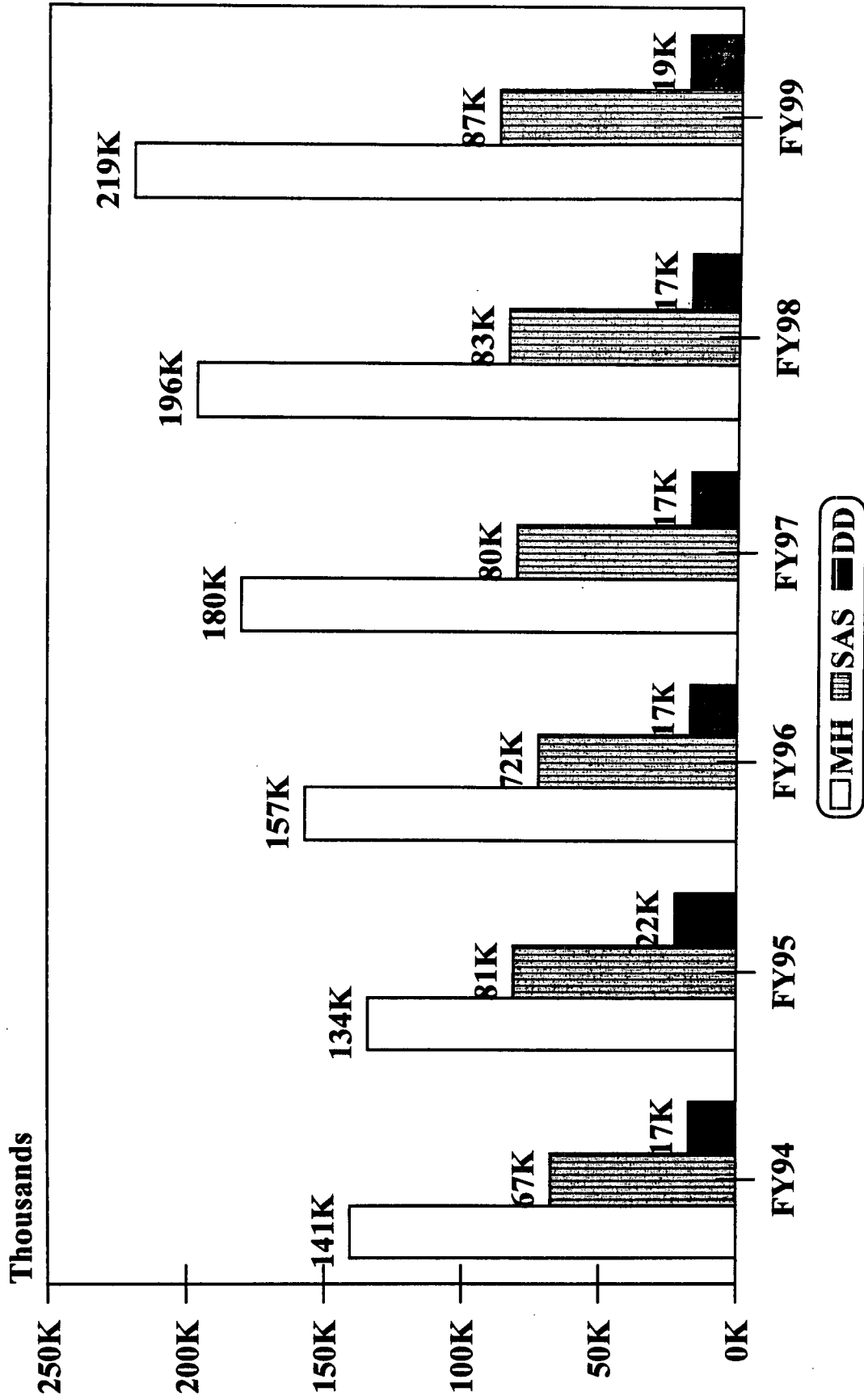
45% Increase Since FY93/94



45% increase with # served

AREA MENTAL HEALTH PROGRAMS

GROWTH IN CLIENT SERVICES

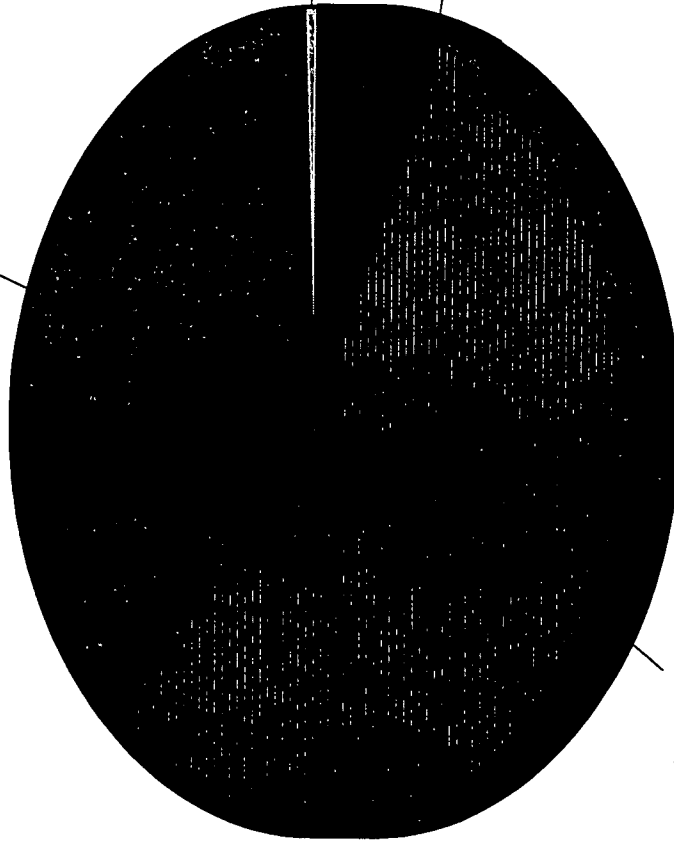


AREA MENTAL HEALTH PROGRAMS

PROGRAM SERVICES BY DISABILITY

FY00/01

Mental Health 38.0%
\$583,162,203



Dev Disabilities 54.8%
\$841,271,787

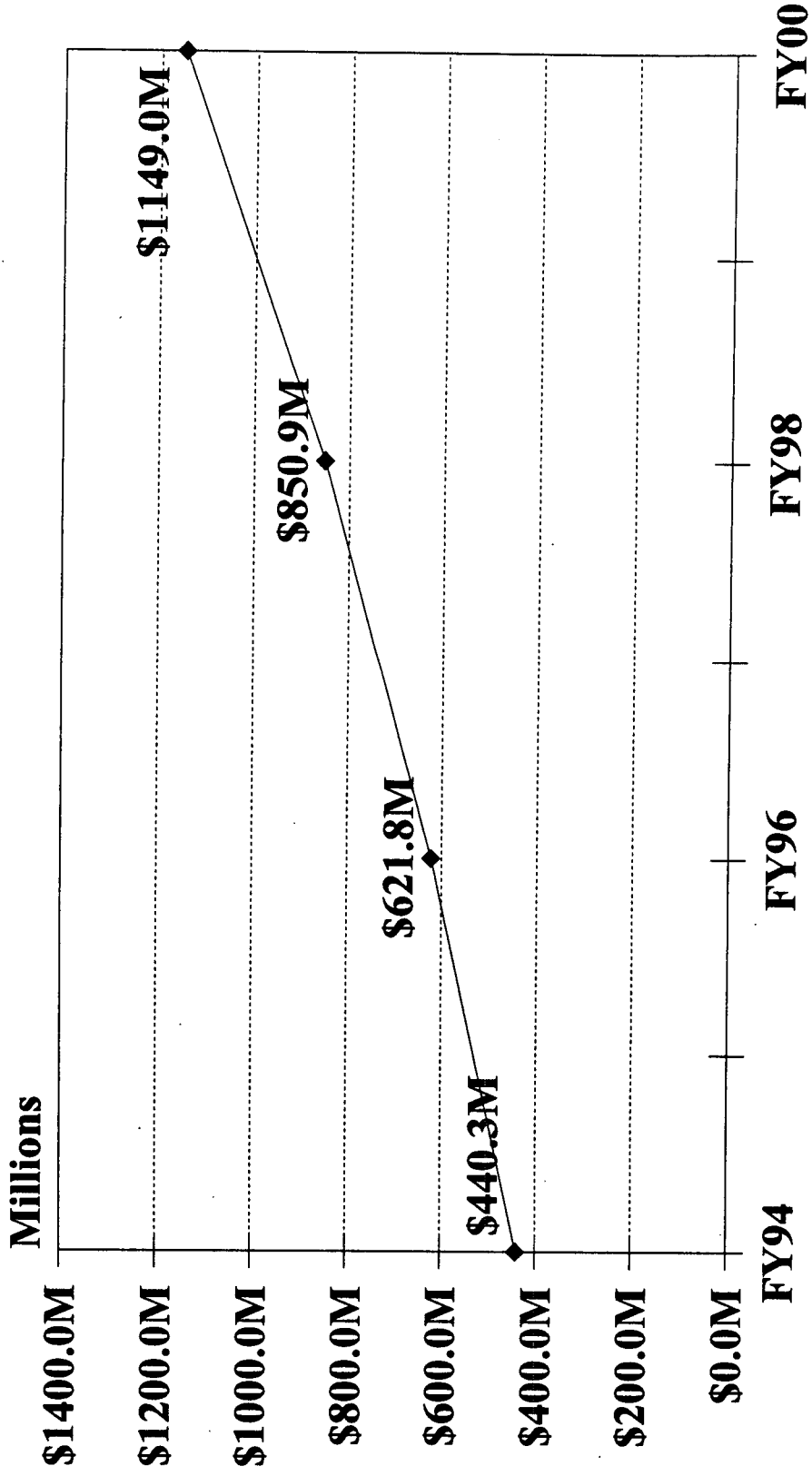
Adm 0.7% *State fund*
\$10,822,772

Sub Abuse 6.4%
\$98,737,637

TOTAL: \$1.73 Billion

AREA MENTAL HEALTH PROGRAMS

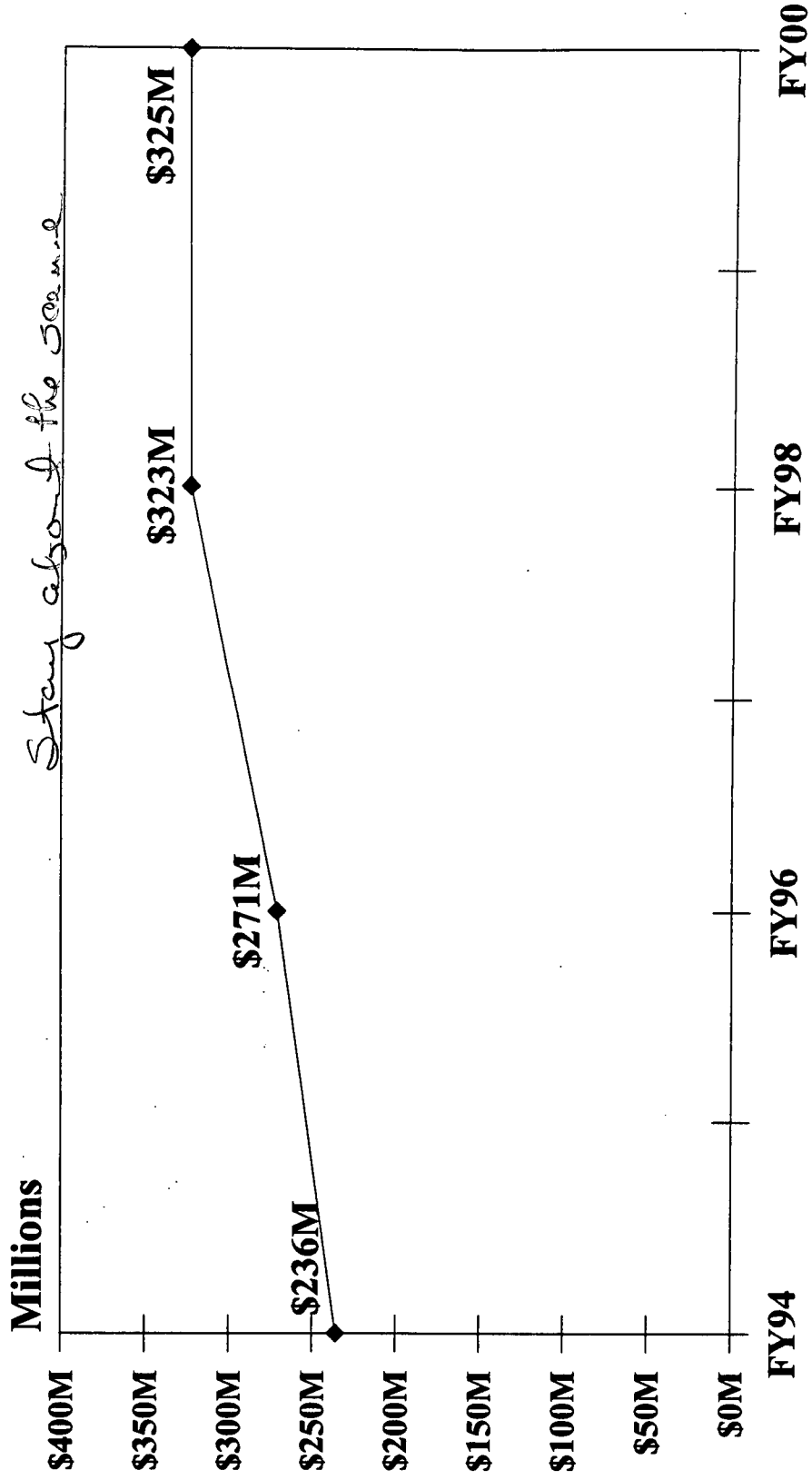
GROWTH IN AREA PROGRAM RESOURCES



1.1 billion dollars

AREA MENTAL HEALTH PROGRAMS

GROWTH IN STATE APPROPRIATIONS



**Division of Mental Health/Developmental
Disabilities/Substance Abuse Services**

Subcommittee Policy/Issues

1. Financial Stability of Area Programs

- ▶ Direct Billing of Medicaid - *Impact on how they bill*
- ▶ Direct Billing of Non-Medicaid Services - *Take the middle men out*
- ▶ Continual Erosion of Funding for Administration - How when
the budget has increased by twice the amount

**MENTAL HEALTH, DEVELOPMENTAL DISABILITIES
AND SUBSTANCE ABUSE SERVICES REFORM
HIGHLIGHTS**

COMPONENTS	STATUS QUO	PROPOSED
Area Program Board	Governing	Advisory
Area Authority	Local Government	No Government Status <i>As non profit</i>
County	Minimal	Partnership With State
Financing	State/Federal/Area Program/County	State & County
Area Director	Appointed by AP Board	County Appoints
Ombudsman Program	None	State & Local
Priority Populations	None	Designated
Core Services	Undefined	Defined

*By County
State*

VISITOR REGISTRATION SHEET

Joint Approp/Sub Health and Human Services

April 4, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Kim Kilday	mecklenburg Area Authority - 42a Billingsley Rd. Charlotte, NC 28211
Wayne Williams	OSBPM
Mary Areen	OSBPM
Lebbie Alexander	2498 Love Mill Rd. Stanley County "A.A.C." Stanfield, N.C. 28165
Steve Sellers	Nevins Inc. 3523 Nevin Rd. Char, NC 28269
Lzrry Thompson	Blue Ridge Center, 356 Biltmore, Asheville ²⁸⁸⁰¹
John V. Parham, Jr. MD	Bd. Chair, Blue Ridge MENTAL HEALTH AUTHORITY
Money Adam Carey	Blue Ridge Area Board; NAME: MHA, GACPD
DAVID R. Swann	200 Business Park Dr. ELKIN, N.C. 28621 Crossroads Behavioral Healthcare
Steve Mitchell	Novartis
Jammy Lester	OSBPM

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NAME

FIRM OR AGENCY AND ADDRESS

Billie Smith	Board member - Acc of Dredell Court 2239 Pentz Rd Mooreville, NC 28117
David Britt	Advocate for Benjamin Britt 1204 West main st. Albemarle, NC 28001-4636
Sarah B Britt	Advocate for Benjamin Britt 1204 W. main st. Albemarle, NC 28001-4636
Allen Ruffey	DHHS
Jo Stein	DMH/DO/SAS
Ed Broyles	WACON Co (Highland NC) PARENT / FIRST IN FAMILIES OF NC
Leslie Ann Bennis	Volunteer / FIRST IN FAMILIES - Smokey Mtn. Mountain Consortium Self-determination Project
Jean Bayne	Volunteer / 1 st in families
Zak Bazzel	client / 1 st in families
Charles Hooper	Volunteer / 1 st in families
BAENDA RUBIANO	MECKLENBURG AREA MENTAL HEALTH
Helen Lyman	Meck. Co. DSS

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NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Joe Libera	ARC
T. Lee Covington	The Arc of NC - Tri-Alliance Self-Determination Initiative 448 Jake Alexander Blvd. West Salisbury NC 28147
Brenda Kiley	ARC Stanly County
Adelle Ischia	Eastern Seal NC
C. L. Cochran	UCPNC
Catherine Rohweder	UNC - Chapel Hill School of Public Health
Rene Swink	FIF of NC 907 Barrack Road Davidson NC 28036 Ste 102/103
Bennie Holler	DHHS
Don Suggs	875 STATE PARK Rd Suite 508 B New River Area Programs BOONE, NC 28607
Jim Wilson	ARC
Kristie Weisner	NC 10M

VISITOR REGISTRATION SHEET

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VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Melanie Cashion	High Country First in Families 820 State Farm Rd. Suite E. Boone NC 28607
Darlene Oaks	High Country First in Families "Avery County"
Jennifer Mahan	MHA/NC
Bryant Edgerton	Easter Seals NC
Shelia Luther	HArc of Stanly Co. P.O. Box 2448 Aibemarle, N.C. 28001
Marks Skilkstad	Pathways - Gaston, Lincoln, Newland Area Program. 2505 Court Dr Gastonia NC 28051
Gayle mahl	Pathways Area Program 2505 Court Dr Gastonia NC 28054
Jessie J Ransaw	UNC - SPH PO Box 636 Chapel Hill NC
Melissa Baras	The Enrichment Center 1010 Coliseum Dr, Suite G W-S, NC 27100
DONALD CLARK	NAMI NC
Mary Miller	NAMI - FORSYTH CenterPoint Human Services Board

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Thursday, April 5, 2001

8:30 A.M.

Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Thursday, April 5, 2001, at 8:30 A.M. in Room 643 of the Legislative Office Building. Members present were; Representative Edd Nye and Representative Beverly Earle, Co-Chairs, Representative Lanier Cansler, Representative Theresa Esposito, and Representative Thomas Wright. There were six senators present.

Representative Nye began the meeting by introducing the Pages that were assisting with the meeting. He stated the Committee would begin hearing about Block Grants with this meeting.

Mr. E. C. Modlin, Director of Social Services, gave an overview of the Division of Social Services Block Grant (See Attachment). This Block Grant is intended to provide federal funds which support helping individuals achieve or maintain a greater degree of economic self-support or self-sufficiency, preventing abuse or exploitation of children and adults who are unable to protect their own interests, and preventing inappropriate institutional care or obtaining appropriate institutional care when other forms of care are not available. The primary providers of these services are the one hundred county departments of social services. These funds are mostly being used for mandated services such as foster care services for adults and children, protective services for adults and children, and adoption services. Other uses of these funds include childcare for child welfare cases, community-based services for elderly and disabled adults, mental health services, and other human services programs.

Mr. Modlin explained that there were three changes being made this year. There are two adjustments and one elimination. The state administration, item number nine of the handout, was decreased this year by \$177,374 and because of the slight increase that is expected this coming year, they are restoring \$90,611. This will offset some of the cost allocation that would replace what would have been state dollars. Adolescent Pregnancy Prevention, item number 22 of the handout, currently funded at \$239,261 through TANF dollars will be replaced with SSBG dollars because of the slight increase. Enhanced employee assistance program is not being refunded this year. The million dollars that was proposed this year is not being recommended because of the shortfall of TANF dollars.

Ms. Peggy Ball, Division of Child Development, was next to address the Committee. She gave an overview of the Block Grants for the Child Care and Development Fund.

This Block Grant is to provide subsidy to families to help pay for childcare. Almost all of the money goes directly to the counties, which use it to support the families. Over 86% of the families that are being supported with these subsidies are low-income working families, including 80% that earn twenty thousand dollars or less per year. Senator Forrester questioned the increase in administrative expenses listed on the last page of the handout. He asked that it be flagged for review in more detail later. Representative Nye questioned item number one on the last page of the handout, childcare subsidies and asked how much money was included for DIRM. He asked Ms. Ball to get that information for the Committee. There was a discussion concerning the affordability of childcare. Senator Forrester stated they needed to be able to review the last two or three years and not just the last year. Representative Nye asked for a breakdown on the health insurance program and also the wages program. Representative Cansler noted they had done a good job of improving daycare by putting more education into it, but the five-star system has made childcare more expensive. Senator Moore asked if parents share in the payment of childcare. Ms. Ball responded that parents pay seven, eight, or nine percent of their gross income as a portion of their child's care. Last year they paid sixty million dollars for their portions of the care.

Senator Forrester asked if there was any program that allowed mothers to stay at home with their child for the first couple of years. Representative Nye responded that there is a program in Stanley County. Senator Forrester asked Ms. Ball to get some information on concerning this program. Senator Purcell stated that he thinks the star-rating program serves a good purpose and should not be discontinued. Senator Kerr pointed out that the increase in care was causing parents to place their children in black-market home daycares.

Ms. Bonnie Morrill with the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, provided a presentation on the Mental Health Block Grant (See Attachment). This money is to provide community based services for adults with serious mental illness and for children with serious emotional disturbance. The Committee focused a lot of questions concerning how funds are allocated.

Representative Espostio asked for a point of personal privilege to recognize Representative Cansler and noted that he is leaving the legislature to begin working as Deputy Secretary of Department of Health and Human Services. Representative Cansler addressed the Committee and Senators Moore and Dannelly asked that his words be included in the minutes and sent to all members of the legislature. (See Attached)

The meeting was then adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

**REPRESENTATIVE LANIER CANSLER COMMENTS TO
APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES
APRIL 5, 2001**

I am looking forward to working with the Secretary, all the fine folks behind me from the Department and with you. It has been a pleasure over the last few years working with Representative Esposito. She is the one who got me into the Health and Human Services arena and working with all of you in trying to find ways to help meet the needs of the folks in our state with respect to Health and Human Services. I appreciate the great job that our chairs have done and my opportunity to co-chair with Senator Martin a few years ago. I thank the staff because you have always been very helpful to me and, hopefully, we can continue to have the same relationship.

One thing I have already learned by attending some Department meetings is that as hard as we work here and all the reports here, we kind of see the surface of the lake. When you get down in the lake, there is a lot of stuff there, and we have to be extremely careful. We, as a member of the General Assembly, over the past years have cut a lot out of the Department. We have put money back in doing new things, but we are trying to do more and more for less and less. No doubt we could find some inefficiencies and some things to do, but where we have done radical surgery in the past, we are going to have to be careful to do microscopic surgery in the future because the flexibility is gone. If we are not careful in the way that we cut the budget, we are going to have major damaging impact on some of the things that we do. That makes it tough. I know the word comes down from the mountain about what we have to cut, but we as a General Assembly are going to have to make a decision whether we want to provide quality care for services and access, or whether we just want to provide some level to say that we are doing it.

I look forward to working with the Secretary and others to help find the ways that we can do better, but I will also be working as hard as I can to convince you in the future that if you put up the dollars necessary to make sure that the programs are important, we can do well.

Thanks.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF SOCIAL SERVICES**

SOCIAL SERVICES BLOCK GRANT (SSBG) FOR SFY 2001-02

The amount of Social Services Block Grant (SSBG) Funds available for SFY 2001-02 is based on the actual SSBG Funds appropriated for Federal Fiscal Year 2001. The anticipated total federal funds in SFY 2001-02 is \$53,888,298 including \$47,888,298 in SSBG and \$6,000,000 in funds transferred from the Temporary Assistance for Needy Families (TANF) Block Grant.

GENERAL DESCRIPTION

The Social Services Block Grant is intended to provide federal funds which support helping individuals achieve or maintain a greater degree of economic self-support or self-sufficiency, preventing abuse or exploitation of children and adults who are unable to protect their own interests, and preventing inappropriate institutional care or securing appropriate institutional care when other forms of care are not appropriate.

The primary providers of these services are the one hundred county departments of social services. These funds are mostly being used for mandated services such as foster care services for adults and children, protective services for adults and children, and adoption services. Other uses of these funds include child care for child welfare cases, community-based services for elderly and disabled adults (such as in-home aid services, adult day care, and preparation of meals), mental health services, and other human services programs.

RECOMMENDATIONS

- | | | |
|----|--|---------------|
| 1. | Allocation to the 100 county departments of social services for basic/mandatory services. Includes <u>Transfer from Temporary Assistance for Needy Families (TANF) Block Grant of \$4,500,000.</u> | \$ 27,395,663 |
| 2. | Allocation for in-home services provided by county departments of social services. | \$ 2,101,113 |
| 3. | Allocation to the Division of Mental Health, Developmental Disabilities and Substance Abuse Services for residential treatment, day treatment, adult day activity program, developmental day care services, and Community Living Skills Program. | \$ 3,234,601 |

4.	Allocation to the Division of Services for the Blind for case management, chore and independent living services.	\$	3,105,711
5.	Allocation to the Division of Facility Services for Adult Care Home licensure staff to conduct pre-licensure inspections, providing consultation and technical assistance, conducting complaint investigations, and documenting case findings.	\$	426,836
6.	Allocation to the Division of Aging for the Home and Community Care Block Grant for persons age 60 and older, for training and education, and for respite care services.	\$	1,840,234
7.	Allocation to the Division of Child Development for child care subsidies.	\$	3,000,000
8.	Allocation to the Division of Vocational Rehabilitation Services – United Cerebral Palsy.	\$	71,484
9.	Allocation to the Department of Health and Human Services to support direct and indirect state and regional administration.	\$	1,783,979
10.	Allocation to the Division of Social Services for the Child Medical Evaluation Program.	\$	238,321
11.	Allocation to county departments of social services for Adult Day Care Services.	\$	2,155,301
12.	Allocation to county departments of social services for Child Abuse/Prevention and Permanency Planning	\$	394,841
13.	Transfer to the Preventive Health Block Grant for the Emergency Medical Services Program in the Division of Facility Services, including the Trauma Registry.	\$	213,128
14.	Transfer to the Preventive Health Block Grant for AIDS education, counseling and testing.	\$	66,939
15.	Transfer to the Department of Administration for the N.C. Commission of Indian Affairs In Home Services Program for the elderly.	\$	203,198
16.	Allocation to the Division of Vocational Rehabilitation – Easter Seals Society.	\$	116,779

17.	Allocation to the Division of Social Services for the UNC-Chapel Hill CARES Program for training and consultation services.	\$	247,920
18.	Allocation to the Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly.	\$	41,302
19.	Allocation to the county departments of social services for Special Children's Adoption Fund.	\$	511,687
20.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for developmentally disabled waiting list for services.	\$	5,000,000
21.	<u>Transfer from the Temporary Assistance for Needy Families (TANF) Block Grant</u> to the Division of Social Services for Child Caring Agencies	\$	1,500,000
22.	Allocation to the Division of Public Health for Adolescent Pregnancy Prevention	\$	239,261
	TOTAL	\$	53,888,298
	SOURCE OF FUNDS:		
	Social Services Block Grant (SSBG) Funds:	\$	47,888,298
	Transfer from Temporary Assistance for Needy Families (TANF) Block Grant:	\$	6,000,000

Analysis of Social Services Block Grant
SFY 2001-02

Item Number	Title	Actual SFY 1999-00 (SSBG)	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/ Recommended Difference	Explanation of Difference
1	County departments of social services (\$22,895,663 SSBG and \$4,500,000 Transfer from TANF)	\$ 25,895,663 (SSBG) \$ 4,427,943 (TANF)	\$ 27,395,663 (\$22,895,663 SSBG and \$4,500,000 Transfer from TANF)	\$ 27,395,663 (\$22,895,663 SSBG and \$4,500,000 Transfer from TANF)	\$0	
2	Allocation for in-home services provided by county departments of social services	\$ 2,101,113	\$ 2,101,113	\$ 2,101,113	\$0	
3	Division of Mental Health Developmental, Disabilities, and Substance Abuse Services	\$ 4,447,760	\$ 3,234,601	\$ 3,234,601	\$0	
4	Division of Services for the Blind	\$ 3,205,711	\$ 3,105,711	\$ 3,105,711	\$0	
5	Division of Facility Services	\$ 343,341	\$ 426,836	\$ 426,836	\$0	
6	Division of Aging - Home and Community Care Block Grant	\$ 1,803,552	\$ 1,840,234	\$ 1,840,234	\$0	
7	Child Care Subsidies	\$0	\$ 3,000,000	\$ 3,000,000	\$0	
8	Division of Vocational Rehabilitation - United Cerebral Palsy	\$ 71,484	\$ 71,484	\$ 71,484	\$0	
9	State Administration	\$ 1,954,237	\$ 1,693,368	\$ 1,783,979	\$ 90,611	In SFY 2000-01, SSBG administration was decreased by \$177,374. As additional funds have become available, a portion of that reduction is being restored for SFY 2001-02.

Analysis of Social Services Block Grant
SFY 2001-02

Item Number	Title	Actual SFY 1999-00 (SSBG)	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
10	Child Medical Evaluation Program	\$ 189,645	\$ 238,321	\$ 238,321	\$0	
11	Adult day care services	\$ 2,094,006	\$ 2,155,301	\$ 2,155,301	\$0	
12	County departments of social services for child abuse prevention and permanency planning	\$ 394,841	\$ 394,841	\$ 394,841	\$0	
13	Transfer to Preventive Health Services Block Grant for emergency medical services	\$ 207,580	\$ 213,128	\$ 213,128	\$0	
14	Transfer to Preventive Health Services Block Grant for AIDS education, counseling, and testing	\$ 66,939	\$ 66,939	\$ 66,939	\$0	
15	Department of Administration for the NC Commission of Indian Affairs In-Home Services Program for the elderly	\$ 152,399	\$ 203,198	\$ 203,198	\$0	
16	Division of Vocational Rehabilitation - Easter Seals Society	\$ 116,779	\$ 116,779	\$ 116,779	\$0	
17	UNC-CH Cares Program for training and consultation services	\$ 202,636	\$ 247,920	\$ 247,920	\$0	

Analysis of Social Services Block Grant
SFY 2001-02

Item Number	Title	Actual SFY 1999-00 (SSBG)	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
18	Office of the Secretary - Office of Economic Opportunity for NC Senior Citizens' Federation for outreach services to low-income elderly persons	\$ 41,302	\$ 41,302	\$ 41,302	\$ 0	
19	Special Children Adoption Fund	\$644,867	\$ 511,687	\$ 511,687	\$ 0	
20	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 0	
21	Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies	\$1,500,000 (Transfer from TANF)	\$1,500,000 (Transfer from TANF)	\$1,500,000 (Transfer from TANF)	\$ 0	
22	Allocation to Division of Public Health for Adolescent Pregnancy Prevention. (This item was funded with TANF funds in FY 2000-01 per HB1840.)	\$0 SSBG Funds; \$150,658 TANF Funds	\$239,261 TANF Funds	\$ 239,261	\$239,261	For FY2000-01 this item was funded as a transfer from the TANF Block Grant per HB1840.

Analysis of Social Services Block Grant
SFY 2001-02

Item Number	Title	Actual SFY 1999-00 (SSBG)	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
	Item in 2000-01 SSBG Plan, but not in proposed plan for SFY2001-02					
	Transfer from TANF Block Grant for Enhanced Employee Assistance Program	\$1,000,000 (Transfer from TANF)	\$1,000,000 (Transfer from TANF)	\$0	\$ (1,000,000)	Item is not included in proposed plan due to decrease in TANF Fund availability. Funding priority is given to Core Services such as Cash Assistance, Services that support employment, Child Welfare and Child Day Care.
	Item in 1999-00 SSBG Plan, but not in proposed plan for SFY2001-02					
	Office of Juvenile Justice	\$ 890,203	\$0	\$0		
	Transfer from TANF Block Grant for Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for juvenile offenders	\$1,182,280 (Transfer from TANF)	\$0	\$0		
	Transfer from TANF Block Grant to Enhance Special Children Adoption Fund	\$2,174,820 (Transfer from TANF)	\$0	\$0		
	Transfer from TANF Block Grant for Local County Child Welfare Workers	\$113,262 (Transfer from TANF)	\$0	\$0		
Grand Total		\$ 60,523,679	\$ 54,558,426	\$ 53,888,298	\$ (670,128)	
Total TANF Transfer to SSBG		\$ 10,598,963	\$ 7,000,000	\$ 6,000,000	\$ (1,000,000)	
Total SSBG		\$ 49,924,716	\$ 47,558,426	\$ 47,888,298	\$ 329,872	

**DIVISION OF CHILD DEVELOPMENT
CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 01-02**

GENERAL DESCRIPTION

For State Fiscal Year 2001-02, federal and state funds available through the Child Care and Development Fund (CCDF) for appropriation are projected to be \$232,439,958. In addition, the NC Department of Health and Human Services is proposing to transfer \$76,675,000 in federal Temporary Assistance for Needy Families (TANF) funds to the Child Care and Development Fund. The US Department of Health and Human Services has not yet released its estimates for Federal Fiscal Year 2001-02 CCDF grant awards. The estimate shown here is based on the continuation of CCDF funding of that North Carolina received in FFY 2000-01.

The purpose of the Child Care and Development Fund is to improve the availability, quality, and affordability of child care. The CCDF is comprised of three funding streams: Mandatory, Matching, and Discretionary. The federal legislation requires that a preponderance of the Mandatory and Matching funds be used to provide child care assistance to families that are receiving public assistance, families that are attempting through work activities to transition off of such assistance, and families that are at risk of becoming dependent on such assistance. A substantial portion of the Discretionary funds must also be used to provide assistance to low-income working families.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 limits administrative costs (as defined by the Federal Administration for Children and Families) to a maximum of 5% of the total CCDF allocation. The NC Division of Child Development plans to set aside 5% of the federal CCDF funds for administrative costs at the state and local level. Funding not used for administration will be used for child care subsidies.

Also a requirement of the PRWORA, the Division plans to reserve at least 4% of the total CCDF allocation for quality and availability initiatives.

Child Care Services

North Carolina uses CCDF "Services" funding to provide subsidies to low-income working families and to support effective implementation of the Subsidized Child Care Program. Families are eligible for CCDF-funded child care based on income and pay a fee of 7-9% of their income.

Welfare reform, known as Work First in North Carolina, requires able-bodied welfare recipients to work, resulting in a high demand for child care subsidies. The Division of Child Development is charged with administering all subsidized child care programs, including the provision of child care to Work First participants.

In SFY 99-00, the Subsidized Child Care Program (funded primarily through the Child Care and Development Fund) supported families in their transition off public assistance by:

- Providing subsidized care to over 167,000 children of which 31,911 were children in families receiving Work First benefits;
- Enabling families that moved off Work First to continue to receive subsidized child care as they worked to stabilize their family budgets.

DIVISION OF CHILD DEVELOPMENT
CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 01-02

Under the current eligibility policy, the Subsidized Child Care Program also reduced the need for Work First and other public assistance in the first place. At the local level, subsidized child care has been used to divert families from going on Work First and other forms of public assistance.

To meet the demand for subsidized child care from Work First and other low-income working families, DHHS is proposing to continue to transfer TANF funds to CCDF. Transferred funds will supplement the Discretionary funding stream reserved for low-income working families. Coordination between the Division of Child Development and Division of Social Services will continue as Work First continues to be implemented.

In addition to general child care subsidies, CCDF Services funding is used to provide Head Start Wrap Around care -- child care that "wraps around" partial-day Head Start programs to enable parents to work, search for work, or participate in education or training. Wrap Around care is now accessed by families through the same local offices that provide vouchers to low-income families for subsidized child care -- in many cases, the local department of social services.

Child Care and Development Fund Services funding supports the quality as well as the affordability and availability of child care. Additional funding from CCDF for child care rate increases is disbursed in a such a manner to compensate for quality child care services identified through the rated license system. Interim market rates set for each of the five star rated license levels allow for higher quality subsidized child care to be reimbursed at higher rates. These rates will be replaced with new market rates pending the results of a new market rate survey that will be completed by April 2001.

Quality and Availability Initiatives

The need for quality care is critical. Studies released in recent years have highlighted the potential for extensive brain development in the first three years of life and identified the importance of a safe and nurturing environment for healthy brain development. Study findings published during 1999 support existing research on the *long-term* benefits of high-quality early childhood experiences, as well as showing that the quality of early childhood experiences might have an especially large impact on children who are traditionally at risk of not doing well in school. Based upon the findings from the growing body of research on child development and child care, it is important to promote high-quality child care practices and increase the availability of high-quality care.

Since 1991 (through the Child Care and Development Fund and its precursor, the Child Care and Development Block Grant), North Carolina has supported initiatives that improve the quality and availability of child care. Examples of ongoing initiatives include: child care resource and referral services; school-age child care; efforts to support inclusion of children with special needs in mainstream child care programs; and the Child Care Revolving Loan Fund.

Other newer initiatives that the Division of Child Development plans to continue in State Fiscal Year 2001-02 include: NC Cares (health insurance and wage supplements for child care staff who invest in their own education); efforts to rebuild the availability of quality care in flood-affected areas through the Child Care Disaster Recovery Fund; child care health consultation targeted to

**DIVISION OF CHILD DEVELOPMENT
CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 01-02**

providers of infant and toddler care; and assistance to child care providers through implementation of North Carolina's Five Star Rated License.

All regulated child care facilities serving preschool-aged children were switched over to the new Five-Star Rated License system in September 2000. Implementation of the five-star license has now begun for providers of school-age care. Parent outreach will also continue to be a major focus, with special emphasis on making parents aware of the components of quality child care through the rated license.

Additional Division staff were hired last year in order to meet state and federal mandates related to monitoring the use of child care subsidy funds and compliance with licensing requirements and investigation of child abuse and neglect reports in child care settings. This allowed more licensing staff to visit new and existing child care centers and homes to assure compliance with licensing standards. In SFY 01-02, three additional staff are needed. Subsidy program staff are needed to process rate information in a timely manner to ensure that providers are reimbursed at the appropriate rates for the different rated license levels. Due to a 50% increase in the size of the Division, an additional human resources position is needed to provide personnel and administrative support to the new positions. In addition, more workforce staff are needed to support the increasing number of criminal records checks that must be completed according to G.S. 110-90.2.

As funding allows and new needs and opportunities present themselves, the Division of Child Development may also develop additional initiatives that support the goals outlined in the current FFY 1999-2001 CCDF plan, and those that are anticipated to be included in the FFY 2001-2003 CCDF plan prepared by the North Carolina Department of Health and Human Services.

DIVISION OF CHILD DEVELOPMENT CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 01-02

CCDF RECOMMENDATIONS	ALLOCATION
1. Allocate funds to local agencies for services support and the provision of child care subsidies for low income working and other needy families. This includes funds for automation to support subsidy reimbursement.	\$146,286,164
2. Federal law requires states to reserve at least 4% of their CCDF allotment for activities to improve the quality and increase the availability of child care. In addition, specific funding amounts of the CCDF have been earmarked for quality activities. These funds will provide for the continuation of existing projects, as well as support new initiatives to enhance the quality of child care in North Carolina. Anticipated projects include increasing the availability of care for school-age children and children with special needs, expanding resource and referral services and parent outreach, promoting provider education and training, improving the monitoring of child care facilities, and providing funding for the T.E.A.C.H. Early Childhood Health Insurance Program and Child Care WAGES through NC Cares. Three additional positions are needed for subsidy, workforce, and personnel units to support increased work levels.	\$17,259,661
3. Limit administrative costs of lead agency and local agencies which administer the child care subsidy program to 5% of the total CCDF allocation.	\$8,607,675
4. Transfer funding from TANF to CCDF. The majority of the TANF funds will be used for child care subsidy and support. The transferred funds are subject to the same requirements that apply to CCDF (minimum 4% for quality improvement; 5% cap on administration).	\$76,675,000
5. Designate state funds to maximize available federal funds for child care services and activities.	\$60,286,458
TOTAL REQUIREMENTS	\$309,114,958

SOURCE OF FUNDS

FFY 01 CCDF	\$49,566,223
FFY 02 CCDF	\$122,587,277
TANF Transfer	\$76,675,000
State Maintenance of Effort (MOE)	\$37,927,282
State Matching	\$22,359,176

Department of Health and Human Services
Division of Mental Health, Developmental Disabilities
And Substance Abuse Services

Mental Health Block Grant (MHBG)

SFY 2001-2002

FUNDING LEVEL

Federal funding available to North Carolina is \$9,855,277 for FFY 2001 and an estimated amount of \$9,855,277 for FFY 2002. The proposed MHBG plan utilizes the estimated remaining FFY 2001 amount of \$5,137,322 plus an estimated amount of \$4,717,955 from the anticipated FFY 2002 award.

GENERAL DESCRIPTION

The MHBG provides federal financial assistance to states for the provision of community-based services for people with mental illness. Services provided through the use of the block grant must be those described in the State's Plan in accordance with Federal P.L. 102-321. These services include outpatient, day treatment, psychosocial rehabilitation, emergency services, residential services, etc. for adults and children. The funds may also be used for evaluating programs and services carried out under the plan and planning, administration, and educational activities related to providing services under the State Plan.

SIGNIFICANT FEDERAL REQUIREMENTS

The primary Federal requirements related to the MHBG are that funds must be used as specified within the States' Plan for Comprehensive Community Mental Health Services in accordance with P.L. 102-321, including community based services for adults with serious mental illness and children with serious emotional disturbance; for planning and, evaluating programs and services carried out under the plan; for educational activities related to providing services under the plan; and for administration.

The State must maintain the level of State funds expenditures for mental health services at a level not less than the average of the preceding two year period and must expend an amount equal to the amount expended by the State for fiscal year, 1994 for a system of services for children.

The State must establish and maintain a State Mental Health Planning Council to advise the State regarding the plan.

	PROPOSED MHBG PLAN for SFY 02	ALLOCATION
1.	Adult Mental Health Plan	
	Allocate funds to local programs to provide community-based services for adults with severe and persistent mental illness in accordance with the NC Community Mental Health Services Plan and Block Grant Application. Community-based programs provide an array of services, including	\$5,192,826

	crisis stabilization and other services designed to divert individuals from institutional admission; liaison, case management and other services which facilitate the discharge of individuals from the state's psychiatric hospitals; special programs for the hearing impaired; and training activities.	
2.	Child Mental Health Plan	
	Continuation of Child Mental Health services in accordance with the NC Community Mental Health Services Plan and Block Grant Application such as programs for mental health services in schools, adolescent sex offenders, respite services, family preservation programs, group homes, specialized foster care, therapeutic homes, professional parenting programs, training, and special initiatives to develop systems of care for serving children with serious emotional disturbance and their families.	\$2,378,540
3.	Child Residential Treatment Services	
	Continuation of child mental health residential treatment/services program in order to provide appropriate residential treatment alternatives for children at-risk of institutionalization or other out-of-home placement.	\$1,500,000
4.	Administration	
	Monitoring, data collection, budgeting, payments, and accounting for providers receiving block grant funds. Continue developing contracts for non-administrative activities and to provide technical assistance to service providers.	\$783,911
	TOTAL REQUIREMENTS	\$9,855,277
	Source of Funds (Estimated)	
	MHBG FFY 01	\$5,137,322
	MHBG FFY 02	\$4,717,955
	TOTAL FUNDS	\$9,855,277

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
 Analysis of Mental Health Block Grant
 SFY 2001-02

Item Number	Title	Actual SFY 1999-00	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
1	Adult Mental Health	3,813,885	\$4,301,361	\$5,192,826	891,465	Increase in MHBG award. Increase will be utilized to increase MHBG funded periodic, day/night and 24 hour services to adults with mental illness.
2	Child Mental Health	1,852,899	\$1,898,520	\$2,378,540	480,020	Increase in MHBG award. Increase will be utilized to increase MHBG funded periodic, day/night and 24 hour services to children with severe emotional disturbances.
3	Child Res. Treatment Svs.	-	\$1,500,000	\$1,500,000	-	
4	Administration	695,682	\$783,911	\$783,911	-	
	TOTAL	\$6,362,466	\$8,483,792	\$9,855,277	\$1,371,485	
NOTE:	No funds budgeted for #3, Child Residential Treatment Services, in SFY 00					

VISITOR REGISTRATION SHEET

It. Approp. Sub-Committee on Health & Human Services
 Name of Committee Date 4/5/01

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Deborah Atkinson	DHHS
Janice Fain	DIV. of Child Development
Wagner James	" " "
Peggy Bell	" " "
Wanda Mendivil	DHHS
Rick Duffin	DHHS
Rob Kinsvater	DHHS - Dept of Planning & Analysis
Barbara Fuller Smith	DHHS - DMH
Kevin Ryan	DHHS - DPH
A.D. McDaniel	DHHS
Peter Anderson	DHHS
Anthony Cilenti	DHHS - DPH
Carma Hoover Bell	DHHS
Allen Duffey	DHHS
Flo Stan	DMH/DD/SAS
M. K. Kohn	DMH/DD/SAS
ART Robaroe	DMH/DD/SAS
Lee Wiles	AMPE
Glen Wiles	DHHS
Roz Swift	NC Child Care Coalition
Becky Carter	Alcohol/Drug Council of NC
Bonnie Morell	DIV MH/DD/SAS
CM Miller	Sen. Dannelly
W. H. Johnson	NCUS - NCPM
Sharon Dwyer	NC Social Services Commission
Jammy Lester	OSBPM
Mary Birch	Child Speech Center

VISITOR REGISTRATION SHEET

J.F. Approp Sub Committee on Health & Human Services
 Name of Committee Date 4/5/01

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Joe Nally	DHHS
Brian Holloway	DHHS
Michael Dine	Merck
Whitney Davis	OSBPM
Pam Richardson	OSBPM
Wegon Williams	OSBPM
Chris Rodgers	Parker Poe et al
Jennifer Mahan	MHA/NC
Michelle Cotton	DmH/DD/SAS
Charles Williams	DMH/OD/SAS
Lara Larson	DmH/DD/SAS
Mark Benton	DFS
Don Willis	DMH/DD/SAS
Jackie Sheppard	DHHS/DFS
Jim Lynch	DHHS/DFS
Daniel Hines	DHHS/DFS
Mike Ellinger	DHHS/DFS/OCS
AL DEITCH	DOA/YATO
BOB HARRELL	DIV. OF AGING
Ang DeMain	"
Mary Gross	DIV of Aging
Jane Phillips	UCP
Adele Zuckerman	Easton Seals
Chip Mollen	DSS
Greg [unclear]	DSS
Sharon Keanon	NCDSS
Nancy Costin	NC DSS
Kyle Fay	DHHS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Monday, April 9th, 2001

4:00 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Department of Health and Human Services

Block Grants

Maternal and Child Health Block Grant

Preventive Health Services Block Grant

Dr. Dennis McBride

Substance Abuse and Prevention/Treatment

Block Grant

Flo Stein

Department of Health and Human Services

Contracts

Division of Aging

Dennis Street

Division of Facility Services

Jackie Shepard

Division of Child Development

Peggy Ball

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Monday, April 9, 2001

4:00 P.M.

Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Monday, April 9, 2001, at 4:00 P.M. in Room 643 of the Legislative Office Building. Members present were; Representative Edd Nye, Co-Chairman, Representative Beverly Earle, Co-Chairman, Representative Walter Church, Representative Theresa Esposito, and Representative Verla Insko. There were four senators present.

Representative Nye presided over the meeting. Dr. Dennis McBride with the Department of Health and Human Services provided a presentation overview on the Maternal and Child Health Block Grant and Preventive Health Services Block Grant (See Attached). Maternal and Child Health Block Grant is to assist states in assuring that mothers and children, particularly those with low income or limited availability to health services, have access to quality maternal and child health services. These services are aimed at reducing maternal and infant mortality, reducing the incidence of preventable disease and disabling conditions among children, promoting the health of mothers and children, and maximizing the health status of children with disabilities. The Committee members had questions concerning the presentation.

Ms. Flo Stein with the Department of Health and Human Services was next to address the Committee. Ms. Stein gave a review of the Substance Abuse and Prevention/Treatment Program Block Grant. The words Performance Partnership were added to the Block Grant this year. This is important because it is highly earmarked with lots of "sat asides" in it. The Children's Health Act of 2000 reauthorized programs within the jurisdiction of the Substance Abuse and Mental Health Services Administration to improve substance abuse services for children and adolescents and to implement proposals to use block grant funds with accountability based on performance. This program provides funds to states for the provision of prevention and treatment services for children and adults. There are a number of requirements directly related to public health issues. Greater flexibility for use of the funds is enhanced by the repeal of the requirement that the state spend 35 percent of the allotment on drug related activities and 35 percent on alcohol related activities. This section also creates authority for the Secretary of Health and Human Services to waive certain requirement for states that met established performance criteria. Those criteria will be established in regulation after consultation with states, providers and

consumers. There was a discussion concerning Certificate of Need (CON) law. Senator Dannelly asked what could be done to get more beds available. Representative Nye asked that that issue be flagged for further discussion.

The next item on the agenda was Department of Health and Human Services Contracts. Dennis Streets, Deputy Director for Division of Aging, talked to the Committee about the Division of Aging contracts. There are seven this year. He gave a brief review of each of them. Two of them have to do with Alzheimer's Chapters. There are 58 thousand North Carolinians who suffer from some form of dementia and that number is expected to increase to ninety four thousand five hundred by 2020. Since 1989 they have continued a contract with The Center For Aging Research and Education (CARES), located at the School of Social Work at the University of Chapel Hill. They have been a great resource to the Division. They have aided with planning, training, research, and program evaluation. They have allowed the Division to be one of only three states to be able to study baby boomers. Senator Martin noted that Duke was one of the primary centers in the nation for Alzheimer's research. Representative Nye asked to flag the Duke Aging Center Family Support Program. He asked for more information on the program.

The last item on the agenda was Division of Facility Services contracts. Jackie Shepard with the Division gave a presentation on these contracts (See Attached). Their contracts are grouped into three categories; Training, Grant-In-Aid, and Purchase of Services. Senator Purcell noted the contract for Statewide Poison Control Center at Carolinas Medical Center is one of the best investments the States makes. Representative Nye questioned the increase in funding since it had been moved from Duke. The Committee had questions and remarks concerning the contracts.

The meeting was then adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC HEALTH
MATERNAL AND CHILD HEALTH BLOCK GRANT**

MCH Block Grant funding for State Fiscal Year 2001-02 is projected at \$16,928,823. This amount is the same as that received in State Fiscal Year 2000-01.

GENERAL DESCRIPTION

The purpose of the Maternal and Child Health Block Grant is to assist states in assuring that mothers and children, particularly those with low income or limited availability to health services, have access to quality maternal and child health services. These services are aimed at (1) reducing maternal and infant mortality; (2) reducing the incidence of preventable disease and disabling conditions among children; (3) promoting the health of mothers and children; and (4) maximizing the health status of children with disabilities. The MCH Block Grant consolidated five programs for which the state received categorical funding. The five programs were (1) Maternal and Child Health, (2) Children's Special Health Services, (3) Supplemental Security Income for Disabled Children, (4) Sudden Infant Death Syndrome, and (5) Lead Based Paint Poisoning Prevention.

RECOMMENDATIONS

ALLOCATIONS

- | | |
|---|---------------------------|
| <ol style="list-style-type: none"> 1. Allocate \$9,838,074 in Healthy Mothers/Health Children Block Grants to local health departments. The proposed allocation is equal to the amount allocated in FY 2000-01. Under this funding concept, local health departments have responsibility for deciding how to use maternal and child health funds to best meet local needs. County and district health departments may use Healthy Mothers/Healthy Children Block Grants to provide prenatal care, preventive and primary care services for children and preventive health services for women of childbearing age. None of the proposed Healthy Mothers/Healthy Children Block Grant allocation is used for state administrative costs. | <p>\$9,838,074</p> |
| <ol style="list-style-type: none"> 2. Designate \$2,012,102 in funds for services and activities that are intended to prevent maternal and infant mortality, prevent disease and disabling conditions among children, and promote the health of mothers and children. Of this total, approximately \$1,842,102 will support technical assistance and best practices grants to local health departments, fetal and infant mortality reviews, high-risk maternity clinics, perinatal education and training, newborn screenings, childhood injury prevention, lead screenings, and asthma control efforts. The Department proposes to use approximately \$170,000 for state administrative costs. This amount includes the salary and fringe benefits of business office and computer network support staff within the Division of Public Health, and indirect cost charges. The proposed amount designated for these activities is equal to the amount in FY 2000-01. | <p>\$2,012,102</p> |

3. Designate \$5,078,647 for medical and health support services to children with chronic illnesses, disabilities or genetic disorders. From these funds, the Department proposes to use approximately \$175,000 for state administrative costs. This amount will support indirect cost charges. The proposed allocation is equal to the amount allocated in FY 2000-01. **\$5,078,647**

TOTAL FUNDS AVAILABLE – SFY 2001-02 **\$16,928,823**

SOURCE OF FUNDS:

MCH BLOCK GRANT FEDERAL FY 2001 **\$4,232,206**

MCH BLOCK GRANT FEDERAL FY 2002 **\$12,696,617**

**Department of Health and Human Services
Division of Public Health**

**Preventive Health Services Block Grant
State Fiscal Year 2001-2002 Plan**

GENERAL DESCRIPTION

The Preventive Health Services Block Grant (PHSBG) is a formula-based grant from the Centers for Disease Control and Prevention that provides support for services which reduce preventable injury, illness and early death and which improve the quality of life of North Carolina's residents through better health.

The State Plan period of July 1, 2001-June 30, 2002 includes 25% of the FFY 01 award and 75% of the FFY 02 award. The PHSBG Plan is based upon anticipated federal financial assistance of \$4,759,990 for Federal Fiscal Year (FFY) 2000-2001. It is assumed that funding will remain at this level for FFY 2001-2002. The award for FFY 2000-2001 represents a reduction of \$99,194 from the Federal Fiscal Year 1999-2000 award and of \$560,977 from the FFY 1998-99 award.

In addition, funding from the Social Services Block Grant is anticipated to be transferred to the PHSBG for SFY 01-02 in the amount of \$280,067. The same amount was transferred from SSBG in SFY 00-01.

The State of North Carolina plans to budget this grant in the State Fiscal Year beginning July 1, 2001 as follows:

FFY 00-01 Preventive Health Services Block Grant	\$1,189,997
FFY 01-02 Preventive Health Services Block Grant	\$3,569,993
Transfers from Social Services Block Grant	<u>\$ 280,067</u>
TOTAL SFY 2001-02 FUNDS	\$5,040,057

The PHSBG award is divided into 3 components:

1. **The Sexual Assault/Rape Victims Services Program** has an estimated funding level of \$190,134 and is set at the federal level consistent with a set aside provision in the PHSBG legislation.
2. **The Rape Prevention and Education Program** which is authorized under the Violence Against Women Act (Crime Bill) which amended the PHSBG authorizing legislation in 1996. The funding level for this component of the plan is estimated at \$1,139,869.
3. **The Basic Award**, which provides funding for the following programs, covers the balance of the award, and is estimated to be funded at \$3,429,987. This part of the award funds the Statewide Health Promotion Program of the Health Promotion Branch of the Division of Public

Health, the Community Fluoridation Program of the Oral Health Section of the Division of Public Health, and staff support for the Minority Health Council. The basic award also includes an administrative cost of \$108,546, which supports 1.17 FTE administrative positions and operating costs. The \$108,546 includes the salary and fringe benefits for the 1.17 positions (i.e., a Computing Systems Coordinator and a portion of a Public Health Manager position who administers the grant) that provide support for the programs and staff that carry out the grant-supported programs.

The PHSBG state plan also includes transfers from the Social Services Block Grant to support two programs. The plan assumes the transfer amount from the SSBG will be \$280,067. Of the SSBG transfer, \$213,128 will provide support for the Division of Facility Services, Emergency Medical Services program and \$ 66,939 will be used to support HIV/AIDS Education, Testing, and Counseling Services through the Division of Public Health.

Plans for each component proposed to receive Preventive Health Services Block Grant funding are described in the following sections.

Preventive Health Services Block Grant Program Plan, State Fiscal Year 2001-2002

Program Title: Rape Crisis/Victims Services Program

Healthy People 2000 Health Status Objective 7.7 is to reduce rape and attempted rape of women aged 12 and older to no more than 108 per 100,000 women. (Baseline: 120 per 100,000 in 1986)

Health Problem Addressed: Rape and sexual assault are widespread problems that primarily affect women. Approximately one in eight women have been raped at least once, and nearly six in 10 women have been victims of sexual assault. Perpetrators are mostly male, and about 85% are known by the victim. The risk is highest among adolescents and young adults. Preliminary North Carolina data indicates that the problem is widespread in this state. In a study of women enrolled in the N.C. Community College System, 17 percent reported being raped, and 4 percent reported being victims of attempted rape at least once since the age of 14. In the 1997 Behavioral Risk Factor Survey (BRFS), 13.5 percent of adult women reported being raped at least once in their lifetime. Rape and sexual assaults are crimes.

Program Description: Funds allocated to this program will be provided to the Department of Administration, Council for Women to contract with community-based organizations to provide services.

- Activity Objectives:**
1. Provide funds to local rape crisis centers for rape crisis response services, including crisis counseling and operating hotlines.
 2. Assist 5,000 victims of rape and sexual assault to return to work sooner.
 3. Provide rape crisis response, self-defense and educational programs to 6,000 victims.
 4. Provide community education programs to reach 90,000 people.

Funding: \$190,134

FTE Positions: 0

Preventive Health Services Block Grant Program Plan, State Fiscal Year 2001-2002

Program Title: Rape Prevention and Education Program

Healthy People 2000 Health Status Objective 7.7 is to reduce rape and attempted rape of women aged 12 and older to no more than 108 per 100,000 women. (Baseline: 120 per 100,000 in 1986)

Health Problem Addressed: Rape and sexual assault are widespread problems that primarily affect women. Approximately one in eight women have been raped at least once, and nearly six in 10 women have been victims of sexual assault. Perpetrators are mostly male, and about 85% are known by the victim. The risk is highest among adolescents and young adults. Preliminary North Carolina data indicates that the problem is widespread in this state. In a study of women enrolled in the N.C. Community College System, 17 percent reported being raped, and 4 percent reported being victims of attempted rape at least once since the age of 14. In the 1997 Behavioral Risk Factor Survey (BRFS), 13.5 percent of adult women reported being raped at least once in their lifetime. Rape and sexual assaults are crimes.

Program Description: Most of the funds allocated to this program will be provided to the Department of Administration, Council for Women to contract with community-based organizations to provide services. A portion will be used by the Division of Public Health to support 0.2 FTE of an administrative position.

- Activity Objectives:**
1. Conduct strategic planning with the Council for Women, N.C. Coalition Against Sexual Assault (NC CASA) and the N.C. Department of Health and Human Services, including assessing rape prevention education activities and staff resources.
 2. Assist local rape crisis centers in designing and carrying out collaborative projects.
 3. Develop standardized surveys for use in local programs.
 4. Carry out campus rape prevention projects, which will establish regional campus rape prevention consortia, assess the state of rape prevention on college campuses, obtain the support of the UNC Board of Trustees and Board of Governors, provide training to colleges for comprehensive rape prevention programs, develop male-oriented campus rape prevention programs.
 5. Set up at least two training programs for local rape prevention educators on one or more of following areas: "best practice" in rape prevention; tailoring rape prevention for different audiences; program evaluation; marketing and media relations; involving males in rape prevention. Develop guidelines for comprehensive rape prevention programming.
 6. Provide training and tools to rape prevention professionals for working with different ethnic groups and minority communities, including training in culturally-appropriate outreach skills; providing access to culturally appropriate materials; coordinating services and training for professionals who serve special populations.
 7. Provide training for community professionals, including law

enforcement, health-care, district attorneys and school personnel. Provide regional Sexual Assault Nurse Examiner (SANE) training and increase the number of Sexual Assault Response Team (SART) programs in the state.

8. Help establish 10 new or expanded rape crisis and rape prevention programs in counties without them; provide incentives for new or expanded rape prevention programs and identify additional resources for establishing new rape crisis centers.

9. Establish a rape prevention resource clearinghouse and annotated guide of recommended rape prevention curricula and materials and public awareness campaign materials.

10. Begin development of a rape and sexual assault data collection system: activities to include hiring an epidemiologist; establishing consistent definitions; analyzing current data sources; developing a data collection plan; improving Council for Women reporting procedures.

11. Provide funds to local rape crisis centers for rape prevention education activities for adolescents in schools and other settings.

12. Carry out statewide social marketing programs aimed at adolescent males: current activities include formative research on adolescents and selecting and testing messages.

13. With the endorsement of the North Carolina Department of Public Instruction and local school boards, select, adapt or adopt and distribute curricula for middle schools and high schools. Provide training to health teachers to use the curricula.

Funding: \$1,139,869

FTE Positions: 0.2

Preventive Health Services Block Grant Program Plan, State Fiscal Year 2001-2002

Program Title: **Statewide Health Promotion Program**

Healthy People 2000 Health Status Objective 15.1 is to reduce coronary heart disease deaths to no more than 100 per 100,000 people.

Health Problem Addressed: Heart disease and stroke are the first and third leading causes of death, killing 19,441 and 5,434 North Carolinians, respectively in 1998. Risk factors are widespread. CVD is preventable when individuals and communities work together to reduce the major risk factors for these diseases, such as smoking, hypertension, obesity, sedentary lifestyle, dyslipidemia, and uncontrolled diabetes.

Program Description: Funds are allocated to local health departments in each county through the state public health consolidated contract to carry out preventive health services for the target population. In addition, health departments engage in a variety of community based activities focusing on the major cardiovascular risk factors. Some funds are allocated in the Division of Public Health for program support staff and operations, including positions for the Statewide Health Promotion Program, the Older Adult Health Promotion Program, and Local Health Services.

- Activity Objectives:**
1. Through contractual agreements, continue funding to 87 local health departments to support the delivery of effective community based, multilevel interventions directed at population based strategies which create physical and social environments that promote good cardiovascular health.
 2. Provide training and consultation to local health departments and through state/local partnering ensure that all local health departments develop a long- range health promotion plan and yearly annual action plans.
 3. Integrate activities of the StateWide Health Promotion Program with the Statewide Cardiovascular Health Initiative, Start With Your Heart.
 4. Refine reporting, evaluation and surveillance systems to include community level indicators and improved measurements for collection of process, impact, and outcome data

Funding: **\$3,061,182**

FTE Positions: **7.96**

Preventive Health Services Block Grant Program Plan, State Fiscal Year 2001-2002

Program Title: Preventive Dental Services/Fluoridation

Healthy People 2000 Health Status Objective 13.1 is to reduce dental caries so that the proportion of children with one or more caries in permanent teeth is no more than 35% among children aged 6-8 and no more than 60% among adolescents aged 15.

Health Problem Addressed: Dental disease is widespread in children and is a leading cause of absenteeism as well as pain and disability among adults and older people. Most dental problems can be prevented by relatively simple, inexpensive services for children and young people. In 1997-1998 in North Carolina, at least one out of four fifth grade children had a history of dental disease and about 5,000 fifth grade children had obvious untreated caries.

Program Description: Funds are allocated to the Oral Health Section to assist towns and schools to provide technical assistance and train local personnel in the development of fluoridated water systems, and to support basic preventive dental activities.

Activity Objectives:

1. Provide grants to 2 communities to maintain or increase the number of citizens receiving the decay-reducing benefits of systemic fluoride.
2. Defray the cost of providing sodium fluoride rinse for 225,000 schoolchildren.
3. Defray the cost of the annual surveillance technique used to gather data on 85,000 fifth grade children.
4. Defray the costs of providing analysis on the fluoride levels in community water systems and home wells for 12,000 water samples.
5. Defray the cost of 12 educational/promotional exhibits on preventive topics such as fluorides and sealants for statewide use with an estimated 5,000 health professionals, educators and the general public.

Funding: \$ 100,800

FTE Positions: 0

Preventive Health Services Block Grant Program Plan, State Fiscal Year 2001-2002

Program Title: Office of Minority Health

Healthy People 2000 Health Status Objectives: Many of the health objectives for the nation address disparities between minorities and non-minorities in terms of adverse conditions and outcomes, and have established targets for improvement which reflect these disparities.

Health Problem Addressed: The Office of Minority Health does not focus its efforts on a single health problem; however it has recognized that for a number of conditions and risk factors, persons from various minority groups suffer from both acute and chronic health problems to a greater degree than non-minorities.

Program Description: Funds are allocated to the Office of Minority Health to work with the state and local public health system, university and research centers, human services agencies, community groups and organizations with a special focus on minority community based health interventions. Positions supported with these funds include the Director and Assistant Director of the Office, and a clerical employee.

- Activity Objectives:**
1. Promote state level and statewide coordination and collaboration of information, resources and services.
 2. Disseminate the needs assessment reports focusing on three minority groups, Blacks, Native American and Hispanics.
 3. Make recommendations for improving the delivery of and access to health services to the Minority Health Advisory council, public health system and community groups.
 4. Disseminate minority health information via channels such as media interviews, fact sheets, public services announcements, forums, conferences, and reports.
 5. Provide technical assistance to agencies and groups on effective strategies for reaching and serving minorities, potential funding sources and improving grant writing skills.
 6. Work with groups and agencies to improve methods for collecting and reporting minority health data and to establish and implement a surveillance system to measure progress towards improving the health status of minorities.
 7. Work with groups and agencies to provide cultural diversity training for providers and administrators and to work with groups and agencies to increase the availability of culturally-based and linguistically-appropriate programs and services.

Funding: \$ 159,459

FTE Positions: 2.93

Preventive Health Services Block Grant Program Plan, State Fiscal Year 2001-2002

Transfers from Social Service Block Grant

1. Division of Facilities Services/Emergency Medical Services

Program Description

Each year, funds from Social Services Block Grant (SSBG) are transferred to the Preventive Health Services Block Grant for distribution to the Office of Emergency Medical Services (OEMS) in the Division of Facility Services (DFS). In SFY 2001, this amount was \$213,128 for the fiscal year. For SFY 2002, the anticipated transfer is also \$213,128. As in the past, the funds will be used by the OEMS in DFS to support federally funded staff positions, the statewide Ambulance Call Reporting (ACR) system and the statewide Trauma Registry. A total of five full time clerical positions in the Division of Facility Services are funded using SSBG money. Salaries and fringe benefits for these positions total \$132,171 for SFY 2002. One of these positions serves as the primary agency receptionist processes incoming and outgoing mail and serves as the secretary for the Grants Specialist/Disaster Specialist position. One position serves as the secretary to support the statewide trauma program and assists with our certification program. One is the secretary for our statewide certification process and another is the primary processor of EMS certifications statewide. The final position serves as the only secretary to support our Eastern Regional Office in Greenville.

The remainder of SSBG funds in the Division of Facility Services is used, along with state funds, to support the ACR system through printing of forms for distribution to EMS providers and to support the contract for the Central Data Collection Agency for the Trauma Registry.

Approximately, \$75,000 will be used to support the Trauma Registry and the remaining \$5,957 is used for printing ACR forms that are provided free of charge to EMS agencies using the ACR system.

Budget Summary

Clerical Staff Positions (5 FTE) in the Division of Facility Services	\$132,171
Ambulance Call Report System (printing ACR Forms/software)/DFS	\$ 5,957
Central Data Collection Agency for Trauma Registry/DFS	\$75,000
TOTAL – Division of Facility Services	\$213,128

FTE Positions: 5.0

2. Division of Public Health/HIV Prevention

Program Description

This transfer will allocate funds to local health departments to support personnel and programs for HIV/AIDS education, counseling, and testing. The local health departments emphasize AIDS education and testing efforts targeted at persons at highest risk to ensure that these efforts are maximally effective in controlling the epidemic.

TOTAL – Division of Public Health	\$66,939
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FTE Positions: 0

Preventive Health Services Block Grant Program Plan, State Fiscal Year 2001-2002

Summary of Funding Plan

<u>Program</u>		<u>Allocation</u>
A. Preventive Health Services Block Grant Funds		
1. Rape Crisis/Victims Services Program Council for Women		\$ 190,134
2. Rape Prevention and Education Program Division of Public Health and Council for Women		\$ 1,139,869
3. Statewide Health Promotion Program Division of Public Health		\$ 3,061,182
4. Community Fluoridation Program Division of Public Health		\$ 100,800
5. Office of Minority Health Division of Public Health		\$ 159,459
6. Administrative Costs		\$ 108,546
Subtotal	\$4,759,990	
B. Transfers from Social Services Block Grant		
7. Emergency Medical Services		\$ 213,128
8. HIV/AIDS		\$ 66,939
Subtotal	\$ 280,067	
TOTAL FOR FFY 2001-2002		<u>\$ 5,040,057</u>

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

***Substance Abuse Prevention & Treatment Performance Partnership Block
Grant
SFY 2001-2002***

FUNDING LEVEL

The annual Federal Substance Abuse Prevention and Treatment Performance Partnership Block Grant (SAPTPPBG) award is currently \$33,680,936. Funding for the SFY 02 Plan is based on an estimated balance of \$19,795,584 from the FFY 01 award and \$16,660,017 from the FFY 02 award.

GENERAL DESCRIPTION

The Children's Health Act of 2000 reauthorized programs within the jurisdiction of the Substance Abuse and Mental Health Services Administration (SAMHSA), to improve substance abuse services for children and adolescents and to implement proposals to use block grant funds with accountability based on performance.

Section 3303— Substance Abuse Prevention and Treatment Performance Partnership Block Grant. This program provides funds to states for the provision of prevention and treatment services for children and adults. There are a number of requirements directly related to public health issues. Greater flexibility for use of the funds is enhanced by the repeal of the requirement that the state spend 35 percent of the allotment on drug related activities and 35 percent on alcohol related activities. This section also creates authority for the Secretary of HHS to waive certain requirement for states that met established performance criteria. Those criteria will be established in regulation after consultation with States, providers and consumers.

SIGNIFICANT FEDERAL REQUIREMENTS

1. States are required to maintain financial support for substance abuse prevention and treatment services at the average of what it spent over the past two years. This Section includes a provision that would exempt from maintenance of effort requirement any one-time infusion of funds, which are for a singular purpose.

2. States are required to use 20% of their allotment for primary prevention.
3. States are required to maintain financial commitment to services for pregnant addicts and women with children and to give preferential treatment to pregnant addicts.
4. States are required to provide treatment for intravenous drug abusers within 14 days of the individual requesting treatment and requires treatment facilities to inform the State when they are a 90% capacity.
5. States are required to ensure that facilities receiving Federal funds provide tuberculosis services.
6. States are required to enact and enforce State laws prohibiting the sale and distribution of tobacco products to minors. States are required to carry out activities to reduce the availability of tobacco products to minors including random unannounced inspections of outlets. This Section requires the Secretary of HHS to penalize the State up to 40% of their allotment for failure to comply.
7. States are required to conduct needs assessments.

PROPOSED EXPENDITURE PLAN**ALLOCATION**

- 1. Adult Substance Abuse**

Continuation of community and ADATC based alcohol and drug services including prevention, intervention, treatment, rehabilitation, and detoxification. Funding to support intervention and treatment services for offenders who remain in the community. Funds will be used to provide treatment services for offenders with substance abuse problems in community punishment programs. Continue support for group homes for recovering substance abusers. Tuberculosis services will be provided to all program participants. Special services for the deaf will be provided at the ADATC in Greenville, NC, with outpatient services for the deaf established in each region. Programs will be required to screen clients for TB and other infectious diseases.

\$14,501,711

- 2. Women's Substance Abuse**

Continuation of services for pregnant women and women with dependent children. Specialized services will be provided at the ADATCs for women. Continue to develop specialized services for TANF participants whose substance abuse is a barrier to self-sufficiency.

\$6,007,303

- 3. Intravenous (IV) Drug**

Continuation of services to IV drug abusers and others at risk for HIV disease. Special services for IV drug users will be provided at the ADATCs.

\$5,209,934

- 4. Child Substance Abuse**

Continue services to children and adolescent including prevention, high-risk intervention and regional residential services. Services will include treatment

\$6,839,190

for children in detention and training schools. Prevention activities will include strategies to discourage use of alcoholic beverages and tobacco products by individuals to whom it is unlawful to sell or distribute such products. Services will be delivered in accordance with the 1993 Mental Health Study Commission Child and Adolescent Alcohol and Other Drug Abuse Plan, including school-based health clinics to provide prevention, early intervention and treatment services and services for youth in the juvenile justice system.

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|----|---|-------------|
| 5. | Substance Abuse Focus on Families
Prevention and treatment services will be provided for children who are impacted by parental addiction. | \$774,414 |
| 6. | Child SA Residential Treatment
Establish Child Residential Treatment Services Program. | \$500,000 |
| 7. | Administration
Planning, Quality Assurance, Development of new treatment and prevention services and training for providers receiving Block Grant funds. Continue the development of a performance management system based on outcomes, support the design of an improved behavioral health system and monitor prescription drug diversion. | \$2,623,049 |

TOTAL REQUIREMENTS	\$36,455,601
Source of Funds	
SAPTBG FFY 2001	\$19,795,584
SAPTBG FFY 2002	\$16,660,017

TOTAL FUNDS	<u>\$36,455,601</u>
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Division of MH/DD/SAS
Analysis of Substance Abuse Prevention Treatment Block Grant
SFY 2001-02

Item Number	Title	Actual SFY 1999-00	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
1	Adult Community-Based Alcohol and Drug Services, including ADATC's.	14,723,054	15,043,841	14,501,711	(542,130)	Reduces funding for new initiative as a result of having less SATPBG funds available than anticipated.
2	Women's SA Services	4,344,760	6,567,532	6,007,303	(560,229)	Reduces funding for new initiative as a result of having less SATPBG funds available than anticipated.
3	Services to IV drug abusers	4,718,491	5,210,497	5,209,934	(563)	Reduces funding for new initiative as a result of having less SATPBG funds available than anticipated.
4	Child and Adolescent Substance Abuse	5,034,263	7,216,992	6,839,190	(377,802)	Reduces funding for new initiative as a result of having less SATPBG funds available than anticipated.
5	Juvenile Services - Family Focus	223,876	893,811	774,414	(119,397)	Reduces funding for new initiative as a result of having less SATPBG funds available than anticipated.
6	Juvenile Offender Services and Substance Abuse Pilot	0	300,000	0	(300,000)	Reduces funding for new initiative as a result of having less SATPBG funds available than anticipated.
7	Child Residential Treatment Services Program	0	1,000,000	500,000	(500,000)	Reduces funding for new initiative as a result of having less SATPBG funds available than anticipated.
8	Administration	4,596,636	2,623,049	2,623,049	0	
	TOTALS	33,641,080	38,855,722	36,455,601	(2,400,121)	

*NOTE: Services to IV Drug Abusers total includes actual expenditures for SFY99-00 of \$616,305 from the Division of Public Health. Services to IV Drug Abusers total includes proposed amount for SFY00-01 of \$631,335 from the Division of Public Health. Services to IV Drug Abusers total includes recommended amount for SFY01-02 of \$631,335 from the Division of Public Health.

04-09-01 Attachment II

Division of Aging Contracts
 SFY 00-01
 Funds 5321XX and 536XXX

Contract	Contract Description	Contract Funding			Proposed SFY 02	Contract Type	Contract Terms
		Federal	State	Other			
Authorized by Statute Western NC Alzheimer's Chapter Carolina Piedmont Alzheimer's Chapter Eastern NC Alzheimer's Chapter	SL 1999-237 authorizes \$50,000 to each of the 3 Alzheimer's Association Chapters to assist them in carrying out their missions of improving the lives of dementia patients and their families. Services provided by these chapters include training sessions for family and professional caregivers; the publication of resource guides, information packets and quarterly educational newsletters; speaker's bureau on dementia care and resources; provision of family support groups and a telephone helpline.	\$0	\$150,000	\$0	\$150,000	sole source	Submission of a monthly invoice, payment within 30 days of approval. contract period: 7/1/00-6/30/01
NC Senior Games, Inc.	SL 1999-237 authorizes \$175,000 to NC Senior Games, Inc. for general operations. Senior Games is the primary organization in the state that provides health and wellness programming and education for older adults. Senior Games is best known for the games program that begins each spring in most counties and culminates in September with the Senior Games Finals in Raleigh. Approximately 45,000 older adults participated in Senior Games activities in 2000.	\$0	\$175,000	\$0	\$175,000	sole source	Submission of a quarterly invoice, payment within 30 days of approval. contract period: 7/1/00-6/30/01
Duke Aging Center Family Support Program	Since 1984, the General Assembly has authorized \$50,000 to provide a range of services to support professional and family caregivers of dementia patients. The contractor provides a range of training, education and research services to support caregivers throughout the state and well as networking	\$0	\$50,000	\$0	\$50,000	sole source	The contractor is authorized to receive an advance of the appropriation upon approval by the Division contingent upon the availability of funds. If unexpended funds on the final expenditure report

Contract Description	Contract Funding			Proposed SFY 02	Contract Type	Contract Terms
	Federal	State	Other			
with the 3 Alzheimer's Association Chapters.						
Subtotal	\$0	\$375,000	\$0	\$375,000		
Program Development Z. Smith Reynolds Grant for Senior Education Corps	\$0	\$0	\$19,800	\$19,800	sole source	Submission of project invoice, payment within 30 days of approval. contract period: 1/1/00-12/31/01
The Division is granting funds to 44 community aging, volunteer, and educational organizations and 3 area agencies on aging to initiate local Senior Education Corps programs. The Senior Education Corps recruits older adults to serve as mentors to at-risk students and in other volunteer capacities in support of local public schools. The grant total is \$35,000. The amount granted to community organizations and area agencies on aging is \$19,800. The remaining \$15,200 is supporting Division travel for technical assistance and training, printing, and a statewide training conference.						
Subtotal	\$0	\$0	\$19,800	\$19,800		
Technical Assistance, Training, Evaluation and Other Services UNC - Center for Aging Research and Educational Services	\$64,000	\$50,000	\$0	\$114,000	sole source	Submission of monthly invoice, payment within 30 days of approval. contract period: 7/1/00-6/30/01
The contract strengthens the Division's capacity for planning, policy research, program evaluation, and training. It has proven to be a cost-effective means for helping carry out essential functions with existing personnel resources. CARES has provided technical assistance in development of the mandated State Aging Services Plan and prepared such background and policy papers as the well respected reports on North Carolina's Baby Boomers at Mid-Life. CARES has con-						

exceed the final claim for payment, a check for the excess amount must accompany the final expenditure report.

contract period:
7/1/00-6/30/01

Submission of monthly invoice, payment within 30 days of approval.
contract period:
7/1/00-6/30/01

Contract	Contract Description	Contract Funding			Proposed SFY 02	Contract Type	Contract Terms	
		Federal	State	Other				Total
Brenda Porter	<p>ducted statewide customer satisfaction surveys of the elderly nutrition programs, in-home aide services, and Ombudsman program. Cares has produced and offered Introduction to Aging and Geriatric Mental Health trainings for local aging service professionals. Current activities also include assisting the Division with a Performance Outcome Measures initiative focused on home-delivered meals and family caregiving.</p> <p>This contract is assisting the Division in the development of a comprehensive Information and Assistance (I&A) capacity within the state's aging network. The contractor is Director of Alamance Eldercare, Inc. and well respected for her work in this area. She has assisted in implementing the recommendations of the Governor's Advisory Council on Aging which included a task force on aging information and assistance. She has assisted in identifying best practices, designing a workable system, and training local workers.</p>	\$0	\$12,000	\$0	\$12,000	\$0	sole source	\$25 per hour up to 420 hours. Travel reimbursement at state rates, not to exceed \$1,500. Submission of monthly invoice, payment within 30 days of approval. contract period: 5/19/00-6/30/01
UNC-Institute on Aging	<p>This contract is providing general technical assistance to the Division in expanding its data base and planning capacity related to recommendations contained in the Institute of Medicine Long Term Care Task Force report. Specifically, this includes collecting data on the population aged 18 and older.</p>	\$0	\$4,500	\$0	\$4,500	\$0	sole source	Submission of a monthly invoice, payment within 30 days of approval. contract period: 1/22/01-6/60/01
Subtotal		\$64,000	\$66,500	\$0	\$130,500	\$102,000		

Contract	Contract Description	Contract Funding			Proposed SFY 02	Contract Type	Contract Terms
		Federal	State	Other			
		\$64,000	\$441,500	\$19,800	\$525,300		
Contracts Totals							
					\$477,000		

04-09-01 12:00:00

SFY 00-01 Contract Information
 Division of Facility Services, DHHS

Contract Description	Total \$ Funding for Contract	\$ Federal	\$ State	\$ Other	Proposed Funding for 2001-2002	Sole Source or		Contract Terms
						Compet. Bid	Special Appropriation	
TRAINING								
Nurse Aide On-Line Training: Provides \$500,000 in non-recurring funds for the State Department of Community Colleges for the development and implementation of on-site internet training or other innovative training programs designed to improve recruitment and reduce overall turnover of certified nursing assistants in nursing facilities.	\$ 500,000	\$ 0	\$ 500,000	\$ 0	\$ 0			One Year
EMT-Paramedic Training Grants: Provides financial assistance to local EMS Systems to upgrade the level of care offered to the EMT-Paramedic level of care.	\$ 20,000	\$ 0	\$ 20,000	\$ 0	\$ 20,000 ¹		NA	TBD
<i>Pitt County Memorial Hospital</i>	\$ 10,000	\$ 0	\$ 10,000	\$ 0	NA		NA	07/01/00-06/30/01
<i>Anson Community Hospital</i>	\$ 10,000	\$ 0	\$ 10,000	\$ 0	NA		NA	07/01/00-06/30/01
EMD Training Grants: Provides grants to provide financial assistance to local EMS Systems to upgrade communications to offer Emergency Medical Dispatch (EMD) which is a certification program that enables 911 communications with the ability to provide pre-arrival medical assistance instructions under medical direction. Recipients are as follows:	\$ 15,000	\$ 0	\$ 15,000	\$ 0	\$ 15,000 ¹		NA	TBD
<i>Pender Memorial Hospital</i>	\$ 3,000	\$ 0	\$ 3,000	\$ 0	NA		NA	11/01/00 - 02/01/01
<i>Nash Community College</i>	\$ 6,000	\$ 0	\$ 6,000	\$ 0	NA		NA	08/01/00 - 10/31/00
<i>Alamance Regional Medical Center</i>	\$ 3,000	\$ 0	\$ 3,000	\$ 0	NA		NA	01/01/01 - 02/01/01
<i>Alexander Community Hospital</i>	\$ 3,000	\$ 0	\$ 3,000	\$ 0	NA		NA	10/01/00 - 06/30/01

SFY 00-01 Contract Information
Division of Facility Services, DHHS

<u>Contract Description</u>	<u>Total \$ Funding for Contract</u>	<u>\$ Federal</u>	<u>\$ State</u>	<u>\$ Other</u>	<u>Proposed Funding for 2001-2002</u>	<u>Sole Source or Compet. Bid</u>	<u>Contract Terms</u>
UNC-Charlotte: Provide funds to help subsidize training costs for 20 local EMS management personnel who participate in the EMS Management Training Institute.	\$ 10,000	\$ 0	\$ 10,000	\$ 0	\$ 0	NA	10/04/00 - 06/30/01
NC Department of Juvenile Justice: To provide instructor for EMS-C workshop.	\$ 500	\$ 500	\$ 0	\$ 0	\$ 0	NA	03/30/01 - 04/01/01
Council on Licensure Enforcement & Regulation (CLEAR): To provide training for surveyors and investigators. Cost of contract includes 55 staff members from DMH/DD/SAS who attended training and subsequently reimbursed the Division for their costs (of \$16,000) as well as 2 staff members with the Governor's Advocacy Council who also reimbursed the Division for their costs (of \$600).	\$ 44,775	\$ 14,763	\$ 13,412	\$ 16,600	\$ 0	Sole Source	10/30/00 - 11/01/00
TRAINING SUBTOTAL	\$ 590,275	\$ 5,263	\$ 558,412	\$ 16,600	\$ 35,000		

GRANT-IN-AID

Regional EMS System Development Grants: Formula grants to the 18 Lead Regional Organizations (LRO's) that provide administrative funds for EMS Planners employed by Councils of Governments (COG's) in each region, some equipment and training programs to local programs.	\$ 544,397	\$ 0	\$ 544,397	\$ 0	\$ 544,397	NA	07/01/00 - 06/30/01
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GRANT-IN-AID SUBTOTAL

\$ 544,397 \$ 0 \$ 544,397 \$ 0 \$ 544,397

PURCHASE OF SERVICES

Statewide Poison Control Center: Provides operational funds for the State Poison Control Center at Carolinas Medical Center.	\$ 1,236,492	\$ 0	\$ 1,236,492	\$ 0	\$ 1,236,492	Pass Through Appropriation	07/01/00 - 06/30/01
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SFY 00-01 Contract Information
 Division of Facility Services, DHHS

<u>Contract Description</u>	<u>Total \$ Funding for Contract</u>	<u>\$ Federal</u>	<u>\$ State</u>	<u>\$ Other</u>	<u>Proposed Funding for 2001-2002</u>	<u>Sole Source or Compet. Bid</u>	<u>Contract Terms</u>
Central Data Collection Point - Statewide Trauma Registry: Provides operating funds to UNC to maintain the statewide trauma registry.	\$ 138,219	\$ 93,000	\$ 45,219	\$ 0	\$ 138,219	NA	07/01/00 - 06/30/01
NC Association of Rescue and EMS (NCAREMS): A "pass through" appropriation from the General Assembly to provide operating funds for NCAREMS, the primary organization for volunteer EMS organizations statewide.	\$ 24,999	\$ 0	\$ 24,999	\$ 0	\$ 24,999	Special Appropriation	07/01/00 - 06/30/01
UNC School of Medicine: Provide funds for initial development of a Statewide Prehospital Medical Information System (PreMIS) which will be a web-based system for entry of clinical and demographic data for all patients transported by ambulances statewide.	\$ 380,000	\$ 380,000	\$ 0	\$ 0	\$ 400,000	NA	10/01/00 - 09/30/01
UNC-Chapel Hill Institute of Aging: Provide funds to implement a pilot project to address the recruitment and retention of nurse aides and compile and analyze data related to NC's nurse aide workforce.	\$ 236,887	\$ 0	\$ 0	\$ 236,887	Included in Total for 00-01	NA	03/01/99 - 12/31/01
UNC-Chapel Hill School of Medicine, Department of Emergency Medicine: Purchase services for a Medical Advisor for the Office of Emergency Medical Services who will also serve as the primary investigator for the Prehospital Medical Information System (PreMIS).	\$ 115,000	\$ 60,000	\$ 55,000	\$ 0	\$ 115,000	NA	07/01/00 - 06/30/01
Cecil G. Sheps Center for Health Services Research (UNC-CH): Provide funds for the review and analysis of the data submitted to HCIA or other certified data processors.	\$ 89,912	\$ 0	\$ 89,912	\$ 0	\$ 89,912	Sole Source	09/01/00 - 08/31/01

SFY 00-01 Contract Information
Division of Facility Services, DHHS

4-09-01 Attachment

Contract Description	Total \$ Funding			Proposed Funding for 2001-2002	Sole Source or Compet Bid	Contract Terms
	for Contract	\$ Federal	\$ State			
HCIA: Provide funds for the analysis of hospital and ambulatory surgery data.	\$ 25,500	\$ 0	\$ 25,500	\$ 0	\$ 25,000	Sole Source 10/01/00 - 09/30/01
Eden Alternative Contracts: Provide start-up funds for the Eden Alternative Program - designed to make long-term care facilities more "home-like" and less institutional.	\$ 175,000	\$ 175,000	\$ 0	\$ 0	TBD ²	NA TBD
<i>Abermathy Center, Newton NC</i>	\$ 25,000	\$ 25,000	\$ 0	\$ 0	Included in Total for 00-01	NA 03/01/01 - 02/28/03
<i>Cherry Hospital, Goldsboro NC</i>	\$ 25,000	\$ 25,000	\$ 0	\$ 0	Included in Total for 00-01	NA 03/01/01 - 02/28/03
<i>Chowan Hospital SNF, Edenton NC</i>	\$ 25,000	\$ 25,000	\$ 0	\$ 0	Included in Total for 00-01	NA 03/01/01 - 02/28/03
<i>Edwin Morgan Center, Laurinburg NC</i>	\$ 25,000	\$ 25,000	\$ 0	\$ 0	Included in Total for 00-01	NA 03/01/01 - 02/28/03
<i>Fair Haven, Bostic NC</i>	\$ 25,000	\$ 25,000	\$ 0	\$ 0	Included in Total for 00-01	NA 03/01/01 - 02/28/03
<i>GlenFlora, Lumberton NC</i>	\$ 25,000	\$ 25,000	\$ 0	\$ 0	Included in Total for 00-01	NA 03/01/01 - 02/28/03
<i>Wesley Long Nursing Center, Greensboro NC</i>	\$ 25,000	\$ 25,000	\$ 0	\$ 0	Included in Total for 00-01	NA 03/01/01 - 02/28/03
NC Department of Justice: Provide funds to secure legal services.	\$ 465,441	\$ 99,195	\$ 366,246	\$ 0	\$ 474,750	NA 07/01/00 - 06/30/01

PURCHASE OF SERVICES SUBTOTAL	\$ 2,987,450	\$ 807,195	\$ 1,643,368	\$ 238,987	\$ 2,504,772	
GRAND TOTALS	\$ 4,022,422	\$ 822,458	\$ 2,946,177	\$ 253,487	\$ 3,083,789	

FOOTNOTES

¹ Funding only available for initial programs, \$10,000 each award for EMT-P and \$3,000 each award for EMD

² Determined by the amount of federal fines imposed by HCFA on nursing homes and returned to the state.

VISITOR REGISTRATION SHEET

Approp. Sub. Committee on Health & Human Services
 Name of Committee Date 4/9/01

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

EVENING SESSION

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Jennifer Ingman	Nat'l Assoc. of SW's - NC
John Mills	DHHS
Pennis Streets	NC Div. of Aging, DHHS
Steve Freedman	NC Division of Aging - DHHS
BOB HARRELL	DIV. OF AGING
TARA LARSON	" of DMH/IDD/IAS
Art Robarge	"
Belora A. Parker	NC Community College System Office
Judith Mann	NC Community College System Office
Wayne Williams	State Budget Office
Mike Green	State Budget Office
Whitney Davis	State Budget Office
Malone Hamilton	Division of Facility Services - DHHS
Steve White	Division of Facility Services - DHHS
Tom Wilson	NC A LTC
Jackie Depaul	DHHS/DFS
Desh Peas	DHHS/DFS
SUSAN HARMUTH	DHHS/DFS
Richard E. II	Assn. for Home & Hospice Care of NC
Dr. Hollis	DHHS
Standa St. Woods	DHHS - Office of Minority Health
Lynn Bonner	N/A
Mike Eldon	DHHS/DFS/IAS
Kevin Taylor	DHHS Division of Facility Servs.
Michelle Cotton	DMH/IDD/IAS
Paul Jones	DHHS - Ad
Mary Bunch	Cued Speech Center

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, April 10th, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Division of Social Services

Susan Morgan

Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building
Tuesday, April 10, 2001
3:30 p.m.

Minutes

The Joint Appropriations Subcommittee on Health and Human Services met Tuesday, April 10, 2001 in Room 424 of the Legislative office Building. The full Senate Membership and Representatives Earle and Nye were present. After the introduction of the Pages, Senator Bill Martin, Presiding Chair, called the meeting to order. He stated that the meeting would continue from the morning's meeting with the discussion of the Division of Social Services.

Susan Morgan was recognized to continue the presentation of the Division of Social Services focusing on Services for Adults and Families. She began on page 38 of the attached handout (Attachment #2). This section provides a variety of services including guardianship services, case management services, problem pregnancy services as well as many other areas. Her presentation included adult protective services, placement services and state county special assistance. Also included in her presentation is a report from the State Auditor's Office on the cost reporting systems for adult care programs.

Following the overview and explanation of adult protective services, questions and discussion from the committee were received. There are three types of special assistance, assistance for the aged, assistance for the disabled and assistance for children of disabled. Eligibility requirements include, a resident of the state of North Carolina, a citizen of the United States and income eligibility for the program is determined by local DSS agencies. Two factors currently determine cost of providing special assistance, the size of payments made to eligible recipients and the number of recipients. This number continues to increase as the population ages and life expectancy increases.

In 1997, DHHS was directed to study alternate ways to provide assistance. In 1998 the Department requested from the General Assembly to conduct a pilot project providing special assistance to 400 persons who are not residing in an adult care home. The final report of this pilot project is due to the General Assembly in 2001.

The committee requested information regarding phase one of the resident evaluation service. John Tanner, Chief of Adult and Family Services, Division of Social Services was present to assist with questions and offer comments. He stated that there is a mix of elderly residents with younger adults and in some situations the younger residents mistreat the older residents. Phase one of the assessment is done at the county level. The Division of Mental Health Services assists with the assessment process. There is very positive reaction from the local employees to this program.

Regarding the summary of the report on Adult Care from the State Auditor, the Chair suggested that a special meeting be held to review and discuss that report. Susan Morgan gave an overview of the report. The objectives of the report were broken down into four

objective areas including program statistics, laws policies and procedures, financial information and occupancy rate impact. The summary of the findings of the report include under program statistics, that the number of adult care beds have continued to increase since the 1997 statewide moratorium. Approximately 22,000 new beds have been added since that time. The department is not maintaining records on the status of exempted beds.

Findings for laws policies and procedures -- the department is inconsistently enforcing the laws governing adult care home care cost reporting. The department has limited means for assuring the quality of care in adult care homes.

Findings for financial information -- that the department is not reviewing the cost report audit procedures. The department does not allow electronic submission of cost report and cost reports do not require disclosure of related party or conflict of interest relationships or transactions. Adult care homes audit procedures need to be strengthened.

Findings for occupancy rate impact -- the current methodology recognizes occupancy rate. Detailed financial data needed to evaluate the percentile used is not required by the state. The Department has consistently applied the methodology approved by the General Assembly.

Recommendations that correlate to each of the findings were also reviewed. Recommendations included are: the General Assembly should carefully review the number of beds approved under each exemption category. The Department should develop procedures to periodically determine the status of exempted adult care home beds and these records should be maintained and made available for review by the General Assembly.

During committee discussion the definition for exempted adult care was clarified to when the moratorium was passed certain exemptions were allowed for facilities who were currently in the process of increasing bed size or in situations in which the county commissioners determined that there was an immediate need for the bed. Occupancy rate issue as it relates to change in format; currently the rates are set at 75th percentile based on the rate cost with the direct care cost and 60th percentile based indirect cost. The Chair stated that perhaps the formula should be looked at in terms of the level of complexity to determine if the form could be improved.

Mr. Gary Fuquay, State Controller's office was also available to answer questions.

The meeting was adjourned at 4:45 p.m.



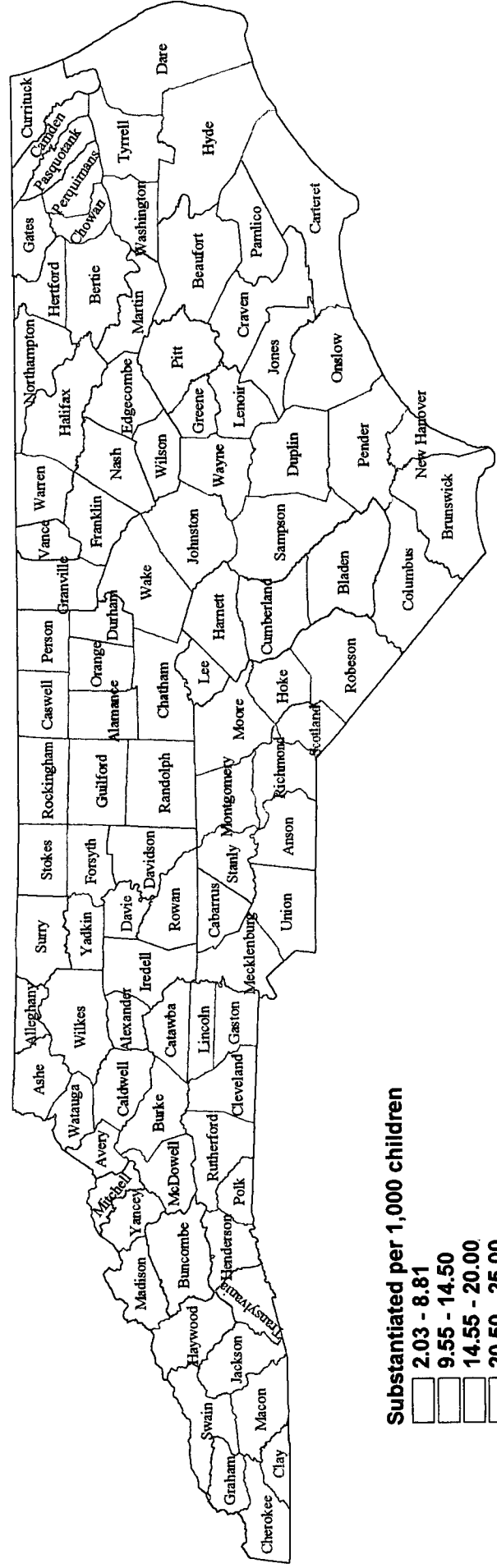
William N. Martin, Chair



Joyce Crews Hodge, Clerk

NORTH CAROLINA CHILD PROTECTIVE SERVICES INVESTIGATIVE ASSESSMENTS

Children Substantiated for Child Maltreatment*



*State fiscal year 1999-2000
 Average for the State is 17.21/1,000 children

05/10/2001

Department of Health and Human Services

Division of Social Services



April 10, 2001

North Carolina General Assembly
Fiscal Research Division

04.10.2001 Am

Division of Social Services

Mission

To assist and provide opportunities for individuals and families in need of basic economic support and services to become self-supporting and self-reliant....in cooperation with county departments of social services, and other public and private entities, the Division seeks to identify needs, devise and focus resources, and deliver services responsibly and compassionately.

Division of Social Services

Social Services System

State Supervised – County Administered

- Legislature makes laws and appropriates funds
- State agency sets policy and regulations
- Counties set priorities, appropriate funds and deliver services

Combination of State, Local and Federal Funding Sources

- Mandatory Services
- No mandated levels of service
- Levels of service vary across the State

Division of Social Services

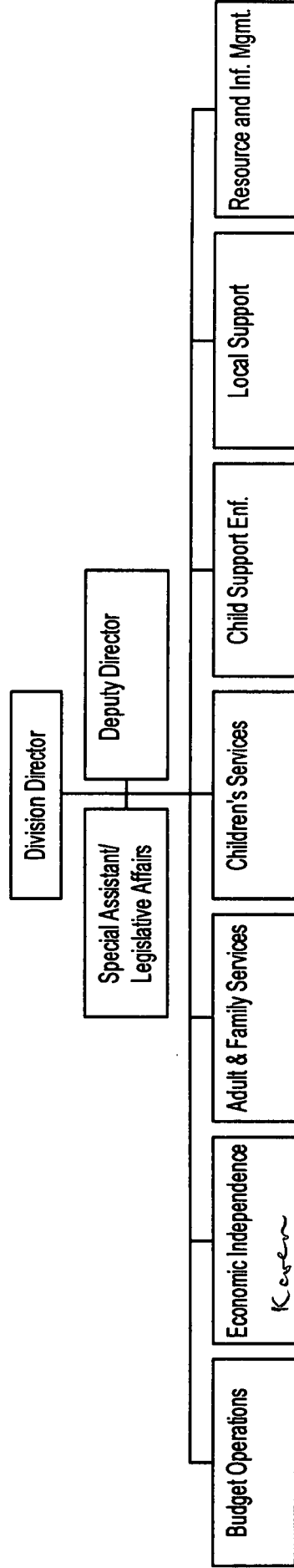
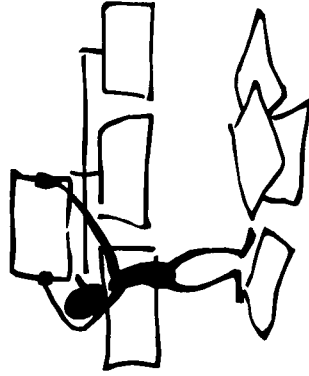
Authority

G.S. 153A-255

Each county shall provide Social Service Programs.....intended to further the health, welfare, education, employment, safety, comfort, and convenience of it's citizens.

Division of Social Services

Organization



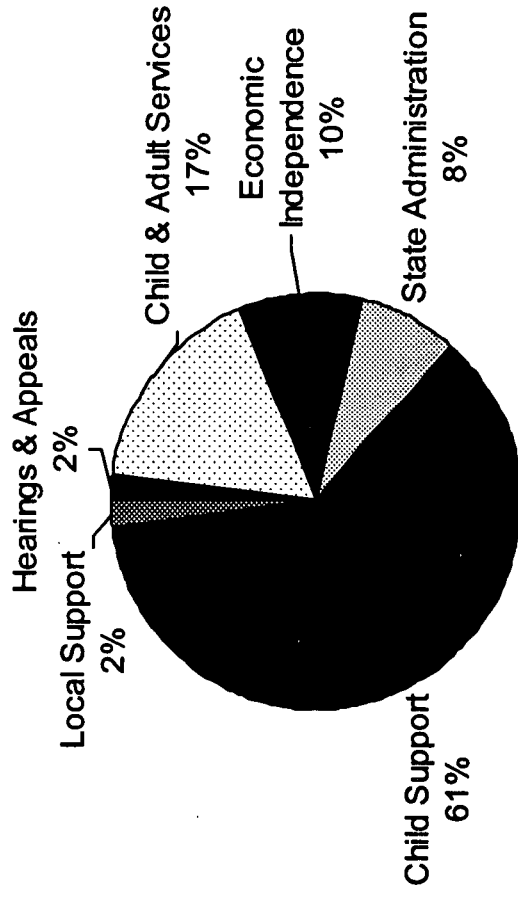
Total Positions = 857

April 10, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Social Services

Positions by Function



Total Positions = 831

2000-2001 Authorized Positions

April 10, 2001

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Division of Social Services

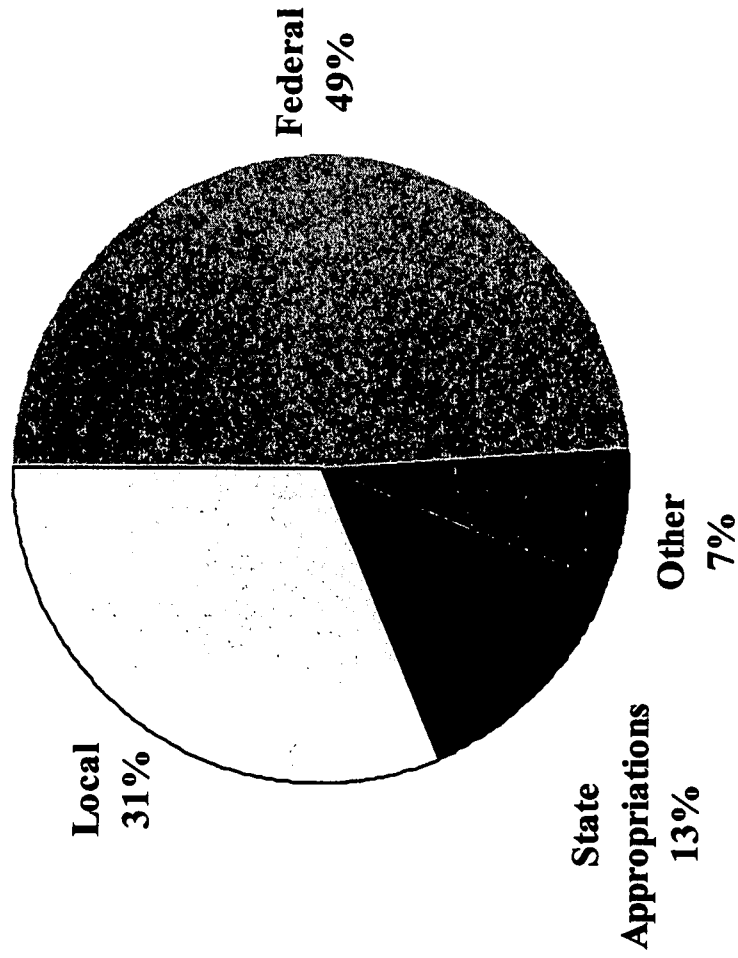
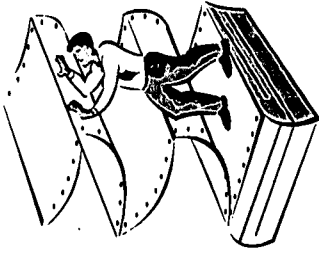
Budget Summary 2001-2003



Description	99-00	00-01	01-02	02-03
	Actual	Authorized	Recommended	Recommended
Total Requirements	\$ 1,249,316,540	\$ 1,291,037,944	\$ 1,283,933,027	\$ 1,301,290,874
Estimated Receipts	\$ 1,105,310,514	\$ 1,101,215,959	\$ 1,090,984,913	\$ 1,101,269,466
Net Appropriation	\$ 144,006,026	\$ 189,821,985	\$ 192,948,114	\$ 200,021,408
Total Number of Positions	761	857	857	857

Division of Social Services

Funding Sources



TOTAL: \$ 1,249,316,540 (1999-2000 Actual Expenditures)

April 10, 2001

North Carolina General Assembly
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Division of Social Services

Programs and Services

- **Children's Services**
- **Adult and Family Services**
- **Child Support Enforcement**
- **Economic Independence**

Division of Social Services

Children's Services



The Children's Services Section works to ensure safe, permanent, nurturing families for every child. County Children's Services staff investigate child abuse, neglect and dependency, and help support and preserve families, keep children at -risk safe in foster homes, and find homes for foster children who need to be adopted.

Division of Social Services

Legislative Highlights

- **1997 Session:**
 - \$5,300,000 Child Welfare System Improvements
- **1998 Session:**
 - \$400,000 Intensive Family Preservation NR
 - \$95,000 Adoptive Parents Criminal Records Check R
- **1999 Session:**
 - \$250,000 Family Success Pilots NR
 - \$159,000 Adoption and Foster Care Workers (effective 00-01) R
- **2000 Session:**
 - \$500,000 Special Children Adoption Incentives Fund R
 - \$500,000 Foster Care Independent Living R
 - \$1,100,000 Special Children Adoption Fund R
 - \$200,000 Additional staff for Adoptions Program R

Division of Social Services

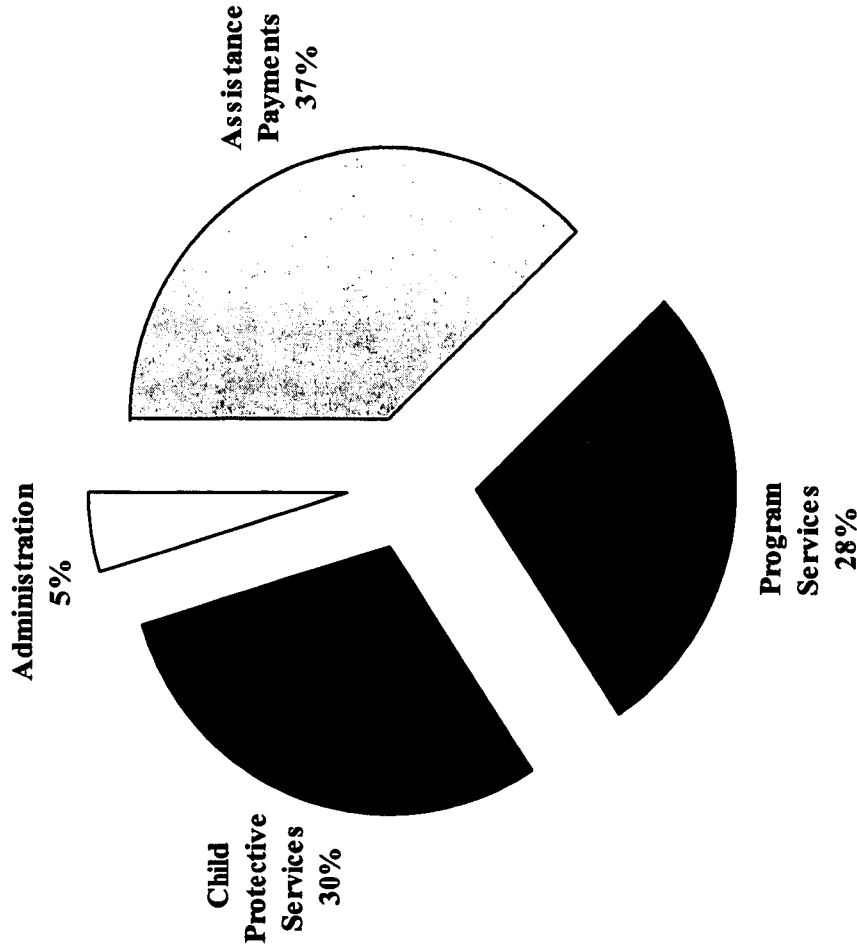
Services for Children:

- Child Protective Services
- Intensive Family Preservation Services
- Foster Care
- Adoptions



Division of Social Services

Expenditures for Children's Services



Total Expenditures = \$288,498,851*

Federal Share = \$176,396,019 (61.14%)

State Share = \$42,730,646 (14.81%)

County Share = \$58,838,423 (20.40%)

Other Providers = \$10,533,763 (3.65%)

*Based on FY 1999/2000 Reported Expenditures

April 10, 2001

North Carolina General Assembly
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Division of Social Services

Child Protective Services

The overall goal of Child Protective Services (CPS) is to protect children from abuse, neglect and dependency, while attempting to preserve the family unit.

Specific Activities Include:

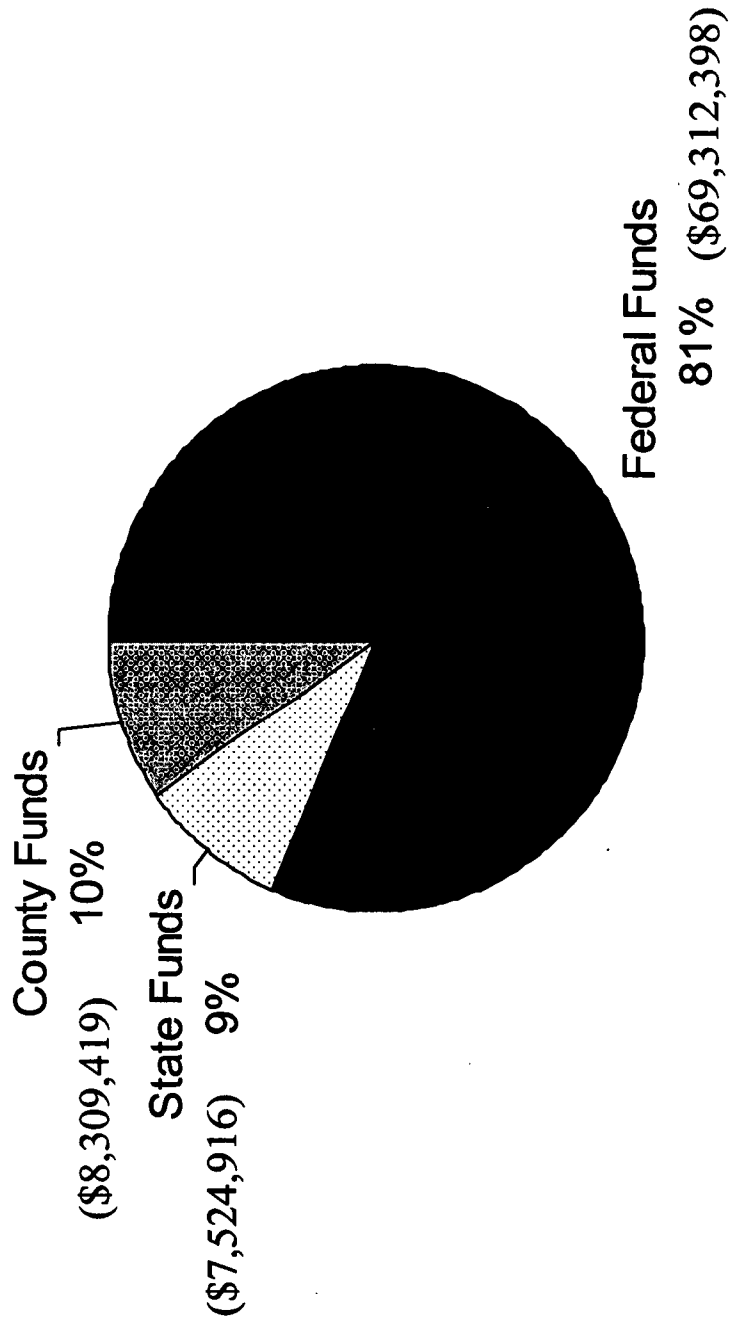
- **Investigating suspected cases of abuse and neglect;**
- **Assisting the family in diagnosing the problem;**
- **Providing in-home counseling and supportive services to help children stay at home with their families;**
- **Coordinating community and agency services for the family;**
- **Petitioning the court for removal of the child, if necessary; and**
- **Providing public information about child abuse, neglect, and dependency.**

Division of Social Services

Child Protective Services

- CPS is the portal of entry into the Child Welfare system of services.
- Local Departments of Social Services are mandated to accept and investigate reports of abuse, neglect and dependency.
- G.S. 7B-302 requires local staff to initiate an investigation immediately, but no later than 24 hours when physical or sexual abuse is alleged and an investigation within 72 hours for reports of neglect or dependency.

Division of Social Services Child Protective Services Funding



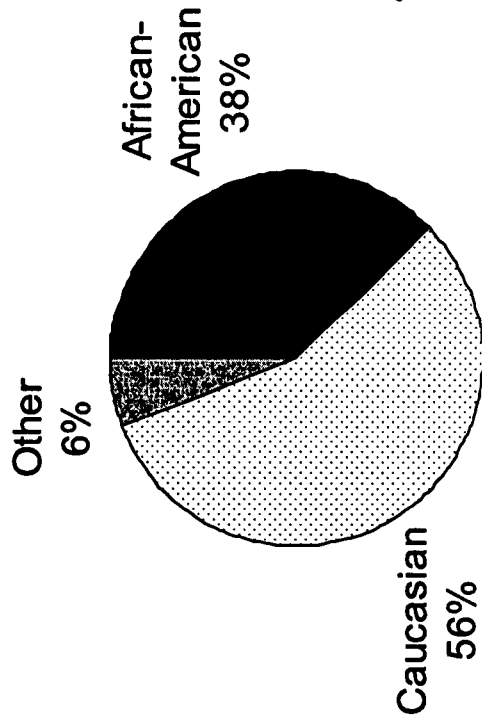
Total Funding for FY 99/00= \$85,156,119*

*Provider funding (<1%) included in the total funds, is not reflected in the chart.

Division of Social Services

Child Protective Services

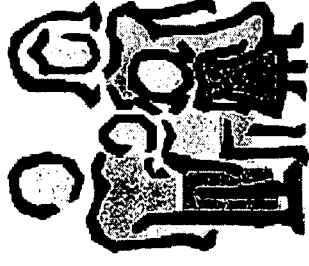
- 100,682 Children were subjects of an Investigative Assessment in FY 99/00.
 - Substantiated Cases = 31,828 children (31.6%)



*age 0-6
36% 7-12
Snellen 13-18*

Division of Social Services

Intensive Family Preservation Services



What is it?

The goal of Intensive Family Preservation Services (IFPS) is to prevent the unnecessary placement of children away from their families by providing intensive, in-home services that result in long-term improvements in parents' abilities to care for and protect their children.

Division of Social Services

Intensive Family Preservation Services

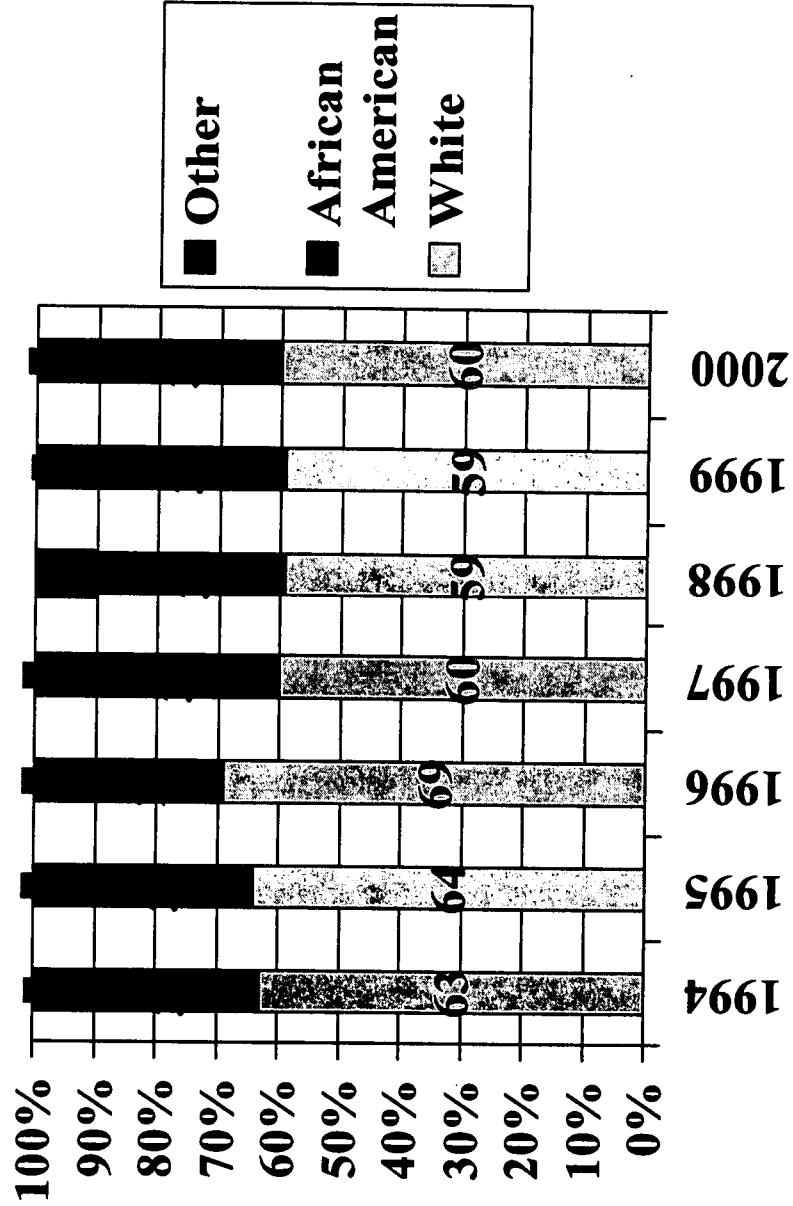
Program Design:

- Targets families with children at imminent risk of out-of-home placement.
- Time-limited services (not to exceed 6 weeks).
- At least 50% of the contact hours are in the family's home.
- 24 hour access to family preservation caseworker.
- Caseloads no greater than four families at any given time.

Division of Social Services

Intensive Family Preservation Services

Populations Served



Division of Social Services

Intensive Family Preservation Services

During FY 99/00 862 children were identified as at-risk of out-of-home placement. Of the 862 children identified, 57 children were placed in out-of-home settings, or were no longer living at home. IFPS diverted placement of 805 children(93%).

Division of Social Services

Child Placement Services

Child Placement Services are provided to children who need a temporary home and include:

- Providing temporary homes for children in DSS custody
- Supervising children in foster care;
- Providing ongoing counseling and support services to help families and children reunite and stay together;
- Providing extra counseling and support for families and foster parents of children who are ill, disabled or delinquent;
- Petitioning the court for legal termination of parental rights;
- Making recommendations for adoption for children unable to return home;
- Recruit, screen, and train potential foster care and adoption parents, and perform home studies and local criminal background checks of potential parents to ensure the safety of children.

Division of Social Services

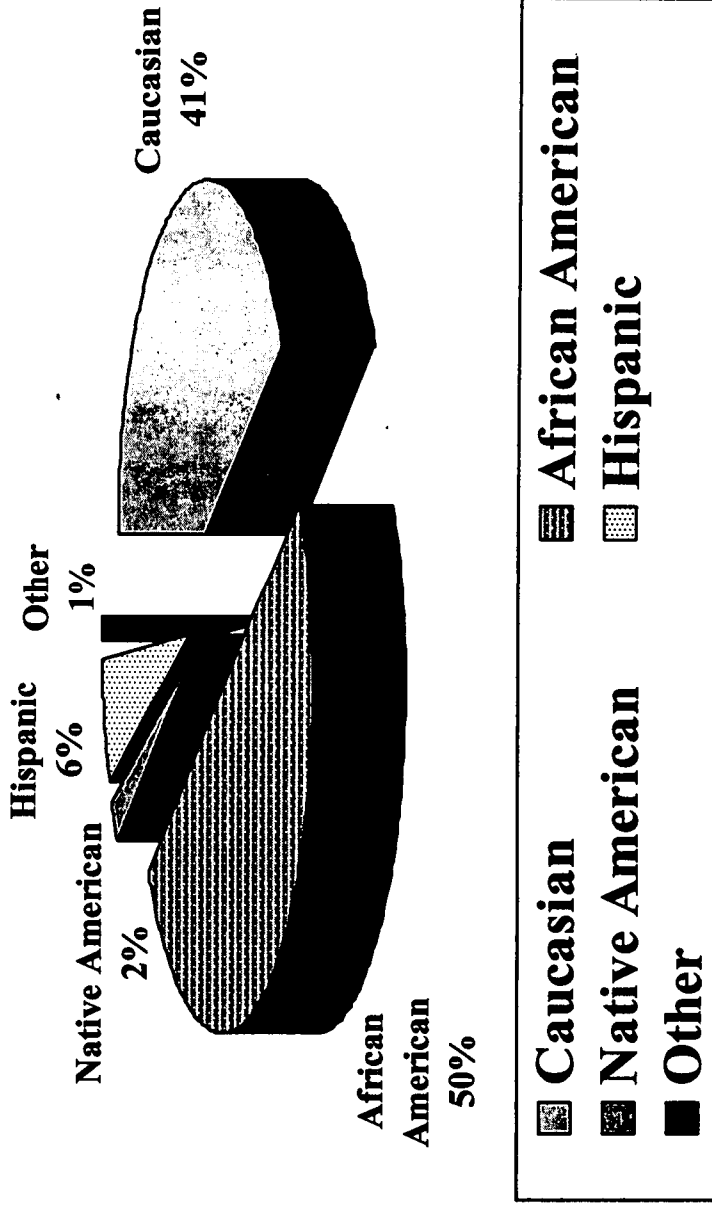
Foster Care

- In FY 99/00, 10,774 children were in DSS custody.
- Over 3,000 foster care children are currently in need of adoption.
 - 847 children are *available* for adoption.
 - 1,231 foster care children were adopted last year.
 - On average, children stay in foster care 20 months.

Division of Social Services

Foster Care

Race of Children in DSS Custody



N=10,774 FY 99/00

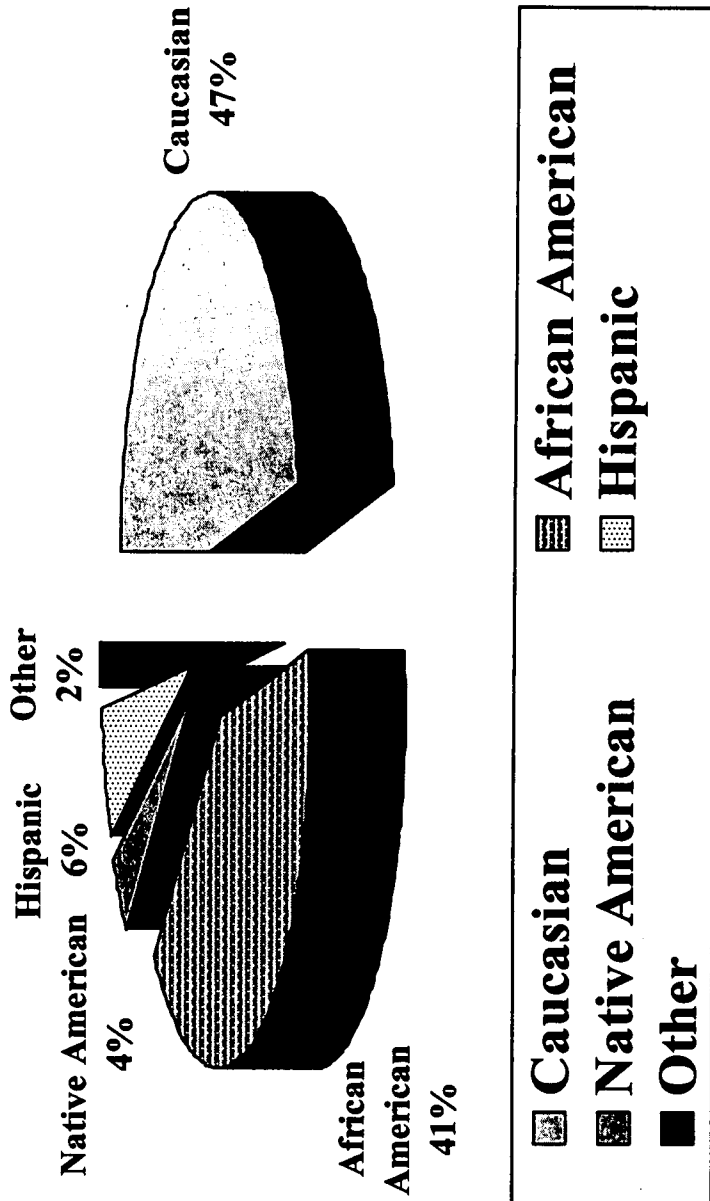
April 10, 2001

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Division of Social Services

Foster Care

Race of Children Entering Custody



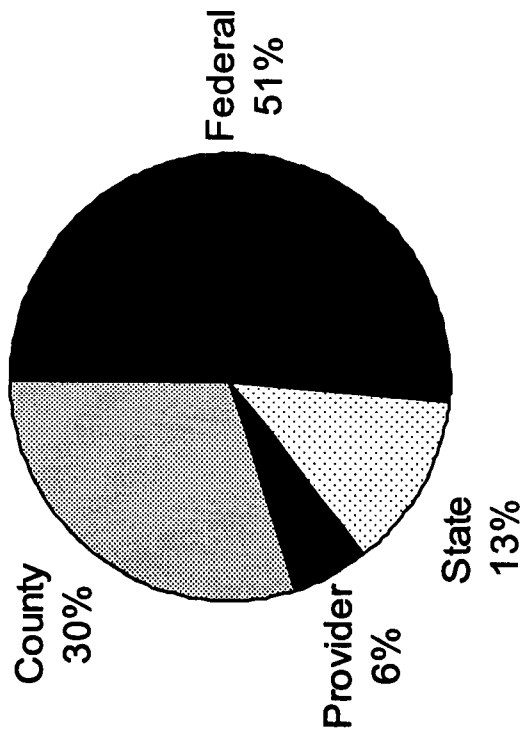
N=5,109

Division of Social Services

Foster Care Expenditures

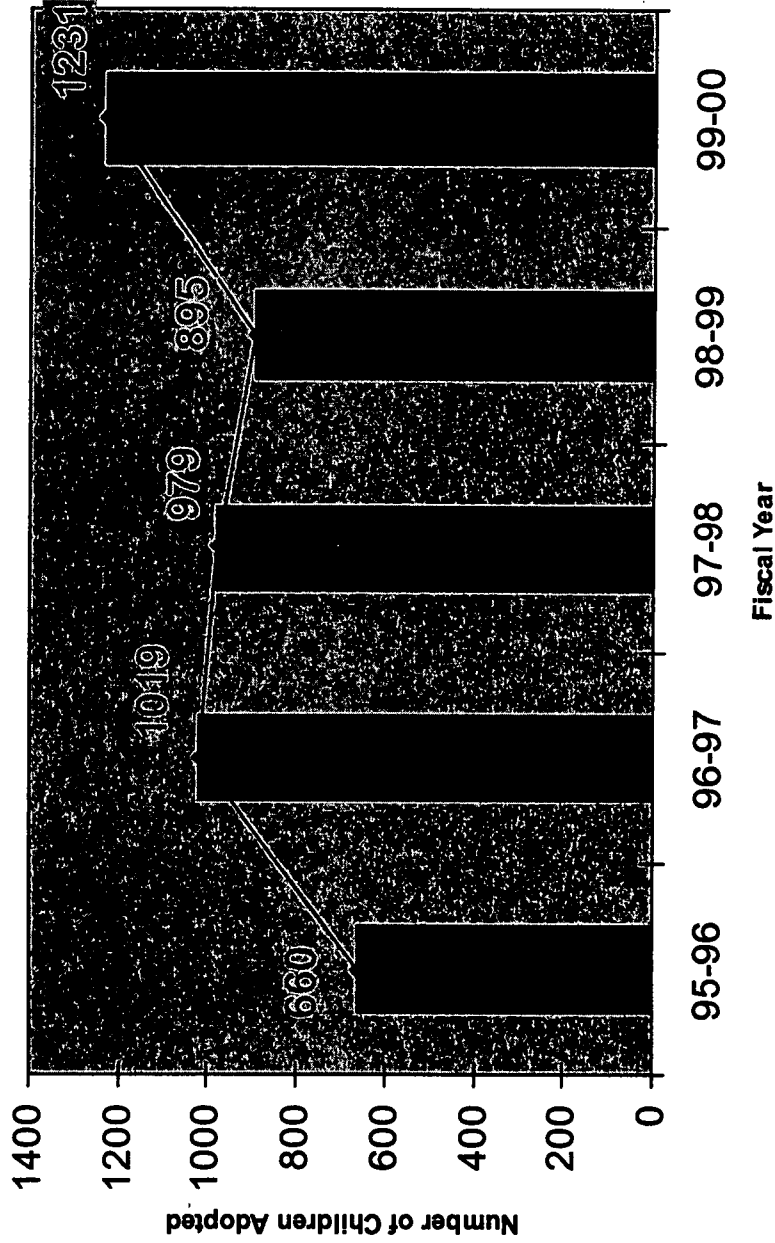
Total Expenditures for FY99/00 = \$142,084,685

- 43% of funds allocated to Program Services
- 57% of funds allocated for Assistance Payments



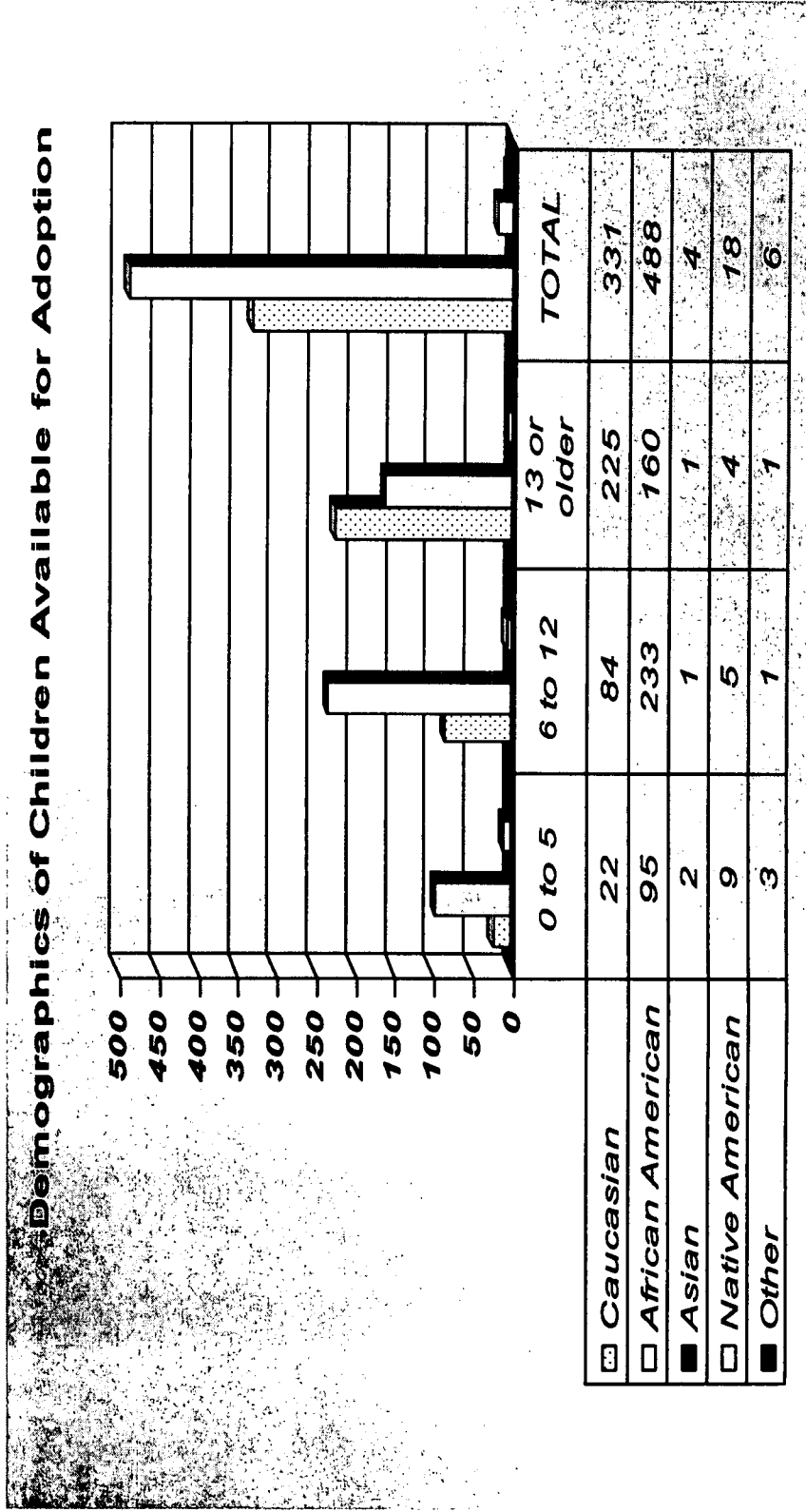
Division of Social Services

Adoption Services



Division of Social Services

Adoption Services



Total Children available for adoption = 847

April 10, 2001

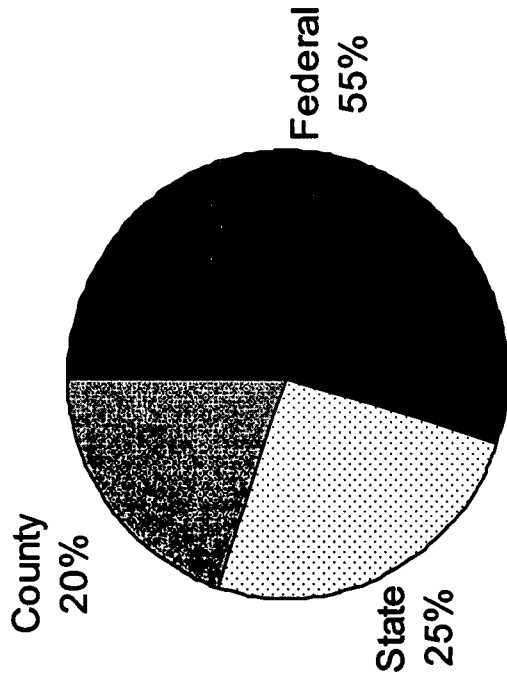
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Division of Social Services

Adoption Expenditures

Total Expenditures for FY99/00 = \$34,551,550

- 19% of funds allocated to Program Services
- 81% of funds allocated for Assistance Payments



Division of Social Services

Special Children Adoption Fund

- Established by the General Assembly in 1997.
 - Original fund amount = \$911,687
 - FY 2000 fund amount = \$3,911,687
- The number of children served through this funding has increased since FY 97/98.
 - 156 children served in FY97/98
 - 178 children served in FY98/99
 - 385 children served in FY99/00

Division of Social Services

Special Needs Adoptions Incentive Fund

Established by the General Assembly in 2000.

- Provided \$500,000 for selected licensed foster families to adopt children with very special needs.
- 24 counties have expressed an interest in participating.
- Fund can only be used to support adoptions that occurred on or after January 1, 2001.
- No funds have been expended to date.
- Anticipating the adoption of 50 – 60 foster care children with these resources.

Division of Social Services

Assistance Payments

<u>Age of Child</u>	<u>Assistance Payment*</u>
0 – 5 years of age	\$315
6 to 12 years of age	\$365
13 to 18 years of age	\$415

*Monthly Rate Established by the General Assembly

Division of Social Services

Assistance Payments

<u>HIV Status of the Child</u>	<u>Assistance Payment*</u>
Indeterminate Status	\$ 800
Confirmed HIV Infected, Asymptomatic	\$1,000
Confirmed HIV Infected, Symptomatic	\$1,200
Confirmed HIV Infected, Terminally Ill	\$1,600

*Monthly Rate Established by the General Assembly

Division of Social Services

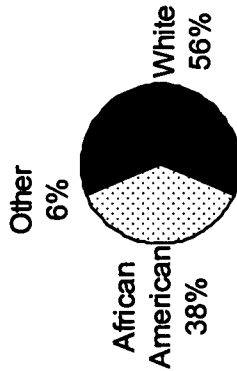
Policy Issues/Options

- Investigate options/strategies for obtaining a waiver for federal dollars to cost-share in the adoption of children with special needs.
- Degree of variation across the State in substantiated cases of child maltreatment.
- Evaluate the number of children adopted through private agencies vs. the number of children adopted through public agencies, and the cost per placement for future adoption program planning.
- Racial disparity continues to be an issue in Child Services. A disproportionate amount of African American children continue to be placed in out-of- home arrangements

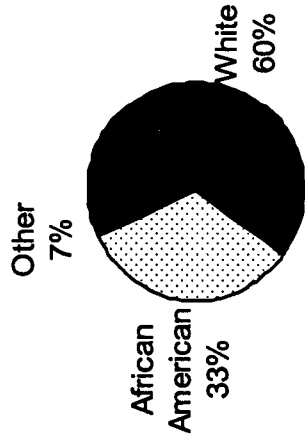
Division of Social Services

Children's Services

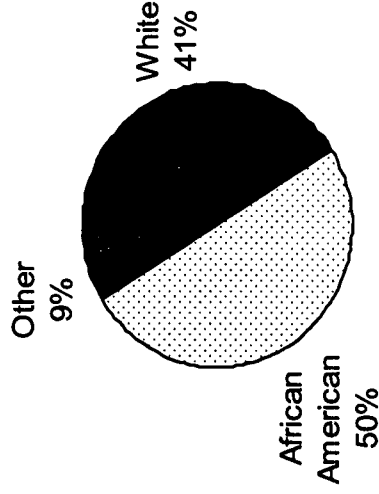
Portal - Child Protective Services



Diversion - Intensive Family Preservation Services



Placement - DSS Custody



Division of Social Services

Services for Adults and Families:

- Adult Protective Services
- Adult Placement Services
- State-County Special Assistance for Adults



April 10, 2001

North Carolina General Assembly
Fiscal Research Division

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Division of Social Services

Adult Protective Services

County departments of social services receive and evaluate reports to determine whether disabled adults are in need of protective services and what services are needed.

Activities include:

- Receiving reports of possible abuse;
- Evaluating the circumstances and need for protective services;
- Planning and counseling with the disabled adult, the family or caregiver to identify, remedy, and prevent problems which result in abuse, neglect, or exploitation;
- Reporting evidence of mistreatment to the District Attorney and various regulatory agencies when appropriate;
- Initiating court action as necessary to protect the adult; and
- Mobilizing essential services on behalf of the disabled adult.

Division of Social Services

Adult Placement Services

Adult Placement Services help aging or disabled adults find appropriate living and healthcare arrangements when their health, safety, and well-being can no longer be maintained at home. Placement arrangements are made in adult care homes, nursing homes, other substitute homes, residential health care settings, or institutions.

Division of Social Services

State/County Special Assistance for Adults

State County Special Assistance (SA) provides a cash supplement to aged and disabled persons with special needs. Payments are made to individuals living in an adult day care home, whose personal income does not cover the cost of care in the facility.

There are three types of SA:

- *Assistance for the Aged*
- *Assistance for the Disabled*
- *Assistance for the Certain Disabled*

Division of Social Services

State/County Special Assistance for Adults

Eligibility:

- Must be a resident of the State of North Carolina;
- A citizen of the United States;
- Local DSS Agencies determine ^{income} eligibility of applicants.

Division of Social Services

State/County Special Assistance for Adults

- Two Factors currently determine the costs of providing SA:
 - The size of the payments made to eligible recipients; and
 - The number of recipients.

Division of Social Services

State/County Special Assistance for Adults

- **Size of payments**
 - SA Payment = “countable income” – (monthly rate + Personal Needs Allowance)
 - Monthly rate is currently at \$1,062
 - Personal Needs Allowance is currently at \$36/month
 - The average monthly SA payment for FY 99/00 was \$434.
- **Number of Recipients**
 - Continues to increase as the population ages and life expectancy increases.

Division of Social Services

Special Assistance Demonstration Project

1999 Legislation approved DHHS to conduct a pilot project to provide SA to up to 400 eligibles living at home. The final report is due to the General Assembly in 2001.

Division of Social Services

Status of New Resident Evaluation Services

- Established by the General Assembly in 1999 to provide Resident Evaluation Services (RES) to applicants and recipients of SA.
- Implementation of Phase I of RES began in March, 2000.
- Phase II is scheduled to begin with an eight-month pilot, starting July 1, 2001 and operating through February 28, 2002.
- Statewide implementation is scheduled to begin in May, 2002.

Division of Social Services

Resident Evaluation Services

- Resident Evaluators provide the following functions:
 - Assess SA applicants and recipients for level-of-care requirements.
 - Assess SA applicants and recipients for mental health service needs and refer them to area mental health programs or other qualified professionals.
 - Assess SA applicants and recipients to identify those who need community based services and refer them to appropriate services.
 - Provide technical assistance to facilities on resident assessment and care planning using the new assessment instrument.

Division of Social Services

Expenditure Growth in Adult Care Homes

Total Expenditures in 1994/95 = \$123,781,835

Total Expenditures in 1999/00 = \$203,960,202

Total Certified Budget for 00/01 = \$252,872,124

There has been a 104% increase in expenditures over the last 7 years. Total expenditures have more than doubled.

Division of Social Services

Performance Audit

Summary of Findings

Program Statistics

- The number of Adult Care Beds has continued to increase since the 1997 statewide moratorium.
- The Department is not maintaining records on the status of exempted beds.
- The State is developing a comprehensive plan for long-term care that includes the provision of Adult Care Home Services.

Laws, Policies and Procedures

- The Department is inconsistently enforcing the Law governing Adult Care Homes Cost Reporting.
- The Department has limited means for assuring the quality of care in Adult Care Homes.

Division of Social Services

Performance Audit *Summary of Findings*

Financial Information

- The Department is not reviewing the cost report audit procedures.
- The Department does not allow electronic submission of cost reports.
- Cost reports do not require disclosure of related party or conflict of interest relationships or transactions.
- Adult Care Homes audit procedures need to be strengthened.

Occupancy Rates Impact

- The current methodology recognizes occupancy rates.
- Detailed financial data needed to evaluate the percentiles used is not required by the State.
- The Department has consistently applied the methodology approved by the General Assembly.

Division of Social Services

Performance Audit

Summary of Recommendations

Program Statistics

- The General Assembly should carefully review the number of beds approved under each exemption category.
- The Department should develop procedures to periodically determine the status of exempted adult care home beds. These records should be maintained and be available for the General Assembly to review.
- The Department should continue efforts to address the provision of adult care home services as part of the continuum of long-term care, provisions should address the growth of the industry, the cost of providing services, as well as quality of care issues.

Division of Social Services

Performance Audit

Summary of Recommendations

Laws, Policies and Procedures

- The Division of Facility Services should immediately implement a process to suspend admission of those facilities not in compliance with GA 131-D-4.2. Facility Services should develop and implement clear, step-by-step procedures to follow when a facility does not submit the required cost reports. Further, the Division should maintain adequate records to monitor current status of reporting facilities. The Department of the Controller's Office should revise delinquency notification to reflect current law and set clear instructions and time limits for performing functions. Finally, the two Divisions should work together more closely to ensure compliance and resolve issues regarding questioned facilities.
- Support the Department's initiative in exploring alternative payment procedures that could have a more direct affect on quality of care. The Department should communicate payment options to the General Assembly for consideration.

Division of Social Services

Performance Audit

Summary of Recommendations

Financial Information

- The Department Controller's Office and the Internal Auditor should determine which Division should perform a detailed review of the submitted cost report audit procedures.
- The Controller's Office should develop a plan to phase in electronic filing of adult care homes cost reports.
- The Department should begin requiring conflict of interest and related party disclosure in the cost report.
- The Department Office of Internal Auditor should modify the audit procedures to include procedures designed to insure that all related party transactions identified are reasonable and necessary to the operation of the facility. Also, procedures should be developed and implemented to verify the indirect or overhead costs passed down from the corporate office.

Division of Social Services

Performance Audit

Summary of Recommendations

Occupancy Rates

- The General Assembly needs to determine whether costs associated with revising the methodology provide sufficient increased benefits to the residents to mandate the change. Requiring the additional financial information would necessitate amending the General Statutes.
- The Department should continue to provide the General Assembly with options based on differing vacancy percentages for consideration in the rate approval process. These options should show the projected dollar impact associated with different levels. The General Assembly should consider establishing the monthly rate for a two-year inflation factor or a one-year inflation factor.

Division of Social Services

Services for Adults and Families:

- Adult Protective Services
- Adult Placement Services
- State-County Special Assistance for Adults



April 10, 2001

North Carolina General Assembly
Fiscal Research Division

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04.10.2001 Afternoon

Division of Social Services

Adult Protective Services

County departments of social services receive and evaluate reports to determine whether disabled adults are in need of protective services and what services are needed.

Activities include:

- Receiving reports of possible abuse;
- Evaluating the circumstances and need for protective services;
- Planning and counseling with the disabled adult, the family or caregiver to identify, remedy, and prevent problems which result in abuse, neglect, or exploitation;
- Reporting evidence of mistreatment to the District Attorney and various regulatory agencies when appropriate;
- Initiating court action as necessary to protect the adult; and
- Mobilizing essential services on behalf of the disabled adult.

Division of Social Services

Adult Placement Services

Adult Placement Services help aging or disabled adults find appropriate living and healthcare arrangements when their health, safety, and well-being can no longer be maintained at home. Placement arrangements are made in adult care homes, nursing homes, other substitute homes, residential health care settings, or institutions.

Division of Social Services

State/County Special Assistance for Adults

State County Special Assistance (SA) provides a cash supplement to aged and disabled persons with special needs. Payments are made to individuals living in an adult day care home, whose personal income does not cover the cost of care in the facility.

There are three types of SA:

- *Assistance for the Aged*
- *Assistance for the Disabled*
- *Assistance for the Certain Disabled*

Division of Social Services

State/County Special Assistance for Adults

Eligibility:

- **Must be a resident of the State of North Carolina;**
- **A citizen of the United States;**
- **Local DSS Agencies determine eligibility of applicants.**

Division of Social Services

State/County Special Assistance for Adults

- Two Factors currently determine the costs of providing SA:
 - The size of the payments made to eligible recipients; and
 - The number of recipients.

Division of Social Services

State/County Special Assistance for Adults

- **Size of payments**
 - SA Payment = “countable income” – (monthly rate + Personal Needs Allowance)
 - Monthly rate is currently at \$1,062
 - Personal Needs Allowance is currently at \$36/month
 - The average monthly SA payment for FY 99/00 was \$434.
- **Number of Recipients**
 - Continues to increase as the population ages and life expectancy increases.

Division of Social Services

Special Assistance Demonstration Project

1999 Legislation approved DHHS to conduct a pilot project to provide SA to up to 400 eligibles living at home. The final report is due to the General Assembly in 2001.

Division of Social Services

Status of New Resident Evaluation Services

- Established by the General Assembly in 1999 to provide Resident Evaluation Services (RES) to applicants and recipients of SA.
- Implementation of Phase I of RES began in March, 2000.
- Phase II is scheduled to begin with an eight-month pilot, starting July 1, 2001 and operating through February 28, 2002.
- Statewide implementation is scheduled to begin in May, 2002.

Division of Social Services

Resident Evaluation Services

- Resident Evaluators provide the following functions:
 - Assess SA applicants and recipients for level-of-care requirements.
 - Assess SA applicants and recipients for mental health service needs and refer them to area mental health programs or other qualified professionals.
 - Assess SA applicants and recipients to identify those who need community based services and refer them to appropriate services.
 - Provide technical assistance to facilities on resident assessment and care planning using the new assessment instrument.

Division of Social Services

Expenditure Growth in Adult Care Homes

Total Expenditures in 1994/95 = \$123,781,835

Total Expenditures in 1999/00 = \$203,960,202

Total Certified Budget for 00/01 = \$252,872,124

There has been a 104% increase in expenditures over the last 7 years. Total expenditures have more than doubled.

Division of Social Services

Performance Audit

Summary of Findings

Program Statistics

- The number of Adult Care Beds has continued to increase since the 1997 statewide moratorium.
- The Department is not maintaining records on the status of exempted beds.
- The State is developing a comprehensive plan for long-term care that includes the provision of Adult Care Home Services.

Laws, Policies and Procedures

- The Department is inconsistently enforcing the Law governing Adult Care Homes Cost Reporting.
- The Department has limited means for assuring the quality of care in Adult Care Homes.

Division of Social Services

Performance Audit *Summary of Findings*

Financial Information

- The Department is not reviewing the cost report audit procedures.
- The Department does not allow electronic submission of cost reports.
- Cost reports do not require disclosure of related party or conflict of interest relationships or transactions.
- Adult Care Homes audit procedures need to be strengthened.

Occupancy Rates Impact

- The current methodology recognizes occupancy rates.
- Detailed financial data needed to evaluate the percentiles used is not required by the State.
- The Department has consistently applied the methodology approved by the General Assembly.

April 10, 2001

North Carolina General Assembly
Fiscal Research Division

Division of Social Services

Performance Audit *Summary of Recommendations*

Program Statistics

- The General Assembly should carefully review the number of beds approved under each exemption category.
- The Department should develop procedures to periodically determine the status of exempted adult care home beds. These records should be maintained and be available for the General Assembly to review.
- The Department should continue efforts to address the provision of adult care home services as part of the continuum of long-term care, provisions should address the growth of the industry, the cost of providing services, as well as quality of care issues.

Division of Social Services

Performance Audit

Summary of Recommendations

Laws, Policies and Procedures

- The Division of Facility Services should immediately implement a process to suspend admission of those facilities not in compliance with GA 131-D-4.2. Facility Services should develop and implement clear, step-by-step procedures to follow when a facility does not submit the required cost reports. Further, the Division should maintain adequate records to monitor current status of reporting facilities. The Department of the Controller's Office should revise delinquency notification to reflect current law and set clear instructions and time limits for performing functions. Finally, the two Divisions should work together more closely to ensure compliance and resolve issues regarding questioned facilities.
- Support the Department's initiative in exploring alternative payment procedures that could have a more direct affect on quality of care. The Department should communicate payment options to the General Assembly for consideration.

Division of Social Services

Performance Audit

Summary of Recommendations

Financial Information

- The Department Controller's Office and the Internal Auditor should determine which Division should perform a detailed review of the submitted cost report audit procedures.
- The Controller's Office should develop a plan to phase in electronic filing of adult care homes cost reports.
- The Department should begin requiring conflict of interest and related party disclosure in the cost report.
- The Department Office of Internal Auditor should modify the audit procedures to include procedures designed to insure that all related party transactions identified are reasonable and necessary to the operation of the facility. Also, procedures should be developed and implemented to verify the indirect or overhead costs passed down from the corporate office.

Division of Social Services

Performance Audit

Summary of Recommendations

Occupancy Rates

- The General Assembly needs to determine whether costs associated with revising the methodology provide sufficient increased benefits to the residents to mandate the change. Requiring the additional financial information would necessitate amending the General Statutes.
- The Department should continue to provide the General Assembly with options based on differing vacancy percentages for consideration in the rate approval process. These options should show the projected dollar impact associated with different levels. The General Assembly should consider establishing the monthly rate for a two-year inflation factor or a one-year inflation factor.

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jennifer Indovina	Nat'l Assoc. of SW's - NC
Souci Schmidt	NC Justice Center
Kim Decker Berg	PTCAG Area Agency on Agency
Bessie Holles	DHHS
Joe LIBERTY	AHHC
De Brogden	NC DHHS
W Meager	OSBPM
Yammy Lester	OSBPM
Michelle Cotton	DMH/ool/SAS
Steve Saw	—
Lon Wilson	NCAHTC 7

Aylmeron

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NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Jim, etc	NHA/NC C-2001
Dave Richard	ARC/NC C-2001
Willie Stager	NACC
Danny Tottle	Pres WeahTF
Rogers	Bone Assoc.
Elizabeth Hunsome	UNC Chapel Hill
John Brudish	Atley & Associates

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Pam Benson	NC Primary Health Care Carey, NC 27511
Chris Rodgers	Parker, Poe Adams & Bernstein
Becki Street	Parker Poe Adams & Bernstein
Roz Sawitt	NC Child Care Coalition
Barry Miller	N.C. Child Support Enforcement / DSS
Paul LeSieur	DSS
Thurmer	DSS
Pheon Beal	DSS
Milita Thomas	DSS
Sonya Joman	DSS
John McMiller	MFRSPA

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NAME

FIRM OR AGENCY AND ADDRESS

Jennifer Mahan	MHA/NC
Whitney Briggs	State Budget
Mary Anne	State Budget
Wayne Williams	State Budget
Pam Richardson	State Budget
Bennie Hollen	DHHS
Tiffany Brown	Interior
Andy Elle	NCRMA

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Wednesday, April 11th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Social Services

*Karen Hammonds-Blanks
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**Minutes
April 11, 2001
8:30 A.M.**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Wednesday, April 11, 2001, in Room 424 of the Legislative Office Building.

House Co-Chair, Representative Beverly Earle opened the meeting by introducing the Pages. She thanked them for taking time to join the General Assembly for this week. The following members were present:

**Representative Edd Nye, Co-Chair
Representative Debbie Clary
Representative Theresa Esposito
Representative Verla Insko
Representative Thomas Wright**

Six Senate members were present.

Division of Social Services

Karen Hammonds-Blank continued the presentation from the previous meeting. She stated that the Division of Social Services is a very large division and she will focus only on "**Child Support Enforcement Program**". (See Attachment II) The Mission is to help children in absent parent families obtain financial support.

Child support enforcement services are available to anyone who wants or needs help in collecting child support through a network of state and locally operated offices across the state. Local child support offices, many of which are located in county departments of social services, serve each county in the state.

Child Support Enforcement

The creation of a nationwide system of child support was in response from Congress to reduce public expenditures on welfare. This was established in 1975, and the child support enforcement program is a federal/state/local partnership. The Federal government's cost share is 66% and state/counties share is 34%.

Services are available to anyone responsible for a child, regardless of income. Any family receiving temporary assistance for needy families (TANF) are required to Appropriations Subcommittee on Health and Human Services

Minutes
April 11, 2001
Page 2

participate in the program. A child support order may be established for children up to age 18 (20 if the child is still in high school). Enforcement of support obligations are:

- Income Withholding by Employers
- Filing Court Action
- Credit Bureau Reporting of Child Support Obligations Handled by CSE
- Interception of State & Federal Tax Returns
- Liens of Real or Personal Property

Future funding for the child support enforcement in \$1.9 million in new appropriations which is required to continue and complete the child support enhancements.

Questions and comments were made at this time, answered by staff and the meeting was adjourned.

Respectfully submitted,



Presiding Co-Chair, Representative Beverly Earle



Committee Assistant, Ann Raeford

Attachments

Attachment I
Attachment II
Attachment III

Agenda
Child Support Enforcement Program
Visitor's Registration

Department of Health and Human Services

Division of Social Services

Child Support Enforcement Program

**NORTH CAROLINA GENERAL ASSEMBLY
FISCAL RESEARCH DIVISION
APRIL 11, 2001**

DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

**NORTH CAROLINA GENERAL ASSEMBLY
FISCAL RESEARCH DIVISION
APRIL 11, 2001**

**North Carolina's Bifurcated System of Child Support
Enforcement**

State/County Child Support Operations:

- ◆ **87 CSE Offices Across the State
(70 County-Specific & 17 State Offices Serving 30 Counties)**
- ◆ **Serving Approximately 500,000 Clients**
- ◆ **Collecting Approximately \$417M**

Local Clerks of Court Child Support Operations:

- ◆ **100 Clerks of Court Across the State**
- ◆ **Serving Approximately 53,000 Clients**
- ◆ **Collecting Approximately \$250M**

**DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT**

MISSION:

- **To Help Children in Absent Parent Families Obtain Financial Support**
- **Child Support Enforcement Services are Available to Anyone Who Wants or Needs Help in Collecting Child Support through a Network of State and Locally Operated Offices Across the State.**
- **Local Child Support Offices, Many of Which are Located in County Departments of Social Services, Serve Each County in the State.**



DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

- The Creation of a Nationwide System of Child Support was A Response from Congress to Reduce Public Expenditures on Welfare (Title IV-D of the Social Security Act);
- Established in 1975, the Child Support Enforcement Program is a federal/state/local partnership;
- The Federal Government Cost Shares 66% & State/Counties' Share is 34%

DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

Who May Receive Services?

- Services are Available to Anyone Responsible for a Child, Regardless of Income;
- Families Receiving Temporary Assistance for Needy Families (TANF) are Required to Participate;
- Others May Apply for Services; and
- Child Support Orders May be Established for Children Up to Age 18 (20 if the Child is Still in High School)

DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

What Services Are Available?

- Location of Absent Parents
- Paternity Establishment
- Establishment & Modification of Support Obligations*
- Collections & Distribution of Support
- Enforcement of Support Obligations*

*Clerks of Court Provide These Services

DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

Enforcement of Support Obligations:

- ◆ Income Withholding by Employers
- ◆ Filing Court Action
- ◆ Credit Bureau Reporting of Child Support Obligations Handled by CSE;
- ◆ Interception of State & Federal Tax Returns
- ◆ Liens on Real or Personal Property Owned by the Non-custodial Parent

DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

*North Carolina's System is Further Fragmented Between
State and County Operated CSE Offices*

- State Operations
- County Operations (Primarily Local DSS's,
Also County Managers, Attorneys and Private
Contracts

DIVISION OF SOCIAL SERVICES

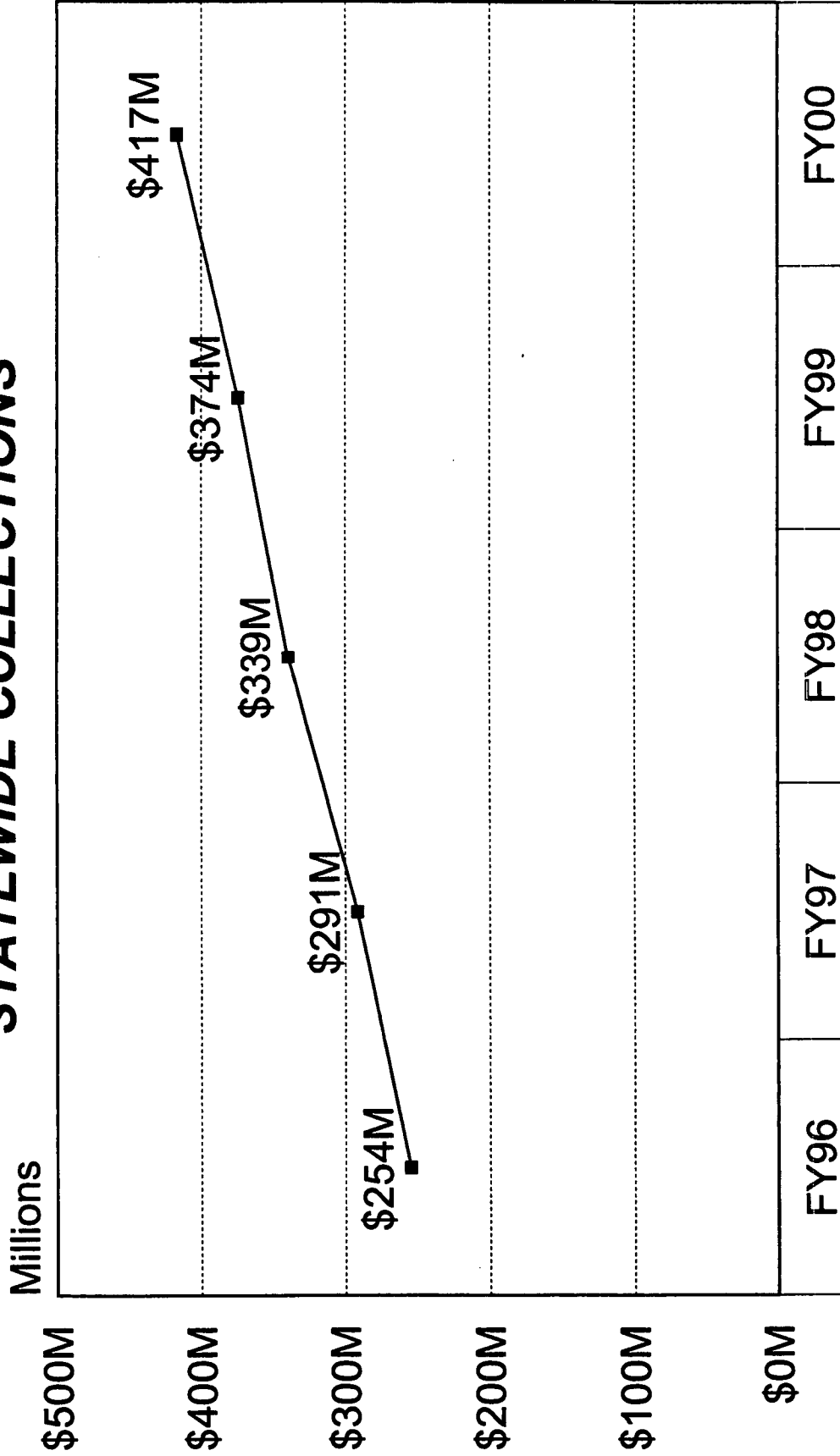
CHILD SUPPORT ENFORCEMENT

CSE Offices Statewide

- ◆ **FY99/00 Total Caseload: 499,971**
- ◆ **Average Caseload Per Agent: 547
(914.5 CSE Agents)**
- ◆ **FY99/00 Paternities Established: 36,863**
- ◆ **FY99/00 Orders Established/Modified: 34,309**
- ◆ **FY99/00 Total Collections: \$416,943,631**

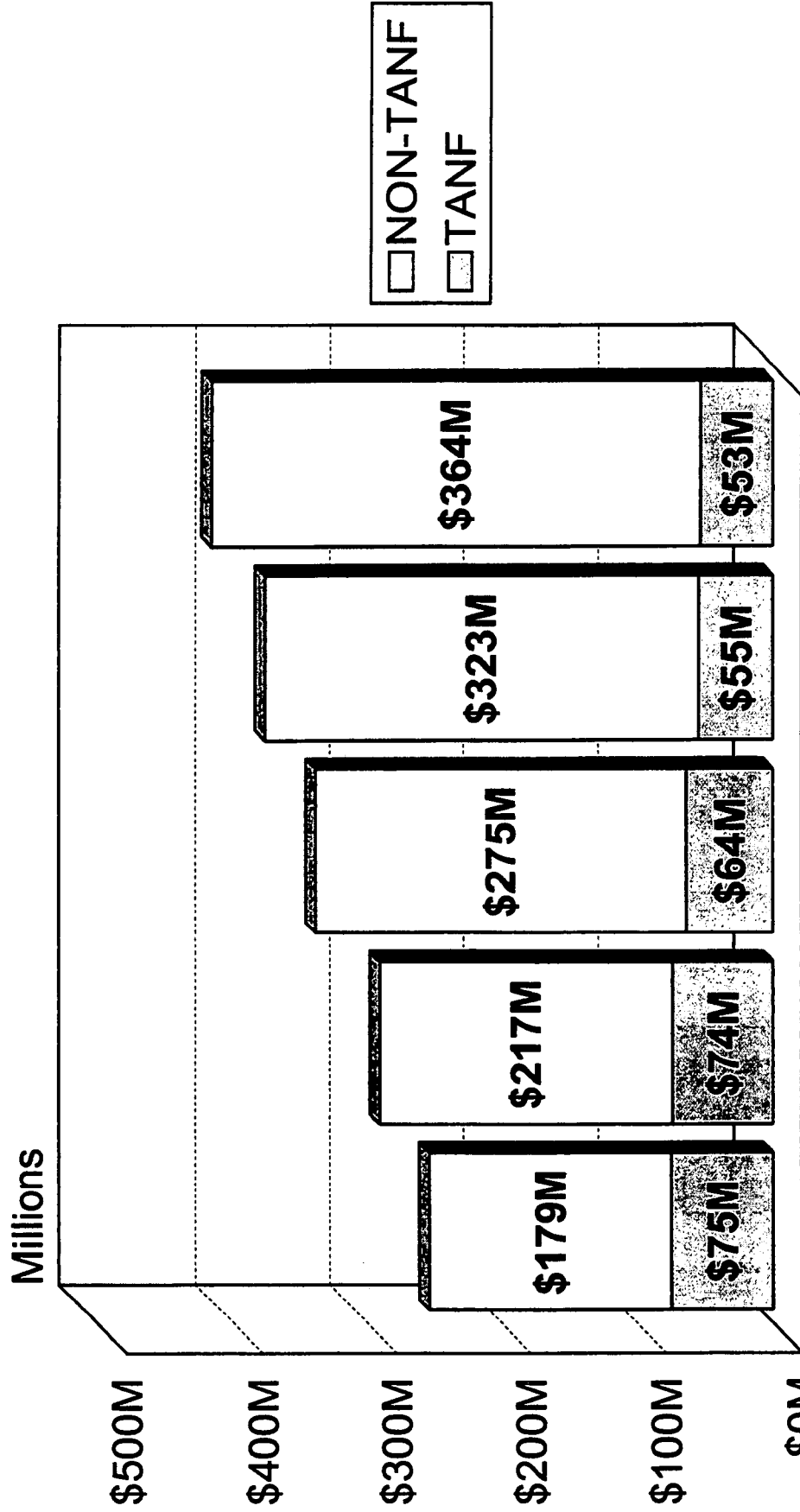
**DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT**

STATEWIDE COLLECTIONS



DIVISION OF SOCIAL SERVICES CHILD SUPPORT ENFORCEMENT

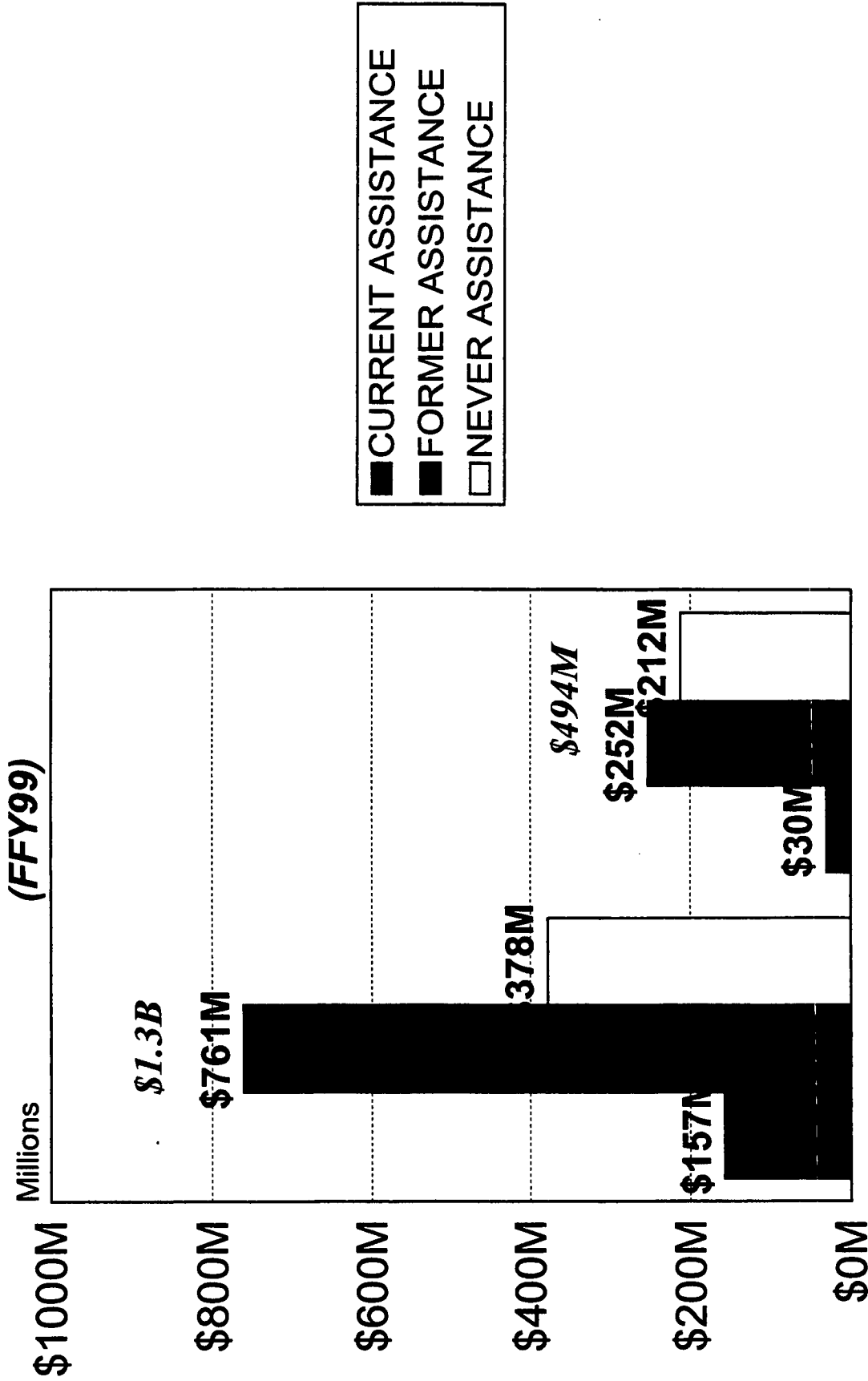
Statewide Collections by Type



FY95/96 FY96/97 FY97/98 FY98/99 FY99/00

**DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT**

STATUS OF SUPPORT OBLIGATIONS STATEWIDE



**DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT**

State Operated CSE Offices

FY 00/01 REQUIREMENTS: \$54,501,040
FY00/01 RECEIPTS: 47,154,781
FY00/01 APPROPRIATIONS: 7,346,259

STAFF: 519 FTE'S
(80 Positions Created FY99/00)

FY99/00 Total Caseload: 125,334

Average Caseload Per Agent: 664

FY99/00 Paternities Established: 6,105

FY99/00 Orders Established/Modified: 12,237

FY99/00 Total Collections: \$104,246,187

DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

State Operated CSE Offices

RANGE IN COLLECTIONS-TO-COST RATIO:

- A Low of \$4.64 Collected to Every \$1 Spent
- A High of \$7.89 Collected to Every \$1 Spent
- Statewide Average: \$6.41

RANGE IN COLLECTIONS GROWTH:

- A Decrease of 1%
- An Increase of 17.2%
- Statewide Average: 8% Increase

RANGE IN CASELOAD PER AGENT:

- 423/Agent - 990/Agent

**DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT**

State Operated CSE Offices

RANGE IN PATERNITIES ESTABLISHED PER AGENT:

- A Low of 16 Established Per Agent
- A High of 60 Established Per Agent
- Statewide Average: 32/Agent

RANGE IN NEW ORDERS ESTABLISHED PER AGENT:

- A Low of 17 Per Agent
- A High of 77 Per Agent
- Statewide Average: 31/Agent

RANGE IN COLLECTIONS PER AGENT:

- A Low of \$419K/Agent
- A High of \$794/Agent
- Statewide Average: \$552K/Agent

**DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT**

**CSE WORKLOAD ANALYSIS
(Selected Counties)**

County	Cases	Caseload Per Agent	Paternities Per Agent	New Orders Per Agent	FY00 Collections
Randolph	5,158	860	38	43	\$759K
Richmond	5,224	475	52	49	\$419K
Union	5,435	679	45	33	\$615K
Columbus	5,366	596	54	55	\$361K
Halifax	6,291	524	38	54	\$526K
Robeson	16,015	667	92	82	\$418K
Wake	20,131	530	17	30	\$539K
State Offices	125,334	664	32	31	\$552K
Statewide	499,791	547	40	38	\$456K

**DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT**

CLIENT SUPPORT SERVICES CALL CENTER

Purpose:

Provide a Central Client Support Center to Respond to the Various Needs of Child Support Clients

Plan:

- ◆ Operate a Monday-Friday, 12-Hour Call Center
- ◆ Provide 24-Hour Voice Response Unit
- ◆ Create 80 New Positions
- ◆ FY99/00 Estimated Costs: \$2.4M
- ◆ FY99/00 Net State Costs: \$1.85M
- ◆ FY99/00 Proposal to Support With Existing State Funds
- ◆ Estimated \$3.8M Operational Costs (One-time Costs \$2.4M)

DIVISION OF SOCIAL SERVICES
CHILD SUPPORT ENFORCEMENT
CLIENT SUPPORT SERVICES CALL CENTER

New Center Musts:

- ◆ Tier 1 or Tier 2 County
- ◆ Available Workforce
- ◆ Reliable Communications Provider & Necessary Communications Lines
- ◆ Adequate Facility and Support Structure Available 90-120 Days (As of April 2000)

Current Status:

- ◆ Building Built in Martin County
- ◆ 59 Staff Currently Employed
- ◆ Center Tentatively Operational May 2001
- ◆ FY00/01 Funded With Existing State Funds (Nonrecurring)
- ◆ FY01/02 \$1.5M Included in Governor's Expansion Budget

DIVISION OF SOCIAL SERVICES

CHILD SUPPORT ENFORCEMENT

Policy Issues

- 1. Efficiency & Effectiveness of State Operated Child Support Enforcement Offices**
 - Consistency in Performance
 - Established Standards
 - County Offices Performance

- 2. Future Funding for the Client Support Call Center**
 - \$1.9M in New Appropriations is Required to Continue & Complete the Planned Child Support Enhancements

VISITOR REGISTRATION SHEET

Joint Approp/Sub on Health and Human Services

April 11, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MARY GREENE	OSBPM
WHITNEY O'BRIEN	OSBPM
Wayne Williams	OSBPM
Pam Richardson	OSBPM
<i>[Signature]</i>	NCAATC 7
Jack Moore	MOX ADF
Jim Tate	NHA/NC
Jack Somers	NC Council
Andy Eller	NCRMA
Stacy Flannery	NCHCFA

VISITOR REGISTRATION SHEET

Joint Approp/Sub on Health and Human Services

April 11, 2001

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
ANN LOBE	OUHS
Roz Savitt	NC Child Care Coalition
Paul LaSieur	DSS
Nancy Costen	DSS
Sharon Rasmussen	NC DSS
Pheon Beal	NC DSS
Albert R. Morris	NC DSS
Sharon Hurd	NC Social Services Consortium
Dennis Hollen	DHHS
Joe LIBERA	AHHC
Jerry Harkley	NC Food Bank

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Thursday, April 12th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Social Services

*Karen Hammonds-Blanks
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Thursday, April 12, 2001

8:30 A.M.

Room 424, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Thurs, April 12, 2001, at 8:30 A.M. in Room 424 of the Legislative Office Building. Members present were: Representative Edd Nye and Representative Beverly Earle, Co-Chairs; Representative Theresa Esposito, Representative Verla Insko, Representative Thomas Wright, and Representative Mark Crawford. There were six senators present.

Representative Nye presided over the meeting. He introduced Representative Mark Crawford, who replaced former Representative Lanier Cansler.

Karen Hammonds-Blanks, fiscal research staff, provided a presentation overview of the economic independence section of the Division of Social Services (See Attachment). There are three broad areas in this section. "Work First Program" helps to move welfare families to self-sufficiency, Food Stamps help low-income families pay for food, and Program Integrity helps low-income households that are in crisis. Due to time constraints, she only discussed the Work First Program. She reviewed the history of the reform in welfare in the State. In August 1996, Congress and the President enacted Federal Welfare Reform (Personal Responsibility and Work Opportunities Reconciliation Act). This replaced the old entitlement program known as the Aid to Families with Dependent Children (AFDC). The purpose of the Work First Program is to provide eligible families with short-term assistance to facilitate their movement to self-sufficiency through gainful employment, not the mere reduction of welfare rolls. The ultimate goal is the gradual elimination of generational poverty. The Work First Program provides an array of services and supports: cash assistance, short-term training, childcare assistance, transportation to work or training, job readiness, parenting education, financial planning, and other services to help families become self-sufficient.

The Committee had questions concerning the presentation and information listed in the handout. Representative Insko asked how the amount of the block grant gets set. Ms. Hammonds-Blanks responded that there are two components; the continuation budget state funds and Temporary Assistance for Needy Families (TANF).

Ms. Hammonds-Blanks gave an overview of how the Work First Program is doing after five years. Maximus, Inc. contracted to Evaluate Work First Program and former welfare programs. There were three key findings: The length of stay on welfare is shorter under

Work First, welfare payments were less for Work First, and little difference was found in employment and earnings. There is an executive summary that details the findings.

The Temporary Assistance For Needy Families Block Grant was reviewed. There are four goals; to end welfare dependence, to encourage the formation and maintenance of two-parent families, to reduce the incidence of out-of-wedlock births, and to provide assistance to needy families so children may be cared for in their own homes. Senator Forrester asked if these goals are being met. Each county is measured on these issues. The Department will get information for him. Senator Kerr expressed concern with the number of babies born to single parents. Representative Esposito pointed out there may be a downturn in the economy and was concerned with how it will affect the program. Ms. Hammonds-Blanks answered other Committee members' questions.

The meeting was then adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

DIVISION OF SOCIAL SERVICES

ECONOMIC INDEPENDENCE

**NC GENERAL ASSEMBLY
FISCAL RESEARCH DIVISION
APRIL 12, 2001**

DIVISION OF SOCIAL SERVICES

ECONOMIC INDEPENDENCE

- ◆ **Work First**
 - ✓ **Moving Welfare Families to Self-Sufficiency**
- ◆ **Food Stamps**
 - ✓ **Helping Low-Income Families Pay for Food**
- ◆ **Program Integrity**
 - ✓ **Helping Low-Income Households in Crisis**

DIVISION OF SOCIAL SERVICES

CHRONOLOGY OF WORK FIRST PROGRAM

- Began by Executive Order of Former Governor Jim Hunt in July 1995
- July 1996, Via Federal Waivers, Work Requirements and Time Limits Instituted
- August 1996, Congress & the President Enacted Federal Welfare Reform (Personal Responsibility and Work Opportunities Reconciliation Act)
- August 1997, NC Legislature Enacted Welfare Reform
- October 1998, NC Legislature Modified 1997 Law
- July 1999, NC Legislature Modified Law

DIVISION OF SOCIAL SERVICES

WORK FIRST

CHRONOLOGY OF WORK FIRST PROGRAM

- G.S. 108A, Article 2 (North Carolina's Welfare Reform Laws)
- Standard and Electing Counties Selected During 1998 Session
- First Work First Plan Approved by the General Assembly During the 1998 Session

DIVISION OF SOCIAL SERVICES

WORK FIRST

§ G.S. 108A-27 - NC's Statutory Authority for Work First

"The Purpose of the Work First Program is to provide eligible families with short-term assistance to facilitate their movement to self-sufficiency through gainful employment, not the mere reduction of welfare rolls... The ultimate goal is the gradual elimination of generational poverty..."

§ G. S. 108A-27.15 - Work First Not an Entitlement

DIVISION OF SOCIAL SERVICES

WORK FIRST

HIGHLIGHTS OF NC'S WELFARE REFORM LAW

- ✓ County Flexibility
- ✓ County Commissioners As Partners
- ✓ Locally Developed Plans & Outcomes/Goals
- ✓ Maintenance-of-Effort Requirements
- ✓ First Stop Employment Services
- ✓ Legislative Public Assistance Commission (JLPAC)
- ✓ Creation of Electing & Standard Counties

DIVISION OF SOCIAL SERVICES

COUNTY FISCAL FLEXIBILITY UNDER NC WELFARE REFORM

CATEGORY	STANDARD	ELECTING
A. Who Pays? --Cash Assistance --County Block Grant	Federal/State Federal/County	Federal Federal/State/County
B. Financial Participation Rate	Varies	Varies
C. Who Administers? --Cash Assistance --County Block Grant	State Counties	State Counties
D. Funds Advanced for Block Grant: --Federal --State --County	NO NO N/A	NO YES N/A
E. Block Grant Reversions --Federal --State --County	NO NO N/A	NO YES N/A

DIVISION OF SOCIAL SERVICES

WORK FIRST

Electing Counties as of January 1, 1999:

Alamance, Caldwell, Caswell, Chatham, Cherokee, Davie, Forsyth, Henderson, Iredell, Lincoln, Macon, McDowell, New Hanover, Polk, Randolph, Rutherford, Sampson, Stokes, Surry, Transylvania, and Wilkes.

DIVISION OF SOCIAL SERVICES

WORK FIRST

What is Work First?

An Array of Services and Supports:

- Cash Assistance
- Short-term Training
- Childcare Assistance
- Transportation to Work or Training
- Job Readiness
- Parenting Education
- Financial Planning
- Other Services to Help Families Become Self-Sufficient

**DIVISION OF SOCIAL SERVICES
WORK FIRST**

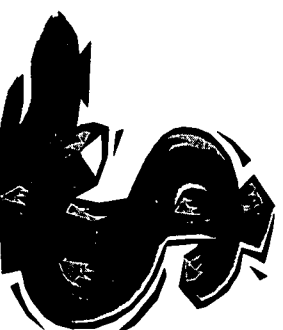
Who May Receive Cash Assistance?

Three Types of Cash Assistance Cases:

**Regular - Low-to-No Income, Single Parent
With a Dependent Child**

**Child Only - Dependent Child Usually
Residing With a Family Member**

**2-Parent - Low-to-No Income Families with
Dependent Children**



DIVISION OF SOCIAL SERVICES

WORK FIRST

Who May Receive Cash Assistance?

Work First Cash Assistance:

- Income Eligible Families with Children Through Age 17 (biological, adoptive parents, stepparents and other relatives may apply for assistance);
- Teen Parents Under Age 18 Must Live at Home (or in an Approved Adult-Supervised Arrangement and Remain in School;
- Legal Immigrants (If Eligible, Living in the United States on or Before August 22, 1996)

DIVISION OF SOCIAL SERVICES

WORK FIRST

What Are the Requirements to Receive Cash Assistance?

- Within 12 Weeks of Being Found Eligible for Temporary Assistance, Adults Should be Working and/or Engaged in Work Activities for at Least 35 Hours Per Week;
- Single Parent of a Child Less Than One is Not Required to Comply With Work Requirements;
- Signed Mutual Responsibility Agreement that Describes Steps the Family Will Take to Become Self-Sufficient and Support Services the County Will Provide;
- Cumulative Total of 24 Months of Cash Assistance (After 24 Cumulative Months Families Must Wait 36 Months Before They May Reapply;
- Cumulative Lifetime Total of 60 Months or 5 Years for Assistance

DIVISION OF SOCIAL SERVICES

How Can At-Risk Families Stay Off Welfare?

Work First's Three Strategies:

1. ***Diversion:*** Keeping Families Off Welfare by Helping Them Cope With Unexpected Emergencies or Setbacks. Families May Get Up to Three Months:
 - ✓ Diversion Assistance
 - ✓ Childcare
 - ✓ Food Stamps, and
 - ✓ Medicaid
2. ***Work:*** Shortening the Length of Time Families are on Welfare by Making Work Mandatory and by Limiting How Long a Family can Receive Cash Assistance. To Receive Work First Benefits:
 - ✓ Parents Must Register With the First Stop Employment Assistance Program
 - ✓ Sign a Mutual Responsibility Agreement
3. ***Retention:*** Helping families Stay off Welfare by Encouraging Them to Save and by Helping to Them Stay Employed

**DIVISION OF SOCIAL SERVICES
WORK FIRST**

Who May Receive Non-Cash Assistance?

SUPPORT SERVICES:

- ✓ Emphasis on Keeping Former Welfare Families Working
- ✓ Prevent At-Risk Families From Going on Public Assistance
- ✓ Families up to 200% of the Federal Poverty Level
- ✓ Services May Include Employment Related Services, Transportation to/from Work, Post-Employment Short-Term Skills Training, Child and Family Enrichment Services
- ✓ Optional Employment Related Services Maybe Provided to Non-Custodial Parents

DIVISION OF SOCIAL SERVICES

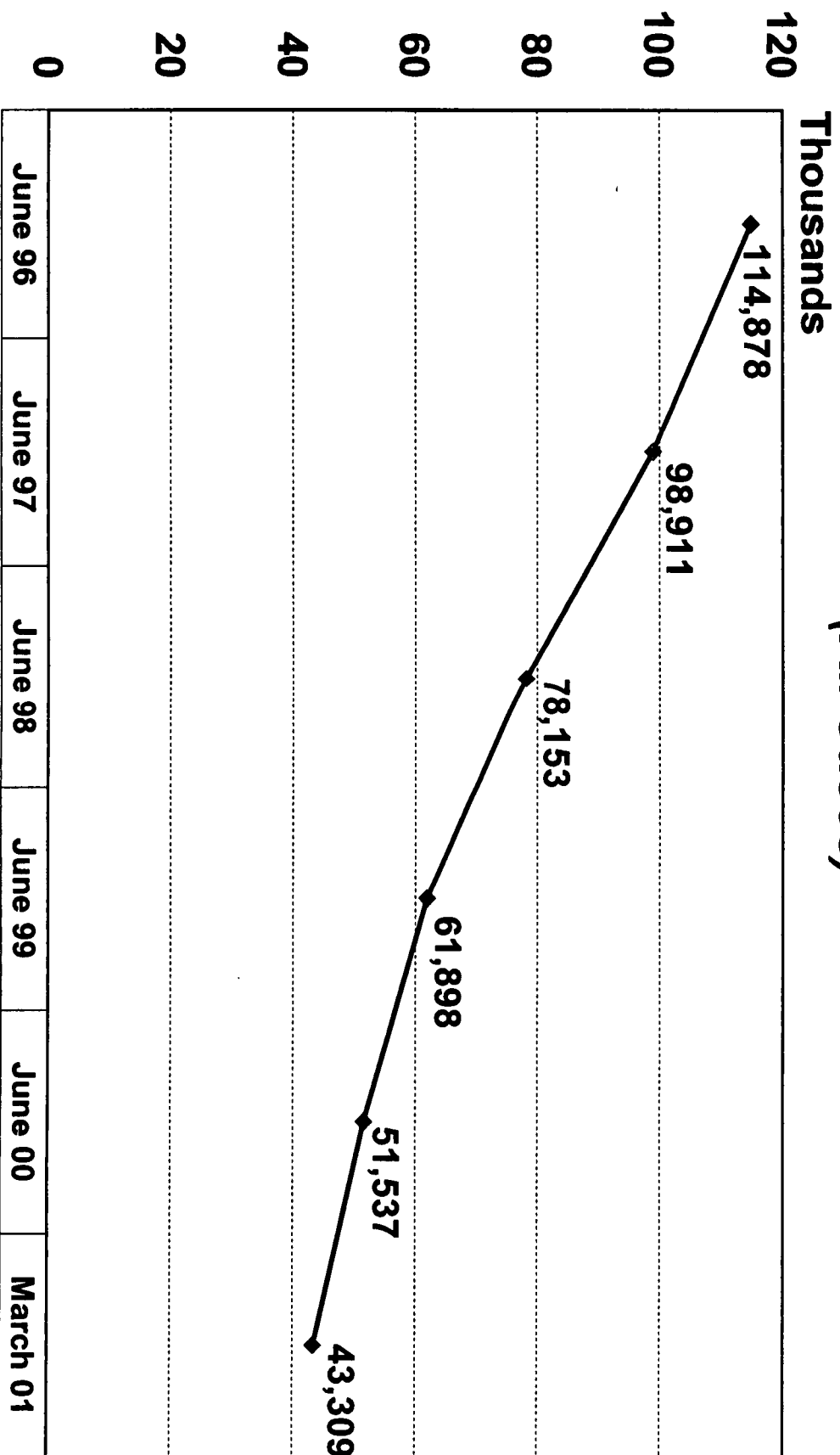
WORK FIRST

How Did Welfare Reform Impact North Carolina?



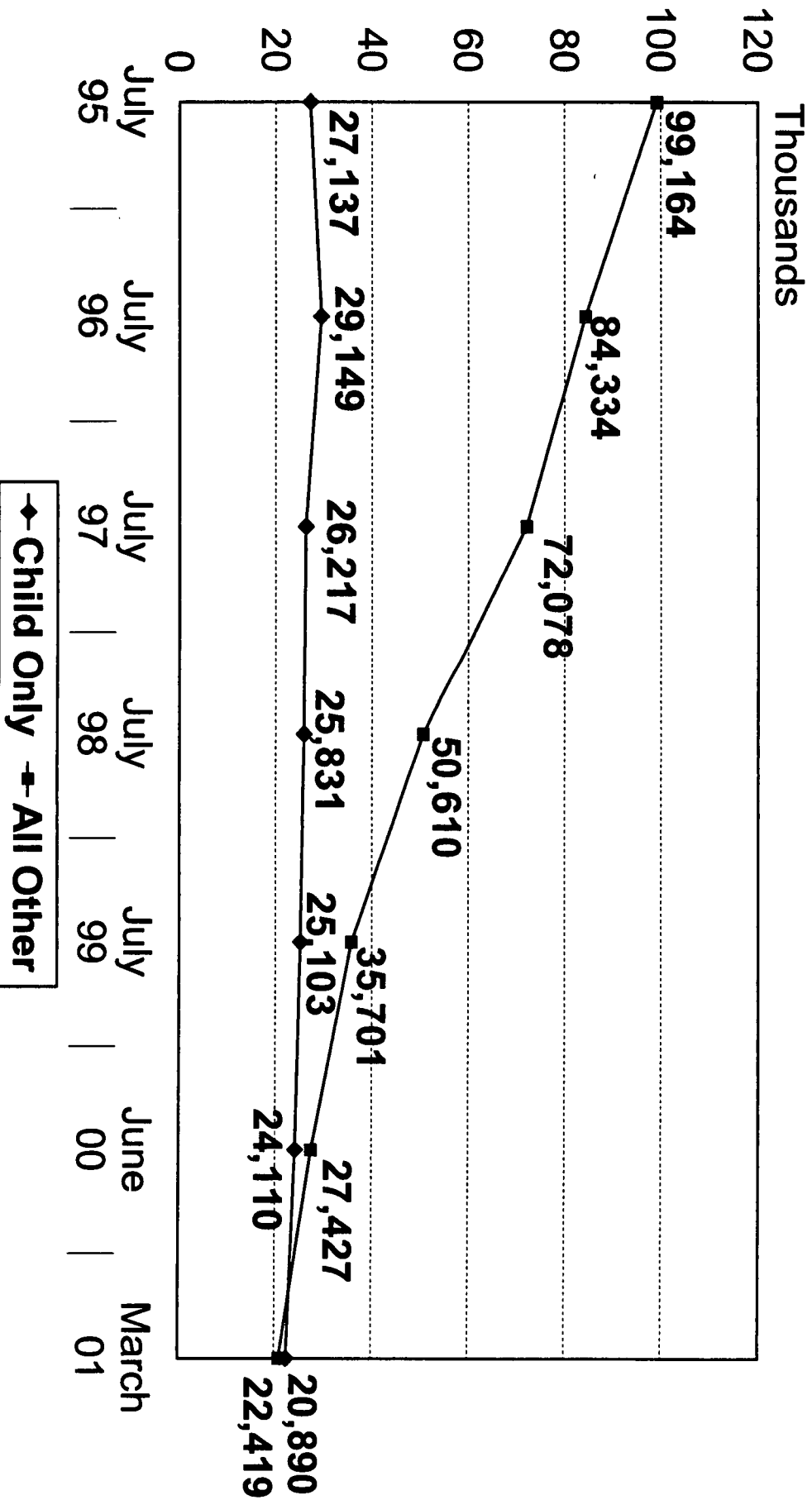
DIVISION OF SOCIAL SERVICES

WORK FIRST CASELOAD TRENDS (All Cases)

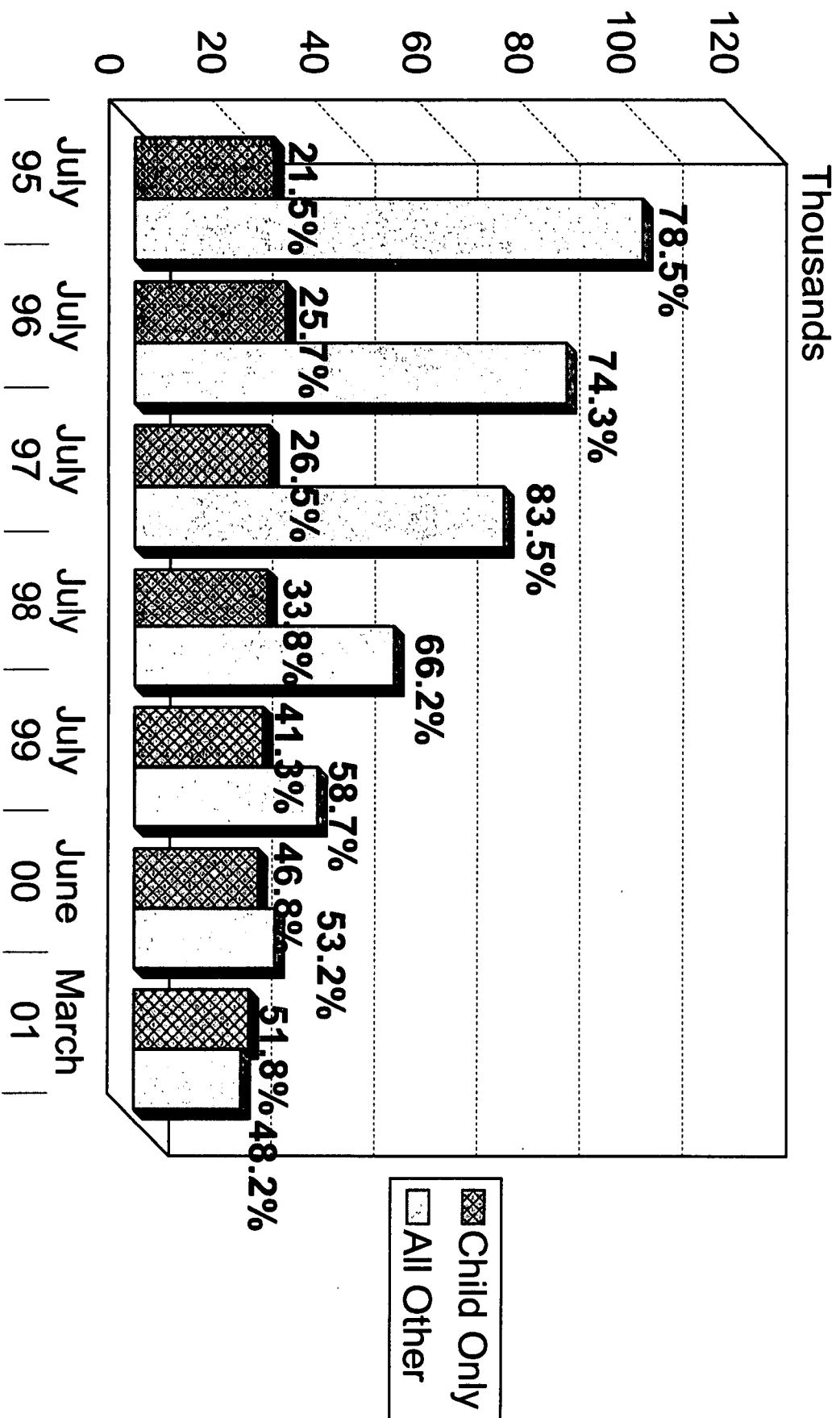


DIVISION OF SOCIAL SERVICES

WORK FIRST CASELOAD TRENDS (By Case Type)



**DIVISION OF SOCIAL SERVICES
CHILD ONLY CASES AS A PERCENTAGE
OF THE TOTAL CASELOAD**



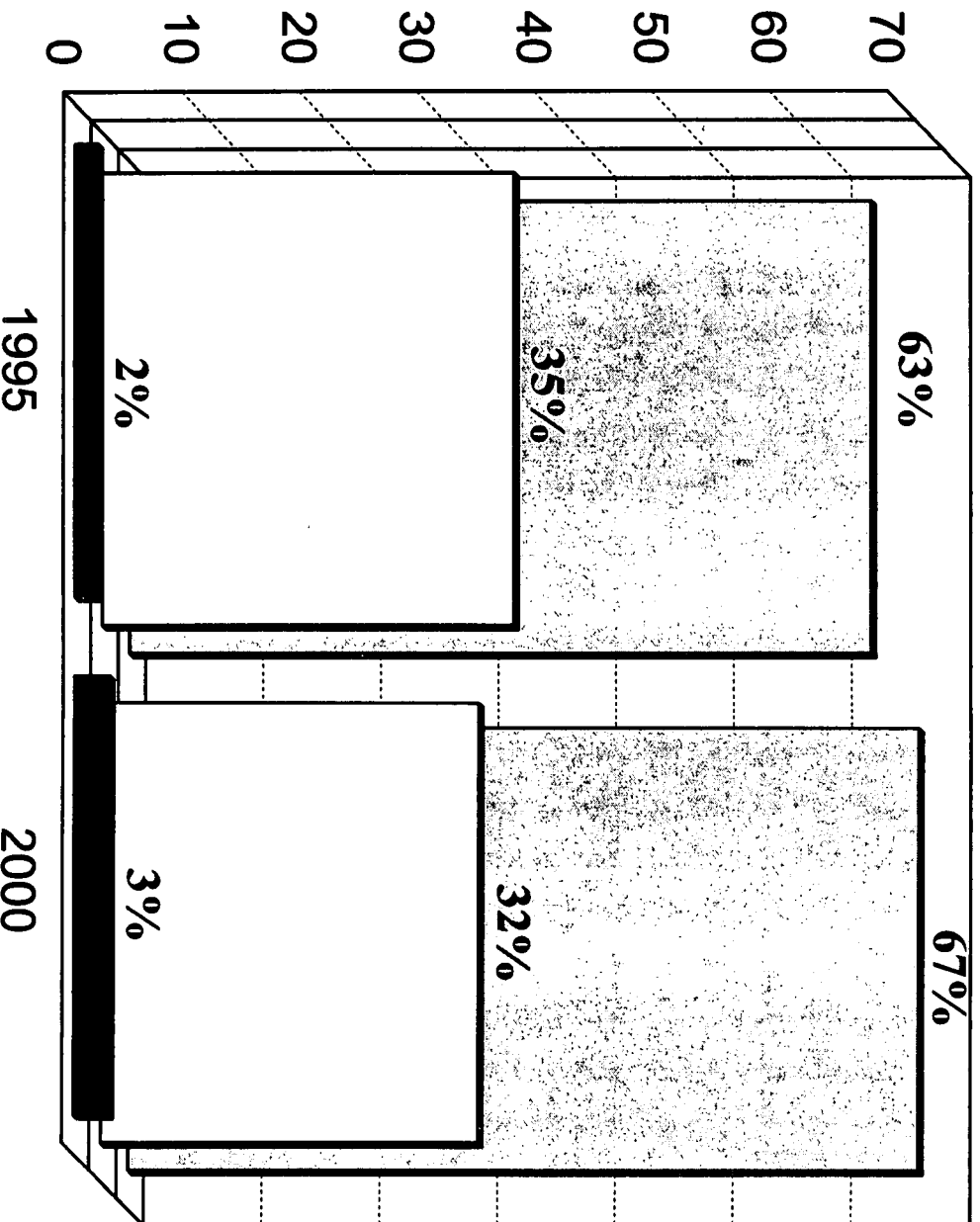
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Average Monthly Cash Assistance (All Cases)

Time Period	Avg. Cash Payment
July 1991	\$230
July 1992	\$229
July 1993	\$227
July 1994	\$226
July 1995	\$224
July 1996	\$222
July 1997	\$218
July 1998	\$215
July 1999	\$213
July 2000	\$217

DIVISION OF SOCIAL SERVICES

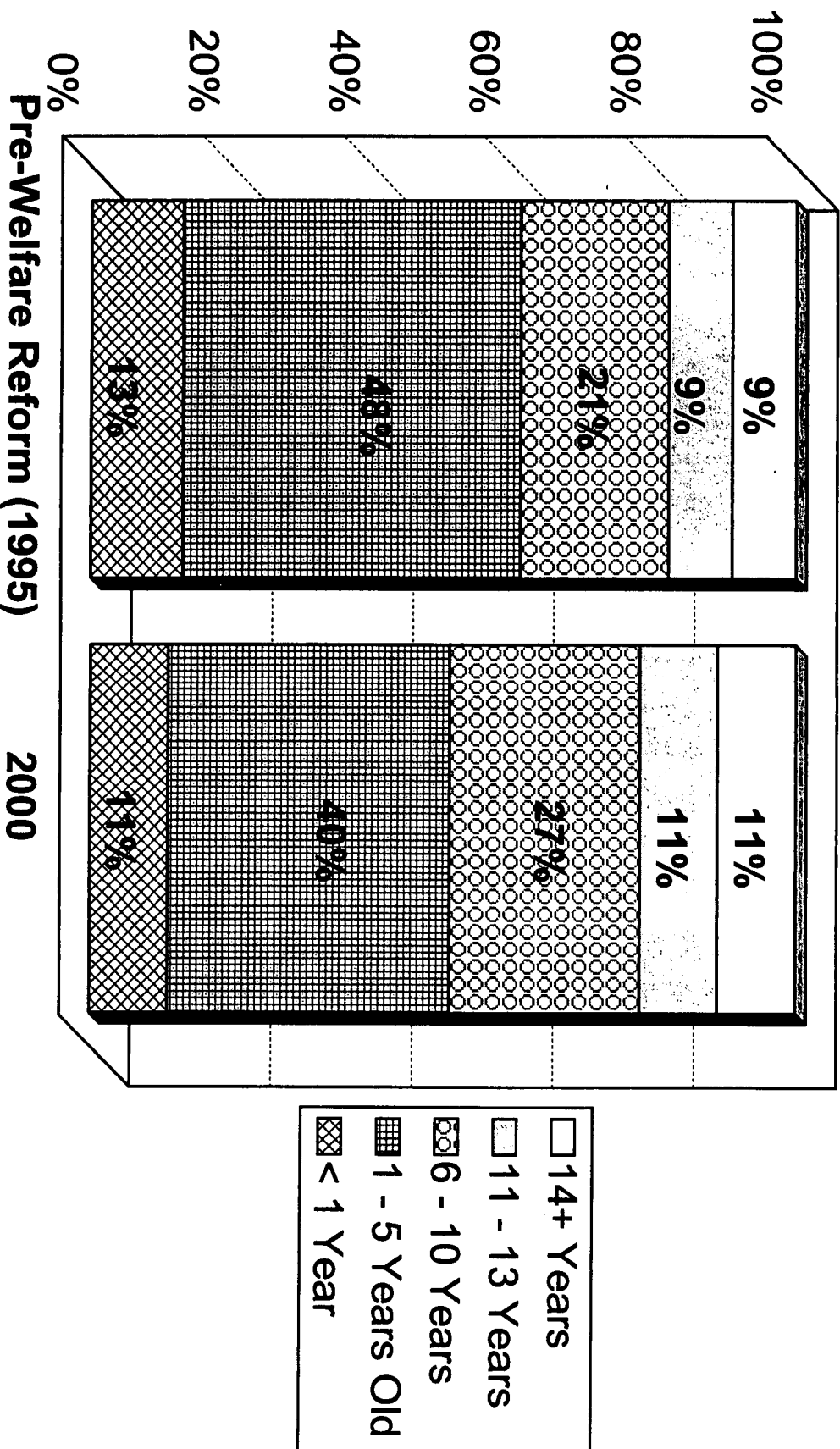
Families Receiving Cash Assistance by Race



- Hispanic/Others
- White
- ▨ African American

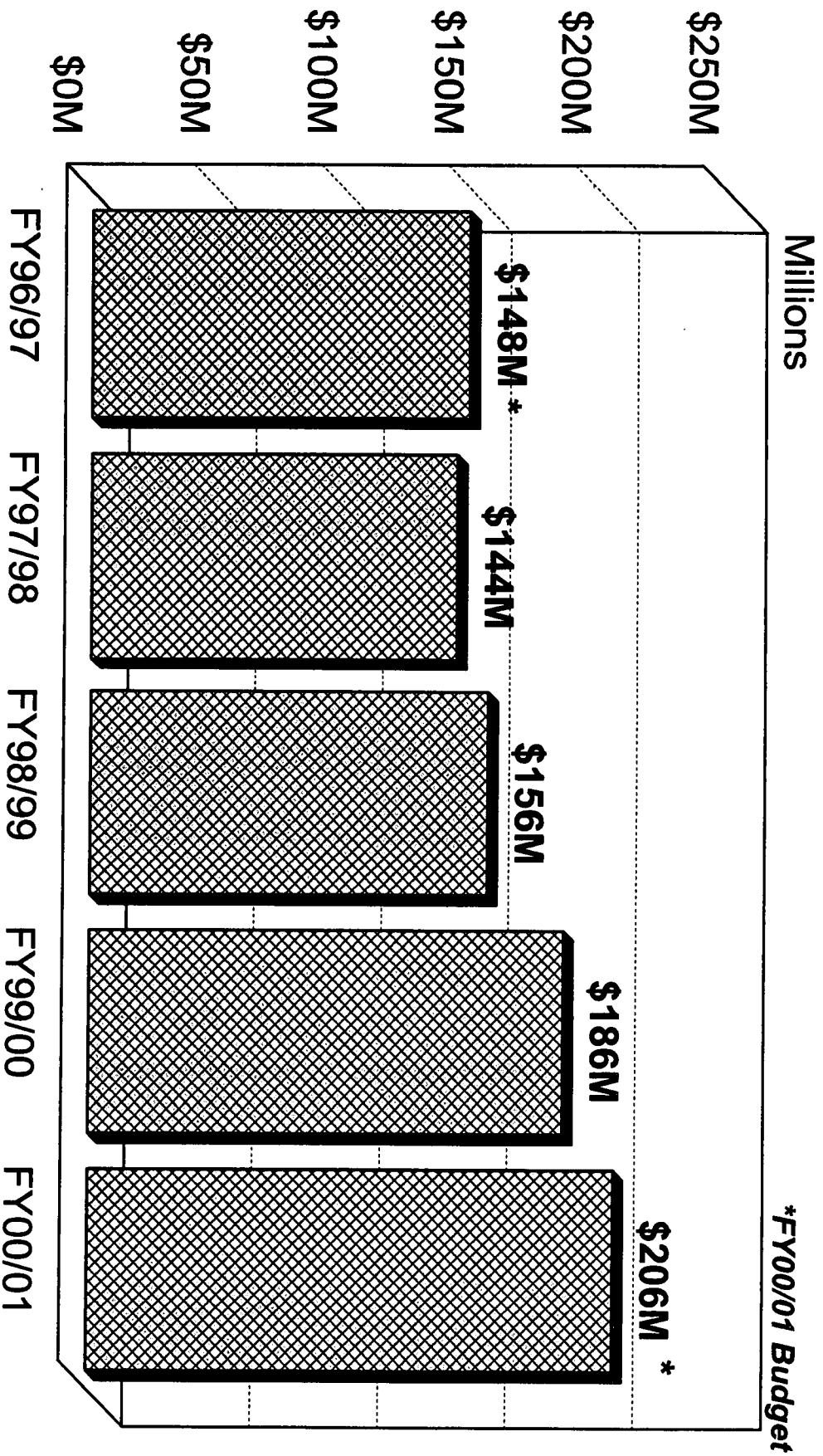
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Families Receiving Cash Assistance by Child's Age



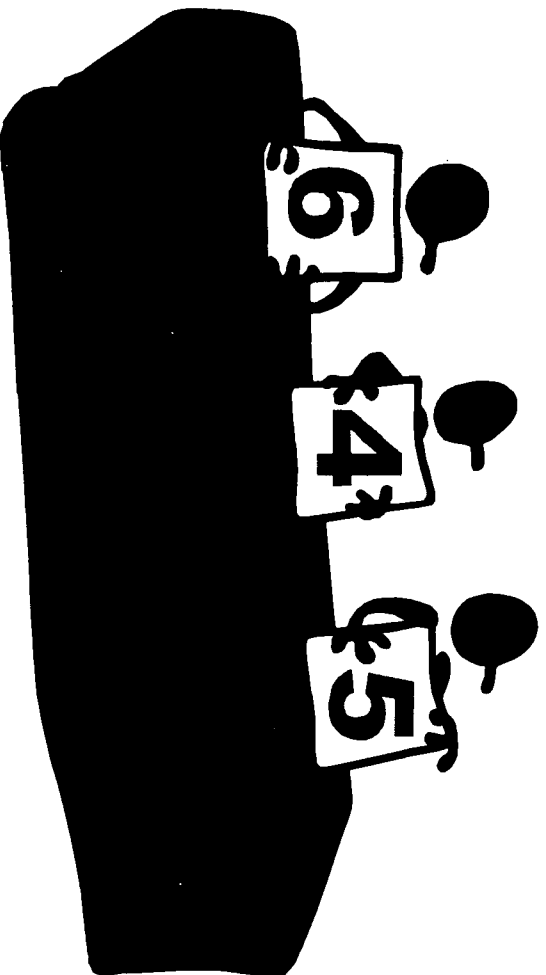
DIVISION OF SOCIAL SERVICES
WORK FIRST

TRENDS IN COUNTY BLOCK GRANT SPENDING



DIVISION OF SOCIAL SERVICES
WORK FIRST

*After 5 Years of Welfare Reform, How's
North Carolina Doing?*



DIVISION OF SOCIAL SERVICES
WORK FIRST

- ◆ **MAXIMUS, Inc. Contract to Evaluate Work First & Former Welfare Programs**

Key Findings:

1. Length of Stay on Welfare is Shorter Under Work First
 - 12 Months for AFDC (19.4% Still on After 33 Months)
 - 9 Months for Work First (9.5% Still On)
2. Welfare Payments Were Less for Work First
 - 24.3% of AFDC Received Higher Payments
3. Little Difference Found In Employment & Earnings

DIVISION OF SOCIAL SERVICES

WORK FIRST FUNDING

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
BLOCK GRANT (TANF)**

DIVISION OF SOCIAL SERVICES

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BLOCK GRANT

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) Mandates Expenditures for the Following Broad Goals:

- ✓ Ending Welfare Dependence
- ✓ Encouraging the Formation and Maintenance of Two-Parent Families
- ✓ Reducing the Incidence of Out-of-Wedlock Births
- ✓ Providing Assistance to Needy Families So Children May be Cared for in Their Own Homes

DIVISION OF SOCIAL SERVICES

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BLOCK GRANT

Federal Requirements for States' Participation in TANF Include,

- ✓ Work Requirements
- ✓ Cumulative 5-Year Lifetime Limit on Benefits
- ✓ 80% Maintenance of Effort
- ✓ Certified State Plan & Data Reporting

**DIVISION OF SOCIAL SERVICES
WORK FIRST FUNDING BY SOURCE**

SOURCE	FY98/99	FY99/00	FY00/01	FY01/02
FEDERAL	386,273,697	425,305,435	448,498,430	357,957,369
STATE	91,908,985	48,051,253	49,853,492	53,644,110
COUNTY	101,151,122	101,915,164	101,726,498	101,915,118
TOTAL	\$579,333,804	\$575,271,852	\$600,078,420	\$513,516,597

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

SOURCE:	FY98/99	FY99/00	FY00/01	FY01/02
Base Grant	302,240,000	302,240,000	302,236,183	302,240,000
Supplemental*	15,380,000	24,460,000	33,768,809	9,027,487
Perf. Bonus	0	0	8,284,674	0
Carry Forward	\$68,653,697	\$98,605,435	\$104,208,764	\$46,329,882
TOTAL	386,273,697	\$425,305,435	\$448,498,430	\$357,597,369

Note: *Non-recurring Funds

DIVISION OF SOCIAL SERVICES

WORK FIRST COUNTY BLOCK GRANTS

	FY98/99 Actual	FY99/00 Actual	FY00/01 Budget	FY01/02 (Gov's Proposal)
FEDERAL	\$45,926,173	\$97,786,848	\$92,018,855	\$92,018,855
STATE	\$16,878,766	\$14,865,400	\$11,576,007	\$11,576,007
COUNTY	\$93,128,912	\$101,915,164	\$101,915,118	\$101,915,118
TOTAL	\$155,933,851	\$214,567,412	\$205,509,980	\$205,509,980

Work First Core Services Include,

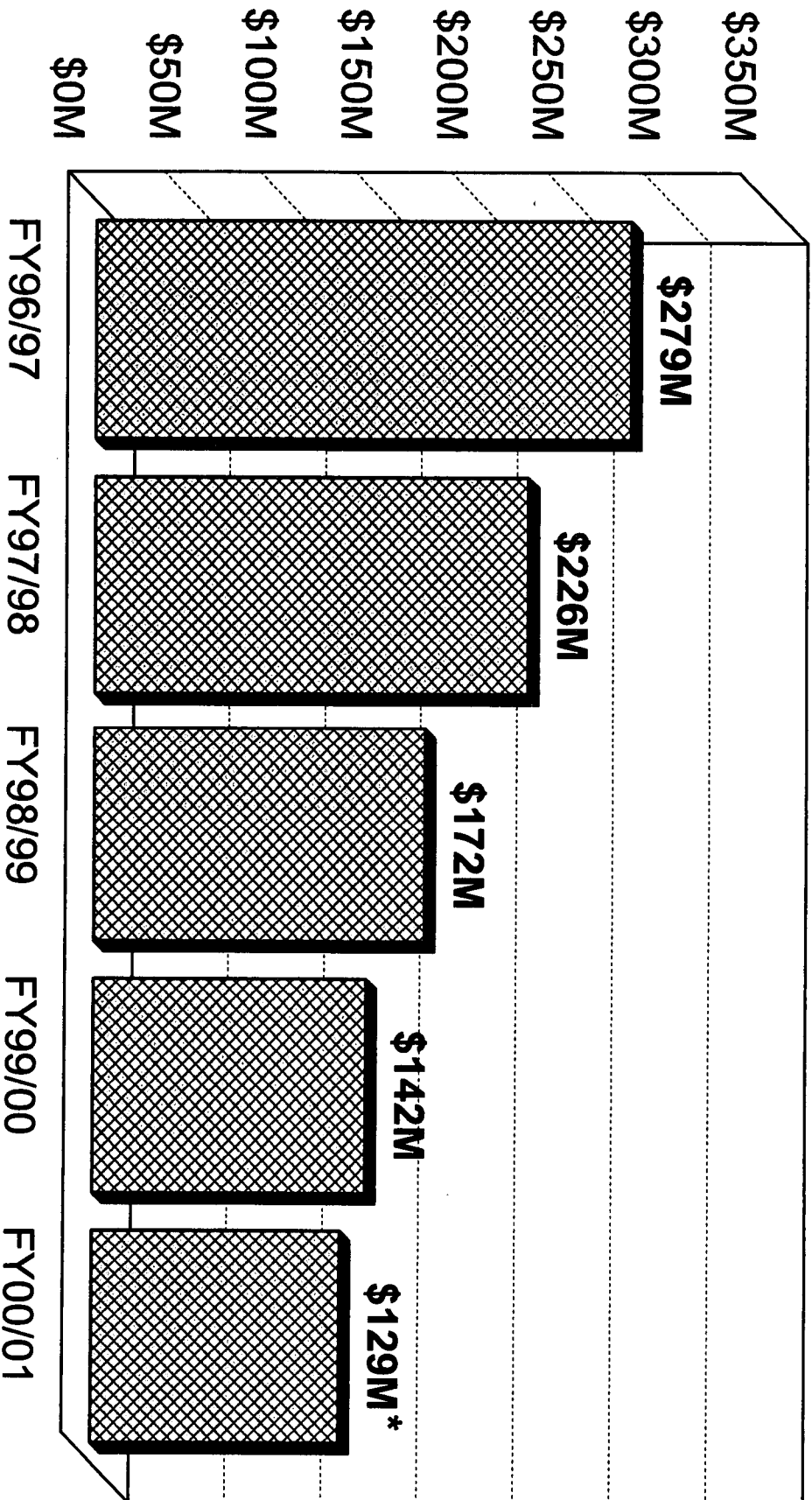
- ✓ Employment Services
- ✓ Transportation
- ✓ Child Care
- ✓ Educational Assistance
- ✓ Participant Cost
- ✓ Case Management
- ✓ Diversion Assistance

Other Services Include,

- ✓ Child Welfare Services
- ✓ Services to Child Only Cases

**DIVISION OF SOCIAL SERVICES
WORK FIRST**

**Millions
TRENDS IN CASH ASSISTANCE**



**TEMPORARY ASSISTANCE FOR NEEDY
FAMILIES (TANF) BLOCK GRANT
Maintenance of Effort (MOE)**

Two Maintenance of Effort Requirements,

1. **Federal TANF** - Which Allowed States to Choose Which Fiscal Year Period to Base the TANF Block Grant and Corresponding/Required Spending Level

2. **State Work First MOE** - Which Requires Counties to Appropriate Local Funds at the Same Level of FY96/97.

Federal MOE	State	County
80% of FFY94 Actual Expenditures \$164,454,147	100% of Budgeted FY96/97 \$114,812,599	100 % of Budgeted FY96/97 \$103,106,504
Failure to Meet MOE: (1) Loss of TANF Funds, (2) Loss of WtW Funds & (3) Additional State Funds Required	Failure to Meet MOE: None	Failure to Meet MOE: Corrective Action Plans

DIVISION OF SOCIAL SERVICES

Policy Issues

1. *G.S. 108A-27.12 Current Maintenance-of-Effort (MOE) Law*

MOE Law	Standard	Electing	State
MOE Level	100% FY96/97 Spending	90% FY96/97 Spending	100% FY96/97 Spending
Reduce MOE?	Yes*	Yes**	No
Compliance	Yes	Yes	No

Note: *Standard Counties May Reduce if All Goals Are Met

**Electing Counties May Reduce to 80% in 2nd Year if
All Goals Are Met

DIVISION OF SOCIAL SERVICES

Policy Issues

1. ***G.S. 108A-27.12 Current Maintenance-of-Effort (MOE) Law***
 - Current Law Does Not Reflect DSS System Changes Since 1997
 - State MOE Out of Compliance Since 1998
 - Limits County Flexibility

DIVISION OF SOCIAL SERVICES

Policy Issues

2. Statutory Formulas for Work First Funds

- G.S. 108A-27.11 Work First Program Funding
- County WF Block Grants Based on FY95/96 Expenditures
- Electing Counties Cash Assistance Based on FY95/96 Expenditures
- Formulas Are Outdated - *Limit St. V Cos*
- Limit State & County Ability to Respond to Needs

will end for today

DIVISION OF SOCIAL SERVICES

Policy Issues

3. *Carryforward & Extension of TANF-Funded Contracts*

- **Work Central (Electronic Self-Sufficiency Call Center):**
 - Carryforward of \$1.01M
 - Began with \$521K TANF
- **Rural Economic Development Center: Carryforward of \$2.4M**
 - Began as a \$1.2M Pilot FY98/99
- **Work First Pilots: Carryforward of \$10.57M**
 - Began as \$5.4M for Pilots FY99/00

DIVISION OF SOCIAL SERVICES

Policy Issues

- 4. Uses of TANF "Not Appropriated" by the General Assembly**
- Expansion of the NC CARES Program
 - Funds Were Appropriated Specifically for Child Care Subsidy
 - No Funds Were Appropriated for NC CARES
 - Staff Development Appropriation \$500K
 - FY99/00 Feasibility Study \$60K
 - Provided 5-Day "Leadership Transformation" Training
 - Approximately \$110,519 (18 DSS Directors Participated @ \$6,140/Director
 - December 2000 Contract Amendment for Additional \$249K

DIVISION OF SOCIAL SERVICES

Policy Issues

5. Other Uses of TANF Funds

- *"Success for Work First Families" Initiative*

6. Dependence on TANF Funds for Ongoing Services and Programs

DIVISION OF SOCIAL SERVICES

Policy Issues

7. Statutory Barriers for Electing Counties

- Current Law Doesn't Facilitate a Smooth Transition for Electing Counties Desiring Standard" County Status Under Welfare Reform

8. Are Electing Counties Distinct From Standard Counties in Work First Outcomes/Performance?

VISITOR REGISTRATION SHEET

Joint Approp/Sub on Health and Human Services

April 12, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Paula Cox	Guardian/Kister of Adult DD Consumer
Jan Vitek	NCAHCF
Paula H. Wolf	Covenant w/NC's children
Chris Rodgers	Parker Poe Adams & Bernstein
Stacy Flannery	NCHCF
Roz Samitt	no child care Coalition
John Shore	Guilford County DSS
Roy Young	Union County DSS
Patricia A. Young	APPENC
Patricia Reppner	NCACC
Anthony Hill	NCP

VISITOR REGISTRATION SHEET

Joint Approp/Sub on Health and Human Services

April 12, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Skarsone

NC DSS

Hilbert Mann

NC DSS

Chip Madler

NC DSS

Phon Beal

NC DSS

Pete Lewis

DHHS

Jane M. Carl

DHHS

Carmen Hooker Buell

DHHS

Allyn Duffey

DHHS

Deborah Landry

NC DSS

[Signature]

NC DSS

Money Coston

DSS

VISITOR REGISTRATION SHEET

Joint Approp/Sub on Health and Human Services

April 12, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Joe Libera	AAHC
Bennie Hollen	DHHS
Tom Richardson	OSBPM
Mary Greene	OSBPM
Whitney Orey	OSBPM
Wayne Williams	OSBPM
John Bowditch	Alley Associates
Kenny K. Dwyer	NEHEDSS
Flavor Hird	NC Social Services Consortium
Brenda B. Potts	Lee County Dept Social Services
Earl Mault	Johnston Co Dept of Social Services

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Monday, April 16th, 2001

4:00 p.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Social Services

*Karen Hammonds-Blanks
Susan Morgan
Fiscal Research Staff*

TANF Block Grant

Department Staff

Division of Child Development Contracts

Division Staff

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Monday, April 16, 2001

4:15 P.M.

Room 424, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Monday, April 16, 2001, at 4:15 P.M. in the Legislative Office Building. Committee members present were: Representative Edd Nye and Representative Beverly Earle, Co-Chairs, Representative Debbie Clary, Representative Theresa Esposito, Representative Verla Insko, Representative Thomas Wright, and Representative Mark Crawford. There were three senators present.

Representative Nye chaired the meeting. He asked Karen Hammonds-Blanks, Fiscal Research staff, to continue with her report from the last meeting. She began on page 55 of the report titled, Economic Independence. This relates to TANF funded items. The first item is named Work Central, which is an electronic self-sufficiency call center located in Edgecombe County and serves six counties.

Representative John Hall and Representative Joe Tolson were visiting the meeting and were recognized to discuss the Work Central Program. Representative Tolson stated the program has been very effective for Edgecombe County. It is doing a good job of helping people find jobs and would like for it to continue. Representative Esposito asked the Chairman how the participating counties were selected. Mr. Peter Leousis with the Department, responded that the counties selected themselves. They came up with the idea. The State provides a lot of the funding for the program, but the counties match the State funding. This match isn't matched dollar for dollar. These six counties realized their circumstances were such that they needed the program. They visited the State of Washington to see a similar program.

Representative Nye asked what Rural Economic Development does. Ms. Hammonds-Blanks responded some money was filtered down through them to Faith Based Initiative Programs. Representative Nye asked the Department to provide a list with accountability and whom they directly report to. One million went to the Saint Paul Initiative to purchase computers for job training. Primarily, most is used for mentoring and transportation services. They report directly to staff at Rural Economic Development Center. Senator Martin asked if there were any valid results of impact and how effective it has been. The Department spokesperson responded there is an evaluation program that measures the results and they partnership with other agencies.

Ms. Carol Shaw, Fiscal Research Staff was the next presenter. She began on Page 55 of the handout. There were questions and discussion concerning TANF funds.

Ms. Hammonds-Blanks again addressed the Committee concerning policy issues listed on Page 57; success for Work First Families Initiative. There was a discussion concerning how this is different from the Job Link Program.

Ms. Susan Morgan, Fiscal Research Staff, was the last presenter and she gave an overview of the Division of Social Services options (See Attachment). She reviewed layers of management and non-critical positions. Contracts they recommend reducing are training and consulting contracts, contracts for database creation and management, and Maximus contract.

The meeting was then adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

Division of Social Services Options

TBD

1. Layers of Management

- Deputy Division Director
- Program Integrity Branch Head
- Local Support Branch Head
- Economic Independence Services Branch Head

TBD

2. Non-Critical Positions

- Legislative Liaison
- Administrative Assistant to the Legislative Liaison
- Program Development Coordinator (Economic Independence Assigned to the Governor's Office)
- Program Development Branch Head (BPR Project/Economic Independence)
- IV-D Financial Consultant, Child Support Section
- Regional Program Representative, Child Support Section

Division of Social Services

Options

3. Modified Zero-Based Budget Items:
- a. **Programs/Offices**
 - State Maternity Home Fund TBD
 - Intensive Family Preservation Services TBD
 - Families for Kids TBD
 - Special Needs Adoption Incentive Fund \$500,000
 - Child Support Call Center \$1.9M
 - HIV Foster Care/Adoption Caseload Adjustment TBD
 - Family Resource Center Grants TBD
 - Resident Evaluation Services TBD
 - b. **Contracts**
 - Reduce training and consulting contracts
 - Reduce contracts for database creation and management
 - Reduce MAXIMUS contract
 - c. **Commissions/Task Force & Committees (pending)**

Division of Social Services

Options

- | | |
|--|-----------|
| 4. Governor's Reductions | |
| Administrative Support Positions 7.0 FTE's (Local Support) | \$155,784 |
| Foster Care Assistance Caseload Adjustment | \$2.7M |
| Program Integrity Services | \$2.5M |
| Transfer to General Assembly (JLPAC) | \$40,000 |
| 5. Program Cost-Containment Measures | |
| State County Special Assistance Rate/Inflation Adjustment | TBD |
| Privatization of Adoption Services | |
| Privatization of Child Support/ Pilot Project | |
| 6. Reorganization/Consolidations | |
| Consolidate Budget Operations and Resource and Information Management Sections
(Eliminate one of the Section Chief positions) | TBD |
| 7. Other Options | |
| Reduce Welfare Reform Automation Fund | TBD |

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Regyn Ball	DED-DHHS
Bob Kindsvatter	DHHS- Budget Planning & Analysis
Allen Hawks	DHHS- Budget Planning & Analysis
Hilbert Maw	DHHS/DSS
Chip Modha	DHHS/DSS
Theon Beal	DHHS/DSS
Peter Jousis	DHHS
Wanda Mandeville	DHHS
Lanier Canste	DHHS
Carmen Hooker Buell	DHHS
Mary Burch	Cued Speech Center

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dawn Burture	Work Central Career Adv. Center 1621 Eastern Ave; Rocky Mt, NC 27801
Cecily S. Dawson	Guilford County Dept. of Special Services P.O. Box 267, Guilford, N.C. 27839 Work Central 1621 Eastern Ave, Rocky Mt, NC
Mary Mallory	Executive Director, Work Central 1621 Eastern Ave Rocky Mt, NC 27801
Tammy Lester	OSBPM
John Bowdich	Alley Associates
G. H. [Signature]	DHHS
John Stone	Guilford County DSS
Susan Osborne	Alamance Co. DSS
Alison Hirsch	NC Social Services Consortium
Jessica Simpson	NC Social Services Consortium
TARA LARSON	DMH/DD/SAS
AAT ROHARGE	NCACTC
Lou Wilson	NC DHHS
Kevin Ryan	

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NAME

FIRM OR AGENCY AND ADDRESS

Mary Greene	OSBPM
Whitney Okey	OSBPM
Wayne Williams	OSBPM
Tom Richardson	OSBPM
DAN GELMAN	NCBTC
Al Stein	DMH/DD/SAS
Dorothy Alento	DPH
Gayle Fitzgerald	OSBPM
Sharon Ransom	NCDS
[Signature]	NCDS
Nancy Coston	NCDS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, April 17th, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

TANF Block Grant

Department Staff

Division of Early Intervention and Education

Lisa Hollowell
Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

JOINT APPROPRIATIONS SUBCOMMITTEE

ON

HEALTH AND HUMAN SERVICES

Room 424, Legislative Office Building

Tuesday, April 17, 2001 8:30 a.m.

Minutes

The Joint Appropriations Subcommittee on Health and Human Services met Tuesday, April 17, 8:30 a.m. in Room 424 of the Legislative Office Building. After introduction of the pages, the presiding Chair, Senator Bill Martin called the meeting to order with three Senate members and Representatives Earle, Nye, Esposito, Insko, Wright and Crawford present. Senator Martin announced that the committee would not be meet in the afternoons because of the crossover deadlines. He stated that a response the question regarding work first eligibility will be distributed to the members. That response is included with these minutes as Attachment #1.

He stated that Chip Modlin, Director of Social services would begin today's meeting with a presentation on the TANF Block Grant. A copy of his presentation is included as Attachment #2 and the proposed block grant, Attachment #3. He began his presentation with a summary of the history of the TANF Block Grant. It is five-year block grant previously authorized as AFDC -- jobs, eligibility determination; AFDC emergency assistance, which includes certain child welfare services. He stated that there is strong support for the TANF Block Grant and the achievements that have occurred during the past five years. Preparations are in progress for the actual reauthorization process next year. The southern states have been working to pull together, in addition to the base grant, the supplemental grant, which is approximately \$30 million in North Carolina. He stated that the base amount \$302,240,000 is not changed.

The Performance bonus of last year was \$8.2 million. Compared to last year's available funds of \$425 million, this year is \$357 million. Significant reductions required in the budget forced many good programs to be reduced or eliminated. The core services such as child placement, readiness, retention services, keeping children in their own homes or placement with relatives and giving families stability and solidarity, have been discussed in depth in Washington.

Mr. Modlin stated that cash assistance is one of the primary starting points in Work First. During the last six months payments there is been a slight decrease. Cash assistance should be maintained at three percent above what it was for the first six months of this fiscal year. Attachment #4 shows the programs that are proposed for funding and also programs that had to be cut or eliminated.

During questions and committee discussion, Senator Martin questioned the time frame for the 85% job retention rate, is that after six months or twelve months. Pheon Beal stated that the retention rate has been tracked since 1995 and the 85 to 90 percent is usually after six months and the retention rate for twelve months is about 70%.

Did the \$116 million figure take into account the possibility of an increase in demand for cash assistance due to the economic conditions, or is that figure based on projections or existing trends. Mr. Modlin stated that the first six months of the fiscal year were reviewed and increased by three per cent.

The committee requested a review of the percentage increase in the numbers under the circumstances of the more serious economic down turns in the past 10 to 15 years, apply that percentage to the current projections and maybe that would give the worst-case scenario.

Regarding the Temporary Assistance for Needy Families block grant, Senator Forrester asked is the only way funds can be obtained to pay for heating is through the cash assistance program, which is increased by only three per cent.

Each of the proposed cuts were reviewed and discussed by the committee. There is a transfer of Office of Juvenile Justice to Department of Juvenile Justice. The funds will be shown in the Department of Juvenile Justice as receipts.

Flow Stein review the MAJORS program. This is the first full year of funding and one of the particular programs that experience much difficulty is the Durham area. They had problems hiring and retaining staff and therefore children were not seen. The problem was exaggerated in Durham County because the drug courts are finding large numbers of children that need treatment. There are ten other MAJORS programs and approximately 250 children enrolled and being supervised. All of the programs except Durham are doing well.

The committee discussed areas of concern for the funding sources of the MAJORS program. Flow Stein will provide the funding history of the program for the committee.

Senator Forrester requested a summary of all programs related teen-age prevention such as educational programs. Kevin Rhyne stated that there is more appearance of duplication rather than actual duplication. He stated that staff is working on the proposed changes in the language. The adolescent pregnancy prevention project usually serves 30 to 50 young women and men in any given county.

Regarding the responsible fatherhood initiative, Chip Modlin stated that the main reason it is being cut is because of the budget shortfall. While the program is of great value, most of the initiatives were one-time efforts, due to funding.

Rep. Nye requested a copy of the contract for items 8 and 9. Pheon Beal stated that there are two contracts with the Jordan Institute for families School of Social Work, UNC-CH for 709,000 and a contract, which supports the Maximus Contract, to establish the administrative data base which tracks everyone who on cash assistance in North Carolina since January 1995.

Rep. Insko requested a list of the number of persons and hours of training for item #19. Senator Martin requested a breakdown as to what is included in the \$2 million for the child welfare training for counties.

Regarding the areas of foster care and adoption, Rep. Wright asked about the number of families that have relinquished parental their rights and hoe many have come back into the system.

North Carolina has the best performance in terms of re-entry in foster care of any state in the United States. That includes disillusion of adoption and also children returning home and

having to go into foster care a second time. The rate of re-entry is at six per cent. The state that has the second lowest is approximately 15 per cent.

Senator Dannelly requested that the committee revisit #13, which funds the staff in the areas of foster care and adoption. That has been continued funding to the county staff to provide those services.

Regarding the Residential Substance Abuse Services for women, #7, the Chair asked to what extent would the full amount be utilized if it were allocated and what is the effect of the reduction.

The Chair expressed concerns about the transfer of the First Step Assistance program to the ESC. He asked if this is a function of ESC anyway. He also asked how much was allocated and actually utilized last year for item # 12. The Department later will make that information available.

Regarding item # 20, Child Protective Services the committee asked if the amount adequate to cover the projected case load and how was that figure derived.

The Committee also requested the following:

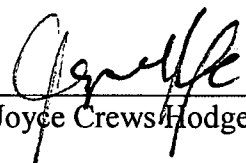
- A history of item # 11.
- Documentation for funding item # 20.
- Additional information other working families included in #3, Child Care Subsidies.
- In view of the Leandros decision, the after school program should be reviewed again.
- The work First Pilot, item # 34, what is the status of the feedback in terms of which pilots resulted in exemplary ideas that should be incorporated in the activities.

The Secretary was recognized to introduce Secanna DeBerry, General Council, HHS Department.

The meeting was adjourned at 10:00.



Senator William N. Martin, Chair



Joyce Crews Hodge, Clerk

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF SOCIAL SERVICES**

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT

The Temporary Assistance for Needy Families (TANF) Block Grant is a grant from the Federal government created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The grant was created by combining several former entitlement programs into one capped grant: Aid To Families With Dependent Children (AFDC), Job Opportunities and Basic Skills (JOBS), AFDC Emergency Assistance cash and services (AFDC-EA), and AFDC state and county administration. Amounts provided to states are based on FFY 1995 expenditures for the programs combined into the TANF grant, with supplemental funds provided to states, including North Carolina, which have above-average population growth and below-average cash benefit levels.

The TANF Block Grant is authorized for five years with Federal Fiscal Year 2002 being the final year before reauthorization. However, the supplemental grant ends in Federal Fiscal Year 2001. This results in a significant decrease in TANF funds available for State fiscal year 2002. The TANF funds available will include the base grant of \$302,240,000, plus supplemental funds for the final quarter of Federal Fiscal Year 2001 and federal funds carried forward from the previous year.

GENERAL DESCRIPTION

The TANF program provides flexibility for funding a wide variety of employment and training activities, supportive services, child welfare services, and benefits that will enable clients to get a job, keep a job, and otherwise improve their circumstances while at the same time, striving to keep children safe. States are encouraged to design programs that help meet local needs to help families achieve and maintain a greater degree of economic self-sufficiency, through a combination of cash assistance; case management, employment and training services; system automation and administrative expenses in support of service delivery; and other activities intended to reduce and prevent welfare dependency and promote self-sufficiency.

TANF funds must be spent on one of the purposes outlined in the federal legislation. They are: (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) encourage the formation and maintenance of two-parent families.

In addition, because the former Title IV-A Emergency Assistance (EA) funds are included as part of the TANF Block Grant, we are permitted to use TANF for the activities that were authorized in our approved Title IV-A State Plan in September 1995. As a result, the TANF Block Grant funds a significant portion of North Carolina's child welfare system. For SFY 2002, TANF will continue to provide a means of supporting child welfare staff in county departments of social services and to ensure that local child welfare staff are adequately trained.

While the base TANF grant remained constant, for SFY 2002, several factors combined to result in a reduction in the total amount of TANF Block Grant available. Factors include: (1) end of the supplemental grant (received only the final quarter of Federal Fiscal Year 2001); (2) higher than anticipated cash assistance costs; and (3) much lower carry-forward from 2001 than in previous years.

North Carolina's welfare reform efforts have been successful. We remain committed to helping families become self-sufficient through employment-related services and other support services to help families improve their overall circumstances. Therefore, considering the reduced TANF funds available, the goals of this proposed plan are to:

- (1) continue to fund core services and benefits for children and families, such as: employment, training, and job retention services, cash assistance payments to support families, child care to support employment and training, substance abuse assessment and treatment, child welfare initiatives, including Intensive Family Preservation Services, to help meet growing needs of children and families, out-of-wedlock pregnancy prevention services, and domestic violence prevention; and,
- (2) support the provision of these services by providing for necessary training for child welfare and other workers, funding child welfare workers in county departments of social services, providing for continuing evaluation of welfare reform efforts, and providing for state and local administrative costs.

Federal law governing the TANF grant allows states to transfer up to a total of 30% of the grant per year to the Child Care Development Fund and to the Social Services Block Grant. Of this 30% total, 10% may be transferred to SSBG. We propose TANF transfer to these other block grants, as detailed in the following recommendations.

RECOMMENDATIONS:

- | | | |
|-----|---|----------------|
| 1. | Allocation to the state Division of Social Services for partial payment of cash assistance benefit payments to Work First families. Balance of funds needed will come from State funds. | \$ 115,664,078 |
| 1a. | Allocation to the state Division of Social Services to serve as a contingency fund for cash assistance payments in case the Work First caseload increases. If funds are not needed for cash assistance, the Department will use them to enhance family-centered service delivery, to improve effectiveness of case management, and to improve data accuracy, usefulness and accessibility to support case management, accountability and decision-making at all levels. | 5,012,000 |

2.	Allocation to county Departments of Social Services as partial funding for block grants. Within flexible, locally developed plans, counties will use funds to provide for program eligibility determination and case management services, emergency assistance cash and services, employment, training, and job retention/career advancement services, child welfare services, and administration of the program. Balance of county block grant funding to come from State and county funds.	\$ 92,018,855
3.	Transfer to the Child Care Development Fund (CCDF) for child care subsidies for former Work First recipients and other working families.	57,957,188
4.	Allocation to Division of Child Development for child care subsidies for Work First recipients.	26,621,241
5.	Transfer to the Child Care Development Fund (CCDF) for child care rate increases.	18,717,812
6.	Allocation to the Division of Mental Health/Development Disabilities/Substance Abuse Services for substance abuse treatment, testing, and counseling services for Work First participants who require such treatment in order to achieve and maintain employment.	3,500,000
7.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for the Family Drug Treatment demonstration.	4,128,055
8.	Allocation to the State Division of Social Services to provide funds to contract for a short-term and long-range evaluation of North Carolina's implementation of federal welfare reform requirements and the Work First program.	1,500,000
9.	Allocation to the State Division of Social Services to provide funds to train state and county staff on operational changes as a result of Work First and federal welfare reform.	500,000
10.	Allocation to the Division of Social Services for the special children's adoption fund	2,300,000
11.	Transfer to the Employment Security Commission for the First Stop program.	300,000
12.	Allocation to the Division of Women's and Children's Health for prevention of teen pregnancies.	1,600,000

13.	Allocation to the Division of Social Services for county child protective services, foster care, and adoption workers.	\$ 2,727,550
14.	Allocation to the Division of Social Services for Intensive Family Preservation Program.	2,000,000
15.	Transfer to the Social Services Block Grant (SSBG) for county departments of social services for children's services.	4,500,000
16.	Allocation to the Division of Social Services for domestic violence services for Work First families.	2,000,000
17.	Allocation to the Division of Social Services for monitoring and administrative support of TANF and the Work First Program.	500,000
18.	Allocation to the Division of Social Services for child welfare workers for local departments of social services.	7,260,000
19.	Allocation to the Division of Social Services to partially fund county departments of social services child welfare training initiatives.	2,000,000
20.	Allocation to the Work First Business Council for Work First job retention strategies.	100,000
21.	Transfer to SSBG for Child Caring Agencies	1,500,000
22.	OJJ-Expand Support Our Students	1,290,590
23.	Job Retention and Follow-up	1,400,000
24.	Reduction of Out-Of-Wedlock Birth	1,500,000
25.	Work First Housing Initiative	1,000,000
	Total Planned Expenditures	\$ 357,597,369
	Carryforward federal fund availability to SFY 2003 as permitted by federal legislation	0
	Total Planned Expenditures and Carryforward	\$ 357,597,369
	SOURCE OF FUNDS:	
	Base TANF Block Grant	\$ 302,240,000
	Federal Supplemental TANF Grant	9,027,487
	Projected Carryforward from SFY 2001	46,329,882
	Total Funds Available	\$ 357,597,369

Division of Social Services
Analysis of Temporary Assistance to Needy Families Block Grant
SFY 2001-02

VERSION PREPARED 03/27/01

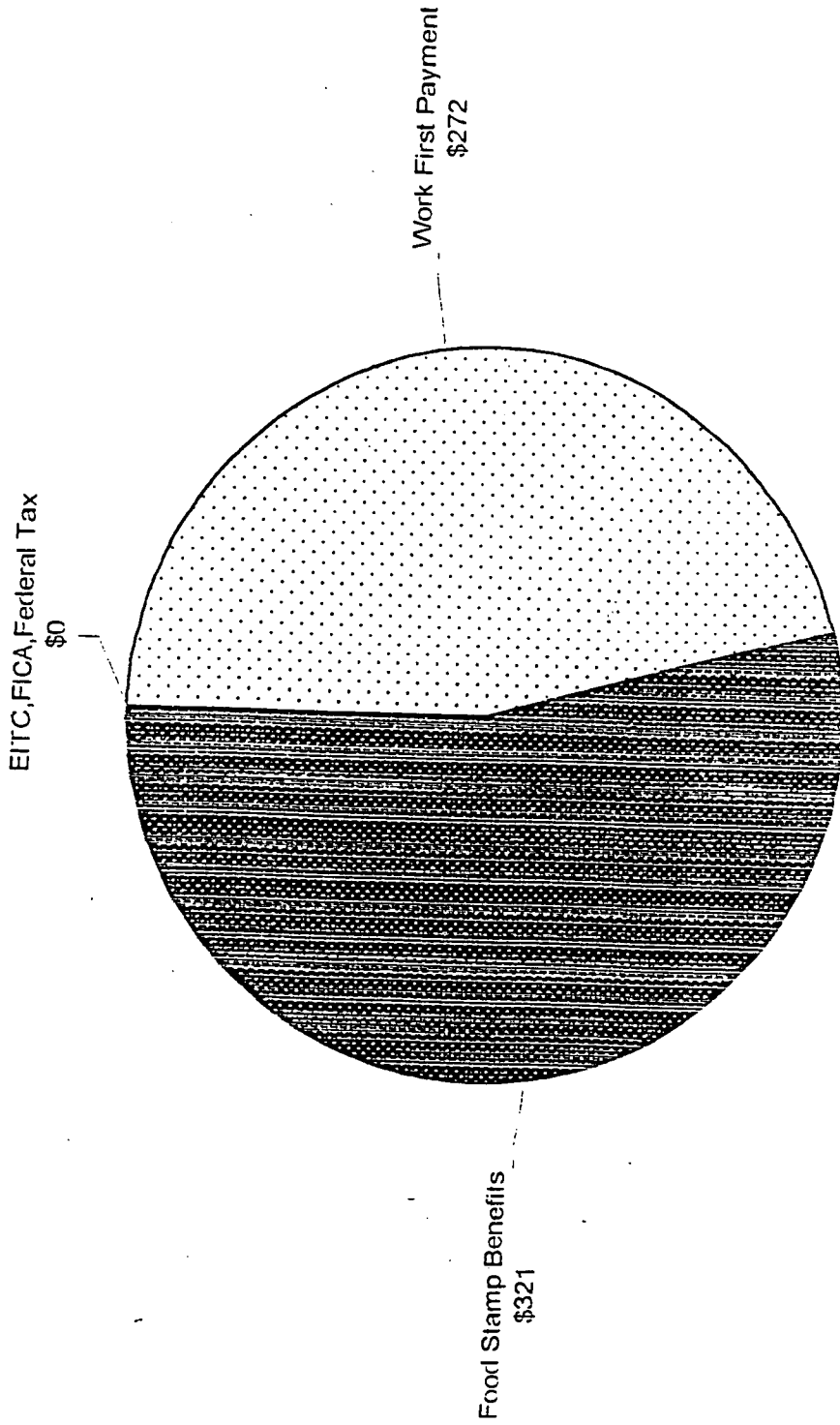
Item Number	Title	Actual SFY 1999-00	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
1	Work First Family Assistance	122,642,663	106,190,656	115,664,078	9,473,422	Expenditures for the previous year were higher than anticipated and projections for 2001 - 2002 reflect approximately 3% annual growth over the average cost for the first half of SFY 2000.
1a	Work First Family Assistance Contingency Fund	0	0	5,012,000	5,012,000	Funds set aside in case of caseload growth in SFY 2002 for Work First Family Assistance, if funds are not needed for cash assistance they may be used to continue the Business Process Reengineering (BPR) initiative.
2	Work First County Block Grants	85,007,919	92,018,855	92,018,855	0	
3	Tfr. to CCDF - Child Care Subsidies	46,257,720	57,957,188	57,957,188	0	
4	Child Care Subsidies to TANF Recipients	15,000,000	26,621,241	26,621,241	0	
5	Tfr. To CCDF - Rate Increase	15,782,188	18,717,812	18,717,812	0	
6	DMH/DD/SAS - Substance Abuse Services	3,490,709	3,500,000	3,500,000	0	
7	Residential Substance Abuse Services for Women	0	5,000,000	4,128,055	(871,945)	Decreased due to fund availability.
8	DSS - Evaluation	1,247,000	1,500,000	1,500,000	0	
9	DSS - Staff Development	500,000	500,000	500,000	0	
10	Special Children's Adoption Fund	0	2,300,000	2,300,000	0	
11	Tfr. to ESC - First Stop Assistance Program	6,108,554	1,000,000	300,000	(700,000)	Demand has decreased due to declining caseload. Counties may also purchase this service with their Work First County Block Grant.
12	WCH - Teen Pregnancy Prevention	1,542,286	2,000,000	1,500,000	(500,000)	Decreased due to fund availability. Funding priority was given to core services.
13	County child protective services, foster care, and adoption	0	2,727,550	2,727,550	0	Counties may currently contract for these services at the local level with their Work First County Block Grant.
14	Intensive Family Preservation	1,920,686	2,000,000	2,000,000	0	
15	Tfr. to SSBG - County DSS's	4,314,680	4,500,000	4,500,000	0	
16	Domestic Violence Services for WF Families	0	3,000,000	2,000,000	(1,000,000)	Decreased due to fund availability. Funding priority was given to core services.
17	DSS Administration	71,446	500,000	500,000	0	
18	Child Welfare Workers for local DSSs	0	7,260,000	7,260,000	0	
19	Child Welfare Training for Counties	0	2,000,000	2,000,000	0	
20	WF Business Council	74,043	100,000	100,000	0	
21	Tfr. to SSBG - CCA's	1,500,000	1,500,000	1,500,000	0	
22	Transfer to OJJ--Expand Support Our Students	0	2,750,674	1,290,590	(1,460,084)	Decreased due to fund availability. Funding priority was given to core services.
23	WF Job Retention and Follow-up Initiatives	1,677,529	1,607,529	1,400,000	(207,529)	Decreased due to fund availability. Funding priority was given to core services.
24	Reduction of out-of-wedlock birth	1,526,571	1,600,000	1,600,000	0	
25	Juvenile SA Services	0	1,182,280	0	(1,182,280)	Eliminated due to fund availability. Funding priority was given to core services.
26	Tfr. to SSBG - EAP Services	961,040	1,000,000	0	(1,000,000)	Eliminated due to fund availability. Funding priority was given to core services.
27	Job Link	0	300,000	0	(300,000)	Eliminated due to fund availability. Funding priority was given to core services.

Division of Social Services
 Analysis of Temporary Assistance to Needy Families Block Grant
 SFY 2001-02

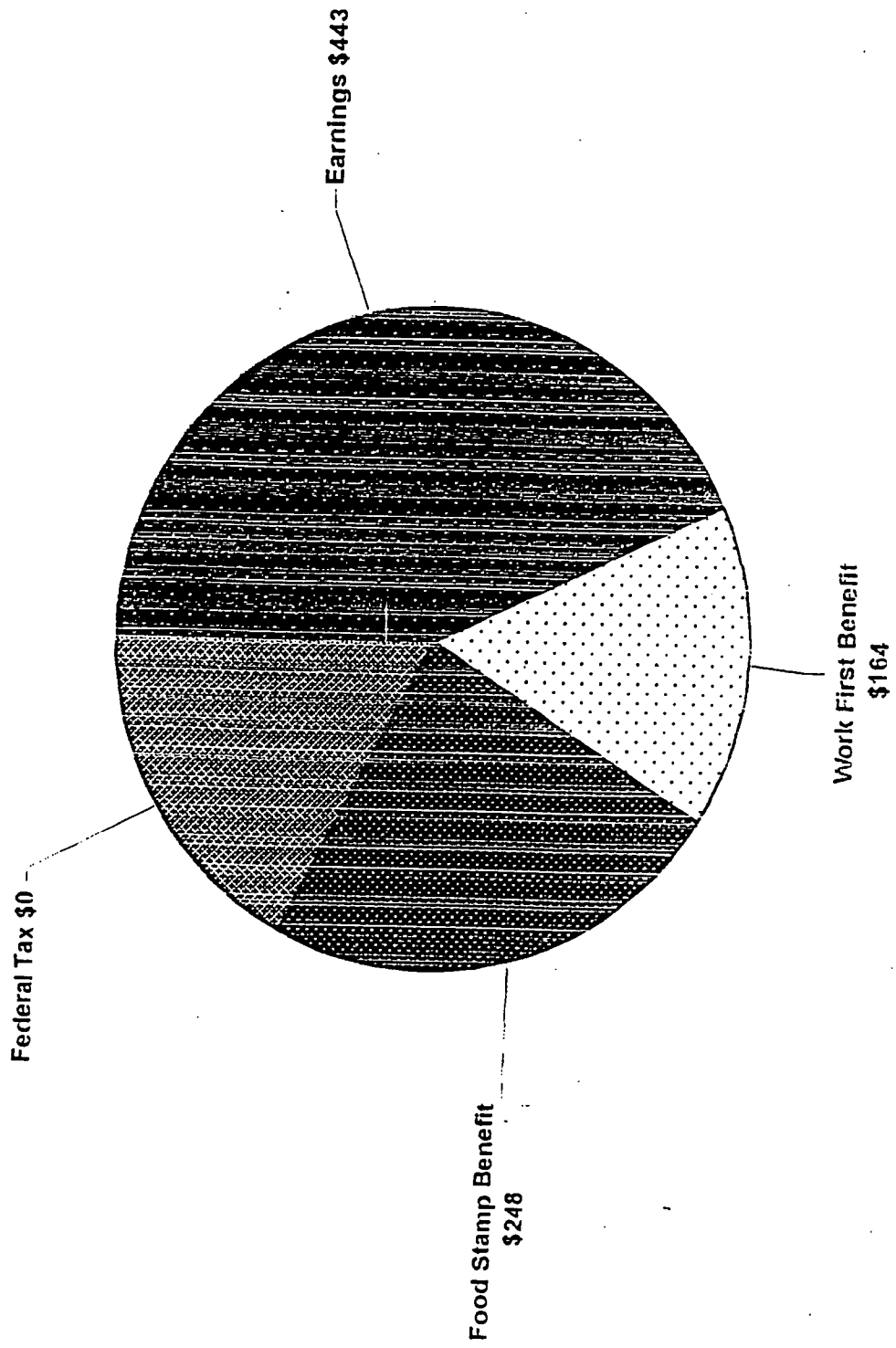
VERSION PREPARED 03/27/01

Item Number	Title	Actual SFY 1999-00	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
28	Housing	3,000,000	3,000,000	1,000,000	(2,000,000)	Funding Authorization in place through 6/30/2001. Recommend appropriating \$1 million for SFY 2001-02 to continue the housing initiative.
29	Domestic Violence Program Awareness	975,000	1,000,000	0	(1,000,000)	Awareness campaign completed and counties are now implementing family violence option for Work First.
30	Boys/Girls Clubs for WF Children	1,000,000	1,000,000	0	(1,000,000)	Eliminated due to fund availability. Counties may currently contract for these services at the local level with their Work First County Block Grant.
31	Adol. Preg. Prevention	0	239,261	0	(239,261)	Funding will now be provide through the SSBG Block Grant.
32	Responsible Fatherhood Initiative	0	1,000,000	0	(1,000,000)	Eliminated due to fund availability. Counties may currently contract for these services at the local level with their Work First County Block Grant.
33	After School Program for At-Risk Children	0	2,000,000	0	(2,000,000)	Eliminated due to fund availability. Counties may currently contract for these services at the local level with their Work First County Block Grant. Contracts are just starting and will be in place through April 2002.
34	Work First Pilots	5,379,885	5,400,000	0	(5,400,000)	Currently have \$10.8M in place (two years funding) to support these pilots and should provide sufficient time to evaluate this initiative for statewide implications. Contracts are in place through 2/20/2002.
35	Community College - Pathways	474,521	0	0	0	
36	Tfr. to SSBG - Juvenile SA Services	1,182,280	0	0	0	
37	Tfr. to SSBG - Special Needs Adoptions	2,174,820	0	0	0	
38	Tfr. to SSBG - Child Care Subsidies	10,971,241	0	0	0	
39	Tfr. To SSBG - Adol. Preg. Prevention	150,658	0	0	0	
40	Tfr. To SSBG for Child Welfare Workers for Counties	113,262	0	0	0	
41	Contract to Identify Additional Sources of MOE	612,854	0	0	0	
42	Protection from Violent Careers	0	0	0	0	
	Total	335,659,555	362,973,046	357,597,369	(5,375,677)	

Work First Three Person Family With No Earnings

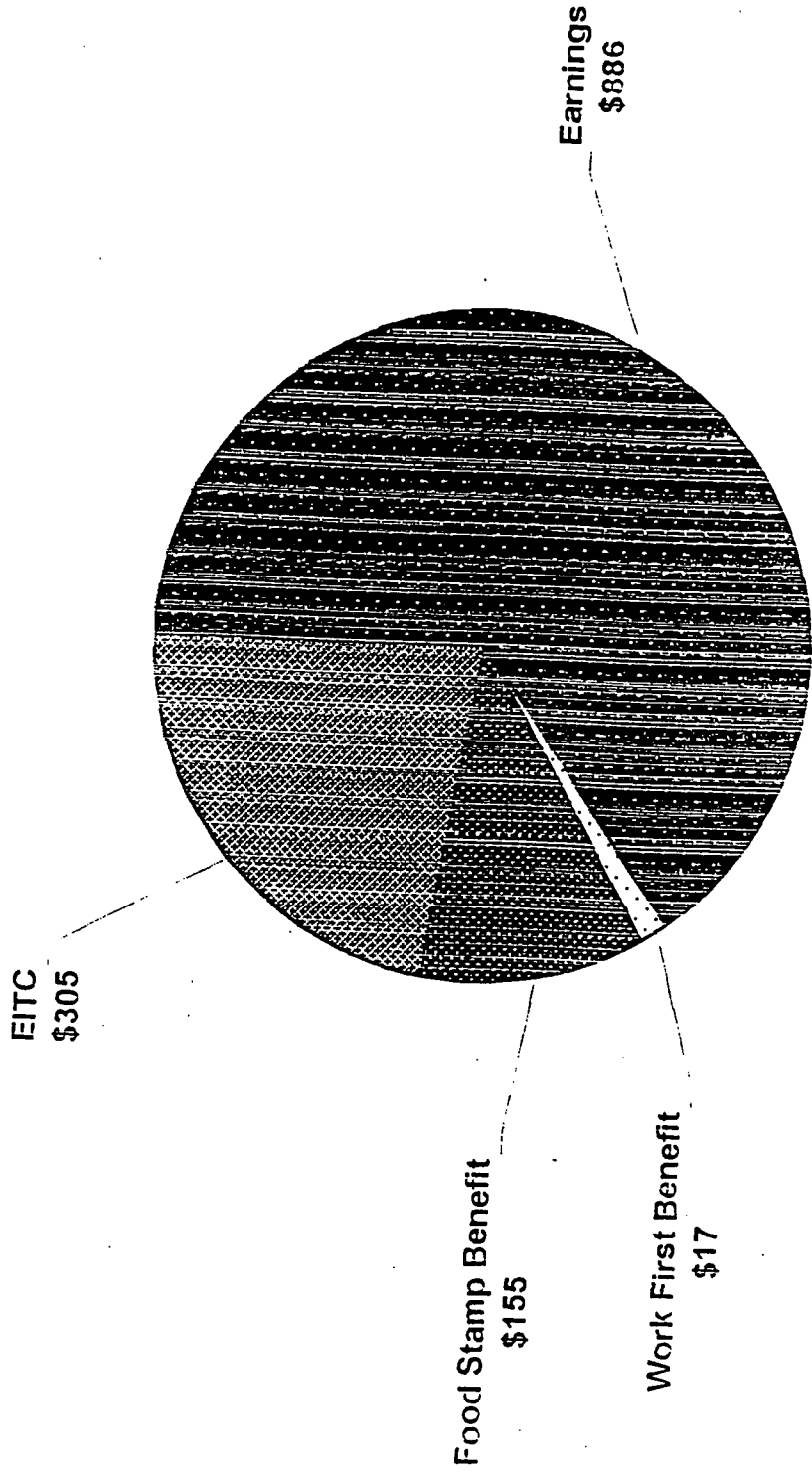


**Work First Three Person Family Working 20 Hours Weekly
Minimum Wage: Total Income \$1032***



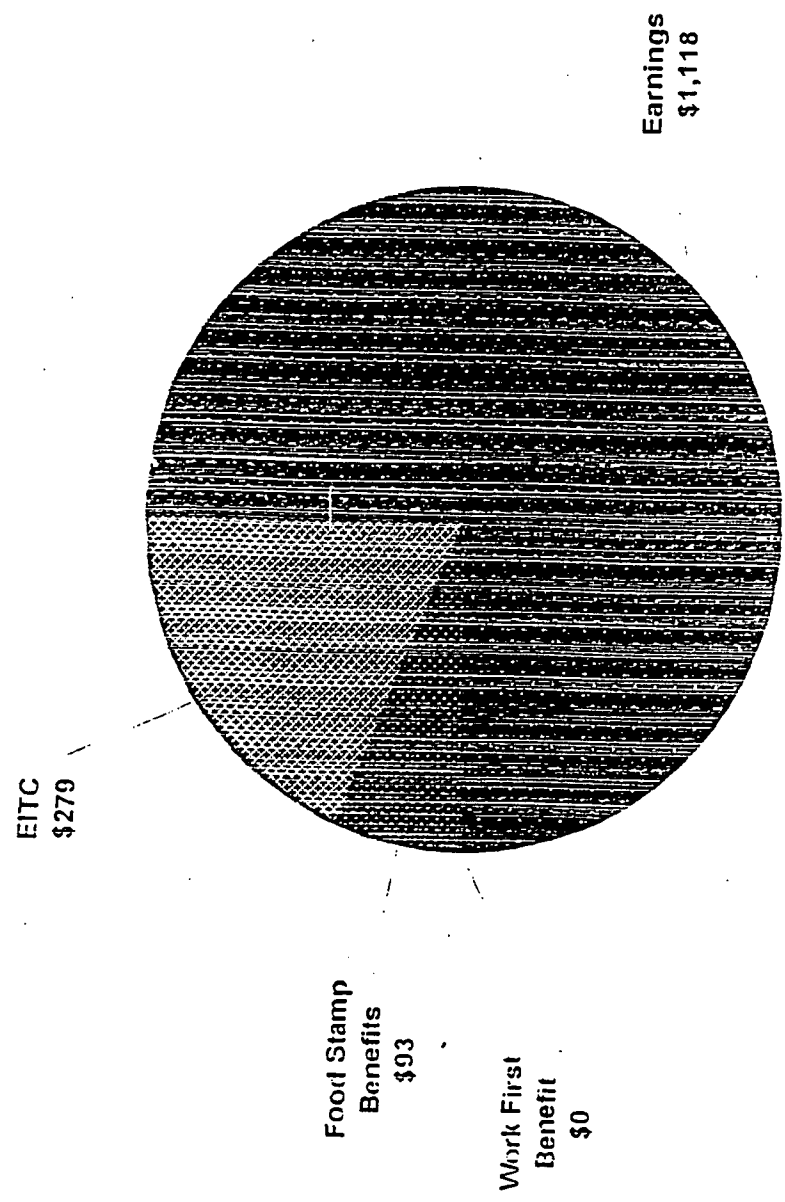
*Includes FICA withholding of \$34.00

**Work First Three Person Family Working
40 Hours Weekly Minimum Wage: Total Income \$1,363***



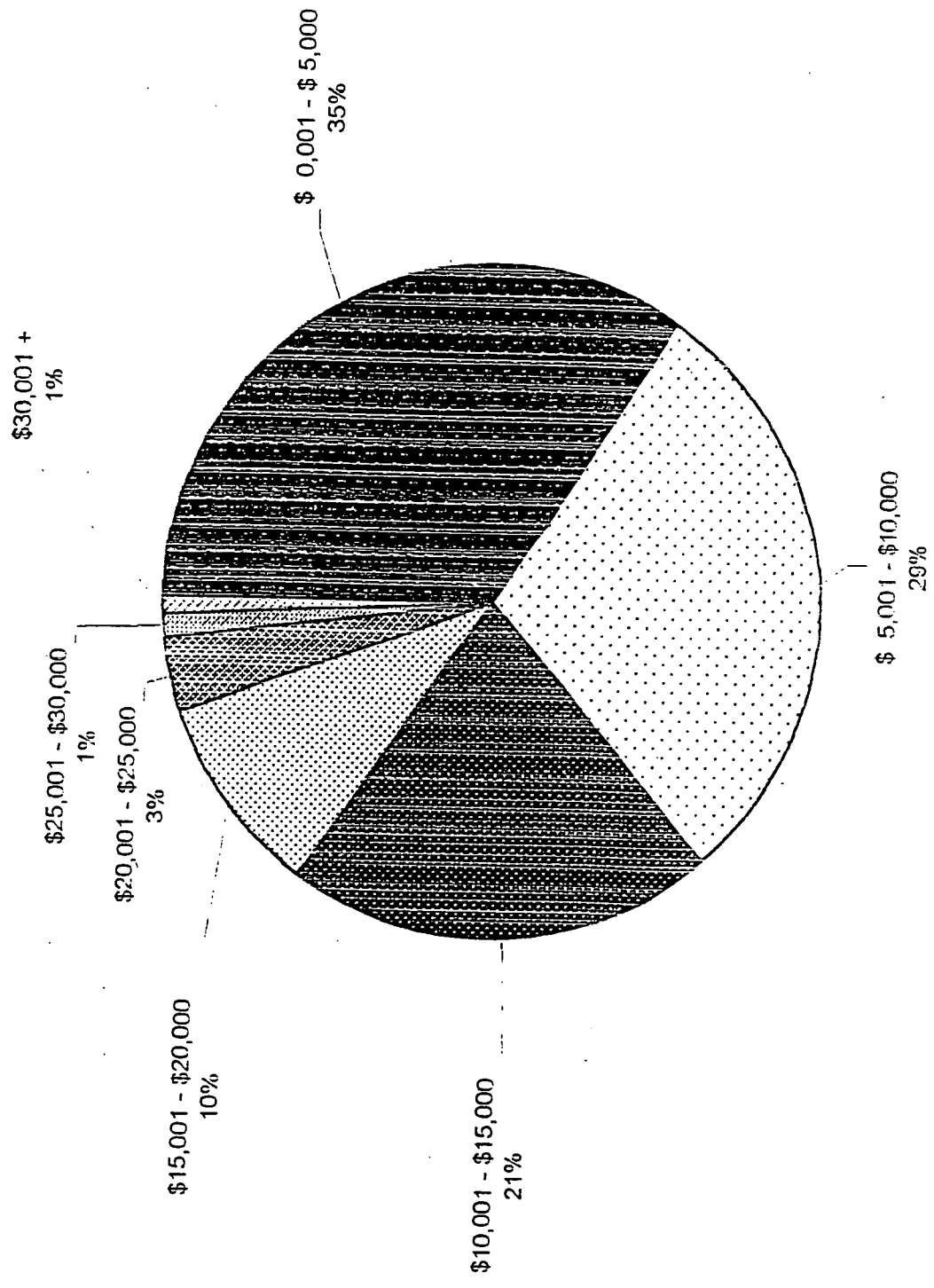
*Includes FICA withholding of \$68.

**Former Work First Family Working 40 Hours Weekly at \$6.50/Hr:
Total Income \$1,490***

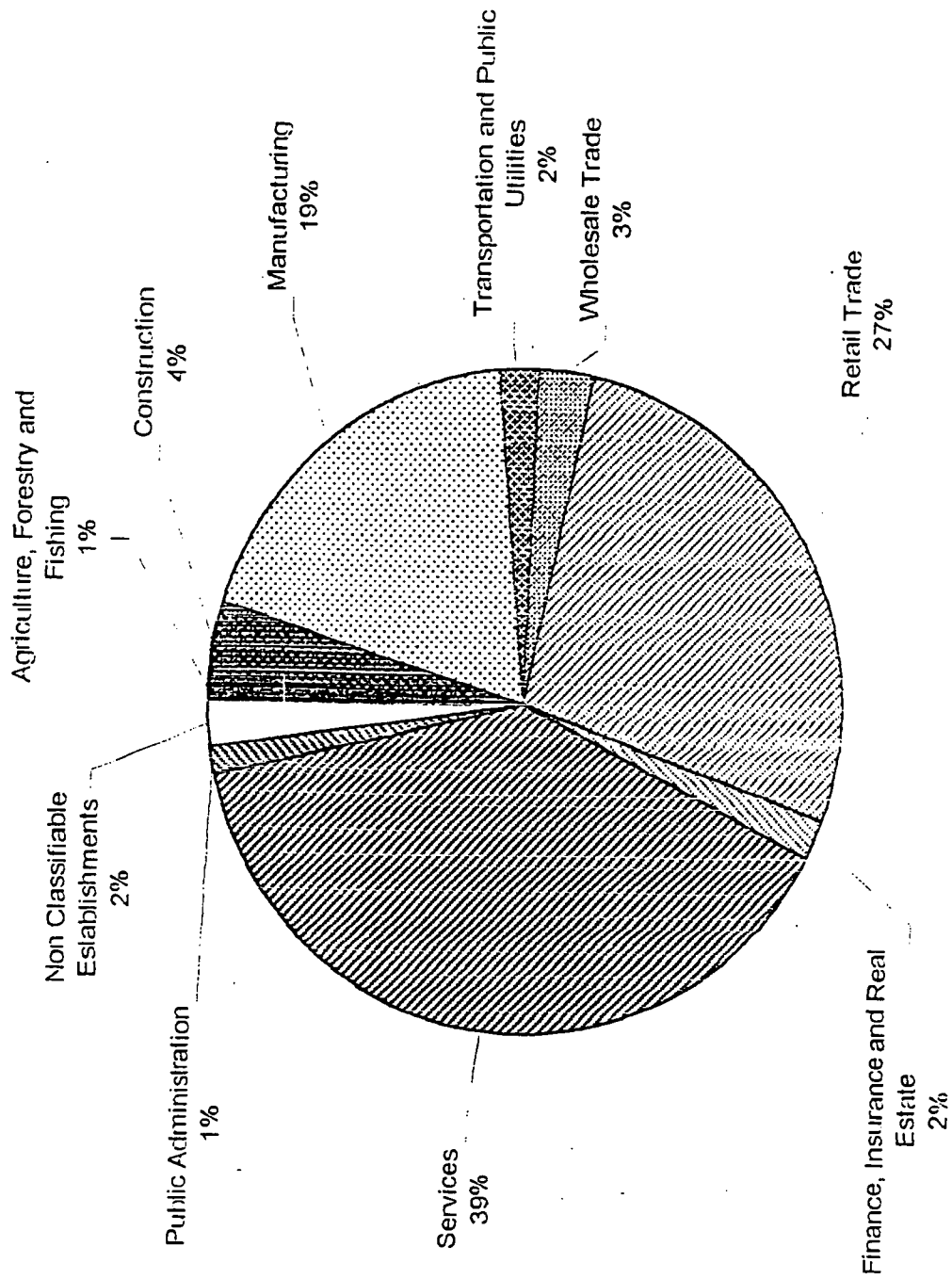


*Includes FICA withholding of \$86.

Earnings of Families 12 Months After Work First



Employers 12 Months After Work First



VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cinda McNeil	DEIE
Fay Agar	DEIE
Judy Plymlee	DEIE
Duncan Mann	DEIE
Jammy Lester	OSBPM
Kevin Ryan	DHHS/DPH
Joe Hally	"
Steve Mitchell	Novartis
John Bowditch	Alley Associates
Pan Br	MATH
Wayne Williams	State Budget

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Whitney Obig	State Budget
Pam Richardson	State Budget
Mary D. Green	State Budget
Flo Steen	DMH/DD/SAS
Bernie Holland	DHHS
Jerry Harpless	Food Bank's
Mama Linn	SKB
Betty A. Justice	ACS
Jeanne Schoen	NC nurses Association

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Wednesday, April 18th, 2001

8:30 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Division of Early Intervention and Education

Lisa Hollowell
Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**MINUTES
APRIL 18, 2002
8:30 A.M.**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Wednesday, April 18, 2002, in Room 424 of the Legislative Office Building. The following members were present:

**Representative Edd Nye, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Debbie Clary
Representative Theresa Esposito
Representative Verla Insko
Representative Thomas Wright
Representative Mark Crawford**

Six Senate members were present.

The meeting was opened by Representative Beverly Earle at 8:35 am. The opening presentation was given by Lisa Hollowell, Fiscal Staff. Ms. Hollowell's presentation focused on the "**Division of Early Intervention and Education.**" (See Attachment II) Ms Hollowell began her presentation by giving a little history of how this division was formed.

House Bill 1477 was passed in 1977. The purpose of the program is to improve the quality of the education and safety in the state residential schools, to implement the ABC's program in the residential schools and to require the development of a three-year plan to address the capital needs of the Governor Morehead School and the three schools for the deaf. The goal is to reduce administrative/management positions by 50%.

House Bill 168, which was passed in 1999, was the establishment of the Division of Education Services/Review of Disability Services. The purpose was to create the new division to manage the Governor Morehead School for the Blind and the three residential schools for the deaf focusing management and resources on:

- Improving student post-secondary outcomes
- Increasing staff development and training
- Administrative consistency and access to expert support services across campuses
- Collaborating with local education agencies and the State Board of Education
- Consistency with the 1999 Education and Disability Organization Study

Residential Schools for the Deaf

All deaf and hard of hearing children have unlimited potential. The North Carolina schools for the deaf provide a challenging learning environment, which prepares each child for a meaningful and productive life in a changing world.

Governor Morehead School

The Governor's Morehead School is to educate successfully North Carolina's children and youth with visual impairments to be productive, independent, confident citizens and life-long learners.

FY2002 Proposed Budget

Residential Schools	\$38,680,575
Other	\$812,952
Early Intervention Services	\$44,915,372
Central Administration	\$3,693,234
Total	\$88,102,133

Enrollment by Race of all Residential Students

Asian	2%
Hispanic	8%
Black	29%
White	61%

ABC's Program

The ABC Program is to form a comprehensive plan to improve public schools that is based on three goals of strong accountability: emphasis on the basics, high educational standards, and the local control of schools. This entails testing students in grades 3-8 and follow-up in the 10th grade. House Bill 1477 (1997) placed the residential schools under the ABC's Program and the students were tested in 1999 for the first time.

There are two questions that remain to be answered.

How can deaf and blind children best be served in North Carolina (residential schools of the LEAs)?

What should be the purpose of the residential schools (educational)?

The state is constantly working on answers to these questions.

Appropriations Subcommittee on Health and Human Services
Minutes
April 18, 2002
Page 3

The meeting was adjourned.

Respectfully submitted,



Presiding Co-Chair, Representative Beverly Earle



Committee Assistant, Ann Raeford

Attachments

Attachment I
Attachment II
Attachment III

Agenda
Division of Early Intervention and Education
Visitor's Registration

Division of Early Intervention and Education
Department of Health
and Human Services

Division of Early Intervention and Education

- House Bills 1477 and 168 & History of the Division
- Organizational Structure of the Division
- Budget
- Residential Schools
 - Mission
 - History
 - Demographics of residents/students
 - Budgets and Budget History
 - ABCs Program at the Schools
 - Issues

Division of Early Intervention and Education

Part I

- House Bill 1477 (1997)
 - Improve the quality of the education and safety in the state residential schools
 - Implement the ABC's program in the residential schools
 - Require the development of a three-year plan to address the capital needs of the Governor Morehead School and the three schools for the deaf.
- Goal of reducing administrative/management positions by 50%

Division of Early Intervention and Education

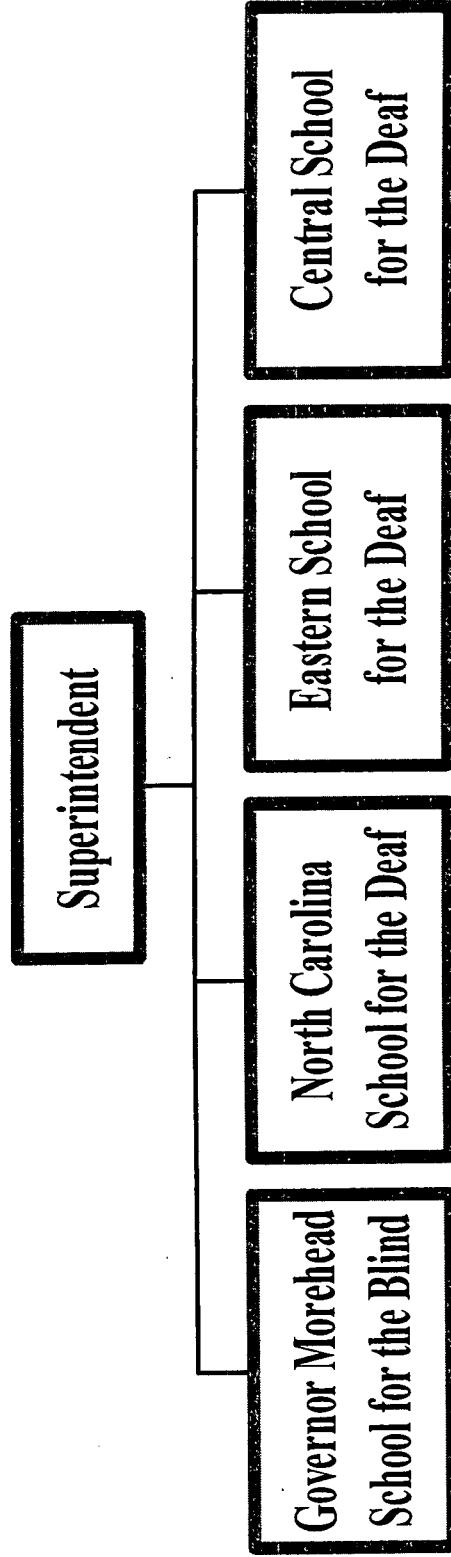
- House Bill 168 (1999) – Section 11.4 (a) Establishment of Division of Education Services/Review of Disability Services
- Purpose of creating the new division was to manage the Governor Morehead School for the Blind and the three residential schools for the deaf focusing management and resources on:
 - Improving student post-secondary outcomes
 - Increasing staff development and training
 - Administrative consistency and access to expert support services across campuses
 - Collaborating with local education agencies and the State Board of Education
 - Consistency with the 1999 Education and Disability Organization Study

Division of Early Intervention and Education

- Education and Disability Organization Study (March 1999)
PriceWaterhouseCoopers
- Superintendent's Office within DHHS was one of several options, others included establishing office within DPI or transfer responsibility to LEA
- Staff accountability and performance, communications and technology, and outcome-based performance measurement
- Option that best meets the study's evaluation criteria –
Placing the four residential schools and their pre-school component within the Department of Public Instruction

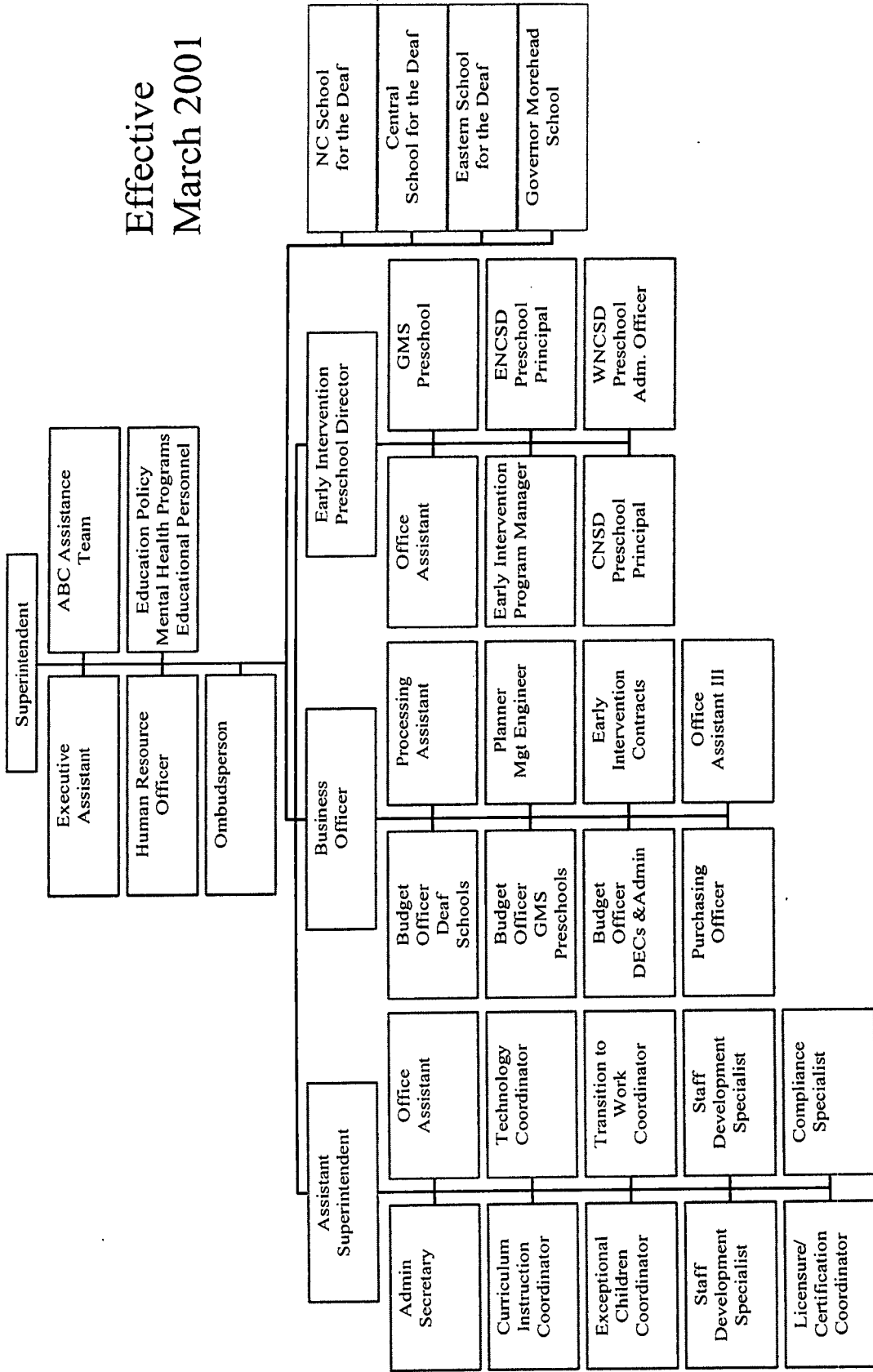
Division of Early Intervention and Education

Division of Education Services
HB168 Directive



Division of Early Intervention and Education

Effective
March 2001



Division of Early Intervention and Education

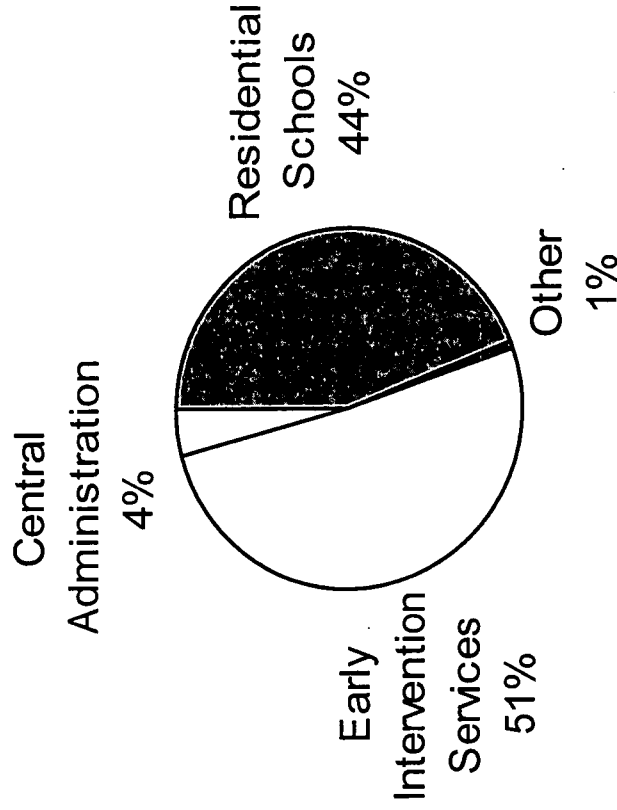
- Legislative Highlights – FY1999
 - Eliminated an Assistant Principal and a Processing Assistant II \$64,687 R
 - Funded 4 positions (Occupational Therapist III, Physical Therapist III, Staff Development Specialist, and Community Employment Specialist II). Establishment and operational support of a video networking site, library materials and automation, an elevator in the elementary school, and playground equipment. \$275,000 R and \$275,000 NR
- Legislative Highlights – FY2000
 - IEP Services – Contractual services required by students' IEPs at the residential schools \$800,000 NR
 - Family Support Services – Supports services to families with deaf and hard of hearing children as a result of increased demand from the newborn hearing screening program. \$220,000 R
 - Day Student Transportation - \$500,000 NR
 - Specialized program for deaf/blind children at GMS for expansion of NC Central University's master's degree program in visual impairment to include intervenor training. \$225,000 R (5 positions)

Division of Early Intervention and Education

	Actual 2000	Authorized 2000- 2001 as of 12/00	Proposed 2001-2002
Requirements	\$75,192,227	\$96,145,941	\$88,102,133
Receipts	14,541,033	17,082,762	10,811,714
Net Appropriation	60,651,194	79,063,179	77,290,419

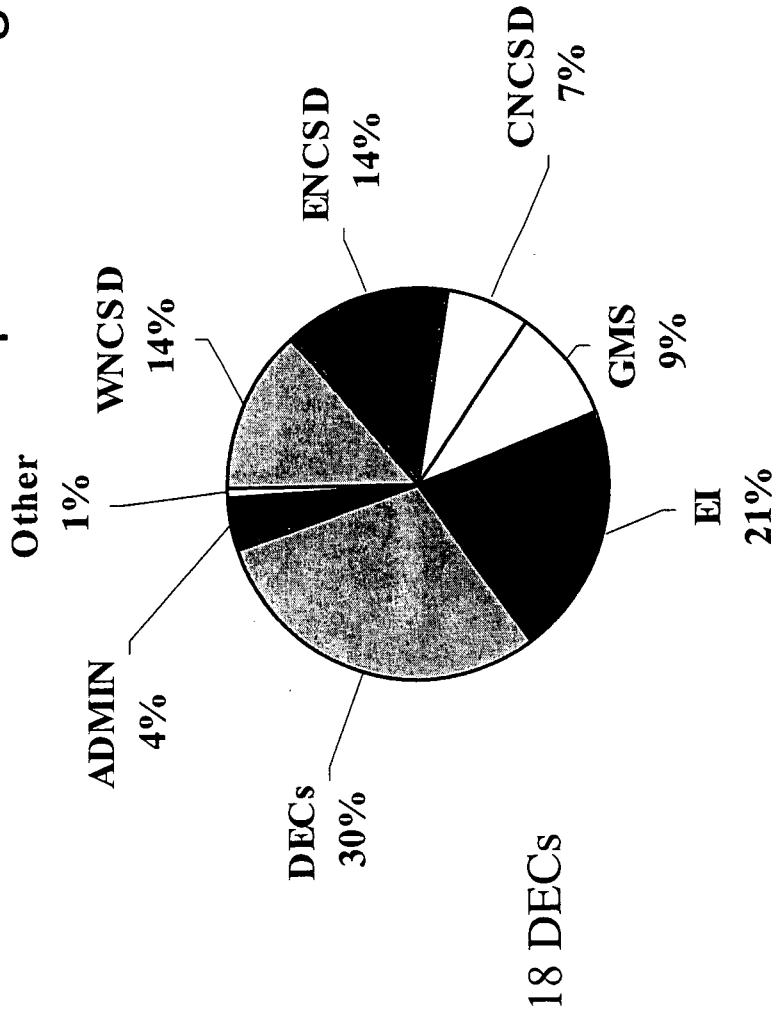
Division of Early Intervention and Education

	FY2002 Proposed Budget
Residential Schools	\$38,680,575
Other	\$812,952
Early Intervention Services	\$44,915,372
Central Administration	\$3,693,234
Total	\$88,102,133



Division of Early Intervention and Education

2001-2002 Proposed Budget



	2001-2002 Proposed
Western School for the Deaf	\$12,027,033
Eastern NC School for the Deaf Central NC	\$12,520,357
School for the Deaf	\$6,116,594
Governor Morehead School	\$8,016,591
Early Intervention Services	\$18,277,020
Developmental Evaluation Centers	\$26,638,352
Central Administration	\$3,693,234
Other	\$812,952
Total	\$88,102,133

Division of Early Intervention and Education

Residential Schools for the Deaf

All deaf and hard of hearing children have unlimited potential. The North Carolina schools for the deaf provide a challenging learning environment which prepares each child for a meaningful and productive life in a changing world.

Governor Morehead School

To educate successfully North Carolina's children and youth with visual impairments to be productive, independent, confident citizens and life-long learners.

Division of Early Intervention and Education

North Carolina School for the Deaf in Morganton

- Opened in 1894 with an enrollment of 104 students
- Service Delivery Models: K-12 residential and day placements, preschool (including satellites) birth-age 5
- Residential Bed Capacity of 245 (42% occupancy rate)
- Students attending school: 142 (102 residential and 40 day as of January 2001)
- Student Profile – 127 identified as hearing-impaired, 6 identified as deaf/blind and 9 identified as multi-handicapped. 31 students in elementary school, 51 in middle school and 60 in high school.
- Number of Staff - 260 (includes vacant positions, FY2000)
- 47 Teachers
- FY02 Proposed Budget: \$12,027,033
- Cost per student: \$84,697

Division of Early Intervention and Education

Eastern North Carolina School for the Deaf

- Opened in 1964 with 72 children 5-10 years old.
- Service Delivery Models: K-12 residential and day placements, preschool (including satellites) birth-age 5
- Residential Bed Capacity 210 (54% occupancy rate, as of January 2001)
- Students attending school – 170 (113 residential and 57 day as of January 2001)
- Student Profile – 141 identified as hearing-impaired, 5 identified as deaf/blind and 18 identified as multi-handicapped, 1 autistic and 4 developmentally disabled. 48 students in elementary school, 57 in middle school and 65 in high school.
- Number of employees – 284 (includes temporary & approx. 50 vacant positions)
- 53 Teachers (as of February 2001)
- FY02 Proposed Budget: \$12,520,357
- Cost per student: \$73,649 Fiscal Research Division April 2001

Division of Early Intervention and Education

Central North Carolina School for the Deaf

- The General Assembly appropriated \$4.9M to build the school and opened in 1975 with 185 students.
- Service Delivery Models: K-8 residential and day placements, preschool (including satellites) birth-age 5
- Residential Bed Capacity 200 (9% occupancy rate as of January 2001)
- Students attending school – 29 (18 residential and 11 day as of January 2001)
- Student Profile – 29 identified as hearing-impaired
- Number of employees – 105 (includes approx. 30 vacant positions)
- 13 Teachers (as of February 2001)
- FY02 Proposed Budget is \$6,116,594
- Cost per student is \$210,917

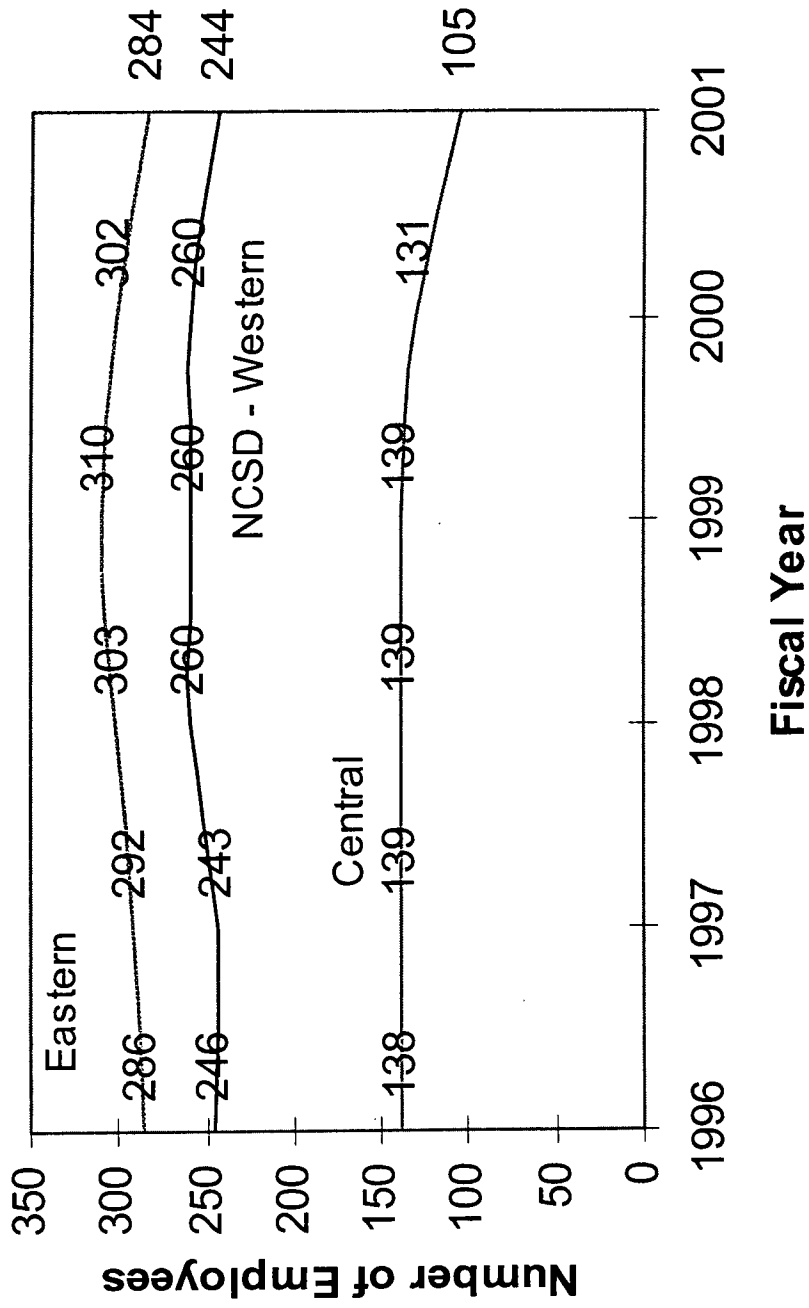
Division of Early Intervention and Education

Governor Morehead School

- Opened in 1845 (8th school for the blind in the United States)
- Service Delivery Models: K-12 residential and day placements, preschool (including satellites) birth-age 5, long and short-term placements. Partner with NC Central University in training professionals in the vision field.
- Residential Bed Capacity of 100 (61% occupancy rate)
- Students attending school = 81 (61 residential and 20 day students) as of January 2001
- Student Profile – 69 identified as visually impaired and 12 identified as multi-handicapped (approximate as of January 2001)
- Number of Staff - 160 (includes vacant positions)
- 42 Teachers
- FY02 Proposed Budget: \$8,106,591
- Cost per student: \$100,081
Fiscal Research Division April 2001

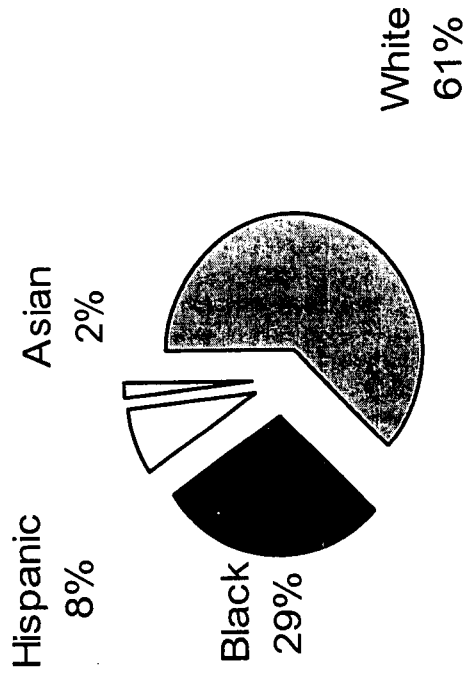
Division of Early Intervention and Education

Schools for the Deaf Employees



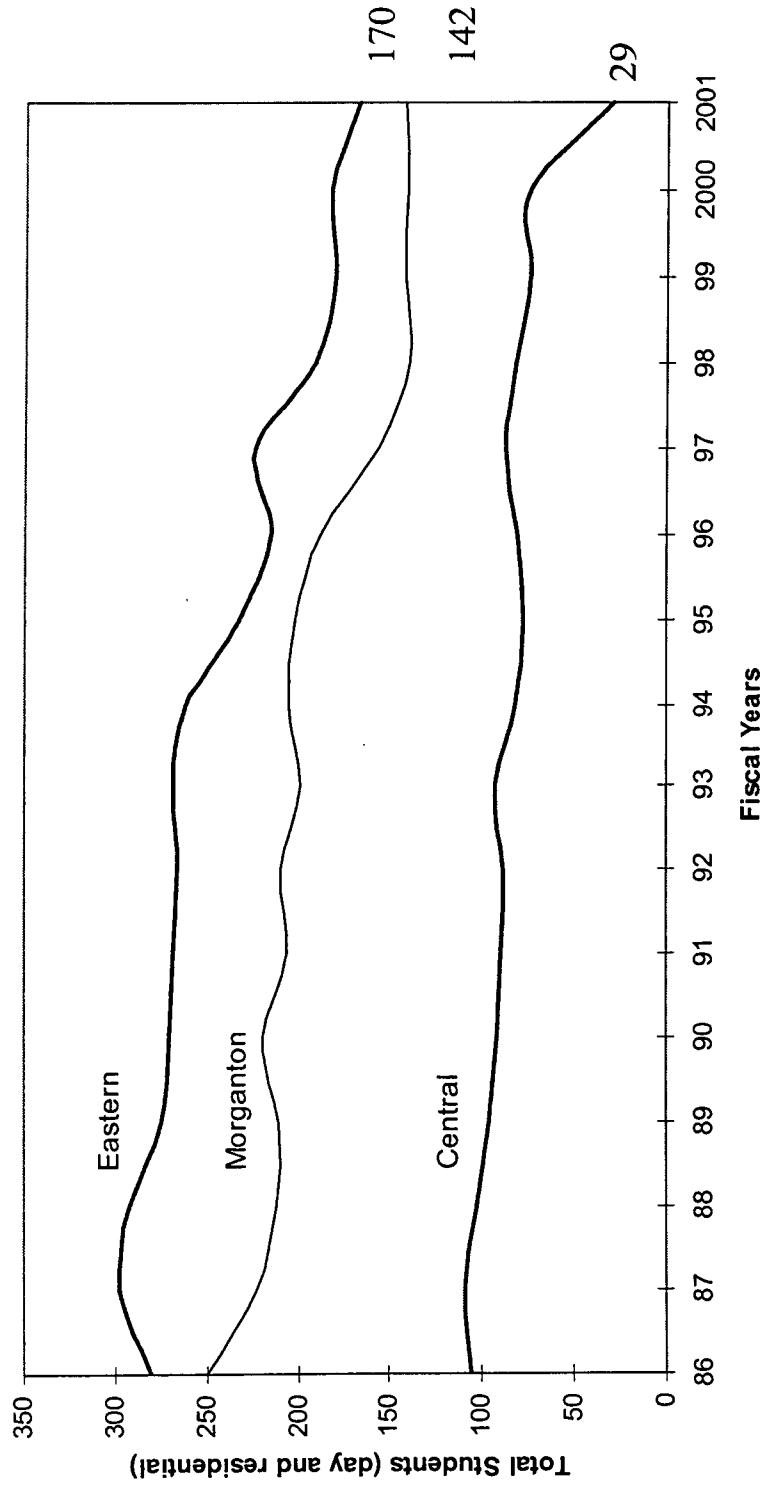
Division of Early Intervention and Education

Enrollment by Race of all Residential Students



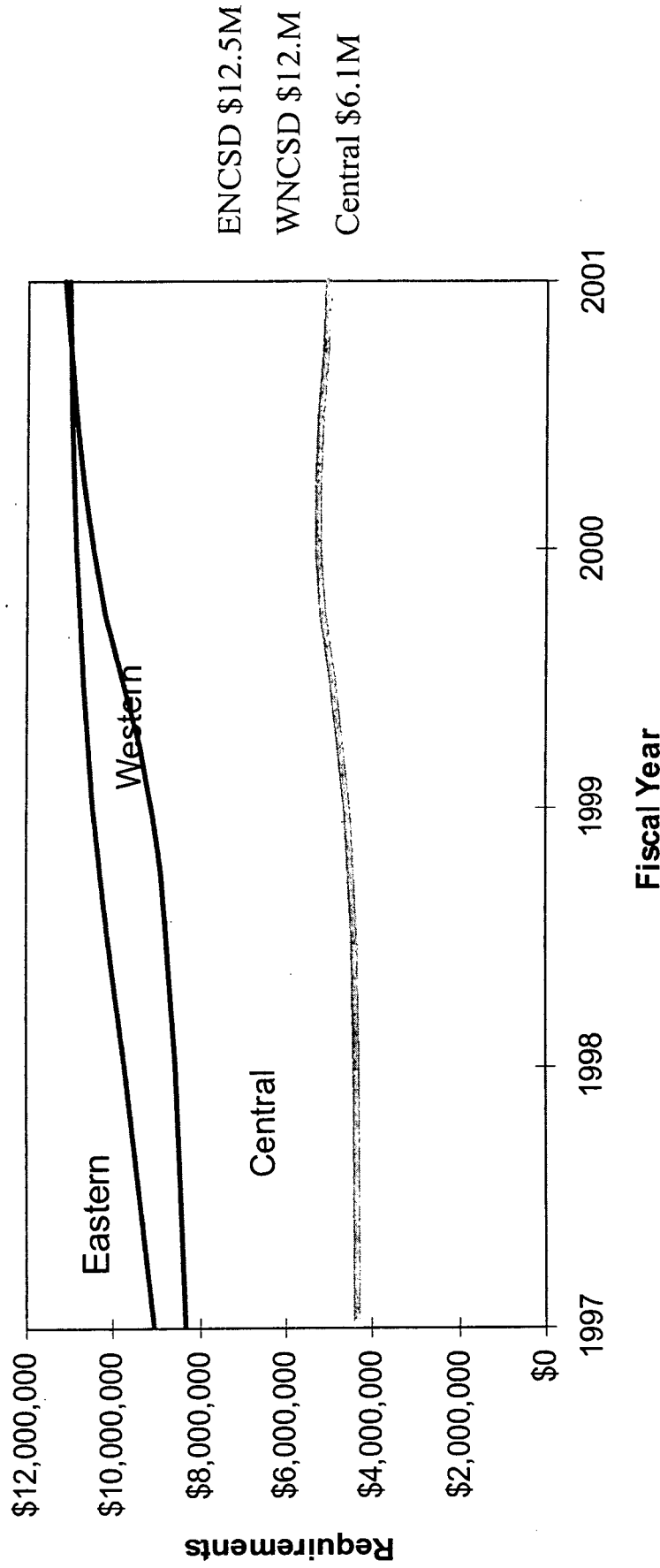
Division of Early Intervention and Education

Enrollment at the Schools
for the Deaf



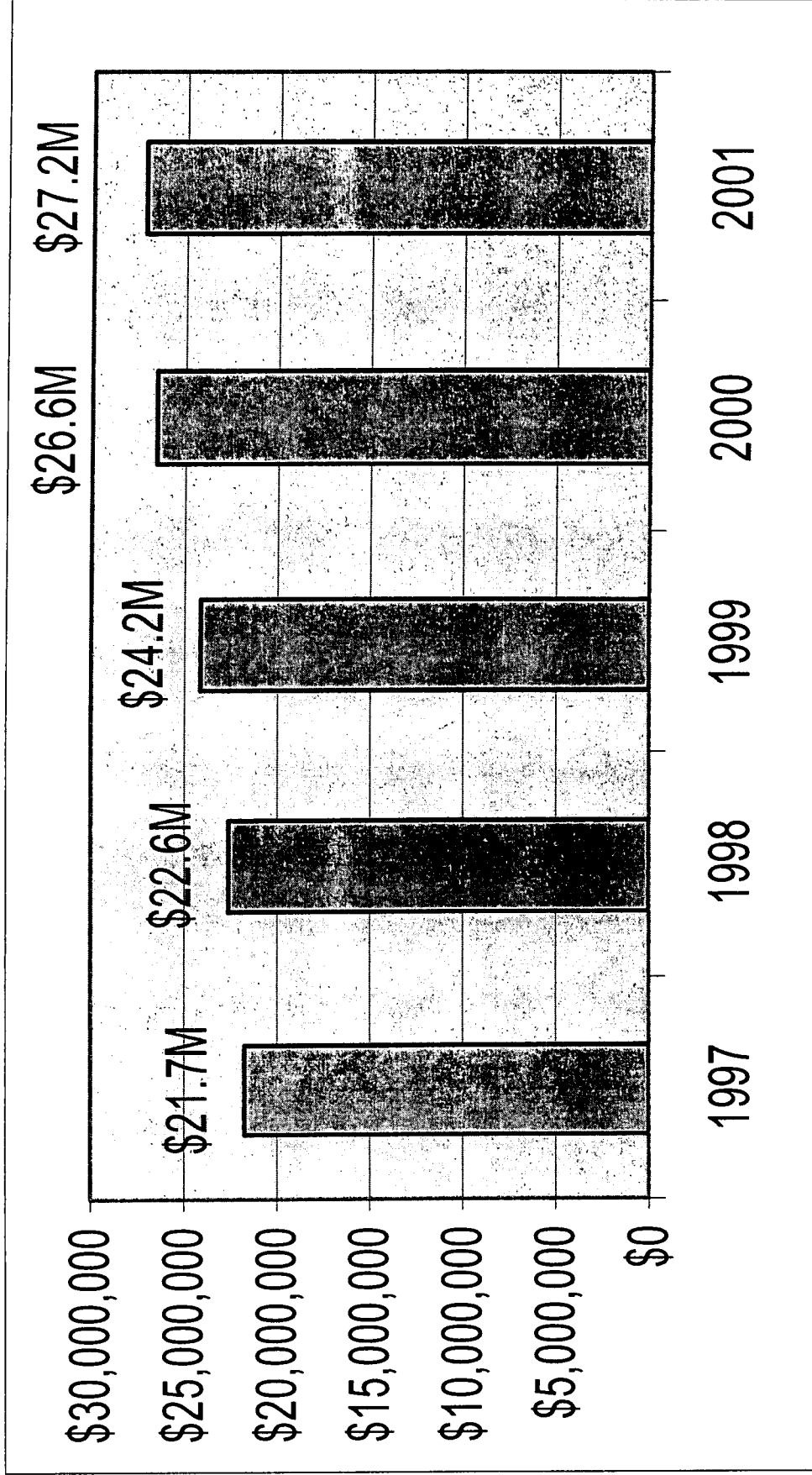
Division of Early Intervention and Education

Requirements at the Residential Schools for the Deaf

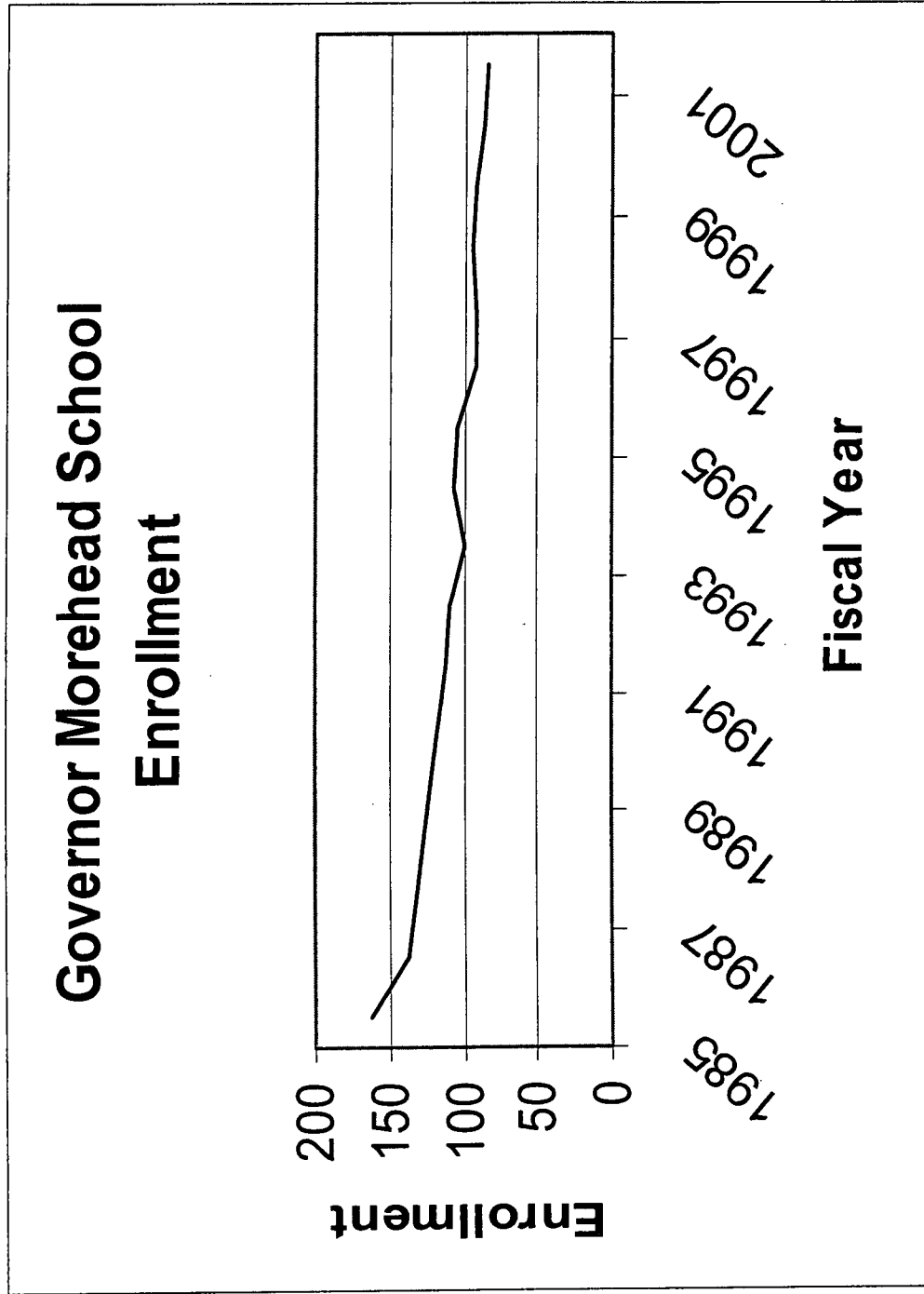


Division of Early Intervention and Education

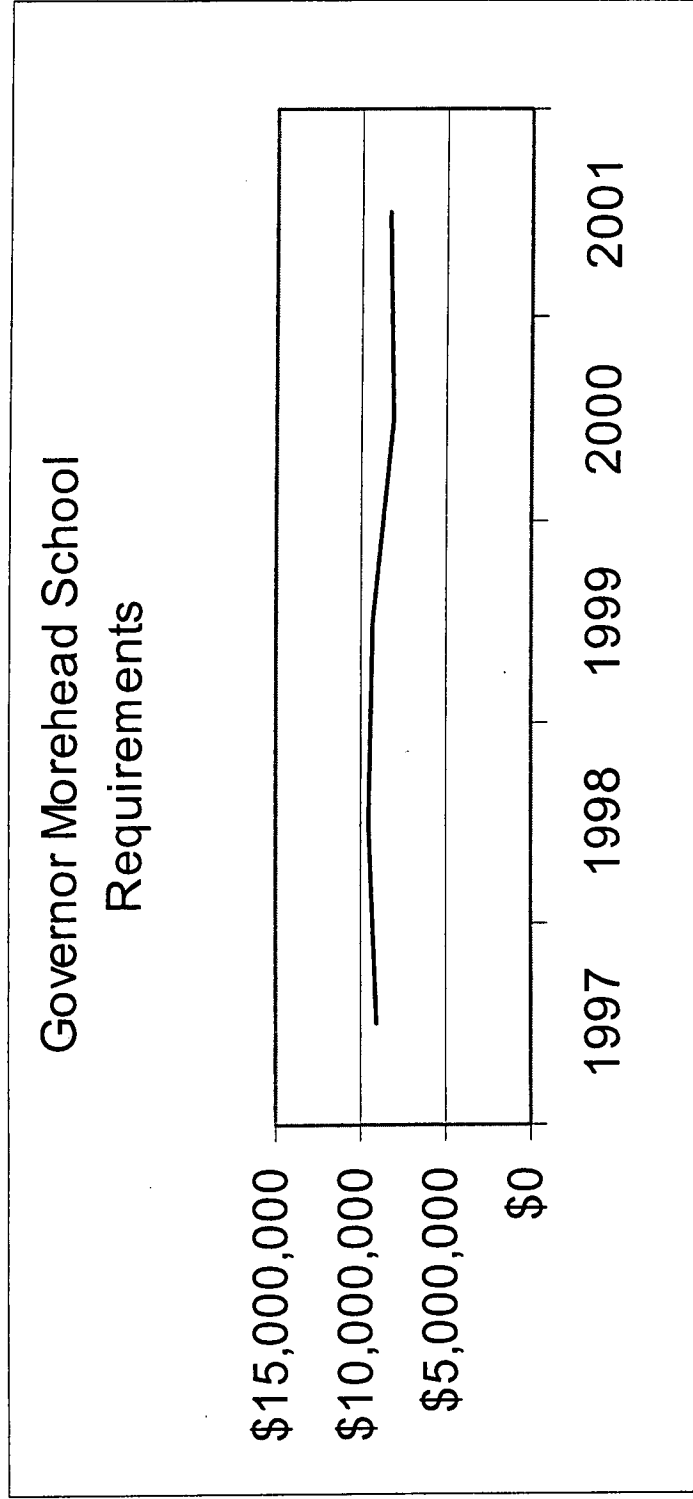
Budget History for the Residential School for the Deaf



Division of Early Intervention and Education

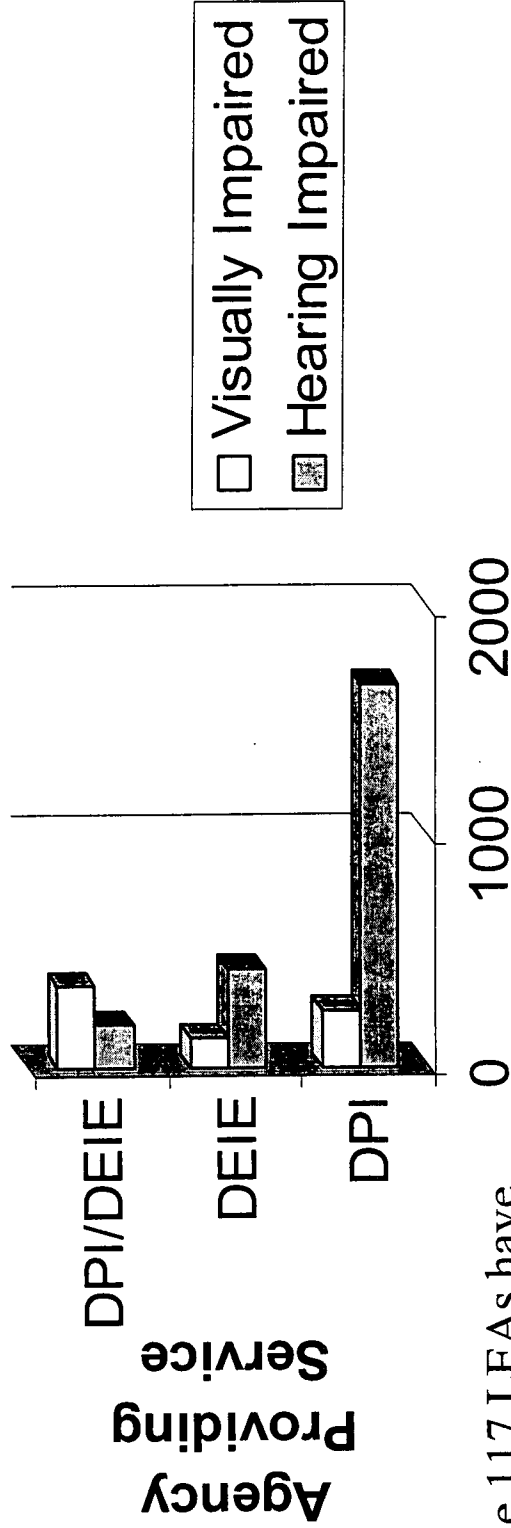


Division of Early Intervention and Education



Division of Early Intervention and Education

Services Provided to Children Who are Hearing Impaired/Deaf or Visually Impaired



115 of the 117 LEAs have students classified as Hearing Impaired (1,753)

104 of the 117 LEAs have students classified as Visually Impaired (578)

Division of Early Intervention and Education

- \$2,600 per child allocation to LEAs to educate children with disabilities.
- DPI has a reserve amount of \$3.4M established for LEAs which need additional assistance serving children with disabilities. As of April 2001, \$1.9M remains in the reserve.

Division of Early Intervention and Education

- The NC Central School for the Deaf will be closing in May
- There are contracts in place for FY2001 to provide \$24,000 per student to the LEA that the student has transferred to. The Department's plan is to have this continue through the 8th grade
- The counties/LEAs that received payment for the entire 2001 school year (2 semesters) included

Durham	1	\$24,000
Guilford	6	\$144,000
Alamance	5	\$120,000
Forsyth	2	\$48,000
Randolph	4	\$96,000

Division of Early Intervention and Education

- An additional five students transitioned to public schools in January 2001, which resulted in payment of \$12,000 per student to the LEA (one dropped out from the first semester)

Guilford	2	\$24,000
Scotland	2	\$24,000

- Total paid out to LEAs for FY2001 = \$480,000
- Anticipated payments for FY2002 = 21 students transitioning to public school. The total is estimated to be \$504,000.
- Since this payment is annually and will continue through the student's eight grade year, the overall total for next year is estimated at approximately \$1M

Division of Early Intervention and Education

- ABCs Program – comprehensive plan to improve public schools that is based on three goals of strong accountability: emphasis on the basics, high educational standards, and the local control of schools. This entails testing students in grades 3-8 and a follow-up in the 10th grade.
- HB 1477 (1997) placed the residential schools under the ABCs Program and the students were tested in 1999 for the first time.
- 2000 - GMS – Exemplary
- NCSD, ENCS and CNCSD – Low Performing

Division of Early Intervention and Education Issues

- \$24,000 being paid to LEAs for the transfer of children out of the Central School to public schools
 - Policy – equity issue
 - What is the \$24,000 based upon?
- Staffing levels at the schools
- Transportation Costs (\$637,000 proposed for FY02)

Division of Early Intervention and Education

- How can deaf and blind children best be served in North Carolina (residential schools or the LEAs)?
- What should be the purpose of the residential schools (educational)?

VISITOR REGISTRATION SHEET

Joint Approp/Subcommittee on Health and Human Ser. April 18, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
<i>Regina Bone</i>	<i>Bone & Assoc</i>
<i>Wayne Covert</i>	<i>Eli Lilly</i>
<i>Kenny Y. Justus</i>	<i>ACS</i>
<i>Armedin</i>	<i>Sa Droug</i>
<i>John Boudich</i>	<i>Alley Associates</i>
<i>D. W.</i>	<i>HR</i>
<i>Steve Keene</i>	<i>NeMed Ser.</i>

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Jimmy Lester	OSBPM
Koz Sawitt	NCC
SOLARI	NCP
Steve Mitchell	Novartis
Bob Heidrick	Providers Council
Patricia Reiner	NCAAC
Carol Jant	DPH
Kevin Ryan	DHHS/DPH
Mary Bump	Cued Speech Center
Andy Ell	NCRMA
Michelle Cotton	DHHS/DPH

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FIRM OR AGENCY AND ADDRESS

Jan Haskins	NC Food Banks
Jennie Holloway	DHHS
CL Cochran	UCPNC - C2001
Mary Reese	OSBPM
PAM RICHARDSON	OSBPM
WHITNEY OBRIGS	OSBPM
WYNNE WILLIAMS	OSBPM
Jim Johnson	FRD
Steven Hild	NC Social Services Consortium
Jessica Simpson	NC Social Services Consortium
Chris Rodgers	Parker Poe Adams & Bernstein

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Joint Approp/Subcommittee on Health and Human Ser. April 18, 2001

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Date

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FIRM OR AGENCY AND ADDRESS

Judy Olymale	DEIE
Annal McNeil	DEIE
Damon Muir	DEIE
Ed Cochran Brown	BPIA
Alfayv	OSBPM
Mé Bugden	NC DHHS
Fay Agar	DEIE
Patricia Jousis	DHHS
Mary Seals	
Lamin Conste	DHHS
Joe LIBERTY	AHMC

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Thursday, April 19th, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Early Intervention and Education

*Lisa Hollowell
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Thursday, April 19, 2001

8:30 A.M.

Room 424, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Thursday, April 19, 2001, in Room 424 of the Legislative Office Building. Members present were: Representative Edd Nye and Representative Beverly Earle, Co-Chairs; Representative Debby Clary, Representative Theresa Esposito, Representative Verla Insko, Representative Thomas Wright, and Representative Mark Crawford. There were six senators present.

Representative Nye chaired the meeting. Ms. Lisa Hollowell, Fiscal Research Staff, was asked to begin her presentation.

Ms. Hollowell began by continuing her presentation from the previous meeting on Page 29 of the handout. There had been a discussion concerning \$24,000 that was paid to the local education agencies for the transfer out of the central school to the public schools. She presented a chart with more information concerning this issue (See Attachment). Mr. Philip Price, Fiscal Research Staff, was in attendance to review the chart with the Committee. He explained that the chart shows that each child does not receive the same amount of money for low wealth funding. There was a discussion focused on this issue.

Representative Nye asked who authorized the \$24,000 bonus per year and if a contract was signed. Peter Leousis, Department of Health and Human Resources, responded that they did have contract. Representative Nye stated he would like for it to be made available. Ms. Hollowell noted that there is a reserve account of about two million dollars for LEA's that need additional funding. Senator Dannelly noted that the \$24,000 seemed to create a lot of discussion, but it is a bargain.

Ms. Hollowell next reviewed the handout titled Part II of the Division of Early Intervention and Education (See Attached). Representative Nye noted that HB 168 did not call for a division to be formed, but for education service and review of disability services. It has grown into what it is now as shown on the chart on page 34. Senator Kerr questioned the number of employees per student. Senator Forrester asked how long it would be before they could see the outcome in quality of education. He would like to see a report on this. Ms. Hollowell responded that they make a report available every year on how the students are performing on the ABC's Program. They are now tracking students after they leave the schools to see how well they are doing. She will provide him a recent report. Representative Nye asked for a breakdown of how the Division got 1200 people.

Ms. Hollowell next reviewed Page 35, Preschool Programs. The Committee members had questions concerning the State operated preschool programs. Ms. Hollowell reviewed the governing language for the Individuals with Disabilities Education Act on Page 45 of the handout.

Representative Nye reported that there would be a public hearing at 4:00 P.M. on Monday afternoon.

The meeting was then adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

Funding North Carolina's Public School Children
Based of FY2000 State Funding Levels

Students in Kindergarten through 3rd Grade

Student Student Student Student
Example 1 Example 2 Example 3 Example 4

	\$4,116.52	\$7,490.44	\$4,399.28	\$3,683.07
Every Student (note)	\$3,337.26	X	X	X
Student - Low Income Family	\$286.40	X	X	X
Special Learning Issues (IEP's)	\$2,612.30	X	X	X
Small County	\$426.82	X	X	X
Not performing at grade level	\$219.80	X	X	X
Low Wealth County	\$66.04	X	X	X
Limited English Proficiency	\$541.82	X	X	X
Intellectually/Academically Gifted	\$345.81			X
Vocational Education	\$0.00			

Every student includes: Teachers, teacher assistants (K-3), instructional support, some at-risk (ADM portion), textbooks, classroom materials/supplies (PSAT test in 9-12), school technology, and transportation

1. IDEA Part B (Federal Funds)
2. Developmental Day Center Program (State Funds)
3. Community Residential Ctr Program (State Funds)
4. Group Home Program (State & Federal Funds)
5. Out-of-District Placement Program (Federal Funds)
6. Special State Reserve Program (State Funds)
7. Behavioral Support Grants (State Funds)
8. Capacity Building & Improvement Grant (Federal Funds)

Department of Health and Human Services

Division of Early Intervention and Education

Part II

Division of Early Intervention and Education

Part II

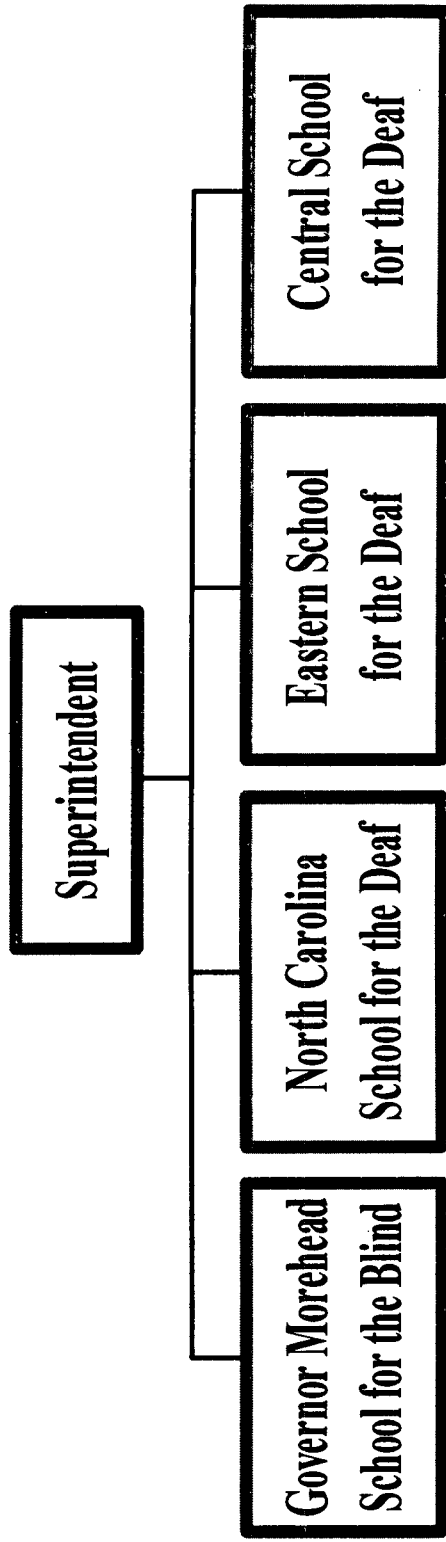
- Preschool Programs for the hearing and visually impaired children
 - State-Operated Preschools (costs and locations)
 - Itinerant Services
- Early Intervention
 - The Process of Identification and Receiving Services
 - Developmental Evaluation Centers
 - Infant-Toddler Program
- Issues

Division of Early Intervention and Education

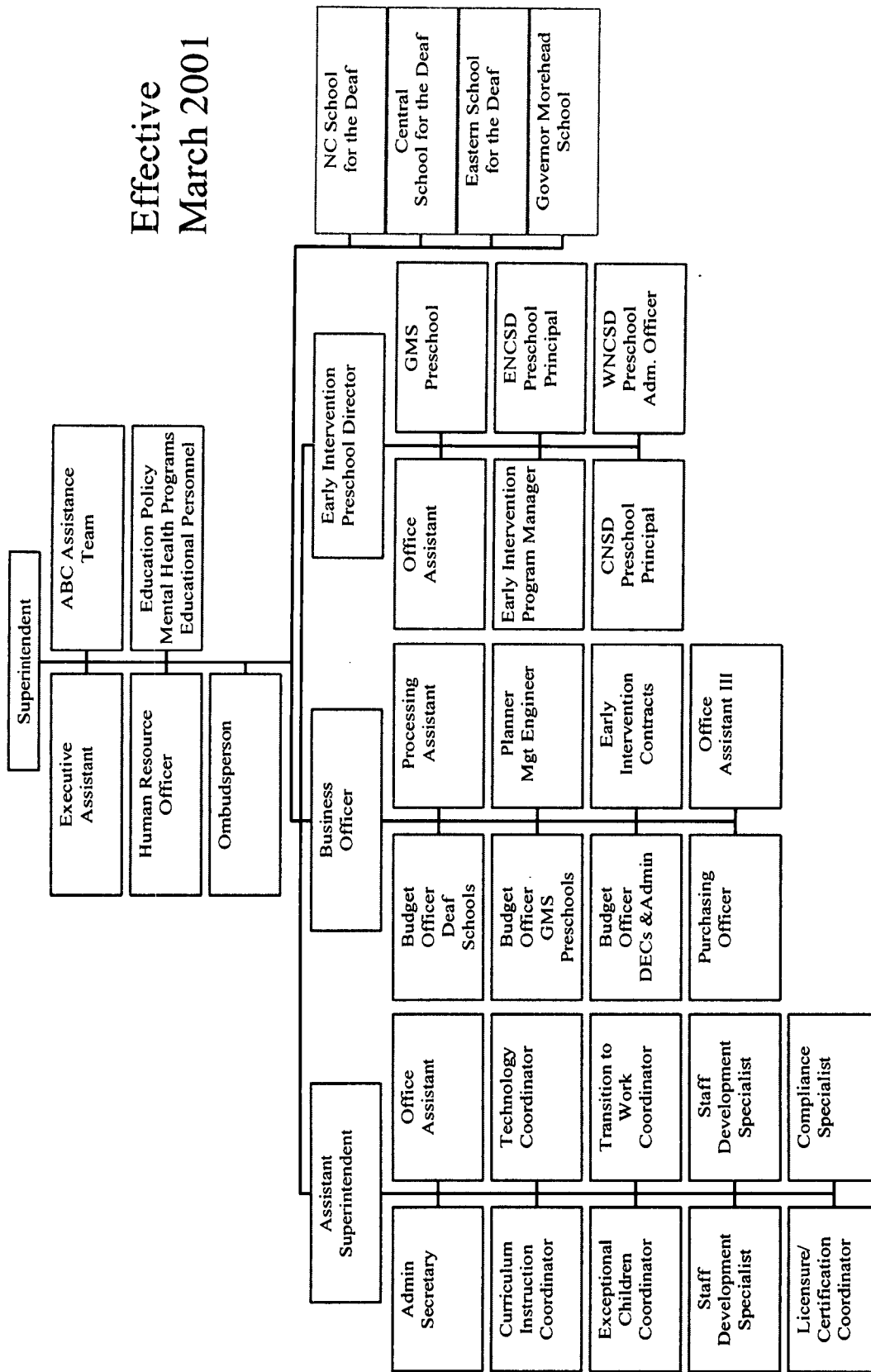
- House Bill 168 (1999) – Section 11.4 (a) Establishment of Division of Education Services/Review of Disability Services
- Purpose of creating the new division was to manage the Governor Morehead School for the Blind and the three residential schools for the deaf focusing management and resources on:
 - Improving student post-secondary outcomes
 - Increasing staff development and training
 - Administrative consistency and access to expert support services across campuses
 - Collaborating with local education agencies and the State Board of Education
 - Consistency with the 1999 Education and Disability Organization Study

Division of Early Intervention and Education

Division of Education Services
HB168 Directive



Division of Early Intervention and Education



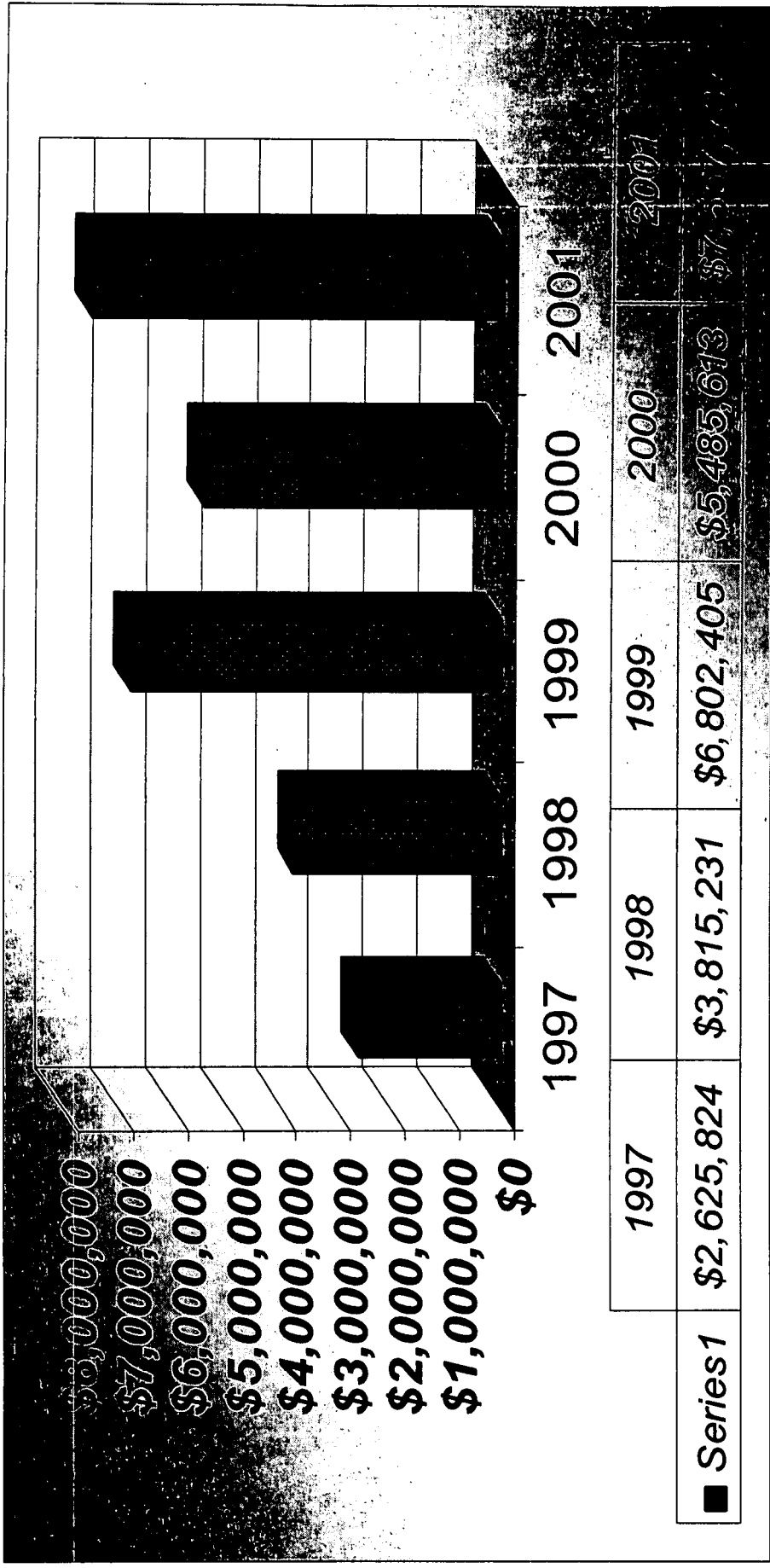
Division of Early Intervention and Education

Preschool Programs

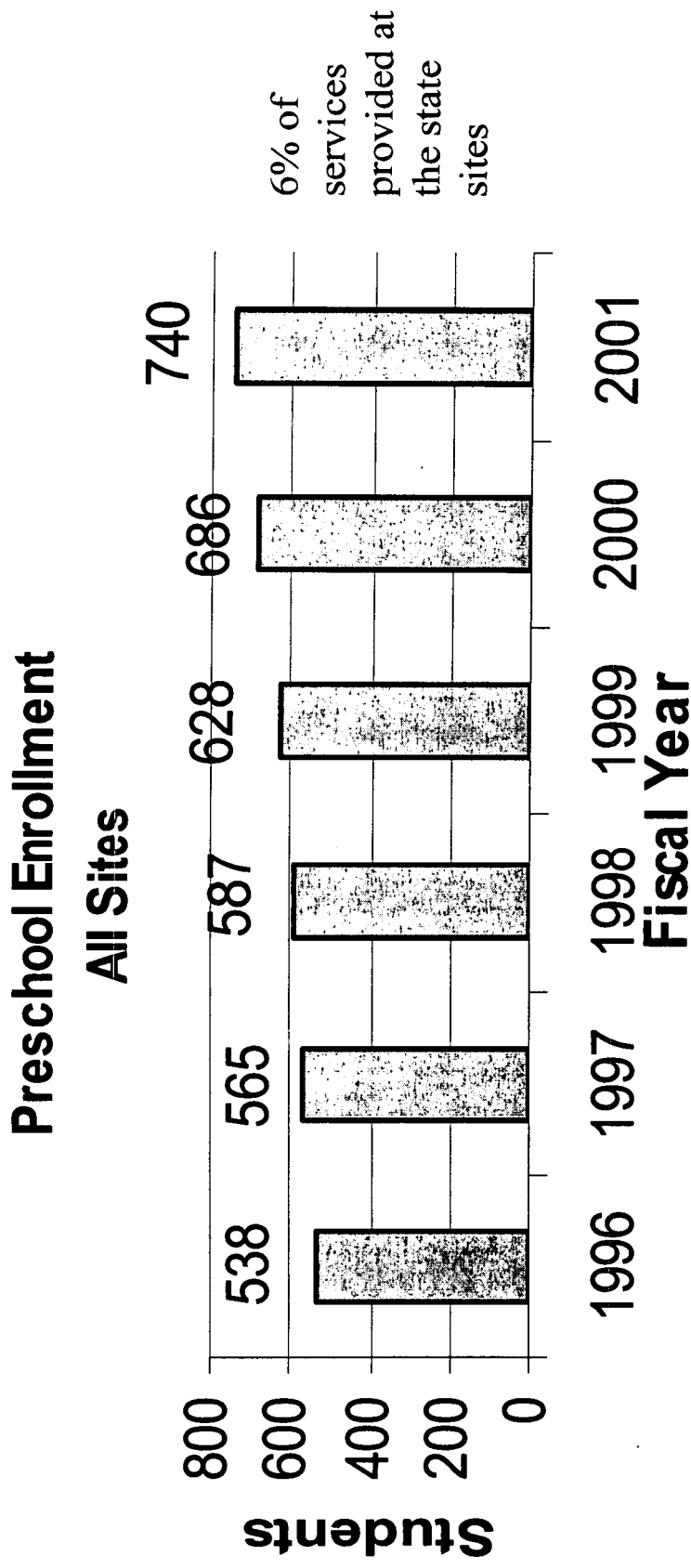
- Preschool is available to birth - 5 year olds who are hearing or visually impaired. The children may receive preschool education through one of the following: state-operated preschool sites, a preschool located on the campus of a residential school, in a childcare setting, or the student's home through itinerant teachers.

Division of Early Intervention and Education

Preschool Budget



Division of Early Intervention and Education



Division of Early Intervention and Education

0-5 yr old Preschool Participants by Race

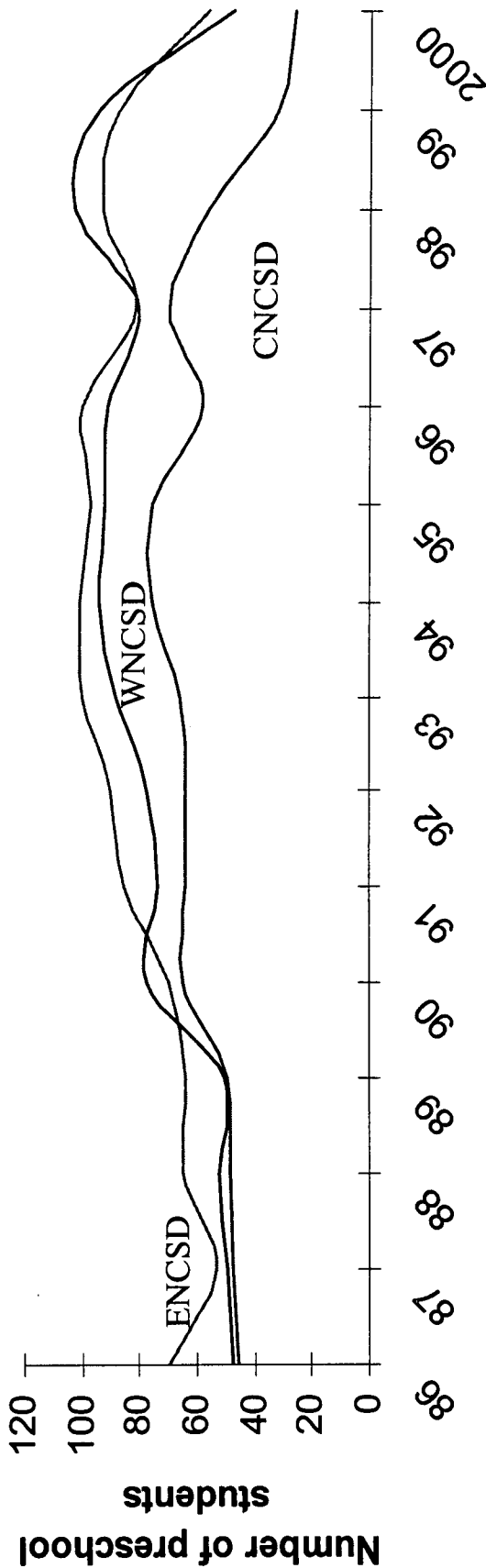


**This includes all preschool

Division of Early Intervention and Education

Enrollment in the Preschool Program at the Schools for the Deaf

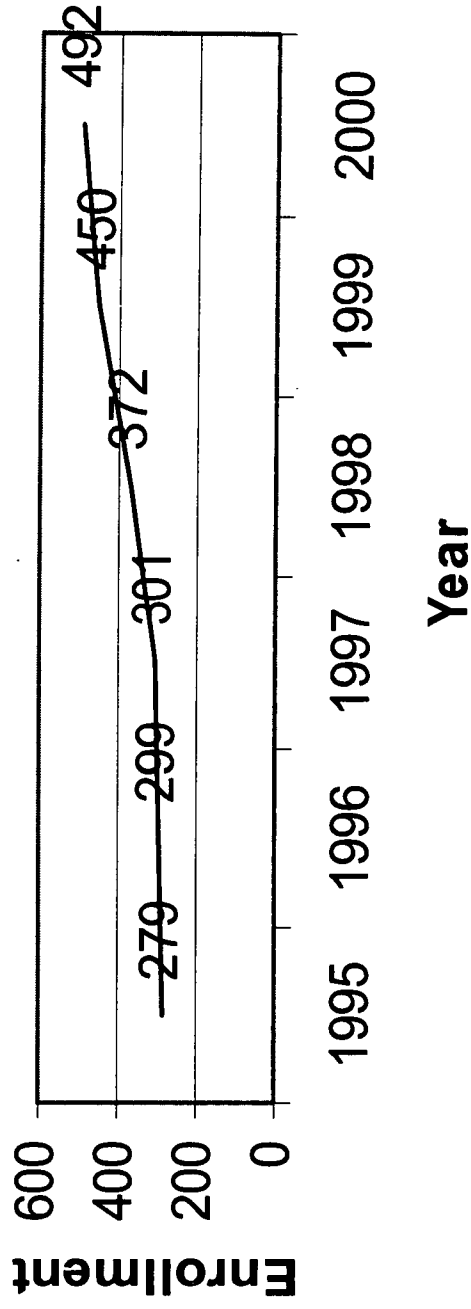
Total - 248 for
FY2001



Fiscal Years ****Services are**
 provided at state
 operated preschool
 sites, private
 childcare settings,
 or in the home.

Division of Early Intervention and Education

Governor Morehead and Satellite Preschool Programs Enrollment



Division of Early Intervention and Education

State Operated Preschool Programs

- Governor Morehead School
 - Class 1/GMS
 - 5 children
 - 2 teachers and 2 assistants
 - Class II/GMS
 - 6 children
 - 1 teacher and 1 teaching assistant
 - Baby Group (once a week with teaching staff of class II)
 - 5 babies
 - Total Cost - \$398,180
 - Cost per Child - \$36,198

- Central Preschool
 - 3 children
 - 1 teacher and 1 assistant
 - Total Cost - \$91,807
 - Cost Per Child - \$30,602

- Western Preschool
 - 6 children
 - 2 teachers and 1 teaching assistant
 - Total Cost - \$163,934
 - Cost per Child - \$27,322

Division of Early Intervention and Education

State Operated

Preschool Programs

- Elkin
 - 3 children
 - 1 teacher and 2 assistants
 - Total Cost - \$112,383
 - Cost per child - \$37,461*
 - Cost per child – estimated with itinerant services - \$16,054 (4 additional children)
- Fayetteville
 - 5 children
 - 1 teacher and 1 assistant
 - Cost \$135,854
 - Cost per child - \$27,170
- Jacksonville
 - 3 children
 - 1 teacher and 1 assistant
 - Total Cost - \$95,797
 - Cost per student - \$31,932*
 - Cost per child – estimated with itinerant services - \$13,685 (4 additional children)
- Greenville
 - 5 children
 - 1 teacher and 1 assistant
 - Total Cost - \$92,416
 - Cost Per Child - \$18,483

* Itinerant services provided by teachers at these sites.

Division of Early Intervention and Education

State Operated Preschool Programs

- Wilson
 - 6 children
 - 1 teacher and 1 assistant
 - Total Cost - \$108,461
 - Cost per child - \$18,076
- New Bern
 - 4 children
 - 1 teacher and 1 assistant
 - Total Cost - \$109,462
 - Cost per child - \$27,365
- Durham
 - 5 children
 - 1 teacher and 4 assistants
 - Cost \$234,379
 - Cost per child - \$46,875

Division of Early Intervention and Education

Early Intervention

- Professionals working with families of a child with special needs to help the child develop the knowledge and skills necessary to reach their potential. It builds upon the strengths of families. Special needs areas include:
 - Motor Development
 - Cognitive Development
 - Communication Development
 - Social or Emotional Development
 - Adaptive Development
- **Developmental Evaluation Centers provide screenings for developmental disabilities and delays (0-5 year olds)**
- **Infant-Toddler Program (0 – 3 year olds)**

Division of Early Intervention and Education

Early Intervention Services

Individuals with Disabilities Education Act (IDEA)

- Assessment and Program Development
 - Multidisciplinary assessment of the unique strengths and needs of infants and toddlers and the identification of services appropriate to meet such needs
 - Family-directed assessment of resources, priorities and concerns of the family and identification of the supports and services necessary to enhance the family's capacity to meet the developmental needs of the infant or toddler
 - Individualized family service plan (IFSP) developed by a multidisciplinary team
- To the extent possible, services are to be provided in natural environments, including the home and community settings in which children without disabilities participate.
- Evaluation provided within 45 days of referral
- Services to begin within 30 days of evaluation/IFSP (state requirement)
 - Approximately 681 children's evaluation did not meet the 45 day referral (FY2000)
 - Approximately 600 children are waiting for services outside of 30 days

Division of Early Intervention and Education

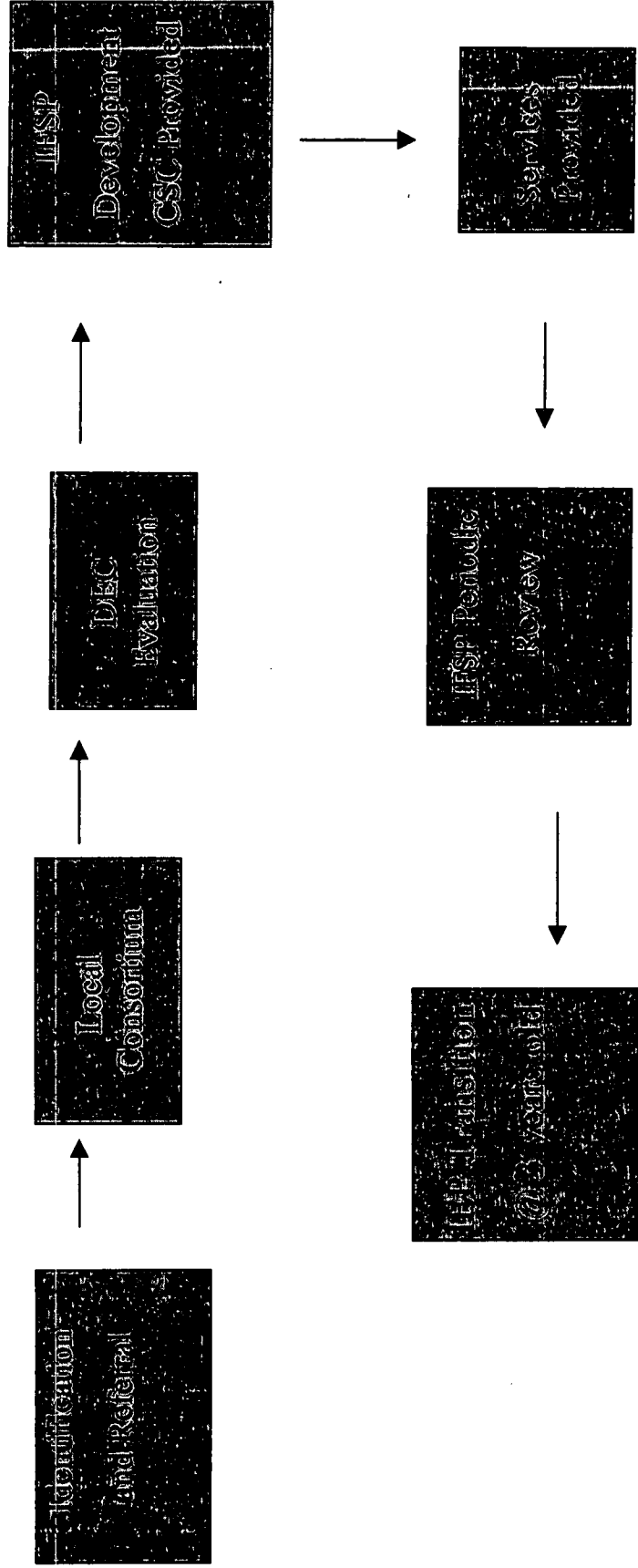
- Interagency Coordinating Council (Division of Child Development)
 - Advise and assist the Lead Agency in carrying out responsibilities of IDEA, preparation of applications, and prepare and submit an annual report to the Governor and Secretary of HHS on the status of early intervention programs for infants and toddlers with disabilities and their families operated within the state.
 - Requirement in order to receive funding under IDEA
 - Council is appointed by the Governor and chairperson is designated by the Governor
 - 20% Parents
 - 20% Service Providers
 - State Legislator
 - State Agency Representation (one member from each agency)

Division of Early Intervention and Education

- Infant/Toddler Program was transferred from Division of Mental Health/Developmental Disabilities/Substance Abuse Services
- Local Consortium: There are 91 local consortia which provide the guidance for evaluation services for children referred to Early Intervention and assist in the development of the Individual Family Services Plan
- Agencies on the local consortium include the Area Mental Health Program, Local Public Health Department, DEC and sometimes DSS

Division of Early Intervention and Education

Early Intervention



Local Public Health
Departments, Area Mental
Health Agencies, DEC's,
others

Division of Early Intervention and Education

Developmental Evaluation Centers

- Network of 18 regional centers with a team of specialists in pediatrics, social work, psychology, speech and language, audiology, physical/occupational therapy, special education, nursing and nutrition which provide the evaluations for infants and toddlers.
- 13 state operated DEC's and 5 contracted DEC's.
- Administration/Management was transferred from the Division of Public Health in FY2000.

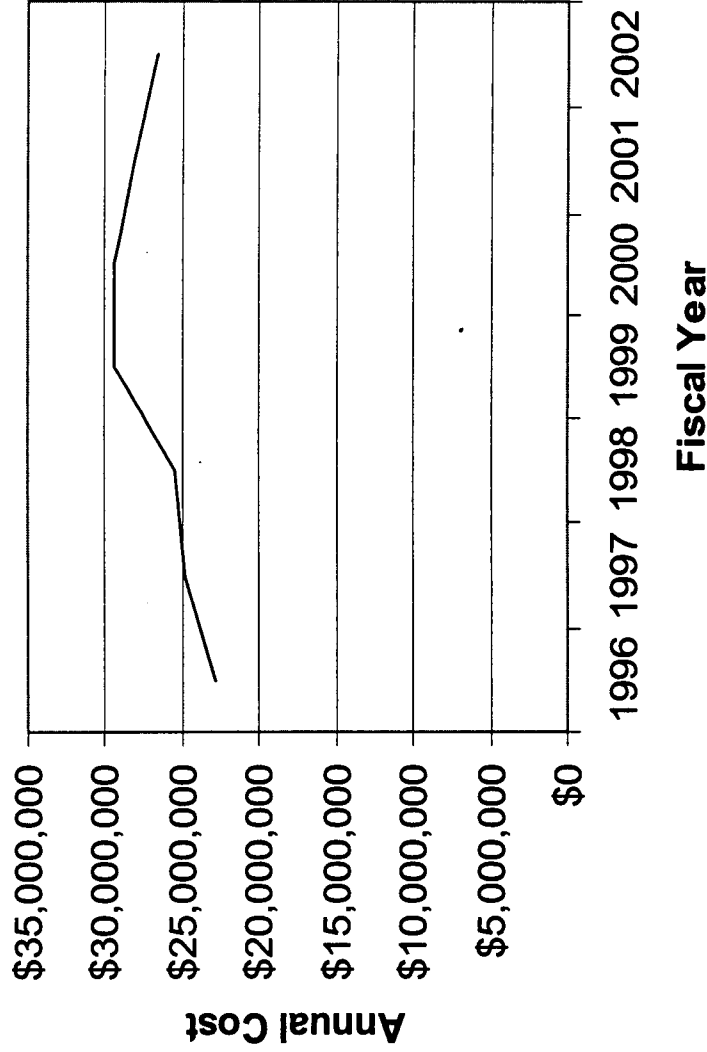
Division of Early Intervention and Education

Developmental Evaluation Centers

	FY2000	FY2001 Authorized	FY2002 Proposed
Requirements	\$29,008,744	\$28,149,544	\$26,638,352
Receipts	\$9,607,208	\$9,000,507	\$7,520,632
Net Appropriation	\$19,401,536	\$19,149,037	\$19,117,720

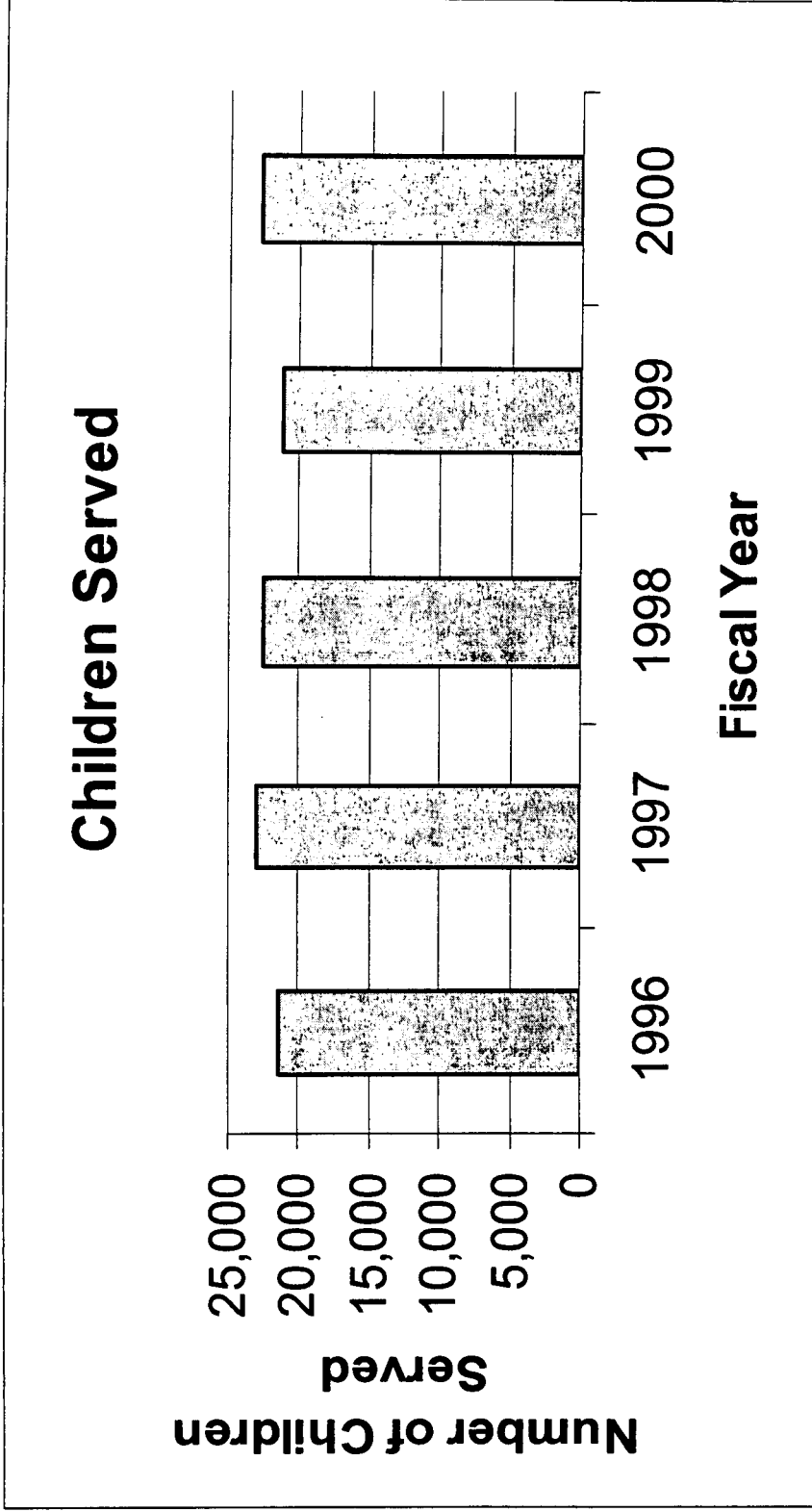
Division of Early Intervention and Education Developmental Evaluation Centers

Requirements



	Requirements
1996	\$22,821,357
1997	\$24,738,188
1998	\$25,403,359
1999	\$29,425,836
2000	\$29,347,515
2001	\$28,149,544
2002	\$26,638,352

Division of Early Intervention and Education Developmental Evaluation Centers



Division of Early Intervention and Education Developmental Evaluation Centers

Evaluations

Psychological	16%
Medical Evaluation on a new patient	13%
Speech/Language	13%
Social Family	13%
Education	13%
Intermediate Assessment	6%
Occupational Therapy	6%
Physical Therapy	6%
Nursing	3%
Nutrition	3%
Audiology	3%
NOS	1%
Medical Evaluation on an established patient	2%

Services

Speech/Language	22%
Nutrition	18%
OT	14%
Medical	9%
Clinical Treatment	
NOS	4%
Social/Family	3%
Psychiatry	2%
Education	0%
Nursing	0%
Audiology	0%

Estimated
16,000 +
Treatment
Services
Provided

Fiscal Research Division April 2001

Division of Early Intervention and Education

Developmental Evaluation Centers

	Cost Per Child	Average Number of Services Per Child	Average Cost Per Service
State Operated DECs (13)	\$1,455	4.01	\$363.01
Contracted DECs (5)**	\$1,071	3.51	\$305.38
All DECs	\$1,335	3.85	\$346.53

Division of Early Intervention and Education

Infant Toddler Program

- Array of services provided to children and families who have been evaluated and determined to need services
- Within 30 days of the evaluation, the child receives services, mostly by or contracted through the Area Mental Health Programs
- 8,150 children (birth to 3 years old) served by the infant-toddler program (FY2000)
 - Children with developmental disabilities and delays or at risk of delay
 - Serves children in homes, child care programs and developmental day centers

Division of Early Intervention and Education

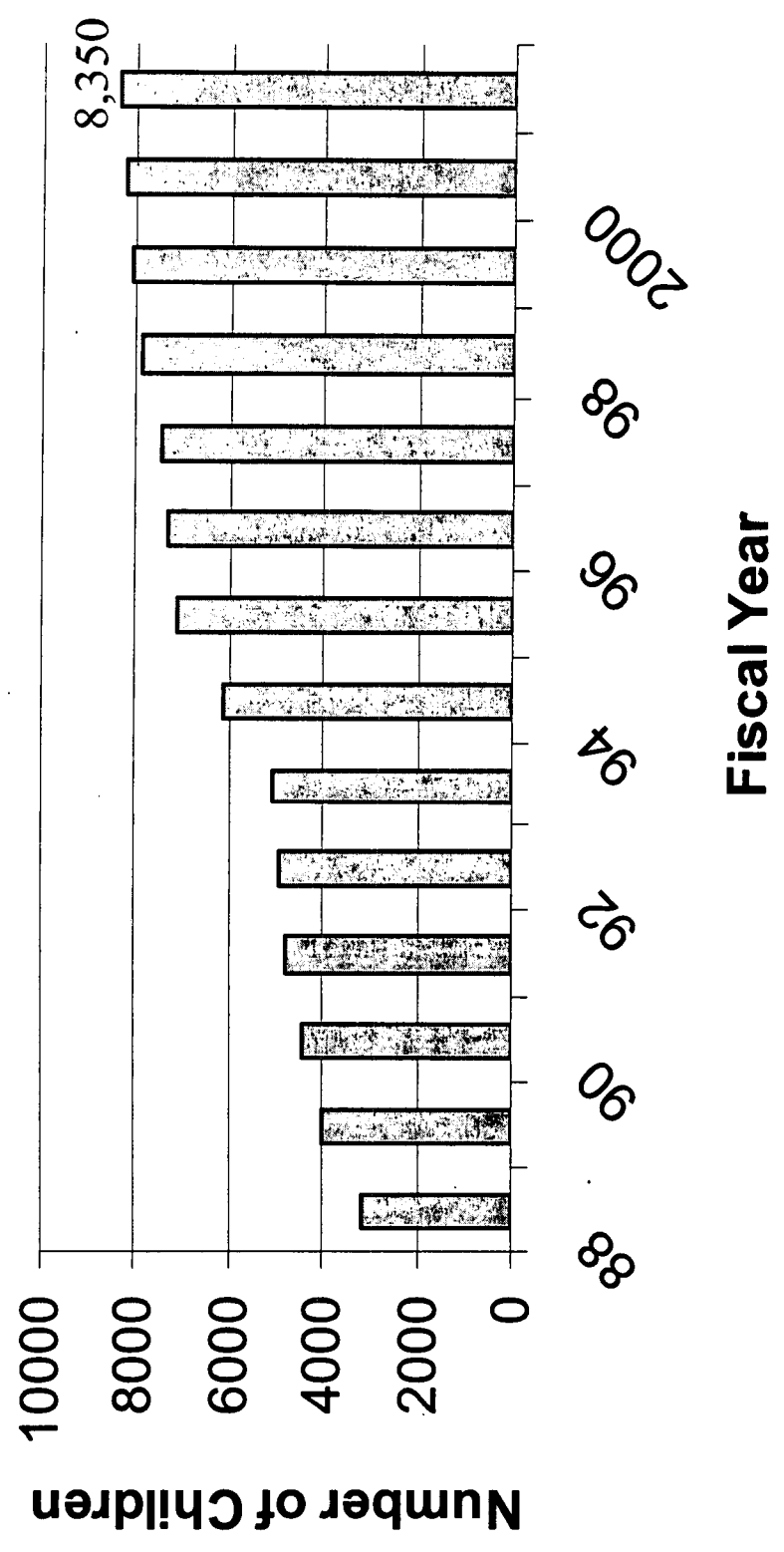
Infant Toddler Program

FY01		
Requirements	\$23.6M	
Receipts	\$9.9M	
Net		
Appropriation	\$13.6M	

Division of Early Intervention and Education

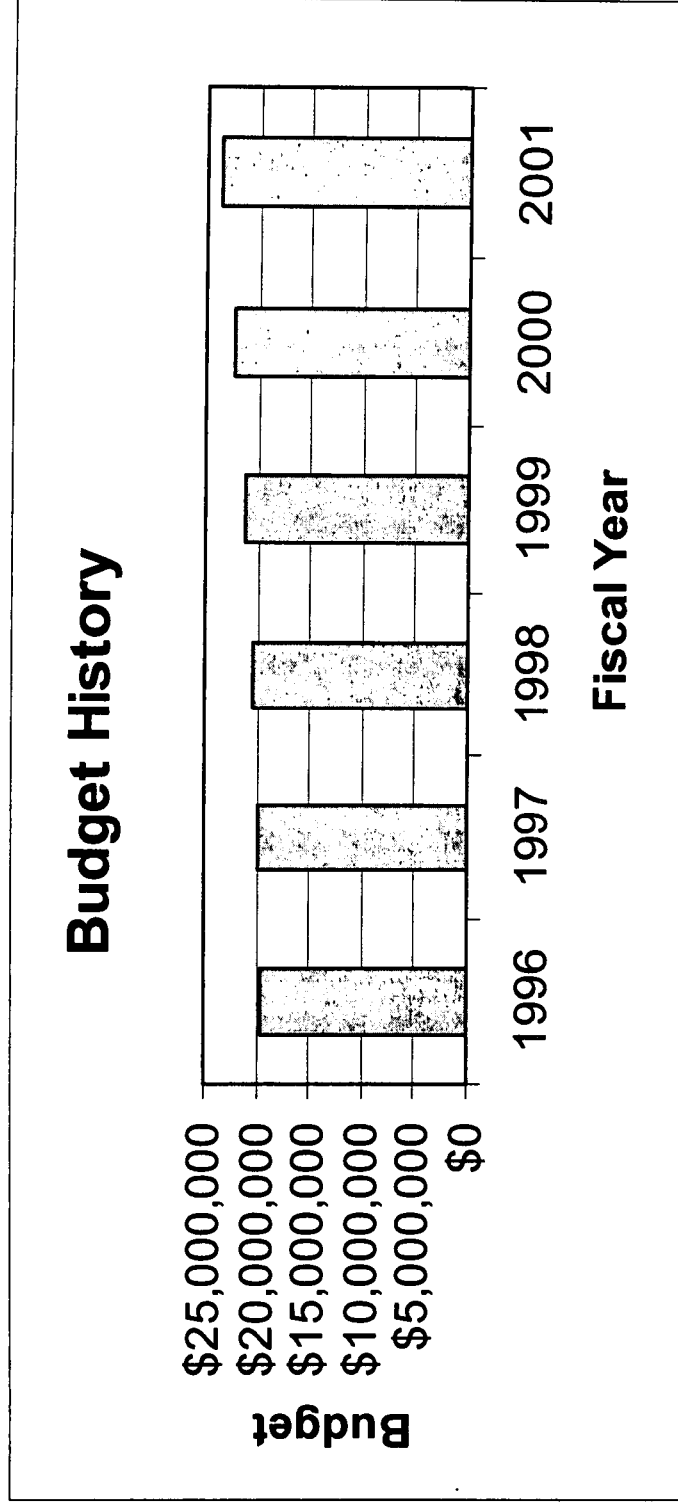
Infant Toddler Program

Participants



Division of Early Intervention and Education

Infant Toddler Program



Division of Early Intervention and Education

Early Intervention/Infant Toddler Program

Newborn Hearing Screening

DPH ensures that the screening is performed on newborn at hospital.



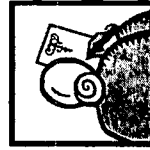
Baby fails newborn hearing screening



DPH Audiologist performs a second screening or ensure a second screening is performed



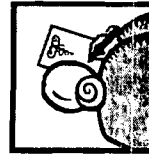
Diagnostic Evaluation performed at DEC's



IFSP Developed and DPH Child Service Coordinator is assigned to family



DEIE - Services are Provided



Division of Early Intervention and Education

Early Intervention/Infant Toddler Program

Division	Audiologists
DPH	4 (regionally located)
DEIE	18 (DECs)
DEIE	3 (regionally – preschool program)
DEIE	5 (schools for the deaf)
Total	30 audiologists

Fiscal Research Division April 2001

Division of Early Intervention and Education

Early Intervention/Infant Toddler Program

- Nationally, approximately 1 – 3 babies in 1,000 have a significant hearing loss
- Of approximately 115,000 babies born in the state annually, approximately 115 - 345 infants need diagnostic evaluation by an audiologist.

Division of Early Intervention and Education

Early Intervention

	Birth -3 Years Old	3-5 years old
Mild	10	
Moderate	34	11
Severe- Profound	91	93
Other	8	
Total	143	104

Fiscal Research Division April 2001

Division of Early Intervention and Education

Early Intervention

Travel/Conferences

Newborn Hearing 2000 International Conference (Oct. 11-15) Milan, Italy. State funds paid for travel for the Director of Early Intervention and Preschools (\$1328) and an audiology consultant (\$1381), with whom DEIE has two contracts for FY2001 totaling \$173,600.

15A NCAC 21F.1201 The Newborn Screening Program is administered by the central office staff for Children with Special Health Services Program (within the Division of Public Health).

Division of Early Intervention and Education Policy Issues

1. Preschools

Cost per child at the state operated centers

2. Developmental Evaluation Centers

Receipts

3. Audiologists

How many do we need?

Early Intervention and Education – Options

4. Role of the new Division of Early Intervention and Education

➤ Fragmented Deviation from Mission of Division

Activities	DEIE	DPH
Child Service Coordination	X	X
Well Baby Checks		X
Developmental Screenings	X	X
Early Identification (Local Health Departments, Pediatricians)		X
Newborn Screenings		X
Immunizations		X
Children with Special Health Services Program		X
Nutrition	X	X
Preschool	X	
Early Intervention	X	X
Prevention		X

VISITOR REGISTRATION SHEET

HEALTH & HUMAN SERVICES 4/19/01
 Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Pam Kohl	Poe Center For Health Education
Kevin Ryan	DHHS / DPH
Carol Hunt	DHHS / DPH
Whitney Obrig	OSBPM
Pam Richardson	OSBPM
Mary Greene	OSBPM
Wayne Williams	OSBPM
John Boardish	Alley Associates
Benjamin Heller	DHHS
Sammy Lester	OSBPM
Mary Burr	Ched Special Center
Roz Sawitt	NC Child Care Coalition
Ed Cokrenebsow	BPHA - DHHS
Judy Poyole	DEIE
John Quinn	OSBPM
Al Brozden	DHHS
Glenn Munn	DEIE
Anna McNeal	DEIE
Fay Agar	DEIE
Patricia Ferguson	DHHS
Karen Christen	DHHS
Patricia Robinson	NCRC
Jack Salomonson	NC Council
Chris Rogers	Parker for Adams & Benjamin
John M. Hill	Naval
Fla Stein	DHHS / OSBPM
Jane Pinsky	Poe Center for Health Education
Carmel Howard	DHHS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Monday, April 23rd, 2001

4:00 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

OPEN PUBLIC HEARING

Community Services Block Grant

Department of Health and Human Services

Low Income Home Energy Assistance Block Grant

Department of Health and Human Services

Committee Discussion

CLOSE PUBLIC HEARING

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Monday, April 23, 2001

4:00 P.M.

Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services held a public hearing on Monday, April 23, 2001, at 4:00 P.M. in Room 643 of the Legislative Office Building. Members present were: Representative Edd Nye and Representative Beverly Earle, Co-Chairs; and Representative Mark Crawford. There was one senator present.

Representative Nye presided over the meeting. The first presenter was Mr. Lawrence Wilson, with the Department of Health and Human Services Office of Economic Opportunity. He spoke concerning Community Services Block Grant and presented the Committee members a handout (See Attached). This Block Grant has been administered by the State since 1981. Its primary purpose is to assist low-income families to achieve economic self-sufficiency. There are wide ranges of activities to be carried out under this block grant. These activities are carried out by thirty-six Community Action Agencies in the State that serve ninety-one counties. Some of the agencies serve one county, but many serve multicounty. These agencies, in addition to receiving funds from this block grant, manage funds from many other sources, including Head Start, Workforce Investment Act Programs, Weatherization Assistance Program, and Section eight Rental Assistance Program. The Community Services Block Grant accounts for approximately 15% of the funds they receive. The North Carolina Community Services Block Grant Program serves over twenty-five thousand low-income individuals annually. He concluded his presentation. Representative Nye questioned the current years administrative cost and asked the number of people they employ. Mr. Wilson responded that they employ nine people. Their purpose is to use some of the money to mount some initiatives that would benefit the Community Action Agencies directly and not to add additional staff. This includes training activities. Representative Nye asked the audience if anyone had any questions for Mr. Wilson. There were none.

The next presenter was Mr. Wilbert Morris, Branch Head of Economic Services in the Economic Independence section of the Division of Social Services. He reviewed information concerning the Low Income Home Energy Assistance Program Block Grant (See Attached). This program is funded by the Federal Department of Health and Human Services and the funds are provided to assist low-income families that pay a high portion of their income for home energy. The funds are used primarily to help families meet their immediate energy needs. After Mr. Morris reviewed the handout, Representative Nye asked for questions from the Committee. Representative Nye wanted to know where they obtain their list for payout to low income energy. Mr. Morris responded they take applications at the county level usually in November of each year. This is a two-week application period in which persons can apply, that is announced to the public. Food

stamp recipients are automatically referred to the energy system. The average payment per household for the last year was about \$70.00. This goes directly to the participant and they can apply it however they choose. Representative Nye asked if anyone in the audience wanted to participate.

Ms. Roberta Spenser asked to speak concerning Community Services Block Grant(See Attached). She spoke concerning the Low Income Energy Assistance Program. They are providers of the Weatherization services and the recipients of this funding. Heating Appliance Repair Replacement Program (HARRP) is a special part of the Weatherization Assistance Program. The Health and Human Service Committee implemented it five years ago. It allows them to evaluate, repair, and replace faulty heating. Through the program they identify homes with significant levels of carbon monoxide and nitrogen dioxide. Both gases are dangerous. They have been told that increased weatherization funds will appear in the 2002 federal budget. She stated that they should to examine the way they administer the direct payment system to the individuals receiving the cash payments. They feel that electronic transfer to vendors, direct deposits to fuel vendors crediting each consumer at the local level would increase the dollars that actually reach the clients. It should be a more vender-driven program for cash assistance returning to its original format of two-party checks made payable to both fuel vender and the consumer. Last, they need to follow other states and purchase fuel in bulk fuel purchasing to obtain fuel for clients at summer fuel prices thereby capturing significant energy savings.

Representative Nye asked if there were any other questions or anyone wanting to speak. He then announced that the public hearing was closed.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF ECONOMIC OPPORTUNITY
COMMUNITY SERVICES BLOCK GRANT PLAN FOR SFY 2001-2002**

GENERAL DESCRIPTION

For State Fiscal Year 2001-2002, funds available through the Community Services Block Grant Program (CSBG) for appropriation are projected to be \$15,639,392. CSBG funds are projected to be available October 1, 2001.

Since 1981, the Community Services Block Grant Program has made federal funds available to states to provide a range of services designed to assist low-income persons attain the skills, knowledge, and motivation necessary to achieve self-sufficiency.

The primary providers of services under this grant, as required by federal law, are the thirty-six Community Action Agencies (CAAs) in the state. Other grantees are seven Limited Purpose Agencies (LPAs) who were recipients of similar funds prior to the inception of the Community Services Block Grant Program. CAAs operate programs under the Community Services Block Grant in coordination with other federal, state, and local programs such as the Head Start program, Workforce Investment Act (WIA) Programs, Weatherization Assistance Program, and Section 8 Rental Assistance Program.

In August 1995, the federal Community Services Block Grant Monitoring and Assessment Task Force produced a National Strategic Plan which endorsed a results-oriented management approach for the Community Service Network. The plan includes a set of six broadly stated umbrella national goals, with suggested measures to assess progress towards the goals. States and local agencies are required to address these goals and measures in their program planning and reporting.

The six national goals of the Community Services Network are:

- Goal 1. Low-income people become more self-sufficient.
- Goal 2. The conditions in which low-income people live are improved.
- Goal 3. Low-income people own a stake in their community.
- Goal 4. Partnerships among supporters and providers of services to low-income people are achieved.
- Goal 5. Agencies increase their capacity to achieve results.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF ECONOMIC OPPORTUNITY
COMMUNITY SERVICES BLOCK GRANT PLAN FOR SFY 2001-2002**

Goal 6. Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other support systems.

Community Services Block Grant funds are used to provide a wide variety of services in local communities to serve identified needs of poor families. Programs allowed under the Community Services Block Grant Act are those which provide activities designed to assist low-income participants including the elderly poor:

- to remove obstacles and solve problems which block the achievement of self-sufficiency;
- to secure and retain meaningful employment;
- to attain an adequate education;
- to make better use of available income;
- to obtain and maintain adequate housing and a suitable living environment;
- to obtain emergency assistance through loans, grants or other means to meet immediate and urgent family and individual family needs;
- to achieve greater participation in the affairs of the community; and
- to make more effective use of other programs related to promoting the well being of the low-income population.

The specific services operated in each local community are determined by the local agency as a result of an assessment of the needs of low-income individuals and families in their service area which is used to develop a multi-year plan for services.

As required by the Community Services Block Grant Act, ninety per cent of the funds received are distributed to the thirty-six Community Action Agencies (CAAs) located throughout the state. Five percent is the maximum allowed by federal law that may be used to administer the Program. The remainder is used to fund seven non-profit organizations known as Limited Purpose Agencies (LPAs).

Over twenty-five thousand low-income individuals are served annually by the North Carolina Community Services Block Grant Program.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF ECONOMIC OPPORTUNITY
COMMUNITY SERVICES BLOCK GRANT PLAN FOR SFY 2001-2002

RECOMMENDATIONS

ALLOCATION

- | | |
|--|---------------------|
| <p>1. Allocate \$687,612 to the Department of Health and Human Services to administer the grant. Staff renders technical assistance and monitors the Community Action Agencies and Limited Purpose Agencies for compliance with federal laws and regulations.</p> | <p>\$687,612</p> |
| <p>2. Allocate \$14,160,375 to the 36 Community Action Agencies (CAAs) which serve 90 counties for the purpose of providing administrative costs and to assist low-income families with housing, emergency assistance, education, energy, nutrition, income management, information and referral, and outreach. Federal rules require that 90% of the grant be allocated to CAAs.</p> | <p>\$14,160,375</p> |
| <p>3. Allocate the remaining portion of the grant in the amount of \$791,405 to Limited Purpose Agencies which are agencies that address a specific need or population. The allocations and the agencies are as follows:</p> <ul style="list-style-type: none"> - Telamon which provides assistance to seasonal and migrant farm workers (\$98,926) - Low Income Housing Development Corporation (LIHDC) which assists non-profit agencies in packaging loans for housing construction and rehabilitation (\$121,085) - N.C. Rural Fund for Development (NCRFD) which provides technical assistance to credit unions and cooperatives which serve low-income individuals and families (\$288,071) | <p>\$791,405</p> |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF ECONOMIC OPPORTUNITY
COMMUNITY SERVICE BLOCK GRANT PLAN FOR SFY 2001-2002**

- N.C. Senior Citizens' Federation
which sponsors statewide activities
for low-income senior citizens
(\$144,036)
- Western Economic Development Organization
(WEDO) which assists organizations serving
low-income and handicapped individuals secure
manufacturing contracts (\$75,975)
- United Senior Services which provides
activity programs for senior citizens in
Craven County (\$30,073)
- N.C. Commission of Indian Affairs which
provides programs for low-income Native
Americans in the state in coordination
with local tribal organizations (\$33,239)

TOTAL FUNDING SFY 2001-02 **\$15,639,392**

SOURCE OF FUNDS:

BLOCK GRANT FUND FFY 2001 \$3,909,848

BLOCK GRANT FUND FFY 2002 \$11,729,544

Office of Economic Opportunity
 Analysis of Community Services Block Grant
 SFY 2001-02

Item Number	Title	Actual SFY 1999-00	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/Recommended Difference	Explanation of Difference
1	Administration	\$485,017	\$687,612	\$687,612	\$0	Not applicable
2	Community Action Agencies	\$11,572,811	\$12,377,017	\$14,160,375	\$1,783,358	Increase in federal Community Services Block Grant allocation.
3	Limited Purpose Agencies	\$651,534	\$687,612	\$791,405	\$103,793	Increase in federal Community Services Block Grant allocation.
	TOTAL	\$12,709,362	\$13,752,241	\$15,639,392	\$1,887,151	Increase in federal Community Services Block Grant allocation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF SOCIAL SERVICES

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK
GRANT (LIHEAP) FOR SFY 2001-02

For State Fiscal Year 2001-2002, the total State Low Income Home Energy Assistance allocation is currently estimated to be \$20,093,896 based on current projection that the FFY 2002 award will be this amount. The Lumbee Regional Development Association (LRDA) will receive \$244,554 of this amount. **The total available for LIHEAP is \$19,849,342.**

GENERAL DESCRIPTION

The purpose of the Low Income Home Energy Assistance Program Block Grant is to provide funds to help low-income families cope with cost increases of heating fuel and to provide emergency assistance. The following are components:

1. Low Income Home Energy Assistance Payments – Funds are used to provide a one-time payment to eligible households to help pay heating bills.
2. Crisis Intervention Assistance – Funds are used to assist low-income people when a heating or cooling related crisis occurs. Allocations are provided to county departments of social services to make direct payments, vendor payments, or to provide in-kind services for eligible households.
3. Heating Air Repair and Replacement Program – Funds are used to provide assistance and repairs to home heating and cooling systems for low-income families. These funds are allocated to the Department of Health and Human Services, Office of Economic Opportunity and services are provided primarily through community action agencies.
4. Weatherization Assistance Program – Funds are transferred to the Department of Health and Human Services Office of Economic Opportunity for the purpose of making repairs to dwellings so families can have more energy-efficient homes.
5. Department of Administration, Commission on Indian Affairs – Funds are used to provide outreach and application taking activities for Low Income Energy Assistance Payments by the Coharie Intra-Tribal Council, the Haliwa-Saponi Tribe and the Waccamaw-Siouan Development Association.

RECOMMENDATIONS

		<u>ALLOCATION</u>
1.	Allocation for Low Income Energy Assistance Payments	59.7% \$11,843,457
2.	Allocation for the Crisis Intervention Program	10.3% 2,044,482
3.	Allocation to the Heating Air Repair and Replacement Program (HARRP)	6.3% 1,252,588
4.	Allocation to the Weatherization Assistance Program	13.5% 2,684,116
5.	Allocation for outreach and application-taking by the Commission on Indian Affairs	.2% 39,765
6.	Total Administration	10% 1,984,934 ¹
	TOTAL	\$19,849,342

SOURCE OF FUNDS:

LIHEAP Block Grant FY 2002 **\$19,849,342**

NOTE: Total allocation to Department of Health and Human Services/Office of Economic Opportunity including funds for Administration is \$4,374,115. This represents 22% of the total Low Income Home Energy Assistance Program Block Grant.

¹ Administrative costs breakdown as follows:

State Department of Social Services and County Department of Social Services Administration:	\$1,547,523
Office of Economic Opportunity Weatherization Administration:	\$ 298,235
Office of Economic Opportunity Heating Air Repair Replacement Program	<u>\$ 139,176</u>
Total	\$1,984,934

Division of Social Services
 Energy Assistance Program Block Grant
 Analysis of Low Income Home Energy Assistance Program Block Grant
 SFY 2001-02

Item Number	Title	Actual SFY 1999 00	Appropriated SFY 2000-2001 (HB 1840)	Recommended Amount SFY 2001-02	Appropriated/ Recommended Difference	Explanation of Difference
1	Low Income Energy Assistance Program (LIEAP) payments	\$12,995,982.11	\$8,092,113	\$11,843,457	\$3,751,344	The Energy Work Group comprised of State, county and private sector providers recommended increasing the Low Income Energy Assistance Program line item for SFY 2001-02 due to increased applications, and increased fuel costs. This change should increase the average Low Income Energy Assistance Program check to approximately \$70, up from an average payment of \$52 during SFY 1999-2000. The funding level for the Low Income Energy Assistance Program payments for SFY 2000-01 was increased by \$2.5M in contingency funds received in December 2000. This increase should result in average payments of around \$75 for SFY 2000-01.
2	Crisis Intervention Program (CIP)	12,147,990.14	5,825,526	2,044,482	(3,781,044)	Although there is a recommended reduction in the allocation to Crisis Intervention Program for SFY 2001-02, North Carolina received an additional \$19,512,799 above the original budgeted SFY 2000-01 Low Income Home Energy Assistance Program Block Grant. Of the additional funds received during SFY 2000-01, \$14.05 M was allocated to counties for 2001 Crisis Intervention Program payments. Should North Carolina receive additional emergency or contingency funds in SFY 2002, it is recommended that these funds be specifically allocated to the Crisis Intervention Program unless federal regulations dictate otherwise.
3	Heating Air Repair and Replacement Program (HARRP)	Note: HAARP expenditures included in Weatherization item	1,252,588	1,252,588	0	Not applicable
4	Weatherization Assistance Program	4,514,907.92	2,684,116	2,684,116	0	Not applicable
5	Outreach/application-taking by the Commission on Indian Affairs	3,636.13	39,765	39,765	0	Not applicable
6	Total Administration	3,519,713.20	1,988,234	1,984,934	(3,300)	The funding available for administration is capped at 10 percent of the Low Income Home Energy Assistance Program Block Grant.
	TOTAL	\$33,182,229.50	\$19,882,342	\$19,849,342	(\$33,000)	The State's base grant for SFY 2001-02 will be reduced by \$33,000 and provided to the Lumbee Regional Development Association (LRDA) to be used to equalize Low Income Energy Assistance Program payments to the projected average of \$70.

Modified Crisis Intervention Program Payments Administration Total \$12,669,998.59 \$65,952.90 \$12,735,951.49

4-23-01 Attachment III

COMMUNITY SERVICES BLOCK GRANT
PUBLIC HEARING COMMENTS
APRIL 23, 2001

ON BEHALF OF THE NORTH CAROLINA COMMUNITY ACTION ASSOCIATION,
THANK YOU FOR ALLOWING US THIS OPPORTUNITY TO COMMENT
ON THE COMMUNITY SERVICES BLOCK GRANT, ITS PROGRAMS AND
ACTIVITIES.

THIS HEARING TODAY IS DESIGNED TO MEET REQUIREMENTS TO ADDRESS THE
STATE'S ALLOCATION OF C.S.B.G., WHICH BY FEDERAL LAW IS ALLOCATED
SOLELY TO COMMUNITY ACTION AND LIMITED PURPOSE AGENCIES. 96 COUNTIES
WILL BE ALLOCATED \$14,951,780 IN FY 2001-02, AN INCREASE FROM LAST
YEAR'S ALLOCATION WHICH IS DESPERATELY NEEDED.

THESE AGENCIES SERVE OUR STATE'S LOW INCOME AND DISADVANTAGED
POPULATION, BUT MORE FREQUENTLY THE WORKING POOR AS WELL, ESPECIALLY
AS THEY TRANSITION FROM WELFARE TO WORK. IN ADDITION TO CSBG, OUR
AGENCIES OPERATE OTHER FEDERAL PROGRAMS SUCH AS HEAD START,
WEATHERIZATION, SENIOR SERVICES, ETC. AND MAY BE INVOLVED IN OPERATING
DAY CARE, HOUSING OR HOUSING SERVICES SUCH AS SECTION 8,
TRANSPORTATION AND SO ON DEPENDENT UPON THE AREA OF SERVICE, RURAL
OR URBAN.

A PREVIOUS GENERAL ACCOUNTING OFFICE (GAO) AUDIT FROM WASHINGTON DC ESTIMATED NEARLY SEVEN ADDITIONAL DOLLARS WERE LEVERAGED AT THE LOCAL OR COUNTY LEVEL FOR EACH DOLLAR OF CSBG. LAST YEAR, THE RATIO OF TOTAL DOLLARS MOBILIZED TO CSBG AVERAGED \$ 1.3 TO EACH \$ 1 OF CSBG.

EACH ENTITY IS A LOCAL (COUNTY BASED) NON-PROFIT GOVERNED BY ITS OWN BOARD OF DIRECTORS WITH EQUAL, YET OFTEN DIFFERENT PROGRAMS, POLICIES, AND PROCEDURES DICTATED BY LOCAL NEEDS ASSESSMENTS. THIS IS A TREMENDOUS FISCAL AND PROGRAMMATIC RESPONSIBILITY FOR BOTH THE AGENCIES, AND THE OFFICE OF ECONOMIC OPPORTUNITY WHO HAS OVERSIGHT ON CSBG. AS OF OCTOBER 1, 2000 THE OFFICE OF ECONOMIC OPPORTUNITY ALSO ASSUMED OVERSIGHT OF WEATHERIZATION SERVICES WHICH WAS RELOCATED FROM THE FORMER DIVISION OF ENERGY.

THE OFFICE OF ECONOMIC OPPORTUNITY AND ITS DIRECTOR LAWRENCE WILSON AND HIS STAFF ARE TO COMMENDED FOR THEIR EXEMPLARY SERVICE TO THE STATE (ESPECIALLY FOR TAKING ON THE PREVIOUS MANAGEMENT PROBLEMS WITHIN ENERGY). AS WE HAVE STATED BEFORE, THE OEO IS BOTH OUR WATCHDOG AND OUR PARTNER, AND ALSO AS WE HAVE STATED BEFORE IT IS EXTREMELY IMPORTANT THIS ARM OF OUR C.S.B.G. PROGRAM IS FULLY

FUNDED AT THE FEDERAL AUTHORIZATION LEVEL OF 10%. NORTH CAROLINA HAS MORE CAA'S AND LPA'S THAN MANY STATES IN THE NATION DUE TO NORTH CAROLINA'S PERCENTAGE OF THE POOR IN RELATION TO THE GENERAL POPULATION.

NORTH CAROLINA'S HUMAN SERVICE PROBLEMS ARE COMMUNITY ACTION'S PROBLEMS. IT IS TO COMMUNITY ACTION MANY TIMES THAT THE FIRST CALL IS MADE; SEEKING FLEXIBLE HOURS DAY CARE TO REMAIN OFF WELFARE; FOR ASSISTANCE WITH A LANDLORD PROBLEMS ON LACK OF HEAT, UNSANITARY CONDITIONS, EXCESSIVE RENT; FROM THOSE SEEKING SHELTER FROM DOMESTIC ABUSE, SEXUAL ABUSE OR THOSE JUST SEEKING SHELTER AND FOOD-TOO FREQUENTLY FAMILIES WITH YOUNG CHILDREN. REGARDING HOUSING-WE URGE ALL MEMBERS OF THIS COMMITTEE TO SUPORT ALL HOUSING BILLS-EVERYONE NEEDS A PLACE TO CALL HOME!! FROM MENTAL HEALTH TO DENTAL HEALTH WE ADDRESS THESE ISSUES WITH A "TOTAL CLIENT" APPROACH OR CASE MANAGEMENT AS ITS NOW REFERRED. ITS BEEN OUR WAY FOR 37 YEARS.

WE URGE YOU TO UTILIZE YOUR EXISTING C.S.B.G. DOLLARS IN NORTH NETWORK BY PARTNERING WHENEVER POSSIBLE WITH LOCAL COMMUNITY ACTION/LIMITED PURPOSE AGENCIES ON NEW AS WELL AS EXISTING INITIATIVES.

WE WISH TO THANK THIS COMMITTEE FOR ITS TIME, AND FOR

ITS SUPPORT OF OUR PROGRAMS AND SERVICES. THANK YOU FOR

THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY.

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Robert + Alison Speer	N.C. Community Action
Nancy Coston	NC DSS
Phen Seal	NC DSS
William Thomas	NC DSS
Lawrence D. White	NC DHHS / OFC
MARY GREENE	OSBPM
WHITNEY OBRIGGS	OSBPM
PAM RICHARDSON	OSBPM
Jack W. Chappell	DHHS Controller's Office
Mary Burch	Cued Speech Center

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Monday, April 30th, 2001

4:30 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Division of Child Development - Contracts

Department of Health and Human Services

Division of Mental Health- Contracts

Department of Health and Human Services

Committee Discussion

Next Meeting

Adjourn

Minutes

Joint Appropriations Subcommittee On Health and Human Services

Monday, April 30, 2001

4:30 P.M.

Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Monday, April 30, 2001, in the Legislative Office Building. Members present were: Representative Edd Nye and Representative Beverly Earle, Co-Chairs; Representative Mark Crawford, and Representative Verla Insko. There were four senators present.

Representative Nye presided over the meeting. He stated the Department of Health and Human Services would review Division of Child Development and Division of Mental Health contracts.

Ms. Peggy Ball, Director of Child Development with the Department, spoke to the Committee concerning Division of Child Development contracts (See Attached). The handout is a listing of the contracts they have. The contracts are grouped according to their purpose. The first group is either direct services subsidy contracts or ones aligned to them. There are some licenses contracts, categorical funding that the federal government requires they spend for quality school age care, for resource and referral and children with special needs. Data evaluation and some miscellaneous contracts are listed last. After her presentation, Representative Nye asked for questions.

Representative Insko asked if these were to be decided in the next fiscal year. She observed a big difference in the present year and next year. Ms. Ball noted some contracts are on State fiscal year and some on federal year. The amounts are for one year of funding and the contracts for federal funding have some with undetermined amounts for the coming year. Representative Earle asked concerning pages 1 through 10, why were these programs in these counties singled out to get funding. They had asked for funding for early Head Start and the money is divided amount the programs. Senator Martin questioned number 88 of the handout, asking what portion was for consultation and what portion was for grant awards. Ms. Ball responded that out of the amount; about one million was for consultants working in 29 counties. About one million was provider grants over two year periods of time. Representative Insko questioned if the contracts were for one year. Most are continuing contracts. Resource and referral are on going. Senator Kerr asked if there was a better way to deliver and Ms. Ball responded they do look closely at what it cost per person.

The next presenter was Art Robarge, Acting Director for Division of Mental Health. He discussed contracts with the Division (See Attachment). Senator Dannelly asked how the DARE program is working. Flo Stein with the Department responded that the ten percent federal funding that goes to the DARE Foundation is distributed to schools.

Representative Crawford wanted to know if more funds would be put in or if funds would remain the same. Ms. Robarge replied they would remain the same. There was a discussion between Committee members and Department spokespersons, with questions and answers concerning the presentation.

The meeting was the adjourned.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

DIVISION OF CHILD DEVELOPMENT CONTRACTS
SFYs 2000/01 and 2001/02

Contract	Contract Description	Contract Term		SFY 2000/01 FUNDING		PROPOSED SFY 2001/02 FUNDING		SOLE SOURCE		
		From	To	STATE	FEDERAL	STATE	FEDERAL	TOTAL	TOTAL	BID, OR APP. PROCESS
1	Asheville City Schools Early Head Start is a program that serves children ages birth through 2 years of age by enhancing very young children's development and promoting healthy family functioning and self-sufficiency.	7/1/00	6/30/01	\$56,285		\$56,285		TBD		Application Process
2	UPLIFT, Inc. See above	7/1/00	6/30/01	\$70,356		\$70,356		TBD		Application Process
3	Macon Program For Progress, Inc. See above	7/1/00	6/30/01	\$80,909		\$80,909		TBD		Application Process
4	McDowell Co. Schools See above	7/1/00	6/30/01	\$25,328		\$25,328		TBD		Application Process
5	Chapel Hill Trng Outreach Proj., Inc. See above	7/1/00	6/30/01	\$70,356		\$70,356		TBD		Application Process
6	Salisbury-Rowan Comm. Service Council, Inc. See above	7/1/00	6/30/01	\$84,427		\$84,427		TBD		Application Process
7	W.A.G.E.S., Inc. See above	7/1/00	6/30/01	\$77,391		\$77,391		TBD		Application Process
8	Telamon Corporation See above	7/1/00	6/30/01	\$28,142		\$28,142		TBD		Application Process
9	Union Cty. Community Action, Inc. See above	7/1/00	6/30/01	\$28,142		\$28,142		TBD		Application Process
10	Western Carolina Community Action, Inc. See above	7/1/00	6/30/01	\$28,142		\$28,142		TBD		Application Process
11	Southwestern Child Dev. Commission, Inc. The contractor provides subsidized child care in a seven county area in Western North Carolina.	7/1/00	6/30/01	\$3,854,162	\$5,781,242	\$9,635,404		\$2,911,224		Sole Source
12	Region D Council of Governments The contractor provides subsidized child care in a multi-county area in Western North Carolina.	7/1/00	6/30/01	\$211,957	\$317,935	\$529,892		\$847,287		Sole Source
13	Northwest Child Development Council, Inc. The contractor provides subsidized child care in a multi-county area in the Piedmont.	7/1/00	6/30/01	\$127,376	\$191,064	\$318,440		\$1,615,976		Sole Source
14	Cty. of Buncombe, Dept. of Child Development The contractor provides subsidized child care in Buncombe County.	7/1/00	6/30/01	\$2,757,742	\$4,136,614	\$6,894,356		\$2,304,631		Sole Source
15	Blue Ridge Community Action, Inc. The contractor provides subsidized child care in a two county area.	7/1/00	6/30/01	\$207,879	\$311,819	\$519,698		\$474,270		Sole Source
16	United Cerebral Palsy of NC, Inc. The contractor provides subsidized child care services for children with special needs in counties across the whole state.	7/1/00	6/30/01	\$736,922	\$1,105,382	\$1,842,304		\$1,978,970		Sole Source
17	Southwestern Child Dev. Commission, Inc. This is the services support/administration for the subsidized child care program in the Commission's seven county area. Counties designate the amount of funds for this contract. Smart Start funds to reduce the waiting list for child care services and provide supplements and bonuses to encourage high quality child care.	7/1/00	6/30/01	\$439,164		\$439,164		\$441,170		Sole Source
18	Cty. of Buncombe, Dept. of Child Care Svcs. Smart Start funds to provide child care support services, such as, support staff to determine eligibility, etc. and to provide case management and operating expenses of support service staff and indirect costs.	7/1/00	6/30/01	\$1,947,946		\$1,947,946		TBD		Sole Source
19	Cty. of Buncombe, Dept. of Child Care Svcs. Smart Start funds to pay for subsidized child care in Cherokee, Clay, Graham, Haywood, Jackson, Macon, and Swain Counties.	7/1/00	6/30/01	\$192,190		\$192,190		TBD		Sole Source
20	Southwestern Child Dev. Commission, Inc. Smart Start funds to administer the Smart Start funds for subsidized child care in Region A.	7/1/00	6/30/01	\$1,968,168		\$1,968,168		TBD		Sole Source
21	Southwestern Child Dev. Commission, Inc. Smart Start funds to administer the Smart Start funds for subsidized child care in Region A.	7/1/00	6/30/01	\$76,697		\$76,697		TBD		Sole Source

DIVISION OF CHILD DEVELOPMENT CONTRACTS
SFYs 2000/01 and 2001/02

Contract	Contract Description	Contract Term		SFY 2000/01 FUNDING			PROPOSED SFY 2001/02 FUNDING			SOLE SOURCE, BID, OR APP. PROCESS	
		From	To	STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL	BID, OR APP. PROCESS	
22	Region D Council of Governments Smart Start funds to pay for child care services for eligible children. Subtotal	12/1/00	6/30/01	\$4,399		\$4,399	\$0		TBD		Sole Source
	Licensing										
23	Nancy W. Fowler D/B/A Day Care Training Assoc* Conduct pre-licensing workshop across North Carolina for potential child care providers. This contract is part of the NC CARES program that provides incentives for child care workers to increase their education in the area of child development. This contract helps pay for health insurance in facilities where workers have achieved or are achieving certain levels of education.	10/1/97	6/30/01		\$142,172	\$142,172		\$150,000	\$150,000		TBD - RFP in process
24	Child Care Services Assoc., Inc.* Enhance the quality of course work content through increased professional development opportunities for the instructors/trainers who teach the early care and education workforce in their early childhood community college classrooms.	12/1/98	6/30/01		\$523,985	\$523,985		\$1,700,000	\$1,700,000		TBD - RFP in process
25	UNC-CH FPG CDC** This contract is for UNC-G to conduct the environmental rating scale assessments for the rated license project. UNC-G subcontracts with other public institutions to perform assessments.	6/1/99	9/30/00		\$126,626	\$126,626			TBD		Sole Source
26	UNC-G* Develop early childhood leadership skills, course curriculums for child care providers.	6/14/99	8/31/01		\$1,584,675	\$1,584,675			TBD		Sole Source
27	Center for CC Workforce of Washington DC** TEACH Contract that provides scholarships to child care providers to increase their early childhood education.	4/1/00	3/1/01		\$30,800	\$30,800			\$0		Sole Source
28	Child Care Services Assoc., Inc. Contracts with Community Colleges for testing child care providers who want to test out of required credential courses.	7/1/00	6/30/01	\$2,845,143		\$2,845,143			\$2,600,000		Sole Source
29	Asheville-Buncombe Technical CC See above	7/1/00	6/30/01	\$4,260		\$4,260			\$4,260		Sole Source
30	Davidson Co. Comm. College See above	4/1/00	6/30/01	\$8,570		\$8,570			\$8,570		Sole Source
31	Pitt Comm. College See above	7/1/00	6/30/01	\$29,904		\$29,904			\$29,904		Sole Source
32	Southeastern Community College See Above	7/1/00	6/30/01	\$5,450		\$5,450			\$5,450		Sole Source
33	Stanly Community College Wake Tech. Comm. College See Above	7/1/00	6/30/01	\$13,300		\$13,300			\$13,300		Sole Source
34	College See Above	7/1/00	6/30/01	\$16,030		\$16,030			\$16,030		Sole Source
35	Wilkes Comm. College Develop abuse/neglect prevention curriculum, instructional materials targeted to reduce incidents of child abuse/neglect in child care. This contract is for the WAGES program that provides salary supplements to child care teachers who increase their education. This is part of the NC CARES program. Maintenance of a professional development website for child care workers.	7/1/00	6/30/01	\$2,760		\$2,760			\$2,760		Sole Source
36	Rebecca Hammill See Above	7/1/00	12/31/00	\$15,000		\$15,000			TBD		Sole Source
37	Child Care Services Assoc., Inc. NCSU Cooperative Extension***	7/1/00	6/30/01	\$5,539,881	\$699,907	\$6,239,788			TBD		Bid at local level by Smart Start Partnerships.
38	Extension***	10/1/00	9/30/01		\$20,006	\$20,006			TBD		Sole Source

DIVISION OF CHILD DEVELOPMENT CONTRACTS
SFYs 2000/01 and 2001/02

Contract	Contract Description	Contract Term		SFY 2000/01 FUNDING			PROPOSED SFY 2001/02 FUNDING			SOLE SOURCE, BID, OR APP. PROCESS
		From	To	STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL	
39	Susan H. Creech***	10/1/00	9/30/01	\$26,500		\$26,500			\$26,500	Sole Source
40	UNC-G**	11/1/00	8/31/01		\$10,500	\$10,500			TBD	Sole Source
41	Rebecca Hammill	1/1/01	6/30/01	\$15,000		\$15,000			TBD	Sole Source
42	Child Care Services Assoc., Inc	1/22/01	1/26/01		\$5,500	\$5,500	\$0	\$0	\$0	Sole Source
43	Child Care Services Assoc., Inc ***	5/1/01	6/30/01	\$25,000		\$25,000	\$0	\$0	\$0	Sole Source
	Subtotal			\$8,546,798	\$3,169,171	\$11,715,969	\$2,680,274	\$1,850,000	\$4,556,774	
	Categorical Funding									
44	NCSU, Dept. of 4-H Youth and Development**	3/1/00	9/30/00		\$697,254	\$697,254			TBD	Sole Source
45	North Carolina CCR&R Network*	5/1/00	6/30/01		\$10,600	\$10,600			\$0	Sole Source
46	Albemarle SS Partnership, Inc.	7/1/00	6/30/01		\$46,772	\$46,772		\$46,772	\$46,772	Application Process
47	Alliance for Children and Youth, Inc.	7/1/00	6/30/01		\$42,810	\$42,810		\$42,810	\$42,810	Application Process
48	Ashe County DSS	7/1/00	6/30/01		\$32,346	\$32,346		\$32,346	\$32,346	Application Process
49	Avery Cty. Partnership For Children	7/1/00	6/30/01		\$28,421	\$28,421		\$28,421	\$28,421	Application Process
50	City of Buncombe, Dept. of Child Care Svices	7/1/00	6/30/01		\$68,579	\$68,579		\$68,579	\$68,579	Application Process
51	Catawba Valley CCR&R Service	7/1/00	6/30/01		\$43,773	\$43,773		\$43,773	\$43,773	Application Process
52	Child Care Connections of Burke Cty., Inc.	7/1/00	6/30/01		\$56,780	\$56,780		\$56,780	\$56,780	Application Process
53	Child Care Connections, Inc. of Moore Cty.	7/1/00	6/30/01		\$61,220	\$61,220		\$61,220	\$61,220	Application Process
54	Child Care Directions, Inc. United Child Development	7/1/00	6/30/01		\$70,000	\$70,000		\$70,000	\$70,000	Application Process
55	Services	7/1/00	6/30/01		\$91,990	\$91,990		\$91,990	\$91,990	Application Process

DIVISION OF CHILD DEVELOPMENT CONTRACTS
SFYs 2000/01 and 2001/02

Contract	Contract Description	Contract Term		SFY 2000/01 FUNDING		PROPOSED SFY 2001/02 FUNDING		SOLE SOURCE, BID, OR APP. PROCESS
		From	To	STATE	FEDERAL	STATE	FEDERAL	
56	Child Care Networks CCR&R Of Alamance County	7/1/00	6/30/01		\$70,000		\$70,000	Application Process
57	See above	7/1/00	6/30/01		\$62,152		\$62,152	Application Process
58	Brunswick Co. Partm. for Child., Inc.	7/1/00	6/30/01		\$54,690		\$54,690	Application Process
59	CCR&R of Wake County, Inc.	7/1/00	6/30/01		\$97,152		\$97,152	Application Process
60	Child Care Resource, Inc.	7/1/00	6/30/01		\$142,718		\$142,718	Application Process
61	Child. & Fam. Resource Ctr. of Henderson City.	7/1/00	6/30/01		\$56,424		\$56,424	Application Process
62	Children & Youth Partn. for Dare City.	7/1/00	6/30/01		\$30,190		\$30,190	Application Process
63	Cleveland County Partnership for Children	7/1/00	6/30/01		\$40,549		\$40,549	Application Process
64	Child Care Services Assoc., Inc.	7/1/00	6/30/01		\$125,038		\$125,038	Application Process
65	Down East Partnership for Children	7/1/00	6/30/01		\$64,932		\$64,932	Application Process
66	Duplin Co. Partnership For Children	7/1/00	6/30/01		\$31,743		\$31,743	Application Process
67	Family Resources Of Rutherford Co., Inc.	7/1/00	6/30/01		\$56,010		\$56,010	Application Process
68	Hallifax-Warren SS Partn. For Children	7/1/00	6/30/01		\$52,074		\$52,074	Application Process
69	Harnett Co. Coop. Extension Svc.	7/1/00	6/30/01		\$63,616		\$63,616	Application Process
70	Hertford Cty. Partnership for Children, Inc.	7/1/00	6/30/01		\$40,177		\$40,177	Application Process
71	Iredell County Partnership for Young Children	7/1/00	6/30/01		\$30,722		\$30,722	Application Process
72	Jones-Carteret Partnership For Children	7/1/00	6/30/01		\$53,970		\$53,970	Application Process
73	Lenoir/Greene City. Partnership For Children	7/1/00	6/30/01		\$69,021		\$69,021	Application Process
74	McDowell Technical Community College Onslow County	7/1/00	6/30/01		\$29,428		\$29,428	Application Process
75	Partnership for Children, Inc.	7/1/00	6/30/01		\$40,783		\$40,783	Application Process
76	Person County Partnership for Children	7/1/00	6/30/01		\$59,408		\$59,408	Application Process
77	Real Crisis Intervention, Inc.	7/1/00	6/30/01		\$62,965		\$62,965	Application Process
78	Southeastern Community College	7/1/00	6/30/01		\$58,609		\$58,609	Application Process
79	Southwestern Child Dev Commission, Inc.	7/1/00	6/30/01		\$62,814		\$62,814	Application Process
80	Child Adv. Comm. of the Lower Cape Fear, Inc.	7/1/00	6/30/01		\$63,933		\$63,933	Application Process
81	Children's Council Of Watauga Cty., Inc.	7/1/00	6/30/01		\$62,000		\$62,000	Application Process
82	Transylvania Cty. Child Development	7/1/00	6/30/01		\$45,420		\$45,420	Application Process

DIVISION OF CHILD DEVELOPMENT CONTRACTS
SFYs 2000/01 and 2001/02

Contract	Contract Description	Contract Term		SFY 2000/01 FUNDING			PROPOSED SFY 2001/02 FUNDING			SOLE SOURCE, BID, OR APP. PROCESS
		From	To	STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL	
83	Wilkes Community Partnership For Children	7/1/00	6/30/01		\$59,000	\$59,000		\$59,000	\$59,000	Application Process
84	Work/Family Resource Center, Inc.	7/1/00	6/30/01		\$75,539	\$75,539		\$75,539	\$75,539	Application Process
85	North Carolina CCR&R Network	7/1/00	6/30/01		\$166,358	\$166,358			TBD	Application Process
86	Cumberland Cty. Partnership for Children, Inc.	7/1/00	6/30/01		\$42,000	\$42,000			TBD	Application Process
87	NCSU, Dept. of 4-H Youth and Development	7/1/00	6/30/01		\$1,562,251	\$1,562,251		\$1,500,000	\$1,500,000	Sole Source
88	UNC-CH School of Public Health***	9/1/00	6/30/01		\$2,756,965	\$2,756,965			TBD	Sole Source
89	N.C. Partnership For Children, Inc.***	10/1/00	9/30/01		\$30,000	\$30,000			\$0	Sole Source
90	The NC Partnership For Children Inc.	8/1/00	3/1/01		\$40,000	\$40,000			\$0	Sole Source
91	NCSU**	12/21/00	9/30/01		\$6,000	\$6,000			\$0	Sole Source
	Subtotal			\$0	\$7,615,196	\$7,615,196	\$0	\$3,740,803	\$3,740,803	
	Special Needs									
92	Southwestern Child Dev Commission, Inc.*	7/1/98	6/30/01		\$450,000	\$450,000	\$0	\$0	\$0	Sole Source
93	UNC-CH FPG CDC**	9/1/99	9/30/00		\$63,674	\$63,674			TBD	Sole Source
94	NCSU, Dept. of 4-H Youth and Development	7/1/00	6/30/01	\$26,000	\$105,000	\$131,000	\$0	\$0	\$0	Sole Source

DIVISION OF CHILD DEVELOPMENT CONTRACTS
SFYs 2000/01 and 2001/02

Contract	Contract Description	Contract Term		SFY 2000/01 FUNDING		PROPOSED SFY 2001/02 FUNDING		SOLE SOURCE, BID, OR APP. PROCESS	
		From	To	STATE	FEDERAL	STATE	FEDERAL		TOTAL
95	UNC-CH FPG CDC for Partr. for Inclusion	5/15/00	6/30/01		\$3,000			TBD	Sole Source
96	UNC-CH FPG CDC for Partr. for Inclusion*** Chapel Hill Trn'g Outreach Proj., Inc.***	10/1/00	9/30/01		\$480,141		\$500,000	\$500,000	Sole Source
97	Administer committee funds per NC-ICC direction	12/1/00	9/30/01		\$145,447		\$0	\$0	Sole Source
98	The Bethlehem Center of Charlotte, Inc.	7/1/00	6/30/01		\$14,960		\$14,960	\$14,960	Sole Source
99	Blue Ridge Community Action, Inc.	7/1/00	6/30/01		\$35,835		\$35,835	\$35,835	Sole Source
100	Randolph Comm. Ser. D/B/A Regional Consolidat	7/1/00	6/30/01		\$92,014		\$92,014	\$92,014	Sole Source
101	United Child Development Services, Inc.	7/1/00	6/30/01		\$5,520		\$5,520	\$5,520	Sole Source
102	Member of Interagency Coordinating Council for Services to Children With Special Needs, serving on Committee, Sub-committee or Task Force.	5/15/00	9/30/00		\$750			****	N.A.
103	Kate Kennedy	10/1/00	9/30/01		\$750			****	N.A.
104	Dana Alley***	10/1/00	9/30/01		\$750			****	N.A.
105	Lorrie Anderson***	10/1/00	9/30/01		\$750			****	N.A.
106	Dale Evans***	10/1/00	9/30/01		\$750			****	N.A.
107	Kathy Lewis***	10/1/00	9/30/01		\$750			****	N.A.
108	LaMarr Long***	10/1/00	9/30/01		\$750			****	N.A.
109	Jennifer Parker***	10/1/00	9/30/01		\$750			****	N.A.
110	Joanne Sharpe***	10/1/00	9/30/01		\$3,000			****	N.A.
111	Rene Swink***	10/1/00	9/30/01		\$1,500			****	N.A.
112	Sharon Thrower***	10/1/00	9/30/01		\$2,250			****	N.A.
113	Danielle Winstead***	10/1/00	9/30/01		\$2,250			****	N.A.
114	April Gerard***	10/1/00	9/30/01		\$750			****	N.A.
115	Hezekiah Anderson	10/1/00	9/30/01		\$750			****	N.A.
116	Sharon Bryant Kupit	10/1/00	9/30/01		\$1,500			****	N.A.
117	Lynn Martin	10/1/00	9/30/01		\$1,500			****	N.A.
118	Azell Reeves	10/1/00	9/30/01		\$3,500			****	N.A.
119	Melanie Long	12/01	9/30/01		\$750			****	N.A.
	Subtotal			\$26,000	\$1,444,591	\$0	\$648,329	\$648,329	
	Data, Evaluation & Analysis								
119	UNC-CH School of Public Health*	6/1/97	8/31/00	\$0	\$0			\$0	Sole Source
120	UNC-CH FPG CDC*	5/1/00	9/30/01	\$25,000	\$800,000			TBD	Sole Source

DIVISION OF CHILD DEVELOPMENT CONTRACTS
SFYs 2000/01 and 2001/02

Contract	Contract Description	Contract Term		SFY 2000/01 FUNDING			PROPOSED SFY 2001/02 FUNDING			SOLE SOURCE, BID, OR APP. PROCESS
		From	To	STATE	FEDERAL	TOTAL	STATE	FEDERAL	TOTAL	
121 UNC-CH FPG CDC	The evaluation of the North Carolina Early Childhood Initiative (Smart Start) conducted by a team of faculty and staff at UNC-CH/Frank Porter Graham CDC.	7/1/00	6/30/01	\$1,065,750		\$1,065,750			TBD	Sole Source
122 Affairs	Market Rate Study.	10/1/00	6/30/01		\$209,937	\$209,937			TBD	Sole Source
	Subtotal			\$1,090,750	\$984,937	\$2,075,687	\$0	\$0	\$0	
Miscellaneous										
123 North Carolina Department of Justice*	Legal services	7/1/99	6/30/01	\$110,178		\$110,178			TBD	Sole Source
124 Joyce Lee Senter*	Contract to assist with federal audit	7/19/99	6/30/01	\$11,500		\$11,500			TBD	Sole Source
125 Pitt County Memorial Hospital**	Purchase of car seats for families in Eastern NC impacted by Hurricane Floyd flooding.	3/1/00	2/28/01		\$35,910	\$35,910			\$0	Sole Source
N.C. Partnership for Children, Inc.	Smart Start is a comprehensive public-private initiative to help all North Carolina children enter school healthy and ready to succeed. Contract contains Smart Start funds for provision of the services approved in each local Smart Start partnership service plan. Service Contract.	7/1/00	6/30/01	\$177,918,217		\$177,918,217		\$155,985,354	\$155,985,354	Sole Source
N.C. Partnership for Children, Inc.	Smart Start is a comprehensive public-private initiative to help all North Carolina children enter school healthy and ready to succeed. Contract contains Smart Start funds for provision of Smart Start Administration.	7/1/00	6/30/01	\$8,464,173		\$8,464,173		\$5,364,351	\$5,364,351	Sole Source
127 Benjamin Muhammad	Speaker at Head Start Collaboration Office sponsored conference.	11/29/00	12/1/00		\$411	\$411			\$0	Sole Source
129 Von Langston	See Above	11/29/00	12/1/00		\$358	\$358			\$0	Sole Source
130 Daniel Bugbs	See Above	11/29/00	12/1/00		\$1,191	\$1,191			\$0	Sole Source
131 Ron Jenkins	See Above	11/29/00	12/1/00		\$391	\$391			\$0	Sole Source
132 JoAnne Nelson-Hooks	See Above	11/29/00	12/1/00		\$671	\$671			\$0	Sole Source
133 Robert Johnson	See Above	11/29/00	12/1/00		\$141	\$141			\$0	Sole Source
134 Brenda High Sanders	See Above	11/29/00	12/1/00		\$250	\$250			\$0	Sole Source
135 Helen Worrell	See Above	11/29/00	12/1/00		\$328	\$328			\$0	Sole Source
136 Arlene Mighton	Speaker at DCD staff development session	10/31/00	10/31/00	\$250		\$250			\$0	Sole Source
137 Leigh Zaleon	Contract to assist with development of state employees' child care center	7/26/00	12/15/00	\$8,500		\$8,500			\$0	Sole Source
138 Doug Harris	Two day in-house training class for supervisors on the Performance Management System (PMS).	12/11/00	12/12/00		\$700	\$700			\$0	Sole Source
	Subtotal			\$186,512,818	\$40,351	\$186,553,169	\$161,349,705	\$0	\$161,349,705	
	Grand Totals			\$208,811,282	\$25,511,466	\$234,322,748	\$164,029,979	\$6,239,132	\$180,869,139	
	Notes									
	* Contract is for longer than one SFY. Contract amount shown is for funds budgeted for SFY 2000-2001.									
	** Although contract overlapped for only a part of SFY 2000-2001, entire contract amount is shown.									
	*** Contract follows the Federal Fiscal Year. Instead of showing 2 years of FFY contracts in SFY 00-01, the FFY 00-01 contract is shown once.									
	**** Interagency Coordinating Council contract will be renewed next year but not necessarily with the same people.									
	Application Process - Many of the agency's service contracts are awarded through an application process. Not all applications are approved.									
	N.A. - Not Applicable (These are small personal services contracts).									
	TBD - To be determined; contract amounts are being developed now.									

DIVISION OF MENTAL HEALTH, DEVELOPMENTAL
DISABILITIES AND SUBSTANCE ABUSE SERVICES

CENTRAL OFFICE AND INSTITUTION CONTRACTS

1. Central Office
2. Institutions - Medical Services
3. Institutions - Personal Services
4. Institutions - Maintenance
5. Institutions - Training

1. Central Office

Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding			Total By Contract	Sole Source	Continue Next Year? (2)
								Grant In Aid	Other State				
1403	NAMI North Carolina, Inc.	Provide HELPLINE, education, outreach and family support for family members and adult mental health consumers.	AMHS	Direct Services	07/01/00	06/30/01	30,430		20,000		50,430	Sole Sourced	Yes
1411 (1)	Lutheran Family Services	Provides direct client services to At-Risk Children and Adolescents in Johnston County	CFS	Direct Services	07/01/00	06/30/01	-		1,696,249		1,696,249	Sole Sourced	No
1450	Pride in North Carolina	Provides direct client services to At-Risk Children and Adolescents in the Albemarle Region of NC	CFS	Direct Services	07/01/00	06/30/01	-		1,116,529		1,116,529	Non-Sole Sourced	No
1357	Association of Retarded Citizens of North Carolina, Inc.	Provide guardianship services	DDS	Direct Services	07/01/00	06/30/01	-	349,789			349,789	Sole Sourced	Yes
1358	Autism Society of North Carolina	Provide services to persons with autism and their families	DDS	Direct Services	07/01/00	06/30/01	-	2,392,960			2,392,960	Sole Sourced	Yes
1489	Benedictine School for Exceptional Children, Inc.	Provide intensive therapeutic, educational & residential treatment for (Client Specific)	DDS	Direct Services	03/01/01	06/30/01	-		18,167		18,167	Sole Sourced	Yes
1258 (1)	Char. Meck. Hosp. Auth. dba Charlotte Institute of Rehab.	Implement Traumatic Brain Injury (TBI) Project ACCESS	DDS	Direct Services	07/01/99	09/29/01	113,483		-		113,483	Sole Sourced	Yes
1259 (1)	Char. Meck. Hosp. Auth. dba Carolinas Med. Center	Implement Traumatic Brain Injury (TBI) Project ACCESS	DDS	Direct Services	07/01/99	06/30/01	32,513		18,277		50,790	Sole Sourced	Yes
1398	Lifestyles, Inc. NC	Develop supported employment	DDS	Direct Services	07/01/00	06/30/01	-		225,000		225,000	Sole Sourced	Yes
1366	NORTH, Inc.	Provide SB859 response and oncall services.	DDS	Direct Services	07/01/00	06/30/01	-		63,690		63,690	Sole Sourced	Yes
1256	Pitt County Memorial Hospital, Inc.	Implement Traumatic Brain Injury (TBI) Project ACCESS	DDS	Direct Services	07/01/99	09/29/01	92,450		-		92,450	Sole Sourced	Yes
1164 (1)	Turning Point Services, Inc.	Provide CAP-MR/DD Case Management for (Client Specific)	DDS	Direct Services	04/01/99	06/30/01	19,341		15,000		34,341	Sole Sourced	Yes

(1) Multi-Year Contract Obligation
 (2) All contracts considered continued as of this date with known exceptions noted.

Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding			Total By Contract	SoleSource	Continue Next Year? (2)
								Grant In Aid	Other State	-			
1359	United Cerebral Palsy of North Carolina, Inc.	Provide services such as Early Intervention, ADVP, Supported Employment, etc.	DDS	Direct Services	07/01/00	06/30/01	-	1,231,082	-	-	1,231,082	Sole Sourced	Yes
1257 (1)	University of North Carolina at Chapel Hill	Implement Traumatic Brain Injury (TBI) Project ACCESS	DDS	Direct Services	07/01/99	09/29/01	142,560	-	-	-	142,560	Sole Sourced	Yes
1440	Alcohol and Drug Services of Guilford, Inc.	Expand services to reduce ATOD abuse among youth ages 9-18	SAS	Direct Services	07/15/00	07/14/01	99,140	-	-	-	99,140	Non-Sole Sourced	Yes
1481	Alcohol and Drug Services of Guilford, Inc.	Provide Medicaid reimbursable services to Medicaid eligible clients. Reimbursed Medicaid	SAS	Direct Services	02/01/01	06/30/01	150,000	-	-	-	150,000	Sole Sourced	Yes
1419	Alcohol/Drug Council of North Carolina	Operate a statewide info/referral service btwn potential SA clients and SAPT network	SAS	Direct Services	07/01/00	06/30/01	384,282	-	-	-	384,282	Sole Sourced	Yes
1475	Carolina Correctional Services, Inc.	Administer & deliver services through a Juvenile Drug Treatment Court in Wake Co. Judicial District 11	SAS	Direct Services	10/18/00	06/30/01	86,868	-	-	-	86,868	Sole Sourced	Pending
1443	Chemical Dependency Center of Charlotte-Mecklenburg, Inc.	Expand prevention programs that target youth ages 6-16	SAS	Direct Services	07/15/00	07/14/01	125,000	-	-	-	125,000	Non-Sole Sourced	Yes
1326 (1)	Cherokee Boys Club, Inc.	Expand services to reduce alcohol, tobacco & other drug abuse amount youth ages 9-17. SIG	SAS	Direct Services	03/01/00	07/14/01	166,666	-	-	-	166,666	Non-Sole Sourced	Yes
1434	Day by Day Treatment Center of Johnston County, Inc.	Provide Medicaid reimbursable services to Medicaid eligible clients. Reimbursed Medicaid	SAS	Direct Services	08/14/00	06/30/01	1,225,000	-	-	-	1,225,000	Sole Sourced	Yes

(1) Multi-Year Contract Obligation

(2) All contracts considered continued as of this date with known exceptions noted.

Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding		Total By Contract	SoleSource	Continue Next Year? (2)
								Grant In Aid	Other State			
1156	Durham Council on Alcoholism, Inc.	SAPTBG-HIV/STD Risk Reduction Pregnant - hotline Capacity Mgmt. SAPTBG Requirement (3 year contract)	SAS	Direct Services	07/01/98	06/30/01	1,891,186			1,891,186	Sole Sourced	Yes
1347	Frye Regional Medical Center, Inc.	To serve as primary resource for the Division regarding state-wide distribution of ATOD information. Includes Mentoring Projects. SAPTBG 20%	SAS	Direct Services	07/01/00	06/30/01	652,441			652,441	Sole Sourced	Yes
1430	Governor's Institute on Alcohol and Substance Abuse, Inc.	Purchase of in-patient care for involuntarily committed SA patients in Western MH region Reduce underage drinking. OJJDP - 99	SAS	Direct Services	07/01/00	06/30/01	-		300,000	300,000	Sole Sourced	Yes
1292 (1)	N.C. Dept. of Admin., Commission of Indian Affairs	Implement ATOD prevention programming in identified Native American communities SDFSCA - DOE	SAS	Direct Services	10/01/99	05/31/01	118,650			118,650	Sole Sourced	Yes
1348	Oxford House, Incorporated	Provide technical assistance staff and support to establish a maximum of 6 SAS recovery homes. SAPTBG Requirement	SAS	Direct Services	07/01/00	06/30/01	101,000			101,000	Sole Sourced	Yes
1370	Residential Treatment Services of Alamance, Inc.	Provide SA services to homeless, HIV/AIDS, and recidivist populations SAPTBG	SAS	Direct Services	07/01/00	06/30/01	-	200,000		200,000	Sole Sourced	Yes
1339	STEP ONE, Inc.	Expand services to reduce ATOD abuse amount youth ages 9-18 SIG	SAS	Direct Services	07/01/00	06/30/01	121,000			121,000	Sole Sourced	Yes
1441			SAS	Direct Services	07/15/00	07/14/01	120,000			120,000	Non-Sole Sourced	Yes

(1) Multi-Year Contract Obligation

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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding		Total By Contract	SoleSource	Continue Next Year? (2)
								Grant In Aid	Other State			
1300 (1)	The North Carolina D.A.R.E. Foundation	Expand services to reduce alcohol, tobacco and other drug abuse among youth ages 9-17. SIG	SAS	Direct Services	03/01/00	07/14/01	166,666		-	166,666	Sole Sourced	Yes
1410	The Palmer Drug Prevention Program of Robeson County, Inc.	Provide DARE Substance Abuse prevention programming in public schools. SDFSCA-DOE	SAS	Direct Services	12/01/00	06/30/01	190,444		-	190,444	Sole Sourced	Yes
1442	Governor's Institute on Alcohol and Substance Abuse, Inc.	Expand services to reduce ATOD abuse among youth ages 9-18 SIG	SAS	Direct Services	07/15/00	07/14/01	125,000	4,173,831	3,472,912	125,000	Non-Sole Sourced	Yes
1349	National Development and Research Institutes, Inc.	Research to Practice, Strengthening families, juvenile justice and perinatal research and evaluation and training for health care professionals	SAS	Evaluation	07/01/00	06/30/01	1,103,225	100,000	-	1,203,225	Sole Sourced	Yes
1302 (1)	UNC-CH, School of Social Work	Statewide implementation of the NC TOPPS project, for improvement of client services and outcomes. SAPTBG	SAS	Evaluation	02/07/00	12/31/01	343,390		-	343,390	Sole Sourced	Yes
1415	North Carolina State University for its Center for Urban Aff	Manage automated MIS for EEAP; construct cohorts to be tracked during study	SAS	Evaluation	07/01/00	06/30/01	75,000		-	75,000	Sole Sourced	No
1414	Technical Assistance & Evaluation Projects contract and funding is split across three disability Sections (CFS, DD, Admin) (Contract amendment in process to total budgeted dollars)		ACROI	Evaluation	07/01/00	06/30/01			389,138	389,138	Sole Sourced	Yes

(1) Multi-Year Contract Obligation

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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding			Total By Contract	Sole Source	Continue Next Year? (2)
								Grant In Aid	Other State				
1126	Pacific Institute for Research and Evaluation	Evaluation of Cooperative Prevention Grant SIG	SAS	Evaluation	01/07/99	06/30/01	298,936				298,936	Sole Sourced	Yes
1250 (1)	Research Triangle Institute	Substance Abuse Needs Assessment CSAT Contract	SAS	Evaluation	10/30/96	10/29/01	1,166,234	100,000	389,138		3,475,923	Sole Sourced	Yes
1277	North Carolina Department of Justice	Provide secretarial services for Attorney General's Office	ADM	Legal	07/01/99	06/30/01	-		28,052		28,052	Sole Sourced	Yes
1554	Department of Justice	Provide legal services.	DDS	Legal	07/01/99	06/30/01	-		125,000		125,000	Sole Sourced	Yes
				Legal Total			-		153,052		153,052		
1289 (1)	Electronic Data Systems Corp	Implement Phases 2 & 3 of the Integrated Claims Processing System Project	ADM	Services	02/09/00	09/30/01	-		4,554,135		4,554,135	Sole Sourced	Yes
1421	University of North Carolina at Chapel Hill	Provide TA and advice to improve child mental health services.	ADM	Services	08/01/00	06/30/01	-		82,060		82,060	Sole Sourced	Yes
	Wake County Human Services	Provide supported employment--individual services as defined by the Pioneer Funding System	ADM	Services	07/01/00	06/30/01	-		37,180		37,180	Sole Sourced	Yes
1425	Housing Works, Inc.	Facilitate housing development for persons served by the Division.	AMHS	Services	07/01/00	06/30/01	30,164		60,326		90,490	Sole Sourced	Yes
1382	Mental Health Association in North Carolina, Inc.	Administration of HUD Shelter Plus Care rental administration in Durham.	AMHS	Services	07/01/00	06/30/01	152,292		-		152,292	Sole Sourced	Yes
1390	North Carolina Mental Health Consumer's Organization, Inc.	Provide information and support to mental health consumers.	AMHS	Services	07/01/00	06/30/01	86,480		-		86,480	Sole Sourced	Yes

(1) Multi-Year Contract Obligation

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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding			Total By Contract	Sole Sourced	Continue Next Year? (2)
								Grant in Aid	Other State				
1445	Pharmacy Network National Corporation	Reimburse local pharmacies for the cost of providing atypical antipsychotic medications to eligible persons. Provide stipends for 4 UNC-CH Psych students for internships	AMHS	Services	09/15/00	06/30/01	-	1,140,000			1,140,000	Sole Sourced	Yes
1406	UNC-CH, Department of Psychiatry	Recruit people to conduct consumer preference interviews with persons currently housed in NC institutions as a result of Olmstead decision	AMHS	Services	07/01/00	06/30/01	-	47,000			47,000	Sole Sourced	Yes
1485	University of North Carolina at Chapel Hill	Translation of Division documents into Spanish for hardcopy and/or electronic distribution	AMHS	Services	01/01/01	06/30/01	-	180,734			180,734	Sole Sourced	Yes, no cost extension.
1479	Ottilia V. Nesbit	Developing CPR instrument	C&T	Services	01/02/01	06/30/01	-	5,000			5,000	Sole Sourced	Yes
1483	Appalachian State University	Develop and maintain a local family support network.	CFS	Services	01/01/01	06/30/01	-	74,448			74,448	Sole Sourced	No
1323 (1)	Communities in Schools of the Rocky Mount Region, Inc.	Promote System of Care (SOC)	CFS	Services	01/01/00	12/13/01	-	110,200			110,200	Sole Sourced	No
1379 (1)	Exceptional Children's Assistance Center, Inc. North Carolina	Provide mediation for issues arising over service provision	CFS	Services	03/01/01	06/30/01	176,632				176,632	Sole Sourced	Yes, est.\$210,000
1389	Association of Self-Advocates of NC, Inc.	Build a network of self-advocacy groups; provide training to self-advocates	CFS	Services	07/26/00	06/30/01	-	15,400			15,400	Sole Sourced	No
1439	Brain Injury Association of NC	Implement Traumatic Brain Injury (TBI) Project ACCESS	DDS	Services	08/01/00	06/30/01	-	29,998			29,998	Sole Sourced	Yes
1253 (1)	Brain Injury Association of NC	Implement Traumatic Brain Injury (TBI) Project ACCESS	DDS	Services	07/01/99	09/29/01	20,240				44,890	Sole Sourced	Yes

(1) Multi-Year Contract Obligation
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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding		Total By Contract	SoleSource	Continue Next Year? (2)
								Grant In Aid	Other State			
1396	Easter Seals North Carolina, Inc.	Implement Project STAR-- provide counseling, support advocacy, and training on behalf of persons with TBI	DDS	Services	07/01/00	06/30/01	-		126,100	126,100	Sole Sourced	Yes
1486 (1)	UNC-Charlotte	Provide administrative support to School Age Solutions, a group of families, professionals and community members focused on inclusion for school age children w/ disabilities	DDS	Services	03/01/01	01/31/02	-		7,999	7,999	Sole Sourced	Yes
1401	University of North Carolina at Chapel Hill	Continue to implement Thomas S research project	DDS	Services	07/01/00	06/30/01	-		132,386	132,386	Sole Sourced	No
1446	University of North Carolina at Chapel Hill	Implement TelAbilities Project	DDS	Services	11/15/00	06/30/01	-		30,000	30,000	Sole Sourced	Yes
1460	Duke University	Implement CORE Indicators Project	DDS	Services	10/01/00	06/30/01	-		50,735	50,735	Sole Sourced	Yes
1461	NASMHPD Research Institute, Inc.	Provide support services for the Director of Child Research, Grants, and Program Development	DIR	Services	10/17/00	06/30/01	-		12,006	12,006	Sole Sourced	Yes
1433	UNC-CH, Department of Psychiatry	Provide Performance Measurement Services/ORYX initiative	DIR	Services	07/01/00	06/30/01	-		28,350	28,350	Sole Sourced	Yes
1297 (1)	Health Data, Inc.	Provide Medical Services Director	DIR	Services	07/01/00	06/30/01	-		256,199	256,199	Sole Sourced	Yes
1177 (1)	Council on Accreditation of Svcs for Families and Children	Provide data entry of client outcome inventory form.	MS	Services	10/11/99	06/30/01	-		60,000	60,000	Non-Sole Sourced	Yes
		Provide a comprehensive and integrated accreditation services for the State, public community-based MH/DD/SA service system.	CI	Services	07/01/99	06/30/01	-		747,182	747,182	Sole Sourced	Yes

(1) Multi-Year Contract Obligation

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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding		Total By Contract	Sole Source	Continue Next Year? (2)
								Grant In Aid	Other State			
1417	American Lung Association of North Carolina	Implement tobacco use prevention education, smoking cessation training. Synar Compliance SAPTBG 20%	SAS	Services	07/01/00	06/30/01	197,961	-	-	197,961	Sole Sourced	Yes
1417	Appalachian State University	Provide tuition scholarships to master's level Addiction counseling students. SAPTBG	SAS	Services	07/01/00	06/30/01	7,000	-	-	7,000	Sole Sourced	Yes
1361	Brownlee Consulting Associates, Inc.	Recruit, screen, evaluate and provide financial assistance to applicants committed to becoming CSAC, CCS, or CCAS. SAPTBG	SAS	Services	07/01/00	06/30/01	98,565	-	-	98,565	Sole Sourced	Yes
1350	East Carolina University	House an ATOD resource & training center in eastern North Carolina. SDFSCA	SAS	Services	07/01/00	06/30/01	139,958	-	-	139,958	Sole Sourced	Yes
1344	East Carolina University	Provide tuition scholarships to master's level Addiction counseling students. SAPTBG	SAS	Services	07/01/00	06/30/01	7,000	-	-	7,000	Sole Sourced	Yes
1422	Edgecombe Community College	Provide EEAP technical assistance, training and evaluation.	SAS	Services	07/01/00	06/30/01	84,607	-	-	84,607	Sole Sourced	No
1402	Governor's Institute on Alcohol and Substance Abuse, Inc.	Support for activities to reduce underage drinking	SAS	Services	03/01/00	02/28/02	400,000	-	-	400,000	Sole Sourced	Yes

(1) Multi-Year Contract Obligation

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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding		Total By Contract	SoleSource	Continue Next Year? (2)
								Grant In Aid	Other State			
1463	Governor's Institute on Alcohol and Substance Abuse, Inc.	Provide support for activities to reduce underage drinking among college and university students. OJJDP - 2000	SAS	Services	10/20/00	05/31/02	360,000	-	-	360,000	Sole Sourced	Yes
1293 (1)	NC Department of Crime Control and Public Safety	Reduce sales and availability of alcohol to youth. ALE OJJDP-99	SAS	Services	10/01/99	05/31/01	241,350	-	-	241,350	Sole Sourced	Yes
1420	NC Substance Abuse Professional Certification Board	Provide SA credentialing	SAS	Services	07/01/00	06/30/01	198,000	25,000	-	223,000	Sole Sourced	Yes
1456	North Carolina State University for its Center for Urban Afr	Maintenance of NC TOPPS database and quality management SAPTBG	SAS	Services	07/01/00	06/30/01	128,487	-	-	128,487	Sole Sourced	Yes
1346	STEP ONE, Inc.	Provide ATOD PSAs in NC using all forms of media - Partnership for a Drug-Free NC SDFSCA	SAS	Services	07/01/00	06/30/01	138,558	-	-	138,558	Sole Sourced	Yes
1477	Stephen R. Williams	Development of the sampling frame to conduct the federally required annual survey of retail tobacco outlets. Synar Compliance SAPTBG 20%	SAS	Services	10/23/00	09/30/01	9,983	-	-	9,983	Sole Sourced	Yes
1438	TASC, Inc.	Provide TA and training regarding implementation of an integrated statewide offender care mgt. Structure RWJ	SAS	Services	07/01/00	06/30/01	97,818	-	-	97,818	Sole Sourced	Yes

(1) Multi-Year Contract Obligation

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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding			Total By Contract	SoleSource	Continue Next Year? (2)
								Grant In Aid	Other State				
1423 (1)	UNC-Charlotte	Skipper Bowles Center for Alcohol Studies - Provide salary support for the medical director of the UNC Alcohol & SA clinic SAPTBG	SAS	Services	05/01/00	06/30/01	50,000				50,000	Sole Sourced	Yes, at reduced level at \$25,000
1435	University of North Carolina at Wilmington	Provide tuition scholarships to master's level Addictions counseling students. SAPTBG	SAS	Services	07/01/00	06/30/01	14,000				14,000	Sole Sourced	Yes
1351	Voices for Addiction Recovery--North Carolina	Provide support, education & advocacy for families/friends of those with chemical dependency/addiction. SAPTBG	SAS	Services	07/01/00	06/30/01	7,000				7,000	Sole Sourced	Yes
1447	Wake Forest University for its School of Medicine	To increase knowledge & awareness of prenatal exposure FAS/FAE SDFSCA	SAS	Services	07/01/00	06/30/01	82,100				82,100	Sole Sourced	Yes
1449	East Carolina University	Training & education of professional to work with Deaf & Hard of Hearing Western Region area program staff	SAS	Services	09/01/00	06/30/01	60,417	25,000			85,417	Sole Sourced	Yes
1405	Mountain Area Health Education Center, Inc.	Provide training for Western Region area program staff	AMHS	Training	07/01/00	06/30/01	-		124,281		124,281	Sole Sourced	Yes
1454	UNC-CH, School of Social Work	Training, evaluation, tech. asst. and consultation regarding services for citizens with serious MI or SA.	AMHS	Training	08/01/00	06/30/01	10,000				10,000	Sole Sourced	Yes
1407			AMHS	Training	08/01/00	06/30/01	474,636				474,636	Sole Sourced	Yes

(1) Multi-Year Contract Obligation

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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding		Total By Contract	SoleSource	Continue Next Year? (2)
								Grant In Aid	Other State			
1464	Azariah Carmichael	Teach Training for Residential Caregivers @ Davidson Comm. College	C&T	Training	10/04/00	06/30/01	2,400			2,400	Sole Sourced	Yes
1465	Crisis Prevention Institute, Inc.	Provide training for instructors in crisis intervention & prevention. Provide certification & recertification.	C&T	Training	11/14/00	06/30/01	-	82,798		82,798	Sole Sourced	Yes
1426	Triangle Training & Communications Associates	Continue federally required System of Care (SOC) grant activities (fed funding); and to successfully implement ARC and Residential Tx Sys legislation statewide (state funding)	C&T	Training	07/01/00	06/30/01	144,967	62,370		207,337	Non-Sole Sourced	Yes, C&F Section increasing state funding to \$86,205
1386	Mental Health Association in North Carolina, Inc.	Expand NC Respite Curriculum and establish provider certificate program	CFS	Training	07/01/00	06/30/01	-	120,000		120,000	Sole Sourced	Yes
1381	NAMI North Carolina, Inc.	Continue "Young Families" training program in Moore and Henderson counties	CFS	Training	07/01/00	06/30/01	55,408			55,408	Sole Sourced	Yes, est 50,150
1399	Community Living-Wilmington	Implement Person Center Planning	DDS	Training	07/01/00	06/30/01	-	350,474		350,474	Sole Sourced	No
1476	Exceptional Children's Assistance Center, Inc.	Provide TA to 5 First In Families projects and New Horizons Federal Grant Participants	DDS	Training	11/21/00	09/30/01	99,521	125,275		224,796	Sole Sourced	Yes
1395	Life Plan Trust, Inc.	Provide training opportunities regarding government benefit eligibility	DDS	Training	07/01/00	06/30/01	-	45,930		45,930	Sole Sourced	Yes
1429	NC Chapter of the Assoc. for Persons in Supported Employment	Provide training to increase availability & quality of supported employment services across NC.	DDS	Training	07/05/00	06/30/01	-	98,987		98,987	Sole Sourced	Yes

(1) Multi-Year Contract Obligation
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Contract Number	Contractor	Purpose	Section	Type of Contract	Beginning	Ending	Federal Total By Contract	State Funding		Total By Contract	SalesSource	Continue Next Year? (2)
								Grant In Aid	Other State			
1360	UNC at Chapel Hill, Div. of Continuing Education, DDTI	Provide training and technical assistance in support of DD Plan Implementation	DDS	Training	07/01/00	06/30/01	-	200,000		200,000	Sole Sourced	Yes
1394	UNC at Chapel Hill, Div. of Continuing Education, DDTI	Training and services for management services for Personal Outcome Measures	DDS	Training	07/01/00	06/30/01	-		350,000	350,000	Sole Sourced	Yes
1416	University of North Carolina at Chapel Hill	Provide training and technical assistance for STIR Project.	DDS	Training	07/01/00	06/30/01	-		250,000	250,000	Sole Sourced	Yes
1467	NC Council of Community MH/DD/SA Programs	Provide training to MH Area Board with State Appropriations	DIR	Training	10/26/00	06/30/01	-		148,870	148,870	Sole Sourced	Yes
1495	National Center on Addiction & SA at Columbia University	To provide training for the NC CASAWORKS for Families Residential Initiative on the CASAWORKS model	SAS	Training	04/15/01	06/30/01	25,000		-	25,000	Sole Sourced	Yes
1436	North Carolina High School Athletic Association	Provide prevention training for coaches, students, & parents in school/community based settings statewide.	SAS	Training	07/01/00	06/30/01	-	534,000		534,000	Sole Sourced	Yes
1343	UNC-CH, Governor's Academy for Prevention Professionals	Provide training & certification hours for 50 SA Prevention professionals	SAS	Training	10/01/00	06/30/01	101,088	734,000	1,758,985	101,088	Sole Sourced	Yes
				Training Total			913,020	5,032,831	13,586,175	3,406,005		
				Grand Total			12,842,537			31,461,543		

(1) Multi-Year Contract Obligation

(2) All contracts considered continued as of this date with known exceptions noted.

2. **Institutions - Medical Services**

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Medical Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	Funding 2001-02		Contract Type		
				Federal	Other		Federal	Other	Sole Source	Bid	
Broughton Hospital											
Blue Ridge Pathology Assoc	lab/pathology services	7/1/00-6/30/01	33,789.60	2,210.40	36,000.00	33,789.60	2,210.40	36,000.00	Yes		
Blue Ridge Radiology	on site ultrasound service	7/1/00-6/30/01	56,316.00	3,684.00	60,000.00	56,316.00	3,684.00	60,180.00	Yes		
Brown and Neuwith	oral surgery	7/1/00-6/30/01	14,079.00	921.00	15,000.00	14,079.00	921.00	15,000.00	Yes		
Burke Radiological	X-Ray reading/consults	7/1/00-6/30/01	37,544.00	2,456.00	40,000.00	37,544.00	2,456.00	40,000.00	Yes		
Sherry Cottrell	Physical Therapist B/U	7/1/00-6/30/01	2,346.50	153.50	2,500.00	2,346.50	153.50	2,500.00	Yes		
Carolina Orthopedics	orthopedic surgery/consult	7/1/00-6/30/01	14,079.00	921.00	15,000.00	14,079.00	921.00	15,000.00	Yes		
Grace Hospital	general hospital services	7/1/00-6/30/01	248,729.00	16,271.00	265,000.00	267,501.00	17,499.00	285,000.00	Yes		
Burke Surgical (Giles)	surgical consults	7/1/00-6/30/01	32,851.00	2,149.00	35,000.00	28,158.00	1,842.00	30,000.00	Yes		
Graystone Ophthalmology	ophthalmology consults	7/1/00-6/30/01	4,693.00	307.00	5,000.00	4,693.00	307.00	5,000.00	Yes		
Dr. Edgar Lane	Urologist consultation	7/1/00-6/30/01	9,386.00	614.00	10,000.00	6,100.90	399.10	6,500.00	Yes		
Medical Heights Ob-Gyn	Ob-Gyn consultation	7/1/00-6/30/01	9,386.00	614.00	10,000.00	7,039.50	460.50	7,500.00	Yes		
North Carolina Baptist Hos	Residents program	7/1/00-6/30/01	45,052.80	2,947.20	48,000.00	45,052.80	2,947.20	48,000.00	Yes		
Dr. David Small	Orthodontic consultation	2/1/01-6/30/01	422.37	27.63	450.00	422.37	27.63	450.00	Yes		
Jean Starkey	Physical Therapy Asst	7/1/00-6/30/01	4,693.00	307.00	5,000.00	4,693.00	307.00	5,000.00	Yes		
Valdese Hospital	Radiological applications	7/1/00-6/30/01	75,088.00	4,912.00	80,000.00	75,088.00	4,912.00	80,000.00	Yes		
Western Piedmont Dermatolo	dermatology consults	7/1/00-6/30/01	3,754.40	245.60	4,000.00	3,754.40	245.60	4,000.00	Yes		
Cherry Hospital											
Digestive Diseases	Intestinal Services	10/1/00-6/30/01	14,618.00	3,382.00	18,000.00	14,618.00	3,382.00	18,000.00	Yes		
Eastern Surgical	Surgical Services	10/1/00-6/30/01	28,424.00	6,576.00	35,000.00	28,424.00	6,576.00	35,000.00	Yes		
ECU	Pathology Serv	7/1/00-6/30/02	1,624.00	376.00	2,000.00	1,624.00	376.00	2,000.00	Yes		
ECU	Psych Serv	7/1/00-9/30/02	24,363.00	5,637.00	30,000.00	24,363.00	5,637.00	30,000.00	Yes		
ECU	Psych Resident Program	7/1/00-9/30/02	136,447.00	31,571.00	168,018.00	132,396.00	30,633.00	163,029.00	Yes	Yes	
EXP Pharmaceuticals	Pharmaceutical Returns	3/15/01-3/14/02	3,270.00	757.00	4,027.00	4,061.00	939.00	5,000.00	Yes		
Goldsboro ENT	Ear, Nose & Throat	10/1/00-6/30/01	14,618.00	3,382.00	18,000.00	14,618.00	3,382.00	18,000.00	Yes		
Goldsboro Eye Clinic	Eye Exams & Surgery	11/1/00-6/30/01	14,618.00	3,382.00	18,000.00	14,618.00	3,382.00	18,000.00	Yes		
Goldsboro Orthopedic	Orthopedic Services	10/1/00-6/30/01	30,454.00	7,046.00	37,500.00	30,454.00	7,046.00	37,500.00	Yes		
James White, MD	Supervision-MA Level Psych	7/1/00-3/9/01	1,754.00	406.00	2,160.00			0.00	Yes		
Kinston Radiologic	Xray Interpretation	7/1/00-6/30/01	2,534.00	586.00	3,120.00	2,534.00	586.00	3,120.00	Yes		
Lab Corp	Ref Lab Serv	7/1/00-6/30/03	48,726.00	11,274.00	60,000.00	48,726.00	11,274.00	60,000.00	Yes		
Prophysics Innov	Testing-Radiology	7/1/00-7/18/01	772.00	178.00	950.00	772.00	178.00	950.00	Yes		
Rudolph J Maier, MD	EEG Interpretation	7/1/00-6/30/01	11,775.00	2,725.00	14,500.00	11,775.00	2,725.00	14,500.00	Yes		
Schaberg/Lutcavage	Oral Services	10/4/00-6/30/01	7,309.00	1,691.00	9,000.00	7,309.00	1,691.00	9,000.00	Yes		
UNC Hospitals	Pathology Serv	7/1/00-9/30/02	1,283.00	297.00	1,580.00	1,559.00	361.00	1,920.00	Yes		

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Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	
				Federal	Other			Federal	Other		Sole Source	Bid
Cherry Hospital	Outpatient Serv	6/8/98-until reno	69,029.00	15,971.00	85,000.00	73,089.00	16,911.00	90,000.00	90,000.00	Yes	Yes	
UNC Hospitals	Inpatient/Outpatient Serv	11/1/00-6/30/01	73,089.00	16,911.00	90,000.00	73,089.00	16,911.00	90,000.00	90,000.00	Yes	Yes	
Wayne Memorial Hospital	Radiology Serv	7/1/00-6/30/03	7,309.00	1,691.00	9,000.00	7,309.00	1,691.00	9,000.00	9,000.00	Yes	Yes	
Wayne Memorial Hospital	Radiology Interpretation	7/1/00-6/30/01	7,309.00	1,691.00	9,000.00	7,309.00	1,691.00	9,000.00	9,000.00	Yes	Yes	
Wayne Radiology	Urological Services	10/1/00-6/30/01	20,303.00	4,697.00	25,000.00	20,303.00	4,697.00	25,000.00	25,000.00	Yes	Yes	
William Easterling	Optical Serv	7/1/00-6/30/01	4,061.00	939.00	5,000.00	4,061.00	939.00	5,000.00	5,000.00	Yes	Yes	
Wilson OB-GYN	Gynecological Services	10/1/00-6/30/01	4,873.00	1,127.00	6,000.00	4,873.00	1,127.00	6,000.00	6,000.00	Yes	Yes	
Dorothea Dix Hospital												
Raleigh Medical Group	Gastroenterology	7/1/00-6/30/01	22,500	828	23,328.00	22,950	845	23,795.00	23,795.00	Yes	Yes	
Charles Zwerling, MD	Ophthalmology Services	7/1/00-6/30/01	29,900	1,100	31,000.00	30,497	1,123	31,620.00	31,620.00	Yes	Yes	
Christopher Tharrington, MD	Radiologist	01/01/01-06/30/0	42,438	1,562	44,000.00	43,287	1,593	44,880.00	44,880.00	Yes	Yes	
Gerald Sibrack, MD	Child/Adoles Clinic Supv	10/09/00-06/30/0	16,300	600	16,900.00	16,626	612	17,238.00	17,238.00	Yes	Yes	
UNC-Psych	Residency Training	7/1/00-6/30/01	692,988	25,507	718,495.00	706,848	26,017	732,865.00	732,865.00	Yes	Yes	
UNC-Psych	Clinical Research Unit	7/1/00-6/30/01	130,577	4,806	135,383.00	133,189	4,902	138,091.00	138,091.00	Yes	Yes	
UNC-Psych	Joint Residency Dir.	7/1/00-6/30/01	144,498	5,318	149,816.00	147,387	5,425	152,812.00	152,812.00	Yes	Yes	
UNC-Psych	CRU Director	7/1/00-6/30/01	154,833	5,699	160,532.00	157,930	5,813	163,743.00	163,743.00	Yes	Yes	
UNC School of Medicine	Pharmacy Director	7/1/00-6/30/01	95,171	3,503	98,674.00	97,074	3,573	100,647.00	100,647.00	Yes	Yes	
David Reisman, MD	On-Call Med Services	7/1/00-6/30/01	19,290	710	20,000.00	19,676	724	20,400.00	20,400.00	Yes	Yes	
UNC School of Medicine	Clinical Lab	7/1/00-6/30/01	3,922	144	4,066.80	4,001	147	4,148.00	4,148.00	Yes	Yes	
UNC School of Pharmacy	Student Assistance	7/1/00-6/30/01	7,716	284	8,000.00	7,870	290	8,160.00	8,160.00	Yes	Yes	
David Cianciulli	Dental Relief Services	7/1/00-6/30/01	9,549	351	9,900.00	9,740	358	10,098.00	10,098.00	Yes	Yes	
UNC School of Medicine	OB/GYN	7/1/00-6/30/01	15,528	572	16,099.20	15,839	583	16,422.00	16,422.00	Yes	Yes	
Milton Richardson, MD	Podiatry	7/1/00-6/30/01	4,823	178	5,000.00	4,919	181	5,100.00	5,100.00	Yes	Yes	
UNC School of Medicine	Dermatology	7/1/00-6/30/01	26,177	964	27,141.00	26,701	983	27,684.00	27,684.00	Yes	Yes	
Richard Bruch, MD	Orthopedic	3/1/01-6/30/01	1,929	71	2,000.00	1,968	72	2,040.00	2,040.00	Yes	Yes	
UNC-Psych	Neuropsychopharmacology	7/1/00-6/30/01	24,113	888	25,000.00	24,595	905	25,500.00	25,500.00	Yes	Yes	
Rambod Amani, MD	Resident & PA Backup	3/1/01-6/30/01	5,787	213	6,000.00	5,903	217	6,120.00	6,120.00	Yes	Yes	
UNC-Psych	Clinical Director	7/1/00-6/30/01	223,622	8,231	231,853.00	228,095	8,395	236,490.00	236,490.00	Yes	Yes	
Carol Martin, MD	Physician Coverage	1/16/01-716/01	32,600	1,200	33,800.00	33,252	1,224	34,476.00	34,476.00	Yes	Yes	
John Wallace, MD	Physician Coverage	3/5/01-7/06/01	26,042	959	27,000.00	26,562	978	27,540.00	27,540.00	Yes	Yes	
Mid-South Med Transport	Med Transportation	1/1/01-6/30/02	4,823	178	5,000.00	4,919	181	5,100.00	5,100.00	Yes	Yes	
UNC School of Medicine	Medical Director	7/1/00-6/30/01	207,445	7,635	215,080.03	211,594	7,788	219,382.03	219,382.03	Yes	Yes	
Executive Surgical Center	Ophthalmology Review	7/1/00-6/30/01	965	36	1,000.00	984	36	1,020.00	1,020.00	Yes	Yes	

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Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	
				Federal	Other			Federal	Other		Sole Source	Bid
Dorothea Dix Hospital	Eyeglasses & Exams	7/1/00-6/30/01	6,752	249	7,000.00	6,887	253	7,140.00	Yes			
Dr. Charles Wiggins	Neuropathology Conf.	7/1/00-6/30/01	1,847	68	1,915.00	1,884	69	1,953.00	Yes			
Duke Univ Med-Dr. Hullette	Psychiatric Coverage	7/1/00-6/30/01	34,722	1,278	36,000.00	35,416	1,304	36,720.00	Yes			
Jean Campaola, MD												
EATP												
Kathy Lamm	Nursing Service	7/1/00-6/30/01	8,652		8,652	8,652		8,652	Yes			
Dr. Young	X-Ray	7/1/00-6/30/01	480		480	480		480	Yes			
Wilson Memorial Hospital	Lab Service	7/1/00-6/30/01	3,000		3,000	3,000		3,000	Yes			
ECU School of Medicine	Psychiatric Contract	7/1/00-6/30/01	31,200		31,200	31,200		31,200	Yes			
NCSCC												
Wilson Memorial Hospital	Lab Test	7/1/00-6/30/01	233	2,205	2,438	233	2,205	2,438	Yes		Yes	
Johnston Ambulance	Ambulance Service	7/1/00-6/30/01	110	1,037	1,147	110	1,037	1,147	Yes		Yes	
Dorothea Dix	Lab Test	7/1/00-6/30/01	44	415	459	44	415	459	Yes			
Comprehensive Reh. Of Wiis	Physical Therapy Svcs.	7/1/00-6/30/01	267	2,522	2,789	267	2,522	2,789	Yes			
ECU	Physiclist Svcs.	7/1/00-6/30/01	439	4,150	4,589	439	4,150	4,589	Yes			
Carolina Audiology	Audiology Svcs.	7/1/00-6/30/01	28	265	293	28	265	293	Yes			
Eastern Carolina Pathology	Pathology Svcs.	7/1/00-6/30/01	11	104	115	11	104	115	Yes			
Dr. Blackwell	Podiatrist Svcs.	7/1/00-6/30/01	33	311	344	33	311	344	Yes			
Dr. Young	X-Ray	7/1/00-6/30/01	110	1,037	1,147	110	1,037	1,147	Yes			
Wilson Family Practice (Dr. S	On-Call Physician	7/1/00-6/30/01	128	1,210	1,338	128	1,210	1,338	Yes			
Wilson Family Practice (Dr. R	On-Call Physician	7/1/00-6/30/01	128	1,210	1,338	128	1,210	1,338	Yes			
Bailey Family Practice	On-Call Physician	7/1/00-6/30/01	128	1,210	1,338	128	1,210	1,338	Yes			
Dr. Clark Wilson	Dental Service	7/1/00-6/30/01	49	467	516	49	467	516	Yes			
Dr Edward Thorne	Utilization Review	7/1/00-6/30/01	18	173	191	18	173	191	Yes			
Deaf Access	Hearing Service	7/1/00-6/30/01	5	43	48	5	43	48	Yes			
John Umstead Hospital												
Duke-Psy./Addictionologist	Psych/Addiction. Svcs.	7/1/00-6/30/01	156,728.00	9,969.00	166,697.00	156,728.00	9,969.00	166,697.00	Yes			
Duke-Adult Psy. Svs- AAU	Adult Psychiatry svcs.	7/1/00-6/30/01	156,728.00	9,969.00	166,697.00	156,728.00	9,969.00	166,697.00	Yes			
Duke - Anesthesiologist	anesthesia svcs.	7/1/00-6/30/01	88,003.00	5,597.00	93,600.00	88,003.00	5,597.00	93,600.00	Yes			
Duke - Combined Residency	Psychiatry resident svcs.	7/1/00-6/30/01	523,545.00	33,299.00	556,844.00	523,545.00	33,299.00	556,844.00	Yes			
Duke-Continued Med. Educat	Medical Education worksh	7/1/00-6/30/01	5,641.00	359.00	6,000.00	5,641.00	359.00	6,000.00	Yes			
Duke - Medical Student Psy.	Medical students train AAU	7/1/00-6/30/01	2,350.00	150.00	2,500.00	2,350.00	150.00	2,500.00	Yes			

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				Federal	Other			Federal	Other			
John Umstead Hospital												
Duke - Neurology Clin. Svs	Neurological svs.	7/1/00-6/30/01	20,684.00	1,316.00	22,000.00	20,684.00	1,316.00	22,000.00	Yes			
Duke- Geriatric Psy. Grad.	Psy. Grad. Medical trainees	7/1/00-6/30/01	49,407.00	3,142.00	52,549.00	49,407.00	3,142.00	52,549.00	Yes			
Duke- Post Grad. Residency Training	Child & Adol. Psychiatry svs.	7/1/00-6/30/01	206,343.00	13,124.00	219,467.00	206,343.00	13,124.00	219,467.00	Yes			
UNC- Psychology	Psychology svs	7/1/00-6/30/01	738,832.00	46,992.00	785,824.00	738,832.00	46,992.00	785,824.00	Yes			
UNC- Pathologist	Pathologist consultation	7/1/00-6/30/01	3,949.00	251.00	4,200.00	3,949.00	251.00	4,200.00	Yes			
UNC Pathology- Autopsy Svc	Autopsies & pathology consult	7/1/00-6/30/01	4,701.00	299.00	5,000.00	4,701.00	299.00	5,000.00	Yes			
UNC-Pediatric Neurological	Neurological assessment	7/1/00-6/30/01	1,880.00	120.00	2,000.00	1,880.00	120.00	2,000.00	Yes			
Dr. Milton Richardson - Podia	Foot Clinics	7/1/00-6/30/01	10,342.00	658.00	11,000.00	10,342.00	658.00	11,000.00	Yes			
Dr. Charles Wiggins - Optom	Eye Clinic	7/1/00-6/30/01	13,200.00	840.00	14,040.00	13,200.00	840.00	14,040.00	Yes			
Professional Mortuary Sandlir	Transportation of deceased	7/1/00-6/30/01	282.00	18.00	300.00	282.00	18.00	300.00	Yes			
Chapel Hill Radiology - Dr. Su	Radiology Peer Review	7/1/00-6/30/01	705.00	45.00	750.00	705.00	45.00	750.00	Yes			
Triangle Consultant Svs	Radiologist svs	7/1/00-6/30/01	55,378.00	3,522.00	58,900.00	55,378.00	3,522.00	58,900.00	Yes			
Kiron Clinical Sleep Labs, LLC	neurological interpretation	7/1/00-6/30/01	22,847.00	1,453.00	24,300.00	22,847.00	1,453.00	24,300.00	Yes			
Mary Helen Allen	Dermatologist clinic	7/1/00-6/30/01	16,924.00	1,076.00	18,000.00	16,924.00	1,076.00	18,000.00	Yes			
Eastern NC PT	Qualified Physical Therapist	7/1/00-6/30/01	53,121.00	3,379.00	56,500.00	53,121.00	3,379.00	56,500.00	Yes			
Whitaker												
UNC-CH-Ctr. For Dev & Lrng	comprehensive psych ser	7/1/00-6/30/01	22,917.00		22,917.00	22,917.00		22,917.00	Yes			
Wright												
UNC Dept of Medicine	Psychology svs	7/1/00-6/30/01	20,000.00		20,000.00	20,000.00		20,000.00	Yes			
Black Mtn. Center												
Dr. George Johnson	Dental	7/1/00-6/30/01	10,351.00	47,249.00	57,600.00	10,351.00	47,249.00	57,600.00	Yes			
Dr. Sharon Sweede	On-Call Relief	7/1/00-6/30/01	2,695.00	12,305.00	15,000.00	2,695.00	12,305.00	15,000.00	Yes			
Dr. Terrence Clark	On-Call Relief	7/1/00-6/30/01	2,695.00	12,305.00	15,000.00	2,695.00	12,305.00	15,000.00	Yes			
Dr. Robert J. Uhren	On-Call Relief	7/1/00-6/30/01	2,695.00	12,305.00	15,000.00	2,695.00	12,305.00	15,000.00	Yes			
Dr. Caroline Swanton	On-Call Relief	10/1/00-6/30/01	2,695.00	12,305.00	15,000.00	2,695.00	12,305.00	15,000.00	Yes			
Lynn T. George	O.T. Svs	7/1/00-6/30/01	2,111.00	9,634.00	11,745.00	2,111.00	9,634.00	11,745.00	Yes			
Dr. Terrence Clark	Psychiatric Evls	7/1/00-6/30/01	2,049.00	9,351.00	11,400.00	2,049.00	9,351.00	11,400.00	Yes			
Susan F. Carlson	P.T. Svs	7/1/00-6/30/01	1,941.00	8,859.00	10,800.00	1,941.00	8,859.00	10,800.00	Yes			
Smoky Mountain Foot Cl	Podiatry Svs	7/1/00-6/30/01			0.00			0.00	Yes			
Asheville Cardiology Assoc	Interpretations of EKG's	7/1/00-6/30/01			0.00			0.00	Yes			
Dermatology Assoc	Dermatology Svs	7/1/00-6/30/01			0.00			0.00	Yes			

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Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	Bid
				Federal	Other			Federal	Other			
Black Mtn. Center	Diabetes	7/1/00-6/30/01			0.00					0.00	Yes	
Asheville Endocrinology	Eye Glass Fittings	7/1/00-6/30/01			0.00					0.00	Yes	
Dr. Steven Satterfield	Gastroenterology Evals	7/1/00-6/30/01			0.00					0.00	Yes	
Asheville Gastroenterology	Infectious Disease Servs	7/1/00-6/30/01			0.00					0.00	Yes	
Ash Infectious Disease	Magnetic Imaging Servs	7/1/00-6/30/01			0.00					0.00	Yes	
Asheville MRI Center	Neurological Servs	7/1/00-6/30/01			0.00					0.00	Yes	
Mountain Neurological Servs	Otorhinolaryngology	7/1/00-6/30/01			0.00					0.00	Yes	
WNC Ear Nose Throat	Orthopedic Servs	7/1/00-6/30/01			0.00					0.00	Yes	
Blue Ridge Bone & Joint	Orthopedic Servs	7/1/00-6/30/01			0.00					0.00	Yes	
Asheville Orthopedic	Pulmonary Disease	7/1/00-6/30/01			0.00					0.00	Yes	
Asheville Pulmonary	Radiology	7/1/00-6/30/01			0.00					0.00	Yes	
Asheville Radiology Assoc	Urology Servs	7/1/00-6/30/01			0.00					0.00	Yes	
Dr. Bruce Armstrong												
Caswell												
UNC Psych Dept.	Psych Consults	7/1/00-6/30/01	1,383.98	14,652.82	16,036.80	1,383.98	14,652.82	16,036.80			Yes	
ECU Dept of Medicine	Medical Consults	7/1/00-6/30/01	517.80	5,482.20	6,000.00	517.80	5,482.20	6,000.00			Yes	
ECU - Teresa Conner-Kerr	PT Consults/Clinic	7/1/00-6/30/01	550.94	5,833.06	6,384.00	550.94	5,833.06	6,384.00			Yes	
ECU School of Medicine	Lab Services	7/1/00-6/30/01	1,035.60	10,964.40	12,000.00	1,035.60	10,964.40	12,000.00			Yes	
E. Carolina Neurological	Neurological/EEG	7/1/00-6/30/01	414.24	4,385.76	4,800.00	414.24	4,385.76	4,800.00			Yes	
Dr. Lewis Gilpin	X-Ray Interpretation	9-1-00-6-30-01	2,071.20	21,928.80	24,000.00	2,071.20	21,928.80	24,000.00			Yes	
Murdoch Center												
Avent Ferry Eye Optometric	Eye clinics	7/1/00-6/30/01	1,114.78	12,925.22	14,040.00	1,114.78	12,925.22	14,040.00			Yes	
Arogya, Inc.	Physicians on-call	7/1/00-6/30/01	13,080.20	151,657.80	164,738.00	13,080.20	151,657.80	164,738.00			Yes	
Duke Medical Audiology Prog	Auditory brainstem tests	7/1/00-6/30/01	228.67	2,651.33	2,880.00	228.67	2,651.33	2,880.00			Yes	
Granville Medical Center	Mammograms	7/1/00-6/30/01	998.53	11,577.47	12,576.00	998.53	11,577.47	12,576.00			Yes	
Hanger Prosthetics & Orthoid	Orthotic & prosthetics	7/1/00-6/30/01	397.00	4,603.00	5,000.00	397.00	4,603.00	5,000.00			Yes	
Health South Pediatric & Reh	PT & OT services	7/1/00-6/30/01	6,936.38	80,423.62	87,360.00	6,936.38	80,423.62	87,360.00			Yes	
North Raleigh Surgical	General surgery	10/1/01-6/30/01	3,001.32	34,798.68	37,800.00	3,001.32	34,798.68	37,800.00			Yes	
Oxford Family Physicians	Dental consultation	10/1/01-6/30/01	142.92	1,657.08	1,800.00	142.92	1,657.08	1,800.00			Yes	
Adrian Ogle, M.D.	Urological services	10/1/01-6/30/01	952.80	11,047.20	12,000.00	952.80	11,047.20	12,000.00			Yes	
Raleigh Medical Group	Gastroenterology	10/1/01-6/30/01	578.83	6,711.17	7,290.00	578.83	6,711.17	7,290.00			Yes	
Triangle Consultants Services	Radiology Interpretation	7/1/00-6/30/01	3,245.00	37,624.00	40,869.00	3,245.00	37,624.00	40,869.00			Yes	
Triangle Physician Assistants	Surgical clinics	10/1/00-6/30/01	5,061.75	58,688.25	63,750.00	5,061.75	58,688.25	63,750.00			Yes	

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Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	
				Federal	Other			Federal	Other		Sole Source	Bid
Murdoch Center						0.00						
UNC-Dept. of Psychiatry	To provide psychiatric ser	10/1/1-6/30/01	9,528.00		120,000.00	9,528.00		110,472.00		120,000.00		Yes
WakeMed Faculty Practice Pl	To provide orthopedic sur	10/1/1-6/30/01	3,620.64		45,600.00	3,620.64		41,979.36		45,600.00		Yes
O'Berry Center												
Cherry Hospital Lab	Client Medical Lab Tests	7/1/00-6/30/01	5,096.00		65,000.00	5,096.00		59,904.00		65,000.00		Yes
Cherry Hospital Radiology	EEG/EKG	7/1/00-6/30/01	39.20		500.00	39.20		460.80		500.00		Yes
ECU School of Psychiatry	Psychiatric Services	7/1/00-6/30/01	1,505.28		19,200.00	1,372.00		16,128.00		17,500.00		Yes
GAT Psychological Assoc.	Psychological Licensure	7/1/00-6/30/01	517.44		6,600.00	744.80		8,755.20		9,500.00		Yes
Johnston Ambulance Service	Ambulance Transport	7/1/00-6/30/01	39.20		500.00	39.20		460.80		500.00		Yes
Waynesborough Ophthalmolc	Client Ophthalmology Ser	7/1/00-6/30/01	78.40		1,000.00	78.40		921.60		1,000.00		Yes
Dr. Carter Bennett	Client Dental Services	7/1/00-6/30/01	1,185.41		15,120.00	1,185.41		13,934.59		15,120.00		Yes
Robert Dewar	Pharmacy Services	7/1/00-6/30/01	2,038.40		26,000.00	2,038.40		23,961.60		26,000.00		Yes
Dr. Jenny Lind Hall	Client Podiatry Services	7/01/00-6/30/01	376.32		4,800.00	376.32		4,423.68		4,800.00		Yes
Dr. James Sproul	Client Dental Services	7/01/00-6/30/01	1,185.41		15,120.00	1,185.41		13,934.59		15,120.00		Yes
UNC School of Dentistry	Dental Interns	6/01/01-5/31/02	109.76		1,400.00	219.52		2,580.48		2,800.00		Yes
Western Carolina Center												
Carolina Orthopedics	Medical-Orthopedics	7/1/00-6/30/01	114.00		1,200.00	114.00		1,086.00		1,200.00		Yes
Carl Edwards, MD	Medical-EKG Interpretatio	7/1/00-6/30/01	161.00		1,700.00	161.00		1,539.00		1,700.00		Yes
Carroll Ellison, MD	Medical-Gynecology	7/1/00-6/30/01	242.00		2,550.00	242.00		2,308.00		2,550.00		Yes
Alan Jacks, MD	Medical-Surgical Cons.	7/1/00-6/30/01	161.00		1,700.00	161.00		1,539.00		1,700.00		Yes
Graystone Ophthalmology	Medical-Eye Clinic	7/1/00-6/30/01	237.00		2,500.00	237.00		2,263.00		2,500.00		Yes
Blue Ridge Pathology	Medical-Pathology Svcs.	7/1/00-6/30/01	71.00		750.00	71.00		679.00		750.00		Yes
Piedmont Diag. Radiology	Medical-Radiology Cons.	7/1/00-6/30/01	47.00		500.00	47.00		453.00		500.00		Yes
W. Piedmont Dermatology	Medical-Dermatology	7/1/00-6/30/01	214.00		2,250.00	214.00		2,036.00		2,250.00		Yes
Grace Hospital Radiology	Medical-Radiology	7/1/00-6/30/01	95.00		1,000.00	95.00		905.00		1,000.00		Yes
Grace Hospital Lab	Medical-Laboratory	7/1/00-6/30/01	7,125.00		75,000.00	7,125.00		67,875.00		75,000.00		Yes
Andre Koman, MD	Medical-Orthopedic Clinic	7/1/00-6/30/01	363.00		3,825.00	363.00		3,462.00		3,825.00		Yes
Elzie F. Hart, MD	Medical-Otolaryngological	7/1/00-6/30/01			1,000.00			1,000.00		0.00		Yes
Dr. Earl Rhoades	Medical-Psychology	9-29-00 - 9-29-04	95.00		1,000.00	95.00		905.00		1,000.00		Yes
Thoms Rehab. Hospital	Spasticity-Brain Damage	9-8-00 - 9-8-00	38.00		400.00			362.00		0.00		Yes

Medical Services

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Medical Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01			Total	State	Funding 2001-02			Total	Contract Type		
				Federal	Other	Total			Federal	Other	Total		Sole Source	Bid	
JF Keith															
SmithKline Beecham	Laboratory Services	July 98 - June 01	65,868.00		132.00	66,000.00	65,868.00		132.00		66,000.00			Yes	
Mission - St. Joseph	Stat Lab Serv	July 00 - June 03	9,980.00		20.00	10,000.00	9,980.00		20.00		10,000.00			Yes	
BMC Radiology	Radiology Serv.	July 00 - June 01	3,533.00		7.00	3,540.00	3,533.00		7.00		3,540.00			Yes	
Asheville Radiology	Reading X-Ray	July 00 - June 01	4,990.00		10.00	5,000.00	4,990.00		10.00		5,000.00			Yes	
BMC Pharmacy	Pharmacy Services	July 00 - June 01	45,100.00		90.00	45,190.00	45,100.00		90.00		45,190.00			Yes	
WB Jones															
ECU-SOM Family Med	Dental Services	7/1/00-6/30/01	5,872.64		327.36	6,200.00	5,872.64		327.36		6,200.00			Yes	
ECU-SOM	Frederick Glaser, MD	7/1/00-6/30/01	6,393.60		356.40	6,750.00	N/A		N/A		N/A			Yes	
ECU-SOM	Lab Consult	7/1/00-6/30/01	568.32		31.68	600.00	568.32		31.68		600.00			Yes	
Pharmerica	Pharmacy Services	7/1/00-6/30/01	152,309.76		8,490.24	160,800.00	152,309.76		8,490.24		160,800.00			Yes	
ECU-SOM	Perinatal Prog Consult	7/1/00-6/30/01	0.00		16,080.00	16,080.00	0.00		0.00		16,080.00			Yes	
Totals for Medical Service Contracts				5,725,035.42	1,395,502.91	7,120,538.83	5,766,315.42	1,382,138.41	7,148,453.83	0.00	7,148,453.83				

3. Institutions - Personal Services

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Personal Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	
				Federal	Other			Federal	Other		Sole Source	Bid
Broughton Hospital												
Blue Ridge Interpreting Assoc	Interpreters	7/1/00-6/30/01	9,386.00		10,000.00					0.00		Yes
Sonia Hefflin	Spanish interpreter	7/1/00-6/30/01	1,407.90	614.00	1,500.00					0.00		Yes
Reggie Moore	Spanish interpreter	08/01/00-06/30/01	2,346.50	92.10	2,500.00					0.00		Yes
Sandra Taylor	Spanish interpreter	08/04/00-06/30/01	6,570.20	429.80	7,000.00					0.00		Yes
Western Youth Institute	Inmate labor	7/1/00-6/30/01	3,660.54	239.46	3,900.00					3,900.00		Yes
Ed Lawing	Chaplain back up	12/20/00-06/30/01	938.60	61.40	1,000.00					0.00		Yes
Mike Ramsey	Chaplain back up	12/20/00-06/30/01	938.60	61.40	1,000.00					0.00		Yes
Phiip Adams	Chaplain back up	07/01/00-09/30/00	1,126.32	73.68	1,200.00					0.00		Yes
Mel Kurzer	Patient Rights Consult	7/1/00-6/30/01	4,693.00	307.00	5,000.00					0.00		Yes
Allison Rome	Speech/Lang BU	7/1/00-6/30/01	2,346.50	153.50	2,500.00					2,500.00		Yes
Magical Music	patient activity	09/27/00-09/27/00			200.00					0.00		Yes
Country Cloggers	patient activity	09/20/00-09/20/00			200.00					0.00		Yes
Day 17	patient activity	09/27/00-09/27/00			500.00					0.00		Yes
Strictly Clean and Decent Bar	patient activity	09/20/00-09/20/00			300.00					0.00		Yes
Mandy Lowdermilk	patient activity	09/04/00-09/04/00			200.00					0.00		Yes
Cherry Hospital												
Down East Transcription	Transcription Services	1/1/01-4/30/01	1,543.00	357.00	1,900.00					1,900.00		Yes
Eastern Associates	Speech/Language Serv	7/1/00-6/30/01	1,624.00	376.00	2,000.00					2,000.00		Yes
Elizabeth B Donnelly	Sign Language Services	7/1/00-6/30/01	4,061.00	939.00	5,000.00					5,000.00		Yes
Everette Parker	Sign Lang Eval	7/1/00-3/23/01	5,279.00	1,221.00	6,500.00					0.00		Yes
Interpreters	Translation	8/1/00-7/31/01	11,369.00	2,631.00	14,000.00					14,000.00		Yes
McCain Employment Service	Temp Patient Relations	1/1/01-6/30/01	7,576.00	1,753.00	9,329.00					9,329.00		Yes
Mt Olive Tribune	Printing of Chronicle	7/1/00-6/30/01	5,563.00	1,287.00	6,850.00					6,850.00		Yes
National Network	Paging Service	7/1/00-6/30/01	1,208.00	279.00	1,487.00					1,487.00		Yes
National Recall Alert	Network Membership	7/1/00-6/30/01	158.00	37.00	195.00					195.00		Yes
NC Criminal Info	Fingerprinting	7/1/00-6/30/01	937.00	217.00	1,154.00					1,154.00		Yes
NC Hospital Association	NCHA/AHA Dues	7/1/00-6/30/01	1,207.00	279.00	1,486.00					1,486.00		Yes
Noelia Hamczyk	Spanish Translation	7/1/00-6/30/01	1,218.00	282.00	1,500.00					1,500.00		Yes
Asencion S Faulkner	Spanish/English Translator	7/1/00-6/30/01	3,248.00	752.00	4,000.00					4,000.00		Yes
Pam King	Deaf/Hearing Impaired	7/1/00-6/30/01	5,482.00	1,268.00	6,750.00					6,750.00		Yes
Shared Services	Membership	10/1/00-9/30/02	406.00	94.00	500.00					500.00		Yes
Vanguard Professional Staff	Temp Social Workers	8/14/00-6/30/01	24,363.00	5,637.00	30,000.00					30,000.00		Yes

Personal Services

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Personal Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01			Total	State	Funding 2001-02			Total	Contract Type		
				Federal	Other	Total			Federal	Other	Total		Sole Source	Bid	
Cherry Hospital															
Wolfe Associates	Drug Testing	1/1/01-6/30/01	487.00	113.00		600.00	1,949.00	451.00		2,400.00			Yes		
Dorothea Dix Hospital															
Quality Improvement Svcs	Credentials	7/1/00-6/30/01	14,468	533		15,000.00	14,757	543		15,300.00			Yes		
Waste Industries	Waste Management	4/1/01	106,200.00			106,200.00	106,200.00			106,200.00			Yes		
Biomedical Waste (BFI)	Medical Waste Disposal	6/1/00	3,000.00			3,000.00	3,000.00			3,000.00			Yes		
Diasorin Inc.	Hepatitis Testing	11/1/00	49,500.00			49,500.00	49,500.00			49,500.00			Yes		
EATP															
NC Driving School	Driver's Education Contract	7/1/00-6/30/01	2,200			2,200	2,200			2,200			Yes		
NCSCC															
Hallifax Linen	Linen Service	7/1/00-6/30/01	12	114		126	12	114		126			Yes		
Waste Industries	Waste Service	7/1/00-6/30/01	239	2,261		2,500	239	2,261		2,500			Yes		
Raydolph Owens	Barber Service	7/1/00-6/30/01	46	432		478	46	432		478			Yes		
Alice G. Francis	Beautician Service	7/1/00-6/30/01	73	692		765	73	692		765			Yes		
US Security	Security Service	7/1/00-6/30/01	337	3,188		3,525	337	3,188		3,525			Yes		
Area LAHEC	Library Service	7/1/00-6/30/01	3	26		29	3	26		29			Yes		
John Umstead Hospital															
Vanguard	Temps. - Social Workers	7/1/00-6/30/01	126,814.00	8,066.00		134,880.00	0.00	0.00		0.00			Yes		
Express Personnel Svcs.	Temps. For medical record	7/17/00-6/30/01	9,567.00	609.00		10,176.00	0.00	0.00		0.00			Yes		
Snelling Personnel Svcs.	Temps. For medical record	7/17/00-09/15/00	5,005.00	319.00		5,324.00	0.00	0.00		0.00			Yes		
Interpreters	Interpreters	7/1/00-6/30/01	9,402.00	598.00		10,000.00	9,402.00	598.00		10,000.00			Yes		
Blue Cross Blue Shield	Annual Network Access Fee	7/1/00-6/30/01	2,350.00	150.00		2,500.00	2,350.00	150.00		2,500.00			Yes		
Trilest Inc	One time test	Dec-00	904.00	58.00		962.00	904.00	58.00		962.00			Yes		
Trilest Inc	Industry Samples	Dec-00	4,913.96	312.54		5,226.50	4,913.96	312.54		5,226.50			Yes		
Muzak	Background service	1/1/01 to 12/31/01	536.03	34.09		570.12	536.03	34.09		570.12			Yes		
Trilest Inc	Regulatory Samples	1/1/01 to 12/31/01	4,373.81	278.19		4,652.00	4,373.81	278.19		4,652.00			Yes		
Alarm Man, Inc.	Alarm-Pharmacy	2/1/01 to 1/31/02	178.64	11.36		190.00	178.64	11.36		190.00			Yes		
ICN Dosimetry Service	Dosimetry Badge, X-Ray	2/1/01 to 1/31/02	874.61	55.63		930.24	874.61	55.63		930.24			Yes		
Steri Cycle	Bio-medical waste disp.	9/1/00 to 8/30/01	3,290.70	209.30		3,500.00	3,290.70	209.30		3,500.00			Yes		
MetroCall	Pager service	10/1/00 to 9/30/01	15,795.83	1,004.67		16,800.50	15,795.83	1,004.67		16,800.50			Yes		

Personal Services

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Personal Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	Bid
				Federal	Other			Federal	Other			
John Umstead Hospital	Bio-medical inspection	10/1/00 to 9/30/01	9,184.51	1,205.49	10,390.00	9,184.51	1,205.49	10,390.00	Yes	Yes		
Mediq PRN	Internet access-local	6/1/00 to 5/31/01	451.30	28.70	480.00	451.30	28.70	480.00	Yes	Yes		
Smart Corp.	Release of Info. Med Rec	7/1/00 to 6/30/01	9,307.98	592.02	9,900.00	9,307.98	592.02	9,900.00	Yes	Yes		
Whitaker	Art instructor	7/1/00-6/30/01	13,880.00		13,880.00	13,880.00		13,880.00	Yes			
Art teacher	Art instructor	7/1/00-6/30/01	2,400.00		2,400.00	2,400.00		2,400.00	Yes			
Elizabeth Farmer Ph.D.	Outcome Assessment	7/1/00-6/30/01	650.00		650.00	650.00		650.00	Yes			
Black Mtn. Center	Trash Removal	7/1/00 - 6/30/01	3,310.00	15,107.00	18,417.00	3,310.00	15,107.00	18,417.00	Yes	Yes		
GDS of Asheville	Chair Utilization Review	7/1/00 - 6/30/01	1,035.00	4,725.00	5,760.00	1,035.00	4,725.00	5,760.00	Yes			
Dr. Ozmer Henry	Cosmetology Servs	7/1/00 - 6/30/01	588.00	2,682.00	3,270.00	588.00	2,682.00	3,270.00	Yes			
Kim Middkiff	Emer Pharmacy Servs	7/1/00 - 6/30/01	288.00	1,312.00	1,600.00	288.00	1,312.00	1,600.00	Yes			
CVS Drug Co	Cosmetology Servs	4/16/01 - 6/30/01	90.00	410.00	500.00	90.00	410.00	500.00	Yes			
April Gahagan	Band	03/14/2001		300.00	300.00			300.00	Yes			
Claudine Odell	Band	11/29/2000		350.00	350.00			350.00	Yes			
Tim Malone	Band	08/15/2000		300.00	300.00			300.00	Yes			
Forrest Carter	Band								Yes			
Caswell Center	Laundry Services	7/1/00-6/30/01	50,660.78	536,370.22	587,031.00	48,458.40	513,052.60	561,511.00	Yes			
Chase Laundry/Cherry	Laundry Services								Yes			
Murdock Center	Interpreters - Deaf	7/1/00-6/30/01	952.80	11,047.20	12,000.00	952.80	11,047.20	12,000.00	Yes	Yes		
Interpreters, Inc	Trash Collection	7/1/00-6/30/01	4,644.90	53,855.10	58,500.00	4,644.90	53,855.10	58,500.00	Yes	Yes		
Wynne Sanitation												
O'Berry Center	Trash Removal	7/01/00-6/30/02	1,273.45	14,969.55	16,243.00	1,273.45	14,969.55	16,243.00	Yes			
Cherry Hospital	Laundry Services	7/01/00-6/30/03	2,106.45	24,761.55	26,868.00	2,263.25	26,604.75	28,868.00	Yes			
Laundry Vendors	Garbage Disposal/Recyc	7/01/00-6/30/04	275.26	3,235.74	3,511.00	275.26	3,235.74	3,511.00	Yes	Yes		
Wayne County Landfill												

Personal Services

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Personal Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01			Total	State	Funding 2001-02			Total	Contract Type	Sole Source	Bid
				Federal	Other				Federal	Other					
O'Berry Center															
Action Health Staffing	Nursing Services	7/01/00-6/30/01	9,408.00			120,000.00	2,352.00				30,000.00				Yes
Interim Health Care	Nursing Services	7/01/00-6/30/01	9,408.00			120,000.00	18,816.00				240,000.00				Yes
Nelson Sunset Farms	Client Pet Therapy	7/01/00-6/30/01	423.36			5,400.00	627.20				8,000.00				Yes
Music Therapy	Music Therapy	7/01/01-6/30/02	0.00			0.00	509.60				6,500.00				Yes
Speech/Languary Pathology	SLP Contract Labor	7/01/01-6/30/02	0.00			0.00	627.20				8,000.00				Yes
Scott Allen & Associates	Psychological Licensure	7/01/00-6/30/01	517.44			6,600.00	0.00				0.00				Yes
Wayne Action Group	Foster Grandparent	7/01/00-6/30/01	747.54			9,535.00	823.20				10,500.00				Yes
Wayne Action Group	Senior Companion	7/01/00-6/30/01	78.40			1,000.00	86.24				1,100.00				Yes
Barber/Beauty Parlor Unknow	Client Barber/Beauty	7/01/00-6/30/01	1,977.17			25,219.00	2,078.38				26,510.00				Yes
Temporary Manpower	Temporary Positions	7/01/00-6/30/01	1,215.20			15,500.00	1,215.20				15,500.00				Yes
Western Carolina Center															
Janet Hinesley	Barber/Beauty	7/1/00-6/30/01	470.00			4,950.00	427.50				4,500.00				Yes
Patricia Penland	Barber/Beauty	7/1/00-6/30/01	380.00			4,000.00	332.50				3,500.00				Yes
James Fleming	Barber/Beauty	7/1/00-6/30/01	570.00			6,000.00	522.50				5,500.00				Yes
Teresa Cline	Barber/Beauty	7/1/00-6/30/01	855.00			9,000.00	807.50				8,500.00				Yes
Kathy Harshaw	Barber/Beauty	7/1/00-6/30/01	380.00			4,000.00	380.00				4,000.00				Yes
Shirley Winn	Barber/Beauty	7/1/00-6/30/01	380.00			4,000.00	332.50				3,500.00				Yes
Theodore Mack	Barber/Beauty	7/1/00-6/30/01	285.00			3,000.00	380.00				4,000.00				Yes
Blue Ridge Interpreting	Interpreting (Deaf)	7/1/00-6/30/01	470.00			4,950.00	470.00				4,950.00				Yes
Sonia Hefflin	Spanish Interpreter	7/1/00-6/30/01				1,920.00					0.00				Yes
Sonia Hefflin	Spanish Interpreter	7/1/00-6/30/01	456.00			4,800.00	456.00				4,800.00				Yes
Amanda Grant	Cleaning Services	7/1/00-6/30/01	46.00			480.00	46.00				480.00				Yes
Stericycle	Medical Waste Disposal	7/1/00-6/30/01	171.00			1,800.00	171.00				1,800.00				Yes
Mobile Communications	Pager Rental	7/1/00-6/30/01	712.00			7,500.00	712.00				7,500.00				Yes
N. C. Library Assoc.	Network OCLC Svs.	7/1/00-6/30/01	57.00			600.00	57.00				600.00				Yes
W. T. Cox Subscriptions	Magazine Sub.	1-1-00 - 12-31-00	934.00			9,828.00	1,057.00				11,130.00				Yes
WeStaff	Recruit/Screen Employees	7-7-00 - 6-30-01	1,810.00			19,053.00					0.00				Yes
Southern Hospitality	Newcomer Lists	7-31-00 - 3-30-01				288.00					288.00				Yes
Nebo United Meth. Church	Mo. Rental Resource Ctr.	6-1-00 - 5-30-01	399.00			4,200.00	399.00				4,200.00				Yes
Kimberly Jimenez	Spanish Trans.	12-15-00 - 6-30-01	104.00			1,100.00					0.00				Yes
Wallace Ballard	Rental Space - Taylorsville	1-1-01 - 12-31-01	370.00			3,900.00	370.00				3,900.00				Yes
Ana Jose'	Canjobal-English Trans.	1-22-01 - 06-30-01	182.00			1,920.00	182.00				1,920.00				Yes

Personal Services

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Personal Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	Funding 2001-02		Total	Contract Type	
				Federal	Other		Federal	Other		Sole Source	Bid
Western Carolina Center											
Mai Yang	Mhng-English Trans.	12-15-00 - 6-30-01	104.00	996.00		1,100.00			1,100.00	Yes	
Jessica Berutti	FIPP Cleaning Services	12-11-00 - 6-30-01	25.00	235.00		260.00			260.00	Yes	
Frank Krall	FIPP Lawn Care	7/01/00-6/30/01	114.00	1,086.00		1,200.00			1,200.00	Yes	
Caldwell Staffing	Clerical	10-1-00 - 9-30-01	812.00	7,738.00		8,550.00			0.00		Yes
Suzanne Julien	Gen. Time Record Ledger.	1-8-01 - 12-31-01	38.00	360.00		398.00			0.00	Yes	
Karen Sikes	Audiological Eval.	8-16-00 - 6-30-01	766.00	7,298.00		8,064.00			0.00	Yes	
Karen Sikes	Audiological Eval.	7/1/00-6/30/01	109.00	1,043.00		1,152.00			0.00	Yes	
Karen Sikes	Tympanograms	11-15-00 - 1-30-01	46.00	434.00		480.00			0.00	Yes	
Karen Hand	Housekeeping Svs.	12-15-00 - 6-30-01	27.00	253.00		280.00			280.00	Yes	
Davenport Assoc.	3 Polygraph Tests	3-21-01 - 3-22-01	71.00	679.00		750.00			0.00	Yes	
Presbyterian Learning Center	FIPP Preschool Services	8-7-00 - 5-30-01		3,500.00		3,500.00			0.00	Yes	
Neuville Industries	Preschool Ed. Services	11-1-00 - 5-30-01		1,800.00		1,800.00			0.00	Yes	
Harbour Comm.	Internet Access	3-1-00 - 2-28-01	23.00	217.00		240.00			0.00	Yes	
National Network	Statewide Weather Service	1-1-00 - 12-31-00	25.00	238.00		263.00			263.00	Yes	
TCN Dosimetry	Badges-X-ray, Lab	1-1-00 - 2-31-01	54.00	515.00		569.00			569.00	Yes	
Northwest AHEC	Network Library Svs.	7/1/00-6/30/01	524.00	4,989.00		5,513.00			5,513.00	Yes	
Dept. of Env. & Nat. Res.	Radiation License Fee	7/1/00-6/30/01	27.00	258.00		285.00			285.00	Yes	
Karen Alexander	Parent Rep. EITTA's Meet.	10-1-00 - 9-30-01	46.00	434.00		480.00			0.00	Yes	
Melissa Bowers	Parent Rep. EITTA's Meet.	10-1-00 - 9-30-01	46.00	434.00		480.00			0.00	Yes	
Wayne Bowers	Parent Rep. EITTA's Meet.	10-1-00 - 9-30-01	46.00	434.00		480.00			0.00	Yes	
Garbage Disposal Services	Garbage Disposal	7/1/00-6/30/01	5,334.00	50,810.00		56,144.00			56,144.00	Yes	
JF Keith											
BMC Food Service Operation	Provide Food/Dietary	7/1/00-6/30/01	561,239.00	1,125.00		562,364.00			562,364.00	Yes	
GDS	Refuse Serv.	7/1/00-6/30/01	4,347.00	9.00		4,356.00			4,356.00	Yes	
Medway	Hazard Waste Serv	7/1/00-6/30/01	8,623.00	17.00		8,640.00			8,640.00	Yes	
WB Jones											
Towanda Cotton	Housekeeping Supervision	7/01/00-7/31/00	2,368.00	132.00		2,500.00				Yes	
Towanda Cotton	Housekeeping Supervision	8/01/00-8/31/00	2,368.00	132.00		2,500.00				Yes	
Halifax Linen Co.	Laundry Services	7/01/00-6/30/01	12,510.62	697.38		13,208.00			13,208.00	Yes	
Pro-Tek Security	Security Services	6/30/00-8/31/00	5,209.60	290.40		5,500.00				Yes	
Pro-Tek Security	Security Services	9/01-00-6/30/01	26,995.20	1,504.80		28,500.00			28,500.00	Yes	

Personal Services

Contract Information for Fiscal Research
 Institution: Div M/HD/D/SAS - Institutions - Personal Services

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Contract Type		
				Federal	Other			Federal	Other	Total	Sole Source	Bid
WB Jones												
GDS Inc.	Waste Collection	7/1/00-6/30/01	4,049.28	225.72		4,275.00	4,049.28	225.72		4,275.00	Yes	
Doug Mace	Counseling Services	10/01/00-10/31/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Doug Mace	Counseling Services	11/01/00-11/30/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Doug Mace	Counseling Services	12/01/00-6/30/01	4,736.00	264.00		5,000.00				5,000.00	Yes	
Elizabeth Hamilton, RD	Reg. Dietician Services	7/01/00-6/30/01	9,997.70	557.30		10,555.00	9,997.70	557.30		10,555.00	Yes	
Doris Bowden	Interpreter	7/1/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Terra Cole	Interpreter	11/11/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Deaf Access	Interpreter	7/1/00-6/30/01	0.00	10,000.00		10,000.00	0.00	10,000.00		10,000.00	Yes	
Deaf Access	Interpreter	7/1/00-6/30/01	0.00	10,000.00		10,000.00	0.00	10,000.00		10,000.00	Yes	
Interpreters Inc.	Interpreter	7/1/00-6/30/01	0.00	10,000.00		10,000.00	0.00	10,000.00		10,000.00	Yes	
Della Liuzza	Interpreter	7/1/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Renee Pittman	Interpreter	7/1/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Jennifer Rich	Interpreter	7/1/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Tom Richardson	Interpreter	7/1/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Amy Smith	Interpreter	7/1/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Lee Williamson	Interpreter	7/1/00-6/30/01	0.00	5,000.00		5,000.00	0.00	5,000.00		5,000.00	Yes	
Daniel Acosta	Diagnostic Evaluations	6/13/00-12/31/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Linda Bellama, MD	Diagnostic Evaluations	6/14/00-12/31/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Carolyn Pugh	Diagnostic Evaluations	9/01/00-9/30/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Carolyn Pugh	Diagnostic Evaluations	10/01/00-10/31/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Carolyn Pugh	Diagnostic Evaluations	11/01/00-11/30/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Walter Shannon, MD	Diagnostic Evaluations	6/14/00-12/31/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
Joanne Wolicki, MD	Diagnostic Evaluations	6/14/00-12/31/00	4,736.00	264.00		5,000.00				5,000.00	Yes	
ECU-SOM	Statistical-Perinatal	7/1/00-6/30/01	0.00	6,000.00		6,000.00	0.00	6,000.00		6,000.00	Yes	
Jack Wilkerson, MD	Utilization Review	7/1/00-6/30/01	625.15	34.85		660.00	625.15	34.85		660.00	Yes	
John Winstead, MD	Utilization Review	7/1/00-6/30/01	625.15	34.85		660.00	625.15	34.85		660.00	Yes	
Totals for Personal Services Contracts				1,297,685.12	1,233,561.24	2,638.00	2,533,884.36	1,076,704.78	1,192,802.58	288.00	2,269,795.36	

4. *Institutions - Maintenance*

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Maintenance

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	
				Federal	Other			Federal	Other		Sole Source	Bid
Broughton Hospital												
Carrier	Carrier Chiller	7/01/00-6/30/01	12,387.98	810.38	13,198.36	12,387.98	810.38	13,198.36			Yes	Yes
CBR	Priv Plus Software	10/01/00-9/30/01	1,450.14	94.86	1,545.00	1,450.14	94.86	1,545.00			Yes	
National	Rental-Bulk Oxy. Tank	7/01/00-6/30/01	3,435.28	224.72	3,660.00	3,435.28	224.72	3,660.00			Yes	
Compass	Cable TV	7/01/00-6/30/01	267.50	17.50	285.00	267.50	17.50	285.00			Yes	
Compass	Cable TV	7/01/00-6/30/01	267.50	17.50	285.00	267.50	17.50	285.00			Yes	
Burke Ext.	Pest Control	7/01/00-6/30/01	8,514.98	557.02	9,072.00	8,514.98	557.02	9,072.00			Yes	Yes
AVL	Blood Gas Analyzer	06/15/00-06/14/01	3,128.35	204.65	3,333.00	3,128.35	204.65	3,333.00			Yes	
Coulter	Cogulation Analyzer	06/09/00-06/08/01	2,764.18	180.82	2,945.00	12,387.98	810.38	13,198.36			Yes	Yes
Nova	Chemistry Analyzer	06/04/00-06/03/01	4,128.88	270.10	4,398.98	1,450.14	94.86	1,545.00			Yes	
ENV Safety	Exhaust Hood Service	7/01/00-6/30/01	178.33	11.67	190.00	3,435.28	224.72	3,660.00			Yes	Yes
ENV Safety	Exhaust Hood Service	7/01/00-6/30/01	70.40	4.61	75.00	267.50	17.50	285.00			Yes	Yes
ENV Safety	Exhaust Hood Service	7/01/00-6/30/01	178.33	11.67	190.00	267.50	17.50	285.00			Yes	Yes
ENV Safety	Exhaust Hood Service	7/01/00-6/30/01	103.25	6.75	110.00	8,514.98	557.02	9,072.00			Yes	Yes
ENV Safety	Exhaust Hood Service	7/01/00-6/30/01	65.70	4.30	70.00	3,128.35	204.65	3,333.00			Yes	Yes
Simplex	Time Clock	10/01/00-09/30/01	88.70	5.80	94.50	2,764.18	180.82	2,945.00			Yes	Yes
William Hallyburton	Plasterer	08/01/00-12/31/00	11,263.20	736.80	12,000.00			0.00			Yes	
Boehringer	Urine Analyzer	06/11/00-06/10/01	1,032.46	67.54	1,100.00	4,128.88	270.10	4,398.98			Yes	Yes
Tri-Star/Health Data	Medical Records Copy	7/01/00-6/30/01	7,850.45	513.55	8,364.00	178.33	11.67	190.00			Yes	Yes
Steris	Sterilizer OTR Inspection	7/01/00-6/30/01	1,084.08	70.92	1,155.00	70.40	4.61	75.00			Yes	Yes
Med. Cybernetics	Software Licensing	11/01/00-06/30/01	2,815.80	184.20	3,000.00	178.33	11.67	190.00			Yes	Yes
Med. Cybernetics	Pharmacy Computer	7/01/00-6/30/01	2,125.93	139.07	2,265.00	103.25	6.75	110.00			Yes	Yes
Med. Cybernetics	Amer. Druggist Database	7/01/00-6/30/01	5,706.73	373.31	6,080.04	65.70	4.30	70.00			Yes	Yes
Bendley Western	Rental-Computer System	7/01/00-6/30/01	867.27	56.73	924.00	88.70	5.80	94.50			Yes	Yes
Dodson	Pest Control-Termite M. T.	7/01/00-6/30/01	197.11	12.89	210.00	1,032.46	67.54	1,100.00			Yes	Yes
Metrolina F&S	Initial Search, Inspection,	09/01/00-06/30/03	4,229.80	276.70	4,506.50	7,850.45	513.55	8,364.00			Yes	Yes
Southern	Elevator Contract	7/01/00-6/30/01	29,847.48	1,952.52	31,800.00	1,084.08	70.92	1,155.00			Yes	Yes
Pitney	Postal Scale Rate	7/01/00-6/30/01	196.17	12.83	209.00	2,815.80	184.20	3,000.00			Yes	Yes
Pitney	Yearly Machine Service	7/01/00-6/30/01	187.72	12.28	200.00	2,125.93	139.07	2,265.00			Yes	Yes
Pitney	Rental-Postage Meter	7/01/00-6/30/01	1,064.33	69.62	1,133.95	5,706.73	373.31	6,080.04			Yes	Yes
National Comp. Sys	Software Licensing-MIQ	05/01/98-04/31/99	83.54	5.46	89.00	867.27	56.73	924.00			Yes	Yes
ICN	Dosimetry Service	02/01/00-01/31/01	700.25	45.81	746.06	197.11	12.89	210.00			Yes	Yes
Siemens	Siemens's C Stan/Com	7/01/00-6/30/01	3,472.82	227.18	3,700.00	3,472.82	227.18	3,700.00			Yes	Yes
Diagnostic Imaging	X-Ray Processor Maint	7/01/00-6/30/01	901.05	58.95	960.00	901.05	58.95	960.00			Yes	Yes

Maintenance

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Maintenance

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	Bid
				Federal	Other			Federal	Other			
Broughton Hospital												
Pro Physics	Calibrate Radiology	7/01/00-6/30/01	1,154.48	75.52	1,230.00	1,154.48	75.52		1,230.00	Yes		
Toshiba	Toshiba Portable X-Ray	7/01/00-6/30/01	774.35	50.66	825.00	774.35	50.66		825.00	Yes		
CCH Inc.	Medicare/Caid Guide	12/01/97-12/31/98	1,348.30	88.20	1,436.50	1,348.30	88.20		1,436.50	Yes		
Blue Cross	Rental-Blue Cross	01/01/01-12/31/01	2,346.50	153.50	2,500.00	2,346.50	153.50		2,500.00	Yes		
NCDOT	NC Dept. of Justice	7/01/00-6/30/01	3,378.96	221.04	3,600.00	3,378.96	221.04		3,600.00	Yes		
Gastonia F & S	Range Hoods/Ductwork	7/01/00-6/30/01	788.42	51.58	840.00	788.42	51.58		840.00	Yes		
Browning Ferris	Service-Medical Waste	07/01/98-06/30/99	5,387.56	352.44	5,740.00	5,387.56	352.44		5,740.00	Yes		
GDS	Service-Garbage	07/01/98-06/30/99	97,559.59	6,382.01	103,941.60	97,559.59	6,382.01		103,941.60	Yes		
GDS	Service-Garbage	07/01/98-06/30/99	14,811.11	968.89	15,780.00	14,811.11	968.89		15,780.00	Yes		
Minolta Corp	Maintenance Copiers	7/01/00-6/30/01	2,590.20	169.44	2,759.64	2,590.20	169.44		2,759.64	Yes		
Cherry Hospital												
AC Controls	Boiler Maint.	11/1/00-10/31/01	5,685.00	1,315.00	7,000.00	5,685.00	1,315.00		7,000.00	Yes		
Alphanumeric Sys	Network License	7/1/00-6/30/01	2,782.00	644.00	3,426.00	2,782.00	644.00		3,426.00	Yes		
Alphanumeric Sys	Network Maint	7/1/00-6/30/01	6,104.00	1,413.00	7,517.00	6,104.00	1,413.00		7,517.00	Yes		
Ameritrend	Service Agreement - Fax	7/1/00-8/28/01	161.00	37.00	198.00	161.00	37.00		198.00	Yes		
Ameritrend	Service Agreement - Fax	7/1/00-8/29/01	161.00	37.00	198.00	161.00	37.00		198.00	Yes		
Ameritrend	Service Agreement - Fax	7/1/00-8/29/01	161.00	37.00	198.00	161.00	37.00		198.00	Yes		
Ameritrend	Service Agreement - Fax	7/1/00-10/4/01	102.00	23.00	125.00	102.00	23.00		125.00	Yes		
Ameritrend	Service Agreement - Fax	7/1/00-11/28/01	102.00	23.00	125.00	102.00	23.00		125.00	Yes		
Ameritrend	Service Agreement - Fax	2/26/01-2/7/02	154.00	36.00	190.00	154.00	36.00		190.00	Yes		
Ameritrend	Service Agreement - Fax	2/26/01-2/11/02	154.00	36.00	190.00	154.00	36.00		190.00	Yes		
Ameritrend	Service Agreement - Fax	4/28/01-6/27/02	161.00	37.00	198.00	161.00	37.00		198.00	Yes		
Automated Power	Asco Transfer Switches	5/17/00-5/16/01	3,430.00	794.00	4,224.00	3,430.00	794.00		4,224.00	Yes		
Beckman Coulter	Hematology Serv	7/1/00-2/14/03	15,723.00	3,638.00	19,361.00	15,723.00	3,638.00		19,361.00	Yes		
Benchmark Network	Maint - Smartnet	3/15/01-6/30/01	1,218.00	283.00	1,501.00	1,218.00	283.00		1,501.00	Yes		
Blue Cross Blue Shield	PCA Rental	7/1/00-6/30/01	6,091.00	1,409.00	7,500.00	6,091.00	1,409.00		7,500.00	Yes		
Brady Trane	Trane Chillers	7/1/00-4/30/01	965.00	223.00	1,188.00	965.00	223.00		1,188.00	Yes		
Browning Ferris	Medical Waste	7/1/00-6/30/02	3,451.00	799.00	4,250.00	3,248.00	752.00		4,000.00	Yes	Yes	
CBR Assoc	Privplus Fee	10/01/00-9/30/01	1,255.00	290.00	1,545.00	1,255.00	290.00		1,545.00	Yes		
CBR Assoc	Qualicare Plus	2/01/01-1/31/02	1,255.00	290.00	1,545.00	1,255.00	290.00		1,545.00	Yes		
CMI Group	Corrective/Maint lns	7/1/00-6/15/01	58,356.00	13,502.00	71,858.00	58,356.00	13,502.00		71,858.00	Yes		
CompuTron	Software Support	7/1/00-6/30/02	1,951.00	452.00	2,403.00	1,951.00	452.00		2,403.00	Yes		

Contract Information for Fiscal Research
 Institution: Div RH/DD/SAS - Institutions - Maintenance

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01			Total	State	Funding 2001-02			Total	Contract Type	Bid	
				Federal	Other				Federal	Other					
Cherry Hospital															
Couler Corp	ACL 700U Coag	7/1/00-9/9/02	4,629.00		1,071.00	5,700.00	4,629.00		1,071.00		5,700.00		Yes	Yes	
Custom Software	Hardware/Software	7/1/00-2/28/03	17,542.00		4,058.00	21,600.00	17,826.00		4,124.00		21,950.00		Yes	Yes	
Environmental Services	Laminar Hood	7/1/00-6/30/01	122.00		28.00	150.00	122.00		28.00		150.00		Yes	Yes	
Ikon Office	Service Copiers	7/1/00-6/30/02	158.00		37.00	195.00	158.00		37.00		195.00		Yes	Yes	
Landauer	Film Badge Service	3/1/01-2/28/02	650.00		150.00	800.00	650.00		150.00		800.00		Yes	Yes	
Medical Cybernetics	Pharmacy System	7/1/00-6/30/01	9,510.00		2,200.00	11,710.00	9,510.00		2,200.00		11,710.00		Yes	Yes	
Noble Oil	Pickup Paint Solvent	12/1/00-11/26/02	325.00		75.00	400.00	893.00		207.00		1,100.00		Yes	Yes	
Nova Biomedical	Maint - Ultra D	7/1/00-12/31/01	2,314.00		536.00	2,850.00	6,943.00		1,607.00		8,550.00		Yes	Yes	
Ortho Clinical	Vitros 950 Sys	7/01/00-10/15/01	41,661.00		9,639.00	51,300.00	41,661.00		9,639.00		51,300.00		Yes	Yes	
Pitney Bowes	Rental - Postage Meter	7/1/00-11/15/02	1,024.00		237.00	1,261.00	1,024.00		237.00		1,261.00		Yes	Yes	
Smith Addressing	Data Card	7/01/00-2/28/03	1,214.00		281.00	1,495.00	1,214.00		281.00		1,495.00		Yes	Yes	
Southern Elevator	Elevator Serv	7/1/00-1/31/03	27,952.00		6,468.00	34,420.00	27,952.00		6,468.00		34,420.00		Yes	Yes	
Spectrum Controls	Automation System	7/1/00-6/30/01	2,010.00		465.00	2,475.00	2,010.00		465.00		2,475.00		Yes	Yes	
System Business	Rental - Digital	7/1/00-6/30/01	9,677.00		2,239.00	11,916.00	9,677.00		2,239.00		11,916.00		Yes	Yes	
System Business	Rental - Copier	7/1/00-8/31/02	2,688.00		622.00	3,310.00	3,226.00		746.00		3,972.00		Yes	Yes	
System Business	Rental - Dig. Copier	7/1/00-8/31/02	89,457.00		20,698.00	110,155.00	89,457.00		20,698.00		110,155.00		Yes	Yes	
Theragrip	Safety/Calibration	7/1/00-8/31/02	406.00		94.00	500.00	406.00		94.00		500.00		Yes	Yes	
York International	York Chillers	7/1/00-6/30/01	2,271.00		525.00	2,796.00	2,271.00		525.00		2,796.00		Yes	Yes	
Dorothea Dix Hospital															
Medical Cybernetics	MC Plus Pharm Maint.	7/20/01	5,265.00			5,265.00	5,265.00				5,265.00		Yes	Yes	
Ascom Hasler Mail Metering	Maintenance Contract	7/01/00-6/30/01	1,500.00			1,500.00	1,500.00				1,500.00		Yes	Yes	
Minolta (17 Small Copiers)	Copier Maintenance	7/01/00-6/30/01	4,800.00			4,800.00	4,800.00				4,800.00		Yes	Yes	
Danka (12 Small Sharp & Kor	Copier Maintenance	7/01/00-6/30/01	7,900.00			7,900.00	7,900.00				7,900.00		Yes	Yes	
Xerox (2 Large) Print Shop	Copier Maintenance	7/01/00-6/30/01	38,000.00			38,000.00	38,000.00				38,000.00		Yes	Yes	
Pitney Bowes (9 Medium size	Copier Maintenance	7/01/00-6/30/01	13,232.00			13,232.00	13,232.00				13,232.00		Yes	Yes	
2 Mita Small copier mainten	Copier Maintenance	7/01/00-6/30/01	1,190.25			1,190.25	1,190.25				1,190.25		Yes	Yes	
GE Medical	Maint medical equipment	7/01/00-6/30/01	30,000.00			30,000.00	30,000.00				30,000.00		Yes	Yes	
Dade Behring	Micro scan Auto Scan	7/01/00-6/30/01	2,918.00			2,918.00	2,918.00				2,918.00		Yes	Yes	
Beckman Coulter	Maint Analyzer	2/1/00	14,200.00			14,200.00	14,200.00				14,200.00		Yes	Yes	
Triangle Instruments	Microscope Maint.	12/1/00	1,600.00			1,600.00	1,600.00				1,600.00		Yes	Yes	
Steris	Medical Sterilizers	7/01/00-6/30/01	12,500.00			12,500.00	12,500.00				12,500.00		Yes	Yes	
Environmental Safety	Med Equip Calibration	7/01/00-6/30/01	2,870.00			2,870.00	2,870.00				2,870.00		Yes	Yes	

Maintenance

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Maintenance

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	
				Federal	Other			Federal	Other		Sole Source	Bid
Dorothea Dix Hospital	Campus Elevators	7/01/00-6/30/01	33,300.00		33,300.00	33,300.00				33,300.00	Yes	Yes
Godwin Elevator	Drug Dispenser Maint	4/1/00	15,000.00		15,000.00	15,000.00				15,000.00	Yes	Yes
ATC Profile Sys(Pharmacy)	M840 Blood Gas (Lab)	2/1/01	13,500.00		13,500.00	13,500.00				13,500.00	Yes	Yes
Bayer Corporation	Provide Lithium Analyzer	2/1/00	5,500.00		5,500.00	5,500.00				5,500.00	Yes	Yes
Infolab Inc.	Chem Analyzer/ Reagent	7/01/00-6/30/01	146,000.00		146,000.00	146,000.00				146,000.00	Yes	Yes
Olympus America	Reagents Analyzer	8/1/00	13,800.00		13,800.00	14,000.00				14,000.00	Yes	Yes
Infolab Inc.	Immunochemistry Sys	10/1/00	47,000.00		47,000.00	47,000.00				47,000.00	Yes	Yes
Roche Diagnostics	Maint Radiology Xray	7/01/00-6/30/01	660.00		660.00	660.00				660.00	Yes	Yes
Diagnostic Imaging	Staff/Patient ID Sys	7/1/00-6/30/01	3,500.00		3,500.00	3,500.00				3,500.00	Yes	Yes
Smith's Addressing Machines	Exhaust Emission Analy	7/1/00-6/30/01	2,495.00		2,495.00	2,495.00				2,495.00	Yes	Yes
Equiserv (Maint Coverage)	Nutrition Software Maint	7/1/00-6/30/01	2,403.00		2,403.00	2,403.00				2,403.00	Yes	Yes
Compuition												
EATP												
Danka	Copy Machine Contracts	7/01/00-6/30/01	1,996		1,996	1,996				1,996	Yes	Yes
Ameritrend	Fax Machine Contract	7/01/00-6/30/01	198		198	198				191	Yes	Yes
NCSCC												
AAA Scale Co	Weigh Scale Contract	7/01/00-6/30/01	5	43	48	5	43			48	Yes	Yes
Crech Plumbing	Plumbing Contract	7/01/00-6/30/01	5	44	49	5	44			49	Yes	Yes
Danka	Copy Machine Contract	7/01/00-6/30/01	7	64	71	7	64			71	Yes	Yes
Medical Cybernetics	Pharmacy Computer Sys	7/01/00-6/30/01	93	881	974	93	881			974	Yes	Yes
Compuition	Nutritional Computer Sys	7/01/00-6/30/01	22	208	230	22	208			230	Yes	Yes
Thyssen Elevator	Elevator Contract	7/01/00-6/30/01	19	178	197	19	178			197	Yes	Yes
ASK	Elevator Contract	7/01/00-6/30/01	182	1,722	1,904	182	1,722			1,904	Yes	Yes
Southern Elevator	Elevator Contract	7/01/00-6/30/01	72	685	757	72	685			757	Yes	Yes
Eastern Air Conditioning	Air Conditioner's Contract	7/01/00-6/30/01	16	154	170	16	154			170	Yes	Yes
Konica	Copy Machine Contract	7/01/00-6/30/01	21	195	216	21	195			216	Yes	Yes
Physio Control	Phybula Service	7/01/00-6/30/01	1	13	14	1	13			14	Yes	Yes
Universal Hospital Svc.	IV Pump Service	7/01/00-6/30/01	0	5	5	0	5			5	Yes	Yes
Pitney Bowes	Postage Meter	7/01/00-6/30/01	41	389	430	41	389			430	Yes	Yes
Pest Control	Pest Control Service	7/01/00-6/30/01	9	87	96	9	87			96	Yes	Yes

Maintenance

Contract Information for Fiscal Research
 Institution: Div MH/DD/SAS - Institutions - Maintenance

Contract Title/Contractor	Description	Contract Date	State	Funding 2000-01		Total	State	Funding 2001-02		Total	Contract Type	Sole Source	Bid
				Federal	Other			Federal	Other				
John Umstead Hospital													
Nova Biomedical	Nova analyzer-lab	12/13/00-6/30/01	878.03	55.85	933.88	878.03	55.85	933.88			Yes		
Quadrant Software	Software Maint.	12/1/00-1/30/01	1,166.79	74.21	1,241.00	1,166.79	74.21	1,241.00			Yes		
Brady Trane	Reciprocation Equip. Maint	1/1/01-12/31/01	522.75	33.25	556.00	522.75	33.25	556.00			Yes		
Gregory Poole	Generator Inspect-Town	1/1/01-12/31/01	2,191.89	139.41	2,331.30	2,191.89	139.41	2,331.30			Yes		
Cleggs Termite & Pest Contr	Termite Inspection	3/1/01-2/28/02	70.52	4.48	75.00	70.52	4.48	75.00			Yes		
Metro Fire & Safety	Fire Extinguisher Maint.	3/1/01-2/28/02	1,198.76	76.24	1,275.00	1,198.76	76.24	1,275.00			Yes		
Tritest Inc	Weekly & Monthly test	2/1/01-1/31/02	3,606.61	229.39	3,836.00	3,606.61	229.39	3,836.00			Yes		
Chemical Environmental	Fecal & Sludge test	3/1/01-2/28/02	2,448.28	155.72	2,604.00	2,448.28	155.72	2,604.00			Yes		
Tritest Inc	Quarterly Long term test	3/1/01-1/30/01	4,407.66	280.34	4,688.00	4,407.66	280.34	4,688.00			Yes		
Dynamic Healthcare	Software Maint/Fees-Lab	5/1/01-4/30/02	17,677.64	1,124.36	18,802.00	17,677.64	1,124.36	18,802.00			Yes		
Roy's Rental Uniform Svs	Uniforms for JUH	5/1/01-4/30/02	7,749.13	492.87	8,242.00	7,749.13	492.87	8,242.00			Yes		
Burlington Research	Quarterly Bioassay test	5/1/01-4/30/02	797.29	50.71	848.00	797.29	50.71	848.00			Yes		
Roche Diagnostics	Urine analyzer	6/1/00-5/30/01	893.19	56.81	950.00	893.19	56.81	950.00			Yes		
Anderson Chemical Co.	Water treatment-boiler	7/01/00-6/30/01	15,397.66	979.34	16,377.00	15,397.66	979.34	16,377.00			Yes		
Chemical Environmental	Turbidity test, etc.	7/01/00-6/30/01	2,019.55	128.45	2,148.00	2,019.55	128.45	2,148.00			Yes		
BFFE International	Sprinkler/Fire System	7/01/00-6/30/01	3,046.25	193.75	3,240.00	3,046.25	193.75	3,240.00			Yes		
Danka Office Imaging	Kodak copier maint.	7/01/00-6/30/01	8,935.66	568.34	9,504.00	8,935.66	568.34	9,504.00			Yes		
Medical Cybernetics	Pharmacy software	7/01/00-6/30/01	11,009.59	700.25	11,709.84	11,009.59	700.25	11,709.84			Yes		
Multigratics	Duplicator maint.	7/01/00-6/30/01	4,050.38	257.62	4,308.00	4,050.38	257.62	4,308.00			Yes		
Multigratics	Imager maint.	7/01/00-6/30/01	2,383.41	151.59	2,535.00	2,383.41	151.59	2,535.00			Yes		
Multigratics	Sorter maint.	7/01/00-6/30/01	3,461.82	220.18	3,682.00	3,461.82	220.18	3,682.00			Yes		
Siemens Building Tech	Bldg software maint.	7/01/00-6/30/01	6,630.29	421.71	7,052.00	6,630.29	421.71	7,052.00			Yes		
Southern Elevator	Elevator Maint.	7/01/00-6/30/01	13,938.01	886.51	14,824.52	13,938.01	886.51	14,824.52			Yes		
STS Healthcare	Tech. Support-RAI	7/01/00-6/30/01	1,462.01	92.99	1,555.00	1,462.01	92.99	1,555.00			Yes		
IBM Corp.	Software Support	8/15/00-8/14/01	1,134.41	72.15	1,206.56	1,134.41	72.15	1,206.56			Yes		
Cummins Atlantic	Generator Inspection	9/01/00-8/30/01	4,375.16	278.28	4,653.44	4,375.16	278.28	4,653.44			Yes		
Abbott Labs	Lab analyzer	11/1/00-10/31/01	1,608.64	102.32	1,710.96	1,608.64	102.32	1,710.96			Yes		
Micromedex	Software Support	11/15/00-11/14/01	1,147.98	73.02	1,221.00	1,147.98	73.02	1,221.00			Yes		
Triad Porta John	Portable toilet	7/01/00-6/30/01	594.58	37.82	632.40	594.58	37.82	632.40			Yes		
CompuTrition Inc.	Software fee-Nut.Svs	7/01/00-6/30/01	4,541.17	288.83	4,830.00	4,541.17	288.83	4,830.00			Yes		

Maintenance

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

John Tate	MHA/NC - C2001
Patricia W. Wancy	APPC/NC
Abelle Josephia	Eastco Seals NC
Jennifer Mahan	MHA/NC
Jennifer Sullivan	NASW-NC
Jenny Cooper	PCALA
Lon Wilson	NCA/LTC7
Whitney Obrig	OSBPM
Pam Richardson	OSBPM
Wayne Williams	OSBPM
Peggy Balan	MH/IDD/SAS

VISITOR REGISTRATION SHEET

Jt. Approp. Sub. Com. on Health & Human Services
Name of Committee

4/18/01
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Richard Oliver	DMH
Charles Henderson	MH/DD/SAS
Melissa Hoffman	MH/DD/SAS
LARA Larson	DMH/DD/SAS
AET RibARGE	DMH/DD/SAS
Calvin Harvey Burch	DHHS
Pat Porter	DMH - SS - SAS
Roz Savitt	NE Child Care Coalition
MICHELLE COTTON	DMH/DD/SAS
Joni Alberg	BEGINNINGS For Parents of Children Who Are Deaf or Hard of Hearing
Marie Burch	Cued Speech Center
Don Willis	DMH DD/SAS
Joe Stini	DMH/DD/SAS
Robert James	DHHS/dcd
Peter Fiorini	DHHS
Kyle Fay	DHHS
LANIER CANSLER	DHHS
Allen Duffin	DHHS
Jim Moore	DHHS
Roger Bone	Parent Assoc
Deborah Atkinson	DHHS
AL DEITEN	JDR/PTU
Ed Adams	Parker, Pe - NE Head Start Cessm

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Tuesday, May 1st, 2001

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

Division of Early Intervention and Education

*Lisa Hollowell
Fiscal Research Staff*

Division of Medical Assistance

*Carol Shaw
Fiscal Research Staff*

Committee Discussion

Next Meeting

Adjourn

Department of Health and Human Services

Division of Early Intervention and Education

Part II

Fiscal Research Division April 2001

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Division of Early Intervention and Education

Part II

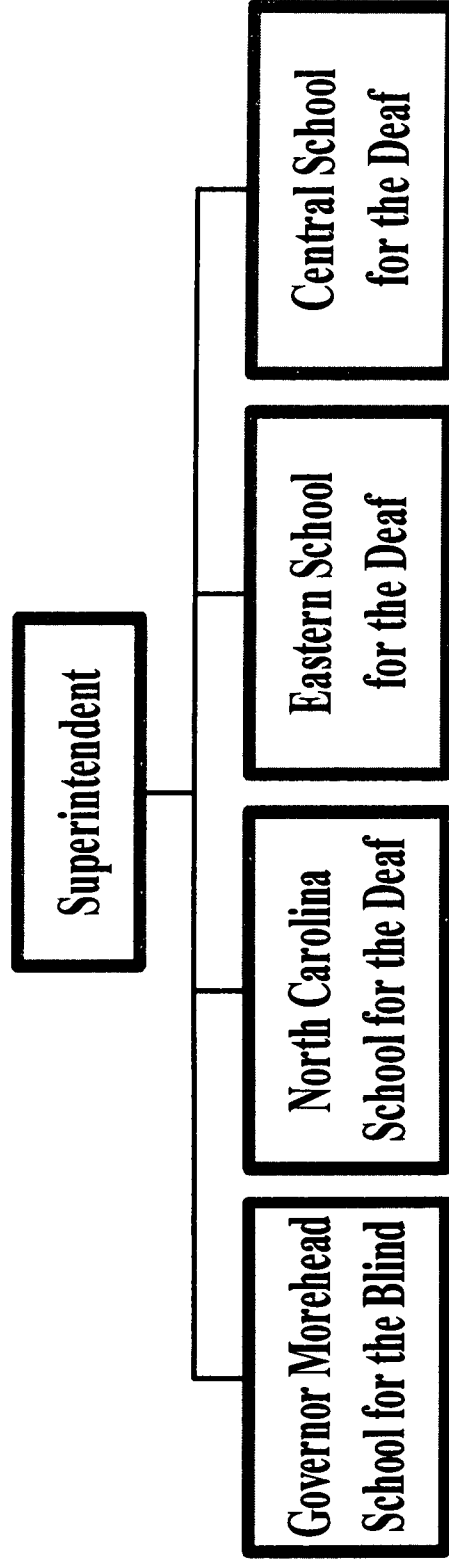
- Preschool Programs for the hearing and visually impaired children
 - State-Operated Preschools (costs and locations)
 - Itinerant Services
- Early Intervention
 - The Process of Identification and Receiving Services
 - Developmental Evaluation Centers
 - Infant-Toddler Program
- Issues

Division of Early Intervention and Education

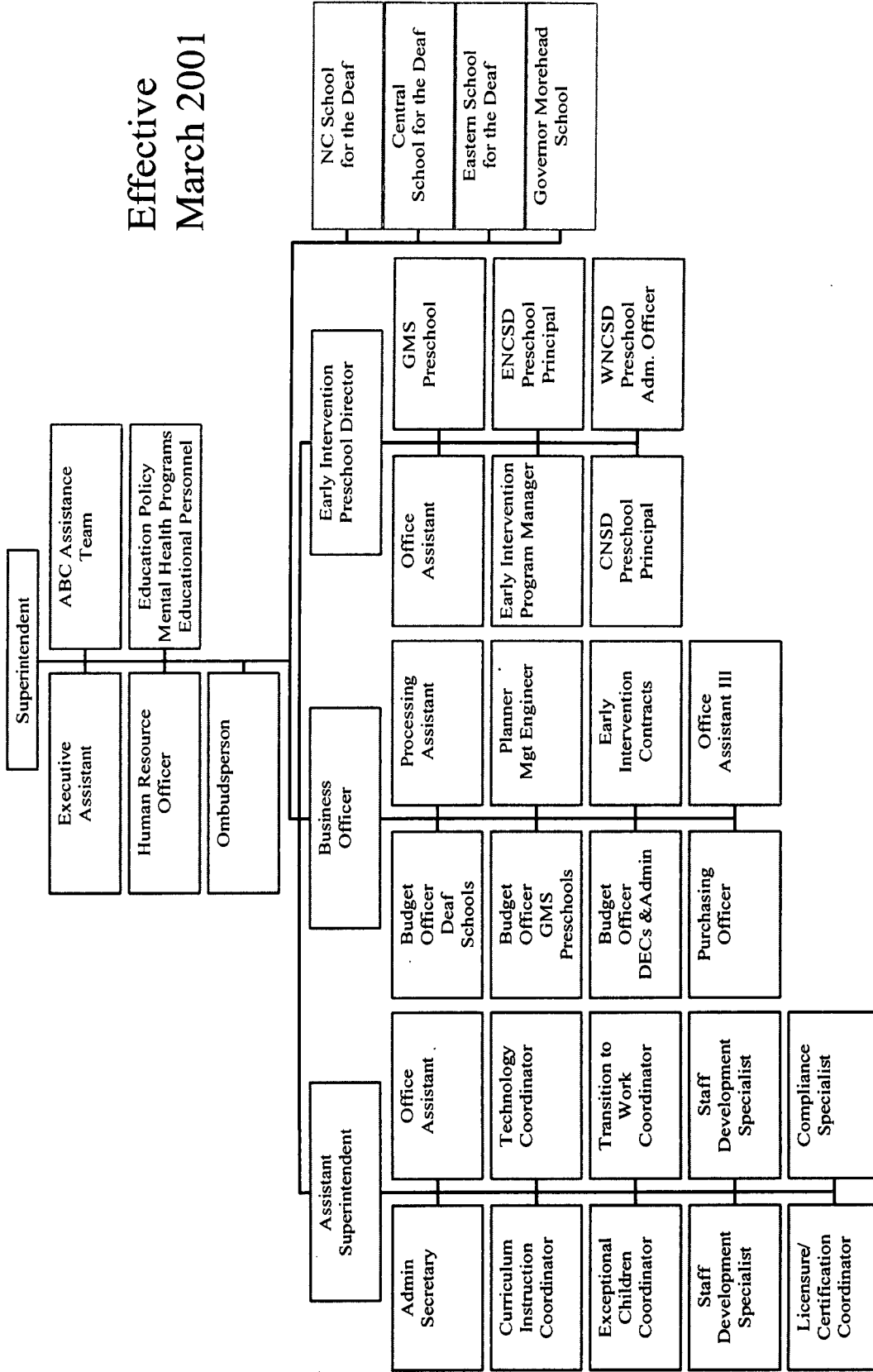
- House Bill 168 (1999) – Section 11.4 (a) Establishment of Division of Education Services/Review of Disability Services
- Purpose of creating the new division was to manage the Governor Morehead School for the Blind and the three residential schools for the deaf focusing management and resources on:
 - Improving student post-secondary outcomes
 - Increasing staff development and training
 - Administrative consistency and access to expert support services across campuses
 - Collaborating with local education agencies and the State Board of Education
 - Consistency with the 1999 Education and Disability Organization Study

Division of Early Intervention and Education

Division of Education Services
HB168 Directive



Division of Early Intervention and Education



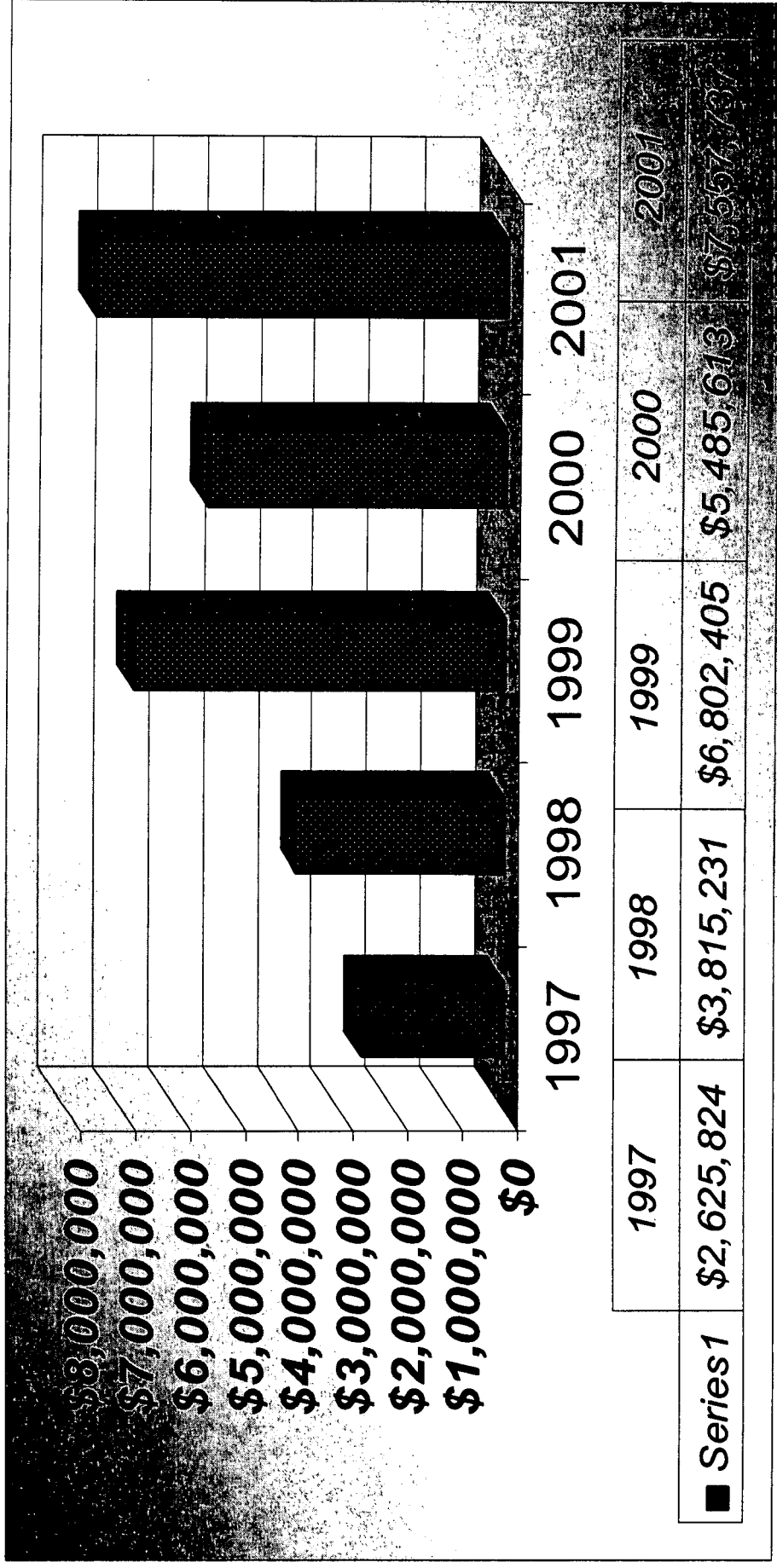
Division of Early Intervention and Education

Preschool Programs

- Preschool is available to birth - 5 year olds who are hearing or visually impaired. The children may receive preschool education through one of the following: state-operated preschool sites, a preschool located on the campus of a residential school, in a childcare setting, or the student's home through itinerant teachers.

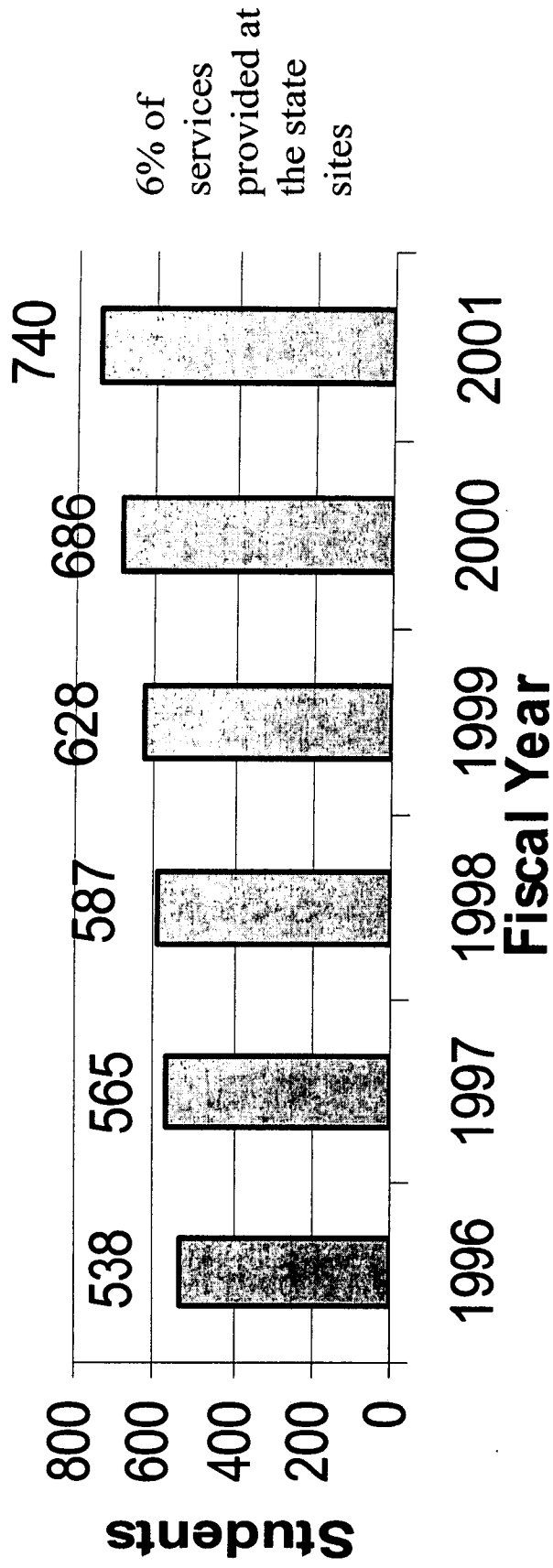
Division of Early Intervention and Education

Preschool Budget



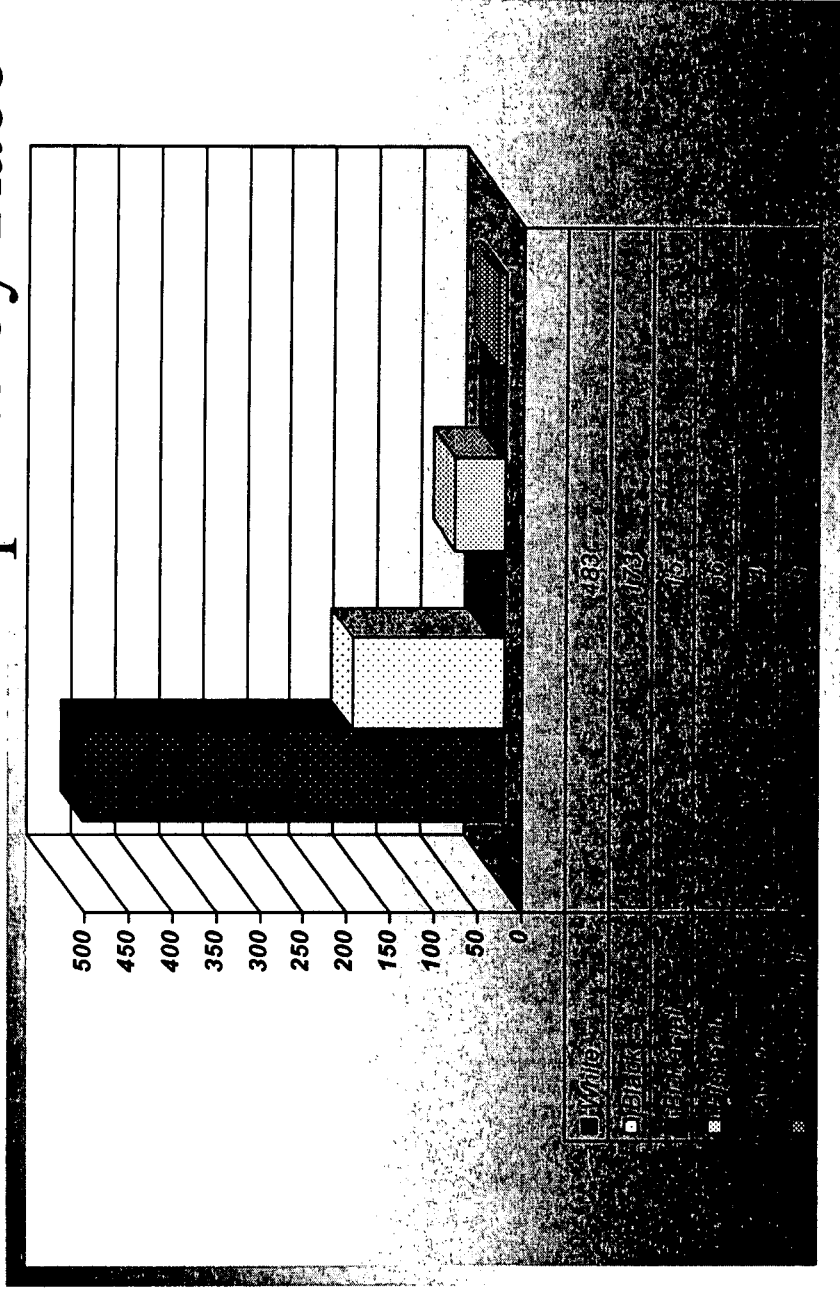
Division of Early Intervention and Education

Preschool Enrollment All Sites



Division of Early Intervention and Education

Preschool Participants by Race

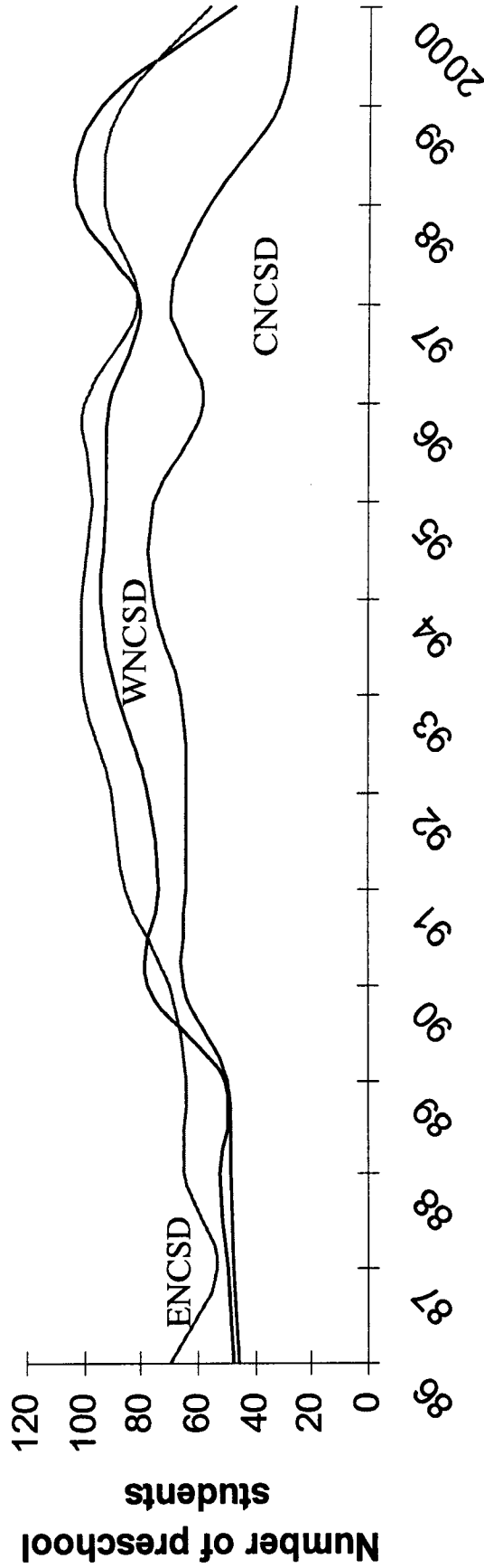


**This includes all preschool

Division of Early Intervention and Education

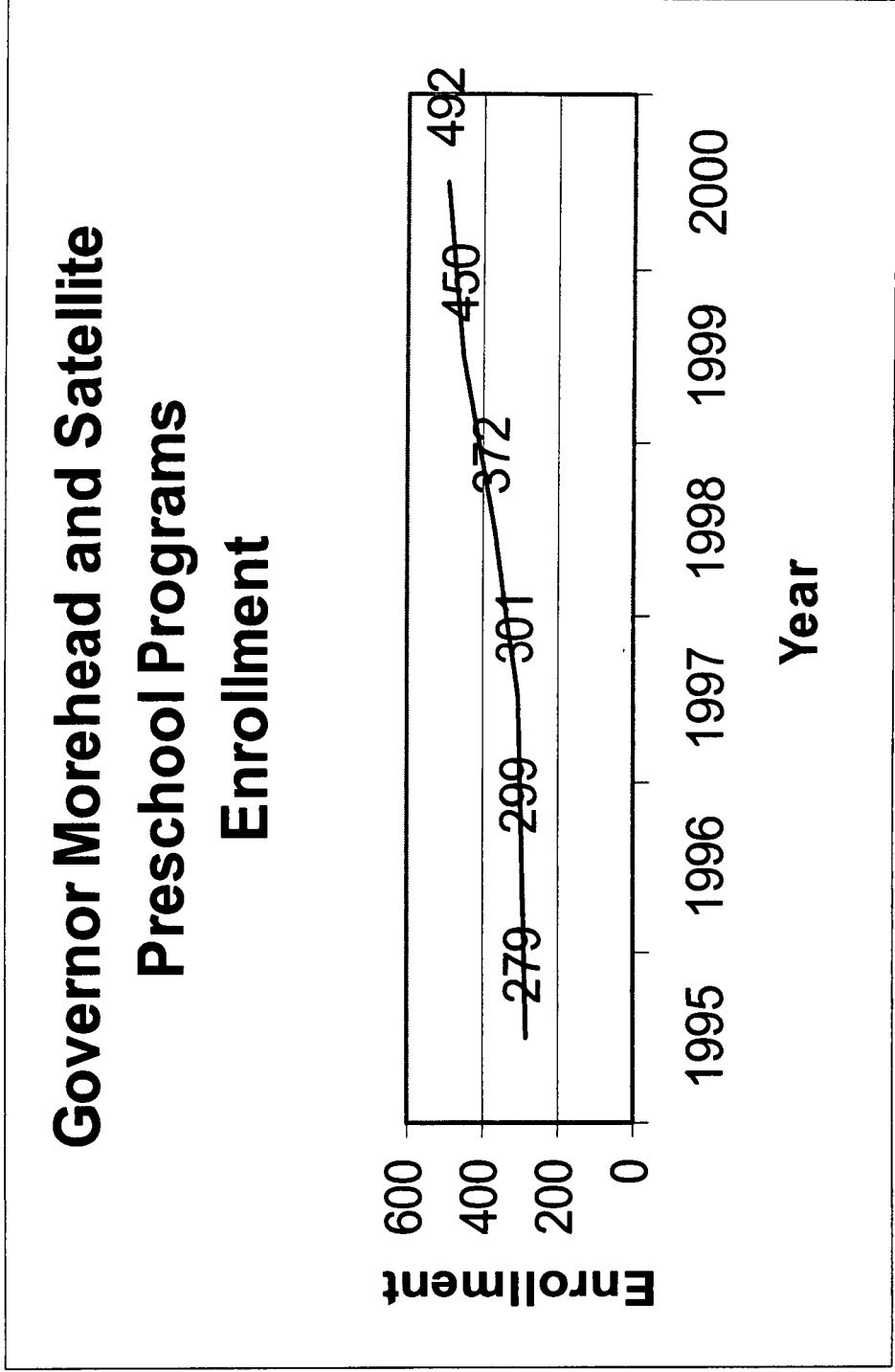
Enrollment in the Preschool Program at the Schools for the Deaf

Total - 248 for
FY2001



Fiscal Years ****Services are**
 provided at state
 operated preschool
 sites, private
 childcare settings,
 or in the home.

Division of Early Intervention and Education



Division of Early Intervention and Education

State Operated Preschool Programs

- Governor Morehead School
 - Class I/GMS
 - 5 children
 - 2 teachers and 2 assistants
 - Class II/GMS
 - 6 children
 - 1 teacher and 1 teaching assistant
 - Baby Group (once a week with teaching staff of class II)
 - 5 babies
 - Total Cost - \$398,180
 - Cost per Child - \$36,198
- Central Preschool
 - 3 children
 - 1 teacher and 1 assistant
 - Total Cost - \$91,807
 - Cost Per Child - \$30,602
- Western Preschool
 - 6 children
 - 2 teachers and 1 teaching assistant
 - Total Cost - \$163,934
 - Cost per Child - \$27,322

Division of Early Intervention and Education

State Operated

Preschool Programs

- Elkin
 - 3 children
 - 1 teacher and 2 assistants
 - Total Cost - \$112,383
 - Cost per child - \$37,461*
 - Cost per child – estimated with itinerant services - \$16,054 (4 additional children)
- Fayetteville
 - 5 children
 - 1 teacher and 1 assistant
 - Cost \$135,854
 - Cost per child - \$27,170
- Greenville
 - 5 children
 - 1 teacher and 1 assistant
 - Total Cost - \$92,416
 - Cost Per Child - \$18,483
- Jacksonville
 - 3 children
 - 1 teacher and 1 assistant
 - Total Cost - \$95,797
 - Cost per student - \$31,932*
 - Cost per child – estimated with itinerant services - \$13,685 (4 additional children)

* Itinerant services provided by teachers at these sites.

Division of Early Intervention and Education

State Operated Preschool Programs

- Wilson
 - 6 children
 - 1 teacher and 1 assistant
 - Total Cost - \$108,461
 - Cost per child - \$18,076
- Durham
 - 5 children
 - 1 teacher and 4 assistants
 - Cost \$234,379
 - Cost per child - \$46,875
- New Bern
 - 4 children
 - 1 teacher and 1 assistant
 - Total Cost - \$109,462
 - Cost per child - \$27,365

Division of Early Intervention and Education

Early Intervention

- Professionals working with families of a child with special needs to help the child develop the knowledge and skills necessary to reach their potential. It builds upon the strengths of families. Special needs areas include:
 - Motor Development
 - Cognitive Development
 - Communication Development
 - Social or Emotional Development
 - Adaptive Development
- **Developmental Evaluation Centers provide screenings for developmental disabilities and delays (0-5 year olds)**
- **Infant-Toddler Program (0 – 3 year olds)**

Division of Early Intervention and Education

Early Intervention Services

Individuals with Disabilities Education Act (IDEA)

- Assessment and Program Development
 - Multidisciplinary assessment of the unique strengths and needs of infants and toddlers and the identification of services appropriate to meet such needs
 - Family-directed assessment of resources, priorities and concerns of the family and identification of the supports and services necessary to enhance the family's capacity to meet the developmental needs of the infant or toddler
 - Individualized family service plan (IFSP) developed by a multidisciplinary team
- To the extent possible, services are to be provided in natural environments, including the home and community settings in which children without disabilities participate.
- Evaluation provided within 45 days of referral
- Services to begin within 30 days of evaluation/IFSP (state requirement)
 - Approximately 681 children's evaluation did not meet the 45 day referral (FY2000)
 - Approximately 600 children are waiting for services outside of 30 days

Division of Early Intervention and Education

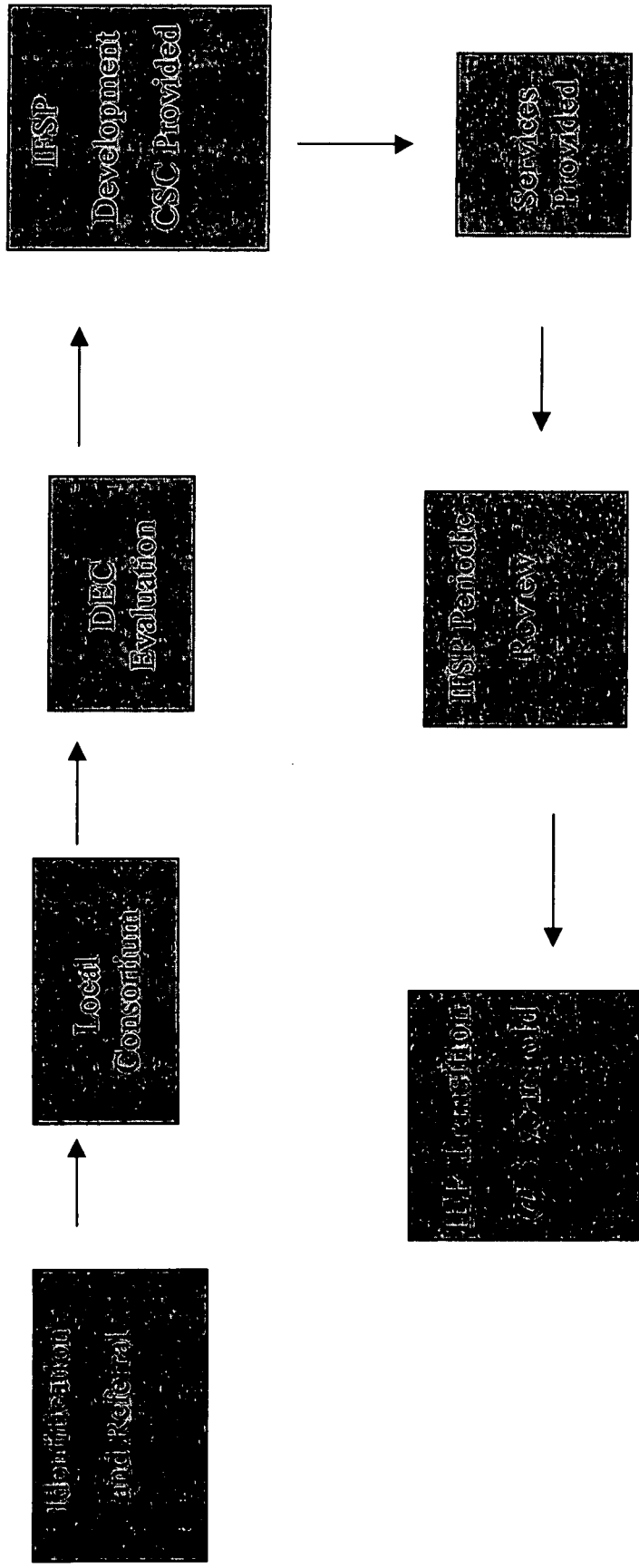
- Interagency Coordinating Council (Division of Child Development)
 - Advise and assist the Lead Agency in carrying out responsibilities of IDEA, preparation of applications, and prepare and submit an annual report to the Governor and Secretary of HHS on the status of early intervention programs for infants and toddlers with disabilities and their families operated within the state.
 - Requirement in order to receive funding under IDEA
 - Council is appointed by the Governor and chairperson is designated by the Governor
 - 20% Parents
 - 20% Service Providers
 - State Legislator
 - State Agency Representation (one member from each agency)

Division of Early Intervention and Education

- Infant/Toddler Program was transferred from Division of Mental Health/Developmental Disabilities/Substance Abuse Services
- Local Consortium: There are 91 local consortia which provide the guidance for evaluation services for children referred to Early Intervention and assist in the development of the Individual Family Services Plan
- Agencies on the local consortium include the Area Mental Health Program, Local Public Health Department, DEC and sometimes DSS

Division of Early Intervention and Education

Early Intervention



Local Public Health
Departments, Area Mental
Health Agencies, DECs,
others

Division of Early Intervention and Education

Developmental Evaluation Centers

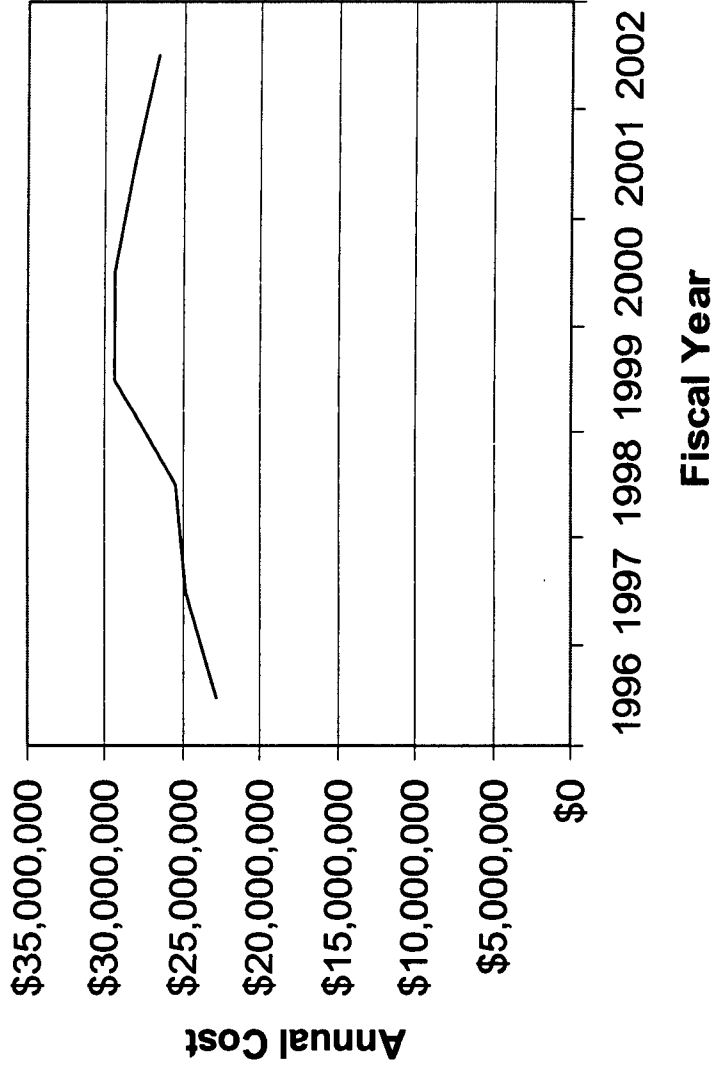
- Network of 18 regional centers with a team of specialists in pediatrics, social work, psychology, speech and language, audiology, physical/occupational therapy, special education, nursing and nutrition which provide the evaluations for infants and toddlers.
- 13 state operated DEC's and 5 contracted DEC's.
- Administration/Management was transferred from the Division of Public Health in FY2000.

**Division of Early Intervention and Education
Developmental Evaluation Centers**

	FY2000	FY2001 Authorized	FY2002 Proposed
Requirements	\$29,008,744	\$28,149,544	\$26,638,352
Receipts	\$9,607,208	\$9,000,507	\$7,520,632
Net Appropriation	\$19,401,536	\$19,149,037	\$19,117,720

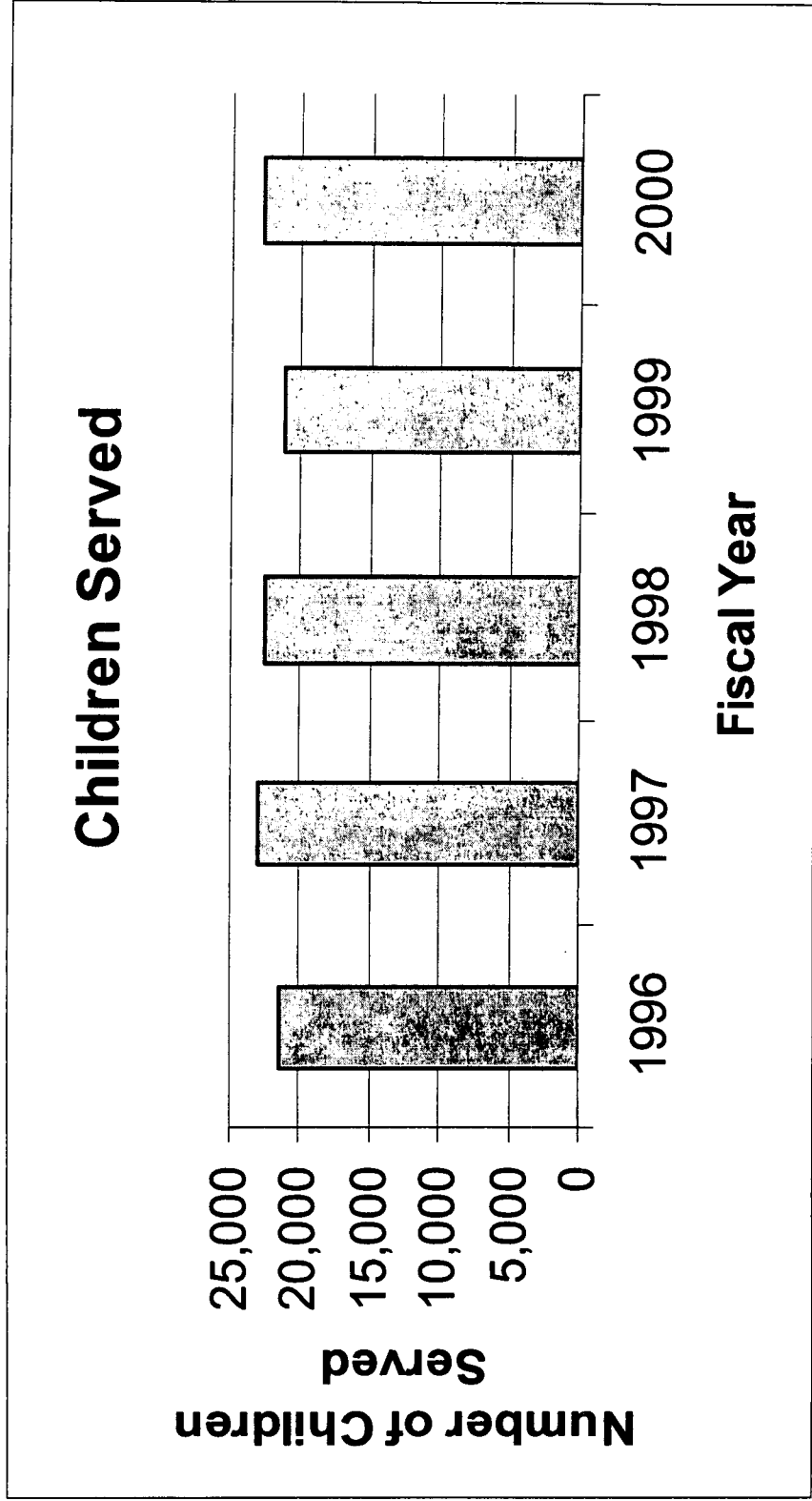
Division of Early Intervention and Education Developmental Evaluation Centers

Requirements



	Requirements
1996	\$22,821,357
1997	\$24,738,188
1998	\$25,403,359
1999	\$29,425,836
2000	\$29,347,515
2001	\$28,149,544
2002	\$26,638,352

Division of Early Intervention and Education Developmental Evaluation Centers



Division of Early Intervention and Education

Developmental Evaluation Centers Services

Evaluations

Psychological	16%
Medical Evaluation on a new patient	13%
Speech/Language	13%
Social Family	13%
Education	13%
Intermediate Assessment	6%
Occupational Therapy	6%
Physical Therapy	6%
Nursing	3%
Nutrition	3%
Audiology	3%
NOS	1%
Medical Evaluation on an established patient	2%

Speech/Language	22%
Nutrition	18%
OT	14%
Medical	9%
Clinical Treatment	
NOS	4%
Social/Family	3%
Psychiatry	2%
Education	0%
Nursing	0%
Audiology	0%

Estimated
16,000 +
Treatment
Services
Provided

Fiscal Research Division April 2001

Division of Early Intervention and Education

Developmental Evaluation Centers

	Cost Per Child	Average Number of Services Per Child	Average Cost Per Service
State Operated DECs (13)	\$1,455	4.01	\$363.01
Contracted DECs (5)**	\$1,071	3.51	\$305.38
All DECs	\$1,335	3.85	\$346.53

Division of Early Intervention and Education

Infant Toddler Program

- Array of services provided to children and families who have been evaluated and determined to need services
- Within 30 days of the evaluation, the child receives services, mostly by or contracted through the Area Mental Health Programs
- 8,150 children (birth to 3 years old) served by the infant-toddler program (FY2000)
 - Children with developmental disabilities and delays or at risk of delay
 - Serves children in homes, child care programs and developmental day centers

Division of Early Intervention and Education

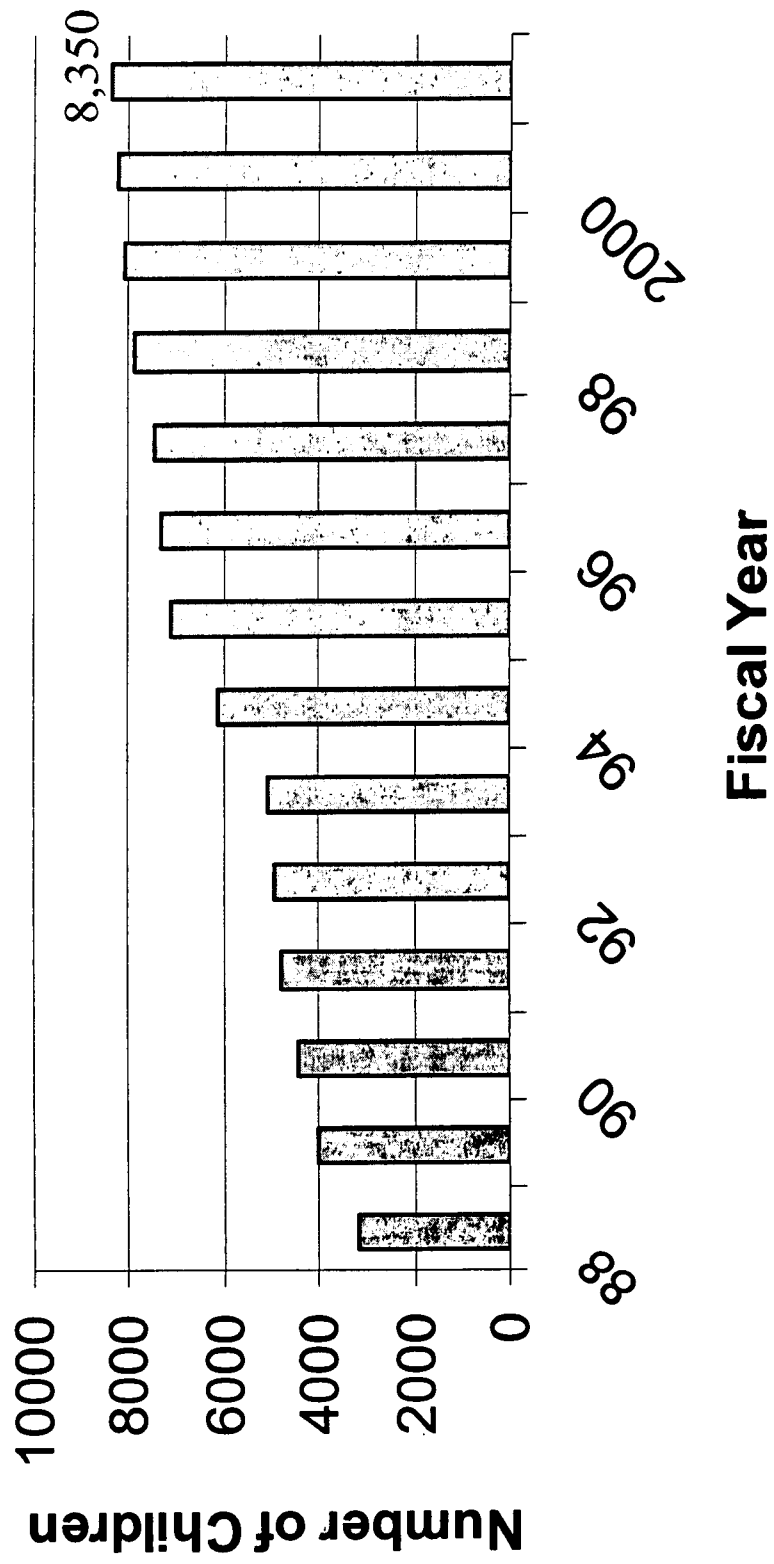
Infant Toddler Program

FY01	
Requirements	\$23.6M
Receipts	\$9.9M
Net Appropriation	\$13.6M

Division of Early Intervention and Education

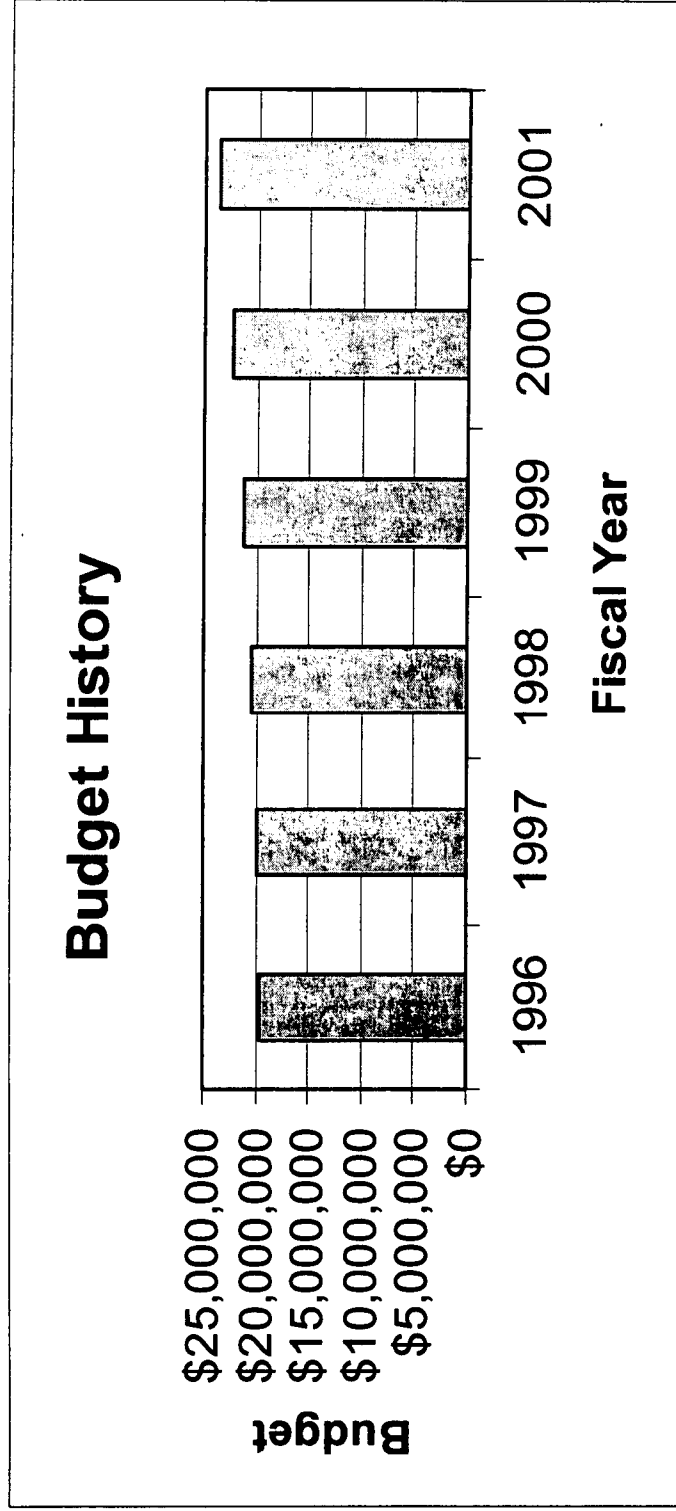
Infant Toddler Program

Participants



Division of Early Intervention and Education

Infant Toddler Program



Division of Early Intervention and Education

Early Intervention/Infant Toddler Program

Newborn Hearing Screening

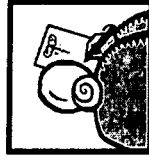
DPH ensures that the screening is performed on newborn at hospital.



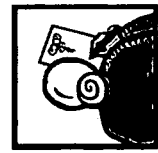
Baby fails newborn hearing screening



DPH Audiologist performs a second screening or ensure a second screening is performed



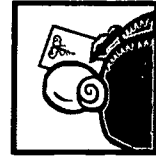
Diagnostic Evaluation performed at DEC's



IFSP Developed and DPH Child Service Coordinator is assigned to family



DEIE - Services are Provided



Division of Early Intervention and Education

Early Intervention/Infant Toddler Program

Division	Audiologists
DPH	4 (regionally located)
DEIE	18 (DECs)
DEIE	3 (regionally – preschool program)
DEIE	5 (schools for the deaf)
Total	30 audiologists

Fiscal Research Division April 2001

Division of Early Intervention and Education

Early Intervention/Infant Toddler Program

- Nationally, approximately 1 – 3 babies in 1,000 have a significant hearing loss
- Of approximately 115,000 babies born in the state annually, approximately 115 - 345 infants need diagnostic evaluation by an audiologist.

Division of Early Intervention and Education

Early Intervention

	Birth -3 Years Old	3-5 years old
Mild	10	
Moderate	34	11
Severe- Profound	91	93
Other	8	
Total	143	104

Division of Early Intervention and Education

Early Intervention

Travel/Conferences

Newborn Hearing 2000 International Conference (Oct. 11-15) Milan, Italy. State funds paid for travel for the Director of Early Intervention and Preschools (\$1328) and an audiology consultant (\$1381), with whom DEIE has two contracts for FY2001 totaling \$173,600.

15A NCAC 21F.1201 The Newborn Screening Program is administered by the central office staff for Children with Special Health Services Program (within the Division of Public Health).

Division of Early Intervention and Education Policy Issues

1. Preschools

Cost per child at the state operated centers

2. Developmental Evaluation Centers

Receipts

3. Audiologists

How many do we need?

Early Intervention and Education – Options ^{Issues}

4. Role of the new Division of Early Intervention and Education

➤ Fragmented Deviation from Mission of Division

Activities	DEIE	DPH
Child Service Coordination	X	X
Well Baby Checks		X
Developmental Screenings	X	X
Early Identification (Local Health Departments, Pediatricians)		X
Newborn Screenings		X
Immunizations		X
Children with Special Health Services Program		X
Nutrition	X	X
Preschool	X	
Early Intervention	X	X
Prevention		X

Division of Early Intervention and Education Options

1. **Layers of Management (TBD)**
 - a. Assistant Superintendent
 - b. Early Intervention/Preschool Program Director
2. **Non-Critical Positions (TBD)**
 - a. Research & Professional Development Coordinator
 - b. Office Assistant IV
 - c. Staff Development Coordinator
 - d. Administration Specialist
 - e. HR Assistant Manager

05/01/2001 Lisa

Division of Early Intervention and Education Options

2. **Non-Critical Positions (TBD)**
 - f. Office Assistant
 - g. Employee Relations Specialist
 - h. Reduce Audiologists Positions & Evaluate Expansion
3. **Modified Zero-Based Budget Items:**
 - a. **Programs/Offices (See #6 – Reorganization/Consolidation)**
 - b. **Contracts (Pending)**
 - a. Eliminate the contracts for \$24,000 per child to LEAs - Develop a reserve account within HHS to assist local LEAs with expenses in educating these children. These funds will be administered in conjunction with the DPI reserve account.
 - c. **Commissions/Task Force & Committees (N/A)**

Division of Early Intervention and Education Options

4. **Governor's Reductions**
 - a. Close Central School for the Deaf (1,200,000)
 - b. Increased Receipts from the DEC's (\$457,271)

5. **Program Cost-Containment Measures**
 - a. Close State-Operated Preschools & Eliminate Corresponding Positions TBD
 - b. Maximize Third Party Receipts (Health Choice/Private Insurance/Medicaid) TBD for Early Intervention & DEC Services

6. **Reorganization/Consolidations**
 - a. Move DEC's Back to the Division of Public Health
 - b. Move Early Intervention Program to the Division of Public Health
 - c. (In Accordance With House Bill 168) Establish an Office of Education Within the Office of the Secretary

7. **Other Options (Pending)**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>Pat Fournier</i>	<i>DHHS</i>
<i>Lanier Carter</i>	<i>DHHS</i>
<i>Allen Suffer</i>	<i>DHHS</i>
<i>Jennifer Fulliran</i>	<i>NASW-NC</i>
<i>Roz Smith</i>	<i>NECA</i>
<i>Chris Rodgers</i>	<i>Parker Poe Adams & Bernstein</i>
<i>Penryn</i>	<i>gma inc</i>
<i>Jennifer Mahan</i>	<i>MHA/NC</i>

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kathleen Edwards	Interested Parent
Kevin Ryan	DHHS/DPH
Carol Jones	DHHS/DPH
Janet Szymanski	NC Council
Mary Sheene	State Budget
Wayne Williams	State Budget
Pam Richardson	State Budget
Whitney O'Neil	State Budget
Steve Mitchell	Novartis
John Bowditch	Alley Associates
Emily Fulghum	Smith Anderson
Lon Wilms	NCARTC 7

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brian Francis	Peck Cnty
Sharon Hirsch	NC Social Services Consortium
John Kent	NCFPC
Patricia Reuter	NCAEC
Tammy Lester	OSBPM
Adelle Ischia	Eastern Seals NC
Crissey Porter	Bore and Associates
H. SOLARI	N.C.P.C.
Martha Lawrence	YAJO
Karen Chester	NC-ICC
DAVE Ribaud	The ARCHIVE

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
by Brent Farmer	ded/dhrs
Mike Pendergraft	Interested Parent Beginnings
Joni Alberg	BEGINNINGS For Parents of Children who are Deaf or Hard of Hearing
Ed Codrigan Brown	BPA - DHR
DICK M. PEE	MIREN OF TIMES
Paul Tolson	Calaveras County Government
Judy Plymale	DEIE
Kathryn Wilson	DEIE
NEM	DEIE
Ainda McNeil	DEIE
Jay Cooper	DEIE

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
HUGH Wilson	NCHA
Margaret Westbrook	Kennedy Covington
Lou Stiles	NCAATCF
Scott Mumph	AP
Chuck Milligan	Lewin
Joanne Scherer Stearns	nc nurses association
Janet S. ...	NC Council
Judith M. ...	MHA/NC
Karen Adams-Gilchrist	Engler Seals NC 2315 Myrtle Dr., Raleigh, NC
Wade Rawlin	News Observer
Wayne Withem	State Budget

Table 9

North Carolina Medicaid
State Fiscal Year 2000
Total Expenditures and Eligibles by County

COUNTY NAME	2000 EST. COUNTY POPULATION	NUMBER OF MEDICAID ELIGIBLES	TOTAL EXPENDITURES	EXPENDITURE PER ELIGIBLE	PER CAPITA EXPENDITURE AMOUNT	ELIGIBLES PER 1,000 POPULATION	% of Medicaid Eligibles by county, based on 2000 population
ALAMANCE	124,042	16,439	\$ 67,418,365	\$ 4,101	544	78	13.25%
ALEXANDER	32,530	4,423	\$ 17,446,612	3,945	536	80	13.60%
ALLEGHANY	9,966	1,641	\$ 8,463,094	5,157	849	34	16.47%
ANSON	23,844	6,585	\$ 26,374,764	4,005	1,106	10	27.62%
ASHE	23,966	4,482	\$ 22,297,228	4,975	930	25	18.70%
AVERY	15,964	2,811	\$ 16,008,614	5,695	1,003	20	17.61%
BEAUFORT	44,158	10,028	\$ 40,580,635	4,047	919	27	22.71%
BERTIE	19,830	6,384	\$ 25,286,195	3,961	1,275	4	32.19%
BLADEN	30,924	9,327	\$ 38,571,591	4,135	1,247	6	30.16%
BRUNSWICK	69,577	12,651	\$ 45,749,344	3,616	658	59	18.18%
BUNCOMBE	194,353	30,841	\$ 130,378,658	4,227	671	56	15.87%
BURKE	84,583	12,919	\$ 60,851,819	4,710	719	50	15.27%
CABARRUS	125,051	14,584	\$ 64,485,486	4,419	516	84	11.67%
CALDWELL	75,882	11,697	\$ 49,258,223	4,211	649	61	16.41%
CAMDEN	6,748	918	\$ 3,662,938	3,990	543	79	13.60%
CARTERET	59,120	7,913	\$ 33,047,772	4,176	559	76	13.38%
CASWELL	22,440	3,898	\$ 16,416,361	4,211	732	47	17.37%
CATAWBA	134,128	17,813	\$ 64,475,434	3,620	481	91	13.28%
CHATHAM	47,264	5,454	\$ 23,418,599	4,294	495	86	11.54%
CHEROKEE	23,072	5,131	\$ 23,935,880	4,665	1,037	15	22.24%
CHOWAN	14,036	3,439	\$ 14,838,220	4,315	1,057	13	24.50%
CLAY	8,412	1,436	\$ 6,428,632	4,477	764	37	17.07%
CLEVELAND	92,590	17,118	\$ 69,642,465	4,068	752	42	18.49%
COLUMBUS	52,476	16,018	\$ 67,322,792	4,203	1,283	3	30.52%
GRAVEN	89,730	14,572	\$ 55,569,936	3,815	620	67	16.24%
CUMBERLAND	291,697	46,210	\$ 142,461,687	2,955	488	90	16.52%
CURRITUCK	17,496	2,315	\$ 7,608,372	3,287	435	94	13.23%
DARE	28,918	2,813	\$ 12,367,657	4,397	428	96	9.73%
DAVIDSON	142,722	19,870	\$ 74,930,887	3,794	523	83	13.78%
DAVE	32,968	3,641	\$ 16,090,796	4,419	488	89	11.04%
DUPLIN	44,502	10,787	\$ 39,746,244	3,685	893	29	24.24%
DURHAM	203,357	29,817	\$ 121,905,044	4,088	599	71	14.66%
EDGEcombe	54,034	16,783	\$ 54,467,810	3,245	1,008	19	31.08%
FORSYTH	281,846	37,481	\$ 142,686,244	3,807	489	88	12.84%
FRANKLIN	45,332	8,051	\$ 32,458,100	4,032	716	51	17.76%
GASTON	181,362	30,463	\$ 124,360,336	4,082	686	53	16.80%
GATES	10,114	1,736	\$ 7,676,680	4,422	759	39	17.16%
GRAHAM	7,522	1,981	\$ 9,805,931	4,950	1,304	2	26.34%
GRANVILLE	45,450	6,714	\$ 29,994,336	4,467	660	58	14.77%

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05.02.2001

Table 9
North Carolina Medicaid
State Fiscal Year 2000
Total Expenditures and Eligibles by County

COUNTY NAME	2000 EST. COUNTY POPULATION	NUMBER OF MEDICAID ELIGIBLES	TOTAL EXPENDITURES	EXPENDITURE PER ELIGIBLE	PER CAPITA EXPENDITURE AMOUNT	RANKING	ELIGIBLES PER 1,000 POPULATION	% of Medicaid Eligibles by county, based on 2000 population
GREENE	18,298	3,890	\$ 15,052,148	3,869	823	35	213	21.26%
GUILFORD	393,423	56,278	\$ 210,668,733	3,743	535	81	143	14.30%
HALIFAX	54,752	17,884	\$ 58,516,298	3,272	1,069	11	327	32.66%
HARNETT	85,305	16,516	\$ 54,323,900	3,289	637	63	194	19.36%
HAYWOOD	52,096	8,797	\$ 36,077,714	4,101	693	52	169	16.89%
HENDERSON	82,365	12,272	\$ 50,994,670	4,155	619	68	149	14.90%
HERTFORD	21,260	6,962	\$ 26,568,655	3,816	1,250	5	327	32.75%
HOKE	31,102	7,154	\$ 23,187,001	3,241	746	44	230	23.00%
HYDE	5,611	1,253	\$ 5,940,432	4,741	1,059	12	223	22.33%
IREDELL	117,804	14,997	\$ 55,937,580	3,703	471	92	127	12.73%
JACKSON	29,806	5,161	\$ 22,155,688	4,293	743	45	173	17.32%
JOHNSTON	112,154	18,939	\$ 67,613,142	3,570	603	70	169	16.89%
JONES	9,305	2,107	\$ 8,750,207	4,153	940	23	226	22.64%
LEE	49,247	8,720	\$ 30,742,175	3,525	624	65	177	17.71%
LENDIR	58,208	14,293	\$ 57,514,236	4,024	966	21	246	24.56%
LINCOLN	60,080	7,826	\$ 31,876,484	4,073	531	82	130	13.03%
MACON	40,644	4,882	\$ 18,573,836	3,805	457	93	120	12.01%
MADISON	28,630	3,780	\$ 15,666,807	4,164	547	77	131	13.13%
MARTIN	18,878	6,638	\$ 26,945,373	4,058	1,420	1	350	34.98%
MCDOWELL	25,708	6,599	\$ 26,390,634	3,999	1,027	16	257	25.67%
MECKLENBURG	642,245	80,442	\$ 270,898,502	3,368	422	98	125	12.53%
MITCHELL	14,690	2,693	\$ 12,736,144	4,712	867	31	177	17.65%
MONTGOMERY	24,988	5,198	\$ 18,853,623	3,627	755	41	208	20.80%
MOORE	72,308	9,993	\$ 40,503,740	4,053	560	75	138	13.82%
NASH	89,064	15,764	\$ 56,481,147	3,583	634	64	177	17.70%
NEW HANOVER	148,822	22,002	\$ 92,208,401	4,191	820	66	148	14.78%
NORTH HAMPTON	20,949	6,720	\$ 24,997,088	3,720	1,193	8	321	32.08%
ONSLOW	148,286	17,895	\$ 55,999,521	3,129	378	99	121	12.07%
ORANGE	109,746	8,284	\$ 39,084,403	4,716	356	100	75	7.55%
PAMLICO	12,602	2,506	\$ 11,139,101	4,445	684	30	199	19.89%
PASQUOTANK	34,950	7,610	\$ 26,189,136	3,487	756	40	217	21.67%
PENDER	38,971	7,095	\$ 29,760,033	4,195	764	38	182	18.21%
PERQUIMANS	10,872	2,378	\$ 7,864,865	3,307	723	49	219	21.87%
PERSON	33,664	5,630	\$ 25,217,346	4,484	750	43	167	16.72%
PITT	127,879	23,745	\$ 82,578,489	3,478	640	62	186	18.57%
POLK	16,925	2,237	\$ 9,746,675	4,357	576	74	132	13.22%
RANDOLPH	126,316	17,277	\$ 62,249,779	3,603	493	87	137	13.68%
RICHMOND	45,158	11,016	\$ 46,044,781	3,864	1,020	17	264	26.39%
ROBESON	115,388	38,413	\$ 141,335,272	3,679	1,225	7	333	33.31%

(Continued on next page)

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 North Carolina Medicaid
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COUNTY NAME	2000 EST. COUNTY POPULATION	NUMBER OF MEDICAID ELIGIBLES	TOTAL EXPENDITURES	EXPENDITURE PER ELIGIBLE	PER CAPITA EXPENDITURE AMOUNT	RANKING	ELIGIBLES PER 1,000 POPULATION	% of Medicaid Eligibles by county, based on 2000 population
ROCKINGHAM	89,745	15,457	\$ 65,403,690	4,231	729	48	172	17.22%
ROWAN	125,800	18,673	\$ 72,457,939	3,880	576	73	148	14.84%
RUTHERFORD	60,508	11,339	\$ 44,843,169	3,916	733	46	183	18.84%
SAMPSON	54,155	13,648	\$ 50,349,692	3,688	930	26	252	25.20%
SCOTLAND	34,824	10,533	\$ 39,137,559	3,716	1,124	9	302	30.25%
STANLY	56,082	8,442	\$ 37,028,154	4,386	660	57	151	15.05%
STOKES	43,700	6,271	\$ 21,711,856	4,119	497	85	121	12.06%
SURRY	68,843	11,206	\$ 45,281,005	4,130	672	55	163	16.28%
SWAIN	12,311	3,015	\$ 11,647,118	3,883	946	22	245	24.49%
TRANSYLVANIA	28,353	4,211	\$ 18,597,648	4,416	656	60	149	14.85%
TYRRELL	4,025	1,023	\$ 4,037,498	3,978	1,016	18	255	28.64%
UNION	115,344	13,665	\$ 49,130,952	3,589	428	97	118	11.85%
VANCE	42,271	12,254	\$ 38,475,761	3,140	910	28	290	28.99%
WAKE	592,218	51,532	\$ 177,793,900	3,450	300	101	87	8.70%
WARREN	18,978	5,080	\$ 17,784,402	3,450	936	24	268	28.82%
WASHINGTON	12,850	3,754	\$ 13,336,413	3,553	1,038	14	292	29.21%
WATAUGA	40,791	3,547	\$ 17,506,188	4,935	429	95	87	8.70%
WAYNE	112,954	22,142	\$ 77,046,045	3,480	682	54	196	19.60%
WILKES	63,760	10,718	\$ 49,613,977	4,629	778	36	188	18.81%
WILSON	69,772	16,302	\$ 59,377,302	3,642	351	83	234	23.36%
YADKIN	36,124	4,678	\$ 20,993,600	4,488	581	72	129	12.95%
YANCEY	16,841	3,181	\$ 14,385,158	4,522	854	32	189	18.89%
STATE TOTAL	7,650,699	1,221,266	\$ 4,652,016,181	3,809	608	N/A	160	15.96%

Source: Medicaid Cost Calculation Fiscal Y-T-D June 2000.
 Note: Data reflect only net vendor payments for which the county is billed for its computable share.

DISTRIBUTION OF PROJECTED SFY 2001 MEDICAL ASSISTANCE EXPENDITURES BY COUNTY

COUNTY	ESTIMATED SFY 2001 STATEWIDE EXPENDITURES DISTRIBUTED BASED ON COUNTY PERCENT OF 12-31-00 YTD STATE TOTAL			
	PROJECED EXPENDITURES	FEDERAL SHARE	STATE SHARE	COUNTY SHARE
ALAMANCE	86,475,798	54,160,610	27,423,744	4,891,444
ALEXANDER	19,956,904	12,499,198	6,328,858	1,128,849
ALLEGHANY	9,806,556	6,141,939	3,109,916	554,701
ANSON	31,258,750	19,577,650	9,912,969	1,768,130
ASHE	28,084,974	17,589,885	8,906,482	1,588,607
AVERY	18,002,565	11,275,177	5,709,086	1,018,303
BEAUFORT	50,524,264	31,643,824	16,022,569	2,857,870
BERTIE	30,529,552	19,120,947	9,681,722	1,726,883
BLADEN	45,849,412	28,715,921	14,540,051	2,593,440
BRUNSWICK	55,728,214	34,903,107	17,672,879	3,152,228
BUNCOMBE	157,340,554	98,543,877	49,896,817	8,899,860
BURKE	63,206,197	39,586,639	20,044,343	3,575,215
CABARRUS	73,639,841	46,121,329	23,353,125	4,165,387
CALDWELL	59,333,075	37,160,866	18,816,075	3,356,134
CAMDEN	4,147,069	2,597,348	1,315,144	234,576
CARTERET	42,786,137	26,797,362	13,568,607	2,420,168
CASWELL	19,395,491	12,147,580	6,150,819	1,097,093
CATAWBA	76,087,250	47,654,164	24,129,263	4,303,823
CHATHAM	29,847,321	18,693,660	9,465,369	1,688,293
CHEROKEE	28,489,857	17,843,467	9,034,881	1,611,509
CHOWAN	16,556,189	10,369,298	5,250,402	936,489
CLAY	8,944,364	5,601,940	2,836,493	505,932
CLEVELAND	84,659,415	53,022,992	26,847,721	4,788,701
COLUMBUS	81,900,451	51,295,027	25,972,782	4,632,642
CRAVEN	69,886,285	43,770,442	22,162,774	3,953,070
CUMBERLAND	172,943,074	108,315,883	54,844,786	9,782,406
CURRITUCK	8,929,194	5,592,438	2,831,682	505,074
DARE	13,916,134	8,715,806	4,413,171	787,157
DAVIDSON	82,095,660	51,417,288	26,034,687	4,643,684
DAVIE	18,881,443	11,825,627	5,987,801	1,068,016
DUPLIN	48,967,034	30,668,516	15,528,731	2,769,786
DURHAM	141,675,273	88,732,564	44,928,946	8,013,764
EDGECOMBE	63,554,222	39,804,610	20,154,711	3,594,901
FORSYTH	172,421,444	107,989,181	54,679,363	9,752,900
FRANKLIN	36,907,012	23,115,211	11,704,182	2,087,620
GASTON	150,611,038	94,329,117	47,762,711	8,519,209
GATES	9,020,708	5,649,755	2,860,703	510,250
GRAHAM	12,040,537	7,541,102	3,818,370	681,065
GRANVILLE	25,211,229	15,790,031	7,995,142	1,426,056
GREENE	17,259,978	10,810,087	5,473,592	976,299
GUILFORD	254,894,883	159,643,076	80,833,854	14,417,953
HALIFAX	71,213,998	44,602,001	22,583,827	4,028,171
HARNETT	66,826,536	41,854,092	21,192,448	3,779,997
HAYWOOD	40,194,974	25,174,492	12,746,881	2,273,601
HENDERSON	63,825,632	39,974,597	20,240,782	3,610,253
HERTFORD	31,978,792	20,028,620	10,141,314	1,808,858
HOKE	26,679,111	16,709,379	8,460,646	1,509,085
HYDE	7,353,897	4,605,815	2,332,114	415,968
IREDELL	65,430,647	40,979,833	20,749,775	3,701,039
JACKSON	26,917,491	16,858,679	8,536,242	1,522,569
JOHNSTON	84,983,121	53,225,732	26,950,377	4,807,012
JONES	10,317,594	6,462,007	3,271,980	583,608
LEE	34,456,779	21,580,607	10,927,149	1,949,024
LENOIR	63,499,645	39,770,428	20,137,403	3,591,814

DISTRIBUTION OF PROJECTED SFY 2001 MEDICAL ASSISTANCE EXPENDITURES BY COUNTY

COUNTY	ESTIMATED SFY 2001 STATEWIDE EXPENDITURES DISTRIBUTED BASED ON COUNTY PERCENT OF 12-31-00 YTD STATE TOTAL			
	PROJECED EXPENDITURES	FEDERAL SHARE	STATE SHARE	COUNTY SHARE
LINCOLN	40,840,514	25,578,800	12,951,598	2,310,115
MACON	23,506,968	14,722,636	7,454,676	1,329,655
MADISON	17,967,621	11,253,291	5,698,004	1,016,326
MARTIN	32,495,664	20,352,341	10,305,227	1,838,095
MCDOWELL	33,612,348	21,051,731	10,659,357	1,901,259
MECKLENBURG	337,156,014	211,164,000	106,921,017	19,070,997
MITCHELL	15,756,535	9,868,467	4,996,811	891,258
MONTGOMERY	21,518,640	13,477,327	6,824,125	1,217,187
MOORE	47,437,038	29,710,265	15,043,529	2,683,243
NASH	71,415,104	44,727,955	22,647,603	4,039,546
NEW HANOVER	114,394,865	71,646,586	36,277,613	6,470,667
NORTHAMPTON	30,565,717	19,143,597	9,693,191	1,728,929
ONSLOW	67,358,499	42,187,265	21,361,147	3,810,087
ORANGE	48,834,462	30,585,485	15,486,689	2,762,288
PAMLICO	13,220,695	8,280,246	4,192,629	747,820
PASQUOTANK	30,667,928	19,207,613	9,725,604	1,734,710
PENDER	34,262,596	21,458,988	10,865,568	1,938,040
PERQUIMANS	9,731,809	6,095,124	3,086,212	550,473
PERSON	32,850,193	20,574,386	10,417,658	1,858,148
PITT	94,874,335	59,420,693	30,087,140	5,366,501
POLK	12,880,162	8,066,967	4,084,637	728,557
RANDOLPH	79,172,233	49,586,319	25,107,592	4,478,323
RICHMOND	54,437,251	34,094,565	17,263,480	3,079,206
ROBESON	167,482,341	104,895,774	53,113,044	9,473,523
ROCKINGHAM	83,236,158	52,131,593	26,396,369	4,708,196
ROWAN	84,363,501	52,837,659	26,753,879	4,771,963
RUTHERFORD	51,023,471	31,956,482	16,180,881	2,886,107
SAMPSON	62,126,678	38,910,526	19,701,999	3,514,153
SCOTLAND	46,997,184	29,434,781	14,904,040	2,658,363
STANLY	46,532,088	29,143,487	14,756,546	2,632,055
STOKES	27,624,436	17,301,446	8,760,433	1,562,557
SURRY	57,031,578	35,719,417	18,086,209	3,225,952
SWAIN	13,930,006	8,724,494	4,417,570	787,941
TRANSYLVANIA	22,495,395	14,089,079	7,133,880	1,272,437
TYRRELL	4,789,782	2,999,886	1,518,966	270,931
UNION	61,247,262	38,359,740	19,423,114	3,464,409
VANCE	48,707,303	30,505,844	15,446,363	2,755,095
WAKE	240,533,336	150,648,303	76,279,431	13,605,602
WARREN	23,172,691	14,513,276	7,348,668	1,310,747
WASHINGTON	15,727,776	9,850,455	4,987,690	889,631
WATAUGA	20,032,158	12,546,330	6,352,723	1,133,105
WAYNE	79,237,265	49,627,049	25,128,215	4,482,001
WILKES	58,289,977	36,507,564	18,485,281	3,297,132
WILSON	70,130,004	43,923,085	22,240,064	3,966,855
YADKIN	25,597,341	16,031,857	8,117,588	1,447,896
YANCEY	16,429,966	10,290,243	5,210,373	929,350
TOTAL	5,607,138,456	3,511,803,844	1,778,170,695	317,163,917
STATEWIDE AVERAGE FINANCIAL PARTICIPATION RATES		62.63%	31.71%	5.66%

DISTRIBUTION OF PROJECTED SFY 2002 MEDICAL ASSISTANCE EXPENDITURES BY COUNTY

COUNTY	ESTIMATED SFY 2002 STATEWIDE EXPENDITURES DISTRIBUTED BASED ON COUNTY PERCENT OF 12-31-00 YTD STATE TOTAL			
	PROJECED EXPENDITURES	FEDERAL SHARE	STATE SHARE	COUNTY SHARE
ALAMANCE	99,176,615	61,897,454	31,662,844	5,616,316
ALEXANDER	22,888,002	14,284,709	7,307,158	1,296,135
ALLEGHANY	11,246,859	7,019,315	3,590,640	636,903
ANSON	35,849,764	22,374,318	11,445,294	2,030,152
ASHE	32,209,852	20,102,600	10,283,226	1,824,026
AVERY	20,646,626	12,885,836	6,591,583	1,169,207
BEAUFORT	57,944,830	36,164,145	18,499,302	3,281,383
BERTIE	35,013,469	21,852,375	11,178,300	1,982,793
BLADEN	52,583,377	32,817,990	16,787,619	2,977,767
BRUNSWICK	63,913,092	39,889,017	20,404,712	3,619,363
BUNCOMBE	180,449,372	112,620,872	57,609,754	10,218,747
BURKE	72,489,376	45,241,591	23,142,752	4,105,033
CABARRUS	84,455,423	52,709,762	26,962,998	4,782,663
CALDWELL	68,047,403	42,469,297	21,724,621	3,853,486
CAMDEN	4,756,154	2,968,380	1,518,436	269,338
CARTERET	49,070,195	30,625,366	15,666,011	2,778,818
CASWELL	22,244,133	13,882,862	7,101,599	1,259,673
CATAWBA	87,262,286	54,461,563	27,859,109	4,941,614
CHATHAM	34,231,038	21,364,049	10,928,504	1,938,485
CHEROKEE	32,674,200	20,392,406	10,431,472	1,850,322
CHOWAN	18,987,819	11,850,552	6,061,997	1,075,270
CLAY	10,258,035	6,402,177	3,274,951	580,907
CLEVELAND	97,093,457	60,597,328	30,997,781	5,498,348
COLUMBUS	93,929,281	58,622,523	29,987,595	5,319,163
Craven	80,150,578	50,023,050	25,588,646	4,538,882
CUMBERLAND	198,343,456	123,788,809	63,322,568	11,232,079
CURRITUCK	10,240,636	6,391,318	3,269,396	579,922
DARE	15,960,015	9,960,859	5,095,349	903,807
DAVIDSON	94,153,160	58,762,249	30,059,070	5,331,841
DAVIE	21,654,586	13,514,918	6,913,382	1,226,287
DUPLIN	56,158,888	35,049,514	17,929,127	3,180,246
DURHAM	162,483,311	101,408,012	51,873,960	9,201,339
EDGECOMBE	72,888,516	45,490,700	23,270,180	4,127,636
FORSYTH	197,745,214	123,415,438	63,131,575	11,198,201
FRANKLIN	42,327,594	26,417,219	13,513,387	2,396,988
GASTON	172,731,484	107,804,034	55,145,762	9,781,687
GATES	10,345,592	6,456,822	3,302,904	585,865
GRAHAM	13,808,947	8,618,349	4,408,605	781,993
GRANVILLE	28,914,037	18,045,638	9,231,013	1,637,386
GREENE	19,794,974	12,354,309	6,319,687	1,120,978
GUILFORD	292,331,637	182,448,093	93,328,967	16,554,577
HALIFAX	81,673,294	50,973,397	26,074,784	4,625,113
HARNETT	76,641,440	47,832,950	24,468,328	4,340,162
HAYWOOD	46,098,464	28,770,669	14,717,264	2,610,530
HENDERSON	73,199,789	45,684,969	23,369,556	4,145,263
HERTFORD	36,675,561	22,889,709	11,708,935	2,076,916
HOKE	30,597,508	19,096,315	9,768,473	1,732,720
HYDE	8,433,974	5,263,756	2,692,606	477,611
IREDELL	75,040,534	46,833,803	23,957,228	4,249,503
JACKSON	30,870,899	19,266,942	9,855,755	1,748,202
JOHNSTON	97,464,706	60,829,029	31,116,305	5,519,372
JONES	11,832,953	7,385,104	3,777,755	670,093
LEE	39,517,493	24,663,397	12,616,242	2,237,854
LENOIR	72,825,923	45,451,635	23,250,197	4,124,091

DISTRIBUTION OF PROJECTED SFY 2002 MEDICAL ASSISTANCE EXPENDITURES BY COUNTY

COUNTY	ESTIMATED SFY 2002 STATEWIDE EXPENDITURES DISTRIBUTED BASED ON COUNTY PERCENT OF 12-31-00 YTD STATE TOTAL			
	PROJECED EXPENDITURES	FEDERAL SHARE	STATE SHARE	COUNTY SHARE
LINCOLN	46,838,815	29,232,732	14,953,627	2,652,456
MACON	26,959,468	16,825,765	8,607,003	1,526,700
MADISON	20,606,550	12,860,824	6,578,789	1,166,937
MARTIN	37,268,346	23,259,674	11,898,186	2,110,486
MCDOWELL	38,549,039	24,058,972	12,307,056	2,183,010
MECKLENBURG	386,674,571	241,328,782	123,448,624	21,897,165
MITCHELL	18,070,719	11,278,178	5,769,206	1,023,335
MONTGOMERY	24,679,111	15,402,564	7,878,983	1,397,564
MOORE	54,404,179	33,954,378	17,368,924	3,080,878
NASH	81,903,937	51,117,345	26,148,418	4,638,174
NEW HANOVER	131,196,192	81,881,302	41,885,323	7,429,567
NORTHAMPTON	35,054,944	21,878,261	11,191,542	1,985,142
ONSLow	77,251,532	48,213,717	24,663,105	4,374,711
ORANGE	56,006,845	34,954,622	17,880,586	3,171,636
PAMLICO	15,162,437	9,463,080	4,840,716	858,640
PASQUOTANK	35,172,167	21,951,421	11,228,966	1,991,780
PENDER	39,294,789	24,524,405	12,545,143	2,225,242
PERQUIMANS	11,161,133	6,965,813	3,563,272	632,049
PERSON	37,674,945	23,513,438	12,027,996	2,133,511
PITT	108,808,656	67,908,940	34,737,942	6,161,773
POLK	14,771,889	9,219,334	4,716,031	836,524
RANDOLPH	90,800,366	56,669,725	28,988,667	5,141,974
RICHMOND	62,432,523	38,964,975	19,932,030	3,535,519
ROBESON	192,080,698	119,880,138	61,323,138	10,877,422
ROCKINGHAM	95,461,165	59,578,592	30,476,660	5,405,912
ROWAN	96,754,082	60,385,519	30,889,433	5,479,130
RUTHERFORD	58,517,356	36,521,466	18,682,085	3,313,805
SAMPSON	71,251,307	44,468,896	22,747,490	4,034,922
SCOTLAND	53,899,723	33,639,540	17,207,872	3,052,311
STANLY	53,366,318	33,306,635	17,037,579	3,022,105
STOKES	31,681,674	19,772,958	10,114,601	1,794,115
SURRY	65,407,883	40,821,936	20,881,935	3,704,012
SWAIN	15,975,925	9,970,789	5,100,428	904,708
TRANSYLVANIA	25,799,324	16,101,704	8,236,619	1,461,001
TYRRELL	5,493,264	3,428,420	1,753,764	311,080
UNION	70,242,730	43,839,429	22,425,494	3,977,806
VANCE	55,861,010	34,863,605	17,834,027	3,163,378
WAKE	275,860,790	172,168,416	88,070,532	15,621,842
WARREN	26,576,096	16,586,497	8,484,609	1,504,989
WASHINGTON	18,037,736	11,257,593	5,758,676	1,021,467
WATAUGA	22,974,308	14,338,574	7,334,712	1,301,022
WAYNE	90,874,949	56,716,274	29,012,478	5,146,198
WILKES	66,851,105	41,722,670	21,342,694	3,785,741
WILSON	80,430,092	50,197,498	25,677,882	4,554,711
YADKIN	29,356,857	18,322,008	9,372,387	1,662,462
YANCEY	18,843,058	11,760,205	6,015,781	1,067,072
TOTAL	6,430,666,420	4,013,465,100	2,053,036,279	364,165,041
STATEWIDE AVERAGE FINANCIAL PARTICIPATION RATES		62.41%	31.93%	5.66%

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, May 2nd, 2001

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

North Carolina Medicaid Benefit Study

*Charles J. Milligan, Vice President
The Lewin Group*

*John G. Brehm, MD
West Virginia Medical Institute*

Committee Discussion

Next Meeting

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**MINUTES
MAY 2, 2002
8:30 A.M.**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met on Wednesday, May 2, 2002 in Room 424 of the Legislative Office Building. The following members were present:

**Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair
Representative Verla Insko
Representative Mark Crawford**

The meeting was opened by Representative Beverly Earle, Co-Chair, by introducing the Pages for the meeting.

A presentation was presented to the committee by Mr. Charles J. Milligan, Vice President of the Lewin Group, and Mr. John G. Brehm, MD from the West Virginia Medical Institute.

The North Carolina Medicaid Benefit Study

The purpose of this study was to take a in-depth look at North Carolina's existing Medicaid benefit package. To review current benefits for "amount, sufficiency, duration, and scope of service. To look at the decision making process by which benefits are added or subtracted, and how benefit are implemented and managed. (See Attachment II)

Contractors

The Lewin Group is the Prime Contractor which has provided Medicaid consultation services in over 30 states.

The West Virginia Medical Institute is the Subcontractor which offers clinical expertise.

Methodologies

Methodologies used in the study was on-site interviews with state staff and employees, desk review of Medicaid program materials, interviews with Medicaid program subcontractors, analysis of specific claims data provide upon request, interviews and surveys of private insurers and state employee health plan staff in North Carolina, and review of national literature using standard sources of medical information such as the HCFA database, the Cochrane Collaboration, the National Library of Medicine, and others.

Key Findings

In many ways, Division of Medical Assistant (DMA) and the state have done a good job

- Division of Medical Assistant's utilization Management approach for certain benefits is well designed and well executed
- For other benefits, the utilization management approaches are not as exemplary
- Benefit policy-making needs better coordination
- Accessing federal funds drives many Medicaid benefit policy decisions
- North Carolina's general approach emphasizes access
- North Carolina's policies lead other states in certain areas
- Physical are reimbursed far better than neighboring states, at 100% of Medicare
- Behavioral health benefits do not have a level playing field
- Program integrity goals need support

Questions and comments were made at this time.

Representative Beverly Earle, Co-Chair, informed the committee that the presentation from Mr. Charles Milligan could not be completed at this time. A meeting scheduled for 4:00 pm will conclude his presentation.

The meeting was adjourned.

Respectfully submitted,

Presiding Co-Chair, Representative Beverly Earle

Committee Assistant, Ann Raeford

Attachments

Attachment I
Attachment II
Attachment III

Agenda
North Carolina Medicaid Benefit Study
Visitor's Registration

VISITOR REGISTRATION SHEET

IT, HEALTH & HUMAN SERVICES MAY 2, 2001
 Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

SHARMAN LEINWAND	DMA - PI
Roz Sawitt	NECA
Torben Wade	ORH#
Jim Bernstein	DHHS
LANIER CANSLER	DHHS
CAROL HOOPER BUELL	DHHS
Allen Duffey	DHHS
Debra Lynn	DMA
P. Perry	DMA
Allen Gambill	DMA
Frank Lewis	OSBP m

VISITOR REGISTRATION SHEET

St HEALTH & HUMAN Services
Name of Committee

MAY 2, 2001
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>M. Greene</i>	<i>OSBPM</i>
<i>Pan Richardson</i>	<i>OSBPM</i>
<i>Wayne Wilkins</i>	<i>OSBPM</i>
<i>Whitney OBiago</i>	<i>OSBPM</i>
<i>Julie Mitchell</i>	<i>OSBPM</i>
<i>Karen Adams-Coleman</i>	<i>ERSTA SPALS NC 2315 Nylon Drive</i>
<i>Mark J. ...</i>	<i>Assn. for Home & Hospice Care of NC</i>
<i>JOE LIBERA</i>	<i>" "</i>
<i>Barbara Matula</i>	<i>WCMS Foundation</i>
<i>Dave Richard</i>	<i>The Arc</i>
<i>Beth Melcher</i>	<i>VAM - NC</i>
<i>CL Cochran</i>	<i>UCP C 2001</i>

VISITOR REGISTRATION SHEET

Joint Health & Human Services
Name of Committee

May 2, 2001
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>Jim Johnson</i>	<i>FRD</i>
<i>Andy Ellen</i>	<i>NCRMI</i>
<i>Mike Jones</i>	<i>NCOMC</i>
<i>John Bowdich</i>	<i>Alley Associates</i>
<i>Steve Mitchell</i>	<i>Novartis Pharmaceuticals Corp.</i>
<i>MIKE MANN</i>	<i>SSI</i>
<i>TERRY HARTSHORN</i>	<i>N.C. Food Bank</i>
<i>Leon B. Klein</i>	<i>NCALTC7</i>
<i>Alan Searcy</i>	<i>NSIC</i>
<i>HUGH SIMSON</i>	<i>NCHA</i>
<i>Steve Flannery</i>	<i>NCHFA</i>

VISITOR REGISTRATION SHEET

Joint Health + Human Services
Name of Committee

May 2, 2001
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>Pejman My</i>	<i>gn</i>
<i>Thomas V. Bennett</i>	<i>NCCFTF</i>
<i>Mark Van Sciver</i>	<i>DNHS</i>
<i>Jerry Cooper</i>	<i>NOAA</i>
<i>Janece Troedman</i>	<i>NC Healthy Start Foundation</i>
<i>Angie Harris</i>	<i>Mary Taylor Eli</i>
<i>Ray DiNapoli</i>	<i>DMA</i>
<i>George Packham</i>	<i>DMA</i>
<i>Jeffrey Simms</i>	<i>DMA</i>
<i>Barbara Brooks</i>	<i>DMA</i>
<i>Linda Connelly</i>	<i>DMA</i>

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Mc Brogden	NC DPHS
Robert Keenan	DMA
Lue Anne McEwen	SMA
Robert (Bo) Nowell	DMA - PI
Betsy H. Justus	ACS
John McMillan	MFO S P.A.
Steve Keene	NC Med Society
Dan Go Bann	✓ ✓ ✓
ANN LORE	DPHS
Jeanne Schuen Stevens	NC nurses Association
Mary Wilford	DMA-PI
Dan Benson	NCPHCA

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Minutes
May 2, 2002
4:00 p.m.

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met jointly with the Senate Appropriations Subcommittee on Wednesday, May 2, 2002 in Room 643 of the Legislative Office Building. The following members were present:

Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair
Representative Walter Church
Representative Thomas Wright

Four Senate members were present.

The meeting was opened by Representative Beverly Earle, with an introduction of Pages. The committee then heard a continuation of a presentation from Dr. Brehm, MD from the West Virginia Medical Institute. (See Attachment II) He spoke on key recommendations.

Key Recommendations

- Increase management of the pharmacy benefit
- Create a level playing field in behavioral health
- Reduce the fragmentation in the Medicaid benefit policy-making process
- Reduce physician fees
- Improve the use of data and Medical literature in the decision-making process
- Re-evaluate coverage of certain optional benefits
- Improve coordination of care and utilization review processes
- Strengthen program integrity controls

Increase Management of the pharmacy benefit: North should implement a prior authorization program for at least eight drugs.

Create a level playing field in behavioral health: Consider eliminating preferential rules that favor public providers.

Reduce the fragmentation in the Medicaid benefit policy-making process: Continue to emphasize a more inform approach to benefit evaluation.

Reduce physician fees: North Carolina pays its Medicaid providers a higher percentage of Medicare allowable charges than any other state in the region.

Improve the use of data and medical literature in the decision-making process: Consistently evaluate the actual utilization trends, health outcomes, and data on new services 12 to 18 months after implementation.

Re-evaluate coverage of certain optional benefits: Re-evaluate whether to cover benefits not offered by at least 30 other state Medicaid programs.

Improve coordination of care and utilization review process: Evaluate how to better align utilization review contractor scopes of work to reduce coordination problems.

Strengthen program integrity controls: Do not implement a new benefit until either the claims payment system is ready or an alternate enforcement strategy is in place.

Conclusion

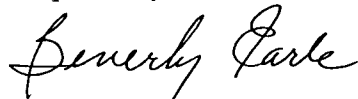
He stated that being the Monday morning quarterback is easy, but the policy-making is the hardest. In general Medicaid benefits in North Carolina are well designed, well managed, and crafted to serve beneficiaries needs. He said there is room for improvement, with outcomes that will help the state's beneficiaries and its budget.

Question and comments began at this time.

***Note: See Attachment II for full content of this report.**

The meeting was adjourned

Respectfully submitted,



Presiding Co-Chair, Representative Beverly Earle

Committee Assistant, Ann Raeford

Attachments

Attachments I
Attachments II
Attachments III

Agenda
North Carolina Medicaid Benefit Study
Visitor's Registration

**NORTH CAROLINA
MEDICAID BENEFIT STUDY**

Prepared for:
North Carolina General Assembly

With assistance from:
West Virginia Medical Institute

May 2, 2001

OVERVIEW

- ◆ **1. Purpose of the Study**
- ◆ **2. Contractors**
- ◆ **3. Methodologies**
- ◆ **4. Introduction**
- ◆ **5. Core Principles**
- ◆ **6. Key Findings**
- ◆ **7. Key Recommendations**

PURPOSE OF THE STUDY

PURPOSE & GOALS OF THE STUDY

- ◆ **To Look In-Depth At:**
 - **North Carolina’s Existing Medicaid Benefit Package**
 - Review current benefits for “Amount, Sufficiency, Duration, and Scope of Services”
 - **The Decision-Making Process by Which Benefits are Added or Subtracted**
 - **Benefit Implementation and Management**



CONTRACTORS

CONTRACTORS

- ◆ **The Lewin Group is the Prime Contractor**
 - **Has provided Medicaid consultation services in over 30 states**
 - **Project team experience includes work with over 15 state Medicaid programs**
- ◆ **West Virginia Medical Institute is the Subcontractor**
 - **Offers clinical expertise**
 - **Performs Medicaid utilization review in West Virginia and Virginia**
 - **Is a Medicare peer review organization**

METHODOLOGIES

METHODOLOGIES USED IN THE STUDY

- ◆ **On-site interviews with State Staff**
- ◆ **Desk Review of Medicaid program materials**
- ◆ **Interviews with Medicaid program subcontractors**
- ◆ **Analysis of specific claims data provided upon request**
- ◆ **Interviews and surveys of other State Medicaid Programs**
- ◆ **Interviews and surveys of Private Insurers and State Employee Health Plan Staff in North Carolina**
- ◆ **Review of national literature using standard sources of medical information such as the HCFA database, the Cochrane Collaboration, the National Library of Medicine, and others**

INTRODUCTION

INTRODUCTION

A. Medicaid Programs Try to Balance Access and Cost Containment

		Is Care Provided?	
		Yes	No
Is Care Medically Necessary?	Yes	Correct Outcome	Type I Error
	No	Type II Error	Correct Outcome
Type I Error:	Medically necessary care is not delivered. Access problem.		
Type II Error:	Medically unnecessary care is delivered. Cost containment/overutilization problem.		

INTRODUCTION (CONT'D)

B. A Crude Cost Containment Emphasis Overly Restricts Access

		Is Care Provided?	
		Yes	No
Is Care Medically Necessary?	Yes	Correct Outcome	Type I Error
	No	Type II Error	Correct Outcome

Type I Error: Medically necessary care is not delivered. Access problem.

Type II Error: Medically unnecessary care is delivered. Cost containment/overutilization problem.

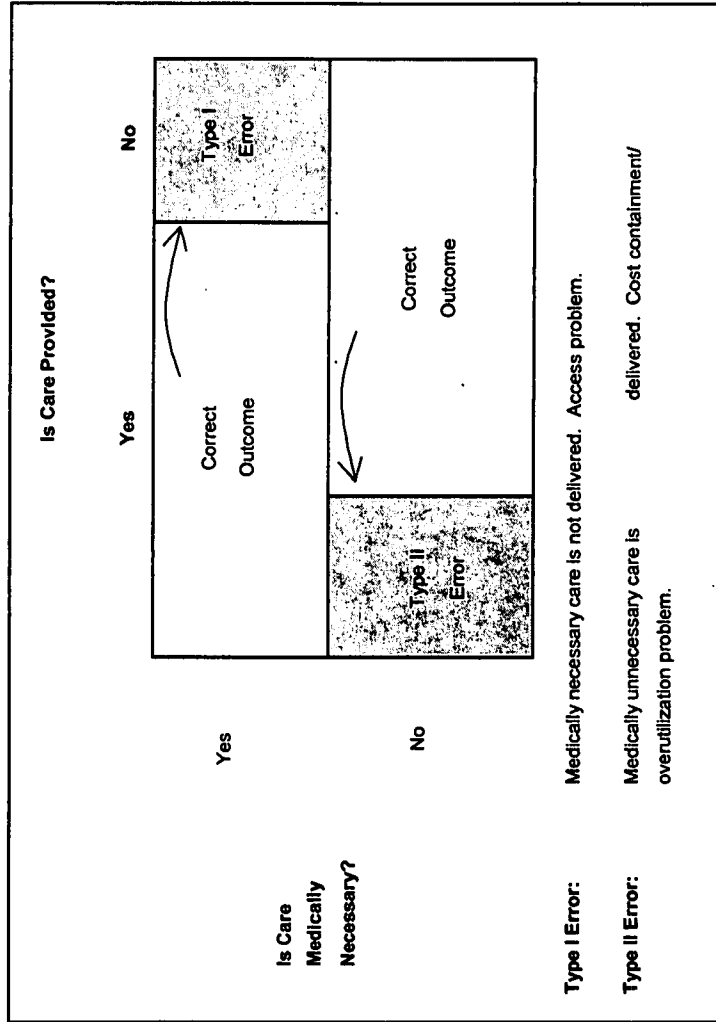
INTRODUCTION (CONT'D.)

C. Similarly, a Crude Access Emphasis Results in Unnecessary Expenditures

		Is Care Provided?	
		Yes	No
Is Care Medically Necessary?	Yes	Correct Outcome	Type I Error
	No	Type II Error	Correct Outcome
Type I Error:	Medically necessary care is not delivered. Access problem.		
Type II Error:	Medically unnecessary care is delivered. Cost containment/overutilization problem.		

INTRODUCTION (CONT'D)

D. To Advance Access and Cost Containment Policies Simultaneously, Careful Management is Needed



INTRODUCTION (CONT'D.)

E. Medicaid Benefits Are “Richer” Than Private Insurance In All States

- Federal mandates
- Poor and vulnerable population
- Decisions are made to access federal funds, to displace state and local funds. In North Carolina, the SFY 2002 breakdown of Medicaid financing is:

Federal	61.71%
State	32.54%
County	<u>5.75%</u>
	100.00%

CORE PRINCIPLES

CORE PRINCIPLES

- ◆ **Promote beneficiary access to services as the highest value, even if the result is expenditure increases**
- ◆ **Promote maximum provider participation, using reimbursement rates as one tool**
- ◆ **Further promote provider participation through utilization review “burdens” often below commercial insurance**
- ◆ **Maximize federal Medicaid funds to public providers and for otherwise state-only funded services**

KEY FINDINGS

KEY FINDINGS

1. In Many Ways, DMA and the State Have Done a Good

Job

- DMA evaluates new benefit policies before implementation
- DMA considers how to define services and how to manage utilization, on a service-by-service basis
- DMA is strongly motivated to serve beneficiaries of the Medicaid program
- DMA seeks to establish and maintain a high provider satisfaction levels

KEY FINDINGS (CONTD.)

2. **DMA's Utilization Management Approach For Certain Benefits Is Well Designed And Well Executed. For Example:**
 - Inpatient hospital
 - Nursing home

3. **For Other Benefits, The Utilization Management Approaches Are Not As Exemplary. For Example:**
 - Pharmacy -- utilization management is largely non-existent
 - Certain home health-related benefits -- the rules are difficult to enforce
 - DME -- utilization management is largely non-existent
 - Medicaid necessity definition based on "community standards" is outdated

"All medical services performed must be medically necessary and may not be experimental in nature. Medical necessity is determined by generally accepted North Carolina community practice standards as verified by independent Medicaid consultants.

10 NCAC 26C, 0105 MEDICAL SERVICES Effective March 1, 1990.

KEY FINDINGS (CONTD.)

3. For Other Benefits, The Utilization Management Approaches Are Not As Exemplary. For Example (Continued):

➤ Multiple contractors have overlapping roles:

EDS	Medical Review of NC	First Health	Value Options
<ul style="list-style-type: none"> ▪ Institutional level of care for the mentally retarded ▪ Pre-admission nursing facility level of care ▪ Certain adult outpatient mental health visits ▪ Durable medical equipment, hearing aids, eyeglasses ▪ Certain hospital inpatient and outpatient services ▪ Certain dental services ▪ Prior approval for certain services provided for Medicaid Pregnant Women 	<ul style="list-style-type: none"> ▪ Ongoing nursing home level of care ▪ Retrospective review of inpatient hospital claims ▪ Retrospective review of services provided under the CAP/DA program 	<ul style="list-style-type: none"> ▪ Inpatient psychiatric treatment ▪ Psychiatric Residential Treatment Facility services ▪ Nursing facility pre-admission screening ▪ Retrospective pharmacy utilization review 	<ul style="list-style-type: none"> ▪ Child outpatient mental health visits after the 26th visit ▪ Levels II-IV residential psychiatric treatment

KEY FINDINGS (CONTD.)

4. Benefit Policy-Making Needs Better Coordination

- **Across services within the Medical Policy Unit (DMA is addressing this issue)**
- **Across Units within DMA**

5. Accessing Federal Funds Drives Many Medicaid Benefit Policy Decisions

- **This is not unique to North Carolina**
- **Examples:**
 - Behavioral health
 - School-based special education

KEY FINDINGS (CONTD.)

6. North Carolina's General Approach Emphasizes Access

- Broad "amount, duration and scope" of services
- Adoption of more optional services than most other states
- High physician reimbursement rates

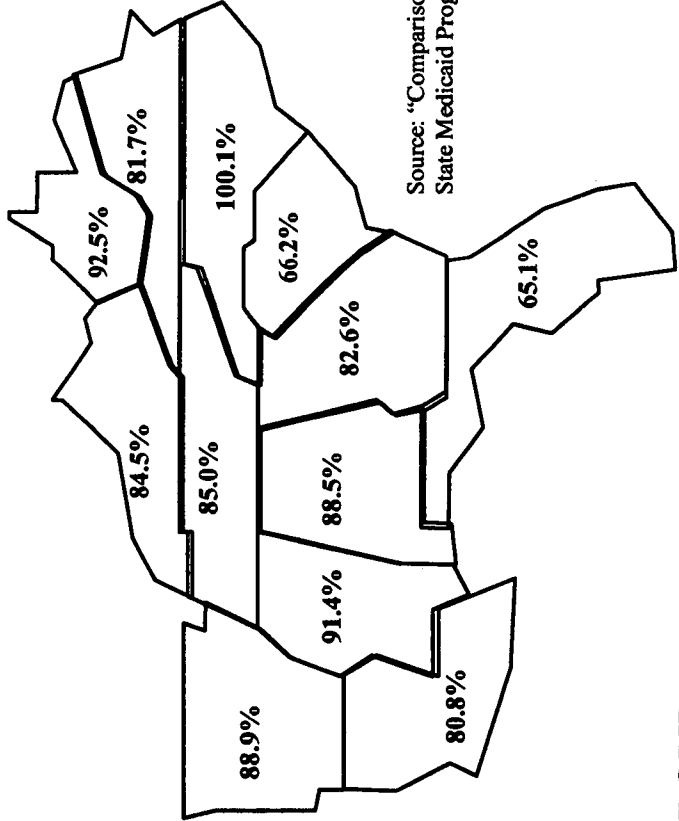
7. North Carolina's Policies Lead Other States In Certain Areas

- Carolina ACCESS II and III are closely watched and emulated
- North Carolina's response to Olmstead is exemplary

KEY FINDINGS (CONTD.)

8. Physicians Are Reimbursed Far Better Than Neighboring States, At 100% Of Medicare

➤ The next highest neighbor, Tennessee, is at 85% of Medicare



Source: "Comparison of Physician and Dental Fees Paid by State Medicaid Programs," Medi-Cal Policy Institute, 2001.

KEY FINDINGS (CONTD.)

- 9. Behavioral Health Benefits Do Not Have A Level Playing Field**
 - **Area Mental Health Authorities enjoy preferential policies, compared to private providers**
- 10. Program Integrity Goals Need Support**
 - **Policies must connect to enforcement strategies**
 - **Resources are needed by DMA**

KEY RECOMMENDATIONS

KEY RECOMMENDATIONS

1. Increase Management of the Pharmacy Benefit

- Prior authorization programs are common in other states and with private insurers in North Carolina; North Carolina should implement a prior authorization program for at least eight drugs:

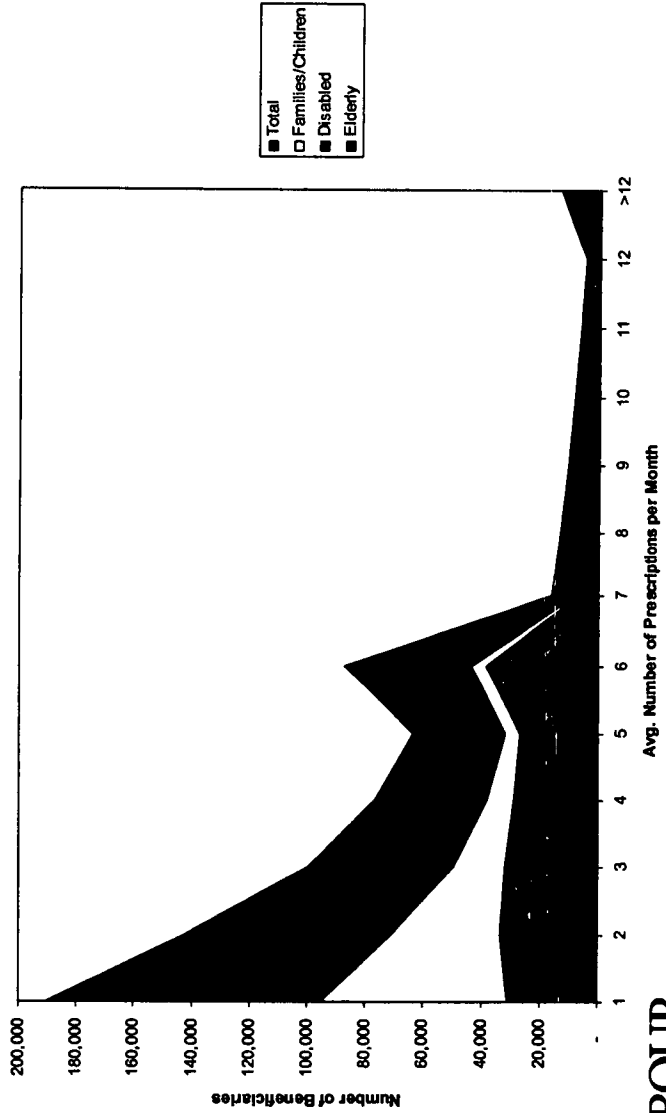
Drug Name	Total Expense 2000 ¹	Projected Potential Expense Reduction ²
Prilosec	\$ 36,282,850	\$ 25,500,000
Prevacid	\$ 23,481,230	\$ 13,800,000
Aciphex	\$2,562,802	\$1,500,000
Ranitidine 150mg	\$6,371,835	(\$ 2,000,000)
Pepcid	\$5,366,912	(\$ 1,700,000)
Axid	\$2,308,959	(\$ 700,000)
Celebrex	\$ 15,036,600	\$ 11,200,000
Vioxx	\$ 10,010,600	\$ 7,750,000
"other branded NSAIDs"		neutral
Total		\$55,350,000
Potential State Savings		\$16.3 million

KEY RECOMMENDATIONS (CONTD.)

1. Increase Management of the Pharmacy Benefit (Cont'd.)

- Replace the six prescription per month limit, which is a barrier to a seventh prescription that may deny access, with a more rigorous prior authorization program to ensure that cost decisions are made based on clinical guidelines

Distribution of Beneficiaries by Number of Prescriptions Per Month, CY2000



KEY RECOMMENDATIONS (CONTD.)

1. Increase Management of the Pharmacy Benefit (Cont'd.)

- Evaluate other incentives to encourage the use of generic drugs, such as differential dispensing fees or differential copayments
- Actively manage physician prescribing practices through provider profiling
- Eliminate blanket 100-day pharmacy supply, and replace with shorter or tiered approaches (e.g., no more than 34 days for first fill, longer supplies only based on clinical considerations)

Days Supply	Number of Prescriptions	Percentage of Prescriptions
0-30	13,032,909	81.4%
31-60	2,529,799	15.8%
61-100	438,414	2.7%
Total	16,001,122	100%

Source: DMA

KEY RECOMMENDATIONS (CONTD.)

2. Create A Level Playing Field in Behavioral Health

➤ Consider eliminating preferential rules that favor public providers:

- Area Programs review and approve Levels 1 and 2 residential stays without input from ValueOptions, thus influencing those private residential providers to work with Area Programs;
- Area Programs retain the sole utilization management role for non-Medicaid enrolled private residential providers, meaning private providers must contract with Area Programs to avoid scrutiny by DMA's utilization management contractor;
- Only Area Programs authorize admissions to independent residential providers, even from a private doctor to a private residential provider, again locking in their role and requiring private providers (who are *competing* with Area Programs) to secure favorable relationships with Area Programs; and
- Outpatient visits at Area Programs are not subject to annual limits, while outpatient visits to private providers are.

➤ Maximizing federal revenue to the public providers may inappropriately discourage private provider participation in delivering these benefits

KEY RECOMMENDATIONS (CONTD.)

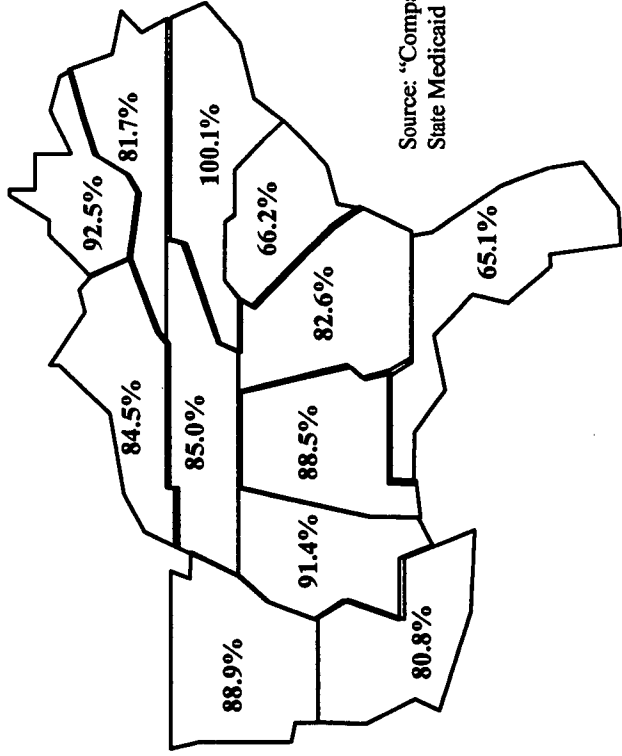
3. Reduce The Fragmentation in the Medicaid Benefit Policy-Making Process

- **Continue to emphasize a more uniform approach to benefit evaluation**
- **Continue to ensure that input from other DMA units is appropriately communicated to the Medical Policy Unit benefit managers**
- **Formally include in the policy development process an evaluation of whether the claims payment system will enforce the benefit or whether another strategy (e.g., post-payment review, medical record review) should be used to support program integrity**
- **Designate internal resources to systematically review coverage policies**

KEY RECOMMENDATIONS (CONTD.)

4. Reduce Physician Fees

- North Carolina pays its Medicaid providers a higher percentage of Medicare allowable charges than any other state in the region



Source: "Comparison of Physician and Dental Fees Paid by State Medicaid Programs," Medi-Cal Policy Institute, 2001.

KEY RECOMMENDATIONS (CONTD.)

4. Reduce Physician Fees (Cont'd)

- Could reduce Medicaid physician fees to 91 percent of Medicare rates without harming access. Savings = \$50.85 million total (\$16.5 million state)
- Evaluate whether access would be compromised by a further reduction to 85 percent of Medicare rates (percentage paid by the highest neighboring state). Savings = \$84.75 million total (\$27.6 million state)

KEY RECOMMENDATIONS (CONTD.)

5. Improve The Use of Data and Medical Literature in the Decision-Making Process

- Consistently evaluate the actual utilization trends, health outcomes, and data on new services 12 to 18 months after implementation
- Compare information on the projected utilization and actual utilization of existing benefits to refine beneficiary and provider behavioral modeling techniques and refine future forecasts
- Adopt a definition of “medical necessity” that is consistent with current references to national standards of care
- Use expert and community sources of input to identify and evaluate new benefits or changes

KEY RECOMMENDATIONS (CONTD.)

6. Re-Evaluate Coverage of Certain Optional Benefits

- **Re-evaluate whether to cover benefits not offered by at least 30 other state Medicaid programs:**
 - Lengthy therapeutic leave (paying for empty beds) of 60 days per year
 - Chiropractic care
 - Private duty nursing
- **Do not add benefits simply to maximize federal funds to governmental providers; only add next benefits when clinical data suggests improvements in health care**

KEY RECOMMENDATIONS (CONTD.)

7. Improve Coordination of Care and Utilization Review Processes

- Evaluate how to better align utilization review contractor scopes of work to reduce coordination problems
- Currently, four different organizations are responsible for reviewing and prior authorizing different elements of the behavioral health service package:
 - Area Programs: prior authorization for Levels II-IV residential treatment for children
 - EDS: prior authorization for private practitioner outpatient visits for adults after the second visit, prior authorization for placement in an intermediate care facility for the mentally retarded (ICF/MR)
 - First Health: prior authorization for Psychiatric Residential Treatment Facility (PRTF) placement for children
 - Value Options: prior authorization for outpatient visits for children after the 26th visit
- Require communication between school-based providers and a child's primary care provider regarding all school-based services
- Coordinate the process for determining eligibility for institutional care and enrolling in a Community Alternatives Program

KEY RECOMMENDATIONS (CONTD.)

8. Strengthen Program Integrity Controls

- Do not implement a new benefit until either the claims payment system is ready or an alternate enforcement strategy is in place
- Pursue developing new administrative resources that are necessary to administer and manage the Medicaid benefits:
 - Two hearing officers: Process nursing home level of care appeals
 - Ten staff in program integrity: To monitor fraud and abuse for Medicaid benefits not easily controlled by automated claims processing system coding
 - Two home care nurse reviewers: To evaluate home care plans of care
 - Administrative costs to implement Rx utilization management system
 - Part-time consulting physician support

CONCLUSION

1. **Monday Morning Quarterbacking Is Easy, Policy-Making Is Hard**
2. **In General, Medicaid Benefits In North Carolina Are Well Designed, Well Managed, and Crafted To Serve Beneficiaries' Needs**
3. **There Is Room For Improvement, With Outcomes That Will Help The States' Beneficiaries And Its Budget. Some Require Hard Decisions:**
 - **Pharmacy reforms**
 - **Physician fee reductions**
 - **Leveling the playing field regarding public providers**
 - **Implementing reforms that require administrative investments**
 - **Eliminating benefits not offered by other states**
4. **Administrative Cost Containment Can be Detrimental to Program Cost Containment**

VISITOR REGISTRATION SHEET

Health & Human Svcs. Appropriations Subcommittee May 2, 2001

Name of Committee

Date
Evening Session

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>Barbara Casler</i>	<i>Manning, Fulton & Skinner</i>
<i>Lois B. Gilman</i>	<i>HEALTH</i>
<i>Jeanne Schwan Skene</i>	<i>nc nurse Association</i>
<i>Adam Searing</i>	<i>NC PAC</i>
<i>SHARMAN Leinwand</i>	<i>DMA - PI</i>
<i>Mary Wallford</i>	<i>DMA - PI</i>
<i>Robert B Powell</i>	<i>DMA - PI</i>
<i>Que Anne McSwain</i>	<i>WVA</i>
<i>Robyn Reason</i>	<i>DMA.</i>
<i>Joe LIBERA</i>	<i>NC ASSOC. Home & Hospice Care</i>
<i>Mike Bell</i>	<i>Assn for Home, & Hospice Care</i>

VISITOR REGISTRATION SHEET

Health & Human Svcs. Appropriations SubCommittee
Name of Committee

May 2, 2001
Date

Evening Session

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NAME	FIRM OR AGENCY AND ADDRESS
Michelle Cotton	DMH/DD/SAT
RICHARD CEREB	DIVISION OF MEDICAL ASSISTANCE
Karen Adams-Gilchrist	Easter Seals NC 2315 Myron Drive, RA/
Michael L Drainie	Mack
Dick Carlton	Carlton & Alexander
Frank Lewis	OSBPM
Mary Greene	OSBPM
Whitney Abig	OSBPM
Pam Richardson	OSBPM
Wayne Williams	OSBPM
De Brogden	NC DASH

VISITOR REGISTRATION SHEET

Health & Human Svcs. Appropriations SubCommittee May 2, 2001

Name of Committee

Date
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FIRM OR AGENCY AND ADDRESS

<i>John Bowditch</i>	<i>Alley Associates</i>
<i>Steve Mitchell</i>	<i>Novartis</i>
<i>Steve Klein</i>	<i>NC Med. Soc.</i>
<i>Barbara Matula</i>	<i>NCMB-Foundation</i>
<i>[Signature]</i>	<i>[Signature]</i>
<i>Ann</i>	<i>NCHCFA</i>
<i>Margaret Westbrook</i>	<i>Kennedy Covington</i>
<i>Crissy Foster</i>	<i>Bone and Associates</i>
<i>Craig Sney</i>	<i>NCHCFA</i>
<i>Stacy Flannery</i>	<i>NCHCFA</i>
<i>Roger Bone</i>	<i>Bone Assoc -</i>

VISITOR REGISTRATION SHEET

Health & Human Svcs. Appropriations SubCommittee
 Name of Committee

May 2, 2001 Evening Session
 Date

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FIRM OR AGENCY AND ADDRESS

Patricia Rauer	NCACC
Joseph Mahan	MHA/NC
Pam Basso	NCPIKA
Barbara Brooks	DMA
Linda Connolly	DMA
George Vaccaro	DMA
Ray DiNapoli	DMA
Steve Siska	DMA
Dave Richard	APC
Ellen Hollman	
Jerry Cooper	ACALA
Jack Hawke	

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Health & Human Svcs. Appropriations SubCommittee
Name of Committee

May 2, 2001 Evening Session
Date

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NAME	FIRM OR AGENCY AND ADDRESS
Torka Wade	ORH
Jeffrey Simas	DMA
Allen Sambill	OMA
P. Revinsky	DMA
Daphne Lynn	DMA
Allen Sufay	DHHS
Carmen Hance BOELL	DHHS
Jim Bernstein	DHHS

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, June 6, 2001

8:30 a.m.

Opening Remarks

*Representative Edd Nye, Co-Chair
Representative Beverly Earle, Co-Chair*

Senate Budget – SB 1005

Fiscal Research Staff

Committee Discussion

Adjourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**Minutes
June 6, 2001
8:30 AM**

The North Carolina General Assembly House Appropriations Subcommittee on Health and Human Services met on Wednesday, June 6, 2001 in Room 424 of the Legislative Office Building. The following members were present:

Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair
Representative Debbie Clary
Representative Verla Insko
Representative Theresa Esposito
Representative Thomas Wright
Representative Mark Crawford

The meeting was opened by Representative Beverly Earle, Co-Chair, at 8:30 am. Pages were introduced. The purpose of this meeting is to explain the Senate Budget SB 1005 by the Fiscal Research Division. The Money Report was presented and this time and the Special Provisions will be presented at a later meeting. Members were asked to hold all questions and comments until the designated time.

Karen Hammonds-Blanks began the presentation by presenting to the committee the Department of Health and Human Services position reduction. (See Attachment II for all division reductions)

<u>Divisions</u>	<u>Positions</u>	<u>State Appropriations</u>
Central Administration	49.0	\$2,686,931
Aging	5.0	\$68,914
Child Development	15.0	\$540,531
MH/DD/SAS	81.5	\$2,076,953
Medical Assistance	10.0	\$200,147
Facility Services	6.0	\$322,870
Services for the Blind	1.0	\$29,313
Deaf and Hard of Hearing	1.0	\$59,131
Voc. Rehabilitative Ser.	3.0	\$58,770
Early Intervention & Ed.	46.0	\$2,208,978
Public Health	16.59	\$1,033,536
Social Services	<u>27.0</u>	<u>\$861,273</u>
Total	261.09	\$10,147,847

Appropriations Subcommittee on Health and Human Services
Minutes
June 6, 2001
Page 2

	<u>FY 2001-02</u>	<u>FY 2002-03</u>
Total Legislative Changes	(\$72,929,080) R	(\$77,393,981)R
Total Position Changes	-261.09	-347.09
Revised Budget	\$3,398,801,563	\$3,647,910,478

The closing of the Whitaker School was discussed in depth. The department has been asked to close the Whitaker School, effective July 1, 2002. The department has to prepare transition plans for each of the 36 children and to conduct a needs assessment to determine the number and type of residential treatment beds needed across the state. Carmen Hooker Buell, Secretary of the Department of Health and Human Services, stated the department will not start the closure process until the department has the funding. If the funding is not there, she anticipate a lot of lawsuits.

All members of the committee had concerns about the reduction of positions. There concerns were that the reduction would have an impact on the services provided to citizens of North Carolina.

The Special Provisions will be discussed at the June 7th meeting scheduled at 8:30 am.

The meeting was adjourned.

Respectfully submitted,



Presiding Co-Chair, Representative Beverly Earle

Committee Assistant, Ann Raeford

Attachments

Attachment I	Agenda
Attachment II	Recommended Budget
Attachment III	Position Reductions
Attachment V	Budget Bill
Attachment IV	Visitor's Registration

Health and Human Services

GENERAL FUND

Recommended Budget	FY 2001-02		FY 2002-03	
	\$3,471,730,643		\$3,725,304,459	

Legislative Changes

<p>✓ (1.0) Division of Mental Health <i>Karen Hammonds-Blank</i></p>				
✓ G 1	<p>Medicaid Receipts on Child/Adolescent Beds Reduces state appropriations in anticipation of receipts for the child and adolescent beds in state psychiatric hospitals.</p>	(\$1,343,780)	R	(\$1,343,780) R
✓ G 2	<p>Oakview Program Eliminates state appropriations for an apartment program for adolescents which is no longer in use.</p>	(\$600,055)	R	(\$600,055) R
		-16.50		-16.50
✓ G 3	<p>Medical/Surgical Unit at Dix Hospital Reduces appropriations for a medical/surgical unit located at Dix Hospital which was closed in October 2000. Medical/surgical services will be provided via contract.</p>	(\$420,982)	R	(\$420,982) R
✓ 4	<p>Administration in Area Programs Reduces state appropriations to area mental health programs and directs DHHS to develop and implement guidelines to bring administrative costs at area programs into a more reasonable range.</p>	(\$1,500,000)	R	(\$1,500,000) R
✓ 5	<p>Position Eliminations</p>	(\$905,371)	R	(\$905,371) R
		-14.00		-14.00
<i>In #0</i> ✓ 6	<p>Whitaker School Closure Directs DHHS to close Whitaker School, effective 7/1/02; prepare transition plans for each of the 36 children; and to conduct a needs assessment to determine the number and type of residential treatment beds needed across the state.</p>	\$0	R	(\$441,666) R
				-135.00
✓ 7	<p>Medical Services Director Contract Eliminates a contract with UNC-CH for the services of a medical director for the Division.</p>	(\$134,695)	R	(\$134,695) R
<i>M</i> ✓ 8	<p>State Appropriations to State MR Centers Reduces state appropriations to the five (5) state mental retardation centers in accordance with the State's 4% Downsizing Plan.</p>	\$0	R	(\$4,000,000) R

Senate Subcommittee on Human Resources

FY 2001-02

FY 2002-03

✓ **9 Various Contracts**

(\$1,470,345) R (\$1,470,345) R

Eliminates the following contracts:

UNC-CH DD Training Institute	200,000
UNC-CH Ctr for the Study of Development and Learning	250,000
UNC-CH DD Training Institute	350,000
Life Plan Trust, Inc.	45,930
Duke University	12,006

Reduces the following:

NC State Center of Urban Affairs	265,227
Governor's Institute on Alcohol and Substance Abuse, Inc.	100,000
Council on the Accreditation of Services for Families and Children	247,182

✓ **10 Dorothea Dix Hospital Closure**

\$0 R (\$10,000,000) R

Closes Dorothea Dix Hospital effective January 1, 2003.

✓ **G 11 Medicaid Receipts for EATP at Wilson**

(\$465,338) R (\$465,338) R

Reduces state appropriations in anticipation of Medicaid receipts for the adolescent beds in the state's Eastern Adolescent Treatment Program located in Wilson.

✓ **12 Improved Efficiencies for Hospital Operations**

(\$1,079,242) R (\$1,079,242) R

Transfers responsibility for Cherry Hospital laundry operations to the Department of Corrections Enterprise Industries.

✓ **G 13 Neurobehavioral Treatment Unit 1999- Black Mt Center**

(\$571,526) R (\$571,526) R

Eliminates funding for the creation of a new neurobehavioral treatment unit for individuals with traumatic brain injury (to be located at the state's Black Mountain Center). *money never used*

-51.00 -51.00

✓ **14 State Mental Retardation Center Closure**

\$0 R (\$10,000,000) R

Directs DHHS to close one of the state's five (5) mental retardation centers, effective July 1, 2002. In keeping with the U.S. Supreme Court decision in Olmstead, additional savings are to be used to transition clients to community-based services. *Closing IMRC-*

(2.0) Division of Social Services *Susan Morgan*

✓ **G 15 County Program Integrity Worker Funding**

(\$2,500,000) R (\$2,500,000) R

Eliminates a grant-in-aid to all counties for program integrity activities.

✓ **16 Carolina ACCESS County Positions**

(\$1,236,492) R (\$1,236,492) R

Eliminates Carolina ACCESS county positions located in county departments of social services.

15 positions

Senate Subcommittee on Human Resources

FY 2001-02

FY 2002-03

17 Excess State/County Special Assistance

(\$684,238) R (\$684,238) R
 (\$1,000,000) NR

Reduces excess state appropriations in the State/County Special Assistance program. *2.5 million to be used to meet short fall*

18 Family Resource Centers

(\$250,000) R (\$250,000) R

Reduces state funds for Family Resource Centers and directs DHHS to allocate the remaining funds based on program performance.

G **19 Work First Transfer to General Assembly.**

(\$40,000) R (\$40,000) R

Eliminates the transfer of funds to offset the cost of the Joint Legislative Public Assistance Commission which is being repealed.

G **20 Regional Office Positions**

(\$155,784) R (\$155,784) R

Eliminates 7 regional office clerical positions. Other personnel will absorb associated job duties. *Location of positions.*

-7.00 -7.00

21 Various Contracts

(\$588,743) R (\$588,743) R

Eliminates the following:

Work Central Call Support Ctr	\$155,850
Appalachian State University	81,000

Reduces the following:

Tier, Inc.	301,893
NC DSS Director's Association	50,000

22 Families for Kids Funding

(\$500,000) R (\$500,000) R

Reduces State funds for training of local DSS staff (offset by increases in federal funds for this program).

23 Position Eliminations

(\$705,889) R (\$705,889) R

Eliminates 20 positions.

-20.00 -20.00

24 State/County Special Assistance Inflation Adjust.

(\$1,697,727) R (\$1,697,727) R

Eliminates 75% of the new inflation associated with a rate increase. The monthly rate will remain \$1,062 per client through 9/30/01 and be increased to \$1,069 per month, per client effective 10/1/01. *\$7.00 a month increase*
\$1,091 to \$1,069

(3.0) Division of Medical Assistance

Carol Shaw

25 Prior Approval Program for Drugs

(\$9,000,000) R (\$16,500,000) R

Implements a prior approval program for prescription drugs as recommended by the "North Carolina Medicaid Benefit Study".

26 Drug Utilization Management

(\$5,000,000) R (\$10,000,000) R

Implements various drug utilization measures to contain the cost of prescription drugs as recommended by the "North Carolina Medicaid Benefit Study".

Senate Subcommittee on Human Resources

FY 2001-02

FY 2002-03

27 New Inflationary Increases

(\$15,000,000) R (\$22,500,000) R

Reduces new inflationary increases for most services by 75%.

25% inflationary increase

28 Co-payments for Prescription Drugs

(\$3,000,000) R (\$4,500,000) R

Increases co-payments for prescription drugs from \$1 to \$2 per prescription. *For certain Drugs*

29 Position Eliminations

(\$200,147) R (\$200,147) R

-10.00 -10.00

30 ACCESS Medical Director Contract

(\$87,500) R (\$87,500) R

Eliminates the contract for the medical director for the Carolina ACCESS program as recommended by the "North Carolina Benefit Study". *From Levin Study*

G 31 Dispensing Fee for Drugs

same
(\$6,900,000) R (\$9,088,341) R

Reduces the dispensing fee for prescription drugs from \$5.60 to \$4.00 per prescription.

G 32 ICF/MR Rate Adjustment

(\$2,631,380) R (\$2,723,225) R

Adjusts rates for private Intermediate Care Facilities for the Mentally Retarded to reflect actual costs and eliminate profit. *No empty beds.*

33 Optional Services

(\$246,762) R (\$400,000) R

Eliminates optional circumcision procedures except in cases of medical necessity.

34 Physician Rates to 95% of Medicare Rates

(\$5,900,000) R (\$11,500,000) R

Reduces rates paid to physicians to 95% of the physician rates paid by Medicare as recommended by the "North Carolina Medicaid Benefit Study".

35 Return on Equity for Nursing Facilities

\$0 R (\$2,272,000) R

Eliminates return on equity payments for nursing facilities.

(4.0) Office of the Secretary *Karen Hammond Black*

36 Welfare Automation Fund

(\$1,500,000) R (\$1,500,000) R

Reduces state appropriations to the fund which supports automation enhancement in the Work First Program.

37 Position Eliminations

(\$2,686,931) R (\$2,686,931) R

Eliminates 49 positions.

-49.00 -49.00

38 Community Action Agency Funds

(\$300,000) R (\$300,000) R

Eliminates state appropriations to Community Action Agencies in lieu of increased federal grant funds.

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39 Contract

(\$21,344) R

(\$21,344) R

Eliminates a contract for personal services in support of a Medicaid waiver proposal, activities will be absorbed by existing staff.

(5.0) Division of Child Development *Karen Hammonds Blanks*

40 Position Eliminations

(\$540,531) R

(\$540,531) R

-15.00

-15.00

41 Various Contracts

(\$40,000) R

(\$40,000) R

Eliminates contracts for the following:

Personal Services contract for child abuse curriculum development
Child Care Services Association, Inc.

\$15,000

25,000

Star Program

42 Early Head Start

(\$549,478) R

(\$549,478) R

Eliminates state appropriations in lieu of increased federal Early Head Start funds.

43 Smart Start Evaluation

(\$500,000) R

(\$500,000) R

Reduces state funds for evaluation activities for Smart Start and directs DHHS to contract for a more focused review of Smart Start activities directly related to kindergarten readiness.

44 Child Care Commission

(\$14,399) R

(\$14,399) R

Eliminates the funds to support the Child Care Commission. Corresponding ruling-making and other functions will be transferred to the Social Services Commission.

45 Smart Start *A work in process*

(\$58,500,000) R

(\$58,500,000) R

(\$48,500,000)

Reduces the Governor's proposed increase in Smart Start continuation funding - funds not yet received by local partnerships.

(\$10,000,000)

Reduces state appropriations to the North Carolina Partnership for Children, state administration and local partnership operations. This reduction is minimized by policy changes in how funds are utilized for quality improvements and a prohibition on the use of funds for capital/equipment projects.

\$23.5M was a governor's cut.

(6.0) Division of Vocational Rehabilitation *Karen Hammonds Blanks*

46 Position Eliminations

(\$58,770) R

(\$58,770) R

3 positions - Administrative positions

-3.00

-3.00

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(7.0) Division of Public Health *Lisa*

G	47 Sickie Cell Prog. Ed. Counselors Reduces state appropriations in anticipation of increased Medicaid receipts.	(\$54,633)	R	(\$54,633)	R
G	48 Newborn Screening Program Reduces state appropriations in anticipation of increased Medicaid Receipts.	(\$2,050,000)	R	(\$2,050,000)	R
	49 Position Reductions <i>7. Positions</i>	(\$237,995)	R	(\$237,995)	R
		-7.59		-7.59	
	50 Position Eliminations	(\$795,541)	R	(\$795,541)	R
		-9.00		-9.00	
G	51 Vital Record Receipts Adjusts the budget to accurately reflect the amount of receipts to be collected for the sale of vital records.	(\$60,000)	R	(\$60,000)	R
	52 Nurse Midwifery Program <i>Entirely</i> Eliminates funding for the Nurse Midwifery Program which funds start-up midwifery practices.	(\$340,000)	R	(\$340,000)	R
	53 Various Contracts <i>550,000 in Healthy Start left</i> Reduces the Healthy Start Foundation contract by \$150,000. Eliminates the following contracts: Association of NC Boards of Health - \$100,000, Mecklenburg County Mental Health Authority - \$86,144, NC Fair Share - \$10,000, Pennsylvania State University - \$53,355, UNC (Hypertension Data Analysis) - \$10,000, UNC Family Services Network - \$223,561, UNC School of Public Health - \$225,000, and UNC School of Public Health - \$127,494	(\$985,554)	R	(\$985,554)	R
	54 AIDS Drug Assistance Program Reduces state appropriations on a non-recurring basis due to excess ADAP funds.	\$0	R	\$0	R
		(\$1,500,000)	NR	\$0	NR
	55 Rural Obstetrics Incentive Program , <i>200 participants state wide</i> Eliminates Rural Obstetrics Incentive Program which pays a portion of the mal-practice insurance for doctors in rural areas to encourage them to treat Medicaid patients.	(\$1,255,000)	R	(\$1,255,000)	R

(8.0) Division of Education Services *Lisa*

G	56 Various Contracts ✓ Reduces the contract to Beginnings by \$200,000, personal services for audiological management by \$87,240, and eliminates the UNC-Ch - Family Services Network by \$273,900.	(\$561,140)	R	(\$561,140)	R
G	57 Developmental Eval. Centers <i>DEC</i> Reduces state appropriations in <u>anticipation</u> of increased Medicaid receipts.	(\$457,271)	R	(\$457,271)	R

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58 Position Eliminations

(\$1,257,983) R (\$1,257,983) R
-23.00 -23.00

59 Reorganization/Changes

Eliminates state appropriations in the areas of administration and other recent budget revisions that reduced the budget of the Central North Carolina School for the Deaf to enhance the Division's central office.

(\$2,000,000) R (\$2,000,000) R

60 Position Eliminations

Eliminates 23 teacher and teacher assistant positions in the state-operated deaf preschools, as a result of closing these centers.

(\$778,495) R (\$778,495) R
-23.00 -23.00

61 State-Operated Deaf Preschools

Closes the state operated deaf preschools and eliminates state appropriations.

(\$384,997) R (\$384,997) R

62 Contracts to LEAs

Eliminates the contracts with Local Education Agencies that were set-up to supplement educating hearing-impaired children transiting out of the Central North Carolina School for the Deaf.

(\$984,000) R (\$984,000) R

63 Central School for the Deaf

Directs DHHS to close the Central School for the Deaf, effective 6/30/01. Greensboro

(\$1,200,000) R (\$1,200,000) R

(9.0) Division of Aging Lisa Howell Hollowell

64 UNC CARES Contract

Eliminates State funding for a contract with UNC-Chapel Hill for planning and evaluation services. The Division will assume the duties of the contract.

(\$50,000) R (\$50,000) R

65 Position Eliminations

Eliminates 5 positions.

(\$68,914) R (\$68,914) R
-5.00 -5.00

66 Area Agency on Aging (AAA) Administration Funds

Reduces \$200,000 in administrative funding for 17 Area Agencies on Aging. The Division will implement strategies to reduce overall administrative costs. 33 employees

(\$200,000) R (\$200,000) R

(10.0) Division of Blind Services/Deaf Carol Shew

67 Position Eliminations

Deaf + Hard of Hearing 52 position

(\$79,944) R (\$79,944) R
-2.00 -2.00

68 Medical Eye Care Program

Reduces excess funding in the Medical Eye Care Program.

(\$100,000) R (\$100,000) R

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(11.0) Division of Facility Services *Carol Shaw*

69 Grant for Association of Rescue and EMS (\$24,999) R (\$24,999) R
 Eliminates the grant-in-aid for the NC Association of Rescue and EMS

70 Fees for Health/Social Care Facilities (\$1,372,690) R (\$1,372,690) R
 Implements fees for health and social care facilities regulated by the Division of Facility Services.

71 EMS Regional Grants (\$544,397) R (\$544,397) R
 Eliminates Emergency Medical Services Regional Grants.

Formula used - No impact on direct services
72 Position Eliminations *to positions* (\$322,870) R (\$322,870) R

-6.00 -6.00

G 73 Receipts for Mental Health Licensure (\$250,000) R (\$250,000) R
 Increases receipts from Medicaid to support Mental Health Licensure.

74 Fire Protection Revolving Loan Fund (\$195,267) NR \$0 NR
 Eliminates appropriations in the Fire Protection Revolving Loan Fund. *Has not been used*

(12.0) Division of Mental Health *Karen Hammond Blanks*

Expansion Items
75 Substance Abuse Services \$3,574,059 R \$3,579,059 R
 Provides funds to expand treatment capacity such as halfway houses and other residential services for adults with criminal justice involvement. *Increase*

Non-state program
76 Housing Support for the Mentally Ill \$686,000 R \$686,000 R
 Provides matching funds to draw down federal funds for support of additional housing placements for the mentally ill. *300,000 to continue*

I (77) Funds for At-Risk Children \$4,353,000 R \$4,353,000 R
 Provides recurring funds for direct services to seriously disturbed children (funds were appropriated as non-recurring since FY97/98). *Willie M*

78 Autism Funds \$450,000 R \$450,000 R
 Provides administrative and operational funds to the Autism Society of North Carolina.

(13.0) Division of Social Services *Karen*

79 Child Support Backlog \$1,500,000 R \$1,500,000 R
 Provides funding for child support caseload backlogs in urban counties.

80 Child Support Receipt Shortfall \$8,000,000 R \$8,000,000 R
 Increases state appropriations in child support operations due to an ongoing receipt shortfall.

Senate Subcommittee on Human Resources

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81 Food Banks

Provides funds to be equally distributed to the regional network of food banks in North Carolina.

\$1,000,000 NR

\$0 R

(14.0) Division of Medical Assistance *Carol Shaw*

82 Cost Containment Support Reserve

Provides funds in a reserve to support cost containment efforts for the Medicaid Program.

\$2,000,000 R

\$2,000,000 R

83 Federal Financial Participation Rate

Provides increased funding for the Medicaid Program due to a decrease in the federal financial participation rate.

\$35,000,000 R

\$79,000,000 R

84 Dental Rate Increase

Provides targeted rate increases for dental services for adults and children. *Special Provision*

\$7,500,000 R

\$7,500,000 R

6 85 Breast and Cervical Cancer Coverage

Provides funding for Medicaid coverage for uninsured women under age 65 with breast or cervical cancer. Includes state costs for administration.

\$622,000 R

\$1,215,925 R

86 Health Choice

Increase enrollment for NC Health Choice to 82,000 children. *9 m 1st 12% saved*

\$8,000,000 R

\$12,500,000 R

(15.0) Division of Public Health *Lisa*

87 Asthma Education Program

Provides funding to support asthma management, control, surveillance, and education.

\$250,000 NR

\$0 NR

88 Alice Aycock Poe Center for Health Education

Provides grant-in-aid to the Alice Aycock Poe Center for health education.

\$200,000 R

\$200,000 R

89 Prevention of Birth Defects

Provides funding for education and awareness activities on the importance of folic acid consumption preceding pregnancy, to effectively prevent neural tube birth defects.

\$200,000 NR

\$0 R

90 Arthritis Prevention Project

Provides grant-in-aid for a private, local project in Mecklenburg County.

\$25,000 NR

\$0 NR

91 Medical Day Care Pilot Project *Senator's Project*

Provides funding for a start-up medical daycare center.

\$100,000 R

\$100,000 R

✓ 92 Prescription Drug Access Project

Provides funding to support a centralized system for accessing free and low cost drugs through pharmaceutical companies.

\$200,000 R

\$200,000 R

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FY 2002-03

93 Office of Minority Health

Funds Office of Minority Health activities to reduce health disparities.

\$200,000 NR

\$0 R

94 Birth Defects Monitoring Program

Provides funding for the continuation of the birth defects registry.

\$200,000 R

\$200,000 R

95 Heart Disease and Stroke Prevention

Funds Heart Disease and Stroke Prevention Task Force activities.

\$100,000 NR

\$0 NR

(16.0) Division of Aging *Lisa*

96 Adult Day Care Start-Up Grants

Provides funding for up to ten (10) start-up grants for new adult day care programs.

\$250,000 NR

\$0 NR

(17.0) Division of Vocational Rehabilitation *Lisa*

97 Independent Living

Provides additional funding for statewide case services needs.

\$379,733 R

\$379,733 R

\$620,267 NR

(18.0) Office of the Secretary *Lisa*

98 Child Advocacy Institute

Provides funding to support the activities of the Child Advocacy Institute.

\$250,000 R

\$250,000 R

99 Adult Care Home Rate Methodology

Transfer to the General Assembly to hire a consultant to establish a methodology for rate setting for Adult Care Homes.

\$50,000 NR

\$0 NR

100 Butner Public Safety

Facilitates the dissolution of the Department of Crime Control and Public Safety by transferring the finances and operation of Butner Public Safety to DHHS, effective June 30, 2002.

\$0 R

\$2,683,264 R

\$0 NR

\$0 NR

0.00

49.00

Total Legislative Changes

(\$72,929,080) R

(\$77,393,981) R

\$0 NR

\$0 NR

Total Position Changes

-261.09

-347.09

Revised Budget

\$3,398,801,563

\$3,647,910,478

Three billion, ^{three} hundred ninety eight million, eight hundred and one thousand, five hundred sixty three

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Central Administration</u>		
A. Layers of Management		
	(2.0) Assistant Secretaries	\$249,190
	(1.0) Assistant Health Officer	\$91,297
	(1.0) Asst. Director for Planning & Analysis	\$86,957
B. Non-Critical Positions		
	(1.0) Policy & Program Analyst	\$97,639
	(1.0) Work Force Policy Analyst (Vacant)	\$44,354
	(1.0) Administrative Assistant	\$36,999
	(5.0) Intergovernmental Relations (1 Vacant)	\$205,664
	(1.0) Director of Intergovernmental Relations	
	(1.0) Director of Legislative & External Affairs	
	(1.0) ADA Program Director	
	(2.0) Program Assistant V	
	(18.0) HR - Support for Local Governments	\$922,617
	(1.0) Personnel Supervisor II	
	(4.0) Personnel Supervisor I	
	(4.0) Personnel Analyst III (One Vacant)	
	(4.0) Personnel Technician II	
	(4.0) Personnel Assistant IV	
	(1.0) Personnel Technician III	
	(6.0) Strategic Planning Unit	\$373,649
	(1.0) DHR Planning Officer II	
	(1.0) Administrative Assistant II	
	(1.0) Human Services Planner Evaluator IV	
	(3.0) Program Development Coordinator	
	(1.0) Administrative Support (Vacant)	\$34,143
	(1.0) Information/Communication Spec. III	\$31,942
	(1.0) Personnel Officer III	\$49,317
	(1.0) Social Research Associate I	\$36,030
	(1.0) Office Assistant III	\$6,914
	(1.0) Processing Assistant III	\$10,880
C. Modified Zero-Based Budget		
	(4.0) Office of Internal Audits	\$205,543
	(3.0) Internal Auditor II	
	(1.0) Information System Auditor	
D. Governor's Reductions	N/A	
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations		
	(3.0) HR Supervisors	\$203,796
G. Other Options	N/A	
Subtotal	49.0 Positions	\$2,686,931

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Aging</u>		
A. Layers of Management	(1.0) Deputy Director	\$21,111
B. Non-Critical Positions	(1.0) Special Asst. to Director (1.0) Ombudsman Central Office (1.0) Ombudsman Central Office (1.0) Information System Liaison	\$47,803
C. Modified Zero-Based Budget	N/A	
D. Governor's Reductions	N/A	
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	5.0 Positions	\$68,914

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Child Development</u>		
A. Layers of Management	(1.0) Deputy Director (Vacant)	\$103,642
B. Non-Critical Positions	(1.0) Policy Program Manager (1.0) Planner/Evaluator II (2.0) Policy/Planning Con. (One Vacant) (1.0) Community Development Specialist (1.0) Policy Unit Office Assistant III (1.0) Consumer Outreach Sup. (Vacant) (1.0) Administrative Officer (1.0) Workforce Office Assistant	\$265,567
C. Modified Zero-Based Budget	(1.0) Program Integrity Supervisor (2.0) SS Program Coordinator (Vacant) (1.0) CDC Program Specialist (Vacant)	\$92,445
D. Governor's Reductions	N/A	
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	(1.0) Chief, Workforce Section	\$78,877
G. Other Options	N/A	
Subtotal	15.0 Positions	\$540,531

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Mental Health, Developmental Disabilities, & Substance Abuse Services</u>		
A. Layers of Management	(1.0) Assistant Division Director (Vacant) (1.0) Assistant Division Director	\$102,560
B. Non-Critical Positions	(2.0) Hospital Services Section (1.0) Hospital Services Section Chief (1.0) Mental Health Administrator II (1.0) Director Child Research/Grants (1.0) Chief Pharmacy Services (1.0) Clinical Director Child/Family Services (1.0) Special Assistant to Director at Dix Hospital	\$599,862
C. Modified Zero-Based Budget	(6.0) MR/MI Transition Unit (1.0) Mental Health Administrator (2.0) Human Services Planner/Evaluator IV (2.0) Mental Health Program Coordinator (1.0) Mental Health Program Consultant	\$202,950
D. Governor's Reductions	(16.5) Oakview Program (All Vacant) (51.0) TBI Unit - Black Mountain (All Vacant)	\$600,055 \$571,526
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	81.5 Positions	\$2,076,953

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Medical Assistance</u>		
A. Layers of Management		
B. Non-Critical Positions	(1.0) Administrative Officer III (Vacant) (1.0) DMA Services Consultant	\$31,737
C. Modified Zero-Based Budget	(1.0) DMA Nurse I (2.0) Human Services Planner III (2.0) DMA Services Consultant (2.0) Human Services Planner II (All Vacant) (1.0) Processing Assistant V (Vacant)	\$168,410
D. Governor's Reductions	N/A	
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	10.0 Positions	\$200,147

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Facility Services</u>		
A. Layers of Management	(2.0) Assistant Directors	\$188,455
B. Non-Critical Positions	(1.0) Program Development Coordinator (1.0) Policy Coordinator (1.0) Assistant Policy Coordinator (1.0) Health Systems Analyst	\$134,415
C. Modified Zero-Based Budget	N/A	
D. Governor's Reductions	N/A	
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	6.0 Positions	\$322,870

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Services for the Blind</u>		
A. Layers of Management	(1.0) Assistant Director	\$29,813
B. Non-Critical Positions	N/A	
C. Modified Zero-Based Budget	N/A	
D. Governor's Reductions	N/A	
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	1.0 Positions	\$29,813
<u>Division of Deaf and Hard-of-Hearing</u>		
A. Layers of Management	N/A	
B. Non-Critical Positions	(1.0) Community Development Specialist I	\$59,131
C. Modified Zero-Based Budget	N/A	
D. Governor's Reductions	N/A	
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	1.0 Positions	\$59,131

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Vocational Rehabilitative Services</u>		
A. Layers of Management	(1.0) VR Program Planning Director	
	(1.0) Rehab. Program Coordinator	\$40,868
B. Non-Critical Positions	N/A	
C. Modified Zero-Based Budget	N/A	
D. Governor's Reductions	N/A	
E. Program Cost Containment	(1.0) Assistant Director	\$17,902
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	3.0 Positions	\$58,770

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Early Intervention and Education</u>		
A. Layers of Management	(1.0) Assistant Superintendent (1.0) Early Intervention/Preschool Director	\$171,500
B. Non-Critical Positions	(1.0) Research & Professional Dev. Coord. (1.0) Office Assistant IV (1.0) Staff Development Coordinator (1.0) Administrative Specialist (1.0) HR Assistant Manager (1.0) Office Assistant (1.0) Employee Relations Specialist (14.0) Audiologists (8 Vacant)	\$1,258,983
C. Modified Zero-Based Budget	N/A	
D. Governor's Reductions	N/A	
E. Program Cost Containment	(23.0) Preschool Positions (3 Vacant)	\$778,495
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	46.0 Positions	\$2,208,978

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Public Health</u>		
A. Layers of Management	(1.0) Deputy Director (1.0) Assistant Section Chief for Human Ecology and Epidemiology (1.0) Section Chief for Oral Health (1.0) Oral Health Epidemiologist	\$397,499
B. Non-Critical Positions	(1.0) Special Assistant to Health Director (1.0) Scientific Advisor Health Director (1.0) Public Health Legislative Liaison (1.0) Physician Epidemiologist - Mental Health (1.0) Architect/Local Health Services	\$398,042
C. Modified Zero-Based Budget	N/A	
D. Governor's Reductions	(7.59) Public Health Administration (all Vacant)	\$237,995
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	N/A	
G. Other Options	N/A	
Subtotal	16.59 Positions	\$1,033,536

**Senate Appropriations Committee on Health and Human Services
DHHS Position Reductions (SB1005, 3rd Edition)**

<u>Division</u>	<u>Position</u>	<u>State Appropriations</u>
<u>Division of Social Services</u>		
A. Layers of Management	(1.0) Program Integrity Branch Head (1.0) Local Support Branch Head (1.0) Economic Independence Services Branch Head	\$143,306
B. Non-Critical Positions	(1.0) Program Development Coord. (Vacant) (1.0) Program Development Branch Head (1.0) Child Support Consultant (1.0) Regional Program Representative (1.0) Local Support Section Chief (Vacant) (10.0) Local Support Managers (1.0) Administrative Secretary III (Vacant)	\$529,819
C. Modified Zero-Based Budget		
D. Governor's Reductions	(7.0) Regional Administrative Support	\$155,784
E. Program Cost Containment	N/A	
F. Reorganization/Consolidations	(1.0) Resource & Information Management Section Chief	\$32,364
G. Other Options	N/A	
Subtotal	27 positions	\$861,273
Grand Total	261.09 Positions	\$10,147,847

VISITOR REGISTRATION SHEET

Approp/Subcommittee on Health and Human Services June 6, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Gary Sacramento	GSK
Mami Levin	GSK
John Bowditch	Adley Associates
Karen Attomi	Dir. of Aging
Talen Wake	Rural Health
Samuel	Blind & Low Vision
P. Perruzzi	DMA
PEGGY BALL	Deis
Patricia Leonard	DHHS
Jim Bernstein	DHHS
ART ROHARGE	JMH/DD/SAS

VISITOR REGISTRATION SHEET

Approp/Subcommittee on Health and Human Services June 6, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Joni Schamzymbach	NC Council
Jerry Casper	NCACA
Gacy Flannery	NCHCFA
Amy Jo Bevin	NCMS
HUBB TILSON	NCHA
Bob Fitzgerald	DHHS/DFS
La Nola	NCAHTEF
Beckie Street	Patrick Pao Adams & Register
Barbara Casler	Manning, Fulton & Skinner
Michelle Cotton	DMH/DP/SAS

VISITOR REGISTRATION SHEET

Approp/Subcommittee on Health and Human Services June 6, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Don Willis	DMH DDSAS
[Signature]	DMH/DDSAS
[Signature]	DMH/DDSAS
[Signature]	DHHS- DURS
[Signature]	DHHS - DES
Doug Baker	DMH/DB/SAS
[Signature]	
meg jingward	covenant w/ north carolina children
BRANDON THOMAS	SEANC
Carmine Rocco	Assoc. of NC Boards of Health
[Signature]	NC Public Health Assoc. & NC Assoc. of Local Health Directors
[Signature]	Food BANKS

VISITOR REGISTRATION SHEET

Approp/Subcommittee on Health and Human Services June 6, 2001

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>Myers</i>	OSBPM
<i>Mary Greene</i>	OSBPM
WAYNE WILLIAMS	OSBPM
<i>Sam Zetser</i>	OSBPM
<i>Whitney Mincey</i>	OSBPM
<i>Thomas V. Bennett</i>	NCCFTE
<i>Margaret Westbrook</i>	Kennedy Covington

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Monday, June 11, 2001

2:00 p.m.

Opening Remarks

Representative Edd Nye, Co-Chair
Representative Beverly Earle, Co-Chair

Special Provisions – SB 1005

Fiscal Research Staff

Committee Discussion

Adjourn

PART XXI. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 1. CENTRAL ADMINISTRATION

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
DHHS REGIONAL OFFICES

SECTION 21.1.(a) ~~The Department of Health and Human Services shall~~ consolidate and reduce its regional, district, field, and satellite offices located throughout the State. The Department shall implement these consolidations and reductions no later than June 30, 2002. The Department shall provide the following information:

- (1) An inventory of all its regional, district, field, and satellite offices located throughout the State before the consolidation required in this section. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;
- (2) An inventory of all its regional, district, field, and satellite offices located throughout the State after the consolidation required in this section is completed. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;
- (3) A report on the anticipated impact of the consolidation required by this section on the delivery of services;
- (4) A report on the use of technology to comply with the consolidation required under this section to increase the number of staff working from their homes or other locations; and
- (5) A report on the anticipated cost savings, efficiencies in the use of State staff and resources, and improved delivery of services resulting from the consolidation required under this section.

SECTION 21.1.(b) The Department of Health and Human Services shall provide an interim report on the activities required under this section by January 1, 2002, and a final report by July 1, 2002. The interim and final reports shall be provided to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS

SECTION 21.2. The Department of Health and Human Services shall centralize all activities throughout the Department relating to the coordination and processing of criminal record checks required by law. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall report on the centralization of criminal record check activities to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
PRESCRIPTION DRUG ASSISTANCE PROGRAM MANAGEMENT

Medicaid Program - Drug Program for the elderly

SECTION 21.3.(a) The Department of Health and Human Services shall implement the following recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, to improve the management of prescription drug assistance programs operated by the Department, including programs in the Divisions of Public Health, Mental Health, Developmental Disabilities, and Substance Abuse Services, Services for the Blind, and Vocational Rehabilitation:

- (1) Dispensing of generic drugs: Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under all prescription drug assistance programs operated by the Department of Health and Human Services, a prescription order for a drug designated by a trade or brand name, except an atypical antipsychotic drug or a drug listed in the narrow therapeutic index, shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subdivision, 'brand name' means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging, and 'established name' has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).
- (2) Decrease the supplies of prescription drugs to 34-day supplies for some or all drugs.

SECTION 21.3.(b) The Department shall consider other drug utilization management activities for all prescription drug assistance programs operated by the Department, as follows:

- (1) Prior authorization program to manage costly name brand drugs.
- (2) Maximum allowable pricing.
- (3) Step therapy.
- (4) Contracting with a pharmacy benefits manager to implement more extensive prospective drug utilization review.

SECTION 21.3.(c) The Department shall report on the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2002.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

New

TOLL-FREE PHONE LINE INVENTORY AND CONSOLIDATION

SECTION 21.5.(a) The Department of Health and Human Services shall determine the feasibility of combining all Department-operated and contracted toll-free (1-8xx) phone lines to create efficiencies. An inventory of all resource telephone lines throughout Divisions of the Department shall be conducted and an evaluation completed of potential savings in combining these phone lines. In conducting the inventory, the Department shall identify the following:

- (1) Title and purpose of the phone line. *1-800# across the state*
- (2) Type of information provided to callers.
- (3) Budget of the operations.
- (4) Number of staff (phone agents, other).
- (5) Number of calls received annually to each phone line.
- (6) Contracts.

The Department shall project costs for the new combined phone line and prepare a comprehensive cost-benefit analysis on the new consolidated plan compared with current services.

SECTION 21.5.(b) The Department shall submit a progress report on the feasibility study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Information Technology, and the House of Representatives Appropriations Subcommittee on Information Technology no later than October 1, 2001, and a final report by April 1, 2002.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
COORDINATION OF ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG PROGRAMS

SECTION 21.6.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for the 2001-2002 fiscal year and the sum of two hundred thousand dollars (\$200,000) for the 2002-2003 fiscal year shall be used to assist eligible individuals in obtaining prescription drugs at no cost or for a nominal fee through pharmaceutical company programs or initiatives. Coordination of access shall be provided through a central location that maintains documentation of an individual's eligibility provided by the individual and prescription orders from the individual's physician to facilitate the provision of no-cost or nominal cost drugs under the pharmaceutical company program. The coordination of access shall be implemented in a way that encourages physician, patient, and pharmacy participation by reducing time-consuming procedural requirements. The Department may contract with a private nonprofit organization to coordinate access as provided under this section.

SECTION 21.6.(b) The Department shall report on the implementation of this section on October 1, 2001, April 1, 2002, and October 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
ADULT CARE HOME REIMBURSEMENT RATES IMPLEMENTATION PLAN

SECTION 21.7.(a) The Department of Health and Human Services shall implement all of the recommendations in the March 2001 performance audit report, "Adult Care Home Reimbursement Rates", conducted by the Department of State Auditor, except for the recommendation pertaining to review of the rate methodology for adult care homes. The Department shall implement the recommendations not later than July 1, 2002.

SECTION 21.7.(b) The Fiscal Research Division, through the Legislative Services Office, in consultation with the Department of Health and Human Services, shall issue a Request For Proposal (RFP) and contract for an independent consultant with extensive expertise in rate-setting for public and private entities to develop a new rate methodology for establishing reimbursements for adult care homes. The final report of the independent consultant shall be presented to the General Assembly not later than June 1, 2002.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
LONG-TERM CARE CONTINUUM OF CARE *From Current session*

SECTION 21.9.(a) The Department of Health and Human Services shall, in cooperation with other appropriate State and local agencies and representatives of consumer and provider organizations, develop a system that provides a continuum of

long-term care for elderly and disabled individuals and their families. The Department shall define the system of long-term care services to include:

- (1) A structure and means for screening, assessment, and care management across settings of care;
- (2) A process to determine outcome measures for care;
- (3) An integrated data system to track expenditures, consumer characteristics, and consumer outcomes;
- (4) Relationships between the Department and the State's universities to provide policy analysis and program evaluation support for the development of long-term care system reforms;
- (5) An implementation plan that addresses testing of models, reviewing existing models, evaluation of components, and steps needed to achieve development of a coordinated system; and
- (6) Provision for consumer, provider, and agency input into the system design and implementation development.

SECTION 21.9.(b) Notwithstanding Section 11.7A(a) of S.L. 1999-237, as amended by Section 11.4(b) of S.L. 2000-67, if non-State funds from within the Department can be identified, the Department may, with the approval of the Office of State Budget and Management, proceed to:

- (1) Implement the initial phase of a comprehensive data system that tracks long-term care expenditures, services, consumer profiles, and consumer preferences; and
- (2) Develop a system of statewide long-term care services coordination and case management to minimize administrative costs, improve access to services, and minimize obstacles to the delivery of long-term care services to people in need.

SECTION 21.9.(c) Not later than April 15, 2002, the Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the North Carolina Study Commission on Aging, on the development of the system required under this section.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

RECODIFICATION OF ADMINISTRATIVE RULES

SECTION 21.10. The Codifier of Rules may continue the process of reorganizing Titles 10 and 15A of the North Carolina Administrative Code to reflect the recent reorganization of the Department of Health and Human Services and the Department of Environment and Natural Resources. The reorganization of the Code may include replacing Title 10 with a new Title 10A if desirable for clarity. The Codifier of Rules may make changes in the text of the affected rules to reflect changes in organizational structure of the Department of Health and Human Services and the Department of Environment and Natural Resources. So long as the changes in text do not change the substance of the rules, the reorganization by the Codifier is exempt from the requirements of Chapter 150B of the General Statutes and does not require the review or approval of the Rules Review Commission.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

TRANSFER OF CERTAIN FUNDS AUTHORIZED

SECTION 21.11. Article 1 of Chapter 143 of the General Statutes is amended by adding the following new section to read:

"§ 143-23.3. Transfer of certain funds authorized.

In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, developmental disabilities, and substance abuse services authorities, the Director of the Budget may

transfer excess funds appropriated to a specific service, program, or fund, whether specified service in a block grant plan or General Fund appropriation, into another service, program, or fund for local services within the budget of the respective State agency."

Repeat

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
PHYSICIAN SERVICES

SECTION 21.12. With the approval of the Office of State Budget and Management, the Department of Health and Human Services may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done in the same manner as is currently done with constituent institutions of The University of North Carolina.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
ELIMINATE JOINT LEGISLATIVE PUBLIC ASSISTANCE COMMISSION

SECTION 21.13.(a) G.S. 120-225 is repealed. *JLPAC Eliminate*

SECTION 21.13.(b) G.S. 108A-27.2(12) reads as rewritten:

"§ 108A-27.2. General duties of the Department.

The Department shall have the following general duties with respect to the Work First Program:

- (12) Report to the ~~Joint Legislative Public Assistance Commission and the members of the Senate Appropriations Committee on Health and Human Resources Services and the House of Representatives Appropriations Subcommittee on Health and Human Resources Services~~ the counties which have requested Electing status; provide copies of the proposed Electing County Plans to the ~~Joint Legislative Public Assistance Commission and the members of the Senate Appropriations Committee on Health and Human Resources Services and the House of Representatives Appropriations Subcommittee on Health and Human Resources Services; and make recommendations to the Joint Legislative Public Assistance Commission, the members of the Senate Appropriations Committee on Health and Human Resources Services and the House of Representatives Appropriations Subcommittee on Health and Human Resources, and the General Assembly~~ Services on which of the proposed Electing County Plans ensure compliance with federal and State laws, rules, and regulations and are consistent with the overall purposes and goals for the Work First Program; and".

SECTION 21.13.(c) G.S. 108A-27.9(d) reads as rewritten:

"(d) The section of the State Plan proposing the terms of the Work First Program in Electing Counties shall be based upon the aggregate of the Electing County Plans and shall include the following:

- (1) Allocations of federal and State funds for Electing Counties in the Work First Program including block grants to counties and the allocation of funding for administration not to exceed the federally established limitations on the use of federal TANF funds and the limits imposed under this Article;
- (2) Maintenance of effort and levels of State and county funding for Electing Counties in the Work First Program;

- (3) Federal eligibility requirements and a description of the eligibility requirements and benefit calculation in each Electing County; and
- (4) A description of the federal, State, and each Electing County's financial participation in the Work First Program.

The Department may modify the section in the State Plan regarding Electing Counties once a biennium or except as necessary to reflect any modifications made by an Electing County. Any changes to the section of the State Plan regarding Electing Counties shall be reported to the ~~Joint Legislative Public Assistance Commission at the next meeting of the Commission following the changes and to the General Assembly during the next session~~ Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division within one month following the changes."

SECTION 21.13.(d) G.S. 108A-29(r) reads as rewritten:

"(r) Each county's Job Service Employer Committee or Workforce Development Board shall continue the study of the working poor, titled "NC WORKS", in their respective counties and shall include the following in the study:

- (1) Determination of the extent to which current labor market participation enables individuals and families to earn the amount of disposable income necessary to meet their basic needs;
- (2) Determination of how many North Carolinians work and earn wages below one hundred fifty percent (150%) of the Federal Poverty Guideline and study trends in the size and demographic profiles of this underemployed group within the respective county;
- (3) Examination of job market factors that contribute to any changes in the composition and numbers of the working poor including, but not limited to, shifts from manufacturing to service, from full-time to part-time work, from permanent to temporary or their contingent employment;
- (4) Consideration and determination of the respective responsibilities of the public and private sectors in ensuring that working families and individuals have disposable income adequate to meet their basic needs;
- (5) Evaluation of the effectiveness of the unemployment insurance system in meeting the needs of low-wage workers when they become unemployed;
- (6) Examination of the efficacy of a State-earned income tax credit that would enable working families to meet the requirements of the basic needs budget;
- (7) Examination of the wages, benefits, and protections available to part-time and temporary workers, leased employees, independent contractors, and other contingent workers as compared to regular full-time workers;
- (8) Solicitation, receipt, and acceptance of grants or other funds from any person or entity and enter into agreements with respect to these grants or other funds regarding the undertaking of studies or plans necessary to carry out the purposes of the committee; and
- (9) A request of any necessary data from either public or private entities that relate to the needs of the committee or board.

Each committee or board shall prepare and submit a report on the finding for the county which it represents by May 1 of each year to the ~~Joint Legislative Public Assistance Commission, the Senate Appropriations Committee on Health and Human Resources, Services, the House of Representatives Appropriations Subcommittee on Health and Human Resources, Services,~~ the Senate Appropriations Committee on

Natural and Economic Resources, and the House of Representatives Appropriations Subcommittee on Natural and Economic Resources."

SECTION 21.13.(e) Unless specifically amended by another subsection of this section, the phrase "Joint Legislative Public Assistance Commission" is deleted and replaced by the phrase "Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services" whenever it occurs in each of the following sections of the General Statutes:

G.S. 108A-27	Authorization and description of Work First Program; Work First Program changes; designation of Electing and Standard Program Counties.
G.S. 108A-27.2	General Duties of the Department.
G.S. 108A-27.9	State Plan.
G.S. 108A-29	First Stop Employment Assistance; priority for employment services.
G.S. 114-40	Inspector General.

New Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
ESTABLISH OFFICE OF POLICY AND PLANNING

SECTION 21.14.(a) It is the intent of the General Assembly that the Department of Health and Human Services provide coordinated policy development and strategic planning for the State's health and human services systems. The Department is directed to establish an Office of Policy and Planning within the Office of the Secretary from existing resources across the Department. The Director of the Office of Policy and Planning shall report directly to the Secretary and shall have the following responsibilities:

- (1) Development of departmental policies, plans, and rules, in consultation with the Divisions of the Department.
- (2) Development of a departmental process for the development and implementation of new policies, plans, and rules.
- (3) Development of a departmental process for the review of existing policies, plans, and rules to ensure that departmental policies, plans, and rules are relevant.
- (4) Coordination and review of all departmental policies before dissemination to ensure that all policies are well-coordinated within and across all programs.
- (5) Implementation of ongoing strategic planning that integrates budget, personnel, and resources with the mission and operational goals of the Department.
- (6) Review, disseminate, monitor, and evaluate best practice models.

SECTION 21.14.(b) Under the direction of the Secretary of Health and Human Services, the Director of the Office of Policy and Planning shall have the authority to direct Divisions, offices, and programs within the Department to conduct periodic reviews of policies, plans, and rules and shall have the authority to modify, amend, and repeal departmental policies, plans, and rules. All policy and management positions within the Office of Policy and Planning are exempt positions as that term is defined in G.S. 126-5.

SECTION 21.14.(c) The Department shall report on the establishment of the Office of Policy and Planning to the members of the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by January 1, 2002.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

New
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TRANSFER POWER AND DUTIES OF THE CHILD CARE COMMISSION TO THE SOCIAL SERVICES COMMISSION AND ABOLISH THE CHILD CARE COMMISSION ~~§ Item~~

SECTION 21.15.(a) The powers and duties of the Child Care Commission are transferred to the Social Services Commission. All rules heretofore adopted by the Child Care Commission or the Child Day-Care Licensing Commission remain in full force until repealed or superseded by action of the Social Services Commission.

SECTION 21.15.(b) G.S. 143B-168.3 is repealed.

SECTION 21.15.(c) G.S. 143B-168.4 is repealed.

SECTION 21.15.(d) G.S. 143B-168.5 is recodified as G.S. 110-110 and reads as rewritten:

"§ 110-110. ~~Child Care—special unit.~~ Special unit to investigate abuse and neglect violations.

There is established within the Department of Health and Human Services a special unit to deal primarily with violations involving child abuse and neglect in child care arrangements. The ~~Child Care Commission~~ shall make rules for the investigation of reports of child abuse or neglect and for administrative action when child abuse or neglect is substantiated, pursuant to G.S. 110-88(6a), 110-105, and 110-105.2."

SECTION 21.15.(e) G.S. 110-86(1) reads as rewritten:

"§ 110-86. Definitions.

Unless the context or subject matter otherwise requires, the terms or phrases used in this Article shall be defined as follows:

(1) Commission. – The ~~Child Care Commission created under this Article.~~ Social Services Commission."

SECTION 21.15.(f) G.S. 110-91(4) reads as rewritten:

"§ 110-91. Mandatory standards for a license.

All child care facilities shall comply with all State laws and federal laws and local ordinances that pertain to child health, safety, and welfare. Except as otherwise provided in this Article, the standards in this section shall be complied with by all child care facilities. However, none of the standards in this section apply to the school-age children of the operator of a child care facility but do apply to the preschool-age children of the operator. Children 13 years of age or older may receive child care on a voluntary basis provided all applicable required standards are met. The standards in this section, along with any other applicable State laws and federal laws or local ordinances, shall be the required standards for the issuance of a license by the Secretary under the policies and procedures of the Commission except that the Commission may, in its discretion, adopt less stringent standards for the licensing of facilities which provide care on a temporary, part-time, drop-in, seasonal, after-school or other than a full-time basis.

(4) Building. – Each child care facility shall be located in a building which meets the appropriate requirements of the North Carolina Building Code under standards which shall be developed by the Building Code Council, subject to adoption by the Commission specifically for child care facilities, including facilities operated in a private residence. These standards shall be consistent with the provisions of this Article. A local building code enforcement officer shall approve any proposed alternate material, design, or method of construction, provided the building code enforcement officer finds that the alternate, for the purpose intended, is at least the equivalent of that prescribed in the technical building codes in quality, strength, effectiveness, fire resistance, durability, or safety. A local building code enforcement officer shall require that sufficient evidence or proof be submitted to substantiate any claim made regarding the alternate. The ~~Child Care~~

Commission may request changes to the Building Code to suit the special needs of preschool children. Satisfactorily written reports from representatives of building inspection agencies shall be required prior to the issuance of a license and whenever renovations are made to a child care center, or when the operator requests licensure of space not previously approved for child care."

SECTION 21.15.(g) G.S. 120-123(44) is repealed.

SECTION 21.15.(h) G.S. 143B-153(2) is amended by adding a new sub-subdivision to read:

"(2) The Social Services Commission shall have the power and duty to establish standards and adopt rules and regulations:

...
f. For child care facilities as provided in G.S. 110-88."

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
COUNTY HEALTH AND HUMAN SERVICES BUDGET GUIDANCE

SECTION 21.16. G.S. 108A-88 reads as rewritten:

"§ 108A-88. Determination of State and county financial participation.

Before February 15 of each year, the Secretary shall notify the county board of commissioners, the county manager, the director of social services—services, and the director of public health of each county of the amount of State and federal moneys estimated to be available, as best can be determined, to that county for programs of public assistance, social services—services, public health, and related administrative costs, as well as the percentage of county participation expected to be required for the budget for the succeeding fiscal year. In odd-numbered years, in making such notification, the Secretary shall notify the counties of any changes in funding levels, formulas, or programs relating to public assistance and public health proposed by the Governor to the General Assembly in the proposed budget and budget report submitted under the Executive Budget Act. Counties shall be notified of additional changes in the proposed budget of the Governor and the Advisory Budget Commission that are made by the General Assembly or the United States Congress subsequent to the February 15 estimates."

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
INFORMATION TECHNOLOGY PROJECT CONTRACTS

SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may establish special time-limited positions in the Division of Information Research Management for an information technology project to maximize efficiencies in the preparation for and implementation of federal requirements of the medical records privacy standards under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions established are not permanent positions, not subject to the State Personnel Act under G.S. 126-1.1, and not subject to the State salary schedule.

SECTION 21.17.(b) Positions established pursuant to this section may commence no earlier than July 1, 2001, and shall expire June 30, 2003.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
USE OF SAVINGS REALIZED FROM ELIMINATION OF POSITIONS

SECTION 21.18. Savings in non-State funds realized from the elimination of positions in the Department of Health and Human Services shall be reallocated by the Department for direct services in the program where the position was eliminated, except in programs where State funds are used to draw down federal funds.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

New

INTERVENTION SERVICES UNIT

SECTION 21.18A. There is created in the Department of Health and Human Services the Intervention Services Unit in the Office of the Secretary. The Unit shall be responsible for planning, research, monitoring, data analysis, and enhancing coordination of programs and activities related to early intervention services, mental health, developmental disabilities, and substance abuse services, social services, preschool education services, and Smart Start services. The Unit shall work closely and collaboratively with the divisions through which such programs and activities operate.

SUBPART 2. MEDICAL ASSISTANCE

Revised

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
MEDICAID PROGRAM

SECTION 21.19.(a) Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

- (1) Hospital-Inpatient – Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.
- (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.
- (3) Nursing Facilities – Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.
- (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed in the State Plan as established by the Department of Health and Human Services.
- (5) Drugs – Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be four dollars (\$4.00) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.
- (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services, Nurse Practitioners. – Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section.

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- (7) Community Alternative Program, EPSDT Screens – Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.
- (8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment – Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.
- (9) Medicare Buy-In – Social Security Administration premium.
- (10) Ambulance Services – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.
- (11) Hearing Aids – Actual cost plus a dispensing fee.
- (12) Rural Health Clinic Services – Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.
- (13) Family Planning – Negotiated rate for local health departments. For other providers - see specific services, for instance, hospitals, physicians.
- (14) Independent Laboratory and X-Ray Services – Uniform fee schedules as developed by the Department of Health and Human Services.
- (15) Optical Supplies – One hundred percent (100%) of reasonable wholesale cost of materials.
- (16) Ambulatory Surgical Centers – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.
- (17) Medicare Crossover Claims – An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.
- (18) Physical Therapy and Speech Therapy – Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services. Physical therapy (including occupational therapy) and speech therapy services are subject to prior approval and utilization review.
- (19) Personal Care Services – Payment in accordance with the State Plan approved by the Department of Health and Human Services.
- (20) Case Management Services – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.
- (21) Hospice – Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.
- (22) Other Mental Health Services – Unless otherwise covered by this section, coverage is limited to:
 - a. Agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal regulations, and
 - b. For children eligible for EPSDT services:
 1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, and nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, when Medicaid-eligible children are referred by the Carolina

- ACCESS primary care physician or the area mental health program, and
2. Institutional providers of residential services for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

The Department of Health and Human Services may adopt temporary rules in accordance with Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision.

- (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.
- (24) Health Insurance Premiums – Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.
- (25) Medical Care/Other Remedial Care – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services.
- (26) Pregnancy Related Services – Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms, and mental health services subject to independent utilization review are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Health and Human Services where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

SECTION 21.19.(b) Allocation of Nonfederal Cost of Medicaid. – The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

<u>Family Size</u>	<u>Categorically Needy</u>	<u>Medically Needy</u>	
	<u>WFFA*</u>	<u>Families and Children Income Level</u>	<u>AA, AB, AD*</u>
1	\$4,344	\$2,172	\$2,900

2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

These standards may be changed with the approval of the Director of the Budget with the advice of the Advisory Budget Commission.

SECTION 21.19.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act) a prescription order for a drug designated by a trade or brand name, except a drug listed in the narrow therapeutic drug index, shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. – Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, managed care plans, or community-based services programs in accordance with plans approved by the United

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States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient. The Department of Health and Human Services may proceed with planning and development work on the Program of All-Inclusive Care for the Elderly.

SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – 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 similar processes in order to improve cost containment.

SECTION 21.19.(k) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs, including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 21.19.(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

SECTION 21.19.(m) The Department of Health and Human Services shall provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and regulations.

SECTION 21.19.(n) The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

- (1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (5) The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

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. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subdivisions (3) and (4) of this subsection, no resources test shall be applied.

SECTION 21.19.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 21.19.(p) The Department shall disregard earned income for recipients who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the Social Security Act due to earnings. This disregard shall be applied for a maximum of 12 consecutive months.

SECTION 21.19.(q) The Department of Health and Human Services shall submit a quarterly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the revised forecast shall be forwarded to the Fiscal Research Division and to the Office of State Budget and Management no later than the third Thursday of the month following the end of each quarter.

SECTION 21.19.(r) The Division of Medical Assistance, Department of Health and Human Services, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

SECTION 21.19.(s) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing.

SECTION 21.19.(t) The Department of Health and Human Services may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that these rules are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

SECTION 21.19.(u) The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services or the Joint Legislative Health Care Oversight Committee on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Health Care Financing Administration. The reports shall be provided at the same time they are submitted to HCFA for approval.

SECTION 21.19.(v) Upon approval of a demonstration waiver by the Health Care Financing Administration, the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of child-bearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Coverage shall be contingent upon federal approval of the waiver and shall begin no earlier than January 1, 2001.

SECTION 21.19.(w) The Department of Health and Human Services, Division of Medical Assistance, shall implement a new code for providers currently reimbursed for "Y" code services. The new code shall be implemented when standards required by the Health Insurance Portability and Accountability Act of 1996, as amended, are adopted by the Health Care Financing Administration and have become effective. *New Code system*

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
**MEDICAID DEFINITION OF MEDICAL NECESSITY EXEMPT FROM
RULE-MAKING UNDER APA; DETERMINATION OF MEDICAL
NECESSITY**

By Lewin Group

SECTION 21.20.(a) The Department of Health and Human Services shall adopt a definition and application of "medical necessity" for the State Medicaid Program that is consistent with current references to national standards of care. In order to promote consistency among providers and ensure that medical necessity criteria are uniformly applied to beneficiaries throughout the State, the determination of "medical necessity" shall be made by Department staff or other utilization review contractors. Adoption of and amendments to the definition and application of "medical necessity" under the State Medicaid Program are exempt from rule-making requirements of Chapter 150B of the General Statutes.

SECTION 21.20.(b) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

- (1) The Commission.
- (2) Repealed by Session Laws 2000-189, s. 14, effective July 1, 2000.
- (3) The North Carolina Hazardous Waste Management Commission in administering the provisions of G.S. 130B-13 and G.S. 130B-14.
- (4) The Department of Revenue, with respect to the notice and hearing requirements contained in Part 2 of Article 2A.
- (5) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.
- (6) The Department of Correction, with respect to matters relating solely to persons in its custody or under its supervision, including prisoners, probationers, and parolees.
- (7) The North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan in administering the provisions of Parts 2 and 3 of Article 3 of Chapter 135 of the General Statutes.
- (8) The Department of Health and Human Services in defining and applying 'medical necessity' under the State Medicaid Program."

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
COUNTY MEDICAID COST-SHARE *15% of non federal share*

SECTION 21.21.(a) Effective July 1, 2000, the county share of the cost of Medicaid services currently and previously provided by area mental health authorities shall be increased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010.

SECTION 21.21.(b) Effective July 1, 2000, the county share of the cost of Medicaid Personal Care Services paid to adult care homes shall be decreased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010. *Some where being reimbursed more than 15%*

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
NC HEALTH CHOICE

SECTION 21.22. The total amount of State funds expended for the Health Insurance Program for Children (NC Health Choice) in the 2001-2002 fiscal year and the 2002-2003 fiscal year shall not exceed the amount of State funds appropriated to match federal funds for the Program for the 2001-2002 fiscal year and the 2002-2003 fiscal year. The Department shall manage Program enrollment in a way that maximizes the number of children served within existing funds.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE

✓ **SECTION 21.23.(a)** Disproportionate share receipts reserved at the end of the 2001-2002 fiscal year shall be deposited with the Department of State Treasurer as nontax revenue for the 2001-2002 fiscal year.

✓ **SECTION 21.23.(b)** For the 2001-2002 fiscal year, as it receives funds associated with Disproportionate Share Payments from State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of the one hundred seven million dollars (\$107,000,000) shall be reserved by the State Treasurer for future appropriations.

Insko

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
MEDICAID COST CONTAINMENT AND GROWTH REDUCTION

SECTION 21.24.(a) The Department of Health and Human Services, Division of Medical Assistance, shall contain Medicaid Program costs by reducing the rate of growth of the Medicaid Program, except for the rate of growth in the number of persons eligible for Medicaid. The Department shall develop and implement a plan to reduce the rate of growth in total expenditures for payments for medical services for fiscal year 2002-2003 to eight percent (8%) or less of the total expenditures for the 2001-2002 fiscal year, excluding the rate of growth associated with eligibles.

SECTION 21.24.(b) In addition to findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, the Department of Health and Human Services may also consider the following actions to reduce the rate of growth in the Medicaid Program:

- (1) Changes in methods of reimbursement;
- (2) Changes in the method of determining or limiting inflation factors, or both;
- (3) Recalibration of existing methods of reimbursement; and
- (4) Contracting for services.

SECTION 21.24.(c) The Department shall report on its plans to reduce the rate of growth in the State Medicaid Program not later than October 1, 2001. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.24.(d) The Department shall not change medical policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the cost of the proposed change in medical policy and submitted it for Departmental review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds three million dollars (\$3,000,000) in total requirements for a given fiscal year, then the Department shall submit the proposed policy change with the fiscal analysis to the Office of State Budget and Management and the Fiscal Research Division.

Lewin study

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
MEDICAID COST CONTAINMENT RESERVE

SECTION 21.25. Of the funds appropriated in this act to the Department of Health and Human Services for the 2001-2003 fiscal biennium, the sum of two million dollars (\$2,000,000) for each year of the 2001-2003 fiscal biennium shall be placed in a Reserve for Medicaid Cost Containment. Funds in the Reserve shall be used to support activities that will contain the cost of the Medicaid Program including contracting for services or hiring additional staff. Medicaid cost-containment activities may include prospective reimbursement methods, incentive-based reimbursement methods, service

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limits, prior authorization of services, periodic medical necessity reviews, revised medical necessity criteria, service provision in the least costly settings, and other cost containment related activities. Funds shall not be expended from the Reserve until the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditures from the Reserve shall include the cost of implementing the cost-containment activity and documentation on the amount of savings expected to be realized from the cost-containment activity. The Department shall submit a copy of proposals for expenditures from the Reserve to the Fiscal Research Division.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
MEDICAID PROGRAM MANAGEMENT

Lewis Study
SECTION 21.26.(a) The Department of Health and Human Services shall consider the findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall target the following in considering whether and to what extent to implement recommendations:

Make changes w/o legislative changes

- (1) Reduction in the fragmentation in the medical benefit policy-making process.
- (2) Improvement in the use of data and medical literature in the decision-making process.
- (3) Improvement in the coordination of care and utilization review process.
- (4) Strengthening of program integrity controls.

SECTION 21.26.(b) The Department shall implement the following recommendations of the "North Carolina Medicaid Benefit Study" to improve management of the Medicaid pharmacy benefit:

- (1) Implement a meaningful prior authorization program to manage utilization of costly brand name drugs including at a minimum the drugs listed in the "North Carolina Medicaid Benefits Study". In determining additional drugs to be included in the prior authorization program, the Department shall consider whether inclusion of these drugs in the prior authorization program is likely to:
 - a. Increase utilization of more expensive services, such as emergency room visits, inpatient care, and nursing home care.
 - b. Reduce quality of treatment or increase nonadherence by the patient to appropriate medication regimens.
 - c. Create barriers that lead to a lower level of compliance by patients with appropriate drug therapy or delay in utilization of newly approved innovative drugs that offer clear medical benefits that exceed the benefits of standard therapy.
 - d. Have a differential impact upon racial and ethnic minorities and the elderly.
 - e. Increase cost of implementation and administration.

The Department shall conduct a review at least annually of the drugs included in the prior authorization program to determine whether any of the factors in sub-paragraphs a. through e. of this subdivision or other factors with similar results have occurred.

- (2) Decrease supplies of prescription drugs to 34-day supplies for some or all drugs.
- (3) Actively manage physician prescribing practices through provider profiling.
- (4) Limit access to certain drugs to patients that present with a specific diagnosis.

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- (5) Evaluate other incentives to encourage use of generic drugs, such as differential dispensing fees or differential copayments.

SECTION 21.26.(c) The Department shall consider other drug utilization management activities as follows:

- (1) Using maximum allowable pricing.
- (2) Using step therapy.
- (3) Contracting with a pharmacy benefits manager to implement more extensive prospective drug utilization review.
- (4) Study the impact of eliminating the six prescription drug monthly limit combined with a more rigorous prior authorization program to ensure cost decisions are made based on evidenced-based clinical guidelines.

SECTION 21.26.(d) The Department shall report on all of the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Report what they do
Requested by: Senators Martin of Guilford, Plyler, Odom, Lee, Purcell, Kerr
CAROLINA ACCESS PROGRAM IMPROVEMENTS

SECTION 21.27. The Department of Health and Human Services shall improve efficiencies and effectiveness in the Carolina ACCESS program by redesigning program operations to reflect the program goals of the ACCESS II and ACCESS III programs. Strategies for improving efficiencies and effectiveness may include such activities as:

- (1) Accelerating conversion of ACCESS I to ACCESS II and III.
- (2) Establishing cost-reduction targets for ACCESS II and III partnerships.
- (3) Considering reimbursement mechanisms that will enable providers to share in the savings realized by exceeding cost-reduction targets.
- (4) Enhancing automatic linkages between patients and their primary care providers during Medicaid eligibility determination.
- (5) Improving the referral process to prevent abuse or inappropriate use of primary care provider's authorization number.

New
Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
STUDY OPTIONAL SERVICES UNDER MEDICAID PROGRAM

SECTION 21.28.(a) The Department of Health and Human Services shall study all of the optional services provided under the State Medical Assistance Program. In conducting the study, the Department shall consider the analysis and recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall conduct a cost-benefit analysis of each optional service. The cost-benefit analysis shall include consideration of cost containment achieved by reduction in or elimination of the service, and the impact the reduction or elimination will have on client needs and other services.

SECTION 21.28.(b) The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than April 1, 2002.

SUBPART 3. AGING

Repeat
Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
SPECIAL ASSISTANCE DEMONSTRATION PROJECT

SECTION 21.29. Section 11.21 of S.L. 1999-237, as amended by Section 11.13 of S.L. 2000-67, reads as rewritten:

"Section 11.21. The Department of Health and Human Services may use funds from the existing State/County Special Assistance for Adults budget to provide Special Assistance payments to eligible individuals in in-home living arrangements. These payments may be made for up to 400 individuals. These payments may be made for up to a two-year period beginning July 1, 2000, and ending June 30, 2002. An individual enrolled in the Special Assistance demonstration on June 30, 2002, who remains continuously eligible may receive payments through June 30, 2003. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State. The Department shall make an interim report to the cochairs of the House of Representatives Appropriations Committee, the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the cochairs of the Senate Appropriations Committee, the Chair of the Senate Appropriations Committee on Human Resources by June 30, 2001, and a final report by October 1, 2002. This report shall include the following information:

- (1) A description of cost savings that could occur by allowing individuals eligible for State/County Special Assistance the option of remaining in the home.
- (2) Which activities of daily living or other need criteria are reliable indicators for identifying individuals with the greatest need for income supplements for in-home living arrangements.
- (3) How much case management is needed and which types of individuals are most in need of case management.
- (4) The geographic location of individuals receiving payments under this section.
- (5) A description of the services purchased with these payments.
- (6) A description of the income levels of individuals who receive payments under this section and the impact on the Medicaid program.
- (7) Findings and recommendations as to the feasibility of continuing or expanding the demonstration program."

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
SENIOR CENTER OUTREACH

SECTION 21.30.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging, for the 2001-2003 fiscal biennium shall be used by the Division of Aging to enhance senior center programs as follows:

- (1) To expand the outreach capacity of senior centers to reach unserved or underserved areas; or
- (2) To provide start-up funds for new senior centers.

All of these funds shall be allocated by October 1 of each fiscal year.

SECTION 21.30.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the board of commissioners of the county in which the new center will be located shall:

- (1) Formally endorse the need for a center;
- (2) Formally agree on the sponsoring agency for the center; and
- (3) Make a formal commitment to use local funds to support the ongoing operation of the center.

SECTION 21.30.(c) State funding shall not exceed ninety percent (90%) of reimbursable costs.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NORTH CAROLINA

SECTION 21.31. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging, the sum of one hundred fifty thousand

dollars (\$150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the 2002-2003 fiscal year shall be allocated among the three chapters of the Alzheimer's Association, as follows:

- (1) \$50,000 in each fiscal year for the Western Alzheimer's Chapter;
- (2) \$50,000 in each fiscal year for the Southern Piedmont Alzheimer's Chapter; and
- (3) \$50,000 in each fiscal year for the Eastern Alzheimer's Chapter.

Before funds may be allocated to any chapter under this section, the chapter shall submit to the Division of Aging, for its approval, a plan for the use of these funds.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

AREA AGENCIES ON AGING COST SAVINGS STUDY; REDUCTION IN NUMBER OF AGENCIES; FUNDS

SECTION 21.32.(a) The Department of Health and Human Services shall conduct a study to determine cost savings to be realized and increased efficiencies to be gained by reducing the number of Area Agencies on Aging from 17 to not more than 13 and not fewer than 10. In conducting the study, the Department shall collect data to determine the amount of the reduction in administrative costs, direct costs, and indirect costs, and shall calculate the reduction based on maintaining the amount and quality of services provided. The Department shall do a cost-benefit analysis of each option for the reduction in the number of agencies, e.g., analysis for reducing to 13, analysis for reducing to 12, etc. The Department shall report the results of its study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than March 1, 2002.

SECTION 21.32.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seven hundred thousand dollars (\$700,000) for the 2001-2002 fiscal year shall be allocated equally among each of the Area Agencies on Aging. These funds shall be used for planning, coordination, and operational activities that enhance each agency's ability to provide services, information, and education to consumers, and to better meet the data and technical assistance needs of providers, local planning committees, and local governments.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

DIVISION OF AGING CONSOLIDATION OF SECTIONS

SECTION 21.33. The Department of Health and Human Services, Division of Aging, shall reduce layers of management and streamline operations by consolidating the Planning and Information and the Budget and Information sections. The Division shall transfer positions, corresponding State appropriations, federal funds, and any other relevant funds. The Department shall allocate savings in non-State funds realized from the reduction in positions to direct services such as Ombudsman services, home delivered meals, and personal care services. In allocating these funds, the Department shall give priority to those direct services for which there are clients waiting for services. *28,000.00*

SUBPART 4. SOCIAL SERVICES - Susan

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

EXTEND ADULT CARE HOME MORATORIUM

SECTION 21.34. Section 11.69(b) of S.L. 1997-443, as amended by Section 12.16C(a) of S.L. 1998-212, and as amended by Section 1 of S.L. 1999-135, and as further amended by Section 11.9(a) of S.L. 2000-67, reads as rewritten:

"(b) Effective until ~~September 30, 2001, June 30, 2002~~, the Department of Health and Human Services shall not approve the addition of any adult care home beds for any type home or facility in the State, except as follows:

- (1) Plans submitted for approval prior to May 18, 1997, may continue to be processed for approval;
- (2) Plans submitted for approval subsequent to May 18, 1997, may be processed for approval if the individual or organization submitting the plan demonstrates to the Department that on or before August 25, 1997, the individual or organization purchased real property, entered into a contract to purchase or obtain an option to purchase real property, entered into a binding real property lease arrangement, or has otherwise made a binding financial commitment for the purpose of establishing or expanding an adult care home facility. An owner of real property who entered into a contract prior to August 25, 1997, for the sale of an existing building together with land zoned for the development of not more than 50 adult care home beds with a proposed purchaser who failed to consummate the transaction may, after August 25, 1997, sell the property to another purchaser and the Department may process and approve plans submitted by the purchaser for the development of not more than 50 adult care home beds. It shall be the responsibility of the applicant to establish, to the satisfaction of the Department, that any of these conditions have been met;
- (3) Adult care home beds in facilities for the developmentally disabled with six beds or less which are or would be licensed under G.S. 131D or G.S. 122C may continue to be approved;
- (4) *Delete* ~~If the Department determines that the vacancy rate of available adult care home beds in a county is fifteen percent (15%) or less of the total number of available beds in the county as of August 26, 1997, and no new beds have been approved or licensed in the county or plans submitted for approval in accordance with subdivision (1) or (2) of this section which would raise the vacancy rate above fifteen percent (15%) in the county, then the Department may accept and approve the addition of beds in that county; or~~
- (5) *Delete* ~~If a county board of commissioners determines that a substantial need exists for the addition of adult care home beds in that county, the board of commissioners may request that a specified number of additional beds be licensed for development in their county. In making their determination, the board of commissioners shall give consideration to meeting the needs of Special Assistance clients. The Department may approve licensure of the additional beds from the first facility that files for licensure and subsequently meets the licensure requirements."~~

Repeat Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
ADULT CARE HOME RESIDENT ASSESSMENT SERVICES

SECTION 21.35. Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for adult care home positions in the Department and in county departments of social services shall be used for personnel trained in the medical and social needs of older adults and disabled persons in adult care homes to evaluate individuals requesting State/County Special Assistance to pay for care in adult care homes. One of the functions of these personnel shall be to develop and collect data on the appropriate level of care and placement in the long-term care system, including identifying individuals who pose a risk to other residents and who may need further mental health assessment and treatment. These personnel shall also provide technical assistance to adult care homes on how to conduct functional

assessments and develop care plans and shall assist in monitoring the Special Assistance Demonstration Project.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

QUALITY CRITERIA FOR LONG-TERM CARE

SECTION 21.36. The Department of Health and Human Services, in conjunction with the North Carolina Institute of Medicine, shall continue a special work group to develop criterion-based indicators for the monitoring of quality of care in North Carolina nursing homes, adult care homes, assisted living facilities, and home health care programs. The Institute of Medicine and the Department of Health and Human Services shall work together to implement these criteria for the monitoring of long-term care in the State and pursue options for the use of these criteria in lieu of current HCFA-mandated standards for surveying North Carolina nursing homes under the federal Medicaid and Medicare programs.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CHILD PROTECTIVE SERVICES

SECTION 21.37.(a) The funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for the 2001-2003 fiscal biennium for Child Protective Services shall be allocated to county departments of social services based upon a formula which takes into consideration the number of Child Protective Services cases and the number of Child Protective Services workers and supervisors necessary to meet recommended standards adopted by the North Carolina Association of County Directors of Social Services.

SECTION 21.37.(b) Funds allocated under subsection (a) of this section shall be used by county departments of social services for carrying out investigative assessments of child abuse or neglect or for providing protective or preventive services in cases in which the department confirms abuse, neglect, or dependency.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

LIMITATIONS ON STATE ABORTION FUND

SECTION 21.38. The limitations on funding of the performance of abortion established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2001-2002 and 2002-2003 fiscal years.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

STATE CHILD FATALITY REVIEW TEAM REPORTING

SECTION 21.39. The Division of Social Services, Department of Health and Human Services, shall report to the members of the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities of the State Child Fatality Review Team including recommendations for changes in the statewide child protection system no later than October 1 of each year.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

SPECIAL CHILDREN ADOPTION FUND

SECTION 21.40.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one million one hundred thousand dollars (\$1,100,000) shall be used to support the Special Children Adoption Fund for each year of the 2001-2003 fiscal biennium. 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. No local match shall be required as a condition for receipt of these funds. In accordance with State rules for allowable costs, the Special Children Adoption Fund may be used for post-adoption services for families whose incomes exceed two hundred percent (200%) of the federal poverty level.

SECTION 21.40.(b) Of the total funds appropriated for the Special Children Adoption Fund, each year one million dollars (\$1,000,000) shall be reserved for payment to participating private adoption agencies. *from 400,000 to 1,000,000*

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 21.41.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

- (1) \$315.00 per child per month for children aged birth through 5;
- (2) \$365.00 per child per month for children aged 6 through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18.

Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.

SECTION 21.41.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

- (1) \$315.00 per child per month for children aged birth through 5;
- (2) \$365.00 per child per month for children aged 6 through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18.

SECTION 21.41.(c) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose shall be used to provide medical training in avoiding HIV transmission in the home.

SECTION 21.41.(d) The maximum rates for State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

- (1) \$800.00 per month per child with indeterminate HIV status;
- (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;
- (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and
- (4) \$1,600 per month per child terminally ill with complex care needs.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
SPECIAL NEEDS ADOPTIONS INCENTIVE FUND

SECTION 21.42.(a) There is created a Special Needs Adoptions Incentive Fund to provide financial assistance to facilitate the adoption of certain children residing in licensed foster care homes, effective January 1, 2001. These funds shall be used to remove financial barriers to the adoption of these children and shall be available to foster care families who adopt children with special needs as defined by the Social Services Commission. These funds shall be matched by county funds.

SECTION 21.42.(b) This program shall not constitute an entitlement and is subject to the availability of funds.

SECTION 21.42.(c) The Social Services Commission shall adopt rules to implement the provisions of this section.

SECTION 21.42.(d) The Department of Health and Human Services shall report on the use of these funds no later than April 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Repeat

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
EXTEND REPORTING DEADLINES – CLOSING THE ACHIEVEMENT GAP

SECTION 21.43. The Department of Health and Human Services shall present a progress report on the study required by Section 11.4 of S.L. 2000-67 to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services no later than March 1, 2002, and shall make a final report to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services no later than February 1, 2003.

Revised

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
STATE/COUNTY SPECIAL ASSISTANCE

SECTION 21.44.(a) The eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand two hundred thirty-one dollars (\$1,231) per month per resident.

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SECTION 21.44.(b) The maximum monthly rate for residents in adult care home facilities shall be one thousand sixty-two dollars (\$1,062) per month per resident through September 30, 2001.

SECTION 21.44.(c) Effective October 1, 2001^{1,069}, the maximum monthly rate for residents in adult care home facilities shall be one thousand sixty-nine dollars (\$1,069) per month per resident.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
STATE MATERNITY HOME FUND

SECTION 21.45. The Divisions of Social Services and Public Health in the Department of Health and Human Services, in consultation with local departments of social services, health departments, and other health and human services programs such as faith-based organizations and domestic violence programs, shall assess alternative local resources available to women receiving services through the State Maternity Home Fund. The Department shall determine the services that are provided by each of the maternity homes through the State Maternity Home Fund and those services that are otherwise available, and shall provide a cost comparison of the services.

Repeat

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
CHILD WELFARE SYSTEM PILOTS

SECTION 21.46.(a) The Department of Health and Human Services, Division of Social Services, shall develop a plan, working with local departments of social services, to implement an alternative response system of child protection in no fewer than two and no more than 10 demonstration areas in this State. The plan should provide for the pilots to implement an alternative response system in which local departments of social services utilize family assessment tools and family support principles when responding to selected reports of suspected child neglect.

SECTION 21.46.(b) The Department of Health and Human Services shall develop data collection processes that would enable the General Assembly to assess the impact of these pilots on the following:

- (1) Child safety.
- (2) Timeliness of response.
- (3) Timeliness of service.
- (4) Coordination of local human services.

- (5) Cost-effectiveness.
- (6) Any other related issues.

SECTION 21.46.(c) The Department of Health and Human Services may proceed to implement this pilot program if non-State funds are identified for this purpose.

New
Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

STATE ADULT DAY CARE FUND

Maximize current funding

Creech
SECTION 21.47. The Department of Health and Human Services, Division of Aging, shall implement changes in its methodology currently used for allocating slots. The new allocation shall be implemented January 1, 2002, and shall ensure the Fund will serve new clients. Not later than January 1, 2002, the Department of Health and Human Services, Division of Aging, shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division the new allocation methodology. The report shall include all of the changes made in the new allocation and an estimate of the number of new clients served. The allocation of all slots paid for with State Adult Day Care Funds shall be distributed equitably among service providers and shall eliminate the funding of unused slots.

New
Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

FAMILY RESOURCE CENTERS

SECTION 21.48.(a) The Department of Health and Human Services shall evaluate the use of all State and federal funds allocated to Family Resource Centers. The evaluation shall incorporate data collected from all programs receiving these funds and shall assess the effectiveness of each program in achieving established program goals including the following:

- (1) Enhancing children's development and ability to attain academic and social success.
- (2) Ensuring a successful transition from early childhood education programs and child care to public schools.
- (3) Assisting families in achieving economic independence and self-sufficiency.
- (4) Mobilizing public and private community resources to help children and families in need.
- (5) Ensuring that plans are designed and implemented to provide families with services in a holistic family centered manner.

SECTION 21.48.(b) The Department shall establish performance measurement protocol, based on national standards or best practice models, to determine the effectiveness of services provided by all family resource centers.

SECTION 21.48.(c) The Department shall ensure that all programs have similar core services and the same goals while eliminating duplication of effort at the local level. The Department shall redirect the funds for Family Resource Centers to focus on those core services that have a direct impact on strengthening family support.

SECTION 21.48.(d) The Department shall not allocate funds to Family Resource Centers that have not demonstrated that they have developed and implemented local Memoranda of Understanding that delineate specific roles and responsibilities to ensure effectiveness and efficiency in the operation of Family Resource Centers.

SECTION 21.48.(e) The Department shall report on activities under this section. This report is due to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on June 30, 2002.

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250,000 Reduction*

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

REORGANIZATION OF DIVISION OF SOCIAL SERVICES

SECTION 21.49. The Department of Health and Human Services, Division of Social Services shall reduce layers of management and streamline operations in accordance with the following:

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- (1) Consolidate the Resource and Information Management Section and Budget Operations Section including the elimination of one section chief position. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds in these two sections shall be consolidated.
- (2) Consolidate the Program Integrity, Economic Independence Services, and Local Support Branches into one branch within the Economic Independence Section. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds shall be consolidated.
- (3) Eliminate the Local Support Section including all positions and corresponding State appropriations, federal funds, and other funds.
- (4) Eliminate the Program Development Branch including the corresponding position and State appropriations, federal funds, and other funds.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

SECTION 21.50.(a) The Department of Health and Human Services shall review the Intensive Family Preservation Services Program to enhance and implement initiatives which focus on increasing the sustainability and effectiveness of the Program.

SECTION 21.50.(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 Intensive Family Preservation Services shall provide the following information on an annual basis:

- (1) An established follow-up system with a minimum of 12 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 Intensive Family Preservation Services. This data shall be obtained by tracking families through the intervention process.
- (5) The number of families remaining intact due to associated interventions beyond 12 months. *Used to be 6 months*
- (6) The number and percentage of minority race children who received Intensive Family Preservation Services at a ratio essentially equivalent to the ratio of their distribution in the general population exposed to Child Protective Services involvement based on the CPS risk ratings.

SECTION 21.50.(c) The Department shall establish performance-based funding protocol and shall only provide funding to those counties 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.

SECTION 21.50.(d) The Department of Health and Human Services shall prepare an interim report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and

Human Services, and the Fiscal Research Division on the implementation of these changes by January 1, 2002, and shall provide a final report no later than May 30, 2002.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

APPROVE TANF STATE PLAN

SECTION 21.51.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2001-2003", prepared by the Department of Health and Human Services and presented to the General Assembly on May 15, 2001. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2001, through September 30, 2003. The Department shall submit the State Plan to the United States Department of Health and Human Services as amended by this act or any other act of the 2001 General Assembly.

SECTION 21.51.(b) The counties approved as Electing Counties in North Carolina's Temporary Assistance for Needy Families State Plan FY 2001-2003 as approved by this section are: Caldwell, Caswell, Davie, Henderson, Iredell, Lenoir, Lincoln, Macon, McDowell, Randolph, Sampson, Surry, and Wilkes. *15.5% of Case Load*

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

REPEAL RECIPIENT IDENTIFICATION SYSTEM

SECTION 21.52. G.S. 108A-24(1a) and G.S. 108A-25.1 are repealed. *Welfare Reform*

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CHILD SUPPORT PILOT PROGRAM/ENHANCED STANDARDS

SECTION 21.53.(a) It is the intent of the General Assembly that the Department of Health and Human Services increase the productivity and enhance the performance of its child support enforcement central office as well as its local offices statewide.

SECTION 21.53.(b) The Department of Health and Human Services, Office of the Controller, and the Division of Social Services shall immediately develop and implement performance enhancement strategies focusing on improved efficiency and effectiveness across the State and shall develop and implement at least one privatization pilot which tests the feasibility of privatizing State-operated local child support enforcement operations.

SECTION 21.53.(c) The Department of Health and Human Services shall develop and implement performance standards for each of the State and local child support enforcement offices across the State. In development of these performance standards, the Department of Health and Human Services shall evaluate other private and public child support models and national standards as well as other successful collections models. These performance standards shall include the following:

- (1) Cost per collections.
- (2) Consumer satisfaction.
- (3) Paternity establishments.
- (4) Administrative costs.
- (5) Orders established.
- (6) Collections on arrearages.
- (7) Location of absent parents.
- (8) Other related performance measures.

The Department of Health and Human Services shall monitor the performance of each office and shall implement a system of reporting which allows each local office to review its performance as well as the performance of other local offices. The Department of Health and Human Services shall publish an annual performance report that shall include the statewide and local office performance of each child support office.

SECTION 21.53.(d) The Department of Health and Human Services shall develop and implement a program to reward its child support enforcement offices for exemplary performance.

SECTION 21.53.(e) The Department of Health and Human Services shall report on its progress in complying with the provisions of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall make interim reports no later than September 1, 2001, and January 15, 2002, and a final report no later than May 1, 2002.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION 21.54.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and with State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop a model project for delivering community-based mental health, developmental disabilities, and substance abuse housing and services through adult care homes that have excess capacity. The model shall be designed for implementation on a pilot basis and shall address the following:

- (1) Services that will be provided by the facility or under contract with the facility, including assistance with daily medication.
- (2) Access of clients to mental health, developmental disabilities, and substance abuse services provided in the community, including transportation to services outside of the client's residence in the adult care home facility.
- (3) Physical plant additions or changes necessary to provide for independent living of residents.
- (4) Methods for assuring quality of services, resident safety, and cost-effectiveness.
- (5) Consistency with the Department's Olmstead plan, other policies on community-integration, and disability plans adopted by the State.

SECTION 21.54.(b) The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on March 1, 2002. The report shall address the following:

- (1) The proposed time and location for implementation of the pilot.
- (2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.
- (3) Method for evaluating the pilot, including services provided, on a regular basis.
- (4) A description of the living environment for each resident and a comparison of how the living environment compares to that of other residents in the adult care home.
- (5) Changes to State law necessary to implement the pilot.
- (6) Projected cost to the State for pilot and statewide implementation.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

FUNDS FOR CHILD SUPPORT SERVICES

SECTION 21.54A. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of one million five hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year shall be used to contract for additional child support services in urban counties demonstrating significant caseload backlogs. The additional support to urban counties shall address the backlog

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of cases and emphasize the establishment of paternities and the location of absent parents.

SUBPART 5. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
LIABILITY INSURANCE

SECTION 21.55. The Secretary of the Department of Health and Human Services, the Secretary of the Department of Environment and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars (\$1,000,000) per incident on behalf of employees of the Departments licensed to practice medicine or dentistry, all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to willful or wanton negligence.

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Health and Human Services, the Department of Environment and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

SECTION 21.56. To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services may require a private agency that provides services under contract with two or more area programs, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee, Gulley, Lucas
BUTNER COMMUNITY LAND RESERVATION

SECTION 21.57. The Department of Health and Human Services shall reserve and dedicate the following described land for the construction of a Community Building and related facilities to serve the Butner Reservation:

"Approximately 2 acres, on the east side it borders Central Avenue with a line running along the Wallace Bradshur property on the north back to the tree line next to

the ADATC. From there it follows the tree line south and west to and including the softball field. From the softball field it turns east to the State Employees Credit Union and follows the Credit Union property on the south side back to Central Avenue."

This land shall be reserved and dedicated for the project which shall be funded with contributions from Granville County, contributions from the residents of the Butner Reservation, the use of cablevision franchise rebate funds received by the Department of Health and Human Services on behalf of the Butner Reservation, and other public and private sources.

Repeat

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD DECISION.

SECTION 21.58.(a) There is created in the Office of State Budget and Management the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead. The purposes of the Reserve are to:

- (1) Provide start-up funds for programs and services that provide community alternatives for individuals currently residing in the State's mental health, developmental disabilities, and substance abuse services institutions.
- (2) Facilitate the State's compliance with the United States Supreme Court decision in Olmstead vs. L.C. and E.W.
- (3) Facilitate reform of the mental health, developmental disabilities, and substance abuse services system.

SECTION 21.58.(b) Funds appropriated to the Reserve created in subsection (a) of this section shall be used to:

- (1) Pay one-time expenditures that will not impose additional financial obligations on the State, and
- (2) Establish or expand community-based services if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities, and substance abuse services, area mental health programs, or local government.

SECTION 21.58.(c) Before allocating funds from the Reserve, the Director of the Budget shall certify that the planned uses of the funds are in compliance with this section and do not constitute or will not create an ongoing financial obligation to the State.

SECTION 21.58.(d) Funds in the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead shall not revert to the General Fund but shall remain in the Reserve to be used as authorized in this section.

SECTION 21.58.(e) The Department of Health and Human Services shall report prior to the allocation of these funds to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on any actions taken under this section.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 21.59. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

Repeat

The Department of Health and Human Services may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days. When the Medical Assistance Program's per diem rates for inpatient services and its interim rates for outpatient services are used to reimburse providers in non-Medicaid medical service programs, retroactive adjustments to claims already paid shall not be required.

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

<u>Family Size</u>	<u>Medical Eye Care Adults</u>	<u>All Rehabilitation</u>	<u>Other</u>
1	\$4,860	\$8,364	\$4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,821	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:

<u>Income (% of poverty)</u>	<u>State Participation</u>	<u>Client Participation</u>
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%
251-300%	25%	75%
300% and over	0%	100%

The Department of Health and Human Services shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department.

Revised

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 21.60.(a) The Department of Health and Human Services shall establish the Comprehensive Treatment Services Program for children at risk for institutionalization or other out-of-home placement. The Program shall be implemented by the Department in consultation with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected State agencies. The purpose of the Program is to provide appropriate and medically necessary residential and nonresidential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children. Program funds may also be used to expand a child mental health system-of-care approach statewide. The program shall include the following:

- (1) Behavioral health screening for all children at risk of institutionalization or other out-of-home placement.
- (2) Appropriate and medically necessary residential and nonresidential services for deaf children.
- (3) Appropriate and medically necessary residential and nonresidential treatment services including placements for sexually aggressive youth.
- (4) Appropriate and medically necessary residential and nonresidential treatment services including placements for youths needing substance abuse treatment services and children with serious emotional disturbances.
- (5) Multidisciplinary case management services, as needed.
- (6) A system of utilization review specific to the nature and design of the Program.
- (7) Mechanisms to ensure that children are not placed in department of social services custody for the purpose of obtaining mental health residential treatment services.
- (8) Mechanisms to maximize current State and local funds and to expand use of Medicaid funds to accomplish the intent of this Program.
- (9) Other appropriate components to accomplish the Program's purpose.
- (10) The Secretary of the Department of Health and Human Services may enter into contracts with residential service providers.

SECTION 21.60.(b) In order to ensure that children at risk for institutionalization or other out-of-home placement are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these children:

- (1) Provide only those treatment services that are medically necessary.
- (2) Implement utilization review of services provided.
- (3) Adopt the following guiding principles for the provision of services:
 - a. Service delivery system must be outcome-oriented and evaluation-based.
 - b. Services should be delivered as close as possible to the child's home.
 - c. Services selected should be those that are most efficient in terms of cost and effectiveness.
 - d. Services should not be provided solely for the convenience of the provider or the client.
 - e. Families and consumers should be involved in decision making throughout treatment planning and delivery.

- (4) Implement all of the following cost-reduction strategies:
- a. Preauthorization for all services except emergency services.
 - b. Levels of care to assist in the development of treatment plans.
 - c. Clinically appropriate services.
 - d. State review of individualized service plans not later than May 1, 2002, for all children served to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans. *Willie M Class members*

SECTION 21.60.(c) The Department shall collaborate with other affected State agencies such as the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, the Administrative Office of the Courts, and with local departments of social services, area mental health programs, and local education agencies to eliminate cost shifting and facilitate cost sharing among these governmental agencies with respect to the treatment and placement services.

SECTION 21.60.(d) The Department shall not allocate funds appropriated for Program services until a Memorandum of Agreement has been executed between the Department of Health and Human Services, the Department of Public Instruction, and other affected State agencies. The Memorandum of Agreement shall address specifically the roles and responsibilities of the various departmental divisions and affected State agencies involved in the administration, financing, care, and placement of children at risk of institutionalization or other out-of-home placement. The Department shall not allocate funds appropriated in this act for the Program until Memoranda of Agreement between local departments of social services, area mental health programs, local education agencies, and the Administrative Office of the Courts and the Department of Juvenile Justice and Delinquency Prevention, as appropriate, are executed to effectuate the purpose of the Program. The Memoranda of Agreement shall address issues pertinent to local implementation of the Program.

SECTION 21.60.(e) Notwithstanding any other provision of law to the contrary, services under the Comprehensive Treatment Services Program are not an entitlement for non-Medicaid eligible children served by the Program.

SECTION 21.60.(f) The Department of Health and Human Services, in conjunction with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected agencies, shall report on the following Program information:

- (1) The number and other demographic information of children served.
- (2) The amount and source of funds expended to implement the Program.
- (3) Information regarding the number of children screened, specific placement of children, and treatment needs of children served.
- (4) The average length of stay in residential treatment, transition, and return to home.
- (5) The number of children diverted from institutions or other out-of-home placements such as training schools and State psychiatric hospitals and a description of the services provided.
- (6) Recommendations on other areas of the Program that need to be improved.
- (7) Other information relevant to successful implementation of the Program.

SECTION 21.60.(g) The Department shall submit an interim report on December 1, 2001, on the implementation of this section and a final report not later than April 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

New

WHITAKER SCHOOL

SECTION 21.61.(a) Effective July 1, 2002, the Whitaker School is closed. The Department of Health and Human Services shall work with families and guardians, the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and appropriate local education agencies, area mental health, developmental disabilities, and substance abuse programs, and local departments of social services to develop a plan for the closure of Whitaker School on July 1, 2002. The Plan shall include assessment of placement and treatment needs of children receiving services from Whitaker School on or before the effective date of closure of the school. The Department shall ensure appropriate and safe placement for those children who, in accordance with the assessment, need an institutional setting. If the appropriate institutional setting is not available, the Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The report shall be submitted not later than December 1, 2001, and shall include a plan for making an appropriate and safe institutional setting available by July 1, 2002. The Plan shall also include transition plans that facilitate and support children living in their natural environments and utilizing existing resources and natural supports. The Department shall report on the needs assessment not later than September 1, 2001, and shall report on the complete transition plan not later than March 1, 2002. The report shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

SECTION 21.61.(b) The Department of Health and Human Services shall contract for a comprehensive residential services needs assessment for children at risk of institutionalization or other out-of-home placement. Notwithstanding any other provision of law to the contrary, the Department shall use funds from the Reserve for Mental Health System Reform for the needs assessment required under this subsection. The Department shall report on the needs assessment to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 1, 2001.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
MENTAL RETARDATION CENTER CLOSURE

SECTION 21.62.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop a plan for closing of at least one State mental retardation center. The closure shall be effective July 1, 2002. The Department shall also develop a transition plan for moving each resident of the mental retardation center to appropriate community-based services and supports. The transition plan shall be developed in consultation with the resident and the resident's family or guardian.

SECTION 21.62.(b) The Department may use funds from the Reserve for Mental Health Reform to facilitate closure of the mental retardation center and the transition of clients of the closed mental retardation center into alternative community-based services. Savings realized from closure of a mental retardation center pursuant to this section shall be deposited to the Reserve for Mental Health Reform to be used for community services.

SECTION 21.62.(c) On or before February 1, 2002, and again on or before May 1, 2002, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and

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Human Services, and the Fiscal Research Division on its progress in implementing this section.

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Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
DOROTHEA DIX HOSPITAL Closure

SECTION 21.63.(a) In keeping with the United States Supreme Court decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop a plan for the closure of Dorothea Dix Hospital. Dorothea Dix Hospital shall be closed effective ~~July~~ ^{February} 1, 2003. The goal of the State Hospital Closure Plan is to develop mechanisms and identify resources needed to enable current patients and their families to continue to receive the necessary services and supports based on the following guiding principles:

- (1) Individuals shall be provided acute psychiatric care in non-State facilities when appropriate.
- (2) Individuals shall be provided acute psychiatric care in State facilities only when non-State facilities are unavailable.
- (3) Individuals shall receive evidenced-based psychiatric services and care that are cost-efficient.
- (4) The State shall minimize cost shifting to other State and local facilities or institutions.

SECTION 21.63.(b) The Department of Health and Human Services shall develop and implement an individual transition plan for each patient in the hospital. The State shall ensure that transition plans for placement of and services to individuals who are patients of Dix at the time of closure take into consideration the availability of appropriate alternative placements based on the needs of the patient and within resources available for the mental health, developmental disabilities, and substance abuse services system. In developing each plan, the Department shall consult with the patient and the patient's family or other legal representative.

SECTION 21.63.(b1) In accordance with the plan established in subsections (a) and (b) of this section, any savings in State appropriations that result from reductions in beds or services shall be placed in the Reserve for Mental Health System Reform. These funds shall be used to facilitate the closing of the facility and the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act.

SECTION 21.63.(c) The Department of Health and Human Services shall submit reports on the status of implementation of this section to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall be submitted on October 1, 2001, February 1, 2002, and May 1, 2002.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
REORGANIZATION OF DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 21.64.(a) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall reduce layers of management and duplication of services in accordance with the following:

- (1) Eliminate the Hospitals Services Section, including positions and corresponding State appropriations, federal funds, and other funds. The administration, planning, and coordination of all adult mental health services and programs shall be consolidated within an existing section

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in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

- (2) Eliminate the Mental Retardation/Mental Illness Transition Branch within the Developmental Disabilities Section, including positions, corresponding State appropriations, federal funds and other funds.
- (3) Consolidate within one section all positions and corresponding State appropriations, federal funds, and other funds for financial, budgetary, information technology, and other administrative support functions in order to create one administrative and budgetary support section within the Division.

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SECTION 21.64.(b) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall study the feasibility of consolidating its staff, responsibilities, and resources around the functional areas of need of its clients regardless of disability. These functional areas shall include housing services and supports, supported employment, local crisis services, and capacity development.

SECTION 21.64.(c) The Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in complying with this section. The progress reports shall be submitted on or before September 1, 2001, and December 1, 2001. The final report shall be submitted on or before April 15, 2002.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
REDUCE ADMINISTRATIVE COSTS OF AREA MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE AUTHORITIES

Insko

SECTION 21.65.(a) Area mental health, developmental disabilities, and substance abuse authorities or counties administering mental health, developmental disabilities, and substance abuse services shall develop and implement plans to reduce local administrative costs. The plans shall be developed in accordance with guidelines adopted by the Secretary, in consultation with the Local Government Commission and the North Carolina Association of County Commissioners, and in accordance with the following:

- (1) For the 2001-2002 fiscal year, administrative costs for:
 - a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed fifteen percent (15%).
 - b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed fifteen percent (15%).
- (2) For the 2002-2003 fiscal year, administrative costs for:
 - a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed twelve percent (12%).
 - b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed twelve percent (12%).

SECTION 21.65.(b) The Department of Health and Human Services shall report its progress in complying with this section not later than October 1, 2001, January 1, 2002, and April 15, 2002. The reports shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division, and shall include:

- (1) A description of the process used and the participants involved in complying with subsection (a) of this section.

- (2) The guidelines developed under subsection (a) of this section.
- (3) A description of local compliance initiatives and efforts including program or function consolidation.
- (4) A list of area programs at or below the targeted twelve percent (12%) for the 2000-2001 fiscal year.
- (5) Projected savings in administrative costs as a result of implementation of the targeted limits required under this section.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

SERVICES TO MULTIPLY DIAGNOSED ADULTS

SECTION 21.66.(a) In order to ensure that multiply diagnosed adults are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these adults: *Thomas 3*

- (1) Implement the following guiding principles for the provision of services:
 - a. Service delivery system must be outcome oriented and evaluation based.
 - b. Services should be delivered as close as possible to the consumer's home.
 - c. Services selected should be those that are most efficient in terms of cost and effectiveness.
 - d. Services should not be provided solely for the convenience of the provider or the client.
 - e. Families and consumers should be involved in decision making throughout treatment planning and delivery; and
- (2) Provide those treatment services that are medically necessary.
- (3) Implement utilization review of services provided.

SECTION 21.66.(b) The Department of Health and Human Services shall implement all of the following cost-reduction strategies:

- (1) Preauthorization for all services except emergency services.
- (2) Criteria for determining medical necessity.
- (3) Clinically appropriate services.
- (4) Not later than May 1, 2002, conduct a State review of (i) individualized service plans for adults served to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans, and (ii) staffing patterns of residential services.

SECTION 21.66.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 21.66.(d) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

DOWNSIZING OF MENTAL RETARDATION CENTERS

SECTION 21.67.(a) In accordance with the Department of Health and Human Services' plan for downsizing the State's regional mental retardation facilities by four percent (4%) each year, the Department shall implement cost-containment and reduction strategies to ensure the corresponding financial and staff downsizing of each facility. The Department shall manage the client population of the mental retardation

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centers in order to ensure that placements for ICF/MR level of care shall be made in non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last resort and only upon approval of the Department. The corresponding budgets for each of the State mental retardation centers shall be reduced, and positions shall be eliminated as the census of each facility decreases. At no time shall mental retardation center positions be transferred to other units within a facility or assigned nondirect care activities such as outreach.

SECTION 21.67.(a1) Any savings in State appropriations that result from reductions in beds or services shall be placed in the Reserve for Mental Health System Reform. These funds shall be used to facilitate the closing of the facility and the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act.

SECTION 21.67.(b) Of the funds appropriated in this act to the Department of Health and Human Services for the 2002-2003 fiscal year for the operation of the State's Intermediate Care Facilities for the Mentally Retarded (ICF/MR), savings in excess of four million dollars (\$4,000,000) resulting from downsizing activities shall be identified and placed in the Reserve for Mental Health Reform.

SECTION 21.67.(c) The Department of Health and Human Services shall report on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. Progress reports shall be submitted no later than September 1, 2001, and January 15, 2002, and a final report submitted not later than May 1, 2002.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
PLAN FOR CONSTRUCTION OF REGIONAL PSYCHIATRIC HOSPITAL

SECTION 21.68.(a) The Secretary of the Department of Health and Human Services shall, in consultation with the Department of Administration, plan for the construction of a regional psychiatric hospital to provide acute psychiatric treatment services for citizens of the State.

SECTION 21.68.(b) In developing this plan, the Secretary, in consultation with the Office of the State Treasurer and the Department of Administration, shall identify and recommend the most cost-effective means to finance construction of the new State hospital. The Department shall also take into consideration the findings and recommendations of the Government Performance Audit Committee (GPAC), December 1992, MGT America Report of 1998, and the Report of the Office of the State Auditor, April 1, 2000.

SECTION 21.68.(c) The Department of Health and Human Services shall provide a progress report on December 1, 2001, and a final report not later than April 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.68.(d) The Department shall identify alternative locations for the new hospital. The Department shall identify those alternative locations that maximize existing State funds, access by clients, and efficiencies in service and administration.

SUBPART 6. CHILD DEVELOPMENT

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
CHILD CARE ALLOCATION FORMULA

SECTION 21.69.(a) The Department of Health and Human Services shall allocate child care subsidy funds to pay the costs of necessary child care for minor

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children of needy families. The mandatory thirty percent (30%) Smart Start 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 apply the following formula to all federal and State child care funds:

- (1) One-third of budgeted funds shall be distributed according to the county's population in relation to the total population of the State.
- (2) One-third of budgeted funds shall be distributed according to the number of children under 6 years of age in a county who are living in families whose income is below the State poverty level in relation to the total number of children under 6 years of age in the State in families whose income is below the poverty level.
- (3) One-third of budgeted funds shall be distributed according to the number of working mothers with children under 6 years of age whose family income is below seventy-five percent (75%) of State median income in a county in relation to the total number of working mothers with children under 6 years of age whose family income is below seventy-five percent (75%) of State median income in the State.

SECTION 21.69.(b) After the application of the formula in subsection (a) of this section, the Department shall identify counties whose allocations exceed the prior year expenditures for child care subsidies from all sources and shall apply the formula in subsection (a) to allocate excess child care subsidy funds to counties based on need.

SECTION 21.69.(c) The Department of Health and Human Services may reallocate unused child care subsidy funds in order to meet the child care needs of low-income families.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CHILD CARE FUNDS MATCHING REQUIREMENT

Boiler plate

SECTION 21.70. No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving any State child care funds appropriated by this act unless federal law requires such a match. This shall not prohibit any locality from spending local funds for child care services.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CHILD CARE REVOLVING LOAN

SECTION 21.71. 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 to pay the Department's cost of administering the program.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES

Local

SECTION 21.72.(a) Administrative costs of the North Carolina Partnership for Children, Inc., 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. What counts as administrative costs shall be as defined in the Smart Start Performance Audit.

Partnership

SECTION 21.72.(b) 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 to be developed by the Board of Directors of the North Carolina Partnership for Children, Inc.;

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

SECTION 21.72.(c) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the total amount budgeted for the Program in each fiscal year of the biennium as follows: contributions of cash equal to at least fifteen percent (15%) and in-kind donated resources equal to no more than five percent (5%) for a total match requirement of twenty percent (20%) for each fiscal year. The North Carolina Partnership for Children, Inc., may carryforward 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 Employment Security Commission 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; and
- (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.

The North Carolina Partnership for Children, Inc., shall establish uniform guidelines and reporting format for local partnerships to document the qualifying expenses occurring at the contractor level. Local partnerships shall monitor qualifying expenses to ensure they have occurred and meet the requirements prescribed in this subsection.

Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year 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 Commission on Governmental

Operations 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 21.72.(d) Counties participating in the Program may use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the North Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child care providers shall, at a minimum, comply with the applicable requirements for State licensure pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable requirements of State law or rule, including rules adopted for nonlicensed child care by the Social Services Commission, and with applicable federal regulations.

SECTION 21.72.(e) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

Revised

CHILD CARE SUBSIDY RATES

SECTION 21.73.(a) G.S. 110-109 is repealed. *Rate increased no money*

SECTION 21.73.(b) Subsection (d) of Section 11.27 of S.L. 2000-67 is repealed.

SECTION 21.73.(c) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

SECTION 21.73.(d) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Effective October 1, 2001, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME	
1-3	10%	<i>1 point less Increase by 1% pt.</i>
4-5	9%	
6 or more	8%	

SECTION 21.73.(e) On or before September 30, 2001, payments for the purchase of child care services for low-income children shall be the same as would have resulted under Section 11.27 of S.L. 2000-67. Effective October 1, 2001, 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.
- (2) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that are receiving a higher rate than the market rates that will be implemented with this provision shall continue to receive that higher rate until September 30, 2002.
- (3) 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.
- (4) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.
- (5) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or

transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

SECTION 21.73.(f) Provision of payment rates for child care providers in counties who do not have at least 75 children in each age group for center-based and home-based care are as follows:

- (1) Payment rates shall be set at the statewide market rate for licensed child care centers and homes.
- (2) If it can be demonstrated that the application of the statewide market rate to a county with fewer than 75 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 21.73.(g) 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 unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide market rate for each rated license level for each age category. The Division of Child Development may also calculate regional market rates for each rated license level for each age group and age category.

SECTION 21.73.(h) 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. 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 21.73.(i) Payment for subsidized child care services provided with Work First Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 21.73.(j) 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.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
DIVISION OF CHILD DEVELOPMENT REORGANIZATION

SECTION 21.74. The Department of Health and Human Services, Division of Child Development shall reduce layers of management and streamline operations in accordance with the following:

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- (1) Eliminate the Workforce Support and Consumer Outreach Section, including positions and corresponding State appropriations, federal funds, and other funds. Except that the Workforce Support, Criminal Records Checks, and the Work Force Unit-Quality Improvement Units shall be transferred to the Administration Section, including positions and corresponding State appropriations, federal funds, and other funds.
- (2) Eliminate the Program Integrity and Quality Assurance Section including positions and corresponding State appropriations, federal funds, and other funds.
- (3) Eliminate the Research and Policy Unit including positions and corresponding State appropriations, federal funds, and other funds.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
 ENHANCEMENTS**

SECTION 21.75.(a) The North Carolina Partnership for Children, Inc., and the Department of Health and Human Services shall immediately develop and implement the following:

- (1) Policies to ensure Early Childhood Education and Development Initiatives funds are allocated to child care programs, providers, and services that serve low-income children.
- (2) Policies to ensure the allocation of all State and federal funds to the neediest child care providers with priority given from the lowest licensure rating to the highest.
- (3) Policies to ensure the elimination of local duplication and increased efficiency in the administration of child care subsidy funds, including the following:
 - a. The Department and the Partnership shall ensure that only one administrative entity per local partnership administers child care subsidy funds.
 - b. The Department, in consultation with the local partnerships and counties, shall contract with the most efficient and effective entity to administer subsidy funds.
 - c. At no time shall the Department and a local partnership allow the duplicative administration of State and federal child care subsidy funds through subcontracts.
- (4) Policies and procedures to ensure the unduplicated compilation of children served through State and federal child care subsidy funds.
- (5) Policies and procedures to ensure the timely, accurate, and consistent reporting of information on local child care subsidy waiting lists statewide.

SECTION 21.75.(b) In consultation with the Department of Public Instruction and the North Carolina Partnership for Children, Inc., the Department of Health and Human Services shall develop and implement policies and procedures to ensure that local partnerships that allocate funds to child care providers receiving State and federal child care funds plan and coordinate with their local education agencies the following: *Lee Andrew Lew Suit*

- (1) Preschool curriculum development and selection.
- (2) Kindergarten transition activities.
- (3) Other activities needed to ensure that children transitioning from child care settings to kindergarten enter school ready to succeed.

SECTION 21.75.(c) The Department of Health and Human Services, in consultation with North Carolina Partnership for Children, Inc., and the Office of State Budget and Management, shall develop a separate NCPC, Early Childhood Education

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and Development Initiative Program budget, within the Division of Child Development fund code for the purpose of segregating all expenditures related to the administration and operation of the statewide Smart Start program.

SECTION 21.75.(d) 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 State fiscal year 2001-2002 shall be administered and distributed in the following manner:

- Reductions*
- (1) Effective for fiscal year 2001-2002, each Local Partnership's total allocation shall be reduced as follows:
 - a. For local partnerships first funded in 1993-94 fiscal year, the allocation shall be reduced by five percent (5%).
 - b. For local partnerships first funded in 1994-95 fiscal year, the allocation shall be reduced by three and one-half percent (3.5%).
 - c. For local partnerships first funded in 1996-97 fiscal year, the allocation shall be reduced by three and one-half percent (3.5%).
 - d. For local partnerships first funded in 1997-98 fiscal year, the allocation shall be reduced by three and one-half percent (3.5%).
 - e. For local partnerships first funded in 1998-99 fiscal year, the allocation shall be reduced in accordance with a policy to be developed by the North Carolina Partnership for Children, Inc., in conjunction with the Department of Health and Human Services.
 - (2) North Carolina Partnership for Children, Inc., administration shall be reduced by fifteen percent (15%) from the 2000-2001 fiscal year level.
 - (3) Department of Health and Human Services, Division of Child Development, Smart Start administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
 - (4) Capital expenditures and equipment expenditures are prohibited for fiscal year 2001-2002. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.

SECTION 21.75.(e) The allocation of fiscal year 2000-2001 State carryforward funds is prohibited, and all fiscal year 2000-2001 unspent funds shall revert to the General Fund.

SECTION 21.75.(f) With the exception of child care subsidy funds, at no time shall the North Carolina Partnership for Children, Inc., approve local partnership plans which allocate State funds to child care providers, programs, or services in the following circumstances:

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- (1) Child care facilities with licensure of four or five stars, unless the expenditure of funds is to expand capacity for low-income children.
 - (2) Child care facilities that do not accept child care subsidy funds.
 - (3) Child care facilities that previously received quality improvement grants whose quality initiatives failed to increase licensure.

SECTION 21.75.(g) G.S. 143B-168.15(f) is repealed.

SECTION 21.75.(h) G.S. 143B-168.12(a)(9) is repealed. *yearly not quarterly*

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Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
EVALUATION**

SECTION 21.76. Of the funds appropriated to the Department of Health and Human Services, Division of Child Development for the 2001-2002 fiscal year for the

evaluation of the Early Childhood Education and Development Initiatives, no more than five hundred thousand dollars (\$500,000) may be used for evaluation of the Initiatives. The funds shall be used as follows:

- (1) Evaluation of the Early Childhood Education and Development Initiatives, including the ongoing review of quality child care efforts and child care providers' progress in preparing children to be ready to enter school and succeed.
- (2) Continuation of technical assistance to local partnerships in data collection and evaluation. This assistance shall end by July 1, 2002.
- (3) Transitioning of local partnerships' data compilation responsibilities to the Department of Health and Human Services.
- (4) No more than five percent (5%) shall be used for the contractor's administrative overhead.

SUBPART 7. SERVICES FOR THE BLIND

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

New

CONSOLIDATION AND TRANSFER OF PROGRAM FUNDS IN THE DIVISION OF SERVICES FOR THE BLIND

SECTION 21.77. The Division of Services for the Blind may consolidate the operating budgets for the Medical Eye Care Program and the Independent Living Services Program. The Division shall continue to provide all services currently provided by the Medical Eye Care Program and the Independent Living Services Program.

SUBPART 8. VOCATIONAL REHABILITATION

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

New

ELIGIBILITY FOR VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

SECTION 21.78.(a) The Department of Health and Human Services shall compare the income eligibility standards for Vocational Rehabilitation and Independent Living Services to the income eligibility standards for Vocational Rehabilitation and Independent Living Services in other states.

SECTION 21.78.(b) The Department of Health and Human Services shall develop a plan for maximizing resources for Independent Living Services to ensure that services are targeted to the most financially needy persons.

SECTION 21.78.(c) The Department of Health and Human Services shall develop a plan for maximizing resources for Vocational Rehabilitation Services to ensure services are provided for low-income persons, the developmentally disabled, and Work First recipients who otherwise qualify for Vocational Rehabilitation Services.

SECTION 21.78.(d) The Department of Health and Human Services shall report on the activities required by this section no later than March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SUBPART 9. EARLY INTERVENTION AND EDUCATION

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

New

MAXIMIZATION OF RECEIPTS FOR EARLY INTERVENTION PROGRAMS

SECTION 21.79. The Department of Health and Human Services, Division of Public Health, area mental health, developmental disabilities, and substance abuse services programs, and local health departments shall maximize receipts for the

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evaluation and services provided by the Developmental Evaluation Centers and through Early Intervention programs. The Division shall maximize receipts from Health Choice, Medicaid, and other third-party payers. All receipts collected shall remain within the Division and shall be used to offset appropriations for operations of the Developmental Evaluation Centers and Early Intervention services.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CREATE OFFICE OF EDUCATION SERVICES

SECTION 21.80.(a) G.S. 143B-146.22 is repealed.

SECTION 21.80.(b) The Division of Early Intervention and Education is dissolved and an Office of Education Services is created within the Department of Health and Human Services. The purpose of this office is to manage the Schools for the Deaf, the Governor Morehead School for the Blind, and their preschool components. The Office shall have a Superintendent and appropriate staff to manage these schools. The purpose of the Office is to improve student academic and postsecondary outcomes and to strengthen collaborative relationships with local education agencies and with the State Board of Education.

SECTION 21.80.(c) The Early Intervention program, including all positions and the corresponding State appropriations, federal funds, and other funds that were in the Early Intervention program as of January 1, 2001, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(d) The Developmental Evaluation Centers, including all positions and the corresponding State appropriations, federal funds, and other funds, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(e) The Governor Morehead School preschool program, including all positions and the corresponding State appropriations, federal funds, and other funds, is transferred from the Division of Early Intervention and Education to the Governor Morehead School.

SECTION 21.80.(f) The Department of Health and Human Services shall make the necessary organization changes effective immediately and the budget adjustments by October 1, 2001.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CLOSURE OF CENTRAL NORTH CAROLINA SCHOOL FOR THE DEAF AT GREENSBORO

SECTION 21.81.(a) The Department of Health and Human Services shall immediately close the Central North Carolina School for the Deaf at Greensboro. The Department of Administration shall develop a plan to dispose of the property used by the Central North Carolina School for the Deaf and shall report on this plan by October 1, 2001, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

SECTION 21.81.(b) G.S. 143B-146.21(b) and (c) read as rewritten:

"(b) The Secretary of Health and Human Services shall adopt policies and offer training opportunities to ensure that personnel who provide direct services to children in the ~~three~~ State schools for the deaf become proficient in sign language within two years of their initial date of employment or within two years of the effective date of this act, whichever occurs later. This subsection shall not apply to preschool personnel in any oral, auditory, or cued speech preschool.

(c) The Department of Public Instruction, the Board of Governors of The University of North Carolina, and the State Board of Community Colleges shall offer and communicate the availability of professional development opportunities, including

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those to improve sign language skills, to the personnel assigned to the State's residential schools, particularly the Governor Morehead School and the ~~three~~ schools for the deaf."

SECTION 21.81.(c) G.S. 143B-216.40 reads as rewritten:

"§ 143B-216.40. Establishment; operations.

There are established, and there shall be maintained, the following schools for the deaf: the Eastern North Carolina School for the Deaf at Wilson (~~K-12~~); ~~the Central North Carolina School for the Deaf at Greensboro (K-8), (K-12)~~ and the North Carolina School for the Deaf at Morganton (K-12). The Department of Health and Human Services shall be responsible for the operation and maintenance of the schools.

The Board of Directors of the North Carolina Schools for the Deaf shall advise the Department and shall adopt rules and regulations concerning the schools as provided in G.S. 115C-124 and 143B-173."

SECTION 21.81.(d) G.S. 143B-146.2(a) reads as rewritten:

"(a) The Governor Morehead School and the ~~three~~ schools for the deaf shall participate in the ABC's Program. The Secretary, in consultation with the General Assembly and the State Board, may designate other residential schools that must participate in the ABC's Program. The primary goal of the ABC's Program is to improve student performance. The Program is based upon an accountability, recognition, assistance, and intervention process in order to hold each participating school, its superintendent, and the instructional personnel accountable for improved student performance in that school."

SECTION 21.81.(e) G.S. 143B-216.32(a) reads as rewritten:

"(a) The Council for the Deaf and the Hard of Hearing shall consist of 23 members. Fifteen members shall be members appointed by the Governor. Three members appointed by the Governor shall be persons who are deaf and three members shall be persons who are hard of hearing. One appointment shall be an educator who trains deaf education teachers and one appointment shall be an audiologist licensed under Article 22 of Chapter 90 of the General Statutes. Three appointments shall be parents of deaf or hard of hearing children including one parent of a student in a residential school; one parent of a student in a preschool program; and one parent of a student in a mainstream education program, with ~~each~~ at least one parent coming from a ~~different~~ each region of the ~~three~~ North Carolina schools for the deaf regions. One member appointed by the Governor shall be recommended by the President of the North Carolina Association of the Deaf; one member shall be recommended by the President of the North Carolina Pediatric Society; one member shall be recommended by the President of the North Carolina Registry of Interpreters for the Deaf; and one member shall be nominated by the Superintendent of Public Instruction. One member shall be appointed from the House of Representatives by the Speaker of the House of Representatives and one member shall be appointed from the Senate by the President Pro Tempore of the Senate. The Secretary of Health and Human Services shall appoint six members as follows: one from the Division of Vocational Rehabilitation, one from the Division of Aging, one from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one from the Division of Social Services, one from a North Carolina Chapter of SHHH (Self Help for the Hard of Hearing), and one from SPEAK (Statewide Parents' Education and Advocacy for Kids)."

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CLOSURE OF EASTERN NORTH CAROLINA SCHOOL FOR THE DEAF AT WILSON AND THE NORTH CAROLINA SCHOOL FOR THE DEAF AT MORGANTON

SECTION 21.82.(a) The Department of Health and Human Services shall close the North Carolina School for the Deaf at Morganton and the Eastern North Carolina School for the Deaf at Wilson no later than June 30, 2003.

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SECTION 21.82.(b) The Department of Health and Human Services and the Department of Public Instruction shall plan for the closure of the two schools for the deaf during the 2001-2002 State fiscal year. The Department of Health and Human Services, in consultation with the Department of Public Instruction, the appropriate local education agencies, and the families of the affected students, shall develop a transition plan to mainstream all students into the appropriate local school effective for the 2003-2004 school year. The Department shall report on this plan to the Joint Legislative Commission on Governmental Operations not later than February 1, 2002.

SECTION 21.82.(c) The Department of Health and Human Services, Office of Education Services and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop a transition plan for those deaf students who are seriously emotionally disturbed for placing them in an appropriate setting.

SECTION 21.82.(c1) The Department shall determine which children, if any, cannot reasonably and appropriately be served in their local school systems. To the extent those cases exist, in conjunction with the affected school systems and with the parents or guardians of those children, the Department shall prepare a plan by which those children can receive reasonable and appropriate services. To the extent that a plan cannot be developed through which any of these children can be reasonably and appropriately served within their local school systems, the Department shall present a detailed proposal for serving these children. The report shall be submitted not later than February 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.82.(d) The Department of Administration shall develop a plan for disposing of the property used by the schools for the deaf.

SECTION 21.82.(e) Effective July 1, 2003, Part 30 of Article 3 of Chapter 143B of the General Statutes is repealed.

SECTION 21.82.(f) Effective July 1, 2003, G.S. 143B-146.2(a), as amended by Section 21.81(d) of this act, reads as rewritten:

"(a) The Governor Morehead School ~~and the schools for the deaf~~ shall participate in the ABC's Program. The Secretary, in consultation with the General Assembly and the State Board, may designate other residential schools that must participate in the ABC's Program. The primary goal of the ABC's Program is to improve student performance. The Program is based upon an accountability, recognition, assistance, and intervention process in order to hold each participating school, its superintendent, and the instructional personnel accountable for improved student performance in that school."

SECTION 21.82.(g) Effective July 1, 2003, G.S. 143B-216.32(a), as amended by Section 21.81(e) of this act, reads as rewritten:

"(a) The Council for the Deaf and the Hard of Hearing shall consist of 23 members. Fifteen members shall be members appointed by the Governor. Three members appointed by the Governor shall be persons who are deaf and three members shall be persons who are hard of hearing. One appointment shall be an educator who trains deaf education teachers and one appointment shall be an audiologist licensed under Article 22 of Chapter 90 of the General Statutes. Three appointments shall be parents of deaf or hard of hearing children ~~including one parent of a student in a residential school; one parent of a student in a preschool program; and one parent of a student in a mainstream education program, with at least one parent coming from each region of the North Carolina schools for the deaf regions children.~~ One member appointed by the Governor shall be recommended by the President of the North Carolina Association of the Deaf; one member shall be recommended by the President of the North Carolina Pediatric Society; one member shall be recommended by the President of the North Carolina Registry of Interpreters for the Deaf; and one member shall be nominated by the Superintendent of Public Instruction. One member shall be

appointed from the House of Representatives by the Speaker of the House of Representatives and one member shall be appointed from the Senate by the President Pro Tempore of the Senate. The Secretary of Health and Human Services shall appoint six members as follows: one from the Division of Vocational Rehabilitation, one from the Division of Aging, one from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one from the Division of Social Services, one from a North Carolina Chapter of SHHH (Self Help for the Hard of Hearing), and one from SPEAK (Statewide Parents' Education and Advocacy for Kids)."

SECTION 21.82.(h) Effective July 1, 2003, G.S. 114-4.2F reads as rewritten:

"§ 114-4.2F. **Designation of attorney specializing in the law of the handicapped.**

The Attorney General is authorized to designate from his staff an attorney to specialize in the law of the handicapped. The attorney so designated shall act as advisor to the Division of Vocational Rehabilitation, the Division of Services for the Deaf and the Hard of Hearing, ~~the North Carolina School for the Deaf and the Governor Morehead School.~~"

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

CLOSING OF PRESCHOOL PROGRAMS FOR THE DEAF

SECTION 21.83. Effective October 1, 2001, the Department of Health and Human Services shall close the State-operated preschool programs for the deaf. The Department of Health and Human Services, the Division of Public Health, the Office of Education Services, the Division of Child Development, and the Department of Public Instruction shall develop a transition plan for the appropriate placement of the children located at these preschool sites. The transition plan shall include an assessment of the available resources to meet the needs of the children. *35 student*

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

EARLY INTERVENTION PILOTS

SECTION 21.84.(a) The Department of Health and Human Services, Division of Public Health shall not expand the Student Information Management System pilot program statewide during the 2001-2002 fiscal year. The Department shall maintain, evaluate, and improve the three pilot projects implemented in the 2000-2001 fiscal year, and provide a report on the status of the system to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by October 1, 2001. The report shall include the status of the operations of the database, a plan for statewide expansion, and the costs associated with the expansion.

SECTION 21.84.(b) The Department of Health and Human Services shall not expand the regional interdisciplinary pilots during the 2001-2002 fiscal year.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

EVALUATION OF EARLY INTERVENTION SYSTEM

SECTION 21.85.(a) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children are waiting for evaluation services provided by the Developmental Evaluation Centers. The Division shall develop an action plan to reduce the waiting period for evaluation services.

SECTION 21.85.(b) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children and their families are waiting for services that follow the evaluation process. The Division shall identify the specific services that children are waiting for and develop a plan to address the waiting period.

SECTION 21.85.(c) The Department of Health and Human Services, Division of Public Health, shall assess ways in which to create efficiencies among the

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therapies that are provided within the Early Intervention Program, Children With Special Health Services program, and other programs. The Division shall also evaluate ways to combine early intervention services provided by the Developmental Evaluation Centers, regional therapists, local health departments, and area mental health, developmental disabilities, and substance abuse authorities to gain efficiencies.

SECTION 21.85.(d) Not later than December 1, 2001, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the assessment and plans of action for all of the above.

SUBPART 10. PUBLIC HEALTH

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

IMMUNIZATION PROGRAM RESTITUTION POLICY

SECTION 21.86. Part 2 of Article 6 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"§ 130A-158. Restitution required when vaccine spoiled due to provider negligence.

Immunization program providers shall be liable for restitution to the State for the cost of replacement vaccine when vaccine in the provider's inventory has become spoiled or unstable due to the provider's negligence and unreasonable failure to properly handle or store the vaccine."

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

IMMUNIZATION PROGRAM FUNDING

SECTION 21.87.(a) Of the funds appropriated in this act to the Department of Health and Human Services for childhood immunization programs for positions, operating support, equipment, and pharmaceuticals, the sum of up to one million dollars (\$1,000,000) for the 2001-2002 fiscal year and the sum of one million dollars (\$1,000,000) for the 2002-2003 fiscal year may be used for projects and activities that are also designed to increase childhood immunization rates in North Carolina. These projects and activities shall include the following:

- (1) Outreach efforts at the State and local levels to improve service delivery of vaccines. Outreach efforts may include educational seminars, media advertising, support services to parents to enable children to be transported to clinics, longer operating hours for clinics, and mobile vaccine units; and
- (2) Continued development of an automated immunization registry.

SECTION 21.87.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions or contracts in the Department of Health and Human Services.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee, Rand

PRESCRIPTION DRUG ASSISTANCE PROGRAM

SECTION 21.88. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the 2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs for persons:

- (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- (2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and
- (3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee, Dannelly

ADOLESCENT PREGNANCY PREVENTION INITIATIVES

SECTION 21.89.(a) The title of Part 6 of Article 5 of Chapter 130A of the General Statutes reads as rewritten:

~~"Part 6. Adolescent Teen Pregnancy Prevention Projects-Prevention."~~

SECTION 21.89.(b) G.S. 130A-131.15 is repealed.

SECTION 21.89.(c) Part 6 of Article 5 of Chapter 130A of the General Statutes is amended by adding a new section to read:

"§ 130A-131.15A. Department to establish program.

(a) The Department shall establish and administer Teen Pregnancy Prevention Initiatives. The Department shall establish initiatives for primary prevention, secondary prevention, and special projects.

(b) The Commission shall adopt rules necessary to implement this section. The rules shall include a maximum annual funding level for initiatives and a requirement for local match.

(c) Initiatives shall be funded in accordance with selection criteria established by the Commission. The Department shall make funding recommendations to the Commission. The Commission shall make the final determination of which initiatives are to be funded.

(d) Initiatives shall be funded on a four-year funding cycle. At the end of four years of funding, a local initiative shall be eligible to reapply for funding.

(e) Administrative costs in implementing this section shall not exceed ten percent (10%) of the total funds administered pursuant to this section.

(f) The Department shall evaluate funded initiatives on a two-year cycle and shall report its finding to the Commission, the Joint Legislative Commission on Government Operations, and the House of Representatives and Senate Chairs of the Appropriations Subcommittees on Health and Human Services by April 1 of odd-numbered years. The evaluation shall be conducted by a firm or individual external to the Department. The evaluation shall include a study of the effectiveness of the initiative in reducing the pregnancy rate in the target population."

SECTION 21.89.(d) The Department of Health and Human Services shall administer the Adolescent Pregnancy Prevention Program, the Adolescent Parenting Program, and the TANF-funded pregnancy prevention projects pursuant to the provisions of G.S. 130A-131.15A.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

AIDS DRUG ASSISTANCE PROGRAM(ADAP)

SECTION 21.90.(a) The Department shall develop a comprehensive information management system on AIDS/HIV clients receiving services from the State. The Department may use up to fifty thousand dollars (\$50,000) of the funds appropriated in this act to implement this information management system. This information management system shall be patterned after the information management system used by the Elderly Drug Assistance Program, shall provide instantaneous internal access to information, and shall include information on the following:

- (1) Program usage patterns of ADAP participants, including, but not limited to, frequency of prescription purchases, types of medications prescribed, and the cost of prescribed medications on a monthly basis.
- (2) Demographics of participants in the program, including the age, gender, race, ethnicity, and county of residence of participants.

The Department shall also develop a plan for promoting patient adherence to physician treatment recommendations. In developing the plan, the Department shall identify ways of obtaining information without interfering with physician-patient confidentiality. The Department shall report on this plan to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than May 1, 2002.

SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. Eligibility for participation in ADAP during the 2001-2003 fiscal biennium may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (a) of this section. Until the Office of State Budget and Management makes this certification, eligibility for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. All individuals who are eligible for participation in ADAP shall be served by the Department of Health and Human Services. If sufficient funds are not available from funds allocated to ADAP, the Department of Health and Human Services shall transfer available funds from other programs within the Department to meet the funding needs of ADAP.

SECTION 21.90.(c) The Department of Health and Human Services shall make an interim report by January 1, 2002, and a final report by April 30, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on ADAP. The reports shall include the following:

- (1) Monthly data on total cumulative AIDS/HIV cases reported in North Carolina.
- (2) Monthly data on the number of individuals who have applied to participate in ADAP that have been determined to be ineligible.
- (3) Monthly data on the income level of participants in ADAP and of individuals who have applied to participate in ADAP who have been determined to be ineligible.
- (4) Monthly data on fiscal year-to-date expenditures of ADAP. The interim report shall contain monthly data on the calendar year-to-date expenditures of ADAP.
- (5) An update on the status of the information management system.
- (6) Monthly data on ADAP usage patterns and demographics of participants in ADAP.
- (7) Estimated participation rates and costs if eligibility for participation in ADAP were raised to one hundred seventy-five percent (175%) of the federal poverty level or to two hundred percent (200%) of the federal poverty level.
- (8) Fiscal year-to-date budget information.

SECTION 21.90.(d) The Department of Health and Human Services shall revise its policy regarding determination of eligibility to require all applications for participation in ADAP to be reviewed for eligibility determination by the Purchase of Medical Care Unit of the Program Benefits and Payment Section of the Office of the State Controller. The Department shall track all applications for participation in ADAP in order to make the reports required under subsection (c) of this section. This policy applies to all applications made in physician offices or other settings.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

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DIVISION OF PUBLIC HEALTH REORGANIZATION

SECTION 21.91.(a) The Department of Health and Human Services shall reduce layers of management and streamline operations as follows:

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- (1) Create a Section of Financial Management and Support. The Department shall consolidate all budgeting, purchasing, contract oversight, and computer networking personnel into this section. The Department shall transfer all positions, corresponding State appropriations, federal funds, and other related funds into this section. At no time shall the Department allow the Division of Public Health to maintain nonprogram positions within the other sections of the Division.
- (2) Eliminate the Oral Health Section, effective July 1, 2001. All positions, corresponding State appropriations, federal funds, and other related funds shall be transferred to the Women and Children's Health Section. *No services will be lost*
 - a. The Division shall evaluate the services currently provided by staff and identify opportunities for efficiencies by combining any of the educational functions of staff with the school health program within the Women's and Children's Health Section.
 - b. The Division shall identify ways to maximize Dentist I positions by looking at ways to provide direct children's services through these dentists, or redirecting these funds to develop demonstration efforts that will provide additional dental services for individuals.
- (3) Consolidate all nurse consultant positions across the Division of Public Health sections into the Local Health Services Section. The Department shall transfer corresponding State appropriations, federal funds, and any other related funds into the Local Health Services Section. The Department shall further combine activities among nurse consultants to ensure that positions will function as generalists for the provision of services to local health departments.
- (4) Consolidate and transfer all health educator positions across Division of Public Health sections into an existing section. The Department shall transfer corresponding State appropriations, federal funds, and any other related funds into that section. The Department shall ensure that these positions will function as generalists for the provision of educational services for the State and local health departments.

SECTION 21.91.(b) All functions of the Oral Health Section shall be continued unless contrary to sound health policy. The Public Health Division shall maintain at least the same levels of visibility and viability for oral health functions as under the Oral Health Section. The elimination of the Oral Health Section shall not impair the Public Health Division's ability to access and participate in federal contracts.

SECTION 21.91.(c) The Department shall establish a new permanent full-time position in the Division of Public Health for Local Health Services section chief. The Department shall not contract for this position.

SECTION 21.91.(d) Not later than October 1, 2001, the Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the reorganization activities required under this section.

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Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
STATE LABORATORY

SECTION 21.92.(a) The Department of Health and Human Services, Office of the State Controller, shall develop a five-year equipment replacement schedule for the State Laboratory. The purpose of the schedule is to have an objective plan for medical laboratory equipment replacement to plan for current and future year's budget requirements.

SECTION 21.92.(b) The Department shall assess the various services that the State Laboratory provides and address the feasibility of contracting for additional services. The Department shall prepare a cost-benefit analysis of providing services in-house versus contracting out for services.

SECTION 21.92.(c) The Department shall assess the current fees and fee methodology for laboratory services to determine if fees are set at the appropriate levels. The Department shall identify new ways to set fees that incorporate the fully allocated cost of laboratory equipment and the full costs of operations. The Department may implement a revised fee schedule to reflect the full cost of operations including equipment replacement.

SECTION 21.92.(d) Not later than March 1, 2002, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section.

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

ENHANCEMENT OF STATE CENTER FOR HEALTH STATISTICS

SECTION 21.93.(a) The State Center for Health Statistics is transferred to the Office of the Secretary of the Department of Health and Human Services and is renamed the "Center for Health and Human Services Statistics and Information." The purpose of the Center is to provide primary statistical analyses and information for the Department, members of the public, and support of all of the Divisions of the Department. The Center shall collect, compile, manage, and report data for the public and the Department. The Secretary shall transfer all information management, database management, and other related positions from throughout the divisions, except for the Division of Information Resource Management and other systems management personnel, and shall transfer corresponding State appropriations, federal funds, and other funds to establish and expand the Center. The Department shall do the following:

- (1) Determine the feasibility of transferring existing database contracts to the Center. All future statistical analyses and information projects will be first made available to the Center for the right of first refusal.
- (2) Determine the feasibility of creating a unit in the Center to more efficiently and effectively manage database and information contracts for the entire Department.
- (3) Consult with the Center in planning any management information systems.
- (4) Evaluate the feasibility of operating the center as an internal service fund budget.

The Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section no later than October 1, 2001, and a final report on March 1, 2002. The report shall include an assessment of the current statistical analysis functions for each Division and determine the resources (staff and appropriations) that would be suitable for transfer into the Center. The inventory shall include an assessment of all current contracts for database management, data collection, and analyses, and shall determine the total amount of funds currently involved with these efforts. The final

report shall include an implementation plan for carrying out the provisions of this section.

SECTION 21.93.(b) Article 15 of Chapter 130A of the General Statutes reads as rewritten:

"Article 15.

~~"State-Center for Health Statistics and Human Services Statistics and Information.~~
"§ 130A-371. State-Center for Health and Human Services Statistics and Information established.

~~A State-The Center for Health and Human Services Statistics and Information is established within the Department. The purpose of the Center for Health and Human Services Statistics and Information is to provide primary statistical analysis and information for health and human services, members of the public, and support for all Divisions of the Department.~~

"§ 130A-372. Definitions.

The following definitions shall apply throughout this Article:

- (1) 'Health data' means information relating to the health status of individuals, the availability of health resources and services, and the use and cost of these resources and services. The term shall not include vital records registered under the provisions of Article 4 of this Chapter.
- (2) 'Medical records' means health data relating to the diagnosis or treatment of physical or mental ailments of individuals. "

"§ 130A-373. Authority and duties.

(a) ~~The State-Center for Health and Human Services Statistics and Information is authorized to:~~

- (1) Collect, maintain and analyze health data on:
 - a. The extent, nature and impact of illness and disability on the population of the State;
 - b. The determinants of health and health hazards;
 - c. Health resources, including the extent of available work power and resources;
 - d. Utilization of health care;
 - e. Health care costs and financing; and
 - f. Other health or health-related matters; and
- (2) Undertake and support research, demonstrations and evaluations respecting new or improved methods for obtaining data.

(b) ~~The State-Center for Health and Human Services Statistics and Information may collect health data on behalf of other governmental or nonprofit organizations.~~

(c) ~~The State-Center for Health and Human Services Statistics and Information shall collect data only on a voluntary basis except when there is specific legal authority to compel mandatory reporting of the health data. In collecting health data on a voluntary basis, the State-Center for Health and Human Services Statistics and Information shall give the person a statement in writing:~~

- (1) That the data is being collected on a voluntary basis and that the person is not required to respond; and
- (2) The purposes for which the health data is being collected.

(d) ~~Subject to the provisions of G.S. 130A-374, the State-Center for Health and Human Services Statistics and Information may share health data with other persons, agencies and organizations.~~

(e) ~~The State-Center for Health and Human Services Statistics and Information shall:~~

- (1) Take necessary action to assure that statistics developed under this Article are of high quality, timely and comprehensive, as well as specific and adequately analyzed and indexed; and

(2) Publish, make available and disseminate statistics on as wide a basis as practical.

(f) The State-Center for Health and Human Services Statistics and Information shall coordinate health data activities within the State in order to eliminate unnecessary duplication of data collection and to maximize the usefulness of data collected by:

- (1) Participating with State and local agencies in the design and implementation of a cooperative system for producing comparable and uniform health information and statistics at the State and local levels; and
- (2) Undertaking and supporting research, development, demonstration and evaluation respecting the cooperative system.

"§ 130A-374. Security of health data.

(a) Medical records of individual patients shall be confidential and shall not be public records open to inspection. The State-Center for Health and Human Services Statistics and Information may disclose medical records of individual patients which identify the individual described in the record only if:

- (1) The individual described in the medical record has authorized the disclosure; or
- (2) The disclosure is for bona fide research purposes. The Commission shall adopt rules providing for the use of the medical records for research purposes.

(b) The State-Center for Health and Human Services Statistics and Information shall take appropriate measures to protect the security of health data collected by the Center, including:

- (1) Limiting the access to health data to authorized individuals who have received training in the handling of this data;
- (2) Designating a person to be responsible for physical security; and
- (3) Developing and implementing a system for monitoring security."

SECTION 21.93.(c) The Secretary shall review the requirements of the medical records privacy regulations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to avoid duplication of effort in complying with that Act and this section.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

PUBLIC HEALTH PREVENTION ACTIVITIES REPORT *Reporting Requirement*

SECTION 21.94. The Department of Health and Human Services, Division of Public Health, shall conduct an inventory of its activities in the prevention of infant mortality and birth defects. The Department shall conduct a comprehensive assessment of these activities to identify all in-house activities and contracted activities and shall include the following:

- (1) Program or service title and description;
- (2) Number of clients served, if applicable;
- (3) State appropriations, federal funds, and other funds involved with the program or service; and
- (4) To the extent possible include Smart Start health programs and services, and identify other nonprofit organizations' activities.

The Department shall report on the information required under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

Repeat

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee, Warren

HEART DISEASE AND STROKE PREVENTION TASK FORCE

SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

NEWBORN HEARING SCREENING PROGRAM REPORT

SECTION 21.96. The Department of Health and Human Services shall report the following information on the newborn hearing screening program:

- (1) Unduplicated number of infants screened.
- (2) Number of infants who failed the second hearing screening.
- (3) Number of infants receiving the diagnostic evaluation.
- (4) Number and types of services provided.
- (5) Number and types of follow-up services provided to children.

The Department shall submit the report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee

INTENSIVE HOME VISITING

SECTION 21.97.(a) The Department of Health and Human Services, Division of Public Health, shall not contract for evaluation, technical assistance, or any other activity for the Intensive Home Visiting Program during the 2001-2002 fiscal year. The Division shall continue to collect and manage data collected by nurses and visitors on program activities. The Division shall collect the necessary information on participants to allow future tracking of these participants and facilitate a future longitudinal study for the purposes of determining program effectiveness.

SECTION 21.97.(b) The Division shall require in-home visitors to collect data on program participants as a condition of participation. This requirement shall include six-month periodic assessments and completion of the questionnaires. The Department shall ensure that the collection, maintenance, use, and disclosure of data complies with applicable State and federal law protecting privacy of health and other individual information. By April 1, 2002, the Division shall report to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services on the following items:

- (1) Number of clients/families enrolled per county.
- (2) Attrition and reasons why families leave the program.
- (3) Average number of home visits per month.
- (4) Average time involved per home visit.
- (5) Baseline family characteristics.
- (6) Health behaviors.
- (7) Perinatal and birth outcomes.
- (8) Other relevant outcome information.

All program information shall include the identification of the model used in order to compare these models in the future.

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New

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
ACCESS TO ORAL HEALTH CARE

SECTION 21.98. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Medical Assistance, the sum of seven million five hundred thousand dollars (\$7,500,000) for the 2001-2002 fiscal year and the sum of seven million five hundred thousand dollars (\$7,500,000) for the 2002-2003 fiscal year shall be used to provide enhanced reimbursement to dentists whose practice consists of a significant number of Medicaid-eligible children or Medicaid-eligible elderly or disabled adults, or who provide outreach services to underserved Medicaid-eligible populations as follows:

- (1) Dentists who can demonstrate one or more of the following shall be reimbursed at one hundred percent (100%) of the eightieth percentile of charges as determined by the National Dental Advisory Service (NDAS) for Medicaid-covered services:
 - a. An increase in Medicaid-covered dental services provided by the dentist to Medicaid-eligible children or Medicaid-eligible adults as of fiscal year 2000-2001 as compared to the average of the Medicaid services provided by that dentist during fiscal years 1998-99 and 1999-2000.
 - b. The number of Medicaid-eligible children or Medicaid-eligible adult patients served by the dentist during fiscal year 2000-2001 is at least 20.
 - c. Dental services are provided to indigent persons or Medicaid-eligible patients who are residents, inmates, or clients of an adult care home, hospital long-term care unit, a State facility listed in G.S. 122C-181, a State correctional facility, a local health department, a nonprofit community health center, a school-based health center, or an indigent health care clinic, regardless of the number of Medicaid patients served in previous fiscal years.
 - d. The dentist continuously utilizes a system of care coordination for Medicaid-eligible patients. The dentist must demonstrate that the care coordination system is effective in educating and assisting Medicaid-eligible patients to engage in preventive oral health care and to keep dental appointments. The care coordination may be a function of the dentist's internal operations or may be provided through a contract provider.
- (2) Medicaid-covered services provided by a dentist to Medicaid-eligible children or Medicaid-eligible elderly or disabled adults from a mobile dental unit in any of the locations listed in sub-subdivision (1)c. of this subsection shall be reimbursed at one hundred percent (100%) of the eighty-fifth percentile of charges as determined by the National Dental Advisory Service (NDAS).

New

Requested by: Senators Hoyle, Kerr, Martin of Guilford, Plyler, Odom, Lee
DHHS FACILITY SERVICES FEES

SECTION 35.5.(a) G.S. 131D-2(b)(1) reads as rewritten:

"(b) Licensure; inspections. -

(1) The Department of Health and Human Services shall inspect and license, under rules adopted by the Medical Care Commission, all adult care homes for persons who are aged or mentally or physically disabled except those exempt in subsection (c) of this section. Licenses issued under the authority of this section shall be valid for one year from the date of issuance unless revoked earlier by the Secretary for failure to comply with any part of this section or any rules adopted hereunder adult care. Licenses shall be renewed annually upon filing and the Department's approval of the renewal application. The Department shall charge the adult care home a nonrefundable annual license fee in the amount of ten dollars (\$10.00) per licensed bed. A license shall not be renewed if outstanding fines and penalties imposed by the State against the home have not been paid. Fines and penalties for which an appeal is pending are exempt from consideration. The renewal application shall contain all necessary and reasonable information that the Department may by rule require. Except as otherwise provided in this subdivision, the Department may amend a license by reducing it from a full license to a provisional license for a period of not more than 90 days whenever the Department finds that:

- a. The licensee has substantially failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles;
- b. There is a reasonable probability that the licensee can remedy the licensure deficiencies within a reasonable length of time; and
- c. There is a reasonable probability that the licensee will be able thereafter to remain in compliance with the licensure rules for the foreseeable future.

The Department may extend a provisional license for not more than one additional 90-day period upon finding that the licensee has made substantial progress toward remedying the licensure deficiencies that caused the license to be reduced to provisional status.

The Department may revoke a license whenever:

- a. The Department finds that:
 - 1. The licensee has substantially failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles; and
 - 2. It is not reasonably probable that the licensee can remedy the licensure deficiencies within a reasonable length of time; or
- b. The Department finds that:
 - 1. The licensee has substantially failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles; and

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All New Fees

2. Although the licensee may be able to remedy the deficiencies within a reasonable time, it is not reasonably probable that the licensee will be able to remain in compliance with licensure rules for the foreseeable future; or
- c. The Department finds that the licensee has failed to comply with the provisions of Articles 1 and 3 of Chapter 131D of the General Statutes and the rules adopted pursuant to these Articles, and the failure to comply endangered the health, safety, or welfare of the patients in the facility.

The Department may also issue a provisional license to a facility, pursuant to rules adopted by the Medical Care Commission, for substantial failure to comply with the provisions of this section or rules adopted pursuant to this section. Any facility wishing to contest the issuance of a provisional license shall be entitled to an administrative hearing as provided in the Administrative Procedure Act, Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department mails written notice of the issuance of the provisional license."

SECTION 35.5.(b) G.S. 131E-77(d) reads as rewritten:

"(d) Upon receipt of an application for a license, the Department shall issue a license if it finds that the applicant complies with the provisions of this Article and the rules of the Commission. The Department shall renew each license in accordance with the rules of the Commission. The Department shall charge the applicant a nonrefundable annual license fee in the amount of ten dollars (\$10.00) per licensed bed."

SECTION 35.5.(c) G.S. 131E-102(b) reads as rewritten:

"(b) Applications shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated under this Part. The Department shall charge the applicant a nonrefundable annual license fee in the amount of ten dollars (\$10.00) per licensed bed."

SECTION 35.5.(d) G.S. 131E-138(c) reads as rewritten:

"(c) An application for a license shall be available from the Department, and each application filed with the Department shall contain all information requested by the Department. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated by the Commission under this Part. The Department shall charge the applicant a nonrefundable annual license fee in the amount of one hundred dollars (\$100.00)."

SECTION 35.5.(e) G.S. 131E-147(b) reads as rewritten:

"(b) Applications shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A license shall be granted to the applicant upon a determination by the Department that the applicant has complied with the provisions of this Part and the rules promulgated by the Commission under this Part. The Department shall charge the applicant a nonrefundable annual license fee in the amount of ten dollars (\$10.00) per licensed bed."

SECTION 35.5.(f) G.S. 131E-167(a) reads as rewritten:

"(a) Applications for certification shall be available from the Department, and each application filed with the Department shall contain all necessary and reasonable information that the Department may by rule require. A certificate shall be granted to the applicant for a period not to exceed two years upon a determination by the Department that the applicant has substantially complied with the provisions of this Article and the rules promulgated by the Department under this Article. The Department shall charge the applicant a nonrefundable annual certification fee in the amount of four hundred dollars (\$400.00)."

SECTION 35.5.(g) G.S. 131E-202(b) reads as rewritten:

"(b) The Department shall provide applications for hospice licensure. Each application filed with the Department shall contain all information requested therein. A license shall be granted to the applicant upon determination by the Department that the applicant has complied with the provisions of this Article and with the rules adopted by the Commission thereunder. Each license shall be issued only for the premises and persons named therein, shall not be transferable or assignable except with the written approval of the Department, and shall be posted in a conspicuous place on the licensed premises. The Department shall charge the applicant a nonrefundable annual license fee in the amount of ten dollars (\$10.00) per licensed bed."

SECTION 35.5.(h) G.S. 14-45.1(a) reads as rewritten:

"(a) Notwithstanding any of the provisions of G.S. 14-44 and 14-45, it shall not be unlawful, during the first 20 weeks of a woman's pregnancy, to advise, procure, or cause a miscarriage or abortion when the procedure is performed by a physician licensed to practice medicine in North Carolina in a hospital or clinic certified by the Department of Health and Human Services to be a suitable facility for the performance of abortions. The Department of Health and Human Services shall charge the facility a nonrefundable annual certification fee in the amount of four hundred dollars (\$400.00)."

SECTION 35.5.(i) Part A of Article 6 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

"§ 131E-115. Annual fee for licensure of skilled nursing beds in continuing care retirement communities.

The Department of Health and Human Services shall charge continuing care retirement communities licensed pursuant to Article 64 of Chapter 58 of the General Statutes a nonrefundable annual licensure fee in the amount of ten dollars (\$10.00) per licensed skilled nursing bed."

SECTION 35.5.(j) Article 1 of Chapter 131D of the General Statutes is amended by adding the following new section to read:

"§ 131D-10. Annual fee for licensure of adult care home beds in continuing care retirement communities.

The Department shall charge continuing care retirement communities licensed pursuant to Article 64 of Chapter 58 of the General Statutes a nonrefundable annual licensure fee in the amount of ten dollars (\$10.00) per licensed adult care home bed."

SECTION 35.5.(k) G.S. 122C-23 is amended by adding the following new subsection to read:

"(h) The Secretary shall charge all facilities licensed under this Chapter that have licensed beds a nonrefundable annual licensure fee in the amount of ten dollars (\$10.00) per licensed bed."

SECTION 35.5.(l) This section becomes effective October 1, 2001.

Revised

PART V. BLOCK GRANTS

Requested by: Senators Martin of Guilford, Plyler, Odom, Lee
DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT <i>Increased</i>	
01. Community Action Agencies	<i>Must have 90%</i> \$ 14,160,375
02. Limited Purpose Agencies	979,017
03. Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	500,000
TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 15,639,392
SOCIAL SERVICES BLOCK GRANT	
01. County departments of social services (Transfer from TANF - \$4,500,000)	\$ 27,395,663
02. Allocation for in-home services provided by county departments of social services	2,101,113
03. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04. Division of Services for the Blind	3,105,711
05. Division of Facility Services	426,836
06. Division of Aging - Home and Community Care Block Grant	1,840,234
07. Child Care Subsidies	3,000,000
08. Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09. State administration	1,693,368
10. Child Medical Evaluation Program	238,321
11. Adult day care services	2,245,912
12. Comprehensive Treatment Services Program	<i>1 item</i> 1,145,789
13. Transfer to Preventive Health Services	

	Block Grant for emergency medical services	213,128
14.	Transfer to Preventive Health Services Block Grant for AIDS education, counseling, and testing	66,939
15.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
16.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
17.	UNC-CH CARES Program for training and consultation services	247,920
18.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
19.	Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies	1,500,000
20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 53,888,298
	LOW-INCOME ENERGY BLOCK GRANT	
01.	Energy Assistance Programs	\$ 8,306,967
02.	Crisis Intervention	7,078,114
03.	Administration	1,984,934
04.	Department of Commerce - Weatherization Program	2,684,116
05.	Department of Administration - N.C. State Commission of Indian Affairs	39,765
	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 20,093,896
	MENTAL HEALTH SERVICES BLOCK GRANT	
01.	Provision of community-based services in accordance with the Mental Health Study Commission's Adult Severe and Persistently	

	Mentally Ill Plan	\$ 5,192,826
02.	Provision of community-based services to children	2,378,540
03.	Establish Child Residential Treatment Services Program	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 9,855,277

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT *Decreased*

01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	\$ 14,501,711
02.	Continuation of services for pregnant women and women with dependent children	6,007,303
03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	5,209,934
04.	Provision of services to children and adolescents	6,839,190
05.	Juvenile Services - Family Focus	774,414
06.	Establish Child Residential Treatment Services Program	500,000
07.	Administration - <i>same level 2 million</i>	2,623,049

All decreased

TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT \$ 36,455,601

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

01.	Child care subsidies <i>Increase 2 million</i>	\$148,343,839
02.	Quality and availability initiatives	17,259,661
03.	Administrative expenses <i>same level</i>	6,550,000
04.	Transfer from TANF Block Grant for child care subsidies	76,675,000

TOTAL CHILD CARE AND DEVELOPMENT FUND

BLOCK GRANT \$248,828,500

TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT

Increases

01.	Work First Cash Assistance	\$114,181,958
02.	Work First County Block Grants	92,018,855
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	76,675,000
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	3,500,000
05.	Cash Assistance Reserve	9,702,978
06.	Allocation to the Division of Social Services for staff development	500,000
07.	Reduction of out-of-wedlock births	1,600,000
08.	Substance Abuse Services for Juveniles	1,182,280
09.	Special Children Adoption Fund	2,811,687
10.	Business Process Reengineering Project Reserve <i>new item</i>	3,500,000
11.	Work First Job Retention and Follow-Up Initiatives <i>Reduction</i>	300,000
12.	Allocation to the Division of Public Health for teen pregnancy prevention	2,239,261
13.	Transfer to Social Services Block Grant for Child Caring Agencies	1,500,000
14.	Child Care Subsidies for TANF Recipients	26,621,241
15.	Work First Housing Initiative	3,000,000
16.	Allocation to the Division of Social Services for Domestic Violence Prevention and Awareness	1,000,000
17.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
18.	Intensive Family Preservation Program	2,000,000

PART V. Block Grants

19.	Work First/Boys and Girls Clubs	1,000,000
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
21.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,750,674
22.	Residential Substance Abuse Services for Women With Children	5,000,000
23.	Domestic Violence Services for Work First Families	2,000,000
24.	After-School Services for At-Risk Children <i>Increase</i>	3,000,000
25.	Division of Social Services - Administration	500,000
26.	Child Welfare workers for local departments of social services	7,299,494
27.	Child Welfare Training	2,000,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$373,110,978

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,012,102
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 16,928,823

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	\$3,061,182
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02.	Dental Services/Fluoridation	100,800
03.	Rape Crisis/Victims' Services Program - Council for Women	190,134
04.	Rape Prevention and Education Program - Division of Public Health and Council for Women	1,139,869
05.	Transfer from Social Services Block Grant - AIDS/HIV Education, Counseling, and Testing	66,939
06.	Transfer from Social Services Block Grant - Emergency Medical Services	213,128
07.	Office of Minority Health	159,459
08.	Administrative Costs	108,546
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$5,040,057

SECTION 5.1.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

SECTION 5.1.(c) Increases in Federal Fund Availability. – Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Health and Human Services, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

SECTION 5.1.(d) Changes to the budgeted allocations to the block grants appropriated in this act shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives

Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(e) Limitations on Preventive Health Services Block Grant Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students.

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 2001-2002 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). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 5.1.(f) The Department of Health and Human Services, Division of Social Services, shall do the following:

- (1) Continue the current evaluation of the Work First Program to assess former recipients' earnings, barriers to advancement to economic self-sufficiency, utilization of community support services, and other longitudinal employment data. Assessment periods shall include six and 18 months following closure of the case.
- (2) Continue the current evaluation of the Work First Program to profile the State's child-only caseload to include indicators of economic and social well-being, academic and behavioral performance, demographic data, description of living arrangements including length of placement out of the home, social and other human services provided to families, and other information needed to assess the needs of the child-only Work First Family Assistance clients and families.
- (3) Continue the current evaluation to profile clients and families exempted from federal and State work participation requirements. The evaluation shall include an assessment of the client and family needs including why clients and families have been exempted.

The Department of Health and Human Services shall make a report on its progress in complying with this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than September 30, 2001, and shall make a final report no later than September 30, 2002.

SECTION 5.1.(g) The sum of two million eight hundred eleven thousand six hundred eighty-seven dollars (\$2,811,687) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 2001-2002 fiscal year shall be used to implement this subsection. 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 5.1.(h) The sum of one million five hundred thousand dollars (\$1,500,000) appropriated in this act in the TANF Block Grant and transferred to the

Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for child caring agencies for the 2001-2002 fiscal year shall be allocated to the State Private Child Caring Agencies Fund. These funds shall be combined with all other funds allocated to the State Private Child Caring Agencies Fund for the reimbursement of the State's portion of the cost of care for the placement of certain children by the county departments of social services who are not eligible for federal IV-E funds. These funds shall not be used to match other federal funds.

SECTION 5.1.(i) The sum of two million dollars (\$2,000,000) appropriated in this act in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for the Intensive Family Preservation Services (IFPS) Program shall be used by the Division in accordance with the provisions of this subsection.

The Department of Health and Human Services shall review the Intensive Family Preservation Services Program to enhance and implement initiatives which focus on increasing the sustainability and effectiveness of the Program.

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 Intensive Family Preservation Services shall provide the following information on an annual basis:

- (1) An established follow-up system with a minimum of 12 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 Intensive Family Preservation Services. This data shall be obtained by tracking families through the intervention process.
- (5) The number of families remaining intact due to associated interventions beyond 12 months.
- (6) The number and percentage of minority race children who received Intensive Family Preservation Services at a ratio essentially equivalent to the ratio of their distribution in the general population exposed to Child Protective Services involvement based on the CPS risk ratings.

The Department shall establish performance-based funding protocol and shall only provide funding to those counties 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.

The Department of Health and Human Services shall prepare an interim report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of these changes by January 1, 2002, and shall provide a final report no later than May 30, 2002.

SECTION 5.1.(j) The sum of three hundred thousand dollars (\$300,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant shall be used to develop and implement a Medical Child Care Pilot.

SECTION 5.1.(k) The sum of one million dollars (\$1,000,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce school dropout and teen pregnancy rates.

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The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate. The Department shall report on its progress in complying with this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2002.

SECTION 5.1.(l) 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 for the subsidized child care program.

SECTION 5.1.(m) The sum of three million dollars (\$3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the Work First Housing Initiative shall be used to expand direct housing support to Work First clients and families. Direct housing support includes using funds for rental assistance, loans, moving expenses, and other financial assistance. No more than ten percent (10%) of these funds may be used for administration. These funds may be used for counseling or similar services only if it is demonstrated that those services are not otherwise available in the community.

SECTION 5.1.(n) The sum of five hundred thousand dollars (\$500,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(o) The sum of five million dollars (\$5,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to provide regional residential substance abuse treatment and services for women with children. The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in consultation with local departments of social services, area mental health programs, and other State and local agencies or organizations, shall coordinate this effort in order to facilitate the expansion of regionally based substance abuse services for women with children. These services shall be culturally appropriate and designed for the unique needs of TANF women with children.

In order to expedite the expansion of these services, the Secretary of the Department of Health and Human Services may enter into contracts with service providers.

The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report on their progress in complying with this subsection no later than October 1, 2001, and March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall include all of the following:

- (1) The number and location of additional beds created.
- (2) The types of facilities established.
- (3) The delineation of roles and responsibilities at the State and local levels.
- (4) Demographics of the women served, the number of women served, and the cost per client.
- (5) Demographics of the children served, the number of children served, and the services provided.
- (6) Job placement services provided to women.

- (7) A plan for follow-up and evaluation of services provided with an emphasis on outcomes.
- (8) Barriers identified to the successful implementation of the expansion.
- (9) Identification of other resources needed to appropriately and efficiently provide services to Work First recipients.
- (10) Other information as requested.

SECTION 5.1.(p) The sum of two million seven hundred fifty thousand six hundred seventy-four dollars (\$2,750,674) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal year shall be used to support the existing Support Our Students Program and to expand the Program statewide, focusing on low-income communities in unserved areas. These funds shall not be used for administration of the program.

SECTION 5.1.(q) The sum of two million dollars (\$2,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to provide domestic violence services to Work First recipients. The Division of Social Services, in consultation with the Council for Women and local departments of social services, shall develop and implement a mechanism by which these funds may be used to facilitate delivery of domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters, for State administration, or to facilitate lobbying efforts. The Department of Health and Human Services and the Council for Women shall report on the uses of these funds no later than February 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(r) The sum of two million two hundred thirty-nine thousand two hundred sixty-one dollars (\$2,239,261) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Public Health, for the 2001-2002 fiscal year for adolescent pregnancy prevention shall be used in accordance with this subsection.

The Department of Health and Human Services shall administer the adolescent pregnancy prevention programs and the adolescent parenting programs pursuant to the provisions of this subsection.

The programs shall include primary prevention efforts, secondary prevention efforts, and special initiatives.

The Commission for Health Services may adopt rules necessary to implement the programs.

State-level administrative costs for programs shall not exceed ten percent (10%) of the total funds.

In awarding grants, the Department of Health and Human Services shall target counties with the highest teen pregnancy rates, increasingly higher rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants will be awarded on an annual basis.

Programs are not required to provide a cash match for these funds; however, the Department may require an in-kind match.

Local adolescent pregnancy prevention councils are encouraged but not required for program funding. State funds shall not be used for these activities.

The Department shall maintain the adolescent pregnancy prevention and adolescent parenting program database created for the program via contract and shall not continue to contract for database management, development, or analysis. Of the funds appropriated to the Department in this act, the Department shall not spend more than twenty-five thousand dollars (\$25,000) to transition the database from the contractor to the Department. The Department shall continue to collect and manage

program data in order to conduct longitudinal studies in the future. Notwithstanding any other provision of law, the Department shall not continue to have the behavioral/attitudinal evaluation completed annually for all programs.

Of funds appropriated to the Department of Health and Human Services, the Department shall not spend more than twenty-five thousand dollars (\$25,000) to complete the longitudinal adolescent parenting program evaluation. The Department shall not contract for additional evaluations or assessments of the adolescent pregnancy prevention program or the adolescent parenting program during the 2001-2002 fiscal year.

The Department of Health and Human Services shall plan an outcome-based evaluation of the adolescent pregnancy prevention programs. In doing so, the Department shall address how to properly evaluate all programs and may issue a request for proposals to select an organization that has expertise in this area to assist with this evaluation.

The Department shall report on activities conducted pursuant to this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

SECTION 5.1.(s) The sum of two million dollars (\$2,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy and school dropout. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to establish one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration. The Department shall report no later than March 1, 2002, on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(t) The sum of seven million two hundred sixty thousand dollars (\$7,260,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for Child Welfare Improvements shall be allocated to the county departments of social services for hiring or contracting additional staff on or after July 1, 2001, 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.

SECTION 5.1.(u) The sum of one million five hundred thousand dollars (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year and the sum of one million dollars (\$1,000,000) 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 the 2001-2002 fiscal year shall be used to continue a Comprehensive Treatment Services Program in accordance with Section 21.60 of this act.

SECTION 5.1.(v) The sum of two million dollars (\$2,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human

Services, Division of Social Services, for fiscal year 2001-2002 shall be used to support various child welfare training projects as follows:

- (1) The sum of three hundred fifty thousand dollars (\$350,000) shall be used to establish a regional training center in southeastern North Carolina.
- (2) The sum of seven hundred fifty thousand dollars (\$750,000) shall be used to support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
- (3) The sum of one hundred eighty thousand dollars (\$180,000) to provide training for residential child care facilities.
- (4) The sum of seven hundred twenty thousand dollars (\$720,000) to provide for various other child welfare training initiatives.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year \$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars (\$1,000,000) may be used for State administration; up to one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to

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Beth Pierce	Community School for People Under 6 400 Caldwell St Chapel Hill
Jessa Smith	Child Care Services Association 26. Gov Bldg Chapel Hill, NC 27514
Michelle Brown	Orange Co Partnership for Young Children 1829 E. Franklin St, Suite 1200 B Chapel Hill NC 27514
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D Ann Kohl	ALICE AYCOCK BE CENTER
Ed Adams	NC Head Start Assn -
Chris Walker	D W A S
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Joni Alberg	BEGINNINGS for Parents of Children Who Are Deaf or Hard of Hearing, P.O. Box 17646, Raleigh, NC 27619
KAREN CHESTER	NC INTERAGENCY COORDINATING COUNCIL 319 CHAPANOKE RD, RALEIGH
Mel Bunch	NC Apprentices Board P.O. Box 20500 Raleigh 27619
Deborah Rames	NC Public Netw Assoc NC Assoc of Local Netw Directors
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2002

**JOINT
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JOINT APPROPRIATIONS SUBCOMMITTEE ON
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2001 – 2002 SESSION



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**2002 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

FOR RECOMMENDING BILLS TO STANDING COMMITTEE

The following report(s) from permanent sub committee(s) is/are presented:

By Representative(s) Earle & Nye (Chairs) for the Permanent Subcommittee on Health & Human Services of the Standing Committee on APPROPRIATIONS.

**THE FOLLOWING BILLS ARE RE-REFERRED TO THE STANDING COMMITTEE ON
APPROPRIATIONS.**

Bill	Short Title
H 52	LONG-TERM CARE INFO OUTREACH.
H 65	MEDICAID COUNTY SHARE/FUNDS.
H 88	FUNDS TO PREVENT BIRTH DEFECTS
H 120	HOME/COMM. CARE BLOCK GRANT Funds.
H 121	SENIOR CENTERS FUNDS.
H 122	PRESC. DRUG ASSISTANCE FUNDS.
H 135	TRAUMATIC BRAIN INJURY FUNDS.
H 176	WORK ORDER DAY PROGRAM FUNDS.
H 204	NC HEALTH CHOICE/NO WAITING PERIOD.
H 214	ADULT DAY CARE FUNDS.
H 215	INCREASE IN CAP INCOME LIMITS.
H 244	LONG-TERM CARE/ENHANCEMENT FUNDS.
H 380	FUNDS FOR COALITION.
H 391	HEALTHY CAROLINIANS FUNDS
H 392	HEALTHY START FUNDS
H 393	EVIDENCED-BASED CLINICAL GUIDELINES FUNDS.
H 394	PRENATAL CARE FUNDS
H 395	PREINATAL CARE FUNDS
H 396	CHILD MEDICAL EVALUATIONS FUNDS
H 454	OSTEOPOROSIS EDUCATION FUNDS
H 464	AIDS PREVENTION FUNDS
H 496	W. HARNETT SR. CTR. FUNDS
H 506	FUNDS FOR AUTISM GROUP HOMES
H 507	TEACCH FUNDS
H 508	FUNDS FOR AUTISM SOCIETY ADMIN
H 515	FOOD BANKS FUNDS
H 563	NC HEALTH CHOICE ENROLLMENT FUNDS
H 566	MEDICAID/BREAST AND CERVICAL CANCER COVERAGE
H 592	DEV. DISABILITIES FUNDS
H 594	COMM.-BASED PHARM. ASSISTANCE PGMS FUNDS
H 627	INTENSIVE HOME VISITING FUNDS
H 692	ASTHMA EDUCATION FUNDS
H 714	POE CENTER FUNDS
H 717	INFANT HOMICIDE PREVENTION APPROPRIATION
H 734	HEPATITIS C EDUCATION/AWARENESS FUNDS
H 735	DIABETES CONTROL FUNDS
H 788	PRENATAL CARE FUNDS
H 797	FUNDS FOR MH/DD/SA BOARD
H 843	MEDICAID DENTAL REIMBURSEMENT FUNDS
H 921	POST-ADOPTION ASSISTANCE FUNDS
H 937	DIABETES CONTROL AND EDUCATION FUNDS
H 949	CUED SPEECH FUNDS
H 950	RAISE AIDS DRUG ASSISTANCE PROGRAM INCOME LIMIT
H 973	FUNDS FOR INTERPRETERS IN LOCAL HEALTH DEPTS
H 994	TRAUMATIC BRAIN INJURY MEDICAID WAIVER
H 995	FUNDS FOR CHICKEN POX VACCINE
H 1033	CHILD CARING INSTITUTIONS FUNDS
H 1082	STATE PAY 100% NONFEDERAL MEDICAID SHARE
H 1148	STATE COUNT SPEC. ASSISTANCE/ALT. LIVING
H 1238	MEDICAID WAIVER/PRESCRIPTION DRUGS
H 1265	QUALITY SUPPORT/SKILLED NURSING FACILITIES
H 1358	EARLY INTERVENTION/PUBLIC HEALTH FUNDS
H 1369	STATE ABORTION FUND ELIGIBILITY CRITERIA
H 1370	CAP-C SLOTS FUNDS.
H 1375	FUNDS FOR DUKE MEDICAL CENTER GENETICS
H 1380	MEDICAL CHILD CARE CENTERS FUNDS
H 1395	HOLOCAUST EDUCATION FUNDS
H 1406	PUBLIC HEALTH DEMONSTRATION PROJECT

**2002 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

FOR RECOMMENDING BILLS TO STANDING COMMITTEE

The following report(s) from permanent sub committee(s) is/are presented:

By Representative(s) Earle & Nye (Chairs) for the Permanent Subcommittee on Health & Human Services of the Standing Committee on APPROPRIATIONS.

**THE FOLLOWING BILLS ARE RE-REFERRED TO THE STANDING COMMITTEE ON
APPROPRIATIONS.**

Bill	Short Title
H 1407	FUNDS/PRESCRIPTION DRUG ACCESS PROGRAM

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House) committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/ resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV _____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV _____).

____ Rep. _____ offers Amendment No. ____ which (is adopted.) (fails of adoption.) (by EV _____,) () This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, _____ RC) (, by EV _____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, _____ RC) (, by EV _____,) and is ordered _____ sent to the Senate.
____ without engrossment. _____ by Special message.
____ sent to the Senate for concurrence in _____ House amendment (s).
____ House committee substitute bill.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, _____ RC) (, by EV _____,) and the bill is ordered enrolled.

JOINT SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES APPROPRIATIONS

Wednesday & Thursday
February 27-28, 2002
Legislative Office Building, Room 643

February 27, 2002
10:00 am – 3:00 pm

Overview of State Budget

Charles Perusse, Deputy State Budget Director
Office of State Budget

Overview of DHHS Budget Situation

Secretary Hester Odom
Lanier Cansler, Deputy Secretary
Department of Health and Human Services

Updates on DHHS Programs:

- Medicaid
 - Current forecast For 2001-03 Biennium
 - Implementation of 2001 Session Changes and Reductions
 - Status of CAP Programs

Lanier Cansler
Nina Yeager, Director
Division of Medical Assistance

- Child Care Subsidy &
Smart Start Funding

Peggy Ball, Director
Division of Child Development

Public Comment

Committee Discussion

**JOINT APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES**

February 27, 2002, 10:00 a.m.
Room 643 LOB
Minutes

The Joint Appropriations Subcommittee on Health and Human Services met Wednesday, February 27, 2002 at 10:00 a.m. in Room 643 of the Legislative Office Building. The presiding Chair, Senator Bill Martin called the meeting to order with eleven members present. He stated that the purpose of this meeting is to discuss issues relating to Medicaid and other critical issues the committee will be dealing with and to get some insight and overview as to where we are going; what the Department is thinking and what type of circumstances we can expect to deal with during the upcoming Session. The freeze of the CAP Program is one of the issues impacted the decision to meeting before the Interim. The funds are not available to life the freeze, however there are other issues, relative to the shortfall, which require our attention. He said that realistically, it is not a pretty picture. It appears that there will be little success in terms of increased revenue, which means more than likely there will be more cuts. Realistically the burden tends to fall in the area of Health and Human Services.

Senator Martin stated that the leadership of both Chambers agreed that the Appropriation Subcommittees would begin meeting the middle of April for one to one and one half days weekly until the beginning of the Short Session. This will enable the development of a proposed budget bill, which originates in the Senate, and having it ready very soon after the beginning of the Session.

The Chair stated that every effort will be made to hear comments from the public and recognized Charles Peruse, Deputy State Budget Officer, State Budget Office, to give an update/overview of the state budget. Charles spoke from the attached handout (Attachment #1), Office of State Budget and Management, Update on Budget Shortfall for the Fiscal Year of 2000-2001. The anticipated shortfall may exceed \$900 million. He gave a brief update as to how we got where we are for Fiscal Year 01-02 as well as outlined the options that the Governor has put in place to ensure a balanced budget for the year ending June 30, 2002. He stated that it is important to understand that when the General Assembly passed the budget last September and at the time of the signing by the Governor, it was balanced. The project shortfall for FY 01-02 mainly stems from a downturn of the economy and shortfalls seen in our revenue projections and what is actually being collected. He stated that the Governor declared an emergency on February 1, 2002 by executive order ensured that we would have a balanced budget for this fiscal year.

The Governor's plan outlines \$1.3 billion in funds that could be used to help balance the budget for this Fiscal Year. He reviewed the listed items affected to arrive at the \$1.3 billion. The "Rainy Day" fund proposed to be used for the shortfall would deplete the entire savings reserve account for the state.

During committee discussion, the following points were raised. Regarding the last resort efforts, want other items, other than the Mental Health Trust Fund and the local revenue sharing, would be treated as a last resort.

The Governor specifically referred to the Local Government Revenue Sharing and the Mental Health Trust Fund. The other items are not listed in any priority order, but it is anticipated that some or all of the listed options may be utilized to ensure a balanced budget at the end of the year.

What would be the impact on the Health and Human Services Budget in terms of the Governor's proposals. For example, the way things are looking now in terms of agency reversions, what would be the impact on Health and Human Services for #5, as well as in terms of the special and trust funds.

The agency reversions for the Department of Health and Humans Services, Medicaid have been put to the side and more will be said about that later. As far as the other budgets and pieces of the Health and Human Services area, at this point the reversion target for this Fiscal Year totals 6 ½ percent which equates to approximately \$92 million in reversions for the Department. Charles stated that he would get the list of special and trust funds to the Committee.

Regarding #7, HIPA, in terms of federal consequences, what will be the impact of not moving forward as planned. The HIPA program is required to provide a report due at the end of February, which will outline the implementation plan for ensuring that the federal regulations are met. Specifically a cash flow analysis in implementing HIPA will be included in the report.

Is it misleading to say that the classrooms are held harmless and would it better to take an upfront look at education rather than put such a burden on Health and Human Services.

The Governor has reiterated his support of and request that the report of the county commissioners in not harming the classrooms this fiscal year. The education agencies are contributing to the \$356 million reversion plan. The University System is contributing approximately \$65 million, Community College System \$19 million and Public School System \$60 million to the shortfall.

In a short explanation/definition of the rate change, Charles stated that the Highway Trust Fund transfers \$170 million to the General Fund. For the past twelve years, those dollars have remained stagnate. This year the General assembly put some inflationary adjustments for that transfer. Looking at that \$170 million and what inflation has been over the last twelve years that equated to the \$80 million transfer. The inflationary adjustment was implemented this biennium by the General Assembly.

There were several things outside the list that were discussed. The non-profit agencies are also subject to similar reversion targets. There was no easy decision, currently the disaster relief fund has approximately \$362 million that is potentially available and the Governor is hopeful that those funds will remain in place.

Secretary Hooker Odom was recognized to lead the discussion of the Department of Health and Human Services. She gave a general overview. She stated that we are facing enormous challenges and it is an extremely painful task. She assured the Committee that every possible option that the Department has control over is being thoroughly analyzed and reviewed in an effort to meet the Medicaid budget shortfall. Nothing will be taken off the table before it is thoroughly analyzed. She also pledged to work to closely with the General Assembly to protect vital services so that no harm will come to the people that are being served. The non-Medicaid portion of the budget was given a seven per cent reduction. The reversion target is \$92 million, which does not include critical internal needs of the Department.

During committee discussion, the following issues were noted.

- The total target for this year includes \$77 million, Medicaid; \$92 million, non-Medicaid; \$36 million, internal critical needs. There will be an additional target of the non-Medicaid portion of the budget over and above what is being done this year.
- There is a possibility that some federal short assistance to the State on Medicaid will be coming forth. This will not be the long-term solution to the Medicaid situation.
- Regarding faith-based alternatives there are very strong programs, both in the Social Services Division and the Public Health Division, that are yielding very positive results. That commitment will continue.
- *Carol Shaw will provide the committee with the number of states that share the responsibility with the local counties or actually require county participation.*

Deputy Secretary Lanier Cansler came before the committee to give a budget overview. She spoke from Attachment #2, NC Health and Human Services Budget Overview. After a brief summary of the Health Choice program, he stated that it is not the intent of the department to cap that program. The size as well as related services will be reduced by 8.5%; another \$37 million will need to be located to meet internal needs. Total expenditures will need to be reduced by approximately 12%.

One example of the many items being reviewed during this process is the vital records section. This section will be reviewed to develop ways to become more efficient and effective. He stated that as the department moves forward, the possibility of eliminating and reducing some long-standing programs. The department is reviewing contracts and contractors as well as the contract process. A centralized contract process is being established. He concluded his presentation by re-emphasizing the Secretary's statement that every possible option will be thoroughly reviewed. He stated that the health care system of the state is somewhat delicate and if this is not carefully dealt with, it could be disruptive.

Although there are no easy decisions, three options are:

1. To get the Federal Government to pay a larger piece of the bill. This can be done several ways. One is to increase the federal match.
2. The General Assembly makes the decision to find ways to provide funds.
3. Change services and eligibility requirements – mandatory and optional.

The Chair thanked Deputy Secretary Cansler and stated that this type of information is what needs to be brought forth and put on the table.

The Chair stated that even if new monies are not available, elimination of services and adjustments in terms of eligibles will have to be made and requested more detail information spelling what happens if this is done for each specified service and eligible.

Nina Yeager, Division of Medicaid, was recognized to provide more detail information regarding the forecast. She spoke from the attached handout. She reviewed what has been done this year to contain the program. Many of the containment actions now under way were directed by the General Assembly. She also reviewed items being considered. She said that the Division is in the process of contracting with actuarial firm for assistance in deciding how to modify the payment basis for a number of programs. To

date, no decisions have been made. No promises are made for the savings that will be achieved. She stated that the Division of Medicaid is very busy, working hard to provide alternatives that keep the provider community, who help make the Medicaid program as successful as it is, viable. Growth rate and the cost of the program are also being explored. It is not the intent of the Department, in any of these efforts, to limit patient access to care or quality care.

Alan Gamble, Division of Medical Assistance, stated that they are working with the provider community when there is a change in the method of payment. One opportunity is instead of having cost drive the budget of the Medicaid program, is to give an incentive to providers that provide appropriate care in an efficient method, to profit better than under the current system. Quality care and provider involvement must be assured.

The following areas, they are being reviewed thoroughly, and recommendations will be given during the Short Session.

- Prior approval for expensive tests
- Control Emergency Room Visits
- Over the Counter Drugs
- Step Therapy treatment

The impact of prior authorization, on patients as well as doctors, in other states is being researched and will be provided to the committee at the next meeting.

During the next meeting, the Division will give an update on how to obtain input from consumers and how to measure the quality of care to ensure that care is not compromised in an effort to save money. In the case of the pharmacy program, an evaluation of the prior approval program, which is scheduled for implementation in March, will be done to determine the cost effectiveness and whether it interferes with the quality of care. The University of North Carolina-Chapel Hill will be assisting with that evaluation.

The Division has met with drug companies individually and with two exceptions, the meetings have not had to do with particular proposals from them. Hopefully, in the weeks ahead proposals from the drug companies will be received. There are two proposals submitted, one verbally and a request has been made for the proposal in writing. The other proposal is one that should be considered in light of some other management tools; it involves the use of over the counter drugs. That decision needs to be made on a wholesale basis rather than on that proposal alone. Nina stated that they are in the process of sorting how to best handle those proposals with some other tools being used.

The committee request the following information regarding the contracts for hospital services, in terms of determining that there will be a minimal impact upon the hospitals, is there an estimate as to what percentage of the hospitals would be involved under the contract and as for those that would not be involved would there be impact upon those.

The Division is looking at another way to reimburse hospitals rather than the current cost-base operation. Nina stated that they are working to develop alternatives that would provide information regarding the impact on hospitals if a particular plan of action is put in place.

Alan Gamble stated that there is no intent to select one particular hospital in a county or area to provide services. Efforts are underway to work with the hospital community, and there is nothing binding, to develop a different more efficient way of getting money to them. It could possibly be a change in rate process rather than a contract with Medicaid. There is no desire to decrease the number of participating hospitals, the goal is to decrease the cost of doing business with Medicaid.

The committee requested the assumptions used in the five year forecast.

Nina Yeager continued her presentation from the handout, Community Alternative Programs for Disabled Adults (CAP/DA program). This is a waiver program that provides a package of services for disabled adults including the non-traditional medical care services. The program is statewide and serves approximately 13,000 persons and the purpose is to provide care in the home as an alternative to nursing care. It is a less costly program than the nursing facility. She stated that the certified budget for this year was \$187,000 lower than what was spent last year. She reviewed the expenditure history of the program; this year's certified budget and the certified budget for 2003. With great regret, a freeze on the program was instituted in September, and the number of persons served at that time was approximately 9,500. As of January 2002, there are approximately 1,000 fewer persons being served by the program. However the cost continues to be over budget. There is not a commiserate reduction in spending.

The CAP MR/DD program was implemented in 1983 and is also operated by waiver. It is an effort to keep persons who might be in intermediate care facilities in their homes with the idea that they can be served at a lower cost. The expenditure history is included in the handout. The freeze is expected to continue.

The committee expressed concern regarding the variation in services throughout the state. Nina stated that wide variation is seen, however there is no tool to evaluate a person's level of care need in the case of community care. Therefore it is hard to determine if the variation is a product of a person's need or if it is an overly generous plan of care that is being provided. The Division is exploring ways to better deal with this issue.

The committee asked about the possibility of reducing the amount of each slot. If a patient does not utilize all of his or her allotment it cannot be transferred to someone else.

Pharmacy was the next item to be discussed by Nina (attachment # 7). She gave a brief overview of the pharmacy expenditure growth for the Medicaid Program. The following actions have been taken:

- Limit prescriptions to 34 day supply
- Increased the co-pay for recipients to \$3.00 for brand name drugs
- Decreased the pharmacy dispensing fee for brand name drugs to \$4.00, Generic remains at \$5.60
- Implemented a maximum allowable cost list effective December
- A prior approval requirement will be implemented March 4, 2002. The drugs that will be on prior approval are the high cost drugs for which limited dosage or appropriate use standards are available.
- An early refill edit is being explored for installation as well as a method by which overrides can be considered.
- The six-prescription drug limit is also being reviewed
- Development of a preferred drug list
- Exploring the legal and federal requirements for supplemental rebates

During discussion of the prior approval process Committee members expressed the following concerns a:


- *Will there be collaboration with the State Health Plan or will there be an entirely different list. The Division will look at the possibility of a reasonably uniform system.*
- *Were certain areas in the Special Provision considered prior to making a decision regarding the drugs, were they documented and how were the decisions made. A extensive demographic review was conducted. The Division will provide re-assurance that the conditions of the Special Provision have been met.*
- *Step Therapy is strongly discouraged and opposed by the Committee.*
- *A list of persons that served on the pharmacy and therapeutic committee will be provided to the Committee*
- *Why is the acceleration of the implementation of the prior authorization process, and were the pharmaceutical companies and other provider groups in bringing this initiative together. The Department did not feel that it was necessary or appropriate for them to be included. Efforts are made to bring the manufacturers into the process in terms of allowing public input from them.*
- *The Committee requested reconsideration by the Department before moving forward with prior authorization.*
- *The Department was encouraged to build a more openness process.*

In her response to the concerns about the inclusiveness of the process, the Secretary stated that there is a difference between a difference of opinion and a certain group not liking what is being done, verses the fact that whether they have been included or asked to give information. Everybody has been asked for ideas in every area of Medicaid. This is a first step, and the rounds re being made.

Child Care Subsidy and Smart Start Funding was next on the Agenda and Peggy Ball, Director, was recognized to lead that discussion. She began her presentation from the attached handouts. She gave a brief review of the funding process. She stated that the parent co-pay has increased by approximately \$7 million. There was also an overview of the number of children being served. Most of the families supported earn less than \$20,000 annually and also contribute.

The meeting was open for comments from the public. The Chair stated that he would go down the list as long as time permitted and others were asked to speak tomorrow. A copy of the list and comments are attached to these minutes.

The meeting was adjourned until 9:00 a.m. February 28, 2002.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

Office of State Budget and Management

Update on Budget Shortfall for FY 2001-02

Briefing to Health and Human Services Appropriations Committee
February 27, 2002

N. C. Office of State Budget and Management
General Fund Revenue - FY 2001-2002
Budgeted Revenue vs. Revised Revenue Projections
(Based on Collections through January 31, 2002)

Description	FY 2001-02			
	Budgeted	Revised	\$ Change	% Change
Tax Revenue:				
Inheritance	\$130.2	\$116.4	(\$13.8)	-10.6%
Licenses	26.4	27.1	0.7	2.7%
Cigarette	40.7	40.9	0.2	0.5%
Soft Drink	-	-	0.0	
Franchise	639.0	622.5	(16.5)	-2.6%
Income Tax:				
Individual	8,179.3	7,501.2	(678.1)	-8.3%
Corporate	586.4	485.5	(100.9)	-17.2%
Subtotal	8,765.7	7,986.7	(779.0)	-8.9%
Sales and Use	3,796.3	3,673.8	(122.5)	-3.2%
Beverage	174.0	175.5	1.5	0.9%
Gift	23.2	23.7	0.5	2.2%
Freight Car Lines	0.5	0.5	0.0	0.0%
Insurance	321.6	334.3	12.7	3.9%
Piped Natural Gas	37.9	33.3	(4.6)	-12.1%
Miscellaneous	0.6	0.5	(0.1)	-16.7%
Total Tax Revenue	13,956.1	13,035.2	(920.9)	-6.6%
Nontax Revenue:				
Investment Income	166.8	135.8	(31.0)	-18.6%
Judicial Fees	112.0	107.9	(4.1)	-3.7%
Disproportionate Share Receipts	107.0	107.0	0.0	0.0%
Insurance	45.5	45.5	0.0	0.0%
Miscellaneous*	139.5	140.5	1.0	0.7%
Total Nontax Revenue	570.8	536.7	(34.1)	-6.0%
Transfers:				
Highway Fund	14.5	14.5	0.0	0.0%
Highway Trust Fund	171.7	171.7	0.0	0.0%
Total General Fund Revenue	14,713.1	13,758.1	(955.0)	-6.5%
Baseline (Economic) Growth Rate	4.0%	-2.8%		

N.C. Office of State Budget and Management
Summary of Measures to Balance Budget Shortfall
Fiscal Year 2001-02

Line No.	Description	Amount Available
1		\$ in millions
2		
3		
4	Current Resources Available to Balance Budget:	
5	Agency Reversions (up to 7% - classrooms held harmless)	356.0
6	Repair and Renovation Reserve	112.0
7	Health Insurance Portability & Accountability Act Implementation	13.5
8	Special Funds / Trust Funds	25.0
9	Contingency and Emergency Fund	4.0
10	Savings Reserve Account	313.0
11	Local Government Reimbursement - Suspend Inventory Payment	95.0
12	Clean Water Management Trust Fund	20.8
13	Highway Transfer (1989 to 2002 adjustment)	80.0
14	Local Revenue Sharing - Franchise, Natural Gas, Alcohol, Homestead	114.0
15	Mental Health Trust Fund	37.5
16	Subtotal Current Resources Available	1,170.8
17		
18	Additional Resources:	
19	Disaster Relief Reserve	150.0
20		
21	Total Current and Additional Resources	\$ 1,320.8

#2
Cadden

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUDGET OVERVIEW
FISCAL YEAR ENDING JUNE 30, 2002

	<u>Baseline Budget</u>	<u>Percent Of Budget</u>	<u>Legislative Adjustments</u>	<u>Legislative Appropriations</u>	<u>Percent Of Budget</u>
Total Department Budget	3,471,979,078		(74,745,885)	3,397,233,193	
Medicaid Budget	1,987,547,863	57.25%	(6,310,335)	1,981,237,528	58.32%
Non-Medicaid Budget	1,484,431,215	42.75%	(68,435,550)	1,415,995,665	41.68%
<u>Non-Medicaid Budget:</u>					
More At Four	0	0.00%	6,456,500	6,456,500	0.46%
Smart Start	279,674,321	18.84%	(59,000,000)	220,674,321	15.58%
Health Choice	24,987,142	1.68%	8,000,000	32,987,142	2.33%
Mental Health/DD/SAS	583,127,626	39.28%	(1,732,999)	581,394,627	41.06%
Social Services	192,948,114	13.00%	(4,257,877)	188,690,237	13.33%
Public Health	112,142,547	7.55%	(3,683,464)	108,459,083	7.66%
Education Services	77,290,419	5.21%	(7,708,894)	69,581,525	4.91%
Child Development	70,039,360	4.72%	(1,655,285)	68,384,075	4.83%
Central Management	45,649,860	3.08%	(3,997,655)	41,652,205	2.94%
Vocational Rehabilitation	41,827,726	2.82%	941,230	42,768,956	3.02%
Aging	29,825,449	2.01%	(293,539)	29,531,910	2.09%
Facility Services	16,584,502	1.12%	(1,337,533)	15,246,969	1.08%
Blind / Deaf Services	10,334,149	0.70%	(166,034)	10,168,115	0.72%

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUDGET OVERVIEW
FISCAL YEAR ENDING JUNE 30, 2002

	<u>Legislative</u> <u>Appropriations</u>	<u>Required</u> <u>Reversions</u>	<u>Appropriations</u> <u>Less Required</u> <u>Reversions</u>	<u>Percent</u> <u>Of Budget</u>	<u>Percent Change</u> <u>From</u> <u>Baseline Budget</u>
Total Department Budget	3,397,233,193	(92,350,000)	3,304,883,193		-4.81%
Medicaid Budget	1,981,237,528	0	1,981,237,528	59.95%	-0.32%
Non-Medicaid Budget	1,415,995,665	(92,350,000)	1,323,645,665	40.05%	-10.83%
<u>Non-Medicaid Budget:</u>					
More At Four	6,456,500	(258,260)	6,198,240	0.47%	
Smart Start	220,674,321	(8,826,973)	211,847,348	16.00%	-24.25%
Health Choice	32,987,142	(6,052,518)	26,934,624	2.03%	7.79%
Other Department Divisions	1,155,877,702	(77,212,249)	1,078,665,453	81.49%	-8.57%
Additional Internal Reductions Necessary to Meet Department's Critical Needs					36,784,979
Percent of Baseline Budget for Other Department Divisions					-3.12%
Average Annual Reversions Over Past Five Years for Other Department Divisions					32,499,029
Total Legislative Adjustments / Required Reversions for Current Year					101,104,299
Percent of Legislative Adjustments / Required Reversions to Prior Average Reversions					311.10%

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUDGET OVERVIEW
FISCAL YEAR ENDING JUNE 30, 2002

BUDGET PROCESS:

- 1 Review of Contracting
- 2 Review of Staffing
- 3 Review of Programs
- 4 Review of Policies and Procedures
- 5 Review of Operational Efficiencies

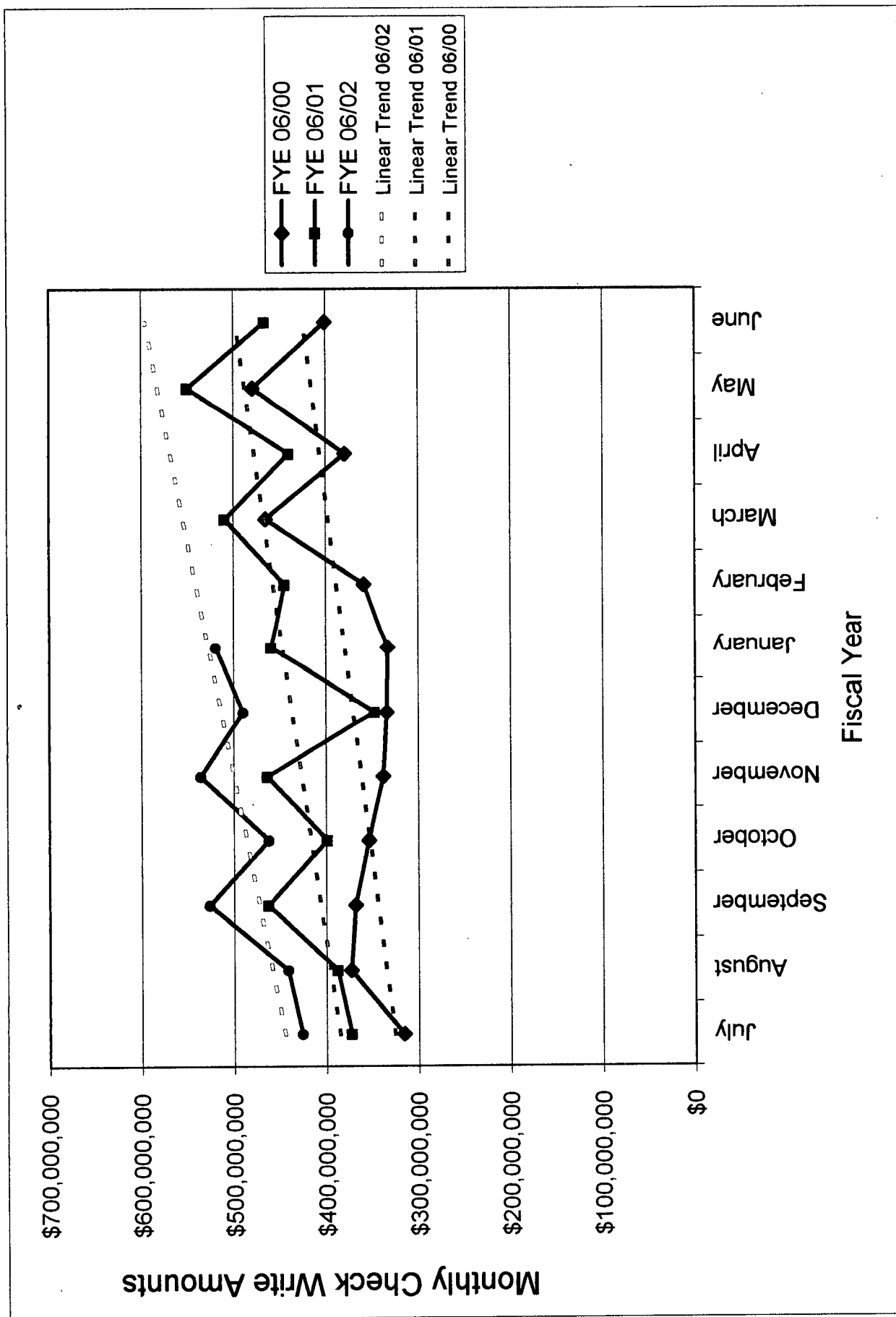
BUDGET CONCERNS:

- 1 Maintenance of Effort (MOE)
- 2 Program Integrity / Program Monitoring
- 3 Department Infrastructure - Information Technology
- 4 Department Infrastructure - Buildings and Equipment
- 5 CRIPA Investigation

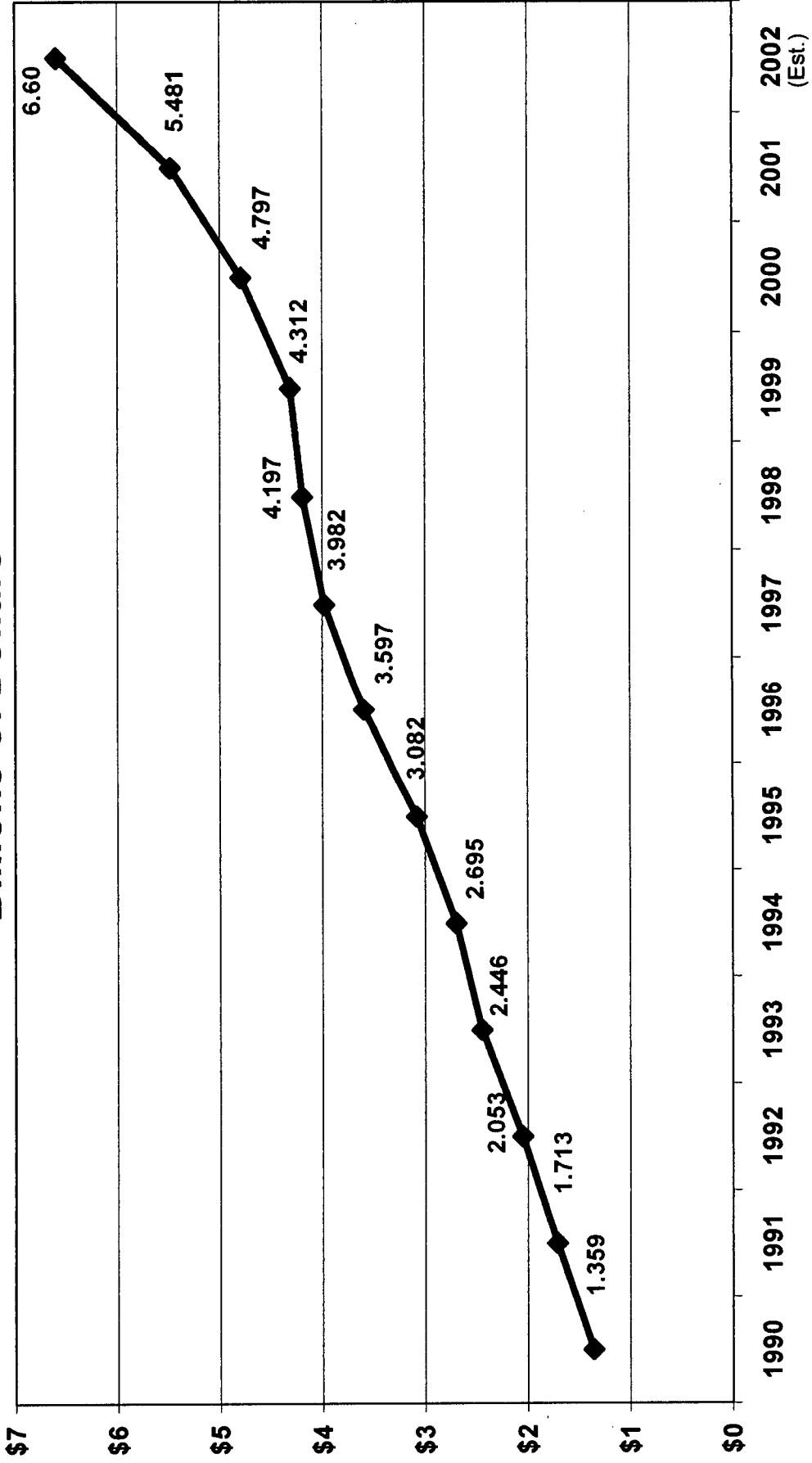
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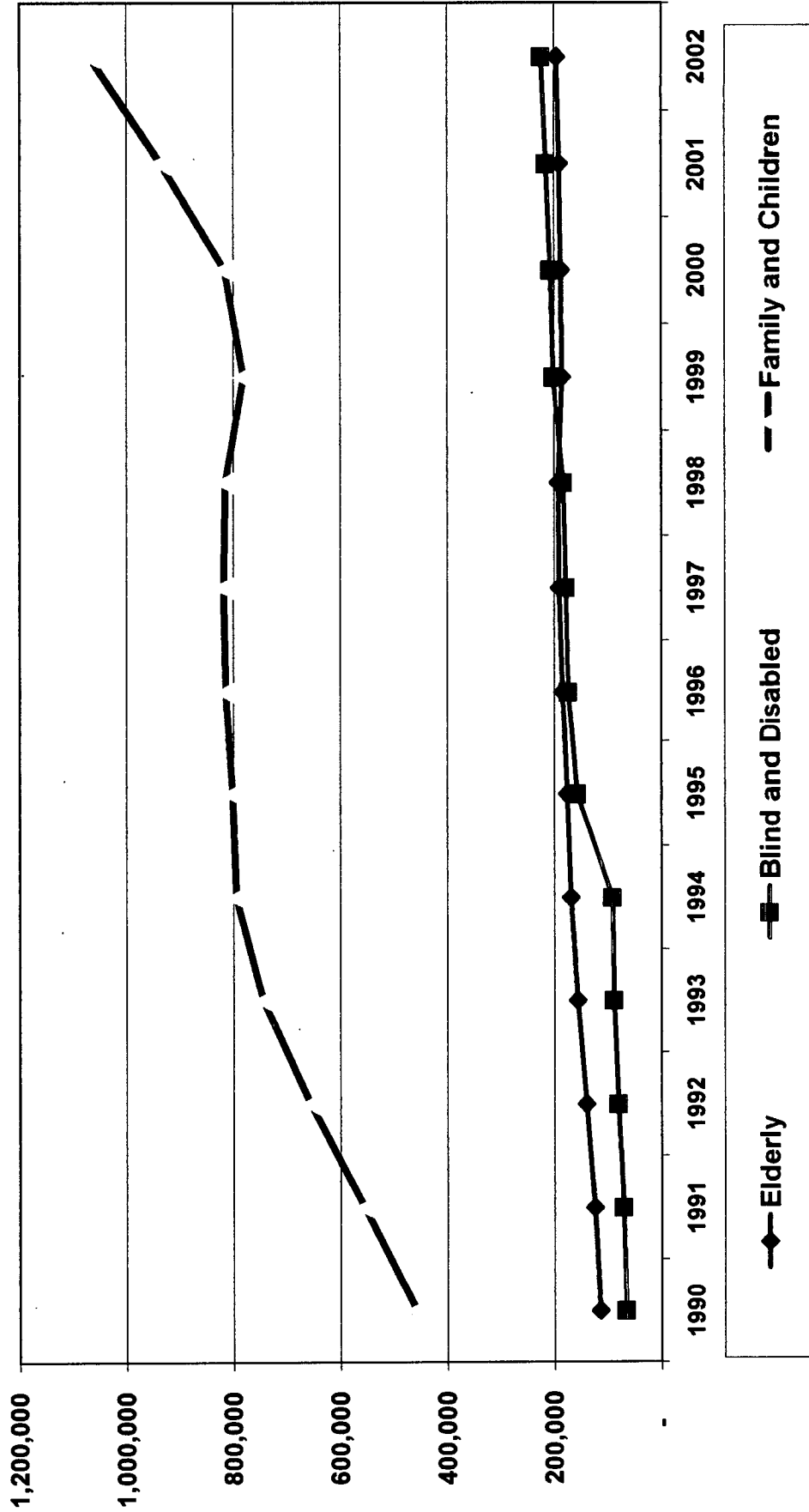
NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE
ANALYSIS OF EDS - MEDICAL ASSISTANCE PAYMENTS



Total Medicaid Service Expenditures Billions of Dollars



Eligibles by Category



Note: 2002 figure is estimated, as the period is ongoing.

**NORTH CAROLINA MEDICAID PROGRAM
PROJECTED STATE FUNDING DEFICIT
Fiscal Year Ending June 30, 2002**

Estimated Program Services Deficit	98,890,432
Estimated Administrative Deficit	6,093,889
Cost Containment Authority	<u>3,000,000</u>
 Total Estimated Deficit	 107,984,321
 Estimated DSH Funds Available (Medicaid Trust Fund)	 <u>31,777,248</u>
 Net Estimated Funding Deficit	 <u><u>76,207,073</u></u>

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 DIVISION OF MEDICAL ASSISTANCE
 FINANCIAL OPERATIONS
 2001-03 BIENNIAL BUDGET PROJECTION

SUMMARY

SFY 2002	ACTUAL SFY 2001 EXPENDITURES	SFY 2002 CERTIFIED BUDGET	VARIANCE OVER (UNDER) PRIOR YEAR	PERCENT OVER (UNDER) PRIOR YEAR	ESTIMATED NET SFY 2002 EXPENDITURES	VARIANCE OVER (UNDER) BUDGET	PERCENT OVER (UNDER) BUDGET
L T C EXPENDITURES	1,203,627,615	1,277,273,212	73,645,597	6.12%	1,283,077,736	5,804,524	0.45%
NON L T C EXPENDITURES	4,276,613,671	5,027,598,417	750,984,746	17.56%	5,319,190,780	291,592,363	5.80%
PROGRAM EXPENDITURES	5,480,241,286	6,304,871,629	824,630,343	15.05%	6,602,268,516	297,396,887	4.72%
FEDERAL REVENUE	3,430,145,921	3,994,920,332	464,774,411	13.55%	4,079,131,419	184,211,087	4.73%
COUNTY REVENUE	310,019,848	363,078,520	53,058,672	17.11%	377,373,888	14,295,368	3.94%
BUDGETED DRUG REBATE (Transfer from 1330)	43,685,947	61,717,692	18,031,745	41.28%	56,092,628	(5,625,064)	-9.11%
ADD'L DRUG REBATE (Receive to 1330)		13,622,258			13,145,216	(477,042)	-3.50%
OTHER REVENUE	377,517,672	892,819	(376,624,853)	-99.76%	892,819	0	
TOTAL REVENUE	4,161,369,387	4,320,609,363	159,239,976	3.83%	4,526,635,970	206,026,607	4.77%
APPROPRIATIONS	1,318,871,899	1,984,262,266	665,390,367	50.45%	2,075,632,547	91,370,281	4.60%
TOTAL STATE FUNDS	1,740,075,518	2,046,872,777	306,797,259	17.63%	2,145,763,209	98,890,432	4.83%

SFY 2003	SFY 2003 CERTIFIED BUDGET	VARIANCE OVER (UNDER) PRIOR YEAR	PERCENT OVER (UNDER) PRIOR YEAR	ESTIMATED SFY 2003 EXPENDITURES	VARIANCE OVER (UNDER) BUDGET	PERCENT OVER (UNDER) BUDGET
<i>Average Monthly Eligibles: 1,038,276</i>						
L T C EXPENDITURES	1,311,963,751	34,690,539	2.72%	1,361,840,201	49,876,450	3.80%
NON L T C EXPENDITURES	5,592,718,421	565,120,004	11.24%	6,592,240,547	999,522,125	17.87%
PROGRAM EXPENDITURES	6,904,682,173	599,810,544	9.51%	7,954,080,748	1,049,398,575	15.20%
FEDERAL REVENUE	4,201,124,861	306,204,529	7.86%	4,960,173,912	759,049,051	18.07%
COUNTY REVENUE	405,633,577	42,555,057	11.72%	446,542,498	40,908,921	10.09%
BUDGETED DRUG REBATE (Transfer from 1330)	75,339,950	13,622,258	22.07%	69,237,844	(6,102,106)	-8.10%
ADD'L DRUG REBATE (Receive to 1330)	14,182,365	560,107	4.11%	17,679,309	3,496,944	24.66%
OTHER REVENUE	892,819	0	0.00%	0	(892,819)	
TOTAL REVENUE	4,682,991,207	362,381,844	8.39%	5,476,847,073	793,855,866	16.95%
APPROPRIATIONS	2,221,690,966	237,428,700	11.97%	2,477,233,675	255,542,709	11.50%
TOTAL STATE FUNDS	2,297,923,735	251,050,958	12.27%	2,547,364,338	249,440,603	10.86%

Medicaid Cost Containment
N.C. Department of Health and Human Services
March, 2002

Cost Containment Actions Now Underway

The North Carolina Department of Health and Human Services (DHHS) has taken a number of important steps to contain Medicaid costs, for savings totaling an estimated \$ 44.5 million in state appropriations. These steps include:

- Adjusting rates at Intermediate Care Facilities for the Mentally Retarded (ICF/MR to reflect actual costs; effective July, 2001 **(\$2.6 million in savings)**)
- Adjusting reimbursement rates for physicians to 95 percent of Medicare as of September, 2001 **(\$5.9 million)**
- Adjusting reimbursement to 95 percent of Medicare a second time following a federal Medicare rate adjustment; effective January, 2002 **(\$1.7 million)**
- Increase copayments for Medicaid clients for brand name drugs; effective October, 2001 **(\$3.1 million)**
- Reduce dispensing fees for pharmacies for brand name drugs; effective December, 2001 **(\$3.4 million)**
- Reduce outpatient crossover payments for Dual Eligibles to 95 percent of Medicare; effective October, 2001 **(\$6.5 million)**
- Change policies regarding client assets; effective October, 2001 **(\$2 million)**
- Limit Personal Care Services to 3.5 hours per day; effective October, 2001 **(\$2.5 million)**
- Implement Maximum Allowable Cost list for generic drugs; effective December, 2001 **(\$5.6 million)**
- Contract with a pharmacy benefits manager and creation of a prior approval system for some drugs; effective March, 2001 **(\$11.1 million)**
- Freeze Community Alternatives Program for Disabled Adults and Mentally Retarded (CAP/DA and CAP/MR) to ensure FY 2002 expenditures remain within budget; effective October, 2001

Cost Containment Actions Under Consideration

The Department is also contemplating a number of other changes to contain Medicaid costs. Estimated savings from these actions – assuming all are implemented – is \$65 million in SFY 2003. The actions under consideration include:

- Contracting for hospital service
- Defining and contracting with efficient providers for nursing facilities, intermediate care facilities for the mentally retarded as well as adult care homes
- Establishing daily prospective rates for home care and personal care services based on levels of need
- Reduce payments for drugs from 90 percent to 85 percent of Average Wholesale Price
- Contract for prescription drugs for residents of nursing facilities and adult care homes.

NORTH CAROLINA MEDICAID PROGRAM MANDATORY AND OPTIONAL SERVICES AND ELIGIBLES

SERVICES	
MANDATORY SERVICES	OPTIONAL SERVICES
Hospital Inpatient Hospital Outpatient Other laboratory and X-Ray Nursing Facility Physician Home Health Health Check Family Planning Durable Medical Equipment Nurse Midwife and Nurse Practitioner Hearing Aid Medical Transportation Federally Qualified Health Centers and Rural Health Centers	Intermediate Care Facilities for the Mentally Retarded Personal Care Services Prescription Drugs Dental Eye Care Mental Health Chiropractor Podiatrist Hospice Private Duty Nursing Case Management Clinics (Note: All optional services are mandatory for children under 21)

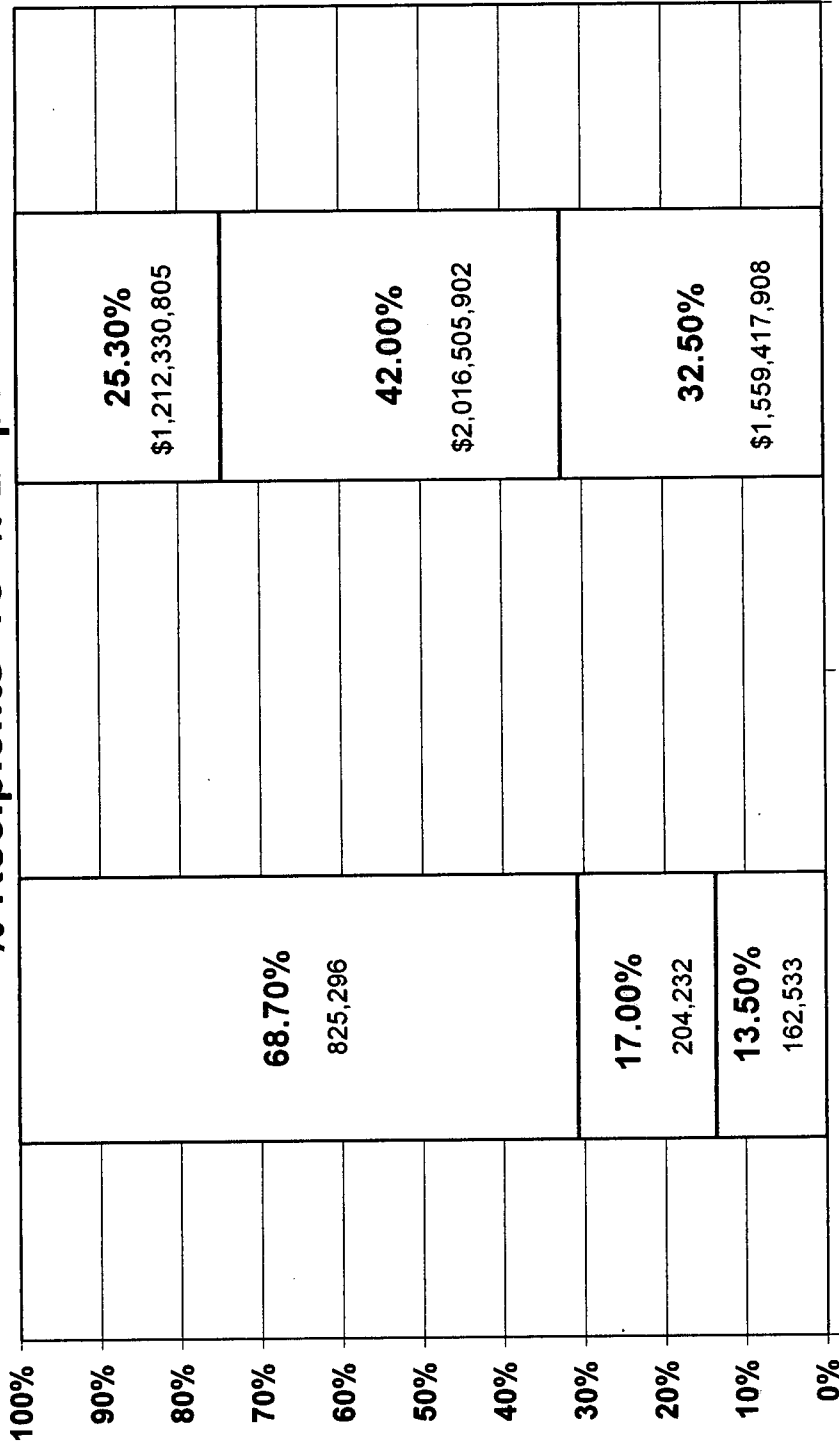
ELIGIBLES	
MANDATORY ELIGIBLES	OPTIONAL ELIGIBLES
Children Ages 1 through 5 with Family Incomes Up to 133% of Federal Poverty Level	
Children Ages 6 through 18 with Family Incomes Up to 100% of Federal Poverty Level	Children Ages 19 and 20 with Family Incomes Up to 100% of Federal Poverty Level
Foster Children and Adoptive Children Under Title IV-E	Non-IV-E Foster Children and/or Adoptive Children with Special Needs
Families with Children under Age 19 who would have been Eligible for AFDC on July 1996	Parents in Families not Eligible under AFDC rules in July 1996 (Medically Needy)
Pregnant Women and Infants under Age 1 with Family Incomes up to 133% of Federal Poverty Level	Pregnant Women and Infants under Age 1 with Family Incomes up to 185% of Federal Poverty Level
Aged, Blind, and Disabled Receiving SSI	Aged, Blind and Disabled not Receiving SSI, Including Adult Care Home Residents, 100% of Federal Poverty Level Eligibles, and Medically Needy
Medicare Beneficiaries with Incomes up to 100% of Federal Poverty Level Qualifying for Medicare Cost Sharing	
Medicare Beneficiaries with Incomes between 101% and 120% of Federal Poverty Level Qualify for Payment of Part B Premium	

**NORTH CAROLINA MEDICAID PROGRAM
SUMMARY OF PROJECTED EXPENDITURES
MANDATORY AND OPTIONAL SERVICES AND ELIGIBLES
(Reflecting Initial Amounts Projected for 2001 Fiscal Year)**

ELIGIBILITY > SERVICES >	MANDATORY MANDATORY	MANDATORY OPTIONAL	OPTIONAL MANDATORY	OPTIONAL OPTIONAL	TOTALS
Aged	971,279,650	587,589,916	301,853,865	75,945,711	1,936,669,142
Blind	12,577,160	15,789,028	799,414	1,079,101	30,244,703
Disabled	798,410,916	1,279,185,661	326,526,340	196,543,379	2,600,666,296
AFDC Under Age 21	399,423,776	0	12,866,325	0	412,290,101
AFDC Age 21 and Older	286,082,464	114,060,454	49,752,044	7,768,432	457,663,394
Other Children	41,640,182	0	0	0	41,640,182
Medicaid Pregnant Women	224,758,343	40,920,623	0	0	265,678,966
Medicaid Infants and Children	633,079,009	0	0	0	633,079,009
MQBQ	2,877,102	0	0	0	2,877,102
MQBB	16,930,604	35,736	0	0	16,966,340
Illegal Aliens	30,117,584	607,978	1,890,559	275,063	32,891,184
Total	3,417,176,790	2,038,189,396	693,688,547	281,611,686	6,430,666,419
FUNDING SOURCES:					
Federal Receipts	2,139,630,068	1,269,445,512	432,252,182	172,137,339	4,013,465,101
State Appropriations	1,081,607,977	589,892,191	222,191,563	84,004,598	1,977,696,329
County Receipts	188,196,667	120,574,147	39,199,622	16,194,605	364,165,041
Other Receipts	7,742,078	58,277,546	45,180	9,275,144	75,339,948
Total	3,417,176,790	2,038,189,396	693,688,547	281,611,686	6,430,666,419

SFY 2000

% Recipients vs % Expenditures



% of Recipients **% of Service Expenditures**

Note: Aliens and Refugees are not included, since they account for <1% of recipients and service expenditures.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
 DIVISION OF MEDICAL ASSISTANCE
 FINANCIAL OPERATIONS

COMPARE PROJECTIONS OF SFY 2002 EXPENDITURES FROM DECEMBER 2000 THROUGH DECEMBER 2001

	DECEMBER 2000 ESTIMATE	SEPTEMBER 2001 ESTIMATE	SFY 2002 CERTIFIED BUDGET	DECEMBER 2001 NET* ESTIMATE
LONG TERM CARE	1,291,504,182	1,291,273,474	1,277,273,212	1,283,077,736
NON LONG TERM CARE	5,139,162,238	5,314,981,414	5,027,598,417	5,319,190,780
TOTAL REQUIREMENTS	6,430,666,420	6,606,254,889	6,304,871,629	6,602,268,516
ELIGIBLES	947,589	988,964	947,589	1,018,598
AVG NLTC COST/ELIGIBLE/MONTH	\$451.95	\$447.86	\$442.14	\$435.17

* Estimate is net of reductions made by the 2001 General Assembly.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 DIVISION OF MEDICAL ASSISTANCE
 FINANCIAL OPERATIONS

COST CONTAINMENT ACTIONS UNDERWAY

	ACTION	STATUS	SFY 2002 REDUCTION IN STATE FUNDS
1	ICF / MR rate adjustment to reflect actual cost.	07/01/01	\$2,631,380
2	Physician rates adjusted to 95% of Medicare as of 09-01-01.	09/01/01	\$5,900,000
3	Physician rates adjusted to 95% of Medicare as of 01-01-02.	01/01/02	\$1,747,147
4	Higher copayments by Beneficiaries for brand name drugs.	10/01/01	\$3,160,000
5	Reduce dispensing fees for brand name drugs.	12/01/01	\$3,450,000
6	Outpatient Crossover payments for Dual Eligibles reduced to 95% of Medicare.	10/01/01	\$6,500,000
7	Asset Policy change	10/01/01	\$2,000,000
8	Personal Care Services limited to 3.5 hours per day.	01/01/01	\$2,500,000
9	Implementation of Maximum Allowable Cost List for generic drugs	12/01/01	\$5,600,000
10	Pharmacy Benefits Manager contract awarded to Affiliated Computer Systems (ACS). Prior Approval and Preferred Drug List scheduled for implementation 03-01-02	03/01/02	\$11,100,000
11	Community Alternatives Program for Disabled Adults (CAP / DA) and Community Alternatives Program for Mentally Retarded (CAP / MR) frozen to ensure SFY 2002 expenditures are within budget.	10/01/01	
	TOTAL ANTICIPATED REDUCTION IN STATE FUNDS		\$44,588,527

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 DIVISION OF MEDICAL ASSISTANCE
 FINANCIAL OPERATIONS

ESTIMATED NET DEFICIT SFY 2002

PROGRAM SERVICES	ACTUAL SFY 2001 EXPENDITURES	SFY 2002 CERTIFIED BUDGET	PERCENT (OVER) UNDER PRIOR YEAR	ESTIMATED NET SFY 2002 EXPENDITURES	VARIANCE (OVER) UNDER BUDGET	PERCENT OVER (UNDER) BUDGET
L T C EXPENDITURES	1,203,627,615	1,277,273,212	-6.12%	1,283,077,736	(5,804,524)	-0.45%
NON L T C EXPENDITURES	4,276,613,671	5,027,598,417	-17.56%	5,319,190,780	(291,592,363)	-5.80%
PROGRAM EXPENDITURES	5,480,241,286	6,304,871,629	-15.05%	6,602,268,516	(297,396,887)	-4.72%
FEDERAL REVENUE	3,430,145,921	3,894,920,332	-13.55%	4,079,131,419	(184,211,087)	-4.73%
COUNTY REVENUE	310,019,848	363,078,520	-17.11%	377,373,888	(14,295,368)	-3.94%
TOTAL STATE FUNDS	1,740,075,518	2,046,872,777	-17.63%	2,145,763,209	(98,890,432)	-4.83%

ESTIMATED PROGRAM SERVICES DEFICIT	(98,890,432)
ESTIMATED ADMINISTRATIVE DEFICIT	(6,093,889)
COST CONTAINMENT AUTHORITY	(3,000,000)
ESTIMATED DEFICIT	(107,984,321)
DSH FUNDS AVAILABLE	31,777,248
ESTIMATED NET DEFICIT	(76,207,073)

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 DIVISION OF MEDICAL ASSISTANCE
 FINANCIAL OPERATIONS

CHANGES IN ELIGIBLES PROJECTION FROM
 DECEMBER 2000 TO DECEMBER 2001
 (NORMAL ECONOMY TO RECESSION ECONOMY)

	SFY 2002 BUDGETED ELIGIBLES (DECEMBER 2000)	SFY 2002 PROJECTED ELIGIBLES (DECEMBER 2001)	PERCENT CHANGE
TOTAL ELIGIBLES	947,589	1,018,598	7.49%
AGED & DISABLED	321,835	321,835	0.00%
FAMILY & CHILDREN	601,518	671,743	11.67%
MEDICAID QUALIFIED BENEFICIARIES	23,858	23,487	-1.56%

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE
FINANCIAL OPERATIONS

COMPARE FIFTEEN MOST EXPENSIVE NON LONG TERM CARE CATEGORIES OF SERVICE
YTD DECEMBER 2001 TO YTD DECEMBER 2000

YEAR TO DATE DECEMBER 2001 COS DESCRIPTION	PAID		VARIANCE OVER (UNDER)	PERCENT CHANGE	UNITS SFY 2002	UNITS SFY 2001	VARIANCE OVER (UNDER)	PERCENT CHANGE	RECIPIENTS		VARIANCE OVER (UNDER)	PERCENT CHANGE
	SFY 2002	SFY 2001							SFY 2002	SFY 2001		
PRESCRIBED DRUGS	510,706,479	422,863,825	87,842,654	20.77%	9,525,084	8,034,341	1,490,743	18.55%	401,332	358,419	42,913	11.97%
HOSP INPT-GENERAL	400,522,149	354,758,309	45,763,840	12.90%	373,991	345,635	28,356	8.20%	16,528	15,243	1,285	8.43%
PHYSICIAN	289,531,033	238,028,782	51,502,251	21.64%	29,757,971	26,438,334	3,319,637	12.56%	705,477	636,040	69,437	10.92%
CLINICS-MENTAL HEALTH	140,935,372	102,155,754	38,779,618	37.96%	11,609,439	9,534,877	2,074,562	21.76%	37,923	31,986	5,937	18.56%
CAP-MENTALLY RETARDED	125,785,141	102,027,411	23,757,729	23.29%	13,169,373	13,045,831	123,542	0.95%	5,757	5,284	473	8.95%
HOSP OUTPT-GENERAL	118,457,258	82,349,204	36,108,054	43.85%	3,496,970	2,727,097	769,873	28.23%	60,072	48,427	11,645	24.05%
CAP-DISABLED	105,701,552	89,373,660	16,327,893	18.27%	30,833,774	27,430,000	3,403,774	12.41%	9,501	8,690	811	9.33%
PERSONAL CARE	71,062,597	50,380,074	20,682,523	41.05%	21,269,806	15,908,519	5,361,287	33.70%	14,673	12,206	2,467	20.21%
HOSP OUTPT-EMERGENCY ROOM	54,269,226	40,258,921	14,010,305	34.80%	1,835,221	1,676,329	158,892	9.48%	37,888	31,652	6,236	19.70%
PART B BUY-IN DUAL Q	51,793,580	45,806,830	5,986,750	13.07%	1,138,196	1,096,727	41,469	3.78%	166,694	164,527	2,167	1.32%
ACH-PCS BASIC	50,321,031	45,869,167	4,451,865	9.71%	0	0	0	0.00%	19,824	18,704	1,120	5.99%
DENTAL	50,169,178	31,962,526	18,206,652	56.96%	1,131,564	739,744	391,820	52.97%	49,888	34,898	14,990	42.95%
HOME HEALTH	45,968,198	38,822,734	7,145,464	18.41%	7,002,006	5,726,545	1,275,461	22.27%	13,641	11,767	1,874	15.93%
HMO PREMIUMS	26,449,534	31,718,614	(5,269,080)	-16.61%	390,996	478,909	(87,913)	-18.36%	32,804	41,924	(9,120)	-21.75%
CLINICS-HEALTH DEPT	25,001,999	22,207,718	2,794,281	12.58%	745,945	605,626	140,319	23.17%	68,052	59,901	8,151	13.61%

ALL ELIGIBLES

COS DESCRIPTION	AVG PAID PER UNIT		VARIANCE OVER (UNDER)	PERCENT CHANGE	AVG PAID PER RECIPIENT SFY 2002	AVG PAID PER RECIPIENT SFY 2001	VARIANCE OVER (UNDER)	PERCENT CHANGE	AVG UNITS PER RECIPIENT		VARIANCE OVER (UNDER)	PERCENT CHANGE
	SFY 2002	SFY 2001							SFY 2002	SFY 2001		
PRESCRIBED DRUGS	\$8.94	\$8.77	\$0.16	1.87%	\$212.09	\$196.63	\$15.45	7.86%	3.96	3.74	0.22	5.88%
HOSP INPT-GENERAL	\$178.49	\$171.07	\$7.42	4.34%	\$4,038.82	\$3,878.92	\$159.90	4.12%	3.77	3.78	(0.01)	-0.21%
PHYSICIAN	\$1.62	\$1.50	\$0.12	8.07%	\$68.40	\$62.37	\$6.03	9.66%	7.03	6.93	0.10	1.48%
CLINICS-MENTAL HEALTH	\$2.02	\$1.79	\$0.24	13.31%	\$619.39	\$532.29	\$87.10	16.36%	51.02	49.68	1.34	2.70%
CAP-MENTALLY RETARDED	\$1.59	\$1.30	\$0.29	22.13%	\$3,641.51	\$3,218.12	\$423.39	13.16%	381.26	411.49	(30.23)	-7.35%
HOSP OUTPT-GENERAL	\$5.65	\$5.03	\$0.61	12.18%	\$328.65	\$283.41	\$45.24	15.96%	9.70	9.39	0.32	3.37%
CAP-DISABLED	\$0.57	\$0.54	\$0.03	5.21%	\$1,854.22	\$1,714.11	\$140.11	8.17%	540.89	526.08	14.80	2.81%
PERSONAL CARE	\$0.56	\$0.53	\$0.03	5.50%	\$807.18	\$687.91	\$119.27	17.34%	241.60	217.22	24.38	11.22%
HOSP OUTPT-EMERGENCY ROOM	\$4.93	\$4.00	\$0.93	23.13%	\$238.73	\$211.99	\$26.74	12.61%	8.07	8.83	(0.75)	-8.54%
PART B BUY-IN DUAL Q	\$7.58	\$6.96	\$0.62	8.95%	\$51.79	\$46.40	\$5.38	11.60%	1.14	1.11	0.03	2.43%
ACH-PCS BASIC					\$423.06	\$408.73	\$14.34	3.51%				
DENTAL	\$7.39	\$7.20	\$0.19	2.61%	\$167.61	\$152.65	\$14.96	9.80%	3.78	3.53	0.25	7.00%
HOME HEALTH	\$1.09	\$1.13	(\$0.04)	-3.16%	\$561.64	\$549.88	\$11.76	2.14%	85.55	81.11	4.44	5.47%
HMO PREMIUMS	\$11.27	\$11.04	\$0.24	2.14%	\$134.38	\$126.10	\$8.29	6.57%	1.99	1.90	0.08	4.34%
CLINICS-HEALTH DEPT	\$5.59	\$6.11	(\$0.53)	-8.60%	\$61.23	\$61.79	(\$0.56)	-0.90%	1.83	1.69	0.14	8.42%

ALL ELIGIBLES

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 DIVISION OF MEDICAL ASSISTANCE
 FINANCIAL OPERATIONS

ESTIMATED NET DEFICIT SFY 2003

SFY 2003 PROGRAM SERVICES	SFY 2002 CERTIFIED BUDGET	SFY 2003 CERTIFIED BUDGET	PERCENT (OVER) UNDER 2002 CERTIFIED	ESTIMATED SFY 2003 EXPENDITURES	VARIANCE (OVER) UNDER BUDGET	PERCENT (OVER) UNDER BUDGET
L T C EXPENDITURES	1,277,273,212	1,311,963,751	-2.72%	1,361,840,201	(49,876,450)	-3.80%
NON L T C EXPENDITURES	5,027,598,417	5,592,718,421	-11.24%	6,592,240,547	(999,522,125)	-17.87%
PROGRAM EXPENDITURES	6,304,871,629	6,904,682,173	-9.51%	7,954,080,748	(1,049,398,575)	-15.20%
FEDERAL REVENUE	3,894,920,332	4,201,124,861	-7.86%	4,960,173,912	(759,049,051)	-18.07%
COUNTY REVENUE	363,078,520	405,633,577	-11.72%	446,542,498	(40,908,921)	-10.09%
TOTAL STATE FUNDS	2,046,872,777	2,297,923,735	-12.27%	2,547,364,338	(249,440,603)	-10.86%

ESTIMATED PROGRAM SERVICES DEFICIT	(249,440,603)
ESTIMATE ADMINISTRATIVE DEFICIT	(6,093,889)
COST CONTAINMENT AUTHORITY	(3,000,000)
ESTIMATED NET DEFICIT	(255,534,492)

COMPARE PROJECTED ANNUAL AVERAGE MONTHLY ELIGIBLES	SFY 2002 ESTIMATED AVERAGE MONTHLY ELIGIBLES	SFY 2003 ESTIMATED AVERAGE MONTHLY ELIGIBLES	INCREASE IN ELIGIBLES FROM SFY 2002 TO SFY 2003	PERCENT INCREASE
AGED & DISABLED	321,835	337,592	15,757	4.90%
FAMILY & CHILDREN	671,743	811,317	139,573	20.78%
MEDICAID QUALIFIED BENEFICIARIES	23,487	25,680	2,194	9.34%
ILLEGAL ALIENS	1,533	2,403	870	56.76%
ALL ELIGIBLES	1,018,598	1,176,991	158,393	15.55%

The Considered

Long Term Cost Containment Options

	Title	Effective Date	Actions Necessary	Adverse Impact	SFY 2003 State Funds
1	Contract for Hospital Service	01-Oct-02	Review 120 cost reports; develop Payment levels; prepare federal waiver/state plan changes; cancel current agreements; enter into contract	Minimal impact upon hospitals. Provider costs are expected to decrease by amount of payment reduction.	\$20,810,909
2	Define efficient Provider for Nursing Facilities, Intermediate Care Facilities for Mentally Retarded and Adult Care Home - Personal care Services	01-Oct-02	Select contractor; correlate 800 cost reports to patient needs assessments; prepare State Plan and APA changes; determine excessive costs from low occupancy and rent payments	Significant change in payment method. Significant potential for some providers to go out of business. Must assure patient welfare safeguarded.	\$20,074,190
3	Establish daily prospective rates for Home Care Services and Personal Care Services based on levels of need	Various	Obtain Contractor support to correlate cost reports to patient needs assessments; prepare State Plan and APA changes	Significant change in payment method. Significant potential for some providers to go out of business. Must assure patient welfare safeguarded.	\$3,589,472
4	Reduce payments for drugs from 90% to 85% of Average Wholesale Price	1st. of month after decision	Prepare State Plan and APA changes	Will reduce payments to providers. Some providers may elect to discontinue participation in Medicaid.	\$16,382,660
5	Contract for Prescription Drugs for residents of Nursing Facilities and Adult Care Homes	01-Jul-02	Prepare RFPs; obtain bids, enter into contract.	Competitive service. Will limit participation to providers who enter into contracts.	\$4,212,622
	TOTAL				\$65,069,853

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CAP-MR/DD

Program Description and History

The Community Alternatives Program for Persons with Mental Retardation/Developmental Disabilities (CAP-MR/DD) is a special Medicaid home and community-based "waiver" program. It was implemented in 1983 to serve individuals who would otherwise qualify for care in an intermediate care facility for the mentally retarded (ICF-MR). The Medicaid cost for community care must be cost effective in comparison to the cost of ICF/MR care. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services manages the daily operation of the program under an agreement with DMA. The program is available statewide through local area mental health, developmental disabilities and substance abuse programs. CAP-MR/DD served approximately 6,442 people in SFY 2001 at an average monthly cost per recipient that was approximately 44% of the average cost of ICF-MR care.

CAP-MR/DD Expenditure & Recipient History

SFY	Paid	% Chg.	Ave. Mo. Recipients	% Chg.	YTD Ave. Mo. Paid Per Ave. Mo. Recipient	% Chg.
1994	\$19,884,423		905		\$1,387	
1995	\$26,084,842	31.2%	1,147	26.7%	\$1,895	36.6%
1996	\$56,651,628	117.2%	1,916	67.0%	\$2,464	30.0%
1997	\$105,656,284	86.5%	2,633	37.4%	\$3,344	35.7%
1998	\$133,262,095	26.1%	3,240	23.1%	\$3,428	2.5%
1999	\$134,482,335	0.9%	3,705	14.4%	\$3,025	-11.8%
2000	\$181,279,890	34.8%	4,766	28.6%	\$3,170	4.8%
2001	\$222,550,760	22.8%	5,507	15.5%	\$3,368	6.2%

CAP-MR/DD Budgets

	<u>Total</u>	<u>General Fund</u>
SFY 2002 Certified Budget:	\$221,274,100	\$72,002,592
SFY 2002 Forecasted Budget:	\$267,024,070	\$86,889,632
SFY 2003 Certified Budget:	\$228,766,559 (3.4% Incr.)	\$73,342,559
SFY 2002 Forecasted Budget:	\$299,782,574 (12.3% Incr.)	\$96,110,293

CAP-MR/DD Recipient Trends

Month	Recipients	% Chg.
May (CAP-MR/DD Freeze)	5,854	1.4%
Jun	5,779	-1.3%
Jul	5,750	-0.5%
Aug	5,688	-1.1%
Sep	5,805	2.1%
Oct	5,765	-0.7%
Nov	5,797	0.6%
Dec	5,736	-1.1%
Jan	5,750	0.2%

Sources of Growth in Spending YTD as of January SFY 2001 vs 2002

Paid		Variance Over (Under)	Percent Change
SFY 2002	SFY 2001		
\$147,087,119	\$121,464,444	\$25,622,675	21.1%

Components of Change:

Recipients – 8.0% Increase

Cost/Unit – 20.6% Increase

Number of Units Per Recipient - 7.0% Decrease

Nursing Facility Care Recipient Trend

Month	ICF-MR, SO Recipients	% Chg.	ICF-MR, NSO Recipients	% Chg.
May (CAP-MR/DD Freeze)	1,847	-0.1%	2,548	-0.5%
Jun	1,879	1.7%	2,569	0.8%
Jul	1,869	-0.5%	2,556	-0.5%
Aug	1,872	0.2%	2,532	-0.9%
Sep	1,886	0.7%	2,579	1.9%
Oct	1,888	0.1%	2,551	-1.1%
Nov	1,893	0.3%	2,585	1.3%
Dec	1,890	-0.2%	2,531	-2.1%
Jan	1,868	-1.2%	2,549	0.7%

CAP/DA

Program Description and History

The Community Alternatives Program for Disabled Adults (CAP/DA) is a cost-effective home and community care "waiver" program which provides an alternative to institutionalization. The CAP/DA program provides a package of services to allow adults, age 18 and older, who qualify for nursing facility care, to remain in their private residences. The most heavily used service is personal care services. Other services include adult day health care, home modifications, delivered meals and case management. CAP/DA has experienced significant growth for many years as DMA pushed its expansion into all counties and fostered the growth of existing county programs. CAP/DA went statewide in January 1996. The program served approximately 12,901 people in SFY 2001 at less cost than nursing facility care. The average monthly cost per recipient of CAP/DA services was approximately 75% of that of care at a Medicaid nursing facility.

CAP/DA Expenditure & Recipient History

SFY	Paid	% Chg.	Ave. Mo. Recipients	% Chg.	YTD Ave. Mo. Paid Per Ave. Mo. Recipient	% Chg.
1994	\$55,302,416		3,322		\$1,387	
1995	\$67,798,625	22.6%	3,921	18.0%	\$1,439	3.7%
1996	\$86,997,985	28.3%	4,824	23.0%	\$1,509	4.9%
1997	\$110,768,010	27.3%	5,708	18.3%	\$1,617	7.2%
1998	\$132,439,115	19.6%	6,695	17.3%	\$1,648	1.9%
1999	\$150,461,450	13.6%	7,481	11.7%	\$1,676	1.7%
2000	\$172,223,094	14.5%	8,283	10.7%	\$1,733	3.4%
2001	\$195,685,776	13.6%	8,928	7.8%	\$1,827	5.4%

CAP/DA Budgets

	<u>Total</u>	<u>General Fund</u>
SFY 2002 Certified Budget:	\$187,805,548	\$61,111,925
SFY 2002 Forecast Budget:	\$224,610,029	\$73,088,103
SFY 2003 Certified Budget:	\$194,284,839 (3.4% Incr.)	\$62,287,719
SFY 2003 Forecast Budget:	\$250,949,500 (11.7% Incr.)	\$80,454,410

CAP/DA Recipient Trends During Calendar 2001 and 2002

Month	Recipients	% Chg.
Sep (CAP/DA Freeze)	9,598	1.9%
Oct	9,520	-0.8%
Nov	9,654	1.4%
Dec	9,645	-0.1%
Jan	9,495	-1.6%

Sources of Growth in Spending YTD as of January SFY 2001 vs. 2002

Paid		Variance Over (Under)	Percent Change
SFY 2002	SFY 2001		
\$123,896,200	\$106,058,539	\$17,837,662	16.8%

Components of Change:

Recipients – 9.0% Increase

Cost/Unit – 5.3% Increase

Number of Units Per Recipient - 1.8% Increase

Nursing Facility Care Recipient Trend

Month	Skilled Nursing Facility Recipients	% Chg.	Intermediate Care Facility Recipients	% Chg.
Sep (CAP/DA Freeze)	12,727	7.7%	16,269	3.5%
Oct	12,149	-4.5%	15,780	-3.0%
Nov	12,853	5.8%	16,055	1.7%
Dec	12,949	0.7%	16,077	0.1%
Jan	12,631	-2.5%	15,619	-2.8%

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Prescription Drug Cost Management Plan

The purpose of the prescription drug cost management plan is to be sure Medicaid consumers are being provided prescription drugs that are efficacious and cost effective.

Current Situation

The Medicaid budget for pharmacy for SFY 2002 is \$1.1 billion and represents 17.7% of all expenditures. It is the largest single line item in the Medicaid budget.

Over the last three state fiscal years, Medicaid prescription drug costs have increased 22.5%, 35.3% and 22.9%. As of December 2001, the current FY rate of growth is 20.8%.

Through December 2001, pharmacy cost increases accounted for 20.9% of all expenditure growth in the Medicaid program over the previous year.

The budget adopted by the General Assembly for SFY 2001-02 requires a reduction of \$17.7 million in state expenditures (\$54.5 million in total funds) for prescription drugs and the establishment of a pharmacy management plan (SB 1005, Sec. 21.26b).

Summary of Actions to Date

Action	Date Implemented
Limit prescriptions to a 34-day supply . Provide a method by which overrides may be considered.	July 1, 2001
Increase the co-pay to \$3.00 per brand name drug. Generic drugs will remain at \$1.00.	October 1, 2001
Decrease the pharmacy dispensing fee per brand name drug to \$4.00. Generic drugs will remain \$5.60.	October 1, 2001
Maximum allowable cost (MAC) pricing implemented for select generic drugs. MAC prices relate to true acquisition costs much better than the pricing methodology of AWP – 10% used for most drugs.	December 1, 2001

Action	Date Implemented
Implement a <i>prior approval</i> requirement for high cost drugs for which limited dosage or appropriate usage standards are available and insure that prescribers, dispensers and users are aware of and stay within the standards.	March 4, 2002
Install an <i>early refill</i> edit to deny a prescription before the existing prescription has been used. Provide a method by which overrides may be considered.	Planned
Tighten up the existing <i>six prescription limit</i> override to assure that exemptions are provided only to those people who meet criteria as defined in the Appropriations ACT	Planned
Implement a <i>preferred drug list</i> consisting of the most cost effective drugs within a class of drugs. Prior approval will be required of drugs in the class that are not on the preferred drug list.	Under consideration
<i>Supplemental rebates</i> will be permitted from drug manufacturers in order to make their products more cost effective so they may be included on the preferred drug list	Under consideration

Process for Prior Approval/Preferred Drug List

Prior approval is used to enforce drug therapy protocols the manufacturer recommends or that are based on clinical evidence for effectiveness and safety. Steps in developing a prior approval program for NC Medicaid are:

- Contractor secured via an RFP. ACS awarded the contract on December 12, 2001.
- At the request of the department, the Chairman of the Physician Advisory Group of the Medical Society identified several clinical professionals to advise the Division on the clinical aspects of the drug management plan. These clinical advisors include practicing physicians and pharmacists and academic physicians and pharmacists.
- After research of clinical evidence and practices in other state Medicaid programs, ACS proposed an initial list of drugs that might be candidates for prior approval. ACS also proposed suggested criteria for approval.

- Clinical advisors reviewed the initial list and proposed changes to the list. DMA made the final decisions about which drugs to prior approve and the criteria to use based on advice from both ACS and PAG.
- Drug manufacturers were informed of the plans for prior approval at a meeting held on February 15, 2002.
- Training for prescribers and dispensers is set for the week of February 27 at 6 Locations across the state.
- Implementation date is March 4, 2002.

DMA is considering the adoption of a preferred drug list that includes drugs that are both clinically effective and cost effective. Drugs that are not on the preferred drug list will continue to be paid when justified by the prescriber and approved by the DMA's agent, ACS. Steps in developing the preferred drug list are:

- Each class of drugs will be looked at separately, beginning with the classes with the largest Medicaid expenditure.
- Clinical advisors will review the list and either concur or advise DMA to revise the list.
- DMA will determine the net cost to DMA of the clinically effective drugs within the class.
- Clinically effective and cost effective drugs will be placed on the preferred drug list.
- Drugs within the class that are not on the preferred drug list will be subject to prior approval. The prescriber must justify why the more costly drug is necessary in a particular case.
- Drugs can be added to the preferred drug list at any time at the discretion of DMA if it is clinically effective and cost effective.

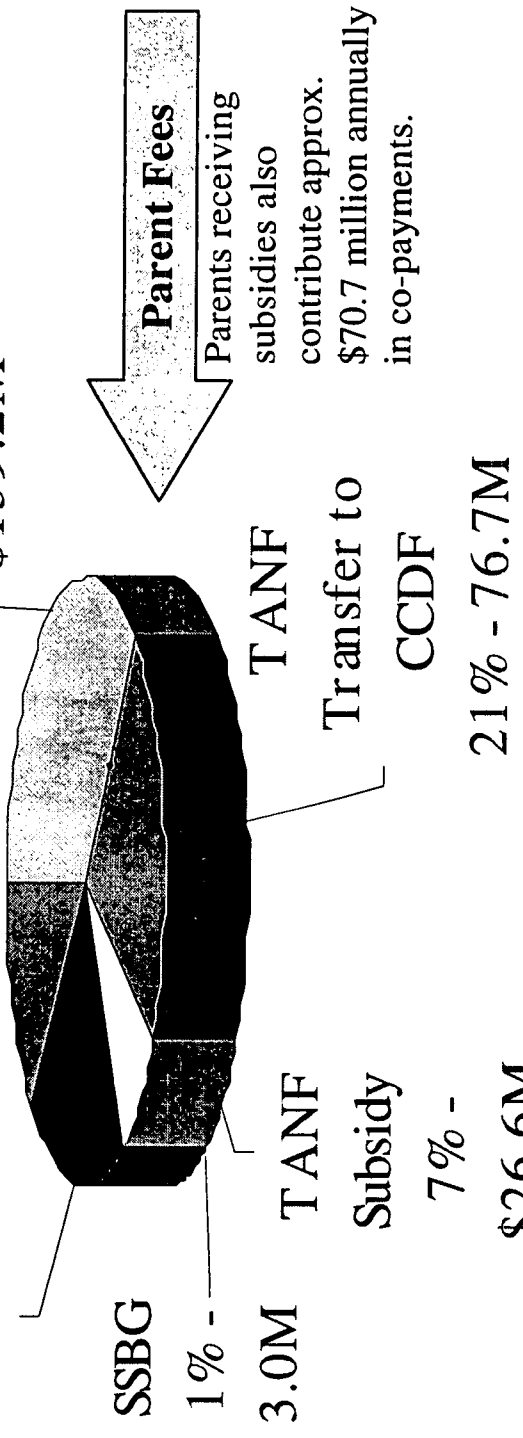
SFY 2001-02 Child Care Services Funding

Total Non-Smart Start **\$303.7M**
Total Smart Start* **\$ 55.6M**
Total Allocated to Counties **\$359.3M**

CCCDF Funds

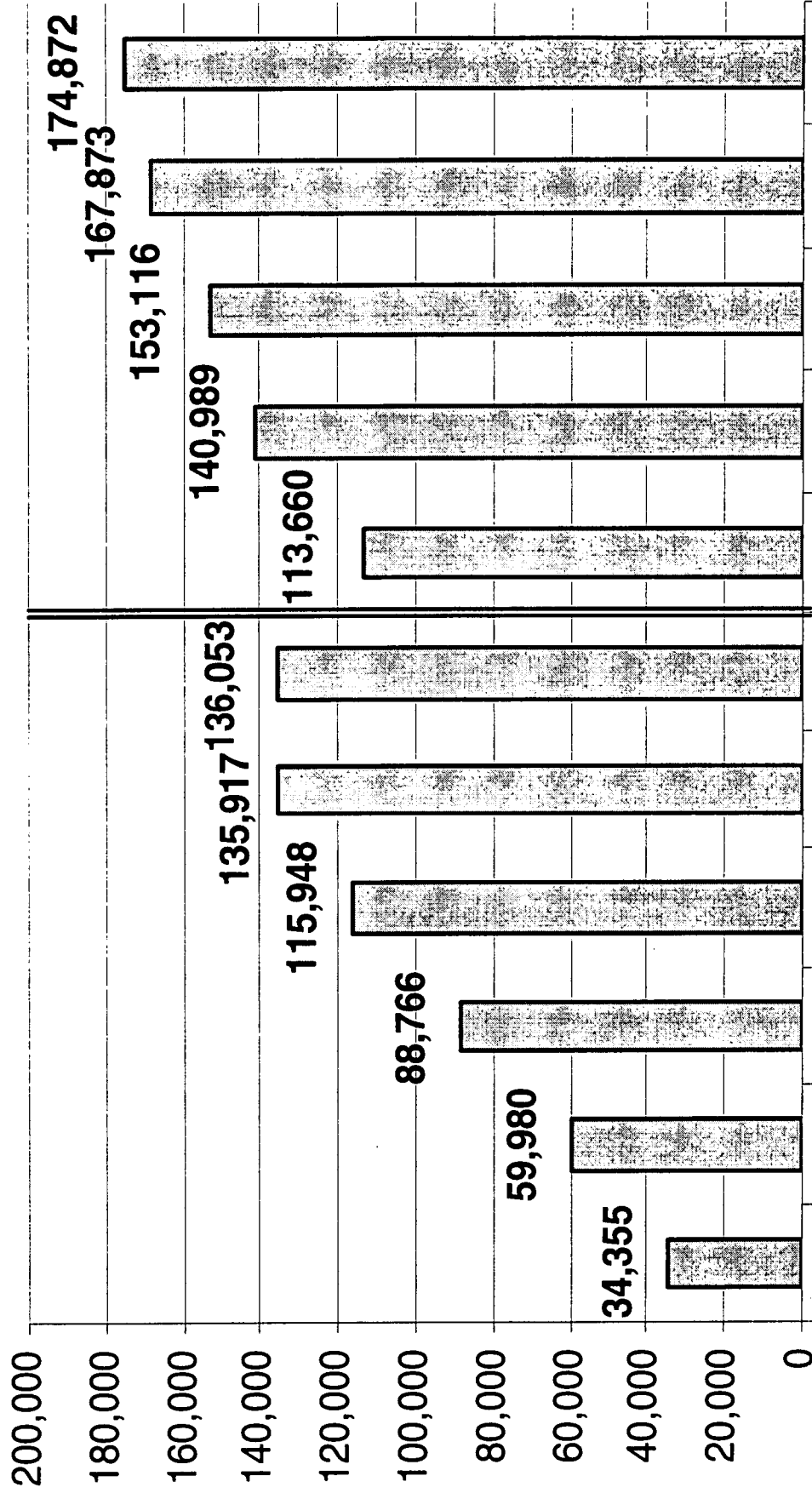
State Smart Start*

16% - \$58.2M 15% - \$55.6M 39% - \$139.2M



* Reflects Smart Start subsidy funds administered through DCD; an additional \$23.7 million administered outside of DCD as of 1-31-02 (for a total of approx. 43% of services funding). 90% of Smart Start subsidy expenditures are used for CCDF match and TANF MOE.

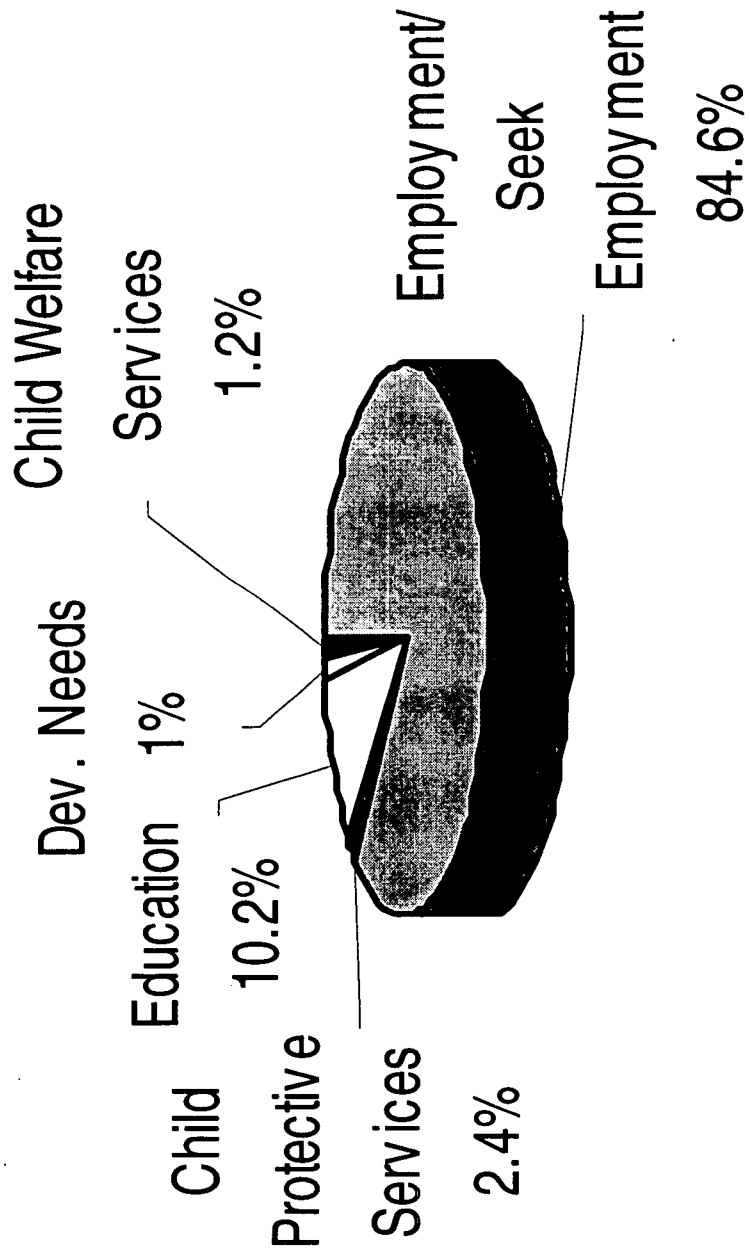
Number of Children in Child Care Subsidy June 1990 through June 2001



90-91 91-92 92-93 93-94 94-95 95-96 96-97 97-98 98-99 99-00 00-01

Double line indicates point in time at which DCD able to unduplicate count of children across funding sources. Does not mean that fewer children were served after SFY 95-96.

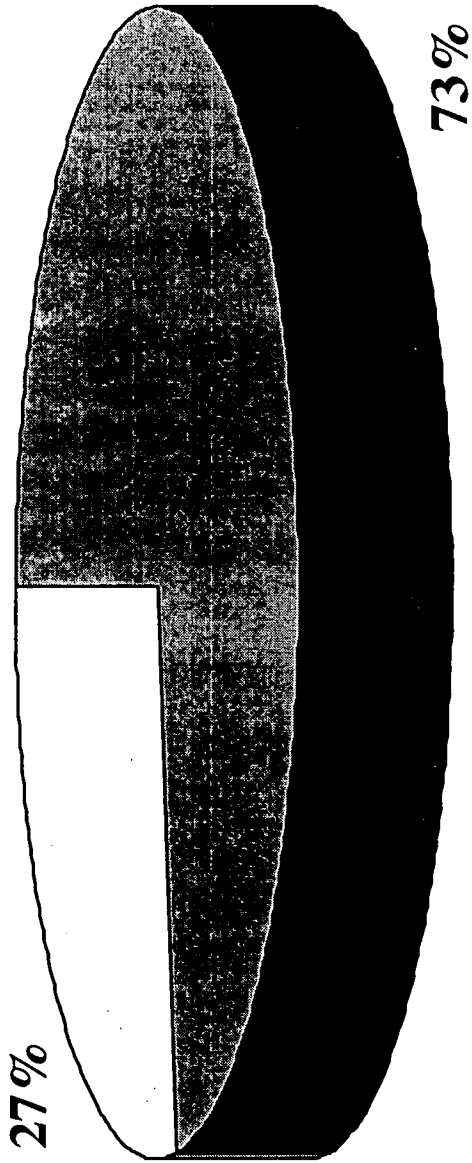
Children Receiving Subsidized Child Care Services by Need Category - December 2001



Number of Families Served with Subsidized Child Care by Family Income December, 2001

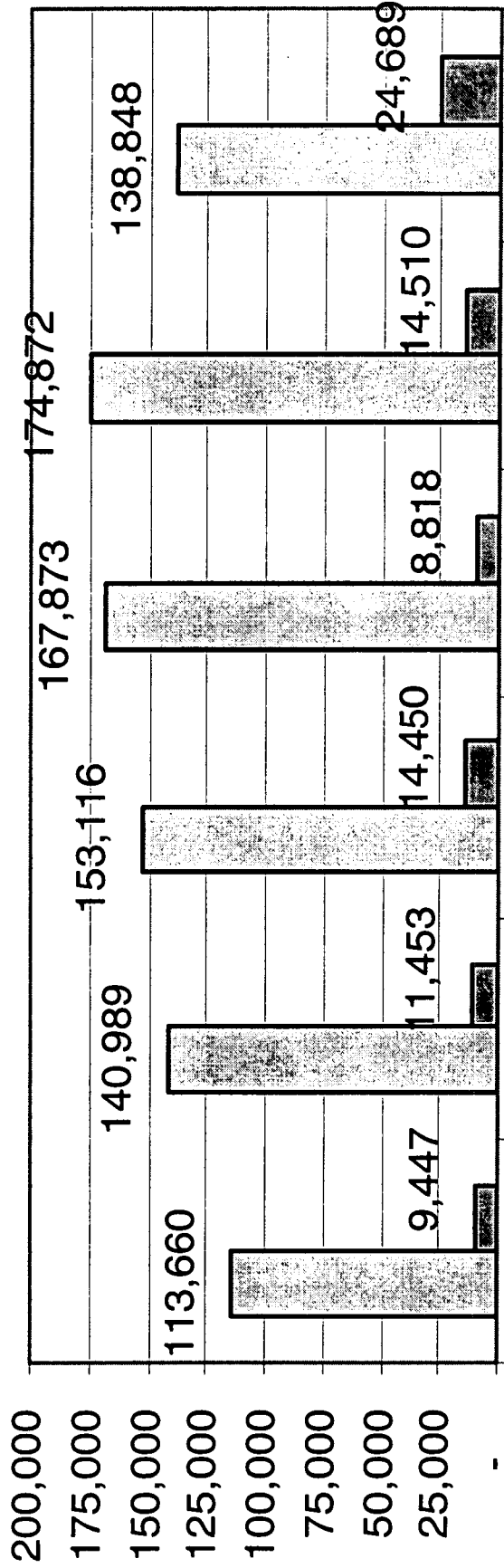
Annual Family Income

- \$0 - \$19,999
- \$20,000+



Note: Parents pay 8-10% of gross monthly income in parent fees. This will generate an estimated \$70.7 million in SFY 01-02, an increase in \$7.1 million from last year.

Number of Children Receiving Subsidized Child Care Services vs. Number of Children Waiting For Services SFY 96-97 to SFY 00-02*



Subsidy Funds Allocated by SFY \$171.9 M SFY 96-97 \$229.3 M SFY 97-98 \$270.2 M SFY 98-99 \$317.8 M SFY 99-00 \$365.1 M SFY 00-01 \$359.3 M SFY 01-02 (Year-to-date)

□ Children Served ■ Waiting List

* Number of children served SFY 01-02 is a YTD total as of 1-31-02. Waiting list numbers reflect children waiting for services in November of each-SFY. As of 12-31-01, there were 23,212 children waiting for services statewide.

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Ball 2

Reductions to Smart Start Funding for Current State Fiscal Year 01-02

Effect of Legislative Reduction to Smart Start Funding:

Direct Services Funding to Local Partnerships	In Millions
2000-01 *	\$242.1
2001-02	\$193.8

In Millions	% of Available Funds
2000-01 Subsidy Expenditures:	48.2%
2001-02 Subsidy Allocations:	43.7%

Effect of Additional 4% Reduction to Smart Start funding:

Amount of Reduction: (\$8.4 million)

Funding Available after 4% cut: \$202 million

* The available funds in SFY 2000-01 included \$43.5 million carried forward from previous year.

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**The North Carolina Partnership for Children
2001-02 Funding Reduction**

County	2001-02 Administration Availability (See Note 1)	2001-02 Services Availability (See Note 1)	2001-02 Total Availability	4% BUDGET REDUCTION	LESS: LOCAL PARTNERSHIP FUNDS THAT WOULD HAVE BEEN REALLOCATED	NET LOCAL PARTNERSHIP BUDGET REDUCTION (See Note 2)
Alamance Co Partnership	185,247	2,129,281	2,314,528	92,581	12,498	80,083
Albemarle SS Partnership	199,083	1,300,054	1,499,137	59,965	8,095	51,870
Alexander Co PFC	128,400	548,272	676,672	27,067	3,654	23,413
Alleghany Co PFC, Inc	100,004	207,895	307,899	12,316	1,663	10,653
Anson Co PFC	128,400	793,781	922,181	36,887	4,980	31,907
Ashe Co PFC	128,400	598,146	726,546	29,062	3,923	25,138
Avery Co PFC	98,400	363,994	462,394	18,496	2,497	15,999
Beaufort Co PFC	128,400	807,260	935,660	37,426	5,053	32,374
Bertie Co PFC	128,400	496,545	624,945	24,998	3,375	21,623
Bladen Co PFC	128,400	579,308	707,708	28,308	3,822	24,487
Brunswick Co PFC, Inc	164,775	1,893,964	2,058,739	82,350	11,117	71,232
Buncombe Co PFC	345,774	3,918,076	4,263,850	170,554	23,025	147,529
Burke Co PFC	292,212	3,376,787	3,668,999	146,760	19,813	126,947
Cabarrus Co PFC	170,953	1,888,440	2,059,393	82,376	11,121	71,255
Caldwell Co PFC	243,149	2,809,822	3,052,971	122,119	16,486	105,633
Caswell Co PFC	98,400	369,515	467,915	18,717	2,527	16,190
Catawba Co PFC	324,612	3,751,203	4,075,815	163,033	22,009	141,023
Chatham Co PFC	129,812	1,500,108	1,629,920	65,197	8,802	56,395
Chowan-Gates-Perquimans PFC	164,291	553,330	717,621	28,705	3,875	24,830
Cleveland Co PFC	246,500	2,755,101	3,001,601	120,064	16,209	103,855
Columbus Co PFC, Inc	141,864	1,374,340	1,516,204	60,648	43,638	17,011
Craven Co PFC	135,135	1,653,279	1,788,414	71,537	9,657	61,879
Cumberland Co PFC, Inc	507,000	11,621,513	12,128,513	485,141	65,494	419,647
Children & Youth Part for Dare	128,400	424,556	552,956	22,118	2,986	19,132
Davidson Co Smart Start, Inc	371,936	4,298,076	4,670,012	186,800	25,218	161,582
Davie Co PFC	128,400	677,818	806,218	32,249	32,249	0
Down East PFC	364,791	4,215,519	4,580,310	183,212	24,734	158,479
Duplin Co PFC	147,137	1,624,344	1,771,481	70,859	9,566	61,293
Durham's PFC, Inc	507,000	9,113,665	9,620,665	384,827	51,952	332,875
Forsyth Early Childhood Part	507,000	6,774,068	7,281,068	291,243	39,318	251,925
Franklin-Granville-Vance PFC	246,826	2,192,981	2,439,807	97,592	13,175	84,417
Guilford Co PFC	507,000	6,197,025	6,704,025	268,161	36,202	231,959
Halifax-Warren SS PFC	194,885	1,992,319	2,187,204	87,488	11,811	75,677
Harnett Co PFC	181,687	1,959,126	2,140,813	85,633	11,560	74,072
Henderson Co PFC	128,400	1,206,026	1,334,426	53,377	7,206	46,171
Hertford Co PFC	128,400	758,995	887,395	35,496	4,792	30,704
Hoke Co PFC & Fam	142,857	1,120,291	1,263,148	50,526	6,821	43,705
Hyde Co PFC	62,000	176,465	238,465	9,539	9,539	0
Iredell Co PFYC	225,946	2,546,409	2,772,355	110,894	14,971	95,923
Johnston Co PFC	190,919	2,090,880	2,281,799	91,272	12,322	78,950
Jones/Carteret Co PFC	163,363	987,929	1,151,292	46,052	6,217	39,835
Lee Co PFC	149,859	1,393,378	1,543,237	61,729	8,333	53,396
Lenoir/Greene PFC	228,738	2,412,172	2,640,910	105,636	14,261	91,375
PFC of Lincoln/Gaston Co's, Inc	388,198	4,184,260	4,572,458	182,898	24,691	158,207
Madison Co PFC and Families	128,400	489,577	617,977	24,719	3,337	21,382
Martin/Pitt Co. PFC	255,130	2,410,760	2,665,890	106,636	14,396	92,240
McDowell Co PFC&F, Inc	128,400	912,089	1,040,489	41,620	5,619	36,001
Mecklenburg PFC	748,265	20,046,875	20,795,140	831,806	112,294	719,512
Mitchell-Yancey PFC	148,400	440,058	588,458	23,538	3,178	20,361
Montgomery Co PFC	128,400	746,936	875,336	35,013	30,227	4,787
Partners for Children&Fam (Moore)	148,489	1,653,097	1,801,586	72,063	9,729	62,335
New Hanover Co PFC	214,881	2,483,160	2,698,041	107,922	14,569	93,352
Northampton PFC	98,400	362,921	461,321	18,453	2,491	15,962
Onslow Co PFC	370,809	4,262,174	4,632,983	185,319	25,018	160,301
Orange Co PFC	291,632	3,370,095	3,661,727	146,469	19,773	126,696
Pamlico PFC, Inc	99,839	256,108	355,947	14,238	1,922	12,316
Pender CO PFC	128,400	854,474	982,874	39,315	5,308	34,007
Person Co PFC	128,400	1,016,203	1,144,603	45,784	6,181	39,603
Polk Co PFC, Inc	98,400	226,777	325,177	13,007	1,756	11,251
Randolph Co PFC	224,586	2,563,391	2,787,977	111,519	111,519	0
Region A PFC	366,542	3,426,826	3,793,368	151,735	20,484	131,251
Richmond Co PFC	128,400	1,187,653	1,316,053	52,642	7,107	45,535
Robeson Co PFC	368,086	4,076,355	4,444,441	177,778	24,000	153,778

**The North Carolina Partnership for Children
2001-02 Funding Reduction**

County	2001-02 Administration Availability (See Note 1)	2001-02 Services Availability (See Note 1)	2001-02 Total Availability	4% BUDGET REDUCTION	LESS: LOCAL PARTNERSHIP FUNDS THAT WOULD HAVE BEEN REALLOCATED	NET LOCAL PARTNERSHIP BUDGET REDUCTION (See Note 2)	
Rockingham Co PFC	140,099	1,576,003	1,716,102	68,644	58,503	10,141	
Rowan PFC, Inc	232,370	2,670,919	2,903,289	116,132	15,678	100,454	
Rutherford Co PFC	146,627	1,622,735	1,769,362	70,774	9,555	61,220	
Sampson Co PFC	128,400	1,199,241	1,327,641	53,106	7,169	45,936	
Scotland County PFC	128,400	768,190	896,590	35,864	4,842	31,022	
Stanly Co PFC	187,449	2,166,155	2,353,604	94,144	12,709	81,435	
Stokes PFC, Inc	128,400	983,484	1,111,884	44,475	6,004	38,471	
Surry Co Early Childhood Part	169,461	1,852,042	2,021,503	80,860	10,916	69,944	
Transylvania Co PFC	98,400	353,133	451,533	18,061	2,438	15,623	
Tyrrell Co Smart Start Partnership	62,000	166,686	228,686	9,147	9,147	0	Note 2
Union Co PFC	209,512	2,408,188	2,617,700	104,708	14,136	90,572	
Wake Co SmartStart	616,787	17,717,107	18,333,894	733,356	99,003	634,353	
Washington Co Ch Adv Coun	98,400	490,221	588,621	23,545	3,179	20,366	
Children's Council of Watauga	128,400	402,238	530,638	21,226	2,865	18,360	
Wayne Co PFC	206,007	2,261,192	2,467,199	98,688	13,323	85,365	
Wilkes Community PFC	174,034	1,998,635	2,172,669	86,907	11,732	75,174	
Wilson Co PFC	168,204	1,943,758	2,111,962	84,478	11,405	73,074	
Yadkin Co SS Partnership, Inc.	128,400	813,821	942,221	37,689	31,638	6,051	Note 2
L.P. Funds Pending Reallocation			565,771	22,631	22,631	0	
Subtotal Local Partnerships			211,147,926	8,445,917	1,437,033	7,008,884	
L.P./MAC - 4% Reduction			2,340,479	93,619	-	93,619	
NCPC - 4% Reduction			4,827,916	193,117	-	193,117	
Total			218,316,321	8,732,653	1,437,033	7,295,620	

Note 1: Excludes Encumbrances and includes Capacity Building \$100,000 allocation for those partnerships in the project.

Note 2: Voluntary reversions received have been offset against budget reduction.

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 Ball 4

North Carolina Partnership for Children
 2001-02 FINAL Services Base Allocation

Final Checked

Year	County	2000-01 Services Base Allocation	Reduction Year 1-3 10%, No Change Year 4, Increase Year 5 10%	Adjustments (see Note)	2001-02 Services Base Allocation
			-		
5	Alamance	1,935,710	193,571	-	2,129,281
5	Alexander	498,429	49,843	-	548,272
3	Alleghany	229,761	(22,976)	-	206,785
4	Anson	793,781	-	-	793,781
2	Ashe	661,058	(66,106)	-	594,952
2	Avery	402,278	(40,228)	-	362,050
5	Beaufort	733,873	73,387	-	807,260
4	Bertie	517,895	-	-	517,895
5	Bladen	526,644	52,664	-	579,308
4	Brunswick	1,893,964	-	-	1,893,964
3	Buncombe	4,330,168	(433,017)	-	3,897,151
1	Burke	3,731,948	(373,195)	-	3,358,753
5	Cabarrus	1,716,764	171,676	-	1,888,440
1	Caldwell	3,105,351	(310,535)	-	2,794,816
5	Camden	96,748	9,675	-	106,423
5	Carteret	644,594	64,459	-	709,053
5	Caswell	335,923	33,592	-	369,515
2	Catawba	4,145,743	(414,574)	-	3,731,169
2	Chatham	1,657,885	(165,789)	-	1,492,097
1	Cherokee	550,645	(55,065)	-	495,581
5	Chowan	238,148	23,815	23,815	238,148
1	Clay	226,133	(22,613)	-	203,520
1	Cleveland	3,148,146	(314,815)	-	2,833,331
4	Columbus	1,278,419	-	-	1,278,419
5	Craven	1,412,072	141,207	-	1,553,279
1	Cumberland	12,843,830	(1,284,383)	-	11,559,447
5	Currituck	248,789	24,879	-	273,668
4	Dare	424,556	-	-	424,556
1	Davidson	4,750,136	(475,014)	-	4,275,122
5	Davie	525,289	52,529	-	577,818
2	Duplin	1,795,188	(179,519)	-	1,615,669
2	Durham	10,072,215	(1,007,222)	-	9,064,994
2	Edgecombe	2,221,844	(222,184)	-	1,999,660
2	Forsyth	7,486,546	(748,655)	-	6,737,891
5	Franklin	698,267	69,827	-	768,094
5	Gaston	2,852,973	285,297	-	3,138,270

**North Carolina Partnership for Children
2001-02 FINAL Services Base Allocation**

Final Checked

Year	County	2000-01 Services Base Allocation	Reduction Year 1-3 10%, No Change Year 4, Increase Year 5 10%	Adjustments (see Note)	2001-02 Services Base Allocation
			-		
5	Gates	140,943	14,094	-	155,037
1	Graham	174,704	(17,470)	-	157,234
5	Granville	627,096	62,710	-	689,806
2	Greene	427,605	(42,761)	-	384,845
4	Guilford	6,197,025	-	-	6,197,025
1	Halifax	1,841,680	(184,168)	-	1,657,512
5	Harnett	1,781,024	178,102	-	1,959,126
1	Haywood	1,402,073	(140,207)	-	1,261,866
5	Henderson	1,096,387	109,639	-	1,206,026
1	Hertford	838,825	(83,883)	-	754,943
4	Hoke	1,130,202	-	-	1,130,202
5	Hyde	76,465	7,647	7,647	76,465
4	Iredell	2,546,409	-	-	2,546,409
1	Jackson	718,055	(71,806)	-	646,250
5	Johnston	1,900,800	190,080	-	2,090,880
1	Jones	308,207	(30,821)	-	277,386
4	Lee	1,326,717	-	-	1,326,717
2	Lenoir	2,238,273	(223,827)	-	2,014,446
5	Lincoln	994,450	99,445	-	1,093,895
1	Macon	431,257	(43,126)	-	388,131
5	Madison	489,577	48,958	48,958	489,577
5	Martin	323,831	32,383	-	356,214
4	McDowell	912,089	-	-	912,089
1	Mecklenburg	22,338,275	(2,233,828)	-	20,104,448
5	Mitchell	129,588	12,959	-	142,547
5	Montgomery	588,124	58,812	-	646,936
4	Moore	1,653,097	-	-	1,653,097
2	Nash	2,437,051	(243,705)	-	2,193,346
3	New Hanover	2,744,331	(274,433)	-	2,469,898
5	Northampton	253,656	25,366	16,101	262,921
5	Onslow	3,914,350	391,435	43,611	4,262,174
1	Orange	3,724,552	(372,455)	-	3,352,097
3	Pamlico	283,045	(28,305)	-	254,741
2	Pasquotank	1,016,723	(101,672)	-	915,051
5	Pender	854,474	85,447	85,447	854,474
5	Perquimans	152,630	15,263	7,694	160,199

North Carolina Partnership for Children
2001-02 FINAL Services Base Allocation

Final Checked

Year	County	2000-01 Services Base Allocation	Reduction Year 1-3 10%, No Change Year 4, Increase Year 5 10%	Adjustments (see Note)	2001-02 Services Base Allocation
			-		
2	Person	1,123,085	(112,309)	-	1,010,777
5	Pitt	1,869,941	186,994	-	2,056,935
5	Polk	206,161	20,616	-	226,777
5	Randolph	2,330,355	233,036	-	2,563,391
5	Richmond	1,187,653	118,765	118,765	1,187,653
3	Robeson	4,565,682	(456,568)	-	4,109,114
5	Rockingham	1,432,730	143,273	-	1,576,003
4	Rowan	2,670,919	-	-	2,670,919
3	Rutherford	1,838,654	(183,865)	-	1,654,789
5	Sampson	1,090,219	109,022	-	1,199,241
5	Scotland	702,081	70,208	4,099	768,190
1	Stanly	2,393,985	(239,399)	-	2,154,587
3	Stokes	1,099,316	(109,932)	-	989,384
3	Surry	2,046,835	(204,684)	-	1,842,152
1	Swain	284,383	(28,438)	-	255,945
5	Transylvania	321,030	32,103	-	353,133
5	Tyrrell	66,686	6,669	6,669	66,686
5	Union	2,189,262	218,926	-	2,408,188
5	Vance	668,256	66,826	-	735,082
3	Wake	19,580,541	(1,958,054)	-	17,622,487
5	Warren	296,280	29,628	-	325,908
3	Washington	459,954	(45,995)	25,962	387,997
5	Watauga	365,671	36,567	-	402,238
5	Wayne	2,055,629	205,563	-	2,261,192
2	Wilkes	2,208,846	(220,885)	-	1,987,961
3	Wilson	2,148,197	(214,820)	-	1,933,377
5	Yadkin	648,928	64,893	-	713,821
5	Yancey	270,465	27,047	-	297,512
	Statewide	202,867,047	(9,854,404)	388,768	192,623,875

Multicounty Partnership Totals				
	Halifax/Warren	2,137,960	(154,540)	1,983,420
	Jones/Carterett	952,801	33,639	986,440
	Region A	3,787,250	(378,725)	3,408,525

**North Carolina Partnership for Children
2001-02 FINAL Services Base Allocation**

Final Checked

Year	County	2000-01 Services Base Allocation	Reduction Year 1-3 10%, No Change Year 4, Increase Year 5 10%	Adjustments (see Note)	2001-02 Services Base Allocation
			-		
	Albemarle	1,362,260	(67,119)		1,295,141
	Lenoir/Greene	2,665,878	(266,588)		2,399,290
	Down East	4,658,895	(465,890)		4,193,006
	Chowan/Gates/Perquim	531,721	53,172		553,384
	Franklin/Granville/Van	1,993,619	199,362		2,192,981
	Lincoln/Gaston	3,847,423	384,742		4,232,165
	Martin/Pitt	2,193,772	219,377		2,413,149
	Mitchell/Yancey	400,053	40,005		440,058

Note: The 2000-01 Services Base allocation for Year 1-3 counties was reduced up to 10%; Year 4s remained the same and Year 5 counties were increased up to 10% not to exceed 50% of their need. If the county's base allocation is already above 50% of the need, no additional funds were allocated. If the Services base allocation is greater than 100% of the need, reduce the allocation to 100% of need. If the percentage of the reduction is greater than 10% but less than 30%, spread the reduction over 2 years.

Trust Funds Requested

2/27/2002

N. C. Office of State Budget and Management
 Summary of Cash Balances Available to Transfer to Budget Code 19978 for Shortfall
 For Fiscal Year 2001-02

Line No.	Budget Code	Title	Cash Balance	Balance Available	Comments
1	74500	Correction-Enterprise	\$ 15,409,804	\$ 4,000,000	
2	23600	Justice-Private Protective Svcs.	689,402	200,000	
3	23600	Justice-Academy Bookstore	173,517	100,000	
4	63602	Justice-Alarm Systems	135,724	135,724	
5	63600	Justice-Protective Recovery	298,483	290,000	
6	74464	DHHS-Cherry Laundry	392,510	300,000	
7	24261	DOT-Special Plate Registration	194,548	194,548	
8	24262	DOT-Security Deposit Fund	135,034	135,034	
9	24265	DOT-Collegiate Cultural Plate	89,735	89,735	
10	64201	DOT-Trust	135,101	135,101	
11	64202	DOT-Interest Bearing STIF	145,781	145,781	
12	64203	DOT Interest Bearing STIF	1,714,321	1,714,321	
13	74100	DOA-Motor Fleet	21,621,026	2,000,000	
14	24600	Commerce-TVA-SERBEP	12,596	12,596	No activity since 1998
15	24600	Commerce-State Heat, Oil, and Prop.	2,628	2,628	No activity since 1999
16	24600	Commerce-NC Energy Measures & Aud.	1,546	1,546	No activity since 1999
17	24600	Commerce-Banking Commission	3,900,727	500,000	G. S. 53-122(e) Interest reverts to G. F.
18	24600	Commerce-Savings Institution Division	918,946	300,000	G. S. 54B-57(b) Interest reverts to G. F.
19	24600	Commerce-Cemetery Commission	193,150	25,000	G. S. 65-54 Interest reverts, but by no known authority
20	24600	Commerce-ABC Commission	2,413,562	500,000	G. S. 18B 208(b)
21	24600	Commerce-ABC Warehouse	2,213,035	400,000	G. S. 18B 208(b)
22	24603	Commerce-NC Clean	101	101	
23	24610	Commerce-International Trade Show	154,227	50,000	Event registration receipts from NC businesses to participate in trade shows
24	23000	Governor's-Volunteerism Summit	10,436	10,436	
25	24668	Governor's E-Grants (ITS)	745,039	250,000	
26	24669	Governor's-Wireless 911 Fund (Chpt.62A)	39,717,351	2,500,000	911 Wireless Board obligated by statute NC G. S. 62A-25
27	63200	Secretary of State-Anti-Fraud Fund	276,874	20,000	G. S. 147-54.5
28	63416	St. Treasurer-Absentee Insurance Fund	324,945	24,945	G. S. 28C19 Insurance for loss of estate
29	63419	St. Treasurer-Pine Mountain Lake Purchases Fund	709	707	Court Order back 1971

Trust Funds Requested

N. C. Office of State Budget and Management
 Summary of Cash Balances Available to Transfer to Budget Code 19978 for Shortfall
 For Fiscal Year 2001-02

Line No.	Budget Code	Title	Cash Balance	Balance Available	Comments
30	63900	Insurance-NC Auto Retrospective Adjustment	19,379,009	1,000,000	G. S. 58-31-50&58-31-52 Funds are used to pay motor vehicle damages to state owned vehicles
31	63902	Insurance-Volunteer Safety Workers Comp.	22,132,480	2,000,000	
32	24300	DENR-Air Quality Clean Air Act	4,799,612	100,000	Fees regulated by 40 CFR 70.9 & must be used solely for Permit Program Costs
33	24304	DENR-Wetlands Trust Fund	47,886,618	1,000,000	Receipts from state's portion of real estate deed transfer tax for property sold
34	64302	DENR-Parks & Recreation Trust Fund	12,774,386	5,000,000	Receipts from auto personalized license plate fees, deed stamps and interest
35	64302	DENR-Natural Heritage Trust Fund	11,830,378	3,000,000	
36					
37		Total	\$ 210,823,341	\$ 26,138,203	

PABERS RD

1. EDW GRIEVE EDGE, INC CARY NC.

2. JONATHAN HILL NCSE Raleigh, NC

3. Roslyn Sawitt NC child Care Coalition

4. ^{date with} 2/27/ MeliSSA Bishop-murphy Pfizer- Atlanta

5. ~~TH~~ Thomas Hardaway THKMA Atlanta

6. Marjorie Powell THKMA Washington

7. RONALD BRUNS, D.D. Physician Orlando, FL -

8. JOSEPH LIBERA Assoc. Home & Hospice Care RALEIGH, NC

9. Steve Tynell Boys Scouts of America Raleigh, NC

10. Paula Cox

11. Michael Rosenberg

**Testimony by Jonathan Hill before the North Carolina General Assembly,
Senate/House Joint Appropriations Committee – Room 643 LOB
Regarding the North Carolina Medicaid Budget
Wednesday, February 27, 2002**

“Thank you Mr. Chairman and other committee members:

My name is Jonathan Hill. I am State Director of North Carolina Citizens for a Sound Economy. We are a grassroots organization representing taxpayers and Citizens with over 30,000 members and supporters across North Carolina.

We believe we must look at the long-term effects on the economy and jobs. We believe that “Prior Authorization” and “Supplemental Rebates” are hidden taxes on manufacturing and that consumers will ultimately pay the price through reduction of services, the lack of availability of life saving drugs, and increase costs.

We don't have to look far to understand the importance of pharmaceutical manufacturing in North Carolina. Senator Purcell, I was in Laurinburg last week at one of our meetings with 250 people. Their number one concern was the loss of hundreds of pharmaceutical jobs in Scotland County. Representative Wright is exactly right about the importance of manufacturing jobs in North Carolina--- 42,000 jobs.

A study by Columbia University economist Frank Lichtenberg found that every \$1 in prescription drug spending saved \$4 in hospital care. This is because prescription drugs are often used for preventive care, to prevent more debilitating- not to mention more expensive- medical conditions. While a \$600 annual prescription for cholesterol-reducing drugs Zocar and Lipitor may seem expensive, if they can avert a \$300,000 hospital stay and bypass surgery, they are more than worth the investment.

If the State of North Carolina decides to cover the cost of drugs, but caps the price that drug manufacturers may charge for them, the cost savings will come at the expense of pharmaceutical research. And by the way, when was the last time a new drug was developed in Canada? We all understand the importance of research and development for new life-saving drugs.

We believe “Prior Authorization” and “Supplemental Rebates” will have negative long-term consequences for public health, our state budget, and consumers.

Thank you Mr. Chairman.”

9-10-1998 11:18AM FROM

P. 1

**Joint Subcommittee on Health and Human Services Appropriations
February 27, 2002
Legislative Office Building, North Carolina**

Re: Public Comment, MEDICAID
Ronald Burns, D.O.

Introduction:

I am board certified in family practice and have an active private practice in Orlando, Florida. I became familiar with the health index and socioeconomic challenges of the Medicaid beneficiaries as chief resident at Florida Hospital East Orlando 12 years ago, then as a clinical preceptor and later as an interim co-director of medical education for the family practice residency program.

In 1999 I was appointed by the president of the Florida Senate to serve on the Medicaid Formulary Study Panel (9 member panel chaired by the AHCA) and published a 138 page final report to the Governor and Legislature on March 3, 2000. The Panel supported the option to maintain an open formulary for Medicaid prescribed medicines, and to enhance disease management initiatives to control prescription drug expenditures. The Panel's findings were based on its evaluation of reports, Medicaid program data, and information provided by experts and public testimony.

Unfortunately budget drives policy and the legislature created a pharmacy and therapeutics committee. In 2000 I was appointed by the Speaker of The House, state of Florida to serve on the Medicaid Pharmacy and Therapeutics Committee 2000-2001 and served during implementation of the 4-brand edit and voluntary preferred drug designation program.

As a licensed physician with clinical experience working with a vulnerable population, I have the fiduciary responsibility to present information that may be of benefit in your policy and budgetary deliberations.

Medicaid patients are unlike HMO patients. The Medicaid population has the worst health index in terms of severity of illness but also prevalence of co-morbidities and have both higher treatment failures and complications. This vulnerable population of society requires humility and does not survive well with "Step Therapy" failures simply to allow access to a drug treatment that the licensed physician believes is medically necessary. This "Gatekeeper" approach is the application of a cost based access model for drug therapy, which will lead to increase in other costs as well as administrative costs for all involved.

Focus on appropriate utilization of drugs, and services to promote cost effectiveness. Think of health care as a balloon; if you squeeze in one area you will have a bulge in another. It is vital when focusing on utilization, to also have the ability to evaluate the effects of underutilization. To lower overall costs in the Medicaid program, aggressive disease management and continuity of care should be primary goals. Unfortunately, budget drives policy development, and the question: How do we reduce line item spending in pharmaceuticals, is the incorrect question. The correct question to

ask ourselves is: Does our rising investment in pharmaceuticals reduce spending in other areas by having appropriate disease management and overall cost reduction?

In Florida there are 16,000 to 18,000 calls to ACS per month, 90% approved with less than 25% alternative choices. From August 1, 2000 to January 2001, there were 117,000 calls, (incoming and outgoing) with 3,000 abandoned calls. According to the University of Florida, Florida Center for Medicaid issues, an internal audit conducted by ACS a sample of 1,002 patients with a claim denied in December of 2000 for a PA to request override to a 4-brand edit found 20% no drug dispensed for chronic disease, 6% no drug dispensed for an acute disease, 34% received denied drug within 30 days, 19% received denied drug within the same day, 13% received a generic drug, and only 3% were coded as duplicate/unnecessary.

Opponent positions:

1. Are pharmacists at ACS licensed to practice pharmacy in North Carolina? Accountability is important in the therapeutic consultative process.
2. Increases total patient costs and other services.
3. Increases the states administrative costs.
4. Increases administrative burden and liability on physicians and will have an effect on reducing number of participating physicians in the Medicaid program.
5. Impacts on medical education training programs by reducing patient volume with administrative burden and modifies the learning experience with the implications of step edit therapy.
6. Differential in co-pays between brand vs. generics will create ethnic and economic treatment disparity in the likelihood of sub populations being treated to national guidelines.
7. Variation in dispensing fee can be a violation of Stark as well as a violation of the pharmacy and physician practice acts if therapy is modified on request of involved parties based on incentive difference.
8. Reduces federal manufacture rebates.
9. Results in poor social outcomes.
10. Not a system wide approach; does not have a total cost of care focus.

Senate Bill 792 established in Florida statutes the requirement to not only add to the P & T committee membership a consumer member, but also a representative for the manufactures.

Finally, please refer to page 9 of the attached report regarding the products in Florida with the highest denial rates. The proposal by your state department to prior authorize COX-2 agents may result in a low percentage of provider requests for overrides relative to the total number of claim denials in a population with disease that will be biased for severity of untoward effects including increased hospitalizations for gastrointestinal bleed and mortality.

Thank you for the opportunity to provide public testimony that will affect patient care.

ATTACHMENT: Florida Medicaid Prescribed Drug Program June 2001

9-10-1998 11:20AM FROM

Florida Center for Medicaid Issues

Florida Medicaid Prescribed Drug Program: Four Brand Prescription Limit Policy

**Final Report – Phase I
June 2001**

Report Prepared by
Mary Kay Owens, R.Ph.,C.Ph., Earlene Lipowski, Ph.D., and Renee Dubault, M.A.

9-10-1998 11:20AM FROM

June 29, 2001

Mr. Bob Sharpe
Deputy Director of Medicaid
Agency for Health Care Administration

Dear Mr. Sharpe

The Florida Center for Medicaid Issues (FCMI) at the University of Florida contracted with the Florida Agency for Health Care Administration (AHCA) to conduct an independent evaluation of prescribed drug spending control policies implemented in FY 2000-01. This report represents the completion of Phase I of the evaluation. The intent of this initial phase was to collect and evaluate data on prescription drug claims and denials occurring in the first several months after implementation of the new prescribed drug policies as well as conduct a survey of providers affected by the new policies and provide analysis of the survey results. As additional data is made available for the months of February - June 2001, continued evaluation of the denials, provider interactions and correspondence results can be summarized and modified as needed.

In July 2001, FCMI will begin Phase II of the evaluation. The second phase will include an aggregate analysis of pharmacy claims to target particular sub-groups that may have been disproportionately affected by the policy to determine whether any experienced complications due to changes in drug therapies, a medical review of these cases will be conducted, and a survey of Medicaid clients to assess client interaction and experiences with the program. Prospectively, the second phase of the project will address changes affected by new policies to be implemented, such as removal of the exemption to the four-brand policy for nursing home patients and the adoption of the formulary.

If you or your staff have any questions about this report, please call me at (352) 392-0675.

Sincerely,

Robert G. Frank, Ph.D.
Director, Florida Center for Medicaid Issues
College of Health Professions
University of Florida

9-10-1998 11:20AM FROM

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Executive Summary

The design and implementation of policies to inhibit the growth of spending on the prescription drug component of the Medicaid program has been a complex and continually changing process. The affects of the prescription drug spending control program are still being discovered by patients and physicians who participate in Medicaid. As this project is being completed, Medicaid is on the verge on implementing a true formulary in place of the Voluntary Preferred Drug List adopted in the previous fiscal year. This change will undoubtedly produce additional effects not addressed in this evaluation or report.

During the implementation and transition to the new policies, it is evident that many physicians and patients have experienced some frustration in adapting their drug regimens and practice patterns. In the first six months of the program (August 2000-January 2001) 61,492 requests for prior authorization to exceed the four-brand limit were attempted. This represents approximately 40 percent of the denials for exceeding the four-brand limit during the same time period. In analyzing claims in which no prior authorization was requested in response to a denial, it was determined that 20 percent of the sample population did not have a drug dispensed to treat a chronic condition. Although our provider survey indicated that some physicians temporarily alleviated these situations by providing samples to patients, it would be appropriate to target this population for in-depth medical review in Phase II of the project. In analyzing the claims denied by therapeutic class, it was determined that the top three classes accounted for 23 percent of the total denials. These classes were lipid agents used to treat high cholesterol, H2's and PPI's used to treat gastrointestinal conditions, and NSAID's and Cox-2 agents used to treat arthritis. Within these classes, a small number of brand-name drugs accounted for the majority of the denials. Over 56 percent of denials for lipid-lowering agents were for the high potency agents, Zocor and Lipitor, and 85 percent of denials in the NSAID/Cox-2 class were for the two Cox-2 agents, Celebrex and Vioxx. Since these drugs are not currently available in generic form and did not have therapeutic equivalents on the voluntary preferred drug list, patients using these drugs represent another target population for further review.

In analyzing the results from the provider survey, physicians noted concern for patients with chronic conditions, such as diabetes and asthma, and the elderly in general who also have difficulties because of co-morbid conditions. Many physicians pointed out that these types of patients often required adjustments to medications mid-month in order to maintain control their conditions and were often on a number of drug therapies to address other conditions. The four-brand limit caused particular difficulties for these patients as the adjusted prescriptions were rejected for being over the limit or the patient ran our before the supply limit. These patients would be another population that should be targeted for in-depth medical review.

Despite the acknowledgement that some policy is needed to control rising drug cost, 70 percent of physicians maintained that the four-brand limit policy requires significant modifications. In reviewing the specific comments made by physicians, a common suggestion was that the limit should be raised to six-brand name drugs.

Background

Over the past several years, the state of Florida has experienced double-digit rate increases annually in spending on prescription drugs in the Medicaid program. In 1999, the state estimated that expenditures on prescription drugs in the Medicaid program would increase from \$846 million for FY 1998-99 to over \$1 billion for FY 1999-00, an increase of 16.9 percent (Social Services

9-10-1998 11:21AM FROM

P. 6

Estimating Conference, November 1999). During the same period, the Medicaid program was also experiencing budget deficits.

In order to address the budget deficits and increasing expenditures for prescription drugs, the 2000 Florida legislature directed the Agency for Health Care Administration to implement a four-brand monthly prescription limit policy for FY 2000-01 as part of several pharmacy budget cost containment initiatives related to the Medicaid program. When implemented in August 2000, the policy stated that all Medicaid recipients age 21 and older who are not residing in a long term care facility or other institution are limited to receiving four brand prescriptions each month. Generic drugs, insulin, diabetic supplies, contraceptives, mental health drugs (antidepressants and anti-psychotics) and anti-retroviral drugs used to treat HIV infection are exempt from the limit. The four-brand monthly prescription limit was implemented in Broward, Dade, Monroe, and Palm Beach Counties on August 1, 2000. The remainder of the counties statewide were initiated into the program on September 1, 2000.

The Florida Medicaid program contracted with Consultec, Inc, the Medicaid fiscal agent, to develop and operate a program to administer the new policies. As a result, the Therapeutic Consultation Program (TCP) was established to address requests from providers to exceed the four-brand limit. The TCP is a call center located in Atlanta, Georgia staffed by licensed pharmacists and pharmacy technicians. The center is designed to review patients' drug therapies and conditions and suggest alternatives and changes to drug regimens when appropriate or provide authorization to exceed the limit for one to 12 months if a previous therapy has failed or no alternative therapy is available.

The Prescription Drug Spending Control Program continues to evolve under legislative direction. The 2001 Florida legislature passed several initiatives aimed at realizing continued and increasing cost-savings from the program. These initiatives include implementation of a closed formulary, repeal of the negative formulary, and repeal of the exemption for nursing home residents from the four-brand limit. These initiatives have implications for the evaluation activities of FCMI and will be considered in future evaluations.

Report Analyses

Monthly Statistics of Claims Denied Four Brand Limit (Edlt 650) Report

A report covering the period from August 1, 2000 through January 2001 documents 311,605 denials for claims exceeding the four brand limit, an average of 52,000 claim denials per month. It should be noted that total claim denials are not necessarily unique claims. Pharmacies often re-submit a claim a second time when first confronted with an unexpected claim denial. Thus, we conservatively estimate 52,000 denials may represent approximately 26,000 unique denials.

The number of provider requests for Prior Authorization (PA) overrides of these denials reached a high of 18,800 in September 2000 (statewide implementation month) and decreased from November 2000 through January 2001 to an average of 8,300 PA requests per month. If one estimates that unique claims account for approximately one half (155,802) of the 311,605 denials reported for the 6 month period, then overall, providers requested PA's for only 40 percent of denied claims. However, these numbers represent rough estimates because the number of provider calls does not correlate with the number of PA's requested since providers can request multiple PA's in a single call to the TCP center. Of all the override requests for the four-brand limit, 77 percent were approved and 23 percent denied.

9-10-1998 11:22AM FROM

P. 7

Consultec Internal Audit Findings Report on Denied Claims

An internal audit was conducted by Consultec to determine what occurred in those cases when no PA was requested in response to the claim denial. Consultec sampled 1,002 patients with a claim denied in December 2000 without a PA request to override the four brand limit. The results of their review are shown in **Table 1**.

Table 1

Denied Brand Name Drug Claims with No PA Override Request		
# of Patients	% of Patients	Result after Denial
336	34%	Received denied brand name drug W/I 30 days
195	19%	Received denied brand name drug same day
128	13%	Received generic alternative
48	5%	Referred to review program for compliance issues
28	3%	Prescribed brand name was duplicate/unnecessary
202	20%	No drug dispensed (for chronic treatment)
65	6%	No drug dispensed (for acute treatment)

One aspect that clearly warrants investigation is the clinical effect on the 20 percent of patients who did not receive the drug prescribed for a chronic illness and the six percent who did not receive a drug prescribed for an acute condition. It would benefit Medicaid to know if these 267 (202 + 65) patients, 27 percent of the total claim denials, incurred ER, physician and hospital expenses due to lack of drug therapy. This population should be targeted for in-depth medical review.

Additionally, it is perplexing that 336 patients received the rejected brand drug within 30 days of the denial. One explanation is that the pharmacy reversed a previously filled brand prescription to allow a claim to be entered for an additional brand drug. It seems unlikely that a pharmacy would reverse a paid claim for an expensive brand drug and not receive payment for the drug that had been dispensed. However, it was noted in our survey results that patients sometimes paid for a limited supply of a brand name drug to "get by" until a claim could be processed for the drug in a new month.

A possible scenario is that the pharmacy reversed the claim at the time of the denial, resubmitted it within the 30-day study period and thus received payment for the claim at the later time. Alternatively, a claim might be resubmitted for a two-month quantity to cover both the claim for a drug dispensed but reversed and the quantity needed for the current month's claim. Although there is a "days supply limit" of 34 days, there are very few drugs in the drug reference file that have a maximum payment quantity entered in the edit field. Therefore, a pharmacist or physician could claim a "34 days supply" while dispensing/prescribing a supply for 60 days or more. If there is evidence that this is occurring, loopholes in the claims processing system should be identified and corrected.

It is plausible that 195 patients received the denied brand claim on same day by having a claim reversed for another brand drug that had not yet been given to the patient. Also, a patient could have received a generic alternative in place of the brand drug upon consultation between the pharmacy and the physician and there would be no override request to the TCP in this case. An unknown percentage group of 531 patients that received the denied brand drug may not have received a replacement for any brand drug claims that were reversed or not dispensed.

9-10-1998 11:22AM FROM

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Monthly Statistics on Prior Approvals Granted by Reason Code

This report specifies 17 codes that are used to classify the reasons for granting prescribers' requests for an override, leaving 16 percent of the cases not specifically classified. An override is granted for the length of the prescription (from 30 days to 12 months) when the request is coded as "failure on previous therapy" and "alternate therapy not available." For other codes the length of approval is 34 days and includes reasons such as "ER/Urgent care," "MD unavailable," "physician changes previous drug," and "physician refuses to change." For all prescriptions that are changed to a product on the voluntary preferred drug list, an approval is granted for the length of the prescription, which is usually 12 months for a chronic condition.

The breakdown of the reasons for granting an override, based on Consultec reports, is shown in **Table 2**.

Table 2

Summary of PA Reason Codes August 2000-January 2001	
% of Authorizations	Authorization Reason
24%	Changed to "Preferred" Brand Drug
20%	Alternate Therapy Not Available
19%	Physician Refused to Change Therapy
16%	Other (undefined)
10%	Brand Changed to Generic Alternative
8%	Patient Failed on Previous Drug Therapy
3%	ER/Urgent Care and Physician Unavailable

There are model letters that correspond with the different codes to inform prescribers of required changes in drug therapies. Provider feedback indicates that physicians initially are not aware that overrides are only granted for 34 days for non-preferred brand drugs (unless there is no alternative or patient has failed on other drugs). Physicians are also not aware that they must complete the response forms included with the correspondence in addition to calling the TCP center to prevent the claim from being denied again the following month.

Pharmacy providers report that there is a significant breakdown in the communication between the physician and the pharmacy once the physician has called the TCP center and changed the patient's therapy. Physicians incorrectly assume that a verbal consultation with the TCP center pharmacist to change a therapy authorizes a change to the prescription at the dispensing pharmacy. In other words, the physician may assume that the TCP consultation generates a legal verbal prescription order. Consequently there are instances when patients did not get the denied drug even after a PA has been granted because the prescribing physicians did not contact the dispensing pharmacy to legally issue a new prescription order. In their defense, physicians argue they have no knowledge of which pharmacy the patient is using so a legal prescription order can not be issued.

Monthly Call Center Interaction Performance Statistics Summary Report

Forty-eight pharmacists and additional technical support staff handle calls to the TCP center for PA requests to the four-brand limit. The logs show over 117,000 total calls (incoming and outgoing) from August 1, 2000 through January 2001. Pharmacists handled approximately 83 percent of the calls during that period. The average time to answer a call was 14 seconds and the average length of a call was three minutes and five seconds. There were 3,000 calls abandoned during the period but 53 percent (1600) of the abandoned calls occurred in September during statewide implementation of the program.

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Monthly Provider Correspondence Statistics by Letter Code

As a follow-up to calls to the TCP, Consultec developed a set of form letters that are sent to physicians. **Table 3** summarizes the 34,592 letters of correspondence sent in response to TCP inquiries for the period August 2000 through January 2001.

Table 3

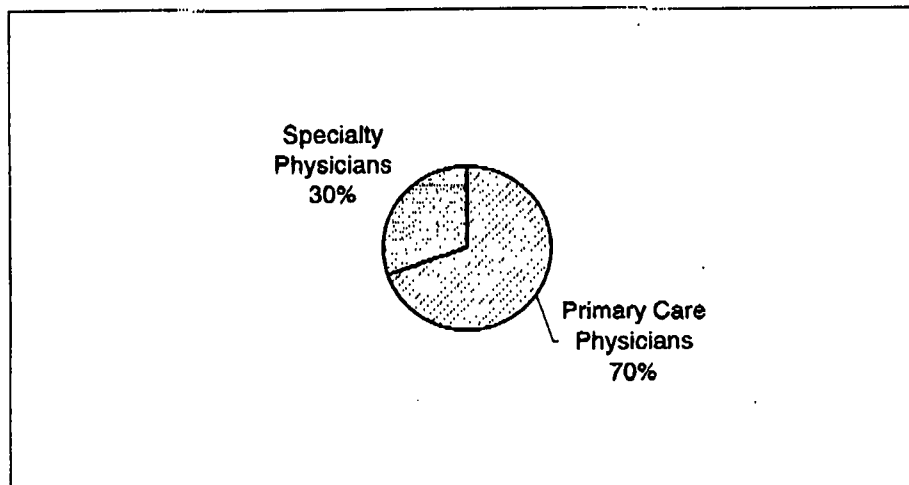
TCP Provider Correspondence Summary August 2000-January 2001		
Letter Type	Message	% of Correspondence
A	Physician Refuses to Change Drug Therapy	26%
B	Opportunities for Therapy Change Identified	64%
C	Physician Changes Previously Dispensed Drug	9%
D	Physician Unavailable	1%

Preliminary analyses based on responses received only for the months of December 2000 and January 2001, record an average physician response rate of ten percent. It should be noted that this response rate does not reflect responses that were received after the report was compiled and may be lower than the actual response rate given a reasonable lag time for responses. Of the limited data reviewed for the responses received for the two-month period, physicians refused to change therapy, on average, in 65 percent of the cases, and agreed to change therapy, on average, 36 percent of the time when they receive a six-month patient prescription record along with a list of suggested changes. Letters are generated as follow up to a TCP PA call request or at the discretion of the TCP pharmacist conducting an independent review of patient records.

High Volume TCP Interaction Providers (August 2000-January 2001)

A high volume TCP interaction provider is defined as a provider that has called the center five times or more during the period to request an override to the four brand limit. There were 8,743 different providers who had at least one TCP interaction and 1,156 (13 percent) of them logged five or more interactions in the 6-month time frame. The number of interactions with high volume providers ranged from 5 to 225 contacts for an average of 17 interactions per high volume provider. Of the 1,156 high volume providers, primary care physicians accounted for 70 percent and specialists for 30 percent of the 20,000 total interactions.

Graph 1 TCP Contacts by Physician Type

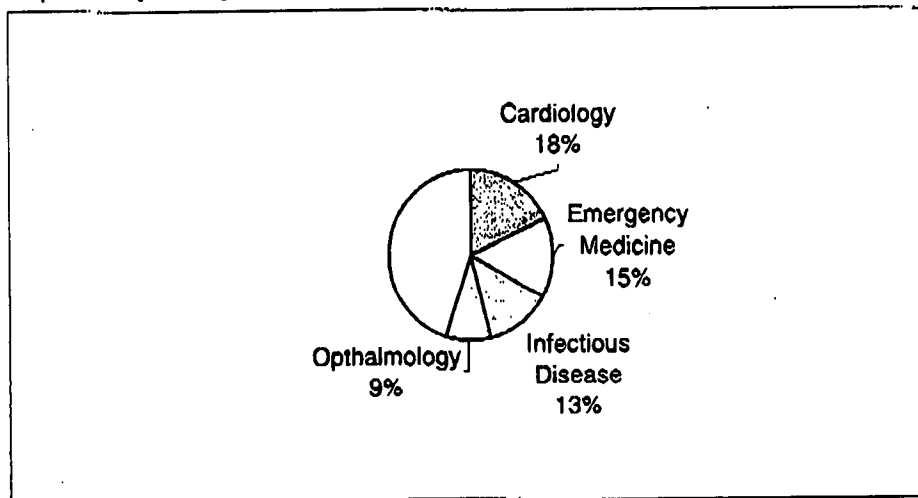


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The 378 high volume interaction specialty physicians (30 percent) were further broken down in **Graph 2**.

Graph 2 Specialty Physician Contacts



A detailed examination revealed one very high volume provider in each specialty that skewed the average number of interactions for anesthesiologists, ophthalmologists, general surgeons, allergy and infectious disease specialists. The analysis also identified 25 of the top contact providers (15 specialists and ten primary care providers) to be extreme outliers. Additional profiling of these outlying physicians by case mix, disease area and therapeutic class could shed light on underlying characteristics of their practices and appropriateness of their prescribing patterns.

Claim Denials by Therapeutic Drug Class (August 2000-January 2001)

Claims denied due to the four-brand limit were analyzed and ranked by therapeutic class. The greatest numbers of claim denials were for drugs used to treat gastrointestinal (GI) conditions (H2s and PPIs), high cholesterol (lipid agents) and arthritic pain (NSAIDs and Cox-2 agents). These data show only the claim denials received by the pharmacy transmitting the claim and do not reflect the classes of the drugs that resulted in the physician contact to the TCP call center with requests for overrides. The top therapeutic classes denied at the pharmacy represent 72,701 (23 percent) of all the denials for the period. This information is summarized in **Table 4**.

Table 4

Denied Claims by Therapeutic Class		
Rank	Therapeutic Class	Denied Claims
1	Lipid Agents	10,518
2	GI Agents (H2s and PPIs)	10,306
3	NSAIDs and Cox-2	10,130
4	Narcotics/Pain Medications	8,481
5	Quinolone Antibiotics	7,577
6	Antihistamines (1st Gen & Non-Sed)	7,065
7	Calcium Channel Blockers	6,348
8	ACE Inhibitors	6,266
9	Anti-diabetic Agents	6,010

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Product Denials for Top Nine Therapeutic Classes (October 2000-February 2001)

A preliminary analysis noted that the drugs with the highest denial rates are agents that are often appropriate for use by patients with multiple illnesses, and persons who are medically complex and at high risk from adverse effects of drug therapy or inadequate treatment of their disease. Over 56 percent of the denials for lipid-lowering drugs were for high strengths of the high potency agents, Zocor and Lipitor. These are the only drugs that generally achieve a reduction of 40 percent or more in low density lipids (LDL) levels among patients with the highest lipid levels. Two COX-2 agents, Vioxx and Celebrex, generated 85 percent of the denials in the NSAID/Cox-2 class. COX-2 agents are often prescribed for patients who are at high risk for gastrointestinal (GI) bleeding because the rate of GI bleeding is purported to be lower for COX-2 drugs than for other NSAIDs. The analysis found a relatively low percentage of provider requests for overrides relative to the total number of claim denials for these particular products.

In addition, the products with highest denial rates (Zocor, Lipitor, Vioxx and Celebrex) have no therapeutic equivalents on the voluntary preferred drug list. The provider who requests an override for one of these drugs likely is encouraged to consider an NSAID or low potency lipid agent in its place to promote the Agency's policy of enforcing the preferred drug list. Further follow-up will be conducted to determine the appropriateness of these denials and to assess any changes in the clinical status of these patients that could be attributed to substitution with the recommended agents.

Sample Patient Profile Review

This review focused on a small sample of 42 patients who use multiple physicians and pharmacies. The review revealed denied claims for ophthalmic preparations, hormone replacement therapy, topical products and vaccines, none of which have generic or therapeutic alternatives. The high denial rates for ophthalmic products may explain the unusual number of ophthalmologists among provider specialists who frequently contact the TCP. It is reasonable to consider excluding these drugs from the four-brand limit. A larger sample of profiles should be reviewed on a periodic basis to continue monitoring the efficiency of the program.

Survey Results and Analysis

FCMI contracted with Bureau of Economic and Business Research at the University of Florida to conduct a survey of Medicaid providers between the dates of April 16, 2001 and May 21, 2001. Trained interviewers telephoned 1450 physicians whose names were provided by Consultec on one of two reports. The first report was a list of 1,155 physicians who contacted the Therapeutic Consultation Program (TCP) on five or more occasions between August 2000 and January 2001 to request an exemption to the four-brand limit. The number of calls logged for individual physicians ranged from 5 to 225; the median number of calls per individual on this list was fourteen. The second report was a list of 295 physicians who did not log a call to the TCP during the month January 2001 despite the fact that their patients reached the four brand limit nine or more times. A summary of survey outcomes is detailed in *Table 5*.

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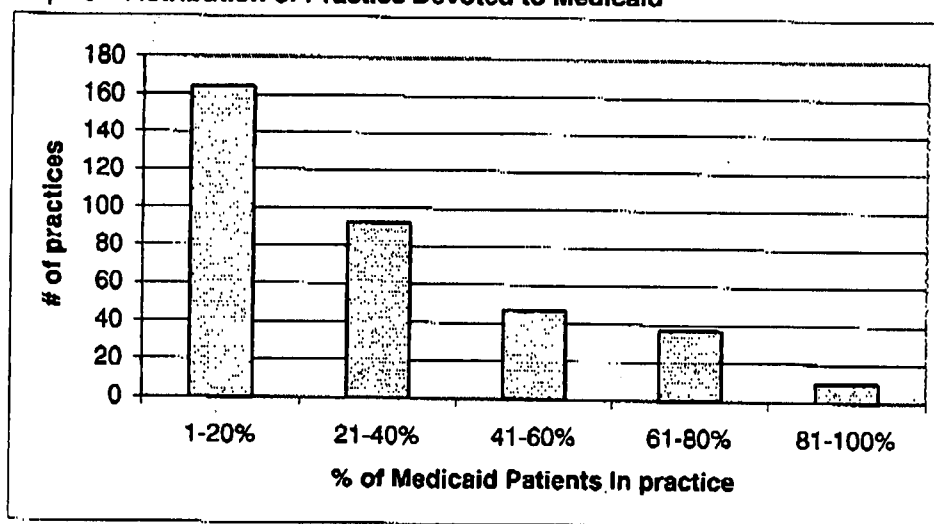
Table 5

Summary of Survey Outcomes		
Outcome	#	%
Completed Survey	361	25%
Refusal/ No Medicaid Patients*	59	4%
Answering Machine or Callback Request	366	25%
Respondent Unavailable	122	8%
Incorrect Telephone Number	542	37%
TOTAL	1450	

*Only 12 respondents refused to complete the survey. The remaining 47 did not complete the survey because they stated that they did not treat any Medicaid patients in their practice. It is likely that providers who stated that they did not have any Medicaid patients are treating some patients who are dually eligible for Medicare and Medicaid and the provider was unaware of the secondary coverage by Medicaid.

The survey requested respondents to estimate the percentage of their practice devoted to Medicaid clients. The estimates ranged from 1-100 percent and had the distribution summarized in *Graph 3*.

Graph 3 Distribution of Practice Devoted to Medicaid



Patient Care Issues

- Nearly 60 percent of the respondents reported that a significant number of their Medicaid patients do not get all the brand name medication that the physician believes they need. Overall, most of the physicians estimated that one-half of their Medicaid patients are not getting the brand name prescriptions that they need.
- Over 84 percent of those contacted reported that they had changed a patient's drug therapy due to the four-brand limit; 46 percent reported they had cases where the change resulted in a negative clinical outcome for the patient, such as a loss of control in blood glucose, blood pressure or intra-ocular pressure.

- Patients mentioned as being most likely to experience problems with the brand limit are: those with conditions that require frequent dose adjustments such as diabetes or hypertension (27); persons with multiple chronic diseases (18); those who find it necessary to travel away from home (13); and persons whose condition is stabilized on an existing regimen (7).
- Over one-half of those interviewed said that they "always" or "usually" have difficulty setting priorities when a Medicaid patient needs more than four-brand name prescription drugs.
- Respondents explained that patients and their caregivers are confused because they mistakenly believe that a denial is final rather than a situation that may be resolved by consultation. In other cases confusion arises when complex medication regimens are altered or a patient believes the denied medication is the better product.
- As a result of policy restriction, 22 mentioned that patients either go without their medicine temporarily or pay out of pocket for a limited supply until the matter is resolved. Four physicians complained that patients must make multiple trips to the pharmacy and four more cited cases where patients sought emergency care when they could not obtain their prescription.
- Among the problems stated by the respondents,
 - 77 percent found that the policy creates problems with the coordination of care;
 - 67 percent believe that the policy creates problems for patients who are newly discharged from a hospital;
 - 77 percent said that the policy leads to prescription changes that confuse patients.
- 54 physicians also mentioned that the early refill limit is a significant problem in their offices and for their patients.

Therapeutic Classes Most Affected

A number of therapeutic classes were cited as being most often effected by the four-brand limit policy. These classes are summarized in *Table 6*.

Table 6

Reported Classes Most Effected by Policy	
Therapeutic Class	%
Cholesterol Lowering Agents	23%
Cardiovascular Drugs other than Cholesterol Lowering Agents	20%
Antibiotics	15%
New Products for Arthritis (COX-2 Agents)	11%
All of the above	5%
Other	26%

Of the 26% who reported "other" classes, *Table 7* summarizes the most frequent responses.

Table 7

Other Classes Reported	
Therapeutic Class	%
Diabetic Medications	10%
Pain Medications	6%
Anti-Hypertensives	6%
Inhalers and Other Respiratory Drugs	5%
Gastrointestinal Agents	3%
Glaucoma Medications	3%
Any Class without Generic Options	2%

Denials and Therapeutic Consultation Program (TCP) Contacts

- Less than five percent of those interviewed said that their requests for and exemption to the policy are "never" granted whereas almost 20 percent replied that exemptions are "always" granted. The remainder was divided over whether requests are granted "occasionally" (43 percent) or "usually" (34 percent).
- When physicians experienced a denial for an exemption to the policy (N=307), 30 percent said that the suggested alternatives were "usually" acceptable; 39 percent found that the suggested alternatives are "occasionally" acceptable; and 15 percent claimed that suggested alternatives are "never" acceptable.
- 203 of the 307 physicians who experienced a denial for an exemption (66 percent) recalled prompt correspondence from the Therapeutic Consultation Program (TCP) regarding their request. Of these, over 90 percent said this information was clear and almost three-fourths found the information useful in resolving the issues with their patient's drug therapy.
- Some respondents described how they handle problematic cases. Seven said they provide samples for limited time periods; five have increased the quantity prescribed for medication that may require dose adjustments; and one uses injectable medication in the office as a substitute when possible.

There were 54 respondents who offered an explanation for why they did not find it necessary to call the TCP even though Medicaid records indicated that there were cases in which their patients reached the four-brand limit. The responses are summarized in **Table 8**.

Table 7

Explanation for not contacting TCP after a denial	
Explanation	#
Doctor adjusted medication regimen to meet the limit	20
Medicaid was contacted by phone or mail	7
A pharmacist handled the matter	7
Patient was given sample medication	4
Doctor was not informed of a problem	3
The patient went without the medication	2
Actions differ depending upon patient case	2
Stopped accepting Medicaid patients	1

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Overall Policy Assessment

Despite the acknowledgement that some policy is needed to control rising drug cost, 70 percent of physicians maintained that the four-brand limit policy requires significant modifications.

Among complaints voiced during the interview, 37 persons said that dealing with the policy was too time consuming. Not only is the exception process a burden, but there is significant communication necessary among providers and patients in order to avoid problems. Thirty-four individuals believed that Medicaid needs to improve communications to providers about policy changes and five said that the policies change too frequently. Seventeen viewed the four-brand limit as just one more set of hurdles and hassles associated with Medicaid. Six persons requested that the preferred drug list be expanded and five more would prefer an explicit formulary. Nine respondents said that a monetary limit would be preferable to a brand name limit.

Twenty-one of those interviewed noted that exceptions to the policy are essential and the process must be efficient. Three individuals emphasized the need for pharmacists or physicians to staff the TCP phone lines. However, ten said that they had gotten unsatisfactory or unsympathetic responses from TCP staff. Seven said that the exception process generates too much paper and too many mailings. Four requested a longer exemption period and three thought there should be provisions for a trial or short course of therapy. Three complained that community pharmacists do not understand the policy and do not always provide a short-term supply of medication as required.

Over 60 physicians asked that the limit be raised to at least six-brand name products or that the limit be linked to the number of chronic diseases. A dozen other individuals recommended that more patient groups be exempt from the policy, specifically the elderly (7), transplant candidates and transplant recipients (5), and hospice patients (2).

Finally, a number of respondents offered alternative ways to reduce Medicaid prescription expenditures: fourteen recommended forcing the pharmaceutical manufacturers to lower their prices; twelve suggested that Medicaid should more aggressively promote the use of generics; seven would focus more on fraud and abuse; four want Medicaid to stop paying for Viagra; one wanted more reliance on peer review; and one person advised an elimination of foreign aid. Six physicians mentioned that they are planning to drop from the Medicaid program or reduce the number of Medicaid patients in their practice.

Recommendations

- Consider modifications to the claims processing system if a significant problem is identified with pharmacies dispensing greater than a 34 days supply. Add maximum quantities for as many high volume drugs as possible to prevent abuse of the policy.
- Consider exemption for topical products such as eye drops and inhalers as it is difficult to determine the amount necessary for 34 days and exact measured doses. Physicians noted that necessary refills of these types of products before the allotted time period was problematic.
- Inform physicians at the time of the TCP consultation exactly what length of time is covered for each PA approval. Inform physicians that they may be receiving a form by mail that must to be completed for continued therapy approvals. This may cause the physician to modify prescribing and prevent future callbacks and hassle for the

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physicians and patients involved. Physicians do not seem to understand the entire process at the point of initial contact.

- Explore ways to increase the response rate to provider correspondence and increase provider knowledge of the policy.
- Identify drugs or drug classes that generate a large volume of PA requests by applying a data query to override approvals and denials to evaluate the need for additional exemptions from the four-brand limit policy. Use this information to determine whether additional drugs warrant exclusion from the limit in order to improve clinical outcomes and improve the efficiency of program operations.
- Design and implement a provider profiling program to routinely assess practice patterns of providers who are outliers with regard to the number of TCP contacts or the highest number of claim denials. Make periodic modifications to the program operations, procedures and policies.
- Conduct pharmacist and patient surveys to ensure that PA requests obtained by physicians are communicated to them. Assess patient experiences with the program and outcomes not necessarily reported back to physicians and pharmacists.
- Have clinicians review a sample of profiles for patients with claim and override denials. Target medical reviews to sub-populations identified through the provider survey and aggregate claims analyses.

Appendix 1

Scope and Methodology

Analyses have been conducted on the following listing of Standard and ad-hoc reports provided by Consultec. We have also reviewed the Program Materials provided on the Therapeutic Consultation Program. In order to complete our evaluation we have requested the reports and data listed as "pending". Additional requested may be made as necessary.

Standard Therapeutic Consultation Program (TCP) Reports

- Monthly Statistics of Claims Denied Four Brand Limit (Edit 650)
- Consultec Internal Audit Report on Denials for Sample Month December 2000
- Monthly Statistics of Prior Approvals Granted by Reason Code
- Monthly Call Center Interaction Performance Statistics Summary Report
- Monthly Provider Correspondence Statistics by Letter Code

Ad-hoc Therapeutic Consultation Program (TCP) Reports

- High Volume TCP Interaction Providers (August 2000-January 2001)
- Claim Denials by Therapeutic Drug Class (August 2000-January 2001)
- Denials for Top Nine Therapeutic Classes (October 2000-February 2001)
- Sample report of providers with edit affected patients and no TCP interaction Product

TCP Program Materials

- Sample of affected patients' drug therapy profiles
- Provider correspondence sample letters
- TCP reason code summary descriptions

Reports and Data Requests Pending

- Prescribed drug utilizers and expenditures by eligibility group and by area/county
- Monthly summaries of total unique patients and providers affected by four brand edit

Appendix 2

Provider Survey

What percentage of your practice is dedicated to Medicaid clients?

0-100

Would you say that nearly all of your Medicaid patients get the brand name prescriptions that they need, or would you say that a significant number of your Medicaid patients do NOT get the brand name prescriptions that they need?

1. Nearly all do get what they need
2. A significant number do not get what they need

[If 2]

Of your Medicaid patients, roughly what percentage do you think are not getting what they need?

0-100

Have you had difficulty in prioritizing the brand name prescriptions that your Medicaid patients get when they need more than 4?

1. Yes
2. No

For those Medicaid patients that do not get the brand names that they need due to the cap placed on the number Medicaid will pay for, which of the following statements best describes the cause:

1. The patient requires more than four brand name prescriptions from me.
2. The patient has one or more other doctors who have prescribed brand name drugs that I am not aware of.

[All doctors]

You have called the help desk to inquire about a Medicaid patient and their need for more than 4 brand name prescriptions. When you have made calls, how often would you say your call was not answered due to a busy signal or a ring with no answer?

1. Almost never
2. Some of the time
3. Most of the time

How often have you been placed on hold?

1. Almost never
2. Some of the time
3. Most of the time

Appendix 2 continued

Have any of your calls to the help desk been prematurely terminated?

1. Yes
2. No

How would you describe the ease of use of the automated answering system. Is it more difficult than you would expect, about what you would expect or easier than you expected?

1. More difficult than I would expect
2. About what I would expect
3. Easier than I would expect

Do you ever have difficulty connecting with a real person?

1. Yes
2. No

Do you feel that the personnel that assist you on the phone are less competent and knowledgeable than you would expect, about as competent and knowledgeable as you would expect or less competent and knowledgeable than you would expect?

1. Less competent and knowledgeable
2. About as competent and knowledgeable
3. More competent and knowledgeable

Overall do you feel that the prior authorization forms are more difficult to complete than you expected, about as difficult to complete as you expected or easier to completed than you expected?

1. More difficult
2. About as difficult
3. Easier to complete

Have you received any acknowledgement, such as a fax or phone call, from Medicaid indicating that they have received your prior authorization documents?

1. Yes
2. No

Based on your experience, about how often are exemptions to the 4 brand name limit granted?

1. All of the time
2. Usually
3. Occasionally
4. Never

When your requests are denied, do you think the reasons are legitimate?

1. All of the time
2. Usually
3. Occasionally
4. Never

Appendix 2 continued

Do you feel that you receive adequate advance notice of policy changes in a timely fashion?

1. Yes
2. No

Do you receive adequate information about 4-brand policy alternatives?

1. Yes
2. No

Do you think the new policy creates problems with continuity of care if the patient uses multiple prescribers and clients?

1. Yes
2. No

Do you think the new policy creates problems with continuity of care if the patient transfers between types of care, such as inpatient to outpatient, or acute to ambulatory or long-term care?

1. Yes
2. No

Do you think the new policy contributes to any problems such as confusion over which drugs are in the current regimen?

1. Yes
2. No

Do you have reports of any problems with early refill limits?

1. Yes
2. No

Do you have any comments about the new policy that have not been covered by these questions?

1. Yes (record answer)
2. No

Ronald Burns, M.D., Florida Medicaid P&T Committee:

- Medicaid patients are socially and economically challenged and have the worse health index. They re also the most venerable segment of society that need to have these early intervention and aggressive treatment of their disease and do not survive step edit therapies very well.
- Diseases management is preferable to continuity of care to reduce health care spending because
- Problems with access to pharmaceuticals will create gaps in care and opportunities for medical errors.
- Step Therapy violates most Physicians Practice Act because it empowers physicians to discuss risk alternatives and benefits of treatments with patients and it is always appropriate to prescribe what is best for the patient rather than follow bureaucratic process.
- The real question is does our rising investment in pharmaceuticals reduce spending in other areas such as ER visits, hospitalization and nursing homes admissions. If aggressive disease management and continuity of care is applied, the answer is yes.
- It is important to embrace the local pharmacists because they are accountable. If the pharmacies are not licensed to practice in North Carolina, there is no accountability as to what will happen to the citizens.
- The seventy-two hour emergency supply reduces the state administrative cost.
- In the resident training program, at least ten encounters daily are lost to provide resources to patients in need because of the prior authorization process.

**TESTIMONY OF MS. MARY MARTIN
CHAIRMAN OF THE BOARD
& EXECUTIVE DIRECTOR
THE SENIORS COALITION**

*February 27, 2002
Joint Sub-Committee on Health and Human
Services
Appropriations
Raleigh, North Carolina*

**IN OPPOSITION TO
PROPOSED DRUG PRIOR AUTHORIZATION
TARGETING NORTH CAROLINA'S
NEEDIEST SENIORS**

Good afternoon. My name is Mary Martin and I come to you as the Chairman of the Board and Executive Director of The Seniors Coalition, a non-profit, non-partisan advocacy group promoting a higher quality of life for seniors across the country and right here in North Carolina.

Today I speak for 47,898 supporters of The Seniors Coalition in this state who share deep concerns about a proposed prior authorization program targeting North Carolina's neediest seniors.

Please bear in mind that I also speak from over 34 years' experience in designing and implementing public health policy at the U.S. Department of Health and Human Services. In my time at the Department, I faced many of the same issues you are confronting now. I sat beside four consecutive HHS Secretaries as they wrestled to find answers to this country's most perplexing healthcare quandaries. Regrettably, there were times when, sitting at that table, we consciously neglected the "Human" in Health and Human Services. It was precisely during those times when we moved ahead too quickly and too rashly with policies that would, we discovered, wreak havoc in the American healthcare system – policies that damaged the lives of the very patients we were entrusted to protect. Worse yet, we found that the task of undoing a policy, once implemented, was far more difficult than putting it into practice. Sadly, some of our most perilous ideas from even three decades ago remain tangled in the system, hurting American patients day by day.

I have followed the recent prior authorization craze with a fierce closeness, watching in dismay as it has swept through state legislatures throughout the nation. Never did I imagine that this short-sighted notion would come to North Carolina, a state whose "greatest strength," according to your Governor, lies in your ability "to reach out to all people." Prior authorization undermines this beautiful statement. It *retracts* that reach, consciously neglecting the "Human" in Health and Human Services. I urge you to reject the proposed prior authorization plan under discussion today for the sake of the North Carolinian patients who will otherwise suffer for years to come.

Let me first remind all of us here that drug prior authorization programs such as the one before us today subvert the fundamental purpose of the Medicaid program – that is, to allow the poorest among us fair and equal access to quality healthcare. In many if not most cases, good citizens find themselves dependent on Medicaid services because they have been stricken with a debilitating illness and have no other means by which to receive treatment. Medicaid at its core is a rehabilitation program that has helped millions of Americans get back on their feet. Prior authorization, by contrast, kicks people when they're down.

Still worse, prior authorization is a dangerous first step toward the destruction of what is the bedrock of American healthcare: The patient-physician relationship.

The relationship between a patient and physician is a relationship of trust, confidence, respect, and concern. It is one of the most sensitive of all human relationships. When patients put their trust in physicians, they are entrusting their health and lives to these professionals. Physicians know what treatment will work best for their patients. That's what they're trained to do and have dedicated their lives to doing. And because of this and the trust that exists between patient and physician, no one and nothing should interfere in the patient-physician relationship. Regardless of the healthcare program or provider—Medicaid, Medicare, or private plans—the sanctity of the patient-physician relationship must be respected and preserved.

Let me reemphasize: Patients and physicians together should decide which medicine will work best, not state bureaucrats. Doctors shouldn't have to justify or defend their drug treatment recommendations to people without medical training, whether they are state bureaucrats or employees of pharmacy benefit companies.

We've learned a lot about medicine over the last several years. And one thing we've learned for sure is that there are significant differences between patients, even between men and women. Our knowledge of the aging process and the physiological complexities that accompany it is limited; we do know, however, that seniors are at a much higher risk for drug-drug interactions and similar complications that render "one-size-fits-all" preferred drug lists impractical at best and life-threatening at worst.

Personal experience probably tells you that a certain drug may give one patient only mild relief from a particular condition, while the same drug can work wonders for another patient. Your teenage daughter may wonder why a smack-dab of Clearasil takes care of her best friend's complexion, while her own responds only to daily doses of Accutane. You see, even with the simplest of conditions, an individual's particular physiological traits play a huge role in determining a treatment's efficacy.

What I find most alarming, perhaps, is that the list of drugs set to be prior authorized in North Carolina include treatments for some of the most complex and disabling conditions, including cancer, chronic renal failure, and rheumatoid arthritis. This, my friends, is a tragedy in the making.

Governor Easley's homepage tells the world that in North Carolina, "Every citizen is important." I urge you to retain the integrity of this message here today by rejecting drug prior authorization for North Carolina's neediest. Thank you very much.

Feb. 27, 2002

Roz Sewitt
NC Child Care Coalition

Two Comments -

1. First: child care subsidy - a program that is critical to North Carolina families. A NC study conducted in the 1990's showed a direct correlation between availability of child care subsidy and fewer families applying for public assistance. The subsidy program will also have a role to play in the "More Than Four" Program
2. Smart Start -

Smart Start has enthusiastically supported early childhood programs designed to improve the development of young children who might need some extra assistance.

As mentioned, S.S. dollars play a significant role in the child care subsidy program, both by providing direct help to families, and by serving as the match for federal block grant money and TANF ^{child care} mof

Because of budget cuts in last year's budget & the current ^{additional} round of cuts, the Smart Start pie is now smaller. That could affect the amount of S.S. dollars going to child care subsidy.

Also, quite a few of the local

"More At Four" pilot projects are being administered by local S.S. partnership out of their existing local S.S. allocations. There are costs to administering a program and when dollars are spent on that, then something else does not get done.

**FACT SHEET: The North Carolina HIV Medications Program (ADAP)
North Carolina Division of Public Health – HIV/STD Prevention and Care Branch**

What is the North Carolina HIV Medications Program?

The North Carolina HIV Medications Program, also referred to as the AIDS Drug Assistance Program (ADAP), uses a combination of State and federal funds to provide low-income residents of the State with assistance in purchasing medications to fight HIV/AIDS and the opportunistic infections which often accompany the disease.

Who is eligible to participate in the Program?

In order for someone to be eligible for ADAP, the individual must:

- Be HIV+ (have HIV disease or AIDS);
- Reside in North Carolina;
- Have a net family income that is at or below 125% of the federal poverty level (see the back of this page for the current FPL for various family sizes);
- Not have any other third-party coverage (e.g., private insurance or Medicaid) that pays for medications; and,
- Have a (or several) prescription(s) for medications that are included in the ADAP formulary (list of drugs that the Program will pay for) – (The medications provided under this Program are limited to those specifically related to the diagnosis and treatment of HIV disease/AIDS - see the back of this page for the current ADAP formulary)

How does someone apply to and get into the Program?

An individual who wants to apply for ADAP coverage should talk to their clinician or the person in the office who deals with bills and/or insurance, their HIV case manager, or someone at one of NC's 14 HIV Care Consortia, at any local/public health department, or at an AIDS service organization/agency. The applicant, with the assistance of these individuals, will complete two forms; one to establish that the individual qualifies financially for the Program, and one to document their HIV+ status and their need for medications provided under this Program. The forms are then sent to the Program for a final determination of eligibility. If the individual is determined to be eligible, they will receive a Program ID card that will enable them to go to their pharmacy and get the medications prescribed for them by their medical care provider that are on the Program formulary.

Is there any cost to the individual?

There is no cost to the individual covered under this Program for the drugs that are on the Program's formulary. The individual is responsible for the cost of any other drugs that they receive which are not covered by the Program.

How does someone get more information about the HIV Medications Program?

For more information about the HIV Medications Program, you may call:

- Arthur Okrent – Manager, AIDS Care Unit, HIV/STD Prevention and Care Branch – (919) 715-3118
- Jenny Seykora – Head, Authorization Unit, Office of Purchase of Medical Care Services – (919) 733-6298

Pharmacies that have questions about the ADAP Program may also call:

- Andy Barrett – Pharmacy Network National Corporation (PNNC) – (919) 876-4642 or 1 (800) 331-7108

[Please see the other side of this page for additional information]

Family Size / Federal Poverty Level (\$) 2001								
	1	2	3	4	5	6	7	Each add. Person
100%	8,590	11,610	14,630	17,650	20,670	23,690	26,710	Add 3,020
125%	10,738	14,513	18,288	22,063	25,838	29,613	33,388	Add 3,775
150%	12,885	17,415	21,945	26,475	31,005	35,535	40,065	Add 4,530
175%	15,033	20,318	25,603	30,888	36,173	41,458	46,743	Add 5,285
200%	17,180	23,220	29,260	35,300	41,340	47,380	53,420	Add 6,040

Note: As of November 2001, NC's ADAP eligibility is at or below 125% of the FPL

HIV MEDICATIONS PROGRAM
Listing of Covered Medications
As of November, 2001

antiretrovirals (FDA approved):

stavudine (d4T) - Zerit	zidovudine (AZT) - Retrovir
lamivudine (3TC) - Epivir	didanosine (ddI) - Videx
zalcitbine (ddC) - Hivid	saquinavir - Invirase, Fortovase
ritonavir - Norvir	indinavir - Crixivan
nevirapine - Viramune	nelfinavir - Viracept
delavirdine - Rescriptor	zidovudine and lamivudine - Combivir
efavirenz - Sustiva	abacavir - Ziagen
amprenavir - Agenerase	lopinavir/ritonavir - Kaletra
zidovudine, lamivudine and abacavir - Trizivir	tenofovir - Viread

other medications:

acyclovir - Zovirax	atovaquone - Mepron	azithromycin - Zithromax
clarithromycin - Biaxin	clindamycin - Cleocin	dapsone (DDS) - Dapsone
ethambutol - Myambutol	fluconazole - Diflucan	ganciclovir (DHPG) - Cytovene
hydroxyurea	itraconazole - Sporanox	ketoconazole - Nizoral
leucovorin	nystatin - Mycostatin, Nilstat	paromomycin - Humatin
pentamidine - NebuPent	pyramethamine - Daraprim	rifabutin - Mycobutin
sulfadiazine	omeprazole - Prilosec	lansoprazole - Prevacid
ondansetron hydrochloride - Zofran	Compazine	Phenergan
loperamide	Amitriptyline	Nortriptyline
pancrelipase - Pancreas MT-20	famciclovir - Famvir	valcyclovir - Valtrex
ciproflaxacin hydrochloride - CIPRO	diphenoxylate hydrochloride with atropine sulfate - Lomotil	
sulfamethoxazole/trimethoprim (smx/tmp; tmp-smx) - Bactrim, Septra, Cotrim, Sulfatrim		
valganciclovir hydrochloride - Valcyte		

Decisions about what medications are included within the Program formulary are guided by an HIV Clinical/Medications Advisory Committee. Members of this Committee (clinicians, case managers, HIV program administrators, consumers and others), provide their expertise and perspectives primarily on issues related to the efficacy and importance of new medications. However, they also provide advice on activities related to the operation and effectiveness of the Program. Their perspectives and best thinking on these issues are integrated with considerations about budgetary status and Program/policy regulations and priorities. While final decisions with regard to all of these matters rest with the State agency responsible for administering the Program (i.e., the HIV/STD Prevention and Care Branch of the Division of Public Health, Department of Health and Human Services), the HIV Clinical/Medications Advisory Committee plays an invaluable role in assuring that "real world" experience and expertise are incorporated into the decisions made by and operation of the Program.

[Please see the other side of this page for additional information]

AIDS Drug Assistance Program (ADAP)

- Administered by the HIV/STD Prevention and Care Branch, Epidemiology Section, Division of Public Health
- Eligibility is 125% of the Federal Poverty Level - North Carolina has the lowest eligibility requirement of any state
- 3,401 Individuals authorized for the program in FY2001
- 2,443 Individuals Served by the program during FY2001 – 72% of those authorized
- Cost per Client FY2001 - \$1,247 per month per client
- \$13,819,394 Expended for FY2001

ADAP - Family Income Eligibility

Family Size	100% FPL	125% FPL	150% FPL	175% FPL	200% FPL
1	\$8,590	\$10,738	\$12,885	\$15,033	\$17,180
2	\$11,610	\$14,513	\$17,415	\$20,318	\$23,220
3	\$14,630	\$18,288	\$21,945	\$25,603	\$29,260
4	\$17,650	\$22,063	\$26,475	\$30,888	\$35,300

ADAP Information Management System

- Operational in July 2001
- Patterned after the Prescription Drug Assistance Program for the Elderly
- Contract for automated claims processing with pharmacy benefits management company
- Utilization data available upon demand
- Utilization data integrated with Purchase of Medical Care demographic data through periodic report generation
- State Budget certification of ADAP Information Management System received 1/25/02

History of ADAP Expenditures

	1997-98	1998-99	1999-2000	2000-01
State Approp	\$771,037	\$8,771,037	\$11,422,585	\$5,375,195
Federal Budget	\$4,062,280	\$4,498,516	\$6,371,503	\$7,526,327
State Expend	\$2,664,114	\$2,949,913	\$4,920,224	\$5,214,255
Fed + Rebate Expend	\$3,640,657	\$3,927,134	\$4,989,924	\$8,605,139
Total Expend	\$6,304,771	\$6,877,047	\$9,910,148	\$13,819,394
Authorized	1,776	2,315	2,630	3,401
Served	1,381	1,578	1,895	2,443

Projected ADAP Expenditures

	2000-01	2001-02 (Projected)	2001-02 (July-Dec) Expended	2001-02 (Revised Projected)
State Approp	\$5,375,195	\$6,855,195	\$2,040,216	\$6,855,195
Federal Budget	\$7,526,327	\$9,866,900	\$9,309,396 (includes rebates)	\$11,266,491
Rebates	\$1,299,335	\$1,672,210		\$2,000,000
Total Expend	\$13,819,394	\$18,394,305	\$11,349,612	\$20,121,686

ADAP Increased Utilization

Reasons Suggested by ADAP Staff and Providers

- Economic recession resulting in increased demand for public assistance programs (Nationally ~14 states have had to close or cap ADAP programs)
- 30% Increase in AIDS cases reported in 2001
- Improved HIV medication options resulting in more patients living longer and using medications longer
- Some new treatment protocols require more frequent patient visits
- Improved medications adherence

KI-BONG UM, M.D.
501 North Main Street
P.O. Box 625
Robersonville, N.C. 27871
Telephone (252) 795-4192
Fax (252) 795-4739

March 01, 2002

RE: PRIOR DRUG AUTHORIZATION

TO WHOM IT MAY CONCERN:

In my opinion, obtaining a prior authorization for certain drugs would limit my access to these medicines and also too time consuming. I also feel that specialists should have been consulted in making the decision for prior authorization.

Sincerely,

KI-BONG UM, MD
P. O. Box 625
North Main Street
Robersonville, NC 27871

Ki-Bong Um, M.D.
KBU/mab

Joint Appropriations Subcommittee on Health and Human Services

Date: February 27, 2002

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Andy Ellen	NC Retail Merchants
HUGH TILGON	NC Hosp Assn
ANN WIRE	DVHS
Steve Mitchell	Novartis
Joanne Schoen Stevens	nc nurses
Glean Wells	DHHS
Roger Bone	Bone & Assoc.
Big Mena	CVS
Joey Licamfortey	Schering
Fanny Kaplan	
M. B. Jones	ALMAC

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NAME

FIRM OR AGENCY AND ADDRESS

Roz Savitt	NC Child Care Coalition
Thomas V. Bennett	N.C. Child Gatekeeper Task Force
Thomas Ardaway	TRMA
Marjorie Powell	TRMA
Bonnie Crames	Office of State Budget
Wayne Raynor	NC Assoc. of Local Health Directors
Anthony Solari	NCPD - SMART START
Margaret Guess	DHHS - DCID
Roslyn Ball	DHHS - DCID
Lynda McDaniel	DHHS - Sec. Office
Sam Guevara	OSB W

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NAME	FIRM OR AGENCY AND ADDRESS
Walter Obwig	OSBM
Wayne Williams	OSBM
Mary Greene	OSBM
Annette Ehridge	Gov's office
William H. Peltz	NCAS & NCPTA
Michelle Lynch	NC Dept. of Labor
JABO Coren	Eli Lilly
Dan Wahby	Eli Lilly.
JC Saddle	Eli Lilly
Jason W Moore	Ph RMA
Julie Rautio	Ph r ma

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NAME

FIRM OR AGENCY AND ADDRESS

ERIKALONS	NASW-NC
Rick Pope	EDS
St Monrow	EDS
Barbara Matula	NCMS Foundation
Larry Johnson	Rockingham County Dept of Social Services
Paul LeSieur	NC DSS
Phoon Beal	NC DSS
Helen Lipina	Mecklenburg County
Janet Schamgenman	NC Council
C.L. GCHRAH	UCPNC C2001
Mark DiMaio	ASTRAZENECA

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Spansone	DHHS/DSS
Robert Bock	Alcohol/Drug Council of NC
Patricia Stapleton Bock	Day By Day Treatment Center - Selma
Kim Strickland	Day by Day Treatment Center - Selma
Grady Bue	Day By Day Treatment Center - Selma
JONATHAN Hill	NC CSE - Citizens for a Sound Economy
Louise B. Fisher	Advocate for the Mentally Ill
Ray DiNapoli	Div. Medical Assistance
Debra Lyon	DMA - DHHS
Meager	DMA - DHHS
Jack Lyott	Parker Poe

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Souai Schmidt	NC Justice Center
Chris Fitzsimon	Common Sense Foundation
DAVID MILLS	COMMON SENSE FOUNDATION
Joe LIBERA	ASSOC. HOME + HOSPICE CARE OF NC
RONALD BURNS D22	UFMC, PA. 10055 UNIV. BLVD. DURHAM, NC 27817
Margaret Brantley Cornell	Carolinas Healthcare System
Lyle Rivers	Pfizer Pharmaceuticals
Melissa Bishop Murphy	Pfizer Pharmaceuticals
Kristen Guildory	Governor's office
Phil Telfer	Governor's office
Shelly Hoffman	DMH/DSSAS

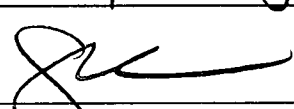
Joint Appropriations Subcommittee on Health and Human Services

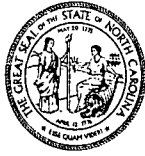
Date: February 27, 2002

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Paula Cox	Sister/guardian of MRC customer
Rich Visser	DHHS - DMH/DD/SAS
STAN SLAWINSKI	DHHS - DMH/DD/SAS
Rod Reardon	DMH/DD/SAS
Lisa Haire	DMH/DD/SAS
Dan Neardorf	4A10/DOA
Margaret Westbrook	KCLH
Golda Hirsch	N.C. Community Action
Stacy Flannery	NCHCFA
Jerry Cooper	NCAAL
Univ. of Home	NCMS
Angie Harris	Maupia Taylor & Ellis
Peter Maynard	
Zeb Alley	ALLEY ASSOCIATES INC



North Carolina General Assembly
Senate Chamber
State Legislative Building
Raleigh 27601-2808

SENATOR KENNETH R. MOORE
27TH DISTRICT

RALEIGH: 1419 LEGISLATIVE BUILDING
RALEIGH, NC 27601-2808
(919) 715-0706
TELEPHONE: (919) 715-7586 FAX

LENOIR: PO Box 610
LENOIR, NC 28645
TELEPHONE: (828) 758-2005
(828) 754-9376 FAX

TO: Joint Appropriations Committee Members
Health and Human Services
North Carolina General Assembly

FROM: Senator Ken Moore

DATE: February 27, 2002

SUBJECT: Constituent Letter On Medicaid

I share the attached letter from Valerie Biddix, Certified Pharmacy Technician, Bakersville, NC (Mitchell County).

Her "concerns" are shared and felt by many across my district, and I am sure, across the state.

Thank you.

A handwritten signature, likely of Senator Ken Moore, consisting of a stylized, cursive letter 'K'.



659 Henredon Plant Road
Spruce Pine, North Carolina 28777
January 10, 2002

N.C. Senator Ken Moore
Room 1419, Legislative Building
Raleigh, North Carolina 27601

Dear Senator Moore

I am writing to tell you about a very special lady named Dianne who lives in Spruce Pine. Dianne has been battling cancer for several years and is once again facing major surgery in her struggle. Dianne is in her early 50's, owns her own home, and has been determined to be ineligible for Medicaid assistance. She is unwilling to give up her fight with this disease and therefore is not eligible for Hospice care. Her medication bills are staggering.

I work as a Certified Pharmacy Technician at the drug store Dianne uses. Every day I see Medicaid recipients much healthier than Dianne come by to pick up their diet medications, "nerve" medicines, and other non-life saving prescriptions. Most of these people live in government housing and seem to have resources for cell phones and new model cars.

WHAT IS WRONG WITH THIS PICTURE?

The State Legislature must look at our current Medicaid System. There has to be some way to eliminate the waste and provide assistance to all the "Diannes". Taxpayers have a right to expect that their money is being spent for worthwhile causes.

Thank you in advance for your attention to this matter.

Sincerely,

Valerie Biddix

Valerie Biddix

Read C.S.D.
2-28-02

**DIVISION OF CHILD DEVELOPMENT
PROPOSAL TO BUDGET INCREASE IN CCDF FUNDS**

North Carolina's share of the increase in Child Care and Development Fund (CCDF) Block Grant Discretionary Funds for FFY 2002 is \$2,865,155. We are requesting to budget 75% of the increase for the purposes described below for the current state fiscal year. The remaining 25% will be included in the block grant plan for SFY 2003.

Budget New CCDF Funds:

Purpose	Total Increase Available	75% for SFY 2002
Child Care Subsidies	\$2,550,188	\$1,912,641
Quality Initiatives	\$ 171,709	\$ 128,782
Administration	\$ 143,258	\$ 107,443
Totals	\$2,865,155	\$2,148,866

Child care subsidy funds will be allocated to the county departments of social services using the existing child care subsidy allocation formula.

The CCDF requires that at least 4% of the total grant be spent on activities which improve the quality of child development programs. In addition, the grant includes specific quality allocations for designated populations. Of the \$171,709 additional funds which must be spent on quality activities, approximately \$77,000 are increases to the designated allocations for improvements to infant/toddler care, school-age care and resource and referral funding. The remaining \$94,000 is the increase needed to meet the 4% requirement.

CCDF administration funds are capped at 5% of total grant expenditures. These funds are shared by local departments of social services that administer the child care subsidy program and the Division of Child Development. County DSS's may use 4% of their subsidy allocation to support the costs of managing the program, therefore, an increase in their subsidy allocations may result in an increase in administrative costs.

Federal regulations prohibit the use of new CCDF funds to supplant state funds.

**DHHS RECOMMENDED ALLOCATION
CHILD CARE AND DEVELOPMENT FUND (BLOCK GRANT) DISCRETIONARY FUNDS**

CCDF Block Grant - Total Funds

Plan Item	Category	Approved per SB 1005	Total Increase	New Total
.01	Child Care Subsidies	148,343,839	\$ 2,550,188	\$ 150,894,027
.02	Quality and Availability	17,259,661	171,709	17,431,370
.03	Administrative Expenses (Approx. 80% County)	6,550,000	143,258	6,693,258
.04	Transfer TANF to CCDF	76,675,000		76,675,000
		\$ 248,828,500	\$ 2,865,155	\$ 251,693,655
		100.0%		100.0%

CCDF for State Fiscal Year 2001-02 Only

Plan Item	Category	Approved Per SB 1005	2001-02	2001-02 Total
.01	Child Care Subsidies	148,343,839	\$ 1,912,641	\$ 150,256,480
.02	Quality and Availability	17,259,661	128,782	17,388,443
.03	Administrative Expenses (Approx. 80% County)	6,550,000	107,443	6,657,443
.04	Transfer TANF to CCDF	76,675,000		76,675,000
		\$ 248,828,500	\$ 2,148,866	\$ 250,977,366
		100.0%		100.0%

Read CSD
2-28-02

DEPARTMENT OF HEALTH AND HUMAN SERVICES
RECOMMENDATIONS FOR THE UTILIZATION OF ADDITIONAL LOW INCOME
HOME ENERGY ASSISTANCE BLOCK GRANT PROGRAM FUNDS

January 25, 2002

The original 2002 Low Income Home Energy Assistance Program (LIHEAP) Block Grant approved by the General Assembly was based on instructions from the U.S. Department of Health and Human Services (DHHS) to use \$19,849,341 as the amount for North Carolina's block grant. Subsequent to legislative approval of the 2002 LIHEAP Block Grant, US DHHS notified North Carolina that funding for the current year would be \$25,608,809, an increase of \$5,759,468 above the original funding level. The Department developed an allocation plan for the additional funds, which was approved by the Joint Legislative Commission on Governmental Operations on January 16, 2002. On January 17, 2002 notification was received from federal DHHS that as a result of additional funding provided by the Administration for LIHEAP, the approved federal funding level for North Carolina's 2002 LIHEAP Block Grant would be \$31,257,245, an increase of \$5,648,436 above the previous amount of \$25,608,809.

The Department of Health and Human Services recommends that the additional funds be allocated to the Crisis Intervention Program (\$4,173,436); Weatherization Program (700,000); Heating Air Repair and Replacement Program (\$300,000); and for administrative costs (\$475,000) associated with automating Crisis Intervention Program data and administering the Weatherization Program at the state and local levels. This recommendation is for activities that are within the scope of the block grant plan approved by the General Assembly.

CRISIS INTERVENTION PROGRAM

To date a total of \$7,472,380 has been earmarked for CIP funding, with \$5,795,825 approved by the General Assembly in the original block grant allocations and \$1,676,555 approved by the Joint Legislative Commission on Governmental Operations on January 16, 2002. The \$1,676,555 and \$4,173,436 of additional funds will enable the State to meet the needs of counties for additional CIP funding. The Department completed a survey of counties in January 2002 to determine the need for additional funding to support requests for crisis assistance by families. Through the January survey, counties requested more than \$8.5 million dollars above the initial allocation to support the CIP Program at the local level. The recent snow and cold temperatures, as well as job losses caused by the economic downturn, are placing increasing demands on counties for crisis assistance, and in many counties the demands are greater than available resources. These additional funds will support approximately 50 percent of the funding needs identified by counties and bring the CIP funding total for SFY 2002 to \$11,645,816.

WEATHERIZATION

The Department recommends an additional \$700,000 for the Weatherization Program. Currently funded by LIHEAP at \$2,984,116 (which represents \$2,684,116 from the original plan and \$300,000 approved the Joint Legislative Commission on Governmental Operations on January 16, 2002), the increase brings the new recommended budget to \$3,684,116. At an average cost of \$2500 per unit, the program estimates the increase of \$700,000 in funds for weatherization activities will allow an additional 280 units to be weatherized. Weatherizing the homes of the state's elderly, disabled and families with children creates both immediate and ongoing savings to the affected households.

HOME AIR REPAIR AND REPLACEMENT PROGRAM

An estimated 136 heating/air systems of low income families will be repaired or replaced with the additional \$300,000 recommended by the Department for the Home Air Repair and Replacement Program. The HARRP is a companion to the Weatherization Program in that in crisis situations it

provides funds to repair or replace heating/air systems in homes that have been weatherized. HARRP was originally funded at \$1,252,588 and received no additional funding with the January 16, 2002 adjustment.

ADMINISTRATION

The DHHS Plan recommends \$475,000 for administrative costs of the LIHEAP Block Grant programs. Of this total, the Department recommends that \$375,000 be used to automate the CIP Program which is currently not automated. Currently, manual surveys of counties must be conducted in order to get timely information regarding program expenditures and balances. In addition, all reporting of families served through the CIP Program is done manually by counties at the end of the year in order to comply with federal reporting requirements. An automated CIP system will provide greater integrity to the program and enable the Department to track expenditures and balances in a more timely manner, as well as respond timely to legislative inquiries regarding families served and the completion of federal reports. The remaining \$100,000 recommended for administrative cost will support state and local administration of the Weatherization Program.

The federal government allows up to ten percent of the LIHEAP funds to be used to offset administrative costs associated with administering the LIHEAP Block Grant. (Therefore, up to \$564,843 of the additional \$5,648,436 is eligible be used to support administrative costs.) The Department recommendation allocates less than the total allowable for administration while funding critical administrative needs and allocating the balance to direct service programs.

**DHHS RECOMMENDED ALLOCATION
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT FUNDS
SFY 01-02 SECOND Increase Compared to Legislatively Approved LIHEAP Block Grant Plan**

Plan Item	Category	ORIGINAL LIHEAP PLAN SB 1005		FIRST LIHEAP Increase SFY 01-02		Current Approved LIHEAP Plan		Proposed Distribution of SECOND Increase SFY 01-02			
		Approved per SB 1005		Gov Ops Approved 1/02		New Total LIHEAP Plan		DHHS Recommended Alloc. of New Funds		DHHS Recommended New Total Allocations	
.01	Energy Assistance Programs	8,092,113	40.8%	3,302,913		11,395,026	44.5%	-		11,395,026	36.5%
.02	Crisis Intervention	5,795,825	29.2%	1,676,555		7,472,380	29.2%	4,173,436		11,645,816	37.3%
.03	Administration	1,984,934	10.0%	480,000	*	2,464,934	9.6%	475,000	#	2,939,934	9.4%
.04	Weatherization Program	2,684,116	13.5%	300,000		2,984,116	11.7%	700,000		3,684,116	11.8%
.05	DOA-NC State Commission on Indian Affairs	39,765	0.2%	-		39,765	0.2%	-		39,765	0.1%
.06	Heating Air Repair and Replacement Program	1,252,588	6.3%	-		1,252,588	4.9%	300,000		1,552,588	5.0%
		19,849,341	100.0%	5,759,468		25,608,809	100.0%	5,648,436		31,257,245	100.0%
TOTAL LIHEAP BLOCK GRANT PLAN		19,849,341						25,608,809			
ACTUAL FEDERAL GRANT AWARD		25,608,809						31,257,245			
ADDITIONAL FUNDS TO ALLOCATE		5,759,468						5,648,436			

*ADMIN SUMMARY
County Admin. 241,970
Central Admin State 238,030
Weatherization - Local -
HARRP - Local -

480,000

#ADMIN SUMMARY
Automate CIP 375,000
Weatherization Admin: 100,000
State Admin. \$50,000
Local Admin. \$50,000

475,000

✓
C.T.D.
2-28-02

FACT SHEET: The North Carolina HIV Medications Program (ADAP)
North Carolina Division of Public Health – HIV/STD Prevention and Care Branch

What is the North Carolina HIV Medications Program?

The North Carolina HIV Medications Program, also referred to as the AIDS Drug Assistance Program (ADAP), uses a combination of State and federal funds to provide low-income residents of the State with assistance in purchasing medications to fight HIV/AIDS and the opportunistic infections which often accompany the disease.

Who is eligible to participate in the Program?

In order for someone to be eligible for ADAP, the individual must:

- Be HIV+ (have HIV disease or AIDS);
- Reside in North Carolina;
- Have a net family income that is at or below 125% of the federal poverty level (see the back of this page for the current FPL for various family sizes);
- Not have any other third-party coverage (e.g., private insurance or Medicaid) that pays for medications; and,
- Have a (or several) prescription(s) for medications that are included in the ADAP formulary (list of drugs that the Program will pay for) – (The medications provided under this Program are limited to those specifically related to the diagnosis and treatment of HIV disease/AIDS - see the back of this page for the current ADAP formulary)

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Is there any cost to the individual?

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How does someone get more information about the HIV Medications Program?

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- Jenny Seykora – Head, Authorization Unit, Office of Purchase of Medical Care Services – (919) 733-6298

Pharmacies that have questions about the ADAP Program may also call:

- Andy Barrett – Pharmacy Network National Corporation (PNNC) – (919) 876-4642 or 1 (800) 331-7108

[Please see the other side of this page for additional information]

Family Size / Federal Poverty Level (\$) 2001								
	1	2	3	4	5	6	7	Each add. Person
100%	8,590	11,610	14,630	17,650	20,670	23,690	26,710	Add 3,020
125%	10,738	14,513	18,288	22,063	25,838	29,613	33,388	Add 3,775
150%	12,885	17,415	21,945	26,475	31,005	35,535	40,065	Add 4,530
175%	15,033	20,318	25,603	30,888	36,173	41,458	46,743	Add 5,285
200%	17,180	23,220	29,260	35,300	41,340	47,380	53,420	Add 6,040

Note: As of November 2001, NC's ADAP eligibility is at or below 125% of the FPL.

HIV MEDICATIONS PROGRAM
Listing of Covered Medications
As of November, 2001

antiretrovirals (FDA approved):

stavudine (d4T) - Zerit	zidovudine (AZT) - Retrovir
lamivudine (3TC) - Epivir	didanosine (ddI) - Videx
zalcitbine (ddC) - Hivid	saquinavir - Invirase, Fortovase
ritonavir - Norvir	indinavir - Crixivan
nevirapine - Viramune	nelfinavir - Viracept
delavirdine - Rescriptor	zidovudine and lamivudine - Combivir
efavirenz - Sustiva	abacavir - Ziagen
amprenavir - Agenerase	lopinavir/ritonavir - Kaletra
zidovudine, lamivudine and abacavir - Trizivir	tenofovir - Viread

other medications:

acyclovir - Zovirax	atovaquone - Mepron	azithromycin - Zithromax
clarithromycin - Biaxin	clindamycin - Cleocin	dapsone (DDS) - Dapsone
ethambutol - Myambutol	fluconazole - Diflucan	ganciclovir (DHPG) - Cytovene
hydroxyurea	itraconazole - Sporanox	ketoconazole - Nizoral
leucovorin	nystatin - Mycostatin, Nilstat	paromomycin - Humatin
pentamidine - NebuPent	pyramethamine - Daraprim	rifabutin - Mycobutin
sulfadiazine	omeprazole - Prilosec	lansoprazole - Prevacid
ondansetron hydrochloride - Zofran	Compazine	Phenergan
loperamide	Amitriptyline	Nortriptyline
pancrelipase - Pancreas MT-20	famciclovir - Famvir	valcyclovir - Valtrex
ciproflaxacin hydrochloride - CIPRO	diphenoxylate hydrochloride with atropine sulfate - Lomotil	
sulfamethoxazole/trimethoprim (smx/tmp; tmp-smx) - Bactrim, Septra, Cotrim, Sulfatrim		
valganciclovir hydrochloride - Valcyte		

Decisions about what medications are included within the Program formulary are guided by an HIV Clinical/Medications Advisory Committee. Members of this Committee (clinicians, case managers, HIV program administrators, consumers and others), provide their expertise and perspectives primarily on issues related to the efficacy and importance of new medications. However, they also provide advice on activities related to the operation and effectiveness of the Program. Their perspectives and best thinking on these issues are integrated with considerations about budgetary status and Program/policy regulations and priorities. While final decisions with regard to all of these matters rest with the State agency responsible for administering the Program (i.e., the HIV/STD Prevention and Care Branch of the Division of Public Health, Department of Health and Human Services), the HIV Clinical/Medications Advisory Committee plays an invaluable role in assuring that "real world" experience and expertise are incorporated into the decisions made by and operation of the Program.

[Please see the other side of this page for additional information]

AIDS Drug Assistance Program (ADAP)

- Administered by the HIV/STD Prevention and Care Branch, Epidemiology Section, Division of Public Health
- Eligibility is 125% of the Federal Poverty Level - North Carolina has the lowest eligibility requirement of any state
- 3,401 Individuals authorized for the program in FY2001
- 2,443 Individuals Served by the program during FY2001 – 72% of those authorized
- Cost per Client FY2001 - \$1,247 per month per client
- \$13,819,394 Expended for FY2001

13,417,600
1,617,200
161

ADAP - Family Income Eligibility

Family Size	100% FPL	125% FPL	150% FPL	175% FPL	200% FPL
1	\$8,590	\$10,738	\$12,885	\$15,033	\$17,180
2	\$11,610	\$14,513	\$17,415	\$20,318	\$23,220
3	\$14,630	\$18,288	\$21,945	\$25,603	\$29,260
4	\$17,650	\$22,063	\$26,475	\$30,888	\$35,300

ADAP Information Management System

- Operational in July 2001
- Patterned after the Prescription Drug Assistance Program for the Elderly
- Contract for automated claims processing with pharmacy benefits management company
- Utilization data available upon demand
- Utilization data integrated with Purchase of Medical Care demographic data through periodic report generation
- State Budget certification of ADAP Information Management System received 1/25/02

History of ADAP Expenditures

	1997-98	1998-99	1999-2000	2000-01
State Approp	\$771,037	\$8,771,037	\$11,422,585	\$5,375,195
Federal Budget	\$4,062,280	\$4,498,516	\$6,371,503	\$7,526,327
State Expend	\$2,664,114	\$2,949,913	\$4,920,224	\$5,214,255
Fed + Rebate Expend	\$3,640,657	\$3,927,134	\$4,989,924	\$8,605,139
Total Expend	\$6,304,771	\$6,877,047	\$9,910,148	\$13,819,394
Authorized	1,776	2,315	2,630	3,401
Served	1,381	1,578	1,895	2,443

Projected ADAP Expenditures

	2000-01	2001-02 (Projected)	2001-02 (July-Dec) Expended	2001-02 (Revised Projected)
State Approp	\$5,375,195	\$6,855,195	\$2,040,216	\$6,855,195
Federal Budget	\$7,526,327	\$9,866,900	\$9,309,396 (includes rebates)	\$11,266,491
Rebates	\$1,299,335	\$1,672,210		\$2,000,000
Total Expend	\$13,819,394	\$18,394,305	\$11,349,612	\$20,121,686

ADAP Increased Utilization

Reasons Suggested by ADAP Staff and Providers

- Economic recession resulting in increased demand for public assistance programs (Nationally ~14 states have had to close or cap ADAP programs)
- 30% Increase in AIDS cases reported in 2001
- Improved HIV medication options resulting in more patients living longer and using medications longer
- Some new treatment protocols require more frequent patient visits
- Improved medications adherence

Work First  e-load Report

2-28-02

July 2001 - February 2002

County	WFFA Caseload 07/01/01	WFFA Caseload 08/01/01	WFFA Caseload 09/01/01	WFFA Caseload 10/01/01	WFFA Caseload 11/01/01	WFFA Caseload 12/01/01	WFFA Caseload 01/01/02	% Change SFY 2001 7/01-1/02	WFFA Caseload 02/01/02	Case Difference 7/01-2/02	% Change SFY 2001 7/01-2/02
Alamance	407	435	473	467	476	477	516	26.78%	534	127	23.78%
Alexander	110	108	114	119	127	141	125	13.64%	133	23	17.29%
Alleghany	38	34	37	35	34	34	37	-2.63%	36	-2	-5.56%
Anson	182	188	195	185	187	176	171	-6.04%	150	-32	-21.33%
Ashe	47	44	41	44	43	43	44	-6.38%	48	1	2.08%
Avery	41	39	39	34	35	40	48	17.07%	46	5	10.87%
Beaufort	310	320	336	335	324	320	322	3.87%	318	8	2.52%
Bertie	216	211	217	216	221	228	230	6.48%	227	11	4.85%
Bladen	292	298	310	309	322	327	320	9.59%	315	23	7.30%
Brunswick	410	393	411	391	424	425	443	8.05%	476	66	13.87%
Buncombe	647	622	631	602	598	605	599	-7.42%	622	-25	-4.02%
Burke	294	273	279	267	276	293	302	2.72%	308	14	4.55%
Cabarrus	271	270	273	279	276	287	290	7.01%	282	11	3.90%
Caldwell (E)	171	166	176	178	182	181	188	9.94%	180	9	5.00%
Camden	31	27	30	28	28	26	27	-12.90%	27	-4	-14.81%
Carteret	192	182	200	202	203	199	207	7.81%	212	20	9.43%
Caswell (E)	138	139	138	138	153	154	157	13.77%	155	17	10.97%
Catawba	395	408	431	429	451	446	437	10.63%	443	48	10.84%
Chatham	140	137	132	134	142	143	151	7.86%	155	15	9.68%
Cherokee	58	53	47	48	47	53	51	-12.07%	56	-2	-3.57%
Chowan	206	207	218	202	199	207	203	-1.46%	200	-6	-3.00%
Clay	10	10	11	9	11	10	13	30.00%	13	3	23.08%
Cleveland	549	582	583	578	611	629	653	18.94%	631	82	13.00%
Columbus	549	565	560	538	550	559	570	3.83%	592	43	7.26%
Craven	515	512	533	528	547	564	552	7.18%	534	19	3.56%
Cumberland	2,246	2,301	2,292	2,331	2,336	2,310	2,288	1.87%	2,285	39	1.71%
Currituck	43	48	51	48	50	50	52	20.93%	51	8	15.69%
Dare	41	43	50	45	54	56	61	48.78%	60	19	31.67%
Davidson	366	358	365	376	380	386	383	4.64%	369	3	0.81%
Davie (E)	91	98	102	97	96	106	109	19.78%	108	17	15.74%
Duplin	302	281	276	283	302	310	324	7.28%	336	34	10.12%
Durham	1,368	1,351	1,398	1,377	1,457	1,461	1,441	5.34%	1,420	52	3.66%
Edgecombe	647	604	618	617	627	650	623	-3.71%	643	-4	-0.62%
Forsyth	1,972	1,954	1,975	1,951	1,962	1,961	1,965	-0.35%	1,997	25	1.25%
Franklin	210	201	201	209	210	210	205	-2.38%	205	-5	-2.44%
Gaston	1,098	1,126	1,144	1,161	1,234	1,254	1,231	12.11%	1,231	133	10.80%
Gates	39	32	29	33	30	30	32	-17.95%	30	-9	-30.00%
Graham	27	25	25	24	23	24	22	-18.52%	21	-6	-28.57%
Granville	285	287	306	312	338	359	357	25.26%	362	77	21.27%
Greene	141	133	143	143	150	165	169	19.86%	162	21	12.96%

Work First Load Report

July 2001 - February 2002

County	WFFA Caseload 07/01/01	WFFA Caseload 08/01/01	WFFA Caseload 09/01/01	WFFA Caseload 10/01/01	WFFA Caseload 11/01/01	WFFA Caseload 12/01/01	WFFA Caseload 01/01/02	% Change SFY 2001 7/01-1/02	WFFA Caseload 02/01/02	Case Difference 7/01-2/02	% Change SFY 2001 7/01-2/02
Guilford	2,310	2,335	2,393	2,423	2,491	2,594	2,603	12.68%	2633	323	12.27%
Halifax	953	972	961	936	944	952	947	-0.63%	908	-47	-5.19%
Harnett	444	432	438	416	440	446	468	5.41%	484	40	8.26%
Haywood	262	233	231	238	240	227	223	-7.85%	242	0	0.00%
Henderson (E)	327	335	339	341	328	322	319	-2.45%	325	-2	-0.62%
Hertford	213	215	217	207	212	203	208	-2.35%	204	-9	-4.41%
Hoke	265	266	274	277	269	279	281	6.04%	266	1	0.38%
Hyde	52	52	52	51	49	48	49	-5.77%	50	-2	-4.00%
Iredell (E)	251	247	259	262	260	259	250	-0.40%	246	-5	-2.03%
Jackson	90	86	88	83	80	82	81	-10.00%	79	-11	-13.92%
Johnston	512	497	530	536	539	552	553	8.01%	560	48	8.57%
Jones	69	69	65	63	68	69	65	-5.80%	66	-3	-4.55%
Lee	243	249	256	261	256	280	285	17.28%	270	27	10.00%
Lenoir (E)	558	568	574	605	588	595	592	6.09%	565	7	1.24%
Lincoln (E)	225	244	247	252	269	258	262	16.44%	271	46	16.97%
Macon (E)	9	9	11	8	8	7	7	-22.22%	8	-1	-12.50%
Madison	69	75	70	69	62	69	68	-1.45%	59	-10	-16.95%
Martin	234	239	247	254	253	266	264	12.82%	258	24	9.30%
McDowell (E)	129	137	147	151	159	160	151	17.05%	155	26	16.77%
Mecklenburg	4,495	4,666	4,979	5,049	5,207	5,326	5,349	19.00%	5,423	928	17.11%
Mitchell	32	34	33	32	28	28	29	-6.38%	35	3	8.57%
Montgomery	171	176	184	183	195	195	187	9.36%	182	11	6.04%
Moore	200	202	215	210	211	220	201	0.50%	199	-1	-0.50%
Nash	462	446	477	487	498	487	484	4.76%	472	10	2.12%
New Hanover	867	879	884	895	914	934	948	9.34%	952	85	8.93%
Northampton	280	273	271	269	278	287	304	8.57%	303	23	7.59%
Onslow	488	494	527	511	493	513	515	5.53%	517	29	5.61%
Orange	330	325	323	316	318	335	331	0.30%	320	-10	-3.13%
Pamlico	55	51	49	57	59	61	64	16.36%	73	18	24.66%
Pasquotank	287	280	275	266	288	282	295	2.79%	301	14	4.65%
Pender	172	175	191	190	192	207	207	20.35%	196	24	12.24%
Perquimans	115	106	102	103	102	104	108	-6.09%	114	-1	-0.88%
Person	161	162	171	167	180	187	188	16.77%	200	39	19.50%
Pitt	1,162	1,178	1,143	1,158	1,138	1,152	1,118	-3.79%	1,109	-53	-4.78%
Polk	43	40	42	39	39	37	40	-6.98%	40	-3	-7.50%
Randolph (E)	408	410	423	407	414	424	404	-0.98%	385	-23	-5.97%
Richmond	452	455	474	460	443	432	422	-6.64%	420	-32	-7.62%
Robeson	1,738	1,725	1,708	1,736	1,760	1,821	1,852	6.56%	1,876	138	7.36%
Rockingham	572	582	603	609	620	608	586	2.45%	585	13	2.22%
Rowan	599	611	606	657	672	666	674	12.52%	656	57	8.69%

CASELOADS COBYCO JUL-Feb 02
2/27/2002

(E = Electing County)

July 2001 - February 2002

County	WFFA Caseload 07/01/01	WFFA Caseload 08/01/01	WFFA Caseload 09/01/01	WFFA Caseload 10/01/01	WFFA Caseload 11/01/01	WFFA Caseload 12/01/01	WFFA Caseload 01/01/02	% Change SFY 2001 7/01-1/02	WFFA Caseload 02/01/02	Case Difference 7/01-2/02	% Change SFY 2001 7/01-2/02
Rutherford	379	393	392	414	418	423	431	13.72%	439	60	13.67%
Sampson (E)	115	132	143	145	151	176	173	50.43%	176	61	34.66%
Scotland	438	443	445	437	436	439	443	1.14%	422	-16	-3.79%
Stanly	114	109	107	113	131	137	136	19.30%	146	32	21.92%
Stokes	91	99	98	102	100	95	104	14.29%	112	21	18.75%
Surry (E)	134	125	130	137	139	152	149	11.19%	142	8	5.83%
Swain	68	65	69	74	79	80	69	1.47%	69	1	1.45%
Transylvania	73	67	67	63	69	72	83	13.70%	83	10	12.05%
Tyrrell	25	22	23	22	21	21	21	-16.00%	19	-6	-31.58%
Union	442	438	440	439	483	471	489	10.63%	475	33	6.95%
Vance	676	681	681	654	658	652	635	-8.07%	630	-46	-7.30%
Wake	2,275	2,391	2,536	2,549	2,579	2,601	2,611	14.77%	2,532	257	10.15%
Warren	197	206	197	200	211	204	211	7.11%	199	2	1.01%
Washington	137	139	139	154	152	155	154	12.41%	146	9	6.16%
Watauga	38	35	31	30	30	29	31	-18.42%	33	-5	-15.15%
Wayne	611	601	623	614	641	681	662	8.35%	645	34	5.27%
Wilkes (E)	265	264	272	271	264	268	270	1.89%	274	9	3.28%
Willson	497	475	483	480	471	480	476	-4.23%	491	-6	-1.22%
Yadkin	39	39	34	34	31	32	33	-15.38%	36	-3	-8.33%
Yancey	36	36	37	35	39	40	35	-2.78%	37	1	2.70%
Statewide	42,029	42,355	43,414	43,503	44,363	45,081	45,116	7.34%	45,084	3055	6.78%
Increase		0.78%	2.50%	0.21%	1.98%	1.62%	0.08%		-32		-0.07%

Projected (Economic Turndown)

Actual/Projection (Worst Case Scenario)

Month	Households Reported on 1st of Month	Total Recipients	Projected Reg. Run & 1st Accum. Pymts.	Avg. Pmnt	Estimated Monthly Payout	Budget Prorated over 12 Mos.	Difference from Estimated Monthly Payout and Prorated Budget	Percent Exp. Increase over prior month
Jul-01	42,029	99,711	45,991	235.00	10,807,871	12,321,549	1,513,678	
Aug-01	42,355	102,581	47,109	237.98	11,210,768	12,321,549	1,110,781	103.73%
Sep-01	43,414	101,862	46,773	235.90	11,033,779	12,321,549	1,287,770	98.42%
Oct-01	43,503	106,482	48,564	240.60	11,684,477	12,321,549	637,072	105.90%
Nov-01	44,363	105,530	48,144	237.34	11,426,322	12,321,549	895,227	97.79%
Dec-01	45,081	107,347	48,870	239.89	11,723,536	12,321,549	598,013	102.60%
Jan-02	45,116	108,413	49,260	237.98	11,723,023	12,321,549	598,526	100.00%
Feb-02	45,084		50,457	241.80	12,200,503	12,321,549	121,046	
Mar-02			52,520	241.80	12,699,336	12,321,549	(175,400)	
Apr-02			53,796	241.80	13,007,873	12,321,549	(479,101)	
May-02			55,103	241.80	13,323,905	12,321,549	(790,056)	
Jun-02			56,442	241.80	13,647,676	12,321,543	(1,108,754)	
Totals					\$144,489,069	147,858,582	\$4,208,802	Estimated Balance



Fiscal Year 2001-02 Funding	
Work First Cash Assistance	\$114,181,958
State Fund	22,000,000
Cash Assistance Reserve	11,676,624
Total Available	\$147,858,582

Note: Areas shaded in gray are final figures for the respective month.

S.L. 2001-424 (S-1005), Section 5.1 (v)---TANF CASH ASSISTANCE RESERVE

SECTION 5.1.(v) The sum of nine million one hundred forty-seven thousand six hundred thirty-one dollars (\$9,147,631) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Cash Assistance Reserve may only be used for cash assistance payment if the funds appropriated in this act for cash assistance payments are not sufficient to pay Work First cash assistance in the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

The sum of two million five hundred twenty-eight thousand nine hundred ninety-three dollars (\$2,528,993) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Cash Assistance Reserve shall be held in the Cash Assistance Reserve until the Department of Health and Human Services and the Office of State Budget and Management can certify that these funds are not needed to ensure the continuation of the Work First Family Assistance payments to recipients during the 2001-2002 fiscal year. These funds may be used only for the payment of Work First Family Assistance and the allocations listed in this subsection.

If the Department of Health and Human Services and the Office of State Budget and Management certify that these funds are not needed to ensure the continuation of Work First Family Assistance payments, the Department may make the following transfers from the Cash Assistance Reserve:

(1)	Reduction of out-of-wedlock births.	\$160,000
(2)	Work First Job Retention - Rural Center (\$30,000) Work Central Career Center (\$20,000)	\$50,000
(3)	Teen Pregnancy Prevention	\$223,926
(4)	Work First Housing Initiative	\$300,000
(5)	Domestic Violence Prevention and Awareness	\$100,000
(6)	Intensive Family Preservation Program	\$200,000
(7)	Work First Boys and Girls Clubs	\$100,000
(8)	Support Our Students	\$275,674
(9)	Residential Substance Abuse Services for Women with Children	\$500,000
(10)	Domestic Violence Services for Work First Families	\$200,000
(11)	After School Services for At-Risk Children	\$300,000
(12)	Individual Development Accounts	\$20,000

S.L. 2001-513 (H-231) Section 33 --- **CASH ASSISTANCE PAYMENTS**

SECTION 33. Section 5.1 of S.L. 2001-424 is amended by adding a new subsection to read:

"SECTION 5.1.(bb) If the Department of Health and Human Services determines that sufficient funds are not available within the Work First Cash Assistance Program and the Cash Assistance Reserve to provide cash assistance payments to all eligible families in the 2001-2002 fiscal year, the Department may reduce the allocations under the TANF Block Grant in this section to non cash assistance programs and services in order to ensure that cash assistance payments to all eligible families continue throughout the 2001-2002 fiscal year."

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT FUNDED
ITEMS NOT ALLOCATED
2/25/2002

Line Item	Amount
Allocation for Work First Housing Initiative for New Programs	900,000
After School Services for At-Risk Programs for New Programs	2,100,000
Individual Development Accounts	180,000
Total	\$3,180,000

Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only

SFY 02					
1	2	3	4	5	6
Category & Activities	Realigned Funding	Trust Request	State Med Match	State Only	Net State \$
Child & Family Institutions	0	1,244,000	0	0	0
Adult Mental Health Institutions	388,704	1,500,000	0	0	388,704
Mental Retardation Centers	0	2,000,000	0	0	0
<i>Realigned Funding Investments</i>					
SA Institutions - ADATC's - Reinvestment*	0	1,900,000	0	0	0
Transition Plan - Reinvestment	0	1,794,891	0	0	0
Community Capacity Reinvestment					0
a. Community Housing (MH, DD & SA)	N/A	3,563,373	0	388,704	(388,704)
b. MH, DD & SA Community Capacity	N/A	0	0	0	0
TOTAL	388,704	12,002,264	0	388,704	0

C.D.D.
2-28-02

*SA = Substance Abuse
* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only

SFY 03					
1	2	3	4	5	6
Category & Activities	Realigned Funding	State \$ Transition	State Med Match	State Only	Net State \$
Child & Family Institutions	1,220,531	0	319,082	752,500	148,949
Adult Mental Health Institutions	9,175,038	0	837,747	2,487,223	5,850,068
Mental Retardation Centers	6,811,186	720,000	6,639,699	0	(548,513)
<i>Realigned Funding Investments</i>					
SA Institutions - ADATC's - Reinvestment*	0	0	84,841	4,887,750	(4,972,591)
Transition Plan - Reinvestment	0	74,891	0	0	(74,891)
Community Capacity Reinvestment					
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0
b. MH, DD & SA Community Capacity	N/A	0	0	0	(403,022)
TOTAL	17,206,755	794,891	7,881,369	8,127,473	0

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only

SFY 04						
1	2	3	4	5	6	
Category & Activities	Realigned Funding	State \$ Transition	State Med Match	State Only	Net State \$	
Child & Family Institutions	5,206,000	0	742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	23,959,453	0	1,801,835	4,830,573	17,327,045	
Mental Retardation Centers	14,457,524	2,330,000	15,700,954	0	(3,573,430)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(9,363,863)	
TOTAL	43,622,977	2,330,000	18,366,041	13,563,073	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

**Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only**

1 Category & Activities	SFY 05					
	2 Realigned Funding	3 State \$ Transition	4 State Med Match	5 State Only	6 Net State \$	
Child & Family Institutions	5,206,000	0	742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	41,331,637	0	3,241,725	7,499,773	30,590,139	
Mental Retardation Centers	19,153,503	325,000	19,709,013	0	(880,510)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(25,319,877)	
TOTAL	65,691,140	325,000	23,813,990	16,232,273	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses	
SFY 02:	\$12,002,264 - From Trust
SFY 03:	\$ 794,891 - From Realignment
SFY 04:	\$ 2,330,000 - From Realignment
SFY 05:	\$ 325,000 - From Realignment
SFY 06:	\$ 320,000 - From Realignment
SFY 07:	\$ 300,000 - From Realignment
TOTAL:	\$16,072,155

**Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only**

1 Category & Activities	SFY 06					
	2 Realigned Funding	3 State \$ Transition	4 State Med Match	5 State Only	6 Net State \$	
Child & Family Institutions	5,206,000		742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	51,384,954	0	4,198,129	9,638,923	37,547,902	
Mental Retardation Centers	20,922,957	320,000	21,635,127	0	(1,032,170)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(32,125,980)	
TOTAL	77,513,911	320,000	26,696,508	18,371,423	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

**Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only**

SFY 07						
1	2	3	4	5	6	
Category & Activities	Realigned Funding	State \$ Transition	State Med Match	State Only	Net State \$	
Child & Family Institutions	5,206,000	0	742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	55,467,225	0	4,358,214	10,367,023	40,741,988	
Mental Retardation Centers	22,622,796	300,000	23,501,136	0	(1,178,340)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(35,173,896)	
TOTAL	83,296,021	300,000	28,722,602	19,099,523	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses	
SFY 02:	\$12,002,264 - From Trust
SFY 03:	\$ 794,891 - From Realignment
SFY 04:	\$ 2,330,000 - From Realignment
SFY 05:	\$ 325,000 - From Realignment
SFY 06:	\$ 320,000 - From Realignment
SFY 07:	\$ 300,000 - From Realignment
TOTAL:	\$16,072,155

C.I.D.
2-28-02

**Mental Health, Developmental Disabilities,
Substance Abuse Services**

Bridge Financing

This document provides a narrative description of the attached spreadsheet summarizing the process of moving from state facility based services to community-based supports, services, care and treatment. The Bridge concept includes two necessary and key funding mechanisms -- the MH/DD/SA Trust Fund, and Realignment/Community Capacity Reinvestment.

The principles of these components of the overall finance strategy necessary for the implementation of the Secretary's State Plan are:

- One-time, short term start-up efforts necessary for community capacity building.
- Ongoing resource support tied to movement of consumers to the communities from the state-operated facilities. This activity is referred to as realignment of funding.
- Creation of services as needed for those consumers who are identified and ready for community placement.
- Establishment of services and expansion of community capacity to divert admissions to state facilities.
- Utilization of initial and ongoing local business plans which are critical in determining the amount of unmet need and community demand that will be financed through both increased efficiencies by the LMEs (and their service providers) and realignment of funding/community capacity reinvestment (state facilities resources to community).
- Flexible and bridge type funding is necessary in order to support individual service plans as outlined through best practices, and emerging best practices, and which include support and recovery models of service delivery.

Expansion of community capacity and client movement from state facilities will be reported as part of the quarterly reports submitted to Legislative Oversight Committee in order to demonstrate parts of the system reform and accountability for use of the trust fund.

Realignment of Funds/Mental Health, Developmental Disabilities and Substance Abuse Services Community Capacity Reinvestment

In the process of moving from state operated facility based services to a comprehensive community based system of supports, services, care and treatment, the realignment of resources will be necessary. This realignment of resources becomes a community capacity reinvestment. Simply stated, as individuals exit state facilities, the financing of their community needs will come directly from the resources that become available as a result of the bed reduction and overall facility downsizing. These funds will then be realigned in a planned effort support the individual as needed in the community and to respond to unmet community need and general community demand (e.g. as a response to

target population and priority service needs). This development equates to community capacity building which is essential to ensure the maintenance of community efforts to provide supports and services to the current and expanding targeted service population.

Each fiscal year, a projection of the financing available for funding realignment will be developed. In conjunction with review and comment from the Coalition, developed criteria will be used for realignment efforts. The criteria will minimally consider 1) estimates of target population as related to service rates through out the state; 2) empirically based information related to population and service needs; and 3) efforts to move forward with regard to local funding fairness considerations. The criteria would be distributed to LMEs as opportunities to request funding. The Coalition will be partners in review and will make recommendations to the Division of MH/DD/SAS Director, who is in turn responsible for the final decision. It also should be noted that the performance of the LME would be considered in any realignment efforts; however, any LME-identified performance problems will not be a hindrance for serving the target population.

Each year, a small portion of the realignment funds will be applied as one-time transition funding. These will be used only if there are no trust funds available. After one time use, these funds will be considered as base realignment funds and will be subject to the same allocation process as described above.

In line with the expressed purpose of the Trust Fund, there is a significant need for bridge funding in the community in order to transition individuals from state facilities to community-based services. Bridge funding will be needed for the full range of services for all ages and disabilities. Bridge funding will be short-term in nature and, in general, recurring funds to support ongoing services will be derived from savings in state institutions, additional Medicaid earnings, potential utilization of CAP slots, and realignment of resources which may occur as a result of eliminating funding disparities in accordance with G.S. 122C-102 from the Reform Bill.

Examples for needs to be addressed by bridge funding include: (a) meaningful employment and supported employment, (b) crisis and emergency services, (c) equipment purchases, (d) rental deposits, (e) specialized adaptive and medical equipment, (f) assessments, (g) short-term inpatient care, (h) day treatment or partial hospitalization, (i) system of care, (j) family and consumer support development, (k) First in Families, and (l) outpatient services.

MH/DD/SA Trust Fund

The expected accomplishments from the use of this trust fund and implementation of this plan as it supports the State Plan are as follows:

- **Child and Family Institutions.** During FY 03, the 36 beds currently in operation at Whitaker School will be closed. As a result, two 18 bed regional facilities will be developed utilizing the Re-Education philosophy. \$1,200,000 in one-time funding from the Trust Fund is requested in SFY 02 to

provide \$600,000 start-up funding for each of the proposed two 18 bed regional facilities. \$44,000 in Trust funds is also requested in SFY 02 to accomplish community service planning for children currently at Whitaker School in preparation for community transition and those on the waiting list. Subsequent years of operation utilize realignment of funds.

II. Adult Mental Health Institutions

- By July 1, 2002, a total of 63 nursing beds at Broughton, Cherry and Umstead hospitals will be eliminated. Movement of these individuals will be to existing private nursing home beds or N.C. Special Care Center. No additional funding requested in SFY 02, as individuals would move into existing but vacant nursing beds.
- 39 beds will be closed at the Wright Building, Dix Hospital by July 1, 2002. Transition plans have been received from the area programs (LMEs) in the South Central Region. Allocations will be made to the region within 90 days from date of approved plans but no later than June 30, 2002, in order to meet the July 1, 2002 timeline for the closure of the Wright Building. \$1,500,000 requested from the Trust in SFY 02 only for bridge funding to develop community resources prior to realizing savings beginning in SFY 03.
- During FY 03, an additional 162 adult and child beds will be eliminated in the state hospitals and community capacity expanded. The bed reductions will include 50 gero-psychiatric beds, 62 adult long-term care beds, 40 nursing beds, and 10 child beds. These bed reductions will result in realignment of funding for community services with no funds required from the Trust.

III. Mental Retardation Centers

- In SFY 03, additional MRC downsizing will occur with an estimated 144 individuals moving from the MRC's into community placements. Individuals leaving the Mental Retardation Centers will be given priority for the CAP-MR/DD program. Cost of serving these individuals in the community will be addressed by the realignment of State facility funds into community services and resources from the Trust Fund are not requested.
- Realignment of Black Mountain Center to a nursing facility in SFY 03 for people with developmental disabilities will require movement of some of the existing residents (12) to the community and limited internal movement of individuals among Mental Retardation Centers. This allows for lower per day cost than current ICF-MR rates received in the MR centers. No trust funds are requested for this change and the cost of community services will be addressed by the realignment of funds from Black Mountain Center to the community.

- MRC Satellite Homes: Start-up and short-term operational funds for the development of satellite housing, initially operated by the Division out of the MRC's. Homes would be implemented by the Division to meet needs of hard-to-serve individuals and would eventually be turned over to other providers to operate. Recurring resources for program operations would be generated via savings from State institutions as a result of downsizing and eligibility for Medicaid and other resources. \$2,000,000 is requested from Trust in SFY 02 as start-up funding for 40 community based 5-bed residential facilities (\$50,000 per facility for van, equipment and other one-time start-up costs.). These facilities would allow for the transition of individuals from the MR Centers to community placements, with 200 such placements beginning in SFY 03.

Realignment Funding Investments

- IV. Substance Abuse Institutions – ADATC's - Reinvestment - \$1,900,000 from Trust for renovation and start-up to establish 3 acute detoxification units in the 3 ADATC facilities (estimated \$633,333 per unit).**

Design, renovation and equipment funds to establish 88 acute detoxification and crisis beds in the three state alcohol and drug abuse treatment centers. Establishment of these beds is for the expressed purpose of reducing and diverting 3,700 substance abuse admissions to the state hospitals.

- V. Transition Plan - Reinvestment - \$1,794,891 from Trust in SFY 02**

1. One-time resources to support cost modeling and related technical assistance for service implementation, LME function, family/consumer education under the new State Plan and Reform Bill.
2. One-time resources for non-recurring area program and county model conversion costs associated with updating billing and client reporting in accordance with the DHHS/DMHDDSAS Integrated Payment and Reporting System (IPRS). IPRS allows for tracking of individual client budgets as well as clear delineation of accountability by funding source. It further establishes coordination of funding sources between Medicaid and state/federal allocations thus eliminating duplication of payments.
3. Renovation to NC Special Care Facility allows for the creation of a locked unit so approximately 20 patients can be transferred from the state psychiatric hospital. This change helps address the downsizing of the state hospitals, and identified target populations for the North Carolina Special Care and state hospitals.

VI. Community Capacity Reinvestment

Community Housing - \$3,952,077 in SFY 02 (\$3,563,373 from Trust and \$388,704 from Realigned Funding).

Decent, affordable and adequate community-based housing options continue to be one of the greatest unmet needs throughout the state. Without housing, the structure of community-based services falters and individuals become homeless, enter state facilities or increase stress for family members and support systems. Housing options are also a prerequisite for the movement of individuals into community settings in compliance with the Olmstead decision. With an increase in the supply of community housing options, a number of individuals who reside in more restrictive residential settings could be stepped down to other arrangements, while freeing up the more housing for individuals with needs for greater residential supports. The following benchmarks have been established for implementation:

- Approximately 1,000 people currently residing in the state hospitals have been identified through Olmstead assessments for community placements.
- 100 people currently residing in the MR Centers have been identified through Olmstead assessments for community placements.

In order to accomplish movement and diversion from state facilities, housing investment options include the following. All options require demonstration capacity of appropriate service and/or supports for clients with mh/dd/sa challenges.

- Revolving Loans: In order to develop community living situations, resources must be made available to providers as a facilitating incentive. Start-up costs, leasing, and purchasing make it difficult unless appropriate upfront resources are available. The Trust Fund could be utilized to establish a revolving loan fund, to be paid back by providers desiring to develop community residential options. Loans could be paid back at low interest rates, while the state retains an ownership interest during the repayment period. This would allow development of residential options for individuals waiting for such a community opportunity. These funding options support the development and expansion of inclusive housing options for people with disabilities. The Fund would be revolving and self-sustaining by funds paid back to the state against the initial loan.
- Leveraged Option: An allocation of one-time funding from the Trust Fund could provide for a partnership with the North Carolina Housing Finance Agency to leverage a portion of their Housing Trust Fund or Federal HOME allocation to develop a model for this purpose. Ongoing operating subsidies would be pursued through project based rental assistance, bridge funding until

tenants could access tenant based assistance, etc. Housing Works, Inc., a non-profit entity under contract with the Division, could also serve as a Division partner and intermediary in building housing capacity across disabilities and working with the North Carolina Housing Finance Agency. Housing Works, Inc., has the housing expertise to represent the Division's interest in various business and partner relationships to leverage other Federal, State or private housing resources.

- Grants: Limited funding for relatively minor renovations or repairs which would enable an individual to remain in an independent living situation rather than requiring a more costly out-of-home placement. Small grants of this nature may also be utilized for minor renovation and remodeling to perhaps add one or two beds to an existing residential resource.

Transportation – Separate funds not requested specifically for transportation; funding integrated with overall community services.

Transportation continues to be another highly visible identified unmet need from consumers, family members and service providers. Transportation is a key support to enable individuals to access community-based services and remain in the community. A national problem, transportation must be viewed in terms of overall community need and build the community, not establish isolated transportation options. Options include:

1. Grants: Resources directed to service providers for the one-time purchase of vehicles to improve transportation and service access. This may include vans for group homes, day treatment facilities, developmental day centers, etc.
2. Leveraged Option: Potential for grants to Local Interagency Transportation Councils specifically for the purpose for increasing service access for individuals served in the MHDDSAS system. Funds through local Councils could be leveraged to secure matching grants from Federal and other funding sources.

JOINT SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES APPROPRIATIONS

Wednesday & Thursday
February 27-28, 2002
Legislative Office Building, Room 643

February 28, 2002
9:00 am – 12:00 pm

Updates on DHHS Programs:

- TANF Cash Assistance Pheon Beal, Director, Division of Social Services
- AIDS Drug Assistance Program Leah Devlin, Director, Division of Public Health
- Mental Health Trust Fund Richard Visingardi, Director
Division of Mental Health, Developmental Disabled, and
Substance Abuse Services
- Block Grants Changes FRD Staff (Handouts included in packet)
- - Low Income Home Energy Assistance Block Grant
 - Child Care and Development Fund

Committee Discussion

Public Comment

Direction to Staff

Next Meeting & Adjourn

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

FEBRUARY 28, 2002

9:00 AM

ROOM 643, LOB

The Joint Appropriations Subcommittee on Health and Human Services met February 28, 2002 at 9:00 AM in Room 643 of the Legislative Office Building. Members present were: Representatives Nye and Earle, Co-Chairs, Representatives Church, Esposito, and Insko. There were four senators present.

Representative Nye presided and called the meeting to order. The first presenter was Pheon Beal, Director, Division of Social Services. She discussed the Temporary Assistance for Needy Families (TANF) Block Grant. (See Attachment 1, Work First Caseload Report). She reviewed Work First Cash Assistance Program. She gave a brief background. The basic components of the block grant are cash assistance, support services, which are primarily employment program services, and child welfare. The General Assembly has a responsibility of annually allocating the TANF Block Grant funds. The majority of the funds are allocated for cash assistance, county block grants, childcare assistance, and child welfare related items. The state is required, as a condition of receiving 302 million dollar per year Base Block Grant along with the Supplemental Block Grant, to match that with "Maintenance of Effort Requirement" in non-federal funding of approximately 164 million dollars. The funds are used primarily to provide cash assistance for eligible families, childcare, welfare services, and to fund county block grants. A large portion of the county block grants are used to cover many of the services formally funded through DAFDC emergency assistance program, which is basically child welfare and support services for families.

Ms. Beal continued by stating the Work First Program began in 1995. The state has experienced a 62% cash assistance caseload decline. This decline has allowed funding opportunities for other TANF related initiatives, such as after school programs, housing, faith-based services, and fatherhood and family formation programs. However the new North Carolina reality is that cash assistance caseloads have increased by more than 7%. More families coming in to apply for cash assistance and fewer families leaving cash assistance caseload, due to a slower economy, is the cause of the increase. North Carolina has successfully piloted a TANF Child Welfare Collaborative. Childcare is a critical element in moving families from cash assistance to employment.

Representative Nye noted that there were 114,000 when Work First started and now there are 45,000. This means the program is an overwhelming success. Ms. Beal stated that was correct, and it is due in large part to the counties. He asked Ms. Beal what factors she attributes this to. She attributes it to first and foremost a shift in the program. This isn't something that is a handout, but something to move people toward self-sufficiency.

They have over an 80% retention rate in the workforce so far in Work First. The biggest problem is helping them move up in their job.

Senator Moore asked for a listing of the current faith-based programs and the activities that are taking place in them, and also the number of dollars that are allocated to them. Ms. Beal stated she would provide that information to him. She noted there are a couple of contracts they have with Catholic Social Ministries that primarily targets Hispanic /Latino families. They have also worked with the General Baptist State Convention. They have expended a little over \$3.3 million in TANF funding for faith-based initiatives. Senator Moore asked for that in writing.

The next presenter was Dr. Leah Devlin, Director, Division of Public Health. She reviewed the handout titled ADAP Increased Utilization, which is the AIDS Drug Assistance Program (See Attachment 2). She noted that, in North Carolina, HIV is eleven times more predominate in the African American Community. It occurs twice as frequently in the American Indian population. It occurs four times more frequently in the growing Hispanic population. Currently over 70% of HIV/AIDS occurs in African Americans. There are over 15,000 people living with HIV/AIDS in the state. Last year the caseload was increased by 30%. The AIDS Drug Assistance Program pays for HIV/AIDS drugs. Representative Esposito stated she read an article in the paper concerning HIV. People are living much longer now because of the medications and medical care they are receiving. She asked how rates compare with other states and also the cost differentiation between what the state is now experiencing because of the longer life of the patient due to the medications they receive. Ms. Devlin stated she would refer that question to Dr. Steve Cline with the Department.

Representative Nye reported to the committee that there were some counties on Work First that are entitled to some blue ribbons; Alamance, Clay, Dare, Granville, Pamlico, Person, Rutherford, Sampson, Stanly, Stokes, and Surrey.

Dr. Steve Cline, with the Department of Public Health, addressed the committee. He responded to Representative Esposito's question and stated he could not answer her question specifically. It is true that people with HIV are living longer with the disease. They are able to stay in the workforce longer, being productive members and off the program longer, but it doesn't lower the demand for the lower income patients that are currently eligible. They know that when the program is open, they enroll 90 to 100 new patients each month, but they haven't been able to do that since December 15th when they capped the enrollment based on current budget availability.

He continued explaining the handout detailing the program. Eligibility is 125% of the Federal Poverty Level. North Carolina has the lowest eligibility requirement of any state. The legislature authorized raising eligibility level to 150% and then to 175%, however they haven't been able to due to limited resources. They implemented a new information management system that was part of a special provision during the last legislative session. As a result of that, they now have a contract with a pharmacy benefits manager. This gives all enrolled clients a pharmacy card that allows them to take the card to almost

any pharmacy in the state and receive benefits. The advantage to the department is that it is part of an automated electronic system so they can know that day when the program expenditure occurred.

He reviewed the history of expenditures. They participate in the federal rebate programs so they are able to get some money back from the pharmacy manufacturers based on actual expenditures in the state. Senator Forrester asked how many patients there are with AIDS in North Carolina. They estimate about 12,000 patients are living with HIV disease. Senator Forrester asked how many of them are Medicaid patients. Dr. Cline stated he doesn't have that information, because HIV disease is reportable, but it doesn't make a patient eligible for ADAP until they become AIDS disabled. AIDS is an eligibility category for Medicaid. They estimate about one third are Medicaid eligible. He asked if the patients get a three-month supply of medication to reduce dispensing cost. Dr. Cline responded they get a one-month supply because it helps them keep up with it better.

Representative Earle stated she will be attending the National STD Conference and asked if there was something significant about what North Carolina was doing. Dr. Cline responded that North Carolina is one of CDC's Syphilis elimination states. While it isn't directly related to the ADAP program, a patient with Syphilis is five to seven times more likely to contract HIV disease if they are exposed. They are trying to eliminate Syphilis in the state in hopes that it will bring down the HIV rate. They have data that shows when Syphilis goes up, about a year later, HIV goes up in the communities.

Representative Nye asked if the PBM Program was on a contract basis or was a consultant asked to do the work. Dr. Cline responded it was a contract they put on bid and is the same contractor vendor that the Pharmacy Assistance Program uses for the elderly. It has been a very good experience working with them. The eligibility application is sent to the Purchase of Medical Care Unit in the Controllers office and they determine eligibility. They let the Pharmacy Benefits Manager know whether or not the client is eligible. They keep a current list of who is eligible.

Dr. Richard Visingardi, Director of the Division of Mental Health, Developmental Disabled, and Substance Abuse Services (MH/DD/SAS), was recognized to address the Committee concerning the Mental Health Trust Fund. (See Attachments 3 and 4) He gave a brief history of the fund and talked also about the general direction of moving from state facility based services to community-based supports, services, care and treatment. The Bridge concept includes two necessary and key funding mechanisms—the MH/DD/SA Trust Fund, and Realignment/Community Capacity Reinvestment.

Representative Nye asked if there were any questions for Dr. Visingardi and stated he had a question concerning Whitaker School. He pointed out that they were planning to close the school because of the building and it appears to him that when there are thirty-five students coming from training schools, group homes, psychiatric hospitals, one coming out of the community, and four from private hospitals, it would be better to add an area to the training school for these students than to build a new facility. Dr.

Visingardi's response was that in the future the students might be coming from other areas.

Representative Insko asked Dr. Visingardi if he had been in his job as director long enough to make an assessment of bridge money needed over the next few years to accomplish what they want to accomplish. He said he doesn't feel qualified in making an assessment now, but the key thing is to stay focused so that those funds that are currently being expended in state based programs will transfer with people into the community. Some states have made errors by looking at pure cost saving measures. It is moving dollars into the community because the long-range benefit is there will not be the front door demand and communities will learn how to support people with disabilities. The second thing that he needs to study more and understand is what the current provider systems and area programs are doing so he can look at what models of practice they are applying to see what the volume and cost is to help with better efficiency to produce a better return. Dr. Visingardi ended his presentation.

Rep. Nye stated the members had a handout of block grant changes to take home to read and it would not be on the program.

Rep. Nye stated the committee was ready to hear public comments and asked if anyone wanted to make a public comment concerning anything discussed in the meeting or in the meeting on the preceding day.

Ms. Louise Fisher, advocate for the mentally ill, stated that is sounded good to hear that the money would follow patients from the facilities to the community, but she wanted to see it happen. Her concern is that there are people in community that are not getting adequate services now, so what will happen to the ones coming from state institutions.

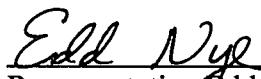
Ms. Melissa Bishop Murphy, Pfizer Drug Company, addressed the committee concerning the Medicaid Prior Approval process to be implemented March 4, 2002. She stated the state of Georgia had tried this process and did not have good results. They spent over one million dollars on the prior approval request and 90% of the requests were approved. They were not saving any money with prior authorization in Georgia. She stated clearly the Medicaid had a serious task to reduce the Medicaid budget. Pfizer stands ready to help save money without impacting on patient care. There are two opportunities that Pfizer is supportive of to help with this. One is disease management and the other is health literacy. They are asking for a postponement of the March 4, 2002 implementation of the prior approval process to give the industry and Pfizer time to meet with the Department to come up with other alternatives to save money. Rep. Nye asked that she provide a copy of what they have done in disease management and health literacy in other states to the Department. She stated she was planning to meet with the Department and would give them that information. She stated that prior approval could be of benefit in certain situations such as when there is a real problem with a particular drug. In Georgia currently they do have prior approval but it is for a very small list of drugs and was developed with local pharmacist, physicians, and the industry. Rep. Nye asked Ms. Bishop-Murphy if Pfizer had a low income, senior citizen program as some other

companies have. Ms. Bishop-Murphy stated Pfizer has a program coming out March 1st. called the Pfizer Share Card. This allows them to receive their prescription for \$15.00. This money goes for the dispensing fee. Representative Earle noted there are about five or six other drug companies that have similar programs.

Senator Moore asked for staff direction concerning the Step Treatment Program discussed the previous day. He said it seems that the Patients Bill of Rights for private insurance prohibits this and yet the Department seems to be including it for Medicaid. He expressed confusion and would like staff analysis concerning this. Rep. Nye stated he would ask Ms. Linda Attarian, staff attorney, to look into this. Senator Moore told the members he handed out to each of them a copy of a letter he received from a Certified Pharmacy Technician concerning Medicaid recipients. He asked if staff could further analyze whether or not there could be local flexibility in the Medicaid program at the local level for determining whether or not someone should or should not qualify for treatments. He stated that in talking to his local departments of Social Services, pharmacists, and others that if there could be some input, there could be some better priority setting at the local level. He requested that there be discussion between staff and the Department to see if this is permissible. Rep. Nye asked if he had shared the letter with the Department and stated he would ask staff to look into it.

Mr. George Erving, Taskforce Chairman for the Pharmaceutical Manufacturers in North Carolina, stated that for the record he wanted to say that all of the participating Pharmaceutical Companies in the Taskforce have patient assistance programs that are unparalleled in both their dollar and prescription effort levels to citizens in the state. Rep. Nye responded that he would furnish him a copy of the letter Senator Moore gave to the Committee so he could ask his association to review it to see if the person written about in the letter might be eligible for some of the free drugs.

The meeting was adjourned at 10:45 A.M.



Representative Edd Nye, Co-Chair



Jo Bobbitt, Committee Assistant

Work First Caseload Report

July 2001 - February 2002											
County	WFFA Caseload 07/01/01	WFFA Caseload 08/01/01	WFFA Caseload 09/01/01	WFFA Caseload 10/01/01	WFFA Caseload 11/01/01	WFFA Caseload 12/01/01	WFFA Caseload 01/01/02	% Change SFY 2001 7/01-1/02	WFFA Caseload 02/01/02	Case Difference 7/01-2/02	% Change SFY 2001 7/01-2/02
Alamance	407	435	473	467	476	477	516	26.78%	534	127	23.78%
Alexander	110	108	114	119	127	141	125	13.64%	133	23	17.29%
Alleghany	38	34	37	35	34	34	37	-2.63%	36	-2	-5.56%
Anson	182	188	195	185	187	176	171	-6.04%	150	-32	-21.33%
Ashe	47	44	41	44	43	43	44	-6.38%	48	1	2.08%
Avery	41	39	39	34	35	40	48	17.07%	46	5	10.87%
Beaufort	310	320	336	335	324	320	322	3.87%	318	8	2.52%
Bertie	216	211	217	216	221	228	230	6.48%	227	11	4.85%
Bladen	292	298	310	309	322	327	320	9.59%	315	23	7.30%
Brunswick	410	393	411	391	424	425	443	8.05%	476	66	13.87%
Buncombe	647	622	631	602	598	605	599	-7.42%	622	-25	-4.02%
Burke	294	273	279	267	276	293	302	2.72%	308	14	4.55%
Cabarrus	271	270	273	279	276	287	290	7.01%	282	11	3.90%
Caldwell (E)	171	166	176	178	182	181	188	9.94%	180	9	5.00%
Camden	31	27	30	28	28	26	27	-12.90%	27	-4	-14.81%
Carteret	192	182	200	202	203	199	207	7.81%	212	20	9.43%
Caswell (E)	138	139	138	138	153	154	157	13.77%	155	17	10.97%
Catawba	395	408	431	429	451	446	437	10.63%	443	48	10.84%
Chatham	140	137	132	134	142	143	151	7.86%	155	15	9.68%
Cherokee	58	53	47	48	47	53	51	-12.07%	56	-2	-3.57%
Chowan	206	207	218	202	199	207	203	-1.46%	200	-6	-3.00%
Clay	10	10	11	9	11	10	13	30.00%	13	3	23.08%
Cleveland	549	582	583	578	611	629	653	18.94%	631	82	13.00%
Columbus	549	565	560	538	550	559	570	3.83%	592	43	7.26%
Craven	515	512	533	528	547	564	552	7.18%	534	19	3.56%
Cumberland	2,246	2,301	2,292	2,331	2,336	2,310	2,288	1.87%	2,285	39	1.71%
Currituck	43	48	51	48	50	50	52	20.93%	51	8	15.69%
Dare	41	43	50	45	54	56	61	48.78%	60	19	31.67%
Davidson	366	358	365	376	380	386	383	4.64%	369	3	0.81%
Davie (E)	91	98	102	97	96	106	109	19.78%	108	17	15.74%
Duplin	302	281	276	283	302	310	324	7.28%	336	34	10.12%
Durham	1,368	1,351	1,398	1,377	1,457	1,461	1,441	5.34%	1,420	52	3.66%
Edgecombe	647	604	618	617	627	650	623	-3.71%	643	-4	-0.62%
Forsyth	1,972	1,954	1,975	1,951	1,962	1,981	1,965	-0.35%	1,997	25	1.25%
Franklin	210	201	201	209	210	210	205	-2.38%	203	-5	-2.44%
Gaston	1,098	1,126	1,144	1,161	1,234	1,254	1,231	12.11%	1,231	133	10.80%
Gates	39	32	29	33	30	30	32	-17.95%	30	-9	-30.00%
Graham	27	25	25	24	23	24	22	-18.52%	21	-6	-28.57%
Granville	285	287	306	312	338	359	357	25.26%	362	77	21.27%
Greene	141	133	143	143	150	165	169	19.86%	162	21	12.96%

Work First Caseload Report

July 2001 - February 2002

County	WFFA Caseload 07/01/01	WFFA Caseload 08/01/01	WFFA Caseload 09/01/01	WFFA Caseload 10/01/01	WFFA Caseload 11/01/01	WFFA Caseload 12/01/01	WFFA Caseload 01/01/02	% Change SFY 2001 7/01-1/02	WFFA Caseload 02/01/02	Case Difference 7/01-2/02	% Change SFY 2001 7/01-2/02
Gulford	2,310	2,335	2,393	2,423	2,491	2,594	2,603	12.68%	2633	323	12.27%
Hallfax	953	972	961	936	944	952	947	-0.63%	906	-47	-5.19%
Harnett	444	432	438	416	440	446	468	5.41%	484	40	8.26%
Haywood	242	233	231	238	240	227	223	-7.85%	242	0	0.00%
Henderson (E)	327	335	339	341	328	322	319	-2.45%	325	-2	-0.62%
Hertford	213	215	217	207	212	203	208	-2.35%	204	-8	-4.41%
Hoke	265	266	274	277	269	279	281	6.04%	266	1	0.38%
Hyde	52	52	52	51	49	48	49	-5.77%	50	-2	-4.00%
Iredell (E)	251	247	259	262	260	259	250	-0.40%	246	-5	-2.03%
Jackson	90	86	86	83	80	82	81	-10.00%	79	-11	-13.92%
Johnston	512	497	530	536	539	552	553	8.01%	560	48	8.57%
Jones	69	69	65	63	68	69	65	-5.80%	66	-3	-4.55%
Lee	243	249	256	261	256	280	285	17.28%	270	27	10.00%
Lenoir (E)	558	568	574	605	588	595	592	6.09%	565	7	1.24%
Lincoln (E)	225	244	247	252	269	258	262	16.44%	271	46	16.97%
Macon (E)	9	9	11	8	8	7	7	-22.22%	8	-1	-12.50%
Madison	69	75	70	69	62	69	68	-1.45%	59	-10	-16.95%
Martin	234	239	247	254	253	266	264	12.82%	258	24	9.30%
McDowell (E)	129	137	147	151	159	160	151	17.05%	155	26	16.77%
Mecklenburg	4,495	4,666	4,979	5,049	5,207	5,326	5,349	19.00%	5,423	928	17.11%
Mitchell	32	34	33	32	28	28	29	-6.38%	35	3	8.57%
Montgomery	171	176	184	183	195	195	187	9.36%	182	11	6.04%
Moore	200	202	215	210	211	220	201	0.50%	189	-11	-5.50%
Nash	462	446	477	487	498	487	484	4.76%	472	10	2.12%
New Hanover	867	879	884	895	914	934	948	9.34%	952	85	8.93%
Northampton	280	273	271	269	278	297	304	8.57%	303	23	7.59%
Onslow	488	494	527	511	493	513	515	5.53%	517	29	5.61%
Orange	330	325	323	316	318	335	331	0.30%	320	-10	-3.13%
Pamlico	55	51	49	57	59	61	64	16.36%	73	18	24.66%
Pasquotank	287	280	275	266	288	292	295	2.79%	301	14	4.65%
Pender	172	175	191	190	192	207	207	20.35%	196	24	12.24%
Perquimans	115	106	102	103	102	104	108	-6.09%	114	-1	-0.88%
Person	161	162	171	167	180	187	188	16.77%	200	39	19.50%
Pitt	1,162	1,178	1,143	1,158	1,138	1,152	1,118	-3.79%	1,109	-53	-4.78%
Polk	43	40	42	39	39	37	40	-6.98%	40	-3	-7.50%
Randolph (E)	408	410	423	407	414	424	404	-0.98%	385	-23	-5.97%
Richmond	452	455	474	460	443	432	422	-6.64%	420	-32	-7.62%
Robeson	1,738	1,725	1,708	1,736	1,760	1,821	1,852	6.56%	1,876	138	7.36%
Rockingham	572	582	603	609	620	608	586	2.45%	585	13	2.22%
Rowan	599	611	606	657	672	666	674	12.52%	656	57	8.69%

CASELOADS COBYCO JUL-Feb 02
2/27/2002

(E = Electing County)

Work First Caseload Report

July 2001 - February 2002												
County	WFFA Caseload 07/01/01	WFFA Caseload 08/01/01	WFFA Caseload 09/01/01	WFFA Caseload 10/01/01	WFFA Caseload 11/01/01	WFFA Caseload 12/01/01	WFFA Caseload 01/01/02	% Change SFY 2001 7/01-1/02	WFFA Caseload 02/01/02	Case Difference 7/01-2/02	% Change SFY 2001 7/01-2/02	
Rutherford	379	393	392	414	418	423	431	13.72%	439	60	13.67%	
Sampson (E)	115	132	143	145	151	176	173	50.43%	176	61	34.66%	
Scotland	438	443	445	437	436	439	443	1.14%	422	-16	-3.79%	
Stanly	114	109	107	113	131	137	136	19.30%	146	32	21.92%	
Stokes	91	99	98	102	100	95	104	14.29%	112	21	18.75%	
Surry (E)	134	125	130	137	139	152	149	11.19%	142	8	5.63%	
Swain	68	65	69	74	79	80	69	1.07%	69	1	1.45%	
Transylvania	73	67	67	63	69	72	83	13.70%	83	10	12.05%	
Tyrrell	25	22	23	22	21	21	21	-10.00%	19	-6	-31.58%	
Union	442	438	440	439	463	471	489	10.63%	475	33	6.95%	
Vance	676	681	681	654	658	652	635	-6.07%	630	-46	-7.30%	
Wake	2,275	2,391	2,536	2,549	2,579	2,601	2,611	14.77%	2,532	257	10.15%	
Warren	197	206	197	200	211	204	211	7.11%	199	2	1.01%	
Washington	137	139	139	154	152	155	154	12.41%	146	9	6.16%	
Watauga	38	35	31	30	30	29	31	-18.42%	33	-5	-15.15%	
Wayne	611	601	623	614	641	681	662	8.35%	645	34	5.27%	
Wilkes (E)	265	264	272	271	264	268	270	1.89%	274	9	3.28%	
Wilson	497	475	483	480	471	460	476	-4.23%	491	-6	-1.22%	
Yadkin	39	39	34	34	31	32	33	-15.38%	36	-3	-8.33%	
Yancey	36	36	37	35	39	40	35	-2.78%	37	1	2.70%	
Statewide	42,029	42,355	43,414	43,503	44,363	45,081	45,116	7.34%	45,084	3055	6.78%	
Increase		326	1,059	89	860	718	35	0.08%	-32		-0.07%	
% Increase		0.78%	2.50%	0.21%	1.98%	1.62%	0.08%					

Projected (Economic Turndown)

Actual/Projection (Worst Case Scenario)

Month	Households Reported on 1st of Month	Total Recipients	Projected Reg. Run & 1st Accum. Pymts.	Avg. Pmnt	Estimated Monthly Payout	Budget Prorated over 12 Mos.	Difference from Estimated Monthly Payout and Prorated Budget	Percent Exp. Increase over prior month
Jul-01	42,029	99,711	45,991	236.00	10,807,871	12,321,549	1,513,678	
Aug-01	42,355	102,581	47,109	237.98	11,210,768	12,321,549	1,110,781	103.73%
Sep-01	43,414	101,862	46,773	235.90	11,033,779	12,321,549	1,287,770	98.42%
Oct-01	43,503	106,482	48,564	240.60	11,684,477	12,321,549	637,072	105.90%
Nov-01	44,363	105,530	48,144	237.34	11,426,322	12,321,549	895,227	97.79%
Dec-01	45,081	107,347	48,870	239.88	11,723,536	12,321,549	598,013	102.60%
Jan-02	45,116	108,413	49,260	237.98	11,723,023	12,321,549	598,526	100.00%
Feb-02	45,084		50,457	241.80	12,200,503	12,321,549	121,046	
Mar-02			52,520	241.80	12,699,336	12,321,549	(175,400)	
Apr-02			53,796	241.80	13,007,873	12,321,549	(479,101)	
May-02			55,103	241.80	13,323,905	12,321,549	(790,056)	
Jun-02			56,442	241.80	13,647,676	12,321,543	(1,108,754)	
Totals					\$144,489,069	147,858,582	\$4,208,802	Estimated Balance

Fiscal Year 2001-02 Funding	
Work First Cash Assistance	\$114,181,958
State Fund	22,000,000
Cash Assistance Reserve	11,676,624
Total Available	\$147,858,582

Note:

Areas shaded in gray are final figures for the respective month.

S.L. 2001-424 (S-1005), Section 5.1 (v)---TANF CASH ASSISTANCE RESERVE

SECTION 5.1.(v) The sum of nine million one hundred forty-seven thousand six hundred thirty-one dollars (\$9,147,631) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Cash Assistance Reserve may only be used for cash assistance payment if the funds appropriated in this act for cash assistance payments are not sufficient to pay Work First cash assistance in the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

The sum of two million five hundred twenty-eight thousand nine hundred ninety-three dollars (\$2,528,993) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Cash Assistance Reserve shall be held in the Cash Assistance Reserve until the Department of Health and Human Services and the Office of State Budget and Management can certify that these funds are not needed to ensure the continuation of the Work First Family Assistance payments to recipients during the 2001-2002 fiscal year. These funds may be used only for the payment of Work First Family Assistance and the allocations listed in this subsection.

If the Department of Health and Human Services and the Office of State Budget and Management certify that these funds are not needed to ensure the continuation of Work First Family Assistance payments, the Department may make the following transfers from the Cash Assistance Reserve:

(1)	Reduction of out-of-wedlock births.	\$160,000
(2)	Work First Job Retention - Rural Center (\$30,000) Work Central Career Center (\$20,000)	\$50,000
(3)	Teen Pregnancy Prevention	\$223,926
(4)	Work First Housing Initiative	\$300,000
(5)	Domestic Violence Prevention and Awareness	\$100,000
(6)	Intensive Family Preservation Program	\$200,000
(7)	Work First Boys and Girls Clubs	\$100,000
(8)	Support Our Students	\$275,674
(9)	Residential Substance Abuse Services for Women with Children	\$500,000
(10)	Domestic Violence Services for Work First Families	\$200,000
(11)	After School Services for At-Risk Children	\$300,000
(12)	Individual Development Accounts	\$20,000

S.L. 2001-513 (H-231) Section 33 --- **CASH ASSISTANCE PAYMENTS**

SECTION 33. Section 5.1 of S.L. 2001-424 is amended by adding a new subsection to read:

"SECTION 5.1.(bb) If the Department of Health and Human Services determines that sufficient funds are not available within the Work First Cash Assistance Program and the Cash Assistance Reserve to provide cash assistance payments to all eligible families in the 2001-2002 fiscal year, the Department may reduce the allocations under the TANF Block Grant in this section to non cash assistance programs and services in order to ensure that cash assistance payments to all eligible families continue throughout the 2001-2002 fiscal year."

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT FUNDED
ITEMS NOT ALLOCATED
2/25/2002**

Line Item	Amount
Allocation for Work First Housing Initiative for New Programs	900,000
After School Services for At-Risk Programs for New Programs	2,100,000
Individual Development Accounts	180,000
Total	\$3,180,000

ADAP Increased Utilization

Reasons Suggested by ADAP Staff and Providers

- Economic recession resulting in increased demand for public assistance programs (Nationally ~14 states have had to close or cap ADAP programs)
- 30% Increase in AIDS cases reported in 2001
- Improved HIV medication options resulting in more patients living longer and using medications longer
- Some new treatment protocols require more frequent patient visits
- Improved medications adherence

Projected ADAP Expenditures

	2000-01	2001-02 (Projected)	2001-02 (July-Dec) Expended	2001-02 (Revised Projected)
State Approp	\$5,375,195	\$6,855,195	\$2,040,216	\$6,855,195
Federal Budget	\$7,526,327	\$9,866,900	\$9,309,396 (includes rebates)	\$11,266,491
Rebates	\$1,299,335	\$1,672,210		\$2,000,000
Total Expend	\$13,819,394	\$18,394,305	\$11,349,612	\$20,121,686

History of ADAP Expenditures

	1997-98	1998-99	1999-2000	2000-01
State Approp	\$771,037	\$8,771,037	\$11,422,585	\$5,375,195
Federal Budget	\$4,062,280	\$4,498,516	\$6,371,503	\$7,526,327
State Expend	\$2,664,114	\$2,949,913	\$4,920,224	\$5,214,255
Fed + Rebate Expend	\$3,640,657	\$3,927,134	\$4,989,924	\$8,605,139
Total Expend	\$6,304,771	\$6,877,047	\$9,910,148	\$13,819,394
Authorized	1,776	2,315	2,630	3,401
Served	1,381	1,578	1,895	2,443

ADAP Information Management System

- Operational in July 2001
- Patterned after the Prescription Drug Assistance Program for the Elderly
- Contract for automated claims processing with pharmacy benefits management company
- Utilization data available upon demand
- Utilization data integrated with Purchase of Medical Care demographic data through periodic report generation
- State Budget certification of ADAP Information Management System received 1/25/02

ADAP - Family Income Eligibility

Family Size	Family Income 100% FPL	Family Income 125% FPL	Family Income 150% FPL	Family Income 175% FPL	Family Income 200% FPL
1	\$8,590	\$10,738	\$12,885	\$15,033	\$17,180
2	\$11,610	\$14,513	\$17,415	\$20,318	\$23,220
3	\$14,630	\$18,288	\$21,945	\$25,603	\$29,260
4	\$17,650	\$22,063	\$26,475	\$30,888	\$35,300

AIDS Drug Assistance Program (ADAP)

- Administered by the HIV/STD Prevention and Care Branch, Epidemiology Section, Division of Public Health
- Eligibility is 125% of the Federal Poverty Level - North Carolina has the lowest eligibility requirement of any state
- 3,401 Individuals authorized for the program in FY2001
- 2,443 Individuals Served by the program during FY2001 -- 72% of those authorized
- Cost per Client FY2001 - \$1,247 per month per client
- \$13,819,394 Expended for FY2001

FACT SHEET: The North Carolina HIV Medications Program (ADAP)
North Carolina Division of Public Health – HIV/STD Prevention and Care Branch

What is the North Carolina HIV Medications Program?

The North Carolina HIV Medications Program, also referred to as the AIDS Drug Assistance Program (ADAP), uses a combination of State and federal funds to provide low-income residents of the State with assistance in purchasing medications to fight HIV/AIDS and the opportunistic infections which often accompany the disease.

Who is eligible to participate in the Program?

In order for someone to be eligible for ADAP, the individual must:

- Be HIV+ (have HIV disease or AIDS);
- Reside in North Carolina;
- Have a net family income that is at or below 125% of the federal poverty level (see the back of this page for the current FPL for various family sizes);
- Not have any other third-party coverage (e.g., private insurance or Medicaid) that pays for medications; and,
- Have a (or several) prescription(s) for medications that are included in the ADAP formulary (list of drugs that the Program will pay for) – (The medications provided under this Program are limited to those specifically related to the diagnosis and treatment of HIV disease/AIDS - see the back of this page for the current ADAP formulary)

How does someone apply to and get into the Program?

An individual who wants to apply for ADAP coverage should talk to their clinician or the person in the office who deals with bills and/or insurance, their HIV case manager, or someone at one of NC's 14 HIV Care Consortia, at any local/public health department, or at an AIDS service organization/agency. The applicant, with the assistance of these individuals, will complete two forms; one to establish that the individual qualifies financially for the Program, and one to document their HIV+ status and their need for medications provided under this Program. The forms are then sent to the Program for a final determination of eligibility. If the individual is determined to be eligible, they will receive a Program ID card that will enable them to go to their pharmacy and get the medications prescribed for them by their medical care provider that are on the Program formulary.

Is there any cost to the individual?

There is no cost to the individual covered under this Program for the drugs that are on the Program's formulary. The individual is responsible for the cost of any other drugs that they receive which are not covered by the Program.

How does someone get more information about the HIV Medications Program?

For more information about the HIV Medications Program, you may call:

- Arthur Okrent – Manager, AIDS Care Unit, HIV/STD Prevention and Care Branch – (919) 715-3118
- Jenny Seykora – Head, Authorization Unit, Office of Purchase of Medical Care Services – (919) 733-6298

Pharmacies that have questions about the ADAP Program may also call:

- Andy Barrett – Pharmacy Network National Corporation (PNNC) – (919) 876-4642 or 1 (800) 331-7108

[Please see the other side of this page for additional information]

Family Size / Federal Poverty Level (\$)								
2001								
	1	2	3	4	5	6	7	Each add. Person
100%	8,590	11,610	14,630	17,650	20,670	23,690	26,710	Add 3,020
125%	10,738	14,513	18,288	22,063	25,838	29,613	33,388	Add 3,775
150%	12,885	17,415	21,945	26,475	31,005	35,535	40,065	Add 4,530
175%	15,033	20,318	25,603	30,888	36,173	41,458	46,743	Add 5,285
200%	17,180	23,220	29,260	35,300	41,340	47,380	53,420	Add 6,040

Note: As of November 2001, NC's ADAP eligibility is at or below 125% of the FPL

HIV MEDICATIONS PROGRAM
Listing of Covered Medications
As of November, 2001

antiretrovirals (FDA approved):

stavudine (d4T) - Zerit	zidovudine (AZT) - Retrovir
lamivudine (3TC) - Epivir	didanosine (ddI) - Videx
zalcitbine (ddC) - Hivid	saquinivir - Invirase, Fortovase
ritonavir - Norvir	indinavir - Crixivan
nevirapine - Viramune	nelfinavir - Viracept
delavirdine - Rescriptor	zidovudine and lamivudine - Combivir
efavirenz - Sustiva	abacavir - Ziagen
amprenavir - Agenerase	lopinavir/ritonavir - Kaletra
zidovudine, lamivudine and abacavir - Trizivir	tenofovir - Viread

other medications:

acyclovir - Zovirax	atovaquone - Mepron	azithromycin - Zithromax
clarithromycin - Biaxin	clindamycin - Cleocin	dapsone (DDS) - Dapsone
ethambutol - Myambutol	fluconazole - Diflucan	ganciclovir (DHPG) - Cytovene
hydroxyurea	itraconazole - Sporanox	ketoconazole - Nizoral
leucovorin	nystatin - Mycostatin, Nilstat	paromomycin - Humatin
pentamidine - NebuPent	pyramethamine - Daraprim	rifabutin - Mycobutin
sulfadiazine	omeprazole - Prilosec	lansoprazole - Prevacid
ondansetron hydrochloride - Zofran	Compazine	Phenergan
loperamide	Amitriptyline	Nortriptyline
pancrelipase - Pancreas MT-20	famciclovir - Famvir	valcyclovir - Valtrex
ciproflaxacin hydrochloride - CIPRO	diphenoxylate hydrochloride with atropine sulfate - Lomotil	
sulfamethoxazole/trimethoprim (smx/tmp; tmp-smx) - Bactrim, Septra, Cotrim, Sulfatrim		
valganciclovir hydrochloride - Valcyte		

Decisions about what medications are included within the Program formulary are guided by an HIV Clinical/Medications Advisory Committee. Members of this Committee (clinicians, case managers, HIV program administrators, consumers and others), provide their expertise and perspectives primarily on issues related to the efficacy and importance of new medications. However, they also provide advice on activities related to the operation and effectiveness of the Program. Their perspectives and best thinking on these issues are integrated with considerations about budgetary status and Program/policy regulations and priorities. While final decisions with regard to all of these matters rest with the State agency responsible for administering the Program (i.e., the HIV/STD Prevention and Care Branch of the Division of Public Health, Department of Health and Human Services), the HIV Clinical/Medications Advisory Committee plays an invaluable role in assuring that "real world" experience and expertise are incorporated into the decisions made by and operation of the Program.

[Please see the other side of this page for additional information]

Mental Health, Developmental Disabilities, Substance Abuse Services

Bridge Financing

This document provides a narrative description of the attached spreadsheet summarizing the process of moving from state facility based services to community-based supports, services, care and treatment. The Bridge concept includes two necessary and key funding mechanisms -- the MH/DD/SA Trust Fund, and Realignment/Community Capacity Reinvestment.

The principles of these components of the overall finance strategy necessary for the implementation of the Secretary's State Plan are:

- One-time, short term start-up efforts necessary for community capacity building.
- Ongoing resource support tied to movement of consumers to the communities from the state-operated facilities. This activity is referred to as realignment of funding.
- Creation of services as needed for those consumers who are identified and ready for community placement.
- Establishment of services and expansion of community capacity to divert admissions to state facilities.
- Utilization of initial and ongoing local business plans which are critical in determining the amount of unmet need and community demand that will be financed through both increased efficiencies by the LMEs (and their service providers) and realignment of funding/community capacity reinvestment (state facilities resources to community).
- Flexible and bridge type funding is necessary in order to support individual service plans as outlined through best practices, and emerging best practices, and which include support and recovery models of service delivery.

Expansion of community capacity and client movement from state facilities will be reported as part of the quarterly reports submitted to Legislative Oversight Committee in order to demonstrate parts of the system reform and accountability for use of the trust fund.

Realignment of Funds/Mental Health, Developmental Disabilities and Substance Abuse Services Community Capacity Reinvestment

In the process of moving from state operated facility based services to a comprehensive community based system of supports, services, care and treatment, the realignment of resources will be necessary. This realignment of resources becomes a community capacity reinvestment. Simply stated, as individuals exit state facilities, the financing of their community needs will come directly from the resources that become available as a result of the bed reduction and overall facility downsizing. These funds will then be realigned in a planned effort support the individual as needed in the community and to respond to unmet community need and general community demand (e.g. as a response to

target population and priority service needs). This development equates to community capacity building which is essential to ensure the maintenance of community efforts to provide supports and services to the current and expanding targeted service population.

Each fiscal year, a projection of the financing available for funding realignment will be developed. In conjunction with review and comment from the Coalition, developed criteria will be used for realignment efforts. The criteria will minimally consider 1) estimates of target population as related to service rates through out the state; 2) empirically based information related to population and service needs; and 3) efforts to move forward with regard to local funding fairness considerations. The criteria would be distributed to LMEs as opportunities to request funding. The Coalition will be partners in review and will make recommendations to the Division of MH/DD/SAS Director, who is in turn responsible for the final decision. It also should be noted that the performance of the LME would be considered in any realignment efforts; however, any LME-identified performance problems will not be a hindrance for serving the target population.

Each year, a small portion of the realignment funds will be applied as one-time transition funding. These will be used only if there are no trust funds available. After one time use, these funds will be considered as base realignment funds and will be subject to the same allocation process as described above.

In line with the expressed purpose of the Trust Fund, there is a significant need for bridge funding in the community in order to transition individuals from state facilities to community-based services. Bridge funding will be needed for the full range of services for all ages and disabilities. Bridge funding will be short-term in nature and, in general, recurring funds to support ongoing services will be derived from savings in state institutions, additional Medicaid earnings, potential utilization of CAP slots, and realignment of resources which may occur as a result of eliminating funding disparities in accordance with G.S. 122C-102 from the Reform Bill.

Examples for needs to be addressed by bridge funding include: (a) meaningful employment and supported employment, (b) crisis and emergency services, (c) equipment purchases, (d) rental deposits, (e) specialized adaptive and medical equipment, (f) assessments, (g) short-term inpatient care, (h) day treatment or partial hospitalization, (i) system of care, (j) family and consumer support development, (k) First in Families, and (l) outpatient services.

MH/DD/SA Trust Fund

The expected accomplishments from the use of this trust fund and implementation of this plan as it supports the State Plan are as follows:

- **Child and Family Institutions.** During FY 03, the 36 beds currently in operation at Whitaker School will be closed. As a result, two 18 bed regional facilities will be developed utilizing the Re-Education philosophy. \$1,200,000 in one-time funding from the Trust Fund is requested in SFY 02 to

provide \$600,000 start-up funding for each of the proposed two 18 bed regional facilities. \$44,000 in Trust funds is also requested in SFY 02 to accomplish community service planning for children currently at Whitaker School in preparation for community transition and those on the waiting list. Subsequent years of operation utilize realignment of funds.

II. Adult Mental Health Institutions

- By July 1, 2002, a total of 63 nursing beds at Broughton, Cherry and Umstead hospitals will be eliminated. Movement of these individuals will be to existing private nursing home beds or N.C. Special Care Center. No additional funding requested in SFY 02, as individuals would move into existing but vacant nursing beds.
- 39 beds will be closed at the Wright Building, Dix Hospital by July 1, 2002. Transition plans have been received from the area programs (LMEs) in the South Central Region. Allocations will be made to the region within 90 days from date of approved plans but no later than June 30, 2002, in order to meet the July 1, 2002 timeline for the closure of the Wright Building. \$1,500,000 requested from the Trust in SFY 02 only for bridge funding to develop community resources prior to realizing savings beginning in SFY 03.
- During FY 03, an additional 162 adult and child beds will be eliminated in the state hospitals and community capacity expanded. The bed reductions will include 50 gero-psychiatric beds, 62 adult long-term care beds, 40 nursing beds, and 10 child beds. These bed reductions will result in realignment of funding for community services with no funds required from the Trust.

III. Mental Retardation Centers

- In SFY 03, additional MRC downsizing will occur with an estimated 144 individuals moving from the MRC's into community placements. Individuals leaving the Mental Retardation Centers will be given priority for the CAP-MR/DD program. Cost of serving these individuals in the community will be addressed by the realignment of State facility funds into community services and resources from the Trust Fund are not requested.
- Realignment of Black Mountain Center to a nursing facility in SFY 03 for people with developmental disabilities will require movement of some of the existing residents (12) to the community and limited internal movement of individuals among Mental Retardation Centers. This allows for lower per day cost than current ICF-MR rates received in the MR centers. No trust funds are requested for this change and the cost of community services will be addressed by the realignment of funds from Black Mountain Center to the community.

- **MRC Satellite Homes:** Start-up and short-term operational funds for the development of satellite housing, initially operated by the Division out of the MRC's. Homes would be implemented by the Division to meet needs of hard-to-serve individuals and would eventually be turned over to other providers to operate. Recurring resources for program operations would be generated via savings from State institutions as a result of downsizing and eligibility for Medicaid and other resources. \$2,000,000 is requested from Trust in SFY 02 as start-up funding for 40 community based 5-bed residential facilities (\$50,000 per facility for van, equipment and other one-time start-up costs.). These facilities would allow for the transition of individuals from the MR Centers to community placements, with 200 such placements beginning in SFY 03.

Realignment Funding Investments

- IV. Substance Abuse Institutions – ADATC's - Reinvestment - \$1,900,000 from Trust for renovation and start-up to establish 3 acute detoxification units in the 3 ADATC facilities (estimated \$633,333 per unit).**

Design, renovation and equipment funds to establish 88 acute detoxification and crisis beds in the three state alcohol and drug abuse treatment centers. Establishment of these beds is for the expressed purpose of reducing and diverting 3,700 substance abuse admissions to the state hospitals.

- V. Transition Plan - Reinvestment - \$1,794,891 from Trust in SFY 02**

1. One-time resources to support cost modeling and related technical assistance for service implementation, LME function, family/consumer education under the new State Plan and Reform Bill.
2. One-time resources for non-recurring area program and county model conversion costs associated with updating billing and client reporting in accordance with the DHHS/DMHDDSAS Integrated Payment and Reporting System (IPRS). IPRS allows for tracking of individual client budgets as well as clear delineation of accountability by funding source. It further establishes coordination of funding sources between Medicaid and state/federal allocations thus eliminating duplication of payments.
3. Renovation to NC Special Care Facility allows for the creation of a locked unit so approximately 20 patients can be transferred from the state psychiatric hospital. This change helps address the downsizing of the state hospitals, and identified target populations for the North Carolina Special Care and state hospitals.

VI. Community Capacity Reinvestment

Community Housing - \$3,952,077 in SFY 02 (\$3,563,373 from Trust and \$388,704 from Realigned Funding).

Decent, affordable and adequate community-based housing options continue to be one of the greatest unmet needs throughout the state. Without housing, the structure of community-based services falters and individuals become homeless, enter state facilities or increase stress for family members and support systems. Housing options are also a prerequisite for the movement of individuals into community settings in compliance with the Olmstead decision. With an increase in the supply of community housing options, a number of individuals who reside in more restrictive residential settings could be stepped down to other arrangements, while freeing up the more housing for individuals with needs for greater residential supports. The following benchmarks have been established for implementation:

- Approximately 1,000 people currently residing in the state hospitals have been identified through Olmstead assessments for community placements.
- 100 people currently residing in the MR Centers have been identified through Olmstead assessments for community placements.

In order to accomplish movement and diversion from state facilities, housing investment options include the following. All options require demonstration capacity of appropriate service and/or supports for clients with mh/dd/sa challenges.

- Revolving Loans: In order to develop community living situations, resources must be made available to providers as a facilitating incentive. Start-up costs, leasing, and purchasing make it difficult unless appropriate upfront resources are available. The Trust Fund could be utilized to establish a revolving loan fund, to be paid back by providers desiring to develop community residential options. Loans could be paid back at low interest rates, while the state retains an ownership interest during the repayment period. This would allow development of residential options for individuals waiting for such a community opportunity. These funding options support the development and expansion of inclusive housing options for people with disabilities. The Fund would be revolving and self-sustaining by funds paid back to the state against the initial loan.
- Leveraged Option: An allocation of one-time funding from the Trust Fund could provide for a partnership with the North Carolina Housing Finance Agency to leverage a portion of their Housing Trust Fund or Federal HOME allocation to develop a model for this purpose. Ongoing operating subsidies would be pursued through project based rental assistance, bridge funding until

tenants could access tenant based assistance, etc. Housing Works, Inc., a non-profit entity under contract with the Division, could also serve as a Division partner and intermediary in building housing capacity across disabilities and working with the North Carolina Housing Finance Agency. Housing Works, Inc., has the housing expertise to represent the Division's interest in various business and partner relationships to leverage other Federal, State or private housing resources.

- Grants: Limited funding for relatively minor renovations or repairs which would enable an individual to remain in an independent living situation rather than requiring a more costly out-of-home placement. Small grants of this nature may also be utilized for minor renovation and remodeling to perhaps add one or two beds to an existing residential resource.

Transportation – Separate funds not requested specifically for transportation; funding integrated with overall community services.

Transportation continues to be another highly visible identified unmet need from consumers, family members and service providers. Transportation is a key support to enable individuals to access community-based services and remain in the community. A national problem, transportation must be viewed in terms of overall community need and build the community, not establish isolated transportation options. Options include:

1. Grants: Resources directed to service providers for the one-time purchase of vehicles to improve transportation and service access. This may include vans for group homes, day treatment facilities, developmental day centers, etc.
2. Leveraged Option: Potential for grants to Local Interagency Transportation Councils specifically for the purpose for increasing service access for individuals served in the MHDDSAS system. Funds through local Councils could be leveraged to secure matching grants from Federal and other funding sources.

Attachment II

Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only

SFY 02					
1	2	3	4	5	6
Category & Activities	Realigned Funding	Trust Request	State Med Match	State Only	Net State \$
Child & Family Institutions	0	1,244,000	0	0	0
Adult Mental Health Institutions	388,704	1,500,000	0	0	388,704
Mental Retardation Centers	0	2,000,000	0	0	0
<i>Realigned Funding Investments</i>					
SA Institutions - ADATC's - Reinvestment*	0	1,900,000	0	0	0
Transition Plan - Reinvestment	0	1,794,891	0	0	0
Community Capacity Reinvestment					0
a. Community Housing (MH, DD & SA)	N/A	3,563,373	0	388,704	(388,704)
b. MH, DD & SA Community Capacity	N/A	0	0	0	0
TOTAL	388,704	12,002,264	0	388,704	0

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

**Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only**

1 Category & Activities	SFY 03					
	2 Realigned Funding	3 State \$ Transition	4 State Med Match	5 State Only	6 Net State \$	
Child & Family Institutions	1,220,531	0	319,082	752,500	148,949	
Adult Mental Health Institutions	9,175,038	0	837,747	2,487,223	5,850,068	
Mental Retardation Centers	6,811,186	720,000	6,639,699	0	(548,513)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	84,841	4,887,750	(4,972,591)	
Transition Plan - Reinvestment	0	74,891	0	0	(74,891)	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(403,022)	
TOTAL	17,206,755	794,891	7,881,369	8,127,473	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses	
SFY 02:	\$12,002,264 - From Trust
SFY 03:	\$ 794,891 - From Realignment
SFY 04:	\$ 2,330,000 - From Realignment
SFY 05:	\$ 325,000 - From Realignment
SFY 06:	\$ 320,000 - From Realignment
SFY 07:	\$ 300,000 - From Realignment
TOTAL:	\$16,072,155

**Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only**

1 Category & Activities	SFY 04					
	2 Realigned Funding	3 State \$ Transition	4 State Med Match	5 State Only	6 Net State \$	
Child & Family Institutions	5,206,000	0	742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	23,959,453	0	1,801,835	4,830,573	17,327,045	
Mental Retardation Centers	14,457,524	2,330,000	15,700,954	0	(3,573,430)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(9,363,863)	
TOTAL	43,622,977	2,330,000	18,366,041	13,563,073	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only

SFY 05						
1	2	3	4	5	6	
Category & Activities	Realigned Funding	State \$ Transition	State Med Match	State Only	Net State \$	
Child & Family Institutions	5,206,000	0	742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	41,331,637	0	3,241,725	7,499,773	30,590,139	
Mental Retardation Centers	19,153,503	325,000	19,709,013	0	(880,510)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(25,319,877)	
TOTAL	65,691,140	325,000	23,813,990	16,232,273	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only

1 Category & Activities	SFY 06					
	2 Realigned Funding	3 State \$ Transition	4 State Med Match	5 State Only	6 Net State \$	
Child & Family Institutions	5,206,000		742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	51,384,954	0	4,198,129	9,638,923	37,547,902	
Mental Retardation Centers	20,922,957	320,000	21,635,127	0	(1,032,170)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(32,125,980)	
TOTAL	77,513,911	320,000	26,696,508	18,371,423	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

Trust Plan Request & Utilization Summary
Based on Trust & Realigned Funding Only

SFY 07						
1	2	3	4	5	6	
Category & Activities	Realigned Funding	State \$ Transition	State Med Match	State Only	Net State \$	
Child & Family Institutions	5,206,000	0	742,050	1,750,000	2,713,950	
Adult Mental Health Institutions	55,467,225	0	4,358,214	10,367,023	40,741,988	
Mental Retardation Centers	22,622,796	300,000	23,501,136	0	(1,178,340)	
<i>Realigned Funding Investments</i>						
SA Institutions - ADATC's - Reinvestment*	0	0	121,202	6,982,500	(7,103,702)	
Transition Plan - Reinvestment	0	0	0	0	0	
Community Capacity Reinvestment						
a. Community Housing (MH, DD & SA)	N/A	0	0	0	0	
b. MH, DD & SA Community Capacity	N/A	0	0	0	(35,173,896)	
TOTAL	83,296,021	300,000	28,722,602	19,099,523	0	

*SA = Substance Abuse

* ADATC = Alcohol & Drug Abuse Txt. Centers

One-Time State \$ Transition Expenses
SFY 02: \$12,002,264 - From Trust
SFY 03: \$ 794,891 - From Realignment
SFY 04: \$ 2,330,000 - From Realignment
SFY 05: \$ 325,000 - From Realignment
SFY 06: \$ 320,000 - From Realignment
SFY 07: \$ 300,000 - From Realignment
TOTAL: \$16,072,155

**DIVISION OF CHILD DEVELOPMENT
PROPOSAL TO BUDGET INCREASE IN CCDF FUNDS**

North Carolina's share of the increase in Child Care and Development Fund (CCDF) Block Grant Discretionary Funds for FFY 2002 is \$2,865,155. We are requesting to budget 75% of the increase for the purposes described below for the current state fiscal year. The remaining 25% will be included in the block grant plan for SFY 2003.

Budget New CCDF Funds:

Purpose	Total Increase Available	75% for SFY 2002
Child Care Subsidies	\$2,550,188	\$1,912,641
Quality Initiatives	\$ 171,709	\$ 128,782
Administration	\$ 143,258	\$ 107,443
Totals	\$2,865,155	\$2,148,866

Child care subsidy funds will be allocated to the county departments of social services using the existing child care subsidy allocation formula.

The CCDF requires that at least 4% of the total grant be spent on activities which improve the quality of child development programs. In addition, the grant includes specific quality allocations for designated populations. Of the \$171,709 additional funds which must be spent on quality activities, approximately \$77,000 are increases to the designated allocations for improvements to infant/toddler care, school-age care and resource and referral funding. The remaining \$94,000 is the increase needed to meet the 4% requirement.

CCDF administration funds are capped at 5% of total grant expenditures. These funds are shared by local departments of social services that administer the child care subsidy program and the Division of Child Development. County DSS's may use 4% of their subsidy allocation to support the costs of managing the program, therefore, an increase in their subsidy allocations may result in an increase in administrative costs.

Federal regulations prohibit the use of new CCDF funds to supplant state funds.

**DHHS RECOMMENDED ALLOCATION
CHILD CARE AND DEVELOPMENT FUND (BLOCK GRANT) DISCRETIONARY FUNDS**

CCDF Block Grant - Total Funds

Plan Item	Category	Approved per SB 1005	Total Increase	New Total
.01	Child Care Subsidies	148,343,839	\$ 2,550,188	\$ 150,894,027
.02	Quality and Availability	17,259,661	171,709	17,431,370
.03	Administrative Expenses (Approx. 80% County)	6,550,000	143,258	6,693,258
.04	Transfer TANF to CCDF	76,675,000		76,675,000
		\$ 248,828,500	\$ 2,865,155	\$ 251,693,655
				100.0%
				100.0%
				100.0%
				100.0%

CCDF for State Fiscal Year 2001-02 Only

Plan Item	Category	Approved Per SB 1005	2001-02	2001-02 Total
.01	Child Care Subsidies	148,343,839	\$ 1,912,641	\$ 150,256,480
.02	Quality and Availability	17,259,661	128,782	17,388,443
.03	Administrative Expenses (Approx. 80% County)	6,550,000	107,443	6,657,443
.04	Transfer TANF to CCDF	76,675,000		76,675,000
		\$ 248,828,500	\$ 2,148,866	\$ 250,977,366
				100.0%
				100.0%
				100.0%
				100.0%



North Carolina General Assembly
Senate Chamber
State Legislative Building
Raleigh 27601-2808

SENATOR KENNETH R. MOORE
27TH DISTRICT

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TO: Joint Appropriations Committee Members
Health and Human Services
North Carolina General Assembly

FROM: Senator Ken Moore

DATE: February 27, 2002

SUBJECT: Constituent Letter On Medicaid

I share the attached letter from Valerie Biddix, Certified Pharmacy Technician, Bakersville, NC (Mitchell County).

Her "concerns" are shared and felt by many across my district, and I am sure, across the state.

Thank you.



659 Henredon Plant Road
Spruce Pine, North Carolina 28777
January 10, 2002

N.C. Senator Ken Moore
Room 1419, Legislative Building
Raleigh, North Carolina 27601

Dear Senator Moore

I am writing to tell you about a very special lady named Dianne who lives in Spruce Pine. Dianne has been battling cancer for several years and is once again facing major surgery in her struggle. Dianne is in her early 50's, owns her own home, and has been determined to be ineligible for Medicaid assistance. She is unwilling to give up her fight with this disease and therefore is not eligible for Hospice care. Her medication bills are staggering.

I work as a Certified Pharmacy Technician at the drug store Dianne uses. Every day I see Medicaid recipients much healthier than Dianne come by to pick up their diet medications, "nerve" medicines, and other non-life saving prescriptions. Most of these people live in government housing and seem to have resources for cell phones and new model cars.

WHAT IS WRONG WITH THIS PICTURE?

The State Legislature must look at our current Medicaid System. There has to be some way to eliminate the waste and provide assistance to all the "Diannes". Taxpayers have a right to expect that their money is being spent for worthwhile causes.

Thank you in advance for your attention to this matter.

Sincerely,

Valerie Biddix

Valerie Biddix

Joint Appropriations Subcommittee on Health and Human Services

Date: February 28, 2002

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

①

NAME

FIRM OR AGENCY AND ADDRESS

Glenn Wells	DHHS
Sharon Rasmussen	DHHS/DSS
Phelan Beal	DHHS/DSS
Sherry Brascha	DHHS/DSS
Shirley Ferguson	Pharmacia
Wayne Williams	State Budget
Pam Richardson	State Budget
Whitney Davis	State Budget
Bonnie Cramer	State Budget
Mark Johnson	Capitol Group
Rene Vissers	DHHS/omv00501
Annex Horton aka	HHS
Pat Hansen	HHS
John McMillan	HHS PA

Joint Appropriations Subcommittee on Health and Human Services

Date: February 28, 2002

2

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jerry Cooper	NCALA
RICHARD WILLIAMS	NCALA
Thomas Vance Bennett	NCCFTF
Kathy Kaplan	
Mark Smith	GSK
ANN LOPE	DVA
Barbara Casler	MFIS
John Bowditch	Alley Associates
Steve Mitchell	Novartis
Mark Fleming	NC State University
JOSEPH LIBERIA	ASSOC. HOME + HOSPICE CARE of NC
Martha Bowley McConnell	Carolina's Healthcare System
Andy Gill	NCQA
John Goodman	MERCER & ASSOC.

Joint Appropriations Subcommittee on Health and Human Services

Date: February 28, 2002

500

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Martha Lawrence	VIAFO
Dave Robert	The Me
Michelle Rovee	Orange Co. Partnership for Children
George Tawney	Johnson & Johnson
Dick Carlton	Carlton Alexander
DAVID BARNES	Poyner + Spruill LLP
CHRIS SWARD	N+C
Elka Jones	NASW - NC
Laurie Foster	Advocate for Mentally Ill
Julie Hummer	Wellness & Well
Roger Bone	Bone Assoc
K Shipler	Abbott Laboratories, Inc.
Ken Melton	Alley Associates, INC

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES
(Name of Committee or Commission)

Date(s) of Meeting: APRIL 3, 2002

Member: REPRESENTATIVE EDD NYE

Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

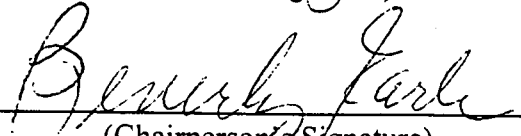
2

Car Mileage (Round Trip)
of round trips

180



(Member's Signature)



(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

None

Number of days subsistence claimed for other meeting(s)

n/a

Car Mileage claimed for other meeting

Yes

No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES
(Name of Committee or Commission)

Date(s) of Meeting: APRIL 9, 2002

Member: REPRESENTATIVE EDD NYE


Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

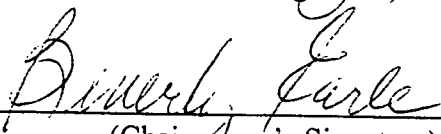
1

Car Mileage (Round Trip)
of round trips

180



(Member's Signature)



(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:
None

Number of days subsistence claimed for other meeting(s) n/a

Car Mileage claimed for other meeting Yes No

COMMITTEE OR COMMISSION

REIMBURSEMENT INFORMATION

APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

(Name of Committee or Commission)

Date(s) of Meeting: APRIL 9, 2002

Member: REPRESENTATIVE BEVERLY EARLE

Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

1

Car Mileage (Round Trip)

of round trips

Beverly Earle
(Member's Signature)

[Signature]
(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of days subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting

Yes

No

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2001-2002 SESSION**

You are hereby notified that the Committee of the **Joint Appropriation/Subcommittee on Health and Human Services** will meet as follows:

DAY & DATE: **Wednesday, April 24, 2002**

TIME: **8:30 am – 4:00 pm**

LOCATION: **Room 643**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Respectfully,

Representatives Rep. Beverly Earle
Representative Edd Nye
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **11:00 am** on **Wednesday, April 17, 2002**.

___ Principal Clerk
___ Reading Clerk - House Chamber

Ann Raeford and Jo Bobbitt (Committee Assistants)

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, April 24, 2002

8:30 A.M.

Room 643, Legislative Office Building

The Appropriations subcommittee on Health and Human Services met on Wednesday, April 24, 2002 at 8:30 A.M. in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye, Representative Beverly Earle, Co-Chairs; Representatives Mark Crawford, Walter Church, Debbie Clary, Billy Creech, Theresa Esposito, Verla Insko, and Thomas Wright. There were five senators present.

Representative Nye called the meeting to order and welcomed committee members and visitors. Attached is the Visitor Registration Sheet that is made a part of the minutes (See Attachment No. 1).

Carmen Hooker Odom, Secretary of Health and Human Resources, was introduced speak to the Committee. Secretary Odom stated she and Lanier Cansler, Deputy Secretary of Health and Human Resources would be presenting a slide presentation representing the mission to reduce the Health and Human Service budget by 330 million dollars. A copy of this presentation is included with the minutes (See Attachment No. 2). She makes clear these are the Governor's options, not the Departments, and that they will seriously impact the Department.

Carol Shaw with Fiscal Research Staff, was recognized to explain to the members of the Committee about the notebooks provided to them. They show the different options available. A notebook titled BUDGET REDUCTIONS 2002-2003 is made a part of these minutes.

Deputy Secretary Cansler addressed the Committee and stated their purpose would be to go through each of the major divisions in the Department one by one and list the options that are being presented. They presented the 11% option, which is the high end of the scale.

He pointed out that the directors of the divisions were in attendance and were available to answer any questions the members might have during the presentation.

The members asked questions and expressed concern with many of the proposed reductions during the presentation.

The meeting was adjourned at 12:00 noon.

Edd Nye
Representative Edd Nye, Co-Chairman

Jo Bobbitt
Jo Bobbitt, Committee Assistant

VISITOR REGISTRATION SHEET

Appropriations Subcmte Health and Human Services

April 24, 2002

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Ken Melton	Alley Associates, Inc.
Roe Savitt	WCCO
Harry Kaplan	
J Ramquist	NC SOS
Matt Pearson	Capital Group
John Bowditch	Alley Associates
Paula A Hoef	Covenant w/WC's Children
Jane Douglas	NC Assoc. of the Deaf
Steve Mitchell	NPC
Jim Roger	Assoc for Home Hospice Care
Rebecca Rowe	NC Assoc. of Local Health Directors
W. Putnam Jr	NEPTA / NCDS

VISITOR REGISTRATION SHEET

Appropriations Subcmte Health and Human Serivces

April 24, 2002

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Patricia A. Yancy

FOR
APPC NC / Carolina Center for Hospice + End of Life Care

Jack Wozart

AHHC

Patrice Rowles

NCALL

DAVID BRUNES

Payson + Spruill

Beth Melchior

NAMC NC

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, April 24, 2002

9:00 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Department of Health and Human Services 2002-2003 Budget Options

Carmen Hooker Odom, Secretary
Lanier Cansler, Deputy Secretary

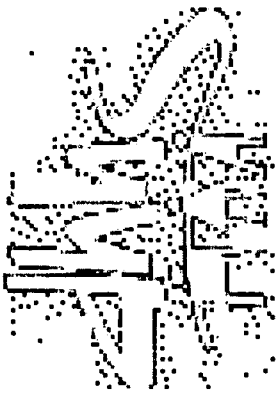
Committee Discussion

Next Meeting

Adjourn

Handout 4-24-02

Attachment No.2



North Carolina Department of Health and Human Services

Presentation to the Joint Subcommittees on
Health and Human Services

APRIL 24, 2002

BUDGET REDUCTION OPTIONS



THE BUDGET REDUCTION OPTIONS SET FORTH IN THIS PRESENTATION ARE OPTIONS PRESENTED AT THE REQUEST OF THE GOVERNOR TO ASSIST IN DEALING WITH THE STATE'S BUDGET CRISIS. THESE OPTIONS ARE NOT TO BE CONSIDERED RECOMMENDATIONS BY THE DEPARTMENT AS THESE REDUCTIONS WOULD IMPACT THE ABILITY OF THE DEPARTMENT TO MANAGE OR CONTINUE MANY IMPORTANT SERVICES FOR NORTH CAROLINA'S MOST VULNERABLE CITIZENS. THE GOVERNOR HAS MADE NO RECOMMENDATIONS WITH RESPECT TO ANY OF THE OPTIONS IN THIS PRESENTATION.



North Carolina Department of Health and Human Services

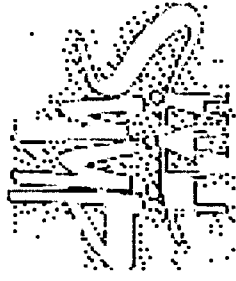
Fiscal Year 2001-02 Budget Adjustments	\$ 77,681,618
Office of the Secretary / Central Administration	\$ 45,649,860
“More at Four”	0
Division of Aging	29,825,449
Division of Child Development	349,713,681
Office of Education Services	77,290,419
Division of Facility Services	16,584,502
Health Choice	24,987,142
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	583,127,626
Division of Public Health	112,142,547
Divisions of Services for the Blind / Deaf and Hard of Hearing	10,344,149
Division of Social Services	192,948,114
Division of Vocational Rehabilitation	41,827,726
Division of Medical Assistance	1,987,547,863



BUDGET REDUCTION OPTIONS

The Department of Health and Human Services was instructed to identify recurring budget reduction options ranging from 7% to 11% of Fiscal Year 2002-03 Appropriations.

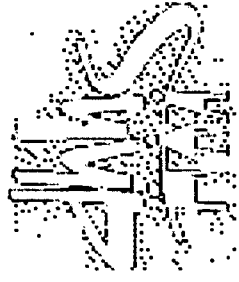
The options set forth in this presentation represent 11% reductions for non-Medicaid appropriations and over 5% reductions for Medicaid appropriations.



BUDGET REDUCTION OPTIONS

In developing these budget reduction options, the departmental divisions were instructed to consider the following:

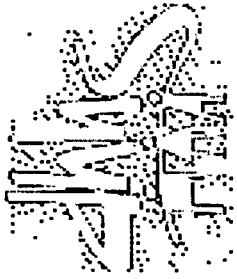
- The Core / Critical Mission of the Division**
- Federal Maintenance of Effort (MOE) Requirements**
- The Impact on Local Governments**



BUDGET REDUCTION OPTIONS

If the options set forth in this presentation are implemented, the reductions will . . .

- **Impact the overall provision of services and the ability of the Department to achieve its mission**
- **Increase the burden on counties to provide services**
- **Increase exposure to the potential for lawsuits**
- **Endanger the State's compliance with Federal Maintenance of Effort (MOE) requirements**
- **Severely impact the State's efforts in mental health reform**



BUDGET REDUCTION OPTIONS

You will see that these budget reduction options will impact . . .

- **Adoption Assistance Programs**
- **Child Care Subsidies for Children in Protective Custody**
- **Area Mental Health Programs**
- **Developmental Evaluation Centers**
- **Home and Community Block Grant services for elderly**
- **Purchase of Care Programs for Cancer, Epilepsy, Early Intervention, Children with Special Needs, and Others**



North Carolina Department of Health and Human Services

Fiscal Year 2002-03 Appropriations		\$ 3,643,680,118
Office of the Secretary / Central Administration	\$ 48,008,705	1.32%
Division of Aging	29,531,910	.81%
Division of Child Development	289,058,396	7.93%
Office of Education Services	69,581,525	1.91%
Division of Facility Services	15,442,236	.42%
Health Choice	37,487,142	1.03%
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	581,068,627	15.95%
Division of Public Health	107,434,083	2.95%
Divisions of Services for the Blind / Deaf and Hard of Hearing	10,168,115	.28%
Division of Social Services	194,763,531	5.34%
Division of Vocational Rehabilitation	42,088,956	1.16%
Division of Medical Assistance	2,219,046,892	60.90%



North Carolina Department of Health and Human Services

Fiscal Year 2002-03 Budget Options	\$ 280,260,350
Office of the Secretary / Central Administration	\$ 41,552,205 \$ (3,165,260)
“More at Four”	6,456,500 0
Division of Aging	29,531,910 (3,105,752)
Division of Child Development	289,058,396 (24,946,926)
Office of Education Services	69,581,525 (3,957,014)
Division of Facility Services	15,442,236 (5,159,586)
Health Choice	37,487,142 0
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	581,068,627 (64,917,549)
Division of Public Health	107,434,083 (18,026,966)
Divisions of Services for the Blind / Deaf and Hard of Hearing	10,168,115 (243,013)
Division of Social Services	194,763,531 (22,272,929)
Division of Vocational Rehabilitation	42,088,956 (4,749,678)
Division of Medical Assistance	2,219,046,892 (129,715,677)



Office of the Secretary / Central Administration

Fiscal Year 2002-03 Appropriations \$ 48,008,705

• **Division of Information Resource Management 41 %**

Includes Payments to ITS / SIPS of \$ 14,803,414

• **Office of the Controller 19 %**

• **“More at Four” Kindergarten Pilot 12 %**

• **Office of Research, Demonstrations, and
Rural Health 12 %**

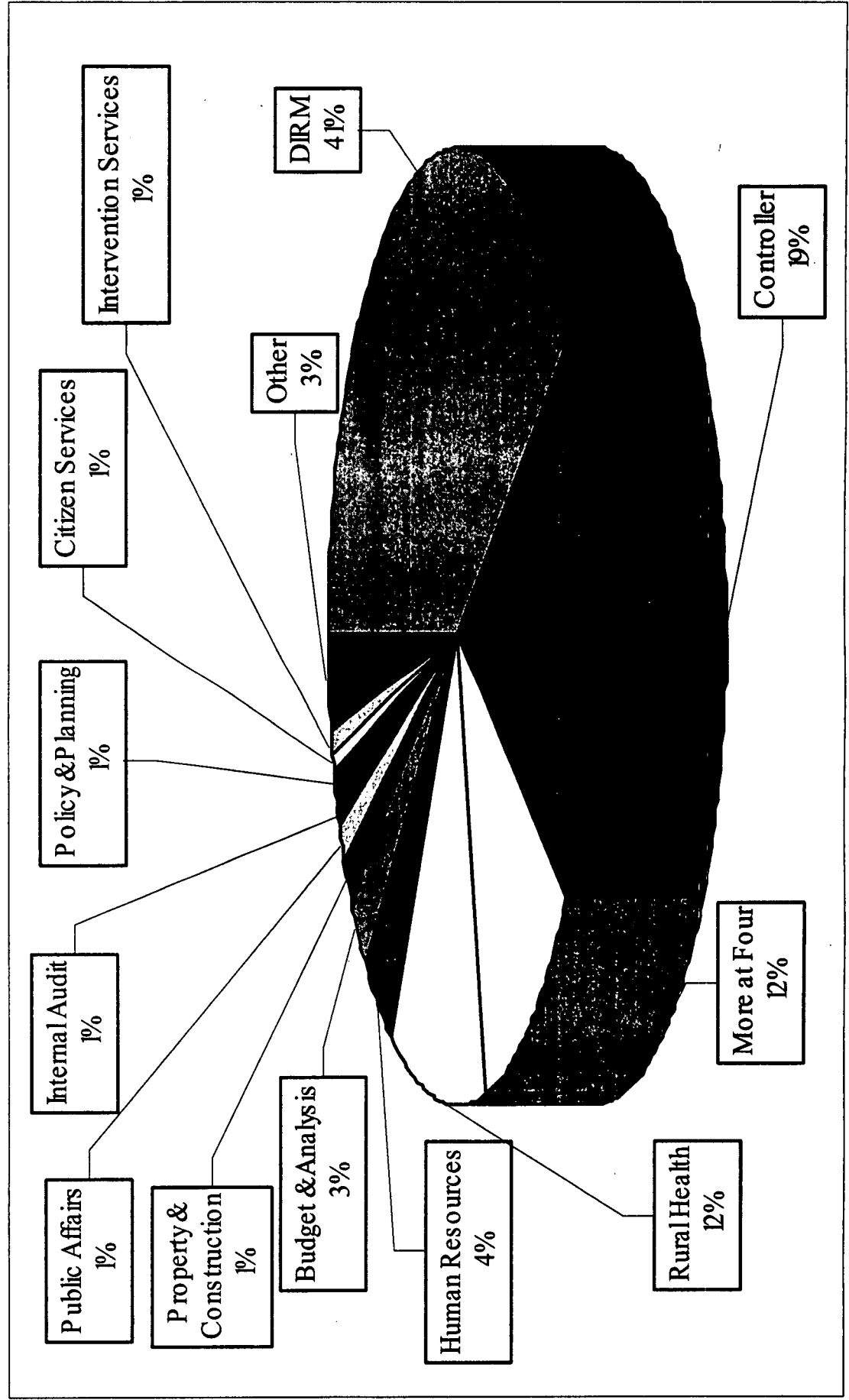
• **Division of Human Resources 4 %**

• **Division of Budget and Analysis 2 %**

• **Intervention Services Unit 1 %**

• **All Other Costs (Includes Offices of Property and
and Construction, Internal Audit, Policy and
Planning, Citizen Services, etc.) 9 %**

Office of the Secretary / Central Administration





Office of the Secretary / Central Administration

Fiscal Year 2002-03 Appropriations	\$ 48,008,705
BUDGET REDUCTION OPTIONS	\$ 3,165,260
NC Council on the Holocaust	\$ 31,016
Controller's Office - 2 Positions	53,000
Office of Research, Demonstrations, and	
Rural Health:	
Reduce Administration Costs	48,109
Eliminate Community Primary Care Grant	118,400
Reduce Loan Repayment Incentive Funds	600,000
Reduce Aid to Clinic Construction	75,000
Reduce Rural Health Center Operational Funding	150,000
DIRM - 11 Positions and Contract Reductions	2,089,735



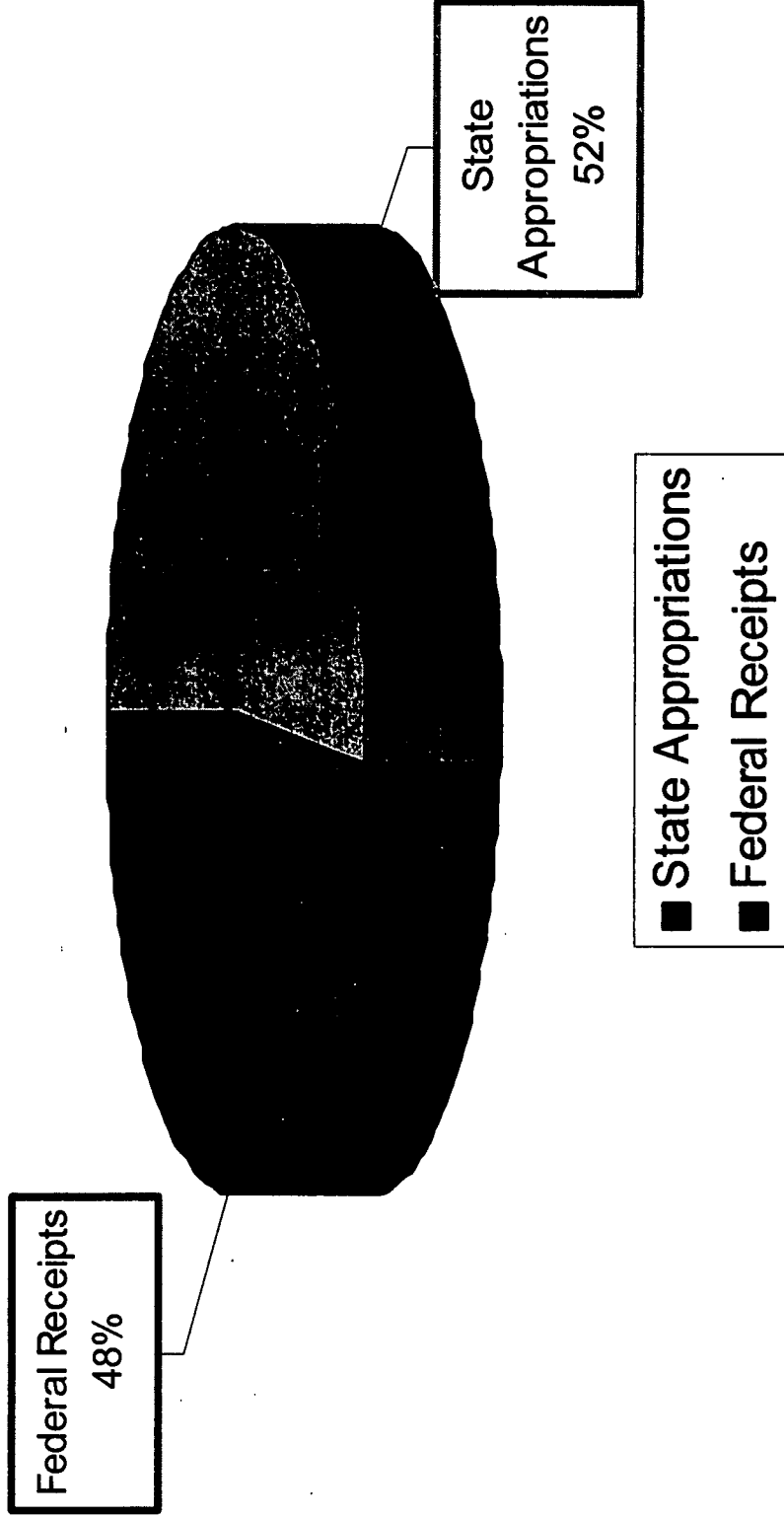
Division of Aging

Fiscal Year 2002-03 Appropriations	\$ 29,531,910
BUDGET REDUCTION OPTIONS	\$ 3,105,752
Home & Community Care Block Grant	
Services	\$ 1,555,436
Senior Center Development and Outreach	
Funds	1,365,316
Senior Games	175,000
Senior Tar Heel Legislature	6,000
Governor's Advisory Council on Aging	4,000



Division of Child Development

NC DIVISION OF CHILD DEVELOPMENT AGENCY BUDGET





Division of Child Development

ALLOCATION OF STATE APPROPRIATIONS

Child Care Subsidy	\$ 61,153,490	21.16%
Smart Start	219,576,442	75.98%
T.E.A.C.H.	2,600,000	.90%
Touching the Lives of Children	300,000	.10%
Head Start Programs	56,286	.02%
General Administration	5,315,218	1.84%



Division of Child Development

Fiscal Year 2002-03 Appropriations	\$ 289,058,396
BUDGET REDUCTION OPTIONS	\$ 24,946,926
NON-"SMART START" OPTIONS	\$ 7,344,811
Reduce CCDF Matching Funds	\$ 600,000
Reduce State Subsidy Funds	2,593,586
Eliminate Early Start Funds	56,286
Reduce funds for T.E.A.C.H	2,600,000
Reduce funds for Touching the Lives	300,000
Reduce Funds for Legal Services	33,658
Reduce Funds for Criminal Record Checks	12,000
Reduce Funds for DCD Administration	399,281
Establish Day Care Licensing Fee	750,000



Division of Child Development

Fiscal Year 2002-03 Appropriations	\$ 289,058,396
BUDGET REDUCTION OPTIONS	\$ 24,946,926
"SMART START" OPTIONS	\$ 17,602,115
Reduce DCD Administration	\$ 36,000
Automation	44,810
Professional Development	16,000
Evaluation	40,000
NC Partnership for Children Administration	386,233
Local Partnership Funds	17,079,072



Office of Education Services

Fiscal Year 2002-03 Appropriations	\$ 69,581,525
BUDGET REDUCTION OPTIONS	\$ 3,957,014
Eliminate Auditory Learning Program	\$ 200,000
Reduce IEP/IFSP Personal Service Contract	100,000
Eliminate CNCSD Maintenance Staff / Costs	416,000
Reduce Capital Improvement Appropriations	701,665
Reduce Education Services Operating Costs	200,143
Eastern School for Deaf - 32 positions	580,713
Reduce Central Preschool - 9 positions	361,164
Western School for Deaf - 13 positions	362,625
Reduce GMS Preschool - 10 positions	365,669



Office of Education Services

Fiscal Year 2002-03 Appropriations	\$ 69,581,525
BUDGET REDUCTION OPTIONS	\$ 3,957,014
(continued)	
Reduce GMS Preschool Operating Costs	\$ 276,094
Abolish GMS Residential Life Positions -	
4 positions	89,576
Governor Morehead School - 7 positions	230,115
Eastern School for Deaf - 3 positions	135,554
Estimated Severance Costs	(62,304)



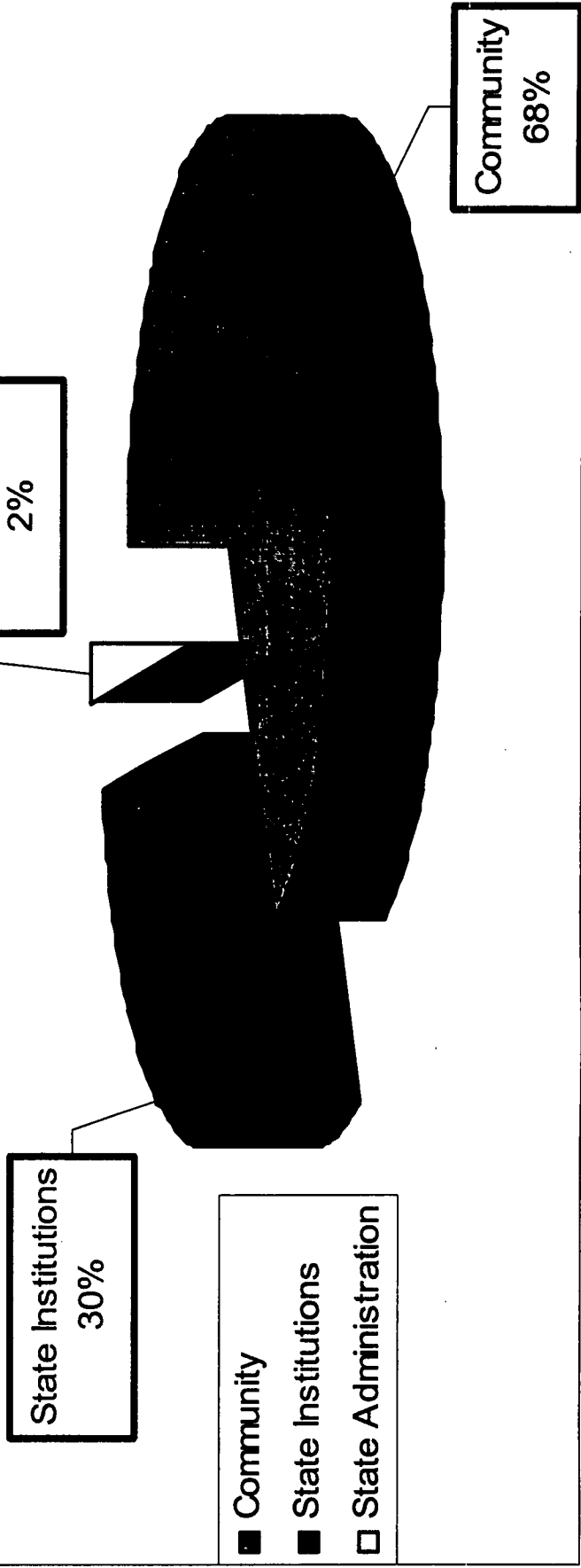
Division of Facility Services

Fiscal Year 2002-03 Appropriations	\$ 15,442,236
BUDGET REDUCTION OPTIONS	\$ 5,159,586
Eliminate Solucient Contract	\$ 54,000
Eliminate Sheps Center (UNC-CH) Contract	90,731
Eliminate Funding for Poison Control Center	1,236,492
Eliminate DOJ Paralegal - 1 position	35,974
Reduce Miscellaneous Contracts	100,000
Reduce Other Operating Costs	126,000
Reduce Travel Costs	150,000
Reduce Staff - 8 positions	368,249
Implement Licensure Fees	2,998,140



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

DISTRIBUTION OF TOTAL MH/DD/SAS SYSTEM RESOURCES



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



COMMUNITY FUNDING BY DISABILITY

- Developmental Disabilities
- Adult Mental Health
- Child Mental Health
- Substance Abuse
- Other Area Program

Other Area Program
17%

Developmental Disabilities
51%

Substance Abuse
7%

Child Mental Health
16%

Adult Mental Health
9%





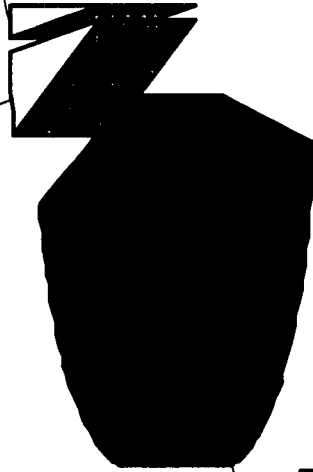
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

INSTITUTION FUNDING BY DISABILITY

- Psychiatric Hospitals / NCSCC
- Mental Retardation Centers
- ADATC's
- Child Mental Health Facilities

Child Mental Health
Facilities
2%

ADATC's
4%



Mental Retardation
Centers
43%

Psychiatric
Hospitals / NCSCC
51%



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

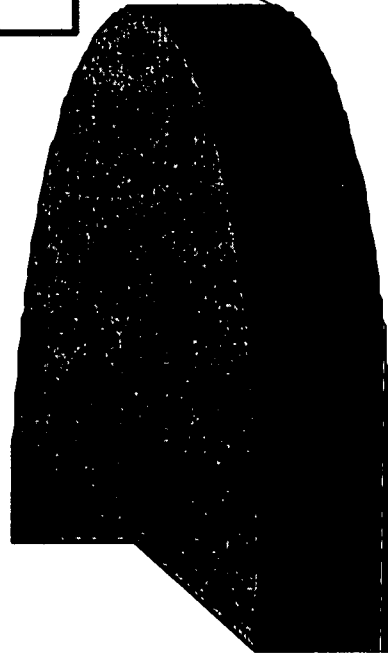
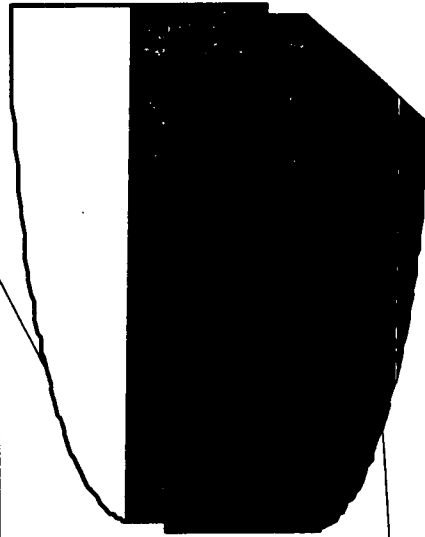
FUNDING OF STATE MENTAL RETARDATION CENTERS

- Medicare / Medicaid
- State Appropriations
- Other Receipts

Other Receipts
24%

Medicare /
Medicaid
54%

State
Appropriations
22%





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

Fiscal Year 2002-03 Appropriations \$ 581,068,627

BUDGET REDUCTION OPTIONS \$ 64,917,549

Child and Family Facility Reductions \$ 45,451

Adult Mental Health State Facility Reductions 2,895,097

Mental Retardation's State Facility Reductions 330,354

Substance Abuse State Facility Reductions 184,818

Increase Institutional Receipts 1,000,000

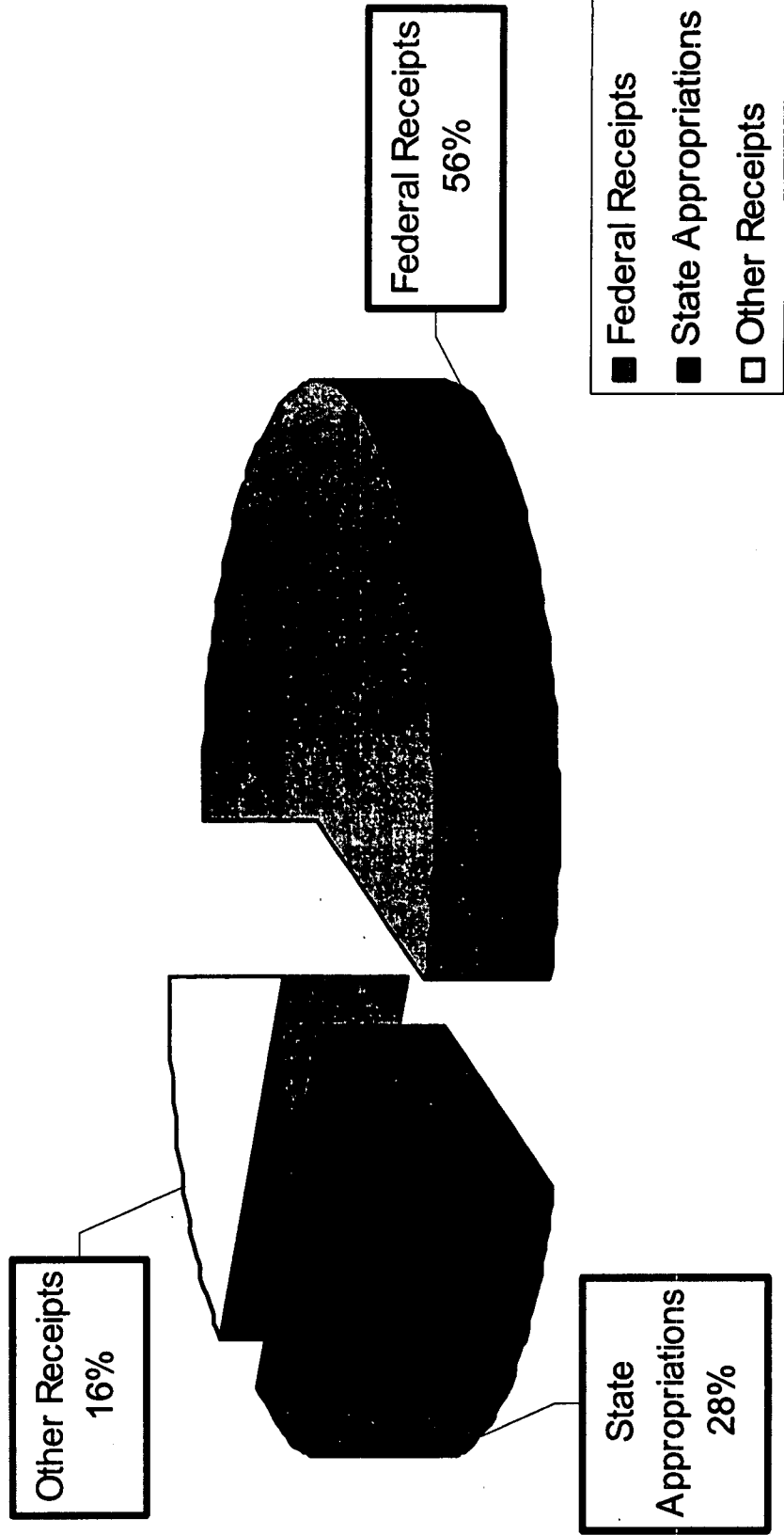
Central Office Administration Reductions 162,013

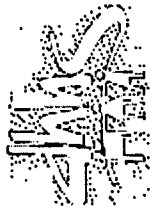
Area Program Reductions 60,299,816

Division of Public Health



SOURCE OF FUNDING





Division of Public Health

BUDGET ALLOCATION

Division
Operations
22%



■ Aid to Counties
■ Divison Operations

Aid to Counties
78%



Division of Public Health

Fiscal Year 2002-03 Appropriations	\$ 107,434,083
BUDGET REDUCTION OPTIONS	\$ 18,026,966
Terminate LabCorp Contract (CD4 Testing)	\$ 30,000
Terminate Dysplasia Contracts	334,700
Terminate Wake Forest Contract (Infant Follow-up)	155,130
Reductions in Women's & Children's Branch	2,413,780
Reductions in Children's and Youth Branch	651,911
Terminate Contract for DEC - Winston Salem	763,000
Close Dusty Trades Program - 4 positions	165,405
Close Prescription Drug Assistance Program	470,000
Close Home Health Purchase of Care - 1 position	3,293,722



Division of Public Health

Fiscal Year 2002-03 Appropriations \$ 107,434,083
BUDGET REDUCTION OPTIONS \$ 18,026,966

(continued)

Close Epilepsy Purchase of Care	\$ 202,166
Close Chronic Renal Disease Purchase of Care	753,704
Close Early Intervention Funds to Area Mental Health Centers	1,905,000
Reduce Cancer Purchase of Care	400,000
Close Morganton DEC - 20.5 positions	1,313,426
Speech and Hearing Services - 1.45 positions	51,868
Children's and Youth Branch - 2 positions	79,020



Division of Public Health

Fiscal Year 2002-03 Appropriations \$ 107,434,083

BUDGET REDUCTION OPTIONS \$ 18,026,966

(continued)

Reduce Operating Costs (Children and Youth Branch)	\$ 52,180
Reduce Children with Special Needs Program	110,000
Reduce Intensive Home Visit Program	500,000

REVENUE ENHANCEMENTS

HIV/STD Care Contracts	38,845
Sickle Cell Contracts	42,096
Immunization Branch Operating Funds	66,659



Division of Public Health

Fiscal Year 2002-03 Appropriations \$ 107,434,083

BUDGET REDUCTION OPTIONS \$ 18,026,966

(REVENUE ENHANCEMENTS - continued)

Community Care Coordination \$ 90,000

State Center for Health Statistics 146,190

Women's Health (POET) 281,257

Oral Health 662,107

Medicaid Administrative Match 400,000

Hepatitis B Vaccine 604,800

State Lab - Newborn Screening 1,000,000

State Lab - Pap Smear Program 1,050,000



Divisions of Services for the Blind / Deaf and Hard of Hearing

Fiscal Year 2002-03 Appropriations \$ 10,168,115
BUDGET REDUCTION OPTIONS \$ 243,013

SERVICES FOR THE BLIND

Reduce Special Assistance for the Blind \$ 158,000
**Reduce Medical Eye Care and Independent
Living Services - 1 position 64,000**

SERVICES FOR THE DEAF AND HARD OF HEARING

**Cost Allocation to Telecommunications Access
of North Carolina 21,013**



Division of Social Services

North Carolina's Social Service System is State Supervised and County Administered

- **General Assembly enacts laws and appropriates funds**
- **Division of Social Services sets policies and regulations**
- **Social Services Commission promulgates administrative rules**
- **Counties set priorities, appropriate funds and deliver services**



Division of Social Services

BUDGET SUMMARY

Fiscal 2001-2002
Authorized
Budget

Total Requirements	\$ 1,286,693,473
Estimated Receipts	\$ 1,098,003,236
State Appropriations	\$ 188,690,237

THE MAJORITY
OF THESE
DOLLARS
ARE PASSED
THRU TO THE
COUNTIES



Division of Social Services

POSITIONS BY FUNCTION

- Child Support Enforcement (63%)
- Children Services (14%)
- Adult and Family Services (4%)
- Hearing and Appeals (2%)
- Economic Independence (8%)
- Administration (9%)

Hearing and Appeals (2%)

Adult and Family Services (4%)

Children Services (14%)

Administration (9%)

Economic Independence (8%)



Child Support Enforcement (63%)



Division of Social Services

Fiscal Year 2002-03 Appropriations	\$ 194,763,531
BUDGET REDUCTION OPTIONS	\$ 22,272,929
Eliminate Adult Services Funds	\$ 50,000
Reduction in Adult Services Operating Costs	50,000
Eliminate Resident Evaluation Services	1,062,037
Reduce State Maternity Home Fund	876,708
Resident Evaluation Services - 4 positions	107,762
Maintain 2001-02 Funding for State/County Special Assistance Payments	2,345,157
Eliminate Adult Home Specialist Fund	1,400,000
Eliminate Adult Home Case Management	1,539,216



Division of Social Services

Fiscal Year 2002-03 Appropriations \$ 194,763,531

BUDGET REDUCTION OPTIONS \$ 22,272,929

(continued)

Eliminate Community Child Protection

Team Grant Program \$ 250,000

Reduce Children Services Operating Costs

100,000

Reduction in Children Services Contracts

1,600,000

Children Services - 9 positions

167,712

Maintain 2001-02 Funding Level for

Adoption Assistance

3,871,062

Eliminate State Funds for Family Resource Centers 1,765,000



Division of Social Services

Fiscal Year 2002-03 Appropriations \$ 194,763,531

BUDGET REDUCTION OPTIONS \$ 22,272,929

(continued)

Reduce Funding for Child Caring Institutions \$ 2,800,000

Reduce Funding for Intensive Family

Preservation Services 25,977

Eliminate Child Support Training Contracts 641,893

Eliminate Health Desk Contract 229,840

Eliminate Appropriated "Backlog" Funds 1,500,000

Reduce Child Support Operating Costs 75,000

Terminate Ohio Multi-State Outreach Program 21,010



Division of Social Services

Fiscal Year 2002-03 Appropriations \$ 194,763,531

BUDGET REDUCTION OPTIONS \$ 22,272,929

(continued)

Child Support Enforcement - 35 positions \$ 363,957

Economic Independence - 4 positions 143,639

Reduce Economic Independence Operating

Costs 980,000

Reduce Central Administration Operating Costs 102,393

Central Administration - 4 positions 112,866

Eliminate Regional Administration / Local

Support 91,700



Division of Vocational Rehabilitation

Fiscal Year 2002-03 Appropriations	\$ 42,088,956
BUDGET REDUCTION OPTIONS	\$ 4,749,678
Personnel Reductions - 25 positions	\$ 850,000
Reduce Administrative Costs	400,000
Direct Client Service Reductions	3,499,678



Division of Medical Assistance

Fiscal Year 2002-03

Appropriations \$ 2,219,046,892

BUDGET REDUCTION

OPTIONS \$ 129,715,677

- **Define and Contract with “Efficient Providers”**
- **Contract for Home Health Supplies, Durable Medical Equipment, and Home Infusion Therapy**
- **Reduce payments to Hospitals**
- **Contract for Prescription Drugs in Nursing / Assisted Living Facilities**
- **Eliminate Optional Services - Chiropractic, Optometry, Eyeglasses, Podiatry, and Adult Dental**
- **Modify Eligibility Requirements for Low-Income Work First families, Pregnant Minors, Aged and Disabled, and Person Care Service recipients**
- **Reduce CAP spending to budgeted levels**
- **Reduce payments to pharmacies for prescription drugs**
- **Limit Personal Care Services and Private Duty Nursing**

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SUMMARY OF DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS

Impact to State Appropriations Only

Percentage of Reduction		7%	8%	9%	10%	11%
8	Reduce Funds for DCD Administration (Eliminates 5.5 positions at 7%; 6.5 positions at 8%; 7.5 positions at 9%; 8.5 positions at 10%; and 9.3 positions at 11%. Specific positions have not been identified, therefore, we can't state how many are fill / vacant.)	259,861	289,637	325,238	360,849	399,281
9	Day Care Licensing Fee	-	-	-	750,000	750,000
Non-Smart Start Subtotal		1,161,805	1,191,581	1,227,182	3,634,025	7,344,811
10	DCD Administration (Eliminates 1 vacant position)	31,500	36,000	36,000	36,000	36,000
11	Automation for DCD Systems - DIRM	39,209	44,810	44,810	44,810	44,810
12	Professional Development - Education	14,000	16,000	16,000	16,000	16,000
13	Evaluation	35,000	40,000	40,000	40,000	40,000
14	NGPC Administration	337,954	386,233	386,233	386,233	386,233
15	Local Partnership Funds	14,944,188	17,079,072	17,079,072	17,079,072	17,079,072
Smart Start Subtotal		15,401,851	17,602,115	17,602,115	17,602,115	17,602,115
Total Reduction		16,563,656	18,793,696	18,829,297	21,236,140	24,946,926

Division of Social Services

Adult Services						
1	State Adult Services Fund	50,000	50,000	50,000	50,000	50,000
2	Operation Costs Reduction	50,000	50,000	50,000	50,000	50,000
3	Contracts - Resident Evaluation Service	1,062,037	1,062,037	1,062,037	1,062,037	1,062,037
4	State Maternity Home Fund	-	-	876,708	876,708	876,708
5	Position Savings (Eliminates 2 vacant and 2 filled positions)	107,762	107,762	107,762	107,762	107,762
6	St./Co. Special Asst. - Maintain 2001-02 Funding Level	-	-	2,345,157	2,345,157	2,345,157
7	Adult Home Specialist Fund	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
8	Adult Home Case Management	1,539,216	1,539,216	1,539,216	1,539,216	1,539,216
Children Services						
9	CCPT Grant	250,000	250,000	250,000	250,000	250,000
10	Operation Costs Reduction	100,000	100,000	100,000	100,000	100,000
11	Contracts	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
12	Position Savings (Eliminates 3 vacant and 6 filled positions)	167,712	167,712	167,712	167,712	167,712
13	Adoption Assistance - Maintain 2001-02 Funding Level	-	-	-	1,948,520	3,871,062
14	Family Resource Center	1,765,000	1,765,000	1,765,000	1,765,000	1,765,000
15	Child Caring Institutions	2,500,000	2,500,000	2,500,000	2,758,117	2,800,000
16	Intensive Family Preservation Services	-	-	-	-	25,977

SUMMARY OF DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS

Impact to State Appropriations Only

Percentage of Reduction		7%	8%	9%	10%	11%
Child Support Enforcement						
17	Training Contract	641,893	641,893	641,893	641,893	641,893
18	Elimination of Help Desk Contract	229,840	229,840	229,840	229,840	229,840
19	Backlog Appropriation	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
20	Operational Cost Reduction	75,000	75,000	75,000	75,000	75,000
21	Ohio State Treasurer - Contract	21,010	21,010	21,010	21,010	21,010
22	Position Savings (Eliminates 35 vacant positions)	363,957	363,957	363,957	363,957	363,957
Economic Independence						
23	Position Savings (Eliminates 2 vacant and 2 filled positions)	143,639	143,639	143,639	143,639	143,639
24	Operational Cost Reduction	980,000	980,000	980,000	980,000	980,000
State Administration						
25	Operational Costs	65,000	65,000	65,000	65,000	65,000
26	Position Savings (Eliminates 2 vacant and 5 filled positions)	145,280	145,280	145,280	145,280	145,280
27	Warehouse Operations	96,679	96,679	96,679	96,679	96,679
Total Reduction		14,854,025	14,854,025	18,075,890	20,282,527	22,272,929
Office of Education Services						
1	Eliminate Auditory Learning Program	200,000	200,000	200,000	200,000	200,000
2	Reduce IEP/IFSP Personal Service Contract at Schools	100,000	100,000	100,000	100,000	100,000
3	At-lish CNCSD Maintenance Staff and Operating Budget (Abolishes four filled positions)	416,000	416,000	416,000	416,000	416,000
4	Reduce Appropriation for Capital Improvement Reserves	701,665	701,665	701,665	701,665	701,665
5	Reduce Operating Budgets across OES	200,143	200,143	200,143	200,143	200,143
6	Abolish Residential Life and other Eastern School Positions (Abolishes 32 vacant positions)	580,713	580,713	580,713	580,713	580,713
7	Reduce Central Preschool Staff and Operating (Abolishes seven vacant and two filled positions)	361,164	361,164	361,164	361,164	361,164
8	Abol. Residential life & WNCSD Position and Operating (Abolishes 10 vacant and three filled positions)	362,625	362,625	362,625	362,625	362,625
9	Reduce GMS Preschool Staff for the 3-5 Student Population (Abolishes 10 vacant positions)	365,669	365,669	365,669	365,669	365,669
10	Reduce GMS Preschool Operations for the 3-5 Student Pop.				276,094	276,094
11	Abolish GMS Residential Life Positions (Abolishes 4 vacant positions)				89,576	89,576

SUMMARY OF DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS

Impact to State Appropriations Only

Percentage of Reduction		7%	8%	9%	10%	11%
12	Abolish Additional Governor Morehead School Positions (Abolishes seven vacant positions)					230,115
13	Abolish Additional Eastern School Positions (Abolishes three filled positions)					135,554
14	Less Severance Costs	(62,304)	(62,304)	(62,304)	(62,304)	(62,304)
Total Reduction		3,225,675	3,225,675	3,225,675	3,591,345	3,957,014

Health Choice ^{III}		Total Reduction					
1	Reduction in Health Choice Slots	-	-	-	-	-	-
Total Reduction		-	-	-	-	-	-

DSB/DHH		Division of Services for the Blind					
1	Reduce Special Assistance for the Blind	158,000	158,000	158,000	158,000	158,000	158,000
2	Reduce Medical Eye Care & Independent Living Services (Eliminates one vacant position)	64,000	64,000	64,000	64,000	64,000	64,000
Division of Services for the Deaf & Hard of Hearing		21,013	21,013	21,013	21,013	21,013	21,013
1	Revenue Enhancement - Cost Allocation to Telecommunications Access of NC	21,013	21,013	21,013	21,013	21,013	21,013
Total Reduction		243,013	243,013	243,013	243,013	243,013	243,013

Division of Facility Services		Total Reduction					
1	Contract: Solucent	54,000	54,000	54,000	54,000	54,000	54,000
2	Contract: Sheps Center, UNC-CH	90,731	90,731	90,731	90,731	90,731	90,731
3	Contract: Poison Control Center		742,370	1,133,310	1,236,492	1,236,492	1,236,492
4	Contract: DOJ - eliminate one Paralegal position	35,974	35,974	35,974	35,974	35,974	35,974
5	Operating: Reduce Miscellaneous Contracts	100,000	100,000	100,000	100,000	100,000	100,000
6	Operating: Reduce Other Operating	126,000	126,000	126,000	126,000	126,000	126,000
7	Operating: Reduce Travel Costs	150,000	150,000	150,000	150,000	150,000	150,000
8	Staff: Eliminate 2.0 vacant and 1.0 filled positions	136,080	136,080	136,080	136,080	136,080	136,080
9	Staff: Eliminate 3.0 filled positions		128,432	128,432	128,432	128,432	128,432
10	Staff: Eliminate 2.0 additional filled positions			103,737	103,737	103,737	103,737
11	Annual Licensure Application Fees	2,998,140	2,998,140	2,998,140	2,998,140	2,998,140	2,998,140
Total Reduction		3,690,925	4,561,727	5,056,404	5,159,586	5,159,586	5,159,586

SUMMARY OF DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS

Impact to State Appropriations Only

Percentage of Reduction

7%

8%

9%

10%

11%

Division of Vocational Rehabilitation

1	Personnel Reduction (Eliminates 20 vacant positions for 7% through 10%; Eliminates 25 vacant position at 11%)	700,000	700,000	700,000	700,000	700,000	850,000
2	Administrative Operational Cost Reductions	400,000	400,000	400,000	400,000	400,000	400,000
3	Direct Client Service Reductions	1,922,522	2,354,311	2,786,100	3,217,889	3,499,678	
Total Reduction		3,022,522	3,454,311	3,886,100	4,317,889	4,749,678	

Division of Mental Health, Developmental Disabilities and Substance Abuse Services

1	Child & Family State Facility Reductions	8,478	15,535	24,047	34,019	45,451	
2	Adult Mental Health State Facility Reductions - (Eliminates 13.5 vacant positions at 7%; eliminates 21 vacant positions at 8%; eliminates 34 vacant positions at 9%; eliminates 48 positions at 10%, with 46 expected to be vacant and 2 filled; eliminates 69 positions at 11%, with 62 expected to be vacant and 7 filled.)	540,012	989,522	1,531,714	2,166,905	2,895,097	
3	Mental Retardation's State Facility Reductions - (Eliminates 1 vacant position at 7% & 8%; eliminates 3 vacant positions at 9%; eliminates 4.5 vacant positions at 10%; eliminates 6.5 vacant positions at 11%.)	61,620	112,913	174,781	247,262	330,354	
4	Substance Abuse State Facility Reductions - (Eliminates 1.0 vacant position at 7% & 8%; eliminates 2.0 vacant positions at 9%; eliminates 2.0 vacant and 12.0 filled positions at 10% & 11%.)	34,474	63,169	97,782	138,332	184,818	
5	Increase Institutional Receipts	-	-	-	-	-	1,000,000
6	Central Office Administration Reductions	30,220	55,375	85,716	121,262	162,013	
7	Area Program Reductions	38,368,082	45,248,976	50,382,136	55,399,083	60,299,816	
Total Reduction		39,042,886	46,485,490	52,296,176	58,106,863	64,917,549	

Division of Public Health

1	Revenue Enhancement - HIV/STD Care Contracts	38,845	38,845	38,845	38,845	38,845	
2	Revenue Enhancement - Sickle Cell Contracts	42,096	42,096	42,096	42,096	42,096	
3	Revenue Enhancement - Immunization Branch Operating	66,659	66,659	66,659	66,659	66,659	
4	Revenue Enhancement - Community Care Coordination	90,000	90,000	90,000	90,000	90,000	
5	Revenue Enhancement - State Center for Health Statistics	146,190	146,190	146,190	146,190	146,190	
6	Revenue Enhancement - Women's Health (POET)	281,257	281,257	281,257	281,257	281,257	
7	Revenue Enhancement - Oral Health	662,107	662,107	662,107	662,107	662,107	

SUMMARY OF DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS

Impact to State Appropriations Only

Percentage of Reduction		7%	8%	9%	10%	11%
8	Revenue Enhancement - Medicaid Administrative Match	400,000	400,000	400,000	400,000	400,000
9	Revenue Enhancement - Hepatitis B Vaccine	604,800	604,800	604,800	604,800	604,800
10	Revenue Enhancement - State Lab - Newborn Screening	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
11	Contracts - Terminate LabCorp contract for CD4 Testing	30,000	30,000	30,000	30,000	30,000
12	Contracts - Terminate Dysplasia contracts	334,700	334,700	334,700	334,700	334,700
13	Contracts - Terminate Wake Forest U - Infant Follow-up	155,130	155,130	155,130	155,130	155,130
14	Contracts - Reductions in W&CH Branch	1,413,780	1,719,658	2,110,598	2,413,780	2,413,780
15	Contracts - Reductions in Children & Youth Branch				651,911	651,911
16	Contract - Terminate contract for DEC (Winston-Salem)			763,000	763,000	763,000
17	Closure - Dusty Trades Program (Eliminates four filled positions)	165,405	165,405	165,405	165,405	165,405
18	Closure - Prescription Drug Assistance Program	470,000	470,000	470,000	470,000	470,000
19	Closure - Home Health Purchase of Medical Care (Eliminates one filled position)	3,293,722	3,293,722	3,293,722	3,293,722	3,293,722
20	Closure - Epilepsy Purchase of Medical Care		202,166	202,166	202,166	202,166
21	Closure - Chronic Renal Disease Purchase of Medical Care		753,704	753,704	753,704	753,704
22	Reduce Early Intervention Funds to Area MH Programs			1,325,000	1,405,000	1,905,000
23	Cancer Purchase of Medical Care				400,000	400,000
24	Closure - DEC Center & Reduce Operation Costs in Others (Eliminates 20.5 filled positions)			1,313,426	1,313,426	1,313,426
25	Position Reduction, Speech and Hearing Services (Eliminates 1.45 vacant positions)					51,868
26	Position Reduction, C & Y Branch (Eliminates 2.0 vacant positions)					79,020
27	Operating Cost Reduction - Children & Youth Branch					52,180
28	Reduce Genetic Health Care Program	110,000	110,000	110,000	110,000	110,000
29	Reduce Intensive Home Visit Program		500,000	500,000	500,000	500,000
30	Enhance Revenue - State Lab Pap Smear Program		1,050,000	1,050,000	1,050,000	1,050,000
Reduction Totals		9,304,691	12,116,439	15,908,805	17,343,898	18,026,966

Department Totals 93,393,799 107,681,518 121,969,236 136,256,954 150,544,673

DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS (VARYING PERCENTAGES)
Impact to State Appropriations Only

Division Name: Central Management & Support
 Budget Code: 14410
 SFY 2002-03 Total Appropriations (Per BD 307):

48,029,269 (Enter Total Appropriations from BD 307 in the Block)

LIST REDUCTION ITEMS BELOW:		7%	8%	9%	10%	11%
Calculated Dollar Value of Percentages Shown		\$ 3,362,049	\$ 3,842,342	\$ 4,322,634	\$ 4,802,927	\$ 5,283,220
Office of the Secretary						
1	North Carolina Council on the Holocaust	31,016	31,016	31,016	31,016	31,016
Controller's Office						
2	Eliminate Two Positions (One filled; One vacant)	53,000	53,000	53,000	53,000	53,000
Office of Research, Demonstration, and Rural Health						
3	Reduce Administration Costs RCC 5100 2XXX-5XXX	10,110	11,554	13,000	25,000	25,000
4	Reduce Administration Costs RCC 5114 2XXX-5XXX	3,688	4,215	4,742	5,795	5,795
5	Reduce Administration Costs RCC 5120 2XXX-5XXX	3,235	3,700	4,160	17,314	17,314
6	Eliminate Community Primary Care Grant Prog. (RCC 5100)	118,400	118,400	118,400	118,400	118,400
7	Reduce Loan Repayment Incentive Funds (RCC 5113)	327,271	390,936	454,603	600,000	600,000
8	Reduce Aid to Clinic Construction (RCC 5111)				75,000	75,000
9	Reduce Rural Health Center Operational Funding (RCC 5111)				150,000	150,000
Division of Information Resource Management						
10	Eliminate Eleven Vacant Positions	330,250	330,250	330,250	330,250	330,250
11	Convenience Contract Reductions	644,960	784,276	923,591	1,759,485	1,759,485
TOTAL REDUCTION		\$ 1,521,930	\$ 1,727,347	\$ 1,932,762	\$ 3,165,260	\$ 3,165,260

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of the Secretary

Title of Recommendation: North Carolina Council on the Holocaust

Recommendation 1 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is for elimination of recurring funding in the Office of the Secretary's budget for Holocaust education in the public school system and other related activities approved by the Council. The funding of such activities is not critical to the mission of the Department.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

No major program impact to the Department.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
			22XX-5XXX	Operating Expenses			
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS	1010	Cent. Mang. & Admin.			31,016	31,016 (100%)	0
RECEIPTS							
APPROPRIATIONS					31,016	31,016 (100%)	0
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Controller's Office

Title of Recommendation: Elimination of Two Positions

Recommendation 2 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? _X_7% _X_8% _X_9% _X_10% _X_11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Controller's Office will have a reduction of two positions. The first position is an Accounting Clerk IV (PG 59). It is believed that with the reorganization of DEIE and the transfer of the DEC's back to Public Health, we can realign and distribute the remaining workload among the remaining staff in order to give up one position. The second position to be given up was responsible for managing the Food Stamp EBT and EFT Projects for the department. It is believed that this work can be combined with the Child Support Central Collection Operations (CCO) work and can be managed by one position, allowing the additional position to be given up.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

It is believed that with the reorganizations and stabilization of programs, we will be able to handle the reduction of staff with a minimal impact on the operations of the Controller's Office.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
	1012	Controller's Office	1XXX	Personal Services	12,521,448	95,570 (.8%)	12,425,878
				Less Severance Costs		23,493	
			21XX	Contracted Services			
			22XX-5XXX	Operating Expenses			
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					12,521,448	72,077 (.6%)	12,449,371
RECEIPTS					2,961,322	19,077 (.6%)	2,942,245
APPROPRIATIONS					9,560,126	53,000 (.6%)	9,507,126
NO. OF POSITIONS					293	2	291

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5100 2XXX-5XXX

Recommendation 3 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
	1510	Rural Health	22XX-5XXX	Operating Expenses	188,961	13,662 (7.2%)	175,299
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					188,961	13,662 (7.2%)	175,299
RECEIPTS					49,130	3,552 (7.2%)	45,578
APPROPRIATIONS					139,831	10,110 (7.2%)	129,721
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5100 2XXX-5XXX

Recommendation 3 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% X 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
	1510	Rural Health	22XX-5XXX	Operating Expenses	188,961	15,614 (8.3%)	173,347
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					188,961	15,614 (8.3%)	173,347
RECEIPTS					49,130	4,060 (8.3%)	45,070
APPROPRIATIONS					139,831	11,554 (8.3%)	128,277
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5100 2XXX-5XXX

Recommendation 3 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
	1510	Rural Health	22XX-5XXX	Operating Expenses	188,961	17,568 (9.3%)	171,393
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					188,961	17,568 (9.3%)	171,393
RECEIPTS					49,130	4,568 (9.3%)	44,562
APPROPRIATIONS					139,831	13,000 (9.3%)	126,831
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5100 2XXX-5XXX

Recommendation 3 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
	1510	Rural Health	22XX-5XXX	Operating Expenses	188,961	33,784 (17.9%)	155,177
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					188,961	33,784 (17.9%)	155,177
RECEIPTS					49,130	8,784 (17.9%)	40,346
APPROPRIATIONS					139,831	25,000 (17.9%)	114,831
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5114 2XXX-5XXX

Recommendation 4 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office related to medical placement activities. Reductions will primarily be in travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. The largest cost in this area is recruitment candidate travel to potential sites. We have made some adjustments to our candidate travel guidelines by limiting the total amount reimbursable and limiting visits to the neediest of sites.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
1510	Recruitment Travel	22XX-5XXX	Operating Expenses	71,204	4,984 (7%)	66,220
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				71,204	4,984 (7%)	66,220
RECEIPTS				18,513	1,296 (7%)	17,217
APPROPRIATIONS				52,691	3,688 (7%)	49,003
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5114 2XXX-5XXX

Recommendation 4 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office related to medical placement activities. Reductions will primarily be in travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. The largest cost in this area is recruitment candidate travel to potential sites. We have made some adjustments to our candidate travel guidelines by limiting the total amount reimbursable and limiting visits to the neediest of sites.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
1510	Recruitment Travel	22XX-5XXX	Operating Expenses	71,204	5,696 (8%)	65,508
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				71,204	5,696 (8%)	65,508
RECEIPTS				18,513	1,481 (8%)	17,032
APPROPRIATIONS				52,691	4,215 (8%)	48,476
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5114 2XXX-5XXX

Recommendation 4 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office related to medical placement activities. Reductions will primarily be in travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. The largest cost in this area is recruitment candidate travel to potential sites. We have made some adjustments to our candidate travel guidelines by limiting the total amount reimbursable and limiting visits to the neediest of sites.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
	1510	Recruitment Travel	22XX-5XXX	Operating Expenses	71,204	6,408 (9%)	64,796
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					71,204	6,408 (9%)	64,796
RECEIPTS					18,513	1,666 (9%)	16,847
APPROPRIATIONS					52,691	4,742 (9%)	47,949
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5114 2XXX-5XXX

Recommendation 4 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office related to medical placement activities. Reductions will primarily be in travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation. This reduction is equal to 7% of the administrative budget.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. The largest cost in this area is recruitment candidate travel to potential sites. We have made some adjustments to our candidate travel guidelines by limiting the total amount reimbursable and limiting visits to the neediest of sites.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
1510	Recruitment Travel	22XX-5XXX	Operating Expenses	71,204	7,831 (11%)	63,373
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				71,204	7,831 (11%)	63,373
RECEIPTS				18,513	2,036 (11%)	16,477
APPROPRIATIONS				52,691	5,795 (11%)	46,896
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5120 2XXX-5XXX

Recommendation 5 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
	1510	Research & Demonstr.	22XX-5XXX	Operating Expenses	88,843.00	6,470 (7.3%)	82,373.00
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					88,843.00	6,470 (7.3%)	82,373.00
RECEIPTS					44,421.50	3,235 (7.3%)	41,186.50
APPROPRIATIONS					44,421.50	3,235 (7.3%)	41,186.50
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5120 2XXX-5XXX

Recommendation 5 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% X 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
	1510	Research & Demonstr.	22XX-5XXX	Operating Expenses	88,843.00	7,400 (8.3%)	81,443.00
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					88,843.00	7,400 (8.3%)	81,443.00
RECEIPTS					44,421.50	3,700 (8.3%)	40,721.50
APPROPRIATIONS					44,421.50	3,700 (8.3%)	40,721.50
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5120 2XXX-5XXX

Recommendation 5 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
1510	Research & Demonstr.	22XX-5XXX	Operating Expenses	88,843.00	8,320 (9.4%)	80,523.00
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				88,843.00	8,320 (9.4%)	80,523.00
RECEIPTS						
APPROPRIATIONS				44,421.50	4,160 (9.4%)	40,261.50
NO. OF POSITIONS				44,421.50	4,160 (9.4%)	40,261.50

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Administration Costs RCC 5120 2XXX-5XXX

Recommendation 5 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed reduction is to the administrative costs of the Office. Reductions will primarily be in equipment and travel. It is hoped that some of the reductions may be replaced through federal grants. Although we have historically received grants for this purpose, all of them are competitive and cannot be assured. We will continue our efforts at identifying potential federal grant funds to maximize the Office's operation.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact is minimized if federal grant funds continue to be available to offset budget reductions. If federal grant funds are unavailable, then administrative costs will have to be curtailed. This will occur primarily in equipment and travel.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
1510	Research & Demonstr.	22XX-5XXX	Operating Expenses	88,843.00	34,628 (39%)	54,215.00
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				88,843.00	34,628 (39%)	54,215.00
RECEIPTS				44,421.50	17,314 (39%)	27,107.50
APPROPRIATIONS				44,421.50	17,314 (39%)	27,107.50
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Eliminate Community Primary Care Grant Program (RCC 5100)

Recommendation 6 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

We are proposing elimination of the Community Primary Care Grant Program. This program was established to provide limited grant funding to develop systems for the provision of after-hours primary health care to Medicaid recipients. In the early years of this program, grantees were solicited from across the state to submit proposals. Funding typically went to non-profit free clinics, hospitals, health departments, and rural health centers. In the more recent years, funds have been used to assist ACCESS II sites and to provide targeted operational support to clinics providing expanded after-hours care to Medicaid recipients.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Over the past 8 years, the Community Primary Care Grant Program has provided funding to 57 grantees across the State. For the current fiscal year, we have not allocated any of this funding. Although the elimination of \$160,000 in grant funding will have an impact on rural Medicaid after-hours access, we believe that we can target other funding to those areas of greatest need by utilizing our existing base of rural health centers.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
			22XX-5XXX	Operating Expenses			
	1510	510099 536458	6XXX	Aid & Public Assistance	160,000	160,000 (100%)	0
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					160,000	160,000 (100%)	0
RECEIPTS					41,600	41,600 (100%)	0
APPROPRIATIONS					118,400	118,400 (100%)	0
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Loan Repayment Incentive Funds

Recommendation 7 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

We are proposing a reduction in the provider incentive funds that provide loan repayment and service bonus incentives to primary medical and dental providers locating in rural and underserved communities. Providers may receive incentive funds if they agree to practice in an eligible site for a period of two to four years. Eligible sites are limited to State and Federally funded centers (dentists) or State and Federally funded centers located in Health Professional Shortage Areas (physicians).

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In fiscal year 2001, the incentive program provided contracts to 42 medical providers averaging \$58,723 per contract. Thus far in 2002, we have contracted with 39 providers averaging \$56,235 per contract. The two-year average contract is \$57,525. Therefore, this reduction will result in the loss of 7.7 provider incentive contracts. We will attempt to lessen the impact by increasing our efforts to improve scores of the designated Health Professional Shortage Areas to enhance the candidate's chances of receiving federal loan repayment.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
		22XX-5XXX	Operating Expenses			
1510	511399 536450 Rural Health	6XXX	Aid & Public Assistance	3,339,120	442,258 (13.2%)	2,896,862
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				3,339,120	442,258 (13.2%)	2,896,862
RECEIPTS				1,460,877	114,987 (7.9%)	1,345,890
APPROPRIATIONS				1,878,243	327,271 (17.4%)	1,550,972
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Loan Repayment Incentive Funds

Recommendation 7 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7 % X 8 % 9 % 10 % 11 %

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

We are proposing a reduction in the provider incentive funds that provide loan repayment and service bonus incentives to primary medical and dental providers locating in rural and underserved communities. Providers may receive incentive funds if they agree to practice in an eligible site for a period of two to four years. Eligible sites are limited to State and Federally funded centers (dentists) or State and Federally funded centers located in Health Professional Shortage Areas (physicians).

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In fiscal year 2001, the incentive program provided contracts to 42 medical providers averaging \$58,723 per contract. Thus far in 2002, we have contracted with 39 providers averaging \$56,235 per contract. The two-year average contract is \$57,525. Therefore, this reduction will result in the loss of 9.2 provider incentive contracts. We will attempt to lessen the impact by increasing our efforts to improve scores of the designated Health Professional Shortage Areas to enhance the candidate's chances of receiving federal loan repayment.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
		22XX-5XXX	Operating Expenses			
1510	511399 536450 Rural Health	6XXX	Aid & Public Assistance	3,339,120	528,292 (17.9%)	2,810,828
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				3,339,120	528,292 (17.9%)	2,810,828
RECEIPTS				1,460,877	137,356 (7.9%)	1,323,521
APPROPRIATIONS				1,878,243	390,936 (20.8%)	1,487,307
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No. If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Loan Repayment Incentive Funds

Recommendation 7 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

We are proposing a reduction in the provider incentive funds that provide loan repayment and service bonus incentives to primary medical and dental providers locating in rural and underserved communities. Providers may receive incentive funds if they agree to practice in an eligible site for a period of two to four years. Eligible sites are limited to State and Federally funded centers (dentists) or State and Federally funded centers located in Health Professional Shortage Areas (physicians).

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In fiscal year 2001, the incentive program provided contracts to 42 medical providers averaging \$58,723 per contract. Thus far in 2002, we have contracted with 39 providers averaging \$56,235 per contract. The two-year average contract is \$57,525. Therefore, this reduction will result in the loss of 10.7 provider incentive contracts. We will attempt to lessen the impact by increasing our efforts to improve scores of the designated Health Professional Shortage Areas to enhance the candidate's chances of receiving federal loan repayment.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
		22XX-5XXX	Operating Expenses			
1510	511399 536450 Rural Health	6XXX	Aid & Public Assistance	3,339,120	614,328 (17.9%)	2,724,792
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				3,339,120	614,328 (18.4%)	2,724,792
RECEIPTS				1,460,877	159,725 (10.9%)	1,301,152
APPROPRIATIONS				1,878,243	454,603 (24.2%)	1,423,640
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Loan Repayment Incentive Funds

Recommendation 7 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

We are proposing a reduction in the provider incentive funds that provide loan repayment and service bonus incentives to primary medical and dental providers locating in rural and underserved communities. Providers may receive incentive funds if they agree to practice in an eligible site for a period of two to four years. Eligible sites are limited to State and Federally funded centers (dentists) or State and Federally funded centers located in Health Professional Shortage Areas (physicians).

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In fiscal year 2001, the incentive program provided contracts to 42 medical providers averaging \$58,723 per contract. Thus far in 2002, we have contracted with 39 providers averaging \$56,235 per contract. The two-year average contract is \$57,525. Therefore, this reduction will result in the loss of 14.1 provider incentive contracts. We will attempt to lessen the impact by increasing our efforts to improve scores of the designated Health Professional Shortage Areas to enhance the candidate's chances of receiving federal loan repayment.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
		22XX-5XXX	Operating Expenses			
1510	511399 536450 Rural Health	6XXX	Aid & Public Assistance	3,339,120	810,811 (24.3%)	2,528,309
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				3,339,120	810,811 (24.3%)	2,528,309
RECEIPTS				1,460,877	210,811 (14.4%)	1,250,066
APPROPRIATIONS				1,878,243	600,000 (31.9%)	1,278,243
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Aid for Clinic Construction (RCC 5111)

Recommendation 8 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% **X** 10% **X** 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The proposed reduction is to the Aid for Clinic Construction program. This program has enabled the Office to assist community efforts at building and equipping primary medical practices throughout underserved rural areas. Grantees are exclusively state-designated rural and community health centers providing primary medical and/or dental care to all persons regardless of their ability to pay for the services. Over the years, the Office has used this funding to supplement locally raised funds. Although the budget total represented a large sum of construction money in the late 1970's, we have had to be much more creative as the size, scope, and cost of the projects has increased since that time. Matching funds from private foundations and loans from the Farmers' Home Administration have been used to supplement State funds, which are inadequate to fund a complete project.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Over the past two years, 17 grants have been issued at an average of \$52,316 per grant. The proposed reduction of \$75,000 represents approximately 1.4 grants (roughly 16% of the average annual total grants). Working with private foundations such as the Duke Endowment and the Kate B. Reynolds Charitable Trust, we hope to stretch our funds farther by participating in cooperative ventures. Although these organizations have recently experienced reduced funds for grants, they have been great partners with the Office in our joint effort to assure adequate medical and dental facilities and equipment in the rural areas.

There is no local government impact.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
		21XX	Contracted Services			
1510	511100 536420 Rural Health	22XX-5XXX	Operating Expenses	425,000	75,000 (17.6%)	350,000
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				425,000	75,000 (17.6%)	350,000
RECEIPTS				0	0 (00.0%)	0
APPROPRIATIONS				425,000	75,000 (17.6%)	350,000
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes **X** No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes **X** No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes **X** No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/Office of Research, Demonstrations, and Rural Health Development

Title of Recommendation: Reduce Rural Health Center Operational Funding (RCC 5111)

Recommendation 9 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The proposed reduction is to the Rural Health Clinic Operational Subsidy program. Through this program, the Office has established 81 rural health centers across the State. The Office provides funding to offset operational losses of the rural health centers as "funder of last resort". Funds are used to provide care to medically indigent patients who have no other form of insurance as well as to cover operational losses that are due to inherent inefficiencies of operating a small rural health center.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Over the past two years, 38 grants have been issued at an average of \$154,804 per grant. The proposed reduction of \$150,000 represents approximately 1 grant (roughly 5% of the average annual total grants). Through efforts that began in earnest four years ago, the operational efficiency of the rural health centers has increased dramatically. We anticipate that through increased efficiency and offsetting some of the loss through competitive federal grant funding, rural clinics will not suffer undue hardship due to this reduction at a time when they are experiencing greater demand for their services. The provision of medical care to uninsured indigent patients is the major complicating factor. Our centers have seen an increase in this area this year. The loss of \$150,000 makes it more difficult to meet this increased need, even if we are successful in obtaining federal funds or further increasing our operational efficiency.

There is no local government impact.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
			21XX	Contracted Services			
			22XX-5XXX	Operating Expenses			
	1510	Operational Subsidy	6XXX	Aid & Public Assistance	2,762,637	150,000 (5.4%)	2,612,637
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					2,762,637	150,000 (5.4%)	2,612,637
RECEIPTS					0	0 (0.0%)	0
APPROPRIATIONS					2,762,637	150,000 (5.4%)	2,612,637
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/DIRM (Division of Information Resource Management)

Title of Recommendation: Eliminate 11 Vacant Positions

Recommendation 10 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed is the elimination of 11 vacant positions.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The proposed elimination of 11 vacant positions will reduce the support available to DHHS systems and IT functions. The targeted positions support network operations across the state, provide response to system problems for large, mission-critical systems, and work on projects to improve efficiencies, such as financial tracking and telephony replacement. Loss of the positions will compromise DIRM's capacity to support DHHS operations.

Of the budgeted salary and fringe benefit amounts, thirty one percent is federal money. The loss of vacant positions would limit DIRM's option to supplant costly contractors with permanent state staff. At least two of the positions identified for reduction were vacated by retirements, with contractors performing the job duties.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
	1410	Inform. Sys. Svcs.	1XXX	Personal Services	10,639,554	478,623 (4.5%)	10,160,931
				Less Severance Costs		Vacant	
			21XX	Contracted Services			
			22XX-5XXX	Operating Expenses			
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					10,639,554	478,623 (4.5%)	10,160,931
RECEIPTS					3,298,262	148,373 (4.5%)	3,149,889
APPROPRIATIONS					7,341,292	330,250 (4.5%)	7,011,042
NO. OF POSITIONS					158	11	147

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/DIRM (Division of Information Resource Management)

Title of Recommendation: Convenience Contract Reductions (supplemental staffing)

Recommendation 11 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed is the elimination of supplemental staffing contractors.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The reductions proposed in contractor costs would significantly reduce the support capacity for critical applications and IT functions. Contract staff are key in the maintenance and operation of critical DHHS systems. Reducing the support available will result in delayed response to system request changes, and slower response time to operational problems. No work other than minimal operations support could be accomplished.

Contractual services are partially supported by federal funds. The proposed reductions would result in a loss of thirty one percent federal match.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
	1410	Misc. Cont. Svcs.	21XX	Contracted Services	6,445,451	934,725(14.5%)	5,510,726
			22XX-5XXX	Operating Expenses			
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					6,445,451	934,725	5,510,726
RECEIPTS					1,998,090	289,765 (14.5%)	1,708,325
APPROPRIATIONS					4,447,361	644,960 (14.5%)	3,802,401
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/DIRM (Division of Information Resource Management)

Title of Recommendation: Convenience Contract Reductions (supplemental staffing)

Recommendation 11 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed is the elimination of supplemental staffing contractors.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The reductions proposed in contractor costs would significantly reduce the support capacity for critical applications and IT functions. Contract staff are key in the maintenance and operation of critical DHHS systems. Reducing the support available will result in delayed response to system request changes, and slower response time to operational problems.

Contractual services are partially supported by federal funds. The proposed reductions would result in a loss of thirty one percent federal match.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
1410	Misc. Cont. Svcs.	21XX	Contracted Services	6,445,451	1,136,632 (17.6%)	5,308,819
		22XX-5XXX	Operating Expenses			
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				6,445,451	1,136,632	5,308,819
RECEIPTS				1,998,090	352,356 (17.6%)	1,645,734
APPROPRIATIONS				4,447,361	784,276 (17.6%)	3,663,085
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/DIRM (Division of Information Resource Management)

Title of Recommendation: Convenience Contract Reductions (supplemental staffing)

Recommendation 11 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed is the elimination of supplemental staffing contractors.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The reductions proposed in contractor costs would significantly reduce the support capacity for critical applications and IT functions. Contract staff are key in the maintenance and operation of critical DHHS systems. Reducing the support available will result in delayed response to system request changes, and slower response time to operational problems.

Contractual services are partially supported by federal funds. The proposed reductions would result in a loss of thirty one percent federal match.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
		1XXX	Personal Services			
			Less Severance Costs			
1410	Misc. Cont. Svcs.	21XX	Contracted Services	6,445,451	1,338,538 (20.8%)	5,106,913
		22XX-5XXX	Operating Expenses			
		6XXX	Aid & Public Assistance			
		7XXX	Reserves			
		8XXX	Transfers			
REQUIREMENTS				6,445,451	1,338,538	5,106,913
RECEIPTS				1,998,090	414,947 (20.8%)	1,583,143
APPROPRIATIONS				4,447,361	923,591 (20.8%)	3,523,770
NO. OF POSITIONS						

Other Considerations

- Are statutory changes or special provisions required to implement? Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes x No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes x No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: CMS/DIRM (Division of Information Resource Management)

Title of Recommendation: Convenience Contract Reductions (supplemental staffing)

Recommendation 11 **of** 11 **for SFY** 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Proposed is the elimination of supplemental staffing contractors.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The reductions proposed in contractor costs would significantly reduce the support capacity for critical applications and IT functions. Contract staff are key in the maintenance and operation of critical DHHS systems. Reducing the support available will result in delayed response to system request changes, and slower response time to operational problems.

Contractual services are partially supported by federal funds. The proposed reductions would result in a loss of thirty one percent federal match.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Proposed Reduction	Revised Funding
			1XXX	Personal Services			
				Less Severance Costs			
	1410	Misc. Cont. Svcs.	21XX	Contracted Services	6,445,451	2,549,978 (39.6%)	3,895,473
			22XX-5XXX	Operating Expenses			
			6XXX	Aid & Public Assistance			
			7XXX	Reserves			
			8XXX	Transfers			
REQUIREMENTS					6,445,451	2,549,978	3,895,473
RECEIPTS					1,998,090	790,493 (39.6%)	1,207,597
APPROPRIATIONS					4,447,361	1,759,485 (39.6%)	2,687,876
NO. OF POSITIONS							

Other Considerations

- Are statutory changes or special provisions required to implement? Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes x No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes x No If yes, what is the title of the capital improvement project and the projected completion date?

DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS (VARYING PERCENTAGES)
Impact to State Appropriations Only

Division Name: AGING
 Budget Code: 14411
 SFY 2002-03 Total Appropriations (Per BD 307):

29,531,910

(Enter Total Appropriations from BD 307 in the Block)

		Percentage of Reduction				
		Calculated Dollar Value of Percentages Shown				
LIST REDUCTION ITEMS BELOW:		7%	8%	9%	10%	11%
1	Home & Community Care Block Grant Services	374,160	669,479	964,798	1,260,117	1,555,436
2	Senior Center Development and Outreach Funds	1,365,316	1,365,316	1,365,316	1,365,316	1,365,316
3	Senior Games	175,000	175,000	175,000	175,000	175,000
4	Senior Tarheel Legislature	6,000	6,000	6,000	6,000	6,000
5	Governor's Advisory Council on Aging	4,000	4,000	4,000	4,000	4,000
TOTAL REDUCTION		\$ 1,924,476	\$ 2,219,795	\$ 2,515,114	\$ 2,810,433	\$ 3,105,752

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Aging

Title of Recommendation: Home & Community Care Block Grant Services

Recommendation 1 **of** 5 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Reduction in state funding for HCCBG for home and community based aging services.

In-Home services include skilled home care, in-home aide levels 1-4, and home delivered meals and some respite services to relieve the caregiver. Access services include care management, information and assistance, and transportation. Community services include adult day care and day health, group respite, and congregate nutrition. Home delivered meals (often called meals on wheels,) are for the frail elderly who cannot obtain and/or cook a meal for themselves. It is often the only decent meal they get all day. Congregate meals are an attempt to both ensure a nutritious meal and provide socialization for the elderly. The meal site also offers nutrition counseling and other health and wellness activities.

Although all seniors over 60 are technically eligible for these services, they are targeted to the frail elderly and the near poor. Minority and rural populations also are targeted with the formula used in North Carolina. The purpose of these programs is to allow seniors to age in place in their homes with the supports they need to maintain independence.

Counties make the decision about HCCBG funds to allocate them among 18 possible services.

Program Impact if Reduction is Approved

<u>Services Reduced</u>	<u>Amount of Reductions</u>	<u>Units Lost</u>	<u>Clients Lost</u>
In-Home Aide	235,694	18,931	109
Access	99,582	25,933	236
Congregate Meals	31,398	8,509	104
Home Delivered Meals	<u>49,059</u>	<u>15,624</u>	<u>103</u>
	415,733	68,997	552

	<u>Current Funding</u>	<u>Reduction</u>	<u>Revised</u>
Total Funding	50,399,227	415,733 (0.8%)	49,983,494
Revenue	25,163,136	-41,573 (0.2%)	25,121,563
Appropriation	25,236,091	374,160 (1.5%)	24,861,931

Note: No impact on MOE, nor loss of federal funds. Revenue reduction reflects reduced local match requirement. It should also be noted, an increase in federal funding could have resulted in an increase of \$166,000 in State Administration, but due to lack of state matching funds, the division will allocate as service dollars.

Budgetary Information:

<u>Fund Number(s)</u>	<u>Fund Title(s)</u>	<u>Account Number</u>	<u>Account Title</u>	<u>Recommended Reduction 2002-03</u>
		1XXX	Personal Services	
			Less Severance Costs	
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
1210	Community Based Services	6XXX	Aid and Public Assistance	415,733
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				415,733
RECEIPTS				41,573
APPROPRIATIONS				374,160
NO. OF POSITIONS				

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, Technically no, but reduced funding for HCCBG services will put pressure on counties, non-profits, and other agencies to replace these service dollars with others.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Aging

Title of Recommendation: Home & Community Care Block Grant Services

Recommendation 1 of 5 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction in state funding for HCCBG for home and community based aging services.

In-Home services include skilled home care, in-home aide levels 1-4, and home delivered meals and some respite services to relieve the caregiver. Access services include care management, information and assistance, and transportation. Community services include adult day care and day health, group respite, and congregate nutrition. Home delivered meals (often called meals on wheels,) are for the frail elderly who cannot obtain and/or cook a meal for themselves. It is often the only decent meal they get all day. Congregate meals are an attempt to both ensure a nutritious meal and provide socialization for the elderly. The meal site also offers nutrition counseling and other health and wellness activities.

Although all seniors over 60 are technically eligible for these services, they are targeted to the frail elderly and the near poor. Minority and rural populations also are targeted with the formula used in North Carolina. The purpose of these programs is to allow seniors to age in place in their homes with the supports they need to maintain independence.

Counties make the decision about HCCBG funds to allocate them among 18 possible services.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

<u>Services Reduced</u>	<u>Amount of Reductions</u>	<u>Units Lost</u>	<u>Clients Lost</u>
In-Home	421,724	33,873	196
Access	178,181	46,401	422
Congregate Meals	56,181	15,225	186
Home Delivered Meals	<u>87,780</u>	<u>27,955</u>	<u>185</u>
	743,866	123,454	989

	<u>Current Funding</u>	<u>Reduction</u>	<u>Revised</u>
Total Funding	50,399,227	743,866 (1.5%)	49,655,361
Revenue	25,163,136	74,387 (0.3%)	25,088,749
Appropriation	25,236,091	669,479 (2.6%)	24,566,612

Note: No impact on MOE, nor loss of federal funds. Revenue reduction reflects reduced local match requirement. It should also be noted, an increase in federal funding could have resulted in an increase of \$166,000 in State Administration, but due to lack of state matching funds, the division will allocate as service dollars.

Budgetary Information:

	<u>Fund Number(s)</u>	<u>Fund Title(s)</u>	<u>Account Number</u>	<u>Account Title</u>	<u>Recommended Reduction 2002-03</u>
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1210	Community Based Services	6XXX	Aid and Public Assistance	743,866
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					743,866
RECEIPTS					74,387
APPROPRIATIONS					669,479
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Aging

Title of Recommendation: Home & Community Care Block Grant Services

Recommendation 1 of 5 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction in state funding for HCCBG for home and community based aging services.

In-Home services include skilled home care, in-home aide levels 1-4, and home delivered meals and some respite services to relieve the caregiver. Access services include care management, information and assistance, and transportation. Community services include adult day care and day health, group respite, and congregate nutrition. Home delivered meals (often called meals on wheels,) are for the frail elderly who cannot obtain and/or cook a meal for themselves. It is often the only decent meal they get all day. Congregate meals are an attempt to both ensure a nutritious meal and provide socialization for the elderly. The meal site also offers nutrition counseling and other health and wellness activities.

Although all seniors over 60 are technically eligible for these services, they are targeted to the frail elderly and the near poor. Minority and rural populations also are targeted with the formula used in North Carolina. The purpose of these programs is to allow seniors to age in place in their homes with the supports they need to maintain independence.

Counties make the decision about HCCBG funds to allocate them among 18 possible services.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

<u>Services Reduced</u>	<u>Amount of Reductions</u>	<u>Units Lost</u>	<u>Clients Lost</u>
In-Home	607,754	48,816	282
Access	256,779	66,870	608
Congregate Meals	80,963	21,941	268
Home Delivered Meals	<u>126,502</u>	<u>40,287</u>	<u>267</u>
	1,071,998	177,914	1,425

	<u>Current Funding</u>	<u>Reduction</u>	<u>Revised</u>
Total Funding	50,399,227	1,071,998 (2.1%)	49,327,229
Revenue	25,163,136	107,200(0.4%)	25,055,936
Appropriation	25,236,091	964,798(3.8%)	24,271,293

Note: No impact on MOE, nor loss of federal funds. Revenue reduction reflects reduced local match requirement. It should also be noted, an increase in federal funding could have resulted in an increase of \$166,000 in State Administration, but due to lack of state matching funds, the division will allocate as service dollars.

Budgetary Information:

	<u>Fund Number(s)</u>	<u>Fund Title(s)</u>	<u>Account Number</u>	<u>Account Title</u>	<u>Recommended Reduction 2002-03</u>
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1210	Community Based Services	6XXX	Aid and Public Assistance	1,071,998
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					1,071,998
RECEIPTS					107,200
APPROPRIATIONS					964,798
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Aging

Title of Recommendation: Home & Community Care Block Grant Services

Recommendation 1 **of** 5 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction in state funding for HCCBG for home and community based aging services.

In-Home services include skilled home care, in-home aide levels 1-4, and home delivered meals and some respite services to relieve the caregiver. Access services include care management, information and assistance, and transportation. Community services include adult day care and day health, group respite, and congregate nutrition. Home delivered meals (often called meals on wheels,) are for the frail elderly who cannot obtain and/or cook a meal for themselves. It is often the only decent meal they get all day. Congregate meals are an attempt to both ensure a nutritious meal and provide socialization for the elderly. The meal site also offers nutrition counseling and other health and wellness activities.

Although all seniors over 60 are technically eligible for these services, they are targeted to the frail elderly and the near poor. Minority and rural populations also are targeted with the formula used in North Carolina. The purpose of these programs is to allow seniors to age in place in their homes with the supports they need to maintain independence.

Counties make the decision about HCCBG funds to allocate them among 18 possible services.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

<u>Services Reduced</u>	<u>Amount of Reductions</u>	<u>Units Lost</u>	<u>Clients Lost</u>
In-Home	793,783	63,758	369
Access	335,377	87,338	794
Congregate Meals	105,746	28,657	349
Home Delivered Meals	<u>165,224</u>	<u>52,619</u>	<u>348</u>
	1,400,130	232,372	1,860
	<u>Current Funding</u>	<u>Reduction</u>	<u>Revised</u>
Total Funding	50,399,227	1,400,130 (2.8%)	48,999,097
Revenue	25,163,136	140,013 (0.6%)	25,023,123
Appropriation	25,236,091	1,260,117 (5.0%)	23,975,974

Note: No impact on MOE, nor loss of federal funds. Revenue reduction reflects reduced local match requirement. It should also be noted, an increase in federal funding could have resulted in an increase of \$166,000 in State Administration, but due to lack of state matching funds, the division will allocate as service dollars.

Budgetary Information:

<u>Fund Number(s)</u>	<u>Fund Title(s)</u>	<u>Account Number</u>	<u>Account Title</u>	<u>Recommended Reduction 2002-03</u>
		1XXX	Personal Services	
			Less Serverance Costs	
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
1210	Community Based Services	6XXX	Aid and Public Assistance	1,400,130
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				1,400,130
RECEIPTS				140,013
APPROPRIATIONS				1,260,117
NO. OF POSITIONS				

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Aging

Title of Recommendation: Home & Community Care Block Grant Services

Recommendation 1 of 5 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction in state funding for HCCBG for home and community based aging services.

In-Home services include skilled home care, in-home aide levels 1-4, and home delivered meals and some respite services to relieve the caregiver. Access services include care management, information and assistance, and transportation. Community services include adult day care and day health, group respite, and congregate nutrition. Home delivered meals (often called meals on wheels,) are for the frail elderly who cannot obtain and/or cook a meal for themselves. It is often the only decent meal they get all day. Congregate meals are an attempt to both ensure a nutritious meal and provide socialization for the elderly. The meal site also offers nutrition counseling and other health and wellness activities.

Although all seniors over 60 are technically eligible for these services, they are targeted to the frail elderly and the near poor. Minority and rural populations also are targeted with the formula used in North Carolina. The purpose of these programs is to allow seniors to age in place in their homes with the supports they need to maintain independence.

Counties make the decision about HCCBG funds to allocate them among 18 possible services.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

<u>Services Reduced</u>	<u>Amount of Reductions</u>	<u>Units Lost</u>	<u>Clients Lost</u>
In-Home	979,813	78,700	455
Access	413,976	107,806	980
Congregate Meals	130,528	35,373	431
Home Delivered Meals	<u>203,945</u>	<u>64,951</u>	<u>431</u>
	1,728,262	286,830	2,296

	<u>Current Funding</u>	<u>Reduction</u>	<u>Revised</u>
Total Funding	50,399,227	1,728,262 (3.4%)	48,670,965
Revenue	25,163,136	172,826 (0.7%)	24,990,310
Appropriation	25,236,091	1,555,436 (6.2%)	23,680,655

Note: No impact on MOE, nor loss of federal funds. Revenue reduction reflects reduced local match requirement. It should also be noted, an increase in federal funding could have resulted in an increase of \$166,000 in State Administration, but due to lack of state matching funds, the division will allocate as service dollars.

Budgetary Information:

	<u>Fund Number(s)</u>	<u>Fund Title(s)</u>	<u>Account Number</u>	<u>Account Title</u>	<u>Recommended Reduction 2002-03</u>
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1210	Community Based Services	6XXX	Aid and Public Assistance	1,728,262
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					1,728,262
RECEIPTS					172,826
APPROPRIATIONS					1,555,436
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Aging

Title of Recommendation: Senior Center Programs

Recommendation 2 **of** 5 **for SFY** 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Division funds two state programs with state funds. Senior Center Outreach is currently funded at \$365,316 and the appropriation for the Senior Center General Purpose Fund is currently \$1,000,000. Elimination of Division appropriations in the amount of 15% will require the elimination of state funding for senior centers.

Senior Center Outreach funding allows senior centers to provide services and activities at the center or in a remote location to unserved and under served elderly. For SFY 01-02, 106 senior centers are receiving awards ranging from \$1,129 to \$8,648, including local match. The Division projects that approximately 220,000 seniors will be served through these centers.

Senior Center General Purpose funding provides existing and developing senior centers with funding to meet operational needs ranging from building maintenance and improvements to salaries for program coordinators and activities directors. Currently, funding is provided to 160 senior centers. The Division has established a certification program that recognizes centers of "excellence" and "merit". Centers achieving these rankings have taken prescribed measures to develop and improve services in their centers. The general purpose funding has provided an incentive for centers obtain certification. Centers of excellence receive \$12,626, centers of merit receive \$9,470 and all other centers receive \$6,313, including local match. Of the 160 centers, 15 are certified as centers of excellence and 8 are certified as centers of merit.

Program Impact if Reduction is Approved:

The elimination of state funding for senior centers would most likely not cause any centers to close. However, many centers would have to reduce the variety of activities offered, reduce outreach to elderly in remote areas, dismiss program staff, and delay needed maintenance and repairs to facilities. There will also be pressure at the local level to fill in the gaps in programs and services.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		1XXX	Personal Services	
			Less Severance Costs	
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
1210	Community Based Ser.	6XXX	Aid and Public Assistance	\$1,517,018
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				
RECEIPTS				\$1,517,018
APPROPRIATIONS				\$151,702
NO. OF POSITIONS				\$1,365,316

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No
- A special provision details how the senior center general purpose money is to be disbursed. It would need to be changed or removed.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Aging

Title of Recommendation: North Carolina Senior Games

Recommendation 3 of 5 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Elimination of state support for North Carolina Senior Games, Inc. This program is the primary organization that provides health promotion and wellness activities for seniors on a state-wide basis.

Program Impact if Reduction is Approved:

Without this state funding, support for local programs will be drastically reduced which will probably result in some local programs being discontinued. There are 52 local Senior Games programs across the state. In addition, state activities, including the annual Senior Games State Finals, may be severely diminished or eliminated entirely. 45,419 persons participated in Senior Games activities at the local and state levels last year. These are very popular programs, and an integral part of health and wellness programs at the local level.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1210	Community Based Ser.	6XXX	Aid and Public Assistance	\$175,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					\$175,000
APPROPRIATIONS					
NO. OF POSITIONS					\$175,000

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Aging

Title of Recommendation: Senior Tar Heel Legislature (STHL)

Recommendation 4 **of** 5 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? X 7% X 8% X 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction of funding for the Senior Tar Heel Legislature to enable them to meet one time per year as established by general statute. The Senior Tar Heel Legislature was established by the NC General Assembly in July, 1993 (G.S. 143B-188.55) to serve as a vehicle for:

- Promoting citizen involvement and advocacy concerning aging issues before the General Assembly;
- Educating older adults to the legislative process; and
- Communicating the needs of older adults to the General Assembly

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

By state statute, the Senior Tar Heel Legislature is to meet in March of each year. The Division of Aging is charged by statute with coordinating the STHL. The Senior Tar Heel Legislature has found that to be most effective, it needs to meet three times per year. Each county sends a delegate to the meetings. Budgeted appropriations provide for the printing of materials, other support cost incurred by the Division and one meal function at each meeting. Delegates are responsible for their own expenses; however, the Division has traditionally provided the one meal.

The Senior Tar Heel Legislature identifies 3 to 5 issues each to recommend to the General Assembly for action. Delegates and alternates educate themselves on the issues and place great emphasis on educating the public and members of the General Assembly about these issues. The STHL has been instrumental in the passage of most of the significant legislation in the past nine years that has benefited older adults. This legislation includes:

- Requirements for criminal background checks of unlicensed applicants for employment in adult care homes, nursing homes and home care agencies;
- Expanding Medicaid to all those eligible for SSI and increasing the Medicaid income eligibility level to 100% of poverty for older and disabled adults;
- Requirements to reform the long-term care industry to improve quality of care, increase protection of residents and strengthen regulatory oversight of industry practices;
- Development of the first prescription drug assistance program for seniors;
- Expansion of the Homestead Property Tax Exemption for low income elderly and disabled adults; and
- Increases of \$15.1 million for community based services and \$1 million for senior centers in recurring funding since 1994.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1110	State Administration	22XX-5XXX	Operating Expenses	\$6,000
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$6,000
RECEIPTS					
APPROPRIATIONS					\$6,000
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ X ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ X ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ X ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Aging

Title of Recommendation: Governor's Advisory Council on Aging

Recommendation 5 **of** 5 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Reduce support for the Governor's Advisory Council from \$8,000 to \$4,000. The Governor's Advisory Council on Aging is authorized by G.S. 143B-180 to make recommendations to the Governor and Secretary of the Department of Health and Human Services on how to improve the quality of life and human services for older North Carolinians.

Program Impact if Reduction is Approved:

The Council is comprised of 33 members. The General Statute requires that the Council meet at least quarterly and that members receive per diem and necessary travel and subsistence reimbursement in accordance with state rates. The Division has the delegated responsibility to provide administrative support to the Council. We are proposing that the statute be amended to reduce the number of required meetings from four to two annually.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1110	State Administration	22XX-5XXX	Operating Expenses	\$4,000
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$4,000
RECEIPTS					
APPROPRIATIONS					\$4,000
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No

We are proposing that the statute be amended to reduce the number of required meetings from four to two annually.

Does this request require additional resources/reduced resources to another state agency? Yes No

- Does this request relate to a capital improvement project? Yes No

DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS (VARYING PERCENTAGES)
Impact to State Appropriations Only

Division Name: Child Development
 Budget Code: 14420
 SFY 2002-03 Total Appropriations (Per BD 307):

\$ 289,058,396

LIST REDUCTION ITEMS BELOW:		Percentage of Reduction				
Calculated Dollar Value of Percentages Shown		7%	8%	9%	10%	11%
1	Reduce CCDF Matching Funds	\$ 500,000	\$ 500,000	\$ 500,000	\$ 600,000	\$ 600,000
2	Reduce State Subsidy Funds	-	-	-	1,521,232	2,593,586
3	Eliminate Early Start Funds	56,286	56,286	56,286	56,286	56,286
4	Reduce Funds for T.E.A.C.H.	-	-	-	-	2,600,000
5	Reduce Funds for Touching the Lives	300,000	300,000	300,000	300,000	300,000
6	Reduce Funds for Legal Services	33,658	33,658	33,658	33,658	33,658
7	Reduce Funds for Criminal Record Checks	12,000	12,000	12,000	12,000	12,000
8	Reduce Funds for DCD Administration (non-Smart Start)	259,861	289,637	325,238	360,849	399,281
9	Day Care Licensing Fee	-	-	-	750,000	750,000
	Non-Smart Start Subtotal	1,161,805	1,191,581	1,227,182	3,634,025	7,344,811
10	DCD Administration (Smart Start)	31,500	36,000	36,000	36,000	36,000
11	Automation	39,209	44,810	44,810	44,810	44,810
12	Professional Development	14,000	16,000	16,000	16,000	16,000
13	Evaluation	35,000	40,000	40,000	40,000	40,000
14	NCPC Administration	337,954	386,233	386,233	386,233	386,233
15	Local Partnership Funds	14,944,188	17,079,072	17,079,072	17,079,072	17,079,072
	Smart Start Subtotal	15,401,851	17,602,115	17,602,115	17,602,115	17,602,115
	TOTAL REDUCTION	\$ 16,563,656	\$ 18,793,696	\$ 18,829,297	\$ 21,236,140	\$ 24,946,926

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: CCDF Matching Funds (Child Care Subsidy)

Recommendation 1 **of** 15 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduce child care subsidy funding used for CCDF state match by \$500,000.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

It is anticipated that Smart Start subsidy expenditures will provide enough eligible expenditures to prevent the loss of federal funds. If not, maximum federal dollars lost would be \$813,537 (at FFP rate for FY 2002). Not spending the \$500K will mean a reduction in services to approximately 278 children. Loss of federal funds would reduce services to an additional 450 children. Total potential impact: lose funding for subsidy for approximately 728 children.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1811	Child Care Serv	6XXX	Aid and Public Assistance	\$5,136,308	(500,000)	10%	\$4,636,308
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$5,136,308	(500,000)	10%	\$4,636,308
RECEIPTS								
APPROPR					\$5,136,308	(500,000)	10%	\$4,636,308
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact. *Decrease county dss' ability to provide child care subsidies. May impact ability to meet Work First requirements. Also, will decrease amount county dss may use to administer child care subsidy program.*
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: CCDF Matching Funds (Child Care Subsidy)

Recommendation 1 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduce child care subsidy funding used for CCDF state match by \$600,000.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

It is anticipated that Smart Start subsidy expenditures will provide enough eligible expenditures to prevent the loss of federal funds. If not, maximum federal dollars lost would be \$976,245 (at FFP rate for FY 2002). Not spending the \$600K will mean a reduction in services to approximately 333 children. Loss of federal funds would reduce services to an additional 540 children. Total potential impact: lose funding for subsidy for approximately 873 children.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1811	Child Care Serv	6XXX	Aid and Public Assistance	\$5,136,308	(600,000)	12%	\$4,536,308
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$5,136,308	(600,000)	12%	\$4,536,308
RECEIPTS								
APPROPR					\$5,136,308	(600,000)	12%	\$4,536,308
NO. POS								

Other Considerations

- Will this reduction impact local governments? X Yes No If yes, describe impact. *Decrease county dss' ability to provide child care subsidies. May impact ability to meet Work First requirements. Also, will decrease amount county dss may use to administer child care subsidy program.*
- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce State Child Care Subsidy Funds for Children Ineligible for Fed. Funding
Recommendation 2 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduce state subsidy funds used for children ineligible for federal CCDF and TANF child care funding. This includes all children receiving subsidy assistance for some reason other than to support the employment, education or training of the parents. Children needing this assistance include those in child care because they are also receiving child protective services, other child welfare services, are in foster care and need child care for some reason other than the foster parents' employment, or are developmentally delayed or at risk of delay.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Reduction of these funds will not impact access to federal funds, however, these funds and the \$3 million in federal Social Services Block Grant (SSBG) funds that the Division receives are the only resources available to these families. This proposed reduction will mean the loss of services to approximately 845 children.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
		1XXX	Personal Services				
			Less Severance Costs				
		21XX	Contracted Services				
		22XX-5XXX	Operating Expenses				
1811	Child Care Serv	6XXX	Aid and Public Assistance	\$18,017,182	(1,521,232)	8.4%	\$16,495,950
		7XXX	Reserves				
		8XXX	Transfers				
REQUIRE				\$18,017,182	(1,521,232)	8.4%	\$16,495,950
RECEIPTS							
APPROPR				\$18,017,182	(1,521,232)	8.4%	\$16,495,950
NO. POS					0		

Other Considerations

- Will this reduction impact local governments? X Yes No If yes, describe impact. *Will decrease the ability of county dss's to provide child care subsidies to these special populations. Will also decrease the amount of funding county dss may use to administer subsidy program.*
- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Title of Recommendation: Reduce State Child Care Subsidy Funds for Children Ineligible for Fed. Funding
Recommendation 2 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduce state subsidy funds used for children ineligible for federal CCDF and TANF child care funding. This includes all children receiving subsidy assistance for some reason other than to support the employment, education or training of the parents. Children needing this assistance include those in child care because they are also receiving child protective services, other child welfare services, are in foster care and need child care for some reason other than the foster parents' employment, or are developmentally delayed or at risk of delay.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Reduction of these funds will not impact access to federal funds, however, these funds and the \$3 million in federal Social Services Block Grant (SSBG) funds that the Division receives are the only resources available to these families. This proposed reduction will mean the loss of services to approximately 1,441 children.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1811	Child Care Serv	6XXX	Aid and Public Assistance	\$18,017,182	(2,593,586)	14%	\$15,423,596
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$18,017,182	(2,593,586)	14%	\$15,423,596
RECEIPTS								
APPROPR					\$18,017,182	(2,583,586)	14%	\$15,423,596
NO. POS								

Other Considerations

- Will this reduction impact local governments? X Yes No If yes, describe impact. *Will decrease the ability of county dss's to provide child care subsidies to these special populations. Will also decrease the amount of funding county dss may use to administer subsidy program.*
- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Eliminate Remaining Early Start Funds

Recommendation 3 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The 2001 Session of the General Assembly eliminated the majority of the Division's funding for Early Head Start programs, leaving \$56,286 in this account. Because the intent of the legislation was that the Division would not continue to contract with Early Head Start centers, the remaining funds cannot be used for the original purpose.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

None

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1811	Child Care Serv	6XXX	Aid and Public Assistance	\$56,286	(56,286)	100%	\$0
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$56,286	(56,286)	100%	\$0
RECEIPTS								
APPROPR					\$56,286	(56,286)	100%	\$0
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for T.E.A.C.H.

Recommendation 4 **of** 15 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The T.E.A.C.H. (Teacher Education and Compensation Helps) Program pays for scholarships for child care teachers and center administrators to take classes at community colleges in order to meet the educational requirements for a child care license. The proven effect of the T.E.A.C.H. program is a significant reduction in turnover of staff in child care centers. Lower staff turnover means a larger pool of trained staff for child care plus fewer adjustments for children enrolled in child care. The T.E.A.C.H. program also helps centers achieve higher levels of licensing (more stars), creating better quality child care without increasing the cost of care to parents. The average cost to the T.E.A.C.H. program to assist a child care worker to meet his or her educational goal is \$519.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Eliminating the \$2.6 million currently budgeted for T.E.A.C.H. will essentially shut down this program in N.C. This means that approximately 5000 child care workers will lose access to funding that helps them achieve the education they need to meet licensing requirements and to provide good quality child care. The cost of meeting the licensing requirements must then be borne by the child care provider, thus increasing the cost of care to parents and to the state's subsidized child care program. In other words, this recommendation ultimately will result in no savings at all. In the short run, \$2.6 million will provide subsidized child care for approximately 1,400 children.

This recommendation would not be supported by child advocates or by certain members of the General Assembly who have supported annual appropriations for T.E.A.C.H. This would be a good program for the Community Colleges to fund for a period of two to three years or until the state revenue situation improves.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1811	Child Care Serv.	6XXX	Aid and Public Assistance	\$2,600,000	(2,600,000)	100%	\$0
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$2,600,000	(2,600,000)	100%	\$0
RECEIPTS								
APPROPR					\$2,600,000	(2,600,000)	100%	\$0
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? X Yes No If yes, describe impact. *Will have some impact on community colleges. Could reduce enrollment in early childhood classes by at least 550 students*
- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? X Yes No If yes, name the agency and the funds required/reduced. *See first item regarding impact to Community College system.*

Other Considerations

- Will this reduction impact local governments? Yes ___ No If yes, describe impact. *Will have some impact on community colleges. Could reduce enrollment in early childhood classes by at least 550 students*
- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes ___ No If yes, name the agency and the funds required/reduced. *See first item regarding impact to Community College system.*

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Eliminate Funding for Touching the Lives of Children

Recommendation 5 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Touching the Lives of Children, Inc. is a private, nonprofit agency that trains volunteers to visit homes, schools and child care programs to provide one-on-one learning assistance to children who have been identified as being at risk of failing in school. TLC also buys the materials that the volunteers use to work with the children. The provider indicates that their service cost is about \$40 per child. Eliminating all state funding for this program would reduce the contractor's funding to about one-third of its current resources. During SFY 2000-2001, the program served more than 4,836 children in 91 sites in 74 counties. It is not known how many of the children are served with DCD's funding as opposed to other funding sources available to the program.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Although the program provides services at a low cost per child, \$300,000 would provide subsidized child care services to approximately 165 children.

This would be a good program for the State University Schools of Education to fund for a period of two to three years or until the state revenue situation improves.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1811	Child Care Serv	6XXX	Aid and Public Assistance	\$300,000	(300,000)	100%	\$0
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$300,000	(300,000)	100%	\$0
RECEIPTS								
APPROPR					\$300,000	(300,000)	100%	\$0
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact. *May impact local education systems if services are discontinued in the community.*
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for Legal Services

Recommendation 6 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Eliminate funding for paralegal position funded with criminal record check (CRC) appropriation. Position was in process of being transferred from Attorney General's Office to DCD to be reclassified from paralegal to administrative support position for the CRC process. This transfer was recommended by OSBM following study of DCD's CRC process.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

DCD continues to have delays in processing requests for criminal record checks of child care employees. Delays are caused by volume of requests and lack of DCD resources to process them in a timely manner.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
	1111	Gen. Admin	21XX	Contracted Services	\$120,709	(33,658)	28%	\$87,051
			22XX-5XXX	Operating Expenses				
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$120,709	(33,658)	28%	\$87,051
RECEIPTS								
APPROPR					\$120,709	(33,658)	28%	\$87,051
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for National Criminal Record Checks

Recommendation 7 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The General Assembly appropriated \$110,000 to DCD to reimburse the State Bureau of Investigation (SBI) for the cost of obtaining national record checks on child care employees who have lived outside North Carolina within the last five years. The current charge for these checks is \$24 each. DCD's average annual reimbursement to the SBI for this service has been a little over \$97,000 per year.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

None - unless the charge for this service increases.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
	1111	Gen. Admin	21XX	Contracted Services	\$110,000	(12,000)	11%	\$98,000
			22XX-5XXX	Operating Expenses				
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$110,000	(12,000)	11%	\$98,000
RECEIPTS								
APPROPR					\$110,000	(12,000)	11%	\$98,000
NO. POS								

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce DCD Administration Funds (Non-Smart Start Admin Funds)

Recommendation 8 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Decrease general administration funds by \$50,000 and eliminate 6.5 positions for a total reduction of \$374,166.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Division will be less able to provide administrative support to field staff or respond to requests from providers and other customers in a timely manner.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option*	Revised Funding*
	1111	Gen. Admin	1XXX	Personal Services		(287,423)		
				Less Severance Costs		84,529		
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses		(86,743)		
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$4,677,070	(289,637)	8%	\$4,302,904
RECEIPTS								
APPROPR					\$4,677,070	(289,637)	8%	\$4,302,904
NO. POS					85.5	(6.5)	6%	79

* revised funding amounts and percent of reduction do not include one time costs for severance pay.

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce DCD Administration Funds (Non-Smart Start Admin Funds)

Recommendation 8 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Decrease general administration funds by \$50,000 and eliminate 7.5 positions for a total reduction of \$420,932.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Division will be less able to provide administrative support to field staff or respond to requests from providers and other customers in a timely manner.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option*	Revised Funding*
	1111	Gen Admin	1XXX	Personal Services		(322,870)		
				Less Severance Costs		95,694		
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses		(98,061)		
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$4,677,070	(325,238)	9%	\$4,256,138
RECEIPTS								
APPROPR					\$4,677,070	(325,238)	9%	\$4,256,138
NO. POS					85.5	(7.5)	7%	78

* revised funding amounts and percent of reduction do not include one time costs for severance pay.

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce DCD Administration Funds (Non-Smart Start Admin Funds)

Recommendation 8 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Decrease general administration funds by \$50,000 and eliminate 8.5 positions for a total reduction of \$467,707.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Division will be less able to provide administrative support to field staff or respond to requests from providers and other customers in a timely manner. At this level the Division will have to reduce the number of subsidy program field consultants. Less technical assistance and monitoring of subsidy administration agencies creates more opportunity for noncompliance and audit exceptions.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option*	Revised Funding*
	1111	Gen Admin	1XXX	Personal Services		(365,675)		
				Less Severance Costs		106,858		
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses		(102,032)		
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$4,677,070	(360,849)	10%	\$4,209,363
RECEIPTS								
APPROPR					\$4,677,070	(360,849)	10%	\$4,209,363
NO. POS					85.5	(8.5)	8%	77

* revised funding amounts and percent of reduction do not include one time costs for severance pay.

Other Considerations

- Will this reduction impact local governments? Yes X No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce DCD Administration Funds (Non-Smart Start Admin Funds)
Recommendation 8 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Decrease general administration funds by \$50,000 and eliminate 9.3 positions for a total reduction of \$514,481.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Division will be less able to provide administrative support to field staff or respond to requests from providers and other customers in a timely manner. The Division will also have to reduce the number of subsidy program field consultants. Less technical assistance and monitoring of subsidy administration agencies creates more opportunity for noncompliance and audit exceptions. At the 11% level, the Division will have to reduce the number of licensing staff. The result will be higher licensing caseloads and less timely responses to complaints and requests from providers for licensing changes.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option*	Revised Funding*
	1111	Gen. Admin	1XXX	Personal Services		(393,195)		
				Less Severance Costs		115,200		
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses		(121,286)		
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$4,677,070	(399,281)	11%	\$4,162,589
RECEIPTS								
APPROPR					\$4,677,070	(399,281)	11%	\$4,162,589
NO. POS					85.5	(9.3)	9%	76.2

* revised funding amounts and percent of reduction do not include one time costs for severance pay.

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Increase Receipts by Charging Licensing Fees

Recommendation 9 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Charge an annual child care licensing fee to all child care centers. The amount of the fee would be based on the center's approved capacity as follows: Up to 12 children -- \$35; 13-50 children--\$125; 51-100 children--\$250; and 101-200 children - \$400. There may be an additional fee for centers whose capacity exceeds 200 children. The average charge per center would be approximately \$2.50 per child slot. The amounts are comparable to what other southeastern states charge. Some of the revenue from the fees would be needed to pay the costs of administering the new requirement. Legislation will be required to implement this proposal. There are currently over 4000 centers that would be subject to the licensing fee. The proposal would exempt centers operated by public schools and state universities or community colleges.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Pros: Could generate up to \$851,000 per year in new revenue (it is unlikely that the full amount would be realized in the first year.) The revenue generated could be used to off set DCD operating costs or programs.

Cons: Providers may pass cost onto parent (although increase per child would be small). State has not increased subsidy payment rates since SFY 2000 which some providers view as a lack of support for offering higher quality care. Some municipalities charge a fee for building or fire inspections. DENR is currently drafting a statewide fee for annual sanitation inspections. The proposed charge would be \$25 for residential based centers licensed for 13 or fewer children and \$50 for all other centers. Therefore, there would be two new fees for centers that currently pay none..

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services	0	69,000		69,000
				Less Severance Costs				
			21XX	Contracted Services				
	1111	Gen. Admin	22XX-5XXX	Operating Expenses	0	782,584		782,584
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					0	851,584		851,584
RECEIPTS			43XX	Licensing Fees	0	851,584		851,584
APPROPR								
NO. POS					0	2		2

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. *Legislation will be required to authorize charging licensing fees.*
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. *Collection of fees will place additional work on DHHS Controllers' Office.*
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce DCD Smart Start Administration Funds

Recommendation 10 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Decrease DCD funding for administration of Smart Start by \$31,500

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The 2001 General Assembly reduced DCD's funding for Smart Start administration by 10% from \$500,000 to \$450,000. The \$500K was significantly less than the Division spends for its responsibilities related to Smart Start activities. This reduction, which will include one-half of one position, means that the Division will continue to pay a bigger portion of the costs associated with Smart Start from other sources.

This position count needs to be added to the Division's non-Smart Start position reduction count in order to see the full impact.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
	1111	Gen. Admin	1XXX	Personal Services		(28,350)		
				Less Severance Costs		Vacant		
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses		(3,150)		
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$450,000	(31,500)	7%	\$418,500
RECEIPTS								
APPROPR					\$450,000	(31,500)	7%	\$418,500
NO. POS						(0.5)		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce DCD Administration Funds (Non-Smart Start Admin Funds)

Recommendation 10 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s) 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Decrease DCD funding for administration of Smart Start by \$36,000

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The 2001 General Assembly reduced DCD's funding for Smart Start administration by 10% from \$500,000 to \$450,000. The \$500K was significantly less than the Division spends for its responsibilities related to Smart Start activities. This reduction, which will include approximately two-thirds of one position, means that the Division will continue to pay a bigger portion of the costs associated with Smart Start from other sources.

This position count needs to be added to the Division's non-Smart Start position reduction count in order to see the full impact.

Budgetary Information:

	Fund Number (s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option*	Revised Funding *
	1111	Gen. Admin	1XXX	Personal Services		(32,400)		
				Less Severance Costs		vacant		
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses		(3,600)		
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$450,000	(36,000)	8%	\$414,000
RECEIPTS								
APPROPR					\$450,000	(36,000)	8%	\$414,000
NO. POS						(0.7)		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for DCD Automation

Recommendation 11 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduce funding for DIRM and ITS costs to support DCD automated systems that support Smart Start activities. The systems affected would be the child care subsidy reimbursement system and the Child Care Facilities Search Website. The website is used by parents, county agencies, and child care providers needing information about specific child care facilities.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

DIRM's existing budget shortfall would be exacerbated.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
	1711	ECl	21XX	Contracted Services	\$560,122	(39,209)	7%	\$520,913
			22XX-5XXX	Operating Expenses				
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$560,122	(39,209)	7%	\$520,913
RECEIPTS								
APPROPR					\$560,122	(39,209)	7%	\$520,913
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. *Reduced resources to DIRM and ITS. See description of reduction above.*
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for DCD Automation

Recommendation 11 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduce funding for DIRM and ITS costs to support DCD automated systems that help support Smart Start activities. The systems affected would be the child care subsidy reimbursement system and the Child Care Facilities Search Website. The website is used by parents, county agencies, and child care providers needing information about specific child care facilities.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

DIRM's existing budget shortfall would be exacerbated.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services	\$560,122	(44,810)	8%	\$515,312
			22XX-5XXX	Operating Expenses				
			6XXX	Aid and Public Assistance				
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$560,122	(44,810)	8%	\$515,312
RECEIPTS								
APPROPR					\$560,122	(44,810)	8%	\$515,312
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. *Reduced resources to DIRM and ITS. See description of reduction above.*
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Smart Start Professional Development funds

Recommendation 12 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Smart Start professional development funds are used in a variety of ways to help child care employees improve their educational qualifications without increasing the cost of child care. This reduction would cut the funding for professional development by \$14,000. These funds were already reduced from \$240,000 to \$200,000 by the 2001 Session of the General Assembly.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Professional development activities were reduced this year to assist with the budget shortfall. These funds may be cut without adverse effect on existing activities. The loss of these funds will prevent future efforts to improve the quality of child care staff.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1711	ECI	6XXX	Aid and Public Assistance	\$200,000	(14,000)	7%	\$186,000
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$200,000	(14,000)	7%	\$186,000
RECEIPTS								
APPROPR					\$200,000	(14,000)	7%	\$186,000
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Smart Start Professional Development funds

Recommendation 12 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Smart Start professional development funds are used in a variety of ways to help child care employees improve their educational qualifications without increasing the cost of child care. This reduction would cut the funding for professional development by \$16,000. These funds were already reduced from \$240,000 to \$200,000 by the 2001 Session of the General Assembly.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Professional development activities were reduced this year to assist with the budget shortfall. These funds may be cut without adverse effect on existing activities. The loss of these funds will prevent future efforts to improve the quality of child care staff.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1711	ECI	6XXX	Aid and Public Assistance	\$200,000	(16,000)	8%	\$184,000
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$200,000	(16,000)	8%	\$184,000
RECEIPTS								
APPROPR					\$200,000	(16,000)	8%	\$184,000
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for Smart Start Evaluation

Recommendation 13 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Smart Start legislation requires the Frank Porter Graham Child Development Center at UNC-CH to perform an annual evaluation of Smart Start funded activities. This reduction will cut the Smart Start evaluation contract with the Frank Porter Graham Center by an additional \$35,000. The funding for this contract was already reduced by \$565,000 in the last session of the General Assembly.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The probable impact would be to reduce the number of children used to assess the impact of child care of varying quality. This reduces the power of the study to detect differences that are related to child care centers' participation in Smart Start funded activities.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1711	ECI	6XXX	Aid and Public Assistance	\$500,000	(35,000)	7%	\$465,000
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$500,000	(35,000)	7%	\$465,000
RECEIPTS								
APPROPR					\$500,000	(35,000)	7%	\$465,000
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. *Reduced resources to the University of North Carolina-Chapel Hill, FPG Center that will still be legislatively mandated to provide the annual evaluation.*
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for Smart Start Evaluation

Recommendation 13 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Smart Start legislation requires the Frank Porter Graham Child Development Center at UNC-CH to perform an annual evaluation of Smart Start funded activities. This reduction will cut the Smart Start evaluation contract with the Frank Porter Graham Center by an additional \$40,000. The funding for this contract was already reduced by \$565,000 in the last session of the General Assembly.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The probable impact would be twofold. First, reduce the number of children used to assess the impact of child care of varying quality. This reduces the power of the study to detect differences that are related to child care centers' participation in Smart Start funded activities. Second, the printing budget for final study reports would be reduced. Results would be promulgated via a website instead of printed documents.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
			6XXX	Aid and Public Assistance	\$500,000	(40,000)	8%	\$460,000
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$500,000	(40,000)	8%	\$460,000
RECEIPTS								
APPROPR					\$500,000	(40,000)	8%	\$460,000
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. *Reduced resources to the University of North Carolina-Chapel Hill, FPG Center that will still be legislatively mandated to provide the annual evaluation.*
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for NCPC Administration

Recommendation 14 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction would reduce funding for the North Carolina Partnership for Children (NCPC) by 7% of their current budget. NCPC's administration budget was cut by 10% in the last legislative session.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

NCPC is legislatively mandated to ensure fiscal accountability of the \$200+ million of state funds allocated to the local partnerships. In order to provide accountability and ensure fiscal and programmatic integrity of Smart Start, NCPC must perform annual programmatic and financial monitoring of the local partnerships, provide technical assistance and training and review and approve all local partnership service activities. Additional cuts to NCPC's budget will seriously jeopardize its ability to provide effective oversight and ensure accountability of state funds.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1711	ECI	6XXX	Aid and Public Assistance	\$4,827,915	(337,954)	7%	\$4,489,961
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$4,827,915	(337,954)	7%	\$4,489,961
RECEIPTS								
APPROPR					\$4,827,915	(337,954)	7%	\$4,489,961
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Funding for NCPC Administration

Recommendation 14 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction would reduce funding for the North Carolina Partnership for Children (NCPC) by 8% of their current budget. NCPC's administration budget was cut by 10% in the last legislative session.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

NCPC is legislatively mandated to ensure fiscal accountability of the \$200+ million of state funds allocated to the local partnerships. In order to provide accountability and ensure fiscal and programmatic integrity of Smart Start, NCPC must perform annual programmatic and financial monitoring of the local partnerships, provide technical assistance and training and review and approve all local partnership service activities. Additional cuts to NCPC's budget will seriously jeopardize its ability to provide effective oversight and ensure accountability of state funds.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1711	ECI	6XXX	Aid and Public Assistance	\$4,827,915	(386,233)	8%	\$4,441,682
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$4,827,915	(386,233)	8%	\$4,441,682
RECEIPTS								
APPROPR					\$4,827,915	(386,233)	8%	\$4,441,682
NO. POS						0		

Other Considerations

- Will this reduction impact local governments? Yes No If yes, describe impact.
- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Smart Start Funding for Local Partnerships

Recommendation 15 **of** 15 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This option represents a 7% reduction to funding allocated to local partnerships.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Smart Start does not allocate or account for funds on a per child basis. Therefore, it is not possible to calculate the exact number of children or families impacted by a 7% reduction in funding. The reduction to the current year appropriations has already impacted the ability of local partnerships to adequately meet the needs of children and families in their counties. Any additional reductions will result in: (1) approximately 1000 children receiving subsidy assistance for full-time care would be added to the waiting list; (2) the number of child care centers participating in quality enhancement projects will be reduced, potentially resulting in fewer star ratings and lower quality of care; (3) the number of teachers participating in college professional development courses will be reduced, preventing child care centers from having staff who meet the educational requirements for higher star ratings; (4) the number of children receiving speech/language and developmental screenings will be reduced, resulting in fewer children being identified and receiving early intervention services critical to their kindergarten success; and (5) the number of families receiving in-home services or other parent education will be reduced, resulting in more children being at risk of child abuse or neglect.

Also, Smart Start subsidy expenditures are used for CCDF state match and counted toward the TANF MOE requirements. Any significant reduction in local partnership funds allocated for child care subsidy would seriously impact the state's ability to access federal CCDF Matching funds and could affect the state's ability to meet TANF MOE requirements. To avoid this, legislation could be proposed to require that no less than \$58 million in Smart Start funding (or some other amount determined to be necessary to meet federal requirements) be allocated for child care subsidy payments to approved vendors reporting expenditures through the DCD child care subsidy information system.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1711	ECI	6XXX	Aid and Public Assistance	\$213,488,405	(14,944,148)	7%	\$198,544,217
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$213,488,405	(14,944,148)	7%	\$198,544,217
RECEIPTS								
APPROPR					\$213,488,405	(14,944,148)	7%	\$198,544,217
NO. POS						0		

Other Considerations

- o Will this reduction impact local governments? Yes No If yes, describe impact. *Some of the activities cut by local partnerships will be in local government budgets, e.g., child care subsidies, child health and developmental screenings.*
- o Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. *Legislation would be needed if local partnerships were required to allocate more than 30% of their funding for subsidy and perhaps address the type of vendor. The type of vendor could probably be defined by NCPC rather than by legislation.*
- o Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- o Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Child Development

Title of Recommendation: Reduce Smart Start Funding for Local Partnerships

Recommendation 15 of 15 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction option represents an 8% cut to funding allocated to local partnerships.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Smart Start does not allocate or account for funds on a per child basis. Therefore, it is not possible to calculate the exact number of children or families impacted by a 8% reduction in funding. The reduction to the current year appropriations has already impacted the ability of local partnerships to adequately meet the needs of children and families in their counties. Any additional reductions will result in: (1) approximately 1000 children receiving subsidy assistance for full-time care would be added to the waiting list; (2) the number of child care centers participating in quality enhancement projects will be reduced, potentially resulting in fewer star ratings and lower quality of care; (3) the number of teachers participating in college professional development courses will be reduced, preventing child care centers from having staff who meet the educational requirements for higher star ratings; (4) the number of children receiving speech/language and developmental screenings will be reduced, resulting in fewer children being identified and receiving early intervention services critical to their kindergarten success; and (5) the number of families receiving in-home services or other parent education will be reduced, resulting in more children being at risk of child abuse or neglect.

Also, Smart Start subsidy expenditures are used for CCDF state match and counted toward the TANF MOE requirements. Any significant reduction in local partnership funds allocated for child care subsidy would seriously impact the state's ability to access federal CCDF Matching funds and could affect the state's ability to meet TANF MOE requirements. To avoid this, legislation could be proposed to require that no less than \$58 million in Smart Start funding (or some other amount determined as necessary to meet federal requirements) be allocated for child care subsidy payments to approved vendors reporting expenditures through the DCD child care subsidy information system.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Current Funding	Reduction Option	% of Reductn Option	Revised Funding
			1XXX	Personal Services				
				Less Severance Costs				
			21XX	Contracted Services				
			22XX-5XXX	Operating Expenses				
	1711	ECI	6XXX	Aid and Public Assistance	\$213,488,405	(17,079,072)	8%	\$196,409,333
			7XXX	Reserves				
			8XXX	Transfers				
REQUIRE					\$213,488,405	(17,079,072)	8%	\$196,409,333
RECEIPTS								
APPROPR					\$213,488,405	(17,079,072)	8%	\$196,409,333
NO. POS						0		

Other Considerations

- o Will this reduction impact local governments? Yes No If yes, describe impact. *Some of the activities cut by local partnerships will be in local government budgets, e.g., child care subsidies, child health screenings.*
- o Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. *Legislation would be needed if local partnerships were required to allocate more than 30% of their funding for subsidy and perhaps address the type of vendor. The type of vendor could probably be defined by NCPC rather than by Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.*
- o Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS (VARYING PERCENTAGES)
Impact to State Appropriations Only

Division Name: Office of Education Services
 Budget Code: 14424
 SFY 2002-03 Total Appropriations (Per BD 307):

36,566,927 (Enter Total Appropriations from BD 307 in the Block)

		Percentage of Reduction				
		Calculated Dollar Value of Percentages Shown				
LIST REDUCTION ITEMS BELOW:		7%	8%	9%	10%	11%
		\$ 2,559,685	\$ 2,925,354	\$ 3,291,023	\$ 3,656,693	\$ 4,022,362
1	Eliminate Auditory Learning Program	200,000	200,000	200,000	200,000	200,000
2	Reduce IEP/IFSP Personal Service Contract at Schools	100,000	100,000	100,000	100,000	100,000
3	Abolish CNCSD Maintenance Staff and Operating Budget (Abolishes four filled positions)	416,000	416,000	416,000	416,000	416,000
4	Reduce Appropriation for Capital Improvement Reserves	701,665	701,665	701,665	701,665	701,665
5	Reduce Operating Budgets across Office of Education Services	200,143	200,143	200,143	200,143	200,143
6	Abolish Residential Life and other Eastern School Positions (Abolishes 32 vacant positions)	580,713	580,713	580,713	580,713	580,713
7	Reduce Central Preschool Staff and Operating more outreach (Abolishes 7 vacant and two filled positions)	361,164	361,164	361,164	361,164	361,164
8	Abolish Residential life and other WNCSD Position and Operating. (Abolishes 10 vacant and three filled positions)	362,625	362,625	362,625	362,625	362,625
9	Reduce GMS Preschool Staff for the 3-5 Student Population (Abolishes 10 vacant positions)	365,669	365,669	365,669	365,669	365,669
10	Reduce GMS Preschool Operating Cost for the 3-5 Student Pop.				276,094	276,094
11	Abolish GMS Residential Life Positions (Abolishes 4 vacant positions)				89,576	89,576
12	Abolish Additional Governor Morehead School Positions (Abolishes 7 vacant positions)					230,115
13	Abolish Additional Eastern School Positions (Abolishes 3 filled positions)					135,554
Less Severance Costs		(62,304)	(62,304)	(62,304)	(62,304)	(62,304)
TOTAL REDUCTION		\$ 3,225,675	\$ 3,225,675	\$ 3,225,675	\$ 3,591,345	\$ 3,957,014

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Office of Education Services

Title of Recommendation: Eliminate Auditory Learning Program

Recommendation 1 **of** 13 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Auditory Learning Center is a non-profit organization that provides staff development and training to teachers, early interventionists, and other professionals serving children with hearing loss and their families. The Center also provides direct speech and languages services to approximately four children and their families each week. (Appropriations in the amount of \$200,000 pass through OES to the center.)

Program Impact if Reduction is Approved: (No impact on local governments.)

The Auditory Learning Center's staff development services can be absorbed by existing staff within the Office of Education Services. The limited direct services provided by the ALC can be provided through OES or local school districts. This will not adversely affect any services to children.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1701	Family Resource Ctr.	6XXX	Aid and Public Assistance	200,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					200,000
RECEIPTS					
APPROPRIATIONS					200,000
NO. OF POSITIONS					

Auditory Learning Center	Current Funding	Reduction	Revised Funding
Total Funding	\$200,000	\$200,000 (100%)	\$0
Revenues			
Appropriations	\$200,000	\$200,000 (100%)	\$0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date? See above description.

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Title of Recommendation: IEP/IFSP contracts

Recommendation 2 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Operating Budget for Contractual Services across all programs/schools (\$100,000) These are personal service contracts designed to provide related services as required by student's IEPs and IFSPs. As we reduce site-based services and increase itinerant services, the child's home LEA will provide for these related services. We will also look at ways to combine costs through RFPs.

Program Impact if Reduction is Approved: (No impact on Local Government)

No impact is anticipated from this reduction. RFPs and increase in public schools provision of related services should cover any decrease.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
	1101,1201, 1405,1505	Office of Education Schools	21XX	Contracted Services	100,000
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					100,000
RECEIPTS					
APPROPRIATIONS					100,000
NO. OF POSITIONS					

IEP/IFSP Contracts	Current Funding	Reduction	Revised Funding
Total Funding	\$669,605	\$100,000 (15%)	\$569,605
Revenues			
Appropriations	\$669,605	\$100,000 (15%)	\$569,605

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Title of Recommendation: Abolish CNCSD Maintenance Staff and Operating Budget

Recommendation 3 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Central School for the Deaf closed in June 2001. We have continued to maintain the property and some office spaces on the campus since July 1, 2001. Beginning July 1, 2002 we will no longer need the office space on the campus. The four remaining positions and operating budget needs to be eliminated.

Program Impact if Reduction is Approved: (No impact on Local Governments.)

NC Central School of the Deaf Campus will no longer provide office space or functional use to the Office of Education Services after July 1, 2002. This will not cause any impact on services to children. The Department intends to sell this property so continued maintenance will not be necessary.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1301	CNCSD	1XXX	Personal Services	145,808
				Less Severance Costs	(27,936)
			21XX	Contracted Services	
	1301		22XX-5XXX	Operating Expenses	270,192
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					388,064
RECEIPTS					
APPROPRIATIONS					388,064
NO. OF POSITIONS	4				

CNCSD Maintenance Staff	Current Funding	Reduction	Revised Funding
Total Funding	\$416,000	\$416,000 (100%)	\$0
Revenues			
Appropriations	\$416,000	\$416,000 (100%)	\$0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Title of Recommendation: Reduce Appropriations for Capital Improvement Reserves

Recommendation 4 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X 7% X 8% X 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reserve accounts for Capital Improvement projects (\$701, 665)

Program Impact if Reduction is Approved: (No impact on Local Governments)

The reserve account reductions will not have a negative impact on the Office of Education Services. The reserves were funded for two capital improvement projects. One has been completed and the other project was eliminated due to Hurricane Floyd.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
	1101,1201	WNCSD, ENCSD	7XXX	Reserves	701,665
			8XXX	Transfers	
REQUIREMENTS					701,665
RECEIPTS					
APPROPRIATIONS					701,665
NO. OF POSITIONS					

Auditory Learning Center	Current Funding	Reduction	Revised Funding
Total Funding	\$701,665	\$701,665 (100%)	\$0
Revenues			
Appropriations	\$701,665	\$701,665 (100%)	\$0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ **X** No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ **X** No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? **X** Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Title of Recommendation: Reduce Operating Budgets across Office of Education Services

Recommendation 5__ of __13__ for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X__7% X__8% X__9% X__10% X__11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will target a small percentage of operating budgets in both the residential schools and the pre-school programs. We are specifically targeting the Equipment and Supplies lines. Because of the supplies and equipment we were able to salvage in the closure of CNCSD last year, we will not need refurbishment and replacement at the same rate previously funded.

Program Impact if Reduction is Approved: (No Impact on Local Government)

We should be able to manage reasonably without replacements for the next 2-3 years.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1101,1201,1405,1505	OES Schools	22XX-5XXX	Operating Expenses	200,143
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					200,143
RECEIPTS					
APPROPRIATIONS					200,143
NO. OF POSITIONS					

Auditory Learning Center	Current Funding	Reduction	Revised Funding
Total Funding	\$8,511,787	\$200,143 (2%)	\$8,311,644
Revenues			
Appropriations	\$8,511,787	\$200,143 (2%)	\$8,311,644

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Office of Education Services

Title of Recommendation: Abolish Residential Life and other Eastern School Positions

Recommendation 6 **of** 13 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Eastern positions to be reduced are all vacant. They were created to serve a much larger population of students at Eastern. They are not essential to services for our current student population.

Program Impact if Reduction is Approved: (No impact on local governments.)

The residential student population would not be able to increase beyond the current capacity of 160 students without an impact on services.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1201	ENCSD	1XXX	Personal Services	580,713
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					580,713
RECEIPTS					
APPROPRIATIONS					580,713
NO. OF POSITIONS	32				

Auditory Learning Center	Current Funding	Reduction	Revised Funding
Total Funding	\$10,245,781	\$580,713 (0.6 %)	\$9,665,068
Revenues			
Appropriations	\$10,245,781	\$580,713 (0.6 %)	\$9,665,068

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date? See above description.

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Office of Education Services

Title of Recommendation: Reduce Central Preschool Staff and Operating Budget

Recommendation 7 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X7% X8% X9% X10% X11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will eliminate nine Central pre-school program staff and some of the operating budget. Seven of these positions are teacher vacancies, which we no longer need as a result of the transition of pre-school 3-5 year old services for deaf and hard of hearing to the LEAs. The 2 filled positions are administrative support, which will not be needed if we no longer have an established office on the campus of CNCSD.

Program Impact if Reduction is Approved: (No impact on Local Governments)

After reducing the Central Pre-School staff and operating budget we will be still be able to establish home based and itinerant services through remaining positions. The functions of the two administrative positions will be reallocated to other staff.

This reduction in seven teaching positions will impact the ability to serve children ages 3-5years. The local education agencies (LEA) draw down local, state and federal dollars to serve these children. Currently, we provide educational services free to the public schools as our resources allow. During the past year we have transitioned all of the 3-5 year old hearing impaired services in the Central part of the state to the public schools, so that they no longer need our support. Should they need support in the future, it would be possible to contract with us for services.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1301	Central Preschool	1XXX	Personal Services	286,164
				Less Severance Costs	(25,000)
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	75,000
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					336,164
RECEIPTS					
APPROPRIATIONS					336,164
NO. OF POSITIONS	9				

CNCSD Preschool Staff	Current Funding	Reduction	Revised Funding
Total Funding	\$569,763	\$361,164 (63%)	\$208,599
Revenues			
Appropriations	\$569,763	\$361,164 (63%)	\$208,599

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Title of Recommendation: Abolish Residential Life and reduce WNCSD Positions and Operations

Recommendation 8 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X7% X8% X9% X10% X11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The positions listed for reduction are primarily vacant positions that were originally allocated based on larger numbers of students to be served on our campuses. We no longer need to staff for 200 or more children because we have maintained the campuses with an average of 140 students each for more than 5 years. We also have several residential positions, which are no longer needed based on the closing of two buildings and the opening of a new residential building.

Program Impact if Reduction is Approved: (No impact on Local Governments)

Position reductions will impact the number of students who can be educated residentially at the NCSD in Morganton. The campus will reduce dorm staff, educational staff and support staff. Some staff will be reallocated to serve as part of an Outreach Service to provide support to students who return to their home LEA, other residential staff will not be needed based on movement to a new dorm.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1101	WNCSD	1XXX	Personal Services	362,625
				Less Severance Costs	(30,000)
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					302,625
RECEIPTS					
APPROPRIATIONS					302,625
NO. OF POSITIONS	13				

WNCSD Residential Life Positions & Operations	Current Funding	Reduction	Revised Funding
Total Funding	\$9,934,875	\$362,625 (4 %)	\$9,572,250
Revenues			
Appropriations	\$9,934,875	\$362,625 (4 %)	\$9,572,250

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Title of Recommendation: Reduce GMS Preschool Staff for the 3-5 Student Population

Recommendation 9 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X7% X 8% X 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will impact Governor Morehead School Pre-School positions (10) and operating costs. It will not directly impact the GMS Preschool program for Birth-2 years. Because of changes in state and federal law, our obligation to provide services for the 3-5 year old population has changed. We are no longer able to draw federal funds for these programs and need to work towards transitioning students to their home LEAs.

GMS Preschool 3-5 yr	3,836,948	365,669	10%	3,471,279
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Program Impact if Reduction is Approved: (No impact on Local Governments)

This reduction in staff will impact the ability to serve children ages 3-5years. The local education agencies (LEA) draw down local, state and federal dollars to serve these children.

Currently, we provide educational services free to these public school systems. If LEAs want this support, they could possibly contract with us for this service.

The Governor Morehead Preschool Program reduction in services to students ages 3-5years will also result in a program operating reduction. This will not impact students that the LEAs are responsible for serving, but may have a small impact on the site based full inclusion pre-school program on campus.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1505/1506	GMS Preschool Program	1XXX	Personal Services	365,669
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					365,669
RECEIPTS					
APPROPRIATIONS					365,669
NO. OF POSITIONS	10				

GMS Preschool Staff	Current Funding	Reduction	Revised Funding
Total Funding	\$3,836,948	\$365,669 (9 %)	\$3,471,279
Revenues			
Appropriations	\$3,836,948	\$365,669 (9 %)	\$3,471,279

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Office of Education Services

Title of Recommendation: Reduce GMS Preschool Operating Costs for the 3-5 Student Population

Recommendation 10 ___ of ___13___ for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? ___7% ___8% ___9% **X**10% ___X11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Governor Morehead Preschool Operating Reductions (\$276, 094)

Program Impact if Reduction is Approved: (No impact on Local Governments)

This reduction in staff will impact the ability to serve children ages 3-5years. The local education agencies (LEA) draw down local, state and federal dollars to serve these children. Currently, we provide educational services free to these public school systems. We are proposing the development of contracts with the LEAs to provide funding for the continuation of these positions in order for services to continue.

The Governor Morehead Preschool Program reduction in services to students ages 3-5years will also result in a program operating reduction. This will not impact students that the LEAs are responsible for serving.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		1XXX	Personal Services	
			Less Severance Costs	
		21XX	Contracted Services	
1505/1536		22XX-5XXX	Operating Expenses	276,094
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				276,094
RECEIPTS				
APPROPRIATIONS				276,094
NO. OF POSITIONS				

GMS Preschool Operating Costs	Current Funding	Reduction	Revised Funding
Total Funding	\$1,079,792	\$276,094 (26%)	\$803,698
Revenues			
Appropriations	\$1,079,792	\$276,094 (26%)	\$803,698

Other Considerations

- Are statutory changes or special provisions required to implement? ___Yes ___X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___Yes ___X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? **X**Yes ___No___ If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Office of Education Services

Title of Recommendation: Abolish GMS Residential Life Positions

Recommendation 11 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction is for Governor Morehead School positions. These positions were created to staff a residential program of more than 100 students. We currently have 68 students and do not project any increase in our residential program needs.

Program Impact if Reduction is Approved: (No impact on Local Governments)

The Governor Morehead School positions identified for reductions are currently vacant. Program growth will be in the direction of Outreach and will not include a need for any of these position.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1405	Governor Morehead School	1XXX	Personal Services	89,576
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					89,576
RECEIPTS					
APPROPRIATIONS					89,576
NO. OF POSITIONS	4				

GMS Residential Life Positions	Current Funding	Reduction	Revised Funding
Total Funding	\$7,266,881	\$89,576 (1%)	\$7,177,305
Revenues			
Appropriations	\$7,266,881	\$89,576 (1%)	\$7,177,305

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Office of Education Services

Title of Recommendation: Abolish Additional Governor Morehead School Positions

Recommendation 12 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Governor Morehead School positions in the amount of \$230, 115 is the proposed reduction. These positions are currently vacant. Originally these positions were created to serve a larger population of students campus. These positions are not needed in order to continue quality programs for current students.

Program Impact if Reduction is Approved: (No impact on Local Government.)

This will impact our ability to increase the number of students served in the residential program at Governor Morehead School. If population does not increase, there will be no direct impact to students and services on campus.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	230,115
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					230,115
RECEIPTS					
APPROPRIATIONS					230,115
NO. OF POSITIONS	7				

GMS Positions	Current Funding	Reduction	Revised Funding
Total Funding	7,266,881	230,115 (3 %)	7,036,766
Revenues			
Appropriations	7,266,881	230,115 (3 %)	7,036,766

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Office of Education Services

Title of Recommendation: Abolish Additional eastern school Positions

Recommendation 13 of 13 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The majority of these positions were created to serve a larger population at ENCSD. We no longer need these positions for services to students. The filled positions we are reducing include middle management and additional residential staff that will not be needed when we combine dorms on campus.

Program Impact if Reduction is Approved: (No impact on Local Government.)

We will be operating with the minimum number of staff appropriate for serving 160 students in a residential placement. However, our population has not been above 144 all year – with only 100 students staying on campus. We do not anticipate an increase in the number of students to be served next year.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1201	ENCSD	1XXX	Personal Services	135,554
				Less Severance Costs	(64,997)
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					70,557
RECEIPTS					
APPROPRIATIONS					70,557
NO. OF POSITIONS	3				

Additional ENCSD Positions	Current Funding	Reduction	Revised Funding
Total Funding	\$10,254,781	\$135,554 (1 %)	\$10,119,227
Revenues			
Appropriations	\$10,254,781	\$135,554 (1 %)	\$10,119,227

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

Division Name: **Division of Facility**
 Budget Code: **14470**

SFY 2002-03 Total Appropriations (Per BD 307):

15,442,236

(Enter Total Appropriations from BD 307 in the Block)

		Percentage of Reduction				
Calculated Dollar Value of Percentages Shown		7%	8%	9%	10%	11%
LIST REDUCTION ITEMS BELOW:	Amount	\$ 1,080,957	\$ 1,235,379	\$ 1,389,801	\$ 1,544,224	\$ 1,698,646
1	Contract: Solucient	54,000	54,000	54,000	54,000	54,000
2	Contract: Sheps Center, UNC-CH	90,731	90,731	90,731	90,731	90,731
3	Contract: Poison Control Center		742,370	1,133,310	1,236,492	1,236,492
4	Contract: DOJ - eliminate one Paralegal position	35,974	35,974	35,974	35,974	35,974
5	Operating: Reduce Misc Contracts	100,000	100,000	100,000	100,000	100,000
6	Operating: Reduce Other Operating	126,000	126,000	126,000	126,000	126,000
7	Operating: Reduce Travel Costs	150,000	150,000	150,000	150,000	150,000
8	Staff: Eliminate 2.0 vacant and 1.0 filled positions	136,080	136,080	136,080	136,080	136,080
9	Staff: Eliminate 3.0 filled positions	-	128,432	128,432	128,432	128,432
10	Staff: Eliminate 2.0 additional filled positions		-	103,737	103,737	103,737
11	Annual Licensure Application Fees	2,998,140	2,998,140	2,998,140	2,998,140	2,998,140
TOTAL REDUCTION		\$ 3,690,925	\$ 4,561,727	\$ 5,056,404	\$ 5,159,586	\$ 5,159,586

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Contract: Solucient

Recommendation 1 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Eliminate current funding in Fund 1711, Account 536900 to Solucient, Inc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction could prevent the Department of Health and Human Services – both DFS and the State Center for Health Statistics – from directly obtaining any of the discharge data from hospitals and ambulatory surgical facilities. Hospitals and ambulatory surgical facilities would still be required to submit data to Solucient. Without the data, DFS would not be able to use it in planning and CON applications and the Center for Health Statistics would not be able to utilize it for any of their research or reports.

	Current Funding	Reduction	Revised Funding
Total Funding	\$ 54,000	(54,000)	\$ 0
Revenues	0	0	0
Appropriations	\$ 54,000	(54,000)	\$ 0

Local Government Impact: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1711	Plan & Allocate	6XXX	Aid and Public Assistance	\$ 54,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 54,000
RECEIPTS					0
APPROPRIATIONS					\$ 54,000
NO. OF POSITIONS					NA

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Contract: Sheps Center, UNC-CH

Recommendation 2 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Eliminate funding in Fund 1711, Account 532199 for the Cecil G. Sheps Center, UNC-CH.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction would eliminate the contract with the Sheps Center and end DFS' access to analyses and data from hospital and ambulatory surgery facilities discharge information. This data is used in verifying utilization figures used in the State Medical Facilities Plan, sometimes used in evaluating CON applications, and sometimes used as evidence in CON litigation.

	Current Funding	Reduction	Revised Funding
Total Funding	\$ 90,731	(90,731)	\$ 0
Revenues	0	0	0
Appropriations	\$ 90,731	(90,731)	\$ 0

Local Government Impact: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Serverance Costs	
	1711	Plan & Allocate	21XX	Contracted Services	\$ 90,731
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 90,731
RECEIPTS					0
APPROPRIATIONS					\$ 90,731
NO. OF POSITIONS					NA

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Contract: Poison Control Center

Recommendation 3 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will reduce current funding in Fund 1511, Account 536900 to the Statewide Poison Control Center – located in the Carolinas Medical Center, Charlotte, NC.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction represents approximately 60% of the overall state appropriations of \$1,236,492. The total budget for the Statewide Poison Control Center (SPC) is \$2,123,492 – of which includes \$887,000 in support from the Carolinas Medical Center (CMC).

Until an expansion of \$1,000,000 in state appropriations was approved in SFY 99-00, the state provided only about 15% to the overall cost of maintaining this statewide program. The remainder of funding was provided by CMC. If this program is reduced, the ability of the Statewide Poison Control Center to continue to serve the same number of clients each year (approximately 85,000 calls) will be directly proportional to the willingness of CMC to provide the funds eliminated by this reduction.

The Poison Control Center received a three-year “stabilization grant” from the federal government. They are currently in the second year of funding. Thus far, they have received \$818,310.

Of their total budget of \$2.1M, approximately \$1,200,000 (57%) covers the salaries of 22 positions – including poison information specialists, toxicologists and a medical director. We have no way of determining at what level in funding reductions that CMC would decide that it could no longer maintain a statewide center – thereby eliminating this resource to the larger, statewide medical community and the general public.

	Current Funding	Reduction	Revised Funding
Total Funding	\$ 1,236,492	(742,370)	\$ 494,122
Revenues	0	0	0
Appropriations	\$ 1,236,492	(742,370)	\$ 494,122

Local Government Impact: None

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		1XXX	Personal Services	
			Less Severance Costs	
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
1511	Emergency Medical	6XXX	Aid and Public Assistance	\$ 742,370
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				\$ 742,370
RECEIPTS				0
APPROPRIATIONS				\$ 742,370
NO. OF POSITIONS				NA

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes **XX** No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes **XX** No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes **XX** No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Contract: Poison Control Center

Recommendation 3 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will reduce current funding in Fund 1511, Account 536900 to the Statewide Poison Control Center – located in the Carolinas Medical Center, Charlotte, NC.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction represents approximately 92% of the overall state appropriations of \$1,236,492. The total budget for the Statewide Poison Control Center (SPC) is \$2,123,492 – of which includes \$887,000 in support from the Carolinas Medical Center (CMC).

Until an expansion of \$1,000,000 in state appropriations was approved in SFY 99-00, the state provided only about 15% to the overall cost of maintaining this statewide program. The remainder of funding was provided by CMC. If this program is reduced, the ability of the Statewide Poison Control Center to continue to serve the same number of clients each year (approximately 85,000 calls) will be directly proportional to the willingness of CMC to provide the funds eliminated by this reduction.

The Poison Control Center received a three-year “stabilization grant” from the federal government. They are currently in the second year of funding. Thus far, they have received \$818,310.

Of their total budget of \$2.1M, approximately \$1,200,000 (57%) covers the salaries of 22 positions – including poison information specialists, toxicologists and a medical director. We have no way of determining at what level in funding reductions that CMC would decide that it could no longer maintain a statewide center – thereby eliminating this resource to the larger, statewide medical community and the general public.

	Current Funding	Reduction	Revised Funding
Total Funding	\$ 1,236,492	(1,133,310)	\$ 103,182
Revenues	0	0	0
Appropriations	\$ 1,236,492	(1,133,310)	\$ 103,182

Local Government Impact: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1511	Emergency Medical	6XXX	Aid and Public Assistance	\$ 1,133,310
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 1,133,310
RECEIPTS					0
APPROPRIATIONS					\$ 1,133,310
NO. OF POSITIONS					NA

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes **XX** No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes **XX** No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes **XX** No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Contract: Poison Control Center

Recommendation 3 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will eliminate current funding in Fund 1511, Account 536900 to the Statewide Poison Control Center – located in the Carolinas Medical Center, Charlotte, NC.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction eliminates 100% of the overall state appropriations of \$1,236,492. The total budget for the Statewide Poison Control Center (SPC) is \$2,123,492 – of which includes \$887,000 in support from the Carolinas Medical Center (CMC).

Until an expansion of \$1,000,000 in state appropriations was approved in SFY 99-00, the state provided only about 15% to the overall cost of maintaining this statewide program. The remainder of funding was provided by CMC. If this program is reduced, the ability of the Statewide Poison Control Center to continue to serve the same number of clients each year (approximately 85,000 calls) will be directly proportional to the willingness of CMC to provide the funds eliminated by this reduction.

The Poison Control Center received a three-year “stabilization grant” from the federal government. They are currently in the second year of funding. Thus far, they have received \$818,310.

Of their total budget of \$2.1M, approximately \$1,200,000 (57%) covers the salaries of 22 positions – including poison information specialists, toxicologists and a medical director. We have no way of determining at what level in funding reductions that CMC would decide that it could no longer maintain a statewide center – thereby eliminating this resource to the larger, statewide medical community and the general public.

	Current Funding	Reduction	Revised Funding
Total Funding	\$ 1,236,492	(1,236,492)	\$ 0
Revenues	0	0	0
Appropriations	\$ 1,236,492	(1,236,492)	\$ 0

Local Government Impact: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1511	Emergency Medical	6XXX	Aid and Public Assistance	\$ 1,236,492
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 1,236,492
RECEIPTS					0
APPROPRIATIONS					\$ 1,236,492
NO. OF POSITIONS					NA

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes **XX** No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes **XX** No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes **XX** No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Contract: DOJ – Eliminate one Paralegal Position

Recommendation 4 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? XX 7% XX 8% XX 9% XX 10% XX 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will reduce funding for one Paralegal Position in Fund 1711, Account 532110 that supports a contract with the NC DOJ. The position is currently filled.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Elimination of this position would impact both the supervising attorney and the other two support positions as they will have to absorb the duties currently assigned to this position. The bulk of work would be divided among the support positions.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
	1711	Plan & Allocate Health	21XX	Contracted Services	\$ 35,974
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 35,974
RECEIPTS					0
APPROPRIATIONS					\$ 35,974
NO. OF POSITIONS					0.0 ***

*** Position housed in the NC DOJ.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes XX No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes XX No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes XX No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Operating: Reduce Misc Contracts

Recommendation 5 **of** 11 **for SFY** 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will reduce funding across the Division (in Funds 1111, 1311, 1511 and 1711) in Account 532199. Funds in this account support of variety of activities and initiatives.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

A division-wide reduction in Account 532199 would limit the Division's ability to contract for Hospital Trauma certification, provide funding for a Medical Director for the Office of Emergency Medical Services, offer various EMS training sessions, etc.

	Current Funding	Reduction	Revised Funding
Total Funding	\$ 423,614	(208,333)	\$ 215,281
Revenues	220,279	(108,333)	111,946
Appropriations	\$ 203,335	(100,000)	\$ 103,335

Local Government Impact: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
	All	All	21XX	Contracted Services	\$ 208,333
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 208,333
RECEIPTS					108,333
APPROPRIATIONS					\$ 100,000
NO. OF POSITIONS					0.0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Operating: Reduce Other Operating Costs

Recommendation 6 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will reduce funding across the Division (in Funds 1111, 1311, 1511 and 1711) in Accounts 5326xx -536xxx. Funds in these accounts support a variety of operating expenses.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

A division-wide reduction in Accounts 5326xx - 536xxx would reduce the Division's ability to primarily replace outdated computer equipment. It would also limit reimbursement for registration fees and other employee expenses.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	All	All	22XX-5XXX	Operating Expenses	\$ 242,308
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 242,308
RECEIPTS					116,308
APPROPRIATIONS					\$ 126,000
NO. OF POSITIONS					0.0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Operating: Reduce Travel Costs

Recommendation 7 **of** 11 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will reduce funding across the Division (in Funds 1111, 1311, 1511 and 1711) in Accounts 5325xx. Funds in these accounts support travel-related expenses.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

A division-wide reduction in Accounts 5326xx would limit the Division's ability to respond to any marked increase in new facility construction, complaint investigations or any new federal initiatives.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	All	All	22XX-5XXX	Operating Expenses	\$ 288,462
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 288,462
RECEIPTS					138,462
APPROPRIATIONS					\$ 150,000
NO. OF POSITIONS					0.0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Staff: Eliminate 2.0 Vacant and 1.0 Filled Positions

Recommendation 8 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? XX 7% XX 8% XX 9% XX 10% XX 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction includes the elimination of two vacant positions – one each in our Construction and Mental Health Licensure & Certification sections – and one filled position in the Office of Emergency Medical Services. This reduction would total 3.0 FTE's.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced; block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Construction: The vacant position reviews and inspects new and existing mental health facilities for compliance with licensure and safety requirements related to building systems and construction. The Division receives and completes approximately 80 new projects each month that are serving residents who are moving from institutional programs into a residential setting. The Division must also investigate complaints of existing facilities (approximately 3,500 mental health facilities) concerning fire safety and other building issues. Services to mental health providers and clients will be delayed as well as investigation of complaints if this position is not filled and lost. This position has an annual salary of \$ 53,809 which is supported by 100% state appropriations. No severance costs would be incurred with the elimination of this position.

Mental Health Licensure & Certification: The impact of eliminating this vacant position will be two-fold: (1) The section currently licenses 60-80 new mental health providers each month. With diminished capacity to perform initial licensure activities, providers seeking licensure will experience delays in obtaining licenses which could affect placement of individuals with mental illness, development disabilities or substance abuse needs that are in need of treatment or habilitation. This could affect the implementation of the State Mental Health Plan since one of the plan's primary focuses is to expand community services and rely less on state-operated institutions; (2) investigations of mental health complaints would not be conducted in a timely manner and the agency's ability to conduct routine surveys of mental health providers will be reduced due to diminished manpower to perform inspections which are done by Facility Survey Consultant I staff. This position has an annual salary of \$38,710 which is supported by 81% state appropriations and 19% Medicaid funds. No severance costs would be incurred with the elimination of this position.

Office of Emergency Medical Services: This position writes specifications for state ambulance contracts and inspects all vehicles purchased under contract. Each year, approximately 50 EMS providers purchase ambulances under state contract. Technical assistance is also provided to local governments on the procurement of ambulances – including the development of custom specifications to meet their individual needs. Loss of this position will eliminate our ability to provide technical expertise and assist local governments with these purchases. This position has an annual salary of \$39,722 which is supported by 100% state appropriations. A severance package of \$32,987 would be incurred with the elimination of this position.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1311/1511		1XXX	Personal Services	\$177,143
				Less Severance Costs	(32,987)
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 144,156
RECEIPTS					8,076
APPROPRIATIONS					\$ 136,080
NO. OF POSITIONS					3.0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes **XX** No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes **XX** No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes **XX** No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Staff: Eliminate 3.0 Filled Positions
Recommendation 9 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction includes the elimination of three filled positions – all located in the Office of Emergency Medical Services. This reduction would total 3.0 FTE's.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Position A: Elimination of this position would hamper the day-to-day administration of the certification/recertification process for all EMS certification levels. This task includes the development of the certification examination (both written and practical) consultation with local teaching institutions, maintenance of the certification databank and analysis of EMS examination results. This position has an annual salary of \$47,842 which is supported by 100% state appropriations, A severance package of \$23,921 would be incurred with the elimination of this position.

Position B: The elimination of this position would reduce the level of secretarial support to the EMS Communications Director and an EMS Specialist. This position has an annual salary of \$32,149 which is supported by 100% state appropriations, A severance package of \$2,874 would be incurred with the elimination of this position.

Position C: This position serves as contract manager for several Section contracts. It also coordinates the agency's response as part of the State Emergency Response Team (SERT) when the Governor declares a state of emergency, and serves as a liaison with the NAREMS for the statewide First Aid competition. This position has an annual salary of \$37,022 which is supported by 100% state appropriations, A severance package of \$12,341 would be incurred with the elimination of this position.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1511	Emergency Medical	1XXX	Personal Services	\$ 167,568
				Less Severance Costs	(39,136)
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					\$ 128,432
RECEIPTS					0
APPROPRIATIONS					\$ 128,432
NO. OF POSITIONS					3.0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Staff: Eliminate 2.0 Additional Filled Positions
Recommendation 10 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? ___ 7% ___ 8% **XX** 9% **XX** 10% **XX** 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction includes the elimination of two filled positions in the Office of Emergency Medical Services. This reduction would total 2.0 FTE's.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Position A: This position serves as the primary point of public contact in the Western Regional Office. She provides support to four Regional EMS Specialists and one Regional EMS Manager, and also provides information on credentialing, licensing, inspections and complaint investigations. This position has an annual salary of \$23,840 which is support by 100% state appropriations. A severance package of \$8,344 would be incurred with the elimination of this position.

Position B: Elimination of this position would significantly reduce our ability to provide direct technical service to local EMS on communication systems, design, bid processes and installation. Also lost would be the coordination of our statewide EMS communication system and the maintenance of the statewide area repeater system (as its liaison to the NC Highway Patrol). This position has an annual salary of \$71,683 which is support by 100% state appropriations. A severance package of \$47,789 would be incurred with the elimination of this position.

Emergency Medical Services

	Current Funding	Reduction	Revised Funding
Total Funding	\$ 1,835,593	(103,707)	\$ 1,731,886
Revenues	220,271	0	220,271
Appropriations	\$ 1,615,322	(103,707)	\$ 1,511,615

Local Government Impact: None

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1511	Emergency Medical Ser	1XXX	Personal Services	\$ 159,840
			Less Severance Costs	(56,133)
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				\$ 103,707
RECEIPTS				0
APPROPRIATIONS				\$ 103,707
NO. OF POSITIONS				2.0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes **XX** No If yes, provide additional information.

- Does this request require additional resources/reduced resources to another state agency? ___ Yes **XX** No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes **XX** No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Facility Services (DFS)

Title of Recommendation: Revenue: Licensure and Inspection Fees
Recommendation 11 of 11 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? XX 7% XX 8% XX 9% XX 10% XX 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This is not a proposed reduction. Rather, it is a proposal to implement licensure and inspection fees. Certain health care facilities (excluding Hospice agencies) would be required to pay fees for initial licensure and at annual renewals. Also included in this proposal is an inspection fee for emergency medical vehicles.

A detailed chart depicting the number of facilities/beds and the proposed revenue that would be generated is attached to this detail sheet. This chart notes the exclusion of a licensure fee for 74 Hospice agencies, but includes an entry for an inspection fee for emergency medical vehicles.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

See narrative under "Other Considerations."

Increased Revenue

	Current Funding	New Revenue
Total Funding	\$ 0	3,035,810
Revenues	0	3,035,810
Appropriations	\$ 0	0

Local Government Impact: See narrative under "Other Considerations."

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? XX Yes ___ No If yes, provide additional information.

A special provision would be necessary to amend the applicable licensure statutes for each facility/program subject to these new fees. A special provision or rule(s) regarding cost-settling may also be necessary for DMA as licensure fees may not be included as an allowable non-direct care expense.

- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

A large number of the facilities subject to this licensure fee proposal receive reimbursement through the State's Medicaid program. As such, a portion of this fee should be reported in a facility's annual cost report (as a non-direct charge) and, thus, be reimbursed by Medicaid. The amount of reimbursement will be driven by two factors: (1) any applicable cap on non-direct care charges; and (2) the percentage of Medicaid-eligible residents in a given facility. Any rate increase would be supported by a mix of federal dollars and the required match.

Example: the average adult care home (with 7 or more beds) has its non-direct care expenditures capped at 60%, and has two-thirds of its population as Medicaid-eligible. Therefore, reimbursement for an average, annual licensure fee of \$820 (total revenue divided by total, impacted facilities) would be first capped at 60% and then two-thirds – yielding a maximum Medicaid reimbursement of \$328 back to the facility through an increased per diem, monthly rate, etc. This would be paid by Medicaid at the current FMAP of \$204 (federal), \$108 (state) and \$16 (county).

While these fees would generate additional revenue, they would however increase costs to our Medicaid program. The amount of cost to DMA would be driven by the portion of the licensure fees that would be reimbursed to facilities. For the adult care home example cited above, the total increased cost to DMA would be \$328 – of which the non-federal share would be \$124. The difference of \$696 (\$820 less \$124) would now be available to free-up an existing source of state funds.

A very preliminary estimate of the offset to the \$2.998M in new licensure revenue indicates that \$1,194,384 would be returned to the impact facilities as a Medicaid-allowable reimbursement. This amount is comprised of \$398,088 (state) and \$59,719 (county). At a minimum, DMA would need \$398K to cover its increase in facility reimbursement. A more accurate analysis of these projections should be undertaken by the Rate Setting Unit at DMA to determine the actual amount of reimbursement and state funds needed.

We would recommend that the licensure fees generated under this proposal be deposited into a General Fund/Non-Tax Revenue account. Depositing the funds in DFS' budget code could create cash flow problems as licensure fees will not arrive on any predictable schedule. This recommendation is similar to our current arrangement for CON application fees.

The Controller's Office would probably need additional staff to handle the increased number of deposits. We estimate that, on average, their office would process 7,043 additional deposits each year – for an average of 30 each day. This function could easily be handled by an Administrative Assistant I, pay grade 63, with a mid-point salary of \$29,059.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ANNUAL LICENSURE APPLICATION FEE PROPOSAL

Attachment A

(1) FACILITY TYPE	(2) # FACILITIES	(3) BASE FEE	(4) BASE REVENUE	(5) ADDTL FEE	(6) # OF BEDS/ OFFICES/ ROOMS	(7) ADDTL REVENUE	(8) TOTAL REVENUE
GENERAL ACUTE HOSPITALS							
1 - 49 beds	25	\$ 200	\$ 5,000	\$ 10.00	736	\$ 7,360	\$ 12,360
50 - 99 beds	29	\$ 300	\$ 8,700	\$ 10.00	1,993	\$ 19,930	\$ 28,630
100 - 199 beds	36	\$ 400	\$ 14,400	\$ 10.00	4,918	\$ 49,180	\$ 63,580
200 - 399 beds	18	\$ 500	\$ 9,000	\$ 10.00	5,093	\$ 50,930	\$ 59,930
400 - 699 beds	8	\$ 800	\$ 6,400	\$ 10.00	4,789	\$ 47,890	\$ 54,290
700 + beds	4	\$ 1,000	\$ 4,000	\$ 10.00	3,273	\$ 32,730	\$ 36,730
OTHER HOSPITALS	9	\$ 400	\$ 3,600	\$ 10.00	614	\$ 6,140	\$ 9,740
NURSING HOMES	429	\$ 600	\$ 257,400	\$ 10.00	40,138	\$ 401,380	\$ 658,780
ADULT CARE HOMES >6 BEDS	653	\$ 300	\$ 195,900	\$ 10.00	34,020	\$ 340,200	\$ 536,100
ABORTION CLINICS	17	\$ 600	\$ 10,200	\$ 10.00			\$ 10,200
CARDIAC REHABILITATION	78	\$ 600	\$ 46,800	\$ 0.00			\$ 46,800
AMBULATORY SURGERY	51	\$ 600	\$ 30,600	\$ 10.00	167	\$ 1,670	\$ 32,270
MH FACILITIES (excluding ICF-MR)	3,114	\$ 200	\$ 622,800	\$ 10.00	9,905	\$ 99,050	\$ 721,850
MH FACILITIES (ICF-MR only)	332	\$ 600	\$ 199,200	\$ 10.00	5,221	\$ 52,210	\$ 251,410
ADULT CARE HOMES <6 BEDS	778	\$ 150	\$ 116,700	\$ 10.00	4,341	\$ 43,410	\$ 160,110
DDA	227	\$ 150	\$ 34,050	\$ 10.00	1,300	\$ 13,000	\$ 47,050
HOME HEALTH AGENCIES	165	\$ 150	\$ 24,750	\$ 0.00			\$ 24,750
FREE-STANDING HOSPICE	74	\$ 0	\$ 0	\$ 0.00			\$ 0
LICENSED-ONLY HOME CARE AGENCIES	1,023	\$ 150	\$ 153,450	\$ 0.00			\$ 153,450
CCRC's	47	\$ 600	\$ 28,200	\$ 10.00	4,958	\$ 49,580	\$ 77,780
EMERGENCY MEDICAL VEHICLE FEE	1,000	\$ 50	\$ 50,000	\$ 0.00			\$ 50,000
TOTAL	7,117		\$ 1,821,150		\$ 121,466	\$ 1,214,660	\$ 3,035,810

NOTES

Column (5) ADDTL FEE is the additional fee that will be based on the number of beds, offices or rooms as shown in Column (6).

OTHER HOSPITALS excludes all State-owned facilities which are exempt from licensure.

TOTAL # FACILITIES does not include emergency medical vehicles.

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Child & Family State Facility Reductions

Recommendation 1 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Repairs to building will be reduced as part of the operating budget for 03....EATP

\$1,399 Eliminate student temporary wages

\$8,198 Salary Reserve and fringe...Wright School

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Repairs to building will be reduced by 25%.....EATP

We have not used the student temporary wages in several years; the loss of salary reserve removes the potential to use our own funds to upgrade position for proposed Medicaid transition...Wright School

Loss of salary reserve will hurt the ability to hire into vacant positions and to make salary adjustments for retention and internal staffing needs.

Impact on Local Governments: None.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1280	Wright School	1XXX	Personal Services	(9,597)
				Less Severance Costs	
			21XX	Contracted Services	
	1217	Eastern Adolescent Tx. Ctr.	22XX-5XXX	Operating Expenses	(5,938)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(15,535)
RECEIPTS					0
APPROPRIATIONS					(15,535)
NO. OF POSITIONS					0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	3,937,612	(15,535)	(.3945%)	3,922,077
Receipts	838,070	0	0%	838,070
Appropriation	3,099,542	(15,535)	(.5012%)	3,084,007

Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1217 and 1280. Fund code 1216 (Whitaker School) omitted since it is planned for closure during SFY 03 per approved Trust Plan.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __X__ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __X__ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __X__ No If yes, what is the title of the capital improvement project and the projected completion date?
-

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Child & Family State Facility Reductions

Recommendation 1 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7 % 8 % X 9% 10 % 11 %

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Repairs to building will be reduced as part of the operating budget for 03.....EATP

\$1,399 Eliminate student temporary wages;

\$13,457 Salary Reserve and fringe; ...Wright School

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Repairs to building will be reduced by 38%.....EATP

We have not used the student temporary wages in several years; the loss of salary reserve removes the potential to use our own funds to upgrade position for proposed Medicaid transition....Wright School

Loss of salary reserve will hurt the ability to hire into vacant positions and to make salary adjustments for retention and internal staffing needs.

Impact on Local Governments: None.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1280	Wright School	1XXX	Personal Services	(14,856)
				Less Severance Costs	
			21XX	Contracted Services	
	1217	Eastern Adolescent Tx. Ctr.	22XX-5XXX	Operating Expenses	(9,191)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(24,407)
RECEIPTS					0
APPROPRIATIONS					(24,407)
NO. OF POSITIONS					0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	3,937,612	(24,407)	(.6198%)	3,913,205
Receipts	838,070	0	0%	838,070
Appropriation	3,099,542	(24,407)	(.7874%)	3,075,135

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1217 and 1280. Fund code 1216 (Whitaker School) omitted since it is planned for closure during SFY 03 per approved Trust Plan.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __X__ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __X__ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __X__ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Child & Family State Facility Reductions

Recommendation 1 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Repairs to building will be reduced as part of the operating budget for 03....EATP

\$1,399 Eliminate summer temporary student position;

\$19,617 Salary Reserve and fringe... Wright School

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Repairs to building will be reduced by 54%...EATP.

We have not used the summer position in several years; the loss of salary reserve removes the potential to use our own funds to upgrade position for proposed Medicaid transition....Wright School

Loss of salary reserve will hurt the ability to hire into vacant positions and to make salary adjustments for retention and internal staffing needs.

Impact on Local Governments: None.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1280	Wright School	1XXX	Personal Services	(21,016)
				Less Severance Costs	
			21XX	Contracted Services	
	1217	Eastern Adolescent Tx. Ctr.	22XX-5XXX	Operating Expenses	(13,003)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(34,019)
RECEIPTS					0
APPROPRIATIONS					(34,019)
NO. OF POSITIONS					0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	3,937,612	(34,019)	(.8639%)	3,903,593
Receipts	838,070	0	0%	838,070
Appropriation	3,099,542	(34,019)	(1.098%)	3,065,523

Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1217 and 1280. Fund code 1216 (Whitaker School) omitted since it is planned for closure during SFY 03 per approved Trust Plan.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __X__ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __X__ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __X__ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Child & Family State Facility Reductions

Recommendation 1 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7 % 8 % 9 % 10 % X 11 %

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Repairs to building, travel, and employee education will be reduced as part of the operating budget for 03.....EATP

\$1,399 Eliminate student temporary wages;

\$26,680 Salary Reserve and fringe.....Wright School

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Repairs to building will be reduced by 54%. In-state travel will be reduced by 83%. Employee education will be reduced.....EATP

We have not used the student temporary wages in several years; the loss of salary removes the potential to use our own funds to upgrade position for proposed Medicaid transition....Wright School

Loss of salary reserve will hurt the ability to hire into vacant positions and to make salary adjustments for retention and internal staffing needs.

Impact on Local Governments: None.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1280	Wright School	1XXX	Personal Services	(28,079)
				Less Severance Costs	
			21XX	Contracted Services	
	1217	Eastern Adolescent Tx. Ctr.	22XX-5XXX	Operating Expenses	(17,372)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(45,451)
RECEIPTS					0
APPROPRIATIONS					(45,451)
NO. OF POSITIONS					0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	3,937,612	(45,451)	(1.154%)	3,892,161
Receipts	838,070	0	0%	838,070
Appropriation	3,099,542	(45,451)	(1.466%)	3,054,091

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1217 and 1280. Fund code 1216 (Whitaker School) omitted since it is planned for closure during SFY 03 per approved Trust Plan.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __X__ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __X__ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __X__ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Adult Mental Health State Facility Reductions

Recommendation 2 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Close 5 bed TB unit at Cherry
Reduce education/training, staff development
Eliminate 13.5 vacant positions (of which 8 are direct care and 5.5 are non-direct care positions)
Reduce supplies, printing, travel, maintenance, equipment, etc.

Program Impact if Reduction is Approved:

Facilities will not be able to replace outdated or broken equipment including hospital beds.
Loss of staff will decrease the flexibility of the hospitals to meet patient nutritional needs as well as reduce the operating efficiency of the facilities in the areas of maintenance, staff development, and administration.
Community alternatives would need to be found to house and supervise the one or two non-compliant TB patients who are housed on the TB unit. The lack of such alternatives could threaten public health.

Impact on Local Governments: Community alternatives would need to be found to house and supervise the 1 or 2 non-compliant TB patients who are housed on the TB unit.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1220, 1230 1260	Broughton Hospital Cherry Hospital John Umstead Hospital	1XXX	Personal Services	(387,244)
				Less Severance Costs	
			21XX	Contracted Services	
	1250	NCSCC	22XX-5XXX	Operating Expenses	(8,528)
			6XXX	Aid and Public Assistance	
	1240	Dix Hospital	7XXX	Reserves	(144,240)
			8XXX	Transfers	
REQUIREMENTS					(540,012)
RECEIPTS					
APPROPRIATIONS					(540,012)
NO. OF POSITIONS					(13.5)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	293,811,081	(540,012)	(.1837%)	293,271,069
Receipts	93,516,645	0	0	93,516,645
Appropriation	200,294,436	(540,012)	(.2696%)	199,754,424

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1220, 1230, 1240, 1250, 1260 and 1261. Excludes disproportionate share requirements and receipts.

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.

- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Adult Mental Health State Facility Reductions

Recommendation 2 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7 % 8 % 9 % 10 % 11 %

Description of Proposed Reduction:

- Eliminate 21 positionsn (of which 11 are direct care and 10 are non-direct care positions).
- Reduce education/training, staff development.
- Close 5 bed TB unit.
- Reduce supplies, printing, travel, equipment, maintenance, etc..

Program Impact if Reduction is Approved:

- Facilities will not be able to replace outdated or broken equipment such as hospital beds and motorized vehicles.
- Loss of staff will impact the ability of the facilities to meet patient nutritional needs as well as reduce the operating efficiency of the facilities in the areas of maintenance, staff development, and administration.
- Community alternatives would need to be found to house and supervise the one or two non-compliant TB patients who are served on the TB unit. The lack of such alternatives could threaten public health.
- Elimination of the teaching positions could negatively impact the academic achievement of the students/patients.

Impact on Local Governments: Community alternatives would need to be found to house and supervise the 1 or 2 non-compliant TB patients who are housed on the TB unit. Would begin to impede the ability to transfer resources to the community when individuals scheduled for transfer as a result of Olmstead planning and other downsizing activities.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1220, 1230, 1260	Broughton Hospital Cherry Hospital John Umstead Hospital	1XXX	Personal Services	(671,234)
				Less Severance Costs	
	1220	Broughton Hospital	21XX	Contracted Services	(18,806)
	1230, 1250	Cherry Hospital NCSCC	22XX-5XXX	Operating Expenses	(35,177)
			6XXX	Aid and Public Assistance	
	1240	Dix Hospital	7XXX	Reserves	(264,305)
			8XXX	Transfers	
REQUIREMENTS					(989,522)
RECEIPTS					
APPROPRIATIONS					(989,522)
NO. OF POSITIONS					(21)

Category	Current Funding	Reduction	% Reduction	Revised Funding
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Total Funding	293,811,081	(989,522)	(.3367%)	292,821,559
Receipts	93,516,645	0	0	93,516,645
Appropriation	200,294,436	(989,522)	(.4940%)	199,304,914

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1220, 1230, 1240, 1250, 1260 and 1261. Excludes disproportionate share requirements and receipts.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Adult Mental Health State Facility Reductions

Recommendation 2 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction:

- Eliminate 34 positions (of which 24 are direct care and 10 are non-direct care positions).
- Reduce education/training, staff development.
- Close 5 bed TB unit.
- Reduce supplies, printing, travel, maintenance, equipment, etc.

Program Impact if Reduction is Approved:

- Facilities will not be able to replace outdated or broken equipment such as hospital beds, motorized vehicles, and medical equipment.
- Loss of staff will impact the ability of the facilities to meet patient nutritional and treatment needs. Operating efficiency of the facilities will decline in the areas of maintenance, grounds upkeep, staff development, and administration.
- Community alternatives would need to be found to house and supervise the one or two non-compliant TB patients who are served on the TB unit. The lack of such alternatives could threaten public health.
- Seriously impede the ability to transfer resources to the community when individuals scheduled for transfer as a result of Olmstead planning and other downsizing activities.

Impact on Local Government: Community alternatives would need to be found to house and supervise the 1 or 2 non-compliant TB patients who are housed on the TB unit. Seriously impede the ability to transfer resources to the community when individuals scheduled for transfer as a result of Olmstead planning and other downsizing activities.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1220, 1230 1260	Broughton Hospital Cherry Hospital John Umstead Hospital	1XXX	Personal Services	(1,083,398)
				Less Severance Costs	
	1220	Broughton Hospital	21XX	Contracted Services	(7,509)
	1230, 1240, 1250	Cherry Hospital Dix Hospital NCSCC	22XX-5XXX	Operating Expenses	(101,807)
			6XXX	Aid and Public Assistance	
	1240	Dix Hospital	7XXX	Reserves	(339,000)
			8XXX	Transfers	
REQUIREMENTS					(1,531,714)
RECEIPTS					
APPROPRIATIONS					(1,531,714)
NO. OF POSITIONS					(34)

Category	Current Funding	Reduction	% Reduction	Revised Funding
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Total Funding	293,811,081	(1,531,714)	(.5213%)	292,279,367
Receipts	93,516,645	0	0	93,516,645
Appropriation	200,294,436	(1,531,714)	(.7647%)	198,762,722

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1220, 1230, 1240, 1250, 1260 and 1261. Excludes disproportionate share requirements and receipts:

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Adult Mental Health State Facility Reductions

Recommendation 2 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% 11%

Description of Proposed Reduction:

- Eliminate 48 positions (of which 33 are direct care and 15 are non-direct care positions).
- Reduce education/training, staff development.
- Close 5 bed TB unit.
- Reduce supplies and printing
- Reduce equipment budget.
- Close CPI outpatient clinic at JUH.

Program Impact if Reduction is Approved:

- Facilities will not be able to replace outdated or broken equipment such as hospital beds, motorized vehicles, and medical equipment.
- Loss of staff will impact the ability of the facilities to meet patient nutritional and treatment needs. Operating efficiency of the facilities will decline in the areas of maintenance, grounds upkeep, staff development, and administration.
- Community alternatives would need to be found to house and supervise the one or two non-compliant TB patients who are served on the TB unit. The lack of such alternatives could threaten public health.
- Closure of CPI outpatient clinic would result in the loss of outpatient services to approximately 180 children and their families. The clinic also serves as a primary training resource for Duke University Medical School.
- Reduction in direct care positions will jeopardize continued certification/accreditation for the facilities.
- Seriously impede the ability to transfer resources to the community when individuals scheduled for transfer as a result of Olmstead planning and other downsizing activities.

Impact on Local Government: Community alternatives would need to be found to house and supervise the 1 or 2 non-compliant TB patients who are housed on the TB unit. Seriously impede the ability to transfer resources to the community when individuals scheduled for transfer as a result of Olmstead planning and other downsizing activities. Community would lose hospital resources related to child outpatient services at Umstead. All of these actions would place a greater demand on community services which would also be facing reductions in State appropriation.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1220, 1230, 1240, 1260	Broughton Hospital Cherry Hospital Dix Hospital John Umstead Hospital	1XXX	Personal Services	(1,670,167)
1240, 1260	Dix Hospital John Umstead Hospital		Less Severance Costs	17,733
1220	Broughton Hospital	21XX	Contracted Services	(12,331)
1230, 1240, 1250	Cherry Hospital Dix Hospital NCSCC	22XX-5XXX	Operating Expenses	(163,140)
		6XXX	Aid and Public Assistance	
1240	Dix Hospital	7XXX	Reserves	(339,000)
		8XXX	Transfers	
REQUIREMENTS				(2,166,905)
RECEIPTS				
APPROPRIATIONS				(2,166,905)
NO. OF POSITIONS				(48)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	293,811,081	(2,166,905)	(.7375%)	291,644,176
Receipts	93,516,645	0	0	93,516,645
Appropriation	200,294,436	(2,166,905)	(1.08%)	198,127,531

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1220, 1230, 1240, 1250, 1260 and 1261. Excludes disproportionate share requirements and receipts.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___x___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___x___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___x___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Adult Mental Health State Facility Reductions

Recommendation 2 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X 11%

Description of Proposed Reduction:

- Eliminate 69 positions (of which 46 are direct care and 23 are non-direct care positions).
- Reduce education/training, staff development.
- Close 5 bed TB unit.
- Reduce supplies and printing
- Reduce equipment budget.
- Close CPI outpatient clinic at JUH.
- Eliminate 10 psychiatric rehabilitation beds at Cherry Hospital with no community resource transfer.

Program Impact if Reduction is Approved:

- Facilities will not be able to replace outdated or broken equipment such as hospital beds, motorized vehicles, and medical equipment.
- Loss of staff will impact the ability of the facilities to meet patient nutritional and treatment needs. Operating efficiency of the facilities will decline in the areas of maintenance, grounds upkeep, staff development, and administration.
- Community alternatives would need to be found to house and supervise the one or two non-compliant TB patients who are served on the TB unit. The lack of such alternatives could threaten public health.
- Closure of CPI outpatient clinic would result in the loss of outpatient services to approximately 180 children and their families. The clinic also serves as a primary training resource for Duke University Medical School.
- Reduction in direct care positions will jeopardize continued certification/accreditation for the facilities.
- Patients to staff ratios will increase in the facilities which will help lead to higher number of incidents as well as longer lengths of stay.
- Additional community capacity will be needed to absorb the patients who would have been served in the 10 rehabilitation beds.
- Seriously impede the ability to transfer resources to the community when individuals scheduled for transfer as a result of Olmstead planning and other downsizing activities.

Impact on Local Governments: Community alternatives would need to be found to house and supervise the 1 or 2 non-compliant TB patients who are housed on the TB unit. Community would lose hospital resources related to psychiatric beds and child outpatient services at Umstead. All of these actions would place a greater demand on community services which would also be facing reductions in State appropriation. Seriously impede the ability to transfer resources to the community when individuals scheduled for transfer as a result of Olmstead planning and other downsizing activities.

Budgetary Information: (AMH State Facilities at 11% - continued)

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1220, 1230, 1240, 1260	Broughton Hospital Cherry Hospital Dix Hospital John Umstead Hospital	1XXX	Personal Services	(2,360,831)
1240, 1260	Dix Hospital John Umstead Hospital		Less Severance Costs	93,969
1220	Broughton Hospital	21XX	Contracted Services	(20,802)
1230, 1240 1250	Cherry Hospital Dix Hospital NCSCC	22XX-5XXX	Operating Expenses	(268,433)
		6XXX	Aid and Public Assistance	
1240	Dix Hospital	7XXX	Reserves	(339,000)
		8XXX	Transfers	
REQUIREMENTS				(2,895,097)
RECEIPTS				
APPROPRIATIONS				(2,895,097)
NO. OF POSITIONS				(69)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	293,811,081	(2,895,097)	(.9853%)	290,915,984
Receipts	93,516,645	0	0	93,516,645
Appropriation	200,294,436	(2,895,097)	(1.45%)	197,399,339

- Based on BD-701 run 3/6/02 thru 3/31/02 - authorized budget. Current funding includes fund codes 1220, 1230, 1240, 1250, 1260 and 1261. Excludes disproportionate share requirements and receipts.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ x ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ x ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ x ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Mental Retardation State Facility Reductions

Recommendation 3 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction of salary reserve balances.

Reduction of 1.0 position.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Elimination of the position would result in the need to redistribute support service activities such as housekeeping, maintenance, etc., among other staff.

Reduction of salary reserve reduces ability to support pending issues including range revisions for pharmacists and MIA adjustments for nurses. It effects the ability to hire, promote and retain employees, promotions, raises, competitive salary will be negatively effected.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1320,1330,1340,1350,1360	Blk. Mtn. Center Caswell Center Murdoch Center O'Berry Center Western Carolina Center	1XXX	Personal Services	(61,620)
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(61,620)
RECEIPTS					
APPROPRIATIONS					(61,620)
NO. OF POSITIONS					(1.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	242,398,512	(61,620)	(.0254%)	242,336,892
Receipts	223,608,303	0	0%	223,608,303
Appropriation	18,790,209	(61,620)	(.3279%)	18,728,589

Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1320, 1330, 1340, 1350, 1360 and 1361. Excludes \$1m in requirements and appropriations not yet reduced from budgets to eliminate the balance of the recurring downsizing reduction adopted by the General Assembly in SFY 02.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Mental Retardation State Facility Reductions

Recommendation 3 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction of salary reserve balances.

Reduction of 1.0 positions.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Reducing available salary reserve balances will adversely effect our ability to hire hard-to-recruit persons above minimum of the salary grade. It will limit the ability to award salary adjustments, salary range revisions and special entry rates. It will delay or eliminate funds for employee promotions and negatively effect employee retention.

Elimination of the position would result in the need to redistribute support service activities such as housekeeping, maintenance, etc., among other staff.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1320, 1330, 134, 1350, 1360	Blk. Mtn. Center Caswell Center Murdoch Center O'Berry Center Western Carolina Center	1XXX	Personal Services	(112,913)
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(112,913)
RECEIPTS					0
APPROPRIATIONS					(112,913)
NO. OF POSITIONS					(1.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	242,398,512	(112,913)	(.0465%)	242,285,599
Receipts	223,608,303	0	0%	223,608,303
Appropriation	18,790,209	(112,913)	(.6009%)	18,677,296

Based on BD-701 run 3/6/02 thru 3/31/02 - authorized budget. Current funding includes fund codes 1320, 1330, 1340, 1350, 1360 and 1361. Excludes \$1m in requirements and appropriations not yet reduced from budgets to eliminate the balance of the recurring downsizing reduction adopted by the General Assembly in SFY 02.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Mental Retardation State Facility Reductions

Recommendation 3 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction of salary reserve balances.

Reduction of 3.0 positions.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

At the 9% reduction level, two positions would be eliminated that would effect community support services provided in catchment areas, in addition to elimination of one position would result in the need to redistribute support service activities such as housekeeping, maintenance, etc., among other staff.

Reducing available salary reserve balances will adversely effect our ability to hire hard-to-recruit persons above minimum of the salary grade. It will limit the ability to award salary adjustments, salary range revisions and special entry rates. It will delay or eliminate funds for employee promotions and negatively effect employee retention.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1320, 1330, 1340, 1350, 1360	Blk Mtn Center Caswell Center Murdoch Center O'Berry Center Western Carolina Center	1XXX	Personal Services	(174,781)
				Less Serverance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(174,781)
RECEIPTS					0
APPROPRIATIONS					(174,781)
NO. OF POSITIONS					(3.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	242,398,512	(174,781)	(.0721%)	242,223,731

Receipts	223,608,303	0	0%	223,608,303
Appropriation	18,790,209	(174,781)	(.9301%)	18,615,428

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1320, 1330, 1340, 1350, 1360 and 1361. Excludes \$1m in requirements and appropriations not yet reduced from budgets to eliminate the balance of the recurring downsizing reduction adopted by the General Assembly in SFY 02.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Mental Retardation State Facility Reductions

Recommendation 3 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction of salary reserve balance.

Reduction of 4.5 positions.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The loss of positions at this level of reduction could result in an increased requirement for contract funds to continue some essential maintenance, repair or administrative functions required for the provision of services to residents and in the need to redistribute support service activities such as housekeeping, maintenance, etc., among other staff.

Reducing available salary reserve balances will adversely effect our ability to hire hard-to-recruit persons above minimum of the salary grade. It will limit the ability to award salary adjustments, salary range revisions and special entry rates. It will delay or eliminate funds for employee promotions and negatively effect employee retention.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1320, 1330, 1340, 1350, 1360	Blk. Mtn. Center Caswell Center Murdoch Center O'Berry Center Western Carolina Center	1XXX	Personal Services	(247,262)
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(247,262)
RECEIPTS					0
APPROPRIATIONS					(247,262)
NO. OF POSITIONS					(4.5)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	242,398,512	(247,262)	(.102%)	242,151,250
Receipts	223,608,303	0	0%	223,608,303
Appropriation	18,790,209	(247,262)	(1.32%)	18,542,947

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1320, 1330, 1340, 1350, 1360 and 1361. Excludes \$1m in requirements and appropriations not yet reduced from budgets to eliminate the balance of the recurring downsizing reduction adopted by the General Assembly in SFY 02.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ X ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ X ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ X ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Mental Retardation State Facility Reductions

Recommendation 3 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X_11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction of salary reserve balance.

Reduction of 6.5 positions.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Reducing an additional 2.0 positions, bringing the total position reduction in this program to 6.5, will sharply reduce regional outreach and community support programs as well as professional active treatment services to residents. In addition, reduction of the other 4.5 positions could result in an increased requirement for contract funds to continue some essential maintenance, repair or administrative functions required for the provision of services to residents and in the need to redistribute support service activities such as housekeeping, maintenance, etc., among other staff.

Reducing available salary reserve balances will adversely effect our ability to hire hard-to-recruit persons above minimum of the salary grade. It will limit the ability to award salary adjustments, salary range revisions and special entry rates. It will delay or eliminate funds for employee promotions and negatively effect employee retention.

Impact on Local Governments: Will impact the ability of the MRC's to provide community outreach and assistance to help local programs with individuals in the community that have special and often complex treatment needs.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1320, 1330, 1340, 1350, 1360	Blk. Mtn. Center Caswell Center Murdoch Center O'Berry Center Western Carolina Center	1XXX	Personal Services	(330,354)
			Less Severance Costs	
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				(330,354)
RECEIPTS				0
APPROPRIATIONS				(330,354)
NO. OF POSITIONS				(6.5)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	242,398,512	(330,354)	(.136%)	242,068,158
Receipts	223,608,303	0	0%	223,608,303
Appropriation	18,790,209	(330,354)	(1.76%)	18,459,855

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1320, 1330, 1340, 1350, 1360 and 1361. Excludes \$1m in requirements and appropriations not yet reduced from budgets to eliminate the balance of the recurring downsizing reduction adopted by the General Assembly in SFY 02.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Substance Abuse State Facility Reduction

Recommendation 4 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Eliminate vacant Healthcare Technician position with 75% going to the reduction. Remainder of salary (25%) to be utilized to partially fund vacant Physician Director II-B position.

Reduce operating accounts such as travel, supplies, maintenance, equipment, etc. by \$15,782

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Healthcare Technician I – loss of direct care services to provide nursing assisted duties.

Less ability to provide training/education to staff at a time when more training will be needed to prepare staff for detox patients. Less ability to purchase/repair equipment and ordering needed basic supplies for Center operations.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1420	JFK/ADATC	1XXX	Personal Services	(18,692)
				Less Severance Costs	
			21XX	Contracted Services	
	1440	WBJ/ADATC	22XX-5XXX	Operating Expenses	(15,782)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(34,474)
RECEIPTS					0
APPROPRIATIONS					(34,474)
NO. OF POSITIONS	1420	JFK/ADATC			(1.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	13,982,343	(34,474)	(.2466%)	13,947,869
Receipts	1,532,634	0	0%	1,532,634
Appropriation	12,449,709	(34,474)	(.2769%)	12,415,235

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget – but EXCLUDES disproportionate share requirements and receipts. Current funding includes fund codes 1420, 1421, 1440 and 1441.

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Substance Abuse State Facility Reduction

Recommendation 4 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% X 8% 9% 10% 11%

Description of Proposed Reduction:

Eliminate vacant Healthcare Technician position with 75% going to the reduction. Remainder of salary (25%) to be utilized to partially fund Physician Director II-B position which is currently vacant.

Reduce Healthcare Technician II budgeted salary by \$3,686 creating salary reserve.

Reduce Social Worker II budgeted salary by \$10,171 creating salary reserve.

Reduce operating accounts such as travel, supplies, maintenance, equipment, etc. by \$28,919

Program Impact if Reduction is Approved:

Healthcare Technician I – reduction of direct care services to provide nursing assisted.

Some level of difficulty encountered in recruiting qualified social worker unless additional salary reserve can be generated.

Diminished ability to provide training/education to staff at a time when more training is needed to prepare staff for detox patients.

Less ability to purchase/repair equipment and ordering needed basic supplies for Center operations.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1420	JFK/ADATC	1XXX	Personal Services	(34,250)
				Less Severance Costs	
			21XX	Contracted Services	
	1440	WBJ/ADATC	22XX-5XXX	Operating Expenses	(28,919)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(63,169)
RECEIPTS					0
APPROPRIATIONS					(63,169)
NO. OF POSITIONS	1420	JFK/ADATC			(1.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	13,982,343	(63,169)	(.4517%)	13,919,174
Receipts	1,532,634	0	0%	1,532,634
Appropriation	12,449,709	(63,169)	(.5073%)	12,386,540

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget – but **EXCLUDES disproportionate share requirements and receipts**. Current funding includes fund codes 1420, 1421, 1440 and 1441.

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Substance Abuse State Facility Reduction

Recommendation 4 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction

Eliminate vacant Healthcare Technician position with 75% going to the reduction. Remainder of salary (25%) to be utilized to partially fund Physician Director II-B position which is currently vacant.

Reduce Social Worker II budgeted salary by \$10,171 creating salary reserve.

Abolish Healthcare Technician I position, currently vacant and budgeted at 18,900.

Reduce budgeted level of pharmacist position creating salary reserve.

Reduce operating accounts such as travel, supplies, maintenance, equipment, etc. by \$28,919

Program Impact if Reduction is Approved:

Healthcare Technician I – loss of direct care services to provide nursing assisted duties.

Some level of difficulty encountered in recruiting qualified social worker and pharmacist unless additional salary reserve can be generated.

Diminished ability to provide training/education to staff at a time when more training is needed to prepare staff for detox patients.

Less ability to purchase/repair equipment and ordering needed basic supplies for Center operations.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1420&1440	JFK&WBJ/ADATC	1XXX	Personal Services	(68,863)
				Less Severance Costs	
			21XX	Contracted Services	
	1440	WBJ/ADATC	22XX-5XXX	Operating Expenses	(28,919)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(97,782)
RECEIPTS					0
APPROPRIATIONS					(97,782)
NO. OF POSITIONS	1420&1440	JFK&WBJ/ADATC			(2.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	13,982,343	(97,782)	(.6993%)	13,884,561
Receipts	1,532,634	0	0%	1,532,634
Appropriation	12,449,709	(97,782)	(.7854%)	12,351,927

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget – but **EXCLUDES** disproportionate share requirements and receipts. Current funding includes fund codes 1420, 1421, 1440 and 1441.

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Substance Abuse State Facility Reduction

Recommendation 4 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% 11%

Description of Proposed Reduction

- * Eliminate vacant Healthcare Technician position with 75% going to the reduction. Remainder of salary (25%) to be utilized to partially fund Physician Director II-B position which is currently vacant.
- * Abolish Healthcare Technician I position, currently vacant and budgeted at 18,900.
- * Reduce Social Worker II budgeted salary by \$10,171 creating salary reserve.
- * Downgrade Police Officer III position currently vacant to Police Officer I creating \$5,480 salary reserve
- * Reduce budgeted level of pharmacist position creating salary reserve.
- * RIF twelve dietary positions (12 FTE's) at: \$405,338 (328,840 salaries + fringe)
- Contract out dietary services at: 336,577
- Savings: 68,761

(Note: Contract service is based on all units being open under the State Plan to bring up additional acute/crisis capacity.)

- * Reduce operating accounts such as travel, supplies, maintenance, equipment, etc. by \$28,919

Program Impact if Reduction is Approved:

- * Healthcare Technician I – loss of direct care services to provide nursing assisted duties.
- * Positive impact of improved dietary services for patients.
- * Some level of difficulty encountered in recruiting qualified social worker, pharmacist and police officer unless additional salary reserve can be generated.
- * Diminished ability to provide training/education to staff at a time when more training is needed to prepare staff for detox patients.
- * Less ability to purchase/repair equipment and ordering needed basic supplies for Center operations.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1420&1440	JFK&WBJ/ADATC	1XXX	Personal Services	(479,681)
	1440	WBJ/ADATC		Less Severance Costs	33,691
	1440	WBJ/ADATC	21XX	Contracted Services	336,577
	1440	WBJ/ADATC	22XX-5XXX	Operating Expenses	(28,919)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(138,332)
RECEIPTS					0
APPROPRIATIONS					(138,332)
NO. OF POSITIONS	1420&1440	JFK&WBJ/ADATC			(14.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	13,982,343	(138,332)	(.9893%)	13,844,011
Receipts	1,532,634	0	0%	1,532,634
Appropriation	12,449,709	(138,332)	(1.111%)	12,311,377

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget – but **EXCLUDES** disproportionate share requirements and receipts. Current funding includes fund codes 1420, 1421, 1440 and 1441.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ x ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ X ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ X ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Substance Abuse State Facility Reduction

Recommendation 4 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X11%

Description of Proposed Reduction:

- * Eliminate vacant Healthcare Technician position with 75% going to the reduction. Remainder of salary (25%) to be utilized to partially fund Physician Director II-B position which is currently vacant.
- * Abolish Healthcare Technician I position, currently vacant and budgeted at 18,900.
- * Reduce Social Worker II budgeted salary by \$10,171 creating salary reserve.
- * Downgrade Police Officer III position currently vacant to Police Officer I creating \$5,480 salary reserve
- * Reduce budgeted level of pharmacist position creating salary reserve.
- * Utilization of general salary reserve for reduction.
- * RIF twelve dietary positions (12 FTE's) at: \$405,338 (328,840 salaries + fringe)
 Contract out dietary services at: 336,577
 Savings: 68,761
- (Note: Contract service is based on all units being open under the State Plan to bring up additional acute/crisis capacity.)
- * Reduce operating accounts such as travel, supplies, maintenance, equipment, etc. by \$50,998.

Program Impact if Reduction is Approved:

- * Healthcare Technician I – loss of direct care services to provide nursing assisted duties.
- * Positive impact of improved dietary services for patients.
- * Some level of difficulty encountered in recruiting qualified social worker, pharmacist and police officer unless additional salary reserve can be generated.
- * Diminished ability to provide training/education to staff at a time when more training is needed to prepare staff for detox patients.
- * Less ability to purchase/repair equipment and ordering needed basic supplies for Center operations.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1420&1440	JFK&WBJ/ADATC	1XXX	Personal Services	(504,088)
	1440	WBJ/ADATC		Less Severance Costs	33,691
	1440	WBJ/ADATC	21XX	Contracted Services	336,577
	1420 & 1440	JFK & WBJ/ADATC	22XX-5XXX	Operating Expenses	(50,998)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(184,818)
RECEIPTS					0
APPROPRIATIONS					(184,818)
NO. OF POSITIONS	1420&1440	JFK&WBJ/ADATC			(14.0)

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	13,982,343	(184,818)	(1.32%)	13,797,525
Receipts	1,532,634	0	0%	1,532,634
Appropriation	12,449,709	(184,818)	(1.48%)	12,264,891

* Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget – but **EXCLUDES** disproportionate share requirements and receipts. Current funding includes fund codes 1420, 1421, 1440 and 1441.

Other Considerations

- Are statutory changes or special provisions required to implement? ___Yes __x___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___Yes __X__ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___Yes __X__No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Increase Receipts in State Facilities

Recommendation 5 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% x 11%

Description of Proposed Reduction:

Budget additional receipts which are anticipated to be received in SFY 03 on a recurring basis. Projections are based on SFY 02 actual collections through January 31, 2002.

Program Impact if Reduction is Approved:

No negative impact. This is simply increasing receipts and decreasing State appropriation with no change in budgeted requirements.

Impact on Local Governments: None.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1290,1390, 1490	MH, DD and SA Program Services	6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					\$1,000,000
APPROPRIATIONS					(\$1,000,000)
NO. OF POSITIONS					0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding				
Receipts	295,963,754	1,000,000	N/A	296,963,754
Appropriation		(1,000,000)	N/A	

- Based on budgeted patient receipts in State facilities per January 31, 2002 Patient Receipt Report from DHHS Central Billing Office.

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Central Office Administrative Reductions

Recommendation 6 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? x 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction at this level would be \$30,220 and would be focused on reductions in travel, equipment and supply funds, with some possible reduction in contract dollars. At this level, it is anticipated that some cost shifting to Federal funding would occur to help mitigate the impact. Prior to any specific contract reductions, the Division would undertake a comparative "value-received to cost incurred" assessment of contract products to determine functions which could be reduced with the least negative impact on the Division's new way of doing business under the State Plan.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In light of the State budget situation, this level of reduction could probably be sustained without creating any MOE compliance issues or doing serious harm to overall Division operations.

Impact on Local Governments: None

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		General Admin.	1XXX	Personal Services	
				Less Severance Costs	
	1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	21XX	Contracted Services	(\$3,000)
	1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	22XX-5XXX	Operating Expenses	(\$27,220)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$30,220)
RECEIPTS					0
APPROPRIATIONS					(\$30,220)
NO. OF POSITIONS					0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	27,074,008	(30,220)	(.1116%)	27,043,788
Receipts	14,657,485	0	0%	14,657,485
Appropriation	12,416,523	(30,220)	(.2433%)	12,386,303

Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1110, 1210, 1212, 1310 and 1410. Excludes \$4.6m related to IPRS in both requirements and receipts and \$576k for malpractice insurance since these are not recurring resources in the Central Office administrative budget.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Central Office Administrative Reductions

Recommendation 6 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7 % x 8% 9 % 10 % 11 %

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction at this level would be \$55,375 and would be focused on reductions in travel, equipment and supply funds, with some possible reduction in contract dollars. At this level, it is anticipated that some cost shifting to Federal funding would occur to help mitigate the impact. Prior to any specific contract reductions, the Division would undertake a comparative "value-received to cost incurred" assessment of contract products to determine functions which could be reduced with the least negative impact on the Division's new way of doing business under the State Plan.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In light of the State budget situation, this level of reduction could probably be sustained without creating any MOE compliance issues or doing serious harm to overall Division operations.

Impact on Local Governments: None

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	General Admin.	1XXX	Personal Services	
			Less Severance Costs	
1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	21XX	Contracted Services	(\$5,000)
1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	22XX-5XXX	Operating Expenses	(\$50,375)
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				(\$55,375)
RECEIPTS				0
APPROPRIATIONS				(\$55,375)
NO. OF POSITIONS				0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	27,074,008	(55,375)	(.2004%)	27,018,633
Receipts	14,657,485	0	0%	14,657,485
Appropriation	12,416,523	(55,375)	(.4459%)	12,361,148

Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1110, 1210, 1212, 1310 and 1410. Excludes \$4.6m related to IPRS in both requirements and receipts and \$576k for malpractice insurance since these are not recurring resources in the Central Office administrative budget.

Other Considerations

- Are statutory changes or special provisions required to implement? ___Yes __x___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___Yes __x___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___Yes __x___No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Central Office Administrative Reductions

Recommendation 6 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction at this level would be \$85,716 and would be focused on reductions in travel, equipment and supply funds, with some possible reduction in contract dollars. At this level, it is anticipated that some cost shifting to Federal funding would occur to help mitigate the impact. Prior to any specific contract reductions, the Division would undertake a comparative "value-received to cost incurred" assessment of contract products to determine functions which could be reduced with the least negative impact on the Division's new way of doing business under the State Plan.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In light of the State budget situation, this level of reduction could probably be sustained without creating any MOE compliance issues or doing serious harm to overall Division operations.

Impact on Local Governments: None

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	General Admin.	1XXX	Personal Services	
			Less Severance Costs	
1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	21XX	Contracted Services	(\$8,000)
1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	22XX-5XXX	Operating Expenses	(\$77,716)
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				(\$85,716)
RECEIPTS				0
APPROPRIATIONS				(\$85,716)
NO. OF POSITIONS				0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	27,074,008	(85,716)	(.3165%)	26,988,292
Receipts	14,657,485	0	0%	14,657,485
Appropriation	12,416,523	(85,716)	(.6903%)	12,330,807

Based on BD-701 run 3/6/02 thru 3/31/02 - authorized budget. Current funding includes fund codes 1110, 1210, 1212, 1310 and 1410. Excludes \$4.6m related to IPRS in both requirements and receipts and \$576k for malpractice insurance since these are not recurring resources in the Central Office administrative budget.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Central Office Administrative Reductions

Recommendation 6 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction at this level would be \$121,262 and would be focused on reductions in travel, equipment and supply funds, with some possible reduction in contract dollars. At this level, it is anticipated that some cost shifting to Federal funding would occur to help mitigate the impact. Prior to any specific contract reductions, the Division would undertake a comparative "value-received to cost incurred" assessment of contract products to determine functions which could be reduced with the least negative impact on the Division's new way of doing business under the State Plan.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In light of the State budget situation, this level of reduction could probably be sustained without creating any MOE compliance issues or doing serious harm to overall Division operations.

Impact on Local Governments: None

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	General Admin.	1XXX	Personal Services	
			Less Severance Costs	
1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	21XX	Contracted Services	(\$12,000)
1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	22XX-5XXX	Operating Expenses	(\$109,262)
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				(\$121,262)
RECEIPTS				0
APPROPRIATIONS				(\$121,262)
NO. OF POSITIONS				0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	27,074,008	(121,262)	(.4478%)	26,952,746
Receipts	14,657,485	0	0%	14,657,485
Appropriation	12,416,523	(121,262)	(.9766%)	12,295,261

Based on BD-701 run 3/6/02 thru 3/31/02 - authorized budget. Current funding includes fund codes 1110, 1210, 1212, 1310 and 1410. Excludes \$4.6m related to IPRS in both requirements and receipts and \$576k for malpractice insurance since these are not recurring resources in the Central Office administrative budget.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes __x___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes __x___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes __x___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Central Office Administrative Reductions

Recommendation 6 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction at this level would be \$162,013 and would be focused on reductions in travel, equipment and supply funds, with a reduction in contract dollars. At this level, it is anticipated that some cost shifting to Federal funding would occur to help mitigate the impact. Prior to any specific contract reductions, the Division would undertake a comparative "value-received to cost incurred" assessment of contract products to determine functions which could be reduced with the least negative impact on the Division's new way of doing business under the State Plan.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

In light of the State budget situation, the majority of this reduction could probably be sustained without creating any MOE compliance issues or doing serious harm to overall Division day to day operations. At this level and above, the Division begins to move into more contractual reductions in order to retain basic infrastructure support for IT functions, phone service, required travel related to monitoring and compliance functions, and overall State Plan implementation functions.

Impact on Local Governments: At this reduction level, could begin to compromise the Division's ability to provide the full range of compliance and monitoring activities, thereby losing a certain ability to assist with activities which help to minimize the possibility of audit exceptions.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		General Admin.	1XXX	Personal Services	
				Less Severance Costs	
	1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	21XX	Contracted Services	(\$52,721)
	1110, 1210, 1212, 1310, 1410	General Admin; Adult MH Admin; C&F Admin; DD Admin; SA Admin.	22XX-5XXX	Operating Expenses	(\$109,292)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$162,013)
RECEIPTS					0
APPROPRIATIONS					(\$162,013)
NO. OF POSITIONS					0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	27,074,008	(162,013)	(.5984%)	26,911,995
Receipts	14,657,485	0	0%	14,657,485
Appropriation	12,416,523	(162,013)	(1.30%)	12,254,510

- Based on BD-701 run 3/6/02 thru 3/31/02 - authorized budget. Current funding includes fund codes 1110, 1210, 1212, 1310 and 1410. Excludes \$4.6m related to IPRS in both requirements and receipts and \$576k for malpractice insurance since these are not recurring resources in the Central Office administrative budget.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Area Program Reductions

Recommendation 7 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction

Reductions at this level would constitute a \$38,368,082 decrease in State funding to area programs for community based services. This reduction would impact all 38 area programs and most, if not all, of their contractors.

Program Impact if Reduction is Approved:

Based on an across the board SFY 01 average per person cost (\$2,722) served in area programs and through their contracts, this reduction would equate to the total loss of services for approximately 14,096 individuals. The number of individuals impacted would be greater if community reductions resulted in decreases in volume of services provided rather than individuals being terminated from services completely. The Division would allocate this reduction amount to area programs, with certain prohibited reductions associated with extremely critical functions and Federal or State requirements, and the area programs would be responsible for submitting reduction plans to the Division for approval. Direction to area programs for reductions would also include (a) corresponding reductions in administrative costs, (b) necessary service reductions/terminations would be primarily directed to those with lower need levels, generally being seen on a periodic outpatient basis and for a short period of time, and (c) those individuals with the highest level of need are to be negatively impacted the least. Such plans would more specifically identify the types of services to be reduced, number of individuals by disability category that would be impacted, and the impact on consumers and family members. Regardless of where reductions are taken, the Division would anticipate an increased level of demand on State facilities who, at the same time, would be facing (a) general budget reductions, (b) probable Federal Civil Rights for Institutionalized Persons Act (CRIPA) compliance issues and (c) downsizing efforts associated with Olmstead and implementation of the State Plan, with the corresponding transfer of resources from institutions to communities. While Medicaid has grown in the community over the last 10 years, these revenues support Medicaid eligible individuals and Medicaid reimbursable services. Reductions in State funds most directly impact the non-insured indigent population and leaves the community services in danger of becoming a two-tiered system – with enriched Medicaid services and a lower level of care for the non-Medicaid indigent population.

Reductions of this magnitude, depending upon the disability areas eventually impacted, could create non-compliance with MOE requirements for the Mental Health and Substance Abuse block grants.

Impact on Local Governments: Will probably result in the loss of an unknown number of positions, depending upon reductions which are taken in programs operated by area programs compared to the amount of contract service reductions. Will also decrease expenditures in the local communities and negatively impact the collection of various sales and income taxes.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1290, 1390, 1490	MH, DD and SA Program Services	6XXX	Aid and Public Assistance	(\$38,368,082)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$38,368,082)
RECEIPTS					\$0
APPROPRIATIONS					(\$38,368,082)
NO. OF POSITIONS					No State; unknown local.

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	408,465,820	(38,368,082)	(9.39%)	370,097,738
Receipts	85,029,794	0	0	85,029,794
Appropriation	323,436,026	(38,368,082)	(12.86%)	285,067,944

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1290, 1291, 1390, 1391, 1490, 1491 and portions of 1590.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Area Program Reductions

Recommendation 7 **of** 7 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% x 8% 9% 10% 11%

Description of Proposed Reduction:

Reductions at this level would constitute a \$45,248,976 decrease in State funding to area programs for community based services. This reduction would impact all 38 area programs and most, if not all, of their contractors.

Program Impact if Reduction is Approved:

Based on an across the board SFY 01 average per person cost (\$2,722) served in area programs and through their contracts; this reduction would equate to the total loss of services for approximately 16,623 individuals. The number of individuals impacted would be greater if community reductions resulted in decreases in volume of services provided rather than individuals being terminated from services completely. The Division would allocate this reduction amount to area programs, with certain prohibited reductions associated with extremely critical functions and Federal or State requirements, and the area programs would be responsible for submitting reduction plans to the Division for approval. Direction to area programs for reductions would also include (a) corresponding reductions in administrative costs, (b) necessary service reductions/terminations would be primarily directed to those with lower need levels, generally being seen on a periodic outpatient basis and for a short period of time, and (c) those individuals with the highest level of need are to be negatively impacted the least. Such plans would more specifically identify the types of services to be reduced, number of individuals by disability category that would be impacted, and the impact on consumers and family members. Regardless of where reductions are taken, the Division would anticipate an increased level of demand on State facilities who, at the same time, would be facing (a) general budget reductions, (b) probable Federal Civil Rights for Institutionalized Persons Act (CRIPA) compliance issues and (c) downsizing efforts associated with Olmstead and implementation of the State Plan, with the corresponding transfer of resources from institutions to communities. While Medicaid has grown in the community over the last 10 years, these revenues support Medicaid eligible individuals and Medicaid reimbursable services. Reductions in State funds most directly impact the non-insured indigent population and leaves the community services in danger of becoming a two-tiered system – with enriched Medicaid services and a lower level of care for the non-Medicaid indigent population.

Reductions of this magnitude, depending upon the disability areas eventually impacted, could create non-compliance with MOE requirements for the Mental Health and Substance Abuse block grants.

Impact on Local Governments: Will result in the loss of an unknown number of positions, depending upon reductions which are taken in programs operated by area programs compared to the amount of contract service reductions. Will also decrease expenditures in the local communities and negatively impact the collection of various sales and income taxes.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1290,1390,1490	MH, DD and SA Program Services	6XXX	Aid and Public Assistance	(\$45,248,976)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$45,248,976)
RECEIPTS					\$0
APPROPRIATIONS					(\$45,248,976)
NO. OF POSITIONS					No State; unknown local.

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	408,465,820	(45,248,976)	(11.08%)	363,216,844
Receipts	85,029,794	0	0%	85,029,794
Appropriation	323,436,026	(45,248,976)	(13.99%)	278,187,050

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1290, 1291, 1390, 1391, 1490, 1491 and portions of 1590.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Area Program Reductions

Recommendation 7 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% x 9% 10% 11%

Description of Proposed Reduction:

Reductions at this level would constitute a \$50,382,136 decrease in State funding to area programs for community based services. This reduction would impact all 38 area programs and most, if not all, of their contractors.

Program Impact if Reduction is Approved:

Based on an across the board SFY 01 average per person cost (\$2,722) served in area programs and through their contracts, this reduction would equate to the total loss of services for approximately 18,509 individuals. The number of individuals impacted would be greater if community reductions resulted in decreases in volume of services provided rather than individuals being terminated from services completely. The Division would allocate this reduction amount to area programs, with certain prohibited reductions associated with extremely critical functions and Federal or State requirements, and the area programs would be responsible for submitting reduction plans to the Division for approval. Direction to area programs for reductions would also include (a) corresponding reductions in administrative costs, (b) necessary service reductions/terminations would be primarily directed to those with lower need levels, generally being seen on a periodic outpatient basis and for a short period of time, and (c) those individuals with the highest level of need are to be negatively impacted the least. Such plans would more specifically identify the types of services to be reduced, number of individuals by disability category that would be impacted, and the impact on consumers and family members. Regardless of where reductions are taken, the Division would anticipate an increased level of demand on State facilities who, at the same time, would be facing (a) general budget reductions, (b) probable Federal Civil Rights for Institutionalized Persons Act (CRIPA) compliance issues and (c) downsizing efforts associated with Olmstead and implementation of the State Plan, with the corresponding transfer of resources from institutions to communities. While Medicaid has grown in the community over the last 10 years, these revenues support Medicaid eligible individuals and Medicaid reimbursable services. Reductions in State funds most directly impact the non-insured indigent population and leaves the community services in danger of becoming a two-tiered system – with enriched Medicaid services and a lower level of care for the non-Medicaid indigent population.

Reductions of this magnitude, depending upon the disability areas eventually impacted, could create non-compliance with MOE requirements for the Mental Health and Substance Abuse block grants.

Impact on Local Governments: Will result in the loss of an unknown number of positions, depending upon reductions which are taken in programs operated by area programs compared to the amount of contract service reductions. Will also decrease expenditures in the local communities and negatively impact the collection of various sales and income taxes.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1290,1390, 1490	MH, DD and SA Program Services	6XXX	Aid and Public Assistance	(\$50,382,136)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$50,382,136)
RECEIPTS					\$0
APPROPRIATIONS					(\$50,382,136)
NO. OF POSITIONS					No State; unknown local.

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	408,465,820	(50,382,136)	(12.33%)	358,083,684
Receipts	85,029,794	0	0%	85,029,794
Appropriation	323,436,026	(50,382,136)	(15.58%)	273,053,890

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1290, 1291, 1390, 1391, 1490, 1491 and portions of 1590.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Area Program Reductions

Recommendation 7 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% x 10% 11%

Description of Proposed Reduction:

Reductions at this level would constitute a \$55,399,083 decrease in State funding to area programs for community based services. This reduction would impact all 38 area programs and most, if not all, of their contractors.

Program Impact if Reduction is Approved:

Based on an across the board SFY 01 average per person cost (\$2,722) served in area programs and through their contracts, this reduction would equate to the total loss of services for approximately 20,352 individuals. The number of individuals impacted would be greater if community reductions resulted in decreases in volume of services provided rather than individuals being terminated from services completely. The Division would allocate this reduction amount to area programs, with certain prohibited reductions associated with extremely critical functions and Federal or State requirements, and the area programs would be responsible for submitting reduction plans to the Division for approval. Direction to area programs for reductions would also include (a) corresponding reductions in administrative costs, (b) necessary service reductions/terminations would be primarily directed to those with lower need levels, generally being seen on a periodic outpatient basis and for a short period of time, and (c) those individuals with the highest level of need are to be negatively impacted the least. Such plans would more specifically identify the types of services to be reduced, number of individuals by disability category that would be impacted, and the impact on consumers and family members. Regardless of where reductions are taken, the Division would anticipate an increased level of demand on State facilities who, at the same time, would be facing (a) general budget reductions, (b) probable Federal Civil Rights for Institutionalized Persons Act (CRIPA) compliance issues and (c) downsizing efforts associated with Olmstead and implementation of the State Plan, with the corresponding transfer of resources from institutions to communities. While Medicaid has grown in the community over the last 10 years, these revenues support Medicaid eligible individuals and Medicaid reimbursable services. Reductions in State funds most directly impact the non-insured indigent population and leaves the community services in danger of becoming a two-tiered system – with enriched Medicaid services and a lower level of care for the non-Medicaid indigent population.

Reductions of this magnitude, depending upon the disability areas eventually impacted, could create non-compliance with MOE requirements for the Mental Health and Substance Abuse block grants.

Impact on Local Governments: Will result in the loss of an unknown number of positions, depending upon reductions which are taken in programs operated by area programs compared to the amount of contract service reductions. Will also decrease expenditures in the local communities and negatively impact the collection of various sales and income taxes.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1290,1390, 1490	MH, DD and SA Program Services	6XXX	Aid and Public Assistance	(\$55,399,083)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$55,399,083)
RECEIPTS					\$0
APPROPRIATIONS					(\$55,399,083)
NO. OF POSITIONS					No State; unknown local.

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	408,465,820	(55,399,083)	(13.56%)	353,066,737
Receipts	85,029,794	0	0%	85,029,794
Appropriation	323,436,026	(55,399,083)	(17.13%)	268,036,943

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1290, 1291, 1390, 1391, 1490, 1491 and portions of 1590.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___X___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___X___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___X___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: DMHDDSAS

Title of Recommendation: Area Program Reductions

Recommendation 7 **of** 7 **for SFY** 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% x 11%

Description of Proposed Reduction:

Reductions at this level would constitute a \$60,299,816 decrease in State funding to area programs for community based services. This reduction would impact all 38 area programs and most, if not all, of their contractors.

Program Impact if Reduction is Approved:

Based on an across the board SFY 01 average per person cost (\$2,722) served in area programs and through their contracts, this reduction would equate to the total loss of services for approximately 22,153 individuals. The number of individuals impacted would be greater if community reductions resulted in decreases in volume of services provided rather than individuals being terminated from services completely. The Division would allocate this reduction amount to area programs, with certain prohibited reductions associated with extremely critical functions and Federal or State requirements, and the area programs would be responsible for submitting reduction plans to the Division for approval. Direction to area programs for reductions would also include (a) corresponding reductions in administrative costs, (b) necessary service reductions/terminations would be primarily directed to those with lower need levels, generally being seen on a periodic outpatient basis and for a short period of time, and (c) those individuals with the highest level of need are to be negatively impacted the least. Such plans would more specifically identify the types of services to be reduced, number of individuals by disability category that would be impacted, and the impact on consumers and family members. Regardless of where reductions are taken, the Division would anticipate an increased level of demand on State facilities who, at the same time, would be facing (a) general budget reductions, (b) probable Federal Civil Rights for Institutionalized Persons Act (CRIPA) compliance issues and (c) downsizing efforts associated with Olmstead and implementation of the State Plan, with the corresponding transfer of resources from institutions to communities. While Medicaid has grown in the community over the last 10 years, these revenues support Medicaid eligible individuals and Medicaid reimbursable services. Reductions in State funds most directly impact the non-insured indigent population and leaves the community services in danger of becoming a two-tiered system – with enriched Medicaid services and a lower level of care for the non-Medicaid indigent population.

Reductions of this magnitude, depending upon the disability areas eventually impacted, could create non-compliance with MOE requirements for the Mental Health and Substance Abuse block grants.

Impact on Local Governments: Will result in the loss of an unknown number of positions, depending upon reductions which are taken in programs operated by area programs compared to the amount of contract service reductions. Will also decrease expenditures in the local communities and negatively impact the collection of various sales and income taxes.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1290,1390,1490	MH, DD and SA Program Services	6XXX	Aid and Public Assistance	(\$60,299,816)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$60,299,816)
RECEIPTS					\$0
APPROPRIATIONS					(\$60,299,816)
NO. OF POSITIONS					No State; unknown local.

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	408,465,820	(60,299,816)	(14.76%)	348,166,004
Receipts	85,029,794	0	0%	85,029,794
Appropriation	323,436,026	(60,299,816)	(18.64%)	263,136,210

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1290, 1291, 1390, 1391, 1490, 1491 and portions of 1590.

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: MH/DD/SAS

Title of Recommendation: Child & Family State Facility Reductions

Recommendation 1 of 7 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Repairs to building will be reduced as part of the operating budget for 03.EATP

Eliminate student temporary wages @ \$1,399

\$3,838 Salary Reserve and fringe.....Wright School

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Repairs to building will be reduced by 15%....EATP

We have not used the summer position in several years; the loss of salary reserve removes the potential to use our own funds to upgrade position for proposed Medicaid transition....Wright School

Loss of salary reserve will hurt the ability to hire into vacant positions and to make salary adjustments for retention and internal staffing needs.

Impact on Local Governments: None.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1280	Wright School	1XXX	Personal Services	(5,237)
			Less Severance Costs	0
		21XX	Contracted Services	
1217	Eastern Adolescent Tx. Ctr.	22XX-5XXX	Operating Expenses	(3,241)
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				(8,478)
RECEIPTS				0
APPROPRIATIONS				(8,478)
NO. OF POSITIONS				0

Category	Current Funding	Reduction	% Reduction	Revised Funding
Total Funding	3,937,612	(8,478)	(.2251%)	3,929,134
Receipts	838,070	0	0%	838,070
Appropriation	3,099,542	(8,478)	(.2735%)	3,091,064

- Based on BD-701 run 3/6/02 thru 3/31/02 – authorized budget. Current funding includes fund codes 1217 and 1280. Fund 1216 (Whitaker School) omitted since it is planned for closure during SFY 03 per approved Trust Plan.

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.

DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS (VARYING PERCENTAGES)
Impact to State Appropriations Only

Division Name: Division of Public Health
 Budget Code: 14430
 SFY 2002-03 Total Appropriations (Per BD 307):

139,884,312 (Enter Total Appropriations from BD 307 in the Block)

LIST REDUCTION ITEMS BELOW:		Percentage of Reduction				
	Calculated Dollar Value of Percentages Shown	7%	8%	9%	10%	11%
1	Revenue Enhancement - HIV/STD Care Contracts	38,845	38,845	38,845	38,845	38,845
2	Revenue Enhancement - Sickle Cell Contracts	42,096	42,096	42,096	42,096	42,096
3	Revenue Enhancement - Immunization Branch Operating Funds	66,659	66,659	66,659	66,659	66,659
4	Revenue Enhancement - Community Care Coordination	90,000	90,000	90,000	90,000	90,000
5	Revenue Enhancement - State Center for Health Statistics	146,190	146,190	146,190	146,190	146,190
6	Revenue Enhancement - Women's Health (POET)	281,257	281,257	281,257	281,257	281,257
7	Revenue Enhancement - Oral Health	662,107	662,107	662,107	662,107	662,107
8	Revenue Enhancement - Medicaid Administrative Match	400,000	400,000	400,000	400,000	400,000
9	Revenue Enhancement - Hepatitis B Vaccine	604,800	604,800	604,800	604,800	604,800
10	Revenue Enhancement - State Lab - Newborn Screening	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
11	Contracts - Terminate LabCorp contract for CD4 Testing	30,000	30,000	30,000	30,000	30,000
12	Contracts - Terminate Dysplasia contracts	334,700	334,700	334,700	334,700	334,700
13	Contracts - Terminate Wake Forest U - Infant Follow-up	155,130	155,130	155,130	155,130	155,130
14	Contracts - Reductions in Women's & Children's Health Branch	1,413,780	1,719,658	2,110,598	2,413,780	2,413,780
15	Contracts - Reductions in Children & Youth Branch				651,911	651,911
16	Contract - Terminate contract for DEC (Winston-Salem)			763,000	763,000	763,000
17	Closure - Dusty Trades Program (Elim. 4 Filled FTE)	165,405	165,405	165,405	165,405	165,405
18	Closure - Prescription Drug Assistance Program	470,000	470,000	470,000	470,000	470,000
19	Closure - Home Health Purchase of Medical Care (Elim. 1 Filled FTE)	3,293,722	3,293,722	3,293,722	3,293,722	3,293,722
20	Closure - Epilepsy Purchase of Medical Care		202,166	202,166	202,166	202,166
21	Closure - Chronic Renal Disease(Kidney) Pur. of Medical Care		753,704	753,704	753,704	753,704
22	Closure - Or Reduce Early Intervention Funds to Area MH Ctrs			1,325,000	1,405,000	1,905,000
23	Reduce Cancer Purchase of Medical Care				400,000	400,000
24	Closure - DEC Center & reduce operational costs in others (Elim. 20.5 Filled FTE)				1,313,426	1,313,426
25	Position Reduction, Speech and Hearing Services (Elim. 1.45 Vacant FTE)					51,868
26	Position Reduction, C & Y Branch (Elim. 2 Vacant FTE)					79,020
27	Operating Cost Reduction - Children & Youth Branch					52,180
28	Reduce - Children With Special Needs Program	110,000	110,000	110,000	110,000	110,000
29	Reduce Intensive Home Visit Program		500,000	500,000	500,000	500,000
30	Increase Receipts-State Lab Pap Smear Program		1,050,000	1,050,000	1,050,000	1,050,000
	TOTAL REDUCTION	\$ 9,304,691	\$ 12,116,439	\$ 15,908,805	\$ 17,343,898	\$ 18,026,966

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS RevEn - HIV/STD
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health - Epidemiology - HIV/STD Prevention & Care

Title of Option: Revenue Enhancement - HIV/STD Prevention & Care Contracts

Option 1 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Switches funding to utilize federal funds in lieu of state funding equal to 8% of the total state appropriations used on HIV/STD Prevention & Care contracts with community-based organizations.

Program Impact if Reduction is Approved:

Personnel performing HIV counseling, testing and referral functions in North Carolina must be trained to do so in accordance with current CDC guidelines. The HIV/STD Prevention & Care Branch has contracted with Whetstone Consultations to provide this training to employees of the Branch, local health departments and community-based organizations. This is an allowable expense for federal funds and they will be used to fund the contract in lieu of state appropriations.

Because an overmatch currently exists for the Ryan White Title II grant, this reduction will have no impact on the grant. There is no impact on local governments.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1461	HIV/STD Control			0
RECEIPTS	1461	HIV/STD Control			38,845
APPROPRIATIONS	1461	HIV/STD Control			(38,845)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding			n/a	\$
Receipts	\$	\$ 38,845	n/a	\$ 38,845
Appropriation	\$ 38,845	\$ (38,845)	-100.0%	\$
Positions			 X 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS RevEn_Sickle Cell
DETAIL WORKSHEETS**

Name of Division/Institution: Public Health, Women's and Children's Health Section, Women's Health Branch

Title of Option: Revenue Enhancement Sickle Cell Program Contracts (FFP)

Option 2 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

In accordance with the terms of an agreement with the Division of Medical Assistance, the Division of Public Health will draw federal financial participation for Sickle Cell Program Sickle Cell Community Based Organizations contracts, which will generate \$42,096, and free up a like amount of state funds for reversion. Through an agreement with DMA the Sickle Cell program is eligible to draw FFP for contracts with non-profit organizations for services to sickle cell patients and families that are not reimbursable by Medicaid but support the need of the clients.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

None.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1520	Sickle Cell			0
RECEIPTS	1520	Sickle Cell			42,096
APPROPRIATIONS	1520	Sickle Cell			(42,096)
NO. OF POSITIONS	1520	Sickle Cell			0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 2,297,465		0.0%	\$ 2,297,465
Receipts	\$ -	\$ 42,096	n/a	\$ 42,096
Appropriation	\$ 2,297,465	\$ (42,096)	-1.8%	\$ 2,255,369
Positions	0.00		XXXX	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

RevEn_ Imm Brch

Name of Division/Institution: DPH/WCH/Immunization Branch

Title of Option: Revenue Enhancement - Immunization Branch Operating Funds

Option 3 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Switching state funds with federal receipts for the purposes of travel (\$38,925), telecommunication (\$27,034), property insurance (\$200) and employee education (\$500) to achieve a permanent reduction in state appropriation.

Program Impact if Reduction is Approved:

These expenditures are necessary for program operations, and funds from our federal Immunization grant will be used for these requirements.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1570	Immunization			0
RECEIPTS	1570	Immunization			66,659
APPROPRIATIONS	1570	Immunization			(66,659)
NO. OF POSITIONS	1570	Immunization			0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 652,719		0.0%	\$ 652,719
Receipts	\$ 429,977	\$ 66,659	15.5%	\$ 496,636
Appropriation	\$ 222,742	\$ (66,659)	-29.9%	\$ 156,083
Positions			X	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS RevEn - Comm Care Coord
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health; WCH Section; Children and Youth Branch

Title of Option: Revenue Enhancement - Community Care Coordination Contracts

Option 4 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Through an agreement with DMA for federal financial participation match on Community Care Coordinator contracts, we will be able to reduce \$90,000 of state funds freed up by the federal match.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The state funds that will be replaced with match will not impact on current services, but will prevent expansion of the program services.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1531	Special Needs Children			0
RECEIPTS	1531	Special Needs Children			\$90,000
APPROPRIATIONS	1531	Special Needs Children			(\$90,000)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 542,298		0.0%	\$ 542,298
Receipts	\$ -	\$ 90,000	n/a	\$ 90,000
Appropriation	\$ 542,298	\$ (90,000)	-16.6%	\$ 452,298
Positions	0.00	0.00	 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

RevEn__SCHS

Name of Division/Institution: Division of Public Health/State Center for Health Statistics

Title of Option: Revenue Enhancement - State Center for Health Statistics

Option 5 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction : The NCHS – Vital Statistics Cooperative Program Contract receipts are generated from federally mandated vital statistics data transfers to the National Center for Health Statistics in accordance with the terms of their Vital Statistics Cooperative Program Contract with North Carolina. Under the current contract the maximum VSCP receipts possible for four quarters is \$406,528. The current total receipts OSB has allowed to be budgeted under this contract is \$303,338 or about 75% of the possible maximum receipts.

The receipts in the Behavioral Risk Factor Surveillance System are generated on the questions other agencies, private non-profit organizations and other sections within the Division of Public Health request to be surveyed. The questions are of importance to public health, and produces county-specific estimates for the ten largest counties in the state. The increase in receipts to replace state appropriations is predicated on the assumption of increased receipts for increased questions requested from the above groups.

Program Impact if Reduction is Approved

Replace state appropriations with receipts generated in the NCHS – Vital Statistics Cooperative Program Contract and the Behavioral Risk Factor Surveillance System Receipt areas of the State Center.

There is no impact on local governments.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1160	State Center			0
RECEIPTS	1160	State Center			\$146,190
APPROPRIATIONS	1160	State Center			(\$146,190)
NO. OF POSITIONS	1160	State Center			0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced. **State owned hospitals and facilities will have increased costs as a result of these new fees.**
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding			n/a	\$ -
Receipts	\$ -	\$ 146,190	n/a	\$ 146,190
Appropriation	\$ 146,190	\$ (146,190)	-100.0%	\$ -
Positions				0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS RevEn_POET
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health, Women's and Children's Health Section, Women's Health Branch, Maternal Health Unit.

Title of Option: Revenue Enhancement - Women and Children's Health (POET)

Recommendation 6 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: Perinatal Outreach and Education Training Program (POET) – Reduce State Appropriations by \$281,257 and replace with Medicaid FFP.

The NC Perinatal Outreach and Education Training Program (POET) is a statewide program consisting of Nurse Specialists with advanced training and experience in intensive maternal, fetal, and neonatal care. The vision of the POET program is to facilitate a seamless system of care that promotes the use of "Best Practices" by all health care providers i.e. local health departments, tertiary and community hospitals, community health centers, and private health providers. The mission of the program is to enhance the knowledge, attitudes, and skills of healthcare providers/communities serving women of childbearing age, infants through the first year of life, and their families.

In FY01, 9,400 professionals were reached through educational and outreach efforts. A total of 517 programs were provided which totaled 71,872 learning hours. Individuals from 98 counties participated in program activities in FY01. Clinical areas of concentration include high risk perinatal and preconceptional care, care of HIV infected pregnant women and their infants, fetal monitoring and infant resuscitation, management of gestational diabetes, care of substance abusing pregnant women and their infants, care and management of tobacco addicted women and intrapartum assessment and management using the "Intrapartum Assessment and Management Modules" and care of low birth weight/preterm infants.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

No impact to services due to change in funding source.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1511	Maternal Health			0
RECEIPTS	1511	Maternal Health			281,257
APPROPRIATIONS	1511	Maternal Health			(281,257)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 1,163,365	\$ -	0.0%	\$ 1,163,365
Receipts	\$ 659,363	\$ 281,257	42.7%	\$ 940,620
Appropriation	\$ 504,002	\$ (281,257)	-55.8%	\$ 222,745
Positions	0.00	0.00	XXXX	0.00

SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
 DETAIL WORKSHEETS

RevEn - Oral Health

Name of Division/Institution: Division of Public Health. Oral Health Section

Title of Option: Revenue Enhancement - Oral Health Section

Option 7 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Division of Public Health proposes to increase receipts (Medicaid FFP) in the Oral Health Services Program. The fifty-three (53) Dental Hygienists serve Medicaid eligible children, but the Division has not been drawing Medicaid funds. Approximately 37% of the children served are Medicaid eligible; therefore, receipts can be increased to the level shown below to replace state appropriations.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

There will be no impact on current levels of service or the clientele served; however, as the rates for drawing federal funds changes as a result of ongoing negotiations between the Division of Public Health and the Division of Medical Assistance, the total receipts may increase or decrease over time, and could affect negatively the number of children served.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1435	Dental Health Services			0
RECEIPTS	1435	Dental Health Services			\$662,107
APPROPRIATIONS	1435	Dental Health Services			(662,107)
NO. OF POSITIONS	1435	Dental Health Services			0

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding			n/a	\$ -
Receipts		\$ 662,107	n/a	\$ 662,107
Appropriation	\$ -	\$ (662,107)	n/a	\$ (662,107)
Positions			XXXX	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS RevEn - Admin Match
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health, Women's and Children's Health Section

Title of Option: Revenue Enhancement - Medicaid Administrative Match

Option 8 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Division of Public Health proposes to increase receipts (Medicaid administrative match) in a number of activities in the Women's and Children's Health Section through an agreement with the Division of Medical Assistance. Activities are those non-direct services pertaining to the specific activity described in the agreement provided to Medicaid recipients by agency staff or contractors. Reduction in state salary and other accounts will be possible through the budgeting of these receipts.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

There will be no impact on current levels of service; however, as the rates for drawing federal funds changes as a result of ongoing negotiations between the Division of Public Health and the Division of Medical Assistance, the total receipts may increase or decrease over time.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1160 1520 1531	State Center Health Stats. Sickle Cell Sp. Needs Children			0
RECEIPTS					\$400,000
APPROPRIATIONS					(\$400,000)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding			n/a	\$ -
Receipts		\$ 400,000	n/a	\$ 400,000
Appropriation	\$ 400,000	\$ (400,000)	-100.0%	\$ -
Positions			 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

RevEn_HepVac

Name of Division/Institution: DPH/WCH/Immunization Branch

Title of Option: Revenue Enhancement - Hepatitis B Vaccine School Site Initiative

Option 9 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Replace state vaccine appropriations with federal vaccine funds, if sufficient; eliminate the Initiative altogether if insufficient federal funds.

Program Impact if Reduction is Approved: Since 1995, >70% of sixth graders have received hepatitis B vaccine in the school setting. This initiative, scheduled to conclude in school year 04-05, assures that a high percentage of adolescents are protected against the hepatitis B virus prior to the time of highest risk. Because adolescents are seldom seen in their medical home, few sixth graders will be vaccinated if this initiative is discontinued. Although this is a valuable initiative, the decision to reduce state funding by 15% lead to the determination that this was less critical than other aspects of the program.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1570	Immunization			0
RECEIPTS	1570	Immunization			604,800
APPROPRIATIONS	1570	Immunization			(604,800)
NO. OF POSITIONS	1570	Immunization			0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 14,213,044		0.0%	\$ 14,213,044
Receipts		\$ 604,800	n/a	\$ 604,800
Appropriation	\$ 14,213,044	\$ (604,800)	-4.3%	\$ 13,608,244
Positions	0.00	0.00	 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS RevEnLab-Newborn scrng
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health/Epidemiology Section/State Laboratory of Public Health

Title of Option: Revenue Enhancement – State Lab - Newborn Screening

Option 10 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction

New receipts will be generated in the Newborn Screening/Clinical Chemistry Programs in the NC State Laboratory of Public Health (NCSLPH). Presently, Newborn Screening/Clinical Chemistry Programs requirements total \$2,236,498, funded by \$1,000,000 in Appropriations and \$1,236,498 in Receipts (DMA Medicaid Title XIX, account 538375). This proposal charges hospital and other health care providers a fee for each specimen submitted for testing. The fees will generate \$1,000,000 in new receipts (100,000 specimens @ \$10.00 per specimen), thus making these programs 100% receipt funded.

Total requirements do not include unfunded replacement equipment costs and anticipated technology upgrades. Consequently, program requirements will increase in out years, necessitating future cost shifting to these hospitals and other health care providers.

Impact on local governments is minimal since most requests for newborn screening are submitted by hospitals and birthing centers.

Program Impact if Reduction is Approved:

The State Lab's Newborn Screening/Clinical Chemistry Programs support every child born in the State with testing for 32 life threatening metabolic health conditions and works intimately with the State's Women's and Children's Genetics Care Program. Because these programs will become 100% receipt funded, future programmatic increases will require an equal increase in fees, which may result in health care providers seeking alternative testing venues and the connectivity with other State Health Agencies, may be severely hampered.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS	1560	PH Laboratory Svcs			0
RECEIPTS	1560	PH Laboratory Svcs			\$1,000,000
APPROPRIATIONS	1560	PH Laboratory Svcs			(\$1,000,000)
NO. OF POSITIONS	1560	PH Laboratory Svcs			0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. **State owned hospitals and facilities will have increased costs as a result of these new fees.**
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding			n/a	\$
Receipts	\$ -	\$ 1,000,000	n/a	\$ 1,000,000
Appropriation	\$ 1,000,000	\$ (1,000,000)	-100.0%	\$ -
Positions			 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_CD4 Test
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health - Epidemiology - HIV/STD Prevention & Care

Title of Option: Contracts - Terminate Lab Corps Contract for CD4 Testing

Option 11 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

To terminate the contract with LabCorp for the provision of CD4 testing.

Program Impact if Reduction is Approved:

The CD4 (T-cell) count in a client's blood is indicative of the strength of the client's immune system and is used to gauge the progress of the HIV disease. The contract in question provides CD4 testing to local health departments; approximately 25 of the 87 departments utilize the service (with two counties accounting for 56% of the cost), while the remainder use alternative testing options. Terminating this contract may result in a delay for providers/clients in obtaining test results. Clients will have to be referred to a local HIV Primary Care, HRSA Title III or hospital infectious disease clinic.

Because an overmatch currently exists for the Ryan White Title II grant, this reduction will have no impact on the grant.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
	1461	HIV/STD Control	2183	Contracted Services	(30,000)
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	1461	HIV/STD Control			(30,000)
RECEIPTS	1461	HIV/STD Control			-0-
APPROPRIATIONS	1461	HIV/STD Control			(30,000)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding			n/a	\$ -
Receipts			n/a	\$ -
Appropriation	\$ 30,000	\$ (30,000)	-100.0%	\$ -
Positions			XXXX	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_Dyspl
DETAIL WORKSHEETS**

Name of Division/Institution: Public Health Division/Health Promotion Disease Prevention Section

Title of Option: Contracts - Terminate Dysplasia Clinic Contracts

Option 12 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7 % 8 % 9 % 10% 11%

Description of Proposed Reduction:

Closure of the dysplasia clinic program is recommended. NCGS 130A-205 and NCGS 130A-206 authorize the cancer control program for diagnostic and treatment services including, but not limited to, support for dysplasia clinics. Administrative rule 15A NCAC 24A.0303 (a) states that reimbursement for services for payment programs, including cancer control, is subject to availability of funds.

Reimbursable cancer services are defined in 15A NCAC 16A.1104 (a) as diagnostic or treatment services for cancer or a condition suggestive of cancer. Dysplasia of the cervix is considered a pre-cancerous condition. To be financially eligible for the cancer control program, gross family income must be at or below 115% of the federal poverty level. To be medically eligible, clients must have a 25% or greater chance of five year survival.

In FY02 six clinics, dispersed across the state, will provide dysplasia services for approximately 700 women at a budgeted cost of \$334,700. An estimated 730 women could be served at the \$350,000 funding level for FY03.

Program Impact if Reduction is Approved:

The cancer control program is 100% state-supported. At its FY02 revised appropriation level of \$334,700, the cancer control dysplasia clinic program will serve 700 clients. It is expected that the women who have been subsidized by the dysplasia clinic program will continue to receive services from the tertiary care center dysplasia clinics. Given their training and education mission, the regional tertiary care centers should continue to enroll and treat referred dysplasia patients irrespective of patient ability to pay and independent of state subsidy.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1551	Chronic Disease Prvntn.	6XXX	Aid and Public Assistance	(334,700)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	1551	Chronic Disease Prvntn.			(334,700)
RECEIPTS	1551	Chronic Disease Prvntn.			-0-
APPROPRIATIONS	1551	Chronic Disease Prvntn.			(334,700)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 334,700	\$ (334,700)	-100.0%	\$ -
Receipts	\$ -		n/a	\$ -
Appropriation	\$ 334,700	\$ (334,700)	-100.0%	\$ -
Positions	0.00	0.00	 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_WFU I. F.
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health, Women's and Children Health Section, Developmental Evaluation Centers.

Title of Option: Contract – Terminate Wake Forest University - Infant Follow-up

Option 13 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description Of Reduction:

This reduction will impact the provision of follow up monitoring of Intensive Care Nursing (INC) and NICU infants; Provision of medical follow up and other professional services when indicated; Clinical and technical assistance to Division programs on statewide infant follow up activities; Collection of data about the health and development of infants after discharge from neonatal intensive care. This terminate will result in a loss of services to 25 children.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

No statutory provisions required to implement. Loss of this funding may put North Carolina out of compliance with the state maintenance of effort (MOE) requirement for the IDEA Part C federal grant received by the state for early intervention services.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	(155,130)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(155,130)
RECEIPTS					-0-
APPROPRIATIONS	1515	DEC's			(155,130)
NO. OF POSITIONS					-0-

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 155,130	\$ (155,130)	-100.0%	\$ -
Receipts			n/a	\$ -
Appropriation	\$ 155,130	\$ (155,130)	-100.0%	\$ -
Positions			X	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_WCH Red. List
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health/Women and Children's Health/Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services

Title of Option: Contracts – Reductions in Women's & Children's Health (Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services - Not Reduced on Any Other Option Presented)

Option 14 of 30 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Contracts for services to support direct care (e.g. bed locator service, community transition coordination, etc.) and other training and program evaluation activities would be reduced or eliminated.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The Division will carefully review contracts to prioritize contract reductions to minimize impacts to programs.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	(\$1,413,780)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$1,413,780)
RECEIPTS					\$0
APPROPRIATIONS					(\$1,413,780)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 2,943,323	\$ (1,413,780)	-48.0%	\$ 1,529,543
Receipts	\$ 529,543	\$ -	0.0%	\$ 529,543
Appropriation	\$ 2,413,780	\$ (1,413,780)	-58.6%	\$ 1,000,000
Positions			XXXXXX	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_WCH Red. List
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health/Women and Children's Health/Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services

Title of Option: Contracts - Reductions in Women's & Children's Health (Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services - Not Reduced on Any Other Option Presented)

Option 14 of 30 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% X 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Contracts for services to support direct care (e.g. bed locator service, community transition coordination, etc.) and other training and program evaluation activities would be reduced or eliminated.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The Division will carefully review contracts to prioritize contract reductions to minimize impacts to programs.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	(\$1,719,658)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$1,719,658)
RECEIPTS					\$0
APPROPRIATIONS					(\$1,719,658)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 2,943,323	\$ (1,719,658)	-58.4%	\$ 1,223,665
Receipts	\$ 529,543	\$ -	0.0%	\$ 529,543
Appropriation	\$ 2,413,780	\$ (1,719,658)	-71.2%	\$ 694,122
Positions			XXXX	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_WCH Red. List
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health/Women and Children's Health/Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services

Title of Option: Contracts - Reductions in Women's & Children's Health (Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services - Not Reduced on Any Other Option Presented)

Option 14 of 30 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Contracts for services to support direct care (e.g. bed locator service, community transition coordination, etc.) and other training and program evaluation activities would be reduced or eliminated.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The Division will carefully review contracts to prioritize contract reductions to minimize impacts to programs.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	(\$2,110,598)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$2,110,598)
RECEIPTS					\$0
APPROPRIATIONS					(\$2,110,598)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 2,943,323	\$ (2,110,598)	-71.7%	\$ 832,725
Receipts	\$ 529,543	\$ -	0.0%	\$ 529,543
Appropriation	\$ 2,413,780	\$ (2,110,598)	-87.4%	\$ 303,182
Positions			X	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_WCH Red. List
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health/Women and Children's Health/Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services

Title of Option: Contracts – Reductions in Women's & Children's Health (Children and Youth Branch, Women's Health Branch, Nutrition Services, and Early Intervention Services - Not Reduced on Any Other Option Presented)

Option 14 of 30 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Contracts for services to support direct care (e.g. bed locator service, community transition coordination, etc.) and other training and program evaluation activities would be reduced or eliminated.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The Division will carefully review contracts to prioritize contract reductions to minimize impacts to programs.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	(\$2,413,780)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(\$2,413,780)
RECEIPTS					\$0
APPROPRIATIONS					(\$2,413,780)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

Does this request relate to a capital improvement project? ____ Yes ____ No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 2,943,323	\$ (2,943,323)	-100.0%	\$ -
Receipts	\$ 529,543	\$ (529,543)	-100.0%	\$ -
Appropriation	\$ 2,413,780	\$ (2,413,780)	-100.0%	\$ -
Positions			X	0.00

SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr_C&Y Prev.
DETAIL WORKSHEETS

Name of Division/Institution: Division of Public Health; WCH Section; Children and Youth Branch

Title of Option: Contract Reduction in Children & Youth Branch

Option 15 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% x 10% x 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

- (1) 4.3 % cut (\$67,000) in state appropriation for Comprehensive Adolescent Health Care Projects (CAHCP). One project has been discontinued which would normally have made it possible to redirect funds to establish a new Adolescent Health Center in FY 02-03. Rather than reallocate these funds (\$67,000), a cut is being proposed in CAHCP funding. These Projects provide adolescents with an array of comprehensive health services, including acute care, management of chronic illnesses, mental health and substance abuse counseling, and preventive services, such as health education, physical exams and nutrition services.
- (2) Cuts (\$584,911) in unencumbered fund in the Contract Accounts 1535/5351/536929 (\$109,911) and 1535/5351/536989 (\$475,000) for service contracts, planning grants and evaluation projects earmarked for Child Health and School Health Programs. This reduction will eliminate service contracts with the UNC School of Public Health's Office of Continuing Education and AHECs to provide the following health promotion/training/evaluation activities: Annual School Nurse Conference; School Nurse Mentoring Project; Local Child Fatality Prevention Teams Training (regional and statewide conference); Parenting Workshops - "Nurturing Parent Curriculum"; Comprehensive Adolescent Health Care Projects Evaluation; School Health On-line Data Reporting - "Clinical Fusion" - Training; School and Mental Health Workshops; statewide training on new Developmental Screening Recommendations (first level developmental screening and referrals); Planning Grants for new School Health Centers; and Asthma Summit.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

After careful review of the Child Health budget, reductions of 20% in state appropriations are proposed which would include services for child and adolescent health, parenting, Child Fatality Prevention Teams, and asthma. A large percentage of the reductions (\$584,911) will be taken in unencumbered funds that previously were focused on service contracts to provide health promotion, training and program evaluation activities. This proposed cut would eliminate all contracts focusing on training activities, planning grants, and evaluation efforts. Training and education for childhood initiatives included parenting, developmental screening, preventive care, school health, asthma and causative factors in child deaths. Promotion activities will be eliminated in order to avoid even more severe cuts in core child health services.

The 4.3% reduction (\$67,000) in the state appropriation for Comprehensive Adolescent Health Care Projects will impact services to adolescents who have lower rates of health care utilization than any other age group. The Projects provide accessible services to adolescents who are often without any other source of primary medical care. These Centers serve thousands of students annually, and caseloads are growing. Last fiscal year, 22 state funded centers served more than 26,980 students. For many students, the school health center is the most efficient and effective (sometimes the only way) to receive care. This cut will eliminate funding for a new school health center; however, the currently funded Projects will be held harmless.

Budgetary Information: 1535

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1535	Child Health	5351/536989	Other Cont/Grant	(67,000)
	1535	Child Health	5351/536929	Other Cont/Grant-Ed-In	(109,911)
	1535	Child Health	5351/536989	Other Cont/Grant	(475,000)
REQUIREMENTS	1535	Child Health			(651,911)
RECEIPTS	1535	Child Health			-0-
APPROPRIATIONS	1535	Child Health			(651,911)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 3,729,258	\$ 651,911	17.5%	\$ 4,381,169
Receipts			n/a	\$
Appropriation	\$ 3,729,258	\$ 651,911	17.5%	\$ 4,381,169
Positions			X	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Contr - DEC - W-S
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health, Women's and Children Health Section, Developmental Evaluation Center's.

Title of Option: Contract - Terminate Contract for DEC (Winston-Salem)

Option 16 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? ___7% ___8% x9% x10% x11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction involves: This reduction will impact the provision of evaluation and therapy services to children in Forsyth, Stokes, Davidson, Surry and Yadkin County. A total of 976 children are being served. This reduction will result in a loss of services to 712 children, leaving 264 children to be served.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

No statutory provisions required to implement. Loss of this funding may put North Carolina out of compliance with the state maintenance of effort (MOE) requirement for the IDEA Part C federal grant received by the state for early intervention services.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	(763,000)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(763,000)
RECEIPTS					-0-
APPROPRIATIONS	1515	DEC's			(763,000)
NO. OF POSITIONS					-0-

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes X No If yes, what is the title of the capital improvement project and the projected completion date

Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 28,300,558	\$ (763,000)	-2.7%	\$ 27,537,558
Receipts	\$ 9,834,663	\$ -	0.0%	\$ 9,834,663
Appropriation	\$ 18,465,895	\$ (763,000)	-4.1%	\$ 17,702,895
Positions	338.00	0.00	 	338.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Closure - Dusty Trades

Name of Division/Institution: Division of Public Health - Epidemiology - Occupational and Environmental Epi.

Title of Option: Eliminate Dusty Trades Program

Option 17 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: The elimination of the Dusty Trades Program and the subsequent reorganization of the Industrial Hygiene Consultation Unit are recommended. The Dusty Trades Program includes four FTE (1 medical records clerk and 3 Industrial Hygienists).

There is one contract within the Dusty Trades Program. This is a personal service contract with Dr. Andrew Ghio. Dr. Ghio is responsible for screening chest x-rays for the presence of occupational lung diseases (asbestosis and silicosis). Companies submit x-rays and are charged a flat rate of \$8 for Dr. Ghio's review. Eliminating this contract would also eliminate the receipts associated with it; therefore no additional state funds would be generated.

Program Impact if Reduction is Approved:

The Dusty Trades Program was established in 1935 by the North Carolina Legislature as part of the Workers' Compensation Act, recognizing silicosis and asbestosis as occupationally-acquired compensable diseases. The total numbers of these reportable diseases have become less through the years. Employees' concerns will be addressed by Workers' Compensation and personal health insurance. There will be a need for statutory changes (G.S. 97 (60-76). There is no impact on local governments. A total of 4 FTE would be eliminated. All 4 of these positions are currently filled.

Budgetary Information:

	Fund Number	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1471	Occupational & Environ Epidemiology	1211	Personal Services	(218,098)
				Less Severance Costs	62,993
	1471	"	2199	Contracted Services	(28,375)
	1471	"	2714-3110	Operating Expenses	(10,300)
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(193,780)
RECEIPTS					(28,375)
APPROPRIATIONS					(165,405)
NO. OF POSITIONS					(4)

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. There will be a need for statutory changes in order to eliminate this Dusty Trades Program. The provision of the Dusty Trades Program are jointly executed by the North Carolina Industrial Commission (G.S. 97-60 through 97-76) and the North Carolina Department of Health and Human Services/Division of Public Health, Occupational and Environmental Epidemiology Section (G.S. 130-A-5 (5) and 15A NCAC 19C.0102(a)(1), .0204, .0206 (b), and .0302 (b).
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

Note: Severance of \$62,993.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Total Funding	\$	256,773	\$	(193,780)	-75.5%	\$	62,993
Receipts	\$	28,375	\$	(28,375)	-100.0%	\$	-
Appropriation	\$	228,398	\$	(165,405)	-72.4%	\$	62,993
Positions		4.00		(4.00)	 		0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Clos_PDAP
DETAIL WORKSHEETS**

Name of Division/Institution: Public Health Division/Health Promotion Disease Prevention Section

Title of Option: Closure of Prescription Drug Assistance Program

Option 18 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Closure of the prescription drug assistance program (PDAP) is recommended. 15A NCAC 16A.1300 provides for financial assistance to low income elderly to purchase prescription drugs for treatment of diabetes and cardiovascular disease. 15A NCAC 16A.1304 (2) states that enrollment of eligible clients and reimbursement to providers is subject to availability of funds.

Reimbursable medications include outpatient drugs for treatment of hypertension, angina, arrhythmia, heart failure and diabetes. Eligibility for PDAP is limited to elderly clients over the age of 65 who do not have medicaid or other insurance for the select drugs and whose income is not more than 150% of the federal poverty level. Approximately 1,800 clients will be served by PDAP in FY02 at an estimated cost of \$1,500,000.

State support for the prescription drug assistance program is budgeted at \$470,000 for FY03.

Program Impact if Reduction is Approved:

The prescription drug assistance program is 100% state-supported. The PDAP program reimburses a third party administrator who has arrangements with pharmacies for authorizing, dispensing, and claim processing of PDAP drugs. Given that the eligibility criteria for the PDAP program are more restrictive than the proposed new Senior Drug Program through the Health and Wellness Trust, it is anticipated that all current PDAP clients will be eligible for and enroll into the new program in summer of 2002. With establishment of the new Senior Drug Program, there will no longer be a need for the prescription drug assistance program; hence, the \$470,000 FY03 appropriation can be offered as a budget reduction.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1551	Chronic Disease Prvntn.	6XXX	Aid and Public Assistance	(470,000)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	1551	Chronic Disease Prvntn.			(470,000)
RECEIPTS	1551	Chronic Disease Prvntn.			-0-
APPROPRIATIONS	1551	Chronic Disease Prvntn.			(470,000)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 470,000	\$ (470,000)	-100.0%	\$ -
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 470,000	\$ (470,000)	-100.0%	\$ -
Positions			 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Clos_HomeH
DETAIL WORKSHEETS**

Name of Division/Institution: Public Health Division/Health Promotion Disease Prevention Section

Title of Option: Closure of Home Health Program

Option 19 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Closure of the home health purchase of care program is recommended. NCGS 130A-223 authorizes the home health program. The above statute is permissive regarding the expenditure of funds for the care and treatment of persons with diseases or disabilities, i.e., the state MAY provide care and treatment. Further, administrative rule 15A NCAC 16A.0203 (e) states that contracts with home health agencies for reimbursement are subject to availability of funds.

Reimbursable home health services are defined in 15A NCAC 16A.0202 as skilled nursing, home health aide, therapy, medical social services, ancillary medical supplies and durable medical equipment. Clients with a gross family income less than or equal to 125% of the Federal Poverty Guidelines are eligible for full coverage under the home health purchase of care program. Clients between 126% and 200% of the Federal Poverty Guidelines are eligible for partial coverage.

Eighty-six home health agencies have contracted with the state in FY02 to obtain reimbursement for the home health services they provide to low income citizens. Thirty-four of the contracted agencies are local health departments. The remaining 52 home health agencies are private. State support for the home health program is budgeted at \$2,761,630 for FY02. An estimated 2,640 clients will receive home health assistance through the purchase of care program in FY02. An estimated 3,100 clients would have received home health assistance at the FY03 funding level of \$3.2M.

Program Impact if Reduction is Approved:

The home health purchase of care program is 100% state-supported. The home health program reimburses contracted agencies for the home health care they provide to 2,600+ clients with family incomes less than 200% of Federal Poverty Guidelines. Closure of the home health purchase of care program will eliminate a direct subsidy for low income, home health clients. Elimination of the subsidy may impede access to needed home health services. To the extent the contracted home health agencies continue to provide care to the eligible population, the home health care will have to be financed by the individual client or from another subsidy source. One FTE would be eliminated. This position is currently filled.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1551	Chronic Disease Prvntn.	1XXX	Personal Services	(69,205)
	1551	Chronic Disease Prvntn.		Less Severance Costs	36,290
	1551	Chronic Disease Prvntn.	21XX	Contracted Services	(200)
	1551	Chronic Disease Prvntn.	22XX-5XXX	Operating Expenses	(12,051)
	1551	Chronic Disease Prvntn.	6XXX	Aid and Public Assistance	(3,248,556)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	1551	Chronic Disease Prvntn.			(3,293,722)
RECEIPTS	1551	Chronic Disease Prvntn.			0
APPROPRIATIONS	1551	Chronic Disease Prvntn.			(3,293,722)
NO. OF POSITIONS					(1)

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 3,293,722	\$ (3,293,722)	-100.0%	\$ -
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 3,293,722	\$ (3,293,722)	-100.0%	\$ -
Positions	1.00	(1.00)	 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Clos_Epil
DETAIL WORKSHEETS**

Name of Division/Institution: Public Health Division/Health Promotion Disease Prevention Section

Title of Option: Closure of Epilepsy Purchase of Medical Care Program

Option 20 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Closure of the epilepsy program is recommended. NCGS 130A-223 authorizes the epilepsy program. The above statute is permissive regarding the expenditure of funds for the care and treatment of persons with diseases or disabilities, i.e., the state MAY provide care and treatment. Further, administrative rule 15A NCAC 16A.0505 (e) states that contracts for service reimbursement, e.g., epilepsy medications, are subject to availability of funds.

Reimbursable epilepsy services are described in 15A NCAC 16A.0505. Reimbursable services include clinical and educational interventions and medications. For clinical and educational services, the only eligibility criterion is medical referral. For assistance with epilepsy medications, the eligibility criteria are epilepsy diagnosis and net family income below the federal poverty level.

Five local health departments and two medical centers contracted with the state in FY02 to obtain reimbursement for epilepsy services. An estimated 2,100 clients will receive clinical and educational services and 120 will receive medication assistance in FY02. State support for the epilepsy program is budgeted at \$202,166 for FY03.

Program Impact if Reduction is Approved:

The epilepsy program is 100% state-supported. The epilepsy program reimburses contracted agencies for the epilepsy clinical and educational services they provide to 2,100 clients. Further, the epilepsy program reimburses contracted agencies for provision of medication assistance to epileptics with net family incomes less than 100% of Federal Poverty Guidelines. Closure of the epilepsy program will eliminate a direct subsidy for epilepsy medications for low income clients. As stated above, five local health departments receive assistance through the state's epilepsy program. Of the \$202,166 for FY 03, approximately \$70,000 would have been allocated to local health departments. Elimination of the subsidy may impede access to needed epilepsy services. To the extent the contracted epilepsy agencies continue to provide care to the eligible population, the epilepsy medications and/or clinical and educational interventions will have to be financed by the individual client or from another subsidy source.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1551	Chronic Disease Prvntn.	22XX-5XXX	Operating Expenses	(2,681)
	1551	Chronic Disease Prvntn.	6XXX	Aid and Public Assistance	(199,485)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	1551	Chronic Disease Prvntn.			(202,166)
RECEIPTS	1551	Chronic Disease Prvntn.			-0-
APPROPRIATIONS	1551	Chronic Disease Prvntn.			(202,166)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 202,166	\$ (202,166)	-100.0%	\$ -
Receipts	\$ -		n/a	\$ -
Appropriation	\$ 202,166	\$ (202,166)	-100.0%	\$ -
Positions			XXXX	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Clos_Kidn

Name of Division/Institution: Division of Public Health, Health Promotion Disease Prevention Section

Title of Option: Closure of Chronic Renal Disease (Kidney) Purchase of Medical Care

Option 21 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Closure of the chronic renal disease (kidney) purchase of medical care services program is recommended. NCGS 130A-220 authorizes the chronic renal disease program. The above statute is permissive regarding the expenditure of funds for the diagnosis and treatment of persons with kidney disease, i.e., the program MAY include financial assistance for diagnosis and treatment. Further, administrative rule 15A NCAC 24A.0303 (a) states that payments for authorized services are subject to availability of funds.

Reimbursable chronic renal disease services are defined in 15A NCAC 16A.0306 as center dialysis, home dialysis, inpatient hospital dialysis, and pharmaceuticals and incidental supplies. Clients with a net annual family income less than or equal to \$6,400, adjusted for family size, are eligible for coverage under the chronic renal disease purchase of care program. The current financial eligibility standard is set at 60% of the Federal Poverty Guidelines.

Thirty-nine licensed renal dialysis centers have contracted with the state in FY02 to obtain reimbursement for services they provide to low income citizens. An estimated 2,400 clients will receive dialysis assistance through the purchase of care program in FY02. Approximately 4,300 clients are authorized to receive one or more of the kidney services. State support for the chronic renal disease purchase of care is budgeted at \$753,704 for FY03.

Program Impact if Reduction is Approved:

The chronic renal disease purchase of medical care program is 100% state-supported. The kidney program reimburses providers for transportation services, medications and dialysis services for clients with family incomes less than 60% of Federal Poverty Guidelines. Closure of the chronic renal disease purchase of care program will eliminate a direct subsidy for low income, dialysis patients. Elimination of the subsidy may impede access to needed dialysis services and medications. To the extent the dialysis centers continue to provide care to the eligible population, the dialysis services will have to be financed by the individual client or from another subsidy source.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1551	Chronic Disease Prvntn.	1XXX	Personal Services	(2,268)
				Less Severance Costs	
			21XX	Contracted Services	
	1551	Chronic Disease Prvntn.	22XX-5XXX	Operating Expenses	(14,579)
	1551	Chronic Disease Prvntn.	6XXX	Aid and Public Assistance	(736,857)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	1551	Chronic Disease Prvntn.			(753,704)
RECEIPTS	1551	Chronic Disease Prvntn.			-0-
APPROPRIATIONS	1551	Chronic Disease Prvntn.			(753,704)
NO. OF POSITIONS					

Other Considerations

Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.

Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 753,704	\$ (753,704)	-100.0%	\$ -
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 753,704	\$ (753,704)	-100.0%	\$ -
Positions	0.00	0.00	 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Clos_EI Funds

Name of Division/Institution: Division of Public Health , WCH Section

Title of Option: CLOSURE OR REDUCTION OF EARLY INTERVENTION FUNDS TO AREA MENTAL HEALTH CENTERS -- 9% Reduction

Option 22 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% x 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

A reduction of \$1,325,000 is proposed in the funds that are transferred from the Women's and Children's Health Section, Early Intervention Branch to the Division of Mental Health. These funds are in turn disbursed to 38 local area mental health centers to carry out specified comprehensive early intervention services in all 100 counties, including child service coordination, specialized therapy, respite care, etc. This reduction is slightly above 10 % of the \$12.7 million budgeted for these services.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The Early Intervention Branch estimates that with this reduction, between 600 and 1,250 children would not be provided services. Since every county is impacted, this reduction would be allocated across the 38 agencies serving the 100 counties. **Loss of this funding will put North Carolina out of compliance with the state maintenance of effort (MOE) requirement for the IDEA Part C federal grant received by the state for early intervention services.**

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
	1516	Early Intervention	8XXX	Transfers	(\$1,325,000)
REQUIREMENTS					(\$1,325,000)
RECEIPTS					0
APPROPRIATIONS					(\$1,325,000)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? x Yes No If yes, name the agency and the funds required/reduced. Division of Mental Health receives these funds, however they pass them through to the local agencies.
- Does this request relate to a capital improvement project? Yes x No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health

Title of Option: CLOSURE OR REDUCTION OF EARLY INTERVENTION FUNDS TO AREA MENTAL HEALTH CENTERS -- 10% Reduction

Option 22 **of** 30 **for SFY** 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

A reduction of \$1,405,000 is proposed in the funds that are transferred from the Women's and Children's Health Section, Early Intervention Branch to the Division of Mental Health. These funds are in turn disbursed to 38 local area mental health centers to carry out specified comprehensive early intervention services in all 100 counties, including child service coordination, specialized therapy, respite care, etc. This reduction is approximately 11% of the \$12.7 million budgeted for these services.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The Early Intervention Branch estimates that with this reduction, between 700 and 1,250 children would not be provided services. Since every county is impacted, this reduction would be allocated across the 38 agencies serving the 100 counties. **Loss of this funding will put North Carolina out of compliance with the state maintenance of effort (MOE) requirement for the IDEA Part C federal grant received by the state for early intervention services.**

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
	1516	Early Intervention	8XXX	Transfers	(\$1,405,000)
REQUIREMENTS					(\$1,405,000)
RECEIPTS					0
APPROPRIATIONS					(\$1,405,000)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. Division of Mental Health receives these funds, however they pass them through to the local agencies.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health

Title of Option: CLOSURE OF EARLY INTERVENTION FUNDS TO AREA MENTAL HEALTH CENTERS -- 11% Reduction

Option 22 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

A reduction of \$1,905,000 is proposed in the funds that are transferred from the Women's and Children's Health Section, Early Intervention Branch to the Division of Mental Health. These funds are in turn disbursed to 38 local area mental health centers to carry out specified comprehensive early intervention services in all 100 counties, including child service coordination, specialized therapy, respite care, etc. This reduction is 15% of the \$12.7 million budgeted for these services.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The Early Intervention Branch estimates that up to 1,250 children would not be provided services at this level of budget reduction. Since every county is impacted, this reduction would be allocated across the 38 agencies serving the 100 counties. **Loss of this funding will put North Carolina out of compliance with the state maintenance of effort (MOE) requirement for the IDEA Part C federal grant received by the state for early intervention services.**

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
	1516	Early Intervention	8XXX	Transfers	(\$1,905,000)
REQUIREMENTS					(\$1,905,000)
RECEIPTS					0
APPROPRIATIONS					(\$1,905,000)
NO. OF POSITIONS					0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? x Yes ____ No If yes, name the agency and the funds required/reduced. Division of Mental Health receives these funds, however they pass them through to the local agencies.

- Does this request relate to a capital improvement project? ___ Yes ___ x ___ No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON: 9% REDUCTION				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 1,905,000	\$ (1,325,000)	-69.6%	\$ 580,000
Receipts	\$ -		n/a	\$ -
Appropriation	\$ 1,905,000	\$ (1,325,000)	-69.6%	\$ 580,000
Positions	0.00		 	0.00

FIGURES FOR A REDUCTION BASED ON: 10% REDUCTION				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 1,905,000	\$ (1,405,000)	-73.8%	\$ 500,000
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 1,905,000	\$ (1,405,000)	-73.8%	\$ 500,000
Positions	0.00	0.00	 	0.00

FIGURES FOR A REDUCTION BASED ON: 11%				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 1,905,000	\$ (1,905,000)	-100.0%	\$ -
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 1,905,000	\$ (1,905,000)	-100.0%	\$ -
Positions	0.00	0.00	 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Red_Cancer POC
DETAIL WORKSHEETS**

Name of Division/Institution: Public Health Division/Health Promotion Disease Prevention Section

Title of Option: Reduce Cancer Purchase of Medical Care Program

Option 23 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% x_10% x_11%

Description of Proposed Reduction:

A 15.8% reduction in the cancer control purchase of medical care services program is recommended. NCGS 130A-205 and NCGS 130A-206 authorize the cancer control program and require the state to provide financial aid to indigent citizens for the diagnosis and treatment of cancer or suspected cancer. Administrative rule 15A NCAC 24A.0303 (a) states that payments for services for payment programs, including cancer control, are subject to availability of funds.

Reimbursable cancer services are defined in 15A NCAC 16A.1104 (a) as diagnostic or treatment services for cancer or a condition suggestive of cancer. Physical therapy following surgery is also covered. Clients must meet financial and medical eligibility criteria. To be financially eligible for the cancer control program, gross family income must be at or below 115% of the federal poverty level. To be medically eligible, clients must have a 25% or greater chance of five year survival. Services must be authorized for the provider to be paid.

An estimated 2,600 clients will receive health services through the cancer control purchase of care program in FY02 at a cost of \$2,531,934. A 15.8% cut in the available funds for the cancer control purchase of medical care program will reduce FY03 funds by \$400,000.

Program Impact if Reduction is Approved:

The cancer control program is 100% state-supported. At its FY02 appropriation level of \$2.5M, the cancer control purchase of medical care program will serve 2,600 clients. At the current ratio of diagnostic patients to treatment patients a 15.8% reduction of \$400,000 in cancer control purchase of medical care funding will result in 410 fewer patients being served in FY03 including 109 clients needing cancer treatment.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1551	Chronic Disease Prvntn.	6XXX	Aid and Public Assistance	(400,000)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	1551	Chronic Disease Prvntn.			(400,000)
RECEIPTS	1551	Chronic Disease Prvntn.			-0-
APPROPRIATIONS	1551	Chronic Disease Prvntn.			(400,000)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes X_ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes X_ No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? ___Yes __X__No If yes, what is the title of the capital improvement project and the projected completion date?

Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 2,531,934	\$ (400,000)	-15.8%	\$ 2,931,934
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 2,531,934	\$ (400,000)	-15.8%	\$ 2,131,934
Positions	0.00	0.00	 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Closure - DEC
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health, Women's and Children Health Section, Developmental Evaluation Center's.

Title of Option: Closure Developmental Evaluation Center (Morganton)

Option 24 **of** 30 **for SFY 02-03**

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction involves:

- a) Closing of 1 Developmental Evaluation Center and combining their early intervention services with another two adjacent Developmental Evaluation Centers'.
- b) An across the board reduction in the operating funds (e.g. travel, postage, educational supplies) of the remaining Developmental Evaluation Center's.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This action will result in the reduction in number and type of service for 581 children annually. Loss of this funding may put North Carolina out of compliance with the state maintenance of effort (MOE) requirement for the IDEA Part C federal grant received by the state for early intervention services. A total of 20.5 FTE would be eliminated, all of which are currently filled.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	(1,092,648)
				Less Severance Costs	434,029
			21XX	Contracted Services	(186,195)
			22XX-5XXX	Operating Expenses	(244,230)
			6XXX	Aid and Public Assistance	(224,382)
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					(1,313,426)
RECEIPTS					-0-
APPROPRIATIONS	1515	DEC's			(1,313,426)
NO. OF POSITIONS					(20.50)

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? ___ Yes X No If yes, what is the title of the capital improvement project and the projected completion date.

Total Funding	\$ 28,300,558	\$ (1,313,426)	-4.6%	\$ 26,987,132
Receipts	\$ 9,834,663	\$ -	0.0%	\$ 9,834,663
Appropriation	\$ 18,465,895	\$ (1,313,426)	-7.1%	\$ 17,152,469
Positions	338.00	(20.50)	 	317.50

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS PosRed_Spch&Hrg
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health; WCH Section; Children and Youth Branch

Title of OPTion: Position Reduction Speech & Hearing

Option 25 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% x 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction in Force of positions 21819 (.75 FTE-Audiologist) and 21816 (.70 Processing Assistant). These positions were vacated during our restructuring of the Speech and Hearing Program.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Elimination of these (currently vacant) positions will not impact on direct service delivery of affect the current operation of the Newborn Hearing Screening Program.

Budgetary Information:

Fund Number (s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1531530 1	Children's Special Health Services Position 21819	531211	Salaries	(28,954)
1531530 1	Children's Special Health Services Position 21819	531511	Social Security	(2,215)
1531530 1	Children's Special Health Services Position 21819	531521 531561	Retirement Medical Insurance	(1,448) (2,256)
1531530 1	Children's Special Health Services Position 21816	531211	Salaries	(15,087)
1531530 1	Children's Special Health Services 21816	531511	Social Security	(1,154)
1531530 1	Children's Special Health Services 21816	531521 531561	Retirement	(754)
REQUIREMENTS				(51,868)
RECEIPTS				-0-
APPROPRIATIONS				(51,868)
NO. OF POSITIONS				(1.45)

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 357,531	\$ (51,868)	-14.5%	\$ 305,663
Receipts	\$ 188,054	\$ -	0.0%	\$ 188,054
Appropriation	\$ 169,477	\$ (51,868)	-30.6%	\$ 117,609
Positions	1.45	(1.45)	 	0.00

SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Pos _ C&Y
DETAIL WORKSHEETS

Name of Division/Institution: Division of Public Health; WCH Section; Children and Youth Branch

Title of Option: Position Reduction for Children & Youth Branch

Option 26 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

PH Program Consultant I - Position #21260 (Children and Youth Training Coordinator): This position manages staff development and training activities for the Children and Youth Branch. Primary job responsibilities include provision of technical support to staff on training/educational needs related to program service delivery; consultation in the areas of needs assessment, evaluation, site facilitation, speaker recruitment, curriculum design, and collaboration with stakeholders, vendors, and the general public. In addition, position manages an educational and training event calendar for the Branch, and coordinates with other Branches in the Women's and Children's Health Section in the development of a variety of training events ranging from technical skills to enrichment, behavior modification, problem solving/prevention, and training in programmatic areas.

Social Research Assistant - Position #21998: The Social Research Assistant works with the NC Child Fatality Task Force. Specific responsibilities include the following: (1) performs research that facilitates the development and enactment of the Task Force legislative recommendations; (2) arranges meetings for the full Task Force plus its three standing committees and its ad hoc work groups; (3) prepares all meeting minutes; (4) assists with the drafting, design, layout and printing of the Task Force's mandated Annual Report to the Governor and General Assembly, and (5) maintains all Task Force's records and files.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The loss of the PH Program Consultant will have an impact on the Children and Youth Branch's training initiatives. The expertise of a Training Coordinator to assist with and facilitate high quality training activities would no longer be available to staff. The elimination of this position will require program managers and clinical consultants to spend more time on planning and implementing workshops/ training (locating and confirming sites and speakers, developing registration, etc.). The educational and training event calendar for the Branch will no longer be provided, and coordination of training activities in general will be less effective.

The reduction of the Social Research Assistant position with the NC Child Fatality Task Force will have implications for administrative support provided to the Task Force. The Task Force is a 37 member legislative commission that studies the causes of all child deaths in NC and recommends steps that can be taken to save children's lives. This position is very effective in facilitating Task Force activities, specifically scheduling, arranging, and documenting the work of not only the Task Force, but each of its operational committees. In addition, the research and gathering of statistical data on safety and health topics that support prevention strategies are core functions of this position. The loss of the Social Research Assistant will mean less efficiency and effectiveness in terms of organizational support for Task Force activities. Additionally, response time to specific Task Force requests on pertinent issues that require in-depth research will be dimensioned. However, some of the position's responsibilities can be assigned to secretarial staff in the Children and Youth Branch.

Both of these positions are currently vacant.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1531/5330	Children's Special Health Services MCH Block Grant POS # 21260	531211	Salaries	(33,465)
1531/5330	Children's Special Health Services MCH Block Grant #21260	531511	Social Security	(2,560)
1531/5330	Children's Special Health Services MCH Block Grant #21260	531521 531561	Retirement Medical Insurance	(1,673) (2,256)
1531/5301	Children's Special Health Services Pos # 21998	531211	Salaries	(32,070)
1531/5301	Children's Special Health Services	531511	Social Security	(2,454)
1531/5301	Children's Special Health Services	531521 531561	Retirement Medical Insurance	(2,286) (2,256)
Currently funded with federal funds-Will switch to state funds				
REQUIREMENTS				
RECEIPTS				(79,020)
APPROPRIATIONS				
NO. OF POSITIONS				(2)

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes x No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes x No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 4,922,985	\$ 79,020	1.6%	\$ 5,002,005
Receipts			n/a	\$ -
Appropriation	\$ 4,922,985	\$ 79,020	1.6%	\$ 5,002,005
Positions	23.50	(2.00)	 	21.50

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Oper. Red_C&Y

Name of Division/Institution: Division of Public Health; WCH Section; Children and Youth Branch

Title of Option: Operating Costs Reduction – Children and Youth Branch

Option 27 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% x 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.

Propose cut (\$52,180) in the Child Health operating budget line items for honorariums, registration, food services, educational supplies, office furniture and printing/binding.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Budgetary Information: 1535

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1535	Child Health	5351/532181	Food Services Agreement	(12,000)
	1535	Child Health	5351/532192	Honorariums	(16,000)
	1535	Child Health	5351/532930	Registration Fees	(5,000)
	1535	Child Health	5351/532850	Print/Bind	(9,180)
	1535	Child Health	5351/533720	Educational Supplies	(5,000)
	1535	Child Health	5351/534511	Office Furniture	(5,000)
REQUIREMENTS	1535	Child Health			(52,180)
RECEIPTS	1535	Child Health			-0-
APPROPRIATIONS	1535	Child Health			(52,180)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes x No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

<i>FIGURES FOR A REDUCTION BASED ON:</i>				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 235,376		0.0%	\$ 235,376
Receipts	\$ -	\$ 52,180	n/a	\$ 52,180
Appropriation	\$ 235,376	\$ (52,180)	-22.2%	\$ 183,196
Positions	0.00	0.00	 	0.00

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**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Red_Genetic
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health; WCH Section; Children and Youth Branch

Title of Option Reduction - Children with Special Needs Program – Genetic Health Care Prog.

Option 28 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? x 7% x 8% x 9% x 10% x 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

We propose to eliminate \$35,000 of unencumbered funds in the Genetic Health Care Unit, Children and Youth Branch. The funds are in the pharmaceutical account. The genetic program purchased special formula for women with PKU at one time but the formula is now purchased from Purchase of Medical Care (Children with Special Health Care Needs Program) or from the WIC budget. For the past two years we have not been permitted to revise those funds into another line item. Since we no longer purchase formula through that program we propose to reduce the account to a zero budget.

We propose to reduce unencumbered funds in the Child Service Coordination Program. We have been unable to reallocate these funds to county health departments over the past several years due to the budget shortfall.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The impact of both reductions is negligible and will not affect children's services. Services will be maintained at the current level of activity.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1520/5201	Genetic Health	536165	Other Grants (non local)	(35,000)
	1531/5318	Child Service Coordination	536961	Aid to County	(75,000)
REQUIREMENTS					(110,000)
RECEIPTS					-0-
APPROPRIATIONS					(110,000)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes x No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes x No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 1,382,732	\$ (110,000)	-8.0%	\$ 1,272,732
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 1,382,732	\$ (110,000)	-8.0%	\$ 1,272,732
Positions			 	0.00

SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Redtn_IHV Prog
DETAIL WORKSHEETS

Name of Division/Institution: Division of Public Health; WCH Section; Children and Youth Branch

Title of Option: Reduce Intensive Home Visiting Program

Option 29 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Intensive Home Visiting Program (IHV) has an appropriation of \$600,000. Fourteen projects are funded at varying levels. Current funding levels for health department contracts include: 1) Chatham at \$50,000; 2) Cumberland at \$11,000; 3) Halifax at \$35,546; 4) Jackson at \$40,745; 5) Martin at \$40,745; 6) Onslow at \$40,745 but they are discontinuing the service this fiscal year; 7) Orange at \$40,745; 8) Duplin at \$40,745; 9) Forsyth at \$40,745; 10) Mecklenburg at \$20,000; and 11) New Hanover at \$40,745. Non-local contractors and funding include: 1) Ashe Partnership at \$40,000; 2) Guilford United Child Development Center at \$20,000; and 30 Transylvania Community Mental Health center at \$40,000. The appropriation for this program has been significantly reduced over the past several years. In 1997 the appropriation was \$825,000 with an additional \$600,000 contributed from Juvenile Justice for a total budget of \$1,425,000. In fiscal year 2002 funding is a total of \$600,000. Projects are minimally funded and struggling to maintain an effective service delivery system with reduced staff and operating support.

The Duke Center for Public Policy and the Center for Child Health has received a significant grant award to implement a child abuse and neglect prevention program statewide. We believe this new program development will help mitigate the redirection of the Intensive Home Visiting Program.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

From 1997 to present the IHV Program has served 872 families. These families receive approximately 2.4 home visits per month, with each visit lasting for approximately an hour. These families are at high risk for poor social and parenting outcomes and the program appears to have produced positive movement toward increased use of prenatal care and a small reduction in pre-term births among families visited pre-natally. The numbers served are not yet sufficient to tie outcomes directly to these interventions. Although we feel that this initiative is important in the fight to reduce child maltreatment, we will make every effort to integrate the strengths of this program into other existing care coordination programs within the state. We plan to work closely with Duke Center for Public Policy to contribute "best practice" standards developed within the IHV program and assist in the continued development of a meaningful and successful statewide effort in this area.

Ten local health departments will lose funding to support Intensive Home Visiting Programs. Medicaid funding for Maternity Care Coordination and Child Service Coordination home visiting may mitigate the impact of this substantial reduction in the Intensive Home Visiting Program.

Budgetary Information: 1535

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1531/5340	Special Needs Children	536961	Aid to Counties	(406,705)
	1531/5340	Special Needs Children	536989	Other Contracts/Grants	(93,295)
REQUIREMENTS					(500,000)
RECEIPTS					-0-
APPROPRIATIONS					(500,000)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes X No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding	\$ 595,860	\$ (500,000)	-83.9%	\$ 95,860
Receipts	\$ -	\$ -	n/a	\$ -
Appropriation	\$ 595,860	\$ (500,000)	-83.9%	\$ 95,860
Positions	0.00	0.00	 	0.00

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**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS Cost Shift-Lab Pap smear
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Public Health/Epidemiology Section/State Laboratory of Public Health

Title of Option: Increase Receipts – State Lab Pap Smear Program

Option 30 of 30 for SFY 02-03

Option Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: New receipts will be generated in the Cancer Cytology Program in the NC State Laboratory of Public Health (NCSLPH). Presently, the Cancer Cytology Program requirements total \$2,903,900 funded by \$1,050,00 in Appropriations and \$1,853,900 in receipts (\$1,138,320 Sales of Goods and Services, account 434390; \$615,802 DMA Medicaid Title XIX, account 538375; \$29,778 Title X Family Planning, account 5388AK; and \$70,000 BCCCP, account 5388BQ). **This proposal increases receipts by \$1,050,000, thus making this program 100% receipt funded.**

Currently, the only cost to local health departments is the cost of the test kit (\$7.44). The new receipts will be generated by charging Local Health Departments (LHDs) and State owned facilities a fee of \$7.00 per test specimen in addition to the kit cost. Approximately 150,000 ThinPrep specimens are processed by the State Lab annually; thus, 150,000 tests @ \$7.00 per test = \$1,050,000 in newly generated receipts. Total requirements do not include unfunded replacement equipment costs and anticipated technology upgrades. Consequently, program requirements will increase in out years, necessitating future cost shifting to these agencies.

Despite the increased cost to local health departments, the total cost to complete this test will remain lower than rates available from private sources.

Program Impact if Reduction is Approved:

The State Lab's Cancer Cytology Program provides clinical Pap smear testing and evaluation for over 90% of the Local Health Departments and State owned facilities in the State. Requesting agencies reimburse the State Lab for the cost of the specimen collection kits, which they purchase from the State Lab at cost, and the State pays for the cost of testing and all other program costs. Charging a fee for Pap smear testing further shifts the costs from the State to LHDs and State owned facilities. This cost shifting may result in a reduction in requested services, thereby decreasing the number of women screened for cervical cancer. Furthermore, a significant reduction in requested services will result in a loss of necessary receipts to operate the NCSLPH Cancer Cytology Program, leading to potential RIFs and increased screening results turnaround time.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
REQUIREMENTS					
RECEIPTS	1560	PH Laboratory Svcs			\$1,050,000
APPROPRIATIONS					(\$1,050,000)
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **Statutory authority required to allow testing fees to be assessed for the Cancer Cytology Program.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced. **Cost shifting will increase funding requirement for State owned facilities, which use NCSPLH Cancer Cytology testing services.**
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

FIGURES FOR A REDUCTION BASED ON:				
Item	Current Funds	Reduction	Per Cent	Revised Funds
Total Funding			n/a	\$ -
Receipts	\$ -	\$ 1,050,000	n/a	\$ 1,050,000
Appropriation	\$ 1,050,000	\$ (1,050,000)	-100.0%	\$ -
Positions			 	0.00

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Services for the Blind

Title of Recommendation: Reduce Special Assistance for the Blind

Recommendation 1 of 2 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

These funds are budgeted but based on historical program data are not needed to serve the client population. This is an entitlement service and therefore funds would have to be identified if the demand for services should increase dramatically or the rate of payment for domiciliary care should increase significantly.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

There will be no impact on other funds. There will be no decrease in services to consumers.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1210	Special Assistance for	1XXX	Personal Services	
		the Blind		Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	316,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					316,000
RECEIPTS					158,000
APPROPRIATIONS					158,000
NO. OF POSITIONS					0

Special Assistance f/t Blind	Current Funding	Reduction	Revised Funding
Total Funding	\$1,319,614	\$316,000 (23.95%)	\$1,003,614
Revenues	\$673,807	\$158,000 (23.45%)	\$515,807
Appropriations	\$645,807	\$158,000 (24.47%)	\$487,807

Other Considerations

Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.

Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

This reduction will have no impact on local government.

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Services for the Blind

Title of Recommendation: Reduce Medical Eye Care Services and Independent Living Services

Recommendation 2 of 2 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Medical/Scientific Equipment—This line is used largely to purchase tonometers, equipment used to screen for glaucoma. This is a service that has become available through other programs and is being de-emphasized by DSB.

Educational Supplies—This item has been used to purchase educational materials for nurses to keep them current on eye diseases, treatment, coding, etc. We will supplement hard copy material with Internet use to the extent possible to accommodate this reduction.

Nursing Eye Care Consultant Position—While the elimination of this position does mean that clients who are referred for services might wait longer to see the nurse, the work done by the position in a six-county area in the North Central part of the state has been redistributed since August, 2000, when the nurse went out on leave. That employee was officially separated from service in September, 2001. During the lengthy time when the position was not occupied, accommodations were made to handle the workload.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

These reductions are 100% state funds, so there will be no impact on other funding sources, MOE, etc.

With respect to services provided, it is expected that even though a decrease in some areas such as glaucoma screenings could occur, it is also noted that this is a service now available through other resources. Also, as noted, the Division has made staff reassignments to accommodate for the long-term vacancy that has existed in the position that is proposed for elimination. It is our belief that the work previously done by that position can, on a permanent basis, be absorbed into the workloads of other staff.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1410	Independent Living Services	1XXX	Personal Services	44,000
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	20,000
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					64,000
RECEIPTS					0
APPROPRIATIONS					64,000
NO. OF POSITIONS					-1

Independent Living Services	Current Funding	Reduction	Revised Funding
Total Funding	\$4,962,847	\$10,000 (.20%)	\$4,952,847
Revenues	\$3,715,641	\$0	\$3,715,641
Appropriations	\$1,247,206	\$10,000 (.80%)	\$1,237,206

Medical Eye Care	Current Funding	Reduction	Revised Funding
Total Funding	\$2,366,303	\$54,000 (2.28%)	\$2,312,303
Revenues	\$91,995	\$0	\$91,995
Appropriations	\$2,274,308	\$54,000 (2.37%)	\$2,220,308

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

This reduction will have no impact on local government.

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Services for the Deaf and the Hard of Hearing

Title of Recommendation: Revenue Enhancement – Cost Allocation to Telecommunications Access of NC

Recommendation 1 of 1 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

These funds will be covered by income generated through cost allocation for the Telecommunications Access of North Carolina program.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Impact will be as documented previously.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Personal Services	
			21XX	Less Severance Costs	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					21,013
NO. OF POSITIONS					(21,013)

DHH Central Adm.	Current Funding	Reduction	Revised Funding
Total Funding	\$588,567	\$21,013 (3.57%)	\$567,554
Revenues	\$6,308	\$0	\$6,308
Appropriations	\$588,567	\$21,013 (3.57%)	\$567,554

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

This reduction will have no impact on local government.

DIVISION OPTIONS FOR FISCAL YEAR 2002-03 RECURRING REDUCTIONS
For Fiscal Year 2002-2003

Item #	General Budget Code	Division	FY 2002-03 Authorized Appropriation	Option #1	Option #2	Option #3	Option #4	Option #5
				7% Reduction	8% Reduction	9% Reduction	10% Reduction	11% Reduction
	14440	DHHS - Social Services	194,851,936					
Adult Services								
1	1410	State Adult Services Funds		50,000	50,000	50,000	50,000	50,000
2	1770	Operation Costs Reduction		50,000	50,000	50,000	50,000	50,000
3	1480	Resident Evaluation Services		1,062,037	1,062,037	1,062,037	1,062,037	1,062,037
4	1410	State Maternity Home Fund			876,708	876,708	876,708	876,708
5	1170	Position Savings		107,762	107,762	107,762	107,762	107,762
6	1230	State/Council Special Assistance for Adults (Maintain 2001-02 Funding Level)			2,345,157	2,345,157	2,345,157	2,345,157
7	1180/1480	Adult Home Specialist Fund		1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
8	1480	Adult Home Case Management		1,539,216	1,539,216	1,539,216	1,539,216	1,539,216
Children Services								
9	1180/1480	CCPT Grant		250,000	250,000	250,000	250,000	250,000
10	1140	Operation Costs Reduction		100,000	100,000	100,000	100,000	100,000
11	1140	Contracts		1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
12	1140	Position Savings		167,712	167,712	167,712	167,712	167,712
13	1250	Adoption Assistance - Maintain 2001-02 Funding Level					1,948,520	3,871,062
14	1140	Family Resource Center		1,765,000	1,765,000	1,765,000	1,765,000	1,765,000
15	1140	Child Caring Institutions		2,500,000	2,500,000	2,500,000	2,758,117	2,800,000
16	1180/1480	Intensive Family Preservation Services						25,977
Child Support Enforcement								
17	1500	Training Contract		641,893	641,893	641,893	641,893	641,893
18	1500	Elimination of Help Desk Contract		229,840	229,840	229,840	229,840	229,840
19	1500	Backlog Appropriation		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
20	1500	Operational Cost Reduction		75,000	75,000	75,000	75,000	75,000
21	1500	Ohio State Treasurer - Contract		21,010	21,010	21,010	21,010	21,010
22	1500	Position Savings		363,957	363,957	363,957	363,957	363,957
Economic Independence								
23	1130	Position Savings		143,639	143,639	143,639	143,639	143,639
24	1130	Operational Cost Reduction		980,000	980,000	980,000	980,000	980,000
State Administration								
25	1110	Operational Costs		102,393	102,393	102,393	102,393	102,393
26	1110	Position Savings		112,866	112,866	112,866	112,866	112,866
Local Support								
27	1120	Local Support		91,700	91,700	91,700	91,700	91,700
Totals				\$ 14,854,025	\$ 14,854,025	\$ 18,075,890	\$ 20,282,527	\$ 22,272,929

Note: Local Support has been substituted for State Administration Warehouse Operations as of 3/18/02. The other two line items affected are both State Administration line items 25 and 26. Three positions have been reduced from line item 26 and additional reductions of \$37,393 are being added to line item 25. Net affect is zero.

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: State Adult Services Fund

Recommendation 1 **of** 27 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Elimination of this fund in its entirety. Fund has not been used in 7 years.

Program Impact if Reduction is Approved:

The elimination of these funds does affect local governments. This fund has not paid for any abortions since 1995 when the state law was changed establishing eligibility criteria so restrictive that almost no one qualifies. Medicaid is the other public funding sources that can be used for abortions. A very small number are paid for by Medicaid, due to strict federal eligibility criteria. The maximum number of abortion procedures this fund could pay for per year at \$1,500 per procedure is 33.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1410	Adult Services Payments	6XXX	Aid and Public Assistance	\$50,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

	Current Funding	Reduction	% Reduction	Revised
State Adult Services Funds				
Total Funding	\$ 50,000	\$ 50,000	100%	\$0
Revenues	0	0	0%	0
Appropriations	50,000	50,000	100%	0

Other Considerations

• Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.

The special provision in Section 21.38 of S.L 2001-424 will have to be deleted.

• Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

• Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Operation Costs Reduction

Recommendation 2 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

The Adult and Family Services Section has identified reductions in operational costs that include travel and purchasing, as well as other administrative costs. These savings are being realized through greater coordination and travel planning, a reduction in printing, and related cost cutting measures such as prioritized spending.

Program Impact if Reduction is Approved:

There is no impact on local government. Costs for travel, printing, purchase of equipment and supplies, etc will be reduced by \$50,000.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		1XXX	Personal Services	
			Less Severance Costs	
		21XX	Contracted Services	
1170	Adult and Family Services	22XX-5XXX	Operating Expenses	\$50,000
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				
RECEIPTS				
APPROPRIATIONS				
NO. OF POSITIONS	0			

	Current Funding	Reduction	% Reduction	Revised	
1170	Operation Costs Reduction				
	Total Funding	6,141,028	500,000	8%	\$5,641,028
	Revenues	5,526,925	450,000	8%	5,076,925
	Appropriations	614,103	50,000	8%	564,103

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Resident Evaluation Services

Recommendation 3 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Eliminate this fund in its entirety. Program is not operational yet.

Program Impact if Reduction is Approved:

Eliminating these funds will eliminate the ability of county departments of social services to assess all Special Assistance applicants and recipients (24,000 elderly and disabled adults) to determine whether adult care home level of care is needed, to identify and refer Special Assistance recipients who may need mental health services, and to provide technical assistance to adult care home staff on how to use the new assessment instrument to develop more comprehensive care plans to improve quality of care and safety for residents. Funding for this program is 65% Medicaid, 30% State, 5% County.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1480	County Services Programs	6XXX	Aid and Public Assistance	1,062,037
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1480	Contracts RES				
	Total Funding	3,127,897	3,127,897	100%	\$0
	Revenues	2,065,860	2,065,860	100%	0
	Appropriations	1,062,037	1,062,037	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.

The special provision in Section 21.35 of S.L. 2001-424 will have to be deleted.

- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: State Maternity Home Fund

Recommendation 4 **of** 27 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X9% X10% X11%

Description of Proposed Reduction

Reduce state appropriations in this fund to the level that is required to match federal funds available to pay for maternity home care.

Program Impact if Reduction is Approved:

At the current budget and per diem rates, approximately 175 clients utilize this fund to pay for maternity home care annually. If state funds are reduced to \$96,648 (the amount needed to match the federal Title IV-B funds), a total budget of \$386,592 will exist with a savings of \$876,708 in state funds. \$386,592 will provide care for 45 women for 3 months each (the average length of stay). To continue serving 175 people, TANF Block Grant funds allocated to county departments of social services can be used by them to purchase this care and individuals will have to obtain help from family members, the father of the child and his family, or others. Also, per diem rates could be capped at SFY02 rates or a flat rate could be established to allow more people to be served. Current per diem rates range from \$63 per day to \$117 per day. Rates are set by DHHS Controller's Office based on audited cost reports from the maternity homes.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1410	Maternity Home Pymt	6XXX	Aid and Public Assistance	\$876,708
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1410	State Maternity Home Fund				
	Total Funding	1,233,300	876,708	71%	356,592
	Revenues	289,944	0	0%	289,944
	Appropriations	943,356	876,708	93%	66,648

Other Considerations

- Are statutory changes or special provisions required to implement? X Yes No If yes, provide additional information.
- The budget bill conference report will have to be modified to reduce the amount of state appropriations in this fund.
- Does this request require additional resources/reduced resources to another state agency? Yes X No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Position Savings

Recommendation 5 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Eliminate this fund in its entirety. Positions are not needed as program is not operational yet.

Program Impact if Reduction is Approved:

Four positions will be lost due to funding for the Resident Evaluation Services program being eliminated. Two of these positions are filled and two are vacant.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1170	Adult and Family Services	1XXX	Personal Services	\$107,762
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	\$290,788				
RECEIPTS	183,026				
APPROPRIATIONS	\$107,762				
NO. OF POSITIONS	4				

		Current Funding	Reduction	% Reduction	Revised
1170	Position Savings				
	Total Funding	1,663,789	290,788	17%	1,373,001
	Revenues	1,079,830	183,026	17%	896,804
	Appropriations	583,959	107,762	18%	476,197

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.

The special provision in Section 21.35 of S.L. 2001-424 will have to be deleted.

- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: State/County Special Assistance for Adults

Recommendation 6 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Maintain the SFY03 State/County Special Assistance for Adults payment rate at the SFY '02 amount. Also, to assure that state and county appropriations do not exceed the amounts appropriated, manage monthly payments so that a 5% reserve is maintained until last quarter of fiscal year before paying available funds to recipients.

Program Impact if Reduction is Approved:

State/County Special Assistance for Adults is a program funded entirely with state appropriations and county receipts. No federal funds are available for this purpose. Cash payments are made directly to eligible elderly and disabled adults to help them pay for care in adult care homes. The cash payment is used to supplement the income of these individuals so that they have enough money to pay for the cost of care in an adult care home. Special Assistance expenditures have grown by \$44.7 million over the past 5 years, a growth of 47.75%. The budget for SFY03 is \$250,576,201, an increase of \$5,943,655 over the SFY02 budget. Maintaining the Special Assistance SFY '02 rate at \$1,091 per month for SFY03 will save \$2,345,157 in state funds and \$2,345,157 in county funds for SFY '03.

In order to assure that SFY03 expenditures do not exceed the SFY02 budget amount, monthly payments to Special Assistance recipients will need to be made at the 95% level and supplemental checks issued at the end of the fiscal year to pay an amount up to the \$1,091 rate, depending upon the availability of funds. The 95% payment schedule is needed to cover potential caseload growth. The number of new Special Assistance recipients that will be added to the program in SFY03 cannot be precisely predicted. Thus, this budget reserve process is needed to allow for growth in the caseload and still stay within the state and county budgets. Eligibility Information System programming changes will be required for this; at least two months advance notice must be given to DIRM for these programming changes.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		1XXX	Personal Services	
			Less Severance Costs	
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
1230	Special Assistance for Adults	6XXX	Aid and Public Assistance	\$2,345,157
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				
RECEIPTS				
APPROPRIATIONS				
NO. OF POSITIONS	0			

		Current Funding	Reduction	% Reduction	Revised
1230	St./Co. Special Asst.				
	Total Funding	156,079,701	4,690,314	3%	151,389,387
	Revenues	78,039,849	2,345,157	3%	75,694,692
	Appropriations	78,039,852	2,345,157	3%	75,694,695

Other Considerations

• Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.

The special provision in Section 21.44(d) of S.L. 2001-424 will have to be modified.

• Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.

• Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Adult Home Specialist Fund

Recommendation 7 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Eliminate this fund in its entirety.

Program Impact if Reduction is Approved:

The elimination of these funds has the following impact on local government. There is a potential loss of 70 of 161 county FTE's as a result of the reductions indicated below. The remaining 91 county FTE's are supported with Social Service Block Grant and local matching funds. Caseloads at the county level will increase from 14 to 25 homes per Adult Home Specialist. This will reduce the capacity of county departments of social services to monitor adult care homes for compliance with state licensure standards, limit their ability to help facilities develop corrective action plans, and reduce their ability to follow-up to assure that facilities carry out corrective action plans. Residents will be at greater risk for personal health and safety. Families will be aggravated and concerned about diminished local oversight of these facilities. Funding for this program is 50% Medicaid.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1180/1480	County Program Services	6XXX	Aid and Public Assistance	\$1,400,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1180/1480	Adult Home Specialist Fund				
	Total Funding	2,800,000	2,800,000	100%	0
	Revenues	1,400,000	1,400,000	100%	0
	Appropriations	1,400,000	1,400,000	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Adult Home Case Management

Recommendation 8 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction:

Eliminate this fund in its entirety.

Program Impact if Reduction is Approved:

Eliminating these funds will eliminate the ability of county departments of social services to determine whether State/County Special Assistance recipients in adult care homes are eligible for Medicaid reimbursement for Enhanced Personal Care Services. A prior approval process is required by Medicaid to assure that residents do in fact need total or extensive assistance with toileting, feeding, and/or ambulation. If this county DSS function is eliminated, some other prior approval mechanism must be established and paid for. Facilities receive approximately \$20 million in Medicaid payments annually for providing Enhanced Personal Care Services to approximately 5,000 recipients based on prior approval by county DSSs. In addition, these case managers will stop obtaining health and social services for Special Assistance recipients such as eyeglasses, medical equipment, cataract surgery, getting families involved and interacting with the family members who live in these facilities, arranging for residents to attend church, getting dental care, and many other things that add dignity and comfort to their lives. This program is paid for by 50% Medicaid, 25% State, and 25% County.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Serverance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1480	County Program Services	6XXX	Aid and Public Assistance	\$1,539,216
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1180/1480	Adult Home Case Management				
	Total Funding	6,156,864	6,156,864	100%	0
	Revenues	4,617,648	4,617,648	100%	0
	Appropriations	1,539,216	1,539,216	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
S. L. 489 will have to be amended to remove independent case management as a requirement for residents of adult care homes.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: CCPT Grant

Recommendation 9 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will eliminate the Community Child Protection Team Grant program. Each county is required by statute to have an interdisciplinary Community Child Protection Team. The purpose of the Team is to assess and improve the functioning of the child protection system in the county. The CCPT Grant program has distributed funds on a competitive basis to these Teams as seed money to demonstrate creative approaches to improving their child protection systems.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Local Government will be effected. The membership of the local CCPTs will view this reduction as a loss of critical financial support from the Division. The grant program has helped to promote the system planning function of the CCPTs since funds were available to implement their creative strategies for improvement. The CCPTs will have to secure foundation grants to implement their plans or other local funds.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1180/1480	County Program Services	6XXX	Aid and Public Assistance	250,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1180/1480	CCPT Grant				
	Total Funding	\$ 250,000	\$ 250,000	100%	\$0
	Revenues	0	0	0%	0
	Appropriations	250,000	250,000	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Operation Costs Reduction

Recommendation 10 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will reduce traveling, association fees, conferences, equipment purchases, printing costs, etc. of Division staff based in Raleigh and regionally.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction will mean that Children's Services staff will not have the benefit of participating in networking meetings and professional conferences. There will be some criticism from county DSS agencies of the Division's ability to print mandated forms and materials. Forms are now being placed on the DSS web site for download by counties. This will allow counties to print forms as needed and will allow counties to have the most current forms available immediately. This should reduce waste of State resources when changes are made.

All counties have access to the forms on the DSS web site. Counties will incur the cost of printing forms. The cost of printing forms is much less expensive than shipping forms to the counties. NCR forms will be distributed by the section responsible for the document in the future.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1140	Child Welfare Services	22XX-5XXX	Operating Expenses	100,000
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1140	Operation Costs Reduction				
	Total Funding	4,629,104	332,000	7%	4,297,104
	Revenues	3,101,500	232,000	7%	2,869,500
	Appropriations	1,527,604	100,000	7%	1,427,604

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Contracts

Recommendation 11 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction involves a reduction in Children's Services contracts for training, program evaluation, legal consultation, adoption services, expert medical consultation on child fatality reviews, etc. The Division is required by statute to provide the training opportunities necessary for county DSS staff to meet statutory pre-service and continuing education requirements.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction will have an effect on local government. In combination with the reduction in TANF funds for child welfare training, this reduction will mean the likely elimination of the Child Welfare Training Collaborative with the state's MSW and BSW schools to train students for professional careers in public child welfare. It may mean the closure of one of our regional training centers located on a community college campus. It will reduce the performance-based contracts with private adoption agencies. It will reduce our contract with the Attorney General's Office (currently 9 positions for a total of \$607,441 of which \$189,495 is state funding), the General Baptist State Convention for targeted recruitment of African-American foster and adoptive families, providers of interpreting services, and training of older children in foster care.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1140	Child Welfare Services	6XXX	Aid and Public Assistance	1,600,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1140	Contracts				
	Total Funding	42,320,717	6,400,000	15%	35,920,717
	Revenues	31,276,431	4,800,000	15%	26,476,431
	Appropriations	11,044,286	1,600,000	14%	9,444,286

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Position savings

Recommendation 12 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will eliminate 9 positions, 6 filled and 3 vacant. This includes eliminating 3 program manager positions and consolidating the existing 7 Section teams into 4 teams.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This reduction will establish a less hierarchical and more team-oriented structure within the Section, with fewer manager positions and a significantly expanded span of control for the remaining 4 administrator positions. Lead worker assignments must be made for this to be workable. Two of the program managers are some of the most experienced and knowledgeable child welfare professionals in the Section for whom we would have to find other positions in the Section. The reduction will significantly diminish the Section's capacity to provide intensive, on-site assistance to county DSS agencies that are poor performers in child welfare.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1140	Child Welfare Services	1XXX	Personal Services	167,712
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	454,719				
RECEIPTS	287,007				
APPROPRIATIONS	167,712				
NO. OF POSITIONS	9				

		Current Funding	Reduction	% Reduction	Revised
1140	Position Savings				
	Total Funding	5,275,814	454,719	9%	4,821,095
	Revenues	3,662,964	287,007	8%	3,375,957
	Appropriations	1,612,850	167,712	10%	1,445,138

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Adoption Assistance

Recommendation 13 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will require a reduction in the amount of financial adoption assistance provided to families that adopt special needs foster children and/or a reduction in the number of foster children who are adopted.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The amount of adoption assistance provided to families that adopt special needs foster children has not been increased in many years. If the amount is decreased, it will create a financial disincentive for foster families to adopt. Currently, approximately 75% of adopted foster children are adopted by their foster parents. If the amount is decreased, children will stay longer in foster care, without a safe, permanent family of their own. This will increase state costs, as foster care costs far exceed adoption costs. Any effort to limit the number of foster children who are adopted will very likely constitute a violation of federal law and policy and result in legal action. At present, at least 26 states operate their child welfare system under court order and supervision.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1250	Adoption Assistance	6XXX	Aid and Public Assistance	1,948,520
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

	Current Funding	Reduction	% Reduction	Revised	
1250	Adoption Assistance				
	Total Funding	47,803,395	5,223,618	11%	42,579,777
	Revenues	29,773,615	3,275,098	11%	26,498,517
	Appropriations	18,029,780	1,948,520	11%	16,081,260

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. *We would need a statutory change to reduce the amount of financial adoption assistance.*
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Adoption Assistance

Recommendation 13 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This will require a reduction in the amount of financial adoption assistance provided to families that adopt special needs foster children and/or a reduction in the number of foster children who are adopted.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The amount of adoption assistance provided to families that adopt special needs foster children has not been increased in many years. If the amount is decreased, it will create a financial disincentive for foster families to adopt. Currently, approximately 75% of adopted foster children are adopted by their foster parents. If the amount is decreased, children will stay longer in foster care, without a safe, permanent family of their own. This will increase state costs, as foster care costs far exceed adoption costs. Any effort to limit the number of foster children who are adopted will very likely constitute a violation of federal law and policy and result in legal action. At present, at least 26 states operate their child welfare system under court order and supervision.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1250	Adoption Assistance	6XXX	Aid and Public Assistance	3,871,062
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1250	Adoption Assistance				
	Total Funding	47,803,395	10,123,521	21%	37,679,874
	Revenues	29,773,615	6,252,459	21%	23,521,156
	Appropriations	18,029,780	3,871,062	21%	14,158,718

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. *We would need a statutory change to reduce the amount of financial adoption assistance.*
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced:
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Family Resource Center

Recommendation 14 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction eliminates state funding for Family Resource Centers in 46 counties of 49 counties.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

These Family Resource Centers are an important part of the state's effort to prevent child abuse and neglect. Each FRC is physically located in a neighborhood from which a disproportionate number of child abuse reports are received and from which a disproportionate number of children enter foster care. Each FRC has a working agreement with the county DSS to assist families from their neighborhoods that come into contact with the child welfare system. Each FRC also provides youth educational achievement and parenting improvement as core services. A number of these centers will close as a result of this reduction. The number of children entering foster care will likely increase along with foster care costs.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1140	Child Welfare Services	6XXX	Aid and Public Assistance	1,765,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1140	Family Resource Center				
	Total Funding	1,917,732	1,765,000	92%	152,732
	Revenues	-	-	0%	0
	Appropriations	1,917,732	1,765,000	92%	152,732

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. *We will need to amend the statute that describes the use of state funds for FRCs.*
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Child Caring Institutions

Recommendation 15 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will significantly reduce the State Funds Program, in existence for over 30 years, that provides financial support to private foster care agencies.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The State Funds Program provides funds to private foster care agencies to offset their unrecovered cost of care. The reduction in this Fund will mean that these agencies will have to charge more of their costs to the counties, that already bear a heavier share of foster care costs than the state. This reduction will generate significant negative reaction from the private agencies and from the county DSS agencies as a cost-shifting measure.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		1XXX	Personal Services	
			Less Severance Costs	
		21XX	Contracted Services	
		22XX-5XXX	Operating Expenses	
1140	Child Welfare Services	6XXX	Aid and Public Assistance	2,500,000
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				
RECEIPTS				
APPROPRIATIONS				
NO. OF POSITIONS	0			

		Current Funding	Reduction	% Reduction	Revised
1140	Child Caring Institutions				
	Total Funding	10,107,954	2,500,000	25%	7,607,954
	Revenues	1,500,000	-	0%	1,500,000
	Appropriations	8,607,954	2,500,000	29%	6,107,954

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Child Caring Institutions

Recommendation 15 **of** 27 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will significantly reduce the State Funds Program, in existence for over 30 years, that provides financial support to private foster care agencies.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The State Funds Program provides funds to private foster care agencies to offset their unrecovered cost of care. The reduction in this Fund will mean that these agencies will have to charge more of their costs to the counties, that already bear a heavier share of foster care costs than the state. This reduction will generate significant negative reaction from the private agencies and from the county DSS agencies as a cost-shifting measure.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1140	Child Welfare Services	6XXX	Aid and Public Assistance	2,758,117
			7XXX	Reserves	
			8XXX	Transfer:	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1140	Child Caring Institutions				
	Total Funding	10,107,954	2,758,117	27%	7,349,837
	Revenues	1,500,000	-	0%	1,500,000
	Appropriations	8,607,954	2,758,117	32%	5,849,837

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Child Caring Institutions

Recommendation 15 **of** 27 **for SFY 02-03**

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% x 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction will significantly reduce the State Funds Program, in existence for over 30 years, that provides financial support to private foster care agencies.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The State Funds Program provides funds to private foster care agencies to offset their unrecovered cost of care. The reduction in this Fund will mean that these agencies will have to charge more of their costs to the counties, that already bear a heavier share of foster care costs than the state. This reduction will generate significant negative reaction from the private agencies and from the county DSS agencies as a cost-shifting measure.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1140	Child Welfare Services	6XXX	Aid and Public Assistance	2,800,000
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1140	Child Caring Institutions				
	Total Funding	10,107,954	2,800,000	28%	7,307,954
	Revenues	1,500,000	-	0%	1,500,000
	Appropriations	8,607,954	2,800,000	33%	5,807,954

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes x No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes x No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Intensive Family Preservation Services

Recommendation 16 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% x 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

In combination with the loss of nearly \$2 million in federal TANF funds for Intensive Family Preservation Services, this reduction will significantly reduce the Intensive Family Preservation Services program in the state.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

IFPS is a highly cost-effective, secondary prevention program in 60 counties. This program annually prevents hundreds of children from entering foster care unnecessarily and the associated foster care costs. With this reduction, the number of children entering foster care will definitely increase as will foster care costs. This relationship has been well documented in objective evaluations of the program since its inception.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
	1180/1480	County Program Services	6XXX	Aid and Public Assistance	25,977
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

	Current Funding	Reduction	% Reduction	Revised
1180/1480 Intensive Family Preservation Services				
Total Funding	562,019	26,522	5%	535,497
Revenues	10,899	545	5%	10,354
Appropriations	551,120	25,977	5%	525,143

Other Considerations

- Are statutory changes or special provisions required to implement? Yes x No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes x No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes x No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Training Contract

Recommendation 17 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Contractor staff has been dismissed as of January, 2002. Existing Child Support Enforcement Central office staff has assumed these training responsibilities for local offices.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Note: There are 15 State operated programs and 87 County operated programs.

This cut results in a loss of \$1,283,706 in Federal Funds to North Carolina as well as reduced training opportunities to the 87 local CSE offices across the state. Thus this will have a negative impact on (1) Federal audit assessments of the CSE program, (2) State audit assessments of the CSE program, (3) Local staffs' performance. All of these issues will reduce the quality and quantity of service delivered to our clients.

Reduced training opportunities to the local offices across the state because there are fewer trainers now, than when there was a vendor. The central office staff that will be absorbing the training function have existing job functions that must be done in addition to the new training functions these central office persons absorb. Under the vendor arrangement locals could ask for and receive training as deemed necessary and trainers would go to their counties to train. With this reduction, 12 training sessions per year will be offered at specific training sites. This affords counties with limited training opportunities compared to the "on demand" training to which counties were accustomed. In addition, counties must now travel to these sites.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Serverance Costs	
	1500	Child Support Enforcement	21XX	Contracted Services	641,893
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1500	Training Contract				
	Total Funding	\$ 1,925,599	\$ 1,925,599	100%	\$0
	Revenues	1,283,706	1,283,706	100%	0
	Appropriations	641,893	641,893	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Elimination of Help Desk Contract

Recommendation 18 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X_7% X_8% X_9% X_10% X_11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Contract staff was dismissed January 2002. The Help Desk function was transferred to existing Central Office staff. The purpose of the Help Desk is to assist local CSE office staff resolve difficult case management problems. This speeds up service delivery to our clients.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Note: There are 15 State operated programs and 87 County operated programs.

This cut will result in the loss of \$459,680 of Federal funds to the state of North Carolina. This cut will also reduce the response time to Help Desk calls received and resolved at the Central Office since fewer state staff are attempting to handle the same volume of calls previously handled by a larger contract staff. This loss will slow down case handling at the local level and will therefore, impact service delivery to clients.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
		1XXX	Personal Services	
			Less Serverance Costs	
1500	Child Support Enforcement	21XX	Contracted Services	229,840
		22XX-5XXX	Operating Expenses	
		6XXX	Aid and Public Assistance	
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				
RECEIPTS				
APPROPRIATIONS				
NO. OF POSITIONS	0			

		Current Funding	Reduction	% Reduction	Revised
1500	Elimination of Help Desk Contract				
	Total Funding	689,520	689,520	100%	0
	Revenues	459,680	459,680	100%	0
	Appropriations	229,840	229,840	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Backlog Appropriation
Recommendation 19 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X 7% X 8% X 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This appropriation was to fund a Child Support Enforcement (CSE) backlog reduction in urban counties. Caseloads are being reduced through restructuring of case handling procedures. This funding was specifically placed in the Budget, (Sections 21.54A), by the Legislature to address Mecklenburg Co.CSE state operated office's cases without orders. The Legislature defined having no child support order as being in "backlog". It is not clear if this was intended for any county operated CSE offices. CSE will continue to address the backlog without this funding.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Note: There are 15 State operated programs and 87 County operated programs.

This will result in a \$3,000,000 loss of Federal funds to the State of North Carolina. The backlog is presently being addressed via a restructuring of available state staff and focusing additional attention on the court process as well as case handling procedures. The impact on clients will be negligible.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Serverance Costs	
	1500	Child Support Enforcement	21XX	Contracted Services	1,500,000
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1500	Backlog Appropriations				
	Total Funding	4,500,000	4,500,000	100%	0
	Revenues	3,000,000	3,000,000	100%	0
	Appropriations	1,500,000	1,500,000	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Operational Cost Reduction

Recommendation 20 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X_7% X_8% X_9% X_10% X_11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Operational costs for Child Support Enforcement purchases, travel, postage plus other administrative costs have been streamlined and reduced.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Note: There are 15 State operated programs and 87 County operated programs.

There will be a \$150,000 loss of Federal revenues to N.C.. Purchases will be limited to essential items only. This slows the workflow and raises client frustration with a state agency. Limited travel and restricted postage will add to this burden.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1500	Child Support Enforcement	22XX-5XXX	Operating Expenses	75,000
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1500	Operational Costs Savings				
	Total Funding	32,538,968	225,000	1%	32,313,968
	Revenues	21,475,719	150,000	1%	21,325,719
	Appropriations	11,063,249	75,000	1%	10,988,249

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Ohio State Treasurer – Contract

Recommendation 21 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

A contract with a consortium of states to address public awareness has been terminated. The state of Ohio was the lead state.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Note: There are 15 State operated programs and 87 County operated programs.

The termination of the contract results in the loss of \$40,785 of Federal revenue to North Carolina. The termination further presents a lost opportunity for a multi-state outreach program.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
	1500	Child Support Enforcement	21XX	Contracted Services	21,010
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1500	Ohio State Treasurer - Contract				
	Total Funding	61,795	61,795	100%	0
	Revenues	40,785	40,785	100%	0
	Appropriations	21,010	21,010	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Position Savings

Recommendation 22 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X_7% X_8% X_9% X_10% X_11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Reduction of 35 frozen positions will cause additional duties to be assigned to existing CSE staff. These functions have already been absorbed since there has been a hiring freeze in place since January 2001. 35% or 13 of the total are from the Martin County Customer Service Center, the positions are Program Assistants IV, pay grade 59. The remaining 22 positions are from 17 state operated offices and the central office, only 2 of these positions are over pay grade 61, the majority are pay grade 59.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Note: There are 15 State operated programs and 87 County operated programs.

State Operated agents and office staff are doing the work of the vacant positions in addition to their own workload. If approved, and or vacancies are not unfrozen for hiring, the workload will continue to grow and work may go undone.

This cut results in the loss of \$619,645 in Federal funds to North Carolina. In addition to the revenue loss, the loss of the positions has resulted in a lessening of the level of service to our clients. A backlog build up of case management issues has resulted as well as a general slowing of performance levels in local CSE offices. It is anticipated that this staff loss will result in the following decrease in services rendered over a 12 month period of time.

SERVICE UNITS	SERVICE UNITS LOST VIA REDUCTIONS
Manual Locates	5,193
Paternities Established	5,896
New Orders Established	6,110
Support Orders Modified	5,888
Income Withholding	18,944
Other Enforcement Actions	13,027
Anticipated Loss of Collections Per Year	\$86,862,183

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1500	Child Support Enforcement	1XXX	Personal Services	363,957
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	983,602				
RECEIPTS	619,645				
APPROPRIATIONS	363,957				
NO. OF POSITIONS	35				

		Current Funding	Reduction	% Reduction	Revised
1500	Position Savings				
	Total Funding	18,533,034	983,602	5%	17,549,432
	Revenues	11,895,131	619,645	5%	11,275,486
	Appropriations	6,637,903	363,957	5%	6,273,946

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ **X** ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ **X** ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ **X** ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Position Savings

Recommendation 23 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Savings in this area are realized through the targeted elimination of four (4) positions, 2 filled and 2 vacant, in the Economic Independence Section.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

The MOE position has been vacant all year and will not have an impact on meeting the yearly MOE.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1130	Public Assistance Admin.	1XXX	Personal Services	143,639
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	2,866,083				
RECEIPTS	1,095,817				
APPROPRIATIONS	1,770,266				
NO. OF POSITIONS	4				

		Current Funding	Reduction	% Reduction	Revised
1130	Position Savings				
	Total Funding	\$ 2,866,083	\$ 179,367	6%	\$ 2,686,716
	Revenues	1,095,817	35,728	3%	1,060,089
	Appropriations	1,770,266	143,639	8%	1,626,627

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:

Social Services

Title of Recommendation: Operational Cost Reduction

Recommendation 24 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

The Economic Independence Section has identified reductions in operational costs that include travel and purchasing, as well as other administrative costs. These savings are being realized through greater coordination and travel planning, a reduction in printing, and related cost cutting measures such as prioritized spending.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

A reduction in operational costs has the potential of affecting the State's ability to respond effectively to the needs of county departments of social services. For example, the Economic Independence Section has been able to reduce operational costs by reducing the number of hard copy documents (policy directives/manuals) being provided to county departments of social services, resulting in lower Section printing costs. Program manuals have been placed on the Internet, which means that staff at local department of social services is able to gain access to manuals and administrative letters on-line. Unfortunately not all counties are able to provide staff access to the Internet, therefore, reducing printing means that counties must assume responsibilities for providing staff copies beyond the minimum number provided by the Section.

In addition, an overall reduction in travel has also required that local support staff prioritize visits to county departments of social services for consultation and technical assistance visits. This reduction is forcing staff to focus attention on the worst program situations in most cases, while not making or reducing visits to counties to ensure that the appropriate level of service is being maintained. This mode of operation places the Section in a position of dealing with problems after the fact (since some management data is not available for four or more weeks) rather than being in a position to effectively work with counties before situations truly become problematic.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1130	Public Assistance Admin.	22XX-5XXX	Operating Expenses	980,000
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1130	Operational Costs Savings				
	Total Funding	7,580,884	1,960,000	26%	5,620,884
	Revenues	6,140,516	980,000	16%	5,160,516
	Appropriations	1,440,368	980,000	68%	460,368

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? ___ Yes ___ No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? ___ Yes ___ No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Operational Costs

Recommendation 25 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

This reduction is being taken in the area of administrative travel, supplies and other typical office operations cost. There will not be a direct impact to counties or clients.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

There is no impact on local government. Costs for travel, printing, purchase of equipment and supplies, etc will be reduced by \$102,393.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1110	State Administration	22XX-5XXX	Operating Expenses	102,393
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	204,786				
RECEIPTS	102,393				
APPROPRIATIONS	102,393				
NO. OF POSITIONS					

		Current Funding	Reduction	% Reduction	Revised
1110	Operational Costs Savings				
	Total Funding	\$ 5,027,826	\$ 204,786	4%	4,823,040
	Revenues	2,815,583	102,393	4%	2,713,190
	Appropriations	2,212,243	102,393	5%	2,109,850

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Position Savings

Recommendation 26 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Central Office administrative positions are either being reallocated or eliminated (Eliminates 2 vacant and 2 filled positions).

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

There will be no significant impact to the counties. Duties and responsibilities have and will be assumed by other staff members.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1110	State Administration	1XXX	Personal Services	112,866
				Less Severance Costs	
			21XX	Contracted Services	
			22XX-5XXX	Operating Expenses	
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS	255,412				
RECEIPTS	142,546				
APPROPRIATIONS	112,866				
NO. OF POSITIONS	4				

		Current Funding	Reduction	% Reduction	Revised
1110	Position Savings				
	Total Funding	4,564,278	255,412	6%	4,308,866
	Revenues	2,748,383	142,546	5%	2,605,837
	Appropriations	1,815,895	112,866	6%	1,703,029

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution:
Social Services

Title of Recommendation: Local Support

Recommendation 27 of 27 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

Eliminate Fund 1120 Regional Administration/Local Support. This year the Division eliminated the seven regional offices across the state. These remaining funds can be eliminated next fiscal year.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

This will not have any impact on local governments.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
			1XXX	Personal Services	
				Less Severance Costs	
			21XX	Contracted Services	
	1120	Local Support	22XX-5XXX	Operating Expenses	91,700
			6XXX	Aid and Public Assistance	
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					
APPROPRIATIONS					
NO. OF POSITIONS	0				

		Current Funding	Reduction	% Reduction	Revised
1120	Warehouse Operations				
	Total Funding	602,869	602,869	100%	0
	Revenues	511,169	511,169	100%	0
	Appropriations	91,700	91,700	100%	0

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Page 1 of 2

SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Personnel Reduction

Recommendation 1 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 20 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

Examples of case policy tightening that have been recently implemented or will be contained in proposed rules include:

- Verification of client income; at present we do not require any documentation of income, e.g. a check stub, an income tax form, etc.
- Clarification of when a client is a "family of one", i.e., when the family's assets would have to be considered for financial eligibility
- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition
- Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible

Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	700,000
			Less Severance Costs	
		21XX	Contracted Services	
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
1105	Case Services	6XXX	Aid and Public Assistance	1,922,522
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				3,022,522
RECEIPTS				
APPROPRIATIONS				3,022,522
NO. OF POSITIONS				20

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **APA rules revisions and fiscal impact notes are currently being prepared.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Page 1 of 2 (11%)

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Personnel Reduction

Recommendation 1 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 25 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively. However, loss of an additional 5 positions would require additional study and could impinge on service delivery.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing. However, at the 11% level the Division may be forced to begin creating a waiting list of new applicants with less severe disabilities. Based on annualized client data, the waiting list could reach approximately 7,500 to 8,000 in the first 12 months.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

Examples of case policy tightening that have been recently implemented or will be contained in proposed rules include:

- Verification of client income; at present we do not require any documentation of income, e.g. a check stub, an income tax form, etc.
- Clarification of when a client is a "family of one", i.e., when the family's assets would have to be considered for financial eligibility
- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition
- Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible
- Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources

available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	850,000
			Less Severance Costs	
		21XX	Contracted Services	
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
1105	Case Services	6XXX	Aid and Public Assistance	3,499,678
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				4,749,678
RECEIPTS				
APPROPRIATIONS				4,749,678
NO. OF POSITIONS				25

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **APA rules revisions and fiscal impact notes are currently being prepared.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Page 1 of 2

SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Administrative Operational Cost Reductions

Recommendation 2 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? X 7% X 8% X 9% X 10% X 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 20 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

Examples of case policy tightening that have been recently implemented or will be contained in proposed rules include:

- Verification of client income; at present we do not require any documentation of income, e.g. a check stub, an income tax form, etc.
- Clarification of when a client is a "family of one", i.e., when the family's assets would have to be considered for financial eligibility
- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition
- Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible
- Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	700,000
			Less Severance Costs	
		21XX	Contracted Services	
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
1105	Case Services	6XXX	Aid and Public Assistance	2,354,311
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				3,454,311
RECEIPTS				
APPROPRIATIONS				3,454,311
NO. OF POSITIONS				20

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **APA rules revisions and fiscal impact notes are currently being prepared.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Page 1 of 2

SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Direct Client Service Reductions

Recommendation 3 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 20 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

Examples of case policy tightening that have been recently implemented or will be contained in proposed rules include:

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- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition
- Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible
- Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	700,000
			Less Severance Costs	
		21XX	Contracted Services	
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
1105	Case Services	6XXX	Aid and Public Assistance	1,922,522
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				3,022,522
RECEIPTS				
APPROPRIATIONS				3,022,522
NO. OF POSITIONS				20

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **APA rules revisions and fiscal impact notes are currently being prepared.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

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**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Direct Client Service Reductions

Recommendation 3 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 20 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

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- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition
- Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible
- Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	700,000
			Less Severance Costs	
		21XX	Contracted Services	
1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
1105	Case Services	6XXX	Aid and Public Assistance	2,354,311
		7XXX	Reserves	
		8XXX	Transfers	
REQUIREMENTS				
RECEIPTS				3,454,311
APPROPRIATIONS				
NO. OF POSITIONS				3,454,311
				20

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **APA rules revisions and fiscal impact notes are currently being prepared.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

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SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Direct Client Service Reductions

Recommendation 3 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% X 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 20 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

Examples of case policy tightening that have been recently implemented or will be contained in proposed rules include:

- Verification of client income; at present we do not require any documentation of income, e.g. a check stub, an income tax form, etc.
- Clarification of when a client is a "family of one", i.e., when the family's assets would have to be considered for financial eligibility
- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition
- Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible
- Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs-testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	700,000
				Less Severance Costs	
			21XX	Contracted Services	
	1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
	1105	Case Services	6XXX	Aid and Public Assistance	2,786,100
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					
RECEIPTS					3,886,100
APPROPRIATIONS					
NO. OF POSITIONS					3,886,100
					20

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **APA rules revisions and fiscal impact notes are currently being prepared.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Page 1 of 2 (10%)

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Direct Client Service Reductions

Recommendation 3 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% X 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 20 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

Examples of case policy tightening that have been recently implemented or will be contained in proposed rules include:

- Verification of client income; at present we do not require any documentation of income, e.g. a check stub, an income tax form, etc.
- Clarification of when a client is a "family of one", i.e., when the family's assets would have to be considered for financial eligibility
- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition
- Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible

Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	700,000
				Less Severance Costs	
			21XX	Contracted Services	
	1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
	1105	Case Services	6XXX	Aid and Public Assistance	3,217,889
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					4,317,889
RECEIPTS					
APPROPRIATIONS					4,317,889
NO. OF POSITIONS					20

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. **APA rules revisions and fiscal impact notes are currently being prepared.**
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

Page 1 of 2 (11%)

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION RECOMMENDATIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Vocational Rehabilitation Services

Title of Recommendation: Direct Client Service Reductions

Recommendation 3 of 3 for SFY 02-03

Recommendation Applies to Which Reduction Plan(s)? 7% 8% 9% 10% 11%

Description of Proposed Reduction: (If the reduction impacts the 21XX contracts accounts or 6XXX aid and public assistance accounts, elaborate on the contractors, contracts or programs that will be affected by the reduction.)

RIF of approximately 25 positions in Raleigh and field locations across the state. Reduction in administrative expenses, but not in 2199 contracts. Reduction in case service expenditures for direct client services, i.e. fewer dollars will be available to provide vocational or independent living services for eligible people with disabilities. Vendors potentially affected are training providers (community colleges, universities, trade schools, community rehabilitation programs, etc.), doctors and hospitals, durable medical equipment providers, psychologists, etc.

Program Impact if Reduction is Approved: (Include here any impacts to state maintenance of effort (MOE), lost federal funds if state matching funds are reduced, block grant plans changes needed if reduction approved, as well as key program outcomes or critical services and populations served that will be impacted.)

Based on current financial information and projections, there is no impact on Maintenance of Effort or state match.

The Division has reviewed its administrative expenditures and identified several areas (supplies, equipment, travel) which can be reduced up to approximately \$400,000 without substantial negative impact in achieving our fundamental mission.

The Division has begun the process of evaluating its structure and resource allocation, which should result in the ability to RIF up to 20 positions without substantial impact on our ability to serve the public. The Division's management team has reviewed every position in the organization in the past week, and is identifying those which can be eliminated to meet this goal. We believe we can use vacant positions and avoid severance costs if the RIF is confined to no more than 20 positions. Of course, vacancies are not always in the classifications or geographical locations that we need to accomplish this goal. We would need to work closely with HR to assure that we could manage this process fairly and effectively. However, loss of an additional 5 positions would require additional study and could impinge on service delivery.

The Division has begun implementing stricter case policies and is developing proposed rules that should lead to a reduction in the need for case service dollars without substantial reduction in the number of people served. In addition, our federal appropriation is increasing. However, at the 11% level the Division may be forced to begin creating a waiting list of new applicants with less severe disabilities. Based on annualized client data, the waiting list could reach approximately 7,500 to 8,000 in the first 12 months.

The Division has historically leaned toward a liberal interpretation of its case policies, making every effort to provide benefits to its clients, while staying within the limits of law and regulation. The staff are in the profession because of a desire to help people. However, facing the budget situation fairly means that we must refocus on conservative interpretations of current policies, and consider new policies that allow us to stretch the dollars to serve people.

Examples of case policy tightening that have been recently implemented or will be contained in proposed rules include:

- Verification of client income; at present we do not require any documentation of income, e.g. a check stub, an income tax form, etc.
- Clarification of when a client is a "family of one", i.e., when the family's assets would have to be considered for financial eligibility
- Increased emphasis on use of comparable benefits, e.g. Pell Grants to assist client with tuition

Emphasis on using a client's transferable work skills to find employment instead of retraining where feasible

- Needs testing where allowable by the federal rehabilitation law. The Division voluntarily waived needs testing for training services (e.g., from universities, community colleges, trade schools, or community rehabilitation programs) a few years ago. While training is often the key to successful vocational rehabilitation outcomes, there are more alternate resources

available to pay for training costs than for most other services provided by the Division. In an austere budget climate, needs testing training services is a fair way to stretch the dollar. The Division is developing draft rules to effect this change, in accordance with APA requirements

- Order of Selection – the federal rehabilitation law allows states to create categories of applicants; when resources are limited, the Division can then stop serving categories, based upon a published and agreed upon “Order of Selection” that assures that people with the most significant disabilities are still served. In effect, the Division creates a waiting list of applicants with less significant disabilities. Without proper implementation of an Order of Selection, under federal law the Division must serve all eligible applicants. Once services have been stopped for a category, they cannot be restarted unless the Division believes it has the resources to serve all potential members of the category. Experience from other states shows that it is possible to close and later reopen services to various categories with careful management.

The Division has an existing policy on Order of Selection, but it must be updated to reflect the federal amendments of 1998. It is also very important that we increase the number of categories in our plan, so that smaller groups are affected if services must be stopped to a category, and recovery can be made more quickly. Our federal State Plan must be amended to reflect the updated plan for Order of Selection, and there must be public hearings. In addition, we must amend our rules through the APA. The Division is preparing draft rules to implement Order of Selection and increase our number of categories, and expects to change our APA rules and amend our State Plan through a parallel, not sequential, process.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Recommended Reduction 2002-03
	1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	1XXX	Personal Services	850,000
				Less Severance Costs	
			21XX	Contracted Services	
	1101,1102, 1103,1104, 1305	Management & Support, Counseling & Placement-State, Counseling & Placement-3 RD Party, Agency Operated Facility, Independent Living	22XX-5XXX	Operating Expenses	400,000
	1105	Case Services	6XXX	Aid and Public Assistance	3,499,678
			7XXX	Reserves	
			8XXX	Transfers	
REQUIREMENTS					4,749,678
RECEIPTS					
APPROPRIATIONS					4,749,678
NO. OF POSITIONS					25

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. APA rules revisions and fiscal impact notes are currently being prepared.
- Does this request require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this request relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS (VARYING PERCENTAGES)
Impact to State Appropriations Only
Summary with lower Alternatives

Division Name: Division of Medical Assistance
 Budget Code: 14445
 SFY 2002-03 Total Appropriations (Per BD 307):

\$ 2,545,367,731

		Percentage of Reduction
	Calculated Dollar Value of Percentages Shown	6%
LIST OPTIONS BELOW:		
1	Define the "efficient Provider" for Nursing Facilities, Intermediate Care Facilities for the Mentally Retarded and Adult Care Home - Personal Care Services.	\$ 20,074,190
2	Contract for Home Health Supplies	\$ 1,614,626
3	Contract for Durable Medical Equipment	\$ 679,688
4	Contract for Home Infusion Therapy	\$ 107,341
5	Establish Prospective Rates for Home Health Services	\$ 3,589,472
6	Reduce Payments to Hospitals	\$ 20,810,909
7	Contract for prescription drugs supplied to Medicaid recipients in Nursing, Intermediate Care for the Mentally Retarded and Adult Care Home facilities.	\$ 4,212,622
8	Elimination of Chiropractic optional services	\$ 335,647
9	Elimination of Eyeglasses optional services	\$ 1,198,821
10	Elimination of Optometry optional services	\$ 1,241,737
11	Elimination of Podiatry optional services	\$ 539,559
12	Elimination of adult Dental optional services (lower alternative)	\$ 2,560,936
13	Modify eligibility coverage for low-income Work First families	\$ 425,561
14	Modify eligibility coverage for Pregnant Woman coverage for Minors	\$ 244,793
15	Modify eligibility coverage for Assets of the Aged & Disabled	\$ 3,028,281
16	Modify eligibility coverage for Asset Transfer Penalties for PCS recipients	\$ 423,959
17	Maintain CAP - Aids program expenditures at SFY03 Certified Budget levels	\$ 105,311
18	Maintain CAP - Disabled program expenditures at SFY03 Certified Budget levels	\$ 19,776,601
19	Maintain CAP - MR program expenditures at SFY03 Certified Budget levels	\$ 23,896,202
20	Maintain CAP - Children program expenditures at SFY03 Certified Budget levels	\$ 2,628,856
21	Reduce payments for prescription drugs from 90% to 85% of average wholesale price	\$ 16,382,660
22	Limit Personal Care Services to 3 hrs. per day and 60 hrs. per month	\$ 2,655,057
23	Limit Private Duty Nursing (lower alternative)	\$ 292,052
	TOTAL REDUCTION	\$ 126,824,881
	One - percent reduction in rate payments	\$ 9,358,569

Estimates Subject to Change Based on Future Projections

DIVISION OPTIONS FOR SFY 2002-03 RECURRING REDUCTIONS (VARYING PERCENTAGES)
Impact to State Appropriations Only
Summary with higher Alternatives

Division Name: Division of Medical Assistance
 Budget Code: 14445
 SFY 2002-03 Total Appropriations Required per current forecast:

\$ 2,545,367,731

	Calculated Dollar Value of Reduction	Percentage of Reduction
	\$ 152,722,064	6%
LIST OPTIONS BELOW:		
1	Define the "efficient Provider" for Nursing Facilities, Intermediate Care Facilities for the Mentally Retarded and Adult Care Home - Personal Care Services.	\$ 20,074,190
2	Contract for Home Health Supplies	\$ 1,614,626
3	Contract for Durable Medical Equipment	\$ 679,688
4	Contract for Home Infusion Therapy	\$ 107,341
5	Establish Prospective Rates for Home Health Services	\$ 3,589,472
6	Reduce Payments to Hospitals	\$ 20,810,909
7	Contract for prescription drugs supplied to Medicaid recipients in Nursing, Intermediate Care for the Mentally Retarded and Adult Care Home facilities.	\$ 4,212,622
8	Elimination of Chiropractic optional services	\$ 335,647
9	Elimination of Eyeglasses optional services	\$ 1,198,821
10	Elimination of Optometry optional services	\$ 1,241,737
11	Elimination of Podiatry optional services	\$ 539,559
12	Elimination of adult Dental optional services (higher alternative)	\$ 5,121,872
13	Modify eligibility coverage for low-income Work First families	\$ 425,561
14	Modify eligibility coverage for Pregnant Woman coverage for Minors	\$ 244,793
15	Modify eligibility coverage for Assets of the Aged & Disabled	\$ 3,028,281
16	Modify eligibility coverage for Asset Transfer Penalties for PCS recipients	\$ 423,959
17	Maintain CAP- Aids program expenditures at SFY03 Certified Budget levels	\$ 105,311
18	Maintain CAP - Disabled program expenditures at SFY03 Certified Budget levels	\$ 19,776,601
19	Maintain CAP - MR program expenditures at SFY03 Certified Budget levels	\$ 23,896,202
20	Maintain CAP - Children program expenditures at SFY03 Certified Budget levels	\$ 2,628,856
21	Reduce payments for prescription drugs from 90% to 85% of average wholesale price	\$ 16,382,660
22	Limit Personal Care Services to 3 hrs. per day and 60 hrs. per month	\$ 2,655,057
23	Limit Private Duty Nursing (higher alternative)	\$ 621,912
	TOTAL REDUCTION	\$ 129,715,677
	One - percent reduction in rate payments	\$ 9,358,569

Estimates Subject to Change Based on Future Projections

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Establish the "efficient provider" for services provided in the long-term care setting
Option 1 of 23 for SFY 02-03

Description of Option: By reviewing cost report information and correlating this information with patient needs, DMA could establish an operating profile of the "efficient provider". Payment amounts to providers would be based on the performance of this efficient provider serving patients with varying levels of needs. As such, costs would be reviewed to establish appropriate payment limits on the various cost categories and to limit adverse impacts due to low occupancy rates. Prospective payment rates then would promote cost effective decisions by providers and would reduce the influence of cost reimbursements insofar as such reimbursements currently affect future rate determinations. The separate payments for direct and indirect costs as well as the distinct payment for return on equity might be eliminated.

Program Impact if Option is Approved: Some providers may not be able to sustain operations and may go out of business.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536109	LTC - SNF SO & NSO	\$15,592,281
			53611	LTC - ICF - SO & NSO	\$16,089,690
			536113	LTC - ICF MRC, NSO	\$7,066,676
			536184	ACH - PCS - Basic	\$4,264,736
			636185	ACH - PCS - Enhanced	\$401,127
REQUIREMENTS					\$39,149,774
RECEIPTS					\$19,075,584
APPROPRIATIONS					\$20,074,190
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information
- Does this option require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Contract for Home Health Supplies
Option 2 of 23 for SFY 02-03

Description of Option: Home Health Supplies presently are paid by use of a fee schedule. This program includes items such as diapers, wound dressings and bandages. There is no restriction on the number of providers who may enroll in Medicaid to provide services. The current number of enrolled providers is 169. Contracting with fewer providers is expected to be less expensive than the current fee schedule. Successful bidding contractors would be assured of a market that is adequate in size to promote cost effective operations, and such cost effective operations should promote a lower cost for services. The contractor will have to assure appropriate service provisions to meet Medicaid recipient needs. Durable Medical Equipment and Home Infusion Therapy would be included in this contract.

Program Impact if Option is Approved: By using a limited number of providers under a contract there is a potential that other Medicaid enrolled providers may not be able to sustain operations and may go out of business..

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536129	Home Health	\$3,962,061
REQUIREMENTS					\$3,962,061
RECEIPTS					\$2,347,435
APPROPRIATIONS					\$1,614,626
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information..
- Does this option require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Contract for Durable Medicaid Equipment
Option 3 of 23 for SFY 02-03

Description of Option: Durable Medical Equipment is presently paid by the use of a fee schedule. There is no restriction on the number of providers who may enroll in Medicaid to provide services. The current number of enrolled providers is 4,270. Contracting with fewer providers is expected to be less expensive than the current fee schedule. Successful bidding contractors would be assured of a market that is adequate in size to promote cost effective operations, and such cost effective operations should promote a lower cost for services. The contractor will have to assure appropriate service provisions to meet Medicaid recipient needs. Home Infusion Therapy and Home Health supplies would be included in this contract.

Program Impact if Option is Approved: By using a limited number of providers under a contract there is a potential that other Medicaid enrolled providers may not be able to sustain operations and may go out of business.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536165	Durable Medical Equipment	\$1,778,254
REQUIREMENTS					\$1,778,254
RECEIPTS					\$1,098,566
APPROPRIATIONS					\$679,688
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Contract for Home Infusion Therapy
Option 4 of 23 for SFY 02-03

Description of Option: Home Infusion Therapy is presently paid by the use of a daily rate. There is no restriction on the number of providers who may enroll in Medicaid to provide services. The current number of enrolled providers is 365. Contracting with fewer providers is expected to be less expensive than the current rate schedule. Successful bidding contractors would be assured of a market that is adequate in size to promote cost effective operations, and such cost effective operations should promote a lower cost for services. The contractor will have to assure appropriate service provisions to meet Medicaid recipient needs. Durable Medical Equipment and Home Health supplies would be included in this contract.

Program Impact if Option is Approved: By using a limited number of providers under a contract there is a potential that other Medicaid enrolled providers may not be able to sustain operations and may go out of business.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536171	Home Infusion Therapy	\$277,082
REQUIREMENTS					\$277,082
RECEIPTS					\$169,741
APPROPRIATIONS					\$107,341
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this option require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Establish Prospective Rates for Home Health Services
Option 5 of 23 for SFY 02-03

Description of Option: Review costs of care and correlate these costs to the specific needs of recipients. Prospective rate payments would be based on a needs assessment that reflects these specific needs by recipient, and payment would be made to the provider based upon the assessment. Payment would no longer be tied to the number of provider visits but tied instead to the recipient's specific needs. Medicare has moved to a prospective (fixed amount) payment. The move has reduced Medicare cost without a deterioration in the level of patient care.

Program Impact if Option is Approved: No adverse impact is expected based on the Medicare experience.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536129	Home Health	\$10,956,874
					\$10,956,874
REQUIREMENTS					\$7,367,402
RECEIPTS					
APPROPRIATIONS					\$3,589,472
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes No If yes, provide additional information.
- Does this option require additional resources/reduced resources to another state agency? ___ Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Reduce Payments to Hospitals
Option 6 of 23 for SFY 02-03

Description of Option: Examine payments to Hospitals for inpatient, outpatient and emergency services and determine the least harmful reductions in payments which may be realized. Options to be considered include using waivers to reduce hospital costs associated with billing to Medicaid, implementing a revised outpatient/emergency payment method (currently paid at 80% of cost) to relate payment to service received or applying a 5% reduction to current payment rates. Some portion of reductions to be achieved may be offset by increases in supplemental payments which cover a portion of hospital deficits.

Program Impact if Option is Approved: Payments to hospitals do not reflect current costs. Reductions in total payments will reduce hospital receipts further. Because hospitals are expected to provide services to Medicaid recipients, the financial viability of some hospitals may be affected.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536101	Hospital Inpatient General	\$63,525,363
	1310	Medical Assist. Payments	536121	Hospital Outpatient General	\$11,776,795
REQUIREMENTS					\$63,525,363
RECEIPTS					\$42,714,454
APPROPRIATIONS					\$20,810,909
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ **X** ___ No If yes, provide additional information
- Does this option require additional resources/reduced resources to another state agency? ___ Yes ___ **X** ___ No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes ___ **X** ___ No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Contract for drugs used by Medicaid covered residents of Nursing, ICF-MR's and Adult Care Home Facilities

Option 7 of 23 for SFY 02-03

Description of Option: Utilize contract(s) to provide prescribed drugs to Medicaid recipients receiving services in the long-term care setting. There are more than 50,000 Medicaid recipients in nursing facilities, ICF-MR's, and Adult Care Homes at the present time. Prescription drug services are provided to this population through the regular drug program. Under this program, prescription drugs for these recipients are sourced from local retail pharmacies. Using a contract model, the Medicaid program would obtain a "best" price on prescription drugs for this recipient population. The contract model is a viable approach because the recipient population that resides in group settings is stable, as to location as well as length of stay. Assurances will have to be obtained to support initial supply and timely provision of medicines.

Program Impact if Option is Approved: The number of pharmacies providing services to Medicaid recipients may decrease.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536130	Prescription Drugs	\$12,859,042
REQUIREMENTS					\$12,859,042
RECEIPTS					\$8,646,420
APPROPRIATIONS					\$4,212,622
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___X___ No If yes, provide additional information.
- Does this option require additional resources/reduced resources to another state agency? ___ Yes ___X___ No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes ___X___ No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Elimination of Chiropractic optional services
Option 8 of 23 for SFY 02-03

Description of Option: Eliminate coverage for chiropractor services for adult Medicaid recipients. North Carolina Medicaid covers manual manipulation of the spine to correct subluxation which has resulted in a neuromusculoskeletal condition for which manipulation is appropriate and delivered by a duly licensed chiropractor. In an average month, 1,571 adult recipients received chiropractic services during SFY01 from 630 enrolled providers. Visits are included in the 24 – visit limit to medical providers.

Program Impact if Option is Approved: Elimination of this service is likely to decrease expenditures. To relieve symptoms however, some recipients may seek other treatment modalities such as medication, physical therapy or surgery.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536118	Chiropractic	\$1,047,008
REQUIREMENTS					\$1,047,008
RECEIPTS					\$711,361
APPROPRIATIONS					\$335,647
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Elimination of Eyeglasses Coverage optional services
Option 9 of 23 for SFY 02-03

Description of Option: Eliminate coverage for eyeglasses supplied for adult Medicaid recipients. Currently, North Carolina Medicaid covers one pair of eyeglasses once each year for recipients from birth to 24 years of age. One pair of eyeglasses is covered once every two years for recipients age 25 and older. In an average month, 12,138 adult recipients received eyeglasses during SFY01.

Program Impact if Option is Approved: As a result of this elimination, eyeglasses generally would not be available to low income adults. Because eyeglasses are sourced from the North Carolina Department of Corrections, that agency would lose revenue and job opportunities for inmates. This action could increase demands placed on the Division of Services for the Blind by a small number of clients who would be eligible for that agency's services.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536117	Optical Supplies	\$3,739,568
REQUIREMENTS					\$3,739,568
RECEIPTS					\$2,540,747
APPROPRIATIONS					\$1,198,821
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Elimination of Optometry optional services
Option 10 of 23 for SFY 02-03

Description of Option: Eliminate coverage of optometry services for adult Medicaid recipients. Currently, North Carolina Medicaid covers one visual exam each year for recipients from birth to 24 years of age. One visual exam is covered every two years for recipients age 25 and older. In an average month, 9,607 recipients received optometry services during SFY01.

Program Impact if Option: Elimination of this service is likely to reduce expenditures. However, some recipients may seek eye exams from Ophthalmologists. Some health problems might go unnoticed because most recipients will forego routine eye examinations.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536119	Optical	\$3,873,437
REQUIREMENTS					\$3,873,437
RECEIPTS					\$2,631,700
APPROPRIATIONS					\$1,241,737
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Elimination of Podiatry optional services
Option 11 of 23 for SFY 02-03

Description of Option: Eliminate coverage of podiatry services for adult Medicaid recipients. Currently, North Carolina Medicaid covers trimming of nails and routine foot care only when there is a medical condition. Surgical treatments to the foot and ankle are covered also. Trimming of nails and routine foot care is not covered by Medicaid in the absence of a medical condition. In an average month, 5,287 adult recipients received services from 259 enrolled podiatrists during SFY01. Visits are included in the 24 – limit to medical providers.

Program Impact if Option is Approved: Elimination of the podiatric provider specialty is likely to reduce expenditures. Most surgeries will be performed still, but by enrolled physicians. Nursing facilities may see a shift in demand to perform podiatric tasks for some patients.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536120	Podiatry	\$1,683,084
REQUIREMENTS					\$1,683,084
RECEIPTS					\$1,143,525
APPROPRIATIONS					\$539,559
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Elimination of Adult Dental optional services (more extensive)
Option 12 of 23 for SFY 02-03

Description of Option: This is the first of two alternatives for this option. Under this alternative, approximately one-half of adult dental services, including all denture services, would be eliminated. As a result, remaining coverage would include basic preventative and restorative procedures as well as most emergency dental needs of the adult population.

Program Impact if Option is Approved As a result of alternative #2, it is likely that expenditures would be reduced by approximately 50%. Some savings would be offset by emergency services for people who develop pain and infections. Only pain medications and antibiotics are distributed during emergency visits and no definitive treatment is rendered. Since root canal therapy would be eliminated, more extractions are likely. Potential confusion as to which dental procedures are covered and which are not might result in an increased administrative burden and some providers might cease participation. Access to dental care might become more difficult.

In an average month, approximately 19,500 recipients received dental care during SFY01.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536116	Dental	\$15,634,530
REQUIREMENTS					\$15,634,530
RECEIPTS					\$10,512,658
APPROPRIATIONS					\$5,121,872
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Elimination of Adult Dental optional services (less extensive)
Option 12 of 23 for SFY 02-03

Description of Option Reduction: This is the second of two alternatives for this option. Under this alternative, adult denture services would be eliminated.

Program Impact if Option is Approved

As a result of this alternative, it is likely that expenditures would be reduced by approximately 25%. Concerns would be raised because denture services are considered to be basic rehabilitative services for adults,

In an average month, approximately 19,500 recipients received dental care during SFY01.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536116	Dental	\$7,817,265
REQUIREMENTS					\$7,817,265
RECEIPTS					\$5,256,329
APPROPRIATIONS					\$2,560,936
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Modify optional eligibility coverage for low-income Work First families
Option 13 of 23 for SFY 02-03

Description of Option: Federal law requires states to provide up to 12 months of Medicaid coverage when low-income families lose Work First coverage due to earnings. The North Carolina Medicaid program has opted to provide up to 24 months of coverage by excluding earnings for an additional 12 months.

Program Impact if Option is Approved: If the additional 12 months coverage is eliminated, families will receive still the federal Transitional Medicaid benefits. This modification ultimately could effect 51,000 individuals. Eligibles would be reduced by 1,528 in the first year, assuming an implementation date of 10/01/02.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments			\$1,299,026
REQUIREMENTS					\$1,299,026
RECEIPTS					\$873,465
APPROPRIATIONS					\$425,561
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Modify optional Pregnant Woman eligibility coverage for Minors (count parental income)
Option 14 of 23 for SFY 02-03

Description of Option: Under current policy, the North Carolina Medicaid program does not consider parental income when determining eligibility for pregnant woman coverage for minors. As a result, there is no upper limit on family income associated with this benefit.

Program Impact if Option is Approved: If the option is eliminated, parental income will be recognized and pregnant minors whose parents' income is greater than 185% of the federal poverty level will not qualify for Medicaid. Assuming an implementation date of 10/01/02, approximately 650 minors will lose eligibility in the first year.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments			\$793,746
REQUIREMENTS					\$793,746
RECEIPTS					\$548,953
APPROPRIATIONS					\$244,793
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Modify optional eligibility coverage regarding Assets of the Aged & Disabled
Option 15 of 23 for SFY 02-03

Description of Option: Currently, real property held under a life estate or as tenancy-in-common is not considered as a countable asset when determining Medicaid coverage. Under this option, a value would be established for this type of asset, and it would be considered in the eligibility determination. In addition, equity values in excess of \$6,000 on income producing property is recognized as an asset by SSI in determining eligibility for benefits. At present, North Carolina disregards all equity value in income producing property. The state could adopt the SSI method for aged, blind and disabled applicants.

Program Impact if Option is Approved: Approximately 3,000 individuals would be determined ineligible for benefits, assuming a 10/01/02 implementation date. This change is likely to impact nursing facility residents disproportionately

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments			\$9,438,113
REQUIREMENTS					\$9,438,113
RECEIPTS					\$6,409,832
APPROPRIATIONS					\$3,028,281
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Modify optional eligibility coverage for Transfer of Assets Penalty for Personal Care Services
Option 16 of 23 for SFY 02-03.

Description of Option: Federal law permits states to impose transfer of asset penalties for applicants or recipients who reside at home and receive personal care services. During a penalty period, the individual is ineligible to receive Personal Care Services (PCS) at home but otherwise remains eligible for Medicaid benefits.

Program Impact if Option is Approved: The number of eligible individuals would not be reduced by this policy change. This requirement would result in delays in PCS coverage start dates as applicants use their own resources or wait out the penalty period prior to PCS coverage.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments			\$1,321,336
REQUIREMENTS					\$1,321,336
RECEIPTS					\$897,377
APPROPRIATIONS					\$423,959
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Maintain the Community Alternatives Programs (CAP) Aids program at SFY03 Certified Budget expenditure levels.
Option 17 of 23 for SFY 02-03

Description of Option: CAP/AIDS is a statewide home and community based services (HCBS) waiver program that provides a cost-effective alternative to institutional care for persons with AIDS as well as children who are HIV-positive and meet other criteria. The person must live in a private residence. CAP/AIDS is a cooperative effort with the Division of Public Health. CAP/AIDS offers a number of services designed to support care in the home. The overall cost of the home care services must be within a cost limit that is related to the Medicaid cost for nursing facility care. The program's services and cost limits are modeled after the Community Alternatives Program for Disabled Adults.

CAP/AIDS expenditures for SFY 03 are currently projected to exceed the SFY 03 certified budget by 62%. Medicaid paid for CAP/AIDS services for 43 individuals in calendar year 2001. CAP/AIDS In-Home Aide Services account for 82% of the program expenditures.

Attempting to achieve a 62% reduction would effectively eliminate the program. A reduction of approximately 15% can be achieved by applying the same limitations identified for CAP/DA. These include:

1. Impose a freeze on CAP/AIDS participation.
2. Reduce the monthly average cost limit on services to 70% of the average nursing facility rate. (The limit is currently 90% of the average NF rate.)
3. Limit In-Home Aide Services to no more than 115 hours per month.

The CAP program would be maintained at SFY03 Certified Budget levels.

Program Impact if Option is Approved: Imposition of the proposal will have two primary effects:

1. The freeze will limit the community care option to those individuals facing nursing home placement with the potential to increase Medicaid costs for institutional care. It also negatively impacts the ability of the local case management agencies to maintain the cash flow to support their operations. This threatens the long term viability of the program.
2. The service limits will require some individuals to leave the program or adversely affect their health. Approximately 41% of the clients will experience a reduction in In-Home Aide Services. This may lead to increased Medicaid expenditures for both acute and long term care services. In addition, there will be an increased pressure on the other limited resources available to persons with AIDS.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536127	CAP - Aids	\$328,505
REQUIREMENTS					\$328,505
RECEIPTS					\$223,194
APPROPRIATIONS					\$105,311
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Maintain the Community Alternatives Programs (CAP) Disabled program at SFY03 Certified Budget expenditure levels.
Option 18 of 23 for SFY 02-03

Description of Option: CAP/DA is a home and community based services (HCBS) waiver program that provides a cost-effective alternative to nursing facility care for persons who are 18 years of age or older and live in a private residence. The program is a county option and operated locally by a lead agency designated by the county commissioners. CAP/DA offers a number of services designed to support care in the home. The overall cost of the home care services must be within a cost limit that is related to the Medicaid cost for nursing facility care.

CAP/DA expenditures for SFY 03 are currently projected to exceed the SFY 03 certified budget by 21%. The following options have been identified to keep expenditures within the certified budget:

1. Continue the freeze on CAP/DA participation.
2. Reduce the monthly average cost limit on services to 70% of the average nursing facility rate. (The limit is currently 90% of the average NF rate.)
3. Limit In-Home Aide Services to no more than 115 hours per month. In-Home Aide Services account for 90% of CAP/DA expenditures. Currently, clients average 137 hours of In-Home Aide Services per month. There were 298 agencies that provided these services to 12,404 clients during the first eight months of SFY 02.

Program Impact if Option is Approved: Imposition of the proposal will have two primary effects:

1. The continuation of the freeze will limit the community care option to those individuals facing nursing home placement with the potential to increase Medicaid costs for institutional care. It also negatively impacts the ability of the local case management agencies to maintain the cash flow to support their operations. This threatens the long term viability of the program.
2. The service limits will require some individuals to leave the program or adversely affect their health. Approximately 73% of the clients will experience a reduction in In-Home Aide Services. This may lead to increased Medicaid expenditures for both acute and long term care services. In addition, there will be an increased demand for non-Medicaid services such as adult day care, meals on wheels and aide services funded with block grant funds.

Budgetary Information:

Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
1310	Medical Assist. Payments	536159	CAP - Disabled	\$60,368,135
REQUIREMENTS				\$60,368,135
RECEIPTS				\$40,591,534
APPROPRIATIONS				\$19,776,601
NO. OF POSITIONS				

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. — Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Maintain the Community Alternatives Programs (CAP) MR program at SFY03 Certified Budget expenditure levels.

Option 19 of 23 for SFY 02-03

Description of Option Reduction: DMH/DD/SAS is in the process of developing a revised set of waivers which are intended to strengthen utilization management and revise service definitions to assure payment is being authorized for the least restrictive most cost-efficient service. In addition more training and staff time will be devoted to quality assurance and provider monitoring. It is recognized that some time will be needed to put all of these processes in place. DMH/DD/SAS will hold state DD funds in reserve to cover the difference between the state certified budget amount for Medicaid and any actual growth experienced beyond that amount. In addition the slots will remain frozen until growth moderates.

Program Impact if Option is Approved: The continuation of the freeze will limit the community care option to those individuals facing ICF/MR placement with the potential to increase Medicaid costs for institutional care. It also negatively impacts the ability of the local case management agencies to maintain the cash flow to support their operations. This threatens the long-term viability of the program.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536160	CAP - MR	\$72,943,230
REQUIREMENTS					\$72,943,230
RECEIPTS					\$49,047,028
APPROPRIATIONS					\$23,896,202
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Maintain the Community Alternatives Programs (CAP) Children program at SFY03 Certified Budget expenditure levels.

Option 20 of 23 for SFY 02-03

Description of Option: CAP – Children is a home and community based services (HCBS) waiver program that provides a cost-effective alternative to nursing facility care for persons who are less than 18 years of age and live in a private residence. The program is a county option and operated locally by a lead agency designated by the county commissioners. CAP/DA offers a number of services designed to support care in the home. The overall cost of the home care services must be within a cost limit that is related to the Medicaid cost for nursing facility care.

CAP – Children expenditures for SFY 03 are currently projected to exceed the SFY 03 certified budget by 53%. To keep expenditures within the certified budget, an option is to continue the freeze on CAP – Children participation.

Program Impact if Option is Approved: The continuation of the freeze will limit the community care option to those individuals facing institutional placement with the potential to increase Medicaid costs for institutional care. It also negatively impacts the ability of the local case management agencies to maintain the cash flow to support their operations. This threatens the long-term viability of the program.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536161	CAP - Children	\$8,024,591
REQUIREMENTS					\$8,024,591
RECEIPTS					\$5,395,735
APPROPRIATIONS					\$2,628,856
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Reduce the allowable cost of drugs to Average Wholesale Price less 15% from the current allowable limit of Average Wholesale Price less 10%.

Option 21 of 23 for SFY 02-03

Description of Option: Surveys conducted by the Department of Health and Human Services consistently demonstrate that the cost of drugs to the dispensing pharmacy is considerably lower than the current AWP less 10%. The average discount appears to be 20%, this approach would limit the discount to AWP-15% as all pharmacy providers may not be able to obtain the higher discount.

Program Impact if Option is Approved: The number of pharmacies participating in the Medicaid program may decline.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536130	Prescription Drugs	\$51,072,760
REQUIREMENTS					\$51,072,760
RECEIPTS					\$34,690,100
APPROPRIATIONS					\$16,382,660
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ **X** ___ No If yes, provide additional information.
- Does this option require additional resources/reduced resources to another state agency? ___ Yes ___ **X** ___ No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes ___ **X** ___ No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Limit Coverage of Personal Care Services (PCS)
Option 22 of 23 for SFY 02-03

Description of Option: Limit coverage of Personal Care Services (in private residences) to no more than 3 hours per day and 60 hours per month. The North Carolina Medicaid program currently allows 3 1/2 hours per day and 80 hours per month. The 3 1/2 hour daily limit was imposed effective January 1, 2002. PCS in private residences pays for an aide to perform personal care tasks for the patient who, due to a medical condition, needs help with such activities as bathing, toileting, moving about and keeping track of vital signs. During the course of a visit to assist with personal care, the aide may also perform housekeeping and home management tasks that are essential, although secondary to the personal care tasks necessary for maintaining the patient's health. During the first six months of SFY 2002, Medicaid paid for services for an average of 15,722 individuals per month. There were 401 providers paid for the service.

Program Impact if Option is Approved Imposition of these limits is likely to decrease expenditures for PCS by approximately 10 percent. At least 50% of PCS recipients will have services reduced by the new limits. This may lead to increased expenditures for other Medicaid services, including Home Health Services and institutional care. Implementation of these limits also will increase the pressure to expand the Community Alternatives Programs.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536184	ACH - PCS - Basic	\$8,104,570
REQUIREMENTS					\$8,104,570
RECEIPTS					\$5,449,513
APPROPRIATIONS					\$2,655,057
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes X No If yes, provide additional information.
- Does this option require additional resources/reduced resources to another state agency? ___ Yes X No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes X No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Limit Private Duty Nursing (more extensive)
Option 23 of 23 for SFY 02-03

Description of Option: PDN is medically necessary continuous, substantial and complex nursing services by a licensed nurse (RN or LPN) that is needed by a patient for care in the patient's home. It is for patients of all ages who live in private residences. Medicaid pays for up to 24 hours per day of care of unlimited duration based on documented medical necessity. The service is prior approved by DMA. During the first six months of SFY 2002, Medicaid paid for services for 101 individuals 21 years of age and older at a cost of \$8 million. There were 53 providers paid for the service.

This option limits coverage of Private Duty Nursing (PDN) for individuals 21 years of age and older to those persons who qualify for nursing facility ventilator level care. Services would be limited to no more than 10 hours per day. The 10 hour daily limit keeps the cost of PDN equivalent to the Medicaid cost of nursing facility ventilator care. It is similar to the basis for the Community Alternatives Programs in that Medicaid will not pay more for home care than institutional care.

Impact:

Program Impact if Option is Approved: Imposition of the limit is likely to decrease expenditures for PDN though some of the decrease may be offset by increased expenditures for other Medicaid services, primarily home care and institutional care. Approximately 50% of PDN patients will lose the coverage and the balance will have coverage reduced. This will drive some individuals into institutional care and such care may not be readily available. Many patients will be difficult, if not impossible, to place because of their high level and unique care needs. The majority of the patients are under 55 years of age. These patients who can be placed will have to adapt to an institutional environment often more suited to the elderly.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536109	LTC - SNF SO & NSO	(\$1,096,754)
			536129	Home Health	\$3,036,729
REQUIREMENTS					\$1,939,975
RECEIPTS					\$1,318,063
APPROPRIATIONS					\$621,912
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? ___ Yes ___ X ___ No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? ___ Yes ___ X ___ No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? ___ Yes ___ X ___ No If yes, what is the title of the capital improvement project and the projected completion date?

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

**SFY 2002-03 BUDGET REDUCTIONS - DHHS DIVISION OPTIONS
DETAIL WORKSHEETS**

Name of Division/Institution: Division of Medical Assistance

Title of Option: Limit Private Duty Nursing (less extensive)
Option 23 of 23 for SFY 02-03

Description of Option: PDN is medically necessary continuous, substantial and complex nursing services by a licensed nurse (RN or LPN) that is needed by a patient for care in the patient's home. It is for patients of all ages who live in private residences. Medicaid pays for up to 24 hours per day of care of unlimited duration based on documented medical necessity. The service is prior approved by DMA. During the first six months of SFY 2002, Medicaid paid for services for 101 individuals 21 years of age and older at a cost of \$8 million total dollars. There were 53 providers paid for the service.

This option limits the number of hours of Private Duty Nursing (PDN) for individuals 21 years of age and older to no more than 16 hours per day with the following exceptions:

1. Allow up to 24 hours per day for 21 days post-hospital to allow training of caregivers;
2. Allow up to 24 hours per day for no more than 14 consecutive days if the patient's caregiver experiences a personal medical emergency that renders the caregiver temporarily unable to provide care. The caregiver's physician must document the medical emergency.

The use of the above exceptions is limited to a total of 45 days per State fiscal year.

Program Impact if Option is Approved: Imposition of the limit is likely to decrease expenditures for PDN though some of the decrease may be offset by increased expenditures for other Medicaid services, primarily home care and institutional care. At least 40% of adult PDN patients will have services reduced by the new limits. It will drive some individuals into institutional care and such care may not be readily available. Many patients will be difficult, if not impossible, to place because of their high level and unique care needs. The majority of the patients are under 55 years of age. These patients who can be placed will have to adapt to an institutional environment often more suited to the elderly.

Budgetary Information:

	Fund Number(s)	Fund Title(s)	Account Number	Account Title	Reduction 2002-03
	1310	Medical Assist. Payments	536129	Home Health	\$911,019
REQUIREMENTS					\$911,019
RECEIPTS					\$618,967
APPROPRIATIONS					\$292,052
NO. OF POSITIONS					

Other Considerations

- Are statutory changes or special provisions required to implement? Yes No If yes, provide additional information. -- Would require State Plan and APA changes
- Does this option require additional resources/reduced resources to another state agency? Yes No If yes, name the agency and the funds required/reduced.
- Does this option relate to a capital improvement project? Yes No If yes, what is the title of the capital improvement project and the projected completion date?
-

ESTIMATES SUBJECT TO CHANGE BASED ON FUTURE PROJECTIONS

Joint Appropriations Subcommittee on Health and Human Services

Minutes
April 30, 2002
1:00 PM

The North Carolina Appropriations Subcommittee on Health and Human Services met jointly with the Senate on April 30, 2002 at 1:00 pm in Room 643 of the Legislative Office Building. The following members were present: Representative Beverly Earle, Co-Chair, Representative Edd Nye, Co-Chair, Representative Debbie Clary, Representative Billy Creech, Representative Walter Church, Representative Verla Insko, Representative Theresa Esposito, and Representative Mark Crawford. Four Senators were present.

Representative Beverly Earle opened the meeting, by asking the Co-Chairs of the committee to give opening remarks.

Medicaid

Lanier Cansler, Deputy Secretary of Health and Human Services presented to the committee the forecast of the Medicaid Program. The financial forecast for fiscal year 2002-2002 has been modified to reflect a budgetary shortfall of \$27,603,248 over and above the state funding increase of approximately \$266 million established in Senate Bill 1005. Funds available to the Medicaid Trust Fund are anticipated sufficient to cover this shortfall. He stated that the Medicaid budget forecast has been modified to reflect a budgetary shortfall of \$109,723,210 over and above the additional state funding increase of approximately \$246 million in the second year of the biennium established in Senate Bill 1005. Mr. Cansler discussed the growth trends in the Medicaid program are believed to have been impacted by a slowing of the growth in Medicaid eligible, the implementation of cost reduction measures, and the new focus on dealing with the long-term Medicaid funding challenge and increased awareness among health care providers.

(See Attachment 2)

The budget reduction options set forth in this presentation by Carmen Hooker Odom, Secretary of Health and Human Services, are options presented at the request of the Governor to assist in dealing with the state's budget crisis. The Medicaid budget reduction options may be divided into four basic categories; **(1) modification of rates paid and contractual relationships with providers, (2) elimination or reduction of selected optional services, (3) modification of eligibility guidelines for certain optional eligible, and (4) maintenance of CAP programs at state fiscal year 2002-03 budgeted levels. These are just reduction options, not recommendations.** (See Attachment 2)

The Department of Health and Human Services was instructed to identify recurring budget reduction options ranging from 7% to 11% of fiscal year 2002-03 appropriations. The options set forth in the presentation represent 11% reductions for non-Medicaid appropriations and over 5% reduction for Medicaid appropriations.

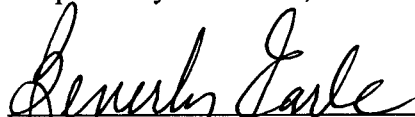
**Budget Reduction Options
Health and Human Services**

The budget reduction options set forth in the presentation presented the by Department of Health and Human Services are options presented at the request of the Governor to help in dealing with the state's budget crisis. These options are not to be considered recommendations by the department, as the reductions would impact the ability of the department to manage or continue many important services for North Carolina's most vulnerable citizens. The governor has made no recommendations with respect to any of the options in this presentation. In developing the budget reduction options, the departmental divisions were instructed to consider the following, **(1) the core/critical mission of the division, (2) federal maintenance of effort (MOE), and (3) the impact on local government. See Attachment 4 for budget reduction options.**

A Question and Answer session was done at this time.

The Co-Chairs made closing remarks and the meeting was adjourned.

Respectfully submitted,



Presiding, Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

Ann Raeford, Committee Assistant

Attachments

Attachment 1
Attachment 2
Attachment 3
Attachment 4
Attachment 5

Agenda
Medicaid
CAP Program
Budget Reduction Options
Visitor's Registration

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Tuesday, April 30, 2002

1:00 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Department of Health and Human Services Division of Medical Assistance 2002-2003 Budget Options

Carmen Hooker Odom, Secretary
Lanier Cansler, Deputy Secretary

Committee Discussion

Next Meeting

Adjourn

2

North Carolina
Department of
Health and Human Services



MEDICAID

**Presentation to The Joint Appropriations Subcommittee on
Health and Human Services - April 30, 2002**

The Division of Medical Assistance



MEDICAID

APRIL 2002

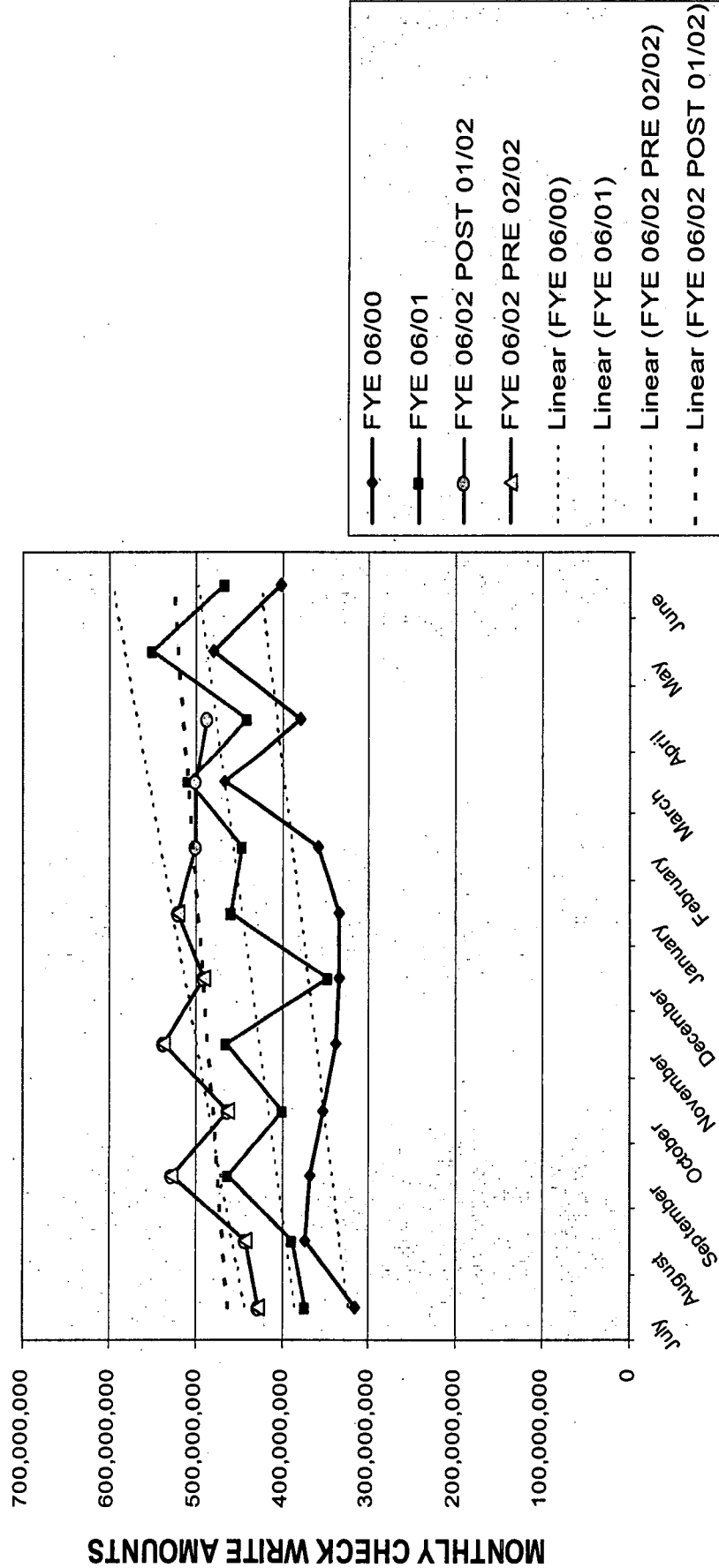
FINANCIAL FORECAST



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MONTHLY CHECKWRITES AND TRENDS





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New Medicaid Budget Forecasts Based on

Recent Trends . . .

- Fiscal Year 2001-2002 Forecast has been modified to reflect a budgetary shortfall of **\$27,603,248** over and above the state funding increase of approximately \$266 million established in Senate Bill 1005.
- Funds available to the “Medicaid Trust Fund” are anticipated sufficient to cover this shortfall.



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New Medicaid Budget Forecasts Based on

Recent Trends . . .

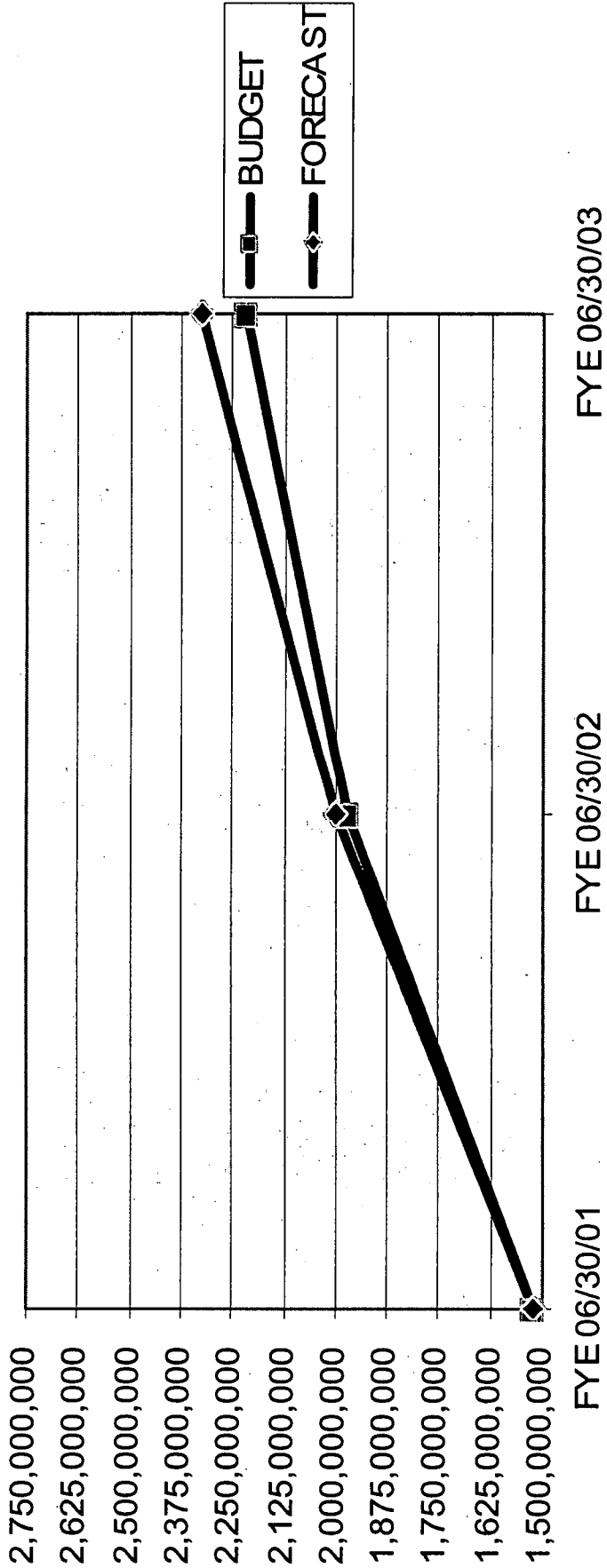
- Fiscal Year 2002-2003 Forecast has been modified to reflect a budgetary shortfall of **\$109,723,210** over and above the additional state funding increase of approximately \$246 million in the second year of the biennium established in Senate Bill 1005.



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BUDGET versus FORECAST





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The Growth Trends in the Medicaid Program are believed to have been impacted by . . .

- **A slowing of the growth in Medicaid Eligibles**
- **Implementation of Cost Reduction Measures**
- **New focus on dealing with the long-term Medicaid funding challenge and increased awareness among health care providers**



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The slowing of the growth in Medicaid Eligibles has impacted the Financial Forecasts for the current year and next fiscal year . . .

- Current year average number of Eligibles was originally projected to rise to 1,018,559, almost 71,000 above budgeted levels
- Growth in Eligibles began to slow early in 2002, resulting in a new forecasted average Medicaid population of 982,718 for the current year, approximately 35,000 above budgeted levels, but almost 36,000 less than the earlier forecast.



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The slowing of the growth in Medicaid Eligibles has impacted the Financial Forecasts for the current year and next fiscal year . . .

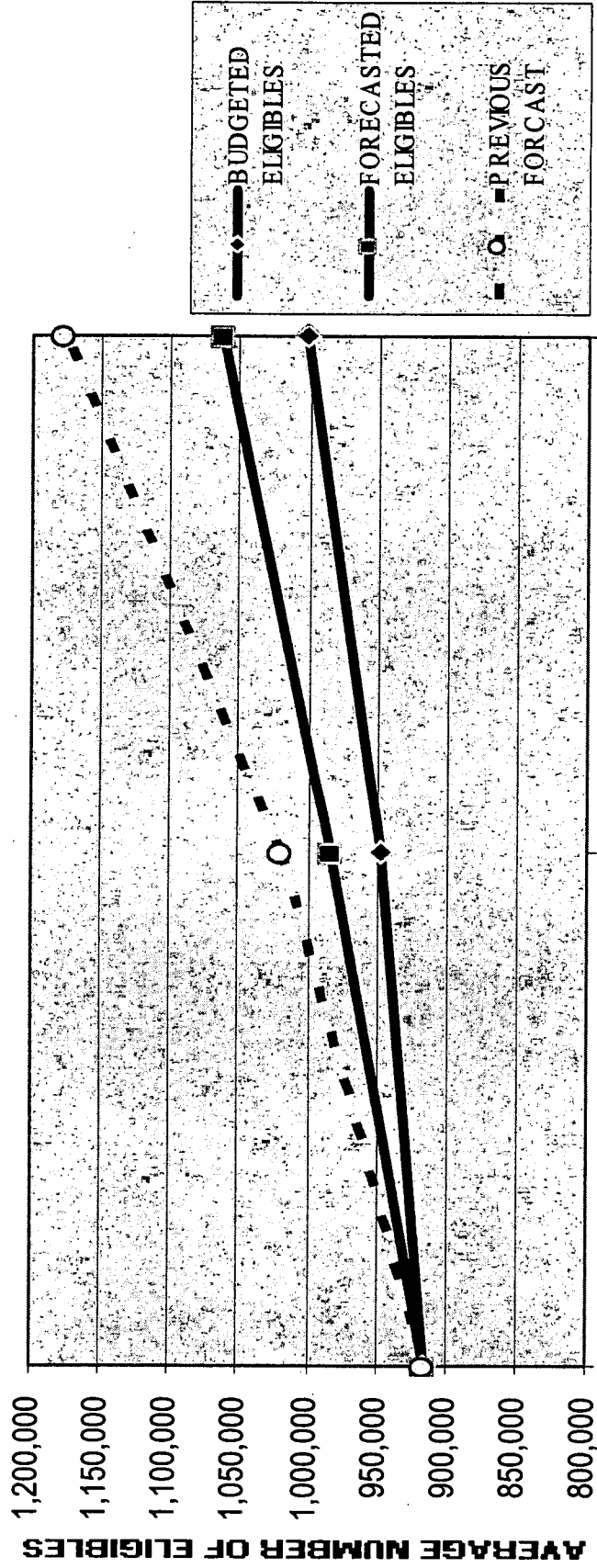
- The average number of Medicaid Eligibles projected for State Fiscal Year ending June 2003 was 1,176,908, based upon program growth experienced in 2001.
- Based upon the slower growth rate currently being experienced, the new Financial Forecasts consider growth to an average number of 1,063,249 during next fiscal year, almost 62,000 more than budgeted, but over 113,000 less than the earlier forecast.



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BUDGET versus FORECAST



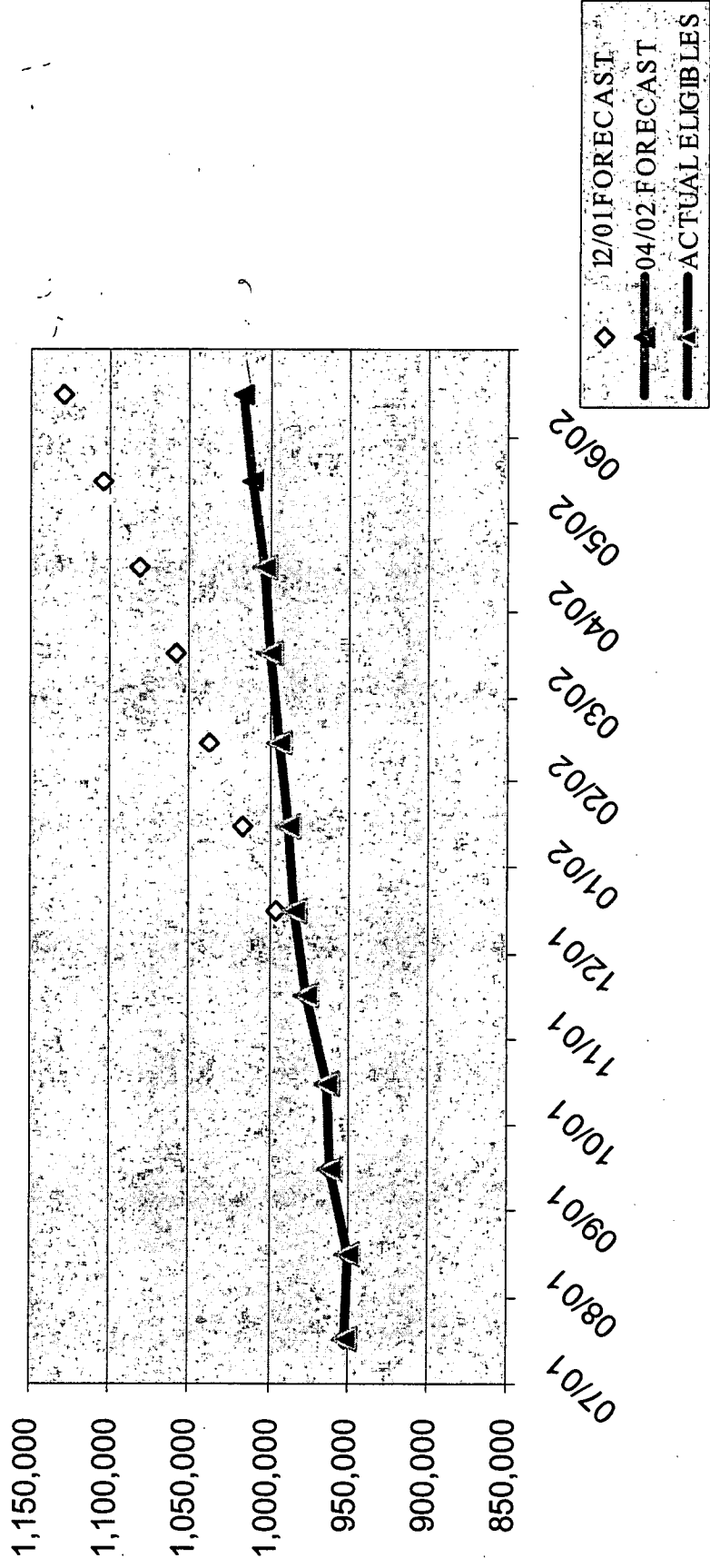
FYE 06/30/01 FYE 06/30/02 FYE 06/30/03



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MONTHLY GROWTH IN ELIGIBLES





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WARNING

Just as the trends in the growth of Eligibles in the Medicaid Program changed positively early this year, the trends could just as quickly move again in the opposite direction. For example, the Social Security Administration just announced that as part of an outreach effort it will be mailing notices to over 500,000 North Carolina residents about their potential eligibility for Medicaid. The Department of Health and Human Services will be constantly monitoring changing trends so as to advise and deal with changing budgetary requirements.

The Division of Medical Assistance



MEDICAID BUDGET REDUCTION OPTIONS



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THE BUDGET REDUCTION OPTIONS SET FORTH IN THIS PRESENTATION ARE OPTIONS PRESENTED AT THE REQUEST OF THE GOVERNOR TO ASSIST IN DEALING WITH THE STATE'S BUDGET CRISIS. THESE OPTIONS ARE NOT TO BE CONSIDERED RECOMMENDATIONS BY THE DEPARTMENT AS THESE REDUCTIONS WOULD POTENTIALLY IMPACT THE ACCESS AND QUALITY OF MEDICAL CARE DELIVERED TO NORTH CAROLINA'S MOST VULNERABLE CITIZENS. THE GOVERNOR HAS MADE NO RECOMMENDATIONS WITH RESPECT TO ANY OF THE OPTIONS IN THIS PRESENTATION.



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The following should be considered while

reviewing these budget reduction options . . .

- The amounts reflected as budget reductions include only state dollars. The actual total dollar impact on providers, etc., would be increased by funds provided by the federal and county governments.
- The aggregate state savings resulting from implementation of all of the options would be \$ 129,715,677 based upon cost projections prepared in December 2001. Information from the new forecasts indicates the savings would be less with respect to some of the options.



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The Medicaid Budget Reduction Options may be divided into four basic categories . . .

- **MODIFICATION OF RATES PAID AND CONTRACTUAL RELATIONSHIPS WITH PROVIDERS**
- **ELIMINATION OR REDUCTION OF SELECTED “OPTIONAL SERVICES”**
- **MODIFICATION OF ELIGIBILITY GUIDELINES FOR CERTAIN “OPTIONAL ELIGIBLES”**
- **MAINTENANCE OF CAP PROGRAMS AT STATE FISCAL YEAR 2002-03 BUDGETED LEVELS**



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MODIFICATION OF RATES PAID AND CONTRACTUAL RELATIONSHIPS WITH PROVIDERS

- Reduce Payments to Hospitals \$ 20,810,909
- Define "Efficient Provider" for Nursing Facilities, Intermediate Care Facilities for Mentally Retarded, and Adult Care Home Personal Care Services \$ 20,074,190
- Reduce Payments for Prescription Drugs from 90% to 85% of AWP \$ 16,382,660



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MODIFICATION OF RATES PAID AND CONTRACTUAL RELATIONSHIPS WITH PROVIDERS

(CONTINUED)

- Contract for Prescription Drugs supplied
in Nursing, IMF-MR, and Adult Care
Home facilities \$ 4,212,622
- Establish Prospective Rates for Home
Health Services \$ 3,589,472
- Contract for Home Health Supplies \$ 1,614,626



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MODIFICATION OF RATES PAID AND CONTRACTUAL RELATIONSHIPS WITH PROVIDERS

(CONTINUED)

- Contract for Durable Medical Equipment \$ 679,688
- Contract for Home Infusion Therapy \$ 107,341



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ELIMINATION OR REDUCTION OF SELECTED

“OPTIONAL SERVICES”

- Elimination of Adult Dental Services \$ 5,121,872
- Limit Personal Care Services to 3 hours per day and 60 hours per month \$ 2,655,057
- Elimination of Optometry Services \$ 1,241,737
- Elimination of Eyeglasses Services \$ 1,198,821
- Limit Private Duty Nursing Services \$ 621,912



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ELIMINATION OR REDUCTION OF SELECTED

“OPTIONAL SERVICES”

(CONTINUED)

- Elimination of Podiatry Services \$ 539,559
- Elimination of Chiropractic Services \$ 335,647



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MODIFICATION OF ELIGIBILITY GUIDELINES FOR CERTAIN "OPTIONAL ELIGIBLES"

- Modify Eligibility Coverage for Assets of the Aged and Disabled \$ 3,028,281
- Modify Eligibility Coverage for Low-Income Work First Families \$ 425,561
- Modify Eligibility Coverage for Asset Transfer Penalties for Personal Care Service Recipients \$ 423,959



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MODIFICATION OF ELIGIBILITY GUIDELINES FOR CERTAIN "OPTIONAL ELIGIBLES"

(CONTINUED)

- Modify Eligibility Coverage for Pregnant
Women Coverage for Minors \$ 244,793



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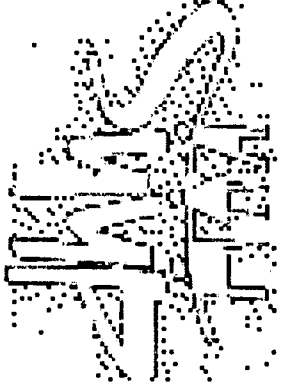
The Division of Medical Assistance

MAINTENANCE OF CAP PROGRAMS AT STATE FISCAL YEAR 2002-03 BUDGETED LEVELS

• CAP - Mental Retardation	\$ 23,896,202
• CAP - Disabled Adults	\$ 19,776,601
• CAP - Children	\$ 2,628,856
• CAP - Aids	\$ 105,311

SFY 2002-2003

	<u>CAP - AIDS</u>	<u>CAP - DA</u>	<u>CAP - MR</u>	<u>CAP - CHILDREN</u>
Requirements - Projected Budget - SFY 02-03	\$548,469	\$254,652,974	\$301,709,789	\$23,537,705
Requirements - Certified Budget	\$219,964	\$194,284,839	\$228,766,559	\$15,513,114
Total Recommendation for Reduction	\$328,505	\$60,368,135	\$72,943,230	\$8,024,591
Reduction as a % of Projected Budget	59.89%	23.71%	24.18%	34.09%
State Appropriation Reduction	\$105,311	\$19,776,601	\$23,896,202	\$2,628,856



North Carolina Department of Health and Human Services

**Presentation to the Joint Subcommittees on
Health and Human Services**

APRIL 24, 2002

BUDGET REDUCTION OPTIONS



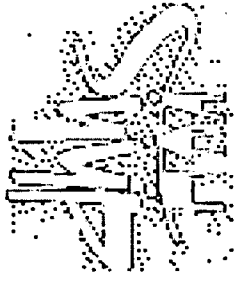
THE BUDGET REDUCTION OPTIONS SET FORTH IN THIS PRESENTATION ARE OPTIONS PRESENTED AT THE REQUEST OF THE GOVERNOR TO ASSIST IN DEALING WITH THE STATE'S BUDGET CRISIS. THESE

OPTIONS ARE NOT TO BE CONSIDERED RECOMMENDATIONS BY THE DEPARTMENT AS THESE REDUCTIONS WOULD IMPACT THE ABILITY OF THE DEPARTMENT TO MANAGE OR CONTINUE MANY IMPORTANT SERVICES FOR NORTH CAROLINA'S MOST VULNERABLE CITIZENS. THE GOVERNOR HAS MADE NO RECOMMENDATIONS WITH RESPECT TO ANY OF THE OPTIONS IN THIS PRESENTATION.



North Carolina Department of Health and Human Services

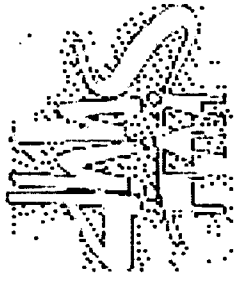
Fiscal Year 2001-02 Budget Adjustments	\$ 77,681,618
Office of the Secretary / Central Administration	\$ (4,097,655)
“More at Four”	0
Division of Aging	29,825,449 (293,539)
Division of Child Development	349,713,681 (60,655,285)
Office of Education Services	77,290,419 (7,708,894)
Division of Facility Services	16,584,502 (1,142,266)
Health Choice	24,987,142 8,000,000
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	583,127,626 (2,058,999)
Division of Public Health	112,142,547 (4,708,464)
Divisions of Services for the Blind / Deaf and Hard of Hearing	10,344,149 (166,034)
Division of Social Services	192,948,114 (5,257,877)
Division of Vocational Rehabilitation	41,827,726 261,230
Division of Medical Assistance	1,987,547,863 (6,310,335)



BUDGET REDUCTION OPTIONS

The Department of Health and Human Services was instructed to identify recurring budget reduction options ranging from 7% to 11% of Fiscal Year 2002-03 Appropriations.

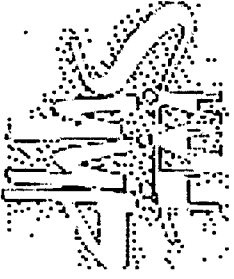
The options set forth in this presentation represent 11% reductions for non-Medicaid appropriations and over 5% reductions for Medicaid appropriations.



BUDGET REDUCTION OPTIONS

In developing these budget reduction options, the departmental divisions were instructed to consider the following:

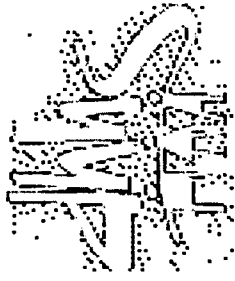
- The Core / Critical Mission of the Division**
- Federal Maintenance of Effort (MOE) Requirements**
- The Impact on Local Governments**



BUDGET REDUCTION OPTIONS

If the options set forth in this presentation are implemented, the reductions will . . .

- **Impact the overall provision of services and the ability of the Department to achieve its mission**
- **Increase the burden on counties to provide services**
- **Increase exposure to the potential for lawsuits**
- **Endanger the State's compliance with Federal Maintenance of Effort (MOE) requirements**
- **Severely impact the State's efforts in mental health reform**



BUDGET REDUCTION OPTIONS

You will see that these budget reduction options will impact . . .

- **Adoption Assistance Programs**
- **Child Care Subsidies for Children in Protective Custody**
- **Area Mental Health Programs**
- **Developmental Evaluation Centers**
- **Home and Community Block Grant services for elderly**
- **Purchase of Care Programs for Cancer, Epilepsy, Early Intervention, Children with Special Needs, and Others**



North Carolina Department of Health and Human Services

Fiscal Year 2002-03 Appropriations		\$ 3,643,680,118
Office of the Secretary / Central Administration	\$ 48,008,705	1.32%
Division of Aging	29,531,910	.81%
Division of Child Development	289,058,396	7.93%
Office of Education Services	69,581,525	1.91%
Division of Facility Services	15,442,236	.42%
Health Choice	37,487,142	1.03%
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	581,068,627	15.95%
Division of Public Health	107,434,083	2.95%
Divisions of Services for the Blind / Deaf and Hard of Hearing	10,168,115	.28%
Division of Social Services	194,763,531	5.34%
Division of Vocational Rehabilitation	42,088,956	1.16%
Division of Medical Assistance	2,219,046,892	60.90%



North Carolina Department of Health and Human Services

Fiscal Year 2002-03 Budget Options	\$ 280,260,350
Office of the Secretary / Central Administration	\$ 41,552,205 \$ (3,165,260)
“More at Four”	6,456,500 0
Division of Aging	29,531,910 (3,105,752)
Division of Child Development	289,058,396 (24,946,926)
Office of Education Services	69,581,525 (3,957,014)
Division of Facility Services	15,442,236 (5,159,586)
Health Choice	37,487,142 0
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	581,068,627 (64,917,549)
Division of Public Health	107,434,083 (18,026,966)
Divisions of Services for the Blind / Deaf and Hard of Hearing	10,168,115 (243,013)
Division of Social Services	194,763,531 (22,272,929)
Division of Vocational Rehabilitation	42,088,956 (4,749,678)
Division of Medical Assistance	2,219,046,892 (129,715,677)



Office of the Secretary / Central Administration

Fiscal Year 2002-03 Appropriations \$ 48,008,705

• **Division of Information Resource Management 41 %**

Includes Payments to ITS / SIPS of \$ 14,803,414

• **Office of the Controller 19 %**

• **“More at Four” Kindergarten Pilot 12 %**

• **Office of Research, Demonstrations, and
Rural Health 12 %**

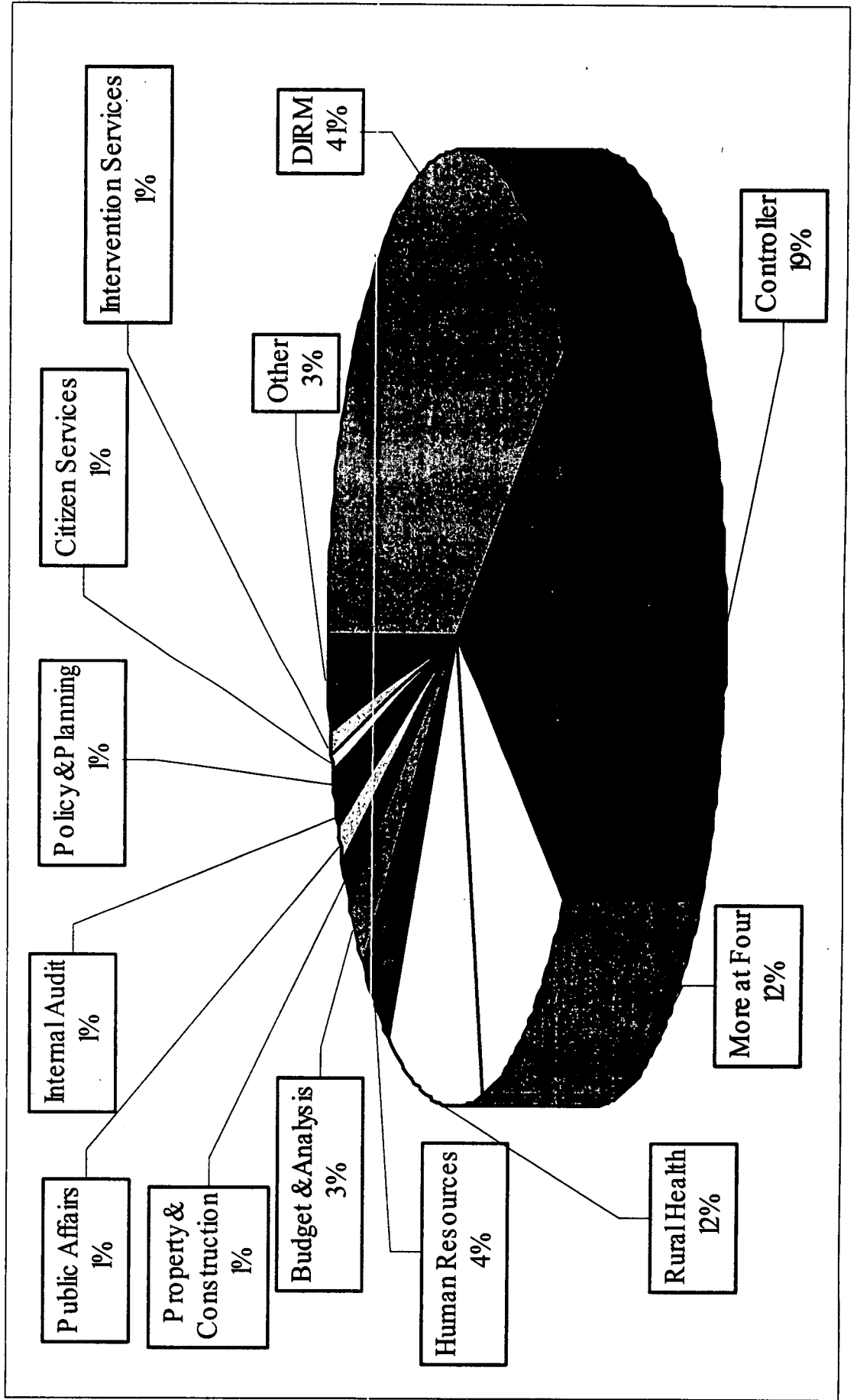
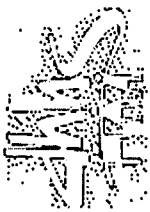
• **Division of Human Resources 4 %**

• **Division of Budget and Analysis 2 %**

• **Intervention Services Unit 1 %**

• **All Other Costs (Includes Offices of Property and
and Construction, Internal Audit, Policy and
Planning, Citizen Services, etc.) 9 %**

Office of the Secretary / Central Administration





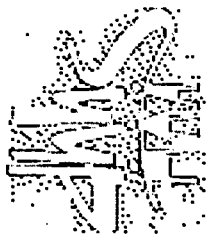
Office of the Secretary / Central Administration

Fiscal Year 2002-03 Appropriations	\$ 48,008,705
BUDGET REDUCTION OPTIONS	\$ 3,165,260
NC Council on the Holocaust	\$ 31,016
Controller's Office - 2 Positions	53,000
Office of Research, Demonstrations, and	
Rural Health:	
Reduce Administration Costs	48,109
Eliminate Community Primary Care Grant	118,400
Reduce Loan Repayment Incentive Funds	600,000
Reduce Aid to Clinic Construction	75,000 ^{16%}
Reduce Rural Health Center Operational Funding	150,000
DIRM - 11 Positions and Contract Reductions	2,089,735



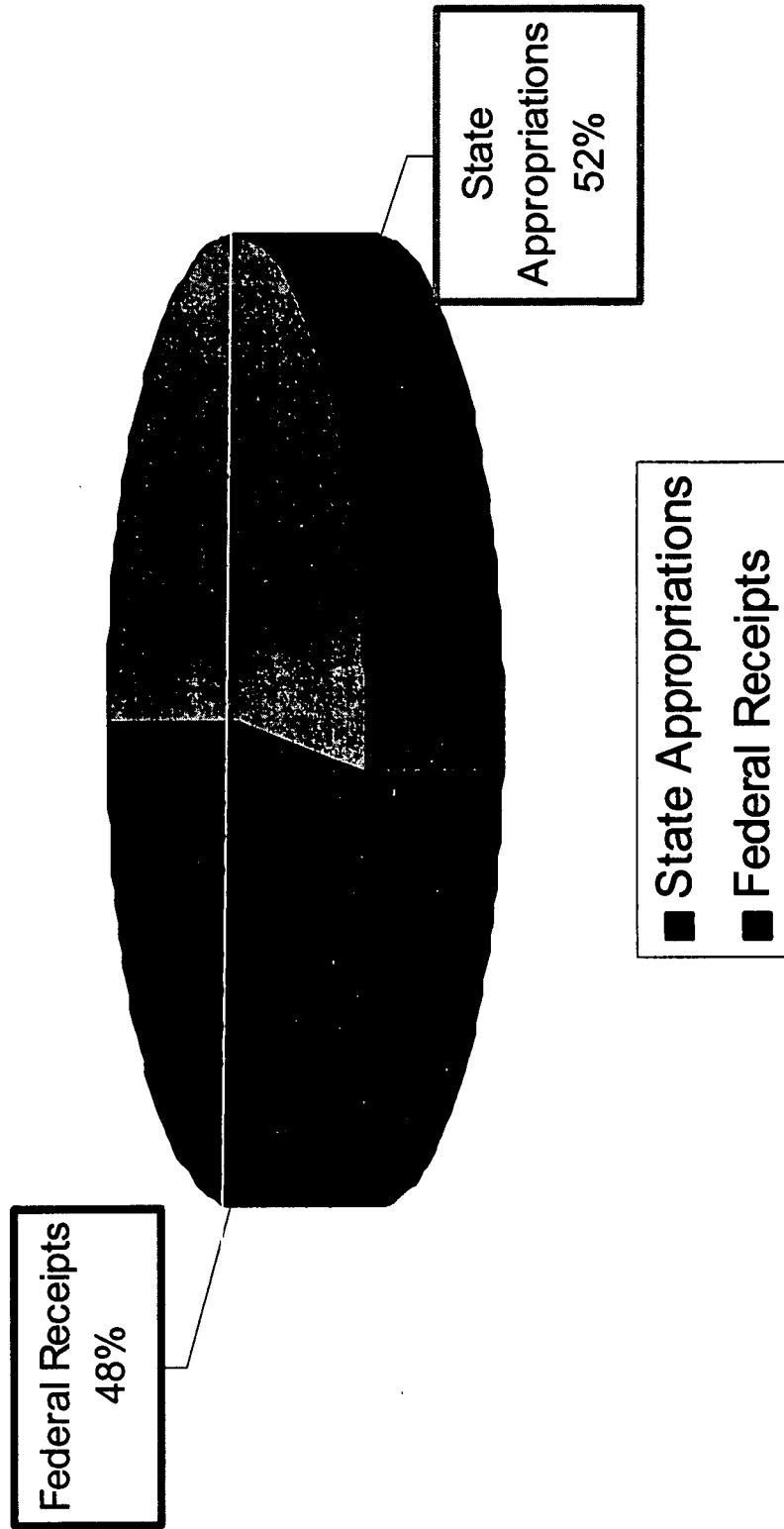
Division of Aging

Fiscal Year 2002-03 Appropriations	\$ 29,531,910
BUDGET REDUCTION OPTIONS	\$ 3,105,752
Home & Community Care Block Grant	
Services	\$ 1,555,436
Senior Center Development and Outreach	
Funds	1,365,316
Senior Games	175,000
Senior Tar Heel Legislature	6,000
Governor's Advisory Council on Aging	4,000



Division of Child Development

NC DIVISION OF CHILD DEVELOPMENT AGENCY BUDGET





Division of Child Development

ALLOCATION OF STATE APPROPRIATIONS

Child Care Subsidy	\$ 61,153,490	21.16%
Smart Start	219,576,442	75.98%
T.E.A.C.H.	2,600,000	.90%
Touching the Lives of Children	300,000	.10%
Head Start Programs	56,286	.02%
General Administration	5,315,218	1.84%



Division of Child Development

Fiscal Year 2002-03 Appropriations	\$ 289,058,396
BUDGET REDUCTION OPTIONS	\$ 24,946,926
NON-"SMART START" OPTIONS	\$ 7,344,811
Reduce CCDF Matching Funds	\$ 600,000
Reduce State Subsidy Funds	2,593,586
Eliminate Early Start Funds	56,286
Reduce funds for T.E.A.C.H	2,600,000
Reduce funds for Touching the Lives	300,000
Reduce Funds for Legal Services	33,658
Reduce Funds for Criminal Record Checks	12,000
Reduce Funds for DCD Administration	399,281
Establish Day Care Licensing Fee	750,000



Division of Child Development

Fiscal Year 2002-03 Appropriations	\$ 289,058,396
BUDGET REDUCTION OPTIONS	\$ 24,946,926
"SMART START" OPTIONS 8%	\$ 17,602,115
Reduce DCD Administration	\$ 36,000
Automation	44,810
Professional Development	16,000
Evaluation	40,000
NC Partnership for Children Administration	386,233
Local Partnership Funds	17,079,072



Office of Education Services

Fiscal Year 2002-03 Appropriations	\$ 69,581,525
BUDGET REDUCTION OPTIONS	\$ 3,957,014
Eliminate Auditory Learning Program	\$ 200,000
Reduce IEP/IFSP Personal Service Contract	100,000
Eliminate CNCSD Maintenance Staff / Costs	416,000
Reduce Capital Improvement Appropriations	701,665
Reduce Education Services Operating Costs	200,143
Eastern School for Deaf - 32 positions	580,713
Reduce Central Preschool - 9 positions	361,164
Western School for Deaf - 13 positions	362,625
Reduce GMS Preschool - 10 positions	365,669



Office of Education Services

Fiscal Year 2002-03 Appropriations	\$ 69,581,525
BUDGET REDUCTION OPTIONS	\$ 3,957,014
(continued)	
Reduce GMS Preschool Operating Costs	\$ 276,094
Abolish GMS Residential Life Positions - 4 positions	89,576
Governor Morehead School - 7 positions	230,115
Eastern School for Deaf - 3 positions	135,554
Estimated Severance Costs	(62,304)



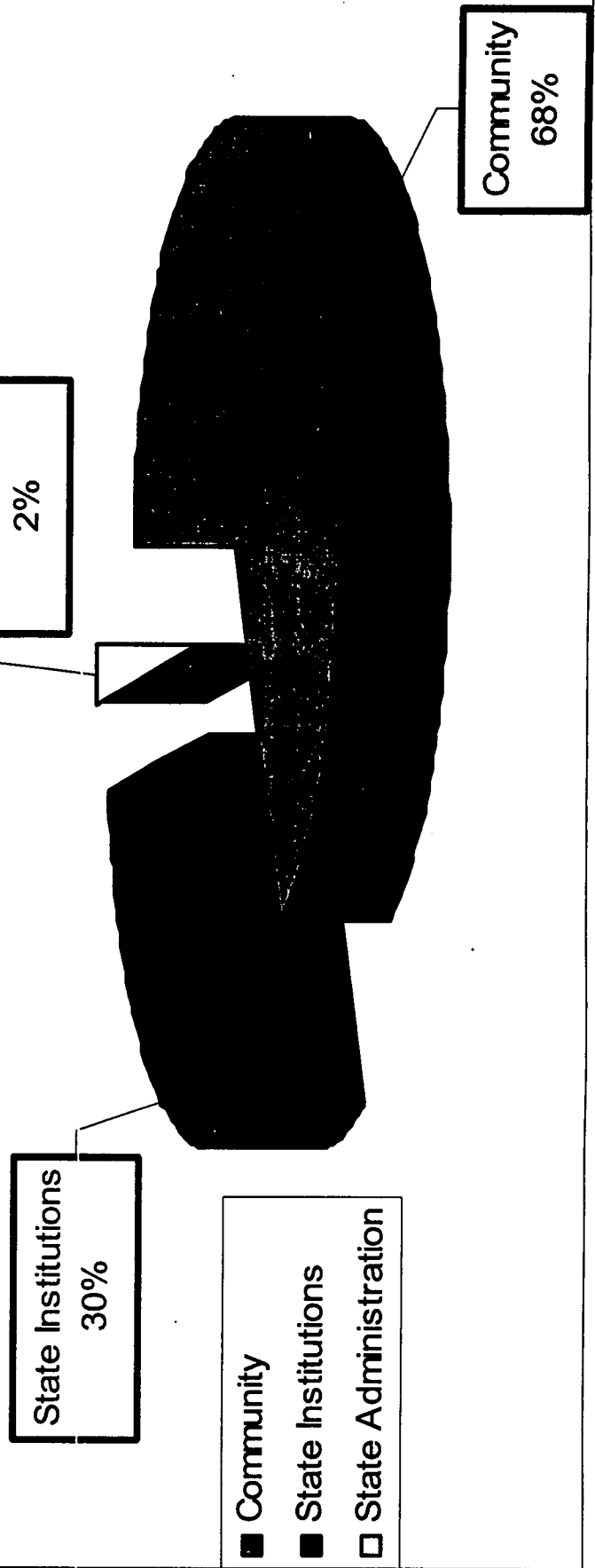
Division of Facility Services

Fiscal Year 2002-03 Appropriations	\$ 15,442,236
BUDGET REDUCTION OPTIONS	\$ 5,159,586
Eliminate Solucient Contract	\$ 54,000
Eliminate Sheps Center (UNC-CH) Contract	90,731
Eliminate Funding for Poison Control Center	1,236,492
Eliminate DOJ Paralegal - 1 position	35,974
Reduce Miscellaneous Contracts	100,000
Reduce Other Operating Costs	126,000
Reduce Travel Costs	150,000
Reduce Staff - 8 positions	368,249
Implement Licensure Fees	2,998,140



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

DISTRIBUTION OF TOTAL MH/DD/SAS SYSTEM RESOURCES



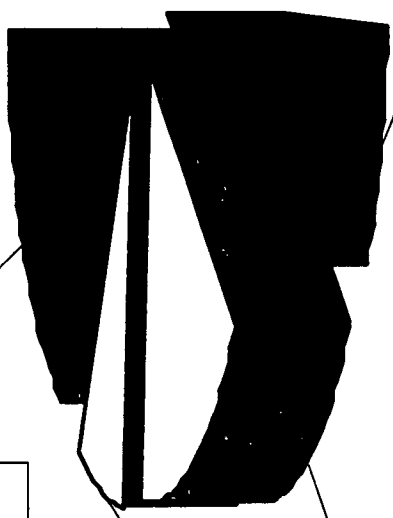
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services



COMMUNITY FUNDING BY DISABILITY

- Developmental Disabilities
- Adult Mental Health
- Child Mental Health
- Substance Abuse
- Other Area Program

Other Area Program
17%

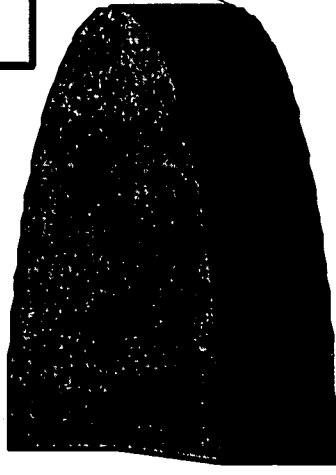


Substance Abuse
7%

Child Mental Health
16%

Adult Mental Health
9%

Developmental Disabilities
51%



Substance Abuse
7%

Child Mental Health
16%

Adult Mental Health
9%

Developmental Disabilities
51%



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

INSTITUTION FUNDING BY DISABILITY

- Psychiatric Hospitals / NCSCC
- Mental Retardation Centers
- ADATC's
- Child Mental Health Facilities

Child Mental Health
Facilities
2%

ADATC's
4%



Mental Retardation
Centers
43%

Psychiatric
Hospitals / NCSCC
51%



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

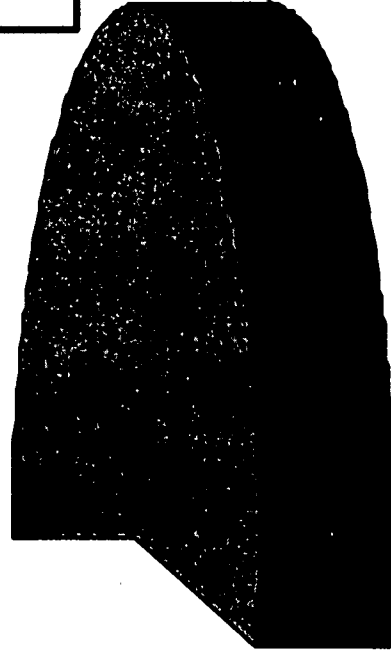
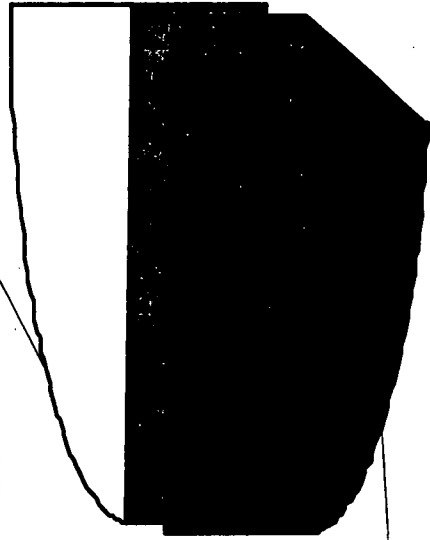
FUNDING OF STATE MENTAL RETARDATION CENTERS

- Medicare / Medicaid
- State Appropriations
- Other Receipts

Other Receipts
24%

Medicare /
Medicaid
54%

State
Appropriations
22%





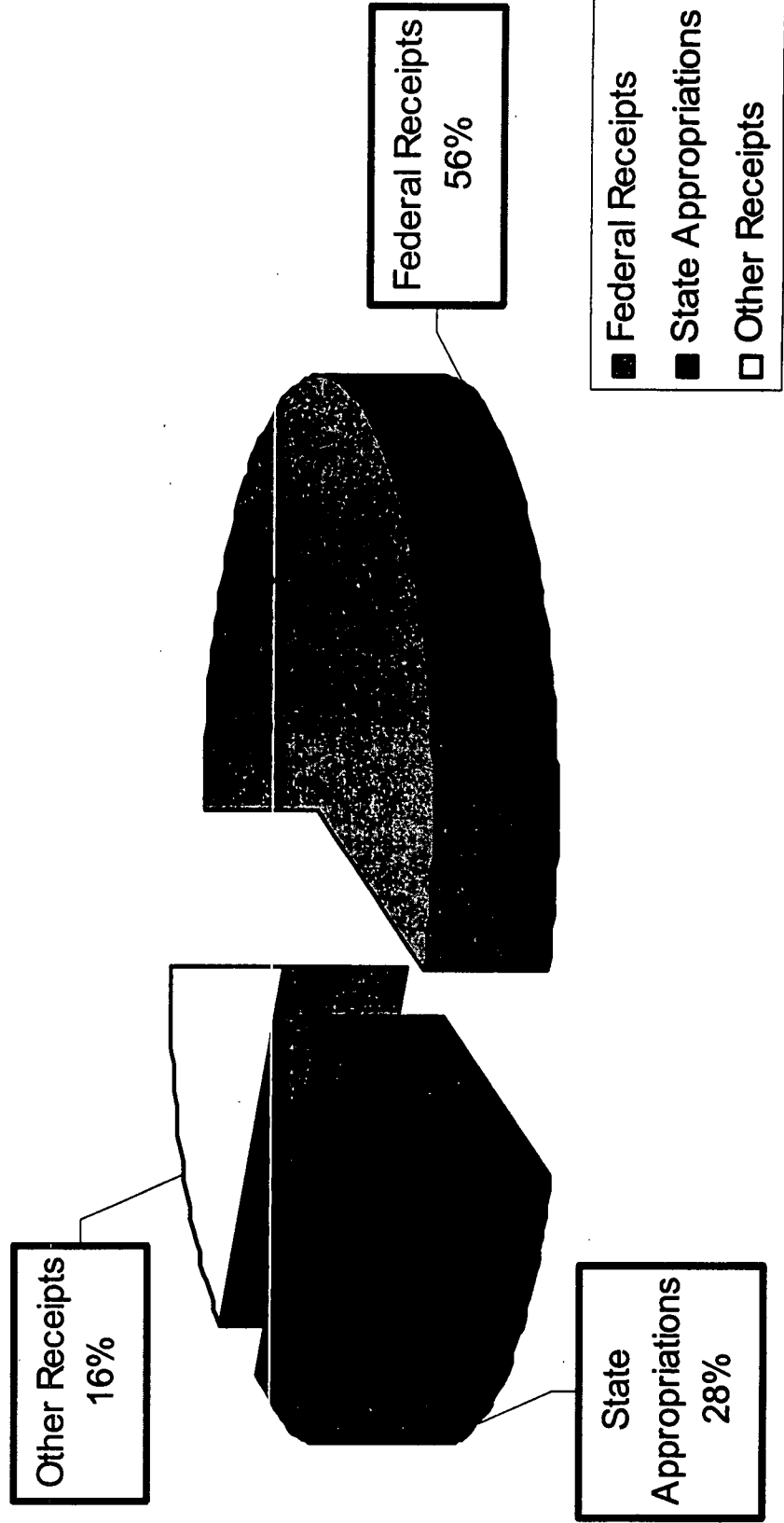
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

Fiscal Year 2002-03 Appropriations	\$ 581,068,627
BUDGET REDUCTION OPTIONS	\$ 64,917,549
Child and Family Facility Reductions	\$ 45,451
Adult Mental Health State Facility Reductions	2,895,097
Mental Retardation's State Facility Reductions	330,354
Substance Abuse State Facility Reductions	184,818
Increase Institutional Receipts	1,000,000
Central Office Administration Reductions	162,013
Area Program Reductions	60,299,816

Division of Public Health



SOURCE OF FUNDING

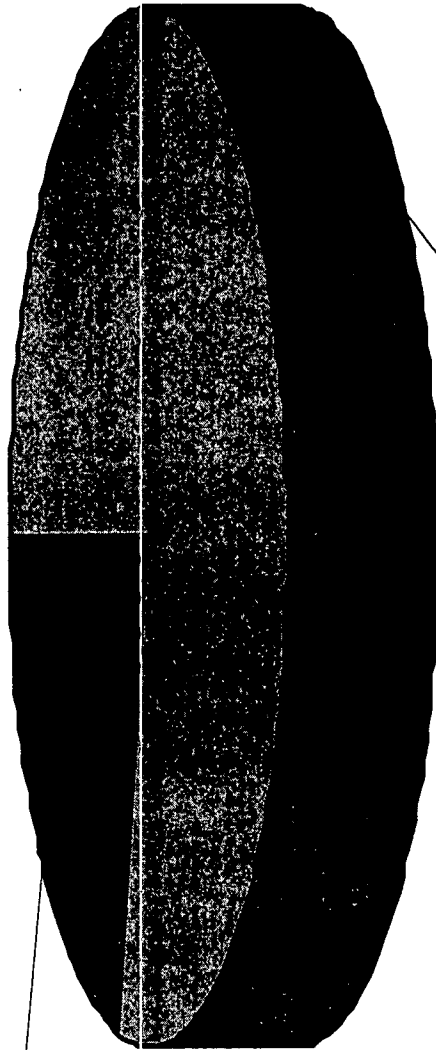




Division of Public Health

BUDGET ALLOCATION

Divison
Operations
22%



■ Aid to Counties
■ Divison Operations

Aid to Counties
78%



Division of Public Health

Fiscal Year 2002-03 Appropriations	\$ 107,434,083
BUDGET REDUCTION OPTIONS	\$ 18,026,966
Terminate LabCorp Contract (CD4 Testing)	\$ 30,000
Terminate Dysplasia Contracts	334,700
Terminate Wake Forest Contract (Infant Follow-up)	155,130
Reductions in Women's & Children's Branch	2,413,780
Reductions in Children's and Youth Branch	651,911
Terminate Contract for DEC - Winston Salem	763,000
Close Dusty Trades Program - 4 positions	165,405
Close Prescription Drug Assistance Program	470,000
Close Home Health Purchase of Care - 1 position	3,293,722



Division of Public Health

Fiscal Year 2002-03 Appropriations \$ 107,434,083
BUDGET REDUCTION OPTIONS \$ 18,026,966

(continued)

Close Epilepsy Purchase of Care	\$ 202,166
Close Chronic Renal Disease Purchase of Care	753,704
Close Early Intervention Funds to Area Mental Health Centers	1,905,000
Reduce Cancer Purchase of Care	400,000
Close Morganton DEC - 20.5 positions	1,313,426
Speech and Hearing Services - 1.45 positions	51,868
Children's and Youth Branch - 2 positions	79,020



Division of Public Health

Fiscal Year 2002-03 Appropriations \$ 107,434,083

BUDGET REDUCTION OPTIONS \$ 18,026,966

(continued)

Reduce Operating Costs (Children and Youth Branch) \$ 52,180

Reduce Children with Special Needs Program 110,000

Reduce Intensive Home Visit Program 500,000

REVENUE ENHANCEMENTS

HIV/STD Care Contracts 38,845

Sickle Cell Contracts 42,096

Immunization Branch Operating Funds 66,659



Division of Public Health

Fiscal Year 2002-03 Appropriations	\$ 107,434,083
BUDGET REDUCTION OPTIONS	\$ 18,026,966
(REVENUE ENHANCEMENTS - continued)	
Community Care Coordination	\$ 90,000
State Center for Health Statistics	146,190
Women's Health (POET)	281,257
Oral Health	662,107
Medicaid Administrative Match	400,000
Hepatitis B Vaccine	604,800
State Lab - Newborn Screening	1,000,000
State Lab - Pap Smear Program	1,050,000



Divisions of Services for the Blind / Deaf and Hard of Hearing

Fiscal Year 2002-03 Appropriations \$ 10,168,115
BUDGET REDUCTION OPTIONS \$ 243,013

SERVICES FOR THE BLIND

Reduce Special Assistance for the Blind \$ 158,000
Reduce Medical Eye Care and Independent
Living Services - 1 position 64,000

SERVICES FOR THE DEAF AND HARD OF HEARING
Cost Allocation to Telecommunications Access
of North Carolina 21,013



Division of Social Services

North Carolina's Social Service System is State Supervised and County Administered

- **General Assembly enacts laws and appropriates funds**
- **Division of Social Services sets policies and regulations**
- **Social Services Commission promulgates administrative rules**
- **Counties set priorities, appropriate funds and deliver services**



Division of Social Services

BUDGET SUMMARY

Fiscal 2001-2002
Authorized
Budget

Total Requirements	\$ 1,286,693,473	THE MAJORITY
Estimated Receipts	\$ 1,098,003,236	OF THESE
State Appropriations	\$ 188,690,237	DOLLARS
		ARE PASSED
		THRU TO THE
		COUNTIES

Division of Social Services



POSITIONS BY FUNCTION

- Child Support Enforcement (63%)
- Children Services (14%)
- Adult and Family Services (4%)
- Hearing and Appeals (2%)
- Economic Independence (8%)
- Administration (9%)

Hearing and Appeals (2%)

Adult and Family Services (4%)

Children Services (14%)

Administration (9%)

Economic Independence (8%)

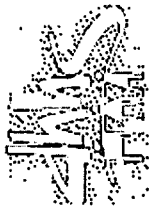


Child Support Enforcement (63%)



Division of Social Services

Fiscal Year 2002-03 Appropriations	\$ 194,763,531
BUDGET REDUCTION OPTIONS	\$ 22,272,929
Eliminate Adult Services Funds	\$ 50,000
Reduction in Adult Services Operating Costs	50,000
Eliminate Resident Evaluation Services	1,062,037
Reduce State Maternity Home Fund	876,708
Resident Evaluation Services - 4 positions	107,762
Maintain 2001-02 Funding for State/County	
Special Assistance Payments	2,345,157
Eliminate Adult Home Specialist Fund	1,400,000
Eliminate Adult Home Case Management	1,539,216



Division of Social Services

Fiscal Year 2002-03 Appropriations \$ 194,763,531
BUDGET REDUCTION OPTIONS \$ 22,272,929

(continued)

Eliminate Community Child Protection	\$ 250,000
Team Grant Program	100,000
Reduce Children Services Operating Costs	1,600,000
Reduction in Children Services Contracts	167,712
Children Services - 9 positions	
Maintain 2001-02 Funding Level for	
Adoption Assistance	3,871,062
Eliminate State Funds for Family Resource Centers	1,765,000



Division of Social Services

Fiscal Year 2002-03 Appropriations \$ 194,763,531
BUDGET REDUCTION OPTIONS \$ 22,272,929

(continued)

Reduce Funding for Child Caring Institutions	\$ 2,800,000
Reduce Funding for Intensive Family Preservation Services	25,977
Eliminate Child Support Training Contracts	641,893
Eliminate Health Desk Contract	229,840
Eliminate Appropriated "Backlog" Funds	1,500,000
Reduce Child Support Operating Costs	75,000
Terminate Ohio Multi-State Outreach Program	21,010



Division of Social Services

Fiscal Year 2002-03 Appropriations \$ 194,763,531
BUDGET REDUCTION OPTIONS \$ 22,272,929

(continued)

Child Support Enforcement - 35 positions	\$ 363,957
Economic Independence - 4 positions	143,639
Reduce Economic Independence Operating Costs	980,000
Reduce Central Administration Operating Costs	102,393
Central Administration - 4 positions	112,866
Eliminate Regional Administration / Local Support	91,700



Division of Vocational Rehabilitation

Fiscal Year 2002-03 Appropriations	\$ 42,088,956
BUDGET REDUCTION OPTIONS	\$ 4,749,678
Personnel Reductions - 25 positions	\$ 850,000
Reduce Administrative Costs	400,000
Direct Client Service Reductions	3,499,678



Division of Medical Assistance

Fiscal Year 2002-03

Appropriations \$ 2,219,046,892

BUDGET REDUCTION

OPTIONS \$ 129,715,677

- **Define and Contract with “Efficient Providers”**
- **Contract for Home Health Supplies, Durable Medical Equipment, and Home Infusion Therapy**
- **Reduce payments to Hospitals**
- **Contract for Prescription Drugs in Nursing / Assisted Living Facilities**
- **Eliminate Optional Services - Chiropractic, Optometry, Eyeglasses, Podiatry, and Adult Dental**
- **Modify Eligibility Requirements for Low-Income Work First families, Pregnant Minors, Aged and Disabled, and Person Care Service recipients**
- **Reduce CAP spending to budgeted levels**
- **Reduce payments to pharmacies for prescription drugs**
- **Limit Personal Care Services and Private Duty Nursing**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wayne Covert	Eli Lilly & Company 3524 Overcreek Rd, Columbia SC 29206
Roumi Cramer	OSB M
Phil Telfer	Gov. Policy Office
DAN HUDGINS	DURHAM County DSS
Beth Melchor	NAMI NC
John McHugh	Gov Office
J. Sullivan	NACW. NC
John McMillan	MFP PA
Jim LARRAO	DMH/00/SAS
Peggy Balan	DMH/00/SAS
Janet Schenckman	NC Council

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Helen Lyima	Mecklenburg Co.
Laura Harper	SEANC
Shari Durhans	Charlotte Okwili
Paula A Wolf	Covenant w/NC's Children
Jamie d. Freedman	NC Healthy start Foundation
Pam Kelpatrick	DHHS Budget & Analysis
Whitney Ming	OSBM
Colleen Kochanek	Hofer & Caldwell
Mary Burch	Auditory Learning Center
John Tamm	NC DSS
Michael Quinn	Merck

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NAME

FIRM OR AGENCY AND ADDRESS

JACK COZORT	AHHC of NC
Thomas V. Bennett	NCCF TF
Deborah Rowe	NCAALAD
Sally Smith	WCSPR
Mathew McConnell	Carolina's Health Care Sys.
Regina Bore	Bore & Assoc.
Barbara Conster	MFS'S
Ann Marie Horne	NCMS
Jerry Cooper	NCALA
Willie's Home	WST
Craig Smeets	NCHCPT

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

HUGH TILSON	NCHHA
LOW WILSON	NCTCF
ZEB ALLEY	ALLEY ASSOCIATES
Ruggie Potkin	NCDS & NCPHA
ANN WIRE	OUHAS
Becky Mercer	Linwood Pharmac. Assoc. Inc.
Guy Polking	CVS PHARMACY
MILE APOTE	CVS/PHARMACY
John Bowditch	Alley Associates Inc
Steve Mitchell	NOVARTIS

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Wednesday, May 1, 2002

9:00 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Department of Health and Human Services

Block Grant Plans

Carmen Hooker Odom, Secretary
Lanier Cansler, Deputy Secretary

Committee Discussion

Next Meeting

Adjourn

**JOINT APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building
Wednesday, May 1, 2002
9:00 a.m.
Minutes

The Joint Appropriations Subcommittee on Health and Human Services met Wednesday May 1, 2002 at 9:00 a.m. in Room 424 of the Legislative Office Building. Senator Bill Martin, presiding Chair called the meeting to order with the nine members present:

Secretary Hooker Odom was recognized to begin the discussion on Block Grant Plans. She stated that she would review the TANF block grants and the Social Services Block Grant and Deputy Secretary Canslier will review the other Block Grants. She stated that the TANF Block Grant would probably be the most controversial. During a brief review of the availability of the Block grant for 02-03, she stated that the availability is less this year, primarily because there is less carry over dollars. The carry over for 02-03 is approximately \$6.9 million. The total dollars available for distribution is \$345.02 million. Including supplemental grants of \$36.1 million. The base grant is \$302 million with \$6.9 carry forward. The basic underlying concept is that there is less money. Therefore there are very tough choices to be made.

The priorities of the funding of this Block Grant are to fund core services and benefits for children and families and support the necessary training for child welfare and other workers.

TANF regulations require that the funds be spent for certain purposes. The purposes required by distribution regulations include:

- Provide assistance for needy families so that children may be cared for in their own homes or homes of relatives;
- End dependence of needy parents on government benefits and to promote job preparation, work and marriage;
- Encourage formation and maintenance of two-parent families.

TANF funds fund a significant portion of North Carolina's Child Welfare Assistance. The priority for the 2002-2003 allocations is to continue to provide the needs of supporting child welfare staff in county departments of Social Services and to ensure that local child welfare staffs are adequately trained.

Secretary Hooker Odom reviewed the attached spreadsheet and highlighted the items recommended for reduction or elimination due to funding cuts.

During committee discussions about TANF, the following questions were asked:

Has the reserve for case assistance been fully depleted? The primary federal requirement dictates that the core items be funded first. Some of the items may have a very significant impact in terms of jeopardizing the likelihood of families moving toward self-sufficiency.

Are there any of these programs that have a specific long-range impact on the requirements of the federal government for families to move toward self-sufficiency, in particular where families are impacted by some circumstances other than not being able to find employment.

To what extent do you feel that not being able to fund these items will result in the potential of greater expenditures in the future.

The Secretary said that there have major discussions on how funds can be made available to fund the Intensive Family Preservation Program and the Special Children's Adoption Fund. It is the common belief of the Department of HHS and the Governor's Staff that those would be the priorities.

Does the coordination of the Rural and Economic Development Center take away all the funds from the rural centers that are appropriated for the next fiscal year.

The Rural Economic Development receives funding from the Department of Natural and Economic Resources, however not for this purpose.

Regarding the coordination of RE DEC, Center, will this elimination take all funds appropriated for the next fiscal year.

The committee requested a listing of the current projects under Teen Pregnancy.

What eventually happens to youngsters when programs such as foster care, boys and girls clubs and domestic violence are closed. Where does the cost-shift dollars come from and why not do the cost shift beforehand.

Regarding child welfare services, the Chair stated that personnel funding at the county level is trying to keep children out of Foster Care. There is a need for additional personnel in this area.

Senator Purcell stated that he has been impressed with the number of good programs throughout the state to prevent teen pregnancy. Many of the problems start with babies born to unwed mothers and it gets to be a cycle in some families. Are there other places where the teen pregnancy money will be picked up.

Rep. Insko stated that this is creating problems for ten and twenty years down the road. The legislators are here to solve problems. North Carolina has an actual increase in child abuse cases while the other states have a decrease. She encouraged the committee to look seriously at ways to get these programs back on target.

TANF Block grants are federal monies, is there any hint about what the federal government will do for the next five years. Are hopeful of a massive increase in these funds. Would this happen even if North Carolina was not in a budget crises.

In her review of the SSBG Block Grants, the Secretary stated that \$1.5 million of the Child Care Agencies that have been funding from TANF will be picked up by the SSBG Block Grant, which means that there will be some cuts in that program.

The Secretary stated that she and the Division Directors will look at the possibility of other areas taking programs that are being reduced are eliminated in the TANF Block Grant. There is a small amount in DMH.

Are the after school programs for At-risk children taking one step forward and four steps backwards.

Deputy Secretary Lanier Cansler was recognized to continue the review of the Block Grant Plans. Regarding the Public Health Block Grants, the preventive health block grant is intended to provide a variety of services to improve the quality of life. The Rape Prevention Education program is now funded as a separate grant, therefore there will be a reduction in this area. These grants support three to four areas, the Community Health Promotion Program, which includes the majority of the dollars. The Office of Minority Health, Community Floridation, and other administrative costs are also included in this grant. Information on the four major areas are included in the attachments of these minutes.

The purpose of the Maternal and Child Health Block Grant is to assist states in the assurance that mothers of children, especially those of low income and limited availability, to health services have access to maternal and child health services. He stated that basically the allocations for these categories are the same as they were last year with the exception the transfer from the Social Services Block Grant has not been available this year. There is a possibility that another \$300,000 will be received for this grant.

Leah Delvin, Director of Public Health, was recognized to comment. She stated that the elimination of adolescent pregnancy prevention and adolescent parenting project would not be good. These programs should certainly be continued.

Are there other places where teen pregnancy or any of the listed programs can be picked up?

Rep. Insko stated that these cuts are not acceptable. She emphasized that years were spent trying to build these programs and we should not lead the nation in child abuse and neglect.

Rep. Esposito requested information regarding any programs that are presently funded in some other budget. Will other funding sources be allocated to these programs?

Senator Purcell stated that there a number of diseases that are screened including some genetic disorders and North Carolina has had an outstanding program and this is something that needs to be continued.

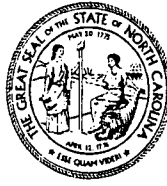
The Chair stated that the Agenda for today has been completed and the next meeting will be 1:00 p.m. Tuesday, in Room 643. The meeting was adjourned.



William N. Martin, Chair



Joyce Crews Hodge, Clerk



State of North Carolina

Office of State Budget and Management

Michael F. Easley
Governor and Director
of the Budget

David T. McCoy
State Budget Officer

April 29, 2002

MEMORANDUM

To: Carol Shaw
Fiscal Research Division

From: Bonnie Cramer, Administrator *Bonnie Cramer*
Health and Human Services Section
Office of State Budget and Management

Subject: Department of Health and Human Services Block Grant Plans
for 2002-03

Please find attached the Block Grant Plans for 2002-03 submitted by the Department of Health and Human Services to the Office of State Budget and Management. These plans are being submitted to the Fiscal Research Division of the General Assembly pursuant to G.S. 143-16.1.

The Temporary Assistance for Needy Families (TANF) includes a \$4,643,454 payback for an audit finding regarding the State Automated Child Welfare Information System (SACWIS). The Department has submitted a payback plan to the federal government. If accepted, the SACWIS payback could be made utilizing TANF funds in conjunction with state and county resources. The state and county shares of this payback would be approximately \$751,000 and \$2.9M, respectively.

If other sources can be identified, two priorities for restoration of TANF funding are 1) Special Children's Adoption Fund; \$2,811,687, and 2) Intensive Family Preservation Services; \$1,800,000.

The Social Services Block Grant (SSBG) Plan moves \$213,128 that was previously a transfer to Preventive Health Services Block Grant (PHSBG) to a direct allocation to the Division of Facility Services (DFS). The transfer to PHSBG was subsequently allocated to the DFS to support operating costs in the Emergency Medical Services (EMS)

program. This became very problematic when the administrative cap for the PHSBG was reduced.

The resolution of this is to allocate these funds directly to DFS where they will be used in the Mental Health Licensure program. This funding will support 13% of 27 positions (3.5 FTEs), which are budgeted in account 53-1213 (cost allocated). In the EMS program, these funds were supporting 5.0 FTEs. This is the only negative impact of this change in the funding plan involving these two block grants and the Division of Facility Services. Appropriations in the Mental Health Licensure program of \$213,128 will be used to replace the SSBG funding in the EMS program previously supported by the PHSBG.

Also, attached to this memorandum is a revised Substance Abuse Prevention/Treatment Block Grant (SAPTBG) for the 2002-03 fiscal year. This revision provides more SAPTBG funding in services for women and for the Majors program to offset reduced TANF funding and increases in administration by \$250,000 to fund a household survey required by the federal government for the Performance Partnership Grant.

If you have questions regarding this DHHS Block Grant package please do not hesitate to contact me at 733-7061.

Cc: Carmen Hooker Odom
Lanier Cansler
Allyn Guffey
Dan Gerlach

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF SOCIAL SERVICES**

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT

The Temporary Assistance for Needy Families (TANF) Block Grant is a grant from the Federal government created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L 104-193). The grant was created by combining several former entitlement programs into one capped grant: Aid To Families With Dependent Children (AFDC), Job Opportunities and Basic Skills (JOBS), AFDC Emergency Assistance cash and services (AFDC-EA), and AFDC state and county administration. Amounts provided to states are based on FFY 1995 expenditures for the programs combined into the TANF grant, with supplemental funds provided to states, including North Carolina, which have above-average population growth and below-average cash benefit levels.

The TANF Block Grant is authorized for five years with Federal Fiscal Year 2002 being the final year before reauthorization. The supplemental grant was extended through the end of Federal Fiscal Year 2002. Since Congress is currently deliberating on the TANF Block Grant and any supplemental funding, this year's Block Grant Plan will be based on the what the State is hearing from the Administration about keeping the Block Grant to states whole and support for continuation of the supplemental grants to certain states. SFY 2002-03 TANF Block Grant Plan of \$345,249,547 includes projected carryforward of \$6,900,000, the supplemental grant for FFY 2002, one quarter of the base grant for FFY 2002 and three quarters of the base grant for FFY 2003. The base grant is \$302,239,599 annually and the supplemental grant for FFY 2002 is \$36,109,948.

GENERAL DESCRIPTION

The TANF program provides flexibility for funding a wide variety of employment and training activities, supportive services, child welfare services, and benefits that will enable clients to get a job, keep a job, and otherwise improve their circumstances while at the same time, striving to keep children safe. States are encouraged to design programs which assist families to achieve and maintain a greater degree of economic self-sufficiency through a combination of cash assistance, case management, and employment and training services; provide for system automation and administrative expenses in support of service delivery; and other activities intended to reduce and prevent welfare dependency and promote self-sufficiency.

The Administration supports maintaining level funding for TANF and the continuation of the supplemental grants to states. However, this year's Plan will be adversely impacted, as TANF carryforward from a preceding state fiscal year will not be at the same level as in previous state fiscal years.

North Carolina's welfare reform efforts have been successful. We remain committed to helping families become self-sufficient through employment-related services and other support services to help families improve their overall circumstances. Therefore, considering the reduced TANF funds available, the goals of this proposed plan are to:

- (1) continue to fund core services and benefits for children and families, such as: employment, training, and job retention services, cash assistance payments to support families, child care to support employment and training, child welfare initiatives, including Intensive Family Preservation Services, to help meet growing needs of children and families; and
- (2) support the provision of these services by providing for necessary training for child welfare and other workers, funding child welfare workers in county departments of social services, providing for continuing evaluation of welfare reform efforts, and providing for state and local administrative costs.

This proposed expenditure plan for SFY 2002-03 for North Carolina is consistent with TANF regulations requiring funds be spent for certain purposes. This proposed expenditure plan for North Carolina falls within the scope of the following purposes as outlined in TANF regulations:

- (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; and
- (3) encourage the formation and maintenance of two-parent families.

In addition, because the former Title IV-A Emergency Assistance (EA) funds are included as part of the TANF Block Grant, we are permitted to use TANF for the activities that were authorized in our approved Title IV-A State Plan in September 1995. As a result, the TANF Block Grant funds a significant portion of North Carolina's child welfare system. For SFY 2003, TANF will continue to provide a means of supporting child welfare staff in county departments of social services and to ensure that local child welfare staff are adequately trained.

Federal law governing the TANF grant allows states to transfer up to a total of 30% of the grant per year to the Child Care Development Fund and to the Social Services Block Grant. Of this 30% total, 10% may be transferred to SSBG. We propose TANF transfer to these other block grants, as detailed in the following recommendations.

RECOMMENDATIONS:

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|----|--|----|-------------|
| 1. | Allocation to the state Division of Social Services for partial payment of cash assistance benefit payments to Work First families. Balance of funds needed will come from State funds. | \$ | 129,396,275 |
| 2. | Allocation to county Departments of Social Services as partial funding for block grants. Within flexible, locally developed plans, counties will use funds to provide for program eligibility determination and case management services, emergency assistance cash and services, employment, training, and job retention/career advancement services, child welfare services, and administration of the program. Balance of county block grant funding to come from State and county funds. | \$ | 92,018,855 |

3.	Transfer to the Child Care Development Fund (CCDF) for child care subsidies for former Work First recipients and other working families. Children in foster care and protective services shall be given first priority services.	72,812,189
4.	Allocation to Division of Child Development for child care subsidies for Work First recipients.	26,621,241
5.	Allocation to the Division of Social Services for county child protective services, foster care, and adoption workers.	2,727,550
6.	Transfer to the Social Services Block Grant (SSBG) for county departments of social services for children's services.	4,500,000
7.	Allocation to the Division of Social Services for child welfare workers for local departments of social services.	7,654,841
8.	Allocation to the Division of Social Services to partially fund county departments of social services child welfare training initiatives.	2,000,000
9.	Residential Substance Abuse Services for Women With Children	1,475,142
10.	DSS-Administration	500,000
11.	Allocation to the Division of Social Services for TANF Evaluation	500,000
12.	Staff Development	75,000
13.	Budget Process Reengineering Reserve/NC FAST	325,000
14.	SACWIS Payback	4,643,454
	Total Planned Expenditures	\$ 345,249,547
	SOURCE OF FUNDS:	
	Base TANF Block Grant	\$ 302,239,599
	Federal Supplemental TANF Grant	36,109,948
	Projected Carryforward from SFY 2002	6,900,000
	Total Funds Available	\$ 345,249,547

DESCRIPTION OF EACH ACTIVITY FOR THE
 SFY 2001-02 AND SFY 2002-03
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Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
1	<p>Work First Family Assistance. Cash assistance benefit payments to Work First Families in Standard and Electing Counties. This federal allocation for Standard Counties represents a partial payment of cash assistance benefit payments to Work First families. The balance of needed funds for Standard Counties will come from State funds. No State-level FTEs will be directly funded with this TANF allocation.</p>	<p>Work First Family Assistance. Cash assistance benefit payments to Work First Families in Standard and Electing Counties. This federal allocation for Standard Counties represents a partial payment of cash assistance benefit payments to Work First families. The balance of needed funds for Standard Counties will come from State funds. No State-level FTEs will be directly funded with this TANF allocation.</p>
2	<p>Work First County Block Grants. Partial finding for county block grants with the balance coming from State and county funds. Within flexible, locally developed plans, counties will use funds to provide program eligibility determination and case management services, emergency assistance cash and services, employment, training, and job retention/career advancement services, child welfare services, and administration of the program. No State-level FTEs will be directly funded with this TANF allocation.</p>	<p>Work First County Block Grants. Partial finding for county block grants with the balance coming from State and county funds. Within flexible, locally developed plans, counties will use funds to provide program eligibility determination and case management services, emergency assistance cash and services, employment, training, and job retention/career advancement services, child welfare services, and administration of the program. No State-level FTEs will be directly funded with this TANF allocation.</p>
3	<p>TANF transfer for Child Care Development (CCDF) for child care subsidies. No state or county level FTE's will be supported by these funds.</p>	<p>TANF transfer for Child Care Development (CCDF) for child care subsidies. TANF funds for child care subsidies greatly expands NC's ability to serve families who are working or in school with income up to 75% of State Median Income. This provides support for families moving off Work First assistance and working to achieve economic self-sufficiency. Reductions in Smart Start funds have resulted in less state funding for child care subsidies, which makes maintaining TANF funding for this purpose especially critical this year. No state or county level FTE's will be supported by these funds.</p>
4	<p>Work First/Substance Abuse Initiative provides early identification, screening, assessment, referral and care coordination of Work First applicants and recipients who have substance abuse problems.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
5	<p>A Work First Family Assistance contingency fund was appropriated in SFY 2001-02 in the amount of \$11,676,624.</p>	<p>There is no contingency fund proposed for state fiscal year 2002-03.</p>

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Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
6	<p>DSS - Staff Development. These funds are used to support staff development activities at the Division and local levels. As the Work First caseload continues to shift toward the "hardest to serve" families, it is also necessary to ensure that staff is equipped with the skills and knowledge needed to provide technical assistance to county departments of social services. No State-level FTEs were directly funded with these TANF funds.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
7	<p>Out-of-Wedlock Births: 100% of this funding is allocated to local health departments where it is used to bolster clinical family planning services and to implement a variety of activities to reduce out-of-wedlock births. The first annual allocation (in FY 1998) was \$1.6 million; however, in FY 2002, the allocation was reduced by 10%; thus, all health departments had their allocations reduced by 10%. Prior to the funding reduction, it is estimated that--as a result of the TANF funding--an additional 7,200 low-income women were being served annually in family planning clinics and that these services helped to avert an estimated 900 out-of-wedlock births each year. Thus, any further reductions would severely impact health departments' capacities to prevent these births.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
8	<p>Substance Abuse for Juveniles. There are 10 MAJORS Programs funded by TANF that provide specialized substance abuse treatment, transitional care and coordination of services for adjudicated juvenile offenders.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
9	<p>Special Children's Adoption Fund-used to provide for adoptive placements of children described in G.S. 108A-50 and those in foster care above those funds that participating licensed public and private adoption agencies can provide with existing resources. Anticipated that 425 children will be served. No FTEs will be directly funded with this TANF allocation.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>

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10	Business Process Reengineering Reserve/NC FAST-These funds were provided in a reserve and were to be utilized if and when other resources for the NC FAST project were exhausted.	Business Process Reengineering Reserve/NC FAST-These funds are to be utilized to perform tasks associated with the development of the NC FAST project.
11	Work First Job Retention and Follow-up Initiatives. Funding under this initiative support the Work First Electronic Call Center (Work Central), the Kenan Institute Unbanked Study, and faith based initiatives coordinated by the Rural Economic Development Center. These initiatives are designed to provide follow-up to former Work First participants and support services that will enable them to remain employed and moving toward self-sufficiency. No State-level FTEs were directly funded with these funds.	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
12	Teen Pregnancy Prevention. The purpose of this funding is to support primary prevention (prevention of first pregnancies) and secondary prevention (prevention of second pregnancies, support and encouragement to teen parents in completing high school or GED requirements, and improvement of parenting skills). TANF funds provide the total support (\$1,510,300) for 21 targeted teen pregnancy prevention projects in communities of highest need, partial funding (\$146,000) for 11 of the adolescent parenting (secondary prevention) projects, and partial funding (\$215, 335) for 20 additional primary pregnancy prevention projects. One full-time position is 100% TANF-funded. The \$2 million in TANF first allocated for this purpose in 1998-99 was reduced in 2001-02 to \$1.8 million and resulted in the failure to open two projects planned for communities with very high rates of teen pregnancy. Any further reductions will necessitate the closing of additional projects.	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.

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13	Child Caring Agencies. Funds used to reimburse state portion of cost of care for the placement of certain children by county departments of social services who are non-IV-E. The funds ensure that non-IV-E children are appropriately placed in foster care.	Funds for this item will be direct SSBG funds and will not include any transfers from TANF. Child Caring Agencies. Funds used to reimburse state portion of cost of care for the placement of certain children by county departments of social services who are non-IV-E. The funds ensure that non-IV-E children are appropriately placed in foster care.
14	Child care subsidies for TANF-eligible recipients. No state or county level FTE's will be supported by these funds.	Child care subsidies for TANF-eligible recipients. These funds are earmarked for serving the poorest of the working poor, those families who are TANF-eligible (receiving or at risk of receiving TANF). Child care subsidies for TANF-eligible families are an important support to help them keep working. No state or county level FTE's will be supported by these funds.
15	Work First Housing Initiative. The availability of decent affordable housing is considered one of the major barriers Work First families face in moving off welfare dependency, along with job skills, childcare and reliable transportation. These funds are used in eight (8) counties to work in helping families on and recently off TANF to secure safe, decent, affordable housing as they move from welfare to work and ultimately to lasting self-sufficiency. No State-level FTEs were directly funded with these TANF funds.	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.

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Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
16	<p>Domestic Violence Program Awareness. \$1 million was used by 77 local domestic violence programs to provide public awareness activities for all 100 counties. Programs used these funds to purchase brochures and other print materials for distribution at a variety of sites in local communities, for translation of print materials into Spanish, to purchase public education videos and other training materials, for speakers on special topics, and for billboards, newspaper ads and articles and other ways of informing the public about the availability of domestic violence services and programs. No State-level FTEs were directly funded with these TANF funds.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
17	<p>Child Welfare Workers for Local DSSs. Funds used to employ child welfare workers at local county departments of social services to achieve State staffing standards. Funds used to employ county CPS, foster care and adoption workers for recruiting, licensing and training potential foster and adoptive parents. Intended outcome is more foster and adoptive parents for children in DSS custody. The pool of available foster and adoptive parents will increase substantially, which will increase placements. No State-level FTEs are directly funded with these TANF funds.</p>	<p>Child Welfare Workers for Local DSSs. Funds used to employ child welfare workers at local county departments of social services to achieve State staffing standards. Funds used to employ county CPS, foster care and adoption workers for recruiting, licensing and training of potential foster and adoptive parents. The pool of available foster and adoptive parents will increase substantially, which will increase placements. No State-level FTEs are directly funded with these TANF funds.</p>
18	<p>Intensive Family Preservation Services Program-provides intensive services to children and families in cases of abuse, neglect and/or dependency where child is at imminent risk of removal from home. Eleven (11) programs were added with these funds. Anticipates serving 2,070 children. Three (3) State-level positions were established within DSS.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>

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Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
19	Boys/Girls Clubs for Work First Children. These funds were used to develop and implement a grant program to award funds to Boys and Girls Clubs across the State. The goal is to implement programs that improve motivation, performance, and self-esteem of youth and to implement initiatives that would reduce school dropout and teen pregnancy. Anticipate that efforts will encourage and facilitate collaboration between Boys and Girls Clubs, Support Our Schools, and Communities in Schools programs. No State-level FTEs were directly funded with these TANF funds.	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
20	Transfer to SSBG--County DSS's. Funds are used to cover the cut in the Social Services Block Grant for county departments of social services. No State-level FTEs were directly funded with these TANF funds.	Transfer to SSBG--County DSS's. Funds will be used to cover the cut in the Social Services Block Grant for county departments of social services. No State-level FTEs will be directly funded with these TANF funds.
21	Expand Support Our Students. Funds transferred to the Office of Juvenile Justice to expand Support Our Students mentoring programs for at-risk youth.	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
22	Residential Substance Abuse Services for Women and Children. The NC CASAWORKS for Families Residential Initiative supports 9 Therapeutic Home programs serving eight women receiving Work First Cash Assistance with a child or children in their custody under the age of 11. Women with a substance abuse or dependency diagnosis participate in this 12 month residential program to be followed by six months of outpatient aftercare.	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, funding for this item is reduced.

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Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
23	<p>Domestic Violence Services for Work First Families. A total of \$30,000 was allocated to each county department of social services to provide domestic violence services to families receiving Work First services. The county DSS agencies worked with local domestic violence programs to plan for the use of these funds. Based on the county plan, the DSS purchased services for eligible clients from the local domestic violence program and other local agencies to provide for a variety of services including screening, assessment, development of safety and service plans, counseling, determining the need for waivers of Work First program requirements, helping victims relocate to a safe place within or outside the state, court advocacy, and other needed services. No State-level FTEs are directly funded with these TANF funds.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
24	<p>After School Program for At-Risk Children. Funding is provided for grants to organizations that provide after-school programs for children at risk of teen pregnancy and/or dropout. Grants are awarded to community-based programs that demonstrate the ability to develop linkages with local county departments of social services, are mental health programs, schools, and other human service programs. One State-level FTE is directly funded with these TANF funds.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
25	<p>DSS Administration. These funds represent the TANF portion of cost allocated amount to support monitoring and administrative support of TANF and Work First Program. Funding supports 10 State-level FTEs.</p>	<p>Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.</p>
26	<p>County Child Welfare Staffing-Funds used to employ child welfare workers at local county departments of social services to achieve State staffing standards.</p>	<p>County Child Welfare Staffing-Funds used to employ child welfare workers at local county departments of social services to achieve State staffing standards.</p>

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Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
27	Child Welfare Training for Counties. Funds used to support the following child welfare training projects: 1) Establishment of a regional training center in southeastern North Carolina; 2) To support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative; 3) To provide training for residential child care facilities; and, 4) To support other child welfare training initiatives. No State-level FTEs are directly funded with these TANF funds.	Child Welfare Training for Counties. Funds used to support the following child welfare training projects: 1) Establishment of a regional training center in southeastern North Carolina; 2) To support for the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative; 3) To provide training for residential child care facilities; and, 4) To support other child welfare training initiatives. No State-level FTEs are directly funded with these TANF funds.
28	Individual Development Accounts (IDAs) - Should be used for TANF eligible individuals. Funds were not allocated.	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
29	Evaluation - This was not an item for which TANF funds were appropriated in SFY 2001-02.	This item is proposed to be funded for the required evaluation of the Work First program.
30	SACWIS Payback- Funds were not appropriated for this item in state fiscal year 2001-02.	SACWIS Payback-It is anticipated the state will have to reimburse the federal government regarding system development related to SACWIS development. Using the Benefiting Program Methodology, the TANF share of this payback will be approximately \$4.6 million.

Proposal

Item Number	Title	Actual SFY 2000 01 (TANF)	Appropriated SFY 2001-2002 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	Work First Family Assistance (Includes Item 5 amount for sfy 2001-02)	122,993,466	125,858,582	129,396,275	3,537,693	Expenditures for the previous year were higher than anticipated and projections for state fiscal year 2002 - 2003 indicate the caseload will remain constant.
2	Work First County Block Grants	85,216,218	92,018,855	92,018,855	0	CCDF Block Grant funding for Subsidy in SFY 2002-03 was increased by \$1,457,495. This increase in CCDF funding for Subsidy will assist to offset the TANF decrease for Subsidy.
3	Tfr. to CCDF - Child Care Subsidies	78,238,004	76,675,000	72,812,189	(3,862,811)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
4	DMH/DD/SAS - Substance Abuse Services	3,500,000	3,500,000	0	(3,500,000)	This item is not proposed for funding in state fiscal year 2002-03.
5	Cash Assistance Reserve (\$11,676,624 Appropriated in state fiscal year 2001-02 is included in Item 1 Amount)	-	-	-	-	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will be greatly reduced.
6	DSS - Staff Development	302,881	500,000	75,000	(425,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
7	Reduction of - out-of-wedlock birth	1,527,867	1,440,000	0	(1,440,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
8	Juvenile SA Services	1,182,280	1,182,280	0	(1,182,280)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
9	Special Children's Adoption Fund	2,300,000	2,811,687	0	(2,811,687)	These funds, though reduced, will be utilized to continue work being performed on the NC FAST project.
10	Business Process Reengineering Reserve/NC FAST	-	3,000,000	325,000	(2,675,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
11	WF Job Retention and Follow-up Initiatives	2,977,632	650,000	0	(650,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
12	WCH - Teen Pregnancy Prevention	1,551,204	2,015,335	0	(2,015,335)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
13	Tfr. to SSBG - CCA's	1,470,822	1,500,000	0	(1,500,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
14	Child Care Subsidies for TANF Recipients	26,621,241	26,621,241	26,621,241	0	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
15	Housing	1,046,780	2,700,000	0	(2,700,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
16	Domestic Violence Program Awareness	965,452	900,000	0	(900,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
17	County Child Welfare Staffing	2,727,550	2,727,550	2,727,550	0	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.

Item Number	Title	Actual SFY 2000 01 (TANF)	Appropriated SFY 2001-2002 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
18	Intensive Family Preservation	1,705,847	1,800,000	0	(1,800,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
19	Boys/Girls Clubs for WF Children	1,001,065	900,000	0	(900,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
20	Tfr. to SSBG - Child Welfare Services	4,500,000	4,500,000	4,500,000	0	
21	Transfer to OJJ-Expand Support Our Students	2,750,674	2,475,607	0	(2,475,607)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
22	Residential Substance Abuse Services for Women With Children	2,871,163	4,500,000	1,475,142	(3,024,858)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, fund availability for this item is reduced.
23	Domestic Violence Services for WF Families	1,067,866	1,800,000	0	(1,800,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
24	After School Program for At-Risk Children	171,219	2,700,000	0	(2,700,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
25	DSS Administration	268,486	500,000	500,000	0	
26	Child Welfare Workers for Local DSSs	4,569,617	7,654,841	7,654,841	0	
27	Child Welfare Training for Counties	431,535	2,000,000	2,000,000	0	
28	Individual Development Accounts		180,000	0	(180,000)	Core services for the Work First Program are being funded this fiscal year through the TANF Block Grant. Therefore, due to a reduction in TANF Block Grant fund availability, this item will not be funded.
29	DSS Evaluation	1,063,378	0	500,000	500,000	This item will fund the required evaluation activities of the TANF program in North Carolina.
30	SACWIS Payback	0	0	4,643,454	4,643,454	A SACWIS Payback is anticipated in SFY 2002-03. This is the amount needed of TANF to assist in this effort as the payback is being calculated utilizing the Benefiting Program Methodology.
TOTAL		353,022,247	373,110,978	345,249,547	(27,861,431)	

Base	Payments	Expenditures	1st of Month Households	Reg. Run & 1st Acc. Payments	Recipients of Payments	Est. Average Payment	Expenditures
Jun-01	45,963	140,398,381	42,507	963	99,407	\$226	10,398,381
SFY2001		132,757,647				\$229	132,757,647

SF-Y 2002

Original Projection (Economic Downturn)		Update		1st of Month Households		Reg. Run & 1st Acc. Payments		Recipients of Payments		Est. Average Payment		Expenditures	
Month	Projected No. WF Payments	Projected WF Expenditures	Month	Actual	Growth	Projected	Actual	Growth	Projected	Actual	Growth	Projected	Actual
Jul-01	46,461	\$10,640,361	Jul-01	42,029	-1.12%	43,890	45,991	0.06%	99,711	\$241	6.53%	\$236	\$11,070,523
Aug-01	46,964	\$10,755,631	Aug-01	42,355	0.78%	44,002	47,109	2.43%	102,581	\$244	1.24%	\$236	\$11,481,068
Sep-01	47,473	\$10,872,151	Sep-01	43,414	2.50%	44,114	46,773	-0.71%	101,862	\$242	-0.82%	\$236	\$11,319,940
Oct-01	47,987	\$10,989,932	Oct-01	43,503	0.21%	44,338	48,564	3.83%	106,482	\$246	1.65%	\$236	\$11,949,371
Nov-01	48,507	\$11,108,990	Nov-01	44,363	1.98%	44,451	48,144	-0.89%	105,530	\$243	-1.22%	\$236	\$11,676,099
Dec-01	49,033	\$11,229,337	Dec-01	45,081	1.62%	44,677	48,870	1.51%	107,347	\$245	0.82%	\$236	\$11,957,846
Jan-02	49,564	\$11,350,988	Jan-02	45,116	0.08%	44,875	49,260	0.80%	108,413	\$242	-1.22%	\$236	\$11,935,300
Feb-02	50,101	\$11,473,957	Feb-02	45,084	-0.07%	44,791	49,232	-0.06%	107,806	\$235	-2.89%	\$236	\$11,594,120
Mar-02	50,644	\$11,598,259	Mar-02	44,242	-1.87%	44,905	47,640	-3.23%	103,421	\$235	0.00%	\$236	\$11,171,695
Apr-02	51,192	\$11,723,906	Apr-02	43,557	-1.55%	45,019							
May-02	51,747	\$11,850,915	May-02			45,133							
Jun-02	52,307	\$11,979,300	Jun-02			45,133							
Assumptions	Total	\$135,573,727	Year-to-Date	43,668		43,779	47,839		103,905	\$236		\$236	\$12,081,363
Avg. Mo. Growth	1.08%		Average	43,874	0.25%	43,849	47,954	0.42%	104,795	\$241	0.45%	\$240	\$11,572,885
Annual Growth	13.0%		Total			48,441	48,643	5.01%	104,694	\$241		\$240	\$11,745,873
Avg. Payment	\$229		Net Growth			48,643	48,846	3.65%	104,795	\$241		\$12	\$104,155,962

Fiscal Year 2001-02

Work First Cash Assistance \$114,181,958

Cash Assistance Reserve 11,676,624

Total TANF 125,858,582

State Funds 22,000,000

Total Available 147,858,582

Anticipated Unexpended \$6,908,109

Original Projection (Economic Downturn)		Update		1st of Month Households		Reg. Run & 1st Acc. Payments		Recipients of Payments		Est. Average Payment		Expenditures	
Month	Projected No. WF Payments	Projected WF Expenditures	Month	Actual	Growth	Projected	Actual	Growth	Projected	Actual	Growth	Projected	Actual
Jul-02	52,526	\$12,606,197	Jul-01	43,890		48,441	48,441		105,371	\$236		\$236	\$12,396,094
Aug-02	52,745	\$12,079,560	Aug-01	44,002		48,643	48,643		105,864	\$236		\$236	\$12,447,860
Sep-02	52,965	\$12,130,004	Sep-01	44,114		48,846	48,846		106,359	\$236		\$236	\$12,499,842
Oct-02	53,187	\$12,180,659	Oct-01	44,226		49,050	49,050		106,857	\$236		\$236	\$12,552,041
Nov-02	53,409	\$12,231,525	Nov-01	44,338		49,255	49,255		107,357	\$236		\$236	\$12,604,458
Dec-02	53,632	\$12,282,604	Dec-01	44,451		49,461	49,461		107,859	\$236		\$236	\$12,657,094
Jan-03	53,856	\$12,333,896	Jan-02	44,564		49,668	49,668		108,364	\$236		\$236	\$12,709,950
Feb-03	54,081	\$12,385,402	Feb-02	44,677		49,875	49,875		108,871	\$236		\$236	\$12,763,026
Mar-03	54,306	\$12,437,123	Mar-02	44,791		50,083	50,083		109,381	\$236		\$236	\$12,816,325
Apr-03	54,533	\$12,489,060	Apr-02	44,905		50,292	50,292		109,893	\$236		\$236	\$12,869,845
May-03	54,761	\$12,541,214	May-02	45,019		50,502	50,502		110,407	\$236		\$236	\$12,923,590
Jun-03	54,990	\$12,593,586	Jun-02	45,133		50,713	50,713		110,924	\$236		\$236	\$12,977,558
Assumptions	Total	\$148,290,830	Year-to-Date	44,509	0.25%	44,509	49,569	0.42%	108,126	\$236	0.45%	\$236	\$12,984,807
Avg. Mo. Growth	0.42%		Average	45,133		45,133	50,713	0.47%	110,924	\$236		\$236	\$152,217,883
Annual Growth	5.0%		Total			50,713	50,713		110,924	\$236		\$236	\$152,217,883
Avg. Payment	\$240		Net Growth			50,713	50,713		110,924	\$236		\$236	\$152,217,883

Notes:

- Due to economic factors we can anticipate an increase in case load growth for SFY 2002-03.
- With the federal government extending unemployment for an additional 13 weeks we anticipate an increase after the beginning of next fiscal year.
- After a major layoffs there is usually a lag time that occurs between unemployment payments being made and people using their savings prior to applying for work first cash assistance.

Cash Availability

Proposed Fiscal Year 2002-03	\$129,396,275
Work First Cash Assistance	22,821,408
State Funds	\$0
Total Available	\$152,217,683

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF SOCIAL SERVICES**

SOCIAL SERVICES BLOCK GRANT (SSBG) FOR SFY 2002-03

The amount of Social Services Block Grant (SSBG) Funds available for SFY 2002-03 is based on the actual SSBG Funds allocated for Federal Fiscal Year 2002. The anticipated total federal funds for SFY 2002-03 is \$52,852,407. This includes \$48,352,407 in SSBG and \$4,500,000 in funds transferred from the Temporary Assistance for Needy Families (TANF) Block Grant. Due to limited fund availability for TANF, the amount of funds transferred from TANF into SSBG is \$1,500,000 less than the previous year.

GENERAL DESCRIPTION

The Social Services Block Grant is intended to provide federal funds which support helping individuals achieve or maintain a greater degree of economic self-support or self-sufficiency, preventing abuse or exploitation of children and adults who are unable to protect their own interests, and preventing inappropriate institutional care or securing appropriate institutional care when other forms of care are not appropriate.

The primary providers of these services are the one hundred county departments of social services. These funds are mostly being used for mandated services such as foster care services for adults and children, protective services for adults and children, and adoption services. Other uses of these funds include child care for child welfare cases, community-based services for elderly and disabled adults (such as in-home aid services, adult day care, and preparation of meals), mental health services, and other human services programs.

RECOMMENDATIONS

- | | | | |
|----|--|----|------------|
| 1. | Allocation to the 100 county departments of social services for basic/mandatory services. Includes <u>Transfer from Temporary Assistance for Needy Families (TANF) Block Grant of \$4,500,000.</u> | \$ | 27,095,289 |
| 2. | Allocation for in-home services provided by county departments of social services. | \$ | 2,101,113 |
| 3. | Allocation to the Division of Mental Health, Developmental Disabilities and Substance Abuse Services for residential treatment, day treatment, adult day activity program, developmental day care services, and Community Living Skills Program. | \$ | 3,656,604 |

4.	Allocation to the Division of Services for the Blind for case management, chore and independent living services.	\$	3,105,711
5.	Allocation to the Division of Facility Services for Adult Care Home licensure staff to conduct pre-licensure inspections, providing consultation and technical assistance, conducting complaint investigations, and documenting case findings.	\$	426,836
6.	Allocation to the Division of Aging for the Home and Community Care Block Grant for persons age 60 and older, for training and education, and for respite care services.	\$	1,840,234
7.	Allocation to the Division of Child Development for child care subsidies.	\$	3,000,000
8.	Allocation to the Division of Vocational Rehabilitation Services – United Cerebral Palsy.	\$	71,484
9.	Allocation to the Department of Health and Human Services to support direct and indirect state and regional administration.	\$	1,693,368
10.	Allocation to the Division of Social Services for the Child Medical Evaluation Program.	\$	238,321
11.	Allocation to county departments of social services for Adult Day Care Services.	\$	2,155,301
12.	Transfer to the Department of Administration for the N.C. Commission of Indian Affairs In Home Services Program for the elderly.	\$	203,198
13.	Allocation to the Division of Vocational Rehabilitation – Easter Seals Society.	\$	116,779
14.	Allocation to the Division of Social Services for the UNC-Chapel Hill CARES Program for training and consultation services.	\$	247,920
15.	Allocation to the Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly.	\$	41,302
16.	Allocation to the Division of Social Services - Child Caring Agencies.	\$	1,500,000
17.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for developmentally disabled waiting list for services.	\$	5,000,000

18. Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing. \$ 145,819

19. Division of Facility Services – Mental Health Licensure 213,128

TOTAL \$ **\$52,852,407**

SOURCE OF FUNDS:

Social Services Block Grant (SSBG) Funds: \$ 48,352,407

Transfer from Temporary Assistance for Needy Families (TANF) Block Grant: \$ 4,500,000

Analysis of Social Services Block Grant
SFY 2002-03

Item Number	Title	Actual SFY 2000-01 (SSBG)	Appropriated SFY 2001-2002 (SB 1005)	Appropriated Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	County departments of social services (\$22,895,663 SSBG and \$4,500,000 Transfer from TANF)	\$ 22,895,663	\$ 27,395,663	\$ 27,095,289	\$ (300,374)	This item was decreased to more adequately fund item 3.
2	Allocation for in-home services provided by county departments of social services	\$ 2,101,113	\$ 2,101,113	\$ 2,101,113	\$ -	
3	Division of Mental Health, Developmental, Disabilities, and Substance Abuse Services	\$ 3,234,601	\$ 3,234,601	\$ 3,656,604	\$ 422,003	In order to provide additional funding, Item 12 and the reduction in Item 1 funding was combined into this Item.
4	Division of Services for the Blind	\$ 3,105,711	\$ 3,105,711	\$ 3,105,711	\$ -	
5	Division of Facility Services	\$ 426,836	\$ 426,836	\$ 426,836	\$ -	
6	Division of Aging - Home and Community Care Block Grant	\$ 1,840,234	\$ 1,840,234	\$ 1,840,234	\$ -	
7	Child Care Subsidies	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -	
8	Division of Vocational Rehabilitation - United Cerebral Palsy	\$ 71,484	\$ 71,484	\$ 71,484	\$ -	
9	State Administration	\$ 1,693,368	\$ 1,693,368	\$ 1,693,368	\$ -	
10	Child Medical Evaluation Program	\$ 238,321	\$ 238,321	\$ 238,321	\$ -	
11	Adult day care services	\$ 2,155,301	\$ 2,155,301	\$ 2,155,301	\$ -	

**Analysis of Social Services Block Grant
SFY 2002-03**

Item Number	Title	Actual SFY 2000-01 (SSBG)	Appropriated SFY 2001-2002 (SB 1005)	Appropriated Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
12	Comprehensive Treatment Services	-	\$ 750,000	-	\$ (750,000)	Funding for this item would have been significantly reduced leaving little funding to provide an impact. Therefore, the item is being combined with Item 3.
13	Transfer to Preventive Health Services Block Grant for emergency medical services	\$ 213,128	\$ 213,128	-	\$ (213,128)	The transfer of funds to this block grant was to create administrative problems. Therefore, state appropriations will be utilized to fund this activity while SSBG funds previously utilized for this purpose will fund Mental Health Licensure.
14	Transfer to Preventive Health Services Block Grant for HIV/AIDS Prevention Activities	\$ -	\$ 395,789	-	\$ (395,789)	Funding for this item would have been significantly reduced leaving little funding to provide an impact. Therefore, the item is being combined with Item 22.
15	Department of Administration for the NC Commission of Indian Affairs In-Home Services Program for the elderly	\$ 203,198	\$ 203,198	\$ 203,198	\$ -	
16	Division of Vocational Rehabilitation - Easter Seals Society	\$ 116,779	\$ 116,779	\$ 116,779	\$ -	
17	UNC-CH Cares Program for training and consolation services	\$ 247,920	\$ 247,920	\$ 247,920	\$ -	
18	Office of the Secretary - Office of Economic Opportunity for NC Senior Citizens' Federation for outreach services to low-income elderly persons	\$ 41,302	\$ 41,302	\$ 41,302	\$ -	

Analysis of Social Services Block Grant
SFY 2002-03

Item Number	Title	Actual SFY 2000-01 (SSBG)	Appropriated SFY 2001-2002 (SB 1005)	Appropriated Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
19	Child Caring Agencies	\$ 1,500,000	\$1,500,000	\$ 1,500,000	\$ -	
20	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services		\$ 5,000,000	\$ 5,000,000	\$ -	
21	Transfer to Maternal and Child Health Block Grant for Newborn Screenings	\$ 90,611	\$ 90,611	\$ -	\$ (90,611)	Funding for this item would have been significantly reduced leaving little funding to provide an impact. Therefore, the item is being combined with Item 22.
22	Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing	\$ 66,939	\$ 66,939	\$ 145,819	\$ 78,880	After funding for Items 14 and 21 was reduced to levels that would have provided for insignificant benefit, the items were combined with Item 22.
23	Division of Facility Services: Mental Health Licensure	\$ -	\$ -	\$ 213,128	\$ 213,128	SSBG will now fund this item in lieu of the EMS activities. \$213,128 in state appropriations will be utilized to fund EMS activities. This will solve administrative problems which would have existed should the EMS activities have been funded through an SSBG transfer to the Preventive Health Services Block Grant.
Grand Total		\$47,742,509	\$53,888,298	\$52,852,407	-\$1,035,891	
Total TANF Transfer to SSBG		6,000,000	6,000,000	4,500,000	(1,500,000)	
Total SSBG		\$ 41,742,509	\$ 47,888,298	\$ 48,352,407	\$ 464,109	

**Analysis of Social Services Block Grant
SFY 2002-03**

Item Number	Title	Actual SFY 2000-01 (SSBG)	Appropriated SFY 2001-2002 (SB 1005)	Appropriated Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
	Funding for SFY 02-03	\$ 48,352,407				
	Prgms prior to SFY 2001-02	48,151,898				
	Additional funding to dist.	<u>\$ 200,509</u>				

SSBG Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
1	<p>Funds support the following county DSS level: Adoption, Foster Care for Adults and Children, Adult Services, Transportation, In-Home Aid for Adults; etc. The objective is preventive and delay out of home placement for adults, prevent abuse and neglect of children and adults. No state level FTE's will be supported with these funds.</p>	<p>Funds support the following county DSS level: Adoption, Foster Care for Adults and Children, Adult Services, Transportation, In-Home Aid for Adults; etc. The objective is preventive and delay out of home placement for adults, prevent abuse and neglect of children and adults. No state level FTE's will be supported with these funds.</p>
2	<p>The State In-Home Services Fund provides services that enable disabled adults under the age of 60 and families with children to live at home and function independently. The fund is administered by the Division of Aging, and the funding is allocated directly to each county department of social services to provide services such as in-home aide, home delivered meals, adult day care, housing and home improvement and in-home case management services. No state level FTE's are supported by these funds.</p>	<p>The State In-Home Services Fund provides services that enable disabled adults under the age of 60 and families with children to live at home and function independently. The fund is administered by the Division of Aging, and the funding is allocated directly to each county department of social services to provide services such as in-home aide, home delivered meals, adult day care, housing and home improvement and in-home case management services. No state level FTE's are supported by these funds.</p>
3	<p>Funds support the provision of community mental health, developmental disabilities and substance abuse services. Services include periodic, day and residential services for children and adults. Based on an average annual cost of \$2,500 per person (average cost of individual served in area programs), approximately 1,294 individuals will receive services in SFY 02 which are funded in whole or in part by SSBG funds. No state level FTE's will be supported with these funds.</p>	<p>Funds support the provision of community mental health, developmental disabilities and substance abuse services. Services include periodic, day and residential services for children and adults. Based on an average annual cost of \$2,722 per person (average cost of individual served in area programs), approximately 1,169 individuals will receive services in SFY 03 which are funded in whole or in part by SSBG funds, at the reduced funding level. No state level FTE's or other administrative costs will be supported with these funds.</p>

SSBG Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
4	<p>Funds enable blind and visually-impaired people to adjust to their disabilities so as to be able to meet the demands of daily living and be independent. Services are available in all 100 NC counties and include counseling, personal care skills and training in home management. 72.4 FTE's include service providers - 57 Social Workers for the Blind - 9 Orientation and Mobility Specialists--4 Field Service Supervisors (Supervise the 57 Social Work positions). Remaining 2.4 FTE's are part-time clerical positions assisting blind Social Workers (these staff are located in county Departments of Social Services). Twelve additional FTE's are cost allocated positions. It is anticipated that with the increasing aging population in our State, the demand for these services will grow dramatically. These services are directed toward enabling people to stay in their homes/communities, thus, avoiding costly institutional and other forms of care.</p>	<p>Funds enable blind and visually-impaired people to adjust to their disabilities so as to be able to meet the demands of daily living and be independent. Services are available in all 100 NC counties and include counseling, personal care skills and training in home management. 72.4 FTE's include service providers - 57 Social Workers for the Blind - 9 Orientation and Mobility Specialists--4 Field Service Supervisors (Supervise the 57 Social Work positions). Remaining 2.4 FTE's are part-time clerical positions assisting blind Social Workers (these staff are located in county Departments of Social Services). It is anticipated that with the increasing aging population in our State, the demand for these services will grow dramatically. These services are directed toward enabling people to stay in their homes/communities, thus, avoiding costly institutional and other forms of care.</p>
5	<p>SSBG funds are allocated to the Group Care Licensure Section and are used to support the consultation and technical assistance components of this program - involving adult care homes and homes for the developmentally disabled. This effort consists of conducting pre-licensure inspections, providing consultation and technical assistance, conducting complaint investigations and documenting case findings. A total of 10.80 FTE's are supported with SSBG funds.</p>	<p>SSBG funds are allocated to the Group Care Licensure Section and are used to support the consultation and technical assistance components of this program - involving adult care homes and homes for the developmentally disabled. This effort consists of conducting pre-licensure inspections, providing consultation and technical assistance, conducting complaint investigations and documenting case findings. A total of 12.105 FTE's are supported with SSBG funds.</p>
6	<p>The Division of Aging utilizes \$1,834,077 to provide in-home services for persons age 60 and over through the Home and Community Care Block Grant. \$6,157 is used to pay office rent to the Division of Mental Health. Total SSBG funding is \$1,840,234. Approximately 1,041 persons are expected to be served through this funding during SFY 01-02. No state level FTE's will be supported by these funds.</p>	<p>The Division of Aging utilizes \$1,834,077 to provide in-home services for persons age 60 and over through the Home and Community Care Block Grant. \$6,157 is used to pay office rent to the Division of Mental Health. Total SSBG funding is \$1,840,234. Approximately the same number of persons (about 1,000) are expected to be served through this funding during SFY 02-03. No state level FTE's will be supported by these funds.</p>

SSBG Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
7	<p>Child Care subsidies funding is combined with other state and federal funds and allocated by the Division of Child Development to each county for subsidized child care for low-income and other needy families. The purpose of the funding is to provide support to families who need assistance in paying for child care. The funds will be used for the same purpose in SFY 2000-01 and 2001-02, with the anticipated outcome that it will allow families to stay employed since they have access to child care. No state or county level FTE's will be supported by these funds.</p>	<p>SSBG funds are a small but very critical piece of DCD's subsidized child care funding. SSBG funds can be used to serve families who are not eligible for CCDF or TANF funds, such as families who need child care because children are receiving child protective or child welfare services; the family is in crisis; or to support foster care placement. The \$3 million in SSBG is also essential in meeting Child and Adult Care Food Program requirements. Because the SSBG (Title XX) is part of NC's blended subsidy funds, the USDA allows for-profit providers who receive our blended subsidy funds to qualify for the CACFP. An estimated 2,200 for-profit child care centers approved for subsidy could be impacted. If centers do not receive CACFP reimbursement, it is likely that they will pass additional food costs onto parents or the subsidy program. No state or county level FTE's will be supported by these funds.</p>
8	<p>United Cerebral Palsy provides support vocational, educational and training programs to adults having cerebral palsy or other neuromuscular conditions for employability in the regular workforce. The State has considered the services provided to adults with severe physical disabilities as one of the services that the state has considered a priority direct service. United Cerebral Palsy utilizes these funds to provide direct services for adults with severe disabilities in five locations across the state, serving over 50 adults on a daily basis. These adults would be at risk for daily care without the services supported through Social Services Block Grant. The funding will be reflected through the Raleigh location. Utilization of the funding will provide for rehabilitative intervention leading to a greater independence, maintenance of health, community interaction and in some cases movement into supported employment. A vital part of a comprehensive effort to provide personal outcomes leading to greater daily independence and potential part time employment. A total of 3 FTE's will be supported with Social Services Block Grant funds.</p>	<p>United Cerebral Palsy provides vocational, educational and training programs to adults having cerebral palsy or other neuromuscular conditions for employability in the regular workforce. The State has considered the services provided to adults with severe physical disabilities as a priority direct service. United Cerebral Palsy utilizes these funds to provide direct services for adults with severe disabilities in five locations across the state, serving over 50 adults on a daily basis. These adults would be at risk for daily care without the services supported through Social Services Block Grant. The funding will be distributed through the Raleigh location. Utilization of the funding will provide for rehabilitative intervention leading to greater independence, maintenance of health, community interaction and in some cases movement into supported employment. A vital part of a comprehensive effort to provide personal outcomes leading to greater daily independence and potential part-time employment. No state level FTE's will be supported with Social Services Block Grant funds.</p>

SSBG Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
9	State Administration funds support a total of 27.58 FTE positions through cost allocation. These positions support the implementation of the Social Services Block Grant.	State Administration funds support a total of 27.58 FTE positions through cost allocation. These positions support the implementation of the Social Services Block Grant.
10	Child Medical Evaluation Program provides medical and psychological evaluations of children who are being investigated by county DSS agencies for suspected abuse and/or neglect. The evaluations are performed by licensed physicians and psychiatrists/psychologists across the state who receive training by the UNC School of Medicine to perform these responsibilities. The evaluations greatly assist county DSS's and the court system in making sound decisions about the nature and extent of maltreatment that a child has endured. Children suspected of being abused or neglected receive expert evaluations so that appropriate actions can be taken to protect them. No state level FTE's will be supported with these funds.	Child Medical Evaluation Program provides medical and psychological evaluations of children who are being investigated by county DSS agencies for suspected abuse and/or neglect. The evaluations are performed by licensed physicians and psychiatrists/psychologists across the state who receive training by the UNC School of Medicine to perform these responsibilities. The evaluations greatly assist county DSS's and the court system in making sound decisions about the nature and extent of maltreatment that a child has endured. Children suspected of being abused or neglected receive expert evaluations so that appropriate actions can be taken to protect them. No state level FTE's will be supported with these funds.
11	The State Adult Day Care Fund provides adult day care and adult day health care services to adults age 18 and over. The fund is administered by the Division of Aging and money is allocated to 72 county departments of social services who make payments to certified adult day services centers. The number of clients served for SFY 01 is expected to remain constant in SFY 02.	The State Adult Day Care Fund provides adult day care and adult day health care services to adults age 18 and over. The fund is administered by the Division of Aging and money is allocated to 72 county departments of social services who make payments to certified adult day services centers. The number of clients served for SFY 02 is expected to remain constant in SFY 03; therefore, the funding should remain at least to the same level.
12	Comprehensive Treatment Services Program: The purpose of this program is to provide appropriate and medically necessary residential and non-residential treatment alternatives for children at risk of institutionalization or other out-of-home placement.	Funding for this item is not proposed for SFY 2002-03.
13	SSBG funds transferred to the Preventive Health Block Grant (PHBG) are used by the Office of Emergency Medical Services (OEMS) to support a statewide Ambulance Call Reporting (ACR) System, the statewide trauma registry and several federally-funded positions. A total of 5.0 FTE's are supported with SSBG/PHBG funds.	It is proposed this item not be funded with transfer of SSBG funds transferred to the Preventive Health Block Grant. Rather, state appropriations as indicated on the SSBG Analysis Schedule will fund the EMS activities. The activities to be supported will be the same as in SFY 2001-02.

SSBG Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
14	<p>Section 5.1(z) of Session Law 2001-424, Senate Bill 1005 appropriated the sum of \$395,789 in the Social Services Block Grant and transferred to the Preventive Health Service Block Grant to the Department for HIV/AIDS prevention, education and awareness activities. To ensure compliance with SB 1005, section 5.1 (z), the Office of Minority Health and Health Disparities (OMHHD), in collaboration with the HIV/STD Prevention and Care Branch in the Division of Public Health, has focused their efforts on three major components – NCDHHS HIV/AIDS Inter-Intra Agency Partnership, the HIV/AIDS awareness and education media campaign, and the local HIV/STD Prevention Partnerships</p>	<p>Funding for this item is not proposed for SFY 2002-03.</p>
15	<p>NC Commission of Indian Affairs has four service sites and the objective is to increase the quality of life by providing needed services for American Indian elders residing in isolated communities and to increase the utilization of public benefits by American Indians who are physically or mentally challenged living in rural areas. The average number of clients served is 85. This program services clients through preparation of meals, In-Home Aide and volunteer transportation. The NC Commission of Indian Affairs, Community Services Program provides direct services to clients which greatly contributes to their quality of life. A total of 1full time FTE position, along with 7 part-time FTE's are supported with these funds.</p>	<p>NC Commission of Indian Affairs has four service sites and the objective is to increase the quality of life by providing needed services for American Indian elders residing in isolated communities and to increase the utilization of public benefits by American Indians who are physically or mentally challenged living in rural areas. The average number of clients served is 85. This program services clients through preparation of meals, In-Home Aide and volunteer transportation. The NC Commission of Indian Affairs, Community Services Program provides direct services to clients which greatly contributes to their quality of life. A total of 1full time FTE position, along with 7 part-time FTE's are supported with these funds.</p>

SSBG Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
16	<p>Easter Seal Society provides durable medical equipment to individuals with disabilities and the aging living in non-congregate homes and who have no other means of acquiring the equipment through Medicaid, Medicare or other resources without cost. The intended outcome of this program is to enable people with disabilities and the aging to live more independently while reducing their risk of institutionalization. Services are available to people with disabilities and the aging in all 100 N.C. counties. Currently, 367 people with disabilities and the aging have requested and are waiting to receive services. This represents more than \$587,000 in equipment needs with a waiting list of more than 5 years. No state level FTE's are supported with these funds.</p>	<p>Easter Seal Society provides durable medical equipment to individuals with disabilities and the aging living in non-congregate homes and who have no other means of acquiring the equipment through Medicaid, Medicare or other resources without cost. The intended outcome of this program is to enable people with disabilities and the aging to live more independently while reducing their risk of institutionalization. Services are available to people with disabilities and the aging in all 100 N.C. counties. There are currently 300+ people with disabilities and the aging waiting to receive services. This represents more than \$500,000 in equipment needs with a waiting list of more than 5 years. No state level FTE's are supported with these funds.</p>
17	<p>UNC-CH Cares Program - The Division of Social Services uses these funds to contract with the UNC School of Social Work to develop and provide training for social workers and supervisors in county departments of social services who work with elderly and disabled adults and their families. This contract provides the primary source of statewide training for adult services staff in county departments of social services and is essential for giving them the knowledge and skills needed to work with these individuals and families. Over 600 individuals in county DSS's are trained annually. This training gives the social workers the knowledge and skills needed to assess the needs of elderly and disabled adults, to determine whether they are able to live at home or need adult care home or nursing home care, to determine what service and care needs they have, and how to develop care plans that will meet the individual's needs. No state level FTE's are supported by these funds.</p>	<p>UNC-CH Cares Program - The Division of Social Services uses these funds to contract with the UNC School of Social Work to develop and provide training for social workers and supervisors in county departments of social services who work with elderly and disabled adults and their families. This contract provides the primary source of statewide training for adult services staff in county departments of social services and is essential for giving them the knowledge and skills needed to work with these individuals and families. Over 600 individuals in county DSS's are trained annually. This training gives the social workers the knowledge and skills needed to assess the needs of elderly and disabled adults, to determine whether they are able to live at home or need adult care home or nursing home care, to determine what service and care needs they have, and how to develop care plans that will meet the individual's needs. No state level FTE's are supported by these funds.</p>

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
18	Office of Economic Opportunity N.C. Senior Federation use these funds for outreach activities for low income elderly persons. The objective is to connect low income elderly persons with programs and services for which they may be eligible. Approximately 125 seniors are expected to benefit from this outreach effort. No state level FTE's are supported by these funds	Office of Economic Opportunity N.C. Senior Federation use these funds for outreach activities for low income elderly persons. The objective is to connect low income elderly persons with programs and services for which they may be eligible. Approximately 125 seniors are expected to benefit from this outreach effort. No state level FTE's are supported by these funds
19	These funds are an important part of the financial support for private, non-profit Child Care Agencies who care for children in the foster care system. These funds support part of the cost of care for non IV-E foster children placed in state-licensed settings. These funds allow the private agencies to provide quality care for all foster children, irrespective of their county of residence and the type of family from which they were removed. No state level FTE's are supported with these funds.	These funds are an important part of the financial support for private, non-profit Child Care Agencies who care for children in the foster care system. These funds support part of the cost of care for non IV-E foster children placed in state-licensed settings. These funds allow the private agencies to provide quality care for all foster children, irrespective of their county of residence and the type of family from which they were removed. No state level FTE's are supported with these funds.
20	Developmental Disabilities Waiting List: The purpose of this funding is to enable the development of additional services in order to (a) serve adults and children currently on the DD waiting list and not receiving any services, and (b) to serve adults and children currently on the DD waiting list who may be receiving partial services but needed additional services.	Developmental Disabilities Waiting List: The purpose of this funding is to enable the development of additional services in order to (a) serve adults and children currently on the DD waiting list and not receiving any services, and (b) to serve adults and children currently on the DD waiting list who may be receiving partial services but needed additional services. Based on an average cost of \$2,722 per person, the recommended SFY 03 funding level would provide services to an estimated 1,561 individuals.
21	Currently being allocated to Duke University and Wake Forest University for genetic counseling. DPH requests that these funds go directly to the targeted agencies and not come through the Maternal and Child Health Block Grant.	Funding for this item is not proposed for SFY 2002-03.

SSBG Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE SOCIAL SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
22	Public Health will allocate funds to local health departments to support personnel and programs for HIV/AIDS education, counseling, and testing. The local health departments emphasize AIDS education and testing efforts targeted at persons at highest risk to ensure that these efforts are maximally effective in controlling the epidemic. There are no FTE's associated with this activity.	To ensure compliance with SB 1005, section 5.1 (z), the Office of Minority Health and Health Disparities (OMHHD), in collaboration with the HIV/STD Prevention and Care Branch in the Division of Public Health, has focused their efforts on three major components - NCDHHS HIV/AIDS Inter-Intra Agency Partnership, the HIV/AIDS awareness and education media campaign, and the local HIV/STD Prevention Partnerships
23	This did not occur in SFY 2001-02.	DFS - Mental Health Licensure: SSBG will now fund this item in lieu of the EMS activities. State appropriations will be utilized to fund EMS activities. This will solve administrative problems which would have existed should the EMS activities have been funded through an SSBG transfer to the Preventive Health Services Block Grant.

**DIVISION OF CHILD DEVELOPMENT
CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 02-03**

GENERAL DESCRIPTION

For State Fiscal Year 2002-03, federal funds available through the Child Care and Development Fund (CCDF) for appropriation are projected to be \$173,227,035. In addition, the NC Department of Health and Human Services is proposing to transfer \$72,812,189 in federal Temporary Assistance for Needy Families (TANF) funds to the Child Care and Development Fund. The US Department of Health and Human Services has not yet released its estimates for Federal Fiscal Year 2002-03 CCDF grant awards. The estimate shown here assumes that the CCDF grant will be reauthorized at the same funding level and with the same requirements in FFY 2003.

The purpose of the Child Care and Development Fund is to improve the availability, quality, and affordability of child care. The CCDF is comprised of three funding streams: Mandatory, Matching, and Discretionary. The federal legislation requires that a considerable portion of the Mandatory and Matching funds be used to provide child care assistance to families that are receiving public assistance, families that are attempting through work activities to transition off of such assistance, and families that are at risk of becoming dependent on such assistance. A substantial portion of the Discretionary funds must also be used to provide assistance to low-income working families.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 limits administrative costs (as defined by the Federal Administration for Children and Families) to a maximum of 5% of the total CCDF allocation. The NC Division of Child Development plans to set aside 4% of the federal CCDF funds for administrative costs at the state and local level. Funding not used for administration will be used for child care subsidies.

Also a requirement of the PRWORA, the Division plans to reserve at least 4% of the total CCDF allocation for quality and availability initiatives. The CCDF also includes earmarks for specific quality activities that are in addition to the 4% quality requirement.

Child Care Services

North Carolina uses CCDF "Services" funding to provide subsidies to low-income working families and to support effective implementation of the Subsidized Child Care Program. Families are eligible for CCDF-funded child care based on income and have a co-payment of 8-10% of their gross monthly income.

North Carolina's Work First program requires recipients to work, resulting in a high demand for child care subsidies. The Division of Child Development is charged with administering all subsidized child care programs, including the provision of child care to Work First participants.

In SFY 00-01, the Subsidized Child Care Program (funded primarily through the Child Care and Development Fund) supported families in their transition off public assistance by:

- Providing subsidized care to over 174,000 children of which over 26,000 were children in families receiving Work First benefits;

**DIVISION OF CHILD DEVELOPMENT
CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 02-03**

- Enabling families that moved off Work First to continue to receive subsidized child care as they worked to sustain self-sufficiency.

Under the current eligibility policy, the Subsidized Child Care Program helps to reduce the need for Work First and other public assistance in the first place. At the local level, subsidized child care has been used to divert families from going on Work First and other forms of public assistance.

To meet the demand for subsidized child care from Work First and other low-income working families, DHHS is proposing to continue to transfer TANF funds to CCDF. Transferred funds will supplement the Discretionary funding stream reserved for low-income working families. Coordination between the Division of Child Development and the Division of Social Services will continue as child care remains a critical support for Work First families.

In addition to general child care subsidies, CCDF Services funding is used to provide Head Start Wrap Around care -- child care that "wraps around" partial-day Head Start programs to enable parents to work, search for work, or participate in education or training. Wrap Around care is accessed by families through the same local offices that provide vouchers to low-income families for subsidized child care -- in most cases, the local department of social services.

Child Care and Development Fund Services funding supports the quality as well as the affordability and availability of child care. Reimbursement rates to providers are linked to the five-star rated license system in a such a manner as to compensate for quality child care services. Market rates at each of the five star rated license levels allow for higher quality subsidized child care to be reimbursed at higher rates. Market rates were not adjusted in the past year.

Quality and Availability Initiatives

The need for quality care and early education services is critical. Early childhood research has confirmed the potential for extensive brain development in the first three years of life and identified the importance of a safe and nurturing environment for healthy brain development. Studies have shown the benefits of high-quality early childhood experiences, especially for children who are traditionally at risk of not doing well in school. Based upon the findings from the growing body of research on child development and child care, it is important to promote high-quality child care practices and increase the availability of high-quality care.

Since 1991 (through the Child Care and Development Fund and its precursor, the Child Care and Development Block Grant), North Carolina has supported initiatives that improve the quality and availability of child care. Examples of ongoing initiatives include: child care resource and referral services; expanding the availability and quality of school-age care; efforts to support inclusion of children with special needs in mainstream child care programs; and the Child Care Revolving Loan Fund.

Other newer initiatives that the Division of Child Development plans to continue in State Fiscal Year 2002-03 include: partial health insurance reimbursement and wage supplements for child care staff who obtain additional education; child care health consultation targeted to providers of infant

**DIVISION OF CHILD DEVELOPMENT
CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 02-03**

and toddler care; and assistance to child care providers through implementation of North Carolina's Five Star Rated License.

Implementation of the five-star rated license has supported the goal of making quality child care accessible to families. Over half of the children now enrolled in child care centers are in programs with ratings of 3-5 stars. Consumer outreach is provided through child care resource and referral and the Division's website to make parents aware of the components of quality child care through the rated license.

In previous years, additional Division staff were hired with CCDF funding to meet state and federal mandates related to: monitoring use of child care subsidy funds; monitoring compliance with licensing requirements; and investigation of child abuse and neglect reports in child care settings. This allowed more licensing staff to visit new and existing child care centers and homes to assure compliance with licensing standards.

All quality initiatives funded with the CCDF through the Division of Child Development must be consistent with North Carolina's approved FFY 2001-2003 CCDF plan.

DIVISION OF CHILD DEVELOPMENT
CHILD CARE AND DEVELOPMENT FUND PLAN FOR SFY 02-03

GENERAL DESCRIPTION

For State Fiscal Year 2002-03, federal funds available through the Child Care and Development Fund (CCDF) are projected to be \$173,227,035. In addition, the NC Department of Health and Human Services is proposing to transfer federal Temporary Assistance for Needy Families (TANF) funds to the Child Care and Development Fund. The US Department of Health and Human Services has not yet released its estimates for Federal Fiscal Year 2003 CCDF grant awards. The estimate shown here is based on continuation of CCDF funding in the same amount that North Carolina received in FFY 2002.

CCDF RECOMMENDATIONS

ALLOCATION

1. Child Care Services: Allocate funds to local agencies for services support and the provision of child care subsidies for low income working and other needy families. This amount includes funds for automation to support subsidy reimbursement.	\$149,801,334
2. Improve Quality of Early Care and Education Services: Federal law requires states to spend at least 4% of the CCDF allotment for activities to improve the quality and increase the availability of child care and early education. In addition, the state's annual allotment of CCDF funds includes earmarks for specific quality activities. The quality funds will provide for the continuation of existing projects to enhance the quality of child care in North Carolina. The quality and availability activities include: increasing the availability of care for school-age children and children with special needs, child care resource and referral services, supporting provider education and training, improving the monitoring of child care facilities, and lowering the teacher turnover rate by funding various teacher compensation programs such as health insurance reimbursement and wage supplements for early education staff. The amount of quality funding shown here does not include the 4% set-aside required of any funding transferred from TANF to CCDF.	\$16,496,620
3. Administrative Costs: The CCDF regulations limit expenditures for administration to no more than 5% of the total grant. The recommended amount represents expected expenditures of 4% of the SFY CCDF funds. The calculation of the recommended amount does not include the funds transferred from TANF.	\$6,929,081
4. Transfer funding from TANF to CCDF: The majority of the TANF funds are used for child care subsidies. The transferred funds are subject to the same requirements that apply to CCDF (minimum 4% for quality improvement).	\$72,812,189
5. State Funding Requirements: Designate state funds to maximize available federal funds for child care services and quality activities.	\$64,305,829
TOTAL REQUIREMENTS	\$310,345,053

SOURCE OF FUNDS

FFY 02 CCDF	\$45,528,531
FFY 03 CCDF	\$127,698,504
TANF Transfer	\$72,812,189
State Maintenance of Effort (MOE)	\$37,927,282
State Matching	\$26,378,547

Division of Child Development
Analysis of Child Care and Development Fund

SFY 2002-03

Item Number	Title	Actual SFY 2000-01	Appropriated SFY 2001-02 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
01.	Child Care Services	\$ 125,757,226	\$ 148,343,839	\$ 149,801,334	\$ 1,457,495	Recommended amount for SFY 2003 includes increases received to FFY 2002 Grant
02.	Quality and availability initiatives	\$ 12,028,546	\$ 17,259,661	\$ 16,496,620	\$ (763,041)	SFY 2002 appropriation includes FFY 2001 increases to quality set asides which were received in December 2000 and not included in SFY 2001 plan
03.	Administrative expenses	\$ 5,665,920	\$ 6,550,000	\$ 6,929,081	\$ 379,081	Am't approved for FY02 was less than the amount requested; recommended amount for next year is 4% of grant; federal cap is 5%
04.	Transfer from TANF for child care subsidies	\$ 78,238,004	\$ 76,675,000	\$ 72,812,189	\$ (3,862,811)	TANF plan proposes decrease in child care funding.
	Totals	\$ 221,689,696	\$ 248,828,500	\$ 246,039,224	\$ (2,789,276)	

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF ECONOMIC OPPORTUNITY
COMMUNITY SERVICES BLOCK GRANT PLAN FOR SFY 2002-2003**

GENERAL DESCRIPTION

For State Fiscal Year 2002-2003, funds available through the Community Services Block Grant Program (CSBG) for appropriation are projected to be \$16,963,303. CSBG funds are projected to be available October 1, 2002.

Since 1981, the Community Services Block Grant Program has made federal funds available to states to provide a range of services designed to assist low-income persons attain the skills, knowledge, and motivation necessary to achieve self-sufficiency.

The primary providers of services under this grant, as required by federal law, are the thirty-six Community Action Agencies (CAAs) in the state. Other grantees are seven Limited Purpose Agencies (LPAs) who were recipients of similar funds prior to the inception of the Community Services Block Grant Program. CAAs operate programs under the Community Services Block Grant in coordination with other federal, state, and local programs such as the Head Start program, Workforce Investment Act (WIA) Programs, Weatherization Assistance Program, and Section 8 Rental Assistance Program.

In August 1995, the federal Community Services Block Grant Monitoring and Assessment Task Force produced a National Strategic Plan, which endorsed a results-oriented management approach for the Community Services Network. The plan includes a set of six broadly stated umbrella national goals, with suggested measures to assess progress towards the goals. States and local agencies are required to address these goals and measures in their program planning and reporting.

The six national goals of the Community Services Network are:

- Goal 1. Low-income people become more self-sufficient.
- Goal 2. The conditions in which low-income people live are improved.
- Goal 3. Low-income people own a stake in their community.
- Goal 4. Partnerships among supporters and providers of services to low-income people are achieved.
- Goal 5. Agencies increase their capacity to achieve results.
- Goal 6. Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other support systems.

Community Services Block Grant funds are used to provide a wide variety of services in local communities to serve identified needs of poor families. Programs

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF ECONOMIC OPPORTUNITY
COMMUNITY SERVICES BLOCK GRANT PLAN FOR SFY 2002-2003**

allowed under the Community Services Block Grant Act are those which provide activities designed to assist low-income participants including the elderly poor:

- to remove obstacles and solve problems which block the achievement of self-sufficiency;
- to secure and retain meaningful employment;
- to attain an adequate education;
- to make better use of available income;
- to obtain and maintain adequate housing and a suitable living environment;
- to obtain emergency assistance through loans, grants or other means to meet immediate and urgent family and individual family needs;
- to achieve greater participation in the affairs of the community; and
- to make more effective use of other programs related to promoting the well being of the low-income population.

The specific services operated in each local community are determined by the local agency as a result of an assessment of the needs of low-income individuals and families in their service area, which is used to develop a multi-year plan for services.

As required by the Community Services Block Grant Act, ninety per cent of the funds received are distributed to the thirty-six Community Action Agencies (CAAs) located throughout the state. Five percent is the maximum allowed by federal law that may be used to administer the Program. The remainder is used to fund seven non-profit organizations known as Limited Purpose Agencies (LPAs).

Over twenty thousand low-income individuals are served annually by the North Carolina Community Services Block Grant Program.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF ECONOMIC OPPORTUNITY
COMMUNITY SERVICES BLOCK GRANT PLAN FOR SFY 2002-2003**

RECOMMENDATIONS

ALLOCATION

- | | | |
|----|--|--------------|
| 1. | Allocate \$848,165 to the Department of Health and Human Services to administer the grant. Staff renders technical assistance and monitors the Community Action Agencies and Limited Purpose Agencies for compliance with federal laws and regulations. | \$848,165 |
| 2. | Allocate \$15,266,973 to the 36 Community Action Agencies (CAAs) which serve 90 counties for the purpose of providing administrative costs and to assist low-income families with housing, emergency assistance, education, energy, nutrition, income management, information and referral, and outreach. Federal rules require that 90% of the grant be allocated to CAAs. | \$15,266,973 |
| 3. | Allocate the remaining portion of the grant in the amount of \$848,165 to Limited Purpose Agencies which are agencies that address a specific need or population. The allocations and the agencies are as follows: | \$848,165 |
| | <ul style="list-style-type: none"> - Telamon which provides assistance to seasonal and migrant farm workers (\$106,021) - Low Income Housing Development Corporation (LIHDC) which assists non-profit agencies in packaging loans for housing construction and rehabilitation (\$129,769) - N.C. Rural Fund for Development (NCRFD) which provides technical assistance to credit unions and cooperatives which serve low-income individuals and families (\$308,732) - N.C. Senior Citizens' Federation | |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMUNITY SERVICES BLOCK GRANT PLAN FOR SFY 2002-2003**

which sponsors statewide activities
for low-income senior citizens
(\$154,336)

- Western Economic Development Organization (WEDO) which assists organizations serving low-income and handicapped individuals secure manufacturing contracts (\$81,424)
- United Senior Services which provides activity programs for senior citizens in Craven County (\$32,230)
- N.C. Commission of Indian Affairs which provides programs for low-income Native Americans in the state in coordination with local tribal organizations (\$35,623)

TOTAL FUNDING SFY 2002-03	\$16,963,303
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SOURCE OF FUNDS:

BLOCK GRANT FUND FFY 2002	\$4,240,826
BLOCK GRANT FUND FFY 2003	\$12,722,477

Office of Economic Opportunity
 Analysis of Community Services Block Grant
 SFY 2002-03

Item Number	Title	Actual SFY 2000-01	Appropriated SFY 2001-2002 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	Administration	\$463,468	\$500,000	\$848,165	\$348,165	Increase in federal Community Services Block Grant allocation.
2	Community Action Agencies	\$12,377,017	\$14,160,375	\$15,266,973	\$1,106,598	Increase in federal Community Services Block Grant allocation.
3	Limited Purpose Agencies	\$687,612	\$979,017	\$848,165	-\$130,852	Overall decrease due to loss of one time increase provided last year
	TOTAL	\$13,528,097	\$15,639,392	\$16,963,303	\$1,323,911	Increase in federal Community Services Block Grant allocation.

DESCRIPTION OF EACH ACTIVITY FOR THE COMMUNITY SERVICES BLOCK GRANT
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
1	Administration of the Block Grant Program to include staff to monitor and provide training and technical assistance to local grantees. A total of 8.58 state level FTE's are supported with these funds.	Administration of the Block Grant Program to include staff to monitor and provide training and technical assistance to local grantees. A total 9.58 state level FTE's will be supported with these funds which includes the addition of a fiscal monitor. In addition funds will be used to implement the federally required ROMA Initiative which will provide training, capacity building activities and technological improvements for local contractors. The Initiative will include family support and case management training and the development of a web based case management and data entry system.
2	Funds to 36 local community action agencies to provide comprehensive services to families that lead to self-sufficiency. No state level FTE's are supported with these funds.	Funds to 36 local community action agencies to provide comprehensive services to families that lead to self-sufficiency. No state level FTE's will be supported with these funds.
3	Funds to 7 limited purpose agencies to provide activities to a specified target group in a specialized area for the benefit of low-income families. No state level FTE's are supported with these funds.	Funds to 7 limited purpose agencies to provide activities to a specified target group or in a specialized area for the benefit of low-income families. No state level FTE's will be supported with these funds.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF SOCIAL SERVICES
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT (LIHEAP)
FOR SFY 2002-2003**

GENERAL DESCRIPTION

For State Fiscal Year 2002-2003, the Total State Low Income Home Energy Assistance Allocation is currently estimated to be **\$25,569,203**.

The purpose of the Low Income Home Energy Assistance Program Block Grant is to provide funds to help low-income families cope with cost increases of heating fuel and to provide emergency assistance. The components of the program are as follows:

1. Low Income Home Energy Assistance Payments – Funds are used to provide a one-time payment to eligible households to help pay heating bills.
2. Crisis Intervention Assistance – Funds are used to assist low-income households when a heating or cooling related crisis occurs. Allocations are provided to county departments of social services to make direct payments, vendor payments, or to provide in-kind services for eligible households.
3. Weatherization Assistance Program- Funds are transferred to the Department of Health and Human Services, Office of Economic Opportunity for the purpose for making repairs to dwellings so families can have more energy-efficient homes.
4. Heating Air Repair and Replacement Program- Funds are used to provide assistance and repairs to home heating and cooling systems for low-income families. These funds are allocated to the Department of Health and Human Services, Office of Economic Opportunity. Services are provided primarily through community action agencies.
5. Department of Administration, Commission on Indian Affairs- Funds are used to provide outreach and application taking activities for the Low Income Energy Assistance Program (LIEAP) and the Crisis Intervention Program (CIP) Payments by Coharie Intra-Tribal Council, the Haliwa-Saponi Tribe and the Waccamaw-Siouan Development Association.

NOTE: LIHEAP Block Grant Public Review Comment Period was held February 11-15, 2002 and we received no comments.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF SOCIAL SERVICES
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT (LIHEAP)
FOR SFY 2002-2003**

RECOMMENDATIONS

	<u>PERCENT</u>	<u>DOLLARS</u>
1. Allocation to the Low Income Energy Assistance Program (LIHEAP) for payments to eligible households to help pay heating bills	44.6%	11,395,026
2. Allocation for the Crisis Intervention Program (CIP) to assist low-income households when a heating or cooling related crisis occurs	25.8%	6,598,934
3. Allocation to the Weatherization Program for making repairs to dwellings so families can have more energy-efficient homes	13.5%	3,457,189
4. Allocation to the Heating Air Repair and Replacement Program (HAARP) to provide assistance and repairs to home heating and cooling systems for low-income families	6.3%	1,613,355
5. Allocation for application-taking by the Commission On Indian Affairs	0.2%	39,765
6. Total Administration	9.6%	2,464,934

TOTAL LIHEAP BLOCK GRANT \$ 25,569,203

<u>ADMINISTRATIVE COSTS ARE ALLOCATED AS FOLLOWS</u>			
	S 1005 2001-2002	Increase	Recommended
<u>State</u>			
Contoller's Office	10,072		10,072
DIRM	108,325	120,000	228,325
DMH (Part of DIRM rent)	7,146		7,146
Weatherization (OEO)	156,939		156,939
HAARP (OEO)	73,250		73,250
DSS (Fund 1130 + 1110)	264,664		264,664
<u>County/Local Agency</u>			
DSS (Fund 1180)	1,157,316	300,374	1,457,690
Weatherization	141,296	18,938	60,234
HAARP	65,926	40,688	106,614
	1,984,934	480,000	2,464,934
TOTAL			2,464,934

Division of Social Services
 Analysis of Low Income Home Energy Assistance Program Block Grant
 SFY 2002-03

Item Number	Title	Actual SFY 1900-01	Appropriated SFY 2001-2002 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	Low Income Energy Assistance Program (LIEAP) payments	10,052,765	8,092,113	11,395,026	3,302,913	The LIHEAP block grant was discussed with county DSS representatives and they recommended increasing the LIEAP line item for SFY 2003 due to increased applications and to increase the amount for elderly households. The average LIEAP check in SFY 2002 was approximately \$74. The funding level for the LIEAP payments for SFY 2002 was increased by \$3M due to an increase in the base allotment in December 2001. In order to meet or exceed this average, the \$11.39 M is recommended.
2	Crisis intervention Program (CIP)	26,513,409	5,795,825	6,598,934	803,109	Although there is a recommended reduction in the allocation to CIP for SFY 2003, North Carolina received an additional \$11,407,904 above the original budgeted SFY 2002 LIHEAP Block Grant due to an increase in the base block grant. Of the additional funds received during SFY 2001, \$5.7M was allocated to counties for 2002 CIP payments. Should North Carolina receive additional emergency or contingency funds in SFY 2003, it is recommended that these funds be specifically allocated to CIP unless federal regulations dictate otherwise.
3	Office of Economic Opportunity for Weatherization Program	2,375,982	2,684,116	3,457,189	773,073	The increase is based on the percentage increase in the block grant.
4	Heating Air Repair and Replacement Program (HAARP)	1,045,209	1,252,588	1,613,355	360,767	The increase is based on the percentage increase in the block grant.
5	Outreach/application-taking by the Commission on Indian Affairs	45,189	39,765	39,765	-	Funding is not proposed to be decreased from the previous year.
6	Total Administration	3,400,141	1,984,934	2,464,934	480,000	The funding available for administration is capped at 10 percent of the LIHEAP Block Grant.
	TOTAL	43,432,695	19,849,341	25,569,203	5,719,862	

Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE
(Low Income Home Energy Assistance Program Block Grant)
SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
1	<p>Low Income Energy Assistance Program (LIEAP). These funds are used to provide a one-time payment to eligible households to help pay heating bills. No State-level FTEs will be directly funded with these funds.</p> <p>Crisis Intervention Program (CIP). Funds are used to assist low-income households when a heating or cooling related crisis occurs. Allocations are provided to county departments of social services to make direct payments, vendor payments, or provide in-kind services for eligible households. No State-level FTEs will be directly funded with these funds.</p>	<p>Low Income Energy Assistance Program (LIEAP). These funds are used to provide a one-time payment to eligible households to help pay heating bills. No State-level FTEs will be directly funded with these funds.</p> <p>Crisis Intervention Program (CIP). Funds are used to assist low-income households when a heating or cooling related crisis occurs. Allocations are provided to county departments of social services to make direct payments, vendor payments, or provide in-kind services for eligible households. No State-level FTEs will be directly funded with these funds.</p>
2	<p>Weatherization Program. Funds are transferred to the DHHS Office of Economic Opportunity to make repairs to dwellings so families can have more energy-efficient homes. No State-level FTEs will be directly funded with these funds.</p>	<p>Weatherization Program. Funds are transferred to the DHHS Office of Economic Opportunity to make repairs to dwellings so families can have more energy-efficient homes. No State-level FTEs will be directly funded with these funds.</p>
3	<p>Heating Air Repair and Replacement Program (HAARP). This program operates as a sub-component of the Crisis Program and provides assistance and repairs to home heating and cooling systems for low income families. Through such repairs or replacements, the program reduces health and safety risks of excess carbon monoxide and nitrogen dioxide. Funds are transferred to the DHHS Office of Economic Opportunity and services are provided through community action agencies. No State-level FTEs will be directly funded with these funds.</p>	<p>Heating Air Repair and Replacement Program (HAARP). This program operates as a sub-component of the Crisis Program and provides assistance and repairs to home heating and cooling systems for low income families. Through such repairs or replacements, the program reduces health and safety risks of excess carbon monoxide and nitrogen dioxide. Funds are transferred to the DHHS Office of Economic Opportunity and services are provided through community action agencies. No State-level FTEs will be directly funded with these funds.</p>
4	<p>Outreach/application-taking activities. Funds are provided to the Department of Administration, Commission on Indian Affairs for outreach and application taking activities for LIEAP performed by the Coharie Intra-Tribal Council, the Haliwa-Saponi Indian Tribe and the Waccamaw-Siouan Development Association. No State-level FTEs will be directly funded with these funds.</p>	<p>Outreach/application-taking activities. Funds are provided to the Department of Administration, Commission on Indian Affairs for outreach and application taking activities for LIEAP performed by the Coharie Intra-Tribal Council, the Haliwa-Saponi Indian Tribe and the Waccamaw-Siouan Development Association. No State-level FTEs will be directly funded with these funds.</p>
5		

Block Grant Explanation

DESCRIPTION OF EACH ACTIVITY FOR THE
 (Low Income Home Energy Assistance Program Block Grant)
 SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
6	Total Administration. An amount not to exceed 10 percent of the total block grant can be used to cover planning and administering the LIHEAP Block Grant. 3.1 State level positions are funded in part or totally with these funds (1.95 FTE's for weatherization and 1.15 FTE's for HAARP).	Total Administration. An amount not to exceed 10 percent of the total block grant can be used to cover planning and administering the LIHEAP Block Grant. 3.1 State level positions are funded in part or totally with these funds (1.95 FTE's for weatherization and 1.15 FTE's for HAARP).

Final LIHEAP Admin

	S 1005 2001-2002		Increase		Recommended
State					
Contoller's Office	\$ 10,072		\$ -		\$ 10,072
DIRM	\$ 108,325		\$ 120,000		\$ 228,325
DMH (Part of DIRM rent	\$ 7,146		\$ -		\$ 7,146
Weatherization (OEO)	\$ 156,939		\$ -		\$ 156,939
HAARP (OEO)	\$ 73,250		\$ -		\$ 73,250
DSS (Fund 1130 + 1110)	\$ 264,664		\$ -		\$ 264,664
County/Local Agency					
DSS (Fund 1180)	\$ 1,157,316		\$ 300,374		\$ 1,457,690
Weatherization	\$ 141,296		\$ 40,688		\$ 181,984
HAARP	\$ 65,926		\$ 18,938		\$ 84,864
TOTAL	\$ 1,984,934		\$ 480,000		\$ 2,464,934

Recommended Administration for LIHEAP Block Grant for FY 2002-03

Administration SFY 2001-02	County DSS Admin.	DSS Admin.	Agencies/Div.	Total
Energy Assistance Program	\$ 899,116			\$ 899,116
County Administration	281,232			281,232
Crisis Intervention		263,992		263,992
Dept. of Admin. (NC State Commission of Indian Affairs)				0
Weatherization			345,184	345,184
Heating Air Repair and Replacement Program			161,853	161,853
Controller's Office			10,072	10,072
Dix Rent (DIRM) DMH			7,146	7,146
DIRM			108,325	108,325
Total	\$ 1,180,348	\$ 263,992	\$ 632,580	\$ 2,076,920

Administration Increase of \$480,000				
County Administration	\$ 241,970			\$ 241,970
Central Admin State			238,030	238,030
Total	\$ 241,970	\$ -	\$ 238,030	\$ 480,000

Grand Total Administration	\$ 1,422,318	\$ 263,992	\$ 870,610	\$ 2,556,920
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Department of Health and Human Services
Division of Mental Health, Developmental Disabilities
and Substance Abuse Services

***Substance Abuse Prevention & Treatment Performance Partnership Block
Grant
SFY 2002-2003***

FUNDING LEVEL

The Annual Federal Substance Abuse Prevention and Treatment Performance Partnership Block Grant (SAPTPPBG) award is currently \$35,377,284 for FFY 2002 and an estimated amount of \$36,705,601 for FFY 2003. The proposed plan for SFY 03 totals \$39,907,022 and utilizes the estimated remaining FFY 2002 balance of \$22,519,554, plus an estimated amount of \$17,387,468 from the anticipated FFY 2003 award.

GENERAL DESCRIPTION

The Children's Health Act of 2000 reauthorized programs within the jurisdiction of the Substance Abuse and Mental Health Services Administration (SAMHSA), to improve substance abuse services for children and adolescents and to implement proposals to use block grant funds with accountability based on performance.

Section 3303— Substance Abuse Prevention and Treatment Performance Partnership Block Grant. This program provides funds to states for the provision of prevention and treatment services for children and adults. There are a number of requirements directly related to public health issues. Greater flexibility for use of the funds is enhanced by the repeal of the requirement that the state spend 35 percent of the allotment on drug related activities and 35 percent on alcohol related activities. This section also creates authority for the Secretary of HHS to waive certain requirement for states that met established performance criteria. Those criteria will be established in regulation after consultation with States, providers and consumers.

SIGNIFICANT FEDERAL REQUIREMENTS

1. States are required to maintain financial support for substance abuse prevention and treatment services at the average of what it spent over the past two years. This Section includes a provision that would exempt from maintenance of effort requirement any one-time infusion of funds, which are for a singular purpose.

2. States are required to use 20% of their allotment for primary prevention.
3. States are required to maintain financial commitment to services for pregnant addicts and women with children and to give preferential treatment to pregnant addicts.
4. States are required to provide treatment for intravenous drug abusers within 14 days of the individual requesting treatment and requires treatment facilities to inform the State when they are a 90% capacity.
5. States are required to ensure that facilities receiving Federal funds provide tuberculosis services.
6. States are required to enact and enforce State laws prohibiting the sale and distribution of tobacco products to minors. States are required to carry out activities to reduce the availability of tobacco products to minors including random unannounced inspections of outlets. This Section requires the Secretary of HHS to penalize the State up to 40% of their allotment for failure to comply.
7. States are required to conduct needs assessments.

PROPOSED EXPENDITURE PLAN**ALLOCATION**

- 1. Adult Substance Abuse**
Continuation of community and ADATC based alcohol and drug services including prevention, intervention, treatment, rehabilitation, and detoxification. Funding to support intervention and treatment services for offenders who remain in the community. Funds will be used to provide treatment services for offenders with substance abuse problems in community punishment programs. Continue support for group homes for recovering substance abusers. Tuberculosis services will be provided to all program participants. Special services for the deaf will be provided at the ADATC in Greenville, NC, with outpatient services for the deaf established in each region. Programs will be required to screen clients for TB and other infectious diseases.

\$15,401,711

- 2. Women's Substance Abuse**
Continuation of services for pregnant women and women with dependent children. Specialized services will be provided at the ADATCs for women. Continue to develop specialized services for TANF participants whose substance abuse is a barrier to self-sufficiency.

\$8,069,524

- 3. Services to IV Drug Abusers**
Continuation of services to IV drug abusers and others at risk for HIV disease. Special services for IV drug users will be provided at the ADATCs.

\$4,616,378

- 4. Child and Adolescent Substance Abuse**
Continue services to children and adolescent including primary prevention, high-risk intervention, outpatient treatment and comprehensive regional residential services. Services will include treatment for juvenile justice youth in

\$7,740,611

community-based settings as well as in children in multi-purpose group homes and juvenile detention and youth development centers and . Prevention activities will include strategies to discourage use of alcoholic beverages and tobacco products by individuals to whom it is unlawful to sell or distribute such products. Services will be delivered in accordance with the 1993 Mental Health Study Commission *Child and Adolescent Alcohol and Other Drug Abuse Plan* and the State Plan 2001: Blueprint for change.

5. Strengthening Families

Prevention and treatment services will be provided for children who are impacted by parental addiction. \$851,156

6. Administration

Applicable to 5% Administrative Cap (Staffing, planning, quality assurance, development of new treatment and prevention services and training for providers receiving Block Grant funds. Monitor prescription drug diversion.) \$1,768,864

Non applicable to 5% Administrative Cap (Statutory requirement to identify those populations, areas and local with a need for substance abuse services and includes needs assessments, outcome evaluation and performance monitoring.) \$827,443

7. DPH - Risk Reduction Projects

The Division of Public Health, Epidemiology Section, HIV/STD Prevention and Care Branch subcontracted with the following four community-based organizations and 2 county health departments to educate injecting drug users at high risk for contracting or transmitting HIV and other sexually transmitted diseases. \$383,980

8. DPH - Aid-to-Counties

The Division of Public Health,
Epidemiology Section, HIV/STD
Prevention and Care Branch
subcontracted wit the following 18 local
county health departments to provide
HIV/STD/TB education, counseling,
testing and treatment as appropriate to
substance abusers and other individuals
at high risk for contracting or
transmitting HIV/STD/TB.

\$209,576

9. DPH – Maternal Health

Funds are used to pay the salary and
travel for training for a staff person at
the Maternal and Child Health Hotline.

\$37,779

TOTAL REQUIREMENTS

\$39,907,022

Source of Funds

SAPTBG FFY 2002

\$22,519,554

SAPTBG FFY 2003

\$17,387,468

TOTAL FUNDS

\$39,907,022

DESCRIPTION OF EACH ACTIVITY FOR THE SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
1	<p>Adult Substance Abuse. Funds provide the provision of the full continuum of care to adult substance abusers in Community Programs and for inpatient care in the 3 ADATCs. Core services in Community Programs include Primary Prevention, outreach, intervention, treatment (individual and group outpatient therapy and intensive outpatient programs), rehabilitation, detoxification, and case management. Special programming is also offered to criminal justice offenders who remain in the community. A revolving loan fund is operated to expand the 70+ recovery homes established in the state to provide safe drug free housing and support of recovering substance abusers. Tuberculosis services including screening of all admissions and referral as appropriate by all programs that receive SAPTBG funds. Special services are provided to the Deaf and Hard of Hearing substance abusers on an inpatient basis at the WBJ/ADATC and by 5 regional coordinators who provide direct counseling and consultation. Four additional staff positions have been established to assume responsibilities to manage and implement special programs in 1) EAP consultation to businesses hiring Work First participants with alcohol and other drug problems, 2) to implement the Offender Management Program, 3) to assure quality for providers delivering treatment to DWI offenders and 4) development of housing and other 24 hour services.</p>	<p>Adult Substance Abuse. Funds provide a base for the implementation of the legislatively mandated State Plan which call for the provision of a full continuum of care to adult substance abusers in Community Programs and for inpatient care in the 3 ADATCs. Under the State Plan funds will be managed by Local Management Entities (LMEs) who are responsible to see that Core Services are provided through contractual arrangements with private community providers. Core services will include Primary Prevention, outreach, intervention, treatment (individual and group outpatient therapy and intensive outpatient programs), rehabilitation, detoxification, and case management. Special programming is also offered to criminal justice offenders who remain in the community and who have been included as a targeted population. A revolving loan fund is operated to expand the 80+ recovery homes established in the state to provide safe drug free housing and support of recovering substance abusers. Tuberculosis services including screening of all admissions and referral as appropriate by all programs that receive SAPTBG funds. Special Services are provided to the Deaf and Hard of Hearing substance abusers on an inpatient basis at the WBJ/ADATC and by 5 regional coordinators who provide direct counseling and consultation. Four additional staff positions have been established to assume responsibilities to manage and implement special programs in 1) EAP consultation to businesses hiring Work First participants with alcohol and other drug problems, 2) to implement the Offender Management Program, 3) to assure quality for providers delivering treatment to DWI offenders and 4) development of housing and other 24 hour services.</p>
2	<p>Women's Substance Abuse. Funding is provided on a per capita basis to the area programs to provide gender-specific substance abuse treatment for pregnant women and women with dependent children. Gender specific treatment includes parenting and relationship issues, physical and sexual abuse treatment for both women and their children as needed. These services also include case management, transportation and child care to allow women to access treatment for the provision of primary medical care for these women and primary pediatric care for their children. Specialized services for women are also provided at the ADATCs. These funds also help support specialized treatment for TANF participants and help support the NC Perinatal and Maternal Substance</p>	<p>Women's Substance Abuse. Funds are provided on a per capita basis, to the Area Programs or the Local Management Entities (LMEs), to implement the State Plan requirement for women's substance abuse treatment. The State Plan requires the provision of substance abuse treatment services to the target populations of substance abusing women with children and DSS involved parents who are substance abusers. Funding supports gender specific treatment including parenting and relationship issues, and physical and sexual abuse treatment for both women and their children as needed. These services also include case management, transportation and child care to allow women to access treatment. In</p>

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
	<p>Abuse initiative. This initiative provides a variety of intensive case management, outpatient and residential treatment options for women statewide.</p>	<p>addition, area programs, or LMEs through their provider network, arrange for the provision of primary medical care for these women and primary pediatric care for their children. Specialized services for women are also provided at the ADATCs. These funds also help support specialized treatment for TANF participants and help support the NC Perinatal and Maternal Substance Abuse Initiative. This Initiative provides a variety of intensive case management, outpatient and residential treatment options for women statewide.</p>
3	<p>Intravenous (IV) Drug. Funds provide Outpatient Narcotic Addiction Treatment to intravenous drug users statewide through 9 publicly operated or affiliated programs. These specialized programs offer a comprehensive array of services including medication assisted stabilization and maintenance; group, individual, and intensive management; HIV testing and counseling; and other ancillary services as indicated by a consumers treatment plan. Funds also support outreach initiatives in each Narcotic Addiction Treatment Program to IV Drug Users at risk for HIV Disease. The 3 Alcohol and Drug Abuse Treatment Centers also provide special inpatient programming to IV Drug Users who are determined to need that level of care. A portion of these funds in excess of \$600,000 are transferred to the Division of Health to 1) support 8 HIV Programs to provide outreach, HIV testing, and pre and post test counseling to drug users on site where persons receive substance abuse treatment; and 2) to support 18 local health department HIV prevention programs.</p>	<p>Intravenous (IV) Drug. Funds provide Outpatient Opioid Addiction Treatment to intravenous drug users statewide through 9 publicly operated or affiliated programs. These specialized programs offer a comprehensive array of services including medication assisted stabilization and maintenance; group, individual, and intensive outpatient treatment; case management; HIV testing and counseling; and other ancillary services as indicated by a consumers treatment plan. Funds also support outreach initiatives in each Opioid Addiction Treatment Program to IV Drug Users at risk for HIV Disease. The three Alcohol and Drug Abuse Treatment Centers also provide special inpatient programming to IV Drug Users who are determined to need that level of care. A portion of these funds in excess of \$600,000 are transferred to the Division of Health to 1) support 8 HIV Early Intervention Programs to provide outreach, HIV testing, and pre and post test counseling to drug users on site where the persons are engaged in substance abuse treatment; and 2) to support 18 local health department HIV prevention programs. These SAPTBG funds are focused on a top priority population as outlined in the NC MH/DD/SAS State Plan. In accordance with the priorities in the State Plan, these funds will be used to provide substance abuse services to this top priority target population.</p>
4	<p>Child Substance Abuse Services. Funds support the continued provision of child and adolescent substance abuse services, including prevention, high-risk intervention, outpatient treatment, and regional residential programs. Services include those directed to children and adolescents in the juvenile justice system. Prevention activities include strategies to discourage use of alcoholic beverages and tobacco products by individuals to whom it is unlawful to sell or distribute such products. Services will be delivered in accordance with the 1993 Mental Health Study Commission Child and Adolescent Alcohol and Other Drug Abuse Plan.</p>	<p>Child Substance Abuse Services. Funds will support a legislative State Plan mandate of targeted populations and outcome oriented goals including, continued training, provision for expansion of child and adolescent substance abuse continuum of care services with a strength based and consumer focused person centered planning process. The plan includes prevention services, Community Based Services, Outpatient Treatment, and Regional Residential programs. The plan will be implemented through Local Management Entities (LMEs) that contract provider services. Services include those for children and adolescents in the juvenile justice system. Prevention activities include strategies that discourage use of alcoholic beverages and tobacco products by underage youth for which it is</p>

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
		unlawful to sell or distribute such products. A SOC Approach and cross agency collaboration will serve as a foundation to maximize services and to provide person centered and strength based treatment planning. Services will be delivered in accordance with the 1993 Mental Health Study Commission Child and Adolescent Alcohol and Other Drug Abuse Plan.
5	Strengthening Families. Funds support 3 pilot programs providing services using the Strengthening the Families Model. The Program is a 16-week family-based, behaviorally oriented prevention intervention. The program is designed to improve parenting skills and have a positive effect on risk and protective factors of children living with a substance abusing parent, or parents, participating in a substance abuse treatment program.	Strengthening Families. Funds support 3 pilot programs providing services using the Strengthening the Families Model. The Program is a 16 week family-based, behaviorally oriented prevention intervention. The program is designed to improve parenting skills and have a positive effect on risk and protective factors of children living with a substance abusing parent, or parents, participating in a substance abuse treatment program.
6	Administration. Planning, quality assurance, development of new treatment and prevention services and training for providers receiving Block Grant funds. Also includes administration of the SAPTBG via budget activities, monitoring, oversight, etc.	Administration. Planning, quality assurance, development of new treatment and prevention services and training for providers receiving Block Grant funds. Also includes administration of the SAPTBG via budget activities, monitoring, oversight, etc.
7	DPH-Risk Reduction Projects. Division of Public Health, Epidemiology and Communicable Disease Section sub-contracts with seven community based projects to educate injecting drug users at high risk for contracting or transmitting HIV/STD.	DPH-Risk Reduction Projects. Division of Public Health, Epidemiology and Communicable Disease Section sub-contracts with seven community based projects to educate injecting drug users at high risk for contracting or transmitting HIV/STD.
8	DPH-Aid to Counties. DPH, Epidemiology and Communicable Disease Section contracts with local health departments to provide HIV/STD/TB education, counseling, testing, and treatment as appropriate to substance abusers and other individuals at high risk for contracting or transmitting HIV/STD/TB.	DPH-Aid to Counties. DPH, Epidemiology and Communicable Disease Section contracts with local health departments to provide HIV/STD/TB education, counseling, testing, and treatment as appropriate to substance abusers and other individuals at high risk for contracting or transmitting HIV/STD/TB.
9	DPH-Maternal Health. DPH, Women's and Children's Health Section maintains a dedicated substance abuse position with the NC Family Health Resource Line. The Services provided by this position are to ensure that substance abusing pregnant and parenting women have access to substance abuse services available throughout NC.	DPH-Maternal Health. DPH, Women's and Children's Health Section maintains a dedicated substance abuse position with the NC Family Health Resource Line. The Services provided by this position are to ensure that substance abusing pregnant and parenting women have access to substance abuse services available throughout NC.

Subject: Re: [Fwd: [Fwd: NC FAST]]

From: Lanier Cansler <Lanier.Cansler@ncmail.net>

Date: Mon, 22 Apr 2002 18:39:31 -0400

To: Allyn Guffey <Allyn.Guffey@ncmail.net>

Division of MH/DD/ISAS
 Analysis of Substance Abuse Prevention Treatment Block Grant
 SFY 2002-03

Item Number	Title	Actual SFY 2000-01	Appropriated SFY 2001-2002	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	Adult SA Services	13,353,776	14,501,711	15,401,711	900,000	Realign \$900,000 from item #2 below based on changes made in prior years to maximize disproportionate share receipts.
2	Women's SA Services	4,331,620	6,007,303	8,069,524	2,062,221	Realign \$900,000 to Adult Services in item #1, realign \$37,779 to item #9 transferring funds to Division of Public Health for women's substance abuse services. These actions are only shifts among lines in the SAPTBG. Amount also includes \$3M additional SAPTBG funds to replace the majority of the \$3.1M TANF reduction.
3	Services to IV drug abusers	4,822,093	5,209,934	4,616,378	(593,556)	Realign \$593,556 to items #7 and #8 below reflecting funds for Division of Public Health for services to IV-drug abusers.
4	Child and Adolescent Substance Abuse	5,331,461	6,839,190	7,740,611	901,421	TANF reduction for Majors was \$1,182,280. Realign \$700,000 from item #10 to replace TANF reductions to support services for children in the juvenile justice system. Increase \$201,421 to support increase in services for child and adolescent substance abuse. Balance of \$280,859 to replace TANF cover by internal realignment of current child SAPTBG funds.
5	Strengthening Families	618,158	774,414	851,156	76,742	Realign \$76,742 from administration.
6	Administration	6,230,250	2,423,049	2,596,307	173,258	Increase \$250,000 due to Congressional re-authorization which changed the SAPTBG to a Performance Partnership Grant requiring a NC Household Survey to develop baseline data for Performance Partnership. Decrease of \$76,742 for realignment to item #5. Net is increase of \$173,258.
7	Division of Public Health - Risk Reduction Projects	-	-	383,980	383,980	Realign funding from item #3 for Division of Public Health services to IV-Drug abusers.
8	Division of Public Health - Aid-to-Counties	-	-	209,576	209,576	Realign funding from item #3 for Division of Public Health services to IV-Drug abusers.
9	Division of Public Health - Maternal Health	-	-	37,779	37,779	Realign funding from item #2 for Division of Public Health women's substance abuse services.
10	Child Residential Treatment Services Program	-	700,000	-	(700,000)	Realign \$700,000 to item #4 for child and adolescent substance abuse services to replace anticipated TANF reductions to support services for children in the juvenile justice system.
	TOTALS	34,687,358	36,455,601	39,907,022	3,451,421	

**Department of Health and Human Services
Division of Mental Health, Developmental Disabilities
And Substance Abuse Services**

Mental Health Block Grant (MHBG)

SFY 2002-2003

FUNDING LEVEL

Federal funding available to North Carolina is \$10,239,850 for FFY 2002 and an estimated amount of \$10,239,850 for FFY 2003. The proposed MHBG plan utilizes the estimated remaining FFY 2002 amount of \$5,345,238 plus an estimated amount of \$4,894,612 from the anticipated FFY 2003 award.

GENERAL DESCRIPTION

The MHBG provides federal financial assistance to states for the provision of community-based services for people with mental illness. Services provided through the use of the block grant must be those described in the State's Plan in accordance with Federal P.L. 102-321. These services include outpatient, day treatment, psychosocial rehabilitation, emergency services, residential services, etc. for adults and children. The funds may also be used for evaluating programs and services carried out under the plan and planning, administration, and educational activities related to providing services under the State Plan.

SIGNIFICANT FEDERAL REQUIREMENTS

The primary Federal requirements related to the MHBG are that funds must be used as specified within the States' Plan for Comprehensive Community Mental Health Services in accordance with P.L. 102-321, including community based services for adults with serious mental illness and children with serious emotional disturbance; for planning and, evaluating programs and services carried out under the plan; for educational activities related to providing services under the plan; and for administration.

The State must maintain the level of State funds expenditures for mental health services at a level not less than the average of the preceding two year period and must expend an amount equal to the amount expended by the State for fiscal year, 1994 for a system of services for children.

The State must establish and maintain a State Mental Health Planning Council to advise the State regarding the plan.

	PROPOSED MHBG PLAN for SFY 03	ALLOCATION
1.	Adult Mental Health Plan	
	Allocate funds to local programs to provide community-based services for adults with severe and persistent mental illness in accordance with the NC Community Mental Health Services Plan and Block Grant Application. Community-based programs provide an array of services, including	\$5,442,798

	crisis stabilization and other services designed to divert individuals from institutional admission; liaison, case management and other services which facilitate the discharge of individuals from the state's psychiatric hospitals; special programs for the hearing impaired; and training activities.	
2.	Child Mental Health Plan	
	Continuation of Child Mental Health services in accordance with the NC Community Mental Health Services Plan and Block Grant Application such as programs for mental health services in schools, adolescent sex offenders, respite services, family preservation programs, group homes, specialized foster care, therapeutic homes, professional parenting programs, training, and special initiatives to develop systems of care for serving children with serious emotional disturbance and their families.	\$2,513,141
3.	Child Treatment Services Program	
	Continuation of child mental health residential treatment/services program in order to provide appropriate residential treatment alternatives for children at-risk of institutionalization or other out-of-home placement.	\$1,500,000
4.	Administration	
	Monitoring, data collection, budgeting, payments, and accounting for providers receiving block grant funds. Continue developing contracts for non-administrative activities and to provide technical assistance to service providers.	\$783,911
	TOTAL REQUIREMENTS	\$10,239,850
	Source of Funds (Estimated)	
	MHBG FFY 02	\$5,345,238
	MHBG FFY 03	\$4,894,612
	TOTAL FUNDS	\$10,239,850

DESCRIPTION OF EACH ACTIVITY FOR THE MENTAL HEALTH BUDGET GRANT
SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
1	<p>Adult Mental Health. Funds were allocated to area programs to provide</p>	<p>Funds will continue to be allocated to area programs to provide an arr</p>
2	<p>Child Mental Health. Continued funding of Child Mental Health services</p>	<p>Continued funding of Child Mental Health services in accordance with</p>
3	<p>Child Treatment Services Program. Per HB 1840, funds are budgeted to establish a child mental health residential treatment/services program in order to provide appropriate residential treatment alternatives for children at risk of institutionalization or other out-of-home placement.</p>	<p>Funds will remain budgeted for a child mental health residential treatment/services program in order to provide appropriate residential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Approximately 60 children will receive MHBG supported services during SFY 03.</p>
4	<p>Administration. Applicable to the 5 % Administrative Cap (Monitoring, Data Collection, Budgeting, Payments, and Accounting). Not Applicable to the 5 % Administrative Cap (Contracts for non-administrative activities, training, and technical assistance to service providers).</p>	<p>Applicable to the 5 % Administrative Cap (Monitoring, Data Collection, Budgeting, Payments, and Accounting). Not Applicable to the 5 % Administrative Cap (Contracts for non-administrative activities, training, and technical assistance to service providers).</p>

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
 Analysis of Mental Health Block Grant
 SFY 2002-03

Item Number	Title	Actual SFY 2000-2001	Appropriated SFY 2001-2002 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	Adult Mental Health	6,700,100	\$5,192,826	\$5,442,798	249,972	Increase in MHBG award. Increase will be utilized to increase MHBG funded periodic, day/night and 24 hour services to adults with mental illness.
2	Child Mental Health	3,870,937	\$2,378,540	\$2,513,141	134,601	Increase in MHBG award. Increase will be utilized to increase MHBG funded periodic, day/night and 24 hour services to children with severe emotional disturbances.
3	Child Treatment Services Program	-	\$1,500,000	\$1,500,000	-	
4	Administration	930,412	\$783,911	\$783,911	-	NOTE: Grant award requirement of 5% allowable Administrative CAP is \$511,993. Allowable administrative costs include monitoring, data collection, budgeting, payments, and accounting. The remainder of \$271,918 is not allowed under the CAP for administrative costs of contracts for non-administrative activities, training, and technical assistance to service providers.
	TOTAL	\$11,501,449	\$9,855,277	\$10,239,850	\$384,573	

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS**

PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

**NC State Plan
2002-2003 State Fiscal Year**

Division of Public Health, NC DHHS

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS**

GENERAL DESCRIPTION

The Preventive Health and Health Services Block Grant (PHHSBG) is a formula-based grant from the Centers for Disease Control and Prevention providing support for a variety of services to improve the quality of life of North Carolinians by reducing illness, early death, and preventable injuries.

FUNDING

The State Plan period, July 1, 2002-June 30, 2003, includes 25% of the FFY 02 award and 75% of the FFY 03 award. This plan is based upon anticipated federal financial assistance of \$3,747,927 in FFY 02 and FFY 03. The Rape Prevention and Education Program previously funded as part of this award is now funded through a separate grant from the Centers for Disease Control and Prevention.

It is anticipated that a total of \$145,819 will be transferred from the Social Services Block Grant to the Preventive Health and Health Services Block Grant for the State Fiscal Year 03 to support HIV/AIDS education, counseling, and testing, and HIV/AIDS prevention activities.

Note that Item 04 of the Preventive Health Services Block Grant SFY 01/02 legislation, the Rape Prevention and Education Program, is no longer funded as part of the PHHS Block Grant but as of October 1, 2001 became categorically funded.

BUDGET

The State of North Carolina plans to budget this grant for the State Fiscal Year beginning July 1, 2002 as follows:

FFY 01-02	Preventive Health and Health Services Block Grant AWARD	\$ 936,982
FFY 02-03	Preventive Health and Health Services Block Grant AWARD	<u>\$2,810,945</u>
TOTAL	Preventive Health and Health Services Block Grant AWARD	\$3,747,927
	TRANSFER FROM SOCIAL SERVICES BLOCK GRANT AWARD	<u>\$ 145,819</u>
	TOTAL SFY 2002-2003 FUNDS TO BE BUDGETED	\$3,893,746

COMPONENTS OF THE PLAN

The PHHS Block Grant award is divided into the following three major components:

1) The Basic Award

Within the Division of Public Health, the Basic Award supports the Community Health Promotion Program, the Community Fluoridation Program, and provides support for the Office of Minority Health. The estimated \$3,747,927 in funding for this component includes support costs of \$108,546 which support 1.17 FTE positions. This includes partial support of the Public Health Manager of this grant and a Computing Systems Coordinator position.

2) The Sexual Assault/Rape Victims Services Program

Funding for this component at \$197,112 is determined at the federal level to be consistent with the set aside provision in PHHSBG legislation.

3) The Social Services Block Grant Transfer

This transfer of \$145,819 from SSBG provides funding for HIV/AIDS education, testing, and counseling services and prevention activities in the Department of Health and Human Services.

Plans for each component to receive PHHS Block Grant funds are described in the following sections

Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS

Summary of Funding Plan

PROGRAMS FUNDED BY THE BASIC AWARD

Community Health Promotion Program	\$3,171,651
Office of Minority Health	\$ 159,459
Dental Services/Community Fluoridation	\$ 111,159
Support Costs	\$ 108,546

SUBTOTAL OF BASIC AWARD **\$3,550,815**

PROGRAMS FUNDED BY THE PHS SET ASIDE PROVISION

Rape Crisis/Victims Services Program	\$ 197,112.
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SUBTOTAL OF RAPE CRISIS SET ASIDE **\$ 197,112**

**TOTAL PROJECTED SFY 2002-2003
PHHS BLOCK GRANT ALLOCATION**

\$3,747,927

TRANSFERS FROM THE SOCIAL SERVICES BLOCK GRANT

HIV/AIDS Education, Counseling, Testing and Prevention Activities	\$ 145,819
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SUBTOTAL OF TRANSFERS FROM SOCIAL SERVICES BLOCK GRANT **\$ 145,819**

TOTAL FOR SFY 2002-2003 STATE PLAN

\$ 3,893,746

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS**

PROGRAM TITLE: Community Health Promotion Program

PROGRAM DESCRIPTION

The purpose of the Community Health Promotion Program is to promote community-based prevention activities to improve the cardiovascular health of North Carolinians and reduce the prevalence of heart disease, stroke, cancer, diabetes, arthritis, and osteoporosis. Through the Statewide Health Promotion Program, the majority of PHHSBG funds support local health departments' collaboration with community partners to implement programs aimed at creating policies and environments that support North Carolina residents in becoming more physically active, in making more healthful food choices, and avoiding tobacco use. A small portion of the funds supports consultants and other professional staff supporting statewide health promotion efforts.

HEALTH PROBLEM ADDRESSED

Cardiovascular (CVD) disease, the leading cause of death in North Carolina and in the United States is the primary focus. Heart disease and stroke, the first and third leading causes of death in NC together caused 24,735 deaths in 1999. North Carolina has the fourth highest death rate in the nation from stroke and the seventeenth highest from heart disease. (*NC State Center for Health Statistics*). The major underlying risk factors for CVD, poor diet, sedentary lifestyles, and tobacco use, are also major risk factors for cancer and diabetes.

PROGRAM OBJECTIVES

NC HEALTH PROMOTION OBJECTIVE 1

Provide performance-based funding to ensure that a majority of local health departments have the basic infrastructure necessary to implement community-based health promotion programs focused on creating local environments and policies that support individuals in becoming more physically active, eating a more healthful diet, and avoiding the use of tobacco.

NC HEALTH PROMOTION OBJECTIVE 2

Maintain the state level infrastructure necessary to provide technical assistance and training to local health promotion programs and to support an integrated evaluation system for health promotion programs.

NC HEALTH PROMOTION OBJECTIVE 3

Develop capacity at the state to track at state and local levels (1) the number of technical assistance consultations provided, (2) the number and type of training programs provided, and (3) the number of partnerships established.

NC HEALTH PROMOTION OBJECTIVE 4

Develop capacity at the state to track at state and local levels the number of new health promotion initiatives developed and the number and type of new funding applications for health promotion.

NC HEALTH PROMOTION OBJECTIVE 5

Increase from 5.1% to 62%, the proportion of schools in NC that are 100% tobacco free for students, staff, and visitors in school buildings, the campus, and school-related events.

NC HEALTH PROMOTION OBJECTIVE 6

Increase from 60.7% to 84.3%, the proportion of NC workers covered by a formal smoking policy that prohibits smoking entirely or limits it to separately ventilated non-essential portions of the workplace.

NC HEALTH PROMOTION OBJECTIVE 7

Increase the number of facilities and/or environments that promote healthy eating and/or physical activity.

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
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NC HEALTH PROMOTION OBJECTIVE 8

Increase the number of cues to action promoting healthy eating and/or physical activity.

NC HEALTH PROMOTION OBJECTIVE 9

Increase the number of policies, practices, and incentives to promote healthy eating and/or physical activity.

NC HEALTH PROMOTION OBJECTIVE 10

Increase the number of local health departments reporting Local Physical Activity and Nutrition Councils (LPAN's) and other community coalitions promoting physical activity.

NC HEALTH PROMOTION OBJECTIVE 11

Increase the number of mass media coverage about the need for policies and environments to support healthy eating and/or physical activity.

NC HEALTH PROMOTION OBJECTIVE 12

Increase the number of instances of organizational media about the need for policies and environments to support healthy eating and/or physical activity.

NC HEALTH PROMOTION OBJECTIVE 13

To provide osteoporosis information to health and aging service providers and increase public awareness and knowledge about the prevention, diagnosis and treatment of osteoporosis, to reduce its prevalence, severity, and costly consequences in North Carolina.

NC HEALTH PROMOTION OBJECTIVE 14

To reduce statewide the disability, activity limitation, social isolation and work limitations due to arthritis and other rheumatic conditions.

TOTAL FUNDING FOR ALL HEALTH PROMOTION OBJECTIVES:	\$3,171,651
STATE FTE POSITIONS:	7.96

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS**

PROGRAM TITLE: Office of Minority Health and Health Disparities (OMHHD)

PROGRAM DESCRIPTION

The Office of Minority Health and Health Disparities functions as a pivotal agency in NC DHHS efforts to eliminate health disparities. The Office provides leadership and coordination (where appropriate) in the development and implementation of departmental strategies, initiatives, programs, policies, and services designed to improve the health status of minority communities and eliminate health disparities. These priority functions are accomplished through partnership development, training, technical assistance, consultation, and information dissemination. Services are provided to state and federal agencies, local health departments, community-based organizations, colleges/universities, and other public/private health organizations. The Office also staffs the Minority Health Advisory Council. The legislatively authorized Council consists of 15 members that include legislators, health/human service providers, and community leaders from across the state. The primary task of the Council is to advise the Governor and the Secretary of NC DHHS on minority health issues. Technical assistance/consultation on minority health issues is also provided to other advisory boards, upon request. The Office also staffs the Minority Health Advisory Council. Positions supported with these funds included the Director and Assistant Director of the Office, and one clerical employee.

HEALTH PROBLEM ADDRESSED

Certain health conditions disproportionately affect racial/ethnic minorities and under served populations in North Carolina. HIV/AIDS, heart disease, cancer, diabetes, and infant mortality are conditions that reflect a significant health disparity. Although the Office's focus is not disease specific, it works to eliminate and reduce systemic gaps that function as barriers to the state's health and human services system's capacity to effectively eliminate health disparities. The Office also addresses overarching health-related issues (e.g., accessibility, availability, accountability, and affordability) that contribute to disparities in health status.

PROGRAM OBJECTIVES

NC OMHHD Objective 1: Build/support the internal capacity of NC DHHS to respond to health/human service needs of minority and under-served populations via the development/implementation of federal, statewide, regional, and local strategies, initiatives, programs, policies, and services designed to eliminate health disparities.

- Process Objective 1a: Coordinate activities for, and provide technical assistance to DHHS divisions, DENR, and DPI on eliminating health disparities and other minority health issues.

NC OMHHD Objective 2: Develop, promote, and/or support community capacity-building activities designed to address minority health needs and health disparities by providing training, technical assistance/consultation, resource development, grant support, and promoting the development of community networks.

- Process Objective 2a: Implement training for five local health departments through OMHHD's Cultural Diversity Training Initiative including Basic Foundational training, Latino training, Interpreter Services training, and other capacity-building initiatives during FY2002-03.

NC OMHHD Objective 3: Develop, promote, and/or support federal, state, regional, and local partnerships which focus on the development/implementation of strategies, initiatives, programs, policies, and services that address minority health issues and health disparities. (HP 2010 23.5; 23.10)

- Process Objective 3a: Implement and/or co-sponsor ten minority-targeted programs, conferences, and/or workshops on health disparities and other minority health issues during FY2002-03.
- Process Objective 3b: Increase by 25% the distribution of information on health disparities and other minority health issues during FY2002-03.

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS
PROGRAM TITLE: Fluoridation and Prevention of Dental Disease**

PROGRAM DESCRIPTION

The NC Oral Health Section uses PHHSBG funds to augment state funds aimed at prevention of and education about dental diseases. More than 90 percent of the state funds pay for professional staff who primarily provides direct services at the local level. The PHHSBG funds make it possible for this professional staff to provide more services by supporting their travel, *i.e.*, to go from school to school and by purchasing fluoride treatment supplies. The fluoridation and dental prevention block grant funds have been reduced by 54 percent for the last several years.

HEALTH PROBLEM ADDRESSED

The recent Surgeon General's Report on Oral Health states that oral health is an integral part of overall health. Dental cavities are the single most common chronic disease of childhood, occurring five to eight times as frequently as asthma, the second most common chronic disease in children. In North Carolina, this disease affects 38 percent of children by the time they start kindergarten and 23 percent of kindergarten children have untreated cavities. North Carolina is currently faces a lawsuit because Medicaid children are unable to receive the dental care that they need.

PROGRAM OBJECTIVES

NC ORAL HEALTH OBJECTIVE 1

To provide grants to three communities to maintain or increase the number of citizens receiving the decay-reducing benefits of systemic fluoride between October 1, 2002 and September 30, 2003. Communities with populations above 3,000 are targeted for new fluoridation systems. New systems receive a one-time grant to purchase equipment and chemicals. In addition, funding is provided for replacement of fluoridation equipment for the existing systems. This objective includes continuing existing surveillance efforts to ensure that community water systems maintain their fluoridation efforts at the optimal level, providing funds for the training of water plant operators at the Class B level, and training Division of Environmental Health staff who regulate, permit and monitor fluoridated community water systems.

NC ORAL HEALTH OBJECTIVE 2

To help defray the cost of 20 promotional dental sealant projects, providing 9,000 protective dental sealants to 3,000 high-risk elementary school children.

NC ORAL HEALTH OBJECTIVE 3

To help defray the cost to the Oral Health Section of the annual dental surveillance technique used to gather dental data on 90,000 kindergarten and 80,000 fifth grade schoolchildren during the 2002-2003 school year. These data measure the dental status and treatment needs in primary teeth for kindergarten and in permanent teeth for fifth grade school students, as well as recording the number of fifth grade students with protective dental sealants. The Section also calibrates state and locally employed dental public health staff annually to ensure the reliability and validity of this procedure.

NC ORAL HEALTH OBJECTIVE 4

To help defray the cost to the Oral Health Section of providing sodium fluoride rinse for 225,000 schoolchildren during the 2002-2003 school year in order to reduce dental caries.

NC ORAL HEALTH OBJECTIVE 5

To help defray the costs to the State Laboratory of providing analysis on the fluoride levels in community water systems and home wells for 12,000 water samples between October 1, 2002 and September 30, 2003.

NC ORAL HEALTH OBJECTIVE 6

To help defray the cost of 12 educational/promotional exhibits on preventive topics such as fluorides and sealants for statewide use with an estimated 5,000 health professionals, educators and the general public between October 1, 2002 and September 30, 2003. This is an ongoing program.

TOTAL FUNDING FOR NC ORAL HEALTH OBJECTIVES :

\$111,159

STATE FTE POSITIONS:

0

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS**

PROGRAM TITLE: Rape Crisis/Victim Services Program

PROGRAM DESCRIPTION

The purpose of this program is to provide assistance and services to victims of rape and support community education programs aimed at rape prevention. Funds will be provided to the Department of Administration, Council for Women to contract with community-based rape crisis centers for rape crisis response services, including counseling and hotlines, victim assistance services, and victim and community education programs on rape prevention.

HEALTH PROBLEM ADDRESSED

Rape and sexual assault are widespread problems that primarily affect women. Approximately one in eight women have been raped at least once, and nearly six in ten women have been victims of sexual assault. Perpetrators are mostly male, and about 85% are known by the victim. The risk is highest among adolescents and young adults. A national study of college students found that 27 percent of the women had been victims of rape or attempted rape at least once since the age of 14. Preliminary North Carolina data indicates that the problem is widespread in this state. In a study of N.C. community college women, 17 percent reported being raped, and 4 percent reported being victims of attempted rape at least once since the age of 14. In the 1997 BRFSS, 13.5 percent of adult women reported being raped at least once in their lifetime. Rape and sexual assaults are crimes. In most states, sexual assault is defined as forced sexual activity without consent, and rape is defined as unwanted sexual intercourse by force or threat of force. **TARGET POPULATIONS:** Disparate Population Women ages 12+ who are victims of rape and sexual assault including African American, Hispanic and Native American women victims (estimated) AND Women ages 12+ who are victims of rape and sexual assault (estimated).

PROGRAM OBJECTIVES

NC RAPE CRISIS OBJECTIVE 1

Increase the percentage of sexual assaults reported to law enforcement.

NC RAPE CRISIS VICTIM SERVICES OBJECTIVE 2

Provide funding to local rape crisis centers to:

- a. Provide rape crisis response services, including crisis counseling and hotlines.
- b. Assist 5,000 victims of rape and sexual assault to return to work sooner.
- c. Provide rape crisis response, self-defense and educational programs to 6,000 victims.

TOTAL FUNDING FOR NC RAPE CRISIS OBJECTIVES: \$197,112

STATE FTE POSITIONS: 0

**Preventive Health and Health Services Block Grant
NC State Plan for 2002-2003 State Fiscal Year
Division of Public Health, DHHS**

Transfers from SSBG

1. Division of Public Health/HIV Education, Counseling, Testing & Prevention

Program Description

This transfer will support the allocation of funds for HIV/AIDS prevention efforts and allocations to local health departments to support personnel and programs for HIV/AIDS education, counseling, and testing. These funds will support AIDS education, counseling, testing and prevention efforts targeted at persons at highest risk to ensure that these efforts are maximally effective in controlling the epidemic.

FUNDING: \$145,819

STATE FTE POSTIONS: 0

DESCRIPTION OF EACH ACTIVITY FOR THE PREVENTIVE HEALTH AND HEALTH SERVICE (PHHS) BLOCK GRANT SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
1	<p>Funds were allocated through the Statewide Health Promotion Program to supplement state appropriations to local health departments in each county through the state consolidated agreement process to carry out community-based health promotion activities addressing the major behavioral risk factors for cardiovascular disease. Some funds (14.9%) were allocated in the Division of Public Health for program staff and operation expenses in the Statewide Health Promotion Program, Older Adult Health Promotion Program, and Office of Local Health Services. FUNDING \$3,106,182 7.96 FTEs</p>	<p>Funds will be allocated through the Statewide Health Promotion Program to supplement state appropriations to local health departments in each county through the state consolidated agreement process to carry out community-based health promotion activities addressing the major behavioral risk factors for cardiovascular disease. A portion of the funds (14.9%) will be allocated in the Division of Public Health for program staff and operation expenses in the Statewide HP Program, Older Adult Health Promotion Program, and Office of Local Health Services. FUNDING \$3,171,651 7.96 State FTEs</p>
2	<p>Funds were allocated to the Office of Minority Health to work with the state local public health system, university and research centers, human services agencies, community groups, and organizations with a special focus on minority community based health interventions. The Office also staffs the Minority Health Advisory Council. Positions supported with these funds included the Director and Assistant Director of the Office, and one clerical employee. FUNDING: 159,459 2.93 FTEs</p>	<p>Funds will be allocated to the Office of Minority Health to work with the state local public health system, university and research centers, human services agencies, community groups, and organizations with a special focus on minority community based health interventions. The Office will staff the Minority Health Advisory Council. The Office also staffs the Minority Health Advisory Council. Positions supported with these funds included the Director and Assistant Director of the Office, and one clerical employee. FUNDING: \$159,459 2.93 State FTEs</p>
3	<p>Funds were allocated to the Oral Health Section to assist towns and schools in the development of fluoridated water systems and to support basic preventive dental services. Funds supported technical assistance to train local personnel, for water fluoridation testing and dental sealant projects that include oral health surveillance for school children. FUNDING: \$100,800 0 FTE</p>	<p>Funds will be allocated to the Oral Health Section to assist towns and schools in the development of fluoridated water systems and to support basic preventive dental services for children. Funds will support technical assistance to train local personnel, for water fluoridation testing and dental sealant projects that include oral health surveillance for school children. FUNDING: \$111,159 0 State FTE</p>
4	<p>The Basic Award included an administrative cost which supported 1.17 administrative positions in the Division of Public Health. These positions provided support for the programs and staff that implement the grant-supported programs. FUNDING: \$108,546 1.17 FTEs</p>	<p>The Basic Award will include an administrative cost to support 1.17 administrative positions in the Division of Public Health. These positions will support the programs and staff that implement the grant-supported programs. FUNDING: \$108,546 1.17 State FTEs</p>
5	<p>Funds were allocated to the Department of Administration, Council for Women to contract with community-based organizations to provide rape crisis response services. FUNDING: \$190,134 0 FTE</p>	<p>Funds will be allocated to the Department of Administration, Council for Women to contract with community-based organizations to provide rape crisis response services. FUNDING: \$197,112 0 State FTE</p>
6	<p>Funds transferred from the Social Services Block Grant (SSBG) to the Office of the Secretary were used to enhance age and culturally appropriate HIV/AIDS education, awareness and prevention through a coordinated effort between DHHS and other state agency programs and services. FUNDING: \$395,789 0 FTE</p>	<p>Not recommended for funding in SFY 02-03.</p>
7	<p>Funds transferred from SSBG were provided by the HIV/AIDS Prevention and Care Branch to local health departments to support personnel and programs for HIV/AIDS education, counseling, and testing. Local health department programs targeted individuals at highest risk for HIV/AIDS. FUNDING: \$66,939 0 FTE</p>	<p>Funds transferred from SSBG to the HIV/AIDS Prevention and Care Branch will be provided to local health departments to support personnel and programs for HIV/AIDS education, counseling, testing and prevention activities. Local health department programs will be targeted individuals at highest risk for HIV/AIDS. FUNDING: \$145,819 0 State FTE</p>
8	<p>Funds transferred from the SSBG to the Office of Emergency Medical Services supported staff positions and partial funding for the statewide Trauma Registry. FUNDING: 213,128 5 FTEs</p>	<p>These activities will no longer be supported with SSBG funds transferred to PHHSBG. These activities will be supported at the SFY 01-02 levels with state appropriations.</p>

DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Schedule Of Preventive Health Services Block Grant Plan						
Item Number	Title	Actual SFY 2000-01	Appropriated SFY 2001-02 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	Community Health Promotion Programs	\$2,744,368	\$3,061,182	\$3,171,651	\$110,469	Increase to support local health promotion activities
2	Office of Minority Health	\$174,090	\$159,459	\$159,459	\$0	
3	Dental Services/Fluoridation	\$57,261	\$100,800	\$111,159	\$10,359	Increase to support Lab fluoridation testing
4	Administrative Costs	\$104,981	\$108,546	\$108,546	\$0	
5	Rape Crisis/Victims Services	\$142,601	\$190,134	\$197,112	\$6,978	
	Rape Prevention *	\$958,811	\$1,139,869	\$0	(\$1,139,869)	See note below
	Subtotal for PHSBG	\$4,182,112	\$4,759,990	\$3,747,927	(\$1,012,063)	
6	Transfer from SSBG - HIVAIDS Prevention Activities (Certified to 14410)	\$0	\$395,789	\$0	(\$395,789)	Not recommended for funding in SFY 02-03.
7	Transfer from SSBG - HIVAIDS Education, Counseling, Testing and Prevention Activities	\$61,594	\$66,939	\$145,819	\$78,880	Increased support for HIVAIDS education, counseling, testing and prevention activities.
8	Transfer from SSBG - Emergency Medical Services (Certified to 14430)	\$213,128	\$213,128	\$0	(\$213,128)	These activities will no longer be funded with a SSBG transfer to PHHSBG.
	Totals	\$4,456,834	\$5,435,846	\$3,893,746	(\$1,542,100)	
	* The Rape Prevention funds are now separated into a categorical grant.					

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC HEALTH
MATERNAL AND CHILD HEALTH BLOCK GRANT**

The Maternal and Child Health Block Grant funding for State Fiscal Year 2002-03 is projected at \$16,928,823. This amount is the same as that received in State Fiscal Year 2001-02.

GENERAL DESCRIPTION

The purpose of the Maternal and Child Health Block Grant is to assist states in assuring that mothers and children, particularly those with low income or limited availability to health services, have access to quality maternal and child health services. These services are aimed at (1) reducing maternal and infant mortality; (2) reducing the incidence of preventable disease and disabling conditions among children; (3) promoting the health of mothers and children; and (4) maximizing the health status of children with disabilities. The MCH Block Grant consolidated five programs for which the state received categorical funding. The five programs were (1) Maternal and Child Health, (2) Children's Special Health Services, (3) Supplemental Security Income for Disabled Children, (4) Sudden Infant Death Syndrome, and (5) Lead Based Paint Poisoning Prevention.

RECOMMENDATIONS

ALLOCATIONS

- | | |
|---|--------------------|
| 1. Allocate \$9,838,074 in Healthy Mothers/Healthy Children Block Grants to local health departments. The proposed allocation is equal to the amount allocated in FY 2001-02. Under this funding concept, local health departments have responsibility for deciding how to use maternal and child health funds to best meet local needs. County and district health departments may use Healthy Mothers/Healthy Children Block Grants to provide prenatal care, preventive and primary care services for children, and preventive health services for women of childbearing age. None of the proposed Healthy Mothers/Healthy Children Block Grant allocation is used for state administrative costs. | \$9,838,074 |
| 2. Allocate \$2,012,102 for technical assistance and best practices grants to local health departments, fetal and infant mortality reviews, high-risk maternity clinics, perinatal education and training, childhood injury prevention and asthma control efforts. The proposed allocation is equal to the amount allocated in FY 2001-02. From the funds available, the Department proposes to use approximately \$124,809 for 2.0 administrative staff within the Division of Public Health, and indirect cost charges (per the indirect cost plan). | \$2,012,102 |

3. Allocate \$5,078,647 for medical and health support services to children with chronic illnesses, disabilities, or genetic disorders. The proposed allocation is equal to the amount allocated in FY 2001-02. From the funds allocated, the Department proposes to use approximately \$200,965 for indirect cost charges (per indirect cost plan). **\$5,078,647**

Total administrative costs may not exceed 10% of the grant award. The plan projects administrative costs to be approximately \$325,773, or about 2% of the grant.

TOTAL FUNDS AVAILABLE – SFY 2002-03	\$16,928,823
SOURCE OF FUNDS: Maternal and Child Health Block Grant FEDERAL FY 2002	\$4,232,206
Maternal and Child Health Block Grant FEDERAL FY 2003	\$12,696,617

**DIVISION OF PUBLIC HEALTH
ANALYSIS OF MATERNAL AND CHILD HEALTH BLOCK GRANT
SFY 2002-03**

Item Number	Title	Actual SFY 2000-01	Appropriated SFY 2001-02 (SB 1005)	Recommended Amount SFY 2002-03	Appropriated/Recommended Difference	Explanation of Difference
1	Healthy Mothers/Healthy Children Block Grants	\$9,993,671	\$9,838,074	\$9,838,074	\$0	
2	Technical assistance and best practices grants to local health departments, fetal and infant mortality reviews, high-risk maternity clinics, perinatal education and training, childhood injury prevention and asthma control efforts.	\$2,481,057	\$2,012,102	\$2,012,102	\$0	
3	Services for Children with Chronic Illnesses, Disabilities or Genetic Disorders	\$4,709,230	\$5,078,647	\$5,078,647	\$0	
4	Transfer from Social Services Block Grant for Newborn Screenings	\$0	\$90,611	\$0	(\$90,611)	Not Recommended for funding in SFY 02-03.
	Totals	\$17,183,958	\$17,019,434	\$16,928,823	(\$90,611)	

Maternal and Child Health Block Grant

DESCRIPTION OF EACH ACTIVITY FOR THE SFY 2001-02 AND SFY 2002-03

Item Number	Activity Funded in SFY 2001-02	Activity Proposed in SFY 2002-03
#1	Allocate \$9,838,074 in Healthy Mothers/Health Children Block Grants to local health departments. County and district health departments may use Healthy Mothers/Healthy Children Block Grants to provide prenatal care, preventive and primary care services to children, and preventive health services for women of childbearing age. These services are intended to prevent maternal and infant mortality, prevent disease and disabling conditions among children, and promote the health of mothers and children. Of the funds allocated, none are used to support State level positions.	No change from FY 2001-02
#2	Allocate \$2,012,102 for technical assistance to local health departments, high risk maternity clinics, perinatal education and training, childhood injury prevention, fetal and infant mortality reviews, asthma control, and best practices grants to local health departments. These services and activities are intended to prevent maternal and infant mortality, prevent disease and disabling conditions among children, and promote the health of mothers and children. From the funds allocated, 8.75 State level FTEs are supported, of which 2.0 FTEs are administrative.	No change from FY 2001-02
#3	Allocate \$5,078,647 for services to children with chronic illnesses, disabilities, or genetic disorders. The purpose of these services is to ameliorate the effects of chronic illnesses, disabilities and genetic disorders on children and to improve the health status of children with these conditions. From the funds allocated, 22.2 State level FTEs are supported. None of these positions are administrative.	No change from FY 2001-02
#4	Transfer \$90,611 from the Social Services Block Grant to the Maternal and Child Health Block Grant to provide newborn genetic screening services. No state level FTEs are supported.	Not recommended for funding in SFY 02-03.

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

David Bergmire-Sweat	American Social Health Association RTP, NC
Paula X. Hoef.	Covenant w/NC's Children
Kevin Ryan	DHHS/DPH
Wanda Mandeville	DHHS/Public Health
Leah Dewlin	DHHS/DPH
Barbara Fuller-Smith	DHHS/OMHHD
Deborah Spence	NCAHHD / NCPNA
Bob Fitzgerald	DHHS/DFS
Bonnie Howell	DHHS/DMM/DD/SAS
Susan E Robinson	DHHS/DMA/DD/SAS-CFS
John Goodman	Linwood Mercer Assoc.

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NAME

FIRM OR AGENCY AND ADDRESS

<i>W. Adams</i>	<i>NC Community Action Assn.</i>
<i>Doug Baker</i>	<i>DMH/DD/SAS</i>
<i>Kristi Hildeman</i>	<i>DMH/DD/SAS</i>
<i>Karen Gattori</i>	<i>DHHS - Aging</i>
<i>Margaret Guen</i>	<i>DHHS - Chief Sec</i>
<i>Peggy Ball</i>	<i>DHHS - DCD</i>
<i>Lynda McDaniel</i>	<i>DHHS</i>
<i>Pheon Beale</i>	<i>DHHS - DSS</i>
<i>Paul Thi</i>	<i>DHHS - DSS</i>
<i>Allyz Druffing</i>	<i>DHHS - BTA</i>
<i>Lamie Conner</i>	<i>DHHS</i>

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NAME

FIRM OR AGENCY AND ADDRESS

STAN SLAWINSKI

DMH/DD/SAS

Tom Bennett

NCCF TF

Tom Reinstein

DHHS

Sonya A Jones

DHHS/DSS

Jillian Loman

DHHS/DSS

Sherry Bradsher

DHHS/DSS

Bob Leung

HHS

Gary Sarantis

GSA

Kristen Guillory

Gov. Office

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NAME

FIRM OR AGENCY AND ADDRESS

Ken McHon	Alley Associates, Inc.
Wayne Williams	DSBM
Mary Green	DSBM
John Kuster	NC Family Policy Council
Lawrence White	NCDHHS - OEO
John DeLuca	NCDHHS - Div. of Blind Services
George McCoy	VR - DHHS
Jo Berlin	VR - DHHS
Jeff Smith	Eastern Seals North Carolina
Jamara Stapp	Eastern Seals North Carolina
Anthony Sobari	NCPC - SMART-START

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Tuesday, May 7, 2002

1:00 p.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

2002-2003 Budget Options

Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Tuesday, May 7, 2002

1:00 P.M.

Room 643, Legislative Office Building

The Joint Legislative Appropriations Subcommittee on Health and Human Services met on Tuesday, May 7, 2002, in Room 643 in the Legislative Office Building. Senators Dannelly, Forrester, Kerr, Martin, Moore, and Purcell; and Representatives Church, Crawford, Earle, Esposito, and Nye attended.

Co-Chair Senator Purcell presided. He welcomed visitors and asked for brief comments from Co-Chairs Earle, Martin, and Nye. In response to a question from Senator Moore, Senator Purcell stated that this committee has been requested to recommend budget cuts of a total of \$330 million. Thus far the Department of Health and Human Services has provided optional reductions of \$280 million. Senator Purcell introduced Ms. Carol Shaw of the Fiscal Research staff to present options recommended by the Fiscal Research staff to the committee.

Office of the Secretary and Central Administration Budget Options

Ms. Shaw gave a handout to committee members outlining the possible reductions proposed by the Fiscal Research staff. Ms. Shaw told the committee that a summary of reductions proposed by the Department of Health and Human Services and the Fiscal Research staff would be provided to the committee tomorrow. Please see Attachment 1.

In discussing reductions to the Division of Facility Services, Senator Moore asked if increased fees for credentialing EMTs would be passed on to counties or municipalities. Her response was yes. Senator Forrester voiced concern over increased fees for nursing and adult care homes. Ms. Shaw said that most of the fees could be charged to indirect costs and could be reimbursed for most of the cost through Medicaid and Medicare.

Ms. Shaw corrected a figure in the portion describing the Division of Mental Health, Developmental Disabilities and Substance Abuse Services. The total for elimination of contracts, item 1 on page 1, has been corrected from \$1,858,696 to \$1,718,696. The reason for this correction is a correction in the NAMI contract, that figure being corrected from \$260,000 to \$120,000. This leaves intact \$40,000 in federal funds for that program. Senator Moore asked if loss of state dollars would impact receiving federal funds. Ms. Shaw replied that there is not a required match. Senator Purcell asked Dr. Visingardi to comment on patient advocates in the mental health hospitals. Dr. Visingardi said that it is essential to keep in the forefront the concept of the rights of persons with disabilities in state-operated services as well as in the community. Both Senators Kerr and Moore questioned "Order of Selection". Ms. Shaw replied that this would mean that the most needy of those requiring rehabilitation would be served first,

and those least needy could be placed on a waiting list. She referred the questions to George McCoy of the Division of Vocational Rehabilitation. Senator Purcell recognized Mr. McCoy. He said that Order of Selection addresses those with the most significant disabilities, and it is an individual case-by-case functional determination. He defined "needy" as not referring to income, but to functional capacity.

Regarding the cost sharing by counties for NC Health Choice, Senator Kerr asked about the administrative costs. Ms. Shaw said that at the present time the counties paid nothing, that the state paid all administrative costs not paid by the federal government, to administer NC Health Choice and added that this cost of determining eligibility is approximately \$8 million.

Regarding the amount hospitals and health care providers receive under Health Choice, Senator Martin asked what amount hospitals and other health care providers typically receive under private insurance health plans. Ms. Shaw responded that she did not have those figures at hand, but would get them. Senator Forrester asked about a summary of costs and Ms. Shaw stated that such a chart would be provided tomorrow morning. He asked if the proposed reductions would cause a loss of federal funds, and Ms. Shaw said that to her knowledge, no federal funds would be lost. He asked about retaining diabetic patients in optometry and podiatry care if these should be cut from the budget, and how much that would cost. Ms. Shaw said that she would try to obtain that figure. She told the committee that an additional option would be to reduce the cap on Health Choice enrollment. The present cap is 82,000 children. An additional saving of \$433,000 could be realized for each unit of 1,000. A reduction, perhaps just by attrition, of 5,000 could result in a saving of approximately \$2 million. Senator Martin asked about the impact of co-payments on families below the 150 percent poverty level. Ms. Shaw said that she did not have that information on hand, but would provide it.

Division of Public Health, Child Development,
Smart Start, More at Four, and Office of Education Services

Senator Purcell recognized Ms. Lisa Hollowell of the Fiscal Research staff. Ms. Hollowell gave the committee members a handout outlining budget reduction options (Attachment 2). Representative Esposito asked if there are other funds that would pay for AFP screening. Ms. Hollowell responded that private insurance or Medicaid could pay for this service. Representative Esposito asked for information about other labs that could provide this screening and Ms. Hollowell said that she would provide that information. Senator Kerr inquired about the purpose of the Alice A. Poe Center. Ms. Hollowell responded that this is a health education center for all North Carolina children. She provided a budget summary for the North Carolina Partnership for Children (Attachment 3) to the committee members. Senator Kerr said he had received specific recommendations for budget reductions from local people actively involved in Smart Start and asked the Chair's permission to provide them to the committee members. Senator Moore recommended that this be distributed to the committee tomorrow morning. In response to a question from Representative Nye, Ms. Hollowell pointed out that the reduction options for More at Four would not directly affect money going out into classrooms.

Division of Social Services


Senator Purcell called on Susan Morgan to present budget options for the Division of Social Services. Ms. Morgan gave the committee members an outline (Attachment 4). Representative Crawford asked about matching federal dollars lost as a result of the proposed reductions. She replied that there would be a loss of federal dollars or other funding for nearly every option suggested. She added that she will ask the Division to prepare a summary showing the total impact. Senator Kerr asked if it might not be a good idea to have recommendations from the Division. Senator Purcell recognized Secretary Odom to comment on this. She said that all suggested cuts were not acceptable, but recognized that the committee has been tasked to make decisions to recommend reductions and that the Division will provide assistance for the committee to do this. Senator Dannelly asked if the administrative reduction would impact local offices. Ms. Morgan replied that that would affect administration in all 100 local offices. Senator Dannelly asked if there were no reduction in the local offices would the counties cost of these offices would shift to the counties. Ms. Morgan replied that that was correct. Senator Moore asked if the budget co-chairs set the \$330 million target and how long it has been in place. Senator Martin responded that that figure was set some time ago, and although the shortfall has increased, the target has not been increased.

Division of Aging

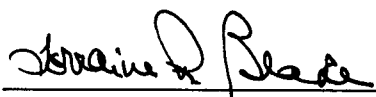
Ms. Morgan provided the committee with a handout for the Division of Aging (Attachment 5). She told the committee that the Division's total budget is approximately \$65 million, and about \$30 million in state money.

Representative Earle pointed out that while Secretary Odom has received direction from the Governor for budget reductions, the Appropriations Committee of the General Assembly has directed the Committee on Health and Human Services to identify where reductions could be made. The Fiscal Research staff was asked to make recommendations for this committee, which has been done. Any questions or comments regarding these recommendations should be directed to the committee and not to the staff. Senator Kerr asked for a summary comparison of the staff's recommendations and those of the Division. Ms. Shaw responded that a master list of all options is being prepared, that it will be a long list, by division.

In concluding, Senator Purcell said that, listening to the proposed budget reduction options, he leaves the meeting with tears in his eyes and pain in his heart for what these budget reductions will do to the people of North Carolina. The meeting adjourned at 3:40 P.M.



Senator William R. Purcell, M.D., Co-Chair



Lorraine R. Blake, Committee Assistant

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**OFFICE OF THE SECRETARY
AND
CENTRAL ADMINISTRATION
BUDGET OPTIONS**

FISCAL RESEARCH DIVISION

MAY 2002

Attachment 1

Office of the Secretary and Central Administration

Vacant Positions and Layers of Management

- Eliminate vacant positions and/or layers of management throughout the Department. (\$5,000,000)
- This option is based on the following assumptions:
 - Positions will be identified by DHHS before the budget is finalized.
 - DHHS has flexibility to choose vacant positions, layers of management, or other optional positions.
 - All positions will be eliminated effective July 1, 2002.

Office of the Secretary and Central Administration

Vacant Positions and Layers of Management

- DHHS is directed to consider the following issues as it identifies positions for elimination:
 - Consider position eliminations first in Divisions or programs that did not target positions in the Departmental reduction options.
 - Focus on positions that do not affect direct services to clients.
 - Ensure span-of-control and layers of management are consistent among the various divisions and offices in DHHS.

Office of the Secretary and Central Administration

Vacant Positions and Layers of Management

- As of March 31, 2002, DHHS had 307.27 FTE positions vacant six months or more supported by General fund Appropriations of \$9,1888,660.
- As of March 31, 2002, DHHS had 949.09 FTE vacant positions supported by general fund appropriations of \$28,751,612.
- The following Divisions had 96% of the total vacancies as of March 31, 2002: Mental Health, Developmental Disabilities, and Substance Abuse Services, Office of Educational Services, and Public Health.

Office of the Secretary and Central Administration
Office of Public Affairs

- Eliminate the Print Shop (\$46,657)
(includes 6 positions)
- Assumes all departmental printing will be sent to the Department of Corrections.
- Some departmental printing will take longer to complete.

Office of the Secretary and Central Administration Office of Coordinated Health Care

- **Eliminate Office (\$82,414)
(includes one position)**
- **The Office of Coordinated Health Care is a new office created by the DHHS in January 2002. The purpose of the new office is to improve coordination among all health-related divisions.**
- **This new office is optional and coordination can be accomplished by the health-related divisions working with the new Office of Policy and Planning.**

Office of the Secretary and Central Administration Intervention Services Unit

- **Eliminate Unit** (\$346,671)
 - Includes one position
 - Includes grant-in-aid to the NC Child Advocacy Institute
- This unit and the grant to the NC Child Advocacy Institute were authorized by General Assembly during the 2001 Session.
- The unit and the grant are optional and do not impact direct services to clients.

Office of the Secretary and Central Administration

Division of Information Resource Management

- Additional reduction in IT Contractual Services (\$2,745,233)
- This option assumes that a total of 15% of the certified budget for General Fund supported IT contractual services throughout DHHS will be eliminated.
- DHHS has proposed reducing IT contractual services in DIRM by \$1,759,485 or 5.9%.
- This option assumes another 9.1% of the certified budget for General Fund supported IT contractual services will be eliminated from DIRM and other divisional budgets.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**DIVISION OF FACILITY SERVICES
BUDGET OPTIONS**

FISCAL RESEARCH DIVISION

MAY 2002

Division of Facility Services

Additional Fees

- Additional licensure fees (\$2,100,000)
- Increases DHHS's fee proposal from \$2,998,140 to \$5,100,000 by increasing the original proposed fees and adding fees for EMS program and the construction program.
- Under this proposal, 33% of the General Fund Budget (\$15.4 M) for DFS would be supported by fees. DFS also receives \$12.5 million in federal funds.

Division of Facility Services

Revised Licensure Fee Proposal for Fiscal Research Division

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
FACILITY TYPE	# FACILITIES, REVIEWS or EXAMS	BASE FEE	BASE REVENUE	ADDTL FEE <small># applicable</small>	# OF BEDS/ OFFICES/ ROOMS	ADDTL REVENUE	TOTAL REVENUE
			= Col 2 x Col 3			= Col 5 x Col 6	= Col 4 + Col 7
GENERAL ACUTE HOSPITALS							
1 - 49 beds	25	\$ 250	\$ 6,250	\$ 12.50	736	\$ 9,200	\$ 15,450
50 - 99 beds	29	\$ 350	\$ 10,150	\$ 12.50	1,993	\$ 24,913	\$ 35,063
100 - 199 beds	36	\$ 450	\$ 16,200	\$ 12.50	4,918	\$ 61,475	\$ 77,675
200 - 399 beds	18	\$ 550	\$ 9,900	\$ 12.50	5,093	\$ 63,663	\$ 73,563
400 - 699 beds	8	\$ 750	\$ 6,000	\$ 12.50	4,789	\$ 59,863	\$ 65,863
700 + beds	4	\$ 950	\$ 3,800	\$ 12.50	3,273	\$ 40,913	\$ 44,713
OTHER HOSPITALS							
ABORTION CLINICS	12	\$ 500	\$ 6,000	\$ 12.50	614	\$ 7,675	\$ 13,675
ADULT CARE HOMES <6 BEDS	16	\$ 700	\$ 11,200	\$ 0.00	NA	\$ 0	\$ 11,200
ADULT CARE HOMES >6 BEDS	690	\$ 250	\$ 172,500	\$ 0.00	0	\$ 0	\$ 172,500
AMBULATORY SURGERY	628	\$ 350	\$ 219,800	\$ 12.50	34,801	\$ 435,013	\$ 654,813
CARDIAC REHABILITATION	51	\$ 700	\$ 35,700	\$ 50.00	167	\$ 8,350	\$ 44,050
CCRC's	81	\$ 250	\$ 20,250	\$ 0.00	NA	\$ 0	\$ 20,250
CONSTRUCTION PROJECTS--LARGE (See Attached)	47	\$ 450	\$ 21,150	\$ 12.50	4,958	\$ 61,975	\$ 83,125
CONSTRUCTION PROJECTS--RESIDENTIAL (See Attache	386	Varies	\$ 821,875	\$ 0.00	NA	\$ 0	\$ 821,875
EMS CREDENTIALING FEES	1,576	Varies	\$ 115,925	\$ 0.00	NA	\$ 0	\$ 115,925
EMS PROVIDER FEE (Vehicles)	6,297	\$ 90	\$ 566,730	\$ 0.00	NA	\$ 0	\$ 566,730
EMERGENCY DISPATCH PROGRAM	1,025	\$ 50	\$ 51,250	\$ 0.00	NA	\$ 0	\$ 51,250
FREE-STANDING HOSPICE	57	\$ 185	\$ 10,545	\$ 0.00	NA	\$ 0	\$ 10,545
HOME HEALTH AGENCIES	74	\$ 0	\$ 0	\$ 0.00	NA	\$ 0	\$ 0
LICENSED-ONLY HOME CARE AGENCIES	162	\$ 350	\$ 56,700	\$ 0.00	NA	\$ 0	\$ 56,700
MH FACILITIES (excluding ICF-MR)<6 BEDS	1,199	\$ 350	\$ 419,650	\$ 0.00	NA	\$ 0	\$ 419,650
MH FACILITIES (ICF-MR only)<6 BEDS	3,070	\$ 250	\$ 767,500	\$ 0.00	10,892	\$ 0	\$ 767,500
MH FACILITIES (excluding ICF-MR)>6 BEDS	281	\$ 650	\$ 182,650	\$ 0.00	5,247	\$ 0	\$ 182,650
MH FACILITIES (ICF/MR only)>6 beds	138	\$ 250	\$ 34,500	\$ 12.50	2,591	\$ 32,388	\$ 66,888
NURSING HOMES	43	\$ 650	\$ 27,950	\$ 12.50	1,016	\$ 12,700	\$ 40,650
	430	\$ 450	\$ 193,500	\$ 12.50	42,928	\$ 536,600	\$ 730,100
TOTAL	15,910		\$ 3,787,675		\$ 124,016	\$ 1,354,725	\$ 5,142,400

NOTES

Column (5) ADDTL FEE is the additional fee that will be based on the number of beds, offices or rooms as shown in Column (6).
 OTHER HOSPITALS excludes all State-owned facilities which are exempt from licensure.
 TOTAL # FACILITIES does not include emergency medical vehicles.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**DIVISION OF MENTAL HEALTH,
DEVELOPMENTAL DISABILITIES, AND
SUBSTANCE ABUSE SERVICES**

BUDGET OPTIONS

FISCAL RESEARCH DIVISION

MAY 2002

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

Eliminate Contracts

- Eliminate Contracts ⁶⁹⁶ 718 *Sept* (\$1,858,696)

- Proposes eliminating contracts for technical assistance, education, training, advocacy, and evaluation.
- These activities are optional and do not impact direct services to clients.

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

Adult Mental Health Contracts

- **UNC-CH Student Stipends (\$47,000)**
- **Housing Works, Inc. (\$60,326)**
 - Facilitate housing development for persons served by DMH/DD/SAS (Leaves \$30,164 in federal funds)
- **NAMI (\$20,000)**
 - Provides helpline, education, outreach, and family support services (Leaves \$30,150 in federal funds)

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

Developmental Disabilities Contracts

- Exceptional Children's Assistance Center (\$123,408)
 - Technical assistance for First in Families and New Horizon participants (Leaves \$52,000 in federal funds)
- NC Chapter Association for Persons in Supported Employment (\$39,000)
 - Training services
- UNC-CH (\$127,000)
 - Core Indicator Project Evaluation
- UNC-CH (\$586,424)
 - Developmental Disabilities Training Institute
- Association of Self Advocates of NC (\$32,812)
 - Support for state-level organization

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

Other Contracts

- NAMI ¹²⁰ (\$260,000)
 - Respite provider training and curriculum development
(\$40,000 in General Funds)
- NCSU-CUACS (\$101,350)
 - Technical assistance and evaluation projects for At-Risk Children Services and MR/MI consumers
- NC High School Athletics Association (\$461,376)
 - Substance Abuse Services contract for the Coach Mentoring Training Program (adjusts for other reductions)

**Division of Mental Health, Developmental
Disabilities, and Substance Abuse Services
Autism Society Contract**

• Eliminate SFY 2002 Expansion (\$432,000)

or

• Reduce Contract by 10% (\$282,000)

• The Autism Society receives \$2.8 million from State appropriations. Over \$1 million is spent on administration, advocacy, communications and public education and \$1.8 million is spent on direct services.

**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
Contract with United Cerebral Palsy of NC, Inc.**

- Reduce contract by 10% (\$120,000)
- United Cerebral Palsy of NC, Inc. receives \$1.2 million in State appropriations to provide services to individuals with cerebral palsy and similar disabilities. The State funding is 8.6 % of the total budget for UCP of NC (\$14 million).
- This reduction may impact direct services to clients.

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

Patient Advocates at State Institutions

- Reduce the Number of Patient Advocates at Mental Retardation Centers by 25%. (\$96,947)

- Eliminates 6 advocates from the MR Centers with the allocation to be determined by DHHS.

MR Center	# of Patient Advocates
Black Mountain Center	3.00
Caswell Center	6.00
Murdoch Center	6.00
O'Berry Center	3.00
Western Carolina Center	6.00
Total Patient Advocates	24.00

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

Patient Advocates at State Institutions

- Reduce the Number of Patient Advocates at State Psychiatric Hospitals by 25%. (\$295,229)
- Eliminates 5 advocates from the State psychiatric hospitals with the allocation to be determined by DHHS.

State Psychiatric Hospital	# of Patient Advocates
Broughton	6.00
Cherry	4.00
Dorothea Dix	4.00
John Umstead	5.00
NCSCC	2.00
Total Patient Advocates	21.00

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**DIVISION OF SERVICES FOR THE BLIND
DIVISION OF SERVICE FOR THE DEAF AND HARD OF HEARING
DIVISION OF VOCATIONAL REHABILITATION**

BUDGET OPTIONS

FISCAL RESEARCH DIVISION

MAY 2002

**Division of Services for the Blind
Division of Services for the Deaf and Hard of Hearing
Operating Expenses**

- Reduce Operating Expenses (\$200,000)
- Reduce operating expenses for SFY 2003 -- including travel, equipment, communications, and data processing -- to SFY 2002 expenditure levels.
- No impact on direct services.

Division of Services for the Blind Medical Eye Care Program

- Reduce excess funding in the Medical Eye Care Program. (\$200,000)
- This reduction is based on the average expenditures during the past three years and adjusts for the \$100,000 reduction taken during last Session.
- This reduction may impact direct services if demand for services increases.

Division of Vocational Rehabilitation Independent Living Program

- Eliminate SFY 2002 Expansion of Independent Living Services. (\$320,000)
- The SFY 2002 expansion of this program has not been spent this year because it was used to help DVR to meet its share of this fiscal year's budget shortfall.
- No impact on services for existing clients.

Division of Vocational Rehabilitation Independent Living Program

- **Eliminate Universal Design Contract with NCSU's Center for Universal Design. (\$99,998)**
- **Under this contract, the Center of Universal Design provides technical assistance to consumers and the housing industry.**
- **This service is optional and does not affect direct services to clients.**

Division of Vocational Rehabilitation Additional Reduction in Case Services

- Reduce Case Services (\$400,000)
- The departmental reduction in case services assuming implementation of “Order of Selection” can be reduced further based on the estimate developed for the necessary rule changes.
- This additional reduction increases the possibility that DVR will have to implement “Order of Selection”.

Division of Disability Services Consolidation of Three Divisions into One

- Consolidate the three disability Divisions into one Division of Disability Services. (\$750,000)

- This proposal is based on the following assumptions;
 - Administrative efficiencies are created by eliminating two director positions and consolidating all other administration (fiscal, personnel, data processing, etc.).
 - District offices are combined so there will not multiple offices in Charlotte, Raleigh, Ashville, Greensboro, Winston-Salem, Wilmington, Fayetteville, Greenville, and Wilson.
 - Reductions are not taken from the budget for Services for the Deaf and Hard of Hearing or from direct services provided by Services for the Blind and Vocational Rehabilitation.
 - Unique services for blind and deaf clients will be maintained while streamlining the services needed by all disabled clients.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**NC HEALTH CHOICE
BUDGET OPTIONS**

FISCAL RESEARCH DIVISION

MAY 2002

NC Health Choice

Copayments

- Increase copayments for all enrollees. (\$933,856)
- Currently, only families with incomes $> 150\%$ of the FPL pay copayments.
- This option assumes assumes families with incomes $< =$ to 150% of the FPL will have copayments:
 - Office visit \$5.00
 - Rx filled \$3.00
 - Mental health visit \$5.00
 - Non-emergency ER visit \$10.00

NC Health Choice

Copayments

- This option assumes assumes families with incomes > than 150% of the FPL will have increased copayments:
 - Office visit Now \$5.00 Increases to \$10.00
 - Rx filled Now \$6.00 Increases to \$10.00
 - Mental health visit Now \$5.00 Increases to \$10.00
 - Non-emergency ER visit Now \$20.00 Increases to \$40.00
- This option will increase out-of-pocket costs for families participating in NC Health Choice.

NC Health Choice Rx Dispensing Fees

- Reduce Rx Dispensing fees from (\$448,126)
\$6.00 per Rx to \$2.50.
- This option proposes reducing the dispensing fee paid by NC Health Choice to the same level as paid by the State Health Plan's PBM.
- No impact on services since pharmacies are currently serving State Health Plan clients.

NC Health Choice Dental, Vision, and Hearing Aid Coverage

- Eliminate coverage for dental services, vision services, and hearing aids. (\$4,620,272)
- Services provided under NC Health Choice are based on the State Health Plan, but dental services, vision services, and hearing aids were added by the General Assembly when the program was authorized.
- The majority of the cost savings resulting from this option comes from the elimination of dental services (89.5% of the savings).

NC Health Choice

Dental, Vision, and Hearing Aid Coverage

- **NC Health Choice is not an entitlement, and these services are not required by federal law.**
- **This option maintains all other services offered under the State Health Plan including services for children with special health care needs.**

NC Health Choice Provider Rates

- Calculate premiums using Medicaid provider rates. (\$8,578,528)
- NC Health Choice providers are reimbursed the same rates paid by the State Health Plan, and these reimbursements are considerably higher than the rates paid by Medicaid.
 - Hospitals are paid 140% to 163% of Medicare under NC Health Choice while Medicaid pays 84% of Medicare.
 - Physicians and other health care providers are paid 145% of Medicare under NC Health Choice while Medicaid pays 95% of Medicare.
- No impact on services because most NC Health Choice providers already serve Medicaid clients.

NC Health Choice Cost-Sharing by Counties

- Counties pay 100% of the nonfederal share of county administration costs that are not offset by enrollment fees. (\$1,967,000)
- Continues the tradition of counties sharing in the cost of public assistance programs.
- Encourages counties to be efficient in determining eligibility for all programs and not cost shift to the NC Health Choice Program.
- This option shifts all administrative costs to the counties, but it does not require them to pay 15% of the nonfederal share of program costs.

NC Health Choice Cost-Sharing by Counties

- Counties pay 15% of the nonfederal share of program costs. (\$5,365,000)
- Continues the tradition of counties sharing in the cost of public assistance programs.
- This option shifts some of the program costs to the counties.

Department of Health and Human Services
Reduction Options

Division of Public Health
Division of Child Development
Smart Start
More At Four
Office of Education Services

Attachment 2

Division of Public Health

Reduction Options

- Expansion on Departmental Options
- New Initiatives
- Administration
- Optional Programs
- Contracts
- Options total approximately \$6M

Division of Public Health

Reduction Options

- Eliminate Prescription Drug Assistance Program (\$30,000)
- Budgeted at \$500,000. Pays for prescription drugs for elderly under 150% federal poverty level who suffered from cardiovascular disease or diabetes.
- Expansion of a department's option to reduce the program by \$470,000 – this additional reduction would eliminate a remaining position.

Division of Public Health

Reduction Options

- Eliminate Intensive Home Visiting Program (\$95,860)
- Uses national models for home visitors to assist new mothers/families with parenting skills.
- Expansion on the departmental option and eliminates the state-level position.

Division of Public Health

Reduction Options

- Eliminate Administration for Child Fatality Task Force (\$100,000)
- Staff and operating expenses associated with the Child Fatality Task Force.
- Expansion of the departmental option. CFTF is a legislative mandate; the staffing would come from existing resources within DHHS.

Division of Public Health Reduction Options

- Reduce Aid to County Funding
((\$1M))
- Categorical and non-categorical funding
to local health departments.
- Based on historical reversions.
Approximately \$28M remains.

Division of Public Health

Reduction Options

- Eliminate Prescription Drug Access Project (\$200,000)
- Development and operations of prescription drug access program to allow individuals to easily access pharmaceutical companies' free drug programs.
- New initiative.

Division of Public Health

Reduction Options

- Reduce Birth Defects Monitoring Program (\$125,000)
- Staff review hospital records to identify birth defect clusters among infants and determine effective prevention marketing strategies for regions. Cut field staff who collect the data and leave some funding in the budget.
- New money appropriated FY01.

Division of Public Health

Reduction Options

- Eliminate Medical Child Care Project (\$100,000)
- Funding for a medically-fragile child care operation in Wake County. Funding was augmented by \$300,000 from the Child Care Development Fund Block Grant.
- New initiative.

Division of Public Health

Reduction Options

- Reduce AIDS Drug Assistance Program (\$500,000)
- Purchase of prescription drugs for AIDS patients at or below 125% federal poverty level.
- New money for FY01.

Division of Public Health

Reduction Options

Administration

- Regional Office Leases (\$10,291)
- Operating Expenses (\$816)
- Equipment (\$27,835)
- Vacant Positions (\$147,000)
- FFP enhancements (\$215,292)

Division of Public Health Reduction Options

- Eliminate Administrative Consultation to Local Health Departments (\$251,289)
- Assist local health departments with financial matters and other administrative activities.
- Administration. Optional service to local health departments.

Division of Public Health
Reduction Options

- Reduce operating expenses in the central office for Office of Minority Health - (\$35,000)

Division of Public Health

Reduction Options

- Eliminate Farmers' Market Program (\$157,230)
- Provides coupons to WIC participants in selected counties to purchase fresh fruits and vegetables at their local farmers' market. Designed to improve the nutrition of WIC clients while increasing the awareness and use of local farmers' markets.
- Optional Program. Will lose \$368,900 in federal funds.

Division of Public Health Reduction Options

- Reduce Health Promotion Funding (\$700,000)
- Funding to local health departments for staff to support efforts to create physical and social environments to promote cardiovascular health focusing on tobacco use, physical activity, and nutrition.
- Optional program. \$559,296 remains in state funding to match federal funding. \$1.3M remains in the preventive health block grant for local activities.

Division of Public Health Reduction Options

- Eliminate Infant Formula Program in WIC
(~~\$354,778~~) → \$191,000 (corrected figure) \$ 1.8 million remains.
- Pays for prescription special formulas for children and adults with a variety of high-risk medical diagnoses.
- Optional Program. Will lose \$120,921 in federal funds.

Division of Public Health

Reduction Options

- North Carolina Healthy Start Foundation ^{\$ 343,000 in Recurring Funds}
Contract (~~\$430,975~~) → \$ 578,000 (corrected amount)
- Provide informational and educational activities for healthy pregnancy outcomes. Public information, health resource phone line (1800 For Baby), SIDS awareness, and reduction of infant mortality rates.
- Received \$400,000NR in FY02 and \$1M in FY01; receive \$575,277 in federal funds and recurring state funds.

Division of Public Health Reduction Options

- Eliminate Contracts for AFP Screening
UNC (\$121,700)
WFU (\$122,888)
- Screening of pregnant women to identify fetuses at-risk for neural tube defects or Downs Syndrome.
- Optional contract.

Division of Public Health

Contract Reduction Options

Technical Assistance, Training, and Education

- UNC – CVH Programs (Evaluation) (\$27,235)
- Alice A. Poe Center (Playground) (\$1,500)
- NC A&T State University (Cancer Prevention) (\$44,156)
- Greenway Project (Gaston Co.) (\$6,425)
- UNC (Asthma) (\$100,255)
- UNC (Hepatitis C) (\$105,270)
- Training and Research (Cultural Awareness) (\$15,000)
- Contract – UNC (Tech Assistance) (\$89,825)
- Reduce UNC – PHTIN (Training) (\$129,077)
- UNC/Prevention Partners (Smoking Cessation) (\$35,000)

Division of Public Health

Reduction Options

- Grants in Aid – Optional
 - Eliminate Alice A. Poe Center (\$200,000)
 - Eliminate Adolescent Pregnancy Prevention Coalition of NC (\$127,500)
 - Prevent Blindness of NC (\$400,000)

Health and Human Services
Division of Child Development
Reduction Options

Division of Child Development Reduction Options

- Reduce Administrative/Operating Expenses ~ 12% (\$150,000)
- Reduce Smart Start Appropriation (\$32.4M)

Smart Start

FY2002

- Subsidy Service Categories total \$87M
- Other Childcare Related Activities total \$67M
- Health and Safety \$11M
- Family Support Activities \$20M
- Program Support \$6M

Smart Start Reduction Options

- Direct the entire reduction to be taken from Family Support, Early Childhood Health and Safety, Program Support and Childcare related Activities.
- Specify an amount to be taken from Smart Start administration (state-level partnership).
- Require that the same amount of funds spent on subsidy during FY02 be maintained during FY03.

Health and Human Services More At Four Reduction Options

More At Four Reduction Options

- Eliminate funding for Information Technology Services (\$141,750)
- Eliminate the Frank Porter Graham contract (\$400,000)
- Eliminate funding for Professional Development (\$800,000)

Health and Human Services
Office of Education Services
Reduction Options

Office of Education Services Reduction Options

- Reduce the Beginnings Contract
(\$196,214)
- Reduce a maintenance contract
at Governor Morehead School (\$1,127)

The North Carolina Partnership for Children
Fiscal Year 2001-02

REVISED
Attachment 3

Summary of Budget by Core Service as of February 28, 2002

Subsidy Service Categories

	PSC	Budgeted
Quality Enhancement (Maintenance)	1102	1,000,000.00
Community Planning for School Readiness	1122	1,725,340.00
Inclusion Support	1201	238,986.00
Increase Child Care Availability	1202	520,043.00
Pre-K Classes	1302	179,178.00
Child Care Subsidy Administration	1305	5,278,441.00
Public Pre-K Classes	1306	2,358,102.50
Head Start Wrap Around	1307	637,231.00
Child Care Cost Supports	1309	50,814,701.34
Subsidy Outside DCD	1310	18,461,590.37
Supplement for Quality through DCD	1311	4,136,566.00
Head Start Classrooms	1312	42,908.00
Transportation to Child Care	1313	131,390.00
Part Day Child Care Program (enrolled)	1318	141,268.00
Child Care Subsidy Administration Outside DCD	1319	719,191.00
Supplement for Quality Outside DCD	1320	539,893.00
Support for Children and Families in Crisis	1510	96,863.00
Total of Subsidy Services		87,021,692.21

Other Child Care Related Service Categories

	PSC	Budgeted
Quality Enhancement (Upgrade)	3101	13,481,165.70
Quality Enhancement (Maintenance)	3102	2,218,483.00
Child Care Resource & Referral	3104	9,413,515.61
Professional Development	3105	1,612,501.97
Child Care Substitutes	3106	784,434.00
Salary Supplements	3107	10,068,794.00
T.E.A.C.H. Support	3108	154,250.00
Provider Training	3109	4,114,196.00
Mentoring Programs	3110	184,861.00
Health/Safety Training for Child Care Professionals	3111	470,950.00
NC Child Care Corps	3112	33,625.00
Behavior Intervention	3113	671,956.00
Child Care Data, Workforce Study	3114	33,800.00
Learning Materials and Teaching Aids	3115	842,489.28
Curriculum Enhancement	3116	2,474,645.00
Needs and Resources Assessment/Child Care	3121	73,014.00
Community Planning for School Readiness	3122	893,963.00
Health Benefits for Child Care Providers	3123	1,828,751.00
Inclusion Support	3201	1,843,822.01
Increase Child Care Availability	3202	643,757.01
Pre-K Classes	3302	2,426,094.00
Public Pre-K Classes	3306	2,414,446.00
Head Start Wraparound	3307	425,145.00
Subsidy Outside DCD	3310	123,964.00
Head Start Classrooms	3312	199,433.00
Transportation to Child Care	3313	1,202,772.50
Part Day Child Care Program (enrolled)	3318	885,653.00
Supplement for Quality Outside DCD	3320	238,486.00
Pre-school (0-4) Classes	3321	924,261.26
More at Four Classrooms	3322	164,262.00
Dental Education	3406	54,000.00

Fiscal Year 2001-02

Summary of Budget by Core Service as of February 28, 2002

Mobile Health Unit	3408	66,746.00
Comprehensive Screenings	3411	190,811.00
Comprehensive Health Services	3412	177,633.00
Child Care Health Consultants/Outreach Nurses	3414	4,105,157.16
Child Abuse and Neglect Intervention	3416	9,733.89
Special Needs: Early Intervention Services	3417	445,822.20
Special Needs: Specialized Therapy	3418	80,000.00
Family Resource Center	3501	23,938.00
Parenting Education & Skills Training	3503	167,582.00
Family Support, general	3506	35,900.00
Literacy Projects	3512	25,000.00
Family Literacy	3513	306,045.00
Community Outreach	3517	84,800.00
Orientation to Kindergarten	3519	192,085.00
Program Coordination	3603	147,159.00
Systems Integration	3604	20,000.00
Total of Child Care Related Services		66,979,902.59
Total of Subsidy and Child Care Related Services		154,001,594.80

Early Childhood Health and Safety

	PSC	Budgeted
Immunization Support	5401	30,208.98
Dental Treatment	5404	140,490.00
Dental Screenings	5405	103,493.00
Dental Education	5406	35,000.00
Comprehensive Dental Services	5407	1,424,642.00
Mobile Health Unit	5408	63,534.00
Speech and Hearing Screenings	5409	689,508.00
Vision Screenings	5410	687,921.81
Comprehensive Screenings	5411	330,305.72
Comprehensive Health Services	5412	763,458.00
Prenatal/Newborn Services	5413	2,653,672.19
Child Care Health Consultants/Outreach Nurses	5414	550,751.00
Comprehensive Health Support	5415	920,157.00
Child Abuse and Neglect Intervention	5416	465,315.00
Special Needs: Early Intervention	5417	1,324,887.01
Special Needs: Specialized Therapy	5418	534,737.00
Transportation to Health Services	5419	77,175.00
Developmental Screenings	5423	223,574.00
Nutrition Programs	5424	99,448.00
Total of Health/Safety Services		11,118,277.71

Family Support

	PSC	Budgeted
Family Resource Center	5501	2,257,788.00
Mobile Family Resource Center	5502	194,114.00
Parenting Education & Skills Training	5503	1,591,761.32
Teen Parent/Child Program	5504	963,127.00
Ongoing Parent Education	5505	4,815,616.00
Family Support, general	5506	2,818,985.37
Intensive Home Visiting	5507	2,433,693.00
Community Leadership	5508	462,410.00
Support for Children & Families in Crisis	5510	921,380.00
Literacy Projects	5512	778,480.46

Fiscal Year 2001-02

Summary of Budget by Core Service as of February 28, 2002

Family Literacy	5513	416,562.56
Transportation Services	5515	282,931.00
Outreach Materials	5516	129,649.00
Community Outreach	5517	1,634,048.72
Needs and Resource Assessment	5518	567,573.00
Orientation to Kindergarten	5519	75,000.00
Total of Family Support Services		20,343,119.43

Program Support

	PSC	Budgeted
Health/Safety Training for Child Care Professionals	5111	1,500.00
Behavior Intervention	5113	112,000.00
Learning Materials and Teaching Aids	5115	32,320.00
Curriculum Enhancement	5116	123,492.00
Needs and Resources Assessment	5121	18,174.00
Community Planning for School Readiness	5122	425,000.00
Part Day Child Care Program (enrolled)	5318	60,787.00
Program Evaluation	5602	3,442,528.28
Program Coordination	5603	1,978,654.11
Systems Integration	5604	72,800.00
Total of Program Support Services		6,267,255.39

Services Total	191,730,247.33
Administration Total	16,219,036.00
Total (Services + Administration)	207,949,283.33

Department of Health and Human Services

Division of Social Services

May 7th, 2002

North Carolina General Assembly
Fiscal Research Division

Attachment 4

Division of Social Services

Options for Reduction

Reduce Local Administration Funds 3.5% **(\$8,000,000)**

The Division of Social Services would reduce administration funds for local departments of social service.

Rationale:

Non-direct service. Impact will be a reduction in operating funds for local departments of social service. Over \$3,000,000 will be reverted as a non-recurring reduction to cover the budget shortfall this fiscal year.

Division of Social Services

Options for Reduction

Eliminate Families For Kids Funds (\$1,200,000)

Initiative focused on Child Welfare System Reform at the local level. Rotates among 16 counties at a time. Provides resources and technical assistance to improve the child welfare system.

Rationale:

Non-direct and non-statewide service. June 30, 2002 will be the end of the four-year funding cycle for 12 of the 16 counties, with funding scheduled to end for remaining four counties June 30, 2004.

Division of Social Services

Options for Reduction

Eliminate Intensive Family Preservation Services (\$1,500,000)

Family-focused, community-based crises intervention services for children at imminent risk of removal from the home. Services characterized by small caseloads for local staff, short duration of intensive services, 24-hour availability of staff, and at least half of the services provided in the child's home or community.

Rationale:

Non-statewide service. Additional funds are not available to implement program statewide.

Division of Social Services

Options for Reduction

Eliminate Special Children Adoption Fund (\$1,100,000)

Program established by the General Assembly in 1997 to enhance Adoption Service. Funds focused on reducing the amount of time a child spends in the foster care system.

Rationale:

Non-direct service. Payments are made to placement agencies as an incentive to find adoptive parents for hard to place children.

Division of Social Services

Options for Reduction

Eliminate Carryforward for Electing Counties (\$600,000)

County Work First Block Grant funds are paid in advance to Electing Counties at the beginning of each quarter of the fiscal year. Historically, excess State funds in the block grant have not reverted.

Rationale:

Impacts 13 counties. In SFY 2001, \$639,000 and in SFY 2000, \$650,000 in excess funds for Electing Counties did not revert to the General Fund.

Division of Social Services

Options for Reduction

Staff Options for Reduction (\$12,400,000)

Department Options for Reduction (11%) (\$22,272,929)

Total Combined Options for DSS (\$34,672,929)*

*Total does not reflect reduction in federal dollars as a result of these options.

Department of Health and Human Services

Division of Aging

May 7th, 2002

North Carolina General Assembly
Fiscal Research Division

Attachment 5

Division of Aging

Options for Reduction

Reduce Central Office Administration Funds (\$125,000)

Currently 34 staff in the Division of Aging Central Office. Total administration budget = \$2,500,000. 5%

Rationale:

Non-direct service. Based on 5% reduction of total state administration operating budget (reduces employee travel, printing, postage, and other expenditures). Administrative reductions were not included in the Departmental options presented.

Division of Aging

Options for Reduction

Reduce Area Agency on Aging Administration Funds (\$700,000)

In 1998 the General Assembly increased P+A funding to \$1.2 million – a recurring increase of \$900,000;

Expanded funding was to be used for enhancement of services, and to better meet the technical assistance and data needs of providers, local planning committees, and local governments.

Rationale:

Non-direct service. Since the expansion funding was appropriated in 1998, the Division of Aging has received approximately \$4,000,000 in additional federal funds. Reduces the operating budget of 17 AAAs.

Division of Aging

Options for Reduction

Reduce Elder Rights Funding (\$300,000)

Program assists older adults understand and protect their rights, secure benefits, learn about and protect themselves against fraud, and serve as volunteers in their communities as required by the Older Americans Act.

Rationale:

Reduces excess State match. Required match is \$110,000, actual match is \$429,000.

Division of Aging

Options for Reduction

Reduce State Adult Day Care Fund (\$700,000)

An organized program of services in a community setting, provided to support the personal independence of older adults and promote their social, physical, and emotional well-being.

Rationale:

Recurring funds appropriated initially in 1998. Counties have the option of using Home and Community Care Block Grant funds for Adult Day Care Services. Would impact direct services to clients.

Division of Aging

Options for Reduction

Contracts (\$200,000)

Provides information and assistance to caregivers of patients with dementia and arranges for or provides respite care.

Alzheimer's Association Contracts (\$150,000)
Duke University Contract (\$50,000)

Rationale:
Optional service. Minimal impact on direct service.

Division of Aging

Options for Reduction ^{11%}

Staff Options for Reduction	(\$2,025,000)
Department Options for Reduction (11%)	(\$3,105,752)
<i>Total Combined Options for Aging</i>	<i>(\$5,130,752)</i>

Division of Aging

Options for Reduction ^{11%}

Staff Options for Reduction	(\$2,025,000)
Department Options for Reduction (11%)	(\$3,105,752)
<i>Total Combined Options for Aging</i>	<i>(\$5,130,752)</i>

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Karen Ponder	NC Partnership for Children
Ashley Thrift	NC Partnership for Children
Shirley Dubens	Oralbit/Dubens
Thomas H. Hoff	Concord Child Center
Debra Ball	DHHS
Ken Penney	"
Jeanne Stevens	nursing
Wilbur R. Mc	DHHS/DSS
Mary Greene	OSBM
WAYNE WILLIAMS	OSBM
Whitney Obrig	OSBM
Pam Richardson	OSBM
Mary Birch	Auditory Learning Center
Wm Peter	NEOS - NEPTA

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Geelea Seaford	NC Partnership for Children Raleigh ✓
Aimee Thomas	NCCATD
Margaret Westbrook	LCLH
Pam Dowdy	Wake Co Smart Start
Abby Emanuelson	NMSS - Eastern NC Chapter
Elizabeth Dalton	Roger Bone & Associates
Marci White	Methodist Home for Children
Kristen Guilbury	Office of the Governor
M. Stokes	OCS
Hope Ethington	Easter Seals NC
Anthony Solari	NLPC - SMART START

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jenny Cooper	NCALA
Mark Benson	Capitol Group
Jane Milby	NC DMA - NC Health Care
Janic Freedman	NC Healthy Start Foundation
AL DEITCH	DDA/PADU
Tom Bennett	NCCFTA
Bonnie	Caroline Public Dept
Roz Swift	NC Child Care Coalition
Greg Jones	NCHLHA
Jim Water	NCARTC 7
Ron Aycock	County Comm. Assoc

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dale Rociyk	DMH/OD/SAS
Louise Fisher	Advocate for Mentally Ill DMH NC
Holly Riddle	NC Council on Developmental Disabilities
Carol Potter	" "
Jan Potter	" "
Sue Rusk	NCPC
Joyce Baffi	NCPC
Catherine Woodall	NCPC
Linda Glade	NCPC
Sally Gloor	NCPC
Vicki Newell	NCPC

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>[Signature]</i>	BSCA
<i>[Signature]</i>	WCSR
<i>[Signature]</i>	Caroline's HealthCare System
ANN WEE	OUAS
<i>[Signature]</i>	Alley Associates
<i>[Signature]</i>	
<i>[Signature]</i>	now at Jan, Governor's Office
<i>[Signature]</i>	self
<i>[Signature]</i>	OSBM
<i>[Signature]</i>	NCPNA ↓ NCA & HD
<i>[Signature]</i>	DHHS - OMIHD
<i>[Signature]</i>	Sister/guardian of adult DD consumer

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations on Health and Human Services

(Name of Committee or Commission)

Date(s) of Meeting: May 7, 2001

Member: Senator John H. Kerr, III

Number of days subsistence claimed

(If you come the night before and spend
the night, you are entitled to an extra day.)

one

Car Mileage (Round Trip)
of round trips

102

John H. Kerr / LRB
(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

None

Number of days subsistence claimed for other meeting(s)

None

Car Mileage claimed for other meeting

Yes

No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services
(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, 9, 2002

Member: Representative Walter Church

Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

3

Car Mileage (Round Trip)
of round trips

370

Walter Church Sr
(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of days subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting

Yes

No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services
(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, ~~9~~, 2002

Member: Representative Mark Crawford

Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

Two (2)

Car Mileage (Round Trip)
of round trips

476 miles
ONE (1)

Mark Crawford
(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

— NONE —

Number of days subsistence claimed for other meeting(s)

NONE

Car Mileage claimed for other meeting

Yes

No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services
(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, 9, 2002

Member: Senator Ken Moore

Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

4

Car Mileage (Round Trip)
of round trips

ON FILE

Ken Moore
(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:
NONE

Number of days subsistence claimed for other meeting(s) NONE

Car Mileage claimed for other meeting Yes No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services
(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, 9, 2002

Member: Senator James Forrester

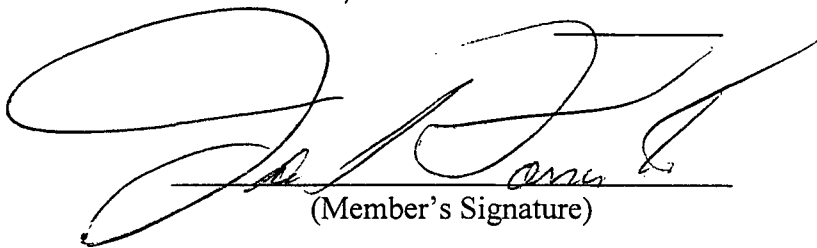
Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

2

Car Mileage (Round Trip)
of round trips

Per Record



(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of days subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services
(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, 9, 2002

Member: Senator William Purcell

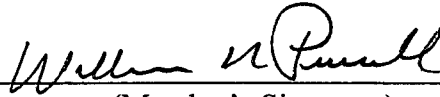
Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

4

Car Mileage (Round Trip)
of round trips

200


(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of days subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting

Yes

No

COMMITTEE OR COMMISSION

REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services

(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, 9, 2002

Member: Representative Edd Nye

Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

3

Car Mileage (Round Trip)

of round trips

180


(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

None

Number of days subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting _____

Yes

No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services
(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, 9, 2002

Member: Representative Theresa Esposito

Number of days subsistence claimed

(If you come the night before and spend the night, you are entitled to an extra day.)

~~220~~ 2

Car Mileage (Round Trip)
of round trips

220
1

Theresa D. Esposito
(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of days subsistence claimed for other meeting(s)

0

Car Mileage claimed for other meeting

Yes

No

COMMITTEE OR COMMISSION
REIMBURSEMENT INFORMATION

Joint Appropriations Subcommittee on Health and Human Services
(Name of Committee or Commission)

Date(s) of Meeting: May 7, 8, 9, 2002

Member: Senator Charlie Dannelly

Number of days subsistence claimed

(If you come the night before and spend
the night, you are entitled to an extra day.)

4

Car Mileage (Round Trip)
of round trips

330



(Member's Signature)

(Chairperson's Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of days subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting

Yes

No

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2001-2002 SESSION**

You are hereby notified that the Committee of the **Joint Appropriation/Subcommittee on Health and Human Services** will meet as follows:

DAY & DATE: **Tuesday, May 7, 2002**
 Wednesday, May 8, 2002
 Thursday, May 9, 2002 - (Public Comments)

TIME: **Tuesday at 1:00 pm**
 Wednesday at 9:00 am
 Thursday at 9:00 am

LOCATION: **Room 643**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):

Respectfully,

Representative Rep. Beverly Earle
Representative Edd Nye
Co-Chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **2:30 pm** on **Thursday, May 2, 2002**.

___ Principal Clerk
___ Reading Clerk - House Chamber

Ann Raeford and Jo Bobbitt (Committee Assistants)

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, May 8, 2002
9:00 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

2002-2003 Budget Options

Carol Shaw
Fiscal Research Division

Managed Care Programs

Richard W. Jacobsen, Jr.
Health and Human Services Core Business Leader,
Director of the Mecklenburg County Department of
Social Services

Jeffery Simms
Assistant Director for Regulatory Affairs and Managed
Care, Division of Medical Assistance

Torten Wade
Director, Access II & III, Office of Research,
Demonstrations and Rural Health Development

Allen Dobson, MD
Chairman, Cabarrus Community Care Plan
Chair, North Carolina Physicians Advisory Group

James Bernstein
Assistant Secretary for Health

Committee Discussion

Next Meeting

Adjourn

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, May 8, 2002

9:00 A.M.

Room 643, Legislative Office Building

The Appropriations subcommittee on Health and Human Services met on Wednesday, May 8, 2002 at 9:00 A.M. in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye, Representative Beverly Earle, Co-Chairs; Representatives Mark Crawford, Walter Church, Debbie Clary, Theresa Esposito, and Thomas Wright. There were five senators present.

Representative Nye called the meeting to order and welcomed Committee members and visitors. Attached is the Visitor Registration Sheet that is made a part of the minutes (See Attachment No. 1).

Representative Nye stated the Committee meeting would be dealing with a division in Health and Human Resources Department that involves half the budget requirements. He introduced Carol Shaw, Fiscal Research Staff, for a presentation on the budget options for the Division of Medical Assistance. (See Attachment No 2). She explained there was a deficit of \$109,723,210 for fiscal year 2003. She also pointed out that Medicaid had increased just under one billion dollars in the last two years. There were questions asked by the Committee members during the presentation. She concluded by talking about the future of Medicaid. She reviewed the statements on page 30 of the handout. Some issues are; how much access can North Carolina afford, and what rate of growth can the state afford. Division of Medical Assistance can't control growth in the number of eligibles, but it can manage the utilization of medical services and control the rates paid to providers. She reminded the members from last years presentation they were assuming the state revenues would be growing at a much better rate than they are growing now. If Medicaid grows at a 10% annual rate, by 2010 it will consume 27% of any new revenues in that year. What drives Medicaid rates is the number of people being served. That is the key to cost containment. She stated that they might want to ask the Department if there are some things that can be done through the federal waiver process to help contain cost in the future.

Jim Bernstein, Assistant Secretary for Health, was introduced to discuss The Access Program. (See Attachment No. 3) He reviewed the goals of the program. They are; managing cost, having a large set of providers to ensure getting care when needed, quality care, and health status improvement. Jeffery Simms, Assistant Director for

Regulatory Affairs and Managed Care, Division of Medical Assistance, was the next presenter. He addressed some of the issues Mr. Bernstein mentioned. They have been able to work with establishing the Carolina Access Program, a statewide program that allows for linking Medicaid patients with primary care providers and create medical homes. There are presently some 670,000 Medicaid patients across the state that are linked with a primary care provider. There are more than 5000 primary care providers serving in the Carolina Access Program. It has been operating for 12 years. Four years ago they came up with Access II and III. This allows them to focus on quality, utilization, and cost effectiveness. There are eleven networks across the state and they are serving more than 238,000 Medicaid patients through more than 1400 physicians. The infrastructure is across the state.

Torten Wade, Director, Access II and III, Office of Research, Demonstrations and Rural Health Development, was asked to come forward to discuss some of the initiatives that are going on with the program. He discussed the eleven networks and stated they are each a non-profit organization.

Dr. Allen Dobson, Chairman, Cabarrus Community Care Plan Chair, North Carolina Physicians Advisory Group, was asked to speak about the programs that are coming in place. He discussed how physicians have been involved and their commitment to help the state with Medicaid. They have been looking at ways to be more cost effective. He reviewed some things listed in the handout that they think will help with the cost. Representative Wright stated he was encouraged about Access II and Access III. He asked how long it would take to implement this statewide and was told that it would be within two years. Representative Earle asked if Access I would be discontinued and was told yes it would be in two years.

Mr. Richard W. Jacobsen, Jr., Health and Human Services Core Business Leader, Director of the Mecklenburg County Department of Social Services, was next to address the Committee concerning Medicaid and Managed Care in Mecklenburg County. (See Attachment No. 4) He pointed out they have expanded access to care for Medicaid patients while cost for care has grown at a slower rate than in the rest of the state. Their physicians participate in the Reach Out and Read Program which is the first one nationwide in pediatric offices. Presently 22,000 children, not all on Medicaid, are participating in this program. One of the biggest stumbling blocks is the issue of literacy. Representative Earle commented on how well she liked the program and she felt the members of the Committee needed to hear what was happening with this program. Senator Odon was in attendance and he thanked Mr. Jacobsen for presenting to the Committee and asked how his department interfaced with the Access II Program. He wanted to know if there were any problems. Mr. Jacobsen stated they only went to Access II in March of this year and it is too early to tell, but he expects to work very well.

Representative Nye asked for the providers in the audience that wanted to address the Committee to come forward. Doug Sexton, Director of Medicaid for United Health Care, gave a brief statement concerning United Health Care of Mecklenburg County. He stated

they believe their project, known as Health Care Connection, has been an overwhelming success for the county and for its residence and for the state.

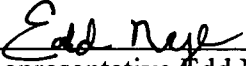
Peter Chauncy, Chief Operating Officer of Coventry Health Care of the Carolinas, was the next speaker. He wanted to express how pleased they were to be part of a successful private/public partnership in Mecklenburg County. Representative Wright asked if Wellpath was a subsidiary of Coventry and was told that they were a part of the program.

Barbara Matullo, Director of Health Care Access Program, spoke briefly saying that managing the care of Medicaid patients is important and beneficial, but she spoke against the Health Care Connection project. HMO's are not interested in rural areas and North Carolina is a rural state. Rural areas can't get very competitive in rates. HMO's can't help in the area most needing help, which is the most expensive clientele. HMO enrollment cannot be mandated.

Payton Maynard, NC Academy of Family Physicians, was recognized to speak. He noted that the Academy is a strong proponent of the Access Program. They have been involved in it since its conception. It has the support of many, many physicians across the state. There is an infrastructure now poised to help solve the problem of Medicaid medical care. They are committed to the Program, and hope that the Program will be adopted as policy.

Adam Searing, Project Director for North Carolina Health Access Coalition, was the last person to address the Committee. (See Attachment No. 6) They are the largest health care consumer group in the state. He makes a plea to stay with common sense managed care, Carolina Access Program, and not go to the private market. The only reason to switch to for-profit programs is if it will save money, and they aren't saving money any longer. Smart managed care is what is needed.

The meeting was then adjourned.



Representative Edd Nye, Co-Chairman



Jo Bobbitt, Committee Assistant

VISITOR REGISTRATION SHEET

Appropriations Health and Human Services

May 8, 2002

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wayne Williams	State Budget Office
Mary Green	State Budget Office
Mark Deason	Capitol Group
Hilbert Meeks	DHHS/DSS
Imke Lynn	PHHS/DB
Debra S. Williams	SEANC
Don [Signature]	S. H.
John McHugh	Gov Office
Frank Walden	NCCSPC
Judy Hardy	CNC/ACCESS
Bob Hedrick	CNC/ACCESS
Becky Street	PHHS
Patricia Reeder	NCAACE

VISITOR REGISTRATION SHEET

Appropriations Health and Human Services

May 8, 2002

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Wally Toplan	
Zeb ALLEY	ALLEY ASSOCIATES INC
Steve Mitchell	Novartis
Greg Kucgosien	Pharmacia Corp.
Bill Rustin	Assoc of Comm Pharmacists
KEN MELTON	Alley Associates, INC.
ANN WRE	DUNS
HEATH TILSON	NCTA
Melba Browley McConell	Carolina Healthcare System
Andy Ellen	NCRMA
Fran Preston	NCRMA

VISITOR REGISTRATION SHEET

Appropriations Health and Human Services

May 8, 2002

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Thomas V. Bennett	NCCFTE
Wayne Raynor	LOCAL N.C. HEALTH DIRECTORS ASSOC.
Roz Sautter	NC Child Care Coalition
June Milby	NCDMA - NC HealthChoice
Barbara Mahule	NCMS - Foundation
Jeffrey Simms	DMA - D4HS
STEVE WEGNER	NC PEWS SOCIETY
BILL HUBBARD	N.C. PEDIATRIC SOCIETY - PRES.
TARA LARSON	DMH-DD-SAS
Bonnie Cramer	OSBM
Whitney Obrig	OSBM

VISITOR REGISTRATION SHEET

Appropriations Health and Human Services

May 8, 2002

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Richard Jacobson	Mecklenburg County DSS
Chen Beal	DHHS DSS
Paul [unclear]	DHHS/DSS
CARMEN HOOKER ODOM	DHHS
LANIER CANSLER	DHHS
Rob Lammie	DHHS
Joni Alberg	BEGINNINGS
Phil Telfer	Governor's Office
DEBORAH ESPAN	MECKLENBURG COUNTY
Helen Lipina	Meck. County
Pat [unclear]	County/WellPath

Wednesday, May 8, 2002
Carol Shaw
Handout 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Attachment No. 2

**DIVISION OF MEDICAL ASSISTANCE
BUDGET OPTIONS**

FISCAL RESEARCH DIVISION

MAY 2002

Division of Medical Assistance
Projected Medical Assistance Payments for SFY 2003

Description	SFY 2003
Total Requirements	\$7,247,158,125
Estimated Receipts	(\$4,929,493,747)
Net Appropriation	\$2,317,664,378

Note: Based on the March 2002 Medicaid Forecast.

Division of Medical Assistance

SFY 2002 Budget Deficit

SFY 2003	State Appropriation
Certified Budget	\$2,219,786,427
Projected Budget	\$2,317,664,378
Program Budget Deficit	(\$103,723,210)
Administrative Deficit	(\$6,000,000)
Total SFY 2003 Deficit	(\$109,723,210)

Note: Based on the March 2002 Medicaid Forecast.

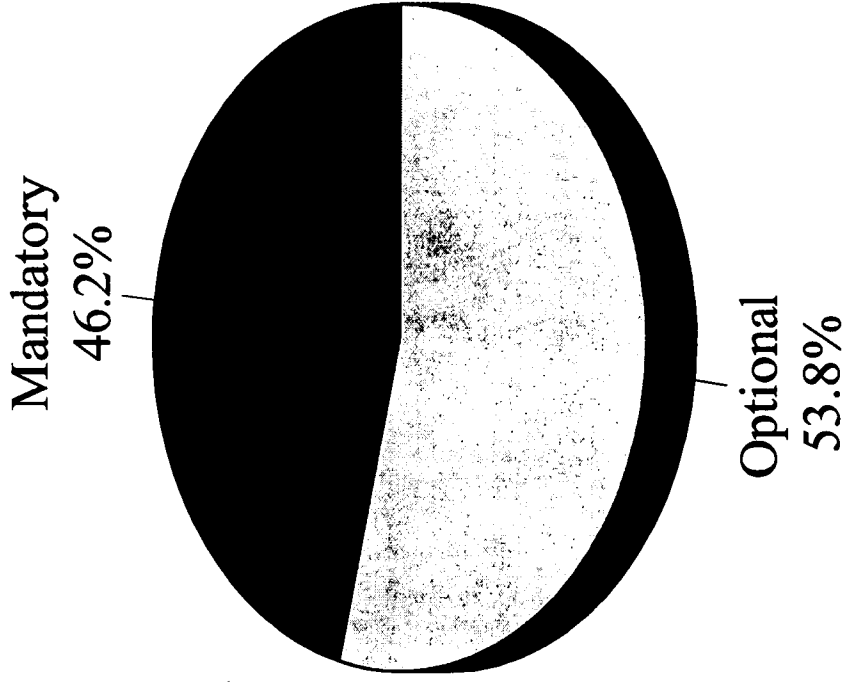
Division of Medical Assistance

Growth in State Appropriations

State Fiscal Year	State Appropriation
Actual 2001	\$1,318,871,899
Projected 2003	\$2,317,664,378
Increase Over SFY 2001	\$998,792,479

Note: Based on the March 2002 Medicaid Forecast.

Division of Medical Assistance Mandatory vs. Optional



**Optional Services and Eligibles
\$3.9 Billion**

**Mandatory Services and Eligibles
\$3.3 Billion**

Division of Medical Assistance Mandatory Services and Eligibles

Under federal law, all states who operate a Medicaid Program are required to provide certain services and serve specified categories of eligibles. These services and eligibles are mandatory and must be provided in order to receive federal reimbursement.

Division of Medical Assistance

MANDATORY ELIGIBLES

- TANF Recipients (Based on State Plan as of July 16, 1996)
- Aged, Blind, and Disabled SSI Recipients
- Infants born to Medicaid eligible women (to 133% of FPL)
- Children under age 6 (to 133% of FPL)
- Pregnant Women (to 133% of FPL)
- All Children born after 9/30/83 (to 100% of FPL)
- Recipients of Adoption Assistance and Foster Care
- Certain Medicare Recipients
 - Dual Eligibles
 - Qualified Medicare Beneficiaries
 - Specified Low-Income Medicare beneficiaries
 - Qualified Disabled and Working Individuals

Note: FPL is the Federal Poverty Level

Division of Medical Assistance

Mandatory Services

- Durable Medical Equipment • Nurse Midwives
- Health Check Services • Nurse Practitioners
(ESPDT) • Nursing Facilities
- Family Planning Services • Physicians
- Hearing Aids (Children) • Prosthetics & Orthotics
(Children)
- Home Health Services
- Inpatient Hospital Services • Specialty Hospitals
- Outpatient Hospital Services • Transportation
- Laboratory & X-Ray
Services

Division of Medical Assistance
How Much do Mandatory Eligibles and Services Cost?

Total Projected Expenditures for SFY 2003
\$3.3 Billion

Total Projected State Appropriations for SFY 2003
\$1.06 Billion

Division of Medical Assistance Optional Services and Eligibles

- Federal law also will provide federal reimbursement for other services and eligibles that are discretionary, but are allowed under federal law. Each state is allowed to choose which optional services it wants to provide and optional categories of eligibles it wants to serve.
- North Carolina covers 27 of the 34 optional Medicaid services.

Division of Medical Assistance

Optional Eligibles

- Infants born to Medicaid eligible women (151% to 185% of FPL)
- Pregnant Women (134% to 185% of FPL)
- Children age 19, 20, and 21 meeting AFDC income standards
- Recipients of State/County Special Assistance
- Recipients of State Assistance to the Blind
- Persons receiving care under home and community-based waivers
- Aged, Blind, and Disabled persons presumed eligible for but not receiving SSI
- Aged, Blind, and Disabled persons with non-SSI income (to 100% of FPL)
- Medically Needy Persons
- Refugees/Aliens
- Women with Breast and Cervical Cancer to 185% of FPL

Division of Medical Assistance How Much Do Optional Eligibles Cost?

Optional Eligibility Category	State Appropriation Projected SFY 2003
Non SSI Aged/Blind/Disabled	\$627,813,868
Medically Needy	\$222,969,155
Pregnant Women Incomes 151% to 185%	\$10,825,870
19 and 20 Year Old Eligibles	\$1,571,418
Women with Breast and Cervical Cancer	\$1,643,371

Note: Based on the March 2002 Medicaid Forecast.

Division of Medical Assistance

Optional Services

- Ambulance Transportation
- Case Management For:
 - Pregnant Women
 - High Risk Children (0-5)
 - Chronically Mentally Ill Adults
 - Emotionally Disturbed children
 - Chronic Substance Abusers
 - At-Risk Children and Adults
 - Persons with HIV
- Chiropractors
- Clinic Services
- Community Alternatives Programs (CAP)
- Dental Care Services
- Home Infusion Therapy Services
- Hospice
- Intermediate Care Facilities for the Mentally Retarded (ICF-MR)
- Mental Hospitals (Age 65 and over)
- Migrant Health Clinics
- Optical Supplies
- Optometrists
- Personal Care Services
- Podiatrists
- Prepaid Health Plan Services
- Prescription Drugs
- Private duty Nursing Services
- Rehab. Services (Mental Health)
- Rural Health clinics

Division of Medical Assistance

How Much Do Optional Services Cost?

CATEGORY OF SERVICE	ELIGIBLES OVER AGE 21		ELIGIBLES UNDER AGE 21		TOTAL STATE FUNDS
	ESTIMATED STATE FUNDS		ESTIMATED STATE FUNDS		
MENTAL HOSPITALS	\$ 3,497,246		\$ 11,365,853		\$ 14,863,099
ICF-MR	\$ 116,867,650		\$ 14,618,810		\$ 131,486,460
DENTAL	\$ 17,375,590		\$ 22,837,816		\$ 40,213,406
OPTICAL SUPPLIES	\$ 1,975,150		\$ 1,034,277		\$ 3,009,427
CHIROPRACTIC	\$ 537,503		\$ 190,730		\$ 728,232
OPTICAL	\$ 2,232,541		\$ 1,964,244		\$ 4,196,785
PODIATRY	\$ 1,013,226		\$ 146,970		\$ 1,160,196
CLINICS-MENTAL HEALTH	\$ 43,175,104		\$ 88,529,316		\$ 131,704,420
CLINICS-HEALTH DEPT	\$ 9,538,609		\$ 16,294,477		\$ 25,833,086
CLINICS-FREE STANDING	\$ 11,001,731		\$ 2,098,543		\$ 13,100,274
CAP AIDS	\$ 186,588		\$ 2,686		\$ 189,274
PRIVATE DUTY NURSING	\$ 8,238,683		\$ 4,685,949		\$ 12,924,632
PRESCRIBED DRUGS	\$ 338,599,979		\$ 64,138,352		\$ 402,738,331
PART B BUY-IN NON CASH	\$ 14,612,809		\$ 6,601		\$ 14,619,410
AMBULANCE	\$ 4,486,628		\$ 965,095		\$ 5,451,723
PERSONAL CARE SERVICES	\$ 47,298,439		\$ 734,663		\$ 48,033,102
FAMILY PLAN-DRUGS	\$ 447,912		\$ 257,686		\$ 705,598
CAP DISABLED	\$ 78,750,568		\$ 260,257		\$ 79,010,825
CAP-MENTALLY RETARDED	\$ 54,164,063		\$ 42,745,538		\$ 96,909,601
CAP-CHILDREN	\$ -		\$ 8,270,067		\$ 8,270,067
PHYSICAL MED-NON PHYSICIAN	\$ 109,568		\$ 9,278,673		\$ 9,388,241
HOME INFUSION THERAPY	\$ 1,558,126		\$ 878,810		\$ 2,436,936
HOSPICE	\$ 6,749,832		\$ 60,500		\$ 6,810,332
CLINICS-FQHC, CORE & AMBULATORY	\$ 3,159,239		\$ 3,274,594		\$ 6,433,833
ACH - PCS BASIC	\$ 30,032,590		\$ 122,798		\$ 30,155,389
ACH - PCS ENHANCED	\$ 2,777,609		\$ 386		\$ 2,777,994
TRANSPORTATION-CNTY ADMIN	\$ 6,919,359		\$ 1,050		\$ 6,920,408
ACH-TRANSPORTATION	\$ 1,599,150		\$ 6,686		\$ 1,605,836

Division of Medical Assistance

How Much Do Case Management Services Cost?

CATEGORY OF SERVICE	CASE MANAGEMENT OVER 21	CASE MANAGEMENT UNDER 21	CASE MANAGEMENT ALL AGES
PHYSICIAN	20,442	14,113	34,555
CLINICS-MENTAL HEALTH	25,437,690	44,906,275	70,343,965
CLINICS-HEALTH DEPT	13,376,858	32,896,671	46,273,529
CLINICS-FREE STANDING	223,345	95,927	319,271
CLINICS-RURAL HEALTH	7,602	12,494	20,096
CAP AIDS	71,209	5,565	76,774
FAMILY PLAN-HEALTH DEPT	1,252	5,540	6,793
HIV CASE MANAGEMENT	4,078,649	101,728	4,180,377
HEALTH CHECK-HEALTH DEPT	13	156,133	156,146
CAP-DISABLED	16,688,702	57,319	16,746,022
CAP-MENTALLY RETARDED	23,117,262	18,303,967	41,421,230
CAP-CHILDREN	0	680,416	680,416
CASE MANAGEMENT-FSO	3,050,705	2,852,673	5,903,377
CLINICS-FQHC, CORE & AMBULATORY	357,116	292,578	649,694
TOTAL REQUIREMENTS	86,432,424	100,381,399	186,813,823
STATE APPROPRIATIONS	27,473,650	32,576,993	60,050,643

Division of Medical Assistance
How Much do Optional Eligibles and Services Cost?

Total Projected Expenditures for SFY 2003
\$3.9 Billion

Total Projected State Appropriations for SFY 2003
\$1.2 Billion

The Division of Medical Assistance

EPSDT –Required Services

- Federal Law requires states to provide early and periodic screening, diagnosis, and treatment (EPSDT) services for children under age 21.
- Required activities under federal regulation include:
 - Informing families about the EPSDT program
 - Screening services including vision, hearing, dental and laboratory screenings
 - Diagnostic and treatment services
 - Defects in vision and hearing including eyeglasses and hearing aids
 - Dental care for relief of pain and infection, restoration of teeth and maintenance of dental health
 - Appropriate immunizations
 - All other **mandated** services

The Division of Medical Assistance

EPSDT – Discretionary Services

- The federal regulations define the provision of discretionary services as follows:

“441.57 Discretionary Services.

Under the ESPDT program, the agency may provide for any other medical or remedial care specified in Part 440 of this subchapter, even if the agency does not otherwise provide for these services to other recipients or provides for them in a lesser amount, duration, or scope.”

- The NC Medicaid program has interpreted these regulations very broadly and has chosen not to limit discretionary services for children under age 21 even when optional services are limited for other Medicaid recipients.

Division of Medical Assistance

One Percent Rate Reduction

ALL ELIGIBLES	SFY 2003 PROJECTED ANNUAL SAVINGS	SFY 2003 SAVINGS ASSUME EFF. DATE 10/01/02
CATEGORY OF SERVICE		
HOSPITALS	(\$10,804,622)	(\$8,725,472)
NURSING FACILITIES	(\$9,827,254)	(\$6,583,739)
ICF MRC, Nonstate Operated	(\$2,120,003)	(\$1,413,396)
ICF MRC, State Operated	(\$2,296,758)	(\$1,531,094)
PHYSICIAN	(\$7,393,061)	(\$5,497,178)
DENTAL	(\$1,267,076)	(\$993,979)
CHIROPRACTIC	(\$22,946)	(\$19,123)
OPTICAL	(\$132,236)	(\$101,312)
PODIATRY	(\$36,556)	(\$26,138)
HOME HEALTH	(\$1,101,866)	(\$792,446)
FAMILY PLAN-STERILIZATION	(\$222,421)	(\$172,072)
FAMILY PLAN-PHYSICIAN	(\$22,799)	(\$17,736)
AMBULANCE	(\$171,661)	(\$122,886)
PERSONAL CARE	(\$1,694,075)	(\$1,211,423)
HEALTH CHECK-OTHER PROV	(\$403,842)	(\$322,974)
HOSP INPT-LONG TERM CARE	(\$1,725)	(\$754)
HIGH RISK INTERVENTION	(\$529,222)	(\$335,465)
NF-HEAD LEVEL OF CARE	\$0	(\$234)
NF - VENT LEVEL OF CARE	(\$69,560)	(\$48,857)
DURABLE MED EQUIPMENT	(\$503,840)	(\$355,666)
NF-SNF SWING VENT CARE	(\$7,717)	(\$6,334)
PHYSICAL MED-NON PHYSICIAN	(\$295,801)	(\$217,834)
HOME INFUSION THERAPY	(\$76,421)	(\$55,419)
ACH - PCS BASIC	(\$1,203,579)	(\$852,984)
ACH - PCS ENHANCED	(\$109,768)	(\$80,229)
AMBULATORY SURG CENTER	(\$59,700)	(\$45,324)
TOTAL REQUIREMENTS	(\$40,374,510)	(\$29,530,065)
APPROPRIATIONS	(\$12,796,741)	(\$9,358,969)

Division of Medical Assistance

Rx Dispensing Fees

- **Current policy:** \$5.60 fee paid for the dispensing of generic drugs, and \$4.00 fee paid for the dispensing of brand name drugs.
- **Option #1:** Reduce dispensing fee to \$4.00 for all drugs. (\$4,964,555)
- **Option #2:** Reduce dispensing fee to \$2.50 for all drugs. (Same fee paid by State Health Plan) (\$15,438,319)

Division of Medical Assistance Public Providers – Health Departments

- Reimburse Health Departments at the rates paid to private providers for the same CPT codes.. (\$2,447,000)
- Health departments are paid rates for primary health care services that considerably higher than rates paid to physicians for the same services.
- The health department rates are negotiated each fiscal year and are based on the average cost of providing primary health care services in health departments.
- Physician rates are 95% of Medicare rates.

Division of Medical Assistance

Public Providers – Health Departments

CPT Codes	Physician Rate (7/01/02)	LHP Rate (7/01/02)
99211	\$18.04	\$33.00
99212	\$32.39	\$55.00
99213	\$45.05	\$76.00
99214	\$70.81	\$118.00
99215	\$104.02	\$176.00
99395	\$83.96	\$142.00

This chart compares rates for various office visits paid to physicians and health departments.

Rates for physicians are 55% to 60% of the rates paid to health departments.

Division of Medical Assistance Public Providers – Health Departments

- Health departments are also allowed to cost settle at the end of each fiscal year and receive payment (federal share only) for any Medicaid related costs that were not covered by the Medicaid rates.
- For SFY 2001, health departments received \$22.6 million in cost settlements.
- This budget option assumes that the cost settlement process would continue which means that health departments would continue to receive the federal share for costs not covered by the lower rates.

Division of Medical Assistance Public Providers – Health Departments

- This option may have the following impacts:
 - Physicians and health departments will be paid the same rates.
 - Health departments may have to become more efficient in providing primary care health services.
 - Some health departments may decide to discontinue providing primary health care services because they are unable to become more efficient.
 - Cost settlements for health departments will continue and will help offset some of the budget reduction.

Division of Medical Assistance

Public Providers – Area Mental Health Programs

- Reimburse area mental health programs at the rates paid to private providers for the same CPT codes. (\$745,557)
- Area mental health programs are also paid rates that are higher than rates paid to physicians for the same services.
- For example, area programs are paid \$94.69 per unit of individual psychotherapy while a physician receives \$86.92 per unit.

Division of Medical Assistance

Public Providers – Area Mental Health Programs

- Area programs are also allowed to cost settle at the end of each fiscal year and receive payment (federal share only) for any Medicaid related costs that were not covered by the Medicaid rates.
- This budget option assumes that the cost settlement process would continue which means that area programs would continue to receive the federal share for costs not covered by the lower rates.
- Area programs were scheduled to receive \$9 million in cost settlements for SFY 2001, but the settlement is being used to help balance this fiscal year's shortfall.

Division of Medical Assistance

Public Providers – Area Mental Health Programs

- This option may have the following impacts:
 - Physicians and area programs will be paid the same rates.
 - Cost settlements for area programs will continue and will help offset some of the budget reduction.
 - Lower reimbursement from Medicaid will impact area programs' budgets and may reduce their ability to provide services to clients.

Division of Medical Assistance

Carolina ACCESS Case Management Fees

- Eliminate the case management fees paid to Carolina ACCESS primary care providers. (\$8,450,000)
- Carolina ACCESS is a Primary Care Case Management (PCCM) plan that links eligible recipients with a primary care provider who has agreed to act as gate keeper and to arrange for health care services.
- Primary care providers are paid case management fees for acting as a gate keeper and arranging for health care services.
- This option may eliminate the Carolina ACCESS program because physicians may choose to not participate in the program if they do not receive the case management fees.

Division of Medical Assistance

Carolina ACCESS Cost Savings

- Reduce the Medicaid budget to reflect **anticipated** savings from the expansion of Carolina ACCESS II/II. (\$9,425,000)

- The Carolina ACCESS has estimated that it can reduce the Medicaid budget through the following initiatives:
 - Reducing hospital admissions
 - Reducing ER visits
 - Best prescribing practices
 - Increased generic prescribing
 - Polypharmacy review
 - Reducing therapy visits
 - Better management of high risk/high cost patients

Division of Medical Assistance

Other Options

- Eliminate optional circumcision procedures except in the case of medical necessity. (\$250,000)
- Implement minimal copayments (maximum of \$50) for hospital outpatient treatment services. (\$600,000)
- These options were considered during the 2001 Legislative Session.

Division of Medical Assistance

2002 Issues

- **Sustainability of the NC Medicaid Program**
 - ✓ How much access can NC afford?
 - ✓ What rate of growth can NC afford?
 - DMA can't control growth in the number of eligibles.
 - DMA can manage the utilization of medical services and control the rates paid to providers.
 - ✓ Access vs. cost containment -- How can the two policies be balanced?
- **Long-Term Cost Containment**
 - Which budget options for SFY 2003 will help contain costs in the future?
 - Are federal waivers the answer?

Goals

- Managing Medicaid Costs
- Making Sure People Get Care
When They Need It
- Obtaining quality care
- Improving Health Status

Options

- State Operated
- Contract Out
- Locally Run

*North Carolina Department of
Health and Human Services*

THE ACCESS PROGRAM

MAY 2002

ACCESS I

Primary Care Case Management Program

- **Links Recipients with a Primary Care Physician**
- **Creates Medical Home**
- **Provides the Framework**
- **671,191 Enrollees**

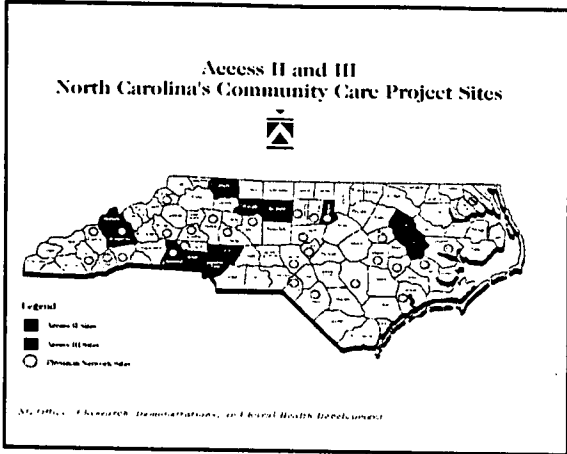
Access II and III

Builds on ACCESS I

- **Joins other community providers (hospitals, health departments and departments of social services) with physicians**
- **Creates community networks**

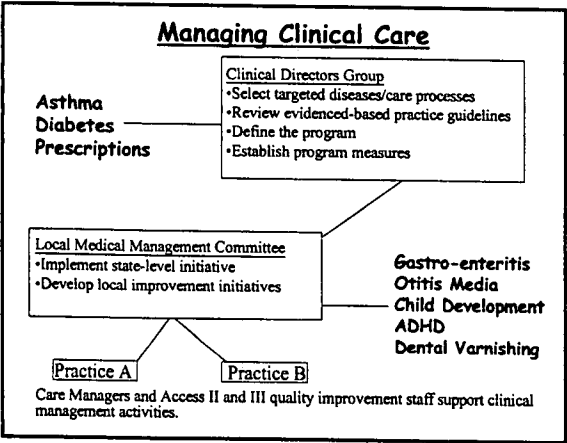
Access II and III

- **Focuses on improved quality, utilization, and cost effectiveness**
- **11 Networks with more than 1400 physicians**
- **228,614 enrollees**



What Networks Do

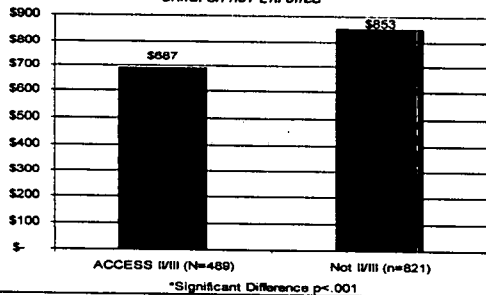
- ◆ Assume Responsibility for Medicaid Recipients
- ◆ Identify Costly Patients and Costly Services
- ◆ Develop and Implement Plans to Manage Utilization and Cost



Current Clinical Management Initiatives

- Asthma
- Diabetes
- Pilots: Gastro-enteritis, Otitis Media, High Risk OB

*Average Asthma Episode Cost for Children Under 18 was Lower for ACCESS II/III Patients than for Children not Enrolled**



Managing Utilization

Reduced unnecessary hospital admissions and ER visits

Percent Reduction in Utilization for enrollees under 21

	FY 98	FY99	FY00	FY01	Total
Hosp.	4%	22%	20%	34%	
ER	12%	18%	17%	8%	
Cost Savings	\$1.3M	\$6.6M	\$6.7M	\$12.8M	\$27.5M

Managing Expenditures

Expenditure Comparisons
July - December 2001 and 2002

<u>Population</u>	<u>Growth</u>
Access I < 21	1.7 %
Access II and III < 21	.01%

Where We Are:

- Proven Success Managing the Cost and Utilization of the Under 21 Population
- The Systems and Tools to Manage All Patients Including the Highest Cost
- The Commitment of Medical Leaders

New Access Programs

- Targeting highest cost services
- Targeting highest cost patients
- Accelerating Access II and III Expansion
- Rolling out selected initiatives statewide

■ ***Targeting High Cost Services***

- Pharmacy
 - Polypharmacy
 - Generic Prescribing
 - Best Prescribing Practices
 - Over the Counter Medications
- Emergency Department
- Personal Care / Therapy Services

■ ***Targeting High Cost Patients***

- Congestive Heart Failure
- High Risk OB
- Enrollees with disabilities
- Multiple Chronic Conditions

■ ***Accelerating Access II and III
Expansion***

- Expand existing networks
- Establish new networks
- Reach new populations
- Increase enrollment by 157,000
(6/30/03)

■ **Statewide Rollout**

- **Join with NC Physicians Advisory Group**
- **Replicate selected initiatives across all Access I practices**
 - **Generic Prescribing**
 - **Best Prescribing Practices**

**Cost Containment Objectives
(FY03)**

<u>Initiative</u>	<u>Savings for SFY03</u>
Hospital Admissions	\$11.9M
Emergency Room	\$3.7M
Best Prescribing Practices	\$4.9M
Generic Prescribing	\$2.6M
Polypharmacy	\$2.0M
Nursing Home Polypharmacy	\$0.5M
Therapy Services	\$1.3M
High Risk & High Cost	\$2.1M
TOTAL	\$29M

Does not include savings from expansion or statewide initiatives.

Wednesday, May 8, 2002
Handout 3
Richard Jacobsen, Jr.
Attachment No. 4

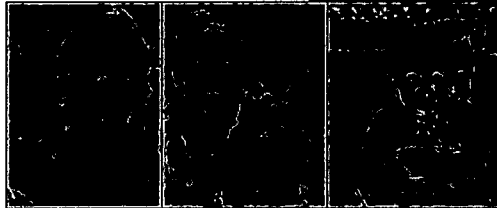


Mecklenburg County

A presentation for the
Health and Human Services
Joint Subcommittee on Appropriations

Medicaid and Managed Care in Mecklenburg County

Presented by:
Mecklenburg County
Department of Social Services
Richard W. Jacobsen, Jr., Director
and Health & Human Services
Core Business Leader



May 8, 2002

Medicaid Managed Care *Why?*

- **In 1994 the Mecklenburg County Board of Commissioners sought to address several issues related to the Medicaid Program:**
 - ✓ **Customer Difficulty with Accessibility**
 - ✓ **Physicians Refusing to Accept New Medicaid Patients**
 - ✓ **Recipients' Use of Emergency Room for Primary Care**
 - ✓ **Medical Care Sought in a Crisis Mode**
 - ✓ **Escalating Medicaid Budget**

Medicaid Managed Care *Goals*

- **Mecklenburg County and the North Carolina Division of Medical Assistance (NCDMA), working as equal partners, developed a Managed Care Project, Health Care Connection. The goals of the project were:**
 - ✓ **Improved Medical Care**
 - ✓ **Improved Customer Satisfaction**
 - ✓ **Improved Accessibility**
 - ✓ **Improved Availability**
 - ✓ **Cost Containment**
 - ✓ **Economic Development**

3

Medicaid Managed Care *Project Development*

- **Mecklenburg County and the NCDMA collaborated to:**
 - ✓ **Determine the contents of the contract**
 - ✓ **Conduct provider information sessions to help HMOs understand the functions and operations of DSS and to plan for enrollment education**
 - ✓ **Select the Health Benefit Advisors for enrollment**

4

Health Care Connection
Unique to Health Care Connection

- **Beginning in July 1996, 1/12th of the individuals eligible for HMO enrollment were contacted and enrolled each month, unlike Tennessee who completed a massive implementation. Mecklenburg's strategy allowed the health care systems to make adjustments as enrollment progressed.**
- **The NCDMA and Mecklenburg's decision to contract with neutral Health Benefit Advisors as the enrollment broker eliminated the problems encountered in Virginia and Maryland where HMOs were permitted to directly market to and enroll Medicaid eligibles.**

5

Health Care Connection
Unique to Health Care Connection

- **Requiring all HMOs to receive prior approval from NCDMA for any advertising or marketing initiatives eliminated unfair practices or false information and helped to level the playing field for all parties involved.**
- **A number of innovative health education services were mandated in the HMO contracts. They include:**
 - ✓ **Childbirth Education Classes**
 - ✓ **Parenting Classes**
 - ✓ **Child Development Classes**
 - ✓ **Diabetes Self-Care Instruction**
 - ✓ **Smoking Cessation Classes**
 - ✓ **Nutrition Services**

6

Health Care Connection
Unique to Health Care Connection

- **Quarterly quality management meetings were established with the NCDMA and HMOs to ensure consistency across plans and compliance with all quality expectations.**
- **Quarterly Plan Mobilization Meetings were established to coordinate processes between the NCDMA, the HMOs, the HBA and Mecklenburg County Department of Social Services.**

7

Health Care Connection
Enrollment Process

- **Enrollment for Managed Care began in June 1996 in Mecklenburg County for Work First and Medicaid-only programs for Families and Children. Enrollment for Blind/Disabled recipients began in October 1997.**
- **Enrollment occurs through a state-contracted Health Benefit Advisors company, *Public Consulting Group, Inc.* If the non-SSI recipient does not choose, he is auto-assigned to one of the four plans by a pre-determined algorithm.**
- **Recipients must choose one of the options available**
- **Health Benefit Advisors provide information to recipients about each of the four plans. They choose a primary care physician and a health care system.** 8

Health Care Connection
Individuals Eligible for Enrollment

- **Recipients in the following programs are eligible for enrollment in one of the four plans:**
 - ✓ **Work First Recipients**
 - ✓ **Adoption Assistance Recipients**
 - ✓ **Foster Care Recipients (Enrollment is mandated by the DSS Director who serves as the children's legal guardian)**
 - ✓ **Medicaid for Families and Children**
 - ✓ **Medicaid for Infants and Children**
 - ✓ **Medicaid for Pregnant Women**
 - ✓ **Medicaid for the Blind**
 - ✓ **Medicaid for the Disabled**
 - ✓ **State/County Special Assistance Recipients**

9

Health Care Connection
Ineligible Enrollment

- **Recipients in the following programs are ineligible for enrollment in one of the HMOs:**
 - ✓ **Medicaid for the Aged**
 - ✓ **Medicare/Medicaid Dual-Eligible**
 - ✓ **Medicaid for Qualified Beneficiaries**
 - ✓ **Medicaid for Refugees**
 - ✓ **Presumptive Eligibility**
 - ✓ **Nursing Facilities/ICF-MRs**
 - ✓ **Special Assistance for the Aged**
 - ✓ **Community Alternatives Program**

10

Health Care Connection *Enrollment in Carolina Access*

- **Recipients in the following programs have the option to enroll in Carolina Access:**
 - ✓ **Medicaid for the Aged**
 - ✓ **Medicare/Medicaid Dual-Eligible**
 - ✓ **Community Alternatives Program**

11

Health Care Connection *Participating Plans/Health Care Systems*

- **HMOs:**
 - **Coventry Health Care of the Carolinas - SouthCare**
 - **United HealthCare**
- **Carolina Access II: (Effective March 1, 2002)**
 - **Administered by Carolinas HealthCare System**
- **Federally Qualified Health Care Plan/
Carolina Access I:**
 - **Metrolina Comprehensive Health Center
(Formerly C.W. Williams)**
- **Carolina Access I: (Effective March 1, 2002)**
 - **Independent Physicians**

12

Health Care Connection
In-Plan Services for HMO Enrollees, Fee for Service

HMO In-Plan Services:

- Inpatient Hospitalization
- Outpatient Services
- Home Health
- Durable Medical Equipment
- Health Check
- Eye Care
- Ambulance
- Hospice

Billed on a Fee Basis:

- Pharmacy
- Mental Health Services
- Dental
- Personal Care Services
- Long Term Care
- Community Alternative Program
- Services received by Medicare recipients

13

HMOs and Carolina ACCESS
Similarities and Differences

Similarities:

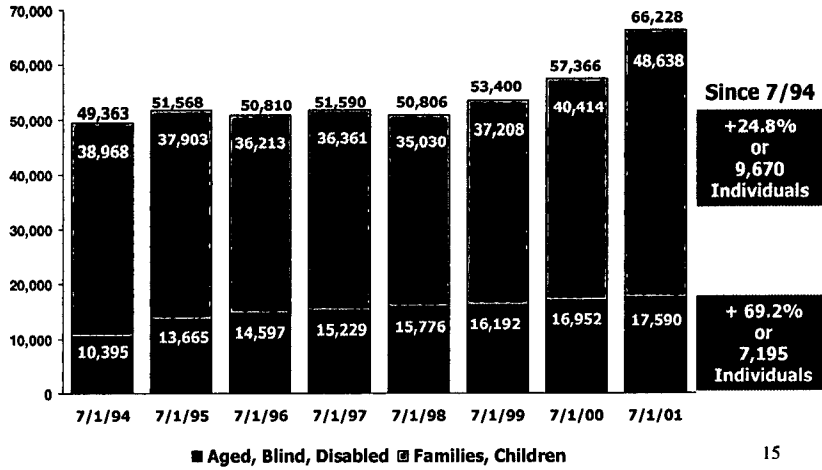
- All enrollees have a personal doctor
- All enrollees have access to 24 hour medical advice
- All enrollees have access to free Health Education Classes

Differences:

- HMO enrollees have no co-payments; in Carolina ACCESS, some services may require a \$3.00 co-payment for anyone 21 or older
- HMO enrollees may be referred to specialists within the HMO's provider network; in Carolina ACCESS, enrollees may be referred to any specialist who accepts Medicaid
- HMOs and Carolina ACCESS may have different doctors
- HMOs and Carolina ACCESS¹⁴ may use different hospitals

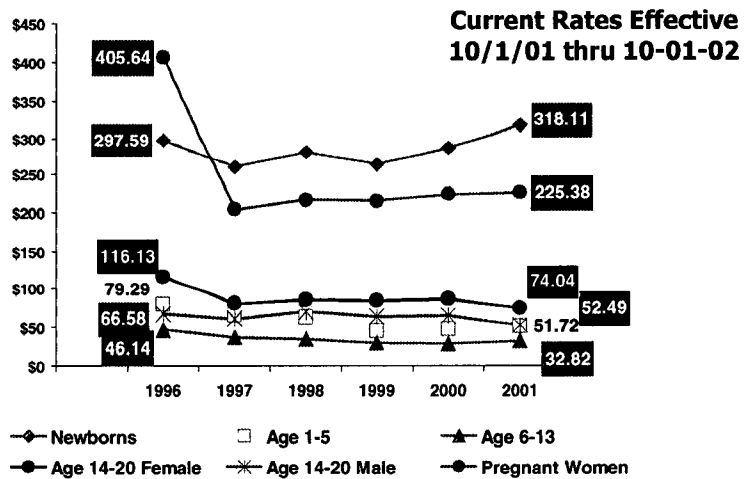
Medicaid *Eligible Individuals by Recipient Group*

The total number of individuals receiving Medicaid has increased 34.2% since July 1994 and 15.4% since July 2000.



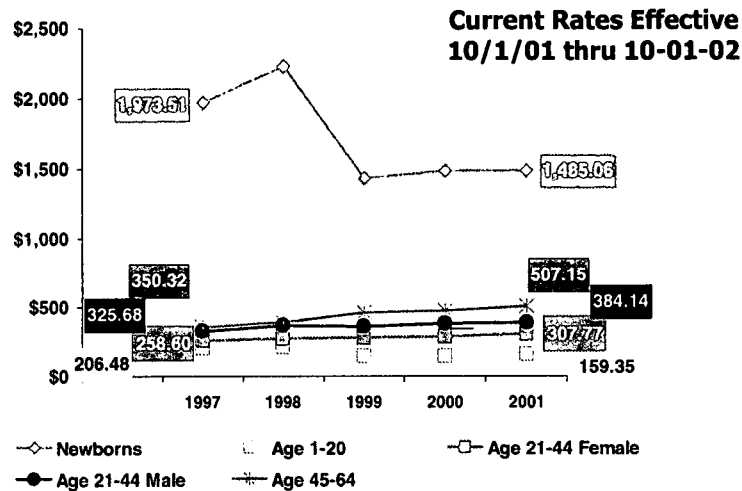
15

Medicaid for Families and Children *Monthly Managed Care Rates*



16

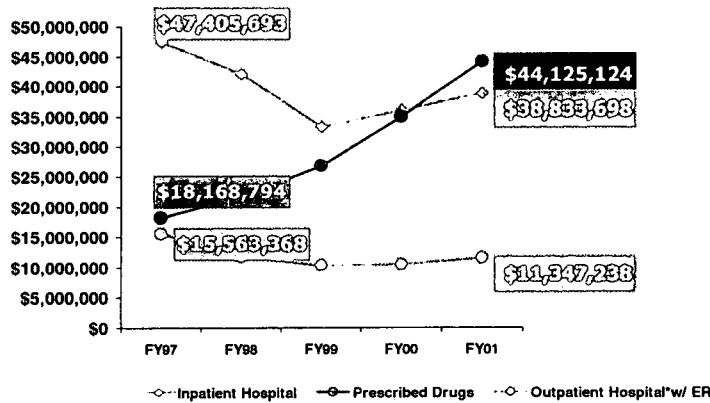
Medicaid for Blind / Disabled Individuals Monthly Managed Care Rates



17

Medicaid Service Expenditures for Major Services

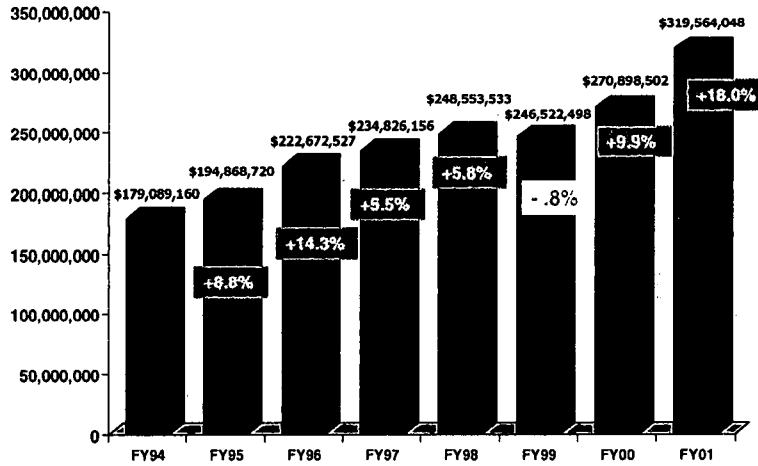
**Significant Decreases for Inpatient and
Outpatient Hospital Services/
Significant Increase for Prescribed Drugs since 1997**



NOTE: Expenditures do not include adjustments processed by DMA, settlements, Disproportionate Share Costs and State and County Administration costs.

18

Total Adjusted Medicaid Expenditures *Mecklenburg County*



19

Expenditures / Caseload *Percent of State Total FY01*

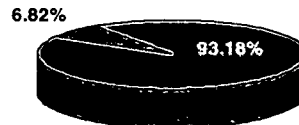
- Although Mecklenburg County covers 6.82% of the Medicaid recipients in the state, the county's portion of the total expenditures is only 5.93%.

Mecklenburg's Percentage of Statewide Expenditures



■ Mecklenburg ■ Other 99 Counties

Mecklenburg's Percentage of the Statewide Caseload



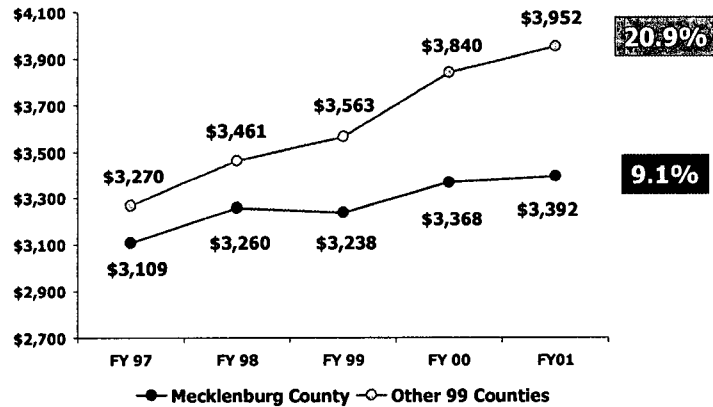
■ Mecklenburg ■ Other 99 Counties

Caseload percentages are based on the number of individuals in open cases as of July 1, 2001.

20

Medicaid Expenditures Per Eligible Comparison of Mecklenburg County and Other Counties

Medicaid-eligible individuals in Mecklenburg County are served at a lower cost than the average cost in the other 99 counties in North Carolina. **Percent Increase
FY 97 - FY 01**



Source: Total Expenditures and Eligibles by County published by the NC Division of Medical Assistance.

21

Health Care Connection Findings of Interim Evaluation

- **According to reports published by UNC-Charlotte and in The American Journal of Managed Care:**
 - ✓ Substantial sums of money were saved
 - ✓ There was more contentment with healthcare experiences under managed care than under traditional Medicaid
 - ✓ Mecklenburg County Medicaid recipients reported:
 - greater satisfaction with Health Care Connection than with Fee For Service Medicaid
 - more access to primary care
 - less reliance on hospital emergency departments
 - ✓ Health Care Connection greatly increased the number and types of health care options available to Medicaid recipients

22

Health Care Connection *Findings of Interim Evaluation*

- **Focus group interviews were conducted with participants regarding access, quality and satisfaction under Managed Care. The following themes regarding recipients' perceptions emerged:**
 - ✓ **The overwhelming majority expressed dissatisfaction with Fee For Service:**
 - long waits for appointments and long waits after checking in
 - negative and disrespectful treatment
 - reliance on the Emergency Room for care
 - ✓ **In general, participants expressed greater satisfaction with Managed Care:**
 - shorter waiting times
 - continuity of care
 - less need to rely on the ER for care
 - telephone advice line available

23

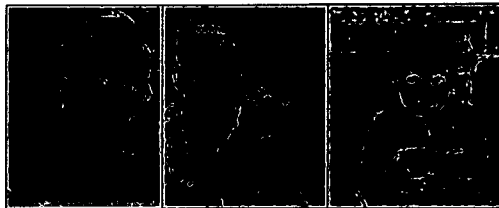


Mecklenburg County

**A presentation for the Health and Human Services
Joint Subcommittee on Appropriations**

Medicaid and Managed Care in Mecklenburg County

**Presented by:
Mecklenburg County
Department of Social Services
Richard W. Jacobsen, Jr., Director
and Health & Human Services
Core Business Leader**



May 8, 2002

Wednesday, May 8, 2002
Handout #4

Department of Health and Human Services'

11% Reductions and
Other Reduction Options

Attachment No.5

	DHHS Options at 11%	Other Options	Agency Totals
Central Management and Support	\$3,165,260	\$8,220,975	\$11,386,235
Division of Aging	\$3,105,752	\$2,025,000	\$5,130,752
Division of Child Development	\$7,344,811	\$150,000	\$7,494,811
Smart Start	\$17,602,115	\$32,397,885	\$50,000,000
Division of Social Services	\$22,272,929	\$12,400,000	\$34,672,929
Office of Education Services	\$3,957,014	\$197,341	\$4,154,355
Division of Services for the Blind and Services for the Deaf	\$243,013	\$400,000	\$643,013
Division of Facility Services	\$5,159,586	\$2,100,000	\$7,259,586
Division of Vocational Services	\$4,749,678	\$819,998	\$5,569,676
Consolidation of Division of Services for the Deaf, Division of Services for the Blind and Division of Vocational Services	\$0	\$750,000	\$750,000
Division of Mental Health, Developmental Disabilities and Substance Abuse Services	\$64,917,549	\$4,521,568	\$69,439,117
Division of Public Health	\$18,026,966	\$6,782,444	\$24,809,410
Division of Medical Assistance	\$129,715,677	\$28,905,876	\$158,621,553
1% Medicaid Rate Reduction	\$0	\$9,358,569	\$9,358,569
Health Choice	\$0	\$21,912,782	\$21,912,782
More At Four	\$0	\$1,341,750	\$1,341,750
Totals	\$280,260,350	\$132,284,188	\$412,544,538

Wednesday, May 8, 2002
Attachment No. 6

NORTH CAROLINA HEALTH ACCESS COALITION

A Project of the North Carolina Justice and Community Development Center

224 S. Dawson Street • Raleigh, NC, 27611 • 919/856-2568 • 919/856-2175(f) health@ncjustice.org • www.ncjustice.org/health

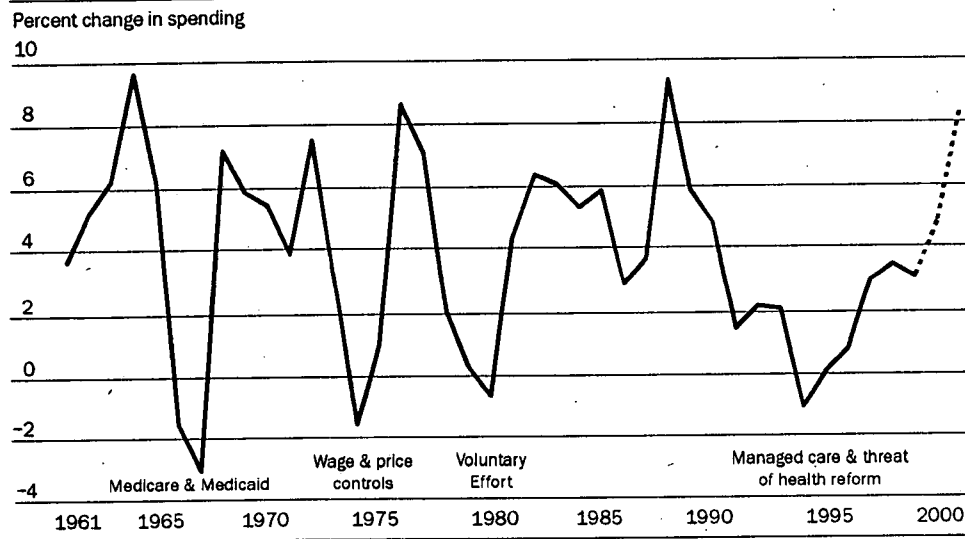
Managed Care and Medicaid

May 8, 2002

I. Managed care no longer is reducing health costs in the private market or elsewhere.

Like every other approach tried to tackled rising health costs over the last three decades, managed care has had, in the end, markedly little effect in reducing health costs. Neither voluntary controls, stricter government regulation, or even the threat of comprehensive health reform has had a lasting effect either. With every approach, an initial cost savings is quickly swallowed up by rising prices.

Annual Change In Private Health Spending Per Capita (Adjusted For Inflation), 1961-2001



II. Managed care simply adds another level of administrative costs to the Medicaid program - all of which goes to a for-profit entity. Why should we do this?

A. Care has often been denied unfairly in Medicaid HMOs. For example, in Maryland's Medicaid HMO program for children a teenager had to wait six months to have a bullet removed from his chest because his Medicaid HMO had too few specialists.

B. It doesn't save money. Capitation in a HMO saves no more money and is no more efficient than a PCCM program like Carolina Access. This has been shown through research in multiple states.

C. It doesn't improve care and may hurt care - Again and again research shows that care for the poor does NOT improve in managed care and may indeed become worse. For example, recent data from both Washington DC and Texas show that health screening rates of children went down in a move to capitated managed care in an HMO.

2002

**JOINT
APPROPRIATIONS
SUBCOMMITTEE ON
HEALTH & HUMAN
SERVICES**

MINUTES

North Carolina Appropriations Subcommittee on Health and Human Services

Minutes
May 9, 2002
9:00 AM

The North Carolina Appropriations Subcommittee held a meeting on May 9, 2002 in Room 643 of the Legislative Office Building. The meeting began at 9:10 am and was opened by Representative Beverly Earle, Co-Chair. Senator Martin gave remarks and stated that the committee has to come up with a balance budget by cutting 330 million dollars from the Health and Human Services budget. Other members of the committee were asked to give remarks.

The following members were present:
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair
Representative Thomas Wright
Representative Walter Church
Representative Verla Insko

Four Senators were present.

The purpose of this meeting was to hear comments from the public. A total of seventy people spoke to the committee. Written comments are on file. See attachments for all written comments presented to the committee.

The following topics were discussed:

Youth Homes	HIV/AIDS
AARP	Autism Society
Halifax Regional Medical Center	Bright Beginnings
BAYADA Nurses	Persons with Disabilities
Private Duty Nursing	Day Care
Children with Disabilities	Smart Start
NC Public Health Association	First in Families in NC
Quality Patient Care	Teacher and Child Care Provider
NC Home Health Care Association	Hospital Maternal Serum Tests
Domestic Violence	NC Association ICF/MR
Adolescent Pregnancy Prevention	T.E.A.C.H.
Child Fatality Task Force	Independent Living

Appropriations Subcommittee on Health and Human Services

Minutes

May 9, 2002

Page 2

NC Alcohol Drug Council
CAP/DA
NC Aids Advisory Council
Prevent Blindness
Children and Family Services Association
United Cerebral Palsey

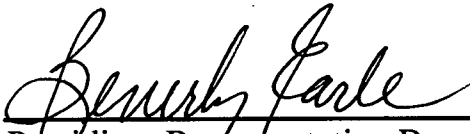
Substance Abuse
Community Enrichment Program
CASA – Housing Developer
NC WIC Program
Triangle Older Women’s League
Partnership for Younger Children

Representative Earle thanked everyone for taking time to participate in the pubic hearing. She informed all participates that their comments and concerns will be taking into consideration.

Members of the committee were asked to give closing remarks.

The meeting adjourned.

Respectfully submitted,



Presiding, Representative Beverly Earle

Representative Edd Nye



Ann Raeford, Committee Assistant

Attachments

Attachment 1

Attachment 2

Attachment 3

Agenda

Written Comments

Visitor’s Registration

AGENDA

Joint Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Thursday, May 9, 2002

9:00 a.m.

Opening Remarks

Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair
Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

Public Comment

Committee Discussion

Next Meeting

Adjourn

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAI, AM	AARP NC
TOM HANEY	AARP RALEIGH
Regina McMillister	Ms. Ginas Home Child Care Center 216 HARPER ST GARNER NC 27524
Stephanie Anderson	Mother of 6305 Old Corral St Private Duty Patient Charl, NC 28227
Aacea "Ari" Anderson	6305 Old Corral St Charl, NC 28227 Private Duty Nursing Recipient
SHELLI WINSTEAD	BAYADA NURSES CHARLOTTE, NC PRIVATE DUTY NURSE
Patricia Boyle	19 colonial Dr. Private Duty Nursing Recipient Wilmington, NC 28403
Kay C. Carr	PSA Private Duty Nurse 6806 GORDON RD. Wilmington, NC 28411
Daw Hudgins	Durham Co. DSS
Van Fung	Regional Director Pediatric Services of America 5029-A West W. T. Warrick Blvd. Chapel Hill, NC 27269
Tom Sadler	State Fabric Aid Council

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lorena Corralius	Youth Homes ^{services} Charlotte, NC
Walter & Berdette Kelly	Youth homes ^{services}
Shaniqua Johnson	Youth homes services, Charlotte, NC
Shakita Gaston	Youth homes services, Charlotte, NC
Shakita Gaston	Youth homes services Charlotte
Edward V. Ellis	N.C. Citizens For Public Health, Inc.
Doree Suggs	(Watauga, Ashe, Alleghany, Mills, Avery) New River Area Programs (NRA) (NRA)
Abby Emanuelson	National MS Society - NC Chapters
Angela Bogle	Johnston Co. Partnership for Children
Laren Mills	Johnston Co. Partnership for Children
Helen D. Milleson	CA/DA Case Manager - Randolph Co. Randolph Hospital

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

FRED TAYLOR	WRAL-TV
DENNIS BRANDL DANIEL BRANDL	208 TOWNSEND CT CARY NC 27511
Rob Lamme	NCDHHS
Shaunese Ransome	NC DHHS The Arc of NC
Linda GUZMAN	
Ellen Russell	The Arc of NC
Colleen Kochanek	Hafer & Caldwell
Dee Gamble	Chair, Orange Co. DSS Board
Channon Howard-Adams	DHHS PO Box 149, Franklin, NC 28744
Brody R. Crawford	Speaker Senior In Health Regulation also AARP
William D. Miller	AARP-NC (Edenton, NC)

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shirra Scotten, MPH	Wilkes County Health Department Health Promotion Coordinator 306 College St / Wilkesboro, NC 28697 (scot_ten@hotmail.com)
Patrice Paulin	NCAEC
Don Yousey	Brunswick Co. Health Dept,
DAVID RICE	New Hanover County Health Department
Mary M. Cooper	2222-B S. Fayetteville St. Asheboro NC 27205 Randolph Co. Health Dept.
Andrew G. Silver	NC Committee to Defend Health care (Epidemiological) home: 8 Cados Ct, Hillsborough ²⁷²⁷⁸
Monica Webb	March of Dimes, North Carolina Chapter 500 W. Fourth St., Suite 100 Winston-Salem, NC 27101
Elizabeth Dalton	Roger Bone & Associates
Sabrina Brown	PO Box 8181, 300 W. Tryon St Hillsborough NC 27278 Orange County Health Department, Intensive Home Visiting
Jacqueline Ross	109-A weatherstone DR Chapel Hill NC. 27516
Ben Hickin	NORTH CAROLINA

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Karen Adams-Goldman	ESNC Raleigh, NC 2315 Myron Dr.
Bryant Edgerton	EASTER SEALS NC 2315 Myron Dr. Raleigh, NC 27607
Elizabeth Pope	I have PKU & use medical formula provided by WIC 124 Timber Ridge Drive Durham NC 27713
William Fink	Ster
Sue Livernai	Halifax Co. Health Dept - Public Health Nurse
Jennifer Mahan	MHA - NC 3820 Brand Rd Raleigh NC 27609
DAVID H. REECE	BUNCOMBE COUNTY DSS PO BOX 7408 ASHEVILLE, NC 28802
Dorothy Cilenti	Chatham County Health Dept. PO BOX 130 PITTSBORO, NC 27312
GIBBIE HARRIS	WAKE COUNTY HUMAN SERVICES/COMMUNITY HEALTH PO BOX 14044 RALEIGH 27612
BARRY BASS	DAVIE COUNTY HEALTH DEPT PO BOX 848 MOORESVILLE, NC 27028-0848

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Rebekah Hermann	Orange Co. Health Dept.
Darrell Renfroe	Orange Co. Health Dept.
Janice Freedman	NC Health Start Foundation (Wilkes County)
Brenda Barber	Rainbow Center: Families At Home
Angie Harris	Maupin Taylor & Ellis
Ann Marie Home	NCMS
D. Wohl <small>DAVID WOHL</small>	Univ. of NC - AIDS Drug Assistance Program
Kary Shipley	Abbott Laboratories, Inc.
Andree Slagford	ASINC, Raleigh, NC
Louis Katona	Wilson Co. Dept. of Public Health

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Alex Asburn	El Centro Latino, 101 Lloyd St. Carrboro, NC
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Michele Rivest	
Caroline Poole	
Kerry Fuller	Child Care Health Consultant - Piedmont Health Services 201 Lloyd St, Carrboro NC 27510
Gloria Turner	CAARE INC 205 Broadway St. Durham, NC 27701
Pat Amachi	CAARE INC. 205 Broadway Durham, N.C. 27701
E. L. WHITE	MOUNT SINAI FAITH HOME LOVE MINISTRIES 42-E. MAIN ST. THOMASVILLE, NC 27360
Rosemary Summers	Orange County Health Department 300 W. Tryon St Hillsborough, NC 27278
Elizabeth Thompson	Antism Society of NC 505 Oberlin Rd, Ste. 230 Raleigh, NC 27605-1345
PATRICK LEE	North Carolina Council for Positive Living 537-B Huffman Mill Rd Burlington, NC 27215
Geneva Vauters	TRI-County Community Health Center P.O. Box 227 Newton Grove, N.C. 27577



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Robin Huffman	NC Psychiatric, C2001
Adam Selig	NCHAC
Wayne Raynor	N.C. Assoc. of Local Health Directors
Jim BAWSS	Edgecombe Co. Health Dept; HomeCare & Hospice
Aldy Sturdy	TRI-COUNTY COMMUNITY HEALTH CENTER
Diana Levine	NC ASSN. for the Education of Young Children
Roz Swift	NE Child Care Coalition
Anthony Sobor	NCPC - SMART START
AL DEITCH	DOH/YAID
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Louise WATSON	Florence Crittenton Services PO Box 36392, Charlotte NC 28236
Harold M. Brewer	APPENC, Chapel Hill NC
Crissie Curtis	HWTF C 116 West Jones St Raleigh
Vandana Shah	Health & Wellness Trust Fund 116 West Jones St, Raleigh
Carolyn Dickens	Wake County Smartstart Woman's Club Drive Raleigh, NC 27609
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RACHEL BAUGHMAN MS	Maternal Serum Screening Program 27519 UNC-CH Dept Ob/Gyn Chapel Hill NC
John Long	Long and Long Consulting Director
R.L. Stewart, RN	BAYADA NURSES, RALEIGH, N.C.
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Rob Schofield	NC Justice Ctr.
Kiki Dunton	NCPIC
Jim Hill	WTVD
Mark Swann	Capitol Group
John Bowditch	Alley Associates
Ken Melton	Alley Associates, INC.
Cecilia Vinson	WCCADU
Alma Davis	DERC
Vada Gurn	DERC

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Soreni Schmidt	NC Justice & Community Development Center
Mary Tippens	Family Support Network of NC, Chapel Hill
Gary Ray Ray	National Federation of the Blind
Joseph Muenzer	Department of Pediatrics, University of North Carolina
Dianne Frazier	" " " "
Lynn Williams	Glory to Glory House of Refuge - ADAP Advocate
Kim Clark	" " "
Elizabeth Harlee	" " "
Tammy Thaxton	" " "
Vickie Frazier	" " "

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Mary Horn Odom	AARP + STH Legislature
Mattie Deloney	AARP - Advocacy Council Member
Dexter Joyner	" " " "
Fannie Williams	AARP; Sen. J. Neal Reynolds
STEVE ROBERTS	AARP
Darnella Wartha	First Presbyterian Day School - Teach/Smart start
Stephane Tyler Fuller	CCSA - TEACH, smartstart
Joni Alberg	BEGINNINGS For Parents of Children Who Are Deaf or Hard of Hearing T.E.A.C.H.
Tasha Green	Child Care Services Association
DAISY SANDERS	White Rock Child Development Center Director T.E.A.C.H. Scholarship Recipient
Mary Bethel	Ne. Div. of Aging

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Mary Green	State Budget Office
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Crystal Bledsoe	FAMILY VOICES 919-562-9994 Medical Child Care 2500 Garden Hill Dr #120 Raleigh NC 27614
Wanda Queen	Concerned Citizen for medical Daycare 12140 Pawleys mill cir Raleigh, NC 27614 919-562-3889
Mary Rollins	Pediatric Services of America, Inc 860 Aviation Parkway Suite 1400 / Morrisville, NC 27560 (919) 319-9722
Mary M. Kuhr	Autism Society of NC
Ronald J. Kuhr	Parent of disabled son
Yvonne Perry	ECAC

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Auntie Cannon	Children + Family Service Assoc. - NC 286 W. Millbrook Rd. Rd. 27609
Peggy Mann	Prevent Blindness NC 3801 Lake Boone Tr, SE 410 Raleigh NC 27607

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Tim Roger	Exec. Director - 226 W. Millbrook Rd Raleigh 27609 NC Assoc. for Home & Hospice Care
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Janet Schanzenbach	NC Council
Beth Melcher	NAMI NC
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HUGH TILSON	NCHA
Joanne Schopen Stevan	nursing
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Jerry L. Parks	Albemarle Regional Health Services 711 Roanoke Avenue Elizabethtown City NC 27907 (Co. County Regional Health Dept)
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C.L. Cochran	UCPNC - C2001 Raleigh, NC.
Dme Ruhl	The Arc Inc
David Stone	Sunny Co. Health & Nutrition Center Dobson, NC 27017

Public Comment
Appropriations Subcommittee – Health and Human Services
May 9, 2002

My name is Julie Gainer. I work at Rowan Regional Medical Center. One of the programs that I work with is the Community Alternatives Program for elderly and disabled adults, in Rowan County. I know the decisions that have to be made this year are difficult, however I am here today to request your assistance in maintaining the CAP-DA program which has been a successful and cost-savings program for over 15 years in Rowan County, and even longer in other counties. As I discussed the dire situation we are in with an employee who no longer has a job because of the freeze, we realized that it is rare to find a program that rarely ever gets complaints; one that provides a cost-savings to the state and most importantly, provides necessary services to our elderly and disabled adults that allows them to maintain their independence in their own home as long as possible.

Each time I have driven to Raleigh or Charlotte to publicize the need to lift the freeze for the CAP program, I have to admit I question “why am I doing this?, is my 3 minute speech going to do any good?”. Every time, my answer is the same. I have to be here to speak for all of our clients who can’t make the trip to Raleigh, who are unable to leave their house, who have multiple health problems and who struggle every day to maintain their ability to remain in their homes, their familiar environment and to be with their family, if they have any family.

I am here today because of the people who need our services. For example, the pictures that I have enclosed are 3 of our CAPCare clients, out of the 120 we still have on the program, out of the 160 we used to have.

The first picture is a 37 year old woman, who has cerebral palsy, scoliosis, seizure disorders and on-going respiratory distress because of her severe disabilities. She has a feeding tube and is cared for her family with the help of CAP services. Her caregivers understand her expressions and limited communication. Her family will be devastated without CAP services. Nursing home placement will become an option, at a higher cost to the state’s Medicaid program.

The second picture is a paraplegic woman, with multiple health problems who lives at home with her illiterate husband who has many health problems, but can not get disability because he worked in a saw mill where he was paid in cash. He tries to care for her the best he can, but CAP services are crucial to her care. I’m not sure what will happen to either one if CAP is no longer in the home. I am sure that her care will deteriorate, her hospital visits will increase, at a higher cost to Medicaid, and if she does go into a nursing facility, her costs will also increase. Either option will result in an increase.

The third picture is of a 90 year old woman with cardiovascular problems, with no family in our community, who lives by herself, with the help of her caregiver. What will she do without CAP services? Nursing home placement at a higher cost? Remain at home without anyone helping her? End up in a hospital emergency room, in a medical crisis, admitted to ICU – at higher Medicaid costs? Or will she remain in the home, refusing to go to a nursing home, becoming an Adult Protectives Services referral?

I know you have read numbers, have seen reports, have heard statistics and informational reports about the feasibility of the CAP program. I want to let you see the people who will suffer without CAP. Multiply this by 100 and you will have the people on the waiting list in Rowan County. Imagine 6000 of individuals similar to these clients and you will have the number of clients waiting for CAP in North Carolina.

Please consider the cost-savings, the implications and most of all, the individuals that will be affected if the freeze is not lifted.

Thank you for your consideration of this request.

N.C. CHILD CARE COALITION

4505 Wilkes St., Raleigh, N.C. 27609

(919) 781-5313

May 9, 2002

Health & Human Services Appropriations Subcommittee Public Hearing

Testimony by Roz Savitt

Good morning. My name is Roz Savitt. I represent the NC Child Care Coalition. The Coalition understands the position the state is in and the position *you* are in. However, looking at the "options" from both the Department of Health & Human Services and from your fiscal staff, the cuts and elimination of whole programs go too deep and will severely damage the services provided to young children in the state.

I specifically want to talk about Smart Start and the T.E.A.C.H. program. First Smart Start:

- The \$50 million combined proposed cut is a 25% reduction in the total program. This is after millions of dollars have been cut already this fiscal year. The policy change options would end local partnerships' ability to reach their performance requirements. Local decision making, a key feature of Smart Start, would be gone.
- **Smart Start has produced results.** The percentage of high quality child care centers has *increased from 20% in 1993 to 66% in 2001*. That means better care for children. And now children with special needs are more likely to be served in high quality child care: from 1994 to 1999 the **number of child care facilities enrolling children with special needs increased 50%**.
- **Smart Start is a key partner in the More At Four program.** In 17 out of 34 counties, the local partnership for children is administering and implementing the More at Four program. Also, Smart Start dollars, as well as Head Start and Title 1 funds are providing the local match, a More at Four requirement.

Now let's take a look at the T.E.A.C.H. program:

The Department, has as an option, the total elimination of T.E.A.C.H. Almost 5,000 low income child care workers, 99% female, most with children of their own, will lose their scholarships and will have to drop out of school.

Because of T.E.A.C.H. the educational level of staff in child care has increased dramatically. This has resulted in a lessening of the turnover rate, a chronic problem in child care. What would be the affects of no T.E.A.C.H. program in North Carolina?

Continued

The N.C. Child Care Coalition - working to improve the quality and affordability of early childhood services in North Carolina: NC Day Care Association * Child Care Services Association * NC Association for the Education of Young Children * NC Partnership for Children * NC Head Start Association * NC Child Care Resource and Referral Network * NC Council of Churches * Fight Crime: Invest in Kids * Center for Community Self-Help * NC Interagency Coordinating Council * NC Child Advocacy Institute * Covenant With NC's Children * NC Justice and Community Development Center * United Way of NC/Success By 6* United Cerebral Palsy of NC * numerous regional and local child care agencies, child care providers, and individuals.

Contact: Roz Savitt, Public Policy Consultant for the Coalition, at (919) 781-5313.

- **Higher child care staff turnover is a certainty.**
- **A probable end to the star rating system.** The star rating system has been received very well by both providers and parents. Without the T.E.A.C.H. program assisting staff and centers in the cost of higher education, child care facilities will slowly drop in quality as newly educated staff leave and cannot be replaced with workers financially able to attend higher education classes. This will drop quality, reflected in lower star ratings.
- **Community Colleges** will have to significantly decrease course offerings and even shut down early childhood education departments.
- **Child care facilities' participation in More at Four** will gradually become smaller and smaller as centers lose their quality and stars because of less educated teachers and thus become ineligible to participate in the program.

Finally, let's remember what this is all about. In the end, when programs get cut or eliminated, the harm will be to over 200,000 of the youngest children in our state, just when they need the *best* of care. These kids can't speak for themselves. Don't let them down.

Thank you.

The N.C. Child Care Coalition - working to improve the quality and affordability of early childhood services in North Carolina: *NC Day Care Association * Child Care Services Association * NC Association for the Education of Young Children * NC Partnership for Children * NC Head Start Association * NC Child Care Resource and Referral Network * NC Council of Churches * Fight Crime Invest in Kids * Center for Community Self-Help * NC Interagency Coordinating Council * NC Child Advocacy Institute * *Covenant With NC's Children * NC Justice and Community Development Center * United Way of NC/Success By 6* United Cerebral Palsy of NC * numerous regional and local child care agencies, child care providers, and individuals.*

Contact: Roz Savitt, Public Policy Consultant for the Coalition, at (919) 781-5313.

SAVE IFPS FUNDING

Guilford County typically receives the second highest number of child abuse and neglect reports in the state. In FY 98-99, 331 children entered foster care in Guilford County, and in July of 2000, when we began delivering IFPS expansion services in Guilford County, there were about 725 children in foster care.

Twenty-two months later, the number of children in foster care in Guilford County has dropped to 556.

- In those 22 months, the IFPS program in Guilford County has served 83 families with 207 children at imminent risk of removal from their homes.
- These 83 families have received 5,164 hours of service.
- 92% of those children have remained in their homes at the end of the six-week service period.
- 73% of the children served have been children of color (which remains in proportion to the number of children of color entering foster care: traditionally 65-70% in Guilford County).
- Follow-up data so far indicate that 85% of families who successfully completed six weeks of IFPS services have had no new substantiated reports of abuse or neglect a year later.

The following points are offered for consideration:

- The cost of providing IFPS to families (just under \$6,000/family last year) is just over half of the cost of each out-of-home placement distributed across the three divisions last year (DSS, JJ, MH/DD/SAS), of more than \$10,000 per child.

- A cost benefit analysis last year showed that for every \$1.00 spent providing IFPS \$2.07 is not being spent on placement services for imminent risk children who would otherwise be placed in out-of-home care. Therefore, eliminating this 1.5 million-dollar program would potentially result in 3.1 million dollars being spent on out-of-home care costs.
- Cutting IFPS this year and eliminating the service will result in increased costs next year in MULTIPLES equal to the number of children placed. The large majority of families served by IFPS are multiple child families.
- Cutting ANY programs that reduce the child population in more expensive alternative programs is short sighted. Children and families WILL BE SERVED because public agencies cannot arbitrarily decide not to carry out their mandates. It's simply a matter of serving them less invasively, less restrictively and less expensively, or more invasively, more restrictively, and more expensively.
- The level of service available through IFPS and other programs of similar intent cannot be turned on and off like a switch. It often takes a full year to "ramp up" programs in accordance with a previous year's fiscal plan. The "on again/off again" history of funding for these programs discourages them from trying to establish the very services that help the state fulfill its legislative mandates.

Respectfully submitted:

Chris Faulkner, MSW, LCSW
Family Service of the Piedmont, Inc.
315 East Washington Street
Greensboro, NC 27401

Betsy Winston, MSW, LCSW
Youth Focus, Inc.
301 East Washington Street
Greensboro, NC 27401

May 08, 2002

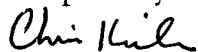
Dear Legislators,

I am writing you this letter because of my concerns about the future of providing supervised independent living services to clients when their families want or need to be less involved. In writing this letter, I understand that you are all under significant pressure to reduce spending. Five years ago I helped to pioneer a program to help people with autism to move to less restrictive environments. We were hesitant to move the client's out of the safety of a group home, for fear that they would be financially abandoned over time. However, the "implied" verbal commitment from our friends at CAP (Community Alternatives Program) was that somehow financial support would continue. With that reassurance in mind, we moved forward.

Over the course of the last 5 years, the funding had dwindled to the point that the situation is nearly impossible. Now, over 50% of the independent living clients have no funding. The funding for the remaining client's has been reduced by over 50% total. It was rewarding to help them to become more independent, but they need ongoing support to make it work. I feel a commitment to continue to help them to remain independent and to prevent them from returning to a more restrictive and significantly more expensive environment. However, with additional cuts, I don't see how we can make a budget work to support them.

These clients have ongoing and changing needs that we must continually respond to meet. Their employers, job coaches, social security workers, physician's offices, and case managers all rely heavily on us to help with organization of events, assistance with problem solving issues, and the provision of information. Without our support, I don't see how they could be maintained. For these reasons, I hope that you will come up with an alternate way to make the budget work.

Respectfully Submitted,



Chris Kinlaw

Program Coordinator

Autism Services, Inc.

Members of the Health & Human Services Joint Appropriations Subcommittee

The North Carolina Association of Residential Resources (NORCARR) is a group of private providers serving individuals with developmental disabilities. Some of our members have provided services across North Carolina for more than 35 years and our focus has been toward children (primarily) and adults with medically complex issues paired with severe and profound mental retardation.

NORCARR providers include:

Carobell*	Hubert
Horizons Residential Care Center*	Rural Hall
Piedmont Residential Development Center*	Concord
Hilltop Home	Raleigh
Holy Angels*	Belmont
Tammy Lynn Center for Developmental Disabilities*	Raleigh
Irene Wortham	Asheville
t.l.c. home*	Sanford
Howell's	Bear Creek, Clear Creek, Gatewood, River Bend, Tar River, Walnut Creek

**These six facilities are recognized by the Division of Medical Assistance as caring for the State's most medically fragile ICF/MR recipients.*

Some of the services delivered by NORCARR providers include: ICF/MR residential facilities, developmental day (special education), before/after school and day care, respite care, early childhood intervention services, supervised living, supported employment.

The people served by NORCARR providers are those who have the least access to services. Few providers are willing to deal with the excess service requirements and costs associated with this population. The children and adults served in our community-based ICF/MR facilities, community residential centers, and special education programs require nursing services and medical supports 24 hours a day. Medication administration (in addition to tube feedings and breathing treatments) in one of our 34 bed residential facilities can exceed 13,500 doses/month. Residents require specialized therapies and frequent visits to specialists for acute medical crises and ongoing care associated with complex medical issues and multi-handicaps, specialized wheelchairs and seating systems, and immediate availability of emergency medical equipment. The paraprofessional and professional staff delivering services to individuals in these facilities require highly specialized training and must operate under significant regulatory structures.

Over the past several years, NORCARR providers have worked diligently with other ICF/MR providers and with the Division of Medical Assistance (DMA) to control costs for ICF/MR services. These efforts have included extended agreements with DMA to accept annual increases far less than the amount of inflation, despite steadily increasing medical and staff costs. For NORCARR facilities this has meant aggregate annual losses in the hundreds of thousands of dollars and an inability to compete

for and retain qualified, competent staff (LPNs and RNs, habilitation technicians, therapists, teachers and teaching assistants, Qualified Developmental Disabilities Professionals, administrators, etc.).

Recently proposed cuts to the ICF/MR program would have a significant, negative, rippling impact on the medically fragile individuals served by NORCARR as well as those less fragile, but equally dependent, individuals served by other providers. There is a very real threat that many good providers will cease to exist and that an already inadequate array of services will be dangerously reduced. All providers will have difficulty assuring safety, recruiting and retaining staff, meeting regulatory requirements, and meeting fixed costs. Cuts to CAP-MR/DD services may have similar negative impact on provider ability to deliver services.

We understand that you are now faced with the most difficult budget decisions of your legislative careers. How you proceed will affect the safety and daily stability of our State's most vulnerable citizens – people with severe and profound mental retardation and medically complex issues which few providers are willing or able to address, and many others who depend upon North Carolina's human services community for basic supports. Reductions in service or failure to provide required services will, undoubtedly, result in long-term costs that far exceed our current budgetary problems.

We urge you to RAISE REVENUE and PROTECT THE HUMAN SERVICES INFRASTRUCTURE that our State has been working so hard to establish. Massive cuts to developmental disabilities services and other human services programs will set us back 10 – 20 years while immediately placing our State's most vulnerable citizens at undue increased risk. There are options. Please exercise them.

Mary H. Freeman
President, North Carolina Association of Residential Resources (NORCARR)
President/CEO, Tammy Lynn Center for Developmental Disabilities

Melanie Wiles Childcare Teacher in Clayton

As a teacher and a mother participating in the Teach program and benefiting from smart start funds I felt I had no other choice than to be here today.

My professional background has been in advertising sales. I have always felt a need to work with children. Because of smart start and teach after relocating to NC I was able to find a position as teacher in a childcare center. I had the basic knowledge and passion for teaching children. But due to smart start and teach I have been able to increase my knowledge through education.

I also have an 11-month-old who attends the same five star facility that I teach at. We both benefit from smart start and teach funding because of the teacher incentive program. If smart start funding was to be cut I don't feel that I would be able to continue my employment at this center. That not only affects me and my child but the 16 three year olds who spend a good portion of their day with me Mon. through Fri. I have brought a letter from one parent in my class that I would like to share with you at this time. As I read this letter please keep in mind that I am one teacher and this is one child. (read)

Dear committee members,

I am a mother of a 3 year old little girl who would be affected terribly if she lost her teacher, and that is exactly what will happen if this budget cut takes place. When my daughter started in her class she was quite a challenge. In the benefit of her teacher's education provided by smart start and teach we were able to overcome my daughters challenges and now she is able to excel educationally and emotionally. Personally I would be disappointed to loose a person who has had such a positive influence on my child. I honestly feel that my daughter would suffer a great emotional strain due to loosing her teacher. Teachers are a big part of our children's developmental skills; they spend as much time with children as their parents do. With this in mind I hope you will seriously consider the affect that it would have on our children to cut the smart start and teach benefit.

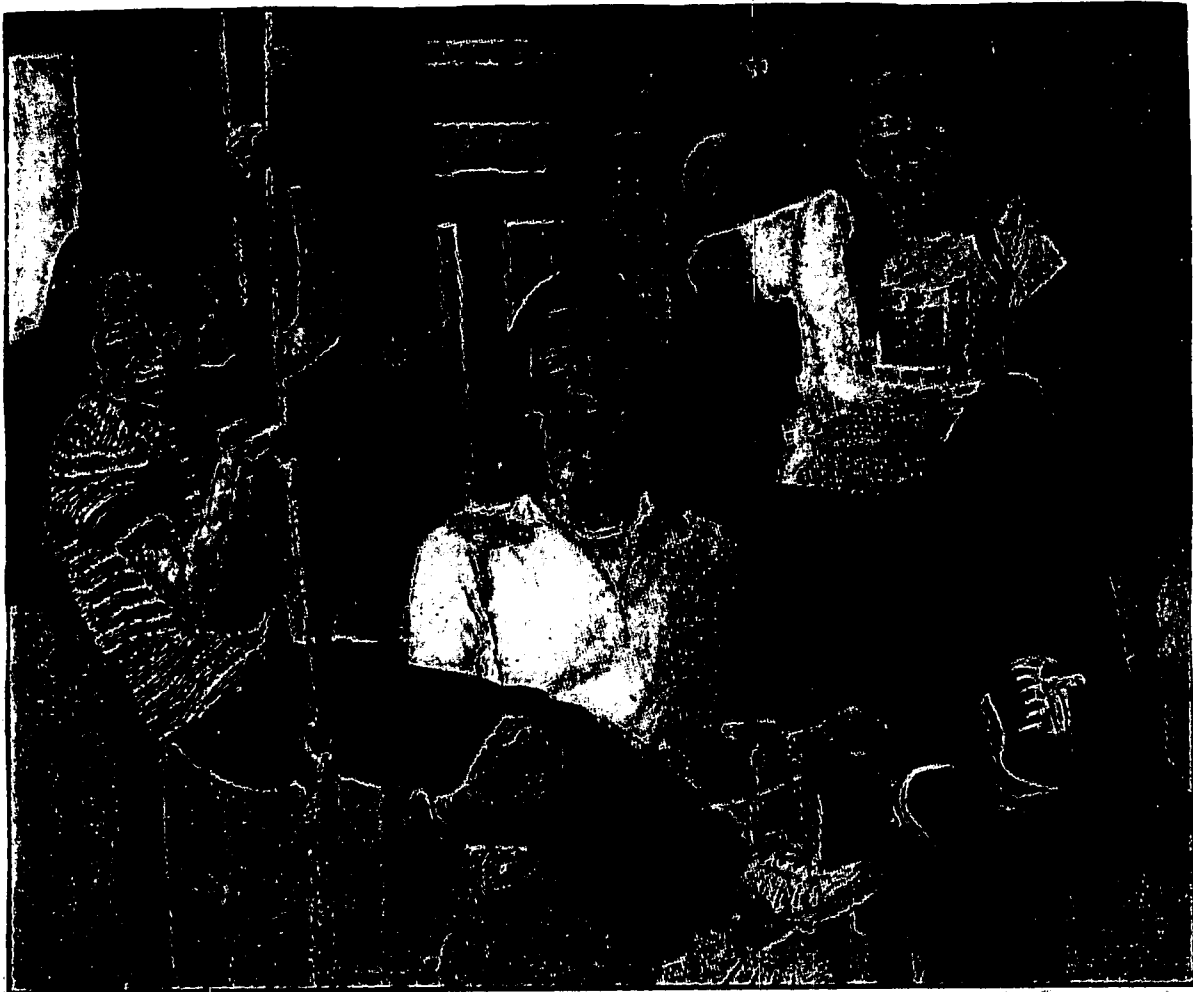
Sincerely yours

Kimberly Yow

Unfortunately I am not the only teacher and my daughter and this little girl are not the only ones who would be affected. I believe strongly that we would loose many valuable and caring teachers if the proposed budget is passed.

I have brought along with me many letters from my co-workers who were unable to be here today. I hope you give them the attention that they deserve.

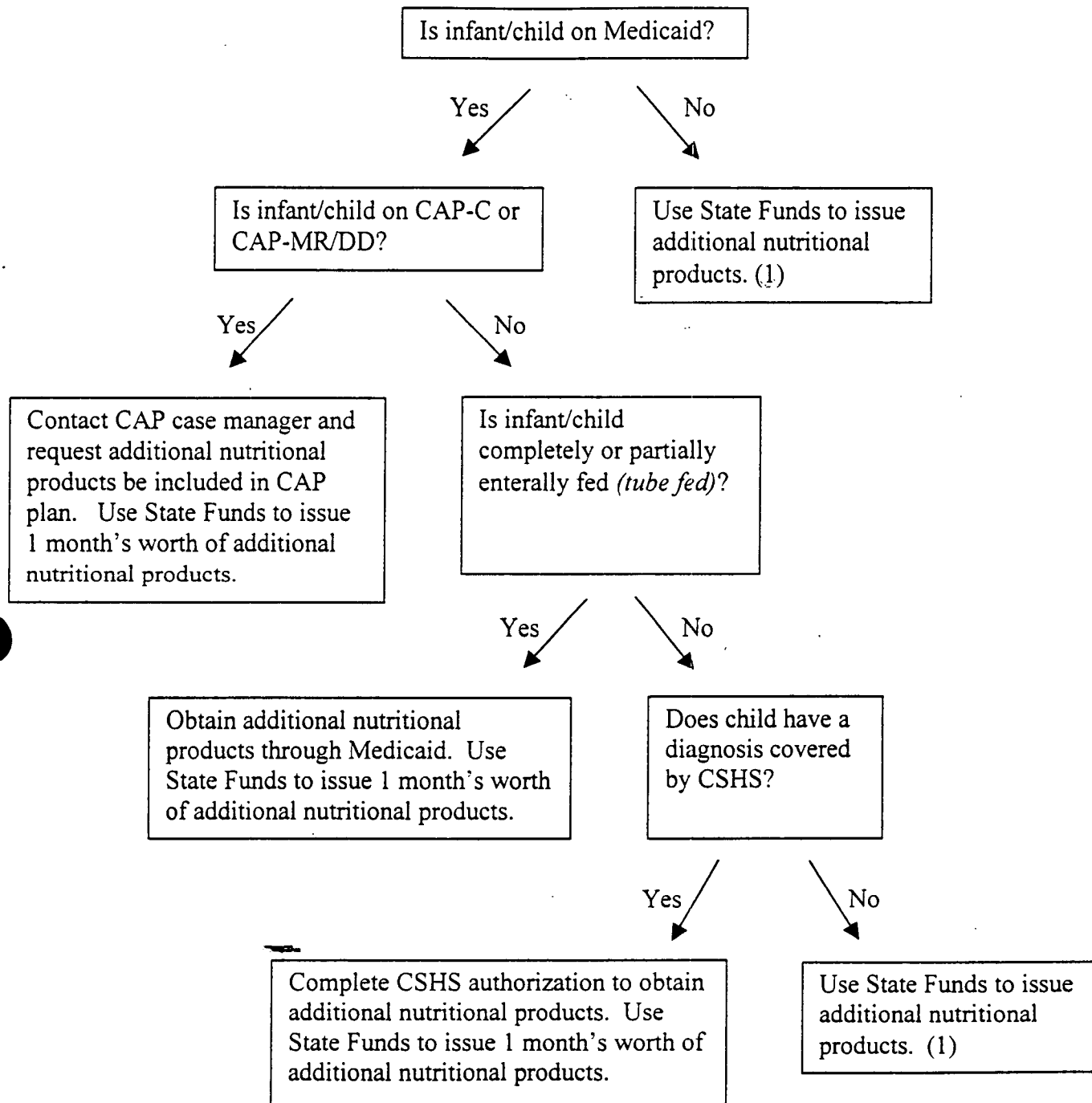
Thank you for your time.



TOM COPELAND/News & Record

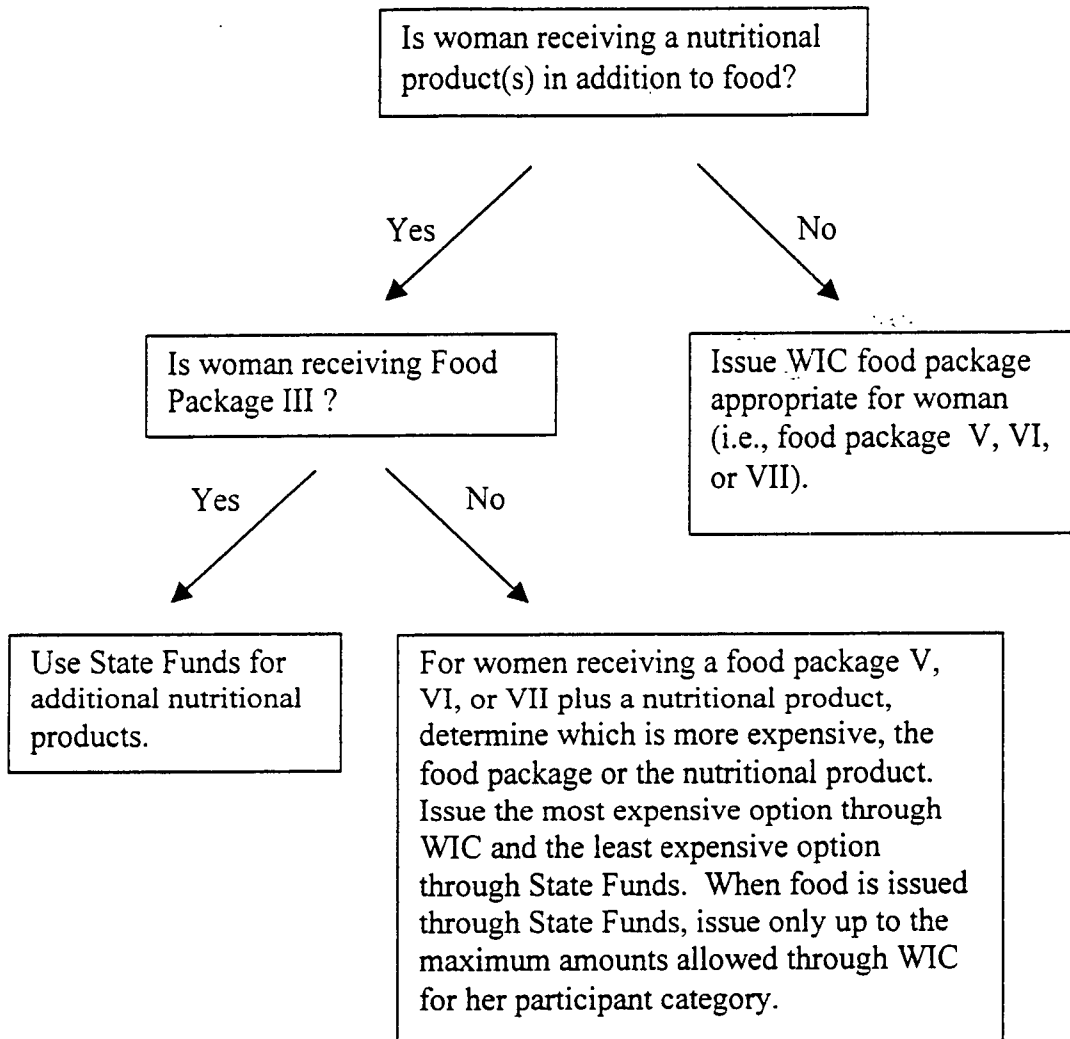
Sisters Erin (left), Mysti and Mary Anne Barford were adopted last year by Mark and Michelle Barford of High Point. "I'm glad that I have a whole family that loves me no matter what I do," says Mary Anne, 10.

Decision Tree for Determining Funding Source of Nutritional Products Needed in Excess of the WIC Monthly Allowable Amounts by Infants/Children on WIC

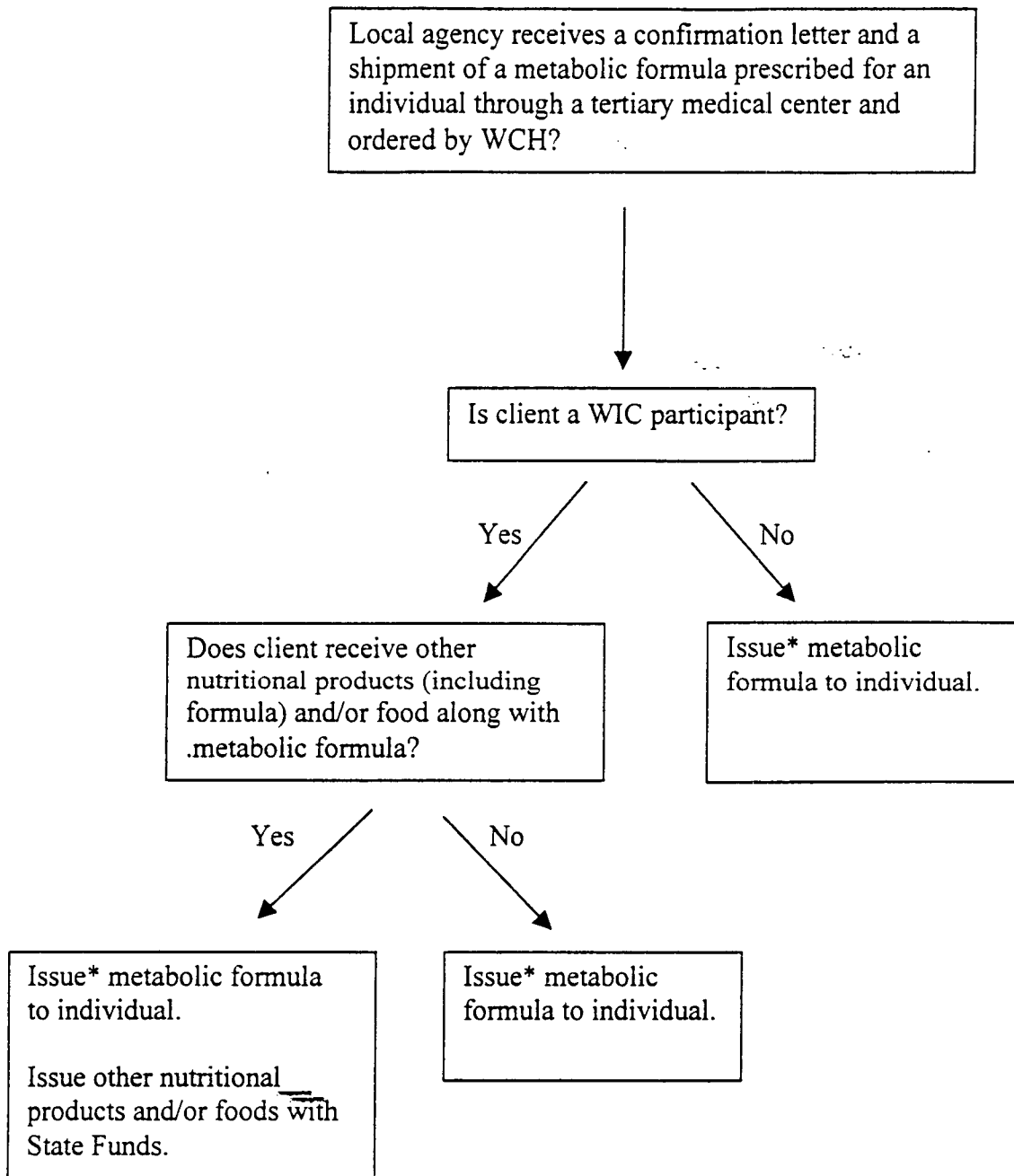


(1) For children receiving a regular child's food package (*i.e. food package IV*) plus a nutritional product(s), determine which is more expensive, the food package or the nutritional product. Issue the most expensive option through WIC and the least expensive option through State Funds. When food is issued through State Funds, issue only up to the maximum amounts allowed for children through WIC.

Decision Tree for Determining Funding Source of Nutritional Products Needed in Excess of the WIC Monthly Allowable Amounts by Women on WIC



Decision Tree for Issuing to Clients Who Consume a Metabolic Formula



* In this sense, "issue" means: *provide the metabolic formula to the client/parent/caretaker and have them sign the nutritional products issuance log to indicate they received it.*

Hello, my name is Karen Stallings, and I am the State Coordinator for the Association of Self-Advocates of North Carolina. We have over 1, 200 members and 33 local self-advocacy groups across the state. I am here today to speak up for those who cannot speak for themselves. I am here to speak up for family members, parents and for people with disabilities.

Cutting services from the Human and Health Services is not the right to do. We know that 80% of the State Budget goes to the Public School Systems. However, public schools are not full filling their duties and obligations. Special Education Directors are not giving children mandated services, for example: One director stated there was a difference between educational physical therapy and medical physical therapy and refused the homebound child services. There are no CAP slots, and people with disabilities have been waiting on the "Waiting List" long before the budget crisis came along. They should not be forgotten. \$100 million dollars was needed this year to get the system going in the right direction. Now, since we have new leadership at the state and division level, we are headed in the right direction. If services are cut, we could loose \$80 million dollars, which would mean cutting services to real people, individuals, and families in the community.

The association is in favor of the new State Plan and downsizing or closing Dix and Umstead hospital. We are in favor of consolidating the two. However, if services are cut, the division cannot be reformed when good tax dollars are going out the back door because of budget cuts. The state of North Carolina needs to raise REVENUE, WORK WITH THE NC CONGRESSIONAL DELEGATION TO GET FEDERAL ASSISTANCE. Even have a lottery as long it is used for educational and Human and Health services for the division. Community services needs to be the safety net, and be the ongoing services and supports.

We the Association, have challenged and encouraged people with disabilities to get more involved in the community. For example, to get a job, volunteer, and to give back to the community, "Kennedy Law" and this is happening within your local community. This is what those services can do, If the services and supports are there. Also, other advocacy organizations are coming together to make a difference. We are coming together and building ramps for people in wheelchairs and developing assistive technology borrowing programs for the state. When we all come together, everybody achieves more, so we need YOU.

So, we pray for the State Lawmakers, Representatives, and Senators to make the right decision for people with disabilities. God Bless the Tarheel State, and our General Assembly.

RALPH SCOTT LIFESERVICES, INC.
408 WEST TRADE STREET
BURLINGTON, NORTH CAROLINA 27217
336-227-1011 FAX 336-226-6465

May 9, 2002

TO: Joint Appropriations Committee

FROM: Julie Ewing, Executive Director
Ralph Scott Lifeservices, Inc.

I am writing on behalf of the Board of Directors of Ralph Scott Lifeservices, Inc., a private, not for profit organization providing residential services and associated supports to individuals with developmental disabilities in Alamance and Caswell counties. RSL has provided an array of services in the community since 1971. We serve 130 people in Adult Care, ICF/MR, CAP/MRDD, Supported Living, MRMI, CBS, and Independent Living.

Cuts in funding to community programs for people with developmental disabilities will not only hurt people currently served, but also make no sense in light of state efforts to meet the requirements of the Olmstead decision.

At least 79% of Ralph Scott Lifeservices' expenditures are for salaries and wages. Other large budget items are food, utilities, and gasoline. RSL has put cost of living and merit raises on hold for 2002-2003 and travel will be limited. Our administrative costs run about 10%. There ARE NO OTHER PLACES to cut without diminishing the quality of services provided or reducing the number of people served.

The individuals we serve are growing older, have more needs rather than less, and have fewer family members to assist. The new admissions have greater needs than people admitted even three years ago.

State regulations, instead of becoming simplified, overlap, sometimes contradict, and are more restrictive than ever before.

Training requirements are more stringent.

In short, it is harder and harder to serve people, yet we are asked to do it with fewer and fewer dollars. And those dollars are less flexible.

These are only a few of our concerns. Thank you for your attention.

AARP North Carolina

May 8, 2002

To: Members of the Joint Appropriations Health and Human Services Subcommittee

From: AARP North Carolina Advocacy Council

Subject: Health and Wellness Trust Fund

On behalf of our 931,000 members in North Carolina, we write to you concerning the Health and Wellness Trust Fund. We urge you to reject any proposals to divert current or future funds because of the state budget problems.

We are especially concerned about the future of the Prescription Drug Assistance Program that has been developed by the Health and Wellness Trust Fund Commission. This program will provide critical assistance for low income elderly persons who do not have any other form of drug coverage.

We urge you to look for other sources of revenue to balance the state's budget and allow this important program to be fully funded for three years, as was promised last December when the program was approved.

For further information on AARP's position on this issue, please contact Helen Savage, AARP NC Advocacy Representative, 919/508-0262.

Adult Home Specialist Fund

In view of North Carolina's severe budget crisis, state government is forced to find ways to reduce the short fall.

The Adult Home Specialist fund of \$1,400,000.00 is one of many items cited by the Department of Health and Human services as an option to be reduced/eliminated.

We believe it is imperative that this funding stream is left intact.

History:

Since 1945 when laws governing boarding homes and rest homes were passed, regulations have been developed by the state with monitoring for compliance mandated to the counties. These regulations were revised and expanded in 1977, 1984, 1987, 1995, and 1996, and applied solely to Rest Homes (now called Adult Care Homes). Prompted by significant negative media coverage regarding the care of residents in these homes and North Carolina's concern for the well being of its elderly and disabled citizens, the regulations were tightened and SB-10 was passed by the General Assembly in 1999.

Due to the complexity of these regulations and the demonstrated need for more frequent and in depth monitoring to insure compliance, the state provided funding for Adult Home Specialists.

The oversight of these Adult Care Homes is county administered and state supervised. The monitoring is performed by county employed Social workers called Adult Home Specialists. The regulations have become far more complicated and the Adult Care Home population is sicker than in previous years, and now includes numerous mentally ill residents mixed with the frail elderly. Numerous tasks and skills are required to provide the oversight necessary to assure compliance with regulations, and protect resident rights and well being. The primary functions are monitoring of compliance with regulations, complaint investigation, technical assistance to the homes and protecting resident rights and well being.

Issues / Impact:

- Four separate studies (Two by the CPA firm Peat Marwick, one by the Department of Health and Human Services office of the Internal auditor, and one by the office of the State auditor) have validated monitoring, recommending it remain with the counties.
- Cutting the Adult Home Specialist fund would eliminate 70 of the 151 Adult Home Specialist positions in the state, thus diluting the oversight of the licensed facilities which now number 1,310. This would also cut by almost half services to the residents in these home which have a combined licensed capacity of 38,646 residents. This is in direct conflict with SB-10, and the General Assembly's previous commitment to quality care for elderly and disabled citizens. SB-10 requirements are valid and should be carried out.
- The taxpayers invest significant sums of money, \$135,083,062 in Special Assistance and \$105,005,542 in Medicaid for Basic and Enhanced Care in the FY ending June 30, 2001 for example, for the care of aged and disabled residents of these facilities. Good stewardship demands strict oversight of the care provided by these funds.
- Average caseload will increase from 14 to 25 facilities per Adult Home Specialist.
- Loss of the monitoring staff funded by the Adult Home Specialist dollars would mean:
 - Monitoring/oversight will be less thorough, less often.
 - Complaint investigations will be less thorough and follow-up to assure correction of the problems will be less prompt, or will occur at the sacrifice of monitoring visits.
 - There will not be enough time to provide adequate technical assistance and continuing education programs to operators that will help them provide better care and avoid situations that result in complaints and negative action.
- Given shrinking SSBG funds, eliminating the Adult Home Specialist fund would in effect be passing on an unfunded mandate to the Counties.

Possible Solutions:

It is understood that the care of this state's aged and disabled citizens is already expensive, and that this state along with some 45 others is in a cycle of recurring budget crises. It is reasonable that state funding for monitoring must be trimmed, new sources of funding found, and new ways developed for actually doing the monitoring. Possible remedies that should be explored include the following:

- Less frequent monitoring of Adult Care Homes with high performance levels.
- Exploring tapping Federal Medicaid dollars to reimburse the cost of some of the monitoring functions such as monitoring of drug management and health care services for residents receiving Medicaid.
- Using the proposed Adult Care Home licensing fees to offset some of the cost of funding the Adult Home Specialist Fund.
- In lieu of the proposed licensing fees, charging user fees to the homes for monitoring.
- Reducing Special Assistance and Medicaid expenditures in Adult Care Homes by reducing the number of residents "boarded" through adoption of a uniform screening tool that has been recommended in the North Carolina Institute of Medicine's *A Long Term Care Plan for North Carolina*.

May 8, 2002

Dear Representative Billy Creech,

It has been brought to my attention that funds for Smart Start may be cancelled. Smart Start funding is crucial in the education of our children. The children are our future. If our teachers are not receiving quality education, where will our children be in ten, fifty, or even one hundred years from now.

I have a child in preschool and I am grateful that I am able to work in the same preschool. These funds are important to me because there is no way that I can afford to better myself without Smart Start funding. It has greatly benefited me and the children I care for and also my child and her teachers. I have thoroughly enjoyed and learned a lot from being able to attend school without readjusting or falling short of my family's budget.

We want our children to be well educated and socially and emotionally adjusted in our world. This cannot happen unless teachers can attend school and at the same time supplement their income. Child care

workers are already underpaid and overworked.
We need all the help we can get. Once
again, I support Smart Start funding
and would be saddened to see it gone.

Thankyou,

Marisa J. Murray

May 8, 2002

Dear Representative Creech,

I am writing you today to discuss the proposed budget cuts for Smart Start. I do not know how to begin to tell you how heartbroken I was when our owner, also my Mother, came to me and told me what was happening. My mother owns and operates 3 child care facilities 2 of which are 5 star centers and we are working hard to increase the star rating at our 3 star center. We have worked extremely hard to continue the Highest Quality Child Care possible for children in the Clayton area. Because of Smart Start our staff have been able to receive well deserved bonuses, continue their Education, receive Health Insurance at reasonable prices, and have their children in High Quality Child Care Facilities. These proposed budget cuts will really hurt what we have worked so hard to build.

My Mother has been evolved in everything that our County has done in regards to Smart Start, TEACH, WAGE\$, and the Teachers Incentive Project (TIP). She has worked diligently with other committee members to establish these programs that are for child care Teachers. Without these benefits many of our staff will not be able to afford to continue their employment with us which will in turn cause caos among our centers. Our children are the number one people who these cuts will affect. Do we really need to lose the wonderful teachers because of these cuts?

I also am a mother of a one year old little boy who I have had the privilege of having at one of our centers. Both of his teachers are currently receiving the WAGE\$ bonus, they are both currently under the TEACH scholarship program, they receive insurance and child care assistance because of Smart Start. My son will be heart broken if his teachers leave our center and both of them would have to find jobs elsewhere if these programs that they deserve are cut.

My son is only one of our 500 children that will be heartbroken if they lose the teachers that they have grown to trust and love. Also, do you think that there has been given enough time to see the effects of these programs?? I know how much these programs have impacted our centers and our 80 staff members. I also know how the children and their parents will feel if they lose their child's teachers. Simply put if these cuts are passed it will not only hurt many, many teachers it will hurt many more children. Please consider what I have said before you finalize your decision about the Smart Start cuts.

Sincerely,



Michelle Jones

Mother of 1 year old Peyton Jones

Human Resources Director of Building Blocks Child Care and Development Center

To: Health & Human Services Joint Appropriations Subcommittee
From: Jim & Ellen Crawford
Re: Proposed Budget Cuts - Eliminate Infant Formula Program in WIC
Date: May 8, 2002

Dear Senators,

We're writing as concerned parents to urge you not to eliminate the Infant Formula Program in WIC, which pays for prescription special formulas for children and adults with high-risk medical diagnoses.

Our son, Jeffrey, is one of these children. When Jeffrey was 10 days old he was diagnosed with PKU, a metabolic disorder requiring a very special low-protein diet for normal neurological development. His body is missing an enzyme, which breaks down one of the amino acids found in all food proteins. We were told that without special formula and special food that Jeffrey's brain would not develop normally and he would become mentally retarded.

Today, Jeffrey is 6 years old and is thriving in Kindergarten. He is learning to read and is doing his 8-year-old brother's math homework. He loves all sports and plays on a soccer team, basketball team, and tee-ball team. He is also a great big brother, letting his 3-year-old sister beat him in "Go Fish". In other words, Jeffrey is a wonderful, kind-hearted, bright, "normal" child. This is a direct result of Jeffrey's special formula and strict diet.

We are so very thankful for the resources that this State has provided for us and other families and ask you to NOT cut these vital funds from your budget. Without these funds, many parents will not be able to afford the \$4,000-\$5,000 a year that it takes to provide their children with their special "milk". The diet itself is very time consuming and expensive. All of Jeffrey's food must be specially ordered or prepared. His fruits and vegetables must be weighed out. His snack food must be counted. We have a large chalkboard hanging in our kitchen, which keeps track of his protein amount during the day. We must be very careful not to exceed the amount his body can handle. If we do, long-term neurological damage can be done, and short-term behavioral issues such as hostility and depression can occur. His bread must be made every few days. His pasta and rice must be ordered and is expensive. One box of low-protein spaghetti costs almost \$7.00.

It is heartbreaking to watch our son hide his lunchbox at school because he doesn't want the other kids to see his food that looks "different". An ice cream or pizza party at school or after a soccer game is great fun for most children, but difficult for our son. Our family knows, however, that it is the only way to assure Jeffrey's good health. We do our best and provide the best foods we can for him. We cannot change the fact that he was born with PKU. He will NOT outgrow this condition. It is a special diet for life. We do not want him to be ashamed of it. However, we can make sure that his opportunities in life

are no different than they would be if he did not have PKU. We can only do this by providing him with his daily formula and special food. If you ask Jeffrey why he has to drink his formula every day he says "So that I can think like everybody else."

We cannot imagine our lives without the Jeffrey we know today. Without the special formula, our son would not be thriving in school or playing with friends in the neighborhood every day. We recognize that many in our PKU community would be unable to provide their children with this expensive formula without the state's help. These children will suffer greatly, and so will our State. Jeffrey is growing up so quickly and we feel certain that he will be a productive member of our society one day. We ask that every child have this opportunity. Please do not deny them the formula they need to succeed.

Thank you for your time and your concern.

Jim & Ellen Crawford
919-781-0292
ecrawford@nc.rr.com

May 8, 2002

Dear Rep. Creech,

This letter is in response to the prospective changes and dismissal of a program that has been an asset to everyone that works in the rewarding field of childcare. When we heard about the recent proposal to cut funds to the daycare portion of our state budget it struck a nerve. As professionals, we all understand budgets and how tight money is at this time. We would just like to let you know how important the TEACH, TIP and WAGES programs are to us. In daycare, it is obvious why you continue to work in this field. It's not for the monetary reward or the fringe benefits that most large companies provide. You do it because you want to make a difference in the life of a child. We certainly do not make the incomes we deserve, but the programs that have been implemented by Smart Start do help balance out the cut in pay. If you cut these programs you will lose many men and women who are unable to pay daycare and insurance without these programs. This will also deter people from joining this field and I am sure you will see a drop in enrollment in Early Childhood Education throughout the state. We appreciate everything we have been given these past few years and hope you will consider continuing these rewards. Please remember the people that care for our most precious resource and investment in this state: our children.

Sincerely,
The Staff of Building Blocks I
Clayton, NC

Jobie Girard
Jacy Stewart
Danyca H. Blalock
Stacey D. Danna
Emma Pounds
Sheila D. Brown
Heather Leicaster
Jara Burr

Velma Adams
Cindy Mitchell
Anni Medford
Denise Johnson
Sue Ross
Jammy Newsome
Katie Powdley
Ann Jones
Sheila Creech
Sherry Brown

Dear Committee,

I am writing as a parent, grandparent, and teacher with a deep concern over the proposed budget cuts. Our children are the future, and we need to go forward, not take steps backward. It is extremely important to keep funding our Smart Start, and to continue helping our children in Johnston County, and North Carolina.

Thank you,
A concerned parent + teacher
Wanda J. Cole

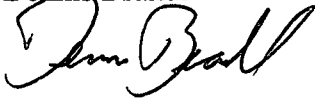
Dennis Brandl
208 Townsend Ct
Cary, NC 27511

Health & Human Services Joint Appropriations Subcommittee
May 9th, 2002
Legislative Office Building, Room 643
16 West Jones St.
Raleigh, North Carolina

Thank you for the opportunity to speak. When faced with untenable choices we all have difficult decisions to make. However making these choices in the best manner possible requires us to balance the costs vs. the benefits, or the gains vs. the risks. When these choices have a human face it is easier to see the balance. I want to introduce my son Daniel, he has PKU, and he has been benefiting from the services of the State of North Carolina. Daniel is graduating senior at UNC-Chapel Hill, dean's list for 4 years, with a 3.9 average in Physics, and is going to graduate school in Physics. He is a productive North Carolina citizen. He has been on the PKU diet his entire life, and benefits from the appropriations of Health and Human Services. What is the alternative choice? Without the special diet Daniel would have been severely mentally retarded. His IQ would probably be ½ what it is today. He would never have had finished high school, he would have been the fine person he has become.

Other children in North Carolina are at equal or greater risk. If appropriations are cut to the weakest of our state's citizens, children who will die without proper treatment, children who will be severely retarded without treatment, or children who physically handicapped, then we set back North Carolina not by just a decade, but by a generation. These diseases are insidious, the effects sometimes take time to show themselves and they are irreversible. Uninformed parents, without the resources to pay the costs themselves will not see the long term harm. We must not fail our next generation, our children, our legacy. If this requires that we, the taxpayers give more, then we, the taxpayers have no choice. If given the choice of saving our future or saving less than the average North Carolina citizen spends on coffee, the choice is obvious. We cannot, we should not, and I pray we do not, makes the cuts in appropriations that will damage a generation of North Carolinians.

Thank You
Dennis Brandl



Thank you for the opportunity to speak about the Private Duty Nursing program which is at risk for severe cuts in funding for the most medically fragile and vulnerable citizens in our state. They have tracheostomies, ventilators and feeding tubes and are totally dependent on licensed professions for survival. Three are with us today: David, Tricia, and my 19 year old son, Ari.

Herein lies the challenge: These three and others have a consuming desire to live at home. How do you determine the viability of living at home while cutting Private Duty Nursing to 10 to 16 hours a day for those 21 years and older.

I submit this for your consideration:

1. Medicaid is not saving money by reducing PDN hours.
 - PDN recipients are maintained at home without repeated hospitalizations or medical complications. One nursing home nurse stated that out of her 12 patients, at least six of them averaged a month per year in the hospital, each of them costing about \$100,000. On the other hand, Ari, David and Tricia have remained at home for years. It costs several thousand dollars a day in the hospital compared to several hundred dollars a day at home. In the long run, it can cost far more for a patient in a nursing home with hospitalizations than for even the most costly PDN case in the home.
2. Transitioning an adult private duty nursing client from home to a skilled nursing facility could be tragic.
 - How difficult it would be for the technologically dependent child's destination to be in a nursing home at age 21.
 - Clients and families on PDN have chosen to remain at home in the least restrictive environment with the Olmstead and ADA decisions supporting these rights.
 - Generally, there are only 5 skilled nursing facilities in N. Carolina with a total of 110 ventilator beds, 105 occupied, and 5 beds available. The nurse to patient ratio varies from 1 nurse to 4 patients up to 1 to 25 patients which can lead to inadequate care such as frequent infections and bed sores. Tricia has had only one bed sore in 20 years. And, each facility has different qualifications for eligibility, some accepting or not accepting those with antibiotic bacterial resistant organisms, obesity, and special wound care treatments. The vent unit in Charlotte that I visited last summer has since closed.
3. There shouldn't be a set rule for PDN hours because each case varies and is complex.
 - Many caregivers are single parents who work fulltime. The proposed cuts would mean doing 56-98 hours a week on my son's care. I would have to quit work and go on welfare, but I still would lose the choice to keep him at home, because no one person can do that many intense hours 365 days a year.

My recommendations:

- As a concerned citizen of this state, I hope that all of you have the courage to protect those who are our most vulnerable citizens. If that means raising taxes on tobacco, wine, beer, or closing tax loopholes, at least you know the priorities for life itself come first.
- Please do not cut PDN hours for our most vulnerable citizens.

Thank you for your time.

Respectfully,

Stephanie G. Anderson
6307 Old Corral St.
Charlotte, NC 28277
704/847-5601



JOHNSTON COUNTY
DEPARTMENT OF SOCIAL SERVICES

714 North Street
P.O. Box 911
Smithfield, North Carolina 27577
Telephone (919) 989-5300

G. Earl Marett, M.S.W.
Director

Yolanda has given you a good picture of some of the things the Adolescent Parenting Program does to help teen mothers. I have had the privilege of working with teen mothers for the past eight years in Johnston County. When we first began our program in 1994, Johnston County had as many as 300 to 330 new teen mothers every year with 40% of these teen moms getting pregnant the second time before high school graduation and 60% dropping out of high school.

We now work with 70 to 80 teens every year, forming support groups in every high school and middle school when needed. We help them stay in school by working with teachers in attendance and make-up work. We help the girls with Day Care costs, employment, medical care for both the mom and the baby, graduation, college entrance, family problems, transportation for babies to go to Day Care and moms to go to school. We teach parenting also to the girls to help reduce child abuse and neglect. In essence we do whatever it takes to get them through high school. We run beside them and encourage them and we open doors they cannot open for themselves.

As a primary prevention piece we also form speaking panels that go to every middle school in the county and speak against teen pregnancy. The girls share the realities and heartaches of teen parenting and give an abstinence message.

It is a true support program and one that works. We have served some 400 girls in the last eight years, seeing 145 graduate with one half of these graduates entering college. Over the years we have had an average of 9% dropouts and a 4% second pregnancy rate.

Consider the facts. If we did not have the Adolescent Parenting Program, tax payers would see an increase in second pregnancy costs and high schools dropouts. Medicaid costs would rise; more teens and their babies would enter the child services system, causing the state to pay exorbitant prices for foster care, attorney fees, court costs, etc. Teens would be receiving the Work First checks where now teen mothers are encouraged to go to school and get a part time job leaving Work First for a last resort. In summary money that is saved by not having the APP program would be spent in other areas of service that would increase due to the absence of APP.

I realize your task is a difficult one, but I urge you to consider the repercussions of cutting APP.

Sincerely,

Ann Arant
Johnston Co. APP Coordinator

Testimony to Joint Appropriations Committee
May 9, 2002

Good morning, my name is Larry Johnson and I am the Director of Social Services in Rockingham County, as well as the Vice-president of the North Carolina Association of County Directors of Social Services. I am here today to speak to you regarding the proposed cuts in the DSS budget, and hopefully help you understand the dilemma faced by our county. Rockingham County is a medium-sized county and is very much a typical North Carolina county. We have lost over 5,000 jobs in the past 7 years and currently have an unemployment rate of over 8%. Our overall growth has been flat, and we are experiencing very difficult times. Our DSS has been called upon to provide interim assistance to many people who never dreamed that they would find themselves in our lobby, and I feel that we have done a very good job of responding to the need. I am very concerned that if the budget cuts that are on the table today are implemented that my ability to respond to the needs of my community will be severely threatened. Rockingham County has been under a job freeze for about 15 months as response to the Governor's withholding of funds first in 2001, and again in 2002. We have not been able to hire additional staff to deal with the 20% increase in our caseloads, and have pushed our existing staff to high levels of stress and beyond normal workloads. Our Medicaid costs have sapped our county budget of any excess revenue and we have cut our DSS budget to the "bone". Now, we are being threatened with a new round of reductions that will have a disastrous effect

on our ability to provide core , legally mandated services. The partnership between the state and our county programs has been eroded, and these proposed reductions will remove the only flexible funding sources in our county budgets. The money that is on the table today is money that is used to put social workers in the field, pay for clerical support that enables them to get their paperwork done on time and meet fiscal reporting mandates, and pay the bills to operate our agencies. We are mandated to provide 24 hour, 7 days per week service and we are doing this in a very effective manner . Please do not enact these cuts which will further restrict our ability to serve the most vulnerable citizens in Rockingham County. Please find new sources of revenue in order to enhance our efforts, not restrict or eliminate them. Thank you.

To the Legislative Committee,

On behalf of the Old Fort Family Resource Center, I respectfully request your consideration of the dramatic impact funding cuts will play on our community. As a transplant from a major California city to a small, rural town in WNC, with an economic base from small business, textile & furniture, I know from personal experience the value of the FRC in our community. Parents like myself, who work hard for a living, are able to afford quality preschool because of the sliding scale offered. My child is kindergarten ready both socially & developmentally. I have such respect for the staff & concepts, I volunteered to serve on the FRC Advisory Board!

The FRC not only offers families a safe, non-threatening alternative when they face obstacles & challenges at home, they continually empower parents through GED, Parenting & nutrition classes. Mobile medical screenings are made accessible to all rural end of the county as well.

My school age child has benefited from the Adventure Camps for the past 2 years. My entire family of six has gained valuable support through parent & family support opportunities like FAST. (Families And Schools Together). Over 30 families (2 parent, single moms & dads, grandparent, bi-racial) have graduated in 3 cycles. Our group is the largest in the state. The FRC has provided training, networking assistance & use of facilities, enabling us to build a strong, effective parent involvement group. We have had 2 benefits to raise

money to meet medical needs of children in our community.
Currently we are meeting with the Parks & Recreation Director
on ways to provide a park in our community. The nearest
one is 20 miles away.

I myself started as a Parent partner on the 1st FAST
Team & am now a Certified Trainer for other
Communities across the state. I would probably never
had the opportunity to help other families if the
confidence to do it, if not for the supportive staff at
the FLC.

I know it sounds cliché, but the FLC is not a hand
"out" but a hand "up". Our community is rural & very
head-walking. The staff of the FLC continually
strives to bring services & opportunities that allow
families to work together to build stronger, brighter
futures for our children.

May 8, 2002

Dear Representative Creech:

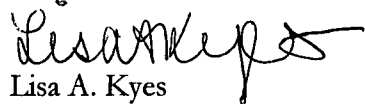
I am writing to you today to express my deep distress over the proposed Smart Start budget cuts. As both a parent and a childcare provider, the benefits offered by Smart Start funds are indescribable. My child has benefited from Smart Start programs in that her childcare environment has been secure and stable as teachers have made the commitment to remain in one place for a long period of time. The WAGE\$ and TEACH programs have awarded childcare providers the opportunity to further their education, thereby increasing their abilities to provide quality care to my own as well as hundreds of other children.

Johnston County is the fastest growing county in the state yet we are currently being funded at a pitiful 28% of our need. The star rated license system has attempted to raise the bar for childcare in North Carolina however, if these budget cuts are passed, the level of quality care afforded to our state's children will decrease dramatically. Can we really justify beginning totally new programs such as More At Four when we already know and see how quality early childcare impacts our children? I think not. While there are programs such as the Literacy and Science Enrichment programs and the Mobile Dental Clinic which I feel could be cut, the WAGE\$ and TEACH programs as well as Johnston County's Teacher Incentive Program are paramount to the continuation of high quality care.

I strongly believe that although the elimination of the literacy, science and dental and medical programs will impact many children, the impact of losing the very teachers we are investing in through the WAGE\$ and TEACH programs would have a devastating impact on thousands of our state's children, my own included. It simply does not make any sense to put programs like TEACH and WAGE\$ in place only to take them away before the true benefit to our state can be measured. Beginning new programs rather than continuing existing ones will set our state back years and will prove detrimental to the development of the children 0-5 in our state. These first five years are unquestionably the most important in the development of productive citizens and the fact that our government is actually considering the elimination of some of these programs is abhorrent to me, both as a parent and an educator.

There has to be another way to raise the revenue in our state without decreasing the budgets to these programs. Tax increases, federal funding and other state resources need to be investigated and initiated before a decision is made which will do nothing more than make the statement that North Carolina does not care about its young children. We have made so many improvements and taken so many steps forward. Can we afford to take such a huge step back at the expense of our youth? Please reconsider the proposed cuts and take a stand for our kids. Our future as well as theirs depends on it.

Respectfully submitted,



Lisa A. Kyes

Mother of 3 year old Casey

Director, Building Blocks Child Care and Development Center

May 8, 2002

Dear Representative Creech,

As a teacher I feel the funding of these programs have benefited me because I have been able to go back to college to earn my degree in Early Childhood.

When I began working with children in childcare in 1999 there was a lot I did not know about childcare! However, I was approached by my employer about furthering my education. ~~Finally~~ Just when I thought I ~~was~~ was getting too old to go back to school I was getting a second chance at going back to college. There was no way I was going to pass this up! In January of 2002 I began my education again, ~~and~~ ~~tomorrow~~ and tomorrow night (May 9, 2002) at 8pm I will graduate with a degree in Early Childhood.

If it ~~was~~ not for the TEACH scholarship, the wages and Smart Start funds I would not have been able to go to college and ~~pay my bills~~ ^{and work!} ~~There are so many fellow teachers who depend on these funds for so much more than myself.~~ I am writing on behalf of so many ^{fellow teachers} ~~as well as~~ myself. They depend on these funds for so much more than myself. I have spent countless hours away from my family and my friends. I have missed time away with the children that I work with, but

it has been so worthwhile!

If these funds are eliminated or cut so many who have begun their journey to a college degree will not have the chance that I have had. They will ~~not~~ gain the knowledge or be able to use those resources that have been available to me. These teachers should have the opportunity to do what they love and that is teach.

On the news and in the media we all hear about, "... a better education for our children." This seems to be what everyone wants. In child care centers, home centers and in day cares is where this education begins. Our teachers need the knowledge and ~~the~~ resources must be available to ~~to~~ teach these children a curriculum that will adequately prepare them for kindergarten.

The center I work in accepts infants 6 weeks to children who are in the 5th grade. It has been proven that when a baby is first born it knows its mother's voice. A child's education begins in infancy. Do you want teachers who are uneducated, teachers who have limited resources and teachers who are overwhelmed about their everyday situations educating your children or grandchildren? I certainly do not! I want a teacher who is sure

about who ~~he~~ he/she is, where he/she is going,
and I want a teacher who can help my child
to be the very best he/she can be!

~~It has been~~ ^{It has been} estimated that in one week's time
your child spends more time in a child care center
than in their own home. Why you would want
to cut ~~or~~ eliminate these resources that are
available to your child and your child's teacher
is beyond me! ~~Thank~~

~~Thank you for~~

Thank you for your time,

Donna M. Eason

**PRESENTATION FOR JOINT APPROPRIATIONS
COMMITTEE
MAY 9, 2002**

Good morning. My name is Frank Crawford and I am the Director of YHI, a State licensed non profit agency in Charlotte serving at risk children and families.

Two years ago, YH partnered with the Mecklenburg County DSS to provide Intensive In home Services for families who were at risk of having their children placed in foster care. \$1.8 million in Federal TANF funds were awarded to NC to serve high risk and predominantly low income families. YH operates ONE of these ten TANF funded programs.

This Committee has recommended that these ten programs be eliminated and that the \$1.8 million in TANF funding be redirected within DHHS's budget. I am calling on you to reconsider that recommendation for the following reasons:

1. THESE FUNDS ARE 100% FEDERAL FUNDS AND REQUIRE NO STATE MATCH;
2. THE SUCCESS RATES ARE PHENOMINAL: Last fiscal year, there were 203 families with 576 children who were served by these 10 programs. 94% of those children were kept out of foster care.
3. FAMILY PRESERVATION PROGRAMS ARE COST EFFECTIVE: These 10 TANF funded programs cost \$1.8 million. To care for 541 children annually

in foster care would be \$4.7 million....a savings of almost \$3 million per year.

4. MORE CHILDREN WILL ENTER THE FOSTER CARE SYSTEM, STAY LONGER, AND NC WILL HAVE

FINANCIAL PENALTIES: The Federal government will financially penalize states who don't create permanency quickly for children in foster care. If you remove prevention programs like this, AND remove adoption assistance as well, more children will come into care and stay longer. The Feds will next review NC's compliance in September of 2003, at which time you can expect huge financial penalties.

5. THESE PROGRAMS HAVE REDUCED THE NUMBERS

OF CHILDREN IN FOSTER CARE IN NC: One year

after these 10 TANF funded programs have been operating, the total number of children in foster care in NC has been reduced....below the 10,000 mark. This has saved hundreds of thousands of state dollars.

However, the MOST compelling reason why these services should be funded is that it keeps families together. Please meet The Kelly Family, Walter, Bernadette and their 6 children. They were one of the first families to receive services in our program almost two years ago.

This family was in serious crisis when we first met them. There were a host of issues including how to

discipline their children, family violence and other issues which needed attention. What ELSE we found was a family that **wanted to get better....**

This family completed our program and today, almost two years later, they remain in tact and functioning as a family.....AND.... the public child welfare system is not raising their children.

I have asked Mr. Kelly to say a few words to you.....

Please reconsider and put these IFPS TANF funded programs to preserve families BACK into the budget.....and find a way to use these funds for their

intended and best use....which is BUILDING BETTER
COMMUNITIES....ONE FAMILY AT A TIME

**First In Families of NC
Vice President
Robin Horrell**

Dear General Assembly Members,

My name is Robin Horrell. I am the Vice President of First in Families of NC. I am here to ask that you look into other sources of revenue for our state such as a beer and wine tax, cigarette tax, lottery or working together to request more federal assistance for North Carolina. Please do not take from the most vulnerable of our State. People with disabilities and their families have been in crisis for years now with budget cuts "We can stand no more". I am here to tell you a little about a Community Support that you may be looking at cutting. First in Families of NC is a set of 9 projects throughout our state that offers direct support to people with developmental disabilities and their families. It also is in line with everything that our new State Plan stands for and is based on. Such as stretching state dollars by leveraging those dollars in the community. Which not only teaches the community to support people with disabilities and their families but also helps these people to be able to stay and participate in their communities instead of in our state facilities. First in Families offers direct support to families and self advocates that is more flexible in the way they say they need it. It was developed and is run by people with disabilities and their families. There is nothing else in our state that is truly like this. First In Families is in the new State Plan and in the HSRI report that we have been looking at to help make these changes in our state. It is a cost savings because of the leveraging of dollars that is the heart of what we do. I sit on one of the sub committees that is looking at ways to support those that with the new waiver and state plan will lose their services. It is called the Generic Services and Natural Supports Committee. This committee is looking at finding projects like First in Families that will help these people in the community so that they will not have to become the target population talked about in our state plan. When hearing what First in Families is already doing in our state they were amazed at how far ahead we are in this whole process. Please do not cut us short now when we can help in teaching our state what Natural Supports are truly about, because that is what we do best. Thank you.

**First In Families of NC
Vice President,
Robin Horrell**

**For more info on First in Families please call:
Robin Horrell
134 Victoria Dr.
Wilmington, NC 28401
(910)762-5142 home
(910)231-8008 cell**

- > Thanks
- > Denise
- >
- > Where Are the Parents?
- > By Sue Stuyvesant
- >
- > They are on the phone to doctors and hospitals and fighting with insurance companies, wading through the red tape in order that their child's medical needs can be properly addressed.
- >
- > They are buried under a mountain of paperwork and medical bills, trying to make sense of a system that seems designed to confuse and intimidate all but the very savvy.
- >
- > Where are the parents? They are at home, diapering their 15 year old son, or trying to lift their 100 lb. daughter onto the toilet. They are spending an hour at each meal to feed a child who cannot chew, or laboriously and carefully feeding their child through a g-tube. They are administering medications, changing catheters and switching oxygen tanks.
- >
- > Where are the parents? They are sitting, bleary eyed and exhausted, in hospital emergency rooms, waiting for tests results to come back and wondering: is this the time when my child doesn't pull through? They are sitting patiently, in hospital rooms as their child recovers from yet another surgery to lengthen hamstrings or straighten backs or repair a faulty internal organ. They are waiting in long lines in county clinics because no insurance company will touch their child.
- >
- > Where are the parents? They are sleeping in shifts because their child won't sleep more than 2 or 3 hours a night, and must constantly be watched, lest he do himself, or another member of the family, harm. They are sitting at home with their child because family and friends are either too intimidated or too unwilling to help with child care and the state agencies that are designed to help are suffering cut backs of there own.
- >
- > Where are the parents? They are trying to spend time with their non-disabled

- > children, as they try to make up for the extra time and effort that is
- > critical to keeping their disabled child alive. They are struggling to keep
- > a marriage together, because adversity does not always bring you closer.
- > They are working 2 and sometime 3 jobs in order to keep up with the extra
- > expenses. And sometimes they are a single parent struggling to do it all by
- > themselves.
- >
- > Where are the parents? They are trying to survive in a society that pays
- > lip service to helping those in need, as long as it doesn't cost them
- > anything. They are trying to patch their broken dreams together so that they
- > might have some sort of normal life for their children and their families.
- >
- > Where are the parents? They are busy, trying to survive.
- > [Permission to duplicate or distribute this document is granted with the
- > provision that the document remains intact.]
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The logo for AARP North Carolina features the word "AARP" in a large, bold, serif font. Below the "AARP" text is a stylized, thick, black brushstroke that curves under the letters. To the right of this graphic, the words "North Carolina" are written in a smaller, bold, sans-serif font. There are three solid black circles on the left side of the page, one near the top, one in the middle, and one near the bottom.

May 8, 2002

To: Members of the Joint Appropriations Health and Human Services
Subcommittee

From: AARP North Carolina Advocacy Council

Subject: Health and Wellness Trust Fund

On behalf of our 931,000 members in North Carolina, we write to you concerning the Health and Wellness Trust Fund. We urge you to reject any proposals to divert current or future funds because of the state budget problems.

We are especially concerned about the future of the Prescription Drug Assistance Program that has been developed by the Health and Wellness Trust Fund Commission. This program will provide critical assistance for low income elderly persons who do not have any other form of drug coverage.

We urge you to look for other sources of revenue to balance the state's budget and allow this important program to be fully funded for three years, as was promised last December when the program was approved.

For further information on AARP's position on this issue, please contact Helen Savage, AARP NC Advocacy Representative, 919/508-0262.

Sohny Williams

My name is Johnny Williams.
I'm from Halifax County.
received a call last night from Mrs.
Casandra Faulcon to come and speak
on behalf of HIV programs. I drove
three hours to get here. I would like to
speak. also I am an advocate for
children & old people. I'm also chair
person of precinct 1 of Halifax County.

HIV
PROGRAM

He does not have written
comments



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Debra K. King
Executive Director

Good morning. I am Debra King, Executive Director of CASA. CASA is a nonprofit housing development and management company that houses people with disabilities. In our 10-year history, we have secured over 14 million dollars for housing and supportive services for people with disabilities. Much of that is federal dollars that were awarded in a competitive grant process.

I serve on the Governor's Housing Coordination and Policy Council and also am a member of the Interagency Council for the Coordination of Homeless Programs. I am here today to plead the cause of those with mental illness, developmental disabilities and substance abuse issues.

I know that these are tight budget times and I know that the choices you are forced to make are not easy. I am here because I am deeply concerned about the cost of our decisions. And perhaps more importantly, about the cost of our indecision.

The Department of Health and Human Resources is actively engaging in mental health reform. They have been charged to "do it better." And last year, I was encouraged when the Mental Health Trust Fund was created. Today, I believe these last round of budget balancing recommendations, nearly depletes it.

The Olmstead decision by the U S Supreme Court says that people have to be served in the least restrictive environment and that it is not appropriate to continue to hospitalize people because there is no place for them back in their communities. We KNOW that in the long run, it is more cost effective to serve people in their community. But community services have to be in place in order to effectively move people from the hospital.

I am so fearful that our state will do nothing to prepare – and that once again, we will be faced with a class action lawsuit. We have only to look at Thomas S and Willie M to see that history. And when the court gets involved, sometimes the mandated services over-reach and the service delivery cost are much greater than what it would have initially been. And that says nothing of the legal costs associated with such a suit. And it says nothing about the moral cost of requiring legal action to do the right thing.

I was born here in North Carolina, grew up on a farm in Duplin County. My grandfather used to tell me that you have to constantly look up as you are cutting in your rows in the field. Otherwise, you will wind up with crooked rows. So I am here to ask you to look up – try to look into the future so that these tough decisions are made with the best information available and that the cuts are made with the long term in mind.

If you would like information on the overall cost savings of community-based services, please contact me at 754-9960 ext. 8.

Community Alternatives for Supportive Abodes

Regarding the Issue of Elimination of the Infant Formula Program in WIC

This issue concerns my family and I on a very personal level. My son Nicholas was diagnosed with PKU (Phenylketoneurea) at 1 week of age. He is now 6 months old and is developing like any normal child would as a result of the early detection of his condition, and the ability for us to have recieved his special metabolic formula. This formula IS EXTREMELY EXPENSIVE, \$60 a can. This may last some families 1 week or even just a few days. Diet is considered the sole treatment for this condition. The treatment may seem quite costly, but the outcome of this metabolic disorder, would require far greater funds to care for severely retarded individuals from childhood on through adulthood. With the simple remedy of special formula, provided to families, it would ensure the outcome of healthy and normal children.

These are difficult times for everyone, many families have been affected already, economically, as a result of our economy and it is a crime to make it a financial burden to simply feed your baby or child a formula that is absolutely a necessity for the brain development of him/her. If any of you have children, imagine the extreme hardship of having to actually worry about how you are going to be able to afford feeding your child. This is not a formula that you can purchase at any local store, and it is not a formula in which you have many brands to choose from. It is only manufactured by one company. This is by no means a luxury for families of PKU children, to have had state provisions of their children's food. It is a necessity for the development of mentally stable and viable citizens of this state and of this country.

It is a fact that PKU is a very rare genetic disorder. I ask everyone "Does this constitute that treatment be denied by the state?" Please reconsider the elimination of funds to this program. This will be a decision that could weigh quite heavy on the conscience. Thank you for your time.

Sandra S. Daniels

STOP! STOP! STOP! STOP! STOP! STOP!

DON'T CUT THE PROGRAMS THAT SUPPORT
YOUNG CHILDREN, THEIR FAMILIES, AND THEIR
TEACHERS!

DON'T CUT SMART START AND TEACH

Over 10 years ago, I came to my current child care program, Community School for People Under Six. At that time, it was not a good place for children. At that point, the center was:

- AA licensed by the state
- Had 1 teacher in school under TEACH
- Had a 50% turnover rate, with 2 teachers needing to be hired at that point due to violations

Look what a difference Smart Start and TEACH have made for Community School for People Under Six in Chapel Hill as of 2002.

- Nationally Accredited Program under NAEYC for 8 years
- 5-star licensed by the state as of August 2000 (*Received 14 out of 15 pts*)
- 5-star re-licensed by the state as of December 2001, when we added school-age care
- 11 Teachers are in school working on a Bachelors degree (1), Associate degree (4), Early Childhood Certificates (2) completing the NC Early Child Care Credential to meet minimum requirements (2), and continuing their education with early childhood coursework (2).
- Less than 15% turnover rate

Our school serves 78% subsidized families receiving support through Department of Social Services, Child Care Services Association (Smart Start), and Child Care Network., and 22% private pay families.

Our families are proud of the accomplishments of Community School and have their children enrolled at the center now because Community School for People Under Six is a "good choice for child care". We have become one of the best child care programs in Chapel Hill, and we strive everyday to provide high quality child care services for our children and their families and to meet the educational needs of our teachers to assure that they are able to positively interact and provide developmentally appropriate activities for children daily.

Page 2

By cutting Smart Start and TEACH, you are risking the programs that have been available to promote quality care for children, and that have supported the education of teachers. How will teachers pay for their education. They have worked so hard to move forward as a professional. This is a cost that child care centers cannot bare, nor teachers.

We have put one of the best plans in place for improving child care in North Carolina, and now you want to cut back. We have gained national recognition for TEACH because it is such a wonderful program, but you want to cut it. North Carolina has become a role model on how to improve quality child care and education of teachers, but now your setting a bad example by cutting these programs.

**THINK ABOUT THE LIVES YOU WILL AFFECT
BY YOUR DECISION**

Anna Mercer-McLean

Submitted by: Anna Mercer-McLean, Director (and a parent)
Community School for People Under Six
400 Caldwell Street
Chapel Hill, NC 27516
(919) 929-1543

May 9, 2002 Public Hearing



North Carolina Public Interest Research Group

405B W. Franklin St., Chapel Hill, NC 27516

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ncpirg@pirg.org • www.ncpirg.org

**Comments by Kiki Dunton, NCPIRG Staff Attorney
Testimony to Department of Health and Human Services
Joint Appropriations Subcommittee
May 9, 2002**

My name is Kiki Dunton and I am the staff attorney for NCPIRG, the North Carolina Public Interest Research Group, a non-profit, non-partisan, public interest watchdog organization. Thank you for allowing me to speak today. While we, like everyone here today, are concerned about the cuts being made to important programs within DHHS, we want to urge you to look at methods of saving money beyond simply cutting programs.

Specifically, we ask you to look at the cost of prescription drugs purchased by several divisions within DHHS. In 2000, national prescription drug expenditures rose 18.8% and here in NC, Medicaid pharmaceutical expenditures rose even higher at rate of over 20%. Currently, there are more than 35 states considering different methods of saving money on prescription drug expenditures and we urge NC, and specifically this subcommittee, to look seriously at two of these methods.

First is an intrastate multi-agency purchasing pool. Implemented in states such as Texas, Georgia and Massachusetts, this would combine all pharmaceutical purchasing for departments and agencies that purchase pharmaceuticals, such as the divisions of public health and mental health, the department of corrections, and the state employees health plan. By aggregating purchasing from multiple state programs, the state would be able to demand greater price reductions from manufacturers. Texas expects approximately \$13 million in cost savings for the first two years.

Alternatively, NC could choose to participate in a prescription drug purchasing pool with other states. Representatives from NC participated in initial talks with the Southern States Coalition Pharmacy Working Group, organized by WV. Although we dropped out of discussions, the coalition recently hired a Prescription Benefits manager and we could still choose to participate.

The second method of saving money on prescription drug purchasing relates solely to Medicaid prescriptions. As you well know, the state recently decided to require prior authorization for certain drugs prescribed to NC Medicaid patients. We urge the state to go one step further and using a preferred drug list with prior authorization, negotiate directly with the drug companies to obtain additional rebates. NC would continue to participate in the federal Medicaid Drug Rebate Program and this would allow the state to simply receive a supplemental rebate from manufacturers. Florida recently initiated this program and expects to save approximately \$214 million per year.

While there are no easy solutions for our current budget crisis, NCPIRG believes that the options for saving money on prescription drugs are straightforward and would be of benefit to all North Carolinians. We urge this subcommittee to begin discussions on implementing these money saving programs and look forward to speaking with each of you about this in the near future.

Members of the HHS Joint Appropriations Subcommittee,

Residential Support Services of Wake County, Inc. is a private non profit agency providing support to adults with developmental disabilities. I have had the honor of serving as Executive Director since 1981. During this time I have witnessed many successful individuals and families who benefited from the support we provide. It is such a wise use of our tax dollars to fund programs where individuals may find qualified staff to support and advocate for their personal growth toward independence. The meshing of financial support with qualified trained staff with the natural gifts, talents and drive found in those we serve is not a tax burden. It is an investment for all of us. Many of those we serve are working in competitive markets and are contributing to society. They are productive consumers. They volunteer in their communities and have circles of friends who value them as the people they are. Their lives have been so enriched because of the support they receive. It has been said that a society can be judged by the way it treats those having the greatest needs. Thanks to wise decision makers who have provided funding to those having the need for continued support many have benefited. Funding should be increased so that such services are made available to more individuals, especially those who are receiving excellent public school education preparing to enter the community as a contributing citizen. I urge you to take every measure to increase tax support so that our services may be expanded. Please do not cut human services budgets. As a private citizen I prefer some increase in taxes rather than forcing more people into the streets homeless, jobless, and hopeless. In closing, I commend you for your service and pray for wisdom and conscience to establish the right pathway.

Rick Chappell, Executive Director
Residential Support Services of Wake County, Inc.
3820 Merton Drive, Suite 110
Raleigh, N. C. 27609

787-1214

North Carolina Association

of Community Based



My name is Curtis Bass. I am the president of the North Carolina Association of Community-Based ICF/MR Providers. I am also executive director of Autism Services, Inc. But today I am here on behalf of the 45 individuals who depend on my agency for their care 24 hours a day, 365 days a year. I am here today to ask you to spare programs for people with disabilities as you consider budget cuts. It seems that each time there is a budget problem, these are the first programs to go on the chopping block. Unfortunately, without lobbyists, spin doctors and public clout, people with disabilities are easy targets - they are silent victims.

Others who are speaking today will give you numbers and facts. They will tell you of the irreparable damage drastic cuts will have on the lives of wholly dependent people. I urge you to listen carefully to them. As you listen with your head, I also ask you to listen with your heart. This is not about lobbying and power lunches and suits. It's about a little girl who can't get needed treatment because her parents can't afford insurance. It's about the grandmother who has to choose between her heart medication or groceries. It's about elderly parents who can't keep their handicapped son at home without support. It's about the parents who bless the day they found a quality group home for their daughter and now hear it may be closing due to budget cuts. These are the real lives that your actions today will touch.

In presenting reduction options to the committee, Ms. Hooker Odom said that the scope of the cuts would cause catastrophic damage to mental health services in North Carolina from which it would take years to recover. That's most eloquently put. North Carolina is at a crossroads today. The path we take is up to you. I just ask that you remember North Carolina's most vulnerable citizens - the silent victims - as you make your decisions.

GOOD MORNING My name is Jean Reaves, I am here today as the President of the North Carolina Coalition on Aging. We are a statewide coalition of organizations committed to improving the quality of life for older adults. I stand before you, one person, but please realize that I represent 37 member organizations whose combined membership represents millions of voting North Carolinians.

Let me briefly look at some of what we have been told you are considering depleting and show you some of the probable results:

- cut Medicaid for older people and people with disabilities, up to federal We are all very much aware of the budget crisis that our great state has found itself poverty level—this action will set back the progress we made many years ago.
- cut home health aides for people with disabilities—where is our commitment to the Olmstead Act and not forcing people into institutionalization against their will.
- cut State Adult Day Care Fund by \$700,000—adult day services are some of the most comprehensive services available to the frail and disabled and their family caregivers. Loss of these services will mean family members leaving jobs to try to care for loved ones at home; forcing decisions for premature placement and with the loss of home health aids there will not be any relief for family caregivers and the potential for Protective Services supports will skyrocket.
- reduction of \$300,000 of Elder Rights dollars will only put us back to funding levels of at least a decade ago, but with other reduction already identified the need for higher costs nursing and residential beds will drastically increase.
- last and certainly not least we remind you of the promise made via the Health and Wellness Trust Fund. We beg you to find the strength and to use your years of wisdom to realize that meeting your promise will allow the state to invest in wellness and address many of these out of control cost with long range responsible solutions.

Rather than looking at cutting services we would like to suggest that you look at raising revenues through:

- a serious review of tax loopholes for corporations and/or raise corporate taxes
- consider a tax increase targeted at those citizens of the highest income levels
- look to our NC Federal delegation to insist on Federal assistance—we are aware of present legislation that would add an increase of 1.5% to the

Federal share of Medicaid and a possible additional 1.5% increase for states with soaring unemployment rates. What other Federal sources could be available to us??

- finally what “reserve pots of money” are available within our state that we could at least borrow resources from.

We realize that there are no easy solutions but we strongly urge you not to decrease services to the frail and vulnerable but rather to look at responsible ways to increase revenues.

Jean Reaves
President
NC Coalition on Aging
P. O. Box 127
Weldon, NC 27890

252-536-2756 w
252-535-1917 h
252-535-5325 f

e-mail reaves375@charter.net
rvadc@charter.net

TO: The Honorable Bill Martin, Senator
FROM: Communities In Schools of Cleveland County
DATE: May 9, 2002

Thank you for the opportunity to share with you and your colleagues the value and success of the programs supported by funds from the State of North Carolina, Department of Health and Human Services.

Over the past six months, Cleveland County has had the unfortunate distinction of attaining the highest rate in the State of North Carolina for reported instances of child abuse and neglect and the highest in a local nine county area for teen pregnancy. The economy in Cleveland County which is based in textiles, has now resulted in the highest rate of unemployment in North Carolina, at 12.7 (down from a high of 13.9%). We appreciate the difficult position of the legislature and of the Honorable Mike Easley in making financial decisions that will impact each North Carolinian. However, the problems mentioned are only a few that are faced in Cleveland County as well as other counties across the state. Each of these problems are interrelated and are no less a "crisis" for our children and families than the Hurricane Floyd natural disaster. Each of us share in the responsibility to ensure that all that can be done is being done to reverse these escalating statistics.

In communities like Township Three, where the elementary school serves as a link and a lifeline, the major employer, KoSa, has cut the workforce by two thirds. KoSa (formerly Hoechst Celanese) has been a strong supporter of Township Three Elementary when their economic condition was strong. At this Family Resource Center, 473 families have participated in job skill / parenting workshops, 12 parents have taken leadership roles on the site level management team (alongside school and agency representatives). Six Parents have also stepped forward in leadership roles in planning community events. This is a direct result of the availability and support provided through the Family Resource Center. This center has also served 276 students through one-on-one academic support and enrichment opportunities including Great leaps reading tutors.

This grant is particularly unique to our program, in that we have the latitude to address some of the systemic needs of our clients, which in turn increases the opportunity for the success of students. For example, in addition to regular skill building workshops, which take place at this site, we have implemented a FAST project this year. This project, Families And Students Together, provides intensive support services to families with the greatest needs. Through partnerships with the local Department of Social Services, Health Department and others, families gain skills and knowledge valuable in improving their skills as a parent, and in gaining and maintaining employment.

As a part of the program at Township Three, the students have been successful in planning and implementing parent nights. These events occur during each quarter throughout the school year, and are used to showcase for their parents, projects students have completed and skills they have attained. The students not only display completed projects, they also teach skills learned through participation in the after-school program

to their parents. For example, if they have learned a new computer skill, there may be an opportunity to offer a “mini” computer class where the students teach their parents. Each of the events is planned by the students and they attend to the details, such as invitations and refreshments. The attendance at these events has been exceptional, with over 70 parents participating in each event. This summer, we are partnering with the Job Development Task Force to offer a job fair for parents and others in the community. Industry, Economic Development Commission, the Chamber of Commerce and the Department of Social Services will all take an active role in helping the students plan and host this event with on-line employment applications available for the students to assist adults from the community in completing . Information will be available for adults, from each industry/agency, with students taking the lead role in introducing the information to their parents and others from the community.

CIS is also the recipient of funds from the Cleveland County Partnership for Children – Smart Start –, which supports our Parents As Teachers pre-school project. These funds support 11 Parent Educators, working with over 450 families, of which 38 are teen parents, and a Hispanic Parent Educator serves 56 families. Of the 450 families, over 75% are living at or below the poverty level. The services provided include monthly home visits that include parent literacy and addressing health care and child development issues.

In the past year, we have received an 18% reduction in funds from the Partnership for Children, which resulted in the loss of two positions; a 12% reduction in funds from local government due to local budget constraints, linked to both the budget crisis at the state level and the effects of our local economy. Our capital campaign raised 50% less this year due to the impact of the crisis in the textile industry. And we received an 8% reduction of funds through our local United Way. In the first six months of last year, Cleveland County lost over 1,600 jobs. Through these reductions we were able to ensure that no services were cut for children and families that need them.

Through each of these reductions, we have worked diligently to search for other avenues of support and ways to continue services to the children and families who so desperately need them. We sincerely and earnestly request that you reconsider the impact the removal of support from programs such as the Family Resource Center at Township Three would have, because these much needed programs would go away at a time when other resources have been reduced or removed from citizens in our community, and the need is at it's greatest.

FACTS ABOUT COMMUNITIES IN SCHOOLS 2000 - 2001 OPERATING YEAR

Received \$1,123,021 from 253 Different Sources

*Received Contributions from 131 Individuals, 68 Businesses, and 16 Industries
Received Financial Support from 4 Foundations*

*Recruited 722 Volunteers Who Donated 9,388 Hours of Time Valued at
\$15.00 Per Hour For a Value of \$140,790*

Obtained \$13,893 in Donated Goods

*Served 448 preschool children and families in the Parents As Teachers program
349 Elementary Students in BEST After-School Homework Programs
Plus 643 Middle School Students in CHAMPS After-School and Summer Program*

*Provided Support services for 4,046 students through Great Leaps Reading Tutors;
Math SuperStar Program; Denver II screenings; ECG Test Busters;
Service Learning Projects; and
Student Led Parent / Teacher conferences*

*Ten CIS sites serving students:
85.7% Improved Attendance
94.2% Increased EOG test scores
94.5% Promoted*

*Recruited "School Tools" (school supplies) which were distributed to
Over 600 Elementary and Middle School Students in Cleveland County*

Provided Clothing for 186 Elementary Age Children

Arranged for Dental Care for 156 Children

Organized 81 Workshops that were attended by 926 Parents

Made 2614 Home Visits

Over 7,500 contact hours with Parents

Supplied 183 Families with Food

Collaborated with Other Agencies 657 Times

COMMUNITIES IN SCHOOLS OF CLEVELAND COUNTY

"HELPING KIDS PREPARE FOR LIFE"

(704) 480-5588 (PHONE) (704) 480-5510 (FAX)

Testimony 5-9-02

ADAM SEARING

Project Director, NCHAC

Chair, Covenant with North Carolina's Children

I. Every person in North Carolina can agree on some basic values:

- Everyone should be able to afford quality health care.
- No child should ever be abused
- Our senior citizens deserve our utmost respect and care

II. The cuts to basic services happening right now and the cuts now before you strike at the heart of our North Carolina values.

- Taking dental care away from children.
- Slashing programs that strengthen families + prevent abuse.
- Cutting help for our most vulnerable elderly to stay at home.

III. Do not make these cuts - preserve our values.

You have other options:

- Raise taxes
- Use other existing revenue sources
- Close tax loopholes like the 100 mill. bank tax loophole
- Reexamine tax breaks given in the 1990s.
- Federal assistance

Cherokee County Health Department

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J. Elaine Russell, M.P.H.
Health Director

Branch Office
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FAX 828-321-2243

Good morning. I'm Elaine Russell, the Health Director for the Cherokee County Health Department in Murphy. Today I represent the perspective and experience of the rural, Far West Health Departments.

Budget cuts are a reality in this crisis for every public agency. Public Health will have to deal with cuts from the State level and the local level. We don't have a choice at this point.

However, certain choices do remain on the table at this point. As legislators, you can choose your points of financial support for the poor and indigent. Choose to support services that reduce the dependence of our poor on emergency rooms and urgent care centers.

Choose to support Medicaid adult dentistry for two specific situations: pregnancy and emergency tooth extractions. Decay, pain, swelling and infection in the mouth of a pregnant woman are a clear sign of periodontal disease. It is a condition that accounts for 18% of premature births according to research released from UNC – Chapel Hill earlier this year. We all know the costs of premature births and know it is a cost worth avoiding if at all possible.

The extraction of a decayed abscessed tooth for an adult can be a life saving intervention. The presence of such infected tissue in the mouth, if left unresolved, will spread to the soft tissues of the face, heart, lungs, and further complicate the management of diabetes if it is present.

Emergency rooms can only provide drugs to manage the pain and infection of abscess and decay. Physicians cannot legally extract teeth. The private dentists do not serve the poor and indigent in their practices. The ONLY home in which to SOLVE these two situations is the dental practice run by the local Health Department.

However, Local Public Health can not continue to solve these two problems unless, as Legislators you choose to support Medicaid funding for pregnant women and emergency tooth extractions.

An even greater choice before you is the rate of Medicaid reimbursement for Public Health services. As Legislators, should you lower our reimbursements to those of private practice or maintain our current level of reimbursement? Ask yourself, “Do Public Health Departments and private medical practices operate under the same business principals?”

The Business Principals of Private Practice

1. The Private Practice sets its caseload based on desired profit
2. The Private Practice sets their own rules for declining service
3. The Private Practice sets its own scope of service

The Business Principals of Public Health

1. Public Health sets caseload based on Division of Public Health mandate
2. Public Health can not decline service to any client
3. Public Health scope of service is mandated by NCGS

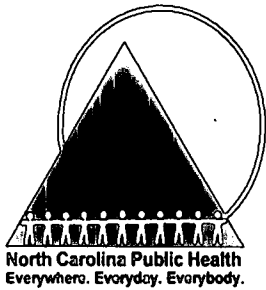
Public Health is the medical home of the poor, the indigent, the unwanted, the undesirable, the profoundly complicated, and non-English speaking. These are not the adjectives one would choose to describe most private practice clientele.

The poor and indigent have been with society since time immemorial. Their presence shall never cease, nor will their need for medical care. For less than 1% of the overall Medicaid budget, the Legislature has chosen, until now, to support the work of public health in serving this very difficult population. And together we have developed a series of Health Department services that have decreased emergency room utilization, improved pregnancy outcomes, decreased childhood fatalities, responded to unmet dental needs, and improved the use of birth control, to name but a few.

Without our work in public health, who will serve these clients? Will they deliver the same work for less than 1% of the Medicaid budget? Will they be willing to accept the “Business Principals” under which Public Health has graciously operated for many, many years?

Local Public Health cannot continue to provide the current grocery list of services, under the current "Business Principals", unless as Legislators you remain committed to maintaining our current Medicaid reimbursement levels.

Contemplate your decisions carefully on the dental and reimbursement issues. No practice, agency or system will deliver these services as cheaply as Local Public Health. The Public Health System we have built with your help will be gutted by what has been proposed to you. Reconstruction of the system would take years. On behalf of the Cherokee County Health Department and my Far West peers, I implore you not to trade services in hand for an imaginary savings on a balance sheet.



Buncombe County Health Center

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(828) 250-5203 FAX: (828) 255-5326

George F. Bond, Jr., MPH
Health Director

Nancy L. Thompson, PT, MSPH
Assistant Health Director

Susan R. Mims, MD, MPH
Medical Director

HHS Appropriations Sub-Committee

May 9, 2002

George F. Bond, Jr., Health Director

e-mail address: bondg@co.buncombe.nc.us

I am George Bond, Director of the Buncombe County Health Center. My Health Department is the focal point for indigent medical care in Asheville. Our clinical service is the largest safety net primary care practice west of Charlotte. We also have the largest low-income dental practice in all of western North Carolina. We have 24,000 active patients in our caseload and one-third of them are Medicaid recipients. Any effort whatsoever to save state dollars by reducing my Department's Medicaid rate will have a profound, long lasting, and probably irreversible effect on the indigent health care system of Buncombe County. We have been held up as a national model of public/private cooperation and we received the Innovations in American Government Award from the Ford Foundation two years ago for our efforts. Our indigent care system in Buncombe County is a "house of cards" but yet one which has been carefully constructed and one where every single card makes a difference. We simply cannot allow a change in the reimbursement rate by Medicaid to tear down in "one fell swoop" what we have worked years to accomplish for our citizens.

In Buncombe County last year an astounding 93% of all county residents indicated that they had a source of health care - up from 78% just five years ago. My Department is the engine that pulls that indigent care train and Medicaid is our major payer.

I want to make three points in my three minutes to show you why our Medicaid rates should not be reduced to those paid in the private sector:

- 1) **The patients are not the same** - With no disrespect intended, I can tell you that the vast majority of Medicaid recipients coming into our Department are the "train wrecks of society". Where you and I might go to the doctor for hypertension or diabetes or a mental health disorder or obesity, our clients come with all four of these problems plus three more. Our clients' problem lists reads like *War and Peace* and we have, by necessity, developed a protocol in our clinic to ask our doctors to try to narrow the focus of each visit down to just one single problem to be dealt with that day because we can't address them all at once.

These are clients who have been seen by a half dozen private practitioners but dropped from their service because they couldn't pay their bills or they couldn't get a ride to the doctor's office or they couldn't afford to take a whole day off work for a thirty-minute appointment with the doctor. They have no transportation, they have no money, they have limited knowledge of the health care system and they have even more limited knowledge of good preventive health practices. Their health status is largely a function of societal problems of income, education, housing, and racial disparities. Their problems usually cannot be solved the way yours and mine are by writing a simple prescription.

I submit to you that any objective analysis conducted by any responsible agency and reported to you would most certainly conclude the patients we see under Medicaid in local health departments are not the same Medicaid patients that are often "cherry picked" by private providers. We do not have the option of "cherry picking", we take all that appear at our door and it costs more to do so.

- 2) **They are not the same services** - I am sure you have been given a list of CPT codes that show public health often getting paid substantially more for the same CPT codes billed in private practice. Thus is it very logical to conclude that by modifying health departments' reimbursement rates to the same level as private physicians, monies would be saved? That simply is not the case because we are not comparing "apples to apples". Local health departments have long been held to a very different standard than private providers.

One-third of my clientele now are Hispanic and a great many of them are not able to communicate in the English language. Our Department spends almost \$200,000 per year employing staff interpreters, contract interpreters, telephone interpretation services, and bilingual staff, so we can fulfill the requirements of the Civil Rights Act of 1964. You won't find that to be the case in private physician's offices. For that reason we and almost every other health department in North Carolina have become the provider of choice for those with limited English proficiency. Our estimate is that every person helped by an interpreter adds \$12.00 cost to that visit but yet that doesn't show up in the tables provided to you nor do many other costs.

We for years were required to do Denver Development Screening, a 45-minute procedure, on all our kids but private doctors were not. Laboratory tests and pharmaceuticals are required for local health departments but not private providers.

Many local health department clinic visits include services for which public health cannot be reimbursed while private providers can. Some examples are:

- o Local health departments currently bill approximately \$167.00 for a prenatal visit. A comparable visit to a private provider costs Medicaid approximately \$342.00. This is because local health departments must bundle services while the private provider can bill them separately. Public health prenatal visits must include approximately \$192.00 in labs and \$49.00 in counseling services.
- o Local health departments currently bill approximately \$154.00 for a child periodic examination. A comparable visit to a private provider costs Medicaid approximately \$157.00. This is because local health departments must bundle services while the private provider can bill them separately. Public health child preventive medicine visit must include a \$63.00 developmental evaluation.

You can see we can't bill the full range of CPT codes, only those on our DPH contract so often we can't get paid for services that are reimbursable to private doctors.

The Buncombe County Health Center has a \$7.2 million primary health care program, and is supported by \$2.4 million in Medicaid revenues annually. A 41% cut in rates and in turn our revenues would result in a loss of approximately 6000 visits or some 2000 people losing access to health care services in our county. Loss of these Medicaid dollars represent monies that would have paid for six physicians to see patients.

Thus we should not leave this room believing that health departments inherently cost more than private medical practice because that simply is not the case. We are held to different standards by the Department of Public Health Memorandum of Understanding than our private physicians and we serve a vastly different clientele, a clientele which will not now or ever be adequately served in the private market.

- 3) **There are not savings** - If you attempt to save money for the state by cutting Medicaid eligibility or our rates, you will simply be transferring a 100% unfunded cost to the counties who are already staggering under the weight of just trying to match Medicaid at 5%. Cutting our rates will not stop a single person from getting pregnant nor will it prevent a single earache or an abscessed tooth. All those same ailments will still be out there in the community and they will all appear in ever increasing numbers at the door of the local health department but they will not have any source of payment. Make no mistake, health departments and private physicians, emergency rooms and hospitals will still have to provide prenatal care, babies will still have to be delivered by the hospitals and the newborn child needs to be seen by the pediatrician but entire cost will have been passed off on the local community rather than simply shared at 5%. Cutting \$10.00 of community reimbursement for indigent care in order to save \$3.00 of state funds is simply poor business. There will be no savings, we have simply transferred the costs from one level of government to another. The public health portion of the total Medicaid budget represents less than 1% across this entire state.

Jesse James is said to have robbed banks because that's where the money is. If there are to be substantial savings in Medicaid, we need to be realistic and look at services in the long-term care arena in the aged and disabled where 70% of Medicaid expenditures occur. Although the nursing home owners and operators would argue to the contrary, I submit that we have many empty beds across North Carolina creating inefficiencies in long-term care which Medicaid should not be required to support. We have many beds in our nursing homes filled with individuals being paid for by Medicaid who gave away their entire estates or whose children gifted it away after the onset of illness in order to make them eligible for Medicaid. We have many of our long-term care beds filled by South Carolina and Virginia residents who come to North Carolina in great numbers because there are no beds available in their states. That is where we need to focus our attention because that's where the payoff lies.

Public health is already on its knees with cuts resulting from Governor Easley's withholding of our county reimbursements, with cuts by our own County Commissioners, and now with the added Medicaid cuts. North Carolina needs safety net providers and they cannot exist without adequate Medicaid reimbursement.

Health and Human Services Joint Appropriations Subcommittee
May 9, 2002
Room 643

Good morning. I want to thank the Chairs and this committee for giving the public the opportunity to speak to you about your proposed budget cuts.

I am Yvonne Perry. I am a project administrator for the Exceptional Children's Assistance Center (ECAC). ECAC is a statewide non-profit organization committed to improving the lives and education of ALL children through a special emphasis on children with disabilities. I'm here to talk to you today because a number of the parents and children whom we serve happen to be clients of some of the very structures that you are targeting in your budget cuts.

In particular, these families and children are served through collaborative efforts among the state mental health division, the office of Juvenile Justice, the Dept. of Social Services, the Dept. of Public Instruction, the division of Public Health, and community-based organizations. They are families and children faced with serious emotional, behavioral or mental challenges and are right now benefiting from these partnerships, thanks, in part, to significant legislative funding.

There have been wonderful examples of outcomes for children involved in these partnerships, such as:

- Increase in grade point average;
- Increased strength in their interpersonal skills as they become better able to control emotional outbursts;
- Decrease in the number of children with sustained, severe behavioral and emotional symptoms; and a
- Decrease in the number of children needing psychiatric hospitalization.

All of these outcomes translate into more dollars saved for North Carolina because more and more children suffering from mental challenges will be able to stay in school and thereby avoid serious disruptions to their lives or, worse, a place in the Juvenile Justice System. These outcomes will also lead to fewer families and children continuously finding themselves on a list for services through the Dept. of Health and Human Services. And, increasingly fewer of our mentally challenged young people will have extended stays in psychiatric hospitals, an expensive bill that you *can* avoid paying by listening to the wisdom of your heart that says *'take care of these children while you can'*.

Ultimately, we all want all of our families and children to be productive citizens to our democracy, but this can't happen on the cheap, nor can it happen by taking away resources that help families make meaningful contributions to our society. Therefore, we *have got to continue* to provide the dollars needed to train qualified providers and the money to support families and their children who have mental disorders.

For examples of positive outcomes between state services and community-based organizations, see the attached research by NC FACES.

NC FACES: A Report on Outcomes

April 2002

- **SCHOOL GRADES IMPROVED**
 - The number of children and adolescents with average or above average grades upon enrollment in NC FACES steadily increased from 54 percent at enrollment to 58 percent at six months and 65 percent one year. (based on data from 104 children).
- **IMPROVEMENTS IN SCHOOL GRADES WERE SUBSTANTIALLY GREATER IN FACT WHICH HAD THE MOST DEVELOPED FAMILY ORGANIZATION AT THE INITIATION OF NC FACES**
 - The proportion of children in FACT that showed improvement in school grades was greater than the proportion of children in non-FACT sites by more than 30 percent (based on May 2001 data from 118 children)..
- **BEHAVIORAL AND EMOTIONAL STRENGTHS INCREASED**
 - Interpersonal strength or the ability to control emotional behaviors increased from an average standard score of 9.1 at enrollment to 9.9 at six months to 10.7 at one year (based on data from 63 children). Other strengths such as family involvement, and school functioning also improved (as measured by Epstein's Behavioral and Emotional Rating Scale).
- **CLINICAL SYMPTOMS REDUCED**
 - The number of children with severe behavioral and emotional symptoms (as indicated by a Total Problem score on the Child Behavior Checklist or CBCL above the 90th percentile) decreased from 88 percent at enrollment to 75 percent at six months to 68 percent at one year (based on data from 100 children).
- **LIVING ARRANGEMENTS BECAME MORE STABLE**
 - The number of children with more than one living arrangement in the six months preceding each interview decreased from 52 percent at enrollment to 34 percent at six months to 31 percent at one year.
- **PSYCHIATRIC HOSPITALIZATION AND COSTS DECREASED**
 - Of ten children on Medicaid who were in psychiatric hospitals in the year preceding their entry into NC FACES, only one was placed in a psychiatric hospital in the year following enrollment; with reductions in hospital costs from \$169,495.83 to \$8,827.82.

May 8, 2002

Dear Senator Martin, Representative Nye, Representative Earle and members of the Joint Appropriations Subcommittee for Health and Human Services:

My name is Anna Scheyett: I am a faculty member of the UNC School of Social Work, a member of the NC Commission for Mental Health, Developmental Disabilities and Substance Abuse Services, and a concerned citizen of Orange County. I am, unfortunately, unable to attend tomorrow's public hearing, but wished to add my voice to those present who urge you to make no cuts to the budget for MH/DD/SA services in NC. This is a system, that has experienced significant and repeated cuts in the recent past, and is woefully underfunded. Please--services cannot taking any more beatings--"No mas".

Please consider that cuts to MH/DD/SA services would be disastrous to NC for a number of reasons:

1. Increased vulnerability and risk for the state: Our psychiatric hospitals are currently under investigation by USDOJ for possible civil rights violations. In addition, the President released an executive order enforcing the 1999 Olmstead ruling, which requires people in institutions be provided adequate services to live in the community if they are able. Cutting services increases our risk of civil rights and Olmstead violation—can we really afford another huge legal suit in NC?
2. Cuts are in fact not cost savings, merely cost shifts. Cuts in services will result in more people with MH/SA/DD in Emergency Rooms, in jails, and in prison. Given that we know for example, that every dollar spent on substance abuse treatment saves \$7 in societal costs; and a year in prison in NC costs over \$23,000 while a year of assertive community treatment for an adult with mental illness costs about \$10,000—the increase long term costs due to short term cuts are apparent
3. Finally, I know you are painfully aware that cuts will result in huge suffering for many of the citizens of NC. But I ask you to truly consider what these cuts and suffering will mean. Bottom line, without services, people will die. Please consider this example: about 10% of people whose severe and persistent mental illness is not under control will commit suicide. In NC we have over 99,000 such adults alone. Without adequate services we are putting almost 10,000 adults with MI at risk for death by their own hand. This does not even include the children with mental illness, and the tragic loss of life due to substance abuse, substance abuse related accidents, etc. Sadly, this is the only place you will have any "cost savings" in these budget cuts—people whose care is shifted not to the ER, or the jail, or the prison, but the morgue.

I know the General Assembly does not, and could not, intentionally wish to balance the state budget on the corpses of our most vulnerable citizens—but that is what will happen if these Draconian cuts occur.

So, I would ask you, rather than cut the budget:

1. Increase the tax on alcoholic beverages, as explored last year. This alone could generate up to \$90 million - enough to replace the cuts that are projected
2. Close corporate tax loopholes
3. Look to other sources of State funds—I would point to the State Highway Trust Fund
4. Advocate for additional federal financial support
5. As a last resort, raise taxes in a way that is not regressive and punishing to our poorest citizens.

You have a Herculean task before you. Thank you for your carefully consideration of these issues, for the courage I know you will demonstrate in your decision making, and for your time

Sincerely,

Anna M. Scheyett, MSW

Hello, my name is Karen Stallings, and I am the State Coordinator for the Association of Self-Advocates of North Carolina. We have over 1, 200 members and 33 local self-advocacy groups across the state. I am here today to speak up for those who cannot speak for themselves. I am here to speak up for family members, parents and for people with disabilities.

Cutting services from the Human and Health Services is not the right to do. We know that 80% of the State Budget goes to the Public School Systems. However, public schools are not full filling their duties and obligations. Special Education Directors are not giving children mandated services, for example: One director stated there was a difference between educational physical therapy and medical physical therapy and refused the homebound child services. There are no CAP slots, and people with disabilities have been waiting on the "Waiting List" long before the budget crisis came along. They should not be forgotten. \$100 million dollars was needed this year to get the system going in the right direction. Now, since we have new leadership at the state and division level, we are headed in the right direction. If services are cut, we could loose \$80 million dollars, which would mean cutting services to real people, individuals, and families in the community.

The association is in favor of the new State Plan and downsizing or closing Dix and Umstead hospital. We are in favor of consolidating the two. However, if services are cut, the division cannot be reformed when good tax dollars are going out the back door because of budget cuts. The state of North Carolina needs to raise REVENUE, WORK WITH THE NC CONGRESSIONAL DELEGATION TO GET FEDERAL ASSISTANCE. Even have a lottery as long it is used for educational and Human and Health services for the division. Community services needs to be the safety net, and be the ongoing services and supports.

We the Association, have challenged and encouraged people with disabilities to get more involved in the community. For example, to get a job, volunteer, and to give back to the community, “Kennedy Law” and this is happening within your local community. This is what those services can do, If the services and supports are there. Also, other advocacy organizations are coming together to make a difference. We are coming together and building ramps for people in wheelchairs and developing assistive technology borrowing programs for the state. When we all come together, everybody achieves more, so we need YOU.

So, we pray for the State Lawmakers, Representatives, and Senators to make the right decision for people with disabilities. God Bless the Tarheel State, and our General Assembly.

YOU AND I

I am a resident. (You reside.)

I am admitted. (You move in.)

I am aggressive. (You assertive.)

I have behavior problems. (You are rude.)

I am noncompliant. (You don't like being told what to do.)

When I ask you out to dinner, it's an outing. (When you ask someone out to dinner, it's a date.)

I don't know how many people read the progress notes people write about me. I don't even know what is in there. (You didn't speak to your best friend for a month after he read your journal.)

I made mistakes during my check writing program. Someday I might get a bank account. (You forgot to record some withdrawals from your account. The bank called to remind you.)

I wanted to talk with the nice looking person behind us at the grocery store. I was told it was inappropriate to talk to strangers. (You on the other hand, met your spouse in the produce department. He couldn't find the bean sprouts.)

I celebrated my birthday yesterday with five other residents and two staff members. my family wen a card. (Your family threw a surprise party. Your brother couldn't make it from out of state. It sounded wonderful.)

My case manager sends a report every month to my guardian. It says everything I did wrong and some things I did right. (You are still mad at your sister for calling your Mom after you got that speeding ticket.)

I am on a special diet because I am 5 pounds over weight. (Your doctor gave up telling you.)

I am learning household and leisure skills. (You hate housework and your shirt says "Couch Potato.")

After I do my budget program, I might get to go to McDonalds, if I have enough of money. (You were glad the new French restaurant took your charge card.)

My case manager, psychologist, RN occupational and physical therapist, nutritionist and house staff set goals for me for the next year. (You still haven't what you want out of life.)

Someday I will be discharged – maybe. (You will move onward and upward.)

Coalition 2001
"It's Just Good Business"
Presentation to the HHS Appropriations Subcommittee
May 9, 1002

Presented by: C.L. Cochran, Chair Coalition 2001
832-3787

As Chair of Coalition 2001, I believe that the focus on immediate short term cutting of budgets will undermine the ability of the State of North Carolina to provide community services for thousands of individuals with disabilities.

The ability of the State to proceed with reform and to meet the needs of the citizens of North Carolina requires the state to look at the preservation of the infrastructure and approaching the solution of how to use state dollars effectively.

Drawing a "circle" around all MHDDSA funds and other disability funding and determining how to maximize available matching Federal dollars is good for our citizens with disabilities and our tax payers.

We need to raise implement waivers and other changes that allow us to best use Federal dollars that our citizens presently send through Washington to other states for their citizens.

We believe that you have the leadership in the Department and its Divisions to maximize existing dollars and to allowed for planned growth.

We also recognize that you will have to advocate for increased taxes or other funds in order not to devastate the community system for persons with disabilities. We believe that with leadership that the citizens of North Carolina will support you in deciding to protect the citizens of North Carolina.

Attached is a copy of the presentation to the Governor and his response.

Mental Health, Developmental Disabilities, Substance Abuse Community State Appropriations FY 2002

Total: \$323,315,473
Additional \$ 12,420,990 Transfer Health for Early Intervention
Federal Maintenance of Effort Match

Substance Abuse: \$ 37,439,711
Twenty Four Hour Services \$25.2 million

Developmental Disabilities: \$160,662,683
Twenty Four Hour Services \$30.0 million

Mental Health \$124,238,745
Twenty Four Hour Services \$16 million

Twenty Four Hour Services were Pioneer Units Reported FY
2001, actual state dollars expended may vary.

If Community Dollars, Continuity of Care Laws for Residential Care and 24 hour
treatment services are honored, this would remove potentially \$71.2 million of dollars
that are available for reduction in state funding.

If worse case of \$60 million was removed from community programs the base
would be \$252,115,473. Percentage cut would be almost 24% of remaining services.

If maintenance of effort for block grants for MH and SA was enforced, there would be
additional Federal reductions of block grants for falling below the previous two year
average which could be an additional \$14.5 million dollars of lost funding.

Coalition 2001
"It's Just Good Business"
April 3, 2002

Presentation to: The Honorable Governor Michael F. Easley

For the 2001-2002 NC Fiscal Year, Coalition 2001 sought over \$100 million in re-occurring funding for the Mental Health, Developmental Disabilities, Substance Abuse system to meet current needs. \$47.5 million in non re-occurring and \$3.5 million in re-occurring funds were appropriate and additional \$1.5 million in re-occurring area program funds were reduced.

The combined cuts of \$37.5 million from the MH Trust Fund and proposed reductions in MHDDSA funding of \$46.7 million will result in a reduction of almost 14% from the base budget and Trust Fund appropriations, compared to the 7% requested of non-educational State functions.

MHDDSA has endured a long pattern of millions of dollars being removed from the MHDDSA system. For reform to succeed, the system must be able to refinance itself without continued reductions in funding which includes being able to manage Medicaid dollars spent for disability related services while providing for controlled growth.

Coalition 2001 requests the following:

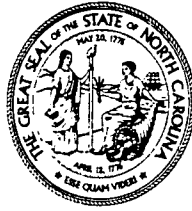
For the Governor to actively protect the existing financial resources in the system in order to allow reorganization of the MHDDSA system to proceed without continued reductions in funding, including the proposed reductions in the current year.

For the Governor to actively advocate for the General Assembly to Raise Revenues to implement the principles promulgated in the October 27, 2000 campaign letter recognizing
1) inclusion, not exclusion; 2) independence, not dependence;
3) empowerment, not paternalism; and 4) opportunity.

Coalition 2001 applauds the Governor and his staff for the appointment of state government leaders who understand these principles including

Secretary Carmen Hooker Odom, Deputy Secretary Lanier Cansler and
Dr. Richard Visingardi.

Coalition 2001's membership, North Carolina citizens with mental illness, developmental disabilities and substance additive disorders and North Carolina families need to be assured that the present resources and future resources will be available for these leaders to manage effectively in order for all North Carolina citizens to achieve their full potential.



STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
20301 MAIL SERVICE CENTER • RALEIGH, NC 27699-0301

MICHAEL F. EASLEY
GOVERNOR

April 29, 2002

Mr. Connie Cochran, Chair
Coalition 2001
PO Box 27707
Raleigh, NC 27611-7707

Dear Mr. Cochran:

Thank you for your letter of April 4 regarding your meeting with my senior staff on Coalition 2001 issues. They have briefed me on the meeting, and I appreciated the information that you included in your letter.

I want to assure you that restoration of the Mental Health Trust Fund is one of my top priorities, provided that those monies are not required to balance the 2001-02 budget as the state constitution demands. It will be difficult.

As you know, the duration and depth of the budget crisis are unprecedented. The General Assembly has targeted the Department of Health and Human Services for \$330 million in reductions including a \$60 million reduction in area mental health programs. I believe that reductions at this level will not be attainable, if the state is to maintain any minimum level of core human services until the economy recovers. My budget recommendations will not contain reductions of that depth.

We cannot cut our way out of this problem; we can only grow our way out. The only way I know to grow is through ensuring the quality of classroom instruction. I supported a balanced revenue package last year in order to protect education, and I appreciate the Coalition's efforts in that regard.

This year, I will again fight for an education lottery. I hope that the Coalition could support this option, as it meets your criteria as a new revenue source that the citizens of North Carolina will support. The General Assembly has the final say over tax and revenue policy, so we should work together on this issue.

Please contact John Merritt if we can be of further assistance or if you have other ideas on how to work together.

With kindest regards, I remain

Very truly yours,

A handwritten signature in black ink that reads "Mike Easley".
Michael F. Easley

MFE/DG/sa

REC-ED APR 30 2002

Statement Prepared for
**Health & Human Services Joint Appropriations
Subcommittee Hearing**
May 9, 2002

My name is Ronald J. Kuhr and I reside at 2912 Hawtree Drive in Raleigh. My 32-year old son Matthew has several developmental disabilities, including autism, but is able to lead a relatively "normal" life partially as a result of state and federal funding. He lives in a home with one other disabled young man and one or two service providers and attends a day program which includes volunteering in the community for organizations such as the Food Bank and Meals on Wheels.

I consider Matthew to be extremely lucky to have the funds from CAP-DD and other sources to allow him some independence and to enjoy a standard of living which is modest but very enjoyable and satisfying. There are thousands of other people with disabilities who are not so lucky and who sit year after year on waiting lists because funding for these people is not there.

Thus, for Matthew, and for the thousands of other disabled children and adults that require support, I plead with you to at least maintain the current level of funding for the CAP-DD program despite our current budget constraints and I hope that in the future you would consider increasing budget allocations for these very under-served citizens of our state.

Ronald J. Kuhr
2912 Hawtree Drive
Raleigh, NC 27613



TO: Members of the Health & Human Services Appropriations Subcommittee

My name is Mary Kuhr. I live at 2912 Hawtree Drive in Raleigh. I am the parent of a 31 year-old son with autism. For 90 per cent of those 31 years, I have had to advocate on his behalf for better services and, at times, for services PERIOD. I have been there, done that, and seen it all in terms of services for people with disabilities: from the absence of any or, at best, token services to the passage of Education and Disability rights acts which forced educational and government entities to do what they should have been doing all along, albeit crying poor the entire time.

Now I am getting old. Correction: I AM old. And I have neither the will nor the stamina to start fighting for services for my son again. And that's just what I will be forced to do if you insist on making serious cuts in the Health and Human Services area. In the past few years, my son, Matthew, has been so fortunate to receive WHAT HE NEEDS from the Autism Society of North Carolina. They provide his residential program, his vocational program, and a fantastic summer camp, to say nothing of their genuine fondness for and support of families.

Matthew can be considered one of the "Haves" because he is not one of 7,000 people on North Carolina waiting lists. There are so many "Have Nots" out there, I can't for a minute understand why anyone would want to add Matt or anyone else who is currently "thriving" to that group. We've already done that. It didn't work then and it won't work now.

If you MUST make cuts, PLEASE look at the REAL "Haves," such as corporations that don't pay taxes because of the loopholes available to them. I urge you to look at Things, not people, especially those who need your help the most, the "have nots."

Thank you



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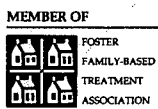
**PRESENTATION FOR JOINT APPROPRIATIONS COMMITTEE
MAY 9, 2002**

Good morning. My name is Frank Crawford and I am the Director of YHI, a non profit agency in Charlotte serving at-risk children and families. One of the seven programs we provide for our community is Intensive Family Preservation Services, which is why I am here today.

Two years ago, YH partnered with the Mecklenburg County DSS to provide Intensive In home Services for families who were at risk of having their children placed in foster care. \$1.8 million Federal TANF dollars were awarded to NC to serve high risk and predominantly low income families. YH operates one of these ten TANF funded programs.

The Joint Appropriations Committee has recommended that these ten programs be eliminated and that the \$1.8 million in TANF funding be redirected within DHHS's budget. I am calling on you to reconsider that recommendation for the following reasons:

1. **THESE FUNDS ARE 100% FEDERAL FUNDS AND REQUIRE NO STATE MATCH.**
2. **SUCCESS RATE:** During the fiscal year that ended last June, there were 203 families served with 576 children through these 10 TANF funded IFPS programs across NC. As a result of the successful work of these programs, 541 of these 576 children were prevented from placement in foster homes. That is a phenomenal success rate of 94%.
3. **COST EFFECTIVENESS:** The cost of serving children in their own families is **SIGNIFICANTLY LESS** and more cost effective. The NC Division of SS has estimated that by spending this \$1.8 million dollars in TANF funds, \$2.9 million dollars was saved because these children were not placed outside of their homes. In other words, had these 541 children been placed in foster care, it would have cost \$4.7 million. IFPS services saved almost \$3 million.



4. CHILDREN WILL ENTER THE FOSTER CARE SYSTEM, STAY LONGER, AND NC WILL HAVE FINANCIAL PENALTIES: The Adoption and Safe Families Act is Federal legislation that requires states to create permanency for children in much shorter time frames than ever before. States that are not successful in doing so have huge fiscal penalties. NC's next Federal review is in September, 2003. The current budget you have recommended eliminates these front-end services AND also eliminates adoption assistance. That means children will stay **in non permanent placements** longer, and you can expect financial penalties as a result.
5. THESE PROGRAMS HAVE REDUCED THE NUMBERS OF CHILDREN IN FOSTER CARE IN NC: It should not be considered coincidental that ONE YEAR after the Expansion IFPS programs were begun that the number of children in foster care in NC has dropped below the 10,000 mark, saving NC hundreds of thousands of dollars. It just makes pure fiscal sense to spend Federal TANF dollars to prevent spending State foster care funds.

In closing, I would like to offer you the most compelling reason I have as to why these services should be funded. Please meet The Kelly Family, Walter, Bernadette, and their 6 children. They were one of the first families to receive services in our program almost two years ago.

This family was reported to DSS for neglecting their children. What we found was a family in deep crisis. There were parenting problems, violence within the home, and many problems which took a long time to develop. What ELSE we found was a family that wanted to get better -- that wanted to learn how to succeed. We spent incredible energy helping this family help themselves, and after almost 100 hours of in-home services with this family, they completed our program successfully. Today, almost two years later, they are in tact and functioning as a family -- and not asking the public child welfare system to raise their children.

(Mr. Kelly is invited to make his comments.)

Please reconsider and put these IFPS TANF funded programs to preserve families BACK into the budget. and find a way to use these funds for their intended and best use -- which is BUILDING BETTER COMMUNITIES....ONE FAMILY AT A TIME.

THANK YOU FOR GIVING ME THIS OPPORTUNITY TO SPEAK.



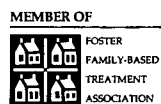
Frank H. Crawford, Jr.
Executive Director

INTENSIVE FAMILY PRESERVATION PROGRAM **BULLET COMMUNICATION POINTS**

1. The \$280k is Federal dollars (Temporary Assistance to Needy Families [TANF]), intended for a specific purpose: Family Preservation programs. The redirection of these funds due to budgetary problems does not allow for their intended use.
2. YHI has been incredibly successful in this program. Have served 79 families since August of 2000. Those 79 families have 229 children, of which 215 have remained at home and NOT placed in foster care (94% success rate).
3. The cost comparison for providing foster care to these same children is a "no brainer". Just this past fiscal year, we served 118 children at a cost to the State of approximately \$260,000. Those funds kept 110 children out of foster care. Had those children been placed in the public foster care system, the cost to provide for their care would have been \$1.1 million. The difference between serving these children in foster care and serving them via in home services saved approximately \$840,000.
4. This program provides "UP FRONT"/PREVENTION services that divert children and families from entering the public child welfare system at far greater costs and resources.
5. Even in the worst of budget years, we should never cut programs and services to our most vulnerable and most valuable resources.
6. People are more important than taxes. I would be willing to increase what I pay in taxes to better serve children in our State.

STATEWIDE IMPLICATIONS

1. There are 10 TANF funded Family Preservation Programs in NC which would cease to exist based upon recommended budget cuts of \$1.8 million.
2. During FY 2000-01, those ten programs served 203 families with 576 children. As a result of TANF funded Family Preservation services, 541 of those children were prevented from entry into the foster care system (94%) at a savings of approximately \$2.9 million. In other words, NC spent \$1.8 million TANF dollars to avoid spending \$4.7 million in out of home care.



Testimony of
Sorien K. Schmidt
NC Justice and Community Development Center
Appropriations Subcommittee on Health and Human Services
May 9, 2002

Thank you for allowing me to speak today. My name is Sorien Schmidt. I work at the Justice and Community Development Center and I am also co-chair of the Economic Security Committee of the Covenant with North Carolina's Children. I am here to say I too am sorry that we are facing such a grave budget crisis today; however, there are solutions other than eliminating dozens of vital programs and services. It is imperative that these solutions be considered and acted upon, or we risk pushing our state services and the well-being of North Carolina's people back to the lowest level.

There is no way I, or anyone, can help you choose between cutting infant formula for babies on the WIC program or prescription medications for a seventy-year olds struggling to live below poverty level. These cuts are unthinkable. Worse they are on top of nearly 8% in cuts already made to HHS programs this fiscal year. Already our programs are stretched thin and our people are at risk.

In addition, there are no easy places left to turn to where cuts can be made without affecting services. We are fooling ourselves if we think that cutting staff or administrative costs won't affect services to the people of North Carolina. Government is staff working for and helping citizens. This is especially true in HHS, where so many of the services are a social worker or other staff providing case management, health care services, parenting training, or determining for which programs a person is eligible. You can maintain the food stamp program, but if you eliminate funding for the staff who provide it, no eligible person can access the food stamps.

But such impossible choices are not inevitable. In some cases bad luck, such as Hurricane Floyd, has brought us to this place, but by and large past decisions have determined this destiny. The good news is that future decisions you make this session are equally capable of getting North Carolina out of this mess. Imagine, for example, how much worse things would be if you had not made the courageous and difficult choice to raise an additional \$630 million in revenues for fiscal year 2003. You likely would be considering cutting over \$500 million in HHS

instead of the \$330 now on the table. That is not to say \$330 or even \$200 million in additional cuts to HHS programs is acceptable. It is not. The damage of such cuts will be catastrophic.

Therefore, I am here to say there is no way to solve this crisis without getting more revenues into the state budget. You can do this by asking Congress to increase funding for the TANF block grant, the Social Services Block Grant and the Child Care and Development Fund. All of these are under consideration, and the news coming out of Washington, D.C. does not indicate that they fully understand the dire crisis that we, and many other states, are now facing.

Second, you must find other sources of revenue. There are many you can explore, four include: 1) reconsidering uses of existing revenue sources, such as the tobacco settlement monies or the highway trust fund; 2) closing tax loopholes that you considered but did not close last year, like the bank tax loophole; 3) reexamining some of the tax breaks given during the 1990's; and 4) raising income taxes. I know these are not easy to do, but neither is firing hundreds of state and county employees who provide immunizations, mental health treatment and safety inspections. If you raise adequate revenues for three years, you can maintain vital state and county government services, while you modernize our tax system and ensure it can meet the basic needs of our growing population. If you raise revenues, I, my colleagues and the thousands of North Carolinians getting or needing services that will not be cut off, will support you.

To those who say no new taxes, I say, you deliver the notices to thousands of North Carolinians who have worked hard, made sacrifices and paid taxes but still need help now that they are older, or after a hurricane. You turn away the dad who works two jobs but still requires assistance to care for his child with cerebral palsy, or you look in the eyes of the parents who want to know their baby is safe and receiving appropriate treatment while at day care. These things don't happen by accident. They happen because of critical services, programs and staff paid for by our tax dollars. And I for one know it is worth the investment in our state and in our people.

**Remarks by Dorothy Crawford, Speaker of N.C. Senior Tar Heel Legislature
Joint Appropriations Subcommittee on Health and Human Services
May 9, 2002**

I am Dorothy Crawford from Macon County. I serve as Speaker of the North Carolina Senior Tar Heel Legislature which is charged by state legislation to assess the needs of older North Carolinians and to make recommendations to the General Assembly on how to address these needs.

Thank you for giving me the opportunity to address you. Today I would like to address four primary points related to the options for reduction in the funding for aging services in our state.

- **The cuts which are being proposed for aging services will set our efforts as a state to address the needs of our older citizens back at least a decade.** The older adult population in our state is growing by leaps and bounds – in fact, older adults (specifically the 85+ population) are the fastest growing segment of our population. In the last ten years, we have begun to make small progress in developing **home and community based services**. The demand for services such as home delivered meals, in-home aide, adult day care/day health care, and respite care is skyrocketing. At this time there are nearly 10,500 persons waiting for services across the state. These cuts will result in many more people being unable to receive services. Many of these people will end up being placed in nursing homes and other long term care facilities and in many cases this will cost the state more money in the long run.
- The Senior Tar Heel Legislature is also concerned about what these **cuts will do to the infrastructure for the delivery of aging services**. The options currently being considered for reduction will result in a greatly diminished capacity by the aging network to be responsive to the needs of older adults and their family caregivers. Our Division of Aging, our Area Agencies on Aging, senior centers, adult day care/day health care programs, Alzheimer's programs, Senior Games program and other aging network providers will not be able to do their jobs with the levels of cuts being considered. Funding for the aging services through the Division of Aging accounts for less than 1% of the budget of the Department of Health and Human Services. It is easy to consider this as small peanuts in the scheme of things, but the \$30 million in state appropriations to aging services is money well spent. In many cases these funds are used to leverage other resources and the impact of programs

(over)

funded with these monies makes a world of difference in the lives of many people.

- A third point I would like to address is that of the **prescription drug assistance program to be funded by the Health and Wellness Trust Fund**. This program, which is targeted to begin this year, is to be funded for three years at a cost of \$105 million. The Governor has already escrowed \$30 million earmarked for this program. If any additional Trust Fund funding is redirected for other purposes, the prescription drug assistance program and the teen smoking prevention and cessation program also targeted for funding with this money will be cut short after two years. Older adults in our state are in desperate need of a program to help with prescription drug assistance. Not to implement this program as planned will be devastating for many older people who have been counting on it to help them get the medications they need. The Senior Tar Heel Legislature urges the General Assembly to not dip any further into the Health and Wellness Trust Funding to help address the budget shortfall.
- In closing, I would like to encourage the General Assembly to **look at ways other than drastically cutting needed health and human service programs to balance our state budget**. There are other options available to raise needed revenue. These options can include ending tax loopholes, raising taxes, working with the N.C. Congressional delegation to insist on additional federal assistance including an increase in the federal matching rate for the Medicaid program, and tapping other sources of available state funding.

Thank you again for this opportunity to comment. If you have questions of me, please feel free to contact me at P.O. Box 149, Franklin, N.C. 28744 or by phone at (828)524-2661. My thoughts and prayers will be with you as you continue the difficult task of working to balance our state budget.

GOOD MORNING My name is Jean Reaves, I am here today as the President of the North Carolina Coalition on Aging. We are a statewide coalition of organizations committed to improving the quality of life for older adults. I stand before you, one person, but please realize that I represent 37 member organizations whose combined membership represents millions of voting North Carolinians.

Let me briefly look at some of what we have been told you are considering depleting and show you some of the probable results:

- cut Medicaid for older people and people with disabilities, up to federal We are all very much aware of the budget crisis that our great state has found itself poverty level—this action will set back the progress we made many years ago.
- cut home health aides for people with disabilities—where is our commitment to the Olmstead Act and not forcing people into institutionalization against their will.
- cut State Adult Day Care Fund by \$700,000—adult day services are some of the most comprehensive services available to the frail and disabled and their family caregivers. Loss of these services will mean family members leaving jobs to try to care for loved ones at home; forcing decisions for premature placement and with the loss of home health aids there will not be any relief for family caregivers and the potential for Protective Services supports will skyrocket.
- reduction of \$300,000 of Elder Rights dollars will only put us back to funding levels of at least a decade ago, but with other reduction already identified the need for higher costs nursing and residential beds will drastically increase.
- last and certainly not least we remind you of the promise made via the Health and Wellness Trust Fund. We beg you to find the strength and to use your years of wisdom to realize that meeting your promise will allow the state to invest in wellness and address many of these out of control cost with long range responsible solutions.

Rather than looking at cutting services we would like to suggest that you look at raising revenues through:

- a serious review of tax loopholes for corporations and/or raise corporate taxes
- consider a tax increase targeted at those citizens of the highest income levels
- look to our NC Federal delegation to insist on Federal assistance—we are aware of present legislation that would add an increase of 1.5% to the

Federal share of Medicaid and a possible additional 1.5% increase for states with soaring unemployment rates. What other Federal sources could be available to us??

- finally what “reserve pots of money” are available within our state that we could at least borrow resources from.

We realize that there are no easy solutions but we strongly urge you not to decrease services to the frail and vulnerable but rather to look at responsible ways to increase revenues.

Jean Reaves
President
NC Coalition on Aging
P. O. Box 127
Weldon, NC 27890

252-536-2756 w
252-535-1917 h
252-535-5325 f

e-mail reaves375@charter.net
rvadc@charter.net

**Comments by Paula A. Wolf, Chief Lobbyist
Testimony to Health & Human Services Appropriations Subcommittee
May 9, 2002**

My name is Paula Wolf and I represent the Covenant with North Carolina's Children and its over 130 member organizations, and over 500,000 individuals who speak for children and youth, from Murphy to Manteo.

Thank you for allowing me to speak today to urge you *not* to accept the "options" for cuts that you have heard from the Department and your Fiscal Research staff over the last few weeks.

Our coalition understands the size and scope of the state's budget deficit. We realize that any solutions you formulate will involve very difficult choices. But programs that serve older adults, children, working parents, people with disabilities or newborn infants cannot sustain further cuts when they already struggle to meet the growing needs of our people.

We cannot sustain more cuts. There are REAL PEOPLE - CHILDREN AND FAMILIES - who will be hurt by further budget cuts. Indeed, they have already been hurt by cuts. We have documented over one million North Carolinians who are on waiting lists for various services. For example, there are over 23,000 children waiting for child care subsidies. There are nearly 11,000 older adults waiting for services that will allow them to continue living in their own homes rather than moving to a nursing home or adult care home. There are 37,000 adults with severe and persistent mental illness waiting for psychosocial rehabilitation services. There are 3,011 children who need to be adopted. I could go on and on.

(Over, please)



A coalition advancing public policy that benefits children in North Carolina

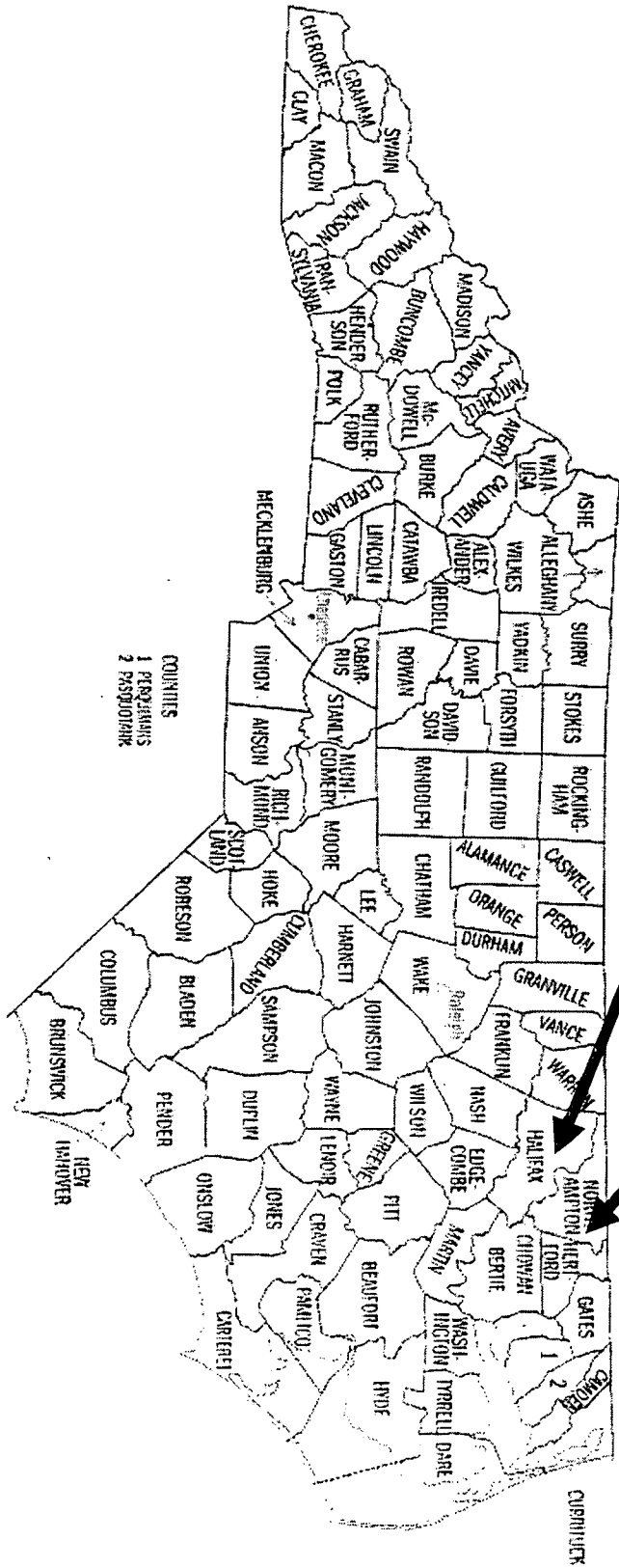
P.O. Box 28268 • Raleigh, NC 27611 • 919 / 846-1432 • FAX / 829-7299

There is a myth out there that these budget cuts are being made painlessly. But, I am here to tell you that if you pick up any newspaper in this state -- which I do electronically every day - you can see that county commissioners are having to retool their budgets and cut real services and real positions. We are talking about the reduction of education (yes, even in the classroom!), child welfare, and other human services because of the money being held back by the state. No deep reserve funds here. Hiring has been frozen since January 2001 and now there is a government wide spending freeze, allowing only essential payments over the next 60 days. These actions have most definitely had a negative effect on service delivery.

There are many options available to you to raise needed revenue instead of making devastating budget cuts. The choices are up to you. We know that you will give them your careful consideration. For example, end tax loopholes for corporations, raise taxes, work with the NC Congressional delegation to insist on Federal assistance, and use other sources of available state money.

North Carolina needs to invest in our people to meet government's basic responsibilities to its citizens. The Covenant urges you not let North Carolina go backwards. We implore you to *"SAVE NORTH CAROLINA and INVEST IN OUR PEOPLE."*

Halifax and Northampton Counties



**Halifax Regional Medical Center
Expense Coverage Analysis 5/9/2002**

Projected expenses = \$60,834,684

	Halifax Percentage of Business	Actual Reimbursement	Impact of Medicaid Reductions on HRMC 11%	Typical Hospital Percentage of Business	Typical Reimbursement	Impact of Medicaid Reductions on Typical 11%
Medicare	53%	\$29,018,144	\$29,018,144	30%	\$16,425,365	\$16,425,365
Medicaid	23%	\$12,592,780	\$11,207,574	12%	\$6,570,146	\$5,847,430
No pay	4%	\$0	\$0	4%	\$0	\$0
Insurance	20%	\$14,600,324	\$14,600,324	54%	\$39,420,875	\$39,420,875
Reimbursement		\$56,211,248	\$54,826,042		\$62,416,386	\$61,693,670
Operating Margin		(\$4,623,436)	(\$6,008,642)		\$1,581,702	\$858,986
Non-operating gains		\$1,728,402	\$1,728,402		\$1,728,402	\$1,728,402
Net Income		(\$2,895,034)	(\$4,280,240)		\$3,310,104	\$2,587,388

Please Do Not Eliminate Medical Infant Formula Program in WIC

My name is Elizabeth Pope and I am 35 years old and was born in 1966. I was diagnosed at birth with Phenylketonuria or PKU. PKU is a metabolic disease that results in mental retardation and other neurological problems when treatment is not started within the first few weeks of life. Since I was diagnosed at birth, I was placed on a very strict lo-protein diet and was placed on a medical formula to provide nutrients and protein not harmful to my body. I took the formula for the first twelve years of my life. I've lived a normal happy life. I graduated from college and am working currently in telecommunications. All thanks to this formula.

In October 2001 I returned to the diet in order to prepare my body for having a baby with my husband. I am taking the formula to provide the nutrients and protein needed to develop a healthy baby. I have been told the formula would cost between \$5,000 and \$6,000 a year. Without this formula there is a 98% chance our baby will have severe abnormalities. There could be microcephaly, heart defects, and other congenital abnormalities. If you eliminate this State funding, many families will not be able to afford this medical formula and their children will become mentally retarded or have other severe problems. Please look at me as an example of the good you are doing by keeping this formula program effective. I am an example of what could be for the babies born with PKU. With the correct diet and formula they can live happy normal lives.

Please do not eliminate funding for Special Formulas such as this. We need it!

Thank you,
Elizabeth S. Pope

Statement to HHS Appropriations Legislative Committee Hearing
Raleigh NC 5/9/02

Neural tube defects occur more often in North Carolina than in anywhere else in the United States. In NC 1 in 500 pregnancies is affected with a neural tube defect. 1 in 1000 pregnancies is affected with anencephaly. NTDs are one of the few birth defects for which in-utero therapy may be successful. The State of North Carolina was a pioneer in early screening and detection for neural tube defects and newborn screening. With the support of this state, the University of North Carolina was one of the first centers offering maternal serum screening more than 15 years ago. For 15 years the maternal serum screening programs at UNC and Wake Forest have served the indigent and under resourced expectant mothers of North Carolina, detecting birth defects, improving prenatal care and pregnancy outcome. The program screens approximately 14,000 pregnancies annually, with an average of 50 of these pregnancies found to have a birth defect.

Eliminating funding for this essential service will have a detrimental impact on the health and well being of the women and babies of North Carolina. The maternal serum-screening program allows early detection of neural tube defects and other birth defects as well as the identification of high-risk pregnancies. Countless of North Carolina women and their infants have benefited from early detection, some have benefited from the recent advances in in utero repair of this birth defect. Early detection of these birth defects improves pregnancy management and neonatal care. Early detection also allows families to plan and prepare for special needs children, meet with specialists who may care for their child and net work with other families. Early detection allows physicians to make appropriate referrals to tertiary care medical centers equipped to handle the unique needs of these mothers and babies. Early detection reduces the emotional stress for families and maximizes the appropriate use of medical resources necessary to care for these families.

As an example, a colleague in the division of maternal and infant health received an email from a mother of an 8-month old baby with spina bifida (SB). This mother stated that medical bills as of 8 months of age were already \$350,000. The North Carolina Birth Defects Monitoring Program (BDMP) has identified over 100 SB cases for 2000 and 2001 to date. Using the \$350,000 per case figure from this example, \$35 million or more will be spent caring for babies born with SB in 2000 and 2001. Cutting the Maternal serum AFP program and BDMP, will effectively hinder our recurrence and occurrence prevention programs and will likely result in a 5- fold or more increase in costs to the state—these costs will just shift to the Medicaid or employee health benefits line items. Where is the savings?

Neural tube defects are one of the only birth defects for which in-utero therapy may be successful. Elimination of the Maternal Serum AFP testing program will create a circumstance where there are “have and have-nots” for the women of North Carolina. Women with financial resources and health care insurance will have access to services and potential therapies that will no longer be available to the indigent and under resourced population if funding for the Maternal serum AFP program is eliminated. This is not consistent with the mission and values of the State of North Carolina. We urge you to consider the health and well being of the women and children of North Carolina before making the decision to eliminate this vital birth defects screening program.

Rachel Baughman MS Certified Genetic Counselor
Maternal Serum AFP Screening Program Coordinator
Department of OB/GYN CB# 7516
University of North Carolina Chapel Hill NC 27599-7516

Jeffrey A Kuller MD
Director Maternal Serum AFP Screening Program
Department of OB/GYN CB# 7516
University of North Carolina Chapel Hill NC 27599-7516

STATEMENT OF TOM BENNETT
EXECUTIVE DIRECTOR
N.C. CHILD FATALITY TASK FORCE
MAY 9, 2002

Ladies and Gentlemen of the Committee:

My name is Tom Bennett. I'm Executive Director of the North Carolina Child Fatality Task Force. The General Assembly has directed the 37 members of the Task Force to study the causes of all child deaths in our state and recommend steps that the legislature can take to save children's lives. That's why I'm here today.

The Task Force members – ten of whom are legislators – realize that you have an obligation to deal with the state budget crisis. However, we are very concerned about the approach that this committee is taking. During the past few weeks we've heard many legislators ask, "What should we cut to make up the budget deficit?"

Most of the health and human service cuts that have been proposed will do grievous harm to vulnerable people – including children. I could plead on behalf of several programs such as intensive home visiting and birth defects monitoring, but the plain truth is that all of the proposed cuts would be painful and destructive.

Instead of asking yourselves "What should we cut?" you should be asking: "How can we craft a responsible budget and still protect the public's health and safety?"

We know that costs have to be controlled, but it's wrong to conclude that you no choice but to cut vital programs for children and their parents. You *have* an alternative. In the midst of this emergency, you and your colleagues can raise revenue. Of course, no one likes higher taxes. I know I don't. . . Ask your constituents if they want higher taxes, and they will certainly say "no," but that isn't the right question.

Instead, ask your constituents if they want children to do without the medicine they need to be healthy and ready for school. Ask if they want more newborn babies to die. Ask if they want more children to be born with crippling birth defects. Ask if we should stop our efforts to keep children from having children. Ask if they want suicidal teens to go undiagnosed and untreated. Ask if they want more children to be beaten, tortured or sexually abused. If you ask *those* questions, the issue of raising revenue looks very different. North Carolinians love their children and will sacrifice to give them a healthy future.

Hurricane Floyd killed 6 children and injured a handful. It did lingering harm to many others. The budget cuts you are contemplating will kill or injure far more children than Hurricane Floyd. Unlike that storm, this budget crisis is a man-made disaster, and the proposed cuts are so drastic they'll only make things worse. A far better solution -- raising revenue -- is within your power, but do you have the will to do it?

On behalf of the Child Fatality Task Force, I ask you to show courage and show faith in the goodness and good sense of the people who sent you here. Given a choice between the distasteful and the disgraceful -- choose the path of honor. Do not plug this budget hole with the blood and tears of children. Plug it with taxes fairly assessed on a people who know and value what they're buying -- a safe and healthy future for our children.

Thank you.

May 8, 2002

The Community Enrichment Organization
Tarboro, North Carolina
(252) 823-1733

Even though the needs of the population in North Carolina are growing, we are here today because of the public hearing in regards to budgetary items including budget cuts to divisions of the state as well as non-profit organizations. Budget cuts will severely reduce, if not eliminate services.

The Community Enrichment Organization is a non-profit organization which serves families in Edgecombe County, particularly East Tarboro and Princeville. If cuts are made to the budget, we will not be able to continue the level of much needed services to students and families in our community. In the area of Teen Pregnancy Prevention, CEO serves approximately 40-50 students annually with the Teen Outreach Program and 20-30 males with the Wise Guys curriculum. We believe that the information and public awareness around adolescent health issues has a positive impact on the state's decline in teen births and sexually transmitted diseases. If budget cuts are made, CEO believes that North Carolina will be set back several years and not continue on the forward path of positive behavioral changes.

As you look for ways to tighten financial expenditures, consider other methods of raising funds to continue the level of services currently being offered. Such ways are inclusive of:

1. Ending tax loopholes for businesses and corporations
2. Raising taxes
3. Work with the North Carolina delegation to obtain Federal Assistance
4. Use other sources of available state monies

Thank you for your time and consideration and I hope that what has been stated here today will have a bearing on your decision making process. If there are questions or concerns, please contact us at (252) 823-1733.

Doris Stith, Executive Director
Deborah Benbow, Programs Manager
Viola Harris, Edgecombe County Council for Adolescent Health

I'm here today representing the North Carolina Public Health Association which is a statewide association that is comprised of public health practitioners and citizens interested in the promotion of public health. I'm here to speak in opposition of the elimination of TANF funding for the Teen Pregnancy Prevention and Out-of-Wedlock Birth Prevention. North Carolina has made gains in the decrease of teenage pregnancies, due in part, to this funding. The decrease in pregnancies equates to a savings of over \$9.5 million in Medicaid expenses that would have been paid out for as a result of these pregnancies and births and subsequent costs for the health care of these children. Additionally, the young women would have participated in the Teen Pregnancy Prevention Projects have delayed sexual activity and have used contraceptives successfully when becoming sexually active. Because of these program, these participants usually complete high school or receive their GED, allowing them to become self-sufficient and off the public assistance roles in the future.

I'm also here in opposition to the reduction of Medicaid rates to local health departments. Local Health Departments provide care to everyone presenting for care. Unlike the private physician who can refuse to accept a patient, local health departments must see everyone. The clients we serve are usually those that the private sector has turned away because of the high cost to care for these clients. Health departments have seen a steady increase in the numbers of clients with no payment source over the past several years. A recent survey conducted by the Local Health Directors depicted over \$40 million of uncompensated care being delivered at only one third of the county health departments. That number would be significantly higher if all health departments had responded. Because it is occurring in every local health department.

Local health departments have already been cut by local governments as a result of the withholding of inventory tax revenues. 40 health departments have reported a cut of over \$5 million with represents 0.3% to 15% of the total health department budget this fiscal year with an additional 1.5% - 16% anticipated cut for next fiscal year. Decreasing the Medicaid rates will decrease the state's contribution by over \$2 million, but will cause an overall loss of \$7.5 million due to the loss of an additional \$5.4 million in federal receipts.

Health departments fill a gap in the local communities for comprehensive well screening and address issues for clients not addressed by the private physician, including nutrition counseling, health education, and interpreter services. In some medically underserved areas, health departments are often the only source of medical care for Medicaid recipients, many of whom have complicated health issues. Medicaid eligible children often have multiple social and health issues. Health departments provide counseling and referrals and often assist clients with accessing transportation for health care.

These combined cuts will force many of the local health departments to eliminate clinical services, reduce the days/hours of operation. We may already be the last resort for these patients in receiving primary care. If our services are reduced or eliminated, our clients will be forced to seek acute medical care from the Emergency Rooms because they were unable to receive primary and preventive care from their health department. This is not the most economical means of providing medical care. A short-term savings will result in a long-term financial burden.

Public health receives less than 1% of the Medicaid budget – yet preventive and primary care offered at health departments are the cost effective health care services. Local health departments have never chased the Medicaid dollars. Instead, health departments stepped in to provide care to this population when there were no private providers or they refused to accept these patients. Communities place their trust in local health departments to provide health care to those in need as well as protecting the general population against communicable diseases, promoting healthy lifestyles to prevent illness and safeguarding the environment. The combination of the elimination of TANF funding and the reduction of Medicaid rates will mean a reduction of approximately \$9 million to local health departments throughout the state. That does not include the high costs of uncompensated care that we are currently experiencing with the uninsured, non-Medicaid eligible population. Neither does it include the cuts we have to make in our county budgets. We will not be able to continue providing present services with this magnitude of cuts. We appreciate your consideration of these facts when assessing the benefit of public health in your community.

Thank you.

Deborah Rowe, Administrative Director

NC Public Health Association



Children and Family Services Association - North Carolina

M. Austin Connors, Jr.
Executive Director

286 W. Millbrook Road
Raleigh, North Carolina 27609
919/676-2288
Fax 919/870-0019

State Foster Home Funds for Children in Care (CCI Funds)

We are...

- >57 member not-for-profit private and public agencies.
- >Staffed with some 2,500 employees, 24-hours per day, seven days per week.
- >Operating residential and treatment programs, group homes, emergency shelters, family foster care and therapeutic camps.
- >Composed of members whose total budgets are more than \$155,000,000.
- >Historically the "orphanages" of North Carolina with long histories of service partnerships with the state as well as newer organizations offering a variety of services.

We serve...

- >2,500+ children and multiple families each day. The children are a part of the 11,000 to 12,000 children in custody or placement authority of the state through 100 local Departments of Social Services and others placed by Juvenile Justice, Mental Health and the courts.
- >Children who have been abandoned, neglected, abused, and/or have serious behavioral problems.

We are funded...

- >By a combination of federal, state, and local funds that in most instances does not pay the full cost of care.
- >The contributions of private dollars.

THE CURRENT CRISIS...We thank the General Assembly for past support and urge it to maintain and in fact increase the CCI Fund

- > The \$9.3 M State Foster Home Funds (CCI Funds) which provide reimbursement to many member agencies for children in care is too small and depleted by the increasing number of children in care who are not eligible for IV-E or Medicaid (Federal Funds).
- >From July 2001 to April 2002, the percentage of IV-E eligible children dropped from 65.1% to 50.62%, thus putting more children into the CCI Funds pool.
- >The percentage of reimbursement has dropped from 59.5% in July 2000 to 36.6% in April 2002, placing new burdens on agencies and counties.
- >This has come at a time when private funds are decreasing and any available endowment income is diminished.
- >A large number of agencies are operating with deficits which threaten their continued ability to serve the state's children and families.

-end-



comments of Mike Safley, president, Methodist Home for Children and president, Children and Family Services Association of North Carolina, before the HHS Joint Appropriations Subcommittee on Health and Human Services, regarding proposed cuts to the state budget.

May 9, 2002

Good morning. My name is Mike Safley. I am president of Methodist Home for Children. I am also serving as president of the Children and Family Services Association of North Carolina—an association of 57 nonprofit agencies that provide residential and treatment programs, group homes, emergency shelters, foster care, and therapeutic camps. Our agencies are active throughout North Carolina, including such programs as Lake Waccamaw, Kennedy Home, Baptist Children's Homes, Children's Home in Winston-Salem, American Children's Home, Alexander Children's Center, and Thompson's Children's Home, to name just a few. Collectively, we take care of nearly one third of the kids who are in the custody of social services. Together we provide nearly one million days of service to the state's children and families.

We have been your partners in caring for the state's most vulnerable children and teenagers through the contracts we have negotiated with you. What we bring to this partnership is both a wealth of experience and millions of benevolent dollars that supplement those contracts.

But I will be plain with you: our agencies would simply be unable to absorb the costs of losing our state contracts. Many of our programs would close, and children and families would no longer be served by the agencies with whom you have contracted.

Now just because we can no longer serve them does not mean that these children will not need services. Children will still come into the state's custody. But they will come—and stay—in the system at greater costs to the state ... at great costs to their futures ... and at great costs to our society.

In my day-to-day work, I am involved in an organization which has been helping North Carolina's children and families since 1899. Methodist Home for Children is one of the largest private child welfare agencies in Eastern North Carolina, and we have developed a variety of programs to help troubled young people and their families. The budget cuts you are considering would not only devastate most of our programs, but also many, many young lives. Let me be specific about several of our program areas which would be affected:

- **Family Preservation:** We work hard to keep families together ... to intervene with intensive counseling and support to keep children at imminent risk from coming into foster care. If you eliminate funding for Intensive Family Preservation Services, our IFPS program will close. More

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children will be removed from their families and placed in the custody of county departments of social services, thus increasing the state's short- and long-term costs.

- **Foster Care:** Most of our children and teens served through our programs have been referred to us from your local departments of social services. The young people we care for are difficult to place, and have histories of abuse and neglect. If you cut the State Foster Home Fund, it will cripple our foster care and group home services. Already this year, Methodist Home for Children has seen a 20 percent decrease in reimbursement from the State Foster Home Fund, thereby forcing us to close group homes in Wilmington, Fremont, and Laurinburg. We have increased the fees we charge to the counties to continue serving your children. Counties cannot absorb any further cost shifting from the state.
- **Adoption:** We find permanent families for teenagers, sibling groups, and other young people who are desperate for parents they can call their own. If you eliminate Special Needs and Adoption funds, our adoption program will be severely impaired. Fewer children and teens will find adoptive parents to love them and keep them from harm. Again, North Carolina will keep children longer in foster care—costing the state more money—rather than moving them out of the state's care and into permanence.

We would like to continue to be your partners in making the world a more humane place. We are part of your public that will support a variety of courageous efforts you make to do the right thing to enhance North Carolina's revenues. We urge you to remember those who have no voice ... the children and families we serve together. On behalf of our board members, volunteers, adoptive and foster moms and dads, and North Carolina's most vulnerable children and families, I thank you.



GIVE A CHILD
AND A FAMILY
A CHANCE!!

RAINBOW CENTER, INC.

Post Office Box 1194

North Wilkesboro, North Carolina 28659

Tel: (336) 667-3333 Fax: (336) 667-0212

May 6, 2002

Dear HHS Appropriations Committee:

RE: Intensive Family Preservation Services-Expansion Funds

We are all keenly aware of the State of North Carolina's financial crisis. This crisis is having a major impact on many people, especially children. As the executive Director of Rainbow Center, Inc., I am particularly concerned about the troubled youth we work with. Children don't advocate politically or financially for themselves and they most definitely do not possess the skills to advocate for funds to support their critical needs. I hope that you will allow me to share my concerns with you about this very serious problem. Please take a moment to read the following story:

When Billy arrived at Rainbow Center for Children, he was very aggressive towards the teaching parents and other residents. They reported that he kicked, screamed, bit and pinched when he did not get his way. At age 5, he was unable to do many age related tasks including using the bathroom by himself, sitting at the table for meals or going to bed without throwing a tantrum. At home his mother had apparently done these things for him and had slept with him at night. His manners were poor, he could not use a napkin, did not say please or thank you and had difficulty expressing his needs verbally. Because of his refusal to follow adult instructions, the teaching parents assisted him to the timeout chair numerous times throughout the day. At first he was resistant. He screamed, got up and walked away, kicked the walls and staff, and made a hole in the chair upholstery. Outings with him were embarrassing and difficult. When he lived at home public tantrums had usually gotten him what he wanted. Our staff was exhausted and frustrated dealing with such behaviors day after day, just like his mother had been.

Gradually, however, the teaching family behavior model that we use at Rainbow Center, began to have an effect. He started going to the bathroom himself, stopped hitting and kicking others, earned the right to sit at the table (he had been banished to the counter previously), earned the privilege to go on some short outings, spent less time in timeout, went to sleep on his own after a story and prayers, and most importantly began expressing himself verbally rather than through bad behaviors. He even became the group home's "Miss Manners" by reminding the other children to use their napkins, greeting skills and appropriate voice tones.

After three and a half months he left Rainbow Center to go to Amos Cottage for an evaluation and then home to live with his mother and younger brother again. The Family Counselor of our "Families at Home" program then began to work with the mother, Billy and his younger brother to ease their transition into the home. Our counselor coached mom in setting expectations, using consistent discipline and dealing with the children's special needs. She also urged mom to put Billy in a preschool class rather than a daycare to further his development and independence.

When our evaluating therapist visited the home, she was greeted warmly by Billy who introduced himself as he was taught to do at the Rainbow Center. He was very polite and showed her some Christmas presents he had received a few days previously. He sat at the table to eat his supper and responded to his mothers' instructions. Our therapist observed mom re-directing him on several occasions, which she did firmly and consistently when he tried to interrupt her conversation. It appeared that he and his mother were doing well.

Six months later, the therapist had the opportunity to see Billy in the school setting. He had transferred to the public school as recommend by our "Families at Home" counselor. The evaluating therapist observed him sharing a toy with a peer. When the teacher directed him to come to the table to do his work, he responded promptly and without resistance. His teacher reported that he is among the best behaved children in her class, gets along with the other children, is seldom aggressive and is almost always very polite and mannerly. What a difference the programs at Rainbow Center have made in the lives of this young child and his family.

We have many other success stories like Billy. So I ask you, does it make sense for the State to cut funding to a program whose track record demonstrates the benefits of prevention? Had this child not received these invaluable services he most likely would have ended up in what we call a Level III program, which can cost upwards of a \$100,000 per year. Instead, he and his family were served by our programs, for a period of less than five months at a cost of approximately \$11,000. Does it make any sense from a financial perspective to cut programs that save the State government money? Does it make any sense to delete funding to a program that saved this child and family the trauma of not growing up in his own home? It is proven that an ounce of prevention is more cost effective than a pound of cure. We respectfully ask that the State Budget office reconsider cutting funds to this program. In a time of financial crisis, cutting services to families and children will only make the problem bigger.

I encourage you to give serious, careful consideration to budget cuts that target children in crisis. Continuing support of children's programs could mean the difference in children's and families lives and in the long run help with the budget deficit. If children can be served in the most successful and cost efficient manner, it only makes sense to invest and save the dollars.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenda Andrews". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Glenda Andrews
Executive Director



JOHNSTON COUNTY
DEPARTMENT OF SOCIAL SERVICES

714 North Street
P.O. Box 911
Smithfield, North Carolina 27577
Telephone (919) 989-5300

G. Earl Marett, M.S.W.
Director

Yolanda has given you a good picture of some of the things the Adolescent Parenting Program does to help teen mothers. I have had the privilege of working with teen mothers for the past eight years in Johnston County. When we first began our program in 1994, Johnston County had as many as 300 to 330 new teen mothers every year with 40% of these teen moms getting pregnant the second time before high school graduation and 60% dropping out of high school.

We now work with 70 to 80 teens every year, forming support groups in every high school and middle school when needed. We help them stay in school by working with teachers in attendance and make-up work. We help the girls with Day Care costs, employment, medical care for both the mom and the baby, graduation, college entrance, family problems, transportation for babies to go to Day Care and moms to go to school. We teach parenting also to the girls to help reduce child abuse and neglect. In essence we do whatever it takes to get them through high school. We run beside them and encourage them and we open doors they cannot open for themselves.

As a primary prevention piece we also form speaking panels that go to every middle school in the county and speak against teen pregnancy. The girls share the realities and heartaches of teen parenting and give an abstinence message.

It is a true support program and one that works. We have served some 400 girls in the last eight years, seeing 145 graduate with one half of these graduates entering college. Over the years we have had an average of 9% dropouts and a 4% second pregnancy rate.

Consider the facts. If we did not have the Adolescent Parenting Program, tax payers would see an increase in second pregnancy costs and high schools dropouts. Medicaid costs would rise; more teens and their babies would enter the child services system, causing the state to pay exorbitant prices for foster care, attorney fees, court costs, etc. Teens would be receiving the Work First checks where now teen mothers are encouraged to go to school and get a part time job leaving Work First for a last resort. In summary money that is saved by not having the APP program would be spent in other areas of service that would increase due to the absence of APP.

I realize your task is a difficult one, but I urge you to consider the repercussions of cutting APP.

Sincerely,

Ann Arant
Johnston Co. APP Coordinator

North Carolina Legislature
Health and Human Services Joint Appropriations Subcommittee
Thursday, May 9, 2002
Testimony Presented for N.C. Citizens for Public Health
by Edward V. Ellis, Ph.D., President

Public health in North Carolina is a valuable service for our citizens. Yet it, like other state programs, has taken very painful cuts for the past several years. The North Carolina Citizens for Public Health firmly believe that the proposed cuts will be even more painful and will greatly affect the health of the citizens of our state because it gets to a most fundamental and valued goal – that all of our citizens should have access to health care. It is a known fact that prevention is a critical and important aspect of this care. Eliminating health prevention programs now will cost us more dollars in the future.

We know that many of our citizens, particularly the young and the old, do not have health insurance or at best, very limited insurance coverage. As a result, our local Health Departments are the last resort for those who cannot obtain health care. The child health programs and the adult health programs are now eliminating nursing positions and other critical allied health positions that provide care for our citizens.

The N.C. Citizens for Public Health respectfully request that you do everything within your power to stop the direction in which we are heading that will ultimately result in limited or no health care for our citizens. We fully support the following options that would contribute to increasing revenues to meet our almost two billion dollar shortfall. Such options include:

1. Increase in cigarette tax.
2. Modernize Sales Tax to include additional professional services.
3. Eliminate tax loopholes.
4. Eliminate Business Incentive Taxes.
5. Increase Income Tax of persons earning \$75,000 to \$125,000 per year.
6. Eliminate tax cuts for corporations.

We think that your positive consideration of these and other options will help stop the downward spiral of health care and preventive care in our state.

We need your help!



Mount Sinai Faith, Hope & Love Ministries



Phone: 336-475-5800
Pastor & Organizer – E. L. White

42 East Main Street
Thomasville, NC 27360

Summary Remarks Submitted To The Health and Human Services Joint Appropriations Subcommittee on May 9th

Presenter: Pastor E. L. White, M.Div. Chair NC AIDS Advisory Council, Pastor Mount Sinai Faith Hope and Love Ministries, CEO Mount Sinai Health Ministries, Exec Board National Minority AIDS Council, Planning Committee for National STD Conference, Centers for Disease Control, Coordinator North Carolina Faith Initiative and member of State Community Planning Group.

Mr. Chairman and Distinguished committee members:

I am submitting this letter summarizing my concerns in regards to any cuts to the North Carolina AIDS Drug Assistance Program. In fact I want to go on record and ask you to increase funding to this program which saves many lives. The AIDS Drug Assistance Program (ADAP) provides critical medications for persons living with HIV infection, extending their lives and enhancing their productivity. ADAP is intended to reach low-income HIV-infected persons, including those who are employed without insurance benefits and those who do not qualify for Medicaid. Recently a freeze was placed on new enrollees into ADAP only six months into the fiscal year as a result of inadequate funding. This freeze on the acceptance of new ADAP enrollees will result in:

- I) Denial of access to life-saving medication for a substantial number of HIV -infected individuals.
- II) Significantly increased health care costs due to hospitalizations related to HIV / AIDS that would have been prevented by timely HIV therapy. These costs will be borne by public and private hospitals and ultimately by the state and North Carolina taxpayers.
- III) Increased Medicaid enrollment as many of these patients AIDS complications lead to disability.
- IV) Increased HIV transmission, amplifying the HIV/AIDS related costs home eventually by the state.

New medications for HIV-infected persons have benefited North Carolina citizens in several ways. They have reduced transmission from mother to infant dramatically- no new HIV infections were reported to infants born in NC in 2001. In addition, sexual transmission rates may decline when HIV-infected persons are taking their HIV medicines consistently. These medications can also dramatically prolong survival and improve functional health status. We have witnessed that when patients believe that they are living and not dying with HIV/AIDS, they become more productive members of society, working, paying taxes, and changing risky behaviors. Indeed, this strategy has been an important focus of prevention efforts in North Carolina. I am submitting a fact sheet which contains other important information about this critical program.

All of us have witnessed the impact of these medications in the lives of individual patients. But beyond this, from a fiscal perspective we also highlight the tremendous multiplier-effect that this investment affords our state. We cannot afford to close a program that addresses a health care crisis in such a cost-effective way. **Continuing ADAP is a fiscally sound investment.**

Please take whatever steps are necessary to enable ADAP to reopen to new enrollees immediately, and to assure that adequate funds are available on an ongoing basis to serve all HIV+ North Carolinians at a financial eligibility level equal to 200% of the federal poverty guidelines. **You cannot cut this program.**

As you know HIV/AIDS and other Health conditions disproportionately affects minorities in North Carolina. **We all find that unacceptable.** HIV disease affects all of us. I know and understand you have hard jobs, **but you must do the right thing for our people – SUPPORT THIS PROGRAM.**

NC HIV Medications/AIDS Drug Assistance (ADAP) Program

The North Carolina HIV Medications Program, also referred to as the AIDS Drug Assistance Program (ADAP), helps low-income residents of the State obtain life-sustaining medications to fight HIV/AIDS and the opportunistic infections which often accompany the disease.

The AIDS Drug Assistance Program is Critical because:

- o The medications provided by the ADAP Program improves and extends people's lives, improves their functional health status (often allowing them to return to work) and enhances their productivity and contributions to, instead of their dependence on, the community/society;
- o The transmission of HIV disease is reduced when individuals' viral loads are reduced, one of the positive results of using the HIV medications on a regular basis;
- o Health/medical/hospital/other costs to the individual and to the community/society are lessened when HIV+ individuals avoid opportunistic infections and other complications/progression of the disease;
- o Transmission of the HIV virus from mother to newborn can be dramatically reduced with appropriate provision and use of these medications; and,
- o Inconsistent access to the medications may contribute to the virus becoming resistant to the medications, thus making it harder to treat the individual and more dangerous to the community and society in general.

A Few Key Points:

- o In 2001, the number of new HIV cases in NC reported increased by almost 10%; the number of new AIDS cases increased by almost 30%! Of 34 states reporting HIV infection, NC was 4th in the number of new cases reported!
- o HIV/AIDS disproportionately affects minorities in NC; although racial/ethnic minorities comprise about 25% of the population of the state, 75% of the HIV/AIDS cases reported in the state occur in these minority populations!
- o HIV medications are a cost-effective approach to treating HIV disease.

In order for someone to be eligible for ADAP, the individual must:

- o Be HIV+ (have HIV disease or AIDS);
- o Reside in North Carolina;
- o Have a net family income that is at or below 125% of the federal poverty level (e.g., \$11,075 for a family of 1, \$22,063 for a family of 4). NC's financial eligibility criterion of 125% of the federal poverty level is the lowest in the nation;
- o Not have any other third-party coverage (e.g., private insurance or Medicaid) that pays for these medications; and,
- o Have a (or several) prescription(s) for medications that are included in the ADAP formulary; the medications provided under this Program are limited to those specifically related to the diagnosis and treatment of HIV disease/AIDS.

What is the current status of the Program?

- o The Program is currently closed to new applicants due to budgetary limitations; no new clients have been added to the Program since December 15, 2001. All clients that were enrolled in the Program on December 15, 2001 continued to be served through March 31, 2002.
- o A waiting list was begun December 15, 2001. As of April 29, 2002 there were ~450 individuals on the waiting list.
- o All clients that were enrolled on December 15, 2001 and who have applied for ongoing coverage in a timely manner and who continue to qualify for the Program have been re-enrolled in the Program for the new year (which begins April 1 of each year). As of April 29, 2002, there were ~2,000 individuals enrolled in the Program for the new year.
- o All of these re-enrolled clients will continue to be served for the full year, or to the extent possible given the funds available to the Program. No clients will be moved from the waiting list and added to the Program until at least July 1, 2002, when a complete financial and utilization analysis will be conducted.
- o Program financial eligibility remains at 125% of the federal poverty level. The Program has permission to phase in an increase of the financial eligibility to 200% of the federal poverty level, and will do so once sufficient financial resources are available.
- o It is anticipated that the ADAP Program's budget for the next state fiscal year (2003) will be approximately \$20.7 million. It is projected that a total of approximately \$24 million, or about \$3 - \$4 million more than is anticipated to be available, will be required to continue to serve all currently enrolled clients for the full fiscal year at the 125% eligibility level. It is estimated that an additional \$4 - \$6 million would be required to re-open the Program to new enrollees at the 125% eligibility level.

GOAL: ASSURING THAT ALL THOSE WITH HIV DISEASE WHO REQUIRE THESE MEDICATIONS HAVE ONGOING ACCESS TO THEM IS NOT ONLY THE RIGHT THING TO DO; IT IS A SOUND FINANCIAL AND COMMUNITY/SOCIETAL INVESTMENT. THE PROGRAM MUST BE RE-OPENED TO NEW ENROLLEES IMMEDIATELY, AND MUST BE ASSURED THAT ADEQUATE FUNDS ARE/WILL BE AVAILABLE ON AN ONGOING BASIS TO SERVE ALL HIV+ NORTH CAROLINIANS AT A FINANCIAL ELIGIBILITY EQUAL TO AT LEAST 200% OF THE FEDERAL POVERTY LEVEL!

Summary of Testimony by Rob Schofield,
on behalf of the N. C. Low Income Housing Coalition
and the N.C. Justice and Community Development Center
to the Joint Health and Human Services Appropriations Committee
May 9, 2002

The purpose of my testimony is to call the attention of committee members to a cut that is proposed as a result of the potential reallocation of the TANF block grant. Under the proposals circulated last week, a critically important and unique program that last year provided \$2.7 million in housing assistance to folks attempting to transition off of welfare will be completely eliminated. *In our judgment, there is no other single factor that is more critical to the success or failure of a family attempting to leave welfare than access to decent affordable housing.*

Description of the Program -- In 2000, the General Assembly set aside \$3 million of federal TANF funds for housing assistance programs that would help families transitioning from welfare to work. Pilot projects were initiated in eight counties: Wake, Durham, Orange, Mecklenburg, Edgecombe, Catawba, Buncombe and Forsyth. Each county was allowed to structure the program in its own way, to best meet the needs of that community. In 2001, the appropriation was cut to \$2.7 million, but the programs continued to serve local families and assist them in leaving homelessness or dependence and finding a place to live.

Most of the programs include some form of counseling—classes on successfully negotiating the maze of finding a rental unit, budgeting advice, or homeownership counseling—to help families achieve self-sufficiency. They also may include rental subsidies or assistance with a deposit on a rental unit, to help those families get a foothold when they are just entering the working world. These subsidies then decrease with time, as earnings increase.

Most of the programs subcontract out to nonprofit organizations in the community, and many have successfully leveraged local dollars to extend the program further or make up for the funding cut in 2001. Some programs tie in with other state and federal housing and poverty reduction programs to further assist low-income families.

The programs have been very successful. Accessibility to decent and safe housing is intrinsic to family well-being and self-sufficiency, and the fact that each county can tailor its program to meet local needs means it can be highly responsive and community-based in helping those families who are leaving welfare. Thousands of people throughout the state have successfully transitioned from welfare to work and/or avoided homelessness as a result of the program.

Recommendation – Housing advocates recognize that this proposed cut is, in large measure, a function of the resurgent growth in the demand for cash assistance. We do not suggest that either service should be funded at the expense of the other. Instead, our point is to make Committee members fully aware of how essential this program is and to reiterate the comments made by others here today that the state must find additional revenue to pay for essential services.



**JOHNSTON COUNTY
DEPARTMENT OF SOCIAL
SERVICES**

714 North Street
P.O. Box 911
Smithfield, North Carolina 27577
Telephone (919) 989-5300

G. Earl Marett, M.S.W.
Director

APP MAKING THE DIFFERENCE

According to popular belief, in my culture I should be at home taking care of and perhaps having more children, but the APP program showed me that there was more to life than that. This program doesn't only help Hispanics but it also helps a variety of teenage moms with diverse economic standards.

I became a teenage mom as a junior. When I first found out I was pregnant, I was depressed and had no family support. From there, my only intentions were to drop out of school and take care of my baby. However, thanks to the APP program, which opened its doors to me, I am now a senior and will graduate this year.

Also, one of the most important things I've learned from this program is CPR which I used in real life with my son. I thank APP for having taught me this technique in one of our meetings, because I saved my son's life because he was choking on a cookie. This lesson made a difference in my life.

The APP program has not only encouraged me to keep on going but it has helped me to face many challenges. I have been able to keep good grades and attendance. As a result the APP program has help me to apply for the scholarships and Pell Grants I need to attend college this fall. I have now received a full Ambassador Scholarship and will attend Johnston Community College in August 2002.

Yolanda Saucedo
APP Recipient

5/9/02



Lenoir/Greene

Partnership For Children

PO Box 6490
Kinston, NC 28501-0490
(252) 939-1200

Keith Sylvester

Executive Director

The North Carolina Division of Child Development and the local County Department of Social Services cannot administer the Child Care Subsidy Program in the most efficient and cost effective manner.

Smart Start Funds to Lenoir County Department of Social Services

- \$168,157.00 for Child Care Subsidy Program Administration
 - \$96,152.00 Direct Personnel Cost (57%)
 - \$72,005.00 Indirect Cost (43%)

Lenoir/Greene Partnership For Children Administers the Greene County Child Care Subsidy Program

- \$70,000.00 Personnel Cost Smart Start Funds
- \$0.00 Administrative Cost

FY 00/01:

The Lenoir/Greene Partnership For Children funded Head Start's Before & After School and Summer Child Care for **\$108,731.12**. **115** children were served.

FY 01/02:

Head Start's Before & After School and Summer Child Care Smart Start allocation funded through the Department of Social Services subsidy system. The Lenoir/Greene Partnership For Children had no control over these expenditures.

Costs: **\$130,188.00** (Year-to-Date: 10 Months → June - March)
70 children were served.

The Lenoir/Greene Partnership For Children can provide the same level of Child Care Subsidy service delivery at 30% to 40% less than the Division of Child Development/Department of Social Services Child Care Subsidy Program.

Recommendations

- Eliminating 30% subsidy mandate on Smart Start Funds.
- Allow local Smart Start Partnership's flexibility and authority to provide funding in the most cost efficient manner.

Keith Sylvester
Executive Director

SUE MYRICK

5TH DISTRICT, NORTH CAROLINA

COMMITTEES:

RULES

SUBCOMMITTEE ON

LEGISLATIVE AND BUDGET PROCESS

BANKING AND FINANCIAL

SERVICES

(ON LEAVE)

E-MAIL: myrick@mail.house.govWEBSITE: <http://www.house.gov/myrick>

**Congress of the United States
House of Representatives**

Washington, DC 20515

May 7, 2002

The Honorable William Martin
Chairman
Senate Appropriations Subcommittee On Health and Human Services
North Carolina Senate
411 Legislative Office Building
Raleigh, North Carolina 27601

Dear Chairman Martin:

I thoroughly understand and sympathize with the challenge you have in dealing with the state budget this year. I did, however, want you to know about a program that works and is scheduled for elimination.

It is my understanding that the State House and Senate Joint Appropriations Committee has issued a draft budget proposal for Fiscal Year 2002-2003 that would eliminate the family preservation programs under the Federal TANF program. As you know, this \$280,000 program receives its entire funding amount from the Federal government. No state funds have been used to fund this program so it seems odd that the state is now considering redirecting these Federal funds to areas outside of their intended use.

I have seen first-hand how effective this program is at the grassroots level with a program in Charlotte—Youth Homes, Inc. Using this family preservation program money, Youth Homes has served 79 families with 229 children and has kept 215 of these children out of the foster care system since 2000. Had just 110 of these children been put in foster care, the costs to the state for their care would skyrocket to \$1.1 million. This program is an economical, yet incredibly successful way to prevent families from being separated.

As you conduct a joint committee hearing on this issue on Thursday, please take this program and its proven results into consideration. Thank you for your attention to this matter.

Sincerely,

Sue Myrick
Member of Congress



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ROOM 8-01



LINCOLNTON, NC 28092
(704) 732-7500



200 SOUTH LAFAYETTE STREET
SHELBY, NC 28150
(704) 484-1976

SM/jj

Sharese Pryor (Sen. Martin)

From: Janet Ross [janetross_nc@hotmail.com]
Sent: Wednesday, May 08, 2002 4:45 PM
To: sharesep@ncleg.net
Subject: NC Partnership for Children/SmartStart

I would like to testify as to how much the Anson County Partnership for Children and SmartStart have helped me and my family. I attended the Parenting Program through the Partnership and learned some very valuable and helpful things. They offered really good informative classes and these classes helped me prepare for the birth and early months of my first grandchild. She is 15 months old now and I still recall and use a lot of the information I learned from these classes and the very knowledgeable guests and speakers.

I feel that if even more funding were cut from these programs a great injustice would be done to the citizens of Anson County and the State of North Carolina. I urge you to help protect our "future generations" by helping them get the very best start in life possible.

Thank you for your concern.

Sincerely,
Janet B. Ross

Chat with friends online, try MSN Messenger: [Click Here](#)

Sharese Pryor (Sen. Martin)

From: Garris, Wanda [WandaG@sandhillscntr.org]
Sent: Wednesday, May 08, 2002 3:51 PM
To: 'sharesep@ncleg.net'
Subject: Health and Human Services Joint Appropriation Sub Comm

Please include in minutes of the Health and Human Service Joint Appropriation Sub Comm at 9:00 May 09.

Anson County Partnership for Children has supported Anson Children's Center in many ways over the past several years. Through their support, Anson Children's Center has been able to obtain a 5-star rating giving children with disabilities and typically developing children in Anson County the highest quality daycare service possible. Anson County Partnership for Children has, and continues to have, a great hand in obtaining and maintaining this rating. In order to obtain and maintain such a high rating, staff must continually be trained. The local partnership office has provided many hours of training for daycare providers. Completion of Environmental Rating Scales have been completed in our facility by the partnership. The findings of the rating scale assisted staff in enhancing the services provided. Along with this, the partnership is highly involved with the local annual Health Fair at which time the health, vision, hearing, and cognitive development of the children is assessed. The needs of many children have been made aware through this effort. Most recently, a Resource Center was opened giving daycare providers, parents, and agencies an additional resource for child activities as well as research opportunity.

Without the continued support from Anson County Partnership for Children, many of the needs of children will not be met.

Sharese Pryor (Sen. Martin)

From: Horton, Lynn [lynn.horton@peedee.ncemcs.com]
Sent: Wednesday, May 08, 2002 4:05 PM
To: 'sharesep@ncleg.net'

Thank you for the opportunity to write in and request that my comments be included in the minutes of the Health & Human Services Joint Appropriations Subcommittee meeting to be held at 9:00 a.m. tomorrow, May 9. I understand that there are already many who have asked to speak and the agenda is full. I appreciate your efforts to allow for the "written" word, as well, and hope that whatever power these words speak is transforming.

My name is Lynn Horton, and I serve the citizens of the Town of Wadesboro in Anson County, North Carolina, as their mayor. On behalf of all the citizens, I implore you - as elected officials and leaders - to rethink the proposed 25% budget cut to Smart Start. I am well aware of the daunting task you have before you, yet I am not prepared for the kinds of excuses made that consistently reduce our efforts to impact our greatest asset and our future: our children. We are poor, rural, and struggling to offer healthy foundations for our families. Yet, we are rich with outstanding leadership committed to making Smart Start a program that has impacted hundreds of our children and families in the most positive manner many have ever experienced.

I have had personal experience working with many of the Smart Start programs. Friday, the Town of Wadesboro, in collaboration with Smart Start, will cut the ribbon on a beautiful new playground at our City Pond. Understand, this is one of the very few recreational places we can afford to offer our growing children. Dollars are always limited, and with the massive budget cuts in all other areas, we worked together to make funds "count more than once" and accomplish a dual purpose. The responsibility, communication, shared goal and right purpose worked well for us - how can it not work for our legislature? It is disappointing to work diligently at the local level and not be supported in our efforts by those who serve us in Raleigh.

And yet, I do understand that your task is overwhelming.

PLEASE reconsider your thinking and allocate funds so our children will not suffer. Trust that, in our community and many others, the difference made through Smart Start programs is critical to our future. We have been good stewards of the monies spent. We continue to work so those monies work for many purposes within our community. We have responsible, intelligent leadership that sets an excellent example and should be allowed to continue to do so. Give them your support, please. Specifically, give them the flexibility, if cuts must be imposed, to determine what activities should be cut. Offer them the chance to continue on with the staff it will take to facilitate the activities. Give them the opportunity to determine the local restructuring of monies allocated. Encourage the creative partnering with any other organization to "fill in the gaps" of what cuts might do. Eliminate unnecessary red tape and bureaucratic regulations that cost precious dollars. LET THEM CONTINUE TO MAKE A DIFFERENCE IN OUR TODAY AND IN OUR TOMORROW.

Thank you for this opportunity. I appreciate your consideration.

Lynn Horton

Sharese Pryor (Sen. Martin)

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Sent: Wednesday, May 08, 2002 4:45 PM

To: sharesep@ncleg.net

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Thank you for your concern.

Sincerely,
Janet B. Ross

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Without the continued support from Anson County Partnership for Children, many of the needs of children will not be met.



May 10, 2002

The Honorable William Martin
North Carolina Senate
411 Legislative Office Building
Raleigh, NC 27601-2808

RE: Recommendations for Proposed Cuts for Smart Start

Dear Senator Martin:

I am writing to you regarding the proposed cuts to **Smart Start**. As you know, reductions of this magnitude and specificity would demolish this program's ability accomplish its mission of ensuring that *all* children ages birth to five, particularly those outside the school and Headstart systems, are nurtured and prepared for school when they reach age five. Considering that Hertford county is one of the poorest in the state, the following are just a few of the activities made possible primarily due to **Smart Start** funding:

- Newborns at Roanoke Chowan Hospital receive high risk identification services
- Childcare providers are able to increase their education levels which is essential in order for them to provider higher quality educational and developmental services to young children in their care
- Young children, particularly those in lower income, subsidized facilities receive the benefit of quality enhancement activities to ensure their safety and well being
- Teen and At Risk parents receive full benefits of the Parents As First Teachers program (a family support activity primarily funded through the Partnership)

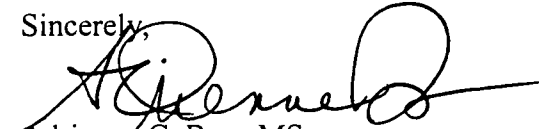
Please allow me to share with you a few recommendations that may help to save this program and ensure that no children, particularly the poor and disadvantaged children, are not left behind to fall through the cracks:

- *Require* all **Smart Start** funded contractors to sign a **Non-Supplantation of Funds** statement as part of the contracting process, that *specifically* attests that they do not receive any other state, federal or private funds that were initially given for services for which these agencies now request **Smart Start** funding; *and*, that they could not provide the needed services for children without **Smart Start** funding at level of their request.
- Require annual fiscal reports from each agency that shows the above
- In the true spirit of community collaboration (and not just 'checkbook collaboration'), require all organizations that receive over \$50,000 in **Smart Start** funding to provide an in-kind *service* to children *beyond* youngsters for whom they receive **Smart Start** funding.

- Please do not require Partnerships to arbitrarily maintain the 2001-02 funding levels for *all* subsidy-coded services, which includes substantial funding for Pre-kindergarten classrooms and Headstart activities. For example, nearly **14%** of Hertford county's total **Smart Start** services allocation currently goes to fund **36** children in two Pre-Kindergarten classrooms. However, our **total** population of children ages three to five is **788**, at least **334** of whom are in regulated childcare facilities. Please consider the following options:
 - For school systems that receive **Smart Start and More at Four** funds, allow **Smart Start** to reduce its funding level for Pre-Kindergarten classrooms so that **More at Four** funding can be maximized. In communities such as Hertford county, the Partnership is the *only* entity primarily focused on working with local, regulated childcare providers to ensure that children ages 3-5 *outside* the school and Headstart systems receive kindergarten transition services. If we are forced to channel large amounts of money to school systems through subsidy funds, a disturbingly high number of young children will be left out of the equation and my fear is that a significant portion of these underserved pre-schoolers will be 'greeted' with labels marked 'delayed' on their first day of kindergarten because they have not received appropriate transition services.
 - To save money and pool resources, another option would be to *require* local school systems to coordinate and collaborate with their local **Smart Start**, Headstart and childcare providers to conduct 3-4 kindergarten transition trainings sessions per year as a stipulation of receiving the **More at Four** grants so that a greater number of children are able to benefit from this initiative. A part of this plan should include the development joint, mutually agreed upon countywide transition plans so that children coming through either of these 'streams' are equally prepared.
- Require all Partnerships, regardless of size and/or allocation, to better economize use of their funds and where possible, share resources on a regional basis.
- Place clear restrictions on the use of **Smart Start** (and any other state agency) funds for training facilitators/ presenters; while some funding should be allowed for this purpose, it should be kept to a minimum, regardless to the subject matter. Instead, the focus should be on securing facilitators who are willing to reduce their fees or provide their services as in-kind (i.e. work with other state agencies or universities).

Please note that these are only suggestions aimed at preserving this needed service and ensuring that it is meeting its goals and mission in our community and indeed around the state. Please do not hesitate to contact me at (252) 398-4124 if you have any questions or would like additional information. Thank you in advance for your time and consideration.

Sincerely,



Adrienne C. Barr, MS
Executive Director



Health And Hope For
Tomorrow's Children

THE NORTH CAROLINA STATE MATERNITY HOME FUND

What is the State Maternity Home Fund?

The State Maternity Home Fund (SMHF) is a resource for high risk, disadvantaged, pregnant adolescents and young women of North Carolina who are unable to remain in their homes during the prenatal period. The fund provides maternity home care for those in need of an alternative placement during the pregnancy.

Target Population

The SMHF serves clients ranging in age from 11 and up who are in the highest risk category. Many who enter the maternity program are victims of physical and sexual abuse, incest, may be escaping a violent relationship or family violence situation, may be homeless, their lives may be endangered because of a perpetrator, may be addicted to a substance, may be court ordered to a maternity home by a judge, may be neglected, may have physical/mental disabilities, confined to bedrest due to pregnancy complications or may be wheelchair bound.

Referrals

Clients are referred by medical and health professionals, DSS's, Health Departments, Juvenile Justice systems or judge's court order, shelters, mental health, substance abuse programs, churches, schools and other health and family agencies.

Services Provided

A comprehensive multi-generation service delivery approach is used: a safe place to live that provides structure and accountability, medical/prenatal care for protection and enhancement of both maternal and child health, case assessment and casemanagement services, individual, group and family counseling/reunification, coordination of educational/vocational services, early childhood development/parenting skills training to assist with prevention of child abuse/neglect, adoption support services, substance abuse education/prevention/treatment services, life skills training, spiritual enrichment, mentors, tutors and other collaborative services with community support agencies.

Implications for North Carolina

Based on our experience, we believe there will be an increase in the incidence of low birth weight babies, infant mortality/morbidity and babies born addicted to a substance. (From 1992 - 2001, the SMHF made maternity home care possible for 176-290 clients per year). Maternity homes address these issues by assuring the provision of prenatal care and assisting clients to remain drug free during the pregnancy. Reducing the financial investment through SMHF will result in increased medical expenses associated with poor health outcomes. (Example: Estimated medical cost for a baby born 12 weeks premature is approximately \$100,000 and for a baby born 14 weeks premature cost is \$130,000. - March of Dimes)

(over)

Brief description of 10 State Maternity Home Fund Clients who are currently being cared for at Florence Crittenton Services:

- ❖ 15 years old Court ordered to maternity home care
On Probation for simple assault
Mental Health patient (conduct disorder, depressive disorder, adjustment disorder)
Drinking alcohol since age 12
Mother is in prison
- ❖ 17 years old Court ordered to maternity home care
On probation as undisciplined minor, running away
History of substance abuse (marijuana)
- ❖ 17 years old
History of Mental health issues
Pregnant by one of her former high school teachers
- ❖ 18 years old
Medically complicated pregnancy
On bedrest, needs to use a wheelchair when she comes to meals, etc.
No place to live
- ❖ 14 years old
On probation for possession of marijuana
Was sexually abused by both her biological father and her step-father
History of substance abuse (marijuana, cocaine, used to huff)
Past living arrangements with a number of relatives and group homes
Both parents are alcohol/drug abusers
- ❖ 19 years old
History of behavioral and drug issues since age 10
History of substance abuse (Marijuana, cocaine, crack)
Wants to release baby for adoption
- ❖ 15 years old
Raped at age 8. Emotional/behavioral issues resulting from rape.
In detention for running away
- ❖ 20 years old
Severe Diabetic
Parents deceased, no family
- ❖ 16 years old Court ordered to maternity home care
On probation for breaking & entering
Bi-polar disorder - has spent past 3 years under psychiatric care
History of Substance Abuse (Marijuana, cocaine, crack)
Lives with grandmother. No contact with mother, father deceased, other siblings are in foster care.
- ❖ 13 years old
Sexually active since age 10, more than 10 different men/boys involved.
Living with extended family. Often there is not enough food in the household and client trades sex for food and marijuana.

Impact of Budget Cuts in Anson County

Our Realities:

- 28% of children live at or below poverty level
- Unemployment rate for February 2002 is 11.4%
- 58% of births (total) are out of wedlock. 77% of minority births are out of wedlock
- Infant mortality rate for the last three year period is 24/1,000 births compared to the state average of 8.6/1,000
- Our overall death rate in Anson County is 28% higher than the state average
- Rate of death from heart disease is 51% higher than the state average

Impact of Medicaid Cuts to Anson County Health Department

- The health department receives about 1.4% of the total Medicaid dollar in Anson County
- Medicaid revenues make up 27% of our budget
- These revenues allow us to provide a medical home for indigent patients; those without public or private health insurance
- Cutting Medicaid would decrease our ability to provide care for these patients thus increasing the death rate from preventable causes
- Providing care for these patients keeps them off disability, one of the largest Medicaid expense in NC

Impact of TANF Cuts to Anson County Health Department

- These funds are used to provide birth control to patients without Medicaid or the means to pay for birth control
- These funds are critically important to prevent unwanted pregnancy
- Cutting these funds would result in an increase in out of wedlock births and an increase in public assistance for these children

Summary

- Reductions in Medicaid to Health Departments = Increases in disability expense
- Reductions in TANF = Increases in out of wedlock births and teen pregnancies



THE UNIVERSITY OF NORTH CAROLINA
AT
CHAPEL HILL

Division of Genetics and Metabolism
Department of Pediatrics

CB# 7487 - UNC Campus
Chapel Hill, NC 27599-7487

May 9, 2002

RESPONSE TO PROPOSED BUDGET REDUCTION OPTIONS:
Elimination of Infant Formula Program in WIC

Since 1965, North Carolina has screened for the genetic disorder, phenylketonuria (PKU) in all newborns. A number of other disorders have been added to the screening panel since that time. This list includes, but is not limited to: tyrosinemia, maple syrup urine disease, methylmalonic aciduria, isovaleric acidemia, propionic aciduria, urea cycle disorders and 3-methyl crotonyl glycinuria. The North Carolina Newborn Screening Program was the first in the nation to add new technologies that have allowed the early detection of these disorders. It is now possible to detect, diagnose and begin treatment for these disorders in the first few days of life.

These treatments involve very restricted diets, which are supplemented with disease-specific metabolic formulas. Before the availability of the formulas, children with these disorders either did not survive, or if they survived, it was with devastating mental retardation and medical complications. The formulas are not available except through prescription from a metabolic physician. The average patient with these disorders requires between \$3,000 and \$7,000 worth of formula per year. Formulas are considered "food" by third party reimbursers and coverage is denied. Furthermore, two thirds of the families have no private medical insurance. The cost of formula is prohibitive to individual families, some of whom may have two children with the same disorder. The State of North Carolina has recognized the need to detect and diagnose newborns with these disorders and they must remain committed to treating them.

The benefits from treatment include prevention of mental retardation and death, allowing healthy children who can grow to be self-supporting adults; able to attend college, hold meaningful jobs and have families. The costs averted are the greater than \$125,000 per year for custodial care for the profoundly mentally retarded; the pharmacy costs for the treatment of intractable seizures and other medical complications; complex feeding devices; and various assistive devices for locomotion and communication. The theoretical cost to the State to care for our present PKU patient population, if untreated, would be greater than 12 million dollars per year.

It is very short-sighted fiscal policy for the State to cut from the budget the metabolic formulas that allow these infants to survive and lead productive lives.

Dianne M. Frazier, PhD, RD
Metabolic Dietitian
Associate Professor of Pediatrics

Joseph Muenzer, MD, PhD
Biochemical Geneticist
Associate Professor of Pediatrics

WAYNE RAYNOR, M.P.H.

PRESIDENT

NORTH CAROLINA ASSOCIATION OF LOCAL HEALTH DIRECTORS

May 8, 2002

MY NAME IS WAYNE RAYNOR AND I'M HERE TODAY REPRESENTING THE N.C. ASSOCIATION OF LOCAL HEALTH DIRECTORS IN OPPOSITION TO THE PROPOSED OPTION OF REDUCING MEDICAID REIMBURSEMENT RATES TO LOCAL HEALTH DEPARTMENTS.

IT IS CLEAR THAT PUBLIC HEALTH IS NOT THE 2,000 POUND GORILLA IN THE CONSUMPTION OF MEDICAID DOLLARS. IT WAS NEVER THE MISSION OF PUBLIC HEALTH TO "CHASE" THE MEDICAID OR MEDICARE DOLLAR. HOME HEALTH IS A GOOD EXAMPLE, PUBLIC HEALTH WAS ASKED TO PROVIDE HOME HEALTH SERVICES YEARS AGO WHEN OTHER PROVIDERS WOULD NOT. PUBLIC HEALTH IS THE PROVIDER OF LAST RESORT. LOCAL HEALTH DEPARTMENTS DO NOT HAVE A PRIVATE PAYING PATIENT BASE IN ORDER TO COST SHIFT SEMILAR TO THE PRIVATE SECTOR. LOCAL HEALTH DEPARTMENTS ARE PROVIDING MORE THAN \$40 MILLION DOLLARS IN UNCOMPENSATED CARE (ONLY 50 CO'S REPORTING) THIS YEAR AND THAT AMOUNT IS GROWING RAPIDLY EVERY DAY. LOCAL HEALTH DEPARTMENTS ACROSS THE STATE HAVE ALREADY BEEN SEVERELY HURT BY BUDGET CUTS DUE TO THE DECISION TO WITHHOLD TAX DISBURSEMENTS TO COUNTIES. HEALTH DEPARTMENTS ARE PREPARING TO DISCONTINUE PREVENTIVE HEALTH PROGRAMS, LAY OFF STAFF, AND LIMIT OR ELIMINATE IMPORTANT SERVICES. THIS COMES AT A TIME WHEN LOCAL HEALTH DEPARTMENTS HAVE HAD TO DIVERT PRECIOUS RESOURCES TO BIOTERROISIM EFFORTS, WEST NILE VIRUS MONITORING, AND COMPLIANCE WITH THE FEDERAL HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT. HEALTH DEPARTMENTS ARE DEFINED AS COST BASED PROVIDER FOR MEDICAID SERVICES. AS SUCH, THEY ARE TO BE PAID FULL COST FOR SERVICES PROVIDED. HEALTH DEPARTMENTS ARE ALLOWED TO

“COST SETTLE” AT THE END OF EACH FISCAL YEAR AND RECEIVE PAYMENT, (FEDRAL SHARE ONLY!!!), FOR ANY MEDICAID RELATED COSTS THAT WERE NOT COVERED BY THE MEDICAID RATES. IN REALITY THIS DOES NOT HAPPEN!! THE ADDITIONAL PAYMENTS MEDICAID PAYS AT THE TIME OF SETTLEMENT IS NOT FULL COST BUT ABOUT \$0.63 OF EVERY \$1.00 OWED. IN OTHER WORDS, LOCAL HEALTH DEPARTMENTS LOSE 27% OF THE RECEIPTS DUE FOR SERVICES RENDERED. CUTTING THE LOCAL HEALTH DEPARTMENT MEDICAID RATES FOR THE EVALUATION AND MANAGEMENT PROCEDURE CODES TO THAT OF PRIVATE PHYSICIANS WOULD SAVE THE STATE \$2.4 MILLION DOLLARS AND WOULD CAUSE THE LOSS OF \$5.4 MILLION DOLLARS IN FEDERAL RECEIPTS TO THE DEPARTMENTS A TOTAL LOSS OF \$7.8 MILLION DOLLARS. THIS REPRESENTS APPROXIMATELY 10% OF THE TOTAL MEDICAID RECEIPTS TO LOCAL HEALTH DEPARTMENTS. HEALTH DEPARTMENTS ARE PREVENTION ORIENTED. PERHAPS THE QUESTION IS NOT HOW BAD OUR CURRENT HEALTH STATISTICS ARE BUT HOW MUCH WORSE WOULD THEY BE WITHOUT THE SUCCESSES OF PUBLIC HEALTH. MANY HEALTH DEPARTMENTS HAVE PRIMARY CARE PARTNERSHIPS LOCALLY AND PROVIDE PRIMARY CARE IN THEIR DEPARTMENTS. ONLY WHEN N.C. HAD THE WORST INFANT MORTALITY RATE IN THE NATION IN 1988 DID WE DECIDE TO DO SOMETHING ABOUT IT – WE’RE CURRENTLY 45TH (NOTHING TO BRAGG ABOUT) AND LIKELY TO WORSEN WITH SEVERE CUTS IN FUNDING FOR MATERNITY CARE, FAMILY PLANNING, AND TEEN PREGNANCY PREVENTION. WHEN WILL WE EVER BE ABLE TO SUCCESSFULLY ADDRESS THE ISSUE OF HEALTH DISPARITIES? INFANT MORTALITY, CARDIOVASCULAR DISEASE, HEART DISEASE, AND STROKE CONTINUE TO STRIKE MINORITIES AT MORE THAN TWICE THE RATE OF WHITES. WE HAVE NOT MADE ANY PROGRESS IN CLOSING THE INFANT MORTALITY GAP IN 100 YEARS. THE COUNTRY OF CUBA HAS A 100% IMMUNIZATION RATE AMONG CHILDREN AGE TWO AND UNDER, A 99.6 % LITERACY RATE, AN INFANT MORTALITY RATE BETTER THAN WHITES IN THIS COUNTRY, A REGISTERED NURSE AND A NURSE PRACTITIONER IN

EVERY SCHOOL, AND COMPREHENSIVE HEALTH EDUCATION CURRICULUM IN ALL SCHOOLS K-12. WHY??? BECAUSE THE GOVERNMENT LONG AGO DECIDED TO FOCUS ON PREVENTION BECAUSE THEY REALIZED THEY DID NOT HAVE THE RESOURCES TO AFFORD ACUTE CARE. LOCAL HEALTH DEPARTMENTS ARE THE SAFETY NET FOR NORTH CAROLINA'S MOST VULNERABLE CITIZENS. WITHOUT ADEQUATE RESOURCES TO PROVIDE PREVENTIVE CARE CLIENTS WILL RETURN, IN LARGE NUMBERS, TO THE HOSPITAL E.R.'S. LOCAL HEALTH DEPARTMENTS SEE PATIENTS WITH MULTIPLE PROBLEMS THAT REQUIRE LENGTHY VISITS, LHD'S CARE FOR ALL CITIZENS, LHD'S MUST PROVIDE MANY OTHER STATE MANDATED SERVICES THAT ARE NOT MEDICAID OR OTHERWISE FUNDED, LHD'S, THROUGH CONSORTIUMS, HAVE A VERY WELL COORDINATED "CASE MANAGEMENT" APPROACH TO CARE WITH DSS, HEALTH, DEC'S, AND MENTAL HEALTH AT THE TABLE ON A MONTHLY OR BI-MONTHLY BASIS. I HEARD YESTERDAY THAT LOCAL HEALTH DEPARTMENTS MUST BECOME MORE EFFICIENT IN PROVIDING PRIMARY HEALTH CARE BUT I SAW NO DATA TO INDICATE INEFFICIENCIES IN LOCAL HEALTH DEPARTMENTS OR THE PRIVATE SECTOR. WE MUST ALL WORK TOGETHER TO SOLVE THE PROBLEMS OF HEALTH CARE DELIVERY. THE FOCUS MUST BE ON PREVENTION AND CUTTING MEDICAID REIMBURSEMENTS TO LOCAL HEALTH DEPARTMENTS SURELY IS NOT THE ANSWER.

THANK YOU.

I am Ken Tutterow, President and CEO of the Children's Home Society

Children's Home Society of NC—Established 1902—Has been providing foster care and adoption services to NC children for 100 years in the 100 counties.

Over 10,000 children are in the public foster care system in the state of NC. Of this number approximately 3000 are legally free for adoption and an additional 2000 may have a plan of adoption. These are North Carolina's "Waiting Children" and are the children we have served through our private/public partnership with the State for over 50 years.

In the last 10 years CHS found permanent homes for 722 children who were in the custody of DSS – 52% Caucasian – 48% African American.

In the last 5 years we have also provided foster care services to over 700 children.

Public Funding represents—42% of total budget

Private Funding represents—58% of total budget

I want you to meet The Barford children, Misty, Mary Ann and Erin, sisters from Alexander County who were ages 12, 10 and 8 when they met their adoptive family Mark and Michelle. Before being removed from their birth mother, these girls suffered severe physical, emotional and sexual abuse.

Five years and four homes later, CHS connected them with a High Point family who opened their home to these sisters. We recruited, trained and continue to support these parents as they network with community resources to continue to provide Misty, MaryAnn and Erin with a permanent, safe and loving home.

These girls are a shining example of the 104 other children CHS placed in 2001.

Without your funding, CHS would not be able to find homes, train families and build the lives of thousands of NC children just like these girls.

We understand the fiscal crisis our state faces. However, these children have suffered enough. If they are not helped to heal the ramifications are huge—lives will be destroyed—prisons filled. The cycle will be repeated. You hold the lives of over 10,000 of NC's children in your hands. Right now, you must fight the financial war for them. These proposed cuts would equal a 40% reduction in our level of service. It is impossible with today's economic climate for CHS to replace these dollars.

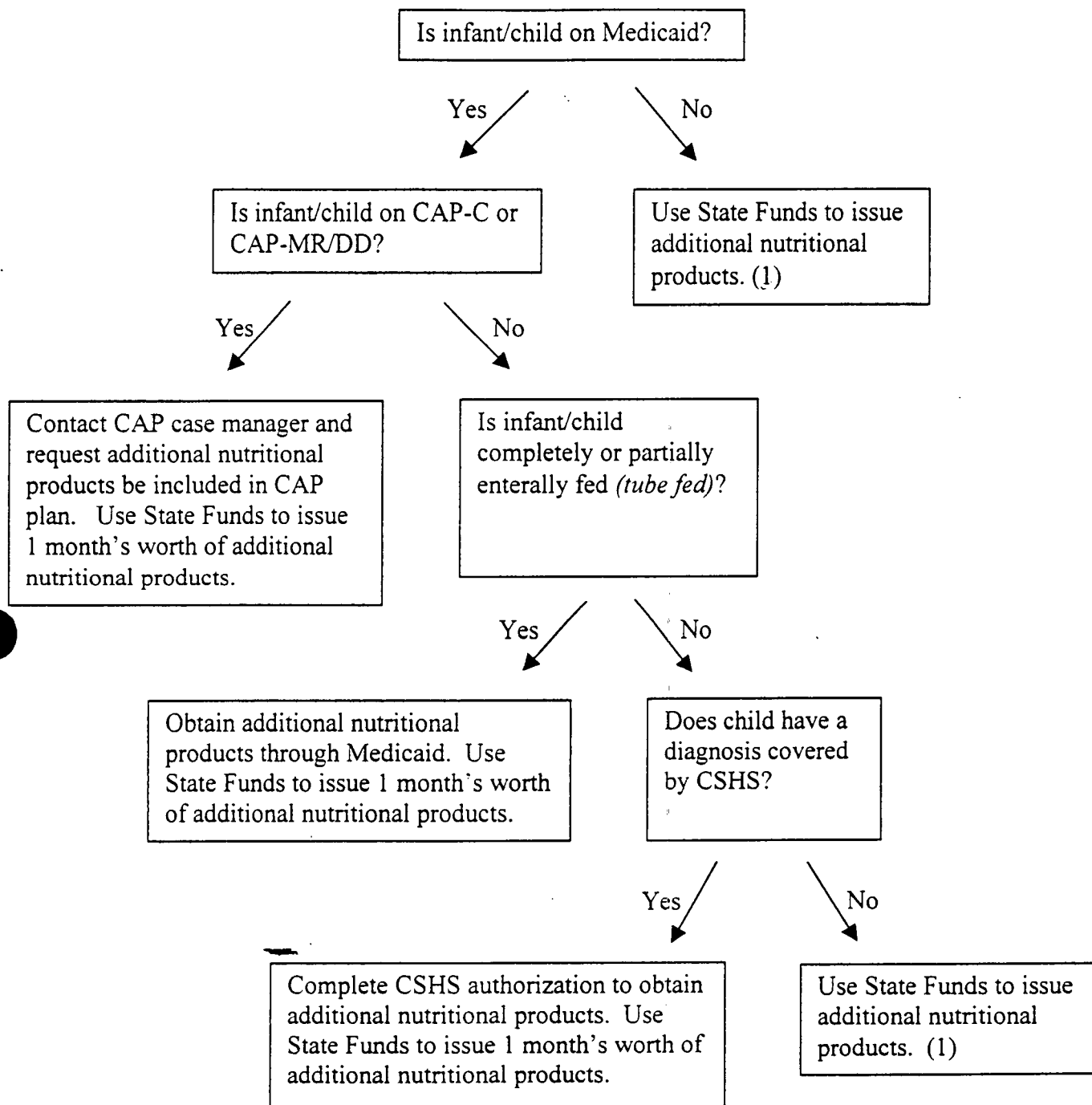
Please, help us protect NC's most vulnerable waiting children.

GOOD MORNING!!!

My name is Colleen Suite; my 10-year-old son is Cody. He has PKU. Cody could not be here today, he is at school taking End Of Grade testing. We receive the formula that he needs from the Health and Human Services department. If Cody did not receive this formula, he would require special needs help or institutionalization. He would lose IQ points and lose motor skill use. He would not be at Reedy Creek Elementary right now taking his End Of Grade exam. He is an A student and class president. His indoor soccer team went to the National Indoor Soccer Championship. This all would not be possible if he did not have this formula. I have a healthy; active child who loves school plays soccer and enjoys life. Please do not take that away from my son and I. He needs that formula to make a contribution to society, to be active in the community and just be a kid. Please I beg you as fellow parents, grandparents; aunts and uncles please do not cut this funding. I want to keep my healthy child.

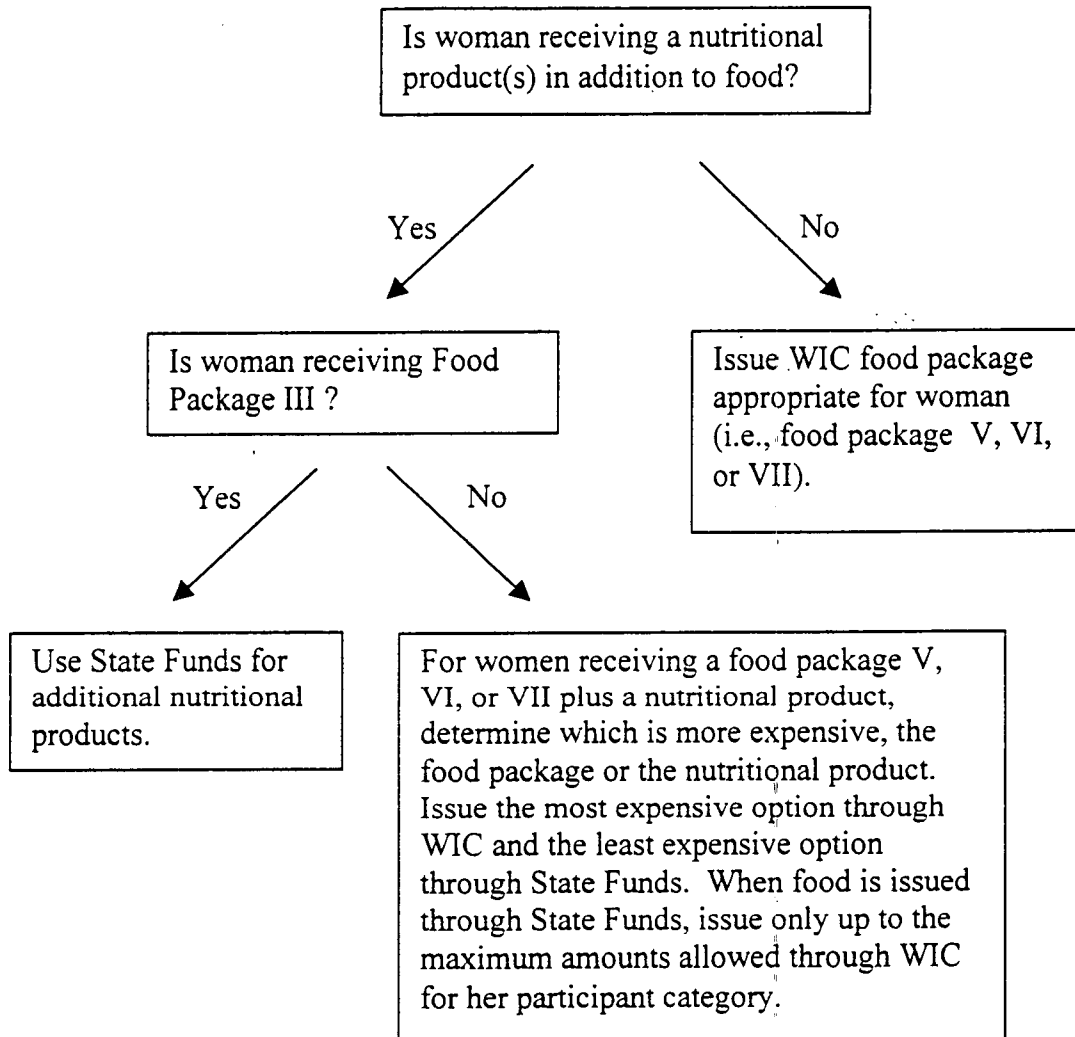


Decision Tree for Determining Funding Source of Nutritional Products Needed in Excess of the WIC Monthly Allowable Amounts by Infants/Children on WIC

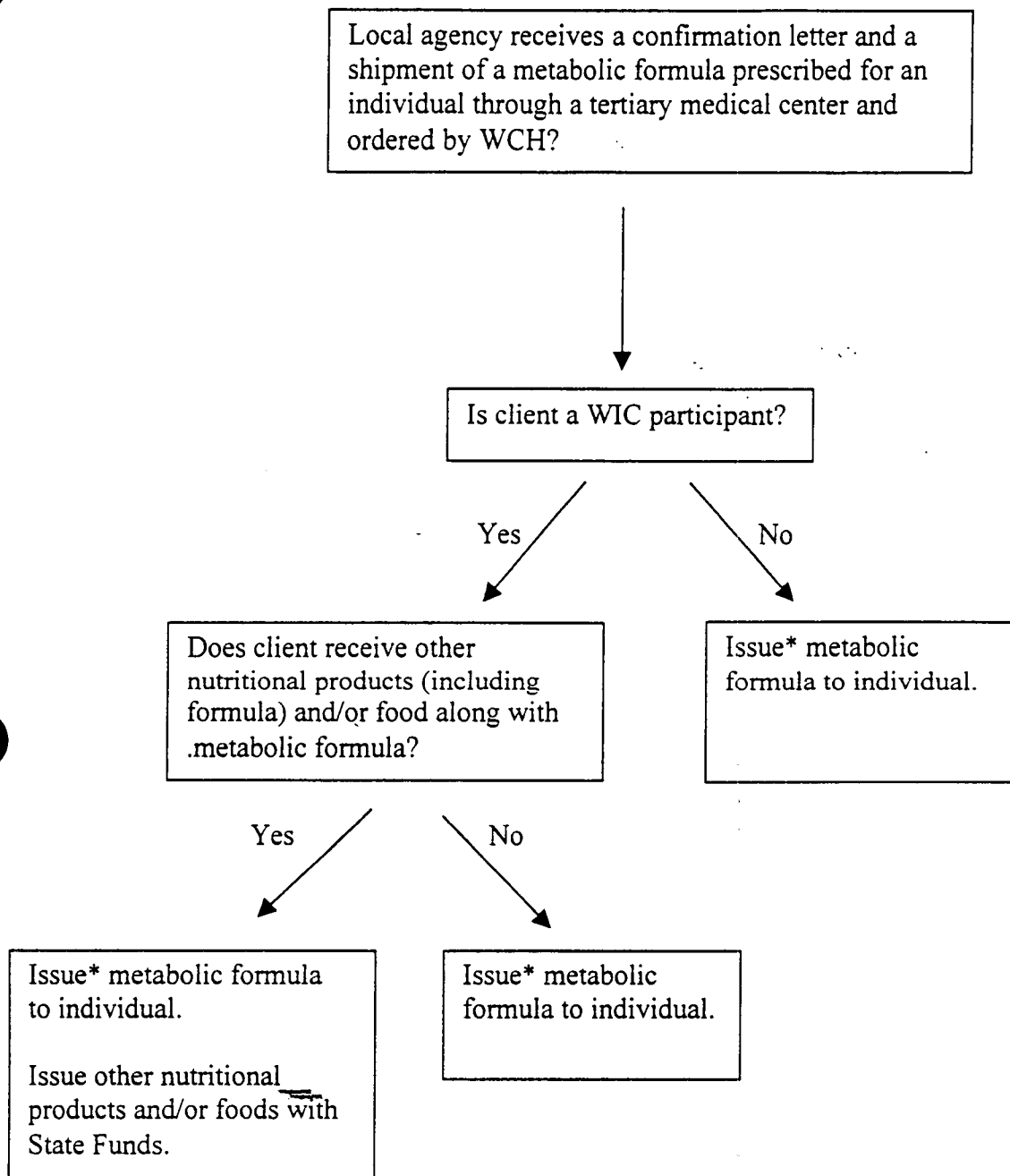


(1) For children receiving a regular child's food package (*i.e. food package IV*) plus a nutritional product(s), determine which is more expensive, the food package or the nutritional product. Issue the most expensive option through WIC and the least expensive option through State Funds. When food is issued through State Funds, issue only up to the maximum amounts allowed for children through WIC.

Decision Tree for Determining Funding Source of Nutritional Products Needed in Excess of the WIC Monthly Allowable Amounts by Women on WIC



Decision Tree for Issuing to Clients Who Consume a Metabolic Formula.



* In this sense, "issue" means: *provide the metabolic formula to the client/parent/caretaker and have them sign the nutritional products issuance log to indicate they received it.*

The Health and Human Services
Joint Appropriations Subcommittee
Room 643 Legislative Office Building
Raleigh

May 9, 2002.

Re: DPH Budget Reduction Options as Presented by NC General Assembly Fiscal Research Division. Total Reduction: approximately \$6 Million.

Dear Members of the General Assembly,

I am one of the WIC nutritionists in Wake County Human Services here in Raleigh. I work directly with WIC clients and WIC eligible clients in most of our clinics including the Special Infant Care clinic (Carelina -Wake Medical Center), Wake County Human Services clinics in Raleigh, Fuquay Varina, Wake forest and Zebulon clinics.

CONCERNS:

1. I hear from these clients daily about the burden of having to care for their high-risk infants and children and I often see the signs of relieve that follows when they are told that there is hope because they can get some help with special formulas that will provide the nutrition their infants and children need to thrive on, survive, become healthier and productive citizens.

Please reconsider the options presented and do not eliminate Infant Formula Program in WIC (\$790,000). This pays for prescription of the special formulas for infants, children and adults with a variety of high-risk medical diagnoses, please help do not allow this program to loose \$120,921 in federal funds.

- These clients have no insurance and cannot pay for these expensive formulas
 - Please help prevent costly follow-ups and costly treatments, these cuts will severely reduce, and possibly eliminate existing services, this is sad because WIC program's goal and focus is prevention
 - In Wake County alone we have over three hundred infants, children and adults on different special and metabolic formulas as a result of medical problems.
 - These formulas have been specially formulated to help correct and as well prevent other problems from developing
 - These formulas are essential and without your help many of these families will not be able to afford these formulas
2. **Please do not eliminate Farmers' Market Program (\$157,230).** This program provides coupons to WIC participants in selected counties to purchase fresh fruits and vegetables at their local farmers' markets. The program is designed to improve the nutrition of WIC clients while increasing the awareness and use of local farmers' markets.
 - Currently the program is not being provided for all eligible WIC participants

- For most of our WIC clients, this is the only opportunity they have to purchase fresh fruits and vegetables.
- WIC participants here in Wake County begin to ask for farmers' market vouchers as early as February/March each year.
- Dietary recalls often indicates the effective use of these fresh fruits and vegetables
- These fruits and vegetables provide indicator nutrients (essential vitamins and minerals) in our WIC participants' diet.
- Our clients value and appreciate your help and support for their families.

The needs of our North Carolinians continue to grow and at the same time you are being asked to make substantial cuts to state agency budgets and nonprofit partners.

WIC participation is on the rise; we currently serve over 10,000 participants monthly. please help us to continue to make prevention the focus of WIC program by encouraging and helping families to become successful, empowered, self sufficient, in good health, have self-confidence, promote happy and healthy relationships within families, respect, advancement, success in schools and become better and productive citizens of North Carolina.

Loss in any of the nutrition programs will contribute to

- Increase in poverty rate in North Carolina.
- Increase in infant morbidity and mortality rate in North Carolina
- Poor pregnancy outcomes
- Obesity and other chronic medical problems

Please do not allow this to set North Carolina progress back a decade or more.

I urge you to please raise revenue instead of making devastating budget cuts by

- Ending tax loopholes for corporations
- Working with the NC Congressional delegation to get Federal assistance
- Raising taxes if we must do so.

Thank you; your continuous hard work for the all the citizens of North Carolina is greatly appreciated.

Respectfully yours,

Victoria M Adeleke, MPH, RD, LDN
 WIC nutritionist
 Wake County Human Services
 10 Sunny brook Road
 Raleigh, NC.

Concerns of the Arturo Calderon & Margarita Montoya family regarding the proposed Elimination of the Infant Formula Program in the NC WIC Program

1. Twins: Yaritza & Yareli Calderon born 1/28/97, (5# 1.5 oz & 3# 12 oz respectively). They were born 1 month early, but grew well until they were almost 4 years old.
2. Suddenly in 12/00 Yaritza started having seizures, which were later diagnosed as Sitting Hands Chorea a rare neuromuscular disease. This required a 4-month stay at UNC Chapel Hill Hospital to manage. She could no longer run and play because of the involuntary muscle spasms she experienced and had to be confined to a special wheelchair. The doctors did not expect Yaritza would be able to walk again.
3. Yaritza was prescribed the Special Formula Peptamen Jr. because she could no longer eat solid foods and had to be fed by a nose tube. Medicaid paid for this formula since she was not eating by mouth because of the risk of aspirating her food.
4. After 11 months of tube feeding Yaritza was able to begin eating solid foods but still needed the special formula. The Infant Formula Program allowed the family to continue to receive the necessary special formula while the regular WIC program supplied the solid foods she needed to relearn to eat normally once again. After 1 year Yaritza was beginning to walk again.
5. Yareli and the twin's baby brother Arturo Jr. received regular WIC foods which helped as Arturo Sr. and Margarita tried to provide for their family's special needs and make ends meet.

Prepared by Pamela J Rock, RD (due to the language barrier, but approved by family)

WIC Program Director

Tri County Community Health Center

Newton Grove, NC

May 8, 2002

My name is Frank Fernandez. I am a NC citizen and Raleigh Resident. I am married and the proud father of 2 boys, Jason (1) and Alex (5). My family has been deeply and personally affected by the HIV Virus. My brother Joe, died of AIDS and my cousin is living with the disease. My brother, because of access to care and medications, lived long enough to be the best man in my wedding. He did not live long enough to know my children and be part of their lives.

My brother was able to live long enough, due to excellent medical care, medications and pure will, to complete a project that has grossed over \$70,000,000 and continues to employ people to this day. If Joe had not had access to the medications that kept him alive and had he died 3 or 6 months or even a year earlier, his project would have never been finished. His work continues to inspire youth to this day.

My cousin has been more fortunate than my brother, as he is still with us. He has been on medications and in care for many years now. He found out about his illness at an earlier stage in the disease than my brother did and was able to access care earlier in his disease. He has stayed healthier longer and continues to be a productive member of society. He works full time, pays taxes, and gives of himself to others who are less fortunate than he is. Without the medications, after a relatively short time, I am sure he would be unable to work, forced to seek disability and would need to use many services supported by the state and federal governments.

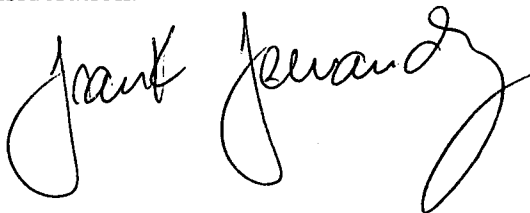
The disease has taken away enough from my family so far. Please help my cousin and others with this disease continue to contribute to society by continuing to fund the ADAP program at the current level. Please also consider increasing the funding by a minimum of \$5mm so that the program can serve those currently enrolled and committed to living and working - in spite of their disease.

I am responsible to my family, my community, and my god and to do the best job I can when faced with hard choices. I am aware that all of you are faced with impossible choices right now. A choice for ADAP would be the right choice for people suffering with AIDS and their families. A choice for ADAP would be the right choice for the state and its taxpayers as it would save money, reduce infection, be morally correct.

Thank you for your time and consideration.

Frank Fernandez
125 Grosvenor Drive
Raleigh, NC 27615

919-518-0660



5/9/02



North Carolina Public Interest Research Group

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**Comments by Kiki Dunton, NCPIRG Staff Attorney
Testimony to Department of Health and Human Services
Joint Appropriations Subcommittee
May 9, 2002**

My name is Kiki Dunton and I am the staff attorney for NCPIRG, the North Carolina Public Interest Research Group, a non-profit, non-partisan, public interest watchdog organization. Thank you for allowing me to speak today. While we, like everyone here today, are concerned about the cuts being made to important programs within DHHS, we want to urge you to look at methods of saving money beyond simply cutting programs.

Specifically, we ask you to look at the cost of prescription drugs purchased by several divisions within DHHS. In 2000, national prescription drug expenditures rose 18.8% and here in NC, Medicaid pharmaceutical expenditures rose even higher at rate of over 20%. Currently, there are more than 35 states considering different methods of saving money on prescription drug expenditures and we urge NC, and specifically this subcommittee, to look seriously at two of these methods.

First is an intrastate multi-agency purchasing pool. Implemented in states such as Texas, Georgia and Massachusetts, this would combine all pharmaceutical purchasing for departments and agencies that purchase pharmaceuticals, such as the divisions of public health and mental health, the department of corrections, and the state employees health plan. By aggregating purchasing from multiple state programs, the state would be able to demand greater price reductions from manufacturers. Texas expects approximately \$13 million in cost savings for the first two years.

Alternatively, NC could choose to participate in a prescription drug purchasing pool with other states. Representatives from NC participated in initial talks with the Southern States Coalition Pharmacy Working Group, organized by WV. Although we dropped out of discussions, the coalition recently hired a Prescription Benefits manager and we could still choose to participate.

The second method of saving money on prescription drug purchasing relates solely to Medicaid prescriptions. As you well know, the state recently decided to require prior authorization for certain drugs prescribed to NC Medicaid patients. We urge the state to go one step further and using a preferred drug list with prior authorization, negotiate directly with the drug companies to obtain additional rebates. NC would continue to participate in the federal Medicaid Drug Rebate Program and this would allow the state to simply receive a supplemental rebate from manufacturers. Florida recently initiated this program and expects to save approximately \$214 million per year.

While there are no easy solutions for our current budget crisis, NCPIRG believes that the options for saving money on prescription drugs are straightforward and would be of benefit to all North Carolinians. We urge this subcommittee to begin discussions on implementing these money saving programs and look forward to speaking with each of you about this in the near future.

Hello Committee Members:

The following letter is from a mother who is working diligently towards being reunified with her two children.

See attached letter.

At the ACORN Center for Families in Carteret County, Margarite has been assisted in finding employment, improving her parenting skills, appropriate referrals and encouragement to follow through on commitments she makes, and managing stress. We are currently working with her to find an apartment with a safe, nurturing environment for her children. We are working with Carteret County DSS to tailor Margarite's parenting education workshops to meet her specific needs and setting goals to reach by her June 28th Court Date. That is a Friday.

It will be devastating for the families ACORN is working with if we cannot open our doors on Monday, July 1st. Collaboration has been key to provide families in Carteret County with services and resources needed for success. With the proposed cuts, many of the key collaborators would not be able to have anything to offer or very limited resources. The Family Resource Centers have met several special provisions in order to receive continued funding – most importantly working closer with local DSS offices. For the ACORN Center for Families, this has proven to be so rewarding, we are actively recruiting potential foster families and providing family education workshops for the foster families. Families working towards reunification are setting realistic goals and obtaining the services they need.

The proposed cuts across DHHS will affect families on many levels - mental health, health care, and family functioning. Directly leading to more children in out of home placement. These cuts are unacceptable for the future of North Carolina. Lets find a compromise between cuts and holding the business community accountable for their fair share. With all of the business growth NC has experienced in the past decades one would have thought we could take care of our needs, our communities, our children – maybe too many tax deals have been made to spur business growth in North Carolina.

Families are working so hard make positive changes in their lives for their children.

Please remember that strong families equal strong communities. Please find a way to keep the family supportive, community based programs in place and allow them to meet the needs of their communities.

Respectfully Submitted By:

Mary Carmichael

Parent, Neighbor, Voting Constituent, Director of ACORN Center for Families, and Board Member of Carteret County Partnership for Children

1240 Harkers Island Road

Beaufort, NC 28516

252-504-3226

To whom it May Concern,

The ACOPEL Center has really helped me on everything. Especially on learning how to manage a family to touching basic on encouraging me to improving my life style as a mother.

Please understand that without this program, Young and old will be lost. We as mother's need this

Thank you
Mrs Margaret Jaybo

Thank you for the opportunity to speak about the Private Duty Nursing program which is at risk for severe cuts in funding for the most medically fragile and vulnerable citizens in our state. They have tracheostomies, ventilators and feeding tubes and are totally dependent on licensed professions for survival. Three are with us today: David, Tricia, and my 19 year old son, Ari.

Herein lies the challenge: These three and others have a consuming desire to live at home. How do you determine the viability of living at home while cutting Private Duty Nursing to 10 to 16 hours a day for those 21 years and older.

I submit this for your consideration:

1. Medicaid is not saving money by reducing PDN hours.
 - PDN recipients are maintained at home without repeated hospitalizations or medical complications. One nursing home nurse stated that out of her 12 patients, at least six of them averaged a month per year in the hospital, each of them costing about \$100,000. On the other hand, Ari, David and Tricia have remained at home for years. It costs several thousand dollars a day in the hospital compared to several hundred dollars a day at home. In the long run, it can cost far more for a patient in a nursing home with hospitalizations than for even the most costly PDN case in the home.
2. Transitioning an adult private duty nursing client from home to a skilled nursing facility could be tragic.
 - How difficult it would be for the technologically dependent child's destination to be in a nursing home at age 21.
 - Clients and families on PDN have chosen to remain at home in the least restrictive environment with the Olmstead and ADA decisions supporting these rights.
 - Generally, there are only 5 skilled nursing facilities in N. Carolina with a total of 110 ventilator beds, 105 occupied, and 5 beds available. The nurse to patient ratio varies from 1 nurse to 4 patients up to 1 to 25 patients which can lead to inadequate care such as frequent infections and bed sores. Tricia has had only one bed sore in 20 years. And, each facility has different qualifications for eligibility, some accepting or not accepting those with antibiotic bacterial resistant organisms, obesity, and special wound care treatments. The vent unit in Charlotte that I visited last summer has since closed.
3. There shouldn't be a set rule for PDN hours because each case varies and is complex.
 - Many caregivers are single parents who work fulltime. The proposed cuts would mean doing 56-98 hours a week on my son's care. I would have to quit work and go on welfare, but I still would lose the choice to keep him at home, because no one person can do that many intense hours 365 days a year.

My recommendations:

- As a concerned citizen of this state, I hope that all of you have the courage to protect those who are our most vulnerable citizens. If that means raising taxes on tobacco, wine, beer, or closing tax loopholes, at least you know the priorities for life itself come first.
- Please do not cut PDN hours for our most vulnerable citizens.

Thank you for your time.

Respectfully,

Stephanie G. Anderson
6307 Old Corral St.
Charlotte, NC 28277
704/847-5601

Good morning! Ladies and Gentleman, thank you for giving me this opportunity to speak with you. My name is Helen Milleson. I am a CAP Case Manager with the Randolph County Community Alternative Program for Disabled Adults at Randolph Hospital. I have worked with the CAP/DA program for the past 11 years. As you are aware, the Community Alternative Program for Disabled Adults is a Medicaid funded program. Since October 1, 2001, no new clients have been added to the CAP/DA program statewide. Our agency has gone from a caseload of 153 on October 1, 2001 to 124 today. I would like to speak on behalf of 119 potential clients that are on the waiting list in Randolph County.

One of the clients on the waiting list and a candidate for the program is Mrs. T a 64-year-old female whom lives with her adult daughter. Mrs. T's daughter must work full time and goes to work each day worrying about her mom's care at home. Mrs. T makes fifty dollars too much per month to qualify for regular Medicaid without CAP. Unfortunately, due to the CAP freeze, she is unable to have any assistance in the home or with her medications. She must wake up around 5:30 in the morning and get out of bed, take a bath, dress and eat breakfast before her daughter leaves for work. Often she has to wait until her daughter comes home from work, about three in the afternoon to eat lunch. She spends almost half of her monthly income on medicines alone. Her health is continuing to decline and her daughter is looking for placement. She would prefer to keep her Mother at home, but does not have the **choice** of letting Mrs. T stay in the community.

I plead with you on behalf of this client and the other 6500 (as of April 3, 2002) clients on the waiting list across the state to end this CAP freeze. By ending the CAP freeze; our tax dollars would be spent wisely, caring for the elderly and disabled adults in their homes. Part of my job description is to monitor my client's budget. As a taxpayer, I often wonder why the State is encouraging more expensive nursing home care over cheaper in-home care services. According to an editorial that appeared in the Greensboro News and Record in January "CAP consumes a meager 3.6 percent of the overall Medicaid budget while saving 30 percent in average daily cost. Nursing home costs represent a whopping 17 percent of the total Medicaid budget."

Most of the senior citizens and disabled adults I know would prefer to stay at home. I am proud of working for the past eleven years with a program that has been a model for other states on dealing with long-term care issues. Why increase the nursing home population and costs when the CAP program is more cost efficient. I implore you to consider lifting the freeze and let the CAP/DA programs at least admit a new client, when a client is terminated. This measure would still slow Medicaid growth and be more cost efficient to the taxpayers.

How is the state of North Carolina going to address the situation when nursing home beds become in short supply? Without the help of the CAP program, many families are faced with a choice of quitting work or placing their love one in a nursing home. In Mrs. T's situation, the daughter would not be able to financially stay home and will be forced to seek placement for her mom. Being placed in a facility will present an unwanted and a more expensive solution.

I suggest that population should determine the number of CAP slots each county can have, and that each county should be allowed to maintain that amount, allowing new clients to be admitted as others are terminated. Ladies and Gentleman I plead with you to give your senior citizens and disabled adults a **choice**. I urge you to raise revenues instead of making devastating budget cuts. This can be done by raising taxes, working with the NC Congressional Delegation to seek federal assistance, increase taxes on cigarettes and alcohol, and using other sources of available state monies. By continuing the CAP freeze, you are slowly killing county CAP programs and the options for older adults. Without CAP, we are increasing our Medicaid cost now and for years to come. Thank you for your attention and allowing me to share today.

Helen D. Milleson

May 9, 2002

336 629-8896 ext. 5284



The BIABH Study Center
204 Avery Avenue
Morganton, North Carolina 28655

Bringing It All Back Home: A Study Center of
Appalachian State University
(828)433-7176
(828)433-6812
Fax (828)437-8329

Remarks prepared for the HHS Joint Appropriations Committee. May 9, 2002
Presented by Gary D. Timbers, Director, Bringing It All Back Home, A Study Center of
Appalachian State University.

Bringing It All Back Home has principal offices in Morganton, Winston-Salem and Asheville. Among the direct services that it provides are Intensive Family Preservation Services through its Home Remedies Program (services in Burke, Caldwell, Rutherford, Iredell, and Cleveland counties), specialized foster care through its Professional Parenting Program, and special needs adoption and post-adoption support through its Adoption Plus Program. Numerous residential child care organizations contract with Bringing It All Back Home for training, consultation and evaluation support services for their direct care providers.

Prepared Comments: For twenty-nine years I have been involved in the development and provision of community-based programs for at-risk youth and their families. Over these years I have witnessed North Carolina improve dramatically in how they take care of their most fragile. Now, in the face of a serious economic downturn, I am worried that many effective efforts will be eliminated or cut back.

With at-risk families it begins with an allegation of abuse or neglect. If, after an investigation and assessment, there appears to be "imminent risk" that the child (ren) might be removed and placed in the physical custody of the county department of social services, that family becomes an appropriate referral to an Intensive Family Preservation Services (IFPS) program. A typical program will provide intensive home based services to these families for a period of 4-6 weeks. And, it works! In our Iredell County effort, for a 12 month period of time, 53 children at imminent risk of removal were served. Ninety-eight percent were still at home at the conclusion of services. If you terminate the IFPS Expansion programs our efforts in Rutherford County will be shut down. In its first 18 months of service, 52 children and their families were served. With an annual budget of \$75,000 this comes to a one-time cost of \$2,153 per child. If these services were not provided, and just half of these children had to enter foster care, the annual cost would range from \$260,000 to \$880,000 depending on the type of care that was necessary to meet the needs of the child. And, there is no way to determine how long a placement would last. The cost savings in IFPS is tremendous. You, as an Appropriations Committee need to weigh small savings now versus larger expenditures in the very near future plus the emotional cost of broken families that did not need to be separated.

Appalachian
STATE UNIVERSITY
BOONE, NORTH CAROLINA 28608

Now, I want to shift gears and speak about proposed cuts in the Special Children Adoptions Fund and the performance based adoption contracts. By cutting IFPS, more children will enter residential care. Many of these children will be re-unified with their parents. But for some, there are significant and intractable abuse or neglect issues that can't be remedied. Those children will be freed for adoption via a termination of parental rights. But, funding for special needs adoptions are being cut back. The result will be more children staying in foster care for longer periods of time. The cost of one special needs adoption is roughly the cost of foster care for one year in a DSS foster home, and there are only modest costs in subsequent years. So again, the economics don't make sense. We are creating an environment where more children are coming into care, and limiting one of the alternatives for getting out of foster care. Because of the adoption efforts and the prevention efforts of IFPS, North Carolina children in foster care went below 10,000 for the first time since 1990. I'm afraid it will begin to climb again.

Now, briefly, one more change in gears. I have described a scenario where more and more children will be coming into foster care and other residential programs. One of the ways the State supports that effort is through the State Foster Home Fund. The proposed 2.8 million reduction in this allocation will mean that programs will only be getting about 35% of their actual cost of care reimbursed.

The State has an obligation to serve its at-risk children and families, I hope it will not turn back the clock on its impressive efforts.

Harold M. Brewer
5036 Woodrun on Tillery
Mt. Gilead, NC 27306

Speaking on behalf of the Adolescent Pregnancy Prevention Coalition of North Carolina
And local Pregnancy Prevention Task Force members across the state.

Financial Facts

Adolescent Pregnancy in North Carolina
COST TO NORTH CAROLINA TAXPAYERS: IN FY 1999: \$832,000,000*

*Cost for Temporary Assistance to Needy Families (TANF), Food Stamps, WIC, and Medicaid for families begun by a teen in North Carolina. 1 Fifty-six teenagers get pregnant *each day* in North Carolina (1999)

- * Over 20,000 teens became pregnant in 1999 2
- * One of every 3 girls has had sex by age 16, 2 out of 3 by age 18. Two of 3 boys have had sex by age 18. 3
- * 31% of the pregnancies to teens 19 and under in NC in 1999 were repeat pregnancies. 4
- * North Carolina has the highest Hispanic teen birth rate in the nation. 5
- * While teen pregnancy rates crosscut all income levels, 85 % of teens who give birth are poor or near-poor. 6
- * Estimated cost to care for a child from birth to age 17: \$262,000 7
- * Only 1/3 of teenage mothers receive a high school diploma. 8
- * For every dollar North Carolina spent on expenditures to support families begun by teens, it spent one cent on investments to prevent teen pregnancy. 9

www.appcnc.org

Children living in families with three or more of the following characteristics are considered at "high risk".

- Child lives in a family with income below the poverty line
- Child lives in a single-parent family
- Child lives in a family where no parent has full-time, year-round employment
- Child lives with a household head who is a high school dropout

Children At Risk: State Trends 1990-2000, A PRB/KIDS COUNT Special Report, The Annie E. Casey Foundation

North Carolina 1997 Youth Risk Behavior Survey Sexual Behavior

- * 61% of all 9th-12th graders reported having had intercourse at least once.
- * 74% of seniors reported having sexual intercourse at least once by grade 12.
- * 13% of all high school students had initiated sexual intercourse before the age of 13.

- * 23% more than one in five high school students reported that they have had sexual intercourse with four or more sexual partners in their lifetimes.
- * 61% of students, who had sexual intercourse in the previous three months, used condoms.
- * 8% of all high school students reported having been pregnant or impregnating someone

Survey compiled by:

North Carolina Department of Public Instruction and the Centers for Disease Control

Of 71 projects in NC, 21 are being funded completely with TANF funds. 50 more are supported through pregnancy prevention program funds in addition to TANF funding. All are subject to being cut or eliminated.

I want to speak directly to Montgomery County, my home and area of service for the last five years. For too many years, Montgomery County had the distinction of having the highest rate of teen pregnancy in the state. In 1998, the rate was at 148 % of the state rate. In 1999 – 129.2%, In 2000-119%.

1998 Pregnancy Data, Teens	Pregnancies 10-14	Pregnancy Rate 10-14	Pregnancies 15-19	Pregnancy Rate 15-19
NC	591	2.4	21050	85.5
Montgomery Co.	2	2.6	96	127.5
1999				
NC	574	2.3	19941	79.5
Montgomery Co.	3	3.7	76	102.7
2000				
NC	549	2.1	19941	76.1
Montgomery Co.	3	3.5	80	90.9

Task Force efforts are aimed to serve High Risk Populations. It is felt the resources and efforts will be most beneficial if strategically targeted.

An **EMPOWERMENT** program, not an **ENTITLEMENT** program. Resources support community plans and generate local capacity to respond to areas of need and concern.

- Cuts will severely reduce, if not eliminate, existing services as described.
- Pregnancy Prevention programs have experienced cuts in past years, current efforts are under funded
- Further cuts will set North Carolina progress back substantially
- We will pay the cost in many ways if we are not responsive to these needs

PREVENTION OF ADOLESCENT PREGNANCY is the business of the Adolescent Pregnancy Prevention Coalition of North Carolina (APPCNC).

We believe a cooperative approach between public agencies, private organizations, and community volunteers can maximize existing prevention efforts.

May 8, 2002

Dear Allocations Committee,

My name is Ms. Jacquelin Ross and I have been in the Intensive Home Visiting Program (Families in Focus, Orange County) for almost two years. I am 40 years old and I have four children. The Families In Focus program is usually for first time moms but when I had my daughter, I was just like a first time mom. My youngest son, Chris, is thirteen years older than my daughter, Aja, so when I had my first girl I was lost. I was living at a transitional housing shelter for mothers and children. I was unemployed and in a bad situation but trying to get back on my feet.

When I first started the program I was scared and in a bad place. I did not like the idea of having someone looking in on me every week, but at the same time I knew I really needed it. Now I know that having someone come to my house every week and teach me how to teach, discipline and love my children has helped make me a better parent. My home visitor has showed me and Chris games we can play with Aja. The thing that sticks out the most is that I have learned a lot of different discipline techniques. I now know that different behavior gets different punishment. Sometimes I take things away, sometimes I make sure Aja is safe and just let her throw a fit, and sometimes a minute of time out is needed. I love the fact that I have been able to tell Sabrina "That did not work with Aja, what else can we try?" I have truly learned to discipline my children without anger and I know that I won't do anything to hurt them. This is one of the mistakes I know I made with my older children, but I know better now.

I know that I am a better parent because of the things I have learned in Intensive Home Visiting Program. I feel like I am slowly getting back on my feet. I am now working, going school to get my GED and I am living in my own place. I try to tell all the young girls I meet, not to turn the help of programs like this away, because it really does pay off. Maybe this program does not mean a lot to you, but it really means a whole lot to me and my children.

Thank you,

Jacquelin Ross

Ms. Jacquelin Ross
Mother

TINY DANCER



Aja Alexa Cortes, 9 months, dances on a fence rail with a little help from her dad, Luiz Cortes, at the second annual Smart Start Family Fest at the Big Barn in Hillsborough's Daniel Boone Village on Saturday. Aja's mother, Jacki Cortes (left), and Salvador Aguilera, a family friend, look on.



SAVE IFPS FUNDING

Guilford County typically receives the second highest number of child abuse and neglect reports in the state. In FY 98-99, 331 children entered foster care in Guilford County, and in July of 2000, when we began delivering IFPS expansion services in Guilford County, there were about 725 children in foster care.

Twenty-two months later, the number of children in foster care in Guilford County has dropped to 556.

- In those 22 months, the IFPS program in Guilford County has served 83 families with 207 children at imminent risk of removal from their homes.
- These 83 families have received 5,164 hours of service.
- 92% of those children have remained in their homes at the end of the six-week service period.
- 73% of the children served have been children of color (which remains in proportion to the number of children of color entering foster care: traditionally 65-70% in Guilford County).
- Follow-up data so far indicate that 85% of families who successfully completed six weeks of IFPS services have had no new substantiated reports of abuse or neglect a year later.

The following points are offered for consideration:

- The cost of providing IFPS to families (just under \$6,000/family last year) is just over half of the cost of each out-of-home placement distributed across the three divisions last year (DSS, JJ, MH/DD/SAS), of more than \$10,000 per child.

- A cost benefit analysis last year showed that for every \$1.00 spent providing IFPS \$2.07 is not being spent on placement services for imminent risk children who would otherwise be placed in out-of-home care. Therefore, eliminating this 1.5 million-dollar program would potentially result in 3.1 million dollars being spent on out-of-home care costs.
- Cutting IFPS this year and eliminating the service will result in increased costs next year in MULTIPLES equal to the number of children placed. The large majority of families served by IFPS are multiple child families.
- Cutting ANY programs that reduce the child population in more expensive alternative programs is short sighted. Children and families WILL BE SERVED because public agencies cannot arbitrarily decide not to carry out their mandates. It's simply a matter of serving them less invasively, less restrictively and less expensively, or more invasively, more restrictively, and more expensively.
- The level of service available through IFPS and other programs of similar intent cannot be turned on and off like a switch. It often takes a full year to "ramp up" programs in accordance with a previous year's fiscal plan. The "on again/off again" history of funding for these programs discourages them from trying to establish the very services that help the state fulfill its legislative mandates.

Respectfully submitted:

Chris Faulkner, MSW, LCSW
Family Service of the Piedmont, Inc.
315 East Washington Street
Greensboro, NC 27401

Betsy Winston, MSW, LCSW
Youth Focus, Inc.
301 East Washington Street
Greensboro, NC 27401

Presentation by Danny Staley, on behalf of the Appalachian District Health Department and N.C. Association of Local Health Directors before the Health and Human Services Appropriations Subcommittee of the N.C. General Assembly

Thursday, May 9, 2002

Raleigh, North Carolina

Ladies and Gentlemen, thank you for this opportunity to address the subcommittee and express my deep concern regarding the proposed devastating reductions to local public health by the Fiscal Research Division. I know that you have a very difficult task before you but ask for your consideration.

Reducing Aid to County Funding (\$1 million) – These funds are used by local health departments to support many public health activities including:

- o Environmental Health
- o Communicable Disease (outbreak investigations, follow-up and prevention)
- o Vital Records and Administrative Services

The state funds received by counties to support these activities have been stable for years and do not approach the actual cost of these services. Every county greatly subsidizes these activities with local funding, including the local tax reimbursement funds now being withheld by the governor. An actual or suspected bioterror event will heavily impact upon these services.

Reduce Health Promotion Funding (\$700,000) – These funds support activities promoting positive health practices, enhancing quality of life and reducing the incidence of chronic disease and institutionalization among our citizens:

- o Cardiovascular Health
- o Physical Activity
- o Nutrition

The purpose of this program is to reduce heart disease, stroke and diabetes which costs the state billions of dollars in health care costs. Local activities include individual and community education that encourages people to develop healthy habits and adopt healthy lifestyles. These funds were reduced during FY2001-02.

Eliminate Administrative Consultation to Local Health Departments (\$251,289) – These funds support positions of the Division of Public Health staff that assist local health departments with fiscal matters and administrative activities:

- o Assure Compliance with DHHS Fiscal Policies and Procedures
- o Monitor Compliance with DHHS Contract Agreements
- o Consultation, Training and Technical Assistance

This support to local health departments assures timely and accurate fiscal reporting to the state of all program activities. These positions monitor the fiscal activities of local agencies, administrative compliance and ensure that fiscal quality control mechanisms are in place. These staff provide training to local fiscal staff regarding best accounting practices, any changes in fiscal reporting to the state and convey expectations from state fiscal controllers regarding fiscal reports.

Reduce Medicaid Reimbursement Rates to Local Health Departments

(\$2,447,000) – The effect of reducing the reimbursement rates to local health departments by \$2.447 million in state dollars results in the loss of \$5.4 million in federal receipts. For local public health this translates to a reduction of \$7.847 million. A reduction of this magnitude will have a devastating effect upon our service delivery capabilities locally:

- Seeing High Risk Patients with Multiple Problems
- Local Health Departments Uncompensated Costs Already Exceeds \$40 million
- Local Health Departments Are Providers of Last Resort

Our patients are very labor intensive and take longer to see. We see patients that other providers cannot or will not see. We strive to be case managers in assuring that all a patients health care needs are met to the greatest extent possible. Since the vast majority of our patients are low income, we cannot cost shift as many private providers do to subsidize the cost of our operation. The local public health share of the total Medicaid budget is approximately 1%.

Again, thank you for the opportunity to share my concerns, as well as those of my colleagues, with you. We will continue to serve the citizens of our respective county's as well as this great state to the best of our ability, however we ask that you not accept these reductions as recommended by Fiscal Research due to the adverse effect it will have upon our citizens and local public health in North Carolina.

Alcohol/Drug Council of North Carolina

Solving the 2002 NCHHS/DMHDDSAS budget crisis through user taxes
 Double the ABC, beer, and wine taxes based on 2001 revenues

	2001 User Tax Revenues	2003 State Share "New" Revenues	2003 County "New" Revenues	2003 DHHS Share	2003 DMHDDSAS Trust Fund Share
ABC					
State Excise	\$94,028,322	\$94,028,322	\$8,713,835		
Mixed beverage tax	\$8,713,835		\$8,713,835		
Rehabilitation Tax	\$1,932,088		\$1,932,088		
Beer					
State Excise	\$86,104,465				
State Share @ 76.25%	\$65,654,655	\$65,654,655			
Local distribution @ 23.75%	\$20,449,810		\$20,449,810		
Wine, Unfortified					
State Excise	\$8,437,079				
State Share @ 38%	\$3,206,090	\$3,206,090			
Local distribution @ 62%	\$5,230,989		\$5,230,989		
Wine, Fortified					
State Excise	\$1,468,843				
State Share @ 78%	\$1,145,698	\$1,145,698			
Local distribution @ 22%	\$323,145		\$323,145		
Total Alcohol	\$200,684,632	\$164,034,764	\$36,649,867	\$41,008,691	\$123,026,073
Raise cigarette taxes to \$0.25	\$38,506,012	\$192,530,060			
Raise other tobacco taxes by 5x	\$3,519,811	\$17,599,055			
Total Tobacco	\$42,025,823	\$210,129,115		\$52,532,279	\$157,596,836
Total user taxes	\$242,710,455	\$374,163,879	\$36,649,867	\$93,540,970	\$280,622,909

\$410,813,747 projected new revenues.

All increased revenues must be used for physical and mental health care.

Seventy-five percent of new state revenues must be deposited in the Mental Health Trust Fund.

Department: Correction

Budget Code: 14500

NOTE: Changes or new items since 3-7-02 are shaded.

No.	Title and Description	FY 02/03			Non-Recurring	Pos.	Impact of Reduction
		Expenses	Receipts	Appropriations			
8	Eliminate funding for Criminal Justice Partnership Program * Statutory Change Required*	(8,567,009)		(8,567,009)	R	(12)	Eliminates county operated programs for probationers and parolees. Abolishes 4 field coordinators and 8 administrative staff positions. Effective date 7-1-02.
9	Reduce 27 DOA vehicles in DCC	(88,452)		(88,452)	R		No serious impact
10	Close Blue Ridge Youth Center	(1,183,117)		(1,183,117)	R	(35)	Closing this facility will improve the efficient allocation of resources. For FY 2000-01 Blue Ridge's cost per inmate per day is the 4th highest among all DOP facilities. This would also eliminate the BRIDGE Program, a cooperative effort with DENR. However, closing this facility could increase the jail backlog creating a substantial shortfall in the agency's budget. Reduces prison capacity by 72 minimum custody beds. Effective date of 7-1-02.
11	Close Gates Correctional Facility	(929,964)		(929,964)	R	(28)	Consistent with the recommendations of the Governmental Performance Audit Committee to improve the efficient allocation of correctional resources the Department recommends closing Gates Correctional. However, closing this facility could increase the jail backlog creating a substantial shortfall in the agency's budget. Reduces prison capacity by 86 minimum custody beds. Effective date of 7-1-02.
12	Abolish (1) Lieutenant position at each of the 17 largest facilities.	(356,143)		(356,143)	R	(17)	Decreases supervision for custody operations. Effective date of 7-1-02.
13	Reduce inmate clothing issue to Small / Martin agreement	(500,000)		(500,000)	R		Will change the issue of clothing from each day to 4 exchanges per week. This does not apply to inmates whose work assignments include kitchen duty, road squads, etc.
14	Contribution from Welfare Fund to General Fund		400,000	(400,000)	NR		This reduces funds available for inmate related needs.
15	Abolish (9) positions Prison Administration	(480,968)		(480,968)	R	(9)	Abolishing these positions in 5 sections of Prison Administration will decrease responsiveness to the 5 Region Offices and 76 facilities and other stakeholder groups while DOP continues to expand capacity. Effective date of 7-1-02.

Department: Correction Budget Code: 14500 NOTE: Changes or new items since 3-7-02 are shaded.

No.	Title and Description	FY 02/03		Non-Recurring	Pos.	Impact of Reduction
		Expenses	Receipts			
16	Increase per diem for Safekopers by \$25 • Statutory Change Required*		1,688,125	(1,688,125)	R	Counties now pay \$15 per day, actual cost is \$65 per day. This increase would bring the payment per day of \$40 to the same level as DOC pays the counties for Jail Backlog. Effective date of 7-1-02.
17	Abolish (6) Chaplain positions	(211,940)		(211,940)	R	This reduces the availability of religious services and counseling to the inmate population. Effective date of 7-1-02.
18	Close IMPACT Program • Statutory Change Required*	(4,157,652)		(4,157,652)	R	Eliminates a structured sentencing sanction for male probationers. In fiscal year 2000-01, 941 offenders completed this program at IMPACT East and IMPACT West. Elimination of this residential program may result in an increase in the prison population. Effective date of 7-1-02.
19	Close DART-Cherry	(2,875,416)		(2,875,416)	R	Eliminates residential substance abuse treatment program for male probationers and parolees. This may result in an increase in the prison population. In fiscal year 2000-01, 1,927 offenders completed this program. Effective date of 7-1-02.
20	Cancel Evergreen Contract	(1,000,000)		(1,000,000)	R	Reduces substance abuse treatment programs for 75 male inmates. Contract requires 60 day cancellation notice. To be effective July 1, 2002, notice must be given May 1, 2002.
21	Abolish (4) Human Services and Testing	(200,000)		(200,000)	R	(4) No serious impact. Effective date of 7-1-02.
22	Abolish (5) DOC Management Positions	(300,000)		(300,000)	R	(5) No serious impact. Effective date of 7-1-02.
23	Eliminate State Aid Summit House Subtotal for 7% Agency Reductions	(1,256,942) (59,259,751)		(1,256,942) (65,800,087)	R	This is pass through money allocated from the General Assembly. Effective date of 7-1-02. (300)
24	Eliminate Community Work Crews	(5,097,702)		(5,097,702)	R	(186) Effective date of 7-1-02.

8% Agency Reduction Options

This will remove a valuable service to counties and cities for many work projects done at no cost to them. Would cause idleness for approximately 1600 inmates.

Department: Correction Budget Code: 14500 NOTE: Changes or new items since 3-7-02 are shaded.

No. Title and Description	FY 02/03		Non-Recurring Recurring	Pos.	Impact of Reduction
	Expenses	Receipts			
9% Agency Reduction Options					
34 Reduce Substance Abuse Programs	(3,169,555)				This eliminates state funded substance abuse programs at all medium and close custody facilities with the exception of DART-Wayne. Retain federally funded RSAT programs and state funded programs at (92) minimum custody facilities. Effective date of 7-1-02
35 Close two Drug Screening Laboratories		183,307		R	Eliminate 2 drug screening laboratories. Abolishes 4 laboratory technician positions and 2 leases. Workload will be shifted to remaining laboratories. Effective date (4) of 7-1-02.
36 Community Service Work Program	(5,826,564)			R	Elimination of this program will negatively impact community service projects by offenders in local communities. DOC does not have resources to absorb this workload, therefore this option eliminates the (162) program in its entirety. Effective date of 7-1-02.
• Statutory Change Required*					
Subtotal for 9% Agency Reductions	(8,996,119)	183,307			(258)
10% Agency Reduction Option					
37 Reduce rates charged by UNC Hospitals	(1,034,311)				Savings amount calculated based on Medicaid rate which represents approximately 16% below current contract rate with UNC Hospital.
• Statutory Language Required*					
38 Reduce Parole Commission	(170,000)				Reduces staff and/or operating budget of the Parole Commission.
Subtotal for 10% Agency Reductions	(1,204,311)	0			0
11% Agency Reduction Option					
Additional reductions without a decrease in the inmate and supervised offender populations would result in jeopardizing public safety. However, DOC is committed to continue to examine all operations to identify additional efficiencies.					
Subtotal for 11% Agency Reductions	0	0			0
Totals	(78,479,037)	6,730,243			(782)

*NOTE: Of the 782 positions to be abolished approximately 554 are currently filled. No severance requirements have been calculated.

CAREER

NURSING

ASSISTANTS “ We love one another, through service to each other”.

NETWORK of North Carolina

2614 Harvard Ave. Durham NC 27703 (919) 957-0443
[http://cna-group.dbmmgt.com/community/Career Nursing /](http://cna-group.dbmmgt.com/community/Career_Nursing/)

To: The Health & Human Services Joint Appropriations Subcommittee
From: Melvin Whitley - President

Career Nursing Assistant Network seeks to develop positive images of Nursing Assistants as dedicated professionals and we appreciate your vision in holding these public hearing.

On August 30, 2001 Nursing Assistants gave birth to our own Association. Career Nursing Assistants Network is incorporated as a nonprofit corporation and we are focusing on building a diverse membership base broad enough to influence decision-making in the health community. Our focus is recruitment and retention. Our goal is to develop programs for career development, and recognition award programs. Career Nursing Assistant Network has a code of ethics for our membership. We are a Chapter of the National Network of Career Nursing Assistants (a professional organization of nursing assistants since 1977 www.cna-network.org). To learn more about our association, you can visit our website in our letterhead.

We believe that the Nursing Assistants provides most of the direct care. The people we serve deserve quality care and nursing assistants deserve realistic assignments, appropriate training, and supervision. Adequate compensation and benefits, career advancement opportunities, and a recognition award program are also important. A work environment that provides the support and supplies needed in order to perform tasks of care are paramount.

North Carolina Crisis Understaffing in our Hospitals and Nursing Homes Is Patients and Residents Abuse.

The Department of Health and Human Services/ office of Long Term Care reported in a study that North Carolina need more than 30,850 additional nursing assistants and direct care workers by 2008, particularly to provide long-term care. The Wake Forest University's School of Medicine panel of experts in August of 2001 concluded that a lack of funding, training and professional respect has hindered job growth in a service that only will expand as Baby Boomers reach retirement age. The report noted that in North Carolina fewer than 300 are enrolled in the state's community colleges to become certified nursing assistants and/or direct care workers.

A research study by Peter D. Hart Research Associates "The Staffing Crisis for Health Professionals" said that staffing shortages are compromising the quality of health care provided, and even putting patients at risk.

Why are CNA's given work assignment of 16 to 30 patients and residents? North Carolina rules for patient and resident care says that "The facility shall ensure that each patient receives adequate supervision and assistance to prevent accidents and abuse. This includes willful infliction of injury, unreasonable confinement, intimidation or punishment with resulting physical harm or mental anguish. A report, (ordered by Congress and prepared by the U.S. Department and Human Services) found "strong and compelling" evidence that health care facilities with a low ratio of nursing personnel to patients were more likely to provide substandard care. Patients and Residents in these facilities were more likely to experience bedsores, malnutrition, weight loss, dehydration, pneumonia and serious blood-borne infections. In most facilities, the report stated, a patient needs an average of 4.1 hours of care each day -2.8 hours from Certified Nursing Assistants and 1.3 hours from registered nurses or licensed practical nurses. Dr. John F. Schnelle, a co-author of the report, said the recommendation would require facilities to have one Certified Nursing Assistant for every five or six residents. (This information is taken from an article in the New York Times dated February 18, 2002 and written by Robert Pear.)

We have asked Career Nursing Assistants members the following two questions. What would help us become better Certified Nursing Assistants and how can we improve the quality of patients care? The answer was more leadership as a member of the care team and more respect from licensed staff.

A study funded by the Duke Endowment on Certified Nursing Assistants asked why Certified Nursing Assistants stay with their jobs. The conclusion was that career-nursing assistants derive a high sense of internal satisfaction (feeling needed and useful) from their work. The quality of interaction between the certified nursing assistants and patient largely determines the degree of satisfaction that patients and their families will experience with their care. The Certified Nursing Assistants observations of changes in physical function, skin condition, nutritional status, and psychological state provide fundamental information for subsequent clinical assessment. We spend the most time with the patients and we are not asked or encouraged to report our observations. While the public values us, we don't always value our profession and ourselves, as we should. We must find a way for our opinions to have value while developing positive images of Nursing Assistants as dedicated professionals.

Career Nursing Assistants needed their own voice. Others are not always aware of the subtle ramifications of laws and practices that relate to direct care. Without Nursing Assistant input, many of the real issues of care will not be visible and not be addressed. We need more leadership as a member of the care team and more respect from licensed Staff. 1-Formal notification of pending changes in laws and policy. 2- Invitations to testify before all public Committees and Boards where policy changes that affecting Nursing Assistants and Direct Care Worker can occur. 3- A seat on all State Committee and Boards that oversee issues related to Nursing Assistant and Direct Care Worker.

Career Nursing Assistants Network believe that all patients and residents deserve courteous, professional appropriate care and quality of life within every healthcare system, and nursing homes, hospitals, and health care facilities administrators are responsible for scheduling the trained staff to provide quality care for Patients and Residents. We also believe that realistic staffing levels are paramount in protecting patient and residents from injury, confinement, and mental anguish. Career Nursing Assistants are instrumental in promoting and safeguarding the physical, mental, emotional, and spiritual well-being of the patients and residents. Understaffing of Nursing Assistants and Direct Care Worker constitutes Patient and Resident Abuse.

We need an Recognition Award Program by Nursing Assistants for Nursing Assistants. There are many myths in the health care community about Nursing Assistants. Dr Karl Pillemer's book, (Solving the Frontline Crisis in Long – Term Care) summarized these myths. **Myth 1. Nursing Assistants are “unskilled” labor.** The job requires unusually sophisticated interpersonal and communication skills. **Myth 2. All in all, being a nursing assistant is a pretty bad job.** Career Nursing Assistants see the job as offering opportunities to perform meaningful, and caring work. **Myth 3. Nursing Assistants are in it for the money.** In surveys of nursing assistants, money was listed as the eighth reason for selecting the job. The number one reason for choosing the job was the same as the reason of most licensed Nurses choosing their job: meaningful, opportunity to help others, and usefulness to society. **Myth 4. Nursing Assistants are all the same.** Half of Nursing Assistants are under 35 years of age, 10% are 55 or over, and 30% belongs to a minority group. Half are married with at least one child under 18. Over half have some kind of education beyond high school. **Myth 5. Patients are concerned about the health care they receive, the surroundings, and the food –not about the Nursing Assistant.** Studies have shown that the most important thing patients' feel while being in the hospital and Nursing Homes are their relationship with staff. **Myth 6. Stress and burnout are no worse for Nursing Assistants than for any other health care worker.** 42% of Nursing Assistants report that the work is “moderately stressful”, 34% say that it is “very stressful”, and 71% wish administrators and licensed nurses would show them more respect. Only 17% feel they receive sufficient recognition and appreciation for their work. We must have a chance to change these myths ourselves. We want the respect of our peers and support staff. Career Nursing Assistants Network is asking Nursing Facilities and Adult Care Home to develop C.N.A Advisory Council at the workplace. This Advisory Council will only focus on developing a recognition award program using a membership pledge as a standard for considering Recognition Awards for Certified Nursing Assistants. We also ask that a process be developed, that we may select those to be awarded. In short we will be evaluating each other with a standard we have set for ourselves while improving the quality of care we deliver to patients.

We ask you to end tax loopholes for Corporations, raising taxes and work with the NC Congressional delegation to get Federal Assistance. We need funding for a office for Caregiver Development, training in leadership, and mentor relationships that will support and enable a peer group while it is developing, growing and taking its rightful place in the facility and in the health care system.

Statement of Dr. Margaret Arbuckle

Chair, North Carolina Child Advocacy Institute

**Before the Health and Human Services Subcommittee of
the Joint Committee on Appropriations**

May 9, 2002

There is no good news facing state legislators and Governor Easley as they struggle with North Carolina's budget woes. Like most other states, NC's economy is sluggish and expected revenues may be a billion dollars below a "status quo" budget. Tough decisions will have to be made.

However, tough decisions must not be allowed to turn into shortsighted ones. For instance, there is a proposal to cut the vision, hearing and dental coverage in NC Health Choice (our state's health insurance program for children from modest income, working families). Talk about "short-sighted"!

Children who cannot hear their teachers or see the chalkboard will not do well in school -- and we will pay and pay again when they repeat grades and need expensive special services to catch up.

Similarly, unwise cuts are being considered in NC's juvenile justice,

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mental health and child protection systems. An ounce of prevention still is better -- and far less expensive -- than a pound of cure.

The one thing we can be sure of is that North Carolina will reap exactly what it sows through its decisions about the state budget. If the budget sows an attitude of "tough luck" toward our harmed, vulnerable children, then we can count on reaping decades of mounting social and economic costs to clean up the entirely predictable mess created. Our leaders need to lead by:

- * securing more federal funding;
- * cutting genuine waste;
- * funding "have to" items first;
- * closing tax loopholes; and, if necessary
- * raising more revenues.

North Carolina voters also have a crucial role. We need to let our elected officials know that they will not be punished on Election Day for fulfilling a primary obligation of any government -- to help those who cannot help themselves. By sowing the seeds of common sense and compassion, the next generation of North Carolinians will reap the benefits for decades to come.

I stand here today as a proud representative of the Department of Health and Human Services Public Health Division who benefits from the funding under discussion today.

Public Health is immediately visible as medical service for the indigent, but we do so much more. Public Health answers the state responsibility to protect the health and prosperity of our future, especially in these days of uncertainty.

Terrorism has struck our nation. Powerlessness and fear and have fostered self-medication, violence and a desperate grasp for control through eating disorders, teen pregnancies, domestic violence, substance abuse and suicide.

Please consider how this funding effects my county:

§ Wilkes County residents can expect to earn nearly \$3,000 less per person this year than the average North Carolinian.

§ Last year our United Way cut the adolescent pregnancy prevention coalition's budget by half. United Way depends upon charitable donations in a county of rapidly decreasing resources.

§ Our Faith-Based Nursing program ended. We could not find a foundation to financially support staff. Other North Carolina programs we approached in the state are dwindling because foundation seed money was not sustainable.

§ Last month our Healthy Carolinians hosted a community forum on substance abuse. Someone asked, "Whose job is it who only does prevention of initiation of substance use or abuse?" There was silence. Nobody does.

§ Last week an unmarried 18-year old came in to our clinic. She was hoping for a positive pregnancy test because "there's nothing better to do";

§ and we've already met our expected number of suicides this year.

We must address the underlying causes of morbidity and mortality; and we must have the financial resources to do so.

Last year's budget cuts and this year's proposed cuts are forcing public health to zero out our vision of healthy communities. Representative Verla Insko from Orange County described it best by saying, "We are creating human problems 10 and 20 years down the road." We need prevention now.

I implore to continue your financial support of the Department of Health and Human Services. You enable and empower us to pursue our primary mission: to protect the health and preserve the prosperity of our future.

Lucy C. Plyler
417 Meadow Lane
Kings Mountain, NC 28086
Cleveland County
(704)730-0220
lplyler2@carolina.rr.com

In March of 1998, my daughter, Hartley, was born, a seemingly healthy baby girl. Two months later, she had her first of many hospitalizations. At five months old, she was diagnosed with congenital hydrocephalus and a rare brain disorder. The hydrocephalus could be treated, not cured, and the brain disorder was an unknown variable. Realizing that my daughter was not developing like other children her age, I took a proactive role and contacted the Developmental Evaluation Center for an assessment. At that point, she qualified for and began receiving Early Intervention Services. Therapists worked with her weekly in our home and we began to see how far behind she really was compared to her peers. I also came to the realization that my hopes and dreams for my daughter would have to change. I was now hoping that she would one day walk to me or be able to tell me that she loved me. I did not know what the future held for my precious daughter.

Within a year, we realized that Early Intervention seemed to be making a big difference in her young life. By late summer she was beginning to crawl, still about a year behind developmentally. Now at the age of establishing some basic vocabulary, she was only saying a few words and I realized that her biggest delay was her speech and I began an active push for her to begin "signing" her words. Incredibly, she picked up on it very quickly and soon her number of "signed" words outnumbered her spoken words.

At 22 months, she began to walk. All areas in her development seemed to be progressing at an overwhelming rate. In the fall, she was re-evaluated by the DEC for her preschool screening. Amazingly, she did so well that she almost did not qualify for preschool services. Once again, I saw what a difference Early Intervention has made.

As we prepared her for entering preschool, most of her "signing" was dropped and her speech became more clear and took off at an astonishing rate. This fall, Hartley started public preschool in a Smart Start classroom with typically developing children who are at risk for school failure as well as about 5 other children with special needs. She absolutely loves school and has continued to make progress in all areas of her development. She is receiving good reports and is meeting most of her goals.

Yesterday, I met with Hartley's teachers and all of the professionals involved to find out how she is doing and to set new goals for next year. I walked away with a glowing report of the remarkable gains she has made. Within the first month of attending the Smart Start preschool classroom, she dropped all of her signing and began total verbal communication. She received specialized therapies to increase her gross and fine motor skills and to increase her speech. She met most of her goals through the year, but she still has to catch up with her typically developing peers before she starts Kindergarten in the fall of 2003. I give much of the credit to the Early Childhood professionals that have worked with her this academic year.

The classroom where she is enrolled is 100% Smart Start funded and have already received significant cuts throughout the school year that limited her teacher's resources for purchasing basic materials for teaching. If Smart Start is cut at the amount that is being proposed, the classroom where she is enrolled will be closed. This will affect 30 children in my school district alone, as well as 3 other Smart Start classrooms in the Shelby City and Cleveland County Districts. There are no other preschool classrooms in my school district that would offer special education for her. This would be devastating to her growth and development. She is only one of thousands of children with special needs across North Carolina that would be affected by these cuts. And this is only one small service of many that Smart Start provides.

I am Hartley's strongest advocate and I speak on her behalf as well as many others like her...please invest in the future of our children, for they are our future. Thank you.

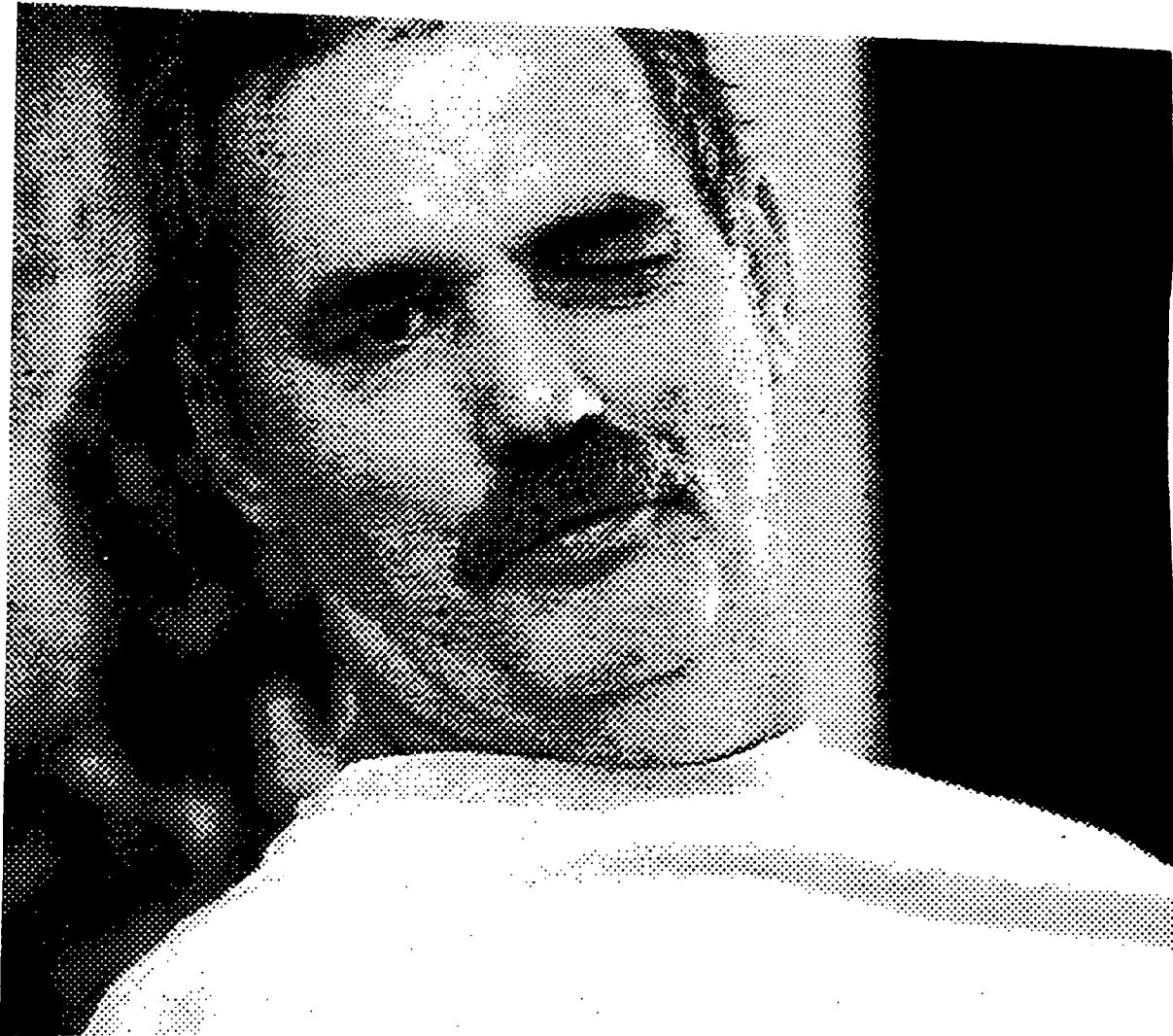
Mickey Dudney is **52 Years Old**.

Two years ago, he was working **just like you**.

Today, due to a stroke, Mickey lives in a nursing facility, away from family and friends, because of a **FREEZE** on the CAP-DA Program.

The state would **SAVE MONEY** by sending him home.

His family wants him home and **he wants to be home!**



Enclosed, you will find almost 400 letters from CAP recipients, citizens who need the CAP program, and family members and other supporters of the program.

Mickey is just one of the many faces...

This could be any one of us.

You can make a difference and send Mickey HOME by eliminating the freeze on this vital program!

HELP SAVE IN-HOME SERVICES FOR THE ELDERLY & DISABLED

The Department of Health & Human Services is making budget reduction recommendations to Governor Easley to reduce spending in the current budget year. Specific recommended cuts are as follows:

- 1) Continue the freeze on CAP-DA which means adding no new clients to the program.**
- 2) Reducing the budget allowed for each CAP-DA client.**
- 3) Decreasing the number of hours of In-Home Aide Services that are presently available to many elderly & disabled people on Medicaid.**

Implementation of these budget cuts would significantly reduce services many elderly & disabled citizens in our state receive. Many would have no alternative but nursing or rest home care.

The North Carolina citizens listed on this petition are strongly opposed to any reductions to In-Home Care Services to our elderly & disabled Medicaid recipients.

Name	Address
Amanda Miller	1063 Beans Creek Rd. Lenoirville, NC 28705
X 1200 2010 + n	1247 Hoot Owl Rd. Spruce Pine NC 28777
Jennie B. Griffith	221 Twin Oaks Lane, Spruce Pine, N.C. 28777
Lillian Hughes	Rt. 8 Box 254 Burnsville, N.C. 28714
Doree Bouck	75 Veed Garland Rd. Spruce Pine, N.C. 28777
Josh Gage	75 Veed Garland Rd. Spruce Pine N.C.
Mary Bishop	98 Veed Garland Rd. Spruce Pine N.C.
Arlin Wilson	450 Hoot Owl Rd. Spruce Pine, N.C. 28777
Lisa Selby	208 Scurwood Dr. Spruce Pine, N.C. 28777
Jamie Griffith	P.O. Box 942, Spruce Pine, N.C. 28777
Jack H. Griffith	P.O. Box 942, Spruce Pine, N.C. 28777
Ricky & Melissa Griffith	75 Wildwood Ln. Spruce Pine, N.C. 28777
Dario Pelisier	PO Box 203 MICAVILLE NC 28755
Willie G. Ardand	Lerner Park, N.C. 28777
Ora Allen	899 Sixteen E. Hwy. Spruce Pine NC
Arthur Allen	899 Sixteen E. Hwy. Spruce Pine NC
Charles Allen	Crabtree Creek Rd. Spruce Pine NC
Barbara Allen	Crabtree Creek Rd. Spruce Pine NC
Carolyn Carpenter	21 Twin Oaks Ln. Spruce Pine NC 28777
Joe & Nellie Fisher	83 Leonard Fisher Lane, Spruce Pine NC 28777
Grand Fisher	83 Leonard Fisher Lane, Spruce Pine NC 28777
Julie Hughes	Rt 8 Box 252 Burnsville NC 28714
Goulda Paris Fisher	82 Leonard Fisher Lane, Spruce Pine NC 28777
Jack & Irene Fisher	81 Leonard Fisher Lane, Spruce Pine NC 28777
Loene Crabtree	P.O. Box 424 Crossnore, N.C. 28616
Linda Nelson	97 Wildlife Rd, Keno, NC 28761
Lloyd & Rosie Fisher	Rt. 2 Spruce Pine, N.C. 28777
Lona Pendley	P.O. Box 24 Spruce Pine N.C. 28777
Michael Carpenter	50 Ed Sneed Dr. Marion NC 28752
Jessie Carpenter	50 Ed Sneed Dr. Marion NC 28752

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Kina Wheeler	P.O. Box 491 Bakersville NC
Terry Buss	Bakersville NC
Richard Davenport	Rt 2 Box 528 Burnsville NC 28714
Donnie Leonard	242 Valley View Rd. Bakersville, N.C. 28705
Wila Clark	Spruce Pine NC
Georgia Honeycutt	PO Box 1124 Bakersville, NC 28705
Hanna Honeycutt	PO Box 1124 Bakersville NC 28705
Judy Haly	P.O. Box 62 Spruce Pine NC 28771
Charlene Davis	P.O. Box 151 Plumtree N.C. 28664
Norma Duncan	23 Duncan Loop Bakersville NC 28705
Teroy Henson	104 Hill St Spruce Pine NC
Chris Tronoff	125 Haskins Way Spruce Pine, NC 28777
Elizabeth Robinson	277 upper Browns Cr. Burnsville, N.C. 28714
Julie Pearson	77 Tennessee Ave Marion, NC 28752
Patricia Doan	208 Cooktown Rd. Bakersville NC 28705
Daniel King	115 Buchanan St. Spruce Pine N.C. 28777
Robert J. Griffith	Rt 5, Box 686, Burnsville, N.C. 28714
Carol Sheehan	Rt. 2 Box 236, Burnsville, N.C. 28714
Jeffrey Fulford	19 Rosewood Dr Bakersville, NC 28705
Robert Clymer	Rt 3 Box 975-11 Burnsville N.C. 28714
Bill Forney	1125 min creek Road Bakersville, NC
Jamara Faulstich	53 Franklin Ln. Spruce Pine, NC 28777
Marion L. Spalding	122 Hubert Yelton Rd. Bakersville NC 28705
Randy Whitson	948 Besawallow Rd Burnsville NC 28714
James Thomas	411 Thomas Road Spruce pine NC 28777
Ward A. Ollis	477 Pine Grove Rd. Spruce Pine
Donald Miller	55 Welzie Adkins Drive Spruce Pine, NC
George Buddie	Spruce Pine N.C.
Ronnie Helman	Spruce Pine, N.C.

Name	Address
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Erin Casares	Elm st apt. 1 Spruce Pine N.C. 28777
Kenneth Spink	57 Nason Rd Rd Spruce Pine NC 28777
Peggie McCull	155 McClellan Dr. Spruce Pine, N.C. 28777
Amanda Sampson	120 Peacock Hollow. Spruce Pine, n.c. 28777
George Beauvais	Hanging Rock Rd Spruce Pine NC 28777
Sally Young	Melrose Road Bakersville, N.C.
Maura Rosas	Elm. st. apt. 1 Spruce pine N.C. 28777
Carol Summerville	Catalpa Trail, Spruce Pine, NC 28777
Clyde Thomas	Rt 1 Box 681 Burnsville
RONNIE Lee Fry	BURNSVILLE NC. 28714
Phillip Letterman	Rt 2 Box 33 Burnsville NC 28740
David Davis	153 BEANS CREEK Rd Bakersville NC 28705
Mike Lewis	Bakersville Rd 8
Lee Daniels	RD Carl Lane Noland N.C. 28657
Mike Woody	11 FLINT ST SPRUCE PINE NC 28777
Herb Penderly	Marietta NC
James P. Yelton	Spruce Pine, N.C. 28777
John Harrison	PO box 1121 Burnsville
Paul Hughes	611 Johnson Hollow Rd. Bakersville N.C.
Jackie Wain	95 Estelle Ave Spruce Pine, NC 28777
Will Wilson	25 Cabin Rd Spruce Pine NC 28777
David Neilman	Rt 2 Box 734A Burnsville NC 28714
Charles C. Dorland	172 HUBBARD YELTON - Rd
Billy Joe Robinson	17 Amethyst st spruce pine NC.
Edwin Miller	80 Pally Lane Spruce Pine NC
Joe Ellis	782 Dula Rd Spruce Pine, NC
Walter H. H. H.	127 HUSKINS WAY Spruce Pine NC
Wayne Williams	7178 Crabtree Rd Spruce Pine, N.C.

Name	Address
Neal Larkin	520 Chestnut mt. Rd Spruce Pine
Mable Whitson	180 Walnut Ave Spruce pine nc
Alma Lee	47 Linnville Hollow Rd Marion nc
Wayne Whitson	180 Walnut Ave Spruce pine NC.
Peggy Lee	R#1 BOX 311 spruce pine NC 28777
Lillie MC Null	R#1 BOX 311 spruce pine NC 28777
Morgie Angle	Newdale, NC. Rt 2
Paulette Buchanan	Burnsville, NC. Rt 2 28714
Lawrene Buchanan	Burnsville, NC. Rt 2 28714
Frances Stamey	303 Valley Rd Spruce Pine, NC. 28777
Morris Stamey	303 Valley Rd Spruce Pine, NC. 28777
Rita Mae Allen	Spruce Pine, NC. 28777
Sarana Allen	Spruce Pine, NC. 28777
Ray Allen	Spruce Pine, NC. 28777
Carolyn Burseson	696 Fork Mountain Rd Babersville, NC. 28705
Mack Burseson	696 Fork Mountain Rd Babersville, NC. 28705
Raymond Lee	1703 Upper White Oak Crk Rd Burnsville, NC.
Bea Pittman	Babersville, N.C., 28705 28714
Pearl Buchanan	Rt 1# Box 313 Spruce Pine, NC. 28777
Bessie King	Rt 7 Box 608 Spruce Pine, NC. 28777
Lily Thomas	Rt 1# Box 322 Spruce Pine NC 28777
Delrie Johnson	Rt 2 # Box 668 Babersville, NC, 28705
Frank & Lillian Forbes	Wolf Pen Beach Spruce Pine, NC. 28777
Darrell Forbes	Rt 2 # Burnsville, NC. 28714
Nancy Forbes	Rt 2 # Burnsville, NC. 28714
Wayne Braswell	Rt 1# Spruce Pine, NC. 28777
Bonnie Braswell	Rt 1# Spruce Pine, NC. 28777
Rivren Braswell	Rt 1# Spruce Pine, NC. 28777
Wayne Darby	Rt 1# Spruce Pine, NC. 28777

Name	Address
Norma Lee Lusby	Rt 1# Spruce Pine, NC 28777
Janice Miller	Rt 1# Spruce Pine, NC 28777
Mayland Nanny	Rt 1# Newland, NC 28657
Laramy Renfro	Rt 1# Spruce Pine, NC 28777
Helen Renfro	Rt 1# Spruce Pine, NC 28777
Robert Renfro	Rt 1# Spruce Pine, NC 28777
Rev Dallas Renfro	Rt 1# Spruce Pine, NC 28777
Sam Renfro	3650 Ollis Rd Spruce Pine, NC 28777
Bulah Lackey	520 Chestnut Mt. Rd. Spruce Pine, NC 28777
Wayne Lackey	520 Chestnut Mt. Rd. Spruce Pine, NC 28777

Name	Address
Michael D. McKinnon	10461 Hwy 19 E Spruce Pine 28777
Jane Burren	172 Windy Cove Spruce Pine NC.
Mike Ellis	62 Dala Rd. Spruce Pine
Armin Hall	20 Old Hall Store Rd. Spruce Pine
Doug Honeyath	RR1 Box 91 Green Mtn
Wayne Holm	145 Spear Top Lane Newland NC 28657
Lucy Street	3982 Pigeon Roast RD Green Mtn
Martha Dawkins	185 Creed Pittman Rd. S.P. N.C. 28777
Steve Howell	Rt. 1 Box 89A green mtn 28770.
Allen Buchanan	768 Deer Park LK Rd S.P. NC 28777
Michael Lyons	1273 Chestnut Grove Rd SP 28777
Bill Frank	1340 Indian Crk Rd Burnsville 28714
Jean Hellefeldt	1424 Bear Creek Rd. Bakersville NC 28705
Phillip Fules	P.O. Box 232 Micanville NC 28755
Charles Hellefeldt	1424 Bear Creek Rd. Bakersville N.C. 28705
Harold Glenn	Box 1042 Rt 2, Green mtn N.C.
Dennis S. Whitson	Rt 67 - Byrd Creek Rd. Green Mtn
David Buchanan	145 Franklin town R.P. Spruce Pine N
Sam Nelson	95 St B Lane Newland N.C.
John L. Stator	688-3047
Richard Burns	250 Bear Willow Rd Burnsville 28714
Charles Jones	55 Sweetwater Br Rd. Newland NC 28657
Walter White	412 Bear Creek Christ Rd Bakersville NC 28705
Lindsay Bennett	P.O. Box 2 GREEN MTN. NC.
Jane Buchanan	768 Deer Park Rd Spruce Pine, N.C. 28777
Beth Sh. Parks	4886 N226 Hwy Bakersville NC 28705
Red Putman	235 Loop Road Spruce Pine NC 28777
David Dean	2249 - 12111 Hwy Newland N.C. 28657
Connie W. Dwyer	Rt 1 Box 269C Spruce Pine N.C. 28777
John Brant	1314 Beaver Creek Rd Spruce Pine NC 28777

Name	Address
Vanda Forbes	871 Nunpack Man Rd Spruce Pine, NC 28777
Laurens Doney	489 Valley Rd Spruce Pine N.C. 28777
Dona Sue Williams	Spruce Pine
Patricia McCall	Spruce Pine
Margi Cunningham	Spruce Pine, NC 28777
Betty Bradley	2727 19E Hwy Spruce Pine, N.C. 28777
Agita Elliott	11 Elliott Hill Dr. Spruce Pine, NC. 28777
Carolyn Cook	2725 19E Hwy, Spruce Pine, N.C. 28777
Janice Burr	Rt 2 Box 858 Burnsville NC 28714
Catherine Ware	P.O. Box 103 Spruce Pine NC. 28777
Alma Pitman	Spruce Pine NC 28777
Max Woody	Spruce Pine, N.C. 28777
Christy Chandler	212 Sawmill Rd Burnsville n.c. 28714
Mary Howell	2762 Pigeon Roost rd Greenmtn NC.
Raf Kial	Bakersville N.C.
Daniel Phillips	Spruce Pine NC.
Sue Reid	Bakersville, N.C. McKinney Cove Rd.
Judy Hollifield	Burnsville N.C. 28714
Stacy Johnson	8263 NC 197 Green Mtn NC 28740
Steve Howell	Green mtn NC. 28740
Dean Branton	Burnsville, N.C. 28714
Sammy Freeman	138 Larkin Lane N.C. 28777
Janis Yelton	136 Pine Run Ridge Rd Spruce Pine NC 28777
Christine Ledford	Spruce Pine, N.C. 28777
Martha Burdson	Spruce Pine N.C. 28777
Shirley Bojo	36 English St Spruce Pine NC 28777
Betty Laws	454 Ollie Dr. Marion, N.C. 28752
Kim Huskins	1409 Blue Rock Rd. Burnsville, NC 28714
Jill Willis	Cave Creek Rd. Bakersville NC 28705
W.G. Peterson	Green Mountain N.C.
Johnny Pittman	Burnsville NC
Mike Ebe	SPRUCE PINE NC

Name	Address
Cystal Johnson	30 Stacy farm Rd Nebo NC 28761
Misty Silver	269 Greenlee Rd Marion NC 28752
gaile wheel	PO. 1925 Oldfort NC 28762
John Cannon	97 Pudgett Drive Marion NC 28752
Tracey Price	PO Box 992 Nebo, NC 28761
Brenda Scott	141 Overlook Dr. Marion N.C.
Carrie Robinson	96 Lawrence Holefield Dr. Marion NC 28752
Wendy Gowan	82 Ned McGimpsey Rd Nebo NC 28761
Daniel Russell	176 Davis Dr Marion
Shannon Rigg	483 Jack Corpening Rd. Nebo
Chris Rigg	" "
Jenny Moore	208 e Pyle Ln Marion N.C.
Wayne Lopez	16 Terry Ln Marion
Lydia Warren	93 4th. C St. Marion, N.C.
STACON Sumner	3900 NC 226A Marion NC
Shelba Buckner	1056 Hankins Rd Marion
Lynn Gardner	512 Cannon Rd. Marion
Lisa Garcia	124 Glenbrook Old Fort
Jimmy Lydon	205 Bethel Church Marion
Nancy Elliott	322 Youngs Creek Drive, Marion, NC
Charles Siga	1021 Old Tim's Creek Rd. Marion NC
Lola McKinney	Triple J. Park Lot 6 Marion n.c.
Jeanette Jarrer	320 Church St Marion NC
Edward Jarrer	320 Church St Marion NC
Michael Johnson	30 Stacy farm Rd Nebo NC 28761
Brenda Hamilton	1004 Hidden Acres dr. Marion 28752
Sturley Keeth	253 Juddi Ace Dr. Marion, NC 28752
Jill Allen	269 Greenlee Rd Marion
Jammi Bueler	269 Greenlee Rd 4 Marion

Name	Address
Charity Scher	11 Sugar Hill Rd, Marion NC 2875
Rochelle Howard	7 Sugar Hill Rd, Marion, NC 28752
Troy Lanning Jr.	63 Charlock Rd Marion NC 28752
Darlene Lanning	1" 1" 1"
Angie Rhon	Heritage Hill Apt 04 Marion
Jackie Parton	74 Greenlee Rd west Marion
Timothy D. White	33 River Hill Rd. Marion N.C.
Burns	234- SAGEWOOD DR. MARION, N.C.
Kim Burns	334 Walker Rd nebo 28760
Shirley Washburn	95 Miracle Dr Marion N.C. 28752
Cheryl Boyd	3879 KENNEDY BLVD NEBO NC
Ann B. Thom	PO Box 1163 Old Fort NC 28762
Sue Lauer	876 Green Dr. Marion
Mark Straughan	} 53 Rosebud Dr. Old Fort, NC 28762
Cindy Straughan	
Dustin Straughan	
Angela Gierland	114 Hill Park Marion
Jimmy Woody	368 Ab Elliott Rd Marion
Mike Woody	368 Ab Elliott Rd Marion
Victoria Walber	388 Nebo NC 28761
John News	240 TIMBER WOLF LAKE MARION, N.C.
Brand Miller	953 Lake Tahoma Rd Marion
Margaret Boyd	3444 U.S. 221N Marion N.C.
Paul J. Boyd	1" 1" 1"
James Boyd	old Gore NC 28760 P.O. Box 540
Ellen Burns	" " " " " "
Dennis Dupino	" " " " " "
Doris Pritchard	1394 HANKINS RD. MARION NC
Barbara McKani	250 Forest Ave Marion NC

PROPOSED BUDGET REDUCTION-DHHS

CAP/DA

- 1. CONTINUE THE FREEZE ON CAP/DA**
- 2. REDUCE THE MONTHLY AVERAGE COST LIMIT ON SERVICES TO 70% OF THE AVERAGE NURSING FACILITY RATE. (THE LIMIT IS CURRENTLY 90% OF THE AVERAGE NURSING FACILITY RATE.)**
- 3. LIMIT IN-HOME AID SERVICE TO 115 HRS.PER MONTH.**

THIS WOULD REDUCE THE IN-HOME AIDE SERVICE TO A MAXIMUM OF 26 HRS PER WK!!!

THESE ARE PROPOSED BUDGET REDUCTIONS, BUT THEY DON'T REQUIRE STATUTORY CHANGES OR SPECIAL LEGISLATIVE DECISIONS TO IMPLEMENT.

***** A DECISION WILL BE MADE ON THE PROPOSED BUDGET REDUCTION ON MAY 28 2002 BY THE GOVERNOR, THE DIRECTOR OF THE DIVISION OF MEDICAL ASSISTANCE AND THE SECRETARY OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**

AN INTENSE LOBBYING CAMPAIGN OF LETTERS AND E-MAILS TO THE ABOVE MENTIONED AGENCIES IS THE ONLY WAY TO INFLUENCE THE DECISION PLEASE SIGN THIS SO YOUR LOVED ONE CAN STAY IN THEIR HOMES!!!!!!!!!!!!!!!!!!!!!!

Bruce Waid

Jimmy R. Davis

Tommy McMull

Wayne Mullin

Linda Willis

Kenneth Ward

Ruth Cross

Bill Freeman

Cathy Nelson

Judy Buchanan

Bruce Hazlett

Lou Etta Garrett

Janette Wolfe

Loretta Glen

Barbara Finkler

James Barnett

Nancy Ayers

Vick White

Evelyn Whitson

William L. Summerlin

Teresa J. Nustkins

Billy Howard

Chas. Edwards

Lawrence Davis

Marion Esge

May Miller

Billy Miller

Nancy Huff

George Dean

Mearl Miller

Alane Gardner

Charlotte Young

Betty Thompson

Leslie Carpenter

Jay Willis

Gay Willis

Dennis Fox

Mike Fetter

Bill Barber

Mike Lane

John A. Hume

John Barber

Dennis Madsen

Jerry Miller

Genevieve Odum

Tommy Carroll

Bob Rader

Terry Peterson

Clay Montgomery

Shirley Lomax

Russell Dunning

Mary Sue McKinney

Julia J. Barber

Kenneth J. Wilson

Allen Lee Wilson

Billy Wilson

Janie Cooper
 Ashley Cooper
 Cindy Barnett
 Randy Barnett
 Jake Barnett

Stormy Barnett
 Daniel Cooper
 Randy Barnett
 Douglas Peterson

Anthony Cooper
 Kacey Cooper
 Johnny Miller
 Becky Sue Miller

Amanda Louge
 Crystal Barrett
 Jessica Howell
 Nathan Hudgins
 Serena Tipton
 Miranda Edwards

Heath Barnett
 Monica Thomas
 Travis Murphy
 Shanna Murphy

Linda M. Peterson
~~Stan Peterson~~
 Vicki Cooper
 Karen Cox
 Rickey Cox
 Keisha Cox
 Driscilla Bennett

David Bennett
 Julie Lee
 Marsha Bagby
 Melissa Bagby
 Jared Bagby
 C.A. Adams
 Brenda Petersen

~~Spencer Hazel~~
 Debbie Edwards
 Inna Canipe
 Chasity Canipe
 Elvis Eduardo
 Jommi Edwards

Sheena Woody
 Hobe Woody
 Donald Peterson
 Wendy Peterson
 Colton Peterson
 Tracy Peterson
 June Peterson
 J.B. Sibbitt

David Peterson
 Verita Honeycutt
 Ethan Honeycutt
 Lucas Honeycutt
 Robert Peterson
 Linda Peterson
 Barron Tipton
 Myrica Conley

~~Robt Conly~~
 Rebecca Hudgins
 Nadene Bennett
~~Willie Bennett~~
 Ann Peterson
 Rose Griffith
 Kary Greene
 Idaleen Peterson
 Walter Peterson
 Zachary Bennett

Bossie
 Ann Pfeiffer
 Beth Bridgely
~~Theresa Bridgely~~
 Mike Fisher
 David Bennett
 Baulson
 Georgeanna Wilson
 Davis Peterson
 Brandon Cross
 Curtes Dreibitt
 Lisa Dreibitt
 Keith Dreibitt
 Kim Dreibitt

Mary Peterson

Heather Ledford

Shawn Ledford

Sheryl Edwards

J.D. Edwards

Daisy Mae Edwa

Emma Taylor

Quarney Peterson

Inene Peterson

Quarney Rose Peters

Crystal Peters

Steve Barnett

Joyce Barnett

Eston Pate

Kate Pate

Port Peterson

Mary Peterson

Kevin Peterson

Lisa Peterson

Randell Barnett

Debra Barnett

Mark Broadin

Stephanie Wise

Eric Wiseman

Boyd Adkins

Gloria Adkins

Jimmy English

Jenny Johnson

Edd Johnson

Elena Johnson

Betty Tipton

Lrene Peterson

Barbara Miller

Ann Griffith

Ashley Bennett

Cassie Bennett

Sue Bennett

Jenny Bennett

Sonya Bennett

Billy Bryant

Rebecca Bryant

Marc Silvers

Renie Johnson

Eddie Johnson

Stacy Johnson

Nelda S. Phillips

Gregory Phillips

ec Whitson

Daniel Gofor

Will

Brandon Whitson

Wanda Bryant

Rc. Bryant

Logan Bryant

Lydy Bryant

Peggy Bryant

Mick Bryant

Tina Bryant

Maude Peterson

May Cooper

Linnie House

Danny Cooper

Becky Cooper

Etta Murphy

Dean Murphy

Danny Woody

Mary Ellen Woody

Dustin Woody

Michel Woody

Ronnie Odem

Patricia Odem

Randy Cooper

Tanya Cooper

Vernon Peterson

Blanche Peterson

Verna Lee Wheaton

Phillip Whieten

Randy Buchanan

Annie Buchanan

Phil Graber
Beverly Graber
Arlene Byrd
Rhonda Phillips
- Kent Phillips
Dillon Phillips
Katie Phillips
- Beth Bridges
- Michael Bridges
Tommy Phillips
Lorene Adkins
Willis Adkins
Jammy Peterson
Walter Peterson
Francis Peterson
Ronny Peterson
Wonda Peterson
Kyle Peterson
James Lewis
Ella Lewis
Matilda Mc Peterson
Arnold Mc Peterson

Arthur Hedley
Wage on up

2

*These are proposed budget reductions, but they don't require statutory changes or special legislative decisions to implement.

*A decision will be made on the proposed budget reductions on May 28, 2002 by the Governor, the director of the Division of Medical Assistance, and the secretary of the Department of Health and Human Services.

*An intense lobbying campaign of letters and E-mails to the Governor, the above mentioned agency heads, and our legislators is the only way to influence the decisions on the proposed budget reductions.

*These are proposed budget reductions, but they don't require statutory changes or special legislative decisions to implement.

CAP/DA

- 1) Continue the freeze on CAP/DA
- 2) Reduce the monthly average cost limit on services to 70% of the average nursing facility rate. (The limit is currently 90% of the average nursing facility rate.)
- 3) Limit In-Home Aide Services to 115 hrs. per month. This would reduce the In-Home Aide Services to a maximum of 26 hrs per wk.

PCS

- 1) Limit PCS In-Home Aide Services to 10 hrs. per wk.

Naomi Hensly
Glad Hensly

This is my mother in
Law. She really needs
Help.

OFFICIAL PETITION

April 18, 2001

To Whom It May Concern:

We, the undersigned, have heard that recent budgetary constraints might well lead to the severe cutback or dissolution of the CAP Program. We are utilizing this petition to oppose this measure in any way, shape or form. The CAP Program is extremely beneficial to citizens in our area, and has managed to keep many of our elderly residents from being placed in long-term healthcare facilities. We respectfully request that you do what is necessary to continue to fund the CAP Program, which, in addition to providing a valuable service to the community and surrounding area, provides jobs for many who, given the uncertainty of the recent local economy, may not be readily able to find work elsewhere. Again, we ask that, should this measure be presented, you oppose it in the most extreme manner. Thank you for your assistance in this matter.

Respectfully Submitted:

Jenny McFarland

Susan Woody

Wanda Willis

Lois Coef

Lo Hagan

Rachel Taylor

Rene Houston

Colleen J Nelson

Nicole H. Pendley

Bonnie K. Frausto

Angela Whipp

Carol Burleson

Desia Eaton

Jessica D. Bennett

Rachel B. English

Sarah Allen

James Waff

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Respectfully Submitted:

Desia Stator _____
Jessica N. Bennett _____
Rachel B. English _____
Sarah Allen _____
Janice Garbrough _____
James Wolff _____
Patricia Hickman _____

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April 18, 2001

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Respectfully Submitted:

Jamie Snell

Patsy Brown

Jennifer Huskins

Libby Brown

Jessica Miller

Kinda Robinson

Billy Stafford

PETITION TO LIFT CAP-DA FREEZE
AND OPPOSE MEDICAID CUTS

Please do not implement the proposed Medicaid cuts to CAP-DA, PCS and PDN programs. These programs assist our most vulnerable citizens while saving the state money. Hospital stays and nursing home costs are much higher than these programs which are designed to keep people at home for as long as possible.

In addition, please lift the CAP-DA freeze. It is preventing the elderly of our state from receiving ultimately life saving services. This is the least restrictive and most cost effective care available for this population.

Until the freeze is lifted, they will suffer without adequate care, causing more hospitalizations and deaths. Reports of elderly neglect are on the rise since the freeze has been in effect. As more and more of our citizens are forced into nursing home, the costs to the state of NC will rise.

Emily Dours	Catherine Beel
Brandys Julek	Robin B. Beel
Joni Noy	Janette Agnew
Kacey Branch	
Shirley B. Casey	
Jean N. Bickitt	
W. J. Bickitt	
Sandra E. Carrion	
Jessie B. Omar	
Karen Davis	
Sarah Dillonia	
Valerie Edwards	
Mark Gault	
Quinn MacDi	
Christi Robbins	
Robert Louis Beel	
Latisha Beel	
Lora Beel	
Velene Rodgers Beel	
Dorothy Washington	
Donald L. Hunter	
Heather Hunter	
Uriah E. S. Beel	
Cleopatra Beel	

WE APPEAL TO YOU.

Please reinstate the CAP/DA Program. This program is beneficial to the elderly as well as their families. The CAP / DA Program is cost effective when considering the high cost of nursing home care. How many nurse aides will lose their jobs if the CAP / DA Program is discontinued? How many relatives will quit their jobs to stay at home and care for elderly family members? How many people will need the assistance from Medicaid because of unemployment? This is a concern for the elderly but it also affects **ALL OF US.**

Car's Swain	Shonda Richardson	Lois Milam
Holly Bennett	Howard B. Horn	Genet Ornel
Harold Knight	Parula Boyd	Barbara Meyer
Sandra Cotten	Jura Jefferson	Jane Smith
Nicole Cowdy	Kina Gilbert	Lothe Barlow
Dell Maxwell	Callie Meadows	Melissa Dunley
Mary Estes	Jean C. Sawyer	Cathy Baker
Bonnie E. Hays	Delores Brown	Ray Edwards
Ann Kier	Delores H. H. H.	Jeanette Carter
Denise Blackmon	Sharon Blackwell	Jessie James
Lena Holmes	Rosetta W. Coleman	Berinda Williams
Melissa Yeaster	Mira Zaddell	Anne Martin
Burton M. Quindt	Imeki Byrd	Pam Jones
Jayne Johnson	Brenda Taylor	Dell M. Durbin
Maetta McDonald	Elanora Rich	Cladys M'Dougal Travis
Sharon J. J. J.	Lillian McCorum	Bueneire Harris
Lucille Allen	Clarence P. P.	Barbara Baker
Beth McNew	Deborah J. J.	Esperanza J. J.
Denise Matthews	Marilyn J. J.	Janice Strange
Frank Kall	Jerrika Crady	Katrina Johnson
JEAN Tisdale	Latocha East	Deis Atkins
Betty Weatherly	Theresa Whitman	Samara Weathers

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Miss E Davis	Sharis McE	Jacqueline Abrams
Guendolyn G. Johnson	Joyce Owens	Constance Brice
William J. Bell	Samuel J. Bell	Sarah Pab
Jane Adams	Charles E. Bell	Jamiea Hardy
Jatonya Leak	Stacey Soomer	Larry Duff
Callie Amerson	Melanie Smith	Elvora Betty
Murven Amerson	Ebony McDougal	Dana Daniel
Terens Braine	Curtis Harris	Maurice Daniels
Bellie Amerson	M. Joyce Rosser	Nelanda P. Gueh
Carroll Sack	Hugh Rosser	Leroy Graham
Henry Lee	Ray Braden	Josephine Graham
Joyce Brice	Loni McLeod	Vandahiah Babin
Mary Brice	Bill Crawford	Kenneth P. Gueh
DiAnne Redwing	Joyce Crawford	M. Gueh
Sherrika Brice	Jerry Leak	Patricia McKeither
Cornelia Brice	Millie Leak	Brenda Woods
Mert McKay	William J. Bell	Lyette Johnson
Shonda Richerson	William J. Bell	Christal Quirk
Angela Puyall	William J. Bell	Sarah L. Wood
Joyce L. Hall	William J. Bell	Marilyn Cross
Kelly Hall	William J. Bell	Mark Simmons
Delvark DeMaure	William J. Bell	Ranell Taylor
Dwight Jones	Billye Stone	
Chae Thomas	Edene Jones	
Earl Mitchell	Charles Adams	

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Nessie Crivelli	Paul Lewis	Reginald Williams
Shirley A. Dunn	Jerry Ray	Arthur McEwen
Mary McSwain	Betty Campbell	Mary Ann
Carolee Cantle	Larry Campbell	Marie Rene
John Cantle	Jenny Robinson	Margie Clegg
Janette Ray	Leslie Mack	Rhoda Jackson
Harold Ray	Winnie Robinson	Paul Cantle
Latina Schellter	Sandra Wilson	Viola Adams
Olona Sellers	Melbert Fry	Cynthia Harden
Stanley Johnson	John L. McRay	Larry Adams
Emma Johnson	Chronda Martin	Mahle McCormick
Deborah Hunter	Mary E. McNeice	Barbara McCormick
Jacqueline White	Brenda Wilson	Clarence McCormick
Harold Sincate	Yvonne Allen	Jimmy McCormick
Andrew Miller	Delia A. Archizalle	Marvinia McCormick
Andre Dunn	Geraldus Gilbert	Sandra D. Bellard
Cheryl H. Dine	Alexander Fainey	Jawana Cotton
Paula Benson	James Ray	Gita Hunter
Donna McLean	Joyce Ray	Ethel T. Clark
Bobby Clay	Chris Wilson	Esther McDonald
Lay Schellter	Dorothy Ray	Bruce McDonald
L. White	Jerry M. Ray	Nehorse McNeil

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Paula Wrenn	Malinda Steprey	Annette Jones
Juanita McNeil	Heather Barrett	Annie Brewington
Anna Hallman	Barbara Cunningham	Nicole Smith
Denise Hallman	Bob O'Leary	Margell Murchison
Stella Campbell	Melenc Onsham	Mamie Dalrymple
Lois Gilchrist	Judy Hunter	Betty Blue
Beverly A. Jennings	Stella McInnis	Patricia J Lynch
Sharon Stidham	Patricia Hays	
Brenda Cotton	June Jarnechi	
Ronella McFarley	Regie Wain	
Melba Tramm	Deborah McNeill	
Fannie M. Smith	Carolyn Estrada	
Gilgath Spoor	Deborah Elderly	
Carrie S. Williams	Debra Palmer	
Deena Bearden	Yolanda Dilmore	
Maryjean Murphy	Lara McLain	
Miriam A. Rose	Lucy Wilson	
Jeresa Smith	Julia Haid	
Tracy Clark	Okia G. Wilson	
Christy Pratt	Janell Booth	
Hanna Harris	Lang Black	
Gandra Howard	Annette Spoor	

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Dorothy S. Craig	Christy Adamson	
Jean McLeod	Whitney Nash	
Paul Craig	Pam Gore	
Cathy Johnson	Cathy M. Holder	
Holly Bartley	Diana A. Fisher	
Brenda Ellis	Barbara Watts	
MAN REAVES	Cindy W. Huntley	
Kelly Campbell-Hopd	Sandra Smith	
Viola H. Locklear	Kate N. Green	
Rebecca L. Benjamin	Tami C. Davis	
Ronnie M. Locklear	Robert J. Grantam	
Helia N. Parker	Hinda Whiffen	
Joseph R. Lupod	John F. ...	
Wanda Stevens	Pamela A. Dixon	
Robin Dapies	Franklin Hubbard	
Sharon Stewart	Martha Wolfelt	
Bonnie Carter	Janette B. ...	
Betty L. Bunnells	Regina Lane	
Shirley L. Williams	Marie Murray	
Sandra A. ...	Bob Tucker	
Walter R. Piers	Walter ...	
...	Alberta Barlow	

To Mr. Easley

PLEASE - PLEASE - PLEASE

Save the Cap program. My husband has MS. He was diagnosed with this terrible disease seven years ago. I have watched him go from being a supervisor with a construction company working anywhere from 40-80 hours a week, to being in a wheelchair. With his type of MS he will only go down hill. We know he will eventually be confined to a bed. So please let him have some happiness in his life before this happens. We hit rock bottom before his Social Security disability started. We later learned about a program called Cap, we were one of the last to get on this program before the freeze, now we find out they are trying to shut this program down.

I can't say enough good things about Cap. We have a nurse that makes a visit monthly to check on him. With the case worker she is a good source of information, if we need anything we call her she is on top of it. Please do not let this program. I feel a lot of people

illness will only get worse. They need to be able to stay at home and be with their family. How would you feel if you were on this side. I can only hope that the people that are behind trying to shut this program down won't ever need any assistance like the cap program, but on the other hand maybe if you had a family member you would have a little more compassion for those of us who need this program. I don't feel our government is for the people. My final closing of this letter is let our family members live the last of their days among family, don't throw them in a nursing home with a bunch of strangers.

Sincerely
Karen Roberts

HELP SAVE CAP-DA PROGRAM

CAP-DA (community alternative program-disabled adult.) This program is also funded by Medicaid. These people are usually referred to Senior Services by an agency in the home doing PCS. It does require that the family also call them. The client must meet certain requirements for this program. They are visited by case managers (from the county) and someone from Raleigh. These people set the amount of hours they are approved for. Each month we send Senior Services a copy of our visit. We also send copies of our assessment and care plan every 6 months. If one of these patients has a change in condition or new needs, we notify their case manager at Senior Services and they will contact the patient.

We need your signature : Please help us save the Cap program.
This program is needed for the elderly and the disabled
Your job may be in jeopardy if we lose this program, so please help.

Karen Siffel	Stephen Jay		
Mary Butter	John Hunter		
Ann Capra	Lisa Wall		
Michelle Larson	Virgil Johnson		
Rachel Curry	Bobby Johnson		
Shelma Holt	Juli Kellum		
Theresa W. Fox	Michelle Whitesides		
Anta Bacon	Maecinda Allen		
Diana Pender	Richard Ray		
Louella Dawkins	Karen Roberts		
Carla Moody			
Faith H. Sanders			
Lusan Deal			
Sandra Brown			
Margie L.			

Dear Representative:

I am writing this letter to let you know how valuable and important the CAP-DA program is to my grandmother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

The aged population once was active and productive, tax-paying citizens and now when they need help, they are being overlooked and left on limited income and resource to provide for their needs. The CAP-DA program is vital to allowing them to continue and complete their life in their own home and with the needed care, monitoring and dignity they deserve.

Please continue this program so my grandmother and others like her can remain at home and still be properly monitored and cared for in familiar surroundings. I understand there are many clients on waiting lists for this program. I know how they feel because I was once in this situation they are now experiencing. Please lift the freeze on CAP-DA and provide care through this program for deserving clients so they too can receive needed care and complete life's journey in their own homes or homes of family and loved ones.

Our nation stands for human rights throughout the world. What image are we depicting if we ignore the needs of our own aged population? These aged citizens are part of what made this state and nation strong. All they ask in return is help to be able to remain in their homes with adequate care during their final years. Surely, we as a state can assist in this request by providing home care through the CAP-DA program as we have in the past and for the future.

Sincerely,

Christine McCall

Dear Representative:

I am writing this letter to let you know how valuable and important the CAP-DA program is to my grandmother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

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Sincerely,

Greg McCall
great grandson

Bayada,

the Capp program is a very, very good program. It gives the (families) loved ones a peace of mind that they can stay at home to get very good care for them. It gives families time to themselves. I feel that families are more contented when their loved ones are at home. My husband has been on it for seven years. We have not had a problem with the program. I would hate for other families to miss out on it. I hope that it will continue for other families,

Mrs Harrison

Date: 1/25/02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 86 years old and I live alone (ie. alone, with family). My medical condition includes Diabetes, Alzheimers (state your medical problem), and I am unable to take care of myself without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long term care policy should provide "high-quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Edna Bruce

Date: 1-24-2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 61 years old and I live husband (ie. alone, with family). My medical condition includes Diabetes ^{Disable} High blood pressure ^{more} (state your medical problem), and I am unable to do anything much without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

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Respectfully, *Ruby Coffey*

Date: 1/25/02

Re: CAP-DA Freeze

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Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

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Respectfully,

Elsie Harmon

Date: 1-25-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 85 years old and I live alone (ie. alone, with family). My medical condition includes MT, Parkinson, HTN, T1Y, CVA, B. Polar osteo, arth. (state your medical problem), and I am unable to Clean home, bathe, Cook, food buying, laundry, ^{remember} to take medic. without assistance. Without CAP-DA, I will be forced to go into a nursing home against my drive wishes.

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Respectfully,

Mildred M Farthing

Date: Jan. 25-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 33 years old and I live with Parents (ie. alone, with family). My medical condition includes Cerebral Palsy & autism, (state your medical problem), and I am unable to Eat, drink, bathe, personal care, use bathroom, write without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long term care policy should provide "high-quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully, Sharon Ward (Mother & Caretaker)
(Joy) Patricia Ward

Date: 1, 25, 2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 60 years old and I live with spouse (ie. alone, with family). My medical condition includes Congestive Heart Failure, High BP, Rheumatoid Arthritis (state your medical problem), and I am unable to do my daily chores without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully, Phillip M. Houser

Date: 1-24-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 80 years old and I live alone (ie. alone, with family). My medical condition includes Alzheimer's, back pain, high blood pressure (state your medical problem), and I am unable to do house work, help myself, help myself, keep my bills without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully, Mary S. Church

Date: 1-25-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 90 years old and I live with family (ie. alone, with family). My medical condition includes stroke (state your medical problem), and I am unable to do anything for myself without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,



Date: 1-25-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 67 years old and I live wife (ie. alone, with family). My medical condition includes Heart problems breathing problems (state your medical problem), and I am unable to to take care of myself (getting around etc) without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Dear Representative:

I am writing this letter to let you know how valuable and important the CAP-DA program is to my grandmother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

The aged population once was active and productive, tax-paying citizens and now when they need help, they are being overlooked and left on limited income and resource to provide for their needs. The CAP-DA program is vital to allowing them to continue and complete their life in their own home and with the needed care, monitoring and dignity they deserve.

Please continue this program so my grandmother and others like her can remain at home and still be properly monitored and cared for in familiar surroundings. I understand there are many clients on waiting lists for this program. I know how they feel because I was once in this situation they are now experiencing. Please lift the freeze on CAP-DA and provide care through this program for deserving clients so they too can receive needed care and complete life's journey in their own homes or homes of family and loved ones.

Our nation stands for human rights throughout the world. What image are we depicting if we ignore the needs of our own aged population? These aged citizens are part of what made this state and nation strong. All they ask in return is help to be able to remain in their homes with adequate care during their final years. Surely, we as a state can assist in this request by providing home care through the CAP-DA program as we have in the past and for the future.

Sincerely,

A handwritten signature in cursive script that reads "J. Rick Campbell". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Dear Representative:

I am writing this letter to let you know how valuable and important the CAP-DA program is to my grandmother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

The aged population once was active and productive, tax-paying citizens and now when they need help, they are being overlooked and left on limited income and resource to provide for their needs. The CAP-DA program is vital to allowing them to continue and complete their life in their own home and with the needed care, monitoring and dignity they deserve.

Please continue this program so my grandmother and others like her can remain at home and still be properly monitored and cared for in familiar surroundings. I understand there are many clients on waiting lists for this program. I know how they feel because I was once in this situation they are now experiencing. Please lift the freeze on CAP-DA and provide care through this program for deserving clients so they too can receive needed care and complete life's journey in their own homes or homes of family and loved ones.

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Sincerely,

James Richard Campbell III
great grandson

Dear Representative:

I am writing this letter to let you know how valuable and important the CAP-DA program is to my grandmother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

The aged population once was active and productive, tax-paying citizens and now when they need help, they are being overlooked and left on limited income and resource to provide for their needs. The CAP-DA program is vital to allowing them to continue and complete their life in their own home and with the needed care, monitoring and dignity they deserve.

Please continue this program so my grandmother and others like her can remain at home and still be properly monitored and cared for in familiar surroundings. I understand there are many clients on waiting lists for this program. I know how they feel because I was once in this situation they are now experiencing. Please lift the freeze on CAP-DA and provide care through this program for deserving clients so they too can receive needed care and complete life's journey in their own homes or homes of family and loved ones.

Our nation stands for human rights throughout the world. What image are we depicting if we ignore the needs of our own aged population? These aged citizens are part of what made this state and nation strong. All they ask in return is help to be able to remain in their homes with adequate care during their final years. Surely, we as a state can assist in this request by providing home care through the CAP-DA program as we have in the past and for the future.

Sincerely,

Ali Campbell
Great Granddaughter

I'd just like to say there should be more money allotted for Community Alternatives Program, maybe less for nursing homes so people can have a choice of being at home. It would definitely be less expensive for home care than nursing home. Families should not be forced to be separated, or quit their jobs. The freeze on Cap Care should be lifted.

My daughter has a disabled child who's on the waiting list now and has had to quit her job because she doesn't get enough nurse coverage to allow her to work.

It's all her husband can do to make ends meet. They are a very young couple 22 & 25 who chose to bring their baby home with lots of medical needs. I'm very proud of them for accepting such a responsibility and learning to care for her needs themselves because they don't always have a nurse.

They would not be in such a financial strain if they had CAP care. Family members are not able to baby-sit due to excessive medical needs ~~that~~ ^{that} we have not been able to learn. This child came home at 5 1/2 months old and is now 17 months, we have no way of knowing what her life span will be but we want desperately to love and take care of her while we have her. We need CAP care as well as elderly, or other disabled people who want to be Home. Thank you!

Cindy S. Wilherson
P.O. Box 993
Rockwell, N.C. 28138 (Rowan Co.)

4.6.02

Community Alternatives Program
for Disabled Adults, "Rowan County"

So where it may concern,
I am the daughter of 2 parents, one
in Diness's Elder Care and one trying to make
it alone at home. They are both 86 years old.
Have been married 64 years April 16 of this
year. I've had a stroke and my husband
has heart problems. That's why we need
help with CAP Care. Dad's needs to be
with Mom but he isn't able to care for
her and she isn't able to care for him,
however, it would be so much cheaper if
they were able to get help and stay in
their home together. I do what I can
to look after both, but it's a shame and
disgrace they have to live separate after
all these years together.

Please, if there is any way, give us
CAP Care - we along with many others
need this program.

Thank you and
May God Bless you
Rachel J. Shepherd

Daughter of Clyde Miller + Katherine K. Gillespie

Saturday, 13 April, 2002

Jim E Fauber
PO 714
Faith, NC 28041

To Whom It May Concern:

My name is Jim Fauber and I am writing in regards to a recent article I read in the Salisbury Post concerning budget cuts for home care in Rowan County.

I am incarcerated but have earned the privilege of weekend home passes. At the end of each weekend I have to part from home, wife, and daughter. It is often a heartbreaking time for the whole family. But these are the consequences that one must bear for past mistakes and breaking the law.

Mickey Dudney has no such past nor has he broken the law. And yet, he and his family are victims of the recent budget cut that has deprived disabled persons from home health care.

When I came home for the first time Mickey Dudney and his wife, Reba, were then my wife's Sunday School teachers, and they invited my wife and I to a cookout at their home. These people treated me as a person and not a criminal. They made a huge impact on my first steps toward a new life.

I am certain that I am not alone in expressing a strong desire to see the freeze lifted in Rowan County so that fine people who have contributed so much to our community, like Mickey and Reba Dudney, can have access in their homes to medical treatment. This is the least our lawmakers can do to honor such people.

Thank you in advance for reconsidering the decision that was made to freeze these funds. I sincerely believe that a reversal will be extremely popular with the citizens of this county.

Sincerely Yours,

Jim E Fauber

HOSPICE at Charlotte

March 26, 2002

To Whom It May Concern:

We are writing on behalf of CAP-DA. As social workers with the terminally ill and their families, we are personally and directly in touch with the benefits of this program. It has helped many of our patients spend their last days in their own homes.

Terminal illness does not discriminate. It strikes the poor and young just as it does the wealthy and old. Its course, however, is often the same. Patients inevitably are not able to be alone without a caregiver. Usually this caregiver is a family member. However, if you are young, this family member is likely employed. Often our patients were employed as well and are no longer able to work due to their illness. Therefore, you have a family facing a situation where they will have no income. Hiring caregivers is expensive -- at least \$10.00 per hour. Low to middle-income families cannot afford this.

CAP-DA has been a program that allows these families the honor that we all desire...to die at home with dignity. Sometimes an agency sitter is assigned for care. Other times a family member takes leave from their own job without pay. They are able to do this by getting paid through CAP to care for their loved one -- an ideal situation. Without this program, we will have more patients being placed in nursing facilities. This is not going to save our state money. The cost of care at home for 8 hours a day is a fraction of what it is in a facility for 24 hours a day.

One hospice patient recently under our care is in fact now in a nursing home. She is a perfect example of someone who would have financially qualified for and benefited from CAP-DA. Her husband is deceased. She has one daughter capable of providing care. However, this daughter has to work. She is separated from her husband, has a 6 year old to support. They live very modestly in a mobile home and lack financial resources. The family tried to piece together what care they could for the patient as long as they could. The situation was very chaotic and the patient suffered -- multiple falls, missed medications, etc. If she had had a trained sitter in the home during the day, while her daughter worked, she would still be at home. Instead, because of the CAP-DA freeze, she is now in a nursing home. Now the state pays at least \$4000 per month for her care and will until she dies separated from her home and family.

We understand that the freeze on this program is being reviewed and may be lifted in the future. Until then, individuals and their families are facing situations like the above every day. Most of our patients will die before the freeze is ever lifted. For just a second,

imagine yourself in the position of these individuals and their families. CAP-DA not only makes financial sense, it is a compassionate program worth saving!!

Thank you,

Hospice at Charlotte Social Workers

Holly Hobson Wood

Dawn Hanna

Andrea Wilson

Deje E. Schreyer

Sarah Gamble

Karen Moore

Jane E. Ewington

Colleen Kern

James Dagenhart

Kelley Johnson

Date: 3-15-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 75 years old and I live Alone (ie. alone, with family). My medical condition includes MI 07/00, COPD, CHF, HTN, TIA's, A-Tn HTN, UTI's & Sepsis (state your medical problem), and I am unable to VACUUM, LAUNDRY, MOP, PERSONAL HYGIENE without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Charlotte P. Tucker

Date: 1/24/02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 75 years old and I live alone (ie. alone, with family). My medical condition includes 2 Knee Replacements & 2 Shoulder Replacements (state your medical problem), and I am unable to Blind Crawl By Passerway Next Med assist without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes. As it around, to take me places to do my cleaning, cooking for me. Need personal care assist with Baths & I also have Osteoporosis

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Respectfully,

Edna Martin
P.O. Box 279
Pineola, N.C. 28134

March 17th 2002

To Thom & My Concerns,

I am writing this letter in regards to the freeze on the CAP program. My mother is 84 years old and has to have total care due to the fact that she has had a stroke and has been hospitalized four times in the past six months also for urinary infection, acute heart failure and pneumonia and is now tube feed.

I made a choice not to put her into a nursing home due to the fact that I feel for sure in my heart that she would not receive the love and personal care that she can get in her own apartment. This being the case I have chosen to let her live in her own place. Even though I can assure you that it is all in love, she has to have twenty four hour care, which stretches us out twenty four/seven. She definitely can not be left alone at any time.

Please find it in your hearts to lift the freeze on the CAP

3-15-02

To Whom It May Concern,

I am sorry that I can not attend the meeting about the Cap-Da Freeze. Due to the condition of my health I feel it is necessary to have more hours than what is available to me now. I feel that if I can receive the extra hours I will be able to stay in my own home.

Sincerely, Cora Taylor

Dear Representative:

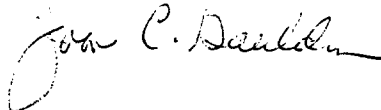
I am writing this letter to let you know how valuable and important the CAP-DA program is to my grandmother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

The aged population once was active and productive, tax-paying citizens and now when they need help, they are being overlooked and left on limited income and resource to provide for their needs. The CAP-DA program is vital to allowing them to continue and complete their life in their own home and with the needed care, monitoring and dignity they deserve.

Please continue this program so my grandmother and others like her can remain at home and still be properly monitored and cared for in familiar surroundings. I understand there are many clients on waiting lists for this program. I know how they feel because I was once in this situation they are now experiencing. Please lift the freeze on CAP-DA and provide care through this program for deserving clients so they too can receive needed care and complete life's journey in their own homes or homes of family and loved ones.

Our nation stands for human rights throughout the world. What image are we depicting if we ignore the needs of our own aged population? These aged citizens are part of what made this state and nation strong. All they ask in return is help to be able to remain in their homes with adequate care during their final years. Surely, we as a state can assist in this request by providing home care through the CAP-DA program as we have in the past and for the future.

Sincerely,

A handwritten signature in cursive script that reads "Jon C. Daulton". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Dear Representative:

I am writing this letter to let you know how valuable and important the CAP-DA program is to my grandmother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

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Sincerely,

Marilyn C. Temples

ate: _____

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am _____ years old and I live _____ (ie. alone, with family). My medical condition includes _____ (state your medical problem), and I am unable to _____ without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

April 27, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 96 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

Congestive heart failure, alzheimers, muscle atrophy, blind completely in one eye -

I am unable to do the following activities because of my condition:

walk, bathe, cook, dress, undress, comb & fix hair - My family, my Cap girl does everything for me.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Reay McCloud

April 29th, 2002

Re: Freeze on Cap

To Whom It May Concern:

My name is Rose Elliott Carpenter and my grandmother Reacy McCloud, now 96 years old with congestive heart failure and Alzheimer's disease lives with my Mother and Father, Kenny and Anita Elliott; and I assist them on the weekends bathing, feeding; dressing, etc., for my grandmother. During the week our Cap worker does all this so my Mother can continue to work and my Father can do all the things he needs to do around the house and take care of his own mother. Without the cap worker there is no way we could keep my grandmother, as there is no one who could just quit everything he/she needs to do to take care of her. She requires constant looking after, as she walks with a walker, however you must accompany her because she cannot lift her feet, she shuffles them. She has to be taken to the bathroom and assisted in cleaning up. She has to be dressed with help and quite frankly everything to do with her care has to be assisted. For example, her meals have to be prepared, medicines given and identified, bathing, walking..everything has to be done for her and assisted.

There is no doubt that without the help of a cap worker, 40 hours a week, we could not keep her out of the nursing home.

Among her physical severe complications she is also incontinent, and requires cleaning and changing diapers quite often. As you know with elderly people you must keep them clean especially in that area or they become severely raw and develop sores.

Our cap worker is wonderful in keeping grandmother clean and like I said, again, without her I don't see a choice of what we will have to do. As I expect your aware as I'm aware patients do not get the best of care in a nursing facility and I'm sure it's because there is a shortage of nurses who care enough to get the job done; or are simply over-whelmed with too many to deal with. Whatever the cause; this is why we chose to try and keep grandmother. They are human too, and I would quite frankly rather follow her to her grave as to have to put her in a home.

Please I beg you to lift the freeze on our cap program and help our elderly have the dignity and reward of staying home and the assurance that they will be taken care of.

It's more or less in your hands whether or not our elderly will be cared for at home, and right now your sending the message that gives families no choice. There is NO possible way we can do this alone. We all have our homes and jobs to go to, and it's not fair for anyone to have to give that up especially when there are programs aimed at helping with this type of situation. Are we so indifferent to the elderly anymore that they should just be put off? I don't think so!! I certainly hope you reconsider what your doing and lift this freeze. If anything, should be done there should be more allowance for this program. I don't think you're quite aware of the number of families that depend on cap help, if not you should consider looking into the matter. I know in our particular county there are a great many and if our county is so "broke" and over budgeted, then maybe we need some new representation, from the county all the way to the governor..and I tell you there are enough people in this county who is willing to go the miles to see that this situation be resolved, and you might say, well, there's not enough to make a difference, but you better look and count again.

I sincerely hope and pray you do the right thing. You might try visiting a nursing home sometime unannounced; and then go to a home where cap is taking care of someone; the evidence would be justified to you. We are all going to go down this road if God doesn't call us home and my prayer would be that if my time comes there will be a program where I can stay home and be looked after with such a great care as the cap program has provided with grandmother.

Sincerely and with hope,

Rose Carpenter
Rose Carpenter

Cc: Rep. Greg Thompson
Rep. Monroe Buchanan
Governor Mike Easley

May 1, 2002

HELP CAP - DA
130 Arlington Street, Suite 107
Salisbury, N.C. 28144

To Whom It May Concern:

I am writing this letter in support of lifting the CAP freeze.

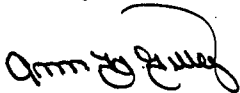
Having served as a Social Work Case Manager in a local hospital, and now as a Social Worker with the county department of social services, I have seen through the years, how beneficial the Community Alternatives Program is.

The cost of long term care is rising, and many elderly and disabled people are unable to receive the care that they so desperately need, due to fixed income and expenses already incurred for health care. Some have even lived without the needed care, which in turn has put them at risk for further health problems, or even death. CAP has helped to provide this care, and as a result, has improved the quality of life for many.

The CAP freeze not only affects those who are in need of these services. It also has an impact on the unemployment rate, in our county, and across the state. Social Workers, as well as In-Home Aides who were initially trained for this service will be without jobs, and the caseload for Home Health Nurses will decrease, possibly jeopardizing their positions.

I am one of many who requests that our representatives review the Community Alternatives Program, in detail, before considering to continue budget cuts in this area. CAP has proven to be a beneficial service to our community. It would be a great loss if this program were not available for those in need.

Sincerely,



Ann H. Gilley

April 26, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 85 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

Alzheimers disease, HTN, Osteoarthritis

I am unable to do the following activities because of my condition:

Cooking, housework, bathing, dressing, eat.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Flossie Smith - by Linda Johnson

To whom it may concern,

I am writing this request on behalf of my wife. My wife and I have been married for 37 years and are very close. She is completely disabled and living at home with me. We have an in-home aid that comes everyday to take care of my wife while I am at work thanks to the CAP-DA plan. I am a law enforcement officer and if you discontinue the CAP-DA plan I will have to quit my job to stay home with my wife or pay someone to stay with her, which she and I can not afford. So please see if you can help, not only us but everyone that is in the same situation as us. Thanks you for any help that you can give in this matter.

Respectfully Yours,

Faye & Robert Eure
633 Morris Ford Rd.
Colerain, N.C. 27924

4-30, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 80 years old and I live Family (i.e. alone, with family) My medical condition includes the following problems: ASHD, HTN, OSTEO ARTHRITIS, DIVERTICULOSIS, OSTEOPOROSIS, VASCULITIS, CVA w/L Side Weakness They want to do hip and knee replacement
M.I.X2

I am unable to do the following activities because of my condition: Can not walk Can not take Bath ~~BYSELF~~ BYSELF Can not Cook or Clean

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Vernie B. Hudson

Date: 4-30-02

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 56 years old and I live 209 N. CARPENTERS RANDOLPH, N.C. (i.e. alone, with family). My medical condition includes the following problems: N.C. WITH MY HUSBAND

I HAVE FULL BLOW OSTEOPOROSIS OF THE BONES & I FALL ALOT.

I am unable to do the following activities because of my condition:

TO CLEAN MY HOUSE

SHOP BUY GLOVES.

WALK OUT SIDE

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Brenda J. Hester

Dear Representative:

This letter is to let you know how important the CAP-DA program is to families and clients.

I am employed through a home health agency as a CNA and currently care for a 93-yr. old client in her home. She is legally blind and has Alzheimer Disease. She is currently a CAP-DA client and therefore able to remain in her home and familiar surroundings. Her family, while very attentive and supportive, would have been unable to provide continued home care without the CAP-DA program assistance.

The aged population of our state deserves the opportunity to be cared for while remaining in familiar surroundings of their own home (or home of family and loved ones).

Please continue the CAP-DA program and lift the current freeze on this program so other elderly citizens can remain in home settings and still receive adequate care during their remaining years of life.

Our nation stands for human rights throughout the world. What image are we depicting if we ignore the needs of our own aged population? These aged citizens are part of what made this state and nation strong. All they ask in return is help to be able to remain in their homes with adequate care during their final years. Surely, we as a state can assist in this request by providing home care through the CAP-DA program as we have in the past and for the future.

Sincerely,

Callie Brown

Dear Representative:

I am writing this letter to let you know how valuable and important the CAP-DA program is to my mother. She is 93 years old, is legally blind, and has Alzheimer Disease and other medical problems. She is currently being cared for in her home only because CAP-DA exist and helps with homebound care. Without this program, she would have been placed in a nursing home or left home alone for too many hours each day.

The aged population once was active and productive, tax-paying citizens and now when they need help, they are being overlooked and left on limited income and resource to provide for their needs. The CAP-DA program is vital to allowing them to continue and complete their life in their own home and with the needed care, monitoring and dignity they deserve.

Please continue this program so my mother and others like her can remain at home and still be properly monitored and cared for in familiar surroundings. I understand there are many clients on waiting lists for this program. I know how they feel because I was once in this situation they are now experiencing. Please lift the freeze on CAP-DA and provide care through this program for deserving clients so they too can receive needed care and complete life's journey in their own homes or homes of family and loved ones.

Our nation stands for human rights throughout the world. What image are we depicting if we ignore the needs of our own aged population? These aged citizens are part of what made this state and nation strong. All they ask in return is help to be able to remain in their homes with adequate care during their final years. Surely, we as a state can assist in this request by providing home care through the CAP-DA program as we have in the past and for the future.

Sincerely,

Hergie Hannon Campbell

5 - 6, 2002

To Whom It May Concern:

Please lift the freeze on the CAP/DA Program. CAP/DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 83 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

I have Rheumatoid Arthritis - High active thyroid

I am unable to do the following activities because of my condition:

I cannot bath or dress myself. I cannot do house work or cook my meals. I walk with walker or support from someone. An aid comes in to give me help.

Without CAP/DA, I will be forced to go into a nursing home against my wishes.

As you consider solutions to our budget problems, the CAP/DA Program should stand as an opportunity for savings. It has proven to be less costly than nursing home placement. Also, the care I receive is of high quality, and I fear this may not be true if I am forced to enter a nursing home.

Every day the CAP/DA freeze remains in effect, some of the more than 6,500 people on CAP/DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Maggi R. Allred

*I appreciate the cap program
and the help I receive.
I pray the freeze will be lifted*

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Yolanda R. Gilmore

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Annie M. Shaw

Respectfully,

April 23, 2002

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Joyce Allen

Respectfully,

April 23, 2002

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MARIO WILLIAMS
Ma. Williams

Respectfully,

April 23, 2002

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Katrina A. Shaw

Respectfully,

April 23, 2002

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Daniel D Shaw

Respectfully,

April 23, 2002

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Respectfully,

Connie Ray

April 23, 2002

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Respectfully,

Shelene Mc Nam

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

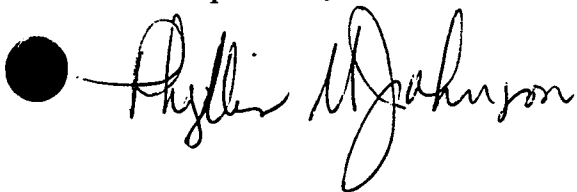
Respectfully,

Angela C. Cole
4-24-02

April 23, 2002

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Respectfully,

A handwritten signature in cursive script that reads "Phyllis Johnson". The signature is written in black ink and is positioned to the right of the word "Respectfully,".

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Waxee Johnson

April 23, 2002

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Respectfully, *Lisher McNeil*

April 23, 2002

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Respectfully,

Necol^s Smith

April 23, 2002

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Respectfully,

Annie Brewington N A-I

April 23, 2002

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Respectfully,

Yushwica Brewington

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April 23, 2002

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Respectfully,

Ruth Morse
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April 23, 2002

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Respectfully,

Susan Aspiro
416 Winterlocken Dr.
Sanford, N.C.
27330

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Mary Beck

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *La'Danell Gibmore*

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Mary Hilmore

April 23, 2002

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Respectfully,

Stella Murchison

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Rolland Brewington

April 23, 2002

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Respectfully,

Annie Brewington N A-I

April 23, 2002

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Respectfully,

Nicol Smith

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Yushua Brewington

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April 23, 2002

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Respectfully,

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Ruth Morse

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Susan Osipko
416 Winterlocken Dr.
Sanford, N.C.
27330

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April 23, 2002

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Respectfully,

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Mary Beck

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Respectfully,

Stella Muchesa

April 23, 2002

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Respectfully,

Rolland Brewington

April 23, 2002

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Respectfully,

Annie Brewington N A-I

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Respectfully,

Yushua Brewington

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Ruth Morse

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Respectfully,

Susan Osorio
416 Winterlocken Dr.
Sanford, N.C.
27330

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April 23, 2002

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Respectfully,

Mary Beck

April 23, 2002

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Respectfully,

Mary Gilmore

April 23, 2002

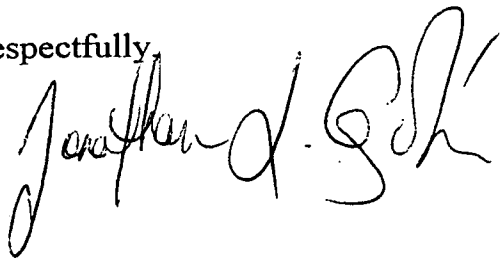
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Respectfully, *La'Danell Gibmore*

April 23, 2002

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Respectfully,

A handwritten signature in cursive script, appearing to read "Jayland D. Sch". The signature is written in black ink and is positioned below the word "Respectfully,".

April 23, 2002

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Respectfully,

Amber J. Goins

April 23, 2002

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Respectfully,

Heather G. Hicks

April 23, 2002

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Willie Sanders

Respectfully,

Anne S. Johns

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

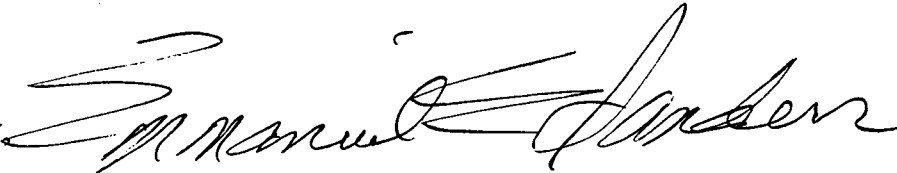
Respectfully,

Joseph Allen Sanders

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

A handwritten signature in cursive script, appearing to read "Manuel Anderson". The signature is written in black ink and is positioned to the right of the word "Respectfully".

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Daxie Sanders

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

E. Ethel Cheston

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Katherine Header

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Philip H. Inman

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Nathan Hale

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Aylene Hall

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

A handwritten signature in cursive script, followed by a horizontal line extending to the right.

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Milford P. Keller

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Belinda Foster

(919) 718-5567

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Vanessa Hooker
(919) 776-1072

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Toney Feaster
(919) 258-5040

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Yvette

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

James D. Dupree

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Bethany Hale

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Lydia R. [unclear]

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

M. Colleen Kelley

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

James L. Dudley Jr.

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Maggie J. Covington*

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully, *Margie Clegg*

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

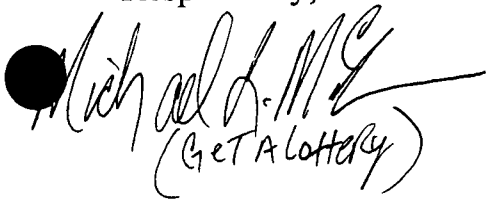
Respectfully,

Glenda Cole

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,


(GET A Lottery)

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

E/wood Mitchell

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Clara F. McKeon

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Mickey Dupree-Lyton

Dear Help Caps

May 4, 2002

Please lift the freeze on our Caps program. There are many people in this area in need of this program, since I'm just one of the people on the Caps-Da program. This has really helped me. If it wasn't for this good program I probably couldn't afford to pay for my CNA & also my medicines are very expensive. I know it can help other too. I hate to do so much for everything you'll do. I really like the Caps Da program.

Sincerely,

Dewey Chester
Mt Holly, N.C.

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Mary Feice

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Zachary Ray Colby
Jeremiah Richard Gregson
Dorcas C. Hilliard
Jimmy W. Hilliard

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Tim Feaster

(919) 258-3019

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Melissa Feaster
(919) 718-0995

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Phyllis C. Gees

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Tom Reese

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

A handwritten signature in cursive script that reads "Kimberly H. Reese". The signature is written in black ink and has a long, sweeping tail that extends to the right.

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

John Cardy

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

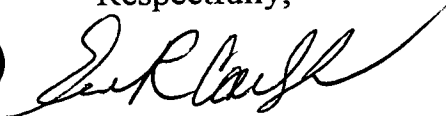
Respectfully,

Shirley Page

April 23, 2002

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Respectfully,

A handwritten signature in cursive script, appearing to read "J. R. Clark", written in black ink.

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Jack Sanderford*

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Dorothy O. Sandeford*

April 23, 2002

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Respectfully, *David E. Sandeford*

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully, *Norma Oliver* X

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Tony Rice

April 23, 2002

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Respectfully,

Melissa Turner
Janet Allison

April 23, 2002

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Respectfully,

Jeannie Green

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

A handwritten signature in cursive script, appearing to read "Tracy B. [unclear]". The signature is written in black ink and is positioned below the word "Respectfully,".

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Jed J. Grace

April 23, 2002

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Mrs. Melba Massey

Respectfully,

April 23, 2002

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Dee Smith Livingston

Respectfully,

✓
April 23, 2002

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Respectfully,

Sharon Sperry

April 23, 2002

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Respectfully,

Allan Quince

April 23, 2002

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Respectfully,

Dorma C. Hilliard

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Martha Moxess

★
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

David Baylett

April 23, 2002

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Deep W. Suggs

Respectfully,

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Douglas A. Baggett

Respectfully,

April 23, 2002

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Ms. Earlene M. Baggett

Respectfully,

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Patricia L. Pugh

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Jimmy Wayne Pugh

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully, *Emma C. Burnett*

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Renee Bunnell

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Wendell Maness

May 2, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 43 years old and I live with Family (i.e. ^{Dad}alone, with family). My medical condition includes the following problems: High Blood Pressure

H.I.V., Hep B, Pulmonary, Asthma, Bronchitis, Peripheral Neuropathy, Rheum. Arthritis, Deformity of right Ankle, Broke my fib LA LAST APRIL 3, Now Bacterin in my

I am unable to do the following activities because of my condition: Have to
WALK with WALKER, CAN NOT GO UP & DOWN STEPS.

I WAS THE LAST ONE TO GET ON CAP IN SEPT We have so many people that need CAP. Please!! Stop the Freeze

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Kevin D. Whisenant

you need to look at yourself. ^{you} ~~there~~ may be in the same situation ⁱⁿ 25 yrs from now.

5-6, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 75 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems: 6 Heart Attacks. Osteoporosis. Colon Cancer. COPD.

I am unable to do the following activities because of my condition: Bed Fast. Have CNA. E are during the day. Cannot do Home Care of any kind. Need help & Personal Care. Blindness in Left eye.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed:

Patricia M. Shuffler

5/6, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 58 years old and I live With Mother (i.e. alone, with family). My medical condition includes the following problems: I am mental retarded + can't talk or walk. I have no control of bowels or bladder disposal devices I can't feed myself. I depend on my mother or help for everything

I am unable to do the following activities because of my condition: my ~~mother~~ mother is 85 yrs old so I depend on her + aid for help.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Patricia Francis by Mother

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

A. Pauline Pugh

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Don Pugh

Date: 5-2-02

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

** Presently staying in nursing home, very unhappy*
I am 75 years old and I live Family (i.e. alone ^{could be} with family). My medical condition includes the following problems: Terminal Parkinson's *Forced to stay at nursing home because of my condition - Need assistance to stay at home*
Bed ridden - unable to walk

I am unable to do the following activities because of my condition:

Totally unable to care for myself - Can not turn in bed, feed, bath, cloth myself.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

I am there now. It is the ~~most~~ worst experience of my life.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Charles Lee Baker, by Margaret Baker, wife and caregiver -

Date: 5-3-02

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 26 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

Brain Disease, Physical Handicap, Homebound
< Mental Handicap.

I am unable to do the following activities because of my condition:

Activities of daily living. (ie Hygiene, feeding,
toiletting) I require my mother's assistance for
everything

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Irinidad Thrush - Legal Guardian

as a single parent I would appreciate any help provided by the CAP program.

April 25, 2002

Help Cap-DA

130 Arlington St., Suite 107,

Salisbury, N.C.

USA, 28144

Re: Otha Kirk (CAP recipient)

170 Fort Rd. Stedman

N.C., 28391-8522

Dear Sir/Ms.

I am writing in regards to the State of North Carolina wanting to cut the Cap Program of needed patient hours. First I want to state that this would put a lot of Certified Nursing Assistants into a position of poverty, unable to support their families. They would then become dependent on the government for welfare assistance again, which is true in my case.

The next issue which is of prime important this would cause patients to suffer. Patients that are at home, recover better, because they are near their loved ones. This encourages their moral and personal health. The patient being at home does puts a burden on the family because most families are not trained to take care of medical needs. It does give the family members time to go and work to support the family. This is where the in home health services help the families, to free their time in order to work to support their family, and sick member. The aid takes care of all the needs of daily living, like bathing the patient; cooking and cleaning the home for the patient, feeding them if needed, also spend quality time as a companion, in order to keep the member mentally stimulated. This all helps to promote a healthier patient. In home nurses come and provide the necessary sterile procedures needed.

expanded rather than cut. I know of many people on the waiting list for this program to open up. Please listen to this plead to not cut this program, it will have a bad impact on too many people and families.

I have included a list of people whom are asking you not to cut this program whom are saying "as American of the USA we want a say in you not cutting this program, please listen".

Sincerely,

Patricia Blakley-Bryant CNA I, II

Patricia L. Blakley-Bryant
CNA I, II

This is a list of people supporting this issue.

1. Printed Name

Date

Address

Signature

April 29, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 51 years old and I live Husband (i.e. alone, with family). My medical condition includes the following problems:

Diabetes, Seizures, Hypotension, Arthritis, multiple Sclerosis + High Blood Pressure.

I am unable to do the following activities because of my condition:

I can't walk, Can't cook, Cannot wash self, I cannot clean my house, cannot drive, cannot dress my self + cannot do laundry.
Without CAP-DA I will be forced to go into a nursing home against my wishes

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Janice Bridgen

March 25, 2002

Health CAP
130 Arlington St.
Salisbury, NC 28144

Dear Sir:

I am writing you in behalf of my husband, Charles L. Baker, who suffers from Parkinson's disease and a respiratory condition. He is now bed ridden and in a nursing home.

I would like very much for him to be at home, and I am sure he would be much happier. In order to do this, he would need home health care. We do not have family to help me care for him and would require assistance.

He does not get the care in the nursing home that he needs. They are continually cutting back on their staff which causes the patients to be neglected. I go to the nursing home every day to help

II

Care for my husband which puts a hardship on me. I would much rather for him to be cared for in our home.

Prior to entering the nursing home, I cared for my husband at home, but he developed pneumonia and complications which required him to be put on a ventilator.

It cost the Federal and state government much more for patients to be institutionalized, rather than being cared for in the home. At home the patients are not exposed to all the germs and diseases that they contact in the nursing homes.

I believe it would be beneficial to the state of N.C. to lift the freeze on CAP/DA and provide home health care for those that prefer to be at home.

III

Please reconsider lifting the freeze on the CAP Program and provide the services that are so desperately needed for the disabled and elderly.

Your consideration in this matter will be greatly appreciated.

If you need to contact me, my telephone number is (704) 545-4447.

Sincerely,
Margaret W. Baker

B Mrs. Margaret Baker
9812 Central Dr.
Charlotte, NC 28227-4141

April 30, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 91 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Mouth cancer - part of jawbone and palate removed,
Arthritis - unsteady on feet

I am unable to do the following activities because of my condition:

House cleaning - cooking - laundry etc. - grocery
shopping and getting my medications. Getting to Doctor

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Annis Wise

4/29/2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 90 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems: pace maker
hearing aids

I am unable to do the following activities because of my condition: Clean house
bath myself cook for myself

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: James Marvin Sigma
Mrs. George L. Sigma

Date: 2-12-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 86 years old and I live Livville Falls (ie. alone, with family). My medical condition includes CHF, Hx frequent UTI's, RA, Hypothyroidism, Arterial (state your medical problem), and I am unable to ambulation, Ex Left Hip, by potensim without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes. UNsteady Gait, History Falls, forgetful

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long term care policy should provide "high-quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Date: 2-14-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 68 years old and I live w/ disabled husband (ie. alone, with family). My medical condition includes lung cancer, Asthma, Arthritis, Fibromyalgia (state your medical problem), and I am unable to do anything without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long term care policy should provide "high-quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

DATE 4-24-2002

MEETING NOTE

Dear Sirs:

I am writing this letter for help to put CAP-DA back for the help of the disabled and seniors adults that has Osteosarcoma - softening of the bones. There are over 100 clients in Cleveland County and their families have to stay at home and look after them. There is a lady that live next door to me that has this softening of her bones and her husband has to stay home and take care of her.

I think who ever froze this program has not have gone through this awful time, but it may hit them sometime. So please put this program back to work for our Disabled Adults and Seniors.

A Concerned Citizen
from Cleveland County

My Name is Iris Elizabeth Hunter
and I have alot of Health troubles, and I
also take a lot of Med.
Here are some of my Meds.

1. Fiorice - every Four hours for ~~my~~ my gastric
Headache.

2. Clinoid - 200 mg. 2 times a day

3. Robaxin - 750 mg. 4 times a day

4 - Duratiss - 4 Tab - 1200 mg. 1 tab
twice a day to loosen secretions

5 - Darvocetⁿ every Four hrs. 100 - 650
for pain.

6 - E laval 150 mg at bed time

7 - Diphenhydramine - 50 mg. as need for
itching

OVER

7- Alvan - 0.5 mg. for nerves 3 times
a day

8. Albuterol - 90CB - 2 puffs 4 times a day

9- Humalog Inline 8:00^{AM} 30 units
-- N pm 5:00 30 units

10: Humalog N A.M. - 30 units

Humalog P.M. 60 units

Sliding Skel - 2 ex of R.

11- Hydromet Syrup 240 mg every 4 hr.
for cough

12- Albuterol - 1 vial in
nebulizer every 4 hr. 0.083%
NEB Sol #75

13- Ipratropium 0.02% Inh Sol #75
use 1 vial every 4 hr. in Nebulizer.

~~14- Duoneb~~

14. Duoneb 2 N# Soln #75 - use 4
times a day over

15 - Pulmicort - 200 mg 3 times a day

16 - Levaquin 500 mg - 1 table every day

17. Tricou 200 mg 1 table every day

18 - Acular - 1 drop in right eye 4 time day

19. Zanaflex - 4 mg. - Take one table 3 times a day for muscle spasm in Back & legs and Hips.

20. Benzonatate 100 mg. 3 times a day for cough

21 - Eledolac Lodine 500 mg. 1 Table 2 x a day with food

22. Buspar - 15 mg Four time a day for panic attacks

23. Aerobid 2 puffs 4 times daily 250 mg

if you need to talk to Dr. Hall or
Dr. Miller w. whelaker M.D.

he is with Cape Fear Eye Associates P.M.
Eye Phy. and Surgeon.

His number is 774-8631 in
Saxford, or 1-800-829-2284

And Dr. Hall's number is 775-1000

I will send some paper if you need to
check my med records

Dr. Meredith is a Retinal spec. at
the Ambulatory care Center 2nd Fl.
his number is 919-966-5509
my Medical Record No is 0747137-8

yours Truly
Iris Hunter

Please let me know if you need
any more information.

April 26, 2002

In reference to the C.A.P. Program:

I urge you to reinstate the C.A.P. Program and find another way to help the budget that will not affect so many people. To name a few (AND I EMPHASIZE, *A FEW* AMONG MANY CITIZENS WHO WILL BE INVOLVED) :

IN HOME HELP AIDES, WHO WILL LOSE THEIR JOBS.

CAREGIVERS, WHO CANNOT AFFORD TO QUIT THEIR JOBS, BUT ARE FORCED TO CHOOSE BETWEEN FINANCIAL INDEPENDENCE AND ADEQUATE CARE FOR THEIR LOVED ONES.

PATIENTS, WHO RECEIVE EXCELLENT CARE IN THE HOME (NURSING HOMES CANNOT PROVIDE THE LOVING CARE THE PATIENT RECEIVES AT HOME BECAUSE THEY CANNOT TAKE THE TIME FOR ONE ON ONE CARE. THEY ARE UNDERSTAFFED NOW AS IT IS).

NURSING HOMES WILL BE OVERCROWDED FROM THE EXTRA LOAD THIS WILL PUT ON THEM. WITH MOST NURSING HOMES BEING UNDERSTAFFED NOW, THIS WILL CAUSE FURTHER INADEQUATE CARE FOR THE PATIENT.

In some cases, you may be "pulling the plug" on citizens who look to the C.A.P Program as a type of "life support". Most of these citizens have worked hard all their lives and are simply trying to get through their final years with some sort of dignity.

My mother, who is 82 years old, is one of those citizens who would effectively be given a "death sentence" if the C.A.P. Program were to be discontinued. She has been on the C.A.P. Program for approximately nine years. She is an Alzheimers patient who is completely bedridden and dependent on others to perform necessary tasks for her. She is unable to communicate. It takes approximately 45 minutes to feed her. A nursing home cannot and will not take this amount of time (one on one) to see that each patient has proper nourishment. In effect, the patient

would literally be starved to death. Additionally, the patient would receive inadequate personal hygiene treatment due to the frequency necessary for changing "diapers" and proper body bathing to prevent bedsores, rashes, and other infections. In the 9 years that I have had In-Home Aide help, my mother has never had one bed sore and, very rare, any rash. Her skin is beautiful and her health is very good. She has been well taken care of.

Since many of these citizens are unable to properly communicate, it is imperative that a Caregiver be sufficiently knowledgeable of the patient to be able to determine if the patient may be suffering from some type of medical emergency. A good example of this is when my mother had to be hospitalized to remove a diseased gall bladder. Had our Caregiver not been able to recognize that something was wrong immediately, my mother could have died. Patients with serious medical problems, who are incognitive and who cannot communicate that they are hurting, could possible go unnoticed before it becomes life threatening. Since Caregivers at nursing homes have too many patients to take the necessary time to become aware of a situation right away, quick action could mean the difference between life and death.

Yes, my mother is still on the C.A.P. Program because she got on it before you decided that you would cut the budget by not adding new recipients to the C.A.P. Program. How can you believe you are saving money by doing this? By sending recipients to nursing homes, you will be spending more in the long run (cost for patients in a nursing home, paying unemployment compensation to those who lose their jobs over it, etc.)

Listen to your people and hear their cries for help. Do not turn a deaf ear or turn your back to their despair. Please find another way to help the budget crisis and reinstate the C.A.P. Program.

I have attached an editorial from the March 31, 2002 edition of the Sanford Herald written by Paul T. Conner, who covers state government for the *Capital Press Association*. In Mr. Conner's words, "these cuts are not the only path to eliminating the budget shortfall". He lists 7 other options for consideration. I should like to offer an 8th option that he did not mention:

8th Option:

**ALL PERSONS WORKING IN NORTH CAROLINA, WHETHER
A CITIZEN OR NOT, SHALL PAY STATE INCOME TAXES TO
THE STATE OF NORTH CAROLINA.**

It is a hardship on the hard working tax-paying citizens of our state to have to shoulder all the burden of a troubled budget while others who are non-citizens and non-tax paying residents of North Carolina receive benefits that we are taxed for. We all know that a lot of the money received in North Carolina by alien workers is being sent to their home countries. We all know also, that many of these aliens receive aid from Social Service Programs.

Sincerely,

Dorothy S. Craig

Dorothy S. Craig

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully, *Ynamie Dabrymple*

Apr. 25, 2002

Dear Lisa,

It is not the disabled adults that is causing our state to be suffering a budget deficit it is the people in the office in Raleigh. These 100 clients and more in Cleveland County on the waiting list are the ones who are suffering. Most of them cannot afford Nursing Homes. I know because my mother was in one.

I have a friend who is suffering from Osteosarcoma, softening of the bones. She has fallen and broken 2 shoulders & wrist and it is getting worse. Her husband has to look after her so there fore he has to stay home with her. So please try and get this program back again. Thank you.

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Shamal Robinson*

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Scottie Robinson*

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Minister James A. Lialley.

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Michael Reilly

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Elva Forshee*

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Brenda Damer

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Phonda Hamington

Iris Hunter

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

I need my CNA because I stay sick alot and she is all I have. I don't have any family here and I can not do a lot because of some of my health probils please let her stay with me I need her help. I need her because of my eyes and my ~~ate~~ Asthmic Acute Bronchitis and my Arthritis and some times I fall I also need her because of my Diabeth Neuropathy that I have. She came to work ~~and~~ one day and I was having a hard time Breathing and she had to take me to the E.R. and they gave me two Breathing Treatments while we were over I don't know what I will do if you take her away from me. All I can hope for is to keep me on Cap. I fell that I need the help because some one needs to be with me if I gave out of Breth or start coughing real bad. Some times I can get up to go to the bathroom and be out of Air. and go to the tel. and bedroom.

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully, *Pauline Robinson*
for
H. Henry Robinson

April 23, 2002

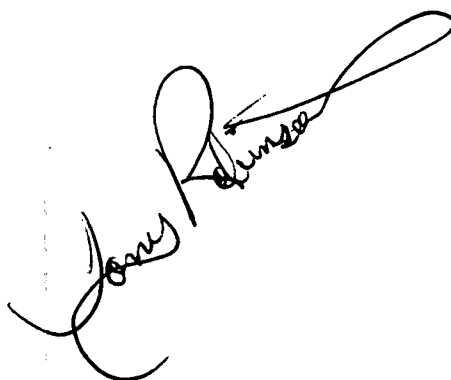
I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Pauline*
~~Henry~~ Robinson

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

A handwritten signature in black ink, appearing to read "Tony Rumba". The signature is written in a cursive style with a large loop at the end.

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully, *Paulette Robinson*

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Donna Willis

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Shirley Rogers

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Jerry Stewart

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Rachelle Mc Donald

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Linda Miller

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

KAY Johnson

ALICE & PIERRE WERTHEIMER
108 BRIGHTON COURT
CHAPEL HILL NC 27516
May 9, 2002

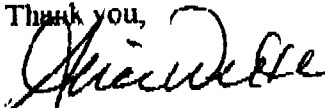
TO: Senator Martin
North Carolina State Legislature
Health and Human Services Joint Appropriations Subcommittee

Via FAX: 919-715-5815

Dear Senator Martin,

I am unable to attend this morning's hearing on the proposed budget cuts to human services, but I respectfully submit my comments for the official record.

Thank you,



Alice Wertheimer

Testimony Regarding the Proposed Cuts to Health and Human Services

May 9, 2002

I am disturbed to learn that the legislature is proposing budget cuts to health and human services and stunned that in North Carolina this would even be considered.

As the parent of two teenagers raised in this state, one of whom has autism, I have long regarded North Carolina as an innovator with the foresight to create and support valuable programs which prove cost-effective in the long run. Cutting funds to or eliminating programs which profoundly affect the daily lives of citizens who are already just barely getting by and faced with tremendous challenges, in my view, will come back to haunt us.

My son David who has autism, is a 16 year old high school student, but, at this time, unable to stay at home alone. Changes in or elimination of his CAP program may not only necessitate either my husband or I to leave our jobs, but could also severely affect the progress David is making toward independence. The programs that North Carolina has funded through the Autism Society of North Carolina, Division TEACCH and the CAP program have given our family, and thousands of families like ours in North Carolina, the hopes and dreams that mirror those of all Americans -- that our children will develop and grow into responsible, independent citizens who contribute to the state as effective workers and taxpayers. Cutting these services - which are already limited and have faced previous slashings, - could have a tremendous effect on our state's economy by forcing people into unemployment, state dependency and eventually, increased numbers of people returning to state institutions and mental hospitals. This is beyond just a question of the current budget crisis. We cannot simply toss out the needs for appropriate education, supported employment and independence training to satisfy a temporary need to come up with funds. It is difficult for me to fathom that the great state of North Carolina, would consider cutting programs that serve it's most vulnerable citizens, as if turning the clock of progress back 10-20 years.

In my view, funding should come from other sources - not from programs that will directly hurt people with disabilities and their families and others who are already overly burdened. I think the legislature should have the courage to recognize and speak up about the need to raise taxes now to make up for the budget shortfall. What else is our tax money for if not to serve and support our own citizens?

I respectfully request that the proposed cuts be reconsidered and that the committee carefully regard the long-term consequences to the state's economy in this attempt to achieve a short term goal by potentially devastating the lives of those who can least afford it.

Respectfully submitted,



Alice Wertheimer
108 Brighton Court
Chapel Hill, NC 27516

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Justie Hall

April 23, 2002

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Respectfully,

Linda R. Oldham

April 23, 2002

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Respectfully,

Charlie H. Wicker

April 23, 2002

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Respectfully,

Francis Huffman

April 23, 2002

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Respectfully,

D. L. Hall

April 23, 2002

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Respectfully,

Doris Wicker

April 23, 2002

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Respectfully,

Jerry C. Oldham

April 23, 2002

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Respectfully,

Robinson S. Hall

April 23, 2002

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Respectfully,

Warren Wick

To whom it may concern:

I send by a car-guise for my parents. I am writing this letter as a plea for you to help me keep a promise I have made to them.

My parents have been married 54 years. They both have a sound and clear mind. They do have a lot of disabilities which take a lot of care.

My mother is on the Cap / R A program. Without the help of the CNA coming into help, I would not be able to keep them together at home in their own environment.

I love my parents very much and feel I owe this to them!

Please don't discard this program. Please don't make me break my promise to them.

Sincerely
H. By

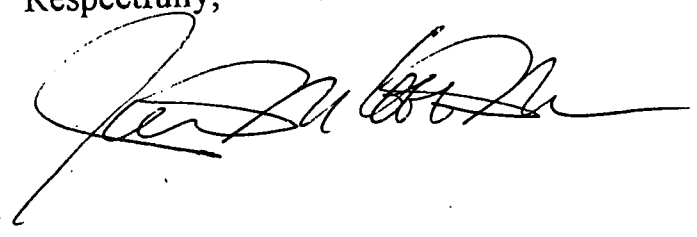
MYOMED TREATMENT CENTER
JAMES M. COGGIN, M.D.
POST OFFICE BOX 1001
SANFORD, NORTH CAROLINA 27331-1001

*Line to
L. M. Ross*

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The CAP / DA
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27330/89

Respectfully,



April 23, 2002

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Respectfully,

Bobby Stewart

April 23, 2002

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Respectfully,

Linda Thomas

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Respectfully,

Lou Wilkins

April 23, 2002

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Respectfully,

Paul Carroll

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Mildred Oldham

April 23, 2002

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Respectfully,

George Martin

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Respectfully,

Germa Martin

April 23, 2002

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Respectfully,

Opal L. Hancock

April 23, 2002

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Respectfully,

Madge H. Coggins

April 23, 2002

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Respectfully,

Sammy C. Johnson

April 23, 2002

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Respectfully, *Shirley M. N. N.*

✓ Edna A. Martin

April 23, 2002

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Respectfully, *Juanita M. McNeill*

April 23, 2002

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Respectfully,

Lorena M. Gaine

April 23, 2002

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Respectfully,

Jesse MARTIN

April 23, 2002

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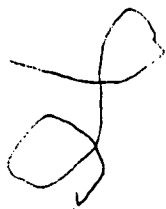

Respectfully,

Alexander Martin

✓
April 23, 2002

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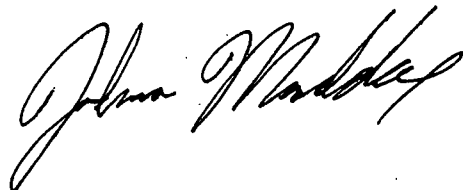
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Respectfully,

A handwritten signature in cursive script, appearing to read "John Maddy". The signature is written in black ink and is positioned below the word "Respectfully,".

April 23, 2002

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Respectfully,

Nana H. Key

April 23, 2002

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Respectfully,

Heather M Maddox

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Respectfully,

Howard C Ky
4-26-02

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully, *Gail Wimbley* April 26, 19, 2002

April 23, 2002

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Respectfully,

Kay H. Miller Jr

4/24/02

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully, *Ray Sparks*

April 23, 2002

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*copy to Mrs. McSwain
4/26/2002*

Respectfully,

April 23, 2002

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Doll m c Swain 4.26 2002

Respectfully,

[Handwritten mark]

April 23, 2002

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Respectfully,

Helois McKey-Richardson

April 23, 2002

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Respectfully,

Blanche Williams

April 23, 2002

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Respectfully,

A handwritten signature in cursive script, appearing to read "Carol Crosby".

April 23, 2002

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Respectfully,

A Anne Crosby

April 23, 2002

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Respectfully,

Antoinette Williams

April 23, 2002

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Respectfully,

Garell Thomas

April 23, 2002

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Respectfully, *Cathy Baker*

✓
April 23, 2002

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Respectfully,

Karen R. Baker

April 23, 2002

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Respectfully,

~~Janae Adams~~
Mary J Holder

April 23, 2002

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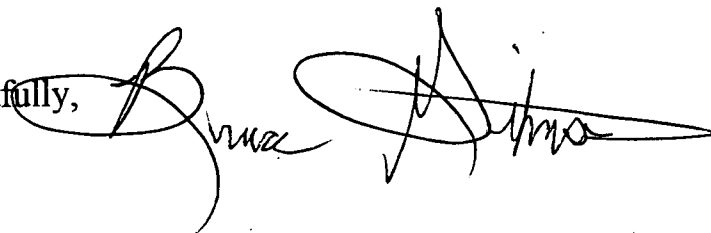
Respectfully,

James D. Palmer

April 23, 2002

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Respectfully,

A handwritten signature in cursive script, appearing to read "Berna Silva", written over the word "Respectfully,".

April 23, 2002

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Respectfully,

Bruce Dimore

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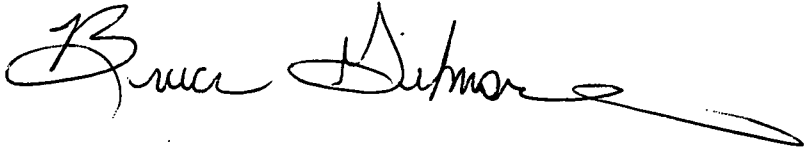
Respectfully,

A handwritten signature in cursive script that reads "Bruce Wilmore". The signature is written in black ink and is positioned to the right of the word "Respectfully,".

April 23, 2002

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Respectfully,

A handwritten signature in cursive script that reads "Bruce Dehmer". The signature is written in black ink and extends to the right with a long, sweeping underline.

April 23, 2002

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Respectfully,

Angela D. Baker

April 23, 2002

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Respectfully,

E. N. 2001 / Hill

April 23, 2002

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Respectfully,

Janet K. Ongel

April 23, 2002

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Janice M. Angel

April 23, 2002

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Respectfully,

Frank Conjee

✓
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Respectfully,

Charles E. Ross

April 23, 2002

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Respectfully,

Ray Moore

April 23, 2002

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Respectfully,

Sue Burris

April 23, 2002

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Respectfully,

Sandra Stevens

April 23, 2002

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Respectfully,

Robert O. McFarland

April 23, 2002

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Respectfully,

Charity Moore

April 23, 2002

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Respectfully,

Mrs. Jerry W. Halde

April 23, 2002

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Respectfully,

Jerry D. Holder

April 23, 2002

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Respectfully,

Linda Mc Sean

April 23, 2002

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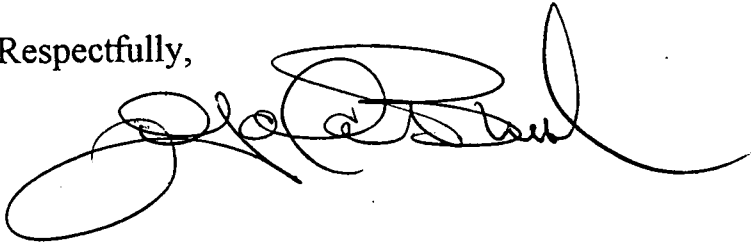
Respectfully,

Barbara J. Ervett

April 23, 2002

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Respectfully,

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April 23, 2002

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Respectfully, *Clara Gilchrist*

April 23, 2002

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Respectfully,

Dorothy S. Craig

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Alberta Barlow

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Reid Gray

✓
April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Louise A. Suggs by Dorothy S. Craig, Health Care Power of Attorney
Louise G. Suggs by Renee Craig, General POA

April 23, 2002

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Respectfully,

Karen McNeill

April 23, 2002

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Respectfully,

Nell Harshaw

April 23, 2002

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Respectfully,

Betty L Seabold

April 23, 2002

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Respectfully,

Jamieka Muchison

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Estelle Wilson

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Paul S Broddy

April 23, 2002

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Respectfully,

Wentzell M. Davis

April 23, 2002

I am benefiting from the CAP / DA Program. This program is allowing me to stay in my own home and allowing my family to continue working while knowing I'm being cared for by a certified nurse aide. Please don't discontinue this program, we need your help.

Respectfully,

Nurse Ann Locklear

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Lillian B. Pierce

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Ruthie McChesman

April 23, 2002

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Respectfully,

Roberta Locklear

April 23, 2002

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Respectfully,

Brenda Locklear

✓
April 23, 2002

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Respectfully,

Jamie McAulby

April 23, 2002

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Respectfully,

Glenn Lucas
811 Reservation Rd.
Aberdeen, Md.
944-1783 - Jane

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Nellie Marie Zvara
910-944-8894

April 23, 2002

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Respectfully,

E. David McKay

Date: 2-25-02

RE: CAP/DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP/DA program. CAP/DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am currently on the CAP/DA waiting list. I am 40 years old and I live avery county (i.e. alone, with family). My medical condition includes Dialysis 3 days a week (state your medical condition), and I am unable to go w/out help w/ meals without assistance. Without CAP/DA, I may be forced to go into a nursing home against my wishes. I have had a TB, and Diabetes since I was nine yrs old
I'm unable to go to Dialysis w/out someone taking me 3 days a week
Studies by Duke University's Long Term Care Resources Program have shown that and to P CAP/DA patients are one of the most impaired populations in the state on par with the appointment nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP/DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP/DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the State's long term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the State's policies "should strengthen the capacity of families to serve as caregivers." Both of these goals are accomplished by CAP/DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP/DA freeze remains in effect, some of the more than five thousand people on CAP/DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully, Wm. Sherman Carpenter

Box 170

Newland NC 28657

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

Stella M. Turner

Date: 2-11-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 71 years old and I live Jonas Ridge (ie. alone, with family). My medical condition includes Recent surgery on left eye H T U P U D (state your medical problem), and I am unable to bend over due to eye surgery Unstead Gait without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

April 23, 2002

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Respectfully,

~~Stella A. A. A.~~
Dorothy A. A.

March 25, 2002

To Whom it may concern:

I feel that the CAP Freeze needs to be lifted in order for the many needy patients to receive the assistance required for their health and welfare.

I also feel those who served in the WAR TIMES should be given the benefit of assistance for their serving our country, as well as paying taxes for programs like this.

In my opinion the first priority is to make sure that those in need be assisted with this type of program.

Please consider all the important factors and see that this FREEZE must be lifted for the good of the many patients with no other source to turn to for help.

Thank you in advance for your understanding of this type of assistant programs.

*Sincerely -
Rita Blau*

Date: 1-30-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 81 years old and I live with husband (ie. alone, with family). My medical condition includes Heart Failure, Bronchial Asthma COPD, Arthritis (state your medical problem), and I am unable to do personal care, housework, cook, grocery or other shopping without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Vinnie Carpenter

Vinnie Carpenter

911 ISAACS Branch Rd.

NEWLAND, N.C. 28657

Date: 1-25-2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 98 years old and I live ^{with disabled husband whose} (ie. alone, with family). My medical condition includes ^{on CAP too} Parkinson's, heart trouble, high blood pressure, ^{hip} replacement (state your medical problem), and I am unable to stand, get up, go to toilet, bathe, or get in or out of bed without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Paul F. Marshall

Date: 1-25-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 78 years old and I live alone (ie. alone, with family). My medical condition includes Asthmatic Bronchitis, Htn, Hx of UTIs, CVA (state your medical problem), and I am unable to Care for my self without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

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Sincerely,

Date: 1-25-2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 76 years old and I live Family (ie. alone, with family). My medical condition includes Stroke, hypertension, & Broken Arms (state your medical problem), and I am unable to do my work dailey without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

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Respectfully,

Date: 1/25/02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am _____ years old and I live w/ husband (i.e. alone, with family). My medical condition includes Osteoarthritis, HTN, Hiatal hernia (state your medical problem), and I am unable to COOK, wash clothes, bathe, shop, sweep without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

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Respectfully,

Rose Townsend

April 23, 2002

I am the care-giver taking care of my elderly relative when the nurse aide is not here. My family is very important to me. The CAP / DA Program has allowed me to keep my loved one at home and given me the opportunity to continue working and living my life in a normal manner. Please don't discard this program. We will all need this at some point in our lives.

Respectfully,

X H. Locklear

Date: 1/24/02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 87 years old and I live alone (ie. alone, with family). My medical condition includes osteoarthritis, lung disease, high blood pressure, both hips replaced, reflux (state your medical problem), and I am unable to walk, bathe, cook, clean, get out of bed, comb my hair, etc. without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Mary V. Johnson

Mary V. Johnson

Date: 1-24-2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 86 years old and I live alone (ie. alone, with family). My medical condition includes Osteoarthritis; Heart Bypass; Pacemaker (state your medical problem), and I am unable to properly care for myself (cook, clean house or even bathe) without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Quana V. Clark

Date: January 25, 02'

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 83 years old and I live alone (ie. alone, with family). My medical condition includes Congestive Heart Failure, Lung Disease & Osteoporosis (state your medical problem), and I am unable to bathe, clean house, ambulate & prepare meals without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Ruth I Norwood

Date: 1-25-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 83 years old and I live my son (ie. alone, with family). My medical condition includes poorly someone has to be with me at the (state your medical problem), and I am unable to care for myself without asst without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully, *Mrs. Ruby L. Smith*

Date: 1-28-2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 78 years old and I live w/ family (ie. alone, with family). My medical condition includes Emphysema, HTN, Osteoporosis (state your medical problem), and I am unable to do daily activities and get around the house without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

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Respectfully,

Myrtle OMB

4-25-02

Help Cap - PA:

The Medicaid - funded Program should be unfrozen. There are too many people that are at home that will lose their personnel belonging because they have to go in a nursing facility and Medicaid saves money on people being at home being taken care of.

The state is suffering to budget deficits why should we care aging people? Just think of it this way we will all be old

somebody. we might need a program and there won't be nothing. you and me will be stuck in a nursing facility. wouldn't you rather be taken care of in your home in a pleasant setting. or be treated besides are you

going to give up your
some that you worked hard
all your life for? there
are 200 people in Runcombe
County that need this
help. just think it could
be your mom or Dad
relative you love so
dearly you'd want to do
what is best for them
people please rethink the
frozen program - Cap - DA
Because you many
need it someday when
will you be?

Marie Bolden

Marie Bolden

Date: 1-28-2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 74 years old and I live w/FAMILY (ie. alone, with family). My medical condition includes STROKE, HEART ATTACK, ARTHRITIS (state your medical problem), and I am unable to get around and do daily activities without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long term care policy should provide "high-quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

spectfully,

Paul B. Arnett

Date: 1-29-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 57 years old and I live with spouse (ie. alone, with family). My medical condition includes HTN, Chf, Copd, fibromyalgia?, disc. disease, etc. (state your medical problem), and I am unable to bath, dress and walk, at times use walker without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Shirley Fields

Medical Condition continued

Hypertension

Hypothyroidism

Joint

Deaf

DSD

Date: 1-28-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 90 years old and I live alone (ie. alone, with family). My medical condition includes Organic Brain Syndrome, ^{HYPERTENSION} Anxiety, Depression (state your medical problem), and I am unable to function without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Loretta Luppard
(granddaughter)

Bulah Norwood

Date: 2-1-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 77 years old and I live _____ (ie. alone with family). My medical condition includes ep. lepsy (state your medical problem), and I am unable to walk, or do any household chores without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Marlyn Greene

Date: 2/1/02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 58 years old and I live with my husband (ie. alone, with family). My medical condition includes CHF, Rt. calf ulcer, HBP, sleep apnea, Depression (state your medical problem), and I am unable to get in/out of shower, do foot care, clean house without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Carolyn C. Lyston

April 30, 2002

**HELP CAP-DA
130 Arlington St. Suite 107
Salisbury, NC 28144**

To whom it may concern:

It has come to our understanding that a medicaid-funded program called CAP-DA (Community Alternatives Program for Disabled Adults) that assists the disabled in our community, has been frozen and many needy people are without care.

We have a very good friend, Mrs. Faye Eure, who had open heart surgery about three years ago which was followed by a stroke that left her blind, disabled and unable to care for herself. Her left leg was amputated below the knee due to complications from her diabetes shortly after her stroke. She has been bound to a wheelchair for quite some time. She is currently receiving personal care services from CAP-DA in Bertie County approximately 6 hours per day 5 days per week.

Her husband, Bobby, works for the Ahoskie Police Department full-time and is very dependent on this service to care for his wife during the day while he is the only provider for their household. Because of the rising cost of healthcare, it would be impossible for her husband to pay a private nurse aide on his limited income to assist his wife while he is at work.

CAP-DA provides care for disabled adults in their home. This would allow them to remain in the comfort of their own home despite their illnesses or disabilities. Also, this would save medicaid a significant amount of money over placing her in a nursing facility. We would like for you to please reconsider and allow this very needed service to continue in our community. Our state may be suffering due to budget deficits, however, our seniors and disabled adults should not be the ones to suffer.

Sincerely,

*Everette and Sue Davidson
539 Quebec Rd.
Colerain, N.C. - 27924*

Date: 1/29/02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 48 years old and I live with family (ie. alone, with family). My medical condition includes Diabetes, Kidney failure, High Blood pressure (state your medical problem), and I am unable to pay for Medication or for peritoneal Dialysis without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully, *Johnny Smith*

Date: 2-5-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 93 years old and I live alone (ie. alone, with family). My medical condition includes broke hip, hypertension, vertigo (state your medical problem), and I am unable to walk alone and stay by myself; osteoarthritis without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Lloyd C. Hicks
By Daughter
Yvonne Hicks

May 1, 2002

To - Help CAP/OA

A - 1 Helps client to stay at home longer + remain safe with family members at night.

2 - Lets family members work outside the home during the day, because CAP girls come in during the day. Lets clients be independent as much as possible.

B - It gives the clients their independence, they like the one-on-one client/aid - You get to know their likes and dislikes, what they like + do.

C - Because they have that one-on-one contact with the client/aid.

D - Because they not get help fast enough + had to be put on the waiting list. We need the program.

Also, its cheaper to keep the client at home for as long as possible - instead of putting them into a nursing facility.

- Thank you -

Julie Cochran
Swain Co. H. Health (CAP-CNA)

Date:

2-7-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 73 years old and I live _____ (ie. alone, with family). My medical condition includes stroke (state your medical problem), and I am unable to all ADL's without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. When that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Nazel Greene

Date: _____

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 91 years old and I live alone (ie. alone, with family). My medical condition includes congestive heart, angina, unstable gait, hyperkalemia (state your medical problem), and I am unable to cook, clean, bathe, walk without a walker or without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Ella R. Stogle

Date: Feb. 8, 2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 66 years old and I live alone (ie. alone, with family). My medical condition includes Diabetes, Arthritis, Lungs, blood Clots. (state your medical problem), and I am unable to walk, bathe, dress, cook, take insulin without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Marguerite M Jackson

Date: Feb. 8, 2002

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 66 years old and I live alone (ie. alone, with family). My medical condition includes Diabetes, Arthritis, Lungs, blood Clots. (state your medical problem), and I am unable to walk, bathe, dress, cook, take insulin without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

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Respectfully,

Magnolia M Jackson

Date: 1-29-02

Re: CAP-DA Freeze

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home. I am a patient receiving CAP services. I am 84 years old and I live with wife (ie. alone, with family). My medical condition includes Bladder Cancer, Congestive heart failure (state your medical problem), and I am unable to do personal care, cook, clean, shop or walk unassisted without assistance. Without CAP-DA, I will be forced to go into a nursing home against my wishes.

Studies by Duke University's Long Term Care Resources Program have shown that CAP-DA patients are one of the most impaired populations in the state, on par with the nursing facility population and much more impaired than the state's adult care home and general Medicare populations. As an integral component of the Secretary of Health and Human Services Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

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Respectfully,

Samuel Carpenter

April 27, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 71 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:
rheumatoid arthritis, irregular heart rhythm, high blood pressure,
congestive heart failure, & diverticulitis

I am unable to do the following activities because of my condition:

house work, cooking, laundry, personal care

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Anna M. McHenry

Hayesville, N.C.
May 1, 2002

Help CAP-DA
130 Arlington Street
Suite 107
Salisbury, N.C. 28144

I'm writing in regards to the freeze on the CAP-DA Program. I have been employed with the Clay County CAP Program for almost four years. I see three to four clients in a week. Some I stay eight hours a day, and some four hours. These are all women that are limited to the daily activity of life that most of us take for granted. Almost all of them can not do their personal hygiene. But they are still getting to live at home. The work is very rewarding.

I hope our state government will see that this program is kept. It has many reasons to be kept, besides keeping these clients out of the nursing home.

Sincerely yours,
Layne Wylie McCray

Help Cap. Wr.
130 Arlington Street
Suite 107
Salisbury, N.C. 28144

May 1, 2002

To whom it may concern.

My name is Kathleen Smith, I am the daughter of Kate Cawser who is on the Cap Program.

I am asking you to please help all you can to keep the program going. My mother is 75 years old and cannot do much for herself. She has a Cap worker who is wonderful, she takes wonderful care of my mother and it helps give peace of mind when I cannot be there, (I work on a public job).

I help take care of her on the weekends and evenings when there is no one.

She has always been a hard working person - My Dad died when I was about 8½ years old. There were my two brothers and me - She sacrificed

for us and I would like for her
to be taken care of in this time she
cannot do for herself.

Please do all you can for her
and others like her who deserve
the very best.

I appreciate all you can do.

Sincerely
Kathleen Smith
1438 Hamburg
Road
Bakersville, N.C.

28705

April 27, 2002

Dear Governor Easley:

My letter to you with great concern is about the proposed Medicaid cuts by the state of N.C.

What are the legislatures thinking? How many elderly people who have worked hard all their lives will be forced to suffer from neglect? There will be nothing for them. As it is, they can stay at home with dignity by having home care by an approved agency. Why force them to go to a rest home, all are too crowded, which will result in lack of care, stinking of urine, and overworked lack of aides who are low paid and do NOT care as a whole. This results in patients having depression, loss of memory & appetite, bedsores and generally an attitude of who cares and low self esteem. Doctors keep everyone living longer now so why should they suffer?

Page 2:

RE: Medicaid Cuts

My mother is 81 and lives in a senior apartment in Sparta NC. The home agency that provides her with three and half hours daily M-F allows her to maintain her life as normally as possible. The care she receives for taking medicines, bathing, and general care are wonderful and keeps her motivated. She suffers from lower lumbar stenosis of the spine (will be crippled eventually), chronic breathing ^{lung} problems (on oxygen, inhalers & nebulizer), heart blockage, arthritis, blind in one eye macular degeneration, and wears hearing aid. Multiple others also.

PLEASE - stop this terrible mistake concerning Medicaid cuts.

Sincerely

Janita A. Andrews
PO Box 847

Moravian Falls NC 28654 P.S. I, did vote for

May, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 100 years old and I live with granddaughter (i.e. alone, with family). My medical condition includes the following problems: high blood pressure, 2 minor strokes in past 2 yrs.

I am unable to do the following activities because of my condition: walk alone, bathe myself, dress myself, get medications

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Ellen Romine (POA) Nehra Lowman granddaughter

I want to send an *important* message to my Governor and any other elected officials who are considering further cuts to Medicaid services.

	My name is: <u>CAROLYN Brinegar</u>
	Address: <u>26 Elm Drive</u> <u>Sparta, N.C. 28675</u>
	Phone # <u>(336) 372-6267</u>

Dear Governor Easley:

I work in a home healthcare system. I firmly believe that one-on-one care is better for the patients. It allows them to stay independent longer. These older people are more comfortable at home. No one likes to be uprooted from their surroundings. Homehealth workers make a positive influence on patients allowing them to keep their independence longer. Once a patient is admitted to a facility they usually lose their remaining health rapidly. We as homehealth workers do not need to see further cuts to the Medicaid service. Please keep the Medicaid service from future cuts. Thank You.

Carolyn Brinegar
Signature

4-26-02
Date

April 30, 2002

**HELP CAP-DA
130 Arlington St. Suite 107
Salisbury, NC 28144**

To whom it may concern:

It has come to our understanding that a medicaid-funded program called CAP-DA (Community Alternatives Program for Disabled Adults) that assists the disabled in our community, has been frozen and many needy people are without care.

We have a very good friend, Mrs. Faye Eure, who had open heart surgery about three years ago which was followed by a stroke that left her blind, disabled and unable to care for herself. Her left leg was amputated below the knee due to complications from her diabetes shortly after her stroke. She has been bound to a wheelchair for quite some time. She is currently receiving personal care services from CAP-DA in Bertie County approximately 6 hours per day 5 days per week.

Her husband, Bobby, works for the Ahoskie Police Department full-time and is very dependent on this service to care for his wife during the day while he is the only provider for their household. Because of the rising cost of healthcare, it would be impossible for her husband to pay a private nurse aide on his limited income to assist his wife while he is at work.

CAP-DA provides care for disabled adults in their home. This would allow them to remain in the comfort of their own home despite their illnesses or disabilities. Also, this would save medicaid a significant amount of money over placing her in a nursing facility. We would like for you to please reconsider and allow this very needed service to continue in our community. Our state may be suffering due to budget deficits, however, our seniors and disabled adults should not be the ones to suffer.

Sincerely,

Peggy R. Jones

MAY 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 92 years old and I live ALONE (i.e. alone, with family). My medical condition includes the following problems: HIP/BONE DETERIORATION AND FEARFUL OF FALLING, MACULAR DEGENERATION OF RETINA CAUSING LIMITED VISION, SHORT-TERM MEMORY

I am unable to do the following activities because of my condition: BATHE, COOK, LAUNDRY, VACUUM, CLEAN, DRIVE AN AUTO, GO UP AND DOWN STAIRS, MAKE BEDS, TAKE MEDICINE

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care. I WAS IN CAP PROGRAM BUT DISQUALIFIED BECAUSE MY \$5 AMOUNT RESPECTFULLY, WENT OVER LIMIT BY \$1.00.

Signed: MILDRED J. HALL

BY: Robert J. Hall
P.O.A.

MAY 3, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 34 years old and I live FAMILY (i.e. alone, with family). My medical condition includes the following problems: CEREBRAL PALSY SINCE BIRTH, CONFINED TO WHEELCHAIR, MOTOR SKILLS LIMITED, SURGICAL IMPLANTED STEEL ROD IN BACK TO CORRECT SCOLIOSIS

I am unable to do the following activities because of my condition: BATHE, WALK, ~~LOAF~~ TO GET IN/OUT OF BED, COOK, CLEAN, DRIVE ~~AUTO~~, TAKE MEDICINE

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states the CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Erroy M. Hall

4-27-02

Dear Governor:

I am an 81 year old Medicaid receiver. Please stop the future cuts to the Medicaid service. I depend on my home health aide. This service allows me to stay in my home and keep my independence. I do not wish to be placed in a nursing home this service keeps me at home. Again please keep the Medicaid service from future cuts.

Thank You,
Ruth Pennel Sanders.

Ruth P. Sanders

4-h Ridgeway Apt.

168 E Whitehead St.

Spartan, N.C. 28675

May 2, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 60 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Dilated glaucoma of strabismus Neuropathy high Blood
Arthritis structural disorder of the craniums Arma
Angina

I am unable to do the following activities because of my condition:

cooking, cleaning laundry get groceries and
medicines

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Virginia Miller

April 29th, 2002

Re: Freeze on CAP

To Whom It May Concern:

My name is Anita McCloud Elliott, and my mother Reacy McCloud is now 96 years of age. She needs constant care and assistance with any and everything she does, as she has congestive heart failure and Alzheimer's disease. She is on a walker with assistance and she also besides her physical condition, is incontinent and requires cleaning and changing diapers quiet often. Without our CAP worker 40 hours a week I could not keep my mother as I am 64 years of age and I have to keep working to keep my hospital insurance and to live.

The program is a wonderful thing which allows the elderly to be taken care of at home, which without the help of a funded program like CAP there wouldn't be enough facilities to take care of all the elderly who need constant care.

I'm asking you to reconsider the freeze on our CAP program and help us to keep our elderly at home with people who love them and with dignity and the assurance of being taken care of. As I see it this is a lot less expensive for the county and government than putting the elderly in rest homes.

Please, please reconsider the freeze. I would rather be dead than to see my mother in a rest home, because the people I know which are there are not taken care of because of not enough help or lack of consideration of care. Please let us keep our CAP worker 40 hours a week. Sometime if you and I live we will be in this condition and what would you want if it were you. Please have a heart and help us.

Sincerely,

Anita M. Elliott
Anita M. Elliott
Daughter of Reacy McCloud

Cc: Rep. Greg Thompson
Rep. Monroe Buchanan
Gov. Mike Easley

4-30-, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 88 years old and I live ^{AT HOME} ~~alone~~ (i.e. alone, with family). My medical condition includes the following problems:

Alzheimer's, and a Diabetic, plus Bed
Redding patient.

I am unable to do the following activities because of my condition:

Anything for myself,

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The North Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Bertrude L. Jones

Mary F. Jones

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 88 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Labile blood pressure - from hypertension to hypotension, complicated by posturally induced hypertension. These conditions result in erratic loss of consciousness and falls.

I am unable to do the following activities because of my condition:

prepare meals, take baths, walk unassisted,

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Lala B. Isak by Joan J. Meadows -POA

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 90 years old and I live _____ (i.e. alone, with family). My medical condition includes the following problems:

I have a problem with my balance. I have osteoporosis & osteo arthritis. Had stomach cancer. I have a compressed fracture of Thoracic Spine, use wheelchair

I am unable to do the following activities because of my condition:

Cook, bathe or clean my living area

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Francis Sutton

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 82 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Diabetes, High Blood Pressure, Irregular heart beats

I am unable to do the following activities because of my condition:

Take Showers, both without assistant. Clean apartment

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Mary Callahan

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 44 years old and I live Home (i.e. alone, with family). My medical condition includes the following problems:

Quadriplegic + Bladder cancer

I am unable to do the following activities because of my condition:

get out of bed / eat / drink / bath / brush teeth
simple helpless without assistance

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Jane D. Burr

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 67 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Arthritis affected my walking. I use a walker and a wheel chair and I need help with ADL's in the evening. I really would like to stay in my own home.

I am unable to do the following activities because of my condition:

Preparing meals in evening, for dinner and then cleaning my kitchen up after dinner.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Cora Taylor

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 68 years old and I live with Family (i.e. alone, with family). My medical condition includes the following problems:

Stroke which left me unable to use my left side
I also am diabetic.

I am unable to do the following activities because of my condition:

walk without assistance and I am unable to feed myself
or dress myself without assistance I cannot speak words
Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed:

Clara Blackwell Clo
Clara Blackwell

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 96 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

Hard of hearing, arthritis, Rheumatoid, visual problems, urination problems, heart burn, have pacemaker, low Blood

I am unable to do the following activities because of my condition:

walk sometimes, can't hear, & need assistant all the time, unable to cook my meals or dress myself

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Mrs. Beulah Roseborough

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 81 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

I had a stroke 8 years ago; have been in the bed
paralyze & I'm on a feeder tube

I am unable to do the following activities because of my condition:

I am unable to do anything

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed:

Maggie Anagor
Kinda Davis POA

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 56 years old and I live 821 FENNEL (i.e. alone, with family). My medical condition includes the following problems: HTC.

HIGH-BLOOD - DIALYSIS PATIENT

I am unable to do the following activities because of my condition:

COOK MEALS, WASH-CLOTHES, CLEAN-HOUSE, BATH ALONE, STAND TO LONG, WALK TO FAR

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed:

Spilley Fleming

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 77 years old and I live with daughter & family (i.e. alone, with family). My medical condition includes the following problems:

Barnett's disease, Nandof hearing, arthritis, Curmed spin, hernia, asthma, stomach acid, take meds for diabetes & sinus problems, have shingles, depression, Bladder problems, High BP,

I am unable to do the following activities because of my condition:

take Bath, Wash hair, Cook, need help getting out of bed & walking some I can get up out of bed, read, watch TV, take rest

Without CAP-DA I will be forced to go into a nursing home against my wishes. need help with putting on clothes, taking & fixing meds. I take 26 pills a day CNA does all for me & daughter.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state. Can't put shoes on. Can't sign name.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Wileen J. Humphrey

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 83 years old and I live Alone (i.e. alone, with family). My medical condition includes the following problems:

Dementia, Osteoporosis, High Blood Pressure, depression, high risk for falls, stomach problems, need special diet.

I am unable to do the following activities because of my condition:

Give myself bath, cook meals, remember to take meds, take care of my home and do general household duties

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed:

Laya Johnson

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 81 years old and I live with husband (i.e. alone, with family). My medical condition includes the following problems:

diabetic, have arthritis, high blood pressure, inner ear problem

I am unable to do the following activities because of my condition:

CAN NOT get around good enough to COOK or CLEAN house

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Ossie Baichay

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 83 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

3 Hip replacements on the Right, back surgery last July (2001), Left Hip replacement 4 weeks ago; torn

I am unable to do the following activities because of my condition:

Left retactor case
Both wash hair, clean house, make a bed, grocery shop,
prepare meals, laundry

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Laurie M. Stancie

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 95 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

spine deteriorating, high blood, blood too thick, hiatal hernia, iron poor blood, "old age"

I am unable to do the following activities because of my condition:

Have to have help with all activities

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Nellie Lanning

Respectfully,
* Signed: Janelle Beck (Granddaughter)
* Without CAP-DA it would not possible for me to keep her at home. I am so grateful.

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 70 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

Advanced Alzheimers

I am unable to do the following activities because of my condition:

Personal hygiene, dress, prepare meals, eat without prompting, communicate with others

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Maureen J. Kelly POA for Ethel Schaefer

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 63 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

Chronic Bronchitis - Asthma - diabetes - heart trouble

I am unable to do the following activities because of my condition:

Walk-Run, bathe, cook, clean, any basic household chores, or hold down a job.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Jillie S. Wason

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 77 years old and I live _____ (i.e. alone, with family) My medical condition includes the following problems:

Is unable to do for home care
depression

I am unable to do the following activities because of my condition:

anything and everything

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed:

Frank Underwood

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 86 years old and I live ALONE (i.e. alone, with family). My medical condition includes the following problems:

LEFT Leg OFF Below knee; CAN'T WALK Without HELP - CAN'T COOK
CAN DO NO HOUSE WORK AT ALL - WITHOUT HELP - GOT PACE MAKER - HEART PROBLEMS
HIGH BLOOD STOMACH TROUBLE DEPRESSION ARITHMIA IN MY JOINTS - HAVE PAIN DAILY

I am unable to do the following activities because of my condition:

NEED HELP BATHING - BATH ROOM - HELP CHANGING CLOTHES - HARD OF HEARING
HAVE TROUBLE SEEING - HAVE PROBLEM WRITING - THERE REALLY NOTHING TO DO WITH OUT HELP

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Annice Watson - Son Buster Watson

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 74 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Diabetes unsteady gait high blood pressure

I am unable to do the following activities because of my condition:

bath, house keeping, cooking, shopping, errands

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Robert O. Huss

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 93 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Arthritis

I am unable to do the following activities because of my condition:

Housework, dishes, cooking

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed:

Mamie A. Bennett

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 73 years old and I live ^{with an} Elderly Aunt. (i.e. alone, with family). My medical condition includes the following problems:

Schizoid, I have a hard time walking, need assistance even though I use a walker. My Aunt is unable to get around some days at all.

I am unable to do the following activities because of my condition:

Walk alone, can't cook, the use of left side at all.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Billie Miller

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 88 years old and I live with wife (i.e. alone, with family). My medical condition includes the following problems:

diabetic, heart

I am unable to do the following activities because of my condition:

CAN NOT DO ANYTHING FOR SELF.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Graham W. Brickey

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 89 years old and I live w/ my daughter (i.e. alone, with family). My medical condition includes the following problems:

diabetes, CVA, CHF

I am unable to do the following activities because of my condition:

personal care: bathing, shampoo, skin care, and meal preparation, housekeeping and errands.
Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: May E. Alper

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 55 years old and I live with elderly (i.e. alone, with family). My medical condition includes the following problems: husband who is on O2
Diabetes / CHF / Gout / Arthritis / hypothyroidism /
High BP / Sores over both lower legs

I am unable to do the following activities because of my condition:

WALK / bath / dress / cook

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Sonja Kay C. Peele

Please Help us!!!

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 73 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

I am a diabetic, I have a heart condition and have also had 2 strokes, I have chronic arthritis and cannot walk very much at all.

I am unable to do the following activities because of my condition:

Give myself a bath, cook my meals, or clean up my house.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Marie E Hicks

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 71 years old and I live ALONE (i.e. alone, with family). My medical condition includes the following problems:

I AM LEGALLY BLIND AND UNABLE TO FUNCTION OUTSIDE MY HOME.

I am unable to do the following activities because of my condition:

CLEAN MY HOUSE, PREPARE MY FOOD, GIVE MYSELF A BATH.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: GOLDIE M. TURNER

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 70 years old and i live both, alone + with family (i.e. alone, with family). My medical condition includes the following problems:

series of strokes, Brain surgery.

I am unable to do the following activities because of my condition:

communicate verbally, cook, drive, not able to go to the store for food.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: Laura B. Jones

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 82 years old and I live Alone (i.e. alone, with family). My medical condition includes the following problems:

Heart-Problem - Arthritis - Sinus - Poor Circulation

I am unable to do the following activities because of my condition:

clean my Apartment - Need supervision taking my Medication
Universal Perception, Preparation meals

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed: William J. Bass

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 59 years old and I live Wife (i.e. alone, with family). My medical condition includes the following problems:

I have had 2 strokes, paralyzed down my whole right side, speech is gone, require a cane to assist with walking.

I am unable to do the following activities because of my condition:

Work, communicate well with others, unable to bathe, dress or cook for myself.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

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Respectfully,

Signed

Elizabeth Nesmith

3-15-02

To Whom It May Concern,

I am sorry that I can not attend the meeting about the Cap-Da. freeze. Due to the condition of my health I feel it is necessary to have more hours than what is available to me now. I feel that if I can receive the extra hours I will be able to stay in my own home.

Sincerely, Coria Taylor

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 73 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Asthma, Epileptic seizures

I am unable to do the following activities because of my condition:

Cooking meals, ADLs bathing, cleaning, taking out trash, monitoring BP

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: _____

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 27 years old and I live with family (i.e. alone, with family). My medical condition includes the following problems:

Anoxic brain injury

I am unable to do the following activities because of my condition:

Eat, talk, comb hair, wash face, write, hold a book, etc.

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Sue Hughes for
Mark C. Hughes

April 4, 2002

To Whom It May Concern: Teddy Ray Bottoms

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 27 years old and I live _____ (i.e. alone, with family). My medical condition includes the following problems:

I was in a car wreck, I not able to do for myself. I am blind. I can get out of bed. I have a feeding tube.

I am unable to do the following activities because of my condition: yes
walk, see, get out of bed. I live with my grandmother

Without CAP-DA I will be forced to go into a nursing home against my wishes. yes

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully, Ester Warden for

Signed: Teddy Ray Bottoms

Teddy Bottoms lives with me, he has lived with since august 1997. He is grandmother

Ester Warden
9180 Belvidere Blvd Rd

TO WHOM IT MAY CONCERN:

I am so blessed to be able to take care of my mother in my home, knowing she is certain to receive the best care available. Without the help of the CAP Program it would be virtually impossible for me to take care of her and her needs, and continue to work.

The CAP Program is so important to people like myself, who feels the need to take care of their loved ones, the best way they know how (IN THEIR HOMES), surrounded by the family who loves them the most.

From the bottom of my heart P L E A S E don't cut or freeze this one program that WORKS! No one likes to see the inside of a nursing home, let alone placing a loved one there - particularly when the nursing homes cost more then the stay-at-home Cap Program. It seems like a win-win situation for everyone, including our North Carolina Government!!

Thank you for reading my letter. It is written from my heart, as one who is so grateful to receive the CAP Services these past few years. My heart goes out to those who are on the list now, but because of this freeze will find themselves in a nursing home, unable to receive the care and love that only a family can provide. My last thought are the overwhelming sadness in the eyes of those living in a nursing home, please help them and their families have other options. THE CAP PROGRAM!

Kathryn S. Moran, daughter of Bertha Sauer

April 9, 2002

March 17th 2002

To whom it may concern:

I am writing this letter in regards to the freeze on the CAP program. My mother is 84 years old and has to have total care due to the fact that she has had a stroke and has been hospitalized four times in the past six months also for urinary infection, acute heart failure and pneumonia and is now tube feed.

I made a choice not to put her into a nursing home due to the fact that I feel for sure in my heart that she would not receive the love and personal care that she can get in her own apartment. This being the case I have chosen to let her live in her own place. Even though I can assure you that it is all in love, she has to have twenty four hour care, which stretches me out twenty four/seven. She definitely can not be left alone at any time.

Please find it in your hearts to lift the freeze on the CAP

program. I believe that it will be a
great service not only for my Mother
but for others who also have needs for
it. She will be very grateful.

Thanks Very Much
for hearing me on behalf of my Mother
Aunie S. White

Aunie S. White

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 94 years old and I live _____ (i.e. alone, with family). My medical condition includes the following problems:

Stomach ulcers, gall bladder, parathyroid, enlarge heart, severe leg pain, memory loss, lumbar spinal stenosis

I am unable to do the following activities because of my condition:

To eat, Bath, Toilet, walk, needs round-the-clock care

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Bertha Sauer
signed by daughter Kathryn J Moran

(Please see attached letter)

Bayada,

The Capp program is a very, very good program. It gives the (families) loved ones a peace of mind that they can stay at home to get very good care for them. It gives families time to themselves. I feel that families are more contented when their loved ones are at home. My husband has been on it for seven years. We have not had a problem with the program. I would hate for other families to miss out on it. I hope that it will continue for other families,

Mrs Harrison

April 4, 2002

To Whom It May Concern:

Please lift the freeze on the CAP-DA program. CAP-DA allows people like me to stay at home at less cost to North Carolina than a nursing home.

I am 75 years old and I live alone (i.e. alone, with family). My medical condition includes the following problems:

Not walk,

I am unable to do the following activities because of my condition:

walk, stand up, bathe

Without CAP-DA I will be forced to go into a nursing home against my wishes.

As an integral component of the Secretary of Health and Human Service's Olmstead Plan, CAP-DA serves over nine thousand people who would otherwise be in nursing facilities at greater cost to the state.

As you consider innovative solutions to our budget challenges, the CAP-DA program should stand as a beacon of opportunity for savings. The north Carolina Institute of Medicine's Long-Term Care Plan for North Carolina: A Final Report stated that the state's long-term care policy should provide "high quality, cost-effective care in the least restrictive setting" and that the state's policies should strengthen the "capacity of families to serve as caregivers." Both of these goals are accomplished by CAP-DA. Also, the 2001 North Carolina Medicaid Benefit Study, states that CAP programs, "have demonstrated substantial savings compared to the equivalent cost of keeping CAP participants in nursing homes."

Every day the CAP-DA freeze remains in effect, some of the more than five thousand people on CAP-DA waiting lists are forced into nursing homes. Each time that happens, our state needlessly spends greater amounts of money on health care.

Respectfully,

Signed: Gara L. Carter

AGENDA

Senate Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Tuesday, June 11, 2002

10:00 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair*

2002-2003 Proposed Budget

Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

**SENATE APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 424, Legislative Office Building
Tuesday, June 11, 2002
1:00 p.m.

Minutes

The Senate Appropriations Subcommittee on Health and Human Services met Tuesday, June 11, 2002 at 1:00 p.m. in Room 414 of the Legislative Office Building. The Chair, Sen. Bill Martin, called the meeting to order with all Members present.

The Chair reviewed the attached rules for the Senate Appropriations Subcommittee. He stated that there would be no funding from the reserves.

Senator Purcell thanked the staff for their efforts and outstanding work. Staff was then recognized to review the attached Proposed Budget and Special Provisions.

Private Duty Nursing – Hours will be reduced from 21 to 16.

Children and Aids – did not receive as much of a cut and that freeze can possibly be lifted.

Area Mental Health Program will receive funding from Mental Health Trust Fund.

Susan Morgan discussed the changes in the Division of Aging.

Lisa Hollowell reviewed the area of Child Development.

Carol Shaw gave an overview of the Division of Facility Services.

During Committee Discussion: the following questions were asked.

Senator Forrester -- regarding the Poison Control Centers, will they be able to continue operation without the \$136,000, or will that be picked up by Carolina Medical

Senator Dannelly -- how much does Carolina Medical Supplement. Would it be more costly not to have the Poison Control Center in operation.

During the discussion of Medical Assistance by Carol Shaw, Senator Forrester questioned the drug utilizations cuts (#23).

Secretary Hooker Odom commented that the increase prescriptions of generic drugs, when available, would assist. There is a 74% generic rate with Medicaid providers. A partnership has been entered with the physicians and pharmacists. The anticipated savings is \$22.4 million.

A preferred drug list is being established and the more expensive drugs will be on the prior authorization list. HIV aids Drugs will be on the preferred drug list. These initiatives will not harm patient care.

Senator Forrester – does this eliminate the step-therapy? CVS Pharmacy no longer accepts the State Health Plan. Will these reductions endanger other companies.

The Secretary responded that no move to further reduce diagnostic fees. The partnership with pharmacists will provide savings, Medicaid savings.

There was discussion about the elimination of Chiropractor services, etc.

#30 – nursing homes have in-house pharmacies, will this require them to contract out.

Regarding the definition of efficient providers, is there a definition for nurses. Is the quality of care indicated under efficient providers.

Senator Kerr expressed concern regarding closing children psychiatric beds at Cherry Hospital. He emphasized that only 18 out of 61 beds will remain at Cherry.

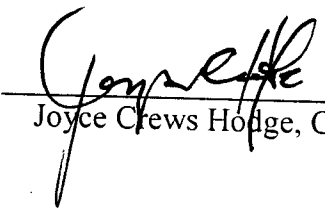
Senator Moore expressed concern regarding the specifics of the More-at-Four dollars for the current year. He also shared objections related to SmartStart appropriation.

The Chair again thanked Staff and members of the Committee for time, efforts and cooperation.

The meeting was adjourned.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

RULES FOR SENATE APPROPRIATION SUBCOMMITTEES

If amendments are offered, then the following rules must be met in order to make the amendment eligible for consideration:

1. Money can only be transferred among items within the same subcommittee section.
2. Amendments that address money issues, where money is being transferred among items within a subcommittee, must be clearly identified.
3. Nonrecurring reductions cannot be made to fund recurring additions.
4. Provisions or amendments that spend reversions are not allowed.
5. Amendments that increase spending in the subcommittee budgets are not allowed. This includes any new expansion items.
6. Amendments are not allowed where funding for an item comes from statewide reserves.

HHS Reductions Recommended by the Governor

This list represents reductions put forth in the Governor's Budget that are not included in the Senate's Draft Money Report for HHS. Also included are reductions where the Governor's recommended amount exceeds the Senate's recommended amount.

Governor's Budget Items	Amount of Governor's Reduction	Amount of Senate Co-Chairs' Reduction	Difference between Governor's and Senate's Reduction	Notes
Division of Aging				
Home and Community Care Block Grant	(\$374,160)	\$0	(\$374,160)	Senate Co-Chairs did not take this option.
Division of Child Development				
Touching the Lives of Children	(\$300,000)	\$0	(\$300,000)	Senate Co-Chairs did not take this option.
Reduce Child Care and Development Fund State Match	(\$500,000)	\$0	(\$500,000)	Senate Co-Chairs did not take this option.
Division of Facility Services				
Staff Reduction. Eliminates 2 Vacant Positions and 4 Filled Positions	(\$264,512)	(\$90,000)	(\$174,512)	Senate Co-Chairs recommended a smaller reduction than the Governor.

Division of Medical Assistance								
CAP - DA	(\$16,727,637)	(\$13,414,430)	(\$3,313,207)	Senate Co-Chairs recommended a smaller reduction than the Governor.				
CAP - MR/DD	(\$23,572,219)	(\$18,259,012)	(\$5,313,207)	Senate Co-Chairs recommended a smaller reduction than the Governor.				
Hospital Payments	(\$14,098,188)	(\$1,409,819)	(\$12,688,369)	Senate Co-Chairs recommended a smaller reduction than the Governor.				
Optical Service Providers - 5% Reduction	(\$202,840)	\$0	(\$202,840)	Senate Co-Chairs did not take this option.				
Poison Control Center Contract	(\$742,370)	\$0	(\$742,370)	Senate Co-Chairs did not take this option.				
DMH, DD, SAS								
Area Mental Health Programs	(\$38,368,083)	(\$29,246,907)	(\$9,121,176)	Senate Co-Chairs recommended a smaller reduction than the Governor.				
Division of Public Health								
Intensive Home Visiting	(\$500,000)	(\$95,860)	(\$404,140)	Senate Co-Chairs recommended a smaller reduction than the Governor.				
Renal Disease Purchase of Care	(\$300,000)	\$0	(\$300,000)	Senate Co-Chairs did not take this option.				
Division of Social Services								
Adult Care Home Case Management Services	(\$1,539,216)	\$0	(\$1,539,216)	Senate Co-Chairs did not take this option.				
Child Caring Institutions	(\$2,800,000)	\$0	(\$2,800,000)	Senate Co-Chairs did not take this option.				
Family Resource Centers	(\$1,765,000)	(\$698,866)	(\$1,066,134)	Senate Co-Chairs recommended a smaller reduction than the Governor.				
State Maternity Home Fund	(\$876,708)	\$0	(\$876,708)	Senate Co-Chairs did not take this option.				
Eliminate Positions	(\$895,136)	\$0	(\$895,136)	Senate Co-Chairs did not take this option.				
Total	(\$103,826,069)	(\$63,214,894)	(\$40,611,175)					

**Senate Appropriations
Subcommittee on
Health and Human Services**

Special Provisions

June 11, 2002

1
2 **PART V. BLOCK GRANTS**
34 **Special Provision 2002-DHHS-S23-P [v14], Modified 6/8/02 5:54 PM**

5 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

6 **DHHS BLOCK GRANTS**7 **SECTION #.(a)** Appropriations from federal block grant funds are made for
8 the fiscal year ending June 30, 2003, according to the following schedule:
910 **COMMUNITY SERVICES BLOCK GRANT**
11

12	01. Community Action Agencies	\$ 15,266,973
13		
14	02. Limited Purpose Agencies	848,165
15		
16	03. Department of Health and Human Services	
17	to administer and monitor	
18	the activities of the	
19	Community Services Block Grant	848,165

20
21 **TOTAL COMMUNITY SERVICES BLOCK GRANT** \$ 16,963,303
2223 **SOCIAL SERVICES BLOCK GRANT**
24

25	01. County departments of social services	\$ 27,095,289
26	(Transfer from TANF - \$4,500,000)	
27		
28	02. Allocation for in-home services provided	
29	by county departments of	
30	social services	2,101,113
31		
32	03. Division of Mental Health, Developmental	
33	Disabilities, and Substance Abuse Services	3,234,601
34		
35	04. Division of Services for the Blind	3,105,711
36		
37	05. Division of Facility Services	426,836
38		
39	06. Division of Aging - Home and Community	
40	Care Block Grant	1,840,234
41		
42	07. Child Care Subsidies	3,000,000
43		
44	08. Division of Vocational Rehabilitation -	

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

1	United Cerebral Palsy	71,484
2		
3	09. State administration	1,693,368
4		
5	10. Child Medical Evaluation Program	238,321
6		
7	11. Adult day care services	2,155,301
8		
9	12. Comprehensive Treatment Services	
10	Program	422,003
11		
12	13. Department of Administration	
13	for the N.C. State Commission of Indian Affairs	
14	In-Home Services Program for the Elderly	203,198
15		
16	14. Division of Vocational Rehabilitation -	
17	Easter Seals Society	116,779
18		
19	15. UNC-CH CARES Program for training and	
20	consultation services	247,920
21		
22	16. Office of the Secretary - Office of Economic	
23	Opportunity for N.C. Senior Citizens'	
24	Federation for outreach services to	
25	low-income elderly persons	41,302
26		
27	17. Division of Social Services - Child	
28	Caring Agencies	1,500,000
29		
30	18. Division of Mental Health,	
31	Developmental Disabilities, and	
32	Substance Abuse Services - Developmentally	
33	Disabled Waiting List for services	5,000,000
34		
35	19. Transfer to Preventive Health Services Block	
36	Grant for HIV/AIDS education, counseling, and	
37	testing	145,819
38		
39	20. Division of Facility Services -	
40	Mental Health Licensure	213,128
41		
42	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 52,852,407
43		
44	LOW-INCOME ENERGY BLOCK GRANT	

1			
2	01.	Energy Assistance Programs	\$ 11,395,026
3			
4	02.	Crisis Intervention	6,598,934
5			
6	03.	Administration	2,459,510
7			
8	04.	Weatherization Program	3,457,189
9			
10	05.	Department of Administration -	
11		N.C. State Commission of Indian Affairs	45,189
12			
13	06.	Heating Air Repair and Replacement Program	1,613,355
14			
15		TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 25,569,203
16			
17		MENTAL HEALTH SERVICES BLOCK GRANT	
18			
19	01.	Provision of community-based	
20		services for severe and persistently	
21		mentally ill adults	\$ 5,442,798
22			
23	02.	Provision of community-based	
24		services to children	2,513,141
25			
26	03.	Comprehensive Treatment Services	
27		Program for Children	1,500,000
28			
29	04.	Administration	783,911
30			
31		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 10,239,850
32			
33		SUBSTANCE ABUSE PREVENTION	
34		AND TREATMENT BLOCK GRANT	
35			
36	01.	Provision of community-based	
37		alcohol and drug abuse services,	
38		tuberculosis services, and services	
39		provided by the Alcohol and Drug Abuse	
40		Treatment Centers	\$ 15,401,711
41			
42	02.	Continuation of services for	
43		pregnant women and women	
44		with dependent children	8,069,524

1			
2	03.	Continuation of services to	
3		IV drug abusers and others at risk	
4		for HIV diseases	4,616,378
5			
6	04.	Provision of services to children	
7		and adolescents	7,740,611
8			
9	05.	Juvenile Services - Family Focus	851,156
10			
11	06.	Allocation to the Division of Public Health	
12		for HIV/STD Risk Reduction Projects	383,980
13			
14	07.	Allocation to the Division of Public Health	
15		for HIV/STD Prevention by County Health	
16		Departments	209,576
17			
18	08.	Allocation to the Division of Public Health	
19		for the Maternal and Child Health Hotline	37,779
20			
21	09.	Administration	2,596,307
22			
23	TOTAL SUBSTANCE ABUSE PREVENTION		
24	AND TREATMENT BLOCK GRANT		\$ 39,907,022
25			
26	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
27			
28	01.	Child care subsidies	\$149,801,334
29			
30	02.	Quality and availability initiatives	16,496,620
31			
32	03.	Administrative expenses	6,929,081
33			
34	04.	Transfer from TANF Block Grant for	
35		child care subsidies	72,812,189
36			
37	TOTAL CHILD CARE AND DEVELOPMENT FUND		
38	BLOCK GRANT		\$246,039,224
39			
40	TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
41	(TANF) BLOCK GRANT		
42			
43	01.	Work First Cash Assistance	\$129,396,275
44			

1	02.	Work First County Block Grants	92,018,855
2			
3	03.	Transfer to the Child Care and	
4		Development Fund Block Grant	
5		for child care subsidies	72,812,189
6			
7	04.	Allocation to the Division of Mental	
8		Health, Developmental Disabilities, and	
9		Substance Abuse Services for Work First	
10		substance abuse screening, diagnostic, and	
11		support treatment services and drug testing	400,000
12			
13	05.	Allocation to the Division of Social	
14		Services for staff development	75,000
15			
16	06.	Reduction of out-of-wedlock births	1,000,000
17			
18	07.	Business Process Reengineering	
19		Project Reserve	325,000
20			
21	08.	Allocation to the Division of Public Health	
22		for teen pregnancy prevention	600,000
23			
24	09.	Child Care Subsidies for TANF Recipients	26,621,241
25			
26	10.	County Child Protective Services,	
27		Foster Care, and Adoption Workers	2,727,550
28			
29	11.	Transfer to Social Services Block Grant for	
30		County Departments of Social Services for	
31		Children's Services	4,500,000
32			
33	12.	Residential Substance Abuse Services	
34		for Women With Children	1,475,142
35			
36	13.	Division of Social Services -	
37		Administration	500,000
38			
39	14.	Child Welfare workers and services for	
40		local departments of social services	7,654,841
41			
42	15.	Child Welfare Training	2,000,000
43			
44	16.	DSS Evaluation	500,000

1		
2	17. SACWIS Payback	4,643,454
3		
4	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
5	(TANF) BLOCK GRANT	\$347,249,547
6		
7	MATERNAL AND CHILD HEALTH BLOCK GRANT	
8		
9	01. Healthy Mothers/Healthy Children	
10	Block Grants to Local Health	
11	Departments	9,838,074
12		
13	02. High-Risk Maternity Clinic Services,	
14	Perinatal Education and Training,	
15	Childhood Injury Prevention,	
16	Public Information and Education, and	
17	Technical Assistance to Local Health	
18	Departments	2,012,102
19		
20	03. Services to Children With Special Health	
21	Care Needs	5,078,647
22		
23	TOTAL MATERNAL AND CHILD	
24	HEALTH BLOCK GRANT	\$ 16,928,823
25		
26	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
27		
28	01. Statewide Health Promotion Programs	\$3,282,810
29		
30	02. Rape Crisis/Victims' Services	
31	Program - Council for Women	197,112
32		
33	03. Transfer from Social Services	
34	Block Grant -	
35	HIV/AIDS education, counseling, and	
36	testing	145,819
37		
38	04. Office of Minority Health	159,459
39		
40	05. Administrative Costs	108,546
41		
42	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,893,746
43		

1 SECTION #.(b) Decreases in Federal Fund Availability. – If the United
2 States Congress reduces federal fund availability in the Social Services Block Grant
3 below the amounts appropriated in this section, then the Department of Health and
4 Human Services shall allocate these decreases giving priority first to those direct
5 services mandated by State or federal law, then to those programs providing direct
6 services that have demonstrated effectiveness in meeting the federally and
7 State-mandated services goals established for the Social Services Block Grant. The
8 Department shall not include transfers from TANF for specified purposes in any
9 calculations of reductions to the Social Services Block Grant.

10 If the United States Congress reduces the amount of TANF funds below the
11 amounts appropriated in this section after the effective date of this act, then the
12 Department shall allocate the decrease in funds after considering any underutilization of
13 the budget and the effectiveness of the current level of services. Any TANF Block
14 Grant fund changes shall be reported to the Senate Appropriations Committee on Health
15 and Human Services, the House of Representatives Appropriations Subcommittee on
16 Health and Human Services, and the Fiscal Research Division.

17 Decreases in federal fund availability shall be allocated for the Maternal and
18 Child Health and Preventive Health Services federal block grants by the Department of
19 Health and Human Services after considering the effectiveness of the current level of
20 services.

21 SECTION #.(c) Increases in Federal Fund Availability. – Any block grant
22 funds appropriated by the United States Congress in addition to the funds specified in
23 this act shall be expended by the Department of Health and Human Services, with the
24 approval of the Office of State Budget and Management, provided the resultant
25 increases are in accordance with federal block grant requirements and are within the
26 scope of the block grant plan approved by the General Assembly.

27 SECTION #.(d) Changes to the budgeted allocations to the block grants
28 appropriated in this act and new allocations from the block grants not specified in this
29 act shall be submitted to the Joint Legislative Commission on Governmental Operations
30 for review prior to the change and shall be reported immediately to the Senate
31 Appropriations Committee on Health and Human Services, the House of
32 Representatives Appropriations Subcommittee on Health and Human Services, and the
33 Fiscal Research Division.

34 SECTION #.(e) The Department of Health and Human Services may allow
35 no-cost contract extensions for up to six months for nongovernmental grant recipients
36 under the TANF Block Grant.

37 SECTION #.(f) Limitations on Preventive Health Services Block Grant
38 Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
39 Education shall be allocated as grants to nonprofit organizations to provide rape
40 prevention and education programs targeted for middle, junior high, and high school
41 students.

42 If federal funds are received under the Maternal and Child Health Block
43 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
44 U.S.C. § 710), for the 2002-2003 fiscal year, then those funds shall be transferred to the

1 State Board of Education to be administered by the Department of Public Instruction.
2 The Department of Public Instruction shall use the funds to establish an Abstinence
3 Until Marriage Education Program and shall delegate to one or more persons the
4 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department
5 of Public Instruction shall carefully and strictly follow federal guidelines in
6 implementing and administering the abstinence education grant funds.

7 The Department of Health and Human Services shall contract for the -
8 follow-up testing involved with the Newborn Screening Program. The Department may -
9 contract for these services with an entity within or outside of the State; however, the
10 Department may only contract with an out-of-state entity if it can be demonstrated that
11 there is a cost-savings associated with contracting with the out-of-state entity. The
12 contract amount shall not exceed twenty-five thousand dollars (\$25,000). The amount of
13 the contract shall be covered by funds in the Maternal and Child Grant Block Grant.

14 SECTION #.(g) The Department of Health and Human Services shall not -
15 use any funds appropriated in this section to develop or implement a Medical Child -
16 Care Pilot.

17 SECTION #.(h) Payment for subsidized child care services provided with
18 federal TANF funds shall comply with all regulations and policies issued by the
19 Division of Child Development for the subsidized child care program.

20 SECTION #.(i) The sum of five hundred thousand dollars (\$500,000)
21 appropriated in this section in the TANF Block Grant to the Department of Health and
22 Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
23 used to support administration of TANF-funded programs.

24 SECTION #.(j) The sum of one million four hundred seventy-five thousand
25 one hundred forty-two dollars (\$1,475,142) appropriated in this section in the TANF
26 Block Grant to the Department of Health and Human Services, Division of Mental
27 Health, Developmental Disabilities, and Substance Abuse Services, for the 2002-2003
28 fiscal year shall be used to provide regional residential substance abuse treatment and
29 services for women with children. The Department of Health and Human Services, the
30 Division of Social Services, and the Division of Mental Health, Developmental
31 Disabilities, and Substance Abuse Services, in consultation with local departments of
32 social services, area mental health programs, and other State and local agencies or
33 organizations, shall coordinate this effort in order to facilitate the expansion of
34 regionally based substance abuse services for women with children. These services
35 shall be culturally appropriate and designed for the unique needs of TANF women with
36 children.

37 In order to expedite the expansion of these services, the Secretary of the
38 Department of Health and Human Services may enter into contracts with service
39 providers.

40 The Department of Health and Human Services, the Division of Social
41 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
42 Abuse Services, shall report on their progress in complying with this subsection no later
43 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on
44 Health and Human Services, the House of Representatives Appropriations

1 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
2 reports shall include all of the following:

- 3 (1) The number and location of additional beds created.
- 4 (2) The types of facilities established.
- 5 (3) The delineation of roles and responsibilities at the State and local
6 levels.
- 7 (4) Demographics of the women served, the number of women served,
8 and the cost per client.
- 9 (5) Demographics of the children served, the number of children served,
10 and the services provided.
- 11 (6) Job placement services provided to women.
- 12 (7) A plan for follow-up and evaluation of services provided with an
13 emphasis on outcomes.
- 14 (8) Barriers identified to the successful implementation of the expansion.
- 15 (9) Identification of other resources needed to appropriately and
16 efficiently provide services to Work First recipients.
- 17 (10) Other information as requested.

18 SECTION #.(k) The sum of seven million six hundred fifty-four thousand
19 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
20 Block Grant to the Department of Health and Human Services, Division of Social
21 Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be
22 allocated to the county departments of social services for hiring or contracting staff to
23 investigate and provide services in Child Protective Services cases; to provide foster
24 care and support services; to recruit, train, license, and support prospective foster and
25 adoptive families; and to provide interstate and post-adoption services for eligible
26 families.

27 SECTION #.(l) The sum of one million five hundred thousand dollars
28 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
29 Department of Health and Human Services, Division of Mental Health, Developmental
30 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
31 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
32 section in the Social Services Block Grant to the Department of Health and Human
33 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
34 Services, for the 2002-2003 fiscal year shall be used to continue a Comprehensive
35 Treatment Services Program for Children in accordance with Section 21.60 of S.L.
36 2001-424, as amended.

37 SECTION #.(m) The sum of two million dollars (\$2,000,000) appropriated
38 in this section in the TANF Block Grant to the Department of Health and Human
39 Services, Division of Social Services, for fiscal year 2002-2003 shall be used to support
40 various child welfare training projects as follows:

- 41 (1) Provide a regional training center in southeastern North Carolina.
- 42 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
43 Social Work Collaborative.
- 44 (3) Provide training for residential child care facilities.

1 (4) Provide for various other child welfare training initiatives.

2 SECTION #.(n) The sum of three hundred twenty-five thousand dollars
3 (\$325,000) appropriated in this section in the TANF Block Grant to the Department of
4 Health and Human Services for a Business Process Reengineering Project Reserve may
5 only be used for the project if funds appropriated in this act for Business Process
6 Reengineering are not sufficient to continue the project through the 2002-2003 fiscal
7 year. Prior to the use of these funds, the Office of State Budget and Management shall
8 review all proposals for expenditure of these funds in order to ensure compliance with
9 this subsection.

10 SECTION #.(o) If funds appropriated through the Child Care and
11 Development Fund Block Grant for any program cannot be obligated or spent in that
12 program within the obligation or liquidation periods allowed by the federal grants, the
13 Department may move funds to child care subsidies, unless otherwise prohibited by
14 federal requirements of the grant, in order to use the federal funds fully.
15

1 PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

2
3 SUBPART 1. ADMINISTRATION4
5 Special Provision 2002-DHHS-S69-P [v4], Modified 5/28/02 7:57 AM

6 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

7 PETROLEUM OVERCHARGE FUNDS ALLOCATION

8 SECTION #.(a) There is appropriated from funds and interest thereon
9 received from the case of United States v. Exxon that remain in the Special Reserve for
10 Oil Overcharge Funds to the Department of Health and Human Services the sum of one
11 million three hundred thousand dollars (\$1,300,000) for the 2002-2003 fiscal year. The
12 Department shall allocate these funds to the Weatherization Assistance Program.13 SECTION #.(b) Any funds remaining in the Special Reserve for Oil
14 Overcharge Funds after the allocation is made pursuant to subsection (a) of this section
15 may be expended only as authorized by the General Assembly. All interest or income
16 accruing from all deposits or investments of cash balances shall be credited to the
17 Special Reserve for Oil Overcharge Funds.18
19 Special Provision 2002-DHHS-S63-P [v4], Modified 5/28/02 9:33 AM

20 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

21 INFORMATION TECHNOLOGY PROJECT CONTRACTS

22 SECTION #. Section 21.17 of S.L. 2001-424 reads as rewritten:

23 "SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary,
24 the Department of Health and Human Services may establish special time-limited
25 positions ~~in the Division of Information Research Management for an information~~
26 ~~technology project to maximize efficiencies in the preparation for and for~~
27 ~~implementation of federal requirements of the medical records privacy standards under~~
28 the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions
29 established are not permanent positions, not subject to the State Personnel Act under
30 G.S. 126-1.1, and not subject to the State salary schedule.31 SECTION 21.17.(b) Positions established pursuant to this section may commence
32 no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~ June 30, 2005."33
34 Special Provision 2002-DHHS-S14A-P [v9], Modified 6/4/02 2:11 PM

35 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

36 CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE DEAF AND THE
37 HARD OF HEARING, SERVICES FOR THE BLIND, AND VOCATIONAL
38 REHABILITATION39 SECTION #.(a) There is created within the Department of Health and
40 Human Services a new division. The following three divisions, including all positions
41 and corresponding State appropriations, federal funds, and other funds, shall be
42 consolidated within this new division:

- 43 (1) Division of Services for the Deaf and the Hard of Hearing.
-
- 44 (2) Division of Services for the Blind.

1 (3) Division of Vocational Rehabilitation Services.

2 The new division shall retain all the duties, responsibilities, and powers of
3 these three divisions. The name of the new division shall be determined by the
4 Department of Health and Human Services.

5 **SECTION #.(b)** The Department shall report to the Senate Appropriations
6 Committee on Health and Human Services, the House of Representatives
7 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
8 Division on activities carried out under this section not later than October 1, 2002. This
9 report shall include the following:

10 (1) The name of the new division.

11 (2) An organizational chart showing the organizational structure of the
12 new division.

13 (3) A plan for reducing the budget of the consolidated division by seven
14 hundred fifty thousand dollars (\$750,000).

15 (4) A list of all statutory references that need to be changed as a result of
16 the consolidation.

17 **SECTION #.(c)** In developing a plan to reduce State appropriations to the
18 new division, the Department shall do the following:

19 (1) Consolidate the administration of the three existing divisions.

20 (2) Consolidate all district offices in cities where there is currently more
21 than one office.

22 (3) Streamline the provision of direct client services provided by the three
23 existing divisions.

24 (4) Maintain services unique to persons who are blind, deaf, or blind and
25 deaf.

26 (5) Develop a plan for using existing resources to expand services for deaf
27 and hard-of-hearing persons to areas of the State where services are
28 currently not provided.

29 (6) Maintain or increase current funding levels for all programs and
30 services currently provided by the Division of Services for the Deaf
31 and Hard of Hearing.

32 **SECTION #.(d)** Any additional savings beyond the seven hundred fifty
33 thousand dollars (\$750,000) achieved through the consolidation of the three divisions
34 shall be reallocated to direct services with first priority being given to serving the unmet
35 needs of deaf and hard-of-hearing persons.

36
37 **Special Provision 2002-DHHS-S35-P [v11], Modified 5/28/02 11:12 AM**

38 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

39 **STAFFING REQUIREMENTS IN LONG-TERM CARE FACILITIES**

40 **SECTION #.(a)** The Department of Health and Human Services, Office of
41 Long-Term Care, shall review staffing requirements of Adult Day Care Programs and
42 Adult Day Health Programs.

43 **SECTION #.(b)** The Department shall report the results of its review to the
44 Senate Appropriations Committee on Health and Human Services, the House of

1 Representatives Appropriations Subcommittee on Health and Human Services, and the
2 Fiscal Research Division not later than December 1, 2002. The report shall include
3 staffing requirements for adult day care and adult day health programs as compared to
4 adult care homes, assisted living facilities, and nursing homes in the State. The report
5 shall also compare staffing ratios in North Carolina to those of other states, including
6 those states that border North Carolina. The report shall be conducted by the
7 Department, Office of Long-Term Care, or by an independent contractor and shall
8 contain all of the following specific information:

- 9 (1) Number of staff required per resident.
- 10 (2) Education/work experience required and preferred as a basis for hire.
- 11 (3) Specific job duties outlined in job descriptions.
- 12 (4) Rationale and justification for establishing the existing staff ratios in
13 the Division of Aging's policy for adult day care and adult day health
14 care.
- 15 (5) An analysis of the variance in staffing requirements among adult day
16 care and adult day health programs, adult care homes, assisted living
17 facilities, and nursing homes.
- 18 (6) Identification of the entities responsible for licensing and monitoring
19 quality for all providers of long-term care in the State.
- 20 (7) Recommendations for changes to existing policies based on findings of
21 the Department's review.

22
23 Special Provision 2002-DHHS-S37-P [v5], Modified 5/23/02 11:20 AM

24 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

25 REPORT ON SERVICES PROVIDED TO OLDER ADULTS

26 SECTION #. The Department of Health and Human Services, Office of
27 Long-Term Care shall report to the Senate Appropriations Committee on Health and
28 Human Services, the House of Representatives Appropriations Subcommittee on Health
29 and Human Services, and the Fiscal Research Division on services provided to older
30 adults. The report shall provide information as follows:

- 31 (1) Identify all State agencies that provide services to adults age 60 and
32 older throughout the State.
- 33 (2) All resources available from all sources, including federal, State, and
34 local funds and personnel, for providing services to this population.
- 35 (3) Plans for reducing administration through the consolidation of
36 functions throughout Divisions of the Department.

37 The Office of Long-Term Care shall consult with experts in long-term care
38 and other relevant information sources to develop a plan to streamline services for older
39 adults at the local level. The Department shall submit its report not later than February
40 1, 2003.

41
42 Special Provision 2002-DHHS-S50-P [v5], Modified 5/23/02 11:23 AM

43 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

44 RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM

1 SECTION #. The Department of Health and Human Services, Office of
2 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment
3 Incentive Program. The assessment shall consider whether the Program should be
4 continued and shall identify ways to recruit additional providers to rural areas within
5 existing funds. The Department shall report on its activities and progress of the
6 assessment to the Senate Appropriations Committee on Health and Human Services, the
7 House of Representatives Appropriations Subcommittee on Health and Human
8 Services, and the Fiscal Research Division no later than December 1, 2002. The report
9 shall provide detailed information on the number of providers recruited, identification of
10 the counties in which the providers are recruited, and the amount of loan repayment and
11 length of service to a community for each provider.

12
13 Special Provision 2002-DHHS-S55-P [v5], Modified 5/23/02 10:42 AM

14 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

15 ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG
16 PROGRAMS

17 SECTION #. Section 21.6(a) of S.L. 2001-424, as amended by S.L. 2001-
18 513, reads as rewritten:

19 "SECTION 21.6.(a) Of the funds appropriated in this act to the Department of
20 Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for
21 the 2001-2002 fiscal year and ~~the sum of two hundred thousand dollars (\$200,000) for~~
22 ~~the 2002-2003 fiscal year~~ shall be used to initiate the development of a system to assist
23 eligible individuals in obtaining prescription drugs at no cost through pharmaceutical
24 company programs. The system will be designed to minimize the efforts of patients and
25 their health care providers in securing needed drugs. The required patient and health
26 care provider data will be maintained and orders tracked in order to initiate timely
27 reorders of needed drugs to assure continuity of medication intake. The Department
28 may contract with a private nonprofit organization to assist in the development of the
29 system as provided under this section."

30
31 Special Provision 2002-DHHS-S75-P [v4], Modified 6/8/02 5:59 PM

32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

33 USE OF FUNDS FOR THE CHILD ADVOCACY INSTITUTE

34 SECTION #. State funds appropriated for the Child Advocacy Institute shall
35 be used only for administration of the Child Advocacy Institute or for research and other
36 services provided by the Institute. These funds shall not be used or replaced by other
37 funds for (i) lobbying or other governmental affairs activities or (ii) direct contributions
38 to other nongovernmental entities.

39 This section shall not be construed to prohibit the Institute from using State
40 funds to contract with other nongovernmental entities for the purchase of goods or
41 services.

42
43 Special Provision 2002-DHHS-S72-P [v6], Modified 6/7/02 5:26 PM

44 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

1 CONSOLIDATION OF MAINTENANCE ACTIVITIES

2 SECTION #.(a) The Department of Health and Human Services shall
3 develop a plan to consolidate building maintenance activities at the North Carolina
4 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
5 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
6 the level of staff necessary to carry out all of the current activities with fewer managers,
7 supervisors, and other staff, and develop a new single budget for the maintenance
8 activities.

9 SECTION #.(b) The Department of Health and Human Services shall
10 identify other facilities throughout the State that are in close proximity to one another
11 and assess the feasibility of consolidating the building maintenance activities at those
12 facilities.

13 SECTION #.(c) The Department of Health and Human Services shall report
14 on activities carried out under this section to the Senate Appropriations Committee on
15 Health and Human Services, the House of Representatives Appropriations
16 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
17 than December 1, 2002.

18
19 SUBPART 2. DIVISION OF MEDICAL ASSISTANCE Carol

20
21 Special Provision 2002-DHHS-S1-P [v16], Modified 5/28/02 10:21 AM

22 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

23 MEDICAID PROGRAM

24 SECTION #.(a) Section 21.19 of S.L. 2001-424 reads as rewritten:

25 "SECTION 21.19.(a) Funds appropriated in this act for services provided in
26 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
27 categorically needy and the medically needy. Funds appropriated for these services shall
28 be expended in accordance with the following schedule of services and payment bases.
29 All services and payments are subject to the language at the end of this subsection.

30 Services and payment bases:

- 31 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
32 prescribed in the State Plan as established by the Department of Health
33 and Human Services.
- 34 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
35 prospective reimbursement plan as established by the Department of
36 Health and Human Services.
- 37 (3) Nursing Facilities – Payment for nursing facility services will be
38 prescribed in the State Plan as established by the Department of Health
39 and Human Services. Nursing facilities providing services to Medicaid
40 recipients who also qualify for Medicare must be enrolled in the
41 Medicare program as a condition of participation in the Medicaid
42 program. State facilities are not subject to the requirement to enroll in
43 the Medicare program. Residents of nursing facilities who are eligible
44 for Medicare coverage of nursing facility services must be placed in a

- 1 Medicare certified bed. Medicaid shall cover facility services only
2 after payments have been made by Medicare.
- 3 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
4 in the State Plan as established by the Department of Health and
5 Human Services.
- 6 (5) Drugs – Drug costs as allowed by federal regulations plus a
7 professional services fee per month excluding refills for the same drug
8 or generic equivalent during the same month. Reimbursement shall be
9 available for up to six prescriptions per recipient, per month, including
10 refills. Payments for drugs are subject to the provisions of subsection
11 (h) of this section and to the provisions at the end of subsection (a) of
12 this section, or in accordance with the State Plan adopted by the
13 Department of Health and Human Services consistent with federal
14 reimbursement regulations. Payment of the professional services fee
15 shall be made in accordance with the State Plan adopted by the
16 Department of Health and Human Services, consistent with federal
17 reimbursement regulations. The professional services fee shall be five
18 dollars and sixty cents (\$5.60) per prescription for generic drugs and
19 four dollars (\$4.00) per prescription for brand name drugs.
20 Adjustments to the professional services fee shall be established by the
21 General Assembly.
- 22 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
23 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
24 developed by the Department of Health and Human Services.
25 Payments for dental services are subject to the provisions of subsection
26 (g) of this section.
- 27 (7) Community Alternative Program, EPSDT Screens – Payment to be
28 made in accordance with rate schedule developed by the Department
29 of Health and Human Services.
- 30 (8) Home Health and Related Services, Private Duty Nursing, Clinic
31 Services, Prepaid Health Plans, Durable Medical Equipment –
32 Payment to be made according to reimbursement plans developed by
33 the Department of Health and Human Services.
- 34 (9) Medicare Buy-In – Social Security Administration premium.
- 35 (10) Ambulance Services – Uniform fee schedules as developed by the
36 Department of Health and Human Services. Public ambulance
37 providers will be reimbursed at cost.
- 38 (11) Hearing Aids – Actual cost plus a dispensing fee.
- 39 (12) Rural Health Clinic Services – Provider-based, reasonable cost;
40 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 41 (13) Family Planning – Negotiated rate for local health departments. For
42 other providers, see specific services, for instance, hospitals,
43 physicians.

- 1 (14) Independent Laboratory and X-Ray Services – Uniform fee schedules
2 as developed by the Department of Health and Human Services.
- 3 (15) Optical Supplies – One hundred percent (100%) of reasonable
4 wholesale cost of materials.
- 5 (16) Ambulatory Surgical Centers – Payment as prescribed in the
6 reimbursement plan established by the Department of Health and
7 Human Services.
- 8 (17) Medicare Crossover Claims – An amount up to the actual coinsurance
9 or deductible or both, in accordance with the State Plan, as approved
10 by the Department of Health and Human Services.
- 11 (18) Physical Therapy and Speech Therapy – Services limited to EPSDT
12 eligible children. Payments are to be made only to qualified providers
13 at rates negotiated by the Department of Health and Human Services.
14 Physical therapy (including occupational therapy) and speech therapy
15 services are subject to prior approval and utilization review.
- 16 (19) Personal Care Services – Payment in accordance with the State Plan
17 approved by the Department of Health and Human Services.
- 18 (20) Case Management Services – Reimbursement in accordance with the
19 availability of funds to be transferred within the Department of Health
20 and Human Services.
- 21 (21) Hospice – Services may be provided in accordance with the State Plan
22 developed by the Department of Health and Human Services.
- 23 (22) Other Mental Health Services – Unless otherwise covered by this
24 section, coverage is limited to:
- 25 a. Services as defined by the Division of Mental Health,
26 Developmental Disabilities, and Substance Abuse Services and
27 approved by the Centers for Medicare and Medicaid Services
28 (CMS) when provided in agencies meeting the requirements of
29 the rules established by the Commission for Mental Health,
30 Developmental Disabilities, and Substance Abuse Services, and
31 reimbursement is made in accordance with a State Plan
32 developed by the Department of Health and Human Services
33 not to exceed the upper limits established in federal regulations,
34 and
- 35 b. For children eligible for EPSDT services:
- 36 1. Licensed or certified psychologists, licensed clinical
37 social workers, certified clinical nurse specialists in
38 psychiatric mental health advanced practice, and nurse
39 practitioners certified as clinical nurse specialists in
40 psychiatric mental health advanced practice, when
41 Medicaid-eligible children are referred by the Carolina
42 ACCESS primary care physician or the area mental
43 health program, and

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2. Institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

8 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
9 Human Services may adopt temporary rules in accordance with
10 Chapter 150B of the General Statutes further defining the
11 qualifications of providers and referral procedures in order to
12 implement this subdivision. Coverage policy for services defined by
13 the Division of Mental Health, Developmental Disabilities, and
14 Substance Abuse Services under paragraphs a. and b.2 of this
15 subdivision shall be established by the Division of Medical Assistance.

16 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
17 Children – Reimbursement in accordance with the State Plan approved
18 by the Department of Health and Human Services.

19 (24) Health Insurance Premiums – Payments to be made in accordance with
20 the State Plan adopted by the Department of Health and Human
21 Services consistent with federal regulations.

22 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
23 in this section include related services in schools; health professional
24 services provided outside the clinic setting to meet maternal and infant
25 health goals; and services to meet federal EPSDT mandates. Services
26 addressed by this paragraph are limited to those prescribed in the State
27 Plan as established by the Department of Health and Human Services.

28 (26) Pregnancy Related Services – Covered services for pregnant women
29 shall include nutritional counseling, psychosocial counseling, and
30 predelivery and postpartum home visits by maternity care coordinators
31 and public health nurses.

32 Services and payment bases may be changed with the approval of the Director of the
33 Budget. Payment is limited to Medicaid enrolled providers that provide evidence of
34 medical malpractice insurance coverage or that purchase a performance bond in the
35 amount of fifty thousand dollars (\$50,000) naming as beneficiary the Department of
36 Health and Human Services, Division of Medical Assistance.

37 Reimbursement is available for up to 24 visits per recipient per year to any one or
38 combination of the following: physicians, clinics, hospital outpatient, optometrists,
39 chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms,
40 and mental health services subject to independent utilization review are exempt from the
41 visit limitations contained in this paragraph. Exceptions may be authorized by the
42 Department of Health and Human Services where the life of the patient would be
43 threatened without such additional care. Any person who is determined by the

1 Department to be exempt from the 24-visit limitation may also be exempt from the
2 six-prescription limitation.

3 **SECTION 21.19.(b)** Allocation of Nonfederal Cost of Medicaid. – The State shall
4 pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
5 nonfederal costs of all applicable services listed in this section.

6 **SECTION 21.19.(c)** Copayment for Medicaid Services. – The Department of
7 Health and Human Services may establish copayment up to the maximum permitted by
8 federal law and regulation.

9 **SECTION 21.19.(d)** Medicaid and Work First Family Assistance, Income
10 Eligibility Standards. – The maximum net family annual income eligibility standards for
11 Medicaid and Work First Family Assistance and the Standard of Need for Work First
12 Family Assistance shall be as follows:

	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	<u>WFFA*</u>			
	<u>Family</u>	<u>Standard</u>	<u>Families and</u>	
	<u>Size</u>	<u>of Need</u>	<u>Children Income</u>	
			<u>Level</u>	<u>AA, AB, AD*</u>
18				
19	1	\$4,344	\$2,172	\$2,900
20	2	5,664	2,832	3,800
21	3	6,528	3,264	4,400
22	4	7,128	3,564	4,800
23	5	7,776	3,888	5,200
24	6	8,376	4,188	5,600
25	7	8,952	4,476	6,000
26	8	9,256	4,680	6,300

27 *Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB);
28 and Aid to the Disabled (AD).

29
30 The payment level for Work First Family Assistance shall be fifty percent (50%) of the
31 standard of need.

32 These standards may be changed with the approval of the Director of the Budget
33 with the advice of the Advisory Budget Commission.

34 **SECTION 21.19.(e)** The Department of Health and Human Services, Division of
35 Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled
36 people who have incomes equal to or less than one hundred percent (100%) of the
37 federal poverty guidelines, as revised each April 1.

38 **SECTION 21.19.(f)** ICF and ICF/MR Work Incentive Allowances. – The
39 Department of Health and Human Services may provide an incentive allowance to
40 Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
41 work activities as part of their developmental plan and for whom retention of additional
42 income contributes to their achievement of independence. The State funds required to
43 match the federal funds that are required by these allowances shall be provided from

1 savings within the Medicaid budget or from other unbudgeted funds available to the
2 Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

9 SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided
10 on a restricted basis in accordance with rules adopted by the Department to implement
11 this subsection.

12 SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S.
13 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical
14 Assistance Program (Title XIX of the Social Security Act), and except as otherwise
15 provided in this subsection for atypical antipsychotic drugs and drugs listed in the
16 narrow therapeutic index, a prescription order for a drug designated by a trade or brand
17 name shall be considered to be an order for the drug by its established or generic name,
18 except when the prescriber has determined, at the time the drug is prescribed, that the
19 brand name drug is medically necessary and has written on the prescription order the
20 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
21 drug or a drug listed in the narrow therapeutic drug index that does not contain the
22 phrase "medically necessary" shall be considered an order for the drug by its established
23 or generic name, except that a pharmacy shall not substitute a generic or established
24 name prescription drug for subsequent brand or trade name prescription orders of the
25 same prescription drug without explicit oral or written approval of the prescriber given
26 at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the
27 Medical Assistance Program rather than trade or brand name drugs. As used in this
28 subsection, "brand name" means the proprietary name the manufacturer places upon a
29 drug product or on its container, label, or wrapping at the time of packaging; and
30 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,
31 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

32 SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements,
33 and Payments. – Service limitations, eligibility requirements, and payments bases in this
34 section may be waived by the Department of Health and Human Services, with the
35 approval of the Director of the Budget, to allow the Department to carry out pilot
36 programs for prepaid health plans, contracting for services, managed care plans, or
37 community-based services programs in accordance with plans approved by the United
38 States Department of Health and Human Services, or when the Department determines
39 that such a waiver will result in a reduction in the total Medicaid costs for the recipient.
40 The Department of Health and Human Services may proceed with planning and
41 development work on the Program of All-Inclusive Care for the Elderly.

42 SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – The
43 Department of Health and Human Services, Division of Medical Assistance, may,
44 subject to the approval of a change in the State Medicaid Plan, contract for services,

1 medical equipment, supplies, and appliances by implementation of volume purchase
2 plans, single source procurement, or other contracting processes in order to improve
3 cost containment.

4 SECTION 21.19.(k) Cost-Containment Programs. – The Department of Health and
5 Human Services, Division of Medical Assistance, may undertake cost containment
6 programs in accordance with Section 3 of S.L. 2001-395, including contracting for
7 services, preadmissions to hospitals and prior approval for certain outpatient surgeries
8 before they may be performed in an inpatient setting.

9 SECTION 21.19.(l) For all Medicaid eligibility classifications for which the federal
10 poverty level is used as an income limit for eligibility determination, the income limits
11 will be updated each April 1 immediately following publication of federal poverty
12 guidelines.

13 SECTION 21.19.(m) The Department of Health and Human Services shall provide
14 Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and regulations.

15 SECTION 21.19.(n) The Department of Health and Human Services shall provide
16 coverage to pregnant women and to children according to the following schedule:

- 17 (1) Pregnant women with incomes equal to or less than one hundred
18 eighty-five percent (85%) of the federal poverty guidelines as revised
19 each April 1 shall be covered for Medicaid benefits. In determining
20 income eligibility under this subdivision, the income of a minor's
21 parents shall be counted.
- 22 (2) Infants under the age of 1 with family incomes equal to or less than
23 one hundred eighty-five percent (85%) of the federal poverty
24 guidelines as revised each April 1 shall be covered for Medicaid
25 benefits.
- 26 (3) Children aged 1 through 5 with family incomes equal to or less than
27 one hundred thirty-three percent (133%) of the federal poverty
28 guidelines as revised each April 1 shall be covered for Medicaid
29 benefits.
- 30 (4) Children aged 6 through 18 with family incomes equal to or less than
31 the federal poverty guidelines as revised each April 1 shall be covered
32 for Medicaid benefits.
- 33 (5) The Department of Health and Human Services shall provide Medicaid
34 coverage for adoptive children with special or rehabilitative needs
35 regardless of the adoptive family's income.

36 Services to pregnant women eligible under this subsection continue throughout the
37 pregnancy but include only those related to pregnancy and to those other conditions
38 determined by the Department as conditions that may complicate pregnancy. In order to
39 reduce county administrative costs and to expedite the provision of medical services to
40 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this
41 subsection, no resources test shall be applied.

42 SECTION 21.19.(o) Medicaid enrollment of categorically needy families with
43 children shall be continuous for one year without regard to changes in income or assets.

1 SECTION 21.19.(p) The Department shall disregard earned income for recipients
2 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
3 Social Security Act due to earnings. This disregard shall be applied for a maximum of
4 12 consecutive months.

5 SECTION 21.19.(q) The Department of Health and Human Services shall submit a
6 quarterly status report on expenditures for acute care and long-term care services to the
7 Fiscal Research Division and to the Office of State Budget and Management. This
8 report shall include an analysis of budgeted versus actual expenditures for eligibles by
9 category and for long-term care beds. In addition, the Department shall revise the
10 program's projected spending for the current fiscal year and the estimated spending for
11 the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the
12 revised forecast shall be forwarded to the Fiscal Research Division and to the Office of
13 State Budget and Management no later than the third Thursday of the month following
14 the end of each quarter.

15 SECTION 21.19.(r) The Division of Medical Assistance, Department of Health
16 and Human Services, may provide incentives to counties that successfully recover
17 fraudulently spent Medicaid funds by sharing State savings with counties responsible
18 for the recovery of the fraudulently spent funds.

19 SECTION 21.19.(s) If first approved by the Office of State Budget and
20 Management, the Division of Medical Assistance, Department of Health and Human
21 Services, may use funds that are identified to support the cost of development and
22 acquisition of equipment and software through contractual means to improve and
23 enhance information systems that provide management information and claims
24 processing. The Department of Health and Human Services shall identify adequate
25 funds to support the implementation and first year's operational costs that exceed the
26 currently allocated funds for the new contract for the fiscal agent for the Medicaid
27 Management Information System.

28 SECTION 21.19.(t) The Department of Health and Human Services may adopt
29 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds
30 that these rules are necessary to maximize receipt of federal funds within existing State
31 appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to
32 the filing of these temporary rules with the Office of Administrative Hearings, the
33 Department shall consult with the Office of State Budget and Management on the
34 possible fiscal impact of the temporary rule and its effect on State appropriations and
35 local governments.

36 SECTION 21.19.(u) The Department shall report to the Fiscal Research Division
37 of the Legislative Services Office and to the House of Representatives Appropriations
38 Subcommittee on Health and Human Services and the Senate Appropriations
39 Committee on Health and Human Services or the Joint Legislative Health Care
40 Oversight Committee on any change it anticipates making in the Medicaid program that
41 impacts the type or level of service, reimbursement methods, or waivers, any of which
42 require a change in the State Plan or other approval by the Centers for Medicare and
43 Medicaid Services (CMS). The reports shall be provided at the same time they are
44 submitted to CMS for approval.

1 SECTION 21.19.(v) Upon approval of a demonstration waiver by the Centers for
2 Medicare and Medicaid Services (CMS), the Department of Health and Human Services
3 may provide Medicaid coverage for family planning services to men and women of
4 child-bearing age with family incomes equal to or less than one hundred eighty-five
5 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
6 approval of the waiver and shall begin no earlier than January 1, 2001.

7 SECTION 21.19.(w) The Department of Health and Human Services, Division of
8 Medical Assistance, shall use the latest audited cost reporting data available when
9 establishing Medicaid provider rates or when making changes to the reimbursement
10 methodology.

11 SECTION 21.19.(x) The Department of Health and Human Services, Division of
12 Medical Assistance, shall implement a new coding system for therapeutic mental health
13 services as required by the Health Insurance Portability and Accountability Act of 1996.
14 In implementing the new coding system, the Division shall ensure that the new coding
15 system does not discriminate between providers of therapeutic mental health services
16 with similar qualifications and training. In meeting the requirements of this subsection,
17 the Division shall consult with the Division of Mental Health, Developmental
18 Disabilities, and Substance Abuse Services and the professional licensing boards
19 responsible for licensing the affected professionals.

20 SECTION 21.19.(y) The Department of Health and Human Services may apply
21 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
22 Social Security Act to real property excluded as "~~income-producing~~" "income
23 producing". tenancy-in-common, or as nonhomesite property made "income producing"
24 under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets
25 policy shall apply only to an institutionalized individual or the individual's spouse as
26 defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection
27 becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to
28 properties excluded as tenancy-in-common or as nonhomesite property made "income
29 producing" in accordance with this subsection shall become effective no earlier than
30 October 1, 2002."

31 SECTION #.(b) Effective October 1, 2002, G.S. 108A-70.5(b) reads as
32 rewritten:

33 "(b) As used in this section:

34 (1) "Medical assistance" means medical care services paid for by the
35 North Carolina Medicaid Program on behalf of the recipient:

- 36 a. If the recipient is receiving these medical care services as an
37 inpatient in a nursing facility, intermediate care facility for the
38 mentally retarded, or other medical institution, and cannot
39 reasonably be expected to be discharged to return home; or
40 b. If the recipient is 55 years of age or older and is receiving these
41 medical care services, including related hospital care and
42 prescription drugs, for nursing facility ~~services—services,~~
43 personal care services, or home- and community-based services.

- 1 (2) "Estate" means all the real and personal property considered assets of
2 the estate available for the discharge of debt pursuant to G.S.
3 28A-15-1."
4

5 Special Provision 2002-DHHS-S2-P [v10], Modified 5/23/02 2:20 PM

6 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

7 CAROLINA ACCESS PROGRAM IMPROVEMENTS

8 SECTION #.(a) In its effort to achieve anticipated savings in the Medicaid
9 Program of nine million four hundred twenty-five thousand dollars (\$9,425,000) for the
10 2002-2003 fiscal year through expansion of the Carolina ACCESS II and Carolina
11 ACCESS III programs, the Department of Health and Human Services shall monitor
12 cost-savings activities of these programs. Carolina ACCESS II and Carolina ACCESS
13 III programs shall provide the Department detailed information on savings realized from
14 the following cost-savings activities:

- 15 (1) Reductions in hospital admissions;
16 (2) Reductions in emergency room visits;
17 (3) Use of best-prescribing practices;
18 (4) Increased prescriptions of generic drugs;
19 (5) Implementation of polypharmacy review;
20 (6) Reductions in therapy visits;
21 (7) Improved management of high risk/high cost patients; and
22 (8) Other strategies implemented by the programs to achieve anticipated
23 savings.

24 SECTION #.(b) The Department of Health and Human Services shall
25 implement a process for the assessment and review of cost-effectiveness of the Carolina
26 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance
27 shall confirm actual savings realized from the use of case management strategies of the
28 Carolina ACCESS II and Carolina ACCESS III demonstration sites. The Department
29 shall report quarterly the cost-effectiveness of these programs based on actual savings
30 achieved. The Department shall submit the report to the Senate Appropriations
31 Committee on Health and Human Services, the House of Representatives
32 Appropriations Subcommittee on Health and Human Services, the Office of State
33 Budget and Management, and the Fiscal Research Division.
34

35 Special Provision 2002-DHHS-S40-P [v7], Modified 5/28/02 2:26 PM

36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

37 REPEAL CIRCUMCISION FUNDS

38 SECTION #. Section 19 of S.L. 2001-513 reads as rewritten:

39 "SECTION 19. Notwithstanding any other provision of law to the contrary, from
40 funds available in the General Fund, there is appropriated to the Department of Health
41 and Human Services, Division of Medical Assistance, the sum of two hundred forty-six
42 thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year and
43 ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~

1 These funds shall be used to provide optional circumcision procedures for newborns
2 eligible for Medicaid."
3

4 Special Provision 2002-DHHS-S41-P [v13], Modified 5/28/02 9:26 AM

5 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

6 MEDICAID CASE MANAGEMENT SERVICES

7 SECTION #.(a) The Department of Health and Human Services shall
8 reduce Medicaid Program expenditures for case management services for adults and
9 children by thirty-three percent (33%) for the 2002-2003 State fiscal year. In
10 determining how to allocate this reduction, the Department shall include all State
11 programs currently providing case management services reimbursed by the Medicaid
12 Program, and shall consider the following issues:

- 13 (1) Elimination of all duplicative case management services.
- 14 (2) Consolidation of similar case management services.
- 15 (3) Provision of only one case manager per family reimbursed through the
16 Medicaid Program, when feasible.
- 17 (4) Equitable allocation of reductions in case management services
18 reimbursed by Medicaid among the different programs that provide
19 case management services.
- 20 (5) Identification of the children and adults with the greatest case
21 management needs to determine how to allocate reductions and
22 remaining resources.
- 23 (6) Reductions in administrative costs associated with providing case
24 management services reimbursed by Medicaid.

25 SECTION #.(b) Not later than October 1, 2002, the Department shall report
26 on its plan for the reductions required in this section. The Department shall submit the
27 report to the Senate Appropriations Committee on Health and Human Services, the
28 House of Representatives Appropriations Subcommittee on Health and Human
29 Services, and the Fiscal Research Division.
30

31 Special Provision 2002-DHHS-S43-P [v6], Modified 5/24/02 4:40 PM

32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

33 FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT

34 SECTION #.(a) The Department of Health and Human Services shall
35 develop a plan for using federal waivers to assist in long-term cost containment for the
36 State's Medicaid program. In developing the plan, the Department shall determine
37 whether single or multiple federal waivers will help the State achieve its goal of
38 long-term cost containment for the State's Medicaid program, and shall also determine
39 which type of waiver is likely to be most helpful. The Department shall consider all of
40 the following for development of the plan:

- 41 (1) Which optional categories of persons eligible for Medicaid will be
42 covered by the waiver.
- 43 (2) What optional Medicaid services will be included in the service
44 package covered by the waiver.

- 1 (3) What types of cost-sharing will be required under the waiver.
2 (4) Will the waiver use Carolina ACCESS, other types of managed care,
3 or will a fee-for-service system for providing health care services be
4 used.
5 (5) Will private insurance coverage options be incorporated into the
6 waiver.
7 (6) Should the NC Health Choice Program be included in the waiver.

8 SECTION #.(b) On or before February 1, 2003, the Department shall report
9 on its plan for seeking federal waivers to achieve long-term cost containment in the
10 State's Medicaid program. The report shall be made to the Senate Appropriations
11 Committee on Health and Human Services, the House of Representatives
12 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
13 Division, and shall include the following:

- 14 (1) Copy of the application for the waiver.
15 (2) Description of how the waiver will help achieve long-term cost
16 containment in the State's Medicaid program.
17 (3) Description of legislation necessary to implement the proposed waiver.
18

19 Special Provision 2002-DHHS-S46-P [v6], Modified 5/24/02 4:39 PM

20 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

21 COMMUNITY ALTERNATIVES PROGRAMS

22 SECTION #.(a) The Department of Health and Human Services shall
23 administer all Community Alternative Program (CAP) waivers in the most economical
24 and efficient manner possible to support within funds appropriated the maximum
25 number of persons meeting participation requirements under the waiver. The
26 Department shall amend the waivers, as necessary, to ensure that participation
27 requirements and payment and service limits are in accordance with those reported to
28 the General Assembly. Not later than October 1, 2002, the Department shall submit a
29 report that outlines efficient use of funds appropriated and that demonstrates the
30 participation requirements, payment and service limits, and other administrative actions
31 to support the maximum number of persons to be served in the applicable State fiscal
32 year. The report shall be submitted to the Senate Appropriations Committee on Health
33 and Human Services, the House of Representatives Appropriations Subcommittee on
34 Health and Human Services, and the Fiscal Research Division.

35 SECTION #.(b) CAP-DA services shall be provided for the 2002-2003
36 fiscal year to any eligible person who entered a nursing facility on or before June 1,
37 2002, notwithstanding that the availability of CAP-DA services may be suspended for
38 that fiscal year.
39

40 Special Provision 2002-DHHS-S56-P [v3], Modified 5/23/02 9:23 AM

41 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

42 DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE

1 SECTION #.(a) Disproportionate share receipts reserved at the end of the
2 2002-2003 fiscal year shall be deposited with the Department of State Treasurer as
3 nontax revenue for the 2002-2003 fiscal year.

4 SECTION #.(b) For the 2002-2003 fiscal year, as it receives funds
5 associated with Disproportionate Share Payments from State hospitals, the Department
6 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
7 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
8 to the Department of State Treasurer for deposit as nontax revenue. Any
9 Disproportionate Share Payments collected in excess of the one hundred seven million
10 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
11 appropriations.

12
13 Special Provision 2002-DHHS-S61-P [v7], Modified 6/8/02 3:07 PM

14 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

15 MEDICAID HOSPITAL PAYMENTS

16 SECTION #. The Department of Health and Human Services shall reduce
17 Medicaid payments to hospitals by one-half of one percent (.5%) for the 2002-2003
18 State fiscal year. The Department shall evaluate all medical payment programs and
19 policies administered by the Department that may affect the future viability and
20 sustainability of financially vulnerable hospitals. Based on the evaluation of the
21 medical payments programs and policies affecting hospitals, the Department shall
22 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
23 year such that the reduction has the least impact on the future viability and sustainability
24 of financially vulnerable hospitals. The Department shall also review the status of
25 financially vulnerable hospitals to determine whether additional State actions are
26 appropriate to ensure that communities served by these hospitals continue to receive
27 essential medical services. The Department shall consult with the North Carolina
28 Hospital Association while conducting the evaluation of medical payment programs and
29 policies and determining how to implement the one-half of one percent (.5%) reduction.
30 The Department shall report to the Senate Appropriations Committee on Health and
31 Human Services, the House of Representatives Appropriations Subcommittee on Health
32 and Human Services, and the Fiscal Research Division on its activities under this
33 section not later than October 1, 2002.

34
35 Special Provision 2002-DHHS-S64-P [v3], Modified 5/27/02 8:05 PM

36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

37 MEDICAID PROGRAM MANAGEMENT

38 SECTION #. Section 21.26(b) of S.L. 2001-424 reads as rewritten:

39 "SECTION 21.26.(b) The Department shall implement a pharmacy management
40 plan considering the recommendations of the "North Carolina Medicaid Benefit Study"
41 to achieve anticipated cost savings. The pharmacy management plan may include the
42 following activities:

- 43 (1) Establishing a prior authorization program to manage utilization of
44 high-cost, brand name drugs. In determining drugs to be included in

1 the prior authorization program, the Department shall consider whether
2 inclusion of these drugs is likely to:

- 3 a. Increase utilization of more expensive services;
4 b. Reduce quality of treatment;
5 c. Result in a lower level of compliance with appropriate drug
6 therapy; and
7 d. Have a differential impact upon racial and ethnic minorities and
8 the elderly.

9 The Department shall conduct a review at least annually of the drugs
10 included in the prior authorization program to determine whether any
11 of the factors listed in this subdivision or other factors with similar
12 results have occurred.

- 13 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
14 (3) Developing physician prescribing practice profiles and other
15 educational tools to enable physicians to better manage their
16 prescriptions.
17 (4) Establishing therapeutic limits based on appropriate dosage or usage
18 standards.
19 (5) Encouraging use of generic drugs.
20 (6) Using maximum allowable pricing.
21 (7) Contracting with a pharmacy benefits manager to implement more
22 extensive drug utilization review.
23 (8) Studying the impact of eliminating the six prescription drug monthly
24 limit combined with a more rigorous prior authorization program to
25 ensure cost decisions are made based on evidence-based clinical
26 guidelines.
27 (9) Expanding disease management initiatives.
28 (10) Working with ACCESS physicians to develop and implement drug
29 utilization management initiatives.
30 (11) If cost-effective, expanding Medicaid drug coverage to include
31 selected over-the-counter medications.

32 The Department may adopt temporary rules in accordance with G.S. 150B-21.1
33 when it finds these rules are necessary to clarify recipient appeal rights related to the
34 pharmacy management plan."

35
36 **Special Provision 2002-DHHS-S45-P [v11], Modified 6/8/02 6:17 PM**

37 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

38 **NC HEALTH CHOICE**

39 **SECTION #. G.S. 108A-70.21 reads as rewritten:**

40 **"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**
41 **cost-sharing; coverage from private plans; purchase of extended**
42 **coverage.**

1 (a) Eligibility. – The Department may enroll eligible children based on
2 availability of funds. Following are eligibility and other requirements for participation
3 in the Program:

4 (1) Children must:

- 5 a. Be under the age of 19;
6 b. Be ineligible for Medicaid, Medicare, or other federal
7 government-sponsored health insurance;
8 c. Be uninsured;
9 d. Be in a family that meets the following family income
10 requirements:
11 1. Infants under the age of one year whose family income is
12 from one hundred eighty-five percent (185%) through
13 two hundred percent (200%) of the federal poverty level;
14 2. Children age one year through five years whose family
15 income is above one hundred thirty-three percent (133%)
16 through two hundred percent (200%) of the federal
17 poverty level; and
18 3. Children age six years through eighteen years whose
19 family income is above one hundred percent (100%)
20 through two hundred percent (200%) of the federal
21 poverty level;
22 e. Be a resident of this State and eligible under federal law; and
23 f. Have paid the Program enrollment fee required under this Part.

24 (2) Proof of family income and residency and declaration of uninsured
25 status shall be provided by the applicant at the time of application for
26 Program coverage. The family member who is legally responsible for
27 the children enrolled in the Program has a duty to report any change in
28 the enrollee's status within 60 days of the change of status.

29 (3) If a responsible parent is under a court order to provide or maintain
30 health insurance for a child and has failed to comply with the court
31 order, then the child is deemed uninsured for purposes of determining
32 eligibility for Program benefits if at the time of application the
33 custodial parent shows proof of agreement to notify and cooperate
34 with the child support enforcement agency in enforcing the order.

35 If health insurance other than under the Program is provided to the
36 child after enrollment and prior to the expiration of the eligibility
37 period for which the child is enrolled in the Program, then the child is
38 deemed to be insured and ineligible for continued coverage under the
39 Program. The custodial parent has a duty to notify the Department
40 within 10 days of receipt of the other health insurance, and the
41 Department, upon receipt of notice, shall disenroll the child from the
42 Program. As used in this paragraph, the term "responsible parent"
43 means a person who is under a court order to pay child support.

1 (4) Except as otherwise provided in this section, enrollment shall be
2 continuous for one year. At the end of each year, applicants may
3 reapply for Program benefits.

4 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
5 copayments, and other cost-sharing charges, health benefits coverage provided to
6 children eligible under the Program shall be equivalent to coverage provided for
7 dependents under the North Carolina Teachers' and State Employees' Comprehensive
8 Major Medical Plan, including optional prepaid plans. Prescription drug providers shall
9 accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the
10 average wholesale price for the prescription drug or the amounts published by the
11 ~~Health Care Financing Administration Centers for Medicare and Medicaid Services~~ plus
12 ~~a fee established by the provider not to exceed the amount authorized under subdivision~~
13 ~~(d)(3) of this section.~~ dispensing fee of five dollars and sixty cents (\$5.60) per
14 prescription for generic drugs and four dollars (\$4.00) per prescription for brand name
15 drugs. All other health care providers providing services to Program enrollees shall
16 accept as payment in full for services rendered the maximum allowable charges under
17 the ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan~~
18 Medicaid Program for services less any copayments assessed to enrollees under this
19 Part. No child enrolled in the Plan's self-insured indemnity program shall be required by
20 the Plan to change health care providers as a result of being enrolled in the Program.

21 In addition to the benefits provided under the Plan, the following services and
22 supplies are covered under the Health Insurance Program for Children established under
23 this Part:

24 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
25 12-month period, full mouth X rays once every 60 months,
26 supplemental bitewing X rays showing the back of the teeth once
27 during a 12-month period, fluoride applications twice during a
28 12-month period, sealants, simple extractions, therapeutic
29 pulpotomies, prefabricated stainless steel crowns, and routine fillings
30 of amalgam or other tooth-colored filling material to restore diseased
31 teeth. No benefits are to be provided for services under this subsection
32 that are not performed by or upon the direction of a dentist, doctor, or
33 other professional provider approved by the Plan nor for services and
34 materials that do not meet the standards accepted by the American
35 Dental Association.

36 (2) Vision: Scheduled routine eye examinations once every 12 months,
37 eyeglass lenses or contact lenses once every 12 months, routine
38 replacement of eyeglass frames once every 24 months, and optical
39 supplies and solutions when needed. Optical services, supplies, and
40 solutions must be obtained from licensed or certified ophthalmologists,
41 optometrists, or optical dispensing laboratories. Eyeglass lenses are
42 limited to single vision, bifocal, trifocal, or other complex lenses
43 necessary for a Plan enrollee's visual welfare. Coverage for oversized
44 lenses and frames, designer frames, photosensitive lenses, tinted

1 contact lenses, blended lenses, progressive multifocal lenses, coated
2 lenses, and laminated lenses is limited to the coverage for single
3 vision, bifocal, trifocal, or other complex lenses provided by this
4 subsection. Eyeglass frames are limited to those made of zylonite,
5 metal, or a combination of zylonite and metal. All visual aids covered
6 by this subsection require prior approval of the Plan. Upon prior
7 approval by the Plan, refractions may be covered more often than once
8 every 12 months.

- 9 (3) Hearing: Auditory diagnostic testing services and hearing aids and
10 accessories when provided by a licensed or certified audiologist,
11 otolaryngologist, or other hearing aid specialist approved by the Plan.
12 Prior approval of the Plan is required for hearing aids, accessories,
13 earmolds, repairs, loaners, and rental aids.

14 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
15 coverage for enrollees whose family income is at or below one hundred fifty percent
16 (150%) of the federal poverty level. The enrollment fee for Program coverage for
17 enrollees whose family income is above one hundred fifty percent (150%) of the federal
18 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
19 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
20 enrollment fee shall be collected by the county department of social services and
21 retained to cover the cost of determining eligibility for services under the Program.
22 County departments of social services shall establish procedures for the collection of
23 enrollment fees.

24 (d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-~~
25 ~~sharing charges for families covered under the Program whose family income is at or~~
26 ~~below one hundred fifty percent (150%) of the federal poverty level.~~

- 27 (1) Families covered under the Program whose family income is at or
28 below one hundred fifty percent (150%) of the federal poverty level
29 shall be responsible for copayments to providers as follows:

- 30 a. Two dollars (\$2.00) per child for each visit to a provider, except
31 that there shall be no copayment required for well-baby, well-
32 child, or age-appropriate immunization services;
33 b. One dollar (\$1.00) for each outpatient generic prescription drug
34 purchased;
35 c. Three dollars (\$3.00) for each outpatient brand-name
36 prescription drug purchased;
37 d. Ten dollars (\$10.00) for each emergency room visit unless:
38 1. The child is admitted to the hospital, or
39 2. No other reasonable care was available as determined by
40 the Claims Processing Contractor of the North Carolina
41 Teachers' and State Employees' Comprehensive Major
42 Medical Plan.

- 1 (2) Families covered under the Program whose family income is above
2 one hundred fifty percent (150%) of the federal poverty level shall be
3 responsible for copayments to providers as follows:
4 (1)a. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each
5 visit to a provider, except that there shall be no copayment
6 required for well-baby, well-child, or age-appropriate
7 immunization services;
8 (2)b. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each
9 outpatient hospital visit;
10 (3)c. ~~A six-dollar (\$6.00)~~ five-dollar (\$5.00) fee for each outpatient
11 generic prescription drug purchased;
12 d. A ten-dollar (\$10.00) fee for each outpatient brand-name
13 prescription drug purchased;
14 (4)e. ~~Twenty dollars (\$20.00)~~ Thirty dollars (\$30.00) for each
15 emergency room visit unless:
16 a.1. The child is admitted to the hospital, or
17 b.2. No other reasonable care was available as determined by
18 the Claims Processing Contractor of the North Carolina
19 Teachers' and State Employees' Comprehensive Major
20 Medical Plan.

21 Copayments required under this subsection for prescription drugs apply only to
22 prescription drugs prescribed on an outpatient basis.

23 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing,
24 including fees, with respect to all children in a family receiving Program benefits under
25 this Part shall not exceed five percent (5%) of the family's income for the year involved.
26 To assist the Department in monitoring and ensuring that the limitations of this
27 subsection are not exceeded, the Executive Administrator and Board of Trustees of the
28 North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan
29 shall provide data to the Department showing cost-sharing paid by Program enrollees.

30 (f) Coverage From Private Plans. – The Department shall, from funds available
31 for the Program, pay the cost for dependent coverage provided under a private insurance
32 plan for persons eligible for coverage under the Program if all of the following
33 conditions are met:

- 34 (1) The person eligible for Program coverage requests to obtain dependent
35 coverage from a private insurer in lieu of coverage under the Program
36 and shows proof that coverage under the private plan selected meets
37 the requirements of this subsection;
38 (2) The dependent coverage under the private plan is actuarially
39 equivalent to the coverage provided under the Program and the private
40 plan does not engage in the exclusive enrollment of children with
41 favorable health care risks;
42 (3) The cost of dependent coverage under the private plan is the same as
43 or less than the cost of coverage under the Program; and

1 (4) The total annual aggregate cost-sharing, including fees, paid by the
2 enrollee under the private plan for all dependents covered by the plan,
3 do not exceed five percent (5%) of the enrollee's family income for the
4 year involved.

5 The Department may reimburse an enrollee for private coverage under this
6 subsection upon a showing of proof that the dependent coverage is in effect for the
7 period for which the enrollee is eligible for the Program.

8 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses
9 eligibility due to an increase in family income above two hundred percent (200%) of the
10 federal poverty level and up to and including two hundred twenty-five percent (225%)
11 of the federal poverty level may purchase at full premium cost continued coverage
12 under the Program for a period not to exceed one year beginning on the date the enrollee
13 becomes ineligible under the income requirements for the Program. The same benefits,
14 copayments, and other conditions of enrollment under the Program shall apply to
15 extended coverage purchased under this subsection.

16 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
17 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
18 subsection (g) of this section."
19
20

21 Special Provision 2002-DHHS-S73-P [v4], Modified 6/10/02 3:55 PM

22 Requested by: Senator

23 NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS

24 SECTION #. The Department of Health and Human Services may rewrite
25 and submit to the federal government the State Plan for the North Carolina Health
26 Choice Program solely for the purpose of incorporating amendments enacted by the
27 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
28 2001 General Assembly, and to otherwise comply with applicable federal requirements.
29 Nothing in this section authorizes the Department to make amendments to the State Plan
30 for the North Carolina Health Choice Program not otherwise authorized by the General
31 Assembly. Amendments to the State Plan required by the federal government to be
32 implemented after the effective date of this section, other than those authorized by this
33 section, shall comply with G.S. 108A-70.25.
34
35

36 Special Provision 2002-DHHS-S77-P [v5], Modified 6/8/02 5:10 PM

37 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

38 MEDICAID CONTRACTING FOR SERVICES

39 SECTION #. When developing contracts for services, the Department of
40 Health and Human Services, Division of Medical Assistance, shall ensure that Medicaid
41 recipients have appropriate access to durable medical equipment, home health supplies,
42 and home infusion therapy. The Division may subcontract for services provided that the
43 subcontract ensures appropriate access to durable medical equipment, home health
44 supplies, and home infusion therapy.

1
2 **SUBPART 3. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL**
3 **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**
4

5 **Special Provision 2002-DHHS-S47-P** [v13], Modified 6/8/02 5:35 PM

6 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

7 **ALLOCATION OF REDUCTIONS IN FUNDS FOR AREA MENTAL HEALTH,**
8 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE**
9 **PROGRAMS**

10 **SECTION #.(a)** The Department of Health and Human Services shall
11 allocate reductions in funding to area mental health, developmental disabilities, and
12 substance abuse services in the amount of twenty-nine million two hundred forty-six
13 thousand nine hundred seven dollars (\$29,246,907) for the 2002-2003 fiscal year. In
14 allocating the reductions, the Department shall do the following:

- 15 (1) Allocate reductions within the implementation scope of the State Plan
16 for Mental Health, Developmental Disabilities, and Substance Abuse
17 Services and in accordance with the intent of S.L. 2001-437, as
18 follows:
19 a. Priority given to reducing or terminating services to persons
20 with lower service needs;
21 b. Persons with highest need levels shall be impacted least by
22 reductions in services;
23 c. Administrative costs shall be reduced concurrently with
24 reductions in services; and
25 d. To the maximum extent possible no reductions, or minimal
26 reductions, shall be allocated to activities associated with
27 critical functions and federal and State requirements.
28 (2) Require area authorities and county programs to submit plans for prior
29 approval by the Department describing how the local program will
30 meet its reduction target within the requirements of subdivision (1) of
31 this subsection.

32 **SECTION #.(b)** The Division of Mental Health, Developmental Disabilities,
33 and Substance Abuse Services shall allocate reductions to Division central
34 administration to items of expenditures which have the least impact on:

- 35 (1) The support of direct services to individuals served in State facilities
36 and local programs;
37 (2) The Division's ability to reorganize and continue implementation of
38 the State Plan for Mental Health, Developmental Disabilities, and
39 Substance Abuse Services; and
40 (3) The Division's ability to meet State and federal requirements such as
41 monitoring, program oversight, and reporting.

42 **SECTION #.(c)** All reductions designated for Division-operated State
43 facilities shall be allocated as follows:

- 1 (1) In a manner that has the least impact possible on the State's ability to
2 comply with Olmstead v. L.C. & E.W. and The Civil Rights of
3 Institutionalized Persons Act (CRIPA);
- 4 (2) Maximum resources shall be retained for the purpose of transfer to
5 local programs for community capacity building as the population in
6 State facilities decreases and the principal focus of services transitions
7 to community-based programs;
- 8 (3) As deemed essential by the Secretary of the Department of Health and
9 Human Services for compliance with implementation of the State Plan
10 for Mental Health, Developmental Disabilities, and Substance Abuse
11 Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction
12 amounts and total number of positions reduced may be shifted among
13 facilities so long as the aggregate reduction in State appropriations is
14 achieved.

15 SECTION #.(d) The Department shall report not later than October 1, 2002,
16 on a plan for allocating the reductions required under this section. The plan shall
17 describe each reduction allocation demonstrating compliance with this section. The
18 Department shall submit the report to the Senate Appropriations Committee on Health
19 and Human Services, the House of Representatives Appropriations Subcommittee on
20 Health and Human Services, and the Fiscal Research Division.

21
22 Special Provision 2002-DHHS-S58-P [v5], Modified 5/24/02 3:02 PM

23 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

24 SUBSTANCE ABUSE PREVENTION SERVICES

25 SECTION #.(a) In order to ensure that individuals receive effective
26 substance abuse prevention services, the Department of Health and Human Services,
27 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
28 shall do the following with respect to services provided to these individuals:

- 29 (1) Designate an Office of Substance Abuse Prevention within the
30 Department as outlined in the North Carolina Comprehensive Strategic
31 Plan for Substance Abuse Prevention. This Office shall be responsible
32 for the implementation of the goals in the Comprehensive Strategic
33 Plan for Substance Abuse Prevention. The Office shall also maintain
34 the Interagency Agreement for Substance Abuse Prevention Services
35 and ensure continuing collaboration between agencies that are parties
36 to the Agreement.
- 37 (2) Provide only those prevention services that are evidence-based and
38 have been determined to be effective in preventing alcohol and other
39 drug problems.
- 40 (3) Propose rules for the licensure of prevention programs to ensure
41 quality of service delivery in local communities. Rules shall be subject
42 to review and adoption by the Commission for Mental Health,
43 Developmental Disabilities, and Substance Abuse Services.

1 (4) Ensure that services are provided by qualified prevention
2 professionals.

3 (5) Implement an outcome-based system utilizing standard risk
4 assessments and data elements consistent with appropriate evaluation
5 of prevention programs.

6 SECTION #.(b) The Department shall report on its activities under this
7 section to the Senate Appropriations Committee on Health and Human Services, the
8 House of Representatives Appropriations Subcommittee on Health and Human
9 Services, and the Fiscal Research Division not later than December 1, 2002.

10
11 Special Provision 2002-DHHS-S65-P [v8], Modified 5/28/02 2:47 PM

12 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

13 PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

14 SECTION #. Section 21.56 of S.L. 2001-424, as amended by S.L. 2001-513,
15 reads as rewritten:

16 "SECTION 21.56.(a) To ensure uniformity in rates charged to area programs and
17 funded with State-allocated resources, the Division of Mental Health, Developmental
18 Disabilities, and Substance Abuse Services of the Department of Health and Human
19 Services may require a private agency that provides services under contract with ~~two or~~
20 ~~more area programs, an area program or county program,~~ except for hospital services
21 that have an established Medicaid rate, to complete an agency-wide uniform cost
22 finding. The resulting cost shall be the maximum included for the private agency in the
23 contracting area program's unit cost finding.

24 SECTION 21.56.(b) If a private agency fails to timely and accurately complete the
25 required agency-wide uniform cost finding in a manner acceptable to the Department's
26 controller's office, the Department may suspend all Department funding and payment to
27 the private agency until such time as an acceptable cost finding has been completed by
28 the private agency and approved by the Department's controller's office."

29
30 ~~funded with State-allocated resources, the Division of Mental Health,~~
31 ~~Developmental Disabilities, and Substance Abuse Services of the Department of Health~~
32 ~~and Human Services may require a private agency that provides services under contract~~
33 ~~with two or more area programs, except for hospital services that have an established~~
34 ~~Medicaid rate, to complete an agency-wide uniform cost finding in accordance with~~
35 ~~G.S. 122C-143.2(a) and G.S. 122C-147.2. finding. The resulting cost shall be the~~
36 ~~maximum included for the private agency in the contracting area program's unit cost~~
37 ~~finding~~

38
39 Special Provision 2002-DHHS-S66-P [v6], Modified 5/28/02 2:09 PM

40 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

41 WHITAKER SCHOOL

42 SECTION #. Section 21.61(a) of S.L. 2001-424 reads as rewritten:

43 "SECTION 21.61.(a) The Department of Health and Human Services shall work
44 with families and guardians, the Department of Public Instruction, the Department of

1 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,
2 area mental health, developmental disabilities, and substance abuse programs, and local
3 departments of social services to develop a plan for the transition of children from the
4 Whitaker School to their homes or alternative facilities. The Plan shall ensure
5 appropriate and safe placement for those children who, in accordance with the
6 assessment, need an institutional setting. The Plan shall also include transition plans that
7 facilitate and support children living in their natural environments and utilizing existing
8 resources and natural supports. Assessments and service planning alternatives shall also
9 be undertaken for children on the waiting list for placement at Whitaker School to
10 ensure appropriate and safe placement for those children. The Department shall report
11 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
12 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations
13 Committee on Health and Human Services, the House of Representatives
14 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
15 Commission on Governmental Operations, and the Fiscal Research Division."

16
17 Special Provision 2002-DHHS-S67-P [v7], Modified 5/31/02 7:20 AM

18 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

19 AREA MENTAL HEALTH ADMINISTRATIVE COSTS

20 SECTION #. Section 21.65 of S.L. 2001-424 reads as rewritten:

21 "SECTION 21.65.(a) Area mental health, developmental disabilities, and substance
22 abuse authorities or counties administering mental health, developmental disabilities,
23 and substance abuse services shall develop and implement plans to reduce local
24 administrative costs. The plans shall be developed in accordance with guidelines
25 adopted by the Secretary, in consultation with the Local Government Commission and
26 the North Carolina Association of County Commissioners, and in accordance with the
27 following:

- 28 (1) For the 2001-2002 fiscal year, administrative costs for:
29 a. Area mental health, developmental disabilities, and substance
30 abuse services programs shall not exceed fifteen percent (15%).
31 b. Counties administering mental health, developmental
32 disabilities, and substance abuse services through a county
33 program shall not exceed fifteen percent (15%).
34 (2) For the 2002-2003 fiscal year, administrative costs for:
35 a. Area mental health, developmental disabilities, and substance
36 abuse services programs shall not exceed thirteen percent
37 (13%).
38 b. Counties administering mental health, developmental
39 disabilities, and substance abuse services through a county
40 program shall not exceed thirteen percent (13%).

41 SECTION 21.65.(b) The Department of Health and Human Services shall report its
42 progress in complying with this section not later than January 1, 2002, and April 15,
43 2002. The reports shall be submitted to the Senate Appropriations Committee on Health

1 and Human Services, the House of Representatives Appropriations Subcommittee on
2 Health and Human Services, and the Fiscal Research Division and shall include:

- 3 (1) A description of the process used and the participants involved in
4 complying with subsection (a) of this section.
- 5 (2) The guidelines developed under subsection (a) of this section.
- 6 (3) A description of local compliance initiatives and efforts including
7 program or function consolidation.
- 8 (4) A list of area programs at or below the targeted thirteen percent (13%)
9 for the 2000-2001 fiscal year.
- 10 (5) Projected savings in administrative costs as a result of implementation
11 of the targeted limits required under this section.

12 SECTION 21.65.(c) Beginning in the 2002-2003 fiscal year, the Department may
13 implement alternative approaches to establish reasonable administrative cost limitations
14 for Local Management Entities (LMEs), including both county programs and area
15 authority models, and service providers in accordance with system reform and changes
16 in system funding structures."

17
18 Special Provision 2002-DHHS-S68-P [v7], Modified 5/28/02 3:38 PM

19 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

20 MENTAL RETARDATION CENTER DOWNSIZING

21 SECTION #. Section 21.67 of S.L. 2001-424 reads as rewritten:

22 "SECTION 21.67.(a) In accordance with the Department of Health and Human
23 Services' plan for downsizing the State's regional mental retardation facilities by four
24 percent (4%) each year, the Department shall implement cost-containment and
25 reduction strategies to ensure the corresponding financial and staff downsizing of each
26 facility. The Department shall manage the client population of the mental retardation
27 centers in order to ensure that placements for ICF/MR level of care shall be made in
28 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
29 resort and only upon approval of the Department. The corresponding budgets for each
30 of the State mental retardation centers shall be reduced, and positions shall be
31 eliminated as the census of each facility decreases. At no time shall mental retardation
32 center positions be transferred to other units within a facility or assigned nondirect care
33 activities such as outreach.

34 SECTION 21.67.(a1) Any savings in State appropriations in excess of two million
35 nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal
36 biennium that result from reductions in beds or services shall be applied as follows:

- 37 (1) Nonrecurring savings shall be placed in the Trust Fund for Mental
38 Health, Developmental Disabilities, and Substance Abuse Services and
39 Bridge Funding Needs and shall be used to facilitate the transition of
40 clients into appropriate community-based services and support in
41 accordance with Section 21.58 of this act, and
- 42 (2) Recurring savings realized through implementation of this section
43 shall be retained by the Department of Health and Human Services,
44 Division of Mental Health, Developmental Disabilities, and Substance

1 Abuse Services to support the recurring costs of additional
 2 community-based placements from Division facilities in accordance
 3 with Olmstead vs. L.C. & E.W. In determining the savings in this
 4 section, savings shall include all savings realized from the downsizing
 5 of the State mental retardation centers including both the savings in
 6 direct State appropriations in the budgets of the State mental
 7 retardation centers as well as the savings in the State matching portion
 8 of reduced Medicaid payments associated with downsizing.

9 SECTION 21.67.(b) The Department of Health and Human Services shall report on
 10 its progress in complying with this section to the Senate Appropriations Committee on
 11 Health and Human Services, the House of Representatives Appropriations
 12 Subcommittee on Health and Human Services, and the Fiscal Research Division. The
 13 progress report shall be submitted not later than January 15, 2002, and a final report
 14 submitted not later than ~~May 1, 2002.~~October 1, 2002.

15 SECTION 21.67.(c) Downsizing of mental retardation centers which occurs in the
 16 2002 fiscal year shall be maintained for the 2003 fiscal year. Effective July 1, 2002,
 17 downsizing shall be accomplished in accordance with the State Plan for Mental Health,
 18 Developmental Disabilities, and Substance Abuse Services. All savings resulting from
 19 downsizing occurring on and after July 1, 2002, shall be utilized as set forth in
 20 subsection (a1) of this section."

21
 22 Special Provision 2002-DHHS-S70-P [v3], Modified 5/28/02 11:11 AM

23 Requested by: Senators Martin of Guilford, Purcell , Plyler, Odom, Lee
 24 STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN

25 SECTION #. Section 21.68A of S.L. 2001-424 reads as rewritten:

26 "SECTION 21.68A. The Department of Health and Human Services shall develop
 27 and implement a plan that provides for the allocation of State psychiatric hospital beds
 28 bed days among counties served by the State's regional psychiatric hospitals. The Plan
 29 shall incorporate policies that take into consideration State and county fiscal
 30 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
 31 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
 32 implementation of this section to the House of Representatives Appropriations
 33 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
 34 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
 35 2002.November 1, 2002."

36
 37 Special Provision 2002-DHHS-S59-P [v6], Modified 6/7/02 5:17 PM

38 Requested by: Senators Martin of Guilford, Purcell , Plyler, Odom, Lee
 39 EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON
 40 FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY

41 SECTION #. Section 4 of S.L. 2001-437 reads as rewritten:

42 "SECTION 4. Sections 1.1 through 1.21(b) of this act become effective July 1,
 43 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~
 44 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~

1 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
2 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
3 by the 2003 General Assembly for that purpose. The remainder of this act is effective
4 when it becomes law."

5
6 **Special Provision 2002-DHHS-S60-P** [v4], Modified 5/30/02 2:10 PM

7 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

8 **DHHS COORDINATION OF RULES**

9 **SECTION #.(a)** The Secretary and the Chairs of the Commissions listed in
10 this section shall collaborate in the development of a process for identifying and
11 resolving issues pertaining to duplication and conflict of rules adopted by the Secretary
12 and each Commission. The process shall address the following:

- 13 (1) How to identify on a routine basis proposed rules that duplicate in
14 whole or in part other rules proposed or adopted and ways of avoiding
15 the duplication without interfering with the agency's statutory duty to
16 adopt the rule and without impairing the effectiveness of the rule in
17 carrying out the statutory mandate.
- 18 (2) How to identify on a routine basis adopted rules that are in conflict,
19 proposed rules that conflict with other proposed or adopted rules, and
20 ways of addressing the conflict without interfering with the agency's
21 statutory duty to adopt the rule and without impairing the effectiveness
22 of the rule in carrying out the statutory mandate.

23 The following Commissions shall collaborate with the Secretary on the
24 development of this process: the Commission for Mental Health, Developmental
25 Disabilities, and Substance Abuse Services, the Social Services Commission, the
26 Commission for Health Services, the Medical Care Commission, and other
27 Commissions that adopt rules that the Secretary has a duty to implement. The Secretary
28 shall also involve a representative of the Division of Medical Assistance in this effort.

29 **SECTION #.(b)** The Secretary and the Commissions shall implement the
30 process required by Section 1 of this act not later than October 1, 2002. Not later than
31 October 15, 2002, the Secretary shall report to the Joint Legislative Commission on
32 Mental Health, Developmental Disabilities, and Substance Abuse Services the
33 following:

- 34 (1) The status of the review of rules conducted by the Department for
35 determining the existence of ambiguity, duplication, or conflict.
- 36 (2) Specific rules identified that are in conflict and the recommended
37 action for resolving the conflict.
- 38 (3) Statutory changes necessary to accomplish the purposes of the rules
39 review process required by Section 1 of this act.
- 40

41 **SUBPART 4. DIVISION OF SOCIAL SERVICES**

42
43 **Special Provision 2002-DHHS-S17-P** [v5], Modified 5/28/02 2:18 PM

44 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

1 SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE

2 SECTION #. Section 21.42(d) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.42.(d) The Department of Health and Human Services shall report
4 on the use of these funds no later than April 1, ~~2002,2003~~, to the Senate Appropriations
5 Committee on Health and Human Services, the House of Representatives
6 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
7 Division."
8

9 Special Provision 2002-DHHS-S19-P [v9], Modified 6/7/02 3:10 PM

10 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

11 CHILD WELFARE SYSTEMS PILOTS REPORTS

12 SECTION #.(a) Section 21.46(a) of S.L. 2001-424 reads as rewritten:

13 "SECTION 21.46.(a) The Department of Health and Human Services, Division of
14 Social Services, shall develop a plan, working with local departments of social services,
15 to implement an alternative response system of child protection in no fewer than two
16 and no more than 10 demonstration areas in this State. The plan should provide for the
17 pilots to implement an alternative response system in which local departments of social
18 services utilize family assessment tools and family support principles when responding
19 to selected reports of suspected child ~~neglect-neglect and dependency~~."20 SECTION #.(b) The Department of Health and Human Services shall report
21 on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate
22 Appropriations Committee on Health and Human Services, the House of
23 Representatives Appropriations Subcommittee on Health and Human Services, and the
24 Fiscal Research Division not later than April 1, 2003.
25

26 Special Provision 2002-DHHS-S20-P [v4], Modified 5/28/02 2:44 PM

27 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

28 FAMILY RESOURCE CENTERS - REPORTING REQUIREMENT

29 SECTION #. Section 21.48(e) of S.L. 2001-424 reads as rewritten:

30 "SECTION 21.48.(e) The Department shall report on activities under this section.
31 This report is due to the Senate Appropriations Committee on Health and Human
32 Services, the House of Representatives Appropriations Subcommittee on Health and
33 Human Services, and the Fiscal Research Division on May 1, ~~2002,2003~~."
34

35 Special Provision 2002-DHHS-S22-P [v5], Modified 5/28/02 2:41 PM

36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

37 ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES

38 SECTION #. Section 21.54A of S.L. 2001-424 reads as rewritten:

39 "SECTION 21.54A. Of the funds appropriated in this act to the Department of
40 Health and Human Services, Division of Social Services, the sum of one million five
41 hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year, ~~and one million~~
42 ~~five hundred thousand dollars (\$1,500,000) for the 2002-2003 fiscal year,~~ shall be
43 used to contract for additional child support services in urban counties demonstrating
44 significant caseload backlogs. The additional support to urban counties shall address the

1 backlog of cases and emphasize the establishment of paternities and the location of
2 absent parents."

3
4 Special Provision 2002-DHHS-S27-P [v7], Modified 5/23/02 11:22 AM

5 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
6 STATE/COUNTY SPECIAL ASSISTANCE

7 SECTION #. Section 21.44 of S.L. 2001-424 reads as rewritten:

8 "SECTION 21.44.(a) The eligibility of Special Assistance recipients residing in
9 adult care homes on August 1, 1995, shall not be affected by an income reduction in the
10 Special Assistance eligibility criteria resulting from adoption of the Rate Setting
11 Methodology Report and Related Services, providing these recipients are otherwise
12 eligible. The eligibility of Special Assistance recipients residing in adult care homes on
13 September 30, 2002 shall not be affected by the rate reduction that becomes effective
14 October 1, 2002, providing these recipients are otherwise eligible. The maximum
15 monthly rate for residents in adult care home facilities under this subsection shall be one
16 thousand two hundred thirty-one dollars (\$1,231) per month per resident.

17 SECTION 21.44.(b) The maximum monthly rate for residents in adult care home
18 facilities shall be one thousand sixty-two dollars (\$1,062) per month per resident
19 through September 30, 2001.

20 SECTION 21.44.(c) Effective October 1, 2001, the maximum monthly rate for
21 residents in adult care home facilities shall be one thousand ninety-one dollars (\$1,091)
22 per month per resident.

23 SECTION 21.44.(d) Effective October 1, 2002, the maximum monthly rate for
24 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~
25 ~~(\$1,120) per month per resident.~~ one thousand sixty-two dollars (\$1,062) per month per
26 resident."

27
28 Special Provision 2002-DHHS-S28-P [v3], Modified 5/23/02 10:45 AM

29 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
30 ELECTING COUNTY TANF FUNDS REVERT

31 SECTION #. G.S. 108A-27.11(c) reads as rewritten:

32 "(c) Each Electing County's allocation for Work First Family Assistance shall be
33 computed based on the percentage of each Electing County's total expenditures for cash
34 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting
35 percentage shall be applied to the federal TANF block grant funds appropriated for cash
36 assistance by the General Assembly each fiscal year. The Department shall transmit the
37 federal funds contained in the county block grants to Electing Counties as soon as
38 practicable after they become available to the State and in accordance with federal cash
39 management laws and regulations. The Department shall transmit one-fourth of the
40 State funds contained in county block grants to Electing Counties at the beginning of
41 each quarter. ~~Once paid, the county block grant funds shall not revert."~~

42
43 Special Provision 2002-DHHS-S31-P [v4], Modified 5/23/02 11:25 AM

44 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION #. Section 21.54(b) of S.L. 2001-424 reads as rewritten:

"SECTION 21.54.(b) The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the following:

- (1) The proposed time and location for implementation of the pilot.
- (2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.
- (3) Method for evaluating the pilot, including services provided, on a regular basis.
- (4) A description of the living environment for each resident and a comparison of how the living environment compares to that of other residents in the adult care home.
- (5) Changes to State law necessary to implement the pilot.
- (6) Projected cost to the State for pilot and statewide implementation."

Special Provision 2002-DHHS-S33-P [v6], Modified 5/23/02 10:49 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM**REPEALED**

SECTION #. Section 21.35 of S.L. 2001-424 is repealed.

Special Provision 2002-DHHS-S39-P [v9], Modified 5/28/02 2:07 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY

SECTION #.(a) The Department of Health and Human Services shall develop a plan to address the short-term and long-term recommendations of the report titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special Assistance Rate Methodology, May, 2002." The plan shall include:

- (1) Setting the rate at the median plus a percentage;
- (2) Excluding low-occupancy facilities from the rate-setting methodology; and
- (3) Adjusting fixed costs for inflation.

SECTION #.(b) The Department shall implement the following changes to the adult care home cost reports:

- (1) Revise the Direct Cost category to include: housekeeping/laundry, health services, dietary services, recreational activities, and initial orientation/aide training;
- (2) Revise the Indirect Cost category to include: administration/general and operation/maintenance;

- 1 (3) Revise the category of other Cost centers to include: personal care,
 2 medically related transportation, and mental health services;
 3 (4) Create a capital cost center category to include
 4 property/ownership/use;
 5 (5) Create a nonreimbursable cost category; and
 6 (6) Define allowable and nonallowable expenditures.

7 The Department of Health and Human Services shall make the new cost report format
 8 available to each facility 90 days prior to implementation.

9 SECTION #.(c) The Department shall assume the responsibility of auditing
 10 provider costs. The Department shall implement the recommendations contained in the
 11 report named in subsection (a) of this section concerning the creation of an audit
 12 function that is directly answerable to the State and involves fewer but more detailed
 13 audits. All providers of services to State County Special Assistance recipients shall be
 14 subject to a State audit if selected. The specific audit requirements shall be based on
 15 similar auditing requirements of governmental programs such as Medicaid and
 16 Medicare.

17 SECTION #.(d) The Department shall apply for a federal waiver to pay
 18 facilities directly for residential services for State County Special Assistance Residents.

19 SECTION #.(e) The Department shall report on the progress of the
 20 implementations of the requirements of this section no later than December 1, 2002, to
 21 the Senate Appropriations Committee on Health and Human Services, the House of
 22 Representatives Appropriations Subcommittee on Health and Human Services, and the
 23 Fiscal Research Division.

24
 25 Special Provision 2002-DHHS-S51-P [v9], Modified 6/8/02 4:00 PM

26 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

27 SPECIAL CHILDREN ADOPTION FUND

28 SECTION #. Section 21.40(b) of S.L. 2001-424 reads as rewritten:

29 "SECTION 21.40.(b) Of the total funds appropriated for the Special Children
 30 Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the
 31 total funds available shall be reserved for payment to participating private adoption
 32 agencies. If the funds reserved in this subsection for payments to private adoption
 33 agencies have not been spent on or before March 31, ~~2002, 2003~~, the Division of Social
 34 Services may reallocate those funds, in accordance with this section, to other
 35 participating adoption agencies."

36
 37 SUBPART 5. DIVISION OF AGING

38
 39 Special Provision 2002-DHHS-S26-P [v6], Modified 5/23/02 11:24 AM

40 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

41 ALZHEIMER'S ASSOCIATION FUNDS FY 2001-2002

42 SECTION #. Section 21.31 of S.L. 2001-424 reads as rewritten:

43 "SECTION 21.31. Of the funds appropriated in this act to the Department of Health
 44 and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars

1 (~~\$150,000~~) for the 2001-2002 fiscal year and ~~the sum of one hundred fifty thousand~~
2 ~~dollars (\$150,000) for the 2002-2003 fiscal year shall be allocated as follows:~~

3 (1) ~~\$75,000 in each fiscal year for the Western Carolina Alzheimer's~~
4 ~~Chapter; and~~

5 (2) ~~\$75,000 in each fiscal year for the Eastern NC Alzheimer's Chapter.~~

6 Before funds may be allocated to any chapter under this section, the Chapter shall
7 submit to the Division of Aging, for its approval, a plan for the use of the funds."
8

9 Special Provision 2002-DHHS-S34-P [v4], Modified 5/23/02 11:22 AM

10 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

11 GOVERNOR'S ADVISORY COUNCIL ON AGING

12 SECTION #. G.S. 143B-181 reads as rewritten:

13 "§ 143B-181. Governor's Advisory Council on Aging - members; selection;
14 quorum; compensation.

15 The Governor's Advisory Council on Aging of the Department of Health and Human
16 Services shall consist of 33 members, 29 members to be appointed by the Governor, two
17 members to be appointed by the President Pro Tempore of the Senate, and two members
18 to be appointed by the Speaker of the House of Representatives. The composition of the
19 Council shall be as follows: one representative of the Department of Administration;
20 one representative of the Department of Cultural Resources; one representative of the
21 Employment Security Commission; one representative of the Teachers' and State
22 Employees' Retirement System; one representative of the Commissioner of Labor; one
23 representative of the Department of Public Instruction; one representative of the
24 Department of Environment and Natural Resources; one representative of the
25 Department of Insurance; one representative of the Department of Crime Control and
26 Public Safety; one representative of the Department of Community Colleges; one
27 representative of the School of Public Health of The University of North Carolina; one
28 representative of the School of Social Work of The University of North Carolina; one
29 representative of the Agricultural Extension Service of North Carolina State University;
30 one representative of the collective body of the Medical Society of North Carolina; and
31 19 members at large. The at large members shall be citizens who are knowledgeable
32 about services supported through the Older Americans Act of 1965, as amended, and
33 shall include persons with greatest economic or social need, minority older persons, and
34 participants in programs under the Older Americans Act of 1965, as amended. The
35 Governor shall appoint 15 members at large who meet these qualifications and are 60
36 years of age or older. The four remaining members at large, two of whom shall be
37 appointed by the President Pro Tempore of the Senate and two of whom shall be
38 appointed by the Speaker of the House of Representatives, shall be broadly
39 representative of the major private agencies and organizations in the State who are
40 experienced in or have demonstrated particular interest in the special concerns of older
41 persons. At least one of each of the at-large appointments of the President Pro Tempore
42 of the Senate and the Speaker of the House of Representatives shall be persons 60 years
43 of age or older. The Council shall meet ~~at least quarterly~~ biannually.

1 Members at large shall be appointed for four-year terms and until their successors
2 are appointed and qualify. Ad interim appointments shall be for the balance of the
3 unexpired term.

4 The Governor shall have the power to remove any member of the Council from
5 office in accordance with the provisions of G.S. 143B-16 of the Executive Organization
6 Act of 1973.

7 The Governor shall designate one member of the Council as chair to serve in such
8 capacity at his pleasure.

9 Members of the Council shall receive per diem and necessary travel and subsistence
10 expenses in accordance with the provisions of G.S. 138-5.

11 A majority of the Council shall constitute a quorum for the transaction of business.
12 All clerical and other services required by the Council shall be supplied by the Secretary
13 of Health and Human Services."
14

15 **SUBPART 6. OFFICE OF EDUCATIONAL SERVICES**

16

17 **Special Provision 2002-DHHS-S54-P** [v6], Modified 5/28/02 3:39 PM

18 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

19 **RESIDENTIAL SCHOOLS REPORTING**

20 **SECTION #.** The Office of Education Services shall report not later than
21 December 1, 2002, to the Senate Appropriations Committee on Health and Human
22 Services, the House of Representatives Appropriations Subcommittee on Health and
23 Human Services, and the Fiscal Research Division on the activities of the Eastern North
24 Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at
25 Morganton, and the Governor Morehead School for the Blind. The report shall include
26 enrollment numbers at the schools, the budgets, and the academic status of the schools
27 as defined under the ABC's program.
28
29

30 **SUBPART 7. DIVISION OF PUBLIC HEALTH**

31

32 **Special Provision 2002-DHHS-S5-P** [v5], Modified 5/24/02 4:07 PM

33 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

34 **HEART DISEASE AND STROKE PREVENTION TASK FORCE**

35 **SECTION #.** Section 21.95 of S.L. 2001-424 reads as rewritten:

36 **"SECTION 21.95.** The Heart Disease and Stroke Prevention Task Force, created in
37 subsection (1) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended,
38 shall submit to the Governor and the General Assembly a sixth interim report within the
39 first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a
40 seventh interim report within the first week of the convening of the 2003 General
41 Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall
42 submit a final report to the Governor and the General Assembly by June 30, 2003, by
43 June 30, 2003, and, upon submission of its final report to the Governor and the General
44 Assembly, the Task Force shall expire."

1
2 **Special Provision 2002-DHHS-S6-P** [v7], Modified 5/23/02 11:21 AM

3 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

4 **NEWBORN HEARING SCREENING PROGRAM REPORT**

5 **SECTION #.** Section 21.96 of S.L. 2001-424 reads as rewritten:

6 "SECTION 21.96. The Department of Health and Human Services shall report the
7 following information on the newborn hearing screening program:

- 8 (1) Unduplicated number of infants screened.
- 9 (2) Number of infants who failed the second hearing screening.
- 10 (3) Number of infants receiving the diagnostic evaluation.
- 11 (4) Number and types of services provided.
- 12 (5) Number and types of follow-up services provided to children.

13 The Department shall submit the report not later than May 1, 2002, to the Senate
14 Appropriations Committee on Health and Human Services, the House of
15 Representatives Appropriations Subcommittee on Health and Human Services, and the
16 Fiscal Research Division. The Department shall report not later than January 1, 2003, on
17 its activities to the Senate Appropriations Committee on Health and Human Services,
18 the House of Representatives Appropriations Subcommittee on Health and Human
19 Services, and the Fiscal Research Division."

20
21 **Special Provision 2002-DHHS-S7-P** [v20], Modified 6/8/02 6:21 PM

22 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

23 **INTENSIVE HOME VISITING**

24 **SECTION #.** Section 21.97(b) of S.L. 2001-424 reads as rewritten:

25 "SECTION 21.97.(b) The Division shall require in-home visitors to collect data on
26 program participants as a condition of participation. This requirement shall include
27 six-month periodic assessments and completion of the questionnaires. The Department
28 shall ensure that the collection, maintenance, use, and disclosure of data complies with
29 applicable State and federal law protecting privacy of health and other individual
30 information. By April 1, ~~2002~~, 2003, the Division shall report to the Senate
31 Appropriations Committee on Health and Human Services and the House of
32 Representatives Appropriations Subcommittee on Health and Human Services on the
33 following items:

- 34 (1) Number of clients/families enrolled per county.
- 35 (2) Attrition and reasons why families leave the program.
- 36 (3) Average number of home visits per month.
- 37 (4) Average time involved per home visit.
- 38 (5) Baseline family characteristics.
- 39 (6) Health behaviors.
- 40 (7) Perinatal and birth outcomes.
- 41 (8) Other relevant outcome information.

42 All program information shall include the identification of the model used in order to
43 compare these models in the future."
44

1 Special Provision 2002-DHHS-S13-P [v5], Modified 5/28/02 2:17 PM

2 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

3 AIDS DRUG ASSISTANCE PROGRAM (ADAP)

4 SECTION #.(a) Section 21.90(b) of S.L. 2001-424 reads as rewritten:

5 "SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal
6 year, HIV-positive individuals with incomes at or below one hundred twenty-five
7 percent (125%) of the federal poverty level are eligible for participation in ADAP.
8 ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to~~
9 ~~one hundred fifty percent (150%) of the federal poverty level only after the Office of~~
10 ~~State Budget and Management certifies in writing that the Department has developed an~~
11 ~~information management system pursuant to subsection (a) of this section. Until the~~
12 ~~Office of State Budget and Management makes this certification, eligibility~~Eligibility
13 for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended
14 to individuals with incomes above one hundred twenty-five percent (125%) of the
15 federal poverty level. Following six months of increased eligibility at one hundred fifty
16 percent (150%) of the federal poverty level, eligibility for participation in ADAP shall
17 be extended to individuals with incomes up to one hundred seventy-five percent (175%)
18 of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning
19 July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals
20 with incomes up to two hundred percent (200%) of the federal poverty level."

21 SECTION #.(b) The Department of Health and Human Services shall
22 develop a plan to manage costs in ADAP and to serve additional participants within
23 additional resources. The plan shall include an assessment of the following, including,
24 where applicable, a review of other states' actions in these areas:

- 25 (1) Limiting the drug formulary.
26 (2) Capping expenditures on a per participant/per month basis.
27 (3) Providing financial assistance to participants for health care program
28 premiums.

29 SECTION #.(c) The Department shall report on activities conducted under
30 this section and under Section 21.90 of S.L. 2001-424 to the Senate Appropriations
31 Committee on Health and Human Services, the House of Representatives Subcommittee
32 on Health and Human Services, and the Fiscal Research Division. The Department
33 shall submit an interim report not later than December 1, 2002, and a final report not
34 later than May 1, 2003.

35
36 Special Provision 2002-DHHS-S42-P [v10], Modified 5/30/02 4:32 PM

37 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

38 PRESCRIPTION DRUG ASSISTANCE PROGRAM

39 SECTION #.(a) Section 21.88 of S.L. 2001-424 reads as rewritten:

40 "SECTION 21.88. Of the funds appropriated in this act to the Department of Health
41 and Human Services, the sum of five hundred thousand dollars (\$500,000) for the
42 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars (\$500,000) for the~~
43 ~~2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs for~~
44 persons:

- 1 (1) Over the age of 65 years and not eligible for full Medicaid benefits;
2 (2) Whose income is not more than one hundred fifty percent (150%) of
3 the federal poverty level; and
4 (3) Who have been diagnosed with cardiovascular disease or diabetes.

5 These funds shall be used to pay the cost of outpatient prescription drugs for the
6 treatment of cardiovascular disease or diabetes. Payment shall be not more than the
7 Medicaid cost including rebates. The Department shall develop criteria to maximize the
8 efficient and effective distribution of these drugs."

9 SECTION #.(b) It is the intent of the General Assembly that funding for
10 prescription drug assistance provided by the Health and Wellness Trust Fund shall
11 include funds for the transition of benefits formerly provided under the Prescription
12 Drug Assistance Program.

13
14 Special Provision 2002-DHHS-S48-P [v4], Modified 5/23/02 10:27 AM

15 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

16 REPEAL DENTAL HEALTH PROGRAM IN THE DEPARTMENT OF
17 HEALTH AND HUMAN SERVICES

18 SECTION #. Article 14 of Chapter 130A of the General Statutes is
19 repealed.

20
21 Special Provision 2002-DHHS-S49-P [v10], Modified 5/24/02 1:08 PM

22 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

23 RESTRUCTURE ORAL HEALTH SECTION

24 SECTION #. The Department of Health and Human Services, Division of
25 Public Health, shall restructure the Division's Oral Health Section within the Women's
26 and Children's Health Section. The restructuring shall result in broadening the scope of
27 the Oral Health Section responsibilities to begin to address a more comprehensive
28 school health program throughout the State. The Division shall ensure that positions and
29 resources within the Oral Health Section are also transferred to meet the requirements of
30 a comprehensive school health program. The Division of Public Health shall report not
31 later than December 1, 2002, on the Division's reorganization, including restructuring of
32 the Oral Health Section. The Division shall submit the report to the Senate
33 Appropriations Committee on Health and Human Services, the House of
34 Representatives Appropriations Subcommittee on Health and Human Services, and the
35 Fiscal Research Division.

36
37 Special Provision 2002-DHHS-S52-P [v3], Modified 5/28/02 2:36 PM

38 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

39 EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT

40 SECTION #. The Department of Health and Human Services shall report on
41 the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate
42 Appropriations Committee on Health and Human Services, the House of
43 Representatives Appropriations Subcommittee on Health and Human Services, and the
44 Fiscal Research Division not later than December 1, 2002.

1

2 Special Provision 2002-DHHS-S53-P [v5], Modified 5/23/02 2:40 PM

3 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

4 DEVELOPMENTAL EVALUATION CENTERS

5 SECTION #.(a) The Department of Health and Human Services, Division
6 of Public Health, shall administer the reduction in funds for the 2002-2003 fiscal year of
7 two million seventy-six thousand four hundred twenty-six dollars \$2,076,426 to all
8 Developmental Evaluation Centers (DEC's) based upon the following:

- 9 (1) Prior years' expenditures of the DEC,
10 (2) Elimination of vacant positions, and
11 (3) Overall needs of the DEC.

12 The reduction shall not result in the entire closure of an individual DEC and
13 the implementation of the reduction should seek to minimize the loss of direct services
14 to children, looking first at administrative reductions.

15 SECTION #.(b) The Division of Public Health shall prepare a plan for the
16 future of Developmental Evaluation Centers that will involve a needs-assessment of
17 services and geographical needs. The plan shall also include an assessment of the
18 number of DEC's needed and recommendations for future downsizing or growth. The
19 plan will augment the Early Intervention Services Plan submitted to the General
20 Assembly. The Division shall report on its plan not later than December 1, 2002, to the
21 Senate Appropriations Committee on Health and Human Services, the House of
22 Representatives Appropriations Subcommittee on Health and Human Services, and the
23 Fiscal Research Division.

24
25 Special Provision 2002-DHHS-S57-P [v12], Modified 5/30/02 2:44 PM

26 Requested by: Senator Martin of Guilford, Purcell, Plyler, Odom, Lee

27 DUSTY TRADES PROGRAM

28 SECTION #.(a) G.S. 97-61.1 reads as rewritten:

29 "§ 97-61.1. First examination of and report on employee having asbestosis or
30 silicosis.

31 When an employee and the Industrial Commission are advised by the ~~Department of~~
32 ~~Health and Human Services~~ that an employee has asbestosis or silicosis, the employer
33 shall be notified by the Industrial Commission, and the employee, when ordered by the
34 Industrial Commission, shall go to a place designated by the Industrial Commission and
35 submit to X rays and a physical examination by the advisory medical committee, at least
36 one of whom shall conduct the examination, and the member or members of the
37 advisory medical committee conducting the examination shall forward the X rays and
38 findings to the member or members of the committee not present for the physical
39 examination. The employer shall pay the expenses connected with the examination in
40 such amounts as shall be directed by the Industrial Commission. Within 30 days after
41 the completion of the examination, the advisory medical committee shall make a written
42 report signed by all of its members setting forth:

- 43 (1) The X rays and clinical procedures used by the committee in arriving
44 at its findings.

- 1 (2) Whether or not the claimant has contracted asbestosis or silicosis.
2 (3) The committee's opinion expressed in percentages of the impairment
3 of the employee's ability to perform normal labor in the same or any
4 other employment.
5 (4) Any other matter deemed pertinent by the committee.

6 When a competent physician certifies to the Industrial Commission that the
7 employee's physical condition is such that his movement to the place of examination
8 ordered by the Industrial Commission as herein provided in G.S. 97-61.1, 97-61.3 and
9 97-61.4 would be harmful or injurious to the health of the employee, the Industrial
10 Commission shall cause the examination of the employee to be made by the advisory
11 medical committee as herein provided at some place in the vicinity of the residence of
12 the employee suitable for the purposes of making such examination."

13 SECTION #.(b) G.S. 97-72(b) reads as rewritten:

14 "(b) The members of the advisory medical committee shall be paid one hundred
15 dollars (\$100.00) per month plus not more than forty dollars (\$40.00) per film
16 examined. The fee per film shall be established by the ~~Secretary of Health and Human~~
17 ~~Services, Industrial Commission,~~ as guided by the current Medicaid/Medicare
18 reimbursement schedules for North Carolina."

19 SECTION #.(c) G.S. 97-73(b) reads as rewritten:

20 "(b) ~~The Secretary of Health and Human Services Industrial Commission~~ shall
21 establish a schedule of fees for examinations ~~conducted by the Department of Health~~
22 ~~and Human Services directed by the Industrial Commission~~ pursuant to G.S. 97-60. The
23 fees shall be collected in accordance with rules adopted by the ~~Secretary of Health and~~
24 ~~Human Services Industrial Commission.~~"

25
26 SUBPART 8. DIVISION OF CHILD DEVELOPMENT

27
28 Special Provision 2002-DHHS-S10-P [v16], Modified 6/8/02 4:52 PM

29 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

30 EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
31 ENHANCEMENTS

32 SECTION #.(a) Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

33 "SECTION 21.75.(d) The Department of Health and Human Services and the
34 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
35 for Early Childhood Education and Development Initiatives for State fiscal ~~year-years~~
36 2001-2002 and 2002-2003 shall be administered and distributed in the following
37 manner:

- 38 (1) The North Carolina Partnership for Children, Inc., shall develop a
39 policy to allocate the reduction of funds for Early Childhood
40 Education and Development Initiatives for the 2001-2002 and 2002-
41 2003 fiscal ~~year-years~~.
42 (2) The North Carolina Partnership for Children, Inc., administration shall
43 be reduced by ten percent (10%) from the 2000-2001 fiscal year level.

1 (3) The Department of Health and Human Services Smart Start
2 administration shall be reduced by ten percent (10%) from the
3 2000-2001 fiscal year level.

4 (4) Capital expenditures and playground equipment expenditures are
5 prohibited for fiscal year ~~2001-2002~~ years 2001-2002 and 2002-2003.
6 For the purposes of this section, "capital expenditures" means
7 expenditures for capital improvements as defined in G.S. 143-34.40.

8 (5) Expenditures for advertising and promotional activities are prohibited
9 for fiscal year 2002-2003."

10 SECTION #.(b) Section 21.75(f) of S.L. 2001-424 reads as rewritten:

11 "SECTION 21.75.(f) For the 2001-2002 and 2002-2003 fiscal year, years, the North
12 Carolina Partnership for Children, Inc., shall not approve local partnership plans that
13 allocate State funds to child care providers for one-time quality improvement initiatives
14 in the following circumstances:

15 (1) Child care facilities with licensure of four or five stars, unless the
16 expenditure of funds is to expand capacity for low-income children.

17 (2) Child care facilities that do not accept child care subsidy funds.

18 (3) Child care facilities that previously received quality improvement
19 grants whose quality initiatives failed to increase licensure."

20 SECTION #.(c) For the 2002-2003 fiscal year, the local partnerships shall
21 spend an amount for child care subsidies that equals or exceeds the amount spent in the
22 2000-2001 fiscal year for child care subsidies and quality-related initiatives.

23 SECTION #.(d) Of the funds appropriated in this act, the North Carolina
24 Partnership for Children, Inc., shall transfer one million dollars (\$1,000,000) to the
25 Department of Health and Human Services, Division of Public Health, to contract with
26 the National Society to Prevent Blindness – North Carolina Affiliate, Inc., to maximize
27 vision screenings of children in child care settings. The National Society to Prevent
28 Blindness – North Carolina Affiliate, Inc., shall report on the use of the funds
29 transferred under this section no later than March 1, 2003, to the Senate Appropriations
30 Committee on Health and Human Services, the House of Representatives
31 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
32 Division. This report shall included the following:

33 (1) The number of screenings conducted.

34 (2) The number of previously undetected vision problems discovered in
35 the screenings.

36 (3) The number of child care facilities in which screenings are conducted.

37 (4) A listing of the counties in which screenings are conducted.

38 SECTION #.(e) Notwithstanding any other provision of law, for the
39 2002-2003 fiscal year, the North Carolina Partnership for Children, Inc., shall not
40 contract with any outside entity to conduct performance assessments of local
41 partnerships.

42 SECTION #.(f) G.S. 143B-168.12 is amended by adding a new subsection
43 to read:

1 "(e) The North Carolina Partnership for Children, Inc. shall develop guidelines for
2 local partnerships to follow in selecting capital projects to fund. The guidelines shall
3 include assessing the community needs in relation to the quantity of child care centers,
4 assessing the cost of purchasing or constructing new facilities as opposed to renovating
5 existing facilities, and prioritizing capital needs such as construction, renovations, and
6 playground equipment and other amenities."

7 **SECTION #.(g)** G.S. 143B-168.13(a)(1a) reads as rewritten:

8 "(1a) Develop and conduct a statewide needs and resource assessment every
9 third year, beginning in the 1997-98 fiscal year. This needs assessment
10 shall be conducted in cooperation with the North Carolina Partnership
11 and with the local partnerships. This needs assessment shall include a
12 statewide assessment of capital needs. The data and findings of this
13 needs assessment shall form the basis for annual program plans
14 developed by local partnerships and approved by the North Carolina
15 Partnership."

16 **SECTION #.(h)** Of the funds appropriated in this act, the North Carolina
17 Partnership for Children, Inc., shall transfer the sum of four hundred thousand dollars
18 (\$400,000) to the Department of Health and Human Services, Division of Public Health,
19 for the purpose of providing a statewide folic acid campaign.

20 **SECTION #.(i)** Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

21 "**SECTION 21.76B.(f)** In order to maximize and coordinate funding for
22 prekindergarten programs for four-year-olds with demonstrated educational needs, the
23 Department of Health and Human Services, the Department of Public Instruction, and
24 the Task Force ~~Force~~ and the North Carolina Partnership for Children, Inc., shall
25 identify and make recommendations on the reallocation of funds from existing State and
26 local programs providing prekindergarten related care and services, including child care
27 subsidies. All potential funding sources, including federal as well as State-funded
28 efforts, shall be identified. The report required under subsection (g) of this section shall
29 include recommendations on strategies to foster cooperation between the Partnership
30 and More at Four in addressing the academic and cognitive needs of young children.
31 The report shall include recommendations on structural changes to Smart Start and
32 More at Four, including consolidation of the two programs, that may be beneficial in
33 encouraging this cooperation. The report shall include a plan and a timetable for
34 implementation of the recommendations. In addition, the report shall identify any
35 obstacles to consolidation of the two programs."

36
37 **Special Provision 2002-DHHS-S11-P [v5], Modified 5/28/02 2:51 PM**

38 Requested by: Senators Martin of Guilford, Purcell , Plyler, Odom, Lee

39 **MORE AT FOUR PROGRAM**

40 **SECTION #.** Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

41 "**SECTION 21.76B.(d)** In development of the "More At Four" pilot, the
42 Department of Health and Human Services, in consultation with the Department of
43 Public Instruction and the Task Force, shall:

- 1 (1) Contract with an independent research organization, outside the
2 Department of Health and Human Services and the Department of
3 Public Instruction, with proven expertise in evaluation of
4 prekindergarten programs, for the design of an evaluation component.
5 ~~The evaluation component shall facilitate longitudinal review of the~~
6 ~~program and child specific outcomes to include, at a minimum,~~
7 ~~participants' readiness for kindergarten, percentage of participants~~
8 ~~scoring at or above grade level on the third grade end of grade test,~~
9 ~~and high school graduation rates.~~ pre- and post-assessments of children
10 participating in the More at Four Program. Of the funds appropriated
11 in this act, the Department shall not spend more than two hundred
12 thousand dollars (\$200,000) on this contract.
- 13 (2) Collaborate in the development of a system to collect and maintain
14 child-specific information to provide for the long-term evaluation of
15 the pilot. The system shall be developed in a manner which ~~builds~~
16 ~~upon~~ utilizes existing State and local systems and ~~which facilitates the~~
17 ~~interface with the N.C. Student Information Management System."~~

18 **SECTION #.** Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

19 **"SECTION 21.76B.(g)** The Department of Health and Human Services, the
20 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
21 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
22 Joint Legislative Education Oversight Committee, the Senate Appropriations
23 Committee on Health and Human Services, and the House of Representatives
24 Appropriations Subcommittee on Health and Human Services on the progress in
25 complying with this section. A final report along with recommendations for changes or
26 expansion of the program shall be presented to the ~~2003 General Assembly.~~ Senate
27 Appropriations Committee on Health and Human Services, the House of
28 Representatives Appropriations Subcommittee on Health and Human Services, and the
29 Fiscal Research Division no later than December 1, 2002. This final report shall include
30 the following:

- 31 (1) The number of children participating in the program.
32 (2) The number of children participating in the program who have never
33 been served in other early education programs such as child care,
34 public or private preschool, Head Start, Early Head Start, or early
35 intervention programs.
36 (3) The expected expenditures for the fiscal year.
37 (4) The location of program sites and the corresponding number of
38 children participating in the program at each site."
39

40 **Special Provision 2002-DHHS-S62-P [v4], Modified 5/28/02 2:48 PM**

41 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

42 **CHILD CARE SUBSIDY RATES**

43 **SECTION #.** Section 21.73(f) of S.L. 2001-424 reads as rewritten:

1 "SECTION 21.73.(f) Provision of payment rates for child care providers in
2 counties that do not have at least ~~75~~50 children in each age group for center-based and
3 home-based care are as follows:

4 (1) Payment rates shall be set at the ~~statewide or~~ regional market rate for
5 licensed child care centers and homes.

6 (2) If it can be demonstrated that the application of the ~~statewide or~~
7 regional market rate to a county with fewer than ~~75~~50 children in each
8 age group is lower than the county market rate and would inhibit the
9 ability of the county to purchase child care for low-income children,
10 then the county market rate may be applied."
11

12 **Special Provision 2002-DHHS-S71-P [v3], Modified 5/28/02 2:41 PM**

13 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

14 **REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL**
15 **REPAYMENT REQUIREMENTS**

16 SECTION #. G.S. 110-108 is repealed.
17

**Senate Appropriations
Subcommittee on
Health and Human Services**

Proposed Budget

June 11, 2002

Senate Subcommittee on Human Resources

Health and Human Services

GENERAL FUND

Total Budget Approved 2001 Session

FY 02-03

\$3,644,080,118

Budget Changes

Division of Aging

- 1 Funds for Senior Tarheel Legislature** (\$6,000) R
Reduces funds for 3 meetings per year from \$9,000 to \$3,000 each fiscal year.
- 2 Governor's Advisory Council on Aging** (\$4,000) R
Reduces funding by 50%. Funds will now be used to support 2 meetings per year, instead of quarterly meetings. \$4,000 will remain in the budget to cover the expense of 2 meetings.
- 3 Central Office Administration** (\$125,000) R
Reduces administration by 5% for the Division of Aging.
- 4 Contracts** (\$200,000) R
Eliminates contracts with Eastern and Western Alzheimer's Associations. Eliminates contract with Duke University for Alzheimer's training.
- 5 Senior Centers** (\$341,000) R
Eliminates 25% of the state funds for Senior Center Development and Outreach.
- 6 Senior Games** (\$43,750) R
Reduces State Funds for Senior Games by 25%.
- 7 Area Agency on Aging Administration** (\$350,000) R
Reduces state funds for planning and administration funds for 17 AAAs across the state, in lieu of new federal funds received.

Division of Child Development

- 8 Early Head Start Funds** (\$56,286) R
Eliminates the remaining state funds that support the federal Early Head Start Program.
- 9 Smart Start Evaluation** (\$500,000) R
Eliminates funding for the Smart Start evaluation.

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10 Smart Start Professional Development Funds	(\$16,000)	R
Reduces professional development funds that are used to help child care employees improve their educational qualifications.		
11 Smart Start Automation	(\$44,810)	R
Reduces funds to Division of Information and Resource Management for information technology activities that support Smart Start.		
12 Local Smart Start Partnership Funds	(\$24,760,428)	R
Reduces the amount of funds for activities at the local partnership level.		
13 NCPC Administration	(\$980,000)	R
Reduces the North Carolina Partnership for Children's administrative costs.		
14 Criminal Record Checks	(\$12,000)	R
Reduces the budget for reimbursement to the State Bureau of Investigation for the cost of obtaining record checks.		
15 DCD Administration	(\$618,939)	R
Reduces administrative expenses including positions, operating costs, and equipment. Positions include: 1.0 vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 filled and 3.0 vacant Child Program Specialists, 2.0 filled Processing Assistant III's, 1.0 vacant Administrative Assistant I, and 1.0 filled Policy and Planning Consultant.		
	-10.00	
Division of Facility Services		
16 Operating Expenses	(\$126,000)	R
Reduces operating expenses throughout the Division of Facility Services including computer equipment replacement.		
17 Travel	(\$150,000)	R
Reduces travel expenses throughout the Division of Facility Services.		
18 Legal Services	(\$35,974)	R
Eliminates one paralegal position.		
	-1.00	
19 Various Contracts	(\$380,731)	R
Eliminates the following contracts:		
Solucient	\$54,000	
Sheps Center	\$90,731	
Reduce the following contracts:		
Poison Control Center	\$136,000	
Miscellaneous Contracts	\$100,000	

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20 Vacant Positions

Eliminates two vacant positions: 1.0 Facility Engineer Specialist and 1.0 Facility Survey Consultant I.

(\$90,000) R

-2.00

Division of Medical Assistance

21 Asset Policy Changes for PCS Recipients

Modifies transfer of asset policy by applying the policy to persons receiving personal care services while residing in their home.

(\$423,959) R

22 Case Management Services

Reduces case management services for adults and children by 33% by streamlining services and eliminating duplicative services.

(\$20,000,000) R

23 Drug Utilization Management

Expands implementation of various drug utilization measures to contain the cost of prescription drugs, including expanding the use of generic drugs.

(\$37,374,352) R

24 Private Duty Nursing Limitations

Reduces expenditures for private duty nursing services for adults over 21 by limiting the number of hours to 16 hours per day and providing for 24 hours per day for up to 21 days post-hospital stay and up to 14 consecutive days if a patient's caregiver experiences a personal medical emergency.

(\$292,052) R

25 Personal Care Services Limitations

Reduces Personal Care Services by reducing the daily limit for services from 3.5 hours per day to 3 hours per day and reducing the monthly limit for services from 80 hours per month to 60 hours per month.

(\$2,655,057) R

26 CAP-MR/DD Program

Reduces the Community Alternatives Program for the Mentally Retarded and Developmentally Disabled (CAP-MR/DD) by revising the existing waivers and continuing the freeze on program participation until growth in program participation moderates.

(\$18,358,593) R

27 CAP-DA Program

Reduces the Community Alternatives Program for Disabled Adults (CAP-DA) by continuing the freeze on program participation, limiting the monthly average cost limit, and limiting the number of In-Home Aide Services.

(\$13,554,011) R

28 Asset Policy Changes

Modifies transfer of asset policy by including real property held under a life estate or tenancy-in-common as a countable asset when determining Medicaid eligibility.

(\$3,028,281) R

29 Pregnant Women Coverage for Minors

Modifies policy for determining eligibility for pregnant women coverage for minors by counting parental income.

(\$244,793) R

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- 30 Long Term Care Facilities Rx Contract** (\$3,773,069) R
Contracts for the provision of prescription drugs utilized by Medicaid covered residents of nursing facilities, intermediate care facilities for the mentally retarded, and adult care homes.
- 31 Hospital Payments** (\$1,409,819) R
Reduces payments to hospitals by 0.5%. Options for reducing payment include using waivers to reduce hospital costs associated with billing Medicaid and implementing a revised outpatient/emergency payment method to relate payment to services received.
- 32 Prospective Rates for Home Health Services** (\$991,979) R
Establishes prospective rate payment system for Home Health Services and pay for services based on an assessment of the specific needs of the Medicaid recipient. Payment for services will no longer be tied to the number of provider visits.
- 33 Contract for Home Infusion Therapy** (\$81,663) R
Contracts for Home Infusion Therapy services and reduce the number of providers.
- 34 Contract for Home Health Supplies** (\$175,055) R
Contracts for Home Health Supplies and reduce the number of providers.
- 35 Define "Efficient Provider" for Long Term Care** (\$15,175,621) R
Reduces expenditures by basing payment for long term care providers (nursing facilities, intermediate care facilities for the mentally retarded, and adult care home - personal care services) on an "efficient provider" operating profile.
- 36 Carolina ACCESS II/III Cost Savings** (\$9,425,000) R
Reduces expenditures for the Medicaid program to reflect anticipated savings from the expansion of Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increased generic prescribing, implementing polypharmacy review, reducing therapy visits, and better managing of high risk/high cost patients.
- 37 Reimbursement Rate Reduction** (\$2,280,846) R
Reduces reimbursement rates by 0.5% for all providers except hospitals, physicians, and dentists.
- 38 Contract for Durable Medical Equipment** (\$538,399) R
Contracts for Durable Medical Equipment and reduce the number of providers.
- 39 Medicare Crossover Claims** (\$1,900,000) R
Applies Medicaid medical policy to Medicare Crossover claims.

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40 Optional Services

Eliminates optional circumcision procedures except in cases of medical necessity.

(\$250,000) R

41 Revised Medicaid Forecast

Provides Increased funding for the Medicaid Program due to the revised forecast for SFY 2003.

\$109,723,210 R

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

42 Area Mental Health Programs

Reduces State appropriations to area mental health programs for community-based services.

(\$29,246,907) R

43 Child and Family State Facilities

Reduces funding for state-operated child and family facilities by reducing building repairs, travel, staff development, student temporary wages and salary reserve.

(\$45,451) R

44 United Cerebral Palsy, Inc. Contract

Reduces the contract with United Cerebral Palsy, Inc. by 10%.

(\$120,000) R

45 Various Contracts

Eliminates state appropriations for the following contracts:

(\$1,368,696) R

UNC Student Stipends	\$ 47,000
Housing Works, Inc.	\$ 60,326
National Alliance for the Mentally III	\$ 20,000
Exceptional Children's Assistance Center	\$123,408
Association for Persons in Supported Employment	\$39,900
UNC-CH Core Indicator Project Evaluation	\$127,000
UNC-CH DD Training Institute	\$586,424
Association of Self Advocates of NC	\$ 32,812
Mental Health Association Respite Training	\$120,000
NCSU-CUACS Technical Assistance	\$101,350

Reduce State Appropriations for the following contract:

NC High School Athletics Association	\$111,376
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46 Central Office Administration

Reduces central office administration by reducing travel, supplies and equipment line items, and reducing some contracts.

(\$162,013) R

47 Institutional Receipts

Reduces State appropriations by increasing the budget for institutional receipts

(\$1,000,000) R

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48 Mental Retardation Centers

(\$330,354) R

Reduces expenditures for State-operated Mental retardation centers by eliminating 5.5 positions and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Outreach Specialist II, and 1.0 Rehab Therapy Tech.

-5.50

49 State Psychiatric Hospitals

(\$2,895,097) R

Reduces expenditures for State-operated psychiatric hospitals by eliminating 61.0 positions; reducing education, training, and staff development; reducing expenditures for supplies, printing, and equipment; closing 5-bed TB Unit at Cherry hospital; Closing CPI outpatient unit at John Umstead Hospital, and eliminating 10 psychiatric beds at Cherry Hospital with no community transfer of funding. Eliminated positions include 24.0 Health Care Technician I's, 2.0 Clinical Social Workers, 2.0 Lead Psych Technicians, 1.0 Physician III-B, 2.0 Food Service Assistant II's, 1.0 Librarian, 1.0 LPN, 1.0 Nurse Education Instructor, 1.0 Patient Relations Representative III, 1.0 Physician III-C, 1.0 Plant Maintenance Supervisor II, 1.0 Processing Assistant III, 1.0 Rehab. Therapist, 2.0 Senior Psychologist I's, 1.0 Social Worker Clinical Specialist, 3.0 Teachers, 1.0 Dental Assistant, 1.0 X-Ray Technician II, 1.0 Office Assistant V, 1.0 Adaptive Equipment Specialist, 1.0 Boiler Room Operator Shift Supervisor I, 1.0 FSA II, 1.0 Grounds Worker, 1.0 Housekeeping Supervisor II, 1.0 Human Services Coordinator III, 1.0 Mechanic Supervisor I, 1.0 OT Supervisor II, 1.0 Patient Relations Representative V, 1.0 Physical Therapy Assistant II, 1.0 Processing Unit Supervisor IV, and 2.0 Word Processor III's.

-61.00

50 Substance Abuse State Facilities

(\$184,818) R

Reduces expenditures for State-operated substance abuse facilities by eliminating 15.25 positions, reducing salary reserve, contracting for dietary services, and reducing operating expenses such as travel, supplies, maintenance and equipment. Eliminated positions include: 4.0 Cook II's, 2.0 Cook Supervisor I, 1.0 Food Service Assistant I, 3.0 Food Service Assistant II's, 1.0 Food Service Supervisor IV, 1.0 Stock Clerk I, 1.0 Health Care Technician I, 1.0 Substance Abuse Counselor II, 1.0 MR Assistant III, and .25 Social Worker II.

-15.25

51 Autism Society Contract

(\$280,000) R

Reduces the contract with the Autism Society by 10%.

Division of Public Health

52 Aid-to-County

(\$1,000,000) R

Reduces the Aid-to-County funding by an amount that has historically been reverted at fiscal year's end.

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53 Home Health Purchase of Medical Care	(\$3,293,722)	R
Eliminates state appropriations for the Home Health Purchase of Medical Care Program and 1.0 Public Health Program Supervisor II position.		
	-1.00	
54 Developmental Evaluation Centers	(\$2,076,426)	R
Reduces appropriations for the 18 Developmental Evaluation Centers.		
55 Positions in Women's and Children's Health Section	(\$130,888)	R
Eliminates 3.45 vacant positions: 0.75 Audiologist, 0.70 Processing Assistant, 1.0 Public Health Program Consultant I, and 1 Social Research Assistant.		
	-3.45	
56 Operating Expenses	(\$52,180)	R
Reduces state appropriations for honorariums, conference registrations, educational supplies, office furniture and printing/binding for the Children and Youth Branch of Women's and Children's Health Section.		
57 Equipment	(\$27,835)	R
Eliminates appropriations for equipment in the Oral Health Section.		
58 Regional Dentists' Offices	(\$11,107)	R
Eliminates appropriations for the regional dentists' offices in Raleigh and Fayetteville and eliminates the operating expenses.		
59 Prescription Drug Access Project	(\$200,000)	R
Eliminates the appropriations for the Prescription Drug Access Project.		
60 Oral Health Section Positions	(\$747,000)	R
Eliminates 7.0 dentist positions, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.		
	-9.00	
61 Prescription Drug Assistance Program	(\$500,000)	R
Eliminates funding for the Prescription Drug Assistance Program for the elderly.		
62 Children With Special Needs Program	(\$110,000)	R
Reduces state appropriations for the Children With Special Needs program; the program historically has had unencumbered funds remaining in the account at the end of the fiscal year.		
63 Intensive Home Visiting Program	(\$95,860)	R
Reduces funding for the Intensive Home Visiting Program.		
64 Community Care Coordination	(\$90,000)	R
Reduces state appropriations and replaces the funds with Medicaid receipts for the community care coordinator contracts.		

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<p>65 Farmers' Market Program Eliminates the Farmers' Market Program.</p>	<p>(\$157,230) R</p>
<p>66 Dusty Trades Program Closes the Dusty Trades Program. Eliminates 3.0 filled Industrial Hygienist Consultant positions and 1.0 filled Processing Assistant IV position.</p>	<p>(\$165,405) R -4.00</p>
<p>67 Health Promotion Funding Reduces the Health Promotion funding that supports local health promotion activities.</p>	<p>(\$180,000) R</p>
<p>68 Contracts and Grants-In-Aid Eliminates the following contracts: UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235) Poe Center Contract and Grant-in-Aid - (\$201,500) Greenway Project - (\$6,425) Training and Research - (\$15,000) UNC Tech Assistance and Health Promotion Campaign - (\$89,825) Reduces the contract with UNC for PHTIN - (\$129,077)</p>	<p>(\$469,062) R</p>
<p>69 HIV/STD Care Contracts Reduces state appropriations and replaces these funds with the Ryan White Title II grant for contracts with community-based organizations.</p>	<p>(\$38,845) R</p>
<p>70 State Laboratory Pap Smear Program Reduces state appropriations within the Pap Smear Program and replaces it with a new \$7 fee to local health departments and state owned facilities for the test specimen.</p>	<p>(\$1,050,000) R</p>
<p>71 Immunization Branch Operating Funds Reduces state appropriations for travel, telecommunication, property insurance and employee education and replaces these funds with the federal immunization grant funds.</p>	<p>(\$66,659) R</p>
<p>72 Office of Minority Health Reduces the operating costs in the Office of Minority Health.</p>	<p>(\$24,000) R</p>
<p>73 State Center For Health Statistics Replaces state appropriations with historically over-realized receipts from the National Center for Health Statistics.</p>	<p>(\$146,190) R</p>
<p>74 Women's Health Reduces state appropriations and replaces the funds with Medicaid federal financial participation for the Perinatal Outreach and Education Training Program (POET).</p>	<p>(\$281,257) R</p>
<p>75 Oral Health Reduces state appropriations for the Dental Hygienist positions and replaces these funds with Medicaid receipts.</p>	<p>(\$662,107) R</p>

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| 76 Administrative Activities | (\$400,000) | R |
| Reduces state appropriations for non-direct service activities within Women's and Children's Health Section and replaces these funds with Medicaid receipts. | | |
| 77 Hepatitis B Vaccine School Site Initiative | (\$604,800) | R |
| Reduces state appropriations for the Hepatitis B vaccine and replaces the funds with federal vaccine funds. | | |
| 78 State Laboratory - Newborn Screening | (\$1,000,000) | R |
| Reduces state appropriations for the newborn screening tests and replaces these funds with proposed \$10 fees to be charged to hospitals and providers for each specimen submitted for testing. | | |
| 79 Contracts | (\$519,830) | R |
| Terminates contracts with LabCorp for CD4 testing, dysplasia clinics for cancer diagnostic and treatment services, and Wake Forest University for follow-up monitoring of Intensive Care Nursing and Neonatal Intensive Care Unit infants. | | |
| 80 Sickle Cell Program | (\$42,096) | R |
| Reduces state appropriations and replaces the funds with increased federal financial participation through Medicaid for the Sickle Cell community-based organizations. | | |

81 Contracts - Women's and Children's Health Section

Reduces contracts for services to support direct care. The following contracts are reduced by the corresponding amounts:

- Prevent Blindness - (\$41,900)
- UNC-CH, Center for Public Health Practice - (\$18,750)
- Duke University Medical School - (\$59,674)
- Carolina Healthcare System II (Pediatric and Prenatal Services) - (\$33,113)
- ECU (Pediatric and Prenatal Services)- (\$38,192)
- Fullerton Genetics Clinic (Pediatric and Prenatal Services) - (\$63,030)
- Wake Forest (Pediatric and Prenatal Services) - (\$55,102)
- UNC-CH (Pediatric and Prenatal Services) - (\$116,518)
- UNC-CH (Alpha-fetal protein screening) - (\$20,000)
- Wake Forest (Alpha-fetal protein screening) - (\$20,000)
- Carolinas HealthCare System (Services for children with hemophilia or other coagulation disorders) - (\$200)
- Duke University (Services for children with hemophilia or other coagulation disorders) - (\$600)
- ECU (Services for children with hemophilia or other coagulation disorders) - (\$600)
- UNC-CH (Services for children with hemophilia or other coagulation disorders) - (\$7,300)
- Wake Forest University (Services for children with hemophilia or other coagulation disorders) - (\$1,300)
- Moses Cone - (\$4,600)
- Duke University Medical Center - (\$33,697)
- UNC-CH (Multi-disciplinary assessment and treatment of communicative disorders of children) - (\$150,000)
- Wake Forest University (Assessment, monitoring and treatment of children 0-21 with orthopedic conditions) - (\$11,425)
- Western Carolina University - (\$40,000)
- Assistive Resource Centers (15% reduction for each) - (\$112,346)
- In-hospital identification of children with special health care needs - 10 contracts - (\$69,597)
- Center for Development and Learning UNC-CH - (\$485,646)
- Dept. of Agriculture - (\$600)
- NC Baptist Hospital - (\$4,800)
- Central Carolina - (\$50,000)
- UNC-CH - (\$87,708)
- Young Women's Outreach - (\$18,990)
- Albemarle Smart Start - (\$30,680)
- Adolescent Pregnancy Prevention Coalition of NC - (\$22,500)

Division of Social Services

82 Various Contracts

(\$892,743)

R

Eliminates state appropriations for the following contracts in the Child Support Section:

- Child Support Enforcement Training - \$641,893
- Child Support Enforcement Help Desk - \$229,840
- Ohio State Treasurer - \$ 21,010

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| 83 Carry forward for Electing Counties | (\$600,000) | R |
| Eliminates the ability of 13 Electing Counties to carry forward excess state funds at the end of state fiscal year. | | |
| 84 Families for Kids | (\$1,200,000) | R |
| Eliminates funding for 16 local Departments of Social Services. Historically, these funds have been used to assist counties improving their child welfare services and reduce the amount of time children remain in the foster care system. | | |
| 85 State/County Special Assistance | (\$7,200,000) | R |
| Reduces the current rate of \$1,091 to the previous rate of \$1,062. Reduction will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$200,000 in remaining funds shall be used for expanded audit requirements. | | |
| 86 DSS State Administration | (\$1,399,093) | R |
| Reduces the operating budget for the Central Office. | | |
| 87 Resident Evaluation Services | (\$1,062,037) | R |
| Eliminates funds for Resident Evaluation Services. The automated instrument required to implement this new initiative is incomplete and funds to implement the program statewide are not available. | | |
| 88 Local DSS Administration | (\$5,500,000) | R |
| Reduces State funds for operating budgets for 100 local Departments of Social Services. | | |
| 89 Child Support Backlog | (\$1,500,000) | R |
| Eliminates expansion item that was not funded during the 01-02 fiscal year. Funding was intended to address Child Support Enforcement backlogs in urban counties. The Division addressing the problem through improving current operating procedures without additional funds. | | |
| 90 Intensive Family Preservation | (\$25,977) | R |
| Reduces funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Recurring budgeted state funds will be approximately \$1.4 million following this reduction. | | |
| 91 Family Resource Centers | (\$698,866) | R |
| Reduces funds for Family Resource Centers in 49 counties. | | |
| 92 State Adult Care Home Specialist Funds | (\$1,400,000) | R |
| Eliminates funds used to pay for staff at local Departments of Social Services. The state provided this funding to reduce caseloads for adult home specialists at the local level. | | |

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93 CCPT Grant

Eliminates funds for the Community Child Protection Team Grant (CCPT). Historically, this funding has been distributed on a competitive basis to counties demonstrating innovative approaches to improving their child protection services.

(\$250,000)

R

94 Boys and Girls Clubs

State funds will be used to replace federal funds historically used to fund Boys and Girls Clubs across the state. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

\$600,000

NR

Division of Vocational Rehabilitation

95 Disability Division's Consolidation

Reduces state appropriations for the Divisions of Services for the Blind and Vocational Rehabilitation by consolidating the Division of Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and Division of Vocational Rehabilitation and creating a new Division to be named by the Department of Health and Human Services. Reductions will result from the consolidation of administration for all three divisions, consolidation of district offices in cities where there are two or more district offices, and streamlining of direct client services provided by all three divisions. No reductions are to come from the Division of Services for the Deaf and Hard of Hearing, and services unique to persons who are deaf or blind shall be maintained.

(\$750,000)

R

96 Universal Design Contract

Eliminates Universal Design contract with NCSU's Center for Universal Design.

(\$99,998)

R

97 Direct VR Client Services

Reduces state appropriations for vocational rehabilitation client services by implementing stricter case policies and "order of selection" policies that allow a waiting list for the least disabled clients.

(\$3,499,678)

R

98 Administrative Operational Costs

Reduces administrative costs by reducing expenditures for supplies, travel, and equipment.

(\$400,000)

R

99 Vacant Positions

Eliminates 25.0 vacant positions including 1.0 Adj. Services Instructor, 1.0 Administrative Assistant I, 1.0 Administrative Officer III, 1.0 Computer Technical Support III, 8.0 Office Assistant II's, 1.0 Office Assistant IV, 1.0 Processing Assistant III, 1.0 Program Assistant V, 1.0 Rehab. Case Assistant, 2.0 Rehab. Case Supervisors, 1.0 Rehab. Education Specialist, 1.0 Stock Clerk II, 1.0 Vocational Evaluator II, and 1.0 Vocational Evaluation Specialist.

(\$850,000)

R

-25.00

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Divisions of Services for the Blind and Services for Deaf & Hard of Hearing

- | | | |
|--|-------------|---|
| 100 Cost Allocation to Telecommunications Access of NC | (\$21,013) | R |
| Reduces state appropriations to the Division of Services for the Deaf and Hard of Hearing by increasing receipts from Telecommunication Access of NC through cost allocation. | | |
| 101 Special Assistance for the Blind | (\$158,000) | R |
| Reduces excess funding in the Special Assistance for the Blind program. | | |
| 102 Medical Eye Care and Independent Living Services | (\$64,000) | R |
| Reduces funding for Medical Eye Care and Independent Living Services by eliminating 1.0 Medical Eye Care Consultant position and reducing funding for medical/scientific equipment and educational supplies. | | |
| | -1.00 | |
| 103 Operating Expenses | (\$200,000) | R |
| Maintains expenditures for SFY 2003 for operating expenses at the SFY 2002 expenditure level. | | |
| 104 Medical Eye Care Program | (\$200,000) | R |
| Reduces excess funding in the Medical Eye Care Program. | | |

NC Health Choice

- | | | |
|---|---------------|---|
| 105 Premium Reduction by Using Medicaid Reimbursement | (\$8,578,528) | R |
| Reduces premiums for the NC Health Choice Program by paying Medicaid reimbursement rates to NC Health Choice providers. | | |
| 106 Dispensing Fee Reduction | (\$168,964) | R |
| Reduces premiums for the NC Health Choice program by reducing the dispensing fee paid to pharmacists from \$6.00 per prescription to \$4.00 for brand name drugs and \$5.60 for generic drugs. This is the same dispensing fee as paid by the Medicaid Program. | | |

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(\$454,669)

R

107 Co-payments

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit Increased to \$7 from \$5
Rx Filled Was \$6 for all Drugs
Now \$5 for Generic and \$10 for brand name
Non-emergency Use of ER Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit \$2
Rx Filled \$1 for Generic and \$3 for brand name
Non-emergency Use of ER \$10

Office of Education Services

108 Positions at ENCSD

(\$716,267)

Abolishes 26.0 vacant positions at the Eastern North Carolina School for the Deaf. Positions include: 1.0 Cook I, 4.25 EDA II's, 3.0 Food Service Assistant I's, .75 Occupational Therapist II, 1.0 Processing Assistant IV, 1.0 Resident Life Attendant, 9.0 Resident Life Trainers, 5.0 Teachers, and 1.0 Volunteer Service Coordinator.

-26.00

109 Operating Budget

(\$200,143)

R

Reduces operating budgets at the residential schools. This reduction targets equipment and supplies.

110 Capital Improvement Reserves

(\$701,665)

R

Eliminates appropriation for capital improvement reserves.

111 Central School Maintenance Funding

(\$381,632)

R

Eliminates the Central School for the Deaf's maintenance and operating budget. The positions to be eliminated include: 1.0 Maintenance Mechanic IV, 1.0 Facility Maintenance Supervisor III, and 2.0 Maintenance Mechanic II's.

-4.00

112 IEP/IFSP Personal Service Contracts

(\$100,000)

R

Reduces personal service contracts for activities prescribed in Individual Educational Plans and Individual Family Services Plans.

113 Auditory Learning Program Contract

(\$200,000)

R

Eliminates funding for the contract with the Auditory Learning Program.

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114 Positions at WNCSD

Abolishes 14.75 vacant positions and reduces operating expenses at the Western North Carolina School for the Deaf. Positions include: .75 Office Assistant IV, 1.0 Processing Assistant IV, 1.0 Staff Development Specialist II, 1.0 Computer Support Tech II, 1.0 Boiler Operator I, 1.0 Maintenance Mechanic I, 1.0 Maintenance Mechanic II, 5.0 Teachers, 1.0 Resident Life Attendant, and 2.0 Resident Life Trainers.

(\$362,625) R
-14.75

115 Governor Morehead School Preschool Program

Abolishes 8.75 vacant positions and reduces operating expenses for the Governor Morehead School Preschool Program. Positions include: 4.0 Teachers, 1.0 Lead Teacher, 2.0 Social Workers, and 1.75 EDA's.

(\$641,763) R
-8.75

116 Positions at GMS

Abolishes 11.0 vacant positions at the Governor Morehead School. Positions include: 1.0 EDA II, 1.0 General Utility Worker, 1.0 Housekeeper, 1.0 Librarian, 2.0 Resident Life Attendants, 5.0 Resident Life Trainers.

(\$319,691) R
-11.00

117 Beginnings Contract

Reduces the contract amount with Beginnings.

(\$38,000) R

118 Central Preschool Program

Abolishes 7.0 vacant and 2.0 filled preschool staff positions and operating expenses for the Central Preschool Program. Positions include: 5.0 vacant Teachers, 1.0 vacant Lead Teacher, 1.0 filled Processing Assistant IV, 1.0 filled Processing Assistant III, and 1.0 EDA II.

(\$361,164) R
-9.00

119 Maintenance Contract

Reduces a contract for maintenance at the Governor Morehead School.

(\$1,127) R

Office of the Secretary

120 Administrative Costs

Reduces administrative costs in the Office of Research, Demonstration, and Rural Health Development.

(\$48,109) R

121 IT Contractual Services

Reduces the SFY 2003 Certified Budget for information technology contractual services by 15%.

(\$2,402,718) R

122 Position Eliminations - DIRM

Eliminates 11.0 vacant positions in the Division of Information Management: 3.0 Application Analyst Programmer I's, 3.0 Application Programmer II's, 1.0 Application Programmer I, 1.0 Information Processing Assistant I, 1.0 Processing Assistant IV, and 2.0 Telecommunications Equipment Tech. III's.

(\$330,250) R
-11.00

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123 Rural Health Clinic Operational Funding	(\$150,000)	R
Reduces rural health clinic operating funds.		
124 Aid to Clinic Construction	(\$75,000)	R
Reduces funding for clinic construction by 50%.		
125 Loan Repayment Incentive Funds	(\$939,121)	R
Reduces funding for Loan Repayment Incentive Funds program.		
126 More At Four	(\$1,141,750)	R
Eliminates funding for professional development and information technology activities. Reduces funding for the program evaluation by \$200,000.		
127 Community Primary Care Grant Program	(\$118,400)	R
Eliminates funding for the Community Primary Care Grant Program in the Office of Research, Demonstration and Rural Health Development.		
128 NC Council on the Holocaust	(\$31,016)	R
Eliminates state appropriations for the NC Council on the Holocaust.		
129 Position Eliminations	(\$5,000,000)	R
Eliminates vacant or filled positions, reduce layers of management, and related operating expenses throughout the Department of Health and Human Services.		
	-150.00	
130 Print Shop Elimination	(\$46,657)	R
Eliminates the Print Shop in the Office of Public Affairs. DHHS shall contract for printing services with the Department of Corrections.		
	-6.00	
131 Position Eliminations - Controller's Office	(\$53,000)	R
Eliminates 2 vacant positions in the DHHS Controller Office. Eliminates 1.0 Accounting Clerk IV and 1.0 EBT Coordinator.		
	-2.00	
132 NC Child Advocacy Institute Grant-In-Aid	(\$125,000)	R
Reduces the grant-in-aid to the NC Child Advocacy Institute by 50%.		

Budget Changes	(\$154,083,624)	R
	\$600,000	NR
Total Position Changes	-380.70	
Revised Total Budget	\$3,490,596,494	

AGENDA

Senate Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Tuesday, June 18, 2002

8:30 a.m.

Opening Remarks

*Senator Bill Martin, Co-Chair
Senator Bill Purcell, Co-Chair*

2002-2003 Proposed Budget

Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

**SENATE APPROPRIATIONS SUBCOMMITTEE
ON
HEALTH AND HUMAN SERVICES**

Room 643, Legislative Office Building
Tuesday, June 18, 2002
8:30 a.m.
Minutes

The Senate Appropriations Subcommittee on Health and Human Services met Tuesday, June 18, 2002 at 8:30 a.m. in Room 643 of the Legislative Office Building. Senator Bill Martin, presiding Chair called the meeting to order with the all the members present:

The Chair recognized Fiscal Staff to give brief overviews about the budget items to be reviewed. A copy of the Proposed Budget and Special Provisions are included with these minutes.

During Committee discussion, the following questions were asked.

Sen. Moore-Explanation of \$52 million funds that will be held for Smart Start child-care subsidies. Are these new funds from last week.

Sen. Kerr- requested the Dept to report back to legislative body regarding the contracting of the three services and also the list of suppliers that they decide on.

Pages G5-G6

Change:

1 Contract that was restored was to the NC Self Advocates Association \$32,000 was restored.

Pages G7-G10

Change:

Contract to UNC-CH was to be reduced by \$150,000 but those funds were restored.

Pages G10-G12

Change:

Direct Aid to county Special Assistance was to be a reduction item of \$7.2mill but now the reduction is \$1.2

Sen. Moore-Where did these additional dollars come from? The numbers have been changed and he wants to know where the funds came from because as a member of this committee he would not be able to introduce an amendment that he did not have the information to back up about where the funds were shifted from.

Sen. Dannelly-Item #85-What is that? Ohio State Treasurer, has that been eliminated?

Pheon Beal -The Ohio state Treasurer contract was a contract for a public awareness program covering six states so that was NC's share of that contract. This is North Carolina's share in the multi-state effort.

G12-G14

No changes

G14-G15

The reduction to More At Four Program is not included in this Budget. A reduction of \$1.1 million of More at Four appropriations - where was that made up in the budget.

Sen. Forrester-Where was that money moved to? There is more work to be done with More at Four.

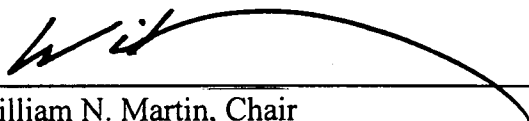
Sen. Martin-It is used for another area of the More at Four Program.

Sen. Forrester-There are five additional positions in this budget, where were they restored? Division of Child Development --- five---

Senator Moore requested staff to provide line item budget worksheets defining the pluses and minuses.

After discussion of the **Special Provisions**, moved that the Committee approve the Budget. The motion carried by unanimous voice vote.

The Chair again thanked everyone for their support and dedicated efforts. The meeting adjourned at 9:49 a.m.



William N. Martin, Chair



Joyce Crews Hodge, Clerk

**Senate Appropriations
Subcommittee on
Health and Human Services**

Proposed Budget

June 18, 2002

Senate Subcommittee on Human Resources

Health and Human Services

GENERAL FUND

FY 02-03

Total Budget Approved 2001 Session

\$3,644,080,118

Budget Changes

Division of Aging

- 1 Funds for Senior Tarheel Legislature** (\$6,000) R
Reduces funds for 3 meetings per year from \$9,000 to \$3,000 each fiscal year.
- 2 Governor's Advisory Council on Aging** (\$4,000) R
Reduces funding by 50%. Funds will now be used to support 2 meetings per year, instead of quarterly meetings. \$4,000 will remain in the budget to cover the expense of 2 meetings.
- 3 Central Office Administration** (\$125,000) R
Reduces administration by 5% for the Division of Aging.
- 4 Contracts** (\$200,000) R
Eliminates contracts with Eastern and Western Alzheimer's Associations. Eliminates contract with Duke University for Alzheimer's training.
- 5 Senior Centers** (\$341,000) R
Eliminates 25% of the state funds for Senior Center Development and Outreach.
- 6 Senior Games** (\$43,750) R
Reduces State Funds for Senior Games by 25%.
- 7 Area Agency on Aging Administration** (\$350,000) R
Reduces state funds for planning and administration funds for 17 AAAs across the state, in lieu of new federal funds received.

Division of Child Development

- 8 NCPC Administration** (\$980,000) R
Reduces the North Carolina Partnership for Children's administrative costs.
- 9 Early Head Start Funds** (\$56,286) R
Eliminates the remaining state funds that support the federal Early Head Start Program.
- 10 Criminal Record Checks** (\$12,000) R
Reduces the budget for reimbursement to the State Bureau of Investigation for the cost of obtaining record checks.

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- 11 Local Smart Start Partnership Funds** (\$24,760,428) R
 Reduces the amount of funds for activities at the local partnership level.
- 12 Smart Start Automation** (\$44,810) R
 Reduces funds to Division of Information and Resource Management for information technology activities that support Smart Start.
- 13 Smart Start Professional Development Funds** (\$16,000) R
 Reduces professional development funds that are used to help child care employees improve their educational qualifications.
- 14 Smart Start Evaluation** (\$500,000) R
 Eliminates funding for the Smart Start evaluation.
- 15 DCD Administration** (\$369,228) R
 Reduces administrative expenses including positions, operating costs, and equipment. Positions include: 1.0 vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 vacant Child Program Specialist, 2.0 filled Processing Assistant III's. -5.00

Division of Facility Services

- 16 Travel** (\$150,000) R
 Reduces travel expenses throughout the Division of Facility Services.
- 17 Operating Expenses** (\$126,000) R
 Reduces operating expenses throughout the Division of Facility Services including computer equipment replacement.
- 18 Legal Services** (\$35,974) R
 Eliminates one paralegal position. -1.00
- 19 Various Contracts** (\$380,731) R
 Eliminates the following contracts:
 Solucient \$54,000
 Sheps Center \$90,731

 Reduce the following contracts:
 Poison Control Center \$136,000
 Miscellaneous Contracts \$100,000
- 20 Vacant Positions** (\$90,000) R
 Eliminates two vacant positions: 1.0 Facility Engineer Specialist and 1.0 Facility Survey Consultant I. -2.00

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Division of Medical Assistance

- 21 Asset Policy Changes** (\$3,028,281) R
Modifies transfer of asset policy by including real property held under a life estate or tenancy-in-common as a countable asset when determining Medicaid eligibility.
- 22 Define "Efficient Provider" for Long Term Care** (\$15,175,621) R
Reduces expenditures by basing payment for long term care providers (nursing facilities, intermediate care facilities for the mentally retarded, and adult care home - personal care services) on an "efficient provider" operating profile.
- 23 Drug Utilization Management** (\$37,374,352) R
Expands implementation of various drug utilization measures to contain the cost of prescription drugs, including expanding the use of generic drugs.
- 24 Private Duty Nursing Limitations** (\$292,052) R
Reduces expenditures for private duty nursing services for adults over 21 by limiting the number of hours to 16 hours per day and providing for 24 hours per day for up to 21 days post-hospital stay and up to 14 consecutive days if a patient's caregiver experiences a personal medical emergency.
- 25 Personal Care Services Limitations** (\$2,655,057) R
Reduces Personal Care Services by reducing the daily limit for services from 3.5 hours per day to 3 hours per day and reducing the monthly limit for services from 80 hours per month to 60 hours per month.
- 26 CAP-MR/DD Program** (\$18,358,593) R
Reduces the Community Alternatives Program for the Mentally Retarded and Developmentally Disabled (CAP-MR/DD) by revising the existing waivers and continuing the freeze on program participation until growth in program participation moderates.
- 27 CAP-DA Program** (\$13,554,011) R
Reduces the Community Alternatives Program for Disabled Adults (CAP-DA) by continuing the freeze on program participation, limiting the monthly average cost limit, and limiting the number of In-Home Aide Services.
- 28 Asset Policy Changes for PCS Recipients** (\$423,959) R
Modifies transfer of asset policy by applying the policy to persons receiving personal care services while residing in their home.
- 29 Pregnant Women Coverage for Minors** (\$244,793) R
Modifies policy for determining eligibility for pregnant women coverage for minors by counting parental income.

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| <p>30 Dental Services for Adults over 21
 Reduces Dental services for adults over 21 by limiting services to basic preventative and restorative procedures, and emergency dental needs. Eliminates coverage of all denture services.</p> | <p>(\$5,121,872) R</p> |
| <p>31 Long Term Care Facilities Rx Contract
 Contracts for the provision of prescription drugs utilized by Medicaid covered residents of nursing facilities, intermediate care facilities for the mentally retarded, and adult care homes.</p> | <p>(\$3,773,069) R</p> |
| <p>32 Hospital Payments
 Reduces payments to hospitals by 0.5%. Options for reducing payment include using waivers to reduce hospital costs associated with billing Medicaid and implementing a revised outpatient/emergency payment method to relate payment to services received.</p> | <p>(\$1,409,819) R</p> |
| <p>33 Prospective Rates for Home Health Services
 Establishes prospective rate payment system for Home Health Services and pay for services based on an assessment of the specific needs of the Medicaid recipient. Payment for services will no longer be tied to the number of provider visits.</p> | <p>(\$991,979) R</p> |
| <p>34 Contract for Home Infusion Therapy
 Contracts for Home Infusion Therapy services and reduce the number of providers.</p> | <p>(\$81,663) R</p> |
| <p>35 Optical Service Providers
 Reduces rates for optical service providers by 10%.</p> | <p>(\$405,680) R</p> |
| <p>36 Contract for Home Health Supplies
 Contracts for Home Health Supplies and reduce the number of providers.</p> | <p>(\$175,055) R</p> |
| <p>37 Optional Services
 Eliminates optional circumcision procedures except in cases of medical necessity.</p> | <p>(\$250,000) R</p> |
| <p>38 Carolina ACCESS II/III Cost Savings
 Reduces expenditures for the Medicaid program to reflect anticipated savings from the expansion of Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increased generic prescribing, implementing polypharmacy review, reducing therapy visits, and better managing of high risk/high cost patients.</p> | <p>(\$9,425,000) R</p> |
| <p>39 Reimbursement Rate Reduction
 Reduces reimbursement rates by 0.5% for all providers except hospitals, physicians, and dentists.</p> | <p>(\$2,280,846) R</p> |

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- 40 Contract for Durable Medical Equipment** (\$538,399) R
Contracts for Durable Medical Equipment and reduce the number of providers.
- 41 Medicare Crossover Claims** (\$1,900,000) R
Applies Medicaid medical policy to Medicare Crossover claims.
- 42 Case Management Services** (\$20,000,000) R
Reduces case management services for adults and children by 33% by streamlining services and eliminating duplicative services.
- 43 Revised Medicaid Forecast** \$109,723,210 R
Provides Increased funding for the Medicaid Program due to the revised forecast for SFY 2003.

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

- 44 Area Mental Health Programs** (\$29,246,907) R
Reduces State appropriations to area mental health programs for community-based services.
- 45 Child and Family State Facilities** (\$45,451) R
Reduces funding for state-operated child and family facilities by reducing building repairs, travel, staff development, student temporary wages and salary reserve.
- 46 United Cerebral Palsy, Inc. Contract** (\$120,000) R
Reduces the contract with United Cerebral Palsy, Inc. by 10%.
- 47 Various Contracts** (\$1,335,884) R
Eliminates state appropriations for the following contracts:

UNC Student Stipends	\$ 47,000
Housing Works, Inc.	\$ 60,326
National Alliance for the Mentally Ill	\$ 20,000
Exceptional Children's Assistance Center	\$123,408
Association for Persons in Supported Employment	\$39,900
UNC-CH Core Indicator Project Evaluation	\$127,000
UNC-CH DD Training Institute	\$586,424
Mental Health Association Respite Training	\$120,000
NCSU-CUACS Technical Assistance	\$101,350

Reduce State Appropriations for the following contract:

NC High School Athletics Association	\$111,376
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- 48 Central Office Administration** (\$162,013) R
Reduces central office administration by reducing travel, supplies and equipment line items, and reducing some contracts.

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| <p>49 Institutional Receipts
 Reduces State appropriations by increasing the budget for institutional receipts</p> | <p>(\$1,000,000) R</p> |
| <p>50 Mental Retardation Centers
 Reduces expenditures for State-operated Mental retardation centers by eliminating 5.5 positions and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Outreach Specialist II, and 1.0 Rehab Therapy Tech.</p> | <p>(\$330,354) R
 -5.50</p> |
| <p>51 State Psychiatric Hospitals
 Reduces expenditures for State-operated psychiatric hospitals by eliminating 61.0 positions; reducing education, training, and staff development; reducing expenditures for supplies, printing, and equipment; closing 5-bed TB Unit at Cherry hospital; Closing CPI outpatient unit at John Umstead Hospital, and eliminating 10 psychiatric beds at Cherry Hospital with no community transfer of funding. Eliminated positions include 24.0 Health Care Technician I's, 2.0 Clinical Social Workers, 2.0 Lead Psych Technicians, 1.0 Physician III-B, 2.0 Food Service Assistant II's, 1.0 Librarian, 1.0 LPN, 1.0 Nurse Education Instructor, 1.0 Patient Relations Representative III, 1.0 Physician III-C, 1.0 Plant Maintenance Supervisor II, 1.0 Processing Assistant III, 1.0 Rehab. Therapist, 2.0 Senior Psychologist I's, 1.0 Social Worker Clinical Specialist, 3.0 Teachers, 1.0 Dental Assistant, 1.0 X-Ray Technician II, 1.0 Office Assistant V, 1.0 Adaptive Equipment Specialist, 1.0 Boiler Room Operator Shift Supervisor I, 1.0 FSA II, 1.0 Grounds Worker, 1.0 Housekeeping Supervisor II, 1.0 Human Services Coordinator III, 1.0 Mechanic Supervisor I, 1.0 OT Supervisor II, 1.0 Patient Relations Representative V, 1.0 Physical Therapy Assistant II, 1.0 Processing Unit Supervisor IV, and 2.0 Word Processor III's.</p> | <p>(\$2,895,097) R
 -61.00</p> |
| <p>52 Substance Abuse State Facilities
 Reduces expenditures for State-operated substance abuse facilities by eliminating 15.25 positions, reducing salary reserve, contracting for dietary services, and reducing operating expenses such as travel, supplies, maintenance and equipment. Eliminated positions include:
 4.0 Cook II's, 2.0 Cook Supervisor I, 1.0 Food Service Assistant I, 3.0 Food Service Assistant II's, 1.0 Food Service Supervisor IV, 1.0 Stock Clerk I, 1.0 Health Care Technician I, 1.0 Substance Abuse Counselor II, 1.0 MR Assistant III, and .25 Social Worker II.</p> | <p>(\$184,818) R
 -15.25</p> |
| <p>53 Autism Society Contract
 Reduces the contract with the Autism Society by 10%.</p> | <p>(\$280,000) R</p> |

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Division of Public Health

54 Equipment	(\$27,835)	R
Eliminates appropriations for equipment in the Oral Health Section.		
55 Developmental Evaluation Centers	(\$2,076,426)	R
Reduces appropriations for the 18 Developmental Evaluation Centers.		
56 Positions in Women's and Children's Health Section	(\$130,888)	R
Eliminates 3.45 vacant positions: 0.75 Audiologist, 0.70 Processing Assistant, 1.0 Public Health Program Consultant I, and 1 Social Research Assistant.		
	-3.45	
57 Operating Expenses	(\$52,180)	R
Reduces state appropriations for honorariums, conference registrations, educational supplies, office furniture and printing/binding for the Children and Youth Branch of Women's and Children's Health Section.		
58 Children With Special Needs Program	(\$110,000)	R
Reduces state appropriations for the Children With Special Needs program; the program historically has had unencumbered funds remaining in the account at the end of the fiscal year.		
59 Intensive Home Visiting Program	(\$95,860)	R
Reduces funding for the Intensive Home Visiting Program.		
60 Aid-to-County	(\$1,000,000)	R
Reduces the Aid-to-County funding by an amount that has historically been reverted at fiscal year's end.		
61 Regional Dentists' Offices	(\$11,107)	R
Eliminates appropriations for the regional dentists' offices in Raleigh and Fayetteville and eliminates the operating expenses.		
62 Office of Minority Health	(\$24,000)	R
Reduces the operating costs in the Office of Minority Health.		
63 Home Health Purchase of Medical Care	(\$3,293,722)	R
Eliminates state appropriations for the Home Health Purchase of Medical Care Program and 1.0 Public Health Program Supervisor II position.		
	-1.00	
64 State Laboratory Pap Smear Program	(\$1,050,000)	R
Reduces state appropriations within the Pap Smear Program and replaces it with a new \$7 fee to local health departments and state owned facilities for the test specimen.		
65 Oral Health Section Positions	(\$747,000)	R
Eliminates 7.0 dentist positions, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.		
	-9.00	

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| <p>66 Community Care Coordination
 Reduces state appropriations and replaces the funds with Medicaid receipts for the community care coordinator contracts.</p> | <p>(\$90,000) R</p> |
| <p>67 Prescription Drug Access Project
 Eliminates the appropriations for the Prescription Drug Access Project.</p> | <p>(\$200,000) R</p> |
| <p>68 Prescription Drug Assistance Program
 Eliminates funding for the Prescription Drug Assistance Program for the elderly.</p> | <p>(\$500,000) R</p> |
| <p>69 Contracts and Grants-In-Aid
 Eliminates the following contracts:
 UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235)
 Poe Center Contract and Grant-in-Aid - (\$201,500)
 Greenway Project - (\$6,425)
 Training and Research - (\$15,000)
 UNC Tech Assistance and Health Promotion Campaign - (\$89,825)
 Reduces the contract with UNC for PHTIN - (\$129,077)</p> | <p>(\$469,062) R</p> |
| <p>70 HIV/STD Care Contracts
 Reduces state appropriations and replaces these funds with the Ryan White Title II grant for contracts with community-based organizations.</p> | <p>(\$38,845) R</p> |
| <p>71 Health Promotion Funding
 Reduces the Health Promotion funding that supports local health promotion activities.</p> | <p>(\$180,000) R</p> |
| <p>72 Immunization Branch Operating Funds
 Reduces state appropriations for travel, telecommunication, property insurance and employee education and replaces these funds with the federal immunization grant funds.</p> | <p>(\$66,659) R</p> |
| <p>73 Farmers' Market Program
 Eliminates the Farmers' Market Program.</p> | <p>(\$157,230) R</p> |
| <p>74 State Center For Health Statistics
 Replaces state appropriations with historically over-realized receipts from the National Center for Health Statistics.</p> | <p>(\$146,190) R</p> |
| <p>75 Women's Health
 Reduces state appropriations and replaces the funds with Medicaid federal financial participation for the Perinatal Outreach and Education Training Program (POET).</p> | <p>(\$281,257) R</p> |
| <p>76 Oral Health
 Reduces state appropriations for the Dental Hygienist positions and replaces these funds with Medicaid receipts.</p> | <p>(\$662,107) R</p> |

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77 Administrative Activities	(\$400,000)	R
Reduces state appropriations for non-direct service activities within Women's and Children's Health Section and replaces these funds with Medicaid receipts.		
78 Hepatitis B Vaccine School Site Initiative	(\$604,800)	R
Reduces state appropriations for the Hepatitis B vaccine and replaces the funds with federal vaccine funds.		
79 State Laboratory - Newborn Screening	(\$1,000,000)	R
Reduces state appropriations for the newborn screening tests and replaces these funds with proposed \$10 fees to be charged to hospitals and providers for each specimen submitted for testing.		
80 Contracts	(\$519,830)	R
Terminates contracts with LabCorp for CD4 testing, dysplasia clinics for cancer diagnostic and treatment services, and Wake Forest University for follow-up monitoring of Intensive Care Nursing and Neonatal Intensive Care Unit infants.		
81 Dusty Trades Program	(\$165,405)	R
Closes the Dusty Trades Program. Eliminates 3.0 filled Industrial Hygienist Consultant positions and 1.0 filled Processing Assistant IV position.		
	-4.00	
82 Sickle Cell Program	(\$42,096)	R
Reduces state appropriations and replaces the funds with increased federal financial participation through Medicaid for the Sickle Cell community-based organizations.		

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83 Contracts - Women's and Children's Health Section

(\$1,448,868) R

Reduces contracts for services to support direct care. The following contracts are reduced by the corresponding amounts:

- Prevent Blindness - (\$41,900)
- UNC-CH, Center for Public Health Practice - (\$18,750)
- Duke University Medical School - (\$59,674)
- Carolina Healthcare System II (Pediatric and Prenatal Services) - (\$33,113)
- ECU (Pediatric and Prenatal Services)- (\$38,192)
- Fullerton Genetics Clinic (Pediatric and Prenatal Services) - (\$63,030)
- Wake Forest (Pediatric and Prenatal Services) - (\$55,102)
- UNC-CH (Pediatric and Prenatal Services) - (\$116,518)
- UNC-CH (Alpha-fetal protein screening) - (\$20,000)
- Wake Forest (Alpha-fetal protein screening) - (\$20,000)
- Carolinas HealthCare System (Services for children with hemophilia or other coagulation disorders) - (\$200)
- Duke University (Services for children with hemophilia or other coagulation disorders) - (\$600)
- ECU (Services for children with hemophilia or other coagulation disorders) - (\$600)
- UNC-CH (Services for children with hemophilia or other coagulation disorders) - (\$7,300)
- Wake Forest University (Services for children with hemophilia or other coagulation disorders) - (\$1,300)
- Moses Cone - (\$4,600)
- Duke University Medical Center - (\$33,697)
- Wake Forest University (Assessment, monitoring and treatment of children 0-21 with orthopedic conditions) - (\$11,425)
- Western Carolina University - (\$40,000)
- Assistive Resource Centers (15% reduction for each) - (\$112,346)
- In-hospital identification of children with special health care needs - 10 contracts - (\$69,597)
- Center for Development and Learning UNC-CH - (\$485,646)
- Dept. of Agriculture - (\$600)
- NC Baptist Hospital - (\$4,800)
- Central Carolina - (\$50,000)
- UNC-CH - (\$87,708)
- Young Women's Outreach - (\$18,990)
- Albemarle Smart Start - (\$30,680)
- Adolescent Pregnancy Prevention Coalition of NC - (\$22,500)

Division of Social Services

84 State/County Special Assistance

(\$2,145,157) R

Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$200,000 in remaining funds shall be used for expanded audit requirements.

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- 85 Various Contracts** (\$892,743) R
Eliminates state appropriations for the following contracts in the Child Support Section:
- Child Support Enforcement Training - \$641,893
 - Child Support Enforcement Help Desk - \$229,840
 - Ohio State Treasurer - \$ 21,010
- 86 Carry forward for Electing Counties** (\$600,000) R
Eliminates the ability of 13 Electing Counties to carry forward excess state funds at the end of state fiscal year.
- 87 Families for Kids** (\$1,200,000) R
Eliminates funding for 16 local Departments of Social Services. Historically, these funds have been used to assist counties improving their child welfare services and reduce the amount of time children remain in the foster care system.
- 88 Local DSS Administration** (\$5,500,000) R
Reduces State funds for operating budgets for 100 local Departments of Social Services.
- 89 Family Resource Centers** (\$698,866) R
Reduces funds for Family Resource Centers in 49 counties.
- 90 Intensive Family Preservation** (\$25,977) R
Reduces funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Recurring budgeted state funds will be approximately \$1.4 million following this reduction.
- 91 CCPT Grant** (\$250,000) R
Eliminates funds for the Community Child Protection Team Grant (CCPT). Historically, this funding has been distributed on a competitive basis to counties demonstrating innovative approaches to improving their child protection services.
- 92 Child Support Backlog** (\$1,500,000) R
Eliminates expansion item that was not funded during the 01-02 fiscal year. Funding was intended to address Child Support Enforcement backlogs in urban counties. The Division addressing the problem through improving current operating procedures without additional funds.
- 93 DSS State Administration** (\$1,399,093) R
Reduces the operating budget for the Central Office.
- 94 Resident Evaluation Services** (\$1,062,037) R
Eliminates funds for Resident Evaluation Services. The automated instrument required to implement this new initiative is incomplete and funds to implement the program statewide are not available.

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95 State Adult Care Home Specialist Funds

(\$1,400,000) R

Eliminates funds used to pay for staff at local Departments of Social Services. The state provided this funding to reduce caseloads for adult home specialists at the local level.

96 Boys and Girls Clubs

\$600,000 NR

State funds will be used to replace federal funds historically used to fund Boys and Girls Clubs across the state. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

Division of Vocational Rehabilitation *- Carol*

97 Disability Division's Consolidation

(\$750,000) ^{Scarp}R

Reduces state appropriations for the Divisions of Services for the Blind and Vocational Rehabilitation by consolidating the Division of Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and Division of Vocational Rehabilitation and creating a new Division to be named by the Department of Health and Human Services. Reductions will result from the consolidation of administration for all three divisions, consolidation of district offices in cities where there are two or more district offices, and streamlining of direct client services provided by all three divisions. No reductions are to come from the Division of Services for the Deaf and Hard of Hearing, and services unique to persons who are deaf or blind shall be maintained.

98 Universal Design Contract

(\$99,998) R

Eliminates Universal Design contract with NCSU's Center for Universal Design.

99 Direct VR Client Services

(\$3,499,678) R

Reduces state appropriations for vocational rehabilitation client services by implementing stricter case policies and "order of selection" policies that allow a waiting list for the least disabled clients.

100 Administrative Operational Costs

(\$400,000) R

Reduces administrative costs by reducing expenditures for supplies, travel, and equipment.

101 Vacant Positions

(\$850,000) R

Eliminates 25.0 vacant positions including 1.0 Adj. Services Instructor, 1.0 Administrative Assistant I, 1.0 Administrative Officer III, 1.0 Computer Technical Support III, 8.0 Office Assistant II's, 1.0 Office Assistant IV, 1.0 Processing Assistant III, 1.0 Program Assistant V, 1.0 Rehab. Case Assistant, 2.0 Rehab. Case Supervisors, 1.0 Rehab. Education Specialist, 1.0 Stock Clerk II, 1.0 Vocational Evaluator II, and 1.0 Vocational Evaluation Specialist.

-25.00 *pos. br*

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Divisions of Services for the Blind and Services for Deaf & Hard of Hearing

- 102 Medical Eye Care Program (200,000) R
Reduces excess funding in the Medical Eye Care Program.
- 103 Medical Eye Care and Independent Living Services (64,000) R
Reduces funding for Medical Eye Care and Independent Living Services by eliminating 1.0 Medical Eye Care Consultant position and reducing funding for medical/scientific equipment and educational supplies. *-1.00 pos. too*
- 104 Operating Expenses (200,000) R
Maintains expenditures for SFY 2003 for operating expenses at the SFY 2002 expenditure level.
- 105 Cost Allocation to Telecommunications Access of NC (21,013) R
Reduces state appropriations to the Division of Services for the Deaf and Hard of Hearing by increasing receipts from Telecommunication Access of NC through cost allocation.
- 106 Special Assistance for the Blind (158,000) R
Reduces excess funding in the Special Assistance for the Blind program.

NC Health Choice

- 107 Co-payments (454,669) R
Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.
- Increased rates for families with income greater than 150% of the FPL:
 - Office/Mental Health Visit Increased to \$7 from \$5
 - Rx Filled Was \$6 for all Drugs
Now \$5 for Generic and \$10 for brand name
 - Non-emergency Use of ER Increased to \$30 from \$20
- New co-payments for families with income at or below 150% of the FPL:
 - Office/Mental Health Visit \$2
 - Rx Filled \$1 for Generic and \$3 for brand name
 - Non-emergency Use of ER \$10

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108 Dispensing Fee Reduction (\$168,964) R
 Reduces premiums for the NC Health Choice program by reducing the dispensing fee paid to pharmacists from \$6.00 per prescription to \$4.00 for brand name drugs and \$5.60 for generic drugs. This is the same dispensing fee as paid by the Medicaid Program.

109 Premium Reduction by Using Medicaid Reimbursement (\$8,578,528) R
 Reduces premiums for the NC Health Choice Program by paying Medicaid reimbursement rates to NC Health Choice providers.

Office of Education Services

110 Maintenance Contract (\$1,127) R
 Reduces a contract for maintenance at the Governor Morehead School.

111 Operating Budget (\$200,143) R
 Reduces operating budgets at the residential schools. This reduction targets equipment and supplies.

112 Capital Improvement Reserves (\$701,665) R
 Eliminates appropriation for capital improvement reserves.

113 Central School Maintenance Funding (\$381,632) R
 Eliminates the Central School for the Deaf's maintenance and operating budget. The positions to be eliminated include: 1.0 Maintenance Mechanic IV, 1.0 Facility Maintenance Supervisor III, and 2.0 Maintenance Mechanic II's. -4.00

114 IEP/IFSP Personal Service Contracts (\$100,000) R
 Reduces personal service contracts for activities prescribed in Individual Educational Plans and Individual Family Services Plans.

115 Auditory Learning Program Contract (\$200,000) R
 Eliminates funding for the contract with the Auditory Learning Program.

116 Central Preschool Program (\$361,164) R
 Abolishes 7.0 vacant and 2.0 filled preschool staff positions and operating expenses for the Central Preschool Program. Positions include: 5.0 vacant Teachers, 1.0 vacant Lead Teacher, 1.0 filled Processing Assistant IV, 1.0 filled Processing Assistant III, and 1.0 EDA II. -9.00 positions

117 Positions at WNCSD (\$362,625) R
 Abolishes 14.75 vacant positions and reduces operating expenses at the Western North Carolina School for the Deaf. Positions include: .75 Office Assistant IV, 1.0 Processing Assistant IV, 1.0 Staff Development Specialist II, 1.0 Computer Support Tech II, 1.0 Boiler Operator I, 1.0 Maintenance Mechanic I, 1.0 Maintenance Mechanic II, 5.0 Teachers, 1.0 Resident Life Attendant, and 2.0 Resident Life Trainers. -14.75 positions

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118 Governor Morehead School Preschool Program	(\$641,763)	R
Abolishes 8.75 vacant positions and reduces operating expenses for the Governor Morehead School Preschool Program. Positions include: 4.0 Teachers, 1.0 Lead Teacher, 2.0 Social Workers, and 1.75 EDA's.	-8.75	
119 Positions at GMS	(\$319,691)	R
Abolishes 11.0 vacant positions at the Governor Morehead School. Positions include: 1.0 EDA II, 1.0 General Utility Worker, 1.0 Housekeeper, 1.0 Librarian, 2.0 Resident Life Attendants, 5.0 Resident Life Trainers.	-11.00	
120 Positions at ENCSD	(\$716,267)	R
Abolishes 26.0 vacant positions at the Eastern North Carolina School for the Deaf. Positions include: 1.0 Cook I, 4.25 EDA II's, 3.0 Food Service Assistant I's, .75 Occupational Therapist II, 1.0 Processing Assistant IV, 1.0 Resident Life Attendant, 9.0 Resident Life Trainers, 5.0 Teachers, and 1.0 Volunteer Service Coordinator.	-26.00	
121 Beginnings Contract	(\$38,000)	R
Reduces the contract amount with Beginnings.		
Office of the Secretary		
122 Rural Health Clinic Operational Funding	(\$150,000)	R
Reduces rural health clinic operating funds.		
123 Aid to Clinic Construction	(\$75,000)	R
Reduces funding for clinic construction.		
124 Loan Repayment Incentive Funds	(\$939,121)	R
Reduces funding for Loan Repayment Incentive Funds program by 50%.		
125 Community Primary Care Grant Program	(\$118,400)	R
Eliminates funding for the Community Primary Care Grant Program in the Office of Research, Demonstration and Rural Health Development.		
126 Administrative Costs	(\$48,109)	R
Reduces administrative costs in the Office of Research, Demonstration, and Rural Health Development.		
127 Position Eliminations	(\$5,000,000)	R
Eliminates vacant or filled positions, reduce layers of management, and related operating expenses throughout the Department of Health and Human Services.	-150.00	
128 Print Shop Elimination	(\$46,657)	R
Eliminates the Print Shop in the Office of Public Affairs. DHHS shall contract for printing services with the Department of Corrections.	-6.00	

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FY 02-03

129 NC Child Advocacy Institute Grant-In-Aid	(\$125,000)	R
Reduces the grant-in-aid to the NC Child Advocacy Institute by 50%.		
130 IT Contractual Services	(\$2,402,718)	R
Reduces the SFY 2003 Certified Budget for information technology contractual services by 15%.		
131 Position Eliminations - DIRM	(\$330,250)	R
Eliminates 11.0 vacant positions in the Division of Information Management: 3.0 Application Analyst Programmer I's, 3.0 Application Programmer II's, 1.0 Application Programmer I, 1.0 Information Processing Assistant I, 1.0 Processing Assistant IV, and 2.0 Telecommunications Equipment Tech. III's.		
132 NC Council on the Holocaust	(\$31,016)	R
Eliminates state appropriations for the NC Council on the Holocaust.		
133 Position Eliminations - Controller's Office	(\$53,000)	R
Eliminates 2 vacant positions in the DHHS Controller Office. Eliminates 1.0 Accounting Clerk IV and 1.0 EBT Coordinator.		
	-11.00	
	-2.00	
<hr/>		
Budget Changes	(\$152,982,060)	R
	\$600,000	NR
Total Position Changes	-375.70	
Revised Total Budget	\$3,491,698,058	
<hr/>		

**Senate Appropriations
Subcommittee on
Health and Human Services**

Special Provisions

June 18, 2002

1
2 **PART V. BLOCK GRANTS** *no changes*

3
4 **Special Provision 2002-DHHS-S23-P** [v14], Modified 6/8/02 5:54 PM

5 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

6 **DHHS BLOCK GRANTS**

7 **SECTION #.(a)** Appropriations from federal block grant funds are made for
8 the fiscal year ending June 30, 2003, according to the following schedule:

9
10 **COMMUNITY SERVICES BLOCK GRANT**

11		
12	01. Community Action Agencies	\$ 15,266,973
13		
14	02. Limited Purpose Agencies	848,165
15		
16	03. Department of Health and Human Services	
17	to administer and monitor	
18	the activities of the	
19	Community Services Block Grant	848,165

20
21 **TOTAL COMMUNITY SERVICES BLOCK GRANT** \$ 16,963,303

22
23 **SOCIAL SERVICES BLOCK GRANT**

24		
25	01. County departments of social services	\$ 27,095,289
26	(Transfer from TANF - \$4,500,000)	
27		
28	02. Allocation for in-home services provided	
29	by county departments of	
30	social services	2,101,113
31		
32	03. Division of Mental Health, Developmental	
33	Disabilities, and Substance Abuse Services	3,234,601
34		
35	04. Division of Services for the Blind	3,105,711
36		
37	05. Division of Facility Services	426,836
38		
39	06. Division of Aging - Home and Community	
40	Care Block Grant	1,840,234
41		
42	07. Child Care Subsidies	3,000,000
43		
44	08. Division of Vocational Rehabilitation -	

1	United Cerebral Palsy	71,484
2		
3	09. State administration	1,693,368
4		
5	10. Child Medical Evaluation Program	238,321
6		
7	11. Adult day care services	2,155,301
8		
9	12. Comprehensive Treatment Services	
10	Program	422,003
11		
12	13. Department of Administration	
13	for the N.C. State Commission of Indian Affairs	
14	In-Home Services Program for the Elderly	203,198
15		
16	14. Division of Vocational Rehabilitation -	
17	Easter Seals Society	116,779
18		
19	15. UNC-CH CARES Program for training and	
20	consultation services	247,920
21		
22	16. Office of the Secretary - Office of Economic	
23	Opportunity for N.C. Senior Citizens'	
24	Federation for outreach services to	
25	low-income elderly persons	41,302
26		
27	17. Division of Social Services - Child	
28	Caring Agencies	1,500,000
29		
30	18. Division of Mental Health,	
31	Developmental Disabilities, and	
32	Substance Abuse Services - Developmentally	
33	Disabled Waiting List for services	5,000,000
34		
35	19. Transfer to Preventive Health Services Block	
36	Grant for HIV/AIDS education, counseling, and	
37	testing	145,819
38		
39	20. Division of Facility Services -	
40	Mental Health Licensure	213,128
41		
42	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 52,852,407
43		
44	LOW-INCOME ENERGY BLOCK GRANT	

1		
2	01. Energy Assistance Programs	\$ 11,395,026
3		
4	02. Crisis Intervention	6,598,934
5		
6	03. Administration	2,459,510
7		
8	04. Weatherization Program	3,457,189
9		
10	05. Department of Administration -	
11	N.C. State Commission of Indian Affairs	45,189
12		
13	06. Heating Air Repair and Replacement Program	1,613,355
14		
15	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 25,569,203
16		
17	MENTAL HEALTH SERVICES BLOCK GRANT	
18		
19	01. Provision of community-based	
20	services for severe and persistently	
21	mentally ill adults	\$ 5,442,798
22		
23	02. Provision of community-based	
24	services to children	2,513,141
25		
26	03. Comprehensive Treatment Services	
27	Program for Children	1,500,000
28		
29	04. Administration	783,911
30		
31	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 10,239,850
32		
33	SUBSTANCE ABUSE PREVENTION	
34	AND TREATMENT BLOCK GRANT	
35		
36	01. Provision of community-based	
37	alcohol and drug abuse services,	
38	tuberculosis services, and services	
39	provided by the Alcohol and Drug Abuse	
40	Treatment Centers	\$ 15,401,711
41		
42	02. Continuation of services for	
43	pregnant women and women	
44	with dependent children	8,069,524

1			
2	03.	Continuation of services to	
3		IV drug abusers and others at risk	
4		for HIV diseases	4,616,378
5			
6	04.	Provision of services to children	
7		and adolescents	7,740,611
8			
9	05.	Juvenile Services - Family Focus	851,156
10			
11	06.	Allocation to the Division of Public Health	
12		for HIV/STD Risk Reduction Projects	383,980
13			
14	07.	Allocation to the Division of Public Health	
15		for HIV/STD Prevention by County Health	
16		Departments	209,576
17			
18	08.	Allocation to the Division of Public Health	
19		for the Maternal and Child Health Hotline	37,779
20			
21	09.	Administration	2,596,307
22			
23	TOTAL SUBSTANCE ABUSE PREVENTION		
24	AND TREATMENT BLOCK GRANT		\$ 39,907,022
25			
26	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
27			
28	01.	Child care subsidies	\$149,801,334
29			
30	02.	Quality and availability initiatives	16,496,620
31			
32	03.	Administrative expenses	6,929,081
33			
34	04.	Transfer from TANF Block Grant for	
35		child care subsidies	72,812,189
36			
37	TOTAL CHILD CARE AND DEVELOPMENT FUND		
38	BLOCK GRANT		\$246,039,224
39			
40	TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
41	(TANF) BLOCK GRANT		
42			
43	01.	Work First Cash Assistance	\$129,396,275
44			

1	02.	Work First County Block Grants	92,018,855
2			
3	03.	Transfer to the Child Care and	
4		Development Fund Block Grant	
5		for child care subsidies	72,812,189
6			
7	04.	Allocation to the Division of Mental	
8		Health, Developmental Disabilities, and	
9		Substance Abuse Services for Work First	
10		substance abuse screening, diagnostic, and	
11		support treatment services and drug testing	400,000
12			
13	05.	Allocation to the Division of Social	
14		Services for staff development	75,000
15			
16	06.	Reduction of out-of-wedlock births	1,000,000
17			
18	07.	Business Process Reengineering	
19		Project Reserve	325,000
20			
21	08.	Allocation to the Division of Public Health	
22		for teen pregnancy prevention	600,000
23			
24	09.	Child Care Subsidies for TANF Recipients	26,621,241
25			
26	10.	County Child Protective Services,	
27		Foster Care, and Adoption Workers	2,727,550
28			
29	11.	Transfer to Social Services Block Grant for	
30		County Departments of Social Services for	
31		Children's Services	4,500,000
32			
33	12.	Residential Substance Abuse Services	
34		for Women With Children	1,475,142
35			
36	13.	Division of Social Services -	
37		Administration	500,000
38			
39	14.	Child Welfare workers and services for	
40		local departments of social services	7,654,841
41			
42	15.	Child Welfare Training	2,000,000
43			
44	16.	DSS Evaluation	500,000

1		
2	17. SACWIS Payback	4,643,454
3		
4	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
5	(TANF) BLOCK GRANT	\$347,249,547
6		
7	MATERNAL AND CHILD HEALTH BLOCK GRANT	
8		
9	01. Healthy Mothers/Healthy Children	
10	Block Grants to Local Health	
11	Departments	9,838,074
12		
13	02. High-Risk Maternity Clinic Services,	
14	Perinatal Education and Training,	
15	Childhood Injury Prevention,	
16	Public Information and Education, and	
17	Technical Assistance to Local Health	
18	Departments	2,012,102
19		
20	03. Services to Children With Special Health	
21	Care Needs	5,078,647
22		
23	TOTAL MATERNAL AND CHILD	
24	HEALTH BLOCK GRANT	\$ 16,928,823
25		
26	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
27		
28	01. Statewide Health Promotion Programs	\$3,282,810
29		
30	02. Rape Crisis/Victims' Services	
31	Program - Council for Women	197,112
32		
33	03. Transfer from Social Services	
34	Block Grant -	
35	HIV/AIDS education, counseling, and	
36	testing	145,819
37		
38	04. Office of Minority Health	159,459
39		
40	05. Administrative Costs	108,546
41		
42	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,893,746
43		

1 SECTION #.(b) Decreases in Federal Fund Availability. – If the United
2 States Congress reduces federal fund availability in the Social Services Block Grant
3 below the amounts appropriated in this section, then the Department of Health and
4 Human Services shall allocate these decreases giving priority first to those direct
5 services mandated by State or federal law, then to those programs providing direct
6 services that have demonstrated effectiveness in meeting the federally and
7 State-mandated services goals established for the Social Services Block Grant. The
8 Department shall not include transfers from TANF for specified purposes in any
9 calculations of reductions to the Social Services Block Grant.

10 If the United States Congress reduces the amount of TANF funds below the
11 amounts appropriated in this section after the effective date of this act, then the
12 Department shall allocate the decrease in funds after considering any underutilization of
13 the budget and the effectiveness of the current level of services. Any TANF Block
14 Grant fund changes shall be reported to the Senate Appropriations Committee on Health
15 and Human Services, the House of Representatives Appropriations Subcommittee on
16 Health and Human Services, and the Fiscal Research Division.

17 Decreases in federal fund availability shall be allocated for the Maternal and
18 Child Health and Preventive Health Services federal block grants by the Department of
19 Health and Human Services after considering the effectiveness of the current level of
20 services.

21 SECTION #.(c) Increases in Federal Fund Availability. – Any block grant
22 funds appropriated by the United States Congress in addition to the funds specified in
23 this act shall be expended by the Department of Health and Human Services, with the
24 approval of the Office of State Budget and Management, provided the resultant
25 increases are in accordance with federal block grant requirements and are within the
26 scope of the block grant plan approved by the General Assembly.

27 SECTION #.(d) Changes to the budgeted allocations to the block grants
28 appropriated in this act and new allocations from the block grants not specified in this
29 act shall be submitted to the Joint Legislative Commission on Governmental Operations
30 for review prior to the change and shall be reported immediately to the Senate
31 Appropriations Committee on Health and Human Services, the House of
32 Representatives Appropriations Subcommittee on Health and Human Services, and the
33 Fiscal Research Division.

34 SECTION #.(e) The Department of Health and Human Services may allow
35 no-cost contract extensions for up to six months for nongovernmental grant recipients
36 under the TANF Block Grant.

37 SECTION #.(f) Limitations on Preventive Health Services Block Grant
38 Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
39 Education shall be allocated as grants to nonprofit organizations to provide rape
40 prevention and education programs targeted for middle, junior high, and high school
41 students.

42 If federal funds are received under the Maternal and Child Health Block
43 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
44 U.S.C. § 710), for the 2002-2003 fiscal year, then those funds shall be transferred to the

1 State Board of Education to be administered by the Department of Public Instruction.
2 The Department of Public Instruction shall use the funds to establish an Abstinence
3 Until Marriage Education Program and shall delegate to one or more persons the
4 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department
5 of Public Instruction shall carefully and strictly follow federal guidelines in
6 implementing and administering the abstinence education grant funds.

7 The Department of Health and Human Services shall contract for the
8 follow-up testing involved with the Newborn Screening Program. The Department may
9 contract for these services with an entity within or outside of the State; however, the
10 Department may only contract with an out-of-state entity if it can be demonstrated that
11 there is a cost-savings associated with contracting with the out-of-state entity. The
12 contract amount shall not exceed twenty-five thousand dollars (\$25,000). The amount of
13 the contract shall be covered by funds in the Maternal and Child Grant Block Grant.

14 SECTION #.(g) The Department of Health and Human Services shall not
15 use any funds appropriated in this section to develop or implement a Medical Child
16 Care Pilot.

17 SECTION #.(h) Payment for subsidized child care services provided with
18 federal TANF funds shall comply with all regulations and policies issued by the
19 Division of Child Development for the subsidized child care program.

20 SECTION #.(i) The sum of five hundred thousand dollars (\$500,000)
21 appropriated in this section in the TANF Block Grant to the Department of Health and
22 Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
23 used to support administration of TANF-funded programs.

24 SECTION #.(j) The sum of one million four hundred seventy-five thousand
25 one hundred forty-two dollars (\$1,475,142) appropriated in this section in the TANF
26 Block Grant to the Department of Health and Human Services, Division of Mental
27 Health, Developmental Disabilities, and Substance Abuse Services, for the 2002-2003
28 fiscal year shall be used to provide regional residential substance abuse treatment and
29 services for women with children. The Department of Health and Human Services, the
30 Division of Social Services, and the Division of Mental Health, Developmental
31 Disabilities, and Substance Abuse Services, in consultation with local departments of
32 social services, area mental health programs, and other State and local agencies or
33 organizations, shall coordinate this effort in order to facilitate the expansion of
34 regionally based substance abuse services for women with children. These services
35 shall be culturally appropriate and designed for the unique needs of TANF women with
36 children.

37 In order to expedite the expansion of these services, the Secretary of the
38 Department of Health and Human Services may enter into contracts with service
39 providers.

40 The Department of Health and Human Services, the Division of Social
41 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
42 Abuse Services, shall report on their progress in complying with this subsection no later
43 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on
44 Health and Human Services, the House of Representatives Appropriations

1 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
2 reports shall include all of the following:

- 3 (1) The number and location of additional beds created.
- 4 (2) The types of facilities established.
- 5 (3) The delineation of roles and responsibilities at the State and local
6 levels.
- 7 (4) Demographics of the women served, the number of women served,
8 and the cost per client.
- 9 (5) Demographics of the children served, the number of children served,
10 and the services provided.
- 11 (6) Job placement services provided to women.
- 12 (7) A plan for follow-up and evaluation of services provided with an
13 emphasis on outcomes.
- 14 (8) Barriers identified to the successful implementation of the expansion.
- 15 (9) Identification of other resources needed to appropriately and
16 efficiently provide services to Work First recipients.
- 17 (10) Other information as requested.

18 SECTION #.(k) The sum of seven million six hundred fifty-four thousand
19 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
20 Block Grant to the Department of Health and Human Services, Division of Social
21 Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be
22 allocated to the county departments of social services for hiring or contracting staff to
23 investigate and provide services in Child Protective Services cases; to provide foster
24 care and support services; to recruit, train, license, and support prospective foster and
25 adoptive families; and to provide interstate and post-adoption services for eligible
26 families.

27 SECTION #.(l) The sum of one million five hundred thousand dollars
28 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
29 Department of Health and Human Services, Division of Mental Health, Developmental
30 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
31 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
32 section in the Social Services Block Grant to the Department of Health and Human
33 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
34 Services, for the 2002-2003 fiscal year shall be used to continue a Comprehensive
35 Treatment Services Program for Children in accordance with Section 21.60 of S.L.
36 2001-424, as amended.

37 SECTION #.(m) The sum of two million dollars (\$2,000,000) appropriated
38 in this section in the TANF Block Grant to the Department of Health and Human
39 Services, Division of Social Services, for fiscal year 2002-2003 shall be used to support
40 various child welfare training projects as follows:

- 41 (1) Provide a regional training center in southeastern North Carolina.
- 42 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
43 Social Work Collaborative.
- 44 (3) Provide training for residential child care facilities.

1 (4) Provide for various other child welfare training initiatives.

2 **SECTION #.(n)** The sum of three hundred twenty-five thousand dollars
3 (\$325,000) appropriated in this section in the TANF Block Grant to the Department of
4 Health and Human Services for a Business Process Reengineering Project Reserve may
5 only be used for the project if funds appropriated in this act for Business Process
6 Reengineering are not sufficient to continue the project through the 2002-2003 fiscal
7 year. Prior to the use of these funds, the Office of State Budget and Management shall
8 review all proposals for expenditure of these funds in order to ensure compliance with
9 this subsection.

10 **SECTION #.(o)** If funds appropriated through the Child Care and
11 Development Fund Block Grant for any program cannot be obligated or spent in that
12 program within the obligation or liquidation periods allowed by the federal grants, the
13 Department may move funds to child care subsidies, unless otherwise prohibited by
14 federal requirements of the grant, in order to use the federal funds fully.
15

1
2 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

3
4 **SUBPART 1. ADMINISTRATION**

5
6 **Special Provision 2002-DHHS-S63-P [v4], Modified 5/28/02 9:33 AM**

7 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

8 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

9 SECTION #. Section 21.17 of S.L. 2001-424 reads as rewritten:

10 "SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary,
11 the Department of Health and Human Services may establish special time-limited
12 positions ~~in the Division of Information Research Management for an information~~
13 ~~technology project to maximize efficiencies in the preparation for and for~~
14 ~~implementation of federal requirements of the medical records privacy standards under~~
15 ~~the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions~~
16 ~~established are not permanent positions, not subject to the State Personnel Act under~~
17 ~~G.S. 126-1.1, and not subject to the State salary schedule.~~

18 SECTION 21.17.(b) Positions established pursuant to this section may commence
19 no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~ June 30, 2005."

20
21 **Special Provision 2002-DHHS-S14A-P [v9], Modified 6/4/02 2:11 PM**

22 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

23 **CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE DEAF AND THE**
24 **HARD OF HEARING, SERVICES FOR THE BLIND, AND VOCATIONAL**
25 **REHABILITATION** *followe mary*

26 SECTION #.(a) There is created within the Department of Health and
27 Human Services a new division. The following three divisions, including all positions
28 and corresponding State appropriations, federal funds, and other funds, shall be
29 consolidated within this new division:

- 30 (1) Division of Services for the Deaf and the Hard of Hearing.
31 (2) Division of Services for the Blind.
32 (3) Division of Vocational Rehabilitation Services.

33 The new division shall retain all the duties, responsibilities, and powers of
34 these three divisions. The name of the new division shall be determined by the
35 Department of Health and Human Services.

36 SECTION #.(b) The Department shall report to the Senate Appropriations
37 Committee on Health and Human Services, the House of Representatives
38 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
39 Division on activities carried out under this section not later than October 1, 2002. This
40 report shall include the following:

- 41 (1) The name of the new division.
42 (2) An organizational chart showing the organizational structure of the
43 new division.

1 (3) A plan for reducing the budget of the consolidated division by seven
2 hundred fifty thousand dollars (\$750,000).

3 (4) A list of all statutory references that need to be changed as a result of
4 the consolidation.

5 SECTION #.(c) In developing a plan to reduce State appropriations to the
6 new division, the Department shall do the following:

7 (1) Consolidate the administration of the three existing divisions.

8 (2) Consolidate all district offices in cities where there is currently more
9 than one office.

10 (3) Streamline the provision of direct client services provided by the three
11 existing divisions.

12 (4) Maintain services unique to persons who are blind, deaf, or blind and
13 deaf.

14 (5) Develop a plan for using existing resources to expand services for deaf
15 and hard-of-hearing persons to areas of the State where services are
16 currently not provided.

17 (6) Maintain or increase current funding levels for all programs and
18 services currently provided by the Division of Services for the Deaf
19 and Hard of Hearing.

20 SECTION #.(d) Any additional savings beyond the seven hundred fifty
21 thousand dollars (\$750,000) achieved through the consolidation of the three divisions
22 shall be reallocated to direct services with first priority being given to serving the unmet
23 needs of deaf and hard-of-hearing persons.

24
25 Special Provision 2002-DHHS-S35-P [v11], Modified 5/28/02 11:12 AM

26 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

27 STAFFING REQUIREMENTS IN LONG-TERM CARE FACILITIES

28 SECTION #.(a) The Department of Health and Human Services, Office of
29 Long-Term Care, shall review staffing requirements of Adult Day Care Programs and
30 Adult Day Health Programs.

31 SECTION #.(b) The Department shall report the results of its review to the
32 Senate Appropriations Committee on Health and Human Services, the House of
33 Representatives Appropriations Subcommittee on Health and Human Services, and the
34 Fiscal Research Division not later than December 1, 2002. The report shall include
35 staffing requirements for adult day care and adult day health programs as compared to
36 adult care homes, assisted living facilities, and nursing homes in the State. The report
37 shall also compare staffing ratios in North Carolina to those of other states, including
38 those states that border North Carolina. The report shall be conducted by the
39 Department, Office of Long-Term Care, or by an independent contractor and shall
40 contain all of the following specific information:

41 (1) Number of staff required per resident.

42 (2) Education/work experience required and preferred as a basis for hire.

43 (3) Specific job duties outlined in job descriptions.

- 1 (4) Rationale and justification for establishing the existing staff ratios in
2 the Division of Aging's policy for adult day care and adult day health
3 care.
4 (5) An analysis of the variance in staffing requirements among adult day
5 care and adult day health programs, adult care homes, assisted living
6 facilities, and nursing homes.
7 (6) Identification of the entities responsible for licensing and monitoring
8 quality for all providers of long-term care in the State.
9 (7) Recommendations for changes to existing policies based on findings of
10 the Department's review.
11

12 **Special Provision 2002-DHHS-S37-P [v5], Modified 5/23/02 11:20 AM**

13 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

14 **REPORT ON SERVICES PROVIDED TO OLDER ADULTS**

15 **SECTION #.** The Department of Health and Human Services, Office of
16 Long-Term Care shall report to the Senate Appropriations Committee on Health and
17 Human Services, the House of Representatives Appropriations Subcommittee on Health
18 and Human Services, and the Fiscal Research Division on services provided to older
19 adults. The report shall provide information as follows:

- 20 (1) Identify all State agencies that provide services to adults age 60 and
21 older throughout the State.
22 (2) All resources available from all sources, including federal, State, and
23 local funds and personnel, for providing services to this population.
24 (3) Plans for reducing administration through the consolidation of
25 functions throughout Divisions of the Department.

26 The Office of Long-Term Care shall consult with experts in long-term care
27 and other relevant information sources to develop a plan to streamline services for older
28 adults at the local level. The Department shall submit its report not later than February
29 1, 2003.
30

31 **Special Provision 2002-DHHS-S50-P [v5], Modified 5/23/02 11:23 AM**

32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

33 **RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM** *more*

34 **SECTION #.** The Department of Health and Human Services, Office of
35 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment
36 Incentive Program. The assessment shall consider whether the Program should be
37 continued and shall identify ways to recruit additional providers to rural areas within
38 existing funds. The Department shall report on its activities and progress of the
39 assessment to the Senate Appropriations Committee on Health and Human Services, the
40 House of Representatives Appropriations Subcommittee on Health and Human
41 Services, and the Fiscal Research Division no later than December 1, 2002. The report
42 shall provide detailed information on the number of providers recruited, identification of
43 the counties in which the providers are recruited, and the amount of loan repayment and
44 length of service to a community for each provider.

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2 **Special Provision 2002-DHHS-S55-P** [v5], Modified 5/23/02 10:42 AM

3 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

4 **ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG**
5 **PROGRAMS** *newly*

6 **SECTION #.** Section 21.6(a) of S.L. 2001-424, as amended by S.L. 2001-
7 513, reads as rewritten:

8 "SECTION 21.6.(a) Of the funds appropriated in this act to the Department of
9 Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for
10 the 2001-2002 fiscal year ~~and the sum of two hundred thousand dollars (\$200,000) for~~
11 ~~the 2002-2003 fiscal year~~ shall be used to initiate the development of a system to assist
12 eligible individuals in obtaining prescription drugs at no cost through pharmaceutical
13 company programs. The system will be designed to minimize the efforts of patients and
14 their health care providers in securing needed drugs. The required patient and health
15 care provider data will be maintained and orders tracked in order to initiate timely
16 reorders of needed drugs to assure continuity of medication intake. The Department
17 may contract with a private nonprofit organization to assist in the development of the
18 system as provided under this section."
19

20 **Special Provision 2002-DHHS-S75-P** [v4], Modified 6/8/02 5:59 PM

21 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

22 **USE OF FUNDS FOR THE CHILD ADVOCACY INSTITUTE** *newly*

23 **SECTION #.** State funds appropriated for the Child Advocacy Institute shall
24 be used only for administration of the Child Advocacy Institute or for research and other
25 services provided by the Institute. These funds shall not be used or replaced by other
26 funds for (i) lobbying or other governmental affairs activities or (ii) direct contributions
27 to other nongovernmental entities.

28 This section shall not be construed to prohibit the Institute from using State
29 funds to contract with other nongovernmental entities for the purchase of goods or
30 services.
31

32 **Special Provision 2002-DHHS-S72-P** [v6], Modified 6/7/02 5:26 PM

33 Requested by: Senators Martin of Guilford, Purcell, Hoyle, Plyler, Odom, Lee

34 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

35 **SECTION #.(a)** The Department of Health and Human Services shall
36 develop a plan to consolidate building maintenance activities at the North Carolina
37 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
38 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
39 the level of staff necessary to carry out all of the current activities with fewer managers,
40 supervisors, and other staff, and develop a new single budget for the maintenance
41 activities.

42 **SECTION #.(b)** The Department of Health and Human Services shall
43 identify other facilities throughout the State that are in close proximity to one another

1 and assess the feasibility of consolidating the building maintenance activities at those
2 facilities.

3 SECTION #.(c) The Department of Health and Human Services shall report
4 on activities carried out under this section to the Senate Appropriations Committee on
5 Health and Human Services, the House of Representatives Appropriations
6 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
7 than December 1, 2002.

8
9 Special Provision 2002-DHHS-S79-P [v4], Modified 6/14/02 11:08 AM

10 Requested by: Senators Martin of Guilford, Purcell, Hoyle, Plyler, Odom, Lee

11 AREA AUTHORITY/COUNTY PROGRAM PROMPT PAY *New*

12 SECTION #. Part 4 of Article 4 of Chapter 122C of the General Statutes is
13 amended by adding the following new section to read: *Require area programs to pay within*

14 "§ 122C-141.1. Area authority and county program prompt payment of invoices
15 from service providers. *30 day or less Invoice*

16 (a) As used in this section, 'provider' means any qualified public or private
17 provider, agency, institution, or resource that contracts with an area authority or county
18 program for the provision of services pursuant to G.S. 122C-141(a).

19 (b) An area authority or county program shall, within 30 calendar days after
20 receipt of an invoice from a provider for services rendered, send to the provider:

21 (1) Payment of the invoice,

22 (2) Notice of denial of payment of the invoice, or

23 (3) Notice that additional information is necessary for payment of the
24 invoice.

25 An area authority or county program is presumed to have received a written invoice
26 five business days after the invoice has been placed first-class postage prepaid in the
27 United States mail addressed to the area authority or county program or an electronic
28 invoice transmitted to the area authority, the county program, or a designated
29 clearinghouse on the day the invoice is electronically transmitted.

30 (c) If payment of the invoice is denied, the notice of denial shall include all of the
31 specific good-faith reasons for the denial. If payment of the invoice is denied only in
32 part, the area authority or county program shall pay the undisputed portion of the
33 invoice within 30 calendar days after receipt of the invoice and send the notice of denial
34 within 30 calendar days after receipt of the invoice. If notice is given that additional
35 information is necessary for payment of the invoice, the notice shall contain the specific
36 good-faith reasons why the invoice has not been paid and a complete itemization or
37 description of all of the information needed by the area authority or county program to
38 complete the processing of the invoice. Upon receipt of the additional information, the
39 area authority or county program shall continue processing the invoice and shall pay or
40 deny the invoice within 30 calendar days after receiving the additional information.

41 (d) An area authority and county program may not limit the time in which
42 providers may submit invoices to fewer than 180 days after the services were rendered.

43 (e) Payments on invoices that are not made within the time period required by
44 this section shall bear interest at the annual percentage rate of eighteen percent (18%)

1 beginning on the date following the day on which the invoice should have been paid. A
2 payment is considered made on the date upon which a check, draft, or other valid
3 negotiable instrument is placed in the United States Postal Service in a properly
4 addressed, postpaid envelope, or, if not mailed, on the date of the electronic transfer or
5 other delivery of the payment to the provider."
6

7 Requested by: Senators Plyler, Odom, Lee

8 **UNIFORM PROVIDER CREDENTIALING BY HEALTH INSURANCE PLANS**

9 **SECTION #.** G.S. 58-3-230(a) reads as rewritten: *add. to*

10 "(a) An insurer that provides a health benefit plan and that credentials providers
11 for its networks shall maintain a process to assess and verify the qualifications of a
12 licensed health care practitioner, or applicant for licensure as a health care practitioner,
13 within 60 days of receipt of a completed provider credentialing application form
14 approved by the Commissioner. If an application submitted under this section is
15 approved, and the health care practitioner is subsequently contracted to participate in the
16 health benefit plan's network, the date on which the credentialing application was
17 approved by the health benefit plan shall be the effective date of the network
18 participation contract."
19

20 **SUBPART 2. DIVISION OF MEDICAL ASSISTANCE** *no change*

21
22 **Special Provision 2002-DHHS-S1-P [v16], Modified 5/28/02 10:21 AM**

23 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

24 **MEDICAID PROGRAM**

25 **SECTION #.(a)** Section 21.19 of S.L. 2001-424 reads as rewritten:

26 "SECTION 21.19.(a) Funds appropriated in this act for services provided in
27 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
28 categorically needy and the medically needy. Funds appropriated for these services shall
29 be expended in accordance with the following schedule of services and payment bases.
30 All services and payments are subject to the language at the end of this subsection.

31 Services and payment bases:

- 32 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
33 prescribed in the State Plan as established by the Department of Health
34 and Human Services.
- 35 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
36 prospective reimbursement plan as established by the Department of
37 Health and Human Services.
- 38 (3) Nursing Facilities – Payment for nursing facility services will be
39 prescribed in the State Plan as established by the Department of Health
40 and Human Services. Nursing facilities providing services to Medicaid
41 recipients who also qualify for Medicare must be enrolled in the
42 Medicare program as a condition of participation in the Medicaid
43 program. State facilities are not subject to the requirement to enroll in
44 the Medicare program. Residents of nursing facilities who are eligible

1 for Medicare coverage of nursing facility services must be placed in a
2 Medicare certified bed. Medicaid shall cover facility services only
3 after payments have been made by Medicare.

- 4 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
5 in the State Plan as established by the Department of Health and
6 Human Services.
- 7 (5) Drugs – Drug costs as allowed by federal regulations plus a
8 professional services fee per month excluding refills for the same drug
9 or generic equivalent during the same month. Reimbursement shall be
10 available for up to six prescriptions per recipient, per month, including
11 refills. Payments for drugs are subject to the provisions of subsection
12 (h) of this section and to the provisions at the end of subsection (a) of
13 this section, or in accordance with the State Plan adopted by the
14 Department of Health and Human Services consistent with federal
15 reimbursement regulations. Payment of the professional services fee
16 shall be made in accordance with the State Plan adopted by the
17 Department of Health and Human Services, consistent with federal
18 reimbursement regulations. The professional services fee shall be five
19 dollars and sixty cents (\$5.60) per prescription for generic drugs and
20 four dollars (\$4.00) per prescription for brand name drugs.
21 Adjustments to the professional services fee shall be established by the
22 General Assembly.
- 23 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
24 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
25 developed by the Department of Health and Human Services.
26 Payments for dental services are subject to the provisions of subsection
27 (g) of this section.
- 28 (7) Community Alternative Program, EPSDT Screens – Payment to be
29 made in accordance with rate schedule developed by the Department
30 of Health and Human Services.
- 31 (8) Home Health and Related Services, Private Duty Nursing, Clinic
32 Services, Prepaid Health Plans, Durable Medical Equipment –
33 Payment to be made according to reimbursement plans developed by
34 the Department of Health and Human Services.
- 35 (9) Medicare Buy-In – Social Security Administration premium.
- 36 (10) Ambulance Services – Uniform fee schedules as developed by the
37 Department of Health and Human Services. Public ambulance
38 providers will be reimbursed at cost.
- 39 (11) Hearing Aids – Actual cost plus a dispensing fee.
- 40 (12) Rural Health Clinic Services – Provider-based, reasonable cost;
41 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 42 (13) Family Planning – Negotiated rate for local health departments. For
43 other providers, see specific services, for instance, hospitals,
44 physicians.

- 1 (14) Independent Laboratory and X-Ray Services – Uniform fee schedules
2 as developed by the Department of Health and Human Services.
- 3 (15) Optical Supplies – One hundred percent (100%) of reasonable
4 wholesale cost of materials.
- 5 (16) Ambulatory Surgical Centers – Payment as prescribed in the
6 reimbursement plan established by the Department of Health and
7 Human Services.
- 8 (17) Medicare Crossover Claims – An amount up to the actual coinsurance
9 or deductible or both, in accordance with the State Plan, as approved
10 by the Department of Health and Human Services.
- 11 (18) Physical Therapy and Speech Therapy – Services limited to EPSDT
12 eligible children. Payments are to be made only to qualified providers
13 at rates negotiated by the Department of Health and Human Services.
14 Physical therapy (including occupational therapy) and speech therapy
15 services are subject to prior approval and utilization review.
- 16 (19) Personal Care Services – Payment in accordance with the State Plan
17 approved by the Department of Health and Human Services.
- 18 (20) Case Management Services – Reimbursement in accordance with the
19 availability of funds to be transferred within the Department of Health
20 and Human Services.
- 21 (21) Hospice – Services may be provided in accordance with the State Plan
22 developed by the Department of Health and Human Services.
- 23 (22) Other Mental Health Services – Unless otherwise covered by this
24 section, coverage is limited to:
- 25 a. Services as defined by the Division of Mental Health,
26 Developmental Disabilities, and Substance Abuse Services and
27 approved by the Centers for Medicare and Medicaid Services
28 (CMS) when provided in agencies meeting the requirements of
29 the rules established by the Commission for Mental Health,
30 Developmental Disabilities, and Substance Abuse Services, and
31 reimbursement is made in accordance with a State Plan
32 developed by the Department of Health and Human Services
33 not to exceed the upper limits established in federal regulations,
34 and
- 35 b. For children eligible for EPSDT services:
- 36 1. Licensed or certified psychologists, licensed clinical
37 social workers, certified clinical nurse specialists in
38 psychiatric mental health advanced practice, and nurse
39 practitioners certified as clinical nurse specialists in
40 psychiatric mental health advanced practice, when
41 Medicaid-eligible children are referred by the Carolina
42 ACCESS primary care physician or the area mental
43 health program, and

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2. Institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

8 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
9 Human Services may adopt temporary rules in accordance with
10 Chapter 150B of the General Statutes further defining the
11 qualifications of providers and referral procedures in order to
12 implement this subdivision. Coverage policy for services defined by
13 the Division of Mental Health, Developmental Disabilities, and
14 Substance Abuse Services under paragraphs a. and b.2 of this
15 subdivision shall be established by the Division of Medical Assistance.

- 16 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
17 Children – Reimbursement in accordance with the State Plan approved
18 by the Department of Health and Human Services.
- 19 (24) Health Insurance Premiums – Payments to be made in accordance with
20 the State Plan adopted by the Department of Health and Human
21 Services consistent with federal regulations.
- 22 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
23 in this section include related services in schools; health professional
24 services provided outside the clinic setting to meet maternal and infant
25 health goals; and services to meet federal EPSDT mandates. Services
26 addressed by this paragraph are limited to those prescribed in the State
27 Plan as established by the Department of Health and Human Services.
- 28 (26) Pregnancy Related Services – Covered services for pregnant women
29 shall include nutritional counseling, psychosocial counseling, and
30 predelivery and postpartum home visits by maternity care coordinators
31 and public health nurses.

32 Services and payment bases may be changed with the approval of the Director of the
33 Budget. Payment is limited to Medicaid enrolled providers that provide evidence of
34 medical malpractice insurance coverage or that purchase a performance bond in the
35 amount of fifty thousand dollars (\$50,000) naming as beneficiary the Department of
36 Health and Human Services, Division of Medical Assistance.

37 Reimbursement is available for up to 24 visits per recipient per year to any one or
38 combination of the following: physicians, clinics, hospital outpatient, optometrists,
39 chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms,
40 and mental health services subject to independent utilization review are exempt from the
41 visit limitations contained in this paragraph. Exceptions may be authorized by the
42 Department of Health and Human Services where the life of the patient would be
43 threatened without such additional care. Any person who is determined by the

1 Department to be exempt from the 24-visit limitation may also be exempt from the
2 six-prescription limitation.

3 SECTION 21.19.(b) Allocation of Nonfederal Cost of Medicaid. – The State shall
4 pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
5 nonfederal costs of all applicable services listed in this section.

6 SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of
7 Health and Human Services may establish copayment up to the maximum permitted by
8 federal law and regulation.

9 SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income
10 Eligibility Standards. – The maximum net family annual income eligibility standards for
11 Medicaid and Work First Family Assistance and the Standard of Need for Work First
12 Family Assistance shall be as follows:

Family Size	<u>Categorically Needy</u>	<u>Medically Needy</u>	
	<u>WFFA*</u>	Families and Children Income Level	AA, AB, AD*
1	\$4,344	\$2,172	\$2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

27 *Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB);
28 and Aid to the Disabled (AD).

30 The payment level for Work First Family Assistance shall be fifty percent (50%) of the
31 standard of need.

32 These standards may be changed with the approval of the Director of the Budget
33 with the advice of the Advisory Budget Commission.

34 SECTION 21.19.(e) The Department of Health and Human Services, Division of
35 Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled
36 people who have incomes equal to or less than one hundred percent (100%) of the
37 federal poverty guidelines, as revised each April 1.

38 SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The
39 Department of Health and Human Services may provide an incentive allowance to
40 Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
41 work activities as part of their developmental plan and for whom retention of additional
42 income contributes to their achievement of independence. The State funds required to
43 match the federal funds that are required by these allowances shall be provided from

1 savings within the Medicaid budget or from other unbudgeted funds available to the
2 Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

9 SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided
10 on a restricted basis in accordance with rules adopted by the Department to implement
11 this subsection.

12 SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S.
13 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical
14 Assistance Program (Title XIX of the Social Security Act), and except as otherwise
15 provided in this subsection for atypical antipsychotic drugs and drugs listed in the
16 narrow therapeutic index, a prescription order for a drug designated by a trade or brand
17 name shall be considered to be an order for the drug by its established or generic name,
18 except when the prescriber has determined, at the time the drug is prescribed, that the
19 brand name drug is medically necessary and has written on the prescription order the
20 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
21 drug or a drug listed in the narrow therapeutic drug index that does not contain the
22 phrase "medically necessary" shall be considered an order for the drug by its established
23 or generic name, except that a pharmacy shall not substitute a generic or established
24 name prescription drug for subsequent brand or trade name prescription orders of the
25 same prescription drug without explicit oral or written approval of the prescriber given
26 at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the
27 Medical Assistance Program rather than trade or brand name drugs. As used in this
28 subsection, "brand name" means the proprietary name the manufacturer places upon a
29 drug product or on its container, label, or wrapping at the time of packaging; and
30 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,
31 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

32 SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements,
33 and Payments. – Service limitations, eligibility requirements, and payments bases in this
34 section may be waived by the Department of Health and Human Services, with the
35 approval of the Director of the Budget, to allow the Department to carry out pilot
36 programs for prepaid health plans, contracting for services, managed care plans, or
37 community-based services programs in accordance with plans approved by the United
38 States Department of Health and Human Services, or when the Department determines
39 that such a waiver will result in a reduction in the total Medicaid costs for the recipient.
40 The Department of Health and Human Services may proceed with planning and
41 development work on the Program of All-Inclusive Care for the Elderly.

42 SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – The
43 Department of Health and Human Services, Division of Medical Assistance, may,
44 subject to the approval of a change in the State Medicaid Plan, contract for services,

1 medical equipment, supplies, and appliances by implementation of volume purchase
2 plans, single source procurement, or other contracting processes in order to improve
3 cost containment.

4 SECTION 21.19.(k) Cost-Containment Programs. – The Department of Health and
5 Human Services, Division of Medical Assistance, may undertake cost containment
6 programs in accordance with Section 3 of S.L. 2001-395, including contracting for
7 services, preadmissions to hospitals and prior approval for certain outpatient surgeries
8 before they may be performed in an inpatient setting.

9 SECTION 21.19.(l) For all Medicaid eligibility classifications for which the federal
10 poverty level is used as an income limit for eligibility determination, the income limits
11 will be updated each April 1 immediately following publication of federal poverty
12 guidelines.

13 SECTION 21.19.(m) The Department of Health and Human Services shall provide
14 Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and regulations.

15 SECTION 21.19.(n) The Department of Health and Human Services shall provide
16 coverage to pregnant women and to children according to the following schedule:

- 17 (1) Pregnant women with incomes equal to or less than one hundred
18 eighty-five percent (85%) of the federal poverty guidelines as revised
19 each April 1 shall be covered for Medicaid benefits. In determining
20 income eligibility under this subdivision, the income of a minor's
21 parents shall be counted.
- 22 (2) Infants under the age of 1 with family incomes equal to or less than
23 one hundred eighty-five percent (85%) of the federal poverty
24 guidelines as revised each April 1 shall be covered for Medicaid
25 benefits.
- 26 (3) Children aged 1 through 5 with family incomes equal to or less than
27 one hundred thirty-three percent (33%) of the federal poverty
28 guidelines as revised each April 1 shall be covered for Medicaid
29 benefits.
- 30 (4) Children aged 6 through 18 with family incomes equal to or less than
31 the federal poverty guidelines as revised each April 1 shall be covered
32 for Medicaid benefits.
- 33 (5) The Department of Health and Human Services shall provide Medicaid
34 coverage for adoptive children with special or rehabilitative needs
35 regardless of the adoptive family's income.

36 Services to pregnant women eligible under this subsection continue throughout the
37 pregnancy but include only those related to pregnancy and to those other conditions
38 determined by the Department as conditions that may complicate pregnancy. In order to
39 reduce county administrative costs and to expedite the provision of medical services to
40 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this
41 subsection, no resources test shall be applied.

42 SECTION 21.19.(o) Medicaid enrollment of categorically needy families with
43 children shall be continuous for one year without regard to changes in income or assets.

1 SECTION 21.19.(p) The Department shall disregard earned income for recipients
2 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
3 Social Security Act due to earnings. This disregard shall be applied for a maximum of
4 12 consecutive months.

5 SECTION 21.19.(q) The Department of Health and Human Services shall submit a
6 quarterly status report on expenditures for acute care and long-term care services to the
7 Fiscal Research Division and to the Office of State Budget and Management. This
8 report shall include an analysis of budgeted versus actual expenditures for eligibles by
9 category and for long-term care beds. In addition, the Department shall revise the
10 program's projected spending for the current fiscal year and the estimated spending for
11 the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the
12 revised forecast shall be forwarded to the Fiscal Research Division and to the Office of
13 State Budget and Management no later than the third Thursday of the month following
14 the end of each quarter.

15 SECTION 21.19.(r) The Division of Medical Assistance, Department of Health
16 and Human Services, may provide incentives to counties that successfully recover
17 fraudulently spent Medicaid funds by sharing State savings with counties responsible
18 for the recovery of the fraudulently spent funds.

19 SECTION 21.19.(s) If first approved by the Office of State Budget and
20 Management, the Division of Medical Assistance, Department of Health and Human
21 Services, may use funds that are identified to support the cost of development and
22 acquisition of equipment and software through contractual means to improve and
23 enhance information systems that provide management information and claims
24 processing. The Department of Health and Human Services shall identify adequate
25 funds to support the implementation and first year's operational costs that exceed the
26 currently allocated funds for the new contract for the fiscal agent for the Medicaid
27 Management Information System.

28 SECTION 21.19.(t) The Department of Health and Human Services may adopt
29 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds
30 that these rules are necessary to maximize receipt of federal funds within existing State
31 appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to
32 the filing of these temporary rules with the Office of Administrative Hearings, the
33 Department shall consult with the Office of State Budget and Management on the
34 possible fiscal impact of the temporary rule and its effect on State appropriations and
35 local governments.

36 SECTION 21.19.(u) The Department shall report to the Fiscal Research Division
37 of the Legislative Services Office and to the House of Representatives Appropriations
38 Subcommittee on Health and Human Services and the Senate Appropriations
39 Committee on Health and Human Services or the Joint Legislative Health Care
40 Oversight Committee on any change it anticipates making in the Medicaid program that
41 impacts the type or level of service, reimbursement methods, or waivers, any of which
42 require a change in the State Plan or other approval by the Centers for Medicare and
43 Medicaid Services (CMS). The reports shall be provided at the same time they are
44 submitted to CMS for approval.

1 SECTION 21.19.(v) Upon approval of a demonstration waiver by the Centers for
2 Medicare and Medicaid Services (CMS), the Department of Health and Human Services
3 may provide Medicaid coverage for family planning services to men and women of
4 child-bearing age with family incomes equal to or less than one hundred eighty-five
5 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
6 approval of the waiver and shall begin no earlier than January 1, 2001.

7 SECTION 21.19.(w) The Department of Health and Human Services, Division of
8 Medical Assistance, shall use the latest audited cost reporting data available when
9 establishing Medicaid provider rates or when making changes to the reimbursement
10 methodology.

11 SECTION 21.19.(x) The Department of Health and Human Services, Division of
12 Medical Assistance, shall implement a new coding system for therapeutic mental health
13 services as required by the Health Insurance Portability and Accountability Act of 1996.
14 In implementing the new coding system, the Division shall ensure that the new coding
15 system does not discriminate between providers of therapeutic mental health services
16 with similar qualifications and training. In meeting the requirements of this subsection,
17 the Division shall consult with the Division of Mental Health, Developmental
18 Disabilities, and Substance Abuse Services and the professional licensing boards
19 responsible for licensing the affected professionals.

20 SECTION 21.19.(y) The Department of Health and Human Services may apply
21 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
22 Social Security Act to real property excluded as ~~"income-producing"~~ "income
23 producing", tenancy-in-common, or as nonhomesite property made "income producing"
24 under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets
25 policy shall apply only to an institutionalized individual or the individual's spouse as
26 defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection
27 becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to
28 properties excluded as tenancy-in-common or as nonhomesite property made "income
29 producing" in accordance with this subsection shall become effective no earlier than
30 October 1, 2002."

31 SECTION #.(b) Effective October 1, 2002, G.S. 108A-70.5(b) reads as
32 rewritten:

33 "(b) As used in this section:

34 (1) "Medical assistance" means medical care services paid for by the
35 North Carolina Medicaid Program on behalf of the recipient:

- 36 a. If the recipient is receiving these medical care services as an
37 inpatient in a nursing facility, intermediate care facility for the
38 mentally retarded, or other medical institution, and cannot
39 reasonably be expected to be discharged to return home; or
40 b. If the recipient is 55 years of age or older and is receiving these
41 medical care services, including related hospital care and
42 prescription drugs, for nursing facility ~~services~~ services,
43 personal care services, or home- and community-based services.

- 1 (2) "Estate" means all the real and personal property considered assets of
 2 the estate available for the discharge of debt pursuant to G.S.
 3 28A-15-1."
 4

5 **Special Provision 2002-DHHS-S2-P** [v10], Modified 5/23/02 2:20 PM

6 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

7 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

8 **SECTION #.(a)** In its effort to achieve anticipated savings in the Medicaid
 9 Program of nine million four hundred twenty-five thousand dollars (\$9,425,000) for the
 10 2002-2003 fiscal year through expansion of the Carolina ACCESS II and Carolina
 11 ACCESS III programs, the Department of Health and Human Services shall monitor
 12 cost-savings activities of these programs. Carolina ACCESS II and Carolina ACCESS
 13 III programs shall provide the Department detailed information on savings realized from
 14 the following cost-savings activities:

- 15 (1) Reductions in hospital admissions;
 16 (2) Reductions in emergency room visits;
 17 (3) Use of best-prescribing practices;
 18 (4) Increased prescriptions of generic drugs;
 19 (5) Implementation of polypharmacy review;
 20 (6) Reductions in therapy visits;
 21 (7) Improved management of high risk/high cost patients; and
 22 (8) Other strategies implemented by the programs to achieve anticipated
 23 savings.

24 **SECTION #.(b)** The Department of Health and Human Services shall
 25 implement a process for the assessment and review of cost-effectiveness of the Carolina
 26 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance
 27 shall confirm actual savings realized from the use of case management strategies of the
 28 Carolina ACCESS II and Carolina ACCESS III demonstration sites. The Department
 29 shall report quarterly the cost-effectiveness of these programs based on actual savings
 30 achieved. The Department shall submit the report to the Senate Appropriations
 31 Committee on Health and Human Services, the House of Representatives
 32 Appropriations Subcommittee on Health and Human Services, the Office of State
 33 Budget and Management, and the Fiscal Research Division.
 34

35 **Special Provision 2002-DHHS-S40-P** [v7], Modified 5/28/02 2:26 PM

36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

37 **REPEAL CIRCUMCISION FUNDS**

38 **SECTION #.** Section 19 of S.L. 2001-513 reads as rewritten: *Follows money*

39 "SECTION 19. Notwithstanding any other provision of law to the contrary, from
 40 funds available in the General Fund, there is appropriated to the Department of Health
 41 and Human Services, Division of Medical Assistance, the sum of two hundred forty-six
 42 thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year and
 43 ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~

1 These funds shall be used to provide optional circumcision procedures for newborns
2 eligible for Medicaid."
3

4 **Special Provision 2002-DHHS-S41-P** [v13], Modified 5/28/02 9:26 AM

5 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

6 **MEDICAID CASE MANAGEMENT SERVICES** *Follows rule*

7 **SECTION #.(a)** The Department of Health and Human Services shall
8 reduce Medicaid Program expenditures for case management services for adults and
9 children by thirty-three percent (33%) for the 2002-2003 State fiscal year. In
10 determining how to allocate this reduction, the Department shall include all State
11 programs currently providing case management services reimbursed by the Medicaid
12 Program, and shall consider the following issues:

- 13 (1) Elimination of all duplicative case management services.
- 14 (2) Consolidation of similar case management services.
- 15 (3) Provision of only one case manager per family reimbursed through the
16 Medicaid Program, when feasible.
- 17 (4) Equitable allocation of reductions in case management services
18 reimbursed by Medicaid among the different programs that provide
19 case management services.
- 20 (5) Identification of the children and adults with the greatest case
21 management needs to determine how to allocate reductions and
22 remaining resources.
- 23 (6) Reductions in administrative costs associated with providing case
24 management services reimbursed by Medicaid.

25 **SECTION #.(b)** Not later than October 1, 2002, the Department shall report
26 on its plan for the reductions required in this section. The Department shall submit the
27 report to the Senate Appropriations Committee on Health and Human Services, the
28 House of Representatives Appropriations Subcommittee on Health and Human
29 Services, and the Fiscal Research Division.
30

31 **Special Provision 2002-DHHS-S43-P** [v6], Modified 5/24/02 4:40 PM

32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

33 **FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT**

34 **SECTION #.(a)** The Department of Health and Human Services shall
35 develop a plan for using federal waivers to assist in long-term cost containment for the
36 State's Medicaid program. In developing the plan, the Department shall determine
37 whether single or multiple federal waivers will help the State achieve its goal of
38 long-term cost containment for the State's Medicaid program, and shall also determine
39 which type of waiver is likely to be most helpful. The Department shall consider all of
40 the following for development of the plan:

- 41 (1) Which optional categories of persons eligible for Medicaid will be
42 covered by the waiver.
- 43 (2) What optional Medicaid services will be included in the service
44 package covered by the waiver.

- 1 (3) What types of cost-sharing will be required under the waiver.
 2 (4) Will the waiver use Carolina ACCESS, other types of managed care,
 3 or will a fee-for-service system for providing health care services be
 4 used.
 5 (5) Will private insurance coverage options be incorporated into the
 6 waiver.
 7 (6) Should the NC Health Choice Program be included in the waiver.

8 **SECTION #.(b)** On or before February 1, 2003, the Department shall report
 9 on its plan for seeking federal waivers to achieve long-term cost containment in the
 10 State's Medicaid program. The report shall be made to the Senate Appropriations
 11 Committee on Health and Human Services, the House of Representatives
 12 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
 13 Division, and shall include the following:

- 14 (1) Copy of the application for the waiver.
 15 (2) Description of how the waiver will help achieve long-term cost
 16 containment in the State's Medicaid program.
 17 (3) Description of legislation necessary to implement the proposed waiver.
 18

19 **Special Provision 2002-DHHS-S46-P** [v6], Modified 5/24/02 4:39 PM

20 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

21 **COMMUNITY ALTERNATIVES PROGRAMS** *serve as many people as possible*

22 **SECTION #.(a)** The Department of Health and Human Services shall
 23 administer all Community Alternative Program (CAP) waivers in the most economical
 24 and efficient manner possible to support within funds appropriated the maximum
 25 number of persons meeting participation requirements under the waiver. The
 26 Department shall amend the waivers, as necessary, to ensure that participation
 27 requirements and payment and service limits are in accordance with those reported to
 28 the General Assembly. Not later than October 1, 2002, the Department shall submit a
 29 report that outlines efficient use of funds appropriated and that demonstrates the
 30 participation requirements, payment and service limits, and other administrative actions
 31 to support the maximum number of persons to be served in the applicable State fiscal
 32 year. The report shall be submitted to the Senate Appropriations Committee on Health
 33 and Human Services, the House of Representatives Appropriations Subcommittee on
 34 Health and Human Services, and the Fiscal Research Division.

35 **SECTION #.(b)** CAP-DA services shall be provided for the 2002-2003
 36 fiscal year to any eligible person who entered a nursing facility on or before June 1,
 37 2002, notwithstanding that the availability of CAP-DA services may be suspended for
 38 that fiscal year.
 39

40 **Special Provision 2002-DHHS-S56-P** [v3], Modified 5/23/02 9:23 AM

41 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

42 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

1 **SECTION #.(a)** Disproportionate share receipts reserved at the end of the
2 2002-2003 fiscal year shall be deposited with the Department of State Treasurer as
3 nontax revenue for the 2002-2003 fiscal year.

4 **SECTION #.(b)** For the 2002-2003 fiscal year, as it receives funds
5 associated with Disproportionate Share Payments from State hospitals, the Department
6 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
7 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
8 to the Department of State Treasurer for deposit as nontax revenue. Any
9 Disproportionate Share Payments collected in excess of the one hundred seven million
10 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
11 appropriations.

12
13 **Special Provision 2002-DHHS-S61-P** [v7], Modified 6/8/02 3:07 PM

14 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

15 **MEDICAID HOSPITAL PAYMENTS** *Follows next*

16 **SECTION #.** The Department of Health and Human Services shall reduce
17 Medicaid payments to hospitals by one-half of one percent (.5%) for the 2002-2003
18 State fiscal year. The Department shall evaluate all medical payment programs and
19 policies administered by the Department that may affect the future viability and
20 sustainability of financially vulnerable hospitals. Based on the evaluation of the
21 medical payments programs and policies affecting hospitals, the Department shall
22 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
23 year such that the reduction has the least impact on the future viability and sustainability
24 of financially vulnerable hospitals. The Department shall also review the status of
25 financially vulnerable hospitals to determine whether additional State actions are
26 appropriate to ensure that communities served by these hospitals continue to receive
27 essential medical services. The Department shall consult with the North Carolina
28 Hospital Association while conducting the evaluation of medical payment programs and
29 policies and determining how to implement the one-half of one percent (.5%) reduction.
30 The Department shall report to the Senate Appropriations Committee on Health and
31 Human Services, the House of Representatives Appropriations Subcommittee on Health
32 and Human Services, and the Fiscal Research Division on its activities under this
33 section not later than October 1, 2002.

34
35 **Special Provision 2002-DHHS-S64-P** [v3], Modified 5/27/02 8:05 PM

36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

37 **MEDICAID PROGRAM MANAGEMENT** *attached for file making*

38 **SECTION #.** Section 21.26(b) of S.L. 2001-424 reads as rewritten:

39 **"SECTION 21.26.(b)** The Department shall implement a pharmacy management
40 plan considering the recommendations of the "North Carolina Medicaid Benefit Study"
41 to achieve anticipated cost savings. The pharmacy management plan may include the
42 following activities:

- 43 (1) Establishing a prior authorization program to manage utilization of
44 high-cost, brand name drugs. In determining drugs to be included in

1 the prior authorization program, the Department shall consider whether
2 inclusion of these drugs is likely to:

- 3 a. Increase utilization of more expensive services;
4 b. Reduce quality of treatment;
5 c. Result in a lower level of compliance with appropriate drug
6 therapy; and
7 d. Have a differential impact upon racial and ethnic minorities and
8 the elderly.

9 The Department shall conduct a review at least annually of the drugs
10 included in the prior authorization program to determine whether any
11 of the factors listed in this subdivision or other factors with similar
12 results have occurred.

- 13 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
14 (3) Developing physician prescribing practice profiles and other
15 educational tools to enable physicians to better manage their
16 prescriptions.
17 (4) Establishing therapeutic limits based on appropriate dosage or usage
18 standards.
19 (5) Encouraging use of generic drugs.
20 (6) Using maximum allowable pricing.
21 (7) Contracting with a pharmacy benefits manager to implement more
22 extensive drug utilization review.
23 (8) Studying the impact of eliminating the six prescription drug monthly
24 limit combined with a more rigorous prior authorization program to
25 ensure cost decisions are made based on evidence-based clinical
26 guidelines.
27 (9) Expanding disease management initiatives.
28 (10) Working with ACCESS physicians to develop and implement drug
29 utilization management initiatives.
30 (11) If cost-effective, expanding Medicaid drug coverage to include
31 selected over-the-counter medications.

32 The Department may adopt temporary rules in accordance with G.S. 150B-21.1
33 when it finds these rules are necessary to clarify recipient appeal rights related to the
34 pharmacy management plan."

35
36 Special Provision 2002-DHHS-S45-P [v11], Modified 6/8/02 6:17 PM

37 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
38 NC HEALTH CHOICE

39 SECTION #. G.S. 108A-70.21 reads as rewritten:

40 "§ 108A-70.21. Program eligibility; benefits; enrollment fee and other
41 cost-sharing; coverage from private plans; purchase of extended
42 coverage.

1 (a) Eligibility. – The Department may enroll eligible children based on
2 availability of funds. Following are eligibility and other requirements for participation
3 in the Program:

4 (1) Children must:

- 5 a. Be under the age of 19;
6 b. Be ineligible for Medicaid, Medicare, or other federal
7 government-sponsored health insurance;
8 c. Be uninsured;
9 d. Be in a family that meets the following family income
10 requirements:
11 1. Infants under the age of one year whose family income is
12 from one hundred eighty-five percent (185%) through
13 two hundred percent (200%) of the federal poverty level;
14 2. Children age one year through five years whose family
15 income is above one hundred thirty-three percent (133%)
16 through two hundred percent (200%) of the federal
17 poverty level; and
18 3. Children age six years through eighteen years whose
19 family income is above one hundred percent (100%)
20 through two hundred percent (200%) of the federal
21 poverty level;
22 e. Be a resident of this State and eligible under federal law; and
23 f. Have paid the Program enrollment fee required under this Part.

24 (2) Proof of family income and residency and declaration of uninsured
25 status shall be provided by the applicant at the time of application for
26 Program coverage. The family member who is legally responsible for
27 the children enrolled in the Program has a duty to report any change in
28 the enrollee's status within 60 days of the change of status.

29 (3) If a responsible parent is under a court order to provide or maintain
30 health insurance for a child and has failed to comply with the court
31 order, then the child is deemed uninsured for purposes of determining
32 eligibility for Program benefits if at the time of application the
33 custodial parent shows proof of agreement to notify and cooperate
34 with the child support enforcement agency in enforcing the order.

35 If health insurance other than under the Program is provided to the
36 child after enrollment and prior to the expiration of the eligibility
37 period for which the child is enrolled in the Program, then the child is
38 deemed to be insured and ineligible for continued coverage under the
39 Program. The custodial parent has a duty to notify the Department
40 within 10 days of receipt of the other health insurance, and the
41 Department, upon receipt of notice, shall disenroll the child from the
42 Program. As used in this paragraph, the term "responsible parent"
43 means a person who is under a court order to pay child support.

1 (4) Except as otherwise provided in this section, enrollment shall be
2 continuous for one year. At the end of each year, applicants may
3 reapply for Program benefits.

4 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
5 copayments, and other cost-sharing charges, health benefits coverage provided to
6 children eligible under the Program shall be equivalent to coverage provided for
7 dependents under the North Carolina Teachers' and State Employees' Comprehensive
8 Major Medical Plan, including optional prepaid plans. Prescription drug providers shall
9 accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the
10 average wholesale price for the prescription drug or the amounts published by the
11 ~~Health Care Financing Administration Centers for Medicare and Medicaid Services plus~~
12 ~~a fee established by the provider not to exceed the amount authorized under subdivision~~
13 ~~(d)(3) of this section.~~ dispensing fee of five dollars and sixty cents (\$5.60) per
14 prescription for generic drugs and four dollars (\$4.00) per prescription for brand name
15 drugs. All other health care providers providing services to Program enrollees shall
16 accept as payment in full for services rendered the maximum allowable charges under
17 the ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan~~
18 Medicaid Program for services less any copayments assessed to enrollees under this
19 Part. No child enrolled in the Plan's self-insured indemnity program shall be required by
20 the Plan to change health care providers as a result of being enrolled in the Program.

21 In addition to the benefits provided under the Plan, the following services and
22 supplies are covered under the Health Insurance Program for Children established under
23 this Part:

24 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
25 12-month period, full mouth X rays once every 60 months,
26 supplemental bitewing X rays showing the back of the teeth once
27 during a 12-month period, fluoride applications twice during a
28 12-month period, sealants, simple extractions, therapeutic
29 pulpotomies, prefabricated stainless steel crowns, and routine fillings
30 of amalgam or other tooth-colored filling material to restore diseased
31 teeth. No benefits are to be provided for services under this subsection
32 that are not performed by or upon the direction of a dentist, doctor, or
33 other professional provider approved by the Plan nor for services and
34 materials that do not meet the standards accepted by the American
35 Dental Association.

36 (2) Vision: Scheduled routine eye examinations once every 12 months,
37 eyeglass lenses or contact lenses once every 12 months, routine
38 replacement of eyeglass frames once every 24 months, and optical
39 supplies and solutions when needed. Optical services, supplies, and
40 solutions must be obtained from licensed or certified ophthalmologists,
41 optometrists, or optical dispensing laboratories. Eyeglass lenses are
42 limited to single vision, bifocal, trifocal, or other complex lenses
43 necessary for a Plan enrollee's visual welfare. Coverage for oversized
44 lenses and frames, designer frames, photosensitive lenses, tinted

1 contact lenses, blended lenses, progressive multifocal lenses, coated
2 lenses, and laminated lenses is limited to the coverage for single
3 vision, bifocal, trifocal, or other complex lenses provided by this
4 subsection. Eyeglass frames are limited to those made of zylonite,
5 metal, or a combination of zylonite and metal. All visual aids covered
6 by this subsection require prior approval of the Plan. Upon prior
7 approval by the Plan, refractions may be covered more often than once
8 every 12 months.

- 9 (3) Hearing: Auditory diagnostic testing services and hearing aids and
10 accessories when provided by a licensed or certified audiologist,
11 otolaryngologist, or other hearing aid specialist approved by the Plan.
12 Prior approval of the Plan is required for hearing aids, accessories,
13 earmolds, repairs, loaners, and rental aids.

14 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
15 coverage for enrollees whose family income is at or below one hundred fifty percent
16 (150%) of the federal poverty level. The enrollment fee for Program coverage for
17 enrollees whose family income is above one hundred fifty percent (150%) of the federal
18 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
19 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
20 enrollment fee shall be collected by the county department of social services and
21 retained to cover the cost of determining eligibility for services under the Program.
22 County departments of social services shall establish procedures for the collection of
23 enrollment fees.

24 (d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-~~
25 ~~sharing charges for families covered under the Program whose family income is at or~~
26 ~~below one hundred fifty percent (150%) of the federal poverty level.~~

27 (1) Families covered under the Program whose family income is at or
28 below one hundred fifty percent (150%) of the federal poverty level
29 shall be responsible for copayments to providers as follows:

30 a. Two dollars (\$2.00) per child for each visit to a provider, except
31 that there shall be no copayment required for well-baby, well-
32 child, or age-appropriate immunization services;

33 b. One dollar (\$1.00) for each outpatient generic prescription drug
34 purchased;

35 c. Three dollars (\$3.00) for each outpatient brand-name
36 prescription drug purchased;

37 d. Ten dollars (\$10.00) for each emergency room visit unless:

38 1. The child is admitted to the hospital, or

39 2. No other reasonable care was available as determined by
40 the Claims Processing Contractor of the North Carolina
41 Teachers' and State Employees' Comprehensive Major
42 Medical Plan.

- 1 (2) Families covered under the Program whose family income is above
2 one hundred fifty percent (150%) of the federal poverty level shall be
3 responsible for copayments to providers as follows:
4 (1)a. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each
5 visit to a provider, except that there shall be no copayment
6 required for well-baby, well-child, or age-appropriate
7 immunization services;
8 (2)b. ~~Five dollars (\$5.00)~~ Seven dollars (\$7.00) per child for each
9 outpatient hospital visit;
10 (3)c. ~~A six-dollar (\$6.00)~~ five-dollar (\$5.00) fee for each outpatient
11 generic prescription drug purchased;
12 d. A ten-dollar (\$10.00) fee for each outpatient brand-name
13 prescription drug purchased;
14 (4)e. ~~Twenty dollars (\$20.00)~~ Thirty dollars (\$30.00) for each
15 emergency room visit unless:
16 a.1. The child is admitted to the hospital, or
17 b.2. No other reasonable care was available as determined by
18 the Claims Processing Contractor of the North Carolina
19 Teachers' and State Employees' Comprehensive Major
20 Medical Plan.

21 Copayments required under this subsection for prescription drugs apply only to
22 prescription drugs prescribed on an outpatient basis.

23 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing,
24 including fees, with respect to all children in a family receiving Program benefits under
25 this Part shall not exceed five percent (5%) of the family's income for the year involved.
26 To assist the Department in monitoring and ensuring that the limitations of this
27 subsection are not exceeded, the Executive Administrator and Board of Trustees of the
28 North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan
29 shall provide data to the Department showing cost-sharing paid by Program enrollees.

30 (f) Coverage From Private Plans. – The Department shall, from funds available
31 for the Program, pay the cost for dependent coverage provided under a private insurance
32 plan for persons eligible for coverage under the Program if all of the following
33 conditions are met:

- 34 (1) The person eligible for Program coverage requests to obtain dependent
35 coverage from a private insurer in lieu of coverage under the Program
36 and shows proof that coverage under the private plan selected meets
37 the requirements of this subsection;
38 (2) The dependent coverage under the private plan is actuarially
39 equivalent to the coverage provided under the Program and the private
40 plan does not engage in the exclusive enrollment of children with
41 favorable health care risks;
42 (3) The cost of dependent coverage under the private plan is the same as
43 or less than the cost of coverage under the Program; and

- 1 (4) The total annual aggregate cost-sharing, including fees, paid by the
2 enrollee under the private plan for all dependents covered by the plan,
3 do not exceed five percent (5%) of the enrollee's family income for the
4 year involved.

5 The Department may reimburse an enrollee for private coverage under this
6 subsection upon a showing of proof that the dependent coverage is in effect for the
7 period for which the enrollee is eligible for the Program.

8 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses
9 eligibility due to an increase in family income above two hundred percent (200%) of the
10 federal poverty level and up to and including two hundred twenty-five percent (225%)
11 of the federal poverty level may purchase at full premium cost continued coverage
12 under the Program for a period not to exceed one year beginning on the date the enrollee
13 becomes ineligible under the income requirements for the Program. The same benefits,
14 copayments, and other conditions of enrollment under the Program shall apply to
15 extended coverage purchased under this subsection.

16 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
17 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
18 subsection (g) of this section."
19

20 Special Provision 2002-DHHS-S73-P [v4], Modified 6/10/02 3:55 PM

21 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

22 NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS

*Dept controls to de
Health Amendm*

23 SECTION #. The Department of Health and Human Services may rewrite
24 and submit to the federal government the State Plan for the North Carolina Health
25 Choice Program solely for the purpose of incorporating amendments enacted by the
26 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
27 2001 General Assembly, and to otherwise comply with applicable federal requirements.
28 Nothing in this section authorizes the Department to make amendments to the State Plan
29 for the North Carolina Health Choice Program not otherwise authorized by the General
30 Assembly. Amendments to the State Plan required by the federal government to be
31 implemented after the effective date of this section, other than those authorized by this
32 section, shall comply with G.S. 108A-70.25.
33

34 Special Provision 2002-DHHS-S77-P [v5], Modified 6/8/02 5:10 PM

35 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

36 MEDICAID CONTRACTING FOR SERVICES

37 SECTION #. When developing contracts for services, the Department of
38 Health and Human Services, Division of Medical Assistance, shall ensure that Medicaid
39 recipients have appropriate access to durable medical equipment, home health supplies,
40 and home infusion therapy. The Division may subcontract for services provided that the
41 subcontract ensures appropriate access to durable medical equipment, home health
42 supplies, and home infusion therapy.
43

1 **SUBPART 3. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL**
2 **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**
3

4 **Special Provision 2002-DHHS-S47-P [v13], Modified 6/8/02 5:35 PM**

5 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

6 **ALLOCATION OF REDUCTIONS IN FUNDS FOR AREA MENTAL HEALTH,**
7 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE**
8 **PROGRAMS** *Division allocates funds*

9 **SECTION #.(a)** The Department of Health and Human Services shall
10 allocate reductions in funding to area mental health, developmental disabilities, and
11 substance abuse services in the amount of twenty-nine million two hundred forty-six
12 thousand nine hundred seven dollars (\$29,246,907) for the 2002-2003 fiscal year. In
13 allocating the reductions, the Department shall do the following:

- 14 (1) Allocate reductions within the implementation scope of the State Plan
15 for Mental Health, Developmental Disabilities, and Substance Abuse
16 Services and in accordance with the intent of S.L. 2001-437, as
17 follows:
- 18 a. Priority given to reducing or terminating services to persons
19 with lower service needs;
 - 20 b. Persons with highest need levels shall be impacted least by
21 reductions in services;
 - 22 c. Administrative costs shall be reduced concurrently with
23 reductions in services; and
 - 24 d. To the maximum extent possible no reductions, or minimal
25 reductions, shall be allocated to activities associated with
26 critical functions and federal and State requirements.
- 27 (2) Require area authorities and county programs to submit plans for prior
28 approval by the Department describing how the local program will
29 meet its reduction target within the requirements of subdivision (1) of
30 this subsection.

31 **SECTION #.(b)** The Division of Mental Health, Developmental Disabilities,
32 and Substance Abuse Services shall allocate reductions to Division central
33 administration to items of expenditures which have the least impact on:

- 34 (1) The support of direct services to individuals served in State facilities
35 and local programs;
- 36 (2) The Division's ability to reorganize and continue implementation of
37 the State Plan for Mental Health, Developmental Disabilities, and
38 Substance Abuse Services; and
- 39 (3) The Division's ability to meet State and federal requirements such as
40 monitoring, program oversight, and reporting.

41 **SECTION #.(c)** All reductions designated for Division-operated State
42 facilities shall be allocated as follows:

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- (1) In a manner that has the least impact possible on the State's ability to comply with Olmstead v. L.C. & E.W. and The Civil Rights of Institutionalized Persons Act (CRIPA);
- (2) Maximum resources shall be retained for the purpose of transfer to local programs for community capacity building as the population in State facilities decreases and the principal focus of services transitions to community-based programs;
- (3) As deemed essential by the Secretary of the Department of Health and Human Services for compliance with implementation of the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction amounts and total number of positions reduced may be shifted among facilities so long as the aggregate reduction in State appropriations is achieved.

SECTION #.(d) The Department shall report not later than October 1, 2002, on a plan for allocating the reductions required under this section. The plan shall describe each reduction allocation demonstrating compliance with this section. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Special Provision 2002-DHHS-S58-P [v5], Modified 5/24/02 3:02 PM
 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee *Dept activity to*
SUBSTANCE ABUSE PREVENTION SERVICES *create office of SAP*

SECTION #.(a) In order to ensure that individuals receive effective substance abuse prevention services, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these individuals:

- (1) Designate an Office of Substance Abuse Prevention within the Department as outlined in the North Carolina Comprehensive Strategic Plan for Substance Abuse Prevention. This Office shall be responsible for the implementation of the goals in the Comprehensive Strategic Plan for Substance Abuse Prevention. The Office shall also maintain the Interagency Agreement for Substance Abuse Prevention Services and ensure continuing collaboration between agencies that are parties to the Agreement.
- (2) Provide only those prevention services that are evidence-based and have been determined to be effective in preventing alcohol and other drug problems.
- (3) Propose rules for the licensure of prevention programs to ensure quality of service delivery in local communities. Rules shall be subject to review and adoption by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services.

- 1 (4) Ensure that services are provided by qualified prevention
2 professionals.
3 (5) Implement an outcome-based system utilizing standard risk
4 assessments and data elements consistent with appropriate evaluation
5 of prevention programs.

6 **SECTION #.(b)** The Department shall report on its activities under this
7 section to the Senate Appropriations Committee on Health and Human Services, the
8 House of Representatives Appropriations Subcommittee on Health and Human
9 Services, and the Fiscal Research Division not later than December 1, 2002.

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11 **Special Provision 2002-DHHS-S65-P** [v8], Modified 5/28/02 2:47 PM

12 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

13 **PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT** *up done from local gov Dept*

14 **SECTION #.** Section 21.56 of S.L. 2001-424, as amended by S.L. 2001-513,
15 reads as rewritten:

16 "**SECTION 21.56.(a)** To ensure uniformity in rates charged to area programs and
17 funded with State-allocated resources, the Division of Mental Health, Developmental
18 Disabilities, and Substance Abuse Services of the Department of Health and Human
19 Services may require a private agency that provides services under contract with ~~two or~~
20 ~~more area programs, an area program or county program,~~ except for hospital services
21 that have an established Medicaid rate, to complete an agency-wide uniform cost
22 finding. The resulting cost shall be the maximum included for the private agency in the
23 contracting area program's unit cost finding.

24 **SECTION 21.56.(b)** If a private agency fails to timely and accurately complete the
25 required agency-wide uniform cost finding in a manner acceptable to the Department's
26 controller's office, the Department may suspend all Department funding and payment to
27 the private agency until such time as an acceptable cost finding has been completed by
28 the private agency and approved by the Department's controller's office."
29

30 **Special Provision 2002-DHHS-S66-P** [v6], Modified 5/28/02 2:09 PM

31 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

32 **WHITAKER SCHOOL** *Dept*

33 **SECTION #.** Section 21.61(a) of S.L. 2001-424 reads as rewritten:

34 "**SECTION 21.61.(a)** The Department of Health and Human Services shall work
35 with families and guardians, the Department of Public Instruction, the Department of
36 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,
37 area mental health, developmental disabilities, and substance abuse programs, and local
38 departments of social services to develop a plan for the transition of children from the
39 Whitaker School to their homes or alternative facilities. The Plan shall ensure
40 appropriate and safe placement for those children who, in accordance with the
41 assessment, need an institutional setting. The Plan shall also include transition plans that
42 facilitate and support children living in their natural environments and utilizing existing
43 resources and natural supports. Assessments and service planning alternatives shall also
44 be undertaken for children on the waiting list for placement at Whitaker School to

1 ensure appropriate and safe placement for those children. The Department shall report
2 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
3 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations
4 Committee on Health and Human Services, the House of Representatives
5 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
6 Commission on Governmental Operations, and the Fiscal Research Division."
7

8 **Special Provision 2002-DHHS-S67-P [v7], Modified 5/31/02 7:20 AM**

9 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

10 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS** *flexibly to approved Admn Cost*

11 SECTION #. Section 21.65 of S.L. 2001-424 reads as rewritten:

12 "SECTION 21.65.(a) Area mental health, developmental disabilities, and substance
13 abuse authorities or counties administering mental health, developmental disabilities,
14 and substance abuse services shall develop and implement plans to reduce local
15 administrative costs. The plans shall be developed in accordance with guidelines
16 adopted by the Secretary, in consultation with the Local Government Commission and
17 the North Carolina Association of County Commissioners, and in accordance with the
18 following:

- 19 (1) For the 2001-2002 fiscal year, administrative costs for:
- 20 a. Area mental health, developmental disabilities, and substance
21 abuse services programs shall not exceed fifteen percent (15%).
22 b. Counties administering mental health, developmental
23 disabilities, and substance abuse services through a county
24 program shall not exceed fifteen percent (15%).
- 25 (2) For the 2002-2003 fiscal year, administrative costs for:
- 26 a. Area mental health, developmental disabilities, and substance
27 abuse services programs shall not exceed thirteen percent
28 (13%).
29 b. Counties administering mental health, developmental
30 disabilities, and substance abuse services through a county
31 program shall not exceed thirteen percent (13%).

32 SECTION 21.65.(b) The Department of Health and Human Services shall report its
33 progress in complying with this section not later than January 1, 2002, and April 15,
34 2002. The reports shall be submitted to the Senate Appropriations Committee on Health
35 and Human Services, the House of Representatives Appropriations Subcommittee on
36 Health and Human Services, and the Fiscal Research Division and shall include:

- 37 (1) A description of the process used and the participants involved in
38 complying with subsection (a) of this section.
39 (2) The guidelines developed under subsection (a) of this section.
40 (3) A description of local compliance initiatives and efforts including
41 program or function consolidation.
42 (4) A list of area programs at or below the targeted thirteen percent (13%)
43 for the 2000-2001 fiscal year.

- 1 (5) Projected savings in administrative costs as a result of implementation
2 of the targeted limits required under this section.

3 SECTION 21.65.(c) Beginning in the 2002-2003 fiscal year, the Department may
4 implement alternative approaches to establish reasonable administrative cost limitations
5 for Local Management Entities (LMEs), including both county programs and area
6 authority models, and service providers in accordance with system reform and changes
7 in system funding structures."
8

9 **Special Provision 2002-DHHS-S68-P [v7], Modified 5/28/02 3:38 PM**

10 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

11 **MENTAL RETARDATION CENTER DOWNSIZING**

12 **SECTION #.** Section 21.67 of S.L. 2001-424 reads as rewritten:

13 "SECTION 21.67.(a) In accordance with the Department of Health and Human
14 Services' plan for downsizing the State's regional mental retardation facilities by four
15 percent (4%) each year, the Department shall implement cost-containment and
16 reduction strategies to ensure the corresponding financial and staff downsizing of each
17 facility. The Department shall manage the client population of the mental retardation
18 centers in order to ensure that placements for ICF/MR level of care shall be made in
19 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
20 resort and only upon approval of the Department. The corresponding budgets for each
21 of the State mental retardation centers shall be reduced, and positions shall be
22 eliminated as the census of each facility decreases. At no time shall mental retardation
23 center positions be transferred to other units within a facility or assigned nondirect care
24 activities such as outreach.

25 **SECTION 21.67.(a1)** Any savings in State appropriations in excess of two million
26 nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal
27 biennium that result from reductions in beds or services shall be applied as follows:

- 28 (1) Nonrecurring savings shall be placed in the Trust Fund for Mental
29 Health, Developmental Disabilities, and Substance Abuse Services and
30 Bridge Funding Needs and shall be used to facilitate the transition of
31 clients into appropriate community-based services and support in
32 accordance with Section 21.58 of this act, and
33 (2) Recurring savings realized through implementation of this section
34 shall be retained by the Department of Health and Human Services,
35 Division of Mental Health, Developmental Disabilities, and Substance
36 Abuse Services to support the recurring costs of additional
37 community-based placements from Division facilities in accordance
38 with Olmstead vs. L.C. & E.W. In determining the savings in this
39 section, savings shall include all savings realized from the downsizing
40 of the State mental retardation centers including both the savings in
41 direct State appropriations in the budgets of the State mental
42 retardation centers as well as the savings in the State matching portion
43 of reduced Medicaid payments associated with downsizing.

1 SECTION 21.67.(b) The Department of Health and Human Services shall report on
2 its progress in complying with this section to the Senate Appropriations Committee on
3 Health and Human Services, the House of Representatives Appropriations
4 Subcommittee on Health and Human Services, and the Fiscal Research Division. The
5 progress report shall be submitted not later than January 15, 2002, and a final report
6 submitted not later than ~~May 1, 2002.~~ October 1, 2002.

7 SECTION 21.67.(c) Downsizing of mental retardation centers which occurs in the
8 2002 fiscal year shall be maintained for the 2003 fiscal year. Effective July 1, 2002,
9 downsizing shall be accomplished in accordance with the State Plan for Mental Health,
10 Developmental Disabilities, and Substance Abuse Services. All savings resulting from
11 downsizing occurring on and after July 1, 2002, shall be utilized as set forth in
12 subsection (a1) of this section."

13
14 **Special Provision 2002-DHHS-S70-P [v3], Modified 5/28/02 11:11 AM**

15 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
16 **STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN**

17 SECTION #. Section 21.68A of S.L. 2001-424 reads as rewritten:

18 "SECTION 21.68A. The Department of Health and Human Services shall develop
19 and implement a plan that provides for the allocation of State psychiatric hospital ~~beds~~
20 bed days among counties served by the State's regional psychiatric hospitals. The Plan
21 shall incorporate policies that take into consideration State and county fiscal
22 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
23 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
24 implementation of this section to the House of Representatives Appropriations
25 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
26 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
27 2002. November 1, 2002."

28
29 **Special Provision 2002-DHHS-S59-P [v6], Modified 6/7/02 5:17 PM**

30 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
31 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON**
32 **FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

33 SECTION #. Section 4 of S.L. 2001-437 reads as rewritten:

34 "SECTION 4. Sections 1.1 through 1.21(b) of this act become effective July 1,
35 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~
36 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~
37 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
38 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
39 by the 2003 General Assembly for that purpose. The remainder of this act is effective
40 when it becomes law."

41
42 **Special Provision 2002-DHHS-S60-P [v4], Modified 5/30/02 2:10 PM**

43 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
44 **DHHS COORDINATION OF RULES**

1 SECTION #.(a) The Secretary of the Department of Health and Human
2 Services and the Chairs of the Commissions listed in this section shall collaborate in the
3 development of a process for identifying and resolving issues pertaining to duplication
4 and conflict of rules adopted by the Secretary and each Commission that affect the area
5 of mental health, developmental disabilities, and substance abuse services. The process
6 shall address the following:

- 7 (1) How to identify on a routine basis proposed rules that duplicate in
8 whole or in part other rules proposed or adopted and ways of avoiding
9 the duplication without interfering with the agency's statutory duty to
10 adopt the rule and without impairing the effectiveness of the rule in
11 carrying out the statutory mandate.
- 12 (2) How to identify on a routine basis adopted rules that are in conflict,
13 proposed rules that conflict with other proposed or adopted rules, and
14 ways of addressing the conflict without interfering with the agency's
15 statutory duty to adopt the rule and without impairing the effectiveness
16 of the rule in carrying out the statutory mandate.

17 The following Commissions shall collaborate with the Secretary on the
18 development of this process: the Commission for Mental Health, Developmental
19 Disabilities, and Substance Abuse Services, the Social Services Commission, the
20 Commission for Health Services, the Medical Care Commission, and other
21 Commissions that adopt rules affecting the area of mental health, developmental
22 disabilities, and substance abuse services that the Secretary has a duty to implement.
23 The Secretary shall also involve a representative of the Division of Medical Assistance
24 in this effort.

25 SECTION #.(b) The Secretary and the Commissions shall implement the
26 process required by Section 1 of this act not later than October 1, 2002. Not later than
27 October 15, 2002, the Secretary shall report to the Joint Legislative Commission on
28 Mental Health, Developmental Disabilities, and Substance Abuse Services the
29 following:

- 30 (1) The status of the review of rules conducted by the Department for
31 determining the existence of ambiguity, duplication, or conflict.
- 32 (2) Specific rules identified that are in conflict and the recommended
33 action for resolving the conflict.
- 34 (3) Statutory changes necessary to accomplish the purposes of the rules
35 review process required by Section 1 of this act.
- 36

37 SUBPART 4. DIVISION OF SOCIAL SERVICES

38

39 Special Provision 2002-DHHS-S17-P [v5], Modified 5/28/02 2:18 PM

40 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
41 SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE *D. to Clay*

42 SECTION #. Section 21.42(d) of S.L. 2001-424 reads as rewritten:

43 "SECTION 21.42.(d) The Department of Health and Human Services shall report
44 on the use of these funds no later than April 1, ~~2002,2003~~, to the Senate Appropriations

1 Committee on Health and Human Services, the House of Representatives
2 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
3 Division."

4
5 **Special Provision 2002-DHHS-S19-P** [v9], Modified 6/7/02 3:10 PM

6 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

7 **CHILD WELFARE SYSTEMS PILOTS REPORTS**

8 **SECTION #.(a)** Section 21.46(a) of S.L. 2001-424 reads as rewritten:

9 "SECTION 21.46.(a) The Department of Health and Human Services, Division of
10 Social Services, shall develop a plan, working with local departments of social services,
11 to implement an alternative response system of child protection in no fewer than two
12 and no more than 10 demonstration areas in this State. The plan should provide for the
13 pilots to implement an alternative response system in which local departments of social
14 services utilize family assessment tools and family support principles when responding
15 to selected reports of suspected child ~~neglect~~neglect and dependency."

16 **SECTION #.(b)** The Department of Health and Human Services shall report
17 on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate
18 Appropriations Committee on Health and Human Services, the House of
19 Representatives Appropriations Subcommittee on Health and Human Services, and the
20 Fiscal Research Division not later than April 1, 2003.

Done Change

21
22 **Special Provision 2002-DHHS-S20-P** [v4], Modified 5/28/02 2:44 PM

23 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

24 **FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT**

25 **SECTION #.** Section 21.48(e) of S.L. 2001-424 reads as rewritten:

26 "SECTION 21.48.(e) The Department shall report on activities under this section.
27 This report is due to the Senate Appropriations Committee on Health and Human
28 Services, the House of Representatives Appropriations Subcommittee on Health and
29 Human Services, and the Fiscal Research Division on May 1, ~~2002-2003~~."

30
31 **Special Provision 2002-DHHS-S22-P** [v5], Modified 5/28/02 2:41 PM

32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

33 **ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES**

34 **SECTION #.** Section 21.54A of S.L. 2001-424 reads as rewritten:

35 "SECTION 21.54A. Of the funds appropriated in this act to the Department of
36 Health and Human Services, Division of Social Services, the sum of one million five
37 hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year, ~~and one million~~
38 ~~five hundred thousand dollars (\$1,500,000) for the 2002-2003 fiscal year,~~ year shall be
39 used to contract for additional child support services in urban counties demonstrating
40 significant caseload backlogs. The additional support to urban counties shall address the
41 backlog of cases and emphasize the establishment of paternities and the location of
42 absent parents."

43
44 **Special Provision 2002-DHHS-S27-P** [v7], Modified 5/23/02 11:22 AM

1 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
 2 STATE/COUNTY SPECIAL ASSISTANCE

3 SECTION #. Section 21.44(d) of S.L. 2001-424 reads as rewritten:

4 "SECTION 21.44.(d) Effective October 1, 2002, the maximum monthly rate for
 5 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~
 6 ~~(\$1,120) per month per resident.~~ one thousand ninety-one dollars (\$1,091) per month per
 7 resident."

8
 9 Special Provision 2002-DHHS-S28-P [v3], Modified 5/23/02 10:45 AM

10 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

11 ELECTING COUNTY TANF FUNDS REVERT *Follows Army Act #6*

12 SECTION #. G.S. 108A-27.11(c) reads as rewritten:

13 "(c) Each Electing County's allocation for Work First Family Assistance shall be
 14 computed based on the percentage of each Electing County's total expenditures for cash
 15 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting
 16 percentage shall be applied to the federal TANF block grant funds appropriated for cash
 17 assistance by the General Assembly each fiscal year. The Department shall transmit the
 18 federal funds contained in the county block grants to Electing Counties as soon as
 19 practicable after they become available to the State and in accordance with federal cash
 20 management laws and regulations. The Department shall transmit one-fourth of the
 21 State funds contained in county block grants to Electing Counties at the beginning of
 22 each quarter. ~~Once paid, the county block grant funds shall not revert."~~

23
 24 Special Provision 2002-DHHS-S31-P [v4], Modified 5/23/02 11:25 AM

25 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

26 ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

27 SECTION #. Section 21.54(b) of S.L. 2001-424 reads as rewritten:

28 "SECTION 21.54.(b) The Department shall submit a progress report on the
 29 development of the model to the Senate Appropriations Committee on Health and
 30 Human Services, the House of Representatives Appropriations Subcommittee on Health
 31 and Human Services, and the Fiscal Research Division on or before January 1, 2002,
 32 and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the
 33 following:

- 34 (1) The proposed time and location for implementation of the pilot.
 35 (2) Proposed number of residents to be placed and services to be provided
 36 directly by the facility or under contract with the facility.
 37 (3) Method for evaluating the pilot, including services provided, on a
 38 regular basis.
 39 (4) A description of the living environment for each resident and a
 40 comparison of how the living environment compares to that of other
 41 residents in the adult care home.
 42 (5) Changes to State law necessary to implement the pilot.
 43 (6) Projected cost to the State for pilot and statewide implementation."
 44

1 Special Provision 2002-DHHS-S33-P [v6], Modified 5/23/02 10:49 AM

2 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

3 ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM
4 REPEALED

5 SECTION #. Section 21.35 of S.L. 2001-424 is repealed.
6

7 Special Provision 2002-DHHS-S39-P [v9], Modified 5/28/02 2:07 PM

8 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

9 STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY

Context unchanged

10 SECTION #.(a) The Department of Health and Human Services shall
11 develop a plan to address the short-term and long-term recommendations of the report
12 titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special
13 Assistance Rate Methodology, May, 2002." The plan shall include:

- 14 (1) Setting the rate at the median plus a percentage;
- 15 (2) Excluding low-occupancy facilities from the rate-setting methodology;
16 and
- 17 (3) Adjusting fixed costs for inflation.

18 SECTION #.(b) The Department shall implement the following changes to
19 the adult care home cost reports:

- 20 (1) Revise the Direct Cost category to include: housekeeping/laundry,
21 health services, dietary services, recreational activities, and initial
22 orientation/aide training;
- 23 (2) Revise the Indirect Cost category to include: administration/general
24 and operation/maintenance;
- 25 (3) Revise the category of other Cost centers to include: personal care,
26 medically related transportation, and mental health services;
- 27 (4) Create a capital cost center category to include
28 property/ownership/use;
- 29 (5) Create a nonreimbursable cost category; and
- 30 (6) Define allowable and nonallowable expenditures.

31 The Department of Health and Human Services shall make the new cost report format
32 available to each facility 90 days prior to implementation.

33 *Language* - SECTION #.(c) The Department shall expand current audit policies and
34 procedures for auditing provider costs. The Department shall create an audit function
35 that is directly answerable to the State and involves fewer but more detailed audits. All
36 providers of services to State County Special Assistance recipients shall be subject to a
37 State audit if selected. The specific audit requirements shall be based on auditing
38 requirements of governmental programs providing similar services. The Department of
39 Health and Human Services shall expand current audit procedures for State County
40 Special Assistance to include auditing of costs associated with personal care services
41 reimbursed by Medicaid.

42 SECTION #.(d) The Department shall apply for federal waiver to pay
43 facilities directly for residential services for State County Special Assistance Residents.

1 SECTION #(e) The Department shall report on the progress of the
 2 implementations of the requirements of this section no later than December 1, 2002, to
 3 the Senate Appropriations Committee on Health and Human Services, the House of
 4 Representatives Appropriations Subcommittee on Health and Human Services, and the
 5 Fiscal Research Division.
 6

7 **Special Provision 2002-DHHS-S51-P** [v9], Modified 6/8/02 4:00 PM

8 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

9 **SPECIAL CHILDREN ADOPTION FUND**

10 SECTION #. Section 21.40(b) of S.L. 2001-424 reads as rewritten: *Changes*

11 "SECTION 21.40.(b) Of the total funds appropriated for the Special Children
 12 Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the *Logan*
 13 total funds available shall be reserved for payment to participating private adoption
 14 agencies. If the funds reserved in this subsection for payments to private adoption
 15 agencies have not been spent on or before March 31, ~~2002, 2003~~, *Date* the Division of Social
 16 Services may reallocate those funds, in accordance with this section, to other
 17 participating adoption agencies."
 18

19 **SUBPART 5. DIVISION OF AGING**

20
 21 **Special Provision 2002-DHHS-S26-P** [v6], Modified 5/23/02 11:24 AM

22 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

23 **ALZHEIMER'S ASSOCIATION FUNDS FY 2001-2002**

24 SECTION #. Section 21.31 of S.L. 2001-424 reads as rewritten:

25 "SECTION 21.31. Of the funds appropriated in this act to the Department of Health
 26 and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars
 27 (\$150,000) for the 2001-2002 fiscal year ~~and the sum of one hundred fifty thousand~~
 28 ~~dollars (\$150,000) for the 2002-2003 fiscal year~~ shall be allocated as follows:

29 (1) \$75,000 ~~in each fiscal year~~ for the Western Carolina Alzheimer's
 30 Chapter; and

31 (2) \$75,000 ~~in each fiscal year~~ for the Eastern NC Alzheimer's Chapter.

32 Before funds may be allocated to any chapter under this section, the Chapter shall
 33 submit to the Division of Aging, for its approval, a plan for the use of the funds."
 34

35 **Special Provision 2002-DHHS-S34-P** [v4], Modified 5/23/02 11:22 AM

36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

37 **GOVERNOR'S ADVISORY COUNCIL ON AGING**

38 SECTION #. G.S. 143B-181 reads as rewritten:

39 "§ 143B-181. **Governor's Advisory Council on Aging – members; selection;
 40 quorum; compensation.**

41 The Governor's Advisory Council on Aging of the Department of Health and Human
 42 Services shall consist of 33 members, 29 members to be appointed by the Governor, two
 43 members to be appointed by the President Pro Tempore of the Senate, and two members
 44 to be appointed by the Speaker of the House of Representatives. The composition of the

1 Council shall be as follows: one representative of the Department of Administration;
2 one representative of the Department of Cultural Resources; one representative of the
3 Employment Security Commission; one representative of the Teachers' and State
4 Employees' Retirement System; one representative of the Commissioner of Labor; one
5 representative of the Department of Public Instruction; one representative of the
6 Department of Environment and Natural Resources; one representative of the
7 Department of Insurance; one representative of the Department of Crime Control and
8 Public Safety; one representative of the Department of Community Colleges; one
9 representative of the School of Public Health of The University of North Carolina; one
10 representative of the School of Social Work of The University of North Carolina; one
11 representative of the Agricultural Extension Service of North Carolina State University;
12 one representative of the collective body of the Medical Society of North Carolina; and
13 19 members at large. The at large members shall be citizens who are knowledgeable
14 about services supported through the Older Americans Act of 1965, as amended, and
15 shall include persons with greatest economic or social need, minority older persons, and
16 participants in programs under the Older Americans Act of 1965, as amended. The
17 Governor shall appoint 15 members at large who meet these qualifications and are 60
18 years of age or older. The four remaining members at large, two of whom shall be
19 appointed by the President Pro Tempore of the Senate and two of whom shall be
20 appointed by the Speaker of the House of Representatives, shall be broadly
21 representative of the major private agencies and organizations in the State who are
22 experienced in or have demonstrated particular interest in the special concerns of older
23 persons. At least one of each of the at-large appointments of the President Pro Tempore
24 of the Senate and the Speaker of the House of Representatives shall be persons 60 years
25 of age or older. The Council shall meet ~~at least quarterly~~ biannually.

26 Members at large shall be appointed for four-year terms and until their successors
27 are appointed and qualify. Ad interim appointments shall be for the balance of the
28 unexpired term.

29 The Governor shall have the power to remove any member of the Council from
30 office in accordance with the provisions of G.S. 143B-16 of the Executive Organization
31 Act of 1973.

32 The Governor shall designate one member of the Council as chair to serve in such
33 capacity at his pleasure.

34 Members of the Council shall receive per diem and necessary travel and subsistence
35 expenses in accordance with the provisions of G.S. 138-5.

36 A majority of the Council shall constitute a quorum for the transaction of business.
37 All clerical and other services required by the Council shall be supplied by the Secretary
38 of Health and Human Services."
39

40 SUBPART 6. OFFICE OF EDUCATIONAL SERVICES

41
42 Special Provision 2002-DHHS-S54-P [v6], Modified 5/28/02 3:39 PM
43 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
44 RESIDENTIAL SCHOOLS REPORTING

1 **SECTION #.** The Office of Education Services shall report not later than
2 December 1, 2002, to the Senate Appropriations Committee on Health and Human
3 Services, the House of Representatives Appropriations Subcommittee on Health and
4 Human Services, and the Fiscal Research Division on the activities of the Eastern North
5 Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at
6 Morganton, and the Governor Morehead School for the Blind. The report shall include
7 enrollment numbers at the schools, the budgets, and the academic status of the schools
8 as defined under the ABC's program.

9
10 **SUBPART 7. DIVISION OF PUBLIC HEALTH**

11
12 **Special Provision 2002-DHHS-S5-P [v5], Modified 5/24/02 4:07 PM**

13 Requested by: Senators Martin of Guilford, Purcell, Warren, Plyler, Odom, Lee
14 **HEART DISEASE AND STROKE PREVENTION TASK FORCE**

15 **SECTION #.** Section 21.95 of S.L. 2001-424 reads as rewritten:

16 "SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in
17 subsection (1) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended,
18 shall submit to the Governor and the General Assembly a sixth interim report within the
19 first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a
20 seventh interim report within the first week of the convening of the 2003 General
21 Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall
22 submit a final report to the Governor and the General Assembly by June 30, 2003. ~~by~~
23 ~~June 30, 2003, and, upon submission of its final report to the Governor and the General~~
24 ~~Assembly, the Task Force shall expire."~~

25
26 **Special Provision 2002-DHHS-S6-P [v7], Modified 5/23/02 11:21 AM**

27 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
28 **NEWBORN HEARING SCREENING PROGRAM REPORT**

29 **SECTION #.** Section 21.96 of S.L. 2001-424 reads as rewritten:

30 "SECTION 21.96. The Department of Health and Human Services shall report the
31 following information on the newborn hearing screening program:

- 32 (1) Unduplicated number of infants screened.
33 (2) Number of infants who failed the second hearing screening.
34 (3) Number of infants receiving the diagnostic evaluation.
35 (4) Number and types of services provided.
36 (5) Number and types of follow-up services provided to children.

37 The Department shall submit the report not later than May 1, 2002, to the Senate
38 Appropriations Committee on Health and Human Services, the House of
39 Representatives Appropriations Subcommittee on Health and Human Services, and the
40 Fiscal Research Division. The Department shall report not later than January 1, 2003, on
41 its activities to the Senate Appropriations Committee on Health and Human Services,
42 the House of Representatives Appropriations Subcommittee on Health and Human
43 Services, and the Fiscal Research Division."

1 **Special Provision 2002-DHHS-S7-P** [v20], Modified 6/8/02 6:21 PM

2 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

3 **INTENSIVE HOME VISITING**

4 **SECTION #.** Section 21.97(b) of S.L. 2001-424 reads as rewritten:

5 "SECTION 21.97.(b) The Division shall require in-home visitors to collect data on
6 program participants as a condition of participation. This requirement shall include
7 six-month periodic assessments and completion of the questionnaires. The Department
8 shall ensure that the collection, maintenance, use, and disclosure of data complies with
9 applicable State and federal law protecting privacy of health and other individual
10 information. By April 1, ~~2002,~~2003, the Division shall report to the Senate
11 Appropriations Committee on Health and Human Services and the House of
12 Representatives Appropriations Subcommittee on Health and Human Services on the
13 following items:

- 14 (1) Number of clients/families enrolled per county.
- 15 (2) Attrition and reasons why families leave the program.
- 16 (3) Average number of home visits per month.
- 17 (4) Average time involved per home visit.
- 18 (5) Baseline family characteristics.
- 19 (6) Health behaviors.
- 20 (7) Perinatal and birth outcomes.
- 21 (8) Other relevant outcome information.

22 All program information shall include the identification of the model used in order to
23 compare these models in the future."
24

25 **Special Provision 2002-DHHS-S13-P** [v5], Modified 5/28/02 2:17 PM

26 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

27 **AIDS DRUG ASSISTANCE PROGRAM (ADAP)**

28 **SECTION #.(a)** Section 21.90(b) of S.L. 2001-424 reads as rewritten:

29 "SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal
30 year, HIV-positive individuals with incomes at or below one hundred twenty-five
31 percent (125%) of the federal poverty level are eligible for participation in ADAP.
32 ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to~~
33 ~~one hundred fifty percent (150%) of the federal poverty level only after the Office of~~
34 ~~State Budget and Management certifies in writing that the Department has developed an~~
35 ~~information management system pursuant to subsection (a) of this section. Until the~~
36 ~~Office of State Budget and Management makes this certification, eligibility~~
37 ~~Eligibility~~ for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended
38 to individuals with incomes above one hundred twenty-five percent (125%) of the
39 federal poverty level. ~~Following six months of increased eligibility at one hundred fifty~~
40 ~~percent (150%) of the federal poverty level, eligibility for participation in ADAP shall~~
41 ~~be extended to individuals with incomes up to one hundred seventy five percent (175%)~~
42 ~~of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning~~
43 ~~July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals~~
44 ~~with incomes up to two hundred percent (200%) of the federal poverty level."~~

1 SECTION #.(b) The Department of Health and Human Services shall
2 develop a plan to manage costs in ADAP and to serve additional participants within
3 additional resources. The plan shall include an assessment of the following, including,
4 where applicable, a review of other states' actions in these areas:

- 5 (1) Limiting the drug formulary.
- 6 (2) Capping expenditures on a per participant/per month basis.
- 7 (3) Providing financial assistance to participants for health care program
8 premiums.

9 SECTION #.(c) The Department shall report on activities conducted under
10 this section and under Section 21.90 of S.L. 2001-424 to the Senate Appropriations
11 Committee on Health and Human Services, the House of Representatives Subcommittee
12 on Health and Human Services, and the Fiscal Research Division. The Department
13 shall submit an interim report not later than December 1, 2002, and a final report not
14 later than May 1, 2003.

15
16 Special Provision 2002-DHHS-S42-P [v10], Modified 5/30/02 4:32 PM

17 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

18 PRESCRIPTION DRUG ASSISTANCE PROGRAM

19 SECTION #.(a) Section 21.88 of S.L. 2001-424 reads as rewritten:

20 "SECTION 21.88. Of the funds appropriated in this act to the Department of Health
21 and Human Services, the sum of five hundred thousand dollars (\$500,000) for the
22 2001-2002 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the
23 2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs for
24 persons:

- 25 (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- 26 (2) Whose income is not more than one hundred fifty percent (150%) of
27 the federal poverty level; and
- 28 (3) Who have been diagnosed with cardiovascular disease or diabetes.

29 These funds shall be used to pay the cost of outpatient prescription drugs for the
30 treatment of cardiovascular disease or diabetes. Payment shall be not more than the
31 Medicaid cost including rebates. The Department shall develop criteria to maximize the
32 efficient and effective distribution of these drugs."

33 SECTION #.(b) It is the intent of the General Assembly that funding for
34 prescription drug assistance provided by the Health and Wellness Trust Fund shall
35 include funds for the transition of benefits formerly provided under the Prescription
36 Drug Assistance Program.

37
38 Special Provision 2002-DHHS-S48-P [v4], Modified 5/23/02 10:27 AM

39 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

40 REPEAL DENTAL HEALTH PROGRAM IN THE DEPARTMENT OF
41 HEALTH AND HUMAN SERVICES

42 SECTION #. Article 14 of Chapter 130A of the General Statutes is
43 repealed.
44

1 Special Provision 2002-DHHS-S49-P [v10], Modified 5/24/02 1:08 PM

2 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

3 RESTRUCTURE ORAL HEALTH SECTION

4 SECTION #. The Department of Health and Human Services, Division of
5 Public Health, shall restructure the Division's Oral Health Section within the Women's
6 and Children's Health Section. The restructuring shall result in broadening the scope of
7 the Oral Health Section responsibilities to begin to address a more comprehensive
8 school health program throughout the State. The Division shall ensure that positions and
9 resources within the Oral Health Section are also transferred to meet the requirements of
10 a comprehensive school health program. The Division of Public Health shall report not
11 later than December 1, 2002, on the Division's reorganization, including restructuring of
12 the Oral Health Section. The Division shall submit the report to the Senate
13 Appropriations Committee on Health and Human Services, the House of
14 Representatives Appropriations Subcommittee on Health and Human Services, and the
15 Fiscal Research Division.

16
17 Special Provision 2002-DHHS-S52-P [v3], Modified 5/28/02 2:36 PM

18 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

19 EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT

20 SECTION #. The Department of Health and Human Services shall report on
21 the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate
22 Appropriations Committee on Health and Human Services, the House of
23 Representatives Appropriations Subcommittee on Health and Human Services, and the
24 Fiscal Research Division not later than December 1, 2002.

25
26 Special Provision 2002-DHHS-S53-P [v5], Modified 5/23/02 2:40 PM

27 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

28 DEVELOPMENTAL EVALUATION CENTERS

29 SECTION #.(a) The Department of Health and Human Services, Division
30 of Public Health, shall administer the reduction in funds for the 2002-2003 fiscal year of
31 two million seventy-six thousand four hundred twenty-six dollars \$2,076,426 to all
32 Developmental Evaluation Centers (DEC's) based upon the following:

- 33 (1) Prior years' expenditures of the DEC,
- 34 (2) Elimination of vacant positions, and
- 35 (3) Overall needs of the DEC.

36 The reduction shall not result in the entire closure of an individual DEC and
37 the implementation of the reduction should seek to minimize the loss of direct services
38 to children, looking first at administrative reductions.

39 SECTION #.(b) The Division of Public Health shall prepare a plan for the
40 future of Developmental Evaluation Centers that will involve a needs-assessment of
41 services and geographical needs. The plan shall also include an assessment of the
42 number of DEC's needed and recommendations for future downsizing or growth. The
43 plan will augment the Early Intervention Services Plan submitted to the General
44 Assembly. The Division shall report on its plan not later than December 1, 2002, to the

1 Senate Appropriations Committee on Health and Human Services, the House of
2 Representatives Appropriations Subcommittee on Health and Human Services, and the
3 Fiscal Research Division.

4
5 **Special Provision 2002-DHHS-S57-P** [v12], Modified 5/30/02 2:44 PM

6 Requested by: Senator Martin of Guilford, Purcell, Cunningham, Plyler, Odom,
7 Lee

8 **WORKERS' COMPENSATION FOR DUSTY TRADES**

9 SECTION #.(a) G.S. 97-61.1 reads as rewritten:

10 "**§ 97-61.1. First examination of and report on employee having asbestosis or**
11 **silicosis.**

12 When an employee and the Industrial Commission are advised ~~by the Department of~~
13 ~~Health and Human Services~~ that an employee has asbestosis or silicosis, the employer
14 shall be notified by the Industrial Commission, and the employee, when ordered by the
15 Industrial Commission, shall go to a place designated by the Industrial Commission and
16 submit to X rays and a physical examination by the advisory medical committee, at least
17 one of whom shall conduct the examination, and the member or members of the
18 advisory medical committee conducting the examination shall forward the X rays and
19 findings to the member or members of the committee not present for the physical
20 examination. The employer shall pay the expenses connected with the examination in
21 such amounts as shall be directed by the Industrial Commission. Within 30 days after
22 the completion of the examination, the advisory medical committee shall make a written
23 report signed by all of its members setting forth:

- 24 (1) The X rays and clinical procedures used by the committee in arriving
25 at its findings.
26 (2) Whether or not the claimant has contracted asbestosis or silicosis.
27 (3) The committee's opinion expressed in percentages of the impairment
28 of the employee's ability to perform normal labor in the same or any
29 other employment.
30 (4) Any other matter deemed pertinent by the committee.

31 When a competent physician certifies to the Industrial Commission that the
32 employee's physical condition is such that his movement to the place of examination
33 ordered by the Industrial Commission as herein provided in G.S. 97-61.1, 97-61.3 and
34 97-61.4 would be harmful or injurious to the health of the employee, the Industrial
35 Commission shall cause the examination of the employee to be made by the advisory
36 medical committee as herein provided at some place in the vicinity of the residence of
37 the employee suitable for the purposes of making such examination."

38 SECTION #.(b) G.S. 97-61.5 reads as rewritten:

39 "**§ 97-61.5. Hearing after first examination and report; ~~removal of employee from~~**
40 **~~hazardous occupation; further exposures prohibited; compensation upon~~**
41 **~~removal from hazardous occupation; a finding of asbestosis or silicosis.~~**

42 (a) After the employer and employee have received notice of the first committee
43 report, the Industrial Commission, unless it has already approved an agreement between
44 the employer and employee, shall set the matter for hearing at a time and place to be

1 decided by it, to hear any controverted questions, determine if and to whom liability
2 attaches, and where appropriate, file a written opinion with its findings of fact and
3 conclusions of law and cause its award to be issued thereon, all of which shall be
4 subject to modification as provided in G.S. 97-61.6.

5 (b) If the Industrial Commission finds at the first hearing that the employee has
6 either asbestosis or silicosis or if the parties enter into an agreement to the effect that the
7 employee has silicosis or asbestosis, it shall by order ~~remove~~ prohibit the employee
8 from engaging in any occupation ~~which~~ that further exposes him to the hazards of
9 asbestosis or silicosis, and if the employee thereafter engages in any occupation ~~which~~
10 that further exposes him to the hazards of asbestosis or silicosis without having obtained
11 the written approval of the Industrial Commission as provided in G.S. 97-61.7, neither
12 he, his dependents, personal representative nor any other person shall be entitled to any
13 compensation for disablement or death resulting from asbestosis or silicosis; ~~provided,~~
14 ~~that if the employee is removed from the industry and the employer shall pay or cause to~~
15 ~~be paid as in this subsection provided to the employee affected by such asbestosis or~~
16 ~~silicosis a weekly compensation equal to sixty-six and two-thirds percent (66 2/3%) of~~
17 ~~his average weekly wages before removal from the industry, but not more than the~~
18 ~~amount established annually to be effective October 1 as provided in G.S. 97-29 or less~~
19 ~~than thirty dollars (\$30.00) a week, which compensation shall continue for a period of~~
20 ~~104 weeks. Payments made under this subsection shall be credited on the amounts~~
21 ~~payable under any final award in the cause entered under G.S. 97-61.6."~~

22 SECTION #.(c) G.S. 97-61.7 reads as rewritten:

23 "§ 97-61.7. ~~Waiver of right to compensation as alternative to forced change of~~
24 ~~occupation.~~ further compensation.

25 An employee who has been compensated under the terms of G.S. 97-61.5(b) ~~as an~~
26 ~~alternative to forced change of occupation,~~ may, subject to the approval of the Industrial
27 Commission, waive in writing his right to further compensation for any aggravation of
28 his condition that may result from his continuing in an occupation exposing him to the
29 hazards of asbestosis or silicosis, in which case payment of all compensation awarded
30 previous to the date of the waiver as approved by the Industrial Commission shall bar
31 any further claims by the employee, or anyone claiming through him, provided, that in
32 the event of total disablement or death as a result of asbestosis or silicosis with which
33 the employee was so affected, compensation shall nevertheless be payable, but in no
34 case, whether for disability or death or both, for a longer period than 100 weeks in
35 addition to the 104 weeks already paid. Such written waiver must be filed with the
36 Industrial Commission, and the Commission shall keep a record of each waiver, which
37 record shall be open to the inspection of any interested person."

38 SECTION #.(d) G.S. 97-72(b) reads as rewritten:

39 "(b) The members of the advisory medical committee shall be paid one hundred
40 dollars (\$100.00) per month plus not more than forty dollars (\$40.00) per film
41 examined. The fee per film shall be established by the ~~Secretary of Health and Human~~
42 ~~Services,~~ Industrial Commission, as guided by the current Medicaid/Medicare
43 reimbursement schedules for North Carolina."

44 SECTION #.(e) G.S. 97-73(b) reads as rewritten:

1 "~~(b) The Secretary of Health and Human Services-Industrial Commission shall~~
2 establish a schedule of fees for examinations ~~conducted by the Department of Health~~
3 ~~and Human Services directed by the Industrial Commission~~ pursuant to G.S. 97-60. The
4 fees shall be collected in accordance with rules adopted by the ~~Secretary of Health and~~
5 ~~Human Services-Industrial Commission.~~"

6 SECTION #(f) Subsections (b) and (c) of this section are effective when
7 this section becomes law and apply to all claims for workers' compensation that the
8 Industrial Commission determines on or after that date and to all claims for workers'
9 compensation that result in a settlement agreement entered into on or after that date.

11 SUBPART 8. DIVISION OF CHILD DEVELOPMENT

13 Special Provision 2002-DHHS-S10A [v2], Modified 6/14/02 10:27 AM

14 Requested by: Senators Martin of Guilford and Purcell

15 EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES 16 ENHANCEMENTS

17 SECTION #(a) Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

18 "SECTION 21.75.(d) The Department of Health and Human Services and the
19 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
20 for Early Childhood Education and Development Initiatives for State fiscal ~~year-years~~
21 2001-2002 and 2002-2003 shall be administered and distributed in the following
22 manner:

- 23 (1) The North Carolina Partnership for Children, Inc., shall develop a
24 policy to allocate the reduction of funds for Early Childhood
25 Education and Development Initiatives for the 2001-2002 and 2002-
26 2003 fiscal ~~year-years~~.
- 27 (2) The North Carolina Partnership for Children, Inc., administration shall
28 be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
- 29 (3) The Department of Health and Human Services Smart Start
30 administration shall be reduced by ten percent (10%) from the
31 2000-2001 fiscal year level.
- 32 (4) Capital expenditures and playground equipment expenditures are
33 prohibited for fiscal ~~year-2001-2002-years~~ 2001-2002 and 2002-2003.
34 For the purposes of this section, "capital expenditures" means
35 expenditures for capital improvements as defined in G.S. 143-34.40.
- 36 (5) Expenditures for advertising and promotional activities are prohibited
37 for fiscal year 2002-2003."

38 SECTION #(b) Section 21.75(f) of S.L. 2001-424 reads as rewritten:

39 "SECTION 21.75.(f) For the 2001-2002 and 2002-2003 fiscal ~~year-years~~, the North
40 Carolina Partnership for Children, Inc., shall not approve local partnership plans that
41 allocate State funds to child care providers for one-time quality improvement initiatives
42 in the following circumstances:

- 43 (1) Child care facilities with licensure of four or five stars, unless the
44 expenditure of funds is to expand capacity for low-income children.

- 1 (2) Child care facilities that do not accept child care subsidy funds.
2 (3) Child care facilities that previously received quality improvement
3 grants whose quality initiatives failed to increase licensure."

4 SECTION #.(c) For the 2002-2003 fiscal year, the local partnerships shall
5 spend an amount for child care subsidies that provides at least fifty-two million dollars
6 (\$52,000,000) for the TANF maintenance of effort requirement and the Child Care
7 Development Fund and Block Grant match requirement.

8 SECTION #.(d) Of the funds appropriated in this act, the North Carolina
9 Partnership for Children, Inc., shall transfer one million dollars (\$1,000,000) to the
10 Department of Health and Human Services, Division of Public Health, to contract with
11 the National Society to Prevent Blindness – North Carolina Affiliate, Inc., to maximize
12 vision screenings of children in child care settings. The National Society to Prevent
13 Blindness – North Carolina Affiliate, Inc., shall report on the use of the funds
14 transferred under this section no later than March 1, 2003, to the Senate Appropriations
15 Committee on Health and Human Services, the House of Representatives
16 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
17 Division. This report shall included the following:

- 18 (1) The number of screenings conducted.
19 (2) The number of previously undetected vision problems discovered in
20 the screenings.
21 (3) The number of child care facilities in which screenings are conducted.
22 (4) A listing of the counties in which screenings are conducted.

23 SECTION #.(e) Notwithstanding any other provision of law, for the
24 2002-2003 fiscal year, the North Carolina Partnership for Children, Inc., may not
25 contract with any outside entity to conduct performance assessments of local
26 partnerships.

27 SECTION #.(f) G.S. 143B-168.12 is amended by adding a new subsection
28 to read:

29 "(e) The North Carolina Partnership shall develop guidelines for local
30 partnerships to follow in selecting capital projects to fund. The guidelines shall include
31 assessing the community needs in relation to the quantity of child care centers, assessing
32 the cost of purchasing or constructing new facilities as opposed to renovating existing
33 facilities, and prioritizing capital needs such as construction, renovations, and
34 playground equipment and other amenities."

35 SECTION #.(g) G.S. 143B-168.13(a)(1a) reads as rewritten:

36 "(1a) Develop and conduct a statewide needs and resource assessment every
37 third year, beginning in the 1997-98 fiscal year. This needs assessment
38 shall be conducted in cooperation with the North Carolina Partnership
39 and with the local partnerships. This needs assessment shall include a
40 statewide assessment of capital needs. The data and findings of this
41 needs assessment shall form the basis for annual program plans
42 developed by local partnerships and approved by the North Carolina
43 Partnership."

1 SECTION #.(h) Of the funds appropriated in this act, the North Carolina
2 Partnership for Children, Inc., shall transfer the sum of four hundred thousand dollars
3 (\$400,000) to the Department of Health and Human Services, Division of Public Health,
4 for the purpose of providing a statewide folic acid campaign.
5

6 **Special Provision 2002-DHHS-S11A [v9], Modified 6/17/02 6:22 PM**

7 Requested by: Senator

8 **MORE AT FOUR PROGRAM**

9 SECTION #.(a) Section 21.76B(c)(2) of S.L. 2001-424 is repealed.

10 SECTION #.(b) Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

11 "SECTION 21.76B.(d) In development of the "More At Four" pilot, the
12 Department of Health and Human Services, in consultation with the Department of
13 Public Instruction and the Task Force, shall:

14 (1) Contract with an independent research organization, outside the
15 Department of Health and Human Services and the Department of
16 Public Instruction, with proven expertise in evaluation of
17 prekindergarten programs, for the design of an evaluation component.
18 ~~The evaluation component shall facilitate longitudinal review of the~~
19 ~~program and child specific outcomes to include, at a minimum,~~
20 ~~participants' readiness for kindergarten, percentage of participants~~
21 ~~scoring at or above grade level on the third grade end of grade test,~~
22 ~~and high school graduation rates.~~ pre- and post-assessments of children
23 participating in the More At Four program. Of the funds appropriated
24 in this act, the Department shall not spend more than two hundred
25 thousand dollars (\$200,000) on this contract.

26 (2) Collaborate in the development of a system to collect and maintain
27 child-specific information to provide for the long-term evaluation of
28 the pilot. The system shall be developed in a manner which ~~builds~~
29 ~~upon~~ utilizes existing State and local systems and ~~which facilitates the~~
30 ~~interface with the N.C. Student Information Management System."~~

31 SECTION #.(c) Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

32 "SECTION 21.76B.(f) In order to maximize and coordinate funding for
33 prekindergarten programs for four-year-olds with demonstrated educational needs, the
34 Department of Health and Human Services, the Department of Public Instruction, and
35 the Task Force ~~Force~~, and the North Carolina Partnership for Children, Inc., shall
36 identify and make recommendations on the reallocation of funds from existing State and
37 local programs providing prekindergarten related care and services, including child care
38 subsidies. All potential funding sources, including federal as well as State-funded
39 efforts, shall be identified. The report required under subsection (g) of this section shall
40 include recommendations on strategies to ensure coordination between the Partnership,
41 More At Four, and other prekindergarten programs in addressing the academic and
42 cognitive needs of young children. The report shall include recommendations on
43 structural changes to Smart Start, More At Four, and other related programs, including

1 consolidation, that may be beneficial in encouraging this coordination. The report shall
2 include a plan and a timetable for implementation of the recommendations."

3 SECTION #.(d) Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

4 "SECTION 21.76B.(g) The Department of Health and Human Services, the
5 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
6 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
7 Joint Legislative Education Oversight Committee, the Senate Appropriations
8 Committee on Health and Human Services, and the House of Representatives
9 Appropriations Subcommittee on Health and Human Services on the progress in
10 complying with this section. A final report along with recommendations for changes or
11 expansion of the program shall be presented to the ~~2003 General Assembly.~~ Senate
12 Appropriations Committee on Health and Human Services, the House of
13 Representatives Appropriations Subcommittee on Health and Human Services, and the
14 Fiscal Research Division no later than December 1, 2002. This final report shall include
15 the following:

16 (1) The number of children participating in the program.

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

21 (3) The expected expenditures for the fiscal year.

22 (4) The location of program sites and the corresponding number of
23 children participating in the program at each site.

24 (5) Recommendations regarding reallocation of State, local, and federal
25 funds to maximize the provision of services to at-risk four-year-olds
26 and to eliminate duplication of efforts."

27 SECTION #.(e) Effective June 30, 2002, Section 21.76B of S.L. 2001-424 is
28 amended by adding a new subsection to read:

29 "SECTION 21.76B.(h) The Department of Health and Human Services may carry
30 over any unspent funds allocated to the More At Four program to the subsequent fiscal
31 year."

32 *More at Four*
33 SECTION #.(f) It is the intent of the General Assembly to identify and
34 recognize existing programs that excel at meeting the educational needs of at-risk
35 four-year-olds and to provide guidance and technical assistance to programs so that they
36 may become better at meeting the needs of these children. It is the intent of the General
37 Assembly to maximize the provision of services to at-risk four-year-olds and to
38 eliminate duplication of efforts.

39 SECTION #.(g) Not later than December 1, 2002, the Department of Health
40 and Human Services, in consultation with the More at Four Pre-Kindergarten Program,
41 shall establish More At Four accreditation criteria for child care centers, Head Start
42 programs, prekindergarten programs administered by local educational agencies, and
43 other educational prekindergarten programs, including centers and programs funded by
44 Smart Start. These accreditation criteria shall include, at a minimum, the guidelines
established by the "More At Four" Pre-K Task Force pursuant to Section 21.76B of S.L.

1 2001-424. These accreditation criteria shall also include a criterion related to the
2 number or percentage of at-risk children that must be served by a child care center,
3 Head Start program, prekindergarten program administered by a local educational
4 agency, or other educational prekindergarten program, including centers and programs
5 funded by Smart Start, before it may become an accredited More At Four program.

6 **SECTION #.(h)** Beginning January 1, 2003, the Department of Health and
7 Human Services, Division of Child Development, shall initiate an accreditation program
8 based on the criteria developed pursuant to subsection (g) of this section. The
9 Department shall evaluate programs on the accreditation criteria as part of the three-year
10 rated license assessment currently conducted by the Department. Any child care center,
11 Head Start program, prekindergarten program administered by a local educational
12 agency, or other educational prekindergarten program, including centers and programs
13 funded by Smart Start, that satisfies the accreditation criteria shall be designated as a
14 More At Four accredited program. This designation shall take effect once the
15 Department finds that the accreditation criteria have been met. The Department shall
16 periodically reevaluate accredited programs to ensure that the program continues to
17 satisfy the accreditation criteria. A child care center, Head Start program,
18 prekindergarten program administered by a local educational agency, or other
19 educational prekindergarten program, including centers and programs funded by Smart
20 Start, may petition the Department to evaluate the program on the accreditation criteria
21 in advance of the next regularly scheduled rated license assessment.

22 **SECTION #.(i)** The Department of Health and Human Services shall
23 conduct a county-by-county needs and resources assessment to determine what
24 additional resources are necessary, if any, to meet the needs of at-risk four-year-olds in
25 each county in the State. This assessment shall take into consideration that different
26 counties may require different resources or programs to adequately meet the needs of
27 at-risk four-year-olds. The Department shall report on the results of this assessment to
28 the Senate Appropriations Committee on Health and Human Services, the House of
29 Representatives Appropriations Subcommittee on Health and Human Services, and the
30 Fiscal Research Division no later than April 1, 2003.

✓ 31 **SECTION #.(j)** The Department of Health and Human Services shall make
32 a report to the 2003 General Assembly with recommendations for appropriate incentives
33 to encourage child care centers, Smart Start programs, Head Start programs,
34 prekindergarten programs administered by local educational agencies, and other
35 educational prekindergarten programs to achieve and maintain More at Four accredited
36 status. *Programs work together and explore future combination*

37
38 **Special Provision 2002-DHHS-S62-P [v4], Modified 5/28/02 2:48 PM**

39 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

40 **CHILD CARE SUBSIDY RATES**

41 **SECTION #.** Section 21.73(f) of S.L. 2001-424 reads as rewritten:

42 "SECTION 21.73.(f) Provision of payment rates for child care providers in
43 counties that do not have at least 75-50 children in each age group for center-based and
44 home-based care are as follows:

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- (1) 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 ~~75~~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."

Special Provision 2002-DHHS-S71-P [v3], Modified 5/28/02 2:41 PM
Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
**REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL
REPAYMENT REQUIREMENTS**
SECTION #. G.S. 110-108 is repealed.

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John McHugh	CEO OFFICE
Liz Miller	NCATCF
Roger Bone	Bone Assoc.
George Cooper	NCALA
Amy Jo Horne	NCMS
Stacy Flannery	NLHCFA
Craig Souza	NLHCFA
D. M. [Signature]	XCRRA
Stella [Signature]	NCMS
Pam Herman	Pender County
Mortimer [Signature]	New Hanover County
Mary Willis	" " "
Jason Wiegand	" " "

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NAME	FIRM OR AGENCY AND ADDRESS
Paula A. Hoff	Covenant w/NC's Children
Adam Searens	NCFAC
Richard Nixon	Ret. Govt Emp. Assn
Aloby Emanuelson	NMSS - Eastern NC Chapter
Melodee Stokes	DHHS / OCS
C.L. Schwan	UCPNC - C2001
Frank Winkler	NCCSPC -
Janet Schamzymbach	NIC Council
Joni Alberg	BEGINNINGS
Roger Bone	Bone Assoc -
Ron Nixon	UNB - NCAW

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NAME	FIRM OR AGENCY AND ADDRESS
Mark Season	Capitol Group
Wayne Williams	State Budget Office
Mary Green	"
Bonnie Cramer	"
Julie Mitchell	"
Whitney Davis	"
Pam Richardson	"
Robin Horrell	<u>First IN Families of NC</u>
Lynetta Richardson	}
L.C. Johnny Johnson	
Dore Hill	Per/Inc
Mark Ezzell Ann T. ...	GCC in HA/NC - C2001

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643

Tuesday, July 23, 2002

1:30 p.m.

Opening Remarks

*Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

2002-2003 Budget Overview

Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Tuesday, July 23, 2002

1:30 P. M.

Room 643, Legislative Office Building

The Appropriations subcommittee on Health and Human Services met on Tuesday, July 23, 2002 at 1:30 P.M. in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye, Representative Beverly Earle, Co-Chairs; Representatives Mark Crawford, Walter Church, Debbie Clary, Billy Creech, Theresa Esposito, Verla Insko, and Thomas Wright.

Representative Nye called the meeting to order, asked for a roll call vote, and welcomed Committee members and visitors. Attached is the Visitor Registration Sheet that is made a part of the minutes (See Attachment No. 1).

Carol Shaw, Fiscal Research Staff, stated that the document they would be discussing was a comparison document with three columns, House, Senate and Governor. The Senate column represents the budget that the Senate passed, The Governor's column represents the numbers that were included in his budget that was submitted to the Committee earlier this year, and the House columns are the options that have been developed by the Committee Chairs at this point. (See Attachment No. 2)

Susan Morgan, Fiscal Research Staff, began the presentation by reviewing the Division of Aging. Carol Shaw reviewed the Division of Child Development. Representative Nye asked for the number of children on the waiting list. Peggy Ball with the Division stated there are 14,932 children on the list. Representative Earle asked for a list of those by counties. Representative Insko asked for the per pupil amount for subsidy or did it vary by counties. Ms. Ball responded that each month they calculate the average expenditure per child and it is running about three hundred dollars per month. The average length of stay per year is about six months. An estimate is about eighteen hundred dollars per year, per child.

Representative Clary asked if the criminal records checks for child care and adult care homes had been consolidated. Ms. Shaw stated they have not. In some cases the state is paying for criminal record checks and in some cases the people in the industry are paying for them. Representative Clary then asked how much money in Smart Start goes to child care subsidy. Ms. Shaw responded they are required to spend up to 30% of their budget statewide for childcare subsidy. In most cases, they have spent more. In 2001, seventy

million was spent for childcare subsidy. This means they have traditionally spent about 48% to 49% on subsidy. There are two ways they pay for subsidy. Ms. Shaw will get detailed information on this.

Representative Crawford asked staff to provide the amount of the remaining funds to spend in each case. Ms. Shaw responded they would try to get this information, but it will take a while to develop this information. Representative Crawford then asked Chairman Nye if they could get this information before there were any amendments. Chairman Nye agreed this would be a good idea.

Representative Creech stated he wanted to know how much private money had been put into Smart Start since it was suppose to be a combination of private/ for profit money. Ms. Shaw responded she would get that information.

Representative Esposito asked if they knew how many children were receiving childcare subsidy either through Smart Start or TANF. Ms. Ball stated she would get this information for her.

Ms. Shaw next reviewed the Division of Facility Services and Division of Medical Assistance. There were a few questions for Ms. Shaw concerning basis of reducing number of providers in item number 48, and also the reimbursement rate in item number 46.

Jim Klingler, Fiscal Research Staff, reviewed the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services on page 9G of the handout. After his review, Representative Insko asked if she could get the list for item number 66, various contracts. Also, she would like the list for how funds were spent last year on item number 73.

Representative Esposito asked concerning item number 57, the state psychiatric hospitals, if all the sixty-one positions were vacant. A Department spokesman stated there are 15 positions filled and they anticipate doing some additional placement.

Representative Nye adjourned the meeting.

Representative Edd Nye, Co-Chairman

Jo Bobbitt, Committee Assistant

VISITOR REGISTRATION SHEET

Appro. Subcomm. NHS

7-23-02

Name of Committee

Date

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NAME	FIRM OR AGENCY AND ADDRESS
<u>Jo Penn</u>	<u>DVRS</u>
<u>Dennis Jackson</u>	<u>DCE</u>
<u>Jim Tice</u>	<u>MHA/NC - C2001</u>
<u>Just Schuyler</u>	<u>NC Council - C2001</u>
<u>E L Cochran</u>	<u>UCPNC - C2001</u>
<u>Dave Richard</u>	<u>ARC NC - C2001</u>
<u>Jeff Lipe</u>	<u>Bayer</u>
<u>Lara Morrison</u>	<u>CSC / NCCSPC</u>
<u>Annie Meloy</u>	<u>CSC / NCCSPC</u>
<u>Elizabeth Jones</u>	<u>CSC / NCCSPC</u>
<u>Delores Gordon</u>	<u>CSC / NCCSPC</u>

VISITOR REGISTRATION SHEET

Appro. Subcommittee NHS

Name of Committee

Date

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NAME	FIRM OR AGENCY AND ADDRESS
Abby Emanuel	NMSS
Adam Seary	NCHAC
Richard Nixon	CREEP
Dick Carlton	Calicut Alexander LLC
Rob Kincaid	Merck
David Banks	Stanley Co ARC Services
Paulman	ARC Stanley
Seamus A. Andrew	ARC Stanley Co. & NFB
Shelia Luther, advocate	ARC of Stanley Co.
Paul	ARC Stanley Co.
Benny Scarbo	NCHC

VISITOR REGISTRATION SHEET

Appro. Subcommittee HNS

Name of Committee

Date

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NAME	FIRM OR AGENCY AND ADDRESS
Brian Francis	Meck Cnty
Shatika Thomas	Central State of the Carolinas, Inc.
Latonya Rice	Central State of the Carolinas, Inc.
Mike Rhoades	LPI, NCCSPC
Eddie Jackson	LPI, NCCSPC
John Meads	CCTS, Inc. NCCSPC
Chad Essick	Edmiston + Webb
Wendy Brown	Capital Group
Diana Williams	Meurer & Assoc.
Annal Ay	NCMSC
Bonnie Cramer	State Budget

VISITOR REGISTRATION SHEET

Appro. Subcmte HHS

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Pam Richardson	OSBM
Jin Fuller Thayer	OSBM
Margaret McNON	Inten
Chris Fitzsimon	Common Sense Foundry
Meg Jorgward	Covenant w/ NC's children
Paula Wolf	Covenant w/ NC's children
Scott Sewell	NC Community Support Providers & Life Journeys INC.
Joan H Rong	Matchbox Health Svcs. Inc / NCCSPC
Therese Porter-Asch	Alpha Management Service / NCCSPC
Mary Sullivan	NORTH, Inc / NCCSPC
Patrice Paulsen	

VISITOR REGISTRATION SHEET

Appro. Subcmte HHS

Name of Committee

Date

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NAME	FIRM OR AGENCY AND ADDRESS
Becki Street	PARV
Jerry Graham	Evergreen Health Services
Cameron Byrd	Evergreen Health Services
Ginger Gore	" "
Jeff Jenkins	Coordinated Health Services
Bob Nye	Murdoch Center / DS Section
Rod Reaton	DD Section MH/DO/SAS
John White	RHA
Jeanne Duncan	RHA & Provider Council
Cassandra Smith	RHA
LAVERN S. Oxendine	Family Alternatives, Inc. & Provider Council

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

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FIRM OR AGENCY AND ADDRESS

CLIFF NANCE	Family Alternatives, Inc
Nena Lewis	Health Services
Mike Mayer	NC Community Support Providers Council
Julie Wedal	NC Comm Support Provider Council
JULIE ANDREWS	NCCSPC/ MECKLENBURG DISABILITIES NETWORK
Pam Kobi	Alice Aycock Poe Center for Health Education
Judy Harvey	CNC/ACCESS, Lenoir
Bob Wedal	CNC/ACCESS
Terry Hudesky	Food Banks
Joni Albrey	BEGINNINGS
JONI SAHARI	SMART START

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Roz Swift	NC Child Care Coalition
Karen Gottori	Division of Aging
May Bethel	" "
Deborah Rame	NCPNA / NCAALHD
Jerry Cooper	NC Assisted Living Assoc.
Annex Jo Home	NC Medical Society
Craig Stutz	NCHAD
Eileen Shale	Graduate nursing student RW
Joanne Stevens	NCWA
Andy Ellen	NC Retail Merchants / NCAMES
DAVID BARNES	Poyner + Spruill LLP

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Bill Scoggin	KENNEDY CONINGTON

House/Senate Comparison Report

Attachment 2
DRAFT/FRD

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

Division of Aging

	<u>House</u> FY 02-03	<u>Senate</u> FY 02-03	Governor FY 02-03
1 Funds for Senior Tarheel Legislature	(\$6,000)	(\$6,000)	0
Reduces funds for 3 meetings per year from \$9,000 to \$3,000 each fiscal year.			
2 Governor's Advisory Council on Aging	(\$4,000)	(\$4,000)	0
Reduces funding by 50%. Funds will now be used to support 2 meetings per year, instead of quarterly meetings. \$4,000 will remain in the budget to cover the expense of 2 meetings.			
3 Central Office Administration	(\$125,000)	(\$125,000)	(\$10,000)
Reduces administration by 5% for the Division of Aging.			
4 Contracts	(\$200,000)	(\$200,000)	0
Eliminates contracts with Eastern and Western Alzheimer's Associations. Eliminates contract with Duke University for Alzheimer's training.			
5 Senior Centers	(\$341,000)	(\$341,000)	(\$200,000)
Eliminates 25% of the state funds for Senior Center Development and Outreach.			
6 Senior Games		(\$43,750)	0
Reduces State Funds for Senior Games by 25%.			
7 Area Agency on Aging Administration	(\$450,000)	(\$450,000)	0
Reduces state funds for planning and administration funds for 17 AAAs across the state, in lieu of new federal funds received.			

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

8	Home and Community Care Block Grant	(\$374,160)		(\$ 374,160)
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Reduces State Funds in lieu of additional Federal Funds.

Division of Child Development

9	Early Head Start Funds	(\$56,286)	(\$56,286)	(\$ 56,286)
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Eliminates the remaining state funds that support the federal Early Head Start Program.

10	Smart Start Evaluation	(\$500,000)	(\$500,000)	(\$ 37,500)
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Eliminates funding for the Smart Start evaluation.

11	Smart Start Professional Development Funds	(\$16,000)	(\$16,000)	(15,000)
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Reduces professional development funds that are used to help child care employees improve their educational qualifications.

12	Smart Start Automation	(\$44,810)	(\$44,810)	(\$ 42,000)
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Reduces funds to Division of Information and Resource Management for information technology activities that support Smart Start.

13	Local Smart Start Partnership Funds	(\$20,000,000)	(\$24,760,428)	(\$ 16,011,630)
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Reduces the amount of funds for activities at the local partnership level.

14	NCPC Administration	(\$980,000)	(\$980,000)	(\$ 362,094)
----	---------------------	-------------	-------------	--------------------------

Reduces the North Carolina Partnership for Children's administrative costs.

15	Criminal Record Checks	(\$12,000)	(\$12,000)	(\$ 12,000)
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Reduces the budget for reimbursement to the State Bureau of Investigation for the cost of obtaining record checks.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

16 DCD Administration (\$618,939) -10.00 (293,611) -6.2

Reduces administrative expenses including positions, operating costs, and equipment. Positions include: vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 filled and 3.0 vacant Child Program Specialists, 2.0 filled Processing Assistant III's, 1.0 vacant Administrative Assistant I, and 1.0 filled Policy and Planning Consultant.

17 DCD Administration (\$369,228) -5.00 (293,611) -6.2

Reduces administrative expenses including positions, operating costs, and equipment. Positions include: 1.0 vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 vacant Child Program Specialist, 2.0 filled Processing Assistant III's.

18 Child Care Subsidy \$18,800,000 NR 0

Increase state appropriations for child care subsidy to replace federal funds historically used for this purpose. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, child care subsidy was funded at \$3,800,000 less for 02-03 fiscal year. These funds will also be used to address the waiting list for child care subsidy.

Division of Facility Services

19 Operating Expenses (\$126,000) (\$126,000) (126,000)

Reduces operating expenses throughout the Division of Facility Services including computer equipment replacement.

20 Travel (\$150,000) (\$150,000) (150,000)

Reduces travel expenses throughout the Division of Facility Services.

21 Legal Services (\$35,974) -1.00 (\$35,974) -1.00 (35,974)

Eliminates one paralegal position.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

22 Various Contracts (\$244,731) (L\$ 987,101)

Eliminates the following contracts:

Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:

Miscellaneous Contracts \$100,000

23 Various Contracts (\$380,731) (L\$ 987,101)

Eliminates the following contracts:

Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:

Poison Control Center \$136,000
Miscellaneous Contracts \$100,000

24 Vacant Positions (\$90,000) (\$90,000) (L\$ 364,512)
-2.00 -2.00

Eliminates two vacant positions: 1.0 Facility Engineer Specialist and 1.0 Facility Survey Consultant I.

-6.0

Division of Medical Assistance

25 Asset Policy Changes (\$3,028,281) (\$3,028,281) (L\$ 3,028,281)

Modifies transfer of asset policy by including real property held under a life estate or tenancy-in-common as a countable asset when determining Medicaid eligibility.

26 Drug Utilization Management (\$37,374,352) (\$37,374,352) (L\$ 37,374,352)

Expands implementation of various drug utilization measures to contain the cost of prescription drugs, including expanding the use of generic drugs.

27 Private Duty Nursing (\$496,639) 0

Reduces reimbursement rates for private duty nursing service providers by 5%.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

28 Private Duty Nursing Limitations (\$292,052) 0

Reduces expenditures for private duty nursing services for adults over 21 by limiting the number of hours to 16 hours per day and providing for 24 hours per day for up to 21 days post-hospital stay and up to 14 consecutive days if a patient's caregiver experiences a personal medical emergency.

29 Personal Care Services Limitations (\$2,655,057) (\$2,655,057) 0

Reduces Personal Care Services by reducing the daily limit for services from 3.5 hours per day to 3 hours per day and reducing the monthly limit for services from 80 hours per month to 60 hours per month.

30 CAP-MR/DD Program (\$18,358,593) ~~(\$18,358,593)~~ 23,972,219

Reduces the Community Alternatives Program for the Mentally Retarded and Developmentally Disabled (CAP-MR/DD) by revising the existing waivers and continuing the freeze on program participation until growth in program participation moderates.

31 CAP-DA Program (\$13,554,011) ~~(\$13,554,011)~~ 16,727,631

Reduces the Community Alternatives Program for Disabled Adults (CAP-DA) by continuing the freeze on program participation, limiting the monthly average cost limit, and limiting the number of In-Home Aide Services.

32 Asset Policy Changes for PCS Recipients (\$423,959) (\$423,959) ~~(\$423,959)~~

Modifies transfer of asset policy by applying the policy to persons receiving personal care services while residing in their home.

33 Pregnant Women Coverage for Minors (\$244,793) (\$244,793) 0

Modifies policy for determining eligibility for pregnant women coverage for minors by counting parental income.

34 Dental Services for Adults over 21 (\$5,121,872) 0

Reduces Dental services for adults over 21 by limiting services to basic preventative and restorative procedures, and emergency dental needs. Eliminates coverage of all denture services.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

35 Long Term Care Facilities Rx Contract (\$3,773,069) (~~\$3,773,069~~)

Contracts for the provision of prescription drugs utilized by Medicaid covered residents of nursing facilities, intermediate care facilities for the mentally retarded, and adult care homes.

36 Hospital Payments (\$1,409,819) (\$1,409,819) (~~\$14,098,188~~)

Reduces payments to hospitals by 0.5%. Options for reducing payment include using waivers to reduce hospital costs associated with billing Medicaid and implementing a revised outpatient/emergency payment method to relate payment to services received.

37 Prospective Rates for Home Health Services (\$991,979) (\$991,979) (~~\$991,979~~)

Establishes prospective rate payment system for Home Health Services and pay for services based on an assessment of the specific needs of the Medicaid recipient. Payment for services will no longer be tied to the number of provider visits.

38 Home Infusion Therapy (\$88,809) 0

Reduces reimbursement rates for home infusion therapy providers by 5%.

39 Contract for Home Infusion Therapy (\$81,663) (~~\$81,663~~)

Contracts for Home Infusion Therapy services and reduce the number of providers.

40 Define "Efficient Provider" for Long Term Care (\$15,175,621) (~~\$15,175,621~~)

Reduces expenditures by basing payment for long term care providers (nursing facilities, intermediate care facilities for the mentally retarded, and adult care home - personal care services) on an "efficient provider" operating profile.

41 Home Health Supplies (\$190,000) 0

Reduces reimbursement rates for home health supplies providers by 5%.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

42	Contract for Home Health Supplies		(\$175,055)	0 (175,055)
	Contracts for Home Health Supplies and reduce the number of providers.			
43	Optional Services	(\$250,000)	(\$250,000)	0
	Eliminates optional circumcision procedures except in cases of medical necessity.			
44	Carolina ACCESS II/III Cost Savings	(\$9,425,000)	(\$9,425,000)	(9,425,000)
	Reduces expenditures for the Medicaid program to reflect anticipated savings from the expansion of Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increased generic prescribing, implementing polypharmacy review, reducing therapy visits, and better managing of high risk/high cost patients.			
45	Reimbursement Rate Reduction	(\$3,208,964)		0
	Reduces reimbursement rates by 5% for the following services: personal care services, ambulance, ambulatory surgical centers, and high risk intervention.			
46	Reimbursement Rate Reduction		(\$2,280,846)	0
	Reduces reimbursement rates by 0.5% for all providers except hospitals, physicians, and dentists.			
47	Durable Medical Equipment	(\$569,954)		0
	Reduces reimbursement rates for durable medical equipment providers by 5%.			
48	Contract for Durable Medical Equipment		(\$538,399)	(538,399)
	Contracts for Durable Medical Equipment and reduce the number of providers.			
49	Optical Service Providers	(\$202,840)		(202,840)
	Reduces reimbursement rates for optical service providers by 5%.			

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

50 Optical Service Providers

(\$405,680)

0

Reduces rates for optical service providers by 10%.

51 Medicare Crossover Claims

(\$1,900,000)

(\$1,900,000) (~~\$~~1,900,000)

Applies Medicaid medical policy to Medicare Crossover claims.

52 Case Management Services

(\$7,716,342)

(~~\$~~7,716,342)

Reduces case management services for adults and children by reducing rates, streamlining services and eliminating duplicative services. This reduction does not apply to CAP-DA and CAP-MR/DD case management services.

53 Case Management Services

(\$20,000,000) (~~\$~~7,716,342)

Reduces case management services for adults and children by 33% by streamlining services and eliminating duplicative services.

54 Revised Medicaid Forecast

\$84,732,210

\$109,723,210

\$109,723,210

Provides Increased funding for the Medicaid Program due to the revised forecast for SFY 2003.

55 Rate Reduction for Health Departments

(\$671,750)

0

Reduces Medicaid reimbursement for CPT coded services to health departments by 25%.

56 Outpatient Hospital Copayments

(\$300,000)

0

Implements minimal copayments (maximum of \$25) for outpatient hospital treatment services.

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

57	State Psychiatric Hospitals	(\$2,895,097) -61.00	(\$2,895,097) -61.00	(C# 1,531,714)
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Reduces expenditures for State-operated psychiatric hospitals by eliminating 61.0 positions; reducing education, training, and staff development; reducing expenditures for supplies, printing, and equipment; closing 5-bed TB Unit at Cherry hospital; Closing CPI outpatient unit at John Umstead Hospital, and eliminating 10 psychiatric beds at Cherry Hospital with no community transfer of funding. Eliminated positions include 24.0 Health Care Technician I's, 2.0 Clinical Social Workers, 2.0 Lead Psych Technicians, 1.0 Physician III-B, 2.0 Food Service Assistant II's, 1.0 Librarian, 1.0 LPN, 1.0 Nurse Education Instructor, 1.0 Patient Relations Representative III, 1.0 Physician III-C, 1.0 Plant Maintenance Supervisor II, 1.0 Processing Assistant III, 1.0 Rehab. Therapist, 2.0 Senior Psychologist I's, 1.0 Social Worker Clinical Specialist, 3.0 Teachers, 1.0 Dental Assistant, 1.0 X-Ray Technician II, 1.0 Office Assistant V, 1.0 Adaptive Equipment Specialist, 1.0 Boiler Room Operator Shift Supervisor I, 1.0 FSA II, 1.0 Grounds Worker, 1.0 Housekeeping Supervisor II, 1.0 Human Services Coordinator III, 1.0 Mechanic Supervisor I, 1.0 OT Supervisor II, 1.0 Patient Relations Representative V, 1.0 Physical Therapy Assistant II, 1.0 Processing Unit Supervisor IV, and 2.0 Word Processor III's.

58	Child and Family State Facilities	(\$45,451)	(\$45,451)	(C# 45,451)
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Reduces funding for state-operated child and family facilities by reducing building repairs, travel, staff development, student temporary wages and salary reserve.

59	Mental Retardation Centers	(\$2,320,460) -56.50		(C# 330,354)
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Reduces expenditures for State-operated Mental retardation centers by eliminating all outreach activities, eliminating 56.5 positions, and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Rehab Therapy Tech, and 52.0 outreach positions.

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60	Mental Retardation Centers		(\$330,354) -5.50	(\$ 330,354)
<p>Reduces expenditures for State-operated Mental retardation centers by eliminating 5.5 positions and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Outreach Specialist II, and 1.0 Rehab Therapy Tech.</p>				
61	Substance Abuse State Facilities	(\$184,818) -15.25	(\$184,818) -15.25	(\$ 184,818)
<p>Reduces expenditures for State-operated substance abuse facilities by eliminating 15.25 positions, reducing salary reserve, contracting for dietary services, and reducing operating expenses such as travel, supplies, maintenance and equipment. Eliminated positions include: 4.0 Cook II's, 2.0 Cook Supervisor I, 1.0 Food Service Assistant I, 3.0 Food Service Assistant II's, 1.0 Food Service Supervisor IV, 1.0 Stock Clerk I, 1.0 Health Care Technician I, 1.0 Substance Abuse Counselor II, 1.0 MR Assistant III, and .25 Social Worker II.</p>				
62	Institutional Receipts	(\$1,000,000)	(\$1,000,000)	(\$ 1,000,000)
<p>Reduces State appropriations by increasing the budget for institutional receipts</p>				
63	Central Office Administration	(\$620,826)		
<p>Reduces state appropriations to Central Office Administration by 5%</p>				
64	Central Office Administration		(\$162,013)	(\$ 121,162)
<p>Reduces central office administration by reducing travel, supplies and equipment line items, and reducing some contracts.</p>				
65	Area Mental Health Programs		(\$29,246,907)	(\$ 38,368,082)
<p>Reduces State appropriations to area mental health programs for community-based services.</p>				

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66 Various Contracts

(\$654,982)

0

Eliminates state appropriations for the following contracts:

National Alliance for the Mentally Ill	\$ 20,000
Association for Persons in Supported Employment	\$39,900
Mental Health Association Respite Training	\$120,000
NCSU-CUACS Technical Assistance	\$101,350

Reduces State Appropriations for the following contracts:

UNC Student Stipends	\$ 22,000
Housing Works, Inc.	\$ 30,000
UNC-CH DD Training Institute	\$86,424

67 Various Contracts

(\$1,335,884)

0

Eliminates state appropriations for the following contracts:

UNC Student Stipends	\$ 47,000
Housing Works, Inc.	\$ 60,326
National Alliance for the Mentally Ill	\$ 20,000
Exceptional Children's Assistance Center	\$123,408
Association for Persons in Supported Employment	\$39,900
UNC-CH Core Indicator Project Evaluation	\$127,000
UNC-CH DD Training Institute	\$586,424
Mental Health Association Respite Training	\$120,000
NCSU-CUACS Technical Assistance	\$101,350

Reduce State Appropriations for the following contract:

NC High School Athletics Association	\$111,376
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68 Autism Society Contract

(\$280,000)

0

Reduces the contract with the Autism Society by 10%.

69 United Cerebral Palsy, Inc. Contract

(\$120,000)

0

Reduces the contract with United Cerebral Palsy, Inc. by 10%.

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70	Patient Advocates in State Psychiatric Hospitals	(\$295,229) -5.00		0
	Reduces expenditures for patient advocacy in State-operated psychiatric hospitals by 25%. Reduction eliminates 5.0 patient advocates.			
71	Patient Advocates in Mental Retardation Centers	(\$96,947) -6.00		0
	Reduces expenditures for patient advocacy in State-operated mental retardation centers by 25%. Reduction eliminates 6.0 patient advocates.			
72	Autism Funds			0
	Provides funds for the operation of Residential Services Inc. to provide residential services to autistic children.	\$280,000 NR		
73	Housing Support for the Mentally Ill			0
	Provides funds to support expansion of housing support and placements for the mentally ill.	\$500,000 NR		
74	Residential Services for Women with Children			0
	Provides funding for nine therapeutic homes programs for women with substance abuse or dependency diagnosis. Participating women reside in the home for 12 months to be followed by six months of outpatient services.	\$1,000,000 NR		

Division of Public Health

75	Prescription Drug Access Project	(\$200,000)	(\$200,000)	0
	Eliminates the appropriations for the Prescription Drug Access Project.			
76	Office of Minority Health	(\$24,000)	(\$24,000)	0
	Reduces the operating costs in the Office of Minority Health.			

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77	Immunization Branch Operating Funds	(\$66,659)	(\$66,659)	(L\$ 66,659)
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Reduces state appropriations for travel, telecommunication, property insurance and employee education and replaces these funds with the federal immunization grant funds.

78	Farmers' Market Program	(\$157,230)	(\$157,230)	0
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Eliminates the Farmers' Market Program.

79	Health Promotion Funding	(\$180,000)	(\$180,000)	0
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Reduces the Health Promotion funding that supports local health promotion activities.

80	Contracts and Grants-in-Aid	(\$319,062)		0
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Eliminates the following contracts:
 UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235)
 Eliminates a contract and reduces the grant-in-aid to the Poe Center - (\$51,500)
 Greenway Project - (\$6,425)
 Training and Research - (\$15,000)
 UNC Tech Assistance and Health Promotion Campaign - (\$89,825)
 Reduces the contract with UNC for PHTIN - (\$129,077)

81	Contracts and Grants-In-Aid		(\$469,062)	0
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Eliminates the following contracts:
 UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235)
 Poe Center Contract and Grant-in-Aid - (\$201,500)
 Greenway Project - (\$6,425)
 Training and Research - (\$15,000)
 UNC Tech Assistance and Health Promotion Campaign - (\$89,825)
 Reduces the contract with UNC for PHTIN - (\$129,077)

82	HIV/STD Care Contracts	(\$38,845)	(\$38,845)	(L\$ 38,845)
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Reduces state appropriations and replaces these funds with the Ryan White Title II grant for contracts with community-based organizations.

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<p>83 Sickle Cell Program</p> <p>Reduces state appropriations and replaces the funds with increased federal financial participation through Medicaid for the Sickle Cell community-based organizations.</p>	<p>(\$42,096)</p>	<p>(\$42,096)</p>	<p>(\$42,096)</p>
<p>84 Oral Health Section Positions</p> <p>Eliminates 7.0 dentist positions, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.</p>		<p>(\$747,000) -9.00</p>	<p>0</p>
<p>85 Oral Health Section Positions</p> <p>Eliminates 1.0 vacant dentist position, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.</p>	<p>(\$247,000) -3.00</p>		<p>0</p>
<p>86 Regional Dentists' Offices</p> <p>Eliminates appropriations for the regional dentists' offices in Raleigh and Fayetteville and eliminates the operating expenses.</p>	<p>(\$11,107)</p>	<p>(\$11,107)</p>	<p>0</p>
<p>87 Aid-to-County</p> <p>Reduces the Aid-to-County funding by an amount that has historically been reverted at fiscal year's end.</p>	<p>(\$1,000,000)</p>	<p>(\$1,000,000)</p>	<p>0</p>
<p>88 State Laboratory Pap Smear Program</p> <p>Reduces state appropriations within the Pap Smear Program and replaces it with a new \$7 fee to local health departments and state owned facilities for the test specimen.</p>		<p>(\$1,050,000)</p>	<p>0</p>
<p>89 Intensive Home Visiting Program</p> <p>Reduces funding for the Intensive Home Visiting Program.</p>		<p>(\$95,860)</p>	<p>(\$500,000)</p>
<p>90 Children With Special Needs Program</p> <p>Reduces state appropriations for the Children With Special Needs program; the program historically has had unencumbered funds remaining in the account at the end of the fiscal year.</p>	<p>(\$110,000)</p>	<p>(\$110,000)</p>	<p>(\$110,000)</p>

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91	Operating Expenses	(\$52,180)	(\$52,180)	(\$ 52,180)
	Reduces state appropriations for honorariums, conference registrations, educational supplies, office furniture and printing/binding for the Children and Youth Branch of Women's and Children's Health Section.			
92	State Laboratory - Newborn Screening	(\$862,500)	(\$1,000,000)	(\$ 1,000,000)
	Reduces state appropriations for the newborn screening tests and replaces these funds with proposed \$10 fees to be charged to hospitals and providers for each specimen submitted for testing.			
93	Women's Health	(\$281,257)	(\$281,257)	(\$ 281,257)
	Reduces state appropriations and replaces the funds with Medicaid federal financial participation for the Perinatal Outreach and Education Training Program (POET).			
94	State Center For Health Statistics	(\$146,190)	(\$146,190)	(\$ 146,190)
	Replaces state appropriations with historically over-realized receipts from the National Center for Health Statistics.			
95	Equipment	(\$27,835)	(\$27,835)	0
	Eliminates appropriations for equipment in the Oral Health Section.			
96	Positions in Women's and Children's Health Section	(\$130,888) -3.45	(\$130,888) -3.45	(\$ 51,868)
	Eliminates 3.45 vacant positions: 0.75 Audiologist, 0.70 Processing Assistant, 1.0 Public Health Program Consultant I, and 1 Social Research Assistant.			
97	Oral Health	(\$662,107)	(\$662,107)	(\$ 662,107)
	Reduces state appropriations for the Dental Hygienist positions and replaces these funds with Medicaid receipts.			

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98 Administrative Activities	(\$400,000)	(\$400,000)	0
Reduces state appropriations for non-direct service activities within Women's and Children's Health Section and replaces these funds with Medicaid receipts.			
99 Hepatitis B Vaccine School Site Initiative	(\$604,800)	(\$604,800)	(\$604,800)
Reduces state appropriations for the Hepatitis B vaccine and replaces the funds with federal vaccine funds.			
100 Contracts	(\$364,700)		(\$519,830)
Terminates contracts with LabCorp for CD4 testing and dysplasia clinics for cancer diagnostic and treatment services.			
101 Contracts		(\$519,830)	(\$519,830)
Terminates contracts with LabCorp for CD4 testing, dysplasia clinics for cancer diagnostic and treatment services, and Wake Forest University for follow-up monitoring of Intensive Care Nursing and Neonatal Intensive Care Unit infants.			
102 Community Care Coordination	(\$90,000)	(\$90,000)	(\$90,000)
Reduces state appropriations and replaces the funds with Medicaid receipts for the community care coordinator contracts.			
103 Dusty Trades Program	(\$165,405)	(\$165,405)	(\$165,405)
	-4.00	-4.00	
Closes the Dusty Trades Program. Eliminates 3.0 filled Industrial Hygienist Consultant positions and 1.0 filled Processing Assistant IV position.			
104 Prescription Drug Assistance Program	(\$500,000)	(\$500,000)	(\$470,000)
Eliminates funding for the Prescription Drug Assistance Program for the elderly.			

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105 Home Health Purchase of Medical Care

(\$3,293,722)
-1.00

0

Eliminates state appropriations for the Home Health Purchase of Medical Care Program and 1.0 Public Health Program Supervisor II position.

106 Developmental Evaluation Centers

(\$2,076,426)

(\$2,076,426)

0

Reduces appropriations for the 18 Developmental Evaluation Centers.

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107 Contracts - Women's and Children's Health Section

(\$1,448,868)

(\$1,448,868) (1,413,780)

Reduces contracts for services to support direct care. The following contracts are reduced by the corresponding amounts:

- Prevent Blindness - (\$41,900)
- UNC-CH, Center for Public Health Practice - (\$18,750)
- Duke University Medical School - (\$59,674)
- Carolina Healthcare System II (Pediatric and Prenatal Services) - (\$33,113)
- ECU (Pediatric and Prenatal Services)- (\$38,192)
- Fullerton Genetics Clinic (Pediatric and Prenatal Services) - (\$63,030)
- Wake Forest (Pediatric and Prenatal Services) - (\$55,102)
- UNC-CH (Pediatric and Prenatal Services) - (\$116,518)
- UNC-CH (Alpha-fetal protein screening) - (\$20,000)
- Wake Forest (Alpha-fetal protein screening) - (\$20,000)
- Carolinas HealthCare System (Services for children with hemophilia or other coagulation disorders) - (\$200)
- Duke University (Services for children with hemophilia or other coagulation disorders) - (\$600)
- ECU (Services for children with hemophilia or other coagulation disorders) - (\$600)
- UNC-CH (Services for children with hemophilia or other coagulation disorders) - (\$7,300)
- Wake Forest University (Services for children with hemophilia or other coagulation disorders) - (\$1,300)
- Moses Cone - (\$4,600)
- Duke University Medical Center - (\$33,697)
- Wake Forest University (Assessment, monitoring and treatment of children 0-21 with orthopedic conditions) - (\$11,425)
- Western Carolina University - (\$40,000)
- Assistive Resource Centers (15% reduction for each) - (\$112,346)
- In-hospital identification of children with special health care needs - 10 contracts - (\$69,597)
- Center for Development and Learning UNC-CH - (\$485,646)
- Dept. of Agriculture - (\$600)
- NC Baptist Hospital - (\$4,800)
- Central Carolina - (\$50,000)
- UNC-CH - (\$87,708)
- Young Women's Outreach - (\$18,990)
- Albemarle Smart Start - (\$30,680)
- Adolescent Pregnancy Prevention Coalition of NC - (\$22,500)

108 Administrative Consultants

(\$251,289)

-5.00

0

Eliminates 1.0 vacant and 4.0 filled Administrative Consultant positions.

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109	Governor's Council on Physical Fitness	(\$25,000)		0
	Eliminates funding for the Governor's Council on Physical Fitness.			
110	Vital Records Fee Increase	(\$499,235)		0
	Increases vital records transition fees to \$15.00.			
111	Healthy Start Foundation	\$250,000 NR		0
	Provides funds to Healthy Start to improve access to prenatal care and reduce poor birth outcomes for families in North Carolina.			
112	Healthy Carolinians	\$750,000 NR		0
	Provides Funding for Healthy Carolinians task forces across the State.			
113	Asthma Education Program	\$100,000 NR		0
	Provides funding to support asthma management, control, surveillance, and education.			

Division of Social Services

114	DSS State Administration	(\$1,399,093)	(\$1,399,093)	(1,399,093)
	Reduces the operating budget for the Central Office.			
115	Local DSS Administration	(\$1,000,000)	(\$5,500,000)	0
	Reduces State funds for operating budgets for 100 local Departments of Social Services.			
116	Carry forward for Electing Counties	(\$600,000)	(\$600,000)	0
	Eliminates the ability of 13 Electing Counties to carry forward excess state funds at the end of state fiscal year.			

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117 State/County Special Assistance (\$2,045,157) 0

Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$300,000 in remaining funds shall be used for expanded audit requirements.

118 State/County Special Assistance (\$2,145,157) 0

Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$200,000 in remaining funds shall be used for expanded audit requirements.

119 Families for Kids (\$1,200,000) (\$1,200,000) 0

Eliminates funding for 16 local Departments of Social Services. Historically, these funds have been used to assist counties improving their child welfare services and reduce the amount of time children remain in the foster care system.

Various Contracts (\$892,743) (\$892,743) (\$892,743)

Eliminates state appropriations for the following contracts in the Child Support Section:

Child Support Enforcement Training - \$641,893
Child Support Enforcement Help Desk - \$229,840
Ohio State Treasurer - \$ 21,010

121 Child Support Backlog (\$1,500,000) (\$1,500,000) (\$1,500,000)

Eliminates expansion item that was not funded during the 01-02 fiscal year. Funding was intended to address Child Support Enforcement backlogs in urban counties. The Division addressing the problem through improving current operating procedures without additional funds.

122 Intensive Family Preservation Services (\$500,000) 0

Reduces State funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Services will be maintained by replacing State funds with Federal funds.

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123 Intensive Family Preservation		(\$25,977)	0
<p>Reduces funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Recurring budgeted state funds will be approximately \$1.4 million following this reduction.</p>			
124 Family Resource Centers	(\$865,000)	(\$698,866)	(\$1,765,000)
<p>Reduces State funds for Family Resource Centers in 49 counties. Services will be maintained by replacing State funds with Federal funds.</p>			
125 CCPT Grant	(\$250,000)	(\$250,000)	0
<p>Eliminates funds for the Community Child Protection Team Grant (CCPT). Historically, this funding has been distributed on a competitive basis to counties demonstrating innovative approaches to improving their child protection services.</p>			
126 Resident Evaluation Services	(\$1,062,037)	(\$1,062,037)	(\$1,062,037)
<p>Eliminates funds for Resident Evaluation Services. The automated instrument required to implement this new initiative is incomplete and funds to implement the program statewide are not available.</p>			
127 State Adult Care Home Specialist Funds		(\$1,400,000)	0
<p>Eliminates funds used to pay for staff at local Departments of Social Services. The state provided this funding to reduce caseloads for adult home specialists at the local level.</p>			
128 State Abortion Fund	(\$50,000)		0
<p>Eliminates funds for the State Abortion Fund. No abortions have been paid for with these funds since 1996.</p>			
129 Position Eliminations	(\$895,136) -56.00		(\$895,136)
<p>Eliminates 44 vacant and 12 filled positions in the Division of Social Services.</p>			

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130	State Maternity Home Funds	(\$438,354)		(J) 876,708)
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Reduces State funds for maternity homes. TANF Block Grant funds will be used to replace the reduction in State funds.

131	Welfare Automation Fund	(\$8,000,000)		0
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Reduces State funds used for various automation projects in the Department of Health and Human Services.

132	Boys and Girls Clubs	\$550,000 NR	\$550,000 NR	0
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Provides State appropriations to replace federal funding historically used to support Boys and Girls Clubs across the state. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

133	Food Banks	\$1,000,000 NR	\$900,000 NR	0
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Provides funds to be equally distributed to the regional network of food banks in North Carolina.

134	Special Children Adoption Fund	\$2,000,000 NR		0
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Provides State appropriations to replace federal funding historically provided to adoption agencies in order to increase the number of children adopted from the foster care system. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

135	Funds for Work Central Career Advancement Center	\$500,000 NR		0
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Provides State appropriations for a Call Center in Edgecombe County (serving seven counties) historically funded with federal funds. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, federal funds are not available to fund this project for the 02-03 fiscal year.

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Division of Vocational Rehabilitation

136	Direct VR Client Services	(\$1,922,522)	(\$3,499,678)	(\$1,922,522)
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Reduces state appropriations for vocational rehabilitation client services by implementing stricter case policies and "order of selection" policies that allow a waiting list for the least disabled clients.

137	Administrative Operational Costs	(\$400,000)	(\$400,000)	(\$400,000)
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Reduces administrative costs by reducing expenditures for supplies, travel, and equipment.

138	Disability Division's Consolidation	(\$750,000)	(\$750,000)	0
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Reduces state appropriations for the Divisions of Services for the Blind and Vocational Rehabilitation by consolidating the Division of Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and Division of Vocational Rehabilitation and creating a new Division to be named by the Department of Health and Human Services. Reductions will result from the consolidation of administration for all three divisions, consolidation of district offices in cities where there are two or more district offices, and streamlining of direct client services provided by all three divisions. No reductions are to come from the Division of Services for the Deaf and Hard of Hearing, and services unique to persons who are deaf or blind shall be maintained.

139	Vacant Positions	(\$850,000) -25.00	(\$850,000) -25.00	(\$700,000) -20.0
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Eliminates 25.0 vacant positions including 1.0 Adj. Services Instructor, 1.0 Administrative Assistant I, 1.0 Administrative Officer III, 1.0 Computer Technical Support III, 8.0 Office Assistant II's, 1.0 Office Assistant IV, 1.0 Processing Assistant III, 1.0 Program Assistant V, 1.0 Rehab. Case Assistant, 2.0 Rehab. Case Supervisors, 1.0 Rehab. Education Specialist, 1.0 Stock Clerk II, 1.0 Vocational Evaluator II, and 1.0 Vocational Evaluation Specialist.

140	Universal Design Contract	(\$50,000)	(\$99,998)	0
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Reduces Universal Design contract with NCSU's Center for Universal Design.

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Divisions of Services for the Blind and Services for Deaf & Hard of Hearing

141	Special Assistance for the Blind	(\$158,000)	(\$158,000)	(\$158,000)
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Reduces excess funding in the Special Assistance for the Blind program.

142	Medical Eye Care and Independent Living Services	(\$64,000) -1.00	(\$64,000) -1.00	(\$64,000)
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Reduces funding for Medical Eye Care and Independent Living Services by eliminating 1.0 Medical Eye Care Consultant position and reducing funding for medical/scientific equipment and educational supplies.

143	Cost Allocation to Telecommunications Access of NC	(\$21,013)	(\$21,013)	(\$21,013)
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Reduces state appropriations to the Division of Services for the Deaf and Hard of Hearing by increasing receipts from Telecommunication Access of NC through cost allocation.

144	Operating Expenses	(\$200,000)	(\$200,000)	0
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Maintains expenditures for SFY 2003 for operating expenses at the SFY 2002 expenditure level.

145	Medical Eye Care Program	(\$200,000)	(\$200,000)	0
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Reduces excess funding in the Medical Eye Care Program.

NC Health Choice

146	Dispensing Fee Reduction	(\$168,964)	(\$168,964)	0
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Reduces premiums for the NC Health Choice program by reducing the dispensing fee paid to pharmacists from \$6.00 per prescription to \$4.00 for brand name drugs and \$5.60 for generic drugs. This is the same dispensing fee as paid by the Medicaid Program.

147	Premium Reduction by Using Medicaid Reimbursement	(\$8,578,528)	(\$8,578,528)	0
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Reduces premiums for the NC Health Choice Program by paying Medicaid reimbursement rates to NC Health Choice providers.

148 Co-Payments

(\$771,128)

○

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit	Increased to \$10 from \$5
Rx Filled	Was \$6 for all Drugs Now \$5 for Generic and \$10 for brand name
Non- emergency Use of ER	Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit	\$5
Rx Filled	\$1 for Generic and \$3 for brand name
Non-emergency Use of ER	\$10

149 Co-payments

(\$454,669)

○

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit	Increased to \$7 from \$5
Rx Filled	Was \$6 for all Drugs Now \$5 for Generic and \$10 for brand name
Non- emergency Use of ER	Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit	\$2
Rx Filled	\$1 for Generic and \$3 for brand name
Non-emergency Use of ER	\$10

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Office of Education Services

150 Capital Improvement Reserves	(\$701,665)	(\$701,665)	(\$701,665)
Eliminates appropriation for capital improvement reserves.			
151 Central Preschool Program	(\$361,164) -9.00	(\$361,164) -9.00	(\$333,228)
Abolishes 7.0 vacant and 2.0 filled preschool staff positions and operating expenses for the Central Preschool Program. Positions include: 5.0 vacant Teachers, 1.0 vacant Lead Teacher, 1.0 filled Processing Assistant IV, 1.0 filled Processing Assistant III, and 1.0 EDA II.			
152 Maintenance Contract	(\$1,127)	(\$1,127)	0
Reduces a contract for maintenance at the Governor Morehead School.			
153 Positions at ENCSD	(\$716,267) -26.00	(\$716,267) -26.00	(\$716,267)
Abolishes 26.0 vacant positions at the Eastern North Carolina School for the Deaf. Positions include: 1.0 Cook I, 4.25 EDA II's, 3.0 Food Service Assistant I's, .75 Occupational Therapist II, 1.0 Processing Assistant IV, 1.0 Resident Life Attendant, 9.0 Resident Life Trainers, 5.0 Teachers, and 1.0 Volunteer Service Coordinator.			
154 Operating Budget	(\$200,143)	(\$200,143)	(\$200,143)
Reduces operating budgets at the residential schools. This reduction targets equipment and supplies.			
155 Beginnings Contract		(\$38,000)	0
Reduces the contract amount with Beginnings.			
156 Positions at GMS	(\$319,691) -11.00	(\$319,691) -11.00	(\$289,576) -4
Abolishes 11.0 vacant positions at the Governor Morehead School. Positions include: 1.0 EDA II, 1.0 General Utility Worker, 1.0 Housekeeper, 1.0 Librarian, 2.0 Resident Life Attendants, 5.0 Resident Life Trainers.			

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157	Governor Morehead School Preschool Program	(\$641,763) -8.75	(\$641,763) -8.75	(\$ 641,763)
Abolishes 8.75 vacant positions and reduces operating expenses for the Governor Morehead School Preschool Program. Positions include: 4.0 Teachers, 1.0 Lead Teacher, 2.0 Social Workers, and 1.75 EDA's.				
158	Auditory Learning Program Contract	(\$150,000)	(\$200,000)	(\$ 200,000)
Eliminates funding for the contract with the Auditory Learning Program.				
159	IEP/IFSP Personal Service Contracts	(\$100,000)	(\$100,000)	(\$ 100,000)
Reduces personal service contracts for activities prescribed in Individual Educational Plans and Individual Family Services Plans.				
160	Central School Maintenance Funding	(\$381,632) -4.00	(\$381,632) -4.00	(\$ 381,632)
Eliminates the Central School for the Deaf's maintenance and operating budget. The positions to be eliminated include: 1.0 Maintenance Mechanic IV, 1.0 Facility Maintenance Supervisor III, and 2.0 Maintenance Mechanic II's.				
161	Positions at WNCSD	(\$362,625) -14.75	(\$362,625) -14.75	(\$ 362,625)
Abolishes 14.75 vacant positions and reduces operating expenses at the Western North Carolina School for the Deaf. Positions include: .75 Office Assistant IV, 1.0 Processing Assistant IV, 1.0 Staff Development Specialist II, 1.0 Computer Support Tech II, 1.0 Boiler Operator I, 1.0 Maintenance Mechanic I, 1.0 Maintenance Mechanic II, 5.0 Teachers, 1.0 Resident Life Attendant, and 2.0 Resident Life Trainers.				

Office of the Secretary

162	Aid to Clinic Construction	(\$75,000)	(\$75,000)	(\$ 75,000)
Reduces funding for clinic construction.				

Health and Human Services

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<p>163 Loan Repayment Incentive Funds</p> <p>Reduces funding for Loan Repayment Incentive Funds program.</p>	(\$600,000)	(\$1,689,121)	(\$ 600,000)
<p>164 Community Primary Care Grant Program</p> <p>Eliminates funding for the Community Primary Care Grant Program in the Office of Research, Demonstration and Rural Health Development.</p>	(\$118,400)	(\$118,400)	(\$ 118,400)
<p>165 Rural Health Clinic Operational Funding</p> <p>Reduces rural health clinic operating funds.</p>	(\$150,000)	(\$150,000)	(\$ 150,000)
<p>166 Administrative Costs</p> <p>Reduces administrative costs in the Office of Research, Demonstration, and Rural Health Development.</p>	(\$48,109)	(\$48,109)	(\$ 48,109)
<p>167 Position Eliminations</p> <p>Eliminates vacant or filled positions, reduce layers of management, and reduced operating expenses throughout the Department of Health and Human Services.</p>		(\$5,000,000) -150.00	0
<p>168 IT Contractual Services</p> <p>Reduces the SFY 2003 Certified Budget for information technology contractual services by 15%.</p>	(\$2,402,718)	(\$2,402,718)	(\$ 1,759,485)
<p>169 Position Eliminations - DIRM</p> <p>Eliminates 11.0 vacant positions in the Division of Information Management: 3.0 Application Analyst Programmer I's, 3.0 Application Programmer II's, 1.0 Application Programmer I, 1.0 Information Processing Assistant I, 1.0 Processing Assistant IV, and 2.0 Telecommunications Equipment Tech. III's.</p>	(\$330,250) -11.00	(\$330,250) -11.00	(\$ 330,250)
<p>170 NC Child Advocacy Institute Grant-In-Aid</p> <p>Reduces the grant-in-aid to the NC Child Advocacy Institute by 50%.</p>	(\$125,000)	(\$125,000)	0

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171 Position Eliminations - Controller's Office	(\$53,000) -2.00	(\$53,000) -2.00	(\$53,000)
Eliminates 2 vacant positions in the DHHS Controller Office. Eliminates 1.0 Accounting Clerk IV and 1.0 EBT Coordinator.			
172 Print Shop Elimination	(\$46,657) -6.00	(\$46,657) -6.00	0
Eliminates the Print Shop in the Office of Public Affairs. DHHS shall contract for printing services with the Department of Corrections.			
173 NC Council on the Holocaust		(\$31,016)	0
Reduces state appropriations for the NC Council on the Holocaust.			
174 Intervention Services Unit	(\$96,671) -1.00		0
Eliminates the Intervention Services Unit.			
175 More At Four	\$28,065,300		\$28,065,300
Increases funding for the "More At Four" prekindergarten program for at-risk four year olds.			

Department Totals

(\$44,637,974)	(\$153,832,060)
-347.70	-375.70
\$25,730,000 NR	\$1,450,000 NR

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Wednesday, July 24, 2002

8:30 a.m.

Opening Remarks

Representative Beverly Earle, Co-Chair

Representative Edd Nye, Co-Chair

2002-2003 Budget Overview

Fiscal Research Staff

Committee Discussion

Next Meeting

Adjourn

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, July 24, 2002

8:30 A. M.

Room 424, Legislative Office Building

The Appropriations subcommittee on Health and Human Services met on Wednesday, July 24, 2002 at 8:30 A.M. in Room 424 of the Legislative Office Building. Members present were Representative Edd Nye, Representative Beverly Earle, Co-Chairs; Representatives Walter Church, Debbie Clary, Theresa Esposito, and Verla Insko.

Representative Earle called the meeting to order and welcomed Committee members and visitors. Attached is the Visitor Registration Sheet that is made a part of the minutes (See Attachment No. 1).

Representative Earle stated they would be going back to page 11G of the handout from the meeting on the previous day (See minutes for July 23, 2002).

Jim Klingler, Fiscal Research Staff, stated the list of contracts in item number 66 is correct, but the total amount should be \$419,674. He then reviewed the Division of Public Health beginning on page 12G. Representative Insko asked, concerning item number 92, if all hospital did newborn screenings. Mr. Klingler responded that all hospitals that deliver babies do the screenings.

Representative Earle stated that in the previous day's meeting, it was requested that the Department would provide the amount of funds remaining in most of the programs. She stated the information would be available Thursday or Friday, and would be delivered to the members.

Susan Morgan, Fiscal Research Staff, continued with the presentation on page G19, Division of Social Services. Representative Nye asked that enhanced care for adult care homes case management be flagged. He said he understood that it brings in eight million dollars and cost six and one-half million to operate. He would like more information on this.

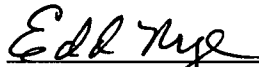
Carol Shaw, Fiscal Research Staff, continued the presentation to the Committee by reviewing Division of Vocational Rehabilitation. Representative Insko stated she would like more information on item no. 138. She said she understood that the three divisions had already consolidated their administration and most of the savings had been realized.

Ms. Shaw continued by reviewing Services for the Blind and Services for Deaf and Hard of Hearing.

The last Divisions to be reviewed were NC Health Choice beginning on page 24G. Representative Clary asked, concerning item no. 147, if children, under the program, would have continued access to health care. She noted it was quite a reduction for the providers because they do have some serious problems especially, in the dental area. Ms. Shaw agreed there would be problems, especially in the dental area. The last areas of review were Office of Education Services, and Office of the Secretary.

Representative Nye asked if there were any questions. Representative Clary noted there was a 28 million expansion item listed, while there is an eight million dollar cut that will very badly hurt access in the children's health choice program. Representative Esposito agreed and stated she didn't understand how the Committee would do this with a clear conscience. Another new program isn't needed. Representative Insko asked why the More At Four Program was in their budget when it was an academic program. Ms. Shaw stated the original appropriation last year was in their budget.

Representative Nye adjourned the meeting.



Representative Edd Nye, Co-Chairman

Jo Bobbitt, Committee Assistant

VISITOR REGISTRATION SHEET

Subj. Health & Human Services

Name of Committee

Date 7-24-02

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paul Dulin	DHHS
Deborah Rouse	NCA/ND/NCPNA
C. L. Cochran	UCPNC - C2001
DAVE KICHTEL	ITC - C2001
Jim Tuttle	MHA - C2001
Joni Albug	BEGINNINGS
Jim O'Neil	Duke
Koz Saville	NC Child Care Coalition
Linda Harrington	DHHS
Sharnese Ransome	DHHS/DSS
Paul LaSieur	" "
Pheon Beal	" "
RAM KHI	Poc Center
Paula A. Wolf	Covenant w/NC's Children
Jim Bernstein	DHHS
Ashby Emanuelson	NMSS
Patricia Rouse	NCA/CC
Jerry Logan	NCA/CA
Lon B. Nelson	NCA/TC 7
Bob Fitzgerald	DHHS/DFS
JERRY HARDESTY	Food Banks
GEORGE MCCOY	DUR-DHHS
JOHN DELUCA	DSS-DHHS
Herman Gruber	President NFB of NC
Dixie Gruber	NFB
My Best	DHHS/DOA
A. SOLARI	SMART START.
Pam Dickinson	OSBM

North Carolina Appropriations Subcommittee on Health and Human Services

Minutes
July 29, 2002
4:00 PM

The North Carolina Appropriations Subcommittee on Health and Human Services convened on Monday, July 29, 2002 at 4:10 pm in Room 643 of the Legislative Office Building. Representative Edd Nye opened the meeting. Presentations continued on the 2002-2003 budget.

The following members were present: Representative Beverly Earle, Co-Chair, Representative Edd Nye, Co-Chair, Representative Walter Church, Representative Debbie Clary, Representative Mark Crawford, Representative Theresa Esposito, Representative Verla Insko, and Representative Thomas Wright.

Carol Shaw, from the Fiscal Research Division, began by stating the 3 changes from the Governor's budget. The changes were made on Page 8G, item 54, Page 11G, item 66 and Page 29G, the More At Four Program is no longer in the budget. Representative Esposito wanted to know if the More At Four Program would appear in any other budget. Representative Redwine (Full Appropriations Chair) informed the committee that the More At Four Program would appear in the House Budget that will be debated in the Full Appropriation's Committee.

Representative Earle offered the first amendment. Rewriting item #45, page 7G, by eliminating #103 on page 166, and by rewriting #170 on page 28G. Representative Earle moved for the amendment to be adopted. The amendment was adopted. (See Attachment 3)

Representative Mark Crawford offered amendment #2. The amendment moves to amend the draft Health and Human Services House/Senate Comparison Report, dated July 23, 2002, on page 29G, by adding new items. The amendment failed. (See Attachment 4)

Representative Verla Insko offered Amendment #3. The amendment moves to amend on page 13G, item 81, and on page 1G, item 7. After further discussion with the Committee chairs, the amendment was withdrawn. (See Attachment 5)

Appropriations Subcommittee on Health and Human Services
July 29, 2002
Minutes
Page 2

Representative Earle offered amendment #4. Page 13G item 80 and item 108. The amendment was withdrawn. (See Attachment 6).

Representative Nye asked for a motion to adopt the report. Representative Earle moved for the report to be adopted. The House/Senate Comparison Report was adopted.

The meeting was adjourned.

Respectfully Submitted,

Edd Nye

Presiding, Representative Edd Nye, Co-Chair

Representative Beverly Earle, Co-Chair

Ann Raeford, Committee Assistant

Attachments

Attachment 1
Attachment 2
Attachment 3
Attachment 4
Attachment 5
Attachment 6
Attachment 7

Agenda
Comparison Budget 2002-2003
Amendment #1
Amendment #2
Amendment #3
Amendment #4
Visitor's Registration

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Monday, July 29, 2002

4:00 p.m.

Opening Remarks

*Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair*

2002-2003 Budget

Committee Discussion

Next Meeting

Adjourn

House/Senate Comparison Report

DRAFT

Health and Human Services

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Division of Aging

1	Funds for Senior Tarheel Legislature	(\$6,000)	(\$6,000)	0
	Reduces funds for 3 meetings per year from \$9,000 to \$3,000 each fiscal year.			
2	Governor's Advisory Council on Aging	(\$4,000)	(\$4,000)	0
	Reduces funding by 50%. Funds will now be used to support 2 meetings per year, instead of quarterly meetings. \$4,000 will remain in the budget to cover the expense of 2 meetings.			
3	Central Office Administration	(\$125,000)	(\$125,000)	(\$10,000)
	Reduces administration by 5% for the Division of Aging.			
4	Contracts	(\$200,000)	(\$200,000)	0
	Eliminates contracts with Eastern and Western Alzheimer's Associations. Eliminates contract with Duke University for Alzheimer's training.			
5	Senior Centers	(\$341,000)	(\$341,000)	(\$200,000)
	Eliminates 25% of the state funds for Senior Center Development and Outreach.			
6	Senior Games		(\$43,750)	0
	Reduces State Funds for Senior Games by 25%.			
7	Area Agency on Aging Administration	(\$450,000)	(\$450,000)	0
	Reduces state funds for planning and administration funds for 17 AAAs across the state, in lieu of new federal funds received.			

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8	Home and Community Care Block Grant	(\$374,160)		(\$374,160)
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Reduces State Funds in lieu of additional Federal Funds.

Division of Child Development

9	Early Head Start Funds	(\$56,286)	(\$56,286)	(\$56,286)
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Eliminates the remaining state funds that support the federal Early Head Start Program.

10	Smart Start Evaluation	(\$500,000)	(\$500,000)	(\$37,500)
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Eliminates funding for the Smart Start evaluation.

11	Smart Start Professional Development Funds	(\$16,000)	(\$16,000)	(\$15,000)
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Reduces professional development funds that are used to help child care employees improve their educational qualifications.

12	Smart Start Automation	(\$44,810)	(\$44,810)	(\$42,009)
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Reduces funds to Division of Information and Resource Management for information technology activities that support Smart Start.

13	Local Smart Start Partnership Funds	(\$20,000,000)	(\$24,760,428)	(\$16,011,630)
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Reduces the amount of funds for activities at the local partnership level.

14	NCPC Administration	(\$980,000)	(\$980,000)	(\$362,094)
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Reduces the North Carolina Partnership for Children's administrative costs.

15	Criminal Record Checks	(\$12,000)	(\$12,000)	(\$12,000)
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Reduces the budget for reimbursement to the State Bureau of Investigation for the cost of obtaining record checks.

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16	DCD Administration	(\$618,939) -10.00	(\$293,611) -6.2
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Reduces administrative expenses including positions, operating costs, and equipment. Positions include: vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 filled and 3.0 vacant Child Program Specialists, 2.0 filled Processing Assistant III's, 1.0 vacant Administrative Assistant I, and 1.0 filled Policy and Planning Consultant.

17	DCD Administration	(\$369,228) -5.00	(\$293,611) -6.2
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Reduces administrative expenses including positions, operating costs, and equipment. Positions include: 1.0 vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 vacant Child Program Specialist, 2.0 filled Processing Assistant III's.

18	Child Care Subsidy		0
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Increase state appropriations for child care subsidy to replace federal funds historically used for this purpose. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, child care subsidy was funded at \$3,800,000 less for 02-03 fiscal year. These funds will also be used to address the waiting list for child care subsidy.

\$18,800,000 NR

Division of Facility Services

19	Operating Expenses	(\$126,000)	(\$126,000) (\$126,000)
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Reduces operating expenses throughout the Division of Facility Services including computer equipment replacement.

20	Travel	(\$150,000)	(\$150,000) (\$150,000)
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Reduces travel expenses throughout the Division of Facility Services.

21	Legal Services	(\$35,974) -1.00	(\$35,974) -1.00 (\$35,974)
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Eliminates one paralegal position.

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22 Various Contracts (\$244,731) (\$987,101)

Eliminates the following contracts:
Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:
Miscellaneous Contracts \$100,000

23 Various Contracts (\$380,731) (\$987,101)

Eliminates the following contracts:
Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:
Poison Control Center \$136,000
Miscellaneous Contracts \$100,000

24 Vacant Positions (\$90,000) (\$90,000) (\$264,512)
-2.00 -2.00 -6.0

Eliminates two vacant positions: 1.0 Facility Engineer Specialist and 1.0 Facility Survey Consultant I.

Division of Medical Assistance

25 Asset Policy Changes (\$3,028,281) (\$3,028,281) (\$3,028,281)

Modifies transfer of asset policy by including real property held under a life estate or tenancy-in-common as a countable asset when determining Medicaid eligibility.

26 Drug Utilization Management (\$37,374,352) (\$37,374,352) (\$37,374,352)

Expands implementation of various drug utilization measures to contain the cost of prescription drugs, including expanding the use of generic drugs.

27 Private Duty Nursing (\$496,639) 0

Reduces reimbursement rates for private duty nursing service providers by 5%.

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28	Private Duty Nursing Limitations		(\$292,052)	0
<p>Reduces expenditures for private duty nursing services for adults over 21 by limiting the number of hours to 16 hours per day and providing for 24 hours per day for up to 21 days post-hospital stay and up to 14 consecutive days if a patient's caregiver experiences a personal medical emergency.</p>				
29	Personal Care Services Limitations	(\$2,655,057)	(\$2,655,057)	0
<p>Reduces Personal Care Services by reducing the daily limit for services from 3.5 hours per day to 3 hours per day and reducing the monthly limit for services from 80 hours per month to 60 hours per month.</p>				
30	CAP-MR/DD Program		(\$18,358,593)	(\$23,972,2R)
<p>Reduces the Community Alternatives Program for the Mentally Retarded and Developmentally Disabled (CAP-MR/DD) by revising the existing waivers and continuing the freeze on program participation until growth in program participation moderates.</p>				
31	CAP-DA Program		(\$13,554,011)	(\$16,727,631)
<p>Reduces the Community Alternatives Program for Disabled Adults (CAP-DA) by continuing the freeze on program participation, limiting the monthly average cost limit, and limiting the number of In-Home Aide Services.</p>				
32	Asset Policy Changes for PCS Recipients	(\$423,959)	(\$423,959)	(\$423,959)
<p>Modifies transfer of asset policy by applying the policy to persons receiving personal care services while residing in their home.</p>				
33	Pregnant Women Coverage for Minors	(\$244,793)	(\$244,793)	0
<p>Modifies policy for determining eligibility for pregnant women coverage for minors by counting parental income.</p>				
34	Dental Services for Adults over 21		(\$5,121,872)	0
<p>Reduces Dental services for adults over 21 by limiting services to basic preventative and restorative procedures, and emergency dental needs. Eliminates coverage of all denture services.</p>				

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66 Various Contracts

(\$419,674)

0

Eliminates state appropriations for the following contracts:

National Alliance for the Mentally Ill	\$ 20,000
Association for Persons in Supported Employment	\$39,900
Mental Health Association Respite Training	\$120,000
NCSU-CUACS Technical Assistance	\$101,350

Reduces State Appropriations for the following contracts:

UNC Student Stipends	\$ 22,000
Housing Works, Inc.	\$ 30,000
UNC-CH DD Training Institute	\$86,424

67 Various Contracts

(\$1,335,884)

0

Eliminates state appropriations for the following contracts:

UNC Student Stipends	\$ 47,000
Housing Works, Inc.	\$ 60,326
National Alliance for the Mentally Ill	\$ 20,000
Exceptional Children's Assistance Center	\$123,408
Association for Persons in Supported Employment	\$39,900
UNC-CH Core Indicator Project Evaluation	\$127,000
UNC-CH DD Training Institute	\$586,424
Mental Health Association Respite Training	\$120,000
NCSU-CUACS Technical Assistance	\$101,350

Reduce State Appropriations for the following contract:

NC High School Athletics Association	\$111,376
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68 Autism Society Contract

(\$280,000)

0

Reduces the contract with the Autism Society by 10%.

69 United Cerebral Palsy, Inc. Contract

(\$120,000)

0

Reduces the contract with United Cerebral Palsy, Inc. by 10%.

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70	Patient Advocates in State Psychiatric Hospitals	(\$295,229) -5.00		0
	Reduces expenditures for patient advocacy in State-operated psychiatric hospitals by 25%. Reduction eliminates 5.0 patient advocates.			
71	Patient Advocates in Mental Retardation Centers	(\$96,947) -6.00		0
	Reduces expenditures for patient advocacy in State-operated mental retardation centers by 25%. Reduction eliminates 6.0 patient advocates.			
72	Autism Funds			0
	Provides funds for the operation of Residential Services Inc. to provide residential services to autistic children.	\$280,000 NR		
73	Housing Support for the Mentally Ill			0
	Provides funds to support expansion of housing support and placements for the mentally ill.	\$500,000 NR		
	Residential Services for Women with Children			0
	Provides funding for nine therapeutic homes programs for women with substance abuse or dependency diagnosis. Participating women reside in the home for 12 months to be followed by six months of outpatient services.	\$1,000,000 NR		

Division of Public Health

75	Prescription Drug Access Project	(\$200,000)	(\$200,000)	0
	Eliminates the appropriations for the Prescription Drug Access Project.			
76	Office of Minority Health	(\$24,000)	(\$24,000)	0
	Reduces the operating costs in the Office of Minority Health.			

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77	Immunization Branch Operating Funds	(\$66,659)	(\$66,659)	(\$66,659)
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Reduces state appropriations for travel, telecommunication, property insurance and employee education and replaces these funds with the federal immunization grant funds.

78	Farmers' Market Program	(\$157,230)	(\$157,230)	0
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Eliminates the Farmers' Market Program.

79	Health Promotion Funding	(\$180,000)	(\$180,000)	0
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Reduces the Health Promotion funding that supports local health promotion activities.

80	Contracts and Grants-in-Aid	(\$319,062)	(\$319,062)	0
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Eliminates the following contracts:
 UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235)
 Eliminates a contract and reduces the grant-in-aid to the Poe Center - (\$51,500)
 Greenway Project - (\$6,425)
 Training and Research - (\$15,000)
 UNC Tech Assistance and Health Promotion Campaign - (\$89,825)
 Reduces the contract with UNC for PHTIN - (\$129,077)

81	Contracts and Grants-In-Aid	(\$469,062)	(\$469,062)	0
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Eliminates the following contracts:
 UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235)
 Poe Center Contract and Grant-in-Aid - (\$201,500)
 Greenway Project - (\$6,425)
 Training and Research - (\$15,000)
 UNC Tech Assistance and Health Promotion Campaign - (\$89,825)
 Reduces the contract with UNC for PHTIN - (\$129,077)

82	HIV/STD Care Contracts	(\$38,845)	(\$38,845)	(\$38,845)
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Reduces state appropriations and replaces these funds with the Ryan White Title II grant for contracts with community-based organizations.

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83	Sickle Cell Program Reduces state appropriations and replaces the funds with increased federal financial participation through Medicaid for the Sickle Cell community-based organizations.	(\$42,096)	(\$42,096)	(\$42,096)
84	Oral Health Section Positions Eliminates 7.0 dentist positions, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.		(\$747,000) -9.00	0
85	Oral Health Section Positions Eliminates 1.0 vacant dentist position, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.	(\$247,000) -3.00		0
86	Regional Dentists' Offices Eliminates appropriations for the regional dentists' offices in Raleigh and Fayetteville and eliminates the operating expenses.	(\$11,107)	(\$11,107)	0
87	Aid-to-County Reduces the Aid-to-County funding by an amount that has historically been reverted at fiscal year's end.	(\$1,000,000)	(\$1,000,000)	0
88	State Laboratory Pap Smear Program Reduces state appropriations within the Pap Smear Program and replaces it with a new \$7 fee to local health departments and state owned facilities for the test specimen.		(\$1,050,000)	0
89	Intensive Home Visiting Program Reduces funding for the Intensive Home Visiting Program.		(\$95,860)	(\$500,000)
90	Children With Special Needs Program Reduces state appropriations for the Children With Special Needs program; the program historically has had unencumbered funds remaining in the account at the end of the fiscal year.	(\$110,000)	(\$110,000)	(\$110,000)

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91	Operating Expenses	(\$52,180)	(\$52,180)	(\$52,180)
<p>Reduces state appropriations for honorariums, conference registrations, educational supplies, office furniture and printing/binding for the Children and Youth Branch of Women's and Children's Health Section.</p>				
92	State Laboratory - Newborn Screening	(\$862,500)	(\$1,000,000)	(\$1,000,000)
<p>Reduces state appropriations for the newborn screening tests and replaces these funds with proposed \$10 fees to be charged to hospitals and providers for each specimen submitted for testing.</p>				
93	Women's Health	(\$281,257)	(\$281,257)	(\$281,257)
<p>Reduces state appropriations and replaces the funds with Medicaid federal financial participation for the Perinatal Outreach and Education Training Program (POET).</p>				
94	State Center For Health Statistics	(\$146,190)	(\$146,190)	(\$146,190)
<p>Replaces state appropriations with historically over-realized receipts from the National Center for Health Statistics.</p>				
95	Equipment	(\$27,835)	(\$27,835)	0
<p>Eliminates appropriations for equipment in the Oral Health Section.</p>				
96	Positions in Women's and Children's Health Section	(\$130,888) -3.45	(\$130,888) -3.45	(\$51,868)
<p>Eliminates 3.45 vacant positions: 0.75 Audiologist, 0.70 Processing Assistant, 1.0 Public Health Program Consultant I, and 1 Social Research Assistant.</p>				
97	Oral Health	(\$662,107)	(\$662,107)	(\$662,107)
<p>Reduces state appropriations for the Dental Hygienist positions and replaces these funds with Medicaid receipts.</p>				

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98	Administrative Activities	(\$400,000)	(\$400,000)	(\$400,000)
<p>Reduces state appropriations for non-direct service activities within Women's and Children's Health Section and replaces these funds with Medicaid receipts.</p>				
99	Hepatitis B Vaccine School Site Initiative	(\$604,800)	(\$604,800)	(\$604,800)
<p>Reduces state appropriations for the Hepatitis B vaccine and replaces the funds with federal vaccine funds.</p>				
100	Contracts	(\$364,700)		(\$519,830)
<p>Terminates contracts with LabCorp for CD4 testing and dysplasia clinics for cancer diagnostic and treatment services.</p>				
101	Contracts		(\$519,830)	(\$519,830)
<p>Terminates contracts with LabCorp for CD4 testing, dysplasia clinics for cancer diagnostic and treatment services, and Wake Forest University for follow-up monitoring of Intensive Care Nursing and Neonatal Intensive Care Unit infants.</p>				
102	Community Care Coordination	(\$90,000)	(\$90,000)	(\$90,000)
<p>Reduces state appropriations and replaces the funds with Medicaid receipts for the community care coordinator contracts.</p>				
103	Dusty Trades Program	(\$165,405) -4.00	(\$165,405) -4.00	(\$165,405)
<p>Closes the Dusty Trades Program. Eliminates 3.0 filled Industrial Hygienist Consultant positions and 1.0 filled Processing Assistant IV position.</p>				
104	Prescription Drug Assistance Program	(\$500,000)	(\$500,000)	(\$470,000)
<p>Eliminates funding for the Prescription Drug Assistance Program for the elderly.</p>				

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105 Home Health Purchase of Medical Care

(\$3,293,722)
-1.00

0

Eliminates state appropriations for the Home Health Purchase of Medical Care Program and 1.0 Public Health Program Supervisor II position.

106 Developmental Evaluation Centers

(\$2,076,426)

(\$2,076,426)

0

Reduces appropriations for the 18 Developmental Evaluation Centers.

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107 Contracts - Women's and Children's Health Section

(\$1,448,868)

(\$1,448,868)

(~~\$~~1,413,780)

Reduces contracts for services to support direct care. The following contracts are reduced by the corresponding amounts:

- Prevent Blindness - (\$41,900)
- UNC-CH, Center for Public Health Practice - (\$18,750)
- Duke University Medical School - (\$59,674)
- Carolina Healthcare System II (Pediatric and Prenatal Services) - (\$33,113)
- ECU (Pediatric and Prenatal Services)- (\$38,192)
- Fullerton Genetics Clinic (Pediatric and Prenatal Services) - (\$63,030)
- Wake Forest (Pediatric and Prenatal Services) - (\$55,102)
- UNC-CH (Pediatric and Prenatal Services) - (\$116,518)
- UNC-CH (Alpha-fetal protein screening) - (\$20,000)
- Wake Forest (Alpha-fetal protein screening) - (\$20,000)
- Carolinas HealthCare System (Services for children with hemophilia or other coagulation disorders) - (\$200)
- Duke University (Services for children with hemophilia or other coagulation disorders) - (\$600)
- ECU (Services for children with hemophilia or other coagulation disorders) - (\$600)
- UNC-CH (Services for children with hemophilia or other coagulation disorders) - (\$7,300)
- Wake Forest University (Services for children with hemophilia or other coagulation disorders) - (\$1,300)
- Roses Cone - (\$4,600)
- Duke University Medical Center - (\$33,697)
- Wake Forest University (Assessment, monitoring and treatment of children 0-21 with orthopedic conditions) - (\$11,425)
- Western Carolina University - (\$40,000)
- Assistive Resource Centers (15% reduction for each) - (\$112,346)
- In-hospital identification of children with special health care needs - 10 contracts - (\$69,597)
- Center for Development and Learning UNC-CH - (\$485,646)
- Dept. of Agriculture - (\$600)
- NC Baptist Hospital - (\$4,800)
- Central Carolina - (\$50,000)
- UNC-CH - (\$87,708)
- Young Women's Outreach - (\$18,990)
- Albemarle Smart Start - (\$30,680)
- Adolescent Pregnancy Prevention Coalition of NC - (\$22,500)

108 Administrative Consultants

(\$251,289)

-5.00

0

Eliminates 1.0 vacant and 4.0 filled Administrative Consultant positions.

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109	Governor's Council on Physical Fitness	(\$25,000)		0
	Eliminates funding for the Governor's Council on Physical Fitness.			
110	Vital Records Fee Increase	(\$499,235)		0
	Increases vital records transition fees to \$15.00.			
111	Healthy Start Foundation			0
	Provides funds to Healthy Start to improve access to prenatal care and reduce poor birth outcomes for families in North Carolina.	\$250,000 NR		
112	Healthy Carolinians			0
	Provides Funding for Healthy Carolinians task forces across the State.	\$750,000 NR		
113	Asthma Education Program			0
	Provides funding to support asthma management, control, surveillance, and education.	\$100,000 NR		

Division of Social Services

114	DSS State Administration	(\$1,399,093)	(\$1,399,093)	(\$1,399,093)
	Reduces the operating budget for the Central Office.			
115	Local DSS Administration	(\$1,000,000)	(\$5,500,000)	0
	Reduces State funds for operating budgets for 100 local Departments of Social Services.			
116	Carry forward for Electing Counties	(\$600,000)	(\$600,000)	0
	Eliminates the ability of 13 Electing Counties to carry forward excess state funds at the end of state fiscal year.			

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117 State/County Special Assistance

(\$2,045,157)

0

Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$300,000 in remaining funds shall be used for expanded audit requirements.

118 State/County Special Assistance

(\$2,145,157)

0

Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$200,000 in remaining funds shall be used for expanded audit requirements.

119 Families for Kids

(\$1,200,000)

(\$1,200,000)

0

Eliminates funding for 16 local Departments of Social Services. Historically, these funds have been used to assist counties improving their child welfare services and reduce the amount of time children remain in the foster care system.

Various Contracts

(\$892,743)

(\$892,743)

(\$892,743)

Eliminates state appropriations for the following contracts in the Child Support Section:

Child Support Enforcement Training - \$641,893
Child Support Enforcement Help Desk - \$229,840
Ohio State Treasurer - \$ 21,010

121 Child Support Backlog

(\$1,500,000)

(\$1,500,000)

(\$1,500,000)

Eliminates expansion item that was not funded during the 01-02 fiscal year. Funding was intended to address Child Support Enforcement backlogs in urban counties. The Division addressing the problem through improving current operating procedures without additional funds.

122 Intensive Family Preservation Services

(\$500,000)

0

Reduces State funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Services will be maintained with additional Federal funds.

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123 Intensive Family Preservation		(\$25,977)	0
<p>Reduces funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Recurring budgeted state funds will be approximately \$1.4 million following this reduction.</p>			
124 Family Resource Centers	(\$865,000)	(\$698,866)	(\$1,765,000)
<p>Reduces State funds for Family Resource Centers in 49 counties. Services will be maintained with additional Federal funds.</p>			
125 CCPT Grant	(\$250,000)	(\$250,000)	0
<p>Eliminates funds for the Community Child Protection Team Grant (CCPT). Historically, this funding has been distributed on a competitive basis to counties demonstrating innovative approaches to improving their child protection services.</p>			
126 Resident Evaluation Services	(\$1,062,037)	(\$1,062,037)	(\$1,062,037)
<p>Eliminates funds for Resident Evaluation Services. The automated instrument required to implement this new initiative is incomplete and funds to implement the program statewide are not available.</p>			
127 State Adult Care Home Specialist Funds		(\$1,400,000)	0
<p>Eliminates funds used to pay for staff at local Departments of Social Services. The state provided this funding to reduce caseloads for adult home specialists at the local level.</p>			
128 State Abortion Fund	(\$50,000)		0
<p>Eliminates funds for the State Abortion Fund. No abortions have been paid for with these funds since 1996.</p>			
129 Position Eliminations	(\$895,136)		(\$895,936)
<p>Eliminates 44 vacant and 12 filled positions in the Division of Social Services.</p>			

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130 State Maternity Home Funds

(\$438,354)

(~~876,708~~)

Reduces State funds for maternity homes. TANF Block Grant funds will be used to replace the reduction in State funds.

131 Welfare Automation Fund

(\$8,000,000)

0

Reduces State funds used for various automation projects in the Department of Health and Human Services.

132 Boys and Girls Clubs

\$550,000 NR

\$550,000 NR

0

Provides State appropriations to replace federal funding historically used to support Boys and Girls Clubs across the state. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

133 Food Banks

\$1,000,000 NR

\$900,000 NR

0

Provides funds to be equally distributed to the regional network of food banks in North Carolina.

134 Special Children Adoption Fund

\$2,000,000 NR

0

Provides State appropriations to replace federal funding historically provided to adoption agencies in order to increase the number of children adopted from the foster care system. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

135 Funds for Work Central Career Advancement Center

\$500,000 NR

0

Provides State appropriations for a Call Center in Edgecombe County (serving seven counties) historically funded with federal funds. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, federal funds are not available to fund this project for the 02-03 fiscal year.

Division of Vocational Rehabilitation

136	Direct VR Client Services	(\$1,922,522)	(\$3,499,678)	(\$1,922,522)
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Reduces state appropriations for vocational rehabilitation client services by implementing stricter case policies and "order of selection" policies that allow a waiting list for the least disabled clients.

137	Administrative Operational Costs	(\$400,000)	(\$400,000)	(\$400,000)
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Reduces administrative costs by reducing expenditures for supplies, travel, and equipment.

138	Disability Division's Consolidation	(\$750,000)	(\$750,000)	0
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Reduces state appropriations for the Divisions of Services for the Blind and Vocational Rehabilitation by consolidating the Division of Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and Division of Vocational Rehabilitation and creating a new Division to be named by the Department of Health and Human Services. Reductions will result from the consolidation of administration for all three divisions, consolidation of district offices in cities where there are two or more district offices, and streamlining of direct client services provided by all three divisions. No reductions are to come from the Division of Services for the Deaf and Hard of Hearing, and services unique to persons who are deaf or blind shall be maintained.

139	Vacant Positions	(\$850,000) -25.00	(\$850,000) -25.00	(\$700,000) -20.0
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Eliminates 25.0 vacant positions including 1.0 Adj. Services Instructor, 1.0 Administrative Assistant I, 1.0 Administrative Officer III, 1.0 Computer Technical Support III, 8.0 Office Assistant II's, 1.0 Office Assistant IV, 1.0 Processing Assistant III, 1.0 Program Assistant V, 1.0 Rehab. Case Assistant, 2.0 Rehab. Case Supervisors, 1.0 Rehab. Education Specialist, 1.0 Stock Clerk II, 1.0 Vocational Evaluator II, and 1.0 Vocational Evaluation Specialist.

140	Universal Design Contract	(\$50,000)	(\$99,998)	0
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Reduces Universal Design contract with NCSU's Center for Universal Design.

Divisions of Services for the Blind and Services for Deaf & Hard of Hearing

141	Special Assistance for the Blind	(\$158,000)	(\$158,000)	(\$158,000)
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Reduces excess funding in the Special Assistance for the Blind program.

142	Medical Eye Care and Independent Living Services	(\$64,000) -1.00	(\$64,000) -1.00	(\$64,000)
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Reduces funding for Medical Eye Care and Independent Living Services by eliminating 1.0 Medical Eye Care Consultant position and reducing funding for medical/scientific equipment and educational supplies.

143	Cost Allocation to Telecommunications Access of NC	(\$21,013)	(\$21,013)	(\$21,013)
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Reduces state appropriations to the Division of Services for the Deaf and Hard of Hearing by increasing receipts from Telecommunication Access of NC through cost allocation.

144	Operating Expenses	(\$200,000)	(\$200,000)	0
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Maintains expenditures for SFY 2003 for operating expenses at the SFY 2002 expenditure level.

145	Medical Eye Care Program	(\$200,000)	(\$200,000)	0
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Reduces excess funding in the Medical Eye Care Program.

NC Health Choice

146	Dispensing Fee Reduction	(\$168,964)	(\$168,964)	0
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Reduces premiums for the NC Health Choice program by reducing the dispensing fee paid to pharmacists from \$6.00 per prescription to \$4.00 for brand name drugs and \$5.60 for generic drugs. This is the same dispensing fee as paid by the Medicaid Program.

147	Premium Reduction by Using Medicaid Reimbursement	(\$8,578,528)	(\$8,578,528)	0
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Reduces premiums for the NC Health Choice Program by paying Medicaid reimbursement rates to NC Health Choice providers.

148 Co-Payments

(\$771,128)

0

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit Increased to \$10 from \$5
Rx Filled Was \$6 for all Drugs
 Now \$5 for Generic and
 \$10 for brand name
Non- emergency Use of ER Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit \$5
Rx Filled \$1 for Generic and
 \$3 for brand name
Non-emergency Use of ER \$10

149 Co-payments

(\$454,669)

0

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit Increased to \$7 from \$5
Rx Filled Was \$6 for all Drugs
 Now \$5 for Generic and
 \$10 for brand name
Non- emergency Use of ER Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit \$2
Rx Filled \$1 for Generic and
 \$3 for brand name
Non-emergency Use of ER \$10

Office of Education Services

150 Capital Improvement Reserves	(\$701,665)	(\$701,665)	(701,665)
Eliminates appropriation for capital improvement reserves.			
151 Central Preschool Program	(\$361,164) -9.00	(\$361,164) -9.00	(333,228)
Abolishes 7.0 vacant and 2.0 filled preschool staff positions and operating expenses for the Central Preschool Program. Positions include: 5.0 vacant Teachers, 1.0 vacant Lead Teacher, 1.0 filled Processing Assistant IV, 1.0 filled Processing Assistant III, and 1.0 EDA II.			
152 Maintenance Contract	(\$1,127)	(\$1,127)	0
Reduces a contract for maintenance at the Governor Morehead School.			
153 Positions at ENCSD	(\$716,267) -26.00	(\$716,267) -26.00	(716,267)
Abolishes 26.0 vacant positions at the Eastern North Carolina School for the Deaf. Positions include: 1.0 Cook I, 4.25 EDA II's, 3.0 Food Service Assistant I's, .75 Occupational Therapist II, 1.0 Processing Assistant IV, 1.0 Resident Life Attendant, 9.0 Resident Life Trainers, 5.0 Teachers, and 1.0 Volunteer Service Coordinator.			
154 Operating Budget	(\$200,143)	(\$200,143)	(200,143)
Reduces operating budgets at the residential schools. This reduction targets equipment and supplies.			
155 Beginnings Contract		(\$38,000)	0
Reduces the contract amount with Beginnings.			
156 Positions at GMS	(\$319,691) -11.00	(\$319,691) -11.00	(319,576) -4.0
Abolishes 11.0 vacant positions at the Governor Morehead School. Positions include: 1.0 EDA II, 1.0 General Utility Worker, 1.0 Housekeeper, 1.0 Librarian, 2.0 Resident Life Attendants, 5.0 Resident Life Trainers.			

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157	Governor Morehead School Preschool Program	(\$641,763) -8.75	(\$641,763) -8.75	(\$ 641,763)
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Abolishes 8.75 vacant positions and reduces operating expenses for the Governor Morehead School Preschool Program. Positions include: 4.0 Teachers, 1.0 Lead Teacher, 2.0 Social Workers, and 1.75 EDA's.

158	Auditory Learning Program Contract	(\$150,000)	(\$200,000)	(\$ 200,000)
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Eliminates funding for the contract with the Auditory Learning Program.

159	IEP/IFSP Personal Service Contracts	(\$100,000)	(\$100,000)	(\$ 100,000)
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Reduces personal service contracts for activities prescribed in Individual Educational Plans and Individual Family Services Plans.

160	Central School Maintenance Funding	(\$381,632) -4.00	(\$381,632) -4.00	(\$ 381,632)
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Eliminates the Central School for the Deaf's maintenance and operating budget. The positions to be eliminated include: 1.0 Maintenance Mechanic IV, 1.0 Facility Maintenance Supervisor III, and 2.0 Maintenance Mechanic II's.

161	Positions at WNCSD	(\$362,625) -14.75	(\$362,625) -14.75	(\$ 362,625)
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Abolishes 14.75 vacant positions and reduces operating expenses at the Western North Carolina School for the Deaf. Positions include: .75 Office Assistant IV, 1.0 Processing Assistant IV, 1.0 Staff Development Specialist II, 1.0 Computer Support Tech II, 1.0 Boiler Operator I, 1.0 Maintenance Mechanic I, 1.0 Maintenance Mechanic II, 5.0 Teachers, 1.0 Resident Life Attendant, and 2.0 Resident Life Trainers.

Office of the Secretary

162	Aid to Clinic Construction	(\$75,000)	(\$75,000)	(\$ 75,000)
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Reduces funding for clinic construction.

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<p>163 Loan Repayment Incentive Funds</p> <p>Reduces funding for Loan Repayment Incentive Funds program.</p>	<p>(\$600,000)</p>	<p>(\$1,689,121)</p>	<p>(\$600,000)</p>
<p>164 Community Primary Care Grant Program</p> <p>Eliminates funding for the Community Primary Care Grant Program in the Office of Research, Demonstration and Rural Health Development.</p>	<p>(\$118,400)</p>	<p>(\$118,400)</p>	<p>(\$118,400)</p>
<p>165 Rural Health Clinic Operational Funding</p> <p>Reduces rural health clinic operating funds.</p>	<p>(\$150,000)</p>	<p>(\$150,000)</p>	<p>(\$150,000)</p>
<p>166 Administrative Costs</p> <p>Reduces administrative costs in the Office of Research, Demonstration, and Rural Health Development.</p>	<p>(\$48,109)</p>	<p>(\$48,109)</p>	<p>(\$48,109)</p>
<p>167 Position Eliminations</p> <p>Eliminates vacant or filled positions, reduce layers of management, and related operating expenses throughout the Department of Health and Human Services.</p>		<p>(\$5,000,000) -150.00</p>	<p>0</p>
<p>168 IT Contractual Services</p> <p>Reduces the SFY 2003 Certified Budget for information technology contractual services by 15%.</p>	<p>(\$2,402,718)</p>	<p>(\$2,402,718)</p>	<p>(\$1,759,485)</p>
<p>169 Position Eliminations - DIRM</p> <p>Eliminates 11.0 vacant positions in the Division of Information Management: 3.0 Application Analyst Programmer I's, 3.0 Application Programmer II's, 1.0 Application Programmer I, 1.0 Information Processing Assistant I, 1.0 Processing Assistant IV, and 2.0 Telecommunications Equipment Tech. III's.</p>	<p>(\$330,250) -11.00</p>	<p>(\$330,250) -11.00</p>	<p>(\$330,250)</p>
<p>170 NC Child Advocacy Institute Grant-In-Aid</p> <p>Reduces the grant-in-aid to the NC Child Advocacy Institute by 50%.</p>	<p>(\$125,000)</p>	<p>(\$125,000)</p>	<p>0</p>

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171 Position Eliminations - Controller's Office	(\$53,000) -2.00	(\$53,000) -2.00	(53,000)
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Eliminates 2 vacant positions in the DHHS Controller Office. Eliminates 1.0 Accounting Clerk IV and 1.0 EBT Coordinator.

172 Print Shop Elimination	(\$46,657) -6.00	(\$46,657) -6.00	0
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Eliminates the Print Shop in the Office of Public Affairs. DHHS shall contract for printing services with the Department of Corrections.

173 NC Council on the Holocaust		(\$31,016)	0
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Reduces state appropriations for the NC Council on the Holocaust.

174 Intervention Services Unit	(\$96,671) -1.00		0
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Eliminates the Intervention Services Unit.

Department Totals

(\$75,448,942)	(\$153,832,060)
-347.70	-375.70
\$25,730,000 NR	\$1,450,000 NR

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

DATE 7-29-02

S. B. No. _____

Amendment No. 1

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)

Sen.)

1 moves to amend the bill on page _____, line _____

2 () WHICH CHANGES THE TITLE

3 by rewriting # 45 on page 76

4 _____

5 45, Reimbursement Rate Reduction (\$808,564)

6 _____

7 Reduce reimbursement rates by 5%
8 for the following services: ambulance,
9 ambulatory surgical centers and high
10 risk inter-ventum services;

11 _____

12 and by eliminating # 103 on page 166;

13 _____

14 and by rewriting # 170 on page 286

15 _____

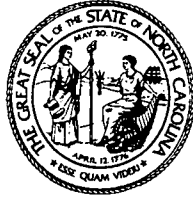
16 170 NC Child Advocacy Institute (\$25,000)

17 _____

18 Reduces the grant-in-aid to the NC
19 Child Advocacy Institute.

SIGNED Beverly Fure

ADOPTED _____ FAILED _____ TABLED _____



Rep Crawford
Failed
6 to 3

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT

Bill

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

ALN-120 [v.1]

Page 1 of 2

Date 7-29-02, 2002

Comm. Sub. [NO]
Amends Title [NO]

Representative

- 1 moves to amend the draft Health and Human Services House/Senate Comparison
- 2 Report, dated July 23, 2002, on page 29G, by adding the following new item to read:
- 3 "176. More at Four Program Elimination (\$6,456,500)
- 4 Eliminates funding for the More At Four
- 5 Prekindergarten program for at-risk four
- 6 year olds."; and
- 7
- 8 further moves to amend the draft Health and Human Services House/Senate
- 9 Comparison Report, dated July 23, 2002, on page 2G, item #13, by decreasing the
- 10 House FY 02-03 reduction by six million four hundred fifty-six thousand five hundred
- 11 dollars (\$6,456,500); and
- 12
- 13 further moves to amend the draft Health and Human Services House/Senate
- 14 Comparison Report, dated July 23, 2002, on page 2G, item #13, by rewriting the
- 15 descriptive language for that item to read:
- 16 "Reduces funding for activities at local Smart Start Partnerships. Of the funds
- 17 appropriated for local Smart Start Partnerships, the sum of six million four hundred
- 18 fifty-six thousand five hundred dollars (\$6,456,500) shall be used to serve the needs of
- 19 at-risk four year olds. These funds shall not be used to supplant existing funding for the
- 20 same purposes."; and
- 21



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT**

Bill _____

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

_____ALN-120 [v.1]

Page 2 of 2

1 further moves to amend the draft Health and Human Services House/Senate
2 Comparison Report, dated July 23, 2002, by adjusting the appropriate totals
3 accordingly.
4

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Gann Watson (Bill Drafting)

From: Carol Shaw (Fiscal Research)
Sent: Wednesday, July 24, 2002 2:51 PM
To: Gann Watson (Bill Drafting)
Subject: #2

This amendment will add a new item in the Office of the Secretary. The new item title is "More At Four". The new reduction is (\$6,456,500). The short snappie for the new item is as follows "Eliminates funding for the "More At Four" prekindergarten program for at-risk four year olds."

Now spend this money by reducing the reduction in Item #13 (got it right this time!) by \$6,4456,500 The short snappie is rewritten to say the following "Reduces funding for activities at local Smart Start Partnerships. \$6,456,500 of funding for the local Smart Start Partnerships shall be used to serve the needs of at-risk four year olds and cannot supplant existing funding for the same purposes"

L. Carol Shaw
Fiscal Research Division
Room 619, Legislative Office Bldg.
Raleigh, NC 27603
Phone #: 919-733-4910
Fax#: 919-715-3589
E-mail: Carols@ncleg.net



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT

Bill

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

ALN-120 [v.1]

Page 1 of 2

Date July 29, 2002

Comm. Sub. [NO]
Amends Title [NO]

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NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT

Bill _____

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

_____ALN-120 [v.1]

Page 2 of 2

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3 accordingly.
4

SIGNED _____
Amendment Sponsor

A handwritten signature in cursive script, appearing to read "Mark Craft", written over a horizontal line.

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Rep. Insko
Withdrawn

EDITION No. _____

H. B. No. _____

DATE 7/29/02

S. B. No. _____

Amendment No. # 3

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep. Insko
Sen.)

H/S Comparison Report

136

Item 81
line

1 moves to amend the bill on page _____

2 () WHICH CHANGES THE TITLE

3 by decreasing funds for the Poe Center

4 Contract and Grant-In-Aid by

5 the sum of \$100,000

6 and on page 16, Item 7

7 and by decreasing the reduction of

8 funding for Area Agency on Aging

9 Administration by the sum of

10 \$100,000.

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED Debra C Insko

ADOPTED _____ FAILED _____ TABLED _____

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

35 Long Term Care Facilities Rx Contract (\$3,773,069) (~~\$3,773,069~~)

Contracts for the provision of prescription drugs utilized by Medicaid covered residents of nursing facilities, intermediate care facilities for the mentally retarded, and adult care homes.

36 Hospital Payments (\$1,409,819) (\$1,409,819) (~~\$14,098,189~~)

Reduces payments to hospitals by 0.5%. Options for reducing payment include using waivers to reduce hospital costs associated with billing Medicaid and implementing a revised outpatient/emergency payment method to relate payment to services received.

37 Prospective Rates for Home Health Services (\$991,979) (\$991,979) (~~\$991,979~~)

Establishes prospective rate payment system for Home Health Services and pay for services based on an assessment of the specific needs of the Medicaid recipient. Payment for services will no longer be tied to the number of provider visits.

38 Home Infusion Therapy (\$88,809) 0

Reduces reimbursement rates for home infusion therapy providers by 5%.

39 Contract for Home Infusion Therapy (\$81,663) (~~\$81,663~~)

Contracts for Home Infusion Therapy services and reduce the number of providers.

40 Define "Efficient Provider" for Long Term Care (\$15,175,621) (~~\$15,175,621~~)

Reduces expenditures by basing payment for long term care providers (nursing facilities, intermediate care facilities for the mentally retarded, and adult care home - personal care services) on an "efficient provider" operating profile.

41 Home Health Supplies (\$190,000) 0

Reduces reimbursement rates for home health supplies providers by 5%.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

42	Contract for Home Health Supplies		(\$175,055)	(\$175,055)
Contracts for Home Health Supplies and reduce the number of providers.				
43	Optional Services	(\$250,000)	(\$250,000)	0
Eliminates optional circumcision procedures except in cases of medical necessity.				
44	Carolina ACCESS II/III Cost Savings	(\$9,425,000)	(\$9,425,000)	(\$9,425,000)
Reduces expenditures for the Medicaid program to reflect anticipated savings from the expansion of Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increased generic prescribing, implementing polypharmacy review, reducing therapy visits, and better managing of high risk/high cost patients.				
45	Reimbursement Rate Reduction	(\$3,208,964)		0
Reduces reimbursement rates by 5% for the following services: personal care services, ambulance, ambulatory surgical centers, and high risk intervention.				
46	Reimbursement Rate Reduction		(\$2,280,846)	0
Reduces reimbursement rates by 0.5% for all providers except hospitals, physicians, and dentists.				
47	Durable Medical Equipment	(\$569,954)		0
Reduces reimbursement rates for durable medical equipment providers by 5%.				
48	Contract for Durable Medical Equipment		(\$538,399)	(\$538,399)
Contracts for Durable Medical Equipment and reduce the number of providers.				
49	Optical Service Providers	(\$202,840)		(\$202,840)
Reduces reimbursement rates for optical service providers by 5%.				

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

50	Optical Service Providers		(\$405,680)	0
	Reduces rates for optical service providers by 10%.			
<hr/>				
51	Medicare Crossover Claims	(\$1,900,000)	(\$1,900,000)	(\$1,900,000)
	Applies Medicaid medical policy to Medicare Crossover claims.			
<hr/>				
52	Case Management Services	(\$7,716,342)		(\$7,716,342)
	Reduces case management services for adults and children by reducing rates, streamlining services and eliminating duplicative services. This reduction does not apply to CAP-DA and CAP-MR/DD case management services.			
<hr/>				
53	Case Management Services		(\$20,000,000)	(\$7,716,342)
	Reduces case management services for adults and children by 33% by streamlining services and eliminating duplicative services.			
<hr/>				
54	Revised Medicaid Forecast	\$81,751,234	\$109,723,210	(\$109,723,210)
	Provides Increased funding for the Medicaid Program due to the revised forecast for SFY 2003.			
<hr/>				
55	Rate Reduction for Health Departments	(\$671,750)		0
	Reduces Medicaid reimbursement for CPT coded services to health departments by 25%.			
<hr/>				
56	Outpatient Hospital Copayments	(\$300,000)		0
	Implements minimal copayments (maximum of \$25) for outpatient hospital treatment services.			

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

57	State Psychiatric Hospitals	(\$2,895,097) -61.00	(\$2,895,097) -61.00	(41,531,714)
-----------	-----------------------------	-------------------------	-------------------------	---------------------

Reduces expenditures for State-operated psychiatric hospitals by eliminating 61.0 positions; reducing education, training, and staff development; reducing expenditures for supplies, printing, and equipment; closing 5-bed TB Unit at Cherry hospital; Closing CPI outpatient unit at John Umstead Hospital, and eliminating 10 psychiatric beds at Cherry Hospital with no community transfer of funding. Eliminated positions include 24.0 Health Care Technician I's, 2.0 Clinical Social Workers, 2.0 Lead Psych Technicians, 1.0 Physician III-B, 2.0 Food Service Assistant II's, 1.0 Librarian, 1.0 LPN, 1.0 Nurse Education Instructor, 1.0 Patient Relations Representative III, 1.0 Physician III-C, 1.0 Plant Maintenance Supervisor II, 1.0 Processing Assistant III, 1.0 Rehab. Therapist, 2.0 Senior Psychologist I's, 1.0 Social Worker Clinical Specialist, 3.0 Teachers, 1.0 Dental Assistant, 1.0 X-Ray Technician II, 1.0 Office Assistant V, 1.0 Adaptive Equipment Specialist, 1.0 Boiler Room Operator Shift Supervisor I, 1.0 FSA II, 1.0 Grounds Worker, 1.0 Housekeeping Supervisor II, 1.0 Human Services Coordinator III, 1.0 Mechanic Supervisor I, 1.0 OT Supervisor II, 1.0 Patient Relations Representative V, 1.0 Physical Therapy Assistant II, 1.0 Processing Unit Supervisor IV, and 2.0 Word Processor III's.

58	Child and Family State Facilities	(\$45,451)	(\$45,451)	(45,451)
-----------	-----------------------------------	------------	------------	-----------------

Reduces funding for state-operated child and family facilities by reducing building repairs, travel, staff development, student temporary wages and salary reserve.

59	Mental Retardation Centers	(\$2,320,460) -56.50		(330,354)
-----------	----------------------------	-------------------------	--	------------------

Reduces expenditures for State-operated Mental retardation centers by eliminating all outreach activities, eliminating 56.5 positions, and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Rehab Therapy Tech, and 52.0 outreach positions.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

60 Mental Retardation Centers

(\$330,354) (~~\$330,354~~)
-5.50

Reduces expenditures for State-operated Mental retardation centers by eliminating 5.5 positions and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Outreach Specialist II, and 1.0 Rehab Therapy Tech.

61 Substance Abuse State Facilities

(\$184,818) (\$184,818) (~~\$184,818~~)
-15.25 -15.25

Reduces expenditures for State-operated substance abuse facilities by eliminating 15.25 positions, reducing salary reserve, contracting for dietary services, and reducing operating expenses such as travel, supplies, maintenance and equipment. Eliminated positions include: 4.0 Cook II's, 2.0 Cook Supervisor I, 1.0 Food Service Assistant I, 3.0 Food Service Assistant II's, 1.0 Food Service Supervisor IV, 1.0 Stock Clerk I, 1.0 Health Care Technician I, 1.0 Substance Abuse Counselor II, 1.0 MR Assistant III, and .25 Social Worker II.

62 Institutional Receipts

(\$1,000,000) (\$1,000,000) (~~\$1,000,000~~)

Reduces State appropriations by increasing the budget for institutional receipts

63 Central Office Administration

(\$620,826) (~~\$121,162~~)

Reduces state appropriations to Central Office Administration by 5%

64 Central Office Administration

(\$162,013) (~~\$121,162~~)

Reduces central office administration by reducing travel, supplies and equipment line items, and reducing some contracts.

65 Area Mental Health Programs

(\$29,246,907) (~~\$38,368,082~~)

Reduces State appropriations to area mental health programs for community-based services.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

S. B. No. _____

COMMITTEE SUBSTITUTE _____

DATE 7/29/02

Amendment No. _____

(to be filled in by
Principal Clerk)

Rep.
Sen.)

Insko

H/S Comparison Report

136

Item 81

1 moves to amend the ~~bill~~ on page _____, ~~the~~ _____

2 () WHICH CHANGES THE TITLE

3 by decreasing funds for the Poe Center

4 Contract and Grant-In-Aid by

5 the sum of \$100,000

6 and on page 16, Item 7

7 and by decreasing the reduction of

8 funding for Area Agency Agency

9 Administration by the sum of

10 \$100,000.

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED Debra C Insko

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

⁶
Rep. Earle
Withdrawn

EDITION No. _____

H. B. No. _____

DATE 7-29-02

S. B. No. _____

Amendment No. 4

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)

Sen.)

1 moves to amend the bill on page _____, line _____

2 () WHICH CHANGES THE TITLE

3 by _____

4 _____

5 Page 136 - item 81

6 _____

7 Remove UNC - Tech. Assistance 89,825-

8 Remove UNC PHTIN 129,077

9 _____

10 Item 108

11 Revise AND Increase Reduction - 470,191

12 for Consultant positions to

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED Dwight Earle

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

Approp. Health & Human Services 7/29/02
 Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Lue Owl	DHHS
Bob Fitzgerald	DHHS/DFS
Tot Wade	ORHRHD
Jim Bernstein	DHHS
GEORGE MCCOY	DHHS-DVR
JOHN DELUCA	DHHS-DSB
Cyndie Bennett	DHHS-OSS
Ron Pannof	DHHS-DCD
Margaret Owen	DHHS-DeD
Chen Beal	DHHS/OSS
Paul Lesieur	" "
Sharnese Ransome	" "
Whitney Obriq	OSBM
Pam Richardson	
Bonnie Cramer	↓
Wayne Williams	OSBM
Mary H. Odom	AARP
Mattie Delaney	AARP
Marta Sachs	AARP
Janita Lopez	AARP
Richard W. Hatch	AARP
Joseph R. Crawford	AARP
KATHER CANSLER	DHHS
KEB HAMME	DHHS
Ally Duffey	DHHS
TARA LAM	DMH/OS/SHS
Beth Visono	DMH/OS/SHS
Phillip Hoffman	" " "

VISITOR REGISTRATION SHEET

Name of Committee _____

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Bowdish	Alley Associates
James Dool	NCAHP
John Ann Coe	NCPA
John McMillan	MF + SPA
John Albee	BEGINNINGS
Paulyn Moore	EHA
Amy Jo Home	NCMS
Stacy Slawney	NCTCFA
Albert Wilson	NUTA
Jim Wilson	NCAATCF
Eric Bone	Bone Assoc
John Peter	John Peter Assoc
Johnny Cooper	UNCRA
Marion	Payne & Grinnell
James W (Billy) Smith	AARP
W. Taylor	UNC
Brian Lewis	Planned Parenthood Health Systems
Anne W. Dineen	PPDH
John McKNIGHT	Law Student / Garrison's office
Chad Essick	Edmisten + Webb
Elizabeth Dalton	Done & Associates
Cam Criss	PPDH
Jan Farnquist	NCSOS
Deborah Rame	XCPNA / NCALHD
George Freeman	NC Healthy Start Foundation
CA Cochran	USPNC C 2001
Deborah	the HRC
John Tk	MHA

VISITOR REGISTRATION SHEET

Name of Committee _____

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Karen Gattori	Div. of Aging DHHS
Lynnda McDaniel	DHHS
Linda Harrington	DHHS-DSDHH
Alex Wilhite	Public for DSDHH
Jean Hanz	AARP
Diana D. Hartzel	AARP
Richard C. Hatch	AARP
ANTHONY SOHARI	NCPC - SMART START
Mr. Oetzel	Div. of Aging
Joshua Sault	NC Child Care Coalition
Shermy Thomas	Assoc. for H + Hospice Care
Renee Montgomery	Parker Poe Raleigh
AL ADAMS	" " "
Christina Suggs	Sign Language Interpreter
Angela Trull	DHHS - DSDHH
Mary Fran	Legislative Staff
Zeb ALLEY	ALLEY ASSOCIATES
Andy Ellen	NC Retail Merchant's Assoc.
Ken Melton	Alley Associates, Inc.
ANN WEL	OUNS
JEAN HARDESTY	NC Food Banks
Steve Mitchell	Novartis
Karen Gillespie	BMS
JACQUE TOTITE	NC PMBL
Joy Hamfortone	Abbott
Kate Shipley	Abbott Laboratories, Inc.
M. J. [unclear]	GK
GARY SALAMON	GK

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. _____

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)

Sen.)

1 moves to amend the bill on page _____, line _____

2 () WHICH CHANGES THE TITLE

3 by rewriting # 45 on page 76

4 _____

5 45. Reimbursement Rate Reduction (\$808,564)

6 _____

7 Reduce reimbursement rates by 5%
8 for the following services; ambulance;
9 ambulatory surgical centers and high
10 risk inter ventilation services;

11 _____

12 and by eliminating # 103 on page 166;

13 _____

14 and by rewriting # 170 on page 286

15 _____

16 170 NC child advocacy Institute (\$25,000)

17 _____

18 Reduces the grant-in-aid to the NC
19 Child Advocacy Institute.

SIGNED _____



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT

Bill _____

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

_____ALN-120 [v.1]

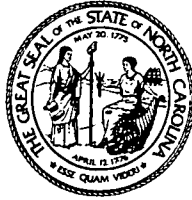
Page 1 of 2

Date _____, 2002

Comm. Sub. [NO]
Amends Title [NO]

Representative

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**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT**

Bill _____

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

_____ALN-120 [v.1]

Page 2 of 2

- 1 further moves to amend the draft Health and Human Services House/Senate
2 Comparison Report, dated July 23, 2002, by adjusting the appropriate totals
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4

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Monday, July 29, 2002
Health & Human Services

The meeting opened at 4:10 by Rep.
Edd Nye.

3 Changes

Page 86 items 54

1
Page 116 items 66

Page 296 ~~items~~ More at 4 Renamed.

Well More at 4 be in another budget.
It will appear in budget as a
amendment. Will be in the general.

This money is no longer in the HHS Budget.
It must be used for more at four. It

Amendment #1 Rep Earle.

~~Amendment #2~~

Discussion on combining the 3 services
page 236 items 138.

Services for the Blind
Vocational Rehabilitation

Deaf and Hard of Hearing

3 Division consolidation - 1999 Not to consolidate. Trying to consolidate administrative functions.

Amendment offered by Rep. Crawford.

Amendment #1 - Rep. Beverly Earle

Rep. Carey - Support this amendment.

Amendment #2 - Failed ^{Rep. Mark Crawford} 6 to 3

Amendment #3 - Rep. Verla Insko

~~Displaced~~ withdrawn

Amendment #4 - Rep. Beverly

Page 13 G - item 81 - withdrawn

item 80 instead of 81

Amendment #5

Rep. Insko - Oppose cutting funds for abortions. Eliminate the 50,000 cut for abortions.

Rep.
motion by Rep. Earle for the report to be adopted. ~~Seconded by~~.

House/Senate Comparison Report

DRAFT

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

Division of Aging

1	Funds for Senior Tarheel Legislature	(\$6,000)	(\$6,000)	0
	Reduces funds for 3 meetings per year from \$9,000 to \$3,000 each fiscal year.			
2	Governor's Advisory Council on Aging	(\$4,000)	(\$4,000)	0
	Reduces funding by 50%. Funds will now be used to support 2 meetings per year, instead of quarterly meetings. \$4,000 will remain in the budget to cover the expense of 2 meetings.			
3	Central Office Administration	(\$125,000)	(\$125,000)	(\$10,000)
	Reduces administration by 5% for the Division of Aging.			
	Contracts	(\$200,000)	(\$200,000)	0
	Eliminates contracts with Eastern and Western Alzheimer's Associations. Eliminates contract with Duke University for Alzheimer's training.			
5	Senior Centers	(\$341,000)	(\$341,000)	(\$200,000)
	Eliminates 25% of the state funds for Senior Center Development and Outreach.			
6	Senior Games		(\$43,750)	0
	Reduces State Funds for Senior Games by 25%.			
7	Area Agency on Aging Administration	(\$450,000)	(\$450,000)	0
	Reduces state funds for planning and administration funds for 17 AAAs across the state, in lieu of new federal funds received.			

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

8	Home and Community Care Block Grant	(\$374,160)		(\$374,160)
---	-------------------------------------	-------------	--	------------------------

Reduces State Funds in lieu of additional Federal Funds.

Division of Child Development

9	Early Head Start Funds	(\$56,286)	(\$56,286)	(\$56,286)
---	------------------------	------------	------------	-----------------------

Eliminates the remaining state funds that support the federal Early Head Start Program.

10	Smart Start Evaluation	(\$500,000)	(\$500,000)	(\$37,500)
----	------------------------	-------------	-------------	-----------------------

Eliminates funding for the Smart Start evaluation.

11	Smart Start Professional Development Funds	(\$16,000)	(\$16,000)	(\$15,000)
----	--	------------	------------	-----------------------

Reduces professional development funds that are used to help child care employees improve their educational qualifications.

12	Smart Start Automation	(\$44,810)	(\$44,810)	(\$42,009)
----	------------------------	------------	------------	-----------------------

Reduces funds to Division of Information and Resource Management for information technology activities that support Smart Start.

13	Local Smart Start Partnership Funds	(\$20,000,000)	(\$24,760,428)	(\$16,011,630)
----	-------------------------------------	----------------	----------------	---------------------------

Reduces the amount of funds for activities at the local partnership level.

14	NCPC Administration	(\$980,000)	(\$980,000)	(\$362,094)
----	---------------------	-------------	-------------	------------------------

Reduces the North Carolina Partnership for Children's administrative costs.

15	Criminal Record Checks	(\$12,000)	(\$12,000)	(\$12,000)
----	------------------------	------------	------------	-----------------------

Reduces the budget for reimbursement to the State Bureau of Investigation for the cost of obtaining record checks.

Health and Human Services

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16	DCD Administration	(\$618,939)	(\$293,611)	
		-10.00	-6.2	

Reduces administrative expenses including positions, operating costs, and equipment. Positions include: vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 filled and 3.0 vacant Child Program Specialists, 2.0 filled Processing Assistant III's, 1.0 vacant Administrative Assistant I, and 1.0 filled Policy and Planning Consultant.

17	DCD Administration	(\$369,228)	(\$293,611)	
		-5.00	-6.2	

Reduces administrative expenses including positions, operating costs, and equipment. Positions include: 1.0 vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 vacant Child Program Specialist, 2.0 filled Processing Assistant III's.

18	Child Care Subsidy			0
		\$18,800,000 NR		

Increase state appropriations for child care subsidy to replace federal funds historically used for this purpose. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, child care subsidy was funded at \$3,800,000 less for 02-03 fiscal year. These funds will also be used to address the waiting list for child care subsidy.

Division of Facility Services

19	Operating Expenses	(\$126,000)	(\$126,000)	(\$126,000)
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Reduces operating expenses throughout the Division of Facility Services including computer equipment replacement.

20	Travel	(\$150,000)	(\$150,000)	(\$150,000)
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Reduces travel expenses throughout the Division of Facility Services.

21	Legal Services	(\$35,974)	(\$35,974)	(\$35,974)
		-1.00	-1.00	

Eliminates one paralegal position.

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22 Various Contracts (\$244,731) (~~\$987,101~~)

Eliminates the following contracts:

Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:

Miscellaneous Contracts \$100,000

23 Various Contracts (\$380,731) (~~\$987,101~~)

Eliminates the following contracts:

Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:

Poison Control Center \$136,000
Miscellaneous Contracts \$100,000

24 Vacant Positions (\$90,000) (\$90,000) (~~\$264,512~~)
-2.00 -2.00 -6.0

Eliminates two vacant positions: 1.0 Facility Engineer Specialist and 1.0 Facility Survey Consultant I.

Division of Medical Assistance

25 Asset Policy Changes (\$3,028,281) (\$3,028,281) (~~\$3,028,281~~)

Modifies transfer of asset policy by including real property held under a life estate or tenancy-in-common as a countable asset when determining Medicaid eligibility.

26 Drug Utilization Management (\$37,374,352) (\$37,374,352) (~~\$37,374,352~~)

Expands implementation of various drug utilization measures to contain the cost of prescription drugs, including expanding the use of generic drugs.

27 Private Duty Nursing (\$496,639) 0

Reduces reimbursement rates for private duty nursing service providers by 5%.

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28	Private Duty Nursing Limitations		(\$292,052)	0
<p>Reduces expenditures for private duty nursing services for adults over 21 by limiting the number of hours to 16 hours per day and providing for 24 hours per day for up to 21 days post-hospital stay and up to 14 consecutive days if a patient's caregiver experiences a personal medical emergency.</p>				
29	Personal Care Services Limitations	(\$2,655,057)	(\$2,655,057)	0
<p>Reduces Personal Care Services by reducing the daily limit for services from 3.5 hours per day to 3 hours per day and reducing the monthly limit for services from 80 hours per month to 60 hours per month.</p>				
30	CAP-MR/DD Program		(\$18,358,593)	(\$23,972,219)
<p>Reduces the Community Alternatives Program for the Mentally Retarded and Developmentally Disabled (CAP-MR/DD) by revising the existing waivers and continuing the freeze on program participation until growth in program participation moderates.</p>				
31	CAP-DA Program		(\$13,554,011)	(\$16,727,631)
<p>Reduces the Community Alternatives Program for Disabled Adults (CAP-DA) by continuing the freeze on program participation, limiting the monthly average cost limit, and limiting the number of In-Home Aide Services.</p>				
32	Asset Policy Changes for PCS Recipients	(\$423,959)	(\$423,959)	(\$423,959)
<p>Modifies transfer of asset policy by applying the policy to persons receiving personal care services while residing in their home.</p>				
33	Pregnant Women Coverage for Minors	(\$244,793)	(\$244,793)	0
<p>Modifies policy for determining eligibility for pregnant women coverage for minors by counting parental income.</p>				
34	Dental Services for Adults over 21		(\$5,121,872)	0
<p>Reduces Dental services for adults over 21 by limiting services to basic preventative and restorative procedures, and emergency dental needs. Eliminates coverage of all denture services.</p>				

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35 Long Term Care Facilities Rx Contract

(\$3,773,069) (~~\$3,773,069~~)

Contracts for the provision of prescription drugs utilized by Medicaid covered residents of nursing facilities, intermediate care facilities for the mentally retarded, and adult care homes.

36 Hospital Payments

(\$1,409,819) (\$1,409,819) (~~\$1,409,819~~)

Reduces payments to hospitals by 0.5%. Options for reducing payment include using waivers to reduce hospital costs associated with billing Medicaid and implementing a revised outpatient/emergency payment method to relate payment to services received.

37 Prospective Rates for Home Health Services

(\$991,979) (\$991,979) (~~\$991,979~~)

Establishes prospective rate payment system for Home Health Services and pay for services based on an assessment of the specific needs of the Medicaid recipient. Payment for services will no longer be tied to the number of provider visits.

38 Home Infusion Therapy

(\$88,809) 0

Reduces reimbursement rates for home infusion therapy providers by 5%.

39 Contract for Home Infusion Therapy

(\$81,663) (~~\$81,663~~)

Contracts for Home Infusion Therapy services and reduce the number of providers.

40 Define "Efficient Provider" for Long Term Care

(\$15,175,621) (~~\$15,175,621~~)

Reduces expenditures by basing payment for long term care providers (nursing facilities, intermediate care facilities for the mentally retarded, and adult care home - personal care services) on an "efficient provider" operating profile.

41 Home Health Supplies

(\$190,000) 0

Reduces reimbursement rates for home health supplies providers by 5%.

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42	Contract for Home Health Supplies		(\$175,055)	(\$175,055)
	Contracts for Home Health Supplies and reduce the number of providers.			
43	Optional Services	(\$250,000)	(\$250,000)	0
	Eliminates optional circumcision procedures except in cases of medical necessity.			
44	Carolina ACCESS II/III Cost Savings	(\$9,425,000)	(\$9,425,000)	(\$9,425,000)
	Reduces expenditures for the Medicaid program to reflect anticipated savings from the expansion of Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increased generic prescribing, implementing polypharmacy review, reducing therapy visits, and better managing of high risk/high cost patients.			
45	Reimbursement Rate Reduction	(\$3,208,964)		0
	Reduces reimbursement rates by 5% for the following services: personal care services, ambulance, ambulatory surgical centers, and high risk intervention.			
46	Reimbursement Rate Reduction		(\$2,280,846)	0
	Reduces reimbursement rates by 0.5% for all providers except hospitals, physicians, and dentists.			
47	Durable Medical Equipment	(\$569,954)		0
	Reduces reimbursement rates for durable medical equipment providers by 5%.			
48	Contract for Durable Medical Equipment		(\$538,399)	(\$538,399)
	Contracts for Durable Medical Equipment and reduce the number of providers.			
49	Optical Service Providers	(\$202,840)		(\$202,840)
	Reduces reimbursement rates for optical service providers by 5%.			

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50	Optical Service Providers		(\$405,680)	0
	Reduces rates for optical service providers by 10%.			
51	Medicare Crossover Claims	(\$1,900,000)	(\$1,900,000)	(\$1,900,000)
	Applies Medicaid medical policy to Medicare Crossover claims.			
52	Case Management Services	(\$7,716,342)		(\$7,716,342)
	Reduces case management services for adults and children by reducing rates, streamlining services and eliminating duplicative services. This reduction does not apply to CAP-DA and CAP-MR/DD case management services.			
53	Case Management Services		(\$20,000,000)	(\$7,716,342)
	Reduces case management services for adults and children by 33% by streamlining services and eliminating duplicative services.			
54	Revised Medicaid Forecast	\$81,751,234	\$109,723,210	(\$109,723,210)
	Provides Increased funding for the Medicaid Program due to the revised forecast for SFY 2003.			
55	Rate Reduction for Health Departments	(\$671,750)		0
	Reduces Medicaid reimbursement for CPT coded services to health departments by 25%.			
56	Outpatient Hospital Copayments	(\$300,000)		0
	Implements minimal copayments (maximum of \$25) for outpatient hospital treatment services.			

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

57	State Psychiatric Hospitals	(\$2,895,097) -61.00	(\$2,895,097)	(41,531,714)
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Reduces expenditures for State-operated psychiatric hospitals by eliminating 61.0 positions; reducing education, training, and staff development; reducing expenditures for supplies, printing, and equipment; closing 5-bed TB Unit at Cherry hospital; Closing CPI outpatient unit at John Umstead Hospital, and eliminating 10 psychiatric beds at Cherry Hospital with no community transfer of funding. Eliminated positions include 24.0 Health Care Technician I's, 2.0 Clinical Social Workers, 2.0 Lead Psych Technicians, 1.0 Physician III-B, 2.0 Food Service Assistant II's, 1.0 Librarian, 1.0 LPN, 1.0 Nurse Education Instructor, 1.0 Patient Relations Representative III, 1.0 Physician III-C, 1.0 Plant Maintenance Supervisor II, 1.0 Processing Assistant III, 1.0 Rehab. Therapist, 2.0 Senior Psychologist I's, 1.0 Social Worker Clinical Specialist, 3.0 Teachers, 1.0 Dental Assistant, 1.0 X-Ray Technician II, 1.0 Office Assistant V, 1.0 Adaptive Equipment Specialist, 1.0 Boiler Room Operator Shift Supervisor I, 1.0 FSA II, 1.0 Grounds Worker, 1.0 Housekeeping Supervisor II, 1.0 Human Services Coordinator III, 1.0 Mechanic Supervisor I, 1.0 OT Supervisor II, 1.0 Patient Relations Representative V, 1.0 Physical Therapy Assistant II, 1.0 Processing Unit Supervisor IV, and 2.0 Word Processor III's.

58	Child and Family State Facilities	(\$45,451)	(\$45,451)	(45,451)
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Reduces funding for state-operated child and family facilities by reducing building repairs, travel, staff development, student temporary wages and salary reserve.

59	Mental Retardation Centers	(\$2,320,460) -56.50	(\$2,320,460)	(330,354)
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Reduces expenditures for State-operated Mental retardation centers by eliminating all outreach activities, eliminating 56.5 positions, and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Rehab Therapy Tech, and 52.0 outreach positions.

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60 Mental Retardation Centers

(\$330,354) (~~\$330,354~~)
-5.50

Reduces expenditures for State-operated Mental retardation centers by eliminating 5.5 positions and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Outreach Specialist II, and 1.0 Rehab Therapy Tech.

61 Substance Abuse State Facilities

(\$184,818) (\$184,818) (~~\$184,818~~)
-15.25 -15.25

Reduces expenditures for State-operated substance abuse facilities by eliminating 15.25 positions, reducing salary reserve, contracting for dietary services, and reducing operating expenses such as travel, supplies, maintenance and equipment. Eliminated positions include: 4.0 Cook II's, 2.0 Cook Supervisor I, 1.0 Food Service Assistant I, 3.0 Food Service Assistant II's, 1.0 Food Service Supervisor IV, 1.0 Stock Clerk I, 1.0 Health Care Technician I, 1.0 Substance Abuse Counselor II, 1.0 MR Assistant III, and .25 Social Worker II.

62 Institutional Receipts

(\$1,000,000) (\$1,000,000) (~~\$1,000,000~~)

Reduces State appropriations by increasing the budget for institutional receipts

63 Central Office Administration

(\$620,826) (~~\$121,162~~)

Reduces state appropriations to Central Office Administration by 5%

64 Central Office Administration

(\$162,013) (~~\$121,162~~)

Reduces central office administration by reducing travel, supplies and equipment line items, and reducing some contracts.

65 Area Mental Health Programs

(\$29,246,907) (~~\$38,368,082~~)

Reduces State appropriations to area mental health programs for community-based services.

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66 Various Contracts

(\$419,674)

0

Eliminates state appropriations for the following contracts:

National Alliance for the Mentally Ill \$ 20,000
Association for Persons in Supported Employment \$39,900
Mental Health Association Respite Training \$120,000
NCSU-CUACS Technical Assistance \$101,350

Reduces State Appropriations for the following contracts:

UNC Student Stipends \$ 22,000
Housing Works, Inc. \$ 30,000
UNC-CH DD Training Institute \$86,424

67 Various Contracts

(\$1,335,884)

0

Eliminates state appropriations for the following contracts:

UNC Student Stipends \$ 47,000
Housing Works, Inc. \$ 60,326
National Alliance for the Mentally Ill \$ 20,000
Exceptional Children's Assistance Center \$123,408
Association for Persons in Supported Employment \$39,900
UNC-CH Core Indicator Project Evaluation \$127,000
UNC-CH DD Training Institute \$586,424
Mental Health Association Respite Training \$120,000
NCSU-CUACS Technical Assistance \$101,350

Reduce State Appropriations for the following contract:

NC High School Athletics Association \$111,376

68 Autism Society Contract

(\$280,000)

0

Reduces the contract with the Autism Society by 10%.

69 United Cerebral Palsy, Inc. Contract

(\$120,000)

0

Reduces the contract with United Cerebral Palsy, Inc. by 10%.

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70	Patient Advocates in State Psychiatric Hospitals	(\$295,229) -5.00		0
	Reduces expenditures for patient advocacy in State-operated psychiatric hospitals by 25%. Reduction eliminates 5.0 patient advocates.			
71	Patient Advocates in Mental Retardation Centers	(\$96,947) -6.00		0
	Reduces expenditures for patient advocacy in State-operated mental retardation centers by 25%. Reduction eliminates 6.0 patient advocates.			
72	Autism Funds			0
	Provides funds for the operation of Residential Services Inc. to provide residential services to autistic children.	\$280,000 NR		
73	Housing Support for the Mentally Ill			0
	Provides funds to support expansion of housing support and placements for the mentally ill.	\$500,000 NR		
	Residential Services for Women with Children			0
	Provides funding for nine therapeutic homes programs for women with substance abuse or dependency diagnosis. Participating women reside in the home for 12 months to be followed by six months of outpatient services.	\$1,000,000 NR		

Division of Public Health

75	Prescription Drug Access Project	(\$200,000)	(\$200,000)	0
	Eliminates the appropriations for the Prescription Drug Access Project.			
76	Office of Minority Health	(\$24,000)	(\$24,000)	0
	Reduces the operating costs in the Office of Minority Health.			

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77	Immunization Branch Operating Funds	(\$66,659)	(\$66,659)	(#66,659)
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Reduces state appropriations for travel, telecommunication, property insurance and employee education and replaces these funds with the federal immunization grant funds.

78	Farmers' Market Program	(\$157,230)	(\$157,230)	0
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Eliminates the Farmers' Market Program.

79	Health Promotion Funding	(\$180,000)	(\$180,000)	0
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Reduces the Health Promotion funding that supports local health promotion activities.

80	Contracts and Grants-in-Aid	(\$319,062)		0
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Eliminates the following contracts:
 UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235)
 Eliminates a contract and reduces the grant-in-aid to the Poe Center - (\$51,500)
 Greenway Project - (\$6,425)
 Training and Research - (\$15,000)
 UNC Tech Assistance and Health Promotion Campaign - (\$89,825)
 Reduces the contract with UNC for PHTIN - (\$129,077)

81	Contracts and Grants-In-Aid		(\$469,062)	0
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Eliminates the following contracts:
 UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235)
 Poe Center Contract and Grant-in-Aid - (\$201,500)
 Greenway Project - (\$6,425)
 Training and Research - (\$15,000)
 UNC Tech Assistance and Health Promotion Campaign - (\$89,825)
 Reduces the contract with UNC for PHTIN - (\$129,077)

82	HIV/STD Care Contracts	(\$38,845)	(\$38,845)	(#38,845)
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Reduces state appropriations and replaces these funds with the Ryan White Title II grant for contracts with community-based organizations.

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83	Sickle Cell Program Reduces state appropriations and replaces the funds with increased federal financial participation through Medicaid for the Sickle Cell community-based organizations.	(\$42,096)	(\$42,096)	(\$42,096)
84	Oral Health Section Positions Eliminates 7.0 dentist positions, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.		(\$747,000) -9.00	0
85	Oral Health Section Positions Eliminates 1.0 vacant dentist position, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.	(\$247,000) -3.00		0
86	Regional Dentists' Offices Eliminates appropriations for the regional dentists' offices in Raleigh and Fayetteville and eliminates the operating expenses.	(\$11,107)	(\$11,107)	0
87	Aid-to-County Reduces the Aid-to-County funding by an amount that has historically been reverted at fiscal year's end.	(\$1,000,000)	(\$1,000,000)	0
88	State Laboratory Pap Smear Program Reduces state appropriations within the Pap Smear Program and replaces it with a new \$7 fee to local health departments and state owned facilities for the test specimen.		(\$1,050,000)	0
89	Intensive Home Visiting Program Reduces funding for the Intensive Home Visiting Program.		(\$95,860)	(\$500,000)
90	Children With Special Needs Program Reduces state appropriations for the Children With Special Needs program; the program historically has had unencumbered funds remaining in the account at the end of the fiscal year.	(\$110,000)	(\$110,000)	(\$110,000)

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91	Operating Expenses	(\$52,180)	(\$52,180)	(\$52,180)
<p>Reduces state appropriations for honorariums, conference registrations, educational supplies, office furniture and printing/binding for the Children and Youth Branch of Women's and Children's Health Section.</p>				
92	State Laboratory - Newborn Screening	(\$862,500)	(\$1,000,000)	(\$1,000,000)
<p>Reduces state appropriations for the newborn screening tests and replaces these funds with proposed \$10 fees to be charged to hospitals and providers for each specimen submitted for testing.</p>				
93	Women's Health	(\$281,257)	(\$281,257)	(\$281,257)
<p>Reduces state appropriations and replaces the funds with Medicaid federal financial participation for the Perinatal Outreach and Education Training Program (POET).</p>				
94	State Center For Health Statistics	(\$146,190)	(\$146,190)	(\$146,190)
<p>Replaces state appropriations with historically over-realized receipts from the National Center for Health Statistics.</p>				
95	Equipment	(\$27,835)	(\$27,835)	0
<p>Eliminates appropriations for equipment in the Oral Health Section.</p>				
96	Positions in Women's and Children's Health Section	(\$130,888) -3.45	(\$130,888) -3.45	(\$51,868)
<p>Eliminates 3.45 vacant positions: 0.75 Audiologist, 0.70 Processing Assistant, 1.0 Public Health Program Consultant I, and 1 Social Research Assistant.</p>				
97	Oral Health	(\$662,107)	(\$662,107)	(\$662,107)
<p>Reduces state appropriations for the Dental Hygienist positions and replaces these funds with Medicaid receipts.</p>				

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98 Administrative Activities	(\$400,000)	(\$400,000)	(\$400,000)
<p>Reduces state appropriations for non-direct service activities within Women's and Children's Health Section and replaces these funds with Medicaid receipts.</p>			
99 Hepatitis B Vaccine School Site Initiative	(\$604,800)	(\$604,800)	(\$604,800)
<p>Reduces state appropriations for the Hepatitis B vaccine and replaces the funds with federal vaccine funds.</p>			
100 Contracts	(\$364,700)		(\$519,830)
<p>Terminates contracts with LabCorp for CD4 testing and dysplasia clinics for cancer diagnostic and treatment services.</p>			
101 Contracts		(\$519,830)	(\$519,830)
<p>Terminates contracts with LabCorp for CD4 testing, dysplasia clinics for cancer diagnostic and treatment services, and Wake Forest University for follow-up monitoring of Intensive Care Nursing and Neonatal Intensive Care Unit infants.</p>			
102 Community Care Coordination	(\$90,000)	(\$90,000)	(\$90,000)
<p>Reduces state appropriations and replaces the funds with Medicaid receipts for the community care coordinator contracts.</p>			
103 Dusty Trades Program	(\$165,405) -4.00	(\$165,405) -4.00	(\$165,405)
<p>Closes the Dusty Trades Program. Eliminates 3.0 filled Industrial Hygienist Consultant positions and 1.0 filled Processing Assistant IV position.</p>			
104 Prescription Drug Assistance Program	(\$500,000)	(\$500,000)	(\$470,000)
<p>Eliminates funding for the Prescription Drug Assistance Program for the elderly.</p>			

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105 Home Health Purchase of Medical Care

(\$3,293,722)
-1.00

0

Eliminates state appropriations for the Home Health Purchase of Medical Care Program and 1.0 Public Health Program Supervisor II position.

106 Developmental Evaluation Centers

(\$2,076,426)

(\$2,076,426)

0

Reduces appropriations for the 18 Developmental Evaluation Centers.

107 Contracts - Women's and Children's Health Section

(\$1,448,868)

(\$1,448,868)

(~~\$1,413,780~~)

Reduces contracts for services to support direct care. The following contracts are reduced by the corresponding amounts:

- Prevent Blindness - (\$41,900)
- UNC-CH, Center for Public Health Practice - (\$18,750)
- Duke University Medical School - (\$59,674)
- Carolina Healthcare System II (Pediatric and Prenatal Services) - (\$33,113)
- ECU (Pediatric and Prenatal Services)- (\$38,192)
- Fullerton Genetics Clinic (Pediatric and Prenatal Services) - (\$63,030)
- Wake Forest (Pediatric and Prenatal Services) - (\$55,102)
- UNC-CH (Pediatric and Prenatal Services) - (\$116,518)
- UNC-CH (Alpha-fetal protein screening) - (\$20,000)
- Wake Forest (Alpha-fetal protein screening) - (\$20,000)
- Carolinas HealthCare System (Services for children with hemophilia or other coagulation disorders) - (\$200)
- Duke University (Services for children with hemophilia or other coagulation disorders) - (\$600)
- ECU (Services for children with hemophilia or other coagulation disorders) - (\$600)
- UNC-CH (Services for children with hemophilia or other coagulation disorders) - (\$7,300)
- Wake Forest University (Services for children with hemophilia or other coagulation disorders) - (\$1,300)
- Moses Cone - (\$4,600)
- Duke University Medical Center - (\$33,697)
- Wake Forest University (Assessment, monitoring and treatment of children 0-21 with orthopedic conditions) - (\$11,425)
- Western Carolina University - (\$40,000)
- Assistive Resource Centers (15% reduction for each) - (\$112,346)
- In-hospital identification of children with special health care needs - 10 contracts - (\$69,597)
- Center for Development and Learning UNC-CH - (\$485,646)
- Dept. of Agriculture - (\$600)
- NC Baptist Hospital - (\$4,800)
- Central Carolina - (\$50,000)
- UNC-CH - (\$87,708)
- Young Women's Outreach - (\$18,990)
- Albemarle Smart Start - (\$30,680)
- Adolescent Pregnancy Prevention Coalition of NC - (\$22,500)

108 Administrative Consultants

(\$251,289)

-5.00

0

Eliminates 1.0 vacant and 4.0 filled Administrative Consultant positions.

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109	Governor's Council on Physical Fitness	(\$25,000)		0
	Eliminates funding for the Governor's Council on Physical Fitness.			
110	Vital Records Fee Increase	(\$499,235)		0
	Increases vital records transition fees to \$15.00.			
111	Healthy Start Foundation			0
	Provides funds to Healthy Start to improve access to prenatal care and reduce poor birth outcomes for families in North Carolina.	\$250,000	NR	
112	Healthy Carolinians			0
	Provides Funding for Healthy Carolinians task forces across the State.	\$750,000	NR	
113	Asthma Education Program			0
	Provides funding to support asthma management, control, surveillance, and education.	\$100,000	NR	

Division of Social Services

114	DSS State Administration	(\$1,399,093)	(\$1,399,093)	(\$1,399,093)
	Reduces the operating budget for the Central Office.			
115	Local DSS Administration	(\$1,000,000)	(\$5,500,000)	0
	Reduces State funds for operating budgets for 100 local Departments of Social Services.			
116	Carry forward for Electing Counties	(\$600,000)	(\$600,000)	0
	Eliminates the ability of 13 Electing Counties to carry forward excess state funds at the end of state fiscal year.			

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117 State/County Special Assistance	(\$2,045,157)	(\$2,045,157)	0
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Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$300,000 in remaining funds shall be used for expanded audit requirements.

118 State/County Special Assistance	(\$2,145,157)	(\$2,145,157)	0
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Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$200,000 in remaining funds shall be used for expanded audit requirements.

119 Families for Kids	(\$1,200,000)	(\$1,200,000)	0
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Eliminates funding for 16 local Departments of Social Services. Historically, these funds have been used to assist counties improving their child welfare services and reduce the amount of time children remain in the foster care system.

120 Various Contracts	(\$892,743)	(\$892,743)	(\$892,743)
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Eliminates state appropriations for the following contracts in the Child Support Section:

Child Support Enforcement Training - \$641,893
 Child Support Enforcement Help Desk - \$229,840
 Ohio State Treasurer - \$ 21,010

121 Child Support Backlog	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
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Eliminates expansion item that was not funded during the 01-02 fiscal year. Funding was intended to address Child Support Enforcement backlogs in urban counties. The Division addressing the problem through improving current operating procedures without additional funds.

122 Intensive Family Preservation Services	(\$500,000)	(\$500,000)	0
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Reduces State funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Services will be maintained with additional Federal funds.

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123 Intensive Family Preservation		(\$25,977)	0
<p>Reduces funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Recurring budgeted state funds will be approximately \$1.4 million following this reduction.</p>			
124 Family Resource Centers	(\$865,000)	(\$698,866)	(\$1,765,000)
<p>Reduces State funds for Family Resource Centers in 49 counties. Services will be maintained with additional Federal funds.</p>			
125 CCPT Grant	(\$250,000)	(\$250,000)	0
<p>Eliminates funds for the Community Child Protection Team Grant (CCPT). Historically, this funding has been distributed on a competitive basis to counties demonstrating innovative approaches to improving their child protection services.</p>			
126 Resident Evaluation Services	(\$1,062,037)	(\$1,062,037)	(\$1,062,037)
<p>Eliminates funds for Resident Evaluation Services. The automated instrument required to implement this new initiative is incomplete and funds to implement the program statewide are not available.</p>			
127 State Adult Care Home Specialist Funds		(\$1,400,000)	0
<p>Eliminates funds used to pay for staff at local Departments of Social Services. The state provided this funding to reduce caseloads for adult home specialists at the local level.</p>			
128 State Abortion Fund	(\$50,000)		0
<p>Eliminates funds for the State Abortion Fund. No abortions have been paid for with these funds since 1996.</p>			
129 Position Eliminations	(\$895,136)		(\$895,936)
<p>Eliminates 44 vacant and 12 filled positions in the Division of Social Services.</p>			

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130 State Maternity Home Funds

(\$438,354)

(876,708)

Reduces State funds for maternity homes. TANF Block Grant funds will be used to replace the reduction in State funds.

131 Welfare Automation Fund

(\$8,000,000)

0

Reduces State funds used for various automation projects in the Department of Health and Human Services.

132 Boys and Girls Clubs

\$550,000 NR

\$550,000 NR

0

Provides State appropriations to replace federal funding historically used to support Boys and Girls Clubs across the state. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

133 Food Banks

\$1,000,000 NR

\$900,000 NR

0

Provides funds to be equally distributed to the regional network of food banks in North Carolina.

134 Special Children Adoption Fund

\$2,000,000 NR

0

Provides State appropriations to replace federal funding historically provided to adoption agencies in order to increase the number of children adopted from the foster care system. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

135 Funds for Work Central Career Advancement Center

\$500,000 NR

0

Provides State appropriations for a Call Center in Edgecombe County (serving seven counties) historically funded with federal funds. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, federal funds are not available to fund this project for the 02-03 fiscal year.

Division of Vocational Rehabilitation

136	Direct VR Client Services	(\$1,922,522)	(\$3,499,678)	(\$ 1,922,522)
------------	---------------------------	---------------	---------------	----------------------------

Reduces state appropriations for vocational rehabilitation client services by implementing stricter case policies and "order of selection" policies that allow a waiting list for the least disabled clients.

137	Administrative Operational Costs	(\$400,000)	(\$400,000)	(\$ 400,000)
------------	----------------------------------	-------------	-------------	--------------------------

Reduces administrative costs by reducing expenditures for supplies, travel, and equipment.

138	Disability Division's Consolidation	(\$750,000)	(\$750,000)	0
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Reduces state appropriations for the Divisions of Services for the Blind and Vocational Rehabilitation by consolidating the Division of Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and Division of Vocational Rehabilitation and creating a new Division to be named by the Department of Health and Human Services. Reductions will result from the consolidation of administration for all three divisions, consolidation of district offices in cities where there are two or more district offices, and streamlining of direct client services provided by all three divisions. No reductions are to come from the Division of Services for the Deaf and Hard of Hearing, and services unique to persons who are deaf or blind shall be maintained.

139	Vacant Positions	(\$850,000) -25.00	(\$850,000) -25.00	(\$ 700,000) -20.0
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Eliminates 25.0 vacant positions including 1.0 Adj. Services Instructor, 1.0 Administrative Assistant I, 1.0 Administrative Officer III, 1.0 Computer Technical Support III, 8.0 Office Assistant II's, 1.0 Office Assistant IV, 1.0 Processing Assistant III, 1.0 Program Assistant V, 1.0 Rehab. Case Assistant, 2.0 Rehab. Case Supervisors, 1.0 Rehab. Education Specialist, 1.0 Stock Clerk II, 1.0 Vocational Evaluator II, and 1.0 Vocational Evaluation Specialist.

140	Universal Design Contract	(\$50,000)	(\$99,998)	0
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Reduces Universal Design contract with NCSU's Center for Universal Design.

Divisions of Services for the Blind and Services for Deaf & Hard of Hearing

141	Special Assistance for the Blind	(\$158,000)	(\$158,000)	(\$158,000)
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Reduces excess funding in the Special Assistance for the Blind program.

142	Medical Eye Care and Independent Living Services	(\$64,000) -1.00	(\$64,000) -1.00	(\$64,000)
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Reduces funding for Medical Eye Care and Independent Living Services by eliminating 1.0 Medical Eye Care Consultant position and reducing funding for medical/scientific equipment and educational supplies.

143	Cost Allocation to Telecommunications Access of NC	(\$21,013)	(\$21,013)	(\$21,013)
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Reduces state appropriations to the Division of Services for the Deaf and Hard of Hearing by increasing receipts from Telecommunication Access of NC through cost allocation.

144	Operating Expenses	(\$200,000)	(\$200,000)	0
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Maintains expenditures for SFY 2003 for operating expenses at the SFY 2002 expenditure level.

145	Medical Eye Care Program	(\$200,000)	(\$200,000)	0
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Reduces excess funding in the Medical Eye Care Program.

NC Health Choice

146	Dispensing Fee Reduction	(\$168,964)	(\$168,964)	0
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Reduces premiums for the NC Health Choice program by reducing the dispensing fee paid to pharmacists from \$6.00 per prescription to \$4.00 for brand name drugs and \$5.60 for generic drugs. This is the same dispensing fee as paid by the Medicaid Program.

147	Premium Reduction by Using Medicaid Reimbursement	(\$8,578,528)	(\$8,578,528)	0
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Reduces premiums for the NC Health Choice Program by paying Medicaid reimbursement rates to NC Health Choice providers.

148 Co-Payments

(\$771,128)

0

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit Increased to \$10 from \$5
Rx Filled Was \$6 for all Drugs
 Now \$5 for Generic and
 \$10 for brand name
Non- emergency Use of ER Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit \$5
Rx Filled \$1 for Generic and
 \$3 for brand name
Non-emergency Use of ER \$10

149 Co-payments

(\$454,669)

0

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit Increased to \$7 from \$5
Rx Filled Was \$6 for all Drugs
 Now \$5 for Generic and
 \$10 for brand name
Non- emergency Use of ER Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit \$2
Rx Filled \$1 for Generic and
 \$3 for brand name
Non-emergency Use of ER \$10

Office of Education Services

150	Capital Improvement Reserves	(\$701,665)	(\$701,665)	(\$701,665)
	Eliminates appropriation for capital improvement reserves.			
151	Central Preschool Program	(\$361,164) -9.00	(\$361,164) -9.00	(\$333,228)
	Abolishes 7.0 vacant and 2.0 filled preschool staff positions and operating expenses for the Central Preschool Program. Positions include: 5.0 vacant Teachers, 1.0 vacant Lead Teacher, 1.0 filled Processing Assistant IV, 1.0 filled Processing Assistant III, and 1.0 EDA II.			
152	Maintenance Contract	(\$1,127)	(\$1,127)	0
	Reduces a contract for maintenance at the Governor Morehead School.			
153	Positions at ENCSD	(\$716,267) -26.00	(\$716,267) -26.00	(\$716,267)
	Abolishes 26.0 vacant positions at the Eastern North Carolina School for the Deaf. Positions include: 1.0 Cook I, 4.25 EDA II's, 3.0 Food Service Assistant I's, .75 Occupational Therapist II, 1.0 Processing Assistant IV, 1.0 Resident Life Attendant, 9.0 Resident Life Trainers, 5.0 Teachers, and 1.0 Volunteer Service Coordinator.			
154	Operating Budget	(\$200,143)	(\$200,143)	(\$200,143)
	Reduces operating budgets at the residential schools. This reduction targets equipment and supplies.			
155	Beginnings Contract		(\$38,000)	0
	Reduces the contract amount with Beginnings.			
156	Positions at GMS	(\$319,691) -11.00	(\$319,691) -11.00	(\$89,576) -4.0
	Abolishes 11.0 vacant positions at the Governor Morehead School. Positions include: 1.0 EDA II, 1.0 General Utility Worker, 1.0 Housekeeper, 1.0 Librarian, 2.0 Resident Life Attendants, 5.0 Resident Life Trainers.			

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157 Governor Morehead School Preschool Program	(\$641,763)	(\$641,763)	(\$ 641,763)
	-8.75	-8.75	

Abolishes 8.75 vacant positions and reduces operating expenses for the Governor Morehead School Preschool Program. Positions include: 4.0 Teachers, 1.0 Lead Teacher, 2.0 Social Workers, and 1.75 EDA's.

158 Auditory Learning Program Contract	(\$150,000)	(\$200,000)	(\$ 200,000)
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Eliminates funding for the contract with the Auditory Learning Program.

159 IEP/IFSP Personal Service Contracts	(\$100,000)	(\$100,000)	(\$ 100,000)
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Reduces personal service contracts for activities prescribed in Individual Educational Plans and Individual Family Services Plans.

160 Central School Maintenance Funding	(\$381,632)	(\$381,632)	(\$ 381,632)
	-4.00	-4.00	

Eliminates the Central School for the Deaf's maintenance and operating budget. The positions to be eliminated include: 1.0 Maintenance Mechanic IV, 1.0 Facility Maintenance Supervisor III, and 2.0 Maintenance Mechanic II's.

161 Positions at WNCSD	(\$362,625)	(\$362,625)	(\$ 362,625)
	-14.75	-14.75	

Abolishes 14.75 vacant positions and reduces operating expenses at the Western North Carolina School for the Deaf. Positions include: .75 Office Assistant IV, 1.0 Processing Assistant IV, 1.0 Staff Development Specialist II, 1.0 Computer Support Tech II, 1.0 Boiler Operator I, 1.0 Maintenance Mechanic I, 1.0 Maintenance Mechanic II, 5.0 Teachers, 1.0 Resident Life Attendant, and 2.0 Resident Life Trainers.

Office of the Secretary

162 Aid to Clinic Construction	(\$75,000)	(\$75,000)	(\$ 75,000)
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Reduces funding for clinic construction.

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163	Loan Repayment Incentive Funds	(\$600,000)	(\$1,689,121)	(\$ 600,000)
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Reduces funding for Loan Repayment Incentive Funds program.

164	Community Primary Care Grant Program	(\$118,400)	(\$118,400)	(\$ 118,400)
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Eliminates funding for the Community Primary Care Grant Program in the Office of Research, Demonstration and Rural Health Development.

165	Rural Health Clinic Operational Funding	(\$150,000)	(\$150,000)	(\$ 150,000)
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Reduces rural health clinic operating funds.

166	Administrative Costs	(\$48,109)	(\$48,109)	(\$ 48,109)
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Reduces administrative costs in the Office of Research, Demonstration, and Rural Health Development.

167	Position Eliminations		(\$5,000,000) -150.00	0
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Eliminates vacant or filled positions, reduce layers of management, and related operating expenses throughout the Department of Health and Human Services.

168	IT Contractual Services	(\$2,402,718)	(\$2,402,718)	(\$ 1,759,485)
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Reduces the SFY 2003 Certified Budget for information technology contractual services by 15%.

169	Position Eliminations - DIRM	(\$330,250) -11.00	(\$330,250) -11.00	(\$ 330,250)
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Eliminates 11.0 vacant positions in the Division of Information Management: 3.0 Application Analyst Programmer I's, 3.0 Application Programmer II's, 1.0 Application Programmer I, 1.0 Information Processing Assistant I, 1.0 Processing Assistant IV, and 2.0 Telecommunications Equipment Tech. III's.

170	NC Child Advocacy Institute Grant-In-Aid	(\$125,000)	(\$125,000)	0
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Reduces the grant-in-aid to the NC Child Advocacy Institute by 50%.

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171 Position Eliminations - Controller's Office	(\$53,000)	(\$53,000)	(\$53,000)
	-2.00	-2.00	

Eliminates 2 vacant positions in the DHHS Controller Office. Eliminates 1.0 Accounting Clerk IV and 1.0 EBT Coordinator.

172 Print Shop Elimination	(\$46,657)	(\$46,657)	0
	-6.00	-6.00	

Eliminates the Print Shop in the Office of Public Affairs. DHHS shall contract for printing services with the Department of Corrections.

173 NC Council on the Holocaust		(\$31,016)	0
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Reduces state appropriations for the NC Council on the Holocaust.

174 Intervention Services Unit	(\$96,671)		0
	-1.00		

Eliminates the Intervention Services Unit.

Department Totals

(\$75,448,942)	(\$153,832,060)
-347.70	-375.70
\$25,730,000 NR	\$1,450,000 NR

North Carolina Appropriations Subcommittee on Health and Human Services

Minutes
July 31, 2002
5:00 PM

The North Carolina Appropriations Subcommittee on Health and Human Services met on July 31, 2002 in Room 643 of the Legislative Office Building. Representative Beverly Earle opened the meeting at 5:30 pm. Carol Shaw, Fiscal Research Division, continued from the previous meeting on page 13, with the Special Provisions.

The following members were present: Representative Beverly Earle, Co-Chair, Representative Edd Nye, Co-Chair, Representative Debbie Clary, Representative Theresa Esposito, Representative Mark Crawford, Representative Verla Insko, Representative Billy Creech, and Representative Walter Church.

Ms. Shaw informed the committee that if the items were the same, different or new as the Senate, it would be indicated at the top of the page. Just to name a few divisions, she begins with the Information Technology Project Contracts. Positions established pursuant to this section may commence no earlier than July 1, 2001, and shall expire June 30, 2005. It is the same as the Senate. Administrative Consolidation of Divisions of Services for the Deaf and the Hard of Hearing, Services for the Blind, and Vocational Rehabilitation. The following three divisions shall continue consolidating their administrative functions and reducing the number of cities where there are two or more district offices. It is different from the Senate. Staffing requirements in Long-Term Care Facilities. The Department of Health and Human Services, Office of Long-Term Care, shall review staffing requirements of Adult Day Care Programs and Adult Day Health Programs. The same as the Senate. Rural Health Loan Repayment Incentive Program. The Department of Health and Human Services, Office of Rural Health, shall conduct an assessment of the Rural Health Loan Repayment Incentive Program. Access to Pharmaceutical Company Prescription Drug Programs. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of \$200,000 for the 2001-2002 fiscal year shall be used to initiate the development of a system to assist eligible individuals in obtaining prescription drugs at no cost through pharmaceutical company programs. Use of Funds for the Child Advocacy Institute. State funds appropriated for the Child Advocacy Institute shall be used only for administration of the Child Advocacy Institute or for research and other services provided by the Institute.

Carol Shaw, Susan Morgan, and Jim Klingler, from the Fiscal Research Division, explained the entire Special Provisions. (See Attachment 2 Special Provisions)

Appropriations Subcommittee on Health and Human Services

July 31, 2002

Minutes

Page 2

Questions and comments were given at this time.

This completed the presentation and discussion of the Special Provisions.

Representative Earle asked that all members to please bring their copy of the Special Provisions to the next meeting, which was scheduled for 8 am on August 1, 2002.

The meeting adjourned.

Respectfully submitted,



Presiding, Representative Beverly Earle

Representative Edd Nye

Ann Raeford, Committee Assistant

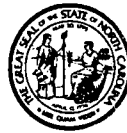
Attachments

Attachment 1
Attachment 2
Attachment 3

Agenda
Special Provisions
Visitor's Registration

HHS
Special Provisions

July 31, 2002

DRAFT
SPECIAL PROVISION

2002-DHHS-H59(S5.1)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **DHHS BLOCK GRANTS**2 SECTION 5.1.(a) Appropriations from federal block grant funds are made
3 for the fiscal year ending June 30, 2003, according to the following schedule:
45 **COMMUNITY SERVICES BLOCK GRANT**

6			
7	01.	Community Action Agencies	\$ 15,266,973
8			
9	02.	Limited Purpose Agencies	979,017
10			
11	03.	Department of Health and Human Services	
12		to administer and monitor	
13		the activities of the	
14		Community Services Block Grant	717,313
15			

16 **TOTAL COMMUNITY SERVICES BLOCK GRANT** \$ 16,963,30317
18 **SOCIAL SERVICES BLOCK GRANT**

19			
20	01.	County departments of social services	\$ 27,095,289
21		(Transfer from TANF - \$4,500,000)	
22			
23	02.	Allocation for in-home services provided	
24		by county departments of	
25		social services	2,101,113
26			
27	03.	Division of Mental Health, Developmental	
28		Disabilities, and Substance Abuse Services	3,234,601
29			
30	04.	Division of Services for the Blind	3,105,711
31			
32	05.	Division of Facility Services	426,836
33			
34	06.	Division of Aging - Home and Community	

1	Care Block Grant	1,840,234
2		
3	07. Child Care Subsidies	3,000,000
4		
5	08. Division of Vocational Rehabilitation -	
6	United Cerebral Palsy	71,484
7		
8	09. State administration	1,693,368
9		
10	10. Child Medical Evaluation Program	238,321
11		
12	11. Adult day care services	2,155,301
13		
14	12. Comprehensive Treatment Services	
15	Program	422,003
16		
17	13. Department of Administration	
18	for the N.C. State Commission of Indian Affairs	
19	In-Home Services Program for the Elderly	203,198
20		
21	14. Division of Vocational Rehabilitation -	
22	Easter Seals Society	116,779
23		
24	15. UNC-CH CARES Program for training and	
25	consultation services	247,920
26		
27	16. Office of the Secretary - Office of Economic	
28	Opportunity for N.C. Senior Citizens'	
29	Federation for outreach services to	
30	low-income elderly persons	41,302
31		
32	17. Division of Social Services - Child	
33	Caring Agencies	1,500,000
34		
35	18. Division of Mental Health,	
36	Developmental Disabilities, and	
37	Substance Abuse Services - Developmentally	
38	Disabled Waiting List for services	5,000,000
39		
40	19. Transfer to Preventive Health Services Block	
41	Grant for HIV/AIDS education, counseling, and	
42	testing	145,819
43		
44	20. Division of Facility Services -	
45	Mental Health Licensure	213,128
46		

1	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 52,852,407
2		
3	LOW-INCOME ENERGY BLOCK GRANT	
4		
5	01. Energy Assistance Programs	\$ 11,395,026
6		
7	02. Crisis Intervention	6,598,934
8		
9	03. Administration	2,459,510
10		
11	04. Weatherization Program	3,457,189
12		
13	05. Department of Administration -	
14	N.C. State Commission of Indian Affairs	45,189
15		
16	06. Heating Air Repair and Replacement Program	1,613,355
17		
18	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 25,569,203
19		
20	MENTAL HEALTH SERVICES BLOCK GRANT	
21		
22	01. Provision of community-based	
23	services for severe and persistently	
24	mentally ill adults	\$ 5,442,798
25		
26	02. Provision of community-based	
27	services to children	2,513,141
28		
29	03. Comprehensive Treatment Services	
30	Program for Children	1,500,000
31		
32	04. Administration	783,911
33		
34	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 10,239,850
35		
36	SUBSTANCE ABUSE PREVENTION	
37	AND TREATMENT BLOCK GRANT	
38		
39	01. Provision of community-based	
40	alcohol and drug abuse services,	
41	tuberculosis services, and services	
42	provided by the Alcohol and Drug Abuse	
43	Treatment Centers	\$ 15,401,711
44		
45	02. Continuation of services for	
46	pregnant women and women	

1	with dependent children	8,069,524
2		
3	03. Continuation of services to	
4	IV drug abusers and others at risk	
5	for HIV diseases	4,616,378
6		
7	04. Provision of services to children	
8	and adolescents	7,740,611
9		
10	05. Juvenile Services - Family Focus	851,156
11		
12	06. Allocation to the Division of Public Health	
13	for HIV/STD Risk Reduction Projects	383,980
14		
15	07. Allocation to the Division of Public Health	
16	for HIV/STD Prevention by County Health	
17	Departments	209,576
18		
19	08. Allocation to the Division of Public Health	
20	for the Maternal and Child Health Hotline	37,779
21		
22	09. Administration	2,596,307
23		
24	TOTAL SUBSTANCE ABUSE PREVENTION	
25	AND TREATMENT BLOCK GRANT	\$ 39,907,022
26		
27	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
28		
29	01. Child care subsidies	\$150,180,415
30		
31	02. Quality and availability initiatives	16,496,620
32		
33	03. Administrative expenses	6,550,000
34		
35	04. Transfer from TANF Block Grant for	
36	child care subsidies	72,812,189
37		
38	TOTAL CHILD CARE AND DEVELOPMENT FUND	
39	BLOCK GRANT	\$246,039,224
40		
41	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
42	(TANF) BLOCK GRANT	
43		
44	01. Work First Cash Assistance	\$129,396,275
45		
46	02. Work First County Block Grants	92,018,855

1			
2	03.	Transfer to the Child Care and	
3		Development Fund Block Grant	
4		for child care subsidies	72,812,189
5			
6	04.	Allocation to the Division of Mental	
7		Health, Developmental Disabilities, and	
8		Substance Abuse Services for Work First	
9		substance abuse screening, diagnostic, and	
10		support treatment services and drug testing	500,000
11			
12	05.	Child Care Subsidies for TANF Recipients	26,621,241
13			
14	06.	County Child Protective Services,	
15		Foster Care, and Adoption Workers	2,727,550
16			
17	07.	Transfer to Social Services Block Grant for	
18		County Departments of Social Services for	
19		Children's Services	4,500,000
20			
21	08.	Support Our Students – Department	
22		Juvenile Justice and Delinquency	
23		Prevention	1,425,000
24			
25	09.	Residential Substance Abuse Services	
26		for Women With Children	1,975,142
27			
28	10.	Domestic Violence Services	
29		for Work First Families	900,000
30			
31	11.	After-School Services for	
32		At-Risk Children	1,425,000
33			
34	12.	Division of Social Services -	
35		Administration	400,000
36			
37	13.	Child Welfare workers and services for	
38		local departments of social services	7,654,841
39			
40	14.	Child Welfare Training	1,000,000
41			
42	15.	DSS Evaluation	250,000
43			
44	16.	SACWIS Payback	4,643,454
45			

46 **TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES**

1	(TANF) BLOCK GRANT	\$348,249,547
2		
3	MATERNAL AND CHILD HEALTH BLOCK GRANT	
4		
5	01. Healthy Mothers/Healthy Children	
6	Block Grants to Local Health	
7	Departments	9,838,074
8		
9	02. High-Risk Maternity Clinic Services,	
10	Perinatal Education and Training,	
11	Childhood Injury Prevention,	
12	Public Information and Education, and	
13	Technical Assistance to Local Health	
14	Departments	2,012,102
15		
16	03. Services to Children With Special Health	
17	Care Needs	5,078,647
18		
19	TOTAL MATERNAL AND CHILD	
20	HEALTH BLOCK GRANT	\$ 16,928,823
21		
22	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
23		
24	01. Statewide Health Promotion Programs	\$3,171,651
25		
26	02. Rape Crisis/Victims' Services	
27	Program - Council for Women	197,112
28		
29	03. HIV/AIDS Prevention Activities	
30	Coordination	111,159
31		
32	04. Transfer from Social Services	
33	Block Grant -	
34	HIV/AIDS education, counseling, and	
35	testing	145,819
36		
37	05. Office of Minority Health	159,459
38		
39	06. Administrative Costs	108,546
40		
41	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,893,746

42

43 **SECTION 5.1.(b) Decreases in Federal Fund Availability.** – If the United

44 States Congress reduces federal fund availability in the Social Services Block Grant

45 below the amounts appropriated in this section, then the Department of Health and

46 Human Services shall allocate these decreases giving priority first to those direct

1 services mandated by State or federal law, then to those programs providing direct
2 services that have demonstrated effectiveness in meeting the federally and
3 State-mandated services goals established for the Social Services Block Grant. The
4 Department shall not include transfers from TANF for specified purposes in any
5 calculations of reductions to the Social Services Block Grant.

6 If the United States Congress reduces the amount of TANF funds below the
7 amounts appropriated in this section after the effective date of this act, then the
8 Department shall allocate the decrease in funds after considering any underutilization of
9 the budget and the effectiveness of the current level of services. Any TANF Block
10 Grant fund changes shall be reported to the Senate Appropriations Committee on Health
11 and Human Services, the House of Representatives Appropriations Subcommittee on
12 Health and Human Services, and the Fiscal Research Division.

13 Decreases in federal fund availability shall be allocated for the Maternal and
14 Child Health and Preventive Health Services federal block grants by the Department of
15 Health and Human Services after considering the effectiveness of the current level of
16 services.

17 **SECTION 5.1.(c) Increases in Federal Fund Availability.** – Any block grant
18 funds appropriated by the United States Congress in addition to the funds specified in
19 this act shall be expended by the Department of Health and Human Services, with the
20 approval of the Office of State Budget and Management, provided the resultant
21 increases are in accordance with federal block grant requirements and are within the
22 scope of the block grant plan approved by the General Assembly.

23 **SECTION 5.1.(d) Changes to the budgeted allocations to the block grants**
24 **appropriated in this act and new allocations from the block grants not specified in this**
25 **act shall be submitted to the Joint Legislative Commission on Governmental Operations**
26 **for review prior to the change and shall be reported immediately to the Senate**
27 **Appropriations Committee on Health and Human Services, the House of**
28 **Representatives Appropriations Subcommittee on Health and Human Services, and the**
29 **Fiscal Research Division.**

30 **SECTION 5.1.(e) The Department of Health and Human Services may**
31 **allow no-cost contract extensions for up to six months for nongovernmental grant**
32 **recipients under the TANF Block Grant.**

33 **SECTION 5.1.(f) Limitations on Preventive Health Services Block Grant**
34 **Funds.** – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
35 Education shall be allocated as grants to nonprofit organizations to provide rape
36 prevention and education programs targeted for middle, junior high, and high school
37 students.

38 If federal funds are received under the Maternal and Child Health Block
39 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
40 U.S.C. § 710), for the 2002-2003 fiscal year, then those funds shall be transferred to the
41 State Board of Education to be administered by the Department of Public Instruction.
42 The Department of Public Instruction shall use the funds to establish an Abstinence
43 Until Marriage Education Program and shall delegate to one or more persons the
44 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department
45 of Public Instruction shall carefully and strictly follow federal guidelines in
46 implementing and administering the abstinence education grant funds.

1 The Department of Health and Human Services shall contract for the
2 follow-up testing involved with the Newborn Screening Program. The Department may
3 contract for these services with an entity within or outside of the State; however, the
4 Department may only contract with an out-of-state entity if it can be demonstrated that
5 there is a cost-savings associated with contracting with the out-of-state entity. The
6 contract amount shall not exceed twenty-five thousand dollars (\$25,000). The amount of
7 the contract shall be covered by funds in the Maternal and Child Grant Block Grant.

8 **SECTION 5.1.(g)** The Department of Health and Human Services, Division
9 of Social Services, shall do the following:

10 (1) Continue the current evaluation of the Work First Program to assess
11 former recipients' earnings, barriers to advancement to economic
12 self-sufficiency, utilization of community support services, and other
13 longitudinal employment data. Assessment periods shall include six
14 and 18 months following closure of the case.

15 (2) Continue the current evaluation of the Work First Program to profile
16 the State's child-only caseload to include indicators of economic and
17 social well-being, academic and behavioral performance, demographic
18 data, description of living arrangements including length of placement
19 out of the home, social and other human services provided to families,
20 and other information needed to assess the needs of the child-only
21 Work First Family Assistance clients and families.

22 The Division of Social Services may use up to two hundred fifty thousand
23 dollars (\$250,000) in TANF funds to complete the evaluation of Work First.

24 The Department of Health and Human Services shall make a report on its
25 progress in complying with this subsection to the Senate Appropriations Committee on
26 Health and Human Services, the House of Representatives Appropriations
27 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
28 than September 30, 2002.

29 **SECTION 5.1.(h)** The sum of one million five hundred thousand dollars
30 (\$1,500,000) appropriated in this act in the Social Services Block Grant to the
31 Department of Health and Human Services, Division of Social Services, for child caring
32 agencies for the 2002-2003 fiscal year shall be allocated to the State Private Child
33 Caring Agencies Fund. These funds shall be combined with all other funds allocated to
34 the State Private Child Caring Agencies Fund for the reimbursement of the State's
35 portion of the cost of care for the placement of certain children by the county
36 departments of social services who are not eligible for federal IV-E funds. These funds
37 shall not be used to match other federal funds.

38 **SECTION 5.1.(i)** The sum of three hundred thousand dollars (\$300,000)
39 appropriated in this section to the Department of Health and Human Services in the
40 Child Care and Development Fund Block Grant shall be used to develop and implement
41 a Medical Child Care Pilot open to children throughout the State.

42 **SECTION 5.1.(j)** Payment for subsidized child care services provided with
43 federal TANF funds shall comply with all regulations and policies issued by the
44 Division of Child Development for the subsidized child care program.

45 **SECTION 5.1.(k)** The sum of four hundred thousand dollars (\$400,000)
46 appropriated in this section in the TANF Block Grant to the Department of Health and

1 Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
2 used to support administration of TANF-funded programs.

3 **SECTION 5.1.(l)** The sum of one million nine hundred seventy-five
4 thousand one hundred forty-two dollars (\$1,975,142) appropriated in this section in the
5 TANF Block Grant to the Department of Health and Human Services, Division of
6 Mental Health, Developmental Disabilities, and Substance Abuse Services, for the
7 2002-2003 fiscal year shall be used to provide regional residential substance abuse
8 treatment and services for women with children. The Department of Health and Human
9 Services, the Division of Social Services, and the Division of Mental Health,
10 Developmental Disabilities, and Substance Abuse Services, in consultation with local
11 departments of social services, area mental health programs, and other State and local
12 agencies or organizations, shall coordinate this effort in order to facilitate the expansion
13 of regionally based substance abuse services for women with children. These services
14 shall be culturally appropriate and designed for the unique needs of TANF women with
15 children.

16 In order to expedite the expansion of these services, the Secretary of the
17 Department of Health and Human Services may enter into contracts with service
18 providers.

19 The Department of Health and Human Services, the Division of Social
20 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
21 Abuse Services, shall report on their progress in complying with this subsection no later
22 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on
23 Health and Human Services, the House of Representatives Appropriations
24 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
25 reports shall include all of the following:

- 26 (1) The number and location of additional beds created.
- 27 (2) The types of facilities established.
- 28 (3) The delineation of roles and responsibilities at the State and local
29 levels.
- 30 (4) Demographics of the women served, the number of women served,
31 and the cost per client.
- 32 (5) Demographics of the children served, the number of children served,
33 and the services provided.
- 34 (6) Job placement services provided to women.
- 35 (7) A plan for follow-up and evaluation of services provided with an
36 emphasis on outcomes.
- 37 (8) Barriers identified to the successful implementation of the expansion.
- 38 (9) Identification of other resources needed to appropriately and
39 efficiently provide services to Work First recipients.
- 40 (10) Other information as requested.

41 **SECTION 5.1.(m)** The sum of one million four hundred twenty-five
42 thousand dollars (\$1,425,000) appropriated in this section in the TANF Block Grant to
43 the Department of Health and Human Services and transferred to the Department of
44 Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year shall be used
45 to support the existing Support Our Students Program and to expand the Program

1 statewide, focusing on low-income communities in unserved areas. These funds shall
2 not be used for administration of the program.

3 **SECTION 5.1.(n)** The sum of nine hundred thousand dollars (\$900,000)
4 appropriated under this section in the TANF Block Grant to the Department of Health
5 and Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
6 used to provide domestic violence services to Work First recipients. These funds shall
7 be used to provide domestic violence counseling, support, and other direct services to
8 clients. These funds shall not be used to establish new domestic violence shelters or to
9 facilitate lobbying efforts. The Division of Social Services may use up to seventy-five
10 thousand dollars (\$75,000) in TANF funds to establish one administrative position
11 within the Division of Social Services to implement this subsection.

12 Each county department of social services and the local domestic violence
13 shelter program serving the county shall jointly develop a plan for utilizing these funds.
14 The plan shall include the services to be provided and the manner in which the services
15 shall be delivered. The county plan shall be signed by the county social services director
16 or the director's designee and the domestic violence program director or the director's
17 designee and submitted to the Division of Social Services by December 1, 2002. The
18 Division of Social Services, in consultation with the Council for Women, shall review
19 the county plans and shall provide consultation and technical assistance to the
20 departments of social services and local domestic violence shelter programs, if needed.

21 The Division of Social Services shall allocate these funds to county
22 departments of social services according to the following formula: (i) each county shall
23 receive a base allocation of five thousand dollars (\$5,000) and (ii) each county shall
24 receive an allocation of the remaining funds based on the county's proportion of the
25 statewide total of the Work First caseload as of July 1, 2002, and the county's proportion
26 of the statewide total of the individuals receiving domestic violence services from
27 programs funded by the Council for Women as of July 1, 2002. The Division of Social
28 Services may reallocate unspent funds to counties that submit a written request for
29 additional funds.

30 The Department of Health and Human Services shall report on the uses of
31 these funds no later than March 1, 2003, to the Senate Appropriations Committee on
32 Health and Human Services, the House of Representatives Appropriations
33 Subcommittee on Health and Human Services, and the Fiscal Research Division.

34 **SECTION 5.1.(o)** The sum of one million four hundred twenty-five
35 thousand dollars (\$1,425,000) appropriated in this section in the TANF Block Grant to
36 the Department of Health and Human Services, Division of Social Services, shall be
37 used to expand after-school programs and services for at-risk children. The Department
38 shall develop and implement a grant program to award grants to community-based
39 programs that demonstrate the ability to reach children at risk of teen pregnancy and
40 school dropout. The Department shall award grants to community-based organizations
41 that demonstrate the ability to develop and implement linkages with local departments
42 of social services, area mental health programs, schools, and other human services
43 programs in order to provide support services and assistance to the child and family.
44 These funds may be used to establish one position within the Division of Social
45 Services to coordinate at-risk after-school programs and shall not be used for other State
46 administration. The Department shall report no later than March 1, 2003, on its progress

1 in complying with this section to the Senate Appropriations Committee on Health and
2 Human Services, the House of Representatives Subcommittee on Health and Human
3 Services, and the Fiscal Research Division.

4 **SECTION 5.1.(p)** The sum of seven million six hundred fifty-four thousand
5 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
6 Block Grant to the Department of Health and Human Services, Division of Social
7 Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be
8 allocated to the county departments of social services for hiring or contracting staff to
9 investigate and provide services in Child Protective Services cases; to provide foster
10 care and support services; to recruit, train, license, and support prospective foster and
11 adoptive families; and to provide interstate and post-adoption services for eligible
12 families.

13 **SECTION 5.1.(q)** The sum of one million five hundred thousand dollars
14 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
15 Department of Health and Human Services, Division of Mental Health, Developmental
16 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
17 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
18 section in the Social Services Block Grant to the Department of Health and Human
19 Services, Division of Social Services, for the 2002-2003 fiscal year shall be used to
20 continue a Comprehensive Treatment Services Program for Children in accordance with
21 Section 21.60 of S.L. 2001-424, as amended.

22 **SECTION 5.1.(r)** The sum of one million dollars (\$1,000,000) appropriated
23 in this section in the TANF Block Grant to the Department of Health and Human
24 Services, Division of Social Services, for fiscal year 2002-2003 shall be used to support
25 various child welfare training projects as follows:

- 26 (1) Provide a regional training center in southeastern North Carolina.
- 27 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
28 Social Work Collaborative.
- 29 (3) Provide training for residential child care facilities.
- 30 (4) Provide for various other child welfare training initiatives.

31 **SECTION 5.1.(s)** If funds appropriated through the Child Care and
32 Development Fund Block Grant for any program cannot be obligated or spent in that
33 program within the obligation or liquidation periods allowed by the federal grants, the
34 Department may move funds to child care subsidies, unless otherwise prohibited by
35 federal requirements of the grant, in order to use the federal funds fully.

36 **SECTION 5.1.(t)** The sum of one hundred ten thousand four hundred
37 sixty-nine dollars (\$110,469) appropriated in this section in the Preventive Health
38 Service Block Grant to the Department of Health and Human Services for the
39 2002-2003 fiscal year for HIV/AIDS Prevention Activities shall be used to enhance
40 activities for HIV/AIDS awareness and education within the Division of Public Health.
41 The position shall be responsible for all planning, programming, and budgeting for
42 compliance with this subsection. These prevention activities shall be targeted to the
43 general public and programs identified in this subsection and shall not be used to
44 augment the current grant programs that target high-risk populations through the
45 community-based organizations.

1 It is the intention of the General Assembly to focus current resources and
2 activities to strengthen and enhance prevention and intervention programs directed at
3 the reduction of HIV/AIDS. The Department shall coordinate efforts to enhance
4 awareness, education, and outreach with the North Carolina AIDS Advisory Council,
5 North Carolina Minority Health Advisory Council, representatives of faith
6 communities, representatives of nonprofit agencies, and other State agencies.

7 The Department of Health and Human Services shall coordinate and ensure
8 the implementation of developmentally appropriate education, awareness, and outreach
9 campaigns to comply with this subsection in the following programs and services:

- 10 (1) Division of Social Services programs and services:
11 a. Domestic Violence Prevention and Awareness.
12 b. Domestic Violence Services for Work First Families.
13 c. After School Services for At Risk Children.
14 d. Work First Boys/Girls Clubs.
- 15 (2) Division of Mental Health, Developmental Disabilities, and Substance
16 Abuse Services programs and services:
17 a. Substance Abuse Services for Juveniles.
18 b. Residential Substance Abuse Services for Women and
19 Children.
- 20 (3) Division of Public Health programs and services:
21 a. Teen Pregnancy Prevention Activities.
22 b. Out-of-Wedlock Births.
23 c. School Health Program.
24 d. High-Risk Maternity Clinic Services.
25 e. Perinatal Education and Training.
26 f. Public Information and Education.
27 g. Technical Assistance to Local Health Departments.
- 28 (4) Other divisions, services, and programs:
29 a. Family Support Services.
30 b. Family Resource Centers.
31 c. Independent Living Services.
32 d. Residential schools and facilities.
33 e. Other programs, services, or contracts that provide education
34 and awareness services to children and families.

35 Other State agencies, including the Department of Public Instruction, the
36 Department of Juvenile Justice and Delinquency Prevention, and the Department of
37 Administration, shall ensure the incorporation of developmentally appropriate
38 HIV/AIDS education, awareness, and outreach information into their programs.

39 The Department shall report on the implementation of this subsection not
40 later than May 1, 2003, to the Senate Appropriations Committee on Health and Human
41 Services, the House of Representatives Appropriations Subcommittee on Health and
42 Human Services, and the Fiscal Research Division.

43 **SECTION 5.1.(u)** The sum of four hundred thirty-eight thousand dollars
44 (\$438,000) appropriated in this section in the TANF Block Grant to the Department of
45 Health and Human Services shall be used to purchase services at maternity homes
46 throughout the State.

DRAFT
SPECIAL PROVISION



2002-DHHS-H1(S10.1)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

2 SECTION 10.1. Section 21.17 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary,
4 the Department of Health and Human Services may establish special time-limited
5 positions ~~in the Division of Information Research Management for an information~~
6 ~~technology project to maximize efficiencies in the preparation for and for~~
7 ~~implementation of federal requirements of the medical records privacy standards under~~
8 ~~the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions~~
9 ~~established are not permanent positions, not subject to the State Personnel Act under~~
10 ~~G.S. 126-1.1, and not subject to the State salary schedule.~~

11 SECTION 21.17.(b) Positions established pursuant to this section may commence
12 no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~ June 30, 2005."

Different

DRAFT
SPECIAL PROVISION



2002-DHHS-H2(S10.2)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *ADMINISTRATIVE CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE*
2 *DEAF AND THE HARD OF HEARING, SERVICES FOR THE BLIND, AND*
3 *VOCATIONAL REHABILITATION*

4 **SECTION 10.2.(a)** The following three divisions shall continue
5 consolidating their administrative functions and reducing the number of cities where
6 there are two or more district offices:

- 7 (1) Division of Services for the Deaf and the Hard of Hearing.
- 8 (2) Division of Services for the Blind.
- 9 (3) Division of Vocational Rehabilitation Services.

10 **SECTION 10.2.(b)** The Department shall report to the Senate
11 Appropriations Committee on Health and Human Services, the House of
12 Representatives Appropriations Subcommittee on Health and Human Services, and the
13 Fiscal Research Division on activities carried out under this section not later than June
14 1, 2003. This report shall include the following:

- 15 (1) An organizational chart showing how the administrative structure of
16 the divisions has changed.
- 17 (2) A plan for reducing the number of cities where there are two or more
18 district offices.
- 19 (3) A plan for reducing the budget of the three divisions by seven hundred
20 fifty thousand dollars (\$750,000).

**DRAFT
SPECIAL PROVISION**



2002-DHHS-H3(S10.3)i

**Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services**

Requested by: Representatives Earle, Nye

1 STAFFING REQUIREMENTS IN LONG-TERM CARE FACILITIES

2 **SECTION 10.3.(a)** The Department of Health and Human Services, Office
3 of Long-Term Care, shall review staffing requirements of Adult Day Care Programs and
4 Adult Day Health Programs.

5 **SECTION 10.3.(b)** The Department shall report the results of its review to
6 the Senate Appropriations Committee on Health and Human Services, the House of
7 Representatives Appropriations Subcommittee on Health and Human Services, and the
8 Fiscal Research Division not later than December 1, 2002. The report shall include
9 staffing requirements for adult day care and adult day health programs as compared to
10 adult care homes, assisted living facilities, and nursing homes in the State. The report
11 shall also compare staffing ratios in North Carolina to those of other states, including
12 those states that border North Carolina. The report shall be conducted by the
13 Department, Office of Long-Term Care, or by an independent contractor and shall
14 contain all of the following specific information:

- 15 (1) Number of staff required per resident.
- 16 (2) Education/work experience required and preferred as a basis for hire.
- 17 (3) Specific job duties outlined in job descriptions.
- 18 (4) Rationale and justification for establishing the existing staff ratios in
19 the Division of Aging's policy for adult day care and adult day health
20 care.
- 21 (5) An analysis of the variance in staffing requirements among adult day
22 care and adult day health programs, adult care homes, assisted living
23 facilities, and nursing homes.
- 24 (6) Identification of the entities responsible for licensing and monitoring
25 quality for all providers of long-term care in the State.
- 26 (7) Recommendations for changes to existing policies based on findings of
27 the Department's review.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H4(S10.4)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **REPORT ON SERVICES PROVIDED TO OLDER ADULTS**

2 **SECTION 10.4.** The Department of Health and Human Services, Office of
3 Long-Term Care shall report to the Senate Appropriations Committee on Health and
4 Human Services, the House of Representatives Appropriations Subcommittee on Health
5 and Human Services, and the Fiscal Research Division on services provided to older
6 adults. The report shall provide information as follows:

- 7 (1) Identify all State agencies that provide services to adults age 60 and
8 older throughout the State.
9 (2) All resources available from all sources, including federal, State, and
10 local funds and personnel, for providing services to this population.
11 (3) Plans for reducing administration through the consolidation of
12 functions throughout Divisions of the Department.

13 The Office of Long-Term Care shall consult with experts in long-term care
14 and other relevant information sources to develop a plan to streamline services for older
15 adults at the local level. The Department shall submit its report not later than February
16 1, 2003.

16

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H5(S10.5)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM***

2 **SECTION 10.5.** The Department of Health and Human Services, Office of
3 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment
4 Incentive Program. The assessment shall consider whether the Program should be
5 continued and shall identify ways to recruit additional providers to rural areas within
6 existing funds. The Department shall report on its activities and progress of the
7 assessment to the Senate Appropriations Committee on Health and Human Services, the
8 House of Representatives Appropriations Subcommittee on Health and Human
9 Services, and the Fiscal Research Division no later than December 1, 2002. The report
10 shall provide detailed information on the number of providers recruited, identification of
11 the counties in which the providers are recruited, and the amount of loan repayment and
12 length of service to a community for each provider.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H6(S10.6)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG*
2 *PROGRAMS*

3 SECTION 10.6. Section 21.6(a) of S.L. 2001-424, as amended by S.L.
4 2001-513, reads as rewritten:

5 "SECTION 21.6.(a) Of the funds appropriated in this act to the Department of
6 Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for
7 the 2001-2002 fiscal year ~~and the sum of two hundred thousand dollars (\$200,000) for~~
8 ~~the 2002-2003 fiscal year~~ shall be used to initiate the development of a system to assist
9 eligible individuals in obtaining prescription drugs at no cost through pharmaceutical
10 company programs. The system will be designed to minimize the efforts of patients and
11 their health care providers in securing needed drugs. The required patient and health
12 care provider data will be maintained and orders tracked in order to initiate timely
13 reorders of needed drugs to assure continuity of medication intake. The Department
14 may contract with a private nonprofit organization to assist in the development of the
15 system as provided under this section."

DRAFT
SPECIAL PROVISION



2002-DHHS-H7(S10.7)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***USE OF FUNDS FOR THE CHILD ADVOCACY INSTITUTE***

2 **SECTION 10.7.** State funds appropriated for the Child Advocacy Institute
3 shall be used only for administration of the Child Advocacy Institute or for research and
4 other services provided by the Institute. These funds shall not be used or replaced by
5 other funds for (i) lobbying or other governmental affairs activities or (ii) direct
6 contributions to other nongovernmental entities.

7 This section shall not be construed to prohibit the Institute from using State
8 funds to contract with other nongovernmental entities for the purchase of goods or
9 services.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H8(S10.8)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

2 **SECTION 10.8.(a)** The Department of Health and Human Services shall
3 develop a plan to consolidate building maintenance activities at the North Carolina
4 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
5 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
6 the level of staff necessary to carry out all of the current activities with fewer managers,
7 supervisors, and other staff, and develop a new single budget for the maintenance
8 activities.

9 **SECTION 10.8.(b)** The Department of Health and Human Services shall
10 identify other facilities throughout the State that are in close proximity to one another
11 and assess the feasibility of consolidating the building maintenance activities at those
12 facilities.

13 **SECTION 10.8.(c)** The Department of Health and Human Services shall
14 report on activities carried out under this section to the Senate Appropriations
15 Committee on Health and Human Services, the House of Representatives
16 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
17 Division no later than December 1, 2002.

20

new

DRAFT
SPECIAL PROVISION



2002-DHHS-H80

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***WEATHERIZATION ASSISTANCE***

2 **SECTION #.** The Department of Health and Human Services is authorized
3 to administer the Weatherization Assistance Program for Low-Income Families and the
4 Heating/Air Repair and Replacement Program functions.

21

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H61

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *LONG-TERM CARE CRIMINAL CHECKS SUSPENDED FOR NON-DIRECT*
2 *CARE EMPLOYMENT POSITIONS*

3 SECTION #. The requirements of G.S. 131E-265 for nursing homes to
4 conduct national criminal history record checks for employment positions other than
5 those involving direct patient care are suspended until January 1, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H78

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *TRANSFER COUNCIL ON HOLOCAUST TO DEPARTMENT OF PUBLIC*
2 *INSTRUCTION*

3 SECTION #.(a) G.S. 143B-216.20, 143B-216.21, 143B-216.22, and 143B-
4 216.23 are recodified as subsections (a) through (d) of new G.S. 143A-48.1 in Article 5
5 of Chapter 143A of the General Statutes.

6 SECTION #.(b) G.S. 143A-48.1, as codified by this section, reads as
7 rewritten:

8 "§ 143A-48.1. North Carolina Council on the Holocaust; creation;
9 ~~purpose; purpose; membership; expenses; assistance.~~

10 (a) There is hereby created the North Carolina Council on the Holocaust. The
11 purpose of the Council is to prevent future atrocities similar to the systematic program
12 of genocide of six million Jews and others by the Nazis. This purpose shall be
13 accomplished by developing a program of education and observance of the Holocaust.

14 (b) The Council shall consist of 24 members, six appointed by the Governor, six
15 appointed by the President Pro Tempore of the Senate, six appointed by the Speaker of
16 the House of Representatives, and six appointed by the other 18 members. Members
17 shall be appointed ~~in 1985 for two year terms to begin July 1, 1985. In 1987 and~~
18 ~~biennially thereafter, successors shall be appointed for two year terms. for two-year~~
19 terms to begin July 1 of each odd-numbered year. The six at-large appointments shall be
20 made by the Council at its first meeting after July 1 of each odd-numbered year. To be
21 eligible for appointment as an at-large member, a person must either be a survivor of the
22 Holocaust or a first-generation lineal descendant of such person. A majority of the
23 members shall constitute a quorum for the transaction of business.

24 (c) The members of the Council shall be compensated and reimbursed for their
25 expenses in accordance with G.S. 138-5.

26 (d) The ~~Secretary-Superintendent~~ of Public Instruction may arrange for clerical or
27 other assistance required by the Council."

28 SECTION #.(c) G.S. 143B-138.1(b)(14) is repealed.

29 SECTION #.(d) The North Carolina Council on the Holocaust, as created by
30 Part 28 of Article 3 of Chapter 143B of the General Statutes, and recodified as G.S.
31 143A-48.1 by this section, is transferred to the Department of Public Instruction by a
32 Type II transfer, as defined in G.S. 143A-6.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H68

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **NONMEDICAID REIMBURSEMENT CHANGES**

2 SECTION #. Section 21.59 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.59. Providers of medical services under the various State programs,
4 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at
5 rates no more than those under the North Carolina Medical Assistance Program.

6 The Department of Health and Human Services may reimburse hospitals at the full
7 prospective per diem rates without regard to the Medical Assistance Program's annual
8 limits on hospital days. When the Medical Assistance Program's per diem rates for
9 inpatient services and its interim rates for outpatient services are used to reimburse
10 providers in non-Medicaid medical service programs, retroactive adjustments to claims
11 already paid shall not be required.

12 Notwithstanding the provisions of paragraph one, the Department of Health and
13 Human Services may negotiate with providers of medical services under the various
14 Department of Health and Human Services programs, other than Medicaid, for rates as
15 close as possible to Medicaid rates for the following purposes: contracts or agreements
16 for medical services and purchases of medical equipment and other medical supplies.
17 These negotiated rates are allowable only to meet the medical needs of its non-Medicaid
18 eligible patients, residents, and clients who require such services which cannot be
19 provided when limited to the Medicaid rate.

20 Maximum net family annual income eligibility standards for services in these
21 programs shall be as follows:

22	23	24	25	26	27	28	29	30	31
	<u>Family Size</u>	<u>Medical Eye Care Adults</u>	<u>AllRehabilitation Except DSB Over 55 Grant</u>						<u>Other</u>
24	1	\$4,860	\$8,364						\$4,200
25	2	5,940	10,944						5,300
26	3	6,204	13,500						6,400
27	4	7,284	16,092						7,500
28	5	7,821	18,648						7,900
29	6	8,220	21,228						8,300
30	7	8,772	21,708						8,800
31	8	9,312	22,220						9,300

32 The eligibility level for children in the Medical Eye Care Program in the Division of
33 Services for the Blind shall be one hundred percent (100%) of the federal poverty
34 guidelines, as revised annually by the United States Department of Health and Human
35 Services and in effect on July 1 of each fiscal year. The eligibility level for adults 55
36 years of age or older who qualify for services through the Division of Services for the

1 Blind, Independent Living Rehabilitation Program shall be two hundred percent (200%)
 2 of the federal poverty guidelines, as revised annually by the United States Department
 3 of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility
 4 level for adults in the Atypical Antipsychotic Medication Program in the Division of
 5 Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one
 6 hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by
 7 the United States Department of Health and Human Services and in effect on July 1 of
 8 each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic
 9 Medication Program who become gainfully employed may continue to be eligible to
 10 receive State support, in decreasing amounts for the purchase of atypical antipsychotic
 11 medication and related services up to three hundred percent (300%) of the poverty level.

12 State financial participation in the Atypical Antipsychotic Medication Program for
 13 those enrollees who become gainfully employed is as follows:

14	<u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
15	(% of poverty)		
16	0-150%	100%	0%
17	151-200%	75%	25%
18	201-250%	50%	50%
19	251-300%	25%	75%
20	300% and over	0%	100%

21 The Department of Health and Human Services shall contract at, or as close as
 22 possible to, Medicaid rates for medical services provided to residents of State facilities
 23 of the Department."

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H64

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye, Baddour

1 **SENIOR PRESCRIPTION DRUG ACCESS PROGRAM**

2 SECTION #. (a) Notwithstanding G.S. 147-86.30, the Health and Wellness
3 Trust Fund Commission may for the fiscal year 2002-2003 expend not more than three
4 million dollars (\$3,000,000) of the funds reserved pursuant to G.S. 147-86.30(c) to
5 develop and implement a Senior Prescription Drug Access Program. As used in this
6 section, the term "senior" means an individual age 65 years and older. The purpose of
7 the Program is to reduce costs of and improve access to and use of prescription drugs
8 by:

- 9 (1) Providing one-on-one assistance to seniors and low-income citizens in
10 accessing public and private prescription drug assistance programs.
11 (2) Making available pharmacist evaluators to review all prescriptions and
12 to provide face-to-face counseling for seniors to promote compliance
13 and identify potential adverse effects from interactions among the
14 prescribed drugs.
15 (3) Utilizing software currently licensed by the Department of Health and
16 Human Services to guide patients through the complexities of all drug
17 coverage options, including drug acquisition through low-cost or
18 discount drug programs provided through manufacturer's card
19 programs, and by government programs.

20 Drug acquisition services under the Program shall be available to senior citizens and to
21 low-income citizens eligible for assistance under these public and private prescription
22 drug programs. Counseling services provided by the Program shall be available to
23 senior citizens age 65 and older. There shall be no fee for Program medication
24 counseling services to seniors who are Medicaid recipients and seniors enrolled in
25 Carolina CARxES. The Commission may authorize a reasonable fee to be charged by
26 the pharmacist evaluator to other seniors using medication counseling services,
27 provided that the fee is charged on a sliding scale based on individual or family income.
28 In no event may the fee exceed the actual cost of the service provided. The Commission
29 shall consult with other State agencies and public and private entities to avoid
30 duplication and enhance cooperation and collaboration in providing Program services.
31 In allocating funds under the Program, the Commission shall consider diversity of
32 populations served, geographic representation, and increasing community capacity to
33 respond to health needs. The Commission may phase in the availability of services such
34 that initially all geographic regions of the State have services available.

1 **SECTION 1.(b)** In developing and implementing the Senior Prescription
2 Drug Access Program, the Commission may do the following:

- 3 (1) Establish a centralized database with linkages to Medicaid databases to
4 enable review of each participant's prescription drug regimen, and to
5 ensure quality of services, quality of care, and cost effectiveness. The
6 database shall comply with all State and federal privacy protection
7 requirements and shall be accessible only to participating pharmacists,
8 primary care physicians, and case managers.
9 (2) Use reserved funds authorized under this section to contract with
10 public and private entities to provide prescription drug assistance
11 services.
12 (3) Use reserved funds authorized under this section to award grants to
13 applicants eligible under G.S. 147-86.31 to receive grant funds. Grant
14 funds may be used to subsidize costs of hiring and training staff to
15 operate drug acquisition software.

16 **SECTION 1.(c)** The Commission shall provide for ongoing evaluation of
17 the Program to measure its usage and effectiveness. The Commission shall include in its
18 annual report required under G.S. 147-86.35 the use of funds for and activities of the
19 Senior Prescription Drug Access Program, and the results of its Program evaluation.
20 The report shall include data on the number of persons who received services, fees
21 authorized, and the geographic distribution of Program services.

d.fferent

DRAFT
SPECIAL PROVISION



2002-DHHS-H11(S10.11)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID PROGRAM**

2 **SECTION 10.11.(a)** Section 21.19 of S.L. 2001-424 reads as rewritten:

3 **"SECTION 21.19.(a)** Funds appropriated in this act for services provided in
4 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
5 categorically needy and the medically needy. Funds appropriated for these services shall
6 be expended in accordance with the following schedule of services and payment bases.
7 All services and payments are subject to the language at the end of this subsection.

8 Services and payment bases:

9 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
10 prescribed in the State Plan as established by the Department of Health
11 and Human Services.

12 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
13 prospective reimbursement plan as established by the Department of
14 Health and Human Services.

15 (3) Nursing Facilities – Payment for nursing facility services will be
16 prescribed in the State Plan as established by the Department of Health
17 and Human Services. Nursing facilities providing services to Medicaid
18 recipients who also qualify for Medicare must be enrolled in the
19 Medicare program as a condition of participation in the Medicaid
20 program. State facilities are not subject to the requirement to enroll in
21 the Medicare program. Residents of nursing facilities who are eligible
22 for Medicare coverage of nursing facility services must be placed in a
23 Medicare certified bed. Medicaid shall cover facility services only
24 after the appropriate services have been billed to Medicare. The
25 Division of Medical Assistance shall allow nursing facility providers
26 sufficient time from the effective date of this act to certify additional
27 Medicare beds if necessary. In determining the date that the
28 requirements of this subdivision become effective, the Division of
29 Medical Assistance shall consider the regulations governing
30 certification of Medicare beds and the length of time required for this
31 process to be completed.

32 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
33 in the State Plan as established by the Department of Health and
34 Human Services.

- 1 (5) Drugs – Drug costs as allowed by federal regulations plus a
2 professional services fee per month excluding refills for the same drug
3 or generic equivalent during the same month. Reimbursement shall be
4 available for up to six prescriptions per recipient, per month, including
5 refills. Payments for drugs are subject to the provisions of subsection
6 (h) of this section and to the provisions at the end of subsection (a) of
7 this section, or in accordance with the State Plan adopted by the
8 Department of Health and Human Services consistent with federal
9 reimbursement regulations. Payment of the professional services fee
10 shall be made in accordance with the State Plan adopted by the
11 Department of Health and Human Services, consistent with federal
12 reimbursement regulations. The professional services fee shall be five
13 dollars and sixty cents (\$5.60) per prescription for generic drugs and
14 four dollars (\$4.00) per prescription for brand name drugs.
15 Adjustments to the professional services fee shall be established by the
16 General Assembly.
- 17 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
18 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
19 developed by the Department of Health and Human Services.
20 Payments for dental services are subject to the provisions of subsection
21 (g) of this section.
- 22 (7) Community Alternative Program, EPSDT Screens – Payment to be
23 made in accordance with rate schedule developed by the Department
24 of Health and Human Services.
- 25 (8) Home Health and Related Services, Private Duty Nursing, Clinic
26 Services, Prepaid Health Plans, Durable Medical Equipment –
27 Payment to be made according to reimbursement plans developed by
28 the Department of Health and Human Services.
- 29 (9) Medicare Buy-In – Social Security Administration premium.
- 30 (10) Ambulance Services – Uniform fee schedules as developed by the
31 Department of Health and Human Services. Public ambulance
32 providers will be reimbursed at cost.
- 33 (11) Hearing Aids – Actual cost plus a dispensing fee.
- 34 (12) Rural Health Clinic Services – Provider-based, reasonable cost;
35 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 36 (13) Family Planning – Negotiated rate for local health departments. For
37 other providers, see specific services, for instance, hospitals,
38 physicians.
- 39 (14) Independent Laboratory and X-Ray Services – Uniform fee schedules
40 as developed by the Department of Health and Human Services.
- 41 (15) Optical Supplies – One hundred percent (100%) of reasonable
42 wholesale cost of materials.
- 43 (16) Ambulatory Surgical Centers – Payment as prescribed in the
44 reimbursement plan established by the Department of Health and
45 Human Services.

- 1 (17) Medicare Crossover Claims – An amount up to the actual coinsurance
2 or deductible or both, in accordance with the State Plan, as approved
3 by the Department of Health and Human Services.
- 4 (18) Physical Therapy and Speech Therapy – Services limited to EPSDT
5 eligible children. Payments are to be made only to qualified providers
6 at rates negotiated by the Department of Health and Human Services.
7 Physical therapy (including occupational therapy) and speech therapy
8 services are subject to prior approval and utilization review.
- 9 (19) Personal Care Services – Payment in accordance with the State Plan
10 approved by the Department of Health and Human Services.
- 11 (20) Case Management Services – Reimbursement in accordance with the
12 availability of funds to be transferred within the Department of Health
13 and Human Services.
- 14 (21) Hospice – Services may be provided in accordance with the State Plan
15 developed by the Department of Health and Human Services.
- 16 (22) Other Mental Health Services – Unless otherwise covered by this
17 section, coverage is limited to:
- 18 a. Services as defined by the Division of Mental Health,
19 Developmental Disabilities, and Substance Abuse Services and
20 approved by the Centers for Medicare and Medicaid Services
21 (CMS) when provided in agencies meeting the requirements of
22 the rules established by the Commission for Mental Health,
23 Developmental Disabilities, and Substance Abuse Services, and
24 reimbursement is made in accordance with a State Plan
25 developed by the Department of Health and Human Services
26 not to exceed the upper limits established in federal regulations,
27 and
- 28 b. For children eligible for EPSDT services:
- 29 1. Licensed or certified psychologists, licensed clinical
30 social workers, certified clinical nurse specialists in
31 psychiatric mental health advanced practice, and nurse
32 practitioners certified as clinical nurse specialists in
33 psychiatric mental health advanced practice, when
34 Medicaid-eligible children are referred by the Carolina
35 ACCESS primary care physician or the area mental
36 health program, and
- 37 2. Institutional providers of residential services as defined
38 by the Division of Mental Health, Developmental
39 Disabilities, and Substance Abuse Services and approved
40 by the Centers for Medicare and Medicaid Services
41 (CMS) for children and Psychiatric Residential
42 Treatment Facility services that meet federal and State
43 requirements as defined by the Department.
- 44 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
45 Human Services may adopt temporary rules in accordance with
46 Chapter 150B of the General Statutes further defining the

1 qualifications of providers and referral procedures in order to
2 implement this subdivision. Coverage policy for services defined by
3 the Division of Mental Health, Developmental Disabilities, and
4 Substance Abuse Services under paragraphs a. and b.2 of this
5 subdivision shall be established by the Division of Medical Assistance.

6 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
7 Children – Reimbursement in accordance with the State Plan approved
8 by the Department of Health and Human Services.

9 (24) Health Insurance Premiums – Payments to be made in accordance with
10 the State Plan adopted by the Department of Health and Human
11 Services consistent with federal regulations.

12 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
13 in this section include related services in schools; health professional
14 services provided outside the clinic setting to meet maternal and infant
15 health goals; and services to meet federal EPSDT mandates. Services
16 addressed by this paragraph are limited to those prescribed in the State
17 Plan as established by the Department of Health and Human Services.

18 (26) Pregnancy Related Services – Covered services for pregnant women
19 shall include nutritional counseling, psychosocial counseling, and
20 predelivery and postpartum home visits by maternity care coordinators
21 and public health nurses.

22 Services and payment bases may be changed with the approval of the Director of the
23 Budget. Payment is limited to Medicaid enrolled providers that provide evidence of
24 medical malpractice insurance coverage, purchase a performance bond in the amount of
25 one hundred thousand dollars (\$100,000) naming as beneficiary the Department of
26 Health and Human Services, Division of Medical Assistance, or provide to the
27 Department a validly executed letter of credit or other financial instrument issued by a
28 financial institution or agency honoring a demand for payment in an equivalent amount.

29 Reimbursement is available for up to 24 visits per recipient per year to any one or
30 combination of the following: physicians, clinics, hospital outpatient, optometrists,
31 chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms,
32 and mental health services subject to independent utilization review are exempt from the
33 visit limitations contained in this paragraph. Exceptions may be authorized by the
34 Department of Health and Human Services where the life of the patient would be
35 threatened without such additional care. Any person who is determined by the
36 Department to be exempt from the 24-visit limitation may also be exempt from the
37 six-prescription limitation.

38 **SECTION 21.19.(b)** Allocation of Nonfederal Cost of Medicaid. – The State shall
39 pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
40 nonfederal costs of all applicable services listed in this section.

41 **SECTION 21.19.(c)** Copayment for Medicaid Services. – The Department of
42 Health and Human Services may establish copayment up to the maximum permitted by
43 federal law and regulation.

44 **SECTION 21.19.(d)** Medicaid and Work First Family Assistance, Income
45 Eligibility Standards. – The maximum net family annual income eligibility standards for

1 Medicaid and Work First Family Assistance and the Standard of Need for Work First
 2 Family Assistance shall be as follows:

	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	<u>WFFA*</u>			
	<u>Family</u>	<u>Standard</u>	<u>Families and</u>	
	<u>Size</u>	<u>of Need</u>	<u>Children Income</u>	
			<u>Level</u>	<u>AA, AB, AD*</u>
9	1	\$4,344	\$2,172	\$2,900
10	2	5,664	2,832	3,800
11	3	6,528	3,264	4,400
12	4	7,128	3,564	4,800
13	5	7,776	3,888	5,200
14	6	8,376	4,188	5,600
15	7	8,952	4,476	6,000
16	8	9,256	4,680	6,300

17 *Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB);
 18 and Aid to the Disabled (AD).

20 The payment level for Work First Family Assistance shall be fifty percent (50%) of the
 21 standard of need.

22 These standards may be changed with the approval of the Director of the Budget
 23 with the advice of the Advisory Budget Commission.

24 **SECTION 21.19.(e)** The Department of Health and Human Services, Division of
 25 Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled
 26 people who have incomes equal to or less than one hundred percent (100%) of the
 27 federal poverty guidelines, as revised each April 1.

28 **SECTION 21.19.(f)** ICF and ICF/MR Work Incentive Allowances. – The
 29 Department of Health and Human Services may provide an incentive allowance to
 30 Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
 31 work activities as part of their developmental plan and for whom retention of additional
 32 income contributes to their achievement of independence. The State funds required to
 33 match the federal funds that are required by these allowances shall be provided from
 34 savings within the Medicaid budget or from other unbudgeted funds available to the
 35 Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

42 **SECTION 21.19.(g)** Dental Coverage Limits. – Dental services shall be provided
 43 on a restricted basis in accordance with rules adopted by the Department to implement
 44 this subsection.

45 **SECTION 21.19.(h)** Dispensing of Generic Drugs. – Notwithstanding G.S.
 46 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical

1 Assistance Program (Title XIX of the Social Security Act), and except as otherwise
2 provided in this subsection for atypical antipsychotic drugs and drugs listed in the
3 narrow therapeutic index, a prescription order for a drug designated by a trade or brand
4 name shall be considered to be an order for the drug by its established or generic name,
5 except when the prescriber has determined, at the time the drug is prescribed, that the
6 brand name drug is medically necessary and has written on the prescription order the
7 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
8 drug or a drug listed in the narrow therapeutic drug index that does not contain the
9 phrase "medically necessary" shall be considered an order for the drug by its established
10 or generic name, except that a pharmacy shall not substitute a generic or established
11 name prescription drug for subsequent brand or trade name prescription orders of the
12 same prescription drug without explicit oral or written approval of the prescriber given
13 at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the
14 Medical Assistance Program rather than trade or brand name drugs. As used in this
15 subsection, "brand name" means the proprietary name the manufacturer places upon a
16 drug product or on its container, label, or wrapping at the time of packaging; and
17 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,
18 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

19 **SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements,**
20 **and Payments.** – Service limitations, eligibility requirements, and payments bases in this
21 section may be waived by the Department of Health and Human Services, with the
22 approval of the Director of the Budget, to allow the Department to carry out pilot
23 programs for prepaid health plans, contracting for services, managed care plans, or
24 community-based services programs in accordance with plans approved by the United
25 States Department of Health and Human Services, or when the Department determines
26 that such a waiver will result in a reduction in the total Medicaid costs for the recipient.
27 The Department of Health and Human Services may proceed with planning and
28 development work on the Program of All-Inclusive Care for the Elderly.

29 **SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement.** – The
30 Department of Health and Human Services, Division of Medical Assistance, may,
31 subject to the approval of a change in the State Medicaid Plan, contract for services,
32 medical equipment, supplies, and appliances by implementation of volume purchase
33 plans, single source procurement, or other contracting processes in order to improve
34 cost containment.

35 **SECTION 21.19.(k) Cost-Containment Programs.** – The Department of Health and
36 Human Services, Division of Medical Assistance, may undertake cost containment
37 programs in accordance with Section 3 of S.L. 2001-395, including contracting for
38 services, preadmissions to hospitals and prior approval for certain outpatient surgeries
39 before they may be performed in an inpatient setting.

40 **SECTION 21.19.(l)** For all Medicaid eligibility classifications for which the federal
41 poverty level is used as an income limit for eligibility determination, the income limits
42 will be updated each April 1 immediately following publication of federal poverty
43 guidelines.

44 **SECTION 21.19.(m)** The Department of Health and Human Services shall provide
45 Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and regulations.

1 **SECTION 21.19.(n)** The Department of Health and Human Services shall provide
2 coverage to pregnant women and to children according to the following schedule:

- 3 (1) Pregnant women with incomes equal to or less than one hundred
4 eighty-five percent (185%) of the federal poverty guidelines as revised
5 each April 1 shall be covered for Medicaid benefits. In determining
6 income eligibility under this subdivision, the income of a minor's
7 parents shall be counted.
- 8 (2) Infants under the age of 1 with family incomes equal to or less than
9 one hundred eighty-five percent (185%) of the federal poverty
10 guidelines as revised each April 1 shall be covered for Medicaid
11 benefits.
- 12 (3) Children aged 1 through 5 with family incomes equal to or less than
13 one hundred thirty-three percent (133%) of the federal poverty
14 guidelines as revised each April 1 shall be covered for Medicaid
15 benefits.
- 16 (4) Children aged 6 through 18 with family incomes equal to or less than
17 the federal poverty guidelines as revised each April 1 shall be covered
18 for Medicaid benefits.
- 19 (5) The Department of Health and Human Services shall provide Medicaid
20 coverage for adoptive children with special or rehabilitative needs
21 regardless of the adoptive family's income.

22 Services to pregnant women eligible under this subsection continue throughout the
23 pregnancy but include only those related to pregnancy and to those other conditions
24 determined by the Department as conditions that may complicate pregnancy. In order to
25 reduce county administrative costs and to expedite the provision of medical services to
26 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this
27 subsection, no resources test shall be applied.

28 **SECTION 21.19.(o)** Medicaid enrollment of categorically needy families with
29 children shall be continuous for one year without regard to changes in income or assets.

30 **SECTION 21.19.(p)** The Department shall disregard earned income for recipients
31 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
32 Social Security Act due to earnings. This disregard shall be applied for a maximum of
33 12 consecutive months.

34 **SECTION 21.19.(q)** The Department of Health and Human Services shall submit a
35 quarterly status report on expenditures for acute care and long-term care services to the
36 Fiscal Research Division and to the Office of State Budget and Management. This
37 report shall include an analysis of budgeted versus actual expenditures for eligibles by
38 category and for long-term care beds. In addition, the Department shall revise the
39 program's projected spending for the current fiscal year and the estimated spending for
40 the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the
41 revised forecast shall be forwarded to the Fiscal Research Division and to the Office of
42 State Budget and Management no later than the third Thursday of the month following
43 the end of each quarter.

44 **SECTION 21.19.(r)** The Division of Medical Assistance, Department of Health
45 and Human Services, may provide incentives to counties that successfully recover

1 fraudulently spent Medicaid funds by sharing State savings with counties responsible
2 for the recovery of the fraudulently spent funds.

3 **SECTION 21.19.(s)** If first approved by the Office of State Budget and
4 Management, the Division of Medical Assistance, Department of Health and Human
5 Services, may use funds that are identified to support the cost of development and
6 acquisition of equipment and software through contractual means to improve and
7 enhance information systems that provide management information and claims
8 processing. The Department of Health and Human Services shall identify adequate
9 funds to support the implementation and first year's operational costs that exceed the
10 currently allocated funds for the new contract for the fiscal agent for the Medicaid
11 Management Information System.

12 **SECTION 21.19.(t)** The Department of Health and Human Services may adopt
13 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds
14 that these rules are necessary to maximize receipt of federal funds within existing State
15 appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to
16 the filing of these temporary rules with the Office of Administrative Hearings, the
17 Department shall consult with the Office of State Budget and Management on the
18 possible fiscal impact of the temporary rule and its effect on State appropriations and
19 local governments.

20 **SECTION 21.19.(u)** The Department shall report to the Fiscal Research Division
21 of the Legislative Services Office and to the House of Representatives Appropriations
22 Subcommittee on Health and Human Services and the Senate Appropriations
23 Committee on Health and Human Services or the Joint Legislative Health Care
24 Oversight Committee on any change it anticipates making in the Medicaid program that
25 impacts the type or level of service, reimbursement methods, or waivers, any of which
26 require a change in the State Plan or other approval by the Centers for Medicare and
27 Medicaid Services (CMS). The reports shall be provided at the same time they are
28 submitted to CMS for approval.

29 **SECTION 21.19.(v)** Upon approval of a demonstration waiver by the Centers for
30 Medicare and Medicaid Services (CMS), the Department of Health and Human Services
31 may provide Medicaid coverage for family planning services to men and women of
32 child-bearing age with family incomes equal to or less than one hundred eighty-five
33 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
34 approval of the waiver and shall begin no earlier than January 1, 2001.

35 **SECTION 21.19.(w)** The Department of Health and Human Services, Division of
36 Medical Assistance, shall use the latest audited cost reporting data available when
37 establishing Medicaid provider rates or when making changes to the reimbursement
38 methodology.

39 **SECTION 21.19.(x)** The Department of Health and Human Services, Division of
40 Medical Assistance, shall implement a new coding system for therapeutic mental health
41 services as required by the Health Insurance Portability and Accountability Act of 1996.
42 In implementing the new coding system, the Division shall ensure that the new coding
43 system does not discriminate between providers of therapeutic mental health services
44 with similar qualifications and training. In meeting the requirements of this subsection,
45 the Division shall consult with the Division of Mental Health, Developmental

1 Disabilities, and Substance Abuse Services and the professional licensing boards
2 responsible for licensing the affected professionals.

3 **SECTION 21.19.(y)** The Department of Health and Human Services may apply
4 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
5 Social Security Act to real property excluded as "income producing" "income
6 producing", tenancy-in-common, or as nonhomesite property made "income producing"
7 under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets
8 policy shall apply only to an institutionalized individual or the individual's spouse as
9 defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection
10 becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to
11 properties excluded as tenancy-in-common or as nonhomesite property made "income
12 producing" in accordance with this subsection shall become effective no earlier than
13 October 1, 2002."

14 **SECTION 10.11.(b)** Effective October 1, 2002, G.S. 108A-70.5(b) reads as
15 rewritten:

16 "(b) As used in this section:

- 17 (1) "Medical assistance" means medical care services paid for by the
18 North Carolina Medicaid Program on behalf of the recipient:
19 a. If the recipient is receiving these medical care services as an
20 inpatient in a nursing facility, intermediate care facility for the
21 mentally retarded, or other medical institution, and cannot
22 reasonably be expected to be discharged to return home; or
23 b. If the recipient is 55 years of age or older and is receiving these
24 medical care services, including related hospital care and
25 prescription drugs, for nursing facility ~~services~~ services,
26 personal care services, or home- and community-based services.
27 (2) "Estate" means all the real and personal property considered assets of
28 the estate available for the discharge of debt pursuant to G.S.
29 28A-15-1."
30

DRAFT
SPECIAL PROVISION

2002-DHHS-H12(S10.12)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

2 **SECTION 10.12.(a)** In its effort to achieve anticipated savings in the
3 Medicaid Program of nine million four hundred twenty-five thousand dollars
4 (\$9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS
5 II and Carolina ACCESS III programs, the Department of Health and Human Services
6 shall monitor cost-savings activities of these programs. Carolina ACCESS II and
7 Carolina ACCESS III programs shall provide the Department detailed information on
8 savings realized from the following cost-savings activities:

- 9 (1) Reductions in hospital admissions;
- 10 (2) Reductions in emergency room visits;
- 11 (3) Use of best-prescribing practices;
- 12 (4) Increased prescriptions of generic drugs;
- 13 (5) Implementation of polypharmacy review;
- 14 (6) Reductions in therapy visits;
- 15 (7) Improved management of high risk/high cost patients; and
- 16 (8) Other strategies implemented by the programs to achieve anticipated
17 savings.

18 **SECTION 10.12.(b)** The Department of Health and Human Services shall
19 implement a process for the assessment and review of cost-effectiveness of the Carolina
20 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance
21 shall confirm actual savings realized from the use of case management strategies of the
22 Carolina ACCESS II and Carolina ACCESS III demonstration sites. Beginning October
23 1, 2002, the Department shall report quarterly the cost-effectiveness of these programs
24 based on actual savings achieved. The Department shall submit the report to the Senate
25 Appropriations Committee on Health and Human Services, the House of
26 Representatives Appropriations Subcommittee on Health and Human Services, the
27 Office of State Budget and Management, and the Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H13(S10.13)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **REPEAL CIRCUMCISION FUNDS**

2 **SECTION 10.13.** Section 19 of S.L. 2001-513 reads as rewritten:

3 "SECTION 19. Notwithstanding any other provision of law to the contrary, from
4 funds available in the General Fund, there is appropriated to the Department of Health
5 and Human Services, Division of Medical Assistance, the sum of two hundred forty-six
6 thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year and
7 ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~
8 These funds shall be used to provide optional circumcision procedures for newborns
9 eligible for Medicaid."

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H14(S10.14)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID CASE MANAGEMENT SERVICES**

2 **SECTION 10.14.(a)** The Department of Health and Human Services shall
3 reduce Medicaid Program expenditures for case management services for adults and
4 children for the 2002-2003 State fiscal year. In determining how to allocate this
5 reduction, the Department shall include all State programs currently providing case
6 management services reimbursed by the Medicaid Program, and shall consider the
7 following issues:

- 8 (1) Elimination of all duplicative case management services.
- 9 (2) Consolidation of similar case management services.
- 10 (3) Provision of only one case manager per family reimbursed through the
11 Medicaid Program, when feasible.
- 12 (4) Equitable allocation of reductions in case management services
13 reimbursed by Medicaid among the different programs that provide
14 case management services.
- 15 (5) Identification of the children and adults with the greatest case
16 management needs to determine how to allocate reductions and
17 remaining resources.
- 18 (6) Reductions in administrative costs associated with providing case
19 management services reimbursed by Medicaid.
- 20 (7) Reductions in reimbursement to case management service providers.

21 **SECTION 10.14.(b)** Not later than October 1, 2002, the Department shall
22 report on its plan for the reductions required in this section. The Department shall
23 submit the report to the Senate Appropriations Committee on Health and Human
24 Services, the House of Representatives Appropriations Subcommittee on Health and
25 Human Services, and the Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H15(S10.15)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT**

2 **SECTION 10.15.(a)** The Department of Health and Human Services shall
3 develop a plan for using federal waivers to assist in long-term cost containment for the
4 State's Medicaid program. In developing the plan, the Department shall determine
5 whether single or multiple federal waivers will help the State achieve its goal of
6 long-term cost containment for the State's Medicaid program, and shall also determine
7 which type of waiver is likely to be most helpful. The Department shall consider all of
8 the following for development of the plan:

- 9 (1) Which optional categories of persons eligible for Medicaid will be
10 covered by the waiver.
- 11 (2) What optional Medicaid services will be included in the service
12 package covered by the waiver.
- 13 (3) What types of cost-sharing will be required under the waiver.
- 14 (4) Will the waiver use Carolina ACCESS, other types of managed care,
15 or will a fee-for-service system for providing health care services be
16 used.
- 17 (5) Will private insurance coverage options be incorporated into the
18 waiver.
- 19 (6) Should the NC Health Choice Program be included in the waiver.

20 **SECTION 10.15.(b)** On or before February 1, 2003, the Department shall
21 report on its plan for seeking federal waivers to achieve long-term cost containment in
22 the State's Medicaid program. The report shall be made to the Senate Appropriations
23 Committee on Health and Human Services, the House of Representatives
24 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
25 Division, and shall include the following:

- 26 (1) Copy of the application for the waiver.
- 27 (2) Description of how the waiver will help achieve long-term cost
28 containment in the State's Medicaid program.
- 29 (3) Description of legislation necessary to implement the proposed waiver.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H16(S10.16)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **COMMUNITY ALTERNATIVES PROGRAMS**

2 SECTION 10.16.(a) The Department of Health and Human Services shall
3 administer all Community Alternative Program (CAP) waivers in the most economical
4 and efficient manner possible to support within funds appropriated the maximum
5 number of persons meeting participation requirements under the waivers. The
6 Department shall amend the waivers to ensure that participation requirements and
7 payment and service limits will ensure that the maximum number of persons meeting
8 participation requirements are served by all waivers. Not later than October 1, 2002, the
9 Department shall submit a report that outlines efficient use of funds appropriated and
10 that demonstrates the participation requirements, payment and service limits, and other
11 administrative actions to support the maximum number of persons to be served in the
12 applicable State fiscal year. The report shall be submitted to the Senate Appropriations
13 Committee on Health and Human Services, the House of Representatives
14 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
15 Division.

16 SECTION 10.16.(b) CAP-DA services shall be provided for the 2002-2003
17 fiscal year to any eligible person who entered a nursing facility on or before June 1,
18 2002, notwithstanding that the availability of CAP-DA services may be suspended for
19 that fiscal year.

20 SECTION 10.16.(c) The North Carolina Institute of Medicine shall conduct
21 a study of the Community Alternatives Program for Disabled Adults (CAP/DA)
22 administered by the Department of Health and Human Services and shall recommend
23 ways of improving the administration of CAP/DA. In conducting the study, the Institute
24 shall consider the following:

- 25 (1) Whether the lead agency for CAP/DA should also be a provider of
26 direct services under CAP/DA.
27 (2) Whether case managers should be employed by the provider agency.
28 (3) Whether funds for CAP/DA should be reduced below the ninety
29 percent (90%) maximum that currently exists.
30 (4) Review current policy for service requirements, management, and
31 supervision as it pertains to strengthening the family and case manager
32 and agency requirements.
33 (5) Whether case managers and provider agencies should have increased
34 responsibility for upholding guidelines.

- 1 (6) Whether oversight of CAP/DA by the Division of Medical Assistance
2 needs strengthening.
3 (7) Alternative funding sources for CAP/DA.
4 (8) Determination of funding needs for CAP/DA based on corroboration
5 with long-term care policy initiatives.
6 (9) What changes should be made to CAP/DA to reduce cost of services
7 per person in order to serve more individuals within existing funds.
8 (10) Any other matters the North Carolina Institute of Medicine considers
9 pertinent to the study.
10 The North Carolina Institute of Medicine shall report its findings and recommendations
11 to the 2003 General Assembly upon its convening.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H17(S10.17)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE***

2 **SECTION 10.17.(a)** Disproportionate share receipts reserved at the end of
3 the 2002-2003 fiscal year shall be deposited with the Department of State Treasurer as
4 nontax revenue for the 2002-2003 fiscal year.

5 **SECTION 10.17.(b)** For the 2002-2003 fiscal year, as it receives funds
6 associated with Disproportionate Share Payments from State hospitals, the Department
7 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
8 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
9 to the Department of State Treasurer for deposit as nontax revenue. Any
10 Disproportionate Share Payments collected in excess of the one hundred seven million
11 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
12 appropriations.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H18(S10.18)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID HOSPITAL PAYMENTS**

2 **SECTION 10.18.** The Department of Health and Human Services shall
3 reduce Medicaid payments to hospitals by one-half of one percent (.5%) for the
4 2002-2003 State fiscal year. The Department shall evaluate all medical payment
5 programs and policies administered by the Department that may affect the future
6 viability and sustainability of financially vulnerable hospitals. Based on the evaluation
7 of the medical payments programs and policies affecting hospitals, the Department shall
8 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
9 year such that the reduction has the least impact on the future viability and sustainability
10 of financially vulnerable hospitals. The Department shall also review the status of
11 financially vulnerable hospitals to determine whether additional State actions are
12 appropriate to ensure that communities served by these hospitals continue to receive
13 essential medical services. The Department shall consult with the North Carolina
14 Hospital Association while conducting the evaluation of medical payment programs and
15 policies and determining how to implement the one-half of one percent (.5%) reduction.
16 The Department shall report to the Senate Appropriations Committee on Health and
17 Human Services, the House of Representatives Appropriations Subcommittee on Health
18 and Human Services, and the Fiscal Research Division on its activities under this
19 section not later than October 1, 2002.

44

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H19(S10.19)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID PROGRAM MANAGEMENT**

2 **SECTION 10.19.** Section 21.26(b) of S.L. 2001-424 reads as rewritten:

3 **"SECTION 21.26.(b)** The Department shall implement a pharmacy management
4 plan considering the recommendations of the "North Carolina Medicaid Benefit Study"
5 to achieve anticipated cost savings. The pharmacy management plan may include the
6 following activities:

- 7 (1) Establishing a prior authorization program to manage utilization of
8 high-cost, brand name drugs. In determining drugs to be included in
9 the prior authorization program, the Department shall consider whether
10 inclusion of these drugs is likely to:
 - 11 a. Increase utilization of more expensive services;
 - 12 b. Reduce quality of treatment;
 - 13 c. Result in a lower level of compliance with appropriate drug
14 therapy; and
 - 15 d. Have a differential impact upon racial and ethnic minorities and
16 the elderly.

17 The Department shall conduct a review at least annually of the drugs
18 included in the prior authorization program to determine whether any
19 of the factors listed in this subdivision or other factors with similar
20 results have occurred.

- 21 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
- 22 (3) Developing physician prescribing practice profiles and other
23 educational tools to enable physicians to better manage their
24 prescriptions.
- 25 (4) Establishing therapeutic limits based on appropriate dosage or usage
26 standards.
- 27 (5) Encouraging use of generic drugs.
- 28 (6) Using maximum allowable pricing.
- 29 (7) Contracting with a pharmacy benefits manager to implement more
30 extensive drug utilization review.
- 31 (8) Studying the impact of eliminating the six prescription drug monthly
32 limit combined with a more rigorous prior authorization program to
33 ensure cost decisions are made based on evidence-based clinical
34 guidelines.

- 1 (9) Expanding disease management initiatives.
2 (10) Working with ACCESS physicians to develop and implement drug
3 utilization management initiatives.
4 (11) If cost-effective, expanding Medicaid drug coverage to include
5 selected over-the-counter medications.

6 The Department may adopt temporary rules in accordance with G.S. 150B-21.1
7 when it finds these rules are necessary to clarify recipient appeal rights related to the
8 pharmacy management plan."

GENERAL ASSEMBLY OF NORTH CAROLINA
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New

DRAFT
SPECIAL PROVISION



2002-DHHS-H62

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **LONG-TERM CARE REIMBURSEMENT METHODOLOGY**

2 SECTION #. When establishing a new reimbursement methodology for
3 long-term care services including nursing facilities, ICF-MRs, and adult care homes, the
4 Department of Health and Human Services, Division of Medical Assistance, shall do the
5 following:

- 6 (1) Use the latest cost data available;
- 7 (2) Establish reimbursement rates that will allow Medicaid long-term care
8 providers to comply with certification requirements, licensure rules, or
9 other mandated quality or safety standards;
- 10 (3) Consider available data related to long-term care industry costs and
11 losses, including those resulting from the health care workforce crisis
12 and the increase in professional liability insurance premiums; and
- 13 (4) Consider the effect on future viability and sustainability of financially
14 vulnerable long-term care providers.

15 The Division of Medical Assistance and any contract agencies performing the functions
16 associated with this section shall consult with provider organizations include the North
17 Carolina Health Care Facilities Association, the North Carolina Hospital Association,
18 the Long-Term Care Facilities Association of North Carolina, the North Carolina
19 Assisted Living Association, and the North Carolina Medical Society. The Department
20 shall report on the reimbursement methodology not later than October 1, 2002 to the
21 House of Representatives Appropriations Subcommittee on Health and Human
22 Services, the Senate Appropriations Committee on Health and Human Services, and the
23 Fiscal Research Division.

47

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H73

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID MAXIMUM ALLOWABLE CHARGE FOR TEMPORARY NURSING**
2 **SERVICES**

3 SECTION #. The Department of Health and Human Services, Division of
4 Medical Assistance, shall establish as the maximum allowable per hour charge under
5 the Medicaid Program for temporary nursing services an amount equal to one hundred
6 thirty percent (130%) of the average salary cost per hour for direct care nursing staff
7 employed by the health care facility or provider.

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H74

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **INCREASES IN FEDERAL MEDICAID FUNDS**

2 SECTION #.(a) Notwithstanding any other provision of law to the contrary,
3 the total amount of State funds that become available to the Department of Health and
4 Human Services for the 2002-2003 fiscal year due to an increase in federal Medicaid
5 funds resulting from increases in the Federal Financial Participation rate shall be used to
6 increase funds appropriated to the Department for the 2002-2003 fiscal year for the
7 Medicaid program without any reduction in what is otherwise allocated to the
8 Department from appropriated funds.

9 SECTION #.(b) The Department of Health and Human Services, Division
10 of Medical Assistance, may reinstate eligibility policies changed by this act when all of
11 the following conditions are met:

- 12 (1) Congress approves enhanced federal financial participation for State
- 13 Medicaid programs.
- 14 (2) Receipt of the enhanced federal financial participation is dependent on
- 15 a state's maintenance of effort in Medicaid eligibility.
- 16 (3) The Department has concluded that the enacted policy changes render
- 17 the State ineligible for the enhanced federal financial participation.
- 18 (4) Enhanced federal financial participation receipts exceed the anticipated
- 19 savings in State funds from the enacted policy changes.
- 20

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H20(S10.20)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **NC HEALTH CHOICE**

2 SECTION 10.20. G.S. 108A-70.21 reads as rewritten:

3 "§ 108A-70.21. Program eligibility; benefits; enrollment fee and other
4 cost-sharing; coverage from private plans; purchase of extended
5 coverage.

6 (a) Eligibility. – The Department may enroll eligible children based on
7 availability of funds. Following are eligibility and other requirements for participation
8 in the Program:

9 (1) Children must:

- 10 a. Be under the age of 19;
- 11 b. Be ineligible for Medicaid, Medicare, or other federal
12 government-sponsored health insurance;
- 13 c. Be uninsured;
- 14 d. Be in a family that meets the following family income
15 requirements:
 - 16 1. Infants under the age of one year whose family income is
17 from one hundred eighty-five percent (185%) through
18 two hundred percent (200%) of the federal poverty level;
 - 19 2. Children age one year through five years whose family
20 income is above one hundred thirty-three percent (133%)
21 through two hundred percent (200%) of the federal
22 poverty level; and
 - 23 3. Children age six years through eighteen years whose
24 family income is above one hundred percent (100%)
25 through two hundred percent (200%) of the federal
26 poverty level;
- 27 e. Be a resident of this State and eligible under federal law; and
- 28 f. Have paid the Program enrollment fee required under this Part.

29 (2) Proof of family income and residency and declaration of uninsured
30 status shall be provided by the applicant at the time of application for
31 Program coverage. The family member who is legally responsible for
32 the children enrolled in the Program has a duty to report any change in
33 the enrollee's status within 60 days of the change of status.

1 (3) If a responsible parent is under a court order to provide or maintain
2 health insurance for a child and has failed to comply with the court
3 order, then the child is deemed uninsured for purposes of determining
4 eligibility for Program benefits if at the time of application the
5 custodial parent shows proof of agreement to notify and cooperate
6 with the child support enforcement agency in enforcing the order.

7 If health insurance other than under the Program is provided to the
8 child after enrollment and prior to the expiration of the eligibility
9 period for which the child is enrolled in the Program, then the child is
10 deemed to be insured and ineligible for continued coverage under the
11 Program. The custodial parent has a duty to notify the Department
12 within 10 days of receipt of the other health insurance, and the
13 Department, upon receipt of notice, shall disenroll the child from the
14 Program. As used in this paragraph, the term "responsible parent"
15 means a person who is under a court order to pay child support.

16 (4) Except as otherwise provided in this section, enrollment shall be
17 continuous for one year. At the end of each year, applicants may
18 reapply for Program benefits.

19 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
20 copayments, and other cost-sharing charges, health benefits coverage provided to
21 children eligible under the Program shall be equivalent to coverage provided for
22 dependents under the North Carolina Teachers' and State Employees' Comprehensive
23 Major Medical Plan, including optional prepaid plans. Prescription drug providers shall
24 accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the
25 average wholesale price for the prescription drug or the amounts published by the
26 ~~Health Care Financing Administration Centers for Medicare and Medicaid Services~~ plus
27 ~~a fee established by the provider not to exceed the amount authorized under subdivision~~
28 ~~(d)(3) of this section. dispensing fee of five dollars and sixty cents (\$5.60) per~~
29 ~~prescription for generic drugs and four dollars (\$4.00) per prescription for brand name~~
30 ~~drugs. Health care providers providing vision and dental services to Program enrollees~~
31 ~~shall accept as payment in full for services rendered the maximum allowable charges~~
32 ~~under the North Carolina Teachers' and State Employees' Comprehensive Major~~
33 ~~Medical Plan less any copayments assessed under this Part. All other health care~~
34 ~~providers providing services to Program enrollees shall accept as payment in full for~~
35 ~~services rendered an amount equivalent to the maximum allowable charges under the~~
36 ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan~~
37 ~~Medicaid Program for services less any copayments assessed to enrollees under this~~
38 ~~Part. No child enrolled in the Plan's self-insured indemnity program shall be required by~~
39 ~~the Plan to change health care providers as a result of being enrolled in the Program.~~

40 In addition to the benefits provided under the Plan, the following services and
41 supplies are covered under the Health Insurance Program for Children established under
42 this Part:

43 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
44 12-month period, full mouth X rays once every 60 months,
45 supplemental bitewing X rays showing the back of the teeth once
46 during a 12-month period, fluoride applications twice during a

1 12-month period, sealants, simple extractions, therapeutic
2 pulpomies, prefabricated stainless steel crowns, and routine fillings
3 of amalgam or other tooth-colored filling material to restore diseased
4 teeth. No benefits are to be provided for services under this subsection
5 that are not performed by or upon the direction of a dentist, doctor, or
6 other professional provider approved by the Plan nor for services and
7 materials that do not meet the standards accepted by the American
8 Dental Association.

9 (2) Vision: Scheduled routine eye examinations once every 12 months,
10 eyeglass lenses or contact lenses once every 12 months, routine
11 replacement of eyeglass frames once every 24 months, and optical
12 supplies and solutions when needed. Optical services, supplies, and
13 solutions must be obtained from licensed or certified ophthalmologists,
14 optometrists, or optical dispensing laboratories. Eyeglass lenses are
15 limited to single vision, bifocal, trifocal, or other complex lenses
16 necessary for a Plan enrollee's visual welfare. Coverage for oversized
17 lenses and frames, designer frames, photosensitive lenses, tinted
18 contact lenses, blended lenses, progressive multifocal lenses, coated
19 lenses, and laminated lenses is limited to the coverage for single
20 vision, bifocal, trifocal, or other complex lenses provided by this
21 subsection. Eyeglass frames are limited to those made of zylonite,
22 metal, or a combination of zylonite and metal. All visual aids covered
23 by this subsection require prior approval of the Plan. Upon prior
24 approval by the Plan, refractions may be covered more often than once
25 every 12 months.

26 (3) Hearing: Auditory diagnostic testing services and hearing aids and
27 accessories when provided by a licensed or certified audiologist,
28 otolaryngologist, or other hearing aid specialist approved by the Plan.
29 Prior approval of the Plan is required for hearing aids, accessories,
30 earmolds, repairs, loaners, and rental aids.

31 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
32 coverage for enrollees whose family income is at or below one hundred fifty percent
33 (150%) of the federal poverty level. The enrollment fee for Program coverage for
34 enrollees whose family income is above one hundred fifty percent (150%) of the federal
35 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
36 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
37 enrollment fee shall be collected by the county department of social services and
38 retained to cover the cost of determining eligibility for services under the Program.
39 County departments of social services shall establish procedures for the collection of
40 enrollment fees.

41 (d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-~~
42 ~~sharing charges for families covered under the Program whose family income is at or~~
43 ~~below one hundred fifty percent (150%) of the federal poverty level.~~

44 (1) Families covered under the Program whose family income is at or
45 below one hundred fifty percent (150%) of the federal poverty level
46 shall be responsible for copayments to providers as follows:

- a. Five dollars (\$5.00) per child for each visit to a provider, except that there shall be no copayment required for well-baby, well-child, or age-appropriate immunization services;
- b. Five dollars (\$5.00) per child for each outpatient hospital visit;
- c. One dollar (\$1.00) for each outpatient generic prescription drug purchased;
- d. Three dollars (\$3.00) for each outpatient brand-name prescription drug purchased;
- e. Ten dollars (\$10.00) for each emergency room visit unless:
 1. The child is admitted to the hospital, or
 2. No other reasonable care was available as determined by the Claims Processing Contractor of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.

(2) Families covered under the Program whose family income is above one hundred fifty percent (150%) of the federal poverty level shall be responsible for copayments to providers as follows:

- (1)a. ~~Five dollars (\$5.00)~~ Ten dollars (\$10.00) per child for each visit to a provider, except that there shall be no copayment required for well-baby, well-child, or age-appropriate immunization services;
- (2)b. ~~Five dollars (\$5.00)~~ Ten dollars (\$10.00) per child for each outpatient hospital visit;
- (3)c. ~~A six dollar (\$6.00)~~ five-dollar (\$5.00) fee for each outpatient generic prescription drug purchased;
- d. A ten-dollar (\$10.00) fee for each outpatient brand-name prescription drug purchased;
- (4)e. ~~Twenty dollars (\$20.00)~~ Thirty dollars (\$30.00) for each emergency room visit unless:
 - a.1. The child is admitted to the hospital, or
 - b.2. No other reasonable care was available as determined by the Claims Processing Contractor of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.

Copayments required under this subsection for prescription drugs apply only to prescription drugs prescribed on an outpatient basis.

(e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing, including fees, with respect to all children in a family receiving Program benefits under this Part shall not exceed five percent (5%) of the family's income for the year involved. To assist the Department in monitoring and ensuring that the limitations of this subsection are not exceeded, the Executive Administrator and Board of Trustees of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan shall provide data to the Department showing cost-sharing paid by Program enrollees.

(f) Coverage From Private Plans. – The Department shall, from funds available for the Program, pay the cost for dependent coverage provided under a private insurance

1 plan for persons eligible for coverage under the Program if all of the following
2 conditions are met:

- 3 (1) The person eligible for Program coverage requests to obtain dependent
4 coverage from a private insurer in lieu of coverage under the Program
5 and shows proof that coverage under the private plan selected meets
6 the requirements of this subsection;
- 7 (2) The dependent coverage under the private plan is actuarially
8 equivalent to the coverage provided under the Program and the private
9 plan does not engage in the exclusive enrollment of children with
10 favorable health care risks;
- 11 (3) The cost of dependent coverage under the private plan is the same as
12 or less than the cost of coverage under the Program; and
- 13 (4) The total annual aggregate cost-sharing, including fees, paid by the
14 enrollee under the private plan for all dependents covered by the plan,
15 do not exceed five percent (5%) of the enrollee's family income for the
16 year involved.

17 The Department may reimburse an enrollee for private coverage under this
18 subsection upon a showing of proof that the dependent coverage is in effect for the
19 period for which the enrollee is eligible for the Program.

20 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses
21 eligibility due to an increase in family income above two hundred percent (200%) of the
22 federal poverty level and up to and including two hundred twenty-five percent (225%)
23 of the federal poverty level may purchase at full premium cost continued coverage
24 under the Program for a period not to exceed one year beginning on the date the enrollee
25 becomes ineligible under the income requirements for the Program. The same benefits,
26 copayments, and other conditions of enrollment under the Program shall apply to
27 extended coverage purchased under this subsection.

28 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
29 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
30 subsection (g) of this section."

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H21(S10.21)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS*

2 **SECTION 10.21.** The Department of Health and Human Services may
3 rewrite and submit to the federal government the State Plan for the North Carolina
4 Health Choice Program solely for the purpose of incorporating amendments enacted by
5 the 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
6 2001 General Assembly, and to otherwise comply with applicable federal requirements.
7 Nothing in this section authorizes the Department to make amendments to the State Plan
8 for the North Carolina Health Choice Program not otherwise authorized by the General
9 Assembly. Amendments to the State Plan required by the federal government to be
10 implemented after the effective date of this section, other than those authorized by this
11 section, shall comply with G.S. 108A-70.25.

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H76

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **NC HEALTH CHOICE BENEFITS AND CLAIMS PROCESSING**
2 **ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN**
3 **SERVICES**

4 SECTION #.(a) G.S. 108A-70.20 reads as rewritten:

5 **"108A-70.20. Program established.**

6 The Health Insurance Program for Children is established. The Program shall be
7 administered by the Department of Health and Human ~~Services~~ Services, including
8 administration of Program benefits and claims processing, in accordance with this Part
9 and as required under Title XXI and related federal rules and regulations.
10 ~~Administration of Program benefits and claims processing shall be as provided under~~
11 ~~Part 5 of Article 3 of Chapter 135 of the General Statutes."~~

12 SECTION #.(b) G.S.108A-70.22 reads as rewritten:

13 **"108A-70.22. Allocation of federal and State funds for Program; consultation with**
14 **Joint Legislative Health Care Oversight Committee.**

15 The Department of Health and Human Services, after having consulted with and
16 received advice from the Joint Legislative Health Care Oversight Committee established
17 under G.S. 120-70.110, shall from total funds available to the Department for Program
18 implementation, allocate and adjust, as needed, funds to pay ~~the North Carolina~~
19 ~~Teachers' and State Employees' Major Medical Plan in accordance with G.S.~~
20 ~~108A-70.23 and Part 5 of Article 3 of Chapter 135 of the General Statutes, and funds to~~
21 ~~pay for eligible services provided for children with special needs in accordance with~~
22 ~~G.S. 108A-70.23."~~

23 SECTION #.(c) G.S. 108A-70.23 reads as rewritten:

24 **"108A-70.23. Services for children with special needs established; definition;**
25 **eligibility; services; limitation; recommendations; no entitlement.**

26 (a) Special Needs Services Authorized. – The Department shall, from federal
27 funds received and State funds appropriated for the Program, pay for services for
28 children with special needs as authorized under this section. As used in this section, the
29 term "children with special needs" or "special needs child" means children who have
30 been diagnosed as having one or more of the following conditions which in the opinion
31 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily
32 routine, and (iii) require extensive medical intervention and extensive family
33 management:

- 34 (1) Birth defect, including genetic, congenital, or acquired disorders;

56

- 1 (2) Developmental disability as defined under G.S. 122C-3;
- 2 (3) Mental or behavioral disorder; or
- 3 (4) Chronic and complex illnesses.

4 (b) Eligibility for Services. – In order to be eligible for services under this section
5 a special needs child must be enrolled in the Program.

6 (c) Services Provided. – The services authorized to be provided to children
7 eligible under this section are as follows:

8 (1) The same level of services as provided for special needs children under
9 the Medical Assistance Program as authorized in the Current
10 Operations Appropriations Act except that no services for long-term
11 care shall be provided under this section, and except that services for
12 respite care shall be provided only under emergency circumstances;
13 and

14 (2) Only those services eligible under this section that are not covered or
15 otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the~~
16 ~~General Statutes.~~this Part.

17 (d) Limitation. – Funds may be expended for services under this section
18 only if the special needs child is enrolled in the Program, the services
19 provided under this section are not provided under ~~Part 5 of Article 3~~
20 ~~of Chapter 135 of the General Statutes.~~this Part, and the child meets
21 the definition of a special needs child under this section.

22 (e) Case Management Services. – The Department shall develop procedures for
23 the provision of case management services by the Department to eligible special needs
24 children. Case management services shall be developed to ensure to the maximum
25 extent possible that services are provided in the most efficient and effective manner
26 considering the special needs of the child. The cost of providing case management
27 services for children with special needs shall be paid from funds available for services
28 under this section.

29 (f) Recommendations by Commission on Children With Special Health Care
30 Needs. – In implementing this section the Department shall consider the
31 recommendations of the Commission on Children With Special Health Care Needs
32 established under Article 71 of Chapter 143 of the General Statutes. The Department, in
33 consultation with the Commission on Children With Special Health Care Needs shall
34 develop procedures for providing respite care services under emergency circumstances.

35 (g) No Entitlement. – Nothing in this section shall be construed as entitling any
36 person to services under this section."

37 SECTION #.(d) G.S. 108A-70.24 is repealed.

38 SECTION #.(e) G.S. 108A-70.27(c) is repealed.

39 SECTION #.(f) G.S. 108A-25 is amended by adding the following new
40 subsection to read:

41 "(b2) The Health Insurance Program for Children is a program of public assistance
42 and shall be supervised and administered as provided in Part 8 of this Article."

43 SECTION #.(g) G.S. 108A-80(d) reads as rewritten:

44 "(d) The Social Services Commission may adopt rules governing access to case
45 files for social services and public assistance programs, except the Medical Assistance
46 ~~Program.~~Program and the Health Insurance Program for Children. The Secretary of the

1 Department of Health and Human Services shall have the authority to adopt rules
2 governing access to medical assistance case files.files and Health Insurance Program for
3 Children case files."

4 SECTION #.(h) G.S. 120-70.111(c) reads as rewritten:

5 "(c) The Committee may use employees of the Legislative Services Office and
6 may employ contractual services as approved by the Legislative Services Commission
7 to review and monitor, on a continuing basis, the implementation of the Health
8 Insurance Program for Children established under Part 8 of Article 2 of Chapter 108A
9 of the General Statutes. The Committee shall have access to all records of the
10 Department of Health and Human Services pertaining to the Health Insurance Program
11 for ~~Children-Children~~, except for confidential case files, and shall be kept apprised by
12 the Department of communications between the Department and the ~~Health-Care~~
13 ~~Financing-Administration~~ Centers for Medicare and Medicaid Services with respect to
14 development, submission, and approval of and amendments to the State Plan for the
15 Health Insurance Program for Children. ~~The Committee and its employees shall also be~~
16 ~~entitled to attend all meetings and have access to all records of the North Carolina~~
17 ~~Teachers' and State Employees' Comprehensive Major Medical Plan pertaining to the~~
18 ~~Health Insurance Program for Children that are not confidential in accordance with G.S.~~
19 ~~135-37. G.S. 135-37 shall be applicable to the Health Insurance Program for Children to~~
20 ~~the same extent that is applicable to teachers and State employees."~~

21 SECTION #.(i) Part 5 of Article 3 of Chapter 135 of the General Statutes is
22 repealed.

23 SECTION #.(j) G.S. 135-39.6(d) and G.S. 135-39.6A(c) are repealed.

24 SECTION #.(k) G.S. 58-50-75(b) reads as rewritten:

25 "(b) This Part applies to all insurers that offer a health benefit plan and that
26 provide or perform utilization review pursuant to G.S. 58-50-61, and the Teachers' and
27 State Employees' Comprehensive Major Medical Plan, ~~and the Health Insurance~~
28 ~~Program for Children-Plan~~. With respect to second-level grievance review decisions,
29 this Part applies only to second-level grievance review decisions involving
30 noncertification decisions."

31 SECTION #.(l) G.S. 90-21.50(1) reads as rewritten:

32 (1) 'Health benefit plan' means an accident and health insurance policy or
33 certificate; a nonprofit hospital or medical service corporation
34 contract; a health maintenance organization subscriber contract; a
35 self-insured indemnity program or prepaid hospital and medical
36 benefits plan offered under the Teachers' and State Employees'
37 Comprehensive Major Medical Plan and subject to the requirements of
38 Article 3 of Chapter 135 of the General Statutes, a plan provided by a
39 multiple employer welfare arrangement; or a plan provided by another
40 benefit arrangement, to the extent permitted by the Employee
41 Retirement Income Security Act of 1974, as amended, or by any
42 waiver of or other exception to that act provided under federal law or
43 regulation. ~~Except for the Health Insurance Program for Children~~
44 ~~established under Part 8 of Article 2 of Chapter 108A of the General~~
45 ~~Statutes~~, 'Health benefit plan' does not mean any plan implemented or
46 administered by the North Carolina or United States Department of

1 Health and Human Services, or any successor agency, or its
2 representatives. 'Health benefit plan' does not mean any of the
3 following kinds of insurance:

- 4 a. Accident.
- 5 b. Credit.
- 6 c. Disability income.
- 7 d. Long-term or nursing home care.
- 8 e. Medicare supplement.
- 9 f. Specified disease.
- 10 g. Dental or vision.
- 11 h. Coverage issued as a supplement to liability insurance.
- 12 i. Workers' compensation.
- 13 j. Medical payments under automobile or homeowners.
- 14 k. Hospital income or indemnity.
- 15 l. Insurance under which benefits are payable with or without
16 regard to fault and that is statutorily required to be contained in
17 any liability policy or equivalent self-insurance.
- 18 m. Short-term limited duration health insurance policies as defined
19 in Part 144 of Title 45 of the Code of Federal Regulations."

20 **SECTION #.(m)** G.S. 90-21.50(7) reads as rewritten:

21 "(7) 'Managed care entity' means an insurer that:

- 22 a. Delivers, administers, or undertakes to provide for, arrange for,
23 or reimburse for health care services or assumes the risk for the
24 delivery of health care services; and
- 25 b. Has a system or technique to control or influence the quality,
26 accessibility, utilization, or costs and prices of health care
27 services delivered or to be delivered to a defined enrollee
28 population.

29 Except for the Teachers' and State Employees' Comprehensive Major
30 ~~Medical Plan and the Health Insurance Program for Children, Plan,~~
31 'managed care entity' does not include: (i) an employer purchasing
32 coverage or acting on behalf of its employees or the employees of one
33 or more subsidiaries or affiliated corporations of the employer, or (ii) a
34 health care provider."

35 **SECTION #.(n)** This section becomes effective October 1, 2002. The
36 Teachers' and State Employees' Comprehensive Major Medical Plan shall complete
37 processing of claims under the Health Insurance Program for Children filed prior to and
38 pending on and after October 1, 2002.

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H86

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **NC HEALTH CHOICE PROGRAM ENROLLMENT MANAGEMENT**

2 SECTION #. The Department of Health and Human Services shall manage
3 NC Health Choice program enrollment through attrition and, as necessary, by imposing
4 a freeze on the enrollment of children in order to achieve and maintain a sustainable per
5 member per month enrollment within the 2002-2003 budget. In the current State fiscal
6 year one-time matching funds in an amount not to exceed three million dollars
7 (\$3,000,000) may be transferred to support State fiscal year 2002-2003 program
8 expenditures that are attributable to excess program enrollment. No funds may be
9 transferred until a freeze on enrollment has been imposed. Any funds transferred into
10 the NC Health Choice program pursuant to this section shall be used to pay current year
11 program costs only. In addition, the Department shall manage enrollment in the NC
12 Health Choice program so as to ensure that total program enrollment at the end of State
13 fiscal year 2002-2003 does not exceed a level that is sustainable within the certified
14 budget for State fiscal year 2002-2003.

60

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H23(S10.23)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **ALLOCATION OF REDUCTIONS IN FUNDS FOR MENTAL HEALTH,**
2 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**
3 **PROGRAMS**

4 **SECTION 10.23.(a)** The Division of Mental Health, Developmental
5 Disabilities, and Substance Abuse Services shall allocate reductions to Division central
6 administration to items of expenditures which have the least impact on:

- 7 (1) The support of direct services to individuals served in State facilities
8 and local programs;
- 9 (2) The Division's ability to reorganize and continue implementation of
10 the State Plan for Mental Health, Developmental Disabilities, and
11 Substance Abuse Services; and
- 12 (3) The Division's ability to meet State and federal requirements such as
13 monitoring, program oversight, and reporting.

14 **SECTION 10.23.(b)** All reductions designated for Division-operated State
15 facilities shall be allocated as follows:

- 16 (1) In a manner that has the least impact possible on the State's ability to
17 comply with Olmstead v. L.C. & E.W. and The Civil Rights of
18 Institutionalized Persons Act (CRIPA);
- 19 (2) Maximum resources shall be retained for the purpose of transfer to
20 local programs for community capacity building as the population in
21 State facilities decreases and the principal focus of services transitions
22 to community-based programs;
- 23 (3) As deemed essential by the Secretary of the Department of Health and
24 Human Services for compliance with implementation of the State Plan
25 for Mental Health, Developmental Disabilities, and Substance Abuse
26 Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction
27 amounts and total number of positions reduced may be shifted among
28 facilities so long as the aggregate reduction in State appropriations is
29 achieved.

30 **SECTION 10.23.(c)** The Department shall report not later than October 1,
31 2002, on a plan for allocating the reductions required under this section. The plan shall
32 describe each reduction allocation demonstrating compliance with this section. The
33 Department shall submit the report to the Senate Appropriations Committee on Health

61

1 and Human Services, the House of Representatives Appropriations Subcommittee on
2 Health and Human Services, and the Fiscal Research Division.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H24(S10.24)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **SUBSTANCE ABUSE PREVENTION SERVICES**

2 **SECTION 10.24.(a)** In order to ensure that individuals receive effective
3 substance abuse prevention services, the Department of Health and Human Services,
4 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
5 shall do the following with respect to services provided to these individuals:

- 6 (1) Designate an Office of Substance Abuse Prevention within the
7 Department as outlined in the North Carolina Comprehensive Strategic
8 Plan for Substance Abuse Prevention. This Office shall be responsible
9 for the implementation of the goals in the Comprehensive Strategic
10 Plan for Substance Abuse Prevention. The Office shall also maintain
11 the Interagency Agreement for Substance Abuse Prevention Services
12 and ensure continuing collaboration between agencies that are parties
13 to the Agreement.
- 14 (2) Provide only those prevention services that are evidence-based and
15 have been determined to be effective in preventing alcohol and other
16 drug problems.
- 17 (3) Propose rules for the licensure of prevention programs to ensure
18 quality of service delivery in local communities. Rules shall be subject
19 to review and adoption by the Commission for Mental Health,
20 Developmental Disabilities, and Substance Abuse Services.
- 21 (4) Ensure that services are provided by qualified prevention
22 professionals.
- 23 (5) Implement an outcome-based system utilizing standard risk
24 assessments and data elements consistent with appropriate evaluation
25 of prevention programs.

26 **SECTION 10.24.(b)** The Department shall report on its activities under this
27 section to the Senate Appropriations Committee on Health and Human Services, the
28 House of Representatives Appropriations Subcommittee on Health and Human
29 Services, and the Fiscal Research Division not later than December 1, 2002.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H25(S10.25)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT**

2 SECTION 10.25. Section 21.56 of S.L. 2001-424, as amended by S.L.
3 2001-513, reads as rewritten:

4 "SECTION 21.56.(a) To ensure uniformity in rates charged to area programs and
5 funded with State-allocated resources, the Division of Mental Health, Developmental
6 Disabilities, and Substance Abuse Services of the Department of Health and Human
7 Services may require a private agency that provides services under contract with ~~two or~~
8 ~~more area programs, an area program or county program,~~ except for hospital services
9 that have an established Medicaid rate, to complete an agency-wide uniform cost
10 finding. The resulting cost shall be the maximum included for the private agency in the
11 contracting area program's unit cost finding.

12 SECTION 21.56.(b) If a private agency fails to timely and accurately complete the
13 required agency-wide uniform cost finding in a manner acceptable to the Department's
14 controller's office, the Department may suspend all Department funding and payment to
15 the private agency until such time as an acceptable cost finding has been completed by
16 the private agency and approved by the Department's controller's office."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H26(S10.26)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **WHITAKER SCHOOL**

2 SECTION 10.26. Section 21.61(a) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.61.(a) The Department of Health and Human Services shall work
4 with families and guardians, the Department of Public Instruction, the Department of
5 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,
6 area mental health, developmental disabilities, and substance abuse programs, and local
7 departments of social services to develop a plan for the transition of children from the
8 Whitaker School to their homes or alternative facilities. The Plan shall ensure
9 appropriate and safe placement for those children who, in accordance with the
10 assessment, need an institutional setting. The Plan shall also include transition plans that
11 facilitate and support children living in their natural environments and utilizing existing
12 resources and natural supports. Assessments and service planning alternatives shall also
13 be undertaken for children on the waiting list for placement at Whitaker School to
14 ensure appropriate and safe placement for those children. The Department shall report
15 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
16 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations
17 Committee on Health and Human Services, the House of Representatives
18 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
19 Commission on Governmental Operations, and the Fiscal Research Division."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H27(S10.27)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS**

2 SECTION 10.27. Section 21.65 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.65.(a) Area mental health, developmental disabilities, and substance
4 abuse authorities or counties administering mental health, developmental disabilities,
5 and substance abuse services shall develop and implement plans to reduce local
6 administrative costs. The plans shall be developed in accordance with guidelines
7 adopted by the Secretary, in consultation with the Local Government Commission and
8 the North Carolina Association of County Commissioners, and in accordance with the
9 following:

- 10 (1) For the 2001-2002 fiscal year, administrative costs for:
11 a. Area mental health, developmental disabilities, and substance
12 abuse services programs shall not exceed fifteen percent (15%).
13 b. Counties administering mental health, developmental
14 disabilities, and substance abuse services through a county
15 program shall not exceed fifteen percent (15%).
16 (2) For the 2002-2003 fiscal year, administrative costs for:
17 a. Area mental health, developmental disabilities, and substance
18 abuse services programs shall not exceed thirteen percent
19 (13%).
20 b. Counties administering mental health, developmental
21 disabilities, and substance abuse services through a county
22 program shall not exceed thirteen percent (13%).

23 SECTION 21.65.(b) The Department of Health and Human Services shall report its
24 progress in complying with this section not later than January 1, 2002, and April 15,
25 2002. The reports shall be submitted to the Senate Appropriations Committee on Health
26 and Human Services, the House of Representatives Appropriations Subcommittee on
27 Health and Human Services, and the Fiscal Research Division and shall include:

- 28 (1) A description of the process used and the participants involved in
29 complying with subsection (a) of this section.
30 (2) The guidelines developed under subsection (a) of this section.
31 (3) A description of local compliance initiatives and efforts including
32 program or function consolidation.
33 (4) A list of area programs at or below the targeted thirteen percent (13%)
34 for the 2000-2001 fiscal year.

1 (5) Projected savings in administrative costs as a result of implementation
2 of the targeted limits required under this section.

3 SECTION 21.65.(c) Beginning in the 2002-2003 fiscal year, the Department may
4 implement alternative approaches to establish reasonable administrative cost limitations
5 for Local Management Entities (LMEs), including both county programs and area
6 authority models, and service providers in accordance with system reform and changes
7 in system funding structures."

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H28(S10.28)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MENTAL RETARDATION CENTER DOWNSIZING**

2 **SECTION 10.28.** Section 21.67 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.67.(a) In accordance with the Department of Health and Human
4 Services' plan for downsizing the State's regional mental retardation facilities by four
5 percent (4%) each year, the Department shall implement cost-containment and
6 reduction strategies to ensure the corresponding financial and staff downsizing of each
7 facility. The Department shall manage the client population of the mental retardation
8 centers in order to ensure that placements for ICF/MR level of care shall be made in
9 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
10 resort and only upon approval of the Department. The corresponding budgets for each
11 of the State mental retardation centers shall be reduced, and positions shall be
12 eliminated as the census of each facility decreases. At no time shall mental retardation
13 center positions be transferred to other units within a facility or assigned nondirect care
14 activities such as outreach.

15 **SECTION 21.67.(a1)** Any savings in State appropriations in excess of two million
16 nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal
17 biennium that result from reductions in beds or services shall be applied as follows:

- 18 (1) Nonrecurring savings shall be placed in the Trust Fund for Mental
19 Health, Developmental Disabilities, and Substance Abuse Services and
20 Bridge Funding Needs and shall be used to facilitate the transition of
21 clients into appropriate community-based services and support in
22 accordance with Section 21.58 of this act, and
- 23 (2) Recurring savings realized through implementation of this section
24 shall be retained by the Department of Health and Human Services,
25 Division of Mental Health, Developmental Disabilities, and Substance
26 Abuse Services to support the recurring costs of additional
27 community-based placements from Division facilities in accordance
28 with Olmstead vs. L.C. & E.W. In determining the savings in this
29 section, savings shall include all savings realized from the downsizing
30 of the State mental retardation centers including both the savings in
31 direct State appropriations in the budgets of the State mental
32 retardation centers as well as the savings in the State matching portion
33 of reduced Medicaid payments associated with downsizing.

34 **SECTION 21.67.(b)** The Department of Health and Human Services shall report on
35 its progress in complying with this section to the Senate Appropriations Committee on

1 Health and Human Services, the House of Representatives Appropriations
2 Subcommittee on Health and Human Services, and the Fiscal Research Division. The
3 progress report shall be submitted not later than January 15, 2002, and a final report
4 submitted not later than ~~May 1, 2002.~~October 1, 2002.

5 SECTION 21.67.(c) Downsizing of mental retardation centers which occurs in the
6 2002 fiscal year shall be maintained for the 2003 fiscal year. Effective July 1, 2002,
7 downsizing shall be accomplished in accordance with this section and the State Plan for
8 Mental Health, Developmental Disabilities, and Substance Abuse Services. All savings
9 resulting from downsizing occurring on and after July 1, 2002, shall be utilized as set
10 forth in subsection (a1) of this section."
11

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H29(S10.29)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN**

2 **SECTION 10.29.** Section 21.68A of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.68A. The Department of Health and Human Services shall develop
4 and implement a plan that provides for the allocation of State psychiatric hospital beds
5 bed days among counties served by the State's regional psychiatric hospitals. The Plan
6 shall incorporate policies that take into consideration State and county fiscal
7 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
8 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
9 implementation of this section to the House of Representatives Appropriations
10 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
11 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
12 2002-November 1, 2002."

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H30(S10.30)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON FUNDS**
2 **APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

3 SECTION 10.30. Section 4 of S.L. 2001-437 reads as rewritten:

4 "SECTION 4. Sections 1.1 through 1.21(b) of this act become effective July 1,
5 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~
6 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~
7 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
8 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
9 by the 2003 General Assembly for that purpose. The remainder of this act is effective
10 when it becomes law."

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DRAFT
SPECIAL PROVISION



2002-DHHS-H31(S10.31)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye, Alexander, Insko

1 **DHHS COORDINATION OF RULES**

2 SECTION 10.31.(a) The Secretary of the Department of Health and Human
3 Services and the Chairs of the Commissions listed in this section shall collaborate in the
4 development of a process for identifying and resolving issues pertaining to duplication
5 and conflict of rules adopted by the Secretary and each Commission that affect the area
6 of mental health, developmental disabilities, and substance abuse services. The process
7 shall address the following:

- 8 (1) How to identify on a routine basis proposed rules that duplicate in
9 whole or in part other rules proposed or adopted and ways of avoiding
10 the duplication without interfering with the agency's statutory duty to
11 adopt the rule and without impairing the effectiveness of the rule in
12 carrying out the statutory mandate.
- 13 (2) How to identify on a routine basis adopted rules that are in conflict,
14 proposed rules that conflict with other proposed or adopted rules, and
15 ways of addressing the conflict without interfering with the agency's
16 statutory duty to adopt the rule and without impairing the effectiveness
17 of the rule in carrying out the statutory mandate.

18 The following Commissions shall collaborate with the Secretary on the
19 development of this process: the Commission for Mental Health, Developmental
20 Disabilities, and Substance Abuse Services, the Social Services Commission, the
21 Commission for Health Services, the Medical Care Commission, and other
22 Commissions that adopt rules affecting the area of mental health, developmental
23 disabilities, and substance abuse services that the Secretary has a duty to implement.
24 The Secretary shall also involve a representative of the Division of Medical Assistance
25 in this effort.

26 SECTION 10.31.(b) The Secretary and the Commissions shall implement
27 the process required by Section 1 of this act not later than October 1, 2002. Not later
28 than October 15, 2002, the Secretary shall report to the Joint Legislative Commission on
29 Mental Health, Developmental Disabilities, and Substance Abuse Services the
30 following:

- 31 (1) The status of the review of rules conducted by the Department for
32 determining the existence of ambiguity, duplication, or conflict.
- 33 (2) Specific rules identified that are in conflict and the recommended
34 action for resolving the conflict.

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2
3

- (3) Statutory changes necessary to accomplish the purposes of the rules review process required by Section 1 of this act.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H79

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***PATIENT ADVOCATE POSITIONS ORGANIZATIONAL CHANGE***

2 SECTION #. In order to better achieve the purposes of patient advocate
3 positions, the Department of Health and Human Services shall develop a plan for
4 restructuring the organizational framework for patient advocate positions such that
5 patient advocates in the State psychiatric hospitals and mental retardation centers are
6 under the supervision of and report directly to Department officials rather than to the
7 Directors of these facilities. In developing the plan, the Department shall not relocate
8 the patient advocates nor change their duties and responsibilities, but shall determine the
9 best organizational structure within the Department for these positions. In developing
10 the plan the Department shall also consider contracting for patient advocate services.
11 The Department shall report on the development of the plan to restructure the patient
12 advocate position organizational framework. The report shall include the following
13 information:

- 14 (1) The various potential organizational structures under the Department's
15 organizational framework considered for the patient advocate
16 positions.
17 (2) The organizational framework recommended by the Department.
18 (3) The Department officials responsible for supervision of the patient
19 advocates under the new organizational framework.
20 (4) Whether the Department considered contracting for patient advocate
21 services and the reasons for its decision about contracting for these
22 services.

23 The Department shall submit the report not later than December 1, 2002 to the
24 House of Representatives Appropriations Subcommittee on Health and Human
25 Services, the Senate Appropriations Committee on Health and Human Services, and the
26 Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H32(S10.32)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

- 1 ***SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE***
- 2 **SECTION 10.32.** Section 21.42(d) of S.L. 2001-424 reads as rewritten:
- 3 **"SECTION 21.42.(d)** The Department of Health and Human Services shall report
- 4 on the use of these funds no later than April 1, ~~2002,2003~~, to the Senate Appropriations
- 5 Committee on Health and Human Services, the House of Representatives
- 6 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
- 7 Division."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H33(S10.33)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **CHILD WELFARE SYSTEMS PILOTS REPORTS**

2 SECTION 10.33.(a) Section 21.46(a) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.46.(a) The Department of Health and Human Services, Division of
4 Social Services, shall develop a plan, working with local departments of social services,
5 to implement an alternative response system of child protection in no fewer than two
6 and no more than 10 demonstration areas in this State. The plan should provide for the
7 pilots to implement an alternative response system in which local departments of social
8 services utilize family assessment tools and family support principles when responding
9 to selected reports of suspected child ~~neglect~~.neglect and dependency."

10 SECTION 10.33.(b) The Department of Health and Human Services shall
11 report on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate
12 Appropriations Committee on Health and Human Services, the House of
13 Representatives Appropriations Subcommittee on Health and Human Services, and the
14 Fiscal Research Division not later than April 1, 2003.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H34(S10.34)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT***

2 **SECTION 10.34.** Section 21.48(e) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.48.(e) The Department shall report on activities under this section.
4 This report is due to the Senate Appropriations Committee on Health and Human
5 Services, the House of Representatives Appropriations Subcommittee on Health and
6 Human Services, and the Fiscal Research Division on May 1, ~~2002-2003~~."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H35(S10.35)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES***

2 **SECTION 10.35.** Section 21.54A of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.54A. Of the funds appropriated in this act to the Department of
4 Health and Human Services, Division of Social Services, the sum of one million five
5 hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year, ~~and one million~~
6 ~~five hundred thousand dollars (\$1,500,000) for the 2002-2003 fiscal year,~~ year shall be
7 used to contract for additional child support services in urban counties demonstrating
8 significant caseload backlogs. The additional support to urban counties shall address the
9 backlog of cases and emphasize the establishment of paternities and the location of
10 absent parents."

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H36(S10.36)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *STATE/COUNTY SPECIAL ASSISTANCE*

2 SECTION 10.36. Section 21.44(d) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.44.(d) Effective October 1, 2002, the maximum monthly rate for
4 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~
5 ~~(\$1,120) per month per resident.~~ one thousand ninety-one dollars (\$1,091) per month per
6 resident."

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H37(S10.37)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***ELECTING COUNTY TANF FUNDS REVERT***

2 SECTION 10.37. G.S. 108A-27.11(c) reads as rewritten:

3 "(c) Each Electing County's allocation for Work First Family Assistance shall be
4 computed based on the percentage of each Electing County's total expenditures for cash
5 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting
6 percentage shall be applied to the federal TANF block grant funds appropriated for cash
7 assistance by the General Assembly each fiscal year. The Department shall transmit the
8 federal funds contained in the county block grants to Electing Counties as soon as
9 practicable after they become available to the State and in accordance with federal cash
10 management laws and regulations. The Department shall transmit one-fourth of the
11 State funds contained in county block grants to Electing Counties at the beginning of
12 each quarter. ~~Once paid, the county block grant funds shall not revert.~~"

80

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H38(S10.38)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES**

2 SECTION 10.38. Section 21.54(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.54.(b) The Department shall submit a progress report on the
4 development of the model to the Senate Appropriations Committee on Health and
5 Human Services, the House of Representatives Appropriations Subcommittee on Health
6 and Human Services, and the Fiscal Research Division on or before January 1, 2002,
7 and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the
8 following:

- 9 (1) The proposed time and location for implementation of the pilot.
- 10 (2) Proposed number of residents to be placed and services to be provided
11 directly by the facility or under contract with the facility.
- 12 (3) Method for evaluating the pilot, including services provided, on a
13 regular basis.
- 14 (4) A description of the living environment for each resident and a
15 comparison of how the living environment compares to that of other
16 residents in the adult care home.
- 17 (5) Changes to State law necessary to implement the pilot.
- 18 (6) Projected cost to the State for pilot and statewide implementation."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H39(S10.39)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

- 1 *ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM*
- 2 *REPEALED*
- 3 SECTION 10.39. Section 21.35 of S.L. 2001-424 is repealed.

VISITOR REGISTRATION SHEET

Approp/Sub on Health and Human Services

July 31, 2002

Name of Committee

Date

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Paul Lesieur	" "
Phon Beal	" "
Ron Benney	DHHS/DCD
Bob Fitzgerald	DHHS/DFS
George McCay	DHHS/DOR
Lynda McDaniel	DHHS
John De Luca	DHHS/DSB
Leah Deulin	DHHS/DPH
Bob Lammie	DHHS
Rich Visangano	DHHS/OMH/DO/SAS

VISITOR REGISTRATION SHEET

Approp/Sub on Health and Human Services
 Name of Committee

July 31, 2002
 Date

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Phillip Hoffman	" " "
Cyndie Bennett	DHHS - OES
Mary Beth	Div. of Aging / DHHS
Karen Gottrovi	Div of Aging
Linda Harrington	DSDHH - DHHS
Meghan	DMADHHS
LANIER CANSLER	DHHS
CARMEN HOOKER ODOM	DHHS
Meg Jorgeward	Covenant w/ NC's children
Jonice Fain	
Margaret Guess	DHHS - DCD

VISITOR REGISTRATION SHEET

HEALTH + HUMAN SERVICES
Name of Committee

7/31/02
Date

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Ken Melton	Allen Associates, Inc.
Andy Ellen	NC Retail Merchants
Marlin Glass	NC DAICS
Fanny Zappa	NCGLTTF
Joey Wambach	Schering
TERRY HARDING	NC Food Banks
Steve Mitchell	Novartis
Lu Ann Coe	NCPA
ANN WALKER	DUAS
PIGGIE POTTS JR	NCDS & NCPTA
Payton Maym	JR
Evelyn Hawthorne	EHA
Myron Terry	GSK
Stacy Flannery	Pfizer Inc.
Logan Coe	NCHCFA
Lisa Wilson	Bone Assoc
John Kilian	NCA LTCF
	more + Van Allen
	NCAP
John McMillan	Governor's Office
Brian Francis	Macklenburg Cnty
Joe Taylor	Wick Co.

VISITOR REGISTRATION SHEET

Approp/Sub on Health and Human Services

July 31, 2002

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Bonnie Allred

DHHS
Blair Dr.
Office of Assistant Sec. for Health

Joseph M. Slaton

DHHS - Div. Budget & Analysis

House/Senate Comparison Report

DRAFT

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

Division of Aging

1	Funds for Senior Tarheel Legislature	(\$6,000)	(\$6,000)	0
	Reduces funds for 3 meetings per year from \$9,000 to \$3,000 each fiscal year.			
2	Governor's Advisory Council on Aging	(\$4,000)	(\$4,000)	0
	Reduces funding by 50%. Funds will now be used to support 2 meetings per year, instead of quarterly meetings. \$4,000 will remain in the budget to cover the expense of 2 meetings.			
3	Central Office Administration	(\$125,000)	(\$125,000)	(\$10,000)
	Reduces administration by 5% for the Division of Aging.			
	Contracts	(\$200,000)	(\$200,000)	0
	Eliminates contracts with Eastern and Western Alzheimer's Associations. Eliminates contract with Duke University for Alzheimer's training.			
5	Senior Centers	(\$341,000)	(\$341,000)	(\$200,000)
	Eliminates 25% of the state funds for Senior Center Development and Outreach.			
6	Senior Games		(\$43,750)	0
	Reduces State Funds for Senior Games by 25%.			
7	Area Agency on Aging Administration	(\$450,000)	(\$450,000)	0
	Reduces state funds for planning and administration funds for 17 AAAs across the state, in lieu of new federal funds received.			

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

8	Home and Community Care Block Grant	(\$374,160)		<i>(\$374,160)</i>
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Reduces State Funds in lieu of additional Federal Funds.

Division of Child Development

9	Early Head Start Funds	(\$56,286)	(\$56,286)	<i>(\$56,286)</i>
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Eliminates the remaining state funds that support the federal Early Head Start Program.

10	Smart Start Evaluation	(\$500,000)	(\$500,000)	<i>(\$37,500)</i>
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Eliminates funding for the Smart Start evaluation.

11	Smart Start Professional Development Funds	(\$16,000)	(\$16,000)	<i>(\$15,000)</i>
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Reduces professional development funds that are used to help child care employees improve their educational qualifications.

12	Smart Start Automation	(\$44,810)	(\$44,810)	<i>(\$42,009)</i>
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Reduces funds to Division of Information and Resource Management for information technology activities that support Smart Start.

13	Local Smart Start Partnership Funds	(\$20,000,000)	(\$24,760,428)	<i>(\$16,011,630)</i>
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Reduces the amount of funds for activities at the local partnership level.

14	NCPC Administration	(\$980,000)	(\$980,000)	<i>(\$362,094)</i>
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Reduces the North Carolina Partnership for Children's administrative costs.

15	Criminal Record Checks	(\$12,000)	(\$12,000)	<i>(\$12,000)</i>
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Reduces the budget for reimbursement to the State Bureau of Investigation for the cost of obtaining record checks.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

16	<p>DCD Administration</p> <p>Reduces administrative expenses including positions, operating costs, and equipment. Positions include: vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 filled and 3.0 vacant Child Program Specialists, 2.0 filled Processing Assistant III's, 1.0 vacant Administrative Assistant I, and 1.0 filled Policy and Planning Consultant.</p>	<p>(\$618,939) -10.00</p>	<p></p>	<p>(\$293,611) -6.2</p>
17	<p>DCD Administration</p> <p>Reduces administrative expenses including positions, operating costs, and equipment. Positions include: 1.0 vacant Administrative Secretary II, 1.0 vacant Office Assistant IV, 1.0 vacant Child Program Specialist, 2.0 filled Processing Assistant III's.</p>	<p></p>	<p>(\$369,228) -5.00</p>	<p>(\$293,611) -6.2</p>
18	<p>Child Care Subsidy</p> <p>Increase state appropriations for child care subsidy to replace federal funds historically used for this purpose. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, child care subsidy was funded at \$3,800,000 less for 02-03 fiscal year. These funds will also be used to address the waiting list for child care subsidy.</p>	<p>\$18,800,000 NR</p>	<p></p>	<p>0</p>

Division of Facility Services

19	<p>Operating Expenses</p> <p>Reduces operating expenses throughout the Division of Facility Services including computer equipment replacement.</p>	<p>(\$126,000)</p>	<p>(\$126,000)</p>	<p>(\$126,000)</p>
20	<p>Travel</p> <p>Reduces travel expenses throughout the Division of Facility Services.</p>	<p>(\$150,000)</p>	<p>(\$150,000)</p>	<p>(\$150,000)</p>
21	<p>Legal Services</p> <p>Eliminates one paralegal position.</p>	<p>(\$35,974) -1.00</p>	<p>(\$35,974) -1.00</p>	<p>(\$35,974)</p>

Health and Human Services

House
FY 02-03

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Governor
FY 02-03

22 Various Contracts (\$244,731) (\$987,101)

Eliminates the following contracts:
Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:
Miscellaneous Contracts \$100,000

23 Various Contracts (\$380,731) (\$987,101)

Eliminates the following contracts:
Solucient \$54,000
Sheps Center \$90,731

Reduce the following contracts:
Poison Control Center \$136,000
Miscellaneous Contracts \$100,000

24 Vacant Positions (\$90,000) (\$90,000) (\$264,512)
-2.00 -2.00 -6.0

Eliminates two vacant positions: 1.0 Facility Engineer Specialist and 1.0 Facility Survey Consultant I.

Division of Medical Assistance

25 Asset Policy Changes (\$3,028,281) (\$3,028,281) (\$3,028,281)

Modifies transfer of asset policy by including real property held under a life estate or tenancy-in-common as a countable asset when determining Medicaid eligibility.

26 Drug Utilization Management (\$37,374,352) (\$37,374,352) (\$37,374,352)

Expands implementation of various drug utilization measures to contain the cost of prescription drugs, including expanding the use of generic drugs.

27 Private Duty Nursing (\$496,639) 0

Reduces reimbursement rates for private duty nursing service providers by 5%.

Health and Human Services

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FY 02-03

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FY 02-03

Governor
FY 02-03

28 Private Duty Nursing Limitations		(\$292,052)	0
<p>Reduces expenditures for private duty nursing services for adults over 21 by limiting the number of hours to 16 hours per day and providing for 24 hours per day for up to 21 days post-hospital stay and up to 14 consecutive days if a patient's caregiver experiences a personal medical emergency.</p>			
29 Personal Care Services Limitations	(\$2,655,057)	(\$2,655,057)	0
<p>Reduces Personal Care Services by reducing the daily limit for services from 3.5 hours per day to 3 hours per day and reducing the monthly limit for services from 80 hours per month to 60 hours per month.</p>			
30 CAP-MR/DD Program		(\$18,358,593)	(\$23,972,2R)
<p>Reduces the Community Alternatives Program for the Mentally Retarded and Developmentally Disabled (CAP-MR/DD) by revising the existing waivers and continuing the freeze on program participation until growth in program participation moderates.</p>			
31 CAP-DA Program		(\$13,554,011)	(\$16,727,631)
<p>Reduces the Community Alternatives Program for Disabled Adults (CAP-DA) by continuing the freeze on program participation, limiting the monthly average cost limit, and limiting the number of In-Home Aide Services.</p>			
32 Asset Policy Changes for PCS Recipients	(\$423,959)	(\$423,959)	(\$423,959)
<p>Modifies transfer of asset policy by applying the policy to persons receiving personal care services while residing in their home.</p>			
33 Pregnant Women Coverage for Minors	(\$244,793)	(\$244,793)	0
<p>Modifies policy for determining eligibility for pregnant women coverage for minors by counting parental income.</p>			
34 Dental Services for Adults over 21		(\$5,121,872)	0
<p>Reduces Dental services for adults over 21 by limiting services to basic preventative and restorative procedures, and emergency dental needs. Eliminates coverage of all denture services.</p>			

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

35	Long Term Care Facilities Rx Contract		(\$3,773,069)	(\$ 3,773,069)
<p>Contracts for the provision of prescription drugs utilized by Medicaid covered residents of nursing facilities, intermediate care facilities for the mentally retarded, and adult care homes.</p>				
36	Hospital Payments	(\$1,409,819)	(\$1,409,819)	(\$ 14,098,189)
<p>Reduces payments to hospitals by 0.5%. Options for reducing payment include using waivers to reduce hospital costs associated with billing Medicaid and implementing a revised outpatient/emergency payment method to relate payment to services received.</p>				
37	Prospective Rates for Home Health Services	(\$991,979)	(\$991,979)	(\$ 991,979)
<p>Establishes prospective rate payment system for Home Health Services and pay for services based on an assessment of the specific needs of the Medicaid recipient. Payment for services will no longer be tied to the number of provider visits.</p>				
38	Home Infusion Therapy	(\$88,809)		0
<p>Reduces reimbursement rates for home infusion therapy providers by 5%.</p>				
39	Contract for Home Infusion Therapy		(\$81,663)	(\$ 81,663)
<p>Contracts for Home Infusion Therapy services and reduce the number of providers.</p>				
40	Define "Efficient Provider" for Long Term Care		(\$15,175,621)	(\$ 15,175,621)
<p>Reduces expenditures by basing payment for long term care providers (nursing facilities, intermediate care facilities for the mentally retarded, and adult care home - personal care services) on an "efficient provider" operating profile.</p>				
41	Home Health Supplies	(\$190,000)		0
<p>Reduces reimbursement rates for home health supplies providers by 5%.</p>				

Health and Human Services

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FY 02-03

Senate
FY 02-03

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FY 02-03

42	Contract for Home Health Supplies		(\$175,055)	(\$175,055)
Contracts for Home Health Supplies and reduce the number of providers.				
43	Optional Services	(\$250,000)	(\$250,000)	0
Eliminates optional circumcision procedures except in cases of medical necessity.				
44	Carolina ACCESS II/III Cost Savings	(\$9,425,000)	(\$9,425,000)	(\$9,425,000)
Reduces expenditures for the Medicaid program to reflect anticipated savings from the expansion of Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increased generic prescribing, implementing polypharmacy review, reducing therapy visits, and better managing of high risk/high cost patients.				
45	Reimbursement Rate Reduction	(\$3,208,964)		0
Reduces reimbursement rates by 5% for the following services: personal care services, ambulance, ambulatory surgical centers, and high risk intervention. <i>2.4 million</i>				
46	Reimbursement Rate Reduction		(\$2,280,846)	0
Reduces reimbursement rates by 0.5% for all providers except hospitals, physicians, and dentists.				
47	Durable Medical Equipment	(\$569,954)		0
Reduces reimbursement rates for durable medical equipment providers by 5%.				
48	Contract for Durable Medical Equipment		(\$538,399)	(\$538,399)
Contracts for Durable Medical Equipment and reduce the number of providers.				
49	Optical Service Providers	(\$202,840)		(\$202,840)
Reduces reimbursement rates for optical service providers by 5%.				

Health and Human Services

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FY 02-03

Senate
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Governor
FY 02-03

50	Optical Service Providers		(\$405,680)	0
	Reduces rates for optical service providers by 10%.			
51	Medicare Crossover Claims	(\$1,900,000)	(\$1,900,000)	(\$1,900,000)
	Applies Medicaid medical policy to Medicare Crossover claims.			
52	Case Management Services	(\$7,716,342)		(\$7,716,342)
	Reduces case management services for adults and children by reducing rates, streamlining services and eliminating duplicative services. This reduction does not apply to CAP-DA and CAP-MR/DD case management services.			
53	Case Management Services		(\$20,000,000)	(\$7,716,342)
	Reduces case management services for adults and children by 33% by streamlining services and eliminating duplicative services.			
54	Revised Medicaid Forecast	\$81,751,234	\$109,723,210	(\$109,723,210)
	Provides Increased funding for the Medicaid Program due to the revised forecast for SFY 2003.			
55	Rate Reduction for Health Departments	(\$671,750)		0
	Reduces Medicaid reimbursement for CPT coded services to health departments by 25%.			
56	Outpatient Hospital Copayments	(\$300,000)		0
	Implements minimal copayments (maximum of \$25) for outpatient hospital treatment services.			

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

57	State Psychiatric Hospitals	(\$2,895,097) -61.00	(\$2,895,097) -61.00	(41,531,714)
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Reduces expenditures for State-operated psychiatric hospitals by eliminating 61.0 positions; reducing education, training, and staff development; reducing expenditures for supplies, printing, and equipment; closing 5-bed TB Unit at Cherry hospital; Closing CPI outpatient unit at John Umstead Hospital, and eliminating 10 psychiatric beds at Cherry Hospital with no community transfer of funding. Eliminated positions include 24.0 Health Care Technician I's, 2.0 Clinical Social Workers, 2.0 Lead Psych Technicians, 1.0 Physician III-B, 2.0 Food Service Assistant II's, 1.0 Librarian, 1.0 LPN, 1.0 Nurse Education Instructor, 1.0 Patient Relations Representative III, 1.0 Physician III-C, 1.0 Plant Maintenance Supervisor II, 1.0 Processing Assistant III, 1.0 Rehab. Therapist, 2.0 Senior Psychologist I's, 1.0 Social Worker Clinical Specialist, 3.0 Teachers, 1.0 Dental Assistant, 1.0 X-Ray Technician II, 1.0 Office Assistant V, 1.0 Adaptive Equipment Specialist, 1.0 Boiler Room Operator Shift Supervisor I, 1.0 FSA II, 1.0 Grounds Worker, 1.0 Housekeeping Supervisor II, 1.0 Human Services Coordinator III, 1.0 Mechanic Supervisor I, 1.0 OT Supervisor II, 1.0 Patient Relations Representative V, 1.0 Physical Therapy Assistant II, 1.0 Processing Unit Supervisor IV, and 2.0 Word Processor III's.

58	Child and Family State Facilities	(\$45,451)	(\$45,451)	(\$45,451)
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Reduces funding for state-operated child and family facilities by reducing building repairs, travel, staff development, student temporary wages and salary reserve.

59	Mental Retardation Centers	(\$2,320,460) -56.50		(\$330,354)
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Reduces expenditures for State-operated Mental retardation centers by eliminating all outreach activities, eliminating 56.5 positions, and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Rehab Therapy Tech, and 52.0 outreach positions.

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60 Mental Retardation Centers	(\$330,354) -5.50	(\$330,354)
<p>Reduces expenditures for State-operated Mental retardation centers by eliminating 5.5 positions and reducing salary reserve. Eliminated positions include: 1.0 Parent Trainer, 0.5 Housekeeper, 1.0 DHHS School Administrator II, 1.0 Patient Review Coordinator, 1.0 Outreach Specialist II, and 1.0 Rehab Therapy Tech.</p>		
61 Substance Abuse State Facilities	(\$184,818) -15.25	(\$184,818) (\$184,818) -15.25
<p>Reduces expenditures for State-operated substance abuse facilities by eliminating 15.25 positions, reducing salary reserve, contracting for dietary services, and reducing operating expenses such as travel, supplies, maintenance and equipment. Eliminated positions include: 4.0 Cook II's, 2.0 Cook Supervisor I, 1.0 Food Service Assistant I, 3.0 Food Service Assistant II's, 1.0 Food Service Supervisor IV, 1.0 Stock Clerk I, 1.0 Health Care Technician I, 1.0 Substance Abuse Counselor II, 1.0 MR Assistant III, and .25 Social Worker II.</p>		
62 Institutional Receipts	(\$1,000,000)	(\$1,000,000) (\$1,000,000)
<p>Reduces State appropriations by increasing the budget for institutional receipts</p>		
63 Central Office Administration	(\$620,826)	(\$121,162)
<p>Reduces state appropriations to Central Office Administration by 5%</p>		
64 Central Office Administration		(\$162,013) (\$121,162)
<p>Reduces central office administration by reducing travel, supplies and equipment line items, and reducing some contracts.</p>		
65 Area Mental Health Programs		(\$29,246,907) (\$38,368,082)
<p>Reduces State appropriations to area mental health programs for community-based services.</p>		

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66 Various Contracts (\$419,674) 0

Eliminates state appropriations for the following contracts:

National Alliance for the Mentally Ill \$ 20,000
Association for Persons in Supported Employment \$39,900
Mental Health Association Respite Training \$120,000
NCSU-CUACS Technical Assistance \$101,350

Reduces State Appropriations for the following contracts:

UNC Student Stipends \$ 22,000
Housing Works, Inc. \$ 30,000
UNC-CH DD Training Institute \$86,424

67 Various Contracts (\$1,335,884) 0

Eliminates state appropriations for the following contracts:

UNC Student Stipends \$ 47,000
Housing Works, Inc. \$ 60,326
National Alliance for the Mentally Ill \$ 20,000
Exceptional Children's Assistance Center \$123,408
Association for Persons in Supported Employment \$39,900
UNC-CH Core Indicator Project Evaluation \$127,000
UNC-CH DD Training Institute \$586,424
Mental Health Association Respite Training \$120,000
NCSU-CUACS Technical Assistance \$101,350

Reduce State Appropriations for the following contract:

NC High School Athletics Association \$111,376

68 Autism Society Contract (\$280,000) 0

Reduces the contract with the Autism Society by 10%.

69 United Cerebral Palsy, Inc. Contract (\$120,000) 0

Reduces the contract with United Cerebral Palsy, Inc. by 10%.

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70	Patient Advocates in State Psychiatric Hospitals	(\$295,229) -5.00		0
	Reduces expenditures for patient advocacy in State-operated psychiatric hospitals by 25%. Reduction eliminates 5.0 patient advocates.			
71	Patient Advocates in Mental Retardation Centers	(\$96,947) -6.00		0
	Reduces expenditures for patient advocacy in State-operated mental retardation centers by 25%. Reduction eliminates 6.0 patient advocates.			
72	Autism Funds			0
	Provides funds for the operation of Residential Services Inc. to provide residential services to autistic children.	\$280,000 NR		
73	Housing Support for the Mentally Ill			0
	Provides funds to support expansion of housing support and placements for the mentally ill.	\$500,000 NR		
	Residential Services for Women with Children			0
	Provides funding for nine therapeutic homes programs for women with substance abuse or dependency diagnosis. Participating women reside in the home for 12 months to be followed by six months of outpatient services.	\$1,000,000 NR		

Division of Public Health

75	Prescription Drug Access Project	(\$200,000)	(\$200,000)	0
	Eliminates the appropriations for the Prescription Drug Access Project.			
76	Office of Minority Health	(\$24,000)	(\$24,000)	0
	Reduces the operating costs in the Office of Minority Health.			

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77	Immunization Branch Operating Funds	(\$66,659)	(\$66,659)	(\$166,659)
<p>Reduces state appropriations for travel, telecommunication, property insurance and employee education and replaces these funds with the federal immunization grant funds.</p>				
78	Farmers' Market Program	(\$157,230)	(\$157,230)	0
<p>Eliminates the Farmers' Market Program.</p>				
79	Health Promotion Funding	(\$180,000)	(\$180,000)	0
<p>Reduces the Health Promotion funding that supports local health promotion activities.</p>				
80	Contracts and Grants-in-Aid	(\$319,062)		0
<p>Eliminates the following contracts: UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235) Eliminates a contract and reduces the grant-in-aid to the Poe Center - (\$51,500) Greenway Project - (\$6,425) Training and Research - (\$15,000) UNC Tech Assistance and Health Promotion Campaign - (\$89,825) Reduces the contract with UNC for PHTIN - (\$129,077)</p>				
81	Contracts and Grants-In-Aid		(\$469,062)	0
<p>Eliminates the following contracts: UNC - CH - Cardiovascular Health Program Evaluation Initiative - (\$27,235) Poe Center Contract and Grant-in-Aid - (\$201,500) Greenway Project - (\$6,425) Training and Research - (\$15,000) UNC Tech Assistance and Health Promotion Campaign - (\$89,825) Reduces the contract with UNC for PHTIN - (\$129,077)</p>				
82	HIV/STD Care Contracts	(\$38,845)	(\$38,845)	(\$38,845)
<p>Reduces state appropriations and replaces these funds with the Ryan White Title II grant for contracts with community-based organizations.</p>				

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83	Sickle Cell Program Reduces state appropriations and replaces the funds with increased federal financial participation through Medicaid for the Sickle Cell community-based organizations.	(\$42,096)	(\$42,096)	(\$42,096)
84	Oral Health Section Positions Eliminates 7.0 dentist positions, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.	(\$247,000) -3.00	(\$747,000) -9.00	0
85	Oral Health Section Positions Eliminates 1.0 vacant dentist position, 1.0 vacant Dental Hygienist position, and 1.0 vacant Administrative Assistant position.	(\$247,000) -3.00	(\$11,107)	0
86	Regional Dentists' Offices Eliminates appropriations for the regional dentists' offices in Raleigh and Fayetteville and eliminates the operating expenses.	(\$11,107)	(\$11,107)	0
87	Aid-to-County Reduces the Aid-to-County funding by an amount that has historically been reverted at fiscal year's end.	(\$1,000,000)	(\$1,000,000)	0
88	State Laboratory Pap Smear Program Reduces state appropriations within the Pap Smear Program and replaces it with a new \$7 fee to local health departments and state owned facilities for the test specimen.	(\$1,050,000)	(\$1,050,000)	0
89	Intensive Home Visiting Program Reduces funding for the Intensive Home Visiting Program.	(\$110,000)	(\$95,860)	(\$500,000)
90	Children With Special Needs Program Reduces state appropriations for the Children With Special Needs program; the program historically has had unencumbered funds remaining in the account at the end of the fiscal year.	(\$110,000)	(\$110,000)	(\$110,000)

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91	Operating Expenses	(\$52,180)	(\$52,180)	(\$52,180)
<p>Reduces state appropriations for honorariums, conference registrations, educational supplies, office furniture and printing/binding for the Children and Youth Branch of Women's and Children's Health Section.</p>				
92	State Laboratory - Newborn Screening	(\$862,500)	(\$1,000,000)	(\$1,000,000)
<p>Reduces state appropriations for the newborn screening tests and replaces these funds with proposed \$10 fees to be charged to hospitals and providers for each specimen submitted for testing.</p>				
93	Women's Health	(\$281,257)	(\$281,257)	(\$281,257)
<p>Reduces state appropriations and replaces the funds with Medicaid federal financial participation for the Perinatal Outreach and Education Training Program (POET).</p>				
94	State Center For Health Statistics	(\$146,190)	(\$146,190)	(\$146,190)
<p>Replaces state appropriations with historically over-realized receipts from the National Center for Health Statistics.</p>				
95	Equipment	(\$27,835)	(\$27,835)	0
<p>Eliminates appropriations for equipment in the Oral Health Section.</p>				
96	Positions in Women's and Children's Health Section	(\$130,888) -3.45	(\$130,888) -3.45	(\$51,868)
<p>Eliminates 3.45 vacant positions: 0.75 Audiologist, 0.70 Processing Assistant, 1.0 Public Health Program Consultant I, and 1 Social Research Assistant.</p>				
97	Oral Health	(\$662,107)	(\$662,107)	(\$662,107)
<p>Reduces state appropriations for the Dental Hygienist positions and replaces these funds with Medicaid receipts.</p>				

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98	Administrative Activities	(\$400,000)	(\$400,000)	(\$400,000)
<p>Reduces state appropriations for non-direct service activities within Women's and Children's Health Section and replaces these funds with Medicaid receipts.</p>				
99	Hepatitis B Vaccine School Site Initiative	(\$604,800)	(\$604,800)	(\$604,800)
<p>Reduces state appropriations for the Hepatitis B vaccine and replaces the funds with federal vaccine funds.</p>				
100	Contracts	(\$364,700)		(\$519,830)
<p>Terminates contracts with LabCorp for CD4 testing and dysplasia clinics for cancer diagnostic and treatment services.</p>				
101	Contracts		(\$519,830)	(\$519,830)
<p>Terminates contracts with LabCorp for CD4 testing, dysplasia clinics for cancer diagnostic and treatment services, and Wake Forest University for follow-up monitoring of Intensive Care Nursing and Neonatal Intensive Care Unit infants.</p>				
102	Community Care Coordination	(\$90,000)	(\$90,000)	(\$90,000)
<p>Reduces state appropriations and replaces the funds with Medicaid receipts for the community care coordinator contracts.</p>				
103	Dusty Trades Program	(\$165,405) -4.00	(\$165,405) -4.00	(\$165,405)
<p>Closes the Dusty Trades Program. Eliminates 3.0 filled Industrial Hygienist Consultant positions and 1.0 filled Processing Assistant IV position.</p>				
104	Prescription Drug Assistance Program	(\$500,000)	(\$500,000)	(\$470,000)
<p>Eliminates funding for the Prescription Drug Assistance Program for the elderly.</p>				

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105 Home Health Purchase of Medical Care

(\$3,293,722)
-1.00

0

Eliminates state appropriations for the Home Health Purchase of Medical Care Program and 1.0 Public Health Program Supervisor II position.

106 Developmental Evaluation Centers

(\$2,076,426)

(\$2,076,426)

0

Reduces appropriations for the 18 Developmental Evaluation Centers.

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107 Contracts - Women's and Children's Health Section

(\$1,448,868)

(\$1,448,868)

(\$1,413,780)

Reduces contracts for services to support direct care. The following contracts are reduced by the corresponding amounts:

Prevent Blindness - (\$41,900)

UNC-CH, Center for Public Health Practice - (\$18,750)

Duke University Medical School - (\$59,674)

Carolina Healthcare System II (Pediatric and Prenatal Services) - (\$33,113)

ECU (Pediatric and Prenatal Services)- (\$38,192)

Fullerton Genetics Clinic (Pediatric and Prenatal Services) - (\$63,030)

Wake Forest (Pediatric and Prenatal Services) - (\$55,102)

UNC-CH (Pediatric and Prenatal Services) - (\$116,518)

UNC-CH (Alpha-fetal protein screening) - (\$20,000)

Wake Forest (Alpha-fetal protein screening) - (\$20,000)

Carolinas HealthCare System (Services for children with hemophilia or other coagulation disorders) - (\$200)

Duke University (Services for children with hemophilia or other coagulation disorders) - (\$600)

ECU (Services for children with hemophilia or other coagulation disorders) - (\$600)

UNC-CH (Services for children with hemophilia or other coagulation disorders) - (\$7,300)

Wake Forest University (Services for children with hemophilia or other coagulation disorders) - (\$1,300)

Moses Cone - (\$4,600)

Duke University Medical Center - (\$33,697)

Wake Forest University (Assessment, monitoring and treatment of children 0-21 with orthopedic conditions) - (\$11,425)

Western Carolina University - (\$40,000)

Assistive Resource Centers (15% reduction for each) - (\$112,346)

In-hospital identification of children with special health care needs - 10 contracts - (\$69,597)

Center for Development and Learning UNC-CH - (\$485,646)

Dept. of Agriculture - (\$600)

NC Baptist Hospital - (\$4,800)

Central Carolina - (\$50,000)

UNC-CH - (\$87,708)

Young Women's Outreach - (\$18,990)

Albemarle Smart Start - (\$30,680)

Adolescent Pregnancy Prevention Coalition of NC - (\$22,500)

108 Administrative Consultants

(\$251,289)

-5.00

0

Eliminates 1.0 vacant and 4.0 filled Administrative Consultant positions.

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109	Governor's Council on Physical Fitness	(\$25,000)		0
	Eliminates funding for the Governor's Council on Physical Fitness.			
110	Vital Records Fee Increase	(\$499,235)		0
	Increases vital records transition fees to \$15.00.			
111	Healthy Start Foundation			0
	Provides funds to Healthy Start to improve access to prenatal care and reduce poor birth outcomes for families in North Carolina.	\$250,000 NR		
112	Healthy Carolinians			0
	Provides Funding for Healthy Carolinians task forces across the State.	\$750,000 NR		
113	Asthma Education Program			0
	Provides funding to support asthma management, control, surveillance, and education.	\$100,000 NR		

Division of Social Services

114	DSS State Administration	(\$1,399,093)	(\$1,399,093)	(\$1,399,093)
	Reduces the operating budget for the Central Office.			
115	Local DSS Administration	(\$1,000,000)	(\$5,500,000)	0
	Reduces State funds for operating budgets for 100 local Departments of Social Services.			
116	Carry forward for Electing Counties	(\$600,000)	(\$600,000)	0
	Eliminates the ability of 13 Electing Counties to carry forward excess state funds at the end of state fiscal year.			

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117 State/County Special Assistance (\$2,045,157) 0

Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$300,000 in remaining funds shall be used for expanded audit requirements.

118 State/County Special Assistance (\$2,145,157) 0

Maintains the current rate of \$1,091 for the 02-03 fiscal year. Maintaining this rate will result in a cost-savings of an equal amount for local Departments of Social Services. An amount of \$200,000 in remaining funds shall be used for expanded audit requirements.

119 Families for Kids (\$1,200,000) (\$1,200,000) 0

Eliminates funding for 16 local Departments of Social Services. Historically, these funds have been used to assist counties improving their child welfare services and reduce the amount of time children remain in the foster care system.

120 Various Contracts (\$892,743) (\$892,743) (\$892,743)

Eliminates state appropriations for the following contracts in the Child Support Section:

- Child Support Enforcement Training - \$641,893
- Child Support Enforcement Help Desk - \$229,840
- Ohio State Treasurer - \$ 21,010

121 Child Support Backlog (\$1,500,000) (\$1,500,000) (\$1,500,000)

Eliminates expansion item that was not funded during the 01-02 fiscal year. Funding was intended to address Child Support Enforcement backlogs in urban counties. The Division addressing the problem through improving current operating procedures without additional funds.

122 Intensive Family Preservation Services (\$500,000) 0

Reduces State funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Services will be maintained with additional Federal funds.

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123 Intensive Family Preservation		(\$25,977)	0
Reduces funds for a Program involving 53 providers focused on preventing out-of-home placement for high-risk children. Recurring budgeted state funds will be approximately \$1.4 million following this reduction.			
124 Family Resource Centers	(\$865,000)	(\$698,866)	(\$1,765,000)
Reduces State funds for Family Resource Centers in 49 counties. Services will be maintained with additional Federal funds.			
125 CCPT Grant	(\$250,000)	(\$250,000)	0
Eliminates funds for the Community Child Protection Team Grant (CCPT). Historically, this funding has been distributed on a competitive basis to counties demonstrating innovative approaches to improving their child protection services.			
126 Resident Evaluation Services	(\$1,062,037)	(\$1,062,037)	(\$1,062,037)
Eliminates funds for Resident Evaluation Services. The automated instrument required to implement this new initiative is incomplete and funds to implement the program statewide are not available.			
127 State Adult Care Home Specialist Funds		(\$1,400,000)	0
Eliminates funds used to pay for staff at local Departments of Social Services. The state provided this funding to reduce caseloads for adult home specialists at the local level.			
128 State Abortion Fund	(\$50,000)		0
Eliminates funds for the State Abortion Fund. No abortions have been paid for with these funds since 1996.			
129 Position Eliminations	(\$895,136) -56.00		(\$895,936)
Eliminates 44 vacant and 12 filled positions in the Division of Social Services.			

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130 State Maternity Home Funds

(\$438,354)

(~~\$876,708~~)

Reduces State funds for maternity homes. TANF Block Grant funds will be used to replace the reduction in State funds.

131 Welfare Automation Fund

(\$8,000,000)

0

Reduces State funds used for various automation projects in the Department of Health and Human Services.

132 Boys and Girls Clubs

\$550,000 NR

\$550,000 NR

0

Provides State appropriations to replace federal funding historically used to support Boys and Girls Clubs across the state. Due to a reduction in the Temporary Assistance for Needy Families (TANF) Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

133 Food Banks

\$1,000,000 NR

\$900,000 NR

0

Provides funds to be equally distributed to the regional network of food banks in North Carolina.

134 Special Children Adoption Fund

\$2,000,000 NR

0

Provides State appropriations to replace federal funding historically provided to adoption agencies in order to increase the number of children adopted from the foster care system. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, this item could not be funded with federal funds for the 02-03 fiscal year.

135 Funds for Work Central Career Advancement Center

\$500,000 NR

0

Provides State appropriations for a Call Center in Edgecombe County (serving seven counties) historically funded with federal funds. Due to a reduction in the Temporary Assistance for Needy Families Block Grant, federal funds are not available to fund this project for the 02-03 fiscal year.

Division of Vocational Rehabilitation

136	Direct VR Client Services	(\$1,922,522)	(\$3,499,678)	<u>(\$1,922,522)</u>
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Reduces state appropriations for vocational rehabilitation client services by implementing stricter case policies and "order of selection" policies that allow a waiting list for the least disabled clients.

137	Administrative Operational Costs	(\$400,000)	(\$400,000)	<u>(\$400,000)</u>
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Reduces administrative costs by reducing expenditures for supplies, travel, and equipment.

138	Disability Division's Consolidation	(\$750,000)	(\$750,000)	0
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~~Reduces state appropriations for the Divisions of Services for the Blind and Vocational Rehabilitation by consolidating the Division of Services for the Blind, Division of Services for the Deaf and Hard of Hearing, and Division of Vocational Rehabilitation and creating a new Division to be named by the Department of Health and Human Services. Reductions will result from the consolidation of administration for all three divisions, consolidation of district offices in cities where there are two or more district offices, and streamlining of direct client services provided by all three divisions. No reductions are to come from the Division of Services for the Deaf and Hard of Hearing, and services unique to persons who are deaf or blind shall be maintained.~~

139	Vacant Positions	(\$850,000) -25.00	(\$850,000) -25.00	<u>(\$700,000)</u> -20.0
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Eliminates 25.0 vacant positions including 1.0 Adj. Services Instructor, 1.0 Administrative Assistant I, 1.0 Administrative Officer III, 1.0 Computer Technical Support III, 8.0 Office Assistant II's, 1.0 Office Assistant IV, 1.0 Processing Assistant III, 1.0 Program Assistant V, 1.0 Rehab. Case Assistant, 2.0 Rehab. Case Supervisors, 1.0 Rehab. Education Specialist, 1.0 Stock Clerk II, 1.0 Vocational Evaluator II, and 1.0 Vocational Evaluation Specialist.

140	Universal Design Contract	(\$50,000)	(\$99,998)	0
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Reduces Universal Design contract with NCSU's Center for Universal Design.

Divisions of Services for the Blind and Services for Deaf & Hard of Hearing

141	Special Assistance for the Blind	(\$158,000)	(\$158,000)	(\$ 158,000)
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Reduces excess funding in the Special Assistance for the Blind program.

142	Medical Eye Care and Independent Living Services	(\$64,000) -1.00	(\$64,000) -1.00	(\$ 64,000)
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Reduces funding for Medical Eye Care and Independent Living Services by eliminating 1.0 Medical Eye Care Consultant position and reducing funding for medical/scientific equipment and educational supplies.

143	Cost Allocation to Telecommunications Access of NC	(\$21,013)	(\$21,013)	(\$ 21,013)
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Reduces state appropriations to the Division of Services for the Deaf and Hard of Hearing by increasing receipts from Telecommunication Access of NC through cost allocation.

144	Operating Expenses	(\$200,000)	(\$200,000)	0
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Maintains expenditures for SFY 2003 for operating expenses at the SFY 2002 expenditure level.

145	Medical Eye Care Program	(\$200,000)	(\$200,000)	0
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Reduces excess funding in the Medical Eye Care Program.

NC Health Choice

146	Dispensing Fee Reduction	(\$168,964)	(\$168,964)	0
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Reduces premiums for the NC Health Choice program by reducing the dispensing fee paid to pharmacists from \$6.00 per prescription to \$4.00 for brand name drugs and \$5.60 for generic drugs. This is the same dispensing fee as paid by the Medicaid Program.

147	Premium Reduction by Using Medicaid Reimbursement	(\$8,578,528)	(\$8,578,528)	0
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Reduces premiums for the NC Health Choice Program by paying Medicaid reimbursement rates to NC Health Choice providers.

148 Co-Payments

(\$771,128)

0

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit Increased to \$10 from \$5
Rx Filled Was \$6 for all Drugs
 Now \$5 for Generic and
 \$10 for brand name
Non- emergency Use of ER Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit \$5
Rx Filled \$1 for Generic and
 \$3 for brand name
Non-emergency Use of ER \$10

149 Co-payments

(\$454,669)

0

Reduces premiums for the NC Health Choice program by increasing co-payments for families with income greater than 150% of the federal poverty level and establishing new co-payments for families with income at or below 150% of the federal poverty level.

Increased rates for families with income greater than 150% of the FPL:

Office/Mental Health Visit Increased to \$7 from \$5
Rx Filled Was \$6 for all Drugs
 Now \$5 for Generic and
 \$10 for brand name
Non- emergency Use of ER Increased to \$30 from \$20

New co-payments for families with income at or below 150% of the FPL:

Office/Mental Health Visit \$2
Rx Filled \$1 for Generic and
 \$3 for brand name
Non-emergency Use of ER \$10

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Office of Education Services

150 Capital Improvement Reserves	(\$701,665)	(\$701,665)	(\$ 701,665)
Eliminates appropriation for capital improvement reserves.			
151 Central Preschool Program	(\$361,164) -9.00	(\$361,164) -9.00	(\$ 333,228)
Abolishes 7.0 vacant and 2.0 filled preschool staff positions and operating expenses for the Central Preschool Program. Positions include: 5.0 vacant Teachers, 1.0 vacant Lead Teacher, 1.0 filled Processing Assistant IV, 1.0 filled Processing Assistant III, and 1.0 EDA II.			
152 Maintenance Contract	(\$1,127)	(\$1,127)	0
Reduces a contract for maintenance at the Governor Morehead School.			
153 Positions at ENCSD	(\$716,267) -26.00	(\$716,267) -26.00	(\$ 716,267)
Abolishes 26.0 vacant positions at the Eastern North Carolina School for the Deaf. Positions include: 1.0 Cook I, 4.25 EDA II's, 3.0 Food Service Assistant I's, .75 Occupational Therapist II, 1.0 Processing Assistant IV, 1.0 Resident Life Attendant, 9.0 Resident Life Trainers, 5.0 Teachers, and 1.0 Volunteer Service Coordinator.			
154 Operating Budget	(\$200,143)	(\$200,143)	(\$ 200,143)
Reduces operating budgets at the residential schools. This reduction targets equipment and supplies.			
155 Beginnings Contract		(\$38,000)	0
Reduces the contract amount with Beginnings.			
156 Positions at GMS	(\$319,691) -11.00	(\$319,691) -11.00	(\$ 89,576) - 4.0
Abolishes 11.0 vacant positions at the Governor Morehead School. Positions include: 1.0 EDA II, 1.0 General Utility Worker, 1.0 Housekeeper, 1.0 Librarian, 2.0 Resident Life Attendants, 5.0 Resident Life Trainers.			

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157	Governor Morehead School Preschool Program	(\$641,763) -8.75	(\$641,763) -8.75	(\$ 641,763)
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Abolishes 8.75 vacant positions and reduces operating expenses for the Governor Morehead School Preschool Program. Positions include: 4.0 Teachers, 1.0 Lead Teacher, 2.0 Social Workers, and 1.75 EDA's.

158	Auditory Learning Program Contract	(\$150,000)	(\$200,000)	(\$ 200,000)
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Eliminates funding for the contract with the Auditory Learning Program.

159	IEP/IFSP Personal Service Contracts	(\$100,000)	(\$100,000)	(\$ 100,000)
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Reduces personal service contracts for activities prescribed in Individual Educational Plans and Individual Family Services Plans.

160	Central School Maintenance Funding	(\$381,632) -4.00	(\$381,632) -4.00	(\$ 381,632)
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Eliminates the Central School for the Deaf's maintenance and operating budget. The positions to be eliminated include: 1.0 Maintenance Mechanic IV, 1.0 Facility Maintenance Supervisor III, and 2.0 Maintenance Mechanic II's.

161	Positions at WNCSD	(\$362,625) -14.75	(\$362,625) -14.75	(\$ 362,625)
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Abolishes 14.75 vacant positions and reduces operating expenses at the Western North Carolina School for the Deaf. Positions include: .75 Office Assistant IV, 1.0 Processing Assistant IV, 1.0 Staff Development Specialist II, 1.0 Computer Support Tech II, 1.0 Boiler Operator I, 1.0 Maintenance Mechanic I, 1.0 Maintenance Mechanic II, 5.0 Teachers, 1.0 Resident Life Attendant, and 2.0 Resident Life Trainers.

Office of the Secretary

162	Aid to Clinic Construction	(\$75,000)	(\$75,000)	(\$ 75,000)
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Reduces funding for clinic construction.

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

163	Loan Repayment Incentive Funds	(\$600,000)	(\$1,689,121)	(\$ 600,000)
	Reduces funding for Loan Repayment Incentive Funds program.			
164	Community Primary Care Grant Program	(\$118,400)	(\$118,400)	(\$ 118,400)
	Eliminates funding for the Community Primary Care Grant Program in the Office of Research, Demonstration and Rural Health Development.			
165	Rural Health Clinic Operational Funding	(\$150,000)	(\$150,000)	(\$ 150,000)
	Reduces rural health clinic operating funds.			
166	Administrative Costs	(\$48,109)	(\$48,109)	(\$ 48,109)
	Reduces administrative costs in the Office of Research, Demonstration, and Rural Health Development.			
167	Position Eliminations		(\$5,000,000) -150.00	0
	Eliminates vacant or filled positions, reduce layers of management, and related operating expenses throughout the Department of Health and Human Services.			
168	IT Contractual Services	(\$2,402,718)	(\$2,402,718)	(\$ 1,759,485)
	Reduces the SFY 2003 Certified Budget for information technology contractual services by 15%.			
169	Position Eliminations - DIRM	(\$330,250) -11.00	(\$330,250) -11.00	(\$ 330,250)
	Eliminates 11.0 vacant positions in the Division of Information Management: 3.0 Application Analyst Programmer I's, 3.0 Application Programmer II's, 1.0 Application Programmer I, 1.0 Information Processing Assistant I, 1.0 Processing Assistant IV, and 2.0 Telecommunications Equipment Tech. III's.			
170	NC Child Advocacy Institute Grant-In-Aid	(\$125,000)	(\$125,000)	0
	Reduces the grant-in-aid to the NC Child Advocacy Institute by 50%.			

Health and Human Services

House
FY 02-03

Senate
FY 02-03

Governor
FY 02-03

171	Position Eliminations - Controller's Office	(\$53,000)	(\$53,000)	(\$ 53,000)
		-2.00	-2.00	

Eliminates 2 vacant positions in the DHHS Controller Office. Eliminates 1.0 Accounting Clerk IV and 1.0 EBT Coordinator.

172	Print Shop Elimination	(\$46,657)	(\$46,657)	0
		-6.00	-6.00	

Eliminates the Print Shop in the Office of Public Affairs. DHHS shall contract for printing services with the Department of Corrections.

173	NC Council on the Holocaust		(\$31,016)	0
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Reduces state appropriations for the NC Council on the Holocaust.

174	Intervention Services Unit	(\$96,671)		0
		-1.00		

Eliminates the Intervention Services Unit.

Department Totals

(\$75,448,942)	(\$153,832,060)
-347.70	-375.70
\$25,730,000 NR	\$1,450,000 NR

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424

Thursday, August 1, 2002

8:00 a.m.

Opening Remarks

Representative Beverly Earle, Co-Chair
Representative Edd Nye, Co-Chair

2002-2003 Special Provisions

Committee Discussion

Next Meeting

Adjourn

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Thursday, August 1, 2002

8:00 A. M.

Room 643, Legislative Office Building

The Appropriations subcommittee on Health and Human Services met on Thursday, August 1, 2002 at 8:00 A.M. in Room 643 of the Legislative Office Building. Members present were Representative Edd Nye, Representative Beverly Earle, Co-Chairs; Representatives Mark Crawford, Walter Church, Debbie Clary, Billy Creech, Theresa Esposito, Verla Insko, and Thomas Wright.

Representative Nye called the meeting to order and welcomed Committee members and visitors. Attached is the Visitor Registration Sheet that is made a part of the minutes.

After opening remarks, the Chair announced that amendments to the special provisions report would be heard. The following amendments were offered:

- 1- Rep. Nye-Adopted, voice vote
- 2- Rep. Nye-Adopted, voice vote, Recalled, voice vote
- 3- Rep. Earle-Adopted, voice vote
- 4- Rep. Insko-Displaced
- 5- Rep. Crawford-Adopted, voice vote
- 6- Rep. Insko-Adopted, voice vote
- 7- Rep. Nye-Adopted, voice vote

Representative Crawford moved that the report be approved. Report was approved by voice vote.

Representative Nye adjourned the meeting.

Representative Edd Nye, Co-Chairman

Jo Bobbitt, Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H47(S10.47)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **INTENSIVE HOME VISITING**

2 **SECTION 10.47.** Section 21.97(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.97.(b) The Division shall require in-home visitors to collect data on
4 program participants as a condition of participation. This requirement shall include
5 six-month periodic assessments and completion of the questionnaires. The Department
6 shall ensure that the collection, maintenance, use, and disclosure of data complies with
7 applicable State and federal law protecting privacy of health and other individual
8 information. By April 1, 2002,—2003, the Division shall report to the Senate
9 Appropriations Committee on Health and Human Services and the House of
10 Representatives Appropriations Subcommittee on Health and Human Services on the
11 following items:

- 12 (1) Number of clients/families enrolled per county.
- 13 (2) Attrition and reasons why families leave the program.
- 14 (3) Average number of home visits per month.
- 15 (4) Average time involved per home visit.
- 16 (5) Baseline family characteristics.
- 17 (6) Health behaviors.
- 18 (7) Perinatal and birth outcomes.
- 19 (8) Other relevant outcome information.

20 All program information shall include the identification of the model used in order to
21 compare these models in the future."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H48(S10.48)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **AIDS DRUG ASSISTANCE PROGRAM (ADAP)**

2 **SECTION 10.48.(a)** Section 21.90(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal
4 year, HIV-positive individuals with incomes at or below one hundred twenty-five
5 percent (125%) of the federal poverty level are eligible for participation in ADAP.
6 ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to~~
7 ~~one hundred fifty percent (150%) of the federal poverty level only after the Office of~~
8 ~~State Budget and Management certifies in writing that the Department has developed an~~
9 ~~information management system pursuant to subsection (a) of this section. Until the~~
10 ~~Office of State Budget and Management makes this certification, eligibility~~Eligibility
11 for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended
12 to individuals with incomes above one hundred twenty-five percent (125%) of the
13 federal poverty level. ~~Following six months of increased eligibility at one hundred fifty~~
14 ~~percent (150%) of the federal poverty level, eligibility for participation in ADAP shall~~
15 ~~be extended to individuals with incomes up to one hundred seventy five percent (175%)~~
16 ~~of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning~~
17 ~~July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals~~
18 ~~with incomes up to two hundred percent (200%) of the federal poverty level."~~

19 **SECTION 10.48.(b)** The Department of Health and Human Services shall
20 develop a plan to manage costs in ADAP and to serve additional participants within
21 additional resources. The plan shall include an assessment of the following, including,
22 where applicable, a review of other states' actions in these areas:

- 23 (1) Limiting the drug formulary.
24 (2) Capping expenditures on a per participant/per month basis.
25 (3) Providing financial assistance to participants for health care program
26 premiums.

27 **SECTION 10.48.(c)** The Department shall report on activities conducted
28 under this section and under Section 21.90 of S.L. 2001-424 to the Senate
29 Appropriations Committee on Health and Human Services, the House of
30 Representatives Subcommittee on Health and Human Services, and the Fiscal Research
31 Division. The Department shall submit an interim report not later than December 1,
32 2002, and a final report not later than May 1, 2003.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H49(S10.49)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***PRESCRIPTION DRUG ASSISTANCE PROGRAM***

2 **SECTION 10.49.(a)** Section 21.88 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.88. Of the funds appropriated in this act to the Department of Health
4 and Human Services, the sum of five hundred thousand dollars (\$500,000) for the
5 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars (\$500,000) for the~~
6 ~~2002-2003 fiscal year~~ shall be used to pay the cost of outpatient prescription drugs for
7 persons:

- 8 (1) Over the age of 65 years and not eligible for full Medicaid benefits;
9 (2) Whose income is not more than one hundred fifty percent (150%) of
10 the federal poverty level; and
11 (3) Who have been diagnosed with cardiovascular disease or diabetes.

12 These funds shall be used to pay the cost of outpatient prescription drugs for the
13 treatment of cardiovascular disease or diabetes. Payment shall be not more than the
14 Medicaid cost including rebates. The Department shall develop criteria to maximize the
15 efficient and effective distribution of these drugs."

16 **SECTION 10.49.(b)** It is the intent of the General Assembly that funding for
17 prescription drug assistance provided by the Health and Wellness Trust Fund shall
18 include funds for the transition of benefits formerly provided under the Prescription
19 Drug Assistance Program.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H52(S10.52)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT***

2 **SECTION 10.52.** The Department of Health and Human Services shall
3 report on the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate
4 Appropriations Committee on Health and Human Services, the House of
5 Representatives Appropriations Subcommittee on Health and Human Services, and the
6 Fiscal Research Division not later than December 1, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H40(S10.40)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY**

2 **SECTION 10.40.(a)** The Department of Health and Human Services shall
3 develop a plan to address the short-term and long-term recommendations of the report
4 titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special
5 Assistance Rate Methodology, May, 2002." The plan shall include:

- 6 (1) Setting the rate at the median plus a percentage;
7 (2) Excluding low-occupancy facilities from the rate-setting methodology;
8 and
9 (3) Adjusting fixed costs for inflation.

10 **SECTION 10.40.(b)** The Department shall implement the following changes
11 to the adult care home cost reports:

- 12 (1) Revise the Direct Cost category to exclude personal care and medical
13 related transportation;
14 (2) Revise the Indirect Cost category to exclude property/ownership/use;
15 (3) Revise the category of other Cost centers to include: personal care,
16 medically related transportation, and mental health services;
17 (4) Create a capital cost center category to include
18 property/ownership/use;
19 (5) Create a nonreimbursable cost category; and
20 (6) Define allowable and nonallowable expenditures.

21 The Department of Health and Human Services shall make the new cost report format
22 available to each facility 90 days prior to implementation.

23 **SECTION 10.40.(c)** The Department shall expand current audit policies and
24 procedures for auditing provider costs. The Department shall create an audit function
25 that is directly answerable to the State and involves fewer but more detailed audits. All
26 providers of services to State County Special Assistance recipients shall be subject to a
27 State audit if selected. The specific audit requirements shall be based on auditing
28 requirements of governmental programs providing similar services. The Department
29 shall combine Division of Medical Assistance audits for personal care services and
30 audits for State/County Special Assistance. The Department shall use the sum of three
31 hundred thousand dollars (\$300,000) in available resources for State/County Special
32 Assistance and Medicaid funds to cover the additional auditing costs. The Department
33 in consultation with the Office of the State Auditor shall contract with an independent
34 consultant for this service.

1 **SECTION 10.40.(d)** The Department shall apply for federal waivers to pay
2 facilities directly for residential services for State County Special Assistance Residents.
3 **SECTION 10.40.(e)** The Department shall report on the progress of the
4 implementations of the requirements of this section no later than December 1, 2002, to
5 the Senate Appropriations Committee on Health and Human Services, the House of
6 Representatives Appropriations Subcommittee on Health and Human Services, and the
7 Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H41(S10.41)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***SPECIAL CHILDREN ADOPTION FUND***

2 SECTION 10.41. Section 21.40(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.40.(b) Of the total funds appropriated for the Special Children
4 Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the
5 total funds available shall be reserved for payment to participating private adoption
6 agencies. If the funds reserved in this subsection for payments to private adoption
7 agencies have not been spent on or before March 31, ~~2002, 2003~~, the Division of Social
8 Services may reallocate those funds, in accordance with this section, to other
9 participating adoption agencies."

85

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H71

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **BOYS AND GIRLS CLUBS**

2 SECTION #. The sum of five hundred fifty thousand dollars (\$550,000)
3 appropriated in this act to the Department of Health and Human Services for Boys and
4 Girls Clubs shall be used to make grants for approved programs. The Department of
5 Health and Human Services shall administer a grant program to award funds to the Boys
6 and Girls Clubs across the State in order to implement programs that improve the
7 motivation, performance, and self-esteem of youths and to implement other initiatives
8 that would be expected to reduce school dropout and teen pregnancy rates. The
9 Department shall encourage and facilitate collaboration between the Boys and Girls
10 Clubs and Support Our Students, Communities in Schools, and similar programs to
11 submit joint applications for the funds if appropriate.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H42(S10.42)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *ALZHEIMER'S ASSOCIATION FUNDS FY 2001-2002*

2 SECTION 10.42. Section 21.31 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.31. Of the funds appropriated in this act to the Department of Health
4 and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars
5 (\$150,000) for the 2001-2002 fiscal year and ~~the sum of one hundred fifty thousand~~
6 ~~dollars (\$150,000) for the 2002-2003 fiscal year~~ shall be allocated as follows:

7 (1) \$75,000 ~~in each fiscal year~~ for the Western Carolina Alzheimer's
8 Chapter; and

9 (2) \$75,000 ~~in each fiscal year~~ for the Eastern NC Alzheimer's Chapter.

10 Before funds may be allocated to any chapter under this section, the Chapter shall
11 submit to the Division of Aging, for its approval, a plan for the use of the funds."

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H60

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **HOME AND COMMUNITY CARE BLOCK GRANT SERVICES**

2 SECTION #. The Department of Health and Human Services, Division of
3 Aging, shall allocate reductions to the Home and Community Care Block Grant for the
4 2002-2003 fiscal year. The Department shall ensure, to the maximum extent possible,
5 that the allocation of reductions does not promote or directly result in placement in
6 long-term care residential facilities. To this end, the Department shall consider for
7 reduction such services as senior center development and outreach, disease prevention
8 and health promotion, and information assistance and training, among others.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H44(S10.44)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **RESIDENTIAL SCHOOLS REPORTING**

2 **SECTION 10.44.** The Office of Education Services shall report not later
3 than December 1, 2002, to the Senate Appropriations Committee on Health and Human
4 Services, the House of Representatives Appropriations Subcommittee on Health and
5 Human Services, and the Fiscal Research Division on the activities of the Eastern North
6 Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at
7 Morganton, and the Governor Morehead School for the Blind. The report shall include
8 enrollment numbers at the schools, the budgets, and the academic status of the schools
9 as defined under the ABC's program.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H45(S10.45)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***HEART DISEASE AND STROKE PREVENTION TASK FORCE***

2 **SECTION 10.45.** Section 21.95 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in
4 subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended,
5 shall submit to the Governor and the General Assembly a sixth interim report within the
6 first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a
7 seventh interim report within the first week of the convening of the 2003 General
8 Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall
9 submit a final report to the Governor and the General Assembly by June 30, 2003. by
10 ~~June 30, 2003, and, upon submission of its final report to the Governor and the General~~
11 ~~Assembly, the Task Force shall expire."~~

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H46(S10.46)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **NEWBORN HEARING SCREENING PROGRAM REPORT**

2 **SECTION 10.46.** Section 21.96 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.96. The Department of Health and Human Services shall report the
4 following information on the newborn hearing screening program:

- 5 (1) Unduplicated number of infants screened.
- 6 (2) Number of infants who failed the second hearing screening.
- 7 (3) Number of infants receiving the diagnostic evaluation.
- 8 (4) Number and types of services provided.
- 9 (5) Number and types of follow-up services provided to children.

10 The Department shall submit the report not later than May 1, 2002, to the Senate
11 Appropriations Committee on Health and Human Services, the House of
12 Representatives Appropriations Subcommittee on Health and Human Services, and the
13 Fiscal Research Division. The Department shall report not later than January 1, 2003, on
14 its activities to the Senate Appropriations Committee on Health and Human Services,
15 the House of Representatives Appropriations Subcommittee on Health and Human
16 Services, and the Fiscal Research Division."

91

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H47(S10.47)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **INTENSIVE HOME VISITING**

2 SECTION 10.47. Section 21.97(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.97.(b) The Division shall require in-home visitors to collect data on
4 program participants as a condition of participation. This requirement shall include
5 six-month periodic assessments and completion of the questionnaires. The Department
6 shall ensure that the collection, maintenance, use, and disclosure of data complies with
7 applicable State and federal law protecting privacy of health and other individual
8 information. By April 1, 2002, ~~2003~~, the Division shall report to the Senate
9 Appropriations Committee on Health and Human Services and the House of
10 Representatives Appropriations Subcommittee on Health and Human Services on the
11 following items:

- 12 (1) Number of clients/families enrolled per county.
- 13 (2) Attrition and reasons why families leave the program.
- 14 (3) Average number of home visits per month.
- 15 (4) Average time involved per home visit.
- 16 (5) Baseline family characteristics.
- 17 (6) Health behaviors.
- 18 (7) Perinatal and birth outcomes.
- 19 (8) Other relevant outcome information.

20 All program information shall include the identification of the model used in order to
21 compare these models in the future."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H48(S10.48)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *AIDS DRUG ASSISTANCE PROGRAM (ADAP)*

2 SECTION 10.48.(a) Section 21.90(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal
4 year, HIV-positive individuals with incomes at or below one hundred twenty-five
5 percent (125%) of the federal poverty level are eligible for participation in ADAP.
6 ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to~~
7 ~~one hundred fifty percent (150%) of the federal poverty level only after the Office of~~
8 ~~State Budget and Management certifies in writing that the Department has developed an~~
9 ~~information management system pursuant to subsection (a) of this section. Until the~~
10 ~~Office of State Budget and Management makes this certification, eligibility~~Eligibility
11 for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended
12 to individuals with incomes above one hundred twenty-five percent (125%) of the
13 federal poverty level. ~~Following six months of increased eligibility at one hundred fifty~~
14 ~~percent (150%) of the federal poverty level, eligibility for participation in ADAP shall~~
15 ~~be extended to individuals with incomes up to one hundred seventy five percent (175%)~~
16 ~~of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning~~
17 ~~July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals~~
18 ~~with incomes up to two hundred percent (200%) of the federal poverty level."~~

19 SECTION 10.48.(b) The Department of Health and Human Services shall
20 develop a plan to manage costs in ADAP and to serve additional participants within
21 additional resources. The plan shall include an assessment of the following, including,
22 where applicable, a review of other states' actions in these areas:

- 23 (1) Limiting the drug formulary.
- 24 (2) Capping expenditures on a per participant/per month basis.
- 25 (3) Providing financial assistance to participants for health care program
26 premiums.

27 SECTION 10.48.(c) The Department shall report on activities conducted
28 under this section and under Section 21.90 of S.L. 2001-424 to the Senate
29 Appropriations Committee on Health and Human Services, the House of
30 Representatives Subcommittee on Health and Human Services, and the Fiscal Research
31 Division. The Department shall submit an interim report not later than December 1,
32 2002, and a final report not later than May 1, 2003.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H49(S10.49)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **PRESCRIPTION DRUG ASSISTANCE PROGRAM**

2 **SECTION 10.49.(a)** Section 21.88 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.88. Of the funds appropriated in this act to the Department of Health
4 and Human Services, the sum of five hundred thousand dollars (\$500,000) for the
5 2001-2002 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the
6 2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs for
7 persons:

- 8 (1) Over the age of 65 years and not eligible for full Medicaid benefits;
9 (2) Whose income is not more than one hundred fifty percent (150%) of
10 the federal poverty level; and
11 (3) Who have been diagnosed with cardiovascular disease or diabetes.

12 These funds shall be used to pay the cost of outpatient prescription drugs for the
13 treatment of cardiovascular disease or diabetes. Payment shall be not more than the
14 Medicaid cost including rebates. The Department shall develop criteria to maximize the
15 efficient and effective distribution of these drugs."

16 **SECTION 10.49.(b)** It is the intent of the General Assembly that funding for
17 prescription drug assistance provided by the Health and Wellness Trust Fund shall
18 include funds for the transition of benefits formerly provided under the Prescription
19 Drug Assistance Program.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H52(S10.52)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT***

2 **SECTION 10.52.** The Department of Health and Human Services shall
3 report on the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate
4 Appropriations Committee on Health and Human Services, the House of
5 Representatives Appropriations Subcommittee on Health and Human Services, and the
6 Fiscal Research Division not later than December 1, 2002.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H53(S10.53)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **DEVELOPMENTAL EVALUATION CENTERS**

2 **SECTION 10.53.(a)** The Department of Health and Human Services,
3 Division of Public Health, shall administer the reduction in funds for the 2002-2003
4 fiscal year of two million seventy-six thousand four hundred twenty-six dollars
5 \$2,076,426 to all Developmental Evaluation Centers (DEC's) based upon the following:

- 6 (1) Prior years' expenditures of the DEC,
7 (2) Elimination of vacant positions, and
8 (3) Overall needs of the DEC.

9 The reduction shall not result in the entire closure of an individual DEC and
10 the implementation of the reduction should seek to minimize the loss of direct services
11 to children, looking first at administrative reductions.

12 **SECTION 10.53.(b)** The Division of Public Health shall prepare a plan for
13 the future of Developmental Evaluation Centers that will involve a needs-assessment of
14 services and geographical needs. The plan shall also include an assessment of the
15 number of DEC's needed and recommendations for future downsizing or growth. The
16 plan will augment the Early Intervention Services Plan submitted to the General
17 Assembly. The Division shall report on its plan not later than December 1, 2002, to the
18 Senate Appropriations Committee on Health and Human Services, the House of
19 Representatives Appropriations Subcommittee on Health and Human Services, and the
20 Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H70

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **STATE LABORATORY COST ANALYSIS**

2 **SECTION #.(a)** The Fiscal Research Division of the Legislative Services
3 Office shall contract with an independent consultant to conduct a cost identification and
4 fully-allocated cost analysis of services provided by the North Carolina State
5 Laboratory, Division of Public Health of the Department of Health and Human
6 Services. The identification and analysis shall include at least the following services:
7 cancer cytology, environmental sciences, newborn screening testing, and infectious and
8 communicable disease testing. The Fiscal Research Division shall issue a Request for
9 Proposal to obtain the services of the independent consultant, shall manage the contract,
10 and shall consult with the Division of Public Health in the development of the Request
11 for Proposal.

12 **SECTION #.(b)** The Department of Health and Human Services shall
13 transfer not more than fifty thousand dollars (\$50,000) to the General Assembly, Fiscal
14 Research Division of the Legislative Services Office. These funds shall be used to
15 conduct the identification and analysis required in subsection (a) of this section.

16 **SECTION #.(c)** The contractor conducting the analysis shall report to the
17 House of Representatives Appropriations Subcommittee on Health and Human Services
18 and the Senate Appropriations Committee on Health and Human Services no later than
19 May 1, 2003 on the results of the analysis and recommendations.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H84(S10.55)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**
2 **ENHANCEMENTS**

3 SECTION 10.55.(a) Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

4 "SECTION 21.75.(d) The Department of Health and Human Services and the
5 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
6 for Early Childhood Education and Development Initiatives for State fiscal ~~year-years~~
7 2001-2002 and 2002-2003 shall be administered and distributed in the following
8 manner:

- 9 (1) The North Carolina Partnership for Children, Inc., shall develop a
10 policy to allocate the reduction of funds for Early Childhood
11 Education and Development Initiatives for the 2001-2002 and 2002-
12 2003 fiscal ~~year-years~~.
- 13 (2) The North Carolina Partnership for Children, Inc., administration shall
14 be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
- 15 (3) The Department of Health and Human Services Smart Start
16 administration shall be reduced by ten percent (10%) from the
17 2000-2001 fiscal year level.
- 18 (4) Capital expenditures and playground equipment expenditures are
19 prohibited for fiscal ~~year 2001-2002-years~~ 2001-2002 and 2002-2003.
20 For the purposes of this section, "capital expenditures" means
21 expenditures for capital improvements as defined in G.S. 143-34.40.
- 22 (5) Promotional items that specifically advertise Smart Start or the local
23 Partnership may not be purchased with State funds appropriated for
24 fiscal year 2002-2003. "

25 SECTION 10.55.(b) Section 21.75(f) of S.L. 2001-424 reads as rewritten:

26 "SECTION 21.75.(f) For the 2001-2002 and 2002-2003 fiscal ~~year-years~~, the North
27 Carolina Partnership for Children, Inc., shall not approve local partnership plans that
28 allocate State funds to child care providers for one-time quality improvement initiatives
29 in the following circumstances:

- 30 (1) Child care facilities with licensure of four or five stars, unless the
31 expenditure of funds is to expand capacity for low-income children.
- 32 (2) Child care facilities that do not accept child care subsidy funds.
- 33 (3) Child care facilities that previously received quality improvement
34 grants whose quality initiatives failed to increase licensure."

1 **SECTION 10.55.(c)** For the 2002-2003 fiscal year, the local partnerships
2 shall spend an amount for child care subsidies that provides at least fifty-two million
3 dollars (\$52,000,000) for the TANF maintenance of effort requirement and the Child
4 Care Development Fund and Block Grant match requirement.

5 **SECTION 10.55.(d)** G.S. 143B-168.12 is amended by adding a new
6 subsection to read:

7 "(e) The North Carolina Partnership shall develop guidelines for local
8 partnerships to follow in selecting capital projects to fund. The guidelines shall include
9 assessing the community needs in relation to the quantity of child care centers, assessing
10 the cost of purchasing or constructing new facilities as opposed to renovating existing
11 facilities, and prioritizing capital needs such as construction, renovations, and
12 playground equipment and other amenities."

13 **SECTION 10.55.(e)** G.S. 143B-168.13(a)(1a) reads as rewritten:

14 "(1a) Develop and conduct a statewide needs and resource assessment every
15 third year, beginning in the 1997-98 fiscal year. This needs assessment
16 shall be conducted in cooperation with the North Carolina Partnership
17 and with the local partnerships. This needs assessment shall include a
18 statewide assessment of capital needs. The data and findings of this
19 needs assessment shall form the basis for annual program plans
20 developed by local partnerships and approved by the North Carolina
21 Partnership."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

d.fferent

DRAFT
SPECIAL PROVISION



2002-DHHS-H85(S10.56)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MORE AT FOUR PROGRAM**

2 SECTION 10.56.(a) Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.76B.(d) In development of the "More At Four" pilot, the
4 Department of Health and Human Services, in consultation with the Department of
5 Public Instruction and the Task Force, shall:

6 (1) Contract with an independent research organization, outside the
7 Department of Health and Human Services and the Department of
8 Public Instruction, with proven expertise in evaluation of
9 prekindergarten programs, for the design of an evaluation component.
10 ~~The evaluation component shall facilitate longitudinal review of the~~
11 ~~program and child-specific outcomes to include, at a minimum,~~
12 ~~participants' readiness for kindergarten, percentage of participants~~
13 ~~scoring at or above grade level on the third grade end of grade test,~~
14 ~~and high school graduation rates pre- and post-assessments of children~~
15 participating in the More At Four program. Of the funds appropriated
16 in this act, the Department shall not spend more than two hundred
17 thousand dollars (\$200,000) on this contract.

18 (2) Collaborate in the development of a system to collect and maintain
19 child-specific information to provide for the long-term evaluation of
20 the pilot. The system shall be developed in a manner which builds
21 upon utilizes existing State and local systems and ~~which facilitates the~~
22 ~~interface with the N.C. Student Information Management System."~~

23 SECTION 10.56.(b) Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

24 "SECTION 21.76B.(f) In order to maximize and coordinate funding for
25 prekindergarten programs for four-year-olds at-risk preschoolers with demonstrated
26 educational needs, the Department of Health and Human Services, the Department of
27 Public Instruction, ~~and the Task Force~~ Force, and the North Carolina Partnership for
28 Children, Inc., shall identify and make recommendations on the ~~reallocation~~ most
29 efficient and effective use of funds from existing State and local programs providing
30 prekindergarten related care and services, including child care subsidies. All potential
31 funding sources, including federal as well as State-funded efforts, shall be identified.
32 The report required under subsection (g) of this section shall include recommendations
33 on strategies to ensure coordination between the Partnership, More At Four, and other
34 prekindergarten programs in addressing the academic and cognitive needs of at-risk
35 preschoolers. The report shall include recommendations on structural changes to Smart

1 Start, More At Four, and other related programs, including consolidation, that may be
2 beneficial in encouraging this coordination. The report shall include a plan and a
3 timetable for implementation of the recommendations."

4 **SECTION 10.56.(c)** Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

5 **"SECTION 21.76B.(g)** The Department of Health and Human Services, the
6 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
7 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
8 Joint Legislative Education Oversight Committee, the Senate Appropriations
9 Committee on Health and Human Services, and the House of Representatives
10 Appropriations Subcommittee on Health and Human Services on the progress in
11 complying with this section. A final report along with recommendations for changes or
12 expansion of the program shall be presented to the ~~2003 General Assembly~~. Senate
13 Appropriations Committee on Health and Human Services, the House of
14 Representatives Appropriations Subcommittee on Health and Human Services, and the
15 Fiscal Research Division no later than December 1, 2002. This final report shall include
16 the following:

17 (1) The number of children participating in the program.

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

22 (3) The expected expenditures for the fiscal year.

23 (4) The location of program sites and the corresponding number of
24 children participating in the program at each site.

25 (5) Recommendations regarding most efficient and effective use of State,
26 local, and federal funds to maximize the provision of services to at-risk
27 preschoolers and to eliminate duplication of efforts."

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H57(S10.57)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

CHILD CARE SUBSIDY RATES

SECTION 10.57.(a) Section 21.73(f) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.73.(f)** Provision of payment rates for child care providers in counties that do not have at least 75-50 children in each age group for center-based and home-based care are as follows:

- (1) Payment rates ~~shall~~may 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 75-50 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 10.57.(b) Section 21.73(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.73.(d)** Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Effective ~~October 1, 2001,~~ October 1, 2002, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10% <u>10.5%</u>
4-5	9% <u>9.5%</u>
6 or more	8% <u>8.5%</u>

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H58(S10.58)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

- 1 ***REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL REPAYMENT***
- 2 ***REQUIREMENTS***
- 3 SECTION 10.58. G.S. 110-108 is repealed.

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Army To Home NCMS

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H53(S10.53)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **DEVELOPMENTAL EVALUATION CENTERS**

2 **SECTION 10.53.(a)** The Department of Health and Human Services,
3 Division of Public Health, shall administer the reduction in funds for the 2002-2003
4 fiscal year of two million seventy-six thousand four hundred twenty-six dollars
5 \$2,076,426 to all Developmental Evaluation Centers (DEC's) based upon the following:

- 6 (1) Prior years' expenditures of the DEC,
7 (2) Elimination of vacant positions, and
8 (3) Overall needs of the DEC.

9 The reduction shall not result in the entire closure of an individual DEC and
10 the implementation of the reduction should seek to minimize the loss of direct services
11 to children, looking first at administrative reductions.

12 **SECTION 10.53.(b)** The Division of Public Health shall prepare a plan for
13 the future of Developmental Evaluation Centers that will involve a needs-assessment of
14 services and geographical needs. The plan shall also include an assessment of the
15 number of DEC's needed and recommendations for future downsizing or growth. The
16 plan will augment the Early Intervention Services Plan submitted to the General
17 Assembly. The Division shall report on its plan not later than December 1, 2002, to the
18 Senate Appropriations Committee on Health and Human Services, the House of
19 Representatives Appropriations Subcommittee on Health and Human Services, and the
20 Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H70

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **STATE LABORATORY COST ANALYSIS**

2 **SECTION #.(a)** The Fiscal Research Division of the Legislative Services
3 Office shall contract with an independent consultant to conduct a cost identification and
4 fully-allocated cost analysis of services provided by the North Carolina State
5 Laboratory, Division of Public Health of the Department of Health and Human
6 Services. The identification and analysis shall include at least the following services:
7 cancer cytology, environmental sciences, newborn screening testing, and infectious and
8 communicable disease testing. The Fiscal Research Division shall issue a Request for
9 Proposal to obtain the services of the independent consultant, shall manage the contract,
10 and shall consult with the Division of Public Health in the development of the Request
11 for Proposal.

12 **SECTION #.(b)** The Department of Health and Human Services shall
13 transfer not more than fifty thousand dollars (\$50,000) to the General Assembly, Fiscal
14 Research Division of the Legislative Services Office. These funds shall be used to
15 conduct the identification and analysis required in subsection (a) of this section.

16 **SECTION #.(c)** The contractor conducting the analysis shall report to the
17 House of Representatives Appropriations Subcommittee on Health and Human Services
18 and the Senate Appropriations Committee on Health and Human Services no later than
19 May 1, 2003 on the results of the analysis and recommendations.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H84(S10.55)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**
2 **ENHANCEMENTS**

3 **SECTION 10.55.(a)** Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

4 "SECTION 21.75.(d) The Department of Health and Human Services and the
5 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
6 for Early Childhood Education and Development Initiatives for State fiscal ~~year-years~~
7 2001-2002 and 2002-2003 shall be administered and distributed in the following
8 manner:

- 9 (1) The North Carolina Partnership for Children, Inc., shall develop a
10 policy to allocate the reduction of funds for Early Childhood
11 Education and Development Initiatives for the 2001-2002 and 2002-
12 2003 fiscal ~~year-years~~.
- 13 (2) The North Carolina Partnership for Children, Inc., administration shall
14 be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
- 15 (3) The Department of Health and Human Services Smart Start
16 administration shall be reduced by ten percent (10%) from the
17 2000-2001 fiscal year level.
- 18 (4) Capital expenditures and playground equipment expenditures are
19 prohibited for fiscal ~~year 2001-2002-years~~ 2001-2002 and 2002-2003.
20 For the purposes of this section, "capital expenditures" means
21 expenditures for capital improvements as defined in G.S. 143-34.40.
- 22 (5) Promotional items that specifically advertise Smart Start or the local
23 Partnership may not be purchased with State funds appropriated for
24 fiscal year 2002-2003. "

25 **SECTION 10.55.(b)** Section 21.75(f) of S.L. 2001-424 reads as rewritten:

26 "SECTION 21.75.(f) For the 2001-2002 and 2002-2003 fiscal ~~year-years~~, the North
27 Carolina Partnership for Children, Inc., shall not approve local partnership plans that
28 allocate State funds to child care providers for one-time quality improvement initiatives
29 in the following circumstances:

- 30 (1) Child care facilities with licensure of four or five stars, unless the
31 expenditure of funds is to expand capacity for low-income children.
- 32 (2) Child care facilities that do not accept child care subsidy funds.
- 33 (3) Child care facilities that previously received quality improvement
34 grants whose quality initiatives failed to increase licensure."

1 **SECTION 10.55.(c)** For the 2002-2003 fiscal year, the local partnerships
2 shall spend an amount for child care subsidies that provides at least fifty-two million
3 dollars (\$52,000,000) for the TANF maintenance of effort requirement and the Child
4 Care Development Fund and Block Grant match requirement.

5 **SECTION 10.55.(d)** G.S. 143B-168.12 is amended by adding a new
6 subsection to read:

7 "(e) The North Carolina Partnership shall develop guidelines for local
8 partnerships to follow in selecting capital projects to fund. The guidelines shall include
9 assessing the community needs in relation to the quantity of child care centers, assessing
10 the cost of purchasing or constructing new facilities as opposed to renovating existing
11 facilities, and prioritizing capital needs such as construction, renovations, and
12 playground equipment and other amenities."

13 **SECTION 10.55.(e)** G.S. 143B-168.13(a)(1a) reads as rewritten:

14 "(1a) Develop and conduct a statewide needs and resource assessment every
15 third year, beginning in the 1997-98 fiscal year. This needs assessment
16 shall be conducted in cooperation with the North Carolina Partnership
17 and with the local partnerships. This needs assessment shall include a
18 statewide assessment of capital needs. The data and findings of this
19 needs assessment shall form the basis for annual program plans
20 developed by local partnerships and approved by the North Carolina
21 Partnership."

d.fferent

DRAFT
SPECIAL PROVISION



2002-DHHS-H85(S10.56)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

MORE AT FOUR PROGRAM

SECTION 10.56.(a) Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

"SECTION 21.76B.(d) In development of the "More At Four" pilot, the Department of Health and Human Services, in consultation with the Department of Public Instruction and the Task Force, shall:

(1) Contract with an independent research organization, outside the Department of Health and Human Services and the Department of Public Instruction, with proven expertise in evaluation of prekindergarten programs, for the ~~design of an evaluation component. The evaluation component shall facilitate longitudinal review of the program and child specific outcomes to include, at a minimum, participants' readiness for kindergarten, percentage of participants scoring at or above grade level on the third grade end of grade test, and high school graduation rates pre- and post-assessments of children participating in the More At Four program.~~ Of the funds appropriated in this act, the Department shall not spend more than two hundred thousand dollars (\$200,000) on this contract.

(2) Collaborate in the development of a system to collect and maintain child-specific information to provide for the long-term evaluation of the pilot. The system shall be developed in a manner which ~~builds upon~~ utilizes existing State and local systems and ~~which facilitates the interface with the N.C. Student Information Management System."~~

SECTION 10.56.(b) Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

"SECTION 21.76B.(f) In order to maximize and coordinate funding for prekindergarten programs for four-year-olds at-risk preschoolers with demonstrated educational needs, the Department of Health and Human Services, the Department of Public Instruction, ~~and the Task Force~~ Force, and the North Carolina Partnership for Children, Inc., shall identify and make recommendations on the ~~reallocation-most efficient and effective use of funds from existing State and local programs providing prekindergarten related care and services, including child care subsidies. All potential funding sources, including federal as well as State-funded efforts, shall be identified. The report required under subsection (g) of this section shall include recommendations on strategies to ensure coordination between the Partnership, More At Four, and other prekindergarten programs in addressing the academic and cognitive needs of at-risk preschoolers. The report shall include recommendations on structural changes to Smart~~

100

1 Start, More At Four, and other related programs, including consolidation, that may be
2 beneficial in encouraging this coordination. The report shall include a plan and a
3 timetable for implementation of the recommendations."

4 **SECTION 10.56.(c)** Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

5 **"SECTION 21.76B.(g)** The Department of Health and Human Services, the
6 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
7 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
8 Joint Legislative Education Oversight Committee, the Senate Appropriations
9 Committee on Health and Human Services, and the House of Representatives
10 Appropriations Subcommittee on Health and Human Services on the progress in
11 complying with this section. A final report along with recommendations for changes or
12 expansion of the program shall be presented to the ~~2003 General Assembly~~. Senate
13 Appropriations Committee on Health and Human Services, the House of
14 Representatives Appropriations Subcommittee on Health and Human Services, and the
15 Fiscal Research Division no later than December 1, 2002. This final report shall include
16 the following:

17 (1) The number of children participating in the program.

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

22 (3) The expected expenditures for the fiscal year.

23 (4) The location of program sites and the corresponding number of
24 children participating in the program at each site.

25 (5) Recommendations regarding most efficient and effective use of State,
26 local, and federal funds to maximize the provision of services to at-risk
27 preschoolers and to eliminate duplication of efforts."

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H57(S10.57)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **CHILD CARE SUBSIDY RATES**

2 **SECTION 10.57.(a)** Section 21.73(f) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.73.(f) Provision of payment rates for child care providers in
4 counties that do not have at least 75-50 children in each age group for center-based and
5 home-based care are as follows:

- 6 (1) Payment rates ~~shall~~may be set at the statewide or regional market rate
7 for licensed child care centers and homes.
- 8 (2) If it can be demonstrated that the application of the statewide or
9 regional market rate to a county with fewer than 75-50 children in each
10 age group is lower than the county market rate and would inhibit the
11 ability of the county to purchase child care for low-income children,
12 then the county market rate may be applied."

13 **SECTION 10.57.(b)** Section 21.73(d) of S.L. 2001-424 reads as rewritten:

14 "SECTION 21.73.(d) Fees for families who are required to share in the cost of care
15 shall be established based on a percent of gross family income and adjusted for family
16 size. Effective ~~October 1, 2001,~~ October 1, 2002, fees shall be determined as follows:

17 FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
18 1-3	10% <u>10.5%</u>
19 4-5	9% <u>9.5%</u>
20 6 or more	8% <u>8.5%</u> ."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H58(S10.58)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

- 1 ***REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL REPAYMENT***
- 2 ***REQUIREMENTS***
- 3 **SECTION 10.58. G.S. 110-108 is repealed.**

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H71

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **BOYS AND GIRLS CLUBS**

2 **SECTION #.** The sum of five hundred fifty thousand dollars (\$550,000)
3 appropriated in this act to the Department of Health and Human Services for Boys and
4 Girls Clubs shall be used to make grants for approved programs. The Department of
5 Health and Human Services shall administer a grant program to award funds to the Boys
6 and Girls Clubs across the State in order to implement programs that improve the
7 motivation, performance, and self-esteem of youths and to implement other initiatives
8 that would be expected to reduce school dropout and teen pregnancy rates. The
9 Department shall encourage and facilitate collaboration between the Boys and Girls
10 Clubs and Support Our Students, Communities in Schools, and similar programs to
11 submit joint applications for the funds if appropriate.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H42(S10.42)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *ALZHEIMER'S ASSOCIATION FUNDS FY 2001-2002*

2 SECTION 10.42. Section 21.31 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.31. Of the funds appropriated in this act to the Department of Health
4 and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars
5 (\$150,000) for the 2001-2002 fiscal year ~~and the sum of one hundred fifty thousand~~
6 ~~dollars (\$150,000) for the 2002-2003 fiscal year~~ shall be allocated as follows:

7 (1) \$75,000 ~~in each fiscal year~~ for the Western Carolina Alzheimer's
8 Chapter; and

9 (2) \$75,000 ~~in each fiscal year~~ for the Eastern NC Alzheimer's Chapter.

10 Before funds may be allocated to any chapter under this section, the Chapter shall
11 submit to the Division of Aging, for its approval, a plan for the use of the funds."

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H60

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **HOME AND COMMUNITY CARE BLOCK GRANT SERVICES**

2 SECTION #. The Department of Health and Human Services, Division of
3 Aging, shall allocate reductions to the Home and Community Care Block Grant for the
4 2002-2003 fiscal year. The Department shall ensure, to the maximum extent possible,
5 that the allocation of reductions does not promote or directly result in placement in
6 long-term care residential facilities. To this end, the Department shall consider for
7 reduction such services as senior center development and outreach, disease prevention
8 and health promotion, and information assistance and training, among others.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H44(S10.44)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **RESIDENTIAL SCHOOLS REPORTING**

2 **SECTION 10.44.** The Office of Education Services shall report not later
3 than December 1, 2002, to the Senate Appropriations Committee on Health and Human
4 Services, the House of Representatives Appropriations Subcommittee on Health and
5 Human Services, and the Fiscal Research Division on the activities of the Eastern North
6 Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at
7 Morganton, and the Governor Morehead School for the Blind. The report shall include
8 enrollment numbers at the schools, the budgets, and the academic status of the schools
9 as defined under the ABC's program.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H45(S10.45)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***HEART DISEASE AND STROKE PREVENTION TASK FORCE***

2 **SECTION 10.45.** Section 21.95 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in
4 subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended,
5 shall submit to the Governor and the General Assembly a sixth interim report within the
6 first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a
7 seventh interim report within the first week of the convening of the 2003 General
8 Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall
9 submit a final report to the Governor and the General Assembly by June 30, 2003. ~~by~~
10 ~~June 30, 2003, and, upon submission of its final report to the Governor and the General~~
11 ~~Assembly, the Task Force shall expire."~~

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H46(S10.46)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***NEWBORN HEARING SCREENING PROGRAM REPORT***

2 **SECTION 10.46.** Section 21.96 of S.L. 2001-424 reads as rewritten:

3 **"SECTION 21.96.** The Department of Health and Human Services shall report the
4 following information on the newborn hearing screening program:

- 5 (1) Unduplicated number of infants screened.
- 6 (2) Number of infants who failed the second hearing screening.
- 7 (3) Number of infants receiving the diagnostic evaluation.
- 8 (4) Number and types of services provided.
- 9 (5) Number and types of follow-up services provided to children.

10 The Department shall submit the report not later than May 1, 2002, to the Senate
11 Appropriations Committee on Health and Human Services, the House of
12 Representatives Appropriations Subcommittee on Health and Human Services, and the
13 Fiscal Research Division. The Department shall report not later than January 1, 2003, on
14 its activities to the Senate Appropriations Committee on Health and Human Services,
15 the House of Representatives Appropriations Subcommittee on Health and Human
16 Services, and the Fiscal Research Division."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H79

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *PATIENT ADVOCATE POSITIONS ORGANIZATIONAL CHANGE*

2 SECTION #. In order to better achieve the purposes of patient advocate
3 positions, the Department of Health and Human Services shall develop a plan for
4 restructuring the organizational framework for patient advocate positions such that
5 patient advocates in the State psychiatric hospitals and mental retardation centers are
6 under the supervision of and report directly to Department officials rather than to the
7 Directors of these facilities. In developing the plan, the Department shall not relocate
8 the patient advocates nor change their duties and responsibilities, but shall determine the
9 best organizational structure within the Department for these positions. In developing
10 the plan the Department shall also consider contracting for patient advocate services.
11 The Department shall report on the development of the plan to restructure the patient
12 advocate position organizational framework. The report shall include the following
13 information:

- 14 (1) The various potential organizational structures under the Department's
15 organizational framework considered for the patient advocate
16 positions.
17 (2) The organizational framework recommended by the Department.
18 (3) The Department officials responsible for supervision of the patient
19 advocates under the new organizational framework.
20 (4) Whether the Department considered contracting for patient advocate
21 services and the reasons for its decision about contracting for these
22 services.

23 The Department shall submit the report not later than December 1, 2002 to the
24 House of Representatives Appropriations Subcommittee on Health and Human
25 Services, the Senate Appropriations Committee on Health and Human Services, and the
26 Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H32(S10.32)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE***

2 **SECTION 10.32.** Section 21.42(d) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.42.(d) The Department of Health and Human Services shall report
4 on the use of these funds no later than April 1, ~~2002~~,2003, to the Senate Appropriations
5 Committee on Health and Human Services, the House of Representatives
6 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
7 Division."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H33(S10.33)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **CHILD WELFARE SYSTEMS PILOTS REPORTS**

2 SECTION 10.33.(a) Section 21.46(a) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.46.(a) The Department of Health and Human Services, Division of
4 Social Services, shall develop a plan, working with local departments of social services,
5 to implement an alternative response system of child protection in no fewer than two
6 and no more than 10 demonstration areas in this State. The plan should provide for the
7 pilots to implement an alternative response system in which local departments of social
8 services utilize family assessment tools and family support principles when responding
9 to selected reports of suspected child ~~neglect~~. neglect and dependency."

10 SECTION 10.33.(b) The Department of Health and Human Services shall
11 report on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate
12 Appropriations Committee on Health and Human Services, the House of
13 Representatives Appropriations Subcommittee on Health and Human Services, and the
14 Fiscal Research Division not later than April 1, 2003.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H34(S10.34)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT***

2 **SECTION 10.34.** Section 21.48(e) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.48.(e) The Department shall report on activities under this section.
4 This report is due to the Senate Appropriations Committee on Health and Human
5 Services, the House of Representatives Appropriations Subcommittee on Health and
6 Human Services, and the Fiscal Research Division on May 1, ~~2002-2003.~~"

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H35(S10.35)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES***

2 SECTION 10.35. Section 21.54A of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.54A. Of the funds appropriated in this act to the Department of
4 Health and Human Services, Division of Social Services, the sum of one million five
5 hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year, ~~and one million~~
6 ~~five hundred thousand dollars (\$1,500,000) for the 2002-2003 fiscal year,~~ year shall be
7 used to contract for additional child support services in urban counties demonstrating
8 significant caseload backlogs. The additional support to urban counties shall address the
9 backlog of cases and emphasize the establishment of paternities and the location of
10 absent parents."

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H36(S10.36)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *STATE/COUNTY SPECIAL ASSISTANCE*

2 SECTION 10.36. Section 21.44(d) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.44.(d) Effective October 1, 2002, the maximum monthly rate for
4 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~
5 ~~(\$1,120) per month per resident.~~ one thousand ninety-one dollars (\$1,091) per month per
6 resident."

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H37(S10.37)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 ***ELECTING COUNTY TANF FUNDS REVERT***

2 **SECTION 10.37.** G.S. 108A-27.11(c) reads as rewritten:

3 "(c) Each Electing County's allocation for Work First Family Assistance shall be
4 computed based on the percentage of each Electing County's total expenditures for cash
5 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting
6 percentage shall be applied to the federal TANF block grant funds appropriated for cash
7 assistance by the General Assembly each fiscal year. The Department shall transmit the
8 federal funds contained in the county block grants to Electing Counties as soon as
9 practicable after they become available to the State and in accordance with federal cash
10 management laws and regulations. The Department shall transmit one-fourth of the
11 State funds contained in county block grants to Electing Counties at the beginning of
12 each quarter. ~~Once paid, the county block grant funds shall not revert.~~"

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H38(S10.38)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES**

2 SECTION 10.38. Section 21.54(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.54.(b) The Department shall submit a progress report on the
4 development of the model to the Senate Appropriations Committee on Health and
5 Human Services, the House of Representatives Appropriations Subcommittee on Health
6 and Human Services, and the Fiscal Research Division on or before January 1, 2002,
7 and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the
8 following:

- 9 (1) The proposed time and location for implementation of the pilot.
10 (2) Proposed number of residents to be placed and services to be provided
11 directly by the facility or under contract with the facility.
12 (3) Method for evaluating the pilot, including services provided, on a
13 regular basis.
14 (4) A description of the living environment for each resident and a
15 comparison of how the living environment compares to that of other
16 residents in the adult care home.
17 (5) Changes to State law necessary to implement the pilot.
18 (6) Projected cost to the State for pilot and statewide implementation."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H39(S10.39)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

- 1 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM**
- 2 **REPEALED**
- 3 **SECTION 10.39.** Section 21.35 of S.L. 2001-424 is repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H40(S10.40)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY**

2 **SECTION 10.40.(a)** The Department of Health and Human Services shall
3 develop a plan to address the short-term and long-term recommendations of the report
4 titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special
5 Assistance Rate Methodology, May, 2002." The plan shall include:

- 6 (1) Setting the rate at the median plus a percentage;
- 7 (2) Excluding low-occupancy facilities from the rate-setting methodology;
- 8 and
- 9 (3) Adjusting fixed costs for inflation.

10 **SECTION 10.40.(b)** The Department shall implement the following changes
11 to the adult care home cost reports:

- 12 (1) Revise the Direct Cost category to exclude personal care and medical
13 related transportation;
- 14 (2) Revise the Indirect Cost category to exclude property/ownership/use;
- 15 (3) Revise the category of other Cost centers to include: personal care,
16 medically related transportation, and mental health services;
- 17 (4) Create a capital cost center category to include
18 property/ownership/use;
- 19 (5) Create a nonreimbursable cost category; and
- 20 (6) Define allowable and nonallowable expenditures.

21 The Department of Health and Human Services shall make the new cost report format
22 available to each facility 90 days prior to implementation.

23 **SECTION 10.40.(c)** The Department shall expand current audit policies and
24 procedures for auditing provider costs. The Department shall create an audit function
25 that is directly answerable to the State and involves fewer but more detailed audits. All
26 providers of services to State County Special Assistance recipients shall be subject to a
27 State audit if selected. The specific audit requirements shall be based on auditing
28 requirements of governmental programs providing similar services. The Department
29 shall combine Division of Medical Assistance audits for personal care services and
30 audits for State/County Special Assistance. The Department shall use the sum of three
31 hundred thousand dollars (\$300,000) in available resources for State/County Special
32 Assistance and Medicaid funds to cover the additional auditing costs. The Department
33 in consultation with the Office of the State Auditor shall contract with an independent
34 consultant for this service.

1 **SECTION 10.40.(d)** The Department shall apply for federal waivers to pay
2 facilities directly for residential services for State County Special Assistance Residents.
3 **SECTION 10.40.(e)** The Department shall report on the progress of the
4 implementations of the requirements of this section no later than December 1, 2002, to
5 the Senate Appropriations Committee on Health and Human Services, the House of
6 Representatives Appropriations Subcommittee on Health and Human Services, and the
7 Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H41(S10.41)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **SPECIAL CHILDREN ADOPTION FUND**

2 **SECTION 10.41.** Section 21.40(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.40.(b) Of the total funds appropriated for the Special Children
4 Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the
5 total funds available shall be reserved for payment to participating private adoption
6 agencies. If the funds reserved in this subsection for payments to private adoption
7 agencies have not been spent on or before March 31, ~~2002, 2003~~, the Division of Social
8 Services may reallocate those funds, in accordance with this section, to other
9 participating adoption agencies."

85

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H28(S10.28)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MENTAL RETARDATION CENTER DOWNSIZING**

2 **SECTION 10.28.** Section 21.67 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.67.(a) In accordance with the Department of Health and Human
4 Services' plan for downsizing the State's regional mental retardation facilities by four
5 percent (4%) each year, the Department shall implement cost-containment and
6 reduction strategies to ensure the corresponding financial and staff downsizing of each
7 facility. The Department shall manage the client population of the mental retardation
8 centers in order to ensure that placements for ICF/MR level of care shall be made in
9 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
10 resort and only upon approval of the Department. The corresponding budgets for each
11 of the State mental retardation centers shall be reduced, and positions shall be
12 eliminated as the census of each facility decreases. At no time shall mental retardation
13 center positions be transferred to other units within a facility or assigned nondirect care
14 activities such as outreach.

15 **SECTION 21.67.(a1)** Any savings in State appropriations in excess of two million
16 nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal
17 biennium that result from reductions in beds or services shall be applied as follows:

- 18 (1) Nonrecurring savings shall be placed in the Trust Fund for Mental
19 Health, Developmental Disabilities, and Substance Abuse Services and
20 Bridge Funding Needs and shall be used to facilitate the transition of
21 clients into appropriate community-based services and support in
22 accordance with Section 21.58 of this act, and
- 23 (2) Recurring savings realized through implementation of this section
24 shall be retained by the Department of Health and Human Services,
25 Division of Mental Health, Developmental Disabilities, and Substance
26 Abuse Services to support the recurring costs of additional
27 community-based placements from Division facilities in accordance
28 with Olmstead vs. L.C. & E.W. In determining the savings in this
29 section, savings shall include all savings realized from the downsizing
30 of the State mental retardation centers including both the savings in
31 direct State appropriations in the budgets of the State mental
32 retardation centers as well as the savings in the State matching portion
33 of reduced Medicaid payments associated with downsizing.

34 **SECTION 21.67.(b)** The Department of Health and Human Services shall report on
35 its progress in complying with this section to the Senate Appropriations Committee on

1 Health and Human Services, the House of Representatives Appropriations
2 Subcommittee on Health and Human Services, and the Fiscal Research Division. The
3 progress report shall be submitted not later than January 15, 2002, and a final report
4 submitted not later than ~~May 1, 2002.~~October 1, 2002.

5 SECTION 21.67.(c) Downsizing of mental retardation centers which occurs in the
6 2002 fiscal year shall be maintained for the 2003 fiscal year. Effective July 1, 2002,
7 downsizing shall be accomplished in accordance with this section and the State Plan for
8 Mental Health, Developmental Disabilities, and Substance Abuse Services. All savings
9 resulting from downsizing occurring on and after July 1, 2002, shall be utilized as set
10 forth in subsection (a1) of this section."
11

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H29(S10.29)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN**

2 **SECTION 10.29.** Section 21.68A of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.68A. The Department of Health and Human Services shall develop
4 and implement a plan that provides for the allocation of State psychiatric hospital beds
5 bed days among counties served by the State's regional psychiatric hospitals. The Plan
6 shall incorporate policies that take into consideration State and county fiscal
7 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
8 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
9 implementation of this section to the House of Representatives Appropriations
10 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
11 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
12 2002; November 1, 2002."

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H30(S10.30)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON FUNDS**
2 **APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

3 SECTION 10.30. Section 4 of S.L. 2001-437 reads as rewritten:

4 "SECTION 4. Sections 1.1 through 1.21(b) of this act become effective July 1,
5 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~
6 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~
7 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
8 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
9 by the 2003 General Assembly for that purpose. The remainder of this act is effective
10 when it becomes law."

5 am

DRAFT
SPECIAL PROVISION



2002-DHHS-H31(S10.31)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye, Alexander, Insko

1 **DHHS COORDINATION OF RULES**

2 **SECTION 10.31.(a)** The Secretary of the Department of Health and Human
3 Services and the Chairs of the Commissions listed in this section shall collaborate in the
4 development of a process for identifying and resolving issues pertaining to duplication
5 and conflict of rules adopted by the Secretary and each Commission that affect the area
6 of mental health, developmental disabilities, and substance abuse services. The process
7 shall address the following:

- 8 (1) How to identify on a routine basis proposed rules that duplicate in
9 whole or in part other rules proposed or adopted and ways of avoiding
10 the duplication without interfering with the agency's statutory duty to
11 adopt the rule and without impairing the effectiveness of the rule in
12 carrying out the statutory mandate.
- 13 (2) How to identify on a routine basis adopted rules that are in conflict,
14 proposed rules that conflict with other proposed or adopted rules, and
15 ways of addressing the conflict without interfering with the agency's
16 statutory duty to adopt the rule and without impairing the effectiveness
17 of the rule in carrying out the statutory mandate.

18 The following Commissions shall collaborate with the Secretary on the
19 development of this process: the Commission for Mental Health, Developmental
20 Disabilities, and Substance Abuse Services, the Social Services Commission, the
21 Commission for Health Services, the Medical Care Commission, and other
22 Commissions that adopt rules affecting the area of mental health, developmental
23 disabilities, and substance abuse services that the Secretary has a duty to implement.
24 The Secretary shall also involve a representative of the Division of Medical Assistance
25 in this effort.

26 **SECTION 10.31.(b)** The Secretary and the Commissions shall implement
27 the process required by Section 1 of this act not later than October 1, 2002. Not later
28 than October 15, 2002, the Secretary shall report to the Joint Legislative Commission on
29 Mental Health, Developmental Disabilities, and Substance Abuse Services the
30 following:

- 31 (1) The status of the review of rules conducted by the Department for
32 determining the existence of ambiguity, duplication, or conflict.
- 33 (2) Specific rules identified that are in conflict and the recommended
34 action for resolving the conflict.

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- (3) Statutory changes necessary to accomplish the purposes of the rules review process required by Section 1 of this act.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H76

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **NC HEALTH CHOICE BENEFITS AND CLAIMS PROCESSING**
2 **ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN**
3 **SERVICES**

4 SECTION #.(a) G.S. 108A-70.20 reads as rewritten:

5 **"108A-70.20. Program established.**

6 The Health Insurance Program for Children is established. The Program shall be
7 administered by the Department of Health and Human ~~Services~~ Services, including
8 administration of Program benefits and claims processing, in accordance with this Part
9 and as required under Title XXI and related federal rules and regulations.
10 ~~Administration of Program benefits and claims processing shall be as provided under~~
11 ~~Part 5 of Article 3 of Chapter 135 of the General Statutes."~~

12 SECTION #.(b) G.S.108A-70.22 reads as rewritten:

13 **"108A-70.22. Allocation of federal and State funds for Program; consultation with**
14 **Joint Legislative Health Care Oversight Committee.**

15 The Department of Health and Human Services, after having consulted with and
16 received advice from the Joint Legislative Health Care Oversight Committee established
17 under G.S. 120-70.110, shall from total funds available to the Department for Program
18 implementation, allocate and adjust, as needed, funds to pay ~~the North Carolina~~
19 ~~Teachers' and State Employees' Major Medical Plan in accordance with G.S.~~
20 ~~108A-70.23 and Part 5 of Article 3 of Chapter 135 of the General Statutes, and funds to~~
21 ~~pay for eligible services provided for children with special needs in accordance with~~
22 ~~G.S. 108A-70.23."~~

23 SECTION #.(c) G.S. 108A-70.23 reads as rewritten:

24 **"108A-70.23. Services for children with special needs established; definition;**
25 **eligibility; services; limitation; recommendations; no entitlement.**

26 (a) Special Needs Services Authorized. – The Department shall, from federal
27 funds received and State funds appropriated for the Program, pay for services for
28 children with special needs as authorized under this section. As used in this section, the
29 term "children with special needs" or "special needs child" means children who have
30 been diagnosed as having one or more of the following conditions which in the opinion
31 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily
32 routine, and (iii) require extensive medical intervention and extensive family
33 management:

34 (1) Birth defect, including genetic, congenital, or acquired disorders;

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- 1 (2) Developmental disability as defined under G.S. 122C-3;
- 2 (3) Mental or behavioral disorder; or
- 3 (4) Chronic and complex illnesses.

4 (b) Eligibility for Services. – In order to be eligible for services under this section
5 a special needs child must be enrolled in the Program.

6 (c) Services Provided. – The services authorized to be provided to children
7 eligible under this section are as follows:

8 (1) The same level of services as provided for special needs children under
9 the Medical Assistance Program as authorized in the Current
10 Operations Appropriations Act except that no services for long-term
11 care shall be provided under this section, and except that services for
12 respite care shall be provided only under emergency circumstances;
13 and

14 (2) Only those services eligible under this section that are not covered or
15 otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the~~
16 ~~General Statutes~~ this Part.

17 (d) Limitation. – Funds may be expended for services under this section
18 only if the special needs child is enrolled in the Program, the services
19 provided under this section are not provided under ~~Part 5 of Article 3~~
20 ~~of Chapter 135 of the General Statutes~~ this Part, and the child meets
21 the definition of a special needs child under this section.

22 (e) Case Management Services. – The Department shall develop procedures for
23 the provision of case management services by the Department to eligible special needs
24 children. Case management services shall be developed to ensure to the maximum
25 extent possible that services are provided in the most efficient and effective manner
26 considering the special needs of the child. The cost of providing case management
27 services for children with special needs shall be paid from funds available for services
28 under this section.

29 (f) Recommendations by Commission on Children With Special Health Care
30 Needs. – In implementing this section the Department shall consider the
31 recommendations of the Commission on Children With Special Health Care Needs
32 established under Article 71 of Chapter 143 of the General Statutes. The Department, in
33 consultation with the Commission on Children With Special Health Care Needs shall
34 develop procedures for providing respite care services under emergency circumstances.

35 (g) No Entitlement. – Nothing in this section shall be construed as entitling any
36 person to services under this section."

37 **SECTION #.(d)** G.S. 108A-70.24 is repealed.

38 **SECTION #.(e)** G.S. 108A-70.27(c) is repealed.

39 **SECTION #.(f)** G.S. 108A-25 is amended by adding the following new
40 subsection to read:

41 "(b2) The Health Insurance Program for Children is a program of public assistance
42 and shall be supervised and administered as provided in Part 8 of this Article."

43 **SECTION #.(g)** G.S. 108A-80(d) reads as rewritten:

44 "(d) The Social Services Commission may adopt rules governing access to case
45 files for social services and public assistance programs, except the Medical Assistance
46 Program, Program and the Health Insurance Program for Children. The Secretary of the

1 Department of Health and Human Services shall have the authority to adopt rules
2 governing access to medical assistance case files: files and Health Insurance Program for
3 Children case files."

4 SECTION #.(h) G.S. 120-70.111(c) reads as rewritten:

5 "(c) The Committee may use employees of the Legislative Services Office and
6 may employ contractual services as approved by the Legislative Services Commission
7 to review and monitor, on a continuing basis, the implementation of the Health
8 Insurance Program for Children established under Part 8 of Article 2 of Chapter 108A
9 of the General Statutes. The Committee shall have access to all records of the
10 Department of Health and Human Services pertaining to the Health Insurance Program
11 for ~~Children-Children, except for confidential case files,~~ and shall be kept apprised by
12 the Department of communications between the Department and the ~~Health-Care~~
13 ~~Financing Administration- Centers for Medicare and Medicaid Services~~ with respect to
14 development, submission, and approval of and amendments to the State Plan for the
15 Health Insurance Program for Children. ~~The Committee and its employees shall also be~~
16 ~~entitled to attend all meetings and have access to all records of the North Carolina~~
17 ~~Teachers' and State Employees' Comprehensive Major Medical Plan pertaining to the~~
18 ~~Health Insurance Program for Children that are not confidential in accordance with G.S.~~
19 ~~135-37. G.S. 135-37 shall be applicable to the Health Insurance Program for Children to~~
20 ~~the same extent that is applicable to teachers and State employees."~~

21 SECTION #.(i) Part 5 of Article 3 of Chapter 135 of the General Statutes is
22 repealed.

23 SECTION #.(j) G.S. 135-39.6(d) and G.S. 135-39.6A(c) are repealed.

24 SECTION #.(k) G.S. 58-50-75(b) reads as rewritten:

25 "(b) This Part applies to all insurers that offer a health benefit plan and that
26 provide or perform utilization review pursuant to G.S. 58-50-61, and the Teachers' and
27 State Employees' Comprehensive Major Medical Plan, ~~and the Health Insurance~~
28 ~~Program for Children-Plan.~~ With respect to second-level grievance review decisions,
29 this Part applies only to second-level grievance review decisions involving
30 noncertification decisions."

31 SECTION #.(l) G.S. 90-21.50(1) reads as rewritten:

32 (1) 'Health benefit plan' means an accident and health insurance policy or
33 certificate; a nonprofit hospital or medical service corporation
34 contract; a health maintenance organization subscriber contract; a
35 self-insured indemnity program or prepaid hospital and medical
36 benefits plan offered under the Teachers' and State Employees'
37 Comprehensive Major Medical Plan and subject to the requirements of
38 Article 3 of Chapter 135 of the General Statutes, a plan provided by a
39 multiple employer welfare arrangement; or a plan provided by another
40 benefit arrangement, to the extent permitted by the Employee
41 Retirement Income Security Act of 1974, as amended, or by any
42 waiver of or other exception to that act provided under federal law or
43 regulation. ~~Except for the Health Insurance Program for Children~~
44 ~~established under Part 8 of Article 2 of Chapter 108A of the General~~
45 ~~Statutes, 'Health benefit plan' does not mean any plan implemented or~~
46 ~~administered by the North Carolina or United States Department of~~

1 Health and Human Services, or any successor agency, or its
2 representatives. 'Health benefit plan' does not mean any of the
3 following kinds of insurance:

- 4 a. Accident.
- 5 b. Credit.
- 6 c. Disability income.
- 7 d. Long-term or nursing home care.
- 8 e. Medicare supplement.
- 9 f. Specified disease.
- 10 g. Dental or vision.
- 11 h. Coverage issued as a supplement to liability insurance.
- 12 i. Workers' compensation.
- 13 j. Medical payments under automobile or homeowners.
- 14 k. Hospital income or indemnity.
- 15 l. Insurance under which benefits are payable with or without
16 regard to fault and that is statutorily required to be contained in
17 any liability policy or equivalent self-insurance.
- 18 m. Short-term limited duration health insurance policies as defined
19 in Part 144 of Title 45 of the Code of Federal Regulations."

20 **SECTION #.(m)** G.S. 90-21.50(7) reads as rewritten:

21 "(7) 'Managed care entity' means an insurer that:

- 22 a. Delivers, administers, or undertakes to provide for, arrange for,
23 or reimburse for health care services or assumes the risk for the
24 delivery of health care services; and
- 25 b. Has a system or technique to control or influence the quality,
26 accessibility, utilization, or costs and prices of health care
27 services delivered or to be delivered to a defined enrollee
28 population.

29 Except for the Teachers' and State Employees' Comprehensive Major
30 ~~Medical Plan and the Health Insurance Program for Children, Plan,~~
31 'managed care entity' does not include: (i) an employer purchasing
32 coverage or acting on behalf of its employees or the employees of one
33 or more subsidiaries or affiliated corporations of the employer, or (ii) a
34 health care provider."

35 **SECTION #.(n)** This section becomes effective October 1, 2002. The
36 Teachers' and State Employees' Comprehensive Major Medical Plan shall complete
37 processing of claims under the Health Insurance Program for Children filed prior to and
38 pending on and after October 1, 2002.

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H86

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **NC HEALTH CHOICE PROGRAM ENROLLMENT MANAGEMENT**

2 SECTION #. The Department of Health and Human Services shall manage
3 NC Health Choice program enrollment through attrition and, as necessary, by imposing
4 a freeze on the enrollment of children in order to achieve and maintain a sustainable per
5 member per month enrollment within the 2002-2003 budget. In the current State fiscal
6 year one-time matching funds in an amount not to exceed three million dollars
7 (\$3,000,000) may be transferred to support State fiscal year 2002-2003 program
8 expenditures that are attributable to excess program enrollment. No funds may be
9 transferred until a freeze on enrollment has been imposed. Any funds transferred into
10 the NC Health Choice program pursuant to this section shall be used to pay current year
11 program costs only. In addition, the Department shall manage enrollment in the NC
12 Health Choice program so as to ensure that total program enrollment at the end of State
13 fiscal year 2002-2003 does not exceed a level that is sustainable within the certified
14 budget for State fiscal year 2002-2003.

60

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H23(S10.23)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *ALLOCATION OF REDUCTIONS IN FUNDS FOR MENTAL HEALTH,*
2 *DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES*
3 *PROGRAMS*

4 SECTION 10.23.(a) The Division of Mental Health, Developmental
5 Disabilities, and Substance Abuse Services shall allocate reductions to Division central
6 administration to items of expenditures which have the least impact on:

- 7 (1) The support of direct services to individuals served in State facilities
8 and local programs;
- 9 (2) The Division's ability to reorganize and continue implementation of
10 the State Plan for Mental Health, Developmental Disabilities, and
11 Substance Abuse Services; and
- 12 (3) The Division's ability to meet State and federal requirements such as
13 monitoring, program oversight, and reporting.

14 SECTION 10.23.(b) All reductions designated for Division-operated State
15 facilities shall be allocated as follows:

- 16 (1) In a manner that has the least impact possible on the State's ability to
17 comply with Olmstead v. L.C. & E.W. and The Civil Rights of
18 Institutionalized Persons Act (CRIPA);
- 19 (2) Maximum resources shall be retained for the purpose of transfer to
20 local programs for community capacity building as the population in
21 State facilities decreases and the principal focus of services transitions
22 to community-based programs;
- 23 (3) As deemed essential by the Secretary of the Department of Health and
24 Human Services for compliance with implementation of the State Plan
25 for Mental Health, Developmental Disabilities, and Substance Abuse
26 Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction
27 amounts and total number of positions reduced may be shifted among
28 facilities so long as the aggregate reduction in State appropriations is
29 achieved.

30 SECTION 10.23.(c) The Department shall report not later than October 1,
31 2002, on a plan for allocating the reductions required under this section. The plan shall
32 describe each reduction allocation demonstrating compliance with this section. The
33 Department shall submit the report to the Senate Appropriations Committee on Health

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- 1 and Human Services, the House of Representatives Appropriations Subcommittee on
- 2 Health and Human Services, and the Fiscal Research Division.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H24(S10.24)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **SUBSTANCE ABUSE PREVENTION SERVICES**

2 **SECTION 10.24.(a)** In order to ensure that individuals receive effective
3 substance abuse prevention services, the Department of Health and Human Services,
4 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
5 shall do the following with respect to services provided to these individuals:

- 6 (1) Designate an Office of Substance Abuse Prevention within the
7 Department as outlined in the North Carolina Comprehensive Strategic
8 Plan for Substance Abuse Prevention. This Office shall be responsible
9 for the implementation of the goals in the Comprehensive Strategic
10 Plan for Substance Abuse Prevention. The Office shall also maintain
11 the Interagency Agreement for Substance Abuse Prevention Services
12 and ensure continuing collaboration between agencies that are parties
13 to the Agreement.
- 14 (2) Provide only those prevention services that are evidence-based and
15 have been determined to be effective in preventing alcohol and other
16 drug problems.
- 17 (3) Propose rules for the licensure of prevention programs to ensure
18 quality of service delivery in local communities. Rules shall be subject
19 to review and adoption by the Commission for Mental Health,
20 Developmental Disabilities, and Substance Abuse Services.
- 21 (4) Ensure that services are provided by qualified prevention
22 professionals.
- 23 (5) Implement an outcome-based system utilizing standard risk
24 assessments and data elements consistent with appropriate evaluation
25 of prevention programs.

26 **SECTION 10.24.(b)** The Department shall report on its activities under this
27 section to the Senate Appropriations Committee on Health and Human Services, the
28 House of Representatives Appropriations Subcommittee on Health and Human
29 Services, and the Fiscal Research Division not later than December 1, 2002.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H25(S10.25)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT**

2 SECTION 10.25. Section 21.56 of S.L. 2001-424, as amended by S.L.
3 2001-513, reads as rewritten:

4 "SECTION 21.56.(a) To ensure uniformity in rates charged to area programs and
5 funded with State-allocated resources, the Division of Mental Health, Developmental
6 Disabilities, and Substance Abuse Services of the Department of Health and Human
7 Services may require a private agency that provides services under contract with ~~two or~~
8 more area programs, an area program or county program, except for hospital services
9 that have an established Medicaid rate, to complete an agency-wide uniform cost
10 finding. The resulting cost shall be the maximum included for the private agency in the
11 contracting area program's unit cost finding.

12 SECTION 21.56.(b) If a private agency fails to timely and accurately complete the
13 required agency-wide uniform cost finding in a manner acceptable to the Department's
14 controller's office, the Department may suspend all Department funding and payment to
15 the private agency until such time as an acceptable cost finding has been completed by
16 the private agency and approved by the Department's controller's office."

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same

DRAFT
SPECIAL PROVISION



2002-DHHS-H26(S10.26)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **WHITAKER SCHOOL**

2 SECTION 10.26. Section 21.61(a) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.61.(a) The Department of Health and Human Services shall work
4 with families and guardians, the Department of Public Instruction, the Department of
5 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,
6 area mental health, developmental disabilities, and substance abuse programs, and local
7 departments of social services to develop a plan for the transition of children from the
8 Whitaker School to their homes or alternative facilities. The Plan shall ensure
9 appropriate and safe placement for those children who, in accordance with the
10 assessment, need an institutional setting. The Plan shall also include transition plans that
11 facilitate and support children living in their natural environments and utilizing existing
12 resources and natural supports. Assessments and service planning alternatives shall also
13 be undertaken for children on the waiting list for placement at Whitaker School to
14 ensure appropriate and safe placement for those children. The Department shall report
15 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
16 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations
17 Committee on Health and Human Services, the House of Representatives
18 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
19 Commission on Governmental Operations, and the Fiscal Research Division."

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same

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SPECIAL PROVISION



2002-DHHS-H27(S10.27)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS**

2 SECTION 10.27. Section 21.65 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.65.(a) Area mental health, developmental disabilities, and substance
4 abuse authorities or counties administering mental health, developmental disabilities,
5 and substance abuse services shall develop and implement plans to reduce local
6 administrative costs. The plans shall be developed in accordance with guidelines
7 adopted by the Secretary, in consultation with the Local Government Commission and
8 the North Carolina Association of County Commissioners, and in accordance with the
9 following:

- 10 (1) For the 2001-2002 fiscal year, administrative costs for:
11 a. Area mental health, developmental disabilities, and substance
12 abuse services programs shall not exceed fifteen percent (15%).
13 b. Counties administering mental health, developmental
14 disabilities, and substance abuse services through a county
15 program shall not exceed fifteen percent (15%).
16 (2) For the 2002-2003 fiscal year, administrative costs for:
17 a. Area mental health, developmental disabilities, and substance
18 abuse services programs shall not exceed thirteen percent
19 (13%).
20 b. Counties administering mental health, developmental
21 disabilities, and substance abuse services through a county
22 program shall not exceed thirteen percent (13%).

23 SECTION 21.65.(b) The Department of Health and Human Services shall report its
24 progress in complying with this section not later than January 1, 2002, and April 15,
25 2002. The reports shall be submitted to the Senate Appropriations Committee on Health
26 and Human Services, the House of Representatives Appropriations Subcommittee on
27 Health and Human Services, and the Fiscal Research Division and shall include:

- 28 (1) A description of the process used and the participants involved in
29 complying with subsection (a) of this section.
30 (2) The guidelines developed under subsection (a) of this section.
31 (3) A description of local compliance initiatives and efforts including
32 program or function consolidation.
33 (4) A list of area programs at or below the targeted thirteen percent (13%)
34 for the 2000-2001 fiscal year.

1 (5) Projected savings in administrative costs as a result of implementation
2 of the targeted limits required under this section.

3 SECTION 21.65.(c) Beginning in the 2002-2003 fiscal year, the Department may
4 implement alternative approaches to establish reasonable administrative cost limitations
5 for Local Management Entities (LMEs), including both county programs and area
6 authority models, and service providers in accordance with system reform and changes
7 in system funding structures."

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H20(S10.20)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **NC HEALTH CHOICE**

2 SECTION 10.20. G.S. 108A-70.21 reads as rewritten:

3 "§ 108A-70.21. Program eligibility; benefits; enrollment fee and other
4 cost-sharing; coverage from private plans; purchase of extended
5 coverage.

6 (a) Eligibility. – The Department may enroll eligible children based on
7 availability of funds. Following are eligibility and other requirements for participation
8 in the Program:

9 (1) Children must:

- 10 a. Be under the age of 19;
- 11 b. Be ineligible for Medicaid, Medicare, or other federal
12 government-sponsored health insurance;
- 13 c. Be uninsured;
- 14 d. Be in a family that meets the following family income
15 requirements:
 - 16 1. Infants under the age of one year whose family income is
17 from one hundred eighty-five percent (185%) through
18 two hundred percent (200%) of the federal poverty level;
 - 19 2. Children age one year through five years whose family
20 income is above one hundred thirty-three percent (133%)
21 through two hundred percent (200%) of the federal
22 poverty level; and
 - 23 3. Children age six years through eighteen years whose
24 family income is above one hundred percent (100%)
25 through two hundred percent (200%) of the federal
26 poverty level;
- 27 e. Be a resident of this State and eligible under federal law; and
- 28 f. Have paid the Program enrollment fee required under this Part.

29 (2) Proof of family income and residency and declaration of uninsured
30 status shall be provided by the applicant at the time of application for
31 Program coverage. The family member who is legally responsible for
32 the children enrolled in the Program has a duty to report any change in
33 the enrollee's status within 60 days of the change of status.

1 (3) If a responsible parent is under a court order to provide or maintain
2 health insurance for a child and has failed to comply with the court
3 order, then the child is deemed uninsured for purposes of determining
4 eligibility for Program benefits if at the time of application the
5 custodial parent shows proof of agreement to notify and cooperate
6 with the child support enforcement agency in enforcing the order.

7 If health insurance other than under the Program is provided to the
8 child after enrollment and prior to the expiration of the eligibility
9 period for which the child is enrolled in the Program, then the child is
10 deemed to be insured and ineligible for continued coverage under the
11 Program. The custodial parent has a duty to notify the Department
12 within 10 days of receipt of the other health insurance, and the
13 Department, upon receipt of notice, shall disenroll the child from the
14 Program. As used in this paragraph, the term "responsible parent"
15 means a person who is under a court order to pay child support.

16 (4) Except as otherwise provided in this section, enrollment shall be
17 continuous for one year. At the end of each year, applicants may
18 reapply for Program benefits.

19 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
20 copayments, and other cost-sharing charges, health benefits coverage provided to
21 children eligible under the Program shall be equivalent to coverage provided for
22 dependents under the North Carolina Teachers' and State Employees' Comprehensive
23 Major Medical Plan, including optional prepaid plans. Prescription drug providers shall
24 accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the
25 average wholesale price for the prescription drug or the amounts published by the
26 ~~Health Care Financing Administration Centers for Medicare and Medicaid Services~~ plus
27 a fee established by the provider not to exceed the amount authorized under subdivision
28 (d)(3) of this section. dispensing fee of five dollars and sixty cents (\$5.60) per
29 prescription for generic drugs and four dollars (\$4.00) per prescription for brand name
30 drugs. Health care providers providing vision and dental services to Program enrollees
31 shall accept as payment in full for services rendered the maximum allowable charges
32 under the North Carolina Teachers' and State Employees' Comprehensive Major
33 Medical Plan less any copayments assessed under this Part. All other health care
34 providers providing services to Program enrollees shall accept as payment in full for
35 services rendered an amount equivalent to the maximum allowable charges under the
36 North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan
37 Medicaid Program for services less any copayments assessed to enrollees under this
38 Part. No child enrolled in the Plan's self-insured indemnity program shall be required by
39 the Plan to change health care providers as a result of being enrolled in the Program.

40 In addition to the benefits provided under the Plan, the following services and
41 supplies are covered under the Health Insurance Program for Children established under
42 this Part:

43 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
44 12-month period, full mouth X rays once every 60 months,
45 supplemental bitewing X rays showing the back of the teeth once
46 during a 12-month period, fluoride applications twice during a

1 12-month period, sealants, simple extractions, therapeutic
2 pulpomies, prefabricated stainless steel crowns, and routine fillings
3 of amalgam or other tooth-colored filling material to restore diseased
4 teeth. No benefits are to be provided for services under this subsection
5 that are not performed by or upon the direction of a dentist, doctor, or
6 other professional provider approved by the Plan nor for services and
7 materials that do not meet the standards accepted by the American
8 Dental Association.

9 (2) Vision: Scheduled routine eye examinations once every 12 months,
10 eyeglass lenses or contact lenses once every 12 months, routine
11 replacement of eyeglass frames once every 24 months, and optical
12 supplies and solutions when needed. Optical services, supplies, and
13 solutions must be obtained from licensed or certified ophthalmologists,
14 optometrists, or optical dispensing laboratories. Eyeglass lenses are
15 limited to single vision, bifocal, trifocal, or other complex lenses
16 necessary for a Plan enrollee's visual welfare. Coverage for oversized
17 lenses and frames, designer frames, photosensitive lenses, tinted
18 contact lenses, blended lenses, progressive multifocal lenses, coated
19 lenses, and laminated lenses is limited to the coverage for single
20 vision, bifocal, trifocal, or other complex lenses provided by this
21 subsection. Eyeglass frames are limited to those made of zylonite,
22 metal, or a combination of zylonite and metal. All visual aids covered
23 by this subsection require prior approval of the Plan. Upon prior
24 approval by the Plan, refractions may be covered more often than once
25 every 12 months.

26 (3) Hearing: Auditory diagnostic testing services and hearing aids and
27 accessories when provided by a licensed or certified audiologist,
28 otolaryngologist, or other hearing aid specialist approved by the Plan.
29 Prior approval of the Plan is required for hearing aids, accessories,
30 earmolds, repairs, loaners, and rental aids.

31 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
32 coverage for enrollees whose family income is at or below one hundred fifty percent
33 (150%) of the federal poverty level. The enrollment fee for Program coverage for
34 enrollees whose family income is above one hundred fifty percent (150%) of the federal
35 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
36 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
37 enrollment fee shall be collected by the county department of social services and
38 retained to cover the cost of determining eligibility for services under the Program.
39 County departments of social services shall establish procedures for the collection of
40 enrollment fees.

41 (d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-~~
42 ~~sharing charges for families covered under the Program whose family income is at or~~
43 ~~below one hundred fifty percent (150%) of the federal poverty level.~~

44 (1) Families covered under the Program whose family income is at or
45 below one hundred fifty percent (150%) of the federal poverty level
46 shall be responsible for copayments to providers as follows:

- 1 a. Five dollars (\$5.00) per child for each visit to a provider, except
2 that there shall be no copayment required for well-baby, well-
3 child, or age-appropriate immunization services;
4 b. Five dollars (\$5.00) per child for each outpatient hospital visit;
5 c. One dollar (\$1.00) for each outpatient generic prescription drug
6 purchased;
7 d. Three dollars (\$3.00) for each outpatient brand-name
8 prescription drug purchased;
9 e. Ten dollars (\$10.00) for each emergency room visit unless:
10 1. The child is admitted to the hospital, or
11 2. No other reasonable care was available as determined by
12 the Claims Processing Contractor of the North Carolina
13 Teachers' and State Employees' Comprehensive Major
14 Medical Plan.

15 (2) Families covered under the Program whose family income is above
16 one hundred fifty percent (150%) of the federal poverty level shall be
17 responsible for copayments to providers as follows:

- 18 (1)a. ~~Five dollars (\$5.00)~~ Ten dollars (\$10.00) per child for each visit
19 to a provider, except that there shall be no copayment required
20 for well-baby, well-child, or age-appropriate immunization
21 services;
22 (2)b. ~~Five dollars (\$5.00)~~ Ten dollars (\$10.00) per child for each
23 outpatient hospital visit;
24 (3)c. ~~A six dollar (\$6.00)~~ five-dollar (\$5.00) fee for each outpatient
25 generic prescription drug purchased;
26 d. A ten-dollar (\$10.00) fee for each outpatient brand-name
27 prescription drug purchased;
28 (4)e. ~~Twenty dollars (\$20.00)~~ Thirty dollars (\$30.00) for each
29 emergency room visit unless:
30 a.1. The child is admitted to the hospital, or
31 b.2. No other reasonable care was available as determined by
32 the Claims Processing Contractor of the North Carolina
33 Teachers' and State Employees' Comprehensive Major
34 Medical Plan.

35 Copayments required under this subsection for prescription drugs apply only to
36 prescription drugs prescribed on an outpatient basis.

37 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing,
38 including fees, with respect to all children in a family receiving Program benefits under
39 this Part shall not exceed five percent (5%) of the family's income for the year involved.
40 To assist the Department in monitoring and ensuring that the limitations of this
41 subsection are not exceeded, the Executive Administrator and Board of Trustees of the
42 North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan
43 shall provide data to the Department showing cost-sharing paid by Program enrollees.

44 (f) Coverage From Private Plans. – The Department shall, from funds available
45 for the Program, pay the cost for dependent coverage provided under a private insurance

1 plan for persons eligible for coverage under the Program if all of the following
2 conditions are met:

- 3 (1) The person eligible for Program coverage requests to obtain dependent
4 coverage from a private insurer in lieu of coverage under the Program
5 and shows proof that coverage under the private plan selected meets
6 the requirements of this subsection;
- 7 (2) The dependent coverage under the private plan is actuarially
8 equivalent to the coverage provided under the Program and the private
9 plan does not engage in the exclusive enrollment of children with
10 favorable health care risks;
- 11 (3) The cost of dependent coverage under the private plan is the same as
12 or less than the cost of coverage under the Program; and
- 13 (4) The total annual aggregate cost-sharing, including fees, paid by the
14 enrollee under the private plan for all dependents covered by the plan,
15 do not exceed five percent (5%) of the enrollee's family income for the
16 year involved.

17 The Department may reimburse an enrollee for private coverage under this
18 subsection upon a showing of proof that the dependent coverage is in effect for the
19 period for which the enrollee is eligible for the Program.

20 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses
21 eligibility due to an increase in family income above two hundred percent (200%) of the
22 federal poverty level and up to and including two hundred twenty-five percent (225%)
23 of the federal poverty level may purchase at full premium cost continued coverage
24 under the Program for a period not to exceed one year beginning on the date the enrollee
25 becomes ineligible under the income requirements for the Program. The same benefits,
26 copayments, and other conditions of enrollment under the Program shall apply to
27 extended coverage purchased under this subsection.

28 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
29 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
30 subsection (g) of this section."

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H21(S10.21)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS*

2 SECTION 10.21. The Department of Health and Human Services may
3 rewrite and submit to the federal government the State Plan for the North Carolina
4 Health Choice Program solely for the purpose of incorporating amendments enacted by
5 the 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
6 2001 General Assembly, and to otherwise comply with applicable federal requirements.
7 Nothing in this section authorizes the Department to make amendments to the State Plan
8 for the North Carolina Health Choice Program not otherwise authorized by the General
9 Assembly. Amendments to the State Plan required by the federal government to be
10 implemented after the effective date of this section, other than those authorized by this
11 section, shall comply with G.S. 108A-70.25.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H17(S10.17)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

2 SECTION 10.17.(a) Disproportionate share receipts reserved at the end of
3 the 2002-2003 fiscal year shall be deposited with the Department of State Treasurer as
4 nontax revenue for the 2002-2003 fiscal year.

5 SECTION 10.17.(b) For the 2002-2003 fiscal year, as it receives funds
6 associated with Disproportionate Share Payments from State hospitals, the Department
7 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
8 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
9 to the Department of State Treasurer for deposit as nontax revenue. Any
10 Disproportionate Share Payments collected in excess of the one hundred seven million
11 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
12 appropriations.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H18(S10.18)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID HOSPITAL PAYMENTS**

2 **SECTION 10.18.** The Department of Health and Human Services shall
3 reduce Medicaid payments to hospitals by one-half of one percent (.5%) for the
4 2002-2003 State fiscal year. The Department shall evaluate all medical payment
5 programs and policies administered by the Department that may affect the future
6 viability and sustainability of financially vulnerable hospitals. Based on the evaluation
7 of the medical payments programs and policies affecting hospitals, the Department shall
8 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
9 year such that the reduction has the least impact on the future viability and sustainability
10 of financially vulnerable hospitals. The Department shall also review the status of
11 financially vulnerable hospitals to determine whether additional State actions are
12 appropriate to ensure that communities served by these hospitals continue to receive
13 essential medical services. The Department shall consult with the North Carolina
14 Hospital Association while conducting the evaluation of medical payment programs and
15 policies and determining how to implement the one-half of one percent (.5%) reduction.
16 The Department shall report to the Senate Appropriations Committee on Health and
17 Human Services, the House of Representatives Appropriations Subcommittee on Health
18 and Human Services, and the Fiscal Research Division on its activities under this
19 section not later than October 1, 2002.

same

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SPECIAL PROVISION



2002-DHHS-H19(S10.19)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID PROGRAM MANAGEMENT**

2 SECTION 10.19. Section 21.26(b) of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.26.(b) The Department shall implement a pharmacy management
4 plan considering the recommendations of the "North Carolina Medicaid Benefit Study"
5 to achieve anticipated cost savings. The pharmacy management plan may include the
6 following activities:

- 7 (1) Establishing a prior authorization program to manage utilization of
8 high-cost, brand name drugs. In determining drugs to be included in
9 the prior authorization program, the Department shall consider whether
10 inclusion of these drugs is likely to:
 - 11 a. Increase utilization of more expensive services;
 - 12 b. Reduce quality of treatment;
 - 13 c. Result in a lower level of compliance with appropriate drug
14 therapy; and
 - 15 d. Have a differential impact upon racial and ethnic minorities and
16 the elderly.

17 The Department shall conduct a review at least annually of the drugs
18 included in the prior authorization program to determine whether any
19 of the factors listed in this subdivision or other factors with similar
20 results have occurred.

- 21 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
- 22 (3) Developing physician prescribing practice profiles and other
23 educational tools to enable physicians to better manage their
24 prescriptions.
- 25 (4) Establishing therapeutic limits based on appropriate dosage or usage
26 standards.
- 27 (5) Encouraging use of generic drugs.
- 28 (6) Using maximum allowable pricing.
- 29 (7) Contracting with a pharmacy benefits manager to implement more
30 extensive drug utilization review.
- 31 (8) Studying the impact of eliminating the six prescription drug monthly
32 limit combined with a more rigorous prior authorization program to
33 ensure cost decisions are made based on evidence-based clinical
34 guidelines.

- 1 (9) Expanding disease management initiatives.
- 2 (10) Working with ACCESS physicians to develop and implement drug
- 3 utilization management initiatives.
- 4 (11) If cost-effective, expanding Medicaid drug coverage to include
- 5 selected over-the-counter medications.

6 The Department may adopt temporary rules in accordance with G.S. 150B-21.1
7 when it finds these rules are necessary to clarify recipient appeal rights related to the
8 pharmacy management plan."

Dept.
requested
this language

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H62

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **LONG-TERM CARE REIMBURSEMENT METHODOLOGY**

2 SECTION #. When establishing a new reimbursement methodology for
3 long-term care services including nursing facilities, ICF-MRs, and adult care homes, the
4 Department of Health and Human Services, Division of Medical Assistance, shall do the
5 following:

- 6 (1) Use the latest cost data available;
- 7 (2) Establish reimbursement rates that will allow Medicaid long-term care
8 providers to comply with certification requirements, licensure rules, or
9 other mandated quality or safety standards;
- 10 (3) Consider available data related to long-term care industry costs and
11 losses, including those resulting from the health care workforce crisis
12 and the increase in professional liability insurance premiums; and
- 13 (4) Consider the effect on future viability and sustainability of financially
14 vulnerable long-term care providers.

15 The Division of Medical Assistance and any contract agencies performing the functions
16 associated with this section shall consult with provider organizations include the North
17 Carolina Health Care Facilities Association, the North Carolina Hospital Association,
18 the Long-Term Care Facilities Association of North Carolina, the North Carolina
19 Assisted Living Association, and the North Carolina Medical Society. The Department
20 shall report on the reimbursement methodology not later than October 1, 2002 to the
21 House of Representatives Appropriations Subcommittee on Health and Human
22 Services, the Senate Appropriations Committee on Health and Human Services, and the
23 Fiscal Research Division.

47

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H73

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID MAXIMUM ALLOWABLE CHARGE FOR TEMPORARY NURSING**
2 **SERVICES**

3 SECTION #. The Department of Health and Human Services, Division of
4 Medical Assistance, shall establish as the maximum allowable per hour charge under
5 the Medicaid Program for temporary nursing services an amount equal to one hundred
6 thirty percent (130%) of the average salary cost per hour for direct care nursing staff
7 employed by the health care facility or provider.

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H74

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **INCREASES IN FEDERAL MEDICAID FUNDS**

2 **SECTION #.(a)** Notwithstanding any other provision of law to the contrary,
3 the total amount of State funds that become available to the Department of Health and
4 Human Services for the 2002-2003 fiscal year due to an increase in federal Medicaid
5 funds resulting from increases in the Federal Financial Participation rate shall be used to
6 increase funds appropriated to the Department for the 2002-2003 fiscal year for the
7 Medicaid program without any reduction in what is otherwise allocated to the
8 Department from appropriated funds.

9 **SECTION #.(b)** The Department of Health and Human Services, Division
10 of Medical Assistance, may reinstate eligibility policies changed by this act when all of
11 the following conditions are met:

- 12 (1) Congress approves enhanced federal financial participation for State
- 13 Medicaid programs.
- 14 (2) Receipt of the enhanced federal financial participation is dependent on
- 15 a state's maintenance of effort in Medicaid eligibility.
- 16 (3) The Department has concluded that the enacted policy changes render
- 17 the State ineligible for the enhanced federal financial participation.
- 18 (4) Enhanced federal financial participation receipts exceed the anticipated
- 19 savings in State funds from the enacted policy changes.
- 20

assets/qualify

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H13(S10.13)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **REPEAL CIRCUMCISION FUNDS**

2 **SECTION 10.13.** Section 19 of S.L. 2001-513 reads as rewritten:

3 "SECTION 19. Notwithstanding any other provision of law to the contrary, from
4 funds available in the General Fund, there is appropriated to the Department of Health
5 and Human Services, Division of Medical Assistance, the sum of two hundred forty-six
6 thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year and
7 ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~
8 These funds shall be used to provide optional circumcision procedures for newborns
9 eligible for Medicaid."

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H14(S10.14)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID CASE MANAGEMENT SERVICES**

2 **SECTION 10.14.(a)** The Department of Health and Human Services shall
3 reduce Medicaid Program expenditures for case management services for adults and
4 children for the 2002-2003 State fiscal year. In determining how to allocate this
5 reduction, the Department shall include all State programs currently providing case
6 management services reimbursed by the Medicaid Program, and shall consider the
7 following issues:

- 8 (1) Elimination of all duplicative case management services.
- 9 (2) Consolidation of similar case management services.
- 10 (3) Provision of only one case manager per family reimbursed through the
11 Medicaid Program, when feasible.
- 12 (4) Equitable allocation of reductions in case management services
13 reimbursed by Medicaid among the different programs that provide
14 case management services.
- 15 (5) Identification of the children and adults with the greatest case
16 management needs to determine how to allocate reductions and
17 remaining resources.
- 18 (6) Reductions in administrative costs associated with providing case
19 management services reimbursed by Medicaid.
- 20 (7) Reductions in reimbursement to case management service providers.

21 **SECTION 10.14.(b)** Not later than October 1, 2002, the Department shall
22 report on its plan for the reductions required in this section. The Department shall
23 submit the report to the Senate Appropriations Committee on Health and Human
24 Services, the House of Representatives Appropriations Subcommittee on Health and
25 Human Services, and the Fiscal Research Division.

Same

DRAFT
SPECIAL PROVISION

2002-DHHS-H15(S10.15)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT**

2 **SECTION 10.15.(a)** The Department of Health and Human Services shall
3 develop a plan for using federal waivers to assist in long-term cost containment for the
4 State's Medicaid program. In developing the plan, the Department shall determine
5 whether single or multiple federal waivers will help the State achieve its goal of
6 long-term cost containment for the State's Medicaid program, and shall also determine
7 which type of waiver is likely to be most helpful. The Department shall consider all of
8 the following for development of the plan:

- 9 (1) Which optional categories of persons eligible for Medicaid will be
10 covered by the waiver.
- 11 (2) What optional Medicaid services will be included in the service
12 package covered by the waiver.
- 13 (3) What types of cost-sharing will be required under the waiver.
- 14 (4) Will the waiver use Carolina ACCESS, other types of managed care,
15 or will a fee-for-service system for providing health care services be
16 used.
- 17 (5) Will private insurance coverage options be incorporated into the
18 waiver.
- 19 (6) Should the NC Health Choice Program be included in the waiver.

20 **SECTION 10.15.(b)** On or before February 1, 2003, the Department shall
21 report on its plan for seeking federal waivers to achieve long-term cost containment in
22 the State's Medicaid program. The report shall be made to the Senate Appropriations
23 Committee on Health and Human Services, the House of Representatives
24 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
25 Division, and shall include the following:

- 26 (1) Copy of the application for the waiver.
- 27 (2) Description of how the waiver will help achieve long-term cost
28 containment in the State's Medicaid program.
- 29 (3) Description of legislation necessary to implement the proposed waiver.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

different

DRAFT
SPECIAL PROVISION



2002-DHHS-H16(S10.16)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **COMMUNITY ALTERNATIVES PROGRAMS**

2 **SECTION 10.16.(a)** The Department of Health and Human Services shall
3 administer all Community Alternative Program (CAP) waivers in the most economical
4 and efficient manner possible to support within funds appropriated the maximum
5 number of persons meeting participation requirements under the waivers. The
6 Department shall amend the waivers to ensure that participation requirements and
7 payment and service limits will ensure that the maximum number of persons meeting
8 participation requirements are served by all waivers. Not later than October 1, 2002, the
9 Department shall submit a report that outlines efficient use of funds appropriated and
10 that demonstrates the participation requirements, payment and service limits, and other
11 administrative actions to support the maximum number of persons to be served in the
12 applicable State fiscal year. The report shall be submitted to the Senate Appropriations
13 Committee on Health and Human Services, the House of Representatives
14 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
15 Division.

16 **SECTION 10.16.(b)** CAP-DA services shall be provided for the 2002-2003
17 fiscal year to any eligible person who entered a nursing facility on or before June 1,
18 2002, notwithstanding that the availability of CAP-DA services may be suspended for
19 that fiscal year.

20 **SECTION 10.16.(c)** The North Carolina Institute of Medicine shall conduct
21 a study of the Community Alternatives Program for Disabled Adults (CAP/DA)
22 administered by the Department of Health and Human Services and shall recommend
23 ways of improving the administration of CAP/DA. In conducting the study, the Institute
24 shall consider the following:

- 25 (1) Whether the lead agency for CAP/DA should also be a provider of
26 direct services under CAP/DA.
27 (2) Whether case managers should be employed by the provider agency.
28 (3) Whether funds for CAP/DA should be reduced below the ninety
29 percent (90%) maximum that currently exists.
30 (4) Review current policy for service requirements, management, and
31 supervision as it pertains to strengthening the family and case manager
32 and agency requirements.
33 (5) Whether case managers and provider agencies should have increased
34 responsibility for upholding guidelines.

- 1 (6) Whether oversight of CAP/DA by the Division of Medical Assistance
2 needs strengthening.
3 (7) Alternative funding sources for CAP/DA.
4 (8) Determination of funding needs for CAP/DA based on corroboration
5 with long-term care policy initiatives.
6 (9) What changes should be made to CAP/DA to reduce cost of services
7 per person in order to serve more individuals within existing funds.
8 (10) Any other matters the North Carolina Institute of Medicine considers
9 pertinent to the study.
10 The North Carolina Institute of Medicine shall report its findings and recommendations
11 to the 2003 General Assembly upon its convening.

1 Assistance Program (Title XIX of the Social Security Act), and except as otherwise
2 provided in this subsection for atypical antipsychotic drugs and drugs listed in the
3 narrow therapeutic index, a prescription order for a drug designated by a trade or brand
4 name shall be considered to be an order for the drug by its established or generic name,
5 except when the prescriber has determined, at the time the drug is prescribed, that the
6 brand name drug is medically necessary and has written on the prescription order the
7 phrase "medically necessary". An initial prescription order for an atypical antipsychotic
8 drug or a drug listed in the narrow therapeutic drug index that does not contain the
9 phrase "medically necessary" shall be considered an order for the drug by its established
10 or generic name, except that a pharmacy shall not substitute a generic or established
11 name prescription drug for subsequent brand or trade name prescription orders of the
12 same prescription drug without explicit oral or written approval of the prescriber given
13 at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the
14 Medical Assistance Program rather than trade or brand name drugs. As used in this
15 subsection, "brand name" means the proprietary name the manufacturer places upon a
16 drug product or on its container, label, or wrapping at the time of packaging; and
17 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,
18 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

19 **SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements,**
20 **and Payments.** – Service limitations, eligibility requirements, and payments bases in this
21 section may be waived by the Department of Health and Human Services, with the
22 approval of the Director of the Budget, to allow the Department to carry out pilot
23 programs for prepaid health plans, contracting for services, managed care plans, or
24 community-based services programs in accordance with plans approved by the United
25 States Department of Health and Human Services, or when the Department determines
26 that such a waiver will result in a reduction in the total Medicaid costs for the recipient.
27 The Department of Health and Human Services may proceed with planning and
28 development work on the Program of All-Inclusive Care for the Elderly.

29 **SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement.** – The
30 Department of Health and Human Services, Division of Medical Assistance, may,
31 subject to the approval of a change in the State Medicaid Plan, contract for services,
32 medical equipment, supplies, and appliances by implementation of volume purchase
33 plans, single source procurement, or other contracting processes in order to improve
34 cost containment.

35 **SECTION 21.19.(k) Cost-Containment Programs.** – The Department of Health and
36 Human Services, Division of Medical Assistance, may undertake cost containment
37 programs in accordance with Section 3 of S.L. 2001-395, including contracting for
38 services, preadmissions to hospitals and prior approval for certain outpatient surgeries
39 before they may be performed in an inpatient setting.

40 **SECTION 21.19.(l)** For all Medicaid eligibility classifications for which the federal
41 poverty level is used as an income limit for eligibility determination, the income limits
42 will be updated each April 1 immediately following publication of federal poverty
43 guidelines.

44 **SECTION 21.19.(m)** The Department of Health and Human Services shall provide
45 Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and regulations.

1 **SECTION 21.19.(n)** The Department of Health and Human Services shall provide
2 coverage to pregnant women and to children according to the following schedule:

3 (1) Pregnant women with incomes equal to or less than one hundred
4 eighty-five percent (85%) of the federal poverty guidelines as revised
5 *Provides* each April 1 shall be covered for Medicaid benefits. In determining
6 *Parental* income eligibility under this subdivision, the income of a minor's
7 *income* parents shall be counted.

8 (2) Infants under the age of 1 with family incomes equal to or less than
9 one hundred eighty-five percent (85%) of the federal poverty
10 guidelines as revised each April 1 shall be covered for Medicaid
11 benefits.

12 (3) Children aged 1 through 5 with family incomes equal to or less than
13 one hundred thirty-three percent (133%) of the federal poverty
14 guidelines as revised each April 1 shall be covered for Medicaid
15 benefits.

16 (4) Children aged 6 through 18 with family incomes equal to or less than
17 the federal poverty guidelines as revised each April 1 shall be covered
18 for Medicaid benefits.

19 (5) The Department of Health and Human Services shall provide Medicaid
20 coverage for adoptive children with special or rehabilitative needs
21 regardless of the adoptive family's income.

22 Services to pregnant women eligible under this subsection continue throughout the
23 pregnancy but include only those related to pregnancy and to those other conditions
24 determined by the Department as conditions that may complicate pregnancy. In order to
25 reduce county administrative costs and to expedite the provision of medical services to
26 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this
27 subsection, no resources test shall be applied.

28 **SECTION 21.19.(o)** Medicaid enrollment of categorically needy families with
29 children shall be continuous for one year without regard to changes in income or assets.

30 **SECTION 21.19.(p)** The Department shall disregard earned income for recipients
31 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
32 Social Security Act due to earnings. This disregard shall be applied for a maximum of
33 12 consecutive months.

34 **SECTION 21.19.(q)** The Department of Health and Human Services shall submit a
35 quarterly status report on expenditures for acute care and long-term care services to the
36 Fiscal Research Division and to the Office of State Budget and Management. This
37 report shall include an analysis of budgeted versus actual expenditures for eligibles by
38 category and for long-term care beds. In addition, the Department shall revise the
39 program's projected spending for the current fiscal year and the estimated spending for
40 the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the
41 revised forecast shall be forwarded to the Fiscal Research Division and to the Office of
42 State Budget and Management no later than the third Thursday of the month following
43 the end of each quarter.

44 **SECTION 21.19.(r)** The Division of Medical Assistance, Department of Health
45 and Human Services, may provide incentives to counties that successfully recover

1 fraudulently spent Medicaid funds by sharing State savings with counties responsible
2 for the recovery of the fraudulently spent funds.

3 **SECTION 21.19.(s)** If first approved by the Office of State Budget and
4 Management, the Division of Medical Assistance, Department of Health and Human
5 Services, may use funds that are identified to support the cost of development and
6 acquisition of equipment and software through contractual means to improve and
7 enhance information systems that provide management information and claims
8 processing. The Department of Health and Human Services shall identify adequate
9 funds to support the implementation and first year's operational costs that exceed the
10 currently allocated funds for the new contract for the fiscal agent for the Medicaid
11 Management Information System.

12 **SECTION 21.19.(t)** The Department of Health and Human Services may adopt
13 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds
14 that these rules are necessary to maximize receipt of federal funds within existing State
15 appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to
16 the filing of these temporary rules with the Office of Administrative Hearings, the
17 Department shall consult with the Office of State Budget and Management on the
18 possible fiscal impact of the temporary rule and its effect on State appropriations and
19 local governments.

20 **SECTION 21.19.(u)** The Department shall report to the Fiscal Research Division
21 of the Legislative Services Office and to the House of Representatives Appropriations
22 Subcommittee on Health and Human Services and the Senate Appropriations
23 Committee on Health and Human Services or the Joint Legislative Health Care
24 Oversight Committee on any change it anticipates making in the Medicaid program that
25 impacts the type or level of service, reimbursement methods, or waivers, any of which
26 require a change in the State Plan or other approval by the Centers for Medicare and
27 Medicaid Services (CMS). The reports shall be provided at the same time they are
28 submitted to CMS for approval.

29 **SECTION 21.19.(v)** Upon approval of a demonstration waiver by the Centers for
30 Medicare and Medicaid Services (CMS), the Department of Health and Human Services
31 may provide Medicaid coverage for family planning services to men and women of
32 child-bearing age with family incomes equal to or less than one hundred eighty-five
33 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
34 approval of the waiver and shall begin no earlier than January 1, 2001.

35 **SECTION 21.19.(w)** The Department of Health and Human Services, Division of
36 Medical Assistance, shall use the latest audited cost reporting data available when
37 establishing Medicaid provider rates or when making changes to the reimbursement
38 methodology.

39 **SECTION 21.19.(x)** The Department of Health and Human Services, Division of
40 Medical Assistance, shall implement a new coding system for therapeutic mental health
41 services as required by the Health Insurance Portability and Accountability Act of 1996.
42 In implementing the new coding system, the Division shall ensure that the new coding
43 system does not discriminate between providers of therapeutic mental health services
44 with similar qualifications and training. In meeting the requirements of this subsection,
45 the Division shall consult with the Division of Mental Health, Developmental

1 Disabilities, and Substance Abuse Services and the professional licensing boards
2 responsible for licensing the affected professionals.

3 **SECTION 21.19.(y)** The Department of Health and Human Services may apply
4 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
5 Social Security Act to real property excluded as "~~income-producing~~" "income
6 producing", tenancy-in-common, or as nonhomesite property made "income producing"
7 under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets
8 policy shall apply only to an institutionalized individual or the individual's spouse as
9 defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection
10 becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to
11 properties excluded as tenancy-in-common or as nonhomesite property made "income
12 producing" in accordance with this subsection shall become effective no earlier than
13 October 1, 2002."

14 **SECTION 10.11.(b)** Effective October 1, 2002, G.S. 108A-70.5(b) reads as
15 rewritten:

16 "(b) As used in this section:

- 17 (1) "Medical assistance" means medical care services paid for by the
18 North Carolina Medicaid Program on behalf of the recipient:
19 a. If the recipient is receiving these medical care services as an
20 inpatient in a nursing facility, intermediate care facility for the
21 mentally retarded, or other medical institution, and cannot
22 reasonably be expected to be discharged to return home; or
23 b. If the recipient is 55 years of age or older and is receiving these
24 medical care services, including related hospital care and
25 prescription drugs, for nursing facility ~~services—services,~~
26 personal care services, or home- and community-based services.
27 (2) "Estate" means all the real and personal property considered assets of
28 the estate available for the discharge of debt pursuant to G.S.
29 28A-15-1."
30

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H12(S10.12)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

2 SECTION 10.12.(a) In its effort to achieve anticipated savings in the
3 Medicaid Program of nine million four hundred twenty-five thousand dollars
4 (\$9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS
5 II and Carolina ACCESS III programs, the Department of Health and Human Services
6 shall monitor cost-savings activities of these programs. Carolina ACCESS II and
7 Carolina ACCESS III programs shall provide the Department detailed information on
8 savings realized from the following cost-savings activities:

- 9 (1) Reductions in hospital admissions;
- 10 (2) Reductions in emergency room visits;
- 11 (3) Use of best-prescribing practices;
- 12 (4) Increased prescriptions of generic drugs;
- 13 (5) Implementation of polypharmacy review;
- 14 (6) Reductions in therapy visits;
- 15 (7) Improved management of high risk/high cost patients; and
- 16 (8) Other strategies implemented by the programs to achieve anticipated
17 savings.

18 SECTION 10.12.(b) The Department of Health and Human Services shall
19 implement a process for the assessment and review of cost-effectiveness of the Carolina
20 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance
21 shall confirm actual savings realized from the use of case management strategies of the
22 Carolina ACCESS II and Carolina ACCESS III demonstration sites. Beginning October
23 1, 2002, the Department shall report quarterly the cost-effectiveness of these programs
24 based on actual savings achieved. The Department shall submit the report to the Senate
25 Appropriations Committee on Health and Human Services, the House of
26 Representatives Appropriations Subcommittee on Health and Human Services, the
27 Office of State Budget and Management, and the Fiscal Research Division.

1 **SECTION 1.(b)** In developing and implementing the Senior Prescription
2 Drug Access Program, the Commission may do the following:

3 (1) Establish a centralized database with linkages to Medicaid databases to
4 enable review of each participant's prescription drug regimen, and to
5 ensure quality of services, quality of care, and cost effectiveness. The
6 database shall comply with all State and federal privacy protection
7 requirements and shall be accessible only to participating pharmacists,
8 primary care physicians, and case managers.

9 (2) Use reserved funds authorized under this section to contract with
10 public and private entities to provide prescription drug assistance
11 services.

12 (3) Use reserved funds authorized under this section to award grants to
13 applicants eligible under G.S. 147-86.31 to receive grant funds. Grant
14 funds may be used to subsidize costs of hiring and training staff to
15 operate drug acquisition software.

16 **SECTION 1.(c)** The Commission shall provide for ongoing evaluation of
17 the Program to measure its usage and effectiveness. The Commission shall include in its
18 annual report required under G.S. 147-86.35 the use of funds for and activities of the
19 Senior Prescription Drug Access Program, and the results of its Program evaluation.
20 The report shall include data on the number of persons who received services, fees
21 authorized, and the geographic distribution of Program services.

d.fferent

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SPECIAL PROVISION



2002-DHHS-H11(S10.11)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **MEDICAID PROGRAM**

2 SECTION 10.11.(a) Section 21.19 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.19.(a) Funds appropriated in this act for services provided in
4 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
5 categorically needy and the medically needy. Funds appropriated for these services shall
6 be expended in accordance with the following schedule of services and payment bases.
7 All services and payments are subject to the language at the end of this subsection.

8 Services and payment bases:

9 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
10 prescribed in the State Plan as established by the Department of Health
11 and Human Services.

12 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
13 prospective reimbursement plan as established by the Department of
14 Health and Human Services.

15 (3) Nursing Facilities – Payment for nursing facility services will be
16 prescribed in the State Plan as established by the Department of Health
17 and Human Services. Nursing facilities providing services to Medicaid
18 recipients who also qualify for Medicare must be enrolled in the
19 Medicare program as a condition of participation in the Medicaid
20 program. State facilities are not subject to the requirement to enroll in
21 the Medicare program. Residents of nursing facilities who are eligible
22 for Medicare coverage of nursing facility services must be placed in a
23 Medicare certified bed. Medicaid shall cover facility services only
24 after the appropriate services have been billed to Medicare. The
25 Division of Medical Assistance shall allow nursing facility providers
26 sufficient time from the effective date of this act to certify additional
27 Medicare beds if necessary. In determining the date that the
28 requirements of this subdivision become effective, the Division of
29 Medical Assistance shall consider the regulations governing
30 certification of Medicare beds and the length of time required for this
31 process to be completed.

*Language
Added.*

32 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
33 in the State Plan as established by the Department of Health and
34 Human Services.

- 1 (5) Drugs – Drug costs as allowed by federal regulations plus a
2 professional services fee per month excluding refills for the same drug
3 or generic equivalent during the same month. Reimbursement shall be
4 available for up to six prescriptions per recipient, per month, including
5 refills. Payments for drugs are subject to the provisions of subsection
6 (h) of this section and to the provisions at the end of subsection (a) of
7 this section, or in accordance with the State Plan adopted by the
8 Department of Health and Human Services consistent with federal
9 reimbursement regulations. Payment of the professional services fee
10 shall be made in accordance with the State Plan adopted by the
11 Department of Health and Human Services, consistent with federal
12 reimbursement regulations. The professional services fee shall be five
13 dollars and sixty cents (\$5.60) per prescription for generic drugs and
14 four dollars (\$4.00) per prescription for brand name drugs.
15 Adjustments to the professional services fee shall be established by the
16 General Assembly.
- 17 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
18 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
19 developed by the Department of Health and Human Services.
20 Payments for dental services are subject to the provisions of subsection
21 (g) of this section.
- 22 (7) Community Alternative Program, EPSDT Screens – Payment to be
23 made in accordance with rate schedule developed by the Department
24 of Health and Human Services.
- 25 (8) Home Health and Related Services, Private Duty Nursing, Clinic
26 Services, Prepaid Health Plans, Durable Medical Equipment –
27 Payment to be made according to reimbursement plans developed by
28 the Department of Health and Human Services.
- 29 (9) Medicare Buy-In – Social Security Administration premium.
- 30 (10) Ambulance Services – Uniform fee schedules as developed by the
31 Department of Health and Human Services. Public ambulance
32 providers will be reimbursed at cost.
- 33 (11) Hearing Aids – Actual cost plus a dispensing fee.
- 34 (12) Rural Health Clinic Services – Provider-based, reasonable cost;
35 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 36 (13) Family Planning – Negotiated rate for local health departments. For
37 other providers, see specific services, for instance, hospitals,
38 physicians.
- 39 (14) Independent Laboratory and X-Ray Services – Uniform fee schedules
40 as developed by the Department of Health and Human Services.
- 41 (15) Optical Supplies – One hundred percent (100%) of reasonable
42 wholesale cost of materials.
- 43 (16) Ambulatory Surgical Centers – Payment as prescribed in the
44 reimbursement plan established by the Department of Health and
45 Human Services.

- 1 (17) Medicare Crossover Claims – An amount up to the actual coinsurance
2 or deductible or both, in accordance with the State Plan, as approved
3 by the Department of Health and Human Services.
4 (18) Physical Therapy and Speech Therapy – Services limited to EPSDT
5 eligible children. Payments are to be made only to qualified providers
6 at rates negotiated by the Department of Health and Human Services.
7 Physical therapy (including occupational therapy) and speech therapy
8 services are subject to prior approval and utilization review.
9 (19) Personal Care Services – Payment in accordance with the State Plan
10 approved by the Department of Health and Human Services.
11 (20) Case Management Services – Reimbursement in accordance with the
12 availability of funds to be transferred within the Department of Health
13 and Human Services.
14 (21) Hospice – Services may be provided in accordance with the State Plan
15 developed by the Department of Health and Human Services.
16 (22) Other Mental Health Services – Unless otherwise covered by this
17 section, coverage is limited to:
18 a. Services as defined by the Division of Mental Health,
19 Developmental Disabilities, and Substance Abuse Services and
20 approved by the Centers for Medicare and Medicaid Services
21 (CMS) when provided in agencies meeting the requirements of
22 the rules established by the Commission for Mental Health,
23 Developmental Disabilities, and Substance Abuse Services, and
24 reimbursement is made in accordance with a State Plan
25 developed by the Department of Health and Human Services
26 not to exceed the upper limits established in federal regulations,
27 and
28 b. For children eligible for EPSDT services:
29 1. Licensed or certified psychologists, licensed clinical
30 social workers, certified clinical nurse specialists in
31 psychiatric mental health advanced practice, and nurse
32 practitioners certified as clinical nurse specialists in
33 psychiatric mental health advanced practice, when
34 Medicaid-eligible children are referred by the Carolina
35 ACCESS primary care physician or the area mental
36 health program, and
37 2. Institutional providers of residential services as defined
38 by the Division of Mental Health, Developmental
39 Disabilities, and Substance Abuse Services and approved
40 by the Centers for Medicare and Medicaid Services
41 (CMS) for children and Psychiatric Residential
42 Treatment Facility services that meet federal and State
43 requirements as defined by the Department.

44 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
45 Human Services may adopt temporary rules in accordance with
46 Chapter 150B of the General Statutes further defining the

1 qualifications of providers and referral procedures in order to
2 implement this subdivision. Coverage policy for services defined by
3 the Division of Mental Health, Developmental Disabilities, and
4 Substance Abuse Services under paragraphs a. and b.2 of this
5 subdivision shall be established by the Division of Medical Assistance.

6 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
7 Children – Reimbursement in accordance with the State Plan approved
8 by the Department of Health and Human Services.

9 (24) Health Insurance Premiums – Payments to be made in accordance with
10 the State Plan adopted by the Department of Health and Human
11 Services consistent with federal regulations.

12 (25) Medical Care/Other Remedial Care – Services not covered elsewhere
13 in this section include related services in schools; health professional
14 services provided outside the clinic setting to meet maternal and infant
15 health goals; and services to meet federal EPSDT mandates. Services
16 addressed by this paragraph are limited to those prescribed in the State
17 Plan as established by the Department of Health and Human Services.

18 (26) Pregnancy Related Services – Covered services for pregnant women
19 shall include nutritional counseling, psychosocial counseling, and
20 predelivery and postpartum home visits by maternity care coordinators
21 and public health nurses.

22 Services and payment bases may be changed with the approval of the Director of the
23 Budget. Payment is limited to Medicaid enrolled providers that provide evidence of
24 medical malpractice insurance coverage, purchase a performance bond in the amount of
25 one hundred thousand dollars (\$100,000) naming as beneficiary the Department of
26 Health and Human Services, Division of Medical Assistance, or provide to the
27 Department a validly executed letter of credit or other financial instrument issued by a
28 financial institution or agency honoring a demand for payment in an equivalent amount.

29 Reimbursement is available for up to 24 visits per recipient per year to any one or
30 combination of the following: physicians, clinics, hospital outpatient, optometrists,
31 chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms,
32 and mental health services subject to independent utilization review are exempt from the
33 visit limitations contained in this paragraph. Exceptions may be authorized by the
34 Department of Health and Human Services where the life of the patient would be
35 threatened without such additional care. Any person who is determined by the
36 Department to be exempt from the 24-visit limitation may also be exempt from the
37 six-prescription limitation.

38 **SECTION 21.19.(b)** Allocation of Nonfederal Cost of Medicaid. – The State shall
39 pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
40 nonfederal costs of all applicable services listed in this section.

41 **SECTION 21.19.(c)** Copayment for Medicaid Services. – The Department of
42 Health and Human Services may establish copayment up to the maximum permitted by
43 federal law and regulation.

44 **SECTION 21.19.(d)** Medicaid and Work First Family Assistance, Income
45 Eligibility Standards. – The maximum net family annual income eligibility standards for

1 Medicaid and Work First Family Assistance and the Standard of Need for Work First
 2 Family Assistance shall be as follows:

	<u>Categorically Needy</u>	<u>Medically Needy</u>	
	<u>WFFA*</u>		
<u>Family</u>	<u>Standard</u>	<u>Families and</u>	
<u>Size</u>	<u>of Need</u>	<u>Children Income</u>	
		<u>Level</u>	
		<u>AA, AB, AD*</u>	
1	\$4,344	\$2,172	\$2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

17 *Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB);
 18 and Aid to the Disabled (AD).

19
 20 The payment level for Work First Family Assistance shall be fifty percent (50%) of the
 21 standard of need.

22 These standards may be changed with the approval of the Director of the Budget
 23 with the advice of the Advisory Budget Commission.

24 **SECTION 21.19.(e)** The Department of Health and Human Services, Division of
 25 Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled
 26 people who have incomes equal to or less than one hundred percent (100%) of the
 27 federal poverty guidelines, as revised each April 1.

28 **SECTION 21.19.(f)** ICF and ICF/MR Work Incentive Allowances. – The
 29 Department of Health and Human Services may provide an incentive allowance to
 30 Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
 31 work activities as part of their developmental plan and for whom retention of additional
 32 income contributes to their achievement of independence. The State funds required to
 33 match the federal funds that are required by these allowances shall be provided from
 34 savings within the Medicaid budget or from other unbudgeted funds available to the
 35 Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

36
 37
 38
 39
 40
 41
 42 **SECTION 21.19.(g)** Dental Coverage Limits. – Dental services shall be provided
 43 on a restricted basis in accordance with rules adopted by the Department to implement
 44 this subsection.

45 **SECTION 21.19.(h)** Dispensing of Generic Drugs. – Notwithstanding G.S.
 46 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H3(S10.3)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **STAFFING REQUIREMENTS IN LONG-TERM CARE FACILITIES**

2 SECTION 10.3.(a) The Department of Health and Human Services, Office
3 of Long-Term Care, shall review staffing requirements of Adult Day Care Programs and
4 Adult Day Health Programs.

5 SECTION 10.3.(b) The Department shall report the results of its review to
6 the Senate Appropriations Committee on Health and Human Services, the House of
7 Representatives Appropriations Subcommittee on Health and Human Services, and the
8 Fiscal Research Division not later than December 1, 2002. The report shall include
9 staffing requirements for adult day care and adult day health programs as compared to
10 adult care homes, assisted living facilities, and nursing homes in the State. The report
11 shall also compare staffing ratios in North Carolina to those of other states, including
12 those states that border North Carolina. The report shall be conducted by the
13 Department, Office of Long-Term Care, or by an independent contractor and shall
14 contain all of the following specific information:

- 15 (1) Number of staff required per resident.
- 16 (2) Education/work experience required and preferred as a basis for hire.
- 17 (3) Specific job duties outlined in job descriptions.
- 18 (4) Rationale and justification for establishing the existing staff ratios in
19 the Division of Aging's policy for adult day care and adult day health
20 care.
- 21 (5) An analysis of the variance in staffing requirements among adult day
22 care and adult day health programs, adult care homes, assisted living
23 facilities, and nursing homes.
- 24 (6) Identification of the entities responsible for licensing and monitoring
25 quality for all providers of long-term care in the State.
- 26 (7) Recommendations for changes to existing policies based on findings of
27 the Department's review.

15

GENERAL ASSEMBLY OF NORTH CAROLINA
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Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H4(S10.4)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **REPORT ON SERVICES PROVIDED TO OLDER ADULTS**

2 **SECTION 10.4.** The Department of Health and Human Services, Office of
3 Long-Term Care shall report to the Senate Appropriations Committee on Health and
4 Human Services, the House of Representatives Appropriations Subcommittee on Health
5 and Human Services, and the Fiscal Research Division on services provided to older
6 adults. The report shall provide information as follows:

- 7 (1) Identify all State agencies that provide services to adults age 60 and
8 older throughout the State.
9 (2) All resources available from all sources, including federal, State, and
10 local funds and personnel, for providing services to this population.
11 (3) Plans for reducing administration through the consolidation of
12 functions throughout Divisions of the Department.

13 The Office of Long-Term Care shall consult with experts in long-term care
14 and other relevant information sources to develop a plan to streamline services for older
15 adults at the local level. The Department shall submit its report not later than February
16 1, 2003.

16

same

DRAFT
SPECIAL PROVISION



2002-DHHS-H5(S10.5)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM**

2 **SECTION 10.5.** The Department of Health and Human Services, Office of
3 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment
4 Incentive Program. The assessment shall consider whether the Program should be
5 continued and shall identify ways to recruit additional providers to rural areas within
6 existing funds. The Department shall report on its activities and progress of the
7 assessment to the Senate Appropriations Committee on Health and Human Services, the
8 House of Representatives Appropriations Subcommittee on Health and Human
9 Services, and the Fiscal Research Division no later than December 1, 2002. The report
10 shall provide detailed information on the number of providers recruited, identification of
11 the counties in which the providers are recruited, and the amount of loan repayment and
12 length of service to a community for each provider.

17

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H6(S10.6)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG*
2 *PROGRAMS*

3 SECTION 10.6. Section 21.6(a) of S.L. 2001-424, as amended by S.L.
4 2001-513, reads as rewritten:

5 "SECTION 21.6.(a) Of the funds appropriated in this act to the Department of
6 Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for
7 the 2001-2002 fiscal year ~~and the sum of two hundred thousand dollars (\$200,000) for~~
8 ~~the 2002-2003 fiscal year~~ shall be used to initiate the development of a system to assist
9 eligible individuals in obtaining prescription drugs at no cost through pharmaceutical
10 company programs. The system will be designed to minimize the efforts of patients and
11 their health care providers in securing needed drugs. The required patient and health
12 care provider data will be maintained and orders tracked in order to initiate timely
13 reorders of needed drugs to assure continuity of medication intake. The Department
14 may contract with a private nonprofit organization to assist in the development of the
15 system as provided under this section."

DRAFT
SPECIAL PROVISION



2002-DHHS-H7(S10.7)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *USE OF FUNDS FOR THE CHILD ADVOCACY INSTITUTE*

2 SECTION 10.7. State funds appropriated for the Child Advocacy Institute
3 shall be used only for administration of the Child Advocacy Institute or for research and
4 other services provided by the Institute. These funds shall not be used or replaced by
5 other funds for (i) lobbying or other governmental affairs activities or (ii) direct
6 contributions to other nongovernmental entities.

7 This section shall not be construed to prohibit the Institute from using State
8 funds to contract with other nongovernmental entities for the purchase of goods or
9 services.

GENERAL ASSEMBLY OF NORTH CAROLINA
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Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H8(S10.8)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

2 **SECTION 10.8.(a)** The Department of Health and Human Services shall
3 develop a plan to consolidate building maintenance activities at the North Carolina
4 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
5 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
6 the level of staff necessary to carry out all of the current activities with fewer managers,
7 supervisors, and other staff, and develop a new single budget for the maintenance
8 activities.

9 **SECTION 10.8.(b)** The Department of Health and Human Services shall
10 identify other facilities throughout the State that are in close proximity to one another
11 and assess the feasibility of consolidating the building maintenance activities at those
12 facilities.

13 **SECTION 10.8.(c)** The Department of Health and Human Services shall
14 report on activities carried out under this section to the Senate Appropriations
15 Committee on Health and Human Services, the House of Representatives
16 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
17 Division no later than December 1, 2002.

**DRAFT
SPECIAL PROVISION**



2002-DHHS-H80

**Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services**

Requested by: Representatives Earle, Nye

1 ***WEATHERIZATION ASSISTANCE***

2 **SECTION #.** The Department of Health and Human Services is authorized
3 to administer the Weatherization Assistance Program for Low-Income Families and the
4 Heating/Air Repair and Replacement Program functions.

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H61

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *LONG-TERM CARE CRIMINAL CHECKS SUSPENDED FOR NON-DIRECT*
2 *CARE EMPLOYMENT POSITIONS*

3 SECTION #. The requirements of G.S. 131E-265 for nursing homes to
4 conduct national criminal history record checks for employment positions other than
5 those involving direct patient care are suspended until January 1, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

New

DRAFT
SPECIAL PROVISION



2002-DHHS-H78

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **TRANSFER COUNCIL ON HOLOCAUST TO DEPARTMENT OF PUBLIC**
2 **INSTRUCTION**

3 SECTION #.(a) G.S. 143B-216.20, 143B-216.21, 143B-216.22, and 143B-
4 216.23 are recodified as subsections (a) through (d) of new G.S. 143A-48.1 in Article 5
5 of Chapter 143A of the General Statutes.

6 SECTION #.(b) G.S. 143A-48.1, as codified by this section, reads as
7 rewritten:

8 "§ 143A-48.1. North Carolina Council on the Holocaust; creation;
9 ~~purpose; purpose; membership; expenses; assistance.~~

10 (a) There is hereby created the North Carolina Council on the Holocaust. The
11 purpose of the Council is to prevent future atrocities similar to the systematic program
12 of genocide of six million Jews and others by the Nazis. This purpose shall be
13 accomplished by developing a program of education and observance of the Holocaust.

14 (b) The Council shall consist of 24 members, six appointed by the Governor, six
15 appointed by the President Pro Tempore of the Senate, six appointed by the Speaker of
16 the House of Representatives, and six appointed by the other 18 members. Members
17 shall be appointed ~~in 1985 for two year terms to begin July 1, 1985. In 1987 and~~
18 ~~biennially thereafter, successors shall be appointed for two year terms. for two-year~~
19 terms to begin July 1 of each odd-numbered year. The six at-large appointments shall be
20 made by the Council at its first meeting after July 1 of each odd-numbered year. To be
21 eligible for appointment as an at-large member, a person must either be a survivor of the
22 Holocaust or a first-generation lineal descendant of such person. A majority of the
23 members shall constitute a quorum for the transaction of business.

24 (c) The members of the Council shall be compensated and reimbursed for their
25 expenses in accordance with G.S. 138-5.

26 (d) The ~~Secretary~~ Superintendent of Public Instruction may arrange for clerical or
27 other assistance required by the Council."

28 SECTION #.(c) G.S. 143B-138.1(b)(14) is repealed.

29 SECTION #.(d) The North Carolina Council on the Holocaust, as created by
30 Part 28 of Article 3 of Chapter 143B of the General Statutes, and recodified as G.S.
31 143A-48.1 by this section, is transferred to the Department of Public Instruction by a
32 Type II transfer, as defined in G.S. 143A-6.

23

GENERAL ASSEMBLY OF NORTH CAROLINA

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New

DRAFT
SPECIAL PROVISION



2002-DHHS-H68

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **NONMEDICAID REIMBURSEMENT CHANGES**

2 SECTION #. Section 21.59 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.59. Providers of medical services under the various State programs,
4 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at
5 rates no more than those under the North Carolina Medical Assistance Program.

6 The Department of Health and Human Services may reimburse hospitals at the full
7 prospective per diem rates without regard to the Medical Assistance Program's annual
8 limits on hospital days. When the Medical Assistance Program's per diem rates for
9 inpatient services and its interim rates for outpatient services are used to reimburse
10 providers in non-Medicaid medical service programs, retroactive adjustments to claims
11 already paid shall not be required.

12 Notwithstanding the provisions of paragraph one, the Department of Health and
13 Human Services may negotiate with providers of medical services under the various
14 Department of Health and Human Services programs, other than Medicaid, for rates as
15 close as possible to Medicaid rates for the following purposes: contracts or agreements
16 for medical services and purchases of medical equipment and other medical supplies.
17 These negotiated rates are allowable only to meet the medical needs of its non-Medicaid
18 eligible patients, residents, and clients who require such services which cannot be
19 provided when limited to the Medicaid rate.

20 Maximum net family annual income eligibility standards for services in these
21 programs shall be as follows:

22	23	24	25	26	27	28	29	30	31
	Family Size	Medical Eye Care Adults	AllRehabilitation Except DSB Over 55 Grant						Other
24	1	\$4,860	\$8,364						\$4,200
25	2	5,940	10,944						5,300
26	3	6,204	13,500						6,400
27	4	7,284	16,092						7,500
28	5	7,821	18,648						7,900
29	6	8,220	21,228						8,300
30	7	8,772	21,708						8,800
31	8	9,312	22,220						9,300

32 The eligibility level for children in the Medical Eye Care Program in the Division of
33 Services for the Blind shall be one hundred percent (100%) of the federal poverty
34 guidelines, as revised annually by the United States Department of Health and Human
35 Services and in effect on July 1 of each fiscal year. The eligibility level for adults 55
36 years of age or older who qualify for services through the Division of Services for the

24

1 Blind, Independent Living Rehabilitation Program shall be two hundred percent (200%)
 2 of the federal poverty guidelines, as revised annually by the United States Department
 3 of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility
 4 level for adults in the Atypical Antipsychotic Medication Program in the Division of
 5 Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one
 6 hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by
 7 the United States Department of Health and Human Services and in effect on July 1 of
 8 each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic
 9 Medication Program who become gainfully employed may continue to be eligible to
 10 receive State support, in decreasing amounts for the purchase of atypical antipsychotic
 11 medication and related services up to three hundred percent (300%) of the poverty level.

12 State financial participation in the Atypical Antipsychotic Medication Program for
 13 those enrollees who become gainfully employed is as follows:

14	<u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
15	(% of poverty)		
16	0-150%	100%	0%
17	151-200%	75%	25%
18	201-250%	50%	50%
19	251-300%	25%	75%
20	300% and over	0%	100%

21 The Department of Health and Human Services shall contract at, or as close as
 22 possible to, Medicaid rates for medical services provided to residents of State facilities
 23 of the Department."

GENERAL ASSEMBLY OF NORTH CAROLINA
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New

DRAFT
SPECIAL PROVISION



2002-DHHS-H64

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye, Baddour

1 **SENIOR PRESCRIPTION DRUG ACCESS PROGRAM**

2 SECTION #. (a) Notwithstanding G.S. 147-86.30, the Health and Wellness
3 Trust Fund Commission may for the fiscal year 2002-2003 expend not more than three
4 million dollars (\$3,000,000) of the funds reserved pursuant to G.S. 147-86.30(c) to
5 develop and implement a Senior Prescription Drug Access Program. As used in this
6 section, the term "senior" means an individual age 65 years and older. The purpose of
7 the Program is to reduce costs of and improve access to and use of prescription drugs
8 by:

- 9 (1) Providing one-on-one assistance to seniors and low-income citizens in
10 accessing public and private prescription drug assistance programs.
11 (2) Making available pharmacist evaluators to review all prescriptions and
12 to provide face-to-face counseling for seniors to promote compliance
13 and identify potential adverse effects from interactions among the
14 prescribed drugs.
15 (3) Utilizing software currently licensed by the Department of Health and
16 Human Services to guide patients through the complexities of all drug
17 coverage options, including drug acquisition through low-cost or
18 discount drug programs provided through manufacturer's card
19 programs, and by government programs.

20 Drug acquisition services under the Program shall be available to senior citizens and to
21 low-income citizens eligible for assistance under these public and private prescription
22 drug programs. Counseling services provided by the Program shall be available to
23 senior citizens age 65 and older. There shall be no fee for Program medication
24 counseling services to seniors who are Medicaid recipients and seniors enrolled in
25 Carolina CARxES. The Commission may authorize a reasonable fee to be charged by
26 the pharmacist evaluator to other seniors using medication counseling services,
27 provided that the fee is charged on a sliding scale based on individual or family income.
28 In no event may the fee exceed the actual cost of the service provided. The Commission
29 shall consult with other State agencies and public and private entities to avoid
30 duplication and enhance cooperation and collaboration in providing Program services.
31 In allocating funds under the Program, the Commission shall consider diversity of
32 populations served, geographic representation, and increasing community capacity to
33 respond to health needs. The Commission may phase in the availability of services such
34 that initially all geographic regions of the State have services available.

HHS
Special Provisions

July 31, 2002

GENERAL ASSEMBLY OF NORTH CAROLINA *different*
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DRAFT
SPECIAL PROVISION



2002-DHHS-H59(S5.1)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **DHHS BLOCK GRANTS**

2 **SECTION 5.1.(a)** Appropriations from federal block grant funds are made
3 for the fiscal year ending June 30, 2003, according to the following schedule:
4

5 **COMMUNITY SERVICES BLOCK GRANT**

6		
7	01. Community Action Agencies	\$ 15,266,973
8		
9	02. Limited Purpose Agencies	979,017
10		
11	03. Department of Health and Human Services	
12	to administer and monitor	
13	the activities of the	
14	Community Services Block Grant	717,313
15		
16	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 16,963,303
17		

18 **SOCIAL SERVICES BLOCK GRANT**

19		
20	01. County departments of social services	\$ 27,095,289
21	(Transfer from TANF - \$4,500,000)	
22		
23	02. Allocation for in-home services provided	
24	by county departments of	
25	social services	2,101,113
26		
27	03. Division of Mental Health, Developmental	
28	Disabilities, and Substance Abuse Services <i>see item #12</i>	3,234,601
29		
30	04. Division of Services for the Blind	3,105,711
31		
32	05. Division of Facility Services	426,836
33		
34	06. Division of Aging - Home and Community	

1	Care Block Grant	1,840,234
2		
3	07. Child Care Subsidies	3,000,000
4		
5	08. Division of Vocational Rehabilitation -	
6	United Cerebral Palsy	71,484
7		
8	09. State administration	1,693,368
9		
10	10. Child Medical Evaluation Program	238,321
11		
12	11. Adult day care services	2,155,301
13		
14	12. Comprehensive Treatment Services	
15	Program	422,003
16		
17	13. Department of Administration	
18	for the N.C. State Commission of Indian Affairs	
19	In-Home Services Program for the Elderly	203,198
20		
21	14. Division of Vocational Rehabilitation -	
22	Easter Seals Society	116,779
23		
24	15. UNC-CH CARES Program for training and	
25	consultation services	247,920
26		
27	16. Office of the Secretary - Office of Economic	
28	Opportunity for N.C. Senior Citizens'	
29	Federation for outreach services to	
30	low-income elderly persons	41,302
31		
32	17. Division of Social Services - Child	
33	Caring Agencies	1,500,000
34		
35	18. Division of Mental Health,	
36	Developmental Disabilities, and	
37	Substance Abuse Services - Developmentally	
38	Disabled Waiting List for services	5,000,000
39		
40	19. Transfer to Preventive Health Services Block	
41	Grant for HIV/AIDS education, counseling, and	
42	testing	145,819
43		
44	20. Division of Facility Services -	
45	Mental Health Licensure	213,128
46		

1	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 52,852,407
2		
3	LOW-INCOME ENERGY BLOCK GRANT	
4		
5	01. Energy Assistance Programs	\$ 11,395,026
6		
7	02. Crisis Intervention	6,598,934
8		
9	03. Administration	2,459,510
10		
11	04. Weatherization Program	3,457,189
12		
13	05. Department of Administration -	
14	N.C. State Commission of Indian Affairs	45,189
15		
16	06. Heating Air Repair and Replacement Program	1,613,355
17		
18	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 25,569,203
19		
20	MENTAL HEALTH SERVICES BLOCK GRANT	
21		
22	01. Provision of community-based	
23	services for severe and persistently	
24	mentally ill adults	\$ 5,442,798
25		
26	02. Provision of community-based	
27	services to children	2,513,141
28		
29	03. Comprehensive Treatment Services	
30	Program for Children	1,500,000
31		
32	04. Administration	783,911
33		
34	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 10,239,850
35		
36	SUBSTANCE ABUSE PREVENTION	
37	AND TREATMENT BLOCK GRANT	
38		
39	01. Provision of community-based	
40	alcohol and drug abuse services,	
41	tuberculosis services, and services	
42	provided by the Alcohol and Drug Abuse	
43	Treatment Centers	\$ 15,401,711
44		
45	02. Continuation of services for	
46	pregnant women and women	

1	with dependent children	8,069,524
2		
3	03. Continuation of services to	
4	IV drug abusers and others at risk	
5	for HIV diseases	4,616,378
6		
7	04. Provision of services to children	
8	and adolescents	7,740,611
9		
10	05. Juvenile Services - Family Focus	851,156
11		
12	06. Allocation to the Division of Public Health	
13	for HIV/STD Risk Reduction Projects	383,980
14		
15	07. Allocation to the Division of Public Health	
16	for HIV/STD Prevention by County Health	
17	Departments	209,576
18		
19	08. Allocation to the Division of Public Health	
20	for the Maternal and Child Health Hotline	37,779
21		
22	09. Administration	2,596,307
23		
24	TOTAL SUBSTANCE ABUSE PREVENTION	
25	AND TREATMENT BLOCK GRANT	\$ 39,907,022
26		
27	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
28		
29	01. Child care subsidies	\$150,180,415
30		
31	02. Quality and availability initiatives	16,496,620
32		
33	03. Administrative expenses	6,550,000
34		
35	04. Transfer from TANF Block Grant for	
36	child care subsidies	72,812,189
37		
38	TOTAL CHILD CARE AND DEVELOPMENT FUND	
39	BLOCK GRANT	\$246,039,224
40		
41	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
42	(TANF) BLOCK GRANT	
43		
44	01. Work First Cash Assistance	\$129,396,275
45		
46	02. Work First County Block Grants	92,018,855

1			
2	03.	Transfer to the Child Care and	
3		Development Fund Block Grant	
4		for child care subsidies	72,812,189
5			
6	04.	Allocation to the Division of Mental	
7		Health, Developmental Disabilities, and	
8		Substance Abuse Services for Work First	
9		substance abuse screening, diagnostic, and	
10		support treatment services and drug testing	500,000
11			
12	05.	Child Care Subsidies for TANF Recipients	26,621,241
13			
14	06.	County Child Protective Services,	
15		Foster Care, and Adoption Workers	2,727,550
16			
17	07.	Transfer to Social Services Block Grant for	
18		County Departments of Social Services for	
19		Children's Services	4,500,000
20			
21	08.	Support Our Students – Department	
22		Juvenile Justice and Delinquency	
23		Prevention	1,425,000
24			
25	09.	Residential Substance Abuse Services	
26		for Women With Children	1,975,142
27			
28	10.	Domestic Violence Services	
29		for Work First Families	900,000
30			
31	11.	After-School Services for	
32		At-Risk Children	1,425,000
33			
34	12.	Division of Social Services -	
35		Administration	400,000
36			
37	13.	Child Welfare workers and services for	
38		local departments of social services	7,654,841
39			
40	14.	Child Welfare Training	1,000,000
41			
42	15.	DSS Evaluation	250,000
43			
44	16.	SACWIS Payback	4,643,454
45			

46 TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES

1	(TANF) BLOCK GRANT	\$348,249,547
2		
3	MATERNAL AND CHILD HEALTH BLOCK GRANT	
4		
5	01. Healthy Mothers/Healthy Children	
6	Block Grants to Local Health	
7	Departments	9,838,074
8		
9	02. High-Risk Maternity Clinic Services,	
10	Perinatal Education and Training,	
11	Childhood Injury Prevention,	
12	Public Information and Education, and	
13	Technical Assistance to Local Health	
14	Departments	2,012,102
15		
16	03. Services to Children With Special Health	
17	Care Needs	5,078,647
18		
19	TOTAL MATERNAL AND CHILD	
20	HEALTH BLOCK GRANT	\$ 16,928,823
21		
22	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
23		
24	01. Statewide Health Promotion Programs	\$3,171,651
25		
26	02. Rape Crisis/Victims' Services	
27	Program - Council for Women	197,112
28		
29	03. HIV/AIDS Prevention Activities	
30	Coordination	111,159
31		
32	04. Transfer from Social Services	
33	Block Grant --	
34	HIV/AIDS education, counseling, and	
35	testing	145,819
36		
37	05. Office of Minority Health	159,459
38		
39	06. Administrative Costs	108,546
40		
41	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,893,746

42

43 **SECTION 5.1.(b)** Decreases in Federal Fund Availability. – If the United

44 States Congress reduces federal fund availability in the Social Services Block Grant

45 below the amounts appropriated in this section, then the Department of Health and

46 Human Services shall allocate these decreases giving priority first to those direct

1 services mandated by State or federal law, then to those programs providing direct
2 services that have demonstrated effectiveness in meeting the federally and
3 State-mandated services goals established for the Social Services Block Grant. The
4 Department shall not include transfers from TANF for specified purposes in any
5 calculations of reductions to the Social Services Block Grant.

6 If the United States Congress reduces the amount of TANF funds below the
7 amounts appropriated in this section after the effective date of this act, then the
8 Department shall allocate the decrease in funds after considering any underutilization of
9 the budget and the effectiveness of the current level of services. Any TANF Block
10 Grant fund changes shall be reported to the Senate Appropriations Committee on Health
11 and Human Services, the House of Representatives Appropriations Subcommittee on
12 Health and Human Services, and the Fiscal Research Division.

13 Decreases in federal fund availability shall be allocated for the Maternal and
14 Child Health and Preventive Health Services federal block grants by the Department of
15 Health and Human Services after considering the effectiveness of the current level of
16 services.

17 **SECTION 5.1.(c) Increases in Federal Fund Availability.** – Any block grant
18 funds appropriated by the United States Congress in addition to the funds specified in
19 this act shall be expended by the Department of Health and Human Services, with the
20 approval of the Office of State Budget and Management, provided the resultant
21 increases are in accordance with federal block grant requirements and are within the
22 scope of the block grant plan approved by the General Assembly.

23 **SECTION 5.1.(d) Changes to the budgeted allocations to the block grants**
24 **appropriated in this act and new allocations from the block grants not specified in this**
25 **act shall be submitted to the Joint Legislative Commission on Governmental Operations**
26 **for review prior to the change and shall be reported immediately to the Senate**
27 **Appropriations Committee on Health and Human Services, the House of**
28 **Representatives Appropriations Subcommittee on Health and Human Services, and the**
29 **Fiscal Research Division.**

30 **SECTION 5.1.(e) The Department of Health and Human Services may**
31 **allow no-cost contract extensions for up to six months for nongovernmental grant**
32 **recipients under the TANF Block Grant.**

33 **SECTION 5.1.(f) Limitations on Preventive Health Services Block Grant**
34 **Funds.** – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
35 Education shall be allocated as grants to nonprofit organizations to provide rape
36 prevention and education programs targeted for middle, junior high, and high school
37 students.

38 If federal funds are received under the Maternal and Child Health Block
39 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
40 U.S.C. § 710), for the 2002-2003 fiscal year, then those funds shall be transferred to the
41 State Board of Education to be administered by the Department of Public Instruction.
42 The Department of Public Instruction shall use the funds to establish an Abstinence
43 Until Marriage Education Program and shall delegate to one or more persons the
44 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department
45 of Public Instruction shall carefully and strictly follow federal guidelines in
46 implementing and administering the abstinence education grant funds.

1 The Department of Health and Human Services shall contract for the
2 follow-up testing involved with the Newborn Screening Program. The Department may
3 contract for these services with an entity within or outside of the State; however, the
4 Department may only contract with an out-of-state entity if it can be demonstrated that
5 there is a cost-savings associated with contracting with the out-of-state entity. The
6 contract amount shall not exceed twenty-five thousand dollars (\$25,000). The amount of
7 the contract shall be covered by funds in the Maternal and Child Grant Block Grant.

8 **SECTION 5.1.(g)** The Department of Health and Human Services, Division
9 of Social Services, shall do the following:

10 (1) Continue the current evaluation of the Work First Program to assess
11 former recipients' earnings, barriers to advancement to economic
12 self-sufficiency, utilization of community support services, and other
13 longitudinal employment data. Assessment periods shall include six
14 and 18 months following closure of the case.

15 (2) Continue the current evaluation of the Work First Program to profile
16 the State's child-only caseload to include indicators of economic and
17 social well-being, academic and behavioral performance, demographic
18 data, description of living arrangements including length of placement
19 out of the home, social and other human services provided to families,
20 and other information needed to assess the needs of the child-only
21 Work First Family Assistance clients and families.

22 The Division of Social Services may use up to two hundred fifty thousand
23 dollars (\$250,000) in TANF funds to complete the evaluation of Work First.

24 The Department of Health and Human Services shall make a report on its
25 progress in complying with this subsection to the Senate Appropriations Committee on
26 Health and Human Services, the House of Representatives Appropriations
27 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
28 than September 30, 2002.

29 **SECTION 5.1.(h)** The sum of one million five hundred thousand dollars
30 (\$1,500,000) appropriated in this act in the Social Services Block Grant to the
31 Department of Health and Human Services, Division of Social Services, for child caring
32 agencies for the 2002-2003 fiscal year shall be allocated to the State Private Child
33 Caring Agencies Fund. These funds shall be combined with all other funds allocated to
34 the State Private Child Caring Agencies Fund for the reimbursement of the State's
35 portion of the cost of care for the placement of certain children by the county
36 departments of social services who are not eligible for federal IV-E funds. These funds
37 shall not be used to match other federal funds.

38 **SECTION 5.1.(i)** The sum of three hundred thousand dollars (\$300,000)
39 appropriated in this section to the Department of Health and Human Services in the
40 Child Care and Development Fund Block Grant shall be used to develop and implement
41 a Medical Child Care Pilot open to children throughout the State.

42 **SECTION 5.1.(j)** Payment for subsidized child care services provided with
43 federal TANF funds shall comply with all regulations and policies issued by the
44 Division of Child Development for the subsidized child care program.

45 **SECTION 5.1.(k)** The sum of four hundred thousand dollars (\$400,000)
46 appropriated in this section in the TANF Block Grant to the Department of Health and

1 Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
2 used to support administration of TANF-funded programs.

3 **SECTION 5.1.(l)** The sum of one million nine hundred seventy-five
4 thousand one hundred forty-two dollars (\$1,975,142) appropriated in this section in the
5 TANF Block Grant to the Department of Health and Human Services, Division of
6 Mental Health, Developmental Disabilities, and Substance Abuse Services, for the
7 2002-2003 fiscal year shall be used to provide regional residential substance abuse
8 treatment and services for women with children. The Department of Health and Human
9 Services, the Division of Social Services, and the Division of Mental Health,
10 Developmental Disabilities, and Substance Abuse Services, in consultation with local
11 departments of social services, area mental health programs, and other State and local
12 agencies or organizations, shall coordinate this effort in order to facilitate the expansion
13 of regionally based substance abuse services for women with children. These services
14 shall be culturally appropriate and designed for the unique needs of TANF women with
15 children.

16 In order to expedite the expansion of these services, the Secretary of the
17 Department of Health and Human Services may enter into contracts with service
18 providers.

19 The Department of Health and Human Services, the Division of Social
20 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
21 Abuse Services, shall report on their progress in complying with this subsection no later
22 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on
23 Health and Human Services, the House of Representatives Appropriations
24 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
25 reports shall include all of the following:

- 26 (1) The number and location of additional beds created.
- 27 (2) The types of facilities established.
- 28 (3) The delineation of roles and responsibilities at the State and local
29 levels.
- 30 (4) Demographics of the women served, the number of women served,
31 and the cost per client.
- 32 (5) Demographics of the children served, the number of children served,
33 and the services provided.
- 34 (6) Job placement services provided to women.
- 35 (7) A plan for follow-up and evaluation of services provided with an
36 emphasis on outcomes.
- 37 (8) Barriers identified to the successful implementation of the expansion.
- 38 (9) Identification of other resources needed to appropriately and
39 efficiently provide services to Work First recipients.
- 40 (10) Other information as requested.

41 **SECTION 5.1.(m)** The sum of one million four hundred twenty-five
42 thousand dollars (\$1,425,000) appropriated in this section in the TANF Block Grant to
43 the Department of Health and Human Services and transferred to the Department of
44 Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year shall be used
45 to support the existing Support Our Students Program and to expand the Program

1 statewide, focusing on low-income communities in unserved areas. These funds shall
2 not be used for administration of the program.

3 **SECTION 5.1.(n)** The sum of nine hundred thousand dollars (\$900,000)
4 appropriated under this section in the TANF Block Grant to the Department of Health
5 and Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
6 used to provide domestic violence services to Work First recipients. These funds shall
7 be used to provide domestic violence counseling, support, and other direct services to
8 clients. These funds shall not be used to establish new domestic violence shelters or to
9 facilitate lobbying efforts. The Division of Social Services may use up to seventy-five
10 thousand dollars (\$75,000) in TANF funds to establish one administrative position
11 within the Division of Social Services to implement this subsection.

12 Each county department of social services and the local domestic violence
13 shelter program serving the county shall jointly develop a plan for utilizing these funds.
14 The plan shall include the services to be provided and the manner in which the services
15 shall be delivered. The county plan shall be signed by the county social services director
16 or the director's designee and the domestic violence program director or the director's
17 designee and submitted to the Division of Social Services by December 1, 2002. The
18 Division of Social Services, in consultation with the Council for Women, shall review
19 the county plans and shall provide consultation and technical assistance to the
20 departments of social services and local domestic violence shelter programs, if needed.

21 The Division of Social Services shall allocate these funds to county
22 departments of social services according to the following formula: (i) each county shall
23 receive a base allocation of five thousand dollars (\$5,000) and (ii) each county shall
24 receive an allocation of the remaining funds based on the county's proportion of the
25 statewide total of the Work First caseload as of July 1, 2002, and the county's proportion
26 of the statewide total of the individuals receiving domestic violence services from
27 programs funded by the Council for Women as of July 1, 2002. The Division of Social
28 Services may reallocate unspent funds to counties that submit a written request for
29 additional funds.

30 The Department of Health and Human Services shall report on the uses of
31 these funds no later than March 1, 2003, to the Senate Appropriations Committee on
32 Health and Human Services, the House of Representatives Appropriations
33 Subcommittee on Health and Human Services, and the Fiscal Research Division.

34 **SECTION 5.1.(o)** The sum of one million four hundred twenty-five
35 thousand dollars (\$1,425,000) appropriated in this section in the TANF Block Grant to
36 the Department of Health and Human Services, Division of Social Services, shall be
37 used to expand after-school programs and services for at-risk children. The Department
38 shall develop and implement a grant program to award grants to community-based
39 programs that demonstrate the ability to reach children at risk of teen pregnancy and
40 school dropout. The Department shall award grants to community-based organizations
41 that demonstrate the ability to develop and implement linkages with local departments
42 of social services, area mental health programs, schools, and other human services
43 programs in order to provide support services and assistance to the child and family.
44 These funds may be used to establish one position within the Division of Social
45 Services to coordinate at-risk after-school programs and shall not be used for other State
46 administration. The Department shall report no later than March 1, 2003, on its progress

1 in complying with this section to the Senate Appropriations Committee on Health and
2 Human Services, the House of Representatives Subcommittee on Health and Human
3 Services, and the Fiscal Research Division.

4 **SECTION 5.1.(p)** The sum of seven million six hundred fifty-four thousand
5 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
6 Block Grant to the Department of Health and Human Services, Division of Social
7 Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be
8 allocated to the county departments of social services for hiring or contracting staff to
9 investigate and provide services in Child Protective Services cases; to provide foster
10 care and support services; to recruit, train, license, and support prospective foster and
11 adoptive families; and to provide interstate and post-adoption services for eligible
12 families.

13 **SECTION 5.1.(q)** The sum of one million five hundred thousand dollars
14 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
15 Department of Health and Human Services, Division of Mental Health, Developmental
16 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
17 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
18 section in the Social Services Block Grant to the Department of Health and Human
19 Services, Division of Social Services, for the 2002-2003 fiscal year shall be used to
20 continue a Comprehensive Treatment Services Program for Children in accordance with
21 Section 21.60 of S.L. 2001-424, as amended.

22 **SECTION 5.1.(r)** The sum of one million dollars (\$1,000,000) appropriated
23 in this section in the TANF Block Grant to the Department of Health and Human
24 Services, Division of Social Services, for fiscal year 2002-2003 shall be used to support
25 various child welfare training projects as follows:

- 26 (1) Provide a regional training center in southeastern North Carolina.
- 27 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
28 Social Work Collaborative.
- 29 (3) Provide training for residential child care facilities.
- 30 (4) Provide for various other child welfare training initiatives.

31 **SECTION 5.1.(s)** If funds appropriated through the Child Care and
32 Development Fund Block Grant for any program cannot be obligated or spent in that
33 program within the obligation or liquidation periods allowed by the federal grants, the
34 Department may move funds to child care subsidies, unless otherwise prohibited by
35 federal requirements of the grant, in order to use the federal funds fully.

36 **SECTION 5.1.(t)** The sum of one hundred ten thousand four hundred
37 sixty-nine dollars (\$110,469) appropriated in this section in the Preventive Health
38 Service Block Grant to the Department of Health and Human Services for the
39 2002-2003 fiscal year for HIV/AIDS Prevention Activities shall be used to enhance
40 activities for HIV/AIDS awareness and education within the Division of Public Health.
41 The position shall be responsible for all planning, programming, and budgeting for
42 compliance with this subsection. These prevention activities shall be targeted to the
43 general public and programs identified in this subsection and shall not be used to
44 augment the current grant programs that target high-risk populations through the
45 community-based organizations.

1 It is the intention of the General Assembly to focus current resources and
2 activities to strengthen and enhance prevention and intervention programs directed at
3 the reduction of HIV/AIDS. The Department shall coordinate efforts to enhance
4 awareness, education, and outreach with the North Carolina AIDS Advisory Council,
5 North Carolina Minority Health Advisory Council, representatives of faith
6 communities, representatives of nonprofit agencies, and other State agencies.

7 The Department of Health and Human Services shall coordinate and ensure
8 the implementation of developmentally appropriate education, awareness, and outreach
9 campaigns to comply with this subsection in the following programs and services:

10 (1) Division of Social Services programs and services:

- 11 a. Domestic Violence Prevention and Awareness.
- 12 b. Domestic Violence Services for Work First Families.
- 13 c. After School Services for At Risk Children.
- 14 d. Work First Boys/Girls Clubs.

15 (2) Division of Mental Health, Developmental Disabilities, and Substance
16 Abuse Services programs and services:

- 17 a. Substance Abuse Services for Juveniles.
- 18 b. Residential Substance Abuse Services for Women and
19 Children.

20 (3) Division of Public Health programs and services:

- 21 a. Teen Pregnancy Prevention Activities.
- 22 b. Out-of-Wedlock Births.
- 23 c. School Health Program.
- 24 d. High-Risk Maternity Clinic Services.
- 25 e. Perinatal Education and Training.
- 26 f. Public Information and Education.
- 27 g. Technical Assistance to Local Health Departments.

28 (4) Other divisions, services, and programs:

- 29 a. Family Support Services.
- 30 b. Family Resource Centers.
- 31 c. Independent Living Services.
- 32 d. Residential schools and facilities.
- 33 e. Other programs, services, or contracts that provide education
34 and awareness services to children and families.

35 Other State agencies, including the Department of Public Instruction, the
36 Department of Juvenile Justice and Delinquency Prevention, and the Department of
37 Administration, shall ensure the incorporation of developmentally appropriate
38 HIV/AIDS education, awareness, and outreach information into their programs.

39 The Department shall report on the implementation of this subsection not
40 later than May 1, 2003, to the Senate Appropriations Committee on Health and Human
41 Services, the House of Representatives Appropriations Subcommittee on Health and
42 Human Services, and the Fiscal Research Division.

43 **SECTION 5.1.(u)** The sum of four hundred thirty-eight thousand dollars
44 (\$438,000) appropriated in this section in the TANF Block Grant to the Department of
45 Health and Human Services shall be used to purchase services at maternity homes
46 throughout the State.

Same

DRAFT
SPECIAL PROVISION



2002-DHHS-H1(S10.1)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

2 SECTION 10.1. Section 21.17 of S.L. 2001-424 reads as rewritten:

3 "SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary,
4 the Department of Health and Human Services may establish special time-limited
5 positions ~~in the Division of Information Research Management for an information~~
6 ~~technology project to maximize efficiencies in the preparation for and for~~
7 ~~implementation of federal requirements of the medical records privacy standards under~~
8 the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions
9 established are not permanent positions, not subject to the State Personnel Act under
10 G.S. 126-1.1, and not subject to the State salary schedule.

11 SECTION 21.17.(b) Positions established pursuant to this section may commence
12 no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~ June 30, 2005."

Different

DRAFT
SPECIAL PROVISION



2002-DHHS-H2(S10.2)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Earle, Nye

1 *ADMINISTRATIVE CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE*
2 *DEAF AND THE HARD OF HEARING, SERVICES FOR THE BLIND, AND*
3 *VOCATIONAL REHABILITATION*

4 **SECTION 10.2.(a)** The following three divisions shall continue
5 consolidating their administrative functions and reducing the number of cities where
6 there are two or more district offices:

- 7 (1) Division of Services for the Deaf and the Hard of Hearing.
- 8 (2) Division of Services for the Blind.
- 9 (3) Division of Vocational Rehabilitation Services.

10 **SECTION 10.2.(b)** The Department shall report to the Senate
11 Appropriations Committee on Health and Human Services, the House of
12 Representatives Appropriations Subcommittee on Health and Human Services, and the
13 Fiscal Research Division on activities carried out under this section not later than June
14 1, 2003. This report shall include the following:

- 15 (1) An organizational chart showing how the administrative structure of
16 the divisions has changed.
 - 17 (2) A plan for reducing the number of cities where there are two or more
18 district offices.
 - 19 (3) A plan for reducing the budget of the three divisions by seven hundred
20 fifty thousand dollars (\$750,000).
- 21



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT**

Bill _____

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

_____ALN-136 [v.1]

Page 1 of 1

Date _____, 2002

Comm. Sub. [NO]
Amends Title [NO]

Representative Nye

- 1 moves to amend the HHS Special Provisions Report dated July 31, 2002, on page 47,
2 lines 17 through 19, by rewriting the lines to read:
3 "Carolina Health Care Facilities Association, the Long Term Care Facilities Association
4 of North Carolina, the North Carolina Assisted Living Association, the North Carolina
5 Developmental Disabilities Facilities Association, and the North Carolina Association
6 of Non-Profit Homes for the Aging. The Department".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

*Motion Carried
Recalled*

EDITION No. _____

H. B. No. _____

DATE 8-1-02

S. B. No. _____

Amendment No. 2

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) E. Nye
Sen.) _____

1 moves to amend the bill on page 22, line after line 5

2 () WHICH CHANGES THE TITLE

3 by _____

4 Add

5 Adult Care Homes - GS131D-2

6 ALL ^{STAFF} STATE

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED *[Signature]*

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

Motion Carried

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. 3

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Earle
Sen.)

HHS Special Provisions Report dated July 31, 2002

1 moves to amend the ~~bill~~ on page 46, line 8

2 ~~() WHICH CHANGES THE TITLE~~

3 by deleting "plan." and substituting "plan. In adopting
4 and implementing any pharmacy management plan,
5 the Department shall not deny any Medicaid patient
6 access to any FDA approved drugs."

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED Beverly Earle

ADOPTED _____ FAILED _____ TABLED _____

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. 4

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Archer
Sen.)

HHS Special Provision Request dated July 21, 2002

1 moves to amend the bill on page _____, line _____

2 () WHICH CHANGES THE TITLE

3 by inserting between pages 97 and 98 the following new
4 special provision to read:

5 _____

6 "Requested by

7 _____

8 ADOLESCENT PREGNANCY PREVENTION PROGRAMS

9 section #. of the funds appropriated in
10 this act for the welfare automation fund, the
11 sum of four hundred thousand dollars (\$400,000)
12 for the 2002-2003 fiscal year shall be used for
13 the teen pregnancy prevention program in the
14 Division of Public Health, and the sum of
15 four hundred thousand dollars (\$400,000) for the
16 2002-2003 fiscal year shall be used for out of
17 wedlock births."

18 _____

19 _____

SIGNED Jenna Archer

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Motion Carried

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. 5

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Crawford
Sen.)

HHS Special Provisions Report dated July 31, 2002

1 moves to amend the bill on page 96, line 15

2 ~~() WHICH CHANGES THE TITLE~~

3 by *deleting "growth." and substituting "growth*
4 *based on data to be provided in the report."*

5 _____

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED *[Signature]*

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT *Motion Carried*
(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. 6

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) INSKO
Sen.) _____

HHS Special Provision Report dated July 31, 2002

1 moves to amend the bill on page 100, line 16 and 17

2 () WHICH CHANGES THE TITLE

3 by striking the language "two
4 hundred thousand dollars (\$200,000)"

5 substituting
6 and rewriting the lines

7
8 "three hundred thousand dollars
9 (\$300,000)"

10
11
12
13
14
15
16
17
18
19

SIGNED Debra Insko

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

*Motion Carried
Amendment adopted.*

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. 7

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) NYE
Sen.) _____

*HHS Special Provisions Repeal dated July 31, 2002
22*

1 moves to amend the bill on page _____, line 5

2 WHICH CHANGES THE TITLE

3 by *adding after the line the following:*

4 *"The requirements of ~~Chapter 1310-2 of the General~~*
5 *~~Statute Code~~ G.S. 1310-2 for adult care*
6 *homes to conduct national criminal history*
7 *record checks for all staff positions are*
8 *suspended until January 1, 2004."*

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED *[Signature]*

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

Approp. Sub. on H & H Services 8/1/2002
 Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joseph J Sletton	DHHS - Division of Budget & Analysis
Margaret Gues	DHHS - DCSD
Paula A. Wolf	Covenant w/NC's Children
Kristen Guillory	Governor's office
Candice Cobb	Exec @ 4 Director, Governor's Office
Letitia Withrow	NC State Watch
John Moller	GOV OFFICE
Janet Schamzembach	NC Council
Joanne Schoen Stevens	Nursing; NCCASA
Angela Freedman	NC Healthy Start Foundation
Reem Kilbair	
Zobalov	
Don Ann Harris	
Jenny Dorsett	
M. Smith	WSK
Becky Mercer	Medica & Assoc.
PROBIE BROTZ	WCLM & SON
Alex Mumbuthe	Payroll & Spill
Angus Hain	MTE
Deborah Rame	NCAALD / NCPHA
Rolie Morrison	Pender County - Visitor
Karen Gattori	DHHS - Aging
My Bethel	DHHS - Aging
Andi Ellen	NCRMA
John Preston	NCRMA
Thomas B...	Assoc of Assoc
Gary Salam...	GSF

Box Contents

2001-02 Standing Committee Minutes (Item 25894)

Box 4

1. 2001 Joint Appropriations – Information Technology
2. 2002 Joint Appropriations – Information Technology
3. 2001 Joint Appropriations – Justice & Public Safety
4. 2002 Joint Appropriations – Justice & Public Safety
5. 2001 Joint Appropriations – Natural & Economic Resources
(cont'd to Box 5)