2005

JOINT APPROPRIATIONS – HEALTH & HUMAN SERVICES

COMMITTEE MINUTES

NORTH CAROLINA GENERAL ASSEMBLY

2005-2006

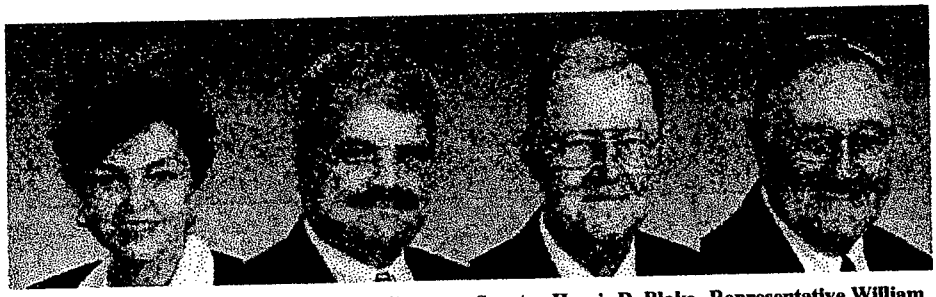
JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN RESOURCES



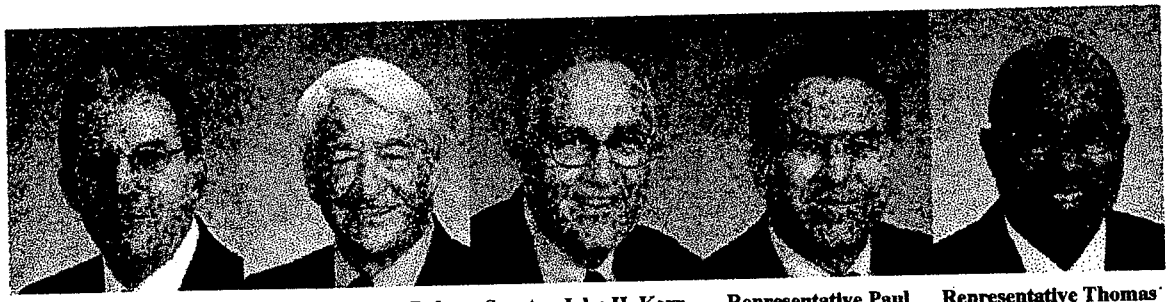
Senator William R. Purcell, M.D., Co-Chair | Senator Vernon Malone Co-Chair | Representative Jeff Barnhart, Co-Chair | Representative Verla Insko, Co-Chair



Senator Charlie S. Dannelly Vice Chair | Representative Jean Farmer-Butterfield, Vice Chair | Representative Mark W. Hollo, Vice Chair | Senator James S. Forrester Ranking Minority



Representative Lucy T. Allen | Senator Doug Berger | Senator Harris D. Blake | Representative William A. Current



Senator Don East | Representative Bob England, M.D. | Senator John H. Kerr, III | Representative Paul Stam | Representative Thomas E. Wright

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3-1-05	3-9-05	3-15-05 2pm	3-23-05 8:30	3-22 am	3-31 am	5-12-05 am	5-17-05							
INSKO, Verla CHAIR	✓	✓	✓	✓	✓	✓	✓	✓							
BARNHART, Jeff CHAIR	✓	✓	✓	✓	✓	✓									
FARMER-BUTTERFIELD, Jean VICE-CHAIR	✓	✓	✓	✓	✓	✓	✓								
HOLLO, Mark VICE-CHAIR	✓	✓	✓	✓	✓	✓	✓	✓							
ALLEN, Bernard	✓	✓	✓	✓	✓	✓	✓	✓							
CURRENT, William	✓	✓	✓	✓	✓	✓	✓	✓							
ENGLAND, Bob	✓	✓	✓	✓	✓	✓									
STAM, Paul	✓	✓	✓	✓	✓	✓	✓	✓							
WRIGHT, Tom					✓	✓	✓	✓							
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

Lorraine Blake (Sen. Purcell)

From: Joyce Hodge (Senate LA Director)
Sent: Monday, February 21, 2005 4:40 PM

Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The Joint Appropriations Subcommittee on Health and Human Services will meet at the following

DAY	DATE	TIME	ROOM
Tuesday	February 22, 2005	8:30 AM	424 LOB

The following will be considered:

Organizational Meeting

Senator William R. Purcell, Co-Chair
Senator Vernon Malone, Co-Chair

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 424
Tuesday, February 22, 2005
8:30 AM

Opening Remarks	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Jeff Barnhart, Co-Chair* *Representative Verla Insko, Co-Chair*
Introduction of Committee Members	*Committee Members*
Staff Introductions	
Committee Clerks	*Co-Chairs*
Fiscal Research Division	*Carol Shaw, FRD*
Bill Drafting Division	*Bill Drafting Staff*
Office of State Budget & Management	*Daphne Lyon, OSBM*
Appropriations Committee Process	*Lisa Hollowell, FRD*
Committee Discussion	*Committee Members*
Closing Remarks	*Co-Chairs*

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Tuessday, February 22, 2005
8:30 A.M.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 A.M. in Room 643 of the Legislative Office Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Dannelly, Forester, Berger, Blake, East, and Kerr. Representatives present were: Co-Chair Verla Insko and Co-Chair Jeff Barnhart, and Representatives Farmer-Butterfield, Hollo, Allen, Current, England, Stam, and Wright.

Senator Purcell presided. After introducing the pages, he called on Ms. Carol Shaw of the Fiscal Research Division to present an overview of the Appropriations Committee process, and the role of staff in making recommendations for the various areas involved with the Health and Human Services area (Attachment I).

Ms. Shaw introduced the members of the Fiscal Research staff assigned to the Appropriations Subcommittee on Health and Human Services and their various area of expertise (Attachment II).

The meeting adjourned at 9:45 A.M.

Senator William R. Purcell, Co-Chair

Lorraine R. Blake, Committee Clerk

APPROPRIATIONS COMMITTEE PROCESS & ROLE OF STAFF

Joint Appropriations Subcommittee on Health and Human Services

Terms

Continuation Budget is the recommended funding needed to continue the operations of programs and services at the level previously approved by the General Assembly. Allowable price and inflationary rate increases may include: water & sewer, electricity, natural gas, food, drugs, medical supplies, subsistence, fuel oil, and annualization of programs funded part year in the previous fiscal year.

- The Subcommittee reviews the continuation budget of many of the agencies/divisions within the Department of Health and Human Services and identifies areas for possible budget reductions, increases, and/or policy changes.

- Continuation budget process lasts approximately 4-6 weeks (2005 Schedule yet to be determined)

Expansion Budget - Governor's Recommended Budget Adjustments (2005-2007) is to be reviewed by the Subcommittee following the Continuation Budget – Expansion includes new programs; expansion of existing programs; or permanently funding programs originally funded as pilots or with one time funding.

Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets – This report will itemize reduction and expansion items to the Continuation Budget. This Subcommittee is responsible for the development of this report. This is also referred to as the "Money Report". Expansion and reduction items may include members' bills or suggestions and Governor's recommended items.

Budget Special Provisions – As budget issues are discussed members may suggest special language that directs certain policy actions and/or specifies how budgeted monies are to be used. Bill Drafting staff in consultation with members and fiscal staff draft these "special provisions". The special provisions will constitute the budget bill.

APPROPRIATIONS COMMITTEE PROCESS & ROLE OF STAFF

Joint Appropriations Subcommittee on Health and Human Services

Budget Targets – Typically, the House and Senate Subcommittees are each given a budget target by their respective Full Appropriations Chairpersons. The target usually is a total for the Department of Health and Human Services.

"Flagging " of budget issues – Since votes on budget reductions or increases are generally not taken until later in the subcommittee process, subcommittee members may **flag** budget items for further information and review. The fiscal staff will keep track of flagged items and go through a final **"Flag"** list when requested by the subcommittee chairs, usually after all DHHS programs have been reviewed.

Role of Fiscal Staff

- **Budget and Policy Analysis** -- Review continuation and expansion budgets for the Department of Health and Human Resources with State Budget staff and departmental staff prior to Subcommittee review. Analysts will then highlight for Subcommittee discussion of the following: (1) cost components of major programs (staffing, contracts etc); (2) recent reductions or expansions to the programs; (3) the details of the major budget changes proposed by the Governor for 2005-2007; and, (4) other budgetary or policy options. During this process, analysts may conduct further analysis of budget and policy issues identified by members.

- **Information Request Follow-up/Coordination** -- Fiscal staff will coordinate daily meetings and agenda with subcommittee chairs; develop and track subcommittee schedule for chairs; work with DHHS and State Budget to answer members' general information requests, both for individual members and for the subcommittee; and, based on direction from the Subcommittee Chairs, prepare the subcommittee budget "money reports".

- **Fiscal Notes** – Fiscal Staff prepare fiscal notes on bills impacting the Department of Health and Human Services and local governments when requested.

Role of Other Staff

- **General Assembly Bill Drafting Staff** – Assist members with research on legal issues affecting subcommittee deliberations and assist members in writing special budget provisions. Two bill drafters are assigned to this subcommittee, Gann Watson and Lisa Wilks.

- **Departmental Staff** – Departmental staff will answer members' questions during committee meetings and work with fiscal staff to obtain additional information if needed. Departmental staff may also make a presentation on the department and on studies required by the General Assembly.

- **Office of State Budget and Management (OSBM)**– OSBM will assist members and fiscal staff with information on departmental budgets and programs. State Budget acts as a resource on program budgeting and departmental performance measures.

HEALTH & HUMAN SERVICES
TEAM ASSIGNMENTS
January 2005

DIVISION/PROGRAMS	ANALYSTS
Division of Aging and Adult Services	**Andrea Russo/**
Long Term Care	*Carol Shaw*
Senior Centers	
Home and Community Based Services	
Adult Services (Adult Care Homes/Adult Protective Services)	
State/County Special Assistance	
Division of Child Development	
Child Care Subsidy & Licensure	**Lisa Hollowell/**
Smart Start	*Karlynn O'Shaughnesy*
More At Four & Leandro	
Division of Mental Health, Developmental Disabilities and Substance Abuse Services	
Mental Health Reform	
CAP-MR/DD	**Carol Shaw/**
State Psychiatric Hospitals& Other Facilities	*Lisa Hollowell*
Area Mental Health Authorities/Programs	
Division of Medical Assistance	
Medicaid	**Carol Shaw/** *Karlynn O'Shaughnessy*
Health Choice (Children's Health Insurance)	**Carol Shaw/** *Lisa Hollowell*
Division of Facility Services	
Medical Care Commission	**Andrea Russo/**
Health Care Facilities Licensure & Regulation	*Carol Shaw*
Certificate of Need	
Division of Social Services	**Karlynn O'Shaughnessy/**
Work First (TANF Block Grant/Welfare Reform)	*Lisa Hollowell*
Child Support	
Food Stamps	
Child Protective Services/Foster Care/Adoptions	
Abortion Fund	
Social Services Block Grant	
Division of Vocational Rehabilitation Services	**Andrea Russo/**
Independent Living Rehabilitation Program	*Carol Shaw*

HEALTH & HUMAN SERVICES
TEAM ASSIGNMENTS
January 2005

DIVISION/PROGRAMS	ANALYSTS
Division of Services for the Blind	**Andrea Russo/** *Lisa Hollowell*
Division of Services for the Deaf and Hard of Hearing	**Carol Shaw/** *Lisa Hollowell*
Office of Education Services Governor Morehead School Schools for the Deaf Preschool Services	**Lisa Hollowell/** *Andrea Russo*
Division of Public Health Women's and Children's Health Early Intervention Services (Infant/Toddler Program) Developmental Evaluation Centers (Immunizations, WIC, Infant Mortality) Office of Minority Health Chronic Diseases Epidemiology State Laboratory Office of Chief Medical Examiner AIDS/HIV/STDs ADAP	**Lisa Hollowell/** *Andrea Russo*
Office of the Secretary	**Karlynn O'Shaughnessy/** *Carol Shaw*
Office of Rural Health	**Carol Shaw/** *Lisa Hollowell*
Office of Economic Opportunity Community Services Block Grant	**Carol Shaw/** *Karlynn O'Shaughnessy*
Health and Wellness Trust Fund	**Lisa Hollowell/** *Karlynn O'Shaughnessy*

VISITOR REGISTRATION SHEET

Joint Committee on Health & Human Services — **February 22. 2005**
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Tote	NMHA-NC-C 2001
Dee Richt	The Arc
Bob Hedrick	NC Providers Council
Roz Swift	NCCCC
Deborah Rose	NCALHD
Robert Pittenger	Senate
Joni Alberg	BEGINNINGS
Tom Bennett	NCARF
ANN LOVE	DUNS
Stacy Flannery	NCHCFA
Rebecca Troutman	NCACC
BILL RUSTIN	ACP

VISITOR REGISTRATION SHEET

Joint Committee on Health & Human Services — **February 22. 2005**

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Daphne Lyon	OSBM
Lina Miller-Morgan	OSBM
Wayne Williams	OSBM
Debbie Barnes	OSBM
Jenny Cooper	NCALA
Jennifer Sullivan	NASW, NC / C2001
Gill Hinton Keel	Autism Society of NC
Sally Cameron	NC Psychological Assoc & C2001
Robin Huffman	NC Psychiatric Assoc / Coalition 2001
REBECCA REESE	GOV'S INSTITUTE ADD & SA
Abby Emanuelson	NMSS

VISITOR REGISTRATION SHEET

Joint Committee on Health & Human Services — **February 22. 2005**

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID BARNES	Poyner + Spruill LLP
Christopher Jackson	VNC School of Law
Jim Edgerton	AHHC
Jill Wallace	ES-UCP NC

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Tuesday, March 1, 2005
2:00 PM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Budget Overview	
Division of Child Development	*Lisa Hollowell, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

TUESDAY, MARCH 1st, 2005
2:00 PM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Joint Appropriations subcommittee on Health and Human Services met on Tuesday, March 1, 2005 at 2:00 pm in room 643 of the Legislative Office Building. House members present were Representative Jeff Barnhart, Representative Verla Insko, Co-Chairs; Representative Farmer-Butterfield, Representative Hollo, Vice-Chairs; Representatives B. Allen, Current, England, and Stam. There were five senators present: Senator William Purcell, Senator Vernon Malone, Co-Chairs; Senators D. Berger, Blake, and East. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Barnhart called the meeting to order and presided over the meeting.

Lisa Hollowell from the Fiscal Research Division distributed handouts on the Division of Child Development, which are made part of these minutes. Ms. Hollowell reviewed the documents and answered questions.

Representative Barnhart adjourned the meeting at 3:30 pm.

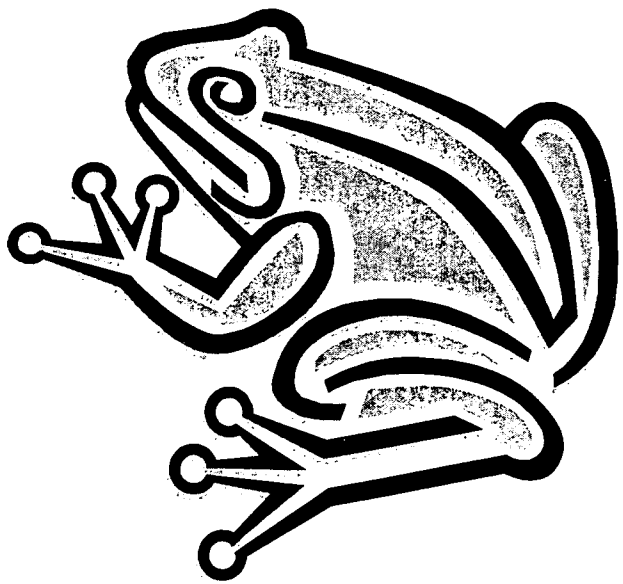
Jeff Barnhart
Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin
Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration

Department of Health and Human Services

Division of Child Development



Division of Child Development

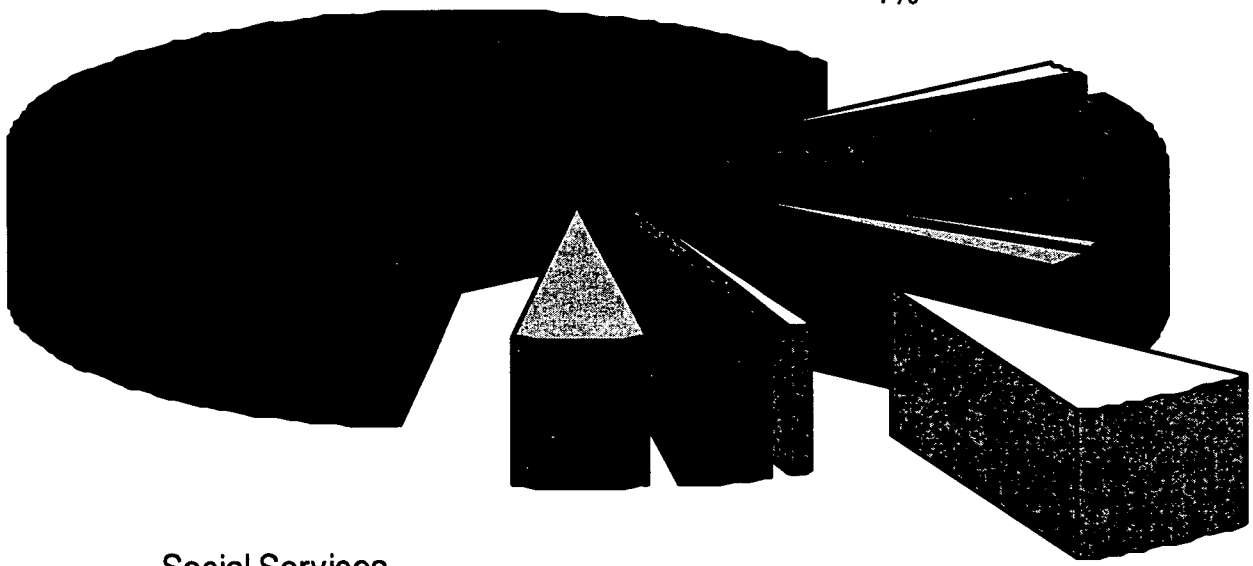
Mission

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

- Ensure the health and safety of children in child care settings
- Provide child care financial assistance
- Improve quality and availability of child care
- Head Start Collaboration
- Parent Outreach

Division of Child Development

DHHS 2004-05 State Appropriations



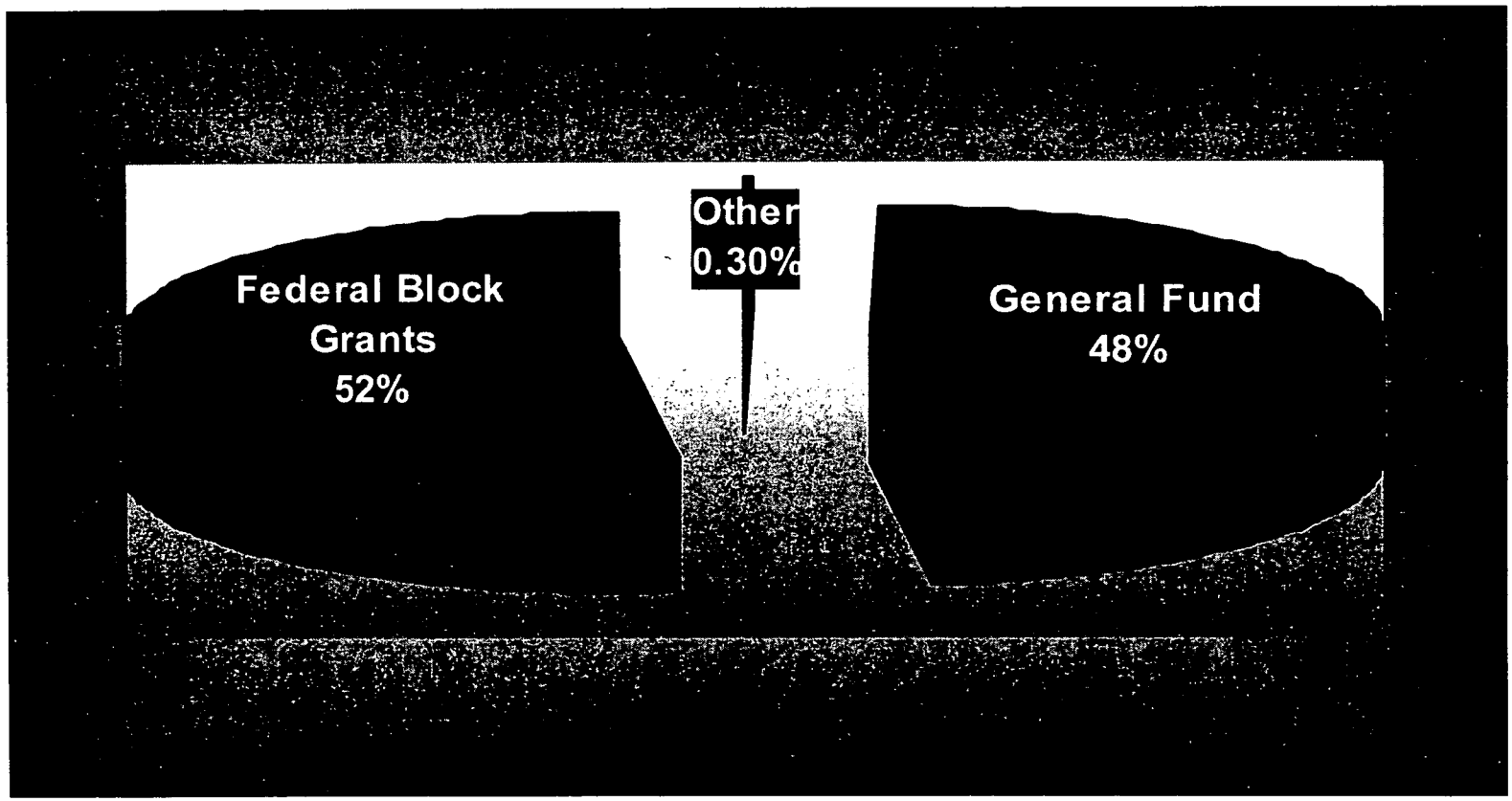
Division of Child Development Budget Requirements

	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$555,648,999	$559,987,213	$562,216,523	$566,923,305
Receipts	($299,591,684)	($292,596,506)	($292,566,506)	($292,566,506)
Appropriation	$256,057,315	$267,390,707	$269,650,017	$274,356,799
Positions	272.75	273.75	273.75	273.75

Division of Child Development

Where do funds come from?

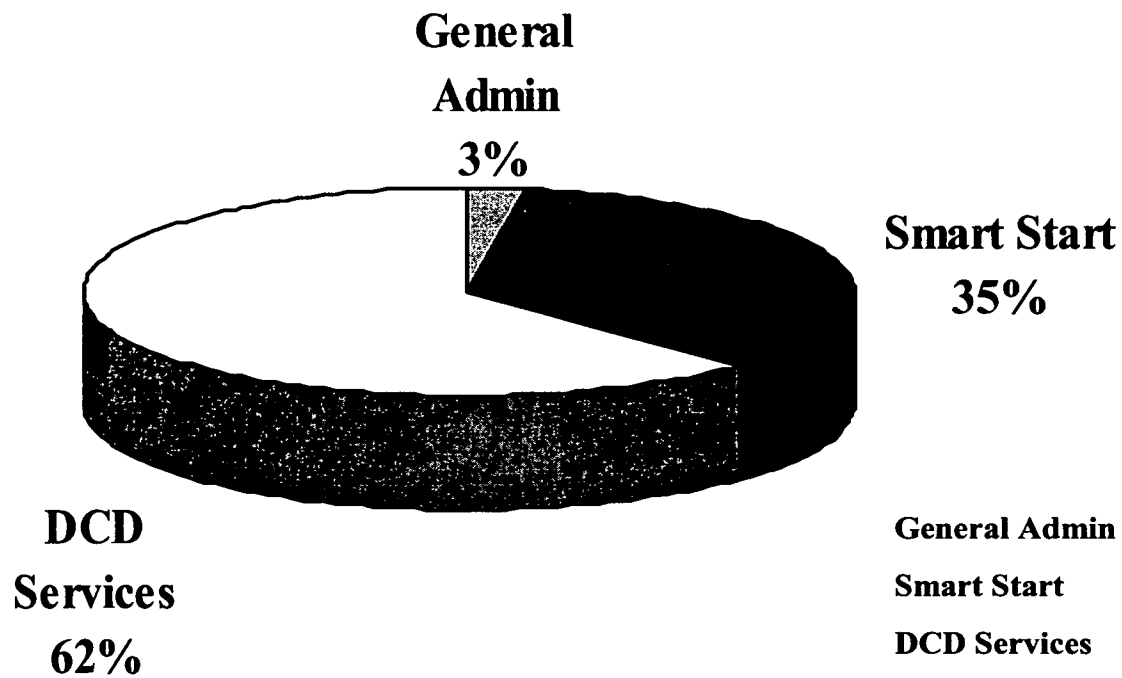
FY 2004-05



"Other" includes fees and sale of publications.

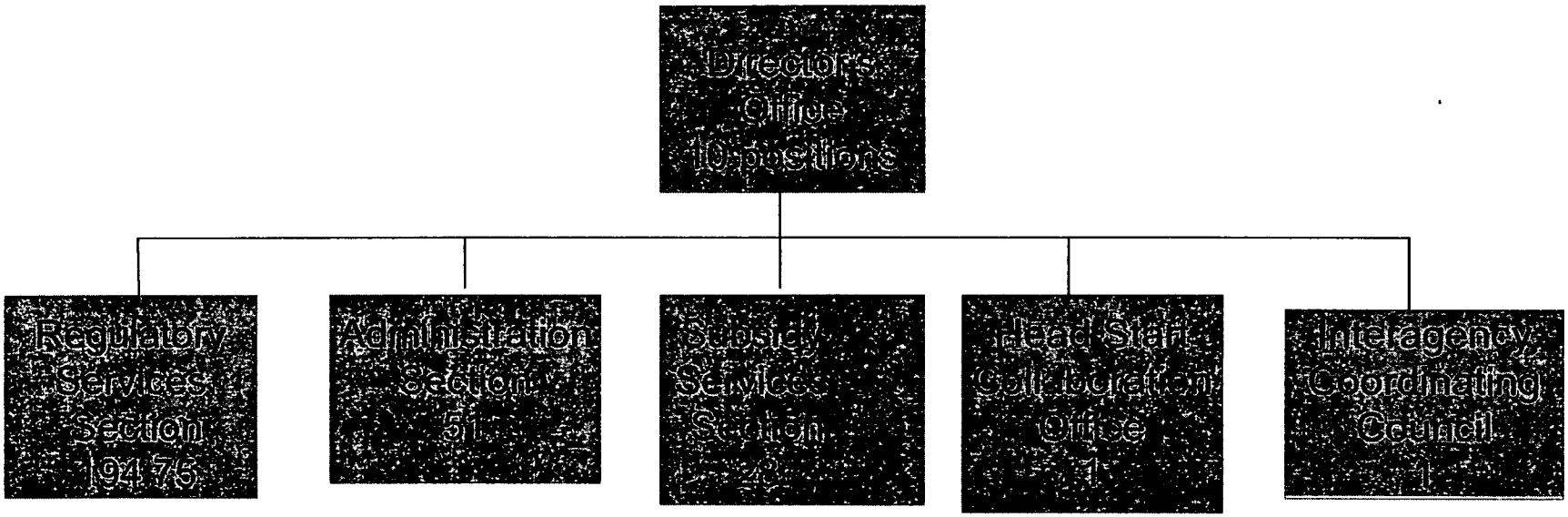
Division of Child Development

How are funds spent?
FY 2004-05



General Admin	$ 12,938,155
Smart Start	$190,187,096
DCD Services	$356,861,962

Division of Child Development Organizational Chart



286 positions

Division of Child Development
North Child Care Profile

Provided by NC State Library and Census Data

- Total Population = 8,049,313
- 2000 Children aged 0-4 = 539,509
- 2000 Number of children aged 5-9 = 552,457
- 2000 Total children <18 = 1,940,947
- Percent of children <6 with both parents working = 72%
- Percent of children <13 living in low-income families with working parents = 26%
- Number of children in child care arrangements = 240,000



Division of Child Development

Programs and Services



- Licensure/Regulation
- Child Care Subsidy
- Interagency Coordination Council
- Head Start Collaboration Grant



Division of Child Development

- Child Care Commission
  - 15 Members Appointed by the Governor and General Assembly
  - Adopt rules related to the licensure of child care facilities and enhancing standards
    - Medically fragile child care centers
    - Rules surrounding the safe sleep policy

Division of Child Development

Licensure and Regulations

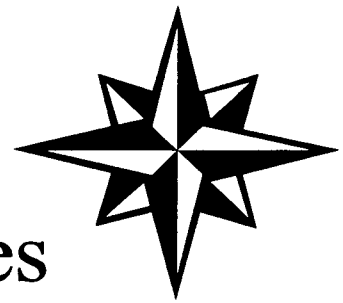
Regulation is required when 3 or more (unrelated) children are in care for more than 4 hours per day at least one day a week. GS 110-91

Arrangements not considered child care include:

- Summer Day Camps
- Drop-in or short-term care
- Public and Private Schools
- Bible Schools
- Residential Child Care Facilities
- Mothers Morning Out Programs



Division of Child Development Star Rated System



- Voluntary licensing system that provides information about regulated child care facilities (first star is required).
- The System is designed to measure quality in areas of program standards, staff education, and compliance history.
- The system is 1-5 stars based on these standards, 5 is the highest.

Division of Child Development Regulatory Services Section

- Staff conduct site visits to regulated and unregulated child care centers and homes
  - Pre-licensing visits to new facilities
  - Annual compliance visits (unannounced)
  - Complaint visits
  - Follow-up visits for administrative actions, etc.
    - Administrative Actions include closing a facility immediately if danger exists, downgrading a license to probationary status and requiring a corrective action plan, not allowing enrollment growth.
    - Civil penalties may be assessed based on willful or negligent noncompliance of the operator ($250-$1,000)

Division of Child Development
Regulatory Services Section

Abuse and Neglect Investigations

- 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 and take actions against licenses
- 25 staff work on these cases – expansion in FY 2004 of 15 staff dedicated to this area

Division of Child Development

Licensure and Regulations

- 132 licensing field staff
- 9,072 regulated facilities (12/04)
  - 4,397 Centers
  - 4,675 Homes
- Religious Organizations
  - May operate under requirements of 110-106 and send letter of intent to division to exempt from licensure

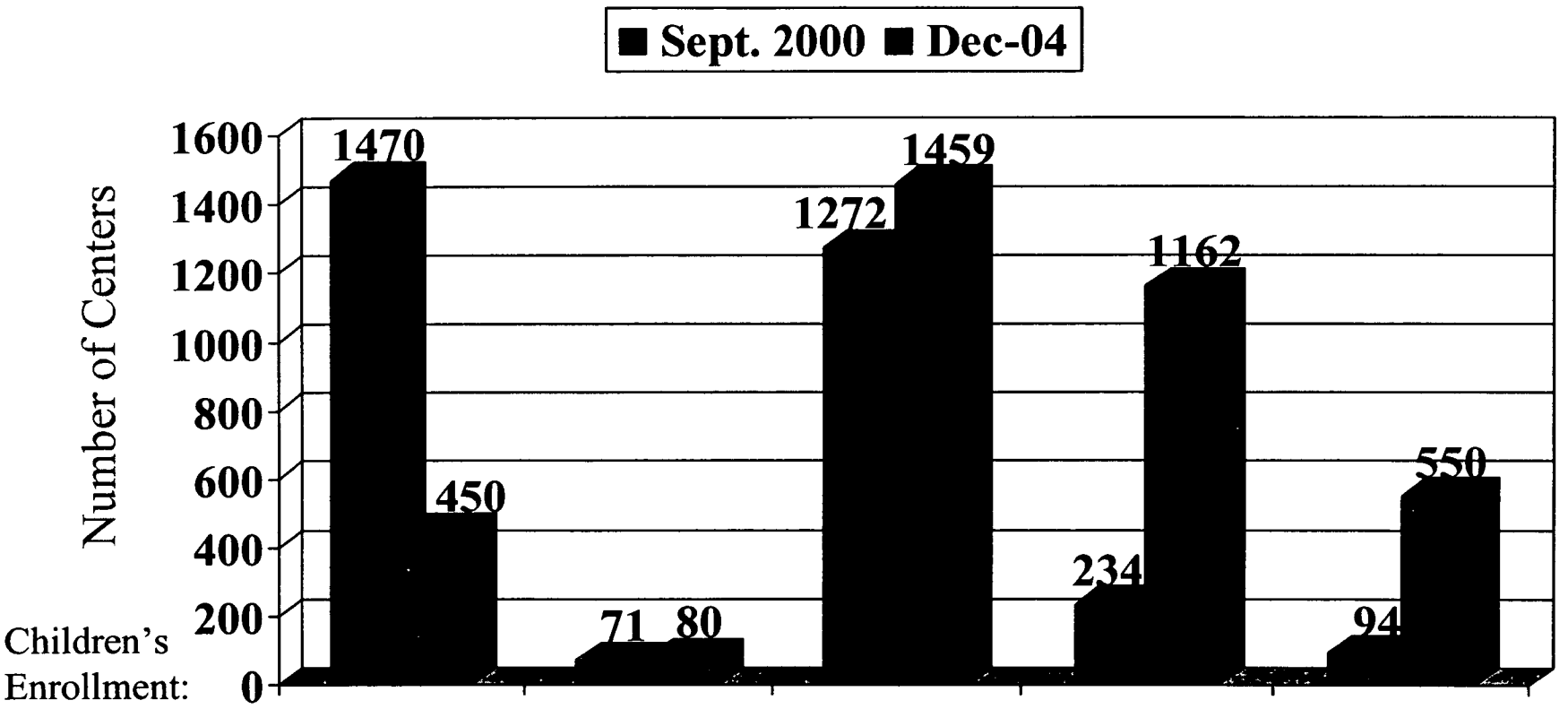
Division of Child Development

Licensure and Regulations – Child Care Facilities

	Homes	Centers
One Star	1,620	450
Two Stars	48	80
Three Stars	1,596	1,459
Four Stars	991	1,162
Five Stars	379	550

85% of children are served in child care centers;
240,000 children in regulated child care.

Child Care Centers with Star Rated Licenses and Enrollment (Sept. 2000 – Dec. 2004)

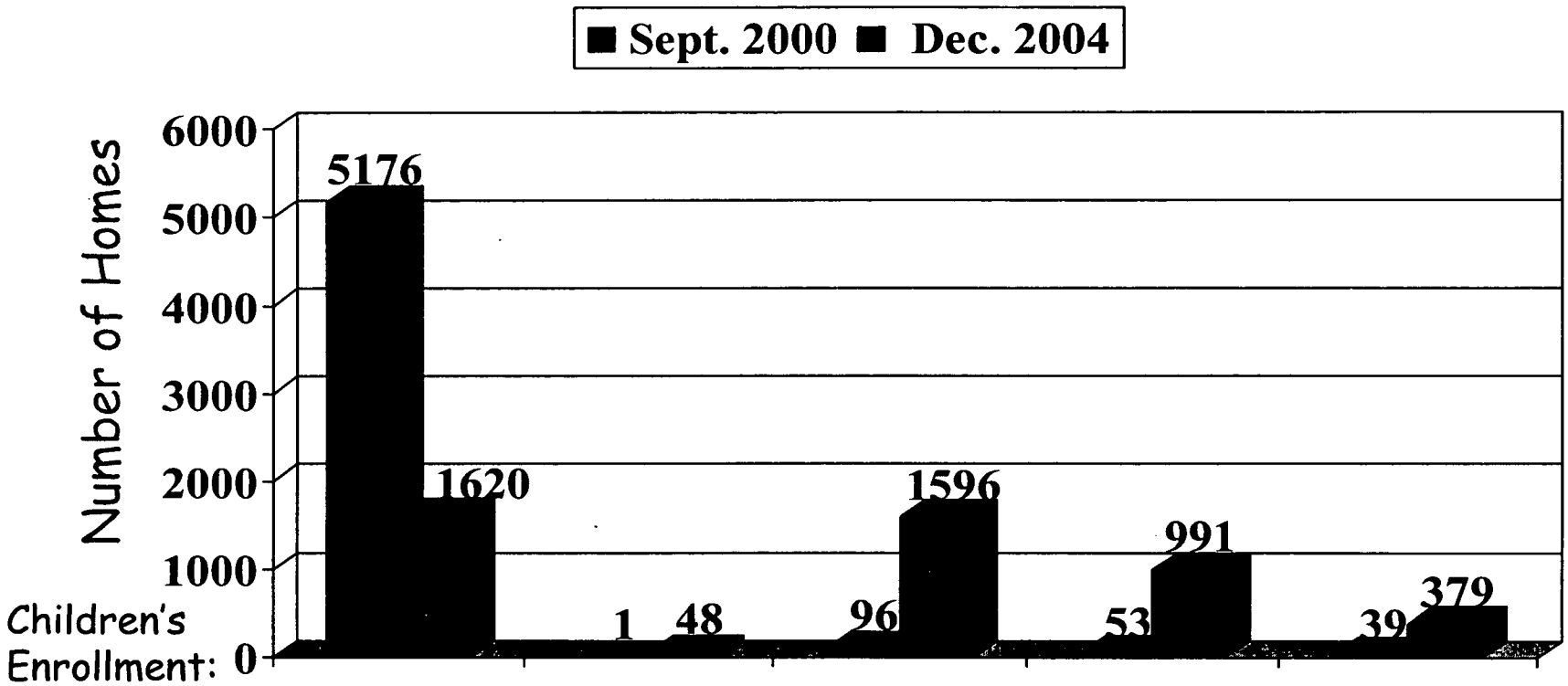


Children's Enrollment:	1 star	2 stars	3 stars	4 stars	5 stars
2000	75,828	3,250	70,077	11,440	4,335
2004	19,355	3,590	70,191	65,933	28,641

Of the children in centers, 76% are enrolled in centers with ratings of 3-5 stars.

Prepared by the NC Division of Child Development

Family Child Care Homes with Star Rated Licenses and Enrollment (Sept. 2000 – Dec. 2004)



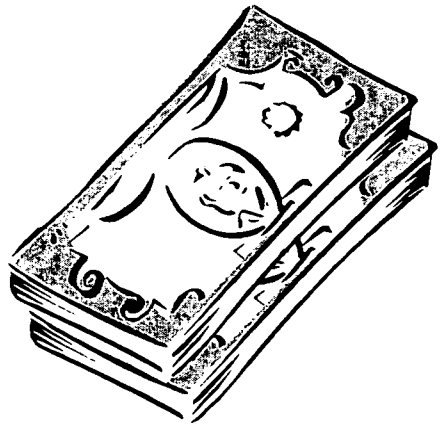
	1 star	2 stars	3 stars	4 stars	5 stars
2000	18,490	0	361	259	189
2004	6,475	317	9,398	6,354	2,433

Of the children in homes, 72% are enrolled in homes with ratings of 3-5 stars.

Prepared by the NC Division of Child Development

Division of Child Development Licensure Fees

- Implemented FY 2003-04
- Annual Fee
- Does not apply to homes
- Based on capacity of center
  - 12 or fewer children $35
  - 13-50 children $125
  - 51-100 children $250
  - 101 or more children $400
- Generates approximately $720,000 annually



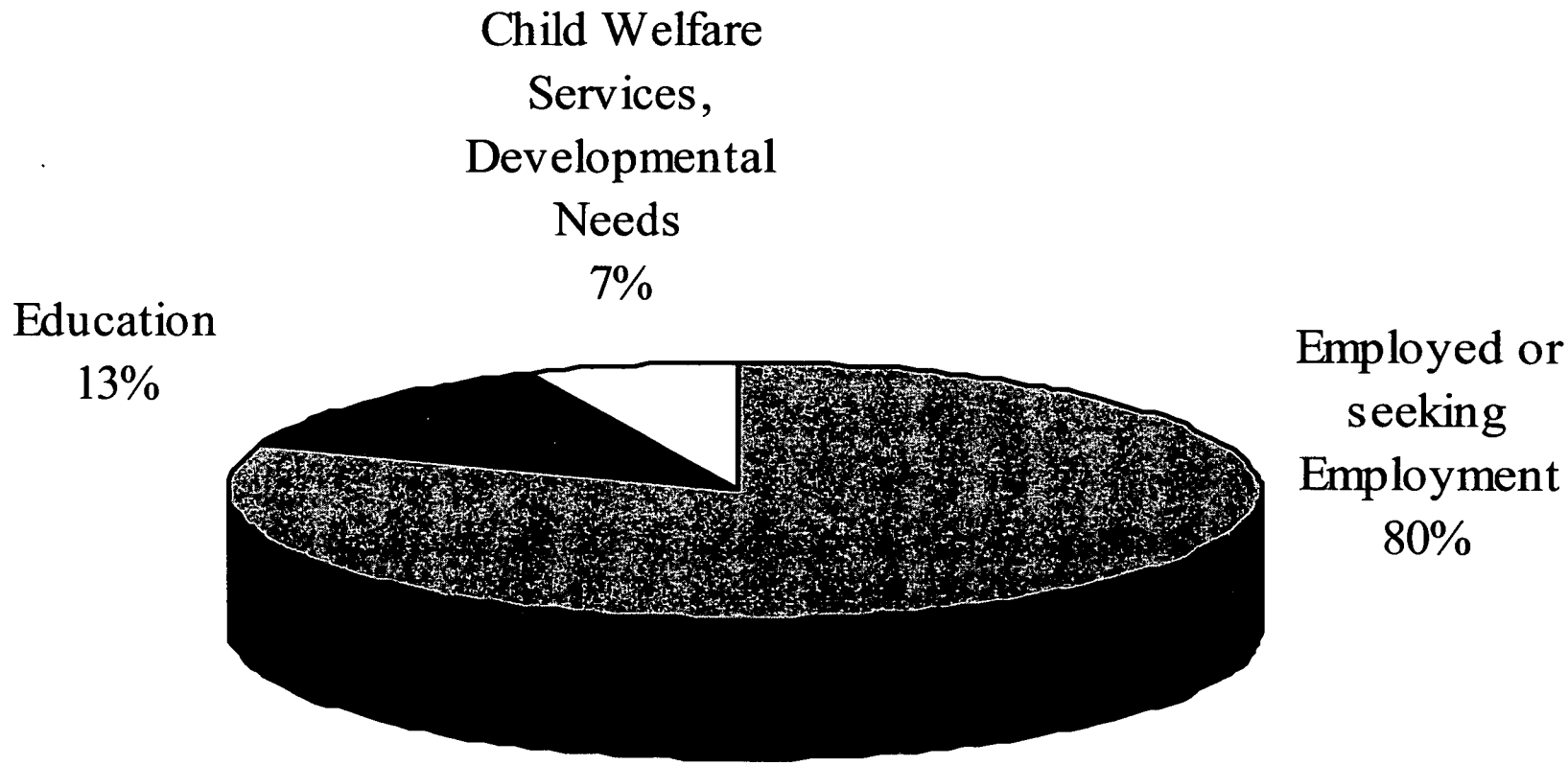
Division of Child Development

Child Care Subsidy

- Supports Working Families who qualify
  - Children up to 12 years old and 17 for developmentally disabled children
- Supports Child Welfare Services
- Supports Educational & Job Related Training
- Supports Children With Developmental Disabilities

Division of Child Development

Child Care Subsidy



Division of Child Development Child Care Subsidy

- Allocation formula of state and federal funds to counties:
  - Smart Start allocation constitutes the base amount for each county's allocation
  - Based on the projected cost of serving children under age 11 in families with all parents working earning less than 75% of SMI
  - Reallocation is allowed and is based upon the expenditures of child care subsidy voucher funding, including Smart Start funding

Division of Child Development

Child Care Subsidy

State-supervised, locally administered voucher system

Families choose child care arrangements

Eligibility 75% of state median income (SMI)

Number in Family	1	2	3	4	5
Monthly Earnings	$1,824	$2,385	$2,946	$3,507	$4,068
Annual Income (75% SMI)	**$21,885**	**$28,619**	**$35,352**	**$42,086**	**$48,820**
State Median Annual Income	$29,180	$38,158	$47,137	$56,115	$65,093

Settings include licensed centers and homes, religious-sponsored programs and informal arrangements such as care by a relative or in the child's home

Providers must meet minimum health and safety standards.

Division of Child Development

Child Care Subsidy

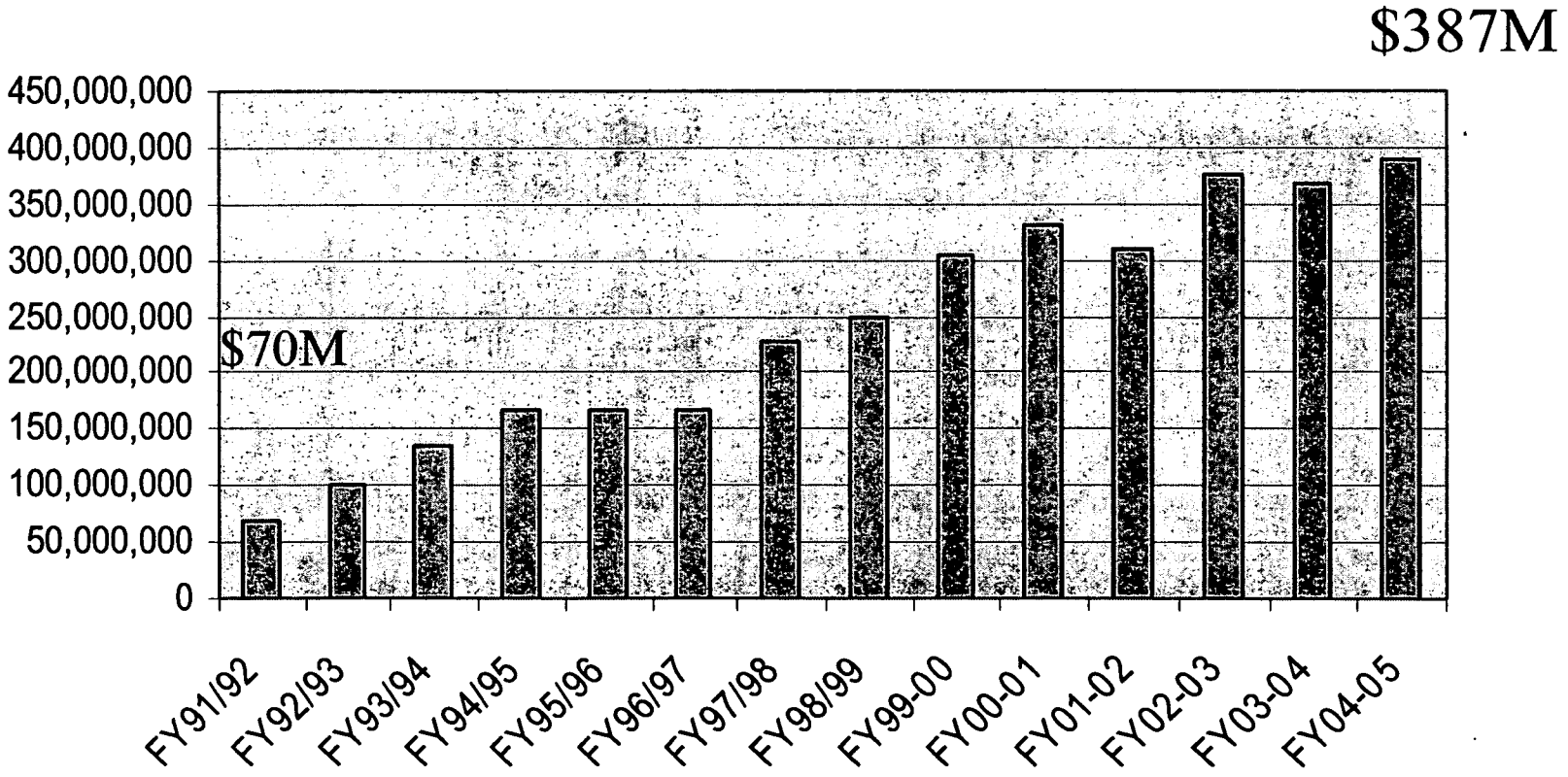
Parent Fees

Family Size	Maximum Annual Income for Eligibility for Subsidy Services	Fee for Subsidy Services
2	$28,619	10% = $238.49/month
3	$35,352	10% = $294.60/month
4	$42,086	9% = $351.00/month
6	$55,554	8% = $462.95/month

Families pay a fee: 1-3 family members pay 10% of gross income for child care, 4-5 pay 9% and families of 6 or more pay 8%
85% of families earn < $25,000 annually

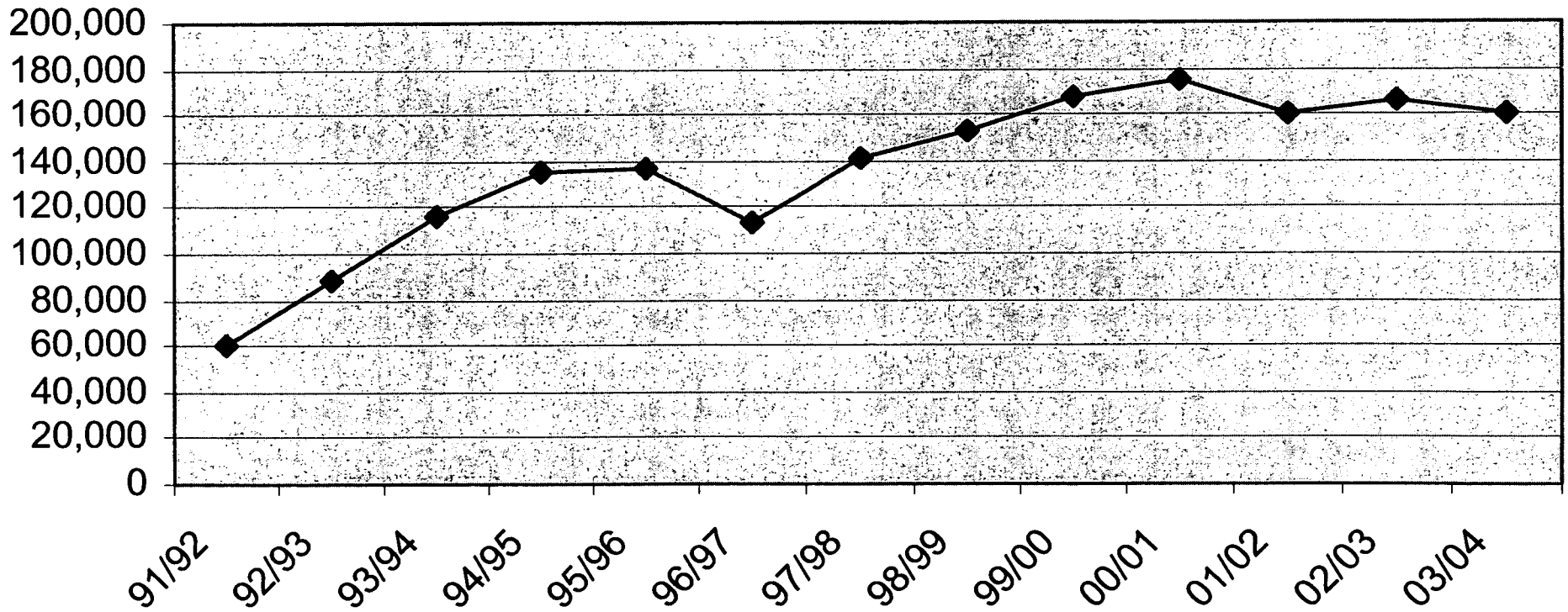
Division of Child Development

Trends in Child Care Subsidy



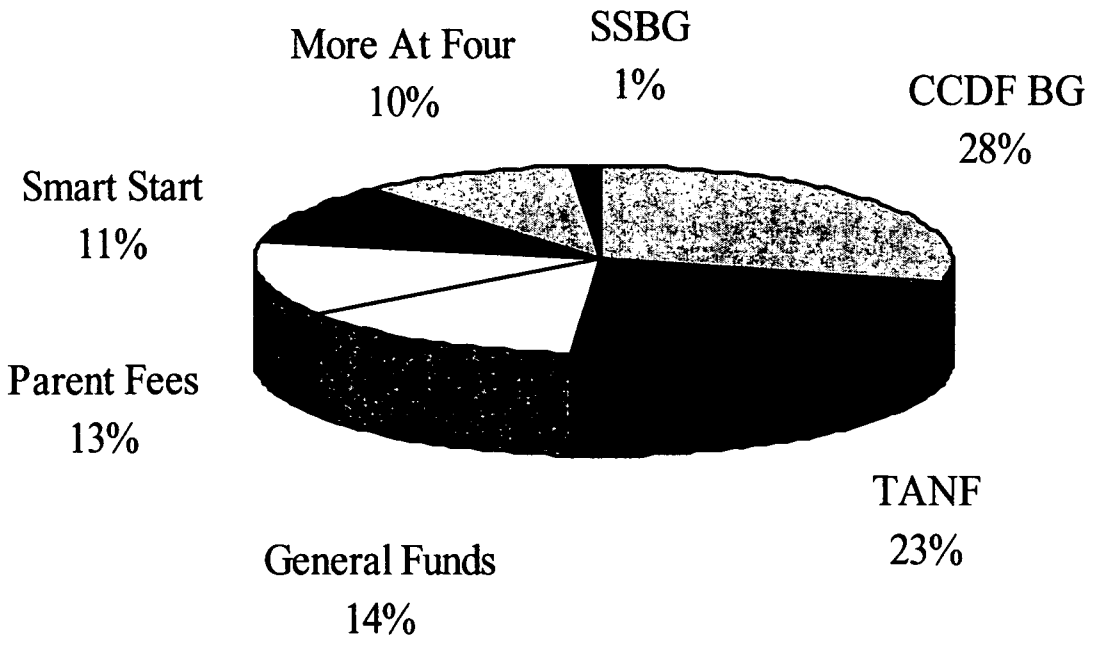
Division of Child Development

Trends in Child Care Subsidy – Children Served



Child Care Subsidy
Funding FY2004-2005
From All Sources

CCDF $143.5M
TANF $115.8M
State $69.2M
Smart Start $53M
More @ Four $51M
SSBG $6.3M
Parent Fees $64.5M
Add'l TANF local $500,000
Total $432.5M + parent fees



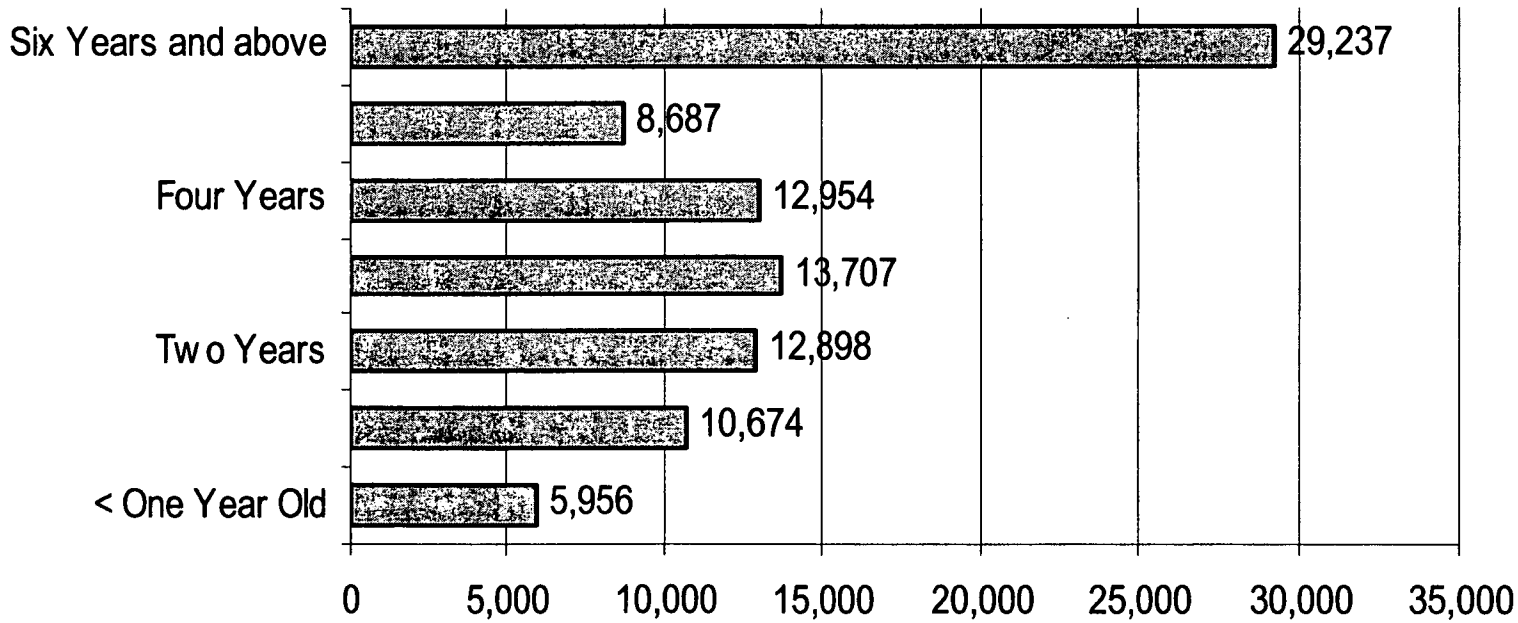
Division of Child Development

Child Care Subsidy

Ages of children

Number of Children Served

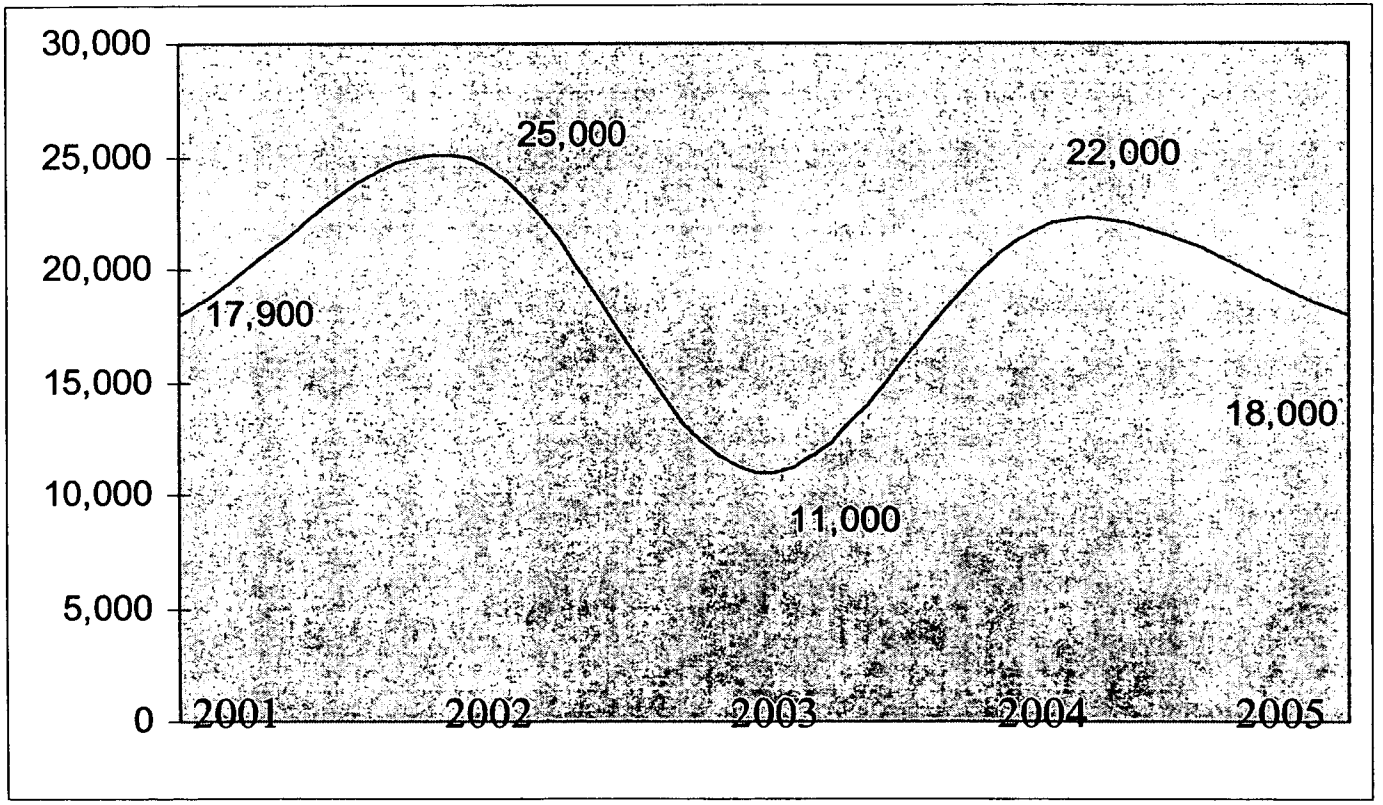
94,113 children



Based on information from DCD for average monthly total FY2004-05.

Division of Child Development

Child Care Subsidy Waiting List



Division of Child Development Subsidy Rates

- NC child care subsidy rates are set at the 75th percentile of market, based on survey data
- Each category has it's own rate based on the age of children and quality of center

1 star	Infant/Toddler
1 star	2 year olds
1 star	3-5 year olds
1 star	School Age
2 stars	Infant/Toddler
2 stars	2 year olds
2 stars	3-5 year olds
2 stars	School Age

- When less than 50 children in a particular category within a county, the DCD reimburses based on the regional subsidy rate or the center/home's rate, whichever is less
- Rates were last increased in 2000 across the board – based on 1997 market rate survey.
- A small rate increase was made to some categories in April 2003 ($3.9M)

Division of Child Development
Governor's Proposed Expansion

- $2.3M FY 2005-06 and $7M FY2006-07
  - May not impact the waiting list
    - One time funds routinely in this program
    - Costs more to serve families (though rates are not increasing, facilities' rates of reimbursement change until they reach maximum rate for reimbursement)
    - Quality of care is improving; more children are served in higher star rated programs.

Division of Child Development

Other Activities

T.E.A.C.H. Early Childhood Program Provides scholarships; cost shares with child care provider, and individual teacher

FY2004-05 - $3,530,145; 2.6M state funds, $450,000 More At Four state funding, $480,145 in CCDF BG

TEACH Health Insurance Program

Child Care WAGE$ Program –Salary supplement program

Rewards higher levels of education

Encourages continuing education

Rewards permanency

$9.6M for FY2004-05; $8.2M in Smart Start Funds, $1.4 in CCDF BG



Touching the Lives $300,000

Criminal Records Checks for Centers and Homes

Division of Child Development

Recent Legislative Budget Actions

- FY 2003-04
  - Reduction of Smart Start Funding ($7.7M)
  - Implementation of child Care Licensure Fees $750,000
  - Expansion of Abuse and Neglect Teams $800,000
- FY 2004-05
  - Expansion of Child Care Subsidy $8M in appropriations and $17M in federal block grant funds

Division of Child Development
Other Legislative Actions

- FY2004 – Strengthened penalties for operating illegal child care homes
- FY2004 – Unlawful to administer prescription or over-the-counter drugs to children in child care, without parental or guardian permission
- FY2004 – Requires child care operators to develop and implement a written safe sleep policy in order to further prevent Sudden Infant Death Syndrome

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 1, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mitch Alford	OSBM
Wayne Williams	OSBM
Debbie Barnes	OSBM
Mark Benton	Capitol Group
Rob Kindsvater	DHHS-DCD
Peggy Boyd	DHHS-DCD
Irene Faddoul	DHHS-DCD
Karen Ponder	NCPC
Tonia Bryan	ADLHC
Stacy Flannery	NCHCFA
Sharon Marcoski	DHHS - BHA
John Mandeville	I/HE
Joyce Boffi	NCPC
Sue Read	NCPC

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 1, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jerry Hartosky	FB
John Motley	Governor's
Barbara Holt	NCRTC
Rebecca Troutman	NCACC
Ron Aycock	"
Patrice Roesner	NCACC
Christine Cran	WakMed
Roger Bone	Bone & Assoc.
Lyn Wilson	NCAHCF
Al Hartman	NCMS
[illegible]	GSK
Jessica Sage	NCFPC
Stephanie Dorko	Charlotte Chamber
Lanier Cansler	DHHS

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 1, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lee Hoag	KCLH
Sharon Marsalis	DHHS - B+A
John Mandeville	HHS
Ken T	
John Pruitt	Move @ Four
Carolyn Cobb	Move @ Four

2005

JOINT APPROPRIATIONS – HEALTH & HUMAN SERVICES

COMMITTEE MINUTES

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 2, 2005

8:30 AM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Departmental Overview	*Secretary Carmen Hooker Odom, Dept. of Health and Human Services*

2:00 PM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Budget Overview	
Smart Start **More at Four**	*Lisa Hollowell, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES
Wednesday, March 2, 2005
Room 643, Legislative Office Building

MINUTES

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 a.m. on Wednesday, March 2, 2005, in Room 643 of the Legislative Office Building. Senator Vernon Malone presided. Seven senate members were present. Representatives present were Verla Insko, Jeffrey Barnhart, Bob England, Bernard Allen, Paul Stam, Thomas Wright, Jean Farmer-Butterfield, and Mark Hollo.

Senator Malone introduced the pages and the sergeant-at-arms staff. He also introduced the Secretary of Health and Human Services, Carmen Hooker-Odom.

Secretary Hooker-Odom stated that the proceedings would focus on the management and control of the North Carolina Medicaid program. She also stated that the presentations given by her staff would provide members with an overview of the Department of Health and Human Services in terms of (1) its budget and personnel, and (2) the management initiatives within the Department. She also presented an overview of the 16 programmatic divisions within the Department of Health & Human Services with explanations on state appropriations and federal receipts. (Attachment A)

The Department of Health & Human Services' staff made presentations in the following areas. (Attachments A & B)

Performance Management	Peggy Ball
Performance Contracting	Paris Penny
Performance Management Database	Sandra Trivette
Management and Documentation Process	Mark Benton
Improvement of Policies and Procedures in Various Areas	Marsha Rowe, Jim Flowers, Pat Jeter

Several questions were asked for points of clarification related to the presentation.

Representative Farmer-Butterfield asked if health departments used laptop computers as a means of improving patient health care. Lanier Cansler responded that the Department was in the process of starting a pilot study for physicians with the hopes of improving efficiency and the quality of patient care.

Representative Insko stated that she would like to have established an on-going "conversation" with DHHS to insure that quality service is being achieved in order to accomplish good outcomes. Secretary Hooker-Odom responded that the department will continue to be in conversation with her and members of the committee.

Senator Blake asked if a timeframe for have technology in place to assisted in making the department more effective. Lanier Cansler responded that there was a 30-month timeframe established.

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

Senator Vernon Malone, Presiding Co-chair

Claudette B. Howell, Committee Assistant

The North Carolina Department of Health and Human Services



Serving North Carolina's Eight Million Citizens

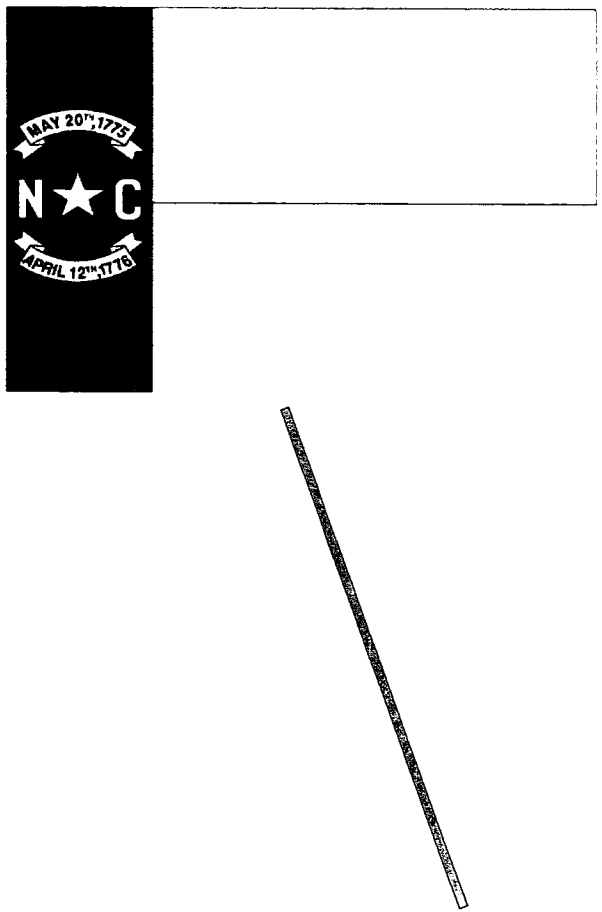




Attachment A

he North Carolina Department of

Health and Human Services

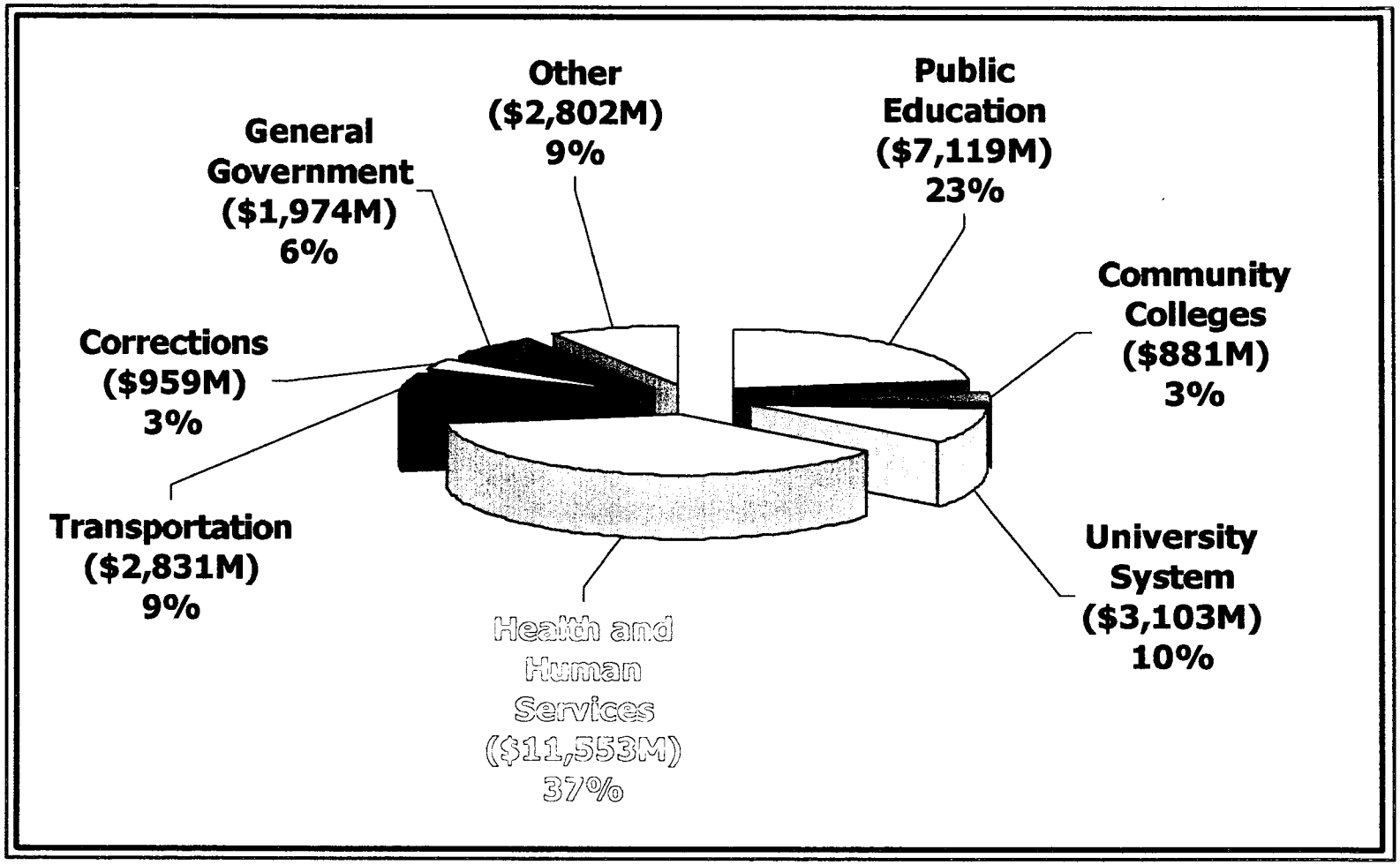


DHHS - The Largest Department in NC State Government

- Total 2005 Budget of $11.6 Billion
- Sixteen Programmatic Divisions and Offices
- Thirteen Business & Support Divisions and Offices
- Approximately 18,000 Employees
- Touching and Improving the Lives of North Carolina's Eight Million Citizens

The North Carolina Department of

Health and Human Services



NC 2005 BUDGET FROM ALL SOURCES – RECEIPTS AND APPROPRIATIONS

(After Interdepartmental Transfers)

The North Carolina Department of

Health and Human Services

Sixteen Programmatic Divisions and Offices

HEALTH SERVICES DIVISIONS & OFFICES

- Medical Assistance
- Mental Health, Developmental Disabilities, and Substance Abuse Services
- Public Health
- Minority Health
- Facility Services
- Health Choice
- Research, Demonstrations, and Rural Health Development

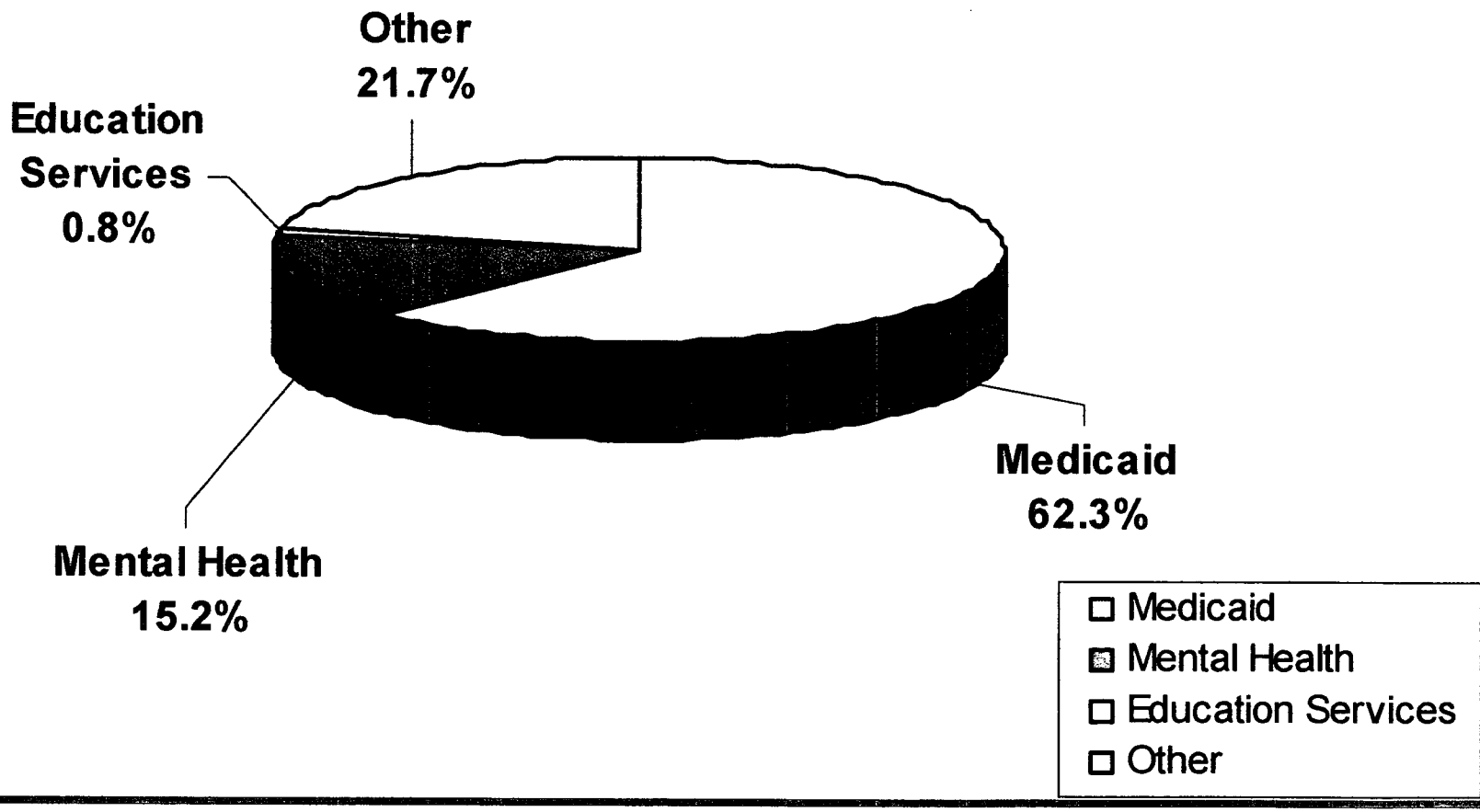
HUMAN SERVICES DIVISIONS & OFFICES

- Social Services
- Aging & Adult Services
- Child Development
- Education Services
- Services for the Blind
- Services for the Deaf and Hard of Hearing
- Vocational Rehabilitation
- More at Four
- Economic Opportunity

The North Carolina Department of

Health and Human Services

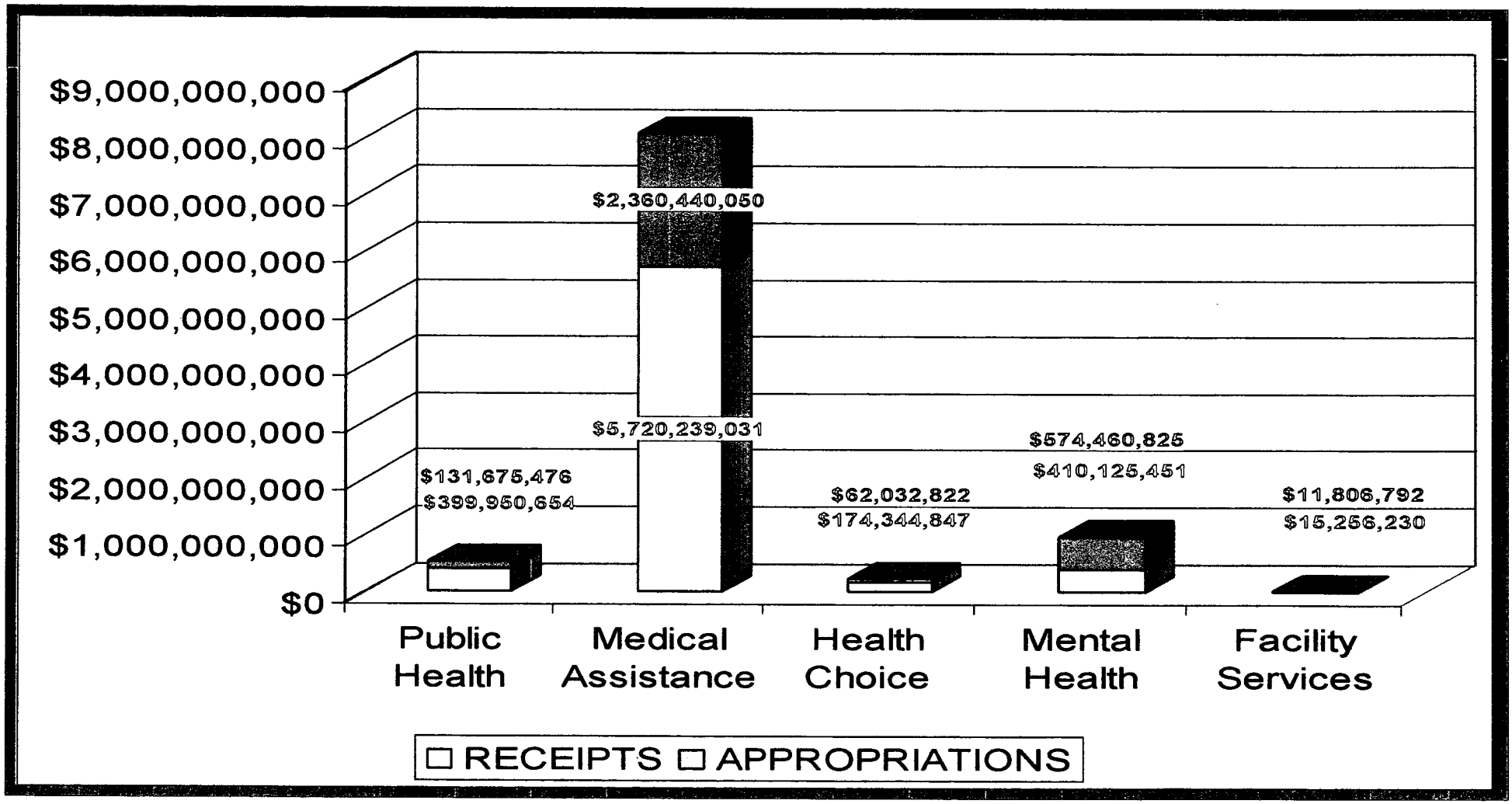
DHHS 2004-05 State Appropriations



The North Carolina Department of

Health and Human Services

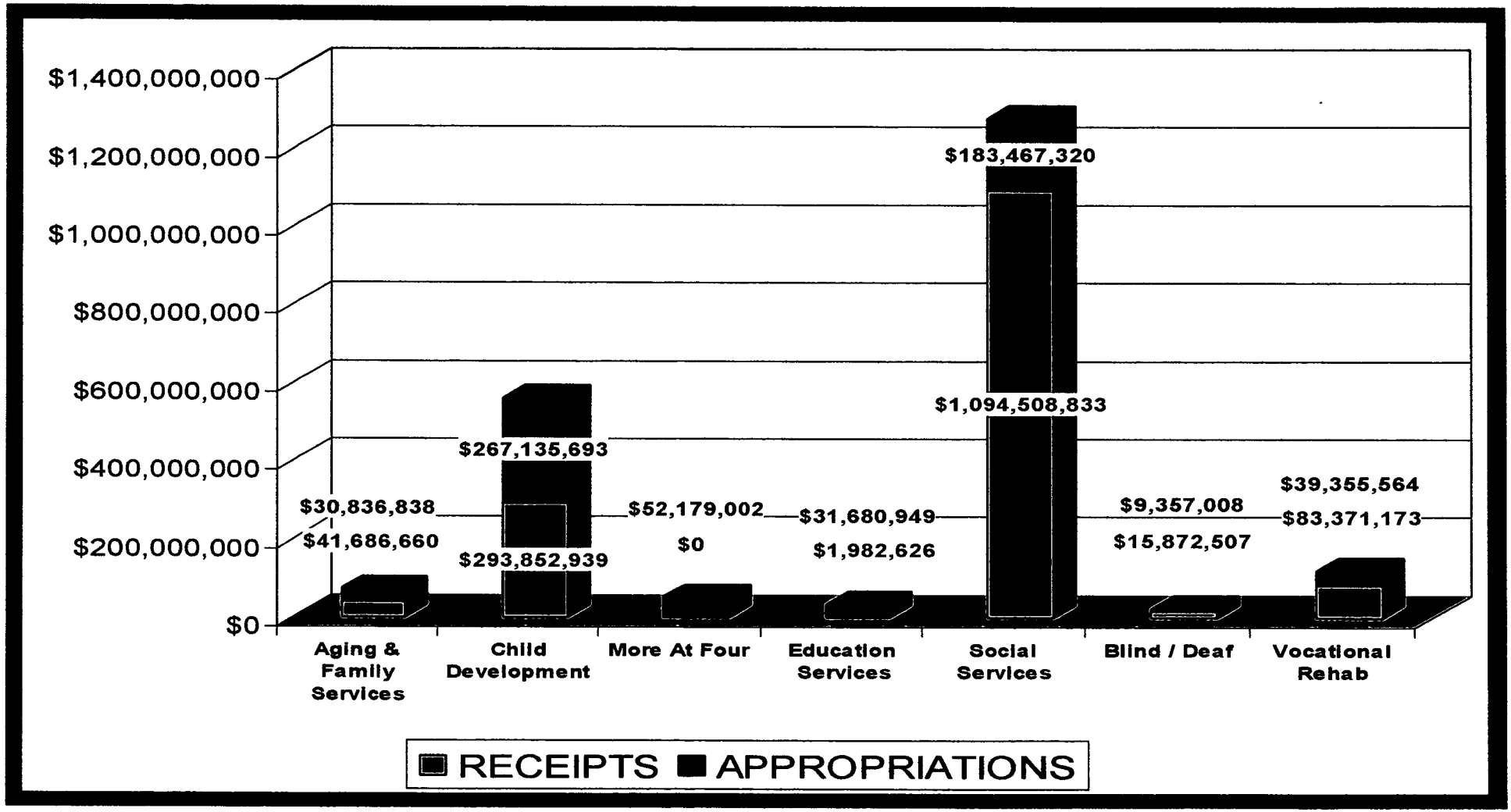
HEALTH SERVICES DIVISIONS – 2005 Receipts and Appropriations



The North Carolina Department of

Health and Human Services

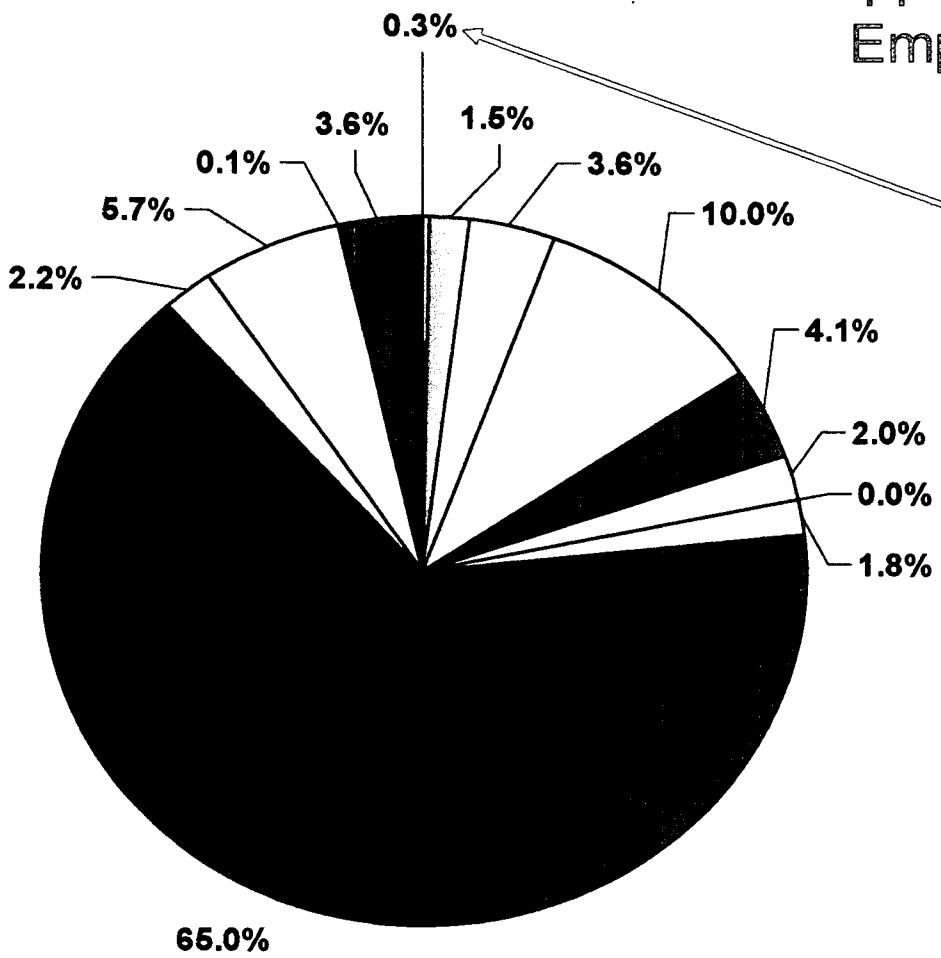
HUMAN SERVICES DIVISIONS – 2005 Receipts and Appropriations



The North Carolina Department of

Health and Human Services

Approximately 18,000 Dedicated Employees Serving the State's Eight Million Population



- ☐ Division of Aging & Adult Services (58) 0.3%
- ☐ Division of Child Development (282) 1.5%
- ☐ Office of Education Services (667) 3.6%
- ☐ Division of Public Health (1,847) 10.0%
- ▩ Division of Social Services (760) 4.1%
- ☐ Division of Medical Assistance (368) 2.0%
- ☐ NC Health Choice (1) 0%
- ☐ Serv. For the Blind & Deaf/Hard/Hearing (327) 1.8%
- ▩ Division of Mental Health (11,966) 65.0%
- ☐ Division of Facility Services (403) 2.2%
- ☐ Division of Vocational Rehabilitation Sv. (1,047) 5.7%
- ☐ More At Four (17) 0.1%
- ☐ Central Management (666) 3.6% (See Note)

The North Carolina Department of

Health and Human Services

BUSINESS SUPPORT DIVISIONS & OFFICES



Budget & Analysis
Controller
Human Resources
Procurement & Contract Services
Property & Construction
Information Resource Management
Medicaid Management Information Systems (MMIS)
Internal Audit
Policy & Planning
Public Affairs
Citizen Services
Governmental Relations
Town of Butner

The Business Support Divisions and Offices are all a part of DHHS Central Administration

The North Carolina Department of

Health and Human Services

IMPROVING OUR MANAGEMENT PROCESSES



AND ENHANCING OUR MANAGEMENT CONTROLS AND OVERSIGHT TO ACHIEVE SUCCESS

The North Carolina Department of

Health and Human Services

Performance Management

- DHHS developing clear definitions of goals with respect to all programs and services
- Establishing performance measures to provide documentation with respect to the success of efforts toward accomplishing those defined goals
- Will provide management greater ability to focus needed attention on programs not meeting expectations, and focus resources where greatest benefit is being accomplished

The North Carolina Department of

Health and Human Services

Performance Contracting

- DHHS divisions enters into over 2,000 contracts for services and products to assist the State's citizens
- Previous contractual agreements have focused more on the performance of activities rather than the accomplishment of defined goals
- Effective July 1, 2005, DHHS intends to have specific performance measures included in all executed contracts, placing added responsibility on the vendor for specific outcomes

The North Carolina Department of

Health and Human Services

Program Management Database

- DHHS is developing a web based database which will provide information about all programmatic efforts across the Department
- Will allow the review of all programs across the Department based upon funding sources, authorization, targeted populations, income eligibility, citizens served, budget data, and performance measures and accomplishments
- A tool to help expand the capacity for oversight and improved management

The North Carolina Department of

Health and Human Services

Contract Inventory Database

- DHHS has developed a contracts inventory database which, for the first time, provides an up-to-date list of all contracts executed across the Department
- Allows management to review basic information, and prepare reports by division, vendor, or purpose, examine contract termination or renewal dates, and examine contract deliverables, improving controls and avoiding duplications

The North Carolina Department of

Health and Human Services

Strengthening Management and Documenting Processes

- Serving a rapidly growing state population over the years has resulted in substantial growth in major departmental programs
- The Division of Medical Assistance (DMA) has experienced substantial growth in the Medicaid program without sufficient expansion of management capacity
- Defined operational processes have not been in place to ensure accuracy/efficiency or to provide adequate internal controls and oversight

The North Carolina Department of

Health and Human Services

Strengthening Management and Documenting Processes

- Only a few individuals (with limited oversight) had significant knowledge of Medicaid operations, allowing important issues to sometimes drop through the cracks
- DMA's recent problems with the Disproportionate Share Hospitals (DSH) program provides a good example of the results of inadequate program controls and oversight

The North Carolina Department of

Health and Human Services

Strengthening Management and Documenting Processes

- DHHS has been focused on:
  - ✓(a) developing appropriate and expanded management capacity;
  - ✓(b) documenting processes; and
  - ✓(c) providing necessary training to ensure programmatic success and avoid problems in the future

The North Carolina Department of

Health and Human Services

Strengthening Management and Documenting Processes

- DMA's improvements in this area:
  - Developed permanent policies and procedures for all sections, including clinical policies and rate-setting
  - Segregated duties
  - Improved communication and coordination among staff

The North Carolina Department of

Health and Human Services

Strengthening Management and Documenting Processes

- DMA's improvements in this area (continued):
  - Strengthened DMA's ability to more effectively and timely review provider cost information used to verify reimbursement rates
  - Increased DMA's capacity to identify and monitor areas of potential provider and consumer fraud

The North Carolina Department of

Health and Human Services

Rate Setting

- Within Medicaid, and across the Department, we have the responsibility of setting tens of thousands of rates
- Rates may be based on Medicare rates, audited cost information submitted by providers, cost models, legislated formulas, or other methodologies
- The determination may be relatively simple or extraordinarily complex
- Rates may be modified annually or revisited only when circumstances indicate a change may be appropriate

The North Carolina Department of

Health and Human Services

Rate Setting

- DHHS has recognized that processes used for many years in establishing provider reimbursement rates have often been without adequate review, been based on arbitrary methods and formulas, and did not consider all aspects of care
- We are developing cost models which will more accurately reflect the cost of providing mandated levels of safety and quality of care

The North Carolina Department of

Health and Human Services

Rate Setting Review Board

- DHHS management realized the establishment or modification of rates in the various divisions across the Department were not coordinated or reviewed resulting in potentially improper rates
- In January 2003, the Secretary established the Rate Setting Review Board
- Rate modifications proposed by any departmental division must be reviewed and approved by the Board prior to implementation

The North Carolina Department of

Health and Human Services

Monitoring Compliance

- Hundreds of millions of state, federal, and other grant dollars pass through DHHS annually to counties, local DSS and public health departments, non-profits, health care providers, and others
- DHHS has a responsibility to monitor operations and use of these funds for compliance with state and federal rules and regulations
- Failure of funding recipients to comply with rules and regulations increase exposure for substantial repayment liabilities for the State

The North Carolina Department of

Health and Human Services

Monitoring Compliance

- Funding limitations over the years has resulted in the deterioration in the ability of DHHS to properly monitor the distribution and utilization of these funds
- DHHS is focused on improving the ability to properly monitor the use of funds and compliance with federal and state rules and regulations
- Effort will require resources for additional staff and increased training efforts

The North Carolina Department of

Health and Human Services

Information Technology Initiatives

- Continued improvement in DHHS management capacity, operational efficiencies, and services to the State's citizens is dependent on advancing our technological and communication capabilities
- DHHS has a number of critical IT initiatives:
  - Medicaid Management Information System (MMIS+)
  - NC FAST
  - Health Information System (HIS)
  - Mental Health Facilities Automation
  - Technology in Office of Vital Records

The North Carolina Department of

Health and Human Services

Programmatic Challenges

- ✓ Managing Medicaid Growth
  - Focus on Community Care
- ✓ Sustaining Health Choice
- ✓ Making Mental Health Reform Work
- ✓ Protecting the Public's Health
  - Safety Net Providers
  - Bioterrorism Threats
  - Prevention and Community Capacity

The North Carolina Department of

Health and Human Services

Programmatic Challenges

- ✓ Ensuring Child Well-Being
  - Focus on Families and Children
  - Early Intervention (DPH)
  - Multiple Response System – MRS (DSS)
  - System of Care (DMH/DD/SAS)
  - School Based Children & Families (DHHS & DPI)
  - Preventing Child Abuse and Neglect
  - More @ Four
  - Smart Start

The North Carolina Department of

Health and Human Services

Programmatic Challenges

✓ Providing Long-Term Care Support

- Safety and Quality Initiatives
- Persons with Disabilities and Chronic Conditions
- Aging and Adult Services
- Blind, Deaf and Hard of Hearing, Vocational Rehab

✓ Enabling Economic Independence

- Sustaining Child Care Subsidies
- TANF
- Housing Assistance and Strategies to End Homelessness
- Energy Subsidy and Weatherization
- Coordinated Transportation Policies
- Food Stamp Program
- Child Support Enforcement

The North Carolina Department of

Health and Human Services

QUESTIONS

North Carolina Medicaid

Improvements in Management and Control

Joint Appropriations Sub-Committee on Health and Human Services

March 2, 2005



Attachment B

Characteristics of All Medicaid Policies:

- Service, procedure or product must be medically necessary for the specific Medicaid-eligible recipient and
  - Not be experimental or cosmetic
  - Look at efficacy, safety, common acceptance through
    1) Scientifically validated clinical studies
    2) Medical literature search
    3) Qualified medical experts

Standard Format For All Policies

- Description-what are orthotics and prosthetics?
- Eligible recipients
- When service is covered
- When service is not covered
- Requirements for limitations on coverage
- Providers eligible to bill for the service(s)
- Billing guidelines

Research Policy to Understand Requirements

- Identified national policy standards via Medicare and compared to other Medicaids, State Employees Health Plan, and other larger insurers
- Reviewed literature and consulted with DMA Medical Director

Research Policy to Understand Requirements Cont.

- Identified 400 codes for devices to be added to current fee schedule. Many devices involve sophisticated technology
- Coverage policy developed for each code/device. Who should get the device, under what conditions, and who is qualified to provide it?
- Prior approval requirement imposed on most costly codes/devices

Fiscal Impact Assessment

- Work with DMA Rate Setting to research sound basis for rates
- Fiscal impact statement developed and impact on Medicaid budget assessed internally
- Implementation subject to approval by
  - Rate Review Board
  - DHHS Budget Office
  - State Budget Office, if indicated

Circulate within DMA and DHHS for Comment

- DMA:
  - Clinical Policy and Programs
  - Managed Care
  - Program Integrity
  - Provider and Recipient Services
  - Hearing Office
  - MMIS
  - Budget Management
  - Financial Management
- Division of Public Health
- Division of Mental Health/SAS/DD
- Purchase of Medical Care Services (Controller's Office)

NC Physicians Advisory Group (PAG)

- Session Law 2003-284 requires DMA to consult with NCPAG during policy development
- Special sub-committee of Orthotics and Prosthetics specialists convened to review proposed policy

Federal Approval Required

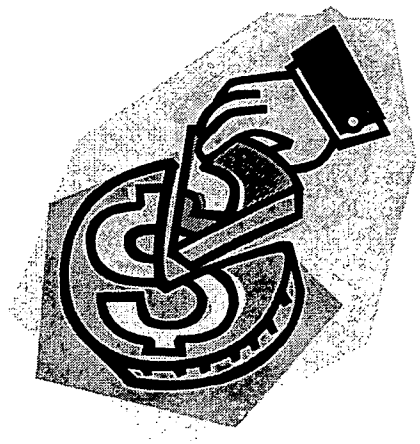
- "Medicaid State Plan Amendment"
- Prepare request for federal approval from The Center for Medicaid and Medicare Services
- Federal approval needed to assure federal financial participation for service about (64% of cost)

Implementation Check List

- Federal approval granted
- Policy published and posted
- Forty-five day public comment period
- Providers enrolled and trained
- Information Systems updated
- Fiscal agent ready to process claims

DMA Finance Management

- Rate setting
- Hospital reimbursement
- Medicaid Management Information Systems
- Audit



Program Controls/Coordination

- Documented polices and procedures
- Program management oversight
  - Rate setting review board
  - Disproportionate Share Hospital (DSH) program oversight committee
- Division/department coordination
- Segregation of duties/responsibilities

Rates

- Approximately 475,000 non-hospital rates
  - 100 provider types and 110 provider specialties
- Hospital
  - Approximately 76,000 hospital rates

Methods Utilized to Set Rates

- Percentage of Medicare rates
- Cost report information from providers
  - Cost report plus settlement
  - Costs plus acuity adjustments
  - Base rates plus annual adjustment
- Cost modeling
- Actuarial firm/contractors (capitated rates)
- Cost surveys
- Other Medicaid state rate information

Orthotics and Prosthetics

- With the expansion of this service to adults we will add 500 rates for adults as well as 400 additional products with rates for both adults and children
- These rates are set at 100% of Medicare's rates; thus if there is a Medicare rate it is our rate
    - Medicare rate for L0170 = $567.71
    - Establish Medicaid rate for L0170 @ $567.71 (L0170 is Cervical, collar, molded to patient)
- If there is not a Medicare rate, which applies to 60 codes, then we will obtain cost information from at least 3 reputable providers to assist us with arriving at a reasonable rate. Additionally we are consulting other state Medicaid programs

Summary

- Improved management/controls
- Organizational changes
- Building staff expertise
- Documented policies/procedures
- Increased coordination within DMA and DHHS

Smart Start

Vision

"To Assure that Every Child in North Carolina Arrives at School Healthy and Prepared for Success"

Mission

"Technical Assistance and Support to local partnerships so that the vision of Smart Start can be achieved in local communities"

Smart Start
Goals

- Improve quality of early care and education in all childhood settings (centers, homes, Head Start and public pre-K programs)
- Make high quality early care and education affordable through subsidies
- Support families so that they function in healthy ways, to improve their parenting skills and support ability to work
- Assess health needs of young children and improve access

Smart Start

Roles and Responsibilities

- Defined in General Statutes **G.S. 143B-168.11-143.168.15**
- **G.S. 120-123** (Prohibits Board Membership for General Assembly Members)
- **G.S. 143B – 168.11** States that NCPC, Inc. and local partnerships are responsible "the development of a comprehensive, long-range strategic plan for early childhood development and the provision, through public and private means, of high-quality early childhood education and development of services for children and families"; Intent that "communities be given the maximum flexibility and discretion practicable in developing their plans"

Smart Start
Roles and Responsibilities

- **G.S. 143B-168.12**
- North Carolina Partnership for Children, Inc. 26 Member Board of Directors
- Approve plans, programs, and services developed and implemented by local partnerships.
- Fiscal Management and Contract Monitoring Program Performance
- Allocation of Direct Services Funds to Local Partnerships
- Report to the General Assembly annually (December 1)

Smart Start
Roles and Responsibilities

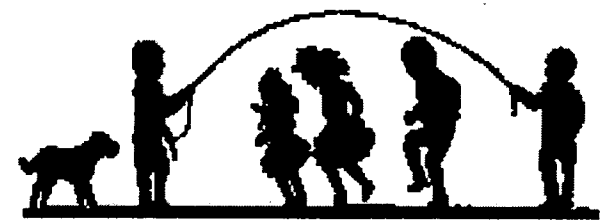
- **G.S. 143B-168.13** State Responsibilities
  - Statewide Needs & Resource Assessment every 3rd year
  - In cooperation with NCPC, Inc. conduct an annual update of the funding formula (basis for determining "full funding")
- **G.S. 143B-168.14** Local Partnerships
  - Develop comprehensive, collaborative, long range plans for services
  - Administer programs and services
  - Annual audits and Biennial financial and compliance audits

Smart Start
Role and Responsibilities

- **G.S. 143B-168.15** – Use of State Funds
- Mandatory 30% for child care subsidies; may increase this up to 50% when, based upon a significant local waiting list for subsidized child care, the NCPC determines a higher percentage is needed.
- Mandatory 70% of funding is to be used for Local Partnerships' Direct Services
  - Improve access to child care related activities & early childhood education programs
  - Develop new child care & early childhood education services
  - Improve quality
- 10% Cap on Capital Projects (session law has prevented capital expenditures for four years) of the partnership's allocation for two years

Smart Start
Roles and Responsibilities

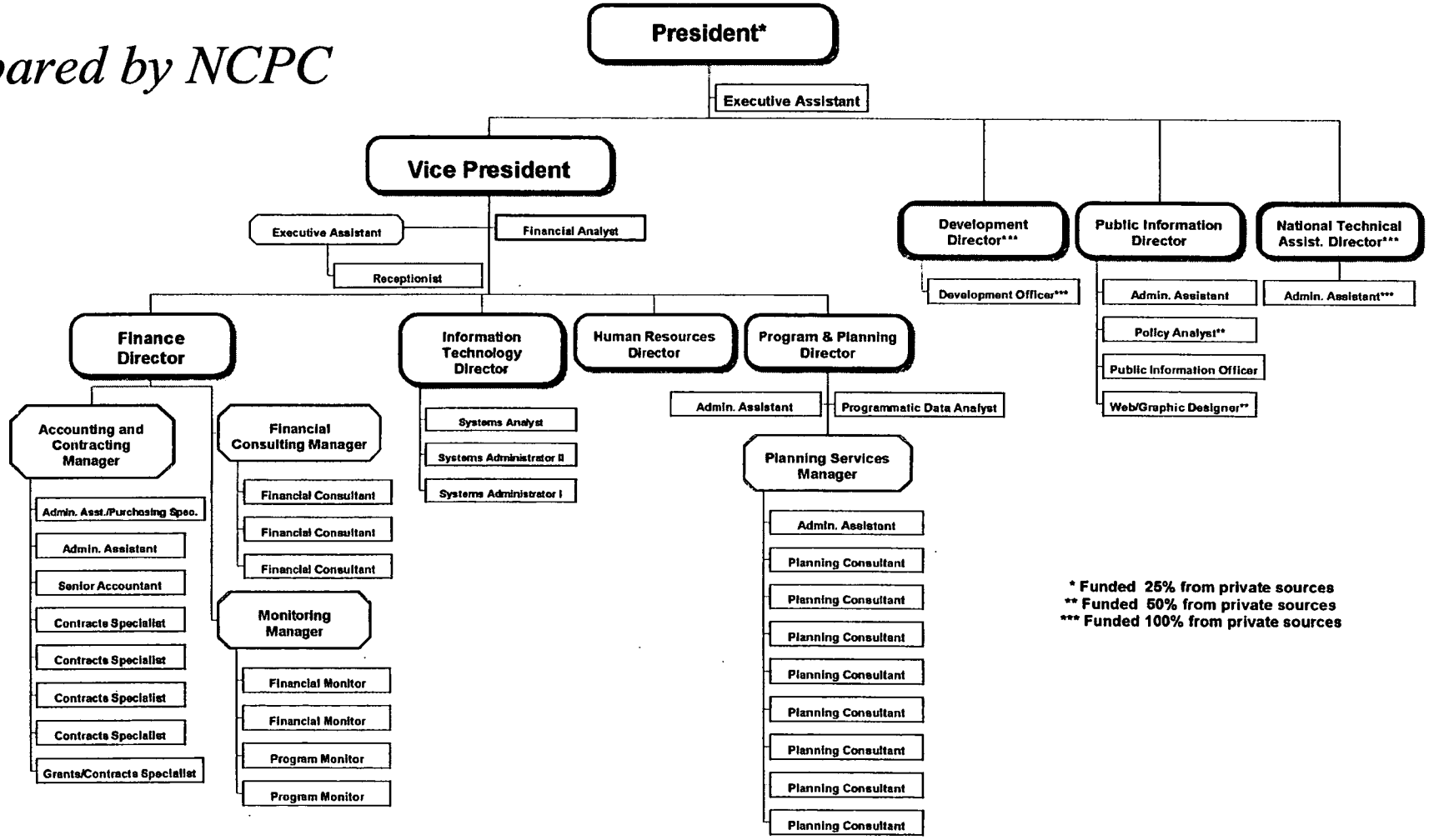
- Public/Private Partnership – Required to raise an amount equal to 10% of its public funding.
- FY2003-04 Smart Start raised $32.6M (in cash and in-kind donations) $225M since 1995 (Annual Report to the General Assembly 2005)
- Funding to all 100 counties
- 82 local partnerships
- National Technical Assistance Center



Division of Child Development

North Carolina Partnership for Children, Inc.

Prepared by NCPC

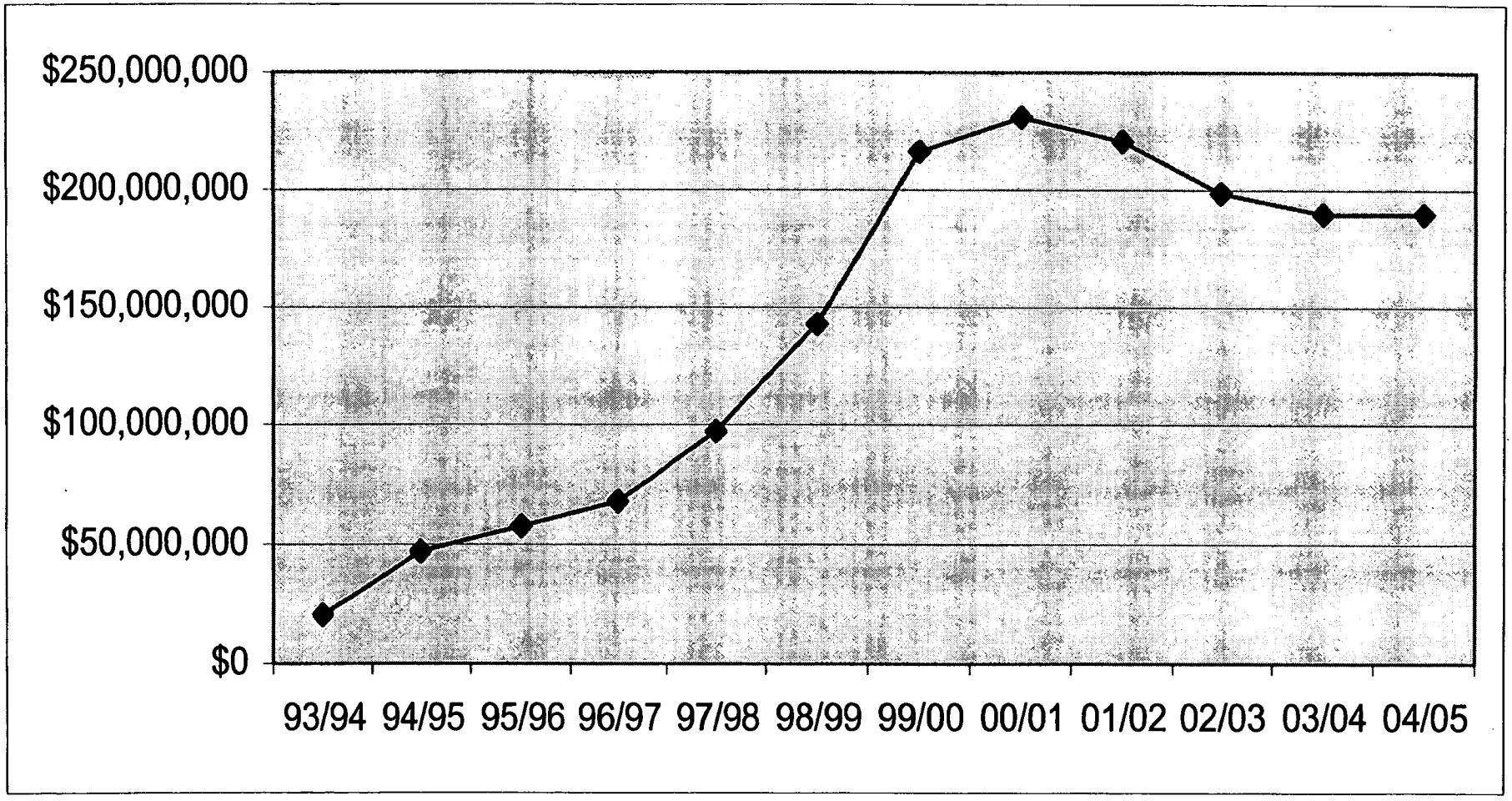


Smart Start

Budget Summary	Actual 2003/04	2004-05 Budget	*Proposed 2005-2006	*Proposed 2006-2007
Appropriations	$186,367,031	$190,187,096	$190,187,096	$190,187,096
Required Reversions	$3,820,065	N/a	N/a	N/a

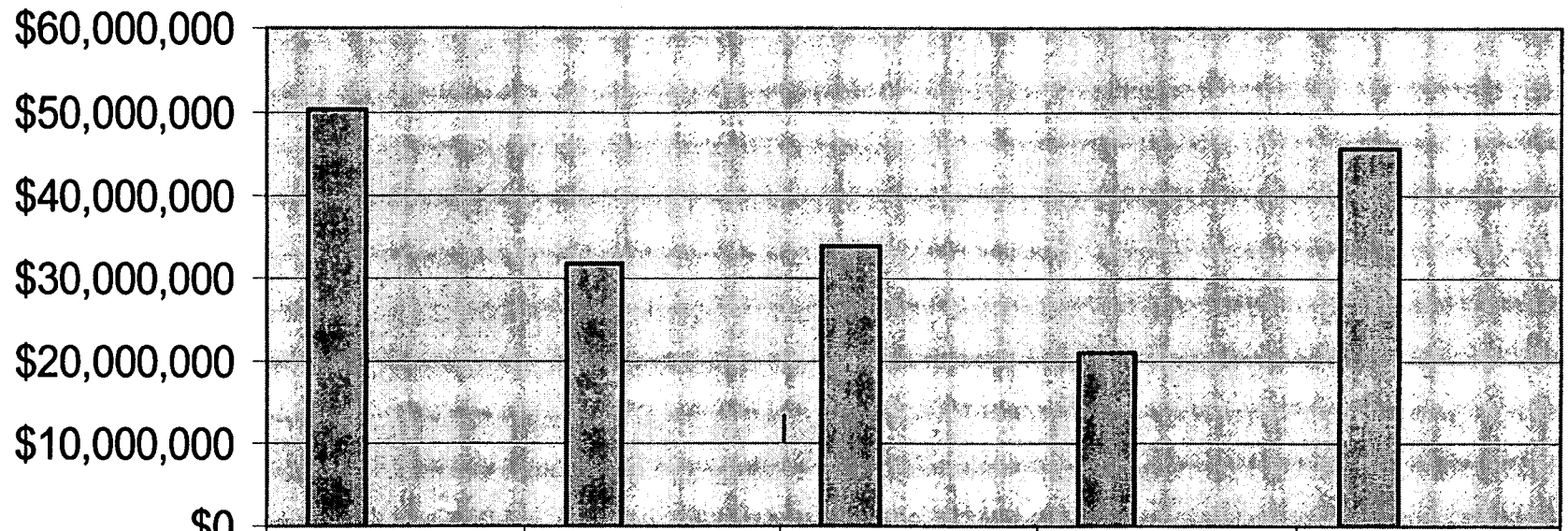
* Governor's Recommended Budget

Smart Start
History of Funding Growth



Smart Start

Funding Allocations FY2004-2005



	1993 Partnerships	1994 Partnerships	1995 Partnerships	1996 Partnerships	1997 Partnerships
FY2004-05 Budget	$50,485,662	$31,878,428	$33,812,953	$21,069,856	$45,889,441
Counties	18	14	11	12	45
Percentage	28%	17%	18%	12%	25%

Smart Start
Funding for Partnerships

- Full Funding Formula, based on need
- Counties "Need" amount varies and the % of funding as a percent of "Need" varies among counties from a low of 35% to a high of 77%
- Earlier counties tend to have a larger % of need met with funding.

Smart Start

Full Funding Need Formula

- Based on cost of serving children 0-4 plus 25% of 5 year olds (@ or below 125% SMI)
  - Basic Health Care
  - Family Support Costs
  - Child Care
- FY2004-05 Full Funding Need = $333,455,523; statewide approximately 51% is being met

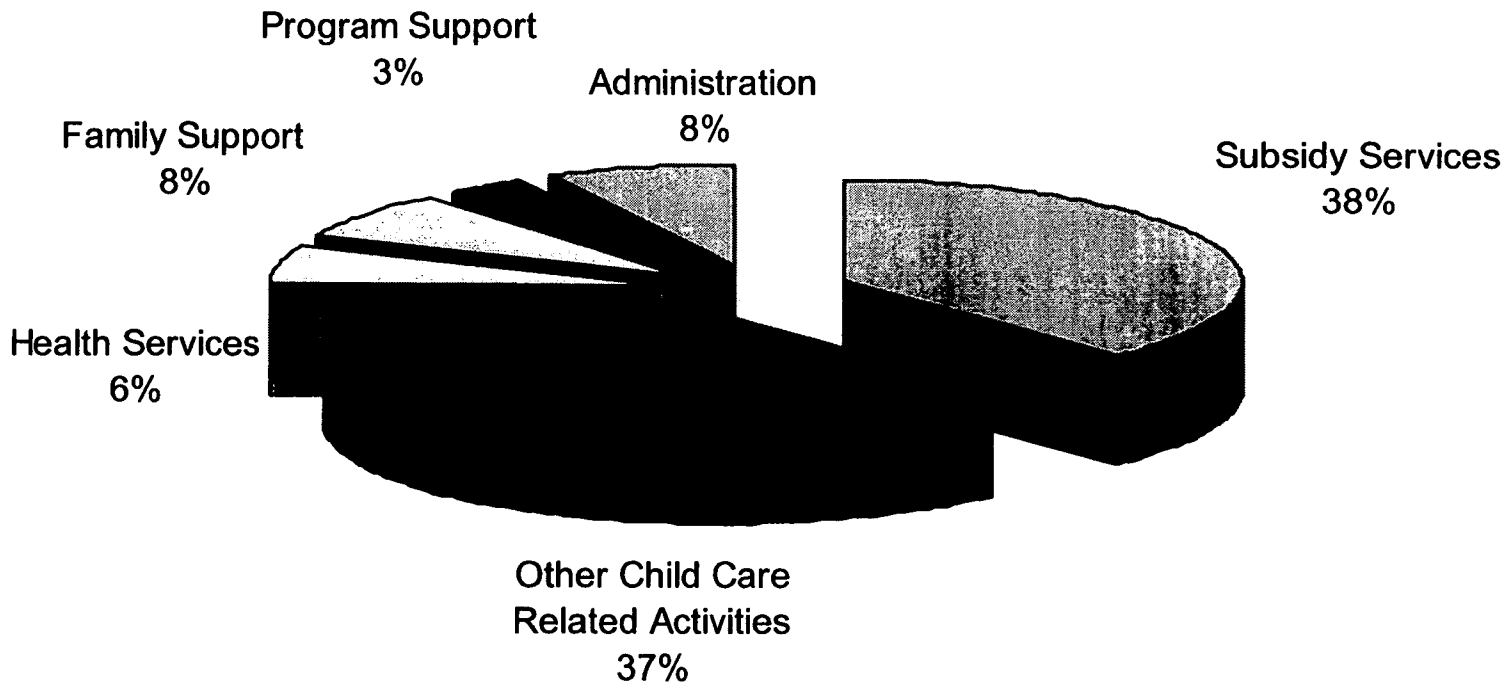
Smart Start
Activities for FY2003-04

- TEACH Program – Approximately 7,000 teachers received assistance (impacting 60,000 children)
- 4,828 child care spaces were created.
- Provided training to directors to improve quality of child care
- Vision Screening
- Developmental Screening
- Dental Screening & treatment
- Home Visits and Support Groups for parents
- Parent Education Classes

Smart Start Contracts

as of January 2005

Local Partnerships' Planned Expenditures Budgeted As of January 2005



Smart Start
Subsidy and Child Care Related Services
FY 2004-05 - $138M

Quality Enhancement and Maintenance (additional payment for subsidized children)

Inclusion support (special needs children equipment, decrease classroom size, subsidy for classrooms of special needs children)

Increase availability (targeting infant care)

Headstart wrap-around funding

Adding head start classrooms

Support children and families (emergency subsidy for parents recently laid-off from job)

Smart Start
Health Services
FY2004-05
$10M

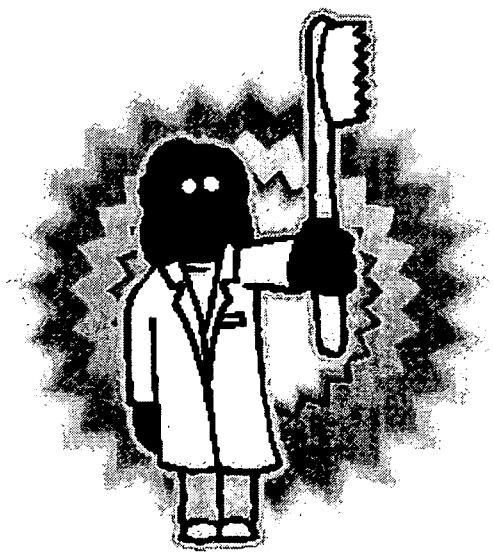
Dental Screenings, Referrals, and Treatment

Speech and hearing services (3-5 year olds)

Prenatal and newborn services

Child care health consultants

Developmental Screenings



Smart Start
Family Support Services
FY2004-05
$14M

Family Resource Centers

Literacy Projects

Kindergarten Transition

In-home visits



Smart Start

Program Support Services

FY2004-05

$5.5M

Program Evaluation – Contract with people & firms to evaluate the work of service providers

Program Coordination – Work with service providers on quality improvement

Smart Start

Technical Assistance and Audits

Audits may be conducted annually or semi-annually

Performance Improvement Plans

May require management of Partnership by another Partnership

Required Board Training

Require Director to have a Bachelor's Degree & 3 years of nonprofit management

Financial Training

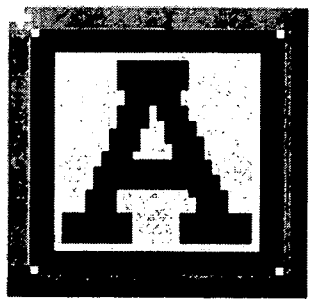
2-Day training for new Executive Directors (contracting, how to raise funds, dealing with media, etc.)

More at Four

High quality pre-kindergarten classroom education for at-risk 4 year olds

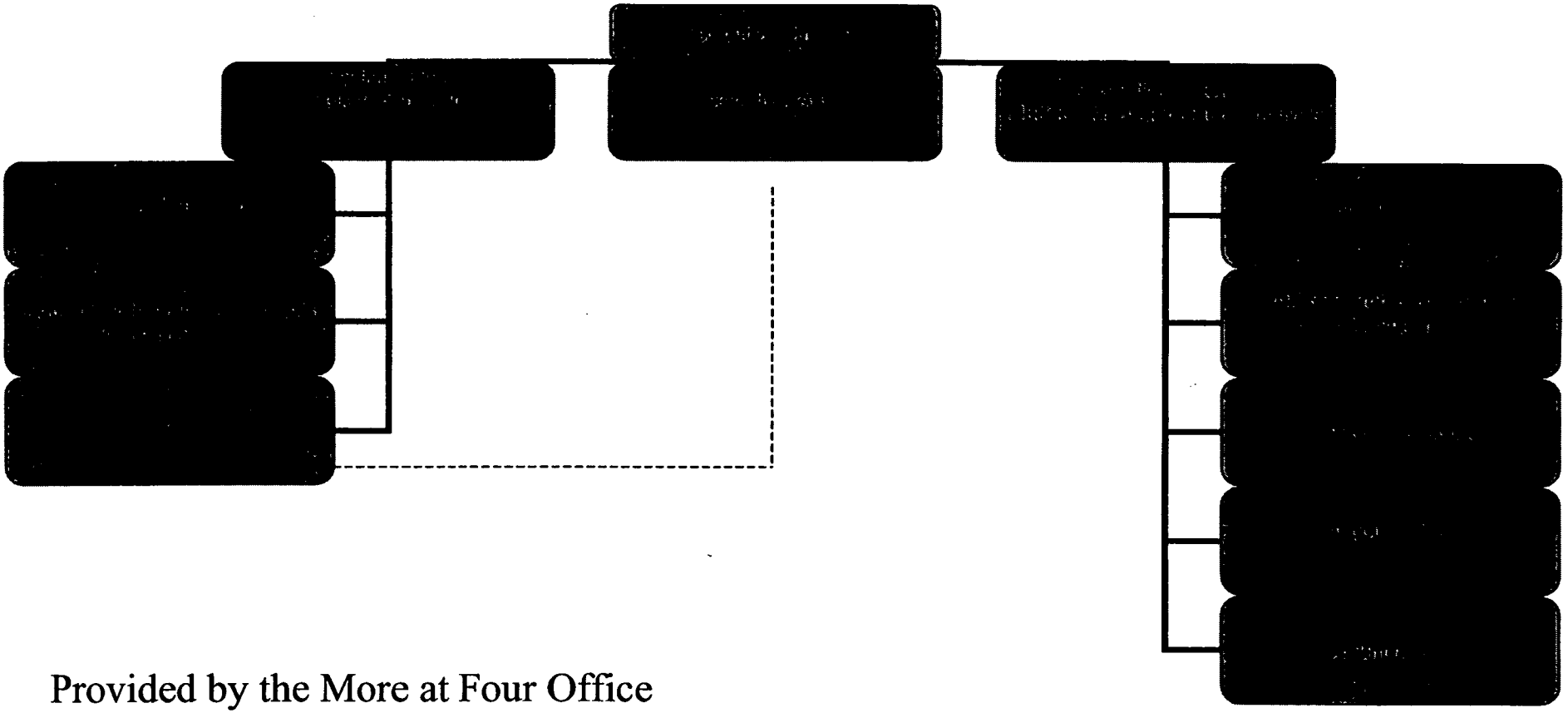
Community based

Builds on existing early childhood education service delivery systems in communities (child care centers, public school programs, and Head Starts programs)



Family Income
Chronic Health Problem or Disability
Education level of mother
Employment Status
Family Composition
Limited English Proficiency

Organizational Chart for More at Four Pre-K Program
January 2005



Provided by the More at Four Office

More at Four

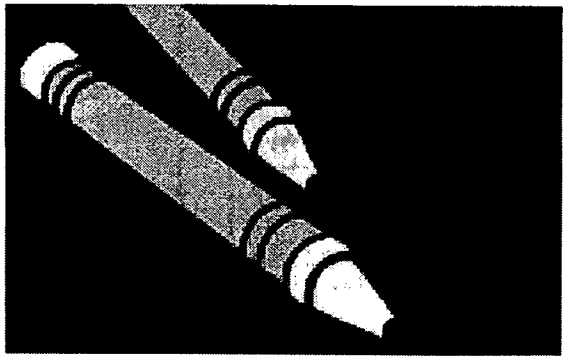
Budget Summary	Budget FY2003-04	FY2004-05	Proposed 2005-06	Proposed 2006-07
Requirements *	$73,574,659	$93,022,287	$119,846,653	$143,509,779
Other Contributions *	($34,618,500)	($42,000,000)	($53,200,000)	($64,400,000)
Appropriations	$38,956,159	$51,022,287	$66,646,653	$79,109,779
Slots	9,891 paid 10.030 available	12,000 available	15,200	18,400

*Projection based on match of ½ of 10 month slot ($3,500) for number of slots paid for in FY2003-04 and available for 2004-05 - 2006-07. Other contributions may be provided as in-kind services.

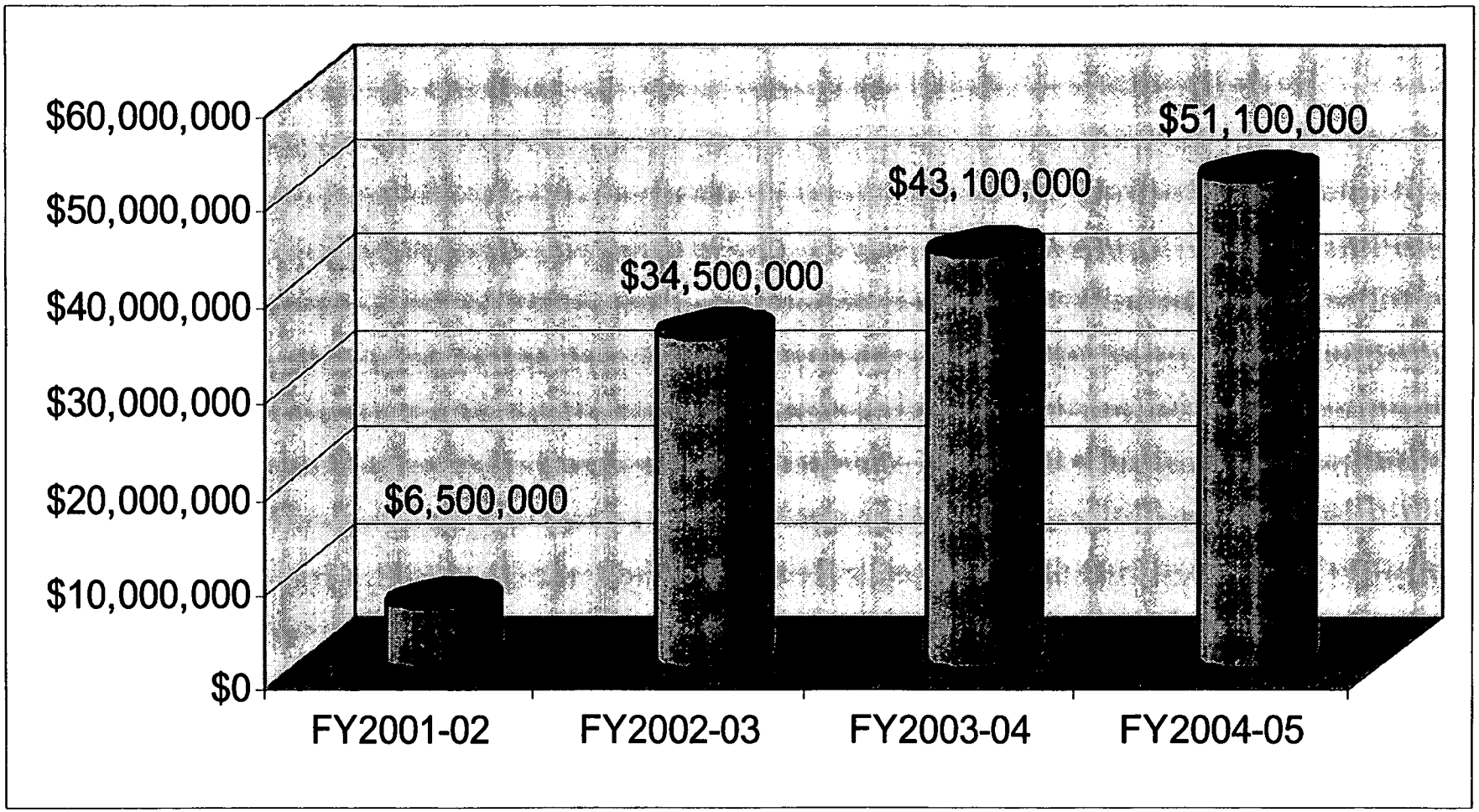
More at Four

Where do the "other" funds come from?

- Smart Start
- Subsidy program
- Head Start
- Title I
- City/County Appropriations
- Other
- In-kind contribution



More at Four
Appropriations

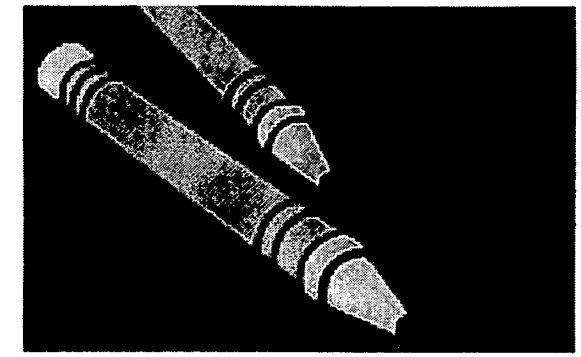


More at Four
2004-05 Budget

Category	Budget
Classroom Start-up Funds	$2M
Classroom Operational Funds	$44.9M
T.E.A.C.H. Scholarships	$738,000
Professional Development	$1,212,054
Evaluation & Database	$772,876
Administrative Costs	$1,524,800
Total	$51,152,424

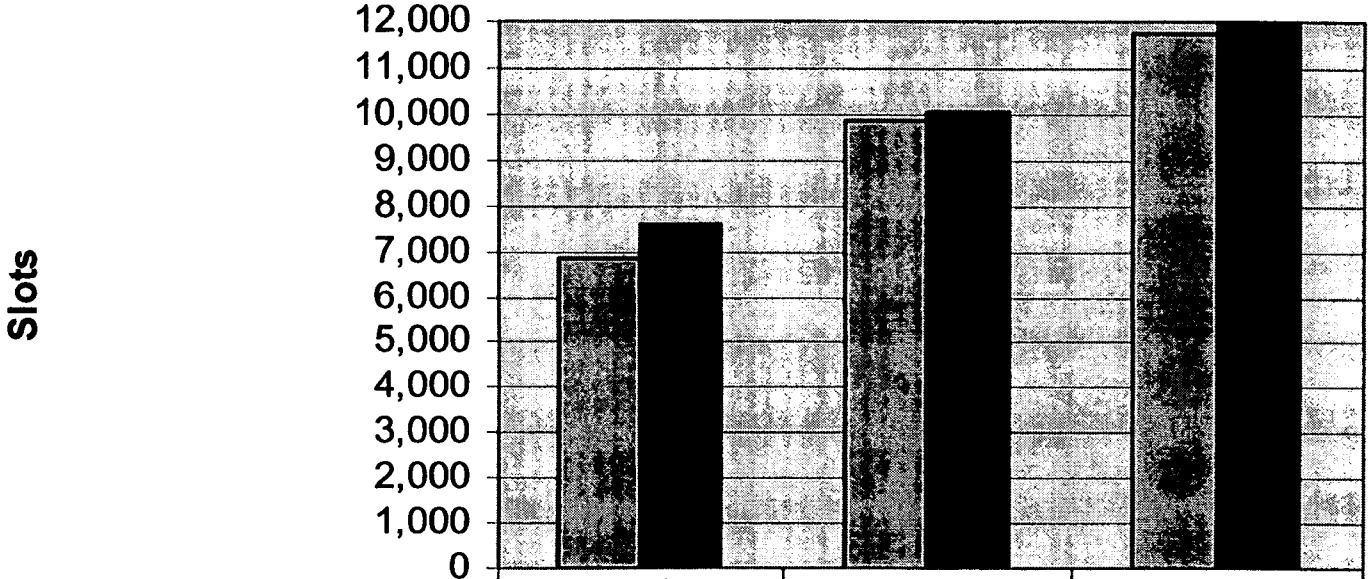
More at Four

# 4 year olds in NC	112,000
# 4 year olds at risk (poverty) and disabled (not in poverty)	48,000
# 4 year olds served	37,058*
Total Unserved	10,000 to 12,000 (Underserved 13,000)



FY02 Data from "North Carolina's Early Care and Education System Report" to the North Carolina General Assembly Jan. 03

More at Four Enrollment History



	FY2002-03	FY2003-04	FY2004-05
Contracted/Paid Slots	6,865	9,891	11,776
Available Slots	7,600	10,030	12,000
Unfilled Slots	735	139	224

More at Four
FY2004-05 Enrollment

- 61% of children have never been served in any preschool setting = 7,159
- 18% of children were unserved when enrolled in the More at Four program = 2,119
- 21% of children were previously served in a lower quality setting (not meeting More at Four standards) = 2,472

More at Four
Allocation of Slots

- Allocation of slots
  - County's share of at-risk four-year-olds compared with the state totals
    - Free and reduced price lunch participation (DPI's free/reduced lunch percentages)
  - Number of slots for existing programs from year one was considered and the greater number of the first year or formula was used
  - Minimum of 18 slots (one class room)

More at Four

- Full cost of the one year More at Four education is on average $7,000 per child annually (10 months)
- Counties receive a per-child allocation based on low-wealth county supplemental funding formula used by DPI
- Average $3,500 per slot
- $500 start-up amount for each slot

More at Four/ Child Care Subsidy Eligibility

	Income	Parent Fees
Child Care Subsidy Program	75% State Median Income	10%, 9%, & 8%
More @ Four	75% State Median Income (20% may have incomes in excess of 75% SMI if they have other designated risk factors	None

More at Four/ Child Care Facilities
Teacher Qualifications

DCD	4&5 Star centers require lead teachers to have the NCECC or equivalent & 75% to have at least 3 semester credit hours in early childhood/child development or 2 years of experience. 50% of teachers must have or be enrolled in the NCECC or equivalent or have to be enrolled in 4 semester credit hours in early childhood/child development or have 3 years of experience.
More @ Four	All teachers will hold a Birth-Kindergarten (B-K) or preschool add-on licensure. Provisional approval in public schools – teachers will hold at least a BA/BS degree and provisional license and be working toward B-K licensure/preschool add-on. Provisional approval in child care/pre-k settings – teachers will hold a min. of an Early Childhood Education/Child Development associate degree and be working toward B-K licensure. Time Limit Provisional – 4 years to have a fully certified teacher **84% of Lead Teachers have bachelor degrees or higher, and 50% have the B-K certification or preschool add-on licenses. 9.5% hold a NC teaching license**

More at Four/ Child Care Facilities Curricula

	Curricula
DCD	Varies (Many 4 & 5 star centers use a curriculum or parts of several curricula)
More @ Four	Bright Beginnings, Creative Curriculum for Early Childhood, Early Educating Children, The Montessori Method, Explorations with young Children

More at Four/ Child Care Requirements Teacher/Student Ratios

	Ratio
DCD – state requirements on child care centers	Infants to 12 months - 1:5, max group 10 12-24 months – 1:6, max group 12 2 year old – 1:10, max group 20 3 year old – 1:15, max group 25 **4 year old – 1:20, max group 25 (ratio improves with higher star ratings)** School age – 1:25, max group 25
More @ Four	4 year olds - 1:9, max group 18

More at Four/ Child Care Subsidy State Payment Comparisons

	Child Care Subsidy Program	More At Four
# of 4 year olds	12,954	12,174
Average Annual Payment per Slot	$3,900 (12 months), plus parents pay a fee *average includes part-time school children	$3,671 (10 months) With other funds, there is a total of $6,279 (10 months)
Average Payment per Month	$325	$367; including other funds = $628
Number of Hours/month	220 (approx. 10 per day)	135 (6 per day)

More at Four Pre-Kindergarten Program Progress Report to the North Carolina General Assembly, January 1, 2005

*Based on average monthly total for FY2004-05.

More at Four

FY2004-06 Budget Proposal

change in income eligibility

Family Size	State Median Income Annual	State Median Income (SMI)* Monthly	Income Eligibility Level (75% of SMI)	100% FPL	250% FPL Annual	250% FPL Month	% of FPL to SMI
1	$29,179.80	$2,432	$1,824	$9,570	$23,925	$1,994	9%
2	$38,158.20	$3,180	$2,385	12,830	$32,075	$2,673	12%
3	$47,136.60	$3,928	$2,946	16,090	$40,225	$3,352	14%
4	$56,115.00	$4,676	$3,507	19,350	$48,375	$4,031	15%
5	$65,093.40	$5,424	$4,068	22,610	$56,525	$4,710	16%
6	$74,071.80	$6,173	$4,629	25,870	$64,675	$5,390	16%
7	$75,755.25	$6,313	$4,735	29,130	$72,825	$6,069	28%
8	$77,438.70	$6,453	$4,840	32,390	$80,975	$6,748	39%

Federal Register, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375

More At Four
Considerations

- Proposed budget would raise eligibility for More at Four to 250% of FPL; more generous program than the child care subsidy system.
  - Waiting list of approximately 4,000 children for subsidy (at 75% SMI level)
  - More at Four program is serving approximately 22% of children previously served in programs; however, there are still children who have never been served, at risk, in need of care. What is the best method to reach those children?
  - Are parent fees appropriate for families in the More at Four program?

VISITOR REGISTRATION SHEET

JOINT APP. SUB. COMMITTEE ON HEALTH & HUMAN SERVICES 3/2/05

Name of Committee

Date 03/02/2005
8:30 AM

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
FRED WADDLE	ES UCP-NC
Rebecca Troutman	NCACC
ANN LORE	OVHS
Lou Wilson	NCALTCF
DAVID BARNES	Poyner + Spruill LLP
Jessica Sage	NCFPC
Rodney S. Clark	Rodney S. Clark + Associates
Janet Sayre	NC Council
Tammy Taylor	NCLHA
JONI SCHAZI	SMART START.
Stella McKenney	NC DHHS
Mary Bunch	Auditory Learning Center
John Trust	NCFPC

VISITOR REGISTRATION SHEET

JOINT APP. SUB. COMMITTEE ON HEALTH & HUMAN SERVICES 3/2/05

Name of Committee

Date 03/02/05
8:30 A.M

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wayne Wilkins	OSBM
Debbie Barnes	OSBM
Christi Harris	Privatelink
Rob Kindsvatter	DHHS - DCD
Sueellen Beaulieu	DHHS - Morehead
Frank Johnson	Private Citizen.
Johnny Hill	Public Policy Group
Abby Emanuelson	NMSS
Daphne Lyon	OSBM
Carolyn Cobb	NMSS
Karen Geo	NCACDSS

VISITOR REGISTRATION SHEET

JOINT APP. SUB. COMMITTEE ON HEALTH & HUMAN SERVICES 3/2/05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS

VISITOR REGISTRATION SHEET

JOINT APP. SUB. COMMITTEE ON HEALTH & HUMAN SERVICES 3/2/05

Name of Committee

Date 03-02-05
8:30 AM

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Mabry	Gov office
Lu-Ann Cole	NCPA
AG Horne	NCMS
R. Paul Wilms	NCHBA
[illegible]	NCSA
Dana Simpson	Smith Anderson

VISITOR REGISTRATION SHEET

JOINT APP. SUB. COMMITTEE ON HEALTH & HUMAN SERVICES 3/2/05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 2, 2005

8:30 AM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Departmental Overview	*Secretary Carmen Hooker Odom, Dept. of Health and Human Services*

2:00 PM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Budget Overview	
Smart Start More at Four	*Lisa Hollowell, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, March 2, 2005
2:00 pm
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met Wednesday, March 2, 2005 at 2:00 p.m. in Room 643 of the Legislative Office Building. Members present were Senators William Purcell, Vernon Malone, Charlie Dannelly, James Forrester, Harris Blake, Don East and John Kerr and Representatives Verla Insko, Jeff Barnhart, Jean Farmer-Butterfield, Mary Hollo, Bernard Allen, William Current, Bob England and Paul Stam. Staff members present were Carol Shaw, Karlynn O'Shaughnessy and Lisa Hollowell. A copy of the roll denoting members present is attached to the minutes (Attachment I) along with a copy of the agenda and visitor registration sheet (Attachments II and III).

Rep. Verla Insko, presiding, welcomed members and recognized the sergeants-at-arms: Martha Gadison, Paul Curry, Earl Coker, Ashley Baxter, Charles Harper and John Fitchett and pages: Lynnsey Trotter and Allison Gilliam. Rep. Insko called upon Lisa Hollowell for her presentation on Smart Start and Four at More.

Smart Start

Lisa Hollowell stated that the vision of Smart Start was to assure that every child in North Carolina arrived at school healthy and prepared for success. The goals of Smart Start are (1) to improve quality of early care and education in all childhood settings, (2) make high quality early care and education affordable through subsidies (3) support families so that they function in healthy ways, to improve their parenting skills and support ability to work, and (4) assess health needs of young children and improve access.

Ms. Hollowell reviewed the roles and responsibilities of Smart Start as outlined in North Carolina General Statutes 143B-168.11-143 -168.15. The statutes state that the North Carolina Partnership for Children, Inc., a 26-member board of directors, had responsibility for approving plans, programs and services developed and implemented by local partnerships. In addition, the board's responsibility included fiscal management and contract monitoring program performance, allocation of direct services funds to local partnerships and report to the General Assembly annually (December 1). The State's responsibilities included statewide needs and resource assessment every third year. In cooperation with the North Carolina Partnership for Children, the State conducts an annual update of the funding formula. This is the basis for determining "full funding." Local partnerships' responsibilities are developing comprehensive, collaborative, long-range plans for services, administering programs and services, and conducting annual

audits and biennial financial and compliance audits. G.S. 143B-168.15 provides for the mandatory use of state funds: 30% for childcare subsidies and 70% to be used for local partnerships' direct services. Child care subsidies could be increased up to 50% when, based upon a significant local waiting list for subsidized child care, the North Carolina Partnership for Children determines if a higher percentage is needed. Funds mandated for local partnerships' direct services are to be used to improve access to childcare related activities and early childhood education programs, develop new childcare and early childhood education services, and improve quality. Ms. Hollowell stated that there was a 10% cap on capital programs. However, for the past four years session law has prevented capital expenditures.

Ms. Hollowell explained that public/private partnerships are required to raise an amount equal to 10% of its public fundings. For the fiscal year 2003-04 Smart Start raised $32.6 million in cash and in-kind donations.

The governor's recommended budget for 2005-2006 in appropriations is $190,187,096 with the same amount proposed for 2006-2007.

Ms. Hollowell stated the full funding formula for partnerships is based on need. Counties "need" amount varies and the percentage of funding as a percent of "need" varies among counties from a low of 35% to a high of 77%. Earlier counties tend to have a larger percentage of need met with funding. The full funding need formula is based on the cost of serving children 0-4 plus 25% of 5 year olds (at or below 125% SMI) for basic health care, family support costs and child care. For the fiscal year 2004-2005 the full funding need was $333,455,523; statewide approximately 51% is being met.

Ms. Hollowell explained that for the fiscal year 2003-04 Smart Start activities included the TEACH program (approx. 7,000 teachers received assistance impacting 60,000 children). Under Smart Start there were 4,828 childcare spaces created. Smart Start also provided training to directors to improve quality of childcare, vision screening, developmental screening, dental screening and treatment, home visits and support groups for parents, and parent education classes.

The local partnerships' planned expenditures budgeted as of January 2005 included health services (6%), family support (8%), program support (3%), administration (8%), subsidy services (38%) and other childcare related activities (37%).

For the fiscal year 2004-05 Smart Start's subsidy and childcare related services were $138 million. These funds were used for (1) quality enhancement and maintenance (additional payment for subsidized children}, (2) inclusion support (special needs children equipment, decrease classroom size, subsidy for classrooms of special needs children), (3) increase availability (targeting infant care), (4) headstart wrap-around funding, (5) adding headstart classrooms, and (6) support children and families (emergency subsidy for parents recently laid-off from job).

Smart Start's health services for 2004-05 were $10 million. These funds provided for dental screenings, referrals and treatment. The funds were also used for speech and hearing services (3-5 year olds), prenatal and newborn services, childcare health consultants, and developmental screenings.

For 2004-05 $14 million was provided for Family Support Services. This funding was used for family resource centers, literacy projects, kindergarten transition, and in-home visits.

In addition, program support services received $5.5 million in 2004-05 for program evaluation (contract with people and firms to evaluate the work of service providers) and program coordination (work with service providers on quality improvement.)

Ms. Hollowell stated that under Smart Start audits could be conducted annually or semi-annually, performance improvement plans were needed, and management of partnership by another partnership could be required. Board training was needed. The director must hold a Bachelor's Degree and 3 years of nonprofit management. Financial training was required. Also, a 2-day training for new executive directors was required on how to raise funds, dealing with media, etc.

Chair Insko asked for questions/comments from committee members.

Sen. East stated that since the beginning of Smart Start in 1993 children are healthier and smarter. Sen. East recalled that some of the funding was received from private sources. He then requested staff to report the amount of contributions made by private sources.

Rep. Allen stated that he would like to commend the people working with Smart Start and as an educator he had seen the progress made through this program.

Sen. Berger asked how is the effectiveness of the program measured. He stated that a lot of the Smart Start funding went to improving quality, but that family support was not as successful.

Sen. Dannelly commented that he had been in the legislature since the beginning of Smart Start and the progress in testing had been good for North Carolina. He stated that if the service was not provided North Carolina would pay more when children became teenagers. He also noted a difference in the drop out rate in schools.

Sen. Purcell stated that Smart Start was an investment in the future of North Carolina. Testing children's vision and providing glasses at an early age was an important part of school preparation.

Rep. Insko remembered studies being conducted on preschoolers and requested staff to provide results from one of two of those studies.

Karen Ponder, President, NC Partnership for Children responded that she would be glad to provide members with results from several studies. She stated that Smart Start built a better foundation for providing preschool children with a solid education. These preschoolers develop better language skills and have few behavioral problems when they start school. Children also have a primary place to obtain health care.

Ashley Thrift, Board Chairman for NC Partnership for Children stated Smart Start made a measurable difference for children and Smart Start in North Carolina was a role model for 11 other states.

Four at More

Chair Insko requested Lisa Hollowell to continue her presentation.

Ms. Hollowell stated that More at Four provided high quality pre-kindergarten classroom education for at-risk 4 year olds and that More at Four was community based. In addition, More at Four was built on existing early childhood education service delivery systems in communities (child care centers, public school programs, and Head Start programs.) Appropriations for the budget FY2003-04 was $38,956,159 and for FY 2004-05 was $51,022,287. The proposed budget FY2005-06 is $66,646,653 and for FY2006-07 is $79,109.779. The requirement projections were based on a match of 1/2 of 10 month slot ($3,500) for number of slots paid for in FY2003-04 and available for 2004-05 – 2006-07. Other funds for More at Four came from Smart Start, subsidy programs, Head Start, Title I, City/County Appropriations, other and in-kind contributions.

The total budget for FY2004-05 was $51,152,424, which consisted of $2 million for classroom start-up funds, $44.9 million for classroom operational funds, $738,000 for T.E.A.C.H. scholarships, $1,212,054 for professional development, $772,876 for evaluation and database, and $1,524,800 for administrative costs.

For FY2004-05 enrollment figures indicated that 61% of children had never been served in any preschool setting = 7,159, 18% of children were unserved when enrolled in the More at Four program = 2,119, and 21% of children were previously served in a lower quality setting (not meeting More at Four standards) = 2,472.

Rep. Stam asked about consolidation of programs since More at Four fits into mission of Smart Start. Rep. Insko responded that both programs had matching funds and there were differences in each program. Smart Start included a wide range of children.

Ms. Hollowell explained that in the allocation of slots, the county's share of at-risk four year olds compared with the state totals (DPI's free/reduced lunch percentages.). The number of slots for existing programs from year one was considered and the greater number of the first year or formula was used. There was a minimum of 18 slots (one class room).

The full cost of the one-year More at Four education on average is $7,000 per child annually (10 months). Counties received a per-child allocation based on low-wealth county supplemental funding formula used by DPI. There was an average of $3,500 per slot with a $500 start-up amount for each slot.

The parent fees for eligibility in childcare subsidy programs with incomes of 75% state median income are 10%, 9% and 8%. There are no parent fees for eligibility in More at Four for income of 75% state median income (20% may have incomes in excess of 75% SMI if they have other designated risk factors.)

Rep. Insko turned the chair over to Rep. Barnhart. Chair Barnhart requested staff to continue with presentation.

Ms. Hollowell explained that 84% of lead teachers in More at Four programs held a bachelor degree or higher and 50% had a B-L certification or preschool add-on license. There was only 9.5% holding a NC teaching license.

The More at Four ratio requirements for teacher/students are 1:9 with a maximum group of 18. The state requirements for 4 year olds in child care centers are 1:20 with a maximum group of 25. The ratio improved with higher star ratings.

Ms. Hollowell compared the state payments for More at Four and Child Care Subsidy based on the January 1, 2005 More at Four Pre-Kindergarten Program Progress Report to the North Carolina General Assembly. The report indicated that number of 4 year olds in the child care subsidy program were 12,954 compared to 12,174 in the More at Four program. The average annual payment per slot in the childcare subsidy program was 3,900 (12 months), plus parents pay a fee. The average included part-time school children. This was compared to $3,671 (10 months) in the More at Four program. With other funds, there was a total of $6,279 (10 months). The average payment per month for childcare subsidy program was $325. This is compared to $367 or $628 if other funds were included for the More at Four program. In addition, the number of hours/month for the childcare subsidy was 220 (approx. 10 per day) compared to 146 (6 per day) for the More at Four program.

The proposed budget would raise eligibility for More at Four to 250% of FPL. This would make the More at Four a more generous program than the child care subsidy system. Currently there is a waiting list of approximately 4,000 children for subsidy (at 75% SMI level.) The More at Four program is serving approximately 22% of children previously served in programs; however, there are still children who have never been served, at risk, in need of care. (Handout – Attachment IV)

Chair Barnhart asked if there were any questions or comments.

Sen. Purcell stated that the Governor's budget did not call for an increase in child care subsidy. Sen. Purcell advised the waiting list could grow for child care subsidy and thus additional funds would be required. He then asked Karen Ponder where these additional

funds would come from. Ms. Ponder replied that funds would have to come from other programs.

Chair Barnhart thanked committee members and staff. Meeting was adjourned 3:27 p.m.

Verla Insko — Rep. Verla Insko, Chair

Pamela J. Evans — Pamela J. Evans, Committee Clerk

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/2/05														
INSKO, Verla CHAIR	✓														
BARNHART, Jeff CHAIR	✓														
FARMER-BUTTERFIELD, Jean VICE-CHAIR	✓														
HOLLO, Mark VICE-CHAIR	✓														
ALLEN, Bernard	✓														
CURRENT, William	✓														
ENGLAND, Bob	✓														
STAM, Paul	✓														
WRIGHT, Tom															
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

ATTENDANCE

SENATE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/2/05														
PURCELL, William CHAIR	✓														
MALONE, Vernon CHAIR	✓														
DANNELLY, Charlie VICE-CHAIR	✓														
FORRESTER, James	✓														
BERGER, Doug															
BLAKE, Harris	✓														
EAST, Don	✓														
KERR, John	✓														
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

Smart Start

Vision

"To Assure that Every Child in North Carolina Arrives at School Healthy and Prepared for Success"

Mission

"Technical Assistance and Support to local partnerships so that the vision of Smart Start can be achieved in local communities"

Smart Start
Goals

- Improve quality of early care and education in all childhood settings (centers, homes, Head Start and public pre-K programs)
- Make high quality early care and education affordable through subsidies
- Support families so that they function in healthy ways, to improve their parenting skills and support ability to work
- Assess health needs of young children and improve access

Smart Start

Roles and Responsibilities

- Defined in General Statutes **G.S. 143B-168.11-143.168.15**
- **G.S. 120-123** (Prohibits Board Membership for General Assembly Members)
- **G.S. 143B – 168.11** States that NCPC, Inc. and local partnerships are responsible "the development of a comprehensive, long-range strategic plan for early childhood development and the provision, through public and private means, of high-quality early childhood education and development of services for children and families"; Intent that "communities be given the maximum flexibility and discretion practicable in developing their plans"

Smart Start
Roles and Responsibilities

- **G.S. 143B-168.12**
- North Carolina Partnership for Children, Inc. 26 Member Board of Directors
- Approve plans, programs, and services developed and implemented by local partnerships.
- Fiscal Management and Contract Monitoring Program Performance
- Allocation of Direct Services Funds to Local Partnerships
- Report to the General Assembly annually (December 1)

Smart Start
Roles and Responsibilities

- **G.S. 143B-168.13** State Responsibilities
  - Statewide Needs & Resource Assessment every 3rd year (coming up next yr)
  - In cooperation with NCPC, Inc. conduct an annual update of the funding formula (basis for determining "full funding")
- **G.S. 143B-168.14** Local Partnerships
  - Develop comprehensive, collaborative, long range plans for services
  - Administer programs and services
  - Annual audits and Biennial financial and compliance audits

Smart Start
Role and Responsibilities

- **G.S. 143B-168.15** – Use of State Funds
- Mandatory 30% for child care subsidies; may increase this up to 50% when, based upon a significant local waiting list for subsidized child care, the NCPC determines a higher percentage is needed.
- Mandatory 70% of funding is to be used for Local Partnerships' Direct Services
  - Improve access to child care related activities & early childhood education programs
  - Develop new child care & early childhood education services
  - Improve quality
- 10% Cap on Capital Projects (session law has prevented capital expenditures for four years) of the partnership's allocation for two years

Smart Start
Roles and Responsibilities

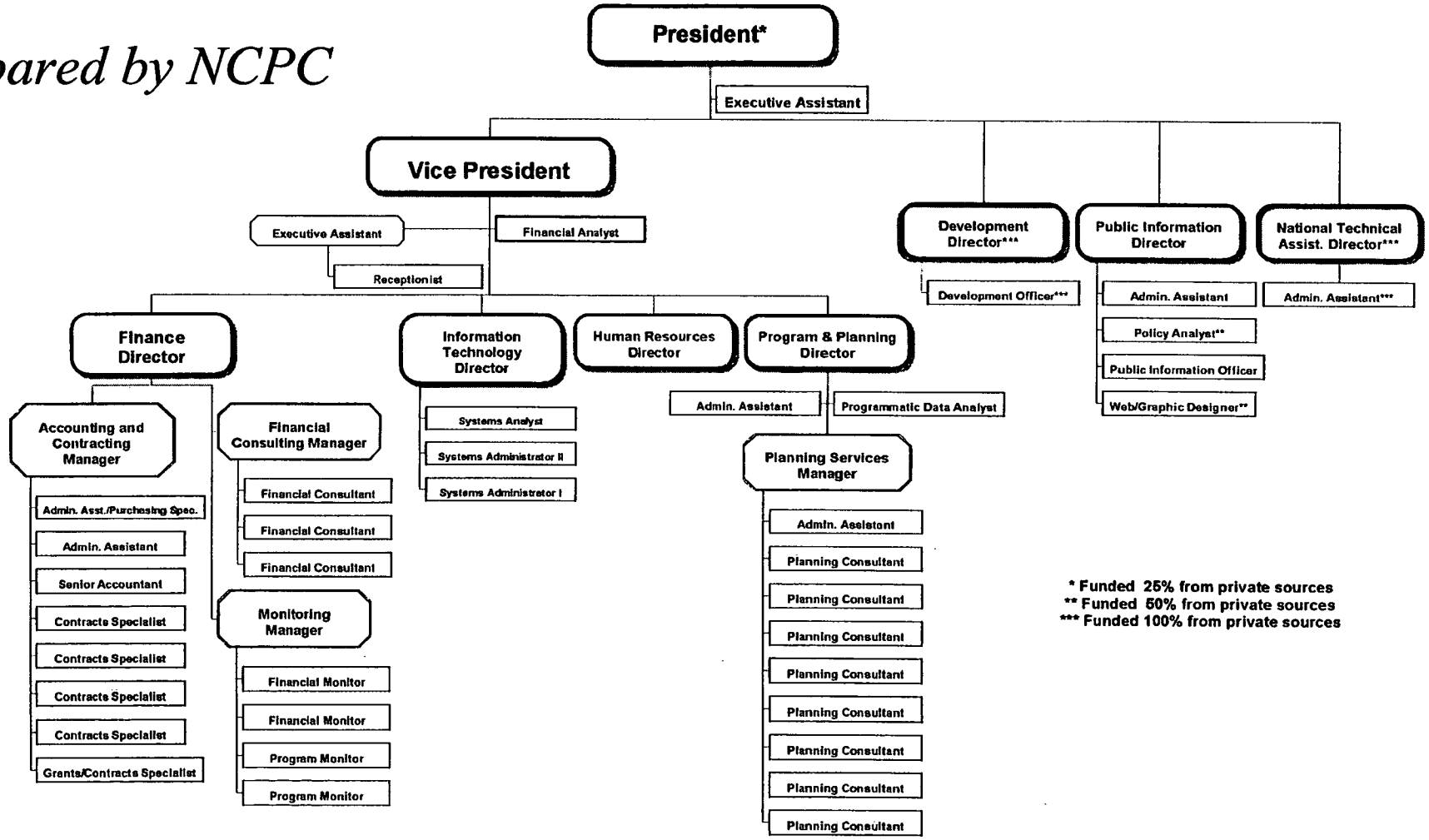
- Public/Private Partnership – Required to raise an amount equal to 10% of its public funding.
- FY2003-04 Smart Start raised $32.6M (in cash and in-kind donations) $225M since 1995 (Annual Report to the General Assembly 2005)
- Funding to all 100 counties
- 82 local partnerships
- National Technical Assistance Center



Division of Child Development

North Carolina Partnership for Children, Inc.

Prepared by NCPC

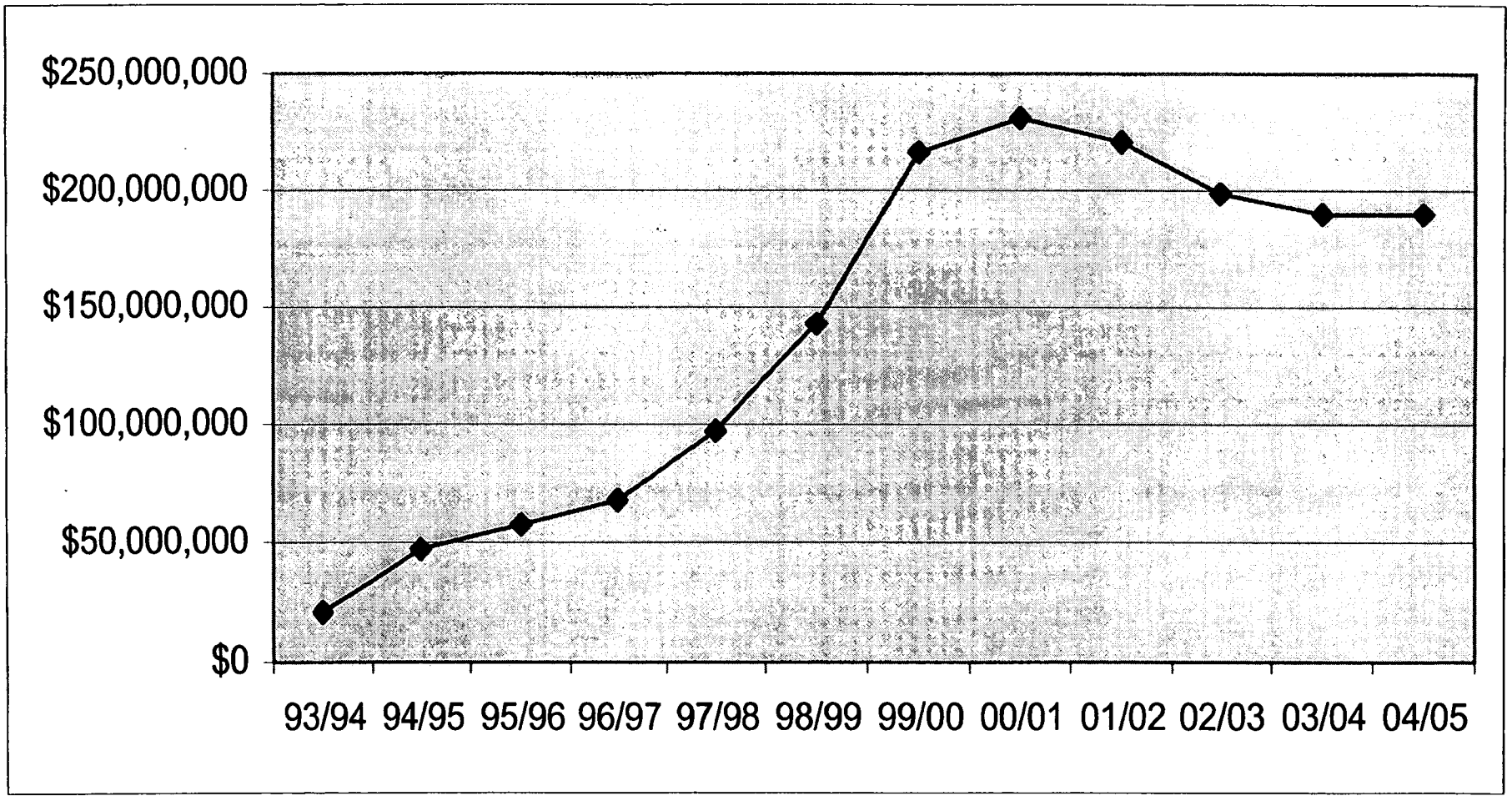


Smart Start

Budget Summary	Actual 2003/04	2004-05 Budget	*Proposed 2005-2006	*Proposed 2006-2007
Appropriations	$186,367,031	$190,187,096	$190,187,096	$190,187,096
Required Reversions	$3,820,065	N/a	N/a	N/a

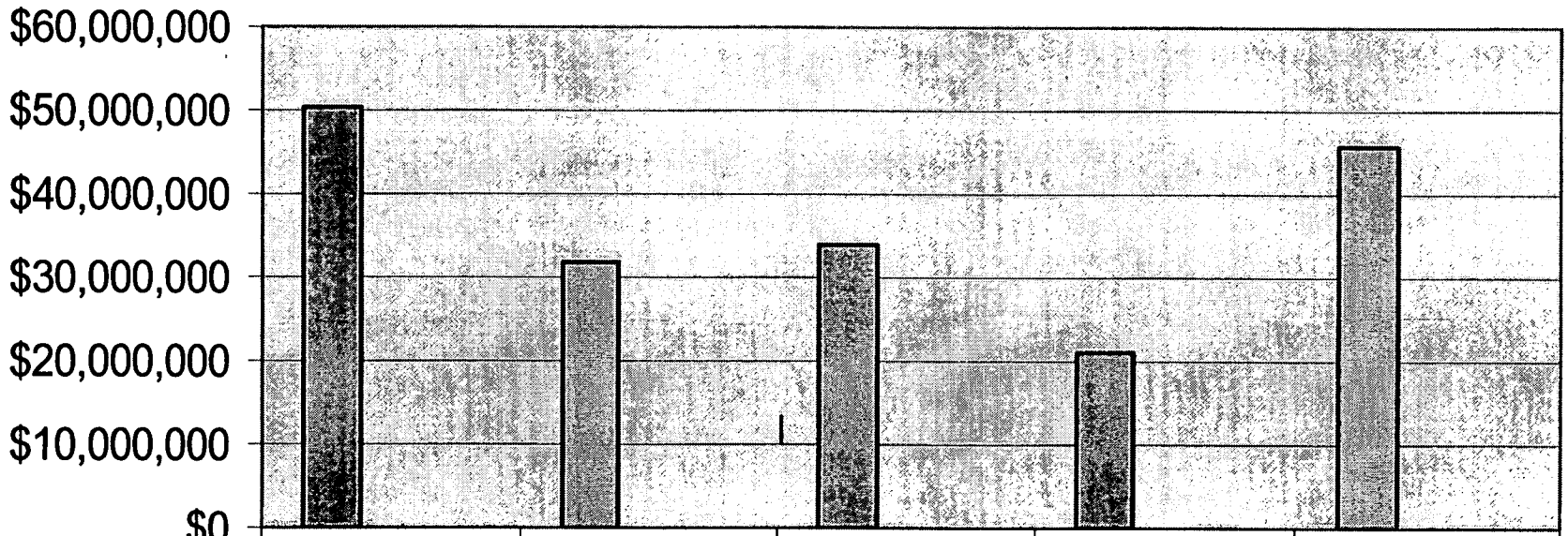
* Governor's Recommended Budget

Smart Start
History of Funding Growth



Smart Start

Funding Allocations FY2004-2005



	1993 Partnerships	1994 Partnerships	1995 Partnerships	1996 Partnerships	1997 Partnerships
FY2004-05 Budget	$50,485,662	$31,878,428	$33,812,953	$21,069,856	$45,889,441
Counties	18	14	11	12	45
Percentage	28%	17%	18%	12%	25%

Smart Start
Funding for Partnerships

- Full Funding Formula, based on need
- Counties "Need" amount varies and the % of funding as a percent of "Need" varies among counties from a low of 35% to a high of 77%
- Earlier counties tend to have a larger % of need met with funding.

Smart Start

Full Funding Need Formula

- Based on cost of serving children 0-4 plus 25% of 5 year olds (@ or below 125% SMI)
  - Basic Health Care
  - Family Support Costs
  - Child Care
- FY2004-05 Full Funding Need = $333,455,523; statewide approximately 51% is being met

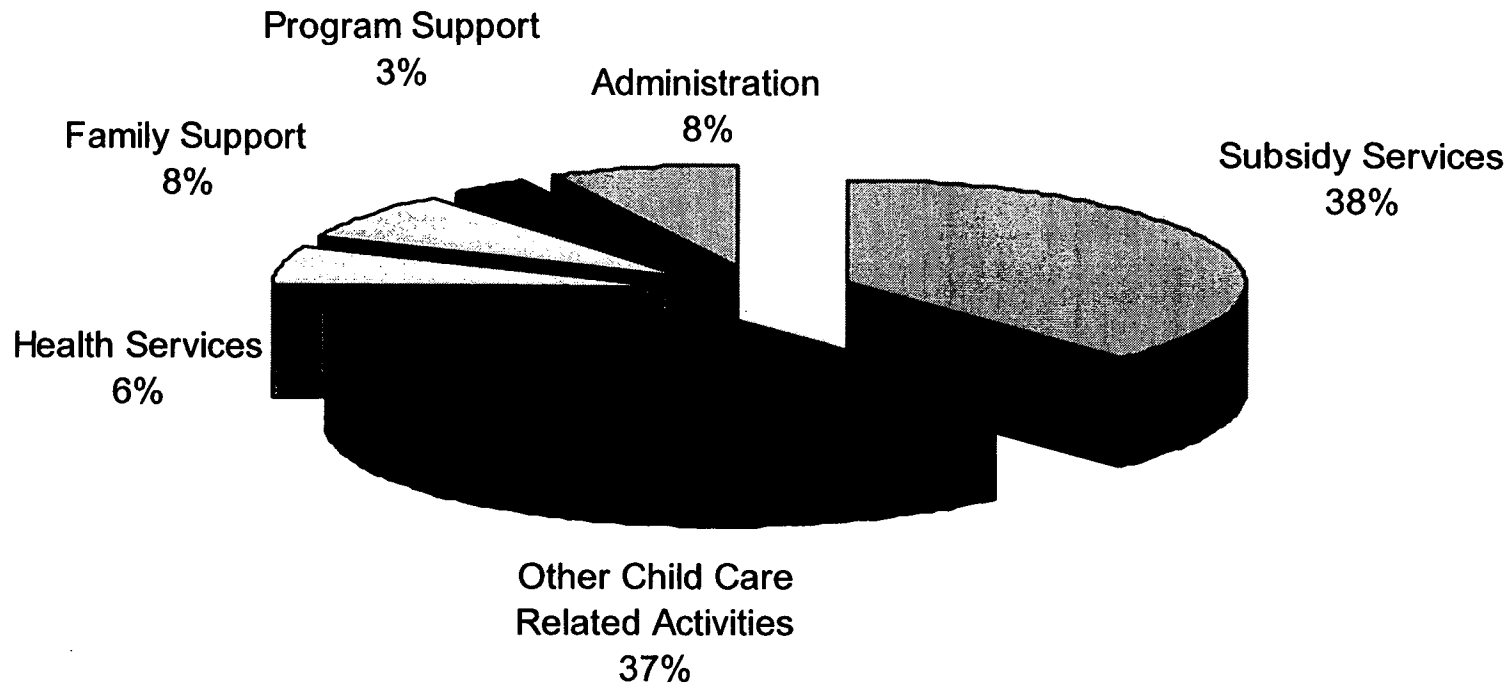
Smart Start Activities for FY2003-04

- TEACH Program – Approximately 7,000 teachers received assistance (impacting 60,000 children)
- 4,828 child care spaces were created.
- Provided training to directors to improve quality of child care
- Vision Screening
- Developmental Screening
- Dental Screening & treatment
- Home Visits and Support Groups for parents
- Parent Education Classes

Smart Start Contracts

as of January 2005

Local Partnerships' Planned Expenditures Budgeted As of January 2005



Smart Start

Subsidy and Child Care Related Services

FY 2004-05 - $138M

Quality Enhancement and Maintenance (additional payment for subsidized children)

Inclusion support (special needs children equipment, decrease classroom size, subsidy for classrooms of special needs children)

Increase availability (targeting infant care)

Headstart wrap-around funding

Adding head start classrooms

Support children and families (emergency subsidy for parents recently laid-off from job)

Smart Start
Health Services
FY2004-05
$10M

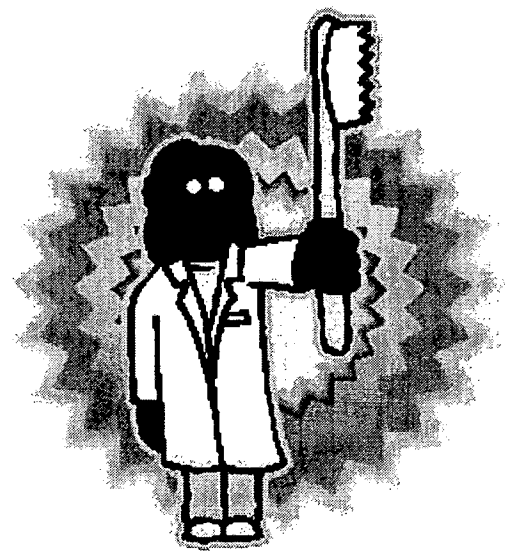
Dental Screenings, Referrals, and Treatment

Speech and hearing services (3-5 year olds)

Prenatal and newborn services

Child care health consultants

Developmental Screenings



Smart Start
Family Support Services
FY2004-05
$14M

Family Resource Centers

Literacy Projects

Kindergarten Transition

In-home visits



Smart Start

Program Support Services

FY2004-05

$5.5M

Program Evaluation – Contract with people & firms to evaluate the work of service providers

Program Coordination – Work with service providers on quality improvement

Smart Start

Technical Assistance and Audits

Audits may be conducted annually or semi-annually

Performance Improvement Plans

May require management of Partnership by another Partnership

Required Board Training

Require Director to have a Bachelor's Degree & 3 years of nonprofit management

Financial Training

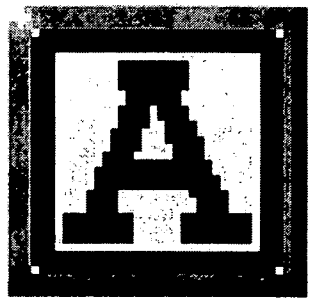
2-Day training for new Executive Directors (contracting, how to raise funds, dealing with media, etc.)

More at Four

High quality pre-kindergarten classroom education for at-risk 4 year olds

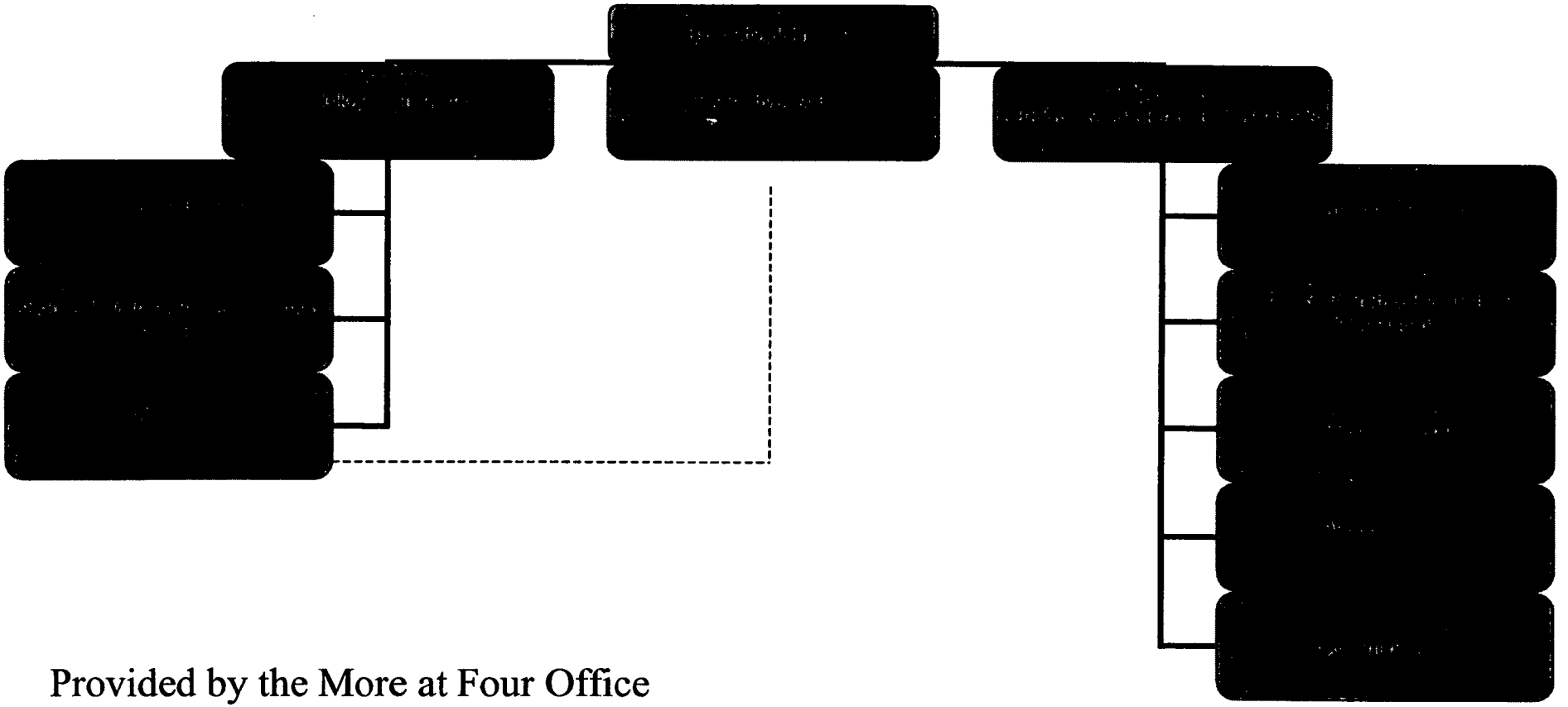
Community based

Builds on existing early childhood education service delivery systems in communities (child care centers, public school programs, and Head Starts programs)



Family Income
Chronic Health Problem or Disability
Education level of mother
Employment Status
Family Composition
Limited English Proficiency

Organizational Chart for More at Four Pre-K Program
January 2005



Provided by the More at Four Office

More at Four

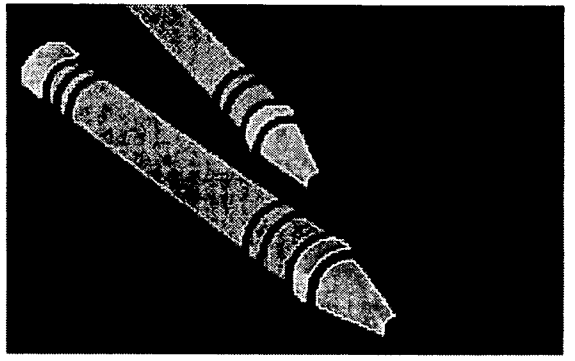
Budget Summary	Budget FY2003-04	FY2004-05	Proposed 2005-06	Proposed 2006-07
Requirements *	$73,574,659	$93,022,287	$119,846,653	$143,509,779
Other Contributions *	($34,618,500)	($42,000,000)	($53,200,000)	($64,400,000)
Appropriations	$38,956,159	$51,022,287	$66,646,653	$79,109,779
Slots	9,891 paid 10.030 available	12,000 available	15,200	18,400

*Projection based on match of ½ of 10 month slot ($3,500) for number of slots paid for in FY2003-04 and available for 2004-05 - 2006-07. Other contributions may be provided as in-kind services.

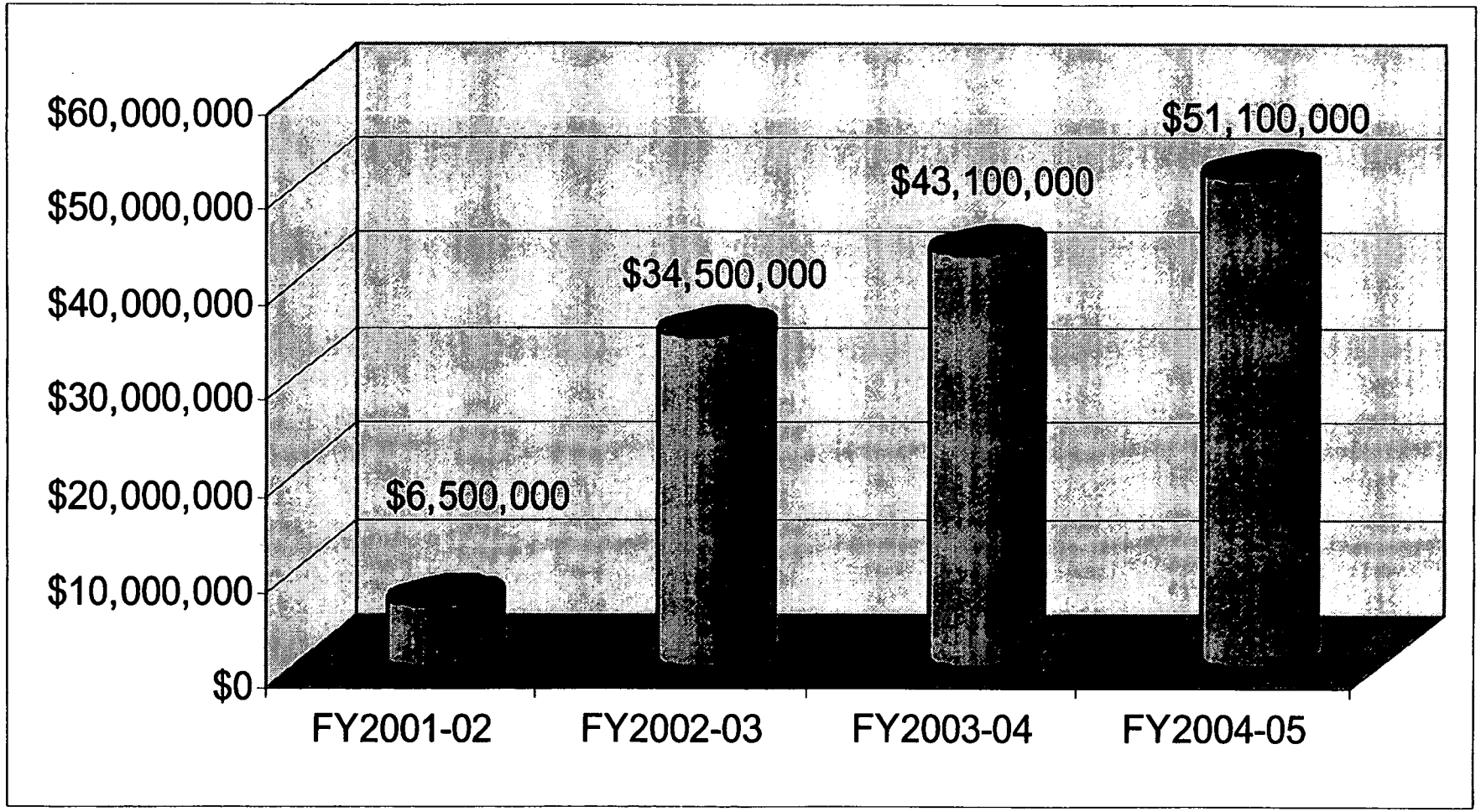
More at Four

Where do the "other" funds come from?

- Smart Start
- Subsidy program
- Head Start
- Title I
- City/County Appropriations
- Other
- In-kind contribution



More at Four
Appropriations

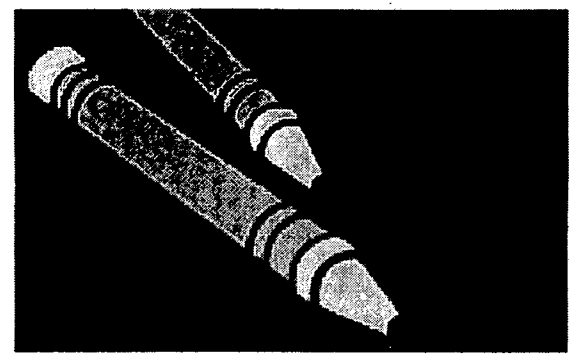


More at Four
2004-05 Budget

Category	Budget
Classroom Start-up Funds	$2M
Classroom Operational Funds	$44.9M
T.E.A.C.H. Scholarships	$738,000
Professional Development	$1,212,054
Evaluation & Database	$772,876
Administrative Costs	$1,524,800
Total	$51,152,424

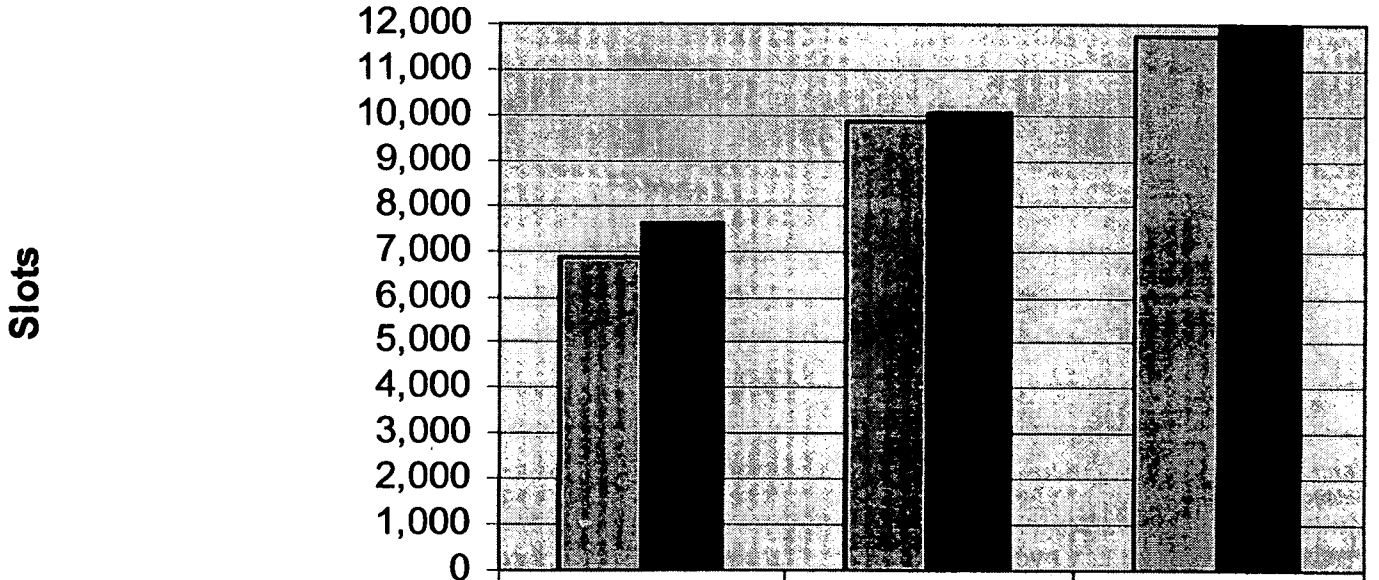
More at Four

# 4 year olds in NC	112,000
# 4 year olds at risk (poverty) and disabled (not in poverty)	48,000
# 4 year olds served	37,058*
Total Unserved	10,000 to 12,000 (Underserved 13,000)



FY02 Data from "North Carolina's Early Care and Education System Report" to the North Carolina General Assembly Jan. 03

More at Four Enrollment History



	FY2002-03	FY2003-04	FY2004-05
Contracted/Paid Slots	6,865	9,891	11,776
Available Slots	7,600	10,030	12,000
Unfilled Slots	735	139	224

More at Four
FY2004-05 Enrollment

- 61% of children have never been served in any preschool setting = 7,159
- 18% of children were unserved when enrolled in the More at Four program = 2,119
- 21% of children were previously served in a lower quality setting (not meeting More at Four standards) = 2,472

More at Four
Allocation of Slots

- Allocation of slots
  - County's share of at-risk four-year-olds compared with the state totals
    - Free and reduced price lunch participation (DPI's free/reduced lunch percentages)
  - Number of slots for existing programs from year one was considered and the greater number of the first year or formula was used
  - Minimum of 18 slots (one class room)

More at Four

- Full cost of the one year More at Four education is on average $7,000 per child annually (10 months)
- Counties receive a per-child allocation based on low-wealth county supplemental funding formula used by DPI
- Average $3,500 per slot
- $500 start-up amount for each slot

More at Four/ Child Care Subsidy Eligibility

	Income	Parent Fees
Child Care Subsidy Program	75% State Median Income	10%, 9%, & 8%
More @ Four	75% State Median Income (20% may have incomes in excess of 75% SMI if they have other designated risk factors	None

More at Four/ Child Care Facilities
Teacher Qualifications

DCD	4&5 Star centers require lead teachers to have the NCECC or equivalent & 75% to have at least 3 semester credit hours in early childhood/child development or 2 years of experience. 50% of teachers must have or be enrolled in the NCECC or equivalent or have to be enrolled in 4 semester credit hours in early childhood/child development or have 3 years of experience.
More @ Four	All teachers will hold a Birth-Kindergarten (B-K) or preschool add-on licensure. Provisional approval in public schools – teachers will hold at least a BA/BS degree and provisional license and be working toward B-K licensure/preschool add-on. Provisional approval in child care/pre-k settings – teachers will hold a min. of an Early Childhood Education/Child Development associate degree and be working toward B-K licensure. Time Limit Provisional – 4 years to have a fully certified teacher **84% of Lead Teachers have bachelor degrees or higher, and 50% have the B-K certification or preschool add-on licenses. 9.5% hold a NC teaching license**

More at Four/ Child Care Facilities Curricula

	Curricula
DCD	Varies (Many 4 & 5 star centers use a curriculum or parts of several curricula)
More @ Four	Bright Beginnings, Creative Curriculum for Early Childhood, Early Educating Children, The Montessori Method, Explorations with young Children

More at Four/ Child Care Requirements
Teacher/Student Ratios

	Ratio
DCD – state requirements on child care centers	Infants to 12 months - 1:5, max group 10 12-24 months – 1:6, max group 12 2 year old – 1:10, max group 20 3 year old – 1:15, max group 25 **4 year old – 1:20, max group 25 (ratio improves with higher star ratings)** School age – 1:25, max group 25
More @ Four	4 year olds - 1:9, max group 18

More at Four/ Child Care Subsidy State Payment Comparisons

	Child Care Subsidy Program	More At Four
# of 4 year olds	12,954	12,174
Average Annual Payment per Slot	$3,900 (12 months), plus parents pay a fee *average includes part-time school children	$3,671 (10 months) With other funds, there is a total of $6,279 (10 months)
Average Payment per Month	$325	$367; including other funds = $628
Number of Hours/month	220 (approx. 10 per day)	135 (6 per day)

More at Four Pre-Kindergarten Program Progress Report to the North Carolina General Assembly, January 1, 2005

*Based on average monthly total for FY2004-05.

More at Four

FY2004-06 Budget Proposal

change in income eligibility

Family Size	State Median Income Annual	State Median Income (SMI)* Monthly	Income Eligibility Level (75% of SMI)	100% FPL	250% FPL Annual	250% FPL Month	% of FPL to SMI
1	$29,179.80	$2,432	$1,824	$9,570	$23,925	$1,994	9%
2	$38,158.20	$3,180	$2,385	12,830	$32,075	$2,673	12%
3	$47,136.60	$3,928	$2,946	16,090	$40,225	$3,352	14%
4	$56,115.00	$4,676	$3,507	19,350	$48,375	$4,031	15%
5	$65,093.40	$5,424	$4,068	22,610	$56,525	$4,710	16%
6	$74,071.80	$6,173	$4,629	25,870	$64,675	$5,390	16%
7	$75,755.25	$6,313	$4,735	29,130	$72,825	$6,069	28%
8	$77,438.70	$6,453	$4,840	32,390	$80,975	$6,748	39%

Federal Register, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375

More At Four
Considerations

- Proposed budget would raise eligibility for More at Four to 250% of FPL; more generous program than the child care subsidy system.
  - Waiting list of approximately 4,000 children for subsidy (at 75% SMI level)
  - More at Four program is serving approximately 22% of children previously served in programs; however, there are still children who have never been served, at risk, in need of care. What is the best method to reach those children?
  - Are parent fees appropriate for families in the More at Four program?

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 1, 2005 (2:00 p.m.)
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lee Hoke	KCLH
[illegible]	NC Psychology
Angie Harris	Maupin Taylor
[illegible]	Gov Office
Kevin G. Leonard	DCSR
Bill Rustin	ACP
Sueellen Bellamy	DHHS - Mare & Four
John Pruette	Mare & Four
Carolyn Cobb	Mare & Four
Rob Kindrather	DHHS-DCD
Roger Bale	DHHS - DCD
Andy Ellen	NCRMA
[illegible]	NCFPC

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 1, 2005 (2:00 p.m.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wayne Williams	OSBM
Daphne Lyon	OSBM
Mark Flexico	Partnership for Children
Ashley Thrift	NC Partnership for Children
Karen Sonder	"
Joyce Boffi	" "
Dee Rueck	" "
[illegible]	John Locke Foundation
John Mandeville	DHHS
Tina Fuller-Thorpe	OSBM
Debbie Barrow	OSBM
Jack Maynard	G.K. Maynard & Assoc.
Mark Benson	Capitol Group

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 1, 2005 (2:00 p.m.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Stella McKeony	NC DHHS
Ken Melton	D.O.R.
Roger Bone	Bone & Assoc
Patricia Young	APPCNC/FRLTC
Jim Bone	Bone & Assoc.

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Thursday, March 3, 2005

8:30 AM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Budget Overview	
Division of Aging and Adult Services	*Andrea Russo, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Thursday, March 3, 2005
8:30 A.M.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 A.M. in Room 643 of the Legislative Office Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Dannelly, Berger, Blake, East, and Kerr. Representatives present were: Co-Chair Verla Insko and Co-Chair Jeff Barnhart, and Representatives Farmer-Butterfield, Hollo, Current, England, Stam, and Wright.

Senator Purcell presided. After introducing the pages, he called on Andrea Russo to make her presentation on the Division of Aging and Adult Services (Attachment I). Citing page 46, Representative Allen asked about the unmet needs listed. Ms. Russo replied that these exist because there is no funding for them, and those needing this assistance are placed on a wait list with no regard to the severity of the need. Representative Farmer-Butterfield asked about mental health counseling for seniors; Ms. Russo replied that she would provide a fuller account later (Attachment II). Senator Malone asked about in-home and other services for seniors who have no means of transportation, and Ms. Russo replied that she would provide additional information (Attachment III).

Karen Gottovi, Director of the Division of Aging and Adult Services, spoke briefly, explaining that the services provided are discretionary, targeted to the frail elderly, and that the real foundation for these services is Medicaid.

Representative Insko asked about job descriptions for the 24 positions in the Department of Aging. Ms. Russo responded that these positions are in the Department of Adult Services and Aging, and that they are for various adult services programs. Representative Insko asked about various block grants, and Steve Freedman, Director of Services to the Aging, responded with explanations. Senator Dannelly also asked about block grants and expressed concern that some counties were able to provide specific services, and others were not. Ms. Gottovi said that unfortunately, programs under the Older Americans Act are not entitlement programs; they are discretionary and counties must put up matching funds in order to receive these federal funds, and must make choices as to which programs are funded. In addition, the costs go up every year, thus affecting the number of programs that can be funded. Senator Dannelly expressed concern about how many fewer services are provided because of the lack of matching funds. Gary Cyrus, Business Officer of the Division of Aging said that 90% of the block grants come from federal sources and 10% from local sources and that generally the local funds come from the counties. Senator Dannelly pointed out that low wealth counties may not be able to match. Mr. Cyrus said that there has never been a situation where funding had to be returned or disbursed elsewhere because the local matching requirement could not be made.

Representative Farmer-Butterfield asked about issues relating to elder exploitation. Ms. Russo responded that the local area agencies on aging provide educational seminars, training programs, and legal resource centers providing information about various legal issues that seniors might encounter. Rep. Farmer-Butterfield asked about reports of alleged elder abuse in nursing homes. Ms. Debbie Brantley, Chief of Elder Rights and Special Initiatives Section, responded that this is

handled by the county Department of Social Services and Adult Protective Services. This section also works closely with the Attorney General's office with such matters as telemarketing fraud, home repair scams, the Do Not Call Registry, lottery fraud, etc. In response to a question by Senator Berger, Mr. Freedman pointed out that the counties generally provide 5 or 6 of the 18 core services, that choices have to be made according to the matching funds available.

Senator Kerr asked if a per capita comparison with other states had ever been made. He also asked if there is a rating system for rest homes. Ms. Russo said that she would look into his first question; and that the Division of Facility Services monitors the rest homes and that issue will be discussed in a future meeting, and right now the ranking is Pass/Fail. Ms. Gottovi said that a legislative study committee had discussed the issue of ranking rest homes several years ago, but no action was taken.

Senator Purcell asked Ms. Gottovi to list the matters that are most important to the Division of Aging. She said that the biggest concern is that the baby boomers are going to attain age 65 starting in 2010, and that by 2020 there will be a flat demographic in that there will be as many people 0 to 19 years old as there are age 65 and up, and that the state is not prepared for seniors who are going to live a very long time. The Department is trying to develop a prototype tool to measure the services communities now provide to see what will happen when the consumers of these services increase in number.

Senator Purcell thanked Ms. Russo for her presentation today. The meeting adjourned at 9:50 A.M.

William R Purcell

Senator William R. Purcell, M.D., Chair

Lorraine R. Blake

Lorraine R. Blake, Committee Clerk

Department of Health and Human Services

Division of Aging and Adult Services

Division of Aging and Adult Services

New Mission

"To promote independence and enhance the dignity of North Carolina's older and disabled persons and their families through a community-based system of opportunities, services, benefits, and protections;

to ready younger generations to enjoy their later years; and

to help society and government plan and prepare for the changing demographics."

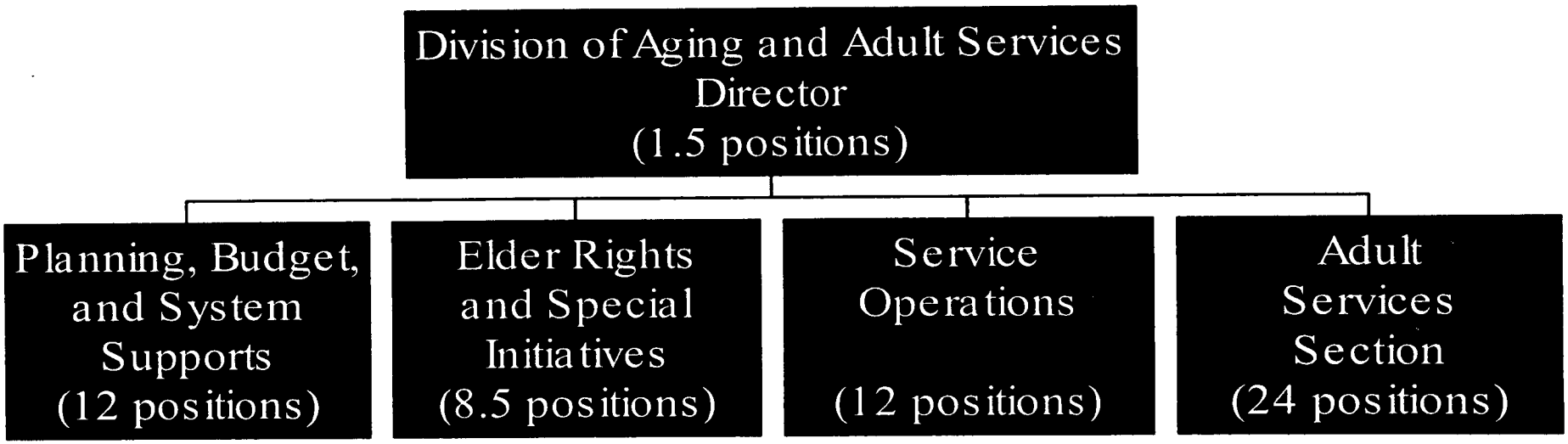
Division of Aging and Adult Services

Addition of Adult Services

- Moved to Division of Aging in September 2003
- Division name changed to Division of Aging and Adult Services in 2004
- Much of the funding for Adult Services programs is still located in the Division of Social Services budget.

Division of Aging and Adult Services

Organization



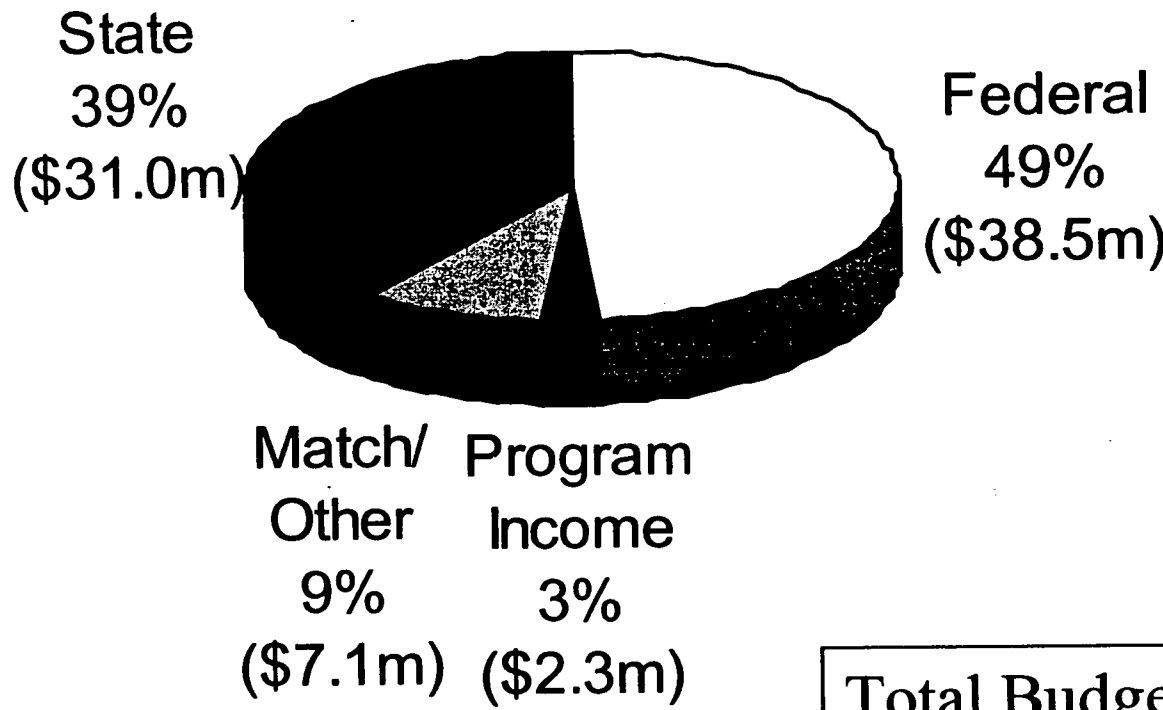
Total Positions = 58

Division of Aging and Adult Services
Budget Summary 2003-2007

Description	03-04 Actual	04-05 Authorized	**05-06 Recommended**	**06-07 Recommended**
Total Requirements	$75,909,479	$78,903,697	$77,347,699	$77,347,699
Estimated Receipts	$48,188,891	$47,858,558	$47,852,560	$47,852,560
Net Appropriation	$27,720,588	$31,045,139	$29,495,139	$29,495,139
Total Number of Positions	58	58	58	58

Division of Aging and Adult Services

Funding Sources SFY04-05

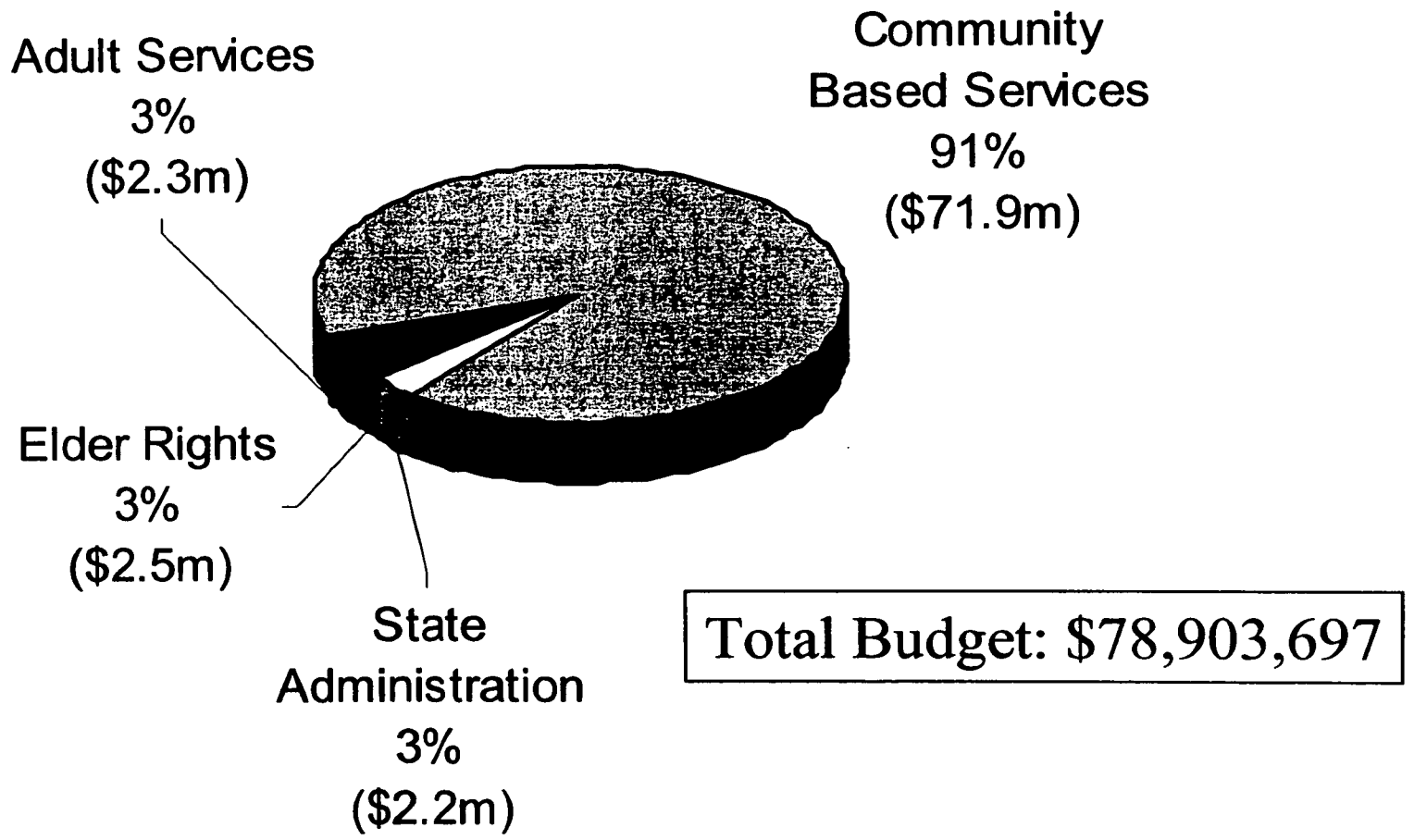


Total Budget: $78,903,697

Note: This does not include funding administered by the Division of Aging and Adult Services located in the Division of Social Services budget.

Division of Aging and Adult Services

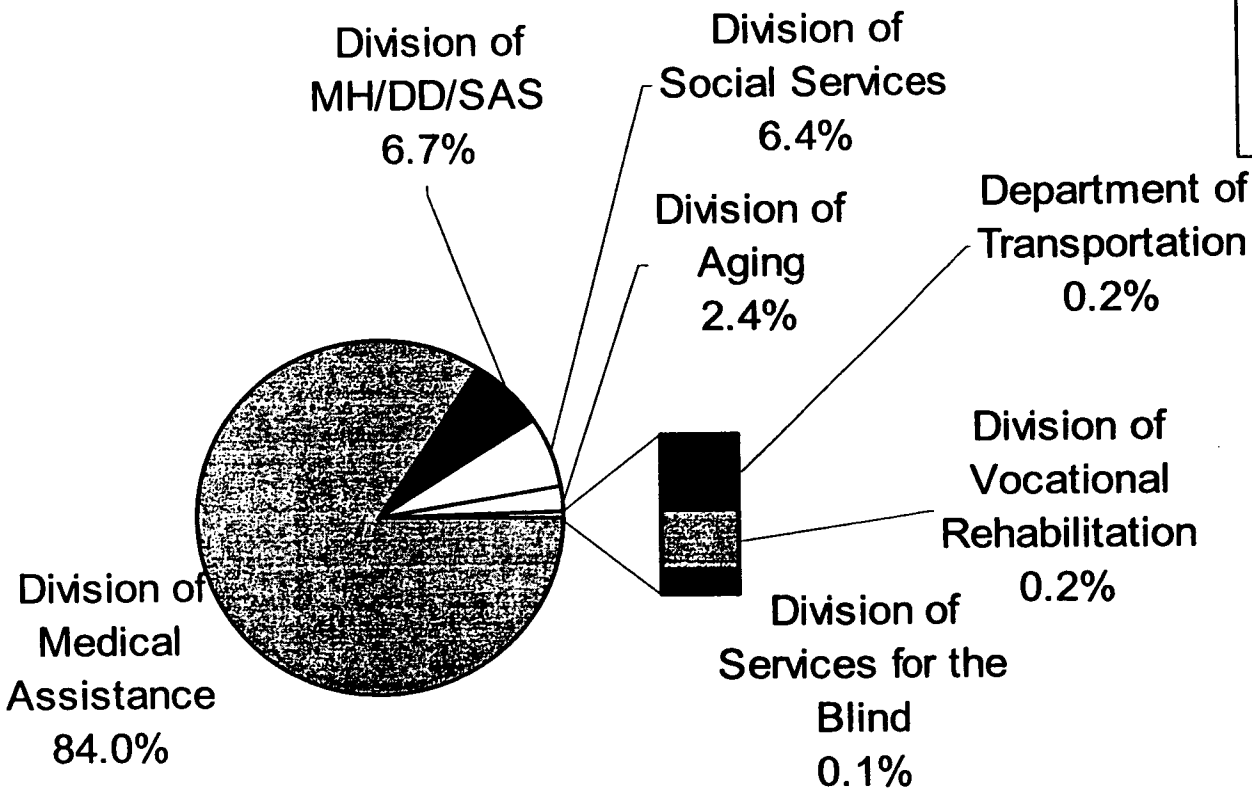
Funds by Purpose SFY04-05



Total Budget: $78,903,697

Division of Aging and Adult Services

Reported Expenditures for Individuals Aged 60+ (SFY 02-03)



Total Expenditures: $2,533,907,269

Note: These are the expenditures only for the following 6 categories: adult care homes; economic support; hospitals, physicians, and other health care; home health and in-home care; institutional care; and social supportive services.

Division of Aging and Adult Services

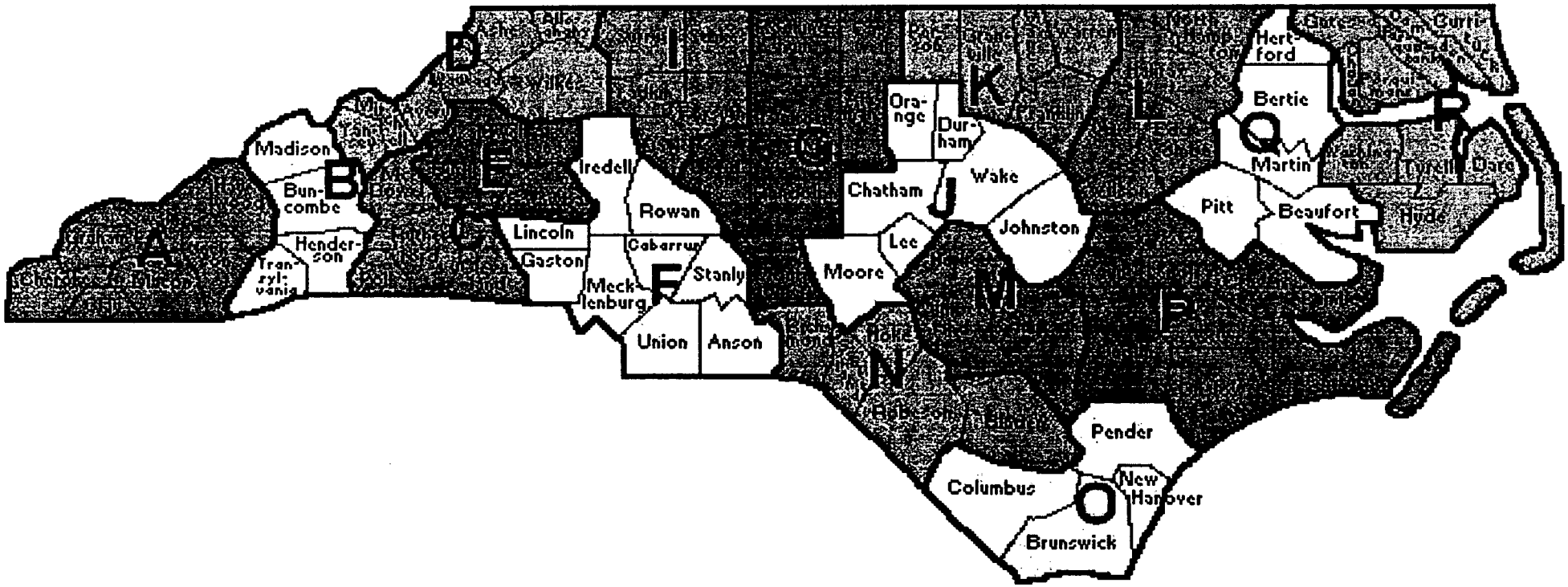
Area Agencies on Aging (AAAs)

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

Division of Aging and Adult Services

Area Agencies on Aging (AAAs)

AAA Regions

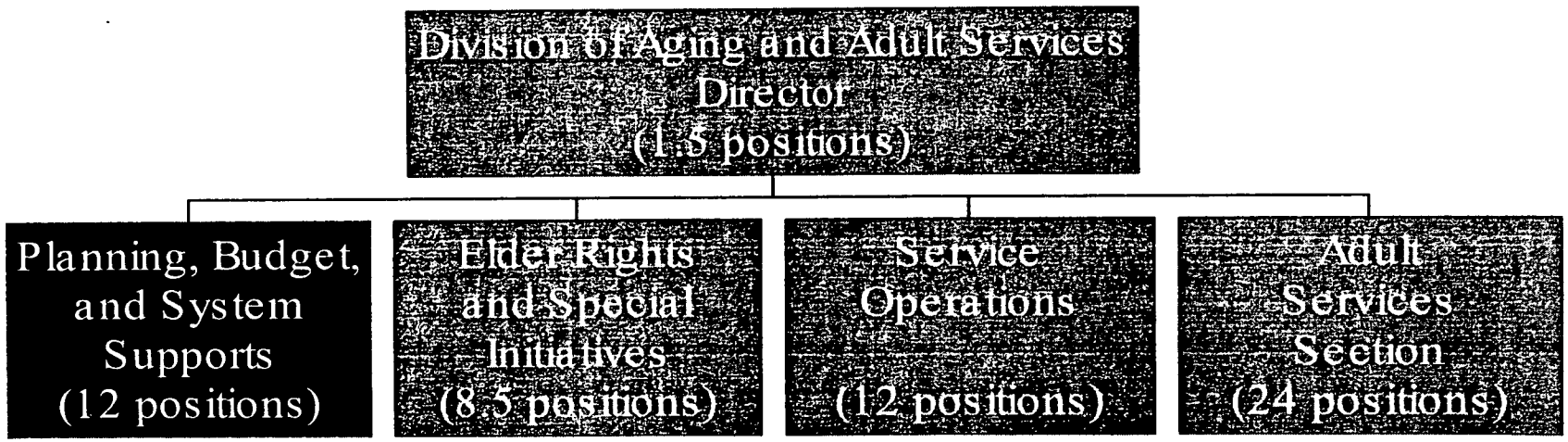


Division of Aging and Adult Services

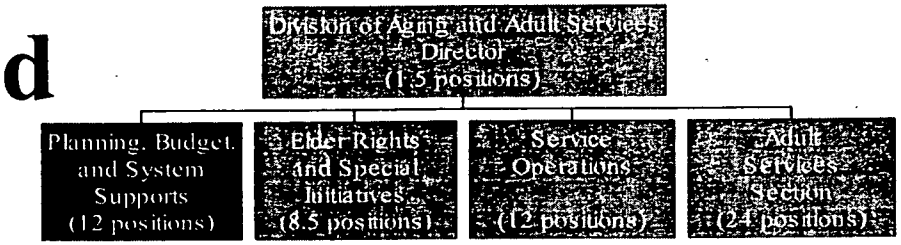
North Carolina Senior Games

- Nonprofit organization
- Year-round health promotion and education for those 55 or older
- 50,000 participants in the state and local games
- Funding for the Senior Games goes through Division of Aging and Adult Services (Community Based Services)
- $175,000 in State Fiscal Year 2004-2005

Planning, Budget, and System Supports

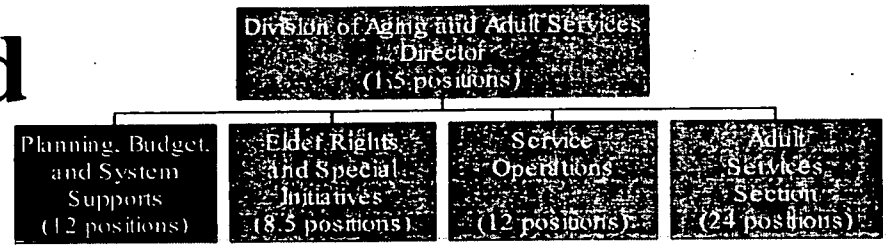


Planning, Budget, and System Supports



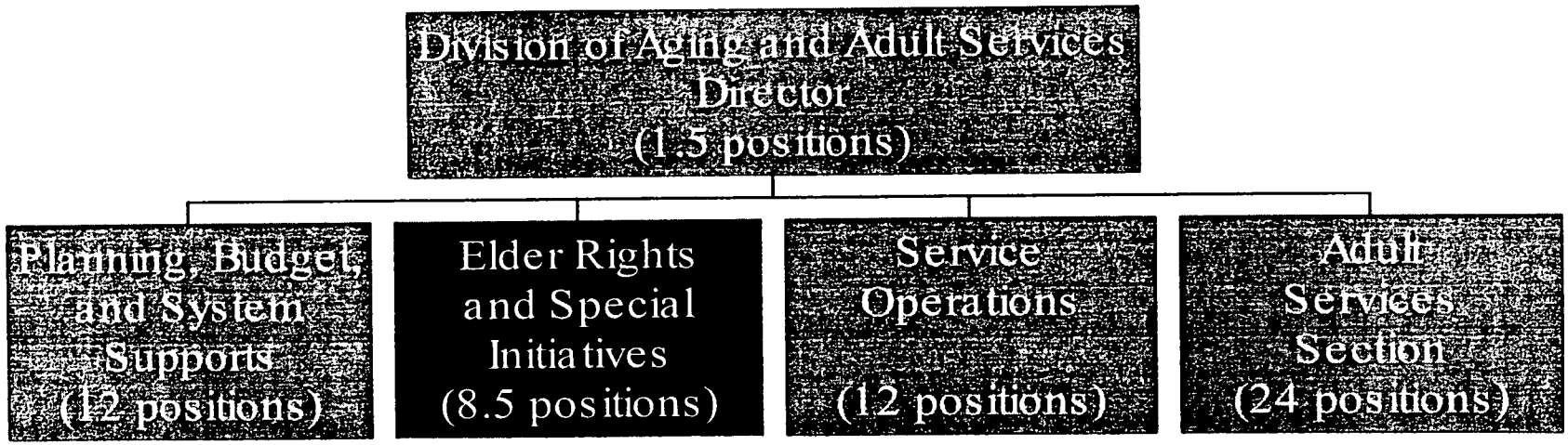
- **NC Aging Services Plan** – required by NCGS 143B-181.1A and the Federal Older Americans Act
  - Reviews trends and issues affecting NC's seniors and aging baby boomers
    - In 2000, North Carolina ranked 36th in the nation in the percent of the population that is 65 or older (12.0%). **By 2025, North Carolina is projected to rank 11th, with 21.4% of the population 65 or older.**
    - In 2006, the oldest baby boomers will become eligible for services under the Older Americans Act.

Planning, Budget, and System Supports

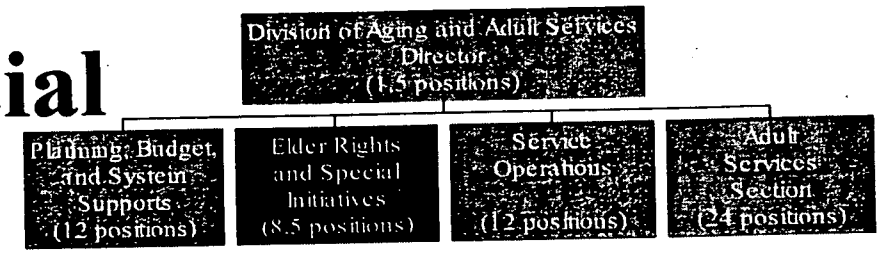


- **Data and Statistics** – manage an inventory of aging-related data
- **Websites** – maintains the Division's website and the Long-Term Care website for the Department
- **Funding Allocations** – manages the Division's budget and funding allocations to locals

Elder Rights and Special Initiatives



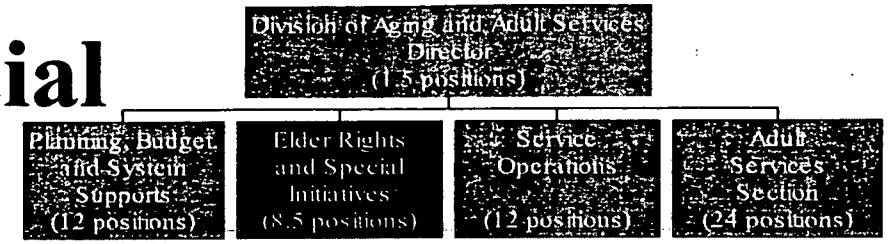
Elder Rights and Special Initiatives



Senior Tar Heel Legislature

- Delegates and alternatives are 60 or older.
- Created by General Assembly in 1993 to:
  - provide information to older adults on the legislative process and matters being considered by the General Assembly,
  - promote citizen involvement and advocacy about aging issues, and
  - assess the legislative needs of older adults by convening a forum modeled after the General Assembly.

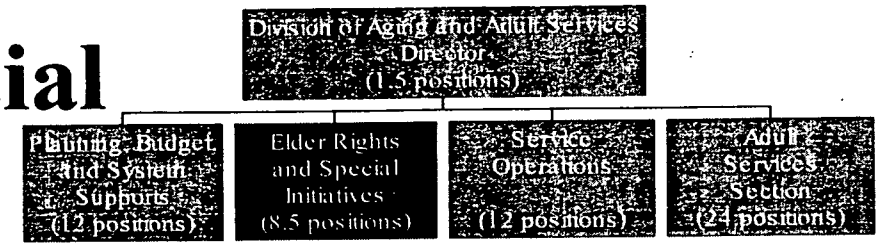
Elder Rights and Special Initiatives



Governor's Advisory Council on Aging

- Authorized by state legislation to make recommendations to the Governor and the Secretary of DHHS for improving human services to older people
- 33 members

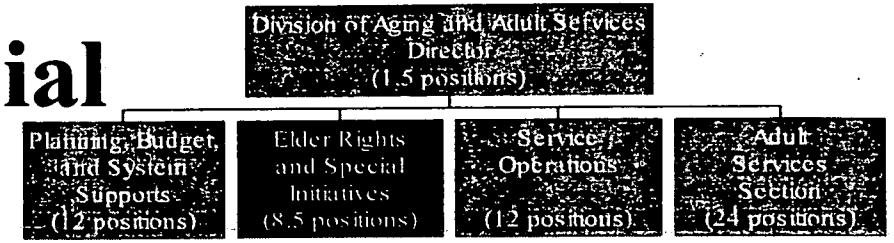
Elder Rights and Special Initiatives



Long-Term Care Ombudsman Program

- Mission – to protect residents' rights and improve the quality of care and life for residents in long-term care facilities by providing access and advocacy services that assist residents in protecting their health, safety, welfare, and rights
- Helps solve grievances between residents/families and facilities
- Helps residents of long-term care facilities exercise their rights
- Educates public and facility staff members about rights

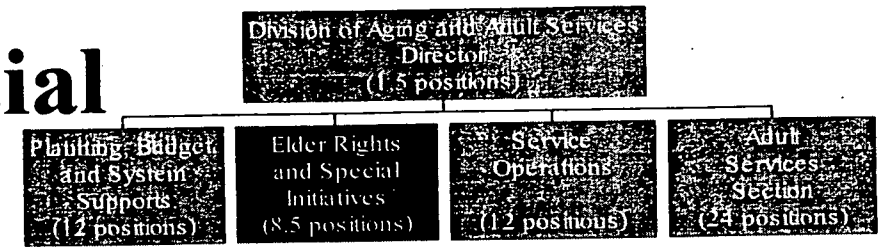
Elder Rights and Special Initiatives



Long-Term Care Ombudsman Program

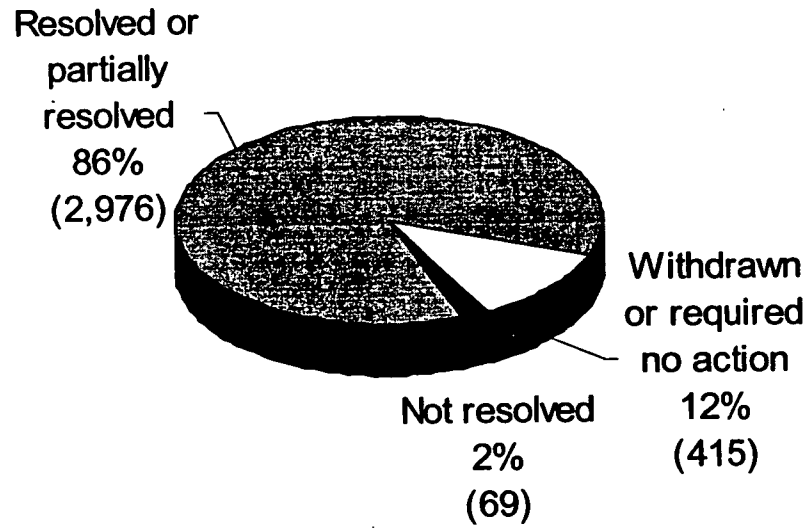
- 3 full-time state-level ombudsmen and 27.5 FTE regional long-term care ombudsmen located in the regional Area Agencies on Aging
- Over 1,000 community advisory committee volunteers are active in all 100 counties.

Elder Rights and Special Initiatives

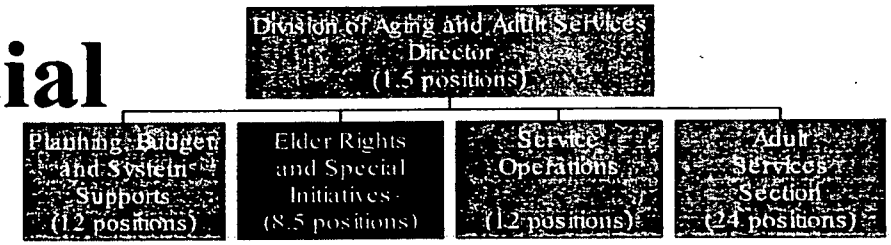


Long-Term Care Ombudsman Program

- 3,460 complaints were processed through the program in Federal Fiscal Year 2004.



Elder Rights and Special Initiatives



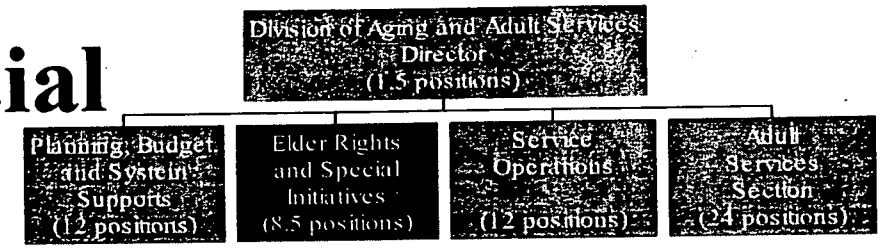
Elder Abuse, Neglect, and Exploitation Prevention Education

- In collaboration with other agencies, provides educational seminars, materials, and technical assistance on the prevention of elder abuse, neglect, and exploitation

Consumer Fraud Protection

- Through the NC Senior Consumer Fraud Task Force, educates consumers about fraud and other deceptive practices that target seniors

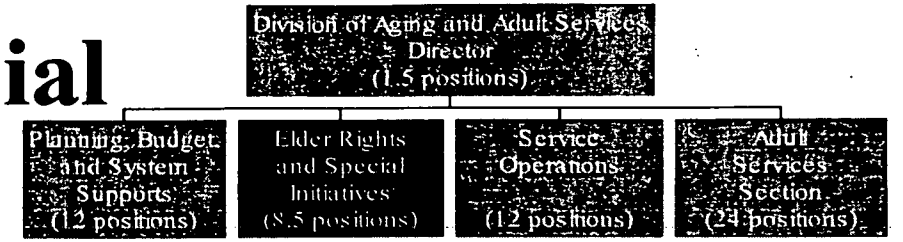
Elder Rights and Special Initiatives



Legal Resource Center

- Oversight of legal assistance to older adults through Older Americans Act Funding
- Technical assistance and referral to older adults, professionals, and the aging network on legal issues affecting older adults
- Assembly and development of elder law education and informational material
- Education and training across the state on elder law issues
- Works with private bar, Legal Services Corporation, law schools, and other agencies to address the legal needs of older adults

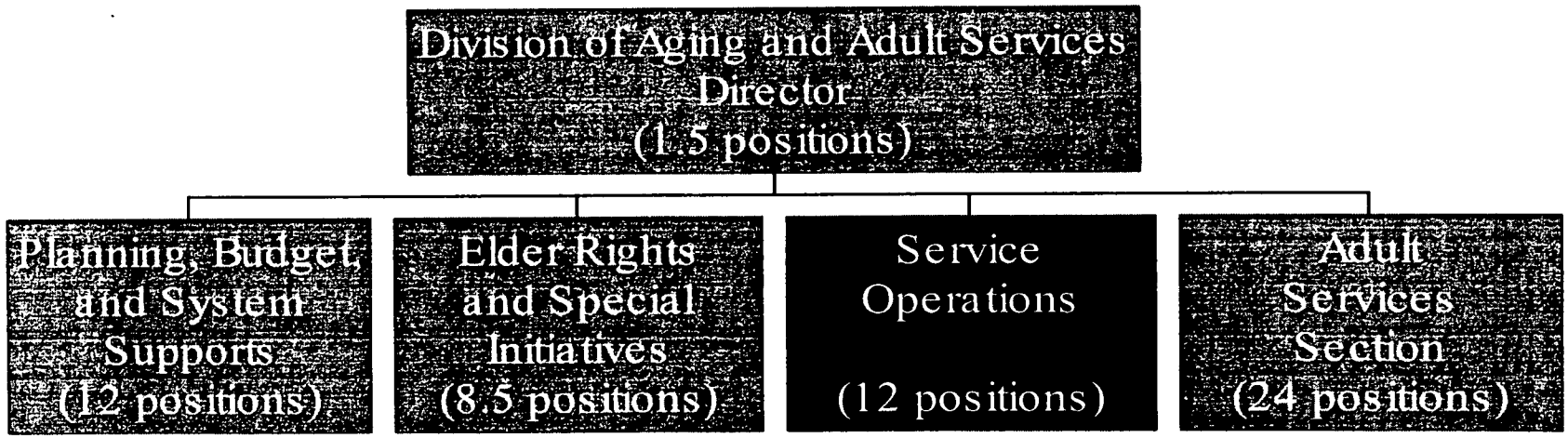
Elder Rights and Special Initiatives



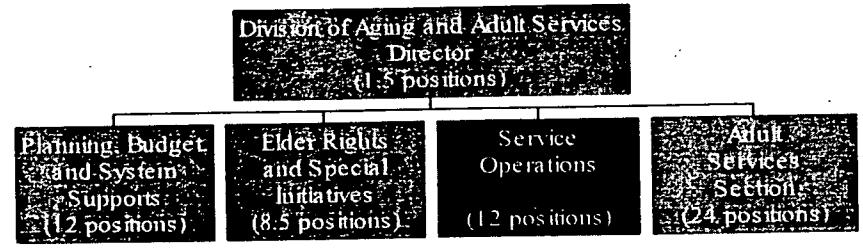
Senior Community Service Employment Program

- In 6 Area Agencies on Aging (AAA) regions
- For persons 55 years and older who are economically disadvantaged
- 500 workers (national sponsors reach another 1,700 workers in other regions of the state)
- Places eligible individuals into part-time community service programs and subsidizes their employment
- Helps the individuals transition to unsubsidized employment

Service Operations



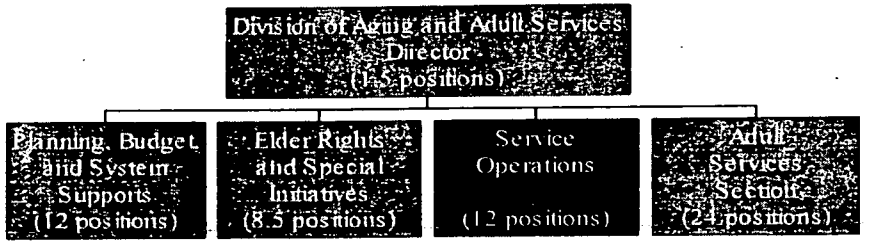
Service Operations



Home and Community Care Block Grant (HCCBG)

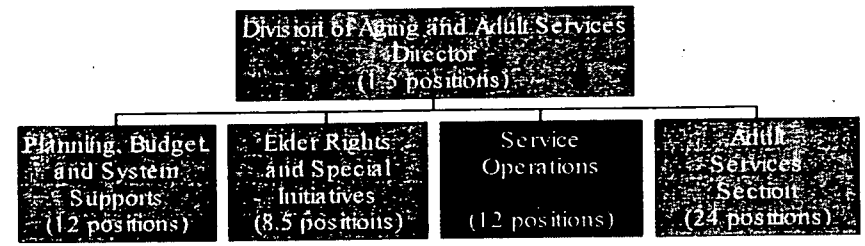
- Established by General Assembly in 1992
- Combined some federal Older Americans Act and Social Services Block Grant funding with relevant state appropriations
- Focuses on supporting frail elderly at home, improving physical and mental health, assisting with access to services and information, providing family caregiver relief, and helping seniors remain active

Service Operations HCCBG



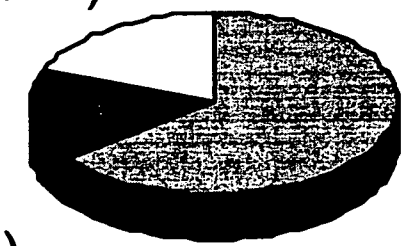
- Creation of HCCBG gave counties greater discretion and authority in determining services, service levels, and providers
- County commissioners must designate a lead agency to develop a block grant funding plan.
  - The funding plan must identify services to be provided, the funding levels for services, 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 held.
  - Upon approval, the plan is sent to the Division and Area Agencies on Aging (AAAs) for funding.

Service Operations
HCCBG



AAAs Planning and Administrative Funding

Total: $4,113,216

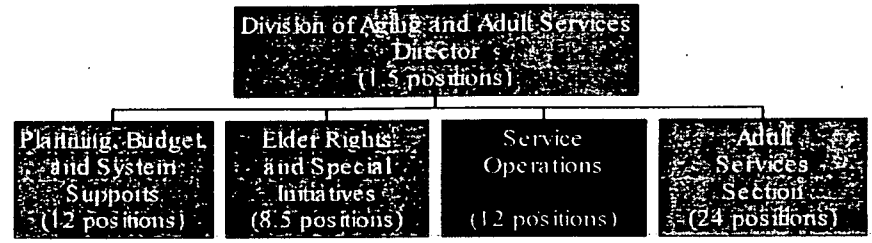


Local
18%
($760,608)

State
17%
($689,407)

Federal
65%
($2,663,201)

Service Operations
HCCBG

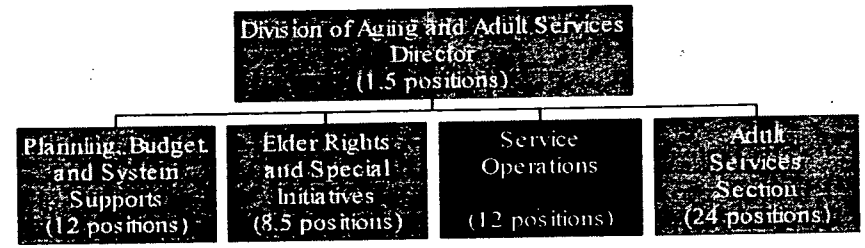


HCCBG Funding Formula

1. $60,000 base amount to each county
2. The following factors are then used as weights (2000 Census data):
   - 50% - Population aged 60 and older
   - 30% - Population aged 60 and older living in poverty
   - 10% - Population aged 60 and older that are minorities
   - 10% - Population aged 60 and older living in a rural area

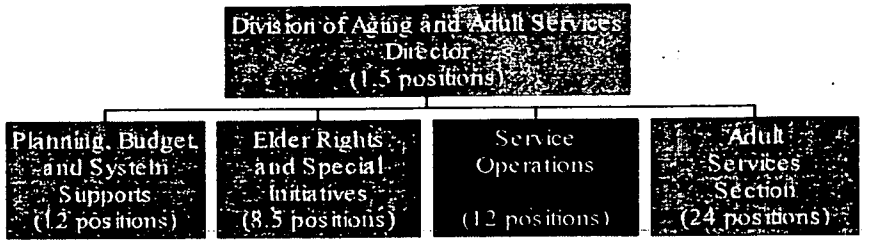
- 5% cap on loss to protect counties from substantial changes
- 10% local match is required

Service Operations HCCBG



- 18 eligible services
- 13 are "core" long-term care services (as defined by The Institute of Medicine Long-Term Care Task Force)
- 73% of the funds are spent on the 13 "core" services
- Core services are indicated in **bold** on the following slides

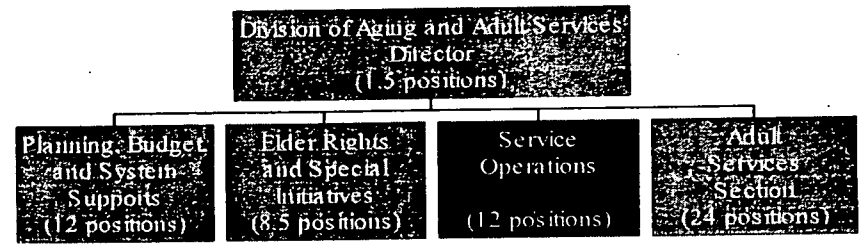
Service Operations HCCBG



Most frequently offered services (as of SFY 04-05):

- Congregate Nutrition (99 counties) – provides a meal (typically lunch) in a group setting
- **In-Home Aide** (98 counties) – provides in-home assistance with certain tasks. Counties may choose to provide four different levels of service.
- **Transportation** (95 counties) – provides travel to and/or from community resources, nutrition sites, and other places
- **Home-Delivered Meals** (96 counties) – provides a meal (typically lunch) to a home-bound older adult

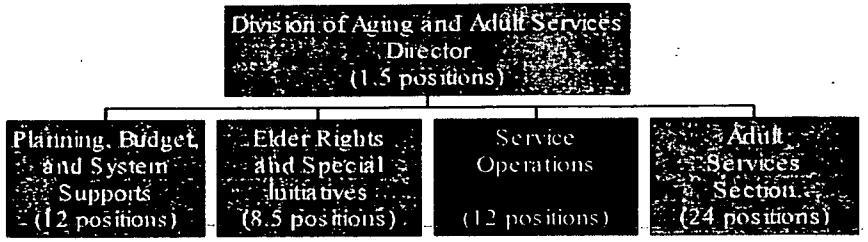
Service Operations HCCBG



Other offered services:

- **Medical Transportation** (51 counties)
- Senior Center Operations (49 counties)
- **Adult Day Care** (37 counties)
- **Housing and Home Improvement** (35 counties)
- **Information and Assistance** (35 counties)
- **Adult Day Health Services** (28 counties)
- **Care Management** (10 counties)

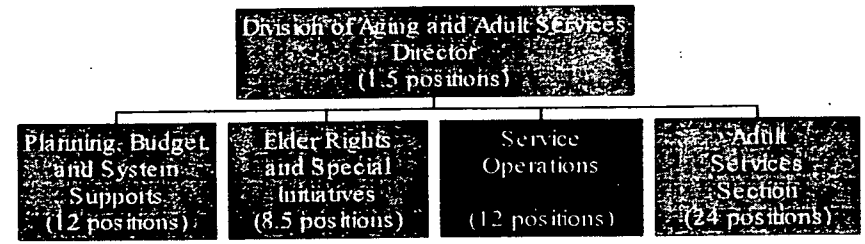
Service Operations
HCCBG



Other offered services:

- **Group Respite** (8 counties)
- **Senior Companion Program** (7 counties)
- Volunteer Program Development (7 counties)
- Health Promotion and Disease Prevention (1 county)
- Health Screening (1 county)
- **Home Health** (1 county)
- **Institutional Respite** (1 county)
- Mental Health Counseling (0 counties)

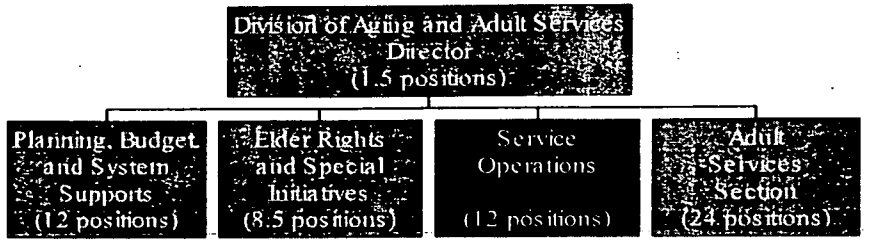
Service Operations
HCCBG



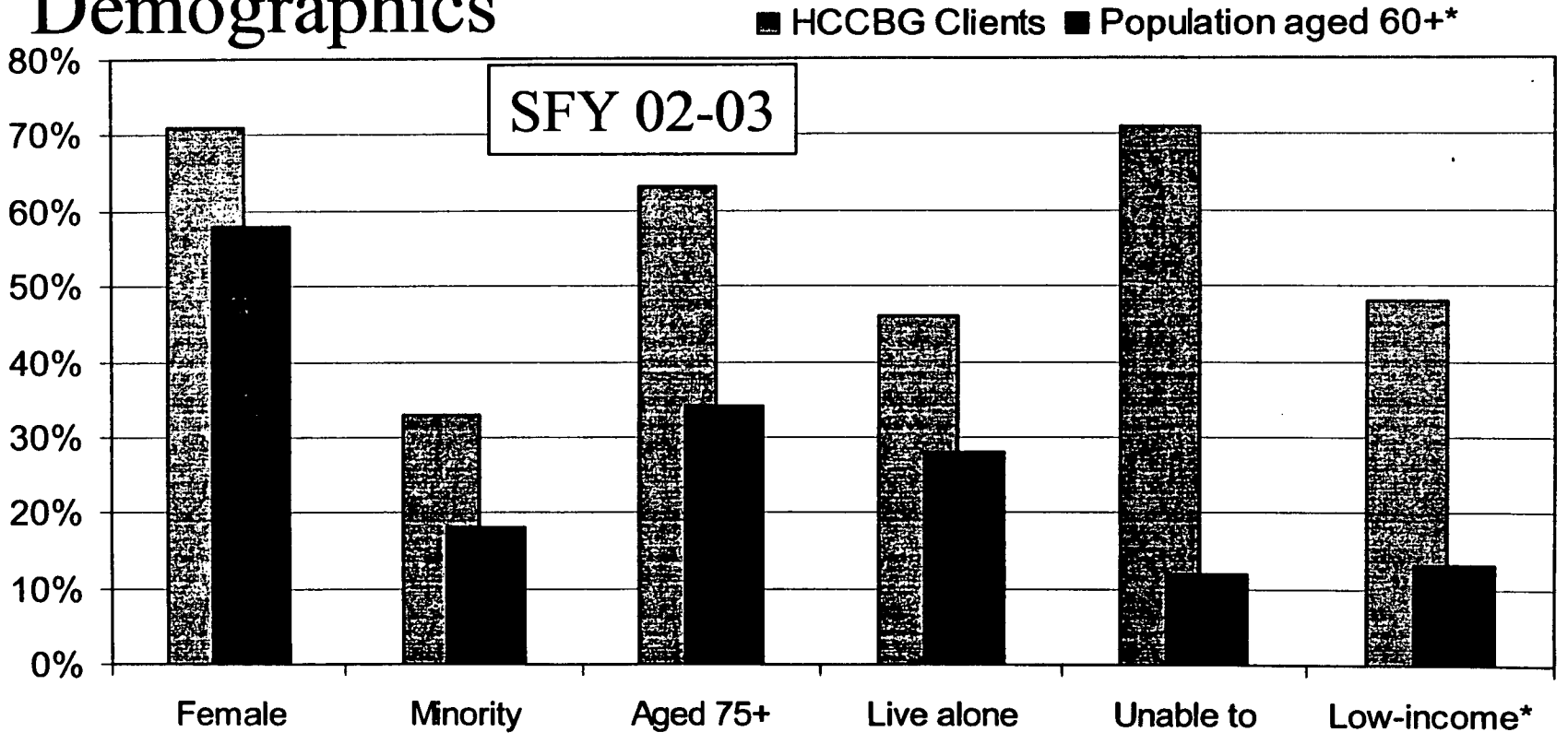
Service		04-05 Budgeted
In-Home Aide		15,867,400
Congregate Meals		12,245,947
Home Delivered Meals		12,177,083
General and Medical Transportation		5,045,426
Adult Day Care/Adult Day Health Care		2,884,696
Senior Center Operations		2,152,413
Information and Assistance		1,384,941
Care Management		776,964
Housing and Home Improvement		716,256
Group and Institutional Respite Care		260,388
Other Services		268,037
Total	**$**	**53,779,551**

Total Unduplicated Clients Served in SFY 03-04	**60,998**

Service Operations
HCCBG

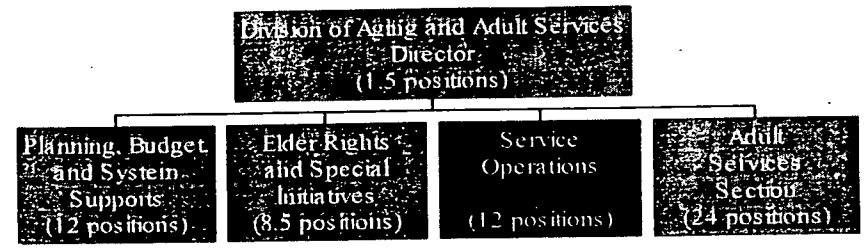


Demographics



**Low-income is defined as having an income below the federal poverty standard. This comparison to the HCCBG clients is only available for the population aged 65+.*

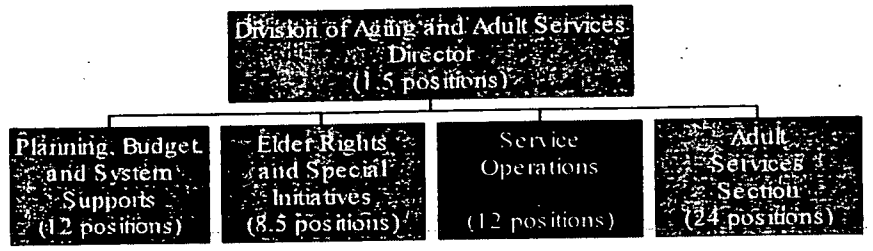
Service Operations



Adult Day Services

- Designed to serve adults experiencing a decrease in physical, mental, and social functioning
- Adult Day Care
  - In a community group setting
  - Provides an organized program of services to support the personal independence of older adults and promote their social, physical, and emotional well-being
- Adult Day Health Care
  - Provides similar services to Adult Day Care and also provides additional health care services

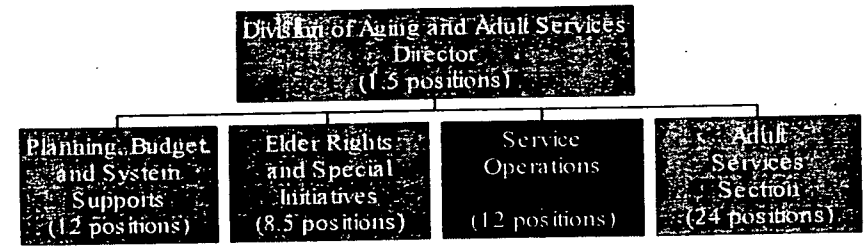
Service Operations
Adult Day Services



- Facilities must meet NC State Standards for Certification, which are set by the Social Services Commission and enforced by the Division

- 105 certified programs in 57 counties
  - 53 adult day care programs
  - 2 adult day health care programs
  - 50 combination adult day care/adult day health care programs

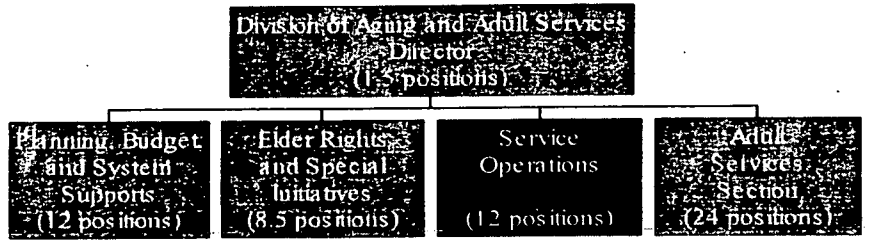
Service Operations
Adult Day Services



Adult day services are funded from two sources:

- HCCBG – 37 counties have chosen to use HCCBG to fund adult day services
- State Adult Day Care Fund (SADCF) – managed by the Division of Aging, but budgeted and reimbursed by the Division of Social Services

Service Operations
Adult Day Services

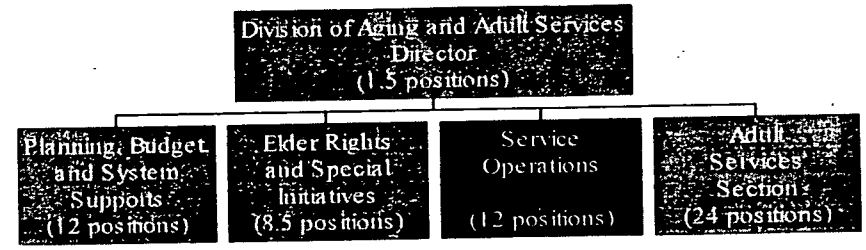


Adult Day Services Funding

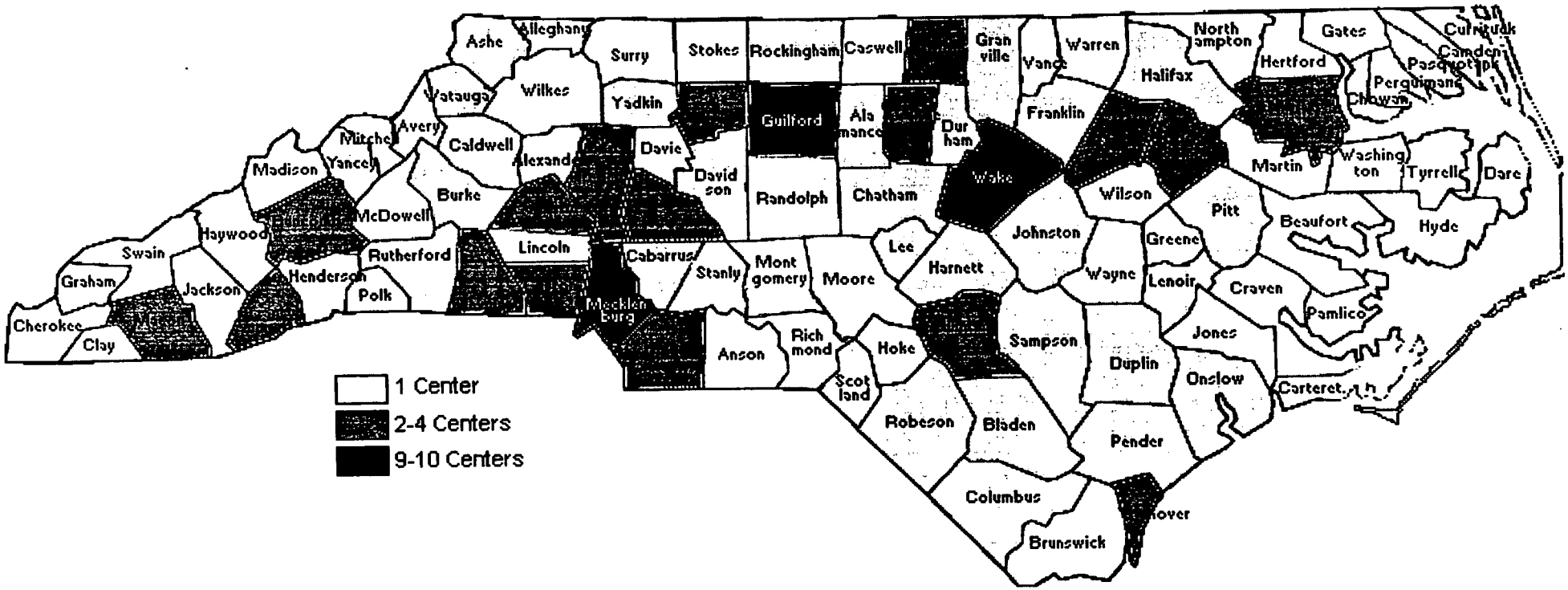
	Federal	State	Local	Total
Home and Community Care Block Grant	$1,035,328	$1,560,898	$288,470	$2,884,696
State Adult Day Care Fund	$2,155,301	$1,252,875	$486,882	$3,895,058
Total	$3,190,629	$2,813,773	$775,352	$6,779,754

Note: Adult day health services are also funded by the Community Alternatives Program for Disabled Adults (CAP/DA), a Medicaid program.

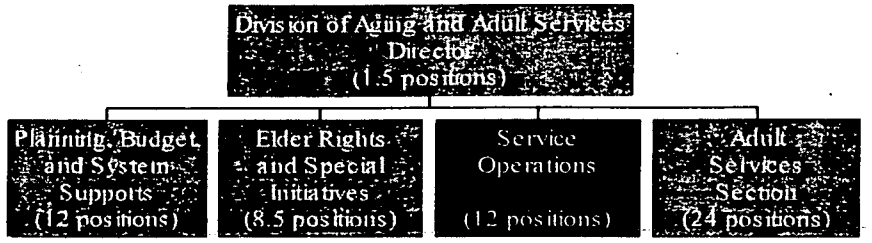
Service Operations
Adult Day Services



Adult Day Services' Locations (57 counties)



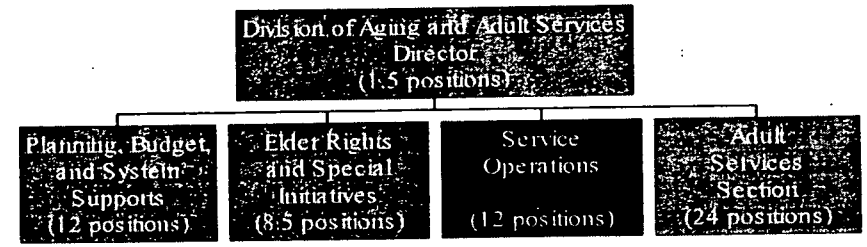
Service Operations
Adult Day Services



Clients Served – SFY 03-04

	Adult Day Care	Adult Day Health Care	Total
Home and Community Care Block Grant	615	558	1,173
State Adult Day Care Fund	958	382	1,340
Total	1,573	940	2,513

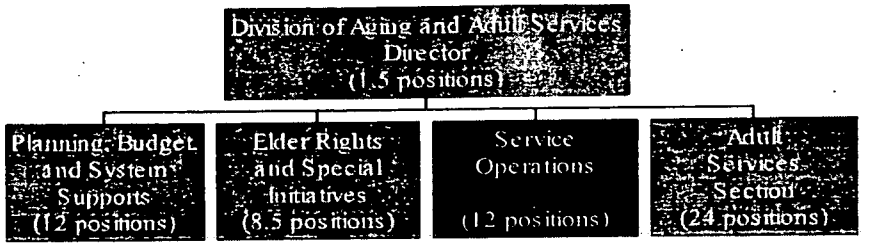
Service Operations



Senior Centers

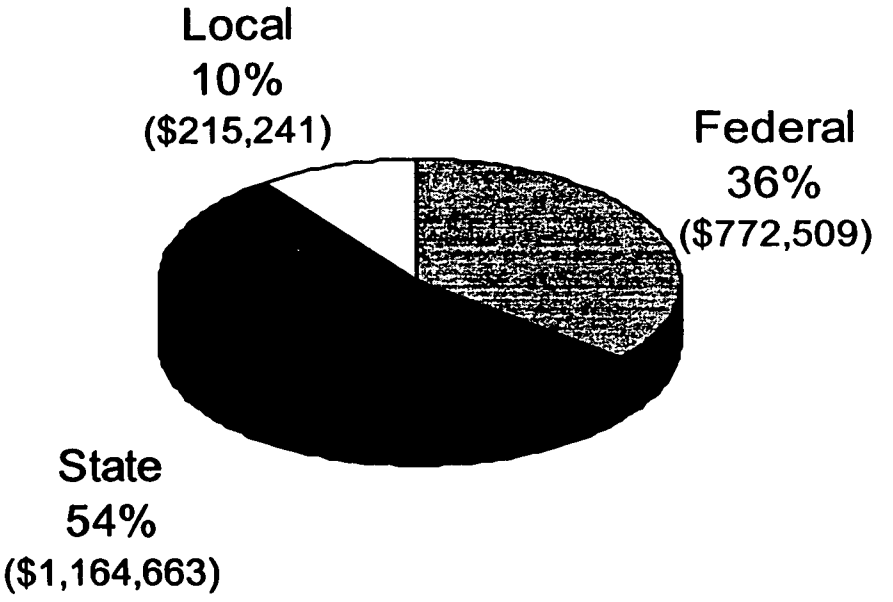
- A community facility where older adults come together for services and activities
- Examples of services at senior centers include:
  - information and referral
  - legal assistance
  - health insurance counseling and claims assistance
  - transportation
  - health education sessions and wellness activities
  - retirement planning
  - community service projects
  - recreational trips

Service Operations
Senior Centers

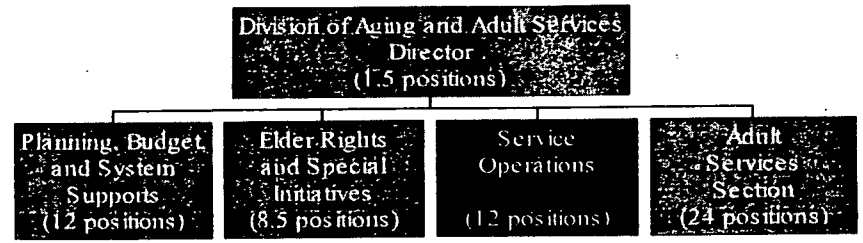


Categories of Funding – Senior Center Operations

- In SFY 04-05, 49 counties chose to fund senior centers with HCCBG
- $2,152,413 budgeted in SFY04-05



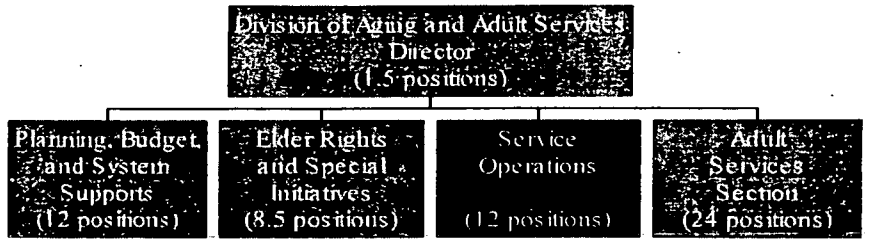
Service Operations
Senior Centers



Categories of Funding – Senior Center Outreach

- Provides senior center activities and programs to unserved and underserved seniors
- Requires 25% local match
- $133,333 of state and local funds budgeted in SFY04-05

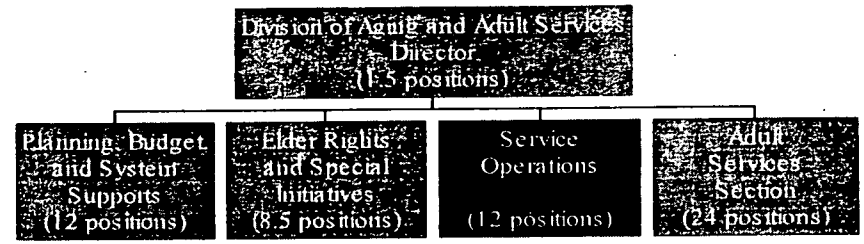
Service Operations
Senior Centers



Categories of Funding – Senior Center Development

- Provides general purpose funding to 158 existing and developing centers
- Amount received depends on the certification level of the center
  - $5,912 for uncertified centers
  - $11,828 for Centers of Merit
  - $17,741 for Centers of Excellence
- $1,687,088 in state and local funding in SFY 04-05 (25% local match)

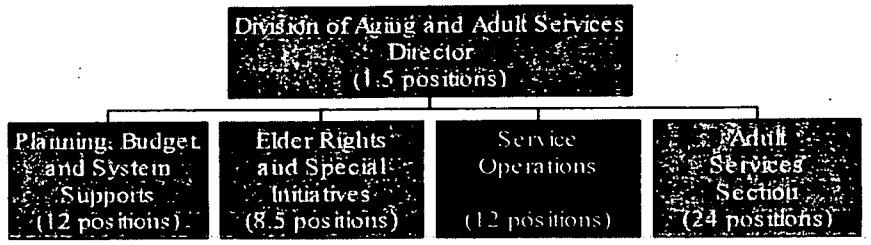
Service Operations



Project C.A.R.E. (Alzheimer's Disease Demonstration Grants to States Program)

- C.A.R.E. = Caregiver Alternatives to Running on Empty
- Goal: Improve the access, choice, use, and quality of respite services for families caring in the community for individuals with Alzheimer's disease or related dementia.
- Received a total of $1,983,450 from 2 federal grants
  - $1,050,000 for 2001-2004
  - $933,450 for 2004-2007

Service Operations



Unmet Needs

- 7,842 "service needs" represented on the Division's waiting list for services
- Participation on the list is voluntary – only about 55% of providers submit data for the list
- Division estimates that $11.7 million in additional appropriations would be required to meet the current services needs represented on the waiting list

Attachment II

North Carolina General Assembly
Legislative Services Office

George R. Hall, Legislative Services Officer
Legislative Services Office
16 W. Jones Street Room 2129
Raleigh, NC 27601-1030 Tel. (919) 733-7044

T[redacted] Goldman, Director
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MEMORANDUM

To: Members of the Joint Appropriations Subcommittee on Health and Human Services
From: Andrea Russo, Fiscal Research Division
Date: March 9, 2005
Re: Mental Health Services Needs of Older Adults

In the subcommittee meeting on March 3, 2005, additional information was requested about the mental health services needs of older adults. The Division of Aging and Adult Services supplied the following information.

How are counties addressing the mental health needs of older adults?
Mental Health Counseling is one of 18 services which counties can choose to fund under the Home and Community Care Block Grant. This fiscal year, no counties have chosen to fund this service from the Block Grant. This is not to say that there is not a need for Mental Health Counseling for older adults in local communities. As with all Block Grant services, counties must make hard decisions about funding a service using a number of factors including (1) current demand for the service (e.g. wait list information); (2) support of the service through other funding sources – both public and private; (3) availability of quality providers; (4) relative cost-effectiveness of the service; and (5) service alternatives.

The lead agency locally for addressing the mental health needs of older adults is the area mental health agency/local management entity (LME). Local aging agencies work closely with the LMEs and other local programs in communities across the state to help older adults access needed mental health services. In addition, numerous local aging agencies in the state provide other Home and Community Care Block Grant services such as in-home aide services, home delivered meals, adult day care, and transportation services to older adults with mental health needs.

The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services has recently initiated several programs to address the needs of older persons with mental health needs who live in their homes as well as those who reside in long-term care settings. For example, twenty geriatric specialty teams have been formed across the state to increase the ability of older adults with mental illness to live successfully in their communities.

Attachment III

North Carolina General Assembly
Legislative Services Office

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MEMORANDUM

To: Members of the Joint Appropriations Subcommittee on Health and Human Services
From: Andrea Russo, Fiscal Research Division
Date: March 9, 2005
Re: Home and Community Care Block Grants Planning

In the subcommittee meeting on March 3, 2005, additional information was requested about counties' processes for determining which services to provide with funding from the Home and Community Care Block Grant. The Division of Aging and Adult Services has supplied the following information.

When the Home and Community Care Block Grant (HCCBG) was created in 1992, county boards of commissioners became responsible for developing and implementing a county funding plan, assisted by a local lead agency and an advisory committee with at least one-third of its members being older adults.

Since 1993, the Division of Aging and Adult Services has helped inform the local decision-making process with county-level demographic and expenditure data collected from State agencies serving older adults. These data allow the lead agency and advisory committee to consider all potential funding sources for services when determining how to spend HCCBG.

Area Agencies on Aging also play an important role in assisting counties in their development of a HCCBG funding plan. They help interpret the demographic and expenditure data—examining variations in regional and county funding over time. Information from their monitoring of provider performance and their experience with local and regional planning can also help determine an effective services mix.

While the HCCBG allocations to counties do reflect federal Older Americans Act mandates through the provision of minimum budget requirements for in-home, access, congregate nutrition, and home-delivered nutrition services, counties still retain considerable flexibility in determining use of the HCCBG for the 18 eligible aging services.

While these services are all valuable, counties must decide the merits of supporting their availability under the HCCBG using a number of factors, including: (1) current demand for the service (e.g., wait list information); (2) support of the service through other funding sources, public and private; (3) availability of quality providers; (3) relative cost-effectiveness of the service; and (4) service alternatives.

If a service is not funded under the HCCBG, it does not necessarily mean that it is unavailable to seniors and their family caregivers in the community. For example, in Lee County (one of the two counties where HCCBG is not used to fund in-home aide) the Board of County Commissioners voted in 1995 to use HCCBG to fund other services and to fund in-home aide with other sources through the local department of social services. The county department of social services also participates in the Special Assistance In-Home program.

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MEMORANDUM

To: Members of the Joint Appropriations Subcommittee on Health and Human Services
From: Andrea Russo, Fiscal Research Division
Date: March 9, 2005
Re: Information Requested on the North Carolina Long-Term Care Ombudsman Program

---

In the subcommittee meeting on March 3, 2005, additional information was requested about the types of complaints handled through the state's Long-Term Care Ombudsman Program. The Division of Aging and Adult Services provided the following information.

For Federal Fiscal Year 2004 (as of 1/31/05) there were 3,460 complaints processed through the Long-Term Care Ombudsman Program. Of these:

- 2,976 (86%) resolved or partially resolved,
- 415 (12%) were withdrawn or required no action, and
- 69 (2%) were not resolved to satisfaction of complainant.

Of the complaints handled by the program, 160 complaints (5%) were referred to other agencies for investigation.

Complaints by Facility Type:

- 2,203 total nursing facility complaints (64%)
  - Top 5 nursing facility complaints:
    - Dignity issues, respect, staff attitudes
    - Discharge/eviction (planning, notice, procedures, implementation)
    - Personal hygiene (dressing, grooming, oral hygiene, nail care)
    - Inadequate supervision of resident, resident falls
    - Symptoms unattended, no notice to others of change in condition

- 1,257 total adult care home complaints (36%)
  - Top 5 adult care home complaints:
    - Dignity issues, respect, staff attitudes
    - Medication administration issues
    - Billing/charges-notice, approval, questionable accounting wrong or denied (includes overcharge of private pay residents)
    - Discharge/eviction (planning, notice, procedures, implementation)
    - Menu/food service (quantity, variation choice, condiments, utensils)

VISITOR REGISTRATION SHEET

JOINT APP. SUBCOMMITTEE ON HEALTH & HUMAN SERVICES 3/3/05
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Peyton Mayhard	SR
Dana Pickel	The Arc
Jim Tibbs	NAMI NC — Cary
Richard E. Chase	Richard E. Chase & Associates
John McHugh	Gov office
Les Alley	Alley Assoc
Dennis Gaddy	Good Work Community Success Initiative
Lemuel W. Thornton	Community Success Init
April Gaddy	Knightdale High School
Bettina Thornton	Wakefield High School

VISITOR REGISTRATION SHEET

JOINT APP. SUBCOMMITTEE ON HEALTH & HUMAN SERVICES 3/3/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Starla McKenney	NC DHHS
Lanier Cansler	DHHS
Jon Wilson	NCALTCF
Evelyn Hawthorne	DHSR
Kelly Beth Smith	MHA-NC
Steve Shore	NC Pediatric Society
Abby Emanuelson	NMSS
Wadelia Brantley	Aging & Adult Serv.
Gary Cyrus	DMHS
Steven Freedman	DMHS
Karen Gottovi	DMHS
[illegible]	DAS
Andy Elken	NCRMA
Bill Rust	ACP

VISITOR REGISTRATION SHEET

JOINT APP. SUBCOMMITTEE ON HEALTH & HUMAN SERVICES 3/3/05
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Debbie Barnes	OSBM
John Mandeville	HHS
Mark Benson	Capitol Group
Tina Fuller-Thorpe	OSBM
Daphne Lyon	OSBM
Wayne Williams	OSBM
John Rusher	NCPS
Jack Cozort	Parker Poe
Jim Rogers	Home Care / Hospice
Patti Q. Jones	FRLTC
Jennifer Fuhrman	NASW-NC/C2001

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 9, 2005

8:30 AM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Budget Overview	
Division of Aging and Adult Services	*Andrea Russo, FRD Staff*

2:00 PM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Budget Overview	
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	*Carol Shaw, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

WEDNESDAY, MARCH 9th, 2005
8:30 AM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Joint Appropriations subcommittee on Health and Human Services met on Wednesday, March 9, 2005 at 8:30 am in room 643 of the Legislative Office Building. House members present were Representative Jeff Barnhart, Representative Verla Insko, Co-Chairs; Representative Farmer-Butterfield, Representative Hollo, Vice-Chairs; Representatives B. Allen, Current, England, and Stam. There were seven senators present: Senator William Purcell, Co-Chair; Senators D. Berger, Blake, Dannelly, East, Forrester, Kerr. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Barnhart called the meeting to order and presided over the meeting.

Andrea Russo from the Fiscal Research Division distributed handouts on the Division of Aging and Adult Services, which are made part of these minutes. Ms. Russo reviewed the documents and answered questions.

Representative Barnhart adjourned the meeting at 10 am.

Jeff Barnhart
Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin
Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration



Report

Of the

Findings and Recommendations

Of the

Adult Care Home Cost Modeling Committee

Mission:
To develop a consistent and defensible costing methodology that considers the full cost of operating Adult Care Home facilities to ensure that resident care needs are met.

December 17, 2004

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1. Capital Cost Component Report	
2. Final Assessments Report from M&S	

List of Acronyms

ACH – Adult Care Home
ADL – Activities of Daily Living
APA – Administrative Procedures Act
CFR – Code of Federal Regulations
CMS – Centers for Medicare and Medicaid Services
COLA – Cost of Living Adjustment
CPI – Consumer Price Index
DFS – Division of Facility Services
DHHS – Department of Health and Human Services
DAAS – Division of Aging and Adult Services
DOL – U.S. Department of Labor
DSS – Division of Social Services
EIS – Eligibility Information System
FCH – Family Care Home
FL-2 – Level of Care Designation Form
FRV – Fair Rental Value
FTE – Full Time Equivalent Staff
HAL – Homes for the Aged
HML – Homes for the Mentally Ill
IPD – Implicit Price Deflator
MDS – Minimum Data Set
MMIS – Medicaid Management Information System
NF – Nursing Facility
OSBM – North Carolina Office of State Budget and Management
PCS – Personnel Care Service
RN – Registered Nurse
RUG – Resource Utilization Grouper
SA – State and County Special Assistance
SCU – Special Care Unit
SMM – State Medicaid Manual
SSA – Social Security Administration
SSI – Supplemental Security Income

In October 2002, DHHS Deputy Secretary Lanier Cansler announced the formation of an Adult Care Home Cost Modeling Committee (hereinafter referred to as the Committee) to study "the development of a consistent costing methodology" to establish rates for State and County Special Assistance (SA) and Medicaid Personal Care Services (PCS) which fund the care of approximately 70% of the residents in North Carolina's Adult Care Homes (ACHs). (See Attachment 1 announcing formation of the Committee and Attachment 2 for a list of Members of the Committee.) At that meeting, the Deputy Secretary explained that he frequently heard complaints from providers about staffing needs beyond their ability to pay and beyond regulatory requirements, that reimbursement was insufficient to maintain a reliable workforce to meet resident care needs, and about unfairness in determining the capital cost component of the rate. He also heard complaints from advocates and the general public about failure to properly care for residents. Deputy Secretary Cansler's intent in forming the Committee was to develop an improved methodology for establishing an accurate and fair reimbursement rate that is based upon the substantiated care needs of the existing residents and a standardized quality of care.

The Committee agreed to the following mission: **To develop a consistent and defensible costing methodology that considers the full cost of operating Adult Care Home facilities to ensure that resident care needs are met.** The Committee did not start with any preconceived target rate; rather, it started with gathering appropriate cost information from the provider community and identifying demographic and medical care needs of the population served. Excellent discussion occurred on the array of issues surrounding the continuum of care for North Carolina residents in these facilities: appropriate staffing to meet resident care needs, staffing required by licensure, determining resident mix and how that impacts cost of care, processes used to track and report costs, the cost of meeting regulatory requirements, appropriate reimbursement for the capital cost component of facilities, and whether North Carolina's Medicaid State Plan provides the flexibility of process and definitions utilized by other states, among other issues. From these discussions a matrix of both long term and short term actions was developed. (See Attachment 3 for the final version.)

In North Carolina, Homes for the Aged Licensed (HALs) are licensed as either ACHs and have 7 or more beds or as Family Care Homes (FCHs) and are licensed for 2 to 6 beds. In response to a growing number of facilities advertising special care for persons with Alzheimer's Disease or other related forms of dementia, the State established an "Alzheimer's Special Care Unit" (SCU) designation which applies to either stand alone facilities or separate units within the ACH spectrum. For purposes of this study, the Committee focused only on HALs of thirty or more beds, with and without SCUs and those that were SCU only. (Note: Due to the limited number of facilities with SCU beds, some facilities had as few as 24 beds.)

The methodology utilized by the Committee consisted of deciding upon the model approach and developing the model, gathering and analyzing cost/rate information, creating a new method for determining capital costs, assessing resident care needs, and extensive research of Federal and other state approaches to providing care to this population. All this was done under one condition--that no one currently receiving State and County Special Assistance (SA) would be disenfranchised from appropriate SA and Medicaid coverage as a result of our recommendations. Over the long term, this methodology allows for future rate setting that can be updated for inflation, for changes in facility and care standards and periodically adjusted to reflect resident populations and staffing requirements. The ultimate goal of such a process is to develop an operational environment that produces higher standards of care for ACH residents.

Adopting the cost model approach recommended by the ACH Cost Model Committee will result in allocating more hours to appropriately address client care needs and increasing salaries and benefits to ensure a stable and competent workforce. The Committee discovered that while NC had based its PCS reimbursement on 1.1 hours per resident per day, in fact, resident assessments, when compared to national studies, indicate a need for 2.31 hours for basic ACH residents and 4.07 hours for SCU residents. Additionally, North Carolina salaries and benefits are currently below national averages. Most alarming is that many fragile older residents are being housed with younger and stronger, often mentally ill, residents. Making these changes will change the current daily rate for basic PCS in HALs and in SCUs, which is $18.57* (based on the current 1.1 hours per resident per day) to $41.26 for residents in HALs (based on the recommended 2.31 hours per resident per day) and $72.69 for residents in SCUs (based on the recommended 4.07 hours per resident per day). (*This is actually weighted average for the 1-30 bed category and the 31+ bed category.)

North Carolina's system of long term care has consistently been noted to be a fragmented "patchwork" of programs and very confusing to consumers seeking long term assistance and support. The 2001 NC Institute of Medicine's Task Force on Long Term Care made a number of recommendations involving the creation of a uniform system of entry into long term care. The Division of Aging and Adult Services (DAAS) has received a Federal grant to work on a pilot project to design and implement a community-based information and assistance program for the elderly and the disabled. DAAS has looked to DMA to ensure that a pilot chronic care management component is developed as part of the overall design.

Should the State decide to (1) increase the public financing for ACH services to more accurately reflect the cost of care; (2) create different rates to acknowledge the higher cost of care and staffing needs of SCUs; and (3) make sure that persons with mental health needs get the appropriate treatment services upon admission and following placement, then there needs to be good screening, assessment and client tracking systems developed for ACHs. These management systems would include the following:

1. An improved pre-admission approval system with mental health screening;
2. A prior approval system for SCUs;
3. Medicaid criteria for placement purposes;
4. Use of more sophisticated and automated assessment and care planning tools to help facility staff manage their residents; and
5. Utilization management and quality assurance programs to assist the State in monitoring care, services and placement.

Numerous recommendations have been identified as a result of the Committee's work. Legislation, IT systems, rules and processes must be adjusted or developed. Implementation will not be easy or inexpensive, but the methodology provides a firm foundation for future rate setting. As stated above, based on resident care needs identified through the resident assessments conducted, staffing levels must be increased. The Medicaid PCS cost of implementation will be $188,854,207 ($120,167,932, Federal; $50,152,255, State; and $18,534,020, county). The detail breakout to implement the 2.31 and 4.07 PCS hours per day for all HAL and SCU Medicaid ACH-PCS is:

- ACH-PCS for HAL Facilities (2.31hr/day) equals $180,096,959
- ACH-PCS for SCU Facilities (4.07hr/day) equals $8,757,248

For SA there will be an additional $9,980,260, evenly split between State and county funds, to raise the existing rate to $1124. There will be cost associated with the proposed adoption of an income disregard payment to avoid disenfranchising current SA recipients in the amount of $22,660,113 ($14,411,910, Federal; $6,335,278, State; and $1,912,925, county). See Attachment 6 for a full breakout of these costs. As yet undetermined expenditures will also be required to implement systems changes for the income disregard. Additionally, the recommendations surrounding the screening and assessment processes to ensure residents are placed in the appropriate long-term care setting according to their care needs will cost an estimated $850,000 in developmental costs and $1,344,000 in annual operations. See Attachment 7 for a full breakout of the costs associated with screening and assessments.

Along with these recommendations for increased assessments, salaries and benefits for ACH workers, and increased hours of care for residents, the Committee recognized the need for verification that the increased rate is directed toward quality improvements in resident care. This will be closely watched through routine monitoring and random audits. Additionally, DHHS has included in its expansion budget request additional resources to expand expectations from county Adult Home Specialists for improved inspection and oversight. This is the first time in many years the Department has addressed cost reimbursement in such a thorough and systemic way. The Committee acknowledges that whatever the rate methodology or reimbursement amount, the General Assembly has the final decision on setting the rate. We believe adopting the suggested rate setting model will provide members of the General Assembly, the public, residents and providers, a clearer understanding of the costs of care and a balanced mechanism for determining rates. Very likely the General Assembly will find this package difficult to finance immediately, however recommendations are closely linked and must have coordinated implementation to succeed.

Subsequent to the completion of the draft report, it was reviewed by representatives of the North Carolina County Commissioners Association and the North Carolina Association of Directors of Social Services. Both organizations agreed with the focus on resident care and in general support the recommendations of the report. Indeed one reviewer commented, "The challenge from our perspective seems to be making sure that additional funding is channeled into direct care and services for residents. This study seems to be a first step in that direction." As expected, there is concern over the increased funding required at the county level.

Representatives from several advocacy groups also reviewed the report and support the cost model approach as a systemic way to determine rates based on resident care. All reviewers recognize, as does the Department, that there will be challenges in implementing the recommendations. Some of these challenges are appropriate training for providers on the assessment process, determining the best entity to perform such assessments, development of performance expectations and frequency of application of the inflation factor. These and other implementation details will be resolved by a representative group of individuals at the time the approach is approved.

Developing the Model

Because of the desire of the ACH Cost Modeling Committee to develop a rate that provides more standardized quality to these facilities, it was agreed to develop the cost model from data gathered from selected cost effective and efficiently run facilities which met established criteria determined by the Committee rather than on the basis of all facilities. Since industry representatives frequently commented that the cost report format did not properly reflect the true cost of meeting the care needs of residents as opposed to the regulatory requirements, the format was modified to allow providers to justify increases for staff, benefits or other support line items necessary to meet both regulatory requirements and the care needs of residents with the intent that this would provide valuable comparative staffing and cost data later. A separate subcommittee was established to address the perceived inequities of the capital cost component of the cost reports.

Letters were sent to identified facilities explaining the cost model concept and asking for participation. Training was provided to the selected model facilities in three locations around the state (Hickory, Raleigh and Greenville) to explain the revised cost report format and how it would be used and to answer questions about terminology and definitions. Although the training was provided in April 2003, the Committee was still waiting for some revised cost reports from selected facilities in January 2004. Once the completed, revised reports were received, the staff of the DHHS Controller's Office clarified information to ensure completeness.

During the development of the modeling process and selection of facilities to use in the model, extensive research was conducted of Medicaid State Plans in other states, different methods of costing the capital component and resident assessments were performed. These efforts are discussed in the following sections: Rate Setting and Fiscal Impact, the Capital Cost Component, Resident Assessments and Research.

Selection of Facilities for the Model

The first step in developing the cost model consisted of identifying representative facilities to participate in the study. Two types of HAL licensed homes were originally targeted: (1) facilities that are entirely SCUs or that have SCUs, and (2) those without SCUs. With the assumption that different sized facilities would have diverse levels of staffing requirements as well as varying levels of costs, the modeled facilities were grouped according to the number of licensed beds. See Selected Information for HAL Model Facilities and Selected Information for SCU Model Facilities at Attachments 4-1 and 4-2, respectively.

The following criteria were applied to select facilities for the modeling process:

- Appropriate geographical and urban rural representation
- Mixture of both private pay and public funding
- Occupancy rate at a minimum of 80%
-
- Include Special Care Units (SCUs) within facilities and those that are stand-alone facilities
- Representation from the following size categories: 31-60 beds , 61-90 beds, and 91+ beds
- Must have been in business for at least one year
- Minimum of 3 facilities per group (therefore 5 were identified to allow for refusals to participate or other probabilities of non-participation)
- No disproportionately high indirect cost ratios compared to direct costs
- No history of penalties and fines
- Those facilities that met the above criteria, were reviewed by industry representatives, the local Departments of Social Services, and the Friends of Residents in Long Term Care as efficient and respected facilities with a good reputation for serving residents

Analyzing the Cost Information

Once the cost reports were received from the model facilities, the painstaking process of analyzing the information started. The cost model began with the existing cost report of each facility and then incorporated the flexibility to address cost needs that are not adequately compensated in rates that are based solely on historical costs adjusted for inflation. One of several needs that industry representatives cited which impacts the care that residents receive is the inability of the facility to fund benefits for full time staff at the existing reimbursement rates. Lack of benefits creates employee turnover and negatively impacts the quality of care provided to the residents. Therefore, the facilities were given the opportunity to add costs for "additional needs" identified at their facility and explain how these additional needs were important for the care of their residents.

The format of the cost report classifies expenditures into specific categories: SA, PCS, Administrative, Medical Transportation, Mental Health Services and Non-Reimbursable Costs. Rates for SA and PCS are based upon the following cost components:

SA

- Housekeeping and Laundry
- Dietary
- Recreational Activities
- Property Ownership and Use
- Operations and Maintenance

PCS

- Personal Care Services
- Health Services
- Initial Orientation/Aide Training

Costs excluded from the analysis are Non-Reimbursable, Mental Health Services and Medical Transportation since these costs are not related to SA or PCS. Medical transportation is reimbursed by Medicaid in a separate process, and Administrative costs were allocated across all cost components above.

The 2002 cost report format and data formed the basis for the modeling exercises. Following are the assumptions and methodologies used in compiling the cost model:

- Assumed the costs in the 2002 cost reports reflected staffing in compliance with North Carolina licensing and operating requirements.
- Additional needs for providing adequate services to meet the unique care needs of the population were identified by the facilities and added to the 2002 base.
- Added costs for current full-time staff in cases where staff had been added subsequent to the submission of the cost report.
- Facilities were asked to separate hours reported on their original cost report into regular and overtime hours so that an appropriate adjustment could be made for the additional cost of overtime.
- PCS FTEs were calculated as follows:
  1. First Line Supervisors – staffing requirements per 10A NCAC 13F.0605
  2. Medication Aides – 37 minutes per resident per day. (Source: An analysis conducted by Jan Brickley, a DFS pharmacist, in 1999, to determine additional work effort required by medication administration rules made effective in 2000.)
  3. Resident Aides – Myers & Stauffer RUG analysis (described later in this report).
  4. Registered Nurses – 1.15 hours per resident per month needing RN services. (Source: Information provided by the NC Assisted Living Association based on Licensed Health Professional Support requirements for RN competency for certain tasks in 10A NCAC 13F.
  5. Median hourly wage rates established by the U.S. Department of Labor (USDOL) for North Carolina were used to calculate salaries by job classification for full-time FTEs. These wage rates were inflated annually based upon inflation factors provided by the N.C. Office of State Budget and Management (OSBM). Casual labor costs were also inflated by these percentages.
- Benefits were calculated on the 2003-04 average benefit rate of $2.44 per hour for each full-time position identified by the facility. Inflation factors provided by OSBM were applied annually. The benefit rate is based on the employer costs for

employee compensation for paid leave, insurance, retirement and savings. (Source: DOL, Bureau of Labor Statistics.)

- Payroll taxes were calculated on total salaries which are based on the inflated hourly wage and include additional FTEs identified by the facilities and Myers & Stauffer's staffing recommendations in the PCS cost center.
- Non-labor expenses were based on reporting year 2002, and have been inflated by applying the annual Gross National Product Price Deflator provided by OSBM.
- A capital cost adjustment of $11.16 was included in the SA rate and was calculated as an average of the 2002 and 2003 capital adjustments of $13.58 and $8.74 per month, respectively. No inflation factor was applied.
- Non labor costs were inflated to reflect projected costs for SFY 2005-06.

To arrive at the PCS FTEs described above, the committee reviewed Myers & Stauffer's analysis of the resident assessments to gain insight into the mix and to understand the resident care needs in ACHs. (See the following section on Resident Assessments.)

Establishing the Rates

Once all components of the cost report were analyzed and combined, the SA and PCS rates were reviewed. Although rates did vary between the different size categories of the non-SCU ACHs, setting separate rates by facility size is not allowable based on current APA rules and payment structures. As such, only one rate was determined for the non-SCU facilities.

The proposed SA rate for the non-SCU adult care homes based on the cost modeling exercise was calculated to be $1,124 per month for 2005-06 compared to the recently established rate of $1,084 per month (effective 10-1-04). The cost model for the SCUs yielded a rate of $1,515 per month versus the $1,084 SA rate in effect. SCUs typically have a lower number of SA residents, thus the financial impact is not excessive. The higher SCU rate was expected since the maintenance and level of care of the SCU residents are more extensive than the non-SCU residents. This finding was supported by information gathered on residents' needs using an assessment process that served as a key component to the ACH cost modeling and is described in more detail later in this report. (See Attachment 5-1 and 5-2 for Rate Proposal for Non-SCU Facilities and for Rate Proposal for All SCU Facilities, respectively.)

The SA rate under the cost model yields a forecasted increase of nearly $10M in SA payments in fiscal year 2005-06 from fiscal year 2004-05. This cost represents an increase in the SA payments to current SA recipients and an average increase of 19 new SA eligibles per month in non-SCU facilities. Only 5 new eligibles per month are projected for SCU facilities from among the currently eligible group. The PCS cost of implementation will be $188,829,187 ($120,152,012, Federal; $50,145,611, State; and $18,531,564, county).

Capital Cost Reporting

Capital costs are typically defined as depreciation, amortization, lease, and mortgage interest expenses, but may include other related expenses such as property taxes and property insurance. Capital costs can also include rent paid to another facility owner. Traditionally, North Carolina has reimbursed facilities using a single state-wide rate based on facility cost reports, as reported in various "cost centers". Historically the "capital cost center" did not recognize cost of capital, differences of ownership structure, whether facilities were owned or leased, geographic cost-of-living differences, and existing tax laws. The ACH Cost Modeling Committee recognized the need to address capital assets in a more thorough manner and formed a Capital Cost Modeling Subcommittee led by the DHHS Internal Auditor. The objectives of the Subcommittee were to develop a methodology based on the need to administer an equitable return on facility investment, minimize administrative costs associated with capital reimbursement, and to standardize the rate setting process so that it would be more easily understood and evenly applied.

The Subcommittee contacted Myers & Stauffer, LLC, to find out more about approaches used by other states. Fortuitously, in 1998, Myers & Stauffer, LLC, developed a report for the State of Washington comparing property payments for nursing facilities. Generally, states use one of four methodologies to reimburse capital costs: (1) flat rate, (2) cost based, (3) fair rental, or (4) blended. Each of these methodologies has unique advantages and disadvantages which are more fully described in Attachment 6, Adult Care Home, Capital Cost Reimbursement Study, Position Paper, dated May 2004. The Subcommittee weighed and considered each of the four alternative approaches in order to develop a recommendation for the full committee. Using the Myers & Stauffer, LLC, study and adapting the historical information contained within NC's cost reports, the Subcommittee recommended a fair rental value (FRV) approach to capital reimbursement. This approach treats capital components from a rental vantage point similar to renting other lodging, a hospital bed or office space. Under this concept, government is not interested and does not become involved in real property management issues/costs such as mortgage interest, capitalization policies (depreciation), leasing, repairs and renovations and a host of other ownership issues. The FRV concept merely looks at the value of the space from a rental perspective.

In essence, the variation of the FRV approach chosen utilizes the adjusted county tax appraisals for the various facilities and applies a rental factor. The Subcommittee selected 2001 as a hold harmless base year and then calculated the facility FRVs for the following two years and applied an Implicit Price Deflator IPD (which adjusts for inflation). For 2002, this process resulted in increased Special Assistance monthly costs/rates of $14 (from $1183 to $1197 per bed). For 2003, the Special Assistance monthly cost/rates would have increased by $9 (from $1,188 to $1,197 per bed). These resulting increases are currently small due to the low inflation rates which have been experienced over the last few years. As inflation increases, the limiting IPD factor would also increase, providing a greater increase in allowable costs.

Resident Assessments Process

The Need for Resident Assessments

Over the course of the last several years, the resident "mix" in ACHs has changed. Some of this change may be due, in part, to the US Supreme Court Olmstead ruling of 1999 and subsequent state planning efforts to divert or transition residents away from state psychiatric hospitals towards the least restrictive appropriate level of care, which has in turn increased the mentally ill population in ACHs. Younger persons with varying forms of mental illness are being placed in facilities with older, more physically frail populations. Increasing populations of residents with greater health care needs and with a diagnosis of mental illness have resulted in the promulgation of rules over the past several years addressing medication administration, staff training, resident assessments and care plans, and licensed health professional support. The mix of frail elderly with younger, mentally ill residents is of growing concern considering minimum staffing requirements and the lack of mental health resources in many areas of the State to provide needed services to mentally ill residents.

Other forces that may be impacting the overall composition of the population dependent on public funds and living in adult care homes include: (1) the increase in the availability of newer Assisted Living facilities which offer more options to the private pay resident and those elders able to make choices about living options, and (2) the SA In-Home Program, operated through local departments of social services, which allows persons who "qualify" for placement in an ACH to live in their private residences. The Committee felt that the combination of these and other factors had resulted in an ACH population with many chronic medical conditions, high levels of mental health needs, and heavy Activities of Daily Living (ADL) needs which together make the population much more dependent on personal care assistance. Yet, industry representatives informed the Committee that regulatory staffing requirements have not changed to reflect the care needs of the population. For these reasons, from early in the deliberations of the Committee, the need for a comprehensive assessment of the resident population was identified.

The current placement process for persons dependent on public funding entering ACHs and the ongoing assessment process of ACH residents are:

> *A person's attending physician must complete and sign a one-page FL-2 form that includes the current and recommended level of care, the diagnosis of the client and any other pertinent information about the client, including items such as functionality and medications. Within 72 hours of admission, the facility conducts an initial assessment of the resident using the Resident Register, an informational form required in rule as part of the admissions process. Another assessment is conducted within 30 days of admission and annually thereafter using the DMA 3050-R or an equivalent. In almost every case, all of the assessments tools are completed manually by the physician or the facility staff.*
> (NOTE: An electronic FL-2e is currently available through ProviderLink, Inc. and is being used primarily for prior approval of nursing facility admissions.)

None of the above mentioned forms are considered a comprehensive assessment instrument nor is the information on the ACH resident recorded in a format that would support data collection or a statewide comparative analysis among the ACH population and populations in other long-term care settings.

To assist in the resident assessments and analysis of the assessment data in a timely manner for the work of the Committee, the Division of Medical Assistance used an existing contract with the consulting firm of Myers & Stauffer, LLC. This firm is known for its expertise in the Minimum Data Set (MDS) assessment tool and the Resource Utilization Grouper (RUG) scoring system. The study was approached in two phases to provide the Committee with assurance that the data collected would produce the outcomes necessary for good decision making. One of the major components of the work performed by Myers & Stauffer, LLC, was a statistical comparison of the ACHs using the same methodology as other national studies to determine staffing needs.

The Assessment Process

The MDS is a **well-researched resident assessment instrument** used nationally by all Medicare certified nursing facilities, and this instrument was determined by the Committee to be the best option available for gathering information on the care needs of the ACH residents. Closely associated with the MDS is the Resource Utilization Grouper (RUG) resident classification system. The RUG system uses information from the MDS to categorize residents into one of 34 different groups based on the intensity of medical conditions/needs, including cognitive impairments and functional limitations as measured by the ability to perform ADLs. ADL needs are a critical component to calculating overall resident needs and are important in determining the outcome of the RUG analysis and staffing requirements. The RUG analysis was performed using the same methodology used in a nursing facility time study conducted from 1995-97 by CMS, and this analysis informed the Committee of the quantity and levels of staffing time required to meet the unique care needs of the residents. (NOTE: A modified MDS 2.0 version was completed by contract nurses during the assessment process. The RUG analysis was performed using RUG-III 34 classification system, Version 5.12.) Once the decisions were made on the assessment instrument and the methodology for analysis of the data, the next step was to determine who would perform the assessments. The Division of Medical Assistance entered into a contract with the Association of Home and Hospice Care of NC for the services of nurse assessors located throughout the State. These nurse assessors were employees of local home health agencies. The contract nurses went on-site to the ACHs selected for the study and completed the MDS on all the residents in the facility (Medicaid and private pay). Although the contract nurses were required to be proficient with the MDS, Myers & Stauffer, LLC, provided "refresher" training via teleconferencing.

All of the facilities participating in the cost modeling received materials in advance to explain the purpose of the study and to provide names of contact persons should there be questions. In addition, the facilities were provided with a copy of the MDS guidelines. The nurse assessors used observation, medical or other resident charts, talked with the facility staff and gathered resident input to complete the MDS. Once the nurse assessors completed the MDS assessments on the residents in the selected facilities, the forms were mailed to Myers & Stauffer, LLC, for data entry and RUG analysis. The analysis would produce a comparison of resident profiles between ACH and nursing facilities on available data elements, including:

- RUG distribution (by group and score)
- Cognitive Performance Scale scores
- ADL scores
- Payer source breakdown
- Selected conditions or "outliers"
- Demographics of population

In order to accommodate review and decision making by the ACH Cost Modeling Committee, the assessments were performed in two phases, the first for non-SCU facilities and the second for SCU facilities and MHLs. Actual on-site visits by the contract nurse assessors started June 20, 2003.

Phase I:

- August 2003 – Myers & Stauffer, LLC, completed an analysis on four ACH facilities which included 215 assessments. After review of the analysis, the Committee decided to add a fifth facility to address the concern that the first four facilities did not adequately reflect a population with mental health needs. In December 2003, the fifth facility analysis was completed, increasing the total number of assessments to 270.
- December 2003 – Assessments were completed on a total of 549 ACH residents in nine facilities, bringing the total number of assessments to 819.
- January 2004 – A report was submitted by Myers & Stauffer, LLC, for review by the ACH Cost Modeling Committee.

Phase II:

May 10, 2004 – Myers & Stauffer, LLC, completed the final report adding the Phase II resident assessments that included 11 ACH special care units (SCU) and 8 mental health group home facilities to the Phase I resident assessments. The total assessments for ACH residents now reached 1,137 and 28 mental health residents.

Myers & Stauffer, LLC, issued a final detailed report to the Committee on May 10, 2004. The complete, final report, which provides details on the findings of the MDS results and the RUG analyses, is attached to this report.

Highlights of the MDS Resident Assessment Report

The Adult Care Home population looks similar to the nursing facility population in most of the MDS categories. The SCU population that represents residents with Alzheimer's or related dementia demonstrates more memory issues and a higher level of behavior problems, requiring cueing and supervision. Overall, in the ADLs, the nursing facility population was far more dependent than any of the ACH population. However, the ACH SCU population reported a heightened need for assistance in dressing, toilet use, personal hygiene and bathing--all ADL needs.

The RUG scores reflected the wide range of residents needs. Most of the residents (51%) clustered at the lowest RUG category, Reduced Physical Functioning. The overall results in RUG scores for the 1,137 residents were:

- Reduced Physical Function — 582 residents (51%)
- Impaired Cognition — 397 residents (35%)
- Clinically Complex — 110 residents (9.6%)
- Behavior Problems — 32 residents (2.8%)
- Special Care — 10 residents (<1%)
- Extensive Services — 5 residents (<1%)
- Special Rehabilitation — 1 resident (<1%)

For the Mental Health Group Homes, of the 28 residents assessed:

- Impaired Cognition — 16 residents (64%)

- Special Care 5 residents (20%)
- Special Rehabilitation 1 resident (4%)
- Reduced Physical Function 6 residents (12%)

Improved Screening and Resident Assessment Program Needed

As noted above, entry to an ACH is based on the recommendation of a physician and the physician's signature on a completed, one-page, FL-2 form that documents the overall health care needs/medical conditions and ADL needs of the individual. Once a physician signs the FL-2, the form is sent to the local DSS for determination of placement and eligibility for SA and Medicaid. Although Medicaid heavily funds care needs of residents in ACHs, it does not control the admission process, and there is no Medicaid admissions criteria with which to inform physicians regarding level of care and personal care needs. In addition, there is no formal screening to identify persons with mental health needs or whether they are receiving mental health treatment. Since concerns with quality of care often focus on the issue of mental health services to ACH residents, it is critical that the State make sure that persons with mental health needs are identified and followed by the appropriate health care professionals. (NOTE: The MDS resident assessments performed as part of this study reflect similar data gleaned from a recent Mental Health Screening Project conducted by First Health, Inc. for DHHS. This project clearly shows a high level of ACH residents with behavior and mental health problems. The Mental Health Screening Project indicated that over 40% of the ACH residents included in the sample had mental health problems that required some level of intervention and treatment services.)

Adult care homes serve as a major component of North Carolina's long-term care delivery system, and it is time for the State to move aggressively to implement improved management tools and systems to respond to the growing needs of the adult care home population and to bring more accountability to the program. See Attachment 7 for a list of program enhancements and estimated costs.

Research

Background

The public funding for ACH residents comes primarily from two sources. The first source is from the State and County Special Assistance Program (SA) which is 50% State funds and 50% County funds and is the payment for room and board. The second source of funding is Medicaid. In 1995, Medicaid funds began reimbursing the ACHs for Personal Care Services (PCS). Personal Care Services include "enhanced" personal care services, which provide an additional payment to the ACH. Enhanced PCS must be prior approved by a local agency case manager using Medicaid criteria for residents needing more extensive care. Early discussions in the Committee focused on the Medicaid definitions of PCS, Enhanced PCS, and how PCS provided in the community differ from PCS provided in the ACH setting. Research indicated that expenses covered under the SA rate for room and board in North Carolina were not comparable with what is covered in other states. This led early in the life of the Committee to shifting Initial Orientation/Aide Training and Health Services from the SA rate to the PCS rate. While this shift more appropriately allowed for an increase in Federal Medicaid funds and a decrease of State and county funds, it also became apparent early in our deliberations that shifting costs created the potential for making residents currently in HALs ineligible for SA assistance. (NOTE: The eligibility standard equates to the SA payment level.)The Committee immediately adopted the position to protect this population and ensure that no one was disenfranchised by attempts to better define rates and allocate costs more appropriately between State and Federal dollars.

Policy issues impacting the SA payment for ACH room and board costs were researched for consideration by the Committee and the Department. For purposes of this report, the research is broken into five major issues which are presented below.

Issue 1: Mandatory Minimum State Supplement and Passalong

In 1995, the Congress approved annual cost of living adjustments (COLAs), based on the increase in the Consumer Price Index (CPI), to the Supplemental Security Income (SSI) standard payment amount. In 1977, the Congress mandated that states passalong COLAs to SSI and Social Security beneficiaries receiving mandatory and optional State supplemental payments, and to maintain either a minimum level of payment, or the level of State expenditures under the State's SA Program. In the context of the SA Program, level of payment means an income level or standard representing the approved ACH room and board rate plus a personal needs allowance for the individual's personal needs. Net income is subtracted from the income level to compute the amount of the SA payment for an ACH resident.

Written agreements were required between the states and the Social Security Administration (SSA) as assurance of compliance with these conditions. States' submit an annual compliance report indicating the method by which it complies, i.e., minimum level of payment or total expenditures. North Carolina traditionally uses the minimum level of payment method for compliance but has relied on verbal interpretations from SSA staff on the level of payment it must maintain to meet compliance. Major objectives for the research were:

- Determine what conditions the state must meet to comply with statutory and regulatory requirements for State supplemental payments, and

- Validate that NC is in compliance with the Social Security Act and regulations mandating a minimum level of payment and passalong of COLAs to SSI/State supplement recipients.

Research steps to address the stated objectives included:

- Review of pertinent sections of the Social Security Act and Federal regulations.
- Application of regulations at 20 CFR 416.2096 - .2098 to identify the specific time periods and rules for testing the State's supplemental level of payment.
- Charting by year beginning in 1994 through January 2003 (updated January 2004), the amounts of the SSI benefit rate, annual COLAs, combined SSI and State supplement payment level, maximum State supplement and increases in the State supplement.
- Using the charted amounts and the time periods and rules required by regulation to calculate the minimum level of payment for NC.

Conclusion, Issue 1

The research concluded that North Carolina is in compliance with the mandate for a minimum level of payment and passalong of COLAs. The current $1,084 ACH level of payment exceeds the minimum by over $300. Compliance testing validated the following:

- For the period 7/77 - 3/83, the State's supplemental payment must at least equal the maximum supplemental payment in 12/76, which was $164.20.

  During this period, NC's supplement ranged from $170.60 to $205.70. Annual increases in the amount of supplement equaled or exceeded the amount of the COLAs.

- For the period 4/83 - 1/2004, the combined SSI and State supplemental payment cannot be reduced below the combined level in effect in 3/83 plus subsequent SSI COLAs.

  The combined level in effect in 3/83 was $520.00. Subsequent SSI COLAs through 1/2004 total $279.10. The combined level for 3/83 plus subsequent COLAS equals a minimum level of payment of $799.10 for calendar year 2004.

Issue 2: Options to Prevent Disenfranchisement of Eligible Residents and Protect Medicaid Coverage

The transfers of staff costs for provision of personal assistance to ACH residents and of medically related supply and training costs from the room and board SA rate to the Medicaid PCS rate caused a concurrent decrease in the SA level of payment. In 1995, the SA level of payment was reduced by $173.00. When medical supplies and aide training costs were shifted in October 2002, the level of payment decreased by $51. With each payment level reduction, some SA recipients would have lost financial eligibility for State supplement and automatic eligibility for Medicaid coverage. The General Assembly authorized continued SA payment to these disenfranchised recipients using the SA payment level prior to the cost shift, allowing them to also qualify for Medicaid services.

The search for options to prevent disenfranchisement from the SA Program or the loss of automatic Medicaid coverage was begun soon after formation of the Committee and continued throughout the course of the Committee's work. Research efforts followed up comparisons with other state SA programs referenced in the 2002 Clifton Gunderson study, NC Special Assistance

Rate Methodology and reports that other states had limited the amount of their state supplements and maximized Federal Medicaid funding. The major research objectives were to:

- Gain an understanding of program policies used by other states to provide Medicaid coverage to residents of facilities similar to NC ACH facilities.
- Determine how and by what authority other states provide Medicaid coverage to non-SSI recipients living in residential care facilities,
- Explore methods used by other states to limit their state supplements and maximize federal Medicaid funding, and
- Propose alternatives that would reduce or eliminate disenfranchisement of SA eligibles and protect automatic Medicaid coverage in the event further realignment of costs from SA to Medicaid becomes feasible.

Research of the objectives was approached in several steps. Pertinent sections of the Social Security Act (Titles XVI (SSI) and XIX (Medicaid)) were searched for state latitude in design of their optional SA Programs or the possibility for differing interpretations. Research also involved a reading of the now repealed controlling statute and regulations for administration of pre-SSI State administered assistance programs. From this study, the concept of a Standard of Need and a separate lower Standard of Payment (ratable reduction of need standard used in the Temporary Assistance for Needy Families (TANF) program) was extracted and developed as an alternative for consideration. Conceptually, a non-SSI resident with income below a standard of need meets the income eligibility test and qualifies for automatic Medicaid coverage, however the amount of his state supplement would be determined by the lower standard of payment.

State Medicaid Plans and amendments posted on the CMS website were accessed to learn whether optional coverage groups and financial criteria applied by other states addressed a similar issue. The search included states referenced in the Gunderson Study, states similar in size to NC, states generally considered to be progressive in their Medicaid coverage of needy individuals, and states represented on the Eligibility Technical Advisory Group (E-TAG, a joint State-CMS workgroup). Where available, online administrative rules and policy manuals or handbooks used in the selected states were accessed to research policies for Medicaid coverage of non-SSI recipients living in licensed residential care facilities.

A copy of each state's current approved State Medicaid Plan for optional categorically needy groups and the financial eligibility section of the plans was obtained. This information was used to (1) compile a chart comparing the options for coverage and financial eligibility of the selected states and (2) search for specific regulatory authority supporting the state's interpretations and application of policies.

Following study of written materials, telephone contacts were made with the selected states to discuss program policies providing Medicaid coverage for individuals living in residential care. Discussions centered on non-SSI recipients who do not qualify for a state supplement to pay for room and board.

Brief descriptions of Section 1915(c) waivers posted on the CMS website were accessed and reviewed. Over half the states have approved or pending waivers describing provision of "adult residential care, assisted living, foster care, residential care services", etc. to aged/disabled individuals. Under 1915(c) waivers, non-traditional Medicaid services may be provided in home and community-based living situations to individuals who require the level of care provided in a

medical institution, i.e. a nursing facility or hospital. Use of 1915(c) waivers for their residential care population was discussed with states during the phone contacts. The Standard of Need/Standard of Payment concept was developed and augmented with three case profiles and Medicaid expenditure data for SA residents and for nursing facility (NF) residents. The case profiles represented actual SA Program applicants whose income exceeded the SA payment level by a few dollars and described the effect denial of a state supplement and Medicaid had on their decisions for care. The paper was shared in a face-to-face discussion with CMS officials to obtain feedback and guidance for a solution that provides appropriate levels of care and is less costly to all funding partners than forced admissions to nursing facilities.

Drawing on the policies, administrative rules and State Medicaid Plans of other states and NC General Statutes, options for a $5 minimum guaranteed payment and an income disregard applicable to non-SSI recipients who would otherwise not qualify for a state supplement were developed for consideration. Under the guaranteed minimum payment option, an SA payment of $5 would be issued to non-SSI residents with incomes up to the SA level of payment in effect prior to a reduction related to cost shifting from the room and board cost centers to Medicaid PCS. Receipt of the minimum payment would protect their Medicaid coverage. Under the income disregard option, individuals with income greater than the current SA level of payment would have a limited amount of income disregarded to be used for a specific purpose, making the person eligible for a $1 SA payment.

Conclusions, Issue 2

1. An all inclusive rate, referenced in the Gunderson Study, but not a recommended approach, is best used to gain insight about how regulations have been applied in one state to coordinate non-medical residential care room and board payments with Medicaid PCS payments. Stated simply, survey data and pricing models are applied to establish daily payment rates. Arrayed by 3 geographic areas of the state, the rates include room and board costs and 4 care levels. The state's Medicaid system applies the care level and rate data, subtracts the costs paid by the resident, and reimburses the difference to the licensed residential care facility. SSI recipients use their income to pay only their room and board costs (valued at less than the SSI standard payment). Non-SSI recipients pay room and board costs, and contribute any remaining income to the care cost.

2. Per Diem rates used by another state referenced in the Gunderson Study are not a feasible alternative for NC. A per diem rate for room and board and a per diem rate for medical and remedial care costs are established for each licensed residential facility in the Gunderson study state (400 +), not to exceed a statewide capped rate. Application of this model would be too labor intensive and burdensome to be economical if applied to the 5,000+ licensed facilities in NC. However, this state's policies were instructive for allocation of at least a share of housekeeping, dietary, and laundry service staff costs as reimbursable Medicaid PCS. These services traditionally were considered part of the "room and board" cost, however Medicaid PCS task definitions include light housekeeping, meal preparation and laundry services when authorized for a recipient in his place of residence.

3. Valuable insights were gained about the use of SSI living arrangements and state licensing standards to establish different income standards for State supplemental assistance. Many states have separate SA payment levels for licensed residential care facilities, using licensing criteria to differentiate for type of care/living arrangement or size of facility. This model could have potential in NC, but requires significant staffing and time to develop and implement.

4. CMS disagreed with the Standard of Need/Standard of Payment concept. While they accepted that current Federal laws and regulations have unintended consequences, they interpret the controlling Federal regulation at 42 CFR 435.232 literally. In their view, individuals must have less income than the level of payment or income standard used to determine eligibility and amount of payment, and must actually receive a supplemental payment. CMS recommended protection of Medicaid for non-SSI residents in ACHs through either a 1915(c) waiver or Section 1115 demonstration waiver. CMS staff was noncommittal about NC's chances for getting a Section 1115 waiver approved.

5. The comparison of State Medicaid Plans indicated much similarity in coverage of optional groups of eligibles and financial eligibility. It did not however reveal specific regulatory authority for other States' policies. For instance, a footnoted statement on the bottom of the State Medicaid Plan Attachment (the suggestion of a CMS Regional Office staff member many years ago) was cited as the authority by one state. In another state, administrative rules were adopted based on options allowed by Federal regulations, though no specific Federal regulation was cited. In still another state, the staff knowledgeable about 'Income Standards for Medicaid Only' individuals living in residential care had recently retired. Thus, clear authority to give Medicaid coverage without receipt of a state supplemental payment or waiver authority appears to be ambiguous.

6. The Committee and the Department determined that there are significant drawbacks to either an 1115 or 1915(c) waiver. A Section 1115 demonstration waiver requires lengthy development and approval processes, ongoing evaluations and Federal budget neutrality. Under a Section 1915(c) waiver, the target population must meet the state's criteria for institutional care, i.e. nursing facility or hospital. NC General Statutes, which prohibit ACH facilities from admitting residents who require nursing level of care, would need to be amended.

    - A state's medical need criteria for institutional care may include functional or cognitive limitations as well as the need for medical care. Thus, the ACH resident population could be split between 'waiver' and 'non-waiver'. In addition, PCS for ACH residents eligible under a 1915(c) waiver would have to be defined differently in scope or level of service provision than for non-waiver ACH residents.
    - A primary benefit of a 1915(c) waiver is the option to use 300% of the standard SSI payment as the income threshold for eligibility and to set a different threshold for protection of income to meet the costs for room and board and personal needs. This would allow Medicaid for waiver eligibles with gross monthly income up to $1,692.
    - Neither State nor facility resources are adequate at this time to study how a waiver could be structured, nor to develop the policies, licensing standards or an assessment instrument and process to make the pursuit of waivers a viable alternative.

Issue 3: Definitions Associated with Room and Board and Personal Care

Discussion of research findings associated with State supplemental payments for room and board costs and Medicaid PCS prompted questions from the Committee about the Federal definitions for these terms. The major objectives of the research of definitions of terms were to:

- Determine whether there is a specific or universal definition of room and board under federal laws or regulations governing public assistance programs with Federal oversight and/or financial participation,
- Determine whether there is commonality of the definition of room and board among assistance programs, or states,
- Verify the CMS definition of PCS, and
- Determine what criteria are required by the Internal Revenue Service (IRS) to claim PCS costs as a medical expense deduction for income tax purposes.

Research for definitions used or accepted by CMS and other Federal agencies involved an extensive search of Federal statutes and regulations governing public assistance programs and their administration by states and local governments. In addition, the U.S. DHHS Departmental Appeals Board decisions for over a decade were reviewed to ascertain whether the disputes involved a definition of room and board. Administrative policies for cost allocation and reporting associated with public assistance programs and guidance and interpretations issued in the State Medicaid Manual were reviewed. The online glossary at the CMS website was queried for definitions of "room", "board" and "room and board".

Conclusions, Issue 3

There is no statutory definition for the terms "room," "board," or "room and board" and no specific commonly applied written interpretation among the various assistance programs or states administering the programs with the exception of Section 1915(c) waivers. In the context of waivers, and pursuant to 42 CFR 441.310, the term "board" means 3 meals a day or any other full nutritional regimen. Statute and regulations relating to TANF, Foster Care Maintenance, Foster Care Independence, and SSI generally describe these assistance payments as including food, shelter, utilities, household goods, clothing, etc., without defining the terms. The Departmental Appeals Board cases did not involve a definition of room and board.

The CMS State Medicaid Manual (SMM), Section 4480, describes PCS as a range of human assistance to enable persons with disabilities and chronic conditions of all ages to accomplish tasks that they would normally do for themselves if they did not have a disability. Within this general description, states have latitude to define the scope of PCS services included in their State Medicaid Plan, however services must be provided by a qualified provider who is not a member of the individual's family. The SMM references the Federal Medicaid Program definition of family as "legally responsible relatives". It was concluded that NC's scope of services and delivery meets the limited specifications of 42 CFR 440.167 and the SMM guidance.

According to IRS Publication 502 (for tax year 2002), privately paid costs for "qualified long term care services" may be claimed as a medical expenses in figuring the allowable tax deduction. Qualified long term care services must be prescribed by a licensed health care practitioner to a chronically ill individual who is unable for 90 days or more to perform at least 2 activities of daily living without substantial assistance from another individual due to loss of functional capacity and/or requiring substantial supervision to be protected from threats to health and safety due to severe cognitive impairment.

Issue 4: Conversion from Cost Reporting to a Prospective Payment System

NC currently requires that certain ACH facilities file cost reports on an annual basis. Cost report data is used to set the allowable room and board rate for residents receiving a state supplement to

their own income and to cost settle overpayment of PCS to private facilities. The major objectives of research were to:

- Determine whether other states may have changed from cost reporting to a prospective payment system for provision of PCS in licensed residential care facilities, and
- Explore how the change was explained or justified in the states' Medicaid plan amendment.

Research of Medicaid PCS reimbursement methodologies and a change in methodologies was approached by searching the online Medicaid State Plans at the CMS website. Medicaid Plan Attachment 3.1-A describing "other medical care and remedial care services" covered by selected states was searched to identify whether PCS is a State Plan Service. Attachment 4.19-B, which describes the State's reimbursement methods, was reviewed for the States covering PCS as a Medicaid Plan service to determine whether cost reporting and settlement or a prospective payment system process is used. Additionally, State Plan amendments to Attachment 4.19-B on the CMS State Medicaid Plan page were searched to determine whether any had changed from cost reporting/settlement to a prospective payment system. If the State's Attachment 4.19-B was not specific about reporting and settlement vs. prospective payment system, reimbursement, information was sought via the State's Medicaid website and administrative rules. Due to constraints of time and locating the most knowledgeable state official, phone contacts with the states were not attempted.

Conclusions, Issue 4

The reimbursement methodologies described in the state plans reviewed are worded very generally referencing terms such as, the lower of billed amount or Title XIX maximum charges, hourly unit rate, and upper limit. The state plans did not specify a cost settlement process, nor did they specify a prospective payment system. States' plan amendments during the past two to three years did not indicate any changes in reimbursement methodology for Medicaid PCS. Methods for reimbursement could not be found on the states' websites or administrative rules. The specificity with which NC describes its reimbursement methods in NC Administrative Code and the State Medicaid Plan is unmatched by other states and probably not required.

Issue 5: State Designed SA Program in Lieu of Federally Prescribed Program

No Federal funds are received to support the cash assistance payments for the costs of room and board in a licensed ACH facility. Yet, Federal laws and regulations of the federally prescribed but optional State Supplemental Assistance Program limit the State's flexibility to make SA Program changes that are beneficial to NC taxpayers without jeopardizing Medicaid coverage for ACH residents. This caused the Committee to question the ability of the State to cease providing the federally prescribed optional SA Program and use existing State and local funds to create a State designed optional State supplement with entitlement to Medicaid.

The major objectives of the research effort were to determine whether NC could cease operating the current optional SA Program without penalty, design its own State Supplemental Assistance Program for ACH residents using current State and local funds, and provide automatic entitlement to Medicaid for the State SA Program recipients.

Public Law 93-66 and Section 1618(a) of the Social Security Act were used to answer the question. P.L. 93-66 authorized states to give individuals who applied for SSI and/or Supplemental Assistance after January 1, 1994, access to Medicaid on the same basis as

mandatory state supplement recipients. Section 1618(a) requires states' to sign agreements with the Social Security Administration in which the state agreed to continue to make supplemental payments at levels not lower than the payment level of March 1983, plus all subsequent cost of living adjustments.

Conclusions, Issue 5

The State would jeopardize receipt of federal financial participation in its Medicaid expenditures if the mandated agreement signed with SSA pursuant to Section 1618(a) is broken and the State ceases to operate its optional SA Program under federally prescribed conditions.

Non-SSI SA recipients are automatically entitled to Medicaid only if their gross income does not exceed $1,692. Medicaid is an automatic entitlement without a separate application for cash assistance recipients, otherwise, individuals must file a separate application and be determined eligible.

Recommendations

The mission of the Adult Care Home Cost Modeling Committee—To develop a consistent and defensible costing methodology that considers the full cost of operating Adult Care Home facilities to meet resident care needs—requires the coordinated implementation of the following recommendations. While it is recognized that full implementation of these recommendations is subject to availability of funds, rules and legislative changes, and CMS approval, it is also apparent that implementation of only one or two would undermine the achievement of the desired outcomes: improved resident care through assessments and the creation of a more stable ACH workforce and a reimbursement rate that drives those outcomes. Once a decision is made to implement this methodology, a representative group of individuals will be formed to address implementation schedules, appropriate notification, training and policy development.

1. **Adopt the cost model methodology and change existing APA rules and legislation to accept the cost model approach and seek appropriations to fully fund the new approach.** This approach means that direct and indirect cost percentiles would be eliminated along with cost settlement.

2. **Reassess the cost model every 3 years for proper reimbursement.** To ensure that ACHs are reimbursed at levels reflective of the existing cost of living increases and current market rates and regulatory changes, the process for reassessment should be conducted on a routine basis. During the off years from cost modeling, cost reports will still be submitted in order to gather data from facilities to be used for statistical and trend identification purposes.

3. **As part of routine cost modeling and rate setting, study feasibility of allocating costs more appropriately between SA and PCS.**

4. **Improve the Screening and Assessment Processes to Promote Appropriate Placement and Quality of Care of ACH residents.** Concerns about resident safety and quality of care continue to underscore the need for improvements in the State's screening and assessment processes for ACHs. DMA should take the lead in this by working with other DHHS divisions and building on the experience from nursing facility prior approval programs (including PASARR), the CAP/DA automated assessment program, the SA In-Home Program automated assessment, and the electronic FL-2e systems.

5. **Ensure that any Division of Facility Services (DFS) regulatory changes with the potential to impact rates are reflected in the cost model.** As the regulatory authority for ACHs, DFS performs initial licensure surveys and inspections of problem facilities and creates rules for ACHs. In this capacity, DFS has the potential to impact the cost of operations within an ACH. Adapting the cost modeling methodology will require that proposed regulatory changes are "run through the model" so that the fiscal impact can be determined and presented the DHHS Rate Setting Review Board prior to implementation.

6. **Monitoring & Performance Expectations—DFS, DHHS Office of the Controller, and DHHS Office of Internal Audit**—Continued ongoing monitoring by DFS to ensure

that ACH facilities are providing care according to written performance expectations; by the Rate Setting Section of the DHHS Office of the Controller to ensure that ACHs are utilizing the increased funding to benefit direct care salaries; and random audits by the DHHS Office of Internal Audit to verify the rate increases are reflected in the direct care component of cost reports. Once these recommendations are fully implemented, performance expectations will be developed.

7. **Reimbursement modeling should account for resident mix and facility size.** Facilities are reimbursed a single SA rate for residents regardless of special needs or size of the facility. The reimbursement model should differentiate between the traditional ACH resident and those in SCUs to reflect the higher staffing need of SCUs. In addition, to the extent that this can be accomplished, the reimbursement system should reflect the different costs associated with types of facilities based on population served and the staffing levels required. Over the longer term, the reimbursement should be matched to the resident's needs. As the adult care homes become proficient in the use of assessments and automation, reimbursement systems can become more sophisticated and similar to case mix systems used in nursing facilities. Such changes will require rules and legislative modifications.

8. **Develop similar modeling for Family Care Homes and Mental Health Group Homes.** The rate paid to Family Care Homes is to be "based on market rate data." It is obvious from the results of the modeling conducted for ACHs that a similar process needs to be followed for other categories of facilities.

9. **Implement an income disregard policy to prevent disenfranchisement of ACH residents from financial eligibility for SA and Medicaid.** As cost modeling is performed, evaluate potential for shifting costs for housekeeping, dietary and laundry services directly related to resident personal care needs to Medicaid. Implementing an SA Income Disregard will require the following steps and could become effective, subsequent to approval by the General Assembly and CMS, within one year, preferably in October when any new SA rate is routinely implemented. The SA Income Disregard will allow a disregard of income in determining SA eligibility. The amount of the disregard, which will be up to the amount of reduction in the SA payment level as a result of shifting costs for Medicaid covered services from SA to the Medicaid program, will be used by the SA recipient to pay for a portion of the costs of the PCS services covered by Medicaid. This Income Disregard will prevent ACH residents from losing their current SA eligibility due to further cost shifts from SA to Medicaid.

   a. Obtain departmental approval of the EIS (Eligibility Information System) "Track Record."

   b. Submit EIS "Track Record" change request to the Division of Information Resource Management (DIRM) so that priority can be assigned and resources allocated. For a change in a case to be effective in EIS for a specific month, the data must be entered in EIS during the previous month.

   c. Prepare legislation to authorize the SA income disregard and its application to the cost of PCS provided to SA recipients by the ACH.

d. Submit Medicaid State Plan amendment to CMS for approval. (This will require 2 year fiscal estimate.)

e. The Division of Medical Assistance (DMA) and Electronic Data Systems (EDS) staff must determine process for manually reducing payment to ACHs for PCS provided to SA recipients with the income disregard and whether it will require any Medicaid Management Information System (MMIS) changes
Any necessary MMIS changes must be in production by whatever target date claims from ACHs for PCS provided will be received.

f. Prepare SA Manual revisions. Counties must have the policy in-hand no less than thirty days prior to implementation. An earlier date for manual revisions is desirable to support training.

g. Conduct training of county staff in new SA income disregard policy. Conduct training sixty days prior to implementation of the new income disregard policy.

Recommended ACH Program Enhancements
(Estimated 30 Month Work Plan)

ACH Enhancement	Tasks and Estimated Target Date for Completion	Comments
Mental Health Screening Program for Medicaid/SA recipients	• Design a process for screening residents for mental health needs prior to admission by March, 2005 • Identify resources/funds for screening program by September, 2005 • If determined that this is the best option, develop RFP and award contract for implementing a mental health screening program by March, 2006	Report due from First Health on the Mental Health Screening Project no later than July 31, 2004. RFP development and contract award process is taking approx. 6 months.
Assessment and care planning instrument for Medicaid and SA recipients residing in ACH's.	• Develop and finalize a new assessment and care planning tool by June, 2005 • Run pilot test of the paper tool from July, 2005 through Sept., 2005 with selected facilities • Determine/allocate resources needed to implement assessment and care planning system (state resources and provider resources) by Sept., 2005 • If determined that this is the best option, develop RFP for a contractor to design an interactive web site to allow ACH providers to access the tool and submit resident information into a searchable database. RFP developed by December, 2005 • Contract could possibly be awarded by Feb., 2006 • Contractor will require 6 months to design system – Aug, 2006 • If above schedule is achievable, conduct Statewide training by Dec., 2006 and quarterly in regions thereafter • Statewide implementation by April, 2007	Tool should be based on the MDS (Minimum Data Set)
Medical and Functional Criteria (level of care) for New Admissions to ACH's	• Draft of Medical and Functional Criteria by April, 2005 • Finalize Medical Criteria and review as medical policy by July, 2005 • Post medical policy for public review by Aug., 2005	Consider separate criteria for the different types of facilities (particularly family care homes). Must be coordinated with DFS rules.
New Screening/Admission Tool Reflecting the ACH level of care criteria	• Develop prior approval screening tool (revised FL2/FL2e) to be used with the medical criteria for admission to an ACH by March, 2005 • Statewide training on new screening tool and new criteria Aug-Oct. 2005 • Develop with automation capability and link to new MMIS prior approval system – To be determined	This tool could use a scoring system of ADL's to determine if the person meets minimum criteria for admission. The approving authority will need to know the criteria for admission and apply consistently to all Medicaid admissions. Process for admission would be coordinated with Mental Health Screening Program. DMA is currently testing the automated FL2e – and a scoring system for ADL needs. Screening tool development and implementation need to be considered in the context of other long term care

		options.
Utilization Management and Quality Assurance Program to have some assurance that persons are placed appropriately in the ACH and that services are being provided based on individual care needs.	• Design utilization management and quality assurance program by June 2006 • Develop RFP to contract for a new utilization management and quality assurance program by November, 2006 • Develop standards and protocols and report requirements for a UM program by November, 2006 • Target date for implementation of UM and QA program for ACH's: July, 2007	Ideally, the utilization management and quality assurance program would be operated by the same entity that designs and operates the assessment system and searchable database. The UM program should only be implemented after the statewide implementation of the new assessment tool. A UM and QA program will consist of multiple levels of review and monitoring. State level support systems will need to be developed and well planned.

Prepared by:
Division of Medical Assistance
October 19, 2004

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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Lanier M. Cansler, Deputy Secretary

MEMORANDUM

TO: Adult Care Home Cost Modeling Committee Members

FROM: Lanier M. Cansler

DATE: October 22, 2002

SUBJECT: Adult Care Cost Modeling Committee

As you are aware, the Department currently performs rate setting for the payment of State County Special Assistance (SCSA), Medicaid Personal Care Services (PCS) and Medical Transportation. Separate rate setting methodologies are employed by the Department in establishing the rates for all three types of service. In an effort to ensure that we are adequately addressing the cost of providing services to our clients who reside in domiciliary type facilities (inclusive of Family Care Homes, Homes for the Aged, Mental Health Facility, Nursing Homes and Mental Health Facilities) we are establishing a committee to consider the potential for development of a consistent costing methodology that could be utilized across each of the three programs considering the full cost of operating these type facilities in a consistent and defensible manner.

I have asked Sandra Trivett and Gary Fuquay to co-chair a committee made up of staff from Division of Social Services, Division of Medical Assistance, Division of Facility Services, Office of Policy and Planning, Controller's Office, Office of Internal Audit, Office of Long Term Care and Adult Care industry representatives. You have been selected by your director to serve on the committee. Sandra and Gary will notify you of the first meeting of the committee.

CC: Lynda McDaniel
Jim Bernstein
Pheon Beal
Nina Yeager
Bob Fitzgerald

Committee Members:
Lou Wilson
Jerry Cooper
Craig Souza
Gary Fuquay
Dan Stewart
Sandra Trivett
Alene Goolsby
John Tanner
Suzanne Merrill
Lynne Perrin
Dave Mosley
Jim Panton
Curtis Crouch
Pat Jeter
Doug Barrick
Jim Upchurch

Members (UPDATE AFTER MEETING WITH ADVOCATE GROUPS)

Adult Care Home Cost Modeling Committee

Gary Fuquay, Co-Chair, Director, DHHS, Division of Medical Assistance

Sandra Trivett, Co-Chair, DHHS Office of Policy and Planning

Doug Barrick, DHHS, Division of Facility Services

Paul Cole, DHHS Office of the Controller

Jerry Cooper, Executive Director, NC Assisted Living Association

Curtis Crouch, DHHS, Office of the Controller

Jeanne Duncan, North Carolina Support Providers Council

Stacy Flannery, North Carolina Health Care Facilities Association

Jackie Franklin, DHHS, Division of Medical Assistance

Alene Goolsby, research consultant, formerly with the Division of Medical Assistance

Bruce Habeck, DHHS Division of Medical Assistance

Lisa Haire, DHHS, Division of Mental Health, Developmental Disabilities and Substance Abuse Services

Pat Jeter, DHHS, Division of Medical Assistance

Deborah Landry, DHHS Division of Budget & Analysis

Lynda McDaniel, DHHS, Assistant Secretary for Family Services and Long Term Care, *since retired*

Suzanne Merrill, DHHS, Division of Aging and Adult Services

June Montgomery, DHHS, Office of the Controller

Jim Panton, DHHS, Division of Medical Assistance, *since retired*

Lloyd Pattison, DHHS, Division of Medical Assistance

Lynne Perrin, DHHS, Division of Medical Assistance

Dave Peterson, formerly with the DHHS, Division of Mental Health *(now with Wake County)*

Barbara Ryan, DHHS, Division of Facility Services

Jackie Sheppard, DHHS, Assistant Secretary for Family Services and Long Term Care

Joe Slaton, DHHS Division of Budget & Analysis

Phillip Tarte, DHHS Office of Policy and Planning

Dan Stewart, DHHS Internal Auditor

John Tanner, DHHS, Division of Social Services, *since retired*

Jim Upchurch, DHHS, Division of Facility Services, *since retired*

*Andy Wilson,*DHHS, Division of Medical Assistance

Lou Wilson, Executive Director, NC Association, Long Term Care Facilities

May 24, 2004
Adult Care Cost Modeling
Short and Long Term Approach

PURPOSE STATEMENT: Develop a comprehensive rate setting methodology for Adult Care that encompasses all funding streams provided by DHHS.

Short Term Goals	Actions/Notes	Contact(s)	Finish Date
1. Based upon the current regulatory staffing requirements:			
a. Select a representative sample of at least 3 facilities having clients receiving SA that are considered by DHHS and the industry to be quality providers with efficient operations. (Determine facility sample by geographic orientation, size of facility, Mental Health licensed, SCU's, HAL, SA/Private pay mix, 80% occupancy and other criteria as appropriate.	a. Facilities were selected, solicited, trained and submitted cost reports as requested		9/04
b. Perform an acuity analysis of the clients in the sample.	b. Assessments were completed by RN's in a contract with Home and Hospice Association – in two phases. Myers & Stauffer conducted the analysis of information and prepared final report in May		8/03
2. Based on cost reports and the current staffing requirements:			
a. Perform a staffing analysis of time and effort taken to provide appropriate levels of care to the population in the selected facilities using the RUGS criteria.	a. Industry provided their requirements to care for the client base. Based on their information, the current regulations, and the acuity of clients, M&S completed a staffing analysis for facilities.	Curtis Crouch	5/04
b. Develop a staffing model from the above analysis. (Actual needs gathered from industry input would need to be used for three areas in which standard staffing requirements/overall costs do not exist: Housekeeping, Food Service/Dietary and Medication Administration.)	b. A subgroup convened to discuss and clarify the different FTE's (Nurses, NA's and CNA's) performing most tasks in ACH's and how to adjust for the fact that M&S comparison data was based on RN level of care. The subgroup included: Lynne Perrin, Lou Wilson, Jerry Cooper, and Curtis Crouch. They met Monday, April 19, 2004, to address this issue and reported their results to the committee in late April.	Lynne Perrin	4/04

Short Term Goals	Actions/Notes	Contact(s)	Finish Date
3. Identify any changes needed to the current cost reporting format for Adult Care Homes.	Adopt the cost model methodology but continue to require HAL facilities to submit portions of the existing cost reports to obtain statistical information	Curtis Crouch	9/04
4. Coverage Changes a. Work with Myers & Stauffer in coordination with DHHS divisions to research additional direct costs (i.e. Health Services) to be covered by Medicaid for services provided in Adult Care Home other than the current PCS and Medical Transportation. b. Review service definitions to understand differences between PCS provided in a facility compared to PCS provided in a private home. (Approval from CMS for service definition changes) c. Determine the fiscal impact on SA rates changes. d. Determine if SA rate changes cause disenfranchisement for existing and future eligibles..	a. Identified items for possible cost shifting. Have not gone further due to disenfranchising issues. b. Complete c. Alene Goolsby and Jackie Franklin Both provided information for this population. Curtis Crouch and Hank Bowers brought estimates to the August and September meetings. d. Alene Goolsby has provided the group with much research. Goal of Cost Modeling Committee is to ensure disenfranchisement does not occur. A subgroup will develop an action plan for future eligibles.	a. Committee b. Lynne Perrin c. Curtis Crouch and Hank Bowers d. Alene Goolsby, Suzanne Merrill and Andy Wilson	8/04 4/03 8/04 9/04
5. Begin discussion of how DHHS plans to address capital assets as a component of cost reimbursement. Explore options that will provide an equitable approach to reimbursing owners for cost of facilities while recognizing associated mortgage costs and/or owner investment.	Internal Audit coordinated this effort. The information for all model facilities was entered into a cost report for discussion at a late April meeting. Historical data was gathered from samples of the 3 facility sizes for comparison to the new suggestions being proposed. The information was presented to the full committee in May.	Dan Stewart	5/04
6. Discuss elimination of current reimbursement methodology to a Prospective payment system.	DHHS ready to proceed when assessment tool is in place. Industry asked for delay in implementation until final results of staffing analysis and other recommendations are made.	Committee	9/04

Long Term	Actions/Notes	Contact	Finish Date
1. Based on resident assessments of all clients residing in Adult Care Facilities, remodel to accommodate the staffing needs for each designated level of care/licensed type facility.	Study completed and results presented by M&S on May 13.	Lynne Perrin	5/04
2. Continue regular review of changes in definitions and rates by DMA.	On-going DMA rate setting.	Pat Jeter	ongoing

ADULT CARE COST MODELING

SELECTED INFORMATION ON HAL MODEL FACILITIES

FACILITY	LOCATION	NUMBER OF BEDS	NUMBER OF AVAILABLE DAYS	OCCUPANCY PERCENT	SA PERCENT	TOTAL FTEs BEFORE MODELING	TOTAL FTEs AFTER MODELING	INCREASE IN DIRECT & PCS FTEs	INCREASE IN INDIRECT FTEs
31 - 60 Beds									
The Little Flower	Mecklenburg	49	16,790	99.20%	14.55%	19.98	35.57	14.56	0.90
Burnette's Retirement Village	Franklin	60	21,900	88.48%	91.56%	23.76	32.72	8.96	0.00
Country Club Prime Time	Wake	60	21,900	82.00%	99.98%	25.12	35.87	7.85	1.75
McDowell Assisted Living	McDowell	54	19,710	100.00%	88.52%	22.93	34.52	10.05	1.40
The Canterbury House	Person	60	21,900	79.97%	58.94%	23.19	35.58	9.69	1.68
61 - 90 Beds									
Union Park	Union	87	28,047	89.90%	54.03%	30.67	46.81	14.14	1.02
Meadows of Laurinburg	Scotland	80	29,440	91.28%	91.13%	36.98	47.11	9.45	0.51
Homeplace	Durham	71	25,915	90.90%	81.66%	29.00	40.92	9.93	1.05
Reynolda Park	Forsyth	72	22,052	93.66%	49.95%	25.02	41.04	13.67	0.40
Davie Place	Davie	69	25,185	76.06%	86.00%	24.97	35.14	10.17	0.00
91+ Beds									
First Assembly	Cabarrus	180	65,700	81.89%	78.63%	60.27	83.84	20.57	0.00
Greensboro Place	Guilford	93	33,580	94.10%	59.91%	34.79	52.90	16.32	1.16
Meadows of Mount Olive	Wayne	104	38,272	89.57%	77.36%	42.88	55.16	11.71	0.57
Meadows of Greenbrier	Robeson	104	38,272	80.92%	88.42%	42.23	55.95	13.04	0.19

Attachment 4-2

ADULT CARE COST MODELING

SELECTED INFORMATION ON SCU MODEL FACILITIES

FACILITY	LOCATION	NUMBER OF BEDS	NUMBER OF AVAILABLE DAYS	OCCUPANCY PERCENT	SA PERCENT	TOTAL FTEs BEFORE MODELING	TOTAL FTEs AFTER MODELING	INCREASE IN DIRECT & PCS FTEs	INCREASE IN INDIRECT FTEs
Twelve Oaks	Surry	43	15,695	97.35%	57.32%	33.23	34.71	0.87	0.56
Greensboro Place	Guilford	25	8,395	95.81%	24.32%	18.14	38.09	18.90	0.65
DP @ Concord Place	Cabarrus	25	9,125	83.73%	44.08%	15.07	25.15	8.68	0.50
Carillon Assisted Living	Gaston	24	8,760	86.53%	6.03%	8.43	23.00	14.57	0.00
Carolina House of Smithfield	Johnston	24	7,968	95.61%	28.55%	14.62	25.46	9.36	0.65
DP @ High Point Place	Guilford	65	23,508	75.27%	34.81%	35.62	39.27	1.65	1.00
DP @ Statesville Place	Iredell	40	14,600	95.29%	21.87%	28.52	38.61	7.50	1.61
Gastonia Village	Gaston	48	16,790	82.25%	65.00%	16.31	40.50	21.59	1.60
DP @ Burlington Manor	Alamance	52	18,980	95.74%	36.97%	32.85	42.29	7.24	1.50

Attachment 5-1

ACH Cost Modeling - Rate Proposal for all Selected Non-SCU HAL Licensed Facilities

	SA Direct Costs						
	Housekeeping & Laundry	Dietary	Recreational Activities	**Total**	**Resident Days**	**Direct per Resident Day**	**Direct per Resident Month**
Burnette's Retirement Village	$105,506	$163,044	$14,508	**$283,058**	**19,372**	**$14.61**	**$444.44**
McDowell Assisted Living	$100,901	$169,297	$43,802	**$314,000**	**19,710**	**$15.93**	**$484.57**
The Little Flower	$66,780	$165,171	$111,135	**$343,086**	**16,655**	**$20.60**	**$626.57**
The Canterbury House	$60,551	$150,479	$47,678	**$258,707**	**17,513**	**$14.77**	**$449.32**
Country Club Prime Time	$69,569	$160,988	$47,186	**$277,743**	**17,958**	**$15.47**	**$470.43**
Meadows of Laurinburg	$75,824	$212,537	$25,636	**$313,998**	**26,872**	**$11.68**	**$355.42**
Reynolda Park	$63,323	$233,318	$68,579	**$365,220**	**20,654**	**$17.68**	**$537.85**
Union Park	$67,640	$246,086	$66,275	**$380,001**	**25,215**	**$15.07**	**$458.39**
Davie Place	$47,482	$108,722	$39,980	**$196,185**	**22,697**	**$8.64**	**$262.91**
Homeplace	$77,128	$261,241	$41,001	**$379,371**	**23,556**	**$16.11**	**$489.86**
Greensboro Place	$76,647	$265,349	$74,001	**$415,997**	**31,599**	**$13.16**	**$400.43**
Meadows of Greenbrier	$97,034	$261,405	$25,989	**$384,428**	**30,972**	**$12.41**	**$377.54**
First Assembly	$228,149	$785,230	$48,226	**$1,061,605**	**53,805**	**$19.73**	**$600.14**
Meadows of Mount Olive	$98,489	$261,364	$28,120	**$387,973**	**34,280**	**$11.32**	**$344.25**
Total	**$1,235,024**	**$3,444,232**	**$682,116**	**$5,361,371**	**360,858**	**$14.86**	**$451.91**

Attachment 5-1

ACH Cost Modeling - Rate Proposal for all Selected Non-SCU HAL Licensed Facilities

	SA Indirect Costs			Total	Resident Days	Indirect per Resident Day	Indirect per Resident Month
	Property Ownership and Use	Operations and Maintenance	Administration Allocation				
Burnette's Retirement Village	$196,970	$95,475	$64,463	**$356,908**	**19,372**	**$18.42**	**$560.39**
McDowell Assisted Living	$118,790	$55,321	$132,746	**$306,857**	**19,710**	**$15.57**	**$473.54**
The Little Flower	$181,068	$78,440	$80,848	**$340,356**	**16,655**	**$20.44**	**$621.59**
The Canterbury House	$285,667	$82,843	$82,650	**$451,160**	**17,513**	**$25.76**	**$783.58**
Country Club Prime Time	$185,562	$80,263	$82,586	**$348,411**	**17,958**	**$19.40**	**$590.13**
Meadows of Laurinburg	$463,260	$98,205	$127,261	**$688,726**	**26,872**	**$25.63**	**$779.57**
Reynolda Park	$363,224	$103,530	$168,617	**$635,372**	**20,654**	**$30.76**	**$935.70**
Union Park	$465,304	$122,735	$187,456	**$775,496**	**25,215**	**$30.76**	**$935.47**
Davie Place	$355,555	$82,925	$90,666	**$529,145**	**22,697**	**$23.31**	**$709.12**
Homeplace	$268,864	$119,433	$126,455	**$514,752**	**23,556**	**$21.85**	**$664.67**
Greensboro Place	$497,122	$133,816	$180,228	**$811,166**	**31,599**	**$25.67**	**$780.81**
Meadows of Greenbrier	$439,588	$91,746	$113,668	**$645,002**	**30,972**	**$20.83**	**$633.44**
First Assembly	$478,173	$266,666	$102,735	**$847,574**	**53,805**	**$15.75**	**$479.14**
Meadows of Mount Olive	$328,760	$138,795	$122,425	**$589,980**	**34,280**	**$17.21**	**$523.49**
Total	**$4,627,907**	**$1,550,193**	**$1,662,805**	**$7,840,904**	**360,858**	**$21.73**	**$660.91**
				SA Totals		**$36.59**	**$1,112.82**
				Capital Cost Adjustment			**$11.16**
				SA Total			**$1,123.98**

ACH Cost Modeling – Rate Proposal for All SCU Bed Facilities Combined

	SA Direct Costs						
	Housekeeping & Laundry	Dietary	Recreational Activities	Total	Resident Days	Direct per Resident Day	Direct per Resident Month
Carolina House of Smithfield	43,402	123,948	75,035	**$242,384**	**7,618**	**$31.82**	**$967.78**
Concord Place & Discovery Prog	56,256	100,963	65,642	**$222,861**	**7,640**	**$29.17**	**$887.26**
Twelve Oaks	59,351	88,242	31,176	**$178,769**	**15,279**	**$11.70**	**$355.89**
Greensboro Place (SAL)	67,742	92,216	66,261	**$226,220**	**8,043**	**$28.13**	**$855.51**
Carillon Assisted Living of Crame	53,267	65,192	15,259	**$133,719**	**7,580**	**$17.64**	**$536.58**
Gastonia Village (SAL)	102,089	187,455	89,180	**$378,724**	**13,810**	**$27.42**	**$834.14**
DP @ High Point Place (SAL)	73,983	210,565	67,057	**$351,605**	**17,694**	**$19.87**	**$604.42**
DP @ Burlington Manor (SAL)	86,848	188,787	65,018	**$340,653**	**18,172**	**$18.75**	**$570.19**
DP @ Statesville Place (SAL)	83,486	191,579	67,602	**$342,667**	**13,912**	**$24.63**	**$749.19**
Total	**626,424**	**1,248,947**	**542,229**	**2,417,601**	**109,748**	**$22.03**	**$670.04**

	SA Indirect Costs						
	Property Ownership and Use	Operations and Maintenance	Administration Allocation	Total	Resident Days	Indirect per Resident Day	Indirect per Resident Month
Carolina House of Smithfield	110,110	52,582	60,632	**$223,324**	**7,618**	**$29.32**	**$891.68**
Concord Place & Discovery Prog	115,916	47,916	39,310	**$203,143**	**7,640**	**$26.59**	**$808.76**
Twelve Oaks	215,804	62,634	32,665	**$311,103**	**15,279**	**$20.36**	**$619.33**
Greensboro Place (SAL)	109,020	41,418	30,521	**$180,959**	**8,043**	**$22.50**	**$684.34**
Carillon Assisted Living of Crame	59,905	32,824	46,657	**$139,386**	**7,580**	**$18.39**	**$559.32**
Gastonia Village (SAL)	216,128	87,425	148,322	**$451,875**	**13,810**	**$32.72**	**$995.26**

DP @ High Point Place (SAL)	342,914	99,271	173,190	**$615,375**	**17,694**	**$34.78**	**$1,057.85**
DP @ Burlington Manor (SAL)	226,487	97,348	113,609	**$437,444**	**18,172**	**$24.07**	**$732.20**
DP @ Statesville Place (SAL)	220,474	85,613	140,959	**$447,046**	**13,912**	**$32.13**	**$977.40**
Total	**1,616,758**	**607,031**	**785,866**	**3,009,655**	**109,748**	**$27.42**	**$834.13**
						$49.45	**$1,504.16**
				Capital Cost Adjustment			**$11.16**
				SA Totals			**$1,515.32**

Adult Care Home Cost Modeling Committee
Summary of Funding Requirements

	Total	Federal	State	County
SCSA	$9,980,260.00	$0.00	$4,990,130.00	$4,990,130.00
PCS	$188,854,207.00	$120,167,932.00	$50,152,255.00	$18,534,020.00
Breakout: HAL	$180,096,959.00	$114,595,695.00	$47,826,674.00	$17,674,590.00
SCU	$8,757,248.00	$5,572,237.00	$2,325,581.00	$859,430.00
Administration	$1,318,322.00	$674,039.00	$644,283.00	$0.00
Income Disregard	$22,660,113.00	$14,411,910.00	$6,335,278.00	$1,912,925.00
Total	$222,812,902.00	$135,253,881.00	$62,121,946.00	$25,437,075.00

Enhancements to Adult Care Home Services
Estimated Costs

Program Enhancement	Developmental Costs/Year 1	Ongoing Operations	Based on:
Automated Screening/Admission Tool that combines assessment and care planning based on medical, mental health, and functional needs			
Automated Assessment Instrument	$ 100,000.00	$ -	Estimate based on AQUIP costs
Systems Development/Testing/Modifications, etc. **(1)**	$ 550,000.00	$ -	Estimate based on AQUIP costs
Systems Maintenance/Enhancements/Modifications	$ -	$ 250,000.00	Estimate based on AQUIP costs
Quarterly Agency/Provider Training	$ -	$ 48,000.00	$12,000 per quarterly session
DMA Staff	$ 200,000.00	$ 200,000.00	Two consultants, one support, fringe, computers, etc.
Prior Approval System with Automated FL2	$ -	$ 168,000.00	6,000 prior approvals by fiscal agent at $28.00
Contract Mental Health Screenings/Level I	$ -	$ 168,000.00	6000 evaluations at $28.00
Contract Mental Health Scrrenings /Level II	$ -	$ 270,000.00	1000 evaluations at $270.00
Contracted QA/UR Reviews	$ -	$ 240,000.00	$20,000 per month X 12 months
TOTAL	**$ 850,000.00**	**$ 1,344,000.00**	

Notes:

(1) Includes systems development, DMA staff training, in-house testing pilot project with selected agencies, and final modifications after pilot progam.

(2) Significant savings could be realized by contracting with one organization for all assessments and reviews.



North Carolina
Department of
Health and
Human Services

Adult Care Home
Capital Cost Reimbursement Study
Position Paper
May 2004

Adult Care Cost Modeling Committee
Prepared by the Office of the Internal Auditor

Overall Objective of Capital Cost Component Reimbursement

The purpose of this document is to summarize and present alternative methodologies available in the determination and treatment of the Facility Capital
Component of an Adult Care Home Cost Model to achieve the following objectives.

- **Equitable Return on Investment.** The primary objective is to provide a recommendation for the most equitable and feasible alternative. This includes an equitable and fair return to each facility owner, without regard to the capital structure of that owner's business and without affecting the owner's normal business decisions regarding depreciation, rent, improvements and/or repairs.
- **Minimize Costs.** Secondary to this process is that the methodology should seek to minimize the administrative costs associated with capital reimbursement.
- **Process Simplification.** A third objective is the simplification of the process in order to facilitate a better understanding of the program by the public, the legislature, facility owners and investors.

Background and Challenges

Although the objective of the Capital Cost Modeling Subcommittee is to analyze and identify an equitable and feasible capital reimbursement alternative, there are hurdles to overcome since considerations regarding the capital cost component can be complex. For example, considerations involve issues such as:

- Historical (Actual) Construction Cost
- Depreciation methods
- Financing/mortgage Costs
- Major Repairs/Renovations and Capitalization Policies
- Equipment – Fixed versus Moveable
- Geographical Considerations versus "One size fits all"
- Metropolitan vs. Rural Construction Costs
- Metropolitan vs. Rural Land Costs

- Leased or Rented Facilities
- Disposal Gains/Losses
- Excess Bed Capacity
- Facility Size
- Fair Market Rental Value considerations
- Property Taxes
- Insurance

There are several challenges relating to capital costs:

- Facility administrative time and costs involved in capturing, compiling and reporting the cost data
- State administrative time and costs involved in analyzing and auditing the data reported
- Issues pertaining to equitable reimbursements

Historically, these factors have resulted in increased administrative burdens, primarily accounting considerations for both the provider and the State program administrators. Because of these burdens and other considerations, a number of other States have considered alternatives. As noted in the following report section, an increasing number of States are trending to a form of fair rental reimbursement for facility reimbursement. Fair rental has the advantage of being equitable and can be simpler to administer than flat rate or cost-based systems.

Capital Environment in Other States

A Study produced by Myers & Stauffer, LC in 1998 for the State of Washington, Department of Social and Health Services addressed the issue of ***Medicaid Property Payment Study – Comparison of Property Payment Systems in Other States.*** While this study addressed Medicaid nursing facility property reimbursement methodologies, the issue regarding capital facility reimbursement is equally relevant to the adult care home industry. Thus, the Washington Study provides valuable insights into various methodologies in reimbursing facilities for the capital component.

The firm of Myers & Stauffer, LC researched and prepared a comparative review of practices in other states and found a great deal of variation in how States reimburse capital costs. The study points out that because of the relative fixed nature of capital costs, these capital costs are more often segregated from normal operating expenses and reimbursed separately. Capital costs are typically defined as depreciation, amortization, lease, mortgage interest expenses, but may include other related expenses such as property taxes and property insurance. Capital costs can also be rent paid to another facility owner. Clouding these different forms of capital costs are transactions/expenses with related parties. For example, the rent/lease or mortgage interest expense may be paid to an affiliated organization (i.e. common ownership interest), and may not be an "arm's length" transaction. Thus, costs incurred and reported may not be the same as a similar transaction conducted by unrelated parties.

The Myers & Stauffer Study broadly separates methodologies into four categories:

1) Flat Rate
2) Cost Based
3) Fair Rental
4) Blended

There are advantages and disadvantages to each of the four categories as enumerated below.

Capital Cost Reimbursement Alternatives - Pros and Cons

Methodology	Advantages	Disadvantages
Flat rate	• Administrative ease • Least opportunity to manipulate costs	• Disincentive for new facility investment • Disincentive for maintenance of existing facilities
Cost based	• Relatively easy to administer • More closely related to provider's actual costs • Easy to understand and communicate	• Require accurate cost data • Encourage manipulation of costs
Fair Rental	• Reward for long term program participation • Recognize owner's equity • Opportunity for capital accumulation to fund improvements • Less subject to manipulation	• Can be administratively cumbersome for property evaluations • Need for periodic appraisal updates
Blended	• Has the advantages of both the cost based and fair rental methodologies, i.e. ease of administration, recognizes owner's equity, etc.	• Has both the disadvantages of cost based and fair rental systems, i.e. can be administratively cumbersome, requires periodic evaluations, subject to manipulation, etc.

Capital Cost Reimbursement Alternatives - pros and cons

Historical Facility Reimbursement in North Carolina

Adult Care Homes have historically been reimbursed on a single state-wide rate. The basis for the rate has been audited cost reports filed by the various facilities. Pre-defined cost report templates with cost centers are completed, audited and submitted to the DHHS Controller's Office. The cost information is entered into a DHHS database, costs are consolidated, sorted (arrayed) by Direct Costs and Indirect Costs. (The Indirect Cost component contains administrative and capital costs.)

The State's formula for computing a state-wide rate has typically been to select the 75th percentile for Direct Costs and 60th percentile for Indirect Costs. The sum of these two percentiles is included in the data provided to the N.C. General Assembly for funding consideration.

Shortcomings. There are a number of shortcomings in the current system such as the following:

- **Cost of Capital.** There is no recognition of the cost of capital. For example, mortgage interest is recognized as operating costs for a facility that is built and financed 100%. On the other hand, an identical facility that is built with an owner's capital (neither borrowings nor mortgage interest) does not reflect any mortgage interest expense. Thus, there is no recognition of owner equity in the present system. There can be a dramatic difference in operating costs for the two otherwise identical facilities.
- **Ownership changes** produce disparities. For example, two identical facilities are built. One is sold ten years later at 250% of the original construction costs. The operating costs (depreciation and mortgage expense) for the new owners is much greater than the facility that was not sold—even though the facilities are physically and operationally identical.
- **Capitalization Policies.** State and Federal tax rules regarding capitalization policies influence decisions on whether to expense or capitalize major repairs or leasehold improvements.
- **Geographical Differences**. Currently, there is no recognition for geographical cost-of-living disparities. For example, a facility in the city of Charlotte receives the same

reimbursement as a facility in Chowan County which has a much lower labor rate that factors into both capital and operational costs.

These are some of the inequities produced by the current system. However, a couple of the main issues are that the current cost reimbursement process does not recognize owner's equity and facility capital costs are subject to wide fluctuations.

Cost Analogy

The fair price for a bed in an Adult Care Home is conceptually not that different from the fair price for a bed in a motel or other lodging establishment. The person renting the bed does not generally consider the costs that have been incurred by the developer/ builder/ owner of the motel. Likewise, the renter is not interested in how much, if any, mortgage interest is being incurred for the property or the cost of repairs for the past year. Instead, the "renter" is looking for a "fair price" considering the location and quality of services offered.

Fair rental reimbursement systems similarly do not consider historical costs, mortgage interest or other cost accounting data. Instead, a fair rental reimbursement system bases the capital payment to the owner upon the fair market rental value of the property. Each state that utilizes a fair rental value for facility capital reimbursement has introduced "twists" pertinent to their special situation. Thus, there is not any particular methodology that can be found in multiple States—only variations of the fair rental value approach.

Overview of Proposal

Underlying the current proposal are the previously stated objectives: namely, an equitable system of capital reimbursement that is simple and economical to administer. The category that best meets this objective is the Fair Rental Value which more and more States are gravitating toward. While the broad recommendation is to utilize a Fair Rental Value, there is within this category a great deal of diversity. Of the five States utilizing a version of Fair Rental Value, the Texas model showed the most promise as meeting other objectives such as being economical and simple to administer.

Texas computes a flat rate rental value per bed based upon the most recent local county property tax assessment. This is much cheaper than other States (in fact, no costs) that require certified real estate

appraisals that are subject to debate/appeal and other costly administrative issues. These outside independent appraisals often only serve to take money away from services and the facility owner. Texas applies a limitation of the 80th percentile or the prior years allowable fee adjusted for inflation. The rental factor utilized by Texas is a flat 14% and includes real estate taxes, insurance and moveable equipment along with other capital components.

North Carolina's Proposed Approach

A system similar to the approach taken by Texas is recommended for North Carolina.

- **Fair Rental Value.** The facility owner's capital costs would be paid based upon a "fair investment return" on the property's "assessed value" as determined by an independent party, e.g. the county tax assessor. In North Carolina, real property values are generally assessed every eight years for county tax purposes. Since property values can change dramatically in an eight-year period, there is an inherent need to adjust county tax valuations during the intervening years. Fortunately, the North Carolina Department of Revenue reviews prior year real property sales data annually for each of the State's 100 counties and compares the sales data to county assessed values for the same properties. Thus, the State is able to estimate with a high degree of confidence the current fair market value of property in each county based upon the statistical analysis. Real property assessment adjustments can easily be made during the intervening years between official assessment years with the aid of the North Carolina Department of Revenue statistics. The County assessed property value and the Department of Revenue data are both free (economical) and simple to administer which meets our objectives. An example of the adjustments for a sample facility in our sample is shown below.

Example of Real Estate Assessment Adjustment

	2003	2002	2001
County Assessed Value	252,800	252,800	252,800
NCDOR Adjustment factor	0.8060	0.8319	0.8477
Adjusted Assessed Value	313,648	303,883	298,219

- **Facility Type.** The adult care home payment rate is a single state-wide rate, as required by Federal regulations. We would therefore propose that payment rates continue to be established based upon a specified percentile ranking for non-capital costs.

- **Fair Rate of Return** – Texas employs a 14% fixed rate of return. While we were initially pessimistic about using a flat rate, our review indicates that North Carolina's computed rate is in line with Texas' rate. North Carolina's computed rate (12.6%) for 2001 is actually lower than Texas; however, Texas' rate also includes property taxes, insurance and movable equipment which is not a part of our recommended proposal as noted below. Other states use various ways of computing "fair investment return value" using a published rate, such as government investment yields plus an adjustment factor.

- **Capital Items.** The proposal substitutes a fair rental value (FRV) for the following cost items: depreciation, mortgage interest, building repairs and maintenance, and rent.

- **Excluded Capital Related Costs**

  We excluded costs which have a greater degree of variability, e.g. mobile/movable equipment, property taxes, insurance, etc. which can be considered either as capital costs or with other administrative costs separate from the major capital component. We see little value to including taxes, insurance or movable equipment in the fair rental value since they are not included in the county assessed value of real property and do not impact an "equity position" of assessed real property value.

Sample Study and Results

Methodology

In order to determine the impact that a proposal like this would have, we statistically selected a random sample from those adult care home facilities who had submitted cost reports for each of the three calendar years 2001, 2002 and 2003. Capital costs were obtained from the DHHS Controller's Office database. The primary capital cost components (depreciation, mortgage interest, leasehold improvements, building repairs and maintenance, and rent) were extracted. Assessed property values were obtained from either the tax notices submitted by the facility property managers or the county tax assessor's office (or their web site).

Approach Taken

In order to determine a fair rental rate, we:

- Statistically selected facilities from all except the small size (1-30) categories. (Smaller facilities were excluded since accurate cost data was not available for some of them. Facilities that did not have cost data for all three years were also excluded.)

- Obtained assessed real property values for the years 2001, 2002, 2003.

- Established 2001 as a "hold harmless" base year. The fair rental factor was set to equal the amount of actual costs reported by the facilities for 2001.

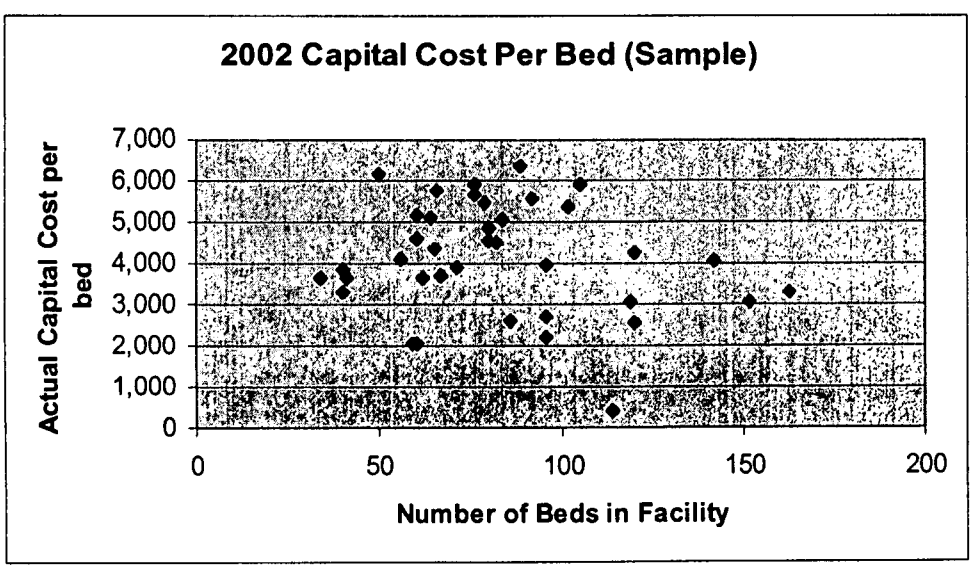
- Used the same rental rate developed in the base year 2001 to compute a fair rental value per bed for the next two years, 2002 and 2003.

- Totaled the actual capital costs reported to the Controller's Office on the Adult Care Home Cost Reports.

We then tabulated the total assessed tax values for 2001 and compared that value with the reported actual capital costs for 2001. From this number, we computed a fair value rental rate whereby, overall, the owners would have the same amount of capital costs from the fair rental value as from those costs reported to the Controller's Office.

We then compared the fair rental values per bed in 2002 and 2003 with the actual costs reported by the facilities to determine how much effect the proposed change in capital reimbursement methodology had on capital costs reimbursement.

The actual capital cost per bed varied significantly within the sample, from a low of $398 per bed in Oakhurst in Greensboro (114 licensed beds) to a high of $6,154 per bed for Autumn Winds of Bryson City (50 licensed beds).



Fair Rental Value Results

The year 2001 was established as a "hold harmless" base year in which the rental factor was set to equal the actual reported capital costs for the facilities in our sample.

Year	Adjusted Assessed Value	12.6% Fair Rental Rate	Actual Costs Reported	Difference	Rental Difference As a % of Actual
2001*	86,777,324	10,918,371	10,918,371	0	
2002	87,512,381	11,026,560	10,440,838	585,722	5.61%
2003	91,347,578	11,509,795	10,515,205	994,590	9.46%
* Base year of Study					

- As shown in the above table, application of the fair rental value for the 38 facilities in our sample resulted in an additional cost amount of $585,722 being included as equity cost in the year 2002 and an additional cost amount of $994,590 being reported in the year 2003 subject to inflation limitations more fully described below.

Fair Rental Value Limitations

In Texas, the current year fair rental value/fee is compared to the previous years allowable rental value/fee as adjusted for inflation based on the Implicit Price Deflator for Personal Consumption Expenditures. The lesser of the two is used as the basis for the allowable fair rental value increase. The Implicit Price Deflator is a better gauge for inflation since:

> *The IPD measures the prices of a much wider group of goods and services than the CPI. For example, the IPD includes all consumption of health care rather than just out of pocket expenses and consumer purchased insurance measured in the CPI. The IPD is based on current economic conditions and consumer expenditures, tastes and preferences. It is frequently used to adjust state economic and revenue data. The state expenditure limit is based on the IPD as well as inflation adjustments in the state's biennial budget.* [State of Washington Department of Finance]

> *Although it is up a bit recently,* ***the Fed's preferred measure of inflation -- the personal consumption expenditure price index****, excluding food and energy costs -- was a mere 1.4% higher in March than a year ago, well within the 1%-to-2% comfort range of many central bankers.* [BusinessWeek Online May 24, 2004]

Likewise in North Carolina, it would be prudent to place a cap on the amount of rental value increase in any given year. Application of the IPD would be as follows.

Computation of Additional Cost/Bed	2002		2003	
FRV limited to Implicit Price Deflato	**FRV**	**Deflator**	**FRV**	**Deflator**
Additional Capital -Fair Rental Value	5.61%	3.79%	9.47%	2.44%
Weighted Capital Costs in State Rate	0.3029	0.3029	0.3029	0.3029
Fair Rental Value Adjustment %	1.70%	1.15%	2.87%	0.74%
State Reimbursement Rate	$1,183.00	$1,183.00	$1,183.00	$1,183.00
FRV Effect on **Monthly** Reimburseme	$20.10	$13.58	$33.93	$8.74
FRV or Deflator Limit **Annualized per Bed**	N/A	$162.97	N/A	$104.92

Category	Cost Reports Weighted	Reimburse. pro-rated
Labor Related Costs	31.65%	$374.42
Other Costs	38.06%	$450.25
Capital Costs	30.29%	$358.33
Total	100.00%	$1,183.00

- **From a percentage view**, the limiting factor is the lower of the fair rental value increase (5.61%) or the Implicit Price Deflator (3.79%) for 2002. For 2003, the limiting factor is the lower of the fair rental value increase (9.47%) or the Implicit Price Deflator (2.44%).
- **From a fiscal impact standpoint**, the additional average cost increment/ reimbursement using the fair rental values (FRV) instead of actual capital costs reported would result in an additional $162.97 annually per bed for 2002 and $104.92 per bed for 2003.
- **On a monthly basis**, application of the proposed methodology would have increased Special Assistance monthly cost/rates by $14 from $1,183 to $1,197 per bed in 2002. For 2003, the Special Assistance monthly cost/rates would have increased by $9 from $1,188 to $1,197 per bed. These resulting increases are currently small due to the low inflation rates which have been experienced over the last few years. As inflation increases, the limiting IPD factor would also increase, providing a greater increase in allowable cost.

Conclusion

This report achieves its objectives in regard to providing a more equitable calculation of capital facility reimbursement than the current system based on historical costs. The methodology suggested is also economical to calculate and easy to administer. It also removes conflict of interest situations where facilities are sold to related parties. Further, it makes the State indifferent to management decisions such as capitalization policies, repairs that are expensed versus capitalized, etc.

While refinements can be and should be made to the proposed model, this report provides insight (3 years of data) into the potential impact of implementing this type of model. Thus, the proposed model appears to be a viable candidate for implementation.

Schedule 1

Implicit Price Deflator
Personal Consumption Expenditures

Background

The Bureau of Economic Analysis, U.S. Department of Commerce, publishes numerous statistics, one of which is the Price Index for Personal Consumption Expenditures. From the price index published, an implicit price deflator (IPD) may be derived for any time period. The price deflator is the measure of inflation between two points in time for the index being measured, in this case the personal consumption expenditure.

Obtaining the information

Step 1 – go to the Bureau of Economic Analysis web page main statistics page at http://www.fedstats.gov/key_stats/BEAkey.html.

On this page, select the Nation Income and Product Accounts (NIPA) which is located at http://www.bea.gov/bea/dn1.htm

Select the interactive NIPA tables.

Go to "List of all NIPA Tables"

Select Table 2.3.4 Table 2.3.4. Price Indexes for Personal Consumption Expenditures by Major Type of Product (A) (Q)

Select the date range and whether the information should be displayed annually or quarterly. For example, selecting annual for the last three years yields the following table of information:

Table 2.3.4. Price Indexes for Personal Consumption
Expenditures by Major Type of Product
[Index numbers, 2000=100]
Bureau of Economic Analysis
Downloaded on 5/18/04 At 11:23:26 AM Published date
is 4/30/04

Line		2000	2001	2002	2003
1	Personal consumption expenditures	100	102.039	103.429	105.325
2	Durable goods	100	98.086	95.208	91.682
3	Motor vehicles and parts	100	100.375	98.766	95.992
4	Furniture and household equipment	100	94.139	88.778	83.538
5	Other	100	100.348	99.531	97.905
6	Nondurable goods	100	101.53	102.075	104.179
7	Food	100	102.944	104.942	106.966
8	Clothing and shoes	100	98.02	95.405	93.047
9	Gasoline, fuel oil, and other energy goods	100	96.767	90.53	105.687
10	Gasoline and oil	100	96.337	90.415	105.259
11	Fuel oil and coal	100	101.695	91.778	110.164
12	Other	100	102.75	104.986	105.136
13	Services	100	103.168	105.946	109.007
14	**Housing**	**100**	**103.85**	**107.786**	**110.411**
15	Household operation	100	104.405	103.49	107.497
16	Electricity and gas	100	110.652	104.857	113.155
17	Other household operation	100	100.827	102.715	104.193
18	Transportation	100	101.543	102.826	105.558
19	Medical care	100	103.643	106.241	109.444
20	Recreation	100	103.422	106.476	109.658
21	Other	100	101.831	105.419	108.455
	Addenda:				
22	Energy goods and services\1\	100	102.655	96.601	108.888
23	Personal consumption expenditures excluding food and energy	100	101.85	103.581	104.84

The results of the data can be summarized as follows:

Year	Current Index	Prior Yr Index	Divide Indexes	Deflator
2003	110.411	107.786	1.024	2.44%
2002	107.786	103.850	1.038	3.79%
2001	103.850	100.000	1.039	3.85%
2000	100.000			

The MDS Assessment Study, which is quite lengthy, is available only in hard copy. Please call the Office of Policy and Planning, 919-733-1665, for a copy.

ADULT CARE HOME COST MODELING REPORT
FACT SHEET

What is the background behind the formation of the Adult Care Home (ACH) Cost Modeling Committee? For several years advocates have complained that residents of ACHs are not receiving appropriate care. At the same time, providers have complained that the reimbursement is not sufficient to cover the actual cost of care. Additionally, the rate setting for the two funding sources for residents in ACHs (State County Special Assistance and Medicaid Personal Care Service) were calculated in two different processes and locations within DHHS. It was time to develop a comprehensive approach to determine the rates and link that closely with resident needs.

What was the mission of the ACH Cost Modeling Committee? The mission was to develop a consistent and defensible costing methodology that considers the full cost of operating Adult Care Home facilities to ensure that resident care needs are met.

What types of homes were included in the study? For purposes of this study, the Committee focused on Homes for Aged Licensed (HALs) facilities of thirty or more beds, with and without a Special Care Unit (SCU) designation, those that were SCU only and eight Mental Health Licensed (MHL) group homes.

Why was the model approach used rather than the existing rate setting based upon cost reports? The Committee was convinced that basing the rate setting on a group of model facilities which met strict standards rather than using the average of all cost reports would drive quality improvements in the industry. This methodology allows for future rate setting that can be updated for inflation, for changes in facility and care standards and that can be periodically adjusted to reflect resident populations and staffing requirements.

What criteria were used for selecting facilities to use in the model? They were:

- An even geographical and urban and rural representation
- A mixture of both private pay and public funding
- Occupancy rate at a minimum of 80%
- Include Special Care Units (SCUs) within facilities and those that are stand-alone facilities
- At least 3 facilities from each of the following size categories: 31-60 beds , 61-90 beds, and 91+ beds
- Facilities must have been in business for a minimum of one year
- No disproportionately high indirect cost ratios compared to direct costs
- No history of penalties and fines
- Once these criteria were met, the facilities were reviewed by industry representatives, the local Departments of Social Services, and the Friends of Residents in Long Term Care as efficient and respected facilities with a good reputation for serving residents

How did the Committee address the resident care needs? All residents in the model facilities were assessed by professionally trained RNs, using the nationally recognized Minimum Data Set instrument, to determine their individual health care needs. The results of the assessments were studied in several ways. Results were compared by a DHHS consultant with significant experience in this field to a national staffing study conducted in nursing homes, to staff needs identified by NC providers, and to regulatory requirements. It was determined that whereas providers are now only reimbursed for 1.1 hours of PCS care, assessments indicate a much higher need—2.31 hours/per/day of PCS for residents of HALs and 4.07 hours/per/day of PCS for residents of Special Care Units.

How does this new approach affect eligibility? The Committee realized that as it reallocated costs from the State County Special Assistance (SA) funding stream to the Medicaid Personal Care Services (PCS) funding stream, there was a negative impact on some residents currently receiving SA payments. After researching several alternatives to avoid this occurrence, the Committee agreed that an income disregard policy was needed.

What is an income disregard policy? As costs are reallocated from SA to PCS, it lowers the financial eligibility amount needed to qualify for SA. Thus, some recipients could have too much income to qualify for SA under the new income standard. An income disregard policy permits the disregard of income up to the amount of the reduction in the SA payment level. This reduction would be used by the recipient to pay for a portion of the PCS services covered by Medicaid.

If all the recommendations contained in the ACH report are adopted, what will be the new funding requirements? The total cost to fund the entire package is $222,812,902 of which $135,253,881 is Federal, $62,121,946 is State, and $25,437,075 is County. This cost includes SA, PCS, administration of new systems and processes for resident assessment, and implementation of the income disregard policy. See the chart in the Report for the Summary of Funding Requirements.

How is improved resident care reflected in these new funding requirements? The greatest portion of the increase in financing to the ACHs is the result of increased hours of staffing required based on the assessments, the adjustments made to the hourly wage rates to achieve higher statewide averages, and an adjustment to provide for benefits to the direct care staff. The Committee believes that these changes are needed to stabilize the workforce, lower the turnover rate, and compensate for the skills needed. These are the same recommendations that have been made by the NC Institute of Medicine in its report on long-term care.

What role will resident assessments play in future decisions about resident placement in long term care facilities? The Committee recommends implementation of an improved screening and prior approval system and regular assessments of residents to make sure that the services they receive are designed to meet their specific health care needs.

How will the Department guarantee that the increase in rate payments will result in improved quality of care and be expended on the direct care component of provider costs? The report recommends improved monitoring and auditing of the direct care component of cost reports. If increased wages, hours and benefits of the direct care providers are not reflected in the cost report, then the Department may require settlement against that component. The Department is very committed to performance management, and once the funding is approved, an internal group from the Office of the Controller, the Division of Medical Assistance, and the Office of the Internal Auditor will determine specific performance expectations.

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Alamance		
	Adult Day Care	29
	Care Management	51
	Congregate Nutrition	526
	Group Respite	2
	Home Delivered Meals	567
	In Home Aide Level 1	10
	In Home Aide Level 2	10
	In Home Aide Level 3	21
	Transportation, General	179
	Transportation, Medical	242
	Total	1,637
Alexander		
	Congregate Nutrition	144
	Home Delivered Meals	54
	Housing & Home Improvement	12
	In Home Aide Level 1	45
	In Home Aide Level 2	32
	Transportation, General	70
	Transportation, Medical	17
	Total	374
Alleghany		
	Congregate Nutrition	114
	Home Delivered Meals	56
	In Home Aide Level 1	73
	In Home Aide Level 2	16
	Transportation, General	19
	Total	278
Anson		
	Congregate Nutrition	112
	Home Delivered Meals	123
	In Home Aide Level 1	61
	Transportation, General	30
	Total	326

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Ashe		
	Adult Day Care	11
	Adult Day Health	5
	Congregate Nutrition	199
	Home Delivered Meals	75
	In Home Aide Level 2	49
	Transportation, General	59
	Total	398
Avery		
	Congregate Nutrition	351
	Home Delivered Meals	79
	In Home Aide Level 1	70
	In Home Aide Level 2	17
	Total	517
Beaufort		
	Congregate Nutrition	83
	Home Delivered Meals	106
	In Home Aide Level 2	55
	Transportation, General	47
	Total	291
Bertie		
	Congregate Nutrition	159
	Home Delivered Meals	92
	In Home Aide Level 2	27
	Transportation, General	58
	Transportation, Medical	13
	Total	349
Bladen		
	Adult Day Care	10
	Congregate Nutrition	237
	Home Delivered Meals	43
	Housing & Home Improvement	10
	In Home Aide Level 1	58
	Transportation, General	264
	Transportation, Medical	105
	Total	727

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Brunswick		
	Congregate Nutrition	399
	Home Delivered Meals	289
	Housing & Home Improvement	21
	In Home Aide Level 1	8
	In Home Aide Level 2	38
	In Home Aide Level 3	4
	Transportation, General	74
	Transportation, Medical	132
	Total	965
Buncombe		
	Adult Day Care	23
	Adult Day Health	53
	Congregate Nutrition	374
	Home Delivered Meals	70
	Housing & Home Improvement	43
	In Home Aide Level 1	106
	In Home Aide Level 2	34
	Senior Companion	6
	Transportation, General	356
	Transportation, Medical	443
	Total	1,508
Burke		
	Adult Day Care	22
	Congregate Nutrition	117
	Home Delivered Meals	182
	In Home Aide Level 1	40
	In Home Aide Level 2	23
	In Home Aide Level 3	17
	Transportation, General	83
	Transportation, Medical	150
	Total	634

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Cabarrus		
	Adult Day Care	40
	Adult Day Health	7
	Congregate Nutrition	629
	Housing & Home Improvement	66
	In Home Aide Level 2	66
	Transportation, General	264
	Total	1,072
Caldwell		
	Adult Day Care	5
	Congregate Nutrition	112
	Home Delivered Meals	71
	In Home Aide Level 1	23
	In Home Aide Level 2	20
	In Home Aide Level 3	26
	Transportation, General	39
	Transportation, Medical	18
	Total	314
Camden		
	Adult Day Health	2
	Congregate Nutrition	70
	Home Delivered Meals	26
	Housing & Home Improvement	2
	In Home Aide Level 1	3
	In Home Aide Level 2	3
	In Home Aide Level 3	4
	Transportation, General	20
	Total	130
Carteret		
	Congregate Nutrition	212
	Home Delivered Meals	44
	In Home Aide Level 1	14
	In Home Aide Level 2	23
	In Home Aide Level 4	13
	Senior Companion	10
	Transportation, General	120
	Total	436

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Caswell		
	Congregate Nutrition	180
	Home Delivered Meals	118
	In Home Aide Level 1	7
	In Home Aide Level 2	9
	In Home Aide Level 3	12
	Transportation, General	83
	Transportation, Medical	11
	Total	420
Catawba		
	Adult Day Care	20
	Adult Day Health	5
	Congregate Nutrition	664
	Home Delivered Meals	347
	In Home Aide Level 2	11
	In Home Aide Level 3	13
	Transportation, General	230
	Transportation, Medical	80
	Total	1,370
Chatham		
	Adult Day Care	3
	Congregate Nutrition	223
	Home Delivered Meals	72
	In Home Aide Level 1	13
	In Home Aide Level 2	60
	In Home Aide Level 3	12
	Transportation, General	98
	Total	481
Cherokee		
	Congregate Nutrition	185
	Home Delivered Meals	71
	Housing & Home Improvement	7
	In Home Aide Level 1	34
	Transportation, General	112
	Total	409

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Chowan		
	Adult Day Health	10
	Congregate Nutrition	82
	Home Delivered Meals	66
	Housing & Home Improvement	9
	In Home Aide Level 1	10
	In Home Aide Level 2	3
	In Home Aide Level 3	7
	Transportation, General	30
	Total	217
Clay		
	Congregate Nutrition	52
	Home Delivered Meals	91
	In Home Aide Level 1	39
	Transportation, General	42
	Transportation, Medical	28
	Total	252
Cleveland		
	Adult Day Health	42
	Congregate Nutrition	177
	Group Respite	12
	Home Delivered Meals	169
	Housing & Home Improvement	23
	In Home Aide Level 1	8
	In Home Aide Level 2	33
	Transportation, General	95
	Transportation, Medical	50
	Total	609
Columbus		
	Congregate Nutrition	611
	Home Delivered Meals	91
	Housing & Home Improvement	116
	In Home Aide Level 2	20
	In Home Aide Level 3	16
	Transportation, General	63
	Total	917

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Craven		
	Care Management	44
	Congregate Nutrition	190
	Home Delivered Meals	135
	In Home Aide Level 2	63
	In Home Aide Level 3	21
	Senior Companion	11
	Transportation, General	78
	Total	542
Cumberland		
	Adult Day Health	26
	Care Management	20
	Congregate Nutrition	233
	Home Delivered Meals	210
	Housing & Home Improvement	352
	In Home Aide Level 1	3
	In Home Aide Level 2	62
	In Home Aide Level 3	91
	Transportation, General	72
	Transportation, Medical	26
	Total	1,095
Currituck		
	Adult Day Health	1
	Congregate Nutrition	300
	Home Delivered Meals	73
	Housing & Home Improvement	2
	Housing & Home Improvement	5
	In Home Aide Level 1	27
	In Home Aide Level 2	7
	In Home Aide Level 3	6
	Transportation, General	28
	Total	449
Dare		
	Congregate Nutrition	41
	Home Delivered Meals	64
	In Home Aide Level 2	66
	In Home Aide Level 3	14
	Total	185

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name		SFY 03-04 Clients
Davidson			
	Adult Day Care		22
	Adult Day Health		30
	Care Management		73
	Congregate Nutrition		349
	Home Delivered Meals		284
	In Home Aide Level 1		8
	In Home Aide Level 2		30
	In Home Aide Level 3		20
	Transportation, General		198
	Transportation, Medical		107
		Total	1,121
Davie			
	Congregate Nutrition		79
	Home Delivered Meals		109
	In Home Aide Level 2		25
	In Home Aide Level 3		78
	Transportation, General		93
	Transportation, Medical		134
		Total	518
Duplin			
	Adult Day Care		5
	Congregate Nutrition		437
	Home Delivered Meals		131
	In Home Aide Level 1		169
	In Home Aide Level 2		12
	Transportation, General		63
	Transportation, Medical		21
		Total	838
Durham			
	Adult Day Care		3
	Congregate Nutrition		811
	Home Delivered Meals		272
	In Home Aide Level 2		182
	Transportation, General		157
		Total	1,425

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Edgecombe		
	Adult Day Care	16
	Adult Day Health	14
	Congregate Nutrition	209
	Home Delivered Meals	74
	Home Health	36
	In Home Aide Level 1	3
	In Home Aide Level 2	53
	In Home Aide Level 3	13
	Transportation, General	181
	Total	599
Forsyth		
	Adult Day Care	42
	Adult Day Health	33
	Congregate Nutrition	259
	Home Delivered Meals	422
	In Home Aide Level 1	127
	In Home Aide Level 2	80
	In Home Aide Level 3	168
	Transportation, General	90
	Transportation, Medical	43
	Total	1,264
Franklin		
	Congregate Nutrition	485
	Home Delivered Meals	149
	In Home Aide Level 1	22
	In Home Aide Level 2	11
	Transportation, General	180
	Transportation, Medical	46
	Total	893
Gaston		
	Congregate Nutrition	357
	Home Delivered Meals	290
	In Home Aide Level 1	109
	In Home Aide Level 2	161
	In Home Aide Level 3	44
	Transportation, General	57
	Total	1,018

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Gates		
	Congregate Nutrition	43
	Home Delivered Meals	53
	Housing & Home Improvement	3
	In Home Aide Level 1	27
	In Home Aide Level 2	20
	Transportation, General	13
	Transportation, Medical	39
	Total	198
Graham		
	Congregate Nutrition	57
	Home Delivered Meals	93
	In Home Aide Level 1	22
	In Home Aide Level 2	12
	Total	184
Granville		
	Congregate Nutrition	164
	Home Delivered Meals	208
	Housing & Home Improvement	2
	In Home Aide Level 1	66
	In Home Aide Level 2	74
	Transportation, General	69
	Transportation, Medical	17
	Total	600
Greene		
	Congregate Nutrition	112
	Home Delivered Meals	61
	In Home Aide Level 2	8
	In Home Aide Level 3	4
	Transportation, General	28
	Total	213

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Guilford		
	Adult Day Care	53
	Adult Day Health	60
	Care Management	44
	Congregate Nutrition	725
	Group Respite	10
	Home Delivered Meals	824
	In Home Aide Level 1	68
	In Home Aide Level 2	97
	In Home Aide Level 3	10
	Transportation, General	409
	Total	2,300
Halifax		
	Adult Day Care	18
	Congregate Nutrition	163
	Home Delivered Meals	158
	In Home Aide Level 1	29
	In Home Aide Level 2	66
	In Home Aide Level 3	3
	Transportation, General	84
	Total	521
Harnett		
	Congregate Nutrition	269
	Home Delivered Meals	336
	Housing & Home Improvement	22
	In Home Aide Level 1	79
	In Home Aide Level 2	13
	Transportation, General	19
	Transportation, Medical	65
	Total	803

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Haywood		
	Adult Day Care	10
	Adult Day Health	6
	Congregate Nutrition	242
	Home Delivered Meals	134
	Housing & Home Improvement	66
	In Home Aide Level 1	32
	In Home Aide Level 2	14
	Senior Companion	19
	Transportation, General	62
	Transportation, Medical	68
		653
Henderson		
	Adult Day Care	16
	Adult Day Health	6
	Congregate Nutrition	78
	Home Delivered Meals	440
	In Home Aide Level 2	64
	Senior Companion	3
	Transportation, General	143
	Transportation, Medical	86
	Total	836
Hertford		
	Congregate Nutrition	250
	Home Delivered Meals	71
	In Home Aide Level 2	23
	Transportation, General	79
	Transportation, Medical	13
	Total	436
Hoke		
	Congregate Nutrition	118
	Home Delivered Meals	109
	Housing & Home Improvement	10
	In Home Aide Level 1	24
	In Home Aide Level 2	31
	Transportation, General	59
	Transportation, Medical	58
	Total	409

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Hyde		
	Congregate Nutrition	72
	Home Delivered Meals	37
	Housing & Home Improvement	1
	In Home Aide Level 2	47
	Transportation, General	25
	Transportation, Medical	18
	Total	200
Iredell		
	Adult Day Care	11
	Congregate Nutrition	269
	Home Delivered Meals	244
	In Home Aide Level 1	113
	In Home Aide Level 2	40
	Transportation, General	294
	Total	971
Jackson		
	Adult Day Care	11
	Congregate Nutrition	110
	Group Respite	8
	Home Delivered Meals	159
	Housing & Home Improvement	22
	In Home Aide Level 1	67
	In Home Aide Level 2	73
	Transportation, General	98
	Transportation, Medical	30
	Total	578
Johnston		
	Congregate Nutrition	414
	Home Delivered Meals	393
	In Home Aide Level 1	125
	In Home Aide Level 2	65
	In Home Aide Level 3	18
	Transportation, General	71
	Transportation, Medical	12
	Total	1,098

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Jones		
	Congregate Nutrition	81
	Home Delivered Meals	44
	In Home Aide Level 1	17
	Total	142
Lee		
	Congregate Nutrition	246
	Home Delivered Meals	76
	Housing & Home Improvement	6
	Transportation, General	73
	Transportation, Medical	119
	Total	520
Lenoir		
	Congregate Nutrition	169
	Home Delivered Meals	61
	In Home Aide Level 1	125
	In Home Aide Level 2	29
	In Home Aide Level 3	14
	Transportation, General	46
	Total	444
Lincoln		
	In Home Aide Level 1	26
	In Home Aide Level 2	5
	Transportation, General	107
	Total	138
Macon		
	Adult Day Care	42
	Congregate Nutrition	128
	Home Delivered Meals	86
	In Home Aide Level 1	20
	In Home Aide Level 2	46
	Transportation, General	84
	Transportation, Medical	62
		468

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Madison		
	Congregate Nutrition	199
	Home Delivered Meals	67
	In Home Aide Level 1	15
	In Home Aide Level 2	6
	Senior Companion	3
	Transportation, General	90
	Transportation, Medical	30
	Total	410
Martin		
	Congregate Nutrition	263
	Home Delivered Meals	137
	In Home Aide Level 2	38
	Transportation, General	89
	Transportation, Medical	27
	Total	554
McDowell		
	Congregate Nutrition	384
	Home Delivered Meals	287
	In Home Aide Level 1	29
	In Home Aide Level 2	21
	Transportation, General	35
	Total	756
Mecklenburg		
	Adult Day Care	27
	Adult Day Health	117
	Congregate Nutrition	2,168
	Home Delivered Meals	909
	In Home Aide Level 1	361
	In Home Aide Level 2	316
	In Home Aide Level 3	17
	Transportation, General	457
	Total	4,372

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Mitchell		
	Congregate Nutrition	306
	Home Delivered Meals	130
	In Home Aide Level 1	46
	Transportation, General	49
	Total	531
Montgomery		
	Congregate Nutrition	42
	Home Delivered Meals	80
	In Home Aide Level 1	47
	Transportation, General	46
	Total	215
Moore		
	Congregate Nutrition	126
	Home Delivered Meals	177
	In Home Aide Level 1	72
	In Home Aide Level 2	79
	In Home Aide Level 3	11
	Transportation, General	126
	Transportation, Medical	138
	Total	729
Nash		
	Adult Day Health	23
	Congregate Nutrition	47
	Home Delivered Meals	239
	In Home Aide Level 1	8
	In Home Aide Level 2	39
	In Home Aide Level 3	4
	Transportation, General	38
	Transportation, Medical	35
	Total	433

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
New Hanover		
	Adult Day Care	33
	Adult Day Health	16
	Congregate Nutrition	623
	Group Respite	10
	Home Delivered Meals	471
	In Home Aide Level 1	23
	In Home Aide Level 2	35
	In Home Aide Level 3	10
	Transportation, General	169
	Transportation, Medical	208
	Total	1,598
Northampton		
	Adult Day Care	10
	Adult Day Health	1
	Congregate Nutrition	58
	Group Respite	6
	Home Delivered Meals	47
	In Home Aide Level 1	20
	In Home Aide Level 2	12
	Transportation, General	27
	Transportation, Medical	12
	Total	193
Onslow		
	Adult Day Care	9
	Congregate Nutrition	517
	Home Delivered Meals	104
	In Home Aide Level 2	92
	In Home Aide Level 3	45
	Transportation, General	81
	Transportation, Medical	47
	Total	895
Orange		
	Adult Day Health	14
	Congregate Nutrition	366
	In Home Aide Level 2	48
	In Home Aide Level 3	1
	Transportation, General	86
	Total	515

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Pamlico		
	Care Management	20
	Congregate Nutrition	87
	Home Delivered Meals	64
	Housing & Home Improvement	6
	In Home Aide Level 2	24
	In Home Aide Level 3	7
	Total	208
Pasquotank		
	Adult Day Health	12
	Congregate Nutrition	105
	Home Delivered Meals	71
	Housing & Home Improvement	5
	In Home Aide Level 2	5
	In Home Aide Level 3	3
	Transportation, General	140
	Total	341
Pender		
	Congregate Nutrition	502
	Home Delivered Meals	144
	In Home Aide Level 2	11
	In Home Aide Level 3	3
	Transportation, General	62
	Total	722
Perquimans		
	Adult Day Health	4
	Congregate Nutrition	134
	Home Delivered Meals	62
	Housing & Home Improvement	2
	In Home Aide Level 1	7
	In Home Aide Level 2	4
	In Home Aide Level 3	3
	Transportation, General	36
	Total	252

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Person		
	Adult Day Care	3
	Congregate Nutrition	181
	Home Delivered Meals	64
	In Home Aide Level 1	14
	In Home Aide Level 2	34
	Transportation, General	34
	Total	330
Pitt		
	Adult Day Care	14
	Congregate Nutrition	193
	Home Delivered Meals	313
	In Home Aide Level 2	54
	Transportation, General	56
	Transportation, Medical	33
	Total	663
Polk		
	Congregate Nutrition	102
	Home Delivered Meals	121
	In Home Aide Level 1	59
	Transportation, General	128
	Transportation, Medical	100
	Total	510
Randolph		
	Adult Day Care	8
	Congregate Nutrition	401
	Group Respite	11
	Home Delivered Meals	340
	Housing & Home Improvement	37
	In Home Aide Level 1	67
	In Home Aide Level 2	39
	In Home Aide Level 3	15
	Transportation, General	377
	Transportation, Medical	135
	Total	1,430

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Richmond		
	Congregate Nutrition	224
	Home Delivered Meals	123
	In Home Aide Level 1	99
	Transportation, General	62
	Total	508
Robeson		
	Congregate Nutrition	398
	Home Delivered Meals	175
	Housing & Home Improvement	75
	In Home Aide Level 1	10
	In Home Aide Level 2	89
	In Home Aide Level 3	36
	Transportation, General	263
	Transportation, Medical	9
	Total	1,055
Rockingham		
	Adult Day Care	7
	Congregate Nutrition	484
	Home Delivered Meals	164
	In Home Aide Level 1	12
	In Home Aide Level 2	59
	In Home Aide Level 3	7
	Transportation, General	120
	Total	853
Rowan		
	Adult Day Care	14
	Adult Day Health	5
	Congregate Nutrition	876
	In Home Aide Level 1	23
	In Home Aide Level 2	42
	In Home Aide Level 3	13
	Transportation, General	233
	Total	1,206

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Rutherford		
	Adult Day Health	18
	Congregate Nutrition	897
	Home Delivered Meals	173
	In Home Aide Level 1	5
	In Home Aide Level 2	16
	Transportation, General	24
	Total	1,133
Sampson		
	Adult Day Health	17
	Congregate Nutrition	323
	Home Delivered Meals	170
	Housing & Home Improvement	100
	In Home Aide Level 2	32
	Transportation, General	205
	Total	847
Scotland		
	Adult Day Care	9
	Adult Day Health	10
	Congregate Nutrition	106
	Home Delivered Meals	56
	In Home Aide Level 1	34
	In Home Aide Level 2	35
	In Home Aide Level 3	3
	Transportation, General	34
	Total	287
Stanly		
	Congregate Nutrition	298
	Home Delivered Meals	252
	In Home Aide Level 1	76
	In Home Aide Level 2	28
	Transportation, General	116
	Total	770

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Stokes		
	Adult Day Care	3
	Congregate Nutrition	209
	Home Delivered Meals	209
	In Home Aide Level 2	5
	In Home Aide Level 3	6
	Transportation, General	101
	Transportation, Medical	26
	Total	559
Surry		
	Congregate Nutrition	283
	Home Delivered Meals	196
	In Home Aide Level 1	38
	In Home Aide Level 2	83
	In Home Aide Level 3	3
	Transportation, General	144
	Transportation, Medical	159
	Total	906
Swain		
	Congregate Nutrition	100
	Home Delivered Meals	117
	Housing & Home Improvement	2
	In Home Aide Level 1	23
	In Home Aide Level 2	12
	Transportation, General	97
	Total	351
Transylvania		
	Adult Day Care	11
	Care Management	6
	Congregate Nutrition	93
	Home Delivered Meals	20
	In Home Aide Level 1	24
	In Home Aide Level 2	55
	Senior Companion	2
	Transportation, General	56
	Transportation, Medical	21
	Total	288

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Tyrrell		
	Congregate Nutrition	136
	Home Delivered Meals	26
	In Home Aide Level 1	15
	In Home Aide Level 2	10
	Transportation, General	23
	Total	210
Union		
	Adult Day Care	19
	Congregate Nutrition	177
	Home Delivered Meals	281
	In Home Aide Level 1	92
	In Home Aide Level 2	75
	In Home Aide Level 3	6
	Transportation, General	283
	Total	933
Vance		
	Adult Day Care	1
	Congregate Nutrition	133
	Home Delivered Meals	117
	In Home Aide Level 1	49
	In Home Aide Level 2	37
	Transportation, General	58
	Transportation, Medical	64
	Total	459
Wake		
	Adult Day Care	24
	Adult Day Health	16
	Congregate Nutrition	978
	Home Delivered Meals	1,085
	In Home Aide Level 2	60
	In Home Aide Level 3	38
	Institutional Respite	95
	Transportation, General	212
	Total	2,508

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Warren		
	Care Management	2
	Congregate Nutrition	97
	Home Delivered Meals	80
	In Home Aide Level 1	5
	In Home Aide Level 2	37
	Transportation, General	44
	Transportation, Medical	19
	Total	284
Washington		
	Congregate Nutrition	125
	Home Delivered Meals	57
	In Home Aide Level 2	36
	In Home Aide Level 3	1
	Transportation, General	30
	Transportation, Medical	8
	Total	257
Watauga		
	Congregate Nutrition	419
	Home Delivered Meals	180
	In Home Aide Level 1	126
	In Home Aide Level 2	47
	Transportation, General	51
	Total	823
Wayne		
	Congregate Nutrition	308
	Group Respite	16
	Home Delivered Meals	570
	In Home Aide Level 1	240
	In Home Aide Level 2	106
	In Home Aide Level 3	24
	Transportation, General	119
	Transportation, Medical	82
	Total	1,465

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Wilkes		
	Congregate Nutrition	410
	Home Delivered Meals	283
	Housing & Home Improvement	14
	In Home Aide Level 1	30
	In Home Aide Level 3	68
	Transportation, General	331
	Total	1,136
Wilson		
	Adult Day Care	5
	Adult Day Health	1
	Congregate Nutrition	203
	Home Delivered Meals	330
	In Home Aide Level 1	8
	In Home Aide Level 2	47
	In Home Aide Level 3	6
	Transportation, General	491
	Total	1,091
Yadkin		
	Adult Day Care	4
	Congregate Nutrition	148
	Home Delivered Meals	123
	In Home Aide Level 1	66
	In Home Aide Level 2	15
	In Home Aide Level 3	49
	Transportation, General	95
	Transportation, Medical	87
	Total	587
Yancey		
	Congregate Nutrition	182
	Home Delivered Meals	255
	In Home Aide Level 1	46
	Transportation, General	38
	Total	521
	State Total Dupilcated HCCBG Clents Served	71,293

Home and Community Care Block Grant Services
Waiting Lists and How Persons Are Served From the Waiting List

There are two determining factors for those who are receiving services as well as those who are "waiting" for service. First, individuals must be determined "eligible" for HCCBG services. This would include persons 60 years of age and older and their unpaid primary caregivers (i.e. for certain services such as respite). There are also specific eligibility criteria for each block grant service as identified in the service standard.

Once the service provider has determined that the individual meets the eligibility criteria for a given service as specified in the service standard, individuals must be served (unless there are extenuating circumstances) in the following priority order:

1. Older adults for whom the need for Adult Protective Services has been substantiated by the local DSS and the service is needed as part of the adult protective service plan.

2. Older adults who are at risk of abuse, neglect, and/or exploitation.

3. Older adults with extensive impairments in activities of daily living (ADL's) or instrumental activities of daily living (IADL's), who are at risk of placement or substitute care.

   "ADL's" include: eating, dressing, bathing, toileting, bowel and bladder control, transfers, ambulation and communication (ability to express needs to others e.g. speech, written word, signing, gestures, communication devices).

   "IADL's" include: meal preparation, medication intake, cleaning, money management, phone use, laundering, reading, writing, shopping and going to necessary activities.

4. Older adults with extensive ADL or IADL impairments.

5. Older adults with less extensive (1-2) ADL or IADL impairments.

6. Well older adults.

Service providers are required to screen prospective service recipients for the purpose of determining priority for receipt of service(s) in accordance with the above criteria. The majority of those waiting for services are screened to determine if they are appropriate for the service. A full assessment is conducted when and if the service becomes available.

This information is from the Division of Aging and Adult Services.

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ALAMANCE

Svc	Service Description	Total
020	HOME DEL MEALS	19
030	ADULT DAY CARE	7
041	In-Home Aide L 1	17
042	In-Home Aide L 2	12
045	In Home Aide L 3	27
180	CONGREGATE NUTRITION	30
250	TRANSPORTATION	2
	ALAMANCE COUNTY TOTAL:	114

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ALEXANDER

Svc	Service Description	Total
020	HOME DEL MEALS	41
030	ADULT DAY CARE	1
041	In-Home Aide L 1	16
042	In-Home Aide L 2	1
	ALEXANDER COUNTY TOTAL:	59

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ALLEGHANY

Svc	Service Description	Total
020	HOME DEL MEALS	1
	ALLEGHANY COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ANSON

Svc	Service Description	Total
020	HOME DEL MEALS	45
021	HOME DEL MEALS-NSIP	1
041	In-Home Aide L 1	22
180	CONGREGATE NUTRITION	1
	ANSON COUNTY TOTAL:	69

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ASHE

Svc	Service Description	Total
020	HOME DEL MEALS	16
042	In-Home Aide L 2	22
250	TRANSPORTATION	8
	ASHE COUNTY TOTAL:	46

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:AVERY

Svc	Service Description	Total
041	In-Home Aide L 1	6
	AVERY COUNTY TOTAL:	6

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BEAUFORT

Svc	Service Description	Total
020	HOME DEL MEALS	2
042	In-Home Aide L 2	69
045	In-Home Aide L 3	1
236	In-Home Aide L 2	9
	BEAUFORT COUNTY TOTAL:	81

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BERTIE

Svc	Service Description	Total
236	In-Home Aide L 2	4
	BERTIE COUNTY TOTAL:	4

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BLADEN
Service

Svc	Description	Total
041	In-Home Aide L 1	45
	BLADEN COUNTY TOTAL:	45

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BRUNSWICK
Service

Svc	Description	Total
033	TRANSPORTATION (MED)	2
041	In-Home Aide L 1	15
042	In-Home Aide L 2	27
045	In-Home Aide L 3	4
	BRUNSWICK COUNTY TOTAL:	48

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BUNCOMBE
Service

Svc	Description	Total
020	HOME DEL MEALS	1
021	HOME DEL MEALS-NSIP	1
041	In-Home Aide L 1	81
042	In-Home Aide L 2	41
155	ADULT DAY HEALTH	2
181	CONGREGATE NUTR-NSIP	1
260	SENIOR COMPANION	1
	BUNCOMBE COUNTY TOTAL:	128

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BURKE
Service

Svc	Description	Total
020	HOME DEL MEALS	81
030	ADULT DAY CARE	1
042	In-Home Aide L 2	71
043	In-Home Aide L 2	1
045	In-Home Aide L 3	3
140	HOUSING & HOME IMPR	71
250	TRANSPORTATION	1
	BURKE COUNTY TOTAL:	229

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CABARRUS

Svc	Service Description	Total
030	ADULT DAY CARE	4
182	CONG NUTR SUPP MEALS	9
	CABARRUS COUNTY TOTAL:	13

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CALDWELL

Svc	Service Description	Total
020	HOME DEL MEALS	54
030	ADULT DAY CARE	1
040	INFO & ASSISTANCE	2
041	In-Home Aide L 1	56
042	In-Home Aide L 2	12
140	HOUSING & HOME IMPR	21
180	CONGREGATE NUTRITION	29
	CALDWELL COUNTY TOTAL:	175

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CAMDEN

Svc	Service Description	Total
020	HOME DEL MEALS	2
041	In-Home Aide L 1	1
042	In-Home Aide L 2	1
	CAMDEN COUNTY TOTAL:	4

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CARTERET

Svc	Service Description	Total
020	HOME DEL MEALS	5
041	In-Home Aide L 1	8
042	In-Home Aide L 2	3
	CARTERET COUNTY TOTAL:	16

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CASWELL

Svc	Service Description	Total
020	HOME DEL MEALS	28
045	In-Home Aide L 3	3
	CASWELL COUNTY TOTAL:	31

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CATAWBA

Svc	Service Description	Total
020	HOME DEL MEALS	25
042	In-Home Aide L 2	4
045	In-Home Aide L 3	1
	CATAWBA COUNTY TOTAL:	30

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CHATHAM

Svc	Service Description	Total
020	HOME DEL MEALS	11
042	In-Home Aide L 2	50
045	In-Home Aide L 3	6
235	In-Home Aide L 1	3
	CHATHAM COUNTY TOTAL:	70

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CHEROKEE

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	40
042	In-Home Aide L 2	2
	CHEROKEE COUNTY TOTAL:	43

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CHOWAN

Svc	Service Description	Total
020	HOME DEL MEALS	4
041	In-Home Aide L 1	1
042	In-Home Aide L 2	2
	CHOWAN COUNTY TOTAL:	7

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CLAY

Svc	Service Description	Total
020	HOME DEL MEALS	5
	CLAY COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CLEVELAND

Svc	Service Description	Total
020	HOME DEL MEALS	1
140	HOUSING & HOME IMPR	26
180	CONGREGATE NUTRITION	1
	CLEVELAND COUNTY TOTAL:	28

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:COLUMBUS

Svc	Service Description	Total
020	HOME DEL MEALS	1
021	HOME DEL MEALS-NSIP	1
041	In-Home Aide L 1	1
042	In-Home Aide L 2	84
045	In-Home Aide L 3	22
140	HOUSING & HOME IMPR	23
	COLUMBUS COUNTY TOTAL:	132

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CRAVEN

Svc	Service Description	Total
020	HOME DEL MEALS	9
610	CARE MANAGEMENT	1
	CRAVEN COUNTY TOTAL:	10

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CUMBERLAND

Svc	Service Description	Total
020	HOME DEL MEALS	47
022	HOME DEL-SUPP MEALS	4
045	In-Home Aide L 3	156
140	HOUSING & HOME IMPR	108
180	CONGREGATE NUTRITION	1
610	CARE MANAGEMENT	4
	CUMBERLAND COUNTY TOTAL:	320

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CURRITUCK

Svc	Service Description	Total
020	HOME DEL MEALS	1
042	In-Home Aide L 2	1
	CURRITUCK COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties

COUNTY:DAVIDSON

Svc	Service Description	Total
020	HOME DEL MEALS	90
041	In-Home Aide L 1	22
042	In-Home Aide L 2	43
045	In-Home Aide L 3	13
236	In-Home Aide L 2	27
237	In-Home Aide L 3	14
	DAVIDSON COUNTY TOTAL:	209

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:DAVIE

Svc	Service Description	Total
030	ADULT DAY CARE	1
	DAVIE COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:DUPLIN

Svc	Service Description	Total
020	HOME DEL MEALS	47
041	In-Home Aide L 1	59
042	In-Home Aide L 2	2
	DUPLIN COUNTY TOTAL:	108

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:DURHAM

Svc	Service Description	Total
020	HOME DEL MEALS	137
033	TRANSPORTATION (MED)	3
040	INFO & ASSISTANCE	1
041	In-Home Aide L 1	1
042	In-Home Aide L 2	249
180	CONGREGATE NUTRITION	3
	DURHAM COUNTY TOTAL:	394

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:EDGECOMBE

Svc	Service Description	Total
020	HOME DEL MEALS	3
033	TRANSPORTATION (MED)	4
041	In-Home Aide L 1	4
042	In-Home Aide L 2	50
043	In-Home Aide L 2	1
045	In-Home Aide L 3	5
140	HOUSING & HOME IMPR	1
155	ADULT DAY HEALTH	2
180	CONGREGATE NUTRITION	10
	EDGECOMBE COUNTY TOTAL:	80

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:FORSYTH

Svc	Service Description	Total
020	HOME DEL MEALS	466
030	ADULT DAY CARE	1
033	TRANSPORTATION (MED)	1
041	In-Home Aide L 1	7
042	In-Home Aide L 2	43
044	In-Home Aide L 3	3
045	In-Home Aide L 3	19
236	In-Home Aide L 2	6
237	In-Home Aide L 3	11
	FORSYTH COUNTY TOTAL:	557

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:FRANKLIN

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	1
042	In-Home Aide L 2	2
235	In-Home Aide L 1	3
236	In-Home Aide L 2	2
	FRANKLIN COUNTY TOTAL:	9

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GASTON

Svc	Service Description	Total
020	HOME DEL MEALS	1
	GASTON COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GATES

Svc	Service Description	Total
020	HOME DEL MEALS	5
	GATES COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GREENE

Svc	Service Description	Total
020	HOME DEL MEALS	36
022	HOME DEL-SUPP MEALS	3
042	In-Home Aide L 2	30
045	In-Home Aide L 3	1
180	CONGREGATE NUTRITION	1
	GREENE COUNTY TOTAL:	71

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GUILFORD

Svc	Service Description	Total
020	HOME DEL MEALS	22
030	ADULT DAY CARE	29
041	In-Home Aide L 1	58
042	In-Home Aide L 2	108
045	In-Home Aide L 3	6
140	HOUSING & HOME IMPR	1
155	ADULT DAY HEALTH	7
309	GROUP RESPITE	1
610	CARE MANAGEMENT	69
	GUILFORD COUNTY TOTAL:	301

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HALIFAX

Svc	Service Description	Total
020	HOME DEL MEALS	82
041	In-Home Aide L 1	8
042	In-Home Aide L 2	99
044	In-Home Aide L 3	4
045	In-Home Aide L 3	3
140	HOUSING & HOME IMPR	91
180	CONGREGATE NUTRITION	22
238	In-Home Aide L 4	1
250	TRANSPORTATION	8
	HALIFAX COUNTY TOTAL:	318

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HARNETT

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	64
043	In-Home Aide L 2	5
	HARNETT COUNTY TOTAL:	70

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HAYWOOD

Svc	Service Description	Total
020	HOME DEL MEALS	66
030	ADULT DAY CARE	7
041	In-Home Aide L 1	11
140	HOUSING & HOME IMPR	7
260	SENIOR COMPANION	2
	HAYWOOD COUNTY TOTAL:	93

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HENDERSON

Svc	Service Description	Total
020	HOME DEL MEALS	99
021	HOME DEL MEALS-NSIP	100
030	ADULT DAY CARE	2
033	TRANSPORTATION (MED)	3
042	In-Home Aide L 2	21
130	LEGAL SERVICES	1
140	HOUSING & HOME IMPR	1
181	CONGREGATE NUTR-NSIP	103
250	TRANSPORTATION	3
	HENDERSON COUNTY TOTAL:	333

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HERTFORD

Svc	Service Description	Total
020	HOME DEL MEALS	12
041	In-Home Aide L 1	1
236	In-Home Aide L 2	58
	HERTFORD COUNTY TOTAL:	71

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HOKE

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	2
042	In-Home Aide L 2	1
	HOKE COUNTY TOTAL:	4

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:IREDELL

Svc	Service Description	Total
041	In-Home Aide L 1	73
042	In-Home Aide L 2	1
236	In-Home Aide L 2	53
	IREDELL COUNTY TOTAL:	127

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:JACKSON

Svc	Service Description	Total
020	HOME DEL MEALS	4
140	HOUSING & HOME IMPR	19
	JACKSON COUNTY TOTAL:	23

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:JOHNSTON

Svc	Service Description	Total
020	HOME DEL MEALS	50
041	In-Home Aide L 1	113
042	In-Home Aide L 2	95
043	In-Home Aide L 2	1
045	In-Home Aide L 3	19
	JOHNSTON COUNTY TOTAL:	278

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:LENOIR

Svc	Service Description	Total
020	HOME DEL MEALS	2
033	TRANSPORTATION (MED)	4
041	In-Home Aide L 1	38
045	In-Home Aide L 3	1
155	ADULT DAY HEALTH	2
180	CONGREGATE NUTRITION	6
250	TRANSPORTATION	5
	LENOIR COUNTY TOTAL:	58

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MACON

Svc	Service Description	Total
020	HOME DEL MEALS	1
030	ADULT DAY CARE	3
083	MEDICAL SOCIAL SVCS	8
140	HOUSING & HOME IMPR	1
180	CONGREGATE NUTRITION	1
830	CG RESPITE CARE	8
	MACON COUNTY TOTAL:	22

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MADISON

Svc	Service Description	Total
020	HOME DEL MEALS	1
	MADISON COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MARTIN

Svc	Service Description	Total
020	HOME DEL MEALS	29
236	In-Home Aide L 2	6
	MARTIN COUNTY TOTAL:	35

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MCDOWELL

Svc	Service Description	Total
020	HOME DEL MEALS	73
041	In-Home Aide L 1	18
042	In-Home Aide L 2	3
	MCDOWELL COUNTY TOTAL:	94

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MECKLENBURG

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	1
	MECKLENBURG COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MITCHELL

Svc	Service Description	Total
020	HOME DEL MEALS	2
041	In-Home Aide L 1	3
	MITCHELL COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MONTGOMERY

Svc	Service Description	Total
020	HOME DEL MEALS	9
041	In-Home Aide L 1	14
	MONTGOMERY COUNTY TOTAL:	23

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MOORE

Svc	Service Description	Total
041	In-Home Aide L 1	1
235	In-Home Aide L 1	1
	MOORE COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:NASH

Svc	Service Description	Total
020	HOME DEL MEALS	3
033	TRANSPORTATION (MED)	1
042	In-Home Aide L 2	43
045	In-Home Aide L 3	10
130	LEGAL SERVICES	3
155	ADULT DAY HEALTH	1
250	TRANSPORTATION	2
	NASH COUNTY TOTAL:	63

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:NEW HANOVER

Svc	Service Description	Total
020	HOME DEL MEALS	79
030	ADULT DAY CARE	2
041	In-Home Aide L 1	5
042	In-Home Aide L 2	7
	NEW HANOVER COUNTY TOTAL:	93

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:NORTHAMPTON

Svc	Service Description	Total
020	HOME DEL MEALS	40
030	ADULT DAY CARE	3
041	In-Home Aide L 1	52
042	In-Home Aide L 2	13
140	HOUSING & HOME IMPR	38
180	CONGREGATE NUTRITION	10
250	TRANSPORTATION	3
	NORTHAMPTON COUNTY TOTAL:	159

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ONSLOW

Svc	Service Description	Total
020	HOME DEL MEALS	17
042	In-Home Aide L 2	4
043	In-Home Aide L 2	3
	ONSLOW COUNTY TOTAL:	24

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ORANGE

Svc	Service Description	Total
041	In-Home Aide L 1	2
043	In-Home Aide L 2	3
	ORANGE COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PAMLICO

Svc	Service Description	Total
044	In-Home Aide L 3	1
610	CARE MANAGEMENT	1
	PAMLICO COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PASQUOTANK

Svc	Service Description	Total
020	HOME DEL MEALS	10
041	In-Home Aide L 1	1
042	In-Home Aide L 2	8
043	In-Home Aide L 2	1
	PASQUOTANK COUNTY TOTAL:	20

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PENDER

Svc	Service Description	Total
020	HOME DEL MEALS	45
040	INFO & ASSISTANCE	3
041	In-Home Aide L 1	11
042	In-Home Aide L 2	34
045	In-Home Aide L 3	25
	PENDER COUNTY TOTAL:	118

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PERQUIMANS

Svc	Service Description	Total
020	HOME DEL MEALS	6
041	In-Home Aide L 1	6
042	In-Home Aide L 2	5
043	In-Home Aide L 2	1
	PERQUIMANS COUNTY TOTAL:	18

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PITT

Svc	Service Description	Total
020	HOME DEL MEALS	167
033	TRANSPORTATION (MED)	8
042	In-Home Aide L 2	40
043	In-Home Aide L 2	18
180	CONGREGATE NUTRITION	21
238	In-Home Aide L 4	1
250	TRANSPORTATION	9
	PITT COUNTY TOTAL:	264

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:RANDOLPH

Svc	Service Description	Total
041	In-Home Aide L 1	39
042	In-Home Aide L 2	13
236	In-Home Aide L 2	7
237	In-Home Aide L 3	8
	RANDOLPH COUNTY TOTAL:	67

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:RICHMOND

Svc	Service Description	Total
020	HOME DEL MEALS	73
041	In-Home Aide L 1	50
180	CONGREGATE NUTRITION	14
	RICHMOND COUNTY TOTAL:	137

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ROBESON

Svc	Service Description	Total
020	HOME DEL MEALS	6
041	In-Home Aide L 1	8
042	In-Home Aide L 2	100
045	In-Home Aide L 3	26
140	HOUSING & HOME IMPR	179
	ROBESON COUNTY TOTAL:	319

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ROCKINGHAM

Svc	Service Description	Total
020	HOME DEL MEALS	49
041	In-Home Aide L 1	25
042	In-Home Aide L 2	51
045	In-Home Aide L 3	2
	ROCKINGHAM COUNTY TOTAL:	127

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ROWAN

Svc	Service Description	Total
020	HOME DEL MEALS	1
030	ADULT DAY CARE	2
041	In-Home Aide L 1	10
042	In-Home Aide L 2	28
043	In-Home Aide L 2	1
045	In-Home Aide L 3	6
155	ADULT DAY HEALTH	1
182	CONG NUTR SUPP MEALS	14
	ROWAN COUNTY TOTAL:	63

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SAMPSON

Svc	Service Description	Total
042	In-Home Aide L 2	9
043	In-Home Aide L 2	6
140	HOUSING & HOME IMPR	1
610	CARE MANAGEMENT	1
	SAMPSON COUNTY TOTAL:	17

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SCOTLAND

Svc	Service Description	Total
020	HOME DEL MEALS	2
041	In-Home Aide L 1	7
042	In-Home Aide L 2	24
235	In-Home Aide L 1	6
	SCOTLAND COUNTY TOTAL:	39

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:STANLY

Svc	Service Description	Total
020	HOME DEL MEALS	83
041	In-Home Aide L 1	70
042	In-Home Aide L 2	1
235	In-Home Aide L 1	1
236	In-Home Aide L 2	3
	STANLY COUNTY TOTAL:	158

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:STOKES

Svc	Service Description	Total
020	HOME DEL MEALS	27
042	In-Home Aide L 2	7
043	In-Home Aide L 2	5
045	In-Home Aide L 3	15
	STOKES COUNTY TOTAL:	54

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SURRY

Svc	Service Description	Total
020	HOME DEL MEALS	5
041	In-Home Aide L 1	49
042	In-Home Aide L 2	108
045	In-Home Aide L 3	3
236	In-Home Aide L 1	4
	SURRY COUNTY TOTAL:	169

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SWAIN

Svc	Service Description	Total
020	HOME DEL MEALS	5
140	HOUSING & HOME IMPR	2
	SWAIN COUNTY TOTAL:	7

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:TRANSYLVANIA

Svc	Service Description	Total
041	In-Home Aide L 1	1
042	In-Home Aide L 2	4
	TRANSYLVANIA COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:TYRRELL

Svc	Service Description	Total
041	In-Home Aide L 1	1
	TYRRELL COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:UNION

Svc	Service Description	Total
020	HOME DEL MEALS	27
022	HOME DEL-SUPP MEALS	25
	UNION COUNTY TOTAL:	52

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:VANCE

Svc	Service Description	Total
020	HOME DEL MEALS	14
022	HOME DEL-SUPP MEALS	9
033	TRANSPORTATION (MED)	2
041	In-Home Aide L 1	16
042	In-Home Aide L 2	6
180	CONGREGATE NUTRITION	3
182	CONG NUTR SUPP MEALS	2
235	In-Home Aide L 1	3
236	In-Home Aide L 2	1
250	TRANSPORTATION	6
	VANCE COUNTY TOTAL:	62

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WAKE

Svc	Service Description	Total
020	HOME DEL MEALS	1
030	ADULT DAY CARE	10
042	In-Home Aide L 2	32
045	In-Home Aide L 3	55
155	ADULT DAY HEALTH	9
210	RESPITE, INSTITUTION	30
236	In-Home Aide L 2	165
237	In-Home Aide L 3	28
	WAKE COUNTY TOTAL:	330

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WARREN

Svc	Service Description	Total
020	HOME DEL MEALS	2
042	In-Home Aide L 2	4
043	In-Home Aide L 2	6
	WARREN COUNTY TOTAL:	12

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WASHINGTON

Svc	Service Description	Total
020	HOME DEL MEALS	19
	WASHINGTON COUNTY TOTAL:	19

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WATAUGA

Svc	Service Description	Total
020	HOME DEL MEALS	36
041	In-Home Aide L 1	82
042	In-Home Aide L 2	5
235	In-Home Aide L 1	4
236	In-Home Aide L 2	4
	WATAUGA COUNTY TOTAL:	131

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WAYNE

Svc	Service Description	Total
020	HOME DEL MEALS	100
033	TRANSPORTATION (MED)	1
041	In-Home Aide L 1	60
042	In-Home Aide L 2	5
309	GROUP RESPITE	3
	WAYNE COUNTY TOTAL:	169

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WILKES

Svc	Service Description	Total
020	HOME DEL MEALS	41
041	In-Home Aide L 1	45
250	TRANSPORTATION	43
	WILKES COUNTY TOTAL:	129

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WILSON

Svc	Service Description	Total
020	HOME DEL MEALS	75
042	In-Home Aide L 2	3
045	In-Home Aide L 3	3
130	LEGAL SERVICES	1
140	HOUSING & HOME IMPR	32
180	CONGREGATE NUTRITION	3
	WILSON COUNTY TOTAL:	117

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:YADKIN

Svc	Service Description	Total
020	HOME DEL MEALS	19
030	ADULT DAY CARE	4
041	In-Home Aide L 1	8
045	In-Home Aide L 3	1
	YADKIN COUNTY TOTAL:	32

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:YANCEY

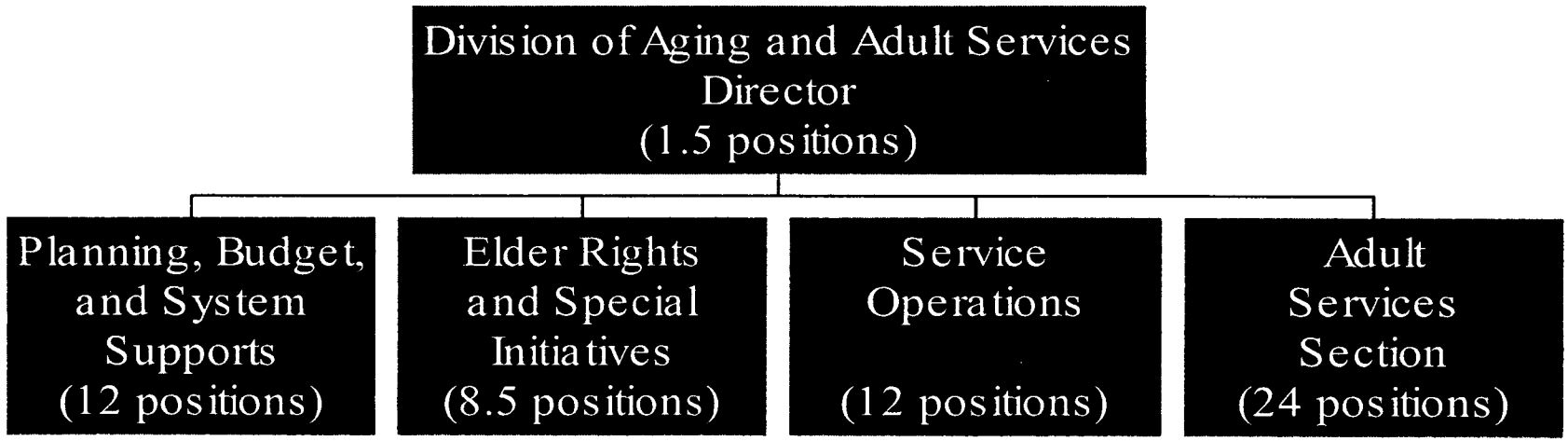
Svc	Service Description	Total
041	In-Home Aide L 1	8
	YANCEY COUNTY TOTAL:	8
	STATE TOTAL:	8,005

Department of Health and Human Services

Division of Aging and Adult Services

Division of Aging and Adult Services

Organization



Total Positions = 58

Division of Aging and Adult Services

Addition of Adult Services

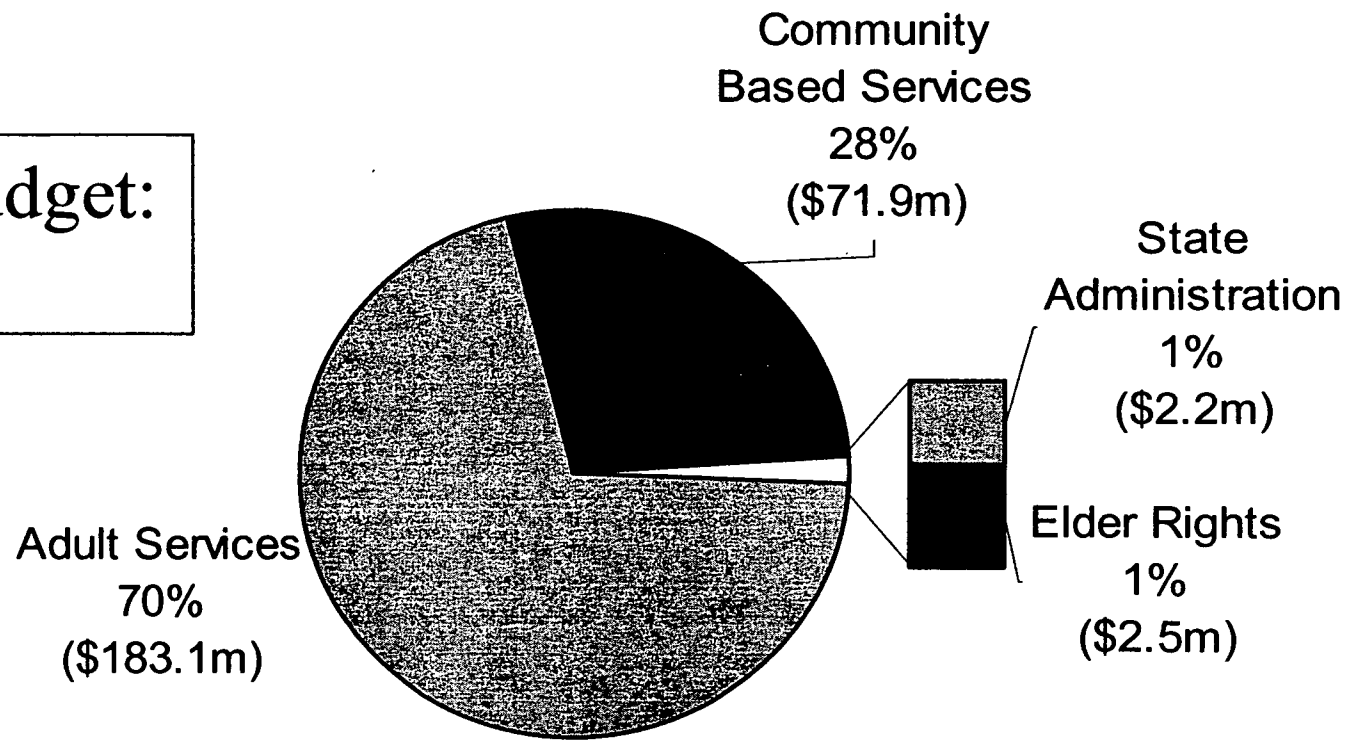
- Moved to Division of Aging in September 2003
- Division name changed to Division of Aging and Adult Services in 2004
- Much of the funding for Adult Services programs is still located in the Division of Social Services budget.

Division of Aging and Adult Services

Budget by Purpose –SFY04-05

Includes Programs Budgeted in DSS

Total Estimated Budget:
$259,734,306



Note: This does not include $99,483,892 in county funds which are included in the Division of Social Services' budget. Some of these funds are used for adult services, but the State does not require the counties to separately identify these funds.

Division of Aging and Adult Services

Dept. of Health and Human Services Funding

Division Budgets

	2004-2005 Authorized (in millions)	% of DHHS Total
Div. of Medical Assistance	$ 9,098	67.94%
Div. of Social Services	$ 1,355	10.12%
Div. of MH/DD/SAS	$ 1,020	7.62%
Div. of Public Health	$ 603	4.50%
Div. of Child Development	$ 560	4.18%
Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
Div. of Central Management and Support	$ 209	1.56%
Div. of Vocational Rehabilitation	$ 124	0.93%
Div. of Aging and Adult Services	**$ 79**	**0.59%**
Div. of Facility Services	$ 41	0.31%
Office of Education Services	$ 34	0.25%
Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%
DHHS Total	**$ 13,391**	

Division of Aging and Adult Services

Dept. of Health and Human Services Funding

Division Budgets – Adjusted for DAAS Funding in DSS Budget

	2004-2005 Authorized (in millions)	% of DHHS Total
Div. of Medical Assistance	$ 9,098	67.94%
Div. of Social Services - Excluding DAAS $	$ 1,174	8.77%
Div. of MH/DD/SAS	$ 1,020	7.62%
Div. of Public Health	$ 603	4.50%
Div. of Child Development	$ 560	4.18%
Div. of Aging and Adult Services - Including $ in DSS	**$ 260**	**1.94%**
Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
Div. of Central Management and Support	$ 209	1.56%
Div. of Vocational Rehabilitation	$ 124	0.93%
Div. of Facility Services	$ 41	0.31%
Office of Education Services	$ 34	0.25%
Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%

Division of Aging and Adult Services

Budget by Program – SFY04-05

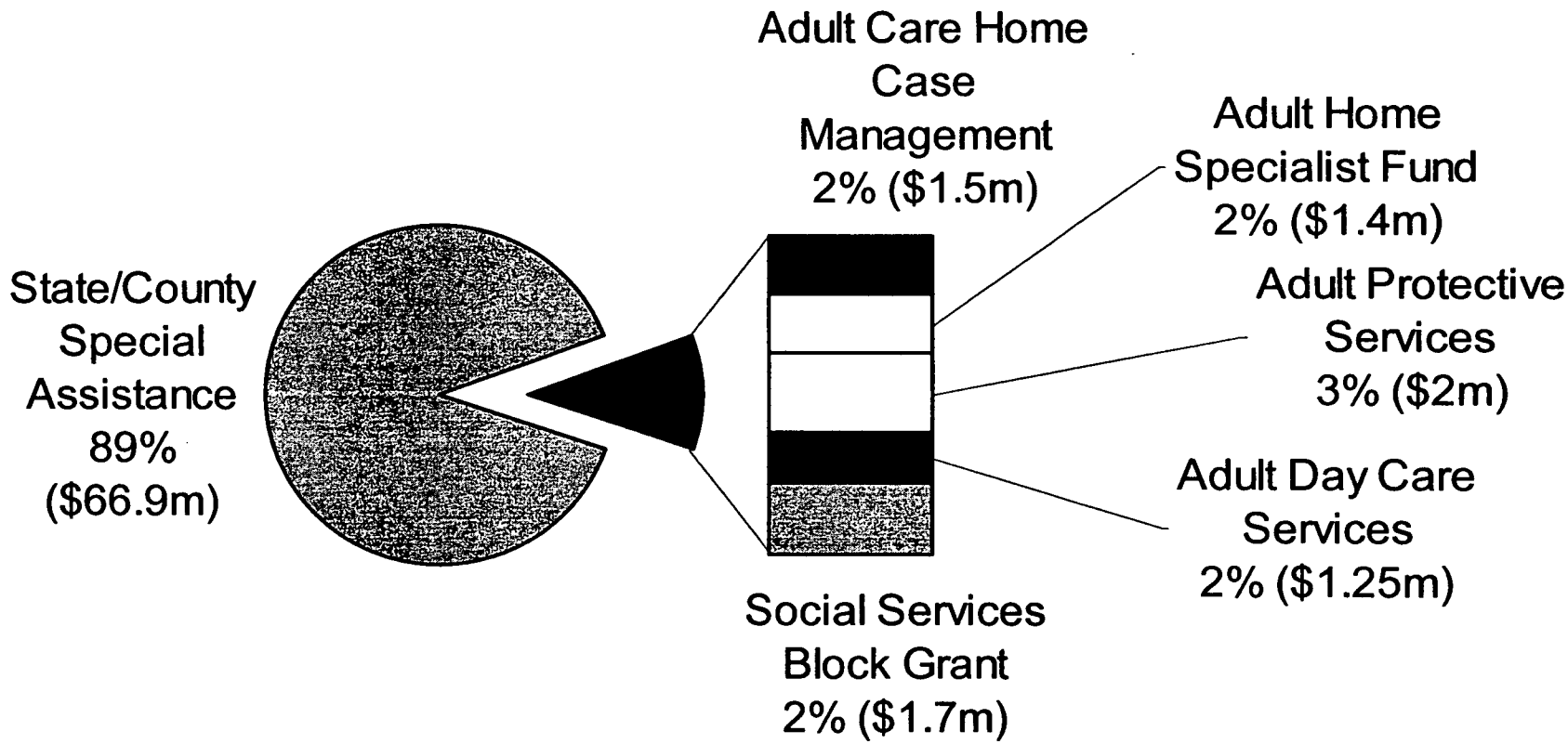
Programs Budgeted in DSS

	Requirements	Receipts	**Appropriations**
State/County Special Assistance	$138,202,401	($71,267,904)	**$66,934,497**
Adult Care Home Case Management	$6,158,337	($4,619,015)	**$1,539,322**
Adult Home Specialist Fund	$3,500,000	($2,100,000)	**$1,400,000**
Adult Protective Services	$2,000,000	$0	**$2,000,000**
Adult Day Care Services	$3,895,058	($2,642,183)	**$1,252,875**
Social Services Block Grant	$27,074,813	($25,392,031)	**$1,682,782**
Total	$180,830,609	($106,021,133)	**$74,809,476**

Division of Aging and Adult Services

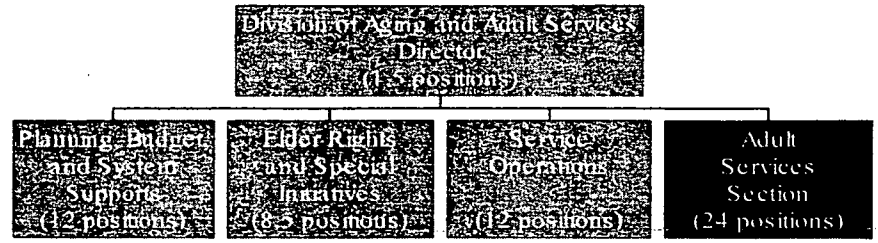
Budget by Program – SFY04-05

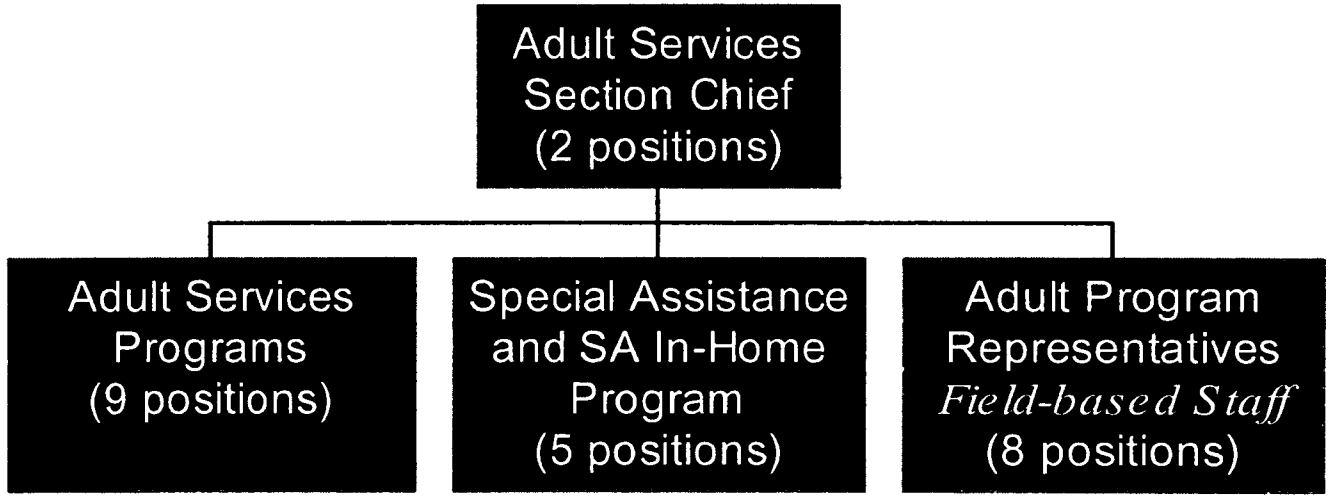
Programs Budgeted in DSS



Estimated Total Appropriations: $74,809,476

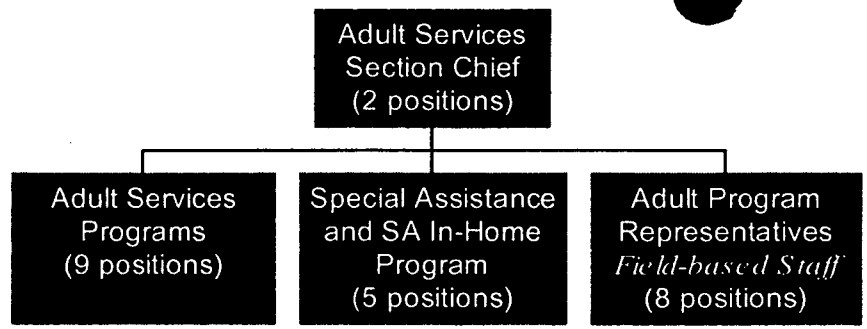
Adult Services Section





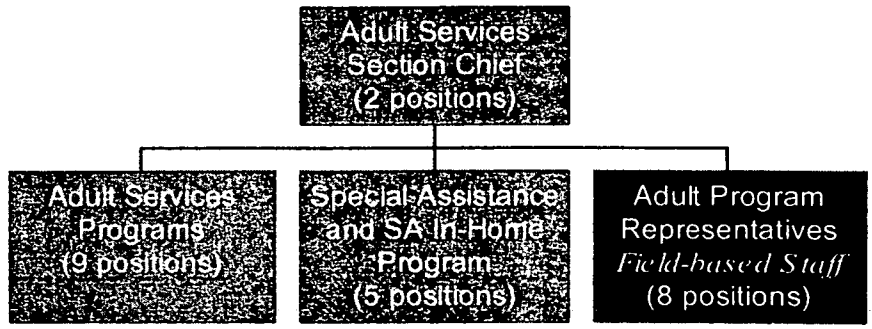
24 total positions

Adult Services



- Oversees social services and benefits programs administered by the county departments of social services
  - Services are for older and disabled adults, and their families
- Develops and provides training to county Department of Social Services staff to ensure services are provided in compliance with federal/state laws and policy

Adult Services

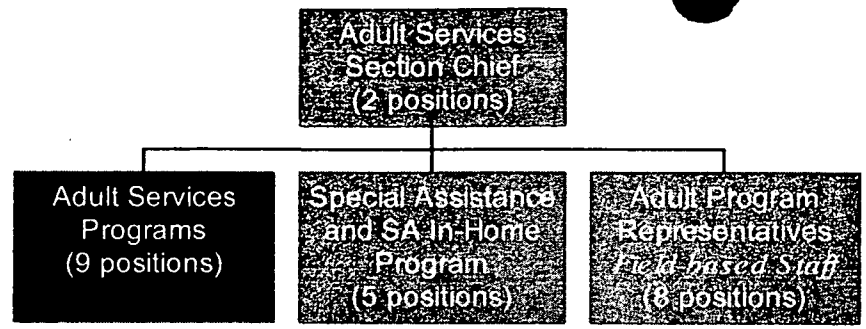


Adult Program Representatives

- 8 field-based staff, assigned to work with specific county departments of social services
- Ongoing oversight to county departments of social services' staff and management
- Provide technical assistance and training for adult services programs provided by the county departments of social services
- Assist in statewide training and program development for adult programs

Adult Services

Adult Services Programs

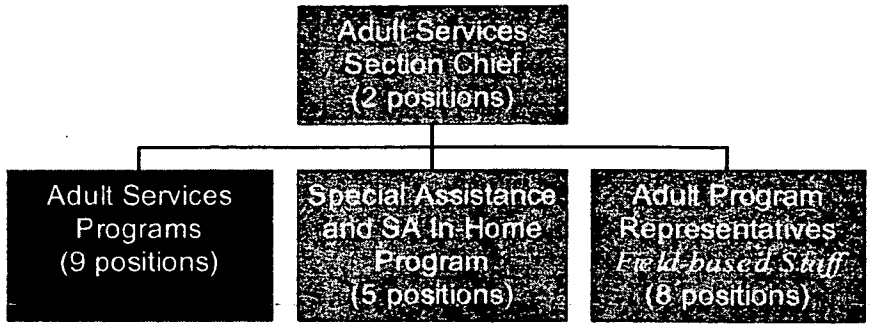


Adult Placement Services

- Helps aging or disabled adults find appropriate living and healthcare arrangements when:
  - Health, safety, and well-being can no longer be maintained at home
  - Relocating due to changes in level of care needed
  - Returning to more independent living arrangements
  - Having difficulty adjusting to or maintaining their placements due to individual or family problems or a lack of resources

Adult Services

Adult Services Programs

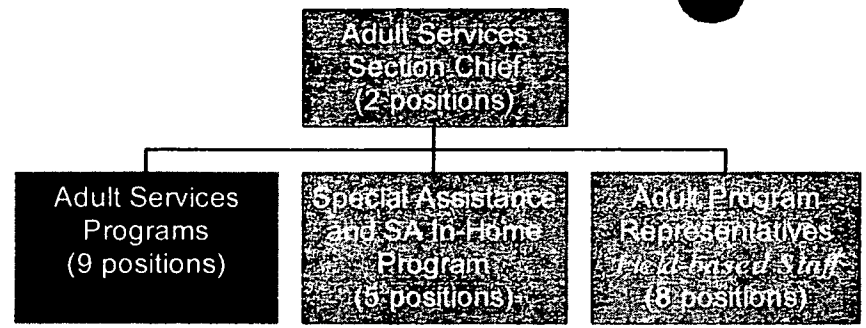


Adult Protective Services ($2m in appropriations)

- G.S. 108A-99 authorizes county departments of social services to
  - receive reports of alleged **abuse**, **neglect**, or **exploitation**; to evaluate a disabled adult's need for protective services; and to arrange for appropriate services
- Provides services to all adults who are incapacitated by a disability and alleged to be abused, neglected, or exploited (regardless of income)

Adult Services

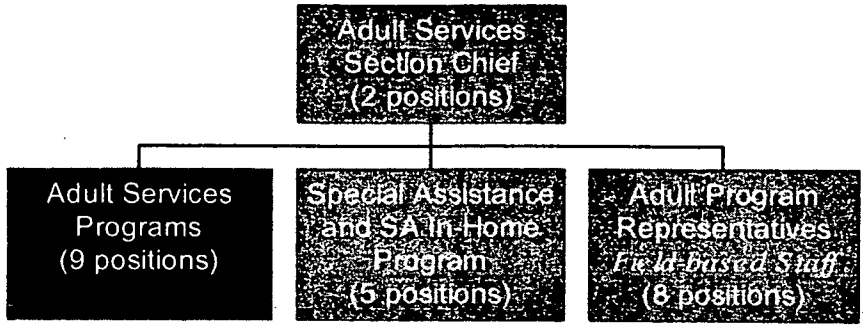
Adult Services Programs



Adult Protective Services (from G.S.108A-101(a))

- **Abuse**: "the willful infliction of physical pain, injury or mental anguish, unreasonable confinement, or the willful deprivation by a caretaker of services which are necessary to maintain mental and physical health"

Adult Services
Adult Services Programs

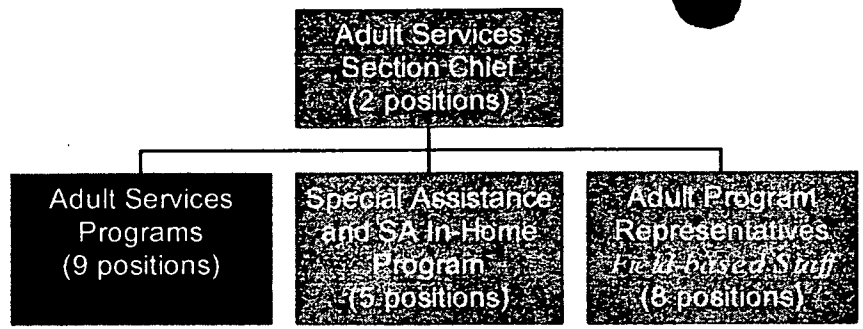


Adult Protective Services (from G.S.108A-101(a))

- **Neglect**: "a disabled adult who is either living alone and not able to provide for himself the services which are necessary to maintain his mental or physical health or is not receiving services from his caretaker"

Adult Services

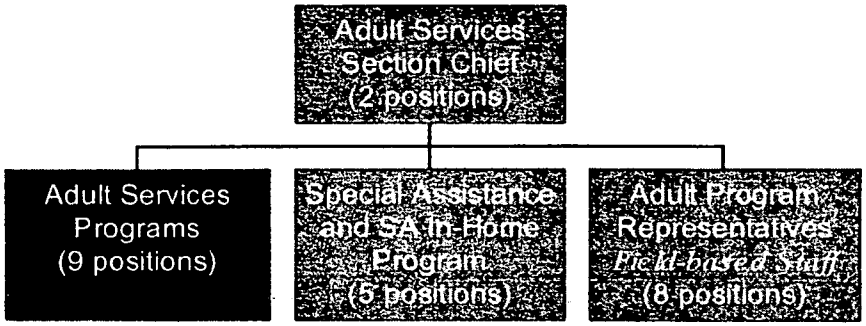
Adult Services Programs



Adult Protective Services (from G.S.108A-101(a))

- **Exploitation**: "the illegal or improper use of a disabled adult or his resources for another's profit or advantage"

Adult Services
Adult Services Programs

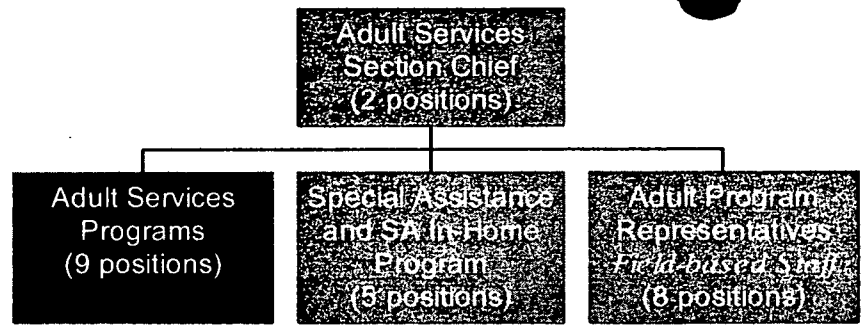


Adult Protective Services

- Counties protect disabled adults by:
  - Receiving reports and evaluating the need for protective services
  - Planning and counseling with the disabled adult and the family/caregiver to identify, remedy, and prevent problems which result in abuse, neglect, and/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
  - Mobilizing essential services on behalf of the disabled adult

Adult Services

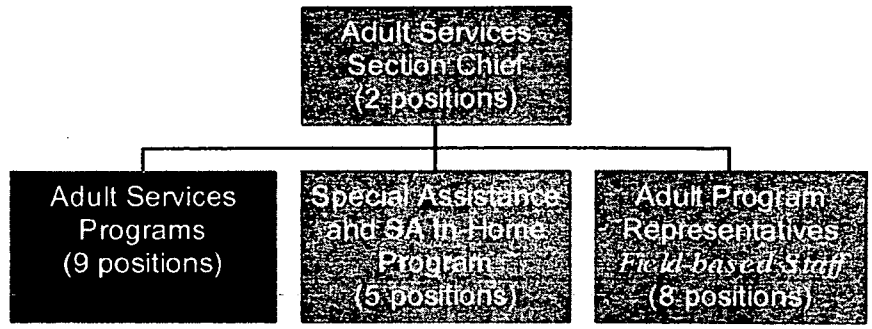
Adult Services Programs



Adult Protective Services

- In SFY03-04, 6,495 adults were reported as being abused, neglected, or exploited and in need of protective services.
  - 69% were age 60 or older
  - 62% were women
  - 35% were minorities
  - 77% lived alone or with family members
  - 18% lived in a facility or institution

Adult Services
Adult Services Programs

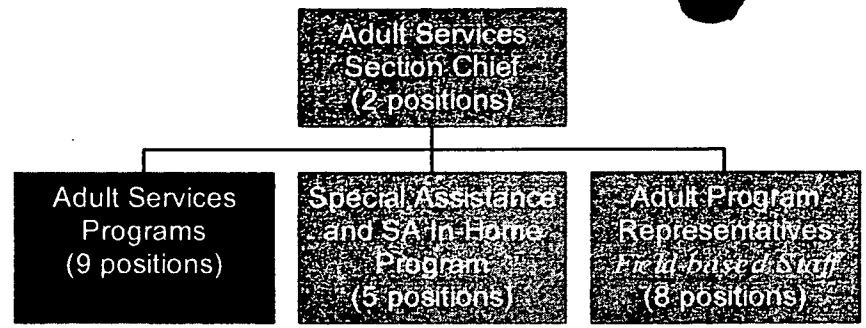


Adult Protective Services

- Abuse, neglect or exploitation was found for 2,344 of the reported adults (36%)
- Neglect was the most common form of mistreatment
  - 55% of the situations involved self-neglect
  - 26% involved caretaker neglect
- 12% of the situations involved exploitation
- 7% involved abuse

Adult Services

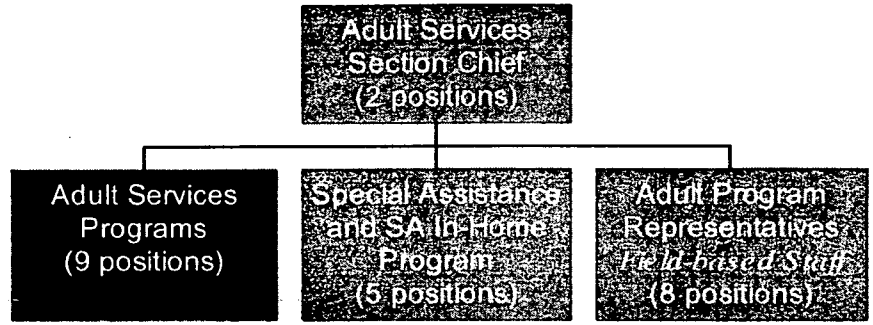
Adult Services Programs



Guardianship Services

- **Guardianship** is a legal relationship in which the guardian is authorized by the Clerk of Superior Court to be substitute decision maker for an incompetent adult.
- **Incompetence** is determined in a court proceeding and means that an adult is unable to manage their own affairs or unable to make important decisions.

Adult Services
Adult Services Programs

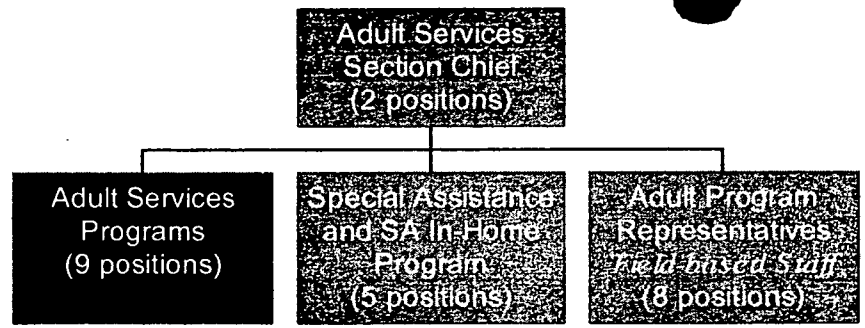


Guardianship Services

- Provides public agency guardians (such as social services or aging directors) when other guardians are not available and when deemed necessary by the Clerk of Superior Court.
- Also helps to assess the need for guardianship and locate appropriate persons to serve as guardians
- Div. of Aging and Adult Services provides training for all public agency guardians.

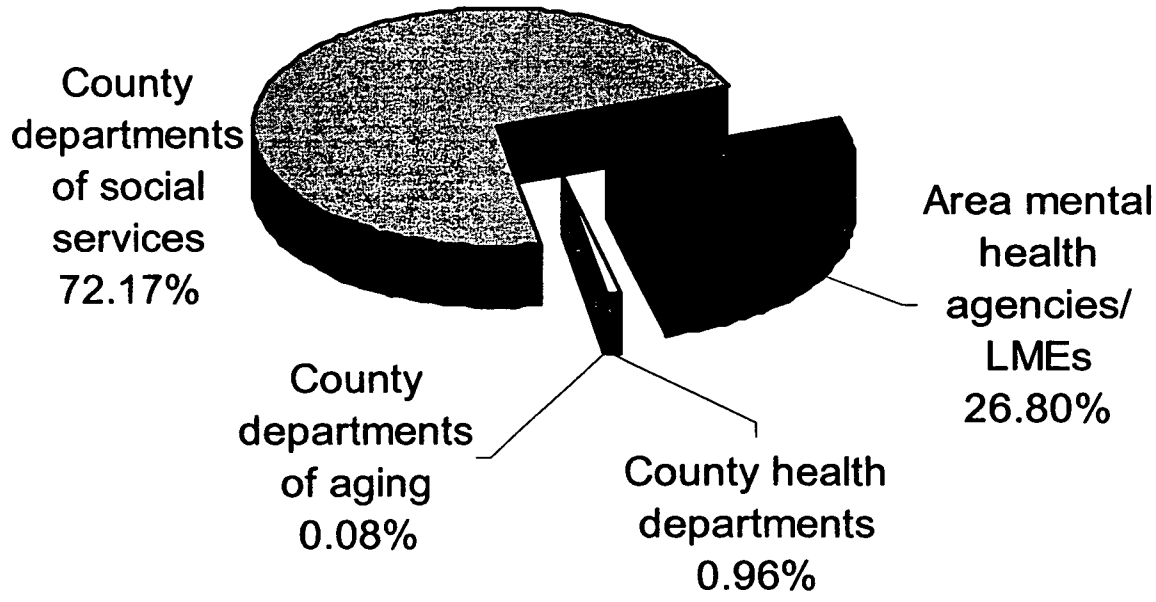
Adult Services

Adult Services Programs

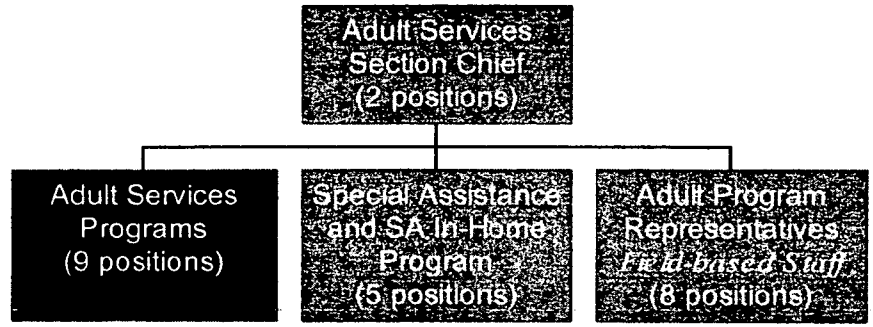


Guardianship Services

- As of 3/8/05, public agencies are appointed as guardian for 2,616 individuals.



Adult Services
Adult Services Programs

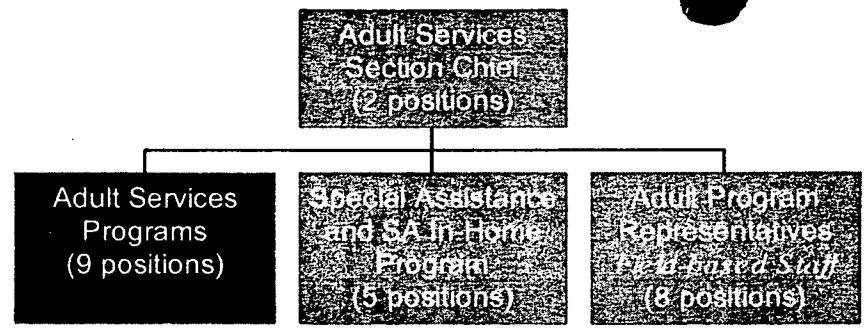


At-Risk Case Management Services

- Case management services specifically for adults at risk of, or showing evidence of, abuse, neglect, or exploitation
- Helps adult gain access to needed medical, social, educational, and other services
- Services are directed toward preventing abuse, neglect, or exploitation (or preventing further mistreatment)

Adult Services

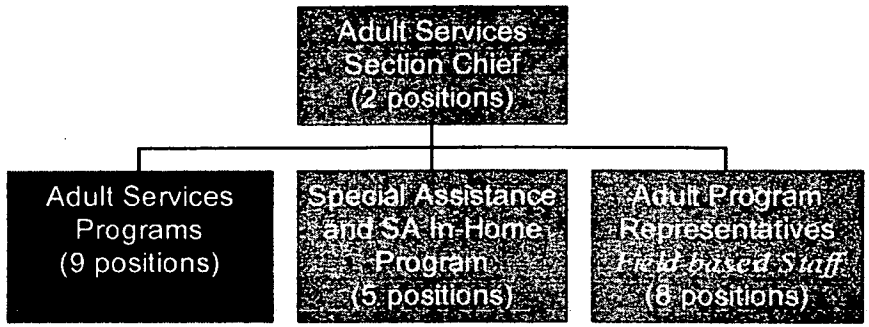
Adult Services Programs



At-Risk Case Management Services

- Three DHHS divisions are now involved in providing this service:
  - Div. of Medical Assistance: enrolls providers of this services
  - Div. of Social Services: provides oversight to the county departments of social services for services to children
  - Div. of Aging and Adult Services: provides oversight to the county departments of social services for services to adults

Adult Services
Adult Services Programs

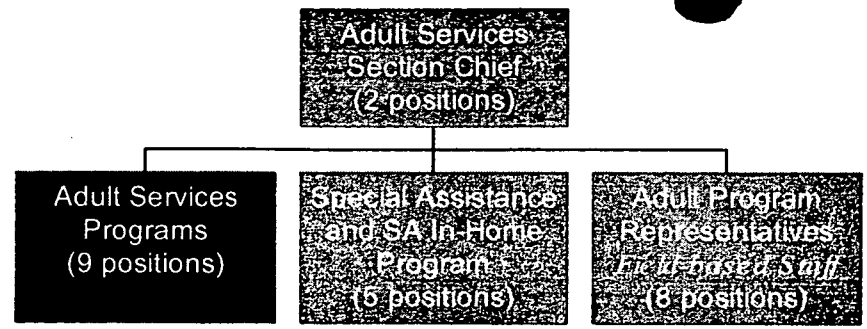


At-Risk Case Management Services

- Optional Medicaid program for counties
- No state funding available for this program
- 5,007 adults and 6,863 children received this service in SFY03-04
- Div. of Aging and Adult Services provides statewide training and technical assistance to county departments of social services' staff to make sure that policy is correctly implemented

Adult Services

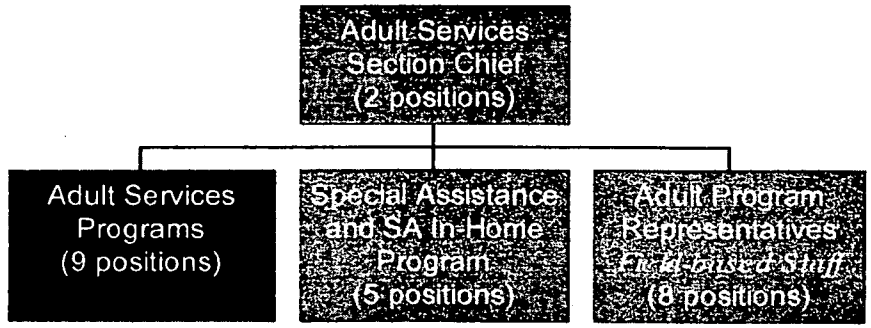
Adult Services Programs



Adult Care Homes (from G.S. 131D-2)

" 'Adult care home' is an assisted living residence in which the housing management provides 24-hour scheduled and unscheduled personal care services to two or more residents, either directly or, for scheduled needs, through formal written agreement with licensed home care or hospice agencies. Some licensed adult care homes provide supervision to persons with cognitive impairments whose decisions, if made independently, may jeopardize the safety or well-being of themselves or others and therefore require supervision. Medication in an adult care home may be administered by designated, trained staff. Adult care homes that provide care to two to six unrelated residents are commonly called family care homes."

Adult Services
Adult Services Programs

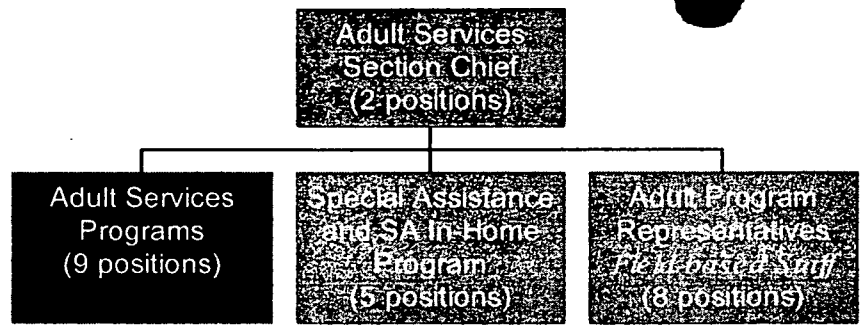


Adult Care Homes

- Licensed and monitored by Division of Facility Services
- County departments of social services are also responsible for supervision of adult care homes
- Residents receive services overseen by the Division of Medical Assistance and the Division of Aging and Adult Services

Adult Services

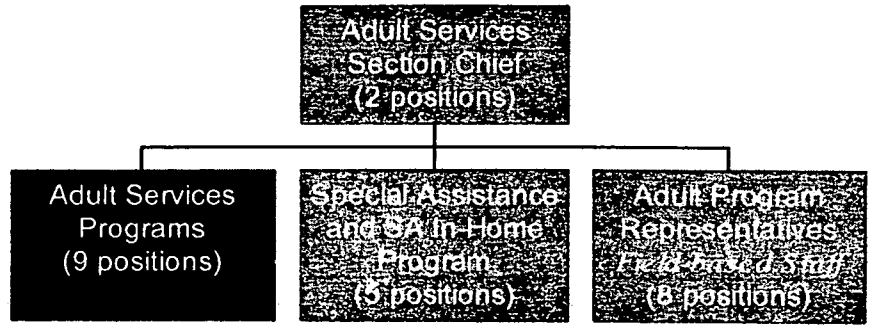
Adult Services Programs



Adult Care Homes

- Residents' costs in adult care homes are paid for in two ways:
  - Special assistance – adult care homes receive the full amount of the rate ($1,084) from a combination of special assistance and the resident's income
  - Medicaid –Personal Care Services for Adult Care Homes
    - Basic rate ranges from $527/month to $577/month
    - Enhanced rate adds up to an additional $524/month
  - Total reimbursement for residents ranges from $1,611 to $2,186 per month.

Adult Services
Adult Services Programs

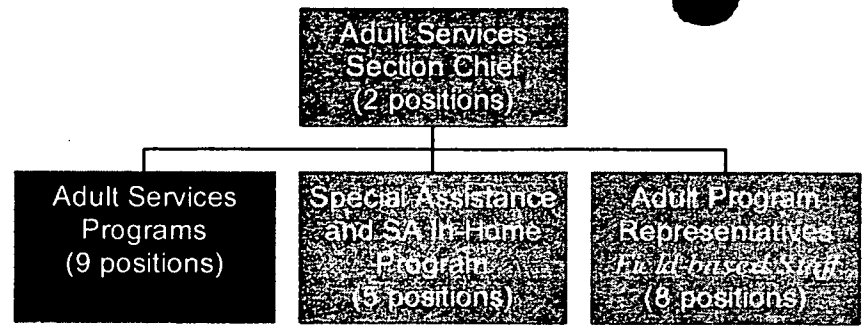


Adult Home Specialist Fund ($1,400,000 in appropriations)

- Established by the General Assembly in 1999 (G.S. 131D-4.7)
  - Purpose was to reform adult care homes by:
    - Improving quality of care
    - Increasing protection of residents
    - Strengthening oversight of industry practices
- Funds matched with Medicaid and county funds; Social Services Block Grant funds are also used

Adult Services

Adult Services Programs

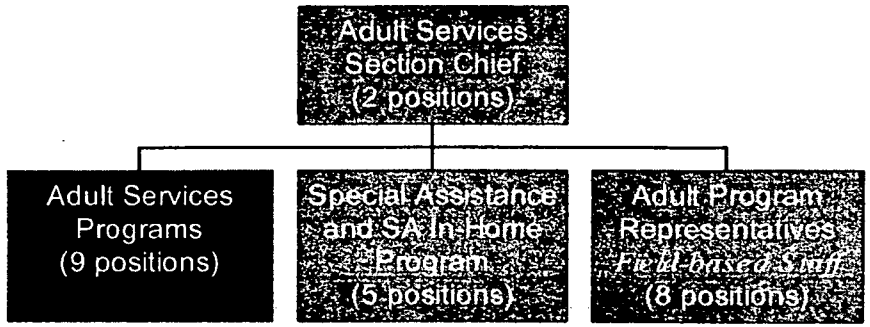


Adult Home Specialist Fund ($1,400,000 in appropriations)

- Funds "Adult Home Specialists" positions
- Purpose of the fund is to increase county departments of social services' ability to provide oversight of adult care homes (Adult Home Specialists should visit adult care homes every other month)
- Division recommends staff ratio of one Adult Home Specialist to ever 12 adult care homes.
  - Current level of funding supports 1 specialist: 14 homes.
- Allocations are based on the number of licensed homes in each county at the time of budget preparation.

Adult Services

Adult Services Programs

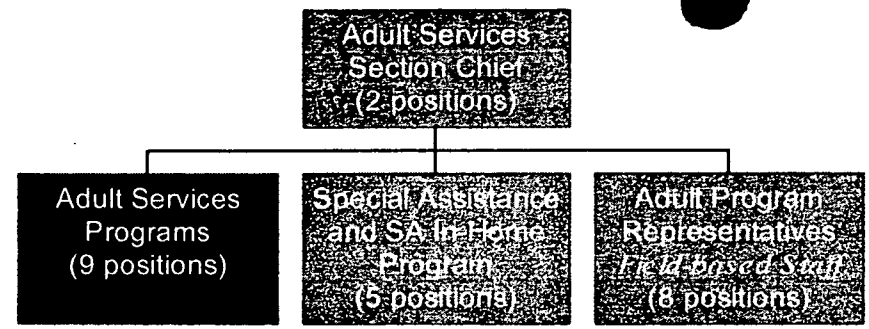


Adult Care Home Case Management Services

($1,539,322 in appropriations)

- Some residents of adult care homes have extensive needs for personal care. These residents receive adult care home case management services
- Medicaid funded case management service for individuals receiving special assistance and Medicaid
- Case worker verifies the need for these services and ensures that these needs are being met
- Service is provided by staff from county departments of social services and area mental health agency staff

Adult Services
Adult Services Programs

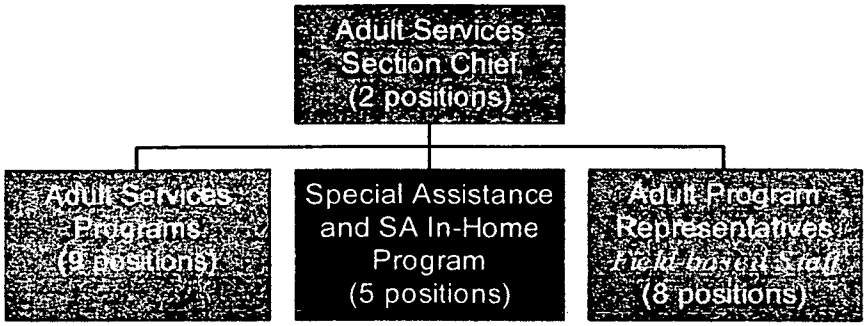


Adult Care Home Case Management Services

($1,539,322 in appropriations)

- Case managers:
  - Verify the need for enhanced personal care
  - Assure that the adult care home's plan corresponds to the needs of the resident
  - Review the provision of care to assure changes in the resident's condition are being addressed
  - Determine the need for other community based services
  - Assist the resident and the adult care home in accessing other needed services

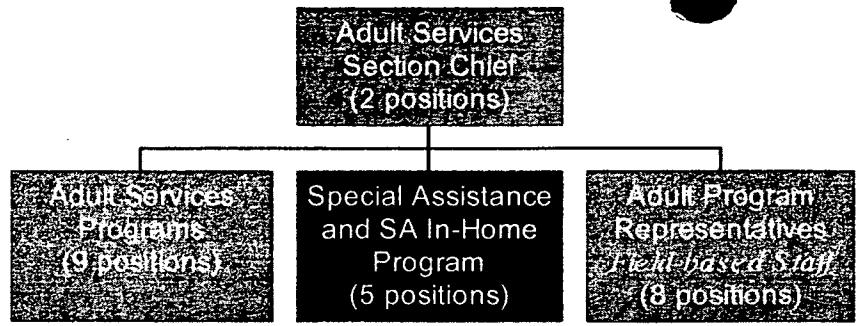
Adult Services



State/County Special Assistance (SA)

- Provides a cash supplement to aged and disabled persons who need a "rest-home level of care"
- An entitlement program
- Funded 50% by the State and 50% by counties
- $66,934,497 in state appropriations in SFY04-05

Adult Services
Special Assistance

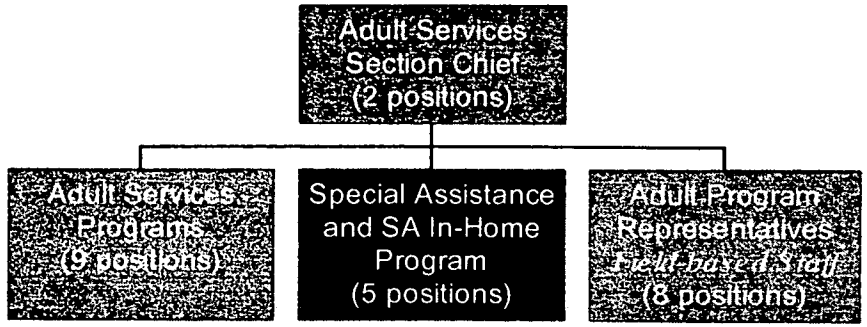


State/County Special Assistance Payments

(only recommended change to Adult Services in Governor's Budget)

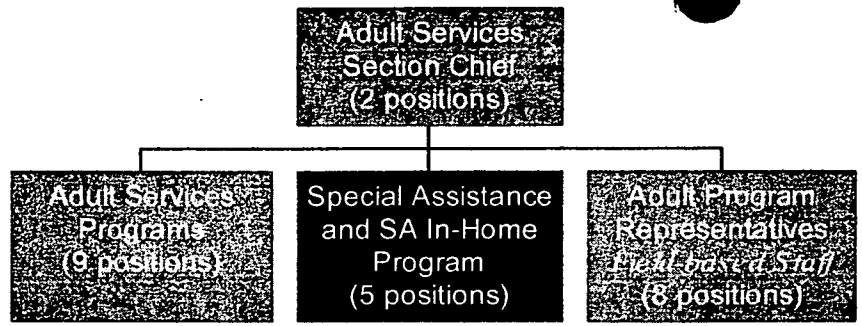
	03-04 Actual	04-05 Authorized	05-06 Recommended	06-07 Recommended
Total Requirements	$134,308,992	$133,868,991	$135,823,005	$136,534,242
Estimated Receipts	$67,150,513	$66,934,494	$67,911,501	$68,267,119
Net Appropriation	$67,158,479	$66,934,497	$67,911,504	$68,267,123

Adult Services
Special Assistance



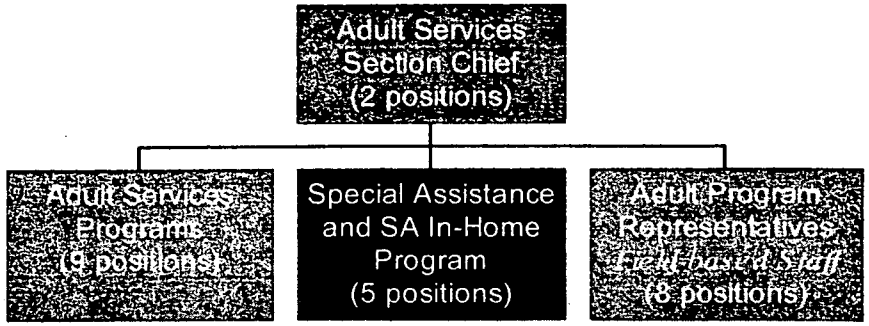
- Two types of SA administered by the Division:
  - Aid to the Aged: financial assistance to eligible recipients who are 65 or older
  - Aid to the Disabled: financial assistance to eligible recipients who are 18-64 and are determined totally or permanently disabled under Social Security Standards
- Local Departments of Social Services determine eligibility
  - In addition to financial eligibility requirements, an SA applicant must be a resident of NC and a citizen of the United States.

Adult Services Special Assistance



- Two different SA Programs administered by the Division:
  - **State/County Special Assistance for Adult Care Homes:** cash supplement to help pay for care of low-income adults living in adult care homes
  - **State/County Special Assistance In-Home Program:** cash supplement for Medicaid-eligible adults who are at risk of placement in an adult care home

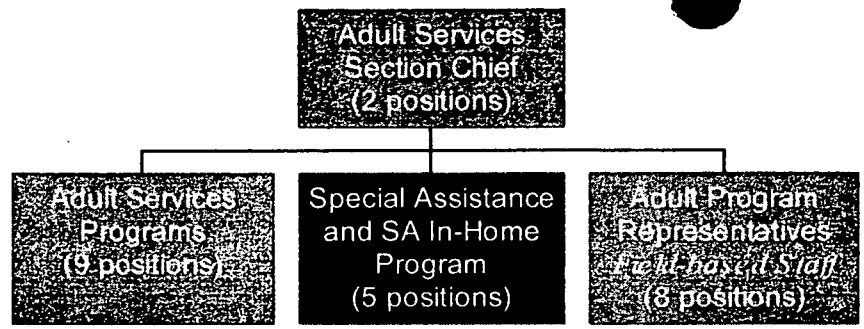
Adult Services Special Assistance



State/County Special Assistance for Adult Care Homes

- Factors that determine total SA cost:
  - Size of payments
    - SA Payment = "countable income" – (monthly rate + personal needs allowance)
    - Current monthly rate is $1,084
    - Current personal needs allowance is $46
    - Average monthly SA payment for SFY04-05 (through 2/05) is $437

Adult Services Special Assistance

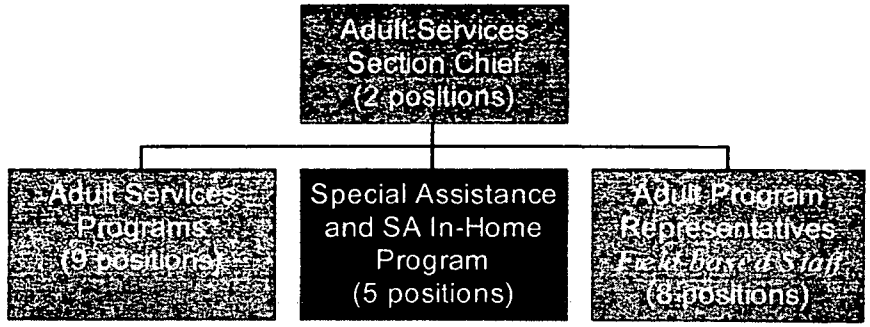


State/County Special Assistance for Adult Care Homes

- Factors that determine total SA cost (cont.):
  - Number of recipients
    - 27,940 total recipients in all 100 counties as of Feb. 2005
    - Even if the payment levels do not increase, the total cost will increase as the number of eligible recipients increases.

In SFY03-04, there were **$133,273,521** in total SA expenditures.

Adult Services Special Assistance

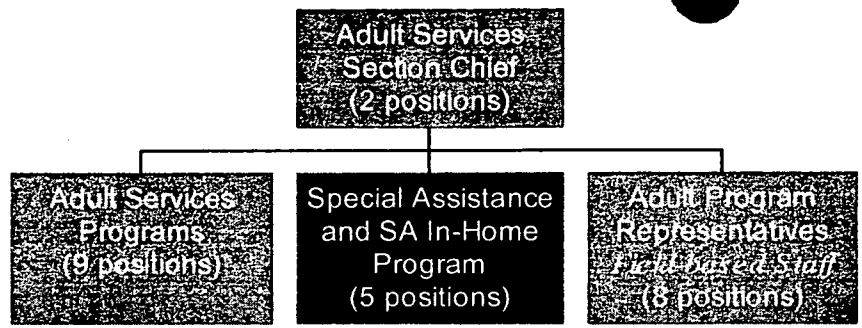


SA for Adult Care Homes' Payment History

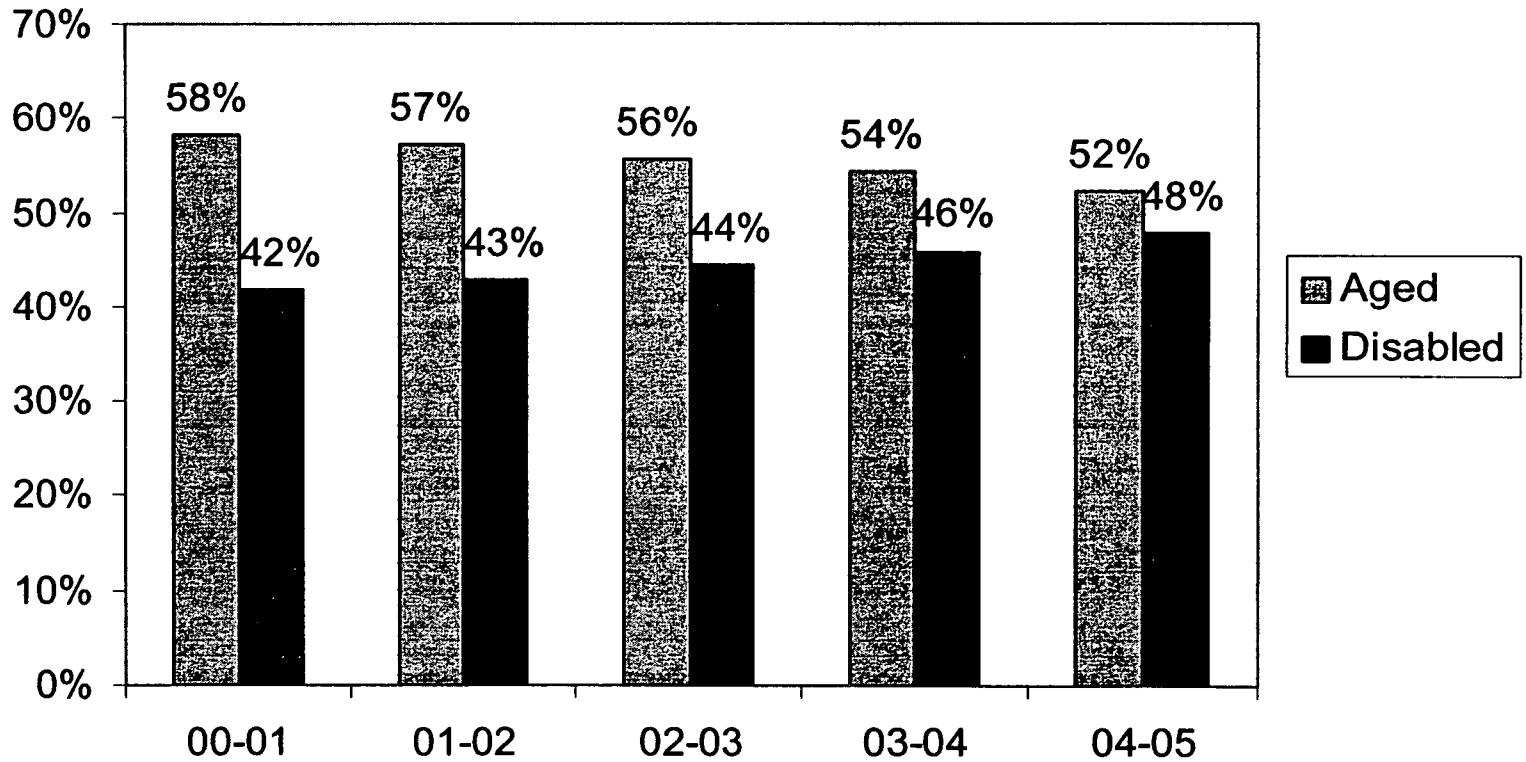
	Average Monthly Payment	Total Cost	Total Recipients
00-01	$471	$134,595,575	29,606
01-02	$390	$142,699,988	30,157
02-03	$461	$141,329,368	30,192
03-04	$438	$133,273,521	29,954

Note: As of February 2005, the average monthly payment for SFY04-05 was $437, the total cost to date was $88.8 million, and there were a total of 27,940 recipients.

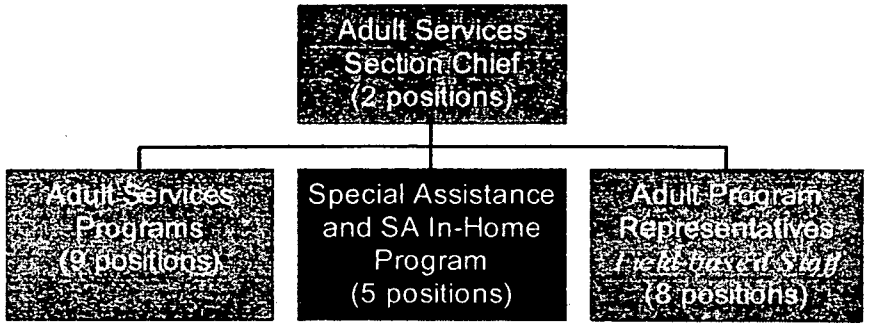
Adult Services Special Assistance



SA for Adult Care Homes' – Percent Recipients Aged vs. Percent Disabled (SFY00-01 to SFY04-05)



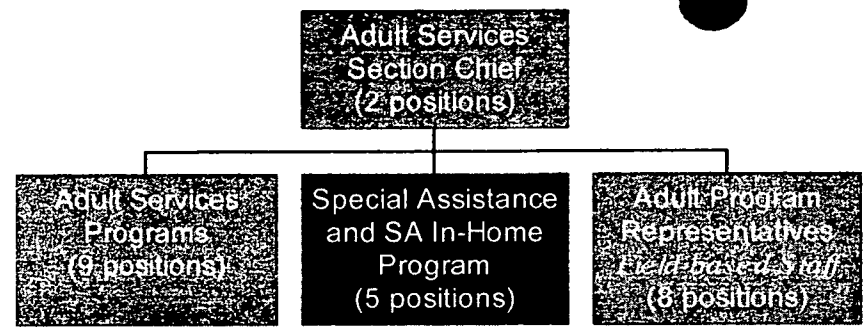
Adult Services Special Assistance



SA for Adult Care Homes - Rate Setting Methodology

- SA rates are established by the General Assembly and are based on cost reports submitted by adult care homes
- DHHS is authorized to transfer funds from SA to maximize reimbursement available through Medicaid personal care services for adult care homes (ACH-PCS). If the Dept. does this, they must also adjust the rate to reflect the transfer of funds.

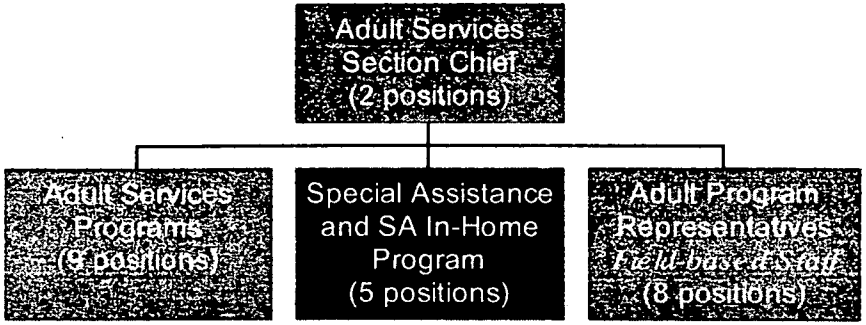
Adult Services
Special Assistance



Special Assistance – In-Home

- S.L. 1999-237 Section 11.21 established the Special Assistance Demonstration Project
  - Authorized DHHS to use funds for 2 years from existing State/County SA budget to provide SA payments to up to 400 SA-eligible individuals without requiring them to reside in an adult care home.

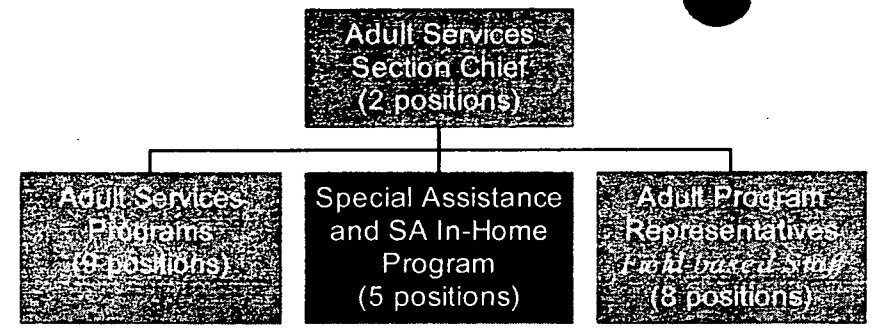
Adult Services
Special Assistance



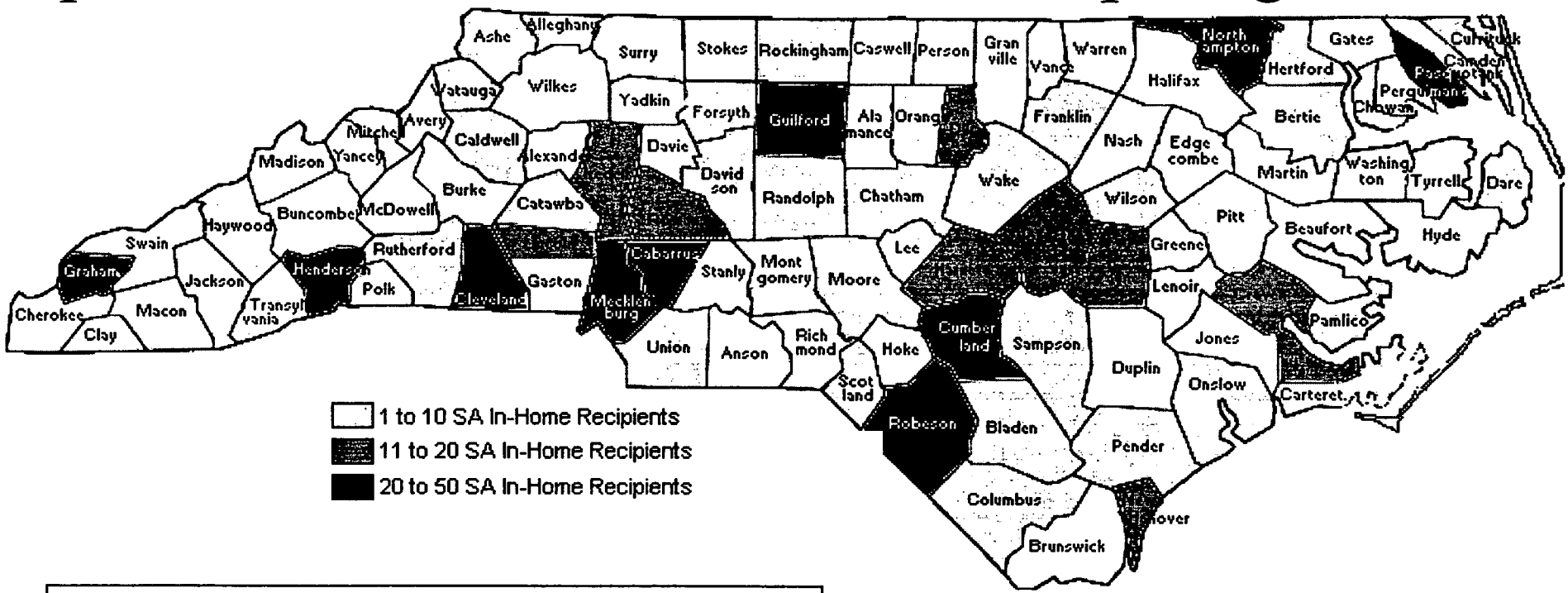
Special Assistance – In-Home

- Current Legislative Requirements:
  - Limited to 800 participants statewide
  - Available to all counties on a voluntary basis
  - Payment restricted to 50% of the monthly payment the individual would have received if they resided in an adult care home
  - Individual must be determined eligible for SA for Adults, be eligible for Medicaid, and have an income below the federal poverty level

Adult Services
Special Assistance

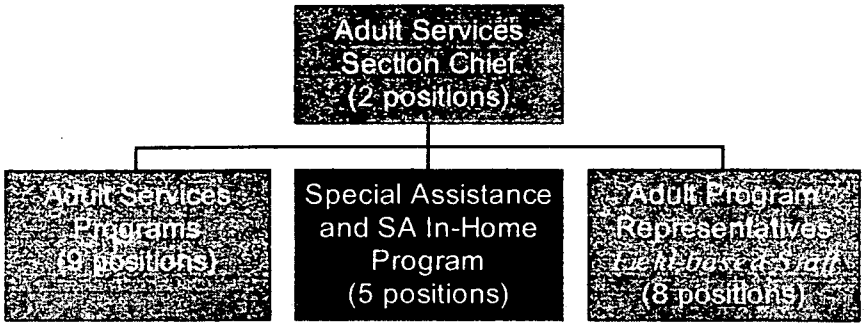


Special Assistance – In-Home Participating Counties



613 total recipients for SFY 03-04

Adult Services
Special Assistance

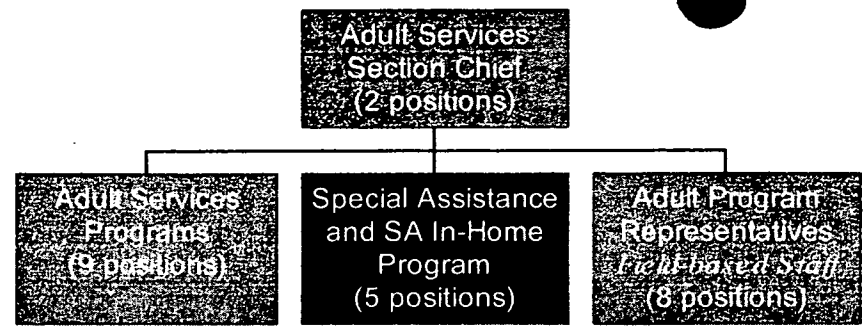


Special Assistance – In-Home Payment History

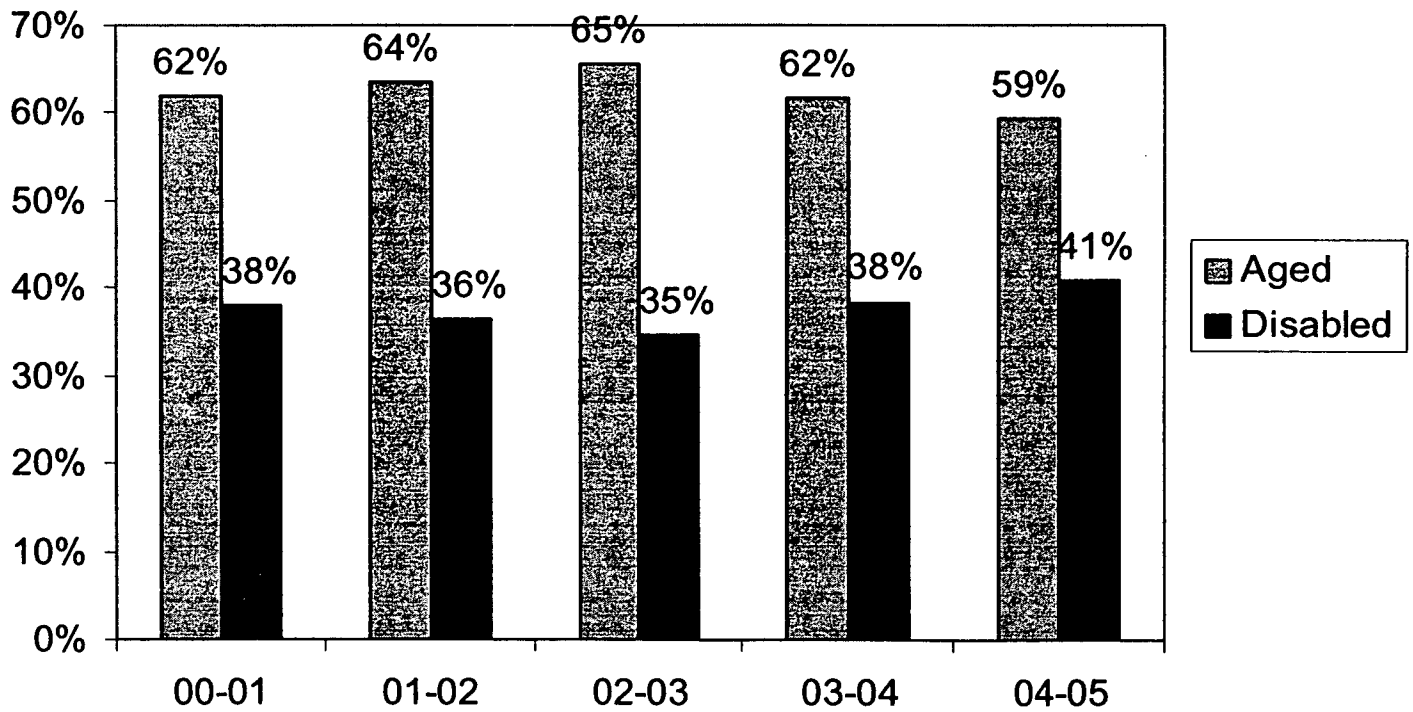
	Average Monthly Payment	Total Cost	Total Recipients
00-01	$182	$493,584	226
01-02	$188	$586,731	420
02-03	$227	$927,632	362
03-04	$238	$1,035,471	623

Note: As of February 2005, the average monthly payment for SFY04-05 was $234, the total cost to date was $1.24 million, and there were a total of 827 recipients.

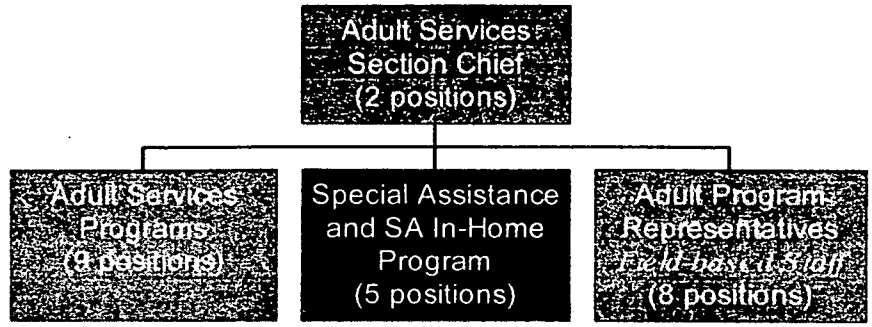
Adult Services Special Assistance



SA – In-Home – Percent Recipients Aged vs. Percent Disabled (SFY00-01 to SFY04-05)



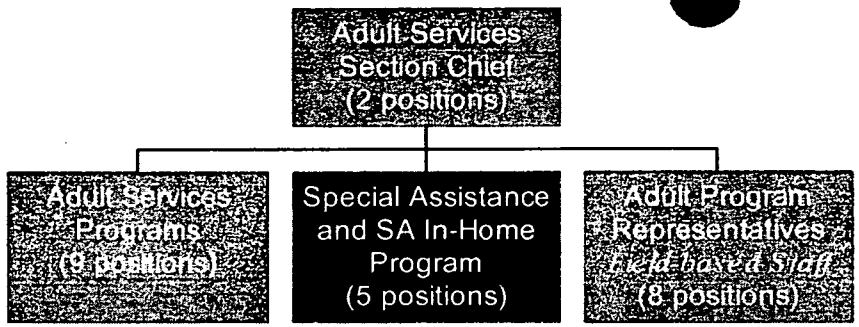
Adult Services
Special Assistance



Special Assistance – Adult Care Home / In-Home Comparison

	Adult Care Home	In-Home
Income Limit	148% poverty	100% poverty
Avg. Monthly Income	$676.33	$551.34
% Aged	51%	59%
% Minority	37%	52%
% Female	59%	73%

Adult Services
Special Assistance

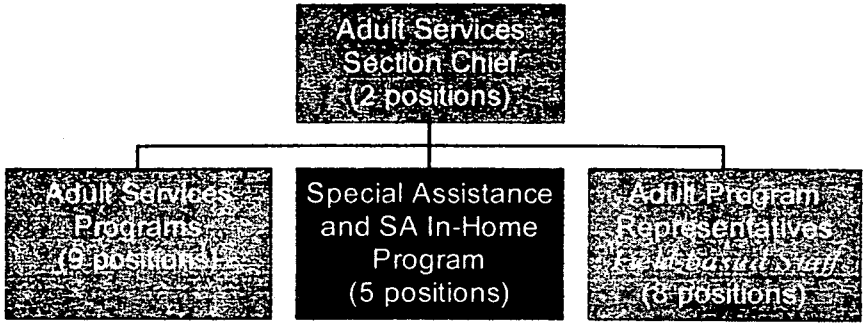


Special Assistance – Adult Care Home / In-Home Comparison

	SA - Adult Care Home Costs				SA - In-Home Care Costs			
	Total	Federal share	State share	County Share	Total	Federal share	State share	County Share
Medicaid	$ 538	$ 340	$ 157	$ 41	$ 284	$ 180	$ 83	$ 21
State/County Special Assistance	$ 431	$ -	$ 216	$ 216	$ 225	$ -	$ 113	$ 113
Food Stamps	$ -	$ -	$ -	$ -	$ 59	$ 59	$ -	$ -
Home and Community Care Block Grant	$ -	$ -	$ -	$ -	$ 86	$ 35	$ 42	$ 9
Social Services Block Grant	$ -	$ -	$ -	$ -	$ 7	$ 5	$ -	$ 2
Monthly Totals	$ 969	$ 340	$ 373	$ 257	$ 661	$ 279	$ 238	$ 145
Annualized Totals	$ 11,628	$ 4,080	$ 4,476	$ 3,084	$ 7,932	$ 3,348	$ 2,856	$ 1,740

Note: This table is adapted from the "Special Assistance In-Home Program: Final Report" from February 2005, Prepared by the Dept. of Health and Human Services, Division of Aging and Adult Services.

Adult Services
Special Assistance



Special Assistance – Adult Care Home / In-Home Comparison

- According to February 2005 report, costs per recipient of SA – In-Home are $3,696 less costs per recipient of SA – Adult Care Home ($1,620 less in state dollars)
- It is important to note that that the levels of care needed are not taken into account in this calculation – it may be that people that require less care are more likely to use the SA – In-Home program

Division of Aging and Adult Services

Considerations

Division of Aging and Adult Services

Considerations

Impact of Special Assistance Program

- To counties
  - SA payments make up from .12% to 2.57% of county budgets (Dare and Hertford Counties respectively)
  - Counties' share of SA ranged from $34,135 in Tyrrell County to $3.4 million in Wake County
  - SA is an entitlement and counties are required to participate in the SA for Adult Care Homes

Considerations

Impact of Special Assistance Program

- To the State
  - Achieved some cost-savings in SFY03-04 by paying more eligible costs from Medicaid personal care services for adult care homes
  - As population ages, demand for long-term care will increase
  - As those with disabilities are moved out of institutions, demand for long-term care will increase

Division of Aging and Adult Services

Considerations

Integration of Adult Services into Div. of Aging and Adult Services

- Budget is still located in Div. of Social Services
  - Kept Adult Services budget in DSS budget so that county departments of social services would only have to use one computer system
  - Because of this system, can only estimate the amount of the DSS budget that is the Div. of Aging and Adult Services' responsibility

Considerations

Adult Care Home Cost Modeling Report

- Developed by the Adult Care Home Cost Modeling Committee
  - Mission of the committee was to develop a consistent and defensible costing methodology that considers the full cost of operating Adult Care Home facilities to ensure that resident care needs are met

Division of Aging and Adult Services

Considerations

Adult Care Home Cost Modeling Report

- Model:
  - Selected 14 adult care homes and 9 adult care homes with Alzheimer's Special Care Units
  - Selected the homes based on:
    - Geographical and urban/rural representation
    - Mixture of private pay and public funding
    - Minimum of 80% occupancy rate
    - Representation of different size categories (31-60 beds, 61-90 beds, 91+ beds)
    - In business for at least one year
    - No disproportionately high indirect costs
    - No history of penalties and fines

Considerations

Adult Care Home Cost Modeling Report

- Model (continued):
  - Received cost reports from the facilities chosen
  - Facilities identified additional funding needed to provide adequate services
  - Uses a "Fair Rental Value" for capital costs, rather than actual costs
- New proposed rates calculated from model:
  - $1,124/month for adult care homes
  - $1,515/month for adult care homes with Alzheimer's Special Care Units

Division of Aging and Adult Services

Considerations

Adult Care Home Cost Modeling Report

Recommendations of report:

1. Adopt the model as the methodology in setting rates
2. Reassess the model every three years
3. Study feasibility of differently allocating costs between SA and Personal Care Services
4. Improve screening and assessment processes to promote appropriate placement and care
5. Ensure that any Div. of Facility Services regulatory changes with potential to impact rates are reflected in the model

Considerations

Adult Care Home Cost Modeling Report

Recommendations of report (continued):

6. Implement monitoring and performance expectations to ensure that increased funding is going to increased care
7. Reimbursement should reflect facility size and resident mix
8. Develop similar model for family care homes and mental health group homes
9. Implement an income disregard policy for SA to ensure that any shift in costs from SA to PCS does not result in a loss of SA for current recipients

North Carolina Division of Aging
Home and Community Care Block Gra[illegible]rvices by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
ALAMANCE COUNTY				
Adult Day Care	FRIENDSHIP CENTER OF ALAMANCE	74,490	8,276	82,767
Care Management	ALAMANCE ELDERCARE, INC	116,489	12,943	129,433
Congregate Nutrition	ALAMANCE CO COMMUNITY SERVICES	142,524	15,836	158,361
Home Delivered Meals	ALAMANCE CO MEALS ON WHEELS	121,112	13,456	134,569
In-Home Aide Services LV1	HOMECARE PROVIDERS	16,523	1,835	18,359
In-Home Aide Services LV2	HOMECARE PROVIDERS	18,129	2,014	20,144
In-Home Aide Services LV3	HOMECARE PROVIDERS	90,990	10,110	101,100
Respite, Group	FRIENDSHIP CENTER OF ALAMANCE	3,831	425	4,257
Transportation, General	ALAMANCE CO COMMUNITY SERVICES	55,738	6,193	61,932
Transportation, General	ALAMANCE CO TRANSP AUTHORITY	13,800	1,533	15,334
Transportation, Medical	ALAMANCE CO TRANSP AUTHORITY	62,764	6,973	69,738
	Service Total	**716,394**	**79,599**	**795,994**
ALEXANDER COUNTY				
Congregate Nutrition	ALEXANDER COUNTY DSS	45,327	5,036	50,364
Home Delivered Meals	ALEXANDER COUNTY DSS	32,366	3,596	35,963
Housing and Home Improvement	ALEXANDER COUNTY DSS	5,649	627	6,277
In-Home Aide Services LV1	ALEXANDER COUNTY DSS	38,719	4,302	43,022
In-Home Aide Services LV2	ALEXANDER CO HEALTH DEPT	21,276	2,364	23,641
Senior Center Operation	ALEXANDER COUNTY SENIOR CENTER	49,191	5,465	54,657
Transportation, General	ALEXANDER COUNTY DSS	26,532	2,948	29,481
Transportation, Medical	ALEXANDER COUNTY DSS	10,317	1,146	11,464
	Service Total	**229,382**	**25,486**	**254,869**
ALLEGHANY COUNTY				
Congregate Nutrition	ALLEGHANY CO COUNCIL ON AGING	23,057	2,561	25,619
Home Delivered Meals	ALLEGHANY CO COUNCIL ON AGING	23,657	2,628	26,286
Home Delivered Meals NSIP	ALLEGHANY CO COUNCIL ON AGING			
In-Home Aide Services LV1	ALLEGHANY CO COUNCIL ON AGING	67,394	7,488	74,883
In-Home Aide Services LV2	ALLEGHANY CO COUNCIL ON AGING	10,770	1,196	11,967
Transportation, General	ALLEGHANY CO COUNCIL ON AGING	7,277	808	8,086
	Service Total	**132,156**	**14,684**	**146,841**
ANSON COUNTY				
Congregate Nutrition	ANSON COUNTY COUNCIL ON AGING	62,303	6,922	69,226
Home Delivered Meals	ANSON COUNTY COUNCIL ON AGING	52,335	5,815	58,150
In-Home Aide Services LV1	ANSON COUNTY COUNCIL ON AGING	89,406	9,934	99,341
Transportation, General	ANSON COUNTY COUNCIL ON AGING	39,134	4,348	43,483

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**243,180**	**27,020**	**270,200**
ASHE COUNTY				
Adult Day Care	ASHE SERVICES FOR AGING INC	25,980	2,886	28,867
Adult Day Health	ASHE SERVICES FOR AGING INC	23,482	2,609	26,092
Congregate Nutrition	ASHE SERVICES FOR AGING INC	27,658	3,073	30,732
Home Delivered Meals	ASHE SERVICES FOR AGING INC	69,156	7,684	76,841
In-Home Aide Services LV2	ASHE SERVICES FOR AGING INC	81,809	9,089	90,899
Transportation, General	ASHE SERVICES FOR AGING	6,931	770	7,702
Transportation, General	ASHE SERVICES FOR AGING INC	4,620	513	5,134
	Service Total	**239,640**	**26,626**	**266,267**
AVERY COUNTY				
Congregate Nutrition	AVERY SENIOR SERVICES	25,076	2,786	27,863
Home Delivered Meals	AVERY SENIOR SERVICES	27,333	3,037	30,371
Home Delivered Meals NSIP	AVERY SENIOR SERVICES			
In-Home Aide Services LV1	AVERY SENIOR SERVICES	77,438	8,604	86,043
In-Home Aide Services LV2	AVERY SENIOR SERVICES	19,371	2,152	21,524
Senior Center Operation	AVERY SENIOR SERVICES	9,146	1,016	10,163
	Service Total	**158,367**	**17,596**	**175,964**
BEAUFORT COUNTY				
Congregate Nutrition	BEAUFORT COUNTY DSS	33,372	3,708	37,081
Home Delivered Meals	BEAUFORT COUNTY DSS	94,321	10,480	104,802
In-Home Aide Services LV2	BEAUFORT COUNTY DSS	239,538	26,615	266,154
Transportation, General	BEAUFORT COUNTY DSS	21,186	2,354	23,541
	Service Total	**388,420**	**43,157**	**431,578**
BERTIE COUNTY				
Congregate Nutrition	BERTIE CO COUNCIL ON AGING	63,081	7,009	70,091
Home Delivered Meals	BERTIE CO COUNCIL ON AGING	31,965	3,551	35,517
In-Home Aide Services LV2	BERTIE CO COUNCIL ON AGING	29,601	3,289	32,891
In-Home Aide Services LV2	BERTIE COUNTY DSS	34,193	3,799	37,993
Senior Center Operation	BERTIE CO COUNCIL ON AGING	18,522	2,058	20,580
Transportation, General	BERTIE CO COUNCIL ON AGING	36,672	4,074	40,747
Transportation, Medical	BERTIE CO COUNCIL ON AGING	1,113	123	1,237
	Service Total	**215,150**	**23,905**	**239,056**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
BLADEN COUNTY				
Adult Day Care	BLADEN CO DIVISION ON AGING	24,947	2,771	27,719
Congregate Nutrition	BLADEN CO DIVISION ON AGING	68,925	7,658	76,584
Home Delivered Meals	BLADEN CO DIVISION ON AGING	36,193	4,021	40,215
Housing and Home Improvement	BLADEN CO DIVISION ON AGING	22,239	2,471	24,710
In-Home Aide Services LV1	BLADEN CO DIVISION ON AGING	79,161	8,795	87,957
Information and Assistance	BLADEN CO DIVISION ON AGING	18,464	2,051	20,516
Senior Center Operation	BLADEN CO DIVISION ON AGING	18,464	2,051	20,516
Transportation, General	BLADEN CO DIVISION ON AGING	45,000	5,000	50,000
Transportation, Medical	BLADEN CO DIVISION ON AGING	9,716	1,079	10,796
	Service Total	**323,111**	**35,901**	**359,013**
BRUNSWICK COUNTY				
Congregate Nutrition	BRUNSWICK SENIOR RESOURCES	93,057	10,339	103,397
Home Delivered Meals	BRUNSWICK SENIOR RESOURCES	97,074	10,786	107,861
Housing and Home Improvement	BRUNSWICK SENIOR RESOURCES	17,258	1,917	19,176
In-Home Aide Services LV1	BRUNSWICK COUNTY DSS	15,432	1,714	17,147
In-Home Aide Services LV2	BRUNSWICK COUNTY DSS	198,925	22,102	221,028
In-Home Aide Services LV3	BRUNSWICK COUNTY DSS	37,326	4,147	41,474
Senior Center Operation	BRUNSWICK SENIOR RESOURCES	56,777	6,308	63,086
Transportation, General	BRUNSWICK SENIOR RESOURCES	62,309	6,923	69,233
Transportation, Medical	BRUNSWICK SENIOR RESOURCES	12,229	1,358	13,588
	Service Total	**590,391**	**65,599**	**655,990**
BUNCOMBE COUNTY				
Adult Day Care	MOUNTAIN CARE	22,470	2,496	24,967
Adult Day Health	MOUNTAIN CARE	77,454	8,606	86,061
Congregate Nutrition	BUNCOMBE CO COUNCIL AGING	104,652	11,628	116,280
Home Delivered Meals	BUNCOMBE CO MEALS ON WHEELS	50,000	5,555	55,556
Housing and Home Improvement	MOUNTAIN HOUSING OPPORTUNITY	29,999	3,333	33,333
In-Home Aide Services LV1	BUNCOMBE COUNTY DSS	380,559	42,284	422,844
In-Home Aide Services LV2	VISITING HEALTH PROFESSIONALS	234,999	26,111	261,111
Information and Assistance	BUNCOMBE CO COUNCIL AGING	67,700	7,522	75,223
Senior Companion	LAND OF SKY REGIONAL COUNCIL	20,999	2,333	23,333
Transportation, General	BUNCOMBE CO PLANNING DEPT	84,999	9,444	94,444
Transportation, General	MOUNTAIN CARE	44,058	4,895	48,954
Transportation, Medical	BUNCOMBE CO PLANNING DEPT	88,012	9,779	97,792
Volunteer Prog Development	VOLUNTEER CENTER (UNITED WAY)	9,000	1,000	10,000
	Service Total	**1,214,908**	**134,989**	**1,349,898**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
BURKE COUNTY				
Adult Day Care	BLUE RIDGE COMMUNITY ACTION	72,582	8,064	80,647
Congregate Nutrition	BURKE COUNTY DSS	43,964	4,884	48,849
Home Delivered Meals	BURKE COUNTY DSS	104,319	11,591	115,911
Housing and Home Improvement	FOOTHILLS SERVICE PROJECT	70,880	7,875	78,756
In-Home Aide Services LV1	BURKE COUNTY DSS	14,250	1,583	15,834
In-Home Aide Services LV2	CATAWBA VALLEY MEDICAL SERVS	54,000	6,000	60,000
In-Home Aide Services LV3	CATAWBA VALLEY MEDICAL SERVS	62,544	6,949	69,494
Information and Assistance	BURKE COUNTY DSS	37,251	4,139	41,391
Senior Center Operation	MORGANTON BURKE SENIOR CENTER	45,250	5,027	50,278
Transportation, General	BURKE COUNTY DSS	18,726	2,080	20,807
Transportation, Medical	HANDI-CARE, INC	30,250	3,361	33,612
	Service Total	**554,021**	**61,557**	**615,579**
CABARRUS COUNTY				
Adult Day Care	CABARRUS CO DEPT OF AGING	82,125	9,125	91,250
Adult Day Health	CABARRUS CO DEPT OF AGING	14,307	1,589	15,897
Congregate Nutrition	CABARRUS CO DEPT OF AGING	103,922	11,546	115,469
Congregate Nutrition NSIP	CABARRUS CO DEPT OF AGING	10,626	1,180	11,807
Housing and Home Improvement	CABARRUS CO DEPT OF COMMERCE	34,181	3,797	37,979
In-Home Aide Services LV2	CABARRUS CO DEPT OF AGING	25,134	2,792	27,927
In-Home Aide Services LV2	CABARRUS COUNTY DSS	113,729	12,636	126,366
Information and Assistance	CABARRUS CO DEPT OF AGING	55,540	6,171	61,712
Senior Center Operation	CABARRUS CO DEPT OF AGING	9,500	1,055	10,556
Transportation, General	CABARRUS PUBLIC TRANSPORTATION	91,284	10,142	101,427
	Service Total	**540,351**	**60,039**	**600,390**
CALDWELL COUNTY				
Adult Day Care	CALDWELL COUNTY DSS	19,249	2,138	21,388
Congregate Nutrition	BLUE RIDGE COMMUNITY ACTION	70,682	7,853	78,536
Home Delivered Meals	BLUE RIDGE COMMUNITY ACTION	52,761	5,862	58,624
Housing and Home Improvement	FOOTHILLS SERVICE PROJECT	22,059	2,451	24,511
In-Home Aide Services LV1	CALDWELL COUNTY DSS	66,708	7,412	74,120
In-Home Aide Services LV2	GUARDIAN HEALTH SERVICES	65,436	7,270	72,707
In-Home Aide Services LV3	CALDWELL COUNTY HEALTH DEPT	34,308	3,812	38,120
Information and Assistance	CALDWELL SENIOR CENTER	18,489	2,054	20,544
Senior Center Operation	CALDWELL SENIOR CENTER	41,561	4,617	46,179
Transportation, General	CALDWELL CO AREA TRANSIT SYS	21,749	2,416	24,166
Transportation, Medical	CALDWELL CO AREA TRANSIT SYS	24,918	2,768	27,687

North Carolina Division of Aging
Home and Community Care Block Gra[illegible]rvices by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**437,923**	**48,658**	**486,582**
CAMDEN COUNTY				
Adult Day Health	DAY BREAK	12,221	1,357	13,579
Congregate Nutrition	ALBEMARLE COMMISSION	14,883	1,653	16,537
Home Delivered Meals	ALBEMARLE COMMISSION	14,252	1,583	15,836
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV1	HEALTHCARE OPTIONS	4,302	478	4,780
In-Home Aide Services LV2	HEALTHCARE OPTIONS	9,063	1,007	10,071
In-Home Aide Services LV3	HEALTHCARE OPTIONS	10,999	1,222	12,222
Transportation, General	INTER-COUNTY TRANSIT	13,507	1,500	15,008
	Service Total	**79,229**	**8,803**	**88,033**
CARTERET COUNTY				
Congregate Nutrition	LEON MANN JR ENRICHMENT CENTER	46,431	5,159	51,591
Home Delivered Meals	LEON MANN JR ENRICHMENT CENTER	38,634	4,292	42,927
In-Home Aide Services LV1	LEON MANN JR ENRICHMENT CENTER	43,887	4,876	48,764
In-Home Aide Services LV2	CARTERET COUNTY DSS	75,020	8,335	83,356
In-Home Aide Services LV3	CARTERET COUNTY DSS			
In-Home Aide Services LV4	CARTERET COUNTY DSS	13,319	1,479	14,799
Senior Center Operation	LEON MANN JR ENRICHMENT CENTER	38,530	4,281	42,812
Senior Companion	COASTAL COMMUNITY ACTION, INC.	16,988	1,887	18,876
Transportation, General	LEON MANN JR ENRICHMENT CENTER	66,953	7,439	74,393
	Service Total	**339,766**	**37,751**	**377,518**
CASWELL COUNTY				
Congregate Nutrition	CASWELL CO GOLDEN FRIENDS	42,890	4,765	47,656
Home Delivered Meals	CASWELL PARISH, INC.	83,315	9,257	92,573
In-Home Aide Services LV1	MAXIM HEALTHCARE SERVICES	9,348	1,038	10,387
In-Home Aide Services LV2	MAXIM HEALTHCARE SERVICES	19,919	2,213	22,133
In-Home Aide Services LV3	MAXIM HEALTHCARE SERVICES	45,788	5,087	50,876
Senior Center Operation	CASWELL COUNTY	24,413	2,712	27,126
Transportation, General	CASWELL CO GOLDEN FRIENDS	10,999	1,222	12,222
Transportation, Medical	CASWELL COUNTY DSS	10,401	1,155	11,557
	Service Total	**247,077**	**27,453**	**274,530**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
CATAWBA COUNTY				
Adult Day Care	CATAWBA COUNTY DSS	72,095	8,010	80,106
Adult Day Health	CATAWBA COUNTY DSS	14,310	1,590	15,901
Congregate Nutrition	CATAWBA COUNTY DSS	121,400	13,488	134,889
Home Delivered Meals	CATAWBA COUNTY DSS	133,579	14,842	148,422
Home Delivered Meals NSIP	CATAWBA COUNTY DSS	1,929	214	2,144
In-Home Aide Services LV2	CATAWBA COUNTY DSS	103,000	11,444	114,445
In-Home Aide Services LV3	CATAWBA COUNTY DSS	141,167	15,685	156,853
Senior Center Operation	CATAWBA CO COUNCIL ON AGING	35,410	3,934	39,345
Transportation, General	CATAWBA COUNTY DSS	57,860	6,428	64,289
Transportation, Medical	CATAWBA COUNTY DSS	6,686	742	7,429
	Service Total	**687,440**	**76,382**	**763,823**
CHATHAM COUNTY				
Congregate Nutrition	CHATHAM CO COUNCIL ON AGING	51,000	5,666	56,667
Home Delivered Meals	CHATHAM CO COUNCIL ON AGING	45,999	5,111	51,111
In-Home Aide Services LV1	CHATHAM CO COUNCIL ON AGING	23,973	2,663	26,637
In-Home Aide Services LV2	CHATHAM CO COUNCIL ON AGING	144,906	16,100	161,007
In-Home Aide Services LV3	CHATHAM CO COUNCIL ON AGING	18,441	2,049	20,490
Information and Assistance	CHATHAM CO COUNCIL ON AGING	28,654	3,183	31,838
Senior Center Operation	CHATHAM CO COUNCIL ON AGING	16,360	1,817	18,178
Transportation, General	CHATHAM CO COUNCIL ON AGING	32,875	3,652	36,528
	Service Total	**362,210**	**40,245**	**402,456**
CHEROKEE COUNTY				
Congregate Nutrition	J ROBERT PENLAND SENIOR CENTER	60,000	6,666	66,667
Home Delivered Meals	J ROBERT PENLAND SENIOR CENTER	61,959	6,884	68,844
Home Delivered Meals NSIP	J ROBERT PENLAND SENIOR CENTER	999	111	1,111
Housing and Home Improvement	J ROBERT PENLAND SENIOR CENTER	2,999	333	3,333
In-Home Aide Services LV1	CHEROKEE COUNTY DSS	50,292	5,588	55,880
Transportation, General	J ROBERT PENLAND SENIOR CENTER	48,510	5,390	53,900
	Service Total	**224,761**	**24,973**	**249,735**
CHOWAN COUNTY				
Adult Day Health	CHOWAN LIFE CENTER	12,788	1,420	14,209
Adult Day Health	DAY BREAK			
Congregate Nutrition	ALBEMARLE COMMISSION	26,155	2,906	29,062
Home Delivered Meals	ALBEMARLE COMMISSION	20,189	2,243	22,433
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	CHOWAN COUNTY DSS	5,459	606	6,066

North Carolina Division of Aging
Home and Community Care Block Gra[illegible]rvices by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
CHOWAN COUNTY				
In-Home Aide Services LV1	CHOWAN CO HOSPITAL HOME CARE	5,670	630	6,300
In-Home Aide Services LV2	CHOWAN CO HOSPITAL HOME CARE	18,666	2,074	20,741
In-Home Aide Services LV3	CHOWAN CO HOSPITAL HOME CARE	22,033	2,448	24,482
Transportation, General	INTER-COUNTY TRANSIT	21,155	2,350	23,506
	Service Total	**132,119**	**14,679**	**146,799**
CLAY COUNTY				
Congregate Nutrition	CLAY CO SENIOR CENTER	14,923	1,658	16,582
Home Delivered Meals	CLAY CO SENIOR CENTER	38,193	4,243	42,437
Home Delivered Meals NSIP	CLAY CO SENIOR CENTER	500	55	556
In-Home Aide Services LV1	CLAY COUNTY DSS	45,140	5,015	50,156
Transportation, General	CLAY COUNTY TRANSPORATION	6,300	700	7,000
Transportation, Medical	CLAY COUNTY TRANSPORATION	3,600	400	4,000
	Service Total	**108,657**	**12,073**	**120,731**
CLEVELAND COUNTY				
Adult Day Health	LIFE ENRICHMENT CENTER	128,648	14,294	142,943
Care Management	CLEVELAND REGIONAL MEDICAL CTR	71,187	7,909	79,097
Congregate Nutrition	CLEVELAND CO COUNCIL ON AGING	83,193	9,243	92,437
Health Screening	CLEVELAND CO COUNCIL ON AGING	18,614	2,068	20,683
Home Delivered Meals	CLEVELAND CO COUNCIL ON AGING	105,880	11,764	117,645
Housing and Home Improvement	CLEVELAND CO COUNCIL ON AGING	28,120	3,124	31,245
In-Home Aide Services LV1	CLEVELAND COUNTY DSS	28,551	3,172	31,724
In-Home Aide Services LV2	CLEVELAND COUNTY DSS	102,812	11,423	114,236
In-Home Aide Services LV3	CLEVELAND COUNTY DSS	433	48	482
Respite, Group	CLEVELAND CO COUNCIL ON AGING	8,033	892	8,926
Senior Center Operation	CLEVELAND CO COUNCIL ON AGING	54,608	6,067	60,676
Senior Center Operation	KINGS MOUNTAIN AGING	24,681	2,742	27,424
Transportation, General	CLEVELAND CO COUNCIL ON AGING	6,297	699	6,997
Transportation, General	KINGS MOUNTAIN AGING	13,907	1,545	15,453
Transportation, Medical	KINGS MOUNTAIN AGING	6,336	704	7,040
	Service Total	**681,307**	**75,700**	**757,008**
COLUMBUS COUNTY				
Congregate Nutrition	COLUMBUS CO DEPT OF AGING	94,509	10,501	105,010
Home Delivered Meals	COLUMBUS CO DEPT OF AGING	58,905	6,545	65,450
Housing and Home Improvement	COLUMBUS CO DEPT OF AGING	20,322	2,258	22,580
In-Home Aide Services LV2	COLUMBUS CO DEPT OF AGING	135,936	15,104	151,040
In-Home Aide Services LV3	COLUMBUS CO DEPT OF AGING	94,716	10,524	105,240

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
COLUMBUS COUNTY				
Information and Assistance	COLUMBUS CO DEPT OF AGING	31,914	3,546	35,460
Senior Center Operation	COLUMBUS CO DEPT OF AGING	50,864	5,651	56,516
Transportation, General	COLUMBUS CO DEPT OF AGING	32,040	3,560	35,600
	Service Total	**519,206**	**57,689**	**576,896**
CRAVEN COUNTY				
Care Management	CRAVEN COUNTY DSS	72,191	8,021	80,213
Congregate Nutrition	CRAVEN COUNTY DSS	96,375	10,708	107,084
Home Delivered Meals	CRAVEN COUNTY DSS	85,499	9,499	94,999
In-Home Aide Services LV2	CRAVEN COUNTY DSS	92,958	10,328	103,287
In-Home Aide Services LV3	CRAVEN COUNTY HOME HEALTH	24,000	2,666	26,667
Senior Companion	COASTAL COMMUNITY ACTION, INC.	12,999	1,444	14,444
Transportation, General	CRAVEN CO DEPT OF TRANSPORT	61,117	6,790	67,908
	Service Total	**445,141**	**49,460**	**494,602**
CUMBERLAND COUNTY				
Adult Day Health	BETHEL ADULT DAY HEALTH CARE	77,370	8,596	85,967
Care Management	MID CAROLINA COG	224,714	24,968	249,683
Congregate Nutrition	CCCCOA INC	68,634	7,626	76,260
Home Delivered Meals	CCCCOA INC	143,479	15,942	159,422
Home Delivered Meals NSIP	CCCCOA INC	21,615	2,401	24,017
Housing and Home Improvement	CCCCOA INC	117,315	13,035	130,351
In-Home Aide Services LV1	CUMBERLAND CO DSS	417	46	464
In-Home Aide Services LV2	CCCCOA INC	14,000	1,555	15,556
In-Home Aide Services LV2	CUMBERLAND CO DSS	155,913	17,323	173,237
In-Home Aide Services LV3	CCCCOA INC	245,869	27,318	273,188
In-Home Aide Services LV3	CUMBERLAND CO DSS	46,284	5,142	51,427
Senior Center Operation	CITY OF FAYETTEVILLE	7,000	777	7,778
Senior Center Operation	HOPE MILLS SENIOR CENTER	7,000	777	7,778
Senior Center Operation	TOWN OF SPRING LAKE	7,000	777	7,778
Transportation, General	CUMBERLAND COMMUNITY TRANSP	41,256	4,584	45,841
Transportation, General	HOPE MILLS SENIOR CENTER	15,954	1,772	17,727
Transportation, Medical	CUMBERLAND COMMUNITY TRANSP	17,263	1,918	19,182
	Service Total	**1,211,090**	**134,565**	**1,345,656**

North Carolina Division of Aging
Home and Community Care Block Gra[illegible]rvices by County
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
CURRITUCK COUNTY				
Adult Day Health	DAY BREAK	4,940	548	5,489
Congregate Nutrition	ALBEMARLE COMMISSION	20,737	2,304	23,042
Home Delivered Meals	ALBEMARLE COMMISSION	26,624	2,958	29,583
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	CURRITUCK COUNTY DSS	1,415	157	1,573
In-Home Aide Services LV1	CURRITUCK COUNTY DSS	19,775	2,197	21,973
In-Home Aide Services LV2	CURRITUCK COUNTY DSS	15,775	1,752	17,528
In-Home Aide Services LV3	CURRITUCK COUNTY DSS	9,957	1,106	11,064
Transportation, General	CURRITUCK CO SENIOR CENTER	12,930	1,436	14,367
	Service Total	**112,157**	**12,461**	**124,619**
DARE COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	14,745	1,638	16,384
Home Delivered Meals	ALBEMARLE COMMISSION	28,131	3,125	31,257
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV2	DARE COUNTY DSS	65,078	7,230	72,309
In-Home Aide Services LV3	DARE COUNTY DSS	27,312	3,034	30,347
	Service Total	**135,267**	**15,029**	**150,297**
DAVIDSON COUNTY				
Adult Day Care	LIFE CENTER OF DAVIDSON	69,050	7,672	76,723
Adult Day Health	LIFE CENTER OF DAVIDSON	25,962	2,884	28,847
Care Management	DAVIDSON CO SENIOR SERVICES	48,852	5,428	54,281
Congregate Nutrition	DAVIDSON CO SENIOR SERVICES	124,875	13,875	138,751
Home Delivered Meals	DAVIDSON CO SENIOR SERVICES	80,310	8,923	89,234
In-Home Aide Services LV1	DAVIDSON CO SENIOR SERVICES	31,999	3,555	35,555
In-Home Aide Services LV2	DAVIDSON CO SENIOR SERVICES	117,437	13,048	130,486
In-Home Aide Services LV3	DAVIDSON CO SENIOR SERVICES	82,867	9,207	92,075
Information and Assistance	DAVIDSON CO SENIOR SERVICES	50,497	5,610	56,108
Senior Center Operation	DAVIDSON CO SENIOR SERVICES	24,111	2,679	26,791
Transportation, General	DAVIDSON CO SENIOR SERVICES	72,950	8,105	81,056
Transportation, Medical	DAVIDSON CO SENIOR SERVICES	8,018	890	8,909
Volunteer Prog Development	DAVIDSON CO SENIOR SERVICES	39,391	4,376	43,768
	Service Total	**776,325**	**86,258**	**862,584**

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
DAVIE COUNTY				
Congregate Nutrition	DAVIE COUNTY SENIOR CENTER	20,895	2,321	23,217
Home Delivered Meals	DAVIE COUNTY SENIOR CENTER	60,346	6,705	67,052
Home Delivered Meals NSIP	DAVIE COUNTY SENIOR CENTER	810	90	900
In-Home Aide Services LV1	DAVIE CO HOME HEALTH AGENCY	559	62	622
In-Home Aide Services LV2	DAVIE CO HOME HEALTH AGENCY	11,432	1,270	12,703
In-Home Aide Services LV3	DAVIE CO HOME HEALTH AGENCY	78,343	8,704	87,048
Information and Assistance	DAVIE COUNTY SENIOR CENTER	9,386	1,042	10,429
Senior Center Operation	DAVIE COUNTY SENIOR CENTER	6,000	666	6,667
Transportation, General	YVEDDI	41,807	4,645	46,453
Transportation, Medical	YVEDDI	25,011	2,779	27,790
	Service Total	**254,592**	**28,288**	**282,881**
DUPLIN COUNTY				
Adult Day Care	DUPLIN CO SERVICES FOR AGED	9,637	1,070	10,708
Adult Day Health	DUPLIN CO SERVICES FOR AGED	4,001	444	4,446
Congregate Nutrition	DUPLIN CO SERVICES FOR AGED	148,017	16,446	164,464
Home Delivered Meals	DUPLIN CO SERVICES FOR AGED	56,030	6,225	62,256
Housing and Home Improvement	DUPLIN CO SERVICES FOR AGED	4,959	551	5,511
In-Home Aide Services LV1	DUPLIN CO SERVICES FOR AGED	83,562	9,284	92,847
In-Home Aide Services LV2	DUPLIN CO SERVICES FOR AGED	8,623	958	9,582
In-Home Aide Services LV2	DUPLIN COUNTY DSS	10,559	1,173	11,733
Transportation, General	DUPLIN CO SERVICES FOR AGED	51,192	5,688	56,880
Transportation, Medical	DUPLIN CO SERVICES FOR AGED	2,032	225	2,258
	Service Total	**378,616**	**42,068**	**420,685**
DURHAM COUNTY				
Adult Day Care	COUNCIL FOR SENIOR CITIZENS	7,587	843	8,431
Congregate Nutrition	COUNCIL FOR SENIOR CITIZENS	146,888	16,320	163,209
Home Delivered Meals	DURHAM COUNTY DSS	120,532	13,392	133,925
In-Home Aide Services LV2	DURHAM COUNTY DSS	241,653	26,850	268,504
Information and Assistance	COUNCIL FOR SENIOR CITIZENS	155,916	17,324	173,240
Senior Center Operation	COUNCIL FOR SENIOR CITIZENS	132,063	14,673	146,737
Transportation, General	COUNCIL FOR SENIOR CITIZENS	105,659	11,739	117,399
	Service Total	**910,300**	**101,144**	**1,011,445**

North Carolina Division of Aging
Home and Community Care Block Gran[illegible]rvices by County
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
EDGECOMBE COUNTY				
Adult Day Care	EDGECOMBE CO DSS	55,946	6,216	62,163
Adult Day Care	WALSTON'S ADULT NUTRING CENTER	15,948	1,772	17,720
Adult Day Health	THE WRIGHT'S CENTER	63,497	7,055	70,553
Congregate Nutrition	EDGECOMBE COUNTY DSS	65,660	7,295	72,956
Congregate Nutrition	TOWN OF TARBORO	24,849	2,761	27,611
Home Delivered Meals	EDGECOMBE COUNTY DSS	8,541	949	9,490
Home Delivered Meals	ROCKY MOUNT MEALS ON WHEELS	17,705	1,967	19,673
Home Health - Skilled Nursing	EDGECOMBE CO HOME CARE	23,819	2,646	26,466
In-Home Aide Services LV1	EDGECOMBE CO DSS	2,999	333	3,333
In-Home Aide Services LV1	EDGECOMBE COUNTY DSS	3,500	388	3,889
In-Home Aide Services LV2	EDGECOMBE CO DSS	47,806	5,311	53,118
In-Home Aide Services LV2	EDGECOMBE COUNTY DSS	45,360	5,040	50,401
In-Home Aide Services LV2	QUALITY PATIENT CARE, INC	23,243	2,582	25,826
In-Home Aide Services LV3	QUALITY PATIENT CARE, INC	27,243	3,027	30,270
Information and Assistance	COMMUNITY MEDICINE FOUNDATION	7,385	820	8,206
Transportation, General	EDGECOMBE CO HOME CARE	6,579	731	7,311
Transportation, General	EDGECOMBE COUNTY DSS	30,464	3,384	33,849
Transportation, General	TOWN OF TARBORO	5,030	558	5,589
	Service Total	**475,581**	**52,842**	**528,424**
FORSYTH COUNTY				
Adult Day Care	MT ZION SENIOR LIFE ENRICHMENT	65,822	7,313	73,136
Adult Day Care	SENIOR SERVICES, INC.	12,691	1,410	14,102
Adult Day Health	MT ZION SENIOR LIFE ENRICHMENT	4,264	473	4,738
Adult Day Health	SENIOR SERVICES, INC.	29,591	3,287	32,879
Congregate Nutrition	SENIOR SERVICES, INC.	164,394	18,266	182,660
Home Delivered Meals	SENIOR SERVICES, INC.	257,230	28,581	285,812
Housing and Home Improvement	SHEPHERD CENTER OF GREATER WS	2,208	245	2,454
In-Home Aide Services LV1	FORSYTH COUNTY DSS	171,153	19,017	190,171
In-Home Aide Services LV2	FORSYTH COUNTY DSS	12,265	1,362	13,628
In-Home Aide Services LV2	SENIOR SERVICES, INC.	133,338	14,815	148,154
In-Home Aide Services LV3	FORSYTH COUNTY DSS	122,649	13,627	136,277
In-Home Aide Services LV3	SENIOR SERVICES, INC.	181,117	20,124	201,242
Information and Assistance	SENIOR FINANCIAL CARE-CCC	21,999	2,444	24,444
Information and Assistance	SENIOR SERVICES, INC.	26,501	2,944	29,446
Senior Center Operation	SHEPHERD CENTER OF GREATER WS	9,500	1,055	10,556
Transportation, General	TRANS-AID OF FORSYTH COUNTY	80,786	8,976	89,763

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
FORSYTH COUNTY				
Transportation, Medical	TRANS-AID OF FORSYTH COUNTY	207,737	23,081	230,819
Volunteer Prog Development	SHEPHERD CENTER OF GREATER WS	3,924	436	4,360
	Service Total	**1,507,176**	**167,464**	**1,674,641**
FRANKLIN COUNTY				
Congregate Nutrition	FRANKLIN COUNTY DEPT OF AGING	42,272	4,696	46,969
Home Delivered Meals	FRANKLIN COUNTY DEPT OF AGING	37,999	4,222	42,222
In-Home Aide Services LV1	FRANKLIN COUNTY DEPT OF AGING	87,093	9,677	96,771
In-Home Aide Services LV2	FRANKLIN COUNTY DEPT OF AGING	92,999	10,333	103,333
Senior Center Operation	FRANKLIN COUNTY DEPT OF AGING	62,010	6,890	68,901
Transportation, General	FRANKLIN COUNTY DEPT OF AGING	20,500	2,277	22,778
Transportation, Medical	FRANKLIN COUNTY DEPT OF AGING	1,999	222	2,222
	Service Total	**344,876**	**38,319**	**383,196**
GASTON COUNTY				
Congregate Nutrition	GASTON COUNTY DSS	109,025	12,113	121,139
Home Delivered Meals	GASTON COUNTY DSS	120,400	13,377	133,778
In-Home Aide Services LV1	GASTON COUNTY DSS	56,439	6,271	62,711
In-Home Aide Services LV2	GASTON COUNTY DSS	258,000	28,666	286,667
In-Home Aide Services LV3	GASTON COUNTY DSS	226,103	25,122	251,226
Transportation, General	GASTON COUNTY DSS	53,139	5,904	59,044
	Service Total	**823,108**	**91,456**	**914,565**
GATES COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	9,839	1,093	10,933
Home Delivered Meals	ALBEMARLE COMMISSION	24,524	2,724	27,249
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	ALBEMARLE COMMISSION	4,897	544	5,442
In-Home Aide Services LV1	HERTFORD/GATES HOME HEALTH	19,990	2,221	22,212
In-Home Aide Services LV2	HERTFORD/GATES HOME HEALTH	21,394	2,377	23,772
Transportation, General	GATES CO INTERAGENCY TRANS SYS	8,963	995	9,959
Transportation, Medical	DARE COUNTY DSS			
Transportation, Medical	GATES CO INTERAGENCY TRANS SYS	8,328	925	9,254
	Service Total	**97,938**	**10,882**	**108,821**

North Carolina Division of Aging
Home and Community Care Block Gra[illegible]rvices by County
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
GRAHAM COUNTY				
Congregate Nutrition	GRAHAM CO SENIOR SERVICES	32,129	3,569	35,699
Home Delivered Meals	GRAHAM CO SENIOR SERVICES	64,257	7,139	71,397
	Service Total	**96,386**	**10,709**	**107,096**
GRANVILLE COUNTY				
Congregate Nutrition	GRANVILLE CO SENIOR SERVICES	34,074	3,786	37,860
Home Delivered Meals	GRANVILLE CO SENIOR SERVICES	55,526	6,169	61,696
Housing and Home Improvement	GRANVILLE CO SENIOR SERVICES	2,229	247	2,477
In-Home Aide Services LV1	GRANVILLE CO SENIOR SERVICES	48,636	5,404	54,041
In-Home Aide Services LV2	GRANVILLE CO SENIOR SERVICES	83,420	9,268	92,689
Senior Center Operation	GRANVILLE CO SENIOR SERVICES	88,637	9,848	98,486
Transportation, General	GRANVILLE CO SENIOR SERVICES	29,898	3,322	33,220
Transportation, Medical	GRANVILLE CO SENIOR SERVICES	1,172	130	1,303
	Service Total	**343,594**	**38,177**	**381,772**
GREENE COUNTY				
Congregate Nutrition	GREENE CO COUNCIL ON AGING	41,841	4,649	46,490
Home Delivered Meals	GREENE CO COUNCIL ON AGING	47,431	5,270	52,702
In-Home Aide Services LV2	GREENE COUNTY DSS	21,762	2,418	24,180
In-Home Aide Services LV3	GREENE COUNTY DSS	18,506	2,056	20,563
Senior Center Operation	GREENE CO COUNCIL ON AGING	9,690	1,076	10,767
Transportation, General	GREENE CO TRANSPORTATION	34,020	3,780	37,801
	Service Total	**173,252**	**19,250**	**192,503**
GUILFORD COUNTY				
Adult Day Care	GUILFORD COUNTY DSS	150,831	16,759	167,591
Adult Day Health	ADULT CENTER FOR ENRICHMENT	161,295	17,921	179,217
Care Management	GUILFORD COUNTY HEALTH DEPT	273,324	30,369	303,694
Congregate Nutrition	SENIOR RESOURCES OF GUILFORD	276,701	30,744	307,446
Home Delivered Meals	SENIOR RESOURCES OF GUILFORD	318,997	35,444	354,442
In-Home Aide Services LV1	GUILFORD COUNTY DSS	73,124	8,124	81,249
In-Home Aide Services LV2	GUILFORD COUNTY DSS	248,497	27,610	276,108
In-Home Aide Services LV3	GUILFORD COUNTY DSS	32,221	3,580	35,802
Information and Assistance	SENIOR RESOURCES OF GUILFORD	94,304	10,478	104,783
Respite, Group	ADULT CENTER FOR ENRICHMENT	10,835	1,203	12,039
Senior Center Operation	SENIOR RESOURCES OF GUILFORD	63,359	7,039	70,399
Transportation, General	GUILFORD CO TRANSPORTATION	244,600	27,177	271,778
	Service Total	**1,948,093**	**216,454**	**2,164,548**

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
HALIFAX COUNTY				
Adult Day Care	HALIFAX COUNTY DSS	40,750	4,527	45,278
Adult Day Health	HALIFAX COUNTY DSS	16,793	1,865	18,659
Congregate Nutrition	HALIFAX COUNTY COA	3,281	364	3,646
Congregate Nutrition	HALIFAX REGIONAL MEDICAL CTR	14,634	1,626	16,260
Congregate Nutrition	HALIWA-SAPONI IND. TRIBE INC.	14,009	1,556	15,566
Congregate Nutrition	LITTLETON SENIOR CENTER	18,644	2,071	20,716
Congregate Nutrition	TOWN OF SCOTLAND NECK	15,623	1,735	17,359
Congregate Nutrition	WOODHAVEN REST HOME	6,926	769	7,696
Home Delivered Meals	ENFIELD MEALS ON WHEELS	16,144	1,793	17,938
Home Delivered Meals	HALIFAX REGIONAL MEDICAL CTR	53,795	5,977	59,773
Home Delivered Meals	HALIWA-SAPONI IND. TRIBE INC.	4,739	526	5,266
Home Delivered Meals	SCOTLAND NECK MEALS ON WHEELS	14,946	1,660	16,607
Housing and Home Improvement	CHOANOKE AREA DEVELOPMENT ASSN	9,270	1,030	10,300
In-Home Aide Services LV1	HALIFAX COUNTY DSS	14,009	1,556	15,566
In-Home Aide Services LV2	HALIFAX COUNTY DSS	84,470	9,385	93,856
In-Home Aide Services LV2	HOME HEALTH & HOSPICE HALIFAX	112,369	12,485	124,855
In-Home Aide Services LV3	HALIFAX COUNTY DSS	14,373	1,597	15,970
Information and Assistance	HALIFAX COUNTY COA	4,530	503	5,034
Senior Center Operation	LITTLETON SENIOR CENTER	3,124	347	3,472
Transportation, General	CITY OF ROANOKE RAPIDS	19,998	2,222	22,220
Transportation, General	HALIFAX COUNTY COA	53,847	5,983	59,831
	Service Total	**536,281**	**59,586**	**595,868**
HARNETT COUNTY				
Congregate Nutrition	HARNETT CO DEPARTMENT OF AGING	72,763	8,084	80,848
Congregate Nutrition NSIP	HARNETT CO DEPARTMENT OF AGING	152	16	169
Home Delivered Meals	HARNETT CO DEPARTMENT OF AGING	154,187	17,131	171,319
Home Delivered Meals NSIP	HARNETT CO DEPARTMENT OF AGING	23,882	2,653	26,536
Housing and Home Improvement	HARNETT CO DEPARTMENT OF AGING	16,315	1,812	18,128
In-Home Aide Services LV1	HARNETT CO DEPARTMENT OF AGING	67,759	7,528	75,288
In-Home Aide Services LV1	HARNETT COUNTY DSS	120,328	13,369	133,698
In-Home Aide Services LV2	HARNETT COUNTY DSS	10,242	1,138	11,380
Senior Center Operation	ANDERSON CREEK CENTER	7,000	777	7,778
Senior Center Operation	CITY OF DUNN	7,000	777	7,778
Senior Center Operation	COATS SENIOR CENTER	7,000	777	7,778
Transportation, General	HARNETT CO DEPARTMENT OF AGING	13,500	1,500	15,000
Transportation, Medical	HARNETT CO TRANSP TO HARTS	65,163	7,240	72,404

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**565,293**	**62,810**	**628,104**
HAYWOOD COUNTY				
Adult Day Care	HAYWOOD CO COUNCIL ON AGING	38,954	4,328	43,283
Congregate Nutrition	MOUNTAIN PROJECTS INC	79,910	8,878	88,789
Congregate Nutrition NSIP	MOUNTAIN PROJECTS INC	1,603	178	1,782
Home Delivered Meals	HAYWOOD COUNTY DSS	42,572	4,730	47,303
Housing and Home Improvement	HAYWOOD CO COUNCIL ON AGING	23,949	2,661	26,611
In-Home Aide Services LV1	MOUNTAIN PROJECTS INC	45,162	5,018	50,181
In-Home Aide Services LV2	ADVANTAGE HOME COMMUNITY CARE	17,399	1,933	19,333
In-Home Aide Services LV2	HOMECARE SVCS OF HAYWOOD REG	27,513	3,057	30,571
Information and Assistance	CARING OF HAYWOOD COUNTY	2,300	255	2,556
Information and Assistance	HAYWOOD CO COUNCIL ON AGING	35,000	3,888	38,889
Senior Companion	MOUNTAIN PROJECTS INC	41,599	4,622	46,222
Transportation, General	MOUNTAIN PROJECTS INC	42,924	4,769	47,694
Transportation, Medical	MOUNTAIN PROJECTS INC	16,342	1,815	18,158
	Service Total	**415,234**	**46,137**	**461,372**
HENDERSON COUNTY				
Adult Day Care	PARDEE PAVILION	20,211	2,245	22,457
Adult Day Health	PARDEE PAVILION	4,859	539	5,399
Congregate Nutrition	HENDERSON CO COUNCIL ON AGING	30,126	3,347	33,474
Home Delivered Meals	HENDERSON CO COUNCIL ON AGING	192,042	21,338	213,380
Home Delivered Meals NSIP	WESTERN CAROLINA COMMUNITY ACT	10,747	1,194	11,942
Housing and Home Improvement	HOUSING ASSISTANCE CORPORATION	8,049	894	8,944
In-Home Aide Services LV2	PARDEE HOME CARE	74,193	8,243	82,437
In-Home Aide Services LV2	VISITING HEALTH PROFESSIONALS	87,802	9,755	97,558
Information and Assistance	HENDERSON CO COUNCIL ON AGING	13,698	1,522	15,220
Senior Center Operation	HENDERSON CO COUNCIL ON AGING	28,578	3,175	31,754
Senior Companion	LAND OF SKY REGIONAL COUNCIL	3,153	350	3,504
Transportation, General	WESTERN CAROLINA COMMUNITY ACT	118,980	13,220	132,200
Transportation, Medical	WESTERN CAROLINA COMMUNITY ACT	22,284	2,476	24,761
	Service Total	**614,727**	**68,303**	**683,030**
HERTFORD COUNTY				
Congregate Nutrition	HERTFORD CO OFFICE OF AGING	64,513	7,168	71,682
Home Delivered Meals	HERTFORD CO OFFICE OF AGING	34,000	3,777	37,778
In-Home Aide Services LV2	HERTFORD CO OFFICE OF AGING	52,499	5,833	58,333
In-Home Aide Services LV2	HERTFORD COUNTY DSS	20,538	2,282	22,820
Information and Assistance	HERTFORD CO OFFICE OF AGING	11,442	1,271	12,714

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
HERTFORD COUNTY				
Senior Center Operation	HERTFORD CO OFFICE OF AGING	11,999	1,333	13,333
Transportation, General	HERTFORD CO OFFICE OF AGING	20,999	2,333	23,333
Transportation, Medical	HERTFORD CO OFFICE OF AGING	2,099	233	2,333
	Service Total	**218,093**	**24,232**	**242,326**
HOKE COUNTY				
Congregate Nutrition	SENIOR SERVICES OF HOKE COUNTY	39,003	4,333	43,337
Home Delivered Meals	SENIOR SERVICES OF HOKE COUNTY	32,688	3,632	36,321
Housing and Home Improvement	SENIOR SERVICES OF HOKE COUNTY	2,160	240	2,401
In-Home Aide Services LV1	SENIOR SERVICES OF HOKE COUNTY	28,614	3,179	31,794
In-Home Aide Services LV2	SENIOR SERVICES OF HOKE COUNTY	72,680	8,075	80,756
Transportation, General	SENIOR SERVICES OF HOKE COUNTY	41,830	4,647	46,478
Transportation, Medical	SENIOR SERVICES OF HOKE COUNTY	7,893	877	8,770
	Service Total	**224,871**	**24,985**	**249,857**
HYDE COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	10,548	1,172	11,721
Home Delivered Meals	ALBEMARLE COMMISSION	21,427	2,380	23,808
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	HYDE COUNTY DSS	452	50	503
In-Home Aide Services LV2	HYDE COUNTY DSS	14,112	1,568	15,681
In-Home Aide Services LV2	HYDELAND HOME CARE AGENCY	22,776	2,530	25,307
Transportation, General	HYDE TRANSIT	5,736	637	6,374
Transportation, Medical	HYDE COUNTY DSS	6,242	693	6,936
	Service Total	**81,297**	**9,033**	**90,330**
IREDELL COUNTY				
Adult Day Care	IREDELL COUNCIL ON AGING, INC.	59,855	6,650	66,506
Congregate Nutrition	IREDELL COUNCIL ON AGING, INC.	121,345	13,482	134,828
Home Delivered Meals	IREDELL COUNCIL ON AGING, INC.	126,442	14,049	140,492
Home Delivered Meals NSIP	IREDELL COUNCIL ON AGING, INC.	107	11	119
In-Home Aide Services LV1	IREDELL COUNCIL ON AGING, INC.	95,280	10,586	105,867
In-Home Aide Services LV2	IREDELL COUNCIL ON AGING, INC.	127,555	14,172	141,728
Senior Center Operation	IREDELL COUNCIL ON AGING, INC.	15,125	1,680	16,806
Transportation; General	IREDELL COUNCIL ON AGING, INC.	117,510	13,056	130,567
	Service Total	**663,221**	**73,691**	**736,913**

North Carolina Division of Aging
Home and Community Care Block Gra[illegible]rvices by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
JACKSON COUNTY				
Adult Day Care	JACKSON CO ADULT DAY CARE LCUM	39,060	4,340	43,400
Congregate Nutrition	JACKSON CO DEPT ON AGING	39,017	4,335	43,353
Home Delivered Meals	JACKSON CO DEPT ON AGING	73,809	8,201	82,011
Home Delivered Meals NSIP	JACKSON CO DEPT ON AGING	4,255	472	4,728
Housing and Home Improvement	JACKSON CO DEPT ON AGING	18,343	2,038	20,382
In-Home Aide Services LV1	WESTCARE HOME HEALTH & HOSPICE	27,263	3,029	30,293
In-Home Aide Services LV2	WESTCARE HOME HEALTH & HOSPICE	37,652	4,183	41,836
Respite, Group	JACKSON CO DEPT ON AGING	9,999	1,111	11,111
Transportation, General	JACKSON COUNTY TRANSIT	16,700	1,855	18,556
Transportation, Medical	JACKSON COUNTY TRANSIT	2,795	310	3,106
	Service Total	**268,898**	**29,877**	**298,776**
JOHNSTON COUNTY				
Congregate Nutrition	JOHNSTON CO COUNCIL ON AGING	105,923	11,769	117,693
Home Delivered Meals	JOHNSTON CO COUNCIL ON AGING	158,526	17,614	176,140
In-Home Aide Services LV1	JOHNSTON CO COUNCIL ON AGING	74,679	8,297	82,977
In-Home Aide Services LV1	JOHNSTON COUNTY DSS	26,348	2,927	29,276
In-Home Aide Services LV2	JOHNSTON CO COUNCIL ON AGING	104,692	11,632	116,325
In-Home Aide Services LV2	JOHNSTON COUNTY DSS	31,845	3,538	35,384
In-Home Aide Services LV3	JOHNSTON CO COUNCIL ON AGING	64,471	7,163	71,635
Information and Assistance	JOHNSTON CO COUNCIL ON AGING	40,042	4,449	44,492
Senior Center Operation	JOHNSTON CO COUNCIL ON AGING	102,985	11,442	114,428
Transportation, General	JOHNSTON CO COUNCIL ON AGING	37,193	4,132	41,326
Transportation, Medical	JOHNSTON CO COUNCIL ON AGING	9,059	1,006	10,066
Volunteer Prog Development	JOHNSTON CO COUNCIL ON AGING	35,473	3,941	39,415
	Service Total	**791,241**	**87,915**	**879,157**
JONES COUNTY				
Congregate Nutrition	JONES COUNTY EXTENSION SERVICE	40,500	4,500	45,000
Home Delivered Meals	JONES COUNTY EXTENSION SERVICE	29,282	3,253	32,536
In-Home Aide Services LV1	JONES COUNTY DSS	47,667	5,296	52,964
	Service Total	**117,450**	**13,050**	**130,500**
LEE COUNTY				
Congregate Nutrition	LEE COUNTY SENIOR SERVICES	70,000	7,777	77,778
Home Delivered Meals	LEE COUNTY SENIOR SERVICES	24,000	2,666	26,667
Housing and Home Improvement	LEE COUNTY SENIOR SERVICES	6,480	720	7,200
Information and Assistance	LEE COUNTY SENIOR SERVICES	73,683	8,187	81,870
Senior Center Operation	LEE COUNTY SENIOR SERVICES	95,340	10,593	105,934

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
LEE COUNTY				
Transportation, General	LEE COUNTY SENIOR SERVICES	33,282	3,698	36,980
Transportation, Medical	LEE COUNTY SENIOR SERVICES	3,891	432	4,324
	Service Total	**306,677**	**34,075**	**340,753**
LENOIR COUNTY				
Congregate Nutrition	LENOIR CO COUNCIL ON AGING	77,922	8,658	86,580
Home Delivered Meals	LENOIR CO COUNCIL ON AGING	66,360	7,373	73,734
In-Home Aide Services LV1	LENOIR CO COUNCIL ON AGING	143,934	15,992	159,927
In-Home Aide Services LV2	LENOIR COUNTY DSS	68,006	7,556	75,563
In-Home Aide Services LV3	LENOIR COUNTY DSS	37,083	4,120	41,204
Transportation, General	LENOIR CO COUNCIL ON AGING	44,847	4,983	49,830
	Service Total	**438,154**	**48,683**	**486,838**
LINCOLN COUNTY				
Congregate Nutrition	LINCOLN CO SENIOR SERVICES DPT	77,999	8,666	86,666
Housing and Home Improvement	LINCOLN CO SENIOR SERVICES DPT	3,899	433	4,333
In-Home Aide Services LV1	LINCOLN COUNTY DSS	138,999	15,444	154,444
In-Home Aide Services LV2	LINCOLN COUNTY DSS	19,999	2,222	22,222
Information and Assistance	LINCOLN CO SENIOR SERVICES DPT	26,000	2,888	28,889
Transportation, General	LINCOLN CO SENIOR SERVICES DPT	71,458	7,939	79,398
	Service Total	**338,356**	**37,595**	**375,952**
MACON COUNTY				
Adult Day Care	MACON CO DEPT ON AGING	7,341	815	8,157
Adult Day Care	MACON PROGRAM FOR PROGRESS	61,965	6,885	68,850
Congregate Nutrition	MACON CO DEPT ON AGING	64,924	7,213	72,138
Home Delivered Meals	MACON CO DEPT ON AGING	64,924	7,213	72,138
In-Home Aide Services LV1	MACON CO DEPT ON AGING	10,753	1,194	11,948
In-Home Aide Services LV2	MACON CO DEPT ON AGING	49,640	5,515	55,156
Transportation, General	MACON AREA TRANSIT	24,249	2,694	26,944
Transportation, Medical	MACON AREA TRANSIT	14,549	1,616	16,166
	Service Total	**298,347**	**33,149**	**331,497**
MADISON COUNTY				
Congregate Nutrition	MADISON CO DEPT OF COMM SVCS	91,562	10,173	101,736
Home Delivered Meals	MADISON CO DEPT OF COMM SVCS	27,287	3,031	30,319
In-Home Aide Services LV1	MADISON CO DEPT OF COMM SVCS	50,790	5,643	56,434
In-Home Aide Services LV2	MADISON CO DEPT OF COMM SVCS	13,824	1,536	15,361
Senior Companion	LAND OF SKY REGIONAL COUNCIL	7,740	860	8,601

North Carolina Division of Aging
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
MADISON COUNTY				
Transportation, General	MADISON CO DEPT OF COMM SVCS	38,378	4,264	42,643
Transportation, Medical	MADISON CO DEPT OF COMM SVCS	11,259	1,251	12,511
	Service Total	**240,844**	**26,760**	**267,605**
MARTIN COUNTY				
Congregate Nutrition	MARTIN CO SENIOR CENTER	50,634	5,626	56,260
Home Delivered Meals	MARTIN CO SENIOR CENTER	50,634	5,626	56,260
In-Home Aide Services LV2	MARTIN CO SENIOR CENTER	36,324	4,036	40,360
In-Home Aide Services LV2	MARTIN COUNTY DSS	18,924	2,102	21,027
In-Home Aide Services LV2	ROANOKE HOME CARE	5,805	645	6,450
Senior Center Operation	MARTIN CO SENIOR CENTER	58,215	6,468	64,684
Transportation, General	MARTIN CO SENIOR CENTER	19,638	2,182	21,821
Transportation, Medical	MARTIN CO SENIOR CENTER	2,999	333	3,333
	Service Total	**243,175**	**27,019**	**270,195**
MCDOWELL COUNTY				
Congregate Nutrition	MCDOWELL COUNTY DSS	60,444	6,716	67,160
Home Delivered Meals	MCDOWELL COUNTY DSS	109,175	12,130	121,306
In-Home Aide Services LV1	MCDOWELL COUNTY DSS	49,699	5,522	55,222
In-Home Aide Services LV2	MCDOWELL COUNTY DSS	49,699	5,522	55,222
Transportation, General	MCDOWELL COUNTY DSS	22,227	2,469	24,697
	Service Total	**291,246**	**32,360**	**323,607**
MECKLENBURG				
Adult Day Care	MECKLENBURG COUNTY DSS	67,862	7,540	75,403
Adult Day Health	MECKLENBURG COUNTY DSS	327,153	36,350	363,504
Congregate Nutrition	MECKLENBURG COUNTY DSS	270,186	30,020	300,207
Home Delivered Meals	MECKLENBURG COUNTY DSS	386,306	42,922	429,229
Home Delivered Meals NSIP	MECKLENBURG COUNTY DSS			
Housing and Home Improvement	MECKLENBURG COUNTY DSS	16,012	1,779	17,792
In-Home Aide Services LV1	MECKLENBURG COUNTY DSS	478,196	53,132	531,329
In-Home Aide Services LV2	MECKLENBURG COUNTY DSS	509,055	56,561	565,617
In-Home Aide Services LV3	MECKLENBURG COUNTY DSS	54,630	6,070	60,701
Senior Center Operation	CHAR MECK SENIOR CENTERS INC	74,997	8,333	83,330
Transportation, General	MECKLENBURG COUNTY DSS	192,519	21,391	213,910
	Service Total	**2,376,919**	**264,102**	**2,641,022**

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
MITCHELL COUNTY				
Congregate Nutrition	MITCHELL SENIOR CENTER	33,803	3,755	37,559
Home Delivered Meals	MITCHELL SENIOR CENTER	60,591	6,732	67,324
In-Home Aide Services LV1	MITCHELL SENIOR CENTER	61,408	6,823	68,232
Transportation, General	MITCHELL SENIOR CENTER	12,927	1,436	14,364
	Service Total	**168,731**	**18,747**	**187,479**
MONTGOMERY				
Congregate Nutrition	MONTGOMERY CO COUNCIL ON AGING	23,468	2,607	26,076
Home Delivered Meals	MONTGOMERY CO COUNCIL ON AGING	33,738	3,748	37,487
In-Home Aide Services LV1	MONTGOMERY CO COUNCIL ON AGING	89,154	9,906	99,060
Senior Center Operation	TROY-MONTGOMERY SENIOR CENTER	929	103	1,033
Transportation, General	MONTGOMERY CO COUNCIL ON AGING	29,978	3,330	33,309
Transportation, Medical	MONTGOMERY CO COUNCIL ON AGING	19,984	2,220	22,205
	Service Total	**197,253**	**21,917**	**219,170**
MOORE COUNTY				
Congregate Nutrition	MOORE COUNTY DEPT OF AGING	27,999	3,111	31,111
Home Delivered Meals	MOORE COUNTY DEPT OF AGING	54,999	6,111	61,111
In-Home Aide Services LV1	MOORE COUNTY DEPT OF AGING	77,615	8,623	86,239
In-Home Aide Services LV2	MOORE COUNTY DEPT OF AGING	221,300	24,588	245,889
In-Home Aide Services LV3	MOORE COUNTY DEPT OF AGING	56,999	6,333	63,333
Senior Center Operation	MOORE COUNTY DEPT OF AGING	6,000	666	6,667
Transportation, General	MOORE COUNTY DEPT OF AGING	45,000	5,000	50,000
Transportation, Medical	MOORE COUNTY DEPT OF AGING	107,000	11,888	118,889
	Service Total	**596,915**	**66,323**	**663,239**
NASH COUNTY				
Adult Day Care	NASH CO DSS	7,804	867	8,672
Adult Day Health	NASH CO DSS	10,136	1,126	11,263
Adult Day Health	THE WRIGHT'S CENTER	73,908	8,212	82,121
Congregate Nutrition	NASH CO AGING DEPARTMENT	27,487	3,054	30,542
Home Delivered Meals	NASH CO AGING DEPARTMENT	90,368	10,040	100,409
Home Delivered Meals	ROCKY MOUNT MEALS ON WHEELS	31,068	3,452	34,520
In-Home Aide Services LV1	NASH CO DSS			
In-Home Aide Services LV1	NASH COUNTY DSS	25,404	2,822	28,227
In-Home Aide Services LV2	NASH CO DSS	39,732	4,414	44,147
In-Home Aide Services LV2	NASH COUNTY DSS	153,215	17,023	170,239
In-Home Aide Services LV3	NASH COUNTY DSS	37,999	4,222	42,222
Senior Center Operation	NASH CO AGING DEPARTMENT	25,217	2,801	28,019

North Carolina Division of Aging
Home and Community Care Block Gran[illegible]vices by County
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
NASH COUNTY				
Transportation, General	NASH CO AGING DEPARTMENT	11,944	1,327	13,272
Transportation, Medical	NASH CO AGING DEPARTMENT	14,357	1,595	15,953
	Service Total	**548,645**	**60,960**	**609,606**
NEW HANOVER				
Adult Day Care	COASTAL ADULT DAY CARE	5,730	636	6,367
Adult Day Care	ELDERHAUS, INC	39,332	4,370	43,703
Adult Day Health	ELDERHAUS, INC	54,353	6,039	60,393
Congregate Nutrition	NEW HANOVER CO DEPT OF AGING	131,668	14,629	146,298
Home Delivered Meals	NEW HANOVER CO DEPT OF AGING	171,267	19,029	190,297
In-Home Aide Services LV1	DMS PROGRESSIVE SERVICES, INC.	38,442	4,271	42,714
In-Home Aide Services LV2	DMS PROGRESSIVE SERVICES, INC.	110,886	12,320	123,207
In-Home Aide Services LV3	DMS PROGRESSIVE SERVICES, INC.	65,057	7,228	72,286
Information and Assistance	NEW HANOVER CO DEPT OF AGING	32,261	3,584	35,846
Respite, Group	ELDERHAUS, INC	4,644	516	5,161
Senior Center Operation	NEW HANOVER CO DEPT OF AGING	27,231	3,025	30,257
Transportation, General	NEW HANOVER CO DEPT OF AGING	62,694	6,966	69,661
Transportation, Medical	NEW HANOVER CO DEPT OF AGING	41,796	4,644	46,441
	Service Total	**785,367**	**87,263**	**872,631**
NORTHAMPTON				
Adult Day Care	NORTHAMPTON COUNTY DSS	15,091	1,676	16,768
Adult Day Health	NORTHAMPTON COUNTY DSS	3,470	385	3,856
Congregate Nutrition	JW FAISON SENIOR CENTER	36,045	4,005	40,050
Home Delivered Meals	NORTHAMPTON COUNTY HEALTH DEPT	41,646	4,627	46,274
Housing and Home Improvement	CHOANOKE AREA DEVELOPMENT ASSN	2,430	270	2,700
In-Home Aide Services LV1	NORTHAMPTON COUNTY DSS	50,639	5,626	56,266
In-Home Aide Services LV2	NORTHAMPTON COUNTY DSS	57,058	6,339	63,398
Information and Assistance	NORTHAMPTON COUNCIL ON AGING	7,497	833	8,330
Respite, Group	JW FAISON SENIOR CENTER	1,571	174	1,746
Senior Center Operation	JW FAISON SENIOR CENTER	16,020	1,780	17,800
Transportation, General	NORTHAMPTON COUNCIL ON AGING	20,900	2,322	23,223
Transportation, Medical	NORTHAMPTON COUNCIL ON AGING	7,120	791	7,912
	Service Total	**259,490**	**28,832**	**288,323**

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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
ONSLOW COUNTY				
Adult Day Care	ONSLOW SENIOR SERVICES	15,432	1,714	17,147
Congregate Nutrition	ONSLOW SENIOR SERVICES	50,241	5,582	55,824
Home Delivered Meals	ONSLOW SENIOR SERVICES	45,396	5,044	50,440
In-Home Aide Services LV2	ONSLOW SENIOR SERVICES	114,238	12,693	126,932
In-Home Aide Services LV3	ONSLOW SENIOR SERVICES	138,374	15,374	153,749
Transportation, General	ONSLOW SENIOR SERVICES	52,885	5,876	58,762
Transportation, Medical	ONSLOW SENIOR SERVICES	6,134	681	6,816
	Service Total	**422,703**	**46,967**	**469,670**
ORANGE COUNTY				
Adult Day Health	ORANGE COUNTY DEPT ON AGING	9,054	1,006	10,060
Congregate Nutrition	JOCCA	98,837	10,981	109,819
In-Home Aide Services LV1	ORANGE COUNTY DSS			
In-Home Aide Services LV2	ORANGE COUNTY DEPT ON AGING	78,849	8,761	87,610
In-Home Aide Services LV2	ORANGE COUNTY DSS	34,598	3,844	38,443
Information and Assistance	ORANGE COUNTY DEPT ON AGING	43,282	4,809	48,092
Senior Center Operation	ORANGE COUNTY DEPT ON AGING	85,060	9,451	94,512
Transportation, General	ORANGE COUNTY DEPT ON AGING	73,394	8,154	81,549
	Service Total	**423,076**	**47,008**	**470,085**
PAMLICO COUNTY				
Care Management	PAMLICO SENIOR SERVICES	12,927	1,436	14,364
Congregate Nutrition	PAMLICO SENIOR SERVICES	21,069	2,341	23,410
Home Delivered Meals	PAMLICO SENIOR SERVICES	25,351	2,816	28,168
Housing and Home Improvement	PAMLICO SENIOR SERVICES	3,730	414	4,145
In-Home Aide Services LV2	PAMLICO COUNTY DSS	77,950	8,661	86,612
In-Home Aide Services LV3	PAMLICO SENIOR SERVICES	11,444	1,271	12,716
	Service Total	**152,473**	**16,941**	**169,415**
PASQUOTANK COUNTY				
Adult Day Health	DAY BREAK	30,007	3,334	33,342
Congregate Nutrition	ALBEMARLE COMMISSION	32,688	3,632	36,321
Home Delivered Meals	ALBEMARLE COMMISSION	39,551	4,394	43,946
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	ALBEMARLE COMMISSION	2,142	238	2,380
In-Home Aide Services LV1	HEALTHCARE OPTIONS	999	111	1,111
In-Home Aide Services LV2	HEALTHCARE OPTIONS	13,087	1,454	14,542
In-Home Aide Services LV3	HEALTHCARE OPTIONS	7,586	842	8,429
Transportation, General	INTER-COUNTY TRANSIT	66,089	7,343	73,433

North Carolina Division of Aging
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**192,153**	**21,350**	**213,504**
PENDER COUNTY				
Congregate Nutrition	PENDER ADULT SERVICES, INC.	56,999	6,333	63,333
Home Delivered Meals	PENDER ADULT SERVICES, INC.	80,388	8,932	89,321
In-Home Aide Services LV2	PENDER ADULT SERVICES, INC.	61,229	6,803	68,033
In-Home Aide Services LV2	PENDER COUNTY DSS			
In-Home Aide Services LV3	PENDER COUNTY DSS	20,465	2,273	22,739
Information and Assistance	PENDER ADULT SERVICES, INC.	35,499	3,944	39,444
Senior Center Operation	PENDER ADULT SERVICES, INC.	68,000	7,555	75,556
Transportation, General	PENDER ADULT SERVICES, INC.	24,000	2,666	26,667
	Service Total	**346,583**	**38,509**	**385,093**
PERQUIMANS COUNTY				
Adult Day Health	CHOWAN LIFE CENTER	11,137	1,237	12,375
Adult Day Health	DAY BREAK			
Congregate Nutrition	ALBEMARLE COMMISSION	15,209	1,689	16,899
Home Delivered Meals	ALBEMARLE COMMISSION	30,539	3,393	33,933
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	ALBEMARLE COMMISSION	2,365	262	2,628
In-Home Aide Services LV1	PERQUIMANS COUNTY DSS	14,630	1,625	16,256
In-Home Aide Services LV2	CHOWAN CO HOSPITAL HOME CARE	15,148	1,683	16,832
In-Home Aide Services LV3	CHOWAN CO HOSPITAL HOME CARE	9,747	1,083	10,830
Transportation, General	INTER-COUNTY TRANSIT	22,923	2,547	25,470
	Service Total	**121,700**	**13,522**	**135,223**
PERSON COUNTY				
Adult Day Care	GENERATIONS UNITED ADULT DAY	3,592	399	3,992
Care Management	PERSON COUNTY COUNCIL ON AGING	10,500	1,166	11,667
Congregate Nutrition	PERSON COUNTY COUNCIL ON AGING	36,000	4,000	40,000
Congregate Nutrition NSIP	PERSON COUNTY COUNCIL ON AGING	5,000	555	5,556
Home Delivered Meals	PERSON COUNTY COUNCIL ON AGING	46,999	5,222	52,222
Home Delivered Meals NSIP	PERSON COUNTY COUNCIL ON AGING	1,999	222	2,222
In-Home Aide Services LV1	PERSON COUNTY COUNCIL ON AGING	26,037	2,893	28,930
In-Home Aide Services LV1	PERSON COUNTY DSS	4,071	452	4,524
In-Home Aide Services LV2	PERSON COUNTY COUNCIL ON AGING	52,100	5,788	57,889
In-Home Aide Services LV2	PERSON COUNTY DSS	17,715	1,968	19,684
Information and Assistance	PERSON COUNTY COUNCIL ON AGING	10,500	1,166	11,667
Senior Center Operation	PERSON COUNTY COUNCIL ON AGING	49,835	5,537	55,373
Transportation, General	PERSON COUNTY COUNCIL ON AGING	24,200	2,688	26,889

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**288,553**	**32,061**	**320,615**
PITT COUNTY				
Adult Day Care	CREATIVE LIVING CENTER	46,254	5,139	51,394
Adult Day Health	CREATIVE LIVING CENTER	18,126	2,014	20,140
Congregate Nutrition	PITT CO COUNCIL ON AGING	70,626	7,847	78,474
Home Delivered Meals	PITT CO COUNCIL ON AGING	109,974	12,219	122,194
In-Home Aide Services LV2	PITT COUNTY DSS	255,050	28,338	283,389
Information and Assistance	PITT CO COUNCIL ON AGING	90,000	10,000	100,000
Senior Center Operation	PITT CO COUNCIL ON AGING	29,100	3,233	32,334
Transportation, General	PITT CO COUNCIL ON AGING	30,990	3,443	34,434
Transportation, Medical	PITT CO COUNCIL ON AGING	49,006	5,445	54,452
Volunteer Prog Development	PITT CO COUNCIL ON AGING	6,035	670	6,706
	Service Total	**705,165**	**78,351**	**783,517**
POLK COUNTY				
Congregate Nutrition	POLK LOCAL GOVERNMENT	26,879	2,986	29,866
Home Delivered Meals	POLK LOCAL GOVERNMENT	50,196	5,577	55,774
In-Home Aide Services LV1	COMMUNITY HEALTH CONNECTIONS 2	58,305	6,478	64,784
Senior Center Operation	POLK LOCAL GOVERNMENT	18,369	2,041	20,410
Transportation, General	POLK CO TRANSPORTATION AUTH	36,187	4,020	40,208
Transportation, Medical	POLK CO TRANSPORTATION AUTH	2,918	324	3,243
	Service Total	**192,856**	**21,428**	**214,285**
RANDOLPH COUNTY				
Adult Day Care	RANDOLPH CO SENIOR ADULTS	42,494	4,721	47,216
Congregate Nutrition	RANDOLPH CO SENIOR ADULTS	90,312	10,034	100,347
Home Delivered Meals	RANDOLPH CO SENIOR ADULTS	79,371	8,819	88,191
Housing and Home Improvement	REGIONAL CONSOLIDATED SERVICES	36,404	4,044	40,449
In-Home Aide Services LV1	REGIONAL CONSOLIDATED SERVICES	92,351	10,261	102,613
In-Home Aide Services LV2	REGIONAL CONSOLIDATED SERVICES	85,434	9,492	94,927
In-Home Aide Services LV3	REGIONAL CONSOLIDATED SERVICES	47,771	5,307	53,079
Information and Assistance	RANDOLPH CO SENIOR ADULTS	34,817	3,868	38,686
Respite, Group	CROSS ROAD RETIREMENT	10,485	1,165	11,651
Transportation, General	RANDOLPH CO SENIOR ADULTS	101,790	11,310	113,100
Transportation, Medical	RANDOLPH CO SENIOR ADULTS	10,048	1,116	11,165
Volunteer Prog Development	VOLUNTEER CENTER OF RANDOLPH	8,814	979	9,794
	Service Total	**640,096**	**71,121**	**711,218**

North Carolina Division of Aging
Home and Community Care Block Gran[redacted]rvices by County
Fiscal Year 200[redacted]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
RICHMOND COUNTY				
Congregate Nutrition	RICHMOND CO. COUNCIL ON AGING	99,983	11,109	111,093
Home Delivered Meals	RICHMOND CO. COUNCIL ON AGING	58,660	6,517	65,178
In-Home Aide Services LV1	RICHMOND CO. COUNCIL ON AGING	154,494	17,166	171,660
Transportation, General	RICHMOND CO. COUNCIL ON AGING	30,969	3,441	34,410
Transportation, Medical	RICHMOND CO. COUNCIL ON AGING	216	24	240
	Service Total	**344,322**	**38,258**	**382,581**
ROBESON COUNTY				
Congregate Nutrition	LUMBER RIVER COG	170,911	18,990	189,902
Home Delivered Meals	LUMBER RIVER COG	91,834	10,203	102,038
Housing and Home Improvement	ROBESON CO CHURCH & COMM CTR	124,632	13,848	138,480
In-Home Aide Services LV1	SOUTHEASTERN PERSONAL CARE	13,502	1,500	15,003
In-Home Aide Services LV2	SOUTHEASTERN PERSONAL CARE	259,589	28,843	288,433
In-Home Aide Services LV3	SOUTHEASTERN PERSONAL CARE	94,893	10,543	105,437
Information and Assistance	ROBESON CO CHURCH & COMM CTR	50,982	5,664	56,647
Transportation, General	LUMBER RIVER COG	81,826	9,091	90,918
Transportation, Medical	LUMBER RIVER COG	676	75	752
	Service Total	**888,849**	**98,761**	**987,610**
ROCKINGHAM COUNTY				
Adult Day Care	ROCKINGHAM CO COUNCIL ON AGING	16,815	1,868	18,684
Congregate Nutrition	ROCKINGHAM CO COUNCIL ON AGING	104,884	11,653	116,538
Home Delivered Meals	ROCKINGHAM CO COUNCIL ON AGING	51,427	5,714	57,142
In-Home Aide Services LV1	ROCKINGHAM CO COUNCIL ON AGING	40,724	4,524	45,249
In-Home Aide Services LV2	ROCKINGHAM CO COUNCIL ON AGING	203,610	22,623	226,234
In-Home Aide Services LV3	ROCKINGHAM CO COUNCIL ON AGING	27,146	3,016	30,163
Senior Center Operation	ROCKINGHAM COMMUNITY COLLEGE	22,523	2,502	25,026
Transportation, General	ROCKINGHAM CO COUNCIL ON AGING	37,962	4,218	42,181
Volunteer Prog Development	CAREGIVERS OF ROCKINGHAM CO	25,835	2,870	28,706
	Service Total	**530,930**	**58,992**	**589,923**
ROWAN COUNTY				
Adult Day Care	ROWAN CO SENIOR SERVICES DEPT	17,868	1,985	19,854
Adult Day Health	ROWAN CO SENIOR SERVICES DEPT	6,685	742	7,428
Congregate Nutrition	ROWAN CO SENIOR SERVICES DEPT	301,191	33,465	334,657
Congregate Nutrition NSIP	ROWAN CO SENIOR SERVICES DEPT			
In-Home Aide Services LV1	ROWAN CO SENIOR SERVICES DEPT	25,115	2,790	27,906
In-Home Aide Services LV2	ROWAN CO SENIOR SERVICES DEPT	106,926	11,880	118,807
In-Home Aide Services LV3	ROWAN CO SENIOR SERVICES DEPT	39,269	4,363	43,633

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
ROWAN COUNTY				
Information and Assistance	ROWAN CO SENIOR SERVICES DEPT	69,497	7,721	77,219
Senior Center Operation	ROWAN CO SENIOR SERVICES DEPT	24,023	2,669	26,693
Transportation, General	ROWAN CO SENIOR SERVICES DEPT	114,918	12,768	127,687
	Service Total	**705,495**	**78,388**	**783,884**
RUTHERFORD COUNTY				
Adult Day Health	RUTHERFORD LIFE SERVICE	52,060	5,784	57,845
Congregate Nutrition	RUTHERFORD CO DEPT OF AGING	102,999	11,444	114,444
Health Promotion	RUTHERFORD CO DEPT OF AGING	3,519	391	3,911
Home Delivered Meals	RUTHERFORD CO DEPT OF AGING	58,456	6,495	64,952
In-Home Aide Services LV1	RUTHERFORD COUNTY DSS	37,156	4,128	41,285
In-Home Aide Services LV2	RUTHERFORD COUNTY DSS	37,154	4,128	41,283
Senior Center Operation	RUTHERFORD CO DEPT OF AGING	109,402	12,155	121,558
Transportation, General	RUTHERFORD CO DEPT OF AGING	19,521	2,169	21,690
	Service Total	**420,271**	**46,696**	**466,968**
SAMPSON COUNTY				
Adult Day Health	SAMPSON COUNTY DEPT ON AGING	80,697	8,966	89,664
Congregate Nutrition	SAMPSON COUNTY DEPT ON AGING	95,000	10,555	105,556
Home Delivered Meals	SAMPSON COUNTY DEPT ON AGING	78,390	8,710	87,101
Home Delivered Meals NSIP	SAMPSON COUNTY DEPT ON AGING	3,672	408	4,081
Housing and Home Improvement	SAMPSON COUNTY DEPT ON AGING	72,626	8,069	80,696
In-Home Aide Services LV2	SAMPSON COUNTY DEPT ON AGING	133,288	14,809	148,098
Information and Assistance	SAMPSON COUNTY DEPT ON AGING	31,962	3,551	35,514
Senior Center Operation	SAMPSON COUNTY DEPT ON AGING	16,908	1,878	18,787
Transportation, General	SAMPSON COUNTY DEPT ON AGING	57,762	6,418	64,181
	Service Total	**570,310**	**63,367**	**633,678**
SCOTLAND COUNTY				
Adult Day Care	SCOTLAND COUNTY DSS	41,713	4,634	46,348
Adult Day Health	SCOTLAND COUNTY DSS	40,995	4,555	45,550
Congregate Nutrition	LUMBER RIVER COG	49,895	5,543	55,439
Home Delivered Meals	LUMBER RIVER COG	29,265	3,251	32,517
In-Home Aide Services LV1	HOSPICE OF SCOTLAND COUNTY	50,363	5,595	55,959
In-Home Aide Services LV2	HOSPICE OF SCOTLAND COUNTY	49,635	5,515	55,151
In-Home Aide Services LV3	HOSPICE OF SCOTLAND COUNTY	10,257	1,139	11,397
Transportation, General	SCOTLAND COUNTY AREA TRANSIT	6,530	725	7,256
	Service Total	**278,655**	**30,961**	**309,617**

North Carolina Division of Aging
Home and Community Care Block Gran[illegible]rvices by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
STANLY COUNTY				
Congregate Nutrition	STANLY CO SENIOR SERVICES DEPT	54,719	6,079	60,799
Home Delivered Meals	STANLY CO SENIOR SERVICES DEPT	67,273	7,474	74,748
Home Delivered Meals NSIP	STANLY CO SENIOR SERVICES DEPT	2,700	300	3,000
In-Home Aide Services LV1	STANLY CO SENIOR SERVICES DEPT	109,439	12,159	121,599
In-Home Aide Services LV2	STANLY CO SENIOR SERVICES DEPT	36,693	4,077	40,771
Information and Assistance	STANLY CO SENIOR SERVICES DEPT	17,703	1,967	19,670
Transportation, General	STANLY CO SENIOR SERVICES DEPT	34,441	3,826	38,268
	Service Total	**322,969**	**35,885**	**358,855**
STOKES COUNTY				
Congregate Nutrition	STOKES SENIOR SERVICES	54,798	6,088	60,887
Home Delivered Meals	STOKES SENIOR SERVICES	96,696	10,744	107,440
In-Home Aide Services LV2	STOKES COUNTY DSS	18,900	2,100	21,000
In-Home Aide Services LV3	STOKES COUNTY DSS	9,099	1,011	10,111
Senior Center Operation	WALNUT COVE SENIOR CENTER	24,330	2,703	27,034
Transportation, General	STOKES SENIOR SERVICES	72,100	8,011	80,112
Transportation, Medical	STOKES SENIOR SERVICES	7,597	844	8,442
	Service Total	**283,523**	**31,502**	**315,026**
SURRY COUNTY				
Congregate Nutrition	YVEDDI	74,999	8,333	83,333
Home Delivered Meals	YVEDDI	121,303	13,478	134,782
In-Home Aide Services LV1	SURRY COUNTY SENIOR SERVICES	85,421	9,491	94,913
In-Home Aide Services LV2	SURRY COUNTY SENIOR SERVICES	149,718	16,635	166,354
In-Home Aide Services LV3	SURRY COUNTY SENIOR SERVICES	12,204	1,356	13,560
Transportation, General	YVEDDI	34,855	3,872	38,728
Transportation, Medical	YVEDDI	34,184	3,798	37,983
	Service Total	**512,687**	**56,965**	**569,653**
SWAIN COUNTY				
Congregate Nutrition	EASTERN BAND OF CHEROKEES	13,844	1,538	15,383
Congregate Nutrition	STATE OF FRANKLIN SERVICES	17,499	1,944	19,444
Home Delivered Meals	EASTERN BAND OF CHEROKEES	13,844	1,538	15,383
Home Delivered Meals	STATE OF FRANKLIN SERVICES	27,848	3,094	30,943
Housing and Home Improvement	EASTERN BAND OF CHEROKEES	2,270	252	2,523
In-Home Aide Services LV1	SWAIN COUNTY HEALTH DEPARTMENT	44,519	4,946	49,466
In-Home Aide Services LV2	SWAIN COUNTY HEALTH DEPARTMENT	25,446	2,827	28,274
Transportation, General	EASTERN BAND OF CHEROKEES	6,009	667	6,677
Transportation, General	STATE OF FRANKLIN SERVICES	36,860	4,095	40,956

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**188,144**	**20,904**	**209,049**
TRANSYLVANIA				
Adult Day Care	KOALA	46,351	5,150	51,502
Care Management	TRANSYLVANIA COMM HOSPITAL	5,000	555	5,556
Congregate Nutrition	WESTERN CAROLINA COMMUNITY ACT	74,088	8,232	82,321
Home Delivered Meals	WESTERN CAROLINA COMMUNITY ACT	3,000	333	3,334
Home Delivered Meals NSIP	WESTERN CAROLINA COMMUNITY ACT			
In-Home Aide Services LV1	TRANSYLVANIA COMM HOSPITAL	18,000	2,000	20,000
In-Home Aide Services LV2	TRANSYLVANIA COMM HOSPITAL	69,354	7,706	77,061
Senior Companion	LAND OF SKY REGIONAL COUNCIL	6,958	773	7,732
Transportation, General	TRANSYLVANIA CO TRANSPORTATION	12,627	1,403	14,031
Transportation, Medical	TRANSYLVANIA CO TRANSPORTATION	3,078	342	3,421
	Service Total	**238,462**	**26,495**	**264,958**
TYRRELL COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	18,744	2,082	20,827
Home Delivered Meals	ALBEMARLE COMMISSION	13,355	1,483	14,839
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV1	TYRRELL COUNTY DSS	25,682	2,853	28,536
In-Home Aide Services LV2	MTW DISTRICT HEALTH DEPT	11,610	1,290	12,900
Transportation, General	TYRRELL COUNTY SENIOR CENTER	4,033	448	4,482
	Service Total	**73,425**	**8,158**	**81,584**
UNION COUNTY				
Adult Day Care	UNION COUNTY DSS	62,528	6,947	69,476
Congregate Nutrition	UNION CO SENIOR SERVICES	44,040	4,893	48,934
Home Delivered Meals	UNION CO SENIOR SERVICES	104,463	11,607	116,070
Home Delivered Meals NSIP	UNION CO SENIOR SERVICES			
In-Home Aide Services LV1	COUNCIL ON AGING IN UNION CTY	107,412	11,934	119,347
In-Home Aide Services LV2	COUNCIL ON AGING IN UNION CTY	87,576	9,730	97,307
In-Home Aide Services LV2	UNION COUNTY DSS	54,609	6,067	60,677
In-Home Aide Services LV3	UNION COUNTY DSS	18,178	2,019	20,198
Information and Assistance	COUNCIL ON AGING IN UNION CTY	36,793	4,088	40,882
Transportation, General	UNION COUNTY TRANSPORTATION	66,510	7,390	73,901
	Service Total	**582,112**	**64,679**	**646,792**

North Carolina Division of Aging
Home and Community Care Block Gra[illegible]rvices by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
VANCE COUNTY				
Adult Day Care	VANCE COUNTY DSS	1,238	137	1,376
Congregate Nutrition	VANCE COUNTY DSS	35,592	3,954	39,547
Congregate Nutrition NSIP	VANCE COUNTY DSS	309	34	344
Home Delivered Meals	VANCE COUNTY DSS	48,069	5,341	53,410
Home Delivered Meals NSIP	VANCE COUNTY DSS	675	75	751
In-Home Aide Services LV1	VANCE COUNTY DSS	47,264	5,251	52,516
In-Home Aide Services LV2	VANCE COUNTY DSS	52,479	5,831	58,310
Information and Assistance	VANCE COUNTY DSS	21,250	2,361	23,612
Senior Center Operation	VANCE COUNTY DSS	52,864	5,873	58,738
Transportation, General	VANCE COUNTY DSS	6,350	705	7,056
Transportation, Medical	VANCE COUNTY DSS	1,621	180	1,802
	Service Total	**267,715**	**29,746**	**297,462**
WAKE COUNTY				
Adult Day Care	RESOURCES FOR SENIORS, INC.	29,120	3,235	32,356
Adult Day Health	RESOURCES FOR SENIORS, INC.	57,933	6,437	64,370
Congregate Nutrition	MEALS ON WHEELS OF WAKE CO INC	199,426	22,158	221,585
Home Delivered Meals	MEALS ON WHEELS OF WAKE CO INC	488,376	54,264	542,640
In-Home Aide Services LV2	RESOURCES FOR SENIORS, INC.	197,070	21,896	218,967
In-Home Aide Services LV3	RESOURCES FOR SENIORS, INC.	304,570	33,841	338,412
Information and Assistance	RESOURCES FOR SENIORS, INC.	163,257	18,139	181,397
Respite, Institution	RESOURCES FOR SENIORS, INC.	204,048	22,672	226,721
Senior Center Operation	RESOURCES FOR SENIORS, INC.	225,403	25,044	250,448
Transportation, General	RESOURCES FOR SENIORS, INC.	199,617	22,179	221,797
	Service Total	**2,068,823**	**229,869**	**2,298,693**
WARREN COUNTY				
Adult Day Care	WARREN COUNTY DSS	10,886	1,209	12,096
Care Management	COORDINATING COUNCIL-WARREN CO	17,296	1,921	19,218
Congregate Nutrition	COORDINATING COUNCIL-WARREN CO	28,043	3,115	31,159
Home Delivered Meals	COORDINATING COUNCIL-WARREN CO	43,293	4,810	48,104
In-Home Aide Services LV1	WARREN COUNTY DSS	21,454	2,383	23,838
In-Home Aide Services LV2	COORDINATING COUNCIL-WARREN CO	65,799	7,311	73,110
Senior Center Operation	COORDINATING COUNCIL-WARREN CO	38,555	4,283	42,839
Transportation, General	COORDINATING COUNCIL-WARREN CO	34,656	3,850	38,507
Transportation, Medical	COORDINATING COUNCIL-WARREN CO	513	57	571
	Service Total	**260,497**	**28,944**	**289,442**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
WASHINGTON COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	20,837	2,315	23,153
Home Delivered Meals	ALBEMARLE COMMISSION	25,896	2,877	28,774
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV1	WASHINGTON CO HUMAN SERVICES			
In-Home Aide Services LV2	MTW DISTRICT HEALTH DEPT	21,063	2,340	23,404
In-Home Aide Services LV2	WASHINGTON CO HUMAN SERVICES	20,500	2,277	22,778
In-Home Aide Services LV3	WASHINGTON CO HUMAN SERVICES	2,178	242	2,421
Transportation, General	WASHINGTON CO HUMAN SERVICES	32,145	3,571	35,717
Transportation, Medical	WASHINGTON CO HUMAN SERVICES	1,117	124	1,242
	Service Total	**123,740**	**13,748**	**137,489**
WATAUGA COUNTY				
Congregate Nutrition	WATAUGA PROJECT ON AGING	30,554	3,394	33,949
Home Delivered Meals	WATAUGA PROJECT ON AGING	70,719	7,857	78,577
In-Home Aide Services LV1	WATAUGA PROJECT ON AGING	73,566	8,174	81,740
In-Home Aide Services LV2	WATAUGA PROJECT ON AGING	31,528	3,503	35,032
Transportation, General	WATAUGA PROJECT ON AGING	14,877	1,653	16,530
	Service Total	**221,245**	**24,582**	**245,828**
WAYNE COUNTY				
Congregate Nutrition	WAGES, INC.	85,386	9,487	94,874
Home Delivered Meals	WAGES, INC.	156,282	17,364	173,647
Home Delivered Meals NSIP	WAGES, INC.			
In-Home Aide Services LV1	WAYNE COUNTY SOA	131,013	14,557	145,570
In-Home Aide Services LV2	WAYNE COUNTY SOA	119,817	13,313	133,130
In-Home Aide Services LV3	WAYNE COUNTY SOA	22,425	2,491	24,917
Information and Assistance	WAYNE COUNTY SOA	29,063	3,229	32,293
Respite, Group	WAYNE COUNTY SOA	12,890	1,432	14,323
Transportation, General	WAYNE COUNTY SOA	67,965	7,551	75,517
Transportation, Medical	WAYNE COUNTY SOA	7,406	822	8,229
	Service Total	**632,250**	**70,250**	**702,500**
WILKES COUNTY				
Congregate Nutrition	BROC ELDERLY NUTRITION PROGRAM	78,972	8,774	87,747
Home Delivered Meals	BROC ELDERLY NUTRITION PROGRAM	167,861	18,651	186,513
Housing and Home Improvement	BROC ELDERLY NUTRITION PROGRAM	7,900	877	8,778
In-Home Aide Services LV1	RESPITE CARE OF WILKES COUNTY	28,606	3,178	31,785
In-Home Aide Services LV3	RESPITE CARE OF WILKES COUNTY	95,319	10,591	105,910
Transportation, General	BROC ELDERLY NUTRITION PROGRAM	7,499	833	8,333

North Carolina Division of Aging
Home and Community Care Block Gran[illegible]rvices by County
Fiscal Year 200[illegible]

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
WILKES COUNTY				
Transportation, General	WILKES SENIOR CITIZENS COUNCIL	87,030	9,670	96,701
	Service Total	**473,190**	**52,576**	**525,767**
WILSON COUNTY				
Congregate Nutrition	GEE CORBETT CENTER	24,699	2,744	27,444
Congregate Nutrition	WILSON OFFICE OF SENIOR CITZN	84,999	9,444	94,444
Home Delivered Meals	WILSON OFFICE OF SENIOR CITZN	156,300	17,366	173,667
In-Home Aide Services LV1	WILSON COUNTY DSS	9,117	1,013	10,130
In-Home Aide Services LV2	WILSON COUNTY DSS	121,520	13,502	135,023
In-Home Aide Services LV3	QUALITY PATIENT CARE, INC	37,500	4,166	41,667
Senior Center Operation	WILSON COUNTY SENIOR CENTER	36,569	4,063	40,633
Transportation, General	CITY OF WILSON	21,591	2,399	23,991
Transportation, General	WILSON OFFICE OF SENIOR CITZN	15,000	1,666	16,667
	Service Total	**507,299**	**56,366**	**563,666**
YADKIN COUNTY				
Adult Day Care	HELPING HANDS ADULTS SERVICES,	5,431	603	6,035
Congregate Nutrition	YVEDDI	42,000	4,666	46,667
Home Delivered Meals	YVEDDI	64,546	7,171	71,718
In-Home Aide Services LV1	YADKIN CO COUNCIL ON AGING	42,034	4,670	46,705
In-Home Aide Services LV2	YADKIN CO COUNCIL ON AGING	17,968	1,996	19,965
In-Home Aide Services LV3	HEALTH SERVICES UNLIMITED, INC	3,454	383	3,838
In-Home Aide Services LV3	YADKIN VALLEY HOME HEALTH	57,996	6,444	64,441
Information and Assistance	YADKIN CO ELDER AFFAIRS	8,708	967	9,676
Transportation, General	YVEDDI	14,551	1,616	16,168
Transportation, Medical	YVEDDI	11,001	1,222	12,224
	Service Total	**267,693**	**29,743**	**297,437**
YANCEY COUNTY				
Congregate Nutrition	YANCEY CO COMMITTEE ON AGING	27,056	3,006	30,063
Home Delivered Meals	YANCEY CO COMMITTEE ON AGING	88,578	9,842	98,420
In-Home Aide Services LV1	YANCEY CO COMMITTEE ON AGING	48,310	5,367	53,678
Transportation, General	YANCEY CO COMMITTEE ON AGING	6,434	714	7,149
	Service Total	**170,379**	**18,931**	**189,310**

Adult Care Home Cost Modeling Committee
Summary of Funding Requirements

	Total	Federal	State	County
SCSA	$9,980,260.00	$0.00	$4,990,130.00	$4,990,130.00
PCS	$188,854,207.00	$120,167,932.00	$50,152,255.00	$18,534,020.00
Breakout: HAL	$180,096,959.00	$114,595,695.00	$47,826,674.00	$17,674,590.00
SCU	$8,757,248.00	$5,572,237.00	$2,325,581.00	$859,430.00
Administration	$1,318,322.00	$674,039.00	$644,283.00	$0.00
Income Disregard	$22,660,113.00	$14,411,910.00	$6,335,278.00	$1,912,925.00
Total	$222,812,902.00	$135,253,881.00	$62,121,946.00	$25,437,075.00

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ HHS — MARCH 9, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rebecca Trentman	NCACC
Christine Craig	WakeMed
LANIER CANSLER	DHHS
Gary Salamido	GSK
Kelly BethSmith	MHA-NC
Debbie Barnes	OSBM
Daphne Lyon	OSBM
Dina Gullen-Morgan	OSBM
[illegible]	OSBM
[illegible]	Capitol Group
Dave Richard	The ARC

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ HHS — MARCH 9, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Abby Emanuelson	NMSS
Deborah Rowe	NCALHD
Pat A. Young	FRLTC/APPCIVC
Jessica Sage	NCFPC
ZEB ALLEY	ALLEY ASSOC
Rob Lehman	NCDHHS
Harry Kaplan	Lobbyist + father
Patricia Ranch	NCACC
Barbara Carsten	BSCGR
Betty Herman	DHHS

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ HHS — MARCH 9, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Stacy Flannery	NCHCFA
Jean Hardy	NCDC/FS
Lou Nelson	NCALTCF
DAVID BARNES	Poyner + Spruill LLP
Roz Sawyer	NCCCA
PATRICK BUFFKIN	NCGA
Gary Gyrm	DAAS
Deborah Landry	DHHS - B+P
GEOFF SANTOLIQUIDO	DHHS - DAAS
Suzanne Merrill	DHHS - DAAS
Mary Bethel	DAA

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 9, 2005

8:30 AM

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

Budget Overview

Division of Aging and Adult Services

Andrea Russo, FRD Staff

2:00 PM

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

Budget Overview

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

Carol Shaw, FRD Staff

JOINT APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES
Wednesday, March 9, 2005
Room 643, Legislative Office Building

MINUTES

The Joint Appropriations Subcommittee on Health and Human Services met at 2:00 p.m. on Wednesday, March 9, 2005, in Room 643 of the Legislative Office Building. Senator Malone chaired the meeting.

All senate committee members *were present. Representatives present were* Jeffrey Barnhart, Verla Insko, Bernard Allen, William Current, Mark Hollo, and Paul Stam. Senator Malone introduced the pages and the sergeant-at-arms staff. He also introduced Carol Shaw of the fiscal research staff who presented the afternoon's session.

Ms. Shaw's presentation included: (1) an overview of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services as it relates to the Medicaid program; (See Attachment A) and (2) an update of system reform and implementation of mental health services. (See Attachment B)

Ms. Shaw's presentation also included a review of the Governor's proposed budget for the Division of Mental Health, Developmental Disabilities, and Substances Abuse. This presentation also included a breakdown of state appropriations, and federal funds received for services.

There was considerable discussion about issues related to mental health reform and services provided to the mentally ill.

Representative Insko asked if a graph that shows the divisions of expenditures by community-based services and residential services for disability groups could be prepared. Ms. Shaw stated that if this information were not provided in upcoming presentations she would provide this information.

Rep. Current asked for information showing how individuals that work for providers are reimbursed. Due to the discussion on this issue and the complexity of the information, Senator Malone asked that the staff provide this information to members at a later time.

The meeting was adjourned at 2:50 p.m.

Vernon Malone
Sen. Vernon Malone, Presiding Chair

Claudette Howell
Claudette Howell, Committee Assistant

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

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Budget and Program Overview

Joint Health and Human Services Appropriations Subcommittee

Attachment A

Fiscal Research Division March 2005

Overview

- Division Overview
- System Reform Implementation
- Mental Health Services
  - Child Mental Health
- Developmental Disability Services
- Substance Abuse Services
- Local Management Entities
- Issues

Mission

North Carolina will provide people with, or at risk of, mental illness, developmental disabilities and substance abuse problems and their families the necessary prevention, intervention, treatment, services and supports they need to live successfully in communities of their choice.

Policy
(Section 122C-2 of NC General Statutes)

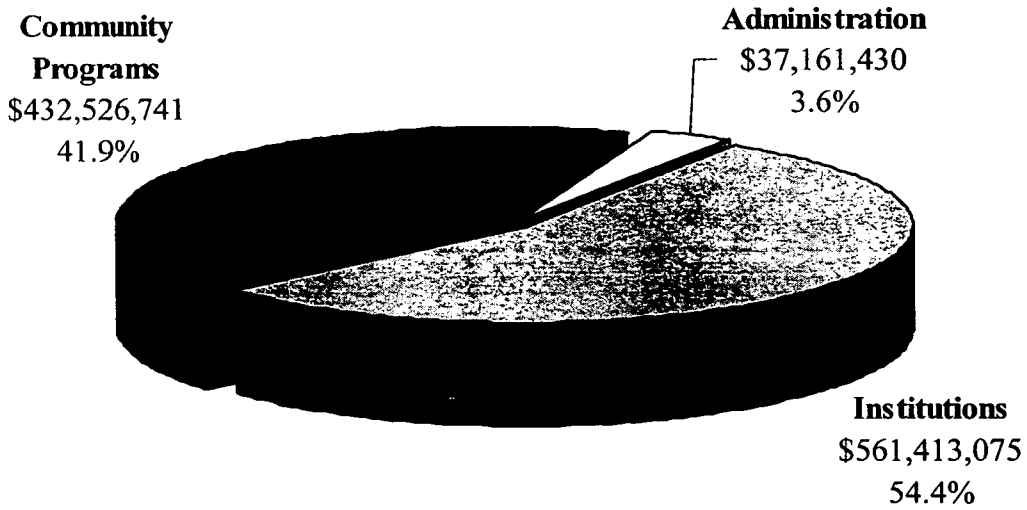
The policy of the State is to **assist individuals with needs** for mental health, developmental disabilities, and substance abuse services in ways consistent with the dignity, rights, and responsibilities of all North Carolina citizens. **Within available resources** it is the obligation of **State and local government** to provide mental health, developmental disabilities, and substance abuse services through a delivery system designed to meet the needs of clients in **the least restrictive, therapeutically most appropriate setting available** and to maximize quality of life.

It is further the obligation of State and local government to provide **community-based services** when such services are appropriate, **unopposed by the affected individuals**, and can be reasonably **accommodated within available resources** and taking into account the **needs of other persons** for mental health, developmental disabilities, and substance abuse services.

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

Budget Summary	FY03/04 Actual	FY04/05 Authorized	FY05/06 Recommended	FY06/07 Recommended
Requirements	$1,009,340,787	$1,031,101,246	$1,028,224,879	$1,030,570,971
Revenues	$446,417,505	$443,821,446	$435,898,971	$435,864,844
Appropriations	$562,923,282	$587,279,800	$592,325,908	$594,706,127
Positions	11,643	11,647	11,647	11,647
* Requirements & Revenues do not include federal DSH funds				

FY 2004-05 Authorized Budget



Budget Facts

- The the total budget for the Division is the third largest in the Department of Health and Human Services. Only the Divisions of Medical Assistance and Social Services have larger budgets.
- The Division receives the second highest state appropriations. Only the Division of Medical Assistance receives more State appropriations.
- The Division supervises most of the Department of Health and Human Services employees – 11,647 of the 18,000 employees of the Department.

State and Local Public Mental Health System

15 State-run Institutions Across the State

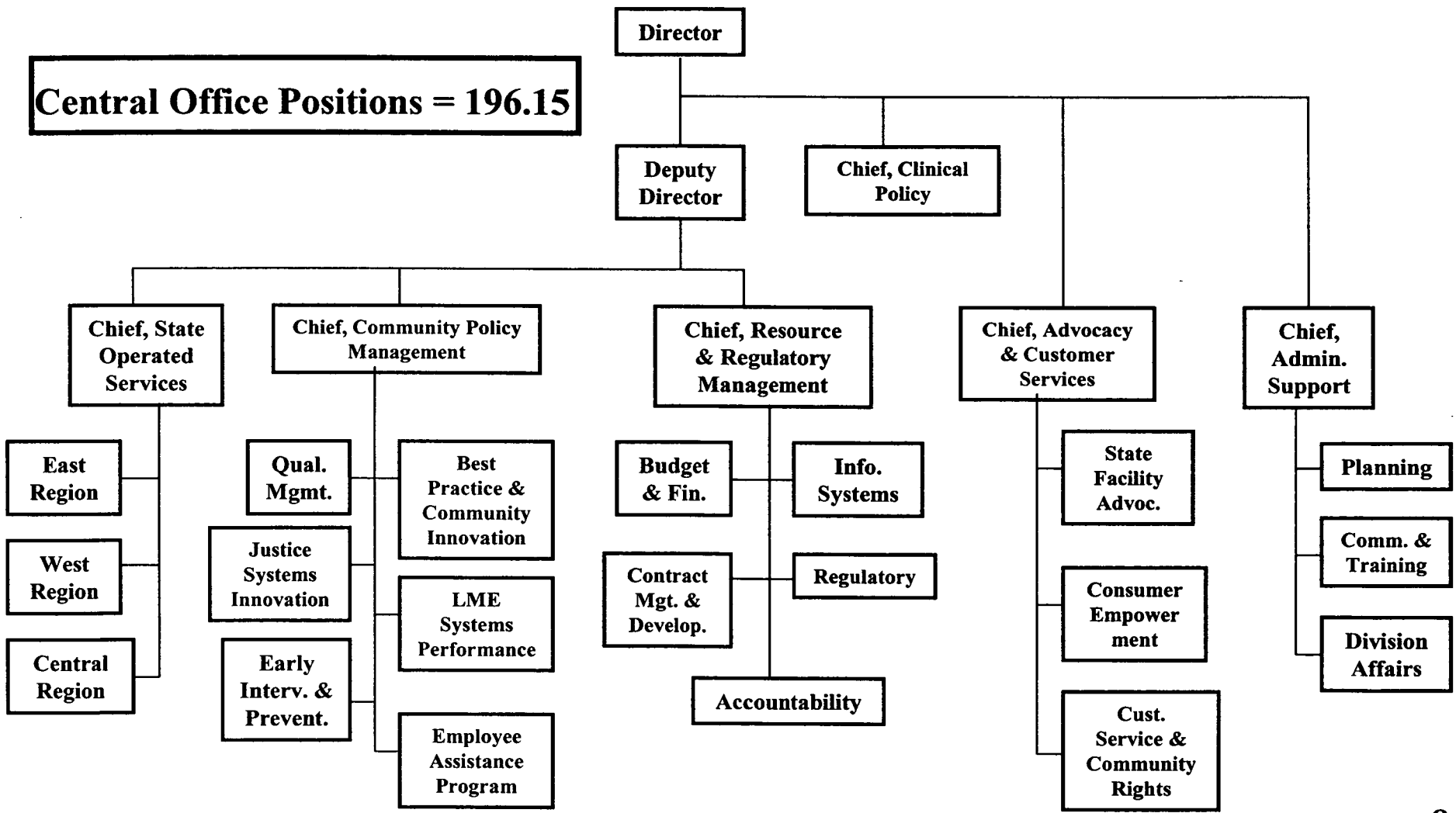
- 4 Psychiatric Hospitals
- 4 Mental Retardation Centers
- 2 Residential Facilities for Children
- 2 Nursing Care Facilities
- 3 Alcohol and Drug Abuse Treatment Centers (ADACT's)

33 Area and County Authorities

- Political Subdivisions of the State
- Deliver and Manage Services in the Community
- 10 Authorities Serve Single Counties
- Area Programs transforming into Local Management Entities (LME's)

Array of Privately Run Service Providers throughout the State

Division Organization



Characteristics of the Division Organization

- Functional Sections: (1) removes Disability Silos containing administrative redundancies (2) addresses services to persons with multiple-diagnoses (3) streamlines policy across disabilities
- Teams replace layers of management
- Reduction in the number of sections reduces span of control

Division Sections and their Responsibilities

Clinical Policy

- Clinical and Medical Leadership
- Clinical care in State Operated Facilities
- Clinical care in the community

State Operated Services

- State Facilities
- Community Transition
- Admission and Discharge Criteria
- Out-of-State Placements

Characteristics of the Division Organization(Cont.)

Community Policy Management

- Contracting with LME's
- Collect/Analyze Performance Measures
- Best Practices Research in Community and Justice System
- Prevention and Early Intervention
- Employee Assistance Program

Resource & Regulatory Coordination and Management

- Budget and Finance
- Information Systems
- State and Federal Compliance
- Contracting and Purchasing

Advocacy and Customer Services

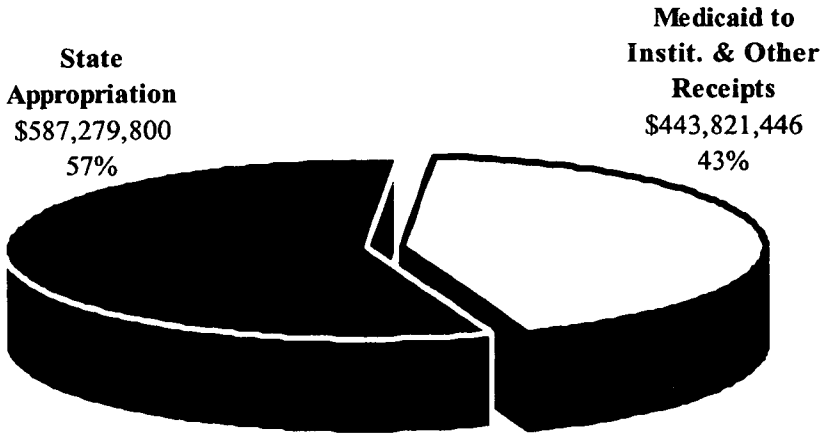
- Client Rights System
- Investigations
- Customer Feedback System
- Support Local Advocate Groups
- State Facility Advocates

Administrative Support

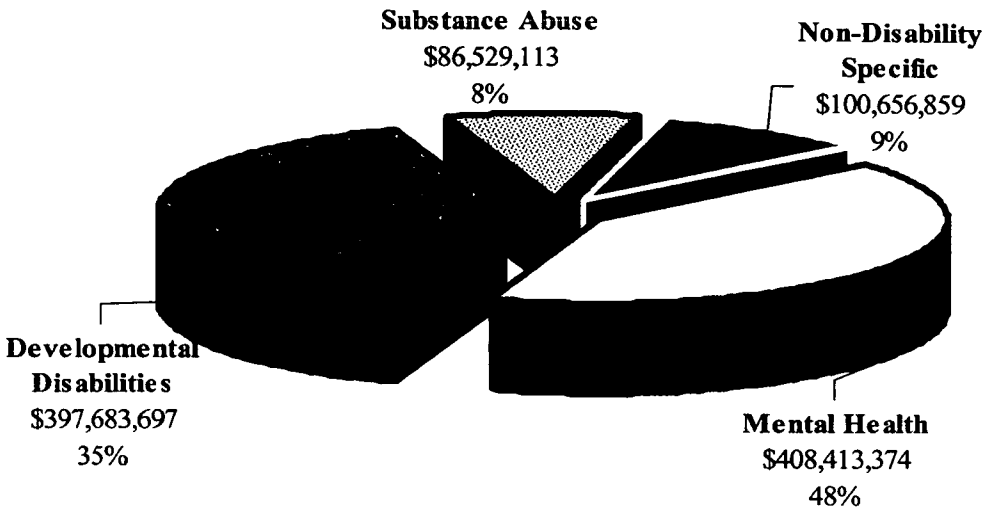
- Division-wide Support and Coordination
- Division-wide Planning
- Communications
- Staff Support to Division Boards

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

FY 04/05 Authorized Budget by Source of Funds



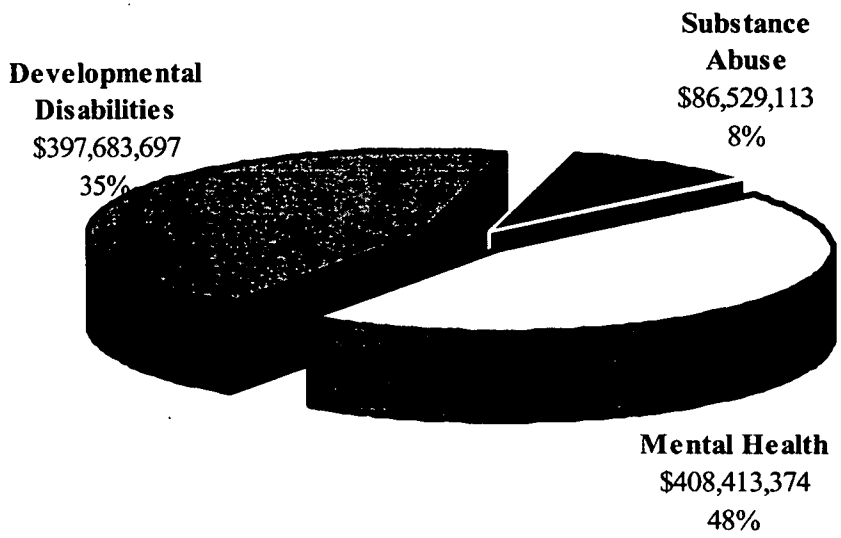
FY 04/05 Authorized Budget by Disability



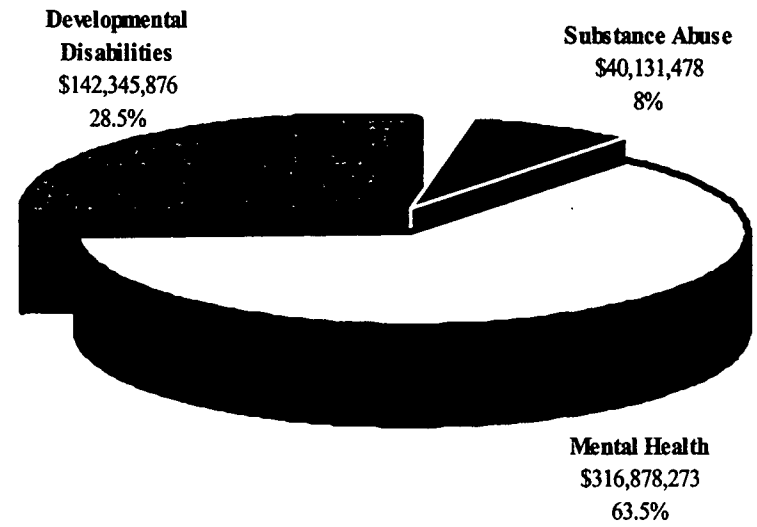
- 43% of funds flowing to DMHDDSAS is comprised of federal funds and other receipts (***not including Medicaid funds flowing to the community or direct providers***)
- Due to the high costs per client for delivering services to the Mentally Ill and Developmentally Disabled, these two disabilities garner a large portion of the budget, **but....**
- Budget allocation is also heavily influenced by:
  1) The availability of federal funds through Medicaid and grants
  2) Historical trends in clinical practice

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

FY04/05 Authorized Budget by Disability



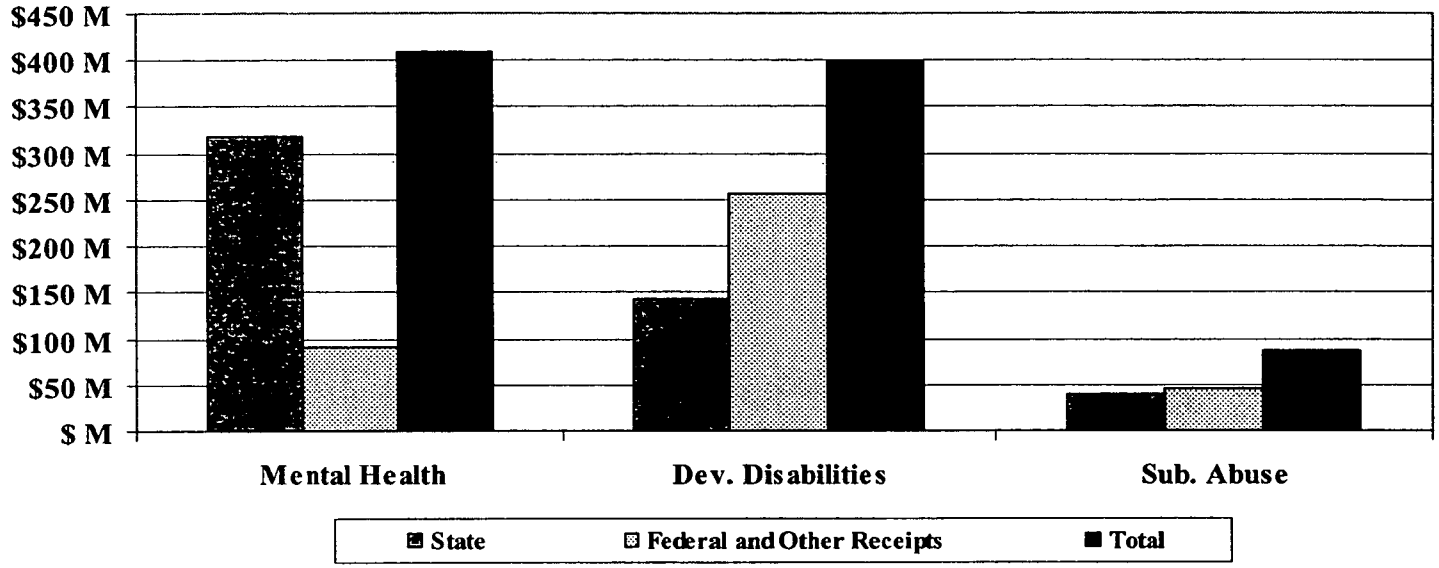
FY04/05 State Appropriations by Disability



- Expenditures presented above do not include direct Medicaid payments to providers or Medicaid payments to the LME's/Area Programs
- With the addition of total Medicaid dollars, DD Services are the highest funded of the disabilities
- When considering only state funds in DMHDDSAS, Mental Health Services take up a significantly larger proportion of the budget.

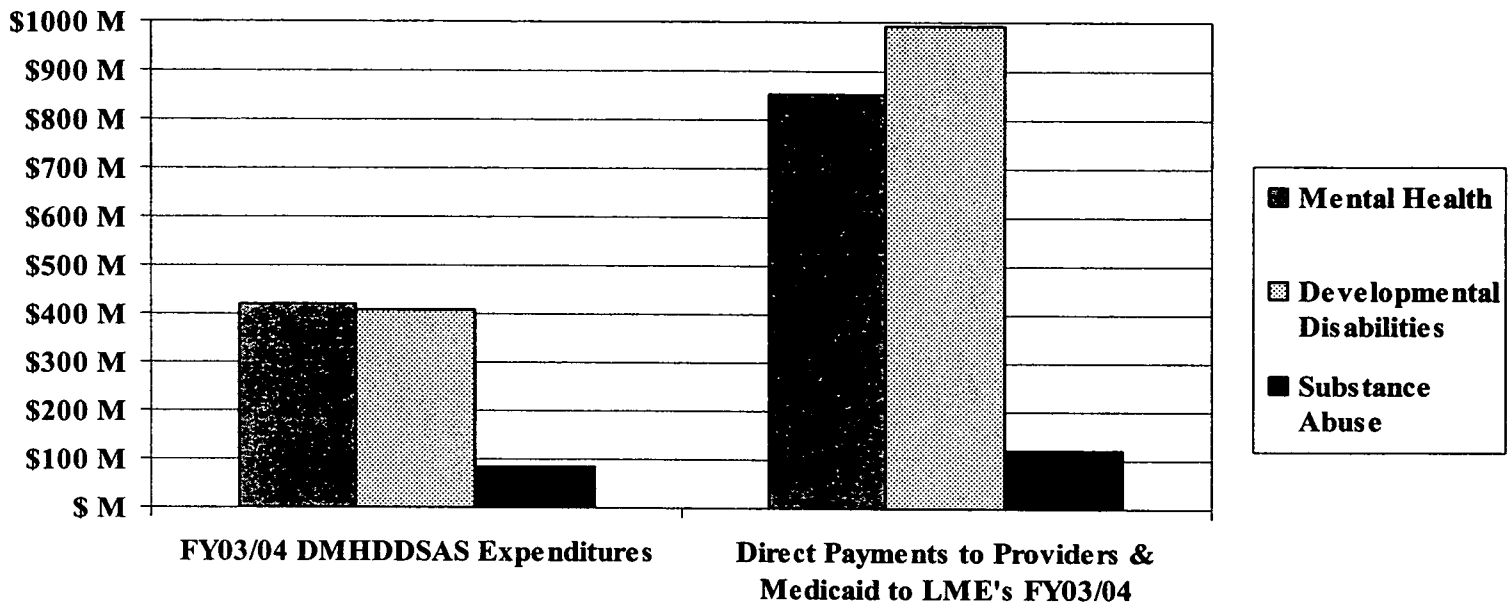
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

Source of Funds by Disability Service - FY 2004-05 Authorized Budget



- The disparity in funding can partly be explained by the greater cost of service per client for MH and DD services
- At one time, the State paid 100% of costs for the Mentally Ill, Dev. Disabled, and persons with Substance Abuse problems. The availability of federal funds through Medicaid and grants (Community Mental Health Agencies Act of 1963; Mental Health Block Grant) have allowed the State to greatly increase the amount of funds in the Mental Health System, but these federal funds are focused towards particular eligibility groups and services
- Medicaid funding for Psychiatric Hospitals is limited. The emphasis of institutional care for the mentally ill in NC has resulted in small amounts of federal funds in the DMHDDSAS Budget for Mental Health. The availability of community mental health services in NC have largely been the result of federal funds (Medicaid, CMHA/MHBG). Substantial Medicaid Funds for services in the MH/DD/SA service system are not reflected in DMHDDSAS Budget
- Medicaid reimburses for ICF-MR level of care. As a result, the State has favored care for the Developmentally Disabled through the State MR Centers and private ICF-MR's. Availability of CAP-MR/DD is changing this influence
- Limited federal funds in Substance Abuse has resulted in less money over all to address these needs

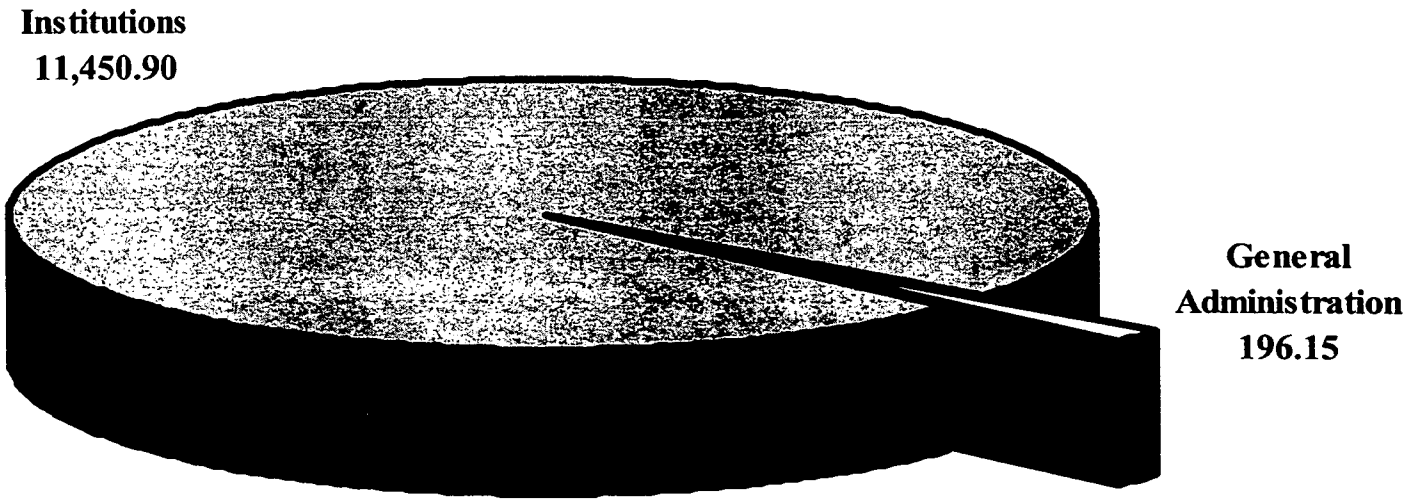
Direct Medicaid Payments to LME's and Private Providers



- The Budget for DMHDDSAS does not include Medicaid payment to the LME's or direct Medicaid payments to MH and DD providers through Medicaid. These expenditures are found in DMA's Budget
- In addition to expenditures in the DMHDDSAS Budget, DMA paid **$1.061 billion** to the mental health system in FY 2003-04. Those payments include:

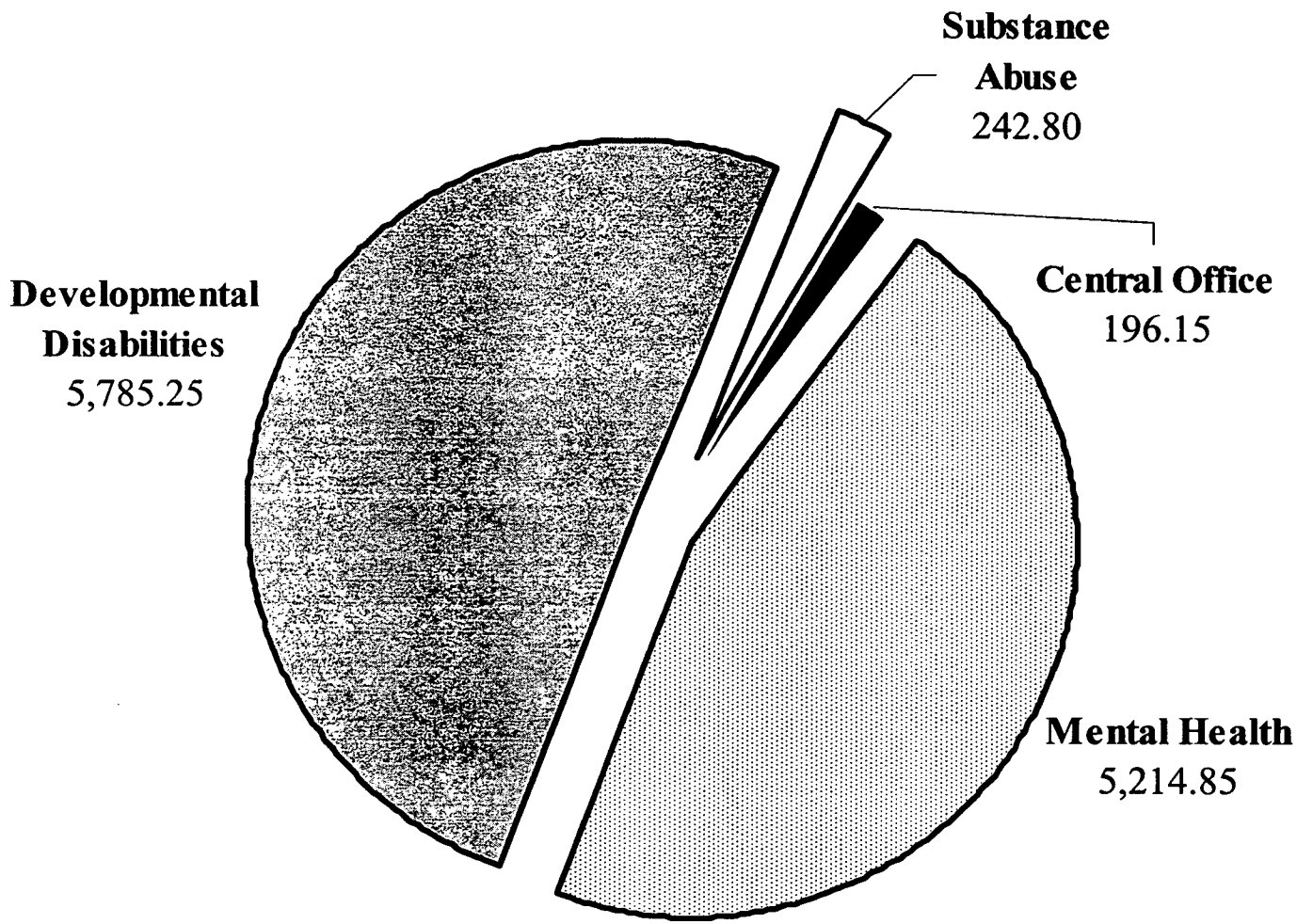
MH Residential Services	$104,988,901
CAP-MR/DD	$224,293,157
Private ICF-MR's	$203,455,267
Area Mental Health Programs	$519,864,066 (*$328 M for Mental Health Services*)

FY 2004-05 State Positions by Function



- Since FY 2002-03, DMHDDSAS has eliminated 192.8 budgeted positions (1.6%)
- 31 positions (13.6%) were eliminated in the Division's Central Office during the Division Reorganization in 2003. These position positions were used to help fill a DHHS Position Elimination Reserve that the General Assembly included in the FY 2002-03 Budget.
- 161.8 positions (1.4%) were eliminated in the institutions. Most of these eliminations occurred in the State's Psychiatric Hospitals through Hospital Downsizing.

FY 2004-05 State Positions by Disability Service



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

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System Reform Implementation

Fiscal Research Division March 2005

Community Services - Implementation of HB 381 and related Legislation

State Plan 2001 – Blueprint for Change

- Released in November 2001
- Local Management Entities (LME's)
- Local Business Plan Requirements
- Timelines for Reform Implementation
- Updated Annually

Establishing LME's

- Counties Developed Local Business Plans
- Implementation by July 1, 2003
- Counties dissolved Area Mental Health Programs and formed new LME's
- 5 Counties or Serve a Population of 200,000
- By July 2004, 29 LME's had formed. 4 Area and County Authorities are still settling their governance structure
- Local Business Plans - "Living Documents"

Community Services (Continued)

Consumer and Family Advisory Committees (CFAC's)

- Involved in System Design and Operation
- Requirement for LME Certification
- Review of Local Business Plans
- "Eyes and Ears of the Service System"

Target Populations

- Specific Criteria in the State Plan
- Access to Specialized/Enhanced Services
- Except for Core/Basic Services, State and non-Medicaid federal funds reserved for Target Populations
- All Citizens – Access to Core/Basic Services (Assessment, Referral, Prevention, and Crisis)
- Effective July 1, 2004

Community Services (Continued)

Divestiture of Services

- HB 381 – "Consumer Choice and Fair Competition"
- All Therapeutic and Support Services
- Divestiture Waiver for LME's - Persistent Gaps in the Service System
- Local Business Plans set Divestiture Schedule
- Divestiture is currently happening

Array of Services

- New Service System – Science Based
- Seamless between Medicaid and non-Medicaid Services
- Basic Package – Assessment, Outpatient, Crisis Care, and Prevention
- Enhanced Package – Intensive Services and Supports
- Implementation July 1, 2005

Institution Downsizing and Replacement

- Response to the US Supreme Court Olmstead Decision (1999) , US Justice Dept. enforcement of the Civil Rights for Institutional Persons Act (CRIPA), and the 1999 State Auditor's Report
- SB 1005 (2001) – Olmstead Plans for Residents
- DHHS extended Olmstead Plans for Private ICF-MR Residents
- Three Psychiatric Hospital Plan
- Downsize from 1788 Beds to 934 Beds by FY 2006-07
- HB 684 (2003) – Psychiatric Hospital Financing
- SB 1217 (2002) – Replacement Hospital Planning for Broughton and Cherry
- HB 1414 (2004) - $3.5 million for Alcohol and Drug Abuse Treatment Centers (ADACT's)

Reform Implementation (Cont.)

Consumer Advocacy Program

- HB 381 Requirement – Never Funded
- Advocacy and Consumer Services Section Established
  - State Facility Advocacy
  - Customer Service, Rights, and Empowerment
  - Section Chief Reports to the Secretary
  - Liaison to local CFAC's

Division Reorganization

- SB 1005 (2001) – Reorganization Requirement
- Eliminated Disability Silos – Sections based on Function
- Span of Control – 10 Sections reduce to 5
- Layers of Management – Cross Disability Teams
- Completed July 2003

Reform Implementation – What Remains?

Service Array not Implemented

- Service Definition and Rate Proposal recently completed
- Service Cost Model for Community Services to be developed
- Community Capacity Building and Service Gaps
- Evidence Based Practices and Emerging Best Practices
- Implementation is expected July 2005
- Two New CAP-MR/DD Waivers

Divestiture of Services from LME's

- Continues at a Rapid Pace
- Continuity of Services, while in Transition
- Sequencing – Rapid Divestiture and the New Service Array

Reform Implementation – What Remains?

LME Mergers and Consolidations

- Achieving the 5 County/200,000 Population Requirement
- 33 LME's and Area/County Authorities to 20 LME's by January 2007

Allocation of Funds to LME's

- State and non-Medicaid federal funds
- No Transparent Formula; Historical Expenditures
- HB 381 – LOC to Redesign Allocation System
- HB 1414 – Report from DHHS on New Allocation System – February 2005

Local Business Plans

- Living Documents
- Continual Assessment – As new Information is Available
- Service Array Implementation & Financial Planning

Reform Implementation – What Remains?

Downsize and Replace Institutions

- Community Capacity & Resuming the Downsizing Plan
- Institutional Downsizing – ICF's-MR
- Replacing Cherry and Broughton Hospital - $166 M
- Complete Detox Expansions at the ADATC's

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

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Mental Health Services

Fiscal Research Division March 2005

Major Mental Illness*

- **Schizophrenia** – Brain disorder that impacts a person's ability to manage emotions, make decisions, and think clearly. Symptoms can include hallucinations and delusions. This disorder is considered highly treatable and treatment can lead to independent living. *Impacts about 1% of adults nationally.*
- **Clinical / Major Depression** – Clinical brain disorder that is greatly impacted by environmental stress. Can impact mood, concentration, appetite, and sleep. If untreated, episodes can last a year or more. 80% to 90% of case are treatable. *1 in 5 women and 1 in 15 men will suffer from major depression in their lifetime.*
- **Bipolar Disorder (Manic Depression)** - Individuals suffer from episodes of mania and depression. Episodes can last days or months, and individuals can go years without an episode. For severe cases, treatment can partially mitigate the symptoms, but individuals require frequent monitoring and medication adjustments. *Impacts about 1% of adults nationally.*

Impacts on Daily Living

- Difficulty with Tasks
- Vulnerability to stress
- Potential disruptive behavior
- Difficulty establishing social networks
- Tendency toward not seeking help

Subpopulations with Special Needs

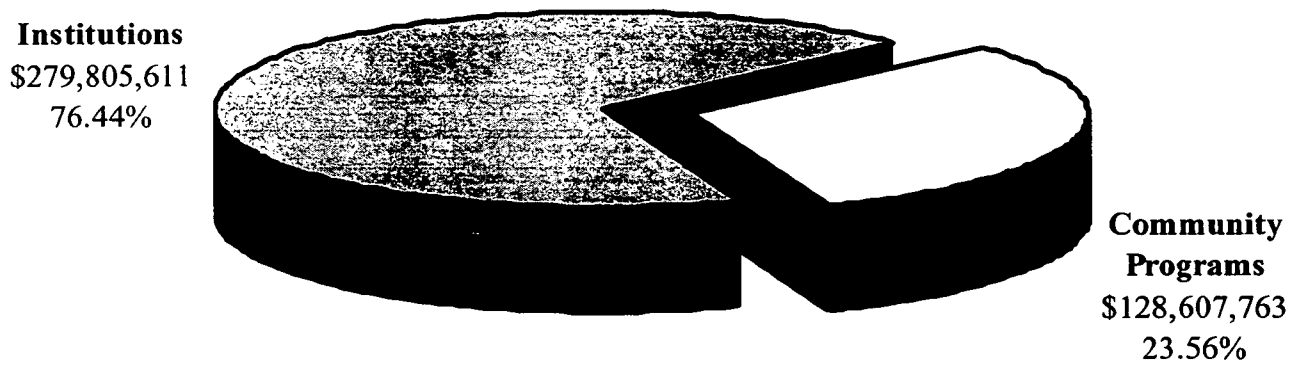
- Homeless
- Dually Diagnosed Develop. Disabled
- Dually Diagnosed Substance Abuser
- Children
- Seniors

**Source: National Alliance for the Mentally Ill*

Mental Health Services

Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$419,146,244	$408,413,374
Revenues	$97,576,597	$91,535,101
Appropriations	$321,569,647	$316,878,273
Positions	5,212	5,215
* Requirements & Revenues do not include federal DSH funds		

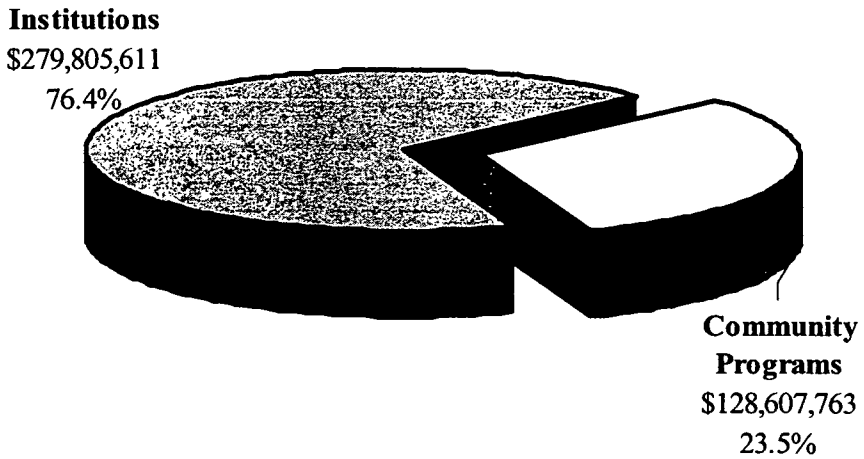
FY 2004-05 Authorized Budget - Mental Health



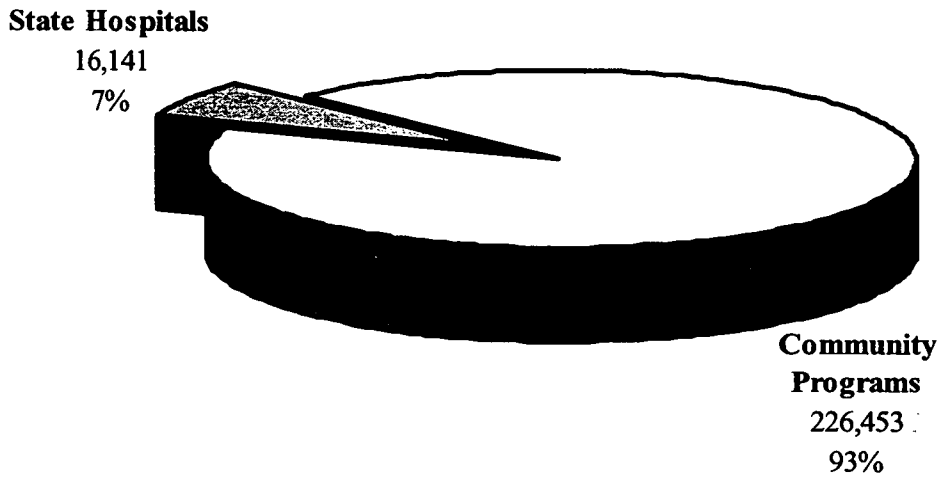
***Note – In addition to Requirements listed above, Medicaid funded $433 million in Mental Health Services in the Community and direct payments to Providers (FY 03/04)**

Budget Allocations vs. Persons Served

FY 2004-05 Authorized Budget



Persons Served FY 2002-03



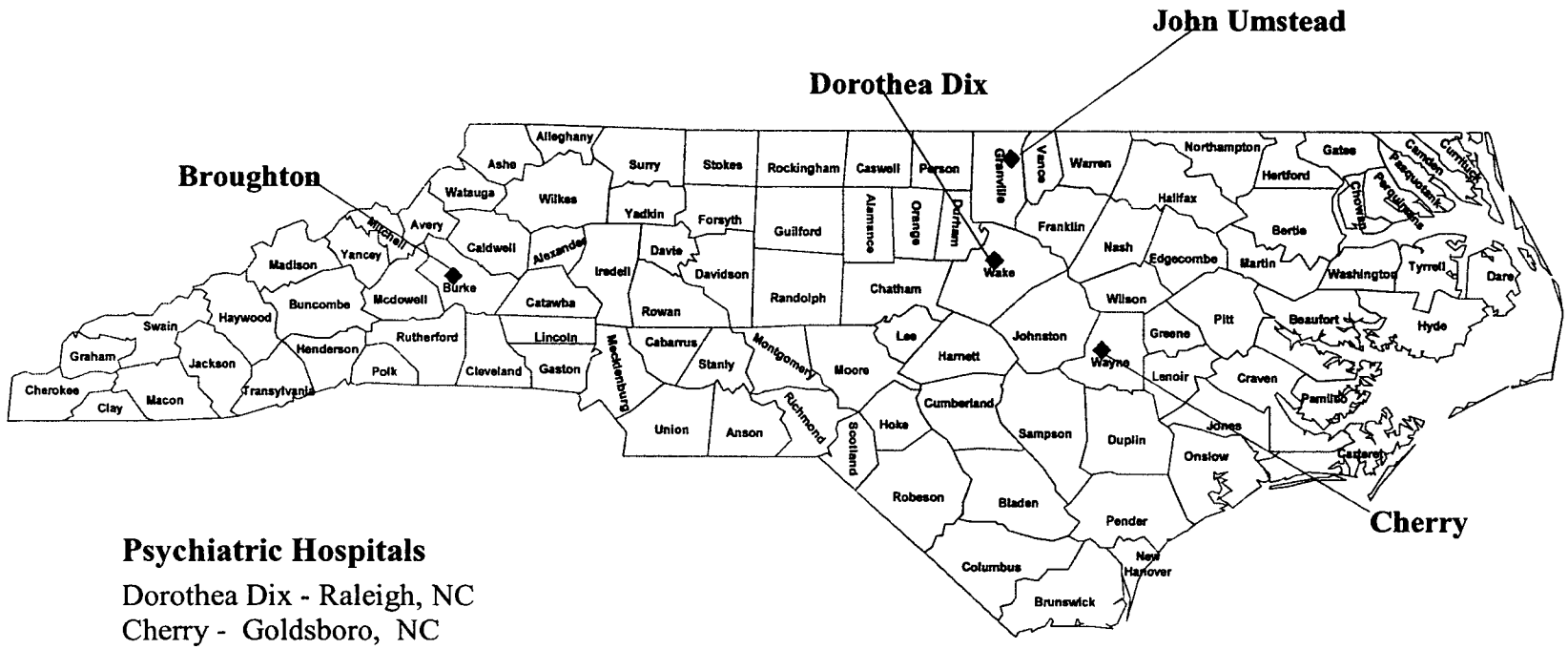
- 76.4% of Division funds are allocated to the Psychiatric Hospitals and 93% of service recipients are in the community -- Indicates an allocation mismatch
- Explanation:
  1) DMHDDSAS's Budget does not include funds in DMA's Budget for community Mental Health ($433 million)
  2) NC's Psychiatric Hospitals are costly and inefficient
- Only eligible persons (children, elderly, SSI, single parents) can participate in the Medicaid Program.

Mental Health Services Available

- Assessment
- Assertive Community Treatment Teams
- Psychosocial Rehab
- Community Support Teams
- Residential Supports
- Community Based Crisis Services
- Prevention
- Family/Group Living
- Residential Treatment
- Inpatient Services
- Specialized Care for the Deaf/MI
- Individual/Group Therapy
- Specialty Therapy (PT, OT, Speech, etc.)

MENTAL HEALTH SERVICES

STATE PSYCHIATRIC HOSPITALS



Psychiatric Hospitals

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

Diagnoses of Persons Served

Persons Served FY02/03	State Hospitals	Community
Total Persons Served	**16,141**	**316,904**
Schizophrenia	2,301	12,628
Major Depression	2,538	49,044
Bipolar	1,577	12,955
Develop. Disabled	38	
Substance Abuse	3,208	
55 and Older	1,775	
Under 18	1,132	

- In FY 2002-03, 7% of hospital residents were under 18 years of age and 11% were 55 years and older.
- In response to the Olmstead Decision, the State Auditor's Study (1999) and other studies of the mental health system, Children and Seniors have priority in community transition. Transition of Seniors has slowed, due to lack of community capacity
- In FY 2002-03 20% of hospital residents have a substance abuse problem. FY 2004-05 admissions data seems to indicate a greater presence of SA diagnoses in the hospitals.

According to the State Plan for Mental Health System Reform...

322,000 have a serious mental illness, 99,000 of these have a severe and persistent mental illness

State Psychiatric Hospitals

Dorothea Dix Hospital - Raleigh

- Persons Served (FY02/03) – 4,317
- Positions (FY04/05) – 1,156.37
- Authorized Budget (FY04/05) - $102.5 M
- Scheduled to close in late 2007
- To be replaced with a 244 Bed Hospital in Granville County

John Umstead Hospital - Butner

- Persons Served (FY02/03) – 4,493
- Positions (FY04/05) – 1,175.67
- Authorized Budget (FY04/05) - $101.5 M
- Also scheduled to close in late 2007
- Will be combined with Dix Hospital in Granville County

Broughton Hospital - Morganton

- Persons Served (FY02/03) – 3,544
- Positions (FY04/05) – 1,160
- Authorized Budget (FY04/05) - $91 M
- Replacement Planning complete
- No Authorization to finance a Replacement

Cherry Hospital - Goldsboro

- Persons Served (FY02/03) – 3,787
- Positions (FY04/05) – 1,196.58
- Authorized Budget (FY04/05) - $96.5 M
- Replacement Planning complete
- No Authorization to finance a Replacement
- Combined Administration with O'Berry Center

Hospital Downsizing

- Downsizing Plan was implemented starting in FY 2001-02.
- No Acute Beds have been closed. Crisis capacity has not been reduced.
- By FY 2003-04, DMHDDSAS slowed the Downsizing Plan, due to lack of community capacity.
- Total Beds Closed = 417

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05 (estimated)
Dix Hospital				
Adult Longterm	39	24	0	0
Geriatric Longterm	0	15	0	0
Total	**39**	**39**	**0**	**0**
Umstead Hospital				
Adult Longterm	0	30	30	30
Nursing Facility	25	0	0	0
Geriatric Longterm	0	12	5	0
Total	**25**	**42**	**35**	**30**
Broughton Hospital				
Adult Longterm	0	25	0	0
Nursing Facility	13	0	0	0
Geriatric Longterm	20	20	10	0
Total	**33**	**45**	**10**	**0**
Cherry Hospital				
Adult Longterm	0	0	31	31
Nursing Facility	15	16	10	16
Total	**15**	**16**	**41**	**47**
Statewide Bed Closures	**112**	**142**	**86**	**77**

Rising Acute Care Admissions

- The State's Psychiatric Hospitals have witnessed a rapid increase in acute admissions
- According to DMH/DD/SAS:
  - Admissions increased by 6.9% from FY 2002-03 to FY 2003-04.
  - Admissions increased by 11.4% for the 3rd Quarter of FY 2003-04 as compared to the 3rd Quarter of FY 2002-03.
  - 30%-40% of acute admissions have never been served in a state hospital
  - Primary substance abuse diagnoses are common
- Possible Contributing Factors*
  - Lack of community substance abuse services
  - Increases in illicit drug and alcohol abuse
  - Fragmentation of services through LME divestiture
  - Decreasing crisis care capacity in community hospitals
  - Increases in the population
  - Stresses associated with high unemployment and other economic factors

* Contributing factors provided by the LME's as reported by DMH/DD/SAS to the Joint Legislative Oversight Commission on MH/DD/SA Services 9/2004.

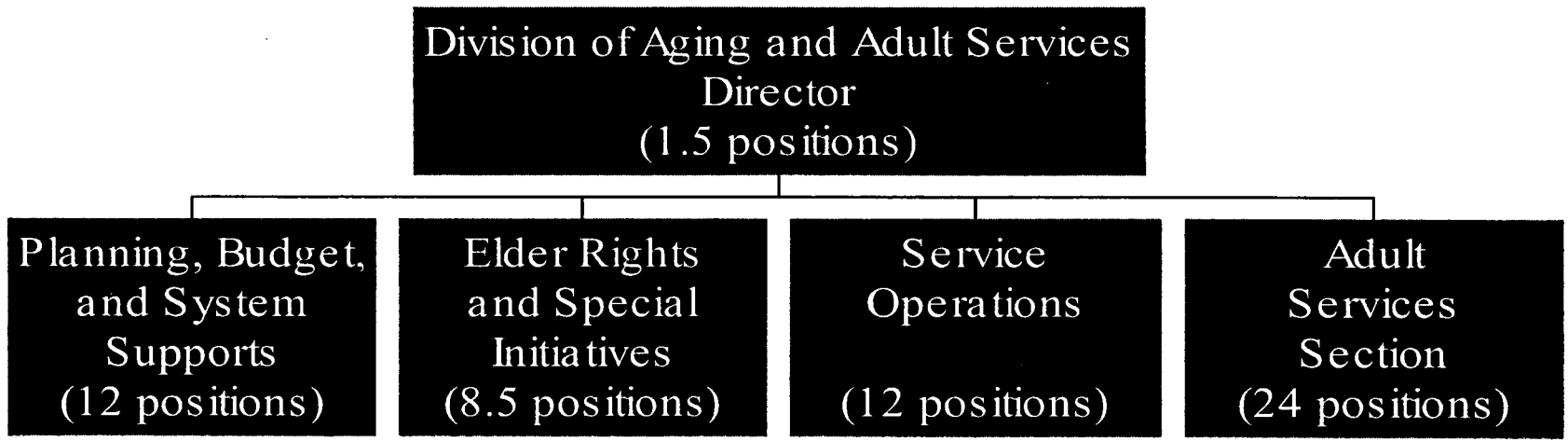
Department of Health and Human Services

Division of Aging and Adult Services

Attachment B

Division of Aging and Adult Services

Organization



Total Positions = 58

Division of Aging and Adult Services

Addition of Adult Services

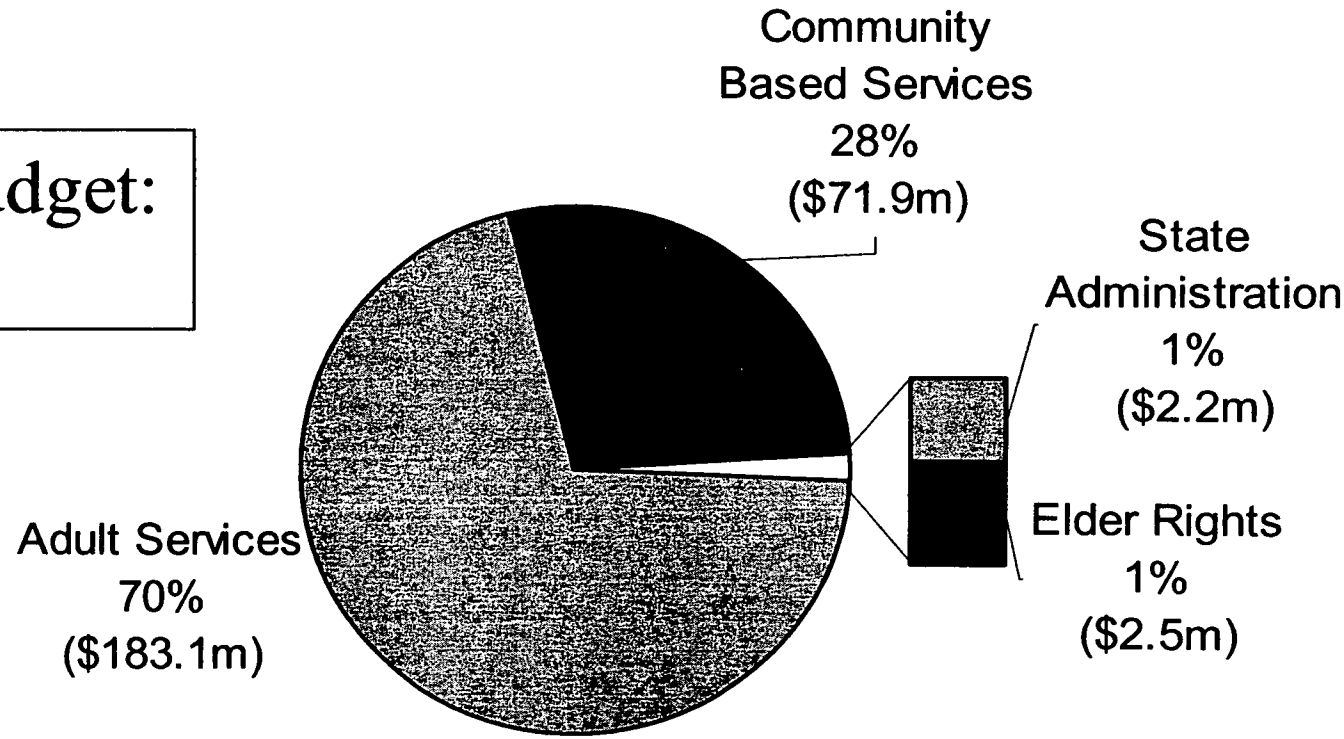
- Moved to Division of Aging in September 2003
- Division name changed to Division of Aging and Adult Services in 2004
- Much of the funding for Adult Services programs is still located in the Division of Social Services budget.

Division of Aging and Adult Services

Budget by Purpose –SFY04-05

Includes Programs Budgeted in DSS

Total Estimated Budget:
$259,734,306



Note: This does not include $99,483,892 in county funds which are included in the Division of Social Services' budget. Some of these funds are used for adult services, but the State does not require the counties to separately identify these funds.

Division of Aging and Adult Services

Dept. of Health and Human Services Funding

Division Budgets

	2004-2005 Authorized (in millions)	% of DHHS Total
Div. of Medical Assistance	$ 9,098	67.94%
Div. of Social Services	$ 1,355	10.12%
Div. of MH/DD/SAS	$ 1,020	7.62%
Div. of Public Health	$ 603	4.50%
Div. of Child Development	$ 560	4.18%
Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
Div. of Central Management and Support	$ 209	1.56%
Div. of Vocational Rehabilitation	$ 124	0.93%
Div. of Aging and Adult Services	**$ 79**	**0.59%**
Div. of Facility Services	$ 41	0.31%
Office of Education Services	$ 34	0.25%
Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%
DHHS Total	**$ 13,391**	

Division of Aging and Adult Services

Dept. of Health and Human Services Funding

Division Budgets – Adjusted for DAAS Funding in DSS Budget

	2004-2005 Authorized (in millions)	% of DHHS Total
Div. of Medical Assistance	$ 9,098	67.94%
Div. of Social Services - Excluding DAAS $	$ 1,174	8.77%
Div. of MH/DD/SAS	$ 1,020	7.62%
Div. of Public Health	$ 603	4.50%
Div. of Child Development	$ 560	4.18%
Div. of Aging and Adult Services - Including $ in DSS	**$ 260**	**1.94%**
Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
Div. of Central Management and Support	$ 209	1.56%
Div. of Vocational Rehabilitation	$ 124	0.93%
Div. of Facility Services	$ 41	0.31%
Office of Education Services	$ 34	0.25%
Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%

Division of Aging and Adult Services

Budget by Program – SFY04-05

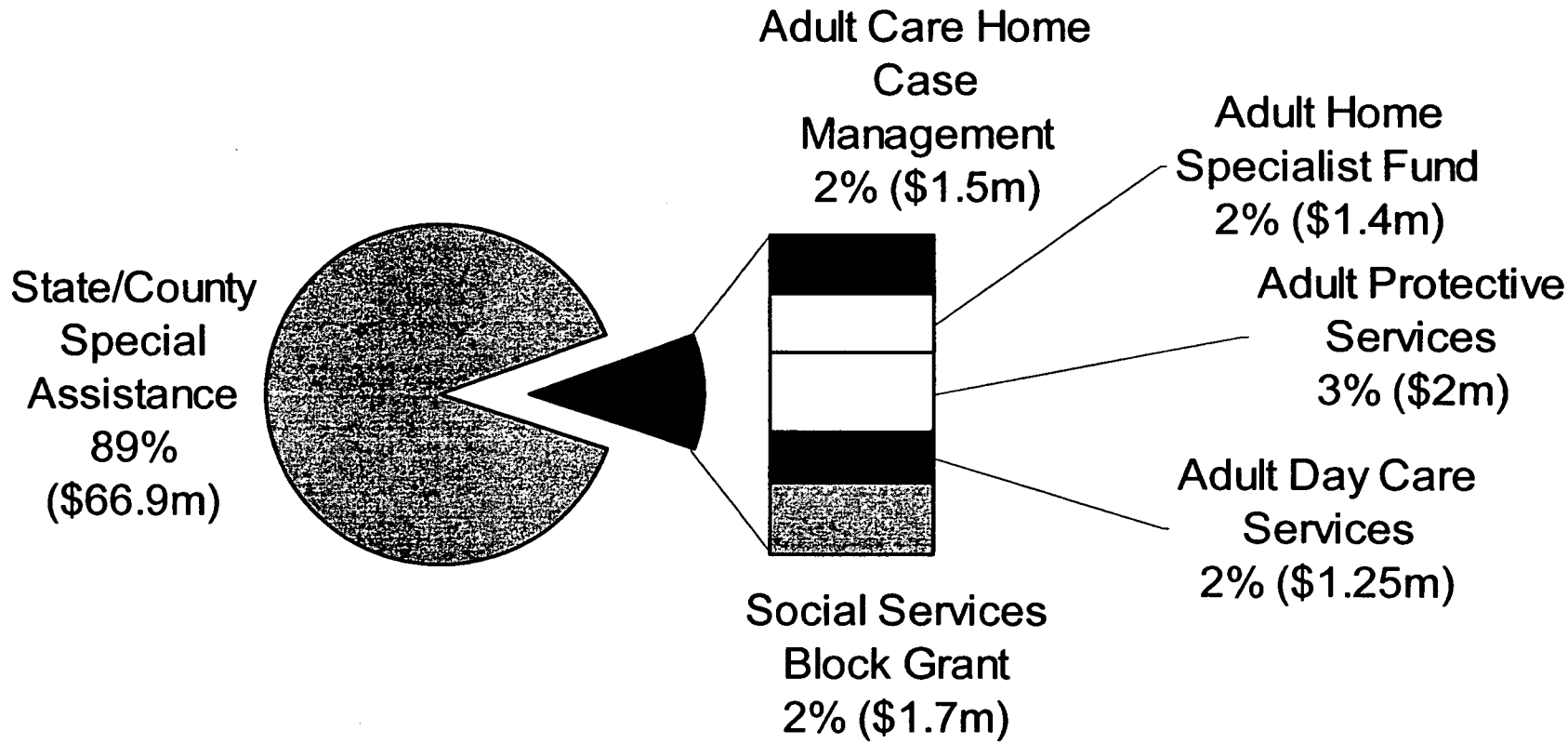
Programs Budgeted in DSS

	Requirements	Receipts	**Appropriations**
State/County Special Assistance	$138,202,401	($71,267,904)	**$66,934,497**
Adult Care Home Case Management	$6,158,337	($4,619,015)	**$1,539,322**
Adult Home Specialist Fund	$3,500,000	($2,100,000)	**$1,400,000**
Adult Protective Services	$2,000,000	$0	**$2,000,000**
Adult Day Care Services	$3,895,058	($2,642,183)	**$1,252,875**
Social Services Block Grant	$27,074,813	($25,392,031)	**$1,682,782**
Total	$180,830,609	($106,021,133)	**$74,809,476**

Division of Aging and Adult Services

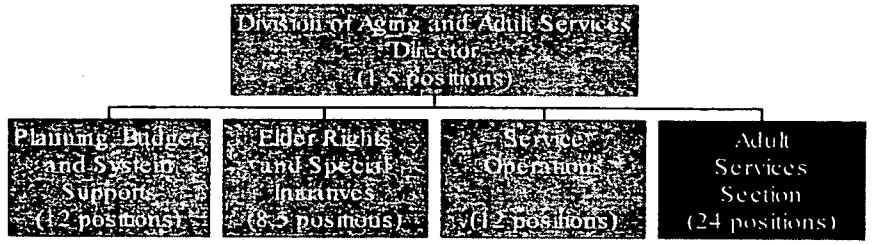
Budget by Program – SFY04-05

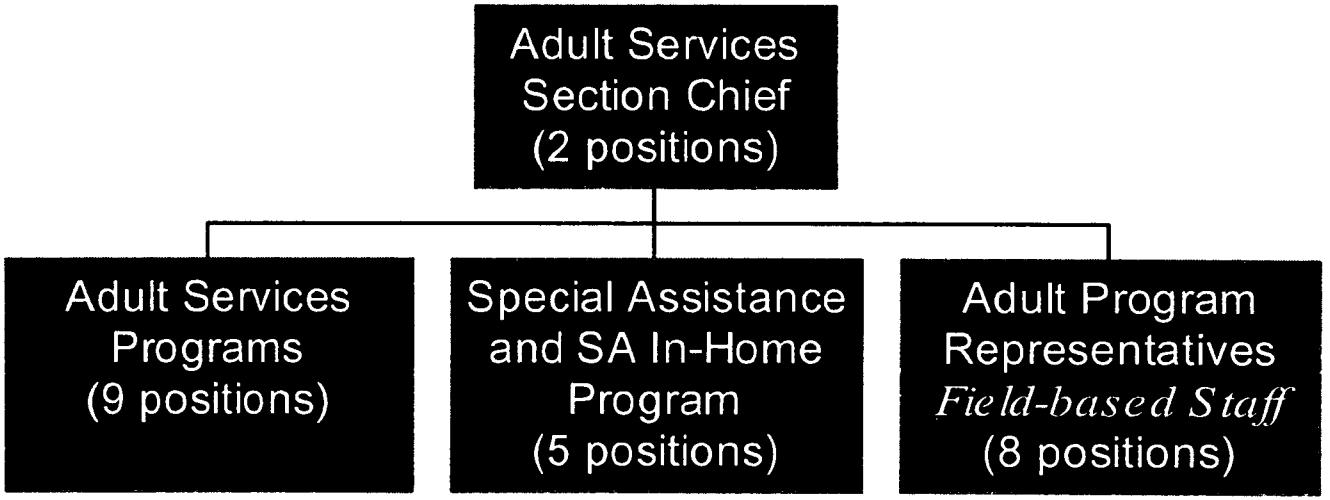
Programs Budgeted in DSS



Estimated Total Appropriations: $74,809,476

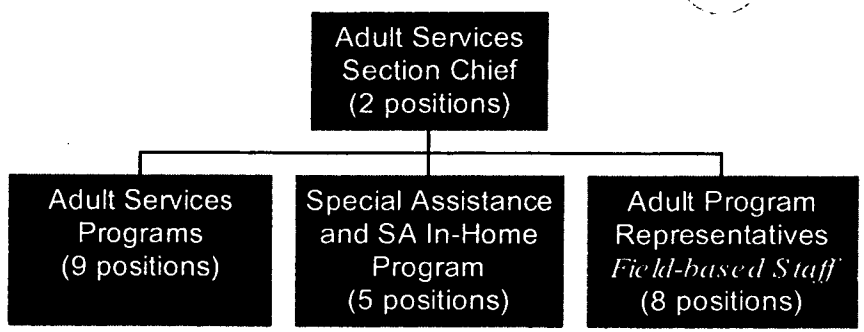
Adult Services Section





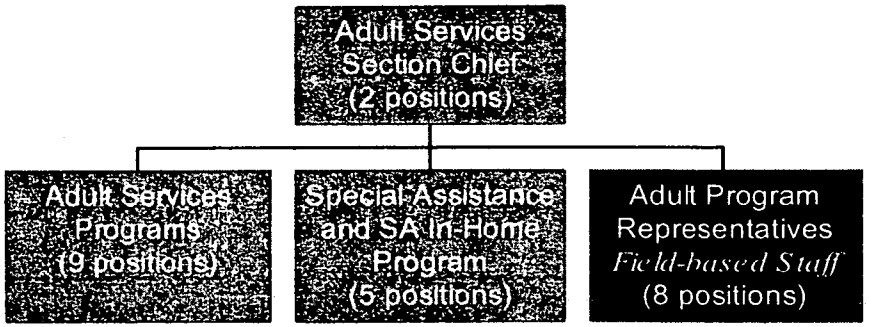
24 total positions

Adult Services



- Oversees social services and benefits programs administered by the county departments of social services
  - Services are for older and disabled adults, and their families
- Develops and provides training to county Department of Social Services staff to ensure services are provided in compliance with federal/state laws and policy

Adult Services

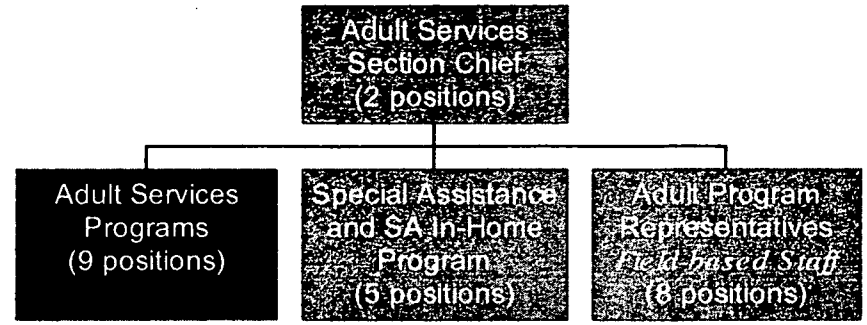


Adult Program Representatives

- 8 field-based staff, assigned to work with specific county departments of social services
- Ongoing oversight to county departments of social services' staff and management
- Provide technical assistance and training for adult services programs provided by the county departments of social services
- Assist in statewide training and program development for adult programs

Adult Services

Adult Services Programs

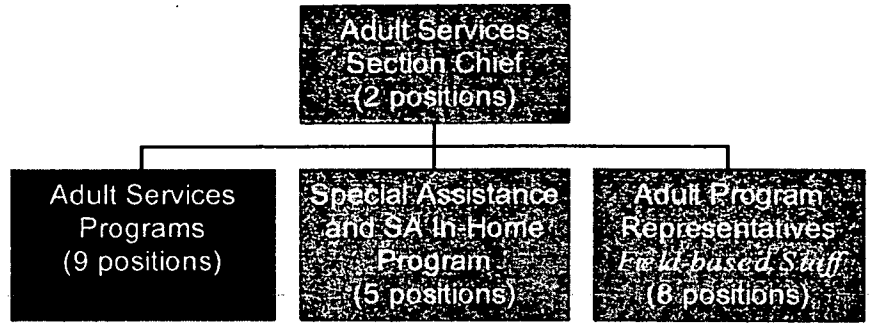


Adult Placement Services

- Helps aging or disabled adults find appropriate living and healthcare arrangements when:
  - Health, safety, and well-being can no longer be maintained at home
  - Relocating due to changes in level of care needed
  - Returning to more independent living arrangements
  - Having difficulty adjusting to or maintaining their placements due to individual or family problems or a lack of resources

Adult Services

Adult Services Programs

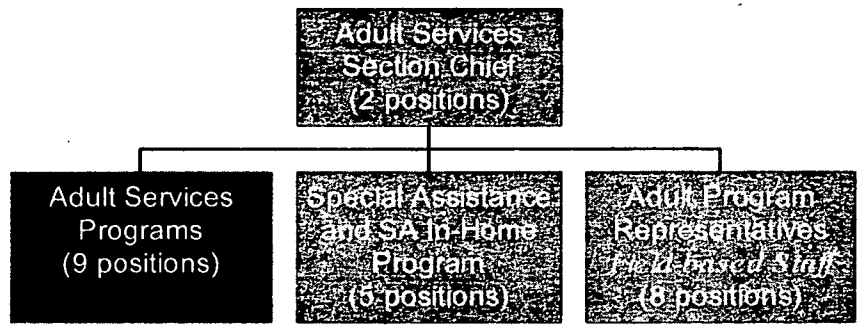


Adult Protective Services ($2m in appropriations)

- G.S. 108A-99 authorizes county departments of social services to
  - receive reports of alleged **abuse**, **neglect**, or **exploitation**; to evaluate a disabled adult's need for protective services; and to arrange for appropriate services
- Provides services to all adults who are incapacitated by a disability and alleged to be abused, neglected, or exploited (regardless of income)

Adult Services

Adult Services Programs

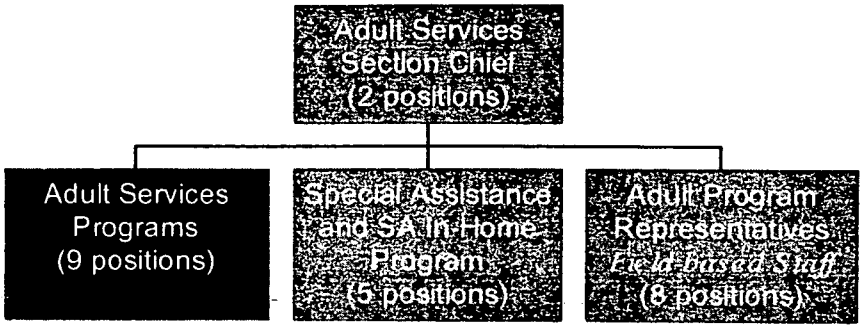


Adult Protective Services (from G.S.108A-101(a))

- **Abuse**: "the willful infliction of physical pain, injury or mental anguish, unreasonable confinement, or the willful deprivation by a caretaker of services which are necessary to maintain mental and physical health"

Adult Services

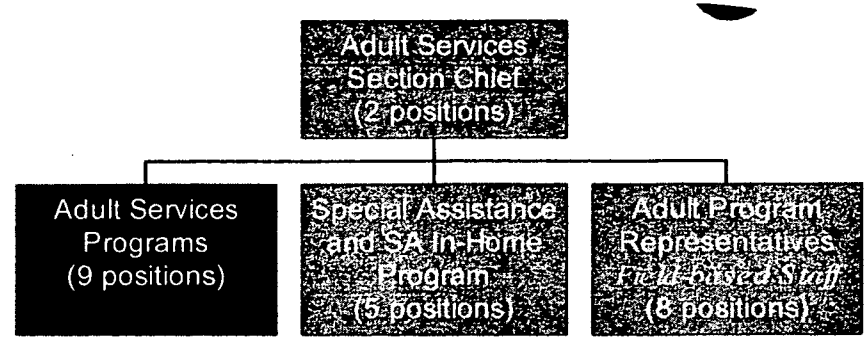
Adult Services Programs



Adult Protective Services (from G.S.108A-101(a))

- **Neglect**: "a disabled adult who is either living alone and not able to provide for himself the services which are necessary to maintain his mental or physical health or is not receiving services from his caretaker"

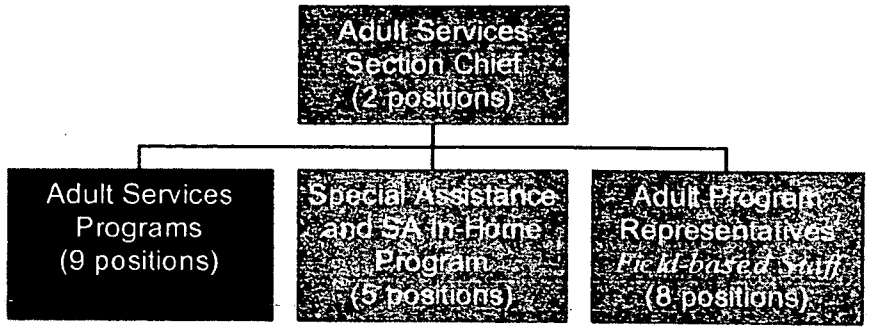
Adult Services
Adult Services Programs



Adult Protective Services (from G.S.108A-101(a))

- **Exploitation**: "the illegal or improper use of a disabled adult or his resources for another's profit or advantage"

Adult Services
Adult Services Programs

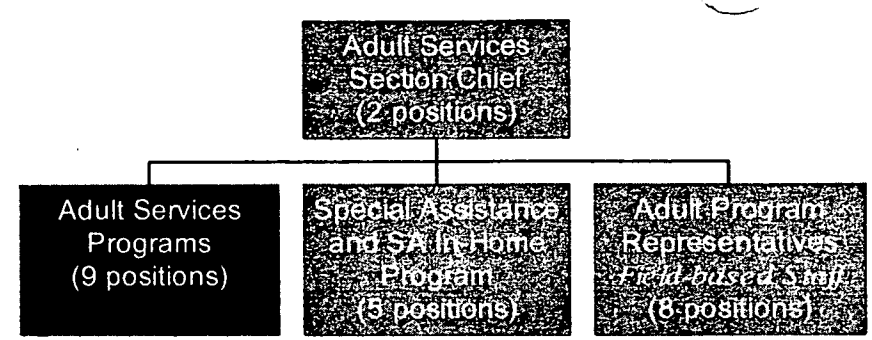


Adult Protective Services

- Counties protect disabled adults by:
  - Receiving reports and evaluating the need for protective services
  - Planning and counseling with the disabled adult and the family/caregiver to identify, remedy, and prevent problems which result in abuse, neglect, and/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
  - Mobilizing essential services on behalf of the disabled adult

Adult Services

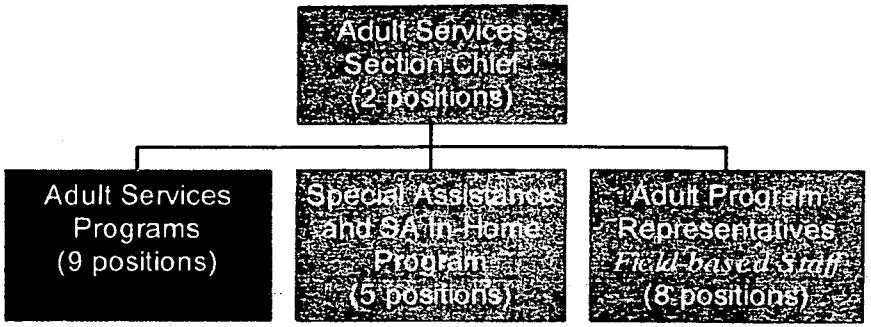
Adult Services Programs



Adult Protective Services

- In SFY03-04, 6,495 adults were reported as being abused, neglected, or exploited and in need of protective services.
  - 69% were age 60 or older
  - 62% were women
  - 35% were minorities
  - 77% lived alone or with family members
  - 18% lived in a facility or institution

Adult Services
Adult Services Programs

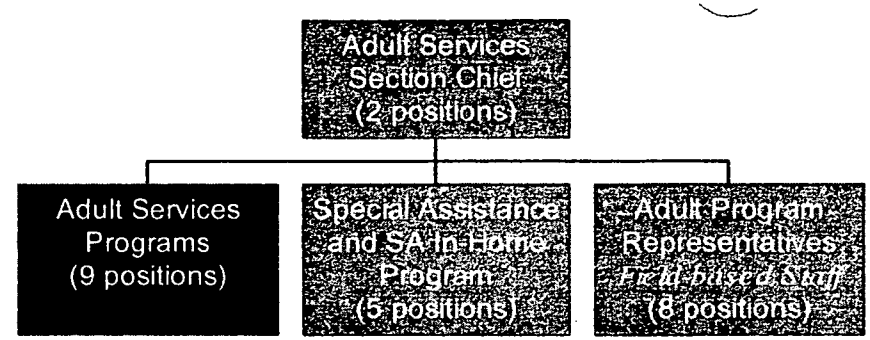


Adult Protective Services

- Abuse, neglect or exploitation was found for 2,344 of the reported adults (36%)
- Neglect was the most common form of mistreatment
  - 55% of the situations involved self-neglect
  - 26% involved caretaker neglect
- 12% of the situations involved exploitation
- 7% involved abuse

Adult Services

Adult Services Programs

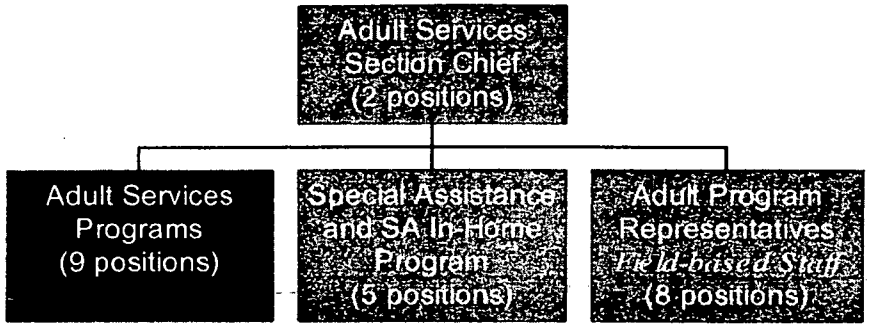


Guardianship Services

- **Guardianship** is a legal relationship in which the guardian is authorized by the Clerk of Superior Court to be substitute decision maker for an incompetent adult.
- **Incompetence** is determined in a court proceeding and means that an adult is unable to manage their own affairs or unable to make important decisions.

Adult Services

Adult Services Programs

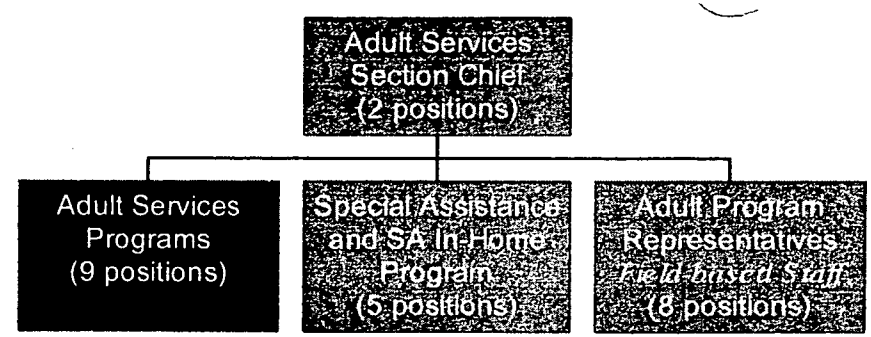


Guardianship Services

- Provides public agency guardians (such as social services or aging directors) when other guardians are not available and when deemed necessary by the Clerk of Superior Court.
- Also helps to assess the need for guardianship and locate appropriate persons to serve as guardians
- Div. of Aging and Adult Services provides training for all public agency guardians.

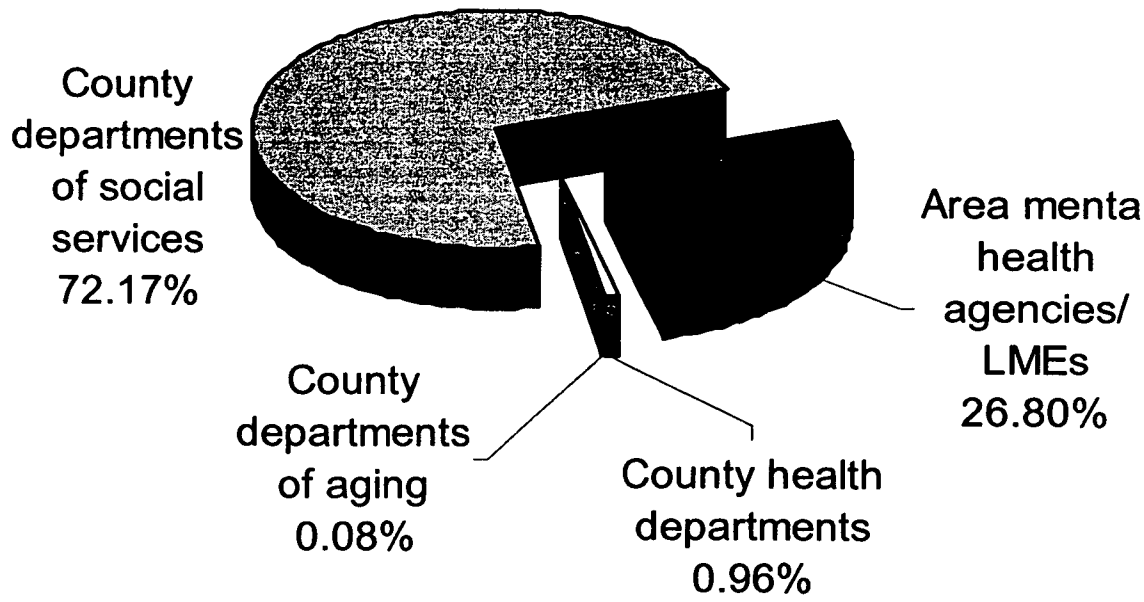
Adult Services

Adult Services Programs

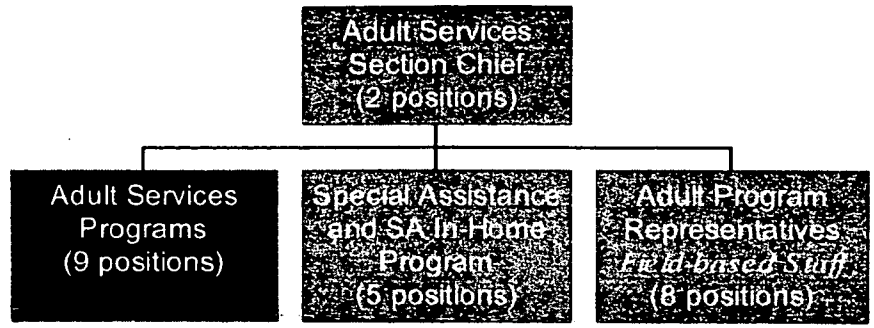


Guardianship Services

- As of 3/8/05, public agencies are appointed as guardian for 2,616 individuals.



Adult Services
Adult Services Programs

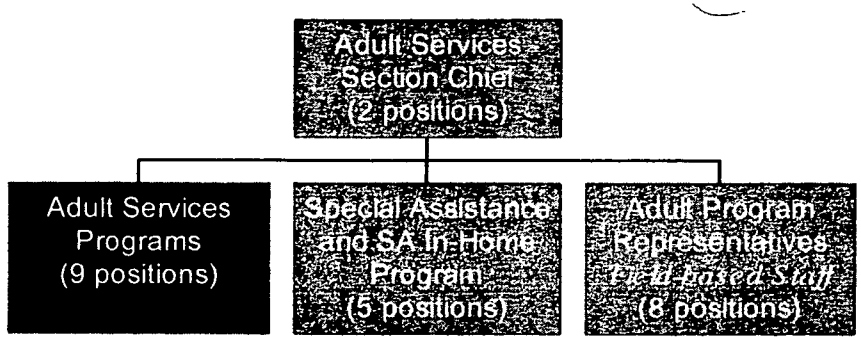


At-Risk Case Management Services

- Case management services specifically for adults at risk of, or showing evidence of, abuse, neglect, or exploitation
- Helps adult gain access to needed medical, social, educational, and other services
- Services are directed toward preventing abuse, neglect, or exploitation (or preventing further mistreatment)

Adult Services

Adult Services Programs

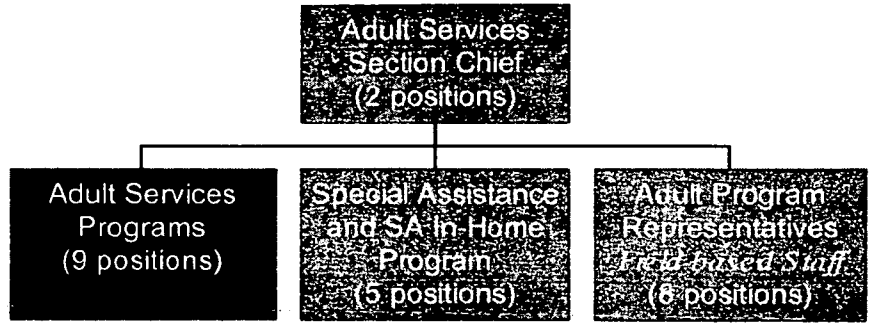


At-Risk Case Management Services

- Three DHHS divisions are now involved in providing this service:
  - Div. of Medical Assistance: enrolls providers of this services
  - Div. of Social Services: provides oversight to the county departments of social services for services to children
  - Div. of Aging and Adult Services: provides oversight to the county departments of social services for services to adults

Adult Services

Adult Services Programs

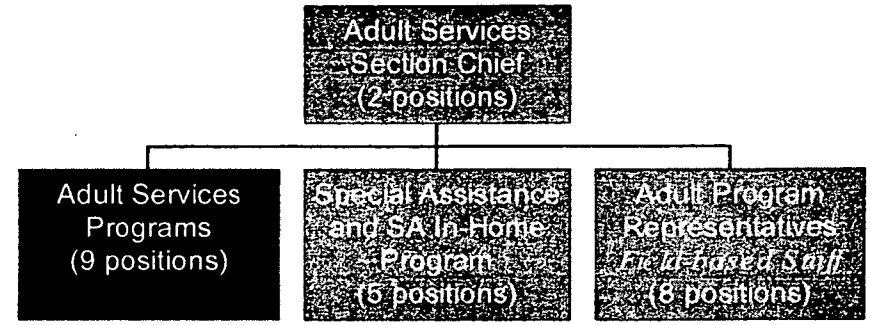


At-Risk Case Management Services

- Optional Medicaid program for counties
- No state funding available for this program
- 5,007 adults and 6,863 children received this service in SFY03-04
- Div. of Aging and Adult Services provides statewide training and technical assistance to county departments of social services' staff to make sure that policy is correctly implemented

Adult Services

Adult Services Programs

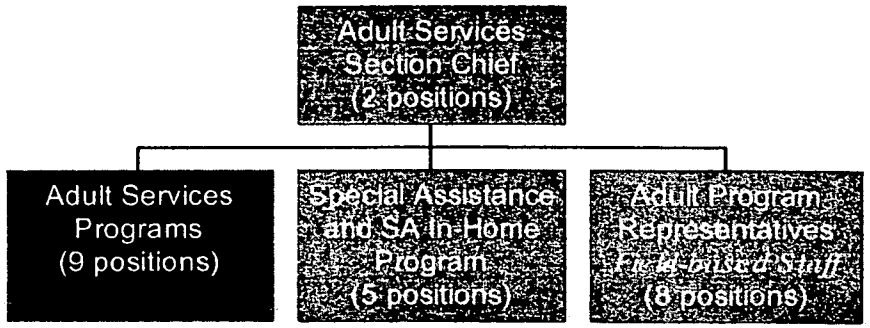


Adult Care Homes (from G.S. 131D-2)

" 'Adult care home' is an assisted living residence in which the housing management provides 24-hour scheduled and unscheduled personal care services to two or more residents, either directly or, for scheduled needs, through formal written agreement with licensed home care or hospice agencies. Some licensed adult care homes provide supervision to persons with cognitive impairments whose decisions, if made independently, may jeopardize the safety or well-being of themselves or others and therefore require supervision. Medication in an adult care home may be administered by designated, trained staff. Adult care homes that provide care to two to six unrelated residents are commonly called family care homes."

Adult Services

Adult Services Programs

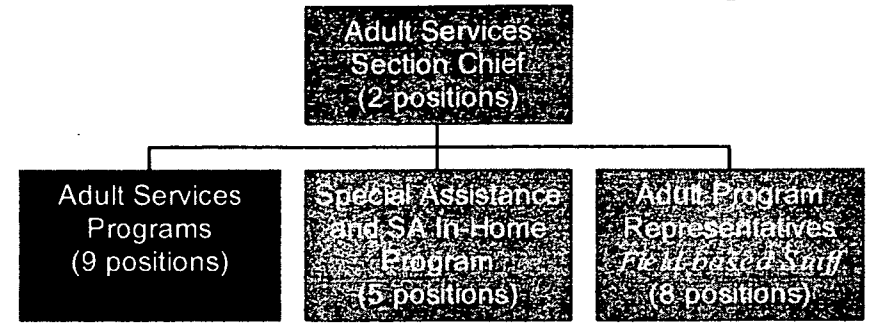


Adult Care Homes

- Licensed and monitored by Division of Facility Services
- County departments of social services are also responsible for supervision of adult care homes
- Residents receive services overseen by the Division of Medical Assistance and the Division of Aging and Adult Services

Adult Services

Adult Services Programs

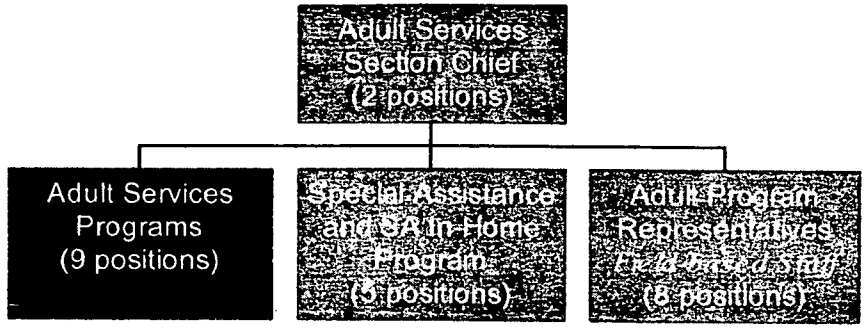


Adult Care Homes

- Residents' costs in adult care homes are paid for in two ways:
  - Special assistance – adult care homes receive the full amount of the rate ($1,084) from a combination of special assistance and the resident's income
  - Medicaid –Personal Care Services for Adult Care Homes
    - Basic rate ranges from $527/month to $577/month
    - Enhanced rate adds up to an additional $524/month
  - Total reimbursement for residents ranges from $1,611 to $2,186 per month.

Adult Services

Adult Services Programs

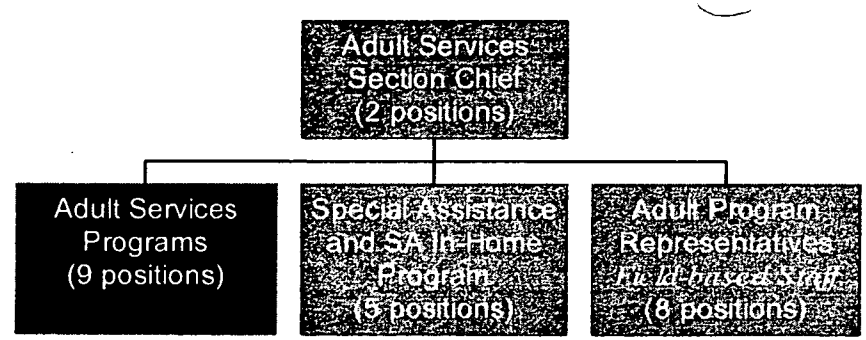


Adult Home Specialist Fund ($1,400,000 in appropriations)

- Established by the General Assembly in 1999 (G.S. 131D-4.7)
  - Purpose was to reform adult care homes by:
    - Improving quality of care
    - Increasing protection of residents
    - Strengthening oversight of industry practices
- Funds matched with Medicaid and county funds; Social Services Block Grant funds are also used

Adult Services

Adult Services Programs

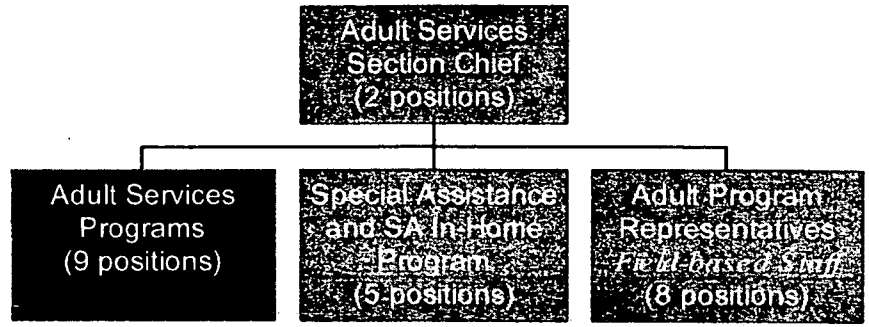


Adult Home Specialist Fund ($1,400,000 in appropriations)

- Funds "Adult Home Specialists" positions
- Purpose of the fund is to increase county departments of social services' ability to provide oversight of adult care homes (Adult Home Specialists should visit adult care homes every other month)
- Division recommends staff ratio of one Adult Home Specialist to ever 12 adult care homes.
  - Current level of funding supports 1 specialist: 14 homes.
- Allocations are based on the number of licensed homes in each county at the time of budget preparation.

Adult Services

Adult Services Programs



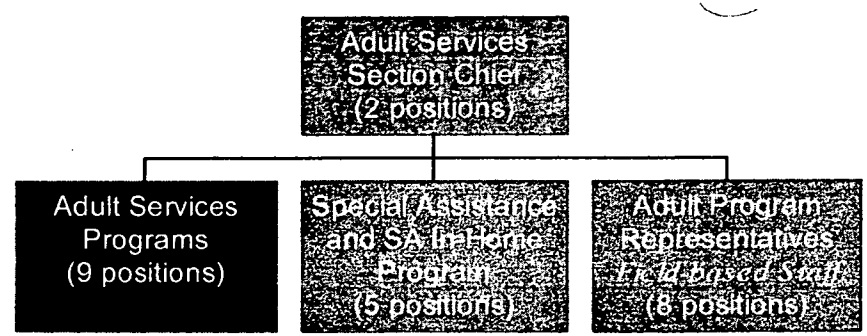
Adult Care Home Case Management Services

($1,539,322 in appropriations)

- Some residents of adult care homes have extensive needs for personal care. These residents receive adult care home case management services
- Medicaid funded case management service for individuals receiving special assistance and Medicaid
- Case worker verifies the need for these services and ensures that these needs are being met
- Service is provided by staff from county departments of social services and area mental health agency staff

Adult Services

Adult Services Programs

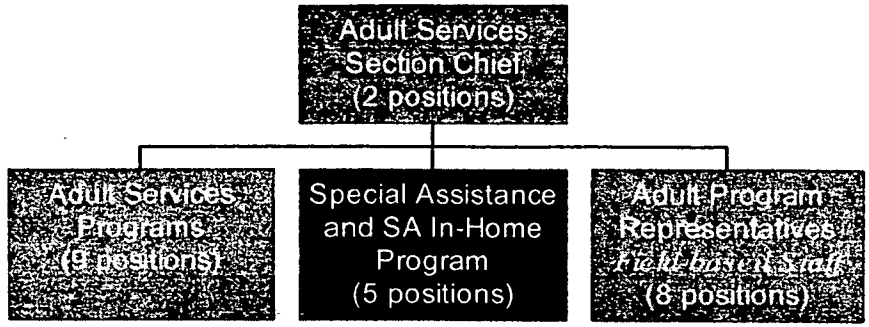


Adult Care Home Case Management Services

($1,539,322 in appropriations)

- Case managers:
  - Verify the need for enhanced personal care
  - Assure that the adult care home's plan corresponds to the needs of the resident
  - Review the provision of care to assure changes in the resident's condition are being addressed
  - Determine the need for other community based services
  - Assist the resident and the adult care home in accessing other needed services

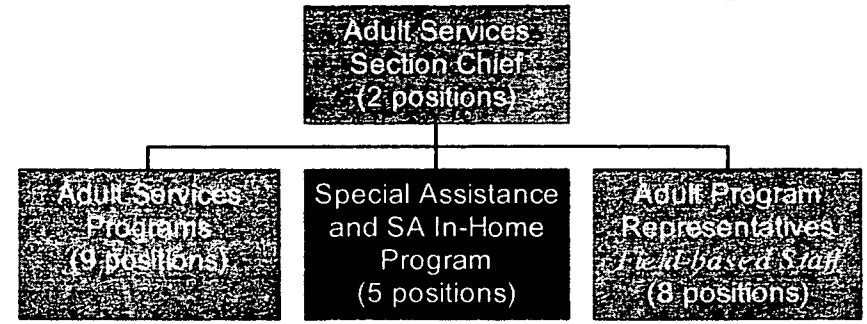
Adult Services



State/County Special Assistance (SA)

- Provides a cash supplement to aged and disabled persons who need a "rest-home level of care"
- An entitlement program
- Funded 50% by the State and 50% by counties
- $66,934,497 in state appropriations in SFY04-05

Adult Services
Special Assistance

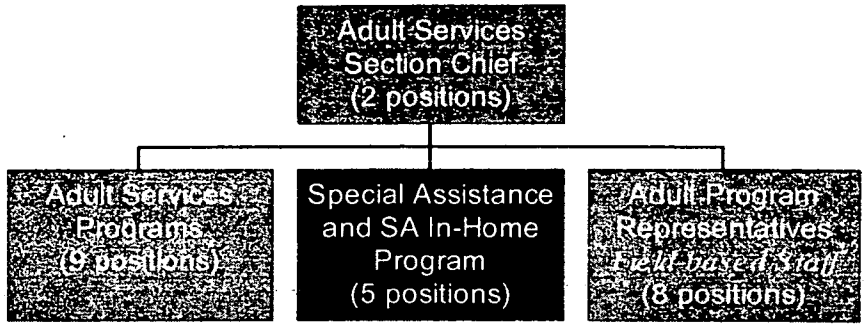


State/County Special Assistance Payments

(only recommended change to Adult Services in Governor's Budget)

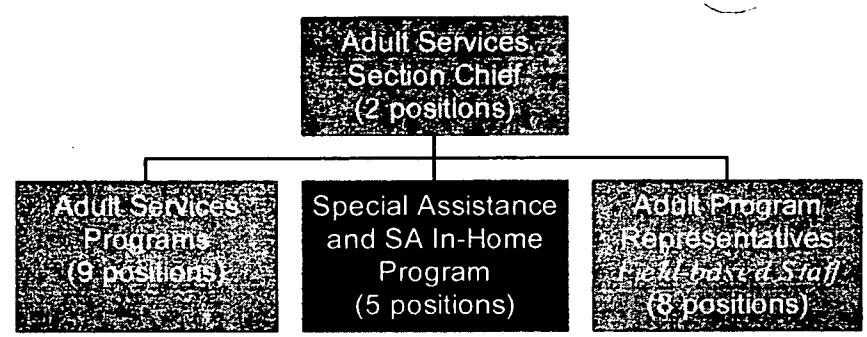
	03-04 Actual	04-05 Authorized	05-06 Recommended	06-07 Recommended
Total Requirements	$134,308,992	$133,868,991	$135,823,005	$136,534,242
Estimated Receipts	$67,150,513	$66,934,494	$67,911,501	$68,267,119
Net Appropriation	$67,158,479	$66,934,497	$67,911,504	$68,267,123

Adult Services Special Assistance



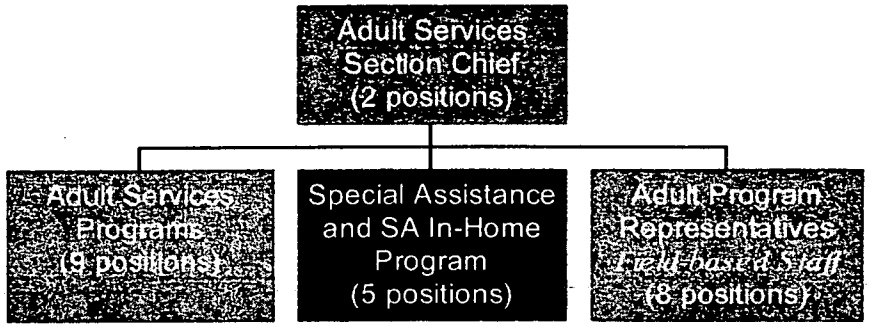
- Two types of SA administered by the Division:
  - Aid to the Aged: financial assistance to eligible recipients who are 65 or older
  - Aid to the Disabled: financial assistance to eligible recipients who are 18-64 and are determined totally or permanently disabled under Social Security Standards
- Local Departments of Social Services determine eligibility
  - In addition to financial eligibility requirements, an SA applicant must be a resident of NC and a citizen of the United States.

Adult Services Special Assistance



- Two different SA Programs administered by the Division:
  - **State/County Special Assistance for Adult Care Homes:** cash supplement to help pay for care of low-income adults living in adult care homes
  - **State/County Special Assistance In-Home Program:** cash supplement for Medicaid-eligible adults who are at risk of placement in an adult care home

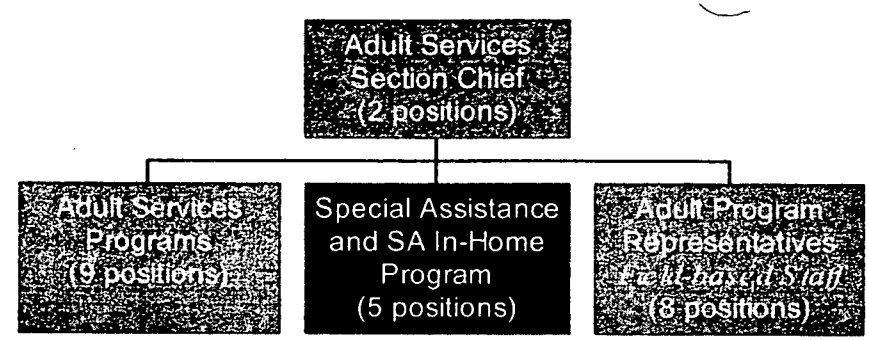
Adult Services Special Assistance



State/County Special Assistance for Adult Care Homes

- Factors that determine total SA cost:
  - Size of payments
    - SA Payment = "countable income" – (monthly rate + personal needs allowance)
    - Current monthly rate is $1,084
    - Current personal needs allowance is $46
    - Average monthly SA payment for SFY04-05 (through 2/05) is $437

Adult Services Special Assistance

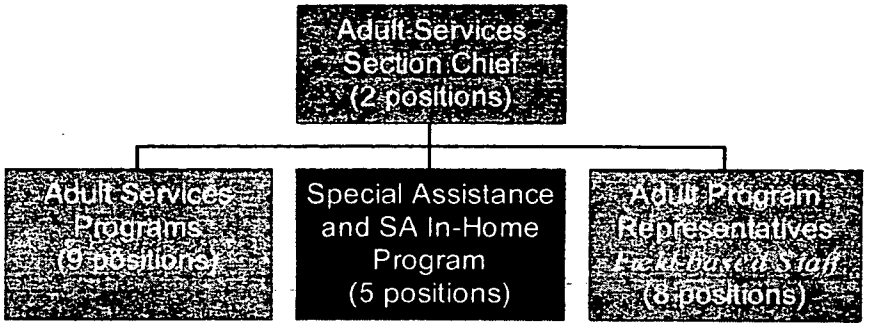


State/County Special Assistance for Adult Care Homes

- Factors that determine total SA cost (cont.):
  - Number of recipients
    - 27,940 total recipients in all 100 counties as of Feb. 2005
    - Even if the payment levels do not increase, the total cost will increase as the number of eligible recipients increases.

In SFY03-04, there were **$133,273,521** in total SA expenditures.

Adult Services
Special Assistance

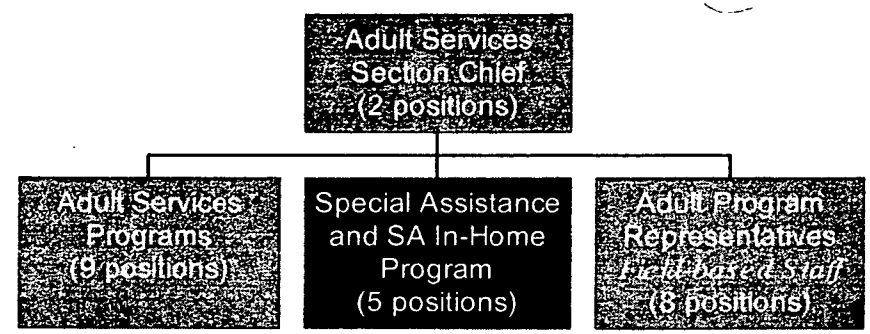


SA for Adult Care Homes' Payment History

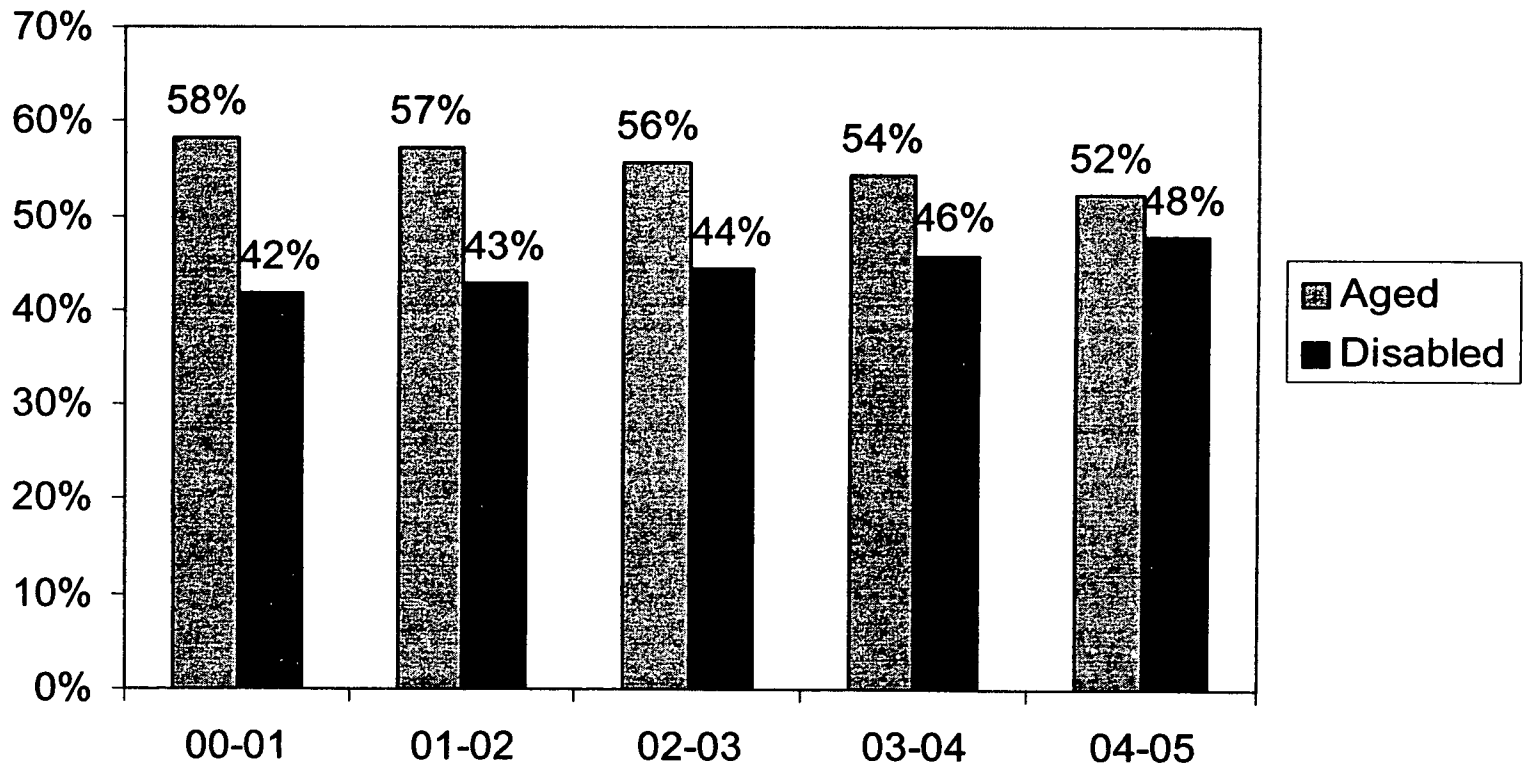
	Average Monthly Payment	Total Cost	Total Recipients
00-01	$471	$134,595,575	29,606
01-02	$390	$142,699,988	30,157
02-03	$461	$141,329,368	30,192
03-04	$438	$133,273,521	29,954

Note: As of February 2005, the average monthly payment for SFY04-05 was $437, the total cost to date was $88.8 million, and there were a total of 27,940 recipients.

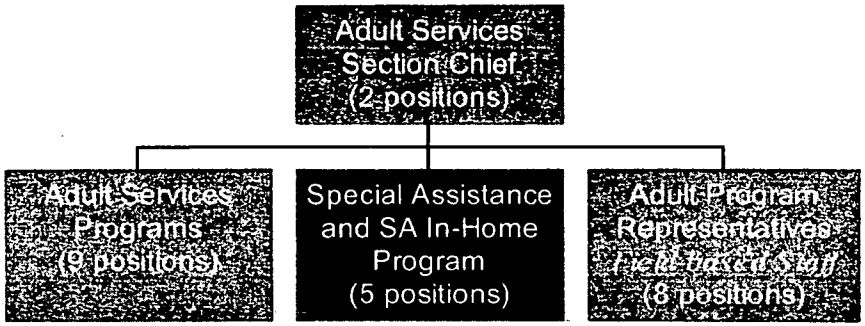
Adult Services Special Assistance



SA for Adult Care Homes' – Percent Recipients Aged vs. Percent Disabled (SFY00-01 to SFY04-05)



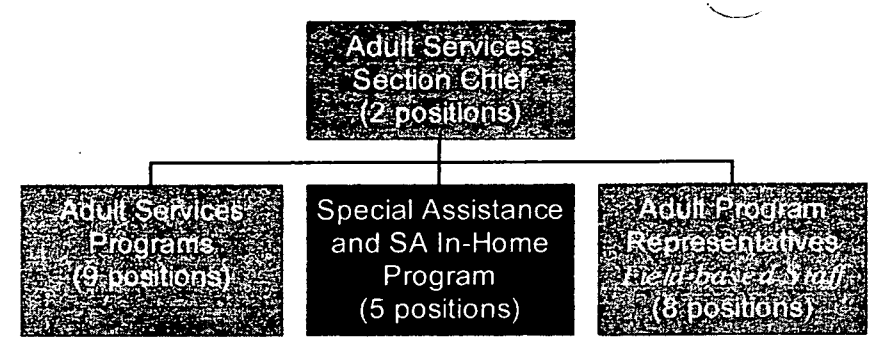
Adult Services Special Assistance



SA for Adult Care Homes - Rate Setting Methodology

- SA rates are established by the General Assembly and are based on cost reports submitted by adult care homes
- DHHS is authorized to transfer funds from SA to maximize reimbursement available through Medicaid personal care services for adult care homes (ACH-PCS). If the Dept. does this, they must also adjust the rate to reflect the transfer of funds.

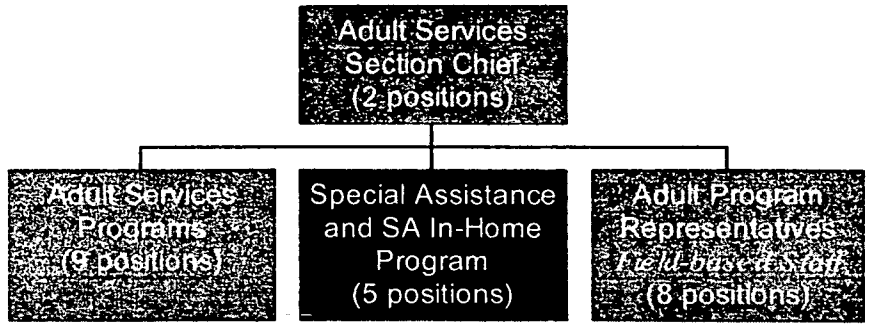
Adult Services
Special Assistance



Special Assistance – In-Home

- S.L. 1999-237 Section 11.21 established the Special Assistance Demonstration Project
  - Authorized DHHS to use funds for 2 years from existing State/County SA budget to provide SA payments to up to 400 SA-eligible individuals without requiring them to reside in an adult care home.

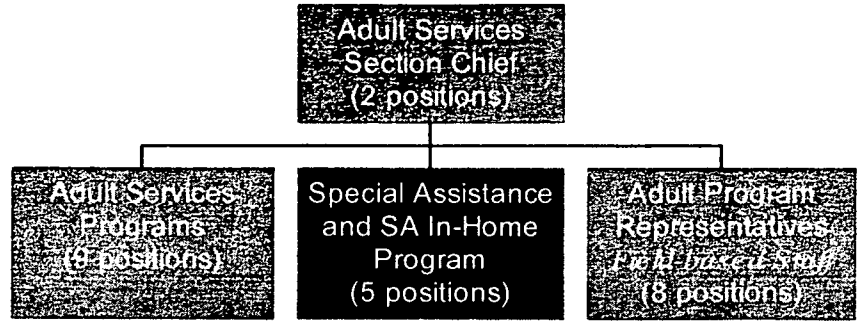
Adult Services
Special Assistance



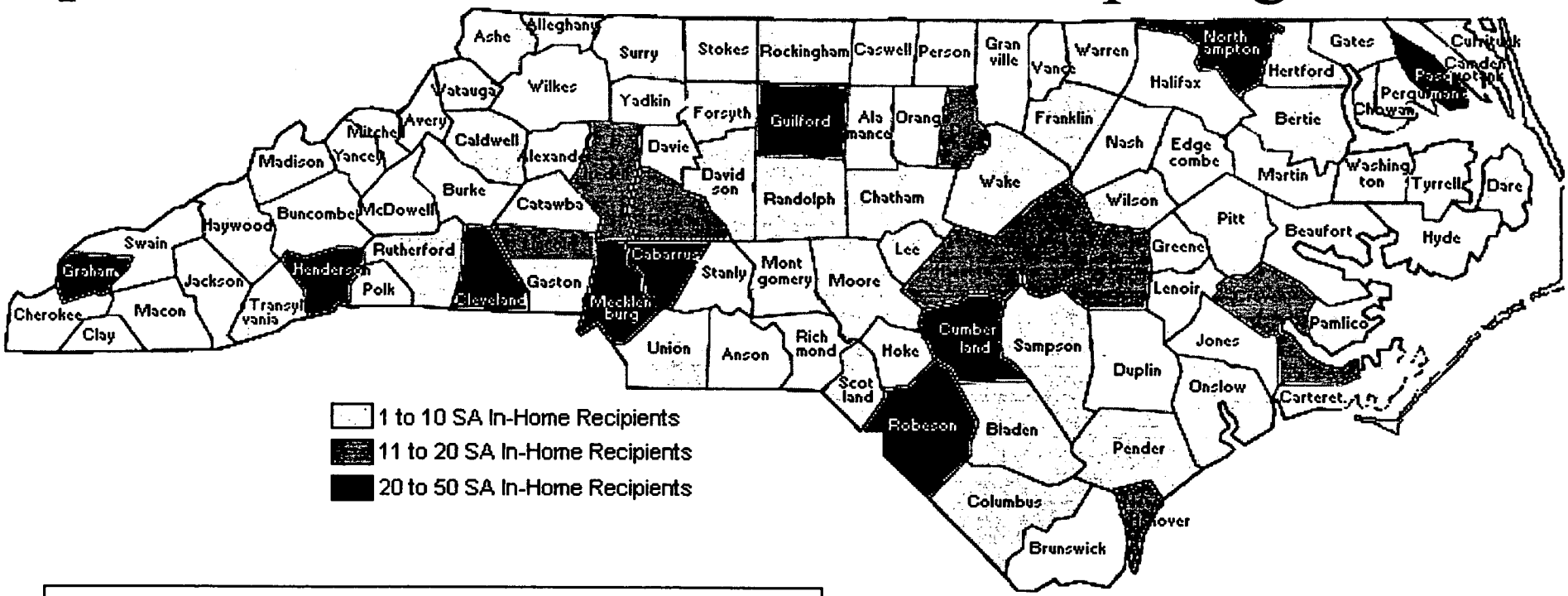
Special Assistance – In-Home

- Current Legislative Requirements:
  - Limited to 800 participants statewide
  - Available to all counties on a voluntary basis
  - Payment restricted to 50% of the monthly payment the individual would have received if they resided in an adult care home
  - Individual must be determined eligible for SA for Adults, be eligible for Medicaid, and have an income below the federal poverty level

Adult Services
Special Assistance

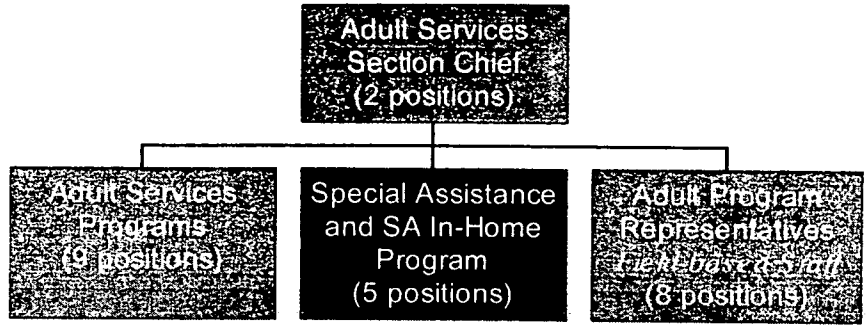


Special Assistance – In-Home Participating Counties



613 total recipients for SFY 03-04

Adult Services
Special Assistance

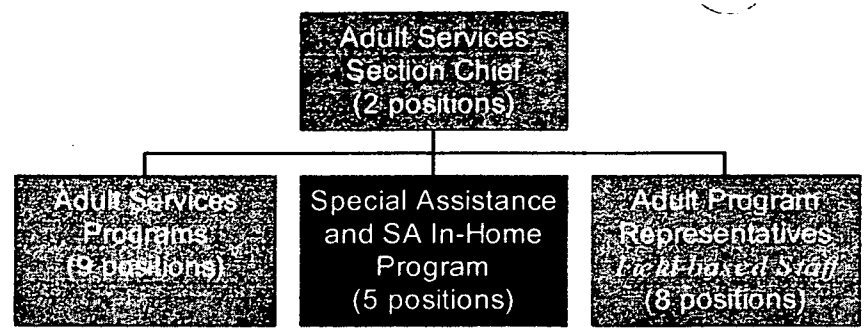


Special Assistance – In-Home Payment History

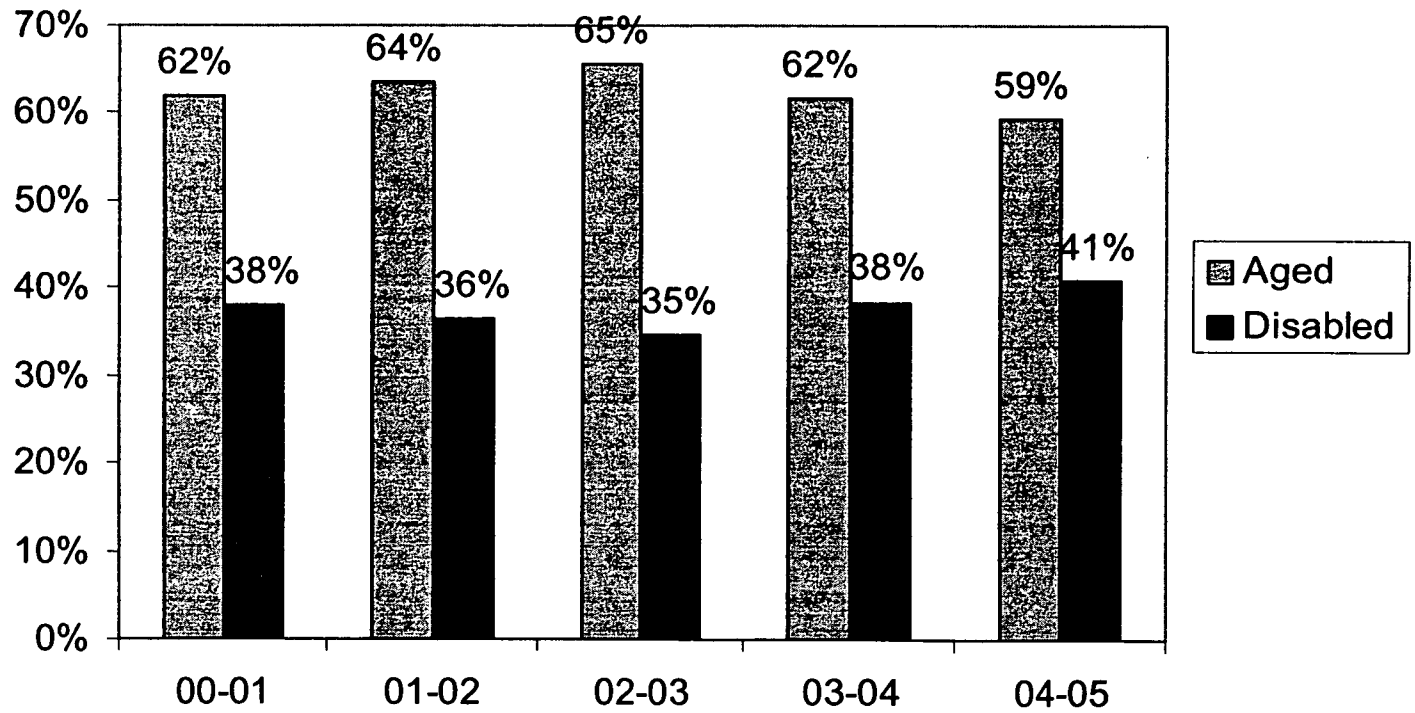
	Average Monthly Payment	Total Cost	Total Recipients
00-01	$182	$493,584	226
01-02	$188	$586,731	420
02-03	$227	$927,632	362
03-04	$238	$1,035,471	623

Note: As of February 2005, the average monthly payment for SFY04-05 was $234, the total cost to date was $1.24 million, and there were a total of 827 recipients.

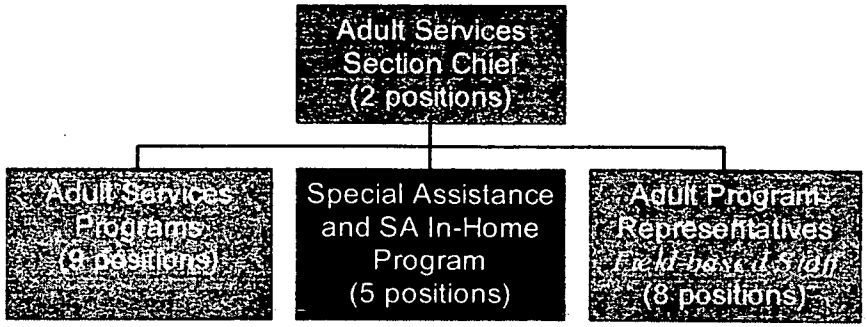
Adult Services Special Assistance



SA – In-Home – Percent Recipients Aged vs. Percent Disabled (SFY00-01 to SFY04-05)



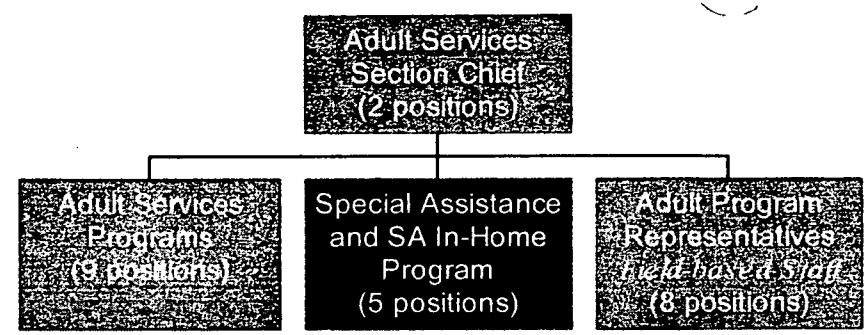
Adult Services Special Assistance



Special Assistance – Adult Care Home / In-Home Comparison

	Adult Care Home	In-Home
Income Limit	148% poverty	100% poverty
Avg. Monthly Income	$676.33	$551.34
% Aged	51%	59%
% Minority	37%	52%
% Female	59%	73%

Adult Services
Special Assistance

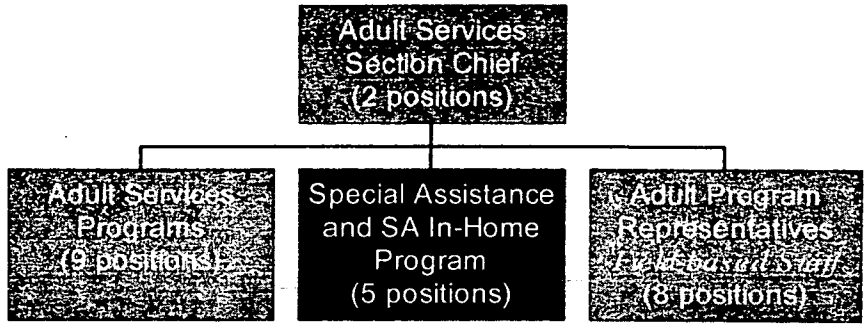


Special Assistance – Adult Care Home / In-Home Comparison

	SA - Adult Care Home Costs				SA - In-Home Care Costs			
	Total	Federal share	State share	County Share	Total	Federal share	State share	County Share
Medicaid	$ 538	$ 340	$ 157	$ 41	$ 284	$ 180	$ 83	$ 21
State/County Special Assistance	$ 431	$ -	$ 216	$ 216	$ 225	$ -	$ 113	$ 113
Food Stamps	$ -	$ -	$ -	$ -	$ 59	$ 59	$ -	$ -
Home and Community Care Block Grant	$ -	$ -	$ -	$ -	$ 86	$ 35	$ 42	$ 9
Social Services Block Grant	$ -	$ -	$ -	$ -	$ 7	$ 5	$ -	$ 2
Monthly Totals	$ 969	$ 340	$ 373	$ 257	$ 661	$ 279	$ 238	$ 145
Annualized Totals	$ 11,628	$ 4,080	$ 4,476	$ 3,084	$ 7,932	$ 3,348	$ 2,856	$ 1,740

Note: This table is adapted from the "Special Assistance In-Home Program: Final Report" from February 2005, Prepared by the Dept. of Health and Human Services, Division of Aging and Adult Services.

Adult Services
Special Assistance



Special Assistance – Adult Care Home / In-Home Comparison

- According to February 2005 report, costs per recipient of SA – In-Home are $3,696 less costs per recipient of SA – Adult Care Home ($1,620 less in state dollars)
- It is important to note that that the levels of care needed are not taken into account in this calculation – it may be that people that require less care are more likely to use the SA – In-Home program

Division of Aging and Adult Services

Considerations

Division of Aging and Adult Services

Considerations

Impact of Special Assistance Program

- To counties
  - SA payments make up from .12% to 2.57% of county budgets (Dare and Hertford Counties respectively)
  - Counties' share of SA ranged from $34,135 in Tyrrell County to $3.4 million in Wake County
  - SA is an entitlement and counties are required to participate in the SA for Adult Care Homes

Considerations

Impact of Special Assistance Program

- To the State
  - Achieved some cost-savings in SFY03-04 by paying more eligible costs from Medicaid personal care services for adult care homes
  - As population ages, demand for long-term care will increase
  - As those with disabilities are moved out of institutions, demand for long-term care will increase

Division of Aging and Adult Services

Considerations

Integration of Adult Services into Div. of Aging and Adult Services

- Budget is still located in Div. of Social Services
  - Kept Adult Services budget in DSS budget so that county departments of social services would only have to use one computer system
  - Because of this system, can only estimate the amount of the DSS budget that is the Div. of Aging and Adult Services' responsibility

Considerations

Adult Care Home Cost Modeling Report

- Developed by the Adult Care Home Cost Modeling Committee
  - Mission of the committee was to develop a consistent and defensible costing methodology that considers the full cost of operating Adult Care Home facilities to ensure that resident care needs are met

Division of Aging and Adult Services

Considerations

Adult Care Home Cost Modeling Report

- Model:
  - Selected 14 adult care homes and 9 adult care homes with Alzheimer's Special Care Units
  - Selected the homes based on:
    - Geographical and urban/rural representation
    - Mixture of private pay and public funding
    - Minimum of 80% occupancy rate
    - Representation of different size categories (31-60 beds, 61-90 beds, 91+ beds)
    - In business for at least one year
    - No disproportionately high indirect costs
    - No history of penalties and fines

Division of Aging and Adult Services

Considerations

Adult Care Home Cost Modeling Report

- Model (continued):
  - Received cost reports from the facilities chosen
  - Facilities identified additional funding needed to provide adequate services
  - Uses a "Fair Rental Value" for capital costs, rather than actual costs
- New proposed rates calculated from model:
  - $1,124/month for adult care homes
  - $1,515/month for adult care homes with Alzheimer's Special Care Units

Division of Aging and Adult Services

Considerations

Adult Care Home Cost Modeling Report

Recommendations of report:

1. Adopt the model as the methodology in setting rates
2. Reassess the model every three years
3. Study feasibility of differently allocating costs between SA and Personal Care Services
4. Improve screening and assessment processes to promote appropriate placement and care
5. Ensure that any Div. of Facility Services regulatory changes with potential to impact rates are reflected in the model

Division of Aging and Adult Services

Considerations

Adult Care Home Cost Modeling Report

Recommendations of report (continued):

6. Implement monitoring and performance expectations to ensure that increased funding is going to increased care
7. Reimbursement should reflect facility size and resident mix
8. Develop similar model for family care homes and mental health group homes
9. Implement an income disregard policy for SA to ensure that any shift in costs from SA to PCS does not result in a loss of SA for current recipients

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Alamance		
	Adult Day Care	29
	Care Management	51
	Congregate Nutrition	526
	Group Respite	2
	Home Delivered Meals	567
	In Home Aide Level 1	10
	In Home Aide Level 2	10
	In Home Aide Level 3	21
	Transportation, General	179
	Transportation, Medical	242
	Total	1,637
Alexander		
	Congregate Nutrition	144
	Home Delivered Meals	54
	Housing & Home Improvement	12
	In Home Aide Level 1	45
	In Home Aide Level 2	32
	Transportation, General	70
	Transportation, Medical	17
	Total	374
Alleghany		
	Congregate Nutrition	114
	Home Delivered Meals	56
	In Home Aide Level 1	73
	In Home Aide Level 2	16
	Transportation, General	19
	Total	278
Anson		
	Congregate Nutrition	112
	Home Delivered Meals	123
	In Home Aide Level 1	61
	Transportation, General	30
	Total	326

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Ashe		
	Adult Day Care	11
	Adult Day Health	5
	Congregate Nutrition	199
	Home Delivered Meals	75
	In Home Aide Level 2	49
	Transportation, General	59
	Total	398
Avery		
	Congregate Nutrition	351
	Home Delivered Meals	79
	In Home Aide Level 1	70
	In Home Aide Level 2	17
	Total	517
Beaufort		
	Congregate Nutrition	83
	Home Delivered Meals	106
	In Home Aide Level 2	55
	Transportation, General	47
	Total	291
Bertie		
	Congregate Nutrition	159
	Home Delivered Meals	92
	In Home Aide Level 2	27
	Transportation, General	58
	Transportation, Medical	13
	Total	349
Bladen		
	Adult Day Care	10
	Congregate Nutrition	237
	Home Delivered Meals	43
	Housing & Home Improvement	10
	In Home Aide Level 1	58
	Transportation, General	264
	Transportation, Medical	105
	Total	727

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Brunswick		
	Congregate Nutrition	399
	Home Delivered Meals	289
	Housing & Home Improvement	21
	In Home Aide Level 1	8
	In Home Aide Level 2	38
	In Home Aide Level 3	4
	Transportation, General	74
	Transportation, Medical	132
	Total	965
Buncombe		
	Adult Day Care	23
	Adult Day Health	53
	Congregate Nutrition	374
	Home Delivered Meals	70
	Housing & Home Improvement	43
	In Home Aide Level 1	106
	In Home Aide Level 2	34
	Senior Companion	6
	Transportation, General	356
	Transportation, Medical	443
	Total	1,508
Burke		
	Adult Day Care	22
	Congregate Nutrition	117
	Home Delivered Meals	182
	In Home Aide Level 1	40
	In Home Aide Level 2	23
	In Home Aide Level 3	17
	Transportation, General	83
	Transportation, Medical	150
	Total	634

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Cabarrus		
	Adult Day Care	40
	Adult Day Health	7
	Congregate Nutrition	629
	Housing & Home Improvement	66
	In Home Aide Level 2	66
	Transportation, General	264
	Total	1,072
Caldwell		
	Adult Day Care	5
	Congregate Nutrition	112
	Home Delivered Meals	71
	In Home Aide Level 1	23
	In Home Aide Level 2	20
	In Home Aide Level 3	26
	Transportation, General	39
	Transportation, Medical	18
	Total	314
Camden		
	Adult Day Health	2
	Congregate Nutrition	70
	Home Delivered Meals	26
	Housing & Home Improvement	2
	In Home Aide Level 1	3
	In Home Aide Level 2	3
	In Home Aide Level 3	4
	Transportation, General	20
	Total	130
Carteret		
	Congregate Nutrition	212
	Home Delivered Meals	44
	In Home Aide Level 1	14
	In Home Aide Level 2	23
	In Home Aide Level 4	13
	Senior Companion	10
	Transportation, General	120
	Total	436

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Caswell		
	Congregate Nutrition	180
	Home Delivered Meals	118
	In Home Aide Level 1	7
	In Home Aide Level 2	9
	In Home Aide Level 3	12
	Transportation, General	83
	Transportation, Medical	11
	Total	420
Catawba		
	Adult Day Care	20
	Adult Day Health	5
	Congregate Nutrition	664
	Home Delivered Meals	347
	In Home Aide Level 2	11
	In Home Aide Level 3	13
	Transportation, General	230
	Transportation, Medical	80
	Total	1,370
Chatham		
	Adult Day Care	3
	Congregate Nutrition	223
	Home Delivered Meals	72
	In Home Aide Level 1	13
	In Home Aide Level 2	60
	In Home Aide Level 3	12
	Transportation, General	98
	Total	481
Cherokee		
	Congregate Nutrition	185
	Home Delivered Meals	71
	Housing & Home Improvement	7
	In Home Aide Level 1	34
	Transportation, General	112
	Total	409

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Chowan		
	Adult Day Health	10
	Congregate Nutrition	82
	Home Delivered Meals	66
	Housing & Home Improvement	9
	In Home Aide Level 1	10
	In Home Aide Level 2	3
	In Home Aide Level 3	7
	Transportation, General	30
	Total	217
Clay		
	Congregate Nutrition	52
	Home Delivered Meals	91
	In Home Aide Level 1	39
	Transportation, General	42
	Transportation, Medical	28
	Total	252
Cleveland		
	Adult Day Health	42
	Congregate Nutrition	177
	Group Respite	12
	Home Delivered Meals	169
	Housing & Home Improvement	23
	In Home Aide Level 1	8
	In Home Aide Level 2	33
	Transportation, General	95
	Transportation, Medical	50
	Total	609
Columbus		
	Congregate Nutrition	611
	Home Delivered Meals	91
	Housing & Home Improvement	116
	In Home Aide Level 2	20
	In Home Aide Level 3	16
	Transportation, General	63
	Total	917

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Craven		
	Care Management	44
	Congregate Nutrition	190
	Home Delivered Meals	135
	In Home Aide Level 2	63
	In Home Aide Level 3	21
	Senior Companion	11
	Transportation, General	78
	Total	542
Cumberland		
	Adult Day Health	26
	Care Management	20
	Congregate Nutrition	233
	Home Delivered Meals	210
	Housing & Home Improvement	352
	In Home Aide Level 1	3
	In Home Aide Level 2	62
	In Home Aide Level 3	91
	Transportation, General	72
	Transportation, Medical	26
	Total	1,095
Currituck		
	Adult Day Health	1
	Congregate Nutrition	300
	Home Delivered Meals	73
	Housing & Home Improvement	2
	Housing & Home Improvement	5
	In Home Aide Level 1	27
	In Home Aide Level 2	7
	In Home Aide Level 3	6
	Transportation, General	28
	Total	449
Dare		
	Congregate Nutrition	41
	Home Delivered Meals	64
	In Home Aide Level 2	66
	In Home Aide Level 3	14
	Total	185

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Davidson		
	Adult Day Care	22
	Adult Day Health	30
	Care Management	73
	Congregate Nutrition	349
	Home Delivered Meals	284
	In Home Aide Level 1	8
	In Home Aide Level 2	30
	In Home Aide Level 3	20
	Transportation, General	198
	Transportation, Medical	107
	Total	1,121
Davie		
	Congregate Nutrition	79
	Home Delivered Meals	109
	In Home Aide Level 2	25
	In Home Aide Level 3	78
	Transportation, General	93
	Transportation, Medical	134
	Total	518
Duplin		
	Adult Day Care	5
	Congregate Nutrition	437
	Home Delivered Meals	131
	In Home Aide Level 1	169
	In Home Aide Level 2	12
	Transportation, General	63
	Transportation, Medical	21
	Total	838
Durham		
	Adult Day Care	3
	Congregate Nutrition	811
	Home Delivered Meals	272
	In Home Aide Level 2	182
	Transportation, General	157
	Total	1,425

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Edgecombe		
	Adult Day Care	16
	Adult Day Health	14
	Congregate Nutrition	209
	Home Delivered Meals	74
	Home Health	36
	In Home Aide Level 1	3
	In Home Aide Level 2	53
	In Home Aide Level 3	13
	Transportation, General	181
	Total	599
Forsyth		
	Adult Day Care	42
	Adult Day Health	33
	Congregate Nutrition	259
	Home Delivered Meals	422
	In Home Aide Level 1	127
	In Home Aide Level 2	80
	In Home Aide Level 3	168
	Transportation, General	90
	Transportation, Medical	43
	Total	1,264
Franklin		
	Congregate Nutrition	485
	Home Delivered Meals	149
	In Home Aide Level 1	22
	In Home Aide Level 2	11
	Transportation, General	180
	Transportation, Medical	46
	Total	893
Gaston		
	Congregate Nutrition	357
	Home Delivered Meals	290
	In Home Aide Level 1	109
	In Home Aide Level 2	161
	In Home Aide Level 3	44
	Transportation, General	57
	Total	1,018

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Gates		
	Congregate Nutrition	43
	Home Delivered Meals	53
	Housing & Home Improvement	3
	In Home Aide Level 1	27
	In Home Aide Level 2	20
	Transportation, General	13
	Transportation, Medical	39
	Total	198
Graham		
	Congregate Nutrition	57
	Home Delivered Meals	93
	In Home Aide Level 1	22
	In Home Aide Level 2	12
	Total	184
Granville		
	Congregate Nutrition	164
	Home Delivered Meals	208
	Housing & Home Improvement	2
	In Home Aide Level 1	66
	In Home Aide Level 2	74
	Transportation, General	69
	Transportation, Medical	17
	Total	600
Greene		
	Congregate Nutrition	112
	Home Delivered Meals	61
	In Home Aide Level 2	8
	In Home Aide Level 3	4
	Transportation, General	28
	Total	213

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Guilford		
	Adult Day Care	53
	Adult Day Health	60
	Care Management	44
	Congregate Nutrition	725
	Group Respite	10
	Home Delivered Meals	824
	In Home Aide Level 1	68
	In Home Aide Level 2	97
	In Home Aide Level 3	10
	Transportation, General	409
	Total	2,300
Halifax		
	Adult Day Care	18
	Congregate Nutrition	163
	Home Delivered Meals	158
	In Home Aide Level 1	29
	In Home Aide Level 2	66
	In Home Aide Level 3	3
	Transportation, General	84
	Total	521
Harnett		
	Congregate Nutrition	269
	Home Delivered Meals	336
	Housing & Home Improvement	22
	In Home Aide Level 1	79
	In Home Aide Level 2	13
	Transportation, General	19
	Transportation, Medical	65
	Total	803

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name		SFY 03-04 Clients
Haywood			
	Adult Day Care		10
	Adult Day Health		6
	Congregate Nutrition		242
	Home Delivered Meals		134
	Housing & Home Improvement		66
	In Home Aide Level 1		32
	In Home Aide Level 2		14
	Senior Companion		19
	Transportation, General		62
	Transportation, Medical		68
			653
Henderson			
	Adult Day Care		16
	Adult Day Health		6
	Congregate Nutrition		78
	Home Delivered Meals		440
	In Home Aide Level 2		64
	Senior Companion		3
	Transportation, General		143
	Transportation, Medical		86
		Total	836
Hertford			
	Congregate Nutrition		250
	Home Delivered Meals		71
	In Home Aide Level 2		23
	Transportation, General		79
	Transportation, Medical		13
		Total	436
Hoke			
	Congregate Nutrition		118
	Home Delivered Meals		109
	Housing & Home Improvement		10
	In Home Aide Level 1		24
	In Home Aide Level 2		31
	Transportation, General		59
	Transportation, Medical		58
		Total	409

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Hyde		
	Congregate Nutrition	72
	Home Delivered Meals	37
	Housing & Home Improvement	1
	In Home Aide Level 2	47
	Transportation, General	25
	Transportation, Medical	18
	Total	200
Iredell		
	Adult Day Care	11
	Congregate Nutrition	269
	Home Delivered Meals	244
	In Home Aide Level 1	113
	In Home Aide Level 2	40
	Transportation, General	294
	Total	971
Jackson		
	Adult Day Care	11
	Congregate Nutrition	110
	Group Respite	8
	Home Delivered Meals	159
	Housing & Home Improvement	22
	In Home Aide Level 1	67
	In Home Aide Level 2	73
	Transportation, General	98
	Transportation, Medical	30
	Total	578
Johnston		
	Congregate Nutrition	414
	Home Delivered Meals	393
	In Home Aide Level 1	125
	In Home Aide Level 2	65
	In Home Aide Level 3	18
	Transportation, General	71
	Transportation, Medical	12
	Total	1,098

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name		SFY 03-04 Clients
Jones			
	Congregate Nutrition		81
	Home Delivered Meals		44
	In Home Aide Level 1		17
		Total	142
Lee			
	Congregate Nutrition		246
	Home Delivered Meals		76
	Housing & Home Improvement		6
	Transportation, General		73
	Transportation, Medical		119
		Total	520
Lenoir			
	Congregate Nutrition		169
	Home Delivered Meals		61
	In Home Aide Level 1		125
	In Home Aide Level 2		29
	In Home Aide Level 3		14
	Transportation, General		46
		Total	444
Lincoln			
	In Home Aide Level 1		26
	In Home Aide Level 2		5
	Transportation, General		107
		Total	138
Macon			
	Adult Day Care		42
	Congregate Nutrition		128
	Home Delivered Meals		86
	In Home Aide Level 1		20
	In Home Aide Level 2		46
	Transportation, General		84
	Transportation, Medical		62
			468

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Madison		
	Congregate Nutrition	199
	Home Delivered Meals	67
	In Home Aide Level 1	15
	In Home Aide Level 2	6
	Senior Companion	3
	Transportation, General	90
	Transportation, Medical	30
	Total	410
Martin		
	Congregate Nutrition	263
	Home Delivered Meals	137
	In Home Aide Level 2	38
	Transportation, General	89
	Transportation, Medical	27
	Total	554
McDowell		
	Congregate Nutrition	384
	Home Delivered Meals	287
	In Home Aide Level 1	29
	In Home Aide Level 2	21
	Transportation, General	35
	Total	756
Mecklenburg		
	Adult Day Care	27
	Adult Day Health	117
	Congregate Nutrition	2,168
	Home Delivered Meals	909
	In Home Aide Level 1	361
	In Home Aide Level 2	316
	In Home Aide Level 3	17
	Transportation, General	457
	Total	4,372

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Mitchell		
	Congregate Nutrition	306
	Home Delivered Meals	130
	In Home Aide Level 1	46
	Transportation, General	49
	Total	531
Montgomery		
	Congregate Nutrition	42
	Home Delivered Meals	80
	In Home Aide Level 1	47
	Transportation, General	46
	Total	215
Moore		
	Congregate Nutrition	126
	Home Delivered Meals	177
	In Home Aide Level 1	72
	In Home Aide Level 2	79
	In Home Aide Level 3	11
	Transportation, General	126
	Transportation, Medical	138
	Total	729
Nash		
	Adult Day Health	23
	Congregate Nutrition	47
	Home Delivered Meals	239
	In Home Aide Level 1	8
	In Home Aide Level 2	39
	In Home Aide Level 3	4
	Transportation, General	38
	Transportation, Medical	35
	Total	433

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
New Hanover		
	Adult Day Care	33
	Adult Day Health	16
	Congregate Nutrition	623
	Group Respite	10
	Home Delivered Meals	471
	In Home Aide Level 1	23
	In Home Aide Level 2	35
	In Home Aide Level 3	10
	Transportation, General	169
	Transportation, Medical	208
	Total	1,598
Northampton		
	Adult Day Care	10
	Adult Day Health	1
	Congregate Nutrition	58
	Group Respite	6
	Home Delivered Meals	47
	In Home Aide Level 1	20
	In Home Aide Level 2	12
	Transportation, General	27
	Transportation, Medical	12
	Total	193
Onslow		
	Adult Day Care	9
	Congregate Nutrition	517
	Home Delivered Meals	104
	In Home Aide Level 2	92
	In Home Aide Level 3	45
	Transportation, General	81
	Transportation, Medical	47
	Total	895
Orange		
	Adult Day Health	14
	Congregate Nutrition	366
	In Home Aide Level 2	48
	In Home Aide Level 3	1
	Transportation, General	86
	Total	515

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Pamlico		
	Care Management	20
	Congregate Nutrition	87
	Home Delivered Meals	64
	Housing & Home Improvement	6
	In Home Aide Level 2	24
	In Home Aide Level 3	7
	Total	208
Pasquotank		
	Adult Day Health	12
	Congregate Nutrition	105
	Home Delivered Meals	71
	Housing & Home Improvement	5
	In Home Aide Level 2	5
	In Home Aide Level 3	3
	Transportation, General	140
	Total	341
Pender		
	Congregate Nutrition	502
	Home Delivered Meals	144
	In Home Aide Level 2	11
	In Home Aide Level 3	3
	Transportation, General	62
	Total	722
Perquimans		
	Adult Day Health	4
	Congregate Nutrition	134
	Home Delivered Meals	62
	Housing & Home Improvement	2
	In Home Aide Level 1	7
	In Home Aide Level 2	4
	In Home Aide Level 3	3
	Transportation, General	36
	Total	252

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Person		
	Adult Day Care	3
	Congregate Nutrition	181
	Home Delivered Meals	64
	In Home Aide Level 1	14
	In Home Aide Level 2	34
	Transportation, General	34
	Total	330
Pitt		
	Adult Day Care	14
	Congregate Nutrition	193
	Home Delivered Meals	313
	In Home Aide Level 2	54
	Transportation, General	56
	Transportation, Medical	33
	Total	663
Polk		
	Congregate Nutrition	102
	Home Delivered Meals	121
	In Home Aide Level 1	59
	Transportation, General	128
	Transportation, Medical	100
	Total	510
Randolph		
	Adult Day Care	8
	Congregate Nutrition	401
	Group Respite	11
	Home Delivered Meals	340
	Housing & Home Improvement	37
	In Home Aide Level 1	67
	In Home Aide Level 2	39
	In Home Aide Level 3	15
	Transportation, General	377
	Transportation, Medical	135
	Total	1,430

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Richmond		
	Congregate Nutrition	224
	Home Delivered Meals	123
	In Home Aide Level 1	99
	Transportation, General	62
	Total	508
Robeson		
	Congregate Nutrition	398
	Home Delivered Meals	175
	Housing & Home Improvement	75
	In Home Aide Level 1	10
	In Home Aide Level 2	89
	In Home Aide Level 3	36
	Transportation, General	263
	Transportation, Medical	9
	Total	1,055
Rockingham		
	Adult Day Care	7
	Congregate Nutrition	484
	Home Delivered Meals	164
	In Home Aide Level 1	12
	In Home Aide Level 2	59
	In Home Aide Level 3	7
	Transportation, General	120
	Total	853
Rowan		
	Adult Day Care	14
	Adult Day Health	5
	Congregate Nutrition	876
	In Home Aide Level 1	23
	In Home Aide Level 2	42
	In Home Aide Level 3	13
	Transportation, General	233
	Total	1,206

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Rutherford		
	Adult Day Health	18
	Congregate Nutrition	897
	Home Delivered Meals	173
	In Home Aide Level 1	5
	In Home Aide Level 2	16
	Transportation, General	24
	Total	1,133
Sampson		
	Adult Day Health	17
	Congregate Nutrition	323
	Home Delivered Meals	170
	Housing & Home Improvement	100
	In Home Aide Level 2	32
	Transportation, General	205
	Total	847
Scotland		
	Adult Day Care	9
	Adult Day Health	10
	Congregate Nutrition	106
	Home Delivered Meals	56
	In Home Aide Level 1	34
	In Home Aide Level 2	35
	In Home Aide Level 3	3
	Transportation, General	34
	Total	287
Stanly		
	Congregate Nutrition	298
	Home Delivered Meals	252
	In Home Aide Level 1	76
	In Home Aide Level 2	28
	Transportation, General	116
	Total	770

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Stokes		
	Adult Day Care	3
	Congregate Nutrition	209
	Home Delivered Meals	209
	In Home Aide Level 2	5
	In Home Aide Level 3	6
	Transportation, General	101
	Transportation, Medical	26
	Total	559
Surry		
	Congregate Nutrition	283
	Home Delivered Meals	196
	In Home Aide Level 1	38
	In Home Aide Level 2	83
	In Home Aide Level 3	3
	Transportation, General	144
	Transportation, Medical	159
	Total	906
Swain		
	Congregate Nutrition	100
	Home Delivered Meals	117
	Housing & Home Improvement	2
	In Home Aide Level 1	23
	In Home Aide Level 2	12
	Transportation, General	97
	Total	351
Transylvania		
	Adult Day Care	11
	Care Management	6
	Congregate Nutrition	93
	Home Delivered Meals	20
	In Home Aide Level 1	24
	In Home Aide Level 2	55
	Senior Companion	2
	Transportation, General	56
	Transportation, Medical	21
	Total	288

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Tyrrell		
	Congregate Nutrition	136
	Home Delivered Meals	26
	In Home Aide Level 1	15
	In Home Aide Level 2	10
	Transportation, General	23
	Total	210
Union		
	Adult Day Care	19
	Congregate Nutrition	177
	Home Delivered Meals	281
	In Home Aide Level 1	92
	In Home Aide Level 2	75
	In Home Aide Level 3	6
	Transportation, General	283
	Total	933
Vance		
	Adult Day Care	1
	Congregate Nutrition	133
	Home Delivered Meals	117
	In Home Aide Level 1	49
	In Home Aide Level 2	37
	Transportation, General	58
	Transportation, Medical	64
	Total	459
Wake		
	Adult Day Care	24
	Adult Day Health	16
	Congregate Nutrition	978
	Home Delivered Meals	1,085
	In Home Aide Level 2	60
	In Home Aide Level 3	38
	Institutional Respite	95
	Transportation, General	212
	Total	2,508

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Warren		
	Care Management	2
	Congregate Nutrition	97
	Home Delivered Meals	80
	In Home Aide Level 1	5
	In Home Aide Level 2	37
	Transportation, General	44
	Transportation, Medical	19
	Total	284
Washington		
	Congregate Nutrition	125
	Home Delivered Meals	57
	In Home Aide Level 2	36
	In Home Aide Level 3	1
	Transportation, General	30
	Transportation, Medical	8
	Total	257
Watauga		
	Congregate Nutrition	419
	Home Delivered Meals	180
	In Home Aide Level 1	126
	In Home Aide Level 2	47
	Transportation, General	51
	Total	823
Wayne		
	Congregate Nutrition	308
	Group Respite	16
	Home Delivered Meals	570
	In Home Aide Level 1	240
	In Home Aide Level 2	106
	In Home Aide Level 3	24
	Transportation, General	119
	Transportation, Medical	82
	Total	1,465

Division of Aging and Adult Services
Duplicated Home and Community Care Block Grant Clients Served by County
SFY 03-04

County	Service Name	SFY 03-04 Clients
Wilkes		
	Congregate Nutrition	410
	Home Delivered Meals	283
	Housing & Home Improvement	14
	In Home Aide Level 1	30
	In Home Aide Level 3	68
	Transportation, General	331
	Total	1,136
Wilson		
	Adult Day Care	5
	Adult Day Health	1
	Congregate Nutrition	203
	Home Delivered Meals	330
	In Home Aide Level 1	8
	In Home Aide Level 2	47
	In Home Aide Level 3	6
	Transportation, General	491
	Total	1,091
Yadkin		
	Adult Day Care	4
	Congregate Nutrition	148
	Home Delivered Meals	123
	In Home Aide Level 1	66
	In Home Aide Level 2	15
	In Home Aide Level 3	49
	Transportation, General	95
	Transportation, Medical	87
	Total	587
Yancey		
	Congregate Nutrition	182
	Home Delivered Meals	255
	In Home Aide Level 1	46
	Transportation, General	38
	Total	521
	State Total Dupilcated HCCBG Clients Served	71,293

North Carolina Division of [redacted]
Home and Community Care Block Grant [redacted]ices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
ALAMANCE COUNTY				
Adult Day Care	FRIENDSHIP CENTER OF ALAMANCE	74,490	8,276	82,767
Care Management	ALAMANCE ELDERCARE, INC	116,489	12,943	129,433
Congregate Nutrition	ALAMANCE CO COMMUNITY SERVICES	142,524	15,836	158,361
Home Delivered Meals	ALAMANCE CO MEALS ON WHEELS	121,112	13,456	134,569
In-Home Aide Services LV1	HOMECARE PROVIDERS	16,523	1,835	18,359
In-Home Aide Services LV2	HOMECARE PROVIDERS	18,129	2,014	20,144
In-Home Aide Services LV3	HOMECARE PROVIDERS	90,990	10,110	101,100
Respite, Group	FRIENDSHIP CENTER OF ALAMANCE	3,831	425	4,257
Transportation, General	ALAMANCE CO COMMUNITY SERVICES	55,738	6,193	61,932
Transportation, General	ALAMANCE CO TRANSP AUTHORITY	13,800	1,533	15,334
Transportation, Medical	ALAMANCE CO TRANSP AUTHORITY	62,764	6,973	69,738
	Service Total	**716,394**	**79,599**	**795,994**
ALEXANDER COUNTY				
Congregate Nutrition	ALEXANDER COUNTY DSS	45,327	5,036	50,364
Home Delivered Meals	ALEXANDER COUNTY DSS	32,366	3,596	35,963
Housing and Home Improvement	ALEXANDER COUNTY DSS	5,649	627	6,277
In-Home Aide Services LV1	ALEXANDER COUNTY DSS	38,719	4,302	43,022
In-Home Aide Services LV2	ALEXANDER CO HEALTH DEPT	21,276	2,364	23,641
Senior Center Operation	ALEXANDER COUNTY SENIOR CENTER	49,191	5,465	54,657
Transportation, General	ALEXANDER COUNTY DSS	26,532	2,948	29,481
Transportation, Medical	ALEXANDER COUNTY DSS	10,317	1,146	11,464
	Service Total	**229,382**	**25,486**	**254,869**
ALLEGHANY COUNTY				
Congregate Nutrition	ALLEGHANY CO COUNCIL ON AGING	23,057	2,561	25,619
Home Delivered Meals	ALLEGHANY CO COUNCIL ON AGING	23,657	2,628	26,286
Home Delivered Meals NSIP	ALLEGHANY CO COUNCIL ON AGING			
In-Home Aide Services LV1	ALLEGHANY CO COUNCIL ON AGING	67,394	7,488	74,883
In-Home Aide Services LV2	ALLEGHANY CO COUNCIL ON AGING	10,770	1,196	11,967
Transportation, General	ALLEGHANY CO COUNCIL ON AGING	7,277	808	8,086
	Service Total	**132,156**	**14,684**	**146,841**
ANSON COUNTY				
Congregate Nutrition	ANSON COUNTY COUNCIL ON AGING	62,303	6,922	69,226
Home Delivered Meals	ANSON COUNTY COUNCIL ON AGING	52,335	5,815	58,150
In-Home Aide Services LV1	ANSON COUNTY COUNCIL ON AGING	89,406	9,934	99,341
Transportation, General	ANSON COUNTY COUNCIL ON AGING	39,134	4,348	43,483

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**243,180**	**27,020**	**270,200**
ASHE COUNTY				
Adult Day Care	ASHE SERVICES FOR AGING INC	25,980	2,886	28,867
Adult Day Health	ASHE SERVICES FOR AGING INC	23,482	2,609	26,092
Congregate Nutrition	ASHE SERVICES FOR AGING INC	27,658	3,073	30,732
Home Delivered Meals	ASHE SERVICES FOR AGING INC	69,156	7,684	76,841
In-Home Aide Services LV2	ASHE SERVICES FOR AGING INC	81,809	9,089	90,899
Transportation, General	ASHE SERVICES FOR AGING	6,931	770	7,702
Transportation, General	ASHE SERVICES FOR AGING INC	4,620	513	5,134
	Service Total	**239,640**	**26,626**	**266,267**
AVERY COUNTY				
Congregate Nutrition	AVERY SENIOR SERVICES	25,076	2,786	27,863
Home Delivered Meals	AVERY SENIOR SERVICES	27,333	3,037	30,371
Home Delivered Meals NSIP	AVERY SENIOR SERVICES			
In-Home Aide Services LV1	AVERY SENIOR SERVICES	77,438	8,604	86,043
In-Home Aide Services LV2	AVERY SENIOR SERVICES	19,371	2,152	21,524
Senior Center Operation	AVERY SENIOR SERVICES	9,146	1,016	10,163
	Service Total	**158,367**	**17,596**	**175,964**
BEAUFORT COUNTY				
Congregate Nutrition	BEAUFORT COUNTY DSS	33,372	3,708	37,081
Home Delivered Meals	BEAUFORT COUNTY DSS	94,321	10,480	104,802
In-Home Aide Services LV2	BEAUFORT COUNTY DSS	239,538	26,615	266,154
Transportation, General	BEAUFORT COUNTY DSS	21,186	2,354	23,541
	Service Total	**388,420**	**43,157**	**431,578**
BERTIE COUNTY				
Congregate Nutrition	BERTIE CO COUNCIL ON AGING	63,081	7,009	70,091
Home Delivered Meals	BERTIE CO COUNCIL ON AGING	31,965	3,551	35,517
In-Home Aide Services LV2	BERTIE CO COUNCIL ON AGING	29,601	3,289	32,891
In-Home Aide Services LV2	BERTIE COUNTY DSS	34,193	3,799	37,993
Senior Center Operation	BERTIE CO COUNCIL ON AGING	18,522	2,058	20,580
Transportation, General	BERTIE CO COUNCIL ON AGING	36,672	4,074	40,747
Transportation, Medical	BERTIE CO COUNCIL ON AGING	1,113	123	1,237
	Service Total	**215,150**	**23,905**	**239,056**

North Carolina Division of [redacted]
Home and Community Care Block Grant [redacted]ices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
BLADEN COUNTY				
Adult Day Care	BLADEN CO DIVISION ON AGING	24,947	2,771	27,719
Congregate Nutrition	BLADEN CO DIVISION ON AGING	68,925	7,658	76,584
Home Delivered Meals	BLADEN CO DIVISION ON AGING	36,193	4,021	40,215
Housing and Home Improvement	BLADEN CO DIVISION ON AGING	22,239	2,471	24,710
In-Home Aide Services LV1	BLADEN CO DIVISION ON AGING	79,161	8,795	87,957
Information and Assistance	BLADEN CO DIVISION ON AGING	18,464	2,051	20,516
Senior Center Operation	BLADEN CO DIVISION ON AGING	18,464	2,051	20,516
Transportation, General	BLADEN CO DIVISION ON AGING	45,000	5,000	50,000
Transportation, Medical	BLADEN CO DIVISION ON AGING	9,716	1,079	10,796
	Service Total	**323,111**	**35,901**	**359,013**
BRUNSWICK COUNTY				
Congregate Nutrition	BRUNSWICK SENIOR RESOURCES	93,057	10,339	103,397
Home Delivered Meals	BRUNSWICK SENIOR RESOURCES	97,074	10,786	107,861
Housing and Home Improvement	BRUNSWICK SENIOR RESOURCES	17,258	1,917	19,176
In-Home Aide Services LV1	BRUNSWICK COUNTY DSS	15,432	1,714	17,147
In-Home Aide Services LV2	BRUNSWICK COUNTY DSS	198,925	22,102	221,028
In-Home Aide Services LV3	BRUNSWICK COUNTY DSS	37,326	4,147	41,474
Senior Center Operation	BRUNSWICK SENIOR RESOURCES	56,777	6,308	63,086
Transportation, General	BRUNSWICK SENIOR RESOURCES	62,309	6,923	69,233
Transportation, Medical	BRUNSWICK SENIOR RESOURCES	12,229	1,358	13,588
	Service Total	**590,391**	**65,599**	**655,990**
BUNCOMBE COUNTY				
Adult Day Care	MOUNTAIN CARE	22,470	2,496	24,967
Adult Day Health	MOUNTAIN CARE	77,454	8,606	86,061
Congregate Nutrition	BUNCOMBE CO COUNCIL AGING	104,652	11,628	116,280
Home Delivered Meals	BUNCOMBE CO MEALS ON WHEELS	50,000	5,555	55,556
Housing and Home Improvement	MOUNTAIN HOUSING OPPORTUNITY	29,999	3,333	33,333
In-Home Aide Services LV1	BUNCOMBE COUNTY DSS	380,559	42,284	422,844
In-Home Aide Services LV2	VISITING HEALTH PROFESSIONALS	234,999	26,111	261,111
Information and Assistance	BUNCOMBE CO COUNCIL AGING	67,700	7,522	75,223
Senior Companion	LAND OF SKY REGIONAL COUNCIL	20,999	2,333	23,333
Transportation, General	BUNCOMBE CO PLANNING DEPT	84,999	9,444	94,444
Transportation, General	MOUNTAIN CARE	44,058	4,895	48,954
Transportation, Medical	BUNCOMBE CO PLANNING DEPT	88,012	9,779	97,792
Volunteer Prog Development	VOLUNTEER CENTER (UNITED WAY)	9,000	1,000	10,000
	Service Total	**1,214,908**	**134,989**	**1,349,898**

North Carolina Division [redacted]ng
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
BURKE COUNTY				
Adult Day Care	BLUE RIDGE COMMUNITY ACTION	72,582	8,064	80,647
Congregate Nutrition	BURKE COUNTY DSS	43,964	4,884	48,849
Home Delivered Meals	BURKE COUNTY DSS	104,319	11,591	115,911
Housing and Home Improvement	FOOTHILLS SERVICE PROJECT	70,880	7,875	78,756
In-Home Aide Services LV1	BURKE COUNTY DSS	14,250	1,583	15,834
In-Home Aide Services LV2	CATAWBA VALLEY MEDICAL SERVS	54,000	6,000	60,000
In-Home Aide Services LV3	CATAWBA VALLEY MEDICAL SERVS	62,544	6,949	69,494
Information and Assistance	BURKE COUNTY DSS	37,251	4,139	41,391
Senior Center Operation	MORGANTON BURKE SENIOR CENTER	45,250	5,027	50,278
Transportation, General	BURKE COUNTY DSS	18,726	2,080	20,807
Transportation, Medical	HANDI-CARE, INC	30,250	3,361	33,612
	Service Total	**554,021**	**61,557**	**615,579**
CABARRUS COUNTY				
Adult Day Care	CABARRUS CO DEPT OF AGING	82,125	9,125	91,250
Adult Day Health	CABARRUS CO DEPT OF AGING	14,307	1,589	15,897
Congregate Nutrition	CABARRUS CO DEPT OF AGING	103,922	11,546	115,469
Congregate Nutrition NSIP	CABARRUS CO DEPT OF AGING	10,626	1,180	11,807
Housing and Home Improvement	CABARRUS CO DEPT OF COMMERCE	34,181	3,797	37,979
In-Home Aide Services LV2	CABARRUS CO DEPT OF AGING	25,134	2,792	27,927
In-Home Aide Services LV2	CABARRUS COUNTY DSS	113,729	12,636	126,366
Information and Assistance	CABARRUS CO DEPT OF AGING	55,540	6,171	61,712
Senior Center Operation	CABARRUS CO DEPT OF AGING	9,500	1,055	10,556
Transportation, General	CABARRUS PUBLIC TRANSPORTATION	91,284	10,142	101,427
	Service Total	**540,351**	**60,039**	**600,390**
CALDWELL COUNTY				
Adult Day Care	CALDWELL COUNTY DSS	19,249	2,138	21,388
Congregate Nutrition	BLUE RIDGE COMMUNITY ACTION	70,682	7,853	78,536
Home Delivered Meals	BLUE RIDGE COMMUNITY ACTION	52,761	5,862	58,624
Housing and Home Improvement	FOOTHILLS SERVICE PROJECT	22,059	2,451	24,511
In-Home Aide Services LV1	CALDWELL COUNTY DSS	66,708	7,412	74,120
In-Home Aide Services LV2	GUARDIAN HEALTH SERVICES	65,436	7,270	72,707
In-Home Aide Services LV3	CALDWELL COUNTY HEALTH DEPT	34,308	3,812	38,120
Information and Assistance	CALDWELL SENIOR CENTER	18,489	2,054	20,544
Senior Center Operation	CALDWELL SENIOR CENTER	41,561	4,617	46,179
Transportation, General	CALDWELL CO AREA TRANSIT SYS	21,749	2,416	24,166
Transportation, Medical	CALDWELL CO AREA TRANSIT SYS	24,918	2,768	27,687

North Carolina Division of
Home and Community Care Block Grant [redacted]ices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**437,923**	**48,658**	**486,582**
CAMDEN COUNTY				
Adult Day Health	DAY BREAK	12,221	1,357	13,579
Congregate Nutrition	ALBEMARLE COMMISSION	14,883	1,653	16,537
Home Delivered Meals	ALBEMARLE COMMISSION	14,252	1,583	15,836
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV1	HEALTHCARE OPTIONS	4,302	478	4,780
In-Home Aide Services LV2	HEALTHCARE OPTIONS	9,063	1,007	10,071
In-Home Aide Services LV3	HEALTHCARE OPTIONS	10,999	1,222	12,222
Transportation, General	INTER-COUNTY TRANSIT	13,507	1,500	15,008
	Service Total	**79,229**	**8,803**	**88,033**
CARTERET COUNTY				
Congregate Nutrition	LEON MANN JR ENRICHMENT CENTER	46,431	5,159	51,591
Home Delivered Meals	LEON MANN JR ENRICHMENT CENTER	38,634	4,292	42,927
In-Home Aide Services LV1	LEON MANN JR ENRICHMENT CENTER	43,887	4,876	48,764
In-Home Aide Services LV2	CARTERET COUNTY DSS	75,020	8,335	83,356
In-Home Aide Services LV3	CARTERET COUNTY DSS			
In-Home Aide Services LV4	CARTERET COUNTY DSS	13,319	1,479	14,799
Senior Center Operation	LEON MANN JR ENRICHMENT CENTER	38,530	4,281	42,812
Senior Companion	COASTAL COMMUNITY ACTION, INC.	16,988	1,887	18,876
Transportation, General	LEON MANN JR ENRICHMENT CENTER	66,953	7,439	74,393
	Service Total	**339,766**	**37,751**	**377,518**
CASWELL COUNTY				
Congregate Nutrition	CASWELL CO GOLDEN FRIENDS	42,890	4,765	47,656
Home Delivered Meals	CASWELL PARISH, INC.	83,315	9,257	92,573
In-Home Aide Services LV1	MAXIM HEALTHCARE SERVICES	9,348	1,038	10,387
In-Home Aide Services LV2	MAXIM HEALTHCARE SERVICES	19,919	2,213	22,133
In-Home Aide Services LV3	MAXIM HEALTHCARE SERVICES	45,788	5,087	50,876
Senior Center Operation	CASWELL COUNTY	24,413	2,712	27,126
Transportation, General	CASWELL CO GOLDEN FRIENDS	10,999	1,222	12,222
Transportation, Medical	CASWELL COUNTY DSS	10,401	1,155	11,557
	Service Total	**247,077**	**27,453**	**274,530**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
CATAWBA COUNTY				
Adult Day Care	CATAWBA COUNTY DSS	72,095	8,010	80,106
Adult Day Health	CATAWBA COUNTY DSS	14,310	1,590	15,901
Congregate Nutrition	CATAWBA COUNTY DSS	121,400	13,488	134,889
Home Delivered Meals	CATAWBA COUNTY DSS	133,579	14,842	148,422
Home Delivered Meals NSIP	CATAWBA COUNTY DSS	1,929	214	2,144
In-Home Aide Services LV2	CATAWBA COUNTY DSS	103,000	11,444	114,445
In-Home Aide Services LV3	CATAWBA COUNTY DSS	141,167	15,685	156,853
Senior Center Operation	CATAWBA CO COUNCIL ON AGING	35,410	3,934	39,345
Transportation, General	CATAWBA COUNTY DSS	57,860	6,428	64,289
Transportation, Medical	CATAWBA COUNTY DSS	6,686	742	7,429
	Service Total	**687,440**	**76,382**	**763,823**
CHATHAM COUNTY				
Congregate Nutrition	CHATHAM CO COUNCIL ON AGING	51,000	5,666	56,667
Home Delivered Meals	CHATHAM CO COUNCIL ON AGING	45,999	5,111	51,111
In-Home Aide Services LV1	CHATHAM CO COUNCIL ON AGING	23,973	2,663	26,637
In-Home Aide Services LV2	CHATHAM CO COUNCIL ON AGING	144,906	16,100	161,007
In-Home Aide Services LV3	CHATHAM CO COUNCIL ON AGING	18,441	2,049	20,490
Information and Assistance	CHATHAM CO COUNCIL ON AGING	28,654	3,183	31,838
Senior Center Operation	CHATHAM CO COUNCIL ON AGING	16,360	1,817	18,178
Transportation, General	CHATHAM CO COUNCIL ON AGING	32,875	3,652	36,528
	Service Total	**362,210**	**40,245**	**402,456**
CHEROKEE COUNTY				
Congregate Nutrition	J ROBERT PENLAND SENIOR CENTER	60,000	6,666	66,667
Home Delivered Meals	J ROBERT PENLAND SENIOR CENTER	61,959	6,884	68,844
Home Delivered Meals NSIP	J ROBERT PENLAND SENIOR CENTER	999	111	1,111
Housing and Home Improvement	J ROBERT PENLAND SENIOR CENTER	2,999	333	3,333
In-Home Aide Services LV1	CHEROKEE COUNTY DSS	50,292	5,588	55,880
Transportation, General	J ROBERT PENLAND SENIOR CENTER	48,510	5,390	53,900
	Service Total	**224,761**	**24,973**	**249,735**
CHOWAN COUNTY				
Adult Day Health	CHOWAN LIFE CENTER	12,788	1,420	14,209
Adult Day Health	DAY BREAK			
Congregate Nutrition	ALBEMARLE COMMISSION	26,155	2,906	29,062
Home Delivered Meals	ALBEMARLE COMMISSION	20,189	2,243	22,433
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	CHOWAN COUNTY DSS	5,459	606	6,066

North Carolina Division of [redacted]
Home and Community Care Block Grant [redacted]ices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
CHOWAN COUNTY				
In-Home Aide Services LV1	CHOWAN CO HOSPITAL HOME CARE	5,670	630	6,300
In-Home Aide Services LV2	CHOWAN CO HOSPITAL HOME CARE	18,666	2,074	20,741
In-Home Aide Services LV3	CHOWAN CO HOSPITAL HOME CARE	22,033	2,448	24,482
Transportation, General	INTER-COUNTY TRANSIT	21,155	2,350	23,506
	Service Total	**132,119**	**14,679**	**146,799**
CLAY COUNTY				
Congregate Nutrition	CLAY CO SENIOR CENTER	14,923	1,658	16,582
Home Delivered Meals	CLAY CO SENIOR CENTER	38,193	4,243	42,437
Home Delivered Meals NSIP	CLAY CO SENIOR CENTER	500	55	556
In-Home Aide Services LV1	CLAY COUNTY DSS	45,140	5,015	50,156
Transportation, General	CLAY COUNTY TRANSPORATION	6,300	700	7,000
Transportation, Medical	CLAY COUNTY TRANSPORATION	3,600	400	4,000
	Service Total	**108,657**	**12,073**	**120,731**
CLEVELAND COUNTY				
Adult Day Health	LIFE ENRICHMENT CENTER	128,648	14,294	142,943
Care Management	CLEVELAND REGIONAL MEDICAL CTR	71,187	7,909	79,097
Congregate Nutrition	CLEVELAND CO COUNCIL ON AGING	83,193	9,243	92,437
Health Screening	CLEVELAND CO COUNCIL ON AGING	18,614	2,068	20,683
Home Delivered Meals	CLEVELAND CO COUNCIL ON AGING	105,880	11,764	117,645
Housing and Home Improvement	CLEVELAND CO COUNCIL ON AGING	28,120	3,124	31,245
In-Home Aide Services LV1	CLEVELAND COUNTY DSS	28,551	3,172	31,724
In-Home Aide Services LV2	CLEVELAND COUNTY DSS	102,812	11,423	114,236
In-Home Aide Services LV3	CLEVELAND COUNTY DSS	433	48	482
Respite, Group	CLEVELAND CO COUNCIL ON AGING	8,033	892	8,926
Senior Center Operation	CLEVELAND CO COUNCIL ON AGING	54,608	6,067	60,676
Senior Center Operation	KINGS MOUNTAIN AGING	24,681	2,742	27,424
Transportation, General	CLEVELAND CO COUNCIL ON AGING	6,297	699	6,997
Transportation, General	KINGS MOUNTAIN AGING	13,907	1,545	15,453
Transportation, Medical	KINGS MOUNTAIN AGING	6,336	704	7,040
	Service Total	**681,307**	**75,700**	**757,008**
COLUMBUS COUNTY				
Congregate Nutrition	COLUMBUS CO DEPT OF AGING	94,509	10,501	105,010
Home Delivered Meals	COLUMBUS CO DEPT OF AGING	58,905	6,545	65,450
Housing and Home Improvement	COLUMBUS CO DEPT OF AGING	20,322	2,258	22,580
In-Home Aide Services LV2	COLUMBUS CO DEPT OF AGING	135,936	15,104	151,040
In-Home Aide Services LV3	COLUMBUS CO DEPT OF AGING	94,716	10,524	105,240

North Carolina Division of Aging
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
COLUMBUS COUNTY				
Information and Assistance	COLUMBUS CO DEPT OF AGING	31,914	3,546	35,460
Senior Center Operation	COLUMBUS CO DEPT OF AGING	50,864	5,651	56,516
Transportation, General	COLUMBUS CO DEPT OF AGING	32,040	3,560	35,600
	Service Total	**519,206**	**57,689**	**576,896**
CRAVEN COUNTY				
Care Management	CRAVEN COUNTY DSS	72,191	8,021	80,213
Congregate Nutrition	CRAVEN COUNTY DSS	96,375	10,708	107,084
Home Delivered Meals	CRAVEN COUNTY DSS	85,499	9,499	94,999
In-Home Aide Services LV2	CRAVEN COUNTY DSS	92,958	10,328	103,287
In-Home Aide Services LV3	CRAVEN COUNTY HOME HEALTH	24,000	2,666	26,667
Senior Companion	COASTAL COMMUNITY ACTION, INC.	12,999	1,444	14,444
Transportation, General	CRAVEN CO DEPT OF TRANSPORT	61,117	6,790	67,908
	Service Total	**445,141**	**49,460**	**494,602**
CUMBERLAND COUNTY				
Adult Day Health	BETHEL ADULT DAY HEALTH CARE	77,370	8,596	85,967
Care Management	MID CAROLINA COG	224,714	24,968	249,683
Congregate Nutrition	CCCCOA INC	68,634	7,626	76,260
Home Delivered Meals	CCCCOA INC	143,479	15,942	159,422
Home Delivered Meals NSIP	CCCCOA INC	21,615	2,401	24,017
Housing and Home Improvement	CCCCOA INC	117,315	13,035	130,351
In-Home Aide Services LV1	CUMBERLAND CO DSS	417	46	464
In-Home Aide Services LV2	CCCCOA INC	14,000	1,555	15,556
In-Home Aide Services LV2	CUMBERLAND CO DSS	155,913	17,323	173,237
In-Home Aide Services LV3	CCCCOA INC	245,869	27,318	273,188
In-Home Aide Services LV3	CUMBERLAND CO DSS	46,284	5,142	51,427
Senior Center Operation	CITY OF FAYETTEVILLE	7,000	777	7,778
Senior Center Operation	HOPE MILLS SENIOR CENTER	7,000	777	7,778
Senior Center Operation	TOWN OF SPRING LAKE	7,000	777	7,778
Transportation, General	CUMBERLAND COMMUNITY TRANSP	41,256	4,584	45,841
Transportation, General	HOPE MILLS SENIOR CENTER	15,954	1,772	17,727
Transportation, Medical	CUMBERLAND COMMUNITY TRANSP	17,263	1,918	19,182
	Service Total	**1,211,090**	**134,565**	**1,345,656**

North Carolina Division of [redacted]
Home and Community Care Block Grant [redacted]ices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
CURRITUCK COUNTY				
Adult Day Health	DAY BREAK	4,940	548	5,489
Congregate Nutrition	ALBEMARLE COMMISSION	20,737	2,304	23,042
Home Delivered Meals	ALBEMARLE COMMISSION	26,624	2,958	29,583
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	CURRITUCK COUNTY DSS	1,415	157	1,573
In-Home Aide Services LV1	CURRITUCK COUNTY DSS	19,775	2,197	21,973
In-Home Aide Services LV2	CURRITUCK COUNTY DSS	15,775	1,752	17,528
In-Home Aide Services LV3	CURRITUCK COUNTY DSS	9,957	1,106	11,064
Transportation, General	CURRITUCK CO SENIOR CENTER	12,930	1,436	14,367
	Service Total	**112,157**	**12,461**	**124,619**
DARE COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	14,745	1,638	16,384
Home Delivered Meals	ALBEMARLE COMMISSION	28,131	3,125	31,257
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV2	DARE COUNTY DSS	65,078	7,230	72,309
In-Home Aide Services LV3	DARE COUNTY DSS	27,312	3,034	30,347
	Service Total	**135,267**	**15,029**	**150,297**
DAVIDSON COUNTY				
Adult Day Care	LIFE CENTER OF DAVIDSON	69,050	7,672	76,723
Adult Day Health	LIFE CENTER OF DAVIDSON	25,962	2,884	28,847
Care Management	DAVIDSON CO SENIOR SERVICES	48,852	5,428	54,281
Congregate Nutrition	DAVIDSON CO SENIOR SERVICES	124,875	13,875	138,751
Home Delivered Meals	DAVIDSON CO SENIOR SERVICES	80,310	8,923	89,234
In-Home Aide Services LV1	DAVIDSON CO SENIOR SERVICES	31,999	3,555	35,555
In-Home Aide Services LV2	DAVIDSON CO SENIOR SERVICES	117,437	13,048	130,486
In-Home Aide Services LV3	DAVIDSON CO SENIOR SERVICES	82,867	9,207	92,075
Information and Assistance	DAVIDSON CO SENIOR SERVICES	50,497	5,610	56,108
Senior Center Operation	DAVIDSON CO SENIOR SERVICES	24,111	2,679	26,791
Transportation, General	DAVIDSON CO SENIOR SERVICES	72,950	8,105	81,056
Transportation, Medical	DAVIDSON CO SENIOR SERVICES	8,018	890	8,909
Volunteer Prog Development	DAVIDSON CO SENIOR SERVICES	39,391	4,376	43,768
	Service Total	**776,325**	**86,258**	**862,584**

North Carolina Division [redacted]ing
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
DAVIE COUNTY				
Congregate Nutrition	DAVIE COUNTY SENIOR CENTER	20,895	2,321	23,217
Home Delivered Meals	DAVIE COUNTY SENIOR CENTER	60,346	6,705	67,052
Home Delivered Meals NSIP	DAVIE COUNTY SENIOR CENTER	810	90	900
In-Home Aide Services LV1	DAVIE CO HOME HEALTH AGENCY	559	62	622
In-Home Aide Services LV2	DAVIE CO HOME HEALTH AGENCY	11,432	1,270	12,703
In-Home Aide Services LV3	DAVIE CO HOME HEALTH AGENCY	78,343	8,704	87,048
Information and Assistance	DAVIE COUNTY SENIOR CENTER	9,386	1,042	10,429
Senior Center Operation	DAVIE COUNTY SENIOR CENTER	6,000	666	6,667
Transportation, General	YVEDDI	41,807	4,645	46,453
Transportation, Medical	YVEDDI	25,011	2,779	27,790
	Service Total	**254,592**	**28,288**	**282,881**
DUPLIN COUNTY				
Adult Day Care	DUPLIN CO SERVICES FOR AGED	9,637	1,070	10,708
Adult Day Health	DUPLIN CO SERVICES FOR AGED	4,001	444	4,446
Congregate Nutrition	DUPLIN CO SERVICES FOR AGED	148,017	16,446	164,464
Home Delivered Meals	DUPLIN CO SERVICES FOR AGED	56,030	6,225	62,256
Housing and Home Improvement	DUPLIN CO SERVICES FOR AGED	4,959	551	5,511
In-Home Aide Services LV1	DUPLIN CO SERVICES FOR AGED	83,562	9,284	92,847
In-Home Aide Services LV2	DUPLIN CO SERVICES FOR AGED	8,623	958	9,582
In-Home Aide Services LV2	DUPLIN COUNTY DSS	10,559	1,173	11,733
Transportation, General	DUPLIN CO SERVICES FOR AGED	51,192	5,688	56,880
Transportation, Medical	DUPLIN CO SERVICES FOR AGED	2,032	225	2,258
	Service Total	**378,616**	**42,068**	**420,685**
DURHAM COUNTY				
Adult Day Care	COUNCIL FOR SENIOR CITIZENS	7,587	843	8,431
Congregate Nutrition	COUNCIL FOR SENIOR CITIZENS	146,888	16,320	163,209
Home Delivered Meals	DURHAM COUNTY DSS	120,532	13,392	133,925
In-Home Aide Services LV2	DURHAM COUNTY DSS	241,653	26,850	268,504
Information and Assistance	COUNCIL FOR SENIOR CITIZENS	155,916	17,324	173,240
Senior Center Operation	COUNCIL FOR SENIOR CITIZENS	132,063	14,673	146,737
Transportation, General	COUNCIL FOR SENIOR CITIZENS	105,659	11,739	117,399
	Service Total	**910,300**	**101,144**	**1,011,445**

North Carolina Division of
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Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
EDGECOMBE COUNTY				
Adult Day Care	EDGECOMBE CO DSS	55,946	6,216	62,163
Adult Day Care	WALSTON'S ADULT NUTRING CENTER	15,948	1,772	17,720
Adult Day Health	THE WRIGHT'S CENTER	63,497	7,055	70,553
Congregate Nutrition	EDGECOMBE COUNTY DSS	65,660	7,295	72,956
Congregate Nutrition	TOWN OF TARBORO	24,849	2,761	27,611
Home Delivered Meals	EDGECOMBE COUNTY DSS	8,541	949	9,490
Home Delivered Meals	ROCKY MOUNT MEALS ON WHEELS	17,705	1,967	19,673
Home Health - Skilled Nursing	EDGECOMBE CO HOME CARE	23,819	2,646	26,466
In-Home Aide Services LV1	EDGECOMBE CO DSS	2,999	333	3,333
In-Home Aide Services LV1	EDGECOMBE COUNTY DSS	3,500	388	3,889
In-Home Aide Services LV2	EDGECOMBE CO DSS	47,806	5,311	53,118
In-Home Aide Services LV2	EDGECOMBE COUNTY DSS	45,360	5,040	50,401
In-Home Aide Services LV2	QUALITY PATIENT CARE, INC	23,243	2,582	25,826
In-Home Aide Services LV3	QUALITY PATIENT CARE, INC	27,243	3,027	30,270
Information and Assistance	COMMUNITY MEDICINE FOUNDATION	7,385	820	8,206
Transportation, General	EDGECOMBE CO HOME CARE	6,579	731	7,311
Transportation, General	EDGECOMBE COUNTY DSS	30,464	3,384	33,849
Transportation, General	TOWN OF TARBORO	5,030	558	5,589
	Service Total	**475,581**	**52,842**	**528,424**
FORSYTH COUNTY				
Adult Day Care	MT ZION SENIOR LIFE ENRICHMENT	65,822	7,313	73,136
Adult Day Care	SENIOR SERVICES, INC.	12,691	1,410	14,102
Adult Day Health	MT ZION SENIOR LIFE ENRICHMENT	4,264	473	4,738
Adult Day Health	SENIOR SERVICES, INC.	29,591	3,287	32,879
Congregate Nutrition	SENIOR SERVICES, INC.	164,394	18,266	182,660
Home Delivered Meals	SENIOR SERVICES, INC.	257,230	28,581	285,812
Housing and Home Improvement	SHEPHERD CENTER OF GREATER WS	2,208	245	2,454
In-Home Aide Services LV1	FORSYTH COUNTY DSS	171,153	19,017	190,171
In-Home Aide Services LV2	FORSYTH COUNTY DSS	12,265	1,362	13,628
In-Home Aide Services LV2	SENIOR SERVICES, INC.	133,338	14,815	148,154
In-Home Aide Services LV3	FORSYTH COUNTY DSS	122,649	13,627	136,277
In-Home Aide Services LV3	SENIOR SERVICES, INC.	181,117	20,124	201,242
Information and Assistance	SENIOR FINANCIAL CARE-CCC	21,999	2,444	24,444
Information and Assistance	SENIOR SERVICES, INC.	26,501	2,944	29,446
Senior Center Operation	SHEPHERD CENTER OF GREATER WS	9,500	1,055	10,556
Transportation, General	TRANS-AID OF FORSYTH COUNTY	80,786	8,976	89,763

North Carolina Division [redacted]ng
Home and Community Care Block Gran[redacted]ervices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
FORSYTH COUNTY				
Transportation, Medical	TRANS-AID OF FORSYTH COUNTY	207,737	23,081	230,819
Volunteer Prog Development	SHEPHERD CENTER OF GREATER WS	3,924	436	4,360
	Service Total	**1,507,176**	**167,464**	**1,674,641**
FRANKLIN COUNTY				
Congregate Nutrition	FRANKLIN COUNTY DEPT OF AGING	42,272	4,696	46,969
Home Delivered Meals	FRANKLIN COUNTY DEPT OF AGING	37,999	4,222	42,222
In-Home Aide Services LV1	FRANKLIN COUNTY DEPT OF AGING	87,093	9,677	96,771
In-Home Aide Services LV2	FRANKLIN COUNTY DEPT OF AGING	92,999	10,333	103,333
Senior Center Operation	FRANKLIN COUNTY DEPT OF AGING	62,010	6,890	68,901
Transportation, General	FRANKLIN COUNTY DEPT OF AGING	20,500	2,277	22,778
Transportation, Medical	FRANKLIN COUNTY DEPT OF AGING	1,999	222	2,222
	Service Total	**344,876**	**38,319**	**383,196**
GASTON COUNTY				
Congregate Nutrition	GASTON COUNTY DSS	109,025	12,113	121,139
Home Delivered Meals	GASTON COUNTY DSS	120,400	13,377	133,778
In-Home Aide Services LV1	GASTON COUNTY DSS	56,439	6,271	62,711
In-Home Aide Services LV2	GASTON COUNTY DSS	258,000	28,666	286,667
In-Home Aide Services LV3	GASTON COUNTY DSS	226,103	25,122	251,226
Transportation, General	GASTON COUNTY DSS	53,139	5,904	59,044
	Service Total	**823,108**	**91,456**	**914,565**
GATES COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	9,839	1,093	10,933
Home Delivered Meals	ALBEMARLE COMMISSION	24,524	2,724	27,249
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	ALBEMARLE COMMISSION	4,897	544	5,442
In-Home Aide Services LV1	HERTFORD/GATES HOME HEALTH	19,990	2,221	22,212
In-Home Aide Services LV2	HERTFORD/GATES HOME HEALTH	21,394	2,377	23,772
Transportation, General	GATES CO INTERAGENCY TRANS SYS	8,963	995	9,959
Transportation, Medical	DARE COUNTY DSS			
Transportation, Medical	GATES CO INTERAGENCY TRANS SYS	8,328	925	9,254
	Service Total	**97,938**	**10,882**	**108,821**

North Carolina Division of
Home and Community Care Block Grant ices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
GRAHAM COUNTY				
Congregate Nutrition	GRAHAM CO SENIOR SERVICES	32,129	3,569	35,699
Home Delivered Meals	GRAHAM CO SENIOR SERVICES	64,257	7,139	71,397
	Service Total	**96,386**	**10,709**	**107,096**
GRANVILLE COUNTY				
Congregate Nutrition	GRANVILLE CO SENIOR SERVICES	34,074	3,786	37,860
Home Delivered Meals	GRANVILLE CO SENIOR SERVICES	55,526	6,169	61,696
Housing and Home Improvement	GRANVILLE CO SENIOR SERVICES	2,229	247	2,477
In-Home Aide Services LV1	GRANVILLE CO SENIOR SERVICES	48,636	5,404	54,041
In-Home Aide Services LV2	GRANVILLE CO SENIOR SERVICES	83,420	9,268	92,689
Senior Center Operation	GRANVILLE CO SENIOR SERVICES	88,637	9,848	98,486
Transportation, General	GRANVILLE CO SENIOR SERVICES	29,898	3,322	33,220
Transportation, Medical	GRANVILLE CO SENIOR SERVICES	1,172	130	1,303
	Service Total	**343,594**	**38,177**	**381,772**
GREENE COUNTY				
Congregate Nutrition	GREENE CO COUNCIL ON AGING	41,841	4,649	46,490
Home Delivered Meals	GREENE CO COUNCIL ON AGING	47,431	5,270	52,702
In-Home Aide Services LV2	GREENE COUNTY DSS	21,762	2,418	24,180
In-Home Aide Services LV3	GREENE COUNTY DSS	18,506	2,056	20,563
Senior Center Operation	GREENE CO COUNCIL ON AGING	9,690	1,076	10,767
Transportation, General	GREENE CO TRANSPORTATION	34,020	3,780	37,801
	Service Total	**173,252**	**19,250**	**192,503**
GUILFORD COUNTY				
Adult Day Care	GUILFORD COUNTY DSS	150,831	16,759	167,591
Adult Day Health	ADULT CENTER FOR ENRICHMENT	161,295	17,921	179,217
Care Management	GUILFORD COUNTY HEALTH DEPT	273,324	30,369	303,694
Congregate Nutrition	SENIOR RESOURCES OF GUILFORD	276,701	30,744	307,446
Home Delivered Meals	SENIOR RESOURCES OF GUILFORD	318,997	35,444	354,442
In-Home Aide Services LV1	GUILFORD COUNTY DSS	73,124	8,124	81,249
In-Home Aide Services LV2	GUILFORD COUNTY DSS	248,497	27,610	276,108
In-Home Aide Services LV3	GUILFORD COUNTY DSS	32,221	3,580	35,802
Information and Assistance	SENIOR RESOURCES OF GUILFORD	94,304	10,478	104,783
Respite, Group	ADULT CENTER FOR ENRICHMENT	10,835	1,203	12,039
Senior Center Operation	SENIOR RESOURCES OF GUILFORD	63,359	7,039	70,399
Transportation, General	GUILFORD CO TRANSPORTATION	244,600	27,177	271,778
	Service Total	**1,948,093**	**216,454**	**2,164,548**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
HALIFAX COUNTY				
Adult Day Care	HALIFAX COUNTY DSS	40,750	4,527	45,278
Adult Day Health	HALIFAX COUNTY DSS	16,793	1,865	18,659
Congregate Nutrition	HALIFAX COUNTY COA	3,281	364	3,646
Congregate Nutrition	HALIFAX REGIONAL MEDICAL CTR	14,634	1,626	16,260
Congregate Nutrition	HALIWA-SAPONI IND. TRIBE INC.	14,009	1,556	15,566
Congregate Nutrition	LITTLETON SENIOR CENTER	18,644	2,071	20,716
Congregate Nutrition	TOWN OF SCOTLAND NECK	15,623	1,735	17,359
Congregate Nutrition	WOODHAVEN REST HOME	6,926	769	7,696
Home Delivered Meals	ENFIELD MEALS ON WHEELS	16,144	1,793	17,938
Home Delivered Meals	HALIFAX REGIONAL MEDICAL CTR	53,795	5,977	59,773
Home Delivered Meals	HALIWA-SAPONI IND. TRIBE INC.	4,739	526	5,266
Home Delivered Meals	SCOTLAND NECK MEALS ON WHEELS	14,946	1,660	16,607
Housing and Home Improvement	CHOANOKE AREA DEVELOPMENT ASSN	9,270	1,030	10,300
In-Home Aide Services LV1	HALIFAX COUNTY DSS	14,009	1,556	15,566
In-Home Aide Services LV2	HALIFAX COUNTY DSS	84,470	9,385	93,856
In-Home Aide Services LV2	HOME HEALTH & HOSPICE HALIFAX	112,369	12,485	124,855
In-Home Aide Services LV3	HALIFAX COUNTY DSS	14,373	1,597	15,970
Information and Assistance	HALIFAX COUNTY COA	4,530	503	5,034
Senior Center Operation	LITTLETON SENIOR CENTER	3,124	347	3,472
Transportation, General	CITY OF ROANOKE RAPIDS	19,998	2,222	22,220
Transportation, General	HALIFAX COUNTY COA	53,847	5,983	59,831
	Service Total	**536,281**	**59,586**	**595,868**
HARNETT COUNTY				
Congregate Nutrition	HARNETT CO DEPARTMENT OF AGING	72,763	8,084	80,848
Congregate Nutrition NSIP	HARNETT CO DEPARTMENT OF AGING	152	16	169
Home Delivered Meals	HARNETT CO DEPARTMENT OF AGING	154,187	17,131	171,319
Home Delivered Meals NSIP	HARNETT CO DEPARTMENT OF AGING	23,882	2,653	26,536
Housing and Home Improvement	HARNETT CO DEPARTMENT OF AGING	16,315	1,812	18,128
In-Home Aide Services LV1	HARNETT CO DEPARTMENT OF AGING	67,759	7,528	75,288
In-Home Aide Services LV1	HARNETT COUNTY DSS	120,328	13,369	133,698
In-Home Aide Services LV2	HARNETT COUNTY DSS	10,242	1,138	11,380
Senior Center Operation	ANDERSON CREEK CENTER	7,000	777	7,778
Senior Center Operation	CITY OF DUNN	7,000	777	7,778
Senior Center Operation	COATS SENIOR CENTER	7,000	777	7,778
Transportation, General	HARNETT CO DEPARTMENT OF AGING	13,500	1,500	15,000
Transportation, Medical	HARNETT CO TRANSP TO HARTS	65,163	7,240	72,404

North Carolina Division of
Home and Community Care Block Grant [illegible]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**565,293**	**62,810**	**628,104**
HAYWOOD COUNTY				
Adult Day Care	HAYWOOD CO COUNCIL ON AGING	38,954	4,328	43,283
Congregate Nutrition	MOUNTAIN PROJECTS INC	79,910	8,878	88,789
Congregate Nutrition NSIP	MOUNTAIN PROJECTS INC	1,603	178	1,782
Home Delivered Meals	HAYWOOD COUNTY DSS	42,572	4,730	47,303
Housing and Home Improvement	HAYWOOD CO COUNCIL ON AGING	23,949	2,661	26,611
In-Home Aide Services LV1	MOUNTAIN PROJECTS INC	45,162	5,018	50,181
In-Home Aide Services LV2	ADVANTAGE HOME COMMUNITY CARE	17,399	1,933	19,333
In-Home Aide Services LV2	HOMECARE SVCS OF HAYWOOD REG	27,513	3,057	30,571
Information and Assistance	CARING OF HAYWOOD COUNTY	2,300	255	2,556
Information and Assistance	HAYWOOD CO COUNCIL ON AGING	35,000	3,888	38,889
Senior Companion	MOUNTAIN PROJECTS INC	41,599	4,622	46,222
Transportation, General	MOUNTAIN PROJECTS INC	42,924	4,769	47,694
Transportation, Medical	MOUNTAIN PROJECTS INC	16,342	1,815	18,158
	Service Total	**415,234**	**46,137**	**461,372**
HENDERSON COUNTY				
Adult Day Care	PARDEE PAVILION	20,211	2,245	22,457
Adult Day Health	PARDEE PAVILION	4,859	539	5,399
Congregate Nutrition	HENDERSON CO COUNCIL ON AGING	30,126	3,347	33,474
Home Delivered Meals	HENDERSON CO COUNCIL ON AGING	192,042	21,338	213,380
Home Delivered Meals NSIP	WESTERN CAROLINA COMMUNITY ACT	10,747	1,194	11,942
Housing and Home Improvement	HOUSING ASSISTANCE CORPORATION	8,049	894	8,944
In-Home Aide Services LV2	PARDEE HOME CARE	74,193	8,243	82,437
In-Home Aide Services LV2	VISITING HEALTH PROFESSIONALS	87,802	9,755	97,558
Information and Assistance	HENDERSON CO COUNCIL ON AGING	13,698	1,522	15,220
Senior Center Operation	HENDERSON CO COUNCIL ON AGING	28,578	3,175	31,754
Senior Companion	LAND OF SKY REGIONAL COUNCIL	3,153	350	3,504
Transportation, General	WESTERN CAROLINA COMMUNITY ACT	118,980	13,220	132,200
Transportation, Medical	WESTERN CAROLINA COMMUNITY ACT	22,284	2,476	24,761
	Service Total	**614,727**	**68,303**	**683,030**
HERTFORD COUNTY				
Congregate Nutrition	HERTFORD CO OFFICE OF AGING	64,513	7,168	71,682
Home Delivered Meals	HERTFORD CO OFFICE OF AGING	34,000	3,777	37,778
In-Home Aide Services LV2	HERTFORD CO OFFICE OF AGING	52,499	5,833	58,333
In-Home Aide Services LV2	HERTFORD COUNTY DSS	20,538	2,282	22,820
Information and Assistance	HERTFORD CO OFFICE OF AGING	11,442	1,271	12,714

North Carolina Division [redacted]ng
Home and Community Care Block Gra[redacted]ervices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
HERTFORD COUNTY				
Senior Center Operation	HERTFORD CO OFFICE OF AGING	11,999	1,333	13,333
Transportation, General	HERTFORD CO OFFICE OF AGING	20,999	2,333	23,333
Transportation, Medical	HERTFORD CO OFFICE OF AGING	2,099	233	2,333
	Service Total	**218,093**	**24,232**	**242,326**
HOKE COUNTY				
Congregate Nutrition	SENIOR SERVICES OF HOKE COUNTY	39,003	4,333	43,337
Home Delivered Meals	SENIOR SERVICES OF HOKE COUNTY	32,688	3,632	36,321
Housing and Home Improvement	SENIOR SERVICES OF HOKE COUNTY	2,160	240	2,401
In-Home Aide Services LV1	SENIOR SERVICES OF HOKE COUNTY	28,614	3,179	31,794
In-Home Aide Services LV2	SENIOR SERVICES OF HOKE COUNTY	72,680	8,075	80,756
Transportation, General	SENIOR SERVICES OF HOKE COUNTY	41,830	4,647	46,478
Transportation, Medical	SENIOR SERVICES OF HOKE COUNTY	7,893	877	8,770
	Service Total	**224,871**	**24,985**	**249,857**
HYDE COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	10,548	1,172	11,721
Home Delivered Meals	ALBEMARLE COMMISSION	21,427	2,380	23,808
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	HYDE COUNTY DSS	452	50	503
In-Home Aide Services LV2	HYDE COUNTY DSS	14,112	1,568	15,681
In-Home Aide Services LV2	HYDELAND HOME CARE AGENCY	22,776	2,530	25,307
Transportation, General	HYDE TRANSIT	5,736	637	6,374
Transportation, Medical	HYDE COUNTY DSS	6,242	693	6,936
	Service Total	**81,297**	**9,033**	**90,330**
IREDELL COUNTY				
Adult Day Care	IREDELL COUNCIL ON AGING, INC.	59,855	6,650	66,506
Congregate Nutrition	IREDELL COUNCIL ON AGING, INC.	121,345	13,482	134,828
Home Delivered Meals	IREDELL COUNCIL ON AGING, INC.	126,442	14,049	140,492
Home Delivered Meals NSIP	IREDELL COUNCIL ON AGING, INC.	107	11	119
In-Home Aide Services LV1	IREDELL COUNCIL ON AGING, INC.	95,280	10,586	105,867
In-Home Aide Services LV2	IREDELL COUNCIL ON AGING, INC.	127,555	14,172	141,728
Senior Center Operation	IREDELL COUNCIL ON AGING, INC.	15,125	1,680	16,806
Transportation, General	IREDELL COUNCIL ON AGING, INC.	117,510	13,056	130,567
	Service Total	**663,221**	**73,691**	**736,913**

North Carolina Division of
Home and Community Care Block Grant [redacted]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
JACKSON COUNTY				
Adult Day Care	JACKSON CO ADULT DAY CARE LCUM	39,060	4,340	43,400
Congregate Nutrition	JACKSON CO DEPT ON AGING	39,017	4,335	43,353
Home Delivered Meals	JACKSON CO DEPT ON AGING	73,809	8,201	82,011
Home Delivered Meals NSIP	JACKSON CO DEPT ON AGING	4,255	472	4,728
Housing and Home Improvement	JACKSON CO DEPT ON AGING	18,343	2,038	20,382
In-Home Aide Services LV1	WESTCARE HOME HEALTH & HOSPICE	27,263	3,029	30,293
In-Home Aide Services LV2	WESTCARE HOME HEALTH & HOSPICE	37,652	4,183	41,836
Respite, Group	JACKSON CO DEPT ON AGING	9,999	1,111	11,111
Transportation, General	JACKSON COUNTY TRANSIT	16,700	1,855	18,556
Transportation, Medical	JACKSON COUNTY TRANSIT	2,795	310	3,106
	Service Total	**268,898**	**29,877**	**298,776**
JOHNSTON COUNTY				
Congregate Nutrition	JOHNSTON CO COUNCIL ON AGING	105,923	11,769	117,693
Home Delivered Meals	JOHNSTON CO COUNCIL ON AGING	158,526	17,614	176,140
In-Home Aide Services LV1	JOHNSTON CO COUNCIL ON AGING	74,679	8,297	82,977
In-Home Aide Services LV1	JOHNSTON COUNTY DSS	26,348	2,927	29,276
In-Home Aide Services LV2	JOHNSTON CO COUNCIL ON AGING	104,692	11,632	116,325
In-Home Aide Services LV2	JOHNSTON COUNTY DSS	31,845	3,538	35,384
In-Home Aide Services LV3	JOHNSTON CO COUNCIL ON AGING	64,471	7,163	71,635
Information and Assistance	JOHNSTON CO COUNCIL ON AGING	40,042	4,449	44,492
Senior Center Operation	JOHNSTON CO COUNCIL ON AGING	102,985	11,442	114,428
Transportation, General	JOHNSTON CO COUNCIL ON AGING	37,193	4,132	41,326
Transportation, Medical	JOHNSTON CO COUNCIL ON AGING	9,059	1,006	10,066
Volunteer Prog Development	JOHNSTON CO COUNCIL ON AGING	35,473	3,941	39,415
	Service Total	**791,241**	**87,915**	**879,157**
JONES COUNTY				
Congregate Nutrition	JONES COUNTY EXTENSION SERVICE	40,500	4,500	45,000
Home Delivered Meals	JONES COUNTY EXTENSION SERVICE	29,282	3,253	32,536
In-Home Aide Services LV1	JONES COUNTY DSS	47,667	5,296	52,964
	Service Total	**117,450**	**13,050**	**130,500**
LEE COUNTY				
Congregate Nutrition	LEE COUNTY SENIOR SERVICES	70,000	7,777	77,778
Home Delivered Meals	LEE COUNTY SENIOR SERVICES	24,000	2,666	26,667
Housing and Home Improvement	LEE COUNTY SENIOR SERVICES	6,480	720	7,200
Information and Assistance	LEE COUNTY SENIOR SERVICES	73,683	8,187	81,870
Senior Center Operation	LEE COUNTY SENIOR SERVICES	95,340	10,593	105,934

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
LEE COUNTY				
Transportation, General	LEE COUNTY SENIOR SERVICES	33,282	3,698	36,980
Transportation, Medical	LEE COUNTY SENIOR SERVICES	3,891	432	4,324
	Service Total	**306,677**	**34,075**	**340,753**
LENOIR COUNTY				
Congregate Nutrition	LENOIR CO COUNCIL ON AGING	77,922	8,658	86,580
Home Delivered Meals	LENOIR CO COUNCIL ON AGING	66,360	7,373	73,734
In-Home Aide Services LV1	LENOIR CO COUNCIL ON AGING	143,934	15,992	159,927
In-Home Aide Services LV2	LENOIR COUNTY DSS	68,006	7,556	75,563
In-Home Aide Services LV3	LENOIR COUNTY DSS	37,083	4,120	41,204
Transportation, General	LENOIR CO COUNCIL ON AGING	44,847	4,983	49,830
	Service Total	**438,154**	**48,683**	**486,838**
LINCOLN COUNTY				
Congregate Nutrition	LINCOLN CO SENIOR SERVICES DPT	77,999	8,666	86,666
Housing and Home Improvement	LINCOLN CO SENIOR SERVICES DPT	3,899	433	4,333
In-Home Aide Services LV1	LINCOLN COUNTY DSS	138,999	15,444	154,444
In-Home Aide Services LV2	LINCOLN COUNTY DSS	19,999	2,222	22,222
Information and Assistance	LINCOLN CO SENIOR SERVICES DPT	26,000	2,888	28,889
Transportation, General	LINCOLN CO SENIOR SERVICES DPT	71,458	7,939	79,398
	Service Total	**338,356**	**37,595**	**375,952**
MACON COUNTY				
Adult Day Care	MACON CO DEPT ON AGING	7,341	815	8,157
Adult Day Care	MACON PROGRAM FOR PROGRESS	61,965	6,885	68,850
Congregate Nutrition	MACON CO DEPT ON AGING	64,924	7,213	72,138
Home Delivered Meals	MACON CO DEPT ON AGING	64,924	7,213	72,138
In-Home Aide Services LV1	MACON CO DEPT ON AGING	10,753	1,194	11,948
In-Home Aide Services LV2	MACON CO DEPT ON AGING	49,640	5,515	55,156
Transportation, General	MACON AREA TRANSIT	24,249	2,694	26,944
Transportation, Medical	MACON AREA TRANSIT	14,549	1,616	16,166
	Service Total	**298,347**	**33,149**	**331,497**
MADISON COUNTY				
Congregate Nutrition	MADISON CO DEPT OF COMM SVCS	91,562	10,173	101,736
Home Delivered Meals	MADISON CO DEPT OF COMM SVCS	27,287	3,031	30,319
In-Home Aide Services LV1	MADISON CO DEPT OF COMM SVCS	50,790	5,643	56,434
In-Home Aide Services LV2	MADISON CO DEPT OF COMM SVCS	13,824	1,536	15,361
Senior Companion	LAND OF SKY REGIONAL COUNCIL	7,740	860	8,601

North Carolina Division of [redacted]
Home and Community Care Block Grant [redacted]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
MADISON COUNTY				
Transportation, General	MADISON CO DEPT OF COMM SVCS	38,378	4,264	42,643
Transportation, Medical	MADISON CO DEPT OF COMM SVCS	11,259	1,251	12,511
	Service Total	**240,844**	**26,760**	**267,605**
MARTIN COUNTY				
Congregate Nutrition	MARTIN CO SENIOR CENTER	50,634	5,626	56,260
Home Delivered Meals	MARTIN CO SENIOR CENTER	50,634	5,626	56,260
In-Home Aide Services LV2	MARTIN CO SENIOR CENTER	36,324	4,036	40,360
In-Home Aide Services LV2	MARTIN COUNTY DSS	18,924	2,102	21,027
In-Home Aide Services LV2	ROANOKE HOME CARE	5,805	645	6,450
Senior Center Operation	MARTIN CO SENIOR CENTER	58,215	6,468	64,684
Transportation, General	MARTIN CO SENIOR CENTER	19,638	2,182	21,821
Transportation, Medical	MARTIN CO SENIOR CENTER	2,999	333	3,333
	Service Total	**243,175**	**27,019**	**270,195**
MCDOWELL COUNTY				
Congregate Nutrition	MCDOWELL COUNTY DSS	60,444	6,716	67,160
Home Delivered Meals	MCDOWELL COUNTY DSS	109,175	12,130	121,306
In-Home Aide Services LV1	MCDOWELL COUNTY DSS	49,699	5,522	55,222
In-Home Aide Services LV2	MCDOWELL COUNTY DSS	49,699	5,522	55,222
Transportation, General	MCDOWELL COUNTY DSS	22,227	2,469	24,697
	Service Total	**291,246**	**32,360**	**323,607**
MECKLENBURG				
Adult Day Care	MECKLENBURG COUNTY DSS	67,862	7,540	75,403
Adult Day Health	MECKLENBURG COUNTY DSS	327,153	36,350	363,504
Congregate Nutrition	MECKLENBURG COUNTY DSS	270,186	30,020	300,207
Home Delivered Meals	MECKLENBURG COUNTY DSS	386,306	42,922	429,229
Home Delivered Meals NSIP	MECKLENBURG COUNTY DSS			
Housing and Home Improvement	MECKLENBURG COUNTY DSS	16,012	1,779	17,792
In-Home Aide Services LV1	MECKLENBURG COUNTY DSS	478,196	53,132	531,329
In-Home Aide Services LV2	MECKLENBURG COUNTY DSS	509,055	56,561	565,617
In-Home Aide Services LV3	MECKLENBURG COUNTY DSS	54,630	6,070	60,701
Senior Center Operation	CHAR MECK SENIOR CENTERS INC	74,997	8,333	83,330
Transportation, General	MECKLENBURG COUNTY DSS	192,519	21,391	213,910
	Service Total	**2,376,919**	**264,102**	**2,641,022**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
MITCHELL COUNTY				
Congregate Nutrition	MITCHELL SENIOR CENTER	33,803	3,755	37,559
Home Delivered Meals	MITCHELL SENIOR CENTER	60,591	6,732	67,324
In-Home Aide Services LV1	MITCHELL SENIOR CENTER	61,408	6,823	68,232
Transportation, General	MITCHELL SENIOR CENTER	12,927	1,436	14,364
	Service Total	**168,731**	**18,747**	**187,479**
MONTGOMERY				
Congregate Nutrition	MONTGOMERY CO COUNCIL ON AGING	23,468	2,607	26,076
Home Delivered Meals	MONTGOMERY CO COUNCIL ON AGING	33,738	3,748	37,487
In-Home Aide Services LV1	MONTGOMERY CO COUNCIL ON AGING	89,154	9,906	99,060
Senior Center Operation	TROY-MONTGOMERY SENIOR CENTER	929	103	1,033
Transportation, General	MONTGOMERY CO COUNCIL ON AGING	29,978	3,330	33,309
Transportation, Medical	MONTGOMERY CO COUNCIL ON AGING	19,984	2,220	22,205
	Service Total	**197,253**	**21,917**	**219,170**
MOORE COUNTY				
Congregate Nutrition	MOORE COUNTY DEPT OF AGING	27,999	3,111	31,111
Home Delivered Meals	MOORE COUNTY DEPT OF AGING	54,999	6,111	61,111
In-Home Aide Services LV1	MOORE COUNTY DEPT OF AGING	77,615	8,623	86,239
In-Home Aide Services LV2	MOORE COUNTY DEPT OF AGING	221,300	24,588	245,889
In-Home Aide Services LV3	MOORE COUNTY DEPT OF AGING	56,999	6,333	63,333
Senior Center Operation	MOORE COUNTY DEPT OF AGING	6,000	666	6,667
Transportation, General	MOORE COUNTY DEPT OF AGING	45,000	5,000	50,000
Transportation, Medical	MOORE COUNTY DEPT OF AGING	107,000	11,888	118,889
	Service Total	**596,915**	**66,323**	**663,239**
NASH COUNTY				
Adult Day Care	NASH CO DSS	7,804	867	8,672
Adult Day Health	NASH CO DSS	10,136	1,126	11,263
Adult Day Health	THE WRIGHT'S CENTER	73,908	8,212	82,121
Congregate Nutrition	NASH CO AGING DEPARTMENT	27,487	3,054	30,542
Home Delivered Meals	NASH CO AGING DEPARTMENT	90,368	10,040	100,409
Home Delivered Meals	ROCKY MOUNT MEALS ON WHEELS	31,068	3,452	34,520
In-Home Aide Services LV1	NASH CO DSS			
In-Home Aide Services LV1	NASH COUNTY DSS	25,404	2,822	28,227
In-Home Aide Services LV2	NASH CO DSS	39,732	4,414	44,147
In-Home Aide Services LV2	NASH COUNTY DSS	153,215	17,023	170,239
In-Home Aide Services LV3	NASH COUNTY DSS	37,999	4,222	42,222
Senior Center Operation	NASH CO AGING DEPARTMENT	25,217	2,801	28,019

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
NASH COUNTY				
Transportation, General	NASH CO AGING DEPARTMENT	11,944	1,327	13,272
Transportation, Medical	NASH CO AGING DEPARTMENT	14,357	1,595	15,953
	Service Total	**548,645**	**60,960**	**609,606**
NEW HANOVER				
Adult Day Care	COASTAL ADULT DAY CARE	5,730	636	6,367
Adult Day Care	ELDERHAUS, INC	39,332	4,370	43,703
Adult Day Health	ELDERHAUS, INC	54,353	6,039	60,393
Congregate Nutrition	NEW HANOVER CO DEPT OF AGING	131,668	14,629	146,298
Home Delivered Meals	NEW HANOVER CO DEPT OF AGING	171,267	19,029	190,297
In-Home Aide Services LV1	DMS PROGRESSIVE SERVICES, INC.	38,442	4,271	42,714
In-Home Aide Services LV2	DMS PROGRESSIVE SERVICES, INC.	110,886	12,320	123,207
In-Home Aide Services LV3	DMS PROGRESSIVE SERVICES, INC.	65,057	7,228	72,286
Information and Assistance	NEW HANOVER CO DEPT OF AGING	32,261	3,584	35,846
Respite, Group	ELDERHAUS, INC	4,644	516	5,161
Senior Center Operation	NEW HANOVER CO DEPT OF AGING	27,231	3,025	30,257
Transportation, General	NEW HANOVER CO DEPT OF AGING	62,694	6,966	69,661
Transportation, Medical	NEW HANOVER CO DEPT OF AGING	41,796	4,644	46,441
	Service Total	**785,367**	**87,263**	**872,631**
NORTHAMPTON				
Adult Day Care	NORTHAMPTON COUNTY DSS	15,091	1,676	16,768
Adult Day Health	NORTHAMPTON COUNTY DSS	3,470	385	3,856
Congregate Nutrition	JW FAISON SENIOR CENTER	36,045	4,005	40,050
Home Delivered Meals	NORTHAMPTON COUNTY HEALTH DEPT	41,646	4,627	46,274
Housing and Home Improvement	CHOANOKE AREA DEVELOPMENT ASSN	2,430	270	2,700
In-Home Aide Services LV1	NORTHAMPTON COUNTY DSS	50,639	5,626	56,266
In-Home Aide Services LV2	NORTHAMPTON COUNTY DSS	57,058	6,339	63,398
Information and Assistance	NORTHAMPTON COUNCIL ON AGING	7,497	833	8,330
Respite, Group	JW FAISON SENIOR CENTER	1,571	174	1,746
Senior Center Operation	JW FAISON SENIOR CENTER	16,020	1,780	17,800
Transportation, General	NORTHAMPTON COUNCIL ON AGING	20,900	2,322	23,223
Transportation, Medical	NORTHAMPTON COUNCIL ON AGING	7,120	791	7,912
	Service Total	**259,490**	**28,832**	**288,323**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
ONSLOW COUNTY				
Adult Day Care	ONSLOW SENIOR SERVICES	15,432	1,714	17,147
Congregate Nutrition	ONSLOW SENIOR SERVICES	50,241	5,582	55,824
Home Delivered Meals	ONSLOW SENIOR SERVICES	45,396	5,044	50,440
In-Home Aide Services LV2	ONSLOW SENIOR SERVICES	114,238	12,693	126,932
In-Home Aide Services LV3	ONSLOW SENIOR SERVICES	138,374	15,374	153,749
Transportation, General	ONSLOW SENIOR SERVICES	52,885	5,876	58,762
Transportation, Medical	ONSLOW SENIOR SERVICES	6,134	681	6,816
	Service Total	**422,703**	**46,967**	**469,670**
ORANGE COUNTY				
Adult Day Health	ORANGE COUNTY DEPT ON AGING	9,054	1,006	10,060
Congregate Nutrition	JOCCA	98,837	10,981	109,819
In-Home Aide Services LV1	ORANGE COUNTY DSS			
In-Home Aide Services LV2	ORANGE COUNTY DEPT ON AGING	78,849	8,761	87,610
In-Home Aide Services LV2	ORANGE COUNTY DSS	34,598	3,844	38,443
Information and Assistance	ORANGE COUNTY DEPT ON AGING	43,282	4,809	48,092
Senior Center Operation	ORANGE COUNTY DEPT ON AGING	85,060	9,451	94,512
Transportation, General	ORANGE COUNTY DEPT ON AGING	73,394	8,154	81,549
	Service Total	**423,076**	**47,008**	**470,085**
PAMLICO COUNTY				
Care Management	PAMLICO SENIOR SERVICES	12,927	1,436	14,364
Congregate Nutrition	PAMLICO SENIOR SERVICES	21,069	2,341	23,410
Home Delivered Meals	PAMLICO SENIOR SERVICES	25,351	2,816	28,168
Housing and Home Improvement	PAMLICO SENIOR SERVICES	3,730	414	4,145
In-Home Aide Services LV2	PAMLICO COUNTY DSS	77,950	8,661	86,612
In-Home Aide Services LV3	PAMLICO SENIOR SERVICES	11,444	1,271	12,716
	Service Total	**152,473**	**16,941**	**169,415**
PASQUOTANK COUNTY				
Adult Day Health	DAY BREAK	30,007	3,334	33,342
Congregate Nutrition	ALBEMARLE COMMISSION	32,688	3,632	36,321
Home Delivered Meals	ALBEMARLE COMMISSION	39,551	4,394	43,946
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	ALBEMARLE COMMISSION	2,142	238	2,380
In-Home Aide Services LV1	HEALTHCARE OPTIONS	999	111	1,111
In-Home Aide Services LV2	HEALTHCARE OPTIONS	13,087	1,454	14,542
In-Home Aide Services LV3	HEALTHCARE OPTIONS	7,586	842	8,429
Transportation, General	INTER-COUNTY TRANSIT	66,089	7,343	73,433

North Carolina Division of
Home and Community Care Block Grant [redacted]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**192,153**	**21,350**	**213,504**
PENDER COUNTY				
Congregate Nutrition	PENDER ADULT SERVICES, INC.	56,999	6,333	63,333
Home Delivered Meals	PENDER ADULT SERVICES, INC.	80,388	8,932	89,321
In-Home Aide Services LV2	PENDER ADULT SERVICES, INC.	61,229	6,803	68,033
In-Home Aide Services LV2	PENDER COUNTY DSS			
In-Home Aide Services LV3	PENDER COUNTY DSS	20,465	2,273	22,739
Information and Assistance	PENDER ADULT SERVICES, INC.	35,499	3,944	39,444
Senior Center Operation	PENDER ADULT SERVICES, INC.	68,000	7,555	75,556
Transportation, General	PENDER ADULT SERVICES, INC.	24,000	2,666	26,667
	Service Total	**346,583**	**38,509**	**385,093**
PERQUIMANS COUNTY				
Adult Day Health	CHOWAN LIFE CENTER	11,137	1,237	12,375
Adult Day Health	DAY BREAK			
Congregate Nutrition	ALBEMARLE COMMISSION	15,209	1,689	16,899
Home Delivered Meals	ALBEMARLE COMMISSION	30,539	3,393	33,933
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
Housing and Home Improvement	ALBEMARLE COMMISSION	2,365	262	2,628
In-Home Aide Services LV1	PERQUIMANS COUNTY DSS	14,630	1,625	16,256
In-Home Aide Services LV2	CHOWAN CO HOSPITAL HOME CARE	15,148	1,683	16,832
In-Home Aide Services LV3	CHOWAN CO HOSPITAL HOME CARE	9,747	1,083	10,830
Transportation, General	INTER-COUNTY TRANSIT	22,923	2,547	25,470
	Service Total	**121,700**	**13,522**	**135,223**
PERSON COUNTY				
Adult Day Care	GENERATIONS UNITED ADULT DAY	3,592	399	3,992
Care Management	PERSON COUNTY COUNCIL ON AGING	10,500	1,166	11,667
Congregate Nutrition	PERSON COUNTY COUNCIL ON AGING	36,000	4,000	40,000
Congregate Nutrition NSIP	PERSON COUNTY COUNCIL ON AGING	5,000	555	5,556
Home Delivered Meals	PERSON COUNTY COUNCIL ON AGING	46,999	5,222	52,222
Home Delivered Meals NSIP	PERSON COUNTY COUNCIL ON AGING	1,999	222	2,222
In-Home Aide Services LV1	PERSON COUNTY COUNCIL ON AGING	26,037	2,893	28,930
In-Home Aide Services LV1	PERSON COUNTY DSS	4,071	452	4,524
In-Home Aide Services LV2	PERSON COUNTY COUNCIL ON AGING	52,100	5,788	57,889
In-Home Aide Services LV2	PERSON COUNTY DSS	17,715	1,968	19,684
Information and Assistance	PERSON COUNTY COUNCIL ON AGING	10,500	1,166	11,667
Senior Center Operation	PERSON COUNTY COUNCIL ON AGING	49,835	5,537	55,373
Transportation, General	PERSON COUNTY COUNCIL ON AGING	24,200	2,688	26,889

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**288,553**	**32,061**	**320,615**
PITT COUNTY				
Adult Day Care	CREATIVE LIVING CENTER	46,254	5,139	51,394
Adult Day Health	CREATIVE LIVING CENTER	18,126	2,014	20,140
Congregate Nutrition	PITT CO COUNCIL ON AGING	70,626	7,847	78,474
Home Delivered Meals	PITT CO COUNCIL ON AGING	109,974	12,219	122,194
In-Home Aide Services LV2	PITT COUNTY DSS	255,050	28,338	283,389
Information and Assistance	PITT CO COUNCIL ON AGING	90,000	10,000	100,000
Senior Center Operation	PITT CO COUNCIL ON AGING	29,100	3,233	32,334
Transportation, General	PITT CO COUNCIL ON AGING	30,990	3,443	34,434
Transportation, Medical	PITT CO COUNCIL ON AGING	49,006	5,445	54,452
Volunteer Prog Development	PITT CO COUNCIL ON AGING	6,035	670	6,706
	Service Total	**705,165**	**78,351**	**783,517**
POLK COUNTY				
Congregate Nutrition	POLK LOCAL GOVERNMENT	26,879	2,986	29,866
Home Delivered Meals	POLK LOCAL GOVERNMENT	50,196	5,577	55,774
In-Home Aide Services LV1	COMMUNITY HEALTH CONNECTIONS 2	58,305	6,478	64,784
Senior Center Operation	POLK LOCAL GOVERNMENT	18,369	2,041	20,410
Transportation, General	POLK CO TRANSPORTATION AUTH	36,187	4,020	40,208
Transportation, Medical	POLK CO TRANSPORTATION AUTH	2,918	324	3,243
	Service Total	**192,856**	**21,428**	**214,285**
RANDOLPH COUNTY				
Adult Day Care	RANDOLPH CO SENIOR ADULTS	42,494	4,721	47,216
Congregate Nutrition	RANDOLPH CO SENIOR ADULTS	90,312	10,034	100,347
Home Delivered Meals	RANDOLPH CO SENIOR ADULTS	79,371	8,819	88,191
Housing and Home Improvement	REGIONAL CONSOLIDATED SERVICES	36,404	4,044	40,449
In-Home Aide Services LV1	REGIONAL CONSOLIDATED SERVICES	92,351	10,261	102,613
In-Home Aide Services LV2	REGIONAL CONSOLIDATED SERVICES	85,434	9,492	94,927
In-Home Aide Services LV3	REGIONAL CONSOLIDATED SERVICES	47,771	5,307	53,079
Information and Assistance	RANDOLPH CO SENIOR ADULTS	34,817	3,868	38,686
Respite, Group	CROSS ROAD RETIREMENT	10,485	1,165	11,651
Transportation, General	RANDOLPH CO SENIOR ADULTS	101,790	11,310	113,100
Transportation, Medical	RANDOLPH CO SENIOR ADULTS	10,048	1,116	11,165
Volunteer Prog Development	VOLUNTEER CENTER OF RANDOLPH	8,814	979	9,794
	Service Total	**640,096**	**71,121**	**711,218**

North Carolina Division of
Home and Community Care Block Grant [illegible]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
RICHMOND COUNTY				
Congregate Nutrition	RICHMOND CO. COUNCIL ON AGING	99,983	11,109	111,093
Home Delivered Meals	RICHMOND CO. COUNCIL ON AGING	58,660	6,517	65,178
In-Home Aide Services LV1	RICHMOND CO. COUNCIL ON AGING	154,494	17,166	171,660
Transportation, General	RICHMOND CO. COUNCIL ON AGING	30,969	3,441	34,410
Transportation, Medical	RICHMOND CO. COUNCIL ON AGING	216	24	240
	Service Total	**344,322**	**38,258**	**382,581**
ROBESON COUNTY				
Congregate Nutrition	LUMBER RIVER COG	170,911	18,990	189,902
Home Delivered Meals	LUMBER RIVER COG	91,834	10,203	102,038
Housing and Home Improvement	ROBESON CO CHURCH & COMM CTR	124,632	13,848	138,480
In-Home Aide Services LV1	SOUTHEASTERN PERSONAL CARE	13,502	1,500	15,003
In-Home Aide Services LV2	SOUTHEASTERN PERSONAL CARE	259,589	28,843	288,433
In-Home Aide Services LV3	SOUTHEASTERN PERSONAL CARE	94,893	10,543	105,437
Information and Assistance	ROBESON CO CHURCH & COMM CTR	50,982	5,664	56,647
Transportation, General	LUMBER RIVER COG	81,826	9,091	90,918
Transportation, Medical	LUMBER RIVER COG	676	75	752
	Service Total	**888,849**	**98,761**	**987,610**
ROCKINGHAM COUNTY				
Adult Day Care	ROCKINGHAM CO COUNCIL ON AGING	16,815	1,868	18,684
Congregate Nutrition	ROCKINGHAM CO COUNCIL ON AGING	104,884	11,653	116,538
Home Delivered Meals	ROCKINGHAM CO COUNCIL ON AGING	51,427	5,714	57,142
In-Home Aide Services LV1	ROCKINGHAM CO COUNCIL ON AGING	40,724	4,524	45,249
In-Home Aide Services LV2	ROCKINGHAM CO COUNCIL ON AGING	203,610	22,623	226,234
In-Home Aide Services LV3	ROCKINGHAM CO COUNCIL ON AGING	27,146	3,016	30,163
Senior Center Operation	ROCKINGHAM COMMUNITY COLLEGE	22,523	2,502	25,026
Transportation, General	ROCKINGHAM CO COUNCIL ON AGING	37,962	4,218	42,181
Volunteer Prog Development	CAREGIVERS OF ROCKINGHAM CO	25,835	2,870	28,706
	Service Total	**530,930**	**58,992**	**589,923**
ROWAN COUNTY				
Adult Day Care	ROWAN CO SENIOR SERVICES DEPT	17,868	1,985	19,854
Adult Day Health	ROWAN CO SENIOR SERVICES DEPT	6,685	742	7,428
Congregate Nutrition	ROWAN CO SENIOR SERVICES DEPT	301,191	33,465	334,657
Congregate Nutrition NSIP	ROWAN CO SENIOR SERVICES DEPT			
In-Home Aide Services LV1	ROWAN CO SENIOR SERVICES DEPT	25,115	2,790	27,906
In-Home Aide Services LV2	ROWAN CO SENIOR SERVICES DEPT	106,926	11,880	118,807
In-Home Aide Services LV3	ROWAN CO SENIOR SERVICES DEPT	39,269	4,363	43,633

North Carolina Division [illegible]ng
Home and Community Care Block Gran[illegible]ervices by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
ROWAN COUNTY				
Information and Assistance	ROWAN CO SENIOR SERVICES DEPT	69,497	7,721	77,219
Senior Center Operation	ROWAN CO SENIOR SERVICES DEPT	24,023	2,669	26,693
Transportation, General	ROWAN CO SENIOR SERVICES DEPT	114,918	12,768	127,687
	Service Total	**705,495**	**78,388**	**783,884**
RUTHERFORD COUNTY				
Adult Day Health	RUTHERFORD LIFE SERVICE	52,060	5,784	57,845
Congregate Nutrition	RUTHERFORD CO DEPT OF AGING	102,999	11,444	114,444
Health Promotion	RUTHERFORD CO DEPT OF AGING	3,519	391	3,911
Home Delivered Meals	RUTHERFORD CO DEPT OF AGING	58,456	6,495	64,952
In-Home Aide Services LV1	RUTHERFORD COUNTY DSS	37,156	4,128	41,285
In-Home Aide Services LV2	RUTHERFORD COUNTY DSS	37,154	4,128	41,283
Senior Center Operation	RUTHERFORD CO DEPT OF AGING	109,402	12,155	121,558
Transportation, General	RUTHERFORD CO DEPT OF AGING	19,521	2,169	21,690
	Service Total	**420,271**	**46,696**	**466,968**
SAMPSON COUNTY				
Adult Day Health	SAMPSON COUNTY DEPT ON AGING	80,697	8,966	89,664
Congregate Nutrition	SAMPSON COUNTY DEPT ON AGING	95,000	10,555	105,556
Home Delivered Meals	SAMPSON COUNTY DEPT ON AGING	78,390	8,710	87,101
Home Delivered Meals NSIP	SAMPSON COUNTY DEPT ON AGING	3,672	408	4,081
Housing and Home Improvement	SAMPSON COUNTY DEPT ON AGING	72,626	8,069	80,696
In-Home Aide Services LV2	SAMPSON COUNTY DEPT ON AGING	133,288	14,809	148,098
Information and Assistance	SAMPSON COUNTY DEPT ON AGING	31,962	3,551	35,514
Senior Center Operation	SAMPSON COUNTY DEPT ON AGING	16,908	1,878	18,787
Transportation, General	SAMPSON COUNTY DEPT ON AGING	57,762	6,418	64,181
	Service Total	**570,310**	**63,367**	**633,678**
SCOTLAND COUNTY				
Adult Day Care	SCOTLAND COUNTY DSS	41,713	4,634	46,348
Adult Day Health	SCOTLAND COUNTY DSS	40,995	4,555	45,550
Congregate Nutrition	LUMBER RIVER COG	49,895	5,543	55,439
Home Delivered Meals	LUMBER RIVER COG	29,265	3,251	32,517
In-Home Aide Services LV1	HOSPICE OF SCOTLAND COUNTY	50,363	5,595	55,959
In-Home Aide Services LV2	HOSPICE OF SCOTLAND COUNTY	49,635	5,515	55,151
In-Home Aide Services LV3	HOSPICE OF SCOTLAND COUNTY	10,257	1,139	11,397
Transportation, General	SCOTLAND COUNTY AREA TRANSIT	6,530	725	7,256
	Service Total	**278,655**	**30,961**	**309,617**

North Carolina Division of
Home and Community Care Block Grant [redacted]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
STANLY COUNTY				
Congregate Nutrition	STANLY CO SENIOR SERVICES DEPT	54,719	6,079	60,799
Home Delivered Meals	STANLY CO SENIOR SERVICES DEPT	67,273	7,474	74,748
Home Delivered Meals NSIP	STANLY CO SENIOR SERVICES DEPT	2,700	300	3,000
In-Home Aide Services LV1	STANLY CO SENIOR SERVICES DEPT	109,439	12,159	121,599
In-Home Aide Services LV2	STANLY CO SENIOR SERVICES DEPT	36,693	4,077	40,771
Information and Assistance	STANLY CO SENIOR SERVICES DEPT	17,703	1,967	19,670
Transportation, General	STANLY CO SENIOR SERVICES DEPT	34,441	3,826	38,268
	Service Total	**322,969**	**35,885**	**358,855**
STOKES COUNTY				
Congregate Nutrition	STOKES SENIOR SERVICES	54,798	6,088	60,887
Home Delivered Meals	STOKES SENIOR SERVICES	96,696	10,744	107,440
In-Home Aide Services LV2	STOKES COUNTY DSS	18,900	2,100	21,000
In-Home Aide Services LV3	STOKES COUNTY DSS	9,099	1,011	10,111
Senior Center Operation	WALNUT COVE SENIOR CENTER	24,330	2,703	27,034
Transportation, General	STOKES SENIOR SERVICES	72,100	8,011	80,112
Transportation, Medical	STOKES SENIOR SERVICES	7,597	844	8,442
	Service Total	**283,523**	**31,502**	**315,026**
SURRY COUNTY				
Congregate Nutrition	YVEDDI	74,999	8,333	83,333
Home Delivered Meals	YVEDDI	121,303	13,478	134,782
In-Home Aide Services LV1	SURRY COUNTY SENIOR SERVICES	85,421	9,491	94,913
In-Home Aide Services LV2	SURRY COUNTY SENIOR SERVICES	149,718	16,635	166,354
In-Home Aide Services LV3	SURRY COUNTY SENIOR SERVICES	12,204	1,356	13,560
Transportation, General	YVEDDI	34,855	3,872	38,728
Transportation, Medical	YVEDDI	34,184	3,798	37,983
	Service Total	**512,687**	**56,965**	**569,653**
SWAIN COUNTY				
Congregate Nutrition	EASTERN BAND OF CHEROKEES	13,844	1,538	15,383
Congregate Nutrition	STATE OF FRANKLIN SERVICES	17,499	1,944	19,444
Home Delivered Meals	EASTERN BAND OF CHEROKEES	13,844	1,538	15,383
Home Delivered Meals	STATE OF FRANKLIN SERVICES	27,848	3,094	30,943
Housing and Home Improvement	EASTERN BAND OF CHEROKEES	2,270	252	2,523
In-Home Aide Services LV1	SWAIN COUNTY HEALTH DEPARTMENT	44,519	4,946	49,466
In-Home Aide Services LV2	SWAIN COUNTY HEALTH DEPARTMENT	25,446	2,827	28,274
Transportation, General	EASTERN BAND OF CHEROKEES	6,009	667	6,677
Transportation, General	STATE OF FRANKLIN SERVICES	36,860	4,095	40,956

North Carolina Division of Aging
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	Provider Agency	Fed/State Dollars	Local Cash Match	Total
	Service Total	**188,144**	**20,904**	**209,049**
TRANSYLVANIA				
Adult Day Care	KOALA	46,351	5,150	51,502
Care Management	TRANSYLVANIA COMM HOSPITAL	5,000	555	5,556
Congregate Nutrition	WESTERN CAROLINA COMMUNITY ACT	74,088	8,232	82,321
Home Delivered Meals	WESTERN CAROLINA COMMUNITY ACT	3,000	333	3,334
Home Delivered Meals NSIP	WESTERN CAROLINA COMMUNITY ACT			
In-Home Aide Services LV1	TRANSYLVANIA COMM HOSPITAL	18,000	2,000	20,000
In-Home Aide Services LV2	TRANSYLVANIA COMM HOSPITAL	69,354	7,706	77,061
Senior Companion	LAND OF SKY REGIONAL COUNCIL	6,958	773	7,732
Transportation, General	TRANSYLVANIA CO TRANSPORTATION	12,627	1,403	14,031
Transportation, Medical	TRANSYLVANIA CO TRANSPORTATION	3,078	342	3,421
	Service Total	**238,462**	**26,495**	**264,958**
TYRRELL COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	18,744	2,082	20,827
Home Delivered Meals	ALBEMARLE COMMISSION	13,355	1,483	14,839
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV1	TYRRELL COUNTY DSS	25,682	2,853	28,536
In-Home Aide Services LV2	MTW DISTRICT HEALTH DEPT	11,610	1,290	12,900
Transportation, General	TYRRELL COUNTY SENIOR CENTER	4,033	448	4,482
	Service Total	**73,425**	**8,158**	**81,584**
UNION COUNTY				
Adult Day Care	UNION COUNTY DSS	62,528	6,947	69,476
Congregate Nutrition	UNION CO SENIOR SERVICES	44,040	4,893	48,934
Home Delivered Meals	UNION CO SENIOR SERVICES	104,463	11,607	116,070
Home Delivered Meals NSIP	UNION CO SENIOR SERVICES			
In-Home Aide Services LV1	COUNCIL ON AGING IN UNION CTY	107,412	11,934	119,347
In-Home Aide Services LV2	COUNCIL ON AGING IN UNION CTY	87,576	9,730	97,307
In-Home Aide Services LV2	UNION COUNTY DSS	54,609	6,067	60,677
In-Home Aide Services LV3	UNION COUNTY DSS	18,178	2,019	20,198
Information and Assistance	COUNCIL ON AGING IN UNION CTY	36,793	4,088	40,882
Transportation, General	UNION COUNTY TRANSPORTATION	66,510	7,390	73,901
	Service Total	**582,112**	**64,679**	**646,792**

North Carolina Division of
Home and Community Care Block Grant [redacted]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
VANCE COUNTY				
Adult Day Care	VANCE COUNTY DSS	1,238	137	1,376
Congregate Nutrition	VANCE COUNTY DSS	35,592	3,954	39,547
Congregate Nutrition NSIP	VANCE COUNTY DSS	309	34	344
Home Delivered Meals	VANCE COUNTY DSS	48,069	5,341	53,410
Home Delivered Meals NSIP	VANCE COUNTY DSS	675	75	751
In-Home Aide Services LV1	VANCE COUNTY DSS	47,264	5,251	52,516
In-Home Aide Services LV2	VANCE COUNTY DSS	52,479	5,831	58,310
Information and Assistance	VANCE COUNTY DSS	21,250	2,361	23,612
Senior Center Operation	VANCE COUNTY DSS	52,864	5,873	58,738
Transportation, General	VANCE COUNTY DSS	6,350	705	7,056
Transportation, Medical	VANCE COUNTY DSS	1,621	180	1,802
	Service Total	**267,715**	**29,746**	**297,462**
WAKE COUNTY				
Adult Day Care	RESOURCES FOR SENIORS, INC.	29,120	3,235	32,356
Adult Day Health	RESOURCES FOR SENIORS, INC.	57,933	6,437	64,370
Congregate Nutrition	MEALS ON WHEELS OF WAKE CO INC	199,426	22,158	221,585
Home Delivered Meals	MEALS ON WHEELS OF WAKE CO INC	488,376	54,264	542,640
In-Home Aide Services LV2	RESOURCES FOR SENIORS, INC.	197,070	21,896	218,967
In-Home Aide Services LV3	RESOURCES FOR SENIORS, INC.	304,570	33,841	338,412
Information and Assistance	RESOURCES FOR SENIORS, INC.	163,257	18,139	181,397
Respite, Institution	RESOURCES FOR SENIORS, INC.	204,048	22,672	226,721
Senior Center Operation	RESOURCES FOR SENIORS, INC.	225,403	25,044	250,448
Transportation, General	RESOURCES FOR SENIORS, INC.	199,617	22,179	221,797
	Service Total	**2,068,823**	**229,869**	**2,298,693**
WARREN COUNTY				
Adult Day Care	WARREN COUNTY DSS	10,886	1,209	12,096
Care Management	COORDINATING COUNCIL-WARREN CO	17,296	1,921	19,218
Congregate Nutrition	COORDINATING COUNCIL-WARREN CO	28,043	3,115	31,159
Home Delivered Meals	COORDINATING COUNCIL-WARREN CO	43,293	4,810	48,104
In-Home Aide Services LV1	WARREN COUNTY DSS	21,454	2,383	23,838
In-Home Aide Services LV2	COORDINATING COUNCIL-WARREN CO	65,799	7,311	73,110
Senior Center Operation	COORDINATING COUNCIL-WARREN CO	38,555	4,283	42,839
Transportation, General	COORDINATING COUNCIL-WARREN CO	34,656	3,850	38,507
Transportation, Medical	COORDINATING COUNCIL-WARREN CO	513	57	571
	Service Total	**260,497**	**28,944**	**289,442**

North Carolina Division of Aging
Home and Community Care Block Grant Services by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
WASHINGTON COUNTY				
Congregate Nutrition	ALBEMARLE COMMISSION	20,837	2,315	23,153
Home Delivered Meals	ALBEMARLE COMMISSION	25,896	2,877	28,774
Home Delivered Meals NSIP	ALBEMARLE COMMISSION			
In-Home Aide Services LV1	WASHINGTON CO HUMAN SERVICES			
In-Home Aide Services LV2	MTW DISTRICT HEALTH DEPT	21,063	2,340	23,404
In-Home Aide Services LV2	WASHINGTON CO HUMAN SERVICES	20,500	2,277	22,778
In-Home Aide Services LV3	WASHINGTON CO HUMAN SERVICES	2,178	242	2,421
Transportation, General	WASHINGTON CO HUMAN SERVICES	32,145	3,571	35,717
Transportation, Medical	WASHINGTON CO HUMAN SERVICES	1,117	124	1,242
	Service Total	**123,740**	**13,748**	**137,489**
WATAUGA COUNTY				
Congregate Nutrition	WATAUGA PROJECT ON AGING	30,554	3,394	33,949
Home Delivered Meals	WATAUGA PROJECT ON AGING	70,719	7,857	78,577
In-Home Aide Services LV1	WATAUGA PROJECT ON AGING	73,566	8,174	81,740
In-Home Aide Services LV2	WATAUGA PROJECT ON AGING	31,528	3,503	35,032
Transportation, General	WATAUGA PROJECT ON AGING	14,877	1,653	16,530
	Service Total	**221,245**	**24,582**	**245,828**
WAYNE COUNTY				
Congregate Nutrition	WAGES, INC.	85,386	9,487	94,874
Home Delivered Meals	WAGES, INC.	156,282	17,364	173,647
Home Delivered Meals NSIP	WAGES, INC.			
In-Home Aide Services LV1	WAYNE COUNTY SOA	131,013	14,557	145,570
In-Home Aide Services LV2	WAYNE COUNTY SOA	119,817	13,313	133,130
In-Home Aide Services LV3	WAYNE COUNTY SOA	22,425	2,491	24,917
Information and Assistance	WAYNE COUNTY SOA	29,063	3,229	32,293
Respite, Group	WAYNE COUNTY SOA	12,890	1,432	14,323
Transportation, General	WAYNE COUNTY SOA	67,965	7,551	75,517
Transportation, Medical	WAYNE COUNTY SOA	7,406	822	8,229
	Service Total	**632,250**	**70,250**	**702,500**
WILKES COUNTY				
Congregate Nutrition	BROC ELDERLY NUTRITION PROGRAM	78,972	8,774	87,747
Home Delivered Meals	BROC ELDERLY NUTRITION PROGRAM	167,861	18,651	186,513
Housing and Home Improvement	BROC ELDERLY NUTRITION PROGRAM	7,900	877	8,778
In-Home Aide Services LV1	RESPITE CARE OF WILKES COUNTY	28,606	3,178	31,785
In-Home Aide Services LV3	RESPITE CARE OF WILKES COUNTY	95,319	10,591	105,910
Transportation, General	BROC ELDERLY NUTRITION PROGRAM	7,499	833	8,333

North Carolina Division of A[illegible]
Home and Community Care Block Grant [illegible]ces by County
Fiscal Year 2005

	Provider Agency	Fed/State Dollars	Local Cash Match	Total
WILKES COUNTY				
Transportation, General	WILKES SENIOR CITIZENS COUNCIL	87,030	9,670	96,701
	Service Total	**473,190**	**52,576**	**525,767**
WILSON COUNTY				
Congregate Nutrition	GEE CORBETT CENTER	24,699	2,744	27,444
Congregate Nutrition	WILSON OFFICE OF SENIOR CITZN	84,999	9,444	94,444
Home Delivered Meals	WILSON OFFICE OF SENIOR CITZN	156,300	17,366	173,667
In-Home Aide Services LV1	WILSON COUNTY DSS	9,117	1,013	10,130
In-Home Aide Services LV2	WILSON COUNTY DSS	121,520	13,502	135,023
In-Home Aide Services LV3	QUALITY PATIENT CARE, INC	37,500	4,166	41,667
Senior Center Operation	WILSON COUNTY SENIOR CENTER	36,569	4,063	40,633
Transportation, General	CITY OF WILSON	21,591	2,399	23,991
Transportation, General	WILSON OFFICE OF SENIOR CITZN	15,000	1,666	16,667
	Service Total	**507,299**	**56,366**	**563,666**
YADKIN COUNTY				
Adult Day Care	HELPING HANDS ADULTS SERVICES,	5,431	603	6,035
Congregate Nutrition	YVEDDI	42,000	4,666	46,667
Home Delivered Meals	YVEDDI	64,546	7,171	71,718
In-Home Aide Services LV1	YADKIN CO COUNCIL ON AGING	42,034	4,670	46,705
In-Home Aide Services LV2	YADKIN CO COUNCIL ON AGING	17,968	1,996	19,965
In-Home Aide Services LV3	HEALTH SERVICES UNLIMITED, INC	3,454	383	3,838
In-Home Aide Services LV3	YADKIN VALLEY HOME HEALTH	57,996	6,444	64,441
Information and Assistance	YADKIN CO ELDER AFFAIRS	8,708	967	9,676
Transportation, General	YVEDDI	14,551	1,616	16,168
Transportation, Medical	YVEDDI	11,001	1,222	12,224
	Service Total	**267,693**	**29,743**	**297,437**
YANCEY COUNTY				
Congregate Nutrition	YANCEY CO COMMITTEE ON AGING	27,056	3,006	30,063
Home Delivered Meals	YANCEY CO COMMITTEE ON AGING	88,578	9,842	98,420
In-Home Aide Services LV1	YANCEY CO COMMITTEE ON AGING	48,310	5,367	53,678
Transportation, General	YANCEY CO COMMITTEE ON AGING	6,434	714	7,149
	Service Total	**170,379**	**18,931**	**189,310**

Home and Community Care Block Grant Services
Waiting Lists and How Persons Are Served From the Waiting List

There are two determining factors for those who are receiving services as well as those who are "waiting" for service. First, individuals must be determined "eligible" for HCCBG services. This would include persons 60 years of age and older and their unpaid primary caregivers (i.e. for certain services such as respite). There are also specific eligibility criteria for each block grant service as identified in the service standard.

Once the service provider has determined that the individual meets the eligibility criteria for a given service as specified in the service standard, individuals must be served (unless there are extenuating circumstances) in the following priority order:

1. Older adults for whom the need for Adult Protective Services has been substantiated by the local DSS and the service is needed as part of the adult protective service plan.

2. Older adults who are at risk of abuse, neglect, and/or exploitation.

3. Older adults with extensive impairments in activities of daily living (ADL's) or instrumental activities of daily living (IADL's), who are at risk of placement or substitute care.

   "ADL's" include: eating, dressing, bathing, toileting, bowel and bladder control, transfers, ambulation and communication (ability to express needs to others e.g. speech, written word, signing, gestures, communication devices).

   "IADL's" include: meal preparation, medication intake, cleaning, money management, phone use, laundering, reading, writing, shopping and going to necessary activities.

4. Older adults with extensive ADL or IADL impairments.

5. Older adults with less extensive (1-2) ADL or IADL impairments.

6. Well older adults.

Service providers are required to screen prospective service recipients for the purpose of determining priority for receipt of service(s) in accordance with the above criteria. The majority of those waiting for services are screened to determine if they are appropriate for the service. A full assessment is conducted when and if the service becomes available.

This information is from the Division of Aging and Adult Services.

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ALAMANCE

Svc	Service Description	Total
020	HOME DEL MEALS	19
030	ADULT DAY CARE	7
041	In-Home Aide L 1	17
042	In-Home Aide L 2	12
045	In Home Aide L 3	27
180	CONGREGATE NUTRITION	30
250	TRANSPORTATION	2
	ALAMANCE COUNTY TOTAL:	114

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ALEXANDER

Svc	Service Description	Total
020	HOME DEL MEALS	41
030	ADULT DAY CARE	1
041	In-Home Aide L 1	16
042	In-Home Aide L 2	1
	ALEXANDER COUNTY TOTAL:	59

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ALLEGHANY

Svc	Service Description	Total
020	HOME DEL MEALS	1
	ALLEGHANY COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ANSON

Svc	Service Description	Total
020	HOME DEL MEALS	45
021	HOME DEL MEALS-NSIP	1
041	In-Home Aide L 1	22
180	CONGREGATE NUTRITION	1
	ANSON COUNTY TOTAL:	69

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ASHE

Svc	Service Description	Total
020	HOME DEL MEALS	16
042	In-Home Aide L 2	22
250	TRANSPORTATION	8
	ASHE COUNTY TOTAL:	46

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:AVERY

Svc	Service Description	Total
041	In-Home Aide L 1	6
	AVERY COUNTY TOTAL:	6

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BEAUFORT

Svc	Service Description	Total
020	HOME DEL MEALS	2
042	In-Home Aide L 2	69
045	In-Home Aide L 3	1
236	In-Home Aide L 2	9
	BEAUFORT COUNTY TOTAL:	81

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BERTIE

Svc	Service Description	Total
236	In-Home Aide L 2	4
	BERTIE COUNTY TOTAL:	4

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BLADEN

Svc	Service Description	Total
041	In-Home Aide L 1	45
	BLADEN COUNTY TOTAL:	45

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BRUNSWICK

Svc	Service Description	Total
033	TRANSPORTATION (MED)	2
041	In-Home Aide L 1	15
042	In-Home Aide L 2	27
045	In-Home Aide L 3	4
	BRUNSWICK COUNTY TOTAL:	48

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BUNCOMBE

Svc	Service Description	Total
020	HOME DEL MEALS	1
021	HOME DEL MEALS-NSIP	1
041	In-Home Aide L 1	81
042	In-Home Aide L 2	41
155	ADULT DAY HEALTH	2
181	CONGREGATE NUTR-NSIP	1
260	SENIOR COMPANION	1
	BUNCOMBE COUNTY TOTAL:	128

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:BURKE

Svc	Service Description	Total
020	HOME DEL MEALS	81
030	ADULT DAY CARE	1
042	In-Home Aide L 2	71
043	In-Home Aide L 2	1
045	In-Home Aide L 3	3
140	HOUSING & HOME IMPR	71
250	TRANSPORTATION	1
	BURKE COUNTY TOTAL:	229

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CABARRUS

Svc	Service Description	Total
030	ADULT DAY CARE	4
182	CONG NUTR SUPP MEALS	9
	CABARRUS COUNTY TOTAL:	13

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CALDWELL

Svc	Service Description	Total
020	HOME DEL MEALS	54
030	ADULT DAY CARE	1
040	INFO & ASSISTANCE	2
041	In-Home Aide L 1	56
042	In-Home Aide L 2	12
140	HOUSING & HOME IMPR	21
180	CONGREGATE NUTRITION	29
	CALDWELL COUNTY TOTAL:	175

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CAMDEN

Svc	Service Description	Total
020	HOME DEL MEALS	2
041	In-Home Aide L 1	1
042	In-Home Aide L 2	1
	CAMDEN COUNTY TOTAL:	4

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CARTERET

Svc	Service Description	Total
020	HOME DEL MEALS	5
041	In-Home Aide L 1	8
042	In-Home Aide L 2	3
	CARTERET COUNTY TOTAL:	16

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CASWELL

Svc	Service Description	Total
020	HOME DEL MEALS	28
045	In-Home Aide L 3	3
	CASWELL COUNTY TOTAL:	31

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CATAWBA

Svc	Service Description	Total
020	HOME DEL MEALS	25
042	In-Home Aide L 2	4
045	In-Home Aide L 3	1
	CATAWBA COUNTY TOTAL:	30

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CHATHAM

Svc	Service Description	Total
020	HOME DEL MEALS	11
042	In-Home Aide L 2	50
045	In-Home Aide L 3	6
235	In-Home Aide L 1	3
	CHATHAM COUNTY TOTAL:	70

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CHEROKEE

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	40
042	In-Home Aide L 2	2
	CHEROKEE COUNTY TOTAL:	43

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CHOWAN

Svc	Service Description	Total
020	HOME DEL MEALS	4
041	In-Home Aide L 1	1
042	In-Home Aide L 2	2
	CHOWAN COUNTY TOTAL:	7

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CLAY

Svc	Service Description	Total
020	HOME DEL MEALS	5
	CLAY COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CLEVELAND

Svc	Service Description	Total
020	HOME DEL MEALS	1
140	HOUSING & HOME IMPR	26
180	CONGREGATE NUTRITION	1
	CLEVELAND COUNTY TOTAL:	28

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:COLUMBUS

Svc	Service Description	Total
020	HOME DEL MEALS	1
021	HOME DEL MEALS-NSIP	1
041	In-Home Aide L 1	1
042	In-Home Aide L 2	84
045	In-Home Aide L 3	22
140	HOUSING & HOME IMPR	23
	COLUMBUS COUNTY TOTAL:	132

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CRAVEN

Svc	Service Description	Total
020	HOME DEL MEALS	9
610	CARE MANAGEMENT	1
	CRAVEN COUNTY TOTAL:	10

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CUMBERLAND

Svc	Service Description	Total
020	HOME DEL MEALS	47
022	HOME DEL-SUPP MEALS	4
045	In-Home Aide L 3	156
140	HOUSING & HOME IMPR	108
180	CONGREGATE NUTRITION	1
610	CARE MANAGEMENT	4
	CUMBERLAND COUNTY TOTAL:	320

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:CURRITUCK

Svc	Service Description	Total
020	HOME DEL MEALS	1
042	In-Home Aide L 2	1
	CURRITUCK COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties

COUNTY:DAVIDSON

Svc	Service Description	Total
020	HOME DEL MEALS	90
041	In-Home Aide L 1	22
042	In-Home Aide L 2	43
045	In-Home Aide L 3	13
236	In-Home Aide L 2	27
237	In-Home Aide L 3	14
	DAVIDSON COUNTY TOTAL:	209

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:DAVIE

Svc	Service Description	Total
030	ADULT DAY CARE	1
	DAVIE COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:DUPLIN

Svc	Service Description	Total
020	HOME DEL MEALS	47
041	In-Home Aide L 1	59
042	In-Home Aide L 2	2
	DUPLIN COUNTY TOTAL:	108

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:DURHAM

Svc	Service Description	Total
020	HOME DEL MEALS	137
033	TRANSPORTATION (MED)	3
040	INFO & ASSISTANCE	1
041	In-Home Aide L 1	1
042	In-Home Aide L 2	249
180	CONGREGATE NUTRITION	3
	DURHAM COUNTY TOTAL:	394

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:EDGECOMBE

Svc	Service Description	Total
020	HOME DEL MEALS	3
033	TRANSPORTATION (MED)	4
041	In-Home Aide L 1	4
042	In-Home Aide L 2	50
043	In-Home Aide L 2	1
045	In-Home Aide L 3	5
140	HOUSING & HOME IMPR	1
155	ADULT DAY HEALTH	2
180	CONGREGATE NUTRITION	10
	EDGECOMBE COUNTY TOTAL:	80

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:FORSYTH

Svc	Service Description	Total
020	HOME DEL MEALS	466
030	ADULT DAY CARE	1
033	TRANSPORTATION (MED)	1
041	In-Home Aide L 1	7
042	In-Home Aide L 2	43
044	In-Home Aide L 3	3
045	In-Home Aide L 3	19
236	In-Home Aide L 2	6
237	In-Home Aide L 3	11
	FORSYTH COUNTY TOTAL:	557

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:FRANKLIN

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	1
042	In-Home Aide L 2	2
235	In-Home Aide L 1	3
236	In-Home Aide L 2	2
	FRANKLIN COUNTY TOTAL:	9

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GASTON

Svc	Service Description	Total
020	HOME DEL MEALS	1
	GASTON COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GATES

Svc	Service Description	Total
020	HOME DEL MEALS	5
	GATES COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GREENE

Svc	Service Description	Total
020	HOME DEL MEALS	36
022	HOME DEL-SUPP MEALS	3
042	In-Home Aide L 2	30
045	In-Home Aide L 3	1
180	CONGREGATE NUTRITION	1
	GREENE COUNTY TOTAL:	71

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:GUILFORD

Svc	Service Description	Total
020	HOME DEL MEALS	22
030	ADULT DAY CARE	29
041	In-Home Aide L 1	58
042	In-Home Aide L 2	108
045	In-Home Aide L 3	6
140	HOUSING & HOME IMPR	1
155	ADULT DAY HEALTH	7
309	GROUP RESPITE	1
610	CARE MANAGEMENT	69
	GUILFORD COUNTY TOTAL:	301

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HALIFAX

Svc	Service Description	Total
020	HOME DEL MEALS	82
041	In-Home Aide L 1	8
042	In-Home Aide L 2	99
044	In-Home Aide L 3	4
045	In-Home Aide L 3	3
140	HOUSING & HOME IMPR	91
180	CONGREGATE NUTRITION	22
238	In-Home Aide L 4	1
250	TRANSPORTATION	8
	HALIFAX COUNTY TOTAL:	318

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HARNETT

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	64
043	In-Home Aide L 2	5
	HARNETT COUNTY TOTAL:	70

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HAYWOOD

Svc	Service Description	Total
020	HOME DEL MEALS	66
030	ADULT DAY CARE	7
041	In-Home Aide L 1	11
140	HOUSING & HOME IMPR	7
260	SENIOR COMPANION	2
	HAYWOOD COUNTY TOTAL:	93

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HENDERSON

Svc	Service Description	Total
020	HOME DEL MEALS	99
021	HOME DEL MEALS-NSIP	100
030	ADULT DAY CARE	2
033	TRANSPORTATION (MED)	3
042	In-Home Aide L 2	21
130	LEGAL SERVICES	1
140	HOUSING & HOME IMPR	1
181	CONGREGATE NUTR-NSIP	103
250	TRANSPORTATION	3
	HENDERSON COUNTY TOTAL:	333

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HERTFORD

Svc	Service Description	Total
020	HOME DEL MEALS	12
041	In-Home Aide L 1	1
236	In-Home Aide L 2	58
	HERTFORD COUNTY TOTAL:	71

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:HOKE

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	2
042	In-Home Aide L 2	1
	HOKE COUNTY TOTAL:	4

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:IREDELL

Svc	Service Description	Total
041	In-Home Aide L 1	73
042	In-Home Aide L 2	1
236	In-Home Aide L 2	53
	IREDELL COUNTY TOTAL:	127

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:JACKSON

Svc	Service Description	Total
020	HOME DEL MEALS	4
140	HOUSING & HOME IMPR	19
	JACKSON COUNTY TOTAL:	23

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:JOHNSTON

Svc	Service Description	Total
020	HOME DEL MEALS	50
041	In-Home Aide L 1	113
042	In-Home Aide L 2	95
043	In-Home Aide L 2	1
045	In-Home Aide L 3	19
	JOHNSTON COUNTY TOTAL:	278

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:LENOIR

Svc	Service Description	Total
020	HOME DEL MEALS	2
033	TRANSPORTATION (MED)	4
041	In-Home Aide L 1	38
045	In-Home Aide L 3	1
155	ADULT DAY HEALTH	2
180	CONGREGATE NUTRITION	6
250	TRANSPORTATION	5
	LENOIR COUNTY TOTAL:	58

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MACON

Svc	Service Description	Total
020	HOME DEL MEALS	1
030	ADULT DAY CARE	3
083	MEDICAL SOCIAL SVCS	8
140	HOUSING & HOME IMPR	1
180	CONGREGATE NUTRITION	1
830	CG RESPITE CARE	8
	MACON COUNTY TOTAL:	22

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MADISON

Svc	Service Description	Total
020	HOME DEL MEALS	1
	MADISON COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MARTIN

Svc	Service Description	Total
020	HOME DEL MEALS	29
236	In-Home Aide L 2	6
	MARTIN COUNTY TOTAL:	35

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MCDOWELL

Svc	Service Description	Total
020	HOME DEL MEALS	73
041	In-Home Aide L 1	18
042	In-Home Aide L 2	3
	MCDOWELL COUNTY TOTAL:	94

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MECKLENBURG

Svc	Service Description	Total
020	HOME DEL MEALS	1
041	In-Home Aide L 1	1
	MECKLENBURG COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MITCHELL

Svc	Service Description	Total
020	HOME DEL MEALS	2
041	In-Home Aide L 1	3
	MITCHELL COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MONTGOMERY

Svc	Service Description	Total
020	HOME DEL MEALS	9
041	In-Home Aide L 1	14
	MONTGOMERY COUNTY TOTAL:	23

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:MOORE

Svc	Service Description	Total
041	In-Home Aide L 1	1
235	In-Home Aide L 1	1
	MOORE COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:NASH

Svc	Service Description	Total
020	HOME DEL MEALS	3
033	TRANSPORTATION (MED)	1
042	In-Home Aide L 2	43
045	In-Home Aide L 3	10
130	LEGAL SERVICES	3
155	ADULT DAY HEALTH	1
250	TRANSPORTATION	2
	NASH COUNTY TOTAL:	63

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:NEW HANOVER

Svc	Service Description	Total
020	HOME DEL MEALS	79
030	ADULT DAY CARE	2
041	In-Home Aide L 1	5
042	In-Home Aide L 2	7
	NEW HANOVER COUNTY TOTAL:	93

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:NORTHAMPTON

Svc	Service Description	Total
020	HOME DEL MEALS	40
030	ADULT DAY CARE	3
041	In-Home Aide L 1	52
042	In-Home Aide L 2	13
140	HOUSING & HOME IMPR	38
180	CONGREGATE NUTRITION	10
250	TRANSPORTATION	3
	NORTHAMPTON COUNTY TOTAL:	159

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ONSLOW

Svc	Service Description	Total
020	HOME DEL MEALS	17
042	In-Home Aide L 2	4
043	In-Home Aide L 2	3
	ONSLOW COUNTY TOTAL:	24

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ORANGE

Svc	Service Description	Total
041	In-Home Aide L 1	2
043	In-Home Aide L 2	3
	ORANGE COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PAMLICO

Svc	Service Description	Total
044	In-Home Aide L 3	1
610	CARE MANAGEMENT	1
	PAMLICO COUNTY TOTAL:	2

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PASQUOTANK

Svc	Service Description	Total
020	HOME DEL MEALS	10
041	In-Home Aide L 1	1
042	In-Home Aide L 2	8
043	In-Home Aide L 2	1
	PASQUOTANK COUNTY TOTAL:	20

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PENDER

Svc	Service Description	Total
020	HOME DEL MEALS	45
040	INFO & ASSISTANCE	3
041	In-Home Aide L 1	11
042	In-Home Aide L 2	34
045	In-Home Aide L 3	25
	PENDER COUNTY TOTAL:	118

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PERQUIMANS

Svc	Service Description	Total
020	HOME DEL MEALS	6
041	In-Home Aide L 1	6
042	In-Home Aide L 2	5
043	In-Home Aide L 2	1
	PERQUIMANS COUNTY TOTAL:	18

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:PITT

Svc	Service Description	Total
020	HOME DEL MEALS	167
033	TRANSPORTATION (MED)	8
042	In-Home Aide L 2	40
043	In-Home Aide L 2	18
180	CONGREGATE NUTRITION	21
238	In-Home Aide L 4	1
250	TRANSPORTATION	9
	PITT COUNTY TOTAL:	264

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:RANDOLPH

Svc	Service Description	Total
041	In-Home Aide L 1	39
042	In-Home Aide L 2	13
236	In-Home Aide L 2	7
237	In-Home Aide L 3	8
	RANDOLPH COUNTY TOTAL:	67

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:RICHMOND

Svc	Service Description	Total
020	HOME DEL MEALS	73
041	In-Home Aide L 1	50
180	CONGREGATE NUTRITION	14
	RICHMOND COUNTY TOTAL:	137

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ROBESON

Svc	Service Description	Total
020	HOME DEL MEALS	6
041	In-Home Aide L 1	8
042	In-Home Aide L 2	100
045	In-Home Aide L 3	26
140	HOUSING & HOME IMPR	179
	ROBESON COUNTY TOTAL:	319

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ROCKINGHAM

Svc	Service Description	Total
020	HOME DEL MEALS	49
041	In-Home Aide L 1	25
042	In-Home Aide L 2	51
045	In-Home Aide L 3	2
	ROCKINGHAM COUNTY TOTAL:	127

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:ROWAN

Svc	Service Description	Total
020	HOME DEL MEALS	1
030	ADULT DAY CARE	2
041	In-Home Aide L 1	10
042	In-Home Aide L 2	28
043	In-Home Aide L 2	1
045	In-Home Aide L 3	6
155	ADULT DAY HEALTH	1
182	CONG NUTR SUPP MEALS	14
	ROWAN COUNTY TOTAL:	63

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SAMPSON

Svc	Service Description	Total
042	In-Home Aide L 2	9
043	In-Home Aide L 2	6
140	HOUSING & HOME IMPR	1
610	CARE MANAGEMENT	1
	SAMPSON COUNTY TOTAL:	17

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SCOTLAND

Svc	Service Description	Total
020	HOME DEL MEALS	2
041	In-Home Aide L 1	7
042	In-Home Aide L 2	24
235	In-Home Aide L 1	6
	SCOTLAND COUNTY TOTAL:	39

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:STANLY

Svc	Service Description	Total
020	HOME DEL MEALS	83
041	In-Home Aide L 1	70
042	In-Home Aide L 2	1
235	In-Home Aide L 1	1
236	In-Home Aide L 2	3
	STANLY COUNTY TOTAL:	158

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:STOKES

Svc	Service Description	Total
020	HOME DEL MEALS	27
042	In-Home Aide L 2	7
043	In-Home Aide L 2	5
045	In-Home Aide L 3	15
	STOKES COUNTY TOTAL:	54

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SURRY

Svc	Service Description	Total
020	HOME DEL MEALS	5
041	In-Home Aide L 1	49
042	In-Home Aide L 2	108
045	In-Home Aide L 3	3
236	In-Home Aide L 1	4
	SURRY COUNTY TOTAL:	169

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:SWAIN

Svc	Service Description	Total
020	HOME DEL MEALS	5
140	HOUSING & HOME IMPR	2
	SWAIN COUNTY TOTAL:	7

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:TRANSYLVANIA

Svc	Service Description	Total
041	In-Home Aide L 1	1
042	In-Home Aide L 2	4
	TRANSYLVANIA COUNTY TOTAL:	5

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:TYRRELL

Svc	Service Description	Total
041	In-Home Aide L 1	1
	TYRRELL COUNTY TOTAL:	1

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:UNION

Svc	Service Description	Total
020	HOME DEL MEALS	27
022	HOME DEL-SUPP MEALS	25
	UNION COUNTY TOTAL:	52

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:VANCE

Svc	Service Description	Total
020	HOME DEL MEALS	14
022	HOME DEL-SUPP MEALS	9
033	TRANSPORTATION (MED)	2
041	In-Home Aide L 1	16
042	In-Home Aide L 2	6
180	CONGREGATE NUTRITION	3
182	CONG NUTR SUPP MEALS	2
235	In-Home Aide L 1	3
236	In-Home Aide L 2	1
250	TRANSPORTATION	6
	VANCE COUNTY TOTAL:	62

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WAKE

Svc	Service Description	Total
020	HOME DEL MEALS	1
030	ADULT DAY CARE	10
042	In-Home Aide L 2	32
045	In-Home Aide L 3	55
155	ADULT DAY HEALTH	9
210	RESPITE, INSTITUTION	30
236	In-Home Aide L 2	165
237	In-Home Aide L 3	28
	WAKE COUNTY TOTAL:	330

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WARREN

Svc	Service Description	Total
020	HOME DEL MEALS	2
042	In-Home Aide L 2	4
043	In-Home Aide L 2	6
	WARREN COUNTY TOTAL:	12

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WASHINGTON

Svc	Service Description	Total
020	HOME DEL MEALS	19
	WASHINGTON COUNTY TOTAL:	19

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WATAUGA

Svc	Service Description	Total
020	HOME DEL MEALS	36
041	In-Home Aide L 1	82
042	In-Home Aide L 2	5
235	In-Home Aide L 1	4
236	In-Home Aide L 2	4
	WATAUGA COUNTY TOTAL:	131

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WAYNE

Svc	Service Description	Total
020	HOME DEL MEALS	100
033	TRANSPORTATION (MED)	1
041	In-Home Aide L 1	60
042	In-Home Aide L 2	5
309	GROUP RESPITE	3
	WAYNE COUNTY TOTAL:	169

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WILKES

Svc	Service Description	Total
020	HOME DEL MEALS	41
041	In-Home Aide L 1	45
250	TRANSPORTATION	43
	WILKES COUNTY TOTAL:	129

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:WILSON

Svc	Service Description	Total
020	HOME DEL MEALS	75
042	In-Home Aide L 2	3
045	In-Home Aide L 3	3
130	LEGAL SERVICES	1
140	HOUSING & HOME IMPR	32
180	CONGREGATE NUTRITION	3
	WILSON COUNTY TOTAL:	117

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:YADKIN

Svc	Service Description	Total
020	HOME DEL MEALS	19
030	ADULT DAY CARE	4
041	In-Home Aide L 1	8
045	In-Home Aide L 3	1
	YADKIN COUNTY TOTAL:	32

03/04/2005

NORTH CAROLINA DIVISION OF AGING
CLIENTS WAITING FOR SERVICE
ALL Counties
COUNTY:YANCEY

Svc	Service Description	Total
041	In-Home Aide L 1	8
	YANCEY COUNTY TOTAL:	8
	STATE TOTAL:	8,005

VISITOR REGISTRATION SHEET

Jt. Appropriations Health & Human Services — 03/09/05 (2 p.m.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Angie Harris	Marpin Taylor
Stacy Flannery	NCHCFA
John Bowdish	AstraZeneca
Jean Hardesty	NCPE/FB
Kaye Holden	DHHS/Div. of Budget & Analysis
Donald Grames	Centers for Medicare & Medicaid SVCS
Vincent Stephens	CMS
Abby Emanuelson	NMSS
Lou Wilson	NCARTCF
Jennifer Smith	NASW-NC/C2001

VISITOR REGISTRATION SHEET

Jt. Appropriations Health & Human Services — 03/09/05 (2 p.m.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Janet Schanzenbach	NC Council
Thomas J. Iaffe	BOMBAYS
ANN LORE	DVHS
HUGH TILSON	ANN LORE
Bob Sloan	NC Forestry Assoc
Carmen Hooker Odom	DHHS
Lou Ann Harris	LAHA
Lanier Cansler	DHHS

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ HHS — MARCH 9, 2005 (2:PM)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Reg Swift	NCCBI
Roger Bone	Bone & Assoc
Ann-Ann Coe	NCRA
Christine Gray	Wakemed
Kelly Beth Smith	MHA-NC
John Tew	MHA-NC-C2001
Dave Richard	The Arc
Matt Brown	Capitol Group
Wayne Mullen	OSBM
Daphne Lyon	OSBM
Deborah Barnes	OSBM
DAVID Barnes	Poyner + Spruill

VISITOR REGISTRATION SHEET

Health & Human Services — 3/9/05 (2:P.M)

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Peter A. Young	FRLTC/APPCNC
John Mattingly	G-OV Office

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Thursday, March 10, 2005

8:30 AM

Committee Chairmen	*Senator William Purcell, Co-Chair* *Senator Vernon Malone, Co-Chair* *Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Budget Overview	
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	*Carol Shaw, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Thursday, March 10, 2005
8:30 a.m.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Thursday, March 10, 2005 at 8:30 a.m. in Room 643 of the Legislative Office Building. Members present were Senators William Purcell, Vernon Malone, Charlie Dannelly, James Forrester, Harris Blake, Don East and John Kerr and Representatives Verla Insko, Jeff Barnhart, Jean Farmer-Butterfield, Mary Hollo, Bernard Allen, William Current, Bob England and Paul Stam. Staff members present were Carol Shaw, Karlynn O'Shaughnessy and Lisa Hollowell. A copy of the roll denoting members present is attached to the minutes (Attachment I) along with a copy of the agenda and visitor registration sheet (Attachments II and III).

Rep. Verla Insko presided, welcomed members and recognized the sergeants-at-arms: Martha Gadison, Paul Curry, Earl Coker, Ashley Baxter, Charles Harper and Jon Fitchett and pages: Alecice Murphy from New Hanover sponsored by Rep. Thomas Wright, Katie Lovett from New Hanover sponsored by Rep. Danny McComas and Morgan Smith from Wake County sponsored by Senator Richard Stevens. Chair Insko called upon Carol Shaw for her to continue her presentation on Mental Health, Developmental Disabilities and Substance Abuse Services from the morning session.

Mental Health Services

Carol Shaw stated that accordingly to the National Alliance for the Mentally Ill the major mental illnesses are (1) schizophrenia, (2) clinical/major depression, and (3) bipolar disorder (manic depression). (Attachment IV-Budget and Program Overview)

Ms. Shaw explained that the definition of schizophrenia is a brain disorder that impacts a person's ability to manage emotions, make decisions and think clearly. Schizophrenia impacts about 1% of adults nationally and symptoms can include hallucinations and delusions. Schizophrenia is highly treatable and treatment can lead to independent living.

Ms. Shaw stated that 1 in 5 women and 1 in 15 men would suffer from a major depression in their lifetime. Depression is clinical brain disorder that is greatly impacted by environmental stress and can impact a person's mood, concentration, appetite and sleep. 80% to 90% of cases are treatable. If untreated, episodes can last a year or more.

Bipolar Disorder (manic depression) impacts about 1% of adults nationally. Individuals suffer from episodes of mania and depression. These episodes can last days or months,

and individuals can go years without an episode. In severe cases, treatment can partially mitigate the symptoms, but individuals require frequent monitoring and medication adjustments.

For those suffering with a mental illness the impact on daily living includes difficulty with tasks, vulnerability to stress, potential disruptive behavior, difficulty establishing social networks and a tendency toward not seeking help. Subpopulations with special needs are the homeless, dually diagnosed developmental disabled, dually diagnosed substance abusers, children, and seniors.

Ms. Shaw reviewed the budget summary for FY2003-04 and pointed out that the requirements and revenues did not include federal DSH funds. In addition to the requirements, Medicaid funded $433 million in mental health services in the community and direct payments to providers.

In 2002-03 93% of service recipients were in the community while in 2004-05 76.4% of division funds were allocated to psychiatric institutions indicating an allocation mismatch. The explanation was that the DMH/DD/SAS's budget did not include funds in DMA's budget for community mental health ($433 million) and NC's psychiatric hospitals are costly and inefficient.

Ms. Shaw explained that the mental health services available included assessment, assertive community treatment teams, psychosocial rehab, community support teams, residential supports, community based crisis services, prevention, family/group living, residential treatment, inpatient services, specialized care for the deaf/MI, individual/group therapy, and specialty therapy (PT, OT, Speech, etc.)

Sen. Purcell asked if mental hospitals were ineffective. Ms. Shaw replied that most mental hospitals are old facilities designed in a different era. For example, Butner was built in the1930s and was not designed like a modern hospital.

Sen. Berger asked if persons receiving mental health services are covered by insurance. John Tote, Executive Direction of the Mental Health Association of North Carolina responded that 42% of adults coming into LMEs have no insurance or their health insurance has expired.

Carol Shaw stated that the four psychiatric hospitals located in North Carolina are Dorothea Dix in Raleigh, Cherry in Goldsboro, John Umstead in Butner, and Broughton in Morganton.

According to the State Plan for Mental Health System Reform 322,000 persons have a serious mental illness and 99,000 of these have a severe and persistent mental illness.

In FY 2002-03, 7% of hospital residents were under 18 years of age and 11% were 55 years and older. In addition, 20% (3,208) of hospital residents had a substance abuse

problem. In FY2004-05 there was a greater presence of substance abuse diagnoses in the hospitals.

Dorothea Dix Hospital in Raleigh and John Umstead Hospital in Butner are scheduled to close in late 2007 and be replaced with a 430-bed hospital in Granville County. (*Note: 244-bed in report was typo.) Ms. Shaw stated there is no authorization to finance replacement hospitals for Broughton Hospital in Morganton and Cherry Hospital in Goldsboro. Cherry Hospital is scheduled to combine their administration with the O'Berry Center.

The downsizing plan for these four hospitals was implemented in FY2001-02. No acute beds have been closed and the crisis capacity has not been reduced. However by FY2003-04the Department of Mental Health slowed the downsizing plan, due to lack of community capacity. From 2001-2005 there was a total of 417 bed closures statewide.

The State's psychiatric hospitals have witnessed a rapid increase in acute admissions. According to the DMH/DD/SAS admissions increased by 6.9% from FY2002-03 to FY2003-04. In the third quarter of FY2003-04 admissions increased by 11.4% as compared to the third quarter in FY2002-03. Ms. Shaw stated that 30% to 40% of acute admissions have never been served in a state hospital. Primary substance abuse diagnoses are common.

Possible contributing factors reported by LMEs are lack of community substance abuse services, increased illicit drug and alcohol abuse, fragmentation of services through LME divestiture, decreased crisis care capacity in community hospitals, increased population, and stresses associated with high unemployment and other economic factors.

Sen. Malone told staff he was interested in knowing how the statistics of patients at the four major hospitals compared to the underserved. Also, if the DMH/DD/SAS was tracking people who needed services but was not getting into the hospitals. Mike Moseley, Director of the DMH/DD/SAS stated he did not know the specific numbers, but would obtain those for the committee.

Rep. Farmer-Butterfield asked Dr. Moseley if providers would be ready to deliver new services. Dr. Moseley replied that the current state plan would run out June 30th and the new plan effective July 1st. The Department had engaged in training providers, but some issues will go beyond July 1st.

Rep. Hollo asked Ms. Shaw to refer to the authorized budget on page 33 of handout. He stated that the combined authorized budget for Dorothea Dix and John Umstead Hospitals for F2004-05 was $204 million and asked what were the benefits of combining the two hospitals.

Rep. Allen asked Dr. Moseley if a 244-bed hospital in Granville County would be able serve patients from Dorothea Dix and John Umstead Hospitals combined. Dr. Moseley

advised that the 244-bed figure was a typo and should have been a 430-bed hospital in Granville County.

Sen. Blake asked Dr. Moseley how had the Department moved patients out of the state hospitals and into community based programs. Dr. Moseley replied that some were moved to nursing or general psychiatric facilities while others were placed in community-based programs. The Department tracks patients placed in community-based programs and most were doing well.

Sen. Kerr asked about increasing problems with people getting in alcohol programs. Dr. Moseley responded that there had been a flood of individual substance abusers entered into state hospitals. The State hoped to decrease this number by redirecting patients from state hospitals to community facilities. Sen. Kerr also asked about the total amount being paid to community hospitals versus state facilities. Dr. Moseley stated he would provide information.

Rep. Insko asked if state funds were being used to treat people in community hospitals. Dr. Moseley stated he would provide information.

Chair Insko asked Ms. Shaw to continue with her presentation.

Child Mental Health Services

Ms. Shaw explained that 10% to 12% of North Carolina's children (173K-208K) would have a severe emotional disturbance (SED). (Attachment V- Child Mental Health Services) The impact on these children include dropping-out from school, school expulsion, substance abuse, teen pregnancy, involvement with the criminal justice system, and family disruption – out of home placement.

The mission of North Carolina Child Mental Health Plan provides children and families with mental health needs a system of quality care, which includes accessible, culturally appropriate, individualized mental health treatment, intervention and prevention services delivered in the home and community in the least restrictive and most consistent manner possible. The vision of the Plan is for families, professionals, and communities to join hands enabling children to be happy, healthy and successful by providing a seamless system of care.

In response to the children's mental health services for FY2003-04 the State spent $489.3 million for Child Mental Health Services. Funding included $412.8 million from Medicaid, $73.9 million in state appropriations, and $2.6 million from other federal receipts. 93.6% of the expenditures flowed to the community and 6.4% of the expenditures were covered under services provided by the State psychiatric hospitals and Whitaker and Wright Schools. There were over 69,000 children who received mental health services.

Ms. Shaw explained that for FY2003-04 expenditures for residential treatment services was $207,699,255 with 5,181 children served. The types of residential treatment services include Level 1-family care homes (0.1%), Level 2-therapeutic foster homes (18.4%), Level 3-group homes 72.9%, Level 4-secure group homes (2.5%), and psychiatric residential treatment facilities (6.2%).

Sen. Berger asked about costs of providing day-to-day counseling in the public school systems vs. cost of providing services later. Secretary Carmen Hooker-Odom responded that social workers/counselors were in 100 schools to identify "red flag" children with social, behavioral and mental health problems. There is a new proposal for a family support team.

Sen. Berger inquired what role would school counselor's play in the family support team. Secretary Carmen Hooker-Odom explained that it was up to the school principals to determine the team. Also, families would need to be included for the program to be successful.

Sen. Kerr asked if NC checked with other states on how they handle tough issues – for example Willie M Group Homes.

Dr. Moseley replied that HDM/DD/SAS was looking into residential child services issues. He stated there was a need to change some types of services and to also create a new range of services – the right people for the right services.

Chair Insko indicated that the presentation on Developmental Disability Services would be continued until the next schedule meeting. Meeting was adjourned at 9:48 am.

Verla Insko

Representative Verla Insko, Chair

Pamela J. Evans

Pamela J. Evans, Committee Clerk

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/10/05 -														
INSKO, Verla CHAIR	✓														
BARNHART, Jeff CHAIR	✓														
FARMER-BUTTERFIELD, Jean VICE-CHAIR	✓														
HOLLO, Mark VICE-CHAIR	✓														
ALLEN, Bernard	✓														
CURRENT, William	✓														
ENGLAND, Bob	✓														
STAM, Paul															
WRIGHT, Tom															
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

ATTENDANCE

SENATE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/10/05														
PURCELL, William CHAIR	✓														
MALONE, Vernon CHAIR	✓														
DANNELLY, Charlie VICE-CHAIR	✓														
FORRESTER, James	✓														
BERGER, Doug	✓														
BLAKE, Harris	✓														
EAST, Don	✓														
KERR, John	✓														
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

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

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Budget and Program Overview

Joint Health and Human Services Appropriations Subcommittee

Fiscal Research Division March 2005

Attachment IV

Overview

- Division Overview
- System Reform Implementation
- Mental Health Services
  - Child Mental Health
- Developmental Disability Services
- Substance Abuse Services
- Local Management Entities
- Issues

Mission

North Carolina will provide people with, or at risk of, mental illness, developmental disabilities and substance abuse problems and their families the necessary prevention, intervention, treatment, services and supports they need to live successfully in communities of their choice.

Policy
(Section 122C-2 of NC General Statutes)

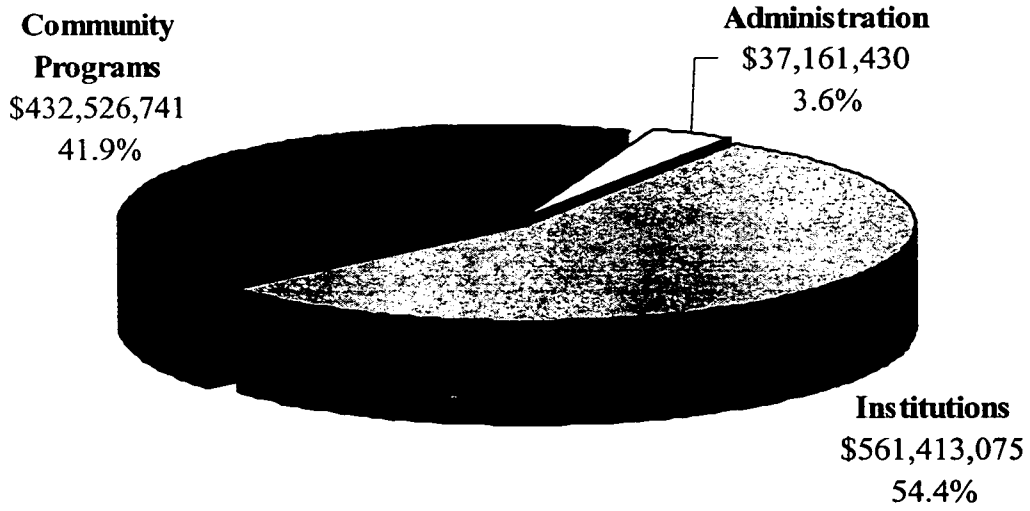
The policy of the State is to **assist individuals with needs** for mental health, developmental disabilities, and substance abuse services in ways consistent with the dignity, rights, and responsibilities of all North Carolina citizens. **Within available resources** it is the obligation of **State and local government** to provide mental health, developmental disabilities, and substance abuse services through a delivery system designed to meet the needs of clients in **the least restrictive, therapeutically most appropriate setting available** and to maximize quality of life.

It is further the obligation of State and local government to provide **community-based services** when such services are appropriate, **unopposed by the affected individuals**, and can be reasonably **accommodated within available resources** and taking into account the **needs of other persons** for mental health, developmental disabilities, and substance abuse services.

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

Budget Summary	FY03/04 Actual	FY04/05 Authorized	FY05/06 Recommended	FY06/07 Recommended
Requirements	$1,009,340,787	$1,031,101,246	$1,028,224,879	$1,030,570,971
Revenues	$446,417,505	$443,821,446	$435,898,971	$435,864,844
Appropriations	$562,923,282	$587,279,800	$592,325,908	$594,706,127
Positions	11,643	11,647	11,647	11,647
* Requirements & Revenues do not include federal DSH funds				

FY 2004-05 Authorized Budget



Budget Facts

- The the total budget for the Division is the third largest in the Department of Health and Human Services. Only the Divisions of Medical Assistance and Social Services have larger budgets.
- The Division receives the second highest state appropriations. Only the Division of Medical Assistance receives more State appropriations.
- The Division supervises most of the Department of Health and Human Services employees – 11,647 of the 18,000 employees of the Department.

State and Local Public Mental Health System

15 State-run Institutions Across the State

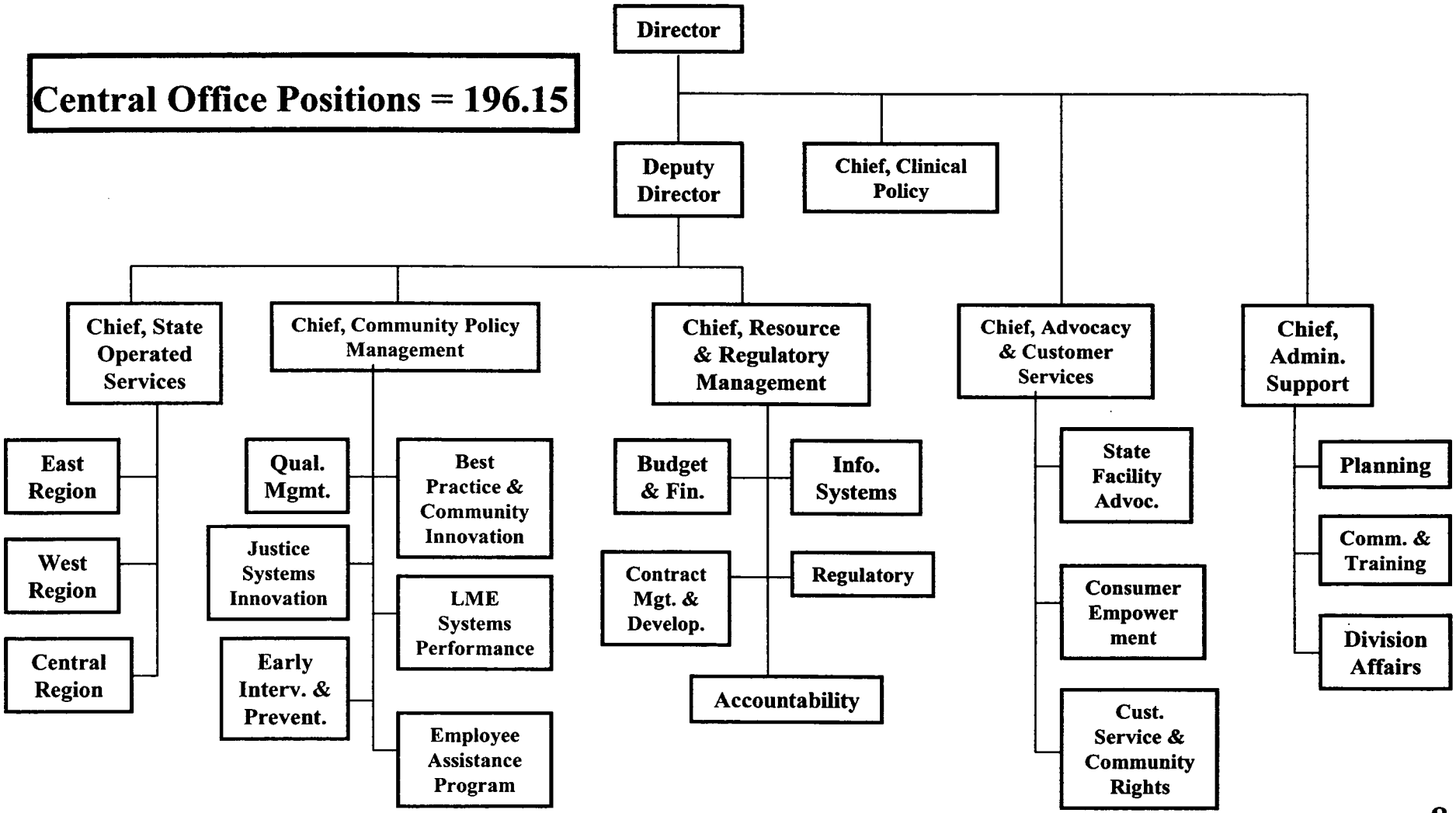
- 4 Psychiatric Hospitals
- 4 Mental Retardation Centers
- 2 Residential Facilities for Children
- 2 Nursing Care Facilities
- 3 Alcohol and Drug Abuse Treatment Centers (ADACT's)

33 Area and County Authorities

- Political Subdivisions of the State
- Deliver and Manage Services in the Community
- 10 Authorities Serve Single Counties
- Area Programs transforming into Local Management Entities (LME's)

Array of Privately Run Service Providers throughout the State

Division Organization



Characteristics of the Division Organization

- Functional Sections: (1) removes Disability Silos containing administrative redundancies (2) addresses services to persons with multiple-diagnoses (3) streamlines policy across disabilities
- Teams replace layers of management
- Reduction in the number of sections reduces span of control

Division Sections and their Responsibilities

Clinical Policy

- Clinical and Medical Leadership
- Clinical care in State Operated Facilities
- Clinical care in the community

State Operated Services

- State Facilities
- Community Transition
- Admission and Discharge Criteria
- Out-of-State Placements

Characteristics of the Division Organization(Cont.)

Community Policy Management

- Contracting with LME's
- Collect/Analyze Performance Measures
- Best Practices Research in Community and Justice System
- Prevention and Early Intervention
- Employee Assistance Program

Resource & Regulatory Coordination and Management

- Budget and Finance
- Information Systems
- State and Federal Compliance
- Contracting and Purchasing

Advocacy and Customer Services

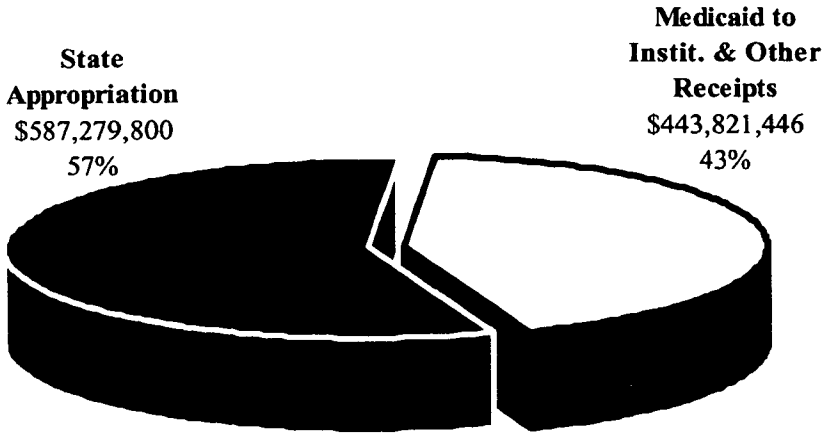
- Client Rights System
- Investigations
- Customer Feedback System
- Support Local Advocate Groups
- State Facility Advocates

Administrative Support

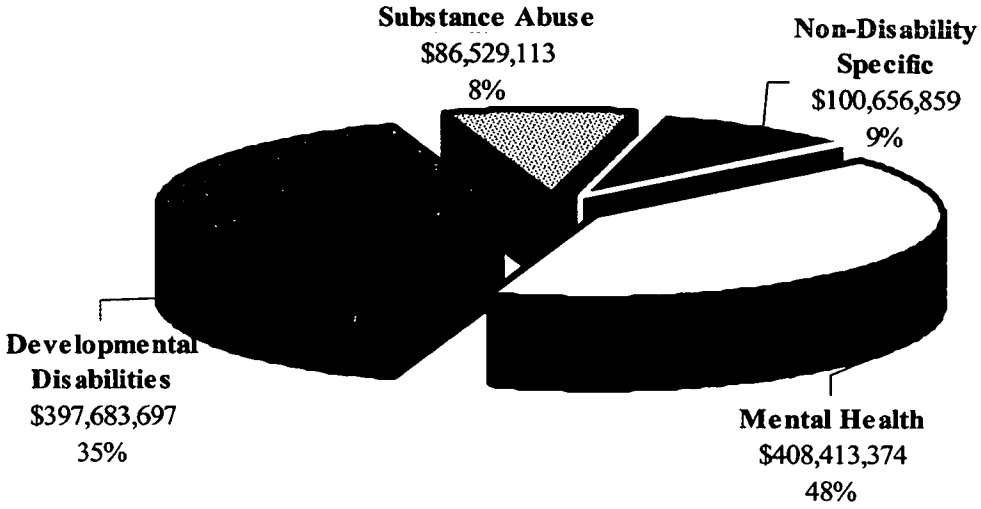
- Division-wide Support and Coordination
- Division-wide Planning
- Communications
- Staff Support to Division Boards

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

FY 04/05 Authorized Budget by Source of Funds



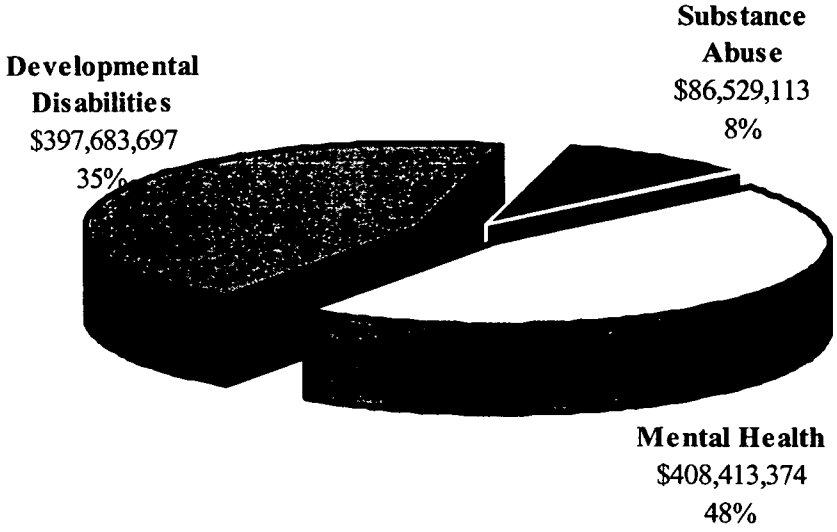
FY 04/05 Authorized Budget by Disability



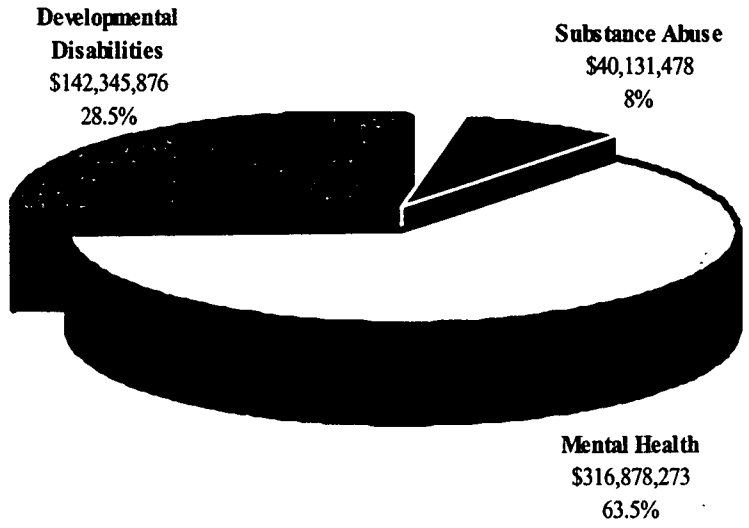
- 43% of funds flowing to DMHDDSAS is comprised of federal funds and other receipts ***(not including Medicaid funds flowing to the community or direct providers)***
- Due to the high costs per client for delivering services to the Mentally Ill and Developmentally Disabled, these two disabilities garner a large portion of the budget, **but....**
- Budget allocation is also heavily influenced by:
  1) The availability of federal funds through Medicaid and grants
  2) Historical trends in clinical practice

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

FY04/05 Authorized Budget by Disability



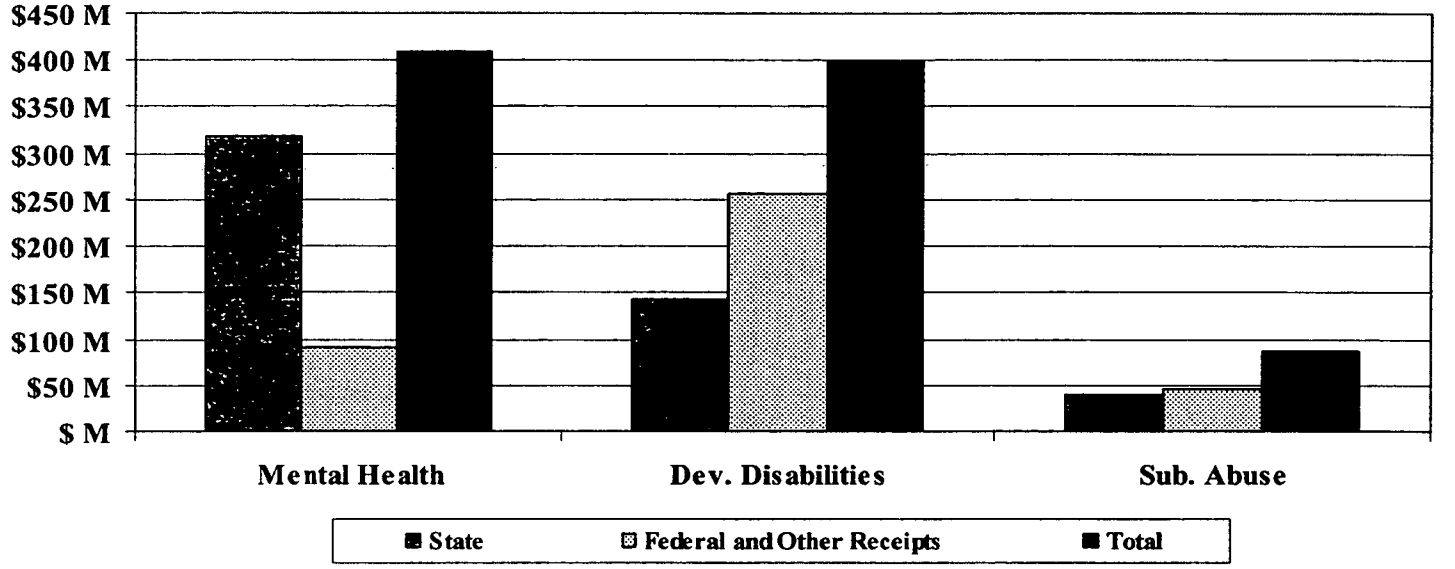
FY04/05 State Appropriations by Disability



- Expenditures presented above do not include direct Medicaid payments to providers or Medicaid payments to the LME's/Area Programs
- With the addition of total Medicaid dollars, DD Services are the highest funded of the disabilities
- When considering only state funds in DMHDDSAS, Mental Health Services take up a significantly larger proportion of the budget.

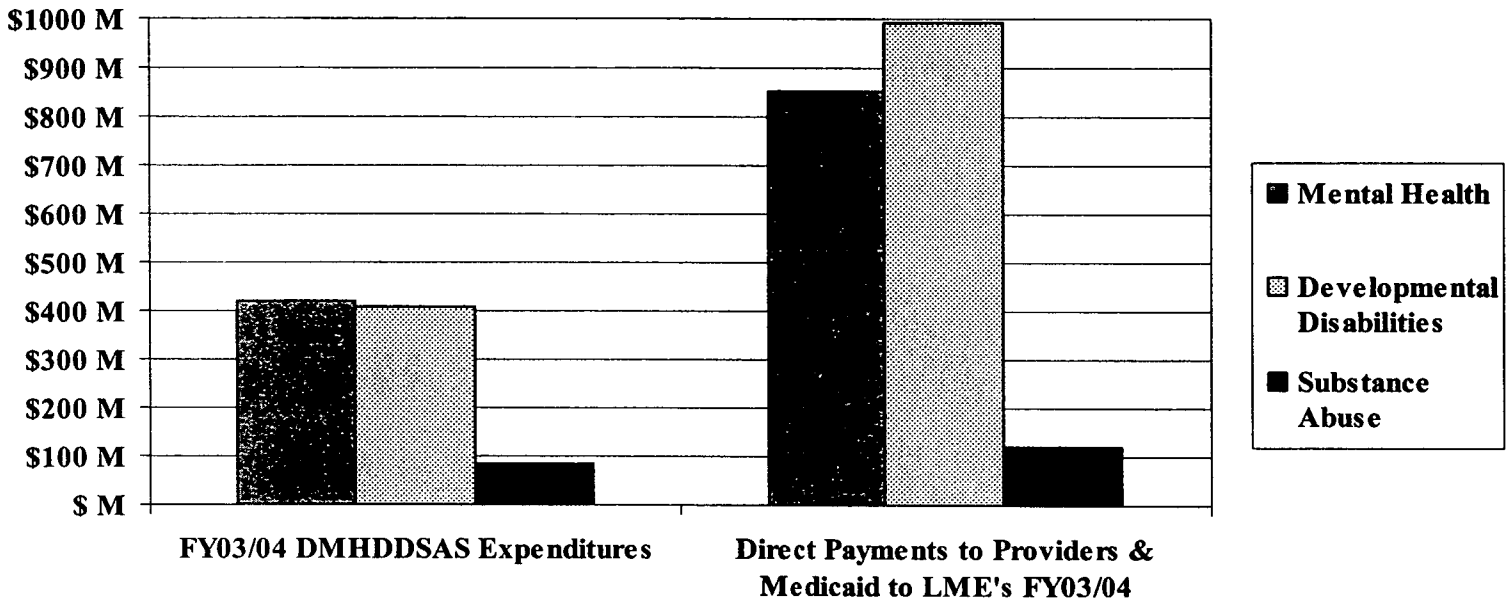
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

Source of Funds by Disability Service - FY 2004-05 Authorized Budget



- The disparity in funding can partly be explained by the greater cost of service per client for MH and DD services
- At one time, the State paid 100% of costs for the Mentally Ill, Dev. Disabled, and persons with Substance Abuse problems. The availability of federal funds through Medicaid and grants (Community Mental Health Agencies Act of 1963; Mental Health Block Grant) have allowed the State to greatly increase the amount of funds in the Mental Health System, but these federal funds are focused towards particular eligibility groups and services
- Medicaid funding for Psychiatric Hospitals is limited. The emphasis of institutional care for the mentally ill in NC has resulted in small amounts of federal funds in the DMHDDSAS Budget for Mental Health. The availability of community mental health services in NC have largely been the result of federal funds (Medicaid, CMHA/MHBG). Substantial Medicaid Funds for services in the MH/DD/SA service system are not reflected in DMHDDSAS Budget
- Medicaid reimburses for ICF-MR level of care. As a result, the State has favored care for the Developmentally Disabled through the State MR Centers and private ICF-MR's. Availability of CAP-MR/DD is changing this influence
- Limited federal funds in Substance Abuse has resulted in less money over all to address these needs

Direct Medicaid Payments to LME's and Private Providers



- The Budget for DMHDDSAS does not include Medicaid payment to the LME's or direct Medicaid payments to MH and DD providers through Medicaid. These expenditures are found in DMA's Budget
- In addition to expenditures in the DMHDDSAS Budget, DMA paid **$1.061 billion** to the mental health system in FY 2003-04. Those payments include:

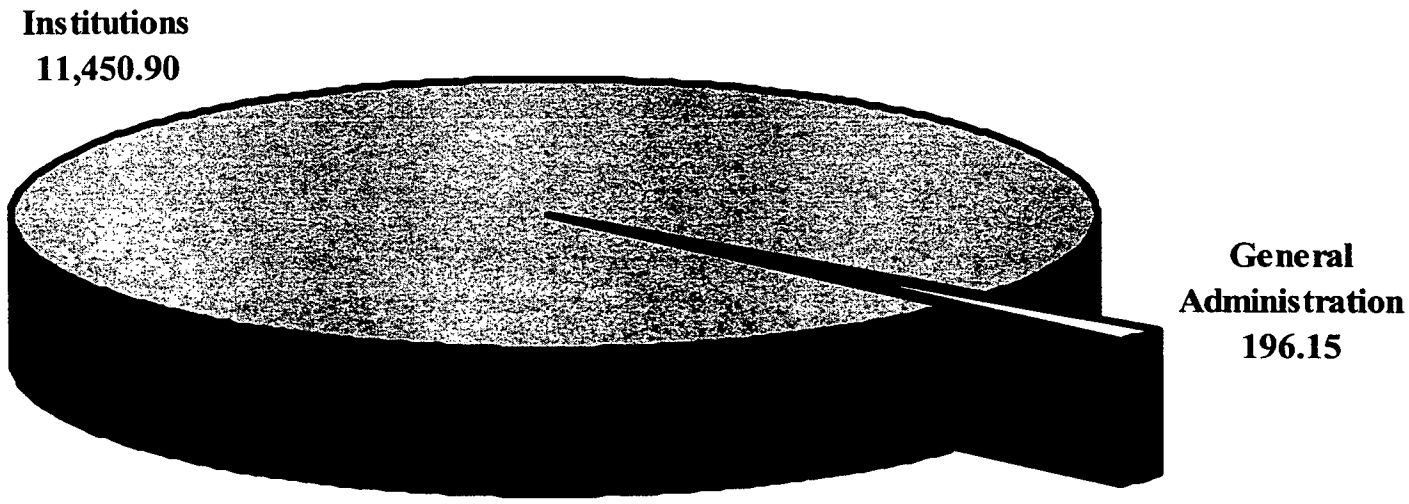
MH Residential Services	$104,988,901
CAP-MR/DD	$224,293,157
Private ICF-MR's	$203,455,267
Area Mental Health Programs	$519,864,066 (*$328 M for Mental Health Services*)

519.864
191.866
Outpatient

Psychiatric

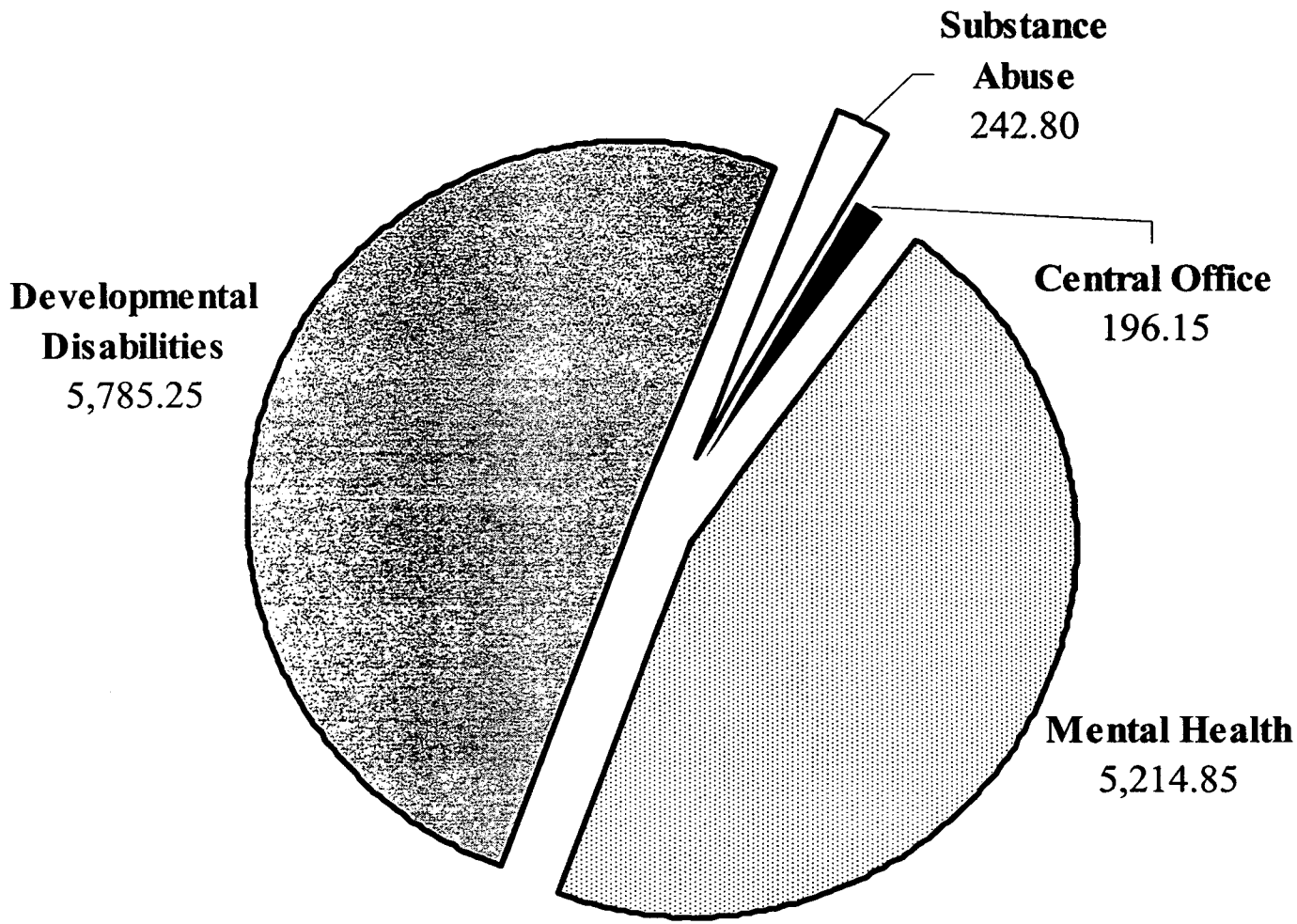
current Medicaid state bill through area prog

FY 2004-05 State Positions by Function



- Since FY 2002-03, DMHDDSAS has eliminated 192.8 budgeted positions (1.6%)
- 31 positions (13.6%) were eliminated in the Division's Central Office during the Division Reorganization in 2003. These position positions were used to help fill a DHHS Position Elimination Reserve that the General Assembly included in the FY 2002-03 Budget.
- 161.8 positions (1.4%) were eliminated in the institutions. Most of these eliminations occurred in the State's Psychiatric Hospitals through Hospital Downsizing.

FY 2004-05 State Positions by Disability Service



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

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System Reform Implementation

Fiscal Research Division March 2005

Community Services - Implementation of HB 381 and related Legislation

State Plan 2001 – Blueprint for Change

- Released in November 2001
- Local Management Entities (LME's)
- Local Business Plan Requirements
- Timelines for Reform Implementation
- Updated Annually

Establishing LME's

- Counties Developed Local Business Plans
- Implementation by July 1, 2003
- Counties dissolved Area Mental Health Programs and formed new LME's
- 5 Counties or Serve a Population of 200,000
- By July 2004, 29 LME's had formed. 4 Area and County Authorities are still settling their governance structure
- Local Business Plans - "Living Documents"

Community Services (Continued)

Consumer and Family Advisory Committees (CFAC's)

- Involved in System Design and Operation
- Requirement for LME Certification
- Review of Local Business Plans
- "Eyes and Ears of the Service System"

Target Populations

- Specific Criteria in the State Plan
- Access to Specialized/Enhanced Services
- Except for Core/Basic Services, State and non-Medicaid federal funds reserved for Target Populations
- All Citizens – Access to Core/Basic Services (Assessment, Referral, Prevention, and Crisis)
- Effective July 1, 2004

Community Services (Continued)

Divestiture of Services

- HB 381 – "Consumer Choice and Fair Competition"
- All Therapeutic and Support Services
- Divestiture Waiver for LME's - Persistent Gaps in the Service System
- Local Business Plans set Divestiture Schedule
- Divestiture is currently happening

Array of Services

- New Service System – Science Based
- Seamless between Medicaid and non-Medicaid Services
- Basic Package – Assessment, Outpatient, Crisis Care, and Prevention
- Enhanced Package – Intensive Services and Supports
- Implementation July 1, 2005

Institution Downsizing and Replacement

- Response to the US Supreme Court Olmstead Decision (1999) , US Justice Dept. enforcement of the Civil Rights for Institutional Persons Act (CRIPA), and the 1999 State Auditor's Report
- SB 1005 (2001) – Olmstead Plans for Residents
- DHHS extended Olmstead Plans for Private ICF-MR Residents
- Three Psychiatric Hospital Plan
- Downsize from 1788 Beds to 934 Beds by FY 2006-07
- HB 684 (2003) – Psychiatric Hospital Financing
- SB 1217 (2002) – Replacement Hospital Planning for Broughton and Cherry
- HB 1414 (2004) - $3.5 million for Alcohol and Drug Abuse Treatment Centers (ADACT's)

Reform Implementation (Cont.)

Consumer Advocacy Program

- HB 381 Requirement – Never Funded
- Advocacy and Consumer Services Section Established
  - State Facility Advocacy
  - Customer Service, Rights, and Empowerment
  - Section Chief Reports to the Secretary
  - Liaison to local CFAC's

Division Reorganization

- SB 1005 (2001) – Reorganization Requirement
- Eliminated Disability Silos – Sections based on Function
- Span of Control – 10 Sections reduce to 5
- Layers of Management – Cross Disability Teams
- Completed July 2003

Reform Implementation – What Remains?

Service Array not Implemented

- Service Definition and Rate Proposal recently completed
- Service Cost Model for Community Services to be developed
- Community Capacity Building and Service Gaps
- Evidence Based Practices and Emerging Best Practices
- Implementation is expected July 2005
- Two New CAP-MR/DD Waivers

Divestiture of Services from LME's

- Continues at a Rapid Pace
- Continuity of Services, while in Transition
- Sequencing – Rapid Divestiture and the New Service Array

Reform Implementation – What Remains?

LME Mergers and Consolidations

- Achieving the 5 County/200,000 Population Requirement
- 33 LME's and Area/County Authorities to 20 LME's by January 2007

Allocation of Funds to LME's

- State and non-Medicaid federal funds
- No Transparent Formula; Historical Expenditures
- HB 381 – LOC to Redesign Allocation System
- HB 1414 – Report from DHHS on New Allocation System – February 2005

Local Business Plans

- Living Documents
- Continual Assessment – As new Information is Available
- Service Array Implementation & Financial Planning

Reform Implementation – What Remains?

Downsize and Replace Institutions

- Community Capacity & Resuming the Downsizing Plan
- Institutional Downsizing – ICF's-MR
- Replacing Cherry and Broughton Hospital - $166 M
- Complete Detox Expansions at the ADATC's

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

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Mental Health Services

Fiscal Research Division March 2005

Major Mental Illness*

- **Schizophrenia** – Brain disorder that impacts a person's ability to manage emotions, make decisions, and think clearly. Symptoms can include hallucinations and delusions. This disorder is considered highly treatable and treatment can lead to independent living. *Impacts about 1% of adults nationally.*
- **Clinical / Major Depression** – Clinical brain disorder that is greatly impacted by environmental stress. Can impact mood, concentration, appetite, and sleep. If untreated, episodes can last a year or more. 80% to 90% of case are treatable. *1 in 5 women and 1 in 15 men will suffer from major depression in their lifetime.*
- **Bipolar Disorder (Manic Depression)** - Individuals suffer from episodes of mania and depression. Episodes can last days or months, and individuals can go years without an episode. For severe cases, treatment can partially mitigate the symptoms, but individuals require frequent monitoring and medication adjustments. *Impacts about 1% of adults nationally.*

Impacts on Daily Living

- Difficulty with Tasks
- Vulnerability to stress
- Potential disruptive behavior
- Difficulty establishing social networks
- Tendency toward not seeking help

Subpopulations with Special Needs

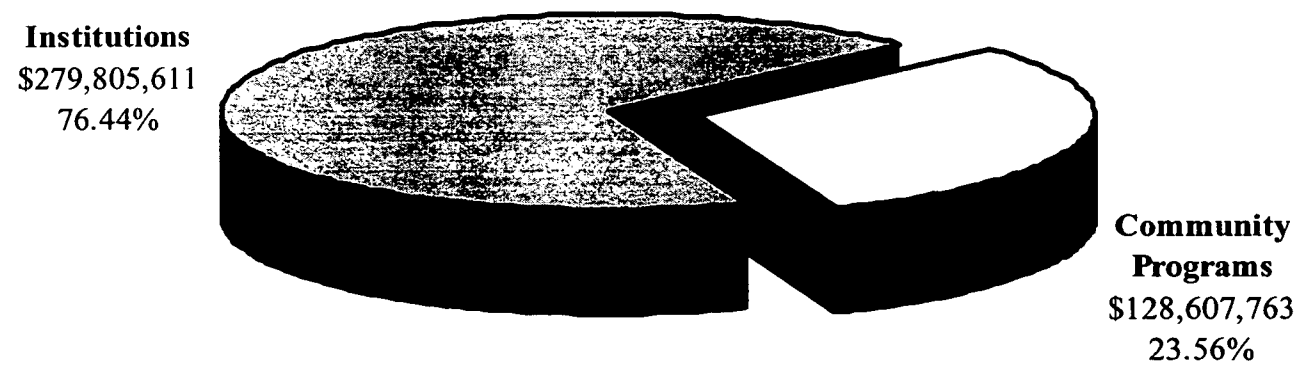
- Homeless
- Dually Diagnosed Develop. Disabled
- Dually Diagnosed Substance Abuser
- Children
- Seniors

**Source: National Alliance for the Mentally Ill*

Mental Health Services

Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$419,146,244	$408,413,374
Revenues	$97,576,597	$91,535,101
Appropriations	$321,569,647	$316,878,273
Positions	5,212	5,215
* Requirements & Revenues do not include federal DSH funds		

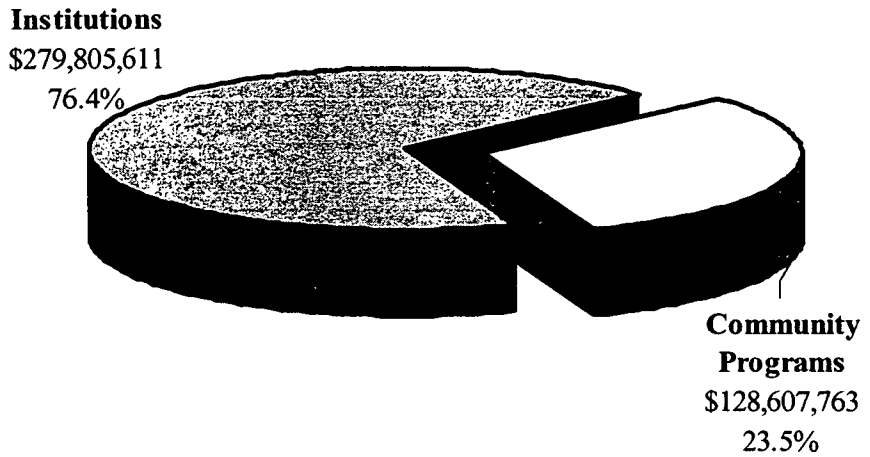
FY 2004-05 Authorized Budget - Mental Health



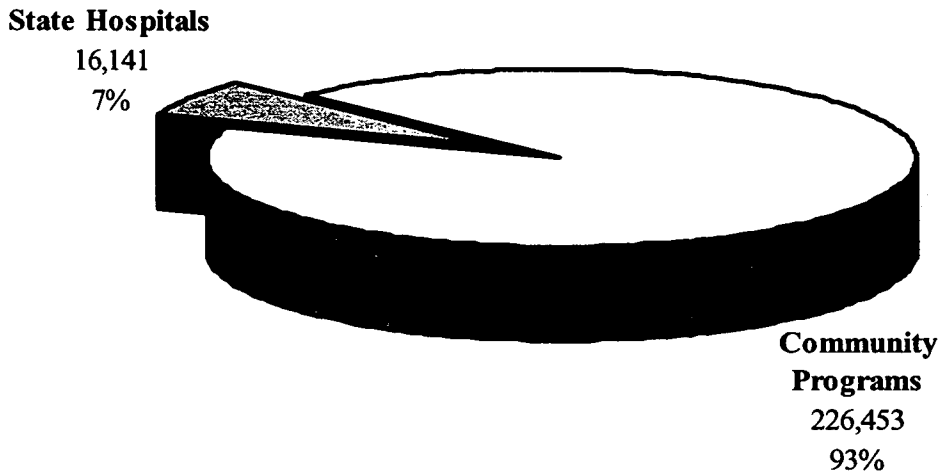
***Note – In addition to Requirements listed above, Medicaid funded $433 million in Mental Health Services in the Community and direct payments to Providers (FY 03/04)**

Budget Allocations vs. Persons Served

FY 2004-05 Authorized Budget



Persons Served FY 2002-03



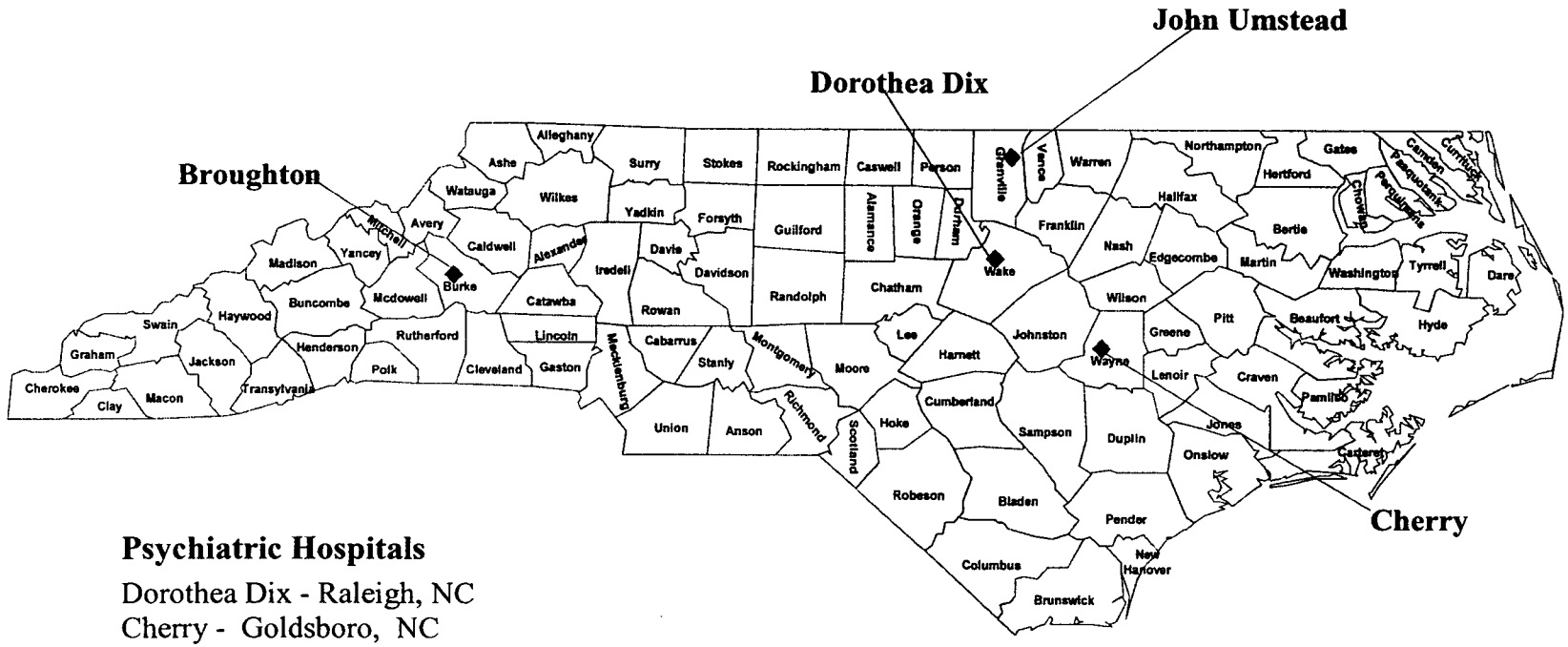
- 76.4% of Division funds are allocated to the Psychiatric Hospitals and 93% of service recipients are in the community -- Indicates an allocation mismatch
- Explanation:
  1) DMHDDSAS's Budget does not include funds in DMA's Budget for community Mental Health ($433 million)
  2) NC's Psychiatric Hospitals are costly and inefficient
- Only eligible persons (children, elderly, SSI, single parents) can participate in the Medicaid Program.

Mental Health Services Available

- Assessment
- Assertive Community Treatment Teams
- Psychosocial Rehab
- Community Support Teams
- Residential Supports
- Community Based Crisis Services
- Prevention
- Family/Group Living
- Residential Treatment
- Inpatient Services
- Specialized Care for the Deaf/MI
- Individual/Group Therapy
- Specialty Therapy (PT, OT, Speech, etc.)

MENTAL HEALTH SERVICES

STATE PSYCHIATRIC HOSPITALS



Psychiatric Hospitals

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

Diagnoses of Persons Served

Persons Served FY02/03	State Hospitals	Community
Total Persons Served	16,141	316,904
Schizophrenia	2,301	12,628
Major Depression	2,538	49,044
Bipolar	1,577	12,955
Develop. Disabled	38	
Substance Abuse	3,208	
55 and Older	1,775	
Under 18	1,132	

- In FY 2002-03, 7% of hospital residents were under 18 years of age and 11% were 55 years and older.
- In response to the Olmstead Decision, the State Auditor's Study (1999) and other studies of the mental health system, Children and Seniors have priority in community transition. Transition of Seniors has slowed, due to lack of community capacity
- In FY 2002-03 20% of hospital residents have a substance abuse problem. FY 2004-05 admissions data seems to indicate a greater presence of SA diagnoses in the hospitals.

According to the State Plan for Mental Health System Reform...

322,000 have a serious mental illness, 99,000 of these have a severe and persistent mental illness

State Psychiatric Hospitals

Dorothea Dix Hospital - Raleigh

- Persons Served (FY02/03) – 4,317
- Positions (FY04/05) – 1,156.37
- Authorized Budget (FY04/05) - $102.5 M
- Scheduled to close in late 2007
- To be replaced with a 244 Bed Hospital in Granville County

John Umstead Hospital - Butner

- Persons Served (FY02/03) – 4,493
- Positions (FY04/05) – 1,175.67
- Authorized Budget (FY04/05) - $101.5 M
- Also scheduled to close in late 2007
- Will be combined with Dix Hospital in Granville County

Broughton Hospital - Morganton

- Persons Served (FY02/03) – 3,544
- Positions (FY04/05) – 1,160
- Authorized Budget (FY04/05) - $91 M
- Replacement Planning complete
- No Authorization to finance a Replacement

Cherry Hospital - Goldsboro

- Persons Served (FY02/03) – 3,787
- Positions (FY04/05) – 1,196.58
- Authorized Budget (FY04/05) - $96.5 M
- Replacement Planning complete
- No Authorization to finance a Replacement
- Combined Administration with O'Berry Center

Hospital Downsizing

- Downsizing Plan was implemented starting in FY 2001-02.
- No Acute Beds have been closed. Crisis capacity has not been reduced.
- By FY 2003-04, DMHDDSAS slowed the Downsizing Plan, due to lack of community capacity.
- Total Beds Closed = 417

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05 (estimated)
Dix Hospital				
Adult Longterm	39	24	0	0
Geriatric Longterm	0	15	0	0
Total	**39**	**39**	**0**	**0**
Umstead Hospital				
Adult Longterm	0	30	30	30
Nursing Facility	25	0	0	0
Geriatric Longterm	0	12	5	0
Total	**25**	**42**	**35**	**30**
Broughton Hospital				
Adult Longterm	0	25	0	0
Nursing Facility	13	0	0	0
Geriatric Longterm	20	20	10	0
Total	**33**	**45**	**10**	**0**
Cherry Hospital				
Adult Longterm	0	0	31	31
Nursing Facility	15	16	10	16
Total	**15**	**16**	**41**	**47**
Statewide Bed Closures	**112**	**142**	**86**	**77**

Rising Acute Care Admissions

- The State's Psychiatric Hospitals have witnessed a rapid increase in acute admissions
- According to DMH/DD/SAS:
  - Admissions increased by 6.9% from FY 2002-03 to FY 2003-04.
  - Admissions increased by 11.4% for the 3rd Quarter of FY 2003-04 as compared to the 3rd Quarter of FY 2002-03.
  - 30%-40% of acute admissions have never been served in a state hospital
  - Primary substance abuse diagnoses are common
- Possible Contributing Factors*
  - Lack of community substance abuse services
  - Increases in illicit drug and alcohol abuse
  - Fragmentation of services through LME divestiture
  - Decreasing crisis care capacity in community hospitals
  - Increases in the population
  - Stresses associated with high unemployment and other economic factors

* Contributing factors provided by the LME's as reported by DMH/DD/SAS to the Joint Legislative Oversight Commission on MH/DD/SA Services 9/2004.

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

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Child Mental Health Services

Attachment V

Fiscal Research Division March 2005

Mental Health Services for Children

Service Need...

- 10% to 12% of NC children (173K-208K) will have a severe emotional disturbance (SED)

Impact of Severe Emotional Disturbances in Children

- Drop-out of School
- School Expulsion
- Substance Abuse
- Teen Pregnancy
- Involvement with the Criminal Justice System
- Family Disruption – Out of Home Placement

Child Mental Health Plan

Mission

North Carolina will provide children and families with mental health needs a system of quality care, which includes accessible, culturally appropriate, individualized mental health treatment, intervention and prevention services delivered in the home and community in the least restrictive and most consistent manner possible.

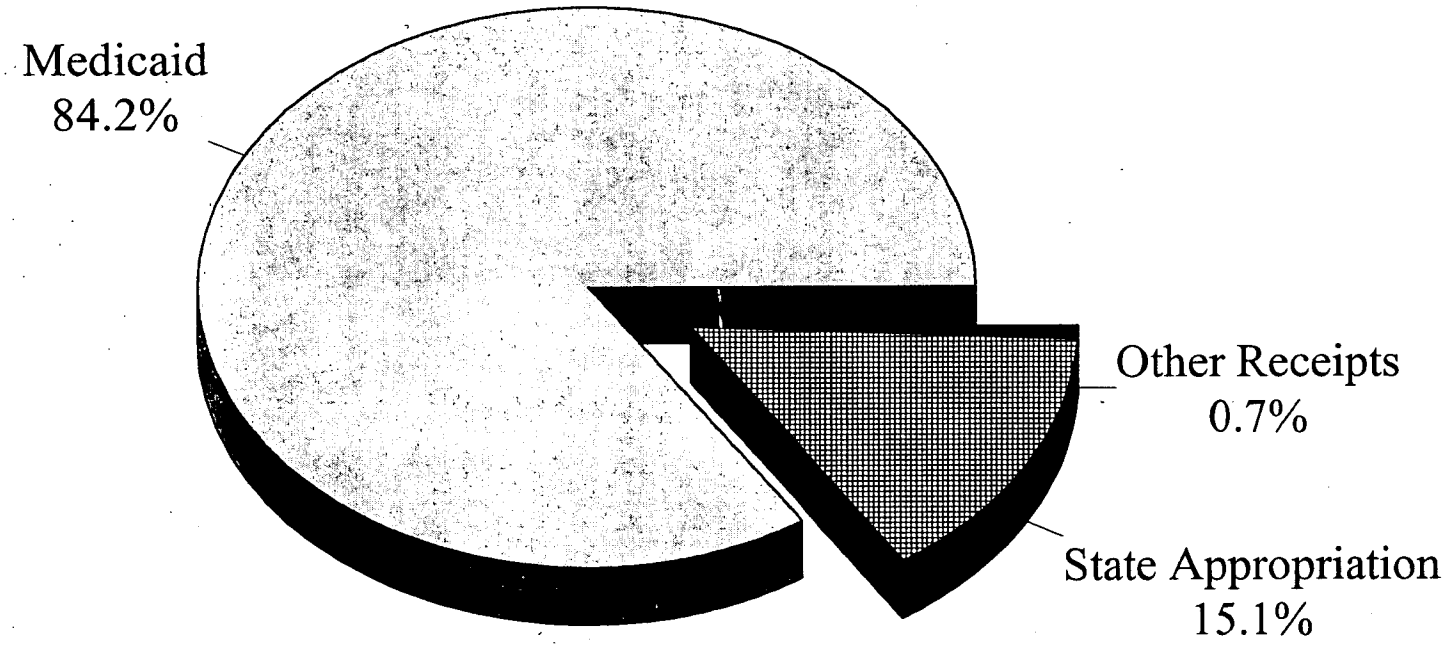
Vision

Families, professionals, and communities join hands to enable children to be happy, healthy and successful by providing a seamless system of care.

The State's Response to Children's Mental Health Services FY 2003-04

- Spent $489.3 million for Child Mental Health Services.
  - ✓ Medicaid = $412.8 million
  - ✓ State Appropriations = $73.9 million
  - ✓ Other Federal Receipts = $2.6 million
- 93.6% of the expenditures for Child Mental Health Services flowed to the community.
- 6.4% of the expenditures for Child Mental Health Services covered services provided by the State psychiatric hospitals and Whitaker and Wright Schools.
- Over 69,000 children received mental health services.

Child Mental Health Expenditures – FY 2003-04
Sources of Funding



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

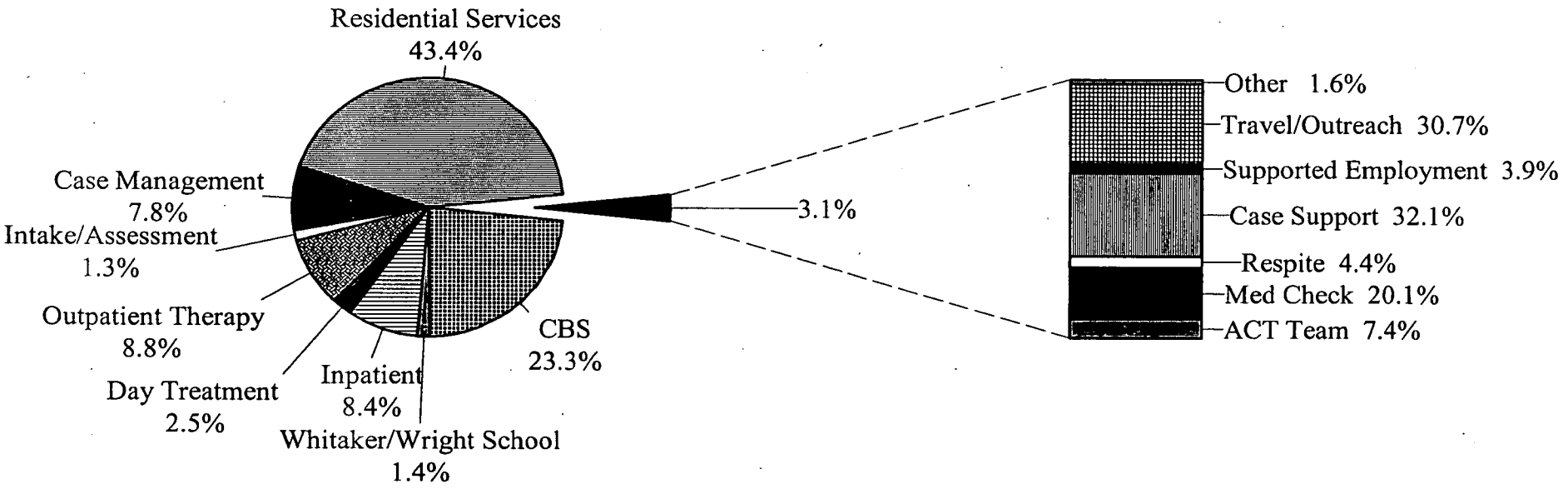
Children's MH Services for FY 2003-04

Services	Expenditures	Children Served
Residential Treatment	$207,699,225	5,181
Community Based Services (CBS)	$111,433,063	8,389
Outpatient Therapy	$42,109,652	49,099
Inpatient Hospital	$40,132,803	3,897
Case Management	$37,483,737	22,733
Day Treatment	$11,763,169	1,751
Intake/Assessment/Testing	$6,170,489	32,583
Whitaker/Wright Schools	$6,936,016	100 (est.)
Case Support	$4,803,599	16,622
Travel/Outreach/CE&PP	$4,594,368	15,478
Med Check	$3,009,273	17,900
ACT Team	$1,102,542	260
Other (Respite/Supported Employment)	$1,468,897	513

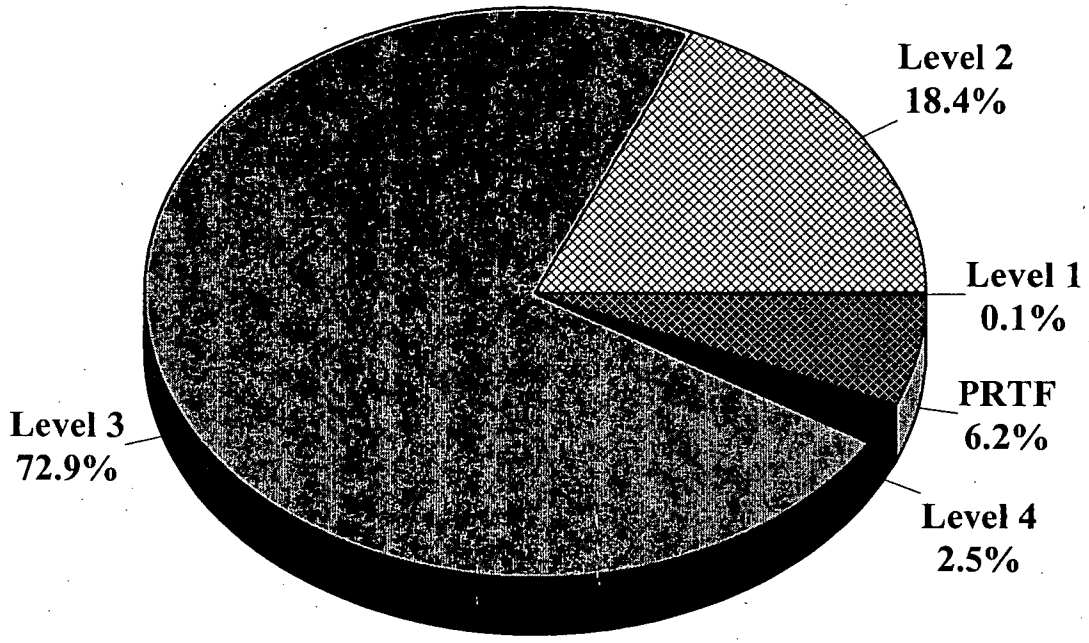
Notes: Expenditures do not include data from the NC Health Choice program. Other state funds expended by DSS, DPI, or Juvenile Justice are also not included because DMHDDSAS does not have access to their data. The number of children served is the number of children receiving each service and most children receive more than one service.

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

Children's MH Services for FY 2003-04



Residential Treatment Services



FY 2003-04 Expenditures
$207.7 Million

Types of Facilities

- Level 1 - Family Care Homes
- Level 2 - Therapeutic Foster Homes
- Level 3 – Group Homes
- Level 4 – Secure Group Homes
- PRTF - Psychiatric Residential Treatment Facility

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

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Developmental Disability Services

Fiscal Research Division March 2005

Developmental Disabilities Defined

- **A severe and chronic disability of a person which:**
  1) Results from a mental/physical impairment or combination of impairments
  2) Manifests by the age of 22, unless resulting from a traumatic brain injury after age 22

- **Results in functional limitations in 3 or more of the following:**

  1) Self-care
  2) Receptive & expressive language
  3) Capacity for independent living
  4) Self-direction & self-sufficiency
  5) Mobility
  6) Learning

- **Results in the need for a combination or sequence of special interdisciplinary or generic care, treatment, or other services. Care is lifelong or for an extended duration and are individually planned and coordinated**

- **Incidence in children from the age of birth to four years of age is generally considered a developmental delay.**

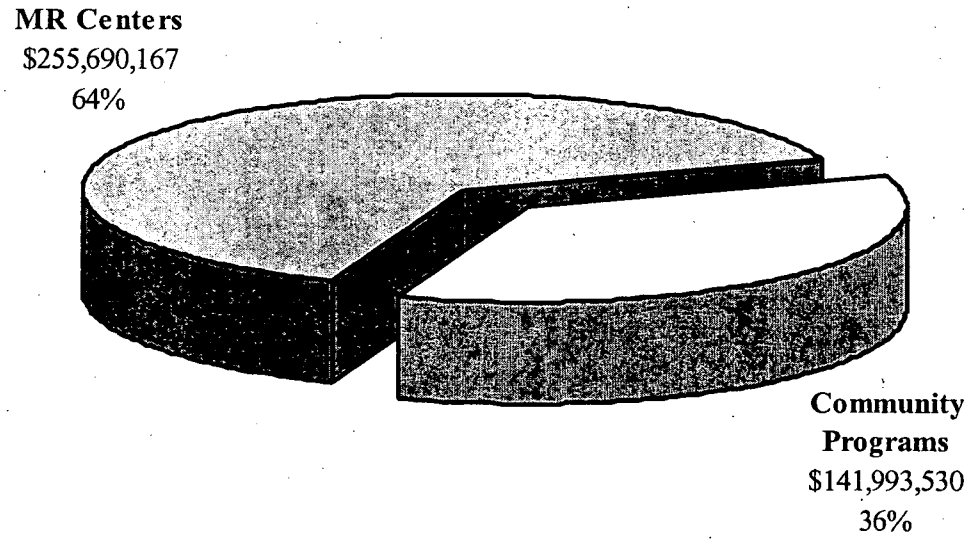
Conditions that can result in Developmental Disabilities

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

Developmental Disability Services

Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$406,094,806	$397,683,697
Revenues	$263,220,173	$255,337,821
Appropriations	$142,874,633	$142,345,876
Positions	5,784	5,785

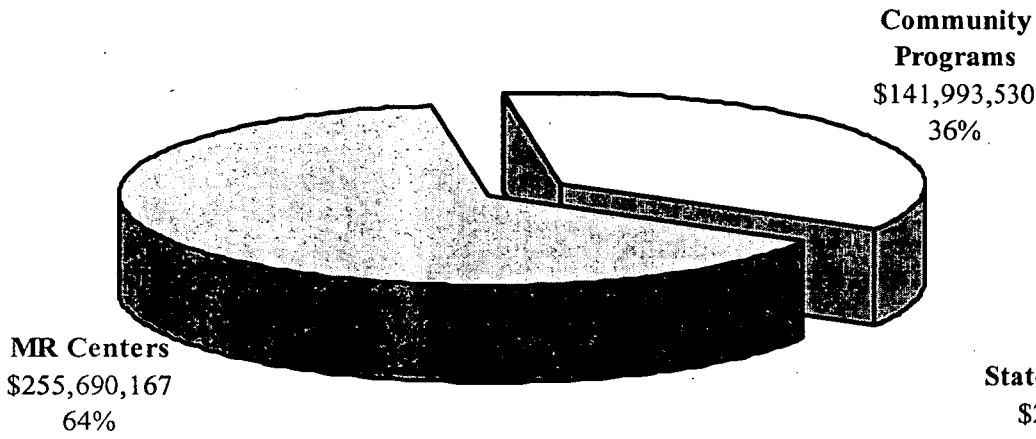
FY 2004-05 Authorized Budget - Developmental Disabilities



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

Expenditures for People with Developmental Disabilities Including Medicaid to the LME's, CAP-MR/DD, and Private ICF-MR's

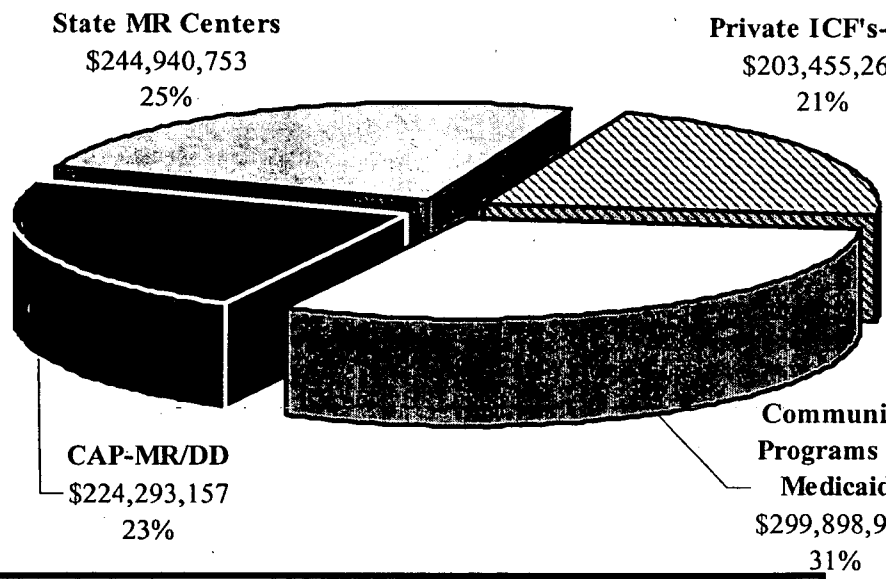
FY 2004-05 Authorized Budget - Developmental Disabilities



Total DD Authorized Budget
$397,683,697

Medicaid payments to the LME's, direct CAP-MR/DD payments and Medicaid payments to Private ICF-MR's represent $585.6 million in reimbursement for services to the Developmentally Disabled that does not appear in DMHDDSAS's Budget. These expenditures are located in DMA's Budget.

FY 2003-04 Actual Expenditures Including Medicaid for the LME's, ICF's MR, and CAP-MR/DD Funds



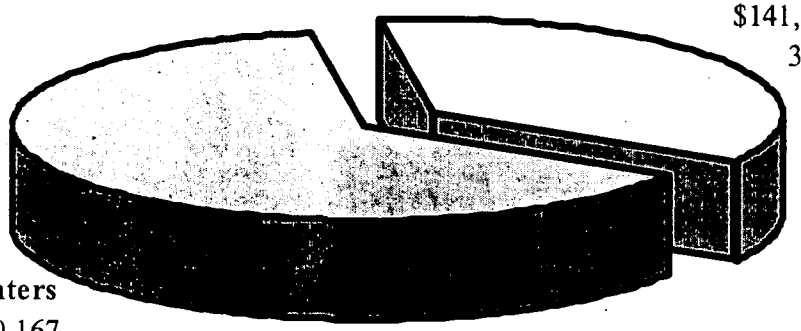
Total DD Expenditures Including Medicaid
$972,588,125

Services Available for People with Developmental Disabilities

- Assessment
- Vocational Rehabilitation
- Supported Employment
- Personal Care Services
- Habilitation
- Case Management
- Respite
- Group Living
- Intermediate Care Facilities (ICF-MR's)

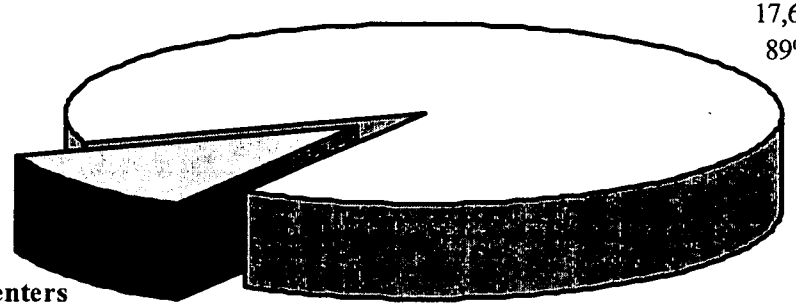
Budget Allocations vs. Persons Served

FY 2004-05 Authorized Budget



***Note: Budget does not include Medicaid payments to LME's or to private providers**

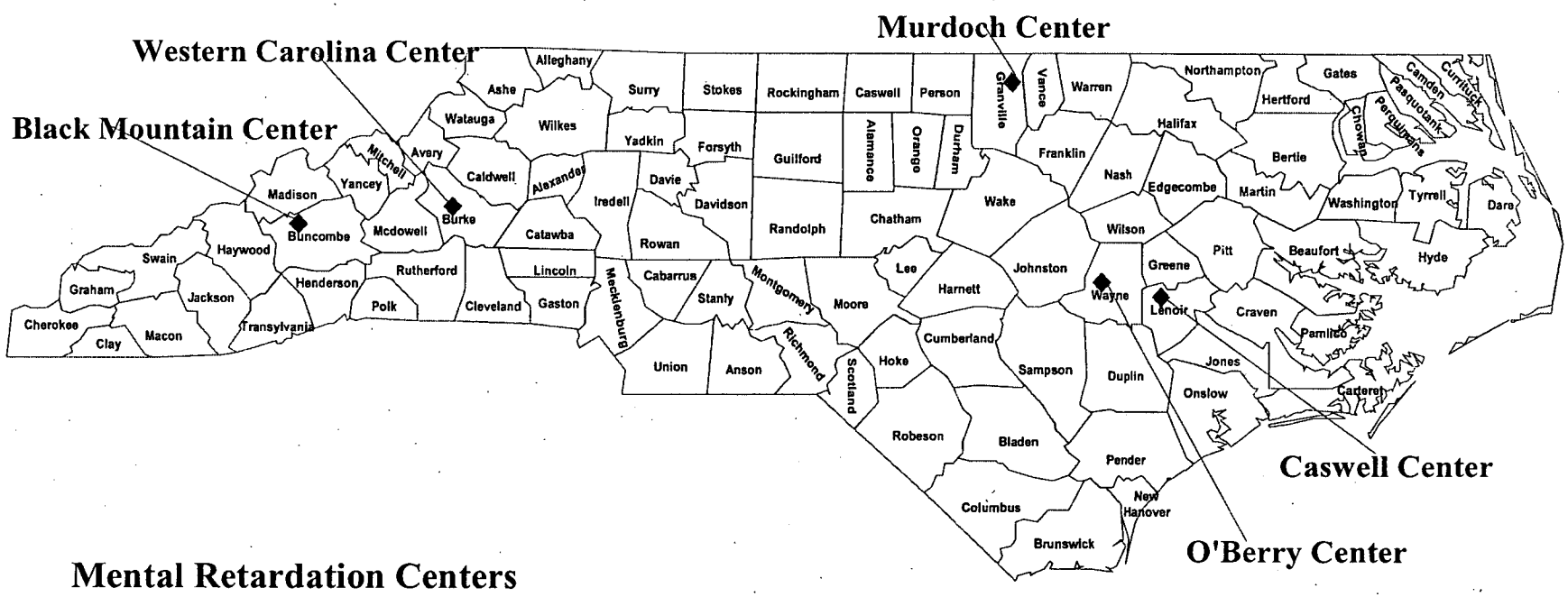
Persons Served FY 2002-03



- Like Adult Mental Health, funds flow primarily to the institutions (64%), but most of the Division's service recipients are in the community (89%)
- Availability of Medicaid funds for ICF-MR level of care has guaranteed a flow of funds to the State's MR Centers and encourages a bias towards institutional care in the State.
- The CAP-MR/DD Program has shifted services and expenditures to the community in recent years (*CAP is reflected in DMA's Budget*)

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

State Mental Retardation Centers

Murdoch Center - Butner
- Persons Served (FY02/03) – 603
- Positions (FY04/05) – 1,667
- Authorized Budget (FY04/05) - $74 M

O'Berry Center - Goldsboro
- Persons Served (FY02/03) – 332
- Positions (FY04/05) – 1,008.5
- Authorized Budget (FY04/05) - $43.5 M

Caswell Center - Kinston
- Persons Served (FY02/03) – 555
- Positions (FY04/05) – 1,698
- Authorized Budget (FY04/05) - $70.2 M

Riddle Center - Morganton
- Persons Served (FY02/03) – 358
- Positions (FY04/05) – 973.75
- Authorized Budget (FY04/05) - $44.6 M
- Combined Administration with Cherry Hospital

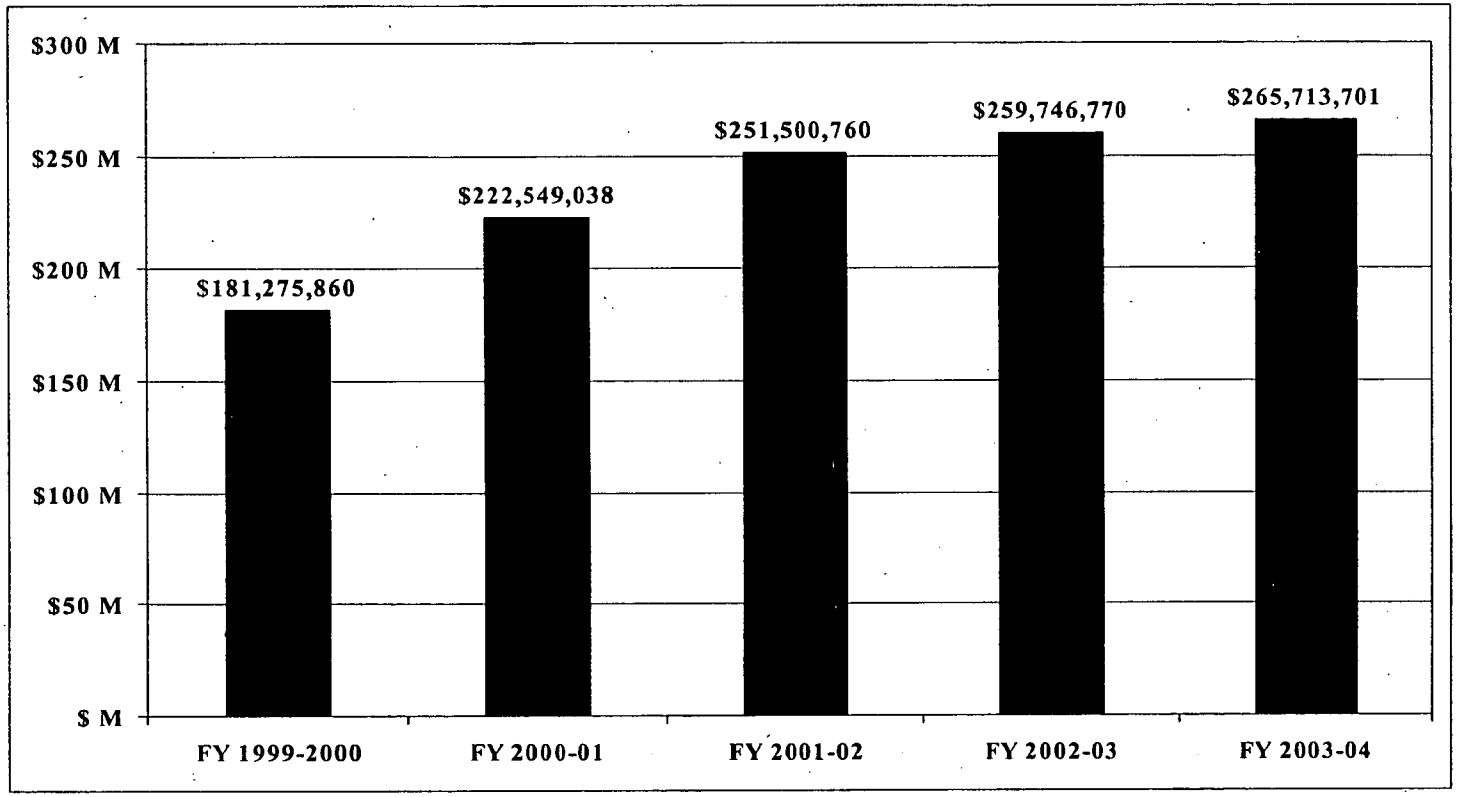
MR Center Downsizing

- Institutional Downsizing has not been fully extended to the MR Centers.
- DHHS sought assistance from the LME's to transition residents from the MR Centers to the Community, but the initiative did not result in reducing the size of the MR Centers.
- In December, DHHS released a Request for Information from providers interested in serving formerly institutionalized DD clients. This RFI is intended to support other community capacity building efforts for the Developmentally Disabled.

Community Alternatives Program for the Mentally Retarded or Developmentally Disabled (CAP-MR/DD)

- Medicaid Waiver Program
  1) Eligibility is primarily determined by the severity of the individual disability
  2) Income of the individual's parents or spouse are not considered when determining eligibility
  3) Eligible individuals who receive a CAP slot are entitled to all Medicaid services
- Provides community-based services to individual who would otherwise be placed in an Intermediate Care Facility for the Mentally Retarded (ICF-MR)
- A CAP-MR/DD slot cannot cost more than an ICF-MR bed.
- **Growth in expenditures have not tracked growth in the persons served** - DHHS has identified problems with service definitions, lack of uniform utilization review, and other administrative challenges.

Five-Year Growth in CAP–MR/DD



- CAP-MR/DD increased by 46.6% from FY 1999-2000 to FY 2003-04.
- Growth in expenditures has slowed since FY 2001-02.
- Forced reversions in recent years have contained costs. Two new waiver applications are intended to assist in controlling costs and may increase the number of people served.

Two Proposed CAP-MR/DD Waivers

1. **Replacement Comprehensive Waiver** – replaces the current CAP-MR/DD Waiver
   - Lifts the Cost Limit per individual
   - Total CAP MR/DD expenditures would be cost-neutral with the total requirements to institutionalize participants in ICF's-MR.
   - Service Definitions re-tooled to reduce the stacking of services
   - Tiered Utilization Review based on cost of a service plan

2. **Independence Plus Waiver**
   - For individuals with less-complex needs and a lower cost plan
   - Service plans are self-administered by the individual and services are self-directed
   - Qualified individuals will have a choice between the Independence Plus Waiver and the traditional waiver
   - This Waiver is still in the design stage.

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

Substance Abuse Services

Fiscal Research Division March 2005

Facts about Substance Abuse

- **Substance Abuse in NC**
  1) 784,000 people need additional substance abuse services. 24% do not have health insurance. 370,000 need comprehensive treatment.
  2) 40% of Welfare recipients need substance abuse services
  3) In FY 2002-03, the State's Psychiatric Hospitals served 3,208, costing the State an estimated $13-$14 million
  4) In 2001, the State served 14,000 children and an additional 7,000 children remained on waiting lists for community services
  5) In 2003, approximately 12,877 prison inmates needed substance abuse services
  6) 15,000 North Carolinians died from tobacco use, 3,500 from alcohol, and 700 from illicit drugs in 2001 (NC Center for Health Statistics)

- **Alcohol***
  1) Approximately 7.4% of the US population abuses or is addiction to alcohol
  2) Nationally, 50% of all adults have a close family member who abuses alcohol
  3) 1 in 4 children is exposed to alcohol abuse in the family

***Source:** U.S. Department of Health and Human Services. National Institute on Alcohol Abuse and Alcoholism. Journal: Alcohol Research & Health: Highlights From the Tenth Special Report to Congress, Health Risks and Benefits of Alcohol Consumption (Volume 24, Number 1, 2000 ed.) Washington, DC: U.S. Government Printing Office

Estimated Costs of Untreated Substance Abuse (2001)

- Foster Care - $4,000 to $62,000/year
- Prison Bed - $23,000/year
- Juvenile Facility - $35,000/year
- Welfare Costs - $7,000/year
- Psychiatric Hospital Bed - $4,500 per admit

Lewin Group Study (2000) -Office of National Drug Control Policy

Estimated National Economic Cost of Substance Abuse in 1998:

- Health Care Costs - $12.9 billion
- Lost Productivity - $98.5 billion
- Crime Related Costs - $88.9 billion

Average Cost of Treating Substance Abuse (2001)

- Basic Substance Abuse Services - $1,157 per client per year
- Services for Children - $1,786 per child per year

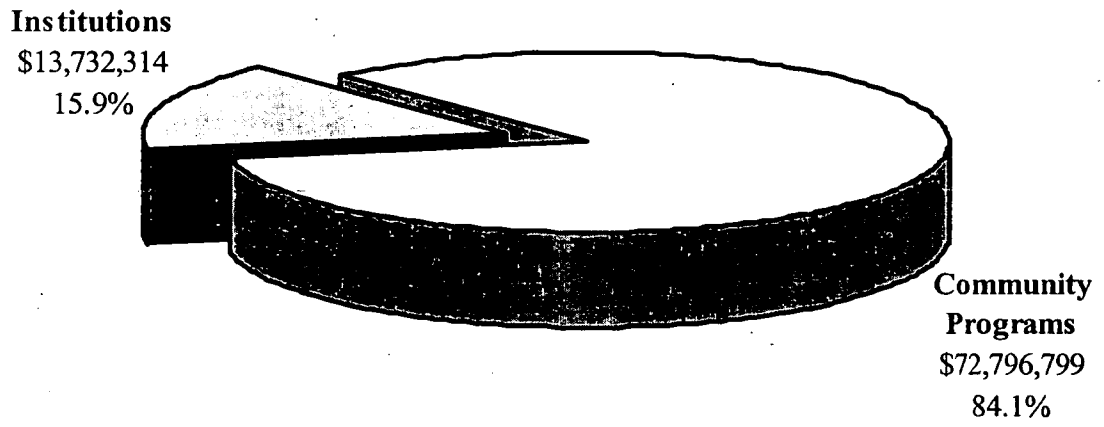
Challenges to Serving Persons with Substance Abuse Problems

- Locating Consumers
  1) Persons with substance abuse problems often do not seek out assistance through available services
  2) The State often identifies this population through various public systems (courts, local DSS offices, local health departments)
  3) Sanction are often required (jail, revoking driving privileges, withholding public assistance) to achieve treatment compliance
- Costs of serving Long-time Substance Abusers
  1) Persons with substance abuse problems often have severe and costly health problems stemming from years of substance abuse
  2) Lack of health insurance can result in significant un-reimbursed costs for health care providers
  3) Health care providers leery of serving substance abusers

Substance Abuse Services

Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$77,304,869	$86,529,113
Revenues	$38,390,616	$46,397,635
Appropriations	$38,914,253	$40,131,478
Positions	242	243
* Requirements & Revenues do not include federal DSH funds		

FY 2004-05 Authorized Budget - Substance Abuse



Available Substance Abuse Services and Programs

Services

- Assessment
- Detoxification
- Outpatient Opioid Treatment
- Residential Treatment
- Outpatient
- Intensive Outpatient Treatment

Programs

- **Treatment Alternatives to Street Crime (TASC)**
  1) Targets offenders whose criminal behavior is driven by drug use
  2) Services include identification, assessment, treatment referral and management
  3) Drug testing and judicial sanctions used as incentives for compliance

Available Substance Abuse Services and Programs (Cont.)

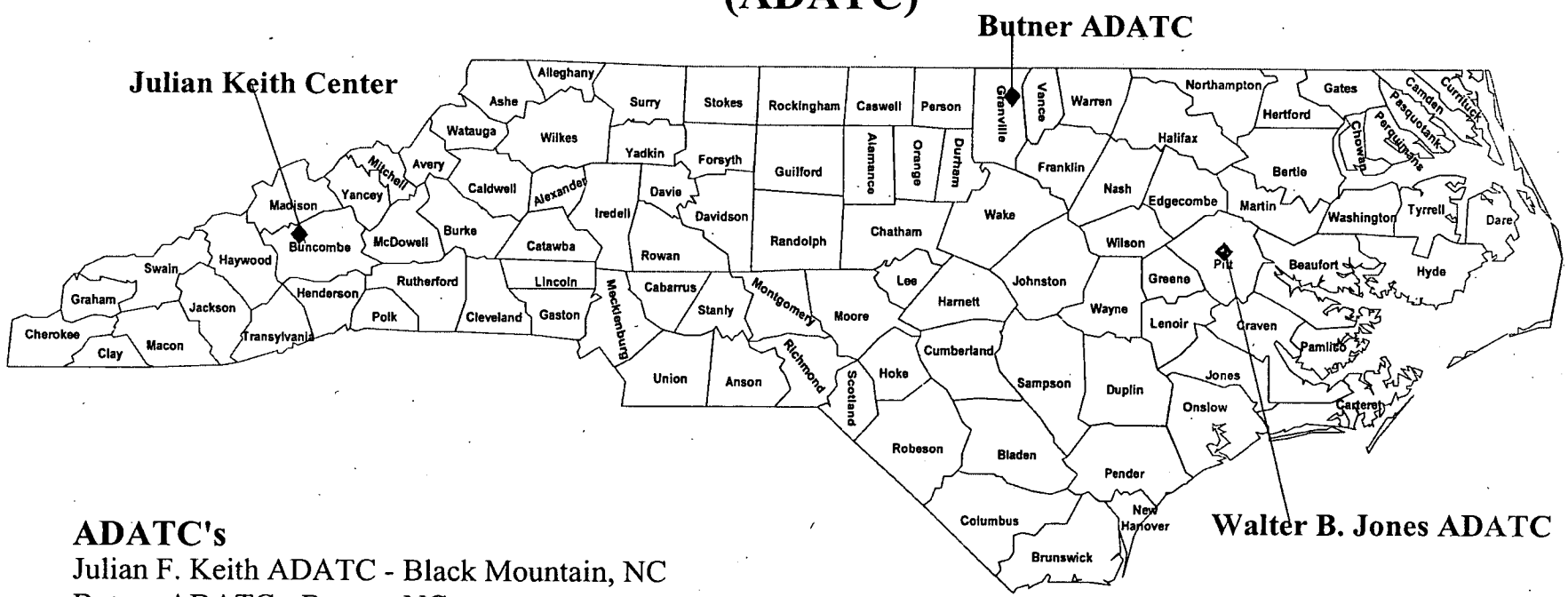
Programs

- **Residential Treatment for Women**
  1) Target women receiving public assistance and their children
  2) Apartment Setting
  3) Services include: treatment, case management, employment training, child care, transportation, and child MH interventions

- **Managing Access for Juvenile Offender Resources and Services (MAJORS)**
  1) Targets adolescents at risk for placement in a Residential Treatment Facility or Juvenile Detention Center or following placement in one of these facilities
  2) Outpatient services that are case managed by a substance abuse counselor
  3) Currently available in all judicial districts

SUBSTANCE ABUSE SERVICES

ALCOHOL AND DRUG ADDICTION TREATMENT CENTERS (ADATC)



ADATC's

Julian F. Keith ADATC - Black Mountain, NC
Butner ADATC - Butner, NC
Walter B. Jones ADATC - Greenville, NC

Alcohol and Drug Abuse Treatment Centers (ADATC's)

Blackley ADATC - Butner

- Persons Served (FY02/03) – 1,464
- Part of John Umstead Hospital
- Budget and Personnel are integrated into Umstead Hospitals Budget

WB Jones ADATC - Greenville

- Persons Served (FY02/03) – 974
- Positions (FY04/05) – 115.5
- Authorized Budget (FY04/05) - $10.2 M

JF Keith ADATC – Black Mountain

- Persons Served (FY02/03) – 1,319
- Positions (FY04/05) – 127.3
- Authorized Budget (FY04/05) - $11.6 M
- Replacement Planning complete
- No Authorization to finance a Replacement

Future ADATC Capacity

- There are no plans to downsize the three state-operated ADATC's
- In FY04/05, the General Assembly appropriated $3.5 million to increase detox capacity at the ADATC's.

Detox Beds	Existing	Planned
JFK	10	30
WBJ	0	24
Butner	15	30

Rehab Beds	Existing	Planned
JFK	70	50
WBJ	55	56
Butner	45	50

Persons Receiving Substance Abuse Services

In the Alcohol and Drug Abuse Treatment Centers (ADATC's) – FY 2002-03

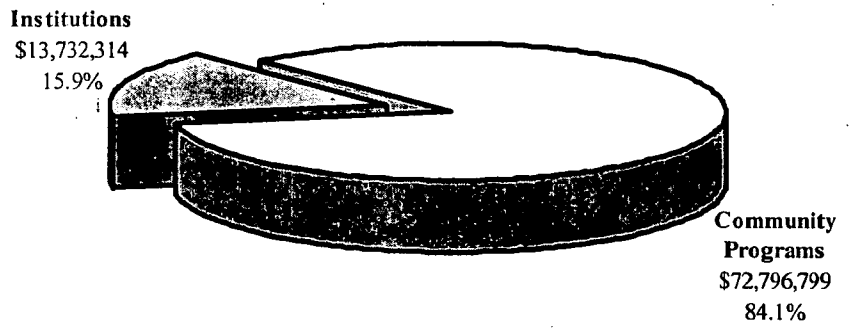
- 45.3% for Alcohol (1,609)
- 39.2% for Cocaine (1,391)
- 70.8% were Voluntary Admits (2,659)
- 85.7% were Unemployed (3,221)
- 44.6% were Single (1,676)
- 38.9% were ages 35-44 (1,460)
- 8% were Pregnant Women (109)

Persons Served in the Community – FY 2002-03

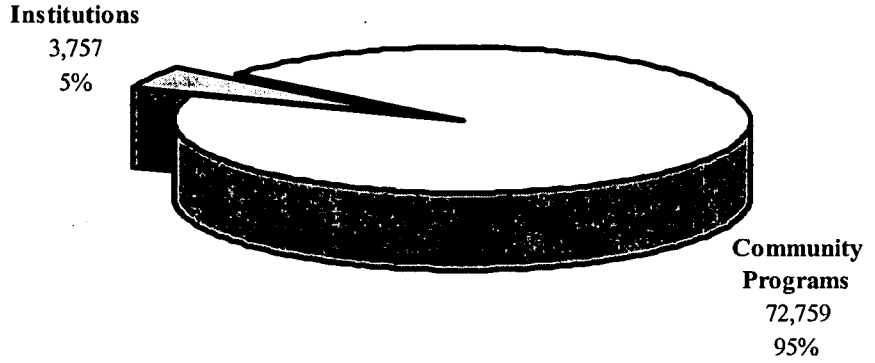
- 38,172 persons were served for Substance Abuse (12% of all persons served in the LME's)
- 33,458 persons were served for Alcohol Abuse (10.6% of all persons served in AP's)

Budget Allocations vs. Persons Served

FY 2004-05 Authorized Budget - Substance Abuse



Persons Served FY 2002-03



- 84.1% of funds available for Substance Abuse Services flows to the communities. This emphasis of community funding is in line with service recipients who are primarily in the community
- The lack of Medicaid funding has prevented SA services from adopting a Medicaid model of services (like MH and DD). Also, the lack of Medicaid Funds has resulted in lower overall spending for services.
- Implementation of the new **Service Array** in FY 2005-06 will result in Medicaid paying for **more Substance Abuse Services** for Medicaid enrollees.

Attachment III

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 10, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Bennett	NC ARF C2001
Kelly Bettis Smith	MHA-NC C2001
Mike Mayer	NCCSDC
[illegible]	AOCNC
[illegible]	The Arc C2001
Janet Schrangelberger	NC Council C2001
C. L. Cochran	ESUCI C2001
[illegible]	MHA-NC "
Rebecca Troxler	NCACC
John Bowdish	AstraZeneca
Brian Shanic	AstraZeneca
Bill Rustin	[illegible]
Jeremy Hendrick	FB/NCR

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 10, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jessie Douglas	NC Assoc. of the Deaf / Coalition 2001
[illegible]	Exceptional Children
Betty [illegible]	First In Families of NC
Robin Huffman	NC Psychiatric Asso / C2009
Linda Guzman	The Arc of NC
Jill Hinton Keel	Autism Society of NC
Debbie Barnes	OSBM
Daphne Lyon	OSBM
Stella McKenney	NC DHHS
Mark Dixon	Capitol Group
John McKyl	Gov office

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 10, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tina Fuller-Morgan	OSBM
Wayne Williams	OSBM
[illegible]	NASW NC/C2001
Ellen Russell	The Arc of NC
Lynn Hecht (parent)	Orange County Rec & Parks
Gerri Smith	The Arc of Wake County 401 Oberlin Rd Suite 225 Raleigh NC
Rob Hamme	HHS
Christine Trotter	Carolina Legal Assistance
Jim Ellis	AHEC
Kristen McSwain	Parent of disabled child

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 10, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Marc Mitchell	NPC
Andy Ellen	NCRMA
[signature]	NCAFC
[signature]	NCACTC
Joanne Stevens	nursing

Principal Clerk ____
Reading Clerk ____

SENATE
NOTICE OF JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES MEETING

The Joint Appropriations Subcommittee on Health and Human Services will meet at the following times:

DAY	DATE	TIME	ROOM
Tuesday	March 15, 2005	8:30 A.M. and 2:00 P.M.	643
Wednesday	March 16, 2005	8:30 A.M. and 2:00 P.M.	643
Thursday	March 17, 2005	8:30 A.M.	643

Senator William R. Purcell, CoChair
Senator Vernon Malone, CoChair

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Tuesday, March 15, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services — *Carol Shaw, FRD Staff*

2:00 PM

Budget Overview

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services — *Carol Shaw, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Tuesday, March 15, 2005
8:30 A.M.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 A.M. in Room 643 of the Legislative Office Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Dannelly, Forrester, Berger, Blake, and East. Representatives present were: Co-Chair Verla Insko and Co-Chair Jeff Barnhart, and Representatives Farmer-Butterfield, Hollo, Allen, Current, England, Stam, and Wright.

Senator Purcell presided. After introducing the pages, he called on Ms. Carol Shaw for her presentation on Developmental Disability Services (Attachment I). With regard to the Medicaid Waiver Program, Senator East asked if wealthy families qualified the same as poorer families. The response was yes, because the only income considered is the income for the person seeking the waiver. He asked about the hourly cost for MR/CAP services, and this was stated to be about $15.00 per hour. Representative Barnhart asked about funds for respite care for individuals not under the CAP program, and the answer is that these funds are not available unless the individual is in the program. Representative Current asked about the average annual comparative cost of serving persons in a state facility as against the cost in a group home. The answer is that it costs about $125K in a state facility and about $80K in a group home setting. Senator Berger asked about preventing some of the conditions that are covered by MR/CAP programs. Ms. Shaw responded that most of these conditions are genetic, and that there are centers that provide genetic counseling and newborn screening and are funded under the public health programs.

Ms. Shaw continued with Substance Abuse Services. Representative Insko asked if an individual who seeks substance abuse service can be place in a program immediately. Ms. Flo Stein with the Division of Public Health responded that this has been a problem in the past, and the Division is hopeful that, under the new guidelines, this individual can be seen within 72 hours.

The meeting adjourned at 9:45 A.M.

Senator William R. Purcell, M.D., Chair

Lorraine R. Blake, Committee Clerk

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

Child Mental Health Services

Fiscal Research Division March 2005

Mental Health Services for Children

Service Need...

- 10% to 12% of NC children (173K-208K) will have a severe emotional disturbance (SED)

Impact of Severe Emotional Disturbances in Children

- Drop-out of School
- School Expulsion
- Substance Abuse
- Teen Pregnancy
- Involvement with the Criminal Justice System
- Family Disruption – Out of Home Placement

Child Mental Health Plan

Mission

North Carolina will provide children and families with mental health needs a system of quality care, which includes accessible, culturally appropriate, individualized mental health treatment, intervention and prevention services delivered in the home and community in the least restrictive and most consistent manner possible.

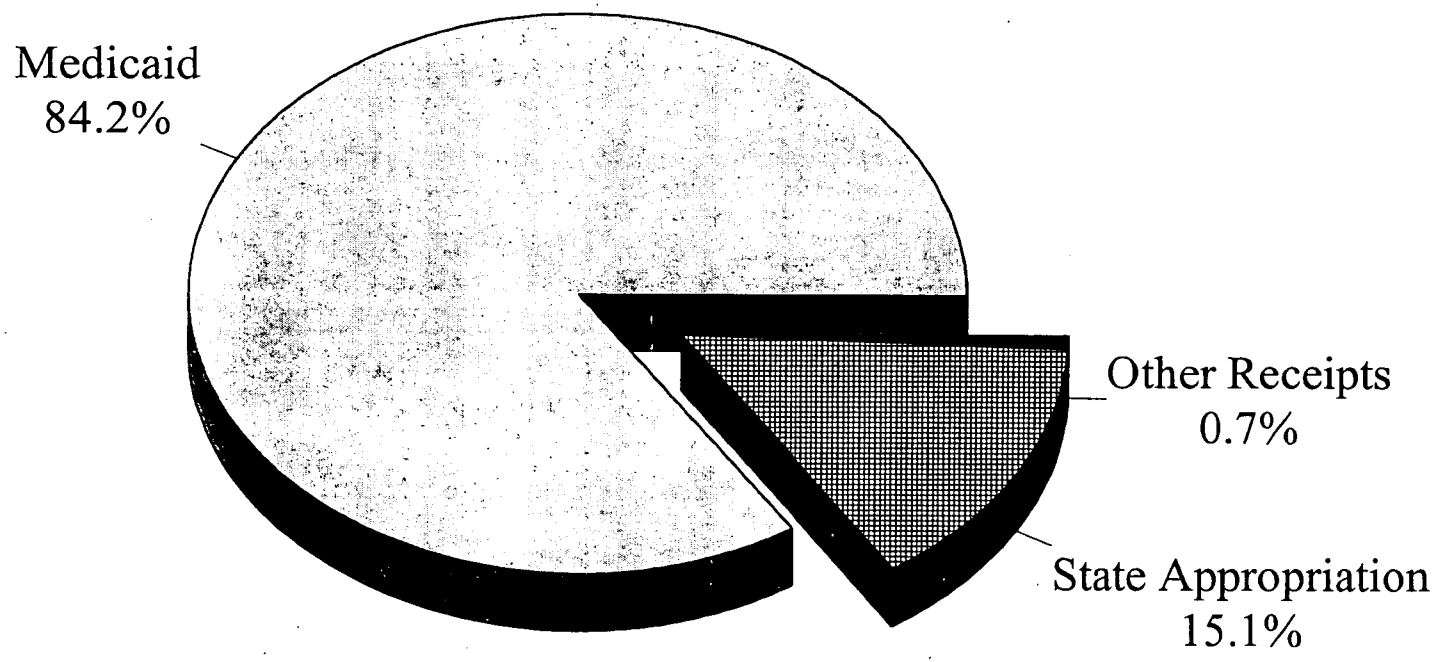
Vision

Families, professionals, and communities join hands to enable children to be happy, healthy and successful by providing a seamless system of care.

The State's Response to Children's Mental Health Services FY 2003-04

- Spent $489.3 million for Child Mental Health Services.
  - ✓ Medicaid = $412.8 million
  - ✓ State Appropriations = $73.9 million
  - ✓ Other Federal Receipts = $2.6 million
- 93.6% of the expenditures for Child Mental Health Services flowed to the community.
- 6.4% of the expenditures for Child Mental Health Services covered services provided by the State psychiatric hospitals and Whitaker and Wright Schools.
- Over 69,000 children received mental health services.

Child Mental Health Expenditures – FY 2003-04
Sources of Funding



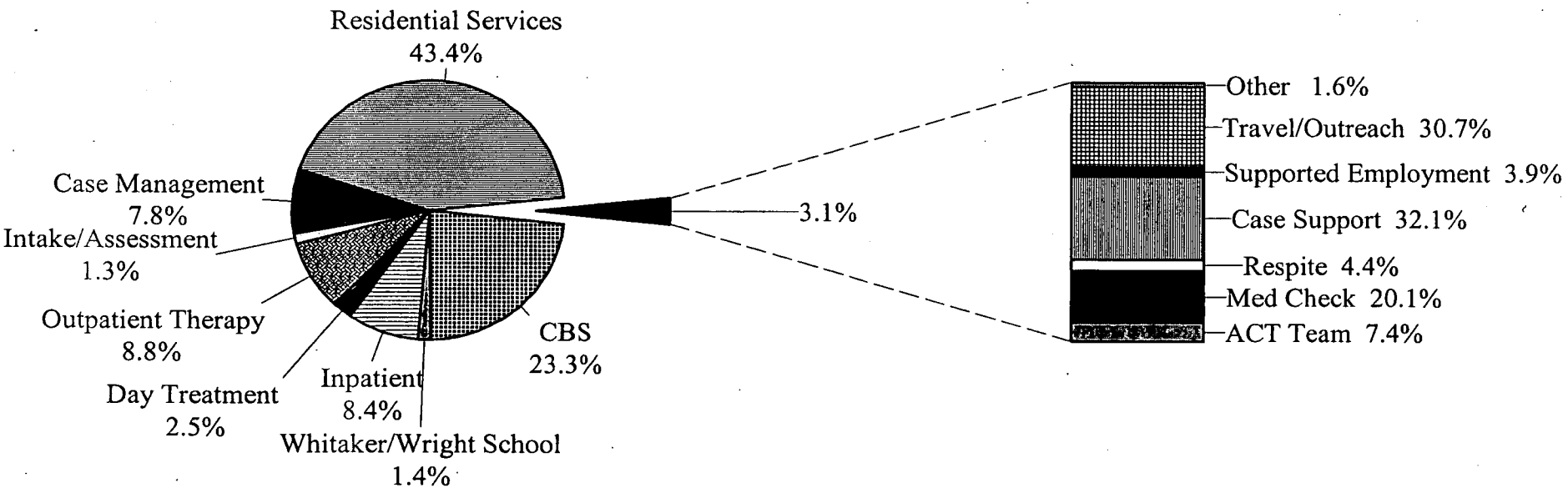
Children's MH Services for FY 2003-04

Services	Expenditures	Children Served
Residential Treatment	$207,699,225	5,181
Community Based Services (CBS)	$111,433,063	8,389
Outpatient Therapy	$42,109,652	49,099
Inpatient Hospital	$40,132,803	3,897
Case Management	$37,483,737	22,733
Day Treatment	$11,763,169	1,751
Intake/Assessment/Testing	$6,170,489	32,583
Whitaker/Wright Schools	$6,936,016	100 (est.)
Case Support	$4,803,599	16,622
Travel/Outreach/CE&PP	$4,594,368	15,478
Med Check	$3,009,273	17,900
ACT Team	$1,102,542	260
Other (Respite/Supported Employment)	$1,468,897	513

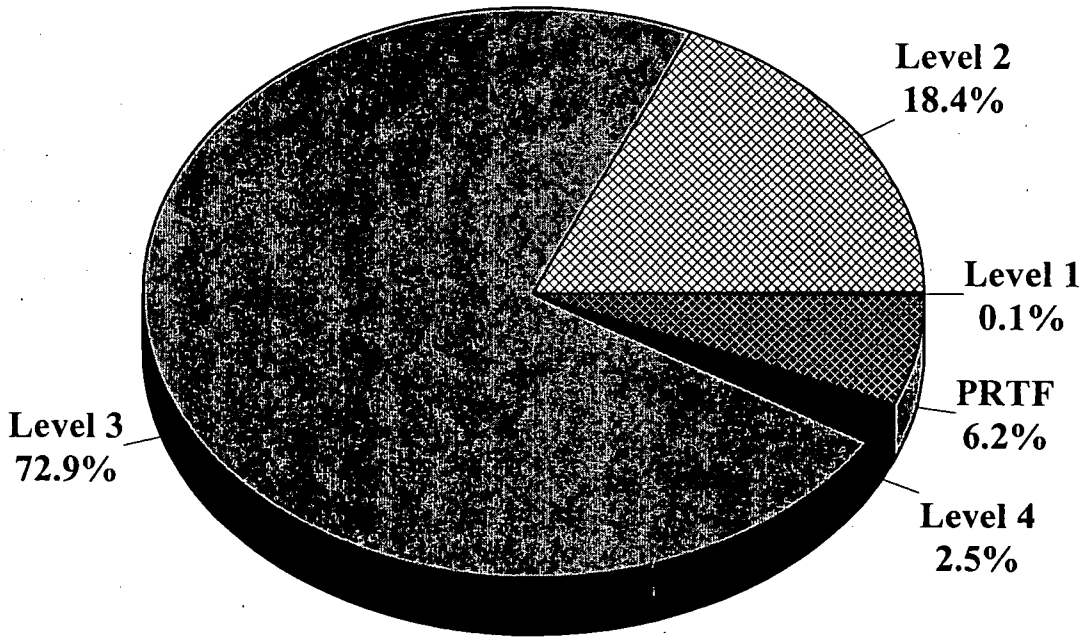
Notes: Expenditures do not include data from the NC Health Choice program. Other state funds expended by DSS, DPI, or Juvenile Justice are also not included because DMHDDSAS does not have access to their data. The number of children served is the number of children receiving each service and most children receive more than one service.

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

Children's MH Services for FY 2003-04



Residential Treatment Services



FY 2003-04 Expenditures
$207.7 Million

Types of Facilities
- Level 1 - Family Care Homes
- Level 2 - Therapeutic Foster Homes
- Level 3 – Group Homes
- Level 4 – Secure Group Homes
- PRTF - Psychiatric Residential Treatment Facility

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

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Developmental Disability Services

Fiscal Research Division March 2005

Attachment I

Developmental Disabilities Defined

- **A severe and chronic disability of a person which:**
  1) Results from a mental/physical impairment or combination of impairments
  2) Manifests by the age of 22, unless resulting from a traumatic brain injury after age 22

- **Results in functional limitations in 3 or more of the following:**

  1) Self-care
  2) Receptive & expressive language
  3) Capacity for independent living
  4) Self-direction & self-sufficiency
  5) Mobility
  6) Learning

- **Results in the need for a combination or sequence of special interdisciplinary or generic care, treatment, or other services. Care is lifelong or for an extended duration and are individually planned and coordinated**

- **Incidence in children from the age of birth to four years of age is generally considered a developmental delay.**

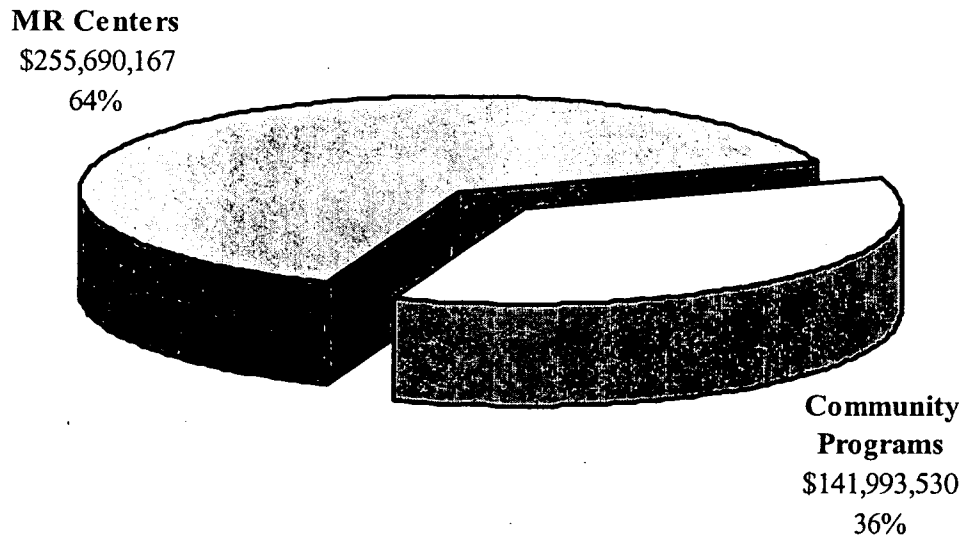
Conditions that can result in Developmental Disabilities

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

Developmental Disability Services

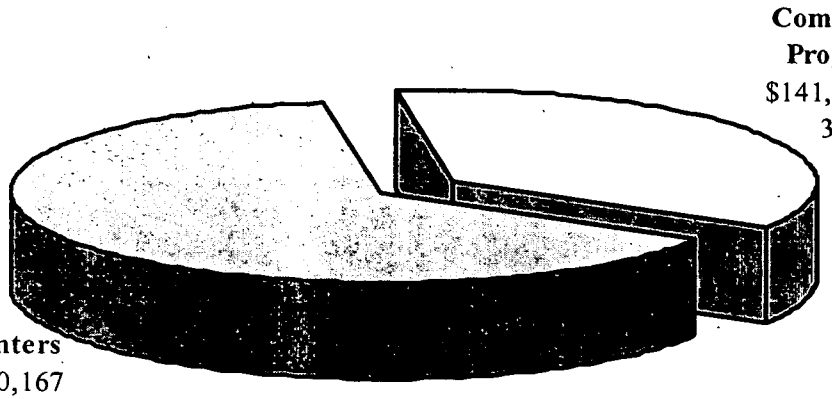
Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$406,094,806	$397,683,697
Revenues	$263,220,173	$255,337,821
Appropriations	$142,874,633	$142,345,876
Positions	5,784	5,785

FY 2004-05 Authorized Budget - Developmental Disabilities



Expenditures for People with Developmental Disabilities Including Medicaid to the LME's, CAP-MR/DD, and Private ICF-MR's

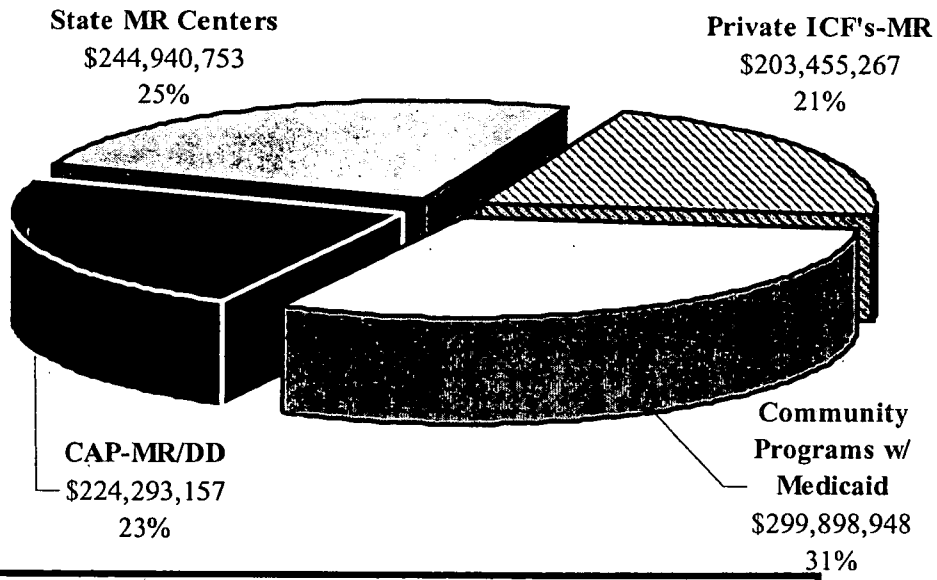
FY 2004-05 Authorized Budget - Developmental Disabilities



Total DD Authorized Budget
$397,683,697

Medicaid payments to the LME's, direct CAP-MR/DD payments and Medicaid payments to Private ICF-MR's represent $585.6 million in reimbursement for services to the Developmentally Disabled that does not appear in DMHDDSAS's Budget. These expenditures are located in DMA's Budget.

FY 2003-04 Actual Expenditures Including Medicaid for the LME's, ICF's MR, and CAP-MR/DD Funds



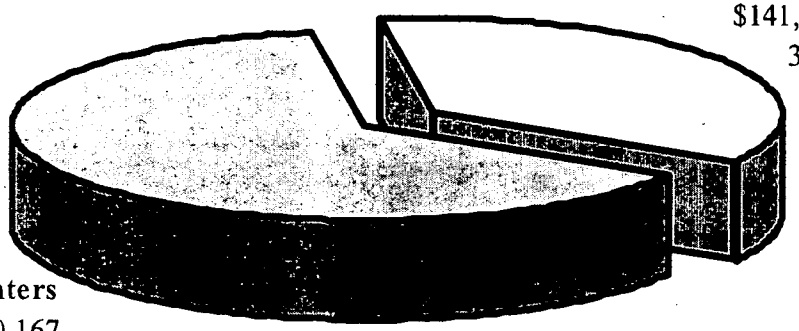
Total DD Expenditures Including Medicaid
$972,588,125

Services Available for People with Developmental Disabilities

- Assessment
- Vocational Rehabilitation
- Supported Employment
- Personal Care Services
- Habilitation
- Case Management
- Respite
- Group Living
- Intermediate Care Facilities (ICF-MR's)

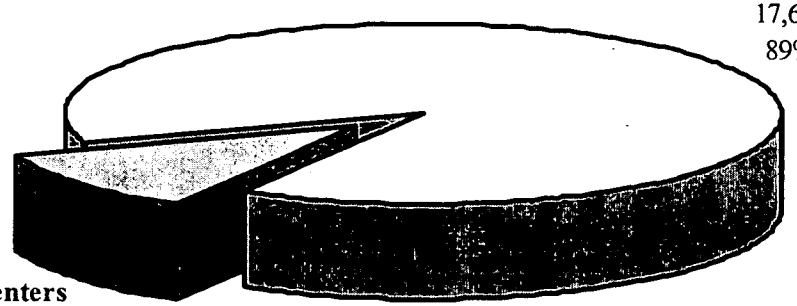
Budget Allocations vs. Persons Served

FY 2004-05 Authorized Budget



***Note: Budget does not include Medicaid payments to LME's or to private providers**

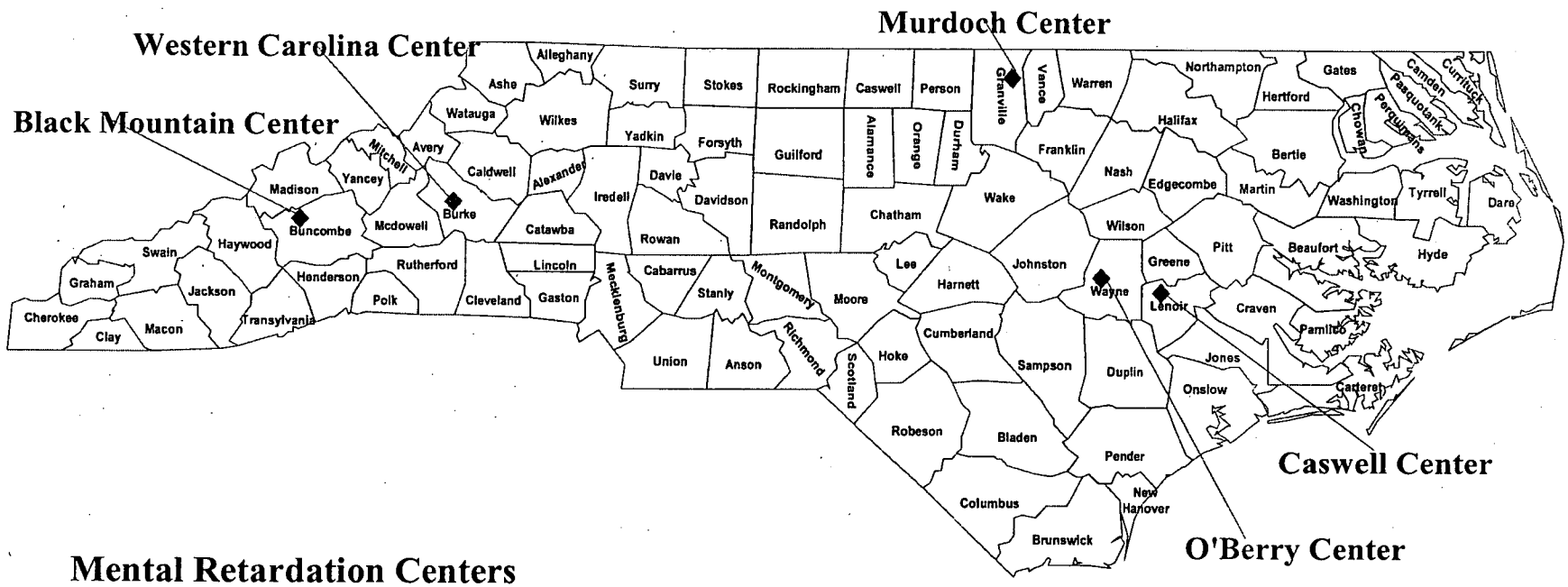
Persons Served FY 2002-03



- Like Adult Mental Health, funds flow primarily to the institutions (64%), but most of the Division's service recipients are in the community (89%)
- Availability of Medicaid funds for ICF-MR level of care has guaranteed a flow of funds to the State's MR Centers and encourages a bias towards institutional care in the State.
- The CAP-MR/DD Program has shifted services and expenditures to the community in recent years (*CAP is reflected in DMA's Budget*)

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

State Mental Retardation Centers

Murdoch Center - Butner
- Persons Served (FY02/03) – 603
- Positions (FY04/05) – 1,667
- Authorized Budget (FY04/05) - $74 M

O'Berry Center - Goldsboro
- Persons Served (FY02/03) – 332
- Positions (FY04/05) – 1,008.5
- Authorized Budget (FY04/05) - $43.5 M

Caswell Center - Kinston
- Persons Served (FY02/03) – 555
- Positions (FY04/05) – 1,698
- Authorized Budget (FY04/05) - $70.2 M

Riddle Center - Morganton
- Persons Served (FY02/03) – 358
- Positions (FY04/05) – 973.75
- Authorized Budget (FY04/05) - $44.6 M
- Combined Administration with Cherry Hospital

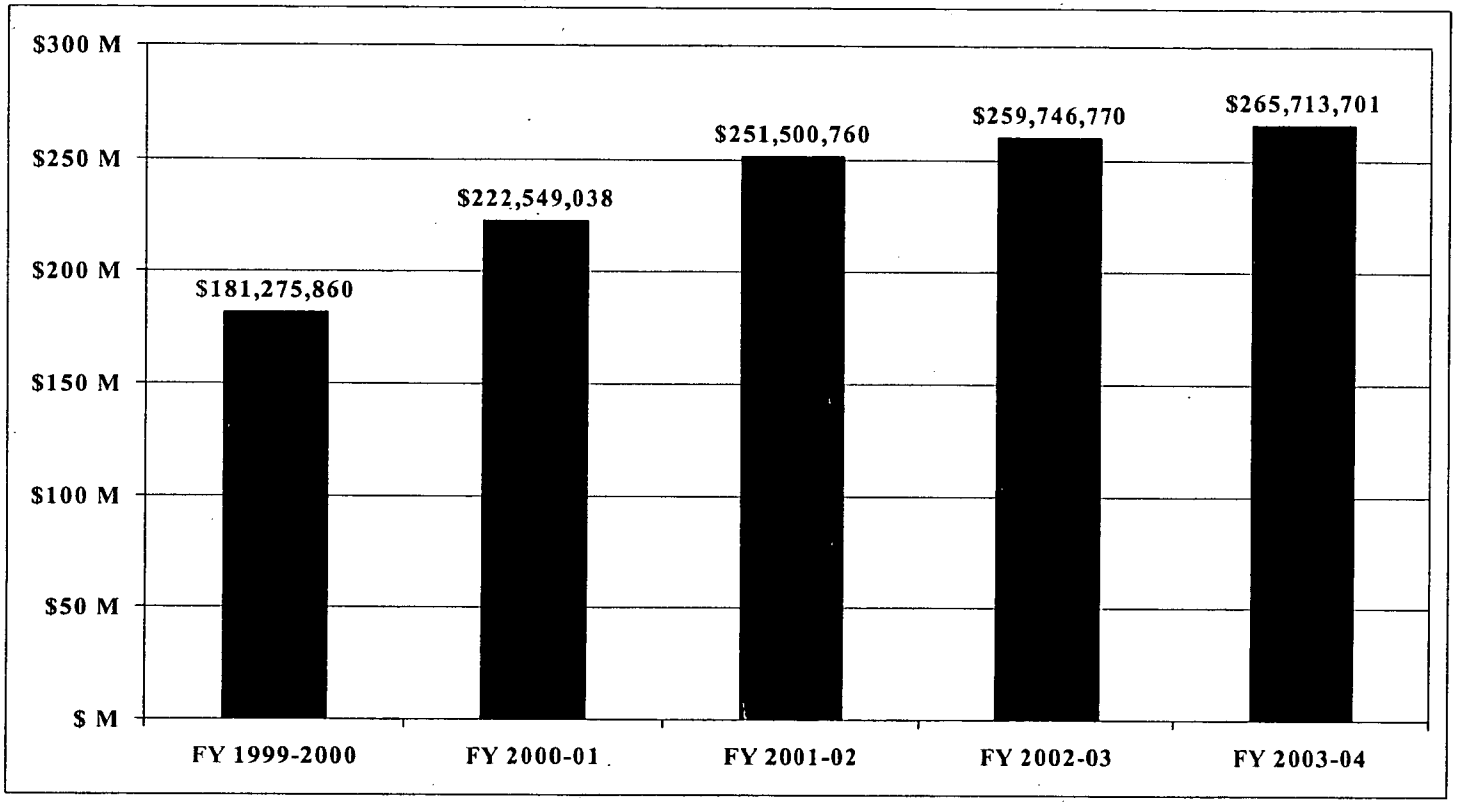
MR Center Downsizing

- Institutional Downsizing has not been fully extended to the MR Centers.
- DHHS sought assistance from the LME's to transition residents from the MR Centers to the Community, but the initiative did not result in reducing the size of the MR Centers.
- In December, DHHS released a Request for Information from providers interested in serving formerly institutionalized DD clients. This RFI is intended to support other community capacity building efforts for the Developmentally Disabled.

Community Alternatives Program for the Mentally Retarded or Developmentally Disabled (CAP-MR/DD)

- Medicaid Waiver Program
  1) Eligibility is primarily determined by the severity of the individual disability
  2) Income of the individual's parents or spouse are not considered when determining eligibility
  3) Eligible individuals who receive a CAP slot are entitled to all Medicaid services
- Provides community-based services to individual who would otherwise be placed in an Intermediate Care Facility for the Mentally Retarded (ICF-MR)
- A CAP-MR/DD slot cannot cost more than an ICF-MR bed.
- **Growth in expenditures have not tracked growth in the persons served** - DHHS has identified problems with service definitions, lack of uniform utilization review, and other administrative challenges.

Five-Year Growth in CAP–MR/DD



- CAP-MR/DD increased by 46.6% from FY 1999-2000 to FY 2003-04.
- Growth in expenditures has slowed since FY 2001-02.
- Forced reversions in recent years have contained costs. Two new waiver applications are intended to assist in controlling costs and may increase the number of people served.

Two Proposed CAP-MR/DD Waivers

1. **Replacement Comprehensive Waiver** – replaces the current CAP-MR/DD Waiver
   - Lifts the Cost Limit per individual
   - Total CAP MR/DD expenditures would be cost-neutral with the total requirements to institutionalize participants in ICF's-MR.
   - Service Definitions re-tooled to reduce the stacking of services
   - Tiered Utilization Review based on cost of a service plan

2. **Independence Plus Waiver**
   - For individuals with less-complex needs and a lower cost plan
   - Service plans are self-administered by the individual and services are self-directed
   - Qualified individuals will have a choice between the Independence Plus Waiver and the traditional waiver
   - This Waiver is still in the design stage.

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

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Substance Abuse Services

Fiscal Research Division March 2005

Facts about Substance Abuse

- **Substance Abuse in NC**
  1) 784,000 people need additional substance abuse services. 24% do not have health insurance. 370,000 need comprehensive treatment.
  2) 40% of Welfare recipients need substance abuse services
  3) In FY 2002-03, the State's Psychiatric Hospitals served 3,208, costing the State an estimated $13-$14 million
  4) In 2001, the State served 14,000 children and an additional 7,000 children remained on waiting lists for community services
  5) In 2003, approximately 12,877 prison inmates needed substance abuse services
  6) 15,000 North Carolinians died from tobacco use, 3,500 from alcohol, and 700 from illicit drugs in 2001 (NC Center for Health Statistics)

- **Alcohol***
  1) Approximately 7.4% of the US population abuses or is addiction to alcohol
  2) Nationally, 50% of all adults have a close family member who abuses alcohol
  3) 1 in 4 children is exposed to alcohol abuse in the family

***Source:** U.S. Department of Health and Human Services. National Institute on Alcohol Abuse and Alcoholism. Journal: Alcohol Research & Health: Highlights From the Tenth Special Report to Congress, Health Risks and Benefits of Alcohol Consumption (Volume 24, Number 1, 2000 ed.) Washington, DC: U.S. Government Printing Office

Estimated Costs of Untreated Substance Abuse (2001)

- Foster Care - $4,000 to $62,000/year
- Prison Bed - $23,000/year
- Juvenile Facility - $35,000/year
- Welfare Costs - $7,000/year
- Psychiatric Hospital Bed - $4,500 per admit

Lewin Group Study (2000) -Office of National Drug Control Policy

Estimated National Economic Cost of Substance Abuse in 1998:

- Health Care Costs - $12.9 billion
- Lost Productivity - $98.5 billion
- Crime Related Costs - $88.9 billion

Average Cost of Treating Substance Abuse (2001)

- Basic Substance Abuse Services - $1,157 per client per year
- Services for Children - $1,786 per child per year

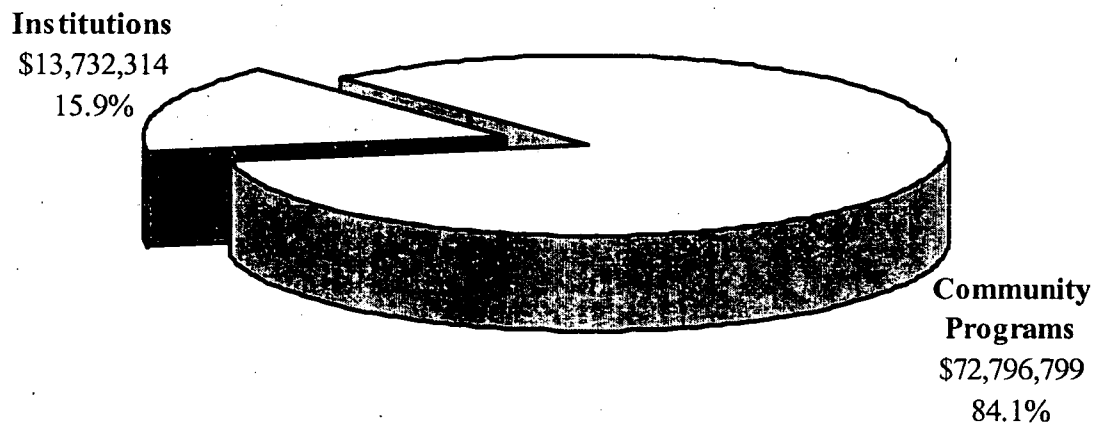
Challenges to Serving Persons with Substance Abuse Problems

- Locating Consumers
  1) Persons with substance abuse problems often do not seek out assistance through available services
  2) The State often identifies this population through various public systems (courts, local DSS offices, local health departments)
  3) Sanction are often required (jail, revoking driving privileges, withholding public assistance) to achieve treatment compliance
- Costs of serving Long-time Substance Abusers
  1) Persons with substance abuse problems often have severe and costly health problems stemming from years of substance abuse
  2) Lack of health insurance can result in significant un-reimbursed costs for health care providers
  3) Health care providers leery of serving substance abusers

Substance Abuse Services

Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$77,304,869	$86,529,113
Revenues	$38,390,616	$46,397,635
Appropriations	$38,914,253	$40,131,478
Positions	242	243
* Requirements & Revenues do not include federal DSH funds		

FY 2004-05 Authorized Budget - Substance Abuse



Available Substance Abuse Services and Programs

Services

- Assessment
- Detoxification
- Outpatient Opioid Treatment
- Residential Treatment
- Outpatient
- Intensive Outpatient Treatment

Programs

- **Treatment Alternatives to Street Crime (TASC)**
  1) Targets offenders whose criminal behavior is driven by drug use
  2) Services include identification, assessment, treatment referral and management
  3) Drug testing and judicial sanctions used as incentives for compliance

Available Substance Abuse Services and Programs (Cont.)

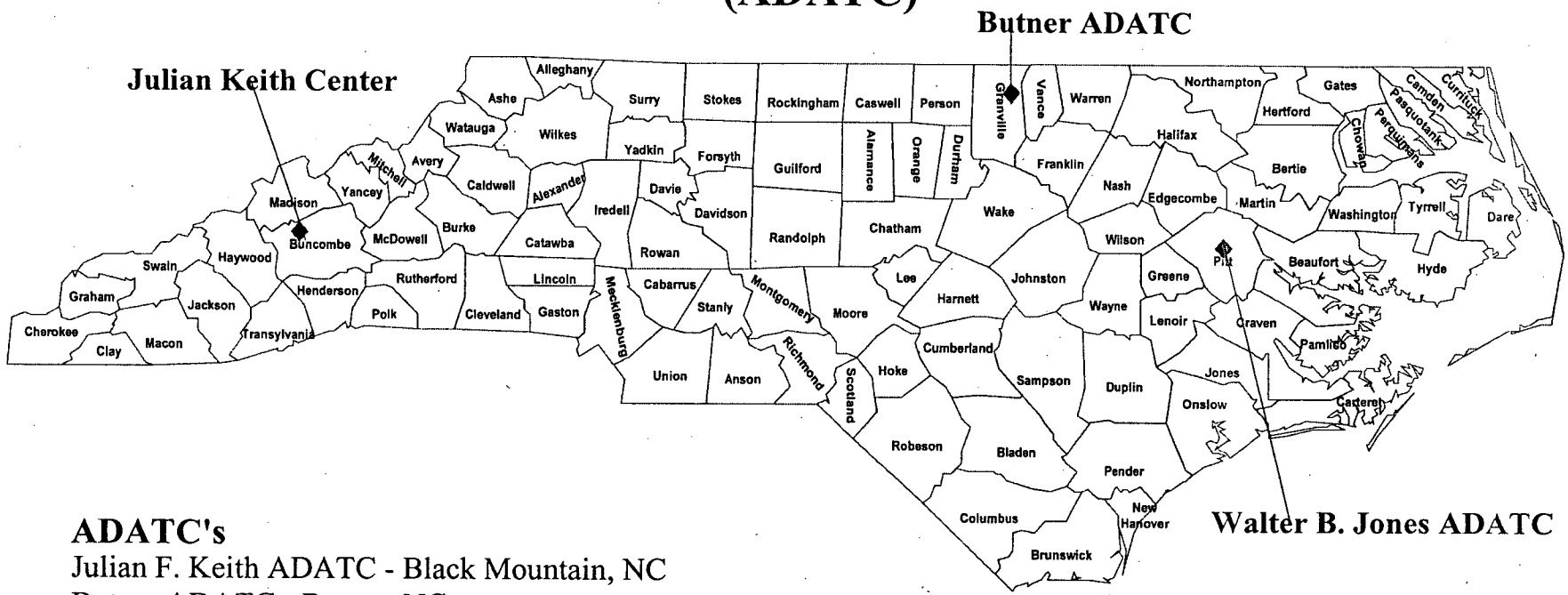
Programs

- **Residential Treatment for Women**
  1) Target women receiving public assistance and their children
  2) Apartment Setting
  3) Services include: treatment, case management, employment training, child care, transportation, and child MH interventions

- **Managing Access for Juvenile Offender Resources and Services (MAJORS)**
  1) Targets adolescents at risk for placement in a Residential Treatment Facility or Juvenile Detention Center or following placement in one of these facilities
  2) Outpatient services that are case managed by a substance abuse counselor
  3) Currently available in all judicial districts

SUBSTANCE ABUSE SERVICES

ALCOHOL AND DRUG ADDICTION TREATMENT CENTERS (ADATC)



ADATC's

Julian F. Keith ADATC - Black Mountain, NC
Butner ADATC - Butner, NC
Walter B. Jones ADATC - Greenville, NC

Alcohol and Drug Abuse Treatment Centers (ADATC's)

Blackley ADATC - Butner

- Persons Served (FY02/03) – 1,464
- Part of John Umstead Hospital
- Budget and Personnel are integrated into Umstead Hospitals Budget

WB Jones ADATC - Greenville

- Persons Served (FY02/03) – 974
- Positions (FY04/05) – 115.5
- Authorized Budget (FY04/05) - $10.2 M

Future ADATC Capacity

- There are no plans to downsize the three state-operated ADATC's
- In FY04/05, the General Assembly appropriated $3.5 million to increase detox capacity at the ADATC's.

JF Keith ADATC – Black Mountain

- Persons Served (FY02/03) – 1,319
- Positions (FY04/05) – 127.3
- Authorized Budget (FY04/05) - $11.6 M
- Replacement Planning complete
- No Authorization to finance a Replacement

Detox Beds	Existing	Planned
JFK	10	30
WBJ	0	24
Butner	15	30

Rehab Beds	Existing	Planned
JFK	70	50
WBJ	55	56
Butner	45	50

Persons Receiving Substance Abuse Services

In the Alcohol and Drug Abuse Treatment Centers (ADATC's) – FY 2002-03

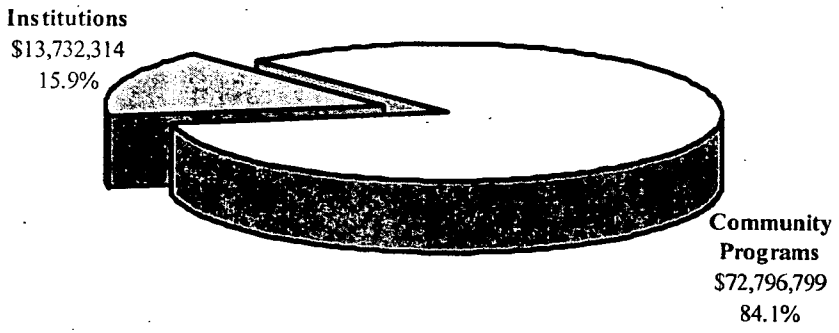
- 45.3% for Alcohol (1,609)
- 39.2% for Cocaine (1,391)
- 70.8% were Voluntary Admits (2,659)
- 85.7% were Unemployed (3,221)
- 44.6% were Single (1,676)
- 38.9% were ages 35-44 (1,460)
- 8% were Pregnant Women (109)

Persons Served in the Community – FY 2002-03

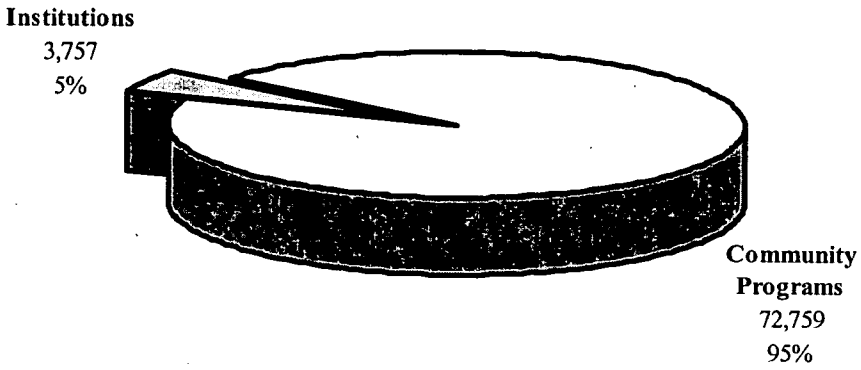
- 38,172 persons were served for Substance Abuse (12% of all persons served in the LME's)
- 33,458 persons were served for Alcohol Abuse (10.6% of all persons served in AP's)

Budget Allocations vs. Persons Served

FY 2004-05 Authorized Budget - Substance Abuse



Persons Served FY 2002-03



- 84.1% of funds available for Substance Abuse Services flows to the communities. This emphasis of community funding is in line with service recipients who are primarily in the community
- The lack of Medicaid funding has prevented SA services from adopting a Medicaid model of services (like MH and DD). Also, the lack of Medicaid Funds has resulted in lower overall spending for services.
- Implementation of the new **Service Array** in FY 2005-06 will result in Medicaid paying for **more Substance Abuse Services** for Medicaid enrollees.

VISITOR REGISTRATION SHEET

JOINT APP. SUB. ON HEALTH & HUMAN SERVICES 3/15/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Barbara Carsley	BSCGR
Steve Mitchell	NOVARTIS
John Bowdish	AstraZeneca
Jean Addesky	FB
Henry Hintapl	N.C.S.D.A
Sally Cameron	NCPA & c2001
Peggy Mayworth	
Bob Schmidt	NCCSPC
Mike Mayer	The Institute
Ellie Rogers	ADCNC
Emily Henderson	CHGR

VISITOR REGISTRATION SHEET

JOINT APP. SUB. ON HEALTH & HUMAN SERVICES 3/15/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Roz Savitt	WLCCA
Josie Douglas	NCAD
Kim Schmidt	NCMHCO - Coalition 2001
C.L. Cochran	ESOCP - C2001
Dave Richard	The ARC
Jill Hinton Reed	Autism Society of NC
Linda Mungaram	The Arc of NC
Ellen Russell	The Arc of NC
Jessica Sage	NCFPC
DAVID BARNES	Poyner + Spruill LLP
Janet Schanzenbach	NC Council

VISITOR REGISTRATION SHEET

JOINT APP. SUB. ON HEALTH & HUMAN SERVICES 3/15/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kristen McSwain	Parent of Child with disability
Vincent Stephens	CMS
Dina Quller-Morgan	OSBM
Daphne O'Lynn	OSBM
[illegible]	OSBM
Abby Emanuelson	NMSS
Jim Elgart	AHFC
Ken Melton	D.O.R.
Paul Taylor	Infant Inc.
Jennifer Sullivan	NASW.NC / C2001
Starla McKenney	NC DHHS

VISITOR REGISTRATION SHEET

JOINT APP. SUB. ON HEALTH & HUMAN SERVICES 3/15/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	FRLTC/APPCNC/MOD
[signature]	NSSC
THOMAS A. SUTER	WYETH
[signature]	Capitol Group
STACIE "NAS" NASHALLA SENA	NURSE OF THE DAY
[signature]	NCALTCF
[signature]	Bona & Assoc
[signature]	6 St
Andy Ellen	NCRMA
[signature]	Wakemed
[signature]	HHS

VISITOR REGISTRATION SHEET

JOINT APP. SUB. ON HEALTH & HUMAN SERVICES 3/15/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chip Kellum	Adam Mullins

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Tuesday, March 15, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services — *Carol Shaw, FRD Staff*

2:00 PM

Budget Overview

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services — *Carol Shaw, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

TUESDAY, MARCH 15th, 2005
2:00 PM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Joint Appropriations subcommittee on Health and Human Services met on Wednesday, March 15, 2005 at 2:00 pm in room 643 of the Legislative Office Building. House members present were Representative Jeff Barnhart, Representative Verla Insko, Co-Chairs; Representative Farmer-Butterfield, Representative Hollo, Vice-Chairs; Representatives B. Allen, Current, England, and Stam. There were eight senators present: Senator William Purcell and Senator Vernon Malone, Co-Chairs; Senators D. Berger, Blake, Dannelly, East, Forrester, Kerr. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Barnhart called the meeting to order and presided over the meeting.

Carol Shaw from the Fiscal Research Division distributed handouts on the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, which are made part of these minutes. Ms. Shaw reviewed the documents and answered questions.

Representative Barnhart adjourned the meeting at 3:30 pm.

Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration

Department of Health and Human Services
Joint Spending Target

Authorized FY2004-05 Budget	$3,811,720,344
Spending Target – As developed by Appropriations Chairs	$3,936,143,523
FY2005-06 Net Spending Increase ($3.9M-$3.8M)	**$124,423,189**

Note: This does not include expansion and reduction items in the Governor's Recommended Adjustments nor increases or decreases from the Governor's Continuation Budget. This spending target information is compared to the Governor's Adjusted Continuation Budget below.

Note:

FY2004-05 Authorized Budget	$3,811,720,344
Adjustments included in the Governor's Continuation Budget & FRD Adjustments	$345,989,945
Governor's Adjusted Continuation Budget Recommendation (FY2005-06)	$4,157,710,279
Spending Target – As developed by Appropriations Chairs	$3,936,143,523
Reductions based on Governor's continuation budget	($ 221,566,756)

* Expansion funding is allowed as long as the spending target is met, but the funding of expansion will result in increased reductions in order to meet the spending target.

Fiscal Research Division
3/15/2005

HEALTH AND HUMAN SERVICES (HHS) TARGET CALCULATION

(a) HHS SFY04-05 Authorized Recurring Budget	$3,906,773,486
(b) Total SFY04-05 Authorized Recurring Budget*	$15,367,335,936
(c) HHS Budget as a Percent of Total Budget: *Line (a) ÷ Line (b)*	25.42%
(d) Available Revenue SFY05-06*	$15,482,863,294
(e) HHS Share of Available Revenue SFY05-06: *From Line (c)*	25.42%
(f) HHS Target SFY05-06: *Line (d) x Line (e)*	**$3,936,143,523**

*Does not include the Clean Water Management Trust Fund.

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

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Local Management Entities and the funding of Community MH/DD/SA Services

Fiscal Research Division March 2005

Local Management Entities Defined

- Local political subdivision of the State. Largely independent of other local governments and do not have taxing powers.
- Local Management Entity (LME) is the universal term for a variety of local MH/DD/SA agencies including: area authorities, county departments, and interlocal agreements.
- 33 separate local MH/DD/SA agencies. 29 are certified LME's and the remaining 4 are Area and County Programs in transition.
- 22 agencies are multi-county. 11 are single county programs.
- The LME Board is responsible for policy making.
- LME employees are classified as local government employees.
- LME's engage in both direct service delivery and outsourcing service delivery to contracted service providers. Under reform, all services will be divested.
- DHHS is close to certifying all local MH/DD/SA agencies as LME's.

Services Provided through the LME's

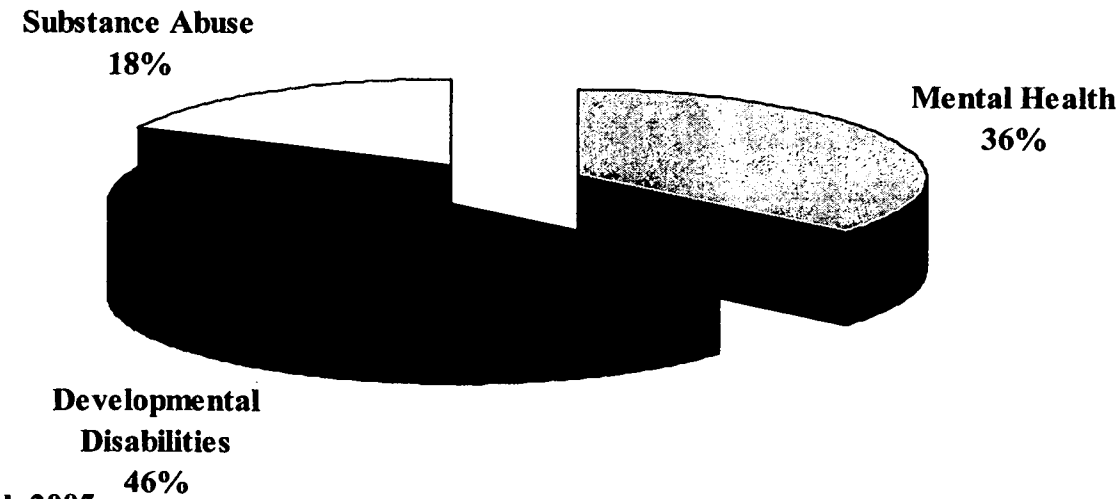
- Adult and Child Mental Health Services
- Developmental Disability Services
- Substance Abuse Services
- Serves as coordinator/manager of services and supports for individuals throughout the MH System. Also, coordinates services and supports from other service agencies (DSS, LEA's, Criminal Justice System)

  1) Person Centered Planning
  2) Coordinate admissions and discharges with Institutions
  3) Locate appropriate independent service providers
  4) Develop a community of providers
  5) Monitor services for quality and appropriateness

Local Management Entities

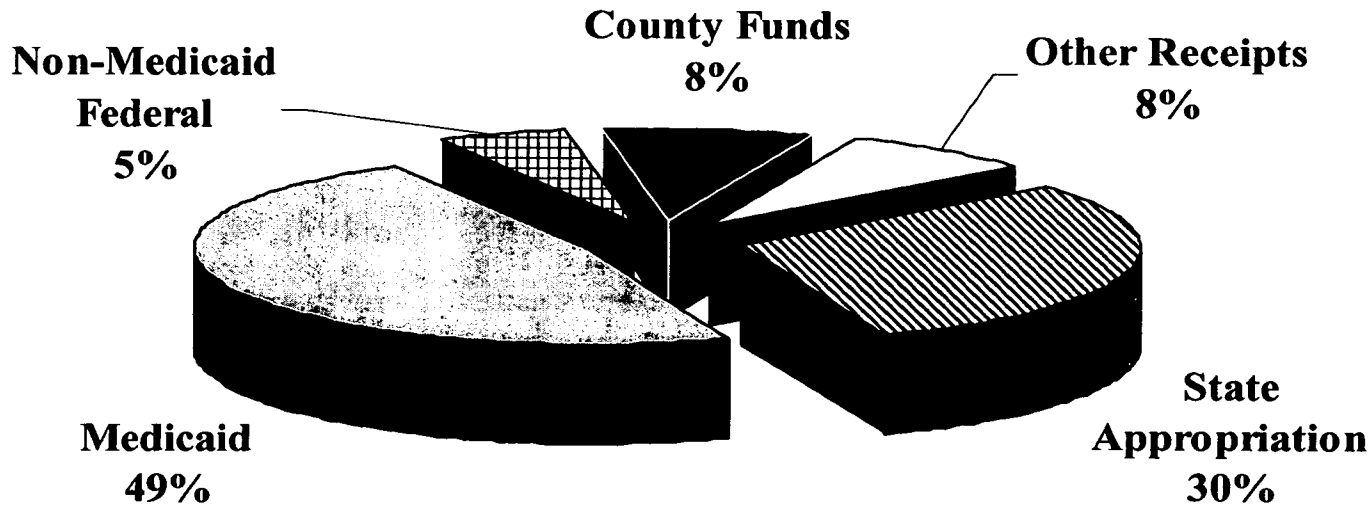
Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$350,970,669	$346,942,514
Revenues	$70,216,544	$63,550,154
Appropriations	$280,754,125	$283,392,360
Revenues do not include Medicaid Payments to Area Programs		

FY 2003-04 Actual Budget



The Narrow View...

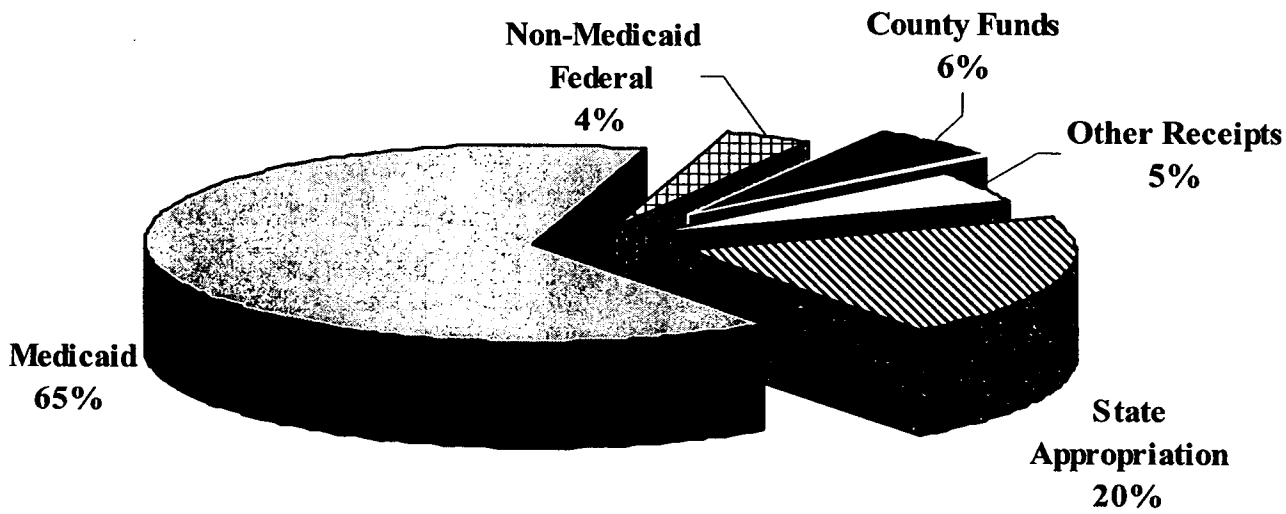
LME Funding FY 2003-04



State Appropriations	$329,451,920
Medicaid – Excluding Direct Enrolled Providers	$519,854,066
Non Medicaid Federal	$57,642,698
County	$89,447,612
Other Receipts	$65,656,776
Total Payments for Community Services	**$1,062,053,012**

The Big Picture...

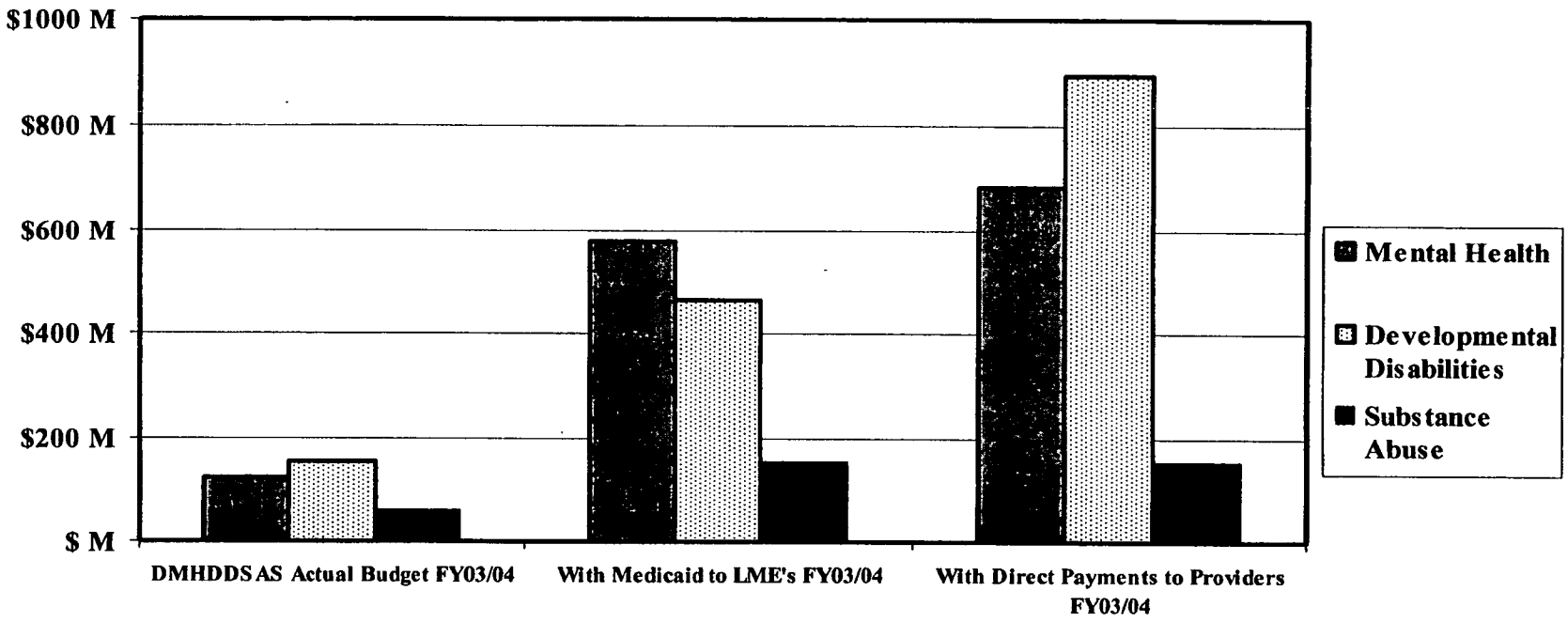
Total Community Funding of MH/DD/SA Services FY 2003-04



State Appropriations	$329,451,920
Medicaid – Including Direct Enrolled Providers	$1,061,829,181
Non Medicaid Federal	$57,642,698
County	$89,447,612
Other Receipts	$65,656,776
Total Payments for Community Services	**$1,604,028,187**

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

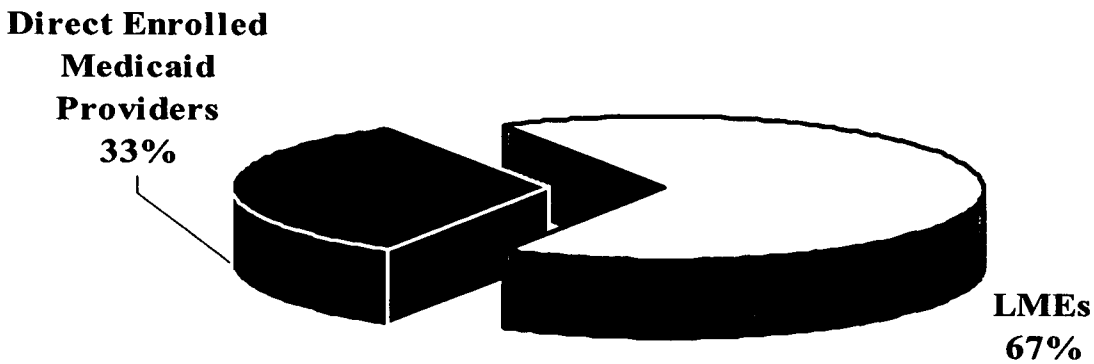
Total Flow of Funds to Community Services – FY 2003-04



• LME Budget (without Medicaid)		$339,006,128
• Medicaid to LME's		$519,864,066
• Direct Medicaid Payments to Service Providers		$541,965,115
• Non-Disability Specific AP Funding		$48,088,490
• County Funds other than Medicaid		$89,447,612
• Other Receipts		$65,656,776
	Total	**$1,604,028,187**

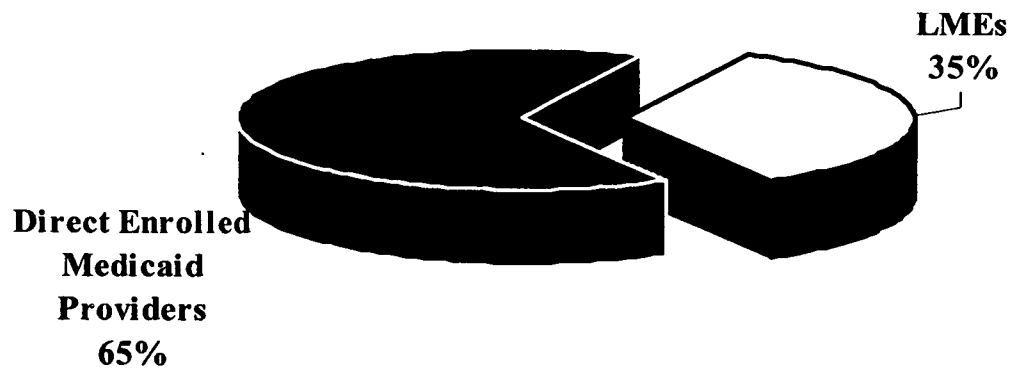
Flow of Funds to Direct Providers...

Direct Funding of Providers vs. LME Funding
FY 2003-04



- All Medicaid Providers will directly enroll in Medicaid
- Medicaid $ will flow to providers and bypass LMEs
- State Appropriations will continue to be a major issue for communities even though appropriations represent only 20% of community funding.
- **"Medicaid-ization" vs. Indigent Care**

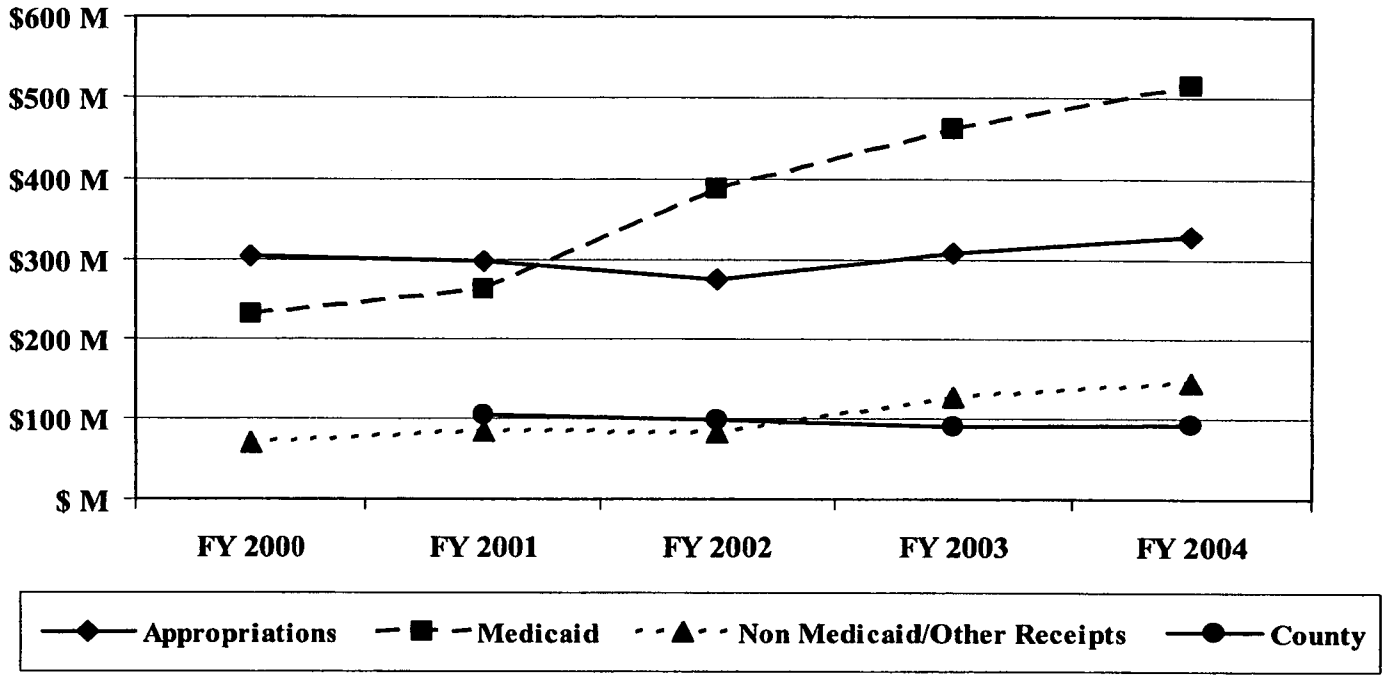
Direct Funding of Providers vs. LME Funding
Post-Reform



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

Short Term Historical View...

Payments to LMEs - By Source of Funds
FY 2000 to FY 2004



- State Appropriation expenditures have remained relatively flat – **8.7% growth over 5 years**
- County funds have lost ground – **(12%) over 4 years**
- Non-Medicaid Federal and other Receipts – **109% over 5 years.**
- Medicaid provided the greatest growth over 5 years – **122% or $283 M**

LME Funding - Policy and Programmatic Considerations...

State Appropriations

- Largest Source of **Discretionary Funds** provided to LME's for delivery and purchase of community MH/DD/SA services.
- Most of the State Appropriation is divided into Disability Silos, and LME's are restricted from shifting funds between disabilities.
- Certain funding is restricted for categorical expenditures, such as the Comprehensive Treatment Services Program for Children (CTSP) and funds for Multiply Diagnosed Individuals.
- State funds are now **restricted by Target Population** requirements, **but there is no requirement for means testing.**
- State Funding has been stagnant:
  - Small, isolated budget expansions in recent years, mixed with budget reductions
  - Forced reversions by the Governor to meet recent budget deficits
  - No inflationary ingresses
- **Main source of funds for Indigent Care and services not covered by Medicaid.**
- **Not equitably distributed across the LME's**

LME Funding - Policy and Programmatic Considerations...

Medicaid

- Largest single source of funds provided to LME's for delivery and purchase of community MH/DD/SA services.
- Income Restrictions as well as categorical eligibility requirements.
- Services are an entitlement for eligible clients (excluding the CAP Programs).
- Federal Government pays roughly $0.63 on every dollar expended.
- "Medicaid-ization" of the MH/DD/SA System
  - Medicaid is incentivized with the Feds bearing 2/3 of the cost of services
  - As an entitlement program – Automatic Growth and Stable Funding
  - Researchers have pointed to increasing dependency of States on Medicaid for MH Services (Health Affairs Winter 2003)
  - Medicaid favors certain groups of low-income individuals over others
  - Entire state mental health systems can mirror the state and federal Medicaid Policy
- Policy Changes under Reform:
  - Direct enrollment of all providers
  - State Plan Amendment to broaden and improve the community service array in Medicaid

LME Funding - Policy and Programmatic Considerations...

Medicaid (Cont.)

- Challenges:
  - LME outreach to enroll eligible people into the Medicaid Program.
  - State and Local response to the current federal Disability Determination process
  - Income Standards and employment programs
  - The Impact of increasing Medicaid costs on State and County Budgets.

- **The Risk – If the Governor and the General Assembly do not fund growth in the direct State Appropriations and rely on growth in the Medicaid program to support the community MH/DD/SA system, communities will lack the necessary funds to deliver indigent care.**

County Funds

- Discretionary funds appropriated by the Counties to the LME's.
- Under Reform, Counties must maintain appropriation levels at the time HB 381 was enacted.
- LME's are permitted to use county funds to serve Non-Target Population Clients.
- County support of LME's varies widely across the State.

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

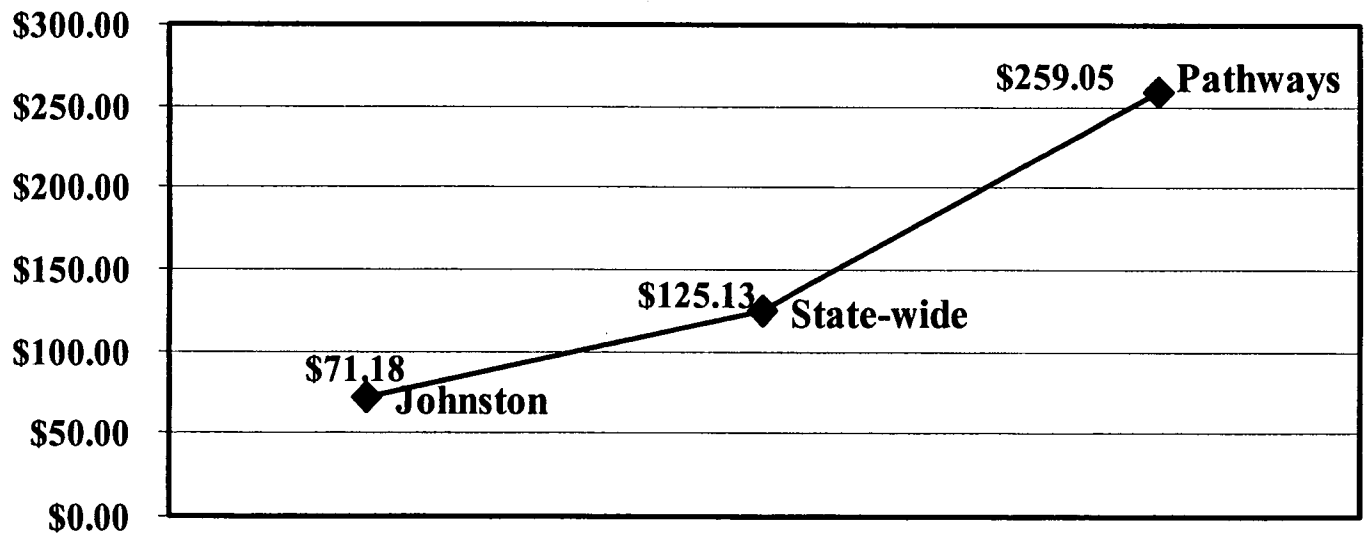
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Allocation of State Funds to LME's

Fiscal Research Division March 2005

The Current Problem...

Payments to LMEs FY 2003-04
Per Capita - All Funds

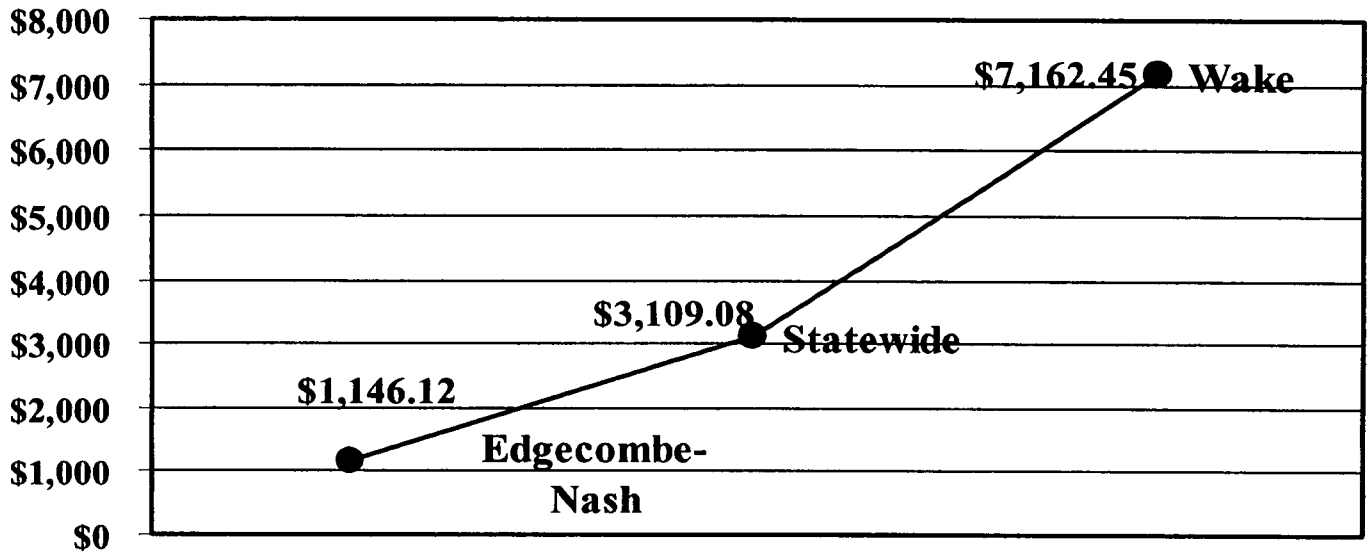


Top Five Programs	
Pathways	$259.05
Riverstone	$234.43
Albemarle	$205.17
OPC	$204.20
Tideland	$199.35

Bottom Five Programs	
Cumberland	$83.89
Lee-Harnett	$81.56
Edgecombe-Nash	$79.40
Onslow	$75.02
Johnston	$71.18

The Current Problem...

Payments to LMEs FY 2002-03
Per Person Served - All Funds



Top Five Programs	
Wake	$7,162.46
Piedmont	$5,598.69
Sandhills	$5,236.18
Durham	$4,947.61
OPC	$4,817.50

Bottom Five Programs	
Centerpoint	$1,969.48
Randolph	$1,893.85
Roanoke-Chowan	$1,854.67
Onslow	$1,734.00
Edgecombe-Nash	$1,146.13

The Current Problem…

Why the Broad Variation in Expenditures?

- Number of Medicaid Eligibles
- Client Mix
- Availability of Services
- Service Mix
- Efficient Delivery of Services
- County Contributions
- Collections against private insurance and individuals
- Grants, Special Projects, and Pilot Programs
- Presence of other service systems – Military Bases
- **Variation in State Appropriations**

Allocation of State Appropriations...

1. The Governor recommends the Budget for LME's
2. With adjustments, the General Assembly appropriates funds for the LME's
3. Office of State Budget and Management certifies the budget and makes funds available to DHHS and DMH/DD/SAS
4. Around July, DMH/DD/SAS sends **Allocation Letters** to the LME's
   - The Total Initial Allocation may not reflect the Total Authorized Budget
   - In FY 2002-03, the General Assembly appropriated $320 M to the LME's. $287 M was initially allocated to the LME's
   - The Governor's Office retained the balance in order to address potential budget deficits
5. During the Fiscal Year, periodic adjustments are made to the allocations
   - Funds are shifted between programs based on expenditure trends
   - Formerly sequestered budgeted funds are made available
   - Funds from previous years' cost settlements are made available
   - In FY 2002-03, the final allocation was $293 M.
6. Once the Final Allocation is made, any unspent funds are reverted to the General Fund, along with sequestered budgeted funds

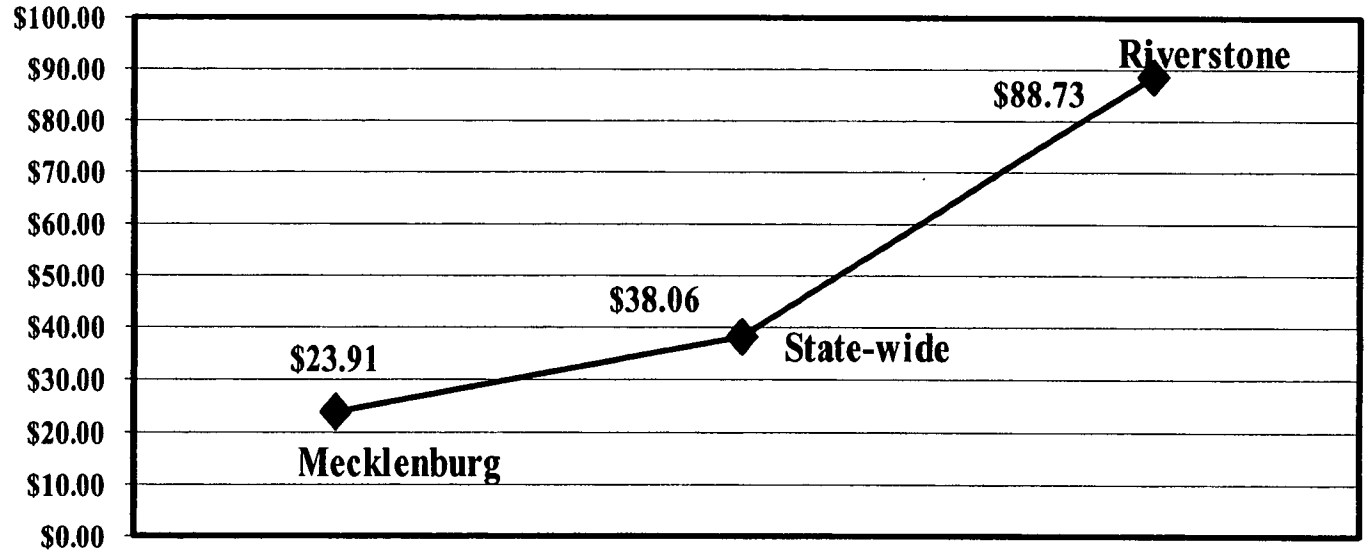
Allocation of State Appropriations...

- Allocations to LME's represent state funds **available** for expenditure
- The service must be rendered prior to receiving reimbursement for the service, and the reimbursement comes from the Area Program's Allocation

How does the Allocation of State Funds vary across the State?

State Funds Expenditures by LME's…

Payments to LMEs FY 2003-04
Per Capita - State Funds Only

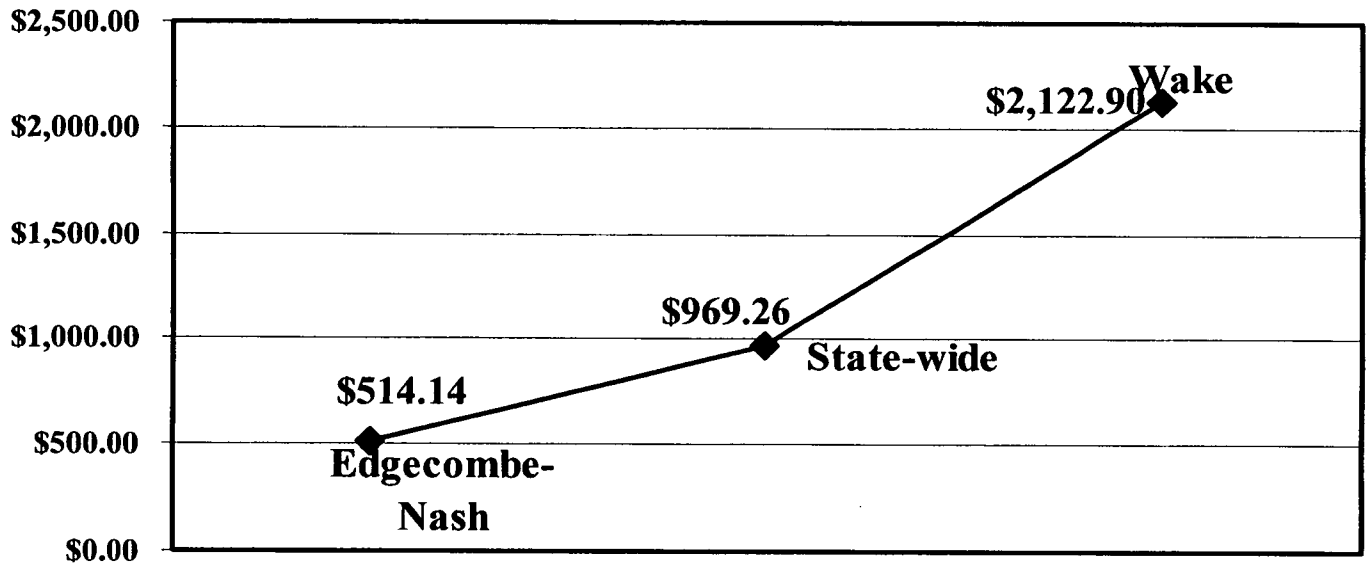


Top Five Programs	
Riverstone	$88.73
Tideland	$69.74
Albemarle	$55.65
Piedmont	$53.32
Wilson-Greene	$53.22

Bottom Five Programs	
Guilford	$29.11
Onslow	$27.75
Wake	$27.32
Cumberland	$25.73
Mecklenburg	$23.91

State Funds Expenditures by LME's...

Payments to LMEs FY 2002-03
Per Person Served - State Funds Only



Top Five Programs		Bottom Five Programs	
Wake	$2,122.90	Smokey Mountain	$717.57
Piedmont	$1,988.50	Guilford	$666.51
OPC	$1,549.37	Centerpoint	$571.76
Sandhills	$1,522.36	Mecklenburg	$526.52
Eastpointe	$1,428.51	Edgecombe-Nash	$514.14

State Funds Expenditures by LME's...

Possible Explanations for the Wide Variations in State Expenditures

- **Demographics** - Per Capita State Expenditures appear to have a Rural/Urban character to them. Urban populations grow, but State Appropriations for services have not
- **Medicaid** – Programs with significant Medicaid enrollment will depend less on State Funds
- **Indigent Care** – Programs that provide significant indigent care will spend more State Funds per person served
- **Service Array** – Programs with more a robust service array and provider community could spend more State Funds per person served
- **Service Centers** – Some communities may have a disproportionate share of clients due to the availability of services.
- **Efficiency** – Case Management, Economies of Scale, Performance-minded business practices can impact the amount of State Funds spent per person served
- **Pilots and Special Projects** – Many programs run unique services and programs funded by State Funds. Now part of the continuation budget, these projects can increase state expenditures

The Current Problem Restated…

- Expenditure of State Funds vary widely across LME's
- Historical Expenditures inform the Allocation Process
- Neither the Governor or the General Assembly have examined the underlying causes for expenditure variation over the years
- The Causes and Appropriateness of the Variation in State Funds Expenditures remain in a black box, unseen by policy makers and program administrators

If the General Assembly or DHHS were to institute a new Allocation System, what should be taken into consideration?

Allocation System – Long Term Considerations…

1. **Transparency**
2. **Equity**
3. **System Shock**

Transparency

- Any system designed for distributing state funds across the LME's should be clear and understandable
- Local and state policy-makers and program administrators should be able to estimate a particular community's allocation, if given a necessary data
- The allocation formula should be publicly available

Equity

- The allocation should be based on service need
- The allocation should not preference certain communities, except on the basis of service need
- The same formula should apply state-wide
- Considerations for Low-Wealth Communities could be included

Allocation System – Long Term Considerations…

System Shock

- The new allocation system could shift funds away from certain LME's to other programs. LME's with smaller allocations will need assistance in restructuring
- LME's with increasing allocations will need assistance with making efficient and effective use of new state dollars
- The General Assembly could appropriate new funds to the LME's to limit shifting of existing state funds
- The General Assembly and the Governor could consider a multi-year plan for moving to the new allocation system.

Allocation System for the Long Term…

HB 1414 – Modify Appropriations Act of 2003

- DHHS has been tasked with making necessary changes to remove all administrative and fiscal barriers to expending community MH/DD/SA funds
- These changes are to include, ***"A revised system for allocating State and federal funds to area mental health authorities and county programs that reflects projected needs…"***
- The final report was due February 1, 2005
- In the Final Report, DHHS stated that a new Allocation System will not be released until June 2005.

What Questions Should the General Assembly Consider regarding the New Allocation System?

Allocation System for the Long Term…

Questions:

Is there a formula?

- The formula could include a base factor that uniformly spreads state funds across the LME's
- For instance, the foundation for the formula could be a per capita allotment
- **Advantage: Transparency and uniformity**
- **Disadvantage: Disregards community characteristics and particular needs**

Does the formula include equity factors?

- In addition to the base factor, the allocation formula could include a series of special allotments to address the specific needs of each community
- Possible special allotments:
  - Per Client Allotments – Target Population Specific
  - Indigent care factor?
  - **Advantage: considers the variation in cost across disability groups. Recognizes the variation in local need for funds.**
  - **Disadvantage: Requires better data on the post-Reform system, including estimates of prevalence and service access.**

Allocation System for the Long Term..

Questions:

Does the formula include efficiency factors?

- The reliance of LME's on state appropriation varies, depending on the availability of other types of funding
- **Medicaid Factor** – To what extent does the formula focus limited state funds to communities with smaller Medicaid populations?
  - **Advantage – Medicaid enrolled clients will have services covered regardless of the Budget, state funds could be shifted to serve communities with significant indigent clients**
  - **Disadvantage – Medicaid is costly for Counties. Will a Medicaid Factor create a disincentive for using Medicaid at the local level**
- **County Factor** – Are County Contributions considered in the formula?
  - Any County Factor should be coupled with a County Share Requirement or County Maintenance of Effort (MOE) to level the playing field
  - Any County Factor should include a county's Ability to Pay
  - **Advantage – State funds could be shifted to counties that do not have the means for providing funds to their community MH/DD/SA system**
  - **Disadvantage – If constructed poorly, the County Factor could punish County's that have historically contributed and create a barrier to county contributions.**

Allocation System for the Long Term…

Questions:

Does the formula include efficiency factors? (Cont.)

- **Private Insurance and Client Payments** – Incentives and emphasis on collections from private insurance and client fees could free additional funds for indigent care.
  - **Advantage – More funds for indigent care**
  - **Disadvantage – Careful determination is needed as to the stability of these revenue sources and administrative cost impacts**

Low Wealth Supplemental Funding?

- A Low Wealth Community Factor could partially address equity and efficiency concerns.
- For communities with high indigent care and lack of access to other sources of funds, a supplemental allotment could be made.
- **Advantage: The General Assembly could infuse more dollars into low wealth communities without taking from communities that make significant use of Medicaid, county funds, or other receipts. The formula could disregard these efficiency factors**
- **Disadvantage: Would likely require additional appropriations. Incentives for system efficiency would need to be address in other ways**

Allocation System for the Long Term…

Questions:

What is needed for implementation?

- In order to avoid system shock, the new Allocation System should be implement over a period of years.
- How many years?
- What resources would be shifted in each of those years?
- What policy and budget actions are needed from the General Assembly?
  - Legislative restrictions on State Funds
  - County MOE
  - Multi-Year Budget Expansion

A Few More Considerations…

- Any formula-based Allocation system will require shifting State Funds from certain LME's to others, unless significant funds are appropriated to the system
- The Allocation System will likely take several years to implement
- Budgeted and historically Unallocated Funds could be a source for redistributing funds
- No matter how much the General Assembly appropriates to the Allocation System, it is still a reimbursement system. The services must be rendered first.
- The New Allocation System is an opportunity to invest in business improvements for the LME's (training, capital equipment, and sufficient staff for managing the service system)

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

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Issues for the FY 2005-07 Biennium

Fiscal Research Division March 2005

Issues

- "Medicaid-ization" of the MH/DD/SAS System vs. serving the indigent ineligible for Medicaid
- Pending Allocation System affects whether System Reform is funded in a rational and appropriate manner.
- Divestiture of services by LMEs vs. continuity of services and implementation of new service array
- Availability of crisis services in the community
- Appropriate services for children – Residential vs. Community-Based

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ HEALTH & HUMAN SERVICES March 15, 2005 @ 2pm

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vincent Stephens	Centers for Medicare + Medicaid Services (CMS)
Susan King Cope	American Lung Assn. of NC
Neil C. Swiorki	Competitive Edge Marketing 7264 Windsor Forest Place, Harrisburg, NC 28075
Janet Shamlin	NC Council C-2001
Ann Richard	The Arc "
John Tate	MHA-NC "
Gill Hinton Keel	Autism Society of NC "
Bob Hedrick	NCCSPC
Mike Mauer	The Institute
Reynolds Bowen	Bowen + Assoc.
Jim Hinkley	Ford Bros
Mark Mason	Capitol Group

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ HEALTH & HUMAN SERVICES March 15, 2005 @ 2pm

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dina Quller-Morgan	OSBM
Wayne Williams	OSBM
STACIE "NAS" NASCIMBENE SIENA	NURSE OF THE DAY
Jim Edgerton	AHEC
DAVID B HEMES	Bennett Sprull
Liz Smith	NCCCC
Robert Kennel	Council of UNC Alumni
Rebecca Troop	NCACC
Tom Coley	CWA
Ron Causey	CWA
Mike King	CWA
John Goodman	Alley Associates

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ HEALTH & HUMAN SERVICES March 15, 2005 @ 2pm

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Andy Ellen	NCRMA
Abby Emanuelson	NMSS
MIKE MANN	SSI
Stella N. McKenny	NC DHHS
JOSEPH SLATON	NC DHHS
Dick Carlton	Law office of Richard H. Carlton

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 16, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Social Services — *Karlynn O'Shaughnessy, FRD Staff*

2:00 PM

Budget Overview

Division of Social Services — *Karlynn O'Shaughnessy, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES
Tuesday, March 16, 2005
Room 643, Legislative Office Building

MINUTES

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 a.m. on Tuesday, March 16, 2005, in Room 643 of the Legislative Office Building. All senate members were present. Representatives present were Verla Insko, Jeffrey Barnhart, Bob England, Bernard Allen, Paul Stam, Jean Farmer-Butterfield, and Mark Hollo. Senator Vernon Malone presided.

Senator Malone introduced the pages and the sergeant-at-arms staff.

The presenter for this session was Karlynn O'Shaughnessy, an analysis with the Fiscal Research Staff. She stated that the purpose of her presentations for the next three sessions was to provide an overview of the mission, organization, functions and budget of the Division of Social Services. She also gave the format for the next three sessions. (Attachments A & B)

- Session I--the organization and operation of the Division and the Governor's proposed budget for the division with emphasis on programs within the Department of Social Services.
- Session II—an examination of children's programs, addressing funding sources, services provided, and the population served.
- Session III—a review of services that support and maintain families.

This presentation focused on programs that provide services for refugee assistance, child support enforcement, family support and child welfare. This presentation also covered the department's performance management and economic services. Ms. O'Shaughnessy also reviewed data on budget trends, and showed comparisons of expenditures with other states. (Attachment C)

Committee members commented on issues and asked for points of clarifications on issues brought up in the presentation.

The following inquiries were made that required additional explanations about the department's organization and operational procedures.

Senator Malone inquired about the efforts that were made to collect child support monies that are in the arrears, and the timeframe it takes for monies to be received. Barry Miller, Chief of Child Support Collections, explained the process of collecting monies that are in arrears and the departmental process for getting support payments to recipients.

There was considerable discussion and concern about payments in arrears, and the effectiveness of child support collections by counties.

Rep. Insko asked if there is a "figure amount" of the arrears. Barry Miller stated he did have those figures and would get that to her later.

Senator Dannelly asked if an individual is incarcerated for not paying child support, who is responsible for cost of his during his/her incarceration period. Barry Miller responded that the county of incarceration picks up the expense. Senator Dannelly along with Senator Malone remarked that this process should be reviewed.

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

Vernon Malone

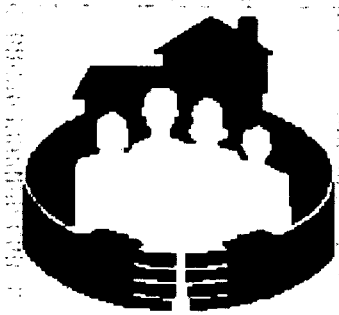
Senator Vernon Malone, Presiding Co-chair

Claudette B. Howell

Claudette B. Howell, Committee Assistant

Department of Health and Human Services

Division of Social Services



North Carolina General Assembly
Fiscal Research Division
March 2005

Attachment A

Agenda

- Overview of DSS
- Children's Programs
- Family Programs

- Budget Trends
- President's Budget Proposal
- Comparisons with Other States
- Issues

Mission

The North Carolina Division of Social Services is dedicated to assisting and providing opportunities for individuals and families in need of basic support and services to become self sufficient and self reliant. The Division of Social Services advocates for and encourages individuals' right to select actions appropriate to their needs. Primary to the Division is our commitment to provide families and children with family centered services that strive to achieve well being through ensuring safety and permanency. Furthermore, we recognize our responsibility through teamwork and professional effort to assist in this process. Towards this end, in cooperation with local departments of social services and other public and private entities, we seek to identify needs, devise and focus resources, and deliver services responsively and compassionately.

Social Services Commission

The Social Services Commission is responsible for adopting rules and regulations to be followed in the conduct of the State's social services program with the power and duty to adopt, amend, and rescind rules and regulations under and not consistent with the laws of the State necessary to carry out provisions of GS 143B-153.

Social Services Commission

Establishes rules for:

- Public assistance with the exception of medical assistance
- Placement and supervision of children and payment of necessary costs of foster home care for needy and homeless children

Social Services Commission

- Payment of state funds to private child-placing agencies and residential child care facilities for care and services provided to children in the custody or placement responsibility of a county department of social services
- Social services programs established by Federal legislation

Social Services Commission

- Implementation of portions of Title XX of the Social Security Act
- Inspection and licensing of maternity homes
- Rules required by the Federal Government for social services grant-in-aid

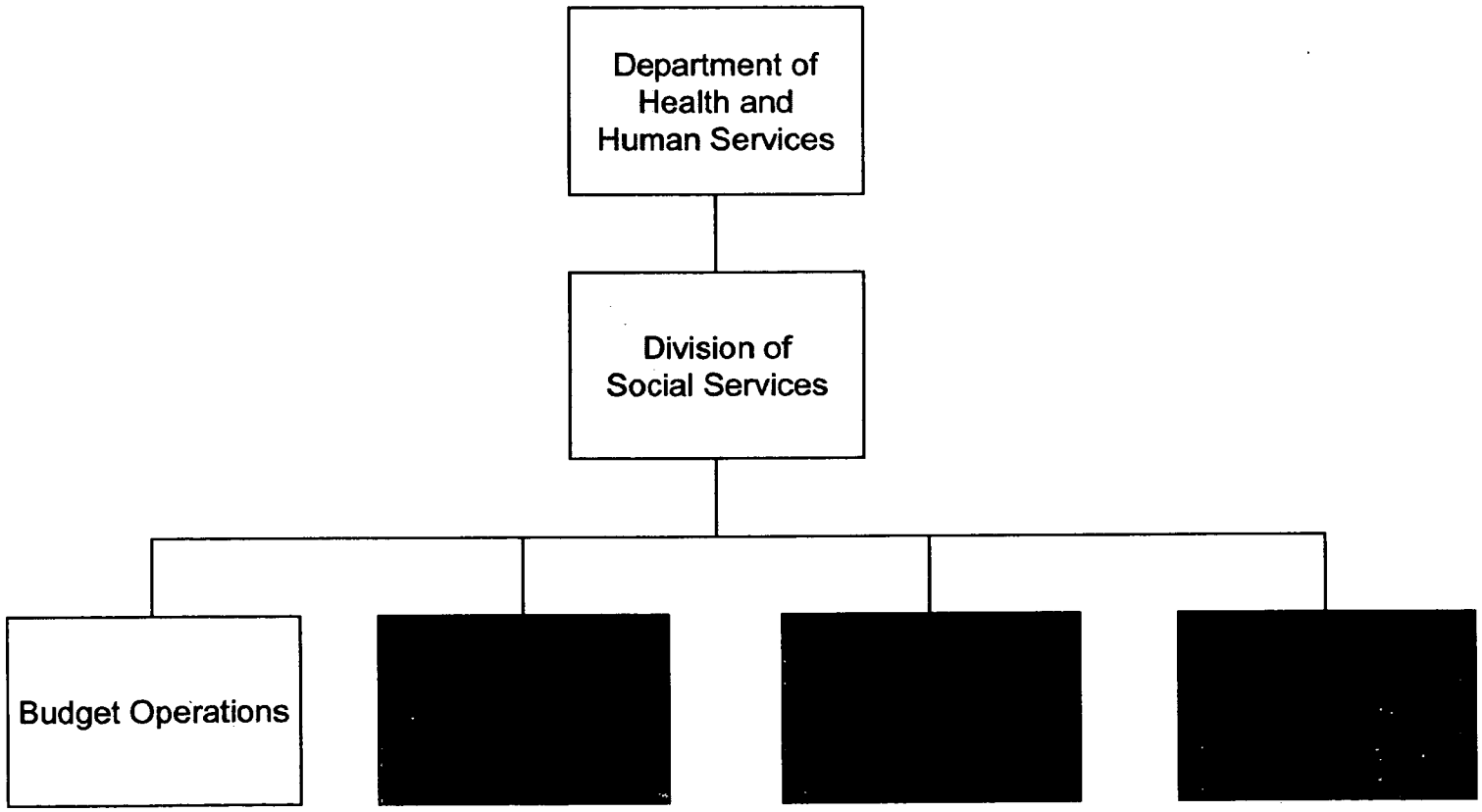
Social Services Commission Staff Support

- Provided by the Director of the Division of Social Services at the direction of the Secretary of Health and Human Services
- DSS provides technical, clerical, logistics, and other required support
- Attorney General's Office serves as legal counsel

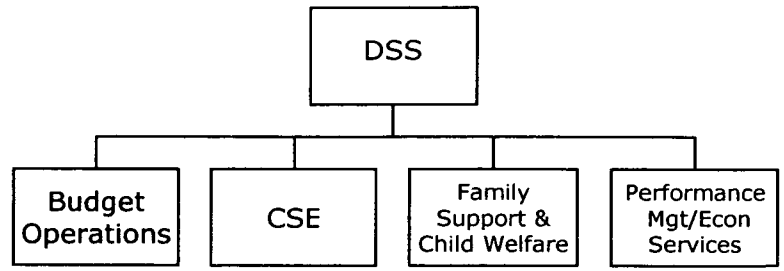
Social Services System

- State-Supervised, County-Administered
  - General Assembly makes laws and appropriates funds
  - State agency implements laws and establishes administrative rules
  - Counties set priorities, appropriate funds, distribute funds, and deliver services
- Federal, State and Local Funding
  - Mandatory services
  - No mandated levels of services
  - Levels of service may vary across the State

Organization



Budget Operations



The Budget Office is responsible for administering a $1.3 billion budget for Public Assistance and Social Services Programs throughout the State of North Carolina. In this role, this office is responsible for all financial and operational activities as well as administrative management functions and contract-related activities.

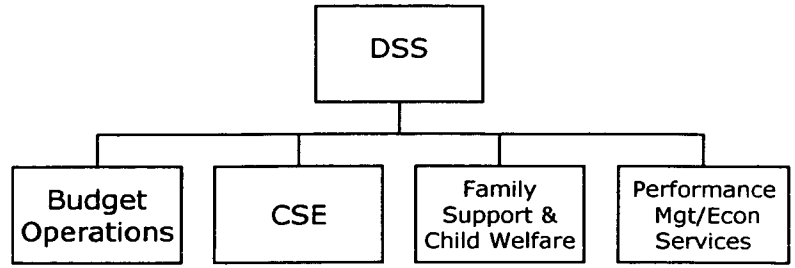
DHHS Budget

		2004-2005 Authorized (in millions)	% of DHHS Total
14410	Div. of Medical Assistance	$ 9,098	67.94%
14411	Div. of Social Services	$ 1,355	10.12%
14420	Div. of MH/DD/SAS	$ 1,020	7.62%
14424	Div. of Public Health	$ 603	4.50%
14430	Div. of Child Development	$ 560	4.18%
14440	Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
14445	Div. of Central Management and Support	$ 209	1.56%
14446	Div. of Vocational Rehabilitation	$ 124	0.93%
14450	Div. of Aging and Adult Services	$ 79	0.59%
14460 + 244	Div. of Facility Services	$ 41	0.31%
54465 + 744	Office of Education Services	$ 34	0.25%
14470	Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
14480	Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%
	DHHS Total	**$ 13,391**	

DHHS Budget Without Adult Services

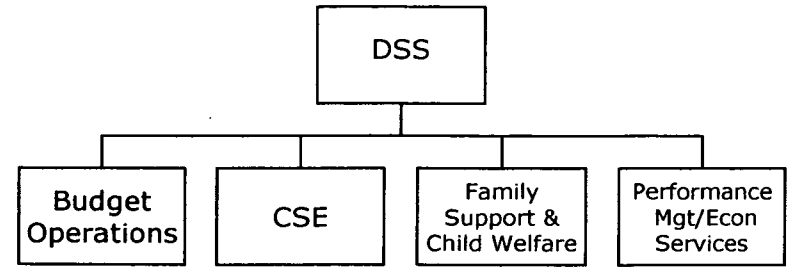
	2004-2005 Authorized (in millions)	% of DHHS Total
Div. of Medical Assistance	$ 9,098	67.94%
Div. of Social Services - Excluding DAAS $	$ 1,174	8.77%
Div. of MH/DD/SAS	$ 1,020	7.62%
Div. of Public Health	$ 603	4.50%
Div. of Child Development	$ 560	4.18%
Div. of Aging and Adult Services - Including $ in DSS	$ 260	1.94%
Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
Div. of Central Management and Support	$ 209	1.56%
Div. of Vocational Rehabilitation	$ 124	0.93%
Div. of Facility Services	$ 41	0.31%
Office of Education Services	$ 34	0.25%
Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%
DHHS Total	**$ 13,391**	

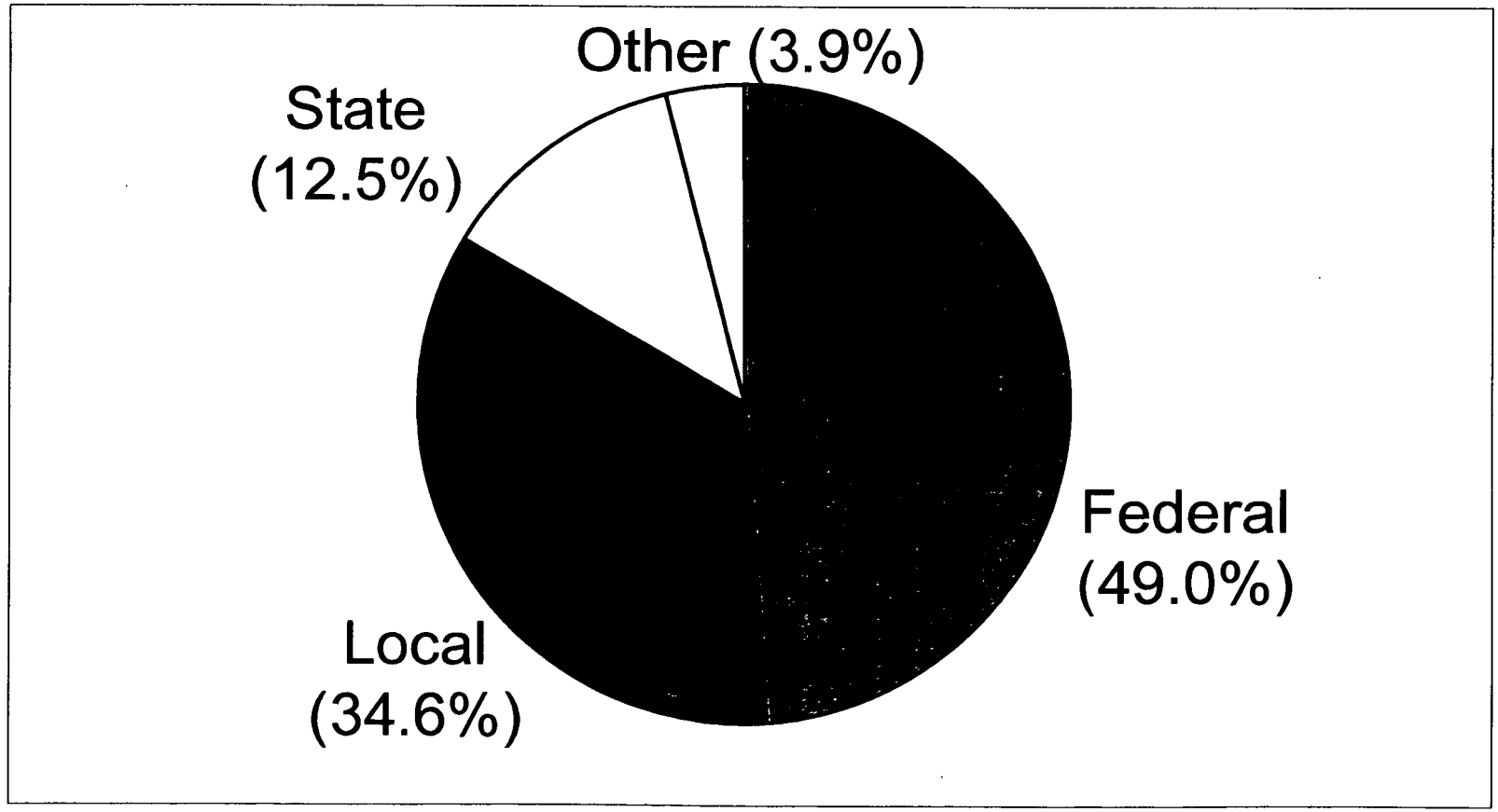
DSS Funding



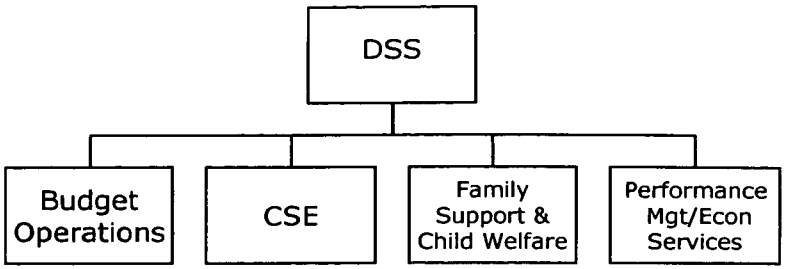
	Federal Budget	Local Budget	State Budget	Other Budget	TOTAL
SFY 2000	$734,925,676	$434,084,158	$148,162,872	$118,800,191	$1,435,972,897
SFY 2001	$699,374,991	$453,354,282	$187,144,751	$92,662,353	$1,432,536,377
SFY 2002	$688,437,314	$461,462,478	$188,331,563	$66,660,531	$1,404,891,886
SFY 2003	$705,686,430	$466,868,121	$180,487,471	$72,191,619	$1,425,233,641
SFY 2004	$686,103,678	$485,342,143	$175,409,281	$54,747,363	$1,401,602,465

Funding Sources



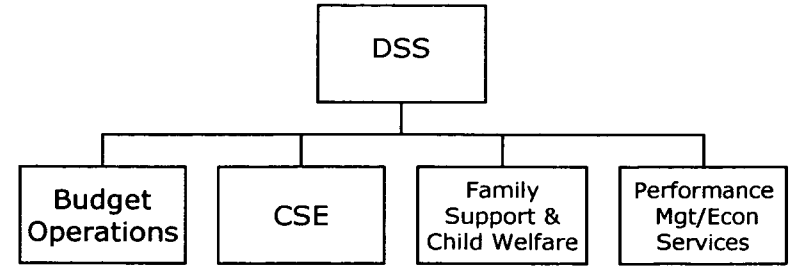


Continuation Budget



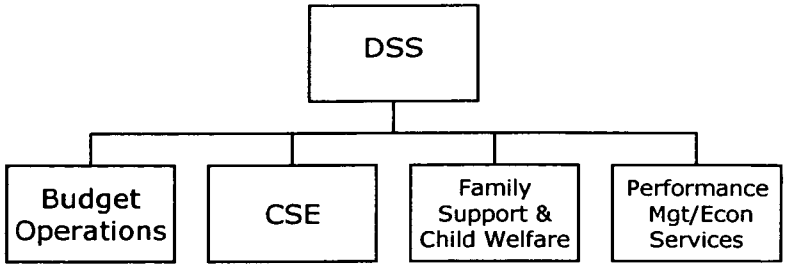
	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 PROPOSED	2006-2007 PROPOSED
TOTAL REQUIREMENTS	1,328,366,587	1,354,848,454	1,358,083,784	1,359,192,641
TOTAL RECEIPTS	1,151,557,475	1,177,482,386	1,175,767,716	1,173,886,573
NET APPROPRIATION	176,809,112	177,366,068	182,316,068	185,306,068
POSITIONS	758	757	758	758

Requirements Changes



REQUIREMENTS	2004-2005 AUTHORIZED	2005-2006 INCR/DECR	2005-2006 TOTAL	2006-2007 INCR/DECR	2005-2006 TOTAL
STATE ADMINISTRATION	20,772,431	-10,231	20,762,200	-2,571	20,769,860
PERF MGT/ECON SVCS	25,298,157	-784,882	24,513,275	-784,882	24,513,275
CHILD WELFARE SVCS	49,812,500	174,685	49,987,185	188,161	50,000,661
REFUGEE ASSISTANCE PROGRAMS	3,364,620	663	3,365,283	663	3,365,283
AID TO COUNTIES	291,693,790	50,000	291,743,790	60,000	291,753,790
SPECIAL ASSISTANCE FOR ADULTS	133,868,991	1,954,014	135,823,005	2,665,251	136,534,242
CHILD SUPPORT ENFORCEMENT	41,074,760	1,851,081	42,925,841	2,217,565	43,292,325
TOTAL		3,235,330		4,344,187	

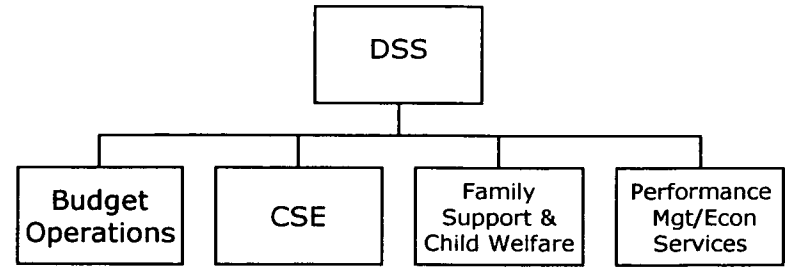
Receipts Changes*



RECEIPTS	2004-2005 AUTHORIZED	2005-2006 INCR/DECR	2005-2006 TOTAL	2006-2007 INCR/DECR	2005-2006 TOTAL
STATE ADMINISTRATION	13,477,092	2,389	13,479,481	6,193	13,483,285
PERF MGT/ECON SVCS	22,013,739	2,617	22,016,356	2,617	22,016,356
CHILD WELFARE SVCS	33,186,011	-1,253,336	31,932,675	-1,251,291	31,934,720
REFUGEE ASSISTANCE PROGRAMS	3,364,620	663	3,365,283	663	3,365,283
SPECIAL ASSISTANCE FOR ADULTS	66,934,494	977,007	67,911,501	1,332,625	68,267,119
COUNTY SVCS PROGRAM	473,230,585	-1,698,737	471,531,848	-4,146,283	469,084,302
CHILD SUPPORT ENFORCEMENT	33,054,141	254,727	33,308,868	459,663	33,513,804
TOTAL		-1,714,670		-3,595,813	

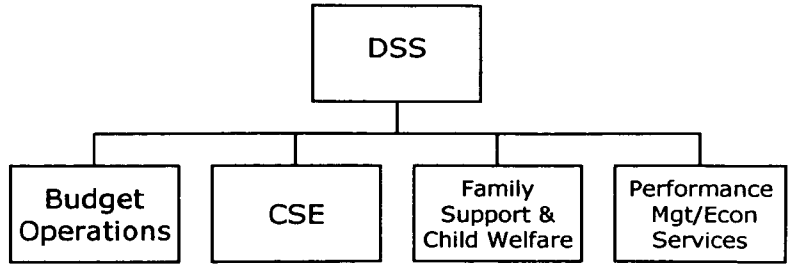
* Receipt changes are estimates.

IV-D Trends



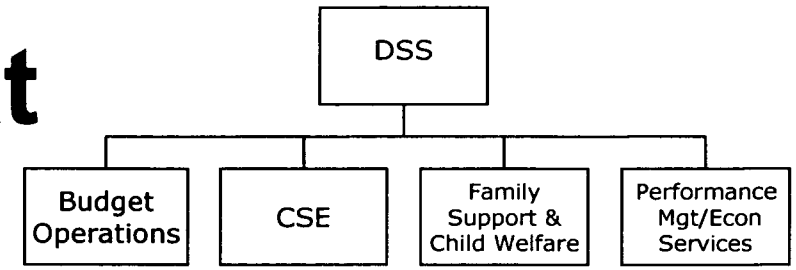
SFY	PROGRAM	AUTHORIZED	ACTUAL	DIFFERENCE	TOTAL DIFFERENCE
2000-01	County Services Programs	9,102,629	9,102,629	0	
	Child Support Enforcement	4,700,000	2,000,000	2,700,000	
		13,802,629	11,102,629	2,700,000	2,700,000
2001-02	County Services Programs	10,339,177	8,877,892	1,461,285	
	Child Support Enforcement	4,200,000	904,686	3,295,314	
		14,539,177	9,782,578	4,756,599	7,456,599
2002-03	County Services Programs	11,235,177	8,225,004	3,010,173	
	Child Support Enforcement	3,624,625	692,775	2,931,850	
		14,859,802	8,917,779	5,942,023	13,398,622
2003-04	County Services Programs	13,839,177	7,803,325	6,035,852	
	Child Support Enforcement	1,424,625	541,130	883,495	
		15,263,802	8,344,455	6,919,347	20,317,969
2004-05	County Services Programs	13,839,177	7,179,059	6,660,118	
	Child Support Enforcement	1,424,625	497,839	926,786	
		15,263,802	7,676,898	7,586,904	27,904,873
2005-06	County Services Programs	13,839,177	6,604,735	7,234,442	
	Child Support Enforcement	1,424,625	458,012	966,613	
		15,263,802	7,062,747	8,201,055	36,105,928
2006-07	County Services Programs	13,839,177	6,076,356	7,762,821	
	Child Support Enforcement	1,424,625	421,371	1,003,254	
		15,263,802	6,497,727	8,766,075	44,872,003

IV-D Returns



- Decreased with reduction in Work First cash assistance cases
- Distribution changes
  - Effective 1 October 2001, support obligations paid before repayments to State and Federal Government

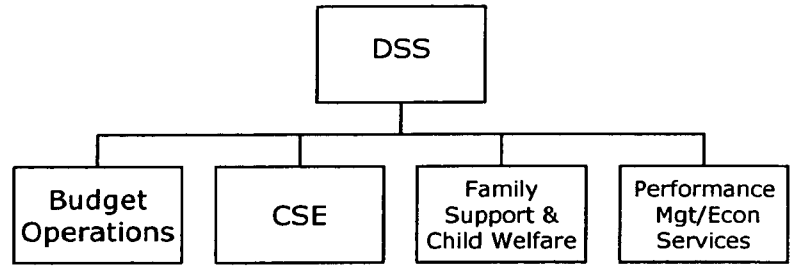
Requirements at Current Level



Programs

REQUIREMENT	BUDGET
REFUGEE ASSISTANCE PAYMENTS	772,700
WORK FIRST FAMILY ASSISTANCE	138,672,190
ENERGY ASSISTANCE	12,775,323
ADOPTION ASSISTANCE	63,878,573
FOSTER CARE ASSISTANCE	68,636,503
COUNTY PUBLIC ASSISTANCE PMTS	9,815,713
COUNTY SERVICES PROGRAM	479,875,128

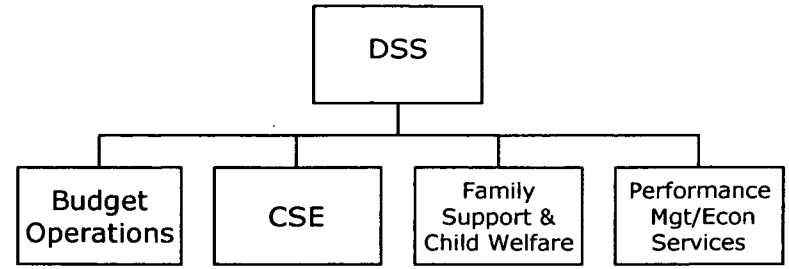
Receipts at Current Level



Programs

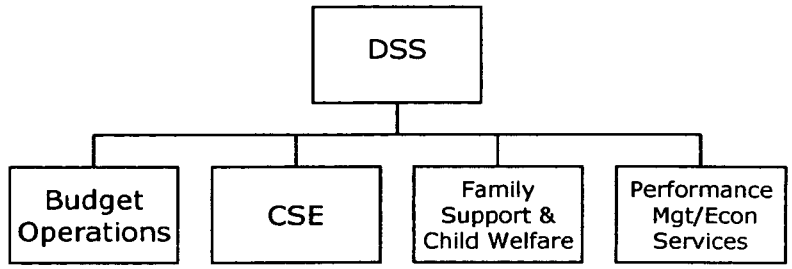
RECEIPTS	BUDGET
AID TO COUNTIES	277,118,881
REFUGEE ASSISTANCE PMTS	772,700
WORK FIRST FAMILY ASSISTANCE	119,841,508
ENERGY ASSISTANCE	12,775,323
ADOPTION ASSISTANCE	38,483,580
FOSTER CARE ASSISTANCE	59,828,798
COUNTY PUBLIC ASSISTANCE PMTS	9,815,713

Child Support Enforcement



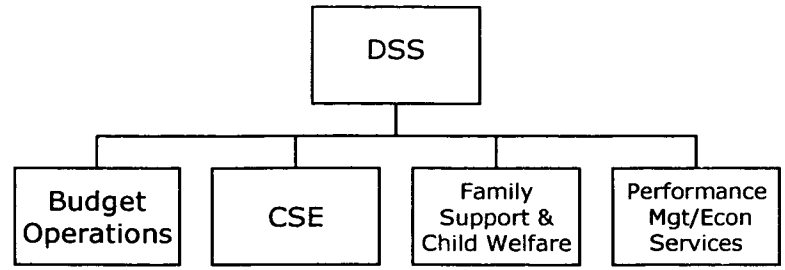
To consistently collect as much child support money as possible for the benefit of North Carolina's children.

Child Support Enforcement



- One out of five children in NC is owed child support
- Child support enforcement delivered over a half billion dollars in State fiscal year 2004
- Managed through a network of State and locally run offices

CSE Budget



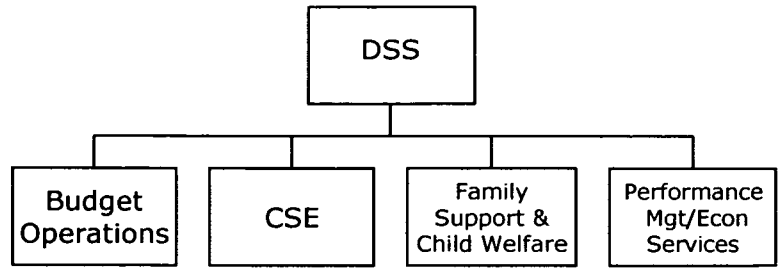
CHILD SUPPORT ENFORCEMENT	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	36,276,021	41,074,760	42,925,841	43,292,325
RECEIPTS	28,412,474	33,054,141	33,308,868	33,513,804
NET APPROPRIATION	7,863,547	8,020,619	9,616,973	9,778,521

- Increases in requirements: $1,851,081 in SFY 2005-2006 and $2,217,565 in SFY 2006-2007
  - Sheriffs' filing fee increased from $5 to $15
  - Rent in Mecklenburg County adds approximately $300,000 to requirements
  - Attorneys' fees
- Small increase in receipts: $254,727 in SFY 2005-2006 and $459,663 in SFY 2006-2007

Child Support Enforcement President's Budget

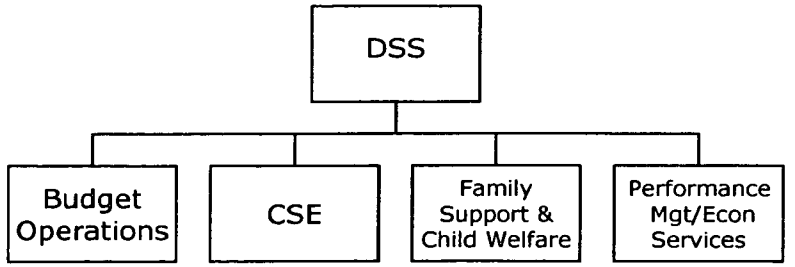
State	2004 Mandatory	2005 Pres. Budget	2005 Mandatory	2006 Pres. Budget	Change FY 05-06
Georgia	87,095,000	89,769,000	88,260,000	90,642,000	2,382,000
North Carolina	78,273,000	95,356,000	79,321,000	81,461,000	2,140,000
South Carolina	32,663,000	27,085,000	33,100,000	33,993,000	893,000
Tennessee	56,793,000	56,167,000	57,553,000	59,106,000	1,553,000
Virginia	52,295,000	76,594,000	52,995,000	54,425,000	1,430,000

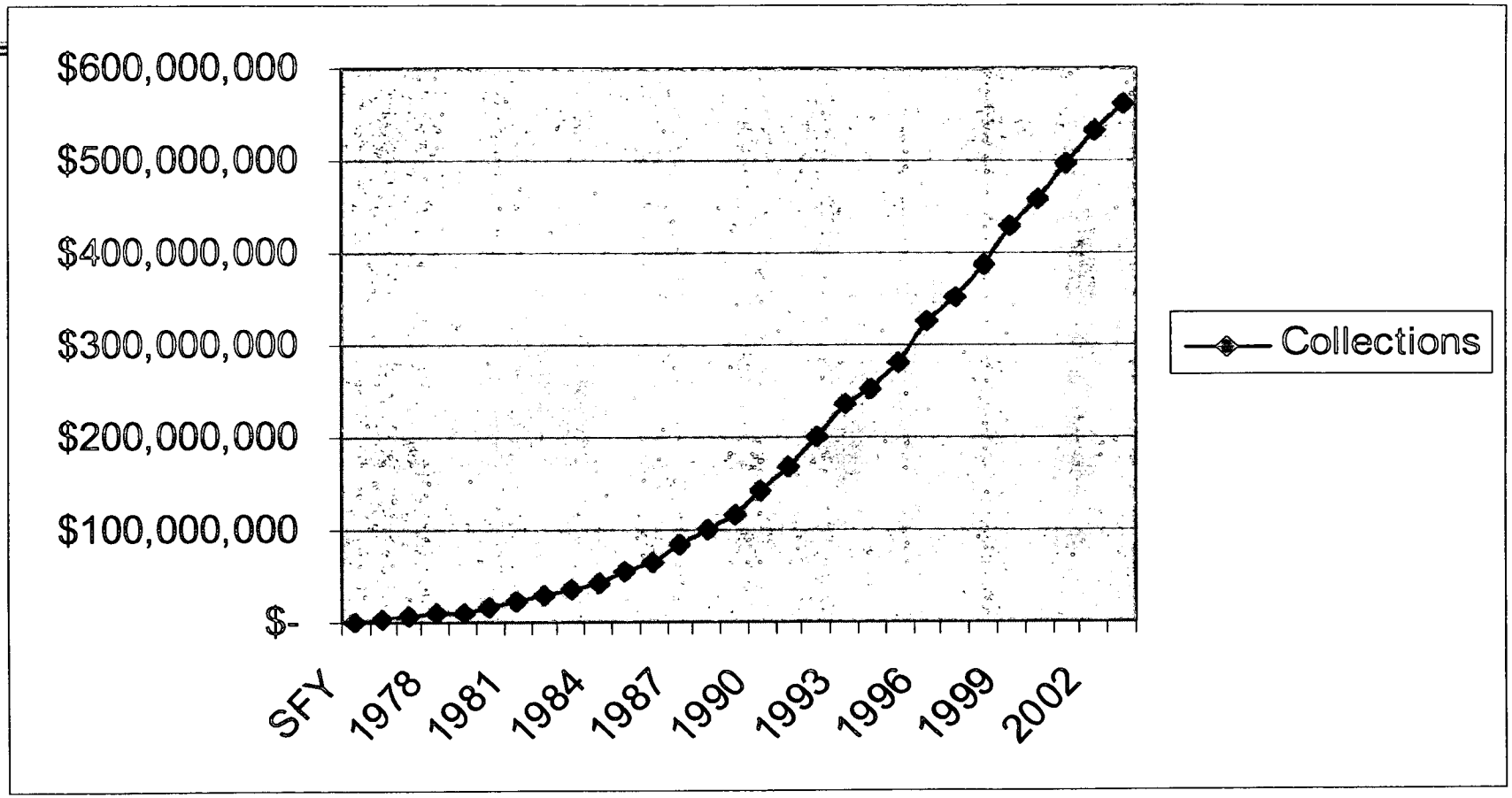
Services Provided



- Location of non-custodial parents
- Paternity establishment for children born outside of marriage
- Establishment of support obligations
- Collection and distribution of support
- Enforcement of support obligations

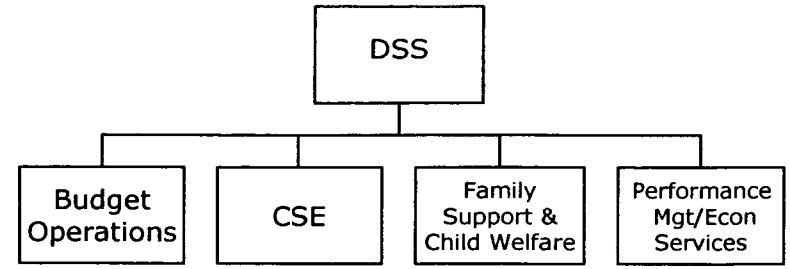
Collections





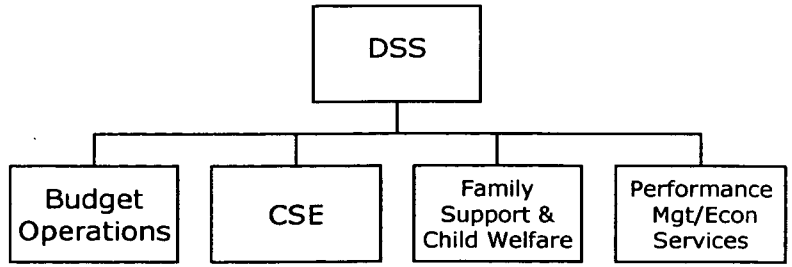
* As of 12/31/04, the program estimates it will collect $602,918,531 for SFY 05.

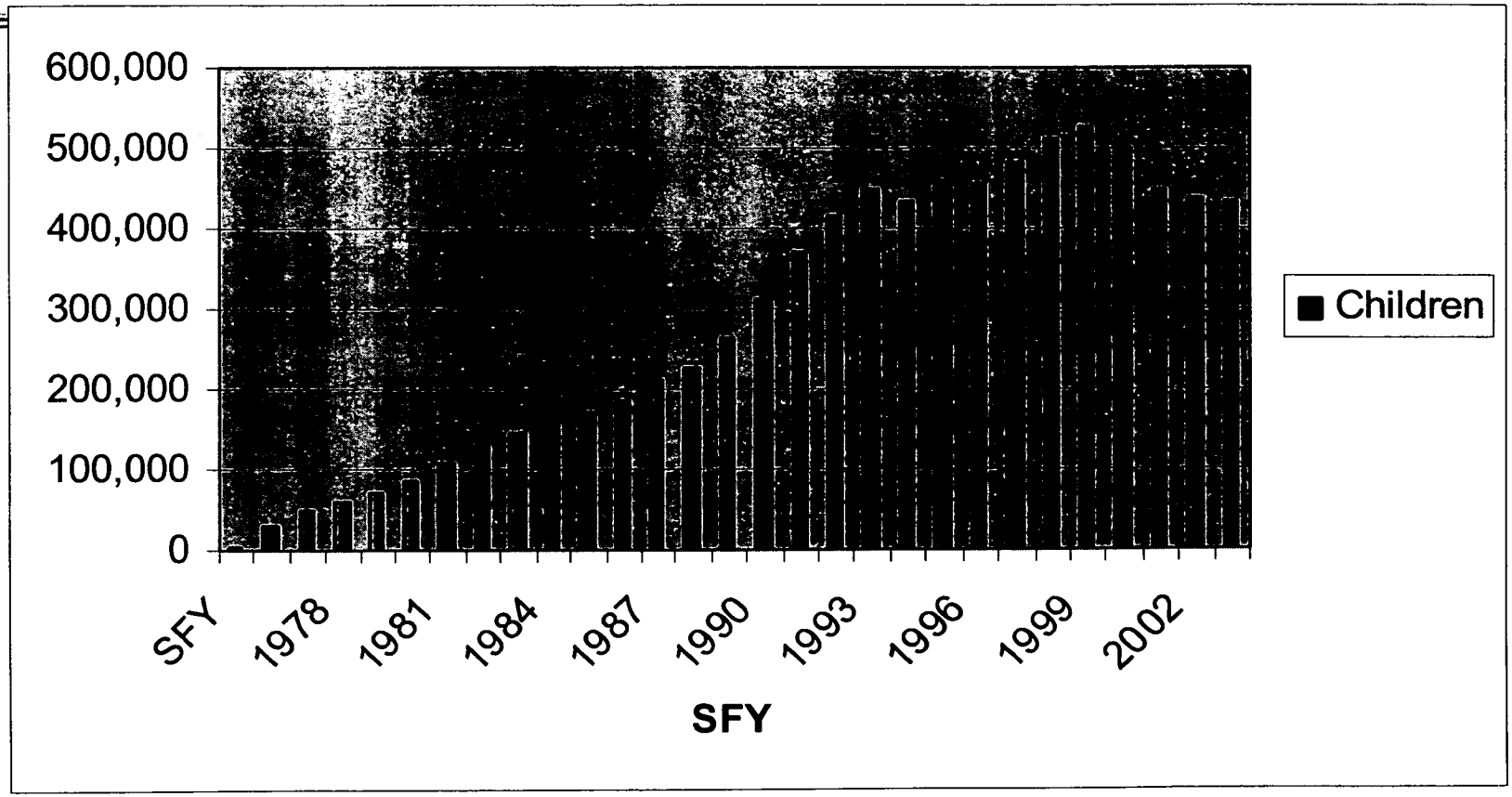
Sources of Collections



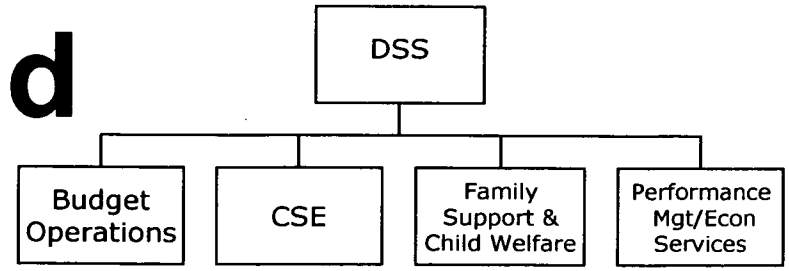
- Income Withholding $408,051,623
- Other States $48,257,329
- Federal Tax Refunds $28,565,043
- Unemployment $10,915,281
- State Tax Refunds $5,990,431

Children


DSS
Budget Operations
CSE
Family Support & Child Welfare
Performance Mgt/Econ Services

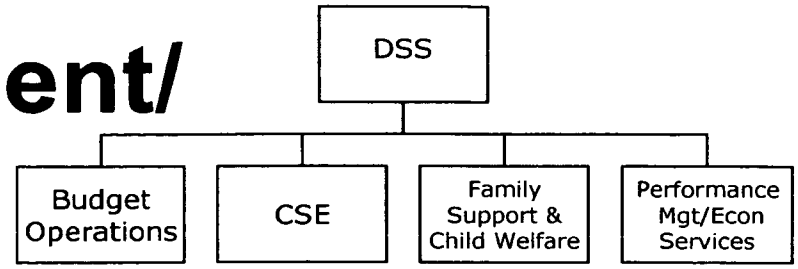

600,000
500,000
400,000
300,000
200,000
100,000
0
SFY
1978
1981
1984
1987
1990
1993
1996
1999
2002
SFY
Children

Family Support and Child Welfare



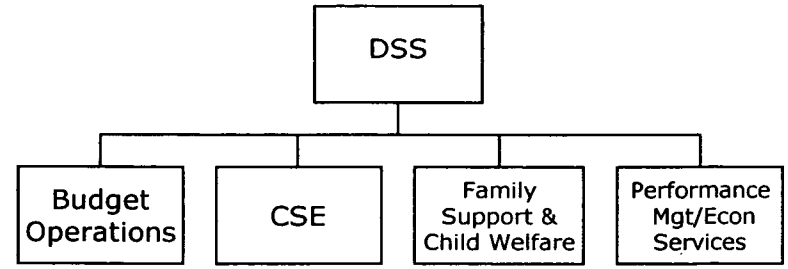
The Family Support Section is committed to providing family centered services to children and families to achieve well-being through ensuring self-sufficiency, support, safety, and permanency.

Performance Management/ Economic Services



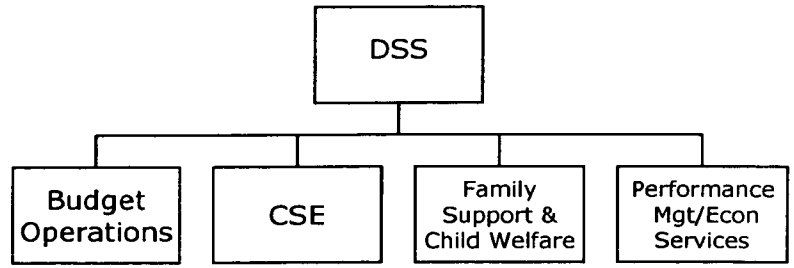
- Program Compliance
- Economic Services
- Quality Assurance
- Hearings and Appeals
- Performance Reporting and Automation

Program Compliance



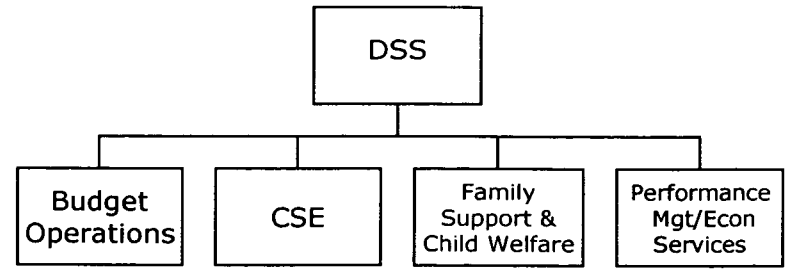
- Managing the Division's APA process
- Staffing the Social Services Commission
- Coordination of the Division's contract activities
- Management of the Division's compliance with Title VI
- Coordination of Division's HIPAA effort

Program Compliance (2)



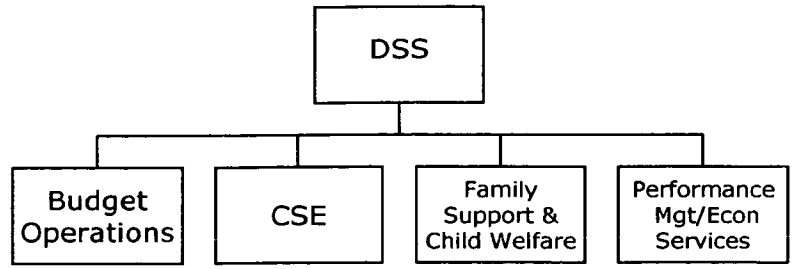
- Administrative Services
  - Purchasing
  - Facility Management
  - Parking
  - Printing
  - Inventory and Asset Control
  - Telephone Service
  - Safety
  - Warehouse Management

Economic Services



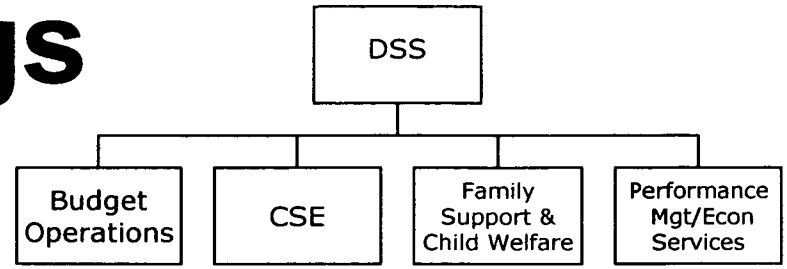
- Guidance and Supervision
  - Food Stamp Program
  - Energy Program
- Program Integrity Activities
- Refugee Services Program

Quality Assurance



- Monitors the Food Stamp Program
- Provides feedback to Federal and State officials
- Works to enhance service delivery and improve program outcomes

Office of Hearings and Appeals

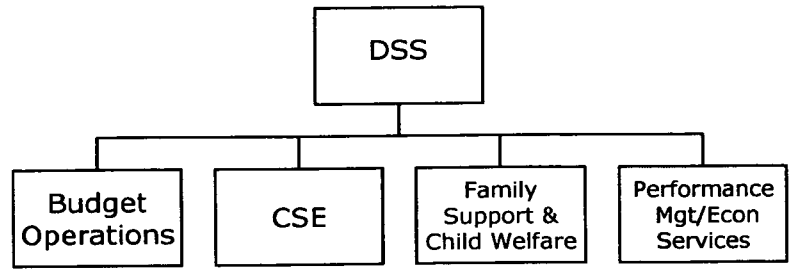


- Safeguards the interests of clients of the human services system
- Ensures equitable administration of programs

North Carolina General Statute 108-79A: A public assistance applicant or recipient shall have the right to appeal the decision of the county board of social services, county department of social services, or the board of county commissioners granting, denying, terminating, or modifying assistance, or the failure of the county board of social services or county department of social services to act within a reasonable time under the rules and regulations of the Social Services Commission or the Department.

Performance Reporting and Automation

- Collect, analyze, and report data as it relates to the programs operated by the Division
- Provide automation support for the various computerized systems operated and/or utilized by the Division
- Program planning and evaluation
- Systems analysis and maintenance
- Internet utilization



Questions

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

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Local Management Entities and the funding of Community MH/DD/SA Services

Attachment B

Fiscal Research Division March 2005

Local Management Entities Defined

- Local political subdivision of the State. Largely independent of other local governments and do not have taxing powers.
- Local Management Entity (LME) is the universal term for a variety of local MH/DD/SA agencies including: area authorities, county departments, and interlocal agreements.
- 33 separate local MH/DD/SA agencies. 29 are certified LME's and the remaining 4 are Area and County Programs in transition.
- 22 agencies are multi-county. 11 are single county programs.
- The LME Board is responsible for policy making.
- LME employees are classified as local government employees.
- LME's engage in both direct service delivery and outsourcing service delivery to contracted service providers. Under reform, all services will be divested.
- DHHS is close to certifying all local MH/DD/SA agencies as LME's.

Services Provided through the LME's

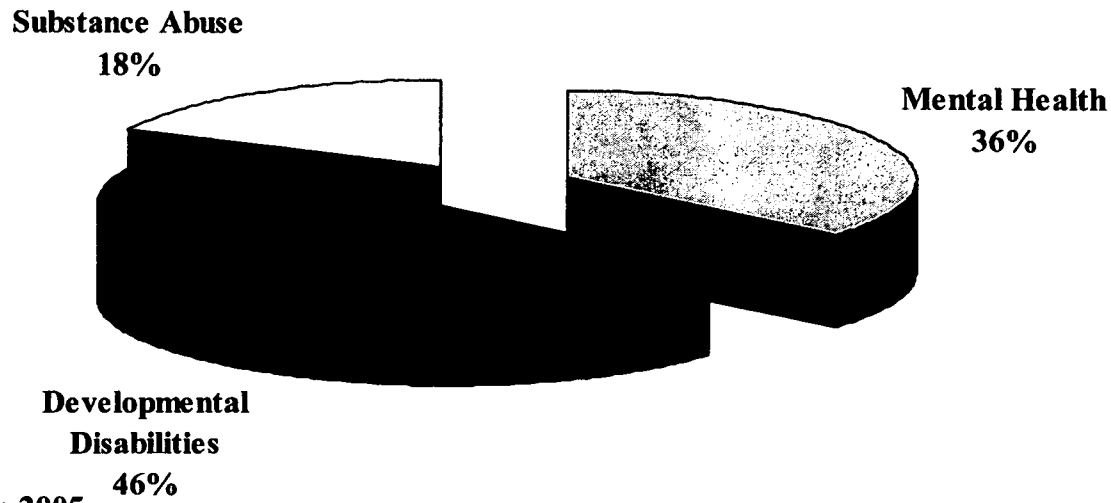
- Adult and Child Mental Health Services
- Developmental Disability Services
- Substance Abuse Services
- Serves as coordinator/manager of services and supports for individuals throughout the MH System. Also, coordinates services and supports from other service agencies (DSS, LEA's, Criminal Justice System)

  1) Person Centered Planning
  2) Coordinate admissions and discharges with Institutions
  3) Locate appropriate independent service providers
  4) Develop a community of providers
  5) Monitor services for quality and appropriateness

Local Management Entities

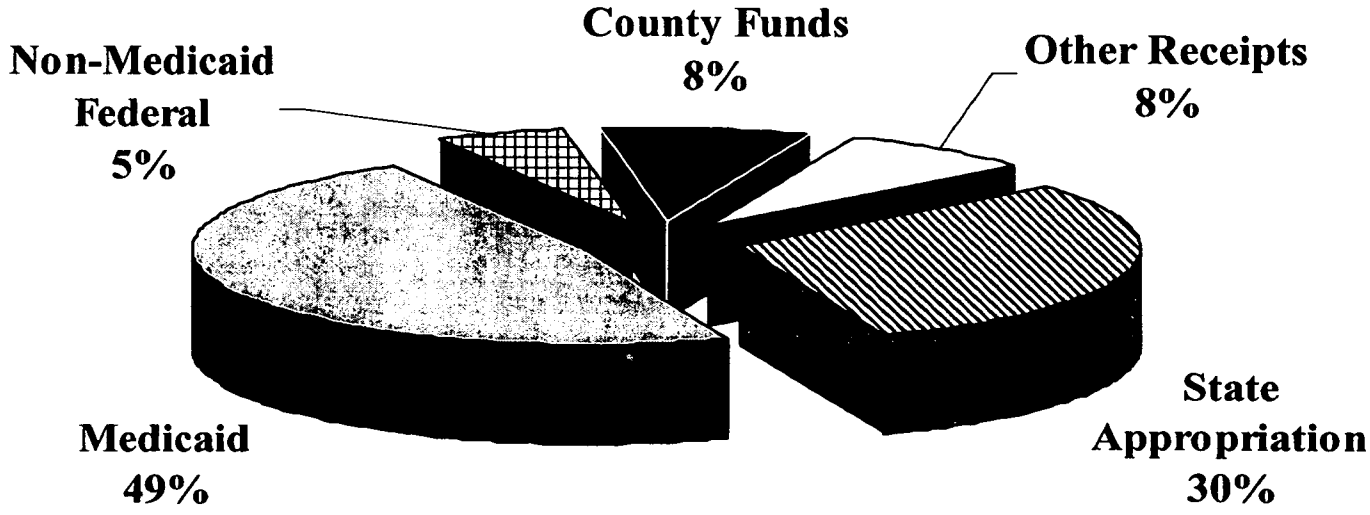
Budget Summary	FY03/04 Actual	FY04/05 Authorized
Requirements	$350,970,669	$346,942,514
Revenues	$70,216,544	$63,550,154
Appropriations	$280,754,125	$283,392,360
Revenues do not include Medicaid Payments to Area Programs		

FY 2003-04 Actual Budget



The Narrow View...

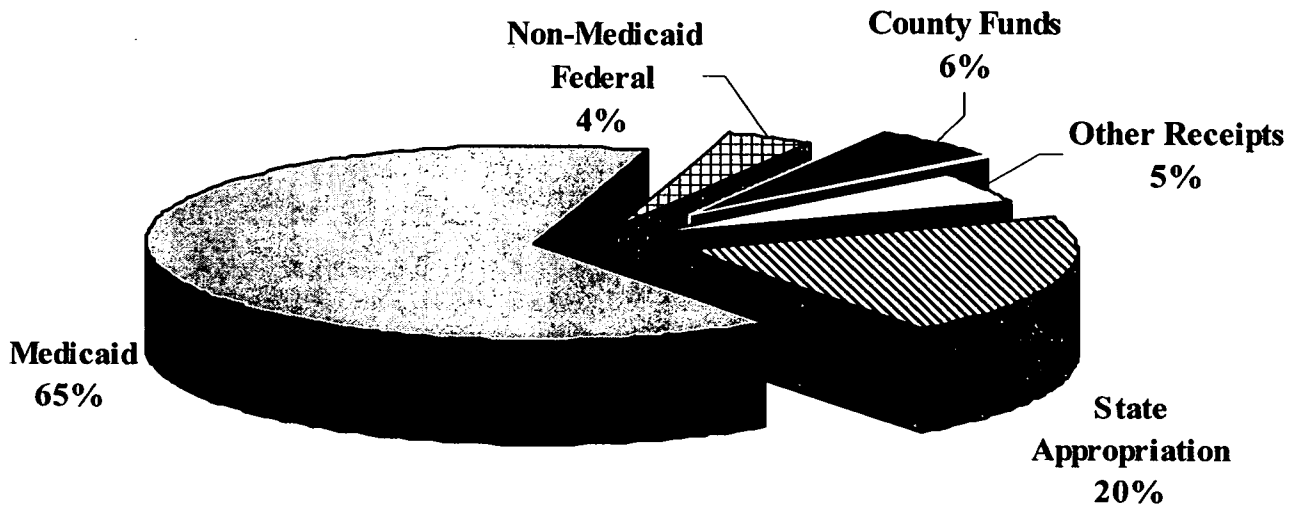
LME Funding FY 2003-04



State Appropriations	$329,451,920
Medicaid – Excluding Direct Enrolled Providers	$519,854,066
Non Medicaid Federal	$57,642,698
County	$89,447,612
Other Receipts	$65,656,776
Total Payments for Community Services	**$1,062,053,012**

The Big Picture...

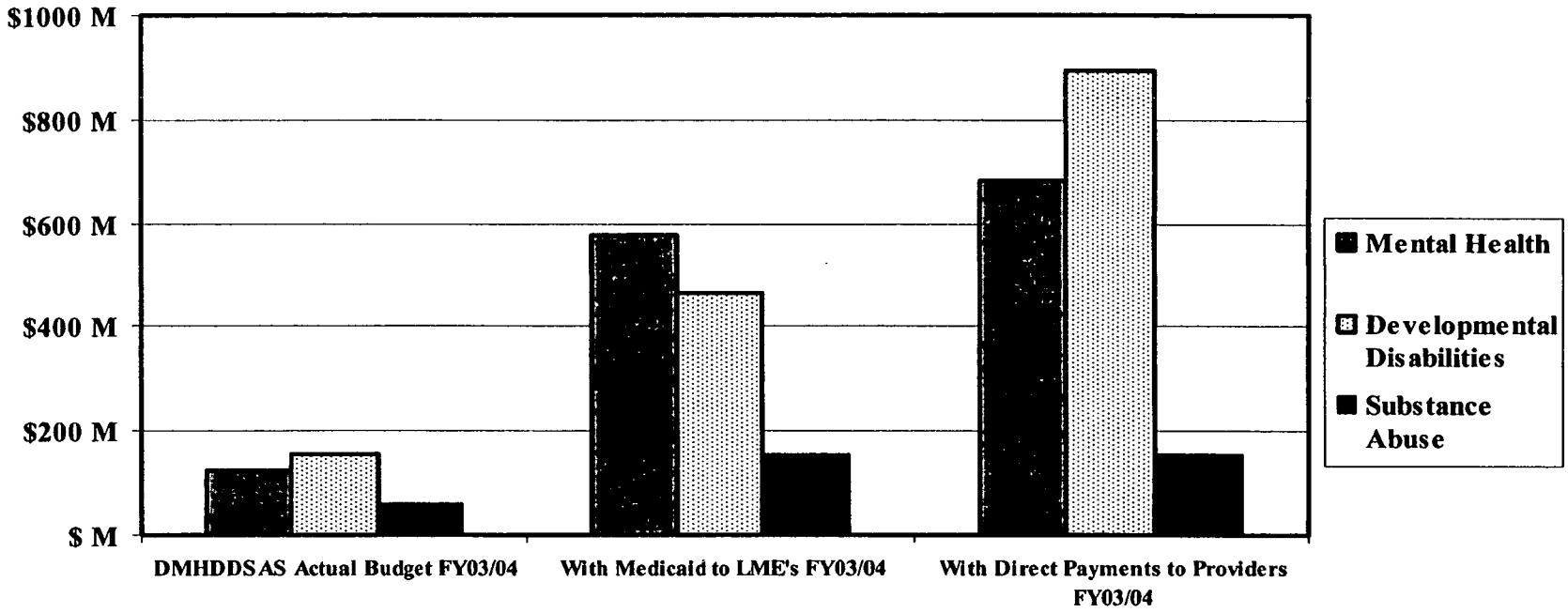
Total Community Funding of MH/DD/SA Services FY 2003-04



State Appropriations	$329,451,920
Medicaid – Including Direct Enrolled Providers	$1,061,829,181
Non Medicaid Federal	$57,642,698
County	$89,447,612
Other Receipts	$65,656,776
Total Payments for Community Services	**$1,604,028,187**

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

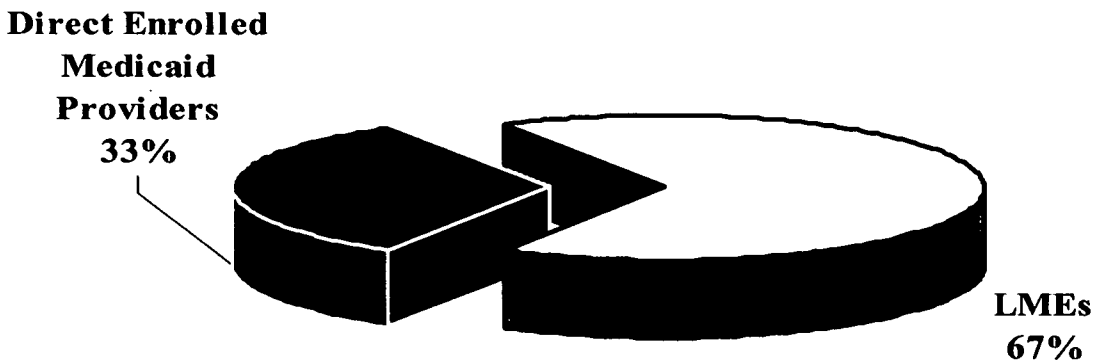
Total Flow of Funds to Community Services – FY 2003-04



• LME Budget (without Medicaid)		$339,006,128
• Medicaid to LME's		$519,864,066
• Direct Medicaid Payments to Service Providers		$541,965,115
• Non-Disability Specific AP Funding		$48,088,490
• County Funds other than Medicaid		$89,447,612
• Other Receipts		$65,656,776
	Total	**$1,604,028,187**

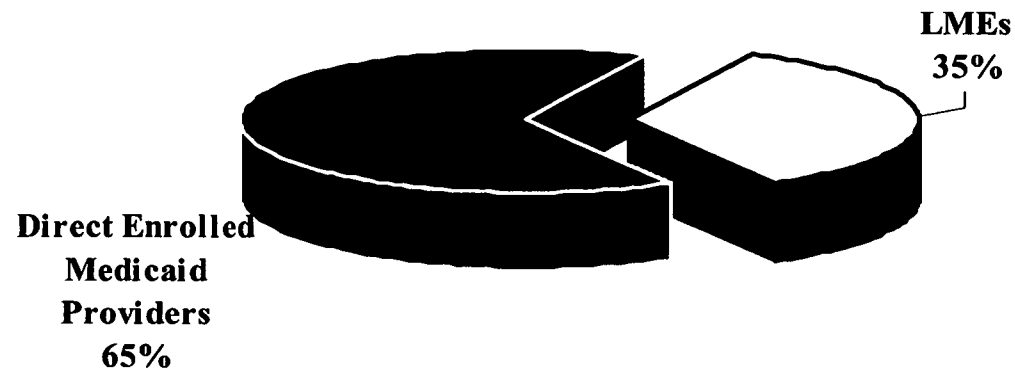
Flow of Funds to Direct Providers...

Direct Funding of Providers vs. LME Funding
FY 2003-04



- All Medicaid Providers will directly enroll in Medicaid
- Medicaid $ will flow to providers and bypass LMEs
- State Appropriations will continue to be a major issue for communities even though appropriations represent only 20% of community funding.
- **"Medicaid-ization" vs. Indigent Care**

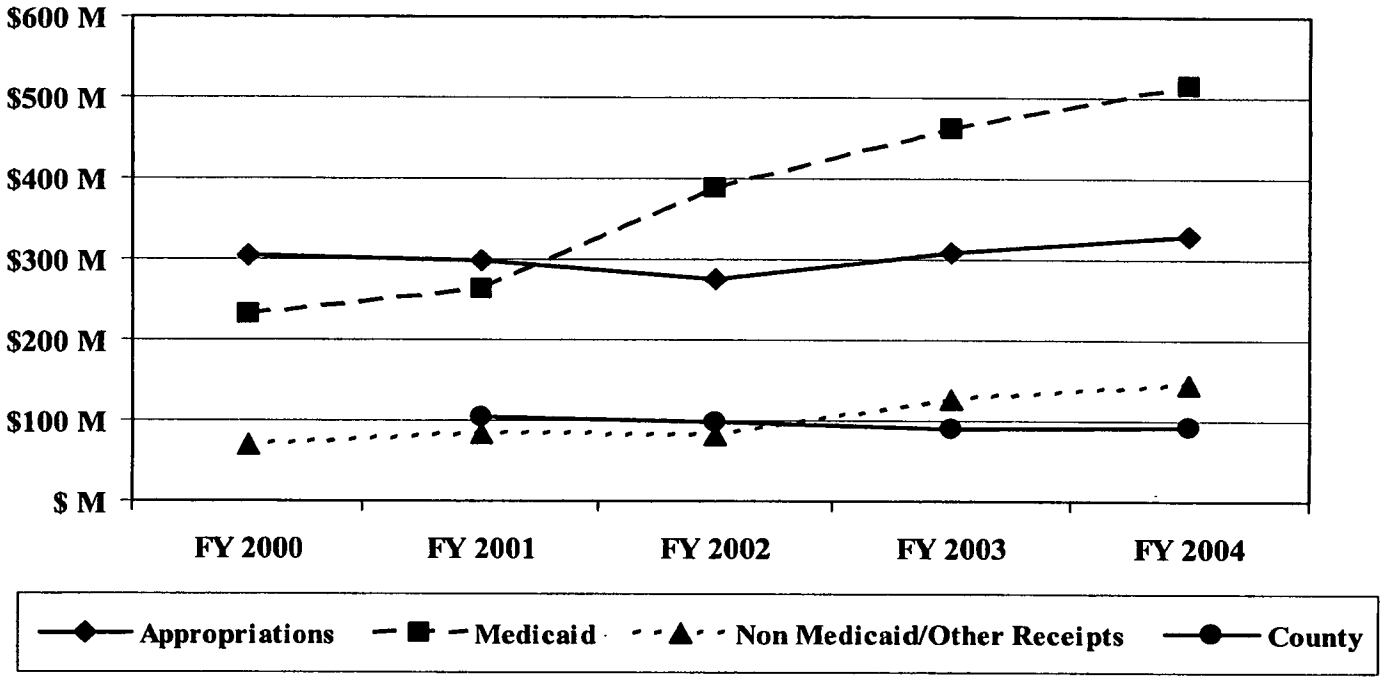
Direct Funding of Providers vs. LME Funding
Post-Reform



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

Short Term Historical View...

Payments to LMEs - By Source of Funds
FY 2000 to FY 2004



- State Appropriation expenditures have remained relatively flat – **8.7% growth over 5 years**
- County funds have lost ground – **(12%) over 4 years**
- Non-Medicaid Federal and other Receipts – **109% over 5 years.**
- Medicaid provided the greatest growth over 5 years – **122% or $283 M**

LME Funding - Policy and Programmatic Considerations...

State Appropriations

- Largest Source of **Discretionary Funds** provided to LME's for delivery and purchase of community MH/DD/SA services.
- Most of the State Appropriation is divided into Disability Silos, and LME's are restricted from shifting funds between disabilities.
- Certain funding is restricted for categorical expenditures, such as the Comprehensive Treatment Services Program for Children (CTSP) and funds for Multiply Diagnosed Individuals.
- State funds are now **restricted by Target Population** requirements, **but there is no requirement for means testing.**
- State Funding has been stagnant:
  - Small, isolated budget expansions in recent years, mixed with budget reductions
  - Forced reversions by the Governor to meet recent budget deficits
  - No inflationary ingresses
- **Main source of funds for Indigent Care and services not covered by Medicaid.**
- **Not equitably distributed across the LME's**

LME Funding - Policy and Programmatic Considerations...

Medicaid

- Largest single source of funds provided to LME's for delivery and purchase of community MH/DD/SA services.
- Income Restrictions as well as categorical eligibility requirements.
- Services are an entitlement for eligible clients (excluding the CAP Programs).
- Federal Government pays roughly $0.63 on every dollar expended.
- "Medicaid-ization" of the MH/DD/SA System
  - Medicaid is incentivized with the Feds bearing 2/3 of the cost of services
  - As an entitlement program – Automatic Growth and Stable Funding
  - Researchers have pointed to increasing dependency of States on Medicaid for MH Services (Health Affairs Winter 2003)
  - Medicaid favors certain groups of low-income individuals over others
  - Entire state mental health systems can mirror the state and federal Medicaid Policy
- Policy Changes under Reform:
  - Direct enrollment of all providers
  - State Plan Amendment to broaden and improve the community service array in Medicaid

LME Funding - Policy and Programmatic Considerations...

Medicaid (Cont.)

- Challenges:
  - LME outreach to enroll eligible people into the Medicaid Program.
  - State and Local response to the current federal Disability Determination process
  - Income Standards and employment programs
  - The Impact of increasing Medicaid costs on State and County Budgets.

- **The Risk – If the Governor and the General Assembly do not fund growth in the direct State Appropriations and rely on growth in the Medicaid program to support the community MH/DD/SA system, communities will lack the necessary funds to deliver indigent care.**

County Funds

- Discretionary funds appropriated by the Counties to the LME's.
- Under Reform, Counties must maintain appropriation levels at the time HB 381 was enacted.
- LME's are permitted to use county funds to serve Non-Target Population Clients.
- County support of LME's varies widely across the State.

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

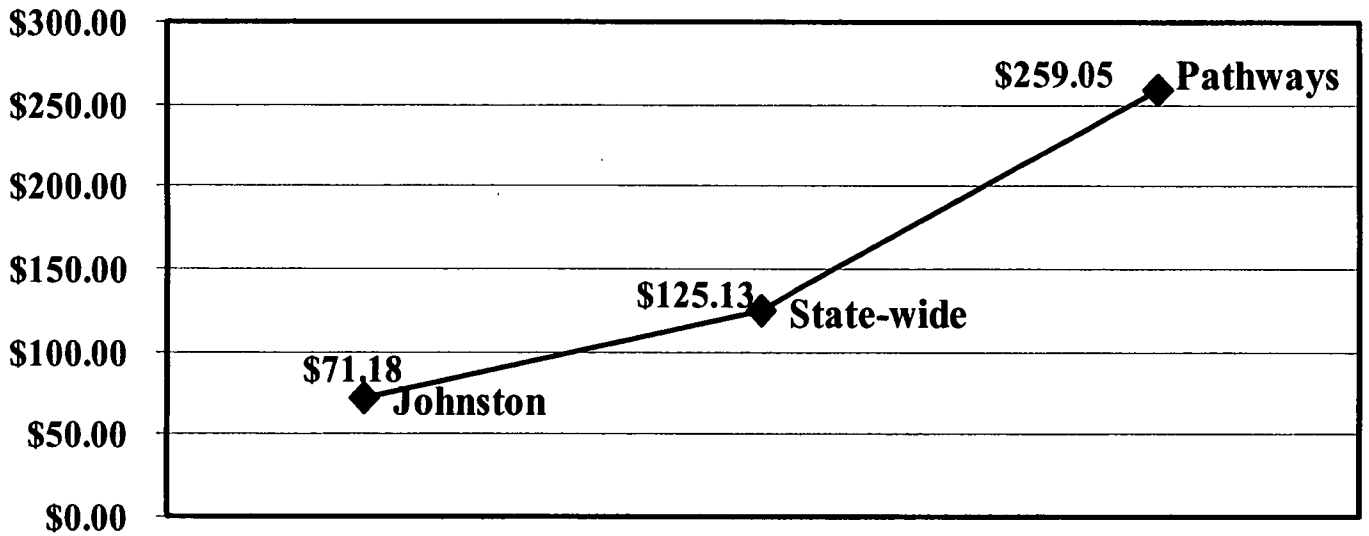
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Allocation of State Funds to LME's

Fiscal Research Division March 2005

The Current Problem…

Payments to LMEs FY 2003-04
Per Capita - All Funds

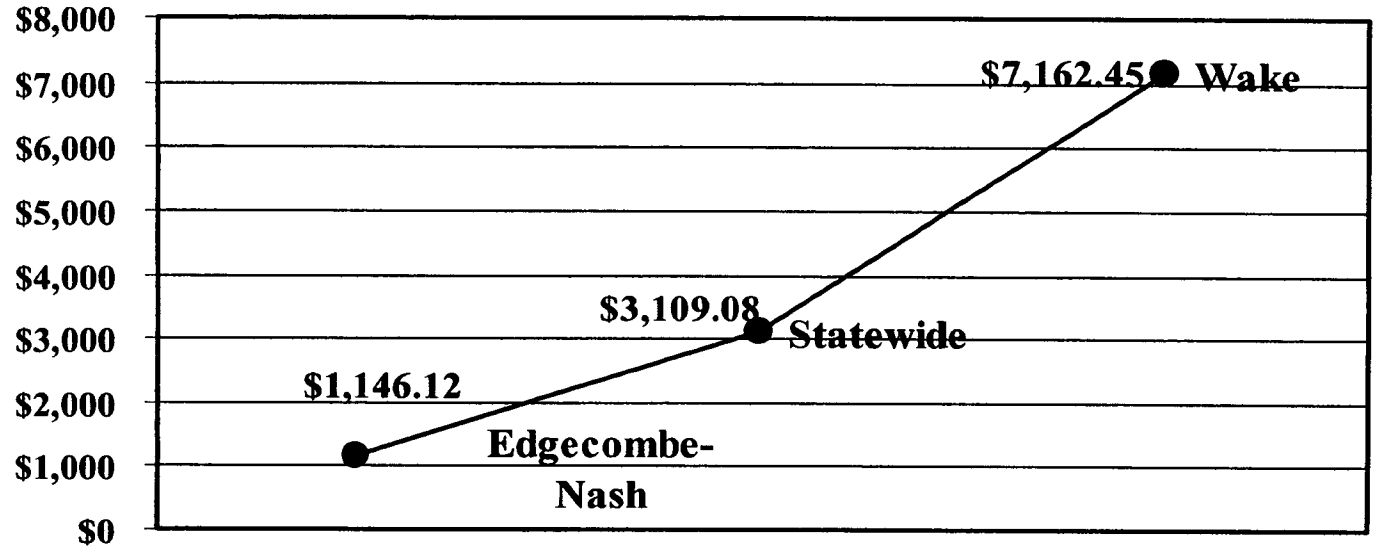


Top Five Programs	
Pathways	$259.05
Riverstone	$234.43
Albemarle	$205.17
OPC	$204.20
Tideland	$199.35

Bottom Five Programs	
Cumberland	$83.89
Lee-Harnett	$81.56
Edgecombe-Nash	$79.40
Onslow	$75.02
Johnston	$71.18

The Current Problem...

Payments to LMEs FY 2002-03
Per Person Served - All Funds



Top Five Programs	
Wake	$7,162.46
Piedmont	$5,598.69
Sandhills	$5,236.18
Durham	$4,947.61
OPC	$4,817.50

Bottom Five Programs	
Centerpoint	$1,969.48
Randolph	$1,893.85
Roanoke-Chowan	$1,854.67
Onslow	$1,734.00
Edgecombe-Nash	$1,146.13

The Current Problem...

Why the Broad Variation in Expenditures?

- Number of Medicaid Eligibles
- Client Mix
- Availability of Services
- Service Mix
- Efficient Delivery of Services
- County Contributions
- Collections against private insurance and individuals
- Grants, Special Projects, and Pilot Programs
- Presence of other service systems – Military Bases
- **Variation in State Appropriations**

Allocation of State Appropriations...

1. The Governor recommends the Budget for LME's
2. With adjustments, the General Assembly appropriates funds for the LME's
3. Office of State Budget and Management certifies the budget and makes funds available to DHHS and DMH/DD/SAS
4. Around July, DMH/DD/SAS sends **Allocation Letters** to the LME's
   - The Total Initial Allocation may not reflect the Total Authorized Budget
   - In FY 2002-03, the General Assembly appropriated $320 M to the LME's. $287 M was initially allocated to the LME's
   - The Governor's Office retained the balance in order to address potential budget deficits
5. During the Fiscal Year, periodic adjustments are made to the allocations
   - Funds are shifted between programs based on expenditure trends
   - Formerly sequestered budgeted funds are made available
   - Funds from previous years' cost settlements are made available
   - In FY 2002-03, the final allocation was $293 M.
6. Once the Final Allocation is made, any unspent funds are reverted to the General Fund, along with sequestered budgeted funds

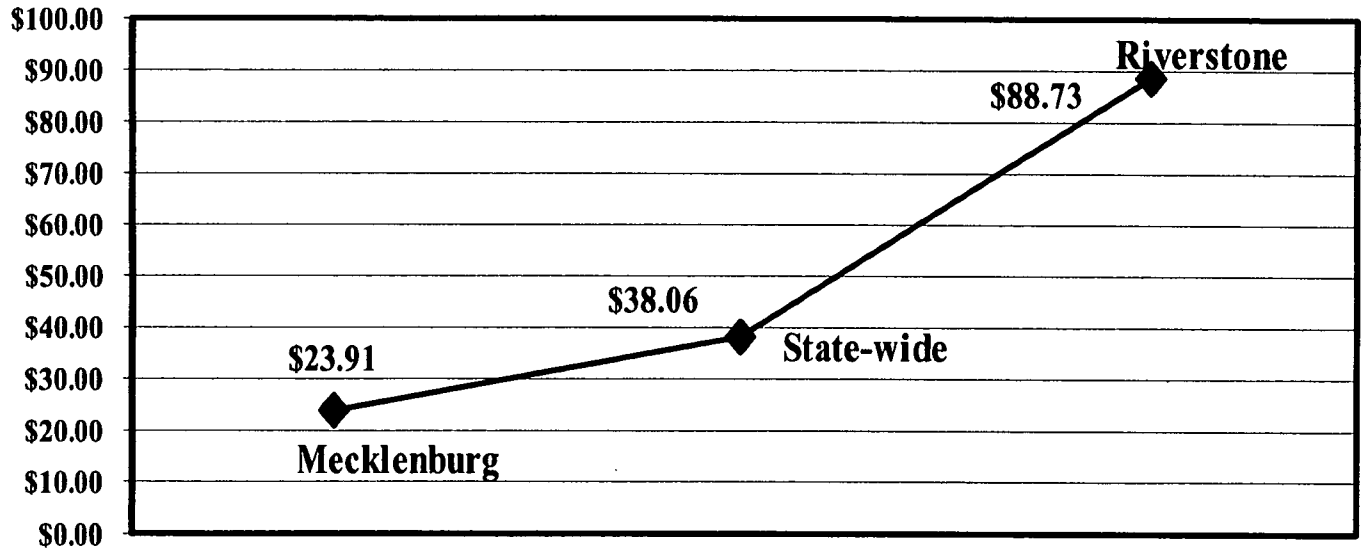
Allocation of State Appropriations…

- Allocations to LME's represent state funds **available** for expenditure
- The service must be rendered prior to receiving reimbursement for the service, and the reimbursement comes from the Area Program's Allocation

How does the Allocation of State Funds vary across the State?

State Funds Expenditures by LME's...

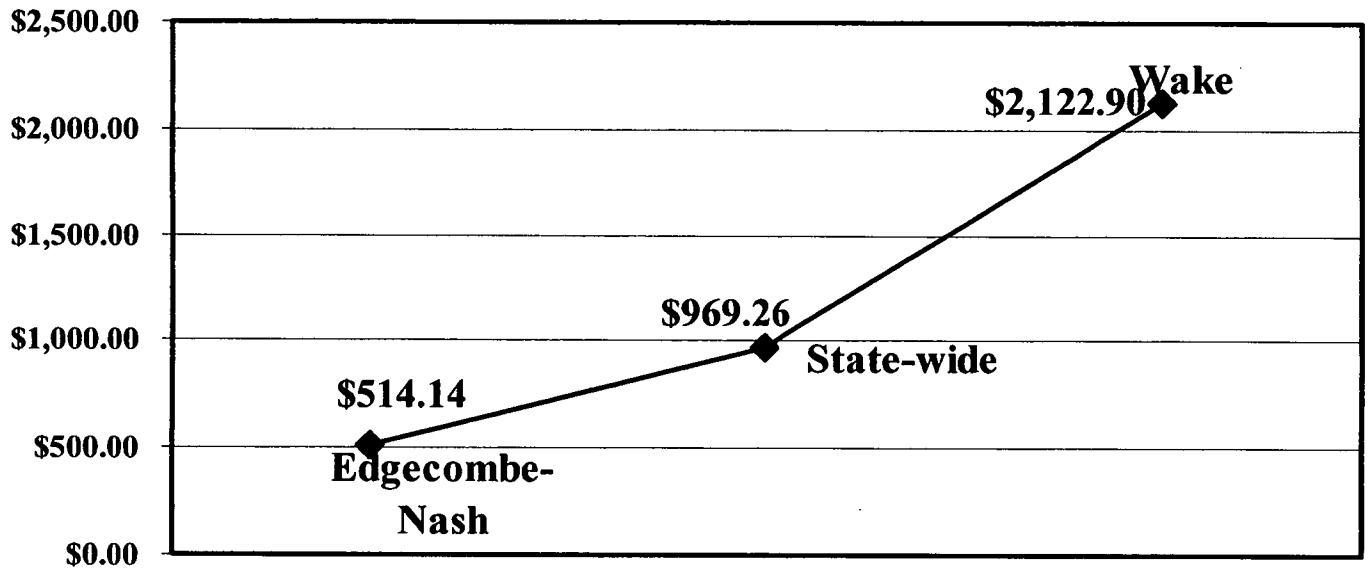
Payments to LMEs FY 2003-04
Per Capita - State Funds Only



Top Five Programs		Bottom Five Programs	
Riverstone	$88.73	Guilford	$29.11
Tideland	$69.74	Onslow	$27.75
Albemarle	$55.65	Wake	$27.32
Piedmont	$53.32	Cumberland	$25.73
Wilson-Greene	$53.22	Mecklenburg	$23.91

State Funds Expenditures by LME's...

Payments to LMEs FY 2002-03
Per Person Served - State Funds Only



Top Five Programs		Bottom Five Programs	
Wake	$2,122.90	Smokey Mountain	$717.57
Piedmont	$1,988.50	Guilford	$666.51
OPC	$1,549.37	Centerpoint	$571.76
Sandhills	$1,522.36	Mecklenburg	$526.52
Eastpointe	$1,428.51	Edgecombe-Nash	$514.14

State Funds Expenditures by LME's…

Possible Explanations for the Wide Variations in State Expenditures

- **Demographics** - Per Capita State Expenditures appear to have a Rural/Urban character to them. Urban populations grow, but State Appropriations for services have not
- **Medicaid** – Programs with significant Medicaid enrollment will depend less on State Funds
- **Indigent Care** – Programs that provide significant indigent care will spend more State Funds per person served
- **Service Array** – Programs with more a robust service array and provider community could spend more State Funds per person served
- **Service Centers** – Some communities may have a disproportionate share of clients due to the availability of services.
- **Efficiency** – Case Management, Economies of Scale, Performance-minded business practices can impact the amount of State Funds spent per person served
- **Pilots and Special Projects** – Many programs run unique services and programs funded by State Funds. Now part of the continuation budget, these projects can increase state expenditures

The Current Problem Restated...

- Expenditure of State Funds vary widely across LME's
- Historical Expenditures inform the Allocation Process
- Neither the Governor or the General Assembly have examined the underlying causes for expenditure variation over the years
- The Causes and Appropriateness of the Variation in State Funds Expenditures remain in a black box, unseen by policy makers and program administrators

If the General Assembly or DHHS were to institute a new Allocation System, what should be taken into consideration?

Allocation System – Long Term Considerations…

1. **Transparency**
2. **Equity**
3. **System Shock**

Transparency

- Any system designed for distributing state funds across the LME's should be clear and understandable
- Local and state policy-makers and program administrators should be able to estimate a particular community's allocation, if given a necessary data
- The allocation formula should be publicly available

Equity

- The allocation should be based on service need
- The allocation should not preference certain communities, except on the basis of service need
- The same formula should apply state-wide
- Considerations for Low-Wealth Communities could be included

Allocation System – Long Term Considerations…

System Shock

- The new allocation system could shift funds away from certain LME's to other programs. LME's with smaller allocations will need assistance in restructuring
- LME's with increasing allocations will need assistance with making efficient and effective use of new state dollars
- The General Assembly could appropriate new funds to the LME's to limit shifting of existing state funds
- The General Assembly and the Governor could consider a multi-year plan for moving to the new allocation system.

Allocation System for the Long Term…

HB 1414 – Modify Appropriations Act of 2003

- DHHS has been tasked with making necessary changes to remove all administrative and fiscal barriers to expending community MH/DD/SA funds
- These changes are to include, ***"A revised system for allocating State and federal funds to area mental health authorities and county programs that reflects projected needs…"***
- The final report was due February 1, 2005
- In the Final Report, DHHS stated that a new Allocation System will not be released until June 2005.

What Questions Should the General Assembly Consider regarding the New Allocation System?

Allocation System for the Long Term…

Questions:

Is there a formula?

- The formula could include a base factor that uniformly spreads state funds across the LME's
- For instance, the foundation for the formula could be a per capita allotment
- **Advantage: Transparency and uniformity**
- **Disadvantage: Disregards community characteristics and particular needs**

Does the formula include equity factors?

- In addition to the base factor, the allocation formula could include a series of special allotments to address the specific needs of each community
- Possible special allotments:
  - Per Client Allotments – Target Population Specific
  - Indigent care factor?
  - **Advantage: considers the variation in cost across disability groups. Recognizes the variation in local need for funds.**
  - **Disadvantage: Requires better data on the post-Reform system, including estimates of prevalence and service access.**

Allocation System for the Long Term..

Questions:

Does the formula include efficiency factors?

- The reliance of LME's on state appropriation varies, depending on the availability of other types of funding
- **Medicaid Factor** – To what extent does the formula focus limited state funds to communities with smaller Medicaid populations?
  - **Advantage – Medicaid enrolled clients will have services covered regardless of the Budget, state funds could be shifted to serve communities with significant indigent clients**
  - **Disadvantage – Medicaid is costly for Counties. Will a Medicaid Factor create a disincentive for using Medicaid at the local level**
- **County Factor** – Are County Contributions considered in the formula?
  - Any County Factor should be coupled with a County Share Requirement or County Maintenance of Effort (MOE) to level the playing field
  - Any County Factor should include a county's Ability to Pay
  - **Advantage – State funds could be shifted to counties that do not have the means for providing funds to their community MH/DD/SA system**
  - **Disadvantage – If constructed poorly, the County Factor could punish County's that have historically contributed and create a barrier to county contributions.**

Allocation System for the Long Term…

Questions:

Does the formula include efficiency factors? (Cont.)

- **Private Insurance and Client Payments** – Incentives and emphasis on collections from private insurance and client fees could free additional funds for indigent care.
  - **Advantage – More funds for indigent care**
  - **Disadvantage – Careful determination is needed as to the stability of these revenue sources and administrative cost impacts**

Low Wealth Supplemental Funding?

- A Low Wealth Community Factor could partially address equity and efficiency concerns.
- For communities with high indigent care and lack of access to other sources of funds, a supplemental allotment could be made.
- **Advantage: The General Assembly could infuse more dollars into low wealth communities without taking from communities that make significant use of Medicaid, county funds, or other receipts. The formula could disregard these efficiency factors**
- **Disadvantage: Would likely require additional appropriations. Incentives for system efficiency would need to be address in other ways**

Allocation System for the Long Term…

Questions:

What is needed for implementation?

- In order to avoid system shock, the new Allocation System should be implement over a period of years.
- How many years?
- What resources would be shifted in each of those years?
- What policy and budget actions are needed from the General Assembly?
  - Legislative restrictions on State Funds
  - County MOE
  - Multi-Year Budget Expansion

A Few More Considerations…

- Any formula-based Allocation system will require shifting State Funds from certain LME's to others, unless significant funds are appropriated to the system
- The Allocation System will likely take several years to implement
- Budgeted and historically Unallocated Funds could be a source for redistributing funds
- No matter how much the General Assembly appropriates to the Allocation System, it is still a reimbursement system. The services must be rendered first.
- The New Allocation System is an opportunity to invest in business improvements for the LME's (training, capital equipment, and sufficient staff for managing the service system)

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

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Issues for the FY 2005-07 Biennium

Fiscal Research Division March 2005

Issues

- "Medicaid-ization" of the MH/DD/SAS System vs. serving the indigent ineligible for Medicaid
- Pending Allocation System affects whether System Reform is funded in a rational and appropriate manner.
- Divestiture of services by LMEs vs. continuity of services and implementation of new service array
- Availability of crisis services in the community
- Appropriate services for children – Residential vs. Community-Based

Comparisons with Neighboring States

State	Population (2003)	Households (2000)	Persons per Household (2000)	Median Household Income (1999)	Per Capita Money Income (1999)	Percent Persons Below Poverty (1999)
NC	8,407,248	3,132,013	2.49	$39,184	$20,307	12.3%
VA	7,386,330	2,699,173	2.54	$46,677	$23,975	9.6%
SC	4,147,152	1,533,854	2.53	$37,082	$18,795	14.1%
TN	5,841,748	2,232,905	2.48	$36,360	$19,393	13.5%
GA	8,684,715	3,006,369	2.65	$42,433	$21,154	13.0%

Source: U.S. Census Bureau

HEALTH AND HUMAN SERVICES (HHS) TARGET CALCULATION

(a) HHS SFY04-05 Authorized Recurring Budget	$3,906,773,486
(b) Total SFY04-05 Authorized Recurring Budget*	$15,367,335,936
(c) HHS Budget as a Percent of Total Budget: *Line (a) ÷ Line (b)*	25.42%
(d) Available Revenue SFY05-06*	$15,482,863,294
(e) HHS Share of Available Revenue SFY05-06: *From Line (c)*	25.42%
(f) HHS Target SFY05-06: *Line (d) x Line (e)*	**$3,936,143,523**

*Does not include the Clean Water Management Trust Fund.

Department of Health and Human Services
Joint Spending Target

Authorized FY2004-05 Budget	$3,811,720,344
Spending Target – As developed by Appropriations Chairs	$3,936,143,523
FY2005-06 Net Spending Increase ($3.9M-$3.8M)	**$124,423,189**

Note: This does not include expansion and reduction items in the Governor's Recommended Adjustments nor increases or decreases from the Governor's Continuation Budget. This spending target information is compared to the Governor's Adjusted Continuation Budget below.

Note:

FY2004-05 Authorized Budget	$3,811,720,344
Adjustments included in the Governor's Continuation Budget & FRD Adjustments	$345,989,945
Governor's Adjusted Continuation Budget Recommendation (FY2005-06)	$4,157,710,279
Spending Target – As developed by Appropriations Chairs	$3,936,143,523
Reductions based on Governor's continuation budget	($ 221,566,756)

* Expansion funding is allowed as long as the spending target is met, but the funding of expansion will result in increased reductions in order to meet the spending target.

Fiscal Research Division
3/15/2005

VISITOR REGISTRATION SHEET

Appropriations: Health & Human Services — 03/16/2005 8:30 a.m.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vincent Stephens	Center for Medicare & Medicaid Services
Angie Harris	Maupin Taylor
Rebecca Troutman	NCACC
Jessica Sage	NCFPC
Joni Allen	BEGINNINGS
[illegible]	[illegible]
Daphne Lyon	OSBM
Dina Quiller-Morgan	OSBM
John Bowdish	AstraZeneca
Lee Hodges	KCCH
John McHugh	GOV Office
ANN LORE	DHHS
Lin Nelson	NCALTCF

VISITOR REGISTRATION SHEET

Appropriations: Health & Human Services — 03/16/2005 8:30 a.m.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Hardesty	NC Fund/SK
Peter A. Young	AARP/NC/FR LTC/MOD
Ian Palmquist	EqualityNC
Jim B Watson	LINCOLN COUNTY SCHOOLS
Elaine D Jenkins	Lincoln Co Schools
Glenda F Walker	Lincoln Co. Schools
Steve Zimbalatti	Lincoln Co. Schools
Rick Freeman	Lincoln Co. Schools
Lori Schmidt	NC Justice Center
Roz Savitt	NC CCC
Roger Bone	Bone Assoc.

VISITOR REGISTRATION SHEET

Appropriations: Health & Human Services — 03/16/2005 8:30 a.m.

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mike Mahan	NCCA
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[signature]	[illegible] C-2001
[signature]	NRA/NC "

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 16, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Social Services — *Karlynn O'Shaughnessy, FRD Staff*

2:00 PM

Budget Overview

Division of Social Services — *Karlynn O'Shaughnessy, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, March 16, 2005
2:00 p.m.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday, March 16, 2005 at 2:00 p.m. in Room 643 of the Legislative Office Building. Members present were Senators William Purcell, Vernon Malone, Charlie Dannelly, James Forrester, Harris Blake, Don East and John Kerr and Representatives Verla Insko, Jeff Barnhart, Jean Farmer-Butterfield, Mary Hollo, Bernard Allen, William Current, Bob England and Paul Stam. Staff members present were Carol Shaw, Karlynn O'Shaughnessy and Lisa Hollowell. A copy of the roll denoting members present is attached to the minutes (Attachment I) along with a copy of the agenda and visitor registration sheet (Attachments II and III).

Rep. Verla Insko presided, welcomed members and recognized the sergeants-at-arms: Earl Coker, Martha Gadison, Jon Fitchett, Charles Harper and Ashley Baxter and pages: Rebecca Girst from Wake County sponsored by Speaker Black, Bradford John from Wake County sponsored by Rep. Grier Martin, Seavy Dickson from Cumberland County sponsored by Rep. Margaret Dickson, Charles Parrish from Wake County sponsored by Rep. Russell Capps, Caitlin Sexton from Johnston County sponsored by Sen. Charles Dannelly, and John Calvin Young from Smithfield sponsored by Sen. Fred Smith. Chair Insko called upon Carol Shaw to continue her presentation on Social Services from the morning session. (Attachment IV)

Children's Programs

Ms. Shaw explained that children's programs in North Carolina consist of child support enforcement, child protective services, child placement services, foster care, NC Links, Interstate Services, Adoption Services and Licensing Services. The special initiatives/programs are Challenge for Children, community child protection teams, and the Multiple Response System (MRS).

Child welfare has four areas: foster care, adoptions, child protective services, and family preservation and support services. Ms. Shaw explained the projected budget for each program.

Child Protective Service ensures safe, permanent, nurturing families for children by protecting them from abuse and neglect while attempting to preserve the family unit and to protect the children without a parent, guardian or custodian. The services include assessing suspected cases of abuse or neglect, assisting the family in diagnosing the

problem, providing in-home counseling and supportive services to help children stay 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.

Ms. Shaw explained that Child Protective Service provides temporary homes for children in DDS custody, supervises children in foster care, provides ongoing counseling and support services, provides extra counseling and support for families and foster parents of ill, disabled or delinquent children, petitions the court for termination of parental right, makes adoption recommendations, and recruits, screens, trains, monitors, and licenses foster homes.

Title IV-E provides foster care payments and adoption assistance. Title IV-E also links eligibility to the Aid to Families with Dependent Children (AFDC) program. The State must determine if the child is AFC-eligible in the home from which he/she is removed. The child must be both needy and deprived of parental support.

Foster Care provides temporary living arrangements for abused, neglected and dependent children. When Social Services removes a child from the home, a Judge places that child in DSS custody. DSS then places the child with a foster care family. Foster care families are trained, licensed, and are provided financial compensation. Relatives can be licensed as foster parents. Not every child in DSS custody is placed with a foster care family. Some children continue to remain in the home or with relatives. In June 2004 there were 10,112 children in DSS custody and from June 2003-2004 there were 5,101 children in foster care.

Ms. Shaw stated that there are 6,414 family/adoptive foster homes with 5,172 children. There are also 816 group homes with 868 children and 40 residential childcare facilities with 588 children residing in those facilities.

Ms. Shaw stated that the administration proposed that states have the option to receive a fixed sum of IV-E funding in exchange for more flexibility. This required legislation outside the budget process. In Rosales v. Thompson, 9th Circuit Court of Appeals held that a child living with an interim caregiver eligible for IV-E foster case even if not eligible in home from which removed. This case is under appeal and the regulations have been changed.

The US DHHS proposed that states could not claim administrative costs for children in unlicensed foster home and states could not claim federal financial participation for foster care payments for a child in an ineligible facility.

Issues with VI-E vs. State Funds are that IV-E provides for foster care maintenance and adoption assistance and provides state funds, if not IV-E eligible.

Ms. Shaw explained that facility rates are established by the DHHS controller's office. Agencies must comply with NC program requirements and require a formal contract. This allows NC to claim additional IV-E and TEA funding.

Rep. Barnhart asked about process to obtain a foster care license and how long it takes to get someone up and running. JoAnne Lambe of the DSS responded that foster families undergo MAP training. It takes 9-12 weeks for the majority of homes to become licensed. Criminal record checks, medical examinations and fire inspections of premises are also part of the licensing process. The need for foster homes is tremendous and every child needs to grow up in a family. There is also six weeks of training for adoptive parents.

Rep. Insko asked what was the average length of stay in foster care. Ms. Lambe replied that the average length of stay was 285 days.

Rep. Barnhart and Sen. Dannelly inquired about the range in facility rates and requested staff to provide information.

Chair Insko requested Carol Shaw to continue with her presentation.

Ms. Shaw explained that NC Links was a program to assist youths and young adults with extended time in foster care to transition to self-sufficiency. The program covers all youth in foster care between 16 and 18 and young adults 18-21 who are voluntarily in foster care. Ms. Shaw noted that counties are encouraged to provide services to youth aged 13-15 in foster care and to youth and young adults discharged from their custody prior to their 18th birthday. The NC Links Program includes three elements: (1) assessment of youth's strengths, as well as need for further information and training, (2) a plan which includes youth's interests and goals, as well as responsibilities to fulfill their plan, and (3) services required for the youth to achieve the desired outcome.

The desired outcomes for the program are sufficient income, a safe and stable place to live, sufficient academic/vocational training, connections to and emotional support from adults outside the child welfare system, postponement of parenthood, and access to routine health care. 16-20 year olds eligible for NC Links increased significantly from 1,595 in 2001-02 to 2,063 in 2005-06. Progress has been made in academic achievement. In 2004, 51.8% received their high school diploma and 5% received a GED compared to 2001 when 30% received their high school diploma and 13% received a GED. 41.6% have received further education.

Under the program there has been measurable progress in job stability, economic self-sufficiency, stable housing, personal support networks, avoidance of high-risk behaviors, and access to health care.

Ms. Shaw requested Karlynn O'Shaughnessy to continue presentation.

Ms. O'Shaughnessy stated that one negative note in the NC Links program is that pregnancy/parenting rates were still high and were almost double the state average.

Under the President's budget for independent living there is $60 million in vouchers for college or vocational training for foster care youth ages 16-21. This is a $13 million increase. There is also $40 million for the independent living program.

Interstate compacts help states oversee interstate foster care, and relative and adoptive placement. They also improve surveillance of delinquent youth, and locate and return runaways. The interstate compacts ensure suitable environment and provide assessment by authorities in that state, provide sufficient information to authorities in NC, and appropriate jurisdictional arrangement for the care of the children.

North Carolina's compacts are: (1) Juveniles (ICJ) that deals with delinquents or runaway juveniles and is administered by the Department of Juvenile Justice Delinquency Prevention, (2) Interstate Compact on the Placement of Children (ICPC) that deals with interstate adoptions, foster care, and relative placements, administered by the Department of Social Services, and (3) the Interstate Compact on Adoption and Medical Assistance (ICAMA) that deals with special needs adoptions and ensures consistency and is administered by the Department of Social Services.

Rep. Insko requested staff to provide the number of children coming into NC.

Sen. Dannelly inquired why children are coming into NC and asked if NC children going to other states. Karlynn O'Shaughnessy explained that children were either coming into NC or leaving NC due to adoptions and placing children with relatives through the foster care program. Sen. Dannelly asked if when a child leaves NC does the money that child received from NC follow that child. JoAnne Lambe replied yes, it was part of an interstate compact agreement.

Ms. O'Shaughnessy continued by explaining that adoption services are designed to find permanent homes for children and assist children waiting for adoption. The children waiting for adoption include children with special needs, sibling groups and teenagers, and minority children. Many of these children are eligible for support services. There is an exchange program to match children with families.

The authorized adoption services' budget in 2004-2005 was $25,394,993. There was no change in the funding level for 2005-2006 and the amount remained the same for the proposed 2006-07 budget.

In 2003-2004 there were 3,608 adoptions. There are currently 831 children awaiting adoption. Ms. O'Shaughnessy explained that race, color or national origin were considerations in adoption and foster care. These considerations were addressed in the Multiethnic Placement as amended by the Interethnic Adoption Provisions of 1996 and were viewed in conjunction with Title VI of the Civil Rights Act of 1964.

The intention of the Multiethnic Placement Act is to decrease the length of time children wait to be adopted, to prevent discrimination on the basis of race, color or national origin, and to facilitate the identification and recruitment of foster and adoptive parents who meet children's needs. The child's cultural, ethnic and racial background and the capacity of the foster or adoptive parents to meet the needs of a child of this background are considered. The Act mandates provide that states and other entities involved in adoption or foster case receive federal funding from delaying or denying foster care or adoptive placement on the basis of the child or prospective parent's race, color, or national origin and prohibits states/entities from denying any individual the opportunity to become a foster or adoptive parent on the basis of the prospective parent or child's race, color, or national origin.

Ninety-nine percent (99%) of children adopted from foster care fit in one of more of the special needs adoptions. These include children with handicaps, family groups needing to be placed together, members of certain minority groups, the age of the child, and the need for placement with a known and approved family. Adoption assistance incentives are available for special needs children.

Licenses are required for child-caring institutions, residential childcare facilities, group homes, maternity homes, adoption agencies, child-placing agencies, and foster home and are obtained through the Department of Social Services.

Ms. O'Shaughnessy explained the difference between licensing and accrediting. CCIs are licensed by the State in order to operate. Accreditation is voluntary and supported by the Department of Social Services. There are 75 organizations in North Carolina that are currently accredited.

Chair Insko thanked Ms. Shaw and Ms. O'Shaughnessy for their presentations. Meeting adjourned at 3:23 p.m.

Verla Insko

Verla C. Insko, Chair

Pamela J. Evans

Pamela J. Evans, Committee Assistant

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/16/05														
INSKO, Verla CHAIR	✓														
BARNHART, Jeff CHAIR	✓														
FARMER-BUTTERFIELD, Jean VICE-CHAIR	✓														
HOLLO, Mark VICE-CHAIR	✓														
ALLEN, Bernard	✓														
CURRENT, William	✓														
ENGLAND, Bob	✓														
STAM, Paul	✓														
WRIGHT, Tom															
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

ATTENDANCE

SENATE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/16/05														
PURCELL, William CHAIR	✓														
MALONE, Vernon CHAIR	✓														
DANNELLY, Charlie VICE-CHAIR	✓														
FORRESTER, James	✓														
BERGER, Doug															
BLAKE, Harris	✓														
EAST, Don	✓														
KERR, John															
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

Children's Programs

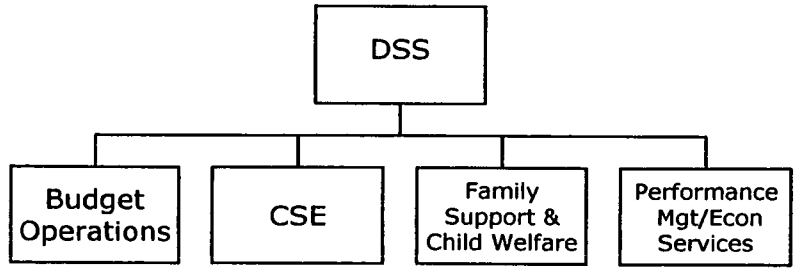
Children's Programs

- Child Support Enforcement
- Child Protective Services
- Child Placement Services
- Foster Care
- NC LINKS
- Interstate Services
- Adoption Services
- Licensing Services

Special Initiatives/Programs

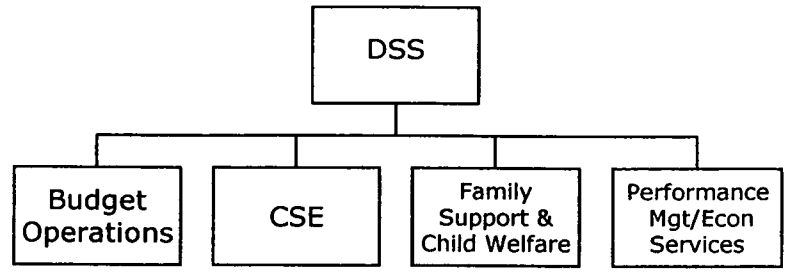
- Challenge for Children
- Community Child Protection Teams
- Multiple Response System

Child Welfare



- Foster Care
- Adoptions
- Child Protective Services
- Family Preservation and Support Services

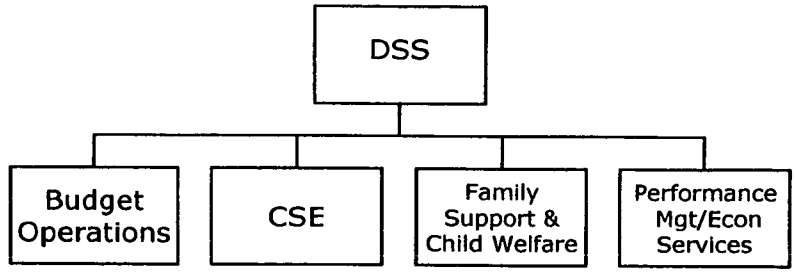
Child Welfare Budget



CHILD WELFARE SERVICES	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	40,471,232	49,812,500	49,987,185	50,000,661
RECEIPTS	25,965,914	33,186,011	31,932,675	31,934,720
NET APPROPRIATION	14,505,318	16,626,489	18,054,510	18,065,941

- Small increases in requirements: $174,685 in SFY 2005-2006 and $188,161 in SFY 2006-2007
- Significant decrease in receipts: $1,253,336 in SFY 2005-2006 and $1,251,291 in SFY 2006-2007
    - Result of over-realized receipts for IV-E

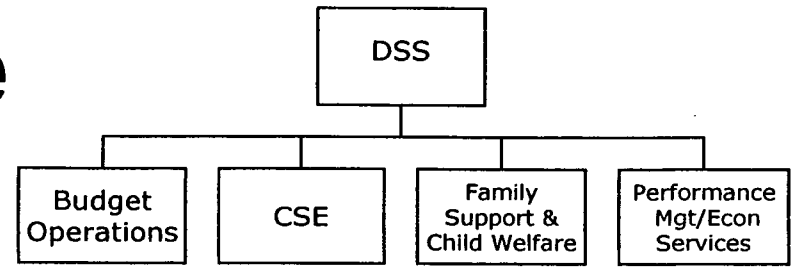
Child Protective Services



- Ensure safe, permanent ,nurturing families for children by protecting them from abuse and neglect while attempting to preserve the family unit
- Protect children without a parent, guardian or custodian

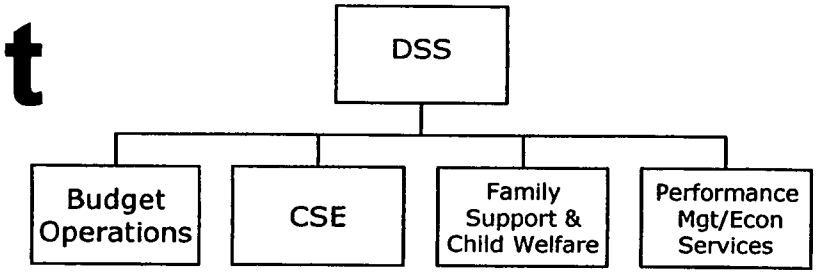
CHILD PROTECTIVE SERVICES	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	108,284,771	79,528,045	8,263,922	326,172	18,464,269	1,702,363
		73.44%	7.63%	0.30%	17.05%	1.57%
SFY 02-03	108,642,631	80,592,615	8,229,904	157,585	19,468,962	193,565
		74.18%	7.58%	0.15%	17.92%	0.18%
SFY 03-04	119,671,257	85,212,672	10,151,980	165,054	23,920,348	221,203
		71.21%	8.48%	0.14%	19.99%	0.18%

Child Protective Services



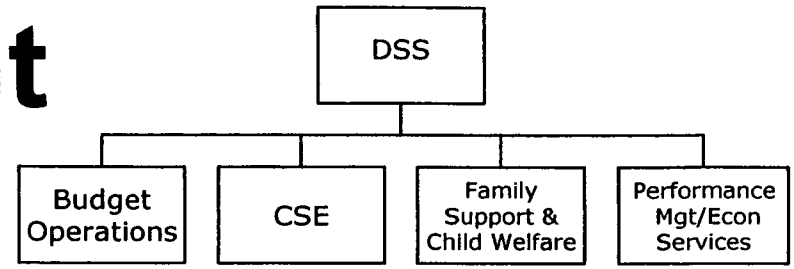
- Services include:
  - Assessing suspected cases of abuse or neglect
  - Assisting the family in diagnosing the problem
  - Providing in-home counseling and supportive services to help children stay with their families
  - Coordinating community and agency services for the family
  - Petitioning the court for removal of the child, if necessary
  - Providing public information about child abuse, neglect, and dependency

Child Placement Services



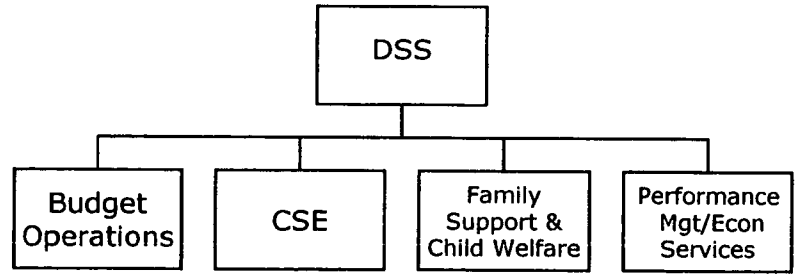
- Temporary homes for children in DSS custody
- Supervision of children in foster care
- Ongoing counseling and support services
- Extra counseling and support for families and foster parents of ill, disabled or delinquent children

Child Placement Services (2)



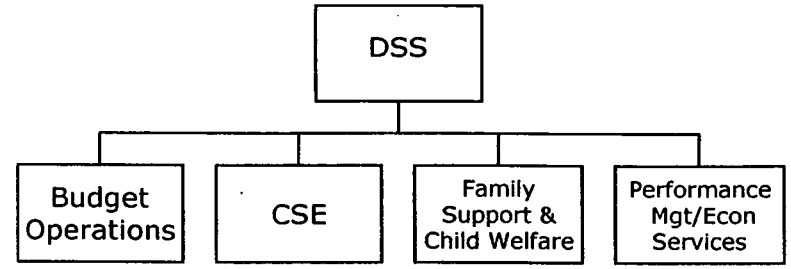
- Petitioning the court for termination of parental rights
- Making adoption recommendations
- Recruiting, screening, training, monitoring, and licensing foster homes

Title IV-E



- Provides for foster care payments and adoption assistance
- Links eligibility to the Aid to Families with Dependent Children (AFDC) program as it was in effect on 16 July 1996
- State must determine that child was AFDC-eligible in the home from which he/she was removed
- Child must be needy and deprived of parental support

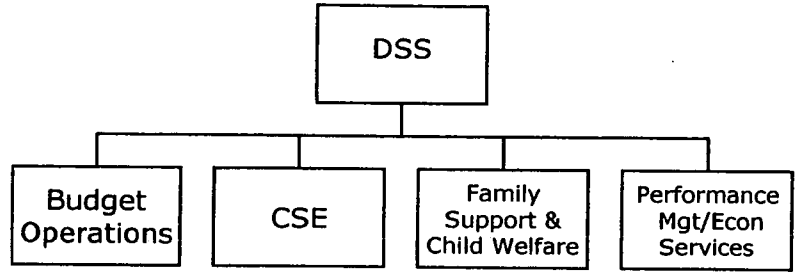
Foster Care



- Temporary living arrangement for abused, neglected, and dependent children
- DSS custody
- Families are trained and licensed
- Financial compensation provided to foster families

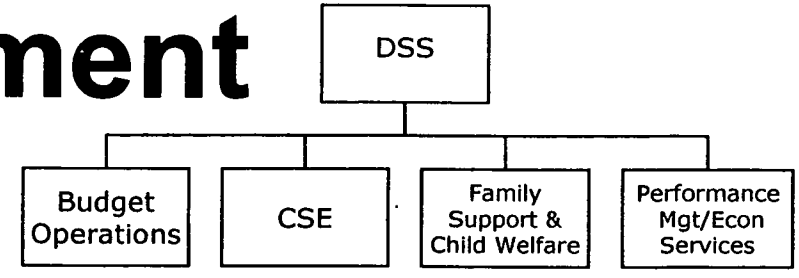
FOSTER CARE	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	174,414,208	87,394,742	24,001,865	9,680,758	30,132,308	23,204,535
		50.11%	13.76%	5.55%	17.28%	13.30%
SFY 02-03	171,879,243	80,476,637	22,373,160	9,435,145	34,045,620	25,548,681
		46.82%	13.02%	5.49%	19.81%	14.86%
SFY 03-04	181,473,713	82,316,403	23,120,889	9,755,872	38,818,280	27,462,269
		45.36%	12.74%	5.38%	21.39%	15.13%

Children in Foster Care



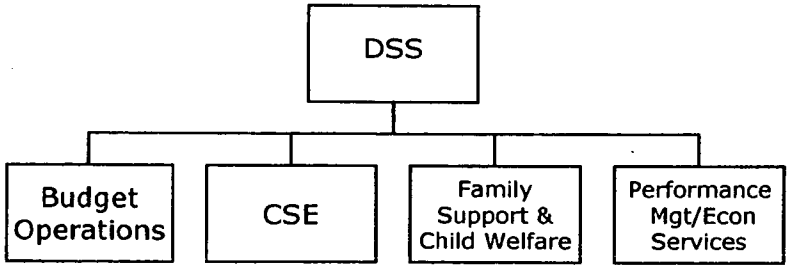
DSS Custody	June 2000	June 2001	June 2002	July 2003	June 2004
	10,849	10,255	9,775	9,820	10,112
Foster Care	**1999-2000**	**2000-2001**	**2001-2002**	**2002-2003**	**2003-2004**
	5,956	5,581	5,260	5,136	5,101

Foster Care Placement Facilities



	Facilities	Children
Family/Adoptive Foster Homes	6,414	5,172
Group Homes	816	868
Residential Child Care Facilities	40	588

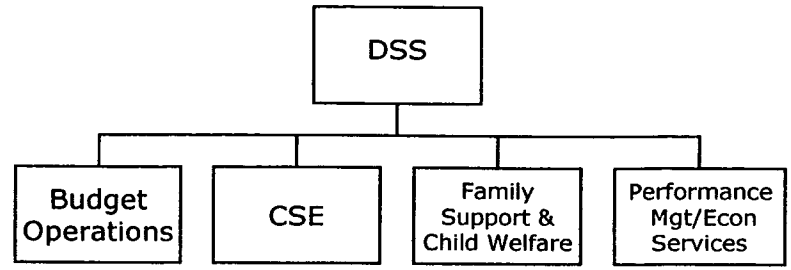
Foster Care Budget



FOSTER CARE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	65,626,810	68,636,503	68,636,503	68,636,503
RECEIPTS	56,309,978	59,828,798	59,828,798	59,828,798
NET APPROPRIATION	9,316,832	8,807,705	8,807,705	8,807,705

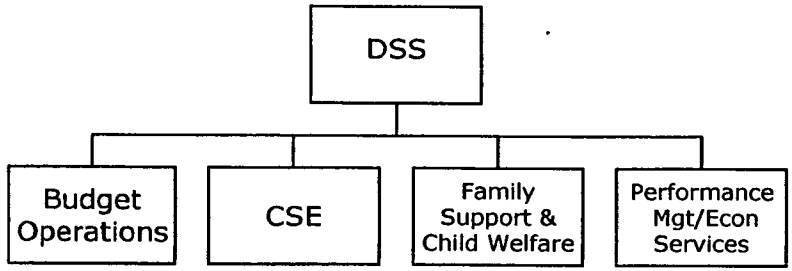
- No increases from State fiscal year 2004-2005

Foster Care Issues



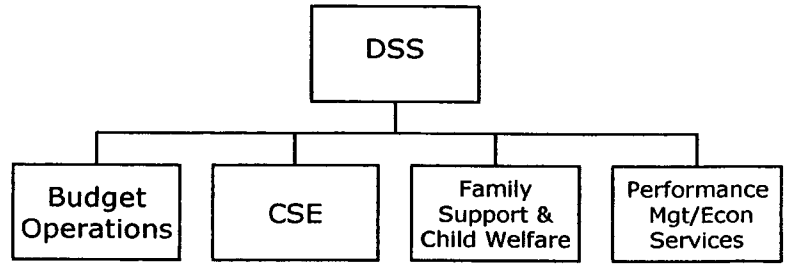
- Administration proposing that states have the option to receive a fixed sum of IV-E funding in exchange for more flexibility – requires legislation outside budget process
- Rosales v. Thompson – 9th Circuit Court of Appeals held that a child living with an interim caregiver eligible for IV-E foster care even if not eligible in home from which removed
  - Under appeal
  - Regulations have been changed

Foster Care Issues



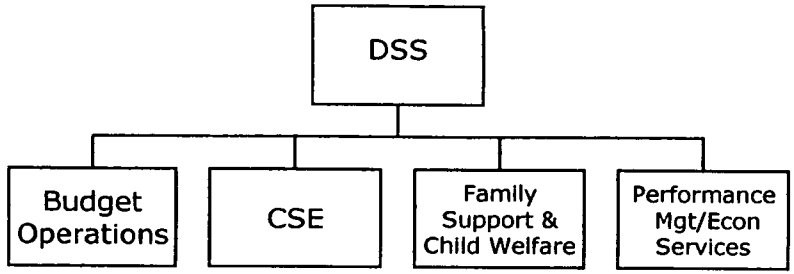
- US DHHS Proposals
  - States could not claim administrative costs for children in unlicensed foster homes
  - States cannot claim federal financial participation for foster care payments for a child in an ineligible facility

Foster Care Issues



- IV-E vs. State Funds
  - IV-E provides for foster care maintenance and adoption assistance
  - State funds if not IV-E eligible
- Use of State Funds for Foster Care CCI Agencies

State Funds Methodology



- Monthly Reimbursement
- Total IV-E Match Covered by State
- Subtracted from State Funds
- "Hold Harmless"

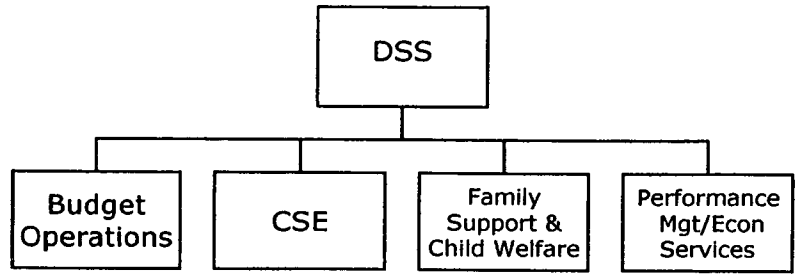
Example: January 2005

AGENCY	STATE MATCH OF IV-E PAYMENT	STATE FUNDS COMPUTATION	DIFFERENCE (SENT TO AGENCY)
Boys & Girls Home of NC	$34,452.25	$46,313.00	$11,860.75
Methodist Home for Children	$36,340.55	$54,223.00	$17,882.45
Alexander Children's Center	$30,069.43	$24,808.00	($5,261.43) Not charged

Foster Care Rates in Surrounding States

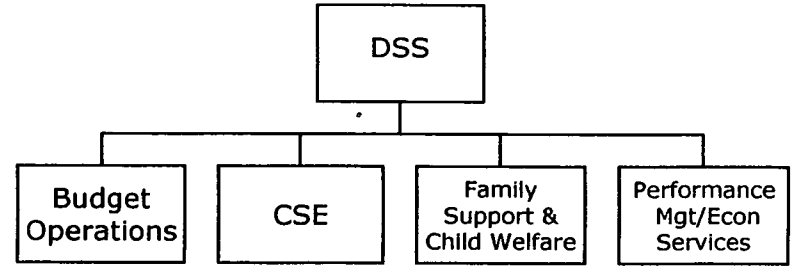
State	Rates
Georgia	$388 to $433
North Carolina	**$390 to $490**
South Carolina	$312 to $415
Tennessee	$429 to $571
Virginia	$294 to $436

Facility Rates



- Established by the DHHS Controller's Office
- Agency-specific
- Agencies must comply with NC program requirements
- Formal contract required
- Allows NC to claim additional IV-E and TEA funding

Facility Rates Range

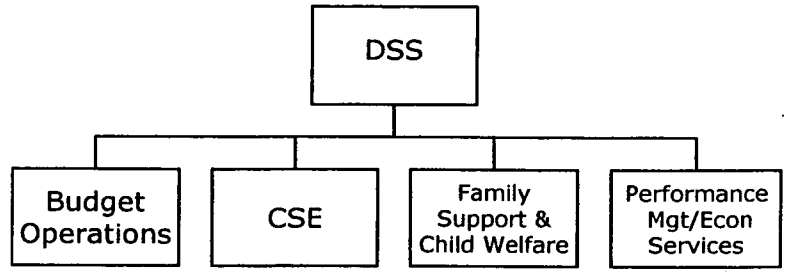


Type	Minimum	Maximum
Family Foster	915	3379
Intensive Family Foster	3720	3720
Group	2836	5887
Institutional	2957	5711
Emergency	3263	6261
Therapeutic Camping	3780	3780

President's Budget Foster Care

State	2004 Mandatory	2005 Pres. Budget	2005 Mandatory	2006 Pres. Budget	Change FY 05 to 06
Georgia	55,318,000	32,918,000	54,205,000	53,958,000	(273,000)
North Carolina	65,132,000	51,148,000	63,822,000	63,531,000	(291,000)
South Carolina	17,095,000	30,486,000	16,751,000	16,675,000	(76,000)
Tennessee	35,099,000	23,361,000	34,393,000	34,237,000	(156,000)
Virginia	84,761,000	89,955,000	83,056,000	82,678,000	(378,000)

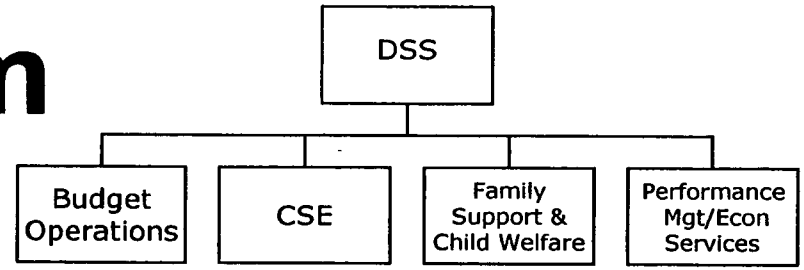
NC LINKS



- Program to assist youths and young adults with extended time in foster care to transition to self-sufficiency
- Program covers
  - All youth in foster care between 16 and 18
  - Young adults 18-21 who are voluntarily in care

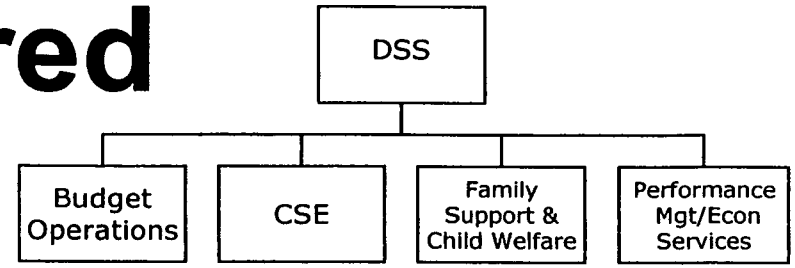
  Note: Counties are encouraged to provide services to youth in foster care ages 13-15 and to youth and young adults discharged from their custody prior to their 18th birthday.

NC LINKS Program Elements



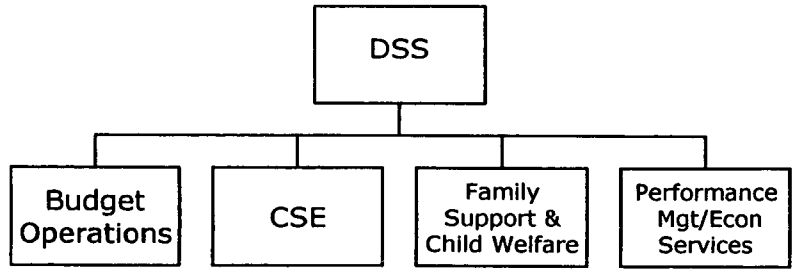
- Assessment of youth's strengths, as well as needs for further information and training
- Plan which includes youth's interests and goals, as well as responsibilities to fulfill their plan
- Services required for the youth to achieve the desired outcome

NC LINKS Desired Outcomes



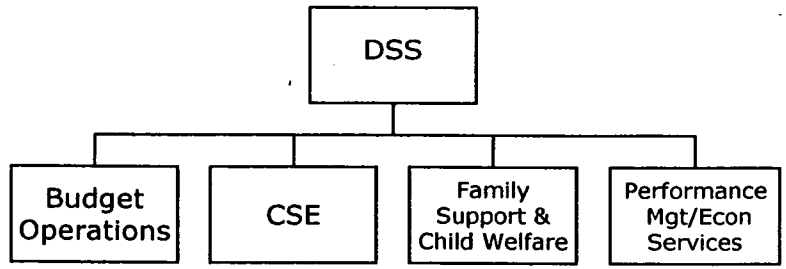
- Sufficient income
- Safe and stable place to live
- Sufficient academic/vocational training
- Connections to and emotional support from adults outside the child welfare system
- Postponement of parenthood
- Access to routine health care

NC LINKS Outcomes



- 16-20 year olds eligible has increased significantly
  - 2001-02 1595
  - 2005-06 2063
- Progress in academic achievement
  - 2001 30.0% HS Diploma/6% GED
  - 2004 51.8% HS Diploma/13% GED
  - 41.6% Further Education

NC LINKS Outcomes

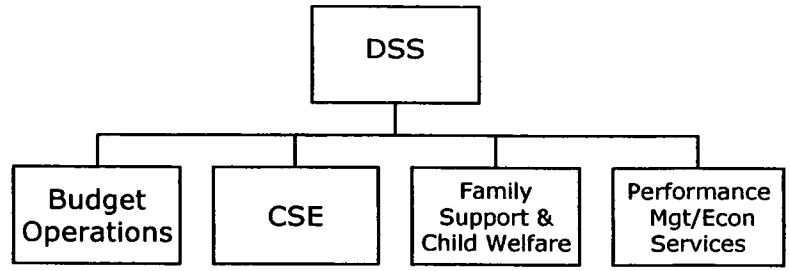


- Measurable progress in job stability, economic self-sufficiency, stable housing, personal support networks, avoidance of high risk behaviors, and access to health care
- Pregnancy/parenting rates almost double state average
  - Working with Department of Public Instruction and Division of Maternal and Child Health

President's Budget Independent Living

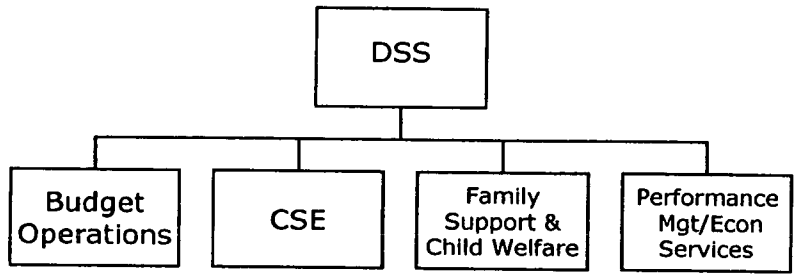
- ⬆ $60 million in vouchers for college or vocational training for foster care youth ages 16-21 ($13 million increase)
- ⟺ $40 million for Independent Living Program

Interstate Services



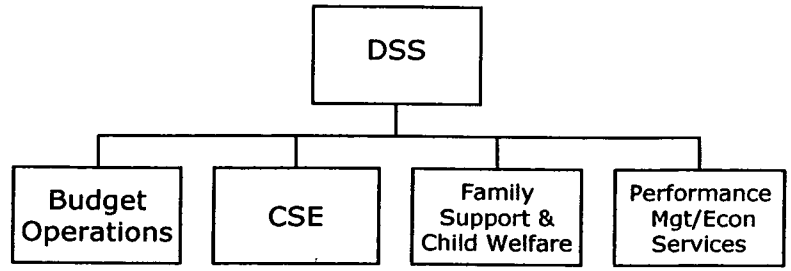
- Compacts help states oversee interstate foster care, relative, and adoptive placement, improve surveillance of delinquent youth, and locate and return runaways.
- Ensure
  - Suitable environment
  - Assessment by authorities in that state
  - Sufficient information provided to authorities in NC
  - Appropriate jurisdictional arrangement for the care of the children

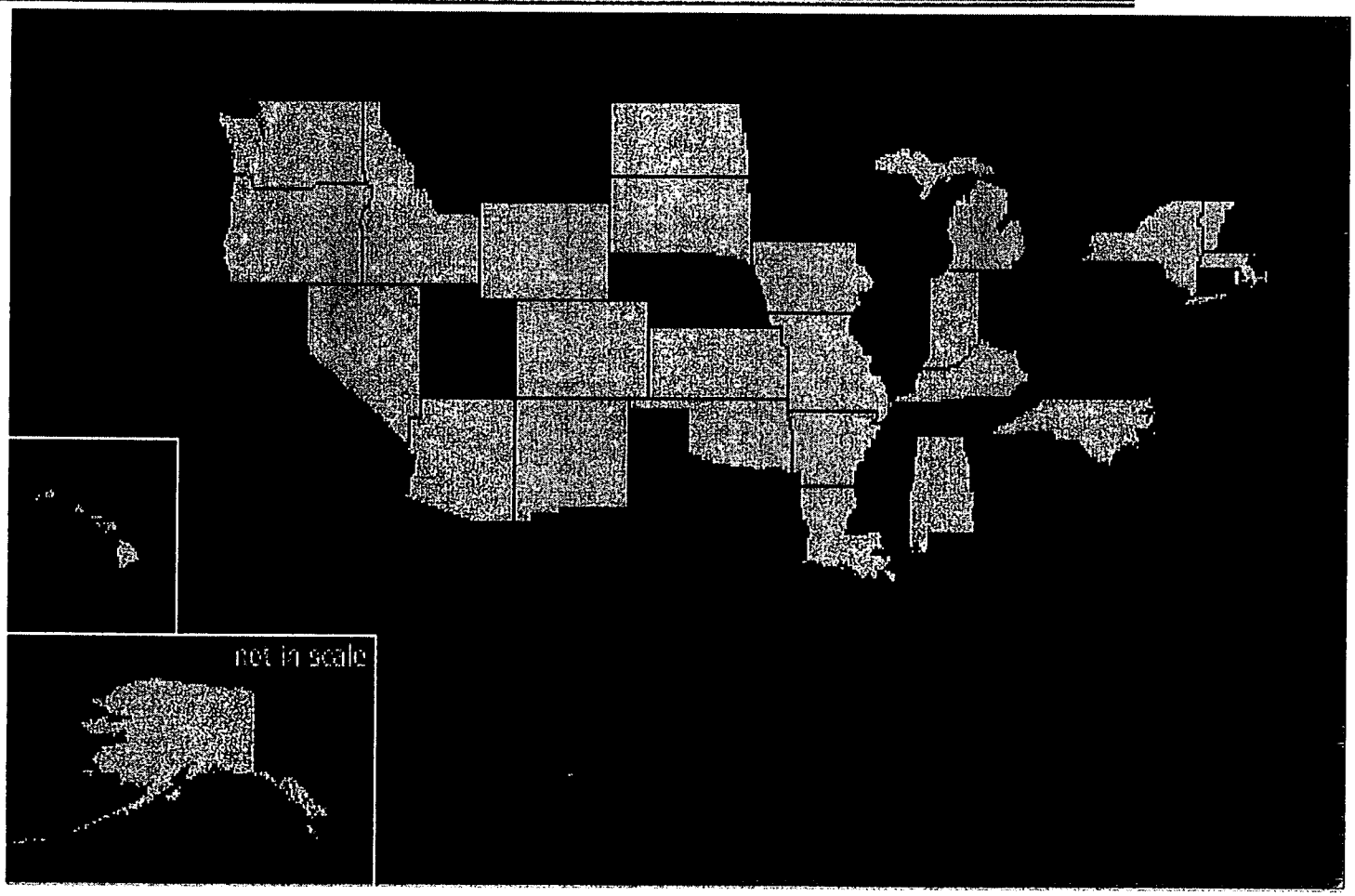
NC's Interstate Compacts



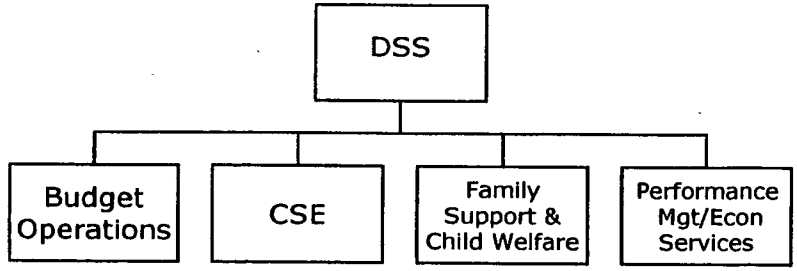
- The Interstate Compact on Juveniles (ICJ)
  - Delinquents or runaway juveniles
  - Administered by DJJDP
- The Interstate Compact on the Placement of Children (ICPC)
  - Interstate adoptions, foster care, and relative placements
  - Administered by DSS
- The Interstate Compact on Adoption and Medical Assistance (ICAMA)
  - Special needs adoptions
  - Ensure consistency

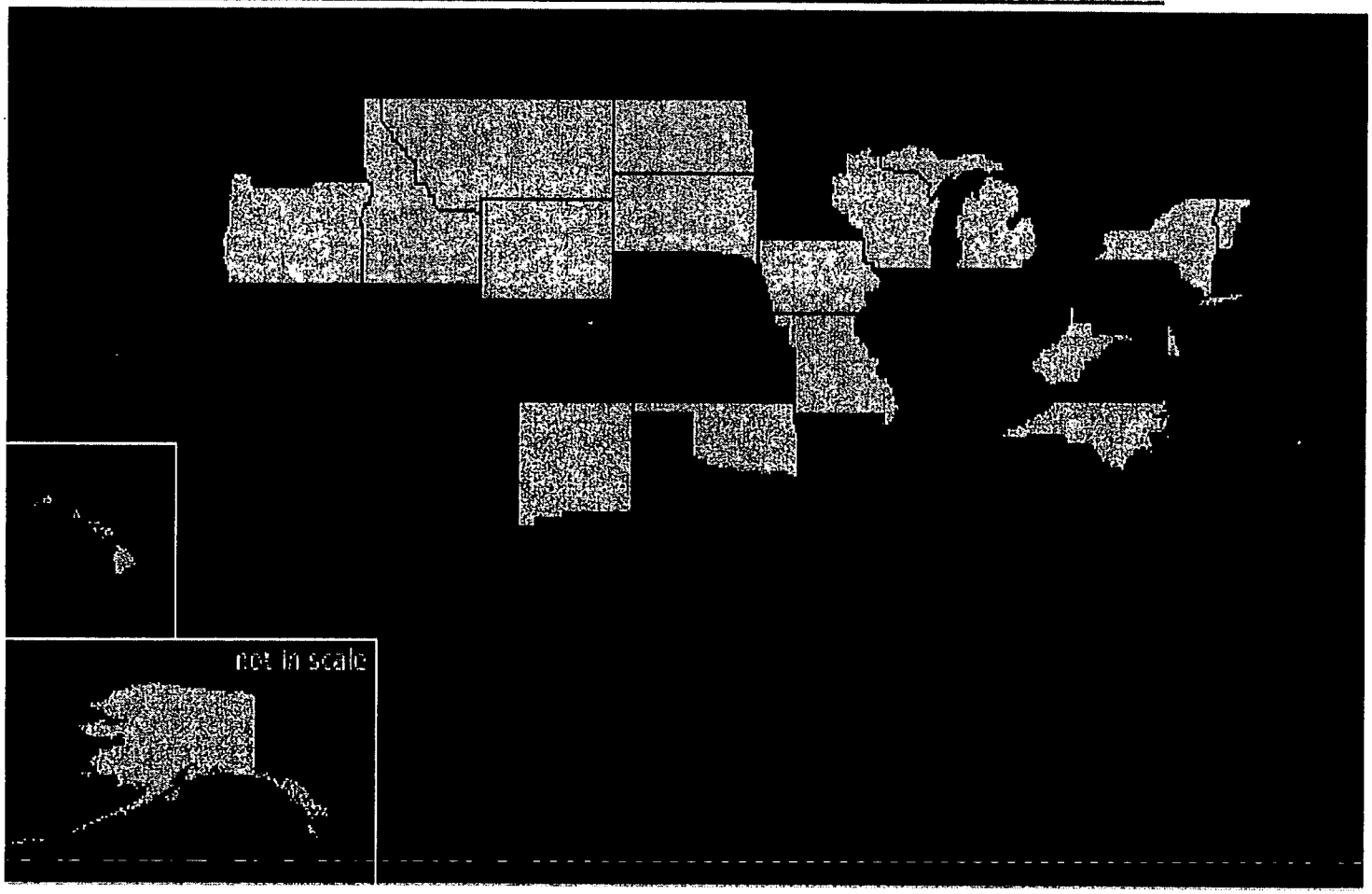
Children from North Carolina



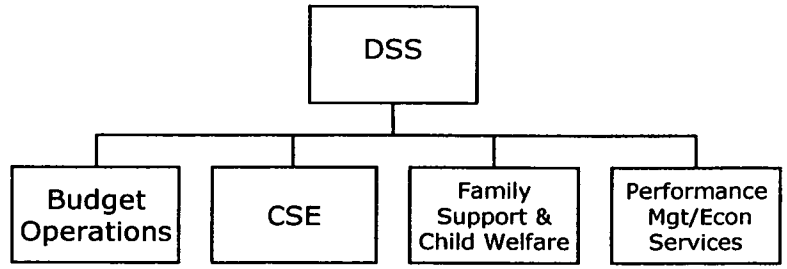


Children in North Carolina





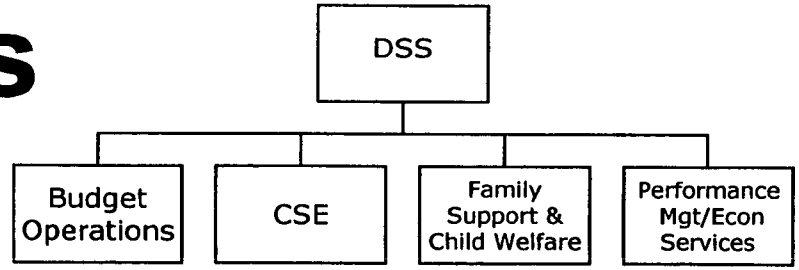
Adoption Services



- Designed to find permanent homes for children
- Children waiting for adoption include:
  - Children with special needs
  - Sibling groups and teenagers
  - Minority children
- Many children eligible for support services
- Exchange program to match children with families

ADOPTIONS	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	54,063,529	28,962,740	13,910,510	670,684	8,161,441	2,357,974
		53.57%	25.73%	1.24%	15.10%	4.36%
SFY 02-03	57,345,341	26,650,965	19,289,270	514,398	9,350,580	1,540,128
		46.47%	33.64%	0.90%	16.31%	2.69%
SFY 03-04	72,357,569	34,291,006	23,436,361	449,802	11,690,249	2,490,151
		47.39%	32.39%	0.62%	16.16%	3.44%

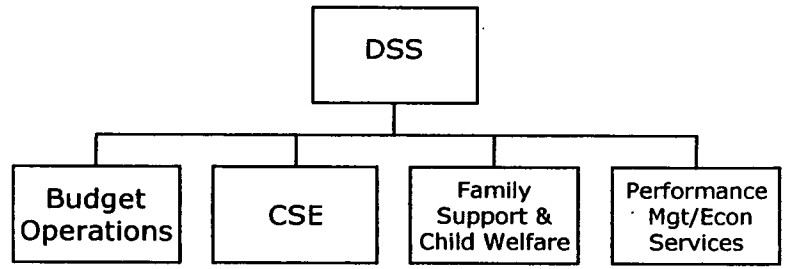
Adoption Services Budget



ADOPTION ASSISTANCE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	58,880,852	63,878,573	63,878,573	63,878,573
RECEIPTS	37,566,099	38,483,580	38,483,580	38,483,580
NET APPROPRIATION	21,314,753	25,394,993	25,394,993	25,394,993

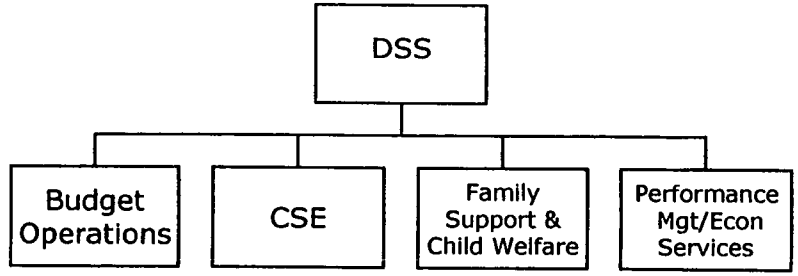
- No change in funding level from previous State fiscal year

Adoptions



Year	Children Legally Free for Adoption	Total Adoptions	Public Agency Adoptions (DSS)
1999-2000	1,097	3,266	1,233
2000-2001	1,257	3,694	1,574
2001-2002	1,358	3,557	1,482
2002-2003	1,170	3,291	1,333
2003-2004	1,024	3,608	1,372

Children Currently Awaiting Adoption



Age	0-5	6-12	13 and older	Total
Male	84	140	245	469
Female	62	114	186	362
Total	146	254	431	831

Children Currently Waiting for Adoption by Age and Race (Male)

Race	0-5	6-12	13 and Older	TOTAL
White	20	63	109	142
Hispanic	13	7	4	24
Black	42	63	123	228
Native American	3	4	2	9
Asian	0	0	2	2
Pacific Islander	1	0	0	1
Other	5	3	5	13
TOTAL	84	140	245	469

Children Currently Waiting for Adoption by Age and Race (Female)

Race	0-5	6-12	13 and Older	TOTAL
White	20	47	84	151
Hispanic	4	8	5	17
Black	33	54	94	181
Native American	2	1	2	5
Asian	0	0	0	0
Pacific Islander	1	1	0	2
Other	2	3	1	6
TOTAL	62	114	186	362

Race, Color or National Origin as Considerations in Adoption and Foster Care

- Addressed in Multiethnic Placement Act as amended by the Interethnic Adoption Provisions of 1996
- Viewed in conjunction with Title VI of the Civil Rights Act of 1964

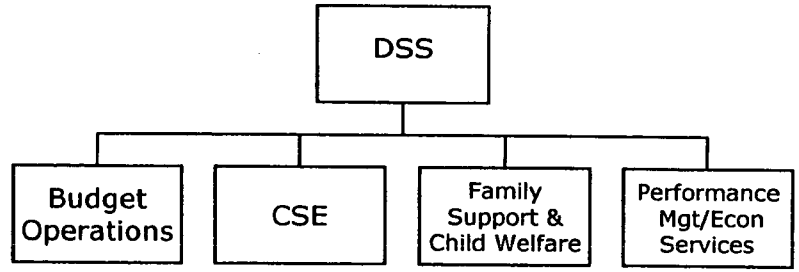
The Multiethnic Placement Act Intentions

- Decrease the length of time children wait to be adopted
- Prevent discrimination on the basis of race, color, or national origin
- Facilitate the identification and recruitment of foster and adoptive parents who meet children's needs
- May consider child's cultural, ethnic, and racial background and the capacity of the foster or adoptive parents to meet the needs of a child of this background

The Multiethnic Placement Act Mandates

- Prohibits states and other entities involved in adoption or foster care that receive federal funding from delaying or denying foster care or adoptive placement on the basis of the child or prospective parent's race, color, or national origin
- Prohibits states/entities from denying any individual the opportunity to become a foster or adoptive parent on the basis of the prospective parent or child's race, color, or national origin
- Requires states/entities to diligently recruit foster and adoptive parents who reflect the racial and ethnic diversity of children in the state who need foster or adoptive homes

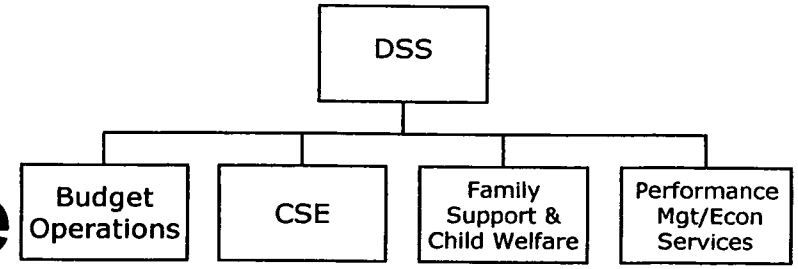
Special Needs Adoptions



- Handicaps
- Family group to be placed together
- Membership in certain minority groups
- Age of child
- Need for placement with a known and approved family

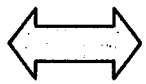
➢**99% of children adopted from foster care fit in one or more of these categories.**

Special Needs Adoption Assistance



- Monthly payment
  - $390 for children 0-5
  - $440 for children 6-12
  - $490 for children 13-18
- Supplemental for HIV positive children
  - $800 for indeterminate status
  - $1000 confirmed, asymptomatic
  - $1200 confirmed, symptomatic
  - $1600 terminally ill with complex care needs

President's Budget Adoptions



- $32 million for adoption incentives program☆

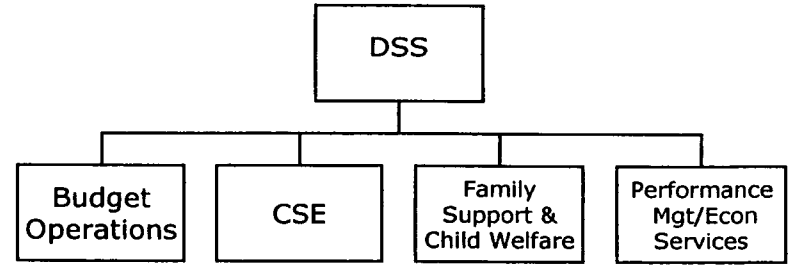


- $1,795,005,000 for adoption assistance grant-in-aid*
  - North Carolina would receive $24,354,000, an increase of $1,248,000*

☆ NCSL

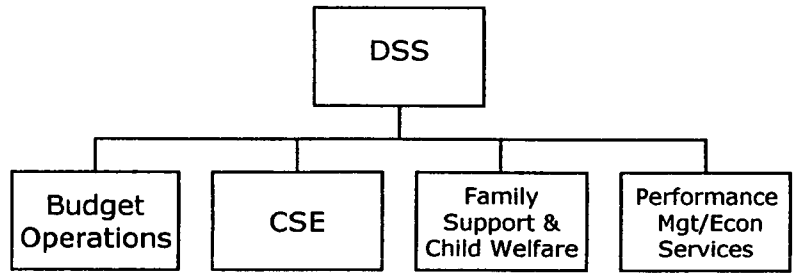
* Federal Funds Information for States

Licensing



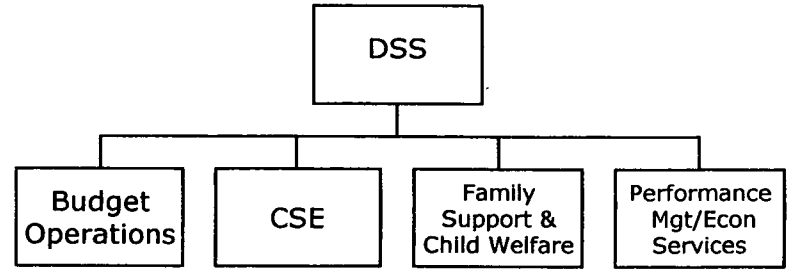
- Child Placing Agencies
- Family Foster Homes
- Maternity Homes
- Residential Child Care Homes

Licensing



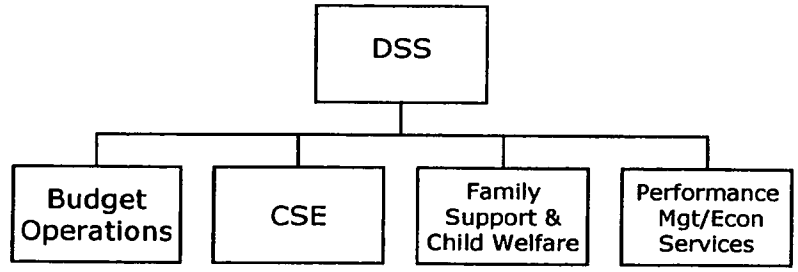
- Requirement
  - Child-caring institutions
  - Residential childcare facilities
  - Group homes
  - Maternity homes
  - Adoption agencies
  - Child-placing agencies
  - Foster homes
- Licensed by DSS

Licensing vs. Accrediting



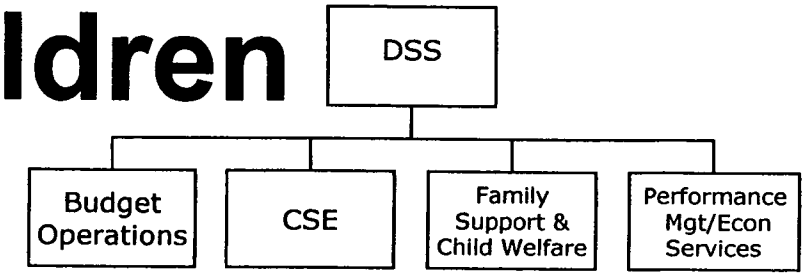
- CCIs licensed by State in order to operate
- Accreditation is voluntary and supported by DSS
  - Council on Accreditation
  - Joint Commission on Accreditation of Health Care Organizations
- 75 organizations in North Carolina currently accredited

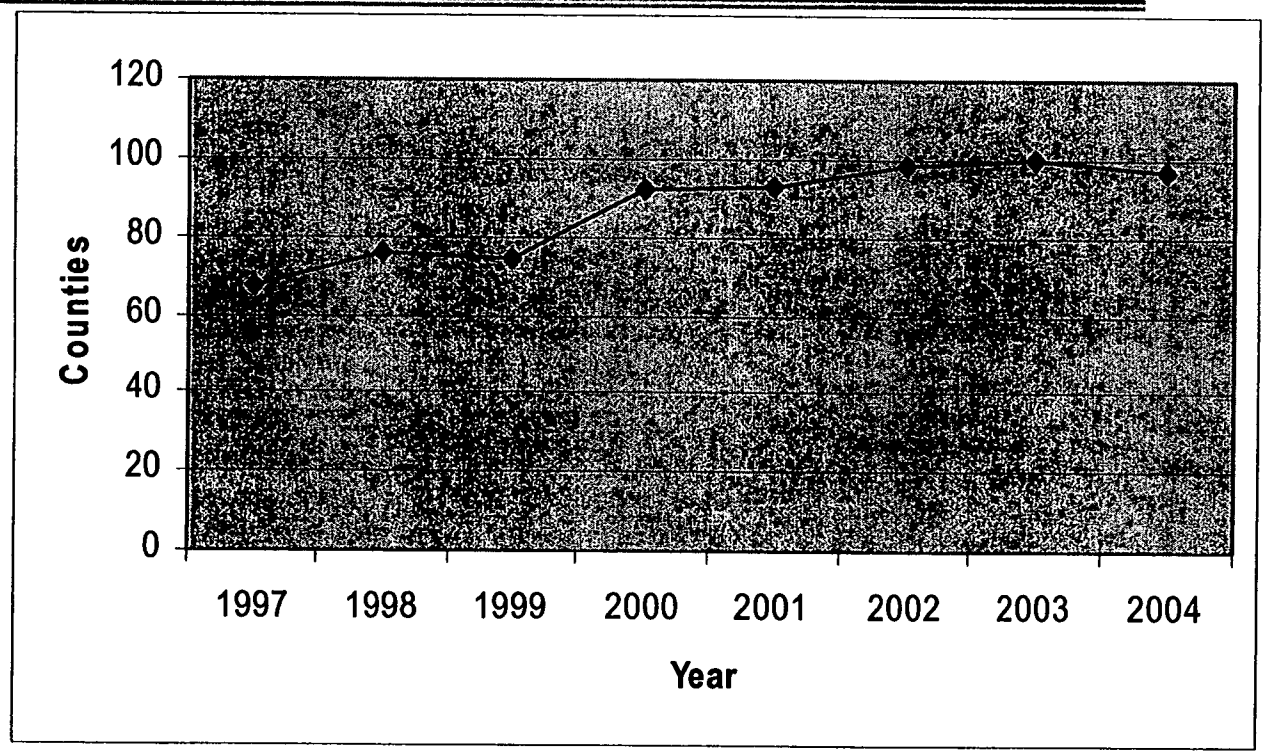
Challenge for Children



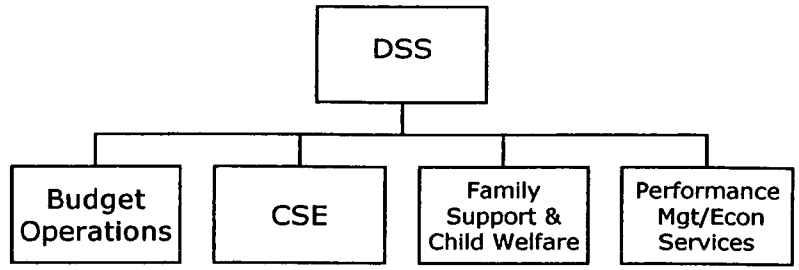
- Provide every child for whom a county DSS has legal custody with a safe and permanent home within one year
- Counties accepting the challenge are offered training opportunities and technical support

Challenge for Children Participation



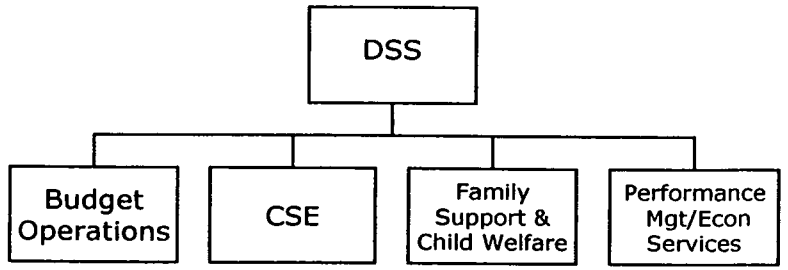


Community Child Protection Teams



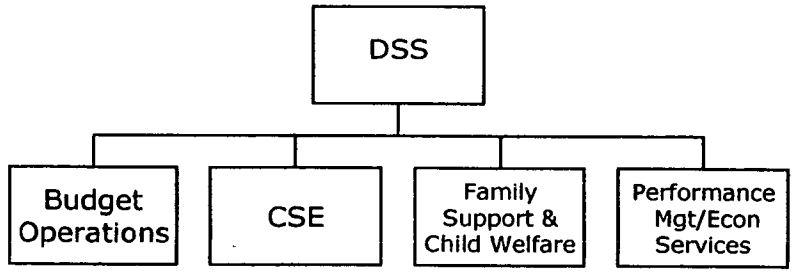
- Established in 1991
- Interdisciplinary group of community representatives who meet regularly to promote a community-wide approach to child abuse, neglect, and dependency

CCPT Members



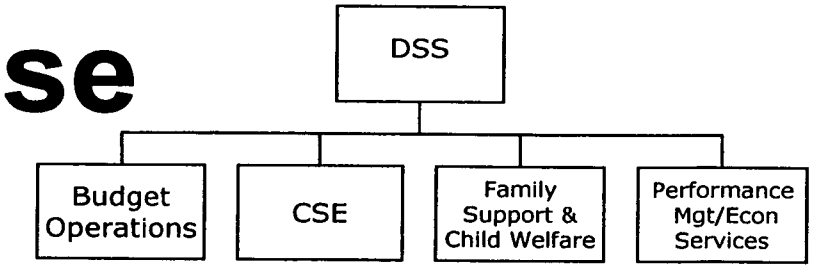
- County director of social services
- Member of director's staff
- Local law enforcement officer
- An attorney from DA's office
- Executive director of local community action agency
- Superintendent of each local school administrative unit
- Member of county board of social services
- Local mental health professional
- Local guardian ad litem coordinator or coordinator's designee
- Director of department of public health
- Local health care provider

CCPT Tasks



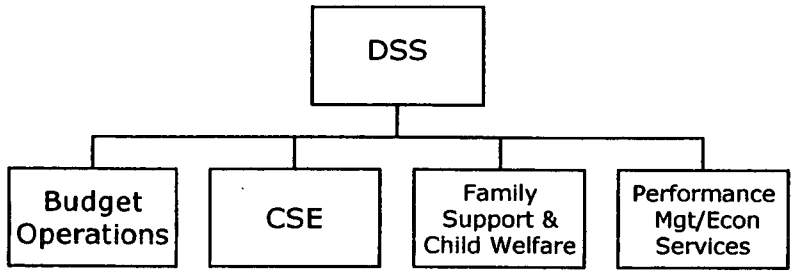
- Review active cases in which abuse, neglect, or dependency is found
- Review fatalities when DSS was involved within the past 12 months
- Report to the Board of County Commissioners and the community about the status of families in the community

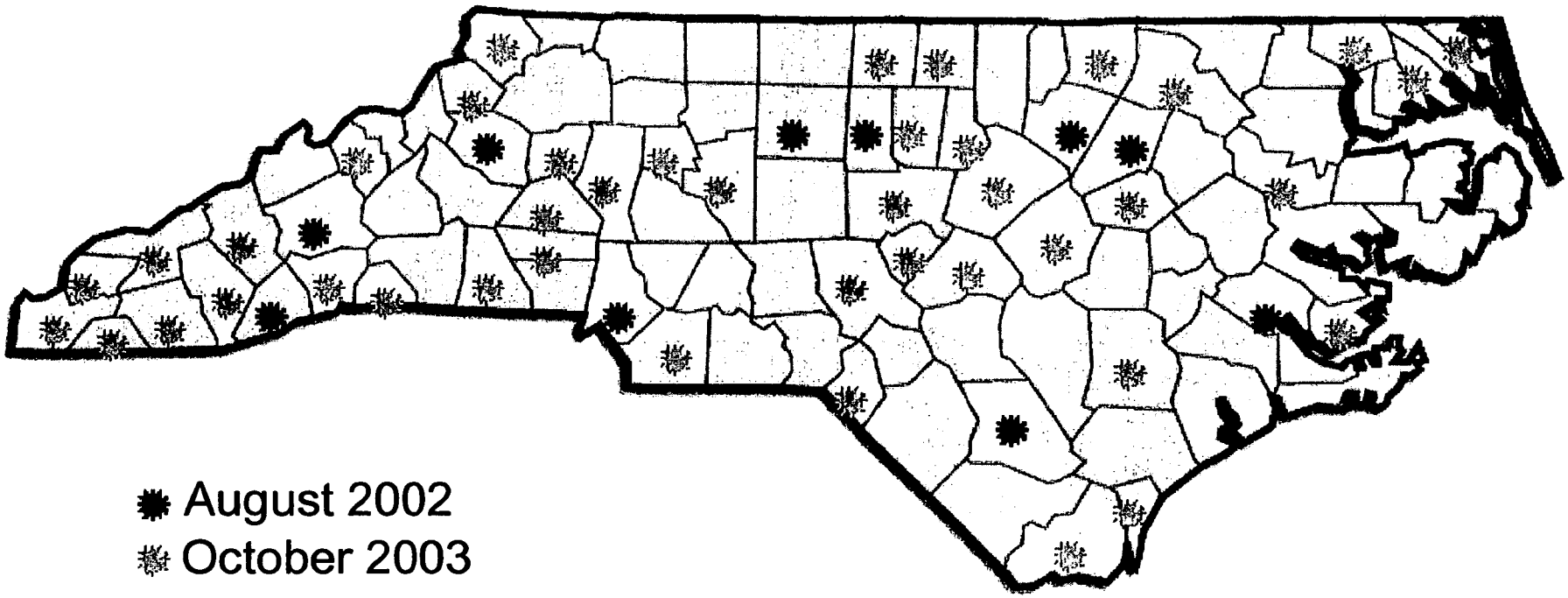
Multiple Response System



- An effort to reform the entire continuum of child welfare in North Carolina, from intake through placement services
- Began as pilot program in ten counties
- Currently 52 counties participate

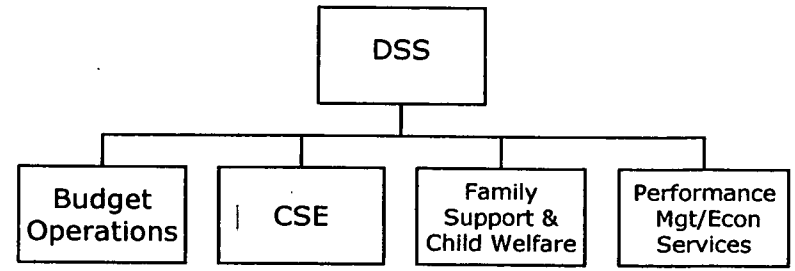
MRS Participation





- August 2002
- October 2003

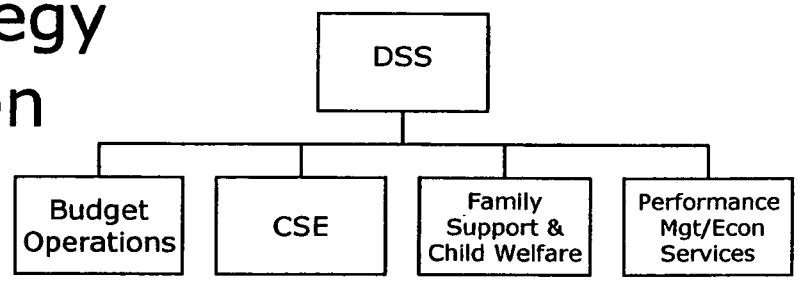
MRS Strategies



- A choice of two approaches to reports of child abuse, neglect, or dependency
- A redesign of in-home services
- A strengths-based, structured intake process
- Coordination between law enforcement agencies and child protective services for the investigative assessment approach
- Implementation of Child and Family Team meetings during the provision of in-home services
- Implementation of Shared-Parenting meetings in child placement cases
- Collaboration between the Work First Family Assistance and child welfare programs

School-Based Child and Family Support Teams

- School-based social worker/school nurse teams
- Low-wealth, high-risk settings
- DSS
  - Child and Family Team Facilitators in counties that serve selected schools
  - Facilitator located in county department of social services
  - Same as MRS strategy
  - $66,000 per position



Questions

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 16, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vincent Stephens	Centers for Medicare + Medicaid Services
Jennifer Sullivan	NASW, NC / Governmental
Wayne Williams	OSBM
Jean Shuler-Mann	OSBM
Mary Benson	Capitol Group
[illegible]	[illegible]
Lee Hodges	KCLH
Amy Jo Horne	NCHS
Holly Dyer	NCLHA
Daniel Evans	Centers for Medicare and Medicaid Services
John [illegible]	[illegible]
[illegible]	NCRA

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 16, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID BARNES	Payne Spruill
Roger Bone	Bone & Assoc.

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Thursday, March 17, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Social Services — *Karlynn O'Shaughnessy, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Thursday, March 17, 2005
8:30 A.M.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 A.M. in Room 643 of the Legislative Office Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Dannelly, Forrester, Berger, Blake, East, and Kerr. Representatives present were: Co-Chair Verla Insko and Co-Chair Jeff Barnhart, and Representatives Farmer-Butterfield, Hollo, Allen, Current, England, Stam, and Wright.

Senator Purcell presided. After introducing the pages, he called on Ms. Karlynn O'Shaughnessy. She asked Laketha Miller, Comptroller for the Department of Health and Human Services, to explain how rates are set for foster care. Ms. Miller asked Curtis Crouch, also of the DHHS Comptroller's office, to give an overview of the rate-setting process. Representative England asked for a description of the levels of care outlined on page 60, and Mr. Crouch complied. In response to a series of questions from Representatives England and Insko, Ms. Joanne Lamm of DHHS explained that there are several levels of care for the Family Foster Homes, all depending on the specific needs of the children, including such problems as fire-setting, and that Medicaid treatment services, including mental health, could also be provided. Senator Blake asked why a referral group outside the child's home county should be consulted. Ms. Lamm said that sometimes there are not enough foster families in the child's home county, and in that case a needs assessment will be made across the state, and the child placed where his/her needs best can be met. Senator Kerr asked if the placement payment for a child is a one-time payment or an ongoing payment. Ms. Lamm replied that payment is made monthly, based on the day the child is placed. Subsequently, one payment is made to the placing agency, which takes a portion of the money for administrative costs and sends the rest to the child's caretaker. Representative Insko asked if the placing agency also trains the caretaker families. Ms. Lamm replied that the placing agency does the recruitment and training, and provides consultation and guidance. Senator Purcell thanked the DHHS staff for their response to the questions.

Ms. O'Shaughnessy continued with Challenge for Children, a program designed to reduce or eliminate the backlog of children who have been in the counties' social service custody for at least 12 months. Representative Farmer-Butterfield asked the difference between child fatality and child protection. Ms. O'Shaughnessy replied that child fatality means that social services had not been involved with the child in the past 12 months. Senator Berger asked how long has DHSS been paying to locate children in private homes, and Ms. Lamm answered, since the 1960s. Senator Malone commented that there are many black children available for adoption, and asked if a list of incentives for adoption could be formulated. Senator Dannelly asked, when a foster child completes high school and intends to go on to college, who pays that tuition. Ms. Lamm replied that through an educational training program, there are federal fund vouchers available for $5000 per year for that tuition. Senator Dannelly asked who would pick up the remainder of the tuition. Ms. Lamm replied that there are grant programs available such as the Pell grant, which are based on the child's income. Senator Kerr noted that it is much faster to adopt a child from a foreign country that in North Carolina, a situation that should be corrected. Ms. Pheon Beall, Director of Social Services, noted that there are legal matters such as termination of parental rights, that must be settled, and that many children are older and not as widely sought as are infants.

Representative Farmer-Butterfield thanked the staff from the Department of Health and Human Services for their outstanding participation in this morning's meeting. Senator Purcell agreed and also thanked the members of the Fiscal Research staff for their presentations.

The meeting adjourned at 9:55 A.M.

William R. Purcell
Senator William R. Purcell, M.D., Chair

Lorraine R. Blake
Lorraine R. Blake, Committee Clerk

Mission

The North Carolina Division of Social Services is dedicated to assisting and providing opportunities for individuals and families in need of basic support and services to become self sufficient and self reliant. The Division of Social Services advocates for and encourages individuals' right to select actions appropriate to their needs. Primary to the Division is our commitment to provide families and children with family centered services that strive to achieve well being through ensuring safety and permanency. Furthermore, we recognize our responsibility through teamwork and professional effort to assist in this process. Towards this end, in cooperation with local departments of social services and other public and private entities, we seek to identify needs, devise and focus resources, and deliver services responsively and compassionately.

Social Services Commission

The Social Services Commission is responsible for adopting rules and regulations to be followed in the conduct of the State's social services program with the power and duty to adopt, amend, and rescind rules and regulations under and not consistent with the laws of the State necessary to carry out provisions of GS 143B-153.

Social Services Commission

Establishes rules for:

- Public assistance with the exception of medical assistance
- Placement and supervision of children and payment of necessary costs of foster home care for needy and homeless children

Social Services Commission

- Payment of state funds to private child-placing agencies and residential child care facilities for care and services provided to children in the custody or placement responsibility of a county department of social services
- Social services programs established by Federal legislation

Social Services Commission

- Implementation of portions of Title XX of the Social Security Act
- Inspection and licensing of maternity homes
- Rules required by the Federal Government for social services grant-in-aid

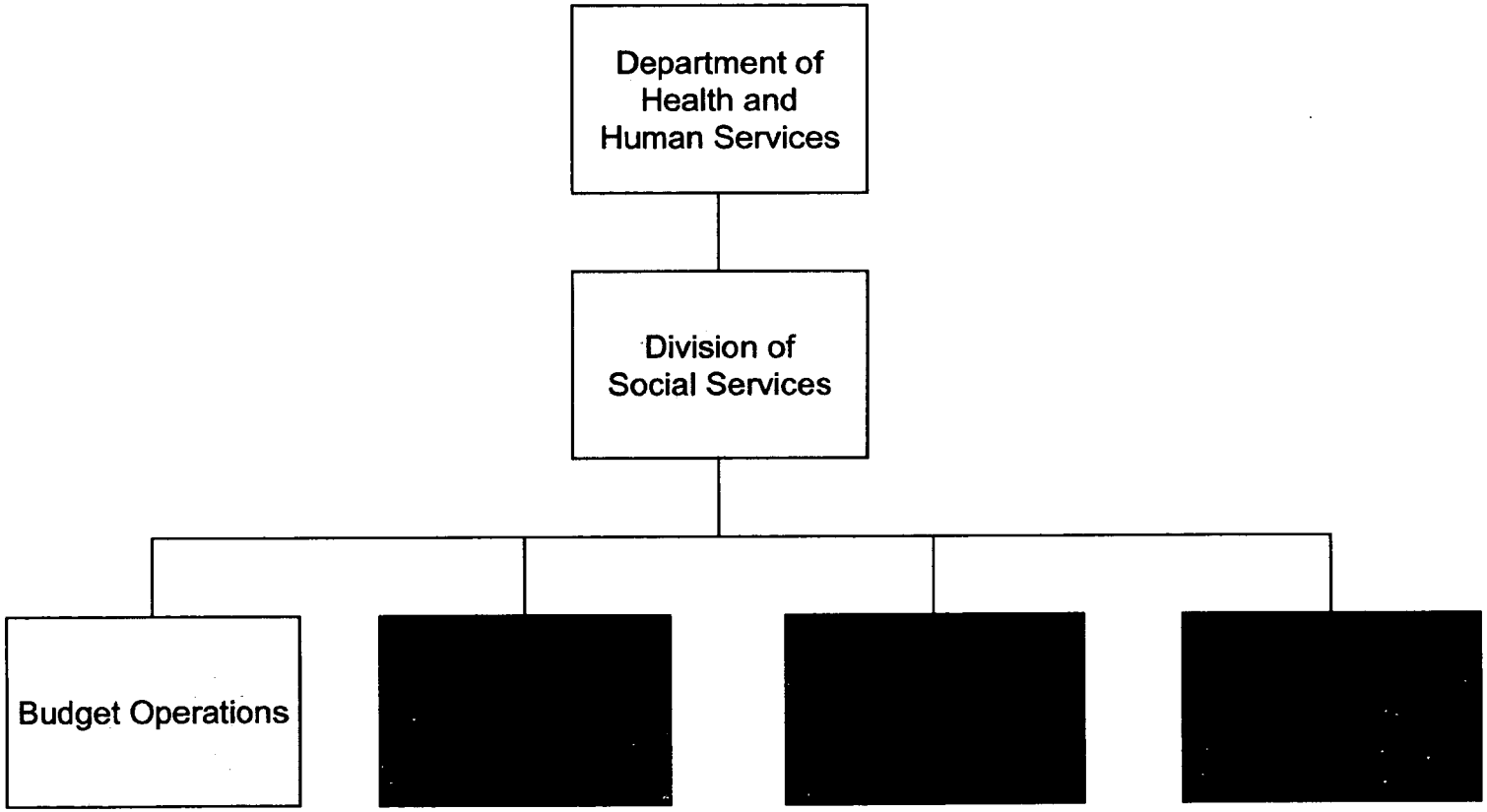
Social Services Commission Staff Support

- Provided by the Director of the Division of Social Services at the direction of the Secretary of Health and Human Services
- DSS provides technical, clerical, logistics, and other required support
- Attorney General's Office serves as legal counsel

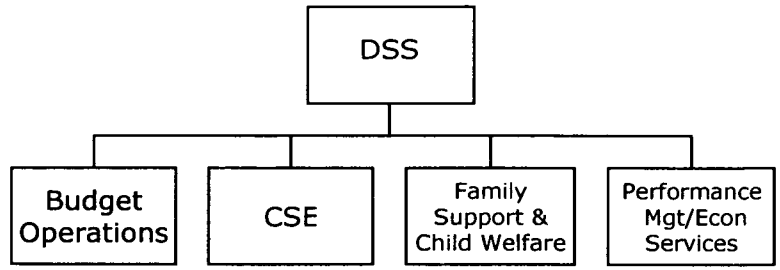
Social Services System

- State-Supervised, County-Administered
  - General Assembly makes laws and appropriates funds
  - State agency implements laws and establishes administrative rules
  - Counties set priorities, appropriate funds, distribute funds, and deliver services
- Federal, State and Local Funding
  - Mandatory services
  - No mandated levels of services
  - Levels of service may vary across the State

Organization



Budget Operations



The Budget Office is responsible for administering a $1.3 billion budget for Public Assistance and Social Services Programs throughout the State of North Carolina. In this role, this office is responsible for all financial and operational activities as well as administrative management functions and contract-related activities.

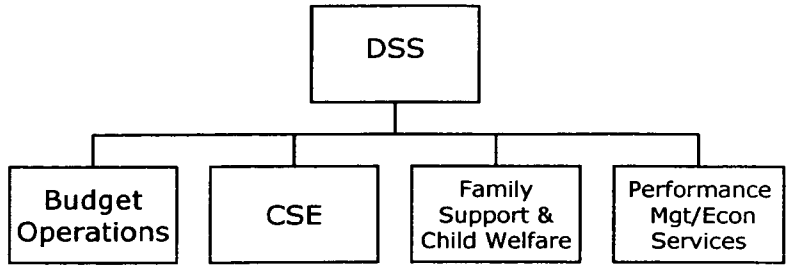
DHHS Budget

		2004-2005 Authorized (in millions)	% of DHHS Total
14410	Div. of Medical Assistance	$ 9,098	67.94%
14411	Div. of Social Services	$ 1,355	10.12%
14420	Div. of MH/DD/SAS	$ 1,020	7.62%
14424	Div. of Public Health	$ 603	4.50%
14430	Div. of Child Development	$ 560	4.18%
14440	Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
14445	Div. of Central Management and Support	$ 209	1.56%
14446	Div. of Vocational Rehabilitation	$ 124	0.93%
14450	Div. of Aging and Adult Services	$ 79	0.59%
14460 + 244	Div. of Facility Services	$ 41	0.31%
54465 + 744	Office of Education Services	$ 34	0.25%
14470	Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
14480	Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%
	DHHS Total	**$ 13,391**	

DHHS Budget Without Adult Services

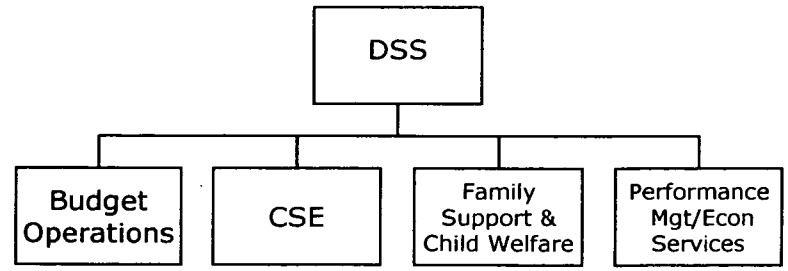
	2004-2005 Authorized (in millions)	% of DHHS Total
Div. of Medical Assistance	$ 9,098	67.94%
Div. of Social Services - Excluding DAAS $	$ 1,174	8.77%
Div. of MH/DD/SAS	$ 1,020	7.62%
Div. of Public Health	$ 603	4.50%
Div. of Child Development	$ 560	4.18%
Div. of Aging and Adult Services - Including $ in DSS	$ 260	1.94%
Div. of Medical Assistance - NC Health Choice	$ 236	1.76%
Div. of Central Management and Support	$ 209	1.56%
Div. of Vocational Rehabilitation	$ 124	0.93%
Div. of Facility Services	$ 41	0.31%
Office of Education Services	$ 34	0.25%
Div. of Services for the Blind and Deaf/Hard of Hearing	$ 25	0.19%
Town of Butner and John Umstead - Butner Area Central Services	$ 7	0.05%
DHHS Total	**$ 13,391**	

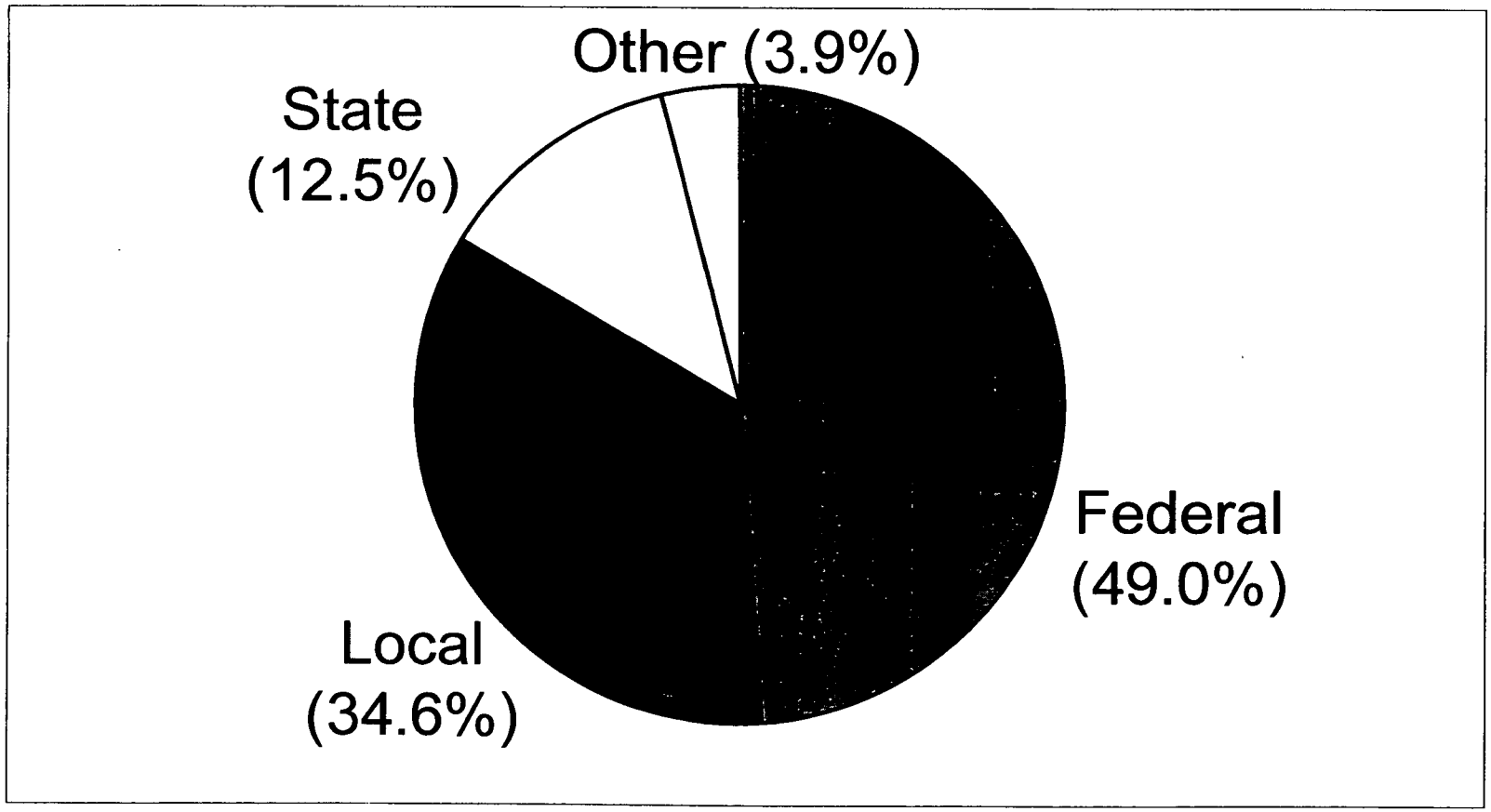
DSS Funding



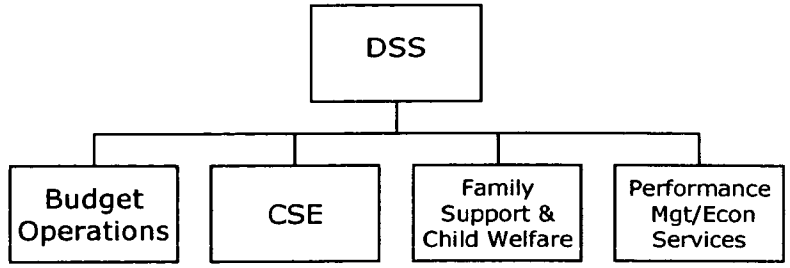
	Federal Budget	Local Budget	State Budget	Other Budget	TOTAL
SFY 2000	$734,925,676	$434,084,158	$148,162,872	$118,800,191	$1,435,972,897
SFY 2001	$699,374,991	$453,354,282	$187,144,751	$92,662,353	$1,432,536,377
SFY 2002	$688,437,314	$461,462,478	$188,331,563	$66,660,531	$1,404,891,886
SFY 2003	$705,686,430	$466,868,121	$180,487,471	$72,191,619	$1,425,233,641
SFY 2004	$686,103,678	$485,342,143	$175,409,281	$54,747,363	$1,401,602,465

Funding Sources



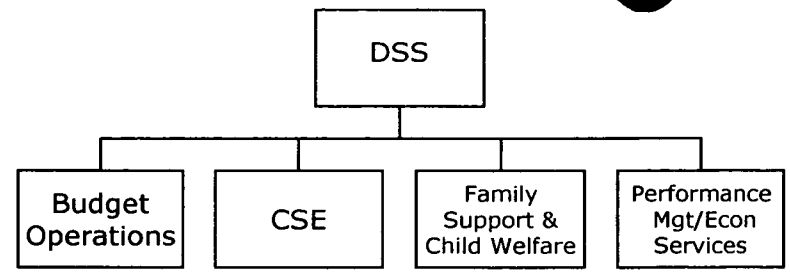


Continuation Budget



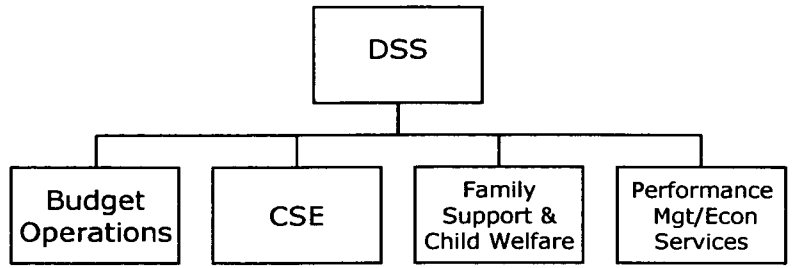
	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 PROPOSED	2006-2007 PROPOSED
TOTAL REQUIREMENTS	1,328,366,587	1,354,848,454	1,358,083,784	1,359,192,641
TOTAL RECEIPTS	1,151,557,475	1,177,482,386	1,175,767,716	1,173,886,573
NET APPROPRIATION	176,809,112	177,366,068	182,316,068	185,306,068
POSITIONS	758	757	758	758

Requirements Changes



REQUIREMENTS	2004-2005 AUTHORIZED	2005-2006 INCR/DECR	2005-2006 TOTAL	2006-2007 INCR/DECR	2005-2006 TOTAL
STATE ADMINISTRATION	20,772,431	-10,231	20,762,200	-2,571	20,769,860
PERF MGT/ECON SVCS	25,298,157	-784,882	24,513,275	-784,882	24,513,275
CHILD WELFARE SVCS	49,812,500	174,685	49,987,185	188,161	50,000,661
REFUGEE ASSISTANCE PROGRAMS	3,364,620	663	3,365,283	663	3,365,283
AID TO COUNTIES	291,693,790	50,000	291,743,790	60,000	291,753,790
SPECIAL ASSISTANCE FOR ADULTS	133,868,991	1,954,014	135,823,005	2,665,251	136,534,242
CHILD SUPPORT ENFORCEMENT	41,074,760	1,851,081	42,925,841	2,217,565	43,292,325
TOTAL		3,235,330		4,344,187	

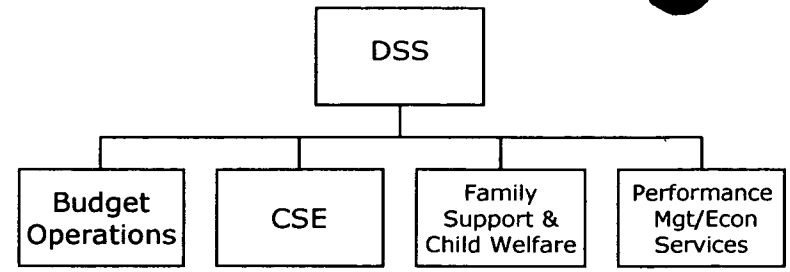
Receipts Changes*



RECEIPTS	2004-2005 AUTHORIZED	2005-2006 INCR/DECR	2005-2006 TOTAL	2006-2007 INCR/DECR	2005-2006 TOTAL
STATE ADMINISTRATION	13,477,092	2,389	13,479,481	6,193	13,483,285
PERF MGT/ECON SVCS	22,013,739	2,617	22,016,356	2,617	22,016,356
CHILD WELFARE SVCS	33,186,011	-1,253,336	31,932,675	-1,251,291	31,934,720
REFUGEE ASSISTANCE PROGRAMS	3,364,620	663	3,365,283	663	3,365,283
SPECIAL ASSISTANCE FOR ADULTS	66,934,494	977,007	67,911,501	1,332,625	68,267,119
COUNTY SVCS PROGRAM	473,230,585	-1,698,737	471,531,848	-4,146,283	469,084,302
CHILD SUPPORT ENFORCEMENT	33,054,141	254,727	33,308,868	459,663	33,513,804
TOTAL		-1,714,670		-3,595,813	

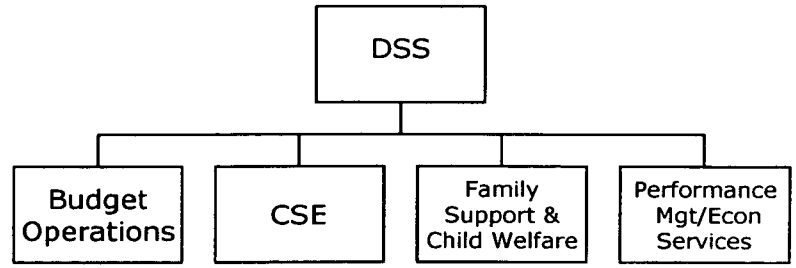
* Receipt changes are estimates.

IV-D Trends



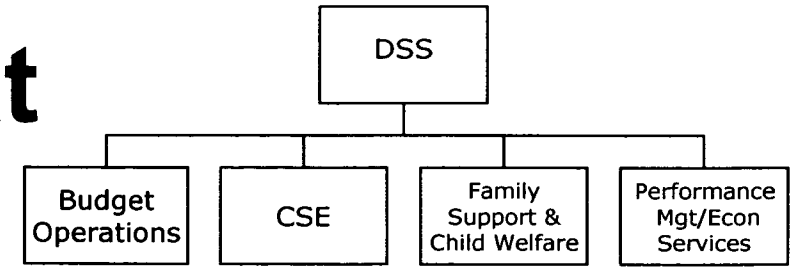
SFY	PROGRAM	AUTHORIZED	ACTUAL	DIFFERENCE	TOTAL DIFFERENCE
2000-01	County Services Programs	9,102,629	9,102,629	0	
	Child Support Enforcement	4,700,000	2,000,000	2,700,000	
		13,802,629	11,102,629	2,700,000	2,700,000
2001-02	County Services Programs	10,339,177	8,877,892	1,461,285	
	Child Support Enforcement	4,200,000	904,686	3,295,314	
		14,539,177	9,782,578	4,756,599	7,456,599
2002-03	County Services Programs	11,235,177	8,225,004	3,010,173	
	Child Support Enforcement	3,624,625	692,775	2,931,850	
		14,859,802	8,917,779	5,942,023	13,398,622
2003-04	County Services Programs	13,839,177	7,803,325	6,035,852	
	Child Support Enforcement	1,424,625	541,130	883,495	
		15,263,802	8,344,455	6,919,347	20,317,969
2004-05	County Services Programs	13,839,177	7,179,059	6,660,118	
	Child Support Enforcement	1,424,625	497,839	926,786	
		15,263,802	7,676,898	7,586,904	27,904,873
2005-06	County Services Programs	13,839,177	6,604,735	7,234,442	
	Child Support Enforcement	1,424,625	458,012	966,613	
		15,263,802	7,062,747	8,201,055	36,105,928
2006-07	County Services Programs	13,839,177	6,076,356	7,762,821	
	Child Support Enforcement	1,424,625	421,371	1,003,254	
		15,263,802	6,497,727	8,766,075	44,872,003

IV-D Returns



- Decreased with reduction in Work First cash assistance cases
- Distribution changes
  - Effective 1 October 2001, support obligations paid before repayments to State and Federal Government

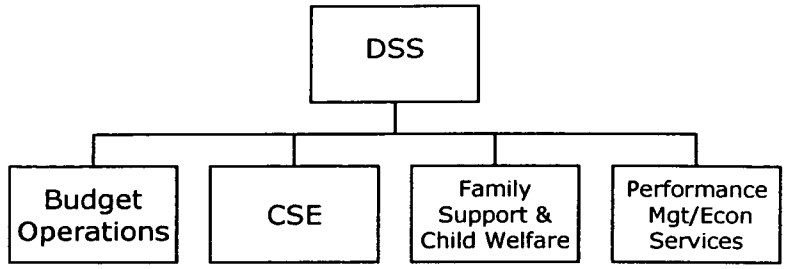
Requirements at Current Level



Programs

REQUIREMENT	BUDGET
REFUGEE ASSISTANCE PAYMENTS	772,700
WORK FIRST FAMILY ASSISTANCE	138,672,190
ENERGY ASSISTANCE	12,775,323
ADOPTION ASSISTANCE	63,878,573
FOSTER CARE ASSISTANCE	68,636,503
COUNTY PUBLIC ASSISTANCE PMTS	9,815,713
COUNTY SERVICES PROGRAM	479,875,128

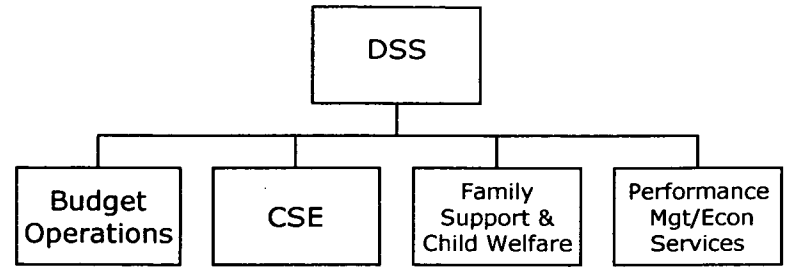
Receipts at Current Level



Programs

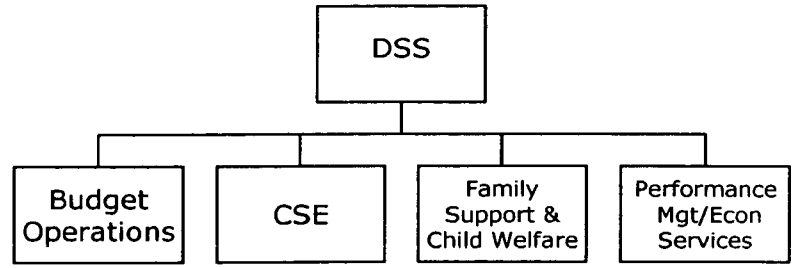
RECEIPTS	BUDGET
AID TO COUNTIES	277,118,881
REFUGEE ASSISTANCE PMTS	772,700
WORK FIRST FAMILY ASSISTANCE	119,841,508
ENERGY ASSISTANCE	12,775,323
ADOPTION ASSISTANCE	38,483,580
FOSTER CARE ASSISTANCE	59,828,798
COUNTY PUBLIC ASSISTANCE PMTS	9,815,713

Child Support Enforcement



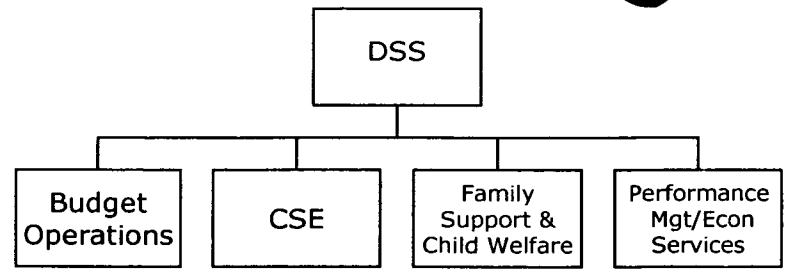
To consistently collect as much child support money as possible for the benefit of North Carolina's children.

Child Support Enforcement



- One out of five children in NC is owed child support
- Child support enforcement delivered over a half billion dollars in State fiscal year 2004
- Managed through a network of State and locally run offices

CSE Budget



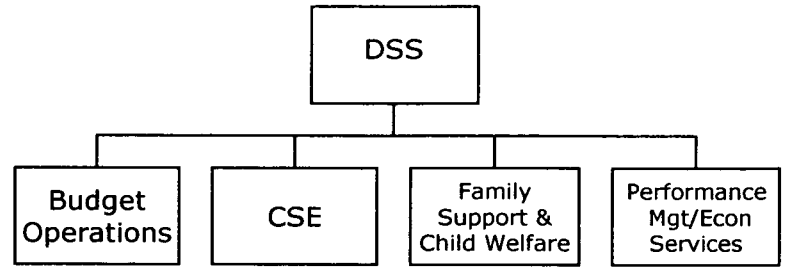
CHILD SUPPORT ENFORCEMENT	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	36,276,021	41,074,760	42,925,841	43,292,325
RECEIPTS	28,412,474	33,054,141	33,308,868	33,513,804
NET APPROPRIATION	7,863,547	8,020,619	9,616,973	9,778,521

- Increases in requirements: $1,851,081 in SFY 2005-2006 and $2,217,565 in SFY 2006-2007
  - Sheriffs' filing fee increased from $5 to $15
  - Rent in Mecklenburg County adds approximately $300,000 to requirements
  - Attorneys' fees
- Small increase in receipts: $254,727 in SFY 2005-2006 and $459,663 in SFY 2006-2007

Child Support Enforcement President's Budget

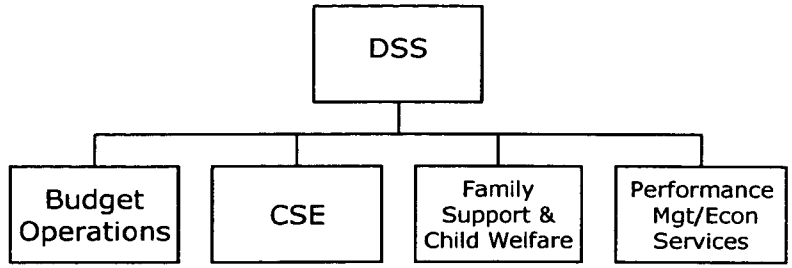
State	2004 Mandatory	2005 Pres. Budget	2005 Mandatory	2006 Pres. Budget	Change FY 05-06
Georgia	87,095,000	89,769,000	88,260,000	90,642,000	2,382,000
North Carolina	78,273,000	95,356,000	79,321,000	81,461,000	2,140,000
South Carolina	32,663,000	27,085,000	33,100,000	33,993,000	893,000
Tennessee	56,793,000	56,167,000	57,553,000	59,106,000	1,553,000
Virginia	52,295,000	76,594,000	52,995,000	54,425,000	1,430,000

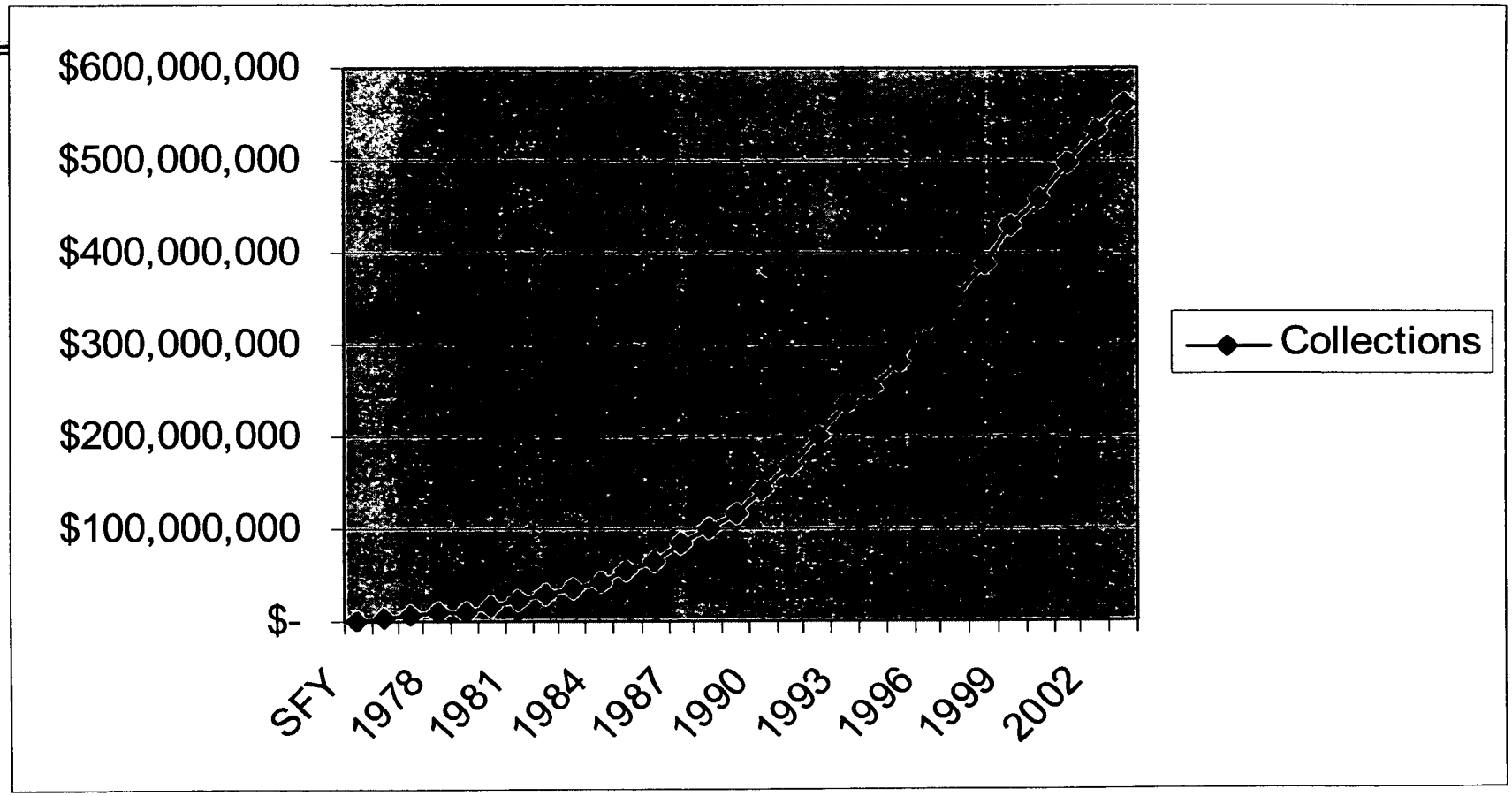
Services Provided



- Location of non-custodial parents
- Paternity establishment for children born outside of marriage
- Establishment of support obligations
- Collection and distribution of support
- Enforcement of support obligations

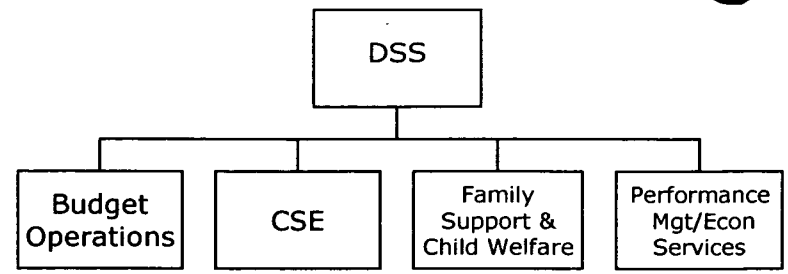
Collections





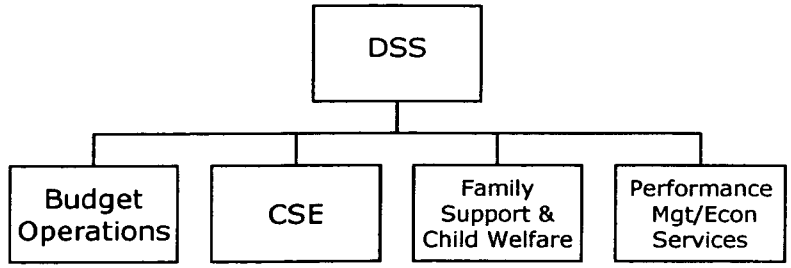
* As of 12/31/04, the program estimates it will collect $602,918,531 for SFY 05.

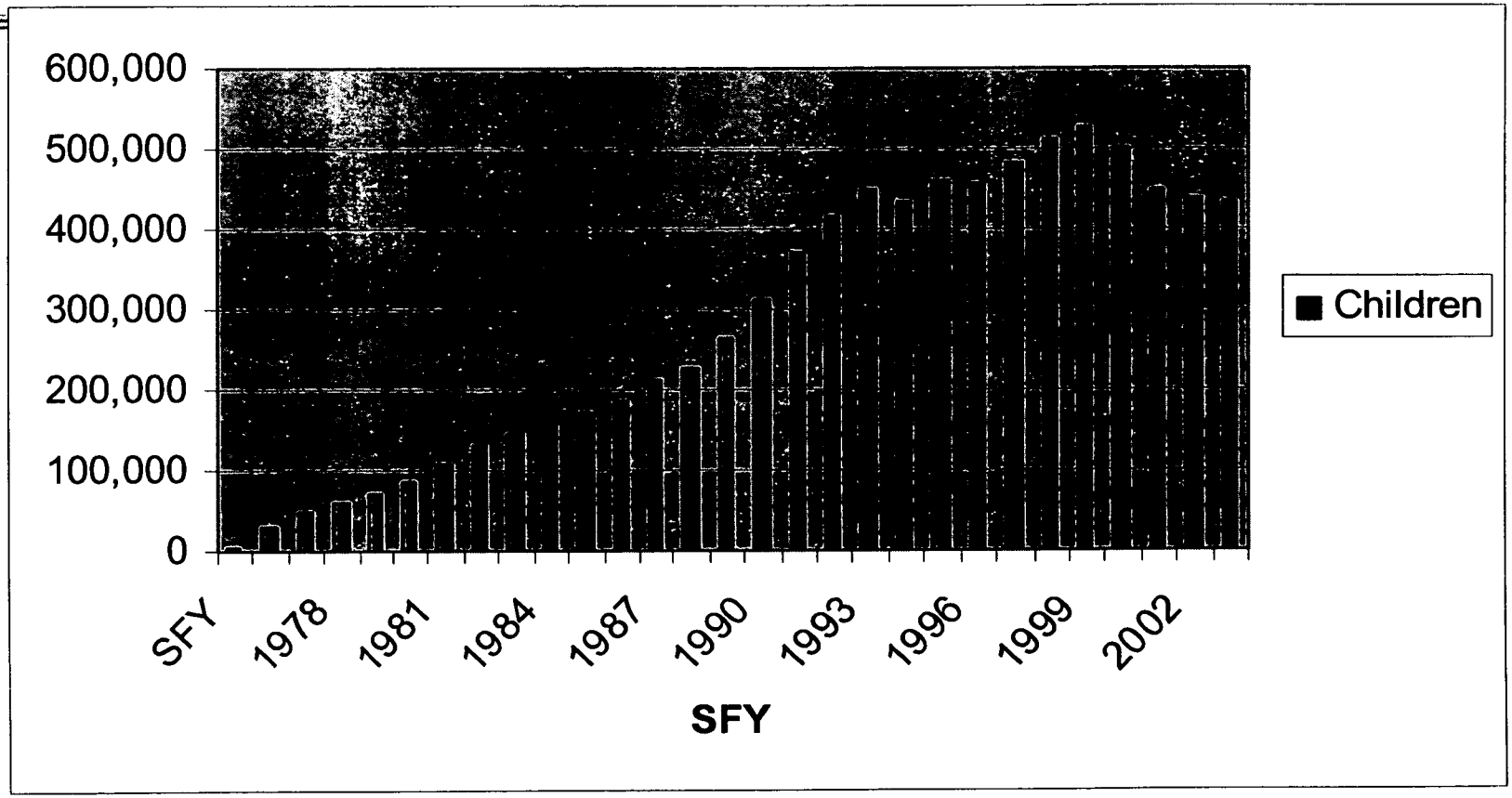
Sources of Collections



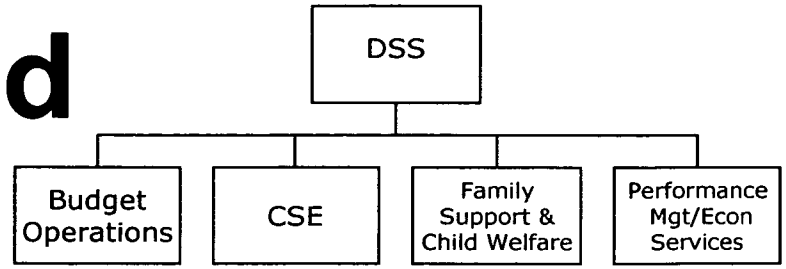
- Income Withholding $408,051,623
- Other States $48,257,329
- Federal Tax Refunds $28,565,043
- Unemployment $10,915,281
- State Tax Refunds $5,990,431

Children


DSS
Budget Operations
CSE
Family Support & Child Welfare
Performance Mgt/Econ Services

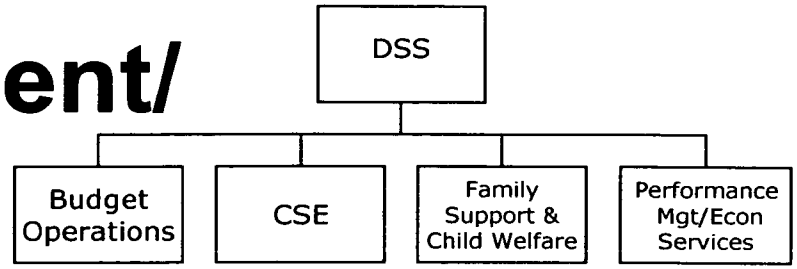

600,000
500,000
400,000
300,000
200,000
100,000
0
SFY
1978
1981
1984
1987
1990
1993
1996
1999
2002
SFY
Children

Family Support and Child Welfare



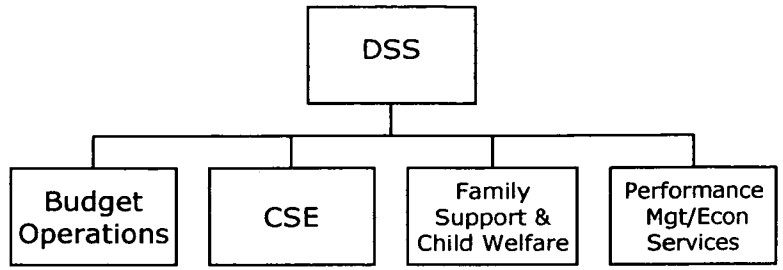
The Family Support Section is committed to providing family centered services to children and families to achieve well-being through ensuring self-sufficiency, support, safety, and permanency.

Performance Management/ Economic Services



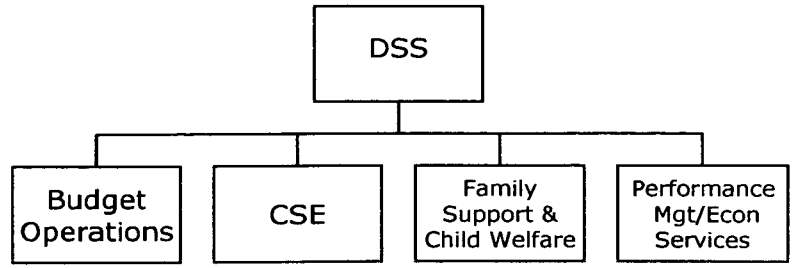
- Program Compliance
- Economic Services
- Quality Assurance
- Hearings and Appeals
- Performance Reporting and Automation

Program Compliance



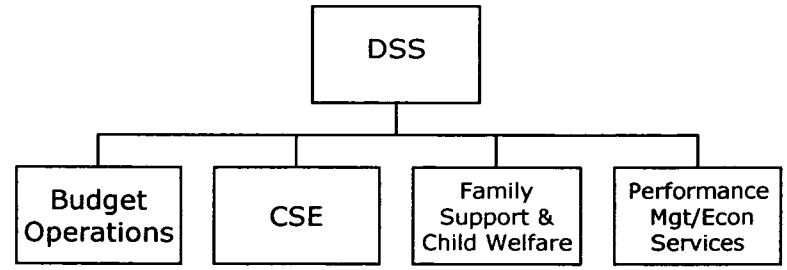
- Managing the Division's APA process
- Staffing the Social Services Commission
- Coordination of the Division's contract activities
- Management of the Division's compliance with Title VI
- Coordination of Division's HIPAA effort

Program Compliance (2)



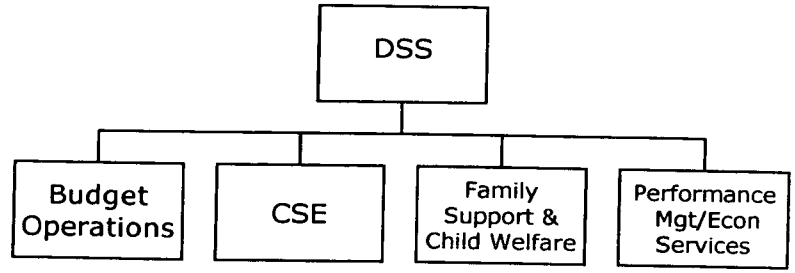
- Administrative Services
  - Purchasing
  - Facility Management
  - Parking
  - Printing
  - Inventory and Asset Control
  - Telephone Service
  - Safety
  - Warehouse Management

Economic Services



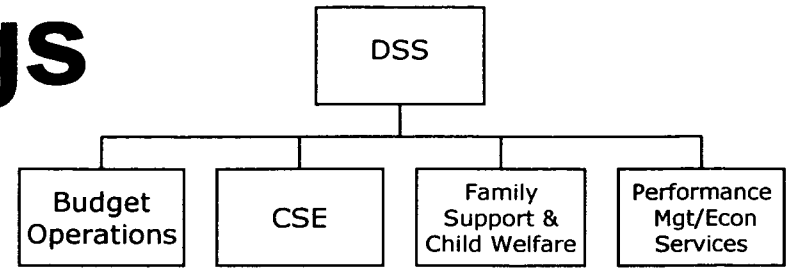
- Guidance and Supervision
  - Food Stamp Program
  - Energy Program
- Program Integrity Activities
- Refugee Services Program

Quality Assurance



- Monitors the Food Stamp Program
- Provides feedback to Federal and State officials
- Works to enhance service delivery and improve program outcomes

Office of Hearings and Appeals

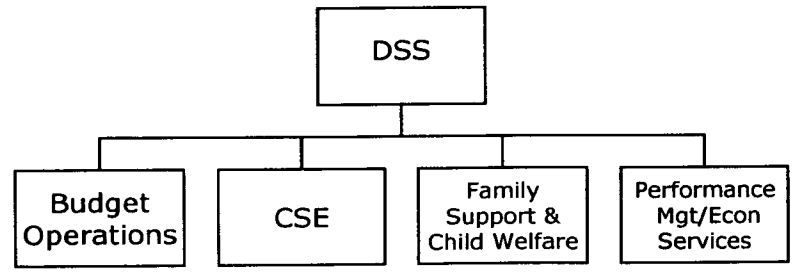


- Safeguards the interests of clients of the human services system
- Ensures equitable administration of programs

North Carolina General Statute 108-79A: A public assistance applicant or recipient shall have the right to appeal the decision of the county board of social services, county department of social services, or the board of county commissioners granting, denying, terminating, or modifying assistance, or the failure of the county board of social services or county department of social services to act within a reasonable time under the rules and regulations of the Social Services Commission or the Department.

Performance Reporting and Automation

- Collect, analyze, and report data as it relates to the programs operated by the Division
- Provide automation support for the various computerized systems operated and/or utilized by the Division
- Program planning and evaluation
- Systems analysis and maintenance
- Internet utilization



Questions

3-16-05

Children's Programs

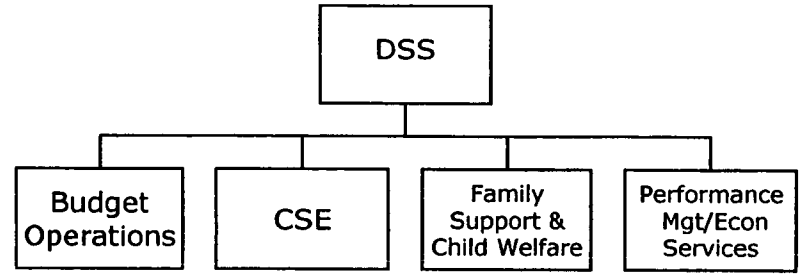
Children's Programs

- Child Support Enforcement
- Child Protective Services
- Child Placement Services
- Foster Care
- NC LINKS
- Interstate Services
- Adoption Services
- Licensing Services

Special Initiatives/Programs

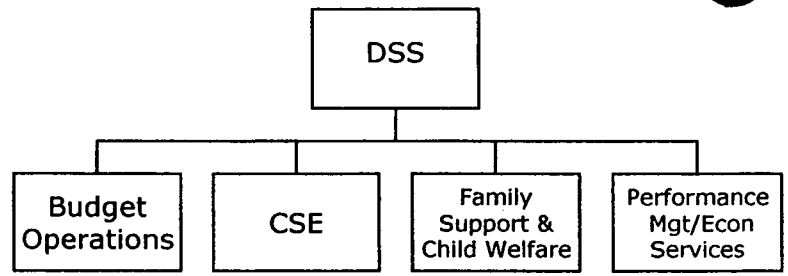
- Challenge for Children
- Community Child Protection Teams
- Multiple Response System

Child Welfare



- Foster Care
- Adoptions
- Child Protective Services
- Family Preservation and Support Services

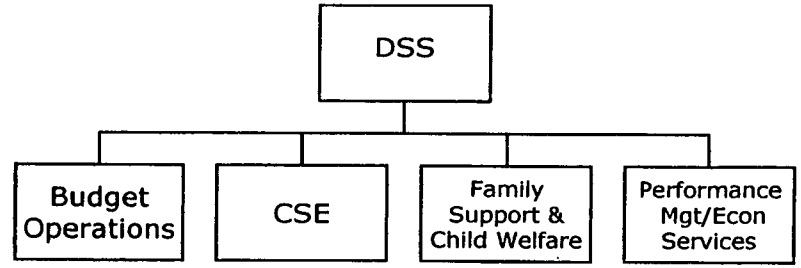
Child Welfare Budget



CHILD WELFARE SERVICES	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	40,471,232	49,812,500	49,987,185	50,000,661
RECEIPTS	25,965,914	33,186,011	31,932,675	31,934,720
NET APPROPRIATION	14,505,318	16,626,489	18,054,510	18,065,941

- Small increases in requirements: $174,685 in SFY 2005-2006 and $188,161 in SFY 2006-2007
- Significant decrease in receipts: $1,253,336 in SFY 2005-2006 and $1,251,291 in SFY 2006-2007
    - Result of over-realized receipts for IV-E

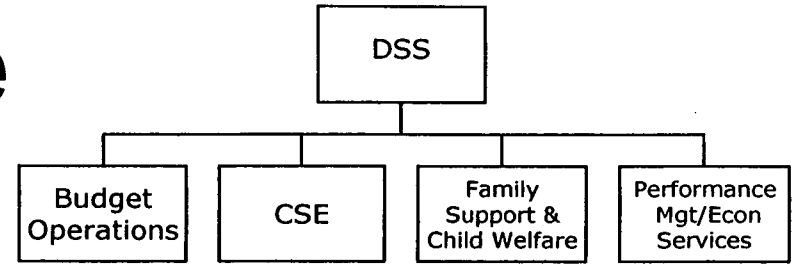
Child Protective Services



- Ensure safe, permanent ,nurturing families for children by protecting them from abuse and neglect while attempting to preserve the family unit
- Protect children without a parent, guardian or custodian

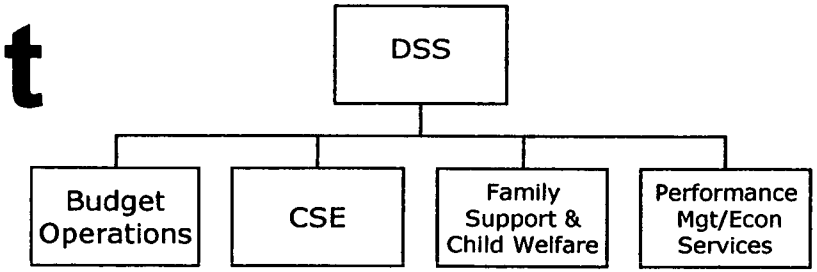
CHILD PROTECTIVE SERVICES	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	108,284,771	79,528,045	8,263,922	326,172	18,464,269	1,702,363
		73.44%	7.63%	0.30%	17.05%	1.57%
SFY 02-03	108,642,631	80,592,615	8,229,904	157,585	19,468,962	193,565
		74.18%	7.58%	0.15%	17.92%	0.18%
SFY 03-04	119,671,257	85,212,672	10,151,980	165,054	23,920,348	221,203
		71.21%	8.48%	0.14%	19.99%	0.18%

Child Protective Services



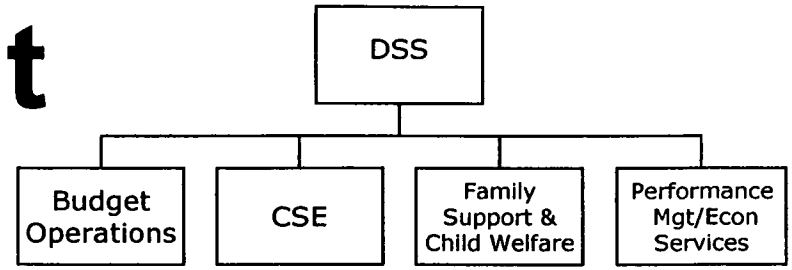
- Services include:
  - Assessing suspected cases of abuse or neglect
  - Assisting the family in diagnosing the problem
  - Providing in-home counseling and supportive services to help children stay with their families
  - Coordinating community and agency services for the family
  - Petitioning the court for removal of the child, if necessary
  - Providing public information about child abuse, neglect, and dependency

Child Placement Services



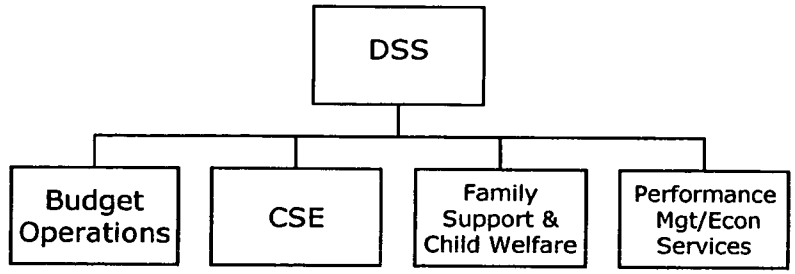
- Temporary homes for children in DSS custody
- Supervision of children in foster care
- Ongoing counseling and support services
- Extra counseling and support for families and foster parents of ill, disabled or delinquent children

Child Placement Services (2)



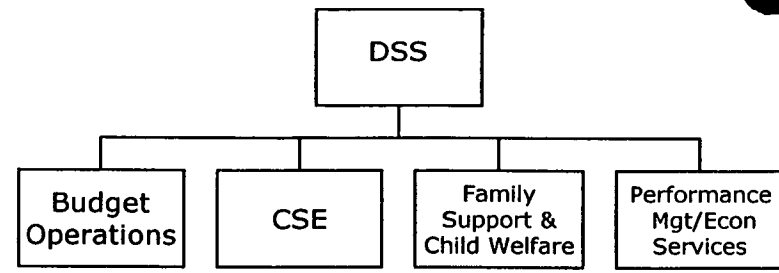
- Petitioning the court for termination of parental rights
- Making adoption recommendations
- Recruiting, screening, training, monitoring, and licensing foster homes

Title IV-E



- Provides for foster care payments and adoption assistance
- Links eligibility to the Aid to Families with Dependent Children (AFDC) program as it was in effect on 16 July 1996
- State must determine that child was AFDC-eligible in the home from which he/she was removed
- Child must be needy and deprived of parental support

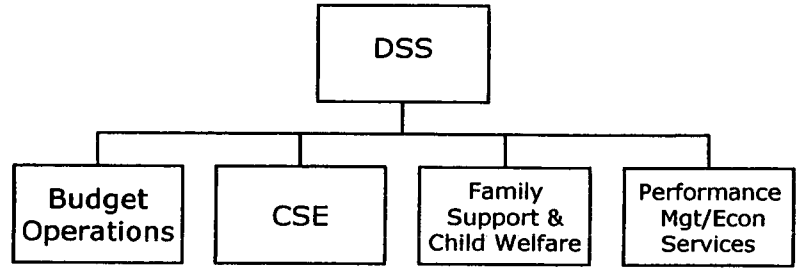
Foster Care



- Temporary living arrangement for abused, neglected, and dependent children
- DSS custody
- Families are trained and licensed
- Financial compensation provided to foster families

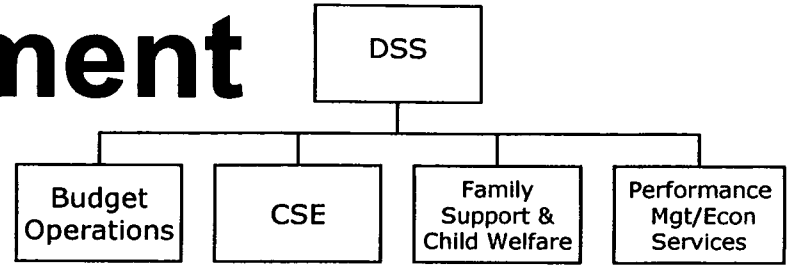
FOSTER CARE	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	174,414,208	87,394,742	24,001,865	9,680,758	30,132,308	23,204,535
		50.11%	13.76%	5.55%	17.28%	13.30%
SFY 02-03	171,879,243	80,476,637	22,373,160	9,435,145	34,045,620	25,548,681
		46.82%	13.02%	5.49%	19.81%	14.86%
SFY 03-04	181,473,713	82,316,403	23,120,889	9,755,872	38,818,280	27,462,269
		45.36%	12.74%	5.38%	21.39%	15.13%

Children in Foster Care



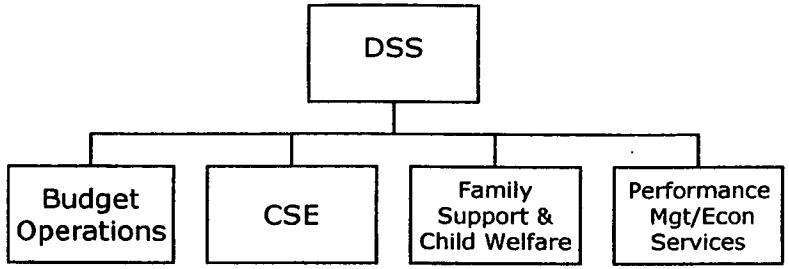
DSS Custody	June 2000	June 2001	June 2002	July 2003	June 2004
	10,849	10,255	9,775	9,820	10,112
Foster Care	**1999-2000**	**2000-2001**	**2001-2002**	**2002-2003**	**2003-2004**
	5,956	5,581	5,260	5,136	5,101

Foster Care Placement Facilities



	Facilities	Children
Family/Adoptive Foster Homes	6,414	5,172
Group Homes	816	868
Residential Child Care Facilities	40	588

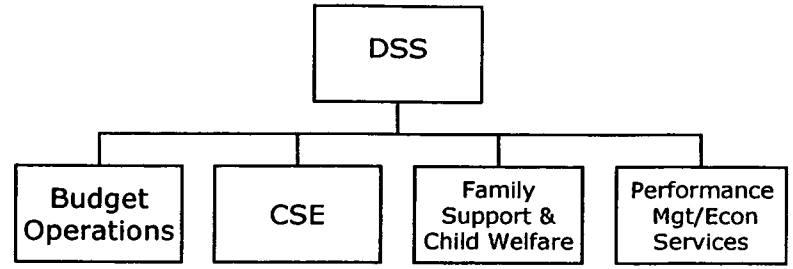
Foster Care Budget



FOSTER CARE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	65,626,810	68,636,503	68,636,503	68,636,503
RECEIPTS	56,309,978	59,828,798	59,828,798	59,828,798
NET APPROPRIATION	9,316,832	8,807,705	8,807,705	8,807,705

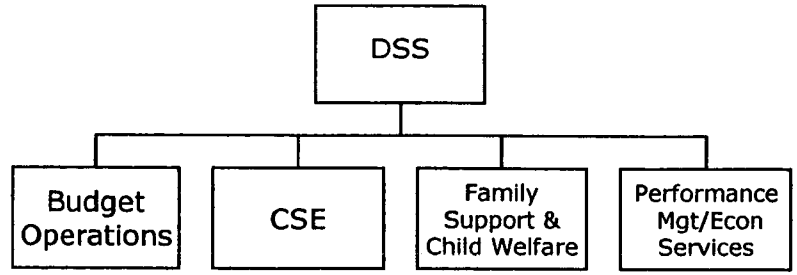
- No increases from State fiscal year 2004-2005

Foster Care Issues



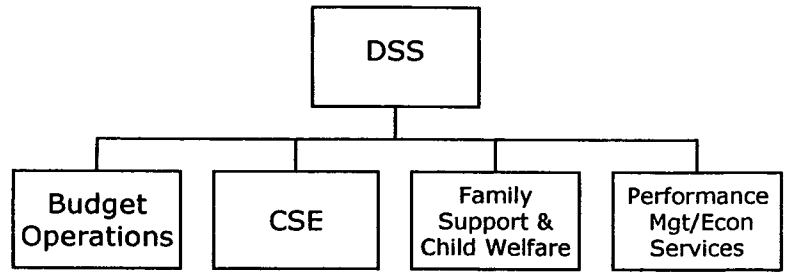
- Administration proposing that states have the option to receive a fixed sum of IV-E funding in exchange for more flexibility – requires legislation outside budget process
- Rosales v. Thompson – 9th Circuit Court of Appeals held that a child living with an interim caregiver eligible for IV-E foster care even if not eligible in home from which removed
  - Under appeal
  - Regulations have been changed

Foster Care Issues



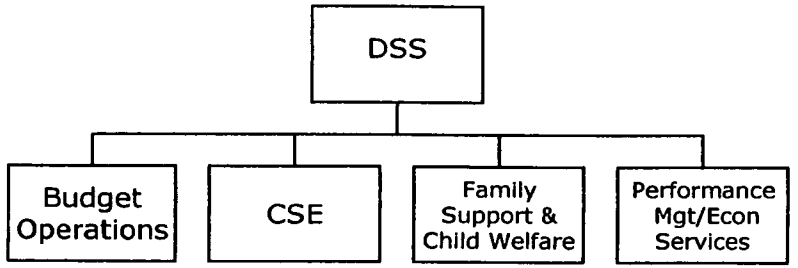
- US DHHS Proposals
  - States could not claim administrative costs for children in unlicensed foster homes
  - States cannot claim federal financial participation for foster care payments for a child in an ineligible facility

Foster Care Issues



- IV-E vs. State Funds
  - IV-E provides for foster care maintenance and adoption assistance
  - State funds if not IV-E eligible
- Use of State Funds for Foster Care CCI Agencies

State Funds Methodology



- Monthly Reimbursement
- Total IV-E Match Covered by State
- Subtracted from State Funds
- "Hold Harmless"

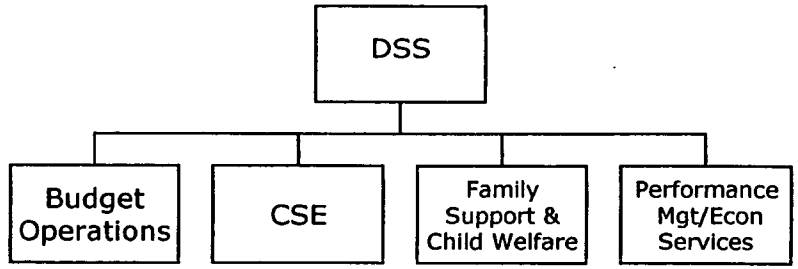
Example: January 2005

AGENCY	STATE MATCH OF IV-E PAYMENT	STATE FUNDS COMPUTATION	DIFFERENCE (SENT TO AGENCY)
Boys & Girls Home of NC	$34,452.25	$46,313.00	$11,860.75
Methodist Home for Children	$36,340.55	$54,223.00	$17,882.45
Alexander Children's Center	$30,069.43	$24,808.00	($5,261.43) Not charged

Foster Care Rates in Surrounding States

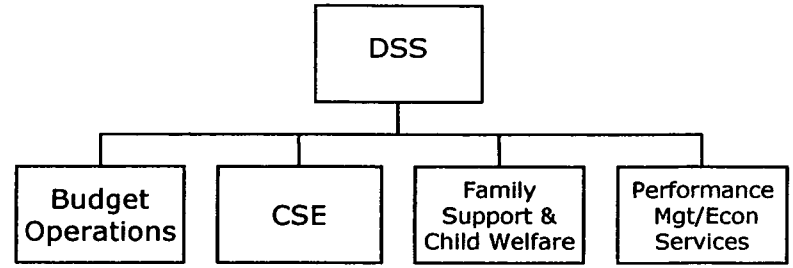
State	Rates
Georgia	$388 to $433
North Carolina	**$390 to $490**
South Carolina	$312 to $415
Tennessee	$429 to $571
Virginia	$294 to $436

Facility Rates



- Established by the DHHS Controller's Office
- Agency-specific
- Agencies must comply with NC program requirements
- Formal contract required
- Allows NC to claim additional IV-E and TEA funding

Facility Rates Range

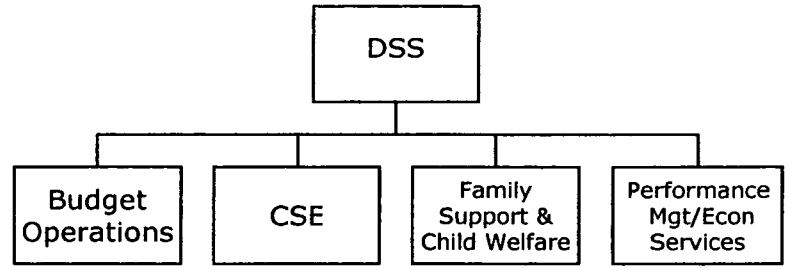


Type	Minimum	Maximum
Family Foster	915	3379
Intensive Family Foster	3720	3720
Group	2836	5887
Institutional	2957	5711
Emergency	3263	6261
Therapeutic Camping	3780	3780

President's Budget Foster Care

State	2004 Mandatory	2005 Pres. Budget	2005 Mandatory	2006 Pres. Budget	Change FY 05 to 06
Georgia	55,318,000	32,918,000	54,205,000	53,958,000	(273,000)
North Carolina	65,132,000	51,148,000	63,822,000	63,531,000	(291,000)
South Carolina	17,095,000	30,486,000	16,751,000	16,675,000	(76,000)
Tennessee	35,099,000	23,361,000	34,393,000	34,237,000	(156,000)
Virginia	84,761,000	89,955,000	83,056,000	82,678,000	(378,000)

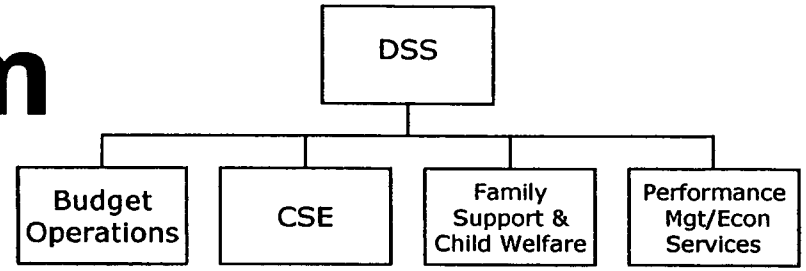
NC LINKS



- Program to assist youths and young adults with extended time in foster care to transition to self-sufficiency
- Program covers
  - All youth in foster care between 16 and 18
  - Young adults 18-21 who are voluntarily in care

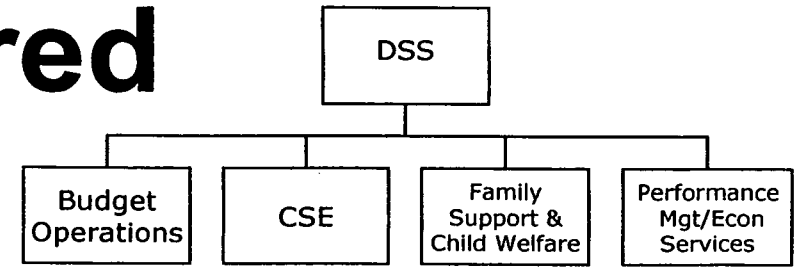
  Note: Counties are encouraged to provide services to youth in foster care ages 13-15 and to youth and young adults discharged from their custody prior to their 18th birthday.

NC LINKS Program Elements



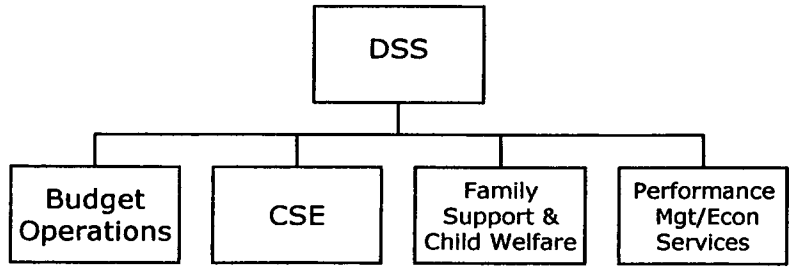
- Assessment of youth's strengths, as well as needs for further information and training
- Plan which includes youth's interests and goals, as well as responsibilities to fulfill their plan
- Services required for the youth to achieve the desired outcome

NC LINKS Desired Outcomes



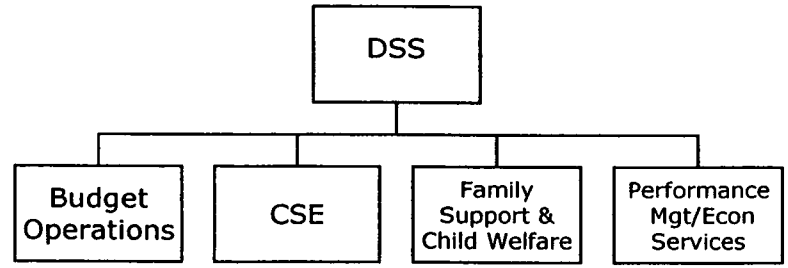
- Sufficient income
- Safe and stable place to live
- Sufficient academic/vocational training
- Connections to and emotional support from adults outside the child welfare system
- Postponement of parenthood
- Access to routine health care

NC LINKS Outcomes



- 16-20 year olds eligible has increased significantly
  - 2001-02 1595
  - 2005-06 2063
- Progress in academic achievement
  - 2001 30.0% HS Diploma/6% GED
  - 2004 51.8% HS Diploma/13% GED
  - 41.6% Further Education

NC LINKS Outcomes



- Measurable progress in job stability, economic self-sufficiency, stable housing, personal support networks, avoidance of high risk behaviors, and access to health care
- Pregnancy/parenting rates almost double state average
  - Working with Department of Public Instruction and Division of Maternal and Child Health

President's Budget Independent Living

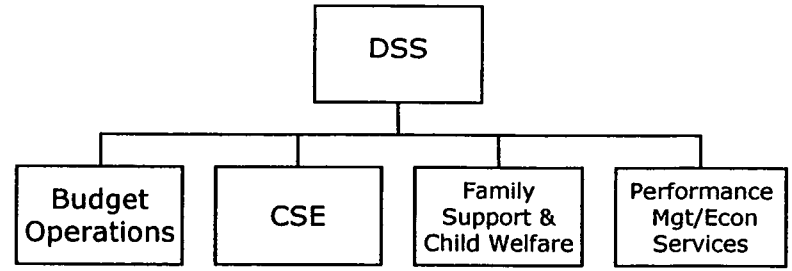


- $60 million in vouchers for college or vocational training for foster care youth ages 16-21 ($13 million increase)



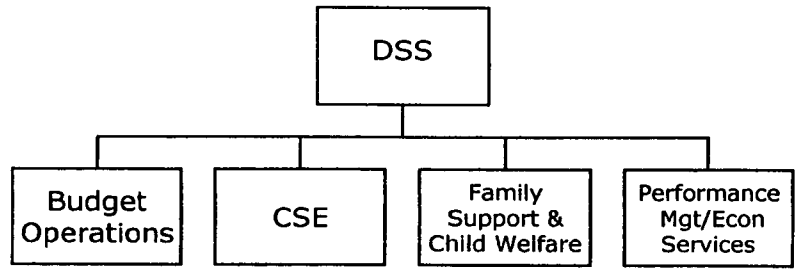
- $40 million for Independent Living Program

Interstate Services



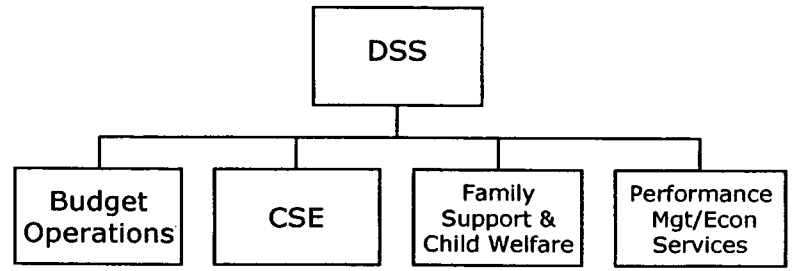
- Compacts help states oversee interstate foster care, relative, and adoptive placement, improve surveillance of delinquent youth, and locate and return runaways.
- Ensure
  - Suitable environment
  - Assessment by authorities in that state
  - Sufficient information provided to authorities in NC
  - Appropriate jurisdictional arrangement for the care of the children

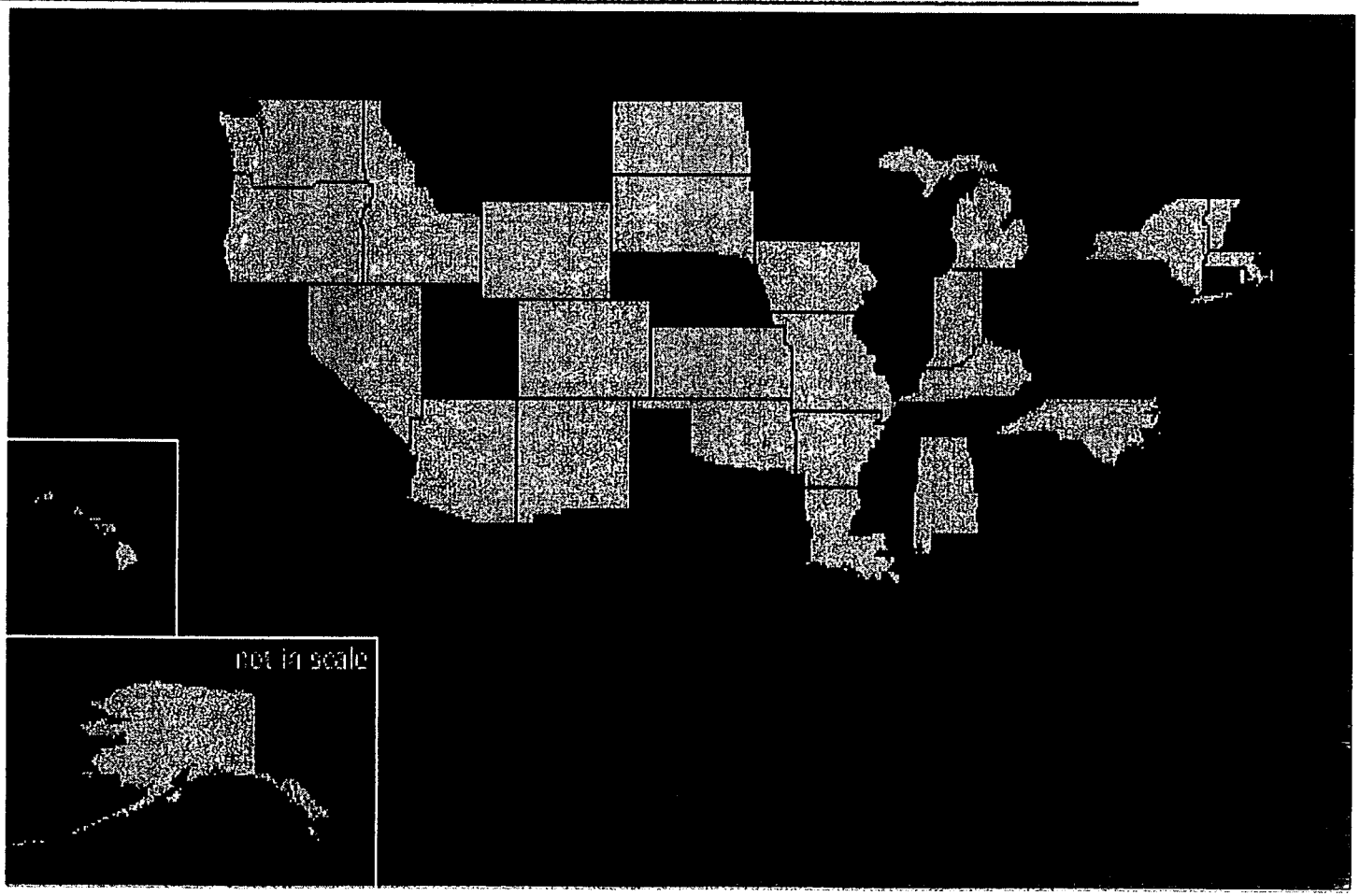
NC's Interstate Compacts



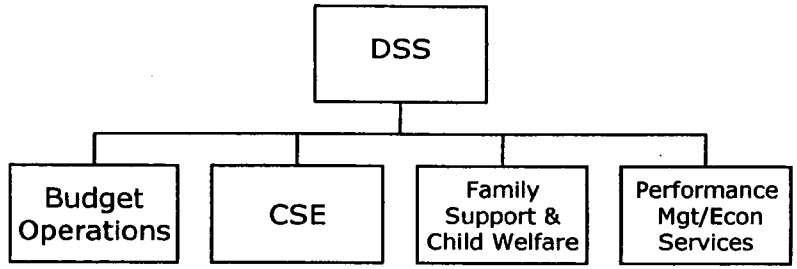
- The Interstate Compact on Juveniles (ICJ)
  - Delinquents or runaway juveniles
  - Administered by DJJDP
- The Interstate Compact on the Placement of Children (ICPC)
  - Interstate adoptions, foster care, and relative placements
  - Administered by DSS
- The Interstate Compact on Adoption and Medical Assistance (ICAMA)
  - Special needs adoptions
  - Ensure consistency

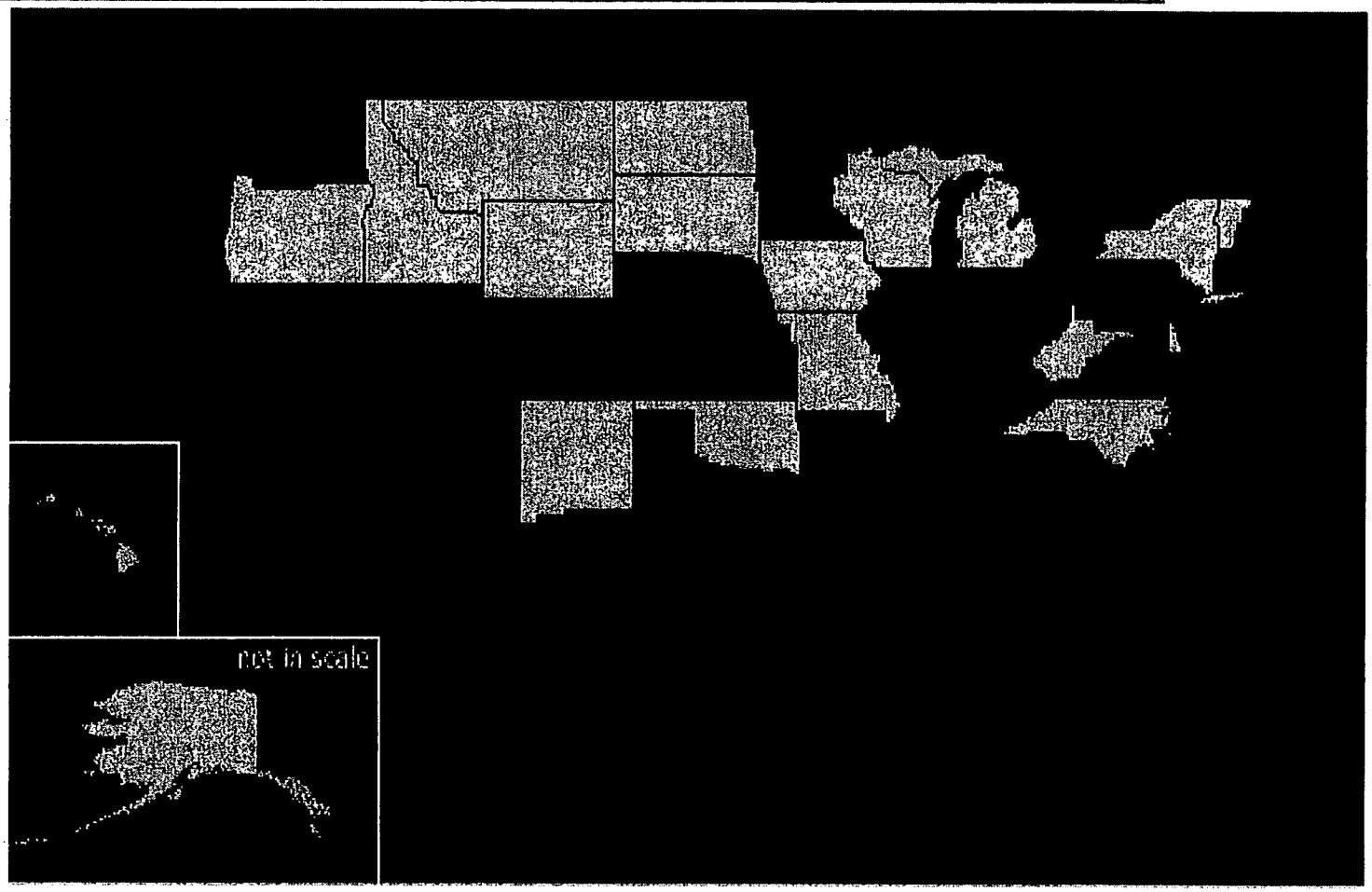
Children from North Carolina



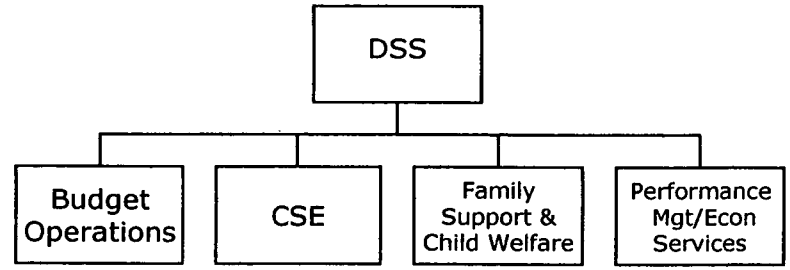


Children in North Carolina





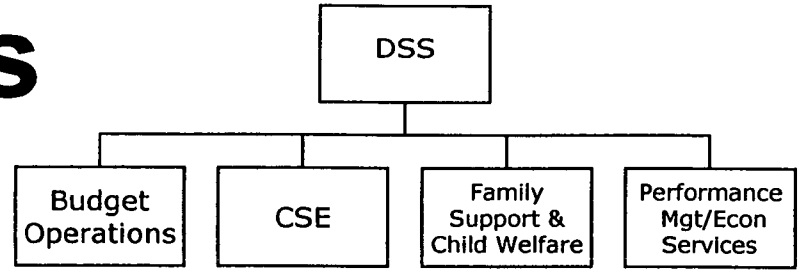
Adoption Services



- Designed to find permanent homes for children
- Children waiting for adoption include:
  - Children with special needs
  - Sibling groups and teenagers
  - Minority children
- Many children eligible for support services
- Exchange program to match children with families

ADOPTIONS	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	54,063,529	28,962,740	13,910,510	670,684	8,161,441	2,357,974
		53.57%	25.73%	1.24%	15.10%	4.36%
SFY 02-03	57,345,341	26,650,965	19,289,270	514,398	9,350,580	1,540,128
		46.47%	33.64%	0.90%	16.31%	2.69%
SFY 03-04	72,357,569	34,291,006	23,436,361	449,802	11,690,249	2,490,151
		47.39%	32.39%	0.62%	16.16%	3.44%

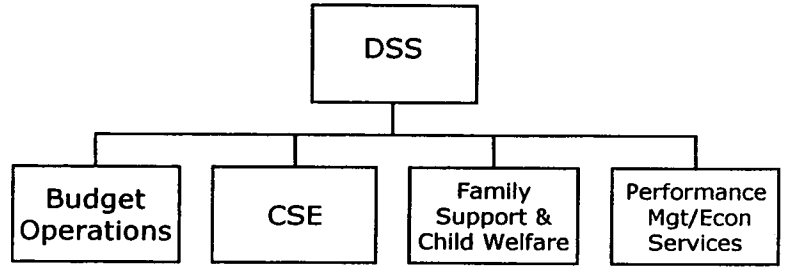
Adoption Services Budget



ADOPTION ASSISTANCE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	58,880,852	63,878,573	63,878,573	63,878,573
RECEIPTS	37,566,099	38,483,580	38,483,580	38,483,580
NET APPROPRIATION	21,314,753	25,394,993	25,394,993	25,394,993

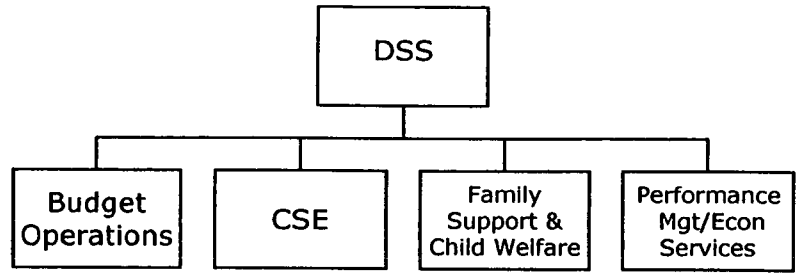
- No change in funding level from previous State fiscal year

Adoptions



Year	Children Legally Free for Adoption	Total Adoptions	Public Agency Adoptions (DSS)
1999-2000	1,097	3,266	1,233
2000-2001	1,257	3,694	1,574
2001-2002	1,358	3,557	1,482
2002-2003	1,170	3,291	1,333
2003-2004	1,024	3,608	1,372

Children Currently Awaiting Adoption



Age	0-5	6-12	13 and older	Total
Male	84	140	245	469
Female	62	114	186	362
Total	146	254	431	831

Children Currently Waiting for Adoption by Age and Race (Male)

Race	0-5	6-12	13 and Older	TOTAL
White	20	63	109	142
Hispanic	13	7	4	24
Black	42	63	123	228
Native American	3	4	2	9
Asian	0	0	2	2
Pacific Islander	1	0	0	1
Other	5	3	5	13
TOTAL	84	140	245	469

Children Currently Waiting for Adoption by Age and Race (Female)

Race	0-5	6-12	13 and Older	TOTAL
White	20	47	84	151
Hispanic	4	8	5	17
Black	33	54	94	181
Native American	2	1	2	5
Asian	0	0	0	0
Pacific Islander	1	1	0	2
Other	2	3	1	6
TOTAL	62	114	186	362

Race, Color or National Origin as Considerations in Adoption and Foster Care

- Addressed in Multiethnic Placement Act as amended by the Interethnic Adoption Provisions of 1996
- Viewed in conjunction with Title VI of the Civil Rights Act of 1964

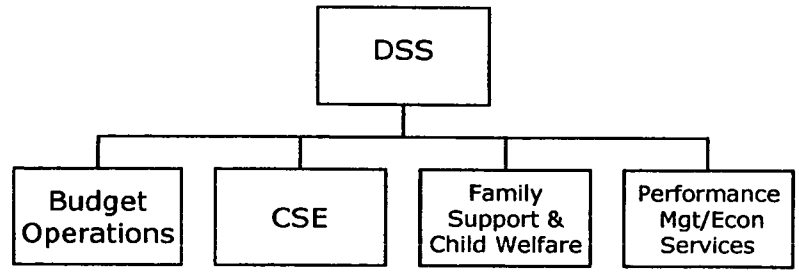
The Multiethnic Placement Act Intentions

- Decrease the length of time children wait to be adopted
- Prevent discrimination on the basis of race, color, or national origin
- Facilitate the identification and recruitment of foster and adoptive parents who meet children's needs
- May consider child's cultural, ethnic, and racial background and the capacity of the foster or adoptive parents to meet the needs of a child of this background

The Multiethnic Placement Act Mandates

- Prohibits states and other entities involved in adoption or foster care that receive federal funding from delaying or denying foster care or adoptive placement on the basis of the child or prospective parent's race, color, or national origin
- Prohibits states/entities from denying any individual the opportunity to become a foster or adoptive parent on the basis of the prospective parent or child's race, color, or national origin
- Requires states/entities to diligently recruit foster and adoptive parents who reflect the racial and ethnic diversity of children in the state who need foster or adoptive homes

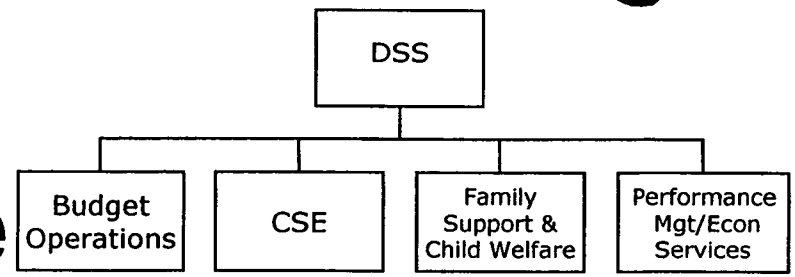
Special Needs Adoptions



- Handicaps
- Family group to be placed together
- Membership in certain minority groups
- Age of child
- Need for placement with a known and approved family

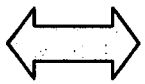
➢**99% of children adopted from foster care fit in one or more of these categories.**

Special Needs Adoption Assistance



- Monthly payment
  - $390 for children 0-5
  - $440 for children 6-12
  - $490 for children 13-18
- Supplemental for HIV positive children
  - $800 for indeterminate status
  - $1000 confirmed, asymptomatic
  - $1200 confirmed, symptomatic
  - $1600 terminally ill with complex care needs

President's Budget Adoptions



- $32 million for adoption incentives program☆

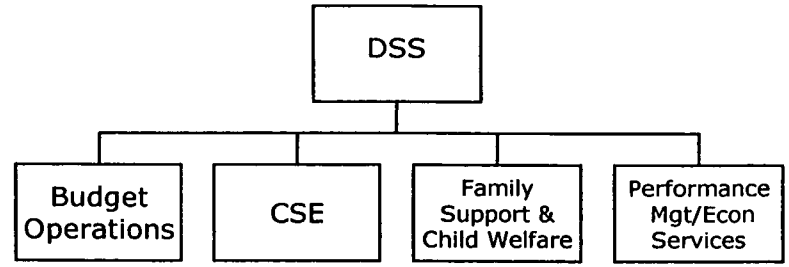


- $1,795,005,000 for adoption assistance grant-in-aid*
  - North Carolina would receive $24,354,000, an increase of $1,248,000*

☆ NCSL

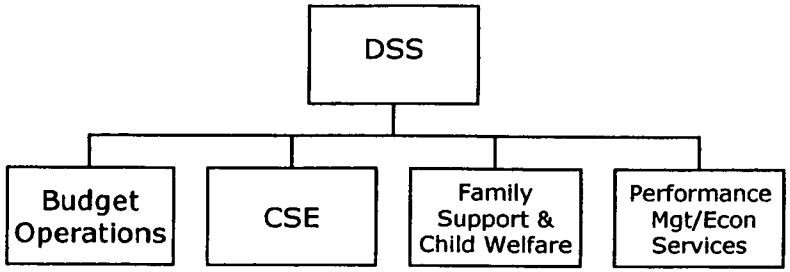
* Federal Funds Information for States

Licensing



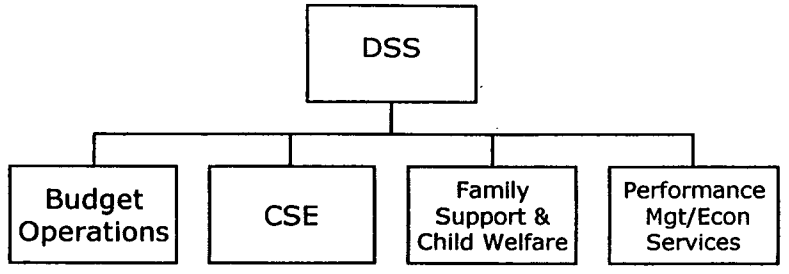
- Child Placing Agencies
- Family Foster Homes
- Maternity Homes
- Residential Child Care Homes

Licensing



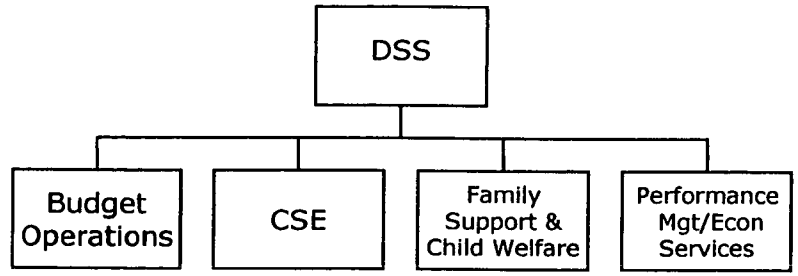
- Requirement
  - Child-caring institutions
  - Residential childcare facilities
  - Group homes
  - Maternity homes
  - Adoption agencies
  - Child-placing agencies
  - Foster homes
- Licensed by DSS

Licensing vs. Accrediting



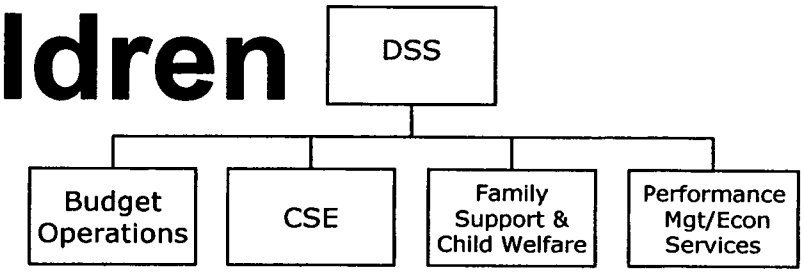
- CCIs licensed by State in order to operate
- Accreditation is voluntary and supported by DSS
  - Council on Accreditation
  - Joint Commission on Accreditation of Health Care Organizations
- 75 organizations in North Carolina currently accredited

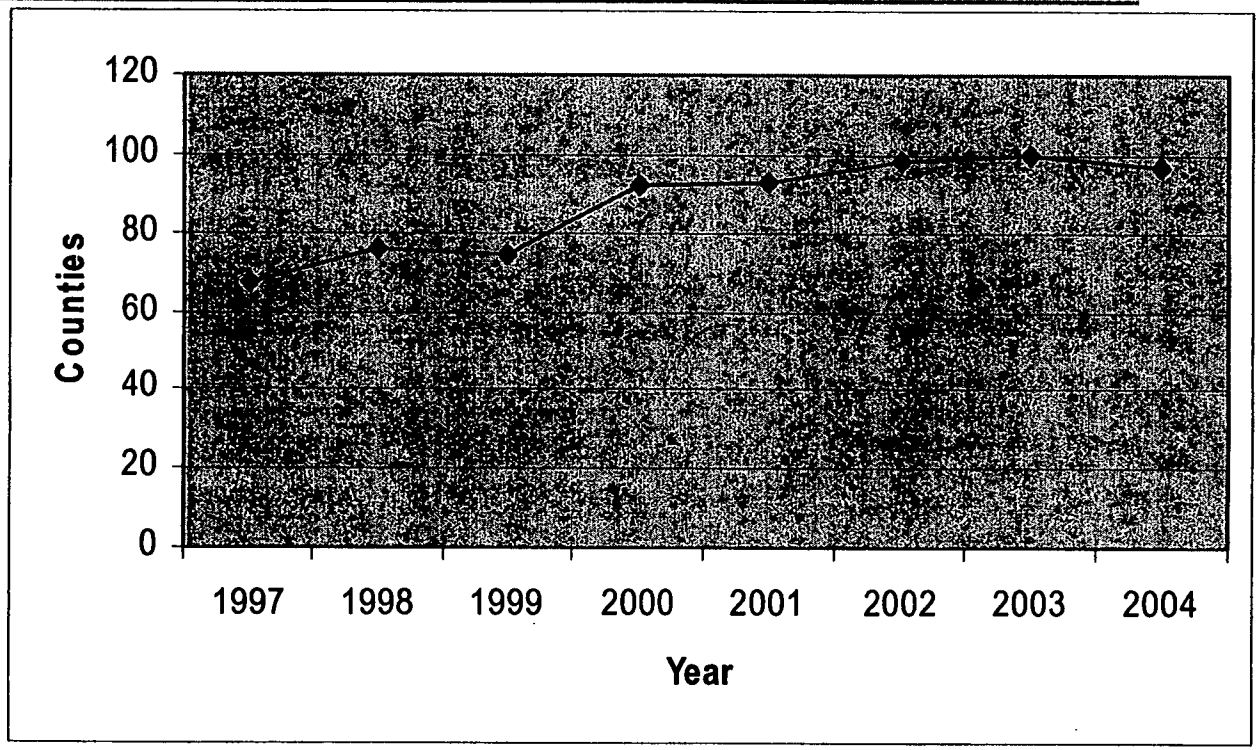
Challenge for Children



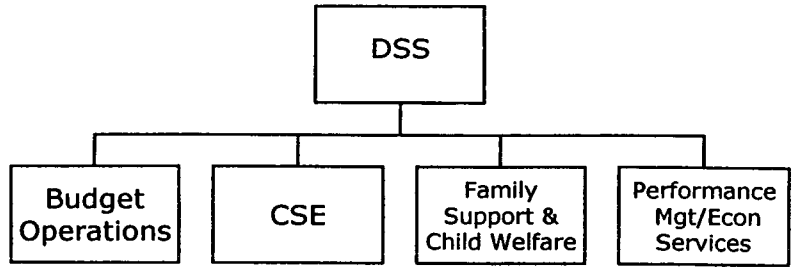
- Provide every child for whom a county DSS has legal custody with a safe and permanent home within one year
- Counties accepting the challenge are offered training opportunities and technical support

Challenge for Children Participation



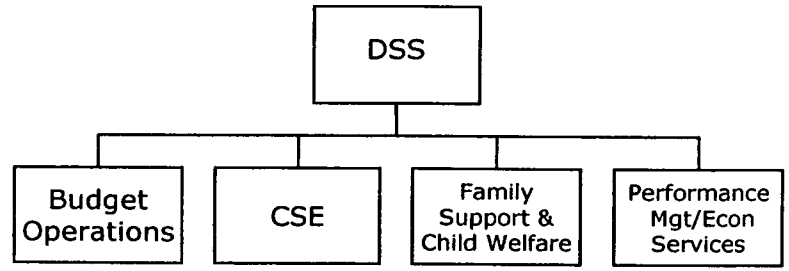


Community Child Protection Teams



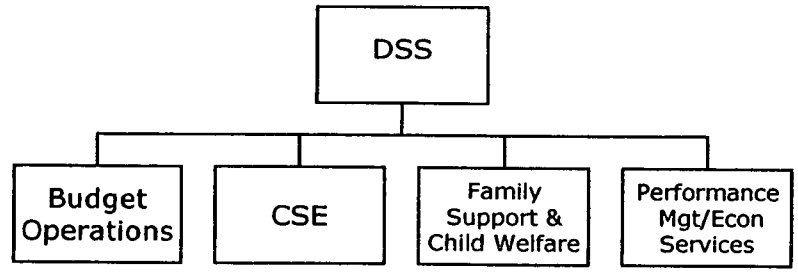
- Established in 1991
- Interdisciplinary group of community representatives who meet regularly to promote a community-wide approach to child abuse, neglect, and dependency

CCPT Members



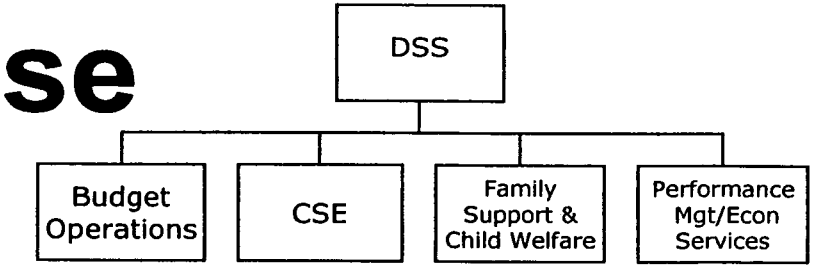
- County director of social services
- Member of director's staff
- Local law enforcement officer
- An attorney from DA's office
- Executive director of local community action agency
- Superintendent of each local school administrative unit
- Member of county board of social services
- Local mental health professional
- Local guardian ad litem coordinator or coordinator's designee
- Director of department of public health
- Local health care provider

CCPT Tasks



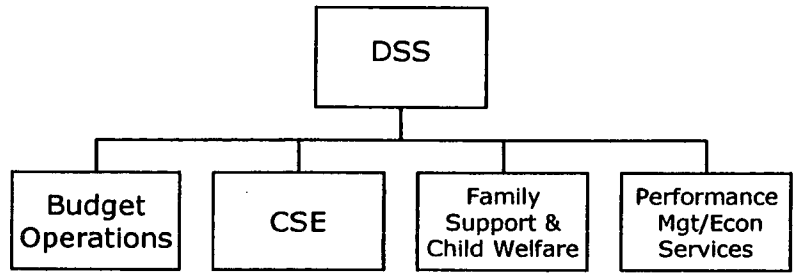
- Review active cases in which abuse, neglect, or dependency is found
- Review fatalities when DSS was involved within the past 12 months
- Report to the Board of County Commissioners and the community about the status of families in the community

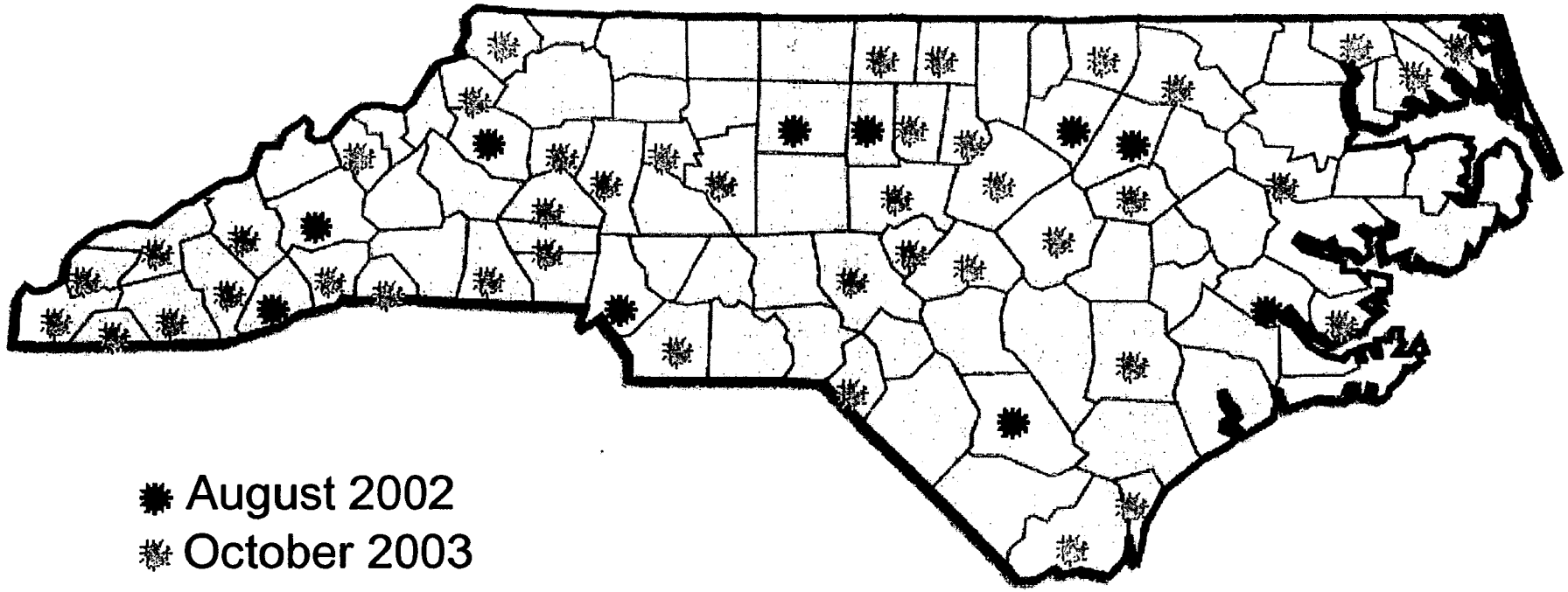
Multiple Response System



- An effort to reform the entire continuum of child welfare in North Carolina, from intake through placement services
- Began as pilot program in ten counties
- Currently 52 counties participate

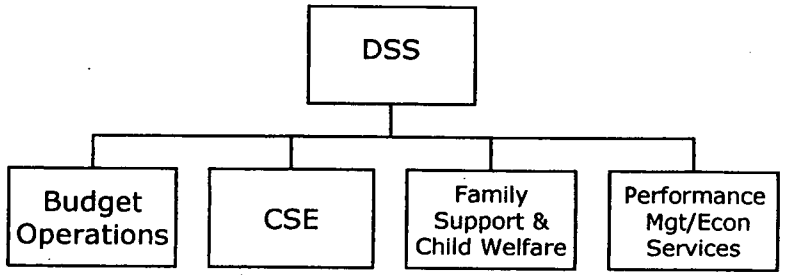
MRS Participation





- August 2002
- October 2003

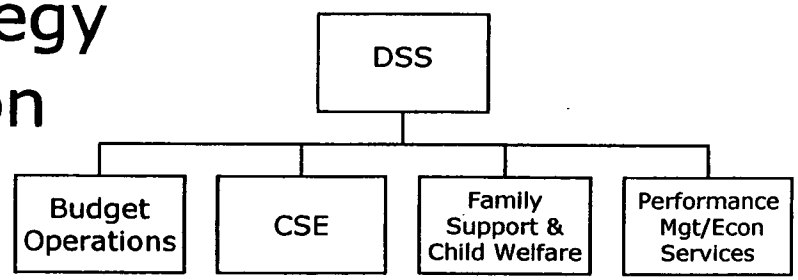
MRS Strategies



- A choice of two approaches to reports of child abuse, neglect, or dependency
- A redesign of in-home services
- A strengths-based, structured intake process
- Coordination between law enforcement agencies and child protective services for the investigative assessment approach
- Implementation of Child and Family Team meetings during the provision of in-home services
- Implementation of Shared-Parenting meetings in child placement cases
- Collaboration between the Work First Family Assistance and child welfare programs

School-Based Child and Family Support Teams

- School-based social worker/school nurse teams
- Low-wealth, high-risk settings
- DSS
  - Child and Family Team Facilitators in counties that serve selected schools
  - Facilitator located in county department of social services
  - Same as MRS strategy
  - $66,000 per position



Questions

Children's Programs

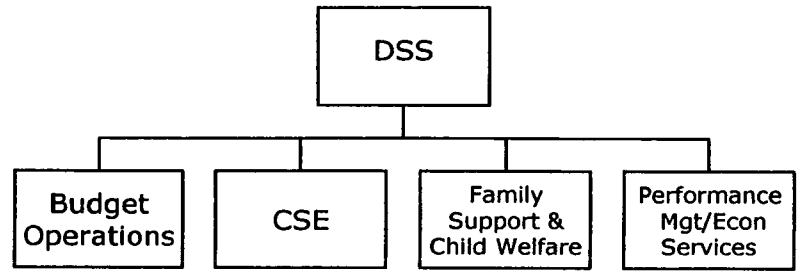
Children's Programs

- Child Support Enforcement
- Child Protective Services
- Child Placement Services
- Foster Care
- NC LINKS
- Interstate Services
- Adoption Services
- Licensing Services

Special Initiatives/Programs

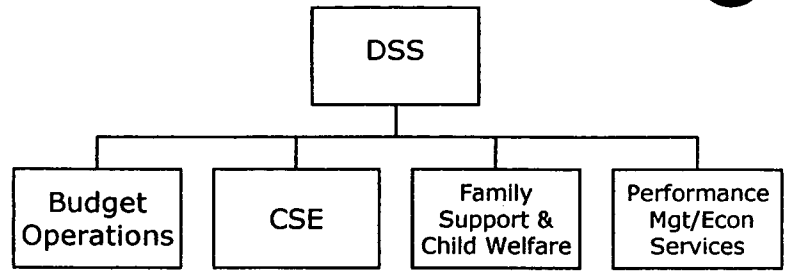
- Challenge for Children
- Community Child Protection Teams
- Multiple Response System

Child Welfare



- Foster Care
- Adoptions
- Child Protective Services
- Family Preservation and Support Services

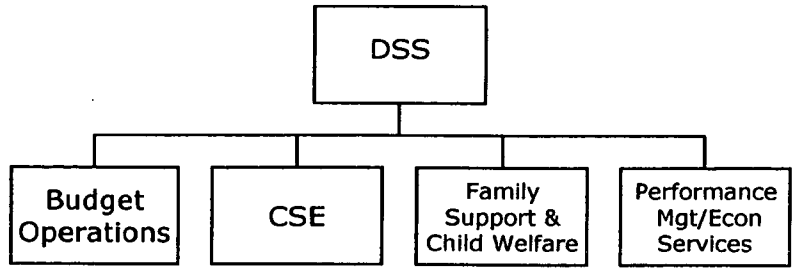
Child Welfare Budget



CHILD WELFARE SERVICES	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	40,471,232	49,812,500	49,987,185	50,000,661
RECEIPTS	25,965,914	33,186,011	31,932,675	31,934,720
NET APPROPRIATION	14,505,318	16,626,489	18,054,510	18,065,941

- Small increases in requirements: $174,685 in SFY 2005-2006 and $188,161 in SFY 2006-2007
- Significant decrease in receipts: $1,253,336 in SFY 2005-2006 and $1,251,291 in SFY 2006-2007
    - Result of over-realized receipts for IV-E

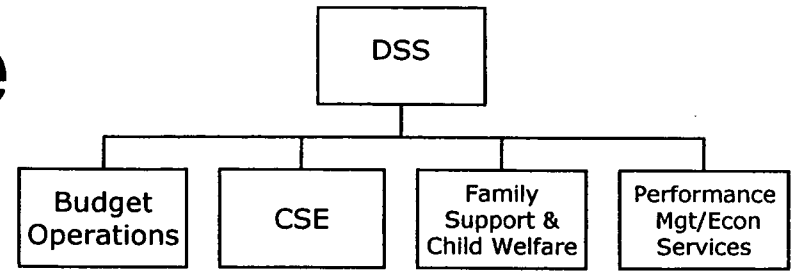
Child Protective Services



- Ensure safe, permanent ,nurturing families for children by protecting them from abuse and neglect while attempting to preserve the family unit
- Protect children without a parent, guardian or custodian

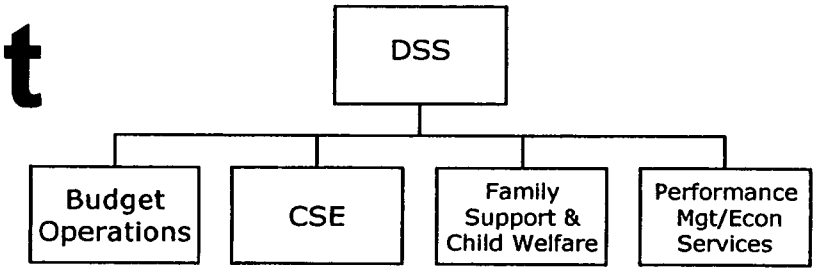
CHILD PROTECTIVE SERVICES	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	108,284,771	79,528,045	8,263,922	326,172	18,464,269	1,702,363
		73.44%	7.63%	0.30%	17.05%	1.57%
SFY 02-03	108,642,631	80,592,615	8,229,904	157,585	19,468,962	193,565
		74.18%	7.58%	0.15%	17.92%	0.18%
SFY 03-04	119,671,257	85,212,672	10,151,980	165,054	23,920,348	221,203
		71.21%	8.48%	0.14%	19.99%	0.18%

Child Protective Services



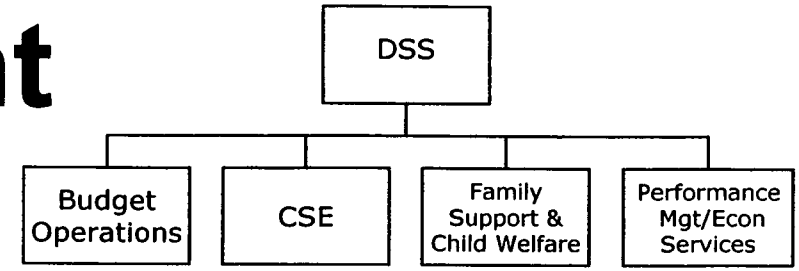
- Services include:
  - Assessing suspected cases of abuse or neglect
  - Assisting the family in diagnosing the problem
  - Providing in-home counseling and supportive services to help children stay with their families
  - Coordinating community and agency services for the family
  - Petitioning the court for removal of the child, if necessary
  - Providing public information about child abuse, neglect, and dependency

Child Placement Services



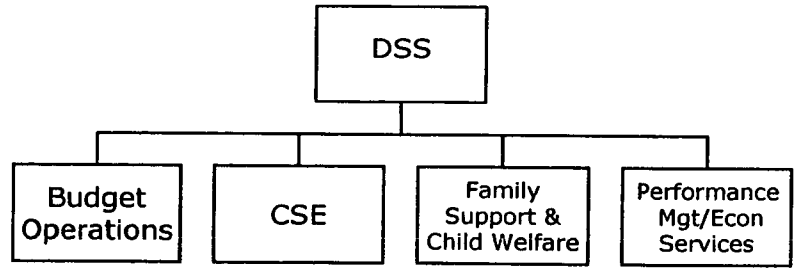
- Temporary homes for children in DSS custody
- Supervision of children in foster care
- Ongoing counseling and support services
- Extra counseling and support for families and foster parents of ill, disabled or delinquent children

Child Placement Services (2)



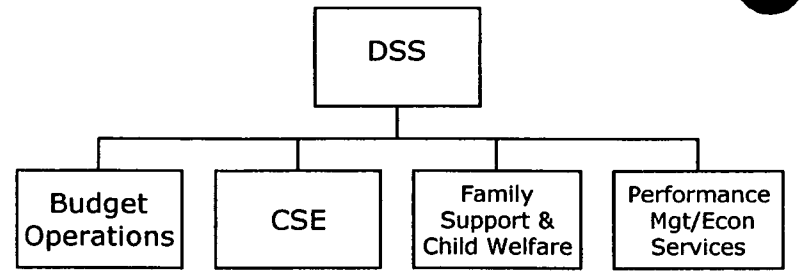
- Petitioning the court for termination of parental rights
- Making adoption recommendations
- Recruiting, screening, training, monitoring, and licensing foster homes

Title IV-E



- Provides for foster care payments and adoption assistance
- Links eligibility to the Aid to Families with Dependent Children (AFDC) program as it was in effect on 16 July 1996
- State must determine that child was AFDC-eligible in the home from which he/she was removed
- Child must be needy and deprived of parental support

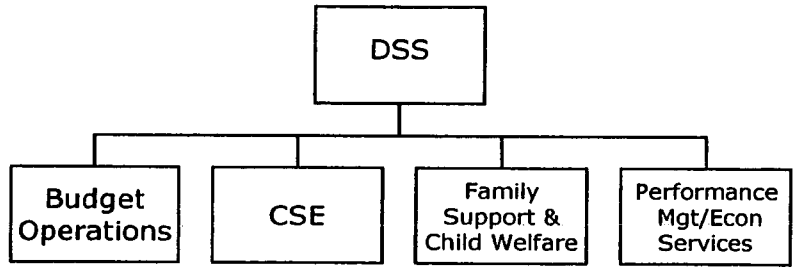
Foster Care



- Temporary living arrangement for abused, neglected, and dependent children
- DSS custody
- Families are trained and licensed
- Financial compensation provided to foster families

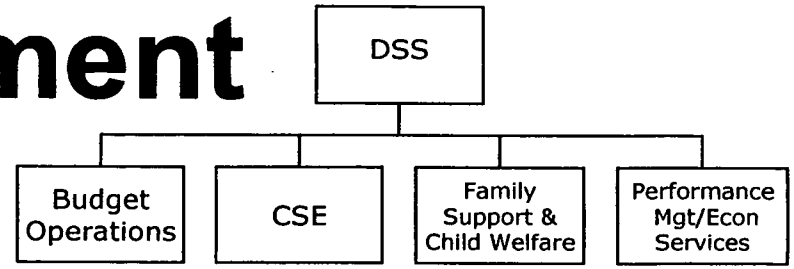
FOSTER CARE	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	174,414,208	87,394,742	24,001,865	9,680,758	30,132,308	23,204,535
		50.11%	13.76%	5.55%	17.28%	13.30%
SFY 02-03	171,879,243	80,476,637	22,373,160	9,435,145	34,045,620	25,548,681
		46.82%	13.02%	5.49%	19.81%	14.86%
SFY 03-04	181,473,713	82,316,403	23,120,889	9,755,872	38,818,280	27,462,269
		45.36%	12.74%	5.38%	21.39%	15.13%

Children in Foster Care



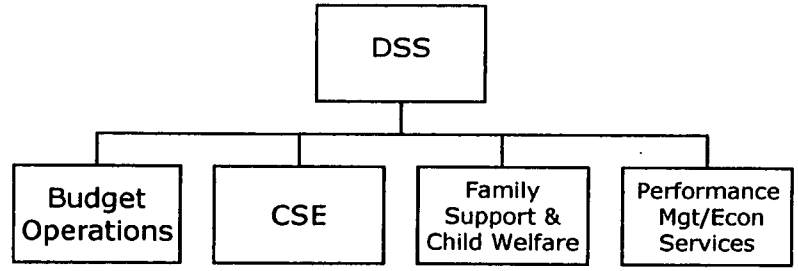
DSS Custody	June 2000	June 2001	June 2002	July 2003	June 2004
	10,849	10,255	9,775	9,820	10,112
Foster Care	**1999-2000**	**2000-2001**	**2001-2002**	**2002-2003**	**2003-2004**
	5,956	5,581	5,260	5,136	5,101

Foster Care Placement Facilities



	Facilities	Children
Family/Adoptive Foster Homes	6,414	5,172
Group Homes	816	868
Residential Child Care Facilities	40	588

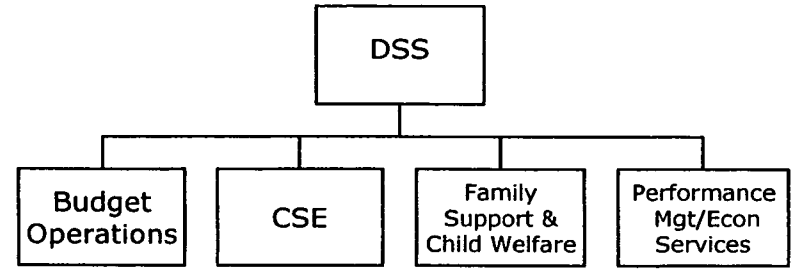
Foster Care Budget



FOSTER CARE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	65,626,810	68,636,503	68,636,503	68,636,503
RECEIPTS	56,309,978	59,828,798	59,828,798	59,828,798
NET APPROPRIATION	9,316,832	8,807,705	8,807,705	8,807,705

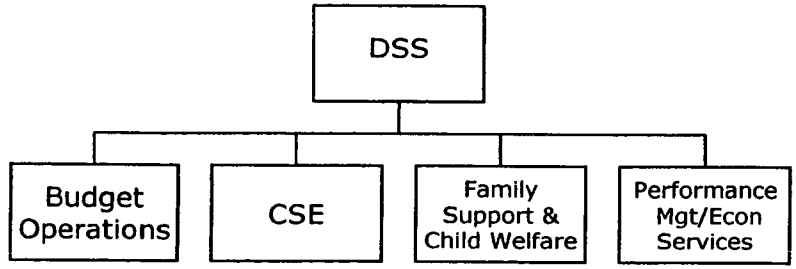
- No increases from State fiscal year 2004-2005

Foster Care Issues



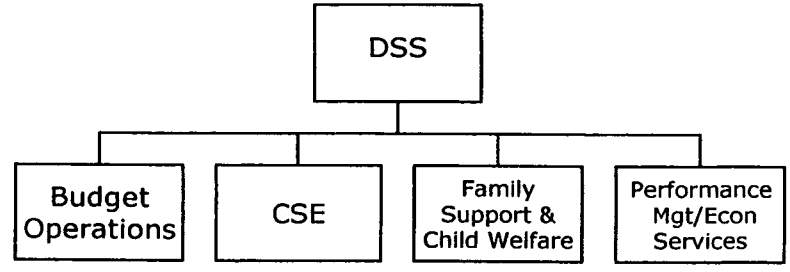
- Administration proposing that states have the option to receive a fixed sum of IV-E funding in exchange for more flexibility – requires legislation outside budget process
- Rosales v. Thompson – 9th Circuit Court of Appeals held that a child living with an interim caregiver eligible for IV-E foster care even if not eligible in home from which removed
  - Under appeal
  - Regulations have been changed

Foster Care Issues



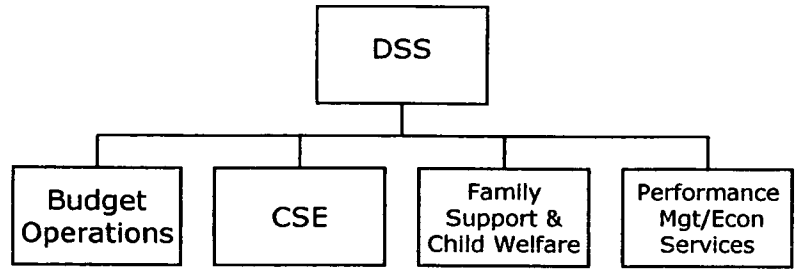
- US DHHS Proposals
  - States could not claim administrative costs for children in unlicensed foster homes
  - States cannot claim federal financial participation for foster care payments for a child in an ineligible facility

Foster Care Issues



- IV-E vs. State Funds
  - IV-E provides for foster care maintenance and adoption assistance
  - State funds if not IV-E eligible
- Use of State Funds for Foster Care CCI Agencies

State Funds Methodology



- Monthly Reimbursement
- Total IV-E Match Covered by State
- Subtracted from State Funds
- "Hold Harmless"

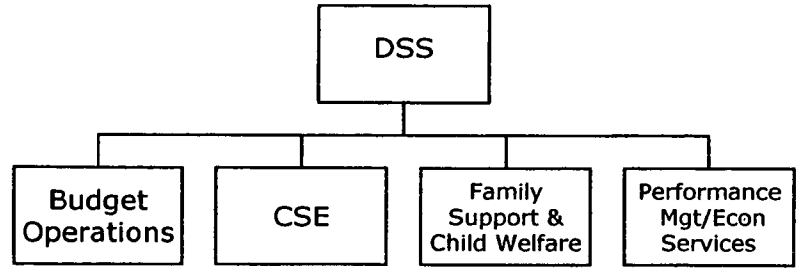
Example: January 2005

AGENCY	STATE MATCH OF IV-E PAYMENT	STATE FUNDS COMPUTATION	DIFFERENCE (SENT TO AGENCY)
Boys & Girls Home of NC	$34,452.25	$46,313.00	$11,860.75
Methodist Home for Children	$36,340.55	$54,223.00	$17,882.45
Alexander Children's Center	$30,069.43	$24,808.00	($5,261.43) Not charged

Foster Care Rates in Surrounding States

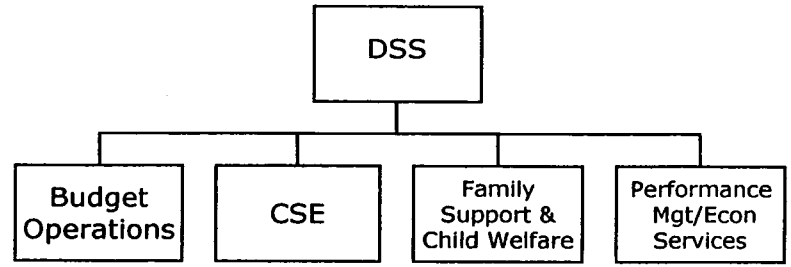
State	Rates
Georgia	$388 to $433
North Carolina	**$390 to $490**
South Carolina	$312 to $415
Tennessee	$429 to $571
Virginia	$294 to $436

Facility Rates



- Established by the DHHS Controller's Office
- Agency-specific
- Agencies must comply with NC program requirements
- Formal contract required
- Allows NC to claim additional IV-E and TEA funding

Facility Rates Range

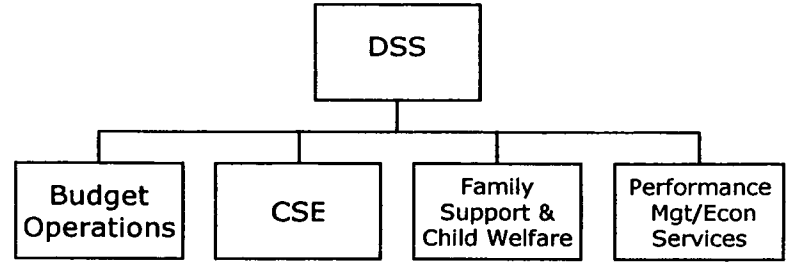


Type	Minimum	Maximum
Family Foster	915	3379
Intensive Family Foster	3720	3720
Group	2836	5887
Institutional	2957	5711
Emergency	3263	6261
Therapeutic Camping	3780	3780

President's Budget Foster Care

State	2004 Mandatory	2005 Pres. Budget	2005 Mandatory	2006 Pres. Budget	Change FY 05 to 06
Georgia	55,318,000	32,918,000	54,205,000	53,958,000	(273,000)
North Carolina	65,132,000	51,148,000	63,822,000	63,531,000	(291,000)
South Carolina	17,095,000	30,486,000	16,751,000	16,675,000	(76,000)
Tennessee	35,099,000	23,361,000	34,393,000	34,237,000	(156,000)
Virginia	84,761,000	89,955,000	83,056,000	82,678,000	(378,000)

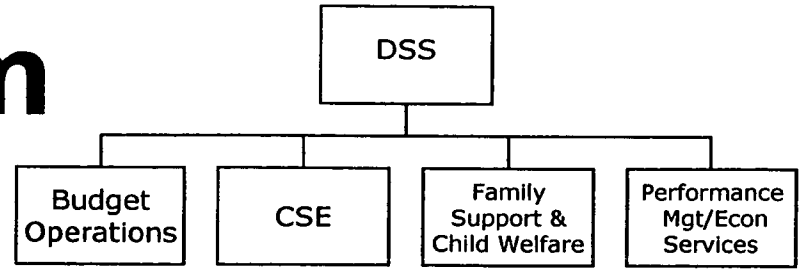
NC LINKS



- Program to assist youths and young adults with extended time in foster care to transition to self-sufficiency
- Program covers
  - All youth in foster care between 16 and 18
  - Young adults 18-21 who are voluntarily in care

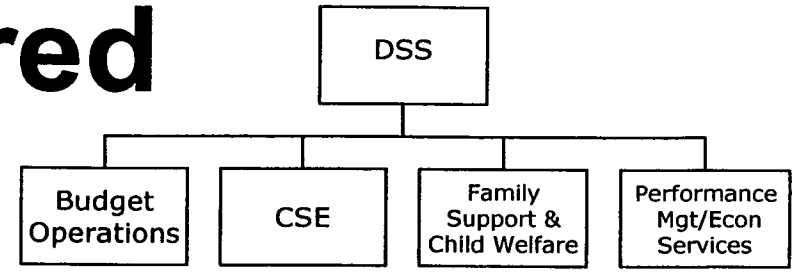
  Note: Counties are encouraged to provide services to youth in foster care ages 13-15 and to youth and young adults discharged from their custody prior to their 18th birthday.

NC LINKS Program Elements



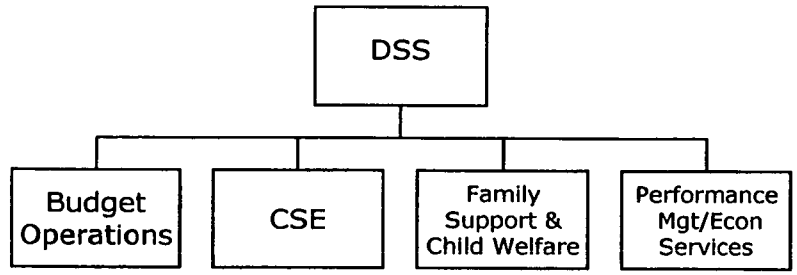
- Assessment of youth's strengths, as well as needs for further information and training
- Plan which includes youth's interests and goals, as well as responsibilities to fulfill their plan
- Services required for the youth to achieve the desired outcome

NC LINKS Desired Outcomes



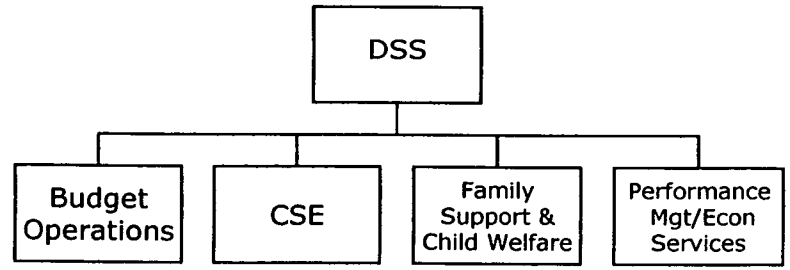
- Sufficient income
- Safe and stable place to live
- Sufficient academic/vocational training
- Connections to and emotional support from adults outside the child welfare system
- Postponement of parenthood
- Access to routine health care

NC LINKS Outcomes



- 16-20 year olds eligible has increased significantly
  - 2001-02 1595
  - 2005-06 2063
- Progress in academic achievement
  - 2001 30.0% HS Diploma/6% GED
  - 2004 51.8% HS Diploma/13% GED
  - 41.6% Further Education

NC LINKS Outcomes



- Measurable progress in job stability, economic self-sufficiency, stable housing, personal support networks, avoidance of high risk behaviors, and access to health care
- Pregnancy/parenting rates almost double state average
  - Working with Department of Public Instruction and Division of Maternal and Child Health

President's Budget Independent Living

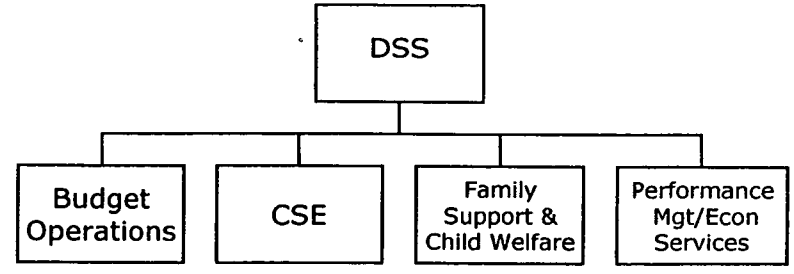


- $60 million in vouchers for college or vocational training for foster care youth ages 16-21 ($13 million increase)



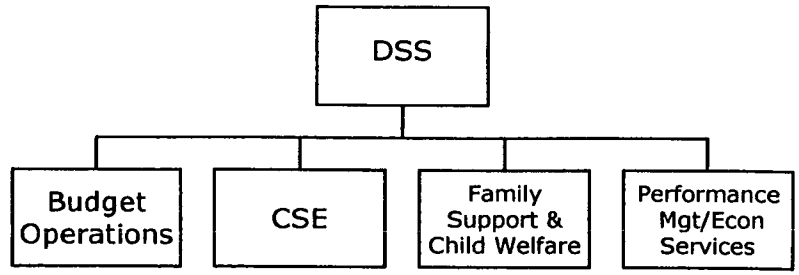
- $40 million for Independent Living Program

Interstate Services



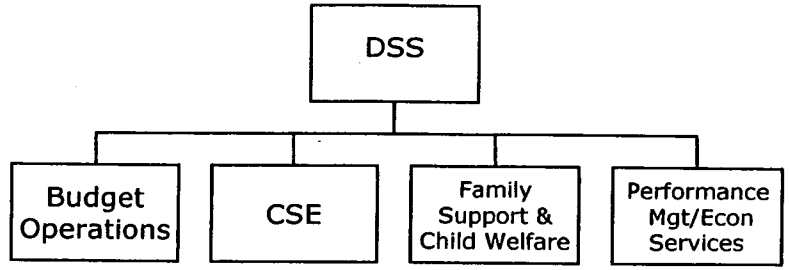
- Compacts help states oversee interstate foster care, relative, and adoptive placement, improve surveillance of delinquent youth, and locate and return runaways.
- Ensure
  - Suitable environment
  - Assessment by authorities in that state
  - Sufficient information provided to authorities in NC
  - Appropriate jurisdictional arrangement for the care of the children

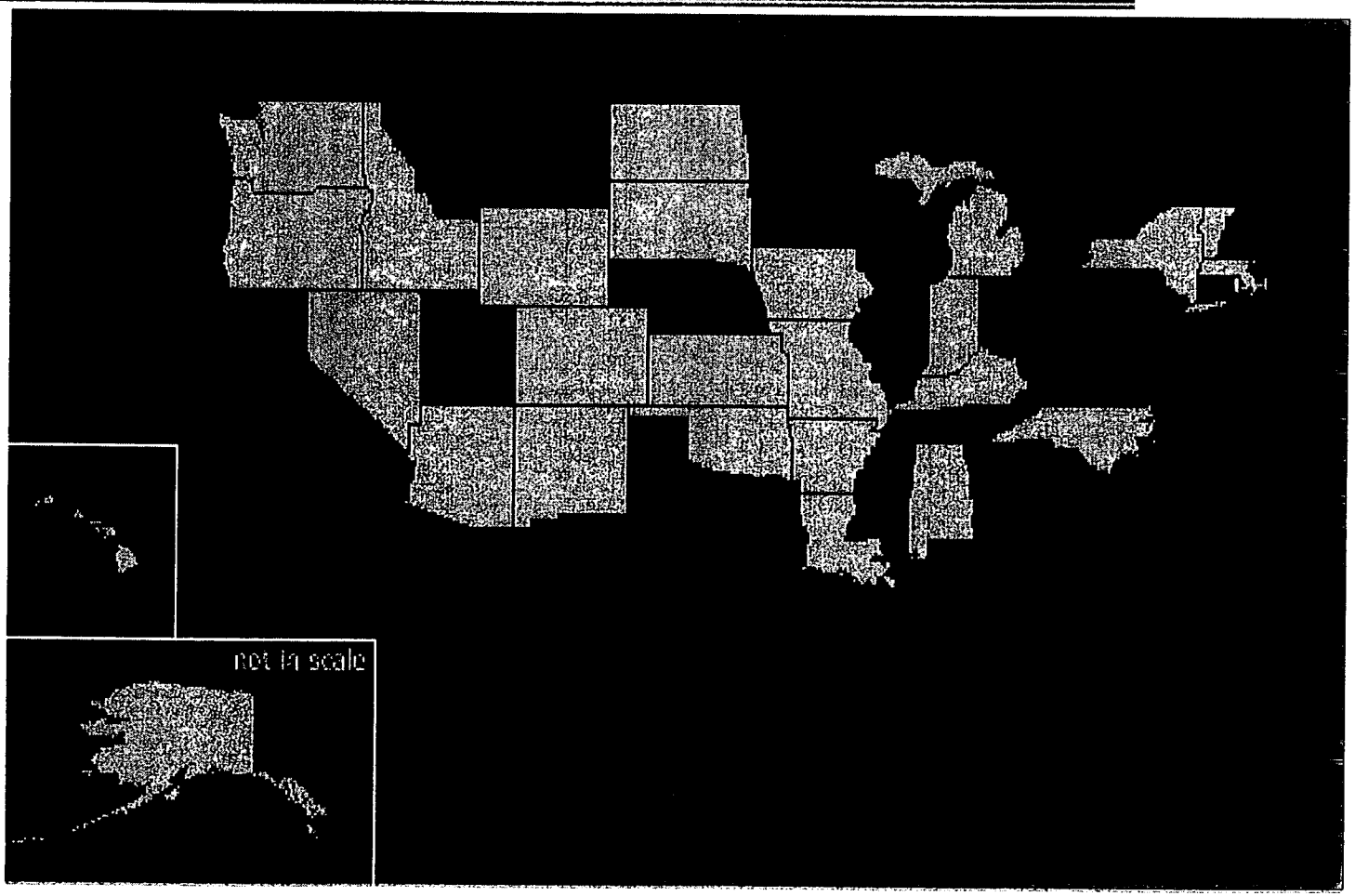
NC's Interstate Compacts



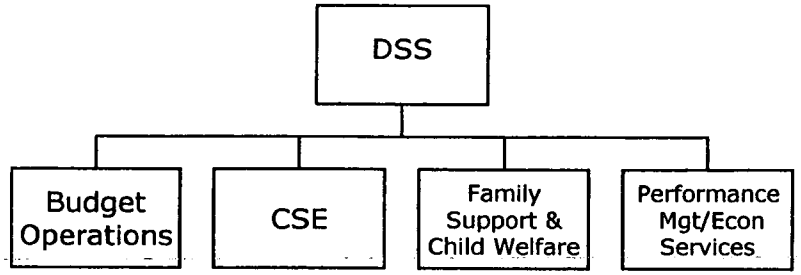
- The Interstate Compact on Juveniles (ICJ)
  - Delinquents or runaway juveniles
  - Administered by DJJDP
- The Interstate Compact on the Placement of Children (ICPC)
  - Interstate adoptions, foster care, and relative placements
  - Administered by DSS
- The Interstate Compact on Adoption and Medical Assistance (ICAMA)
  - Special needs adoptions
  - Ensure consistency

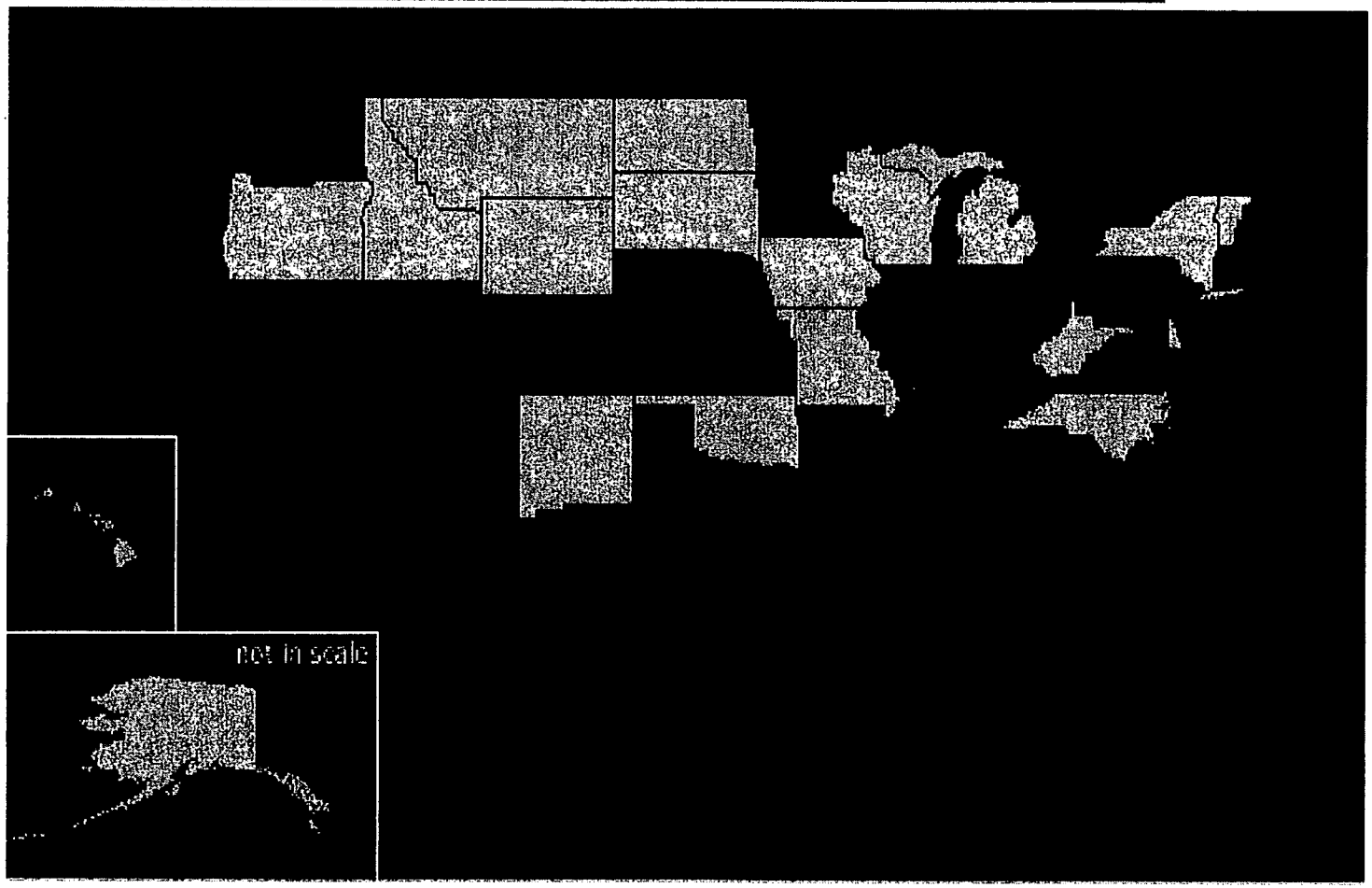
Children from North Carolina



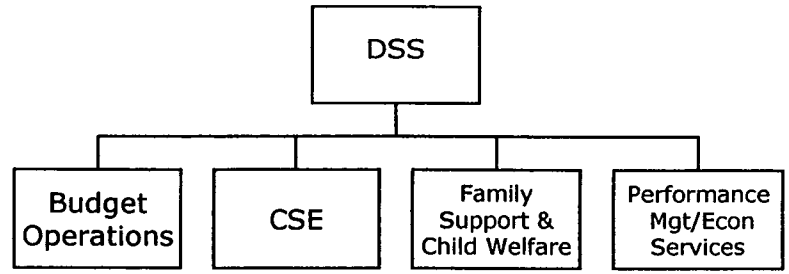


Children in North Carolina





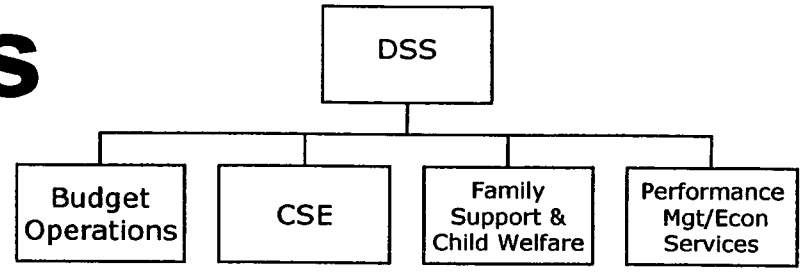
Adoption Services



- Designed to find permanent homes for children
- Children waiting for adoption include:
  - Children with special needs
  - Sibling groups and teenagers
  - Minority children
- Many children eligible for support services
- Exchange program to match children with families

ADOPTIONS	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	54,063,529	28,962,740	13,910,510	670,684	8,161,441	2,357,974
		53.57%	25.73%	1.24%	15.10%	4.36%
SFY 02-03	57,345,341	26,650,965	19,289,270	514,398	9,350,580	1,540,128
		46.47%	33.64%	0.90%	16.31%	2.69%
SFY 03-04	72,357,569	34,291,006	23,436,361	449,802	11,690,249	2,490,151
		47.39%	32.39%	0.62%	16.16%	3.44%

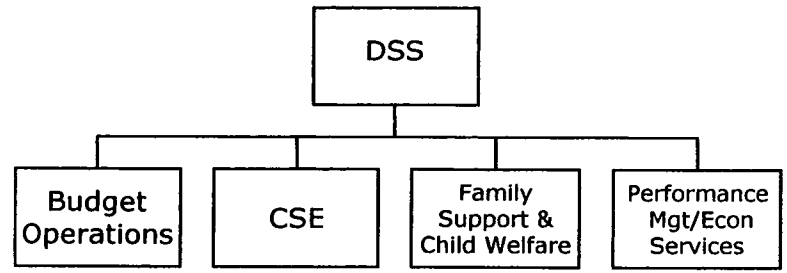
Adoption Services Budget



ADOPTION ASSISTANCE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
REQUIREMENTS	58,880,852	63,878,573	63,878,573	63,878,573
RECEIPTS	37,566,099	38,483,580	38,483,580	38,483,580
NET APPROPRIATION	21,314,753	25,394,993	25,394,993	25,394,993

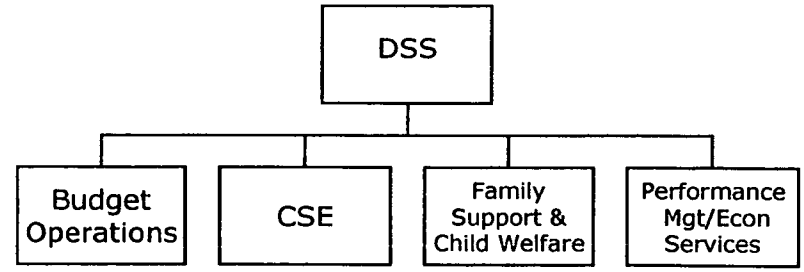
- No change in funding level from previous State fiscal year

Adoptions



Year	Children Legally Free for Adoption	Total Adoptions	Public Agency Adoptions (DSS)
1999-2000	1,097	3,266	1,233
2000-2001	1,257	3,694	1,574
2001-2002	1,358	3,557	1,482
2002-2003	1,170	3,291	1,333
2003-2004	1,024	3,608	1,372

Children Currently Awaiting Adoption



Age	0-5	6-12	13 and older	Total
Male	84	140	245	469
Female	62	114	186	362
Total	146	254	431	831

Children Currently Waiting for Adoption by Age and Race (Male)

Race	0-5	6-12	13 and Older	TOTAL
White	20	63	109	142
Hispanic	13	7	4	24
Black	42	63	123	228
Native American	3	4	2	9
Asian	0	0	2	2
Pacific Islander	1	0	0	1
Other	5	3	5	13
TOTAL	84	140	245	469

Children Currently Waiting for Adoption by Age and Race (Female)

Race	0-5	6-12	13 and Older	TOTAL
White	20	47	84	151
Hispanic	4	8	5	17
Black	33	54	94	181
Native American	2	1	2	5
Asian	0	0	0	0
Pacific Islander	1	1	0	2
Other	2	3	1	6
TOTAL	62	114	186	362

Race, Color or National Origin as Considerations in Adoption and Foster Care

- Addressed in Multiethnic Placement Act as amended by the Interethnic Adoption Provisions of 1996
- Viewed in conjunction with Title VI of the Civil Rights Act of 1964

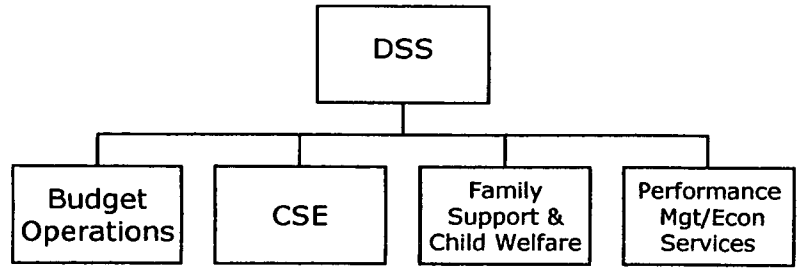
The Multiethnic Placement Act Intentions

- Decrease the length of time children wait to be adopted
- Prevent discrimination on the basis of race, color, or national origin
- Facilitate the identification and recruitment of foster and adoptive parents who meet children's needs
- May consider child's cultural, ethnic, and racial background and the capacity of the foster or adoptive parents to meet the needs of a child of this background

The Multiethnic Placement Act Mandates

- Prohibits states and other entities involved in adoption or foster care that receive federal funding from delaying or denying foster care or adoptive placement on the basis of the child or prospective parent's race, color, or national origin
- Prohibits states/entities from denying any individual the opportunity to become a foster or adoptive parent on the basis of the prospective parent or child's race, color, or national origin
- Requires states/entities to diligently recruit foster and adoptive parents who reflect the racial and ethnic diversity of children in the state who need foster or adoptive homes

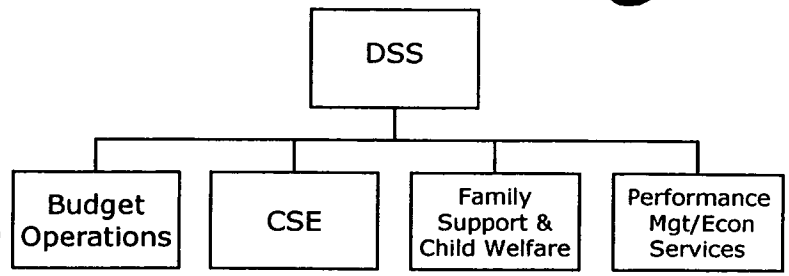
Special Needs Adoptions



- Handicaps
- Family group to be placed together
- Membership in certain minority groups
- Age of child
- Need for placement with a known and approved family

➢**99% of children adopted from foster care fit in one or more of these categories.**

Special Needs Adoption Assistance



- Monthly payment
  - $390 for children 0-5
  - $440 for children 6-12
  - $490 for children 13-18
- Supplemental for HIV positive children
  - $800 for indeterminate status
  - $1000 confirmed, asymptomatic
  - $1200 confirmed, symptomatic
  - $1600 terminally ill with complex care needs

President's Budget Adoptions

⟺ ■ $32 million for adoption incentives program☆

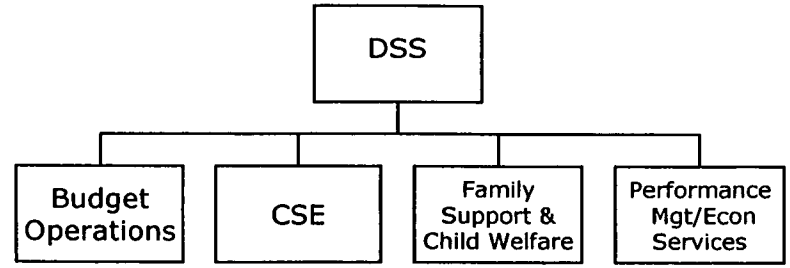
⬆ ■ $1,795,005,000 for adoption assistance grant-in-aid*

- North Carolina would receive $24,354,000, an increase of $1,248,000*

☆ NCSL

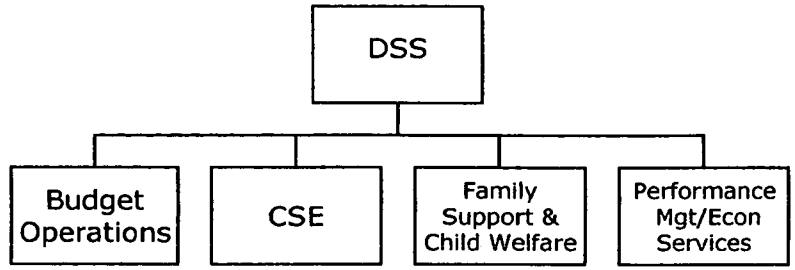
* Federal Funds Information for States

Licensing



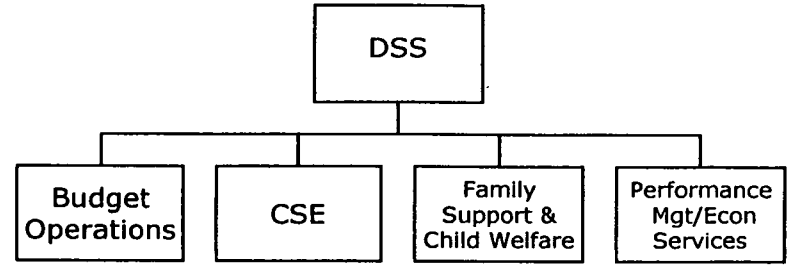
- Child Placing Agencies
- Family Foster Homes
- Maternity Homes
- Residential Child Care Homes

Licensing



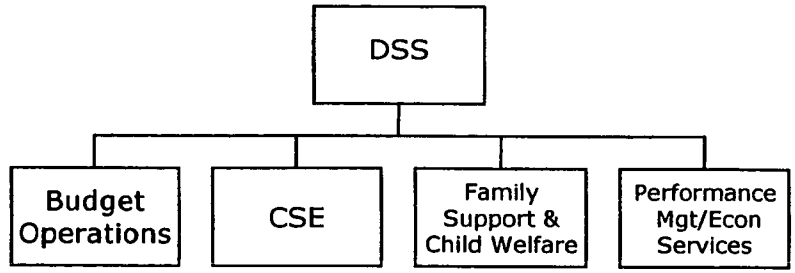
- Requirement
  - Child-caring institutions
  - Residential childcare facilities
  - Group homes
  - Maternity homes
  - Adoption agencies
  - Child-placing agencies
  - Foster homes
- Licensed by DSS

Licensing vs. Accrediting



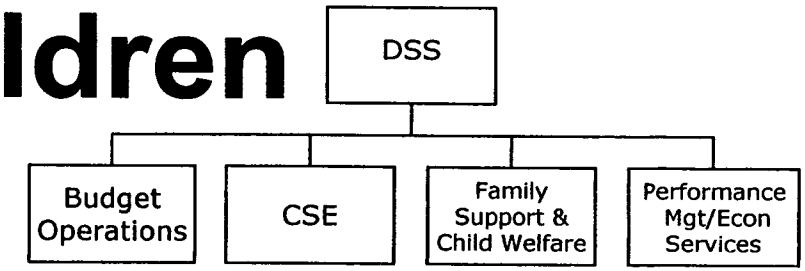
- CCIs licensed by State in order to operate
- Accreditation is voluntary and supported by DSS
  - Council on Accreditation
  - Joint Commission on Accreditation of Health Care Organizations
- 75 organizations in North Carolina currently accredited

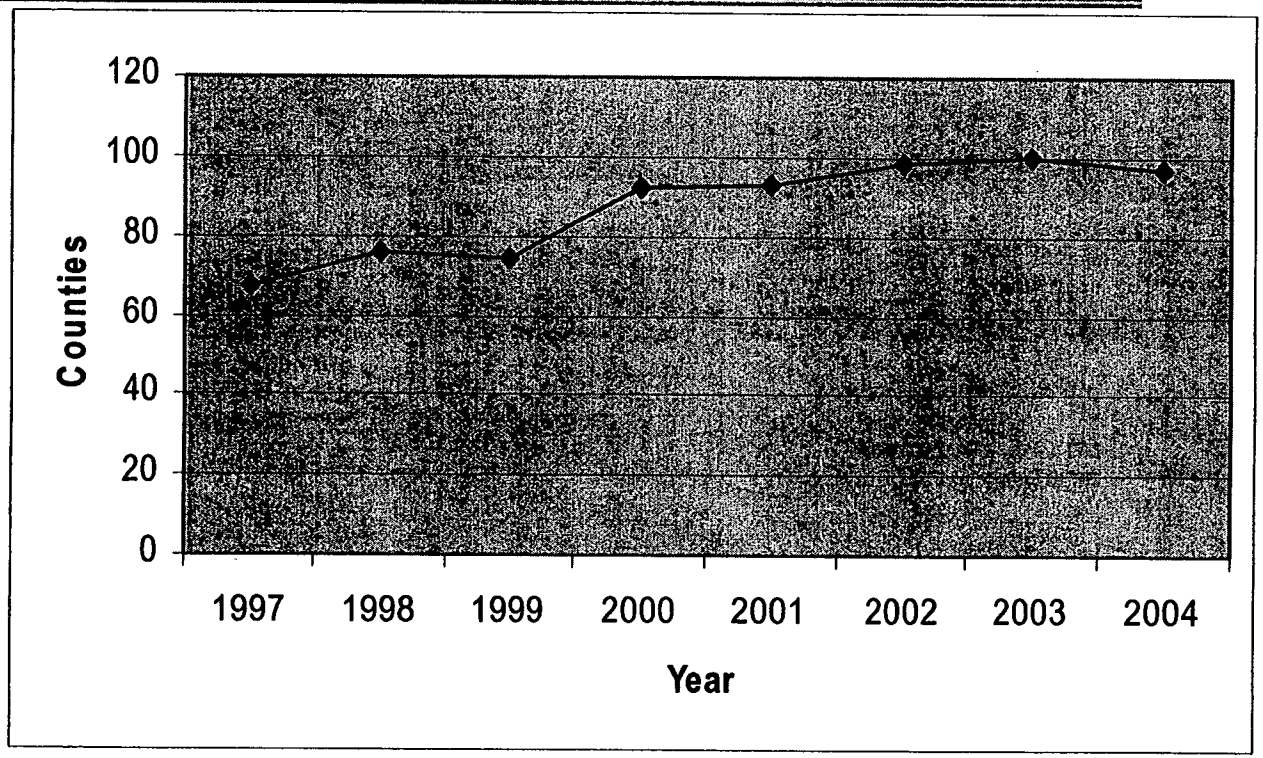
Challenge for Children



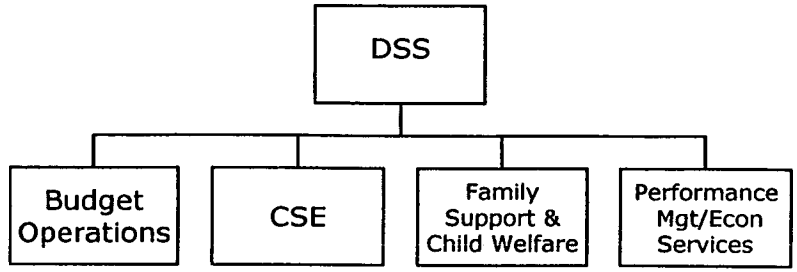
- Provide every child for whom a county DSS has legal custody with a safe and permanent home within one year
- Counties accepting the challenge are offered training opportunities and technical support

Challenge for Children Participation



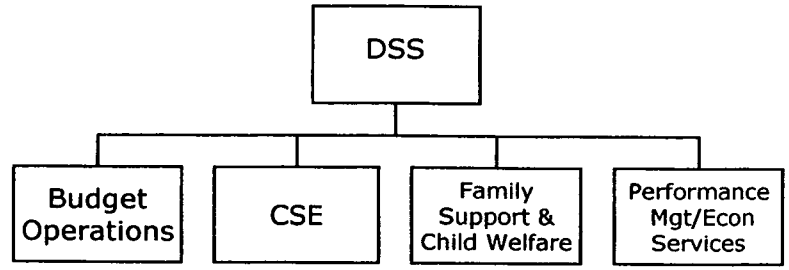


Community Child Protection Teams



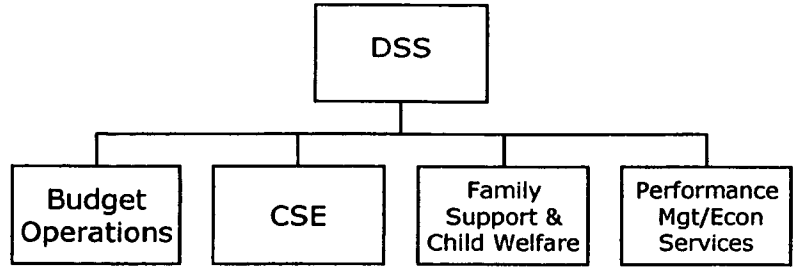
- Established in 1991
- Interdisciplinary group of community representatives who meet regularly to promote a community-wide approach to child abuse, neglect, and dependency

CCPT Members



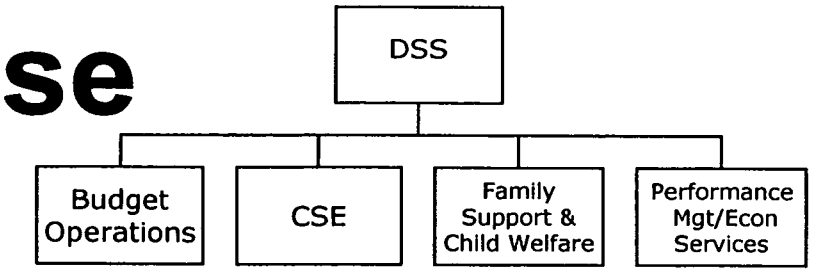
- County director of social services
- Member of director's staff
- Local law enforcement officer
- An attorney from DA's office
- Executive director of local community action agency
- Superintendent of each local school administrative unit
- Member of county board of social services
- Local mental health professional
- Local guardian ad litem coordinator or coordinator's designee
- Director of department of public health
- Local health care provider

CCPT Tasks



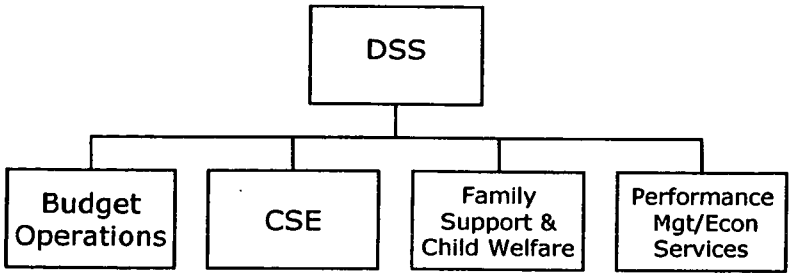
- Review active cases in which abuse, neglect, or dependency is found
- Review fatalities when DSS was involved within the past 12 months
- Report to the Board of County Commissioners and the community about the status of families in the community

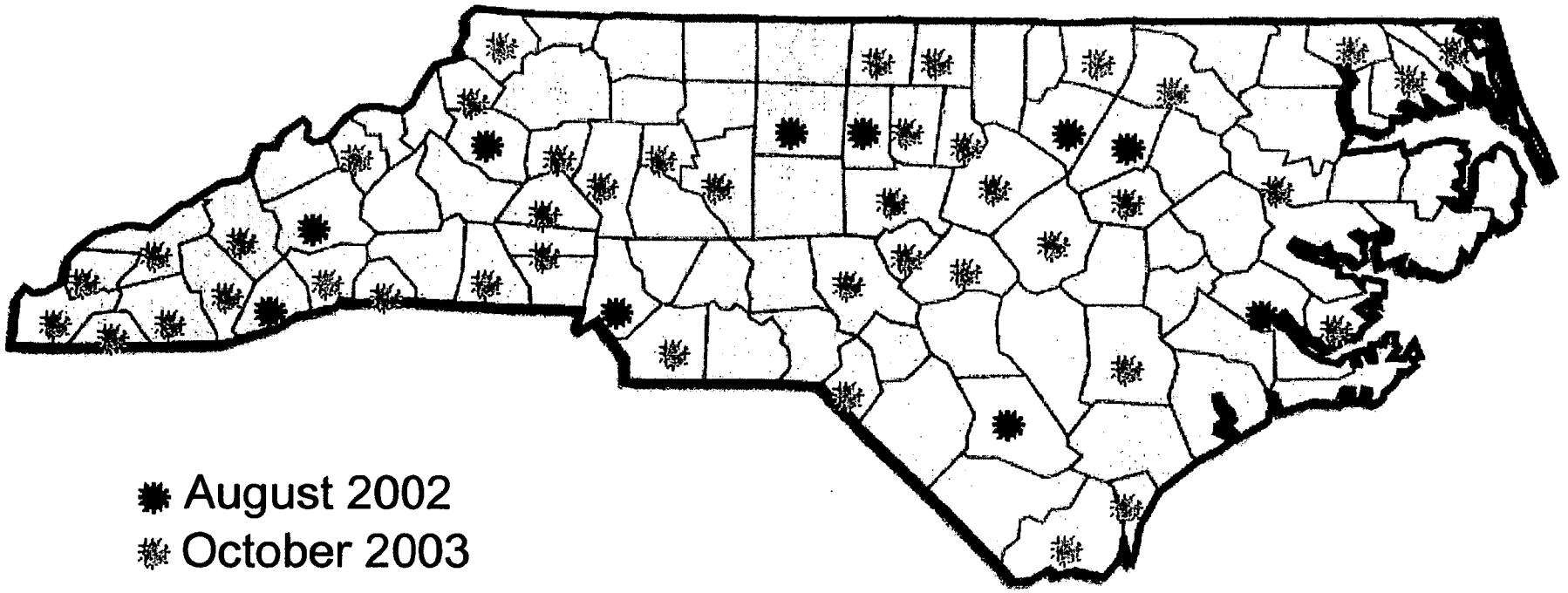
Multiple Response System



- An effort to reform the entire continuum of child welfare in North Carolina, from intake through placement services
- Began as pilot program in ten counties
- Currently 52 counties participate

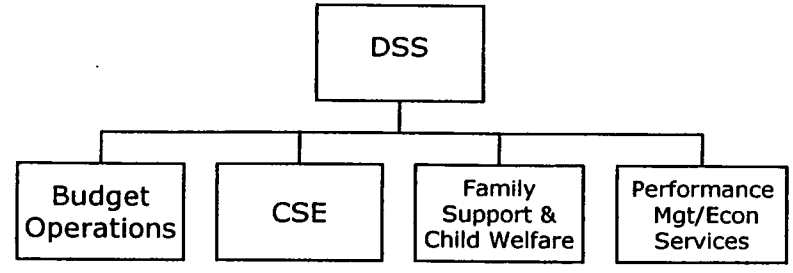
MRS Participation





- August 2002
- October 2003

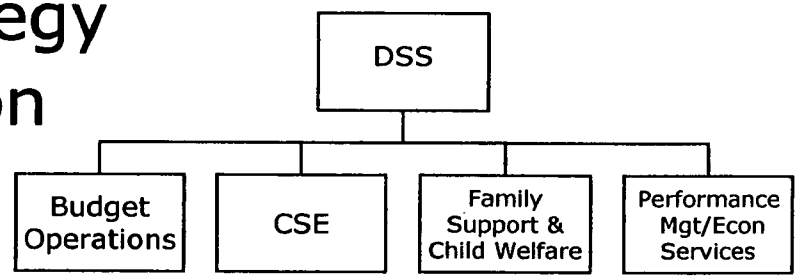
MRS Strategies



- A choice of two approaches to reports of child abuse, neglect, or dependency
- A redesign of in-home services
- A strengths-based, structured intake process
- Coordination between law enforcement agencies and child protective services for the investigative assessment approach
- Implementation of Child and Family Team meetings during the provision of in-home services
- Implementation of Shared-Parenting meetings in child placement cases
- Collaboration between the Work First Family Assistance and child welfare programs

School-Based Child and Family Support Teams

- School-based social worker/school nurse teams
- Low-wealth, high-risk settings
- DSS
  - Child and Family Team Facilitators in counties that serve selected schools
  - Facilitator located in county department of social services
  - Same as MRS strategy
  - $66,000 per position



Questions

VISITOR REGISTRATION SHEET

JOINT APP. COMMITTEE ON HEALTH & HUMAN SERVICES 3/17/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	[illegible]
Mike Reavis	Yadkin Co Health Dept
Stacy Flannery	NCHCFA
John McMillan	MFTS
Lee Hodge	KCLH
[illegible]	Bove & Assoc
BRIAN LEWIS	Covenant w NC's Children
[illegible]	NCAEC
Mark Pleser	NC Med Society
MARY FOSTER	NURSE OF THE DAY Dept of Veterans AFFAIRS
[illegible]	[illegible]

VISITOR REGISTRATION SHEET

JOINT APP. COMMITTEE ON HEALTH & HUMAN SERVICES 3/17/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Terry Henderson	Food Banks
Brian Shank	AstraZeneca
John Bowdish	" "
Rob Savitt	NCACC
Rebecca Troutman	NCACC
Rob LeMaster	HHS
Kelly Beth Smith	MHA-NC
David Stone	Surry Co Health & Nutrition
Vincent Stephens	Centers for Medicare & Medicaid Services
Lina Miller Morgan	OSBM
[illegible]	[illegible]

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 23, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Social Services — *Karlynn O'Shaughnessy, FRD Staff*

2:00 PM

Budget Overview

Division of Public Health — *Lisa Hollowell, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

WEDNESDAY, MARCH 23rd, 2005
8:30 AM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Joint Appropriations subcommittee on Health and Human Services met on Wednesday, March 23rd, 2005 at 8:30 am in room 643 of the Legislative Office Building. House members present were Representative Jeff Barnhart, Representative Verla Insko, Co-Chairs; Representative Farmer-Butterfield, Representative Hollo, Vice-Chairs; Representatives B. Allen, Current, England, and Stam. There were eight senators present: Senator William Purcell and Senator Vernon Malone, Co-Chairs; Senators D. Berger, Blake, Dannelly, East, Forrester, Kerr. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Barnhart called the meeting to order and presided over the meeting.

Karlynn O'Shaughnessy from the Fiscal Research Division distributed handouts on the Division of Social Services, which are made part of these minutes. Ms. O'Shaughnessy reviewed the documents and answered questions.

Representative Barnhart adjourned the meeting at 10 am.

Jeff Barnhart

Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin

Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration

Family Services

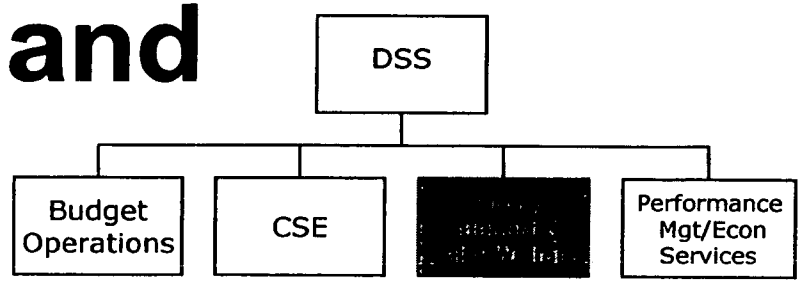
Family Services

- Community Based Programs
- Work First
- Food Stamp Program
- Crisis Intervention Program
- Low Income Energy Assistance Program
- Refugee Public Assistance

Community Based Programs

- Respite Care
- Reunification Services
- Family Preservation
- Family Support Services
- Adoption Promotion and Support

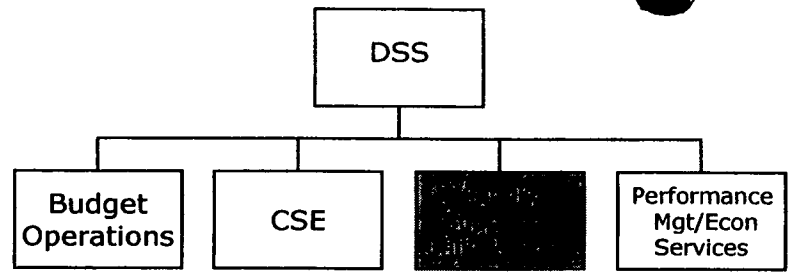
Family Preservation and Support Services



- Intensive Family Preservation Services (IFPS)
- Family Preservation Services (FPS)
- Family Support Programs
- Family Resource Services

FAMILY PRESERVATION AND SUPPORT SERVICES	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	13,710,398	8,471,655	2,760,399	138,109	163,594	2,176,641
		61.79%	20.13%	1.01%	1.19%	15.88%
SFY 02-03	12,317,393	9,094,302	1,656,388	160,876	75,951	1,329,876
		73.83%	13.45%	1.31%	0.62%	10.80%
SFY 03-04	11,883,912	9,193,029	1,815,232	162,506	233,818	479,328
		77.36%	15.27%	1.37%	1.97%	4.03%

Temporary Assistance to Needy Families (TANF)



- Federal Legislation
- North Carolina's Work First Initiative

TANF

Public Law 104-193 – Personal Responsibility and Work Opportunity Reconciliation Act (1996) – Dramatically changed a public assistance program that had been in place for over half a century.

- States were given the authority to develop and implement welfare reform.
- Several former entitlement programs were combined into a block grant.
- State programs were to be designed to accomplish specific goals.

TANF

Public Law 104-193 – Purpose:

Increase the flexibility of States in operating a program to :

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.

TANF Funding

- Division of Social Services
- Division of Mental Health
- Division of Public Health
- Division of Child Development
- Transfers to Other Block Grants
- Transfers to Other State Agencies

Total Appropriated SFY 04-05 $369,779,414

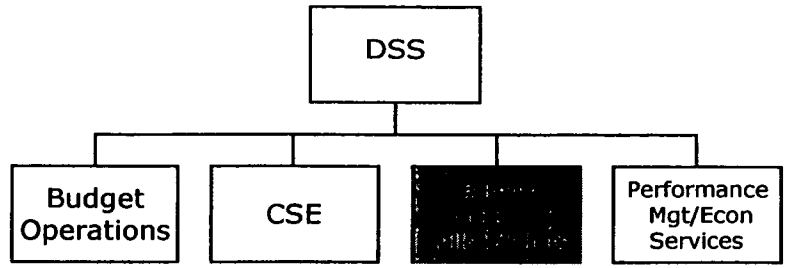
DSS TANF Appropriations and Expenditures

	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05
Division of Social Services						
	Work First Cash Assistance	$ 129,396,275	$ 106,983,538.35	$ 129,396,275	$ 98,200,976.05	$ 119,841,508
	Work First County Block Grant	$ 92,018,855	$ 92,942,431.36	$ 94,653,315	$ 93,433,041.34	$ 94,653,315
	Child Welfare Workers for Local DSS's	$ 10,382,391	$10,372,406.72	$ 11,452,391	$ 11,452,391.00	$ 12,452,391
	Support Our Students-Dept. Of Juvenile Justice and Delinquency Prevention	$ 1,425,000	$1,425,000.00	$ 2,249,642	$ 2,249,642.00	$ 2,749,642
	Domestic Violence Services for Work First Families	$ 900,000	$698,420.14	$ 1,200,000	$ 962,626.94	$ 1,200,000
	After School At Risk Children	$ 1,425,000	$1,127,133.59	$ 2,249,642	$ 1,802,956.04	$ 2,249,642
	Division Of Social Services Administration	$ 400,000	$ 400,000.00	$ 400,000	$ 400,000.00	$ 400,000
	Child Welfare Training	$ 1,600,000	$1,600,000.00	$ 2,550,000	$ 2,550,000.00	$ 2,550,000
	TANF Automation Projects	$ 1,200,000	$ 550,120.65	$ 592,500	$ 60.34	$ 592,500
	Work First Boys and Girls Clubs			$ 1,000,000	$ 999,405.25	$ 1,000,000
	Work Central Career Advancement Center			$ 550,000	$ 550,000.00	$ 550,000
	Special Children's Adoption Fund			$ 2,000,000	$ 2,000,000.00	$ 3,000,000
	NC Fast Implementation			$ 630,000	$ -	$ 2,717,298
	Maternity Homes	$ 438,000	$438,000.00	$ 838,000	$ 837,997.00	$ 838,000
	Individual Development Accounts			$ 180,000	$ -	$ 180,000
	After-School Programs for At-Risk Youth in Middle Schools					500,000
	Job Retention and Follow-Up		$123,671.09			
	Domestic Violence and Awareness		$54,118.46			
	Intensive Family Preservation		$92,135.47			
	Work First Pilots		$38,292.43			
	DSS Evaluation	$ 500,000	$418,250.91			
	SACWIS Payback	$ 4,643,454	$4,643,453.00			
		$ 244,328,975	$ 221,906,972.17	249,941,765	$ 215,439,095.96	$ 245,474,296

TANF Transfers to Other Block Grants

Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05
Transfer to Social Services Block Grant for Child Caring Institutions			$ 1,500,000	$ 1,500,000.00	$ 1,500,000
Transfer to CCDF Block Grant for child care subsidies	72,812,189	$72,812,189.00	79,562,189	$ 84,462,189.00	81,292,880
Transfer to SSBG for County DSS's for Children's Services	$ 4,500,000	$4,499,999.36	$ 4,500,000	$ 4,499,999.83	$ 4,500,000
TOTAL	$ 77,312,189	77,312,188.36	$ 85,562,189	90,462,188.83	$ 87,292,880

Work First

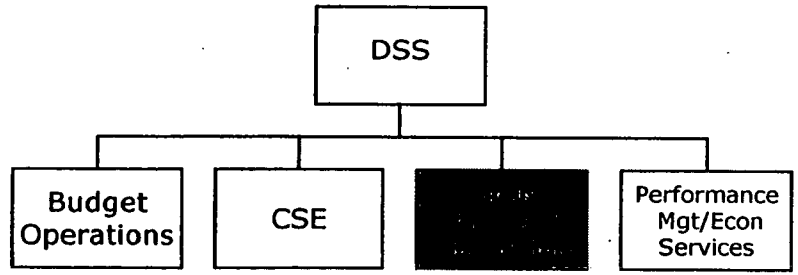


Authority: G.S. 108A-27 (1997)

"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 is not an entitlement.

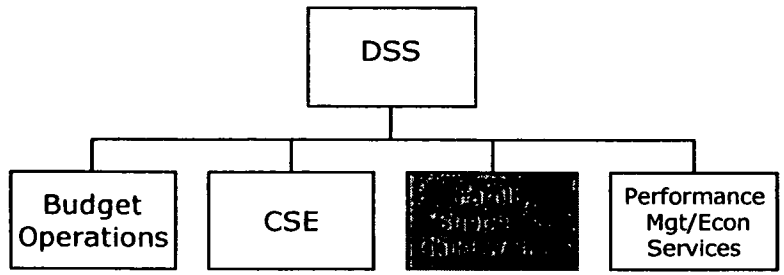
Work First



Work First is not only "Cash Assistance", but a variety of services:

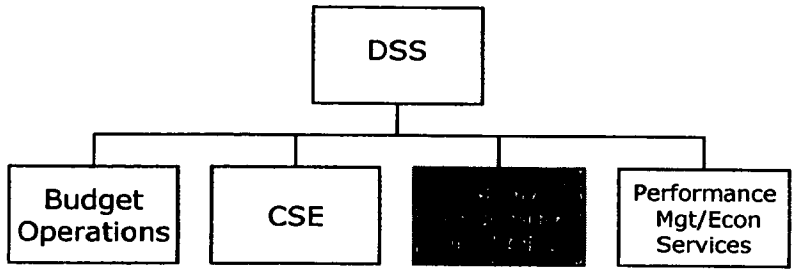
- Training
- Childcare Assistance
- Transportation
- Job Readiness
- Parenting Education
- Other services

Work First



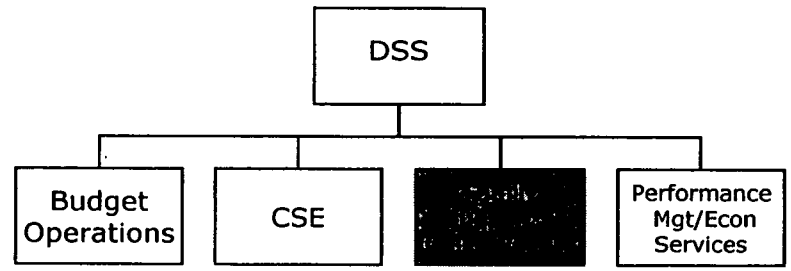
- Funded by NC's Temporary Assistance for Needy Families (TANF) block grant
- Based on premise that parents have a responsibility to support themselves and their children
- Provides short-term training and other services to become employed and self-sufficient
- Usually two-year limit

Work First Strategies



- Diversion – keep families off welfare by helping them cope with unexpected emergencies or setbacks
- Work – Make work mandatory and limit amount of time families can receive cash assistance
- Retention – Help families stay off public assistance by encouraging them to save and limiting cash assistance

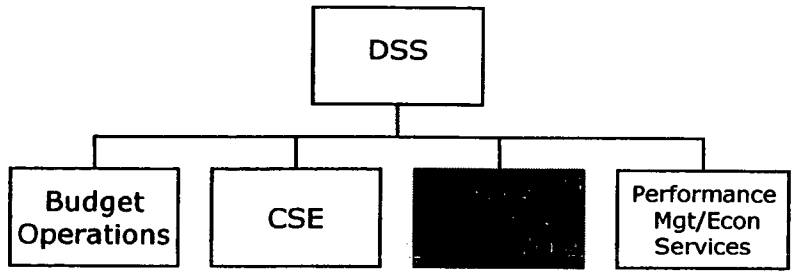
Emergency Assistance



- Families experiencing financial emergency
- Financial help to pay for housing and utilities
- Criteria
  - Have child who lives with relative as defined for Work First Family Assistance and who meets age requirements
  - Total income at or below 200% of poverty level
  - Meet Work First cash assistance citizenship requirements

Note: Counties may set more restrictive requirements.

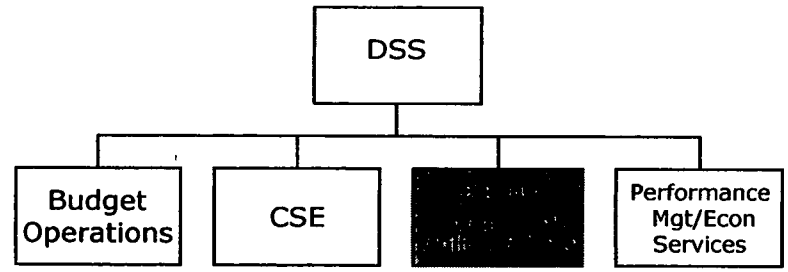
Work First



Three types of recipients:

- Low-income single parent with a dependent child
- Dependent child residing with a family member (child-only case)
- 2-parent – Low-income families with dependent children

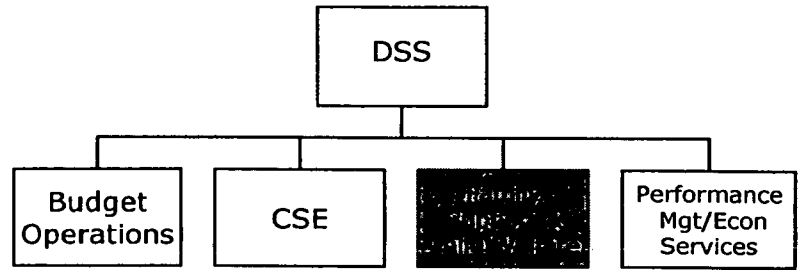
Work First



IMPACT

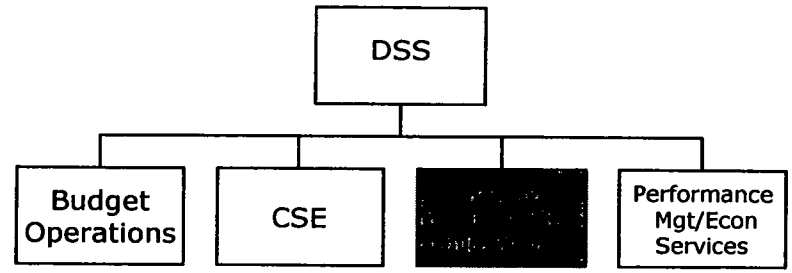
- Caseloads have decreased from 105,584 in 1996 to approximately 39,145 in 2004.
- Length of stay on welfare is shorter.
- Welfare payment costs are reduced.
- No substantial difference in earnings.

County Programs



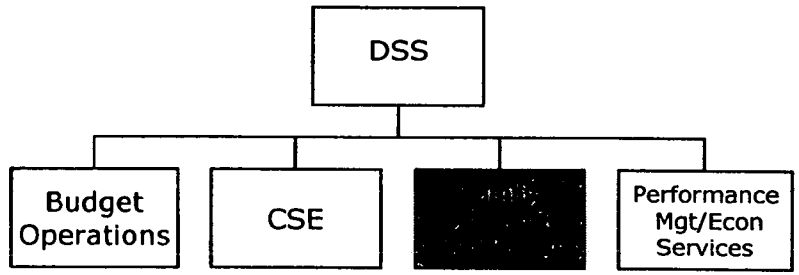
- Standard
- Electing
  - Beaufort
  - Caldwell
  - Iredell
  - Lenoir
  - Lincoln
  - Macon
  - McDowell
  - Sampson
  - Wilkes

Electing County Initiatives



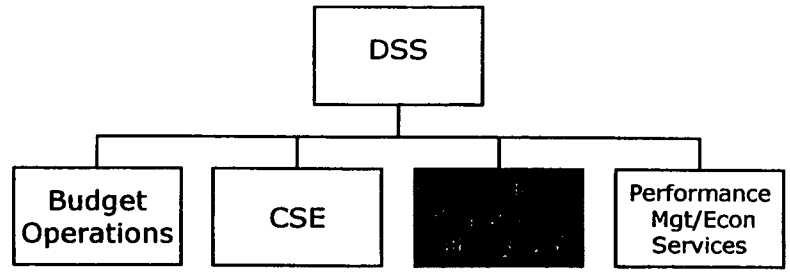
- Eligibility Determination
- Economic Literacy Class
- Child Safety and Permanence
- Comprehensive Front End Family Assessment
- Incapacitated/Needed in the Home
- Universal Child Support
- Success for Families at Risk

Electing County Initiatives



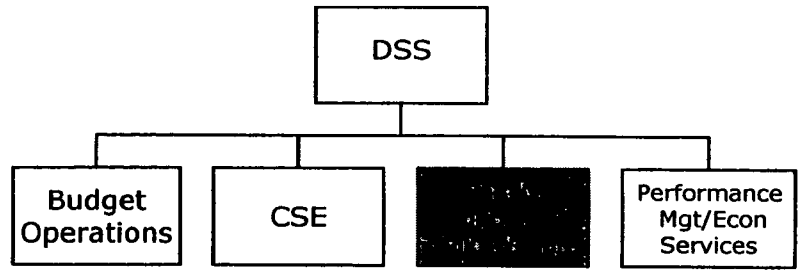
- Employment Opportunity Enhancement
- Faith and Business Liaison
- Families First
- Wheels to Work
- Driving School
- Employment Focus
- Incapacitated Individuals
- Family Support Course

Electing County Initiatives



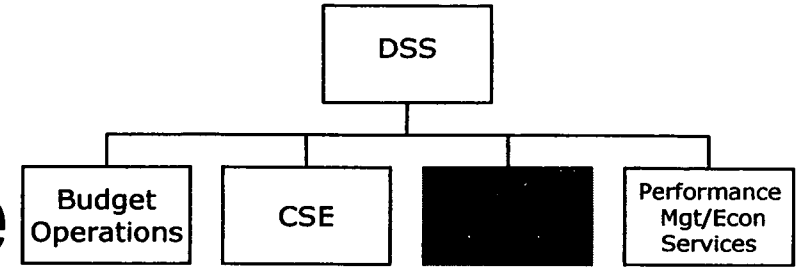
- Services to Incapacitated Parents/Family Members
- Services to Families to Avoid Foster Care Placement
- School-Related Needs to Work First Children
- Community in Schools (CIS)/Support Our Students (SOS)
- Job Seeking Skills Training Class

Electing County Initiatives



- Computer Skills
- English as a Second Language
- Child-Only Cases
- Employment Training and Assessment
- Retention Assistance
- Literacy
- Eligibility Determination
- Child Safety and Stability

Work First Family Assistance



SFY	Total	Federal	State	Average Monthly Recipients
2000	$ 142,118,465.30	$ 122,642,662.53	$ 19,475,802.77	48,249
2001	$ 135,814,874.32	$ 122,993,466.32	$ 12,821,408.00	44,289
2002	$ 138,048,441.22	$ 116,048,441.22	$ 22,000,000.00	43,700
2003	$ 129,804,946.35	$ 106,983,538.35	$ 22,821,408.00	41,716
2004	$ 121,022,384.05	$ 98,200,976.05	$ 22,821,408.00	39,145

Comparison with Other States - TANF

State	2004 Mandatory	2005 Pres. Budget	*2005 Mandatory	2006 Pres. Budget	Unemployed Dec 04
Georgia	368,025,000	368,025,000	368,025,000	368,025,000	193,800 4.4%
North Carolina	338,350,000	338,350,000	338,350,000	338,350,000	220,400 5.2%
South Carolina	103,759,000	99,968,000	99,968,000	99,968,000	139,600 6.7%
Tennessee	222,665,000	213,089,000	213,089,000	213,089,000	153,500 5.2%
Virginia	166,199,000	158,285,000	158,285,000	158,285,000	127,000 3.3%

*Note: Figure assumes extension at levels set in 1996.

President's Budget
TANF Reauthorization

- Reauthorization of 1996 welfare reform
- ⟺ Block grant funded at current level
- ⟺ Contingency fund funded at current level ($2 billion)
- ⟺ Supplemental grants funded at current levels for five years
- ↓ Bonus for reduction of out-of-wedlock births eliminated and high performance bonus reduced
  - Current funding is extended through 31 March 2005.

Congressional Action

- Bill adopted in House on 14 March 2005 to extend TANF through 30 June 2005
  - Senate also passed extension
- Higher work participation rates with penalties-Senate version includes penalty relief
- Child care funding is an issue ($4-5 billion to offset increased work requirement over next five years)
  - House bill includes $1 billion
- Financial flexibility with TANF grant (Senate)
- Healthy marriage program (Senate)

Congressional Action

- PRIDE (Personal Responsibility Individual Development for Everyone) Bill passed by Finance Committee on 9 March 2005
  - $6 billion in mandatory child care funding with no state match for three years
  - $1 billion in new SSBG funding over five years
  - $50 million mandatory funding for fatherhood programs
  - Incentive for program improvement
- Senate budget resolution that assumes increased funding in legislation reauthorizing TANF

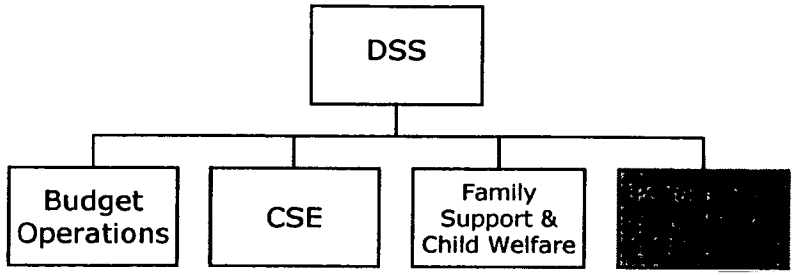
Congressional Action Reconciliation Savings

- Senate
  - $32 billion in reconciliation savings over five years
  - Resolution assumes increased funding in legislation reauthorizing TANF
  - Senate Budget Committee directed the Finance Committee to find significant savings in non-TANF programs
  - Smith-Bingaman Amendment substitutes a Commission for Medicaid cuts

Congressional Action Reconciliation Savings

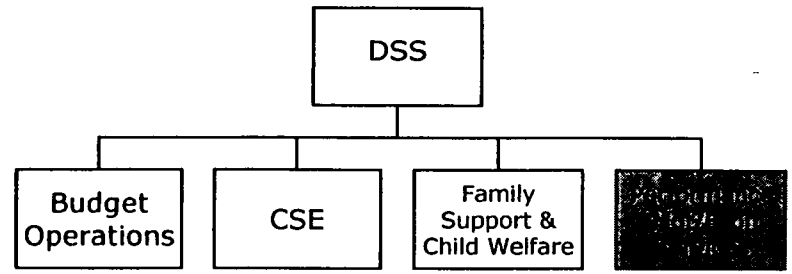
- House
  - $18.7 billion in reconciliation savings from Ways and Means ($68.6 billion total over five years)
  - Earned Income Tax Credit likely target, followed by TANF, Child Care, Child Welfare, Child Support Enforcement, state-federal partnerships, and refundable child tax credit
  - Significant Food Stamp cuts possible if farm price supports are not targeted

Food Stamp Program



- Federal food assistance program that assists low income families
- Benefits issued via EBTs
- Entitlement program
- Criteria
  - Income test
  - Household size
  - Household composition
  - Citizenship/immigration status
  - Work requirements
  - Resources

Food Stamp Costs/Benefits

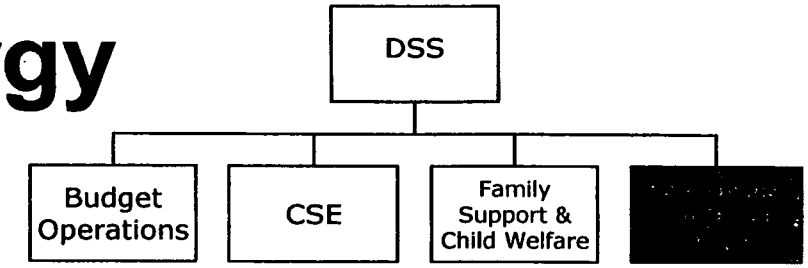


SFY	Avg. Monthly Households	Unduplicated SFY Households	Admin Costs (50% Federal)	Total Benefits (100% Federal)
2000	216,267	389,287	$60,644,694.09	$446,432,117.00
2001	209,015	371,324	$61,937,314.23	$410,452,082.00
2002	237,537	332,181	$66,820,382.67	$515,706,511.00
2003	265,817	408,263	$71,552,700.00	$611,968,879.00
2004	307,344	462,797	$80,537,446.39	$733,551,119.00

President's Budget
Food Stamps

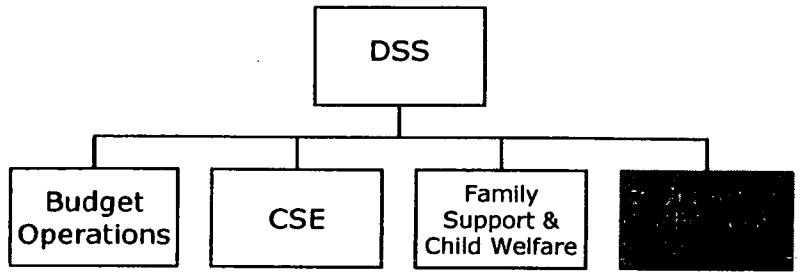
- Anticipates a 2.7 million recipient increase (10%)
- $40 billion funding request
- $57 million cut by limiting categorical eligibility to recipients of TANF cash assistance and SSI
- Anticipates savings of $8 million over five years by allowing states to utilize the National Directory of New Hires to verify employment information
- Continues to exclude combat-related pay in determining eligibility
- Includes $3 billion contingency reserve

Low Income Home Energy Assistance Program



- Block grant with four components
- Two administered by DSS
  - LIEAP
  - Crisis Intervention
- Two administered by Office of Economic Opportunity
  - Weatherization
  - Heating, Air and Replacement Program

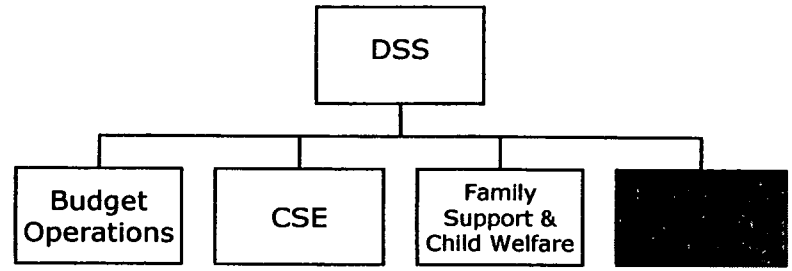
LIHEAP Funding



STATE	2004 ENACTED	2005 BUDGET	2005 ENACTED	2006 BUDGET	CHANGE FY05- FY 06
GA	18,930,000	19,042,000	19,942,000	19,042,000	(899,000)
NC	32,828,000	33,023,000	34,582,000	33,023,000	(1,559,000)
SC	12,017,000	12,089,000	12,659,000	12,089,000	(571,000)
TN	24,392,000	24,537,000	25,695,000	24,537,000	(1,159,000)
VA	34,437,000	34,642,000	36,278,000	34,642,000	(1,636,000)

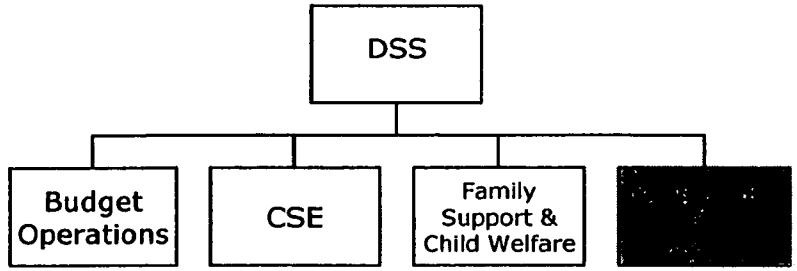
Source: Federal Funds Information for States

Low Income Energy Assistance Program



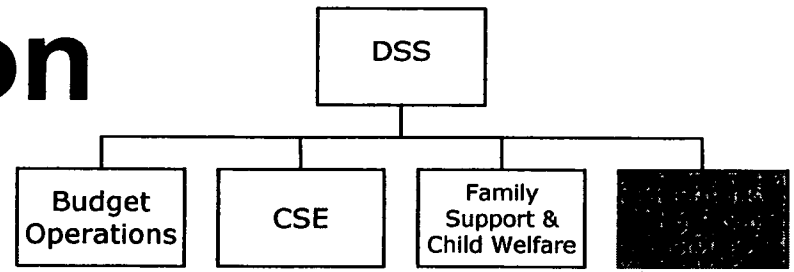
- Federally-funded
- Provides a one-time cash payment to help eligible families pay heating bills
- Household must:
  - Have at least one US citizen or qualified noncitizen who meets eligibility criteria
  - Meet an income test
  - Have reserves at or below $2200
  - Be responsible for its heating bills

LIEAP Expenditures



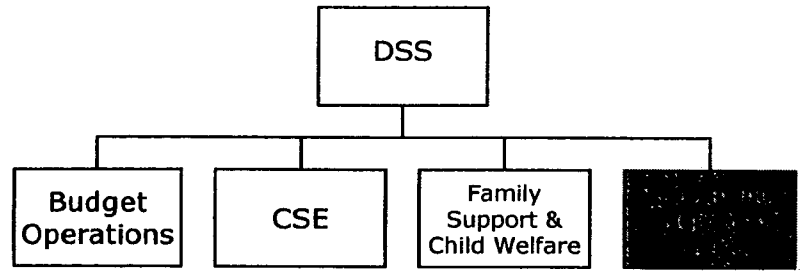
SFY	Total Expenditures	Administration	Payments	Households
2000	$16,320,158.58	$3,324,176.47	$12,995,982.11	146,873
2001	$13,382,712.58	$3,329,854.58	$10,052,858.00	150,445
2002	$13,133,227.45	$1,544,036.72	$11,589,190.73	161,559
2003	$13,811,347.45	$2,562,341.45	$11,249,006.00	166,117
2004	$18,243,728.52	$2,522,321.52	$15,721,407.00	198,903

Crisis Intervention Program



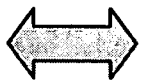
- Federally funded program that provides assistance to low-income households that are in a heating or cooling related emergency
- Maximum benefit per household during the State fiscal year:
  - $300
  - increases to $600 during years in which NC receives "emergency" CIP funding
- May receive assistance more than once during State FY

CIP Expenditures

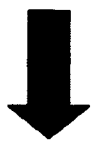


SFY	Total Payments
2000	$24,817,988.73
2001	$26,556,901.98
2002	$11,285,048.84
2003	$16,732,863.35
2004	$13,510,343.60

President's Budget
LIHEAP

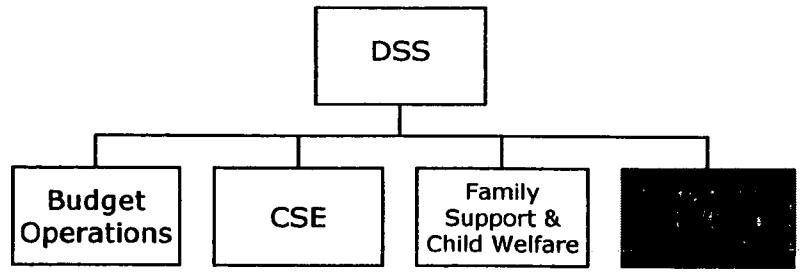


- Regular appropriation of $1.8 billion in formula block grants



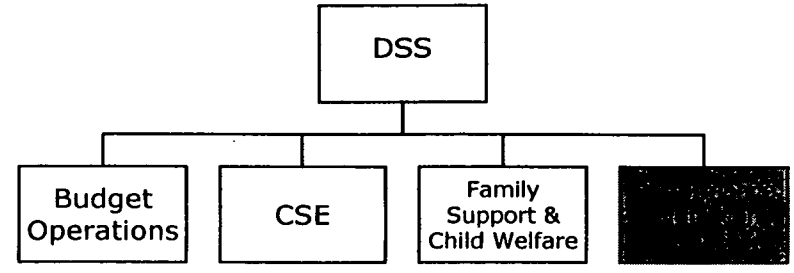
- $200 million in contingency funds (decrease of $97 million)

Refugee Public Assistance



- Services provided to:
  - Expedite the resettlement process
  - Quickly reduce dependence on public assistance
  - Assist refugees to become employed
  - Acquire English language skills
  - Achieve self-sufficiency as quickly as possible

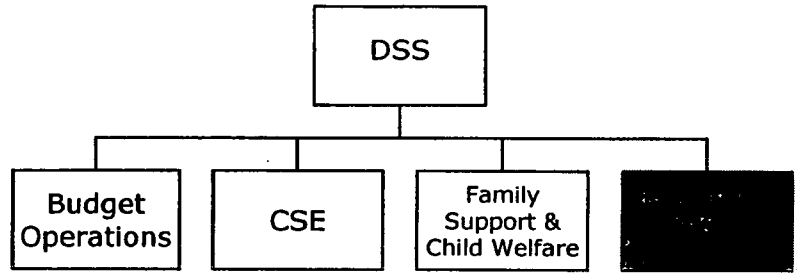
Refugees



Country	2000	2001	2002	2003	2004
Bosnia	372	238	212	76	
Burma					78
Congo			85	94	
Liberia					137
Moldova			134	69	78
Somalia	126	135			114
Sudan	114	235			
Ukraine	138	200	110	50	118
Vietnam	226	244	1404	1142	136

Source: DSS

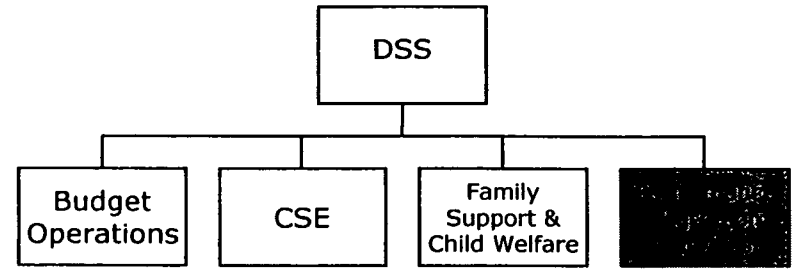
Refugee Assistance



SFY	Total Expenditures	Administration	Payments	Households
2000	$200,961.14	$37,851.15	$163,109.99	NA
2001	$273,602.73	$65,898.73	$207,704.00	NA
2002	$315,196.36	$42,483.36	$272,713.00	374
2003	$459,785.67	$83,668.67	$376,117.00	422
2004	$258,995.43	$48,220.43	$210,775.00	257

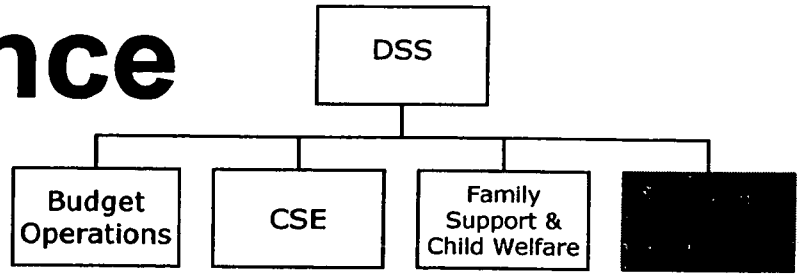
Source: DSS

Refugee Public Assistance



- Support services include:
  - English classes
  - Employment services
  - Translation and interpreter services
  - Transportation
  - Social adjustment services
  - Emergency and health-related services
  - Vocational training and skills recertification

Refugee Assistance Budget



REFUGEE ASSISTANCE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
PROGRAMS				
REQUIREMENTS	3,938,372	3,364,620	3,365,283	3,365,283
RECEIPTS	3,857,221	3,364,620	3,365,283	3,365,283
NET APPROPRIATION	81,151	0	0	0
PAYMENTS				
REQUIREMENTS	210,775	772,700	772,700	772,700
RECEIPTS	210,775	772,700	772,700	772,700
NET APPROPRIATION	0	0	0	0

- Federal funding
- Small increase in requirements for SFYs 2005-2006 and 2006-2007, $663

President's Budget Refugees

- $65 million to extend SSI eligibility
- $489 million for the Office of Refugee Resettlement ($59 million increase)
- $63 million for Unaccompanied Alien Children ($9 million increase)
- $892,770 for Migration and Refugee Assistance ($128,930 increase)

Questions

AVISITOR REGISTRATION SHEET

Appropriations/Health & Human Services — 03/23/05 (8:30 a.m.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vincent STEPHENS	CENTERS FOR MEDICARE + MEDICAID Services
Thomas V. Bennett	NCARF
Lisa Walker Shaya	OSBM
Debbie Barnes	OSBM
Wayne Williams	OSBM
Deborah Rowe	NCALHD
Guthinton Keel	Autism Society of NC
[illegible]	The Arc
Roz Savitt	NC Child Care Coalition
Abby Emanuelson	Nat'l MS Society
Kevin Ryan	DHHS

AVISITOR REGISTRATION SHEET

Appropriations/Health & Human Services — 03/23/05 (8:30 a.m.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Andy Ellen	NCLMA
John McKay	Governor
Nancy Martin	Retired
Jenny Cooper	NCALA
Evelyn Hawthorne	EHBR

AVISITOR REGISTRATION SHEET

Appropriations/Health & Human Services — 03/23/05 (8:30 a.m.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Stana McKenney	NC DHHS
Frances Dreps	NC DHHS DPH
Jim Tuttle	NHA/NC-C2001
Brian Lewis	Covenant of NC's Children
Virginia Hebert	NCGA

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 23, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Social Services — *Karlynn O'Shaughnessy, FRD Staff*

2:00 PM

Budget Overview

Division of Public Health — *Lisa Hollowell, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES
Wednesday, March 23, 2005
Room 643, Legislative Office Building

MINUTES

The Joint Appropriations Subcommittee on Health and Human Services met at 2:00 p.m. on Wednesday, March 23, 2005, in Room 643 of the Legislative Office Building. Senator Malone chaired the meeting.

Senator Malone introduced the pages and the sergeant-at-arms staff. Seven senate members were present. Representatives present were Verla Insko, Jeffrey Barnhart, Bob England, Bernard Allen, Paul Stam, Jean Farmer-Butterfield, and Mark Hollo. Senator Malone introduced the presenter for the session, Lisa Holloway of the Fiscal Research Staff. This meeting focused on the Division of Public Health in terms of its programs and budget. (Attachment A)

Lisa Holloway presented an overview of the Governor's proposed 2006--2007 budget for the public health division showing areas of increase and decrease with comparisons to the 2004—2005 budget. This also included a comparison of funds in the 2004–2005 budget from federal and state sources.

A review of programs and services for women and children's health was presented with a specific focus on women of childbearing age, infants, and youth. (See Attachment B)

At this point, the presiding chair asked for questions from the members. Several questions were asked that were for points of clarification. Senator Forrester asked if there had been an increase in cases of tuberculosis in North Carolina in the immigrant population. Dennis Harrington from the Division of Public Health stated that he would provide statistics on the number of cases for the past year at the next meeting.

Ms. Holloway continued her presentation by explaining the following programs and provided information on the continuation budget and the expansion budget for these programs:

--Immunization and Vaccines
--Early Intervention
--Children's Developmental Services Agencies ("Together We Grow")
--Infant/Toddler
--Preschool
--Children and Youth Services
--New Born Infant Hearing Screening
--Children with Special Needs
--Hospitalization
--Genetic Services
--School Nurse

Representative Barnhart asked for information explaining the method for allocating school nurses in the public schools. Dr. Ryan stated that he would provide a list showing how school nurses were distributed.

Ms. Holloway indicated that she would provide the following information based upon questions asked by Rep. Farmer-Butterfield.

--Documentation in terms of actual dollars saved through the Early Intervention program.

--Data on the number of people in the state with sickle cell anemia.

Ms. Holloway concluded her presentation by presenting information on infant mortality reduction; prenatal care; family planning, and nutrition.

There was discussion from the members about the data that showed a high rate of infant mortality among minorities. Rep. Allen asked that data be broken down to provide data on the infant mortality rate for African Americans. Sen. Malone also asked that this data also be broken down county. Rep. Farmer-Butterfield asked that his report also include what is being done to alleviate the problem.

The meeting was adjourned at 3:16 p.m.

Vernon Malone
Sen. Vernon Malone, Presiding Chair

Claudette Howell
Claudette Howell, Committee Assistant

North Carolina Department of Health and Human Services

Division of Public Health

Attachment C

Division of Public Health

Public Health Defined

- Organized efforts of society to **protect, promote, and restore people's health**. It is the combination of science, skills, and beliefs that is directed to the maintenance and improvement of the health of all the people through collective or social actions. The programs, services and institutions involved **emphasize the prevention of disease and the health needs of the population as a whole.** Public health activities change with variations in technology and social values but the goals remain the same: **to reduce the amount of disease, premature death, and disease-produced discomfort and disability in the population.** Public health is thus a social institution, a discipline, and a practice.

(Institute for International Medical Education)

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

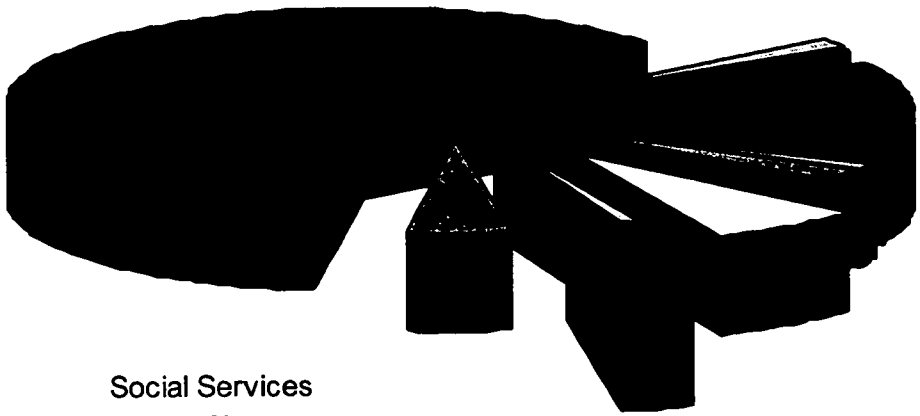
Environmental Health remained in DENR



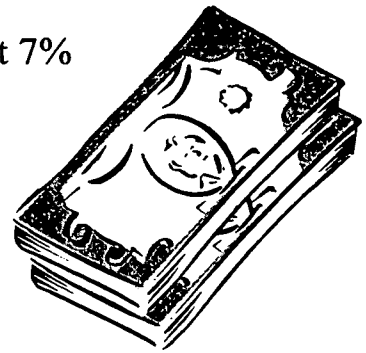
Division of Public Health
Department of Health and Human Services
FY2004-05 State Appropriations

Medical Assistance
63%

Mental Health/DD/SAS
15%



Child
Development 7%



Social Services
5%

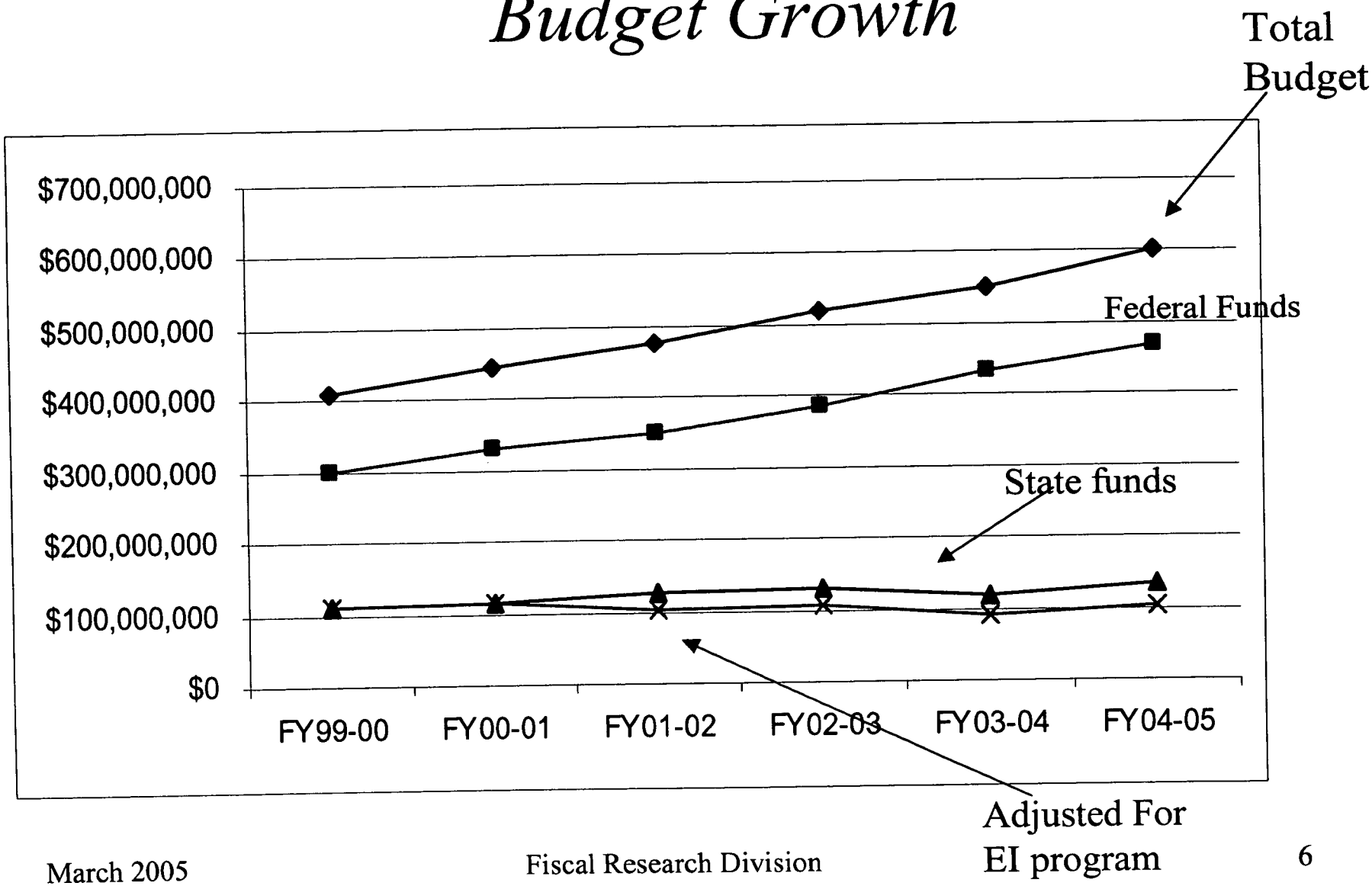
Public Health 3%

Division of Public Health

	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$549,675,065	$602,548,010	$605,234,637	$606,729,501
Receipts	$431,049,201	$469,481,406	$469,667,463	$469,669,063
Appropriation	$118,625,864	$133,066,604	$135,567,174	$137,060,438
Positions	1,806.66	1,808.68	1,810.68	1,810.68

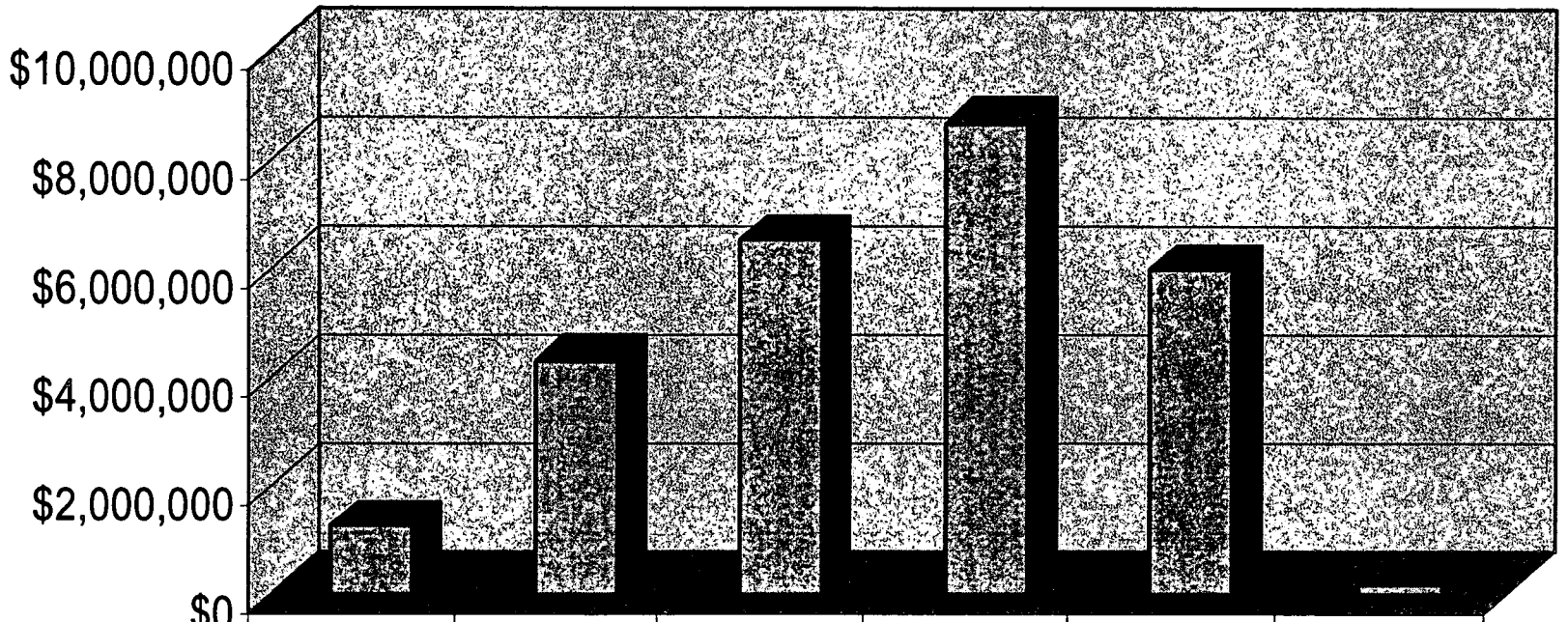
Division of Public Health

Budget Growth



Division of Public Health

Previous Years' Reductions



	FY1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
Series1	$1,284,320	$4,329,871	$6,534,224	$8,700,000	$5,990,000	$204,000

Total Reductions $27,042,415

Division of Public Health

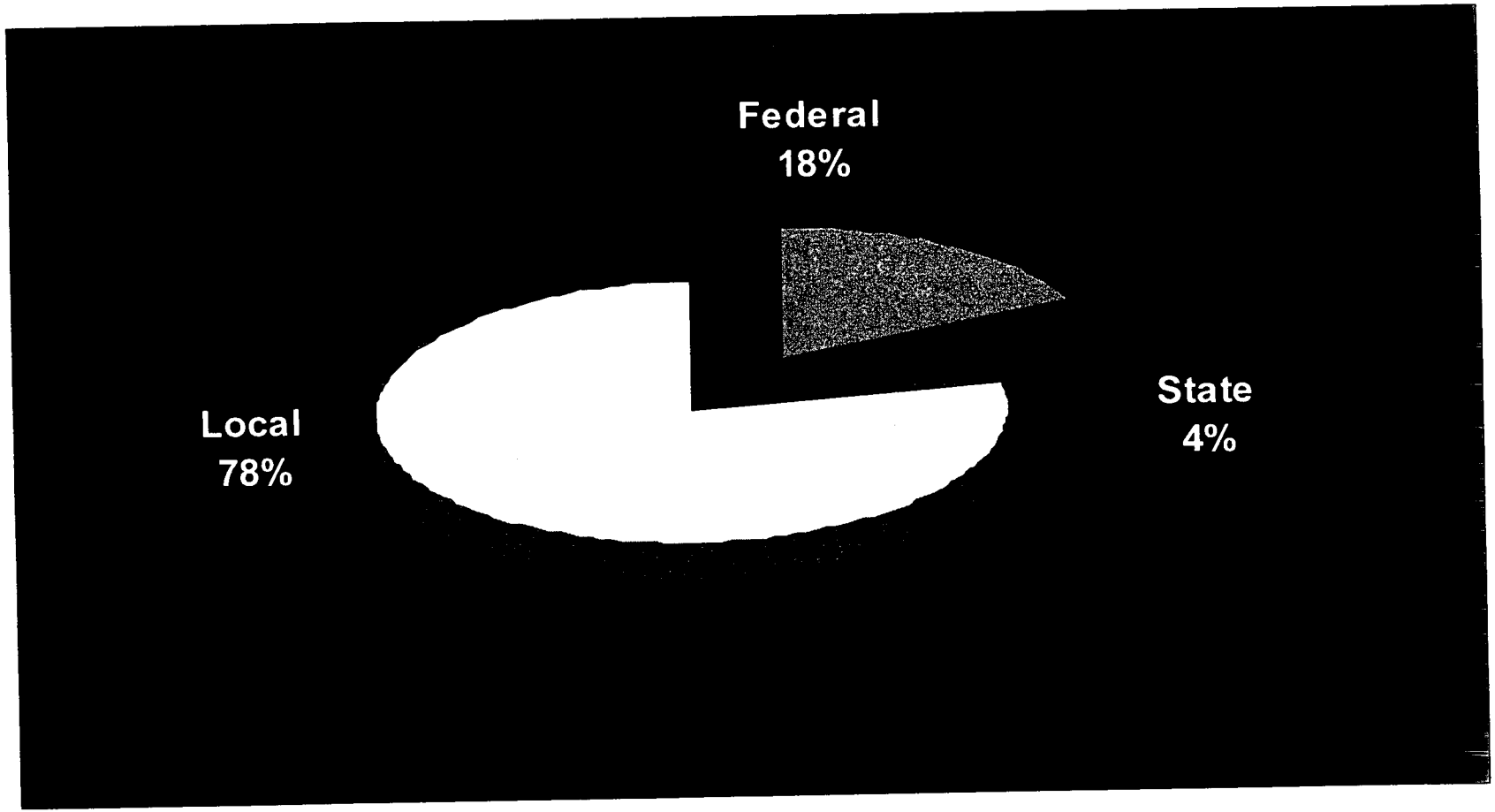
2002-2003 LHDs' Actual Budget

Reported by local health departments

Total of Local Health Department's Budgets	$381,188,029
Federal	$68,375,626
State	$15,325,404
Local	$297,486,998

Division of Public Health

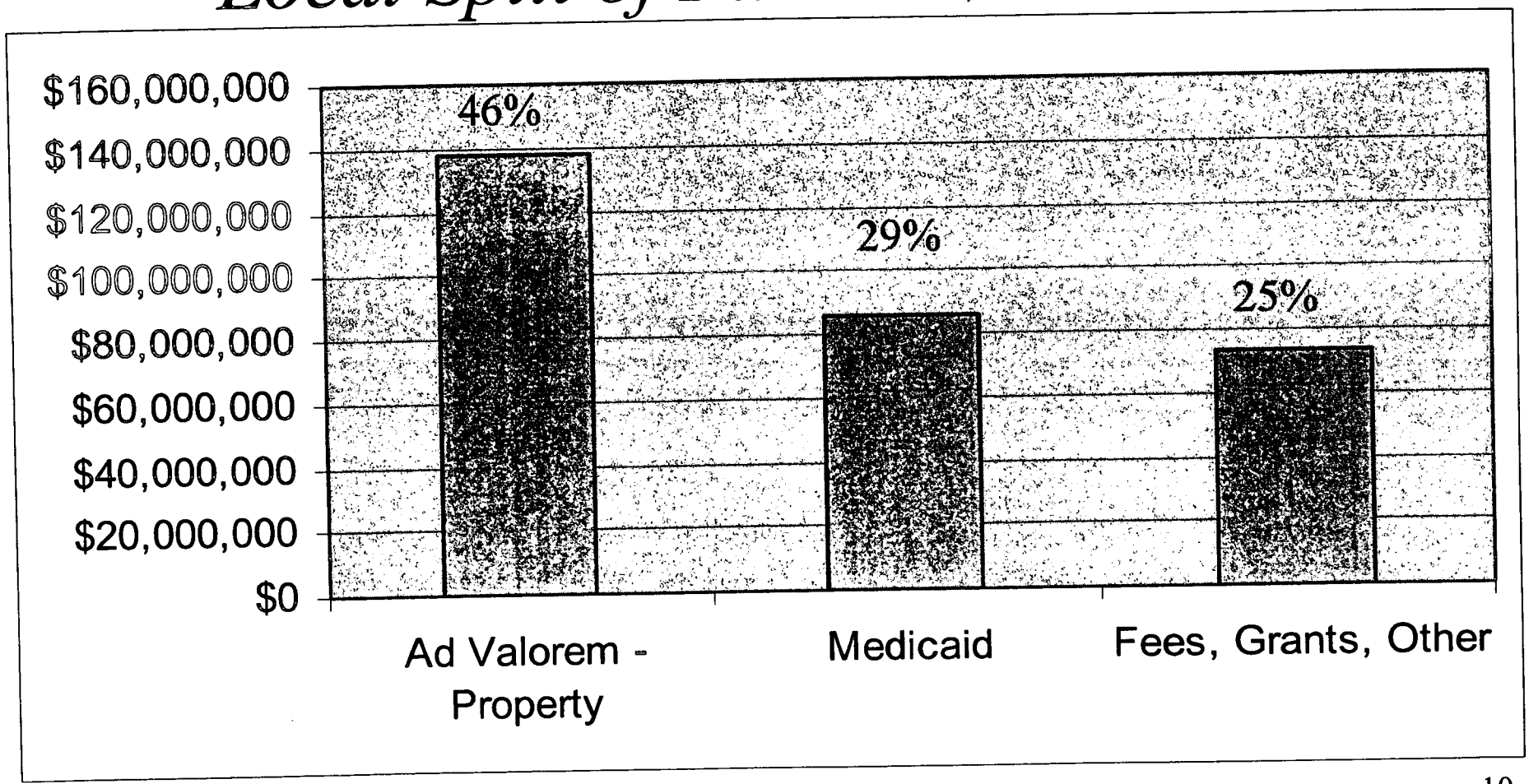
FY2002-03 LHDs' Revenues



Division of Public Health

FY2002-03

Local Split of Funds - $297M local



Division of Public Health
Local Health Department Services

- Prenatal Care
- Maternity Care Coordination
- Prenatal and Child Birth Classes
- Family Planning
- Nutrition Programs
- Immunizations
- Health Promotion and Disease Prevention Activities
- **Primary Care for Adults
- **Home Health
- **Dental Health
- Child Health Screening
- Child Service Coordination
- TB Screening and Treatment
- HIV Screening
- STD Clinics
- Registration of Birth and Deaths and Communicable/Reportable Diseases
- Health Education
- Interpreter Services
- Flu and Pneumonia Vaccinations
- Blood Pressure and Blood Sugar Screening

Division of Public Health
Local Health Department Services

- Restaurant Inspections
- On-site Sewage program
- Testing of Wells
- General Solid Waste Concerns
- Vector Control

Division of Public Health
NC Mission

- *To promote and contribute to the highest possible level of health for the people of North Carolina*
  - *Defined in GS 130A-1-1*

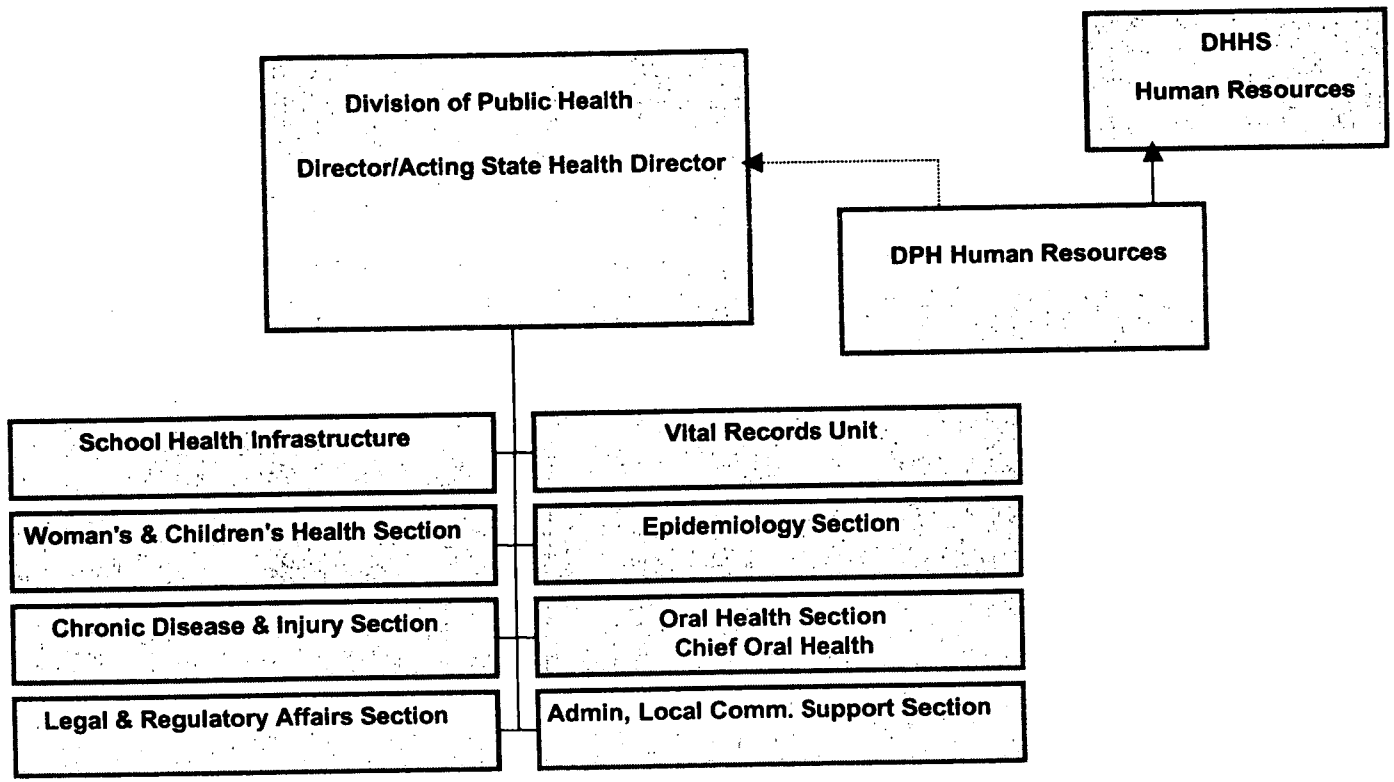
Division of Public Health

Public Health Core Functions

NC Public Health Improvement Plan, 2004

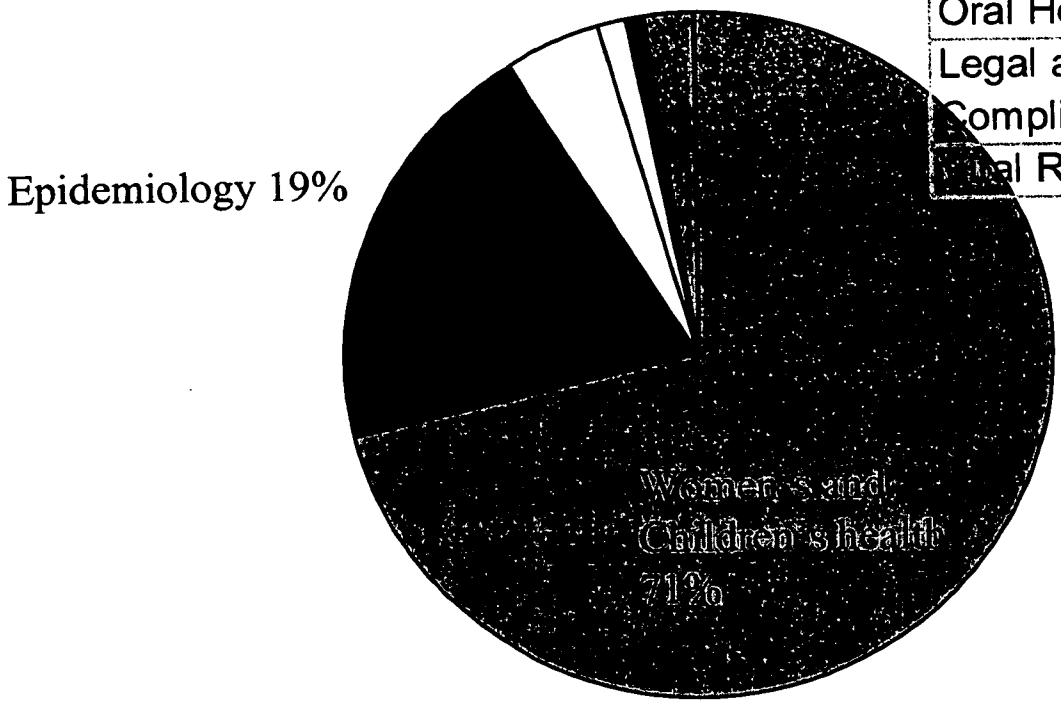
- Assessment
  - Monitor health status
  - Diagnose and investigate health problems and health hazards in community
- Policy Development
  - Inform, educate and empower people about health issues
  - Mobilize community partnerships to action
  - Develop policies and plans supporting individual and community health efforts
- Assurance
  - Enforce laws and regulations that protect health and ensure safety
  - Link people to needed personal health services and ensure health care
  - Assure competent public and personal health care workforce
  - Evaluate effectiveness, accessibility, and quality of personal and population based health services
  - Research for new insights and innovative solutions to health problems

Department of Health and Human Services
DIVISION OF PUBLIC HEALTH



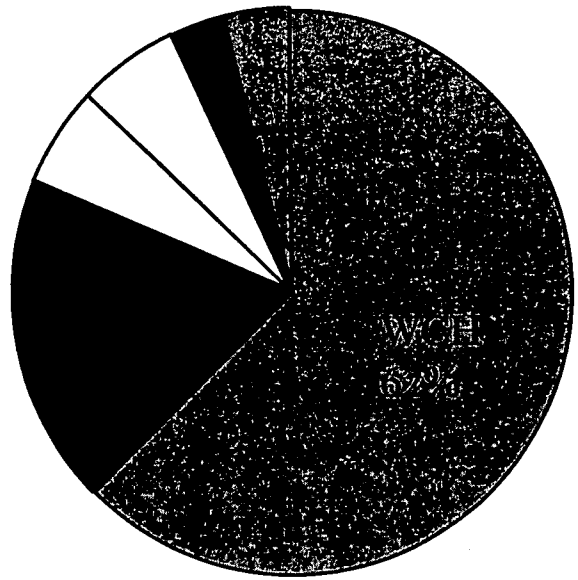
Division of Public Health
Program Requirements FY2004-05

Women's and Children's Health	$426,253,236	71%
Epidemiology	$116,694,732	19%
Chronic Disease	$26,898,079	4%
Local Health Services	$8,107,080	1%
Oral Health	$5,300,317	1%
Legal and Regulatory Compliance	$13,407,397	2%
Vital Records	$2,300,000	0.38%



Division of Public Health
Program Appropriations FY2004-05

Epidemiology
19%



Women's and Children's Health	$80,635,602	62%
Epidemiology	$24,497,432	19%
Chronic Disease	$7,725,081	6%
Local Health Services	$7,424,583	6%
Oral Health	$3,912,720	3%
Legal and Regulatory Compliance	$5,069,042	4%
Vital Records	$720,000	1%

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, and youth



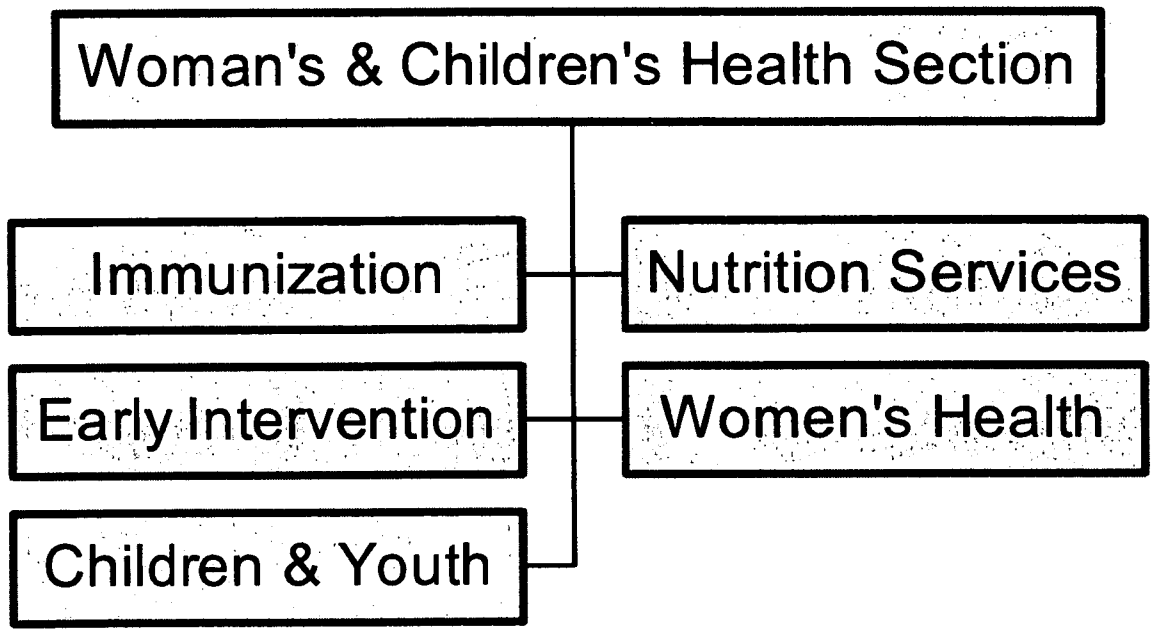
- Immunizations, Nutrition Services and Women's & Children's Health Services

Division of Public Health

Women's and Children's Health Section

	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$392,151,357	$426,253,236	$428,093,170	$428,949,101
Receipts	$320,821,756	$345,617,634	$346,733,940	$345,733,940
Appropriation	$71,329,601	$80,635,602	$82,359,230	$83,215,206
Positions	921.11	921.11	923.11	923.11

Department of Health and Human Services
DIVISION OF PUBLIC HEALTH



Division of Public Health

Women's and Children's Health Section – Immunizations

G.S. 130A-152(a) Requires that every child present in the state be vaccinated . (Medical and Religious exceptions)

	2004 Actual	2005 Authorized	2005-06 Proposed	2006-07 Proposed
Requirements	$21,472,348	$20,265,880	$22,118,117	$22,969,144
Receipts	$6,620,046	$6,640,276	$6,652,184	$6,652,184
Appropriations	$14,852,302	$13,625,604	$15,465,933	$16,316,960
Positions	38	38	38	38

Division of Public Health
Women's and Children's Health Section
Immunizations Branch - $20M

- **North Carolina provides vaccines for all children birth – 18 years of age through state funds and the federal Vaccine for Children's Program**
- **1994 Universal Childhood Vaccination State**
  - **Vaccines are purchased by the state**
  - **Stored**
  - **Delivered to providers @ no cost**
  - **Providers may charge a small administrative charge only for the delivery of service.**
  - **Local Health Departments do not charge an administrative charge**
  - **95% of providers for immunizations participate in the program**

Division of Public Health

Women's and Children's Health Section

Immunizations Branch - $20M

Distribute vaccines (purchasing, processing, distributing)

Conduct site visits (technical assistance for safety, storage, and handling of the vaccines)

Oversight and accountability of the vaccines

Immunization Registry

Statistical analyses on rates of vaccination and outbreaks of disease

Respond to public inquiries and community outreach

Division of Public Health

Women's and Children's Health Section

Immunizations Branch - $20M

- 2002-03 North Carolina is one of the top 5 states immunizing 86% children ages 19-35 months (<3 years); the national average was 78%.
- Immunization Registry – New system piloted in four counties until June and health depts will be added in Sept. 2005; private providers to be added in January

Division of Public Health

Women's and Children's Health Section

Immunizations Branch - $20M

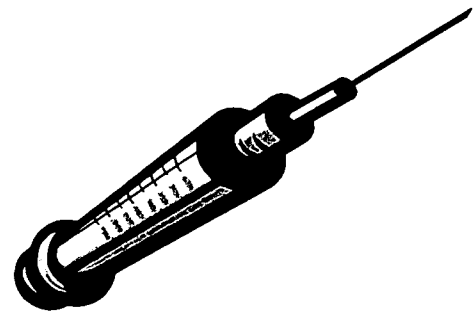
- Governor's Continuation Budget includes funding for Pediarix
- Combines Polio, Hep B, DTAP vaccines; however, with Pediarix there is an extra dose of Hepatitis B vaccine (because it is built in and the infant receives one dose @ birth)
  - Allows for fewer shots to be given to babies
  - May reduce trauma of shots for babies

Division of Public Health

Women's and Children's Health Section

Immunizations Branch - $20M

- Pediarix $1,302,000 would purchase 37,000 vaccines
  - Pediarix per dose is approx. $35.50 = **$105.50/child**
  - DTAP $13.75/dose = $41.25
  - Polio $10.13/dose = $30.39
  - Hep B $9.50 = $19.00
  - Individual Vaccines = **$90.64/child**
  - Difference of $15.00 per child



- Began with purchase in January through the Federal Vaccines for Children Program

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

Together We Grow, North Carolina's Early Intervention Service System, in collaboration with public and private community partners and families, is committed to children from birth to age five who are at risk for delayed or atypical development, or who have been determined to have special needs, and their families.

Division of Public Health

Women's and Children's Health Section

Early Invention Program

	2004 Actual	2005 Authorized	2005-06 Proposed	2006-07 Proposed
Requirements	$44,048,177	$64,237,533	$64,587,508	$64,588,321
Receipts	$16,339,007	$34,925,543	$35,012,119	$35,012,119
Appropriations	$27,709,170	$29,311,990	$29,575,389	$29,576,202
Positions	921.38	921.37	921.37	921.37

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

- Individuals with Disabilities Act (IDEA) federal language that governs Early Intervention Programs
- Multidisciplinary assessment of the unique strengths and needs of infants and toddlers and the identification of services appropriate to meet 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

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

IDEA Continued –

- **Assessment and Care Coordination are required**
- **Infant Toddler Program – To the extent possible, services are to be provided in natural environments, including the home and community settings in which children without disabilities participate**
- **Services are to provided within 45 days of referral to program for evaluation**
- ***Services are to begin within 30 days of evaluation/IFSP (state requirement)***

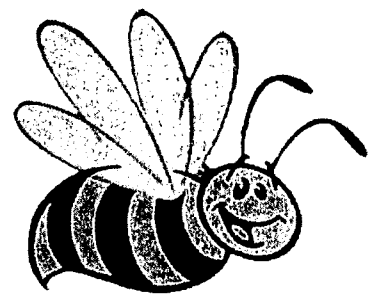
Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

Special needs areas include:

- Motor Development
- Cognitive Development
- Communication Development
- Social or Emotional Development
- Adaptive Development



Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

- Child Developmental Services Agency (CDSA)
  - Formally the Developmental Evaluation Centers (DEC's)
  - Performs evaluations for children referred
  - Coordinate care for families within the Infant Toddler Program (contracting and arranging services)
  - Provide services when providers aren't available

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

CDSA's

- **Collowhee
- Boone
- Sandhills
- New Bern
- **Elizabeth City
- **Asheville
- Rocky Mount
- **Greenville
- Durham
- Shelby
- Fayetteville
- Wilmington
- Greensboro
- Concord
- **Winston-Salem
- Morganton
- Charlotte
- Raleigh

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

- Infant Toddler Program birth – 3 years old
- Research shows the first three years of life are very important years for learning in a child's life.
- Early intervention services for children save money (state and federal resources)
- Preschool Program includes 3 and 4 year olds with developmental disabilities and 5 year olds not in kindergarten
- Public School system is required to serve these individuals
- Many are evaluated through the Together We Grow program and services paid for by the Public School System

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

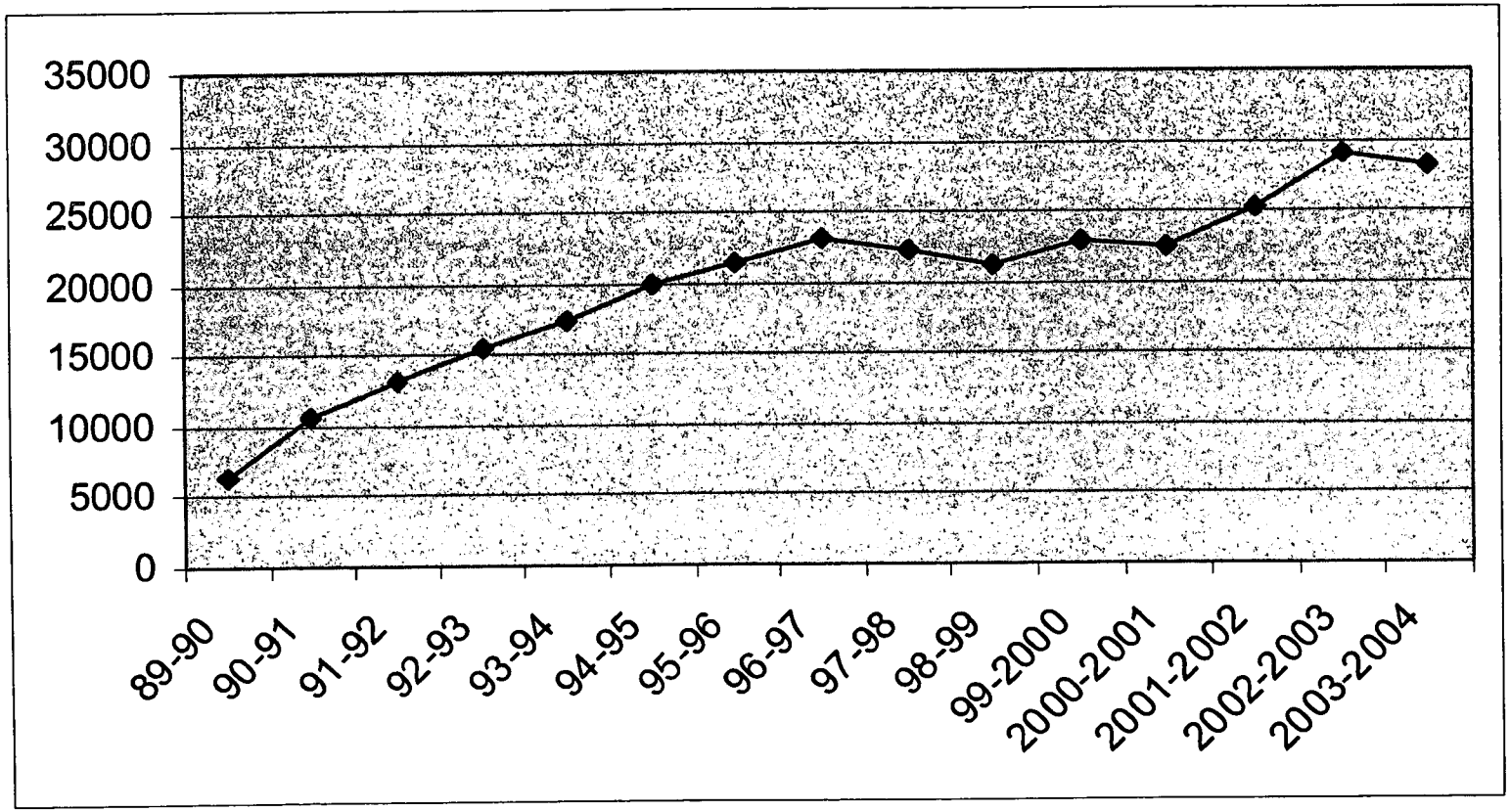
- Programs
- Audiology/Hearing
- Child Service Coordination
- Screening
- Occupational Therapy
- Physical Therapy
- Parent Training and Information
- Speech-Language Therapy
- Transportation
- Social Work
- Assistive Technology Services and Devices
- Medical Services Evaluation
- Family Counseling and Therapy

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

Children Served in CDSAs



Division of Public Health

Women's and Children's Health Section
Early Invention Program - $64M

- FY2003-2004 the DEC's/CDSA's served a total of 28,000 children
- 56,584 evaluation services were delivered (2004) by CDSA's
- 34,261 treatment services were delivered (2004) CDSA's
- 10,976 children were served in the Infant Toddler Program (2004)
- 6,308 children were served in the Preschool Program
- Average age of referral was 15 months
- 61% of children were boys and 39% girls (2002)
- 56% white, 32% black, 2% Asian, 1% American Indian, 7% Hispanic origin (2002)
- 2.9% of population for children under age of 3 (2002)

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

The Child Abuse Prevention and Treatment Act (CAPTA) passed in July 2003 required that children under three with substantiated abuse and neglect be referred to and evaluated by the state early intervention program.

NC Legislature required a report assessing impact on the EI system.

FY2003-04 there were 7,319 children under three in Child Protective Services and 1,351 were already enrolled...resulting in 5,968 "new" children requiring evaluations.

August – December shows an increase of 800 children

Division of Public Health

Women's and Children's Health Section

Early Invention Program - $64M

- State 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 reports on the program
  - Appointed by the Governor and General Assembly composed of Parents, Service Providers, and State Agency Representation

Division of Public Health

Women's and Children's Health

Children & Youth

- Newborn Hearing Screening
- Children with Special Health Services
- Genetics Program and Sickle Cell Syndrome Program
- School Health Nurse Program

Division of Public Health
Children and Youth

	2004 Actual	2005 Authorized	2005-06 Proposed	2006-07 Proposed
Requirements	$24,783,286	$40,556,369	$40,480,929	$40,482,175
Receipts	$11,901,313	$21,704,052	$21,704,421	$21,704,501
Appropriations	$12,881,973	$18,852,317	18,776,508	$18,777,674
Positions	82.6	82.6	82.6	82.6

Division of Public Health
Women's and Children's Health
Children & Youth

- Newborn Hearing Screening
  - 118,493 babies born in 2003
  - Testing performed at the hospital (88%)
    - Infants screened by 1 month of age (95%)
    - Infants passed the screening for both ears (97.7%)
    - Infants failed in one or both ears (2.3%)
  - Screening and Follow-up conducted by DPH Staff
  - Referrals to Early Intervention Program for diagnostic evaluation
    - 225 diagnostic evaluations were reported
    - 20 w/ permanent hearing loss receiving amplification
    - 12 received amplification by 6 months of age

Division of Public Health

Women's and Children's Health - *Children & Youth*

Children with special health services

FY2004-05 Budget $15M

Asthma Program

Purchase of Medical Care for special needs children

Cystic Fibrosis Program

Hemophilia Assistance Plan

Assistive Technology



Division of Public Health

Women's and Children's Health

Children & Youth

- Genetic Services $7.8M
- Genetic Counseling Services
  - Contracts with Medical Centers and Hospitals
  - Counselors located at CDSA's
- Sickle Cell Syndrome Program created by General Assembly in 1973
  - Promote the health and well being of persons with sickle cell disease and other genetic diseases
  - Testing, genetic counseling, care coordination, specialist referrals, advocacy and patient education
  - Sickle Cell Educator/Counselors, Community-based Organizations, and referral hospitals

Division of Public Health

Women's and Children's Health

School Nurse Initiative

- FY2004-05 General Assembly funded 145 new school nurses (through state appropriations and block grants)
- 135 new school nurses are now employed
- Once all positions are filled, 24 LEA's will meet the nurse to student ratio of 1:750
- Statewide average will be 1:1573 (down from 1:1897)

Division of Public Health

Women's and Children's Health
School Nurse Initiative

- Governor's Expansion Budget would add 100 new nurses funded through DPI as part of the School-based Child Family Support Teams
- 50 new nurses would be added in FY2005-06 and 65 nurses for replacing temporary funds in the MCH Block Grant in FY2006-07.

Division of Public Health
Women's Health

	2004 Actual	2005 Authorized	2005-06 Proposed	2006-07 Proposed
Requirements	$49,423,315	$52,128,066	$51,971,647	$51,974,492
Receipts	$ 34,534,245	$36,152,334	$36,200,347	$36,200,347
Appropriations	$14,889,070	$15,975,732	$15,771,300	$15,774,145
Positions	56	56	56	56

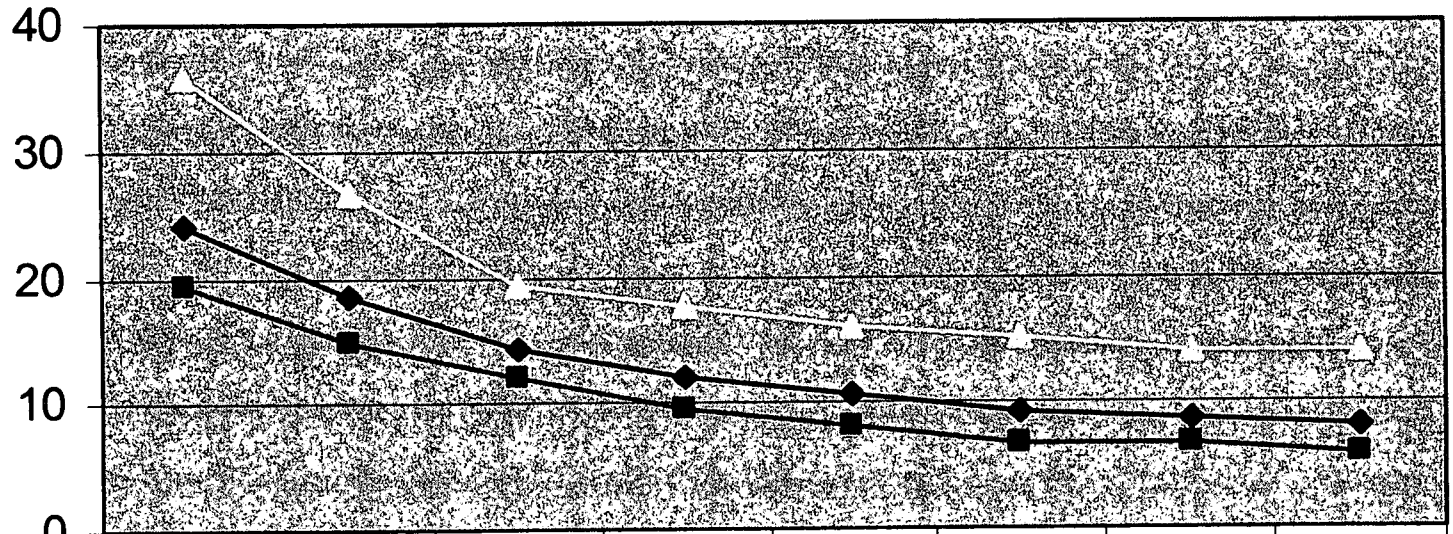
Division of Public Health
Women's Health

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

Division of Public Health

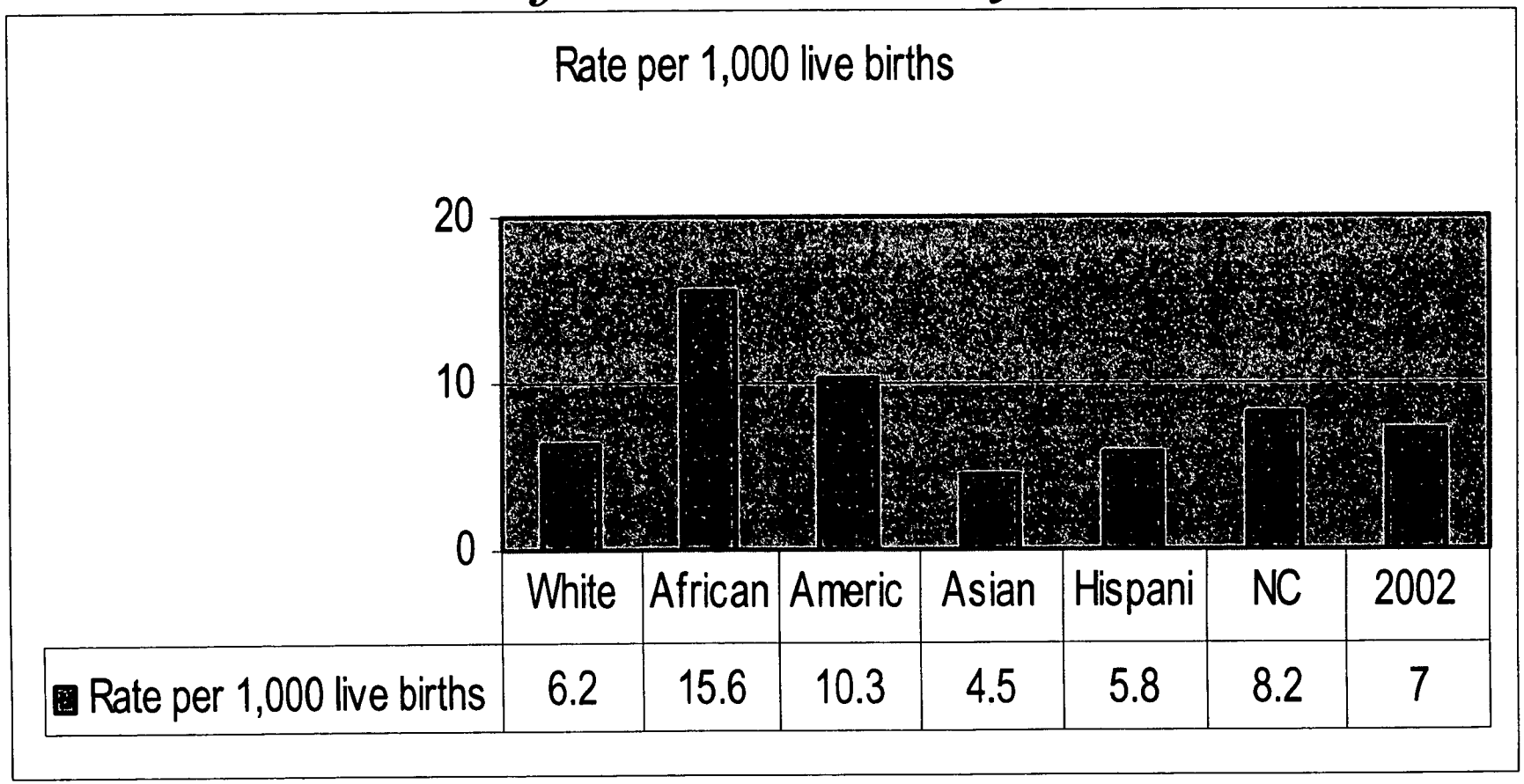
Women's Health

Infant Mortality Rates per 1,000 live births



	1970	1975	1980	1985	1990	1995	2001	2003
NC	24.1	18.5	14.4	12	10.6	9.2	8.6	8.2
whites	19.2	14.7	12.1	9.5	8.2	6.8	6.6	5.9
minorities	35.8	26.6	19.4	17.5	15.9	15	14	14

Division of Public Health
Women's Health
2003 Infant Mortality Rates



Division of Public Health
Women's Health
Infant Mortality Reduction Efforts $12M

- Healthy Beginnings
- Maternity Program
- First Step Campaign
- Family Resource Line
- Healthy Mothers Healthy Children
- Folic Acid Awareness
- Trainers
- Baby Love Program
- Baby Love Plus Program
- Women's Health Tobacco Use
- Perinatal and Neonatal Outreach Educator Trainers

Division of Public Health
Women's and Children's Health
Nutrition Services

	2004 Actual	2005 Authorized	2005-06 Proposed	2006-07 Proposed
Requirements	$251,896,413	$248,121,787	$248,141,145	$248,141,145
Receipts	$251,122,978	$247,059,519	$247,078,879	$247,078,879
Appropriations	$773,435	$1,062,268	$1,062,266	$1,062,266
Positions	28.73	28.73	28.73	28.73

Division of Public Health
Women's and Children's Health
Nutrition Services

- Nutrition Program for Women, Infants, and Children (WIC) - $184M (federal and small amount of state funds)
  - Safeguard the health of low-income women, infants and children up to age 5 who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating and referrals to health care.
- Eligibility – <185% FPL, or participate in Medicaid, Food Stamps, or TANF and be at-risk for nutritional deficiency (prior low birth weight baby, teen pregnancy, iron deficiency anemia, underweight, or overweight)

Division of Public Health
Women's and Children's Health
Nutrition Services

- Child and Adult Care Food Program (CACFP) provides nutritious meals and snacks to children and adults 100% federal funding $74M
- Child Care Centers, after school care programs, non-residential adult day care centers, and homeless shelters. Child Care Homes may also participate if licensed.
  - Meals are reimbursed at rates based upon a child's eligibility for free and/or reduced lunch.
- Community-based-programs that serve at-risk children and teenagers after regular school day may provide snacks
- Adult Day Care Centers – 60 years and older
- Homeless shelters may receive reimbursement for children

OTHER HANDOUTS

Family Services

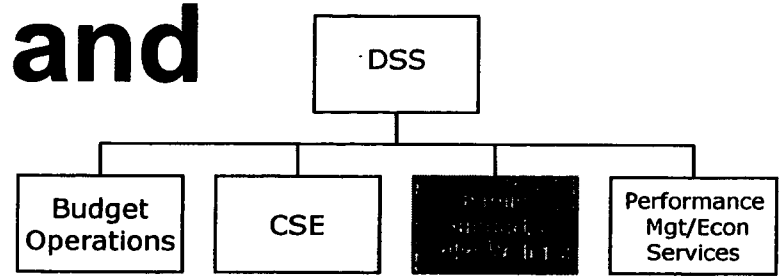
Family Services

- Community Based Programs
- Work First
- Food Stamp Program
- Crisis Intervention Program
- Low Income Energy Assistance Program
- Refugee Public Assistance

Community Based Programs

- Respite Care
- Reunification Services
- Family Preservation
- Family Support Services
- Adoption Promotion and Support

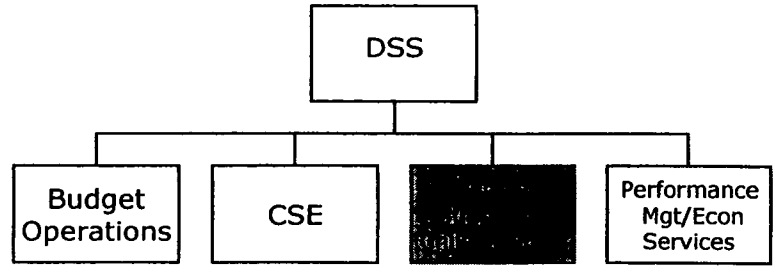
Family Preservation and Support Services



- Intensive Family Preservation Services (IFPS)
- Family Preservation Services (FPS)
- Family Support Programs
- Family Resource Services

FAMILY PRESERVATION AND SUPPORT SERVICES	TOTAL	FEDERAL	STATE	PROVIDER	COUNTY	COUNTY NONREIMBURSEABLE
SFY 01-02	13,710,398	8,471,655	2,760,399	138,109	163,594	2,176,641
		61.79%	20.13%	1.01%	1.19%	15.88%
SFY 02-03	12,317,393	9,094,302	1,656,388	160,876	75,951	1,329,876
		73.83%	13.45%	1.31%	0.62%	10.80%
SFY 03-04	11,883,912	9,193,029	1,815,232	162,506	233,818	479,328
		77.36%	15.27%	1.37%	1.97%	4.03%

Temporary Assistance to Needy Families (TANF)



- Federal Legislation
- North Carolina's Work First Initiative

TANF

Public Law 104-193 – Personal Responsibility and Work Opportunity Reconciliation Act (1996) – Dramatically changed a public assistance program that had been in place for over half a century.

- States were given the authority to develop and implement welfare reform.
- Several former entitlement programs were combined into a block grant.
- State programs were to be designed to accomplish specific goals.

TANF

Public Law 104-193 – Purpose:

Increase the flexibility of States in operating a program to :

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.

TANF Funding

- Division of Social Services
- Division of Mental Health
- Division of Public Health
- Division of Child Development
- Transfers to Other Block Grants
- Transfers to Other State Agencies

Total Appropriated SFY 04-05 $369,779,414

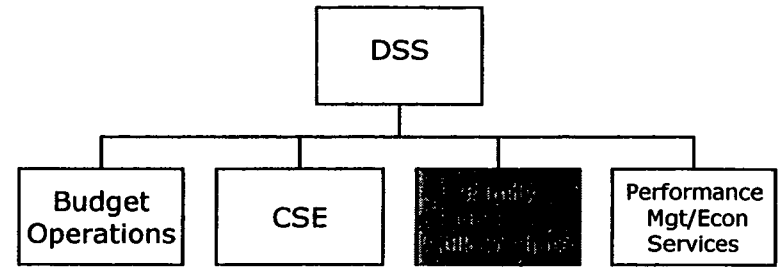
DSS TANF Appropriations and Expenditures

	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05
Division of Social Services						
	Work First Cash Assistance	$ 129,396,275	$ 106,983,538.35	$ 129,396,275	$ 98,200,976.05	$ 119,841,508
	Work First County Block Grant	$ 92,018,855	$ 92,942,431.36	$ 94,653,315	$ 93,433,041.34	$ 94,653,315
	Child Welfare Workers for Local DSS's	$ 10,382,391	$10,372,406.72	$ 11,452,391	$ 11,452,391.00	$ 12,452,391
	Support Our Students-Dept. Of Juvenile Justice and Delinquency Prevention	$ 1,425,000	$1,425,000.00	$ 2,249,642	$ 2,249,642.00	$ 2,749,642
	Domestic Violence Services for Work First Families	$ 900,000	$698,420.14	$ 1,200,000	$ 962,626.94	$ 1,200,000
	After School At Risk Children	$ 1,425,000	$1,127,133.59	$ 2,249,642	$ 1,802,956.04	$ 2,249,642
	Division Of Social Services Administration	$ 400,000	$ 400,000.00	$ 400,000	$ 400,000.00	$ 400,000
	Child Welfare Training	$ 1,600,000	$1,600,000.00	$ 2,550,000	$ 2,550,000.00	$ 2,550,000
	TANF Automation Projects	$ 1,200,000	$ 550,120.65	$ 592,500	$ 60.34	$ 592,500
	Work First Boys and Girls Clubs			$ 1,000,000	$ 999,405.25	$ 1,000,000
	Work Central Career Advancement Center			$ 550,000	$ 550,000.00	$ 550,000
	Special Children's Adoption Fund			$ 2,000,000	$ 2,000,000.00	$ 3,000,000
	NC Fast Implementation			$ 630,000	$ -	$ 2,717,298
	Maternity Homes	$ 438,000	$438,000.00	$ 838,000	$ 837,997.00	$ 838,000
	Individual Development Accounts			$ 180,000	$ -	$ 180,000
	After-School Programs for At-Risk Youth in Middle Schools					500,000
	Job Retention and Follow-Up		$123,671.09			
	Domestic Violence and Awareness		$54,118.46			
	Intensive Family Preservation		$92,135.47			
	Work First Pilots		$38,292.43			
	DSS Evaluation	$ 500,000	$418,250.91			
	SACWIS Payback	$ 4,643,454	$4,643,453.00			
		$ 244,328,975	$ 221,906,972.17	249,941,765	$ 215,439,095.96	$ 245,474,296

TANF Transfers to Other Block Grants

Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05
Transfer to Social Services Block Grant for Child Caring Institutions			$ 1,500,000	$ 1,500,000.00	$ 1,500,000
Transfer to CCDF Block Grant for child care subsidies	72,812,189	$72,812,189.00	79,562,189	$ 84,462,189.00	81,292,880
Transfer to SSBG for County DSS's for Children's Services	$ 4,500,000	$4,499,999.36	$ 4,500,000	$ 4,499,999.83	$ 4,500,000
TOTAL	$ 77,312,189	77,312,188.36	$ 85,562,189	90,462,188.83	$ 87,292,880

Work First

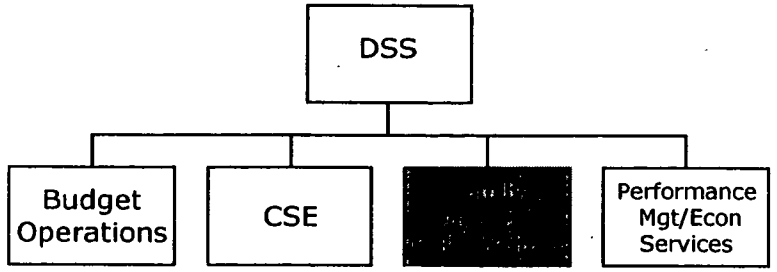


Authority: G.S. 108A-27 (1997)

"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 is not an entitlement.

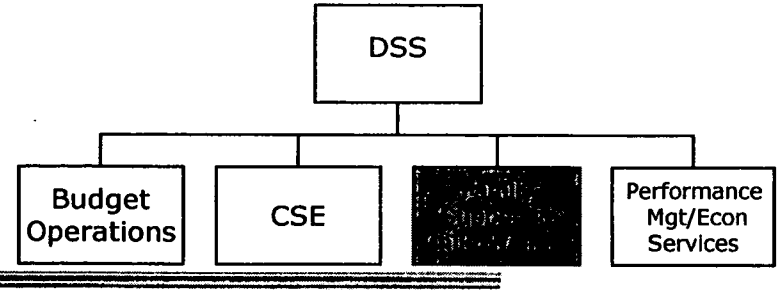
Work First



Work First is not only "Cash Assistance", but a variety of services:

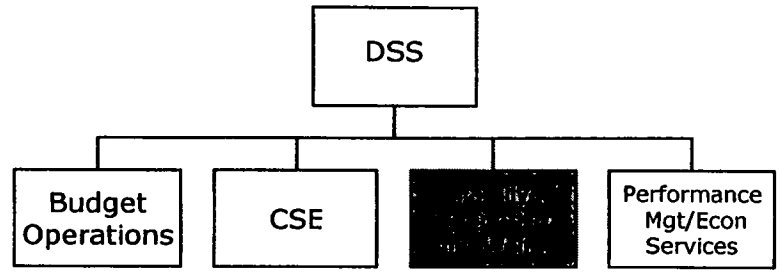
- Training
- Childcare Assistance
- Transportation
- Job Readiness
- Parenting Education
- Other services

Work First



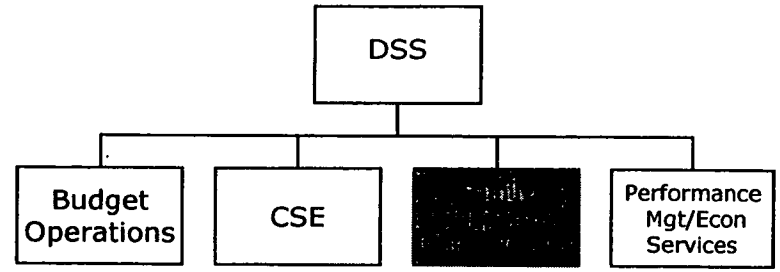
- Funded by NC's Temporary Assistance for Needy Families (TANF) block grant
- Based on premise that parents have a responsibility to support themselves and their children
- Provides short-term training and other services to become employed and self-sufficient
- Usually two-year limit

Work First Strategies



- Diversion – keep families off welfare by helping them cope with unexpected emergencies or setbacks
- Work – Make work mandatory and limit amount of time families can receive cash assistance
- Retention – Help families stay off public assistance by encouraging them to save and limiting cash assistance

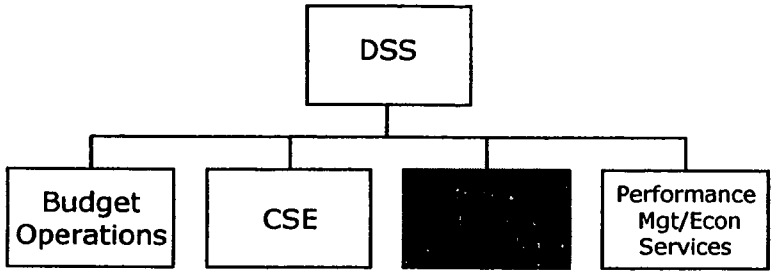
Emergency Assistance



- Families experiencing financial emergency
- Financial help to pay for housing and utilities
- Criteria
  - Have child who lives with relative as defined for Work First Family Assistance and who meets age requirements
  - Total income at or below 200% of poverty level
  - Meet Work First cash assistance citizenship requirements

Note: Counties may set more restrictive requirements.

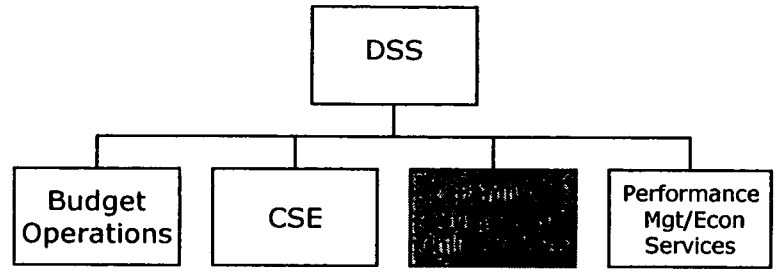
Work First



Three types of recipients:

- Low-income single parent with a dependent child
- Dependent child residing with a family member (child-only case)
- 2-parent – Low-income families with dependent children

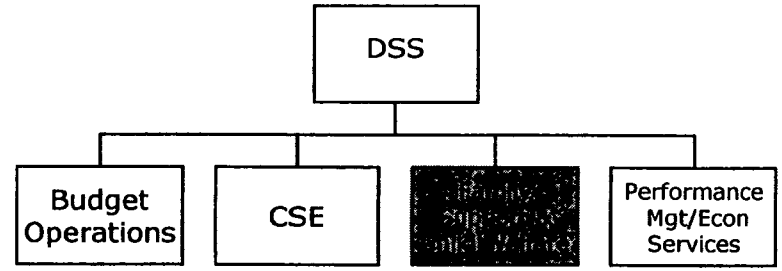
Work First



IMPACT

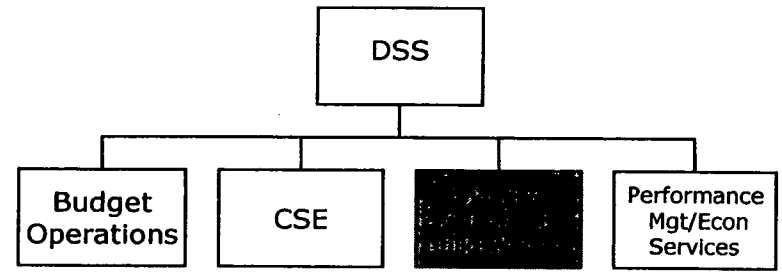
- Caseloads have decreased from 105,584 in 1996 to approximately 39,145 in 2004.
- Length of stay on welfare is shorter.
- Welfare payment costs are reduced.
- No substantial difference in earnings.

County Programs



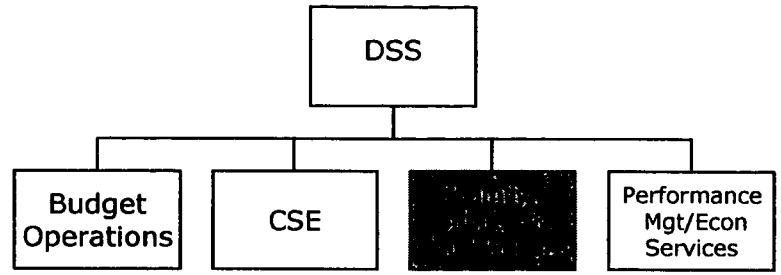
- Standard
- Electing
  - Beaufort
  - Caldwell
  - Iredell
  - Lenoir
  - Lincoln
  - Macon
  - McDowell
  - Sampson
  - Wilkes

Electing County Initiatives



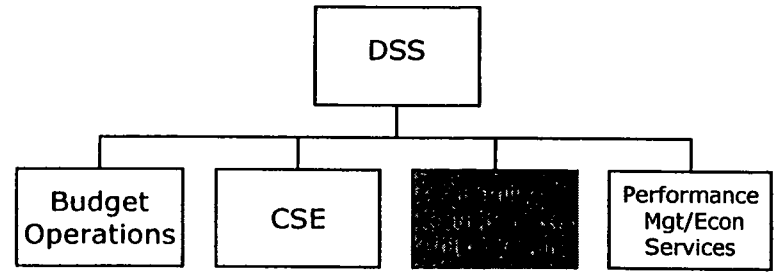
- Eligibility Determination
- Economic Literacy Class
- Child Safety and Permanence
- Comprehensive Front End Family Assessment
- Incapacitated/Needed in the Home
- Universal Child Support
- Success for Families at Risk

Electing County Initiatives



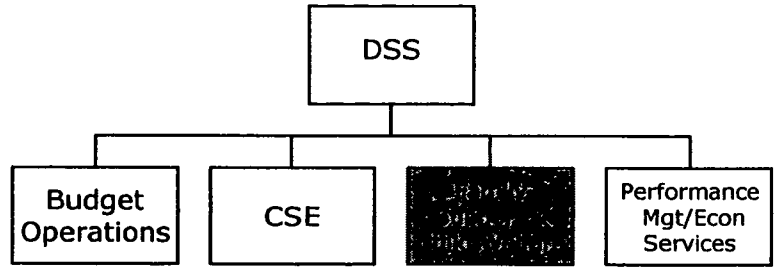
- Employment Opportunity Enhancement
- Faith and Business Liaison
- Families First
- Wheels to Work
- Driving School
- Employment Focus
- Incapacitated Individuals
- Family Support Course

Electing County Initiatives



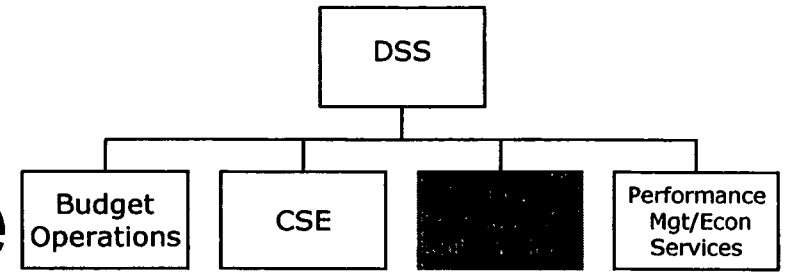
- Services to Incapacitated Parents/Family Members
- Services to Families to Avoid Foster Care Placement
- School-Related Needs to Work First Children
- Community in Schools (CIS)/Support Our Students (SOS)
- Job Seeking Skills Training Class

Electing County Initiatives



- Computer Skills
- English as a Second Language
- Child-Only Cases
- Employment Training and Assessment
- Retention Assistance
- Literacy
- Eligibility Determination
- Child Safety and Stability

Work First Family Assistance



SFY	Total	Federal	State	Average Monthly Recipients
2000	$ 142,118,465.30	$ 122,642,662.53	$ 19,475,802.77	48,249
2001	$ 135,814,874.32	$ 122,993,466.32	$ 12,821,408.00	44,289
2002	$ 138,048,441.22	$ 116,048,441.22	$ 22,000,000.00	43,700
2003	$ 129,804,946.35	$ 106,983,538.35	$ 22,821,408.00	41,716
2004	$ 121,022,384.05	$ 98,200,976.05	$ 22,821,408.00	39,145

Comparison with Other States - TANF

State	2004 Mandatory	2005 Pres. Budget	*2005 Mandatory	2006 Pres. Budget	Unemployed Dec 04
Georgia	368,025,000	368,025,000	368,025,000	368,025,000	193,800 4.4%
North Carolina	338,350,000	338,350,000	338,350,000	338,350,000	220,400 5.2%
South Carolina	103,759,000	99,968,000	99,968,000	99,968,000	139,600 6.7%
Tennessee	222,665,000	213,089,000	213,089,000	213,089,000	153,500 5.2%
Virginia	166,199,000	158,285,000	158,285,000	158,285,000	127,000 3.3%

*Note: Figure assumes extension at levels set in 1996.

President's Budget
TANF Reauthorization

- Reauthorization of 1996 welfare reform
- ⟺ Block grant funded at current level
- ⟺ Contingency fund funded at current level ($2 billion)
- ⟺ Supplemental grants funded at current levels for five years
- ↓ Bonus for reduction of out-of-wedlock births eliminated and high performance bonus reduced
  - ➢ Current funding is extended through 31 March 2005.

Congressional Action

- Bill adopted in House on 14 March 2005 to extend TANF through 30 June 2005
  - Senate also passed extension
- Higher work participation rates with penalties-Senate version includes penalty relief
- Child care funding is an issue ($4-5 billion to offset increased work requirement over next five years)
  - House bill includes $1 billion
- Financial flexibility with TANF grant (Senate)
- Healthy marriage program (Senate)

Congressional Action

- PRIDE (Personal Responsibility Individual Development for Everyone) Bill passed by Finance Committee on 9 March 2005
  - $6 billion in mandatory child care funding with no state match for three years
  - $1 billion in new SSBG funding over five years
  - $50 million mandatory funding for fatherhood programs
  - Incentive for program improvement
- Senate budget resolution that assumes increased funding in legislation reauthorizing TANF

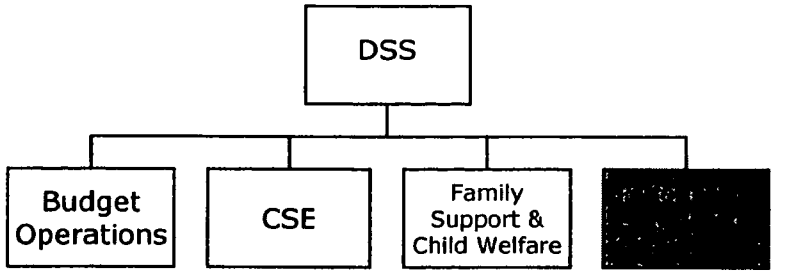
Congressional Action Reconciliation Savings

- Senate
  - $32 billion in reconciliation savings over five years
  - Resolution assumes increased funding in legislation reauthorizing TANF
  - Senate Budget Committee directed the Finance Committee to find significant savings in non-TANF programs
  - Smith-Bingaman Amendment substitutes a Commission for Medicaid cuts

Congressional Action Reconciliation Savings

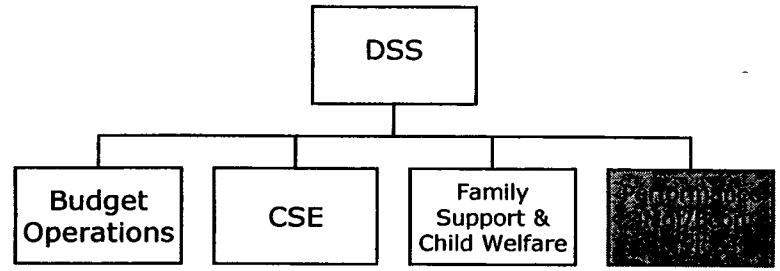
- House
  - $18.7 billion in reconciliation savings from Ways and Means ($68.6 billion total over five years)
  - Earned Income Tax Credit likely target, followed by TANF, Child Care, Child Welfare, Child Support Enforcement, state-federal partnerships, and refundable child tax credit
  - Significant Food Stamp cuts possible if farm price supports are not targeted

Food Stamp Program



- Federal food assistance program that assists low income families
- Benefits issued via EBTs
- Entitlement program
- Criteria
  - Income test
  - Household size
  - Household composition
  - Citizenship/immigration status
  - Work requirements
  - Resources

Food Stamp Costs/Benefits

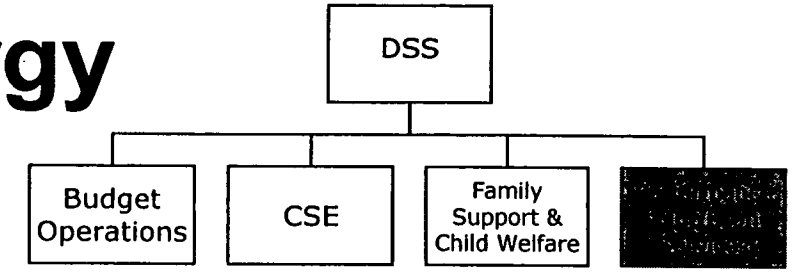


SFY	Avg. Monthly Households	Unduplicated SFY Households	Admin Costs (50% Federal)	Total Benefits (100% Federal)
2000	216,267	389,287	$60,644,694.09	$446,432,117.00
2001	209,015	371,324	$61,937,314.23	$410,452,082.00
2002	237,537	332,181	$66,820,382.67	$515,706,511.00
2003	265,817	408,263	$71,552,700.00	$611,968,879.00
2004	307,344	462,797	$80,537,446.39	$733,551,119.00

President's Budget
Food Stamps

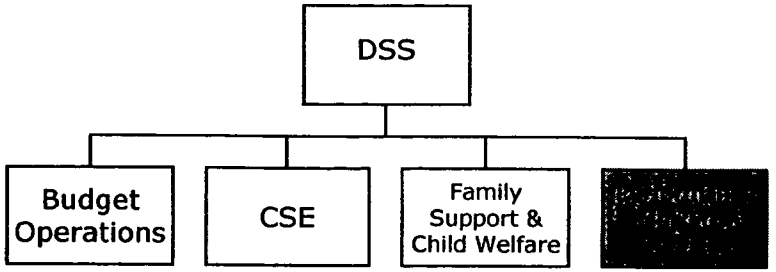
- Anticipates a 2.7 million recipient increase (10%)
- $40 billion funding request
- $57 million cut by limiting categorical eligibility to recipients of TANF cash assistance and SSI
- Anticipates savings of $8 million over five years by allowing states to utilize the National Directory of New Hires to verify employment information
- Continues to exclude combat-related pay in determining eligibility
- Includes $3 billion contingency reserve

Low Income Home Energy Assistance Program



- Block grant with four components
- Two administered by DSS
  - LIEAP
  - Crisis Intervention
- Two administered by Office of Economic Opportunity
  - Weatherization
  - Heating, Air and Replacement Program

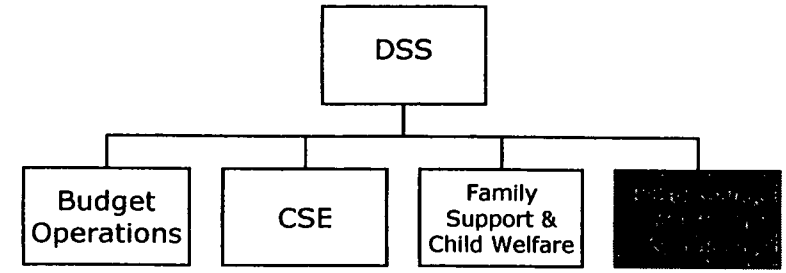
LIHEAP Funding



STATE	2004 ENACTED	2005 BUDGET	2005 ENACTED	2006 BUDGET	CHANGE FY05- FY 06
GA	18,930,000	19,042,000	19,942,000	19,042,000	(899,000)
NC	32,828,000	33,023,000	34,582,000	33,023,000	(1,559,000)
SC	12,017,000	12,089,000	12,659,000	12,089,000	(571,000)
TN	24,392,000	24,537,000	25,695,000	24,537,000	(1,159,000)
VA	34,437,000	34,642,000	36,278,000	34,642,000	(1,636,000)

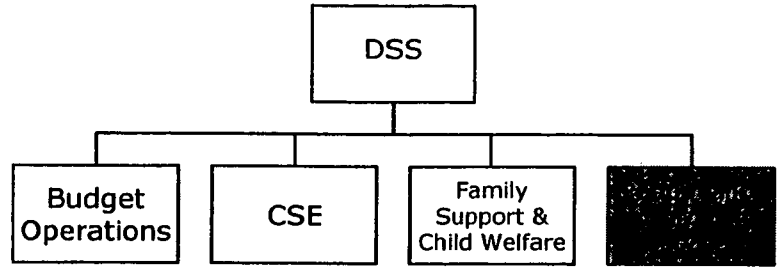
Source: Federal Funds Information for States

Low Income Energy Assistance Program



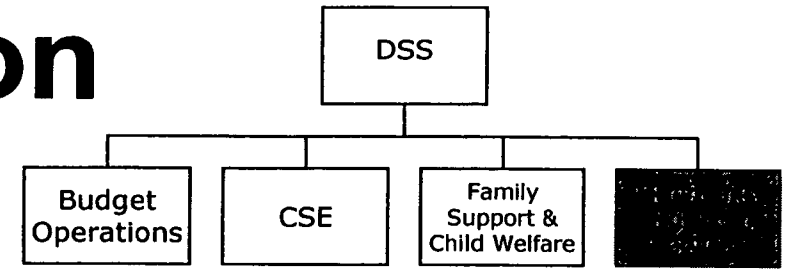
- Federally-funded
- Provides a one-time cash payment to help eligible families pay heating bills
- Household must:
  - Have at least one US citizen or qualified noncitizen who meets eligibility criteria
  - Meet an income test
  - Have reserves at or below $2200
  - Be responsible for its heating bills

LIEAP Expenditures



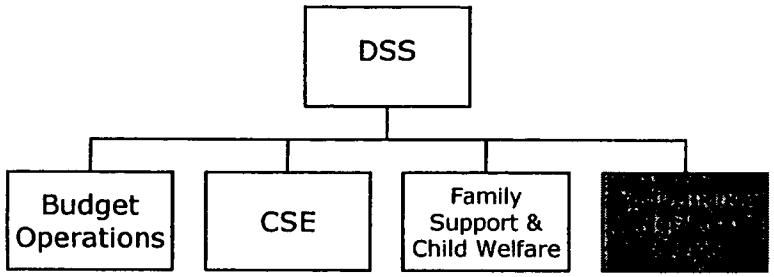
SFY	Total Expenditures	Administration	Payments	Households
2000	$16,320,158.58	$3,324,176.47	$12,995,982.11	146,873
2001	$13,382,712.58	$3,329,854.58	$10,052,858.00	150,445
2002	$13,133,227.45	$1,544,036.72	$11,589,190.73	161,559
2003	$13,811,347.45	$2,562,341.45	$11,249,006.00	166,117
2004	$18,243,728.52	$2,522,321.52	$15,721,407.00	198,903

Crisis Intervention Program



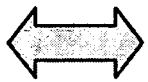
- Federally funded program that provides assistance to low-income households that are in a heating or cooling related emergency
- Maximum benefit per household during the State fiscal year:
  - $300
  - increases to $600 during years in which NC receives "emergency" CIP funding
- May receive assistance more than once during State FY

CIP Expenditures



SFY	Total Payments
2000	$24,817,988.73
2001	$26,556,901.98
2002	$11,285,048.84
2003	$16,732,863.35
2004	$13,510,343.60

President's Budget
LIHEAP

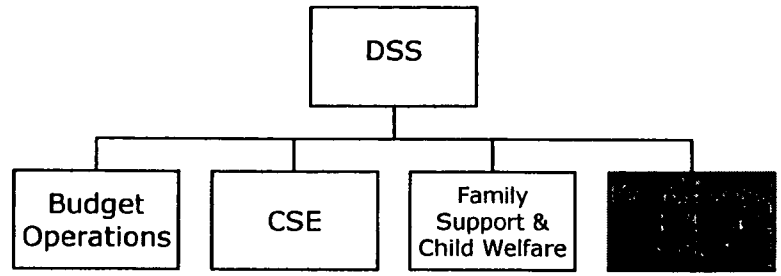


- Regular appropriation of $1.8 billion in formula block grants



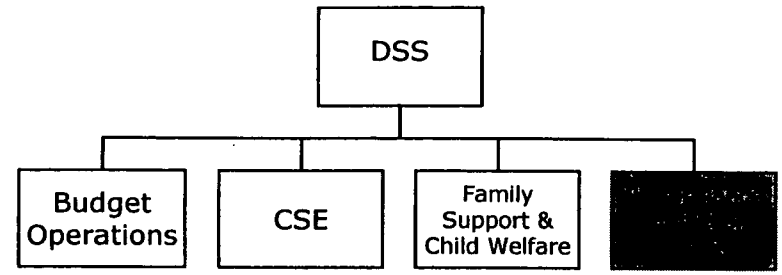
- $200 million in contingency funds (decrease of $97 million)

Refugee Public Assistance



- Services provided to:
  - Expedite the resettlement process
  - Quickly reduce dependence on public assistance
  - Assist refugees to become employed
  - Acquire English language skills
  - Achieve self-sufficiency as quickly as possible

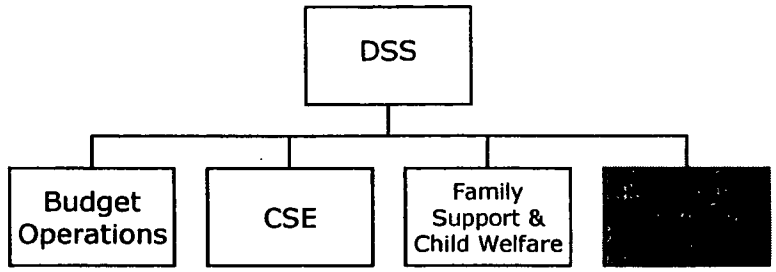
Refugees



Country	2000	2001	2002	2003	2004
Bosnia	372	238	212	76	
Burma					78
Congo			85	94	
Liberia					137
Moldova			134	69	78
Somalia	126	135			114
Sudan	114	235			
Ukraine	138	200	110	50	118
Vietnam	226	244	1404	1142	136

Source: DSS

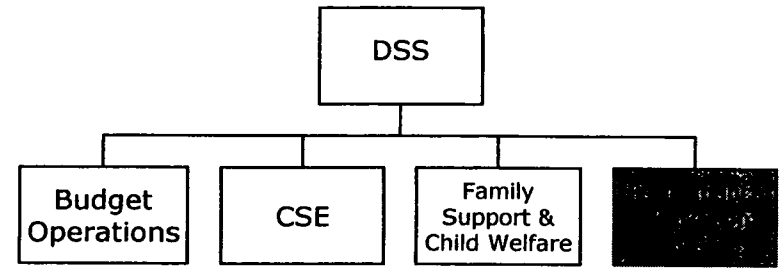
Refugee Assistance



SFY	Total Expenditures	Administration	Payments	Households
2000	$200,961.14	$37,851.15	$163,109.99	NA
2001	$273,602.73	$65,898.73	$207,704.00	NA
2002	$315,196.36	$42,483.36	$272,713.00	374
2003	$459,785.67	$83,668.67	$376,117.00	422
2004	$258,995.43	$48,220.43	$210,775.00	257

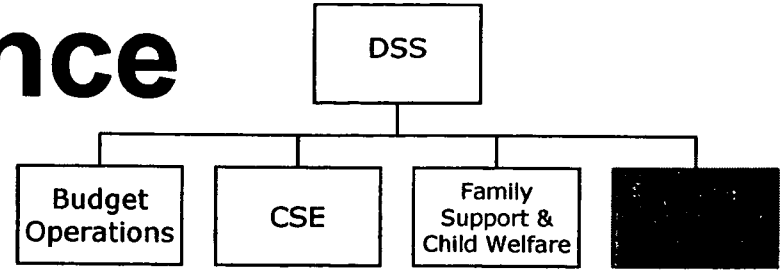
Source: DSS

Refugee Public Assistance



- Support services include:
  - English classes
  - Employment services
  - Translation and interpreter services
  - Transportation
  - Social adjustment services
  - Emergency and health-related services
  - Vocational training and skills recertification

Refugee Assistance Budget



REFUGEE ASSISTANCE	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 TOTAL	2006-2007 TOTAL
PROGRAMS				
REQUIREMENTS	3,938,372	3,364,620	3,365,283	3,365,283
RECEIPTS	3,857,221	3,364,620	3,365,283	3,365,283
NET APPROPRIATION	81,151	0	0	0
PAYMENTS				
REQUIREMENTS	210,775	772,700	772,700	772,700
RECEIPTS	210,775	772,700	772,700	772,700
NET APPROPRIATION	0	0	0	0

- Federal funding
- Small increase in requirements for SFYs 2005-2006 and 2006-2007, $663

President's Budget Refugees

- $65 million to extend SSI eligibility
- $489 million for the Office of Refugee Resettlement ($59 million increase)
- $63 million for Unaccompanied Alien Children ($9 million increase)
- $892,770 for Migration and Refugee Assistance ($128,930 increase)

Questions

Talking Paper—TB Morbidity

For the period 2000-2004, the case rate decreased from 5.6 per 100,000 to 4.5 per 100,000.

- There are spikes in the downward trend for 2002 and 2004, i.e., incidence was greater than for the previous years of 2001 and 2003.
- Four counties had actual increases for 2004
    - Durham—from 10 to 27, case rate 11.3 per 100,000. The populations affected most were African-American children and Hispanic.
    - Mecklenburg—from 47 to 53, case rate 6.7 per 100,000. The populations most affected were African-American and Hispanic.
    - Sampson—from 6 to 11, case rate 17.3 per 100,000. The populations most affected were Hispanic and African-American.
    - Wake—46 to 53, case rate 5.7 per 100,000. The populations most affected were Hispanic, African-American and Asian.

State wide the following increases occurred for 2000-2004:

- 42.1% increase in White population
- 411% increase in American Indian or Alaska Native
- 10.2% increase in Hispanic population
- 54.5% increase in children aged 0-14 (TB in children is a Sentinel event indicating ongoing transmission by an adult in the community.)

Between 1999 and 2004, percentage of foreign-born TB cases increased from 21% to 35% of the annual case count.

For the period 2000-2004, HIV and TB co-morbidity remained relatively constant at approximately 10%. 2003 was the high point at 12.8% and 2004 was the low point at 9.4%. The relative constancy could be masking an increase in cases for this population.

Table 2	NORTH CAROLINA TB CASE RATES FOR 2000-2004**†									
Year	2000		2001		2002		2003		2004	
VARIABLES	#	Rate	#	Rate	#	Rate	#	Rate	#	Rate
Cases	447	5.6	397	4.8	434	5.2	374	4.4	382	4.5
SEX										
Male	302	7.7	257	6.4	271	6.6	234	5.7	231	5.6
Female	145	3.5	140	3.3	163	3.9	140	3.3	151	3.5
RACE										
White	120	1.9	93	1.5	88	1.4	151	2.4	167	2.7
Black/African-American*	235	13.4	196	10.9	226	12.4	185	10.1	168	9.1
Asian/Pacific Islander	24	19.5	29	21.9	40	28.5	*	*	*	*
Asian	*	*	*	*	*	*	29	20.3	42	29.5
Amer. Indian/Alaska Native	1	0.9	2	1.9	4	3.8	7	6.5	5	4.6
Hawaiian/Other Pac. Isl.*	*	*	*	*	*	*	1	18.2	0	0
Multi-Racial*	*	*	*	*	*	*	1	1.2	0	0
Unknown	0	0	0	0	0	0	0	0	0	0
ETHNICITY										
Hispanic	67	17.7	77	18.8	76	17.4	68	14.8	91	19.5
Non-Hispanic	380	4.9	320	4.1	358	4.5	305	3.8	291	3.7
Unknown	0	0	0	0	0	0	0	0	0	0
AGE										
0-14	18	1.1	11	0.6	32	1.8	17	0.9	31	1.7
15-24	46	4.5	37	3.5	35	3.3	29	2.7	42	3.9
25-44	160	6.3	133	5.3	151	5.9	128	5.1	125	4.9
45-64	110	5.9	113	5.9	110	5.6	120	5.9	96	4.8
≥65	113	12.0	103	10.8	106	11.0	80	8.1	88	8.9
Unknown	0	0	0	0	0	0	0	0	0	0
COUNTRY OF ORIGIN										
United States	335	4.4	271	3.3	301	3.6	262	3.3	247	3.1
Foreign	112	26.3	125	25.9	133	25.8	111	20.3	135	24.7
Unknown	0	0	1	0	0	0	1	**	0	0

*CDC change in nomenclature for racial categories beginning with 2003.

**Data for 2004 are incomplete. The Unknown is attributed to the TB case reported dead at diagnosis. Data source: TIMS. Rates are per 100,000.

†For 2000, the state case rate was calculated using the 2000 census as of April 1, 2000 as the denominator. For 2001-2003, the population estimates, as of July 1, for each corresponding year, was used as the denominator. For 2004, the 2003 population estimate was used. Those denominators are available at http://www.census.gov/popest/states/asrh/tables/SC-EST2003-03/SC-EST03-37.pdf . Rates for sex, race, and ethnicity were calculated using estimates from the same table. Rates for age strata were calculated using population estimates from these tables as the multiplicand with estimates by percentage from the American Community Survey (ACS) 2003 Multi Year Profile as the multiplier to calculate denominators. The ACS estimates by percentage for age are available at http://www.census.gov/acs/www/Products/Profiles/Chg/2003/ACS/Tabular/040/04000US.../ . For country of origin, for 2000, the denominator for calculating the rate was used as the multiplicand and the multiplier was 5.3%, the percentage reported for the foreign born persons in North Carolina in the 2000 census. That information is available at http://quickfacts.census.gov/qfd/states/37000.html. Using the table available at http://www.census.gov/acs/www/Products/Ranking/2003/R15T040.htm , the lower bound percentage, 5.9 was used as the multiplier for 2001; 6.2 percent was used for 2002; and the upper bound, 6.5, was used for 2003 and 2004. Data reported to the NC DPH TB Registry through February 4, 2004 were used for this report.

Table 1

North Carolina 2003 Final Infant Death Rates

Rates Based on Less Than 10 Deaths are Unstable and Should be Interpreted with Caution

County	Infant Deaths			Live Births			Infant Death Rate		
	White	Other Races	Total	White	Other Races	Total	White	Other Races	Total
NORTH CAROLINA	513	450	967	86,260	32,032	118,292	5.9	14.0	8.2
PCR I	55	10	65	7,233	585	7,818	7.6	17.1	8.3
PCR II	138	66	204	21,679	5,490	27,169	6.4	12.0	7.5
PCR III	90	85	176	16,814	6,252	23,066	5.4	13.6	7.6
PCR IV	85	92	177	17,985	6,959	24,944	4.7	13.2	7.1
PCR V	73	88	163	11,045	6,183	17,228	6.6	14.2	9.5
PCR VI	72	109	182	11,504	6,563	18,067	6.3	16.6	10.1
ALAMANCE	9	7	16	1,486	352	1,838	6.1	19.9	8.7
ALEXANDER	2	1	3	392	21	413	5.1	47.6	7.3
ALLEGHANY	0	0	0	80	0	80	0.0	.	0.0
ANSON	2	4	6	178	183	361	11.2	21.9	16.6
ASHE	3	0	3	270	3	273	11.1	0.0	11.0
AVERY	0	0	0	183	3	186	0.0	0.0	0.0
BEAUFORT	2	3	5	383	178	561	5.2	16.9	8.9
BERTIE	0	3	3	74	164	238	0.0	18.3	12.6
BLADEN	2	0	2	285	158	443	7.0	0.0	4.5
BRUNSWICK	3	2	5	704	173	877	4.3	11.6	5.7
BUNCOMBE	15	4	19	2,270	235	2,505	6.6	17.0	7.6
BURKE	6	2	8	827	137	964	7.3	14.6	8.3
CABARRUS	13	11	24	1,872	365	2,237	6.9	30.1	10.7
CALDWELL	8	1	9	837	64	901	9.6	15.6	10.0
CAMDEN	0	0	0	91	19	110	0.0	0.0	0.0
CARTERET	4	1	5	538	52	590	7.4	19.2	8.5
CASWELL	1	0	1	176	70	246	5.7	0.0	4.1
CATAWBA	11	5	16	1,746	287	2,033	6.3	17.4	7.9
CHATHAM	3	1	4	584	102	686	5.1	9.8	5.8
CHEROKEE	7	0	7	255	7	262	27.5	0.0	26.7
CHOWAN	0	1	1	73	72	145	0.0	13.9	6.9
CLAY	1	0	1	92	0	92	10.9	.	10.9

CLEVELAND	7	4	11	897	317	1,214	7.8	12.6	9.1
COLUMBUS	5	6	11	472	284	756	10.6	21.1	14.6
CRAVEN	3	5	8	1,121	416	1,537	2.7	12.0	5.2
CUMBERLAND	22	40	62	3,164	2,110	5,274	7.0	19.0	11.8
CURRITUCK	2	0	2	218	14	232	9.2	0.0	8.6
DARE	3	0	3	412	17	429	7.3	0.0	7.0
DAVIDSON	14	3	17	1,715	225	1,940	8.2	13.3	8.8
DAVIE	2	0	2	390	21	411	5.1	0.0	4.9
DUPLIN	1	3	4	542	186	728	1.8	16.1	5.5
DURHAM	6	12	18	2,256	1,611	3,867	2.7	7.4	4.7
EDGECOMBE	1	6	7	276	434	710	3.6	13.8	9.9
FORSYTH	20	14	34	3,363	1,265	4,628	5.9	11.1	7.3
FRANKLIN	1	4	5	481	156	637	2.1	25.6	7.8
GASTON	15	7	22	2,055	419	2,474	7.3	16.7	8.9
GATES	1	0	1	64	41	105	15.6	0.0	9.5
GRAHAM	0	0	0	99	11	110	0.0	0.0	0.0
GRANVILLE	1	4	5	442	189	631	2.3	21.2	7.9
GREENE	1	3	4	137	103	240	7.3	29.1	16.7
GUILFORD	15	31	46	3,540	2,345	5,885	4.2	13.2	7.8
HALIFAX	3	8	11	244	495	739	12.3	16.2	14.9
HARNETT	7	8	15	1,045	365	1,410	6.7	21.9	10.6
HAYWOOD	6	0	6	582	11	593	10.3	0.0	10.1
HENDERSON	8	0	8	1,102	35	1,137	7.3	0.0	7.0
HERTFORD	1	6	7	71	224	295	14.1	26.8	23.7
HOKE	5	3	8	399	310	709	12.5	9.7	11.3
HYDE	1	0	1	37	19	56	27.0	0.0	17.9
IREDELL	14	3	17	1,521	311	1,832	9.2	9.6	9.3
JACKSON	3	1	4	290	70	360	10.3	14.3	11.1
JOHNSTON	12	8	20	1,873	336	2,209	6.4	23.8	9.1
JONES	0	1	1	54	28	82	0.0	35.7	12.2
LEE	3	2	5	666	189	855	4.5	10.6	5.8
LENOIR	3	8	12	364	352	716	8.2	22.7	16.8
LINCOLN	1	1	2	857	55	912	1.2	18.2	2.2
MCDOWELL	3	1	4	486	25	511	6.2	40.0	7.8
MACON	2	0	2	324	8	332	6.2	0.0	6.0
MADISON	0	0	0	219	3	222	0.0	0.0	0.0
MARTIN	2	1	3	147	161	308	13.6	6.2	9.7
MECKLENBURG	33	53	87	8,346	4,427	12,773	4.0	12.0	6.8
MITCHELL	1	0	1	157	2	159	6.4	0.0	6.3
MONTGOMERY	3	1	4	315	71	386	9.5	14.1	10.4

MOORE	4	2	6	677	194	871	5.9	10.3	6.9
NASH	3	5	8	720	430	1,150	4.2	11.6	7.0
NEW HANOVER	6	3	11	1,624	455	2,079	3.7	6.6	5.3
NORTHAMPTON	0	6	6	91	158	249	0.0	38.0	24.1
ONSLOW	22	11	33	2,500	681	3,181	8.8	16.2	10.4
ORANGE	9	1	10	1,036	270	1,306	8.7	3.7	7.7
PAMLICO	0	1	1	85	25	110	0.0	40.0	9.1
PASQUOTANK	1	4	5	270	241	511	3.7	16.6	9.8
PENDER	2	2	4	344	96	440	5.8	20.8	9.1
PERQUIMANS	2	1	3	92	39	131	21.7	25.6	22.9
PERSON	5	1	6	306	128	434	16.3	7.8	13.8
PITT	7	16	23	1,146	852	1,998	6.1	18.8	11.5
POLK	0	0	0	162	7	169	0.0	0.0	0.0
RANDOLPH	12	0	12	1,688	138	1,826	7.1	0.0	6.6
RICHMOND	5	3	8	397	221	618	12.6	13.6	12.9
ROBESON	2	10	12	725	1,248	1,973	2.8	8.0	6.1
ROCKINGHAM	9	1	10	897	196	1,093	10.0	5.1	9.1
ROWAN	10	2	12	1,318	347	1,665	7.6	5.8	7.2
RUTHERFORD	6	2	8	676	92	768	8.9	21.7	10.4
SAMPSON	4	7	11	672	234	906	6.0	29.9	12.1
SCOTLAND	3	1	4	222	264	486	13.5	3.8	8.2
STANLY	10	2	12	579	122	701	17.3	16.4	17.1
STOKES	1	1	2	492	18	510	2.0	55.6	3.9
SURRY	7	1	8	870	43	913	8.0	23.3	8.8
SWAIN	1	2	3	104	62	166	9.6	32.3	18.1
TRANSYLVANIA	2	0	2	251	15	266	8.0	0.0	7.5
TYRRELL	0	0	0	34	11	45	0.0	0.0	0.0
UNION	9	3	12	2,030	364	2,394	4.4	8.2	5.0
VANCE	2	8	10	309	359	668	6.5	22.3	15.0
WAKE	32	40	72	8,300	3,042	11,342	3.9	13.1	6.3
WARREN	1	4	5	70	155	225	14.3	25.8	22.2
WASHINGTON	0	0	0	69	93	162	0.0	0.0	0.0
WATAUGA	1	0	1	346	8	354	2.9	0.0	2.8
WAYNE	7	10	17	1,102	605	1,707	6.4	16.5	10.0
WILKES	2	1	3	782	40	822	2.6	25.0	3.6
WILSON	2	6	8	549	453	1,002	3.6	13.2	8.0
YADKIN	1	0	1	422	18	440	2.4	0.0	2.3
YANCEY	0	0	0	164	2	166	0.0	0.0	0.0

Note: Rates per 1,000 live births.

Table 2

North Carolina Infant Death Rates by PCR Region and County of Residence

North Carolina, 2002, 2003 and 1999-2003

Rates Based on Less Than 10 Deaths are Unstable and Should be Interpreted With Caution

County	2002 Infant		2003 Infant		1999-2003 Infant	
	Deaths	Rate	Deaths	Rate	Deaths	Rate
NORTH CAROLINA	957	8.2	967	8.2	4997	8.5
PCR I	48	6.2	65	8.3	315	8.1
PCR II	233	8.6	204	7.5	1157	8.4
PCR III	165	7.3	176	7.6	895	8.1
PCR IV	172	7.0	177	7.1	880	7.4
PCR V	167	9.6	163	9.5	838	9.5
PCR VI	172	9.5	182	10.1	912	9.9
ALAMANCE	19	10.5	16	8.7	100	10.8
ALEXANDER	2	5.0	3	7.3	10	4.7
ALLEGHANY	1	10.0	0	0.0	3	5.9
ANSON	2	6.2	6	16.6	27	15.9
ASHE	3	13.7	3	11.0	16	12.2
AVERY	1	6.2	0	0.0	2	2.3
BEAUFORT	10	15.8	5	8.9	37	11.9
BERTIE	3	11.8	3	12.6	16	12.5
BLADEN	5	11.5	2	4.5	21	9.1
BRUNSWICK	4	4.9	5	5.7	26	6.1
BUNCOMBE	18	7.0	19	7.6	115	9.1
BURKE	7	6.7	8	8.3	43	8.0
CABARRUS	16	7.3	24	10.7	89	8.4
CALDWELL	9	9.5	9	10.0	44	9.0
CAMDEN	0	0.0	0	0.0	1	2.5
CARTERET	3	5.2	5	8.5	27	9.0
CASWELL	1	3.7	1	4.1	15	11.6
CATAWBA	12	5.8	16	7.9	82	8.0
CHATHAM	5	7.2	4	5.8	19	5.6
CHEROKEE	1	3.7	7	26.7	12	9.1
CHOWAN	0	0.0	1	6.9	4	4.5

CLAY	0	0.0	1	10.9	2	5.1
CLEVELAND	8	6.7	11	9.1	64	10.2
COLUMBUS	7	9.1	11	14.6	45	11.3
CRAVEN	7	4.6	8	5.2	56	7.1
CUMBERLAND	61	11.2	62	11.8	305	11.2
CURRITUCK	2	9.5	2	8.6	9	8.2
DARE	3	8.5	3	7.0	16	8.9
DAVIDSON	17	8.9	17	8.8	80	8.3
DAVIE	7	16.2	2	4.9	28	12.8
DUPLIN	10	12.5	4	5.5	35	9.0
DURHAM	35	9.0	18	4.7	139	7.4
EDGECOMBE	8	10.7	7	9.9	44	11.2
FORSYTH	41	9.1	34	7.3	218	9.5
FRANKLIN	2	3.0	5	7.8	24	7.4
GASTON	16	6.2	22	8.9	123	9.4
GATES	0	0.0	1	9.5	4	7.5
GRAHAM	0	0.0	0	0.0	2	3.9
GRANVILLE	3	5.4	5	7.9	20	6.7
GREENE	5	21.0	4	16.7	15	12.4
GUILFORD	55	9.4	46	7.8	254	8.6
HALIFAX	4	5.3	11	14.9	33	8.7
HARNETT	12	8.4	15	10.6	58	8.1
HAYWOOD	3	5.2	6	10.1	16	5.7
HENDERSON	4	3.7	8	7.0	34	6.3
HERTFORD	2	7.2	7	23.7	27	18.9
HOKE	9	13.5	8	11.3	30	8.9
HYDE	0	0.0	1	17.9	4	14.3
IREDELL	18	10.0	17	9.3	81	9.0
JACKSON	1	2.8	4	11.1	15	8.3
JOHNSTON	16	7.6	20	9.1	77	7.4
JONES	1	10.8	1	12.2	2	4.1
LEE	4	4.9	5	5.8	28	6.7
LENOIR	6	7.3	12	16.8	53	13.1
LINCOLN	7	8.8	2	2.2	38	8.6
MCDOWELL	5	9.8	4	7.8	22	8.3
MACON	3	9.9	2	6.0	14	9.0
MADISON	0	0.0	0	0.0	5	4.6
MARTIN	3	9.9	3	9.7	13	8.1
MECKLENBURG	97	7.9	87	6.8	449	7.5
MITCHELL	0	0.0	1	6.3	8	9.6

MONTGOMERY	4	10.5	4	10.4	16	8.0
MOORE	6	6.4	6	6.9	36	8.0
NASH	11	9.2	8	7.0	58	9.5
NEW HANOVER	7	3.4	11	5.3	57	5.6
NORTHAMPTON	6	28.6	6	24.1	22	17.6
ONSLOW	26	8.3	33	10.4	135	8.5
ORANGE	8	5.9	10	7.7	37	5.8
PAMLICO	1	10.0	1	9.1	3	5.8
PASQUOTANK	5	10.8	5	9.8	18	7.7
PENDER	5	10.3	4	9.1	21	8.9
PERQUIMANS	1	8.5	3	22.9	9	14.9
PERSON	3	6.3	6	13.8	24	10.5
PITT	21	10.6	23	11.5	111	11.2
POLK	0	0.0	0	0.0	4	4.5
RANDOLPH	17	9.7	12	6.6	84	9.1
RICHMOND	6	10.3	8	12.9	28	8.6
ROBESON	28	13.8	12	6.1	121	11.7
ROCKINGHAM	11	9.6	10	9.1	47	8.1
ROWAN	13	7.7	12	7.2	62	7.3
RUTHERFORD	10	13.4	8	10.4	47	11.6
SAMPSON	8	9.0	11	12.1	43	9.4
SCOTLAND	5	10.1	4	8.2	31	12.5
STANLY	5	6.6	12	17.1	35	9.5
STOKES	1	2.1	2	3.9	16	6.3
SURRY	4	4.3	8	8.8	34	7.3
SWAIN	0	0.0	3	18.1	5	5.8
TRANSYLVANIA	3	10.7	2	7.5	11	8.0
TYRRELL	0	0.0	0	0.0	1	4.5
UNION	14	6.1	12	5.0	70	6.2
VANCE	11	15.9	10	15.0	48	13.6
WAKE	60	5.5	72	6.3	333	6.3
WARREN	5	27.8	5	22.2	16	15.6
WASHINGTON	3	19.0	0	0.0	10	11.8
WATAUGA	2	5.9	1	2.8	11	6.4
WAYNE	16	9.6	17	10.0	90	10.4
WILKES	7	8.0	3	3.6	27	6.2
WILSON	15	13.9	8	8.0	59	11.0
YADKIN	5	10.8	1	2.3	15	6.2
YANCEY	0	0.0	0	0.0	3	3.2

Note: Rates per 1,000 live births.

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Table 2

North Carolina Infant Death Rates by PCR Region and County of Residence

North Carolina, 2002, 2003 and 1999-2003

Rates Based on Less Than 10 Deaths are Unstable and Should be Interpreted With Caution

County	2002 Infant		2003 Infant		1999-2003 Infant	
	Deaths	Rate	Deaths	Rate	Deaths	Rate
NORTH CAROLINA	957	8.2	967	8.2	4997	8.5
PCR I	48	6.2	65	8.3	315	8.1
PCR II	233	8.6	204	7.5	1157	8.4
PCR III	165	7.3	176	7.6	895	8.1
PCR IV	172	7.0	177	7.1	880	7.4
PCR V	167	9.6	163	9.5	838	9.5
PCR VI	172	9.5	182	10.1	912	9.9
ALAMANCE	19	10.5	16	8.7	100	10.8
ALEXANDER	2	5.0	3	7.3	10	4.7
ALLEGHANY	1	10.0	0	0.0	3	5.9
ANSON	2	6.2	6	16.6	27	15.9
ASHE	3	13.7	3	11.0	16	12.2
AVERY	1	6.2	0	0.0	2	2.3
BEAUFORT	10	15.8	5	8.9	37	11.9
BERTIE	3	11.8	3	12.6	16	12.5
BLADEN	5	11.5	2	4.5	21	9.1
BRUNSWICK	4	4.9	5	5.7	26	6.1
BUNCOMBE	18	7.0	19	7.6	115	9.1
BURKE	7	6.7	8	8.3	43	8.0
CABARRUS	16	7.3	24	10.7	89	8.4
CALDWELL	9	9.5	9	10.0	44	9.0
CAMDEN	0	0.0	0	0.0	1	2.5
CARTERET	3	5.2	5	8.5	27	9.0
CASWELL	1	3.7	1	4.1	15	11.6
CATAWBA	12	5.8	16	7.9	82	8.0
CHATHAM	5	7.2	4	5.8	19	5.6
CHEROKEE	1	3.7	7	26.7	12	9.1
CHOWAN	0	0.0	1	6.9	4	4.5

CLAY	0	0.0	1	10.9	2	5.1
CLEVELAND	8	6.7	11	9.1	64	10.2
COLUMBUS	7	9.1	11	14.6	45	11.3
CRAVEN	7	4.6	8	5.2	56	7.1
CUMBERLAND	61	11.2	62	11.8	305	11.2
CURRITUCK	2	9.5	2	8.6	9	8.2
DARE	3	8.5	3	7.0	16	8.9
DAVIDSON	17	8.9	17	8.8	80	8.3
DAVIE	7	16.2	2	4.9	28	12.8
DUPLIN	10	12.5	4	5.5	35	9.0
DURHAM	35	9.0	18	4.7	139	7.4
EDGECOMBE	8	10.7	7	9.9	44	11.2
FORSYTH	41	9.1	34	7.3	218	9.5
FRANKLIN	2	3.0	5	7.8	24	7.4
GASTON	16	6.2	22	8.9	123	9.4
GATES	0	0.0	1	9.5	4	7.5
GRAHAM	0	0.0	0	0.0	2	3.9
GRANVILLE	3	5.4	5	7.9	20	6.7
GREENE	5	21.0	4	16.7	15	12.4
GUILFORD	55	9.4	46	7.8	254	8.6
HALIFAX	4	5.3	11	14.9	33	8.7
HARNETT	12	8.4	15	10.6	58	8.1
HAYWOOD	3	5.2	6	10.1	16	5.7
HENDERSON	4	3.7	8	7.0	34	6.3
HERTFORD	2	7.2	7	23.7	27	18.9
HOKE	9	13.5	8	11.3	30	8.9
HYDE	0	0.0	1	17.9	4	14.3
IREDELL	18	10.0	17	9.3	81	9.0
JACKSON	1	2.8	4	11.1	15	8.3
JOHNSTON	16	7.6	20	9.1	77	7.4
JONES	1	10.8	1	12.2	2	4.1
LEE	4	4.9	5	5.8	28	6.7
LENOIR	6	7.3	12	16.8	53	13.1
LINCOLN	7	8.8	2	2.2	38	8.6
MCDOWELL	5	9.8	4	7.8	22	8.3
MACON	3	9.9	2	6.0	14	9.0
MADISON	0	0.0	0	0.0	5	4.6
MARTIN	3	9.9	3	9.7	13	8.1
MECKLENBURG	97	7.9	87	6.8	449	7.5
MITCHELL	0	0.0	1	6.3	8	9.6

MONTGOMERY	4	10.5	4	10.4	16	8.0
MOORE	6	6.4	6	6.9	36	8.0
NASH	11	9.2	8	7.0	58	9.5
NEW HANOVER	7	3.4	11	5.3	57	5.6
NORTHAMPTON	6	28.6	6	24.1	22	17.6
ONSLOW	26	8.3	33	10.4	135	8.5
ORANGE	8	5.9	10	7.7	37	5.8
PAMLICO	1	10.0	1	9.1	3	5.8
PASQUOTANK	5	10.8	5	9.8	18	7.7
PENDER	5	10.3	4	9.1	21	8.9
PERQUIMANS	1	8.5	3	22.9	9	14.9
PERSON	3	6.3	6	13.8	24	10.5
PITT	21	10.6	23	11.5	111	11.2
POLK	0	0.0	0	0.0	4	4.5
RANDOLPH	17	9.7	12	6.6	84	9.1
RICHMOND	6	10.3	8	12.9	28	8.6
ROBESON	28	13.8	12	6.1	121	11.7
ROCKINGHAM	11	9.6	10	9.1	47	8.1
ROWAN	13	7.7	12	7.2	62	7.3
RUTHERFORD	10	13.4	8	10.4	47	11.6
SAMPSON	8	9.0	11	12.1	43	9.4
SCOTLAND	5	10.1	4	8.2	31	12.5
STANLY	5	6.6	12	17.1	35	9.5
STOKES	1	2.1	2	3.9	16	6.3
SURRY	4	4.3	8	8.8	34	7.3
SWAIN	0	0.0	3	18.1	5	5.8
TRANSYLVANIA	3	10.7	2	7.5	11	8.0
TYRRELL	0	0.0	0	0.0	1	4.5
UNION	14	6.1	12	5.0	70	6.2
VANCE	11	15.9	10	15.0	48	13.6
WAKE	60	5.5	72	6.3	333	6.3
WARREN	5	27.8	5	22.2	16	15.6
WASHINGTON	3	19.0	0	0.0	10	11.8
WATAUGA	2	5.9	1	2.8	11	6.4
WAYNE	16	9.6	17	10.0	90	10.4
WILKES	7	8.0	3	3.6	27	6.2
WILSON	15	13.9	8	8.0	59	11.0
YADKIN	5	10.8	1	2.3	15	6.2
YANCEY	0	0.0	0	0.0	3	3.2

Note: Rates per 1,000 live births.

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Counties and LEA's Allocated Positions from School Nurse Funding Initiative, August 2004

County	Total Positions	LEA	Permanent Nurse Position	Two-Year Nurse Position
Alamance	2	Alamance Co.	1	1
Alexander	2	Alexander Co.	1	1
Alleghany	1	Alleghany Co.	1	
Anson	2	Anson Co.	1	1
Ashe	2	Ashe Co.	1	1
Avery	1	Avery Co.	1	
Beaufort	2	Beaufort Co.	1	1
Bladen	2	Bladen Co.	1	1
Brunswick	2	Brunswick Co.	1	1
Buncombe	3	Buncombe Co.(2)	1	1
		Asheville City (1)		1
Burke	2	Burke Co.	1	1
Caswell	2	Caswell Co.	1	1
Catawba	2	Hickory City	1	1
Cherokee	2	Cherokee Co.	1	1
Chowan	1	Chowan Co.	1	
Cleveland	2	Cleveland Co.	1	1
Columbus	4	Columbus Co. (2)	1	1
		Whiteville City(2)	1	1
Craven	1	Craven Co.	1	
Cumberland	2	Cumberland Co.	1	1
Davidson	6	Davidson Co.(2)	1	1
		Lexington City (2)	1	1
		Thomasville City (2)	1	1
Duplin	2	Duplin Co.	1	1
Durham	2	Durham Co.	1	1
Edgecombe	2	Edgecombe Co.	1	1
Forsyth	2	Forsyth Co.	1	1
Franklin	2	Franklin Co.	1	1
Gaston	2	Gaston Co.	1	1
Gates	1	Gates Co.	1	
Graham	1	Graham Co.	1	
Granville	1	Granville Co.	1	
Greene	2	Greene Co.	1	1
Halifax	6	Halifax Co. (2)	1	1
		Roanoke Rapids (2)	1	1
		Weldon City (2)	1	1
Harnett	2	Harnett Co.	1	1
Haywood	2	Haywood Co.	1	1
Hertford	1	Hertford Co.	1	

County	Total Positions	LEA	Permanent Nurse Position	Two-Year Nurse Position
Hoke	2	Hoke Co.	1	1
Jackson	1	Jackson Co.	1	
Jones	1	Jones Co.	1	
Lee	2	Lee Co.	1	1
Lenoir	2	Lenoir Co.	1	1
Lincoln	2	Lincoln Co.	1	1
Macon	2	Macon Co.	1	1
Madison	1	Madison Co.	1	
Martin	2	Martin Co.	1	1
McDowell	2	McDowell Co.	1	1
Mitchell	2	Mitchell Co.	1	1
Montgomery	1	Montgomery Co.	1	
Moore	1	Moore Co.	1	
Nash	2	Nash Co.	1	1
Northampton	2	Northampton Co.	1	1
Onslow	2	Onslow Co.	1	1
Pamlico	2	Pamlico Co.	1	1
Pasquotank	2	Pasquotank Co.	1	1
Pender	2	Pender Co.	1	1
Perquimans	2	Perquimans	1	1
Person	1	Person Co.	1	
Pitt	2	Pitt Co.	1	1
Richmond	2	Richmond Co.	1	1
Robeson	2	Robeson Co.	1	1
Rockingham	2	Rockingham Co.	1	1
Rowan	2	Rowan Co.	1	1
Rutherford	2	Rutherford	1	1
Sampson	4	Sampson Co. (2)	1	1
		Clinton City (2)	1	1
Scotland	2	Scotland Co.	1	1
Stanly	1	Stanly County	1	
Stokes	2	Stokes Co.	1	1
Surry	3	Mt. Airy City (2)	1	1
		Elkin City(1)	1	
Swain	2	Swain Co.	1	1
Transylvania	1	Transylvania Co.	1	
Vance	2	Vance Co.	1	1
Warren	2	Warren Co.	1	1
Washington	2	Washington Co.	1	1
Wayne	2	Wayne Co.	1	1
Wilkes	2	Wilkes Co.	1	1
Wilson	2	Wilson Co.	1	1

AVISITOR REGISTRATION SHEET

2pm

Appropriations/Health & Human Services — 03/23/05 (~~8:30 a.m.~~)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Angie Harris	Margie Taylor
Amon Marstiller	NC Healthy Start Foundation
Vincent Stephens	Centers for Medicare + Medicaid Services (CMS)
Gabe A. Yancey	APPCNC/MOD
Deborah Bowen	NCALHD
Roz Sewitt	NCCCA
Brian Lewis	Covenant w/ NC's Children
Lu Hall	KCCH
Karen Gray	NC CACD
Chip Killian	Nelson Mullins

AVISITOR REGISTRATION SHEET

2pm

Appropriations/Health & Human Services — 03/23/05 (~~8:30 a.m.~~)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Debbie Barnes	OSBM
Wayne Wallace	OSBM
Tina Muller-Morgan	OSBM
Bill Rudi	[illegible]
[illegible]	Food BANKS
John Bowdish	AstraZeneca
[illegible]	NCMS
Stacy Flannery	NCHCFA

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Thursday, March 24, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Public Health — *Lisa Hollowell, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Thursday, March 24, 2005
8:30 A.M.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 A.M. in Room 643 of the Legislative Office Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Dannelly, Forrester, Berger, Blake, East, and Kerr. Representatives present were: Co-Chair Jeff Barnhart, and Representatives Farmer-Butterfield, Allen, Current, England, Stam, and Wright.

Senator Purcell presided. After introducing the pages and recognizing the Sergeants-at-Arms, he called on Ms. Lisa Hollowell to make her presentation on the Division of Public Health. Representative Allen asked if there is any strategy in place to help reduce the high percentage of African-American cases of HIV. Ms. Hollowell responded that in the past few years there has been a large outbreak of HIV in the two primarily black colleges, and these institutions are attempting to address this. Representative Allen asked if there has been an attempt for any follow-up studies, and Mr. Dennis Harrington, Chief, Local Technical Assistance and Training, said that there is a program underway to do this. Representative Wright asked what steps are being taken to educate high school students between ages 12 and 16 about HIV and risky sexual behavior. Mr. Harrington said that the Department is working with local school boards in developing curricula. Senator Blake asked how many people with HIV are receiving funded services. Ms. Hollowell responded that of 17,00 known cases; about 5,800 are receiving these services, and the rest are not, for various reasons such as private insurance coverage. Representative Wright asked the staff to begin work with the Department of Public Health on some study language to begin to map out a strategy to lower the incidence of HIV through education in schools. Senator East asked, that of the 2,100 new AIDS cases reported in 2003, what was the age group. Mr. John Peebles, of the Department of Public Health, said that the majority of these cases were between the ages of 29 and 44.

Ms. Hollowell continued her presentation, speaking about the State Laboratory. Senator Forrester asked about backlogs of tests going through the state labs, and if anything could be done to speed this up. Mr. Harrington responded that this is not the problem that it has been in the past, and that with new technology and contracted support, backlogs have been eliminated. Senator Kerr asked how many state laboratories there are. Ms. Hollowell responded that there are three labs, the Public Health laboratory, the Department of Agriculture lab, and the State Bureau of Investigation lab. Senator Purcell suggested that the committee members visit the Public Health laboratory and see the remarkable work that is being performed by dedicated employees under deplorable conditions. Representative Wright said that he is in concurrence with Senator Purcell's remarks, as did Representatives Allen and England, and Senator Dannelly.

Continuing with the Oral Health Section, Representative Current, a dentist, stated that the program entitled "Into the Mouths of Babes", where dentists will donate a day of their time to go into schools to give dental exams, has done much in his county for children's dental health. Senator Malone asked about the follow-up after a child has had a dental exam. Representative Current responded that a referral is sent home to the parents if a problem is found, and if needed, a referral to a dental clinic that takes Medicaid patients. Dr. Current also pointed out that some help needs to be extended to the parents who may themselves have ongoing and untreated dental problems.

Representative Barnhart asked Mr. Harrington about implementing the new reporting system for the Department of Public Health. Mr. Harrington said that an RFP has just been released and bids are awaited.

The meeting adjourned at 9:50 A.M.

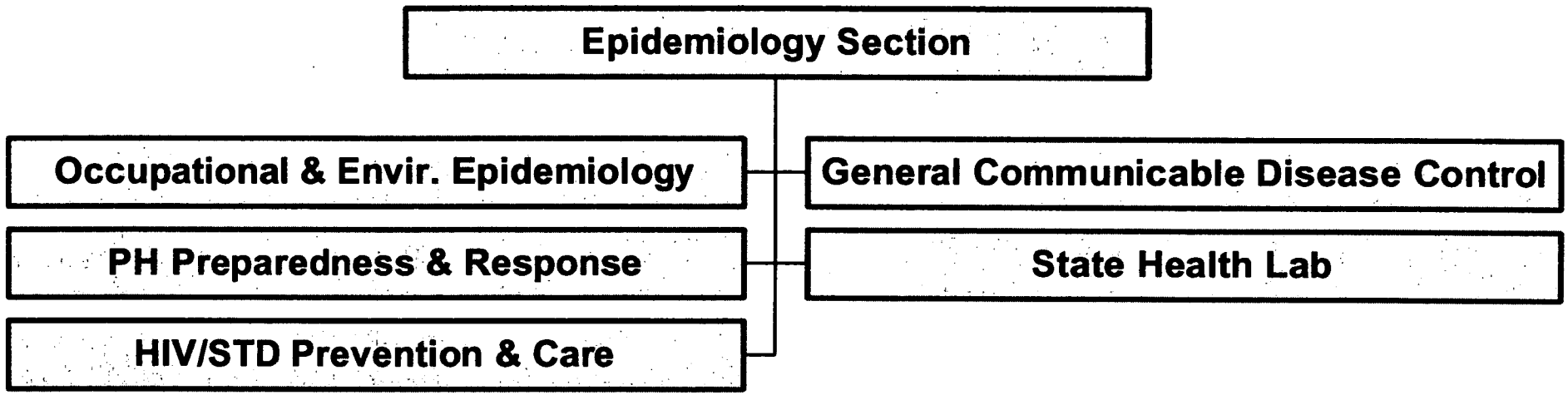
William R Purcell
Senator William R. Purcell, M.D., Chair

Lorraine R. Blake
Lorraine R. Blake, Committee Clerk

Department of Health and Human Services
Division of Public Health – Part II

Fiscal Research Division
3/23/2005

Department of Health and Human Services
DIVISION OF PUBLIC HEALTH



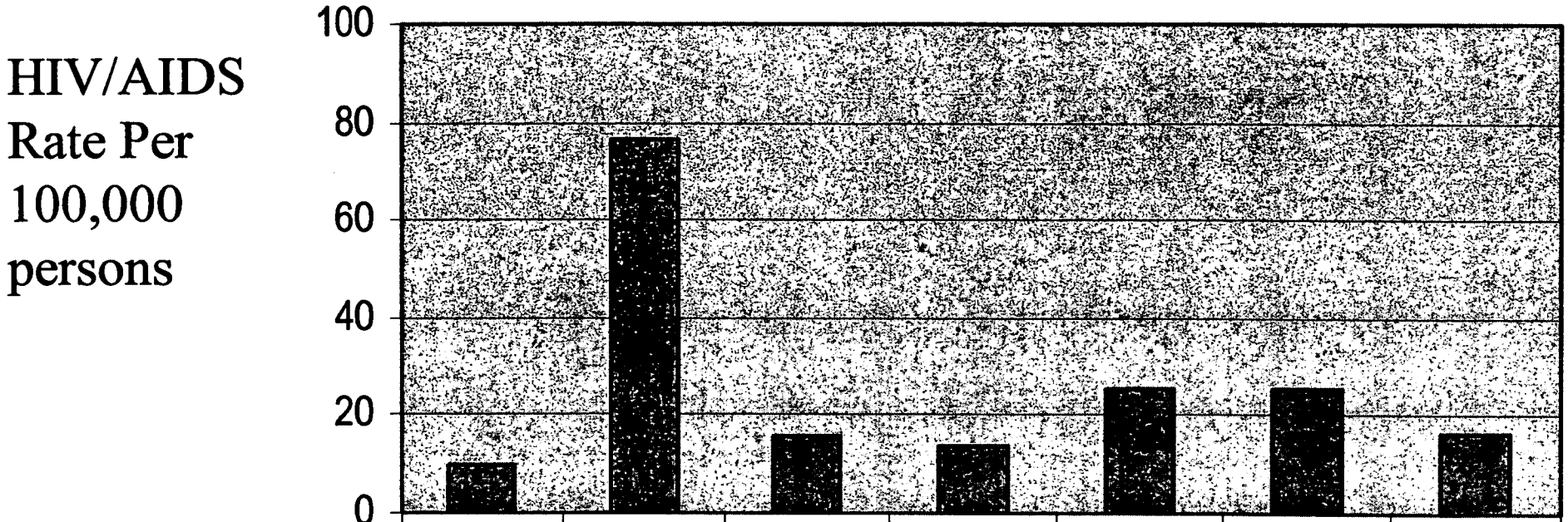
Division of Public Health
Epidemiology

	2004 Actual	2005 Authorized	2005-06 Proposed	2006-07 Proposed
Requirements	$92,367,262	$116,694,732	$117,514,876	$117,950,224
Receipts	$73,938,195	$92,197,300	$92,176,833	$92,176,833
Appropriations	$18,429,067	$24,497,432	$25,338,043	$25,773,391
Positions	423.25	423.26	423.26	423.26

Division of Public Health
Epidemiology
HIV/AIDS and STD Programs - $61M

- HIV/AIDS
  - Estimated 25,000 (12/03) persons were living with HIV or AIDS in NC (NC Edipemiologic Profile for 2005 HIV/STD Prevention & Care Planning
    - 62% Males
    - 32% Females
  - 2,100 new individuals were reported with an HIV or AIDS diagnosis in 2003
    - AIDS and HIV diagnosis are reportable diseases
    - 51% of all new cases involved homosexual activity and/or intravenous drug use and 44% involved heterosexual activity

Division of Public Health Epidemiology



	White	African America	Am. Indian	Asian	Hispanic /Latino	NC Rate	US Rate
HIV Cases Rate per 100,000 2003	9.6	76.6	15.4	14	25.4	25.2	16.5

Division of Public Health Epidemiology - *Activities*

•Sixteen Primary Medical and Dental Providers – provides medical and dental care to eligible clients living with HIV/AIDS (Nine community-based-organizations, two universities, and five local health departments)

•Minority AIDS Initiative – Two community-based-organizations follow-up on individuals who were once receiving care for HIV/AIDS but have since dropped out of the program

•Eleven Regional HIV Care Consortia, covers all 100 counties. Case Management, Transportation, in-home aide/personal care services and limited emergency financial assistance

Division of Public Health Epidemiology - *Activities*

- HIV Prevention funds thirty-eight local health departments and CBO's to directly provide HIV prevention and risk reduction interventions targeting at-risk populations.
- HIV Case Management agency certification. Certify all agencies that provide case management services.
- Syphilis Elimination projects in counties with high-morbidity for syphilis (six counties receive funding through CDC).
- STD drugs are provided to all LDH's.

Division of Public Health
Epidemiology

- 5,838 individuals received funded services in 2003 within HIV/AIDS programs
- State administers the Ryan White CARE Act (Title II Funds) purpose is to improve the quality, availability, and organization of health care and support services for individuals and families with or affected by HIV Disease (NC Profile 2005).
- Housing Opportunities for Persons with AIDS (HOPWA)
  - Short-term rent, mortgage and utility payments, tenant-based rental assistance and supportive services. Adult day care, day health service centers, HIV care consortia, housing authorities, family care homes, and other nonprofits.
  - 80% of State Median Income

Division of Public Health Epidemiology

- **AIDS Drug Assistance Program** – state and federal funds to purchase pharmaceuticals for low income individuals.
  - **FY2004-05 Budget $30.8M**, $12.9M federal Ryan White, $11M state funds, $1.5M supplemental, $5.3M Manufacturer's Rebates
  - 125% Federal Poverty Level and no insurance coverage (lowest eligibility in the nation)
  - Served 2,986 in the program, 3,639 were authorized to use the program
  - Currently no waiting list
  - Direct purchase/centralized pharmacy model – April 2005

Division of Public Health
State Laboratory

	2004 Actual	2005 Authorized	2005-06 Proposed	2006-07 Proposed
Requirements	$15,046,530	$14,604,458	$15,421,392	$15,856,698
Receipts	$12,558,411	$10,391,091	$10,372,545	$10,372,545
Appropriations	$2,488,119	$4,213,367	$5,048,847	$5,484,153
Positions	187	187	187	187

Division of Public Health State Laboratory $15M

- The State Laboratory of Public Health provides certain medical and environmental laboratory services (testing, consultation and training) to public and private health provider organizations responsible for the promotion, protection and assurance of the health of North Carolina citizens.

Division of Public Health
State Laboratory $15M
Core Functions

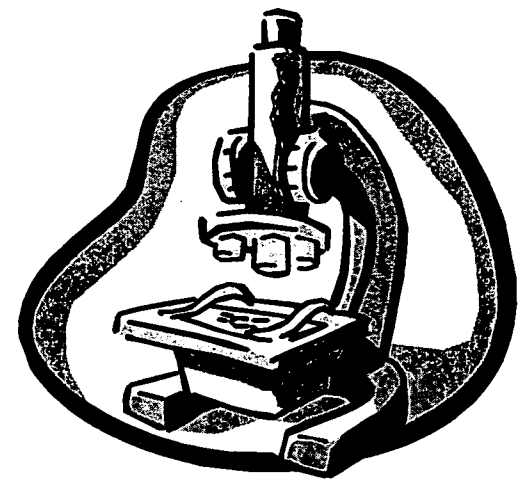
- Disease Prevention, Control and Surveillance
- Emergency Response
- Integrated Data Management
- Specialized Testing
- Environmental Health and Protection
- Food Safety
- Training and Education

Division of Public Health
State Laboratory $15M

- Newborn Screenings – tests for approximately 40 genetic and metabolic anomalies
- Environmental Sciences – drinking water, hazardous wastes, certification of milk and drinking water labs in the state
- Virology/Serology - detection of sexually transmitted diseases, HIV/AIDS, West Nile, Rocky Mtn. Spotted Fever
- Microbiology – disease prevention, control and surveillance of infectious and communicable diseases
- Clinical Chemistry – screens for lead in children
- Microbiology – Assessment and surveillance of infectious and communicable diseases
- Cancer Cytology – provides screening for approximately 150,000 tests

Division of Public Health State Laboratory $15M

- Emergency Preparedness – combat against threat of bioterrorism and other threats to health caused by floods, hurricanes, and other disasters
  - Safe drinking water
  - Safe Food
  - Testing for biologic agents
  - Safe air



Division of Public Health
State Laboratory $15M

- Continuation budget includes additional funds for equipment replacement = $773,000 FY2005-06 and $888,972 FY2006-07.One reduction option is to not give increases to this line item and have the Laboratory stay within it's current budget of $1,087,857 for equipment replacement.
- Increase the fee for newborn screenings from the current $10. Currently $388,298 in state funds for laboratory services and other consultative services that may included in raising the fee.

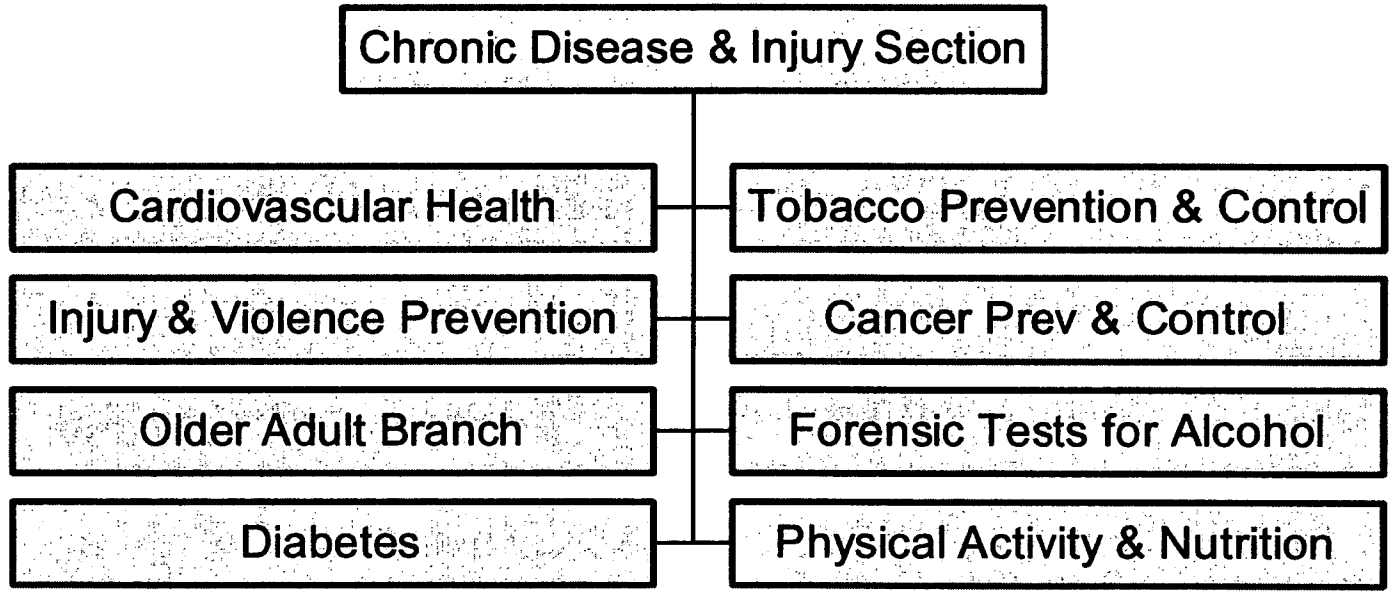
Division of Public Health
Bioterrorism Funding - $20M

- Seven regional BT surveillance teams statewide
  - Epidemiologist, industrial hygienist, nurse consultant, and administrative specialist
    - Increased capacity is used for natural disasters (hurricanes, floods) and is able to handle disease outbreaks (food-borne diseases, SARS, West Nile Virus, Avian Flu)
- Buncombe, Mecklenburg, Guilford, Durham, Cumberland, Pitt, and New Hanover

Division of Public Health
Bioterrorism Funding - $20M

- Bioterrorism Response Plan
  - Division of Public Health, Local Health Departments, medical centers, universities, and other partners
  - Enhancement of State Laboratory
    - Three local labs have increased capacity Buncombe, Mecklenburg, and Pitt Counties
  - NCHAN (Health Alert Network) – Secure web-based system that allows alerts to be sent to key individuals in Public Health, Local Health Departments, Hospitals, Laboratories, and other professionals in the event of bioterrorism or other public health emergency.

Department of Health and Human Services
DIVISION OF PUBLIC HEALTH



Division of Public Health
Chronic Disease and Injury Section

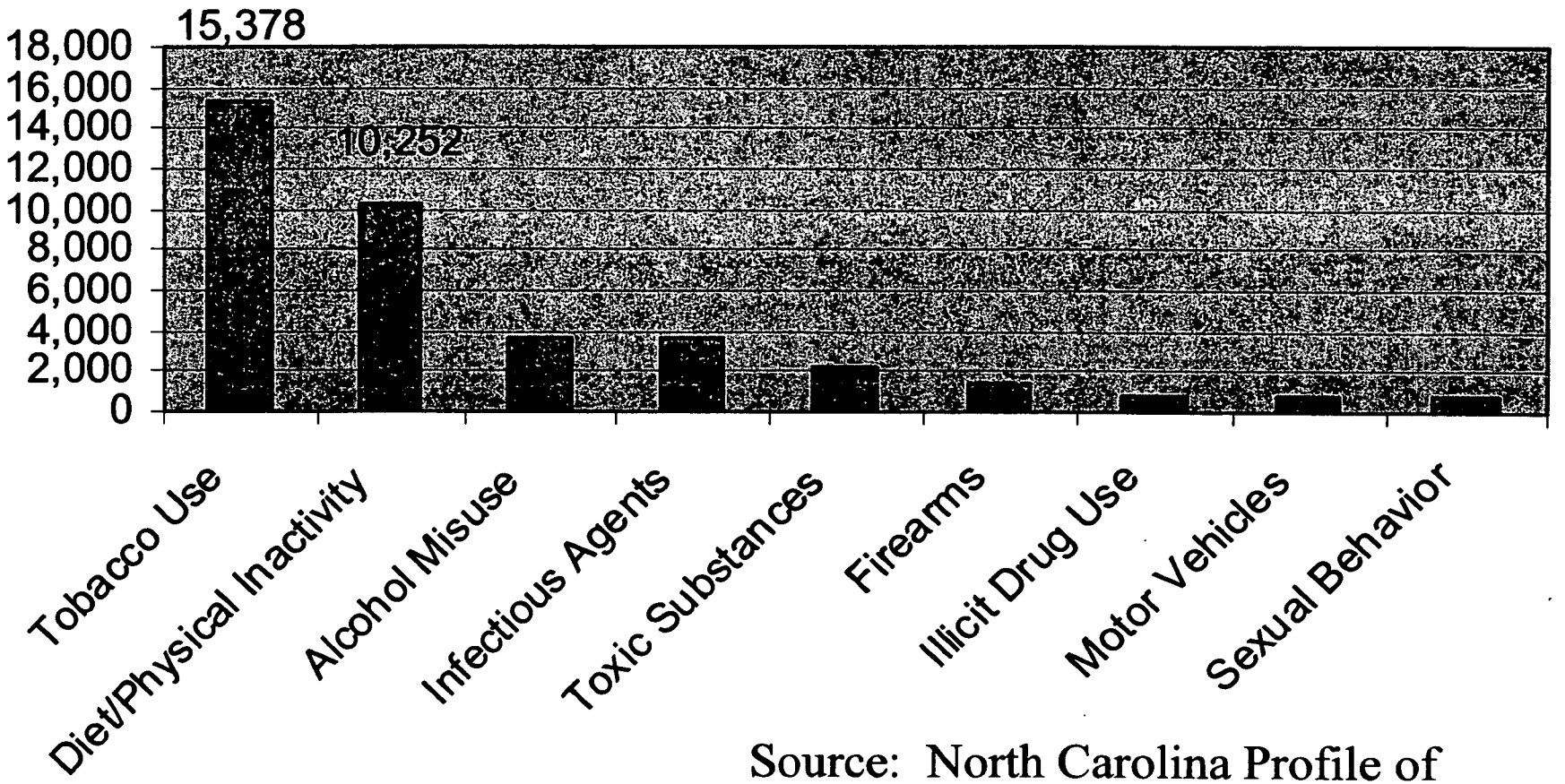
	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$25,633,427	$26,898,079	$26,954,783	$26,956,383
Receipts	$17,175,442	$19,172,998	$19,254,702	$19,256,302
Appropriation	$8,457,985	$7,725,081	$7,700,081	$7,700,081
Positions	130.02	132.03	132.03	132.03

Division of Public Health
Chronic Disease and Injury Section

- Leading Causes of Death
  - Heart Disease
  - Cancer
  - Stroke
  - Chronic Lung Disease
  - Diabetes
  - Unintentional Injuries

Source: North Carolina Profile of North Carolinians: 2005 Update

Division of Public Health
Tobacco Prevention and Control Branch
Preventable Causes of Death in NC for 2003



Source: North Carolina Profile of North Carolinians: 2005 Update

Division of Public Health
Tobacco Prevention and Control Branch

- Centers for Disease Control and Prevention, Health and Wellness trust Fund (Training and Technical Assistance Grant), American Legacy Foundation, Youth Empowerment Movement Against Tobacco Use Grant and Evidence-Based Cessation Services Grant
- $2.8M

Division of Public Health
Tobacco Prevention and Control Branch
FY2004-05 Budget $2.8M

- Prevent the initiation of tobacco use among young people
- Eliminate exposure to secondhand smoke
- Promote quitting among young people and adults

- HWTF Grant – provides technical assistance on teen tobacco use prevention and cessation, media campaigns, coordinate training & education for tobacco-free schools campaign

Division of Public Health
Physical Activity and Nutrition Branch

- Poor diet and inactivity contributed to 10,252 deaths in NC in 2003
- Since 1990 the percentage of obese adults has doubled
- 6 in 10 individuals are overweight or obese
- Risk factor for Type II diabetes, hypertension, coronary heart disease, stroke, osteoarthritis, asthma and even cancer

Health Profile of North Carolinians: 2005 Update

Division of Public Health
Physical Activity and Nutrition Branch

- Centers for Disease Control and Prevention awarded NC a five-year grant to prevent obesity and other chronic diseases. FY2004-05 amount totals $833,000.
- Color Me Healthy - Child care centers (16 centers piloted) and family day care homes
- SyberShop – CD available free to high schools informs13-19 year olds about nutrition and physical activity.
- Families Eating Smart and Moving More – curriculum teaching families basic skills and provides motivation for healthy behaviors (local health departments)
- Health Promotion Program – state and block grant funding for local health departments
- CDC Obesity Grant funds 16 health departments to increase physical activity and healthy eating in schools, preschools, worksites, and communities.

Division of Public Health
Forensic Tests for Alcohol

FY2004-05 Budget *$2.3M*

$46,000 state appropriations

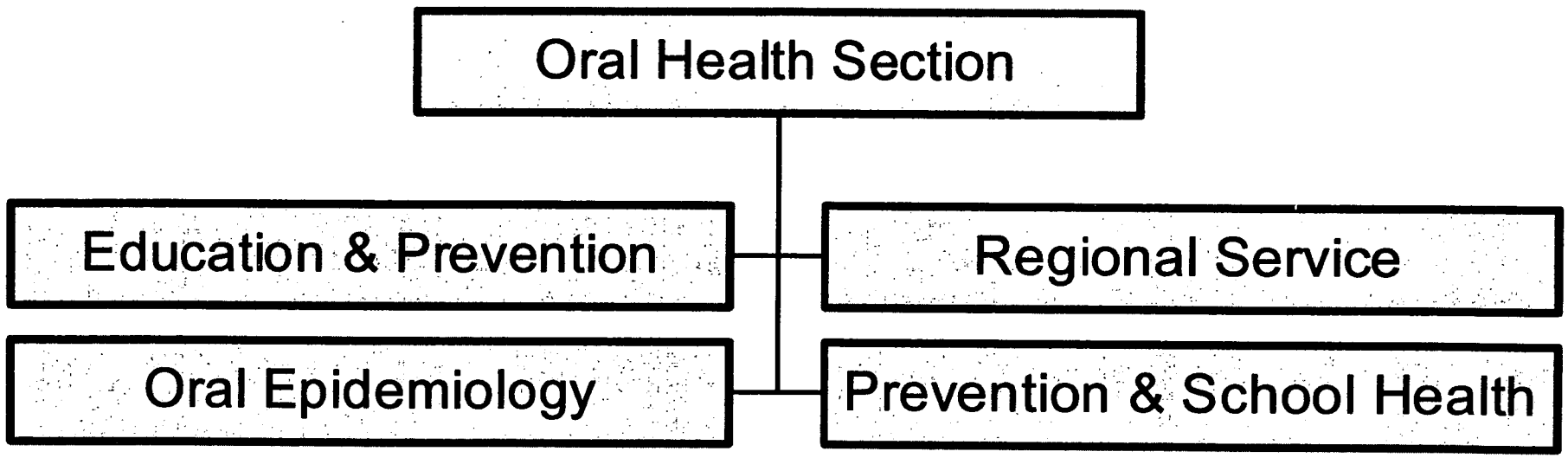
- Training and certification for law enforcement officers as Chemical Analysts on the Intoxilyzer 5000 breath alcohol testing instrument.
  - Approximately 1,000 officers are newly trained annually
  - 2,000 Chemical Analysts are re-certified annually
  - 2,500 Officers are trained on portable breath alcohol testing devices.
  - Field Staff are responsible for the maintenance of the equipment in 162 test sites throughout the state

Division of Public Health
Purchase of Medical Care Programs

- Cancer $2.6M
- Kidney $695,000
- Adult Cystic Fibrosis Patients $158,000
- Epilepsy $202,000

- Different eligibility requirements for programs
- Considered more of medical services than public health
- Considered for reduction in the past.

Department of Health and Human Services
DIVISION OF PUBLIC HEALTH

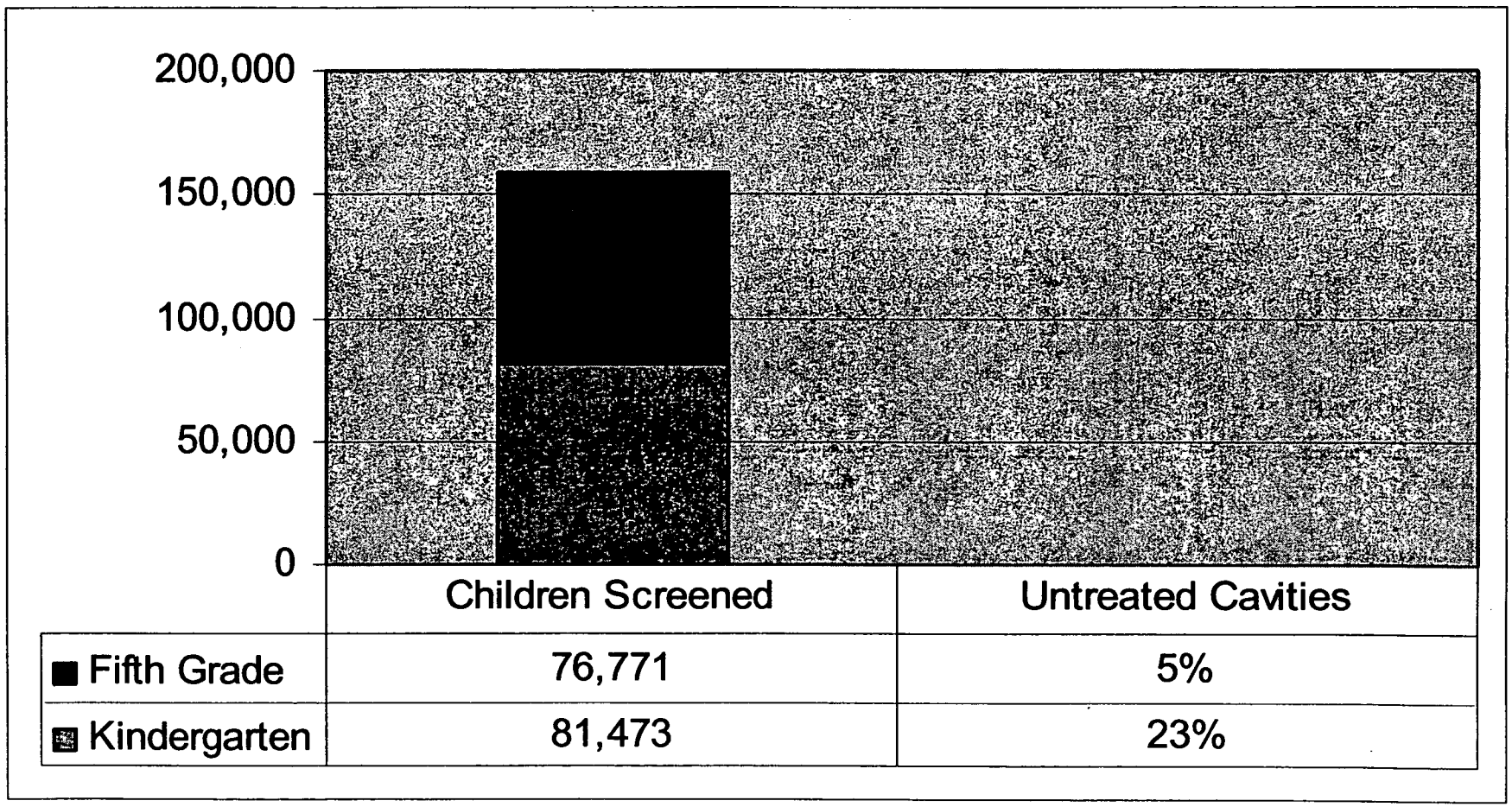


Division of Public Health
Oral Health Section

	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$5,300,317	$4,956,981	$5,327,904	$5,329,676
Receipts	$1,387,597	$1,010,432	$1,397,477	$1,397,477
Appropriation	$3,912,720	$3,946,549	$3,930,427	$3,932,199
Positions	77.50	77.50	77.50	77.50

Division of Public Health

Oral Health $5.3M

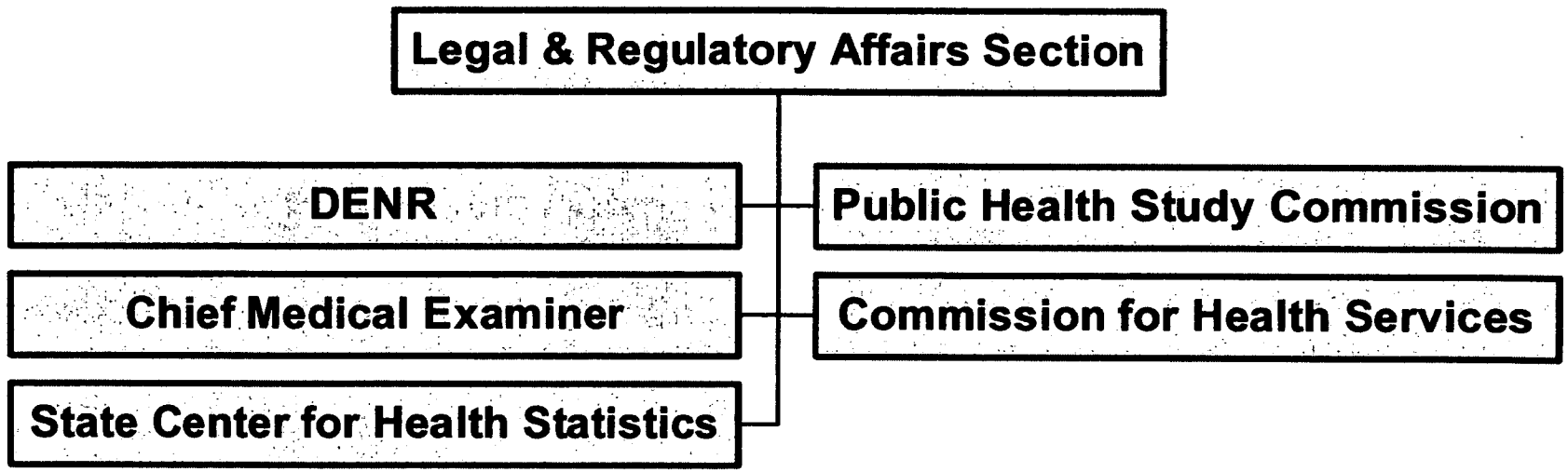


	Children Screened	Untreated Cavities
Fifth Grade	76,771	5%
Kindergarten	81,473	23%

Division of Public Health
Oral Health $5.3M

- 7,250 children were referred into care and received services
- 42 sealant projects throughout the year conducted by Oral Health Section Dentists and Hygienists
  - 1,650 children received sealants
- During 2004, OHS conducted the school-based Statewide Dental Survey to assess how well decay prevention programs are reducing tooth decay. 7,000 K-12 students were screened.
- Into the Mouths of Babes – Medicaid and Health Choice children ages birth to three years old. Physicians and Health Departments have been trained to provide varnish to children

Department of Health and Human Services
DIVISION OF PUBLIC HEALTH



Division of Public Health

Legal & Regulatory Affairs Section

	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$7,558,105	$8,107,080	$8,551,283	$8,584,224
Receipts	$2,921,727	$3,038,038	$3,039,528	$3,039,528
Appropriation	$4,636,378	$5,069,042	$5,511,755	$5,544,696
Positions	96.8	96.8	96.8	96.8

Division of Public Health

Legal & Regulatory Affairs Section

- Chief Medical Examiner is a network of over 600 medical doctors throughout NC who voluntarily devote their time to attend to suspicious or unnatural deaths.

	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$4,155,189	$3,992,686	$4,436,823	$4,469,764
Receipts	$1,635,432	$1,233,700	$1,235,124	$1,235,124
Appropriation	$2,519,757	$2,758,986	$3,201,699	$3,234,640
Positions	32.8	32.8	32.8	32.8

Division of Public Health

Legal & Regulatory Affairs Section

- State Center for Health Statistics collects data, conducts health-related research, and prepares reports to help design, target and evaluate public health prevention initiatives.

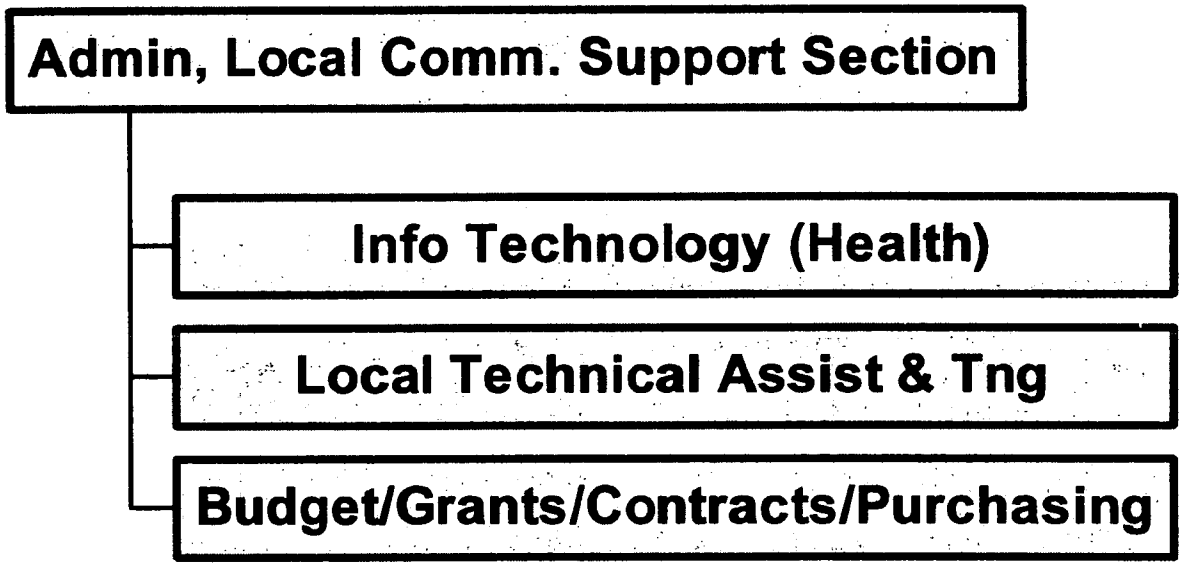
	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$3,402,916	$4,114,394	$4,114,460	$4,114,460
Receipts	$1,286,295	$1,804,338	$1,804,404	$1,804,404
Appropriation	$2,116,621	$2,310,056	$2,310,056	$2,310,056
Positions	64	64	64	64

Division of Public Health

Legal & Regulatory Affairs Section

- Commission for Health Services (*created in GS 130A-29*)
- Members are appointed by the Governor and elected by the North Carolina Medical Society
- Adopt rules necessary to implement public health programs

Department of Health and Human Services
DIVISION OF PUBLIC HEALTH



Division of Public Health

Administration, Local Community Support

	2003-2004 Actual Budget	2004-2005 Budget	2005-2006 Proposed Budget	2006-2007 Proposed Budget
Total Requirements	$11,303,242	$8,788,930	$7,835,003	$7,835,003
Receipts	$5,262,318	$1,364,347	$1,364,281	$1,364,281
Appropriation	$6,040,924	$7,424,583	$6,470,722	$6,470,722
Positions	31.71	31.71	31.71	31.71

Division of Public Health
Administration, Local Community Support

- Provide support to local health departments
- Conducts and arranges training
- Create a new Health Information System for local health departments (billing for Medicaid and management tool for LDH's)
  - RFP was posted Friday, March 18th; for the development and implementation for HIS.

Division of Public Health

Administration, Local Community Support

- Accreditation of Local Health Departments
  - Agency capacity
  - Facilities & administration
  - Staff competencies & training for staff
  - Governance by Board of Health
- Pilot – Six Health Depts (Appalachian District, buncombe, Cabarrus, Chatham, Dare, and New Hanover)
- FY2004-05 appropriation of $50,000 for the agencies for related accreditation expenses and $50,000 for Institute for Health Health to support an Accreditation Advisory Board to oversee the effort
- Four new agencies have been selected for accreditation process: Cherokee, Craven, Harnett, and Pamlico.

Division of Public Health
Vital Records

- FY2004-05 $2.3M Requirements, $720,000 appropriations
- Register all vital events that occur in North Carolina – Births, Deaths, fetal deaths, marriages, divorces, and others
- Fees are charged $15 per vital record
- $5 of each fee collected is put aside for automation and upgrade of the system (G.S. 130A-93.1)

Lorraine Blake (Sen. Purcell)

From: Lanier Cansler [Lanier.Cansler@ncmail.net]
Sent: Thursday, March 24, 2005 3:38 PM
[redacted]
Karlynn O'Shaughnessy (Fiscal Research)
Carol Shaw (Fiscal Research)
Subject: Information Request

Good afternoon Karlynn. I hope your day is going well and your back is feeling better..

Allyn Guffey shared with me your March 23rd request for information. Aleta Mills is working with Allyn to get a response together for you. I feel it important that, in addtion to what they might provide, I give you my insight into your questions.

I understand the desire to find budget reductions in the least painful areas. "Least painful" is generally considered non-programmatic areas. Unfortunately, if we year after year not only avoid increased funding to cover necessary administrative function costs, but actually cut that funding, no one in state government should ever complain about poor management and inefficiencies. I know from my years of business experience, if the resources are not there to do the job, the job simply will not get done. I am afraid we have already crossed that line in many areas resulting in costly management problems and inefficiencies. So, bottom line, if we are going to look for major cuts, we must look to eliminate some of the programmatic efforts and the related staffing and management costs. Continued arbitrary cuts to adminstrative costs will result in more problems, not answers.

You asked how much we would save by consolidating all IT functions within DIRM. The answer is little to nothing short-term, maybe small amounts long-term. We spend tremendous amounts on maintaining old, outdated systems. We have to have them and they can't be maintained without adequate staff. There does not seem to be any duplication in that area. Only the development of new efficient systems will help us reduce that cost. System development requires money and people. There does not seem to be any duplication in that area either. We may potentially need more staff to accomplish our goals in a timely manner. Any significant savings will have to come from eliminating duplicate efforts or duplicate equipment. We are focused on reducing the number of servers, etc., but only as the existing equipment needs to be replaced. It doesn't make any sense to buy new equipment to consolidate servers, etc., until the investment is appropriate. The bottom line is that DHHS continues to be inefficient in many ways due to the lack of updated and more effective technology. Cuts in this area only serve to lessen our progress and sustain our inefficiencies. That doesn't make sense.

You asked about reducing the Central Management and Support Travel budget. That budget includes our Auditor (who we rely on for investigative work time to time at locations across the State) and Property & Construction (who has responsibility for buildings across the State and who will have increased travel costs as we begin construction of the new hospital). From time to time it is important for other staff to travel to effectively meet their responsibilities. I believe that an arbitrary reduction in this budget not only accomplishes little with respect to the budget deficit, it further complicates the ability of department management to properly execute its responsibilities.

You asked about professional development contracts. I know of only two or three situations where the Department has agreed to sponsor education above that needed to maintain necessary skills. We have, however, failed to provide the continuing education necessary to even maintain

skill in many areas. In areas such as IT, this is crucial. What good is an IT staff member who's knowledge reflects 10 year old technology? What good is an auditor if they don't know the latest rules and regulations? What good is a Medcaid manager who doesn't know the latest federal requirements and guidelines? Reducing budgets for training results in a loss of skills and ultimately mistakes and inefficiencies. If we want our employees to do their very best for the State, we must be willing to invest in giving them the tools to do their very best. The State has failed its employees in this effort, and we will continue to pay the price.

I know you have a tough job and are searching for answers. I only ask that you all take great care to not cost the State more in inefficiencies in the process.

Thanks for taking the time to read my concerns. Sermon over.

Thanks for your efforts. I hope you have a great Easter holiday.

Lanier

--
Lanier M. Cansler
Deputy Secretary
North Carolina Department of Health and Human Services
2001 Mail Service Center
Adams Building/Dix Campus
Raleigh, NC 27699-2001
Phone: 919-733-4534
Fax: 919-715-4645

VISITOR REGISTRATION SHEET

Joint Approp. On Health & Human Services — **March 24, 2005**
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rebecca Trautman	NCACC
Jim Eldridge	NAHHC
[illegible]	[illegible]
Debbie Barnes	OSBM
Wayne Williams	OSBM
Lina Guiller-Morgan	OSBM
Vincent STEPHENS	CMS
Jessica Sage	NCFPC
Rob Lawyer	HHS
Kate Young	APPCNC/MOD
Cam Cowell	BPM/HL

VISITOR REGISTRATION SHEET

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NAME	FIRM OR AGENCY AND ADDRESS
Gary Salamido	GSK
Starla McKinney	DHHS
Lu-Ann Coe	NCPA
Andy Ellen	NCRMA
Patrice Roesen	NCPCC
Stacy Flannery	NCHCFA
Scott McAllister	

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Joint Approp. On Health & Human Services — **March 24, 2005**
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NAME	FIRM OR AGENCY AND ADDRESS
John Bowdish	AstraZeneca
Lee Hodge	KCCH
Frances Dreps	DHHS, DPH
Dennis Harrington	DPH
Lanni Carter	DHHS
Carmen Hooker Odom	DHHS
Allyn Duffy	DHHS
Ed Cochrane-Brown	DHHS
[illegible]	Capitol Links
[illegible]	GSK
[illegible]	NCMS

VISITOR REGISTRATION SHEET

Joint Approp. On Health & Human Services — **March 24, 2005**

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JOHN M. PEEBLES	HIV/STD Prevention & Care Branch Raleigh
[illegible]	NC ACDS
HUGH TILSON	NCHA
Lynn Banner	N&O

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Tuesday, March 29, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

NC Health Choice — *Carol Shaw, FRD Staff*

2:00 PM

Budget Overview

Division of Facilities Services — *Andrea Russo, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

TUESDAY, MARCH 29th, 2005
8:30 AM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Joint Appropriations subcommittee on Health and Human Services met on Tuesday, March 29th, 2005 at 8:30 am in room 643 of the Legislative Office Building. House members present were Representative Jeff Barnhart, Representative Verla Insko, Co-Chairs; Representative Farmer-Butterfield, Representative Hollo, Vice-Chairs; Representatives B. Allen, Current, England, Stam, and Wright. There were seven senators present: Senator William Purcell and Senator Vernon Malone, Co-Chairs: Senators D. Berger, Blake, Dannelly, East, Kerr. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Barnhart called the meeting to order and presided over the meeting.

Carol Shaw from the Fiscal Research Division distributed handouts on NC Health Choice, which are made part of these minutes. Ms. Shaw reviewed the documents and answered questions.

Representative Barnhart adjourned the meeting at 10 am.

Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration

Cost Sharing Provisions in Non-Medicaid SCHIP Plans[1]

September 30, 2003

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Alabama[2]	$50/child/year, with a maximum of $500/family/year	$5 copayment	$5 copayment	$1 for generic; $3 for brand name	Cost sharing for families between 150%-200% FPL
Arizona	151%-175% FPL: $10/month for 1 child; $15/family/month for 2 or more children; 176%-200% FPL: $15/month for 1 child; $20/family/month for 2 or more children	None	None	None	$5 for nonemergency ER visits
Arkansas	None	20% of first inpatient day	$10 copayment	$5 copayment	$10 copayment for other services; 20% copayment for DME
California	Below 150% FPL: $7/child/month, maximum $14/family/month; Above 150% FPL: $9/child/month, $18 for 2 children, maximum $27/family/month	None	$5 copayment	$5 copayment	$5 copayment for other services; copayments capped at $250 annually

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Colorado	151%-185% FPL: $25/year for 1 child; $35/year for 2 or more children	101%-150% FPL: $2 copayment; 151-185% FPL: $5 copayment	101%-150% FPL: $2 copayment; 151%-185% FPL: $5 copayment	101%-150% FPL: $1 copayment; 151%-185% FPL: $3 for generic; $5 for brand name	101%-150% FPL: $5/ER visit; 151%-185% FPL: $15/ER visit
Connecticut	236%-300% FPL: $30/month/child, $50/month maximum;> 300% FPL: between $142 and $214, depending on the plan selected	None	$5 copayment	$3 copayment for generic; $6 for brand name	186%-235% FPL: copayments capped at $650/year; 236%-300% FPL: capped at $1,250/year
Delaware	101%- 133% FPL: $10/family/month; 134%-166% FPL: $15/family/month; >167% FPL: $25/family/month	None	None	None	$10 for nonemergency ER visits

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Florida[3]	$20/family/month	None	Healthy Kids Enrollees only: $3 copayment	Healthy Kids Enrollees only: $3 copayment for generic and Medicaid formulary	Healthy Kids Enrollees: $10 for nonemergency ER visits and emergency transportation, waived if admitted
Georgia	Children > age 6: <133% FPL: $10/month for 1 child, $15 for 2 or more children; 134%-235% FPL: $10 for 1 child, $20 for 2 or more children	None	None	None	None
Illinois	151%-200% FPL: $15/month for 1 child, $25/month for 2 children, $30/month for 3 or more children	KidCare Share: $2 copayment; KidCare Premium: $5 copayment	KidCare Share: $2 copayment; KidCare Premium: $5 copayment	KidCare Share: $2 copayment; KidCare Premium: $3 copayment for generic, $5 copayment for brand name	KidCare Premium: $25 for nonemergency ER visits; copayments are capped at $100/year/family

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Indiana	151%-175% FPL: $11/month for 1 child, $16.50/month for 2 or more children; 176%-200% FPL: $16.50/month for 1 child, $24.75/month for 2 or more children	None	None	$3 copayments for generic; $10 copayment for brand name	$10 for emergency transportation; premiums are discounted if paid quarterly or annually
Iowa	Above 150% FPL: $10/child/month, $20/month maximum	None	None	None	$25 for nonemergency ER visits
Kansas	151%-175% FPL: $30/family/month; 176%-200% FPL: $45/family/month	None	None	None	None
Kentucky[4]	None	None	None	None	None
Maine	151%-160% FPL: $5/child/month, $10/month maximum; 161%-170% FPL: $10/child/month, $20/month maximum; 171%-185% FPL: $15/child/month, $30/month maximum; 186%-200% FPL: $20/child/month, $40/month maximum	None	None	None	None

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Maryland	201%-250% FPL: $40/family/month; 251%-300% FPL: $50/family/month	None	None	None	None
Massachusetts	151%-200% FPL: $12/month for 1 child, $24/month for 2 children, $36/month maximum	None	None	None	None
Michigan	150%-200%FPL: $5/family/month	None	None	None	None
Mississippi	None	None	$5 copayment	None	$15/ER visit; 150%-175% FPL: maximum $800/family/year 176%-200%FPL: $950/family/year
Montana	None	$25 copayment	$5 copayment for hospital services; $3 copayment other outpatient	$3 copayment for generic; $5 copayment for brand name	Cost-sharing capped at $215/family/year

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Nevada	100%-150% FPL: $60/family/year; 151%-175% FPL: $140/family/year; 176%-200% FPL: $280/family/year	None	None	None	None
New Hampshire	186%-250% FPL: $25/child/month, $100/month maximum; 251%-300% FPL: $45/child/month, $135/month maximum	None	$10 copayment	$5 for generic, $10 for brand name	$50 copayment for ER services (waived if admitted)
New Jersey	151%-200% FPL: $16.50/month/family; 201%-250% FPL: $33/month/family; 251%-300% FPL: $66/month/family; 301%-350% FPL: $110/month/family	None	151%-200% FPL: $5 copayment, $0 for mental health/substance abuse services; 200%-350% FPL: $5 for physician, hospital and SA; $25 for mental health outpatient service	151%-200% FPL: $1 copayment for generic, $5 for brand name; 200%-350% FPL: $5 copayment	151%-200% FPL: $10/ER visit (waived if admitted); 200%-350% FPL: $35/ER visit (waived if admitted)

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
New York	161%-222% FPL: $9/child/month, $27/ month maximum; 223%-250% FPL: $15/child/month, $45/ month maximum	None	None	None	None
North Carolina	151%-200% FPL: $50/child/year, $100/year maximum	None	151%-200% FPL: $5 copayment	151%-200% FPL: $6 copayment	151%-200% FPL: $20 for nonemergency ER visits
North Dakota	None	$50 copayment	None	$2 copayment	$5 copayment for ER visits
Oregon	None	None	None	None	None
Pennsylvania	None	None	None	None	None
South Dakota	None	None	None	None	None
Texas	101%-150% FPL: $15/family/year; 151%-185% FPL: $20/family/month; 186%-200% FPL: $25/family/month	101%-150% FPL: $25 copayment; 151%-185% FPL: $50 copayment; 186%-200% FPL: $100 copayment	101%-150% FPL: $2 copayment; 151%-185% FPL: $7 copayment; 186%-200% FPL: $10 copayment	101%-150% FPL: no copayment for generics, $5 for brand name; 151%-200% FPL: $5 for generics, $20 for brand name	101%-150% FPL: $5/ER visit; 151%-200% FPL: $50/ER visit

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Utah	<151% FPL: $5 for 1 child; 151%-200% FPL: $10 for 1 child	<151% FPL: $3 copayment; 151%-200% FPL: 10% coinsurance of first 10 days of mental health, 50% of next 20 days	<151% FPL: $3 copayment; 151%-200% FPL: $15 copayment for physician services, 10% coinsurance for outpatient services, 50% coinsurance for mental health/substance abuse services	<151% FPL: $1 copayment; 151% to 200% FPL: $5 copayment	<151% FPL: $3/ER visit; 151%-200% FPL: $35/ER visit; coinsurance 10% for lab above $50 and x-ray above $100, 20% for dental restorative and durable medical equipment
Vermont	$70/family/month	None	None	None	None
Virginia[5]	None	<151% FPL: $15 copayment; 151%-200% FPL: $25 copayment	<151% FPL: $2 copayment; 151%-200% FPL: $5 copayment (hospital outpatient waived if admitted)	<151% FPL: $2 copayment; 151%-200% FPL: $5 copayment	134%-150% FPL: $180/family/year cost-sharing cap; 151%-200%FPL: $350/family/year cost-sharing cap

State	Premiums	Inpatient	Outpatient	Prescriptions	Other
Washington	$10/month for 1 child, $20/month for 2 children, $30/month for 3 or more children	None	None	None	None
West Virginia	None	151%-200% FPL: $25 copayment	151%-200% FPL: $25 copayment	$10 for brand name, $15 for nonformulary	150%-200% FPL: $35/ER visit; cost sharing capped at $150/child/year, $450/family/year
Wyoming	None	None	$5 copayment	$3 copayment for generic, $5 for brand name	$5/ER visit; cost sharing capped at $200/family/year

Key

ER= Emergency room

FPL= Federal poverty level

HMO= Health maintenance organization

PPO= preferred provider organization

Notes

1 Under SCHIP, states can impose premiums, deductibles, copayments and other fees for certain services and groups. States cannot impose copayments on preventive pediatric care, immunizations, or any form of well-baby or well-child care. For families below 150 percent of the FPL, Medicaid rules on cost sharing for adults apply. For families above 150 percent of the FPL, cost sharing can be imposed on a sliding scale and cannot exceed

5 percent of the family's annual income. American Indians and Alaska Natives (AI/AN) are exempt from any cost sharing. Income levels eligible under the program not included in the table do not have cost sharing.

2 Alabama's Medicaid expansion does have some copayments for children over age 18.

3 The benefits packages for the Medicaid expansion, MediKids and the CMS Network are the same as the Medicaid benefit package. Specific copayments apply to *Healthy Kids* enrollees only; there are no copayments for children enrolled in the MediKids, CMS Network or the Medicaid expansion programs.

4 Kentucky is planning to impose cost sharing for the state-designed portion of its SCHIP plan.

5 Virginia does not impose copayments on enrollees in the premium assistance program.

Sources: Data compiled by the Maternal and Child Health Policy Research Center during the summer and fall of 2003; *Eligibility, Benefits, and Cost-Sharing in Separate SCHIP Programs*, October 2003.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NC HEALTH CHOICE BUDGET OVERVIEW

FISCAL RESEARCH DIVISION
MARCH 2005

NC HEALTH CHOICE

PRESENTATION OUTLINE

- Program Overview
- Program Budget
- Program Eligibility and Enrollment
- Program Benefits
- Program Issues

PROGRAM OVERVIEW

NC HEALTH CHOICE

FEDERAL LAW

What: State Children's' Health Insurance Program (SCHIP) was enacted in 1997 to enable states to implement plans to initiate and expand the provision of health care assistance to uninsured, low-income children via Medicaid expansion or separate state insurance program.

Who: Children under age 19 not eligible for Medicaid with family incomes below 200% of Poverty or 50% above the state Medicaid limit (235% for North Carolina)

How: $39.7 Billion over ten years (1998-2007). States were authorized to expand Medicaid for children or develop a separate state program. NC established a separate state program.

NC HEALTH CHOICE

FEDERAL LAW

State Allotment: Each state receives a portion of the total block grant using a formula based on the number of low-income children in each state and on the number of uninsured children in families with incomes at or below 200% of the federal poverty level. NC's allotment for FFY 2005 is $105.1 million.

State Match Requirement: Each state is required to match federal funds based on an enhanced Medicaid rate. NC's rate for FFY 2005 is 74.44%.

Other Funds: States may not use other federal program funds or participant copayments or premiums as matching funds.

NC HEALTH CHOICE

FEDERAL LAW

Administration: Use of funds for administration, outreach, and purchasing of direct services may not exceed 10% of the amount providing coverage.

Allotments and Reallocations: Allotments remain available for three years. Reallocations are available for one year. North Carolina has received $171.6 million through the redistribution process.

Maintenance of Effort: States may not change Medicaid eligibility standards as of June 1, 1997, must continue to enroll eligible children into Medicaid, and must maintain the current level of spending on nonfederal health insurance programs. The MOE requirement related to Medicaid eligibility prevents NC from reducing coverage for pregnant women below 185% of the FPL because a pregnant teenager may lose coverage.

NC HEALTH CHOICE

MISSION

The purpose of the Health Insurance Program for Children is to provide comprehensive health insurance to uninsured, low-income children who are residents of North Carolina by establishing a separate state program called NC Health Choice. The program is not an entitlement and is subject to the availability of funding.

NC HEALTH CHOICE

NC PROGRAM HISTORY

October 1997: US Congress enacts the State Children's Health Insurance Program (SCHIP) to provide health insurance to uninsured, low-income children and provides federal funding for the program.

February 1998: Governor proposes a children's health insurance program that is based on Medicaid without the entitlement.

April 1998: The North Carolina General Assembly enacts the Health Insurance Program for Children during a special session -- a separate state program based on the State Employees' Health Plan.

NC HEALTH CHOICE

NC PROGRAM HISTORY

May 1998: North Carolina submits state plan for offering health insurance coverage for uninsured children to the US Department of Health and Human Services.

July 1998: North Carolina's State Plan approved by federal government.

October 1998: NC Health Choice begins enrolling children.

March 1999: School Based Clinics authorized to provide services under NC Health Choice.

July 1999: Dental benefits enhanced.

NC HEALTH CHOICE

PROGRAM HISTORY

October 1999: Enrollment exceeds 50,000 children.

July 2000: Uninsured definition modified to waive 60-day waiting period for special needs children who have lost their health insurance due to their special needs.

January 2000: Enrollment in NC Health Choice is closed after reaching over 72,000 children because enrollment exceeded the availability of state funding for the program.

October 2001: Enrollment freeze is lifted and 60-day waiting period for uninsured children is eliminated.

July 2003: Enrollment exceeds 100,000 children.

NC HEALTH CHOICE

NATIONAL COMPARISONS
Types of Programs

The U.S. Department of Health and Human Services has approved 51 state plans under the State Children's' Health Insurance Program.

- **12 states operate Medicaid expansion programs**
- **18 states operate separate state programs.**
- **21 states operate combination programs.**

NC HEALTH CHOICE

NATIONAL COMPARISONS
Eligibility

Federal law allows State Programs to cover children under age 19 who are not eligible for Medicaid with family incomes at or below 200% of Poverty or 50% above the state Medicaid limit.

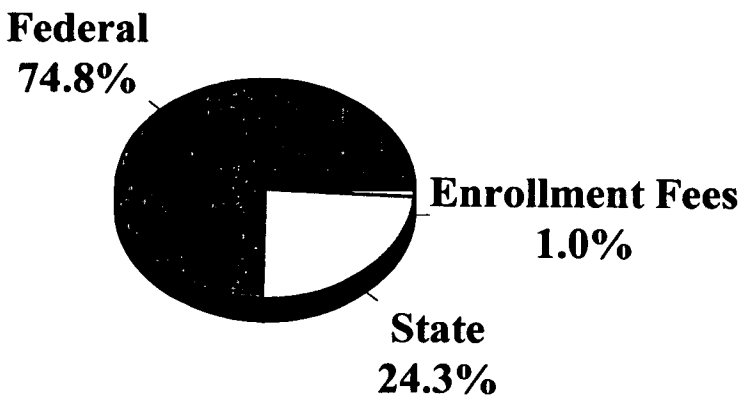
- 27 states cover children in families with incomes at 200% of the federal poverty level.
- 13 states cover children in families with incomes above 200% of the federal poverty level.
- 10 states cover children in families with incomes below 200% of the federal poverty level.

PROGRAM BUDGET

NC HEALTH CHOICE

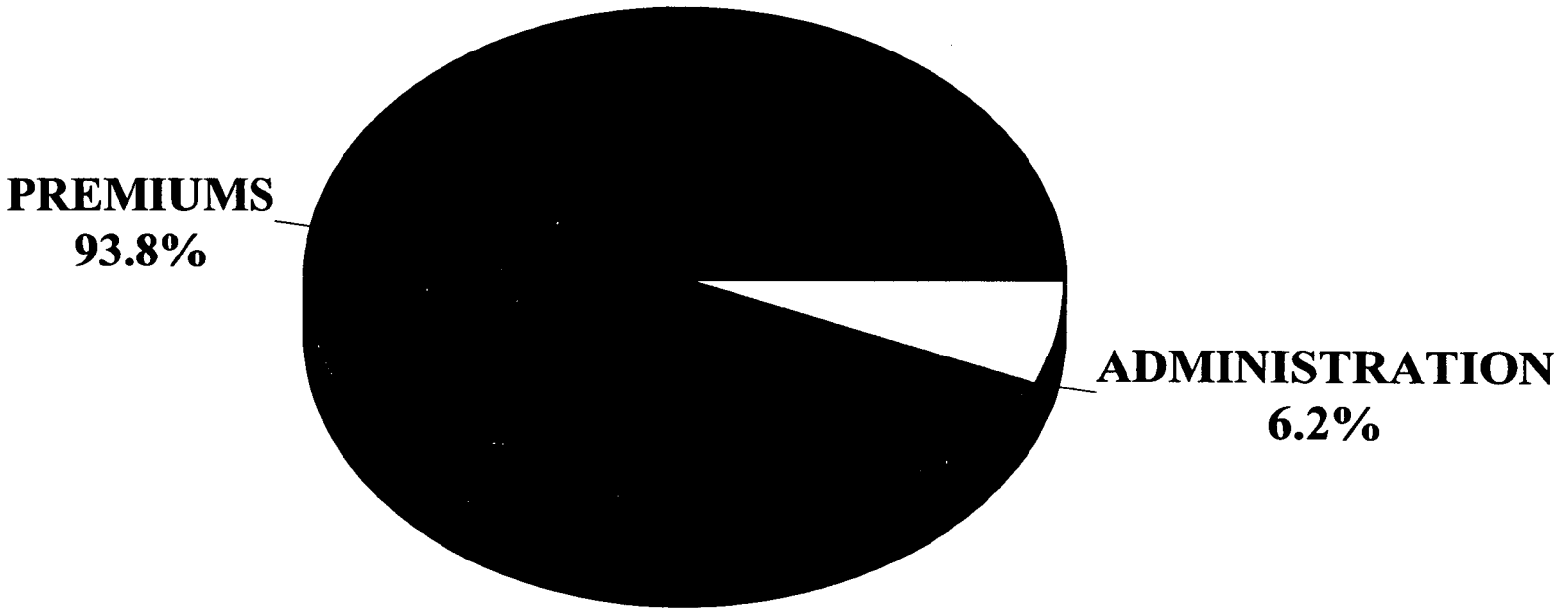
2005-2007 CONTINUATION BUDGET

Description	2003-04 Actual	2004-05 Authorized	2005-06 Recommended	2006-07 Recommended
Total Requirements	$202,128,427	$236,173,260	$236,389,959	$236,389,959
Estimated Receipts	($152,563,513)	($174,194,063)	($174,353,978)	($174,353,978)
Net Appropriation	$49,486,579	$62,035,834	$62,035,981	$62,035,981
Total Number of Positions	6.00	6.0	6.0	6.0



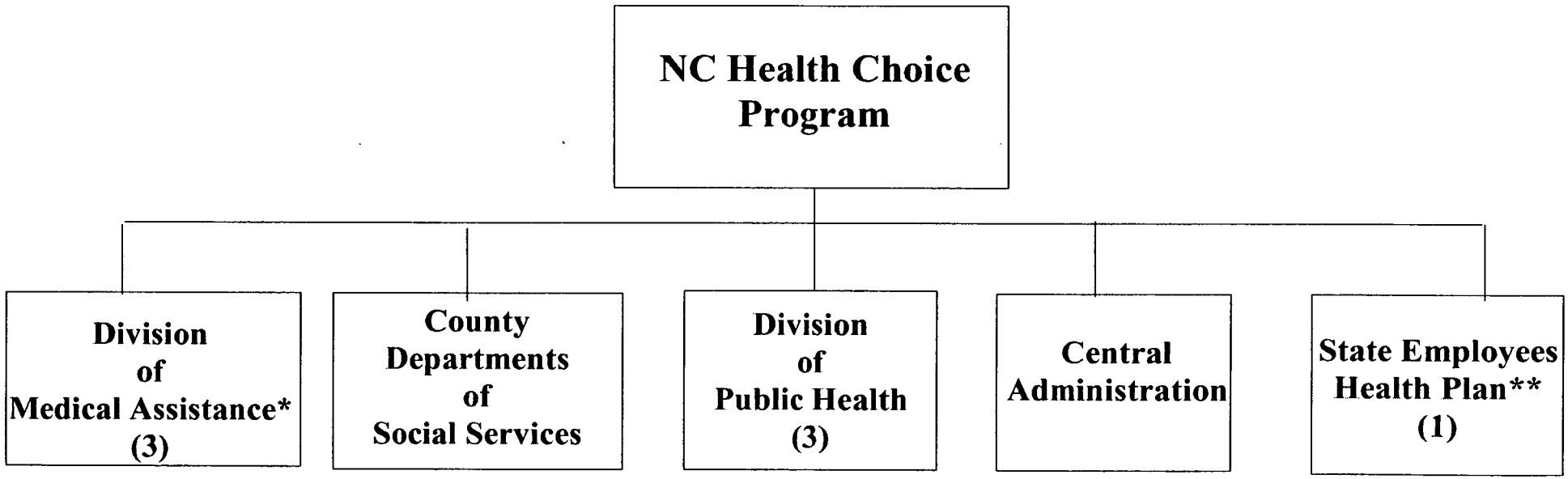
NC HEALTH CHOICE

TOTAL EXPENDITURES
SFY 2003-04



NC HEALTH CHOICE

ADMINISTRATIVE ORGANIZATION



Notes:

* One position is funded through Medicaid and is not supported by NC Health Choice Funding.

** This position is not supported by NC Health Choice.

NC HEALTH CHOICE

PROGRAM ADMINISTRATION

Medical Assistance: The Division of Medical Assistance is responsible for overall oversight of the NC Health Choice Program including receiving the federal funds and paying the monthly premiums to the State Employees' Health Plan, monitoring eligibility determination, program integrity, and providing reports to the federal government. The Division of Medical Assistance is the liaison with the federal government and the State Employees' Health Plan.

State Employees Health Plan: The State Employees' Health Plan is responsible for the administration and processing of claims for the NC Health Choice Program.

NC HEALTH CHOICE

PROGRAM ADMINISTRATION

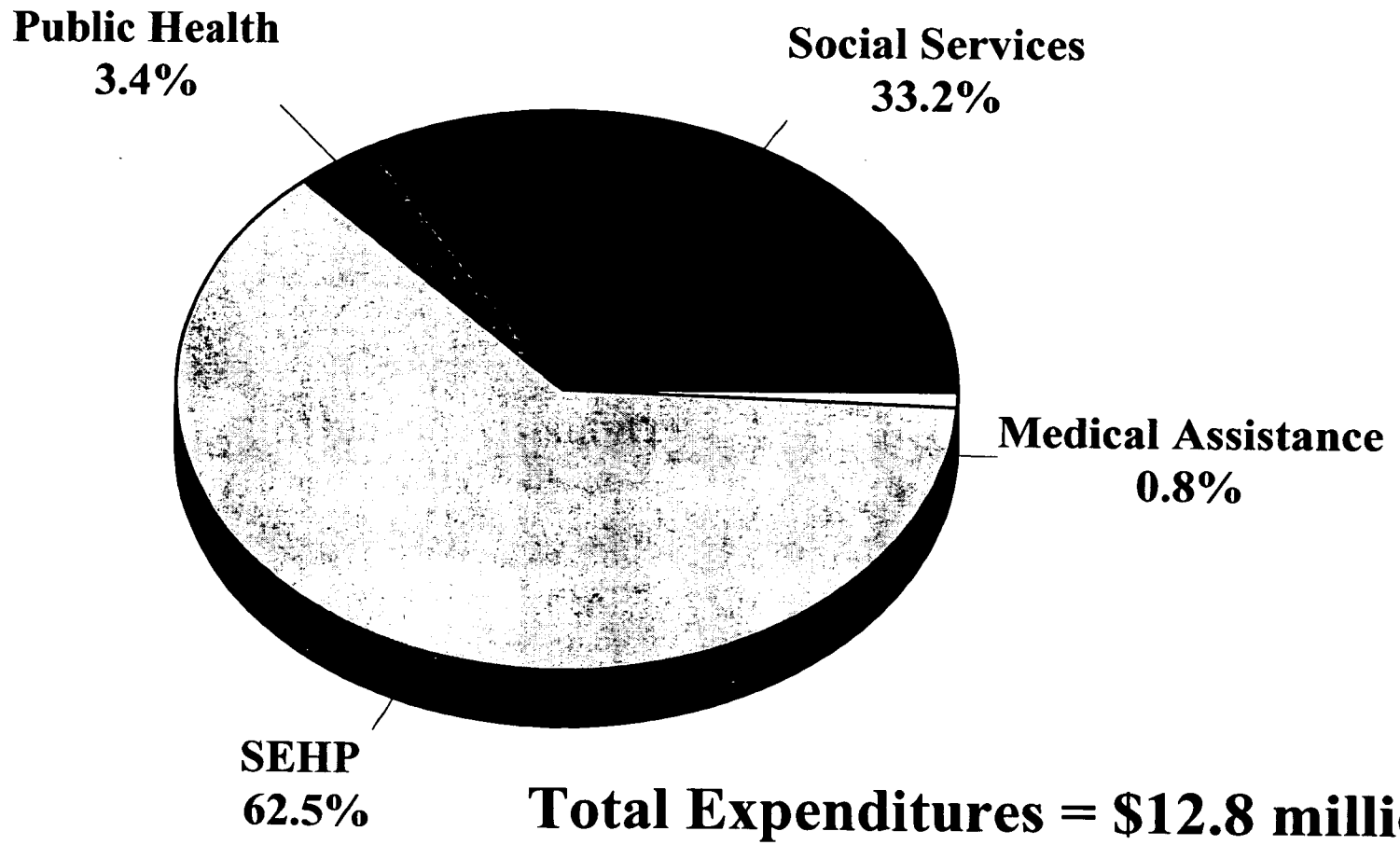
Social Services: County Departments of Social Services enroll eligible children into the NC Health Choice Program.

Public Health: The Division of Public Health assists counties with the promotion of the NC Health Choice Program and reaching eligible children. The Division of Public Health also provides utilization review and quality assurance for the special needs program.

Central Administration: The Division of Information Resources assists with the development of computer applications that support the NC Health Choice Program.

NC HEALTH CHOICE

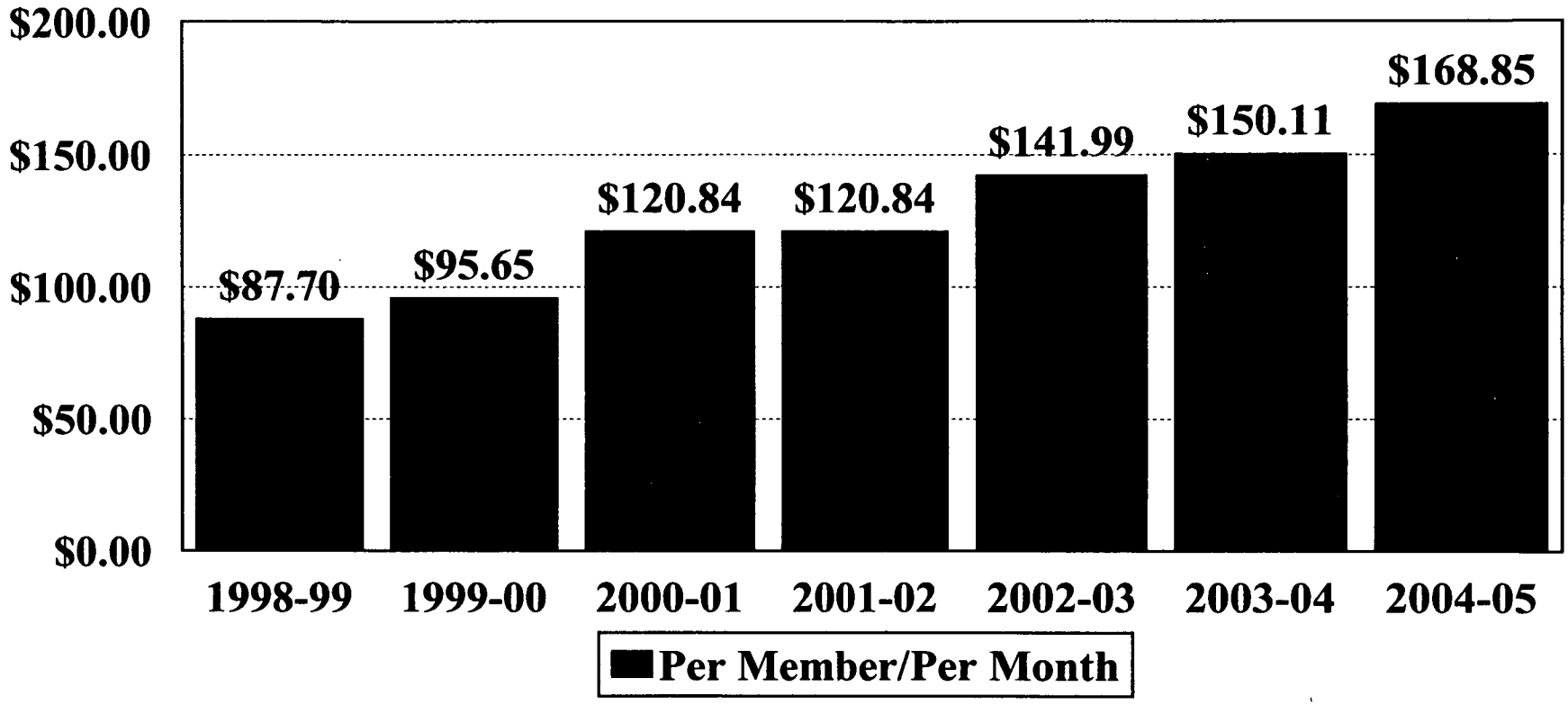
EXPENDITURES FOR PROGRAM ADMINISTRATION
Actual Expenditures SFY 2003-2004



Total Expenditures = $12.8 million

NC HEALTH CHOICE

History of Premiums



- The per member per month (PM/PM) premium rate is based on projections by the SEHP's actuarial contractor.
- Rate increases have averaged 12% annually over the last five years.
- The cost per child has increased 93% since the program began.

PROGRAM ELIGIBILITY AND ENROLLMENT

NC HEALTH CHOICE

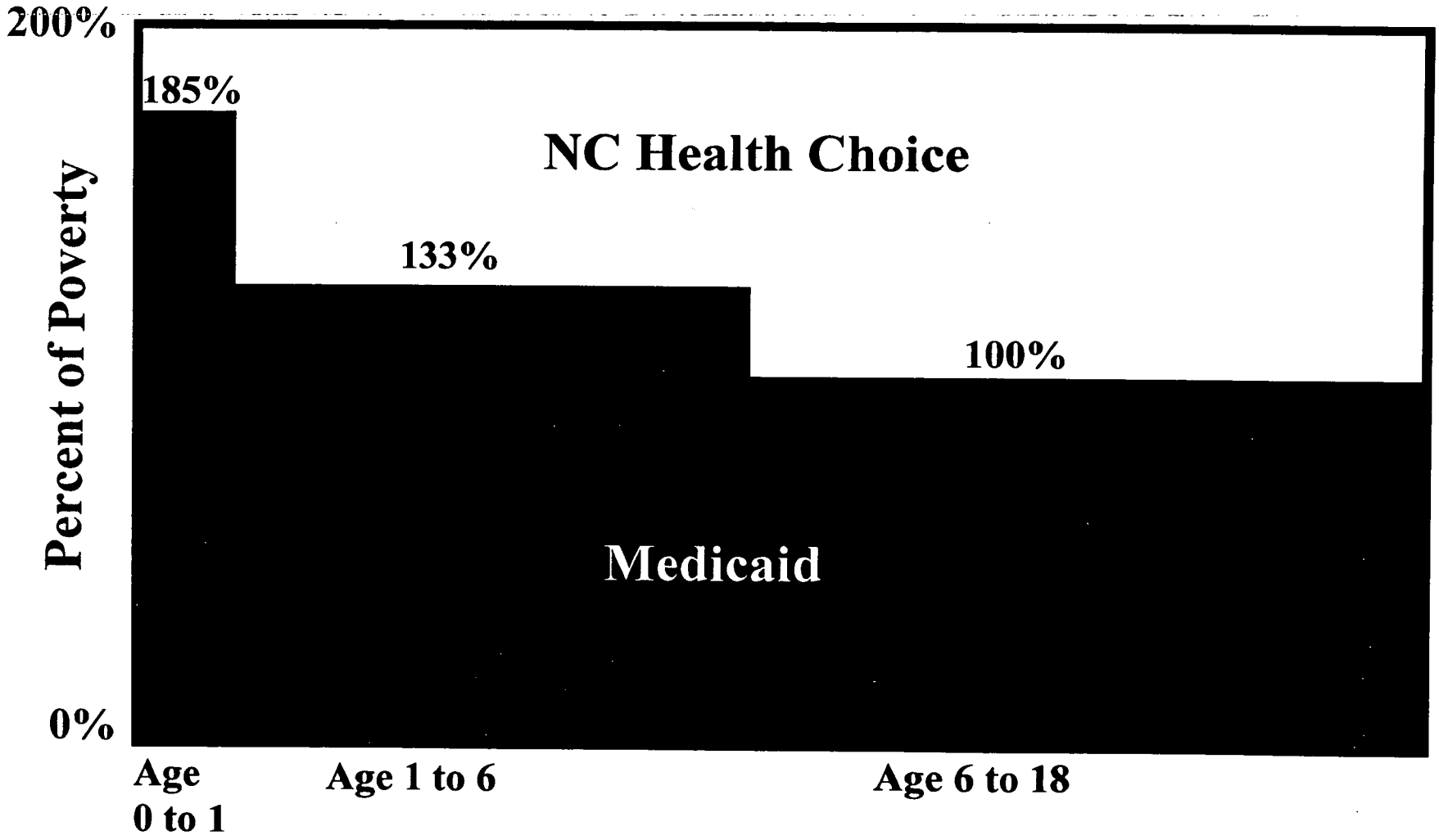
ELIGIBILITY FOR CHILDREN

- Under the age of 19
- Ineligible for Medicaid, Medicare, or other federal health insurance program
- Resident of the state and eligible under federal law
- Uninsured as defined under law - no waiting period
- Have paid required program enrollment fee
- Be in a family with a family income at or below 200% of the federal poverty level

NC HEALTH CHOICE

ELIGIBILITY BY FAMILY INCOME

Medicaid Vs. NC Health Choice



FISCAL RESEARCH DIVISION 03//05

NC HEALTH CHOICE

FAMILY INCOME ELIGIBILITY

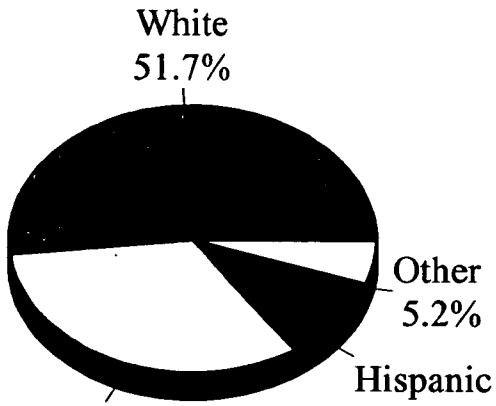
Family Size	Family Income 100% FPL	Family Income 150% FPL	Family Income 200% FPL
1	$9,570	$14,355	$19,140
2	$12,830	$19,245	$25,660
3	$16,090	$24,135	$32,180
4	$19,350	$29,025	$38,700

Note: 2005 Federal Poverty Guidelines

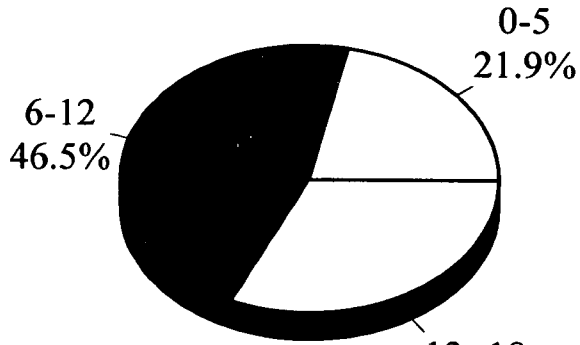
NC HEALTH CHOICE

ENROLLMENT SNAPSHOT

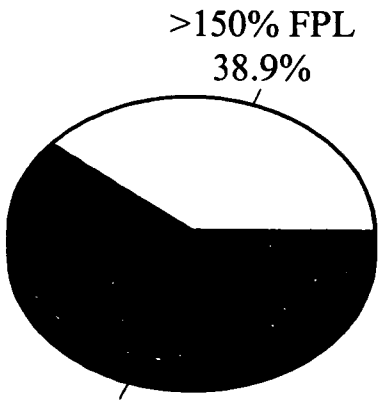
RACE



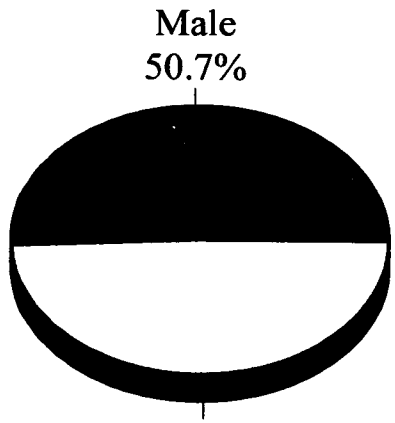
AGE



FAMILY INCOME

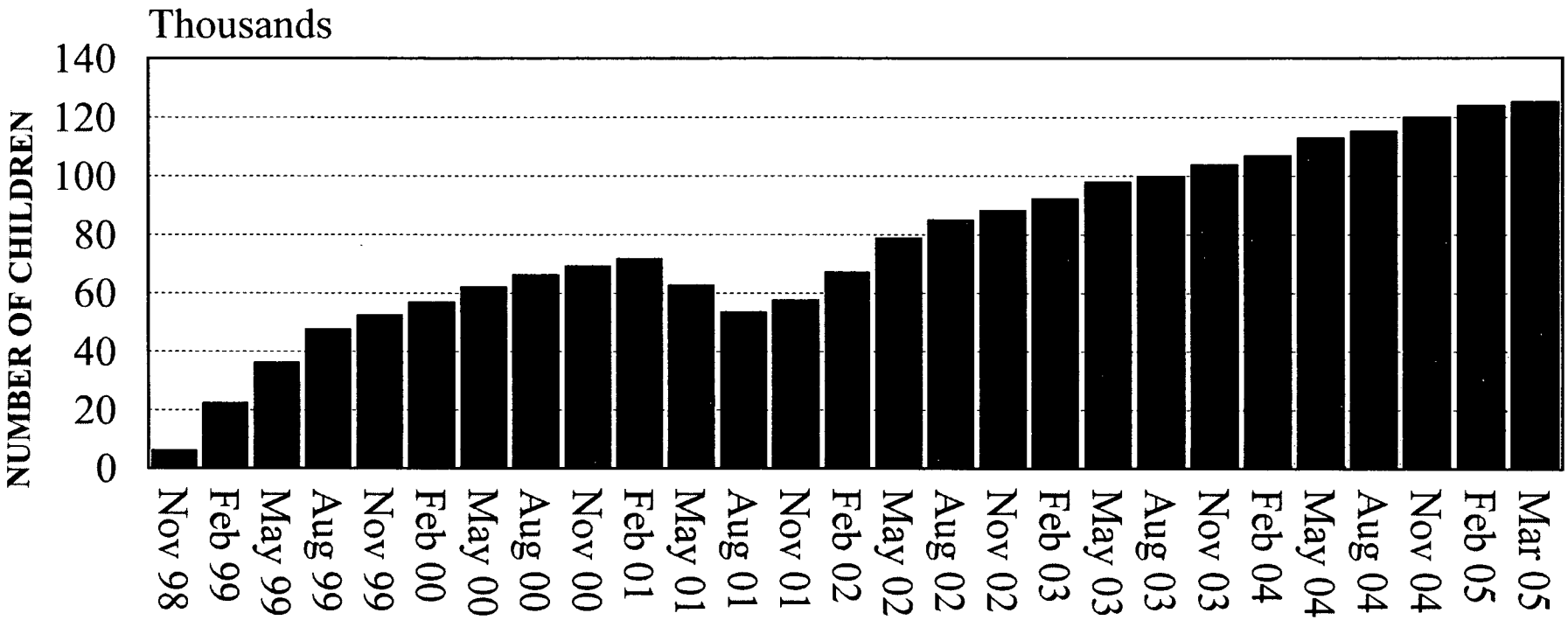


SEX



NC HEALTH CHOICE

PROGRAM ENROLLMENT



- **Enrollment was closed in February 2001 with 72,000 children enrolled.**
- **Enrollment reopened in October 2001 after dropping to 51,000 children.**
- **124,981 children were enrolled in March 2005.**

PROGRAM BENEFITS

NC HEALTH CHOICE

BENEFITS

Health care coverage under NC Health Choice is equivalent to the coverage provided for dependents under the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan. Maternity care is not included.

- Inpatient Hospital Care
- Outpatient Hospital Care
- Physician and Clinic Services
- Surgical Services
- Prescription Drugs
- Laboratory and Radiology Services
- Inpatient Mental Health Services
- Outpatient Mental Health Services
- Durable Medical Equipment and Supplies
- Home Health Care
- Nursing Care
- Inpatient Substance Abuse Treatment
- Outpatient Substance Abuse Treatment
- Physical Therapy
- Occupational Therapy
- Speech and Hearing Therapy
- Hospice Care

NC HEALTH CHOICE

BENEFITS

NC Health Choice also covers the following benefits and supplies:

Dental Care including oral examinations, teeth cleaning and scaling twice during a 12-month period, full mouth X rays once every 60 months, supplemental bitewing X rays showing the back of the teeth once during a 12-month period, fluoride applications twice during a twelve month period, sealants, simple extractions, therapeutic pulpotomies, prefabricated stainless steel crowns, and routine fillings to restore diseased teeth.

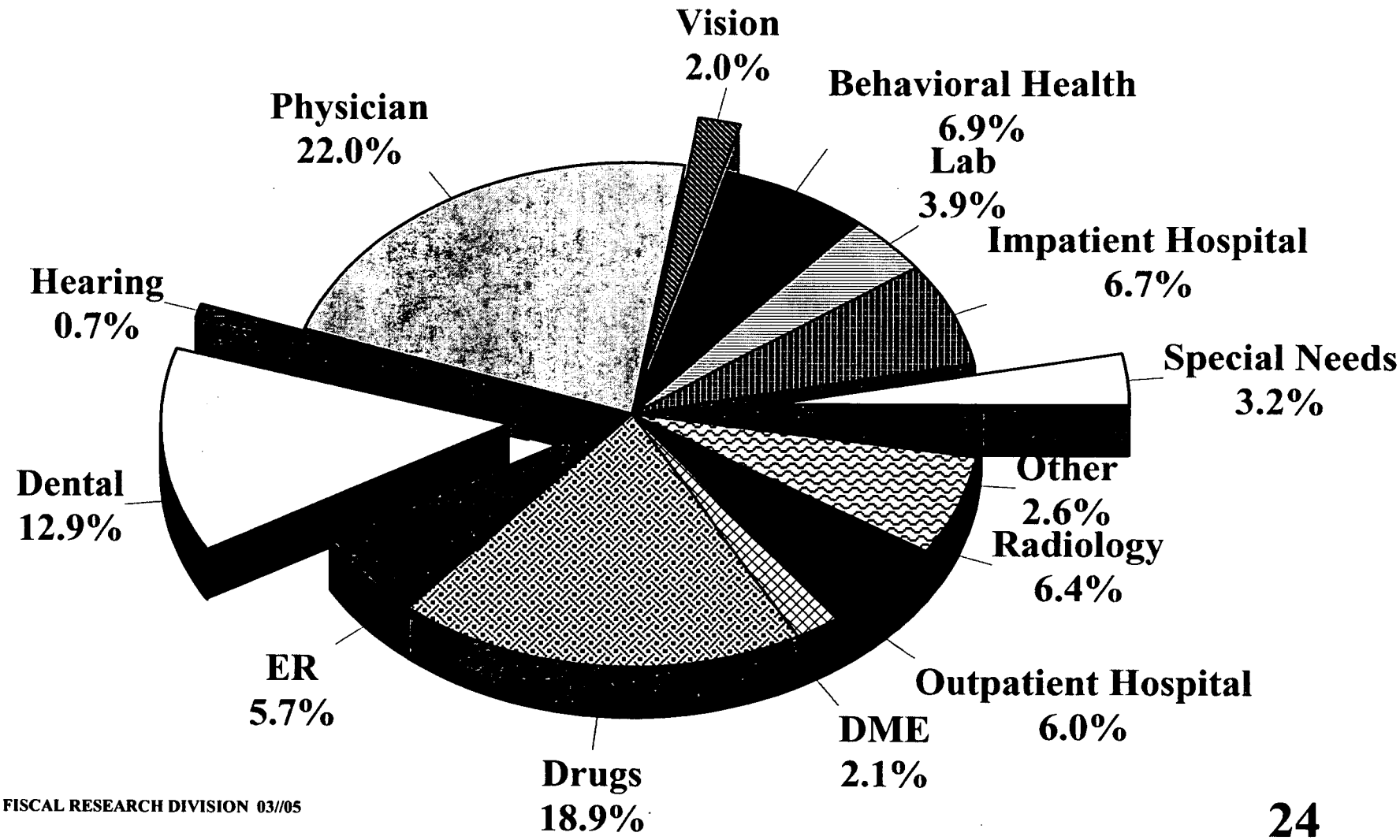
Vision Care including scheduled routine eye examinations once every 12-months, eyeglass lenses or contact lenses once every 12 months, routine replacement of eyeglass frames every 24 months, and optical supplies and solutions when needed.

Hearing Services including auditory diagnostic testing services and hearing aids and accessories.

NC HEALTH CHOICE

EXPENDITURES BY CATEGORY OF SERVICE

SFY 2003-2004



NC HEALTH CHOICE

EXPENDITURES BY CATEGORY OF SERVICE

SFY 2003-2004

Services	Expenditures
Physician	$44,883,153
Drugs	$38,590,722
Dental	$26,440,325
Behavioral Health	$14,102,894
Inpatient Hospital	$13,368,127
Radiology	$13,120,347
Outpatient Hospital	$12,305,751
ER	$11,675,824
Lab	$8,007,152
Special Needs	$6,402,846
Other	$5,289,024
DME	$4,349,111
Vision	$4,105,450
Hearing	$1,345,181
Total	**$203,985,907**

NC HEALTH CHOICE

BENEFITS FOR SPECIAL NEEDS CHILDREN

- "Special Needs Children" are children who have been diagnosed as having one or more of the following conditions which in the opinion of the diagnosing physician is likely to continue indefinitely, interferes with daily routine, and requires extensive medical interventions and extensive family management:

  ✓Birth Defects, including genetic, congenital, or acquired disorders;
  ✓Developmental disabilities as defined under G.S. 122C-3;
  ✓Mental or behavioral disorder; or
  ✓Chronic and complex illnesses

- "Special Needs Children" receive the following services if the needed services are not provided under the regular benefits:

  ✓The same level of services provided to special need children under the Medicaid Program except no long-term care services are provided;
  ✓Emergency respite care services; and
  ✓Case management services

- DHHS has the authority to limit services provided for special needs children after consultation with the Commission for Children with Special Health Care Needs.

NC HEALTH CHOICE

EXPENDITURES FOR SPECIAL NEEDS CHILDREN

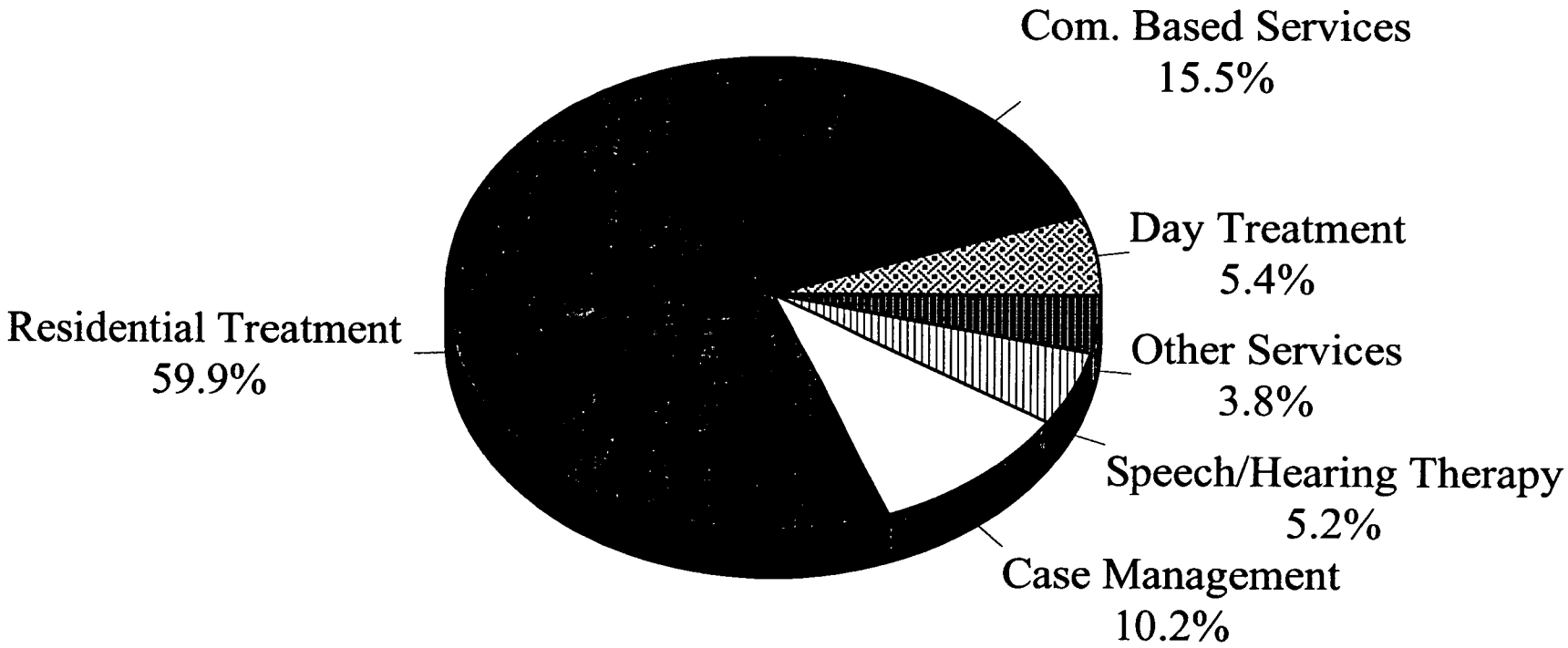
State Fiscal Year	Expenditures
1998-99	$15,738
1999-00	$304,654
2000-01	$1,574,964
2001-02	$1,625,008
2002-03	$5,731,493
2003-04	$6,522,826
2004-05 (YTD)	$6,402,846

Types of Services

- High Risk Intervention including residential treatment services and community based services
- Speech/Hearing Therapy
- Physician/Team Conference
- Day Treatment
- Physical/Occupational Therapy
- Home Health/Durable Medical Equipment
- Targeted Case Management

NC HEALTH CHOICE

EXPENDITURES FOR SPECIAL NEEDS CHILDREN
SFY 2003-04



80% of the expenditures for special needs children paid for behavioral health services.

NC HEALTH CHOICE

FEDERAL LIMITATIONS ON COST SHARING

Federal statutes and regulations limit cost sharing for enrollment fees, premiums, deductibles, copayments and any other types of cost sharing as follows:

- Families with incomes at or below 150% of the federal poverty level:

  - ✓ Total cost sharing cannot exceed 2.5% of the total family income.
  - ✓ Copayments can range between $1 to $5 based on the cost of the provided service.
  - ✓ Charges for emergency services cannot exceed $5 per visit.
  - ✓ The state may impose a fee up to $10 for non-emergency use of the emergency room.
  - ✓ Cost sharing cannot be imposed for well baby or well child care services.

- Families with incomes above 150% of the federal poverty level:

  - ✓ Total cost sharing cannot exceed 5% of the total family income.
  - ✓ Cost sharing cannot be imposed for well baby or well child care services.

NC HEALTH CHOICE

COST SHARING UNDER NC HEALTH CHOICE

- Families with incomes at or below 150% of the federal poverty level have limited cost sharing:

  ✓Copayments according to the following schedule:

  - $1.00 fee for each generic outpatient prescription drug purchased
  - $3.00 fee for each brand name out patient prescription drug with a generic substitution

- Families with incomes above 150% of the federal poverty level cost share as follows:

  ✓$50.00 annual enrollment fee per child enrolled in the program with a maximum fee of $100 for two or more children.

  ✓Copayments according to the following schedule:
  - $5.00 per child for each visit to a provider -- well baby or well child visits are exempted
  - $5.00 per child for each outpatient hospital visit
  - $1.00 fee for each generic outpatient prescription drug purchased
  - $10.00 fee for each brand name outpatient prescription drug with a generic substitution
  - $20.00 for each emergency room visit unless the child is admitted to the hospital or no other reasonable care was available

  ✓Total cost sharing is limited to 5% of the family's annual income.

NC HEALTH CHOICE

COST SHARING UNDER NC HEALTH CHOICE

SFY 2003-04	Copayments
Family Income <150%	$153,250
Family Income >150%	$2,192,071

Copayments 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.

SFY 2003-04	Enrollment Fees
Family Income <150%	$0
Family Income >150%	$1,979,251

PROGRAM ISSUES

NC HEALTH CHOICE

PROGRAM ISSUES

- Insufficient Federal Funding
- Increasing Enrollment
- Governor's Expansion Proposal
- Other Budget Options
- President's 2006 Budget Proposal

NC HEALTH CHOICE

FEDERAL FUNDING

Historical Perspective

- Each state receives a portion of the federal block grant based on a formula that uses the number of low-income children in each state and the number of uninsured children in families with incomes at or below 200% of the federal poverty level.

- States have three years to spend annual allotments. After three years, unused allotments can be reallocated to states who have spent their annual allotment with in three years. Reallocations are available for one year.

NC HEALTH CHOICE

FEDERAL FUNDING

Historical Perspective

Federal Fiscal Year	Annual Allocation
1998	$79,508,462
1999	$79,132,966
2000	$89,211,202
2001	$103,718,942
2002	$81,129,294
2003	$81,748,254
2004	$85,753,907
2005 (est.)	$105,105,428
2006 (est.)	$105,105,428
2007 (est.)	$129,759,788

- North Carolina's annual allotments grew from $79.5 million in FFY 1998 to $103.7 in FFY 2001 as the formula was modified to include the number of low-income children as a factor.

- Federal funding has been obligated through FFY 2007, but funding was reduced by 25% in FFY 2002, 2003, and 2004 to meet federal balanced budget requirements.

- NC has historically spent all of its federal fund allotment with one exception. The state lost $5.7 million in 2003 because the enrollment cap reduced expenditures.

NC HEALTH CHOICE

FEDERAL FUNDING
Historical Perspective

Federal Fiscal Year	Reallocations
1998	$20,902,191
1999	$92,146,880
2000	$0
2001	$40,464,013
2002	$18,042,047

- NC has benefited from the reallocation process receiving $171.6 million since the first reallocation in SFY 2000-01.
- As other states have increased their expenditures, NC's share of the reallocations has decreased and the decease is expected to continue with future reallocations.

NC HEALTH CHOICE

ENROLLMENT

Historical Perspective

Annual Snapshot	Enrollment
November 1998	5,981
November 1999	52,254
November 2000	69,076
November 2001	57,439
November 2002	88,025
November 2003	103,619
November 2004	117,279
March 2005	124,981

- In 1998, 71,342 children were projected to be uninsured and in families with incomes at or below 200% of the federal poverty level.
- The original estimate was based on data from the Current Population Survey, but the survey sample for NC is too small to accurately estimate the number of uninsured children.
- In February 2003, the Institute of Medicine estimated the number of uninsured children was 105,000 and that the number would increase by 5,000 children a year reaching 125,000 by SFY 2006-07.
- In March 2005, enrollment has already reached 125,000 and enrollment continues to grow 1% to 1.5% each month.
- Current trends indicate that enrollment will reach 153,000 by the end of SFY 2005-06.

NC HEALTH CHOICE

ENROLLMENT VS. FEDERAL FUND AVAILABILITY
Current Situation

- The Division of Medical Assistance has estimated that the current enrollment trend will result in the enrollment of 171,600 children by June 2007. The available federal funding through SFY 2006-07(assuming at least $20 million in annual reallocations) is insufficient to support the current enrollment trend.

- The table below illustrates the estimated shortfall in federal and state funding if the current enrollment trend continues. To support the estimated enrollment without freezing program enrollment, the General Assembly would have to appropriate an additional $56 million in SFY 2006-07 to cover the shortfall in federal and state funding.

Current Enrollment Trend	SFY 2006-07	Shortfalls
Total Requirements	$339,191,397	NA
Federal Share	$251,680,017	($30,493,407)
State Share	$87,511,380	($25,532,183)

NC HEALTH CHOICE

GOVERNOR'S EXPANSION PROPOSAL

- The Governor's expansion budget assumes the current enrollment trend will continue and that enrollment will not be frozen during the 2005-07 biennium.

- The expansion proposal for NC Health Choice has two components:

  - **Medicaid Expansion:** Increases the Medicaid income limit for children ages 0 through 5 to 200% of the federal poverty level.
    - Moves about 53,000 children from he NC Health Choice Program to the Medicaid Program.
    - Children will be entitled to Medicaid. (NC Health Choice is not an entitlement program)
    - The federal match will be reduced to 63.44 % from 74.44%.
    - Reduces expenditures for NC Health Choice.

  - **NC Health Choice Expansion:** Increases state appropriations to support children age 6 to 18.
    - Federal SCHIP funds are used to support children age 6 to 18 under the NC Health Choice Program.
    - Sufficient federal funds are available to support the Governor's proposal.

NC HEALTH CHOICE

GOVERNOR'S EXPANSION PROPOSAL

Medicaid Expansion	SFY 2005-06	SFY 2006-07
Total Requirements	$46,994,601	$56,733,481
Federal Receipts	($32,422,604)	($39,048,391)
State Appropriations	$14,571,997	$17,685,090

NC Health Choice Expansion	SFY 2005-06	SFY 2006-07
Total Requirements	$11,015,474	$52,991,786
Federal Receipts	($8,203,224)	($39,378,196)
State Appropriations	$2,812,250	$13,613,590

Total Expansion	SFY 2005-06	SFY 2006-07
Total Requirements	$58,010,075	$109,725,267
Federal Receipts	($40,625,828)	($78,426,587)
State Appropriations	$17,384,247	$31,298,680

NC HEALTH CHOICE

ADDITIONAL BUDGET OPTIONS

Maximize Federal Funds

- Maximize federal funds available through FFY 2007 by spending all available federal funds.

- This option allows enrollment to increase to 145,284 children before program enrollment is frozen at that level. A rolling enrollment would allow new children to enroll as children leave the program.

- Additional State Appropriations would be needed to support this option.

Maximize Federal Funds	SFY 2005-06	SFY 2006-07
Total Requirements	$299,635,353	$339,191,397
Federal Share	($222,928,702)	($251,680,017)
State Share	$76,706,650	$87,511,380
Continuation Appropriations	$62,035,981	$62,035,981
Appropriation Shortfall	**($14,670,669)**	**($35,475,399)**

NC HEALTH CHOICE
ADDITIONAL BUDGET OPTIONS
No Expansion Funding

- No expansion funding for NC Health Choice. Funding would be limited to the State appropriations in the Governor's Continuation Budget.

- This option would require enrollment to decrease to 109,622 children in SFY 2005-06 and gradually increase to 117,368 children in SFY 2006-07. A rolling enrollment would allow new children to enroll as children leave the program.

- No additional State appropriations would be needed, and $85.7 million in federal funds would remain to support the program in SFY 2007-08.

NC HEALTH CHOICE

ADDITIONAL BUDGET OPTIONS

Pay Medicaid Rates for Services

- Currently rates paid by the NC Health Choice Program are the same as those paid under the State Employees Health Plan (SEHP).

- Medicaid rates are lower than the rates paid by SEHP and using Medicaid rates will reduce the cost of the program.

- The Division of Medical Assistance (DMA) has estimated that savings from Medicaid rates would be $6.5 million in SFY 2005-06 and $13.1 million in the SFY 2006-07.

- DMA estimates that this change will require at least 6 months of preparation before implementation and Blue Cross/Blue Shield (claims processor for SEHP) has stated it would take them up to eighteen months to implement Medicaid rates. Once implemented, there would be a lag of approximately 2 to 3 months after implementation before savings would begin as claims unde the old rates are processed.

- Actual savings from conversion to Medicaid rates will depend on the how quickly the change could be implemented.

NC HEALTH CHOICE
ADDITIONAL BUDGET OPTIONS
Increase Cost Sharing

- Under NC Health Choice, families with incomes >150% of the FPL pay an annual enrollment fee up to a maximum of $100. All families pay copayments on some services.

- Many other states require families to pay a monthly premium. (See chart in separate handout.) Most states limit the premiums to families with incomes >150% of the FPL, but five states require families with incomes <150% of the FPL to pay premiums (California, Delaware, Georgia, Texas and Utah).

- Implementing a monthly premium for the NC Health Choice Program would increase the family cost sharing and reduce the cost of the program supported by state and federal funds.

- Actual cost savings would depend on the price for the monthly premium and whether families with incomes <150% of the FPL were required to pay premiums.

NC HEALTH CHOICE

ADDITIONAL BUDGET OPTIONS

Eliminate Optional Services

- The following optional services were added to the NC Health Choice Program because they were not included in the benefit package offered under the State Employees Health Plan:

  - ✓Dental Care
  - ✓Vision Care (includes eye glasses)
  - ✓Hearing Services (includes hearing aids)
  - ✓Services for children with special needs (comparable to Medicaid)

- NC Health Choice is not an entitlement, and these services are not required by federal law.

- Eliminating optional services would save about $10 million in SFY 2005-06.

NC HEALTH CHOICE

PRESIDENT'S PROPOSAL FOR SCHIP FUNDING

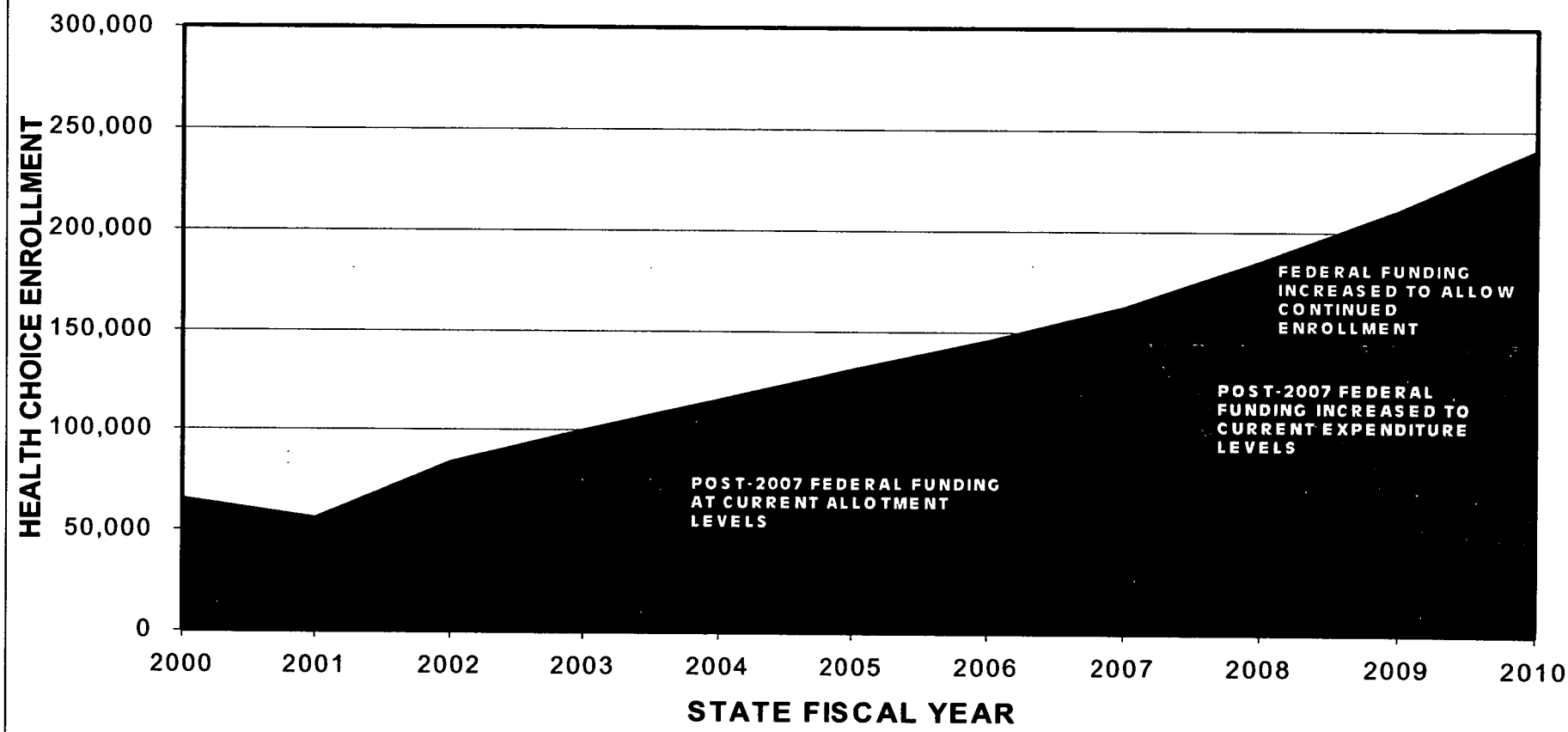
- The federal State Children's Health Insurance Program authorization expires in FFY 2007.

- The President's FFY 2006 Budget proposes to reauthorize the program in 2005 at current law funding levels.

- The President also proposes the *Cover the Kids Initiative* that will provide $1 billion in grants over two years to States, schools, and community organizations to enroll and provide coverage to eligible children not enrolled in an SCHIP program or Medicaid.

- Unclear whether the President's Budget will increase SCHIP funding for NC.

NORTH CAROLINA HEALTH CHOICE ENROLLMENT



If the SCHIP reauthorization does not provide increased federal funding for the NC Health Choice Program, NC will be forced to significantly reduce enrollment after 2007.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ Health and Human Services
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Roz Savitt	NC CCC
[signature]	MHA/ NC - C 2001
BRIAN LEWIS	Covenant w/ NC's Children
Martha Ann McConnell	Carolinas Healthcare Sys.
M. Lee Tarr	DCR
Patricia Farley	NCACC
Pat Clancy	Speaker's Office
Kyle Britton	Charlotte Bobcats
Dick Coulton	atty.
John Cyrus	NCSG
[signature]	NCACDS

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DAVID BARNES	Poyner Spruill
Sohari	SMART START
Janet Stavguiuras	NC Council
Kelly Brinsmith	MHA-NC
Christina Withers	NCCU
Ellen Boyer	ADCNC
Jack Nichols	ESUPP. IV
Bill Schmidt	NCCSPC
ANN LORL	DMHS
HUGH TICSON	NMHA
Stacy Flanagan	NCHCFA

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Lee Hodge	KCLH
Bill Rustin	ACP
[illegible]	OSBM
Daphne Lyon	OSBM
Debbie Barnes	OSBM
Wayne Williams	OSBM
[illegible]	[illegible]
Jessica Sage	NCFPC
Andy Ellen	NCRMA
Amy Jo Horne	NCMS
John Brodish	AstraZeneca

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APPROPRIATIONS/ Health and Human Services

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Deborah Ramos	NC ALHD
John Mothyl	Governor's
Jenny Hardesty	NCFB
Rob Lamm	HHS
Jeff Maynard	GR
Starla McKinney	HHS
Richard Nixon	White House (RTD)
Abby Emanuelson	NMSS

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
[illegible]	GSIC
Frank Johnson	[illegible]
Don McCorquodale	SAS
John McMillan	MF&S
[illegible]	N.C. SDOT
[illegible]	[illegible]
[illegible]	[illegible]
Peggy Johnson	Planned Parenthood

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Tuesday, March 29, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

NC Health Choice — *Carol Shaw, FRD Staff*

2:00 PM

Budget Overview

Division of Facilities Services — *Andrea Russo, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES
Wednesday, March 29, 2005
Room 643, Legislative Office Building

MINUTES

The Joint Appropriations Subcommittee on Health and Human Services met at 2:00 p.m. on Tuesday, March 29, 2005, in Room 643 of the Legislative Office Building. Senator Malone chaired the meeting.

Seven *senate members were present. Representatives present were* Jeffrey Barnhart, Verla Insko, Bernard Allen, William Current, Bob England, Jean Farmer-Butterfield, Mark Hollo, Paul Stam, and Thomas Wright.

Senator Malone introduced the pages and the sergeant-at-arms staff. He also introduced the presenter for this session, Andrea Russo of the fiscal research staff.

The purpose of this session was to provide a budget overview of the Division of Facility Services, the Governor's proposed continuation budget, and his recommended expansion items for 2005--2007. Ms. Russo's presentation included the following:

An overview of the programs and services offered by the Division of Facility Services. (Attachment A)

A review of the facilities regulated by the Division of Facility Services. (Attachment B.)

A list of the licensure fees currently charged by the Division of Facility Services. (Attachment C)

Questions that were asked by members were for points of clarification. There were no questions asked that required additional information be provided.

The meeting was adjourned at 2:50 p.m.

Vernon Malone
Sen. Vernon Malone, Presiding Chair

Claudette Howell
Claudette Howell, Committee Assistant

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MEMORANDUM

To: Members of the Joint Appropriations Subcommittee on Health and Human Services
From: Andrea Russo, Fiscal Research Division
Date: April 5, 2005
Re: Responses to Division of Facility Services questions

During my presentation last week on the Division of Facility Services, some questions were raised that required additional research. Below are the answers to those questions. If you have any additional questions, or need additional information, please let me know.

How many of the 5,800 allegations reported to the Health Care Personnel Registry Investigation Program are legitimate?
According to the Division, a total of 1,269 of the 5,800 allegation reports received in SFY2003-2004 were investigated. Of those 1,269, 478 resulted in substantiated findings.

What are some examples of the types of actions that would result in someone being listed on the Health Care Personnel Registry?
According to the Division, the following are some examples of the types of actions that may result in findings being listed on the Registry:

- Abuse: slapping, kicking, verbal threats of physical harm and intimidation
- Neglect: failing to follow training, procedures, and/or care plan; incidents of refusing service to a resident, failing to show up to provide services where there was a potential for ill effects to the resident
- Fraud against a resident: forging a resident's signature, representing self as a resident,
- Fraud against a facility: falsification of time sheets
- Diversion of resident drugs: taking prescription drugs from a resident, a pattern of taking over-the-counter drugs from a resident
- Diversion of facility drugs: unauthorized taking of facility's drugs, either prescription or over the counter.

Has the Division been working to eliminate administrative rules as they create or add them?
The Division states that they repeal rules on a regular basis. The Medical Care Commission entirely revised the rules governing emergency medical services as a result of changes in the emergency medical services statutes. A similar effort was recently made to review and revise (where appropriate) all adult care home rules. In both instances, several rules were repealed in their entirety.

How much is charged in fees for a Certificate of Need?
According to 10A NCAC 14C .0203, each applicant for a Certificate of Need shall transmit a fee that is determined by the following formula:

1. The fee is $2,000 for an application to add a 6th bed to a 5-bed Intermediate Care Facility for the Mentally Retarded.

2. The fee is $3,500 for an application that is not covered above (in 1.) and that has a capital expenditure (or is proposing a capital expenditure) of up to, but not including, $1,000,000.
3. For applications not covered above (in 1. or 2.), the fee is $3,500 plus an additional fee of 0.3% of the amount of the proposed capital expenditure in excess of $1,000,000 up to a maximum fee of $17,500.

In 1993, G.S.131E-177(9) was rewritten to establish the current minimum ($2,000) and maximum ($17,500) fees. It also was rewritten to state that the fee schedule established should generate sufficient revenue to offset the entire cost of the certificate of need program and that fees collected under this subdivision shall be credited to the General Fund as non-tax revenue.

What are some examples of the types of things that cause a facility to have a Type A or Type B penalty?

Both adult care homes and mental health group homes have "Type A" and "Type B" Violations. A "Type A" Violation is a violation that results in death or serious physical harm, or results in substantial risk that death or serious harm may occur. The Division has provided some examples of "Type A" Violations:

Adult Care Homes

- Failing to maintain safe water temperature ranges. At one facility, as a result a resident received first and second degree burns over 25% of their body. The patient was transported to a burn center and subsequently died.
- Failing to properly supervise residents who smoke. At one facility, a resident set fire to the facility and endangered the lives of all residents and staff. The resident had a history of fire setting and an aftercare plan from a state hospital to the facility indicating that the resident should be monitored for smoking.

Mental Health Group Homes

- A staff member breaking a client's rib while restraining them.
- Providing insufficient client supervision when clients have a history and a treatment plan indicating that they require a high degree of supervision (for example, a past history of breaking and entering, sexual offenses, etc.). When supervision is not sufficient, a client may run away.

A "Type B" Violation is a violation that presents a direct relationship to health, safety, or welfare of the client or resident; but does not result in substantial risk that death or serious physical harm will occur. The Division has provided some examples of "Type B" Violations:

Adult Care Homes

- Failing to assure that staff that administered medications had passed the required state exam and were also competency validated.
- Failing to coordinate and make arrangements for health care referrals to enable residents to maintain the best possible health condition (for example, diabetic residents in need of podiatry care).

Mental Health Group Homes

- Systematic medication errors that inhibit the effectiveness of the medication but do not have the potential to cause serious physical harm
- Systematic insufficient training in seclusion and restraints in facilities that have clients whose history indicates that they may require such behavioral interventions.

Department of Health and Human Services

Division of Facility Services

Division of Facility Services
Presentation Outline

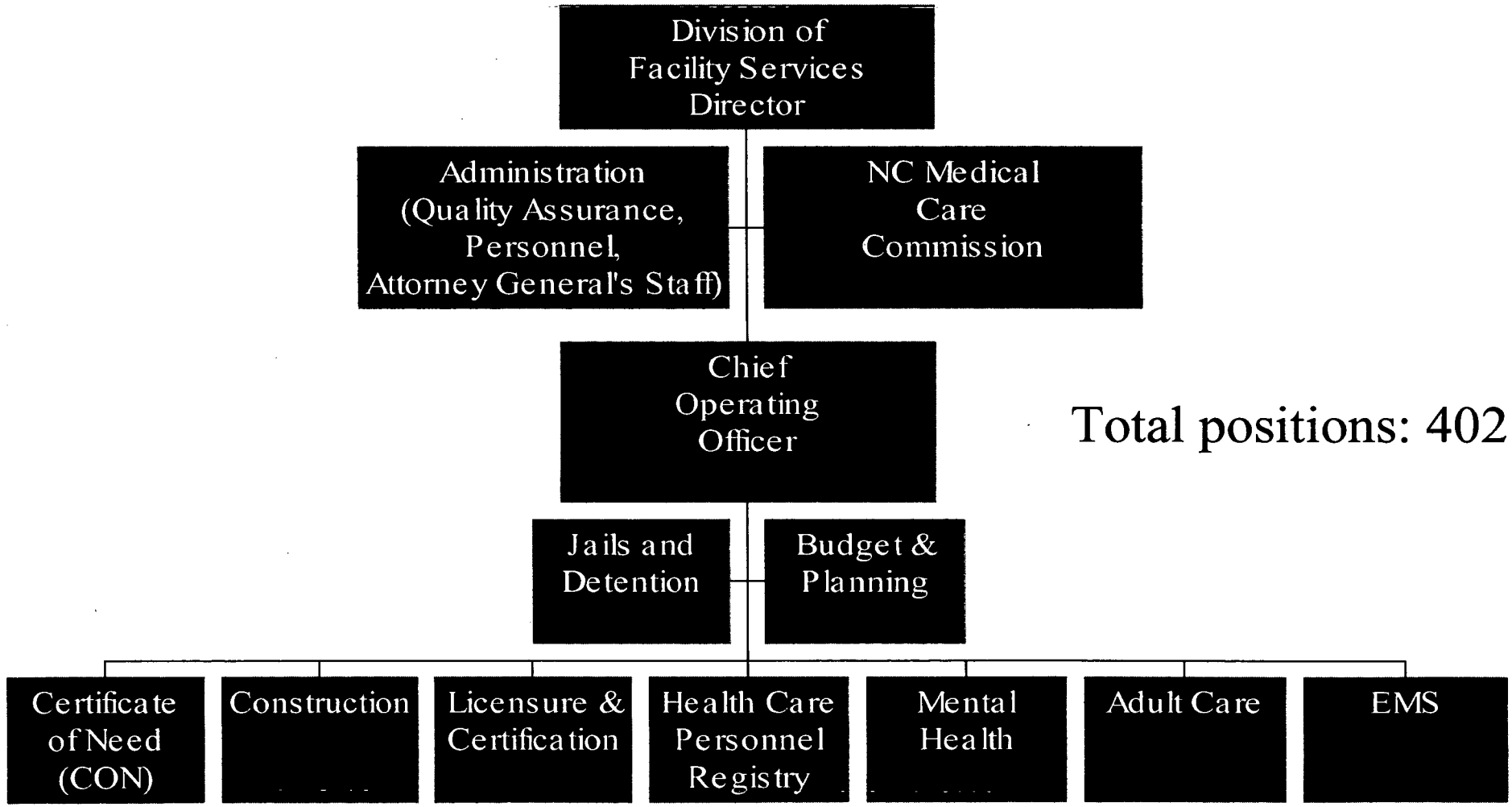
- General information
- Description of sections
- Considerations and issues

Division of Facility Services

Mission

To provide for the health, safety and well-being of our citizens 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
Organization



Total positions: 402.5

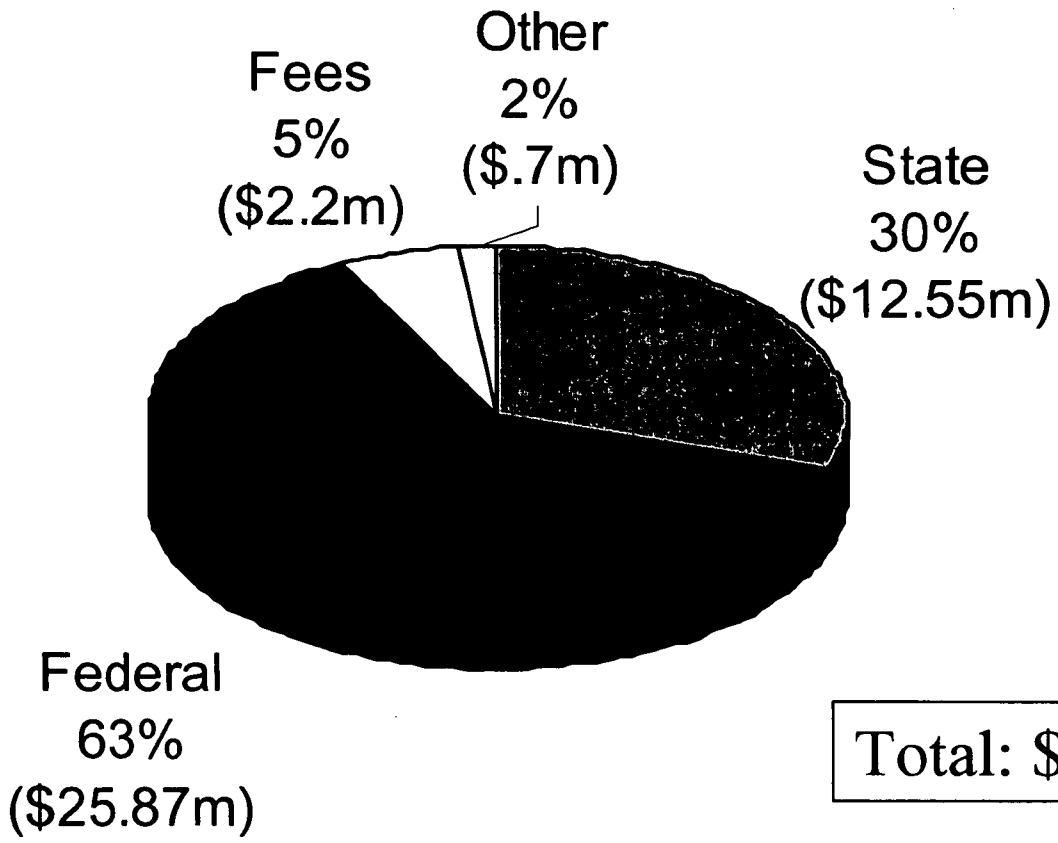
Division of Facility Services

Budget Summary 2003-2007

Description	03-04 Actual	04-05 Authorized	**05-06 Recommended**	**06-07 Recommended**
Total Requirements	$32,665,213	$41,351,896	$41,351,896	$41,351,896
Estimated Receipts	$20,753,333	$29,150,000	$28,800,000	$28,800,000
Net Appropriation	$11,911,880	$12,201,896	$12,551,896	$12,551,896
Total Number of Positions	402.5	402.5	402.5	402.5

Division of Facility Services
Funding Sources

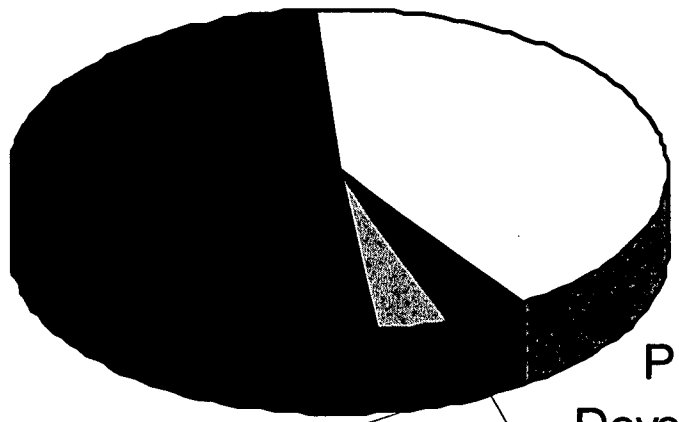
SFY04-05 Authorized



Total: $41,351,896

Division of Facility Services
Expenditures by Purpose

SFY04-05 Authorized



Emergency Medical Services 42% ($17.3m)

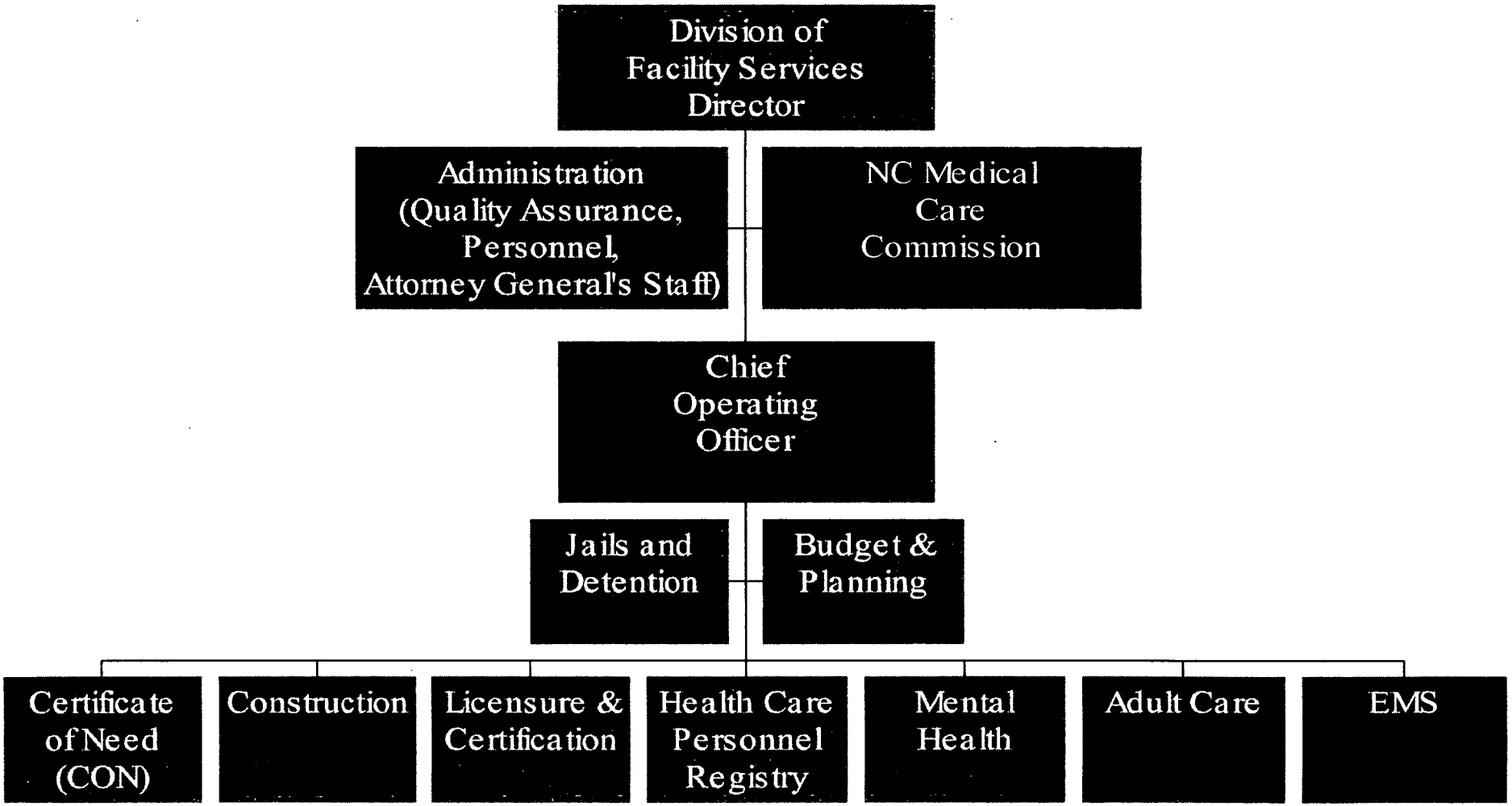
Facility & Health Services 50% ($21.0m)

Plan and Develop Health Care 4% ($1.6m)

Management & Support 4% ($1.5m)

Total:$41,351,896

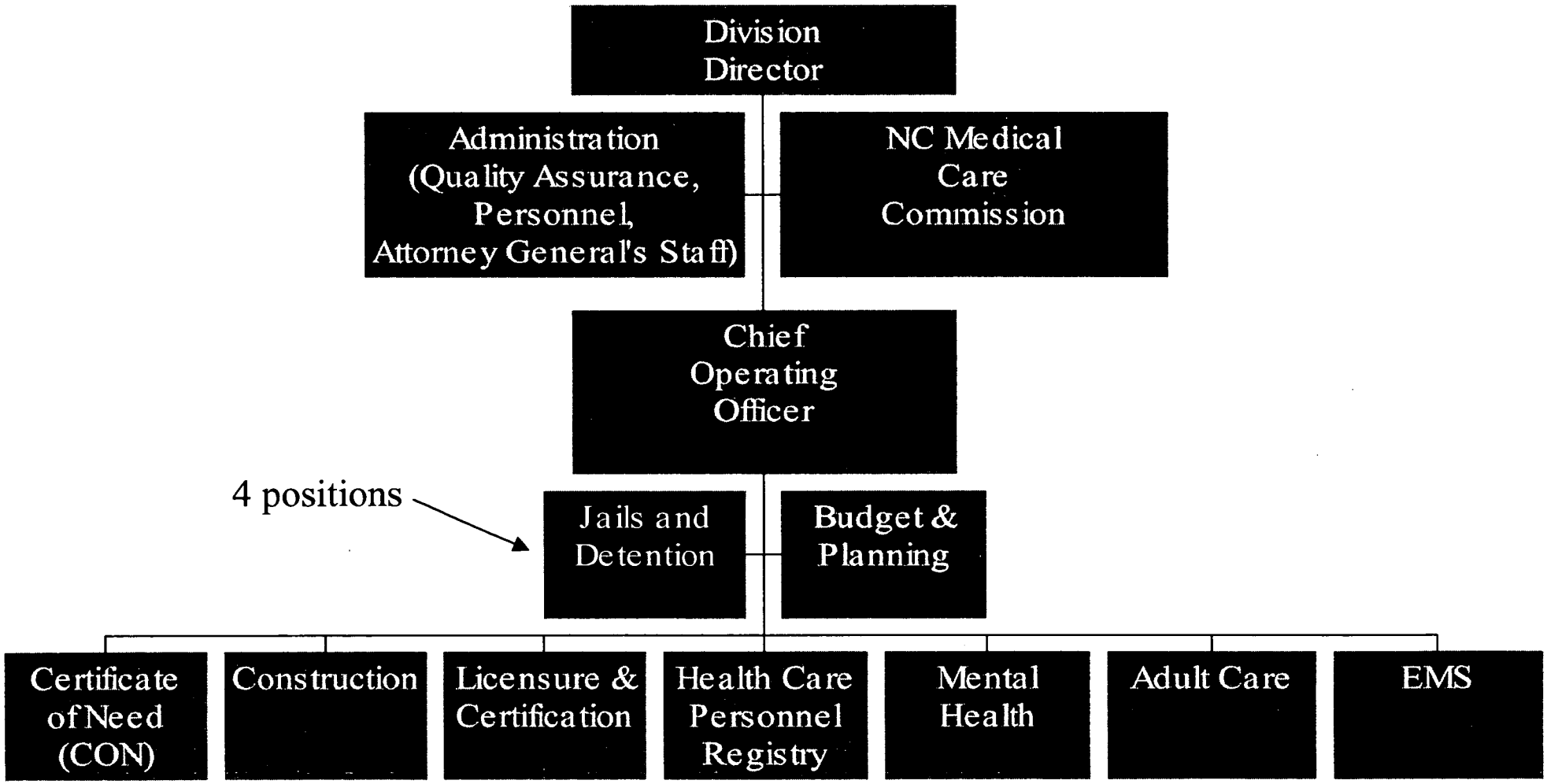
NC Medical Care Commission



NC Medical Care Commission

- 17 members appointed by the Governor
- Administrative support supplied by the Division of Facility Services (DFS)
- Responsible for:
  - Adopting, recommending, or rescinding rules for EMS and most health care facilities
  - Administering the Health Care Facilities Finance Act
- Health Care Facilities Finance Act
  - Permits the Medical Care Commission to conduct financing activities to "acquire, construct, equip, or provide health care facilities for any public or nonprofit agency"
  - Enables the Commission to issue tax-exempt revenue bonds to finance construction and equipment projects for nonprofit and public hospitals, nursing homes, and continuing care facilities for the elderly

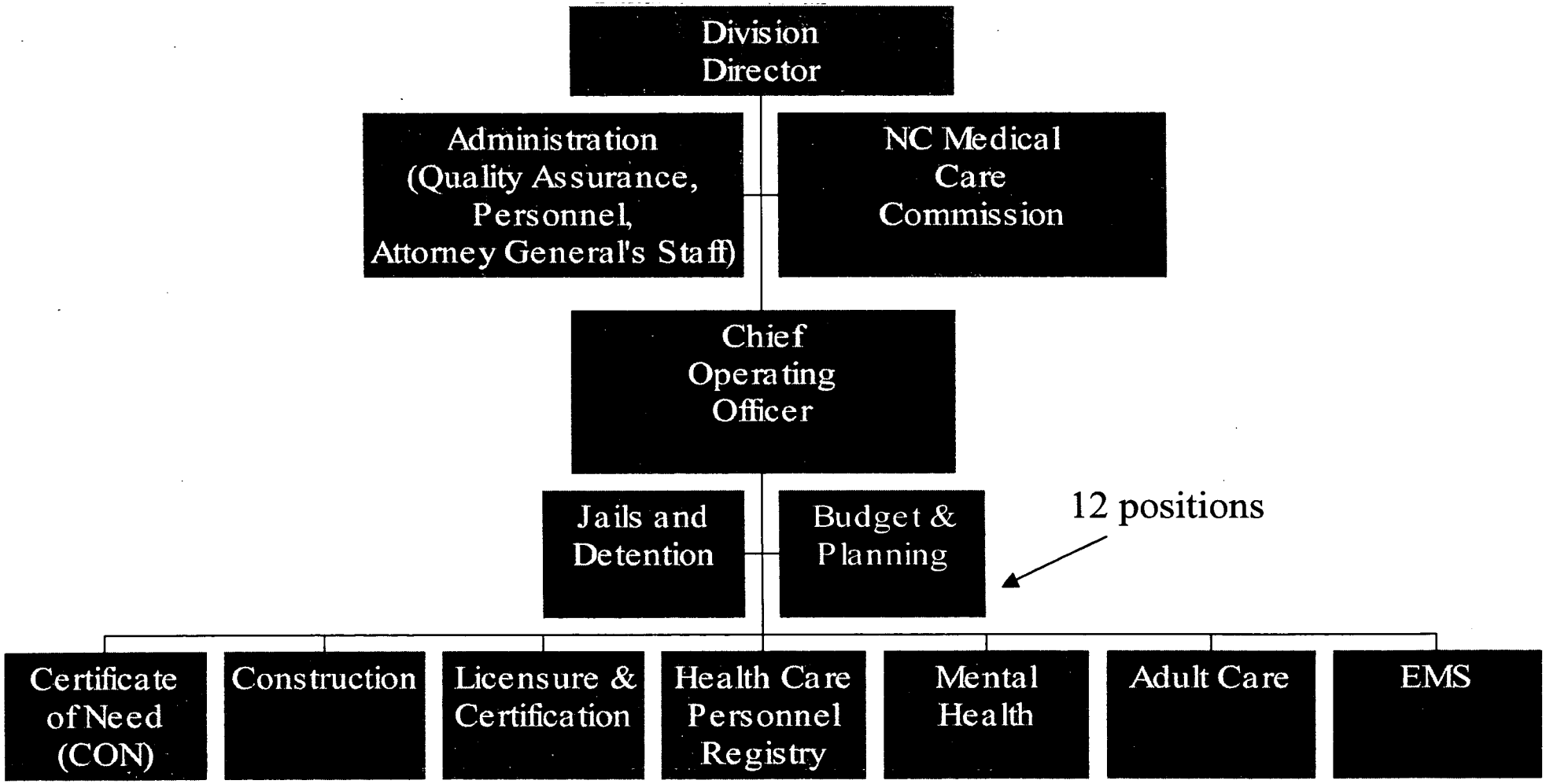
Jails and Detention Section



Jails and Detention Section

- Inspects all 117 county, municipal, and regional jails twice yearly
- Provides technical assistance to local governments and reviews plans for all major renovation and new jail construction projects
- Investigates complaints and deaths in jails

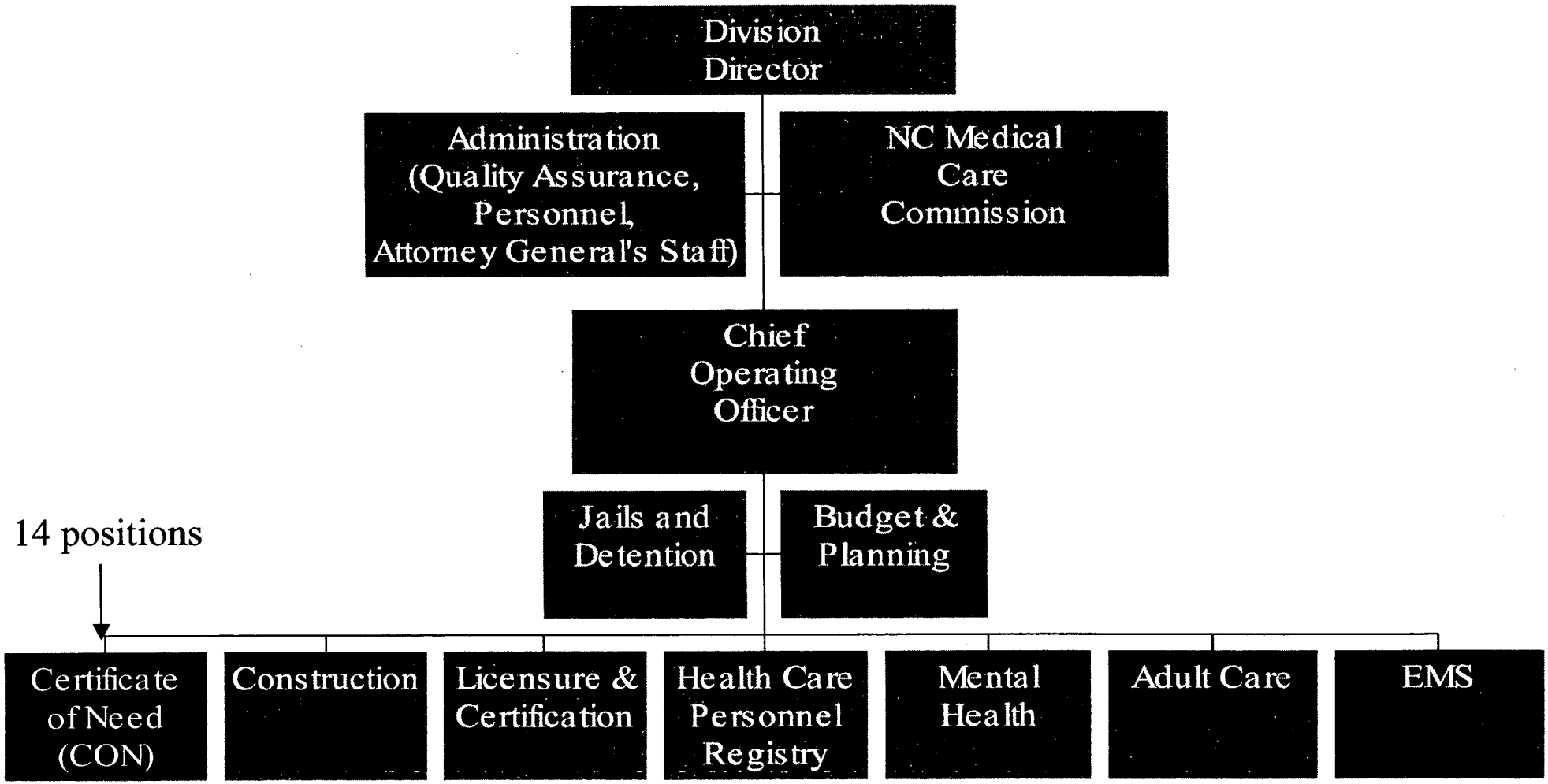
Budget and Planning Section



Budget and Planning Section

- Medical Facilities Planning
  - Compiles the *State Medical Facilities Plan*
    - Tabulates and analyzes facility data and project need
    - Organizes public meetings and hearings to review draft plan
    - Secures adoption and publication of the Plan and rules
    - First part of the Certificate of Need process
- Also responsible for budget functions, purchasing and contracts, data management, rule making, fixed assets/surplus, and records retention

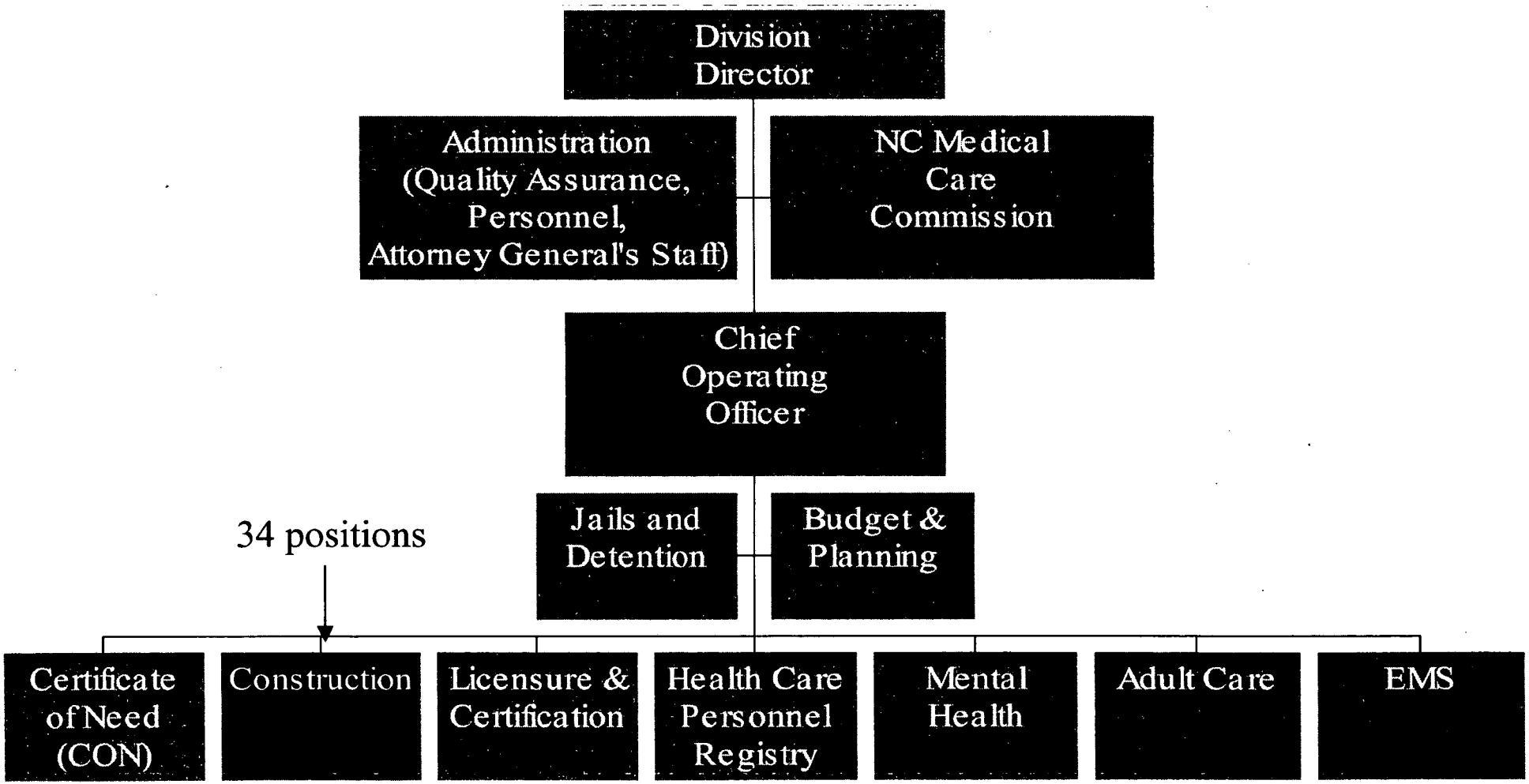
Certificate of Need (CON) Section



Certificate of Need (CON) Section

- Reviews applications from providers for new health services based on the State Medical Facilities Plan (225 applications per year)
- Responds to requests for exemptions from review and determinations that proposals are not regulated by CON law (270 per year)
- Defends decisions appealed to the Office of Administrative Hearings (60 new cases per year)

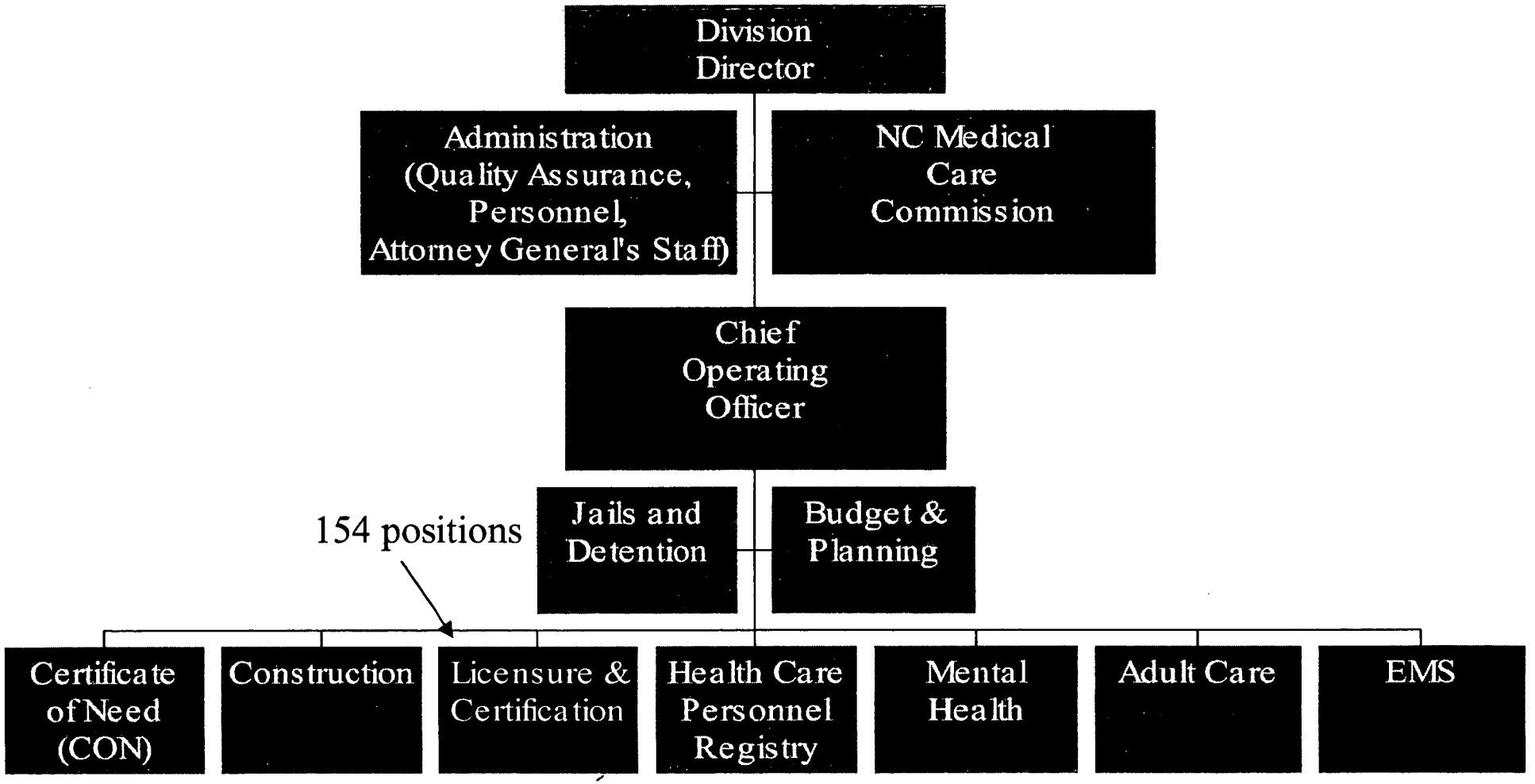
Construction Section



Construction Section

- Review plans/specifications for compliance with license regulations
- Inspect new/existing facilities for compliance
- Administer the construction aspect of the Health Care Facilities Finance Act bond program
- Inspect certified facilities for life-safety code
  - Federally funded for nursing homes, ambulatory centers, hospitals, and Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

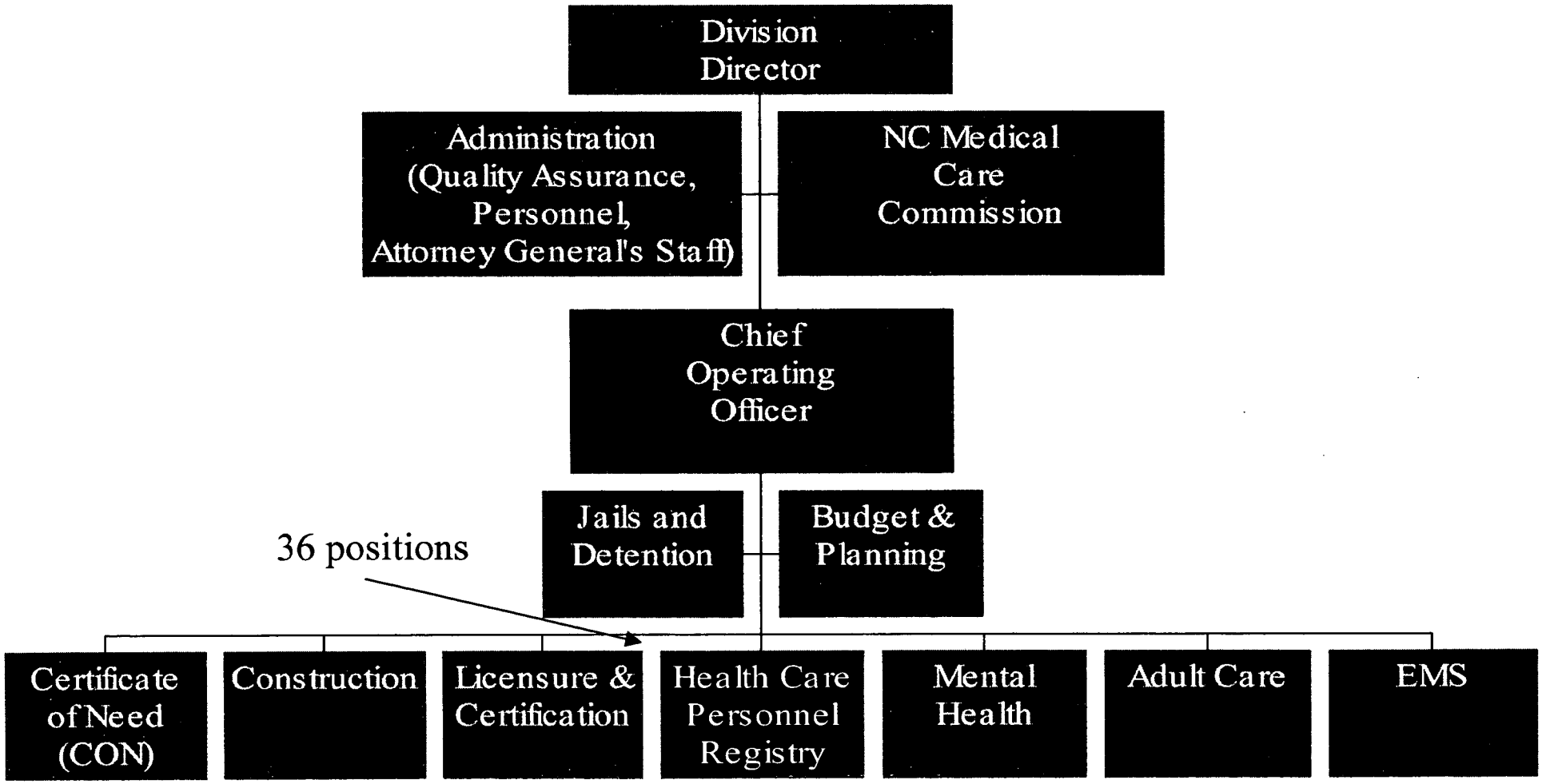
Licensure and Certification Section



Licensure and Certification Section

- Largest section in DFS
- Responsible for regulating health care entities through state laws/rules and federal laws/rules
- Most regulatory activity is through federal process because federal government is this section's largest funding source
- Majority of investigators are assigned to Nursing Home Program

Health Care Personnel Registry Section



Health Care Personnel Registry Section

- Health Care Personnel Registry
  - Maintains all information on unlicensed health care personnel who provide direct health care and who are either under investigation for or have substantiated findings of:
    - patient abuse or neglect,
    - misappropriation of patient or facility property,
    - fraud, or
    - diversion of patient or facility drugs.
  - More than 100 appeals per year, handled through the Attorney General's office

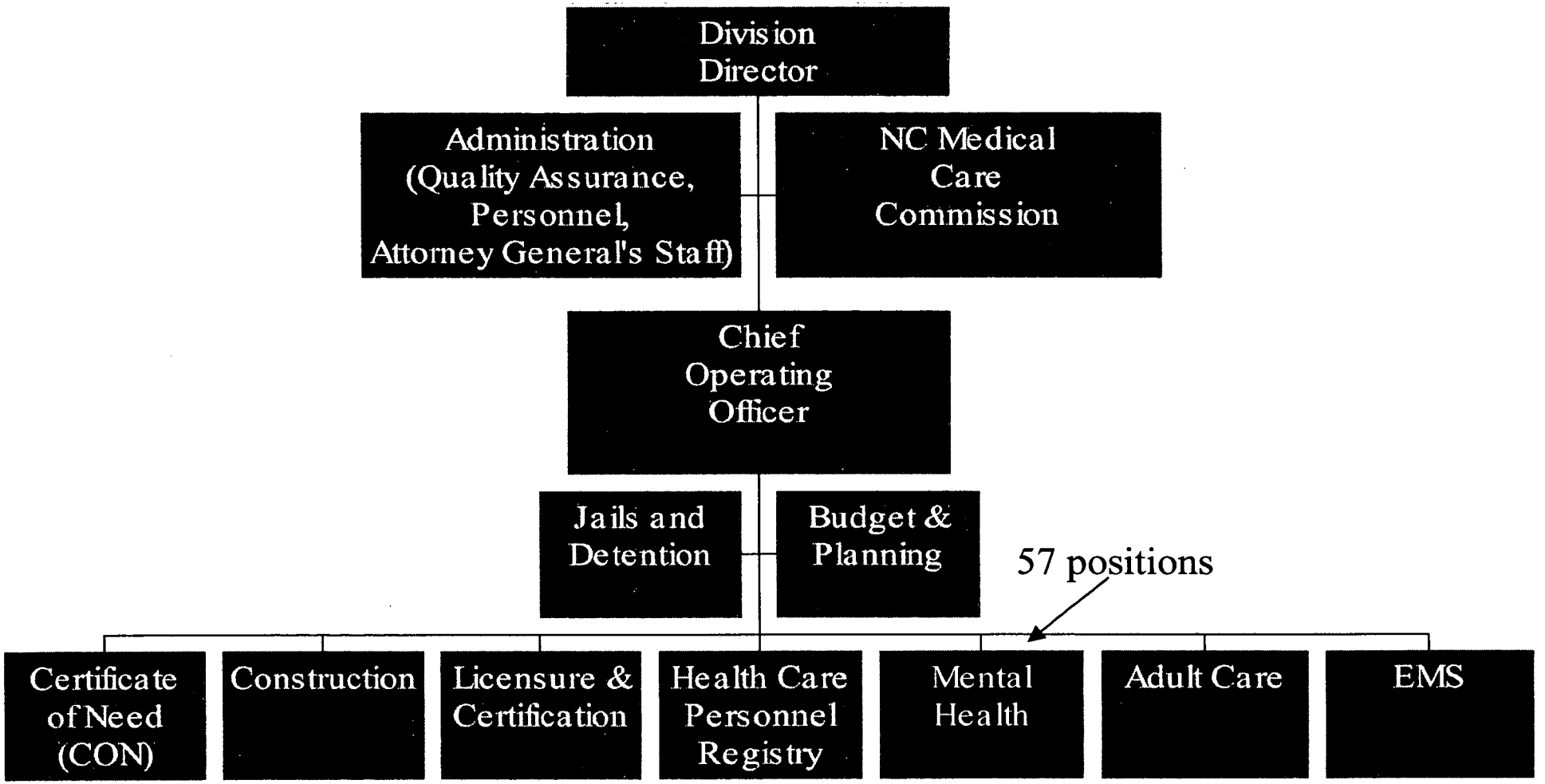
Health Care Personnel Registry Section

- Health Care Personnel Registry Investigation Program
  - Investigates all allegations of:
    - patient abuse or neglect,
    - misappropriation of patient or facility property,
    - fraud, or
    - diversion of patient or facility drugs.
  - Facilities are required to report allegations (5,800 allegations per year)
  - 97% of investigations are completed within 65 days

Health Care Personnel Registry Section

- Nurse Aide Registry
  - Maintains a list of over 250,000 individuals that meet the national standards for Nurse Aide I
- Nurse Aide Training and Competency Evaluation Programs
  - Reviews and approves all requests for the operation of these programs in the state

Mental Health Licensure and Certification Section



Mental Health Licensure and Certification Section

- Responsible for licensing and regulating mental health facilities in North Carolina
- 3 major areas:
  1. Psychiatric Hospitals
  2. Intermediate Care Facilities for the Mentally Retarded (ICF/MR)
  3. Mental Health Licensure

Mental Health Licensure and Certification Section

1. Psychiatric Hospitals Branch

- Regulates psychiatric hospitals and psychiatric units within acute care hospitals
- 5 surveyors
- Certifies psychiatric hospitals for participation in Medicare/Medicaid
- Visits 6 state-operated psychiatric facilities, 9 private psychiatric hospitals, and 49 psychiatric units annually

Mental Health Licensure and Certification Section

2. Intermediate Care Facilities for the Mentally Retarded (ICF/MR) Branch

- ICF/MR are licensed by the Mental Health Licensure Branch (next) but certified by the ICF/MR Branch
- 18 surveyors
- Certifies ICF/MRs for participation in Medicare/Medicaid
- Visits 327 facilities annually

Mental Health Licensure and Certification Section

3. Mental Health Licensure Branch

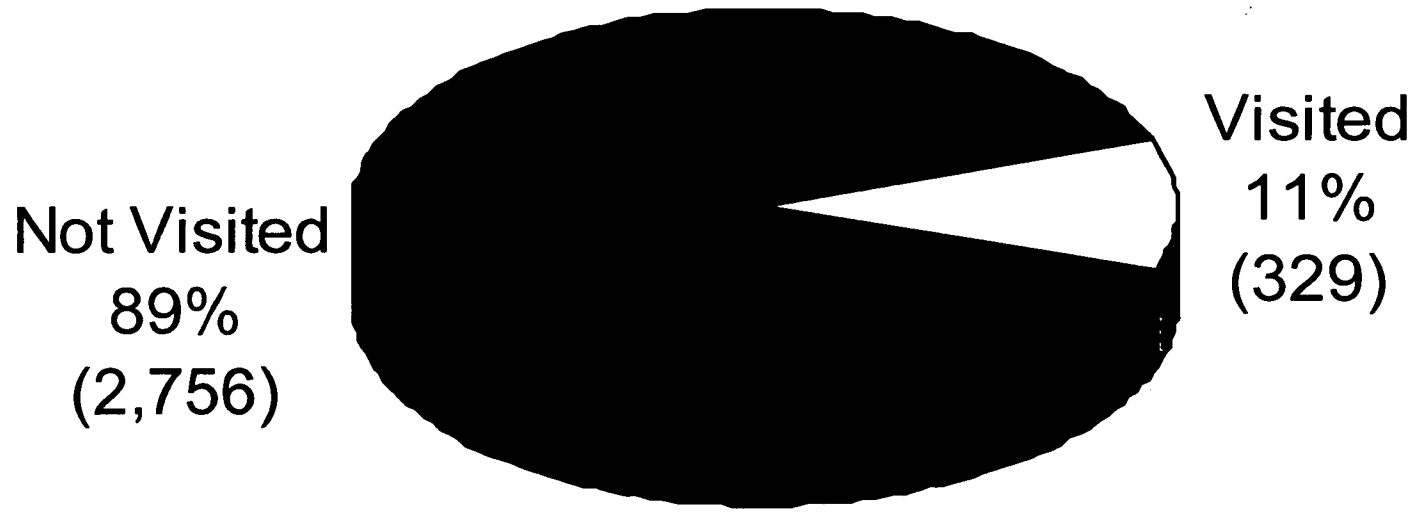
- Responsible for licensing and regulating mental health group homes and outpatient services
- 28 surveyors
- Regulates more than 4,000 mental health, developmental disabilities, and substance abuse services providers
- Inspects facilities and investigate complaints
- Issues, amends, denies, and revokes licenses
- Facilities regulated provide a wide array of services for persons with mental illness, developmental disabilities, and/or substance abuse issues

Mental Health Licensure and Certification Section

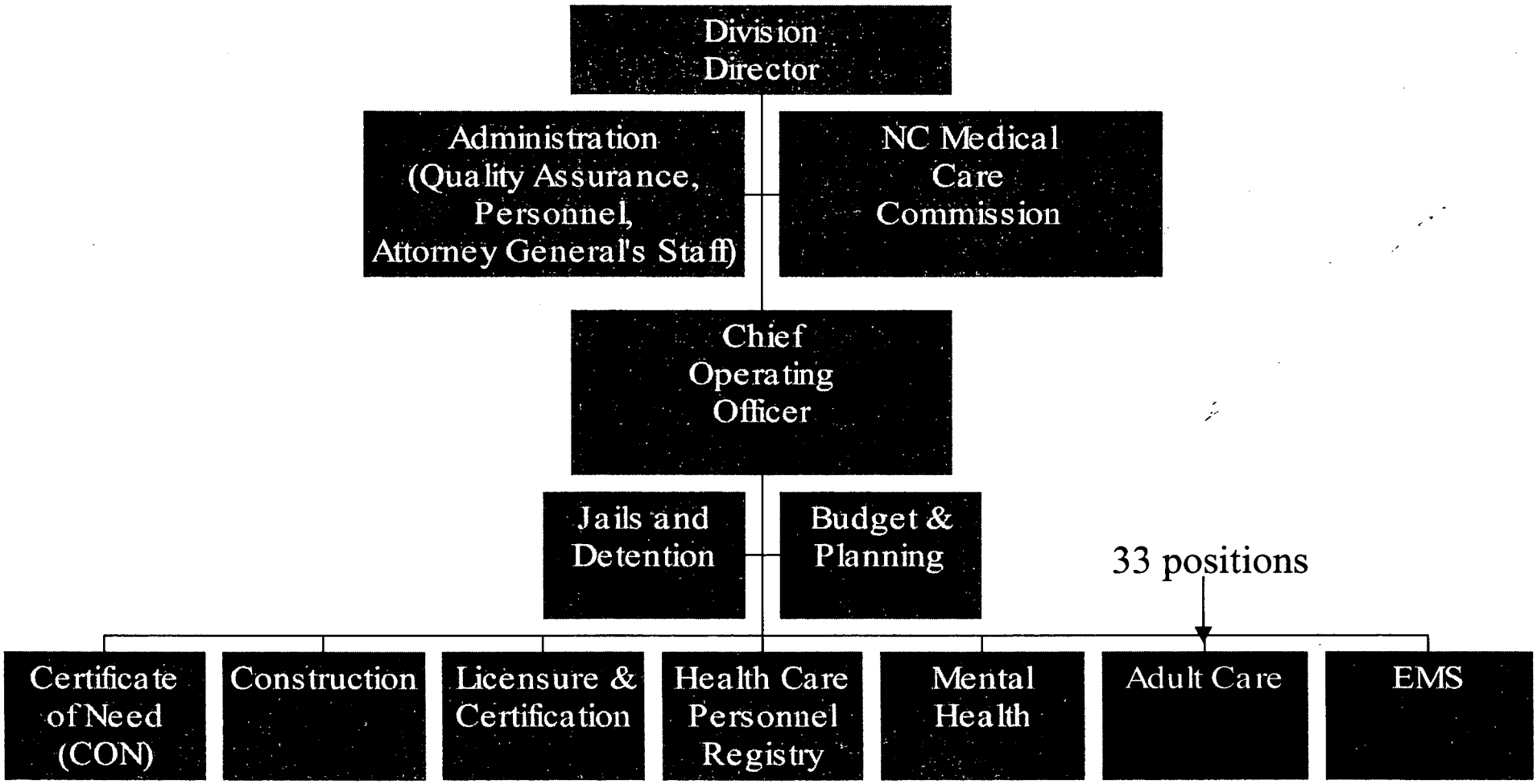
- Mental health rule-making authority is under the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services
- Commission has rule-making authority for:
  - Free-standing psychiatric hospitals
  - Licensed mental health treatment facilities
  - Licensed substance abuse treatment facilities
  - Group homes for the developmentally disabled
- DFS section chief works with the rules coordinator in the Div. of MH/DD/SAS and also attends the Commission meetings

Mental Health Licensure and Certification Section

- 89% of non-ICF/MR residential facilities licensed by the Mental Health Licensure and Certification Section were not visited in SFY 03-04



Adult Care Licensure Section



Adult Care Licensure Section

Adult care homes defined:

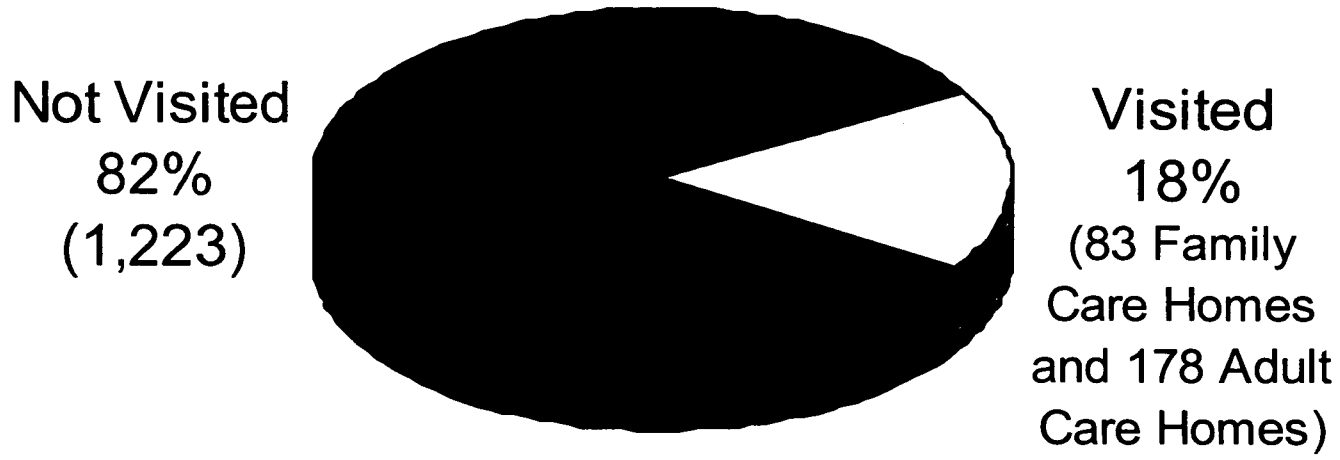
- An assisted living residence in which the housing management provides 24-hour scheduled and unscheduled personal care services. May also provide supervision and administer medicines.
- Two types of adult care homes:
  - Family care homes: 2 to 6 residents
  - Adult care homes: 7 or more residents

Adult Care Licensure Section

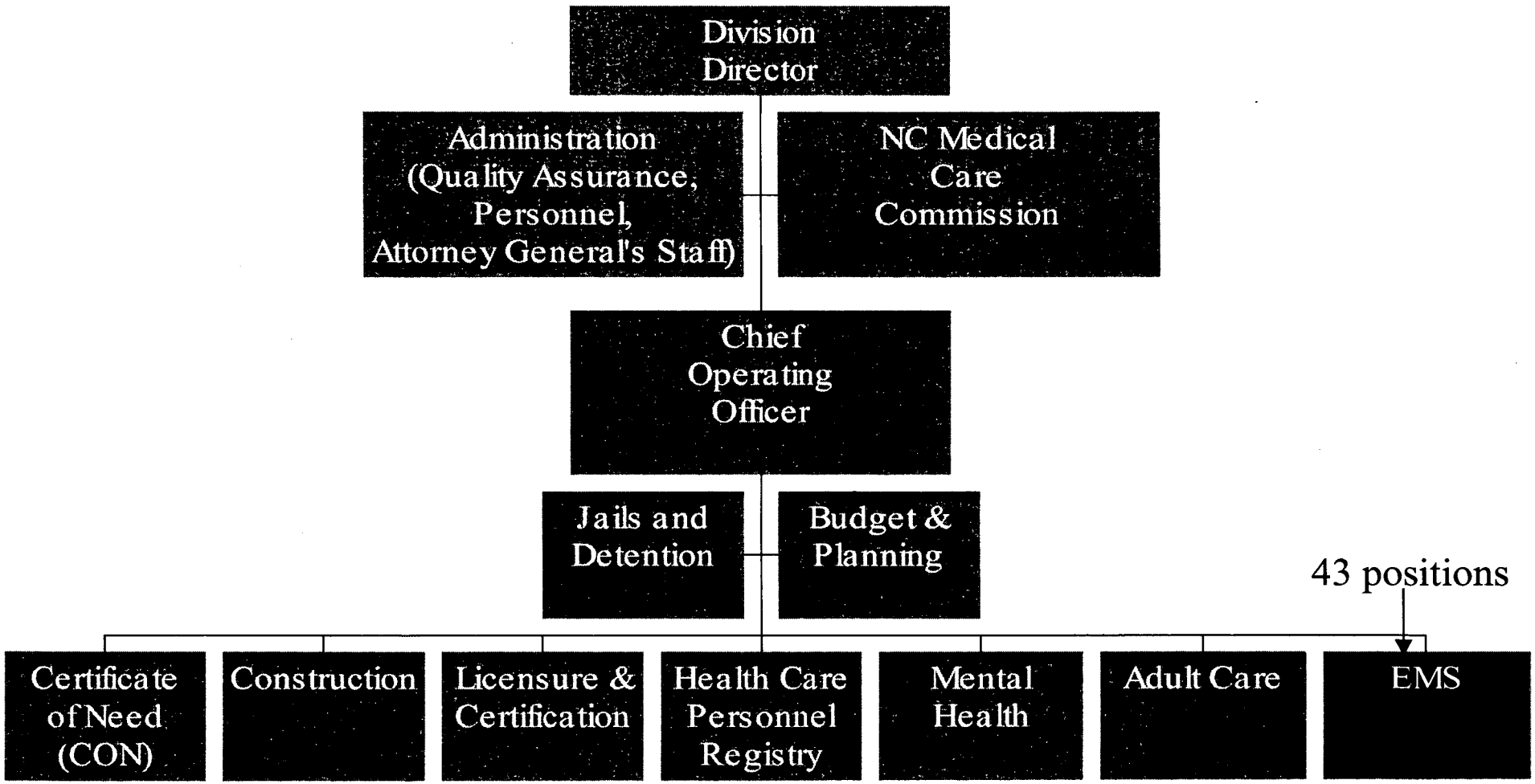
- Responsible for licensing and regulating adult care homes, the registration of multi-unit assisted housing with services, and certification of administrators
  - Can issue, deny, and revoke licenses of adult care homes
- Inspects facilities and investigate complaints
- Works with adult home specialists in the local departments of social services
- Develops policies, procedures and licensure rules for consideration by the Medical Care Commission

Adult Care Licensure Section

- 82% of adult care facilities licensed by the Adult Care Licensure Section were not visited in SFY 03-04



Office of Emergency Medical Services



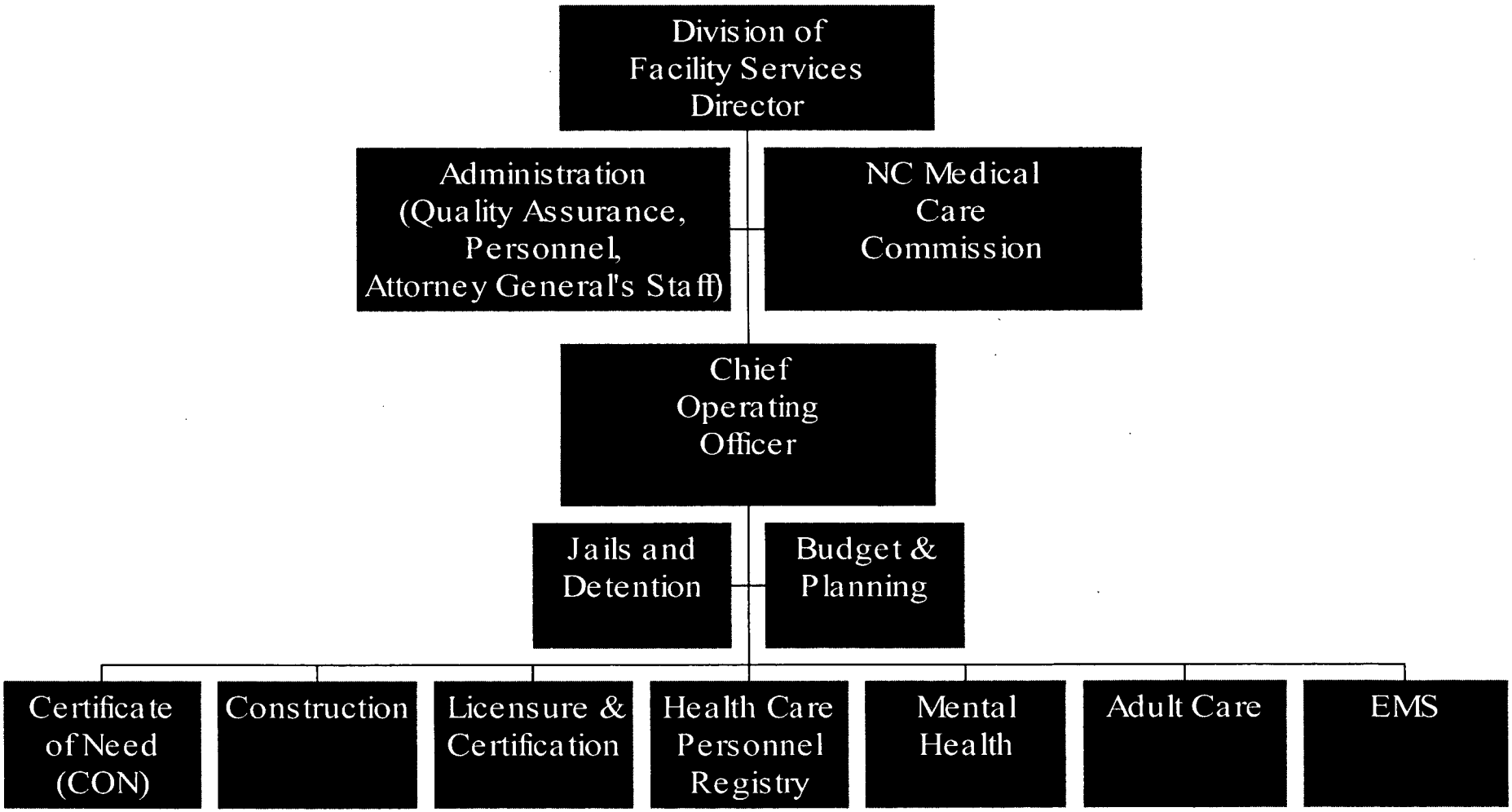
Office of Emergency Medical Services

- Supports the development of a statewide emergency medical services (EMS) system
- $13.4 million in SFY 03-04 and SFY04-05 from the federal Health Resources and Services Administration for the administration of the national Bioterrorism Hospital Preparedness Program
- Issues trauma center designations
- Issues permits and licenses for EMS-related equipment and personnel

Division of Facility Services

System Flow

(please see Facility Matrix handout)



Division of Facility Services Considerations and Issues

Division of Facility Services

Considerations and Issues

Inconsistent Statute Regarding Regulation of Adult Care Homes

- G.S.108A-14 (a)(8) currently states that one of the responsibilities of a county director of social services is "To supervise adult care homes under the rules and regulations of the Social Services Commission."
- S.L. 1999-334 (S.B.10) amended G.S. 131D to grant the Medical Care Commission rule making authority for adult care homes
  - S.L. 2000-111(S.B.215) made changes to the General Statutes to make them consistent with the Medical Care Commission having rule making authority over adult care homes
- G.S.108A-14 is inconsistent with G.S.131D

Division of Facility Services

Considerations and Issues

Children's Residential Treatment Homes

- January 24, 2005 – DHHS suspended licensing activities for all proposed new residential treatment homes for children with emotional disturbance or mental illness
  - Applies to Level II and Level III Residential Treatment Facilities and Level IV Intensive Residential Treatment Facilities
  - Suspension will be lifted when the new rules take effect.

Considerations and Issues

Children's Residential Treatment Homes

- At the same time, the Division of Facility Services sent out monitoring teams to inspect all children's residential treatment homes
  - Approximately 1,200 homes to be inspected
  - Monitoring is expected to be complete around the beginning of May

Division of Facility Services

Considerations and Issues

Children's Residential Treatment Homes

- Order of inspection:
  - Cumberland and Mecklenburg counties were looked at first because they had the most homes
  - Homes that had not been inspected before were given priority
  - Homes with serious complaints in any county were given priority

Considerations and Issues

Children's Residential Treatment Homes

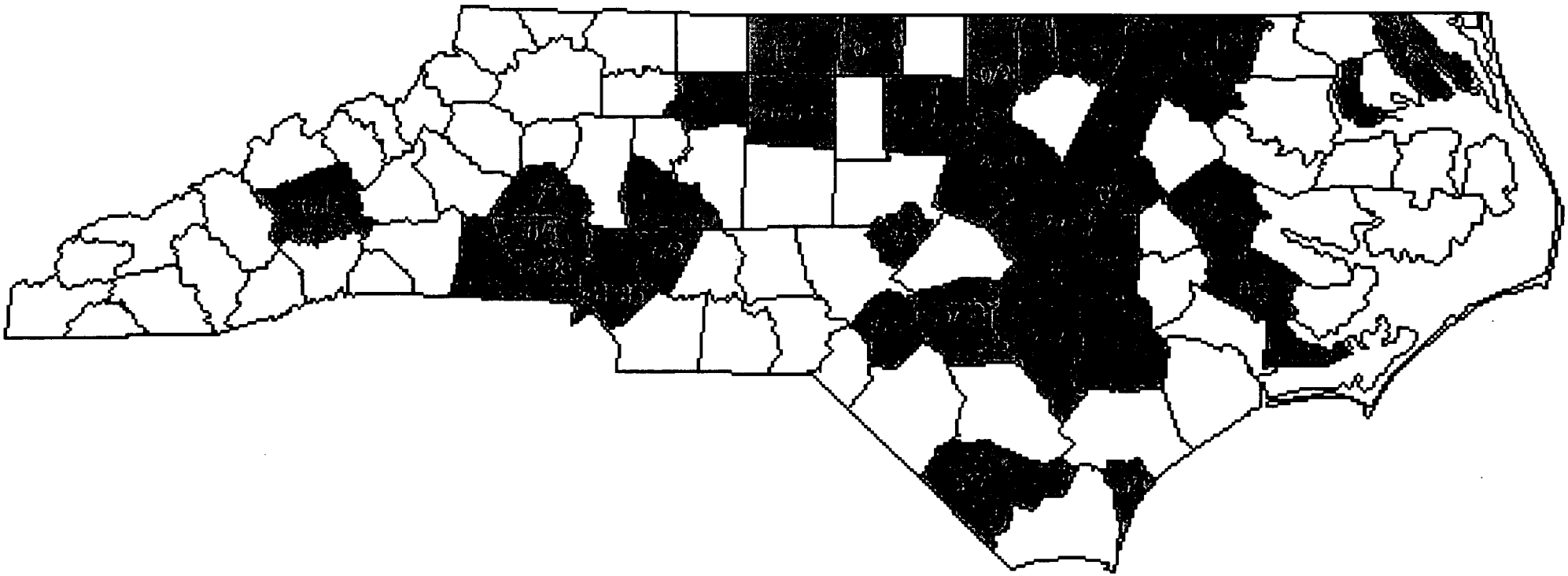
- Results of inspections:
  - As of 3/17/05, the Division had inspected 448 homes
  - Of those homes, 148 were empty
  - When the Division encounters an empty facility, they ask the facility to surrender their license. However, the Division does not currently have the authority to revoke the license under these circumstances.

Division of Facility Services

Considerations and Issues

Children's Residential Treatment Homes

Facilities visited by DFS as of 3/17/05 *(empty facilities/total facilities visited)*



Division of Facility Services

Considerations and Issues

- To address monitoring issues, Governor and Department have proposed rules, legislation, and staff increases
- Expansion items have corresponding legislation proposed by the Department
- DFS expansion items make up about 6% of the expansion funding requests for the Department, but the additional staff requested make up 69.5% of the staff requested in SFY05-06 and 78.3% of staff requested in SFY06-07

Division of Facility Services

Considerations and Issues

DFS Budget summary including expansion items (2003-2007)

Description	03-04 Actual	04-05 Authorized	05-06 Recommended	06-07 Recommended
Total Requirements	**$32,665,213**	**$41,351,896**	**$44,560,981**	**$46,841,372**
Continuation			*$41,351,896*	*$41,351,896*
Expansion			*$3,209,085*	*$5,489,476*
Estimated Receipts	**$20,753,333**	**$29,150,000**	**$29,214,382**	**$29,035,815**
Continuation			*$28,800,000*	*$28,800,000*
Expansion			*$414,382*	*$235,815*
Net Appropriation	**$11,911,880**	**$12,201,896**	**$15,346,599**	**$17,805,557**
Continuation			*$12,551,896*	*$12,551,896*
Expansion			*$2,794,703*	*$5,253,661*
Total Positions	**402.5**	**402.5**	**448**	**482**
Continuation			*402.5*	*402.5*
Expansion			*45.5*	*79.5*

Division of Facility Services

Considerations and Issues

Recommended DFS Expansion Summary

	SFY 05-06 Request		SFY 06-07 Request		Corresponding Proposed Legislation
	Appropriation	Positions	Appropriation	Positions	
1. Mental Health Licensure and Certification Section	$748,021	13	$1,572,724	23	Yes
2. Adult Care Licensure Section	$840,551	14	$2,105,995	31	Yes
3. Construction Section	$531,625	9	$1,187,363	16	No
4. Complaint Intake Unit	$504,815	4.5	$169,125	4.5	Yes
5. Licensure and Certification Section	$169,691	5	$218,494	5	Yes
Total	**$2,794,703**	**45.5**	**$5,253,701**	**79.5**	

Division of Facility Services

Considerations and Issues

Expansion Item 1 – Mental Health Licensure and Certification Section

- SFY05-06 – Total of $748,021 ($728,521 recurring and $19,500 nonrecurring) for 13 new positions
- SFY06-07 – Total of $1,572,724 (all recurring) for 23 new positions
- Summary of 23 positions:
  - Branch Manager - 1
  - Facility Survey Consultant II - 2
  - Facility Survey Consultant I - 16
  - Processing Assistant - 4

Division of Facility Services

Considerations and Issues

Expansion Item 1 – Mental Health (cont.)

- Would provide staff sufficient for annual inspections of every residential facility for the mentally ill, developmentally disabled, and substance abuse populations
- Would create 2 additional survey teams – one in Salisbury and one in Clinton

Division of Facility Services

Considerations and Issues

Expansion Item 1 – Mental Health (cont.)

Corresponding Legislation Proposed by the Department

- Would require the Department to inspect residential facilities for the mentally ill, developmentally disabled, and substance abuse populations every year
- Shortens the duration of a license from 2 years to up to 15 months for initial license and 1 year thereafter
- Licenses for facilities that have not served clients in the past 12 months would not be renewable
- Doubles fines for violations

Division of Facility Services

Considerations and Issues

Expansion Item 2 – Adult Care Licensure Section

- SFY05-06 – Total of $840,551 ($820,251 recurring and $20,300 nonrecurring) for 14 new positions
- SFY06-07 – Total of $2,105,995 (all recurring) for 31 new positions
- Summary of 31 positions:
  - Facility Survey Consultant II - 8
  - Facility Survey Consultant I - 19
  - Processing Assistant - 4

Division of Facility Services

Considerations and Issues

Expansion Item 2 – Adult Care (cont.)

- Would provide staff sufficient for annual inspections of every adult care home
- Would create 4 additional survey teams – 2 in Salisbury and 2 in Clinton
- Regional sites were chosen so that Adult Care Licensure Section and Mental Health Licensure and Certification Section could share costs.

Division of Facility Services

Considerations and Issues

Expansion Item 2 – Adult Care (cont.)

Corresponding Legislation Proposed by the Department

- Would require the Division to annually inspect adult care homes and adult care units in nursing homes.
- Creates an initial license duration of 6 months, which shall be extended for the rest of the year if the home complies with rules and statute; annual licenses thereafter
- Doubles fines for violations
- Eliminates the penalty review period and the Penalty Review Committee
- Provides the Secretary with the authority to assume a county's regulatory responsibility for adult care homes if the Department determines that the county is not meeting its duties
- Establishes training requirements for county adult home specialists
- Establishes a penalty for applicants for licensure who submit false information or omit information

Division of Facility Services

Considerations and Issues

Expansion Item 3 – Construction Section

- SFY05-06 – Total of $531,625 for 9 new positions
- SFY06-07 – Total of $1,187,363 for 16 new positions
- Summary of 16 positions:
  - Facility Architect II - 2
  - Building Systems Engineer II - 5
  - Facility Engineering Specialist - 7
  - Processing Assistant IV - 2

Division of Facility Services

Considerations and Issues

Expansion Item 3 – Construction Section (cont.)

- Only for adult care homes and non ICF-MR mental health residential facilities
- Would provide staff for Construction Section inspection of the above facilities once every two years and for faster initial review of plans and specifications
- These inspections would be in addition to the annual inspections proposed for the Mental Health Licensure and Certification Section and the Adult Care Licensure Section
- There is no proposed legislation associated with this expansion item.

Division of Facility Services

Considerations and Issues

Expansion Item 4 – Complaints Intake Unit

- Separate unit in structure of DFS
- Currently has 4.5 positions answering the DFS complaint hot-line completing necessary paperwork
- SFY05-06 – Total of $504,815 ($134,225 recurring and $370,560 nonrecurring) for 4.5 positions and a new automated phone system
- SFY 06-07 – Total of $169,125 (all recurring) for 4.5 positions
- Summary of positions
  - Facility Survey Consultant I - 4
  - Processing Assistant III - .5

Division of Facility Services

Considerations and Issues

Expansion Item 4 – Complaint Intake Unit (cont.)

- Nursing homes are currently the only DFS-regulated residential facilities that are required to post the DFS toll-free complaint line
- If other residential facilities are required to post the phone number, the Division expects that the number of complaint calls would increase and additional staff would be needed.
- A new automated phone system is also recommended to improve customer service and better track trends.
  - System is estimated to cost $600,000 for development and $25,000 for ongoing maintenance costs.

Division of Facility Services

Considerations and Issues

Expansion Item 4 – Complaints Intake Unit (cont.)

Corresponding Legislation Proposed By the Department

- Would require home health agencies to provide each client with a written notice of the DFS hotline number in advance of furnishing care to the client or during the initial evaluation visit
- Would require all mental health residential facilities to ensure that the DFS complaint hotline number is posted conspicuously in a public place in the facility
- Would require adult care homes to post the DFS complaint hotline number conspicuously in a public place in the facility

Division of Facility Services

Considerations and Issues

Expansion Item 5 – Non-Medicare Licensed Home Care Agencies

- In Licensure and Certification Section
- SFY05-06 – Total of $169,691 for 5 new positions
- SFY06-07 – Total of $218,494 for 5 new positions
- Summary of 5 positions:
  - Facility Survey Consultant II - 1
  - Facility Survey Consultant I - 4

Division of Facility Services

Considerations and Issues

Expansion Item 5 – Non-Medicare Licensed Home Care Agencies (cont.)

- Would provide staff sufficient for inspections of every non-Medicare licensed home care agency every 36 months
- Would put the non-Medicare licensed home care agencies on the same cycle as the Medicare licensed home care agencies

Division of Facility Services

Considerations and Issues

Expansion Item 5 – Non-Medicare Licensed Home Care Agencies (cont.)

Corresponding Legislation Proposed by the Department

- Would require the Medical Care Commission to adopt rules:
  - Including defining the geographic service area of home care agencies as part of the licensing
  - Establishing staff qualifications for home care agency staff
  - Prohibiting licensed home care agencies from hiring individuals listed on the Health Care Personnel Registry in accordance with G.S.131E-256(a)(1).
- Requires the Department to conduct an inspection of each agency at least every three years

Division of Facility Services

Considerations and Issues

Fees

- Currently budgeted to collect $2,185,738 in fees for license renewal, construction fees, fees for new facilities, and fees for changes of owner
- DFS has collected and/or billed $2,150,911.93 as of 2/28/05 ($34,826.07 less than budgeted through 6/30/05)
- Fees were implemented in SFY03-04 in HB397 (*list of fees by type of facility is provided in separate handout*)
- Corresponding reduction was made in DFS appropriation

Considerations and Issues

Fees (cont.)

- Possibilities:
  - Double all existing fees – would produce an additional $2.2 million
  - Introduce fees for Emergency Medical Systems:
    - Credentialing fees ($90 would produce $566,700)
    - Provider fees for vehicles ($50 would produce $51,200)
    - Emergency Dispatch Program ($185 would produce $10,500)
    - In total could produce an additional $628,500

Division of Facility Services Questions

Division of Facility Services

Licensure Fees Enacted in HB397

LICENSURE FEES

Facility Type	Base Fee	Additional Fee*
General Acute Hospitals		
1 - 49 beds	$ 125	$ 6.25
50 - 99 beds	$ 175	$ 6.25
100 - 199 beds	$ 225	$ 6.25
200 - 399 beds	$ 275	$ 6.25
400 - 699 beds	$ 375	$ 6.25
700 + beds	$ 475	$ 6.25
Other Hospitals**	$ 250	$ 6.25
Abortion Clinics	$ 350	$ 0.00
Adult Care Homes <6 Beds	$ 125	$ 0.00
Adult Care Homes >6 Beds	$ 175	$ 6.25
Ambulatory Surgery Facilities	$ 350	$ 25.00
Cardiac Rehabilitation Facilities	$ 125	$ 0.00
Continuing Care Retirement Communities	$ 225	$ 6.25
EMS Credentialing Fees	$ 0	$ 0.00
EMS Provider Fee (Vehicles)	$ 0	$ 0.00
Emergency Dispatch Program	$ 0	$ 0.00
Free-Standing Hospice	$ 0	$ 0.00
Home Health Agencies (Medicare-certified)	$ 175	$ 0.00
Licensed-Only Home Care Agencies (non-Medicare certified)	$ 175	$ 0.00
Mental Health Facilities (Excluding ICF-MR)<6 Beds	$ 125	$ 0.00
Mental Health Facilities (ICF-MR Only)<6 Beds	$ 325	$ 0.00
Mental Health Facilities (Excluding ICF-MR)>6 Beds	$ 175	$ 6.25
Mental Health Facilities (ICF-MR Only)>6 Beds	$ 325	$ 6.25
Nursing Homes	$ 225	$ 6.25

* The additional fee that will be based on the number of beds, offices or rooms.

**"Other hospitals" excludes all State-owned facilities which are exempt from licensure.

CONSTRUCTION PROJECT REVIEW FEES

Facility Type	Base Fee	Additional Fee per Square Foot
Hospitals	$ 150	$ 0.10
Nursing Homes	$ 125	$ 0.08
Ambulatory Surgical Facilities	$ 100	$ 0.08
Psyciatric Hospitals	$ 100	$ 0.08
Adult Care Homes (>6 Beds)	$ 87	$ 0.05
Family Care Homes (1-6 Beds)	$ 87	$ 0.00
ICF/MR Group Homes	$ 137	$ 0.00
Group Homes (1-3 Beds)	$ 50	$ 0.00
Group Homes (4-6 Beds)	$ 87	$ 0.00
Group Homes (7-9 Beds)	$ 112	$ 0.00
Group Homes (>9 Beds)	$ 112	$ 0.038

Division of Facility Services
Regulated Facilities Matrix

	Number licensed/ credentialed in SFY03-04	NC Medical Care Commission	Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services	Jails and Detention Section	Budget & Planning Section	Certificate of Need (CON) Section	Construction Section	Licensure & Certification Section	Health Care Personnel Registry	Mental Health Licensure & Certification Section	Adult Care Licensure Section	Office of Emergency Medical Services
Acute care hospitals	128	Regulation and licensure (Health Care Facilities Finance Act financing for nonprofits and public agencies)			NC Medical Facilities Plan	CON	Review plans and specifications and conduct initial inspection of new facilities, some federally-funded (Medicare/Medicaid) inspections as needed	Licensure, inspection, complaint response, federally-funded (Medicare/Medicaid)	Listed on Registry but can hire if provider chooses.			
Adult care homes	1,269	Regulation and licensure			NC Medical Facilities Plan	CON	Initial review and inspection, on-going monitoring and response to complaints		Health Care Personnel Registry - Cannot hire people listed in the registry		Licensure, regulation, inspection, county oversight	
Ambulances and EMS Providers	2,253 ambulances, 847 EMS providers	Regulation										Issues permits and licenses
Ambulatory surgical facilities	51	Regulation and licensure (Health Care Facilities Finance Act financing for nonprofits and public agencies)			NC Medical Facilities Plan	CON	Review plans and specifications and conduct initial inspection of new facilities, some federally-funded (Medicare/Medicaid) inspections as needed	Licensure, inspection, complaint response				
Chemical dependency treatment facilities	39 (inpatient)		Adopts rules for licensing		NC Medical Facilities Plan	CON	Initial review and inspection, on-going monitoring and response to complaints		Health Care Personnel Registry - Cannot hire people listed in the registry	Licensure, regulation, inspection, complaint investigation		
Diagnostic centers	Not licensed					CON						
Emergency medical services personnel	30,000 credentialed personnel	Adopts licensing rules										Issues credentials
EMS Educational Institutions	126	Adopts rules for regulation										Issues approval certificates
EMS Systems and Model EMS Systems	90 basic EMS systems, 11 model EMS systems	Adopts rules for regulation										Issues approval certificates
Free standing abortion clinics	17						Initial review and inspection, on-going monitoring and response to complaints	Licensure, inspection, complaint response				
Home care agencies (non-Medicare licensed)	1,124	Adopts licensing rules						Licensure, inspection, complaint response	Listed on Registry but can hire if provider chooses.			
Home health agencies (Medicare licensed)	171	Adopts licensing rules			NC Medical Facilities Plan	CON		Licensure, inspection, complaint response, federally-funded (Medicare/Medicaid) 33% inspections annually	Listed on Registry but can hire if provider chooses.			

	Number licensed/ credentialed in SFY03-04	NC Medical Care Commission	Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services	Jails and Detention Section	Budget & Planning Section	Certificate of Need (CON) Section	Construction Section	Licensure & Certification Section	Health Care Personnel Registry	Mental Health Licensure & Certification Section	Adult Care Licensure Section	Office of Emergency Medical Services
Hospices	77	Adopts licensing rules (Health Care Facilities Finance Act financing for nonprofits and public agencies)			NC Medical Facilities Plan	CON	Initial review and inspection, on-going monitoring and response to complaints		Listed on Registry but can hire if provider chooses.			
Inpatient psychiatric hospitals	58	Adopts licensing rules for psychiatric units within Acute Care hospitals	Adopts rules for licensing		NC Medical Facilities Plan	CON	Review plans and specifications and conduct initial inspection of new facilities, some federally-funded (Medicare/Medicaid) inspections as needed		Listed on Registry but can hire if provider chooses.	Regulates and certifies for participation in Medicare/Medicaid, federally-funded, state inspections as needed		
Inpatient rehabilitation hospitals	26	Adopts licensing rules (Health Care Facilities Finance Act financing for nonprofits and public agencies)			NC Medical Facilities Plan	CON	Review plans and specifications and conduct initial inspection of new facilities, some federally-funded (Medicare/Medicaid) inspections as needed	Licensure, inspection, complaint response	Listed on Registry but can hire if provider chooses.			
Intermediate Care Facilities for the Mentally Retarded (ICF/MR)	331		Adopts rules for licensing		NC Medical Facilities Plan	CON	Review plans and specifications and conduct initial inspection of new facilities, some federally-funded (Medicaid) annual inspections		Health Care Personnel Registry - Cannot hire people listed in the registry	Regulates and certifies for participation in Medicaid, federally-funded inspections annually		
Jails	117			Inspections 2x yearly, technical assistance, investigations of complaints and deaths			Review plans and specifications and conduct initial inspection of new facilities					
Kidney disease treatment facilities	142	Regulation and licensure (Health Care Facilities Finance Act financing for nonprofits and public agencies)			NC Medical Facilities Plan	CON		Medicare inspection, complaint response				
Level I, II, and III Trauma Centers	5 Level I, 4 Level II, 2 Level III	Adopts rules on regulation and designation										Issues designation certificates
MH/DD/SAS facilities	3,382		Adopts rules for licensing				Initial review and inspection, on-going monitoring and response to complaints		Health Care Personnel Registry - Cannot hire people listed in the registry	Licensure, regulation, inspection, complaint investigation		
Nurse aides	107,053								Nurse Aide Registry - Maintained on a list of registered Nurse Aide I			

	Number licensed/ credentialed in SFY03-04	NC Medical Care Commission	Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services	Jails and Detention Section	Budget & Planning Section	Certificate of Need (CON) Section	Construction Section	Licensure & Certification Section	Health Care Personnel Registry	Mental Health Licensure & Certification Section	Adult Care Licensure Section	Office of Emergency Medical Services
Nursing homes	438	Adopts licensing rules (Health Care Facilities Finance Act financing for nonprofits and public agencies)			NC Medical Facilities Plan	CON	Review plans and specifications and conduct initial inspection of new facilities, some federally-funded (Medicare/Medicaid) annual inspections	Licensure, inspection, complaint response, federally-funded (Medicare/Medicaid) annual inspections	Health Care Personnel Registry - Cannot hire people listed in the registry			
Nursing pools	136	Adopts licensing rules						Licensure, inspection, complaint response	Health Care Personnel Registry - Cannot hire people listed in the registry			
Oncology treatment centers	Not licensed					CON						
Rural Health Clinics	104							Medicare/Medicaid licensure and certification				
Specialty Care Transport Programs	16	Adopts rules for regulation										Issues approval certificates

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MEMORANDUM

To: Members of the Joint Appropriations Subcommittee on Health and Human Services
From: Andrea Russo, Fiscal Research Division
Date: April 5, 2005
Re: Responses to Division of Facility Services questions

During my presentation last week on the Division of Facility Services, some questions were raised that required additional research. Below are the answers to those questions. If you have any additional questions, or need additional information, please let me know.

How many of the 5,800 allegations reported to the Health Care Personnel Registry Investigation Program are legitimate?
According to the Division, a total of 1,269 of the 5,800 allegation reports received in SFY2003-2004 were investigated. Of those 1,269, 478 resulted in substantiated findings.

What are some examples of the types of actions that would result in someone being listed on the Health Care Personnel Registry?
According to the Division, the following are some examples of the types of actions that may result in findings being listed on the Registry:

- Abuse: slapping, kicking, verbal threats of physical harm and intimidation
- Neglect: failing to follow training, procedures, and/or care plan; incidents of refusing service to a resident, failing to show up to provide services where there was a potential for ill effects to the resident
- Fraud against a resident: forging a resident's signature, representing self as a resident,
- Fraud against a facility: falsification of time sheets
- Diversion of resident drugs: taking prescription drugs from a resident, a pattern of taking over-the-counter drugs from a resident
- Diversion of facility drugs: unauthorized taking of facility's drugs, either prescription or over the counter.

Has the Division been working to eliminate administrative rules as they create or add them?
The Division states that they repeal rules on a regular basis. The Medical Care Commission entirely revised the rules governing emergency medical services as a result of changes in the emergency medical services statutes. A similar effort was recently made to review and revise (where appropriate) all adult care home rules. In both instances, several rules were repealed in their entirety.

How much is charged in fees for a Certificate of Need?
According to 10A NCAC 14C .0203, each applicant for a Certificate of Need shall transmit a fee that is determined by the following formula:

1. The fee is $2,000 for an application to add a 6th bed to a 5-bed Intermediate Care Facility for the Mentally Retarded.

2. The fee is $3,500 for an application that is not covered above (in 1.) and that has a capital expenditure (or is proposing a capital expenditure) of up to, but not including, $1,000,000.
3. For applications not covered above (in 1. or 2.), the fee is $3,500 plus an additional fee of 0.3% of the amount of the proposed capital expenditure in excess of $1,000,000 up to a maximum fee of $17,500.

In 1993, G.S.131E-177(9) was rewritten to establish the current minimum ($2,000) and maximum ($17,500) fees. It also was rewritten to state that the fee schedule established should generate sufficient revenue to offset the entire cost of the certificate of need program and that fees collected under this subdivision shall be credited to the General Fund as non-tax revenue.

What are some examples of the types of things that cause a facility to have a Type A or Type B penalty?

Both adult care homes and mental health group homes have "Type A" and "Type B" Violations. A "Type A" Violation is a violation that results in death or serious physical harm, or results in substantial risk that death or serious harm may occur. The Division has provided some examples of "Type A" Violations:

Adult Care Homes

- Failing to maintain safe water temperature ranges. At one facility, as a result a resident received first and second degree burns over 25% of their body. The patient was transported to a burn center and subsequently died.
- Failing to properly supervise residents who smoke. At one facility, a resident set fire to the facility and endangered the lives of all residents and staff. The resident had a history of fire setting and an aftercare plan from a state hospital to the facility indicating that the resident should be monitored for smoking.

Mental Health Group Homes

- A staff member breaking a client's rib while restraining them.
- Providing insufficient client supervision when clients have a history and a treatment plan indicating that they require a high degree of supervision (for example, a past history of breaking and entering, sexual offenses, etc.). When supervision is not sufficient, a client may run away.

A "Type B" Violation is a violation that presents a direct relationship to health, safety, or welfare of the client or resident; but does not result in substantial risk that death or serious physical harm will occur. The Division has provided some examples of "Type B" Violations:

Adult Care Homes

- Failing to assure that staff that administered medications had passed the required state exam and were also competency validated.
- Failing to coordinate and make arrangements for health care referrals to enable residents to maintain the best possible health condition (for example, diabetic residents in need of podiatry care).

Mental Health Group Homes

- Systematic medication errors that inhibit the effectiveness of the medication but do not have the potential to cause serious physical harm
- Systematic insufficient training in seclusion and restraints in facilities that have clients whose history indicates that they may require such behavioral interventions.

Lorraine Blake (Sen. Purcell)

[redacted]m: Carol Shaw (Fiscal Research)
[redacted]t: Thursday, April 14, 2005 11:46 AM
To: @House/Appro/Sub on Health & Human Services; @Senate/Sub/Appro-Health&Human Services
Cc: @FRD Health & Human Services Team; @FRD Joint Budget Team; Jim Johnson (Fiscal Research, Director)
Subject: Additional Information on the Proposal for limiting Medicaid Coverage for the Aged, Blind, and Disabled

Good Afternoon:

Here is additional information about the proposed reduction in coverage for Aged, Blind and Disabled persons with incomes above SSI levels:

- Number of people affected by proposal: Total number of people equals 65,000. Includes 57,000 people in private living arrangements who are receiving Medicare and 8,000 people who are waiting to qualify for Medicare (disabled persons who are in the 2 year waiting period). Due a miscommunication with DMA, the number I used yesterday did not include the 8,000 persons who are not on Medicare -- DMA called me this morning and gave me the correct number.
- Does not include persons living in nursing facilities because they will qualify for full Medicaid coverage under the medically needy program.
- Does not include persons participating in the CAP-DA program. The estimate assumes that person in the CAP-DA program will retain coverage under CAP or will choose to enter a long-term care facility to retain full Medicaid coverage (adult care home or nursing facility). The actual number of persons who will choose to enter a long term care facility cannot be determined because the decision will depend on an individual's specific situation.
- Basic health care coverage (including hospital coverage) will continued to be provided under the Medicare program. The 8,000 people without Medicare coverage will have to spend down to receive Medicaid coverage under the medically needy program.
- Medicaid will continue paying the Medicare Part B premiums, deductibles, copayments, and coinsurance for the 57,000 people receiving Medicare.
- Prescription drug coverage will be provide under the new Medicare Part D program. Under this proposal, Medicaid will not have to pay the federal government for the clawback for prescription drug coverage because this group will no longer be dual eligibles. The 8,000 people without Medicare coverage will have to spend down to receive Medicaid coverage under the medically needy program.

Please let me know if you need additional information. Please accept my apologies on providing incorrect information on the number of persons affected by the proposal.

Carol Shaw

L. Carol Shaw
Fiscal Research Division
Room 619, Legislative Office Bldg.
Raleigh, NC 27603
Phone #: 919-733-4910
[redacted]#: 919-715-3589
[redacted]ail: Carols@ncleg.net

VISITOR REGISTRATION SHEET

Appropriations Health & Human Services — 3/29/05 (2 P.M.)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bob Fitzgerald	DHHS/DFS
Chris Fitzsimon	NC Policy Watch
Phyllis Dan	DFS
DAVID BARNES	Poyner + Spruill LLP
Deborah Landry	DHHS / BTA
MARK BOSTON	DHHS / DMA
Wayne Wallace	DSDM
[illegible]	[illegible]
Rebecca Troutman	NCACC
[illegible]	OSBM
Daphne Lyon	OSBM

VISITOR REGISTRATION SHEET

Appropriations Health & Human Services — 3-29-05 (2.P.M)

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
HUGH TILSON	NCHA
[signature]	HHS
[signature]	GSK
John Bowdish	AstraZeneca
Lu-Ann Cox	NCPA
[signature] Jo Horne	NCMS

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 30, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Information Resource Management (DIRM)

Lanier Cansler, DHHS
Karen Tomczak, DIRM
Angela Taylor, DIRM
Karlynn O'Shaughnessy, FRD Staff

2:00 PM

Budget Overview

Division of Medical Assistance — *Carol Shaw, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, March 30 2005
8:30 a.m.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Thursday, March 30, 2005 at 8:30 a.m. in Room 643 of the Legislative Office Building. Members present were Senators William Purcell, Vernon Malone, Charlie Dannelly, James Forrester, Harris Blake, Don East and John Kerr and Representatives Verla Insko, Jeff Barnhart, Jean Farmer-Butterfield, Mary Hollo, Bernard Allen, William Current, and Bob England. Staff members present were Carol Shaw, Karlynn O'Shaughnessy and Lisa Hollowell. A copy of the roll denoting members present is attached to the minutes (Attachment I) along with a copy of the agenda and visitor registration sheet (Attachments II and III).

Rep. Verla Insko presided, welcomed members and recognized the sergeants-at-arms: Earl Coker, Martha Gadison, Jon Fitchett, Charles Harper and Ashley Baxter and pages: Julie Gregory from Wilkes County sponsored by Rep. Walker, Amy Watson from Johnston County sponsored by Rep. Langdon, Riley Jones from Gastonia County sponsored by Sen. Hoyle, Amber McKeithan from Bunn County sponsored by Sen. Doug Berger, Bailey Green from Cliffside, NC sponsored by Sen. Dalton and Laura Paschall from Gastonia County sponsored by Sen. Hoyle. Chair Insko introduced Lanier Cansler, Deputy Security for DHHS.

Mr. Cansler stated that DHHS needed to invest in technology in order to deliver efficient and effective services. Mr. Cansler asked Angela Taylor, Project Management for the IT Office to brief members on the Division of Information Resource Management. (Attachment IV)

DHHS Information Technology Initiatives

Ms. Taylor explained that there are ten initiatives in the Department's approach to information technology: (1) collaborating with DHHS Business Divisions, counties and local governments to ensure all IT initiatives are driven by business needs, (2) performing strategic planning for retirement of legacy applications, (3) developing DHHS business and technical architecture, (4) utilizing the centralized project management office, (5) implementing departmental performance management contract standards for IT contracts (i.e., fixed costs and deliverables-based with performance measurements), (6) focusing on opportunities for implementing cross-divisional applications/systems to prevent redundancy, providing for cost efficiencies, and facilitating sharing of information/data across program areas, (7) placing emphasis on implementing commercial-off-the-shelf

(COTS) or government-off-the-shelf (GOTS) systems to reduce costs and timelines for implemental (8) utilizing phased approach to deliver system functionality faster, (9) recognizing the importance of building implementation teams with an appropriate mix of both skilled business and technical subject matter experts (SMEs), and (10) implementing common/reuseable components such as application interfaces and modules.

DHHS is currently either in the planning or implementation phases for 13 key IT initiatives:

(1) **NC FAST** – NC Families Accessing Services through Technology. The purpose of NC FAST is to provide family-centered services by means of an automated, seamless service delivery process. The business stakeholders involved are the Divisions of Social Services, Child Development, Medical Assistance, and Aging/Adult Services. The benefits of NC FAST include family-centric service delivery, sharing information, improving communications, timesavings, and outcome measurements. The risks if not implementing NC FAST are the Department's inability to provide comprehensive, effective and efficient services across program areas, to improve services and measure outcomes, to improve case management, and to prevent tragedies for children, the elderly and their families. The Department implemented the first phase of NC FAST in the 3rd Quarter of 2004 with plans for completion by the 3rd Quarter of 2007.

(2) **NCLeads** – Medicaid Management Information System + Replacement. The purpose of NCLeads is to replace the current NC Medicaid Management Information System (MMIS). NCLeads provides multi-payer functionality across departmental health care services and provider certification. The business stakeholders involved are the Division of Medical Assistance, Division of MH/DD/SA, Division of Public Health, Division of Facility Services, 60,000+ providers of Healthcare and related services, and 1.1+ million Healthcare recipients. The benefits in using NCLeads include reducing administrative and operating costs, improving detection of waste, fraud, and abuse across programs, providing for robust vendor/contract management controls, reducing State outlay for Medicaid through enhanced recovery from supplemental insurance carriers, allowing the State to better analyze program results and suggesting improvements in Medicaid management, enabling more efficient and effective service to the beneficiaries of healthcare services, and allowing providers access to information on a 24x7 basis. The risks associated with not implementing NCLeads are the potential loss of Federal funding for the MMIS implementation, potential reduction in Federal funding for the operations of the Medicaid program, additional cost for remediation of the current MMIS for HIPAA Security and National Provider Identifier (NPI), and loss of the MMIS operations cost savings with the implementation of new systems.

(3) **Vital Records**. The purpose of the program is to implement an integrated commercial-off-the-shelf product that will support the current and future Vital Records automation needs with minimal customization. The business stakeholders involved are the Division of Public Health, local health departments, Registers of Deeds, and birth facilities throughout the State. The program benefits include alleviating existing business process inefficiencies and current systems limitations, preparing NC Vital Records, and

providing new capabilities for quality control, accounting and maintenance. If the program is not implemented, the Department will be unable to improve services, there will be an increase in time and resources to retrieve records, and complexity to process vital records will increase. The current system is very outdated and utilizes software (DOS) that is no longer supported.

(4) **Health Information System (HIS)**. The purpose of HIS is to implement a fully integrated, automated health information system to support the needs of NC Public Health, Mental Health and the Medicaid Community Care Networks. Benefits include promoting collaboration among divisions leading to improved and uniform patient care, improving productivity, standardizing business processes across DHHS divisions, and promoting data sharing across DHHS divisions. The HIS program will replace the legacy systems. If the program is not implemented, State funding will be required to support and enhance the legacy systems.

(5) **State Agency Model (SAM).** The purpose of the WIC Program SAM project is a 5-year Federal Food and Nutrition Service (FNS) initiative to plan, develop and deploy model information systems in WIC State agencies. A consortium established between North Carolina, Alabama, Virginia, West Virginia and the US Department of Agriculture (FNS) is participating in the SAM project. The consortium is currently in the planning stage with NC as the lead state in the consortium.

(6) **NC Electronic Disease Surveillance System (NC EDSS)**. The purpose of NC EDSS is to implement a major component of the Public Health Information Network (PHIN) by collecting and monitoring data for disease trends and/or outbreaks to enable public health personnel to protect the health of citizens of North Carolina. The project will also promote the use of data and information system standards to advance the development of efficient, integrated, and interoperable surveillance systems at Federal, State and local levels. The stakeholders involved are the Division of Public Health, local Health Departments, laboratories, and hospitals. NC EDSS benefits will be a more uniform data collection system and will provide faster more accurate information. The risks of not implementing NC EDSS include the continued use of slow manual methods of analysis and reporting.

(7) **Butner Hospital Information Technology Initiative (DHIT)**. The purpose of DHIT is to design and build a new state-of-the-art psychiatric hospital IT infrastructure capable of providing the highest quality of services for clients while correcting archaic information service technologies and creating an IT solution that is cost effective, scalable, reliable, and provides long-term benefits to the Butner facility and its clients. The Butner facility will serve as a model for other facilities throughout the States. DHHS plans for the Butner facility to be a state-of-the-art (paperless, wireless) facility since the facility's structural design cannot accommodate an extensive number of paper records. Without the DHIT program the Clinical Care and Client Management System (CCSMS) cannot be fully implemented.

(8) **Clinical Care and Client Management System (CCCMS)**. The purpose is to implement comprehensive, seamless, fully integrated clinical care and client management automated systems that will support the current and future automation needs of health, developmental disabilities and substance abuse facilities, and electronic health records. The initial implementation of the program will be at new psychiatric hospital to be constructed in Butner. Program benefits include improving client care and safety, improving efficiencies within the nursing and clinician processes, improving utilization of limited critical resources and reducing operating costs, assisting with the development of electronic health records and enhancing capability in maintaining State and Federal regulatory compliance and national certifications. The risks of not implementing the CCCMS program are continued use of disparate, duplicated systems, resources and costs across MH/DD/SAS facilities, the continued opportunity for error and negative impact to client service/safety, and the inefficient use of limited critical staff. There is also the adverse impact of meeting Federal regulations necessary in obtaining Medicare and Medicaid reimbursement

(9) **NC Time Information Management Effort (NC TIME)**. The purpose of NC TIME is to implement an automated, commercial-off-the-shelf time and attendance solution that fulfills mandatory requirements of participating agencies. Benefits include reducing the cost and errors associated with manual timekeeping and to automate the current manual process. The risks of not implementing NC TIME include incorrect payroll, data entry errors and arithmetical errors.

(10) **DHHS Security Project**. The purpose the DHHS Security Project is to demonstrate due diligence toward complying with Federal and State standards for information security in automated systems.

(11) **NC Immunization Registry (NCIR)**. The purpose of NCIR is to replace the existing NC Immunization Registry with a system that will provide timely access to complete, accurate and relevant immunization data needed for State and Federal reporting. The risks involved in not implementing the NCIR program are the Department's inability to monitor vaccines and target interventions.

(12) **Information and Referral (I&R)**. The purpose of I&R is to enable providers with the ability to respond more effectively to community, county, regional, and statewide requests for health and human services information and referrals.

(13) **Client Services Data Warehouse (CSDW) Migration**. This program will ensure that data is kept available for longer periods of time and provide higher server availability. Database crashes are likely if the CSDW program is not implemented.

Ms. Taylor reviewed the projected budgetary/funding requirements for key NC DHHS initiatives. (Attachment V).

Rep. Barnhart asked Secretary Carmen Hooker-Odom about the EDS audit. Sec. Hooker-Odom briefly explained audit and stated that matter is now in hands of the NC Attorney General's office.

Rep. Barnhart and Sen. Blake inquired if storage space for records was a problem. Mr. Cansler responded that obtaining secured storage space was a problem and that the Department was reviewing matter.

Sen. Dannelly asked staff to provide him with a further breakdown on SAM (page 26 of handout).

Chair Insko adjourned meeting at 9:53 a.m.

Verla Insko

Representative Verla Insko, Chair

Pamela J. Evans

Pamela J. Evans, Committee Clerk

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/30/05														
INSKO, Verla CHAIR	✓														
BARNHART, Jeff CHAIR	✓														
FARMER-BUTTERFIELD, Jean VICE-CHAIR	✓														
HOLLO, Mark VICE-CHAIR	✓														
ALLEN, Bernard	✓														
CURRENT, William	✓														
ENGLAND, Bob	✓														
STAM, Paul															
WRIGHT, Tom															
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

ATTENDANCE

SENATE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	3/30/05														
PURCELL, William CHAIR	✓														
MALONE, Vernon CHAIR	✓														
DANNELLY, Charlie VICE-CHAIR	✓														
FORRESTER, James	✓														
BERGER, Doug	✓														
BLAKE, Harris	✓														
EAST, Don	✓														
KERR, John	✓														
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

DHHS Information Technology Initiatives

Joint Appropriations Subcommittee on Health and Human Services

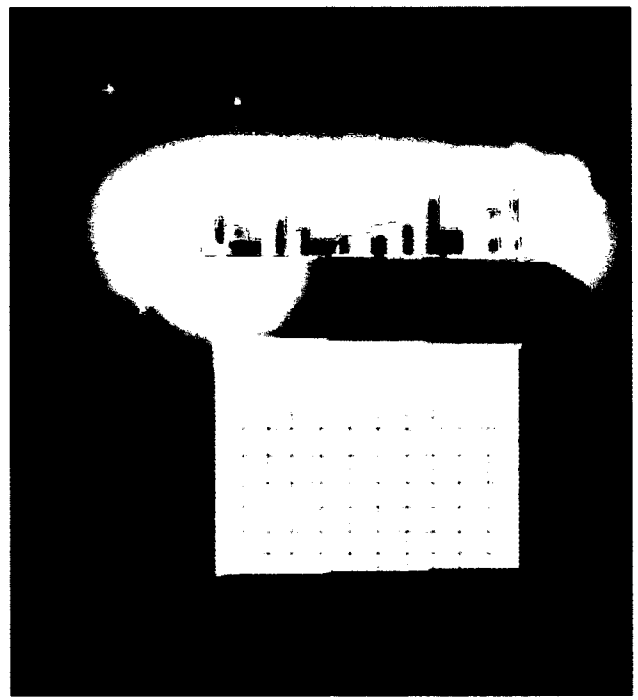
March 30, 2005

Attachment IV

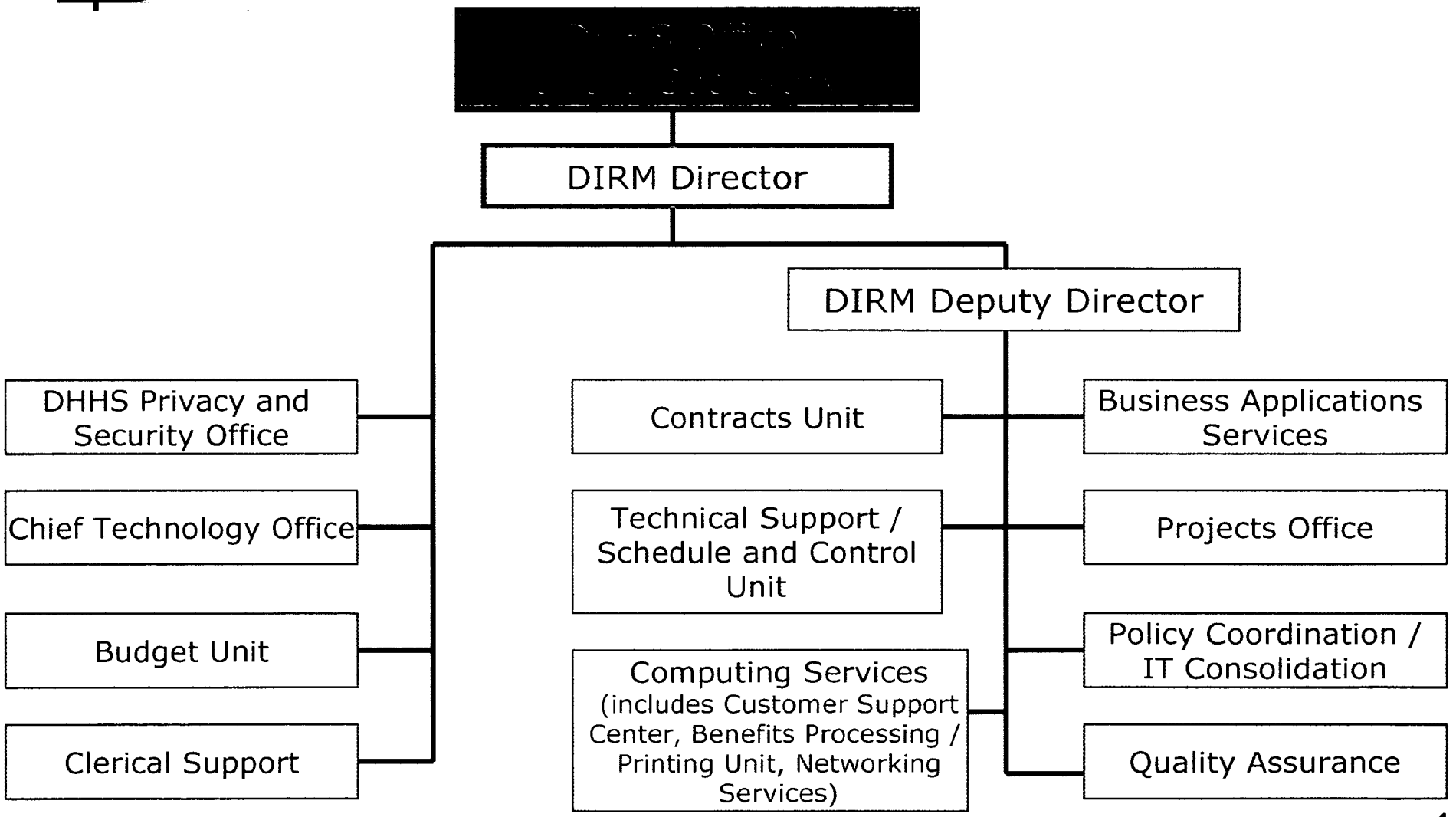
Agenda

- Executive Management Introduction
- DHHS IT Overview
- Key Projects
- Questions - Discussion

DHHS Executive Management Introduction



DIRM IT Functional Structure



DHHS Approach to IT Initiatives

- Collaborate with DHHS Business Divisions, Counties, and Local Governments to ensure all IT Initiatives are driven by business needs
- Perform strategic planning for retirement of legacy applications
- Develop DHHS Business and Technical Architecture
- Utilize centralized project management office
- Implement departmental performance management contract standards for IT contracts (i.e., fixed costs and deliverables-based with performance measurements)

DHHS Approach to IT Initiatives – cont'd

- Focus on opportunities for implementing cross-divisional applications/ systems to prevent redundancy, provide for cost efficiencies, and facilitate sharing of information / data across program areas
- Place emphasis on implementing commercial-off-the-shelf (COTS) or government-off-the-shelf (GOTS) systems to reduce costs and timelines for implementation
- Utilize phased approach to deliver system functionality faster
- Recognize the importance of building implementation teams with an appropriate mix of both skilled business and technical subject matter experts (SMEs)
- Implement common / reusable components such as application interfaces and modules

DHHS Key IT Initiatives

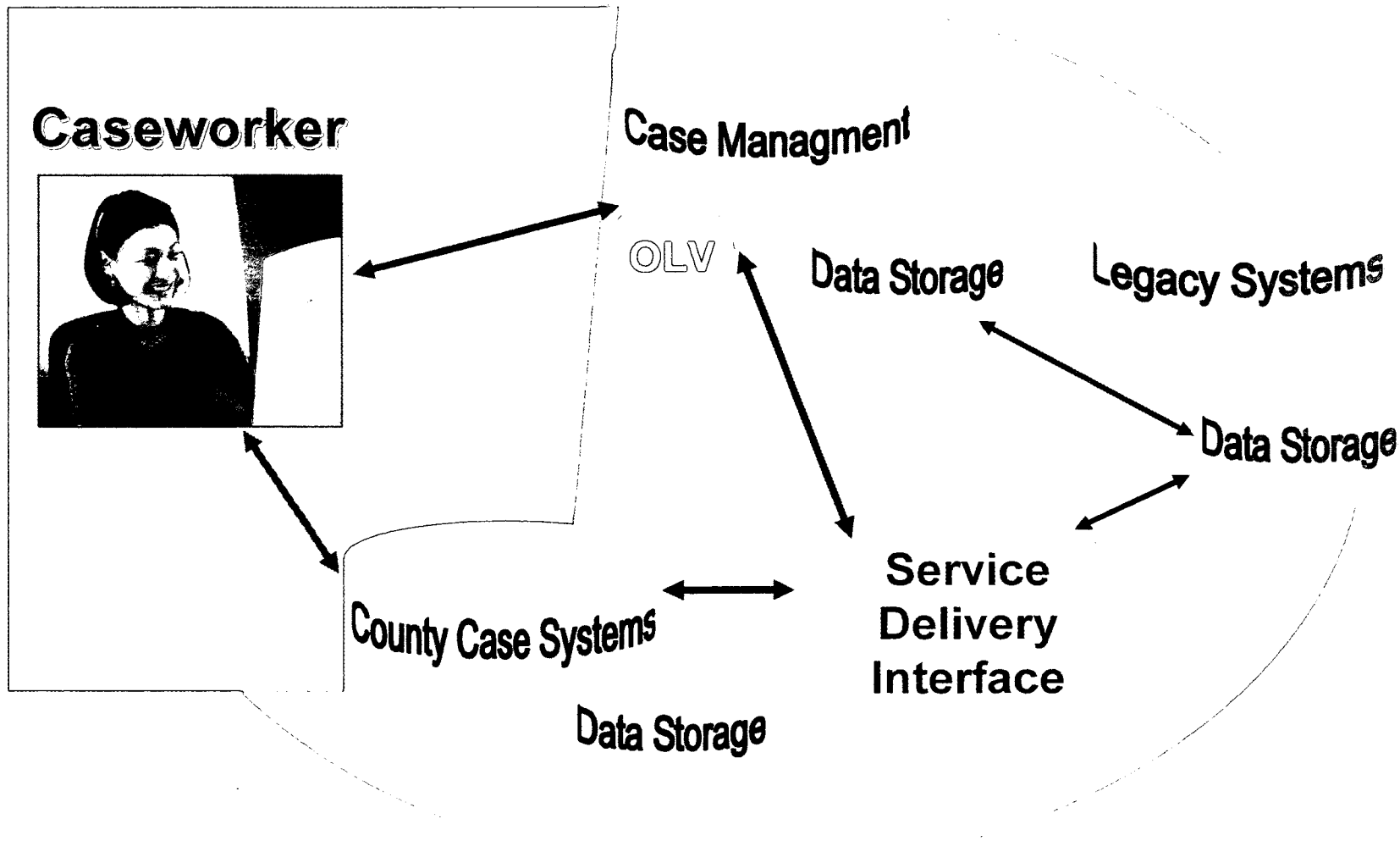
- **DHHS is currently either in the planning or implementation phases for 13 key IT initiatives:**
  - NC FAST – NC Families Accessing Services through Technology
  - NCLeads – Medicaid Management Information System + Replacement
  - Vital Records
  - HIS – Health Information System
  - SAM – State Agency Model
  - NC EDSS – NC Electronic Disease Surveillance System
  - BHIT – Butner Hospital Information Technology Project
  - CCCMS – Clinical Care and Client Management System
  - NC TIME – NC Time Information Management Effort
  - DHHS Security Project
  - NCIR – NC Immunization Registry
  - I&R – Information and Referral
  - CSDW Migration – Client Services Data Warehouse Infrastructure Upgrade

NC Families Accessing Services through Technology (NC FAST)

- **Purpose:**
  - Provide family-centered services by means of an automated, seamless service delivery process

- **Business Stakeholders:**
  - Division of Social Services
  - Division of Child Development
  - Division of Medical Assistance
  - Division of Aging and Adult Services

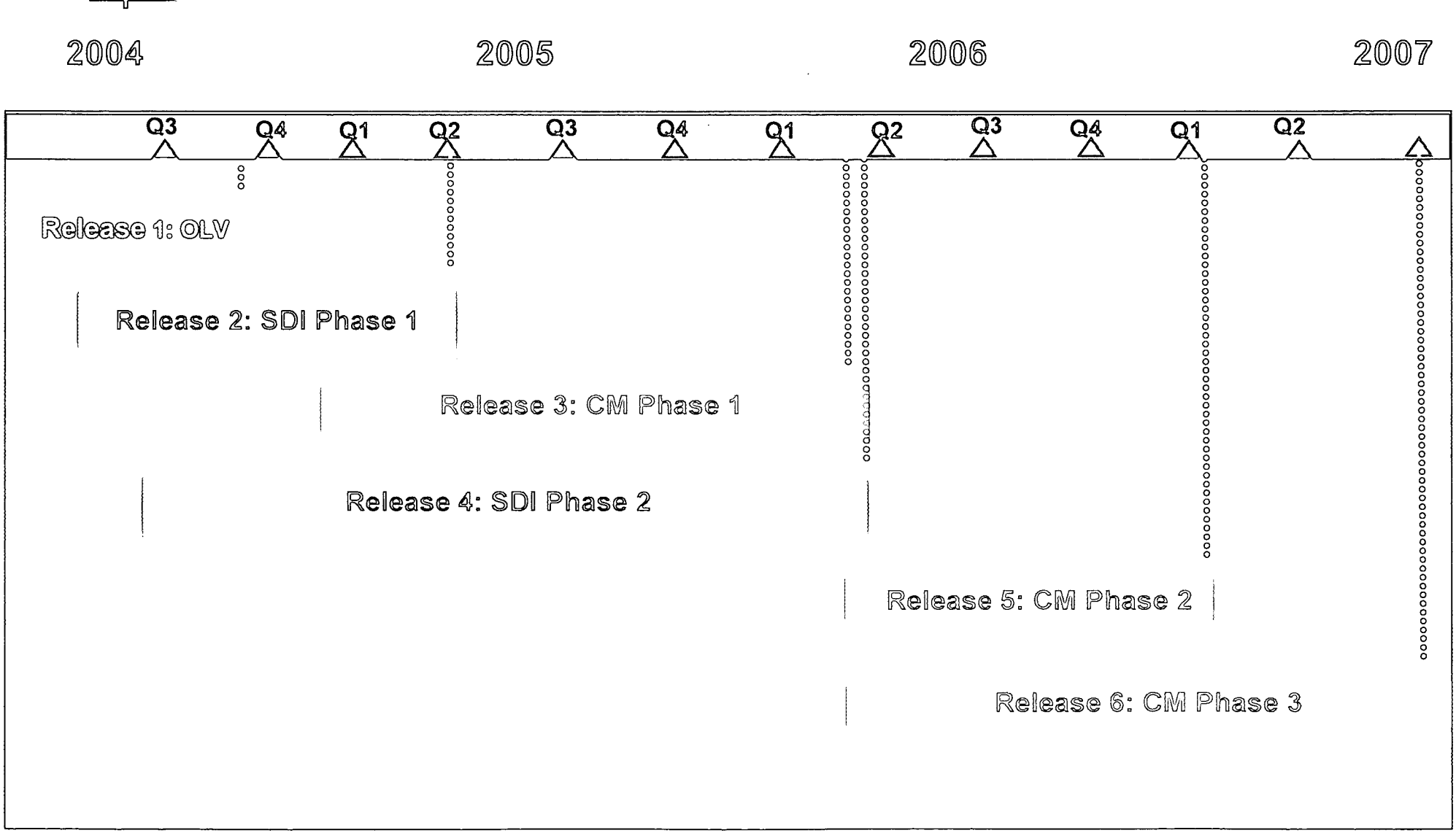
NC FAST – cont'd



NC FAST – cont'd

- **IT / Business Benefits:**
  - Family-centric service delivery
  - Shared information
  - Improved communications
  - Time savings
  - Outcome measurements
- **Risks If Not Implemented:**
  - Unable to provide comprehensive, effective and efficient services across program areas
  - Unable to improve services and measure outcomes
  - Unable to improve Case Management
  - Inability to prevent tragedies for children, the elderly, and their families

NC FAST – High-level Timeline

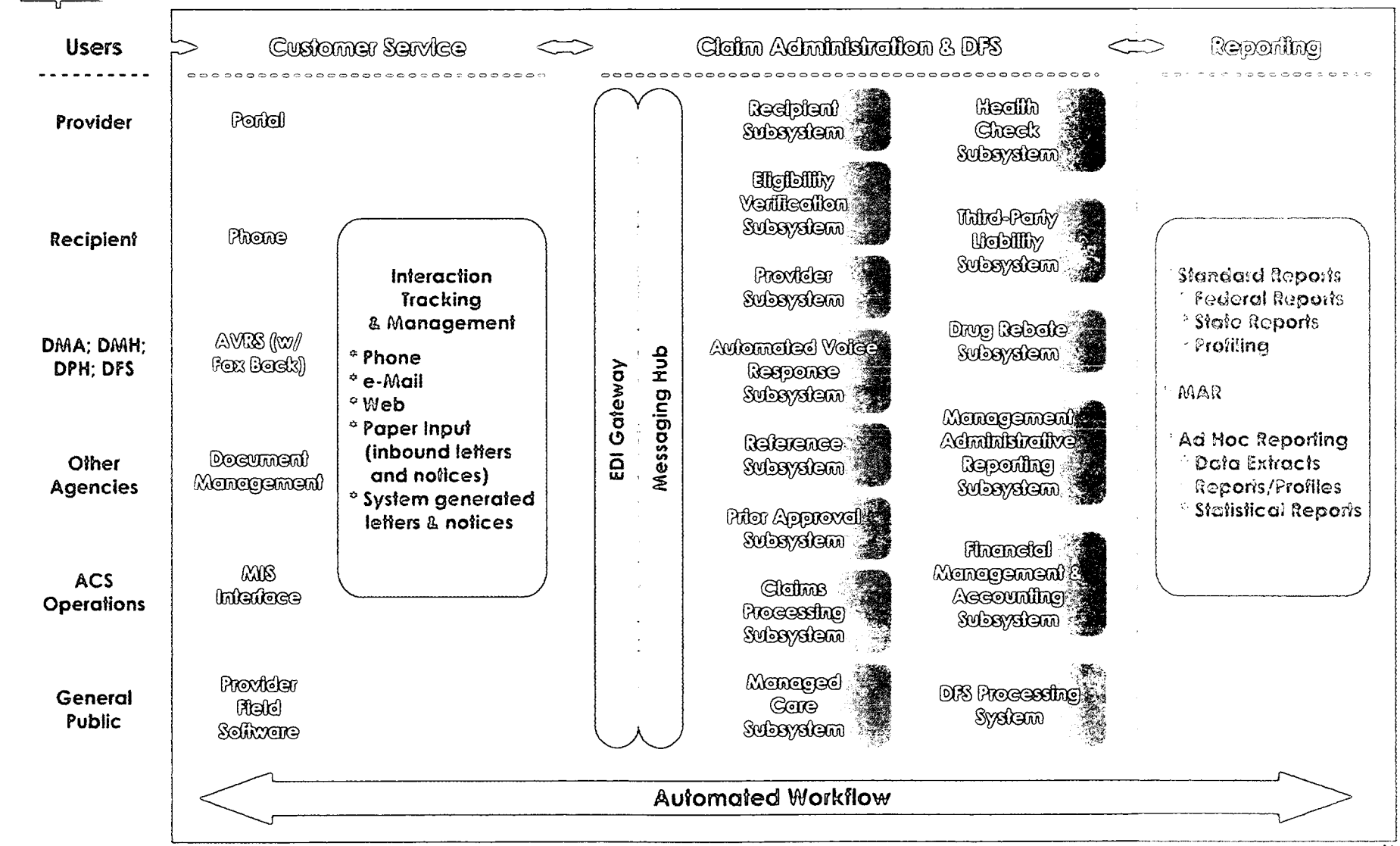


NCLeads

- **Purpose:**
  - Replace the current NC Medicaid Management Information System (MMIS) with a new system named *NCLeads*.
  - *NCLeads* will provide multi-payer functionality across departmental health care services and provider certification

- **Business Stakeholders:**
  - Division of Medical Assistance
  - Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
  - Division of Public Health
  - Division of Facility Services
  - 60,000+ Providers of Healthcare and related services
  - 1.1+ million Healthcare Recipients

NCLeads – cont'd



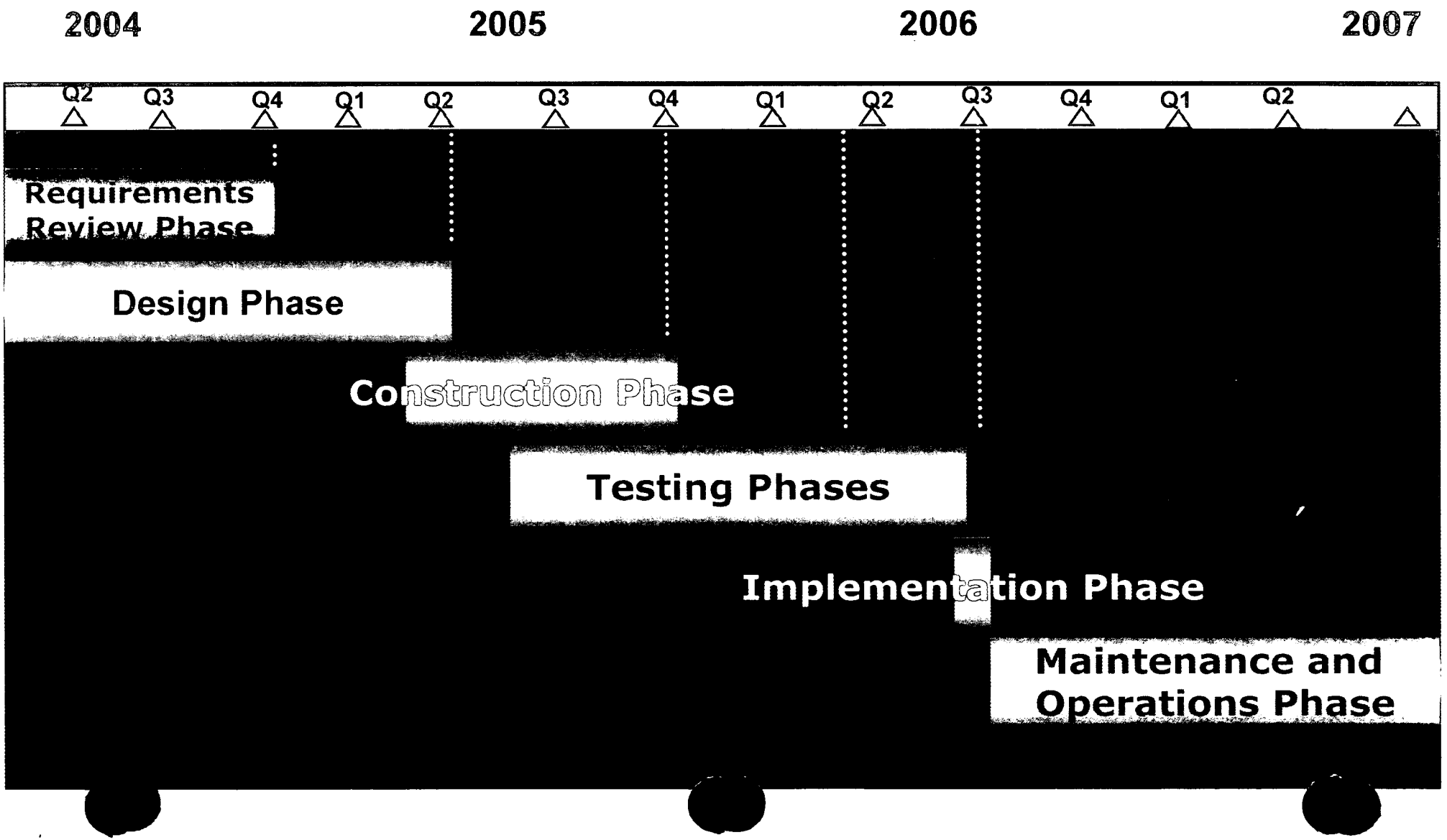
NCLeads – cont'd

- **Some of the IT/Business Benefits are:**
  - Reduce administrative and operating costs
  - Improve detection of waste, fraud, and abuse across programs
  - Provide for robust vendor/contract management controls
  - Reduce State outlay for Medicaid through enhanced recovery from supplemental insurance carriers
  - Allow the State to better analyze program results and suggest improvements in Medicaid management
  - Enable more efficient and effective service to the beneficiaries of healthcare services
  - Allow providers access to information on a 24x7 basis

NCLeads – cont'd

- Risks associated with not implementing *NCLeads* include the following:
  - Potential loss of Federal Funding for the MMIS implementation
  - Potential reduction in Federal Funding for the operations of the Medicaid program
  - Additional cost of remediation the current MMIS for HIPAA Security and National Provider Identifier (NPI)
  - Loss of the MMIS operations cost savings with the implementation of new systems, e.g.:
    - Mississippi had 46% cost reduction first year; 52% 2nd year
    - Texas had 44% cost reduction in the first year

NCLeads High-level Timeline



Vital Records

- **Purpose:**
  - Implement an integrated commercial-off-the-shelf product that will support the current and future Vital Records automation needs with minimal customization

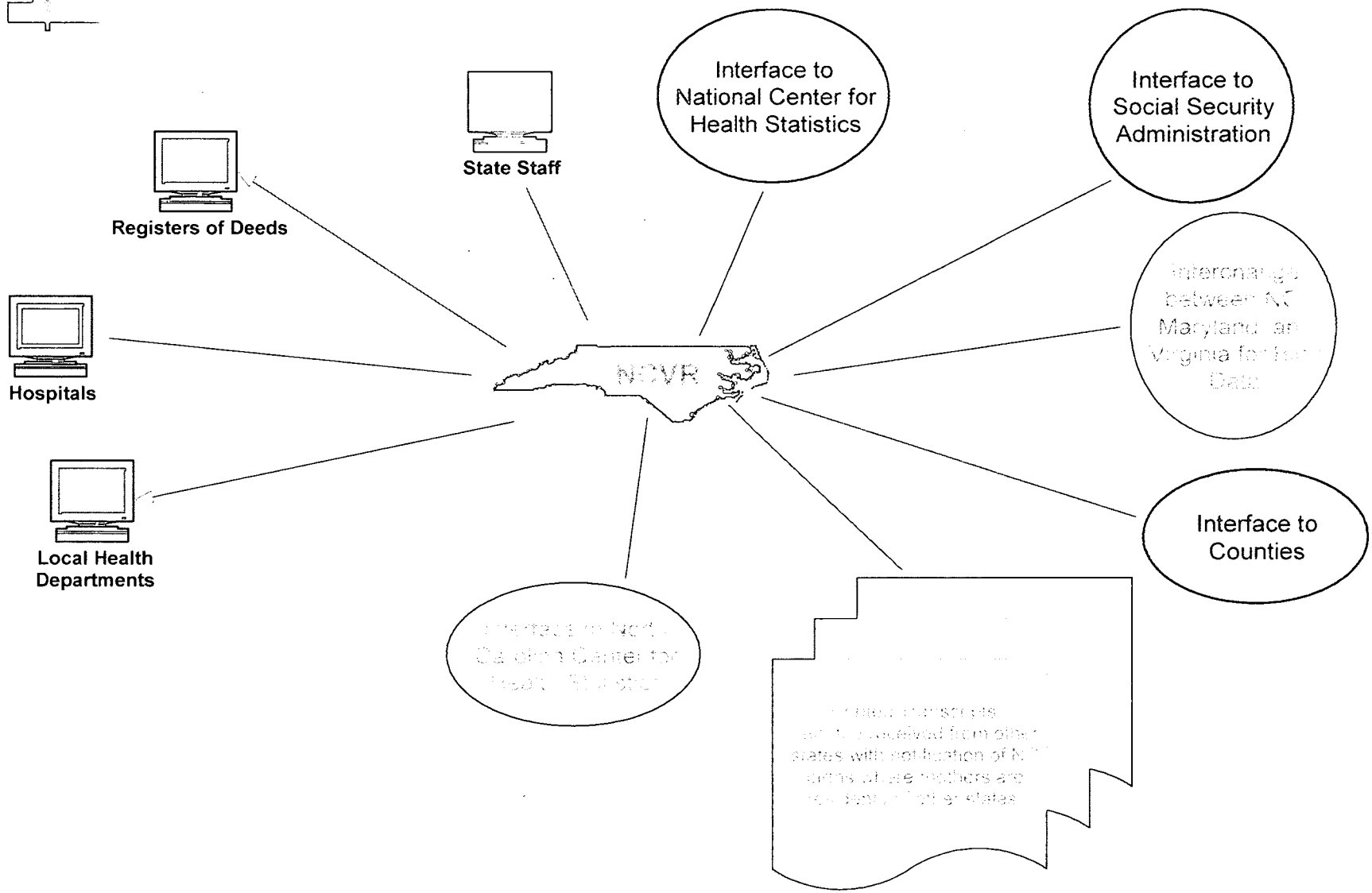
- **Business Stakeholders:**
  - Division of Public Health
  - Local Health Departments
  - Registers of Deeds
  - Birth facilities throughout the State.

Vital Records – cont'd

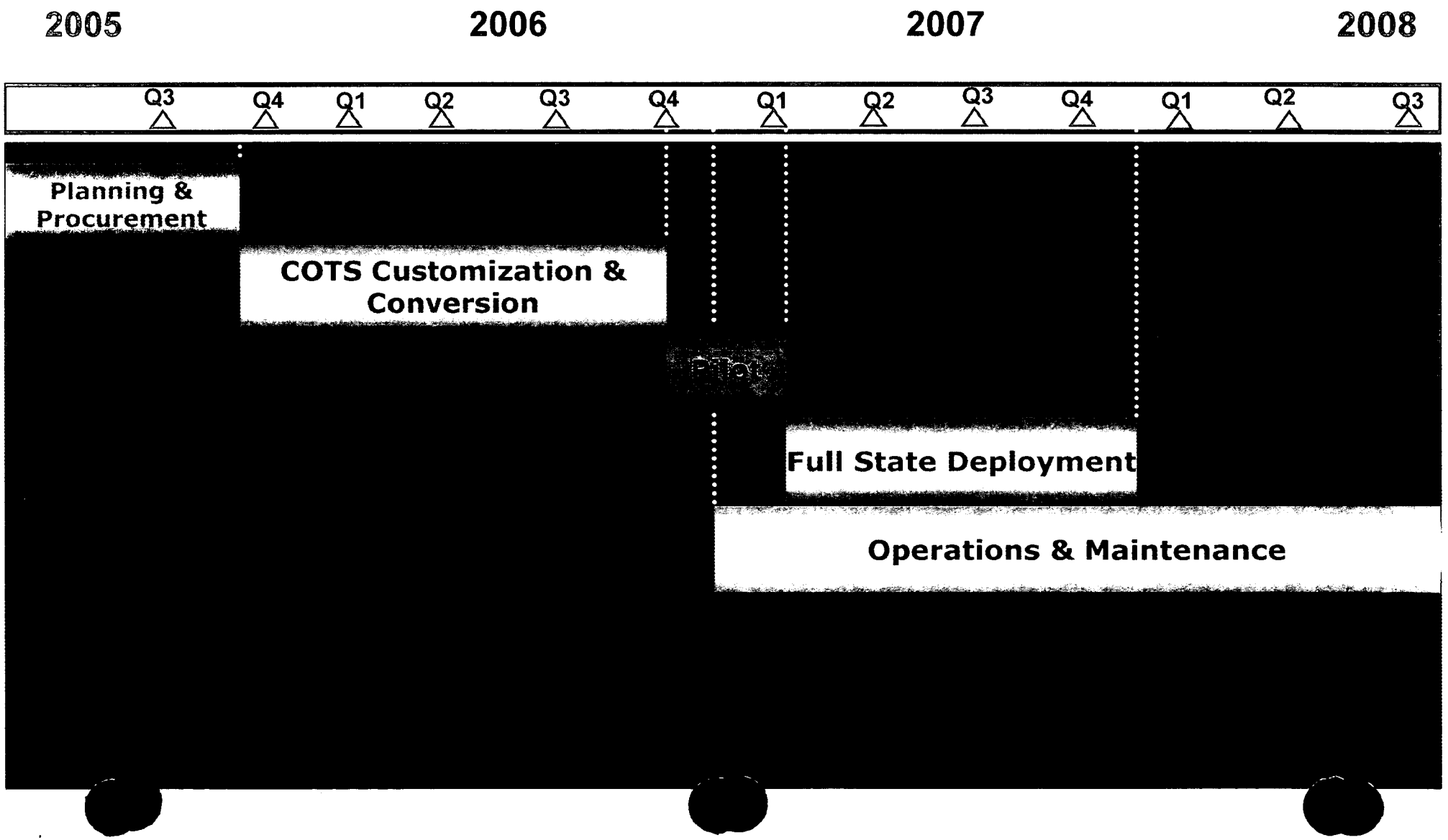
- **IT / Business Benefits:**
  - Alleviate existing business process inefficiencies and current systems limitations
  - Prepare NC Vital Records and the State Center for Health Statistics for the current national initiative to re-engineer vital records systems
  - Provide new capabilities for quality control, accounting, and vital records maintenance

- **Risks If Not Implemented:**
  - No consolidated system – users have to use multiple home grown application to perform their duties
  - Current system is very outdated and utilizes software (DOS) no longer supported
  - Unable to improve services
  - Increased time and resources to retrieve records
  - Increased complexity to process vital records

Vital Records – cont'd



Vital Records – High-level Timeline

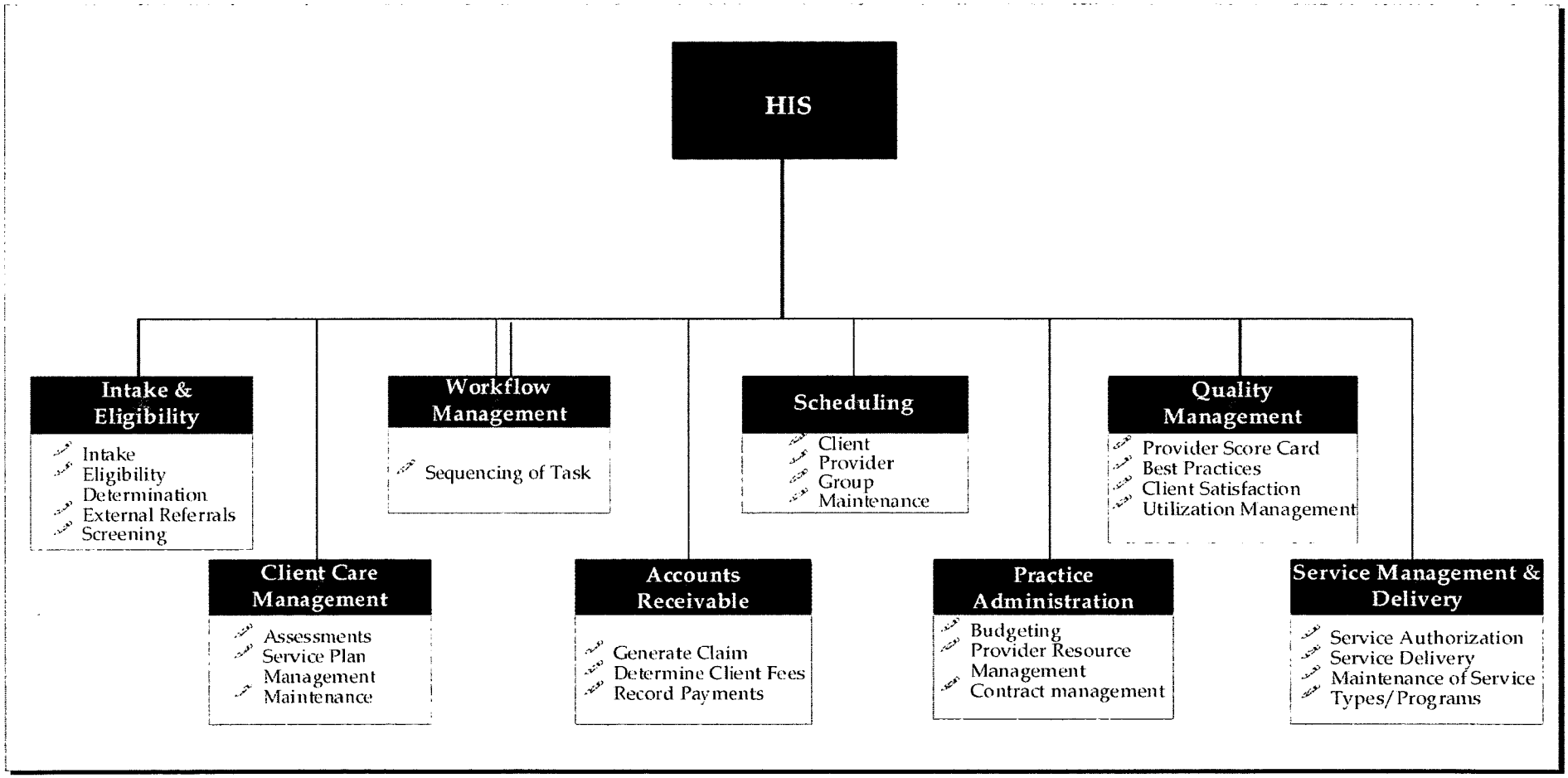


Health Information System (HIS)

- **Purpose:**
  - Implement a fully integrated, automated health information system to support the needs of NC Public Health, Mental Health, and the Medicaid Community Care Networks

- **Business Stakeholders:**
  - Division of Public Health
  - Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
  - Office of Research, Demonstrations, and Rural Health Development
  - Local Public Health Departments
  - Local Managing Entities (Area Programs)
  - Community Care of NC network providers

HIS – cont'd


HIS
Intake & Eligibility
Intake
Eligibility Determination
External Referrals
Screening
Workflow Management
Sequencing of Task
Scheduling
Client
Provider
Group
Maintenance
Quality Management
Provider Score Card
Best Practices
Client Satisfaction
Utilization Management
Client Care Management
Assessments
Service Plan Management
Maintenance
Accounts Receivable
Generate Claim
Determine Client Fees
Record Payments
Practice Administration
Budgeting
Provider Resource Management
Contract management
Service Management & Delivery
Service Authorization
Service Delivery
Maintenance of Service Types/Programs

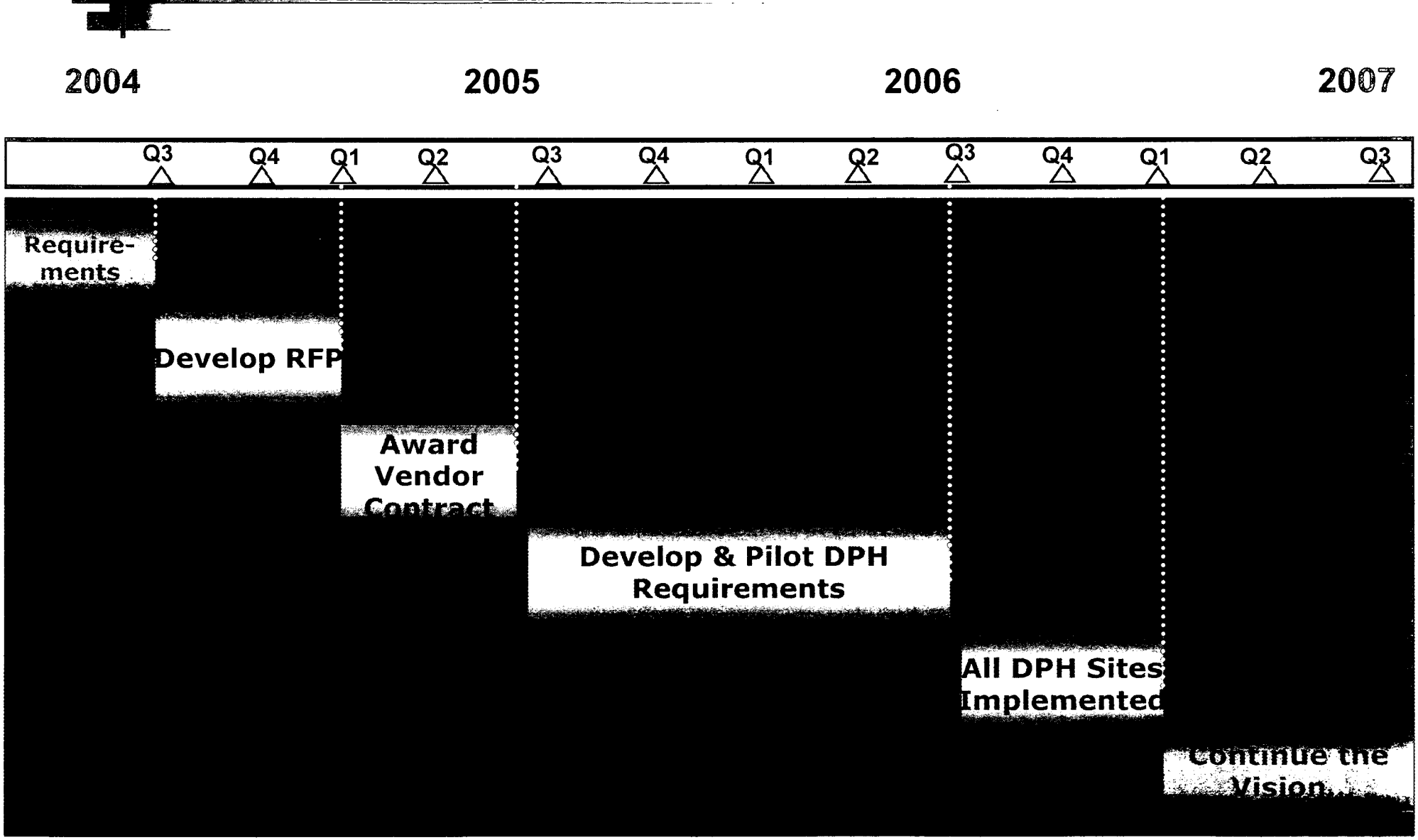
HIS – cont'd

- IT / Business Benefits:
  - Promote collaboration among divisions leading to improved and uniform patient care
  - Improve productivity
  - Standardize business processes across DHHS divisions
  - Promote data sharing across DHHS divisions
  - May realize cost savings for development / ongoing maintenance costs via replacement of several inefficient legacy systems
  - May increase spending power by leveraging similar requirements
  - Will provide for legacy system replacement

HIS – cont'd

- **Risks If Not Implemented:**
  - State funding will be needed to support and enhance legacy systems as follows:
    - Maintain the Case Management Information System (CMIS) – currently supported through grant funding
    - Remediate existing Health Services Information System (HSIS) and CMIS before May 2007 to accommodate HIPAA National Provider ID (NPI) requirements
    - Enhance HSIS and CMIS for use of the enterprise provider database available in NCLeads
    - Enhance HSIS to interface with NCIR to avoid double data entry
    - Enhance HSIS to interface with Comprehensive Exceptional Children's Accountability System (CECAS) to avoid double data entry
    - Add staff to HSIS maintenance team to handle certain spike in number of counties that will request support of a batch interface
    - Remediate Purchase of Medical Care System (POMCS), or increase scope of NCLeads Project, before May 2007 to accommodate HIPAA NPI requirements

HIS – High-level Timeline



State Agency Model (SAM)

- Purpose:
  - The WIC Program SAM Project is a 5-year Federal Food and Nutrition Service (FNS) initiative to plan, develop, and deploy model information systems in WIC State agencies.
- **Consortium Participants:**
  - State of North Carolina
  - State of Alabama
  - State of Virginia
  - State of West Virginia
  - US Department of Agriculture (FNS)

SAM – cont'd

- **IT / Business Benefits**
  - Build system once and replicate in consortium of states or other consortium
  - Federal funded
  - First opportunity in 30 years for WIC to update technology

- **Risks If Not Implemented:**
  - Use of legacy system outdated technology
  - Opportunity loss of first funding in 30 years

SAM – cont'd

- **Status:**
  - Four state consortium is currently in the Planning stage
  - NC is Lead state in consortium
  - Planning stages prior to SB991 submission and acquisition of Project Manager

NC Electronic Disease Surveillance System (NC EDSS)

- Purpose:
  - Implement a major component of the Public Health Information Network (PHIN) for the following purposes:
    - Collect and monitor data for disease trends and/or outbreaks to enable public heath personnel to protect the health of citizens of North Carolina
    - Facilitate the electronic transfer of appropriate information from clinical information systems in the health care system to public health departments
    - Enhance both the timeliness and quality of information provided
  - Project promotes the use of data and information system standards to advance the development of efficient, integrated, and interoperable surveillance systems at Federal, State and local levels

NC EDSS – cont'd

- **IT / Business Benefits:**
  - Data collection will be more uniform and consistent with the nation
  - The number of disease reports should increase
  - The time between the date of the disease onset and the date of the report will decrease
  - The time between the case being reported and the case being confirmed and reported to CDC will decrease due to increase in report completeness
  - The time between receipt of positive laboratory results being received and the disease report being completed and closed will decrease
  - Secure web based system will provide electronic communications between health care providers across the State to efficiently complete and investigate case reports
  - Provide an electronic receipt of disease and laboratory results
  - Provide automated case definition determination and condition forms for reporter
  - Replace the burden of paper based disease reporting processes
  - Provide faster more accurate information for setting public policy

NC EDSS – cont'd

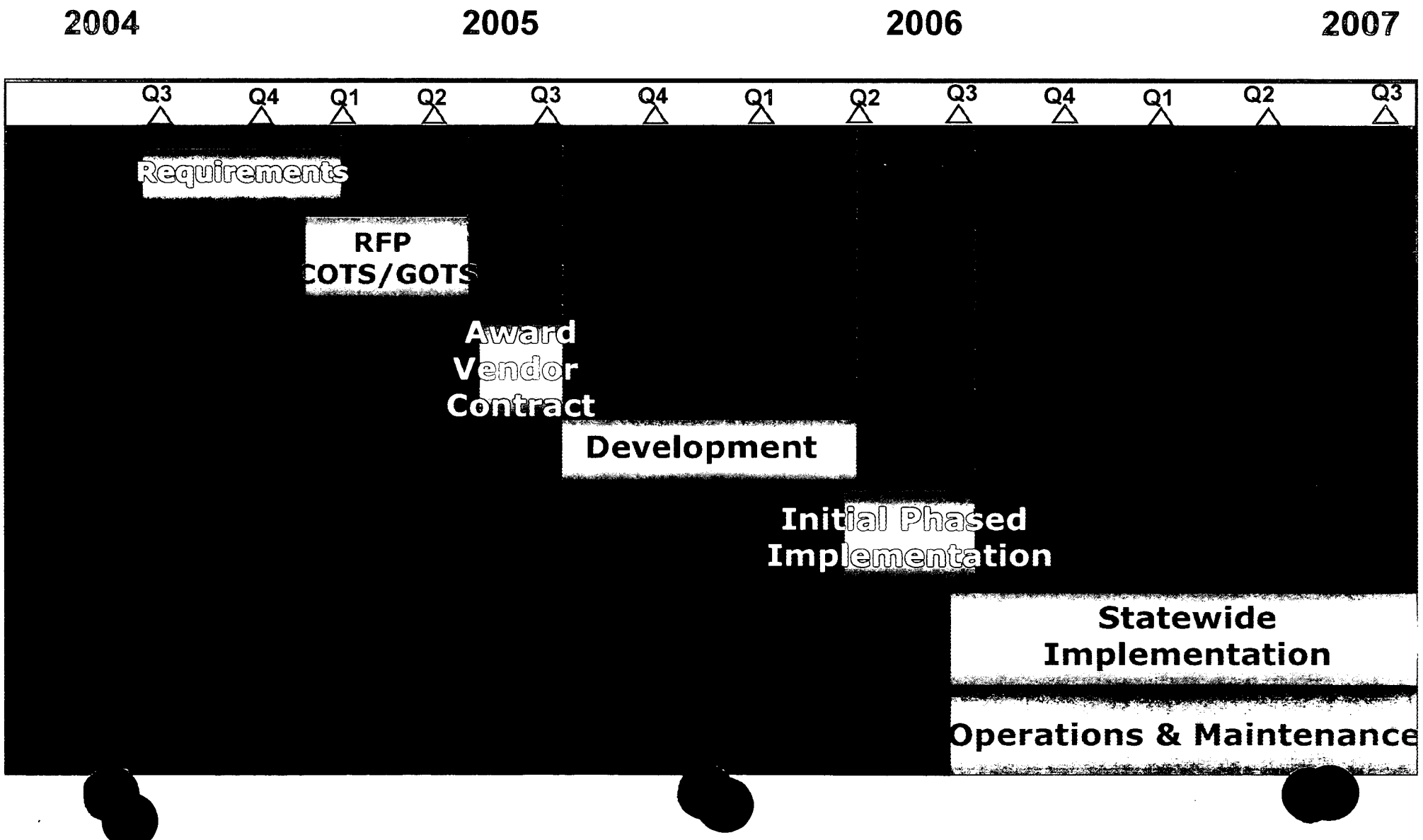
Business Stakeholders:

- Division of Public Health
- Local Health Departments
- Laboratories
- Hospitals

Risks If Not Implemented:

- Loss of opportunity to help improve health outcomes for NC citizens
- Continued use of slow manual methods of analysis and reporting
- Loss of opportunity to eliminate information silos
- Loss of Centers for Disease Control and Prevention (CDC) funding

NC EDSS – High-level Timeline



Butner Hospital Information Technology Initiative (BHIT)

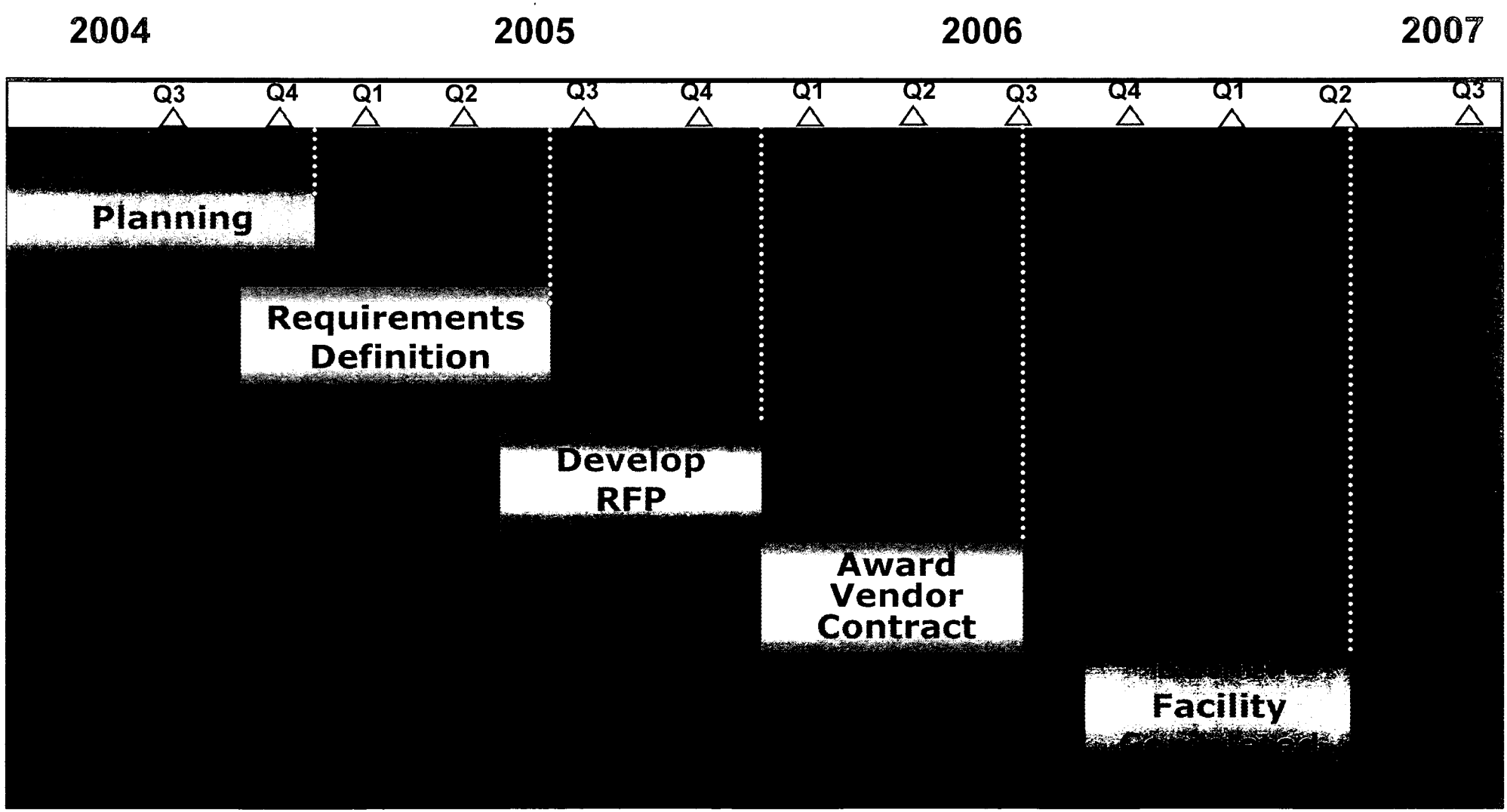
- **Purpose:**
  - Design and build a new state-of-the-art psychiatric hospital IT infrastructure capable of providing the highest quality of services for clients while correcting archaic information service technologies
  - Create an IT solution that is cost effective, scalable, reliable, and provides long-term benefit to the Butner facility and its clients; the Butner facility will serve as a model for other facilities throughout the State

- **Business Stakeholders:**
  - Division Of Mental Health, Developmental Disabilities, and Substance Abuse Services
  - Division of Property and Construction

BHIT – cont'd

- **IT / Business Benefits:**
  - Implementation of state-of-the-art technologies, paperless, and wireless environment that facilitates improved patient care by helping staff work with greater effectiveness and efficiency
- **Risks If Not Implemented:**
  - Clinical Care and Client Management Systems (CCCMS) cannot be fully implemented
  - Increased costs due to IT inefficiencies resulting in more staff and administrative burden
  - Medical staff overworked due to performance of non-automated administrative tasks not directly related to patient care
  - Structural design of new Butner facility cannot accommodate extensive number of paper records
  - DHHS plans for a state-of-the-art (paperless, wireless) facility cannot be realized

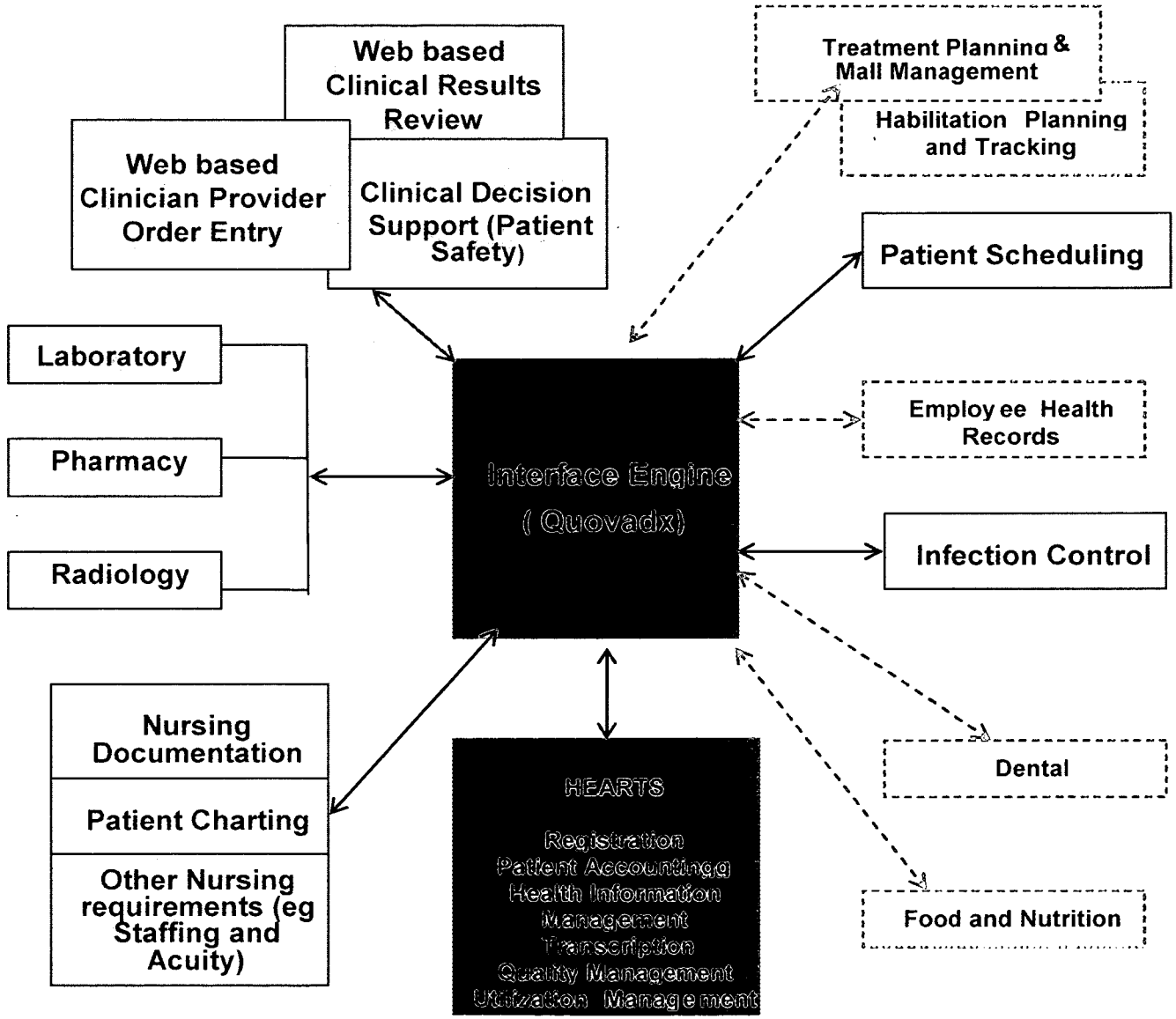
BHIT – High-level Timeline



Clinical Care and Client Management System (CCCMS)

- **Purpose:**
  - Implement comprehensive, seamless, fully integrated clinical care and client management automated systems that will support the current and future automation needs of health, developmental disabilities and substance abuse facilities and electronic health records
  - Initial implementation will occur in support of the new psychiatric hospital to be constructed in Butner
- **Business Stakeholders:**
  - Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

CCCMS – cont'd

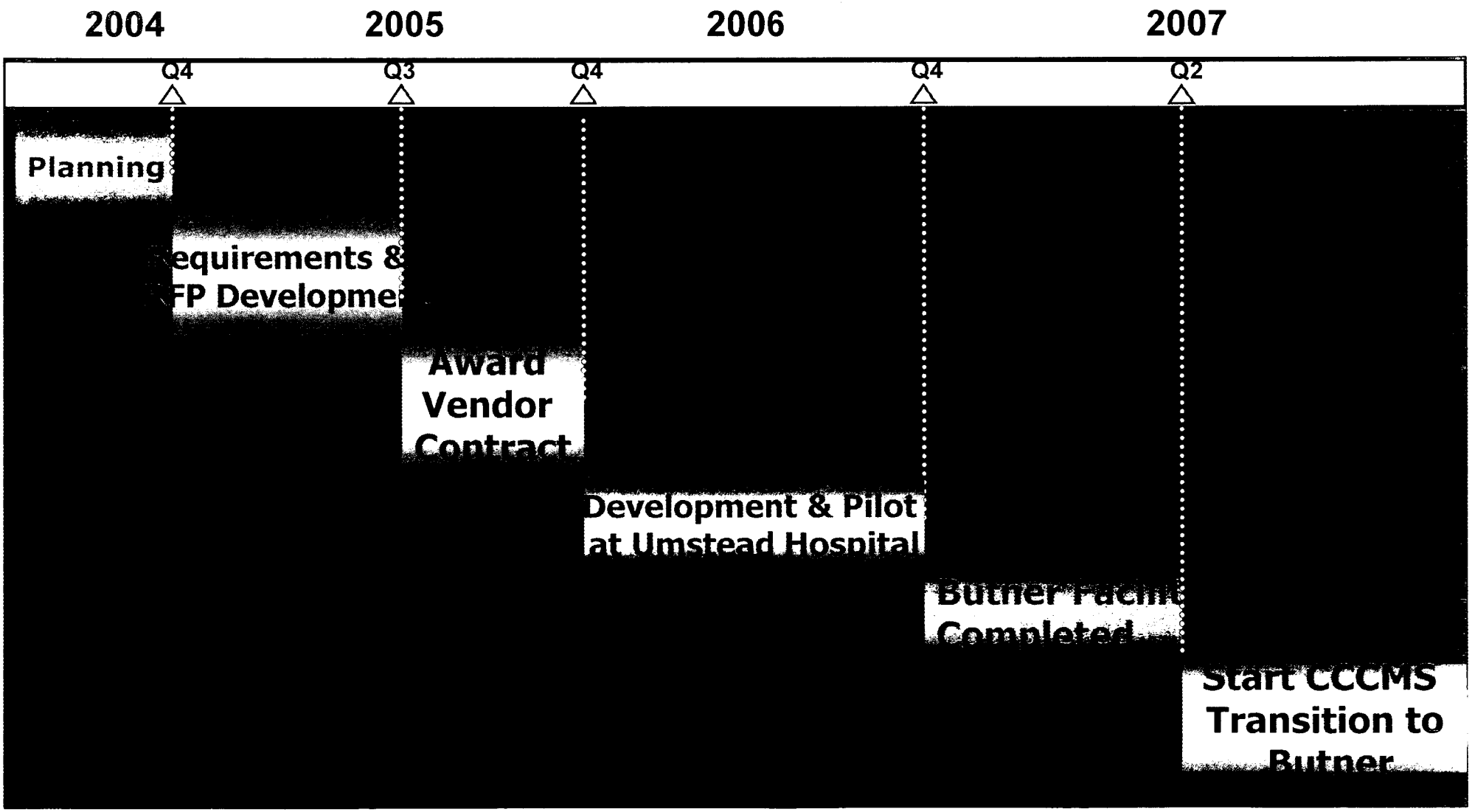

Web based Clinical Results Review
Web based Clinician Provider Order Entry
Clinical Decision Support (Patient Safety)
Treatment Planning & Mall Management
Habilitation Planning and Tracking
Patient Scheduling
Laboratory
Pharmacy
Radiology
Interface Engine (Quovadx)
Employee Health Records
Infection Control
Nursing Documentation
Patient Charting
Other Nursing requirements (eg Staffing and Acuity)
HEARTS
Registration
Patient Accounting
Health Information Management
Transcription
Quality Management
Utilization Management
Dental
Food and Nutrition

CCCMS – cont'd

- **IT / Business Benefits:**
  - Improved client care and safety
  - Improved efficiencies within the nursing and clinician processes
  - Improved utilization of limited critical resources and reduced operating costs
  - Assist with the development of electronic health records
  - Enhanced capability in maintaining State and Federal regulatory compliance and national certifications

- **Risks If Not Implemented:**
  - Continued use of disparate, duplicated systems; resources; and costs across MH/DD/SAS facilities
  - Continued opportunity for error and negative impact to client service / safety and State liability
  - Continued inefficient use and increased demands on limited critical staff
  - Adverse impact to meeting Federal regulations and maintaining accreditation and certification necessary for obtaining Medicare and Medicaid reimbursement

CCCMS – High-level Timeline



NC Time Information Management Effort (NC TIME)

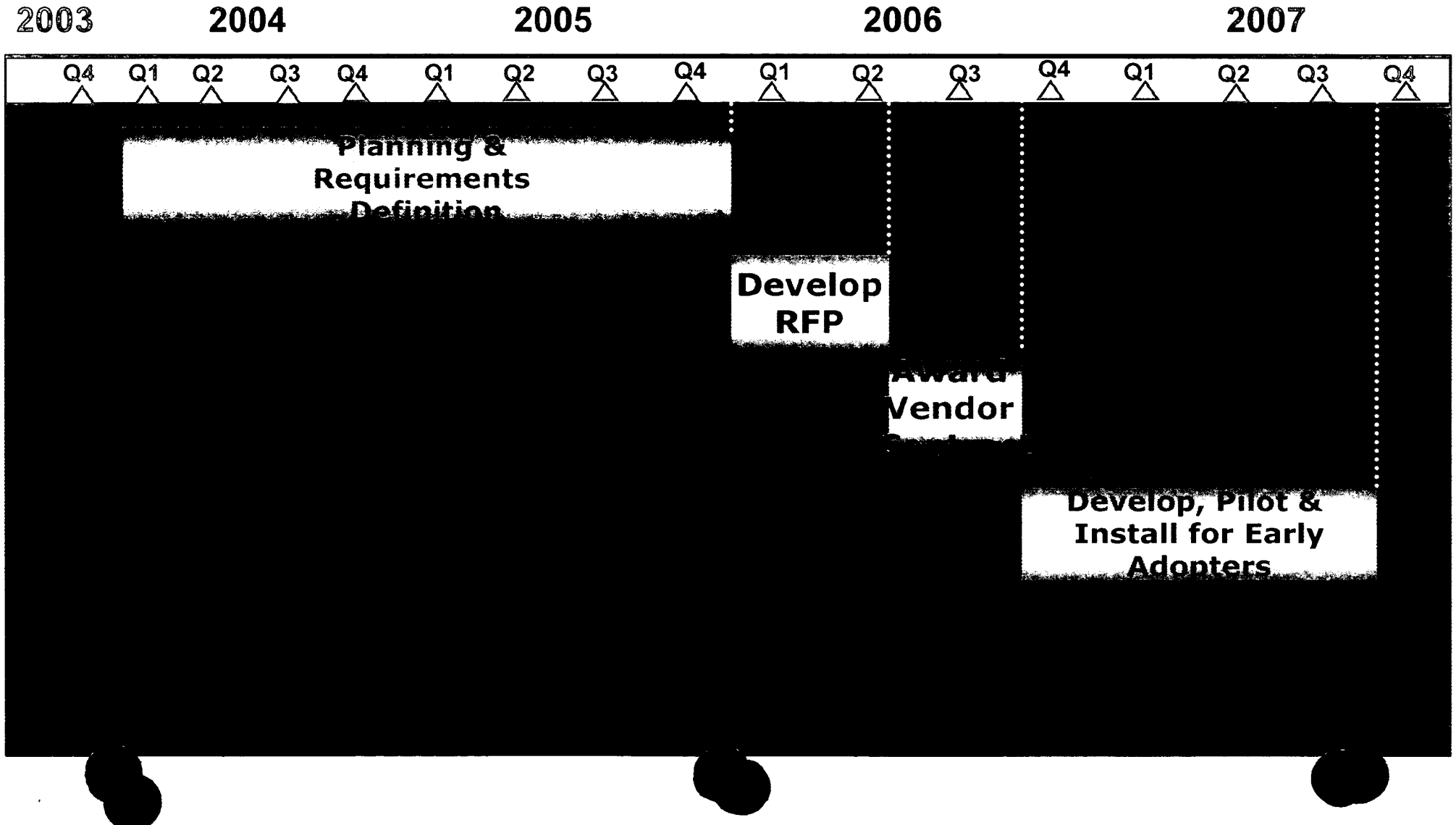
- **Purpose:**
  - Implement an automated, commercial-off-the-shelf time and attendance solution that fulfills mandatory requirements of participating agencies

- **Business Stakeholders:**
  - Dept. of Health and Human Services
  - Dept. of Correction
  - Dept. of Justice

NC TIME – cont'd

- **IT / Business Benefits:**
  - Reduce the cost and errors associated with manual timekeeping and leave accounting
  - Automation of a current manual process
- **Risks If Not Implemented:**
  - Incorrect payroll (over / under payments)
  - Data entry errors and arithmetical errors in calculation
  - Misapplication of policies and procedures related to payroll rounding / grace, leave, termination overtime, premium time, shift differential, etc.
  - Missed punch and exception tracking

NC TIME – High-level Timeline



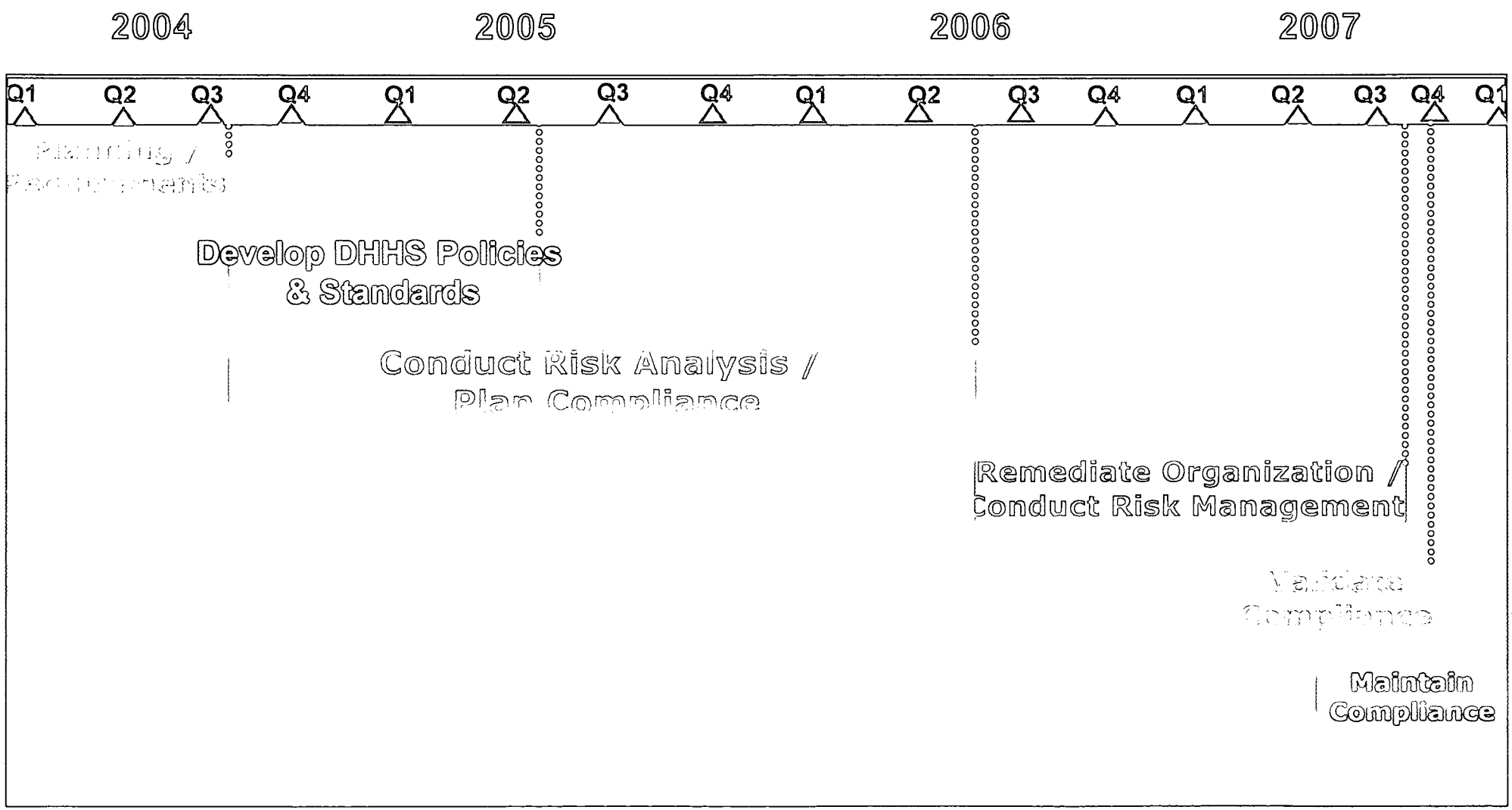
DHHS Security Project

- Purpose:
  - Demonstrate due diligence toward complying with Federal and State standards for information security in automated systems
- Business Stakeholders:
  - NC DHHS divisions and offices with HIPAA-covered components (initial Security program rollout)
  - NC DHHS divisions and offices without HIPAA-covered components (secondary Security program rollout)

DHHS Security Project

- IT / Business Benefits:
  - Reduction in the number of security breaches and violations involving sensitive citizen information
  - Protection against anticipated threats, hazards, and unauthorized uses and disclosures
- Risks If Not Implemented:
  - Unable to guard against Federal penalties for non-compliance with HIPAA
  - Lost trust of citizens

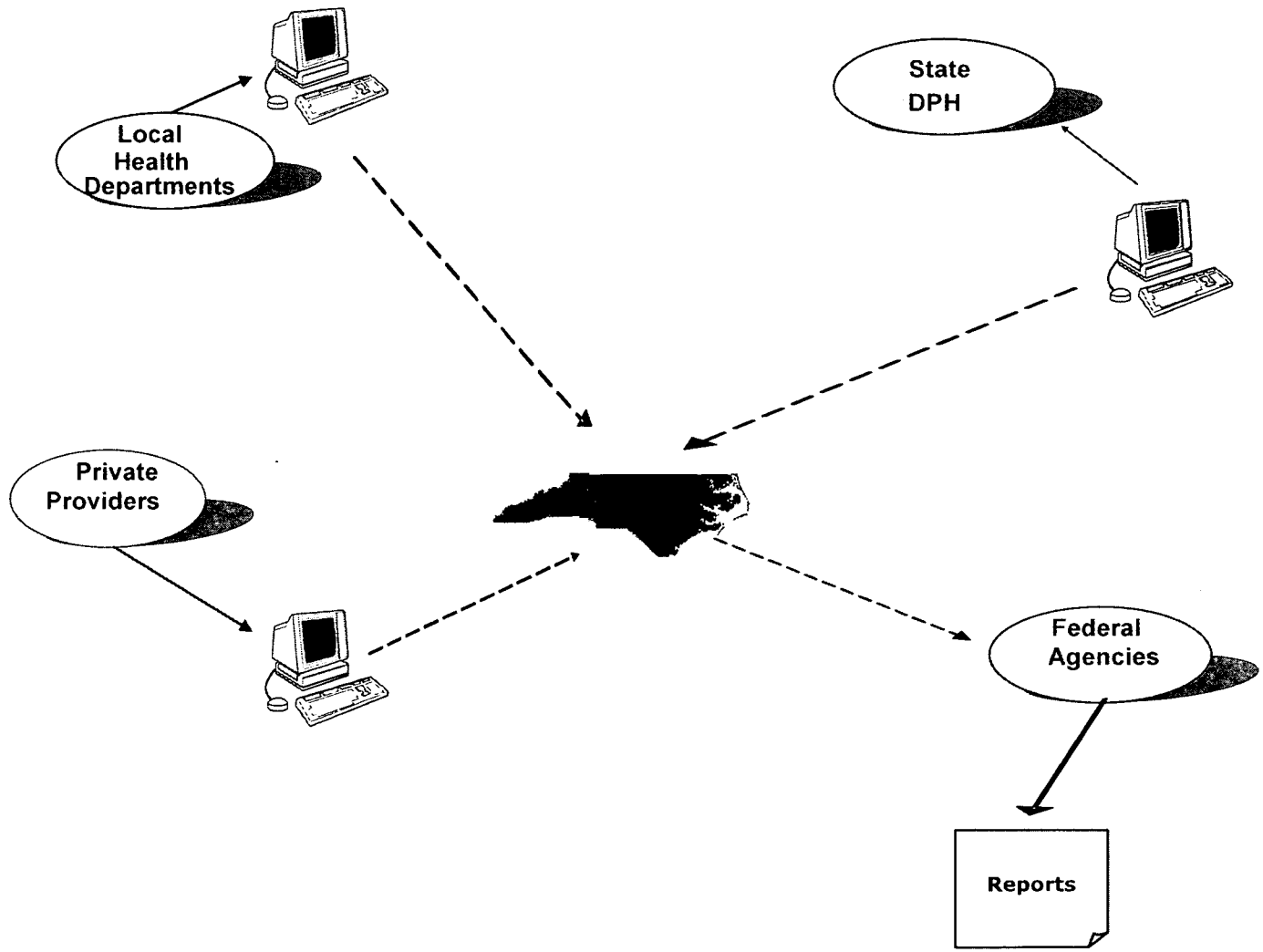
DHHS Security Project – High-level Timeline



NC Immunization Registry (NCIR)

- **Purpose:**
  - Replace the existing NC Immunization Registry with a system that will provide timely access to complete, accurate, and relevant immunization data needed for State and Federal reporting
- **Business Stakeholders:**
  - Division of Public Health

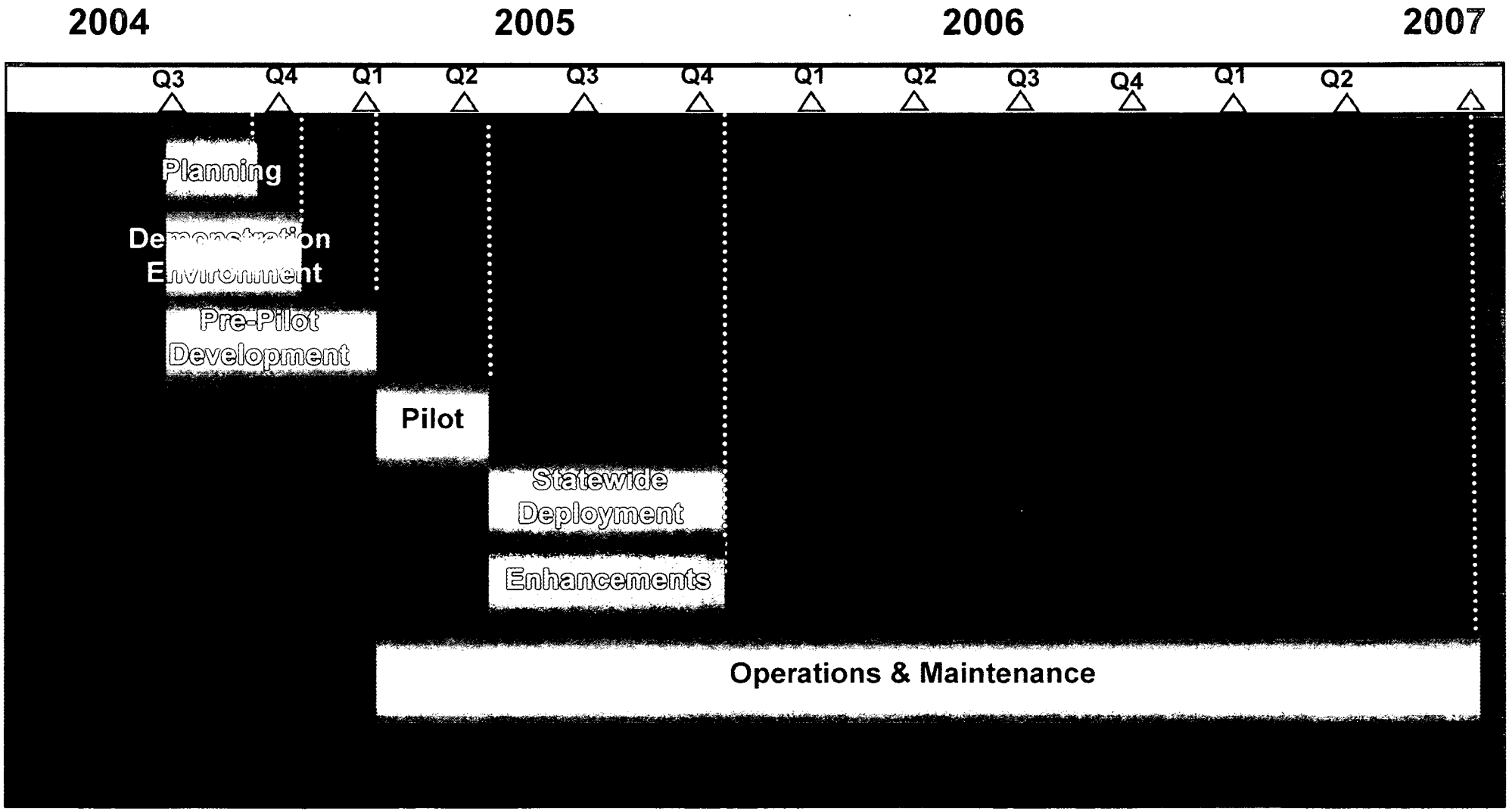
NCIR – cont'd


Local
Health
Departments
State
DPH
Private
Providers
Federal
Agencies
Reports

NCIR – cont'd

- **IT / Business Benefits:**
  - Give patients, parents, health care providers, schools, and child care facilities timely access to complete, accurate, and relevant immunization data
  - Assist in the evaluation of a child's immunization status and identification of children who need or are past due for immunizations
  - Assist communities in assessing their immunization coverage and identifying areas of under-immunization
  - Ability to meet Federal and State immunization reporting requirements
- **Risks If Not Implemented:**
  - Unable to meet Federal reporting requirements
  - 90% of State's providers unable to participate
  - Unable to monitor vaccines and target interventions

NCIR – High-level Timeline

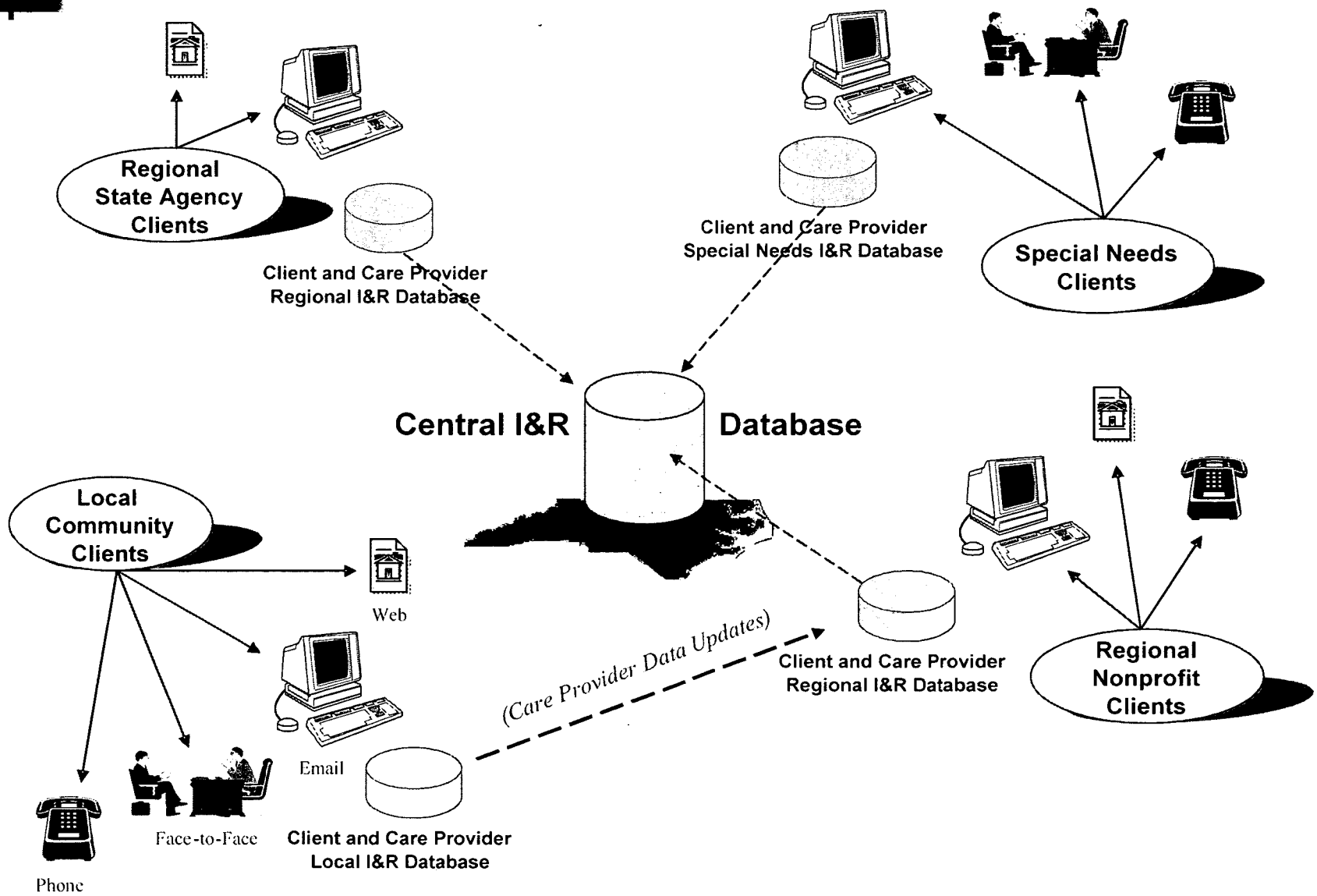


Information and Referral (I&R)

- **Purpose:**
  - Enable automated I&R service providers to respond more effectively to community, county, regional, and statewide requests for health and human services information and referrals and provide citizens who search online for care provider information with a single access point

- **Business Stakeholders:**
  - Office of Citizen Services
  - Division of Aging and Adult Services
  - Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
  - Division of Social Services
  - Regional and Local I&R entities (e.g., Northwest Piedmont Council of Governments)

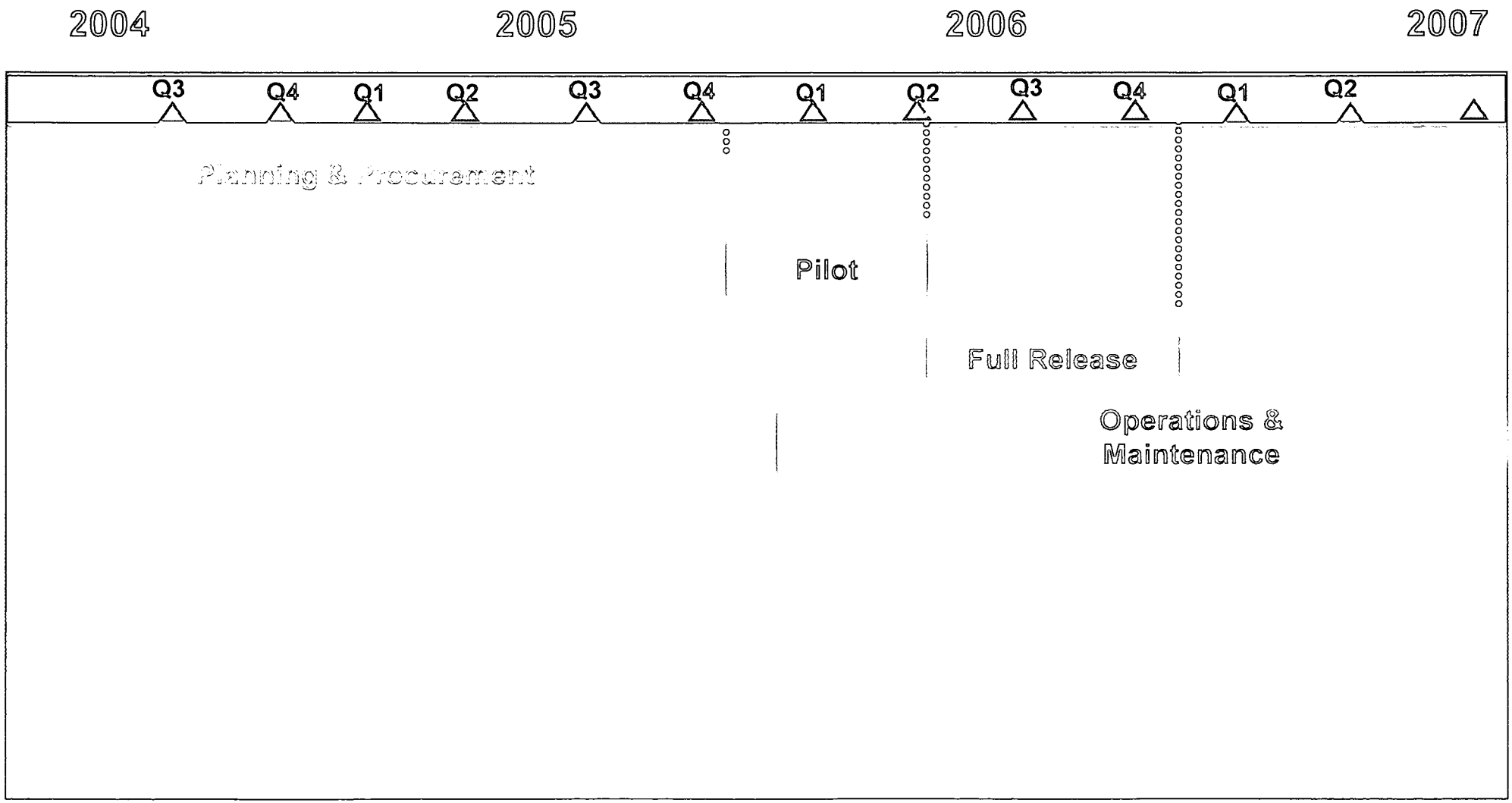
I&R – cont'd


Regional State Agency Clients
Client and Care Provider Regional I&R Database
Client and Care Provider Special Needs I&R Database
Special Needs Clients
Central I&R Database
Local Community Clients
Web
Email
Face-to-Face
Phone
Client and Care Provider Local I&R Database
(Care Provider Data Updates)
Client and Care Provider Regional I&R Database
Regional Nonprofit Clients

I&R – cont'd

- **IT / Business Benefits:**
  - Shared and consistently presented I&R resources available through a central access point
  - Reduce burden on local staff resulting increased efficiency and productivity and potential cost avoidance
  - More effective matching of services with needs by type and location, thereby aiding in the improvement of quality of life
  - Broad communication network for public dissemination of information regarding changes to programs
  - Enhanced information available for community planning
- **Risks If Not Implemented:**
  - Unable to share information and improve communications
  - Unable to improve coordination resulting in increased citizen time and energy spent finding information and help
  - Inability to identify and matching of services to the requested needs
  - Increased cost placed on limited local resources

I&R– High-level Timeline



Client Services Data Warehouse (CSDW) Migration

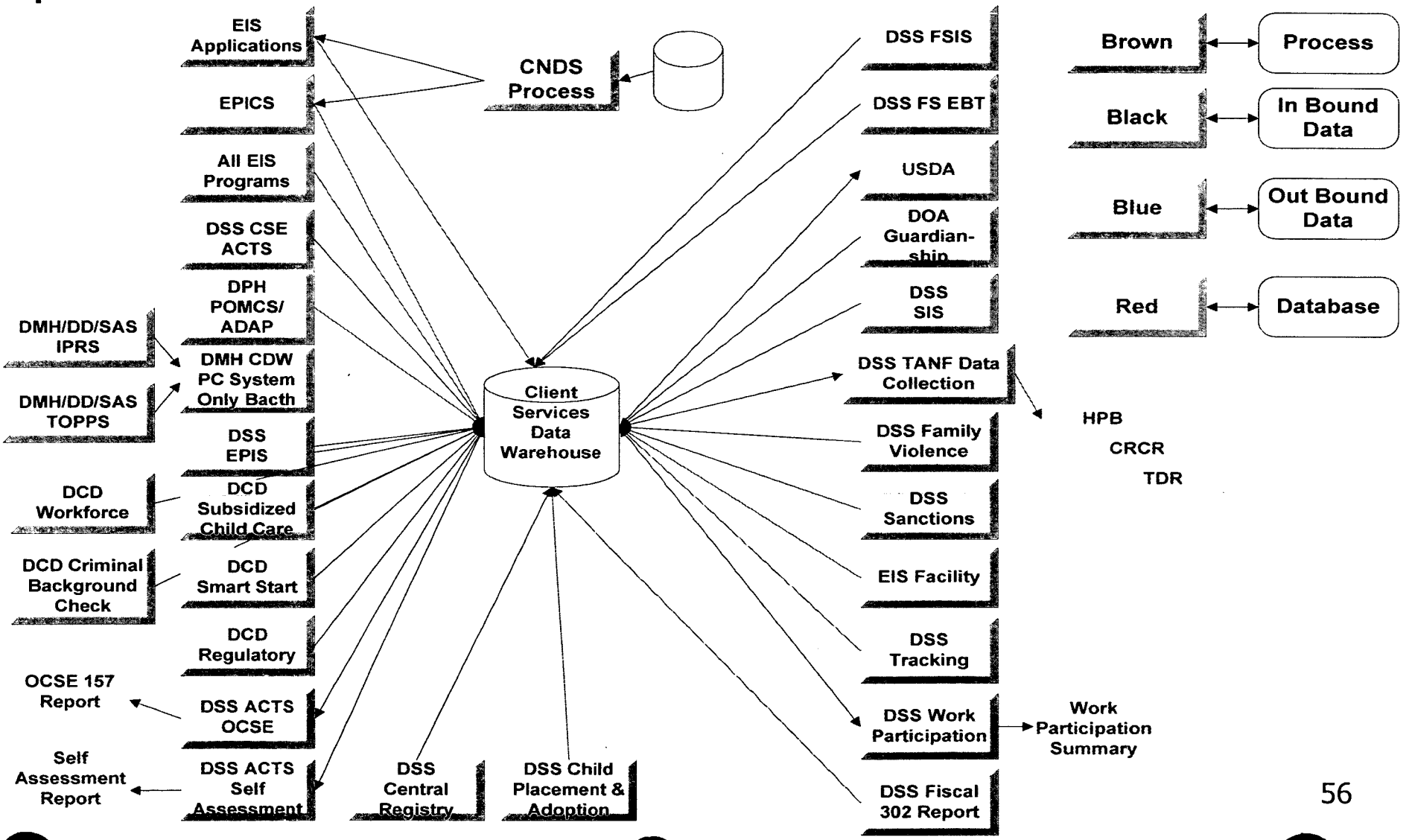
- **Purpose:**
  - Migrate the NC Client Services Data Warehouse to a scalable infrastructure that supports capacity and can accommodate growth in data volumes

- **Business Stakeholders:**
  - Division of Social Services
  - Division of Child Development
  - Division of Medical Assistance
  - Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
  - Division of Aging and Adult Services
  - Division of Public Health

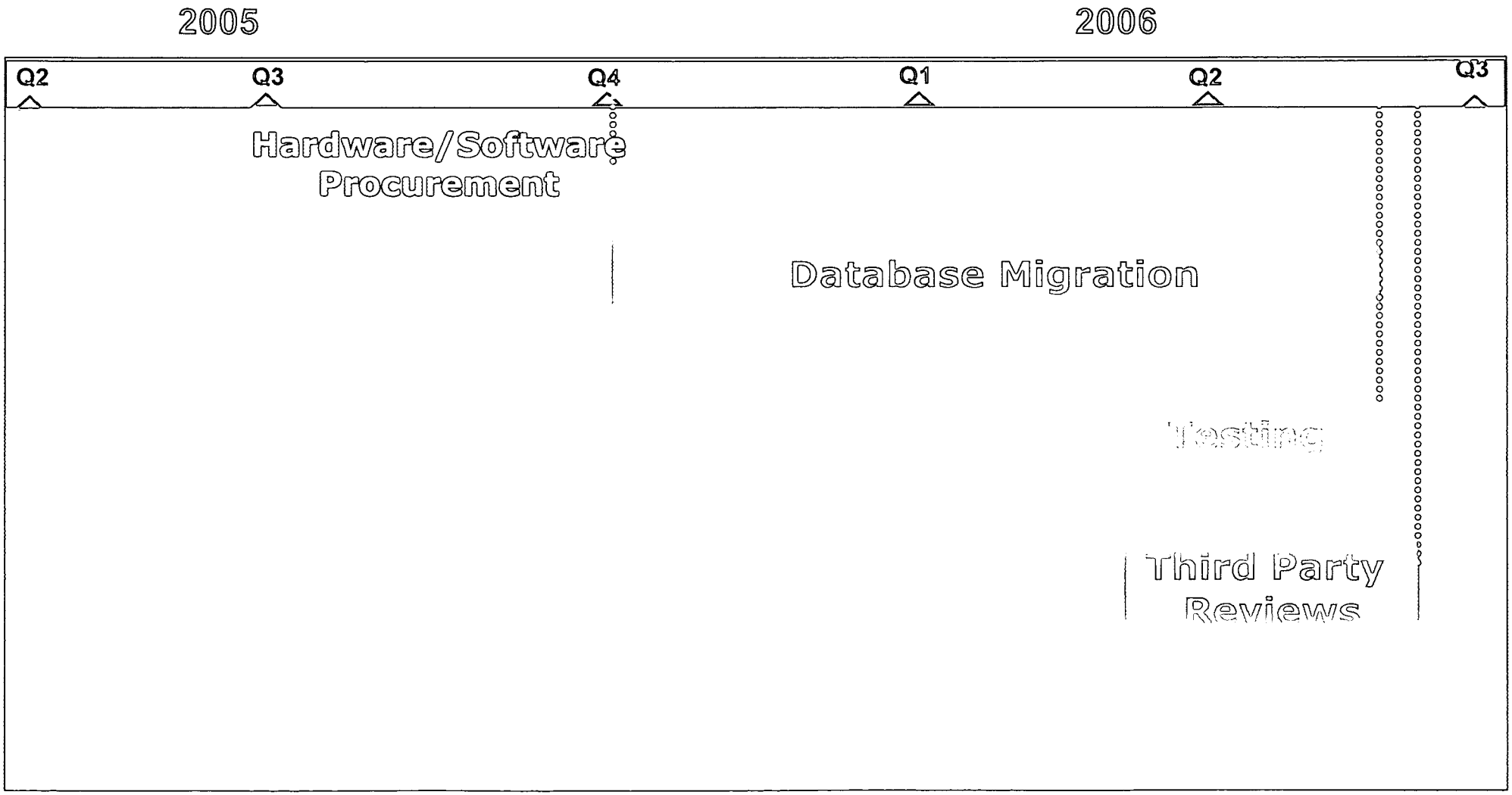
CSDW Migration – cont'd

- IT / Business Benefits:
  - CSDW provides the following benefits:
    - Federal reporting tool (i.e. TANF, OCSE reports)
    - Cross walks within divisions (i.e. EIS and CSE)
    - Time savings
    - Better customer tracking
  - Migrating CSDW to an new infrastructure will ensure:
    - Data kept available for longer periods of time
    - Higher server availability
- Risks If Not Implemented:
  - Database crashes likely (2 occurred in 2004), causing delays in TANF reports (this would trigger penalties)
  - Divisions unable to properly manage their Business (Child Support)

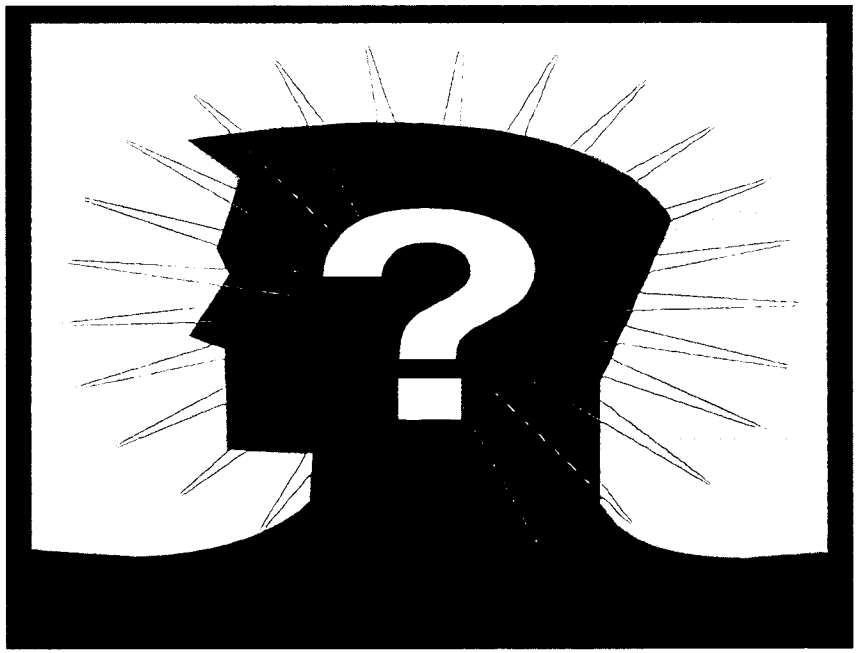
CSDW Migration – cont'd



CSDW Migration – High-level Timeline



Questions and Answers



State of North Carolina

Michael F. Easley, Governor **George Bakolia, State Chief Information Officer**

February 1, 2005

Senator Marc Basnight
Senate President Pro Tempore
North Carolina General Assembly
Raleigh, North Carolina

Representative James B. Black
Speaker of the House
North Carolina General Assembly
Raleigh, North Carolina

Dear Senator Basnight and Speaker Black:

I am pleased to present the first State Information Technology Plan prepared under G.S. 147-33.72B as required by the State Information Technology Management law approved last year by the General Assembly.

This document contains key information regarding the state's current resources devoted to information technology, a list of the new key active projects in the departments, and a description of unmet needs. In addition, the action plan will help North Carolina establish a new direction for planning, financing and implementing the State's information technology resources.

Specifically, the approach for improving the management of technology is built on two primary elements:

- Enterprise management of common shared technical infrastructure and technical services. As the State of North Carolina led the country with the consolidation of mainframe computers in the 1980's, it is now time to examine the division of responsibilities between Information Technology Services and the agencies.
- Development of a common framework for the management of IT investments.

While this plan provides an opportunity to summarize some of the recent efforts by my office and the agencies and contains some specific funding recommendations and initiatives for the next biennium, its major function is to outline a new way—for North Carolina—of managing IT. By following through on these proposals, I believe that we can develop a comprehensive, systematic process for meeting the state's technology needs.

I congratulate the General Assembly for having the foresight to make a State Information Technology Plan a key element in our shared goal of better using information technology to provide services to the citizens of North Carolina.

George Bakolia
State Chief Information Officer

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North Carolina
State Information Technology Plan

An Action Plan for Managing Information Technology



Michael F. Easley
Governor

George Bakolia
Chief Information Officer

February 2005

An Action Plan for Managing Information Technology

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Executive Summary

Economic realities and public expectations require the state to manage information technology (IT) better and to use it more cost-effectively. This plan puts forth an approach for managing IT in state government that is new in North Carolina, but is actively used in other states and the private sector. The overriding goal is to optimize the costs and benefits of IT by using technology as a tool to improve levels of constituent services, enable business and program efficiencies, enhance employee productivity, and offer savings in government operations.

Background

The debate over the usefulness and value of information technology to governmental functions is over. IT is essential to the successful performance of the state's business processes and program operations. IT can positively influence the growth of the state, prosperity of its constituents, health and safety of its citizens, cleanliness of its environment, vitality of its economy, profitability and viability of its industries, productivity of its employees, and conduct of its democratic processes.

Even in strong economies and favorable funding conditions, there is never enough money to meet all desired, even worthwhile, investments. In today's environment of recent budget crises and projected fiscal austerity in state government for the foreseeable future, continuing budget constraints will make spending discipline more prevalent and critical. It is imperative that the state makes the best selection, implementation, and use of its IT investments.

Through the provisions of ratified Senate Bill 991 and preceding legislation, the General Assembly has mandated that the state improve the planning and budgeting for and management of IT. More specifically, the state must be able to predict and justify future long-term funding needs and take bold and far-reaching measures for implementing the management of IT.

Approach for the Management of IT

This situation cannot be addressed with a business-as-usual attitude. It requires a courageous, but proven, approach for the management of IT that makes use of verified best practices, industry recognized methodologies, and well-established tools and disciplines. The approach is built upon two primary elements:

1. Enterprise management of common shared technical infrastructure and technical services.

2. A framework for the management of IT investments.

North Carolina should deliver more IT infrastructure functions at a statewide level, cutting across agency lines, while allowing agencies to focus on their specific, core IT business and program needs. And the state should adopt a comprehensive, "cradle to grave" practice for planning, buying, implementing, operating, and retiring/replacing IT assets.

Management and Funding Priorities for the Biennium

North Carolina is facing needs for both IT management action and IT funding that grow more critical over time. Investments in IT may become more expensive as needs arise. By managing the process, the state should be able to flatten the growth curve for IT expenses, preventing it from becoming unsustainable over time.

Management Priorities

The state is not yet in a position where it can generate defensible, long-range cost estimates for all of its IT needs, or a detailed schedule for meeting them. It is gaining that knowledge, but is not there yet. The first step is to obtain a complete, accurate, and up-to-date inventory of the state's applications, hardware, and software assets.

As part of the Year 2K effort, the state developed an inventory of its legacy applications. (These are defined as in place operational software for meeting specific department business/program needs.) That information became outdated over time; therefore, the state had no current information on its key systems. Responding to this problem, and with the concurrence of the General Assembly, the State CIO commissioned a complete analysis of the health of the state's major software applications. The legacy application study was completed in December 2004. Prior to its completion, most of the information the state had about the applications used by state agencies to deliver critical services was anecdotal—stories about agencies using applications so old that only two people could write the code to keep it running.

Now that the state has this inventory, the next actions are: 1) to develop a more permanent legacy management system for continuous updating by the departments, and 2) take advantage of a recently purchased portfolio management package to analyze the individual applications on a frequent (at least annual) recurring basis for normal maintenance, modernization, replacement, or retirement. The follow-on legacy study will provide firm cost estimates and priorities for upgrading or replacing the applications requiring attention in the immediate (next two years) future.

Until last year, there was no estimate of the number of servers, desktop and laptop computers, communications equipment, or the associated software used by executive branch agencies. The state obtained order-of-magnitude estimates only through laborious and time-consuming surveys. The next action is the implementation of an asset management system, including a repository for the

ongoing collection and reporting of detailed asset information, such as identification, age, location, cost, warranties, etc. When the state has good asset inventory information, it will be able to use the recently purchased portfolio management package to analyze this data for making replacement, consolidation, and other management decisions and determining associated costs.

Although there remains much work in achieving the management of IT in state government, progress is being made, and the completion of the initiatives outlined in this plan will give policy makers the information they need to make sound, rational decisions about meeting IT needs.

These initiatives also will generate savings that could pay for some, but certainly not all, of the state's IT needs. The Office of State Budget and Management, assisted by ITS and the State Controller, was directed by Senate Bill 991 to propose a plan for consolidating IT infrastructure, staffing, and expenditures in areas where a statewide approach would be more economical. The reallocation of staff is an important component for achieving cost savings and operational efficiencies in consolidations; therefore, this issue must be addressed in the plan. The State CIO's IT plan is being written in anticipation of that report, and it should set the stage for appropriate action resulting from findings of that study.

In addition, some of actions related to these initiatives are already generating savings. By purchasing desktop and laptop computers in bulk, we are enjoying the benefits of volume discounts. Enterprise licensing — the statewide negotiation of one license for all the agencies that use specific software — is saving agencies money.

Funding Priorities

The two funding priorities for the biennium are:

1. The implementation and continuation of the initiatives contained in this plan for the management of IT, particularly the sustaining of the IT Enterprise Fund - The more judicious selection, implementation, and operation of IT investments will save the state money over the long term. Even though IT investments may increase, they should generate offsetting savings and create value in business and program operations through efficiencies, productivities, and the enabling of innovations in program delivery. Moreover, the transition to a more statewide approach for the management of common shared technical infrastructure and technical services will involve some initial costs to effect, even though long-term savings will accrue. Experience from both public and private sectors indicates that IT budgets are best optimized through better planning and budgeting that eliminates duplicate, unnecessary, or under performing applications and consolidates infrastructure components. In many instances, the economics of asset consolidation and retirements are as

important to prudent IT fiscal management as the cost-effectiveness of investment implementations.

Although the management of IT will require initial up-front costs, long-term savings from increased efficiencies in IT operations and business and program processes will offset these investments. However, great vigilance on the part of the Office of State Budget and Management and the Office of State Controller will be required to ensure the appropriate savings accrue.

2. The replacement of the state's technically outdated and functionally deficient payroll and human resources systems – This very important effort is being conducted under the auspices of the Office of the State Controller's Statewide Business Infrastructure Program. It is proceeding well and must be sustained. Current work is focusing on the defining of requirements, and the new application should be implemented over the coming biennium.

Cost estimates for the above funding priorities will be provided in additional separate materials.

Major initiatives

The seven major initiatives summarized below are necessary to implement the new approach for managing technology. These initiatives logically follow from past studies and projects, and form the blueprint for more detailed plans to guide their implementations. Several plans have already been developed, and some projects are now underway. Each initiative is important; therefore, the numerical order is insignificant from either priority or sequencing perspectives.

First Initiative - Consolidate common shared technical infrastructure and technical services for greater savings and better operational performance.

Second Initiative – Perform strategic planning for identifying best IT investments.

Third Initiative – Manage projects for superior results.

Fourth Initiative – Provide measurable, performance-based delivery of services.

Fifth Initiative-Manage legacy applications (installed department business/program software) for reduced risks of failure and optimized life-cycle benefits and costs.

Sixth Initiative – Develop a proficient and appropriately staffed IT workforce.

Seventh Initiative – Sustain the IT Enterprise Fund.

Purpose

The state is in an ideal position to improve its planning and budgeting for and its management of IT. With the passage of SB 991 and preceding legislation, the governance underpinnings have been placed and performance expectations have been clearly defined. The state can now build upon these and other management foundations previously implemented to develop a responsive and results-oriented approach for managing IT in order to obtain superior benefits and value within cost constraints.

The initiatives presented in this plan will guide the state in meeting the intents of SB 991 and preceding legislation for the management of IT. These mandates require the state to:

- Practice astute capital planning and sound investment management by evaluating investments and selecting the best.
- Implement investments in the most cost-effective manner, within reasonable timeframes, and with successful outcomes.
- Operate and maintain computing and communications infrastructure and mission-critical applications in a reliable, economical, and secure manner.
- Review applications and infrastructure assets periodically to evaluate their cost-effectiveness and risk-acceptability and determine optimal times and ways for renovating, retiring, or replacing them.

The primary purpose of this document is to explain the 'what' and 'why' underlying the approach for managing technology. The 'how' involves more detailed strategies, plans, and actions for employing the concepts and accomplishing the initiatives prescribed herein. These will be developed as future efforts as the individual initiatives are addressed.

The approach for the management of IT is not 'plowing new ground' or 'sailing in uncharted waters'. Rather, the underlying concepts, disciplines, and methodologies have been used successfully in the private sector for some time, and other governments and states are now espousing and implementing them. Moreover, the approach responds to economic realities while realizing the importance of IT to the state.

Concepts Underlying the Approach for Managing Information Technology

The approach for managing IT is built upon two primary elements:

1. Enterprise management of common shared technical infrastructure and technical services.

2. A framework for the management of IT investments.

These are business sense foundations of IT management that being used by leading successful organizations in both the public and private sectors. Most industry and commercial companies and many governments are facing the same or similar economic-driven and customer- fussy environments and IT management challenges as the state. They are essential, time-tested, and proven components of good IT management. Each is described in detail below.

Enterprise Management of Common Shared Technical Infrastructure and Technical Services

Conceptual Overview of Enterprise Management

The primary intent is to employ a more enterprise, or statewide, approach for the management of common shared technical infrastructure and technical services. This will save money and provide for more public-oriented services. Savings are achieved through efficiencies from economies of scale, standardization of hardware/software to group purchases for volume discounts and to simplify maintenance and operations, and cost avoidance by eliminating redundancies in investments. It also will assist the departments to facilitate the sharing of information to authorized users; integrate business processes; and achieve higher levels of integrity of data, reliability of operations, security of assets, and disaster recovery and business continuity.

Common shared technical assets and services include hardware, software, and communications equipment that serve the same or similar technical purposes. These assets have universal applicability and ubiquitous visibility by being used by many different types of business and program processes or applications; and are commodities in that they are available from multiple vendors, have comparable functions and features, serve a broad diversity of markets in both the public and private sectors, and offer competitive prices. They provide the foundation of IT capabilities that meet a wide variety of needs common to multiple applications (which in turn satisfy precise and unique business and program requirements). These shared technical assets and services include desktop and mobile computing devices, printers, servers, mainframes, and network components, such as firewalls and routers, as well as e-mail, common

payment services, identity and access management services, directory services, etc.

Statewide management optimizes infrastructure and networks across the enterprise, and accrued savings can be used for:

- Updating and refreshing the technical infrastructure and technical services to ensure satisfactory performance, appropriate security, and adequate capacity at the most economical costs.

- Allocating additional monies to departments/programs for enhancing, modernizing, replacing, or adding new applications to offer better services for constituents that are less costly and provide more value to the state.

Background of the Management of Technical Infrastructure and Services

Over the last half century, IT has evolved from basic computing to mainframes to stand-alone desktops to networked devices to Internet communications to Web-based architectures. The addition of IT capabilities to government has been gradual, with disjointed planning and incoherence in implementation reinforced through funding allocations and solution developments designed solely for meeting specific departments and programs. Purchases for products and services were unique and individual, with little or no thought given to the need for the distribution of information or the combining of the same or like investments for meeting common technical requirements in an economical manner through the sharing of staff and hardware/software resources.

Moreover, as technology moved from centralized computing of the mainframe to the distributed architecture of geographically dispersed servers, desktops, printers, and mobile devices tied together through ubiquitous networks, the hardware/software and communications components became more like commodities. In addition, the Internet and new Web-based architectures made possible technical services that have become commodity-like. These include e-mail, directory services, identity and asset management services, common payment services, etc. Therefore, by standardizing on common technical features to meet similar business needs, computing and network infrastructures and like technical services could be consolidated into common shared technical environments.

Benefits and Advantages of Enterprise Management of Technical Infrastructure and Services

The standardization and consolidation of today's computing and communications technical infrastructure and technical services presents significant operational performance improvement and cost saving opportunities.

- Through standard configurations, more favorable prices can be obtained by leveraging the purchasing power for volume purchases made possible by aggregating demands. In addition, standardization simplifies operations, maintenance, and record keeping; thereby, providing cost savings through improved efficiencies and better productivity.

- By consolidating smaller units of computing, storage, or service components into larger units shared by multiple applications, the decreasing price elasticity (reduction in price as size increases) of these components minimizes purchase costs.

- Economies of scale offer tremendous efficiencies and associated cost avoidance and savings. This can be realized by minimizing duplicate investments and by spreading the largest number of activities (transactions, data entities, communications traffic, etc.) over the largely fixed expenses for purchasing and operating common assets and services to minimize unit costs.

- The elimination of unnecessary duplications in technical environments through consolidations presents opportunities for cost avoidance.

- The enhanced ability to share data among programs, departments, and governments offers more convenience to the public (such as one-stop shops), increases the productivity of staff (by consolidating data to solve problems quicker and make more informed decisions), and provides better services.

- Requirements for security and disaster recovery/business continuity are facilitated through the use of common processes and shared hardware/software.

- Technology assets and services and skilled staff will be available to small or less endowed departments or programs that otherwise would not be able to afford them. Services will become so economical that all applications can participate.

The advantages of the consolidation of common shared technical infrastructure and technical services are summarized as follows:

- Reliable, robust, scalable, and secure technical infrastructures and services form the backbone for computing and communications; therefore, they are essential for successful IT investments in other areas, particularly applications. Consolidation offers the best assurance that business and program performance objectives can be met, including enhancing service reliability and availability, minimizing risks of failure, decreasing security vulnerabilities, and simplifying disaster recovery and business continuity processes.

- Savings and costs avoidance made possible by consolidating technical infrastructures and services provide a source of funds for other technology investments that would otherwise not be available (such as applications that more directly impact program efficiencies, business productivities, and public services). Research shows that the most successful companies in the private sector and best run governments make maximum use of common shared infrastructure and services, and they control tightly the funding for and management of them. As a result, they ensure their technical infrastructure and services are adequate and secure, but no money is wasted in duplications or spending inefficiencies. The savings obtained by deploying consolidated and cost-effective infrastructure and services is invested in applications that offer the greatest business benefits (for private industry) and public value (for governments).

- Common technical infrastructure and services facilitate the: a) enhancement of data management processes, b) improvement of information distribution to authorized users, and c) integration of processes for greater efficiency of business activities and program processes and effectiveness of public service.

Consolidation of Common Shared Technical Infrastructure and Technical Services

Consolidation is not the same as centralization. Centralization implies geographical location, ownership, and control. Consolidation connotes a form of management, with a specific emphasis, methodology, and focus. For common shared infrastructure and services, the emphasis of consolidation is maximizing cost-effectiveness and achieving cost savings and cost avoidance. The methodology is the minimizing of unnecessary duplication of assets, staff, and expenditures; leveraging of purchasing power, assets, and staff; taking advantage of economies of scale in cost structures; and combining of monies, assets, and staff to obtain sufficient technical capabilities at the least costs. The focus of consolidation is the separation between the collective needs of the state as a whole and the individual and specific needs of departments and programs.

For the state, consolidation is the cost-effective use of IT to deliver the best possible services to the public at costs taxpayers are willing to bear. In this

regard, for the management of IT, the state will be responsible for common shared technical infrastructure and technical services, and the departments will be responsible for applications. The state is responsible for reliable, efficient services to departments, and departments are responsible for cost-effective and quality services to citizens.

The following conditions must be prevalent for the consolidation of common shared technical infrastructure and technical services to be successful:

- Savings and cost avoidance must be achieved through wise and decisive management of the infrastructure and services.

- Increased IT funding availabilities from savings and cost avoidance must be reapplied to keeping the infrastructure and services robust, reliable, and secure – and/or given to the agencies to invest in applications that contribute to tangible, observable improvements in government performance and public good will.

- The infrastructure and services must be managed so that service to departments/programs is satisfactory, capacity is adequate and scalable for handling new users and increased volumes, flexibility is offered for accommodating changes in requirements, extensibility is considered to accept new technologies, appropriate security is ensured, disaster recovery is enabled, and trust is earned.

- Departments/programs must combine application implementations and enhancements with process reengineering, cultural change, and organizational restructuring efforts to generate savings from operating productivities and procedure efficiencies and enhance the delivery of goods and services to the public.

The consolidation of the state's common shared technical infrastructure and technical services is a shift of management attention for this infrastructure and services from a department view to a more statewide perspective, with the corresponding emphasis of departmental management to the development, implementation, and operation of individual applications. The state will take more responsibility for the management of the technical infrastructure and technical services, while departments will be more responsible for application development and associated business rules, processing efficiencies, and effectiveness of services to the public. Technical infrastructure and technical services will be managed as a secure, dependable, and trustworthy utility, with performance-satisfaction and cost-sensitivity as primary success criteria. Applications will be managed by departments to provide a government that is more citizen-centric, cost-conscious, service-based, responsiveness-driven, and results-oriented.

North Carolina's Experience in Managing Technical Infrastructure

In the mainframe era, the state recognized that computers and telecommunications were utility functions that could be best provided from a common organization. ITS (formally called SIPS) was formed in the early 1980s to effect the consolidation of agency mainframes and networks. As a result, the sharing of the technical expertise of a single pool of personnel and the use of common facilities offered cost savings through the more efficient use of staff resources and economies of scale, while allowing modern technology to be available to all agencies.

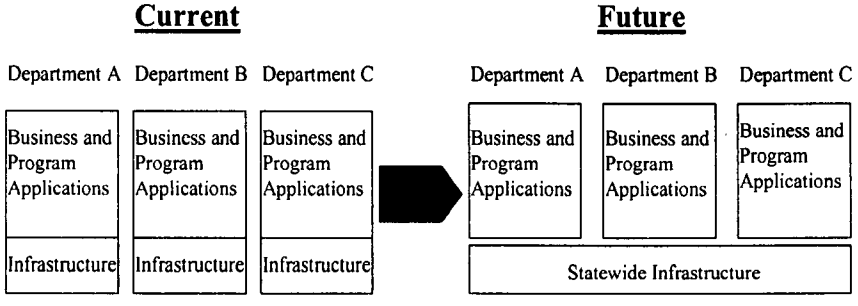
The utility model for managing statewide IT resources was not extended to the networked computing environment of the middle 1990s, featuring distributed assets connected by local networks. Departments purchased, implemented, and operated local computing hardware/software resources and telecommunications equipment, and they connected these devices and systems to the state's common wide area network (WAN) to communicate electronically among the devices and systems.

The state has attempted to cope with the evolving heterogeneous technical environment of geographically dispersed IT assets by developing policies and setting standards for coordinating efforts, providing quality control, and taking other steps for trying to make agency systems and statewide infrastructures work together. This approach has not worked as desired. As a result, the state is experiencing duplications of investments, increased operating costs, less reliability of processing, higher hardware/software purchase prices, excessive system implementation costs, increased security exposures, and more expensive disaster recovery and business continuity services.

Summary of the Enterprise Management of Common Shared Infrastructure and Services

The diagram below illustrates the proposed change in the management of IT infrastructure and services.

Proposed Change in Management of IT Infrastructure



In summary, the enterprise management of common shared technical infrastructure and technical services dictates that the departments will emphasize their responsibilities for IT investment management and applications management and decrease their focus on common infrastructure and services management. As such, departments will strive to deliver less costly but higher order citizen-service benefits through operational efficiencies and organizational effectiveness. By making internal business processes work well and streamlining organizational structures and making them more responsive, and focusing technology on department missions and program goals and objectives; departments can effect improvements and provide benefits for enhanced constituent services, economic development, and democratic interactions.

Since most successful application implementations combine the introduction of technology with business process reengineering, cultural change, and organizational restructuring efforts; departments must concentrate on making major business and organizational transformations. These may include radical changes to existing processes, roles, and reporting relationships, and business/program models. Finally, collaboration among departments, programs, governments, and private industry is a key success factor for government IT investments. The sharing of information and the leveraging of integrated processes and data are examples of the cooperation and collaboration needed to realize efficient and effective processes, improve management decision making and policy formulation, and offer full-service, one-stop shopping to the public.

The state as a whole will increase its management attention for the shared technical infrastructure and common technical services while re-emphasizing its role in IT investment management. It will continue to address applications management only from statewide architecture and project management

perspectives. The proper management of shared technical infrastructure and common technical services will assist departments in developing and implementing applications by reducing the need to develop and implement already available common resources and technical capabilities (hardware/software equipment or services), eliminate investment redundancies for commonly used components/services, minimize unnecessary duplicate work efforts, provide capabilities that may not normally be available if one funding source or project had to bear the full burden of purchase or implementation, and offer cost savings from economies of scale.

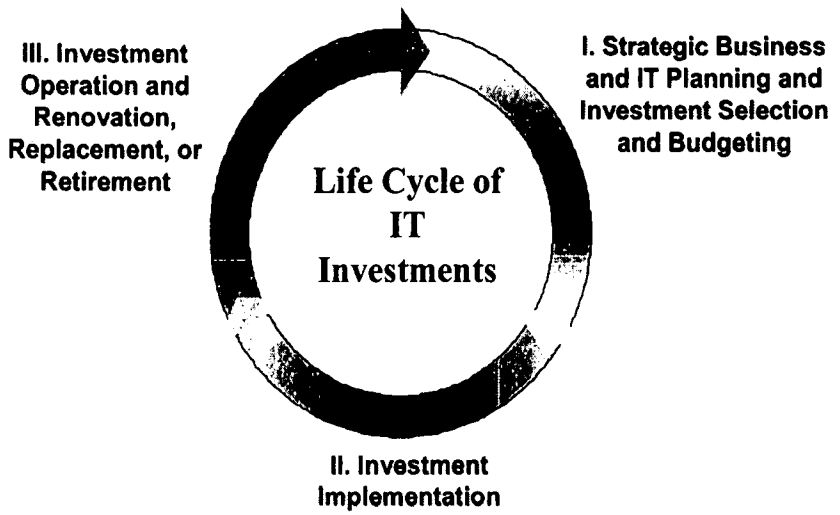
Framework for the Management of IT Investments

Proficient IT management means justifying technical services that sustain business processes and program operations, accounting for costs, and identifying and delivering benefits to the taxpayers and value to the state. That requires thorough planning, competent risk management, strict accountability for meeting business/program goals and objectives and asset performance expectations, and cost-effective life-cycle management.

SB 991 and other legislative mandates cover the wide spectrum of IT management, with the multitude of details that must be addressed and performed proficiently. In order to provide some coherence and order to the overall subject, a high level structure has been developed for the management of IT in the environment and situation of our State government. This is called the North Carolina IT Investment Management Framework, and it is a guide for continuing the journey to better IT management based on past progress and the directives of the governing legislation.

The framework is a key component of the new approach for managing technology so that technology is acquired, implemented, and employed more efficiently and cost-effectively. It will help the state keep track of technology assets; plan goals for using technology to meet business/program requirements; determine when and how best to acquire and implement new technology; develop approaches and performance measures for maintaining and operating in-place technology; and deciding when to discard, re-architect, or replace unnecessary, under performing, or risk-susceptible technology. The structure of the Framework is show in the diagram below.

Framework for IT Investment Management



The initiatives enumerated in this plan are focused on making use of proven and generally recognized best practices for the management of IT within the structure of the framework. Therefore, the initiatives form a coherent and synergistic whole that tie together for meeting the overall objective of the better management of and increased accountability for IT investments. Key IT investment decisions include what investments to make at what levels and when; how to implement them for achieving the desired results and benefits within approved costs and schedules; how to operate them in order to satisfy service level objectives for sustaining business processes; how to maintain them so that the trade-off between cost and performance is optimized; and when and how to modernize, retire, or replace them as they reach the end of their effective or economical lives.

The three phases of the framework are highlighted as follows:

I. Strategic Business and IT Planning and Investment Selection and Budgeting:

New investments in IT assets must be justified on the need to fill gaps in the ability of the State to meet strategic governmental initiatives, agency missions, or business goals and objectives. Department missions, duties, and responsibilities must be linked with the screening, selection, implementation, operation, and renovation or retirement of IT capital assets. Business strategies and IT plans must coalesce to make effective use of modern technologies to provide innovative and more cost-effective services that are justified by public need or constituent value.

IT goals, projects, and operations must be aligned with state political priorities, department initiatives, and business and program strategies and objectives. Business and program strategies reflect the fact that department managers know best their constituent's needs and how to meet them. IT plans specify what technology can do, how it can be applied to meet business and program goals and objectives, and how its capabilities can be used most effectively and economically.

Optimum department and statewide IT portfolios of new investments, in process projects, and operational assets should be created by employing planning and budgeting concepts and portfolio management practices and disciplines. IT investments should offer the least life-cycle costs of alternative approaches; fall within budget, schedule, and staffing constraints; be risk-acceptable; and provide desired and measurable financial returns or societal benefits. Evaluation criteria may include: support for governmental priorities and initiatives; regulatory mandates; best trade-offs among cost savings/revenue enhancements, purchase and implementation costs, and risks of failure; impact on program performance and results; and sustainability of core business activities and essential program operations. Limited fiscal and staffing resources must be allocated in a manner that makes the best use of them among competing desires and needs.

II. Project Implementation:

Implementation projects must continuously demonstrate satisfactory progress toward meeting approved budgets and schedules and achieving business goals and objectives. To have the best chance for success, projects should be well researched, thoroughly planned, and competently executed. Projects must be well managed by employing risk-based and performance-driven review and evaluation criteria; industry recognized system development methodologies; acceptable project management practices; prevailing design, construction, and testing standards; and lessons learned from previous endeavors.

Key success factors for state government include: develop and follow sufficiently detailed work and staffing plans and schedules; exercise effective leadership; provide sufficient staffing in skills and numbers; select qualified vendors and manage them well; use correct architectures and appropriate technologies; receive adequate funding; approve reasonable and achievable schedules; and frequently monitor status, report progress, and take timely and effectively action.

III. Investment Operation and Renovation, Replacement, or Retirement:

In-place assets must be operated proficiently so that they meet performance requirements for availability, reliability, security, and integrity of data. Normal maintenance and necessary enhancements must be planned and conducted to optimize costs and benefits over their useful lives. Industry-recognized frameworks and practices for IT service delivery management must be implemented.

Operational assets must be reviewed continuously, and as appropriate, they must be evaluated on how close actual annual operating and maintenance costs are to the life-cycle budgets, whether the level or quality of performance/capability meets business goals, whether they continue to satisfy agency and user requirements, whether they present unacceptable security vulnerabilities, and whether they are at-risk for failure. Replacements, retirements, and renovations must be planned and performed based on critical analyses of technical and business status, approach for remediation, and timeframe for action.

Major Initiatives

The seven major initiatives summarized below are necessary to implement the new approach for managing technology. Each initiative is important; therefore, the numerical order is insignificant from either priority or sequencing perspectives.

First Initiative - Consolidate Common Shared Technical Infrastructure and Technical Services for Greater Savings and Better Operational Performance

The state has recently completed a high level study of present asset management policies and processes from budgeting to disposal. Both agency business and technical managers have been included in developing findings and creating recommendations. Major in process and anticipated actions include:

- Develop statewide configuration standards for common hardware, software, and networking assets; adopt best practices, standards, and tools for managing them; and expand current purchasing policies and practices for maximizing volume discounts, vendor services, and warranties.

- Eliminate duplications in common technical services.

- Implement a statewide repository for collecting and maintaining a complete, accurate, and up-to-date inventory of the hardware, software, and communications equipment comprising the state's common shared technical infrastructure.

- Perform a study addressing the consolidation of data centers (including the state's many separate server-based operations entities) and consider the statewide implementation and use of best practices, methodologies, and standards for managing them.

Second Initiative - Perform Strategic Planning for Identifying Best IT Investments

Business strategies and IT plans must be developed and work in tandem to make the best use of technology for efficiently delivering quality, responsive, and timely services to the state's citizens and businesses. Potential IT investments must be identified, evaluated, and selected using modern portfolio management theories and concepts and business case disciplines.

A recently purchased portfolio management tool will form the foundation for organizing, categorizing, and prioritizing candidate investment opportunities and

developing investment recommendations for the Governor and General Assembly. Pertinent review criteria include accomplishing legal mandates and governmental imperatives, fulfilling agency missions and program goals and objectives, and delivering the most useful purposes or best values considering costs, risks, and benefits. A formal statewide view of potential IT investments will continue to be conducted to weed out duplication, identify potential opportunities for building or using common business rules or sharable technical components, and finding ways to combine funds for best meeting similar business or program needs.

Third Initiative - Manage Projects for Superior Results

The state has a long and distinguished history of monitoring, accounting for, and reporting major information technology projects. However, recent problems with large-scale statewide rollout projects have revealed critical weaknesses in the ability of agencies to manage complex IT investments. All technology projects have inherent problems; however, the nature of large statewide multi-jurisdictional projects amplifies the risks.

SB 991 has clarified the role and increased the responsibilities of the State CIO for the satisfactory progress and success of state IT projects. While departments have ultimate accountability for project performance, the State CIO has additional powers and duties for project manager review and project approval and status monitoring. An enterprise project management office has been created and staffed with the primary objectives of monitoring performance of projects in scope, budget, schedule, and quality dimensions and providing departments with subject matter expertise, tools, and techniques for improving project management.

The State CIO's project approval and status reporting process will be strengthened, streamlined, and simplified through the implementation of a recently purchased portfolio management tool. It will build upon lessons learned from past paper-intensive processes and provide for the collection of common data; evaluation against specific, measurable, and agreed-upon criteria; and reporting geared to the early identification of problems and assistance for appropriate and timely decision making. As a result, the process will be: easier to follow; more consistent in evaluations of the readiness of projects to begin and progress against plans and budgets; and more valuable to individual project managers, department project offices, and the state Enterprise Project Management Office.

Fourth Initiative - Provide Measurable, Performance-Based Delivery of Services

A generalized framework is being adopted and implemented by Information Technology Services as its operations excellence program for IT service management. This initiative recognizes that the central service center must be the leader in efforts to better manage and deliver IT services. Performance measurement and reporting is a key component of this endeavor. The goal is excellent service through effective partnerships, clear commitments, and flawless execution. The intent is to deliver improved service performance with predictably consistent reliability and availability.

Fifth Initiative - Manage Legacy Applications (Installed Department Business/Program Software) for Reduced Risks of Failure and Optimized Life-Cycle Benefits and Costs

Legacy applications are currently installed and operating purchased or custom developed software for meeting department business and program requirements. While designed to satisfy specific department business and program needs, they run on common technical infrastructure components and make use of shared technical services. Like the 'Energizer Bunny' legacy applications may seem to run forever. In reality, each has an optimal business, economic, or technical life. Over time the cost-effective sustainability of legacy applications becomes questionable. They no longer support business goals and objectives; are inefficient and too costly to operate and maintain; fail to meet security, privacy, or confidentiality requirements; are redundant; or present too great a likelihood of failure.

The state has completed a comprehensive study of its approximately 900 legacy applications and is developing enterprise strategies for remediation, including funding and cost-effective approaches for retirement, renovation, and replacement. The study highlights two serious challenges. One, while the state's legacy application portfolio is generally in good shape now, approximately 90 legacy applications need immediate attention (i.e., within the next two years). Two, an additional approximately 160 applications will require action in the two– to four-year future, so serious operational risks and financially onerous consequences will result if appropriate attention and resources are not applied to this issue.

A follow-on study will address cost items (which was beyond the scope of the past effort) and further explore opportunities for employing enterprise approaches that take advantage of economies of scale to minimize remediation expenses on a statewide basis. In addition, the recently purchased portfolio management tool

will be used to analyze and assist in managing the state's applications inventory on a frequently recurring basis.

Sixth Initiative - Develop a Proficient and Appropriately Staffed IT Workforce

The world of technology is one of continuing, rapid, and unpredictable change and incessant challenges. The state must establish what competencies and skills the IT workforce will need to meet future challenges, and it must develop the hiring practices and training and education opportunities to obtain, retain, and maintain these capabilities.

The lack of adequate personnel resources is a continuing and growing problem, and it is beginning to place applications and operations at risk. Some departments are having difficulty transitioning from their legacy-oriented and mainframe-based technical infrastructure to today's distributed-asset, network-intensive, and Web-based technologies. The past state budget crises are exacerbating the problem, with the elimination of key positions and the reduction in funds for training. This challenge is compounded by the fact that many agency technical workers are reaching retirement age; therefore, succession planning and knowledge continuity for legacy applications are becoming increasingly important issues. Out of the state's 900 legacy applications, around 15% are experiencing issues with limited business and/or technical knowledge of staff.

The state must become competitive with private industry in salaries and benefits for its IT workforce. Recognizing that quality of personnel is more important than quantity of positions; the ability to obtain and retain skilled and responsible staffing is essential for cost-effective IT management and operations. Moreover, good talent will reduce the present excessive dependence on outside contractors; thereby, providing cost savings and offering better control over projects and operations.

Seventh Initiative – Sustain the IT Enterprise Fund

The Information Technology Enterprise Fund was established by SB 991 to meet statewide requirements for implementing major IT investments and supporting planning, security, project management, portal, and purchasing activities and initiatives having statewide scope and applicability. The maintenance of this fund at sufficient levels is essential for the management of IT and the appropriate and timely development and implementation of applications that meet broad-based business and program needs, which span program lines and cross organizational boundaries.

The sustaining of this fund is vital to the achievement of the intent and goals of SB 991. It has made possible many of the activities and accomplishments to date for the management of IT, including the legacy assessment study, the

staffing of project management assistants, and the statewide security assessment.

Appendices

Appendix A – Background Considerations and Challenges

In developing the initiatives for the management of technology, the following background considerations and challenges were considered. They reflect the relevant technical, business, governmental, and economic realities of the state.

Background Considerations

IT funding and policy decisions, like all others, are made against a backdrop of factors. Those considerations help explain how we got where we are and illuminate potential potholes in the road ahead. In North Carolina, those factors include:

The state has experienced a four-year period of serious budget shortfalls, and recovery is guarded and will be prolonged.

Only a handful of states have had to cut their budgets more than North Carolina in the recent recession. Although some relief is predicted, fiscal austerity in state government will persist for the foreseeable future. The hyper-competitive worldwide economy, globalization, and other economic factors are creating dramatic and long-term trade and industry changes for the state. The adjustment resulting from the state's transition from its traditional economic bases to new generators of growth will continue to impact the rate of improvement in the state's fiscal health.

Through this period of severe spending reductions, IT has experienced deep and continuing budget cuts. This has presented problems because of the insufficiency and aging of technical infrastructure (creating at-risk systems), the growth in the backlog of applications to improve services to citizens (especially self-service using the Internet), and the decreased reliability and dependability of operations (creating more down-time for public services). The increasing rate of retirements for state employees and the lack of adequate funding (or inability to obtain approval for redirected funding) to fill vacancies are exacerbating at-risk situations.

There is a growing realization that state's IT expenditures are large, and future funding needs are sizable.

The facts below indicate the order of magnitude of the backlog in investment needs:

- In its last fiscal year, the executive branch (exclusive of the University System) spent $415 million (from all sources) on IT.

- A recently completed study of the state's legacy applications reveals that 10% of the 900 applications must undergo major renovation or replacement in the next two years. Of these, almost one-half are considered mission critical and at risk. Equally disturbing, an additional 300 plus applications require action within the next four years. Of these, nearly 160 will need significant modernization or require replacement. Historically, the state adds or replaces over 100 applications a year. The cost implications of these findings will be addressed in a follow-on study.

  The state's core business management applications being addressed by the Office of the State Controller's Statewide Business Infrastructure Program (SBIP) are included in these statistics. The SBIP will have important impact on the departments and offer extensive benefits to the state in improved financial management; however, it will require significant new expenditures for its completion.

- A cursory survey of the numbers and types of desktop applications (such as word processing and spreadsheet software) shows that thousands of instances exist throughout state government. This presents two issues: One, a considerable financial liability is present for the need to upgrade these over time as vendor support is removed and new capabilities are required. Two, the opportunity exists for obtaining less costly enterprise licenses – not only for desktop systems and applications, but also for other commonly used software for mainframes and servers.

- The just-completed State CIO review of expansion budget requests discloses that departments requested through the Governor's budgeting process over $300 million new IT funds (from all sources) for the 2005-07 biennium. Most were considered worthwhile from the perspectives of meeting a business need and employing IT in an appropriate manner.

- A survey of the State's distributed computing and communications hardware (PCs, servers, printers, routers, etc.) completed in early 2004 - and recently reviewed – indicates there are 50,000 plus pieces of equipment (costing more than $185 million) in use. The alarming finding is many are aging and must be replaced – almost 50% contain components no longer supported by vendors. However, since these products are commodities, there is potential for large and continuing savings from standardizing configurations, aggregating orders, and obtaining deep volume discounts.

- A comprehensive assessment titled Agency Compliance with Enterprise Security Standards dated May 2004 indicates that about

$48 million of additional outlays is needed to bring the departments' security protections up to standards. Of that amount, over $38 million is required to update desktop computers for the remediation of security vulnerabilities created by older operating software.

Through Senate Bill 991 (SB 991) - ratified in July 2004 - and preceding legislation, the General Assembly has mandated that the state better plan and budget for and manage IT.

SB 991 addresses key areas of IT governance and management, including the: planning for and financing of IT resources, development of standards and assignment of accountability for IT projects, and implementation of procurement processes that result in cost savings for IT products and services. Preceding legislation covers the areas of security, asset management, and applications management. Implied goals of SB 991 and other governing IT related legislation are highlighted as follows:

- Plan better for IT expenditures and make the most cost-effective use of them by making good investment decisions.

- Determine long-range IT funding needs to: enable more stable operating budgets, level funding streams for new investments and renovations/upgrades to present assets, maximize long-term returns from investments, and avoid crisis funding situations.

- Improve the cost, schedule, and quality performance of implementation projects to minimize budget overruns, schedule slippages, and problems in achieving business benefits or program objectives.

- Increase the cost-effective purchasing of services and assets.

- Improve the availability, reliability, and performance of computer processing and network communications to provide the required integrity for business processes and program operations.

- Protect critical assets from cyber and other vulnerabilities, preserve the privacy of individuals, and ensure the confidentiality of data.

- Provide the ability to recover mission critical applications and essential computing and communications infrastructure, in the event of human-derived or natural disasters.

- Determine the right times and best approaches for renovating, retiring, or replacing applications and infrastructure assets to achieve acceptable risks while gaining the most benefits at least costs.

Challenges

The following challenges must be addressed appropriately and timely in order to achieve the better management of IT in state government.

Challenge 1 – The public deserves and expects government to make the best use of technology to offer information and services that are accessible, convenient, responsive, beneficial, cost-effective, and government is expected to be accountable for expenses and results of IT investments.

Technology is essential for the successful performance of the state's business processes and program operations; therefore, more advantages to the public and greater value to the state can be realized through the better management of it.

Properly funded and appropriately employed, technology can offer the following significant benefits to the state's citizens, businesses, and employees:

- Facilitate easier access to and more responsive interaction with state government entities.
- Increase productivity of program operations and improve efficiencies of business processes; thereby, providing more and better services at less costs.
- Improve the performance of and results from governmental programs, so that greater value accrues from them.
- Contribute to the democratic process, educational opportunities, public safety, health and welfare, protection of the environment, and economic development, thus improving the quality of life.

The private sector is becoming the norm and standard for services and support from government. Accessibility, quality, and price/costs are key evaluation determinants forming the perceptions of the state's citizens and businesses for government services. The judicious and astute use of technology is important to continuing the trust, respect, and satisfaction of the public for government and its institutions.

Challenge 2 – The efficiency of spending for IT personnel and hardware and software resources must be improved; thereby, enabling more of the state's IT dollars to be spent on technology that directly benefits the public.

Studies have shown that the best IT organizations in both public and private sectors receive greater results with less money. The benefits of IT are not dependent solely on the amount or size of investments, but also on how funds are spent and how well the investments are managed. Today's technology infrastructure offers the opportunities to take advantage of economies of scale for spreading fixed costs over more production units, synergy of resources by

combining like technical functions to meet common needs, and leveraging of purchasing power. By better managing common shared IT assets, scarce dollars can be redirected more effectively to applications that directly impact services to the public.

Challenge 3 – The vulnerabilities for and protections against security threats to the state's IT computer and communications infrastructure and associated repercussions for damage or loss of assets and compromise of privacy of individuals and confidentiality of data must be addressed more cost-effectively and with greater assurance of success.

Security controls and privacy protection must be risk-based, threat- and vulnerability-focused, and cost-effective. Protecting the state's computer and telecommunications infrastructure and its mission-critical applications has never been more important because of concerns about attacks from individuals and groups with malicious intent, including terrorism. Security concerns are well founded for a number of reasons, and attacks can originate from a variety of sources, including cyber-terrorism accomplished through readily available hacking tools and more sophisticated attack technology. In addition, security precautions are necessary to prevent data tampering, fraud, identity theft, and inappropriate disclosure of sensitive information.

Challenge 4 – Assets must be operated and maintained in a manner that provides the required levels of service, including reliability, availability, scalability, and security at the most economical costs.

Service levels should be appropriate to business needs and program obligations, so that quality and costs are matched to requirements. Modern and proven models, methods, and standards must be used to align IT services to business needs, provide the necessary level of quality of services, and reduce the costs of services.

Challenge 5 – The state must develop a better management strategy that is responsive to the evolution of technology from the mainframe-centric structure of the last quarter of the past century to the networked computing environment of PCs, servers, and other distributed and mobile assets of the late 1990s and current period.

The mainframe era featured a few high-powered and centrally located and managed computing and data storage facilities, with dedicated connections to rigid access devices. Today's networked computing environment consists of many geographically dispersed and locally managed computing and data storage devices interconnected with local and wide area networks and offering ubiquitous access from a multitude of computing and telecommunications devices. The new technology environment offers great benefits, however; it creates many additional management challenges, especially for cost-effective implementation and operation.

Challenge 6 – The state must restructure and enhance its processes for the planning and budgeting for IT so that investments are identified, evaluated, and selected in a manner that provides the greatest benefits within cost constraints and risk profiles, and enable the reliable prediction of long-range funding needs.

There is a legitimate need for a long-term, sizeable, consistent, reliable, and predictable funding stream for IT. The size, timing, urgency, and priority of funding requirements must be determined, and the state must be able to provide better responses to the funding questions of what for, when, how much, and why.

Challenge 7 – The cost-effectiveness of legacy applications must be enhanced by having a better understanding of their technical and business status; risks of failure; and time and manner for renewal, retirement, or replacement.

Legacy applications are a two-edged sword. While forming the backbone for sustaining the state's business and program activities, they represent large investments, considerable on-going costs for maintenance and operations, and potential failure due to outdated technology no longer supported by vendors or state staff, excessive security vulnerabilities caused by outmoded design, or inability to be modified/updated for meeting changing business needs or program requirements. The risks of failure, deficiencies in satisfying business requirements, and recurring maintenance costs must be evaluated when determining the time and manner of renovating, retiring, or replacing them in order to optimize their costs and benefits over their useful lives.

Challenge 8 – The performance of implementation projects for major state investments must be improved; thereby, ensuring costs and schedules match approved budgets and timetables, results tie to benefit expectations, and business and program objectives are accomplished.

Major statewide IT projects represent huge investments, offer many benefits, and are conducted under governing, technical, and business environments that present large risks. To have the best chance for success, the projects must be well researched, thoroughly planned, and properly executed. Departmental responsibilities and accountabilities for the management and performance of projects under their jurisdictions must be re-emphasized. Additionally, the present processes, disciplines, and tools must be expanded and enhanced to provide needed assistance to individual project managers, responsible departmental leaders, and State CIO monitors for ensuring that projects are positioned for success prior to beginning and are performed satisfactorily.

Challenge 9 – Disasters (from either human-originated or natural causes) can have adverse consequences for the conduct of business processes and program operations; therefore, the ability to recover data, applications, and other mission-critical IT assets quickly and to continue business until the situation can be restored to normalcy must be better planned and accomplished in a manner that is more cost sensitive.

As with other large governmental and private organizations, state agencies rely extensively on computerized systems, interconnected networks, and electronic data to support their missions, deliver vital services, and perform necessary functions. Accordingly, the importance of the planning for and effecting of disaster recovery and business continuity capabilities for foreseeable untoward events must be stressed, and the risks for not having adequate provisions must be thoroughly understood. Mission critical applications and their associated technical and business infrastructures merit particular attention. For example, in a recent study, 57 applications housed at ITS require recovery within one day or less.

Challenge 10 – The state must recruit and retain a proficient and appropriately staffed IT workforce.

The lack of adequate personnel resources (in both numbers and skills) is a continuing and growing problem, and it is one of the main reasons applications are becoming at risk of failure. Moreover, this is the source of problems many departments are having in transitioning from legacy-oriented and mainframe-based technical infrastructures to today's more modern architectures based on the Internet and network-intensive technologies. The issue manifests itself in several ways. First, the insufficiency in staff presents a barrier for enhancing and updating infrastructure and applications to meet increasing business needs. Second, knowledge and experience lost to retirements from an aging state IT and business unit population must be replaced. Third, extensive use is made of outside contractors to provide skills and numbers of staff – a state workforce presents a more economical source of staffing.

PERIODIC PROGRESS REPORTS FOR MAJOR PROJECTS
PROJECT SUMMARY
MARCH 1, 2005

CLASSIFICATION: G = ROUTINE, R = NEEDS CIO ATTENTION, Y = NEEDS AGENCY ATTENTION, U = UNCLASSIFIED

Project	Current Status		
Environment and Natural Resources Water Quality Basinwide Information Management System (BIMS) Project	Risk Profile: **High Risk** Initial Budget: $3,400,000 Current Budget: $7,054,168 Initial Schedule: 12/30/2002 Current Schedule: 06/30/2005 CIO PMA: Steve Tedder	Y Plan G Staff G Schedule G Budget Y Overall	The project is a software development effort that was certified on 06/01/1999. Phase 2 of the project was approved on 04/02/2002. The project has a revised budget of $7,054,168 with a revised planned completion date of 06/30/2005. **Release 9 - Confined Animal Feeding Operations (CAFO) was implemented on 01/30/2005.** Release 10 – Electronic Discharge Monitoring Reports was canceled on 11/05/2004. Release 11 – Wetlands phase activities began on 01/05/2005. The project is within the revised deliverables' schedule and within the revised release budget in both hours and dollars. The project must address prior months corrective action plans.
Environment and Natural Resources Coastal Development Activity and Impact Tracking System (CDAITS)	Risk Profile: Low Risk * Initial Budget: $153,701 Current Budget: $222,413 Initial Schedule: 10/31/2003 Current Schedule: 01/31/2005 CIO PMA: R. J. McGee * Quarterly Status Reporting	G Plan U Staff G Schedule G Budget G Overall	This software development project was certified for implementation phase activities on 12/03/2002. The project has a newly revised planned completion date of 01/31/2005 with a newly revised budget of $222,413. The project is about 95% complete with system and acceptance test phase activities that have a newly revised planned completion date of 01/31/2005. The project is within the newly revised schedule.
Health and Human Services Butner Psychiatric Hospital IT / Telephony Implementation Initiative (BUTNER)	Risk Profile: Low Risk Initial Budget: $97,000 * Current Budget: $107,485 * Initial Schedule: 09/30/2004 * Current Schedule: 03/31/2005 * CIO PMA: Bob Giannuzzi * Initial Planning Phase	G Plan G Staff G Schedule G Budget G Overall	The project was certified for planning phase activities on 07/07/2004. The project is 97% complete with planning phase activities that have a newly revised planned completion date of 03/31/2005 with a newly revised approved budget of $107,485. The project is within the newly revised deliverables' schedule and within budget in both hours and dollars.

PERIODIC PROGRESS REPORTS FOR MAJOR PROJECTS
PROJECT SUMMARY
MARCH 1, 2005

CLASSIFICATION: = ROUTINE, = NEEDS CIO ATTENTION, Y = NEEDS AGENCY ATTENTION, U = UNCLASSIFIED

Project	Current Status		
Health and Human Services Client Services Data Warehouse (CSDW) Project	Risk Profile: Low Risk Initial Budget: $590,091 Current Budget: Initial Schedule: 11/30/2005 Current Schedule: CIO PMA: Bob Giannuzzi	Plan Staff Schedule Budget Overall	The project is an infrastructure / hardware and software upgrades that was approved for implementation phase activities on 01/19/2005. This is the initial status report for the project. The project is 4% complete with hardware and software migration efforts. The project is slightly behind the deliverables' schedule, under utilized in hours for the month (126), and over utilized in dollars project-to-date ($5,505).
Health and Human Services HIPAA - Security Project	Risk Profile: **High Risk** Initial Budget: $1,016,604 * Current Budget: $510,560 # Current Budget $410,280 @ Initial Schedule: 01/15/2005 * Current Schedule: 02/28/2005 * CIO PMA: Bob Giannuzzi * Through Phase III Only # Phase II Only @ Phase III Only	Plan Y Staff Schedule Budget Overall	The project is a HIPAA infrastructure initiative certified for Phase I - initiation phase activities on 11/04/2003. Phase II - policy development and Phase III - security risk analysis activities were certified on 02/03/2004. Phase II had a revised planned completion date of 01/15/2005. Phase III has a revised planned completion date of 02/28/2005. **Phase II, Policy Development, was completed on 01/30/2005.** Phase II was completed slightly behind the revised schedule (15 days) and significantly under budget in both hours (3,456 or 49%) and dollars ($206,788 or 41%)The project is 84% complete with Phase III activities. Phase IIII is within the newly revised deliverables' schedule and remains significantly under utilized in both hours (1,548) and dollars ($164,735) project to date.
Health and Human Services Health Information System (HIS) Project	Risk Profile: Low Risk Initial Budget: $299,803 * Current Budget: Initial Schedule: 06/15/2004 * Current Schedule: 10/31/2004 * Current Schedule: 12/06/2005 # CIO PMA: Bob Giannuzzi * Study Phase # Procurement Phase	Y Plan Staff Schedule Y Budget Overall	The project was certified for study and requirements gathering phase activities on 05/03/2004. The procurement phase has a planned budget of $299,803 with a revised planned completion date of 12/06/2005. The project is 60% complete with procurement phase activities. The study phase of the project was completed on 09/21/2004. The procurement phase of the project will require a funding of $934,697 and has an approved budget of $299,803. The project is within the revised deliverables' schedule and within the planned budget in both hours and dollars. The project should be re-baselined to reflect management approval for the planned additional resource requirements necessary to complete the project.

PERIODIC PROGRESS REPORTS FOR MAJOR PROJECTS
PROJECT SUMMARY
MARCH 1, 2005

CLASSIFICATION: G = ROUTINE, R = NEEDS CIO ATTENTION, Y = NEEDS AGENCY ATTENTION, U = UNCLASSIFIED

Project	Current Status		
Health and Human Services Immunization Registry Project	Risk Profile: **High Risk** Initial Budget: $2,500,000 Revised Budget: $2,410,520 Initial Schedule: 03/06/2003 Current Schedule: 10/06/2005 CIO PMA: Bob Giannuzzi	G Plan Y Staff G Schedule G Budget G Overall	The project is a COTS procurement and statewide implementation initiative certified for the planning phase on 03/06/2001 and approved for pilot phase implementation on 04/02/2002. Pilot phase activities were re-certified on 09/02/2003. The SCIO approved the project for pilot phase implementation on 12/01/2004. The project has a revised approved budget of $2,410,520 with a revised statewide implementation date of 10/06/2005. Pilot phase activities have a planned completion date of 06/06/2005. Phase II construction, pilot, and statewide deployment phase activities are 46% complete. The project is within the newly revised deliverables' schedule, but over utilized in hours for the month (58 hours) and project-to-date (482 hours).
Health and Human Services North Carolina Information and Referral (NC I&R) Project	Risk Profile: **High Risk** Initial Budget: $2,183,240 Revised Budget: $173,730 Initial Schedule: 04/01/2005 * Current Schedule: 06/24/2005 * CIO PMA: Bob Giannuzzi * Planning and Procurement Phase Activities Only	G Plan Y Staff Y Schedule G Budget G Overall	The project was approved for planning and procurement phase activities only by the SCIO on 12/21/2004. The project has an approved planning phase budget of $173,730 with a newly revised planned completion date of 06/24/2005. The project is 49% complete with planning and procurement phase activities, is behind the revised deliverables' schedule, and under utilized in both hours (281) and dollars ($21,127) project to date.

PERIODIC PROGRESS REPORTS FOR MAJOR PROJECTS
PROJECT SUMMARY
MARCH 1, 2005

CLASSIFICATION: G = *ROUTINE,* R = *NEEDS CIO ATTENTION, Y = NEEDS AGENCY ATTENTION, U = UNCLASSIFIED*

Project	Current Status		
Health and Human Services NC FAST, Release 1 Program Case Management	Risk Profile: **High Risk** Initial Budget: $24,113,389 Release 1 Budget: $1,062,752 Revised Budget: $2,049,472 Project Schedule: 06/30/2008 Release 1 Schedule:06/24/2005 Current Schedule: Initial Budget: $819,325 Current Budget: $875,000 Initial Schedule: 06/30/2004 Current Schedule: 04/15/2005 CIO PMA: Steve Tedder	G Plan Y Staff Y Schedule G Budget G Overall	This software development initiative was certified for planning phase activities on 10/07/2003. Release 1 of the project has a revised planned budget of $2,049,472. The Service Delivery Interface project and the Online Verification project, both in the implementation phase, are reported separately. The Case Management Tool Evaluation and Recommendation component of the project has a revised approved budget of $875,000 with a newly revised planned completion date of 04/15/2005. The Case Management component of the project is 70% complete with tool evaluation phase activities. The project is slightly behind the newly revised deliverables' schedule, significantly under utilized in hours for the month (643) and project to date (593), and remains significantly under utilized in dollars for the month ($355,820) and project to date ($487,020).
Health and Human Services NC FAST, Release 1 Online Verification (OLV) Implementation Project	Risk Profile: **High Risk** Initial Budget: $550,084 Current Budget: Initial Schedule: 09/08/2004 Current Schedule: 12/15/2004 CIO PMA: Steve Tedder	U Plan U Staff U Schedule U Budget U Overall	The Online Verification (OLV) component of the NC FAST initiative was certified on 06/01/2004. **The project was completed on 01/31/2005**. The project was behind schedule and over budget in both hours (1,548 or 35%) and dollars ($64,826 or 12%).
Health and Human Services NC FAST, Release 1 Project Service Delivery Interface (SDI) Project	Risk Profile: **High Risk** Initial Budget: $1,141,000 Current Budget: $1,174,253 Initial Schedule: 12/01/2004 Current Schedule: 09/20/2005 CIO PMA: Steve Tedder	G Plan Y Staff G Schedule G Budget G Overall	The Service Delivery Interface (SDI) component of the NC FAST project was approved for implementation phase activities on 10/28/2004. Implementation is expected to cost $1,174,253 with a newly revised planned completion date of 09/20/2005. The project is 69% complete with implementation phase activities. The project is within the newly revised deliverables' schedule, over utilized in hours for the month (150) and project-to-date (405), but significantly under utilized in dollars for the month ($120,882) and project-to-date ($360,254).

PERIODIC PROGRESS REPORTS FOR MAJOR PROJECTS
PROJECT SUMMARY
MARCH 1, 2005

CLASSIFICATION: G = ROUTINE, Y = NEEDS CIO ATTENTION, Y = NEEDS AGENCY ATTENTION, U = UNCLASSIFIED

Project	Current Status		
Health and Human Services NCMMIS+ Initiative	Risk Profile: **High Risk *** Initial Budget: $2,889,254 Current Budget: $1,732,184 * Approved Budget $7,654,632 Initial Schedule: 12/31/2004 * Current Schedule: 01/31/2005 * CIO PMA: Steve Tedder * Phase 3 - Implementation Initiation Phase Only	G Plan G Staff G Schedule G Budget G Overall	This COTS procurement / rebid initiative was certified for the planning phase on 08/08/2003, for the procurement phase on 12/02/2003, and for implementation initiation phase activities on 07/07/2004. The project plan was re-baselined in 10/2004. **Requirements analysis phase activities were completed on 01/31/2005.** Requirements analysis phase activities had an approved budget of $7,654,632 with a revised planned completion date of 01/31/2005. The project completed the requirements gathering phase on the revised schedule and under budget in both hours (16,600 or 15%) and dollars ($2,801,844 or 37%).
Health and Human Services NC National Electronic Diseases Surveillance System (NC NEDSS) Project	Risk Profile: Low Risk Initial Budget: $410,000 * Current Budget: Initial Schedule: 11/30/2004 * Current Schedule: 02/07/2005 * CIO PMA: Bob Giannuzzi * Requirements Definition Phase	G Plan G Staff G Schedule G Budget G Overall	The project was certified for requirements' definition and study phase activities on 06/01/2004. The project is 99% complete (based on time) with requirements gathering phase activities that had a revised planned completion date of 02/07/2005. The project is within the newly revised deliverables' schedule and within budget in both hours and dollars.
Health and Human Services Vital Records and Statistics Automation Project	Risk Profile: Low Risk Initial Budget: $55,000 * Current Budget: $282,388 * Initial Schedule: 07/30/2002 * Current Schedule: 03/31/2005 * CIO PMA: Bob Giannuzzi * Planning Phase	G Plan G Staff G Schedule G Budget G Overall	The project is a COTS procurement and implementation initiative certified for planning phase activities on 02/05/2002. The project has a revised planning phase budget of $282,388 with a newly revised planned completion date of 03/31/2005.The project is 98% complete with Evaluation, Demonstrations, BAFO, Contract, and Protest phase activities that have a revised planned completion date of 03/31/2005. The project is within the revised deliverables' schedule and within budget in both hours and dollars. The project must resolve potential statewide technical architecture issues.

State Chief Information Officer
Project Review

Section 1 - Project Identification:

Department/Agency:	Department of Health and Human Services (DHHS)
Project Sponsor:	Dr. Steve Cline
Project Name:	North Carolina Electronic Disease Surveillance System (NC EDSS)
Project Manager:	Tara Riley-Williams
Project Budget:	$9,010,000
Planned Completion Date:	September 30, 2007 August 15, 2005 (RFP Phase Only)
Project Type:	COTS Implementation
Requested Action:	Approval for Phase 2 – RFP Phase Only

Section 2 - Project Description:

The Department of Health and Human Services (DHHS), Division of Public Health (DPH) is sponsoring Phase 2 of the North Carolina Electronic Disease Surveillance System (NC EDSS) project. The goal of this project is to provide the state with an integrated surveillance system that can transfer appropriate public health, laboratory, and clinical data efficiently and securely over the Internet. The NC EDSS will implement an automated electronic disease surveillance system to gather and analyze information quickly and accurately and to increase provider and laboratory compliance with communicating reportable disease events.

The project was approved for Phase 1 – Study and Requirements Definition phase activities on June 1, 2004 that were successfully completed on February 28, 2005.

The purpose of the Phase 2 is to procure a commercial-off-the-shelf (COTS) or government-off-the-shelf (GOTS) product to modify, configure, and implement based on the detailed requirements defined in Phase 1 of this project.

The NC EDSS will provide the capabilities to:

- Detect outbreaks rapidly and to monitor the health of the citizens of North Carolina;
- Facilitate the electronic transfer of appropriate information from clinical information systems in the health care system to public health departments;
- Enhance both the timeliness and quality of information provided; and
- Collect and monitor data for disease trends and/or outbreaks to enable public heath personnel to protect the health of citizens of North Carolina.

State Chief Information Officer
Project Review

Section 3 - Approvals:

(1)	State Budget Approval:	Yes	Conditional
(2)	State Controller Approval:	No	Not Required
(3)	Technical Architecture Approval:	No	Conditional
(4)	State IT Procurement Approval:	Yes	Conditional
(5)	EPMO Approval:	Yes	
(6)	Chief Security Officer Approval:	Yes	
(7)	Two Agency Approvals:	Yes	

Section 4 - Costs and Funding Sources:

Description	Amount	Source
Implementation	$4,400,000	
RFP Phase Only	$60,000	
Total Life Cycle	$9,010,000	100% Federal Funds

Section 5 - SCIO Recommendation:

The project is **conditionally approved** for Phase 2 - RFP phase activities only.

Approval conditions are:

1. The project must return to the State Chief Information Officer (SCIO) for a project implementation phase review **prior** to contract award;
2. The logical and physical portions of the detail design template must be completed and approved by the Statewide Technical Architecture team prior to contract award;
3. All IT procurements must be reviewed and approved by the State's Chief IT Procurement Officer in accordance with rules (09 NCAC 06B), policies, and procedures; and
4. Ensure that the project complies with the recommendations noted in the Office of State Budget and Management Project Approval Summary.

Original Signed by George Bakolia — March 16, 2005

State Chief Information Officer — Date

Appendix C – Inventory of Technology Assets

The table below contains order-or-magnitude approximations of the number of assets in the state's inventory. The legacy applications inventory was determined from a recently completed comprehensive study and assessment; therefore its accuracy reflects a higher level of confidence. The other inventories were self-reported by the departments through surveys and not verified by ITS.

Asset Description	Inventory Approximations
Legacy applications – in place and operating software for meeting department business and program requirements	900
Servers	2,000
Desktops	50,000
Desktop software – instances (copies) of products	400,000

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 30, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Janet Schanzenbach	NC Council
Angeline Sligh	DHHS-OMMISS
PORTIA Asbridge	DHHS-OMMISS
Karen Lumsden	DHHS-OMMISS
Rich HAM	DHHS-OMMISS
Rebecca Trantham	NCACC
Tina Fuller-Morgan	OSBM
Daphne Lyon	OSBM
Lee Wilson	NCALTCF
Jim Edgerton	DHHC
Wayne Wallace	OSBM

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 30, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mark Beason	Capitol Hum
Joni Allen	BEGINNINGS
BRIAN LEWIS	Covenant w/ NC's Children
Tamara K Hicks	NCACDSS
Stana McKenney	NC DHHS
John McKay	Gov office
MIKE MANN	NCCA
Jim Tibbs	NHA-NC-C2001
Jackie Savage	Connections
	NCFB
Deborah Ramsey	NCALHD

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — March 30, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Cyrus	NCSG
Kam Geog	NC ACDSS

Principal Clerk ____
Reading Clerk ____

SENATE
NOTICE OF JOINT SUBCOMMITTEE MEETING

The Joint Appropriations Subcommittee on **Health and Human Services** will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	March 29, 2005	8:30 A.M. and 2:00 P.M.	643
Wednesday	March 30, 2005	8:30 A.M. and 2:00 P.M.	643
Thursday	March 31, 2005	8:30 A.M.	643

Senator Purcell, CoChair
Senator Malone, CoChair

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, March 30, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Information Resource Management (DIRM)

Lanier Cansler, DHHS
Karen Tomczak, DIRM
Angela Taylor, DIRM
Karlynn O'Shaughnessy, FRD Staff

2:00 PM

Budget Overview
Division of Medical Assistance — *Carol Shaw, FRD Staff*

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Thursday, March 30, 2005
2:00 P.M.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met at 2:00 P.M. in Room 643 of the Legislative Office Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Forrester, Berger, Blake, and East. Representatives present were: Co-Chairs Jeff Barnhart and Verla Insko, and Representatives Farmer-Butterfield, Allen, Current, England, and Wright.

Senator Purcell presided. After introducing the pages and recognizing the Sergeants-at-Arms, he called on Karlynn O'Shaughnessy to continue her presentation on the Division of Information Resource Management from this morning's meeting (Attachment 1).

Ms. Carol Shaw continued with her presentation on the Medicaid Program Overview (Attachment II). Senator East asked what events led to the increase in Medicaid participation beginning in 1989 and 1990. Ms. Shaw said that at that time the economy was poor, and more people were brought into the program, as seen in the chart on page 26. He asked if optional programs added to the cost at that time, and Ms. Shaw responded that most of the eligibles that were added were optional. Senator Blake asked how much of a monthly nursing home cost the Medicaid pays. Ms. Shaw said that an individual on Medicaid receives $30 per month from any income received; the rest goes toward reimbursing the Medicaid costs. According to Mr. Mark Benton, Acting Director, Division of Medical Services, Medicaid averages a monthly payment of $3.900 to $4,000, based on the acuity of the patient. In response to a question from Senator Berger, Ms. Shaw said that prescription drugs have been a service included in the Medicaid program since its inception in 1970, and that about $1.5 billion was spent on prescription drugs in the past year. Senator Purcell asked the committee members to take a close look at the services listed on page 20 and think about what services could be cut because of an anticipated budget shortfall.

The meeting adjourned at 3:20 P.M.

Senator William R. Purcell, M.D., Chair

Lorraine R. Blake, Committee Clerk

Department of Health and Human Services

Division of Information Resource Management

Fiscal Research Division
March 2005

Attachment 1

Budget

INFORMATION SYSTEMS SERVICES						
	2003-2004 ACTUAL	2004-2005 AUTHORIZED	2005-2006 INCR/DECR	2005-2006 TOTAL	2006-2007 INCR/DECR	2006-2007 TOTAL
REQUIREMENT	52,445,087	43,963,900	1,824,051	45,787,951	8,472,129	52,436,029
RECEIPTS	35,648,946	29,775,638	833,416	30,609,054	3,500,489	33,276,127
NET APPROPRIATION	16,796,141	14,188,262	990,635	15,178,897	4,971,640	19,159,902

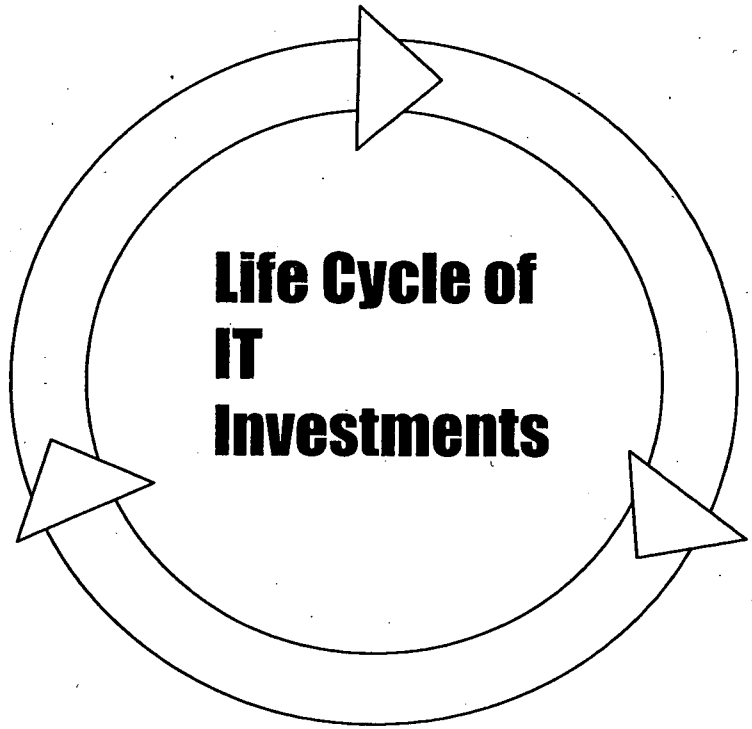
Expansion:

1. Health-Related IT Initiative $5,000,000 (Nonrecurring)
2. Provider Tracking Database Expansion $800,000 (Nonrecurring)

Funding held in reserve for OSBM and ITS approval.

Framework for IT Investment Management

III. Investment Operation and Renovation, Replacement, or Retirement



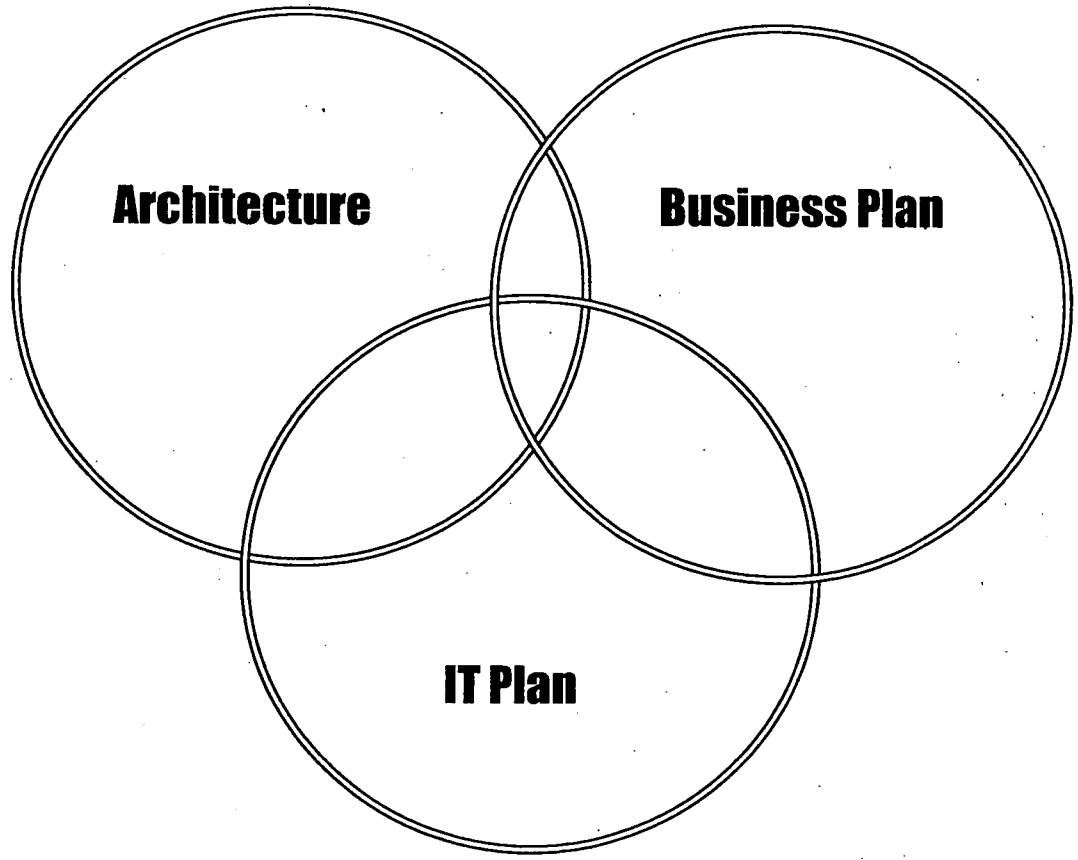
I. Strategic Business and IT Planning and Investment Selection and Budgeting

II. Investment Implementation

Issues

- No Comprehensive Plan
- Seat Management Implementation
- NC FAST Budgeting
- Most IT Expansion Requests Not in Expansion Budget

Strategic Business and IT Planning



Seat Management

- Program instituted effective May 2003 for four year pilot
- Projected savings of $4 million per year (24 May 2004 memorandum to Members of General Assembly) based on increased productivity and efficiency
- No positions eliminated
- No further expansion

Seat Management

Division	PC Seats
DSS Child Support Central Office, Call Center and County Offices	1,512
DMH/DD/SAS Broughton Hospital	420
Central Admin. and Support, Office of the Secretary	124
DMH/DD/SAS Cherry Hospital	407
Office of Citizen Services	24
Division of Child Development	296
Council on Developmental Disabilities	11
DMH/DD/SAS Dorothea Dix Hospital	485
Division of Information Resource Management	312
Division of Aging	38
Division of Medical Assistance	427
Division of Social Services (DSS)	286
DSS EBT Call Center at Everetts	21
Office of Internal Audit	8
Office of Medicaid Management Information System Services	81
DMH/DD/SAS O'Berry Hospital	195
Office of the Controller	280
Office of Economic Opportunity	17
DMH/DD/SAS Umstead Hospital	468
Division of Deaf and Hard of Hearing	7
Grand Total:	**5,419**

Seat Management

CONTINUATION BUDGET SEAT MANAGEMENT	2003-04 ACTUAL	2004-05 AUTH'D	2005-06 INCR/DECR	2005-06 TOTAL	2006-07 INCR/DECR	2006-07 TOTAL
CMS	321,768	1,510,864	0	1,510,864	0	1,510,864
Division of Aging	18,998	129,248	0	129,248	0	129,248
Division of Child Development	0	491,778	0	491,778	0	491,778
Division of Social Services	0	3,290,688	844	3,291,532	844	3,291,532
Division of Medical Assistance	0	73,800	0	73,800	0	73,800
	340,766	5,496,378	844	5,497,222	844	5,497,222

Monthly average cost per computer = $140
5419 x 12 x $140 = $9,103,920
$9,103,920 - $5,497,222 = $3,606,698 in excess of budget

Seat Management

Division	PC Seats
DSS Child Support Central Office, Call Center and County Offices	1,512
DMH/DD/SAS Broughton Hospital	420
Central Admin. and Support, Office of the Secretary	124
DMH/DD/SAS Cherry Hospital	407
Office of Citizen Services	24
Division of Child Development	296
Council on Developmental Disabilities	11
DMH/DD/SAS Dorothea Dix Hospital	485
Division of Information Resource Management	312
Division of Aging	38
Division of Medical Assistance	427
Division of Social Services (DSS)	286
DSS EBT Call Center at Everetts	21
Office of Internal Audit	8
Office of Medicaid Management Information System Services	81
DMH/DD/SAS O'Berry Hospital	195
Office of the Controller	280
Office of Economic Opportunity	17
DMH/DD/SAS Umstead Hospital	468
Division of Deaf and Hard of Hearing	7
Grand Total:	**5,419**

NC FAST Budget

- Increase in Reserve for NC FAST for SFYs 05-06 and 06-07
  - $4,634,966 authorized SFY 04-05 (potential carry forward)
  - $10,034,966 for SFY 05-06 ($5,400,000 increase)
- Additional Funds Budgeted from TANF Block Grant

Appropriated SFY 04	Expended SFY 04	Appropriated SFY 05	Projected Expenditures SFY 05	Requested SFY 06
$630,000	-0-	$2,717,298	$1,447,640	$2,717,298

Questions

DEPARTMENT OF HEALTH & HUMAN SERVICES

MEDICAID PROGRAM OVERVIEW

North Carolina General Assembly
Fiscal Research Division
March 2005

Attachment H

Medicaid Program Overview

- Purpose of Medicaid
- Impact of Medicaid
  - On the State Economy
  - On State Government
  - On the State Budget
  - On Local Government
- Medicaid Services
- Medicaid Recipients
- Program Changes Since 1990

Medicaid Program

THREE PROGRAMS IN ONE

- HEALTH INSURANCE
- LONG TERM CARE FOR THE ELDERLY
- SERVICES FOR PEOPLE WITH DISABILITIES

Medicaid Program

MEDICAID VS. MEDICARE

Medicaid is health care for certain groups of poor persons, including single parent families, persons over age 65 and the disabled. Coverage is based on a person falling into one of the target groups and passing income and resources tests. Medicaid is administered by states and counties and financed with federal, state and county funds.

Medicare is health care for persons over age 65 and for the disabled who receive Social Security payments. Medicare is administered by the Centers for Medicare & Medicaid Services and financed by employer/employee contributions to the Social Security Trust Fund. Beginning in 2006, states will pay a portion of Medicare Part D to cover the cost of prescription drugs previously paid for persons dually eligible for Medicaid and Medicare.

Medicaid Program

ENTITLEMENT STATUS

Medicaid is a federal entitlement program. Entitlement means any individual who is found eligible for Medicaid has a legal right to receive services under the Medicaid Program and cannot be denied coverage.

Implications for State Government

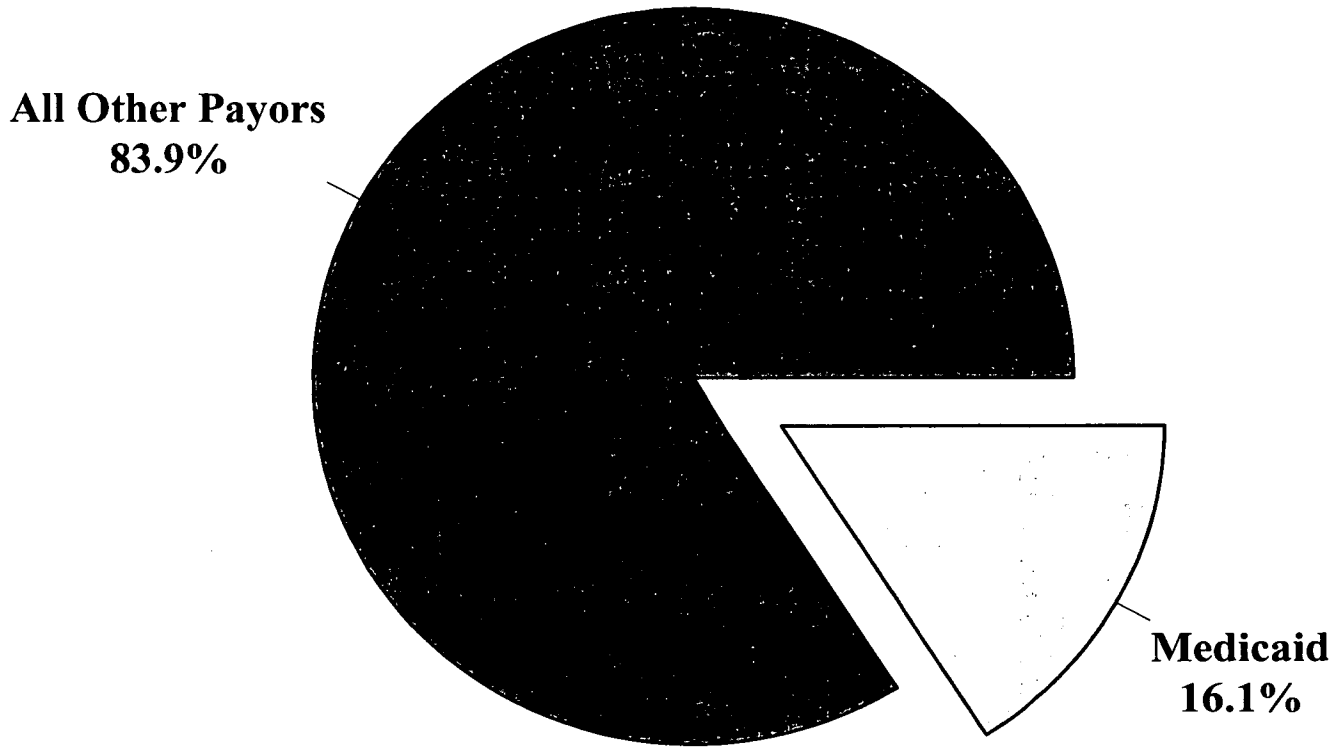
- ✓ **All eligible persons who apply for Medicaid must be served.**
- ✓ **The medical bills for Medicaid eligibles must be paid.**
- ✓ **If the appropriations for the Medicaid Program are inadequate, eligible persons must be served even if the funding must come from other areas of State government.**

IMPACT OF MEDICAID

- ✓ On the State Economy
- ✓ On State Government
- ✓ On the State Budget
- ✓ On Local Government

Medicaid Program

Medicaid Expenditures Vs. NC Health Care Expenditures



SFY 2004

- ✓ **NC Health Care Expenditures $52.7 Billion** (estimated)
- ✓ **All Other Payors $44.2 Billion** (estimated)
- ✓ **Medicaid $8.5 Billion** (actual)
- ✓ **NC Health Care Per Capita $6,167** (estimated)

Source: Health Affairs, February 2004, Health Spending Projections Through 2013

Medicaid Program

N. C. MEDICAID SNAPSHOTS

- Covered 1.5 Million state residents in SFY 2004 -- 17.7% of N.C.'s population
- Covered over 870,000 children during SFY 2003 - 58% of Medicaid eligibles
- Covers 45% of the babies born each year
- 29.3% of recipients consume 69% of resources -- includes aged, blind, and disabled
- Enrolled over 52,000 providers of medical services.

Medicaid Program

N. C. MEDICAID SNAPSHOTS

- Inpatient care consumes 42.6% of expenditures for services -- includes hospitals, nursing homes, residential high risk intervention services and mental retardation centers.

- Expenditures for drugs were $1.47 Billion in SFY 2004.

- 66.5% of the state's 41,000 nursing home beds are funded through Medicaid.

- 16% of N. C. hospital charges are paid by Medicaid -- 45% are paid by Medicare.

Medicaid Program

IMPACT ON STATE AND LOCAL AGENCIES

- The Medicaid Program supplies significant support to State and Local agencies that provide medical services to Medicaid recipients -- 14% of Medicaid expenditures support State and Local agencies.

- The following State and Local Agencies receive reimbursement from Medicaid: Mental Retardation Centers, State Psychiatric Hospitals, Special Care Center, UNC Hospitals, Area Mental Health Agencies, Alcohol and Drug Treatment Centers, Public Health Departments, Social Services Departments, County Owned Home Health Agencies, County Owned Ambulance Services and Local Education Agencies.

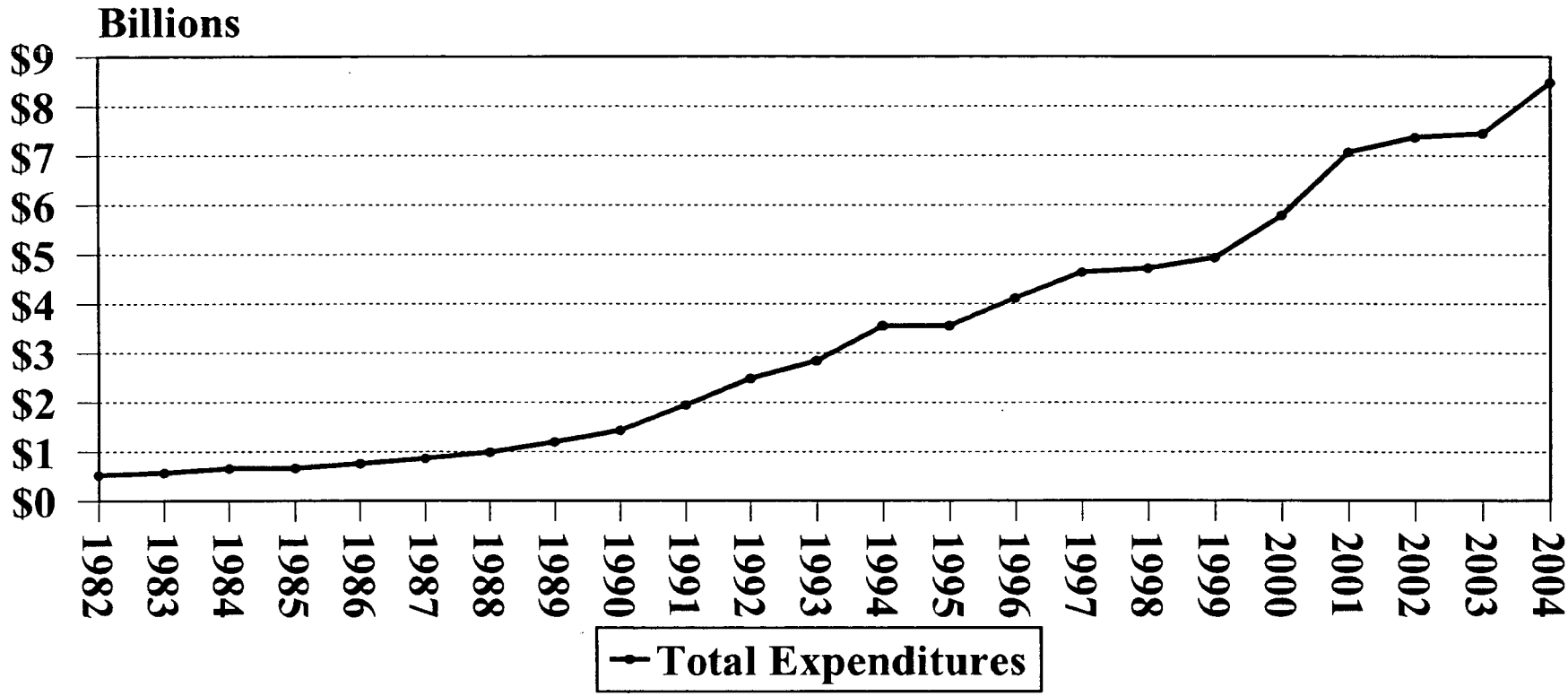
Medicaid Program

HISTORY OF TOTAL EXPENDITURES

STATE FISCAL YEAR	TOTAL EXPENDITURES
1979-80	$410,053,625
1989-90	$1,427,672,567
1999-00	$5,789,133,085
2003-04	$8,475,768,498

Medicaid Program

HISTORY OF MEDICAID EXPENDITURES



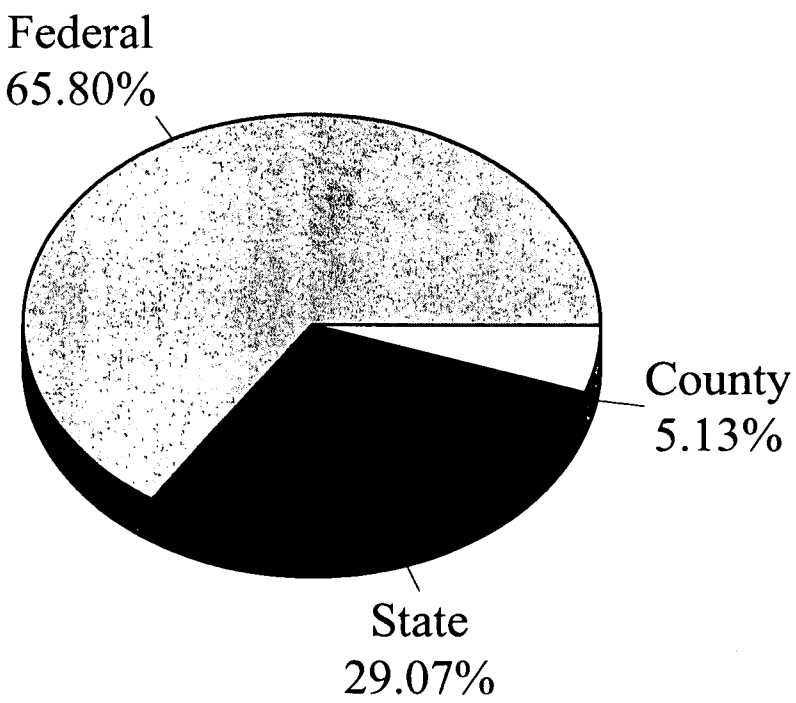
- ✓ During the past twenty years, the rate of growth for Medicaid expenditures has varied considerably - ranging from 0% to 35%.

- ✓ Higher rates of growth have occurred during years of economic distress or when major Medicaid expansions have been authorized. Lower rates of growth have occurred during years when the Medicaid population has been stable or declining.

Medicaid Program

FEDERAL FINANCIAL PARTICIPATION

Medical Benefits



SFY 2003-04

Other Matching Rates

Family Planning

Federal	90%
State	8.5%
County	1.5%

Administration - Skilled Medical Personnel & MMIS

Federal	75%
NonFederal	25%

Administration - All Other

Federal	50%
NonFederal	50%

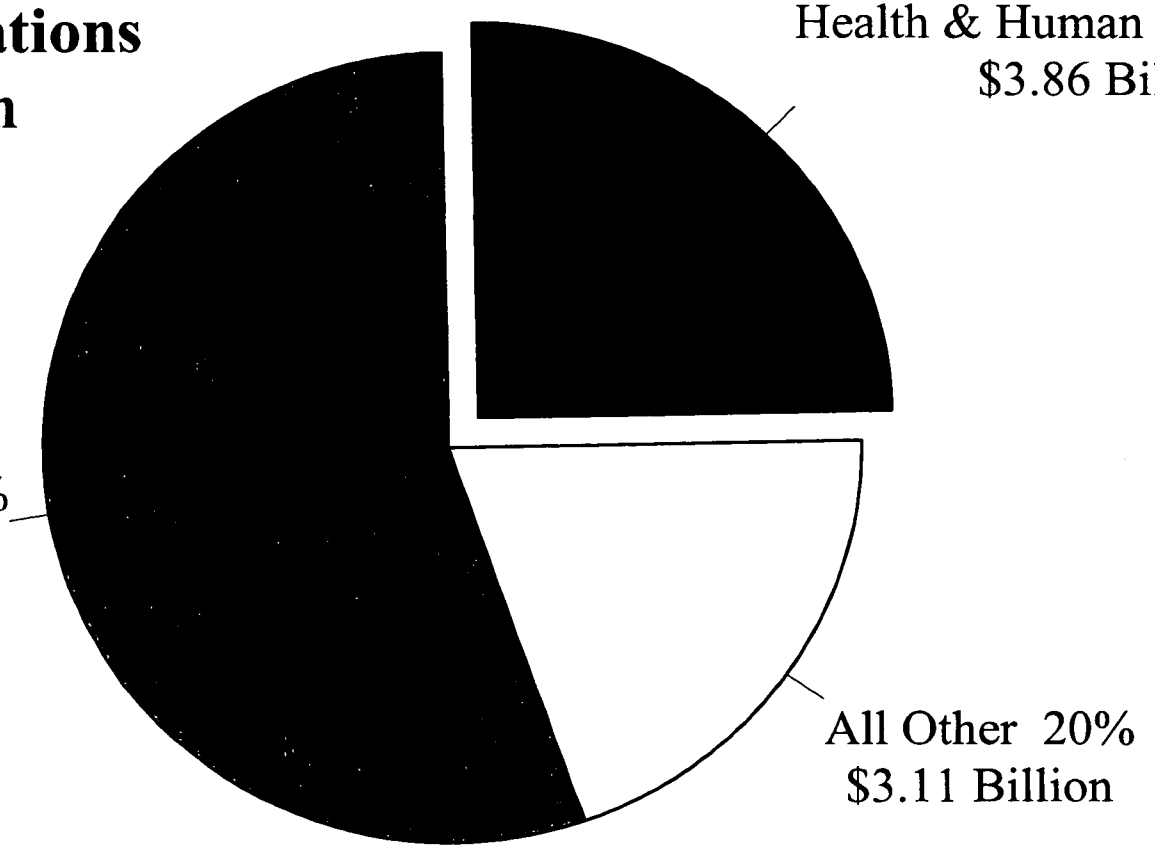
Federal Fiscal Relief provided an enhanced match that ended 06/30/04.

Medicaid Program

HHS SHARE OF GENERAL FUND APPROPRIATIONS

SFY 2005

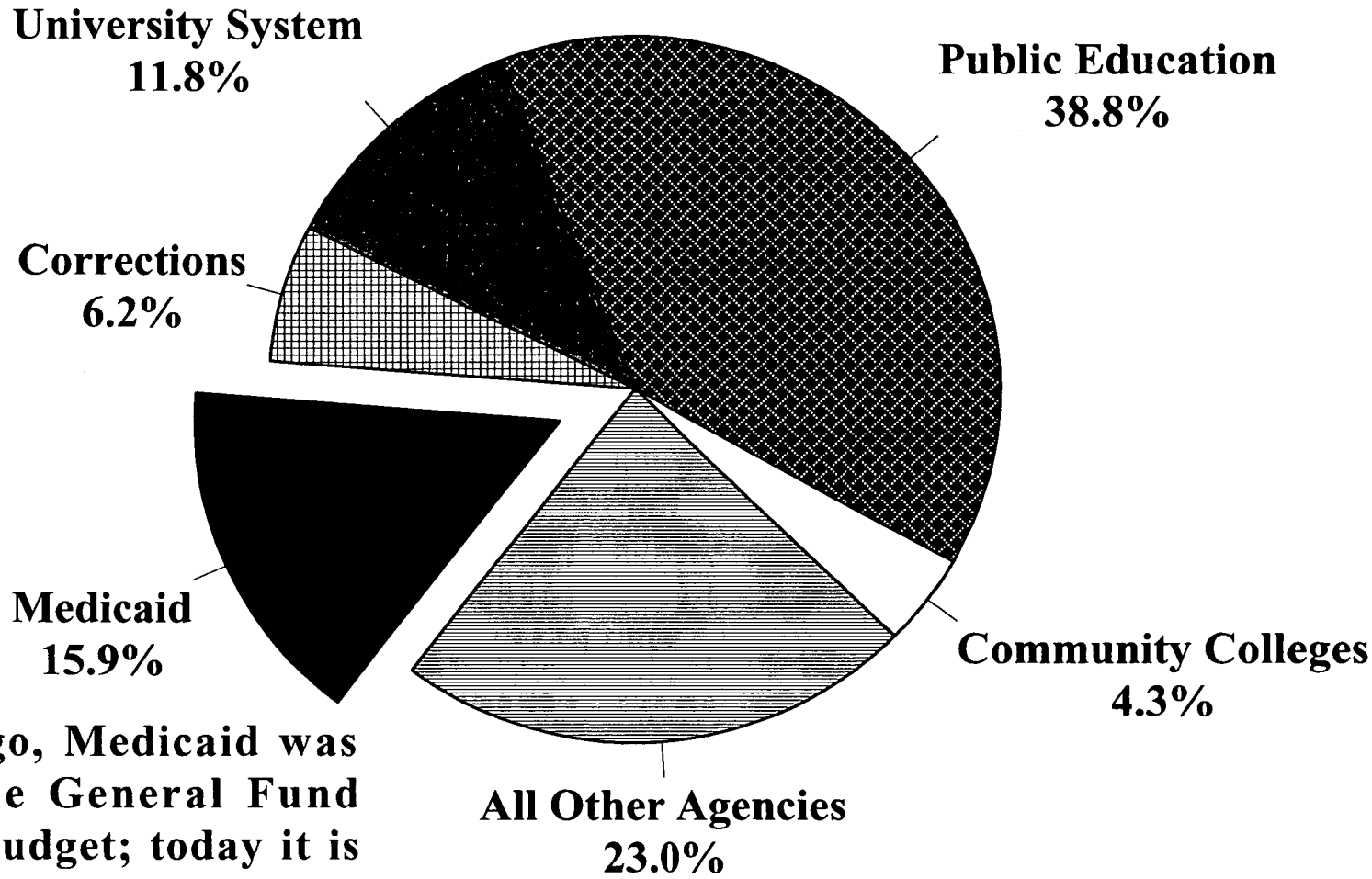
Total Appropriations
$15.5 Billion



Source: NC General Fund Operating Appropriations SFY 2005

Medicaid Program

GENERAL FUND APPROPRIATIONS BY MAJOR PROGRAM AREA
SFY 2005

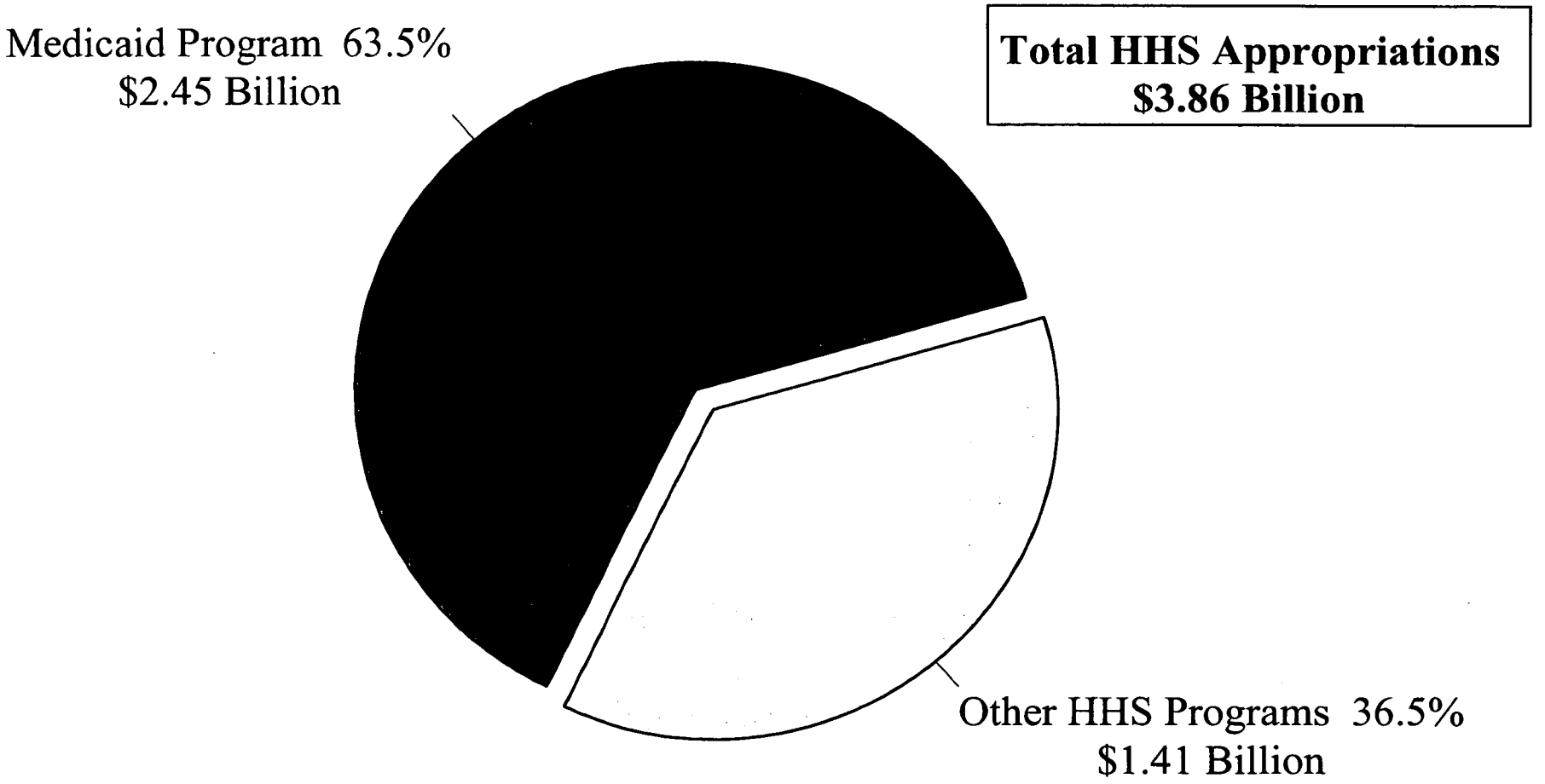


10 years ago, Medicaid was 8.2% of the General Fund operating budget; today it is 15.9%.

Source: NC General Fund Operating Appropriations SFY 2005

Medicaid Program

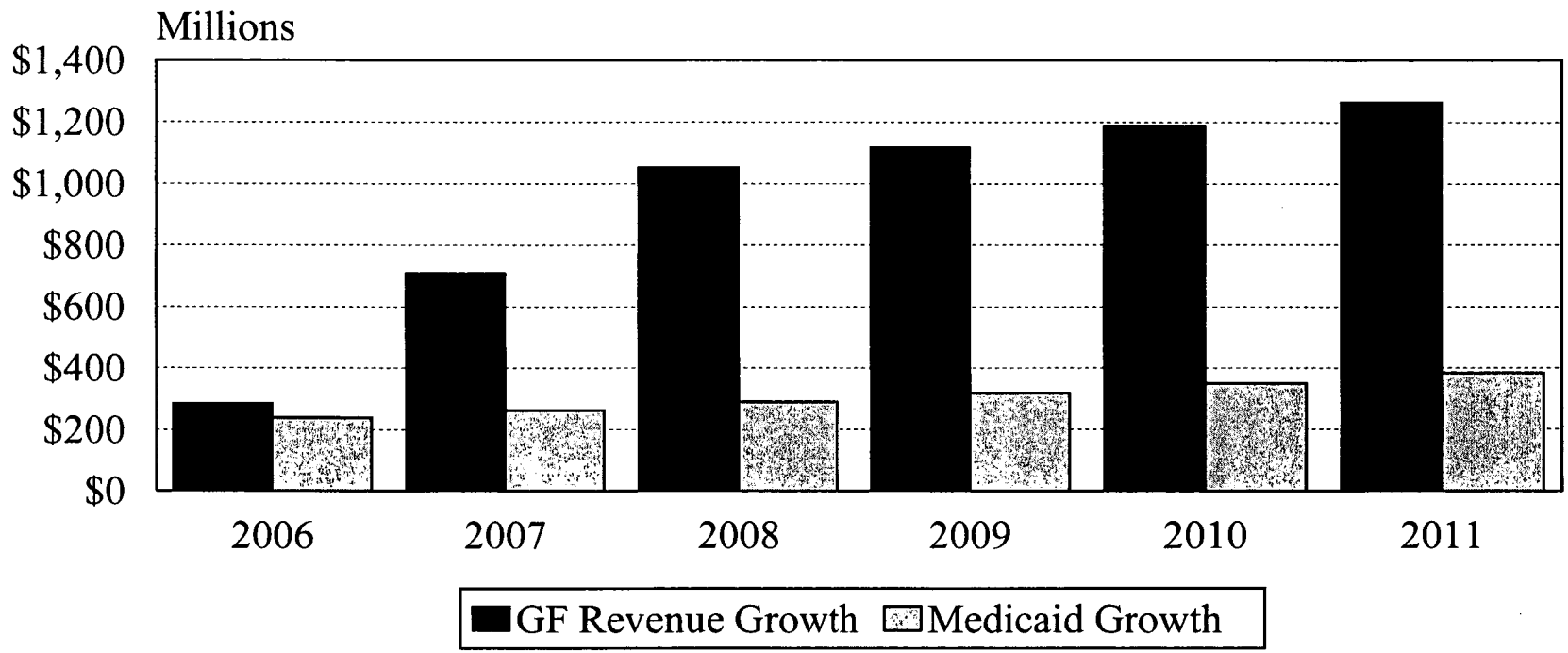
MEDICAID'S SHARE OF HHS GENERAL FUND APPROPRIATIONS FOR SFY 2005



Source: NC General Fund Operating Appropriations SFY 2005

Medicaid Program

MEDICAID GROWTH VS. GENERAL FUND REVENUE GROWTH



If Medicaid expenditures increase 10% annually, growth in General Fund expenditures for Medicaid will consume 30% of new General Fund revenues by SFY 2011.

Medicaid Program

IMPACT ON COUNTIES

- State law requires counties to pay 15% of the nonfederal share of Medicaid Services and 100% of the nonfederal share for County Medicaid Administration.

- For SFY 2005, counties are projected to pay $450 million for Medicaid Services or 5.5% of the expenditures for Medicaid Services.

- For SFY 2005, counties are also projected to pay $63 million for County Medicaid Administration or 50% of the expenditures for County Medicaid Administration.

MEDICAID SERVICES

Medicaid Program

Mandatory Services and Eligibles

Under federal law, all states operating a Medicaid Program are required to provide certain services and serve specific categories of eligibles. The services and eligibles are **mandatory** and must be included in order to receive federal reimbursement.

Medicaid Program

Mandatory Services

- Health Check Services (EPSDT)
- Family Planning Services
- Federally Qualified Health Centers
- Hearing Aids (children)
- Home Health Services (includes Durable Medical Equipment)
- Inpatient Hospital Services
- Outpatient Hospital Services
- Physicians
- Laboratory & X - Ray Services
- Nurse Midwives
- Nurse Practitioners
- Nursing Facilities
- Prenatal Care
- Rural Health Clinics
- Specialty Hospitals
- Transportation
- Vaccines for Children

Medicaid Program

Optional Services and Eligibles

- Current 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.

- The North Carolina Medicaid Program covers 28 of the 34 optional Medicaid services.

Medicaid Program

Optional Services

- Ambulance Transportation
- Targeted Case Management Services
- Chiropractors
- Clinic Services
- Community Alternatives Programs (CAP)
- Dental Care Services (Dentures)
- Diagnostic, Screening, Preventative Services
- Emergency Hospital Services
- Eyeglasses
- Hospice
- Intermediate Care Facilities for the Mentally Retarded (ICF-MR)
- Mental Hospitals (Age 65 and over)
- Impatient Psychiatric Care (Under age 21)
- Occupational, Physical, and Speech Therapies
- Optometrists
- Personal Care Services
- Podiatrists
- Prescription Drugs
- Prosthetics and Orthotics
- Private Duty Nursing Services
- Rehab. Services (Mental Health)

Medicaid Program

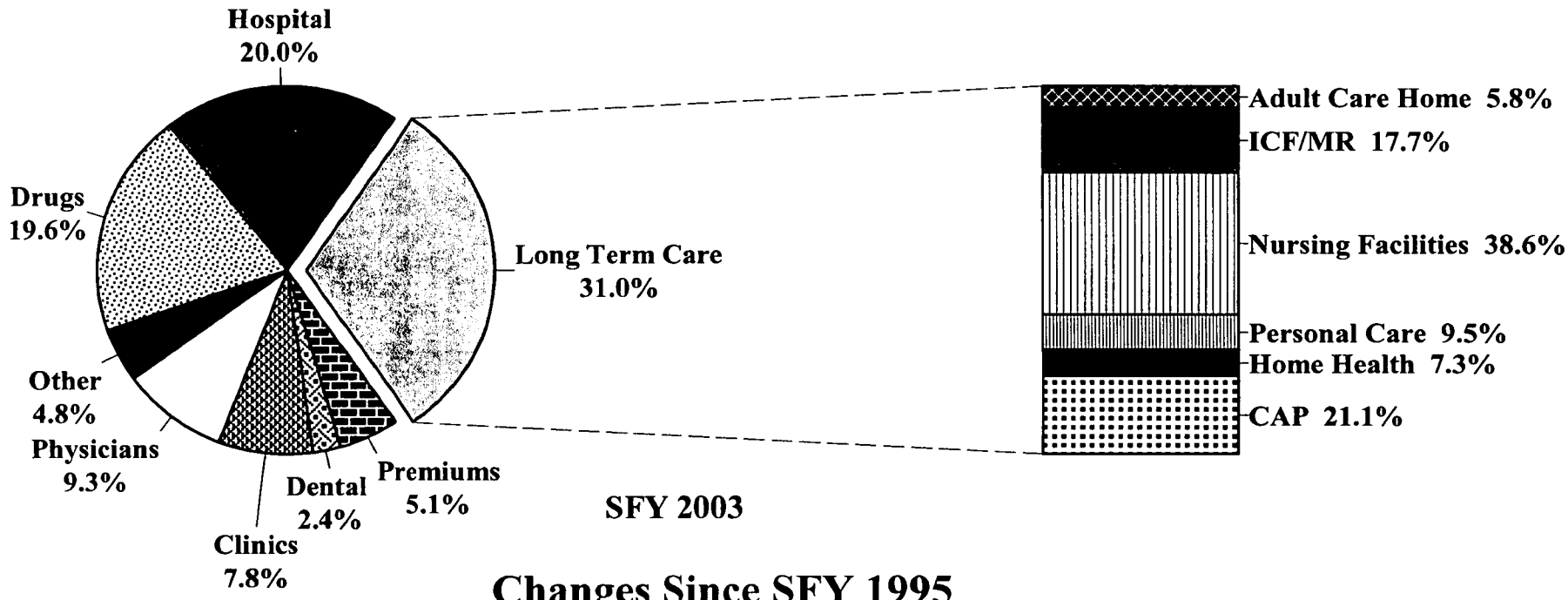
EXPENDITURES FOR SERVICES

- Total expenditures for services and premiums was $7.4 Billion for SFY 2004. The State share was $2.16 Billion.

- 96.5% of expenditures for services paid for direct medical services while the remaining 3.5% paid for Medicare and HMO premiums.

Medicaid Program

EXPENDITURES FOR SERVICES

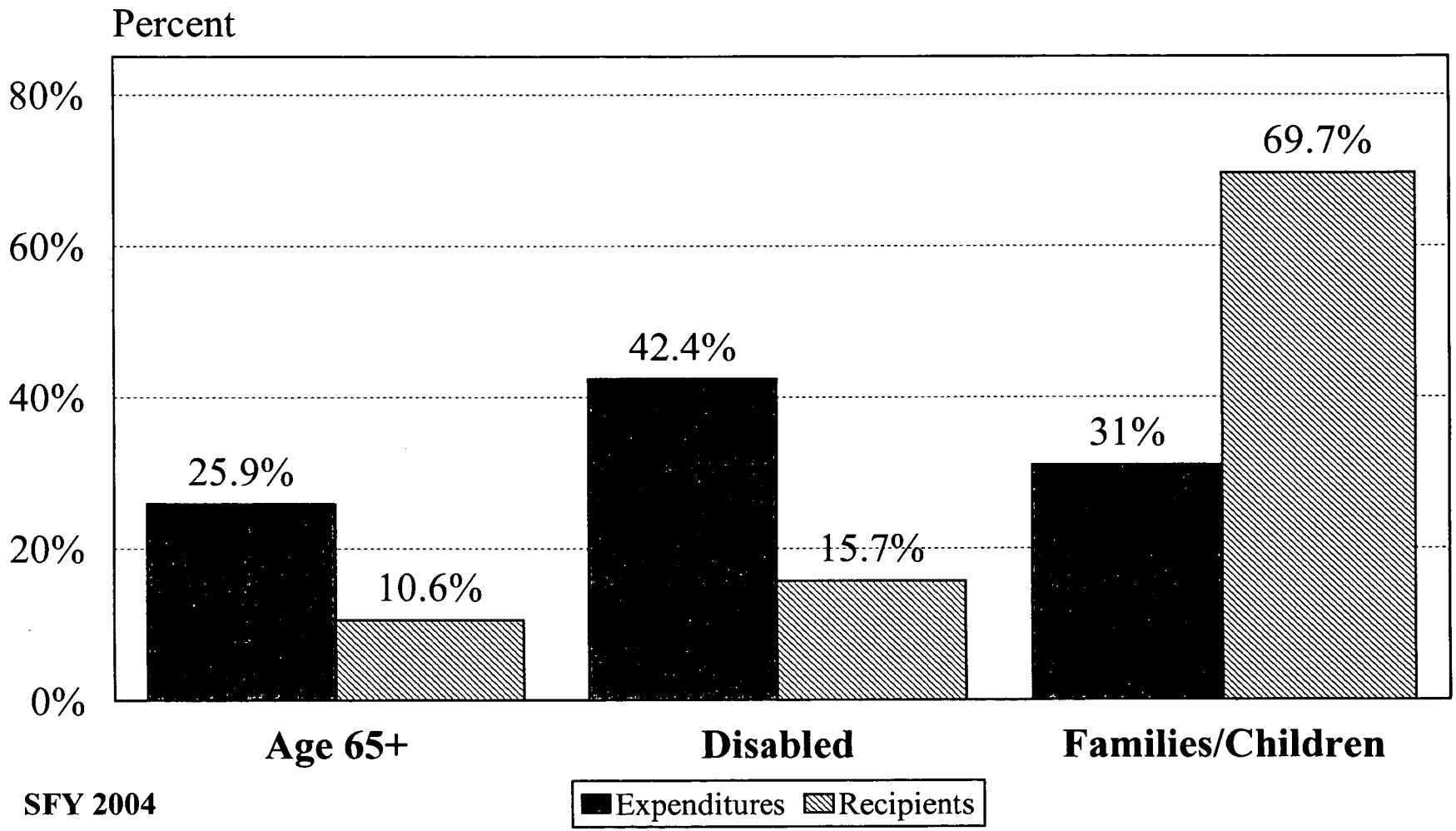


Changes Since SFY 1995

- ✓ **Long-Term Care expenditures continue to decline - 40.4% to 31%.**
- ✓ **In-Home Services are an increasing share of Long-Term Care expenditures - 18.5% to 37.9%**
- ✓ **Hospital expenditures have also declined - 26.9% to 20%.**
- ✓ **Drug expenditures have increased significantly - 8.2% to 19.6%.**

Medicaid Program

EXPENDITURES AND RECIPIENTS



SFY 2004

Medicaid Program

EXPENDITURES AND RECIPIENTS

SFY 2004

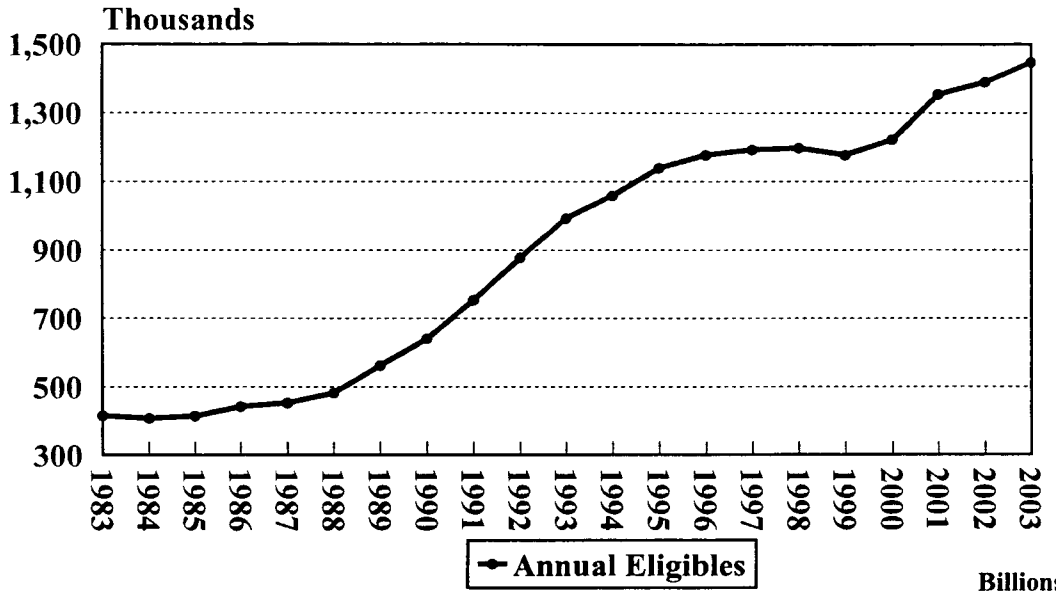
Eligibility Category	Number of Recipients	Expenditures	Annual Cost Per Recipient
Elderly	204,135	$1,941,800,149	$8,932
Aged	162,675	$1,912,877,837	$10,992
Medicare-Aid	41,460	$28,922,311	$665
Disabled	243,774	$3,127,627,817	$11,971
Families & Children	1,074,554	$2,285,088,549	$1,967
Aliens & Refugees	18,987	$51,681,385	$2,735

NOTE: The Aged and Medicare-Aid categories are subsets of the Elderly category.

MEDICAID RECIPIENTS

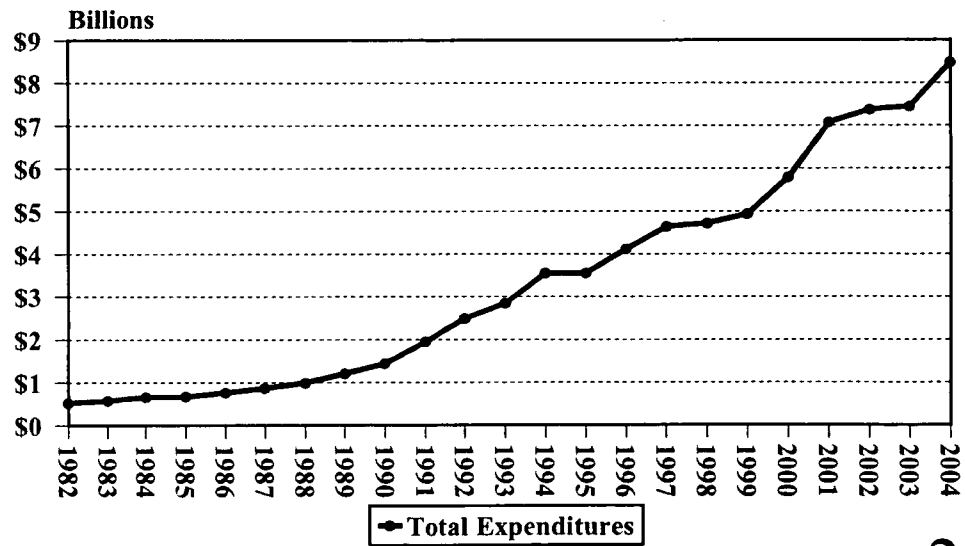
Medicaid Program

GROWTH IN ELIGIBLES AND EXPENDITURES



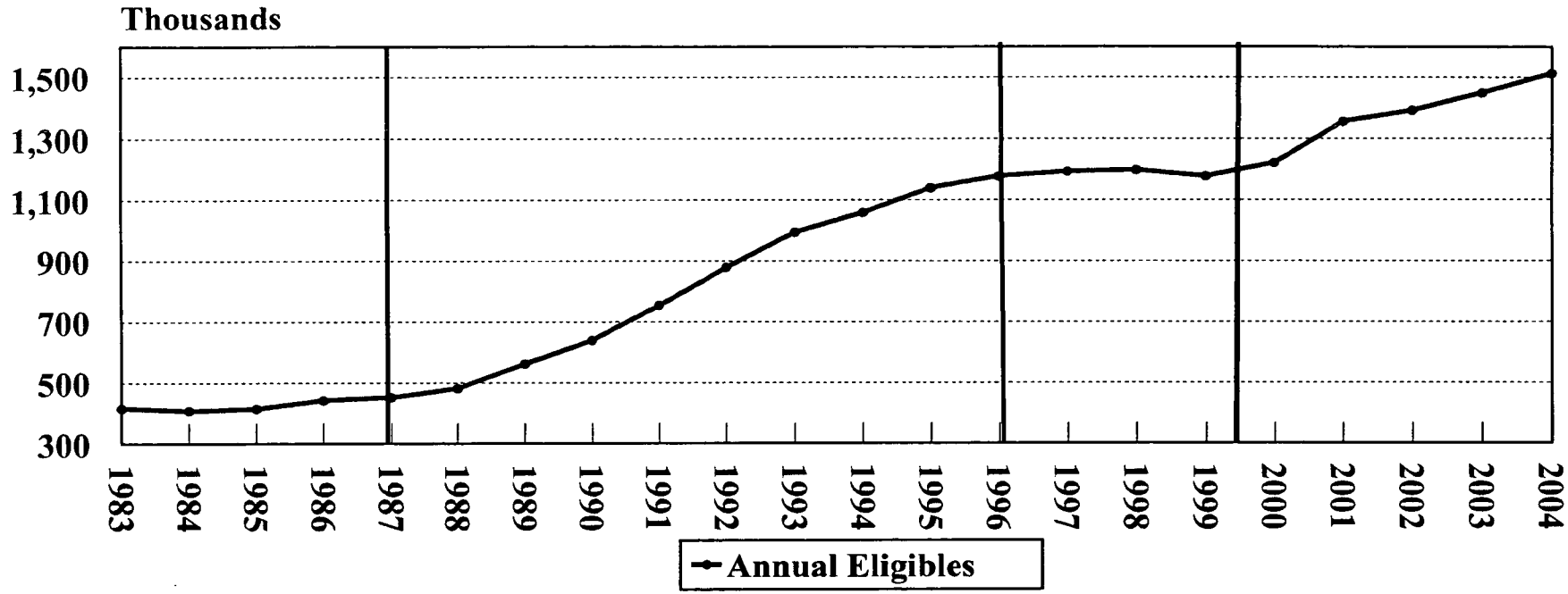
During the early 1980s, the number of eligibles did not grow significantly, and the rate of growth in expenditures for Medicaid was moderate.

Beginning in 1987, a series of mandated and optional eligibility expansions occurred and expenditures for Medicaid began to grow rapidly.



Medicaid Program

HISTORY OF ANNUAL ELIGIBLES



- ✓ Early 19980s - The growth rate for eiligibles was flat because the economy was stable.
- ✓ 1987 through 1996 - A series of mandated and optional eligible expansions occurred, and welfare caseloads increased significantly during the economic downturn in the early 1990s.
- ✓ 1996 through 1999 - Welfare reform and the improved economy caused welfare caseloads to decline and actually decrease.
- ✓ 2000 through 2004 - Economic downturn caused enrollment to increase and the last major eligibility expansions were enacted.

Medicaid Program

MANDATORY ELIGIBILITY GROUPS

- Low Income Families and Children (Based on the AFDC State Plan as of July 16, 1996)
- Transitional Medicaid
- Aged, Blind, and Disabled SSI Recipients
- Infants born to Medicaid eligible women (to 185% of FPL)
- Children under age 6 (to 133% of FPL)
- Pregnant Women (to 185% of FPL)
- All Children born after 9/30/83 (to 100% of FPL)
- Recipients of Adoption Assistance and Foster Care
- Refugees/Aliens
- 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

Medicaid Program

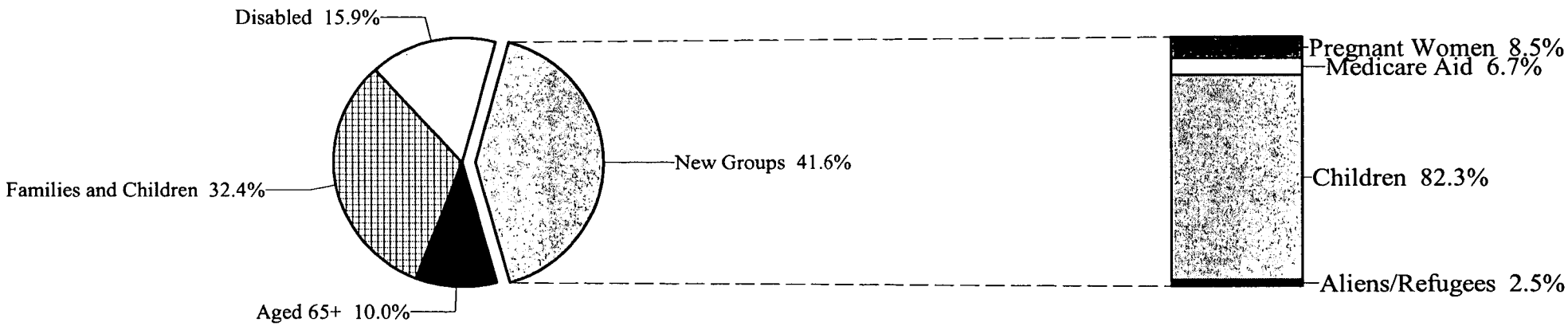
OPTIONAL ELIGIBILITY GROUPS

- Children age 19 and 20 meeting AFDC income standards
- Special Needs Adoptive Children
- 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 the FPL)
- Medically Needy Persons
- Women with Breast and Cervical Cancer (to 185% of FPL)

Note: FPL is the Federal Poverty Level

Medicaid Program

NEW GROUPS SINCE 1987

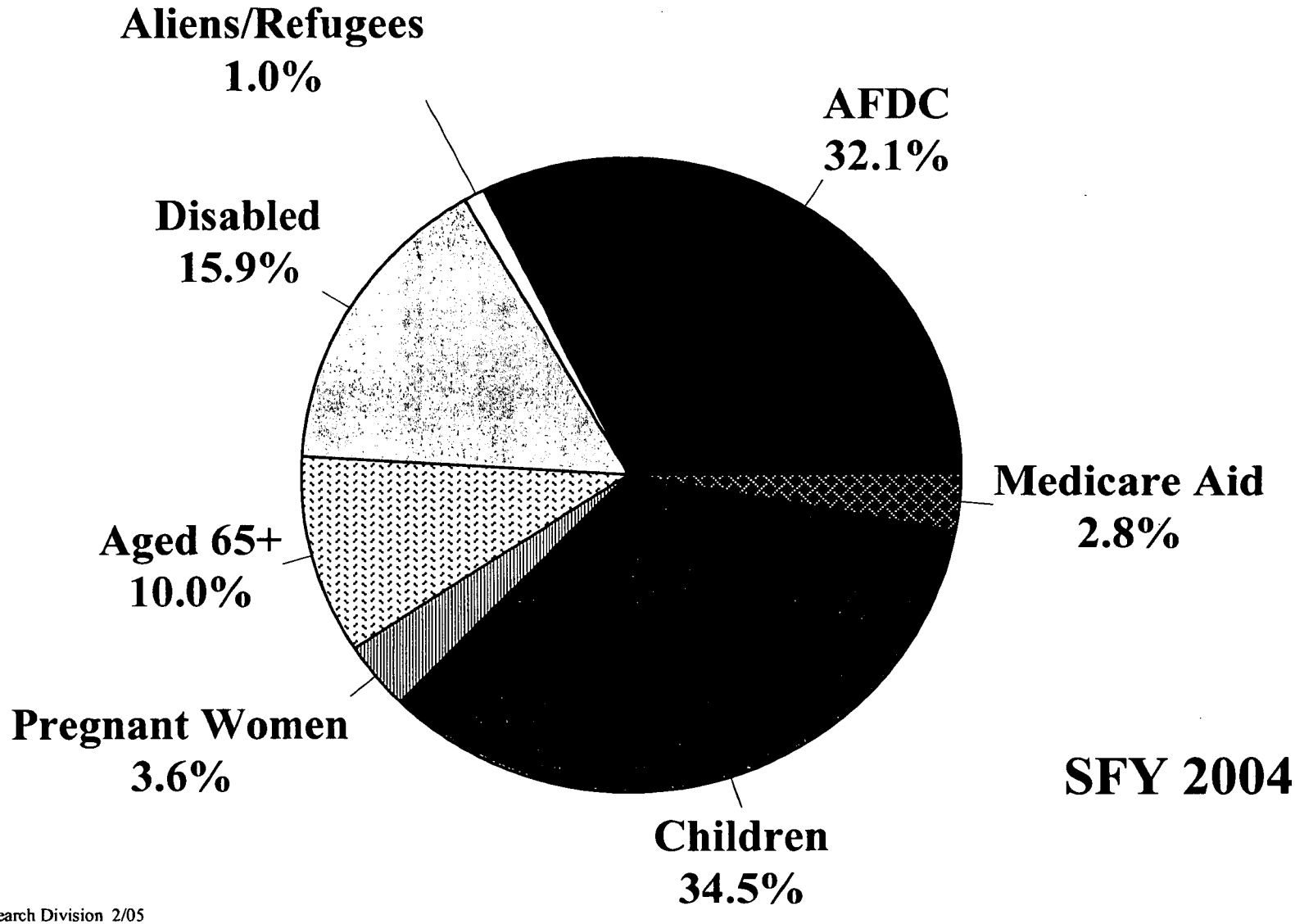


SFY 2004

When Medicaid began, the program focused on providing medical care for the disabled, aged, and families receiving welfare. Since 1987, Medicaid eligibility has been expanded to cover children, pregnant women, qualified Medicare beneficiaries, and aliens/refugees.

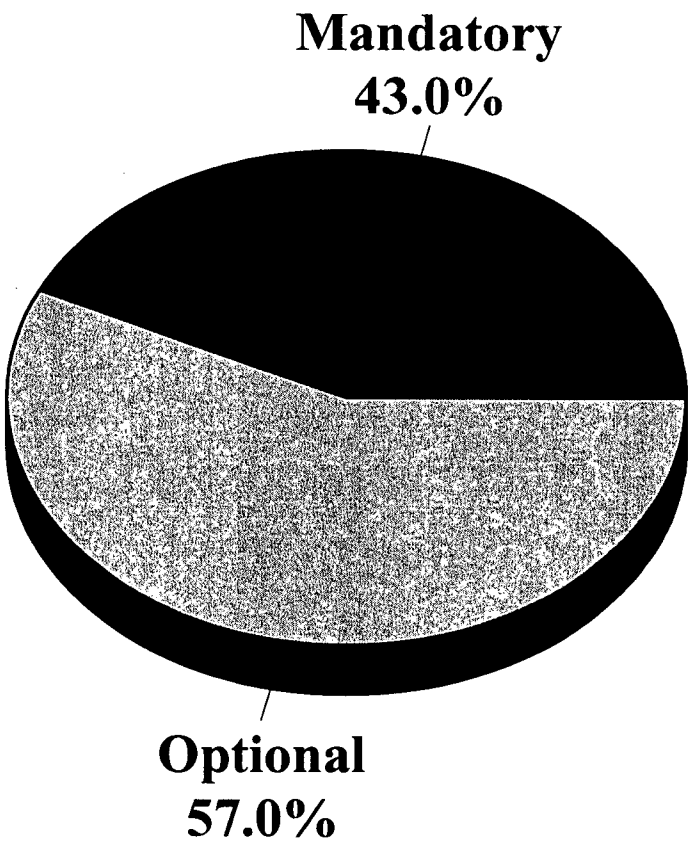
Medicaid Program

MEDICAID ELIGIBLES



Medical Assistance Payments

Mandatory Vs. Optional



Mandatory services and eligibles include expenditures when services and eligibles are both mandatory.

$3.15 Billion

Optional services and eligibles include expenditures when either the services or the eligibles are optional.

$4.17 Billion

Actual Expenditures for SFY 2004

PROGRAM CHANGES SINCE 1990

Medicaid Program

PROGRAM CHANGES SINCE 1990

Eligibility Expansions

- **Mandated**
  - ✓ Increase children ages 11 to 19 coverage to 100% of FPL - Effective 7/1/94
  - ✓ Increase children ages 1 to 6 coverage to 133% of FPL - Effective 10/1/90
- **Optional**
  - ✓ Increase pregnant women and infant coverage to 150% of FPL - Effective 1/1/90
  - ✓ Increase pregnant women and infant coverage to 185% of FPL - Effective 10/1/90
  - ✓ Add adoptive children with special rehabilitative needs - Effective 10/1/94
  - ✓ Automatic coverage of SSI eligible aged, blind and disabled persons - Effective 1/1/95
  - ✓ Add non-SSI eligible aged, blind, and disabled persons to 100% of FPL - Effective 1/1/99
  - ✓ Add women with breast and cervical cancer coverage to 185% of FPL -Effective 10/1/01

Note: FPL is the Federal Poverty Level

Medicaid Program

PROGRAM CHANGES SINCE 1990

Federal Revenue Maximization Efforts

- ✓ Intermediate Care Facilities for the Mentally Retarded
- ✓ Thomas S program (lawsuit)
- ✓ Willie M program (lawsuit)
- ✓ Adult Care Home Personal Care Services
- ✓ DSH Payments
- ✓ Health Departments & Area Mental Health Programs
- ✓ Health Related Services In Schools
- ✓ Administrative Claiming in Schools
- ✓ Provider Assessments for Nursing Facilities and ICF-MRs
- ✓ Targeted Case Management Services

Medicaid Program

PROGRAM CHANGES SINCE 1990

Managed Care Initiatives

- ✓ Carolina ACCESS began implementation - Effective 4//91
- ✓ Carolina Alternatives (mental health managed care for children) was implemented - Effective 1/94
- ✓ Health Care Connections (HMO System) was implemented in Meclenburg County -Effective 6/96
- ✓ ACCESS II and ACCESS III demonstration was implemented - Effective 7/98
- ✓ Carolina ACCESS implemented statewide - Effective 12/98
- ✓ Carolina Alternatives terminated - Effective 6/99
- ✓ Health Care Connections terminated and replaced with Carolina ACCESS II - Effective 10/01
- ✓ Community Care of North Carolina (Carolina ACCESS II and III) demonstration expansion began and is ongoing - Effective 11/02

Medicaid Program

Community Care of North Carolina

- Community Care of North Carolina (CCNC) is a statewide program in which local networks of primary-care providers coordinate prevention, treatment, referral, and other services for Medicaid recipients.

- CCNC is a collaboration between state, counties, community institutions, and physicians that relies on care management, adoption of best practices, and local providers' accountability to reduce duplication and fragmentation of services.

- The goals of CCNC are as follows:
  - ✓Increase access to care,
  - ✓Promote community-based systems of care,
  - ✓Enhance care management, and
  - ✓Improve quality and cost-effectiveness in the Medicaid Program.

Medicaid Program

Community Care of North Carolina

- Over 900 physician practices serve 620,000 Medicaid recipients in 14 networks covering 82 counties.

- The Medicaid pays $5.00 per member per month for the CCNC program:
  - ✓ $2.50 per member per month is paid to the network for an enhanced care management fee
  - ✓ $2.50 per member per month is paid to the primary care provider.

- The networks have the following responsibilities
  - ✓ Identify high-cost patients and develop plans to manage their utilization and cost.
  - ✓ Disease management
  - ✓ Pharmacy management
  - ✓ ER utilization

- CCNC cost for SFY 2003-04 was $28.5 million.

Medicaid Program

COST CONTAINMENT EFFORTS 2001 - 2005

- **Prescription Drugs**
  - ✓ Prior Authorization Program for high cost drugs
  - ✓ State "Maximum Allowable Cost" Drug List
  - ✓ Limit most drugs to a 34-day supply
  - ✓ Increase use of generic drugs
  - ✓ Voluntary Preferred Drug List
  - ✓ Increase copayments for brand name drugs ($1 to $3)
  - ✓ Reduce dispensing fees for brand name drugs ($5.60 to $4.00)
  - ✓ Require pharmacists to coordinate pharmacy benefits
  - ✓ Eliminate coverage for weight loss and weight gain drugs

- **Provider Rates**
  - ✓ Reduce Physician rates from 100% of Medicare rates to 95%.
  - ✓ Eliminate inflationary increases for SFY 2003 and SFY 2004
  - ✓ Reduce rates by 5% for the following providers: private duty nursing, home infusion therapy, home health supplies, durable medical equipment, optical service, ambulatory surgical centers, and high risk intervention
  - ✓ Reduce hospital payments by .5 %
  - ✓ Limit Medicare crossover claims to Medicaid rates
  - ✓ Apply Medicaid medical policy to Medicare crossover claims

Medicaid Program
COST CONTAINMENT EFFORTS 2001 - 2005

- **Recipients**
  - ✓ Apply federal transfer of asset policies to real property excluded as "income producing" under Title XIX.
  - ✓ Apply transfer of asset policies to persons receiving personal care services while residing in their homes
  - ✓ Adopt the SSI method for considering equity value in income-producing property for aged, blind and disabled persons
  - ✓ Modify policy for determining eligibility for pregnant women coverage for minors by counting parental income
  - ✓ Eliminate twelve month State Transitional Medicaid Coverage for families who are working and no longer receiving welfare payments.

- **Managed Care**
  - ✓ Expand Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increasing generic prescribing, implementing polypharmacy review, reducing therapy visits, and better management of high risk/high cost patients.

Medicaid Program

COST CONTAINMENT EFFORTS 2001 - 2005

- **Services**
  - ✓Reduce monthly limit for Personal Care Services from 80 hours to 60 hours for most recipients
  - ✓Limit Personal Care Services to 3.5 hours per day
  - ✓Eliminate optional circumcision procedures except in cases of medical necessity
  - ✓Reduce case management services for adults and children by reducing rates, streamlining services, and eliminating duplicated services

- **Federal Fiscal Relief**
  - ✓Receipt of enhanced federal reimbursement allowed NC to reduce State appropriations to the Medicaid Program

VISITOR REGISTRATION SHEET

Joint Appropriations on Health + Human Services — 03/30/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

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Janet Schaneger	NC Council
Deborah Ferrell	NCALHD
TOMMY SUTER	WYETH
DAVID BARNES	Poyner Spruill LLP
Kevin G. Leonard	NCSR
Sandy Sanders	NCSR
Jon Williams	NCAHCF
HUGH TILSON	NCHA
VERETT TERAVICH	UNC
[illegible]	ECCEP

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

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Daphne Lyon	OSBM
[illegible]	OSBM
[illegible]	OSBM
[illegible]	DHHS
[illegible]	DHHS
Jeffrey Simms	DHHS
[illegible]	DHHS
[illegible]	GSK
[illegible]	GSK
John McHugh	GOV OFFICE
[illegible]	NCCSNC
[illegible]	NCDS & NCPTA
John McMillan	NFOS
[illegible]	ESUCP - Excel
[illegible]	APPCNC/MOD/FKLTC

SENATE PAGES

Name Of Committee: _____ Date: _____

1. Name: Paige Jeffries
   County: Edgecombe
   Sponsor: Clark Jenkins
2. Name: Madeline Jones
   County: Lincoln
   Sponsor: Sen. Jim Forrester
3. Name: Eric Noble
   County: Cumberland
   Sponsor: Sen. Rand
4. Name: Alexandra Boncek
   County: Dare
   Sponsor: Marc Basnight
5. Name: Dana Lucas — Amista Bell
   County: Cumbeeland — Cumberland
   Sponsor: Maevin Lucas — Marvin Lucas

Sgt-At-Arms

1. Name: EARL COKER
2. Name: MARTHA GARISON
3. Name: ASHLEY BAXTER
4. Name: JON FITCHETT
5. Name: CHARLES HARPER

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Thursday, March 31, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Overview

Division of Medical Assistance — *Carol Shaw, FRD Staff*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

THURSDAY, MARCH 31st, 2005
8:30 AM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Joint Appropriations subcommittee on Health and Human Services met on Thursday, March 31, 2005 at 8:30 am in room 643 of the Legislative Office Building. House members present were Representative Jeff Barnhart, Representative Verla Insko, Co-Chairs; Representative Farmer-Butterfield, Representative Hollo, Vice-Chairs; Representatives B. Allen, Current, England, Stam, and Wright. There were six senators present: Senator William Purcell and Senator Vernon Malone, Co-Chairs: Senators Blake, Dannelly, East, Forrester. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Barnhart called the meeting to order and presided over the meeting.

Carol Shaw from the Fiscal Research Division distributed handouts on the Division of Medical Assistance, which are made part of these minutes. Ms. Shaw reviewed the documents and answered questions.

Representative Barnhart adjourned the meeting at 10 am.

Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration

Department of Health and Human Services
Joint Spending Target

FY 2005-2006 Adjusted Recommended Continuation	$4,157,710,279
Spending Target - As Developed by Appropriations Chairs	$3,936,143,523
Reductions needed for FY2005-2006	$221,566,756

Deparment of Health and Human Services Budget

Division	FY 2004-2005 Authorized Appropriations	FY 2005-2006 Adjusted Recommended Continuation	FY 2006-2007 Adjusted Recommended Continuation
Central Administration	95,490,388	102,490,388	106,490,388
Aging and Adult Services	31,045,139	29,495,139	29,495,139
Child Development	267,390,707	267,350,017	267,356,799
Education Services	32,610,253	33,852,267	34,281,895
Public Health	133,066,604	135,567,174	137,060,438
Social Services	177,366,068	182,316,068	185,306,068
Medical Assistance	2,363,292,627	2,685,076,714	2,994,257,177
Child Health	62,035,834	62,035,981	62,035,981
Services for the Blind	9,719,029	9,843,201	9,962,624
Mental Health/DD/SAS	587,325,908	595,375,908	597,375,908
Facility Services	12,201,896	12,551,896	12,551,896
Vocational Rehabilitation	40,175,881	41,755,526	42,142,193
Total Health & Human Services	**3,811,720,334**	**4,157,710,279**	**4,478,316,506**

TRENDS

U.S. Health Spending Projections For 2004–2014

Shifts in funding for prescription drugs and lower private health insurance premium growth are expected over the next ten years.

by Stephen Heffler, Sheila Smith, Sean Keehan, Christine Borger, M. Kent Clemens, and Christopher Truffer

ABSTRACT: National health spending growth is anticipated to remain stable at just over 7.0 percent through 2006, the result of diverging public- and private-sector spending trends. The faster public-sector spending growth is exemplified by the introduction of the new Medicare drug benefit in 2006. While this benefit is anticipated to have only a minor impact on overall health spending, it will result in a significant shift in funding from private payers and Medicaid to Medicare. By 2014, total health spending is projected to constitute 18.7 percent of gross domestic product, from 15.3 percent in 2003.

THE SLOWDOWN IN national health spending growth is expected to continue into 2004, with growth edging downward to 7.5 percent from 7.7 percent in 2003 (Exhibits 1 and 2).[1] Over the next ten years, growth is expected to slow to 6.7 percent between 2013 and 2014, well below the peak of 9.3 percent growth that occurred between 2001 and 2002. Despite the anticipated deceleration, these growth rates outpace the milder inflationary experience of the mid-1990s, when growth averaged 5.3 percent from 1993 through 1998. Over the 2003–14 period, national health spending is forecast to continue growing faster than gross domestic product (GDP). The consequence is a projected increase in health's share of GDP from 15.3 percent in 2003 to 18.7 percent by 2014.

Unlike previous projections, this year's forecast includes our expectation of the effects associated with the introduction of Medicare Part D in 2006.[2] This new prescription drug benefit is expected to result in a substantial shift in funding from Medicaid and the private sector to Medicare in 2006. In part because of this funding shift, our projection calls for public funding of health care to exceed 49 percent by the end of the projection period—a record share that could have important implications for the budget as a whole (Exhibit 3). However, the introduction of the Medicare Part D benefit is expected to have only a minor effect on total prescription drug spending. We estimate that price discounts associated with the new benefit will nearly offset the increased usage associated with extending drug insurance coverage to the Medicare population.

While private spending growth is expected to slow in 2004, public spending growth is expected to move in the opposite direction. We forecast that private spending growth will be 7.4 percent in 2004, down from 8.6 percent

The authors are in the Office of the Actuary, Centers for Medicare and Medicaid Services, in Baltimore, Maryland. Stephen Heffler (sheffler@cms.hhs.gov) is the director of the National Health Statistics Group. Sheila Smith, Sean Keehan, and Christine Borger are economists in that group; Kent Clemens and Chris Truffer are actuaries.

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EXHIBIT 1
National Health Expenditures (NHE), Aggregate And Per Capita Amounts, And Share Of Gross Domestic Product (GDP), Selected Calendar Years 1993–2014

Spending category	1993	1998	2002	2003	2004[a]	2005[a]	2006[a]	2014[a]
NHE (billions)	$888.1	$1,150.9	$1,559.0	$1,678.9	$1,804.7	$1,936.5	$2,077.5	$3,585.7
Health services and supplies	856.3	1,112.6	1,499.8	1,614.2	1,735.5	1,862.5	1,997.8	3,451.3
Personal health care	775.8	1,009.8	1,342.9	1,440.8	1,549.0	1,663.6	1,781.3	3,067.0
Hospital care	320.0	378.5	484.2	515.9	551.8	588.6	623.5	1,007.2
Professional services	280.7	375.7	503.0	542.0	581.2	623.6	667.4	1,161.3
Physician and clinical services	201.2	256.8	340.8	369.7	397.2	425.7	453.8	782.5
Other professional services	24.5	35.5	46.1	48.5	52.2	55.6	59.6	102.3
Dental services	38.9	53.2	70.9	74.3	79.1	84.1	90.0	146.9
Other personal health care	16.1	30.2	45.3	49.5	52.8	58.2	63.9	129.7
Nursing home and home health	87.6	123.1	143.1	150.8	160.6	170.9	181.9	290.5
Home health care[b]	21.9	33.6	36.5	40.0	45.2	50.0	54.8	95.9
Nursing home care[b]	65.7	89.5	106.6	110.8	115.4	121.0	127.1	194.6
Retail outlet sales of medical products	87.5	132.5	212.6	232.1	255.4	280.5	308.5	608.0
Prescription drugs	51.3	87.3	161.8	179.2	200.5	223.5	249.3	521.3
Durable medical equipment	12.8	16.9	19.6	20.4	21.2	21.7	22.4	31.6
Nondurable medical products	23.4	28.4	31.1	32.5	33.7	35.3	36.8	55.1
Government administration and net cost of private health insurance	53.3	64.9	105.7	119.7	128.2	135.4	147.3	252.9
Government public health activities	27.2	37.9	51.2	53.8	58.3	63.6	69.2	131.4
Investment	31.8	38.3	59.2	64.6	69.2	74.0	79.7	134.4
Research[c]	15.6	20.5	36.5	40.2	43.1	46.4	50.5	90.7
Construction	16.2	17.7	22.7	24.5	26.1	27.6	29.1	43.6
NHE per capita	$3,353.9	$4,097.9	$5,317.4	$5,670.5	$6,039.8	$6,423.1	$6,830.2	$11,045.8
Population (millions)	264.8	280.8	293.2	296.1	298.8	301.5	304.2	324.6
GDP, billions of dollars	$6,642.3	$8,747.0	$10,487.0	$11,004.0	$11,719.3	$12,375.5	$13,019.1	$19,179.9
Real NHE[d]	$1,009.4	$1,192.9	$1,497.6	$1,583.8	$1,665.8	$1,752.5	$1,843.2	$2,623.8
Chain-weighted GDP index	0.88	0.96	1.04	1.06	1.08	1.11	1.13	1.37
Personal health care deflator[e]	0.82	0.94	1.08	1.12	1.16	1.20	1.25	1.68
NHE as percent of GDP	13.4%	13.2%	14.9%	15.3%	15.4%	15.6%	16.0%	18.7%

SOURCES: Centers for Medicare and Medicaid Services, Office of the Actuary; and U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

NOTES: Numbers may not add to totals because of rounding. 1993 marks the beginning of the shift to managed care.

[a] Projected.

[b] Freestanding facilities only. Additional services of this type are provided in hospital-based facilities and counted as hospital care.

[c] Research and development expenditures of drug companies and other manufacturers and providers of medical equipment and supplies are excluded from "research expenditures" but are included in the expenditure class in which the product falls.

[d] Deflated using GDP chain-type price index (2000 = 100.0).

[e] Personal health care (PHC) chain-type index is constructed from the producer price index for hospital care, nursing home input price index for nursing home care, and consumer price indices specific to each of the remaining PHC components (2000 = 100.0).

EXHIBIT 2
National Health Expenditures (NHE), Average Annual Percentage Growth From Prior Year Shown, Selected Calendar Years 1993–2014

Spending category	1993[a]	1998	2002	2003	2004[b]	2005[b]	2006[b]	2014[b]
NHE	11.5%	5.3%	7.9%	7.7%	7.5%	7.3%	7.3%	7.1%
Health services and supplies	11.7	5.4	7.7	7.6	7.5	7.3	7.3	7.1
Personal health care	11.5	5.4	7.4	7.3	7.5	7.4	7.1	7.0
Hospital care	11.2	3.4	6.3	6.5	7.0	6.7	5.9	6.2
Professional services	12.0	6.0	7.6	7.8	7.2	7.3	7.0	7.2
Physician and clinical services	12.3	5.0	7.3	8.5	7.4	7.2	6.6	7.0
Other professional services	16.4	7.7	6.7	5.3	7.5	6.5	7.3	7.0
Dental services	9.7	6.5	7.5	4.8	6.4	6.4	6.9	6.3
Other personal health care	11.7	13.4	10.7	9.2	6.6	10.3	9.8	9.2
Nursing home and home health	14.1	7.0	3.8	5.4	6.5	6.4	6.4	6.0
Home health care[c]	22.1	8.9	2.1	9.5	13.0	10.5	9.6	7.3
Nursing home care[c]	12.7	6.4	4.5	4.0	4.2	4.8	5.1	5.5
Retail outlet sales of medical products	9.7	8.7	12.5	9.2	10.1	9.8	10.0	8.8
Prescription drugs	10.2	11.2	16.7	10.7	11.9	11.4	11.6	9.7
Durable medical equipment	9.3	5.7	3.9	4.0	3.8	2.5	3.5	4.4
Nondurable medical products	8.9	3.9	2.3	4.4	3.7	4.8	4.2	5.2
Government administration and net cost of private health insurance	13.7	4.0	13.0	13.2	7.1	5.6	8.8	7.0
Government public health activities	13.9	6.8	7.8	5.1	8.5	9.1	8.9	8.3
Investment	7.7	3.8	11.6	9.1	7.1	6.9	7.6	6.8
Research[d]	9.4	5.7	15.5	10.0	7.4	7.6	8.9	7.6
Construction	6.5	1.8	6.4	7.7	6.5	5.9	5.6	5.2
NHE per capita	10.4	4.1	6.7	6.6	6.5	6.3	6.3	6.2
Population	1.0	1.2	1.1	1.0	0.9	0.9	0.9	0.8
GDP	8.4	5.7	4.6	4.9	6.5	5.6	5.2	5.0
Real NHE[e]	5.9	3.4	5.9	5.8	5.2	5.2	5.2	4.5
Chain-weighted GDP index	5.2	1.9	1.9	1.8	2.2	2.0	2.0	2.4
Personal health care deflator[f]	7.3	2.9	3.5	3.6	3.8	3.6	3.6	3.8

SOURCES: Centers for Medicare and Medicaid Services, Office of the Actuary; and U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

NOTES: GDP is gross domestic product. Numbers may not add to totals because of rounding. 1993 marks the beginning of the shift to managed care. Growth rates are calculated consistent with the National Health Accounts methodology. For example, the 2014 growth rate above is equal to the level of 2014 expenditures over the level of 2006 expenditures; 2014 growth rate is shorthand for 2006–2014 growth rate.

[a] For year-to-year growth rates, see www.cms.hhs.gov/statistics/nhe/projections-2004.

[b] Projected.

[c] Freestanding facilities only. Additional services of this type are provided in hospital-based facilities and counted as hospital care.

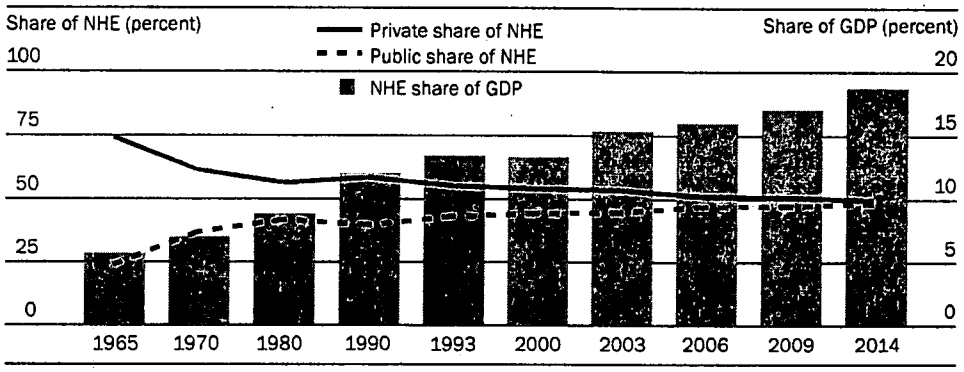
[d] Research and development expenditures of drug companies and other manufacturers and providers of medical equipment and supplies are excluded from "research expenditures" but are included in the expenditure class in which the product falls.

[e] Deflated using GDP chain-type price index (2000 = 100.0).

[f] Personal health care (PHC) chain-type index is constructed from the producer price index for hospital care, nursing home input price index for nursing home care, and consumer price indices specific to each of the remaining PHC components (2000 = 100.0).

growth in 2003 (Exhibit 4). Medicare spending growth, on the other hand, is expected to accelerate 2.5 percentage points to 8.2 percent in 2004. The faster federal spending growth in 2004 primarily reflects changes associated with the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 that are distinct from the addition of a Medicare drug benefit. We forecast an acceleration in combined state and federal Medicaid

EXHIBIT 3
National Health Expenditures (NHE) Share Of Gross Domestic Product (GDP) And Private And Public Shares Of NHE, Selected Years 1965–2014



SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.
NOTES: The left axis (public and private spending's share of NHE) relates to the two line graphs. The right axis (NHE's share of GDP) relates to the gray-shaded bars. Data for 2006, 2009, and 2014 are projections.

spending growth, from 7.1 percent in 2003 to 7.9 percent in 2004, because some states did increase payments and expand services despite continued budgetary pressures.

After 2004, we anticipate that the deceleration in private-sector spending growth will continue through 2006. Projected slower growth in the use of care is the primary cause of the mild slowdown to 6.6 percent in 2005. The introduction of the Medicare drug benefit intensifies the private spending deceleration in 2006, with growth slowing to 3.1 percent that year. From 2006 to 2014, we expect that private health care spending will grow at an average annual rate of 6.7 percent.

Model And Assumptions

The national health spending projections are generated within a "current-law" framework that incorporates actuarial, econometric, and judgmental inputs. Projections for Medicare are mostly based on the 2004 Medicare Trustees Report; Medicaid spending projections are consistent with Trustees Report assumptions.[3] For prescription drugs, we incorporated the latest cost estimates and assumptions that appear in the President's Fiscal Year 2006 Budget.[4] Projections for private health spending are based on an econometric model that includes behavioral responses by employers, employees, and consumers to cost trends and the general economy.[5] The projections for both private and public spending use the economic and demographic assumptions from the 2004 Medicare Trustees Report, updated to reflect the latest historical data.[6]

Forecasting is contingent upon assumptions about macroeconomic conditions and their relationship to health care spending; thus, our projections are always subject to considerable uncertainty. As we have no historical experience with Medicare Part D, the uncertainty associated with this set of projections is greater than in previous years.

Prescription Drugs

The outlook for prescription drug spending has changed substantively since our last projection. A major deceleration in prescription drug spending growth in 2003 changed our outlook for 2004 and 2005, years in which MMA is projected to have a minimal impact on aggregate prescription drug spending levels. In 2006 our projections incorporate a large shift in funding for prescription drugs to Medicare from the out-of-pocket, private health insurance, and Medicaid sources of payment (Exhibit 5). We forecast a minor rise in spending after Part D begins, because of an increase in prescription drug use by Medicare beneficiaries, with this impact largely offset by lower prices.[7] Over the 2007–14 period, we expect

EXHIBIT 4
National Health Expenditures (NHE), By Source Of Funds, Amounts, And Average Annual Growth From Prior Year Shown, Selected Calendar Years 1993–2014

Source of funds	1993	1998	2002	2003	2004[a]	2005[a]	2006[a]	2014[a]
NHE (billions)	$888.1	$1,150.9	$1,559.0	$1,678.9	$1,804.7	$1,936.5	$2,077.5	$3,585.7
Private funds	497.7	631.1	841.0	913.2	980.5	1,045.3	1,078.0	1,813.1
Consumer payments	445.0	560.3	763.7	831.1	892.7	952.3	979.7	1,655.7
Out-of-pocket payments	146.9	175.6	214.2	230.5	245.9	261.8	257.7	430.9
Private health insurance	298.1	384.7	549.5	600.6	646.9	690.5	722.0	1,224.8
Other private funds	52.7	70.8	77.4	82.1	87.7	93.0	98.3	157.5
Public funds	390.4	519.8	718.0	765.7	824.2	891.3	999.5	1,772.5
Federal	274.4	366.9	508.6	541.7	583.7	627.2	730.7	1,294.9
Medicare	148.3	208.8	267.7	283.1	306.2	332.3	424.8	746.9
Medicaid[b]	76.8	99.7	148.4	158.7	171.1	181.7	184.8	354.6
Other federal[c]	49.3	58.4	92.4	99.8	106.4	113.3	121.1	193.4
State and local	116.0	152.9	209.4	224.0	240.8	264.3	275.0	489.9
Medicaid[b]	44.8	71.9	102.4	109.9	118.8	134.5	136.8	263.9
Other state and local[c]	71.1	81.1	107.1	114.1	122.0	129.8	138.2	226.1
Average annual growth	**1993[d]**	**1998**	**2002**	**2003**	**2004[a]**	**2005[a]**	**2006[a]**	**2014[a]**
NHE	11.5%	5.3%	7.9%	7.7%	7.5%	7.3%	7.3%	7.1%
Private funds	11.0	4.9	7.4	8.6	7.4	6.6	3.1	6.7
Consumer payments	11.0	4.7	8.1	8.8	7.4	6.7	2.9	6.8
Out-of-pocket payments	8.0	3.6	5.1	7.6	6.7	6.5	-1.5	6.6
Private health insurance	13.7	5.2	9.3	9.3	7.7	6.7	4.6	6.8
Other private funds	10.9	6.1	2.2	6.2	6.8	6.0	5.7	6.1
Public funds	12.2	5.9	8.4	6.6	7.6	8.1	12.1	7.4
Federal	12.7	6.0	8.5	6.5	7.7	7.5	16.5	7.4
Medicare	13.7	7.1	6.4	5.7	8.2	8.5	27.8	7.3
Medicaid[b]	15.4	5.4	10.5	6.9	7.8	6.2	1.7	8.5
Other federal[c]	8.8	3.5	12.1	8.0	6.5	6.5	6.9	6.0
State and local	11.2	5.7	8.2	7.0	7.5	9.8	4.0	7.5
Medicaid[b]	13.5	9.9	9.2	7.4	8.1	13.2	1.7	8.6
Other state and local[c]	10.2	2.6	7.2	6.6	7.0	6.4	6.4	6.3

SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

NOTES: Numbers may not add to totals because of rounding. 1993 marks the beginning of the shift to managed care. Growth rates are calculated consistent with the National Health Accounts methodology. For example, the 2014 growth rate above is equal to the level of 2014 expenditures over the level of 2006 expenditures; 2014 growth rate is shorthand for 2006–2014 growth rate.

[a] Projected.

[b] Includes Medicaid and State Children's Health Insurance Program (SCHIP) expansion (Title XIX).

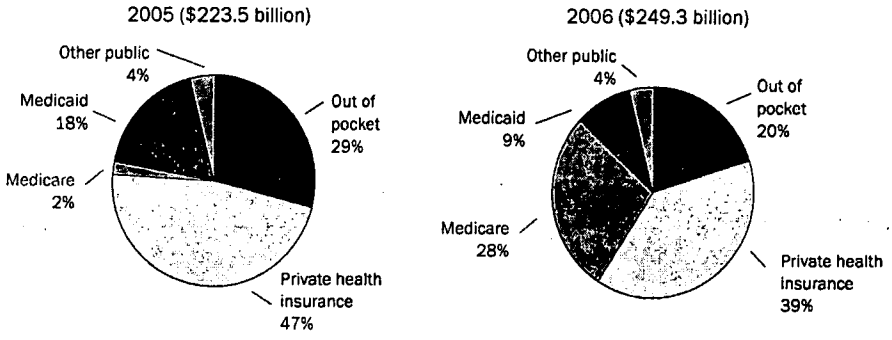
[c] Includes Medicaid SCHIP expansion (Title XXI).

[d] For year-to-year growth rates, see www.cms.hhs.gov/statistics/nhe/projections-2004.

aggregate prescription drug spending growth to decelerate despite the new Medicare drug spending.

The slowdown in prescription drug spending growth from 14.9 percent between 2001 and 2002 to 10.7 percent between 2002 and 2003 was caused not only by factors that we expect to persist in future years but also by one-time factors that we believe will not affect the future trend. Examples of the latter include the switch to over-the-counter (OTC) status for the nonsedating antihistamine Claritin and the drop in consumption of estrogen products that occurred in 2003.[8] Given these nonrecurring factors, we anticipate that spending growth will recover, as demand for drugs is expected to remain strong. We forecast 11.9 percent growth in 2004. This

EXHIBIT 5
Projected Prescription Drug Spending, By Payer, 2005 And 2006



SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

reacceleration is tempered by factors that we believe will continue to constrain the overall trend, such as increased availability and consumption of lower- cost generic drugs and more people covered under tiered-copayment drug plans.[9] The latter can dampen cost growth both by providing a financial incentive for people to purchase generic or other lower-cost drugs and by shifting costs to consumers by raising the copayments on each tier. Our expectation for 2004 drug spending growth is one percentage point lower than last year's forecast.

For 2005, we expect the dampening effect of factors discussed above to continue. In addition, the withdrawal of Vioxx from the market, as well as recent studies citing increased risks for other medications, could further slow drug spending growth in 2005.[10] Partially offsetting these factors is projected Medicare spending of $1.3 billion for transitional assistance for low-income beneficiaries with Medicare-approved drug cards.[11]

Beginning in 2006, Medicare Part D will provide Medicare beneficiaries with prescription drug coverage as part of a Medicare managed care plan or through a drug-only private plan for enrollees in traditional Medicare. Beneficiaries can also continue to receive drug coverage through employer-sponsored retiree health plans, which will be eligible for Medicare financial assistance starting in 2006. Within the National Health Accounts (NHA) classification system, nearly all Part D spending is classified as Medicare spending, with the exception of the employer subsidy amounts, which are in the category of private health insurance.[12]

For 2006, we project that total prescription drug spending will grow 11.6 percent, of which 0.5 percentage point is attributable to the implementation of Part D (Exhibit 6). This additional spending growth, which represents $1.0 billion out of a $249 billion industry, masks two dramatic changes within this sector: (1) a shift in funding from the private sector and Medicaid to Medicare, and (2) a shift in how price and utilization contribute to growth.

The total amount of Medicare drug spending in 2006 is expected to be $69.9 billion. Excluding the Part D benefit and other MMA prescription drug–related provisions, Medicare prescription drug spending would have been projected to be $2.9 billion in 2006. This shift of approximately $67.0 billion in funding on behalf of the projected 38.9 million enrollees in the Medicare Part D benefit comes from the two primary payers of prescription drugs in 2005: Medicaid and private payers. We project that Medicaid spending will account for 18.1 percent of prescription drug spending in 2005; this share is anticipated to drop to 9.4 percent in 2006, since all dual-eligible Medicare-Medicaid enrollees will receive drug coverage through Medicare beginning that year. States will be responsible for

EXHIBIT 6
Factors Contributing To Total Prescription Drug Spending Growth, Excluding And Including The Impact Of The Medicare Part D Benefit, 1988–2014

	Growth excluding the impact of Medicare Part D (%)			Growth including the impact of Medicare Part D (%)		
	Total	Price	Utilization, intensity, population	Total	Price	Utilization, intensity, population
1988–1993[a]	10.8	8.0	2.7	–[b]	–[b]	–[b]
1993–2003[a]	13.3	4.0	8.9	–[b]	–[b]	–[b]
2003–2005	11.7	4.4	7.0	–[b]	–[b]	–[b]
2005–2006	11.1	4.2	6.7	11.6	2.4	8.9
2006–2011	10.3	4.2	5.8	10.1	3.4	6.5
2011–2014	9.0	3.9	4.9	8.9	3.9	4.8

SOURCE: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.
[a] Denotes historical period.
[b] Not applicable.

paying the Medicare program a declining portion of the drug costs that they would have incurred for the dual-eligible population; however, this state spending will be classified as Medicare spending.[13]

We project that private prescription drug spending will account for 76 percent of all drug spending in 2005. This share is expected to fall to 59 percent in 2006, a projected decline of $23.0 billion. Both private health insurance and individuals' out-of-pocket spending are forecast to fall in 2006. The fall in out-of-pocket spending is expected to account for roughly 57 percent of the anticipated decline in overall private spending. The reduction in out-of-pocket spending will primarily affect those Medicare beneficiaries who now lack drug coverage and those in Medigap plans that have high out-of-pocket payments.

Because prescription drug spending is anticipated to continue to represent the largest share of total out-of-pocket payments (24.0 percent in 2004), the shift in payment sources has an important effect on the overall out-of-pocket spending trend. Total out-of-pocket spending is expected to fall 1.5 percent in 2006. For private health insurance, we expect that a majority of retirees with employer-sponsored drug benefits will retain that coverage. However, many beneficiaries who have Medigap coverage are likely to choose the Medicare benefit.[14]

Our forecast for drug spending in 2006 anticipates average price discounts of 15 percent for Medicare Part D enrollees. The combination of lower prices and expanded coverage for a substantial portion of beneficiaries is expected to spur an increase in use that will slightly offset the impact of price discounts on spending. Without the MMA effects, projected growth in drug prices accounts for 4.2 percentage points of the overall 11.1 percent growth in 2006. Medicare Part D enrollees are estimated to account for roughly 40 percent of all drug spending, and in 2006 many of them are expected to receive additional discounts.[15] Therefore, we now project that drug price growth, including the Part D benefit, will account for only 2.4 percentage points of the 11.6 percent forecasted growth rate in 2006. Relative to the initial impact in 2006, the projected effect on drug price inflation of assumed further price discounts under Part D through 2011 will be small. Moreover, since MMA authorized penalties for late enrollment and because extensive outreach efforts are planned, we expect a major, one-time enrollment shift in 2006 to Medicare Part D. Accordingly, we do not expect that Part D enrollment growth will have a notable impact on the overall prescription drug growth rate after 2006.

Prescription drug spending growth is pro-

jected to decelerate in the later years of the forecast, reaching 8.7 percent by 2014, as we expect utilization increases to slow. Three phenomena underlie the forecasted usage slowdown. First, we anticipate that increased cost sharing and more drugs shifting to OTC status will reduce demand for prescription drugs. Second, we expect that pharmacy benefit managers (PBMs) will expand the use of successful plan management tools, such as prior authorization and step therapy.[16] Third, we believe that most of the new drugs in the development pipeline will target niche diseases, and therefore we do not expect many to achieve blockbuster status.[17] We note that despite its status as the fastest-growing sector, drug spending is projected to constitute less than 15 percent of national health expenditures in 2014, compared with 28 percent for hospital care and 22 percent for physician and clinical services.

Other Notable Medicare Trends

■ **Physician services.** The pattern of Medicare spending growth for physician services is dictated by the Sustainable Growth Rate (SGR) system, which determines the payment updates for the physician fee schedule. The SGR requires that future physician payment updates be adjusted for past actual spending for physician services relative to a target spending level. As a consequence, the SGR would have led to large negative physician updates in 2004 and 2005 in the absence of MMA. MMA established minimum updates of 1.5 percent in 2004 and 2005, but without affecting the target spending levels. Therefore, we expect actual Medicare physician spending to continue to exceed target spending levels, leading to payment cuts beginning in 2006 and extending through 2012. However, these projected payment reductions are unlikely to occur before changes in the legislation intervene. Consequently, our current-law Medicare projections almost certainly understate actual future physician spending.[18]

■ **Managed care.** Medicare Advantage (MA) is a retooled version of Medicare's managed care program, Medicare+Choice (M+C). MMA legislated payment increases to managed care plans in 2004 and 2005. Beginning in 2006, regional preferred provider organizations (PPOs) are allowed to participate in Medicare's managed care program. We expect that together, both changes will greatly increase enrollment, as those who now lack access to managed care plans may obtain it and as plans reduce supplemental premiums or increase benefit coverage, or both. Our forecast assumes a shift in enrollment from traditional fee-for-service (FFS) Medicare to MA plans. MA enrollees are expected to constitute about 30 percent of total Medicare enrollees by 2014, compared with 12 percent in 2003.

■ **Other changes.** Additional legislative changes of note prior to 2006 are higher inpatient hospital payments to rural hospitals beginning in 2004, and the further postponement of scheduled Medicare therapy caps from 2004 to 2006.[19] These are a few of the reasons why Medicare spending growth is expected to accelerate in 2004 and 2005.

Medicaid Spending

We project that combined state and federal Medicaid spending growth will accelerate to 7.9 percent in 2004 from 7.1 percent in 2003. While state budget situations have not greatly improved, the temporary enhanced federal matching rates over 2003–04, which provided about $10 billion in additional federal funds, allowed some states to increase payments or expand services, or both.[20] We project an acceleration in total Medicaid spending despite slower projected enrollment growth—2.4 percent in 2004, down from 5.0 percent in 2003. After the introduction of Part D in 2006, we expect Medicaid spending growth to decelerate over the forecast horizon from 9.1 percent between 2006 and 2007 to 8.1 percent between 2013 and 2014, near the 8.3 percent average from 1993–2003.

With thirty-four states restricting benefits, Medicaid hospital spending growth slowed in 2003 to 4.9 percent, a 7.0 percentage point decline from the 2002 growth rate of 11.9 percent.[21] We project that this spending will rebound to 9.9 percent in 2004, because of in-

creased payment rates and expanded services. For the remainder of the forecast interval, we project that Medicaid hospital spending will resemble the overall Medicaid spending trend, slowing to 6.9 percent by 2014.

In contrast to the acceleration in growth expected for aggregate Medicaid spending in 2004, we anticipate a dramatic deceleration in prescription drug spending and weak growth in nursing home spending in 2004. Medicaid drug spending growth is projected to decelerate to 7.1 percent in 2004 from 17.5 percent in 2003. This slowdown reflects states' efforts to reduce drug spending growth, including subjecting more drugs to prior authorization, use of preferred drug lists, supplemental rebates, and increased copayments.[22] Nursing home spending is expected to grow a modest 3.4 percent in 2004, compared with 1.0 percent in 2003. This growth rate is, in part, a result of low enrollment growth among the elderly and disabled relative to nondisabled children and adults, and partly attributable to states seeking alternative forms of long-term care, such as home and community-based waivers.[23]

Beginning in 2005, we expect Medicaid spending on nursing homes to accelerate to 6.1 percent and grow near that level through 2011. From 2011 onward, we forecast a gradual acceleration in spending growth, with the rate reaching 6.4 percent by 2014. This forecast reflects our expectation of a slight increase in nursing home use by an aging population.

Private Spending

Private health care spending growth is expected to slow to 7.4 percent between 2003 and 2004 from a peak rate of 9.0 percent between 2001 and 2002. This deceleration is driven almost entirely by slower growth in the use of medical care. Factors driving the slowdown include the quiet reimposition of selected tools of utilization management (or UM, such as preauthorization requirements and utilization review) and the increased use of cost sharing to dampen demand for discretionary services under private health insurance.[24] We project that private spending will slow to 6.6 percent in 2005 and sharply dip to 3.1 percent in 2006 with the introduction of Medicare Part D. The average annual growth projected for 2003–14 is 6.4 percent, well below the 1965–2003 average of 9.3 percent.

Recent data show medical price inflation remaining stable near its 2002 peak of 3.9 percent. Input price inflation for health care providers slowed slightly in 2003, and more substantially in 2004, following rapid acceleration from 1998 to 2002. The slowing of input price growth is expected to bring medical price inflation down slightly in 2005 and 2006. Over the whole forecast period, medical price inflation is expected to average 1.5 percentage points above economywide consumer price inflation. This differential is driven by provider consolidation and broader provider networks, which have resulted in greater provider leverage in pricing negotiations, and by continued tight supply in nursing labor markets. We note that the rate of growth is high only in comparison with the historically unusual period of the 1990s. The current medical price differential is well below the higher inflationary period of the 1980s, which averaged 3.3 percent above economywide consumer price inflation.

■ **Private health insurance.** We project that private health insurance premium growth per enrollee will slow from 9.9 percent in 2003 to 7.7 percent in 2004. Two major factors contribute to this deceleration. First, growth in the underlying costs of health benefits per enrollee is projected to slow from 8.9 percent in 2003 to 7.7 percent in 2004. Second, a modest downturn in the private health insurance underwriting cycle appears to be under way.

Private health insurance has historically exhibited a cyclical pattern, known as the underwriting cycle, in which growth in premiums first undershoots, and then overshoots, growth in the underlying medical trend.[25] We expect 2003 to have been a peak in the underwriting cycle. In 2004, we anticipate premium growth will slow to a rate similar to the medical cost trend. Factors influencing this predicted turnabout are pressures on Blue Cross/Blue Shield plans from state regulators in the face of rising reserves and reduced informational lags associated with ascertaining medi-

cal cost growth.[26]

Between 1998 and 2003, private health insurance premiums per enrollee rose at an annual rate of 9.3 percent, while per capita disposable personal income grew by only 5.0 percent annually, a gap of more than four percentage points per year. We expect per enrollee premium growth to continue to exceed that of per capita disposable personal income by 1.4 percentage points from 2004 to 2014. This may further strain the current system of employer-sponsored health insurance coverage. Our projection calls for private health insurance enrollment growth to be below population growth each year over the projection period.

■ **Out-of-pocket spending.** Growth in out-of-pocket personal health care spending accelerated to 7.6 percent in 2003, up from 6.0 percent between 2001 and 2002. Private health insurance spending for personal health care grew 8.3 percent in 2003. Given these somewhat similar rates of growth in out-of-pocket and private health insurance spending in 2003, the downward trajectory of the out-of-pocket share of personal health care flattened.

Other than in 2006, when the introduction of Medicare Part D will produce a one-time downward shift in the out-of-pocket share of total health spending, we expect growth in out-of-pocket spending to keep pace with growth in private health insurance spending. This expectation represents a departure from the near-continuous historical decline in the out-of-pocket share that has sheltered many consumers from the impact of rising medical spending. We assume that the take-up of health savings accounts (HSAs) will be gradual and that further increases in all forms of cost sharing will continue at a pace similar to that of the last few years.

Hospitals

We project that total hospital spending growth will remain relatively strong over the projection period. We forecast that growth will peak at 7.0 percent in 2004 and slow thereafter, averaging 6.2 percent for the remainder of the forecast. The aggregate trend masks diverging paths of the private and public sectors. We project that private hospital spending will decelerate over the near term, as UM tools and new cost-sharing requirements dampen spending. Medicare hospital spending growth, on the other hand, is projected to accelerate in 2004 and 2005—because of higher payments to rural hospitals—and to remain above private hospital spending growth through 2008. Medicaid hospital spending growth is also projected to accelerate sharply to 9.9 percent in 2004.

Both price and utilization contribute to the projected near-term deceleration in private hospital spending. Hospital price inflation peaked in 2002 at 4.9 percent and declined to 4.2 percent in 2003. We expect price growth in 2004 to equal that in 2003. Price inflation is forecast to slow to 3.9 percent in 2005. We anticipate that growth in private-sector use will slow from 3.0 percent in 2003 to 1.3 percent in 2004 and 0.8 percent in 2005.

The combination of continued input cost pressures and increased market power informs our outlook for hospital price inflation. Although hospitals appear to be maintaining tight cost discipline, struggles with the nurse shortage continue. Growth in average hourly earnings is up, while growth in hours remains flat. With compensation estimated to account for almost 62 percent of operating expenses, these data indicate continued inflationary pressure.[27] Additional input cost pressure comes from our expectation of continued high price growth for medical devices and pharmaceuticals, which account for approximately 8 percent of hospitals' operating expenses. Also driving price inflation is our belief that hospitals will be able to use their market power, strengthened by consolidations, to wrest payment increases from private payers.[28]

We believe that the reintroduction of UM tools (such as preauthorization for some stays and increased use of disease management programs), as well as the incorporation of some patient cost sharing, explains the near-term slowdown in private hospital spending.[29] These tools are expected to restrain growth in use over the entire forecast horizon. The result

of this slowdown is a reduction in hospital spending as a share of total private spending to 22.7 percent in 2014, from 23.6 percent in 2003.

Home Health And Nursing Home

We project that home health spending growth will accelerate to 13.0 percent in 2004, from 9.5 percent in 2003. Public-sector spending drives this anticipated acceleration. Following a one-time legislated payment reduction in 2003, we expect Medicare home health spending growth to rebound to 15.9 percent in 2004, from 9.9 percent in 2003. Medicaid home health spending is projected to rise from 10.7 percent growth in 2003 to 17.7 percent in 2004. We forecast that private home health spending growth will remain stable at 8.0 percent in 2003 and 2004. Population aging contributes an additional 0.5 percent point to the projected home health spending trend over the latter half of the forecast period.[30]

We project that nursing home spending growth will be 4.2 percent in 2004, a slight uptick from the 4.0 percent growth seen in 2003. The year 2003 marked the end of most states' upper payment limit (UPL) transition periods; thus, public spending growth slowed and the private sector fueled the total nursing home spending trend.[31] Over the forecast horizon, Medicaid spending is projected to resume and to again dominate the trend.

We anticipate that the impact of population aging will be minimal in the nursing home sector. We forecast that demographic effects will be most apparent in Medicare nursing home spending, which accelerates from 5.3 percent growth in 2011 to 6.0 percent by 2014, and in Medicaid nursing home spending, which accelerates from 6.1 percent to 6.4 percent over the same period. We expect a slight increase in private nursing home spending in 2014 to 4.2 percent growth, after a steady fall in the growth rate from 2008 to 2013.

IN OUR PROJECTIONS, the most notable impact of Medicare Part D is the change in the sources of funding. We expect that the factors accounting for overall health care spending growth will be little changed by the addition of the new benefit. Although our forecast does not contain dramatic changes in total health care spending or total prescription drug spending, the added public-sector commitment is significant. With its forecasted share approaching half of total health spending in 2014, the public sector will feel more deeply the financial burden associated with supplying health care benefits to Medicare and Medicaid enrollees. On the private side, a reevaluation of current forms of health insurance coverage may take place as growth in premiums continues to outpace growth in compensation. More broadly, our forecasted increases in both public and private spending presage heightened pressure to find ways to slow cost growth without compromising quality or access.

The authors thank Rick Foster, Paul Spitalnic, Greg Savord, Debbie Chaney, John Shatto, and Art Sensenig for their assistance in producing these projections and Cathy Curtis and other peer reviewers for their helpful comments. The opinions expressed here are the authors' and do not necessarily represent those of the Centers for Medicare and Medicaid Services.

NOTES

1. C. Smith et al., "Health Spending Growth Slows in 2003," *Health Affairs* (Jan/Feb 2005): 185–194. Growth rates are displayed in a manner consistent with National Health Accounts (NHA) conventions. The 2003–2005 average annual growth rate is equal to the level of 2005 spending over the level of the 2003 spending raised to the one-half power (the average growth for the two years, 2004 and 2005). The "2004 growth rate" is shorthand for the "2003–2004 growth rate."
2. S. Heffler et al., "Health Spending Projections through 2013," *Health Affairs*, 11 February 2004, content.healthaffairs.org/cgi/content/abstract/hlthaff.w4.79 (13 January 2005).
3. Boards of Trustees, *2004 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds*, 23 March 2004, www.cms.hhs.gov/publications/trusteesreport/2004/tr.pdf (14 December 2004).
4. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2006*, www.whitehouse.gov/omb/budget (7 February 2005).
5. The results of our aggregate model of overall private personal health care spending are reconciled

with separate models for private spending in each sector. For a more complete description of our projections model, see Centers for Medicare and Medicaid Services, "Projections of National Health Expenditures: Methodology and Model Specification," 17 September 2004, www.cms.hhs.gov/statistics/nhe/projections-methodology (14 December 2004).

6. We use available historical data (as of November 2004) and updated near-term forecasts to transition to the 2004 Medicare Trustees Report assumptions. Overall, these assumptions are consistent with the most recent data and forecasts.
7. A sizable proportion of Medicare beneficiaries now pay full retail prices for prescription drugs. Under MMA, private prescription drug plans for Medicare beneficiaries are expected to negotiate favorable prices with retail pharmacies and drug manufacturers.
8. Smith et al., "Health Spending Growth Slows."
9. Express Scripts, *Drug Trend Report: Featuring the Pharmacy Benefit Guide* (St. Louis: Express Scripts, 2004), 15–16; and Medco Health Solutions, *2004 Drug Trend Report: Navigating the New Health Economy* (Franklin Lakes, N.J.: Medco, 2004), 18–20.
10. A. Barrett, "More Bitter Pills for Big Pharma," *Business Week*, 10 January 2005.
11. OMB, *Budget of the United States Government*.
12. We view the current classification as preliminary. Research is under way to determine the optimal categorization. The CMS Office of the Actuary is sponsoring a conference in April 2005, during which classifications will be reviewed.
13. The "maintenance of effort" payments from the states are a source of program financing for Part D, similar to enrollee premiums. Therefore, such payments will not be included in Medicaid spending, just as enrollee premiums are not included in private health insurance or out-of-pocket spending.
14. Companies cannot sell new Medigap policies that contain drug coverage after the introduction of the new Medicare drug benefit.
15. M. Stagnitti et al., *Outpatient Prescription Drug Expenses, 1999* (Rockville, Md.: Agency for Healthcare Research and Quality, 2003), 8.
16. Step therapy requires that a therapeutically equivalent lower-cost generic drug must be used before a more costly brand-name drug is authorized. Express Scripts, *Drug Trend Report*.
17. C. Arnst, "The Waning of the Blockbuster Drug," *Business Week*, 18 October 2004.
18. We do not have an alternative forecast showing what physician spending would be without the cuts. Such a projection would necessitate an assumed legislative change, thus violating our current-law framework.
19. Other changes from MMA include frozen payment updates for lab services, ambulatory surgical center services, and durable medical equipment (DME); competitive bidding and Federal Employee Health Benefits Program pricing for DME; indexing the Part B deductible to the growth in the Part B financing rates; reduced payment updates for home health services; increased payments for ambulance services; temporary increased physician payments in rural areas; the addition of several preventive screening services; and reduced payments for physician-administered drugs and inhalants. For more detail, see the 2004 Medicare Trustees Report.
20. V. Smith et al., "The Continuing Medicaid Budget Challenge: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2004 and 2005," October 2004, www.kff.org/medicaid/7190.cfm (20 January 2005).
21. Ibid.
22. Ibid.
23. Home and community-based waivers are captured in the "other personal care" sector and not in the nursing home sector of the NHA.
24. G. Mays et al., "Managed Care Rebound? Recent Changes in Health Plans' Cost Containment Strategies," *Health Affairs*, 11 August 2004, content.healthaffairs.org/cgi/content/abstract/hlthaff.w4.427 (14 December 2004).
25. J. Gabel et al., "Health Benefits in 2004: Four Years of Double-Digit Premium Increases Take Their Toll on Coverage," *Health Affairs* 24, no. 5 (2004): 200–209; and A. Rosenblatt, "The Underwriting Cycle: The Rule of Six," *Health Affairs* 23, no. 6 (2004): 103–106.
26. Ibid.
27. Banc of America Securities LLC, "Health Care Facilities Industry Overview May 2004 Third Annual Nonprofit Hospital Survey" (New York: Banc of America Securities, May 2004); and Standard and Poor's, "U.S. Not-for-Profit Health Care 2004 Median Ratios" (New York: Standard and Poor's, 10 June 2004).
28. A.E. Cuellar and P. Gertler, "Trends in Hospital Consolidation: The Formation of Local Systems," *Health Affairs* 22, no. 6 (2003): 77–87.
29. Mays et al., "Managed Care Rebound?"
30. S. Keehan et al., "Age Estimates in the National Health Accounts," *Health Care Financing Review*, 2 December 2004, www.cms.hhs.gov/review/web_exclusives/keehan.pdf (14 December 2004).
31. Smith et al., "Health Spending Growth Slows."

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medicaid and the uninsured

THE HENRY J. KAISER FAMILY FOUNDATION

November 2004

STATE FISCAL CONDITIONS AND MEDICAID

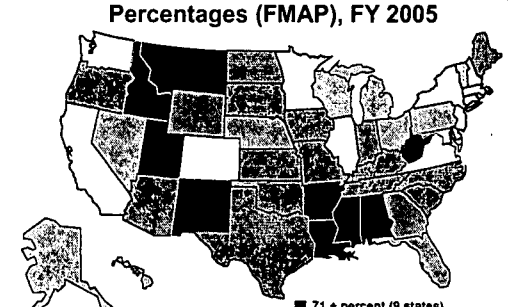
The Medicaid program is the nation's health care safety net providing health and long-term care services to many low-income Americans. The current financing structure, with federal funds to match state funds, allows Medicaid to play this critical role and increases states' capacity to respond to population needs. During the recent economic downturn, Medicaid enrollment increased as many people lost jobs and income and slid into poverty. At the same time, limited state tax revenue and continuing state budget pressures led all states to implement Medicaid cost containment strategies to slow the growth in Medicaid spending. The slow economic recovery and state funding constraints continue to create a challenge to adequate program financing.

States and the Federal Government Finance Medicaid

The states and the federal government share responsibility for financing Medicaid. The federal government matches state spending for the services Medicaid covers, with the federal matching rate varying by state from 50 to 77 percent of benefit costs (Figure 1). States design and administer their programs within federal rules that define the terms and conditions under which a state can earn federal matching funds. Medicaid's size and matching payments make Medicaid the primary source of federal grant support to states, representing 44 percent of all federal grants to states. On average, states spend about 17 percent of their own funds on Medicaid, while education comprises the largest share (47%) of state budgets.

Figure 1

Federal Medical Assistance Percentages (FMAP), FY 2005



SOURCE: Federal Register: December 3, 2003

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Economic Recovery Has Been Slow

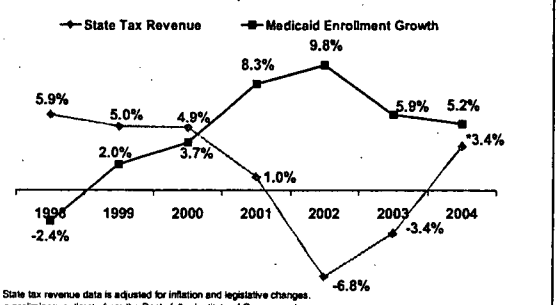
After more than three years of intense fiscal stress, FY 2004 marked a turning point for state revenues and for budget shortfalls. After two years of sharp declines, state tax revenue growth was positive in FY 2004 and budget shortfalls started to shrink. States were also helped by the $20 billion in temporary federal fiscal relief, that included $10 billion directly for Medicaid. During FY 2005, revenues are expected to continue to grow, although temporary federal fiscal relief has expired. Many states continue to face substantial budget shortfalls, that while smaller than in previous years, continue to place great stress on state budgets.

Medicaid Expanded to Meet Population Needs During the Recent Economic Downturn

Since 2000, the number of people living in low-income families has increased by 8 million people and 5 million people have become uninsured. At the same time, Medicaid has served as a critical safety net, especially for children, who fell into poverty during the economic downturn. Without Medicaid, many of these individuals would have otherwise been uninsured. Slowing from a peak in 2002, Medicaid enrollment grew by 5.2 percent in FY 2004 and is expected to grow by 4.7 percent in FY 2005 (Figure 2). Enrollment also grew among seniors and people with disabilities whose health care needs are greater and substantially more costly than low-income families. Medicaid spending continued to grow faster than state revenues but slower than the growth in private health insurance premiums, which grew at nearly twice the rate of Medicaid per capita spending (12.5% versus 6.7%) over the period from 2002-2004.

Figure 2

Underlying Growth in State Tax Revenue Compared with Change in Medicaid Enrollment Growth, 1998-2004



NOTE: State tax revenue data is adjusted for inflation and legislative changes. 2004 is a preliminary estimate from the Rockefeller Institute of Government.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2004.

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STATES CONTINUE COST CONTAINMENT EFFORTS

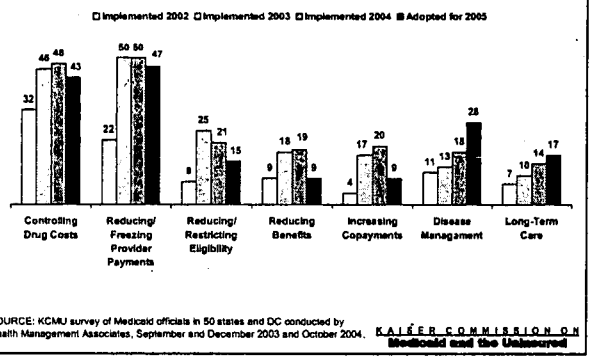
Responding to fiscal pressure, all 50 states and the District of Columbia implemented actions designed to control Medicaid spending growth in FY 2004. In addition, all states plan to implement at least one new cost containment measure in FY 2005. In FY 2004:

- 48 states implemented new pharmacy cost controls; and
- 50 states froze or reduced rate increases for at least one group of providers, i.e. hospitals, physicians, or nursing homes (Figure 3).
- Although several states also adopted modest benefit and eligibility expansions in FY 2004, 20 states imposed new or higher beneficiary co-payments;
- 21 states imposed eligibility restrictions; and
- 19 states restricted or reduced benefits.

While fewer states plan to restrict provider payments, benefits, or eligibility in FY 2005 compared to FY 2004, more states are pursuing disease management and long-term care initiatives targeted towards higher cost populations.

Figure 3

States Undertaking New Medicaid Cost Containment Strategies, FY 2002 – FY 2005



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, September and December 2003 and October 2004. KAISER COMMISSION ON Medicaid and the Uninsured

FY 2005 marks the fourth consecutive year of Medicaid cost containment action for most states, and the fifth year for some. Between FY 2002 and 2005, all states reduced provider rates and implemented prescription drug cost controls, 38 states reduced eligibility and 34 states reduced benefits. While these measures have helped to constrain spending, they have also placed additional burden on Medicaid beneficiaries and the providers who serve them.

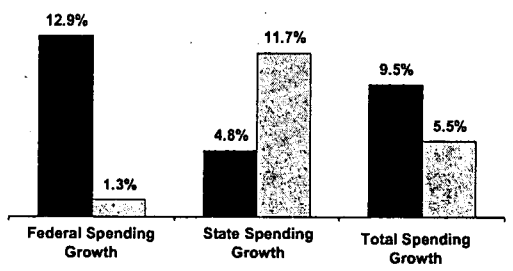
ROLE OF THE FEDERAL FISCAL RELIEF

The temporary federal fiscal relief, passed by Congress in May 2003 as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003, helped states ease their budget problems and avoid making additional and deeper changes to their Medicaid programs in FY 2004 as well as fill other shortfalls in their general fund budgets. The legislation provided $10 billion in additional Medicaid funding through a 2.95 percentage point increase in state's federal matching rate and an additional $10 billion in temporary grants for states to use for Medicaid or other state programs. Thirty-six states said this helped to meet the funding increases in their Medicaid programs, and 31 states reported using the fiscal relief to minimize or postpone Medicaid cuts or freezes. A condition for receiving the fiscal relief required that states maintain eligibility levels in effect as of September 2003.

With the expiration of the enhanced FMAP on June 30, 2004, state Medicaid spending has grown substantially for FY 2005 (Figure 4). To replace the loss of the enhanced federal support, spending growth for FY 2005 is 11.7 percent, an amount 2.4 times greater than the 4.8 percent increase in state funds in FY 2004, causing added fiscal stress on state's FY 2005 Medicaid budgets.

Figure 4

Average Annual Medicaid Growth Rates
Federal Fiscal Relief Helped States in FY 2004 and Ended in FY 2005



SOURCE: Estimates based on KCMU analysis of CMS-64 data and KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, June and December 2003 and October 2004. KAISER COMMISSION ON Medicaid and the Uninsured

FUTURE OUTLOOK

The overall state budget picture is beginning to improve in many, but not all states. State revenue collections improved in FY 2004 and fewer states are reporting Medicaid budget shortfalls for FY 2005. However, the expiration of the federal fiscal relief combined with continuing spending increases in Medicaid will still put great pressure on state budgets in FY 2005. Rising health care costs also continue to place pressure on Medicaid spending. The "clawback" payments that states will be required to make to the federal government, when the new Medicare Part D drug benefit takes effect on January 1, 2006, provide another strain on state budgets. Medicaid's role in addressing the long-term care needs of the elderly and disabled populations and the health coverage needs of the low-income population, underscores the need to assure adequate and stable financing for our nation's health safety net.

Additional copies of this publication (#7220) are available at www.kff.org.

For additional information on Medicaid and state budgets please see the Kaiser Commission on Medicaid and the Uninsured report (#7190) entitled, *The Continuing Medicaid Budget Challenge: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2004 and 2005: Results from a 50-State Survey,* October 2004, available at www.kff.org.

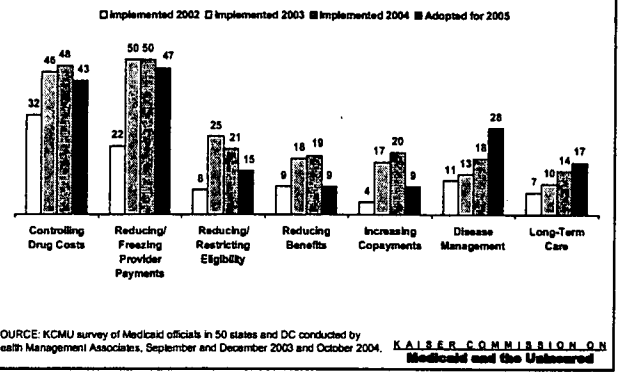
The Kaiser Commission on Medicaid and the Uninsured provides information and analysis on health care coverage and access for the low-income population, with a special focus on Medicaid's role and coverage of the uninsured. Begun in 1991 and based in the Kaiser Family Foundation's Washington, DC office, the Commission is the largest operating program of the Foundation. The Commission's work is conducted by Foundation staff under the guidance of a bipartisan group of national leaders and experts in health care and public policy.

4. Medicaid Cost Containment Measures

The survey found that every state in the nation, including the District of Columbia, implemented at least one new Medicaid cost containment strategy in FY 2004. This was the second consecutive year in which every state and the District of Columbia undertook Medicaid cost containment strategies. For FY 2005, all 50 states and the District of Columbia reported specific plans to undertake additional cost containment actions in their Medicaid programs (Figure 13).[22]

Figure 13

States Undertaking New Medicaid Cost Containment Strategies FY 2002 – FY 2005



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, September and December 2003 and October 2004. KAISER COMMISSION ON Medicaid and the Uninsured

FY 2005 will be the fourth consecutive year that states have implemented significant Medicaid cost containment initiatives, and for some states, the fifth. Most states are implementing not just one action, but are simultaneously undertaking a comprehensive set of cost containment strategies. Fewer states restricted provider payments, benefits or eligibility in FY 2005 compared to FY 2004, but more states implemented disease management and long term care initiatives. It is noteworthy that during this period of budget-driven cost-cutting, not all Medicaid policy making has been directed at reducing costs, several states also adopted modest benefit and eligibility expansions.

This section outlines the cost containment strategies that states implemented in FY 2004 and adopted for FY 2005. State actions are discussed in the following order:

- Provider payment rate changes
- Pharmacy utilization and cost control initiatives
- Benefit changes
- Eligibility changes
- Copayment requirements

[22] For FY 2005, a provider rate freeze is the result of a continuation budget adopted by the legislature pending agreement of a new budget in Kentucky.

- Managed care initiatives
- Disease or case management programs
- Changes to fraud and abuse controls
- Long-term care initiatives

The cost containment actions described in this report are those adopted for implementation in FY 2004 and FY 2005. State actions adopted in previous years are not listed even though they may continue to be in effect. Specific cost-containment actions newly taken by states in FY 2004 are summarized in Appendix B. Actions adopted for implementation in FY 2005 are listed in Appendix C. Specific state-by-state actions on pharmacy, eligibility, benefits and disease management initiatives are listed in Appendices D through K.

Provider Payment Rate Changes

Medicaid payment rates are generally the lowest of any payer, and are sometimes below cost for delivering care. Even a freeze in provider payment rates, as health care costs continue to increase, can be a de facto cut in payments and can have an impact on the availability of providers who will accept Medicaid patients, provider satisfaction and beneficiary access to care. Still, when faced with fiscal pressure, constraining provider payment rates is a typical strategy for Medicaid programs to slow the rate of growth in spending.

In FY 2004, 50 states and the District of Columbia cut or froze Medicaid payment rates for at least one group of providers (i.e., for hospitals, physicians, managed care organizations or nursing homes). This includes 48 states that froze rates (i.e., neither increased or cut rates) for one or more provider groups and 21 states that cut payment rates for one or more groups. Still, even in this time of fiscal stress, almost all states also increased rates for at least one provider group. A total of 46 states increased rates for one or more provider groups reflecting increasing provider pressure for catch-up rate increases after several years of freezes or cuts. This was an increase from 39 states that increased provider rates in FY 2003.

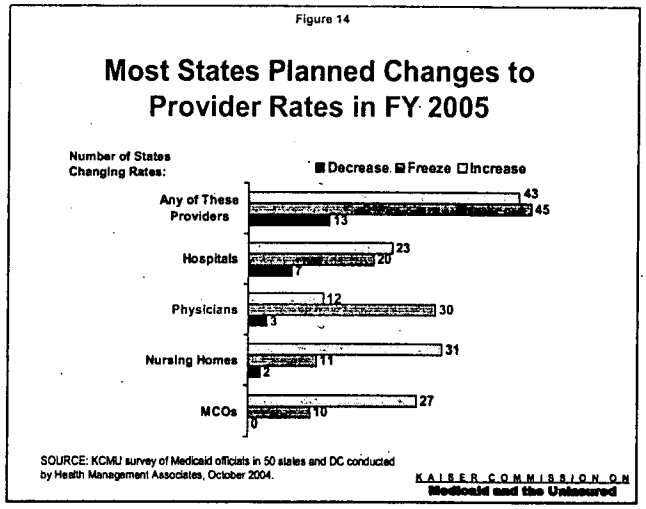
In FY 2005, a total of 47 states indicated they would be cutting or freezing Medicaid payment rates for at least one provider group, including 45 states that would freeze rates for one or more provider groups and 13 states that would cut rates (Figure 14). A total of 43 states indicated they would increase rates for one or more provider groups for FY 2005.

Comment of State Medicaid Official on Payment Rates:

"Rate increases occurred at the last minute in the legislative budget process, because revenues were equal to or better than expected."

"The pressure on the state budget is intense. We are getting to the rock bottom of what we can pay providers."

Figure 14



Among all provider groups, payment rates for physicians were most likely to be cut or frozen in FY 2004 and for FY 2005. Reimbursement methodologies for hospitals and nursing homes often include automatic adjustments based on an index relating to the cost of services so these provider groups are more likely than others to show increases. Additionally, some hospital and nursing home rate increases were tied to new or increased provider taxes; after netting out the cost of the provider tax, the rate increase may not be very large. Managed care payment rates became subject to requirements for actuarial soundness[23] in FY 2004, and this accounted for the significant number of rate increases for MCOs in FY 2004 and FY 2005.

- *Physicians*: Physician rates were cut or frozen in 42 states in FY 2004, including four states that cut and 38 states that froze physician rates. In FY 2005, physician rates were cut or frozen in 33 states, including three states that cut and 30 states that froze physician rates. Physician rates were increased in 9 states in FY 2004, and in 12 states in FY 2005.

- *Inpatient Hospitals*: Inpatient hospital rates were cut or frozen in 31 states in FY 2004 and in 27 states in FY 2005. In FY 2004, five states cut and 26 states froze hospital payment rates. In FY 2005, seven states cut and 20 states froze hospital payment rates. Hospital rates were increased in 21 states in FY 2004, and in 23 states in FY 2005. Payment increases for hospitals often reflect state statutory requirements to increase rates annually based on a specific index.

- *Nursing Homes:* Nursing home rates were cut or frozen in 18 states in FY 2004 and in 13 states in FY 2005. In FY 2004, four states cut and 14 states froze nursing home rates. For FY 2005, only two states cut and 11 states froze nursing

[23] According to Medicaid managed care regulations actuarially sound capitation rates must be developed with actuarial principles, be appropriate for the populations covered and the services furnished and be certified by actuaries.

home rates. Nursing homes were the provider group most likely to be granted a rate increase in both years, with increases in 32 states in FY 2004, and in 31 states in FY 2005. These increases often reflect longstanding state statutory requirements that provide annual rate increases based on a cost index.

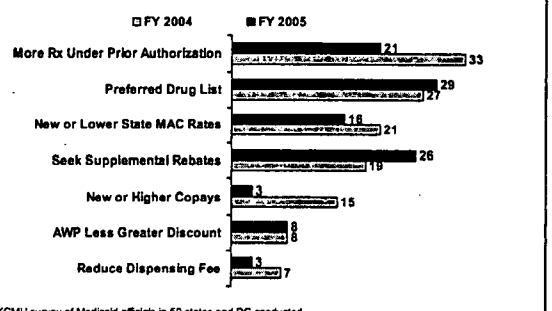
- *Managed Care Organizations*: Beginning in FY 2004, capitation rates for managed care organizations (MCOs) were subject to "actuarial soundness" requirements. These requirements impacted states decisions on rates for managed care in FY 2004 and 2005. Managed care organization capitation rates were cut or unchanged in 17 states in FY 2004, including six states that cut and 11 states that allowed no annual change in the rates. In FY 2005, rates were unchanged in 10 states. No states decreased capitation rates in FY 2005. MCO capitation rates were increased in 28 states in FY 2004, and in 27 states in FY 2005.

Pharmacy Utilization and Cost Control Initiatives

Cost-containment initiatives in the area of prescription drugs were implemented by 47 states and the District of Columbia in FY 2004. For FY 2005, a total of 43 states indicated that they would implement new or additional pharmacy–related initiatives. States continue to focus significant cost containment attention on prescription drugs, reflecting on-going efforts to slow the multi-year, double-digit cost growth. Compared to FY 2004, more states sought to control drug costs through preferred drug lists (PDL) and supplemental rebates than in FY 2004 (Figure 15). There was less of an emphasis on states setting new or lower Medicaid Maximum Allowable Costs (MAC)[24] and on reducing dispensing fees paid to pharmacists. In FY 2005, just one state reported that it increased its pharmacist dispensing fee.

Figure 15

Medicaid Prescription Drug Policy Changes FY 2004 and FY 2005



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2004.

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In addition, states continued to add new copayments or increase existing copayments for prescription drugs. In FY 2004, a total of 15 states adopted new or higher copayments

[24] State Maximum Allowable Cost Programs allow states to assign an upper limit to those generically available multi-source drugs for which a Federal Upper Limit (FUL) has not been set by the Centers for Medicare and Medicaid Services (CMS).

for prescription drugs. In FY 2005, the number of states adopting new or higher copayments for drugs dropped to three. Many of these states may be at the $3 per drug co-pay limit so they would not be able to increase pharmacy co-pays any higher without a waiver. See Appendix D for more detail on pharmacy cost containment actions for FY 2004, and Appendix E for FY 2005.

Benefits Changes

For FY 2005, state policymakers were less likely to cut benefits and more likely to expand or restore previously cut benefits, compared to the previous two years. For FY 2005, a total of nine states adopted benefit cuts or restrictions, a significant decrease from the total of 19 states in FY 2004, and 18 states in FY 2003. At the same time, in FY 2005, 14 states adopted benefit restorations and expansions, an increase from the 12 states that expanded benefits or restored previous benefit cuts in FY 2004, and the five states in FY 2003.

In general, the benefit reductions in 2004 and 2005 focused on restricting, reducing or eliminating "optional" services, which states offer at their discretion. These restrictions, reductions and eliminations focused primarily on Medicaid benefits for adults (including, in most cases, elderly and disabled beneficiaries). A few states implemented benefit limits that affected children, such as subjecting certain therapies to prior authorization.

In FY 2004, a total of 19 states cut or restricted benefits. Six of these states cut or restricted adult dental benefits and four states cut or restricted adult vision benefits and three states cut or restricted hearing services. Seven states eliminated or limited optional services for adults, including chiropractic services, podiatry services, psychological services, physical and occupational therapy and personal care services; 4 states eliminated some or all of these services altogether while the other 3 limited the amount of services that Medicaid would pay for.[25] In FY 2004, a total of 12 states expanded benefits or restored (fully or partially) previous cuts or restrictions.

In FY 2005, 9 states cut or restricted benefits. This included three states that reduced adult dental services. 14 states expanded benefits or restored (fully or partially) previous cuts or restrictions.

The following table highlights some of the benefit changes in FY 2004 and 2005:

[25] For a state-by-state summary of benefit reductions in FY 2004, see Appendix I.

FY 2004	FY 2005
Benefit Reductions	
19 states cut or restricted benefits • Cut or restricted adult dental benefits • Cut or restricted adult vision benefits • Cut or restricted hearing services • Eliminated or limited optional services for adults including chiropractic services, podiatry services, psychological services, physical and occupational therapy and personal care services • Limits on hospital lengths of stay for adults • New prior authorization for all Medicaid recipients • Reductions in non-emergency transportation • Limits on personal care hours for the aged and disabled • Limiting orthodontia to severe conditions for children • Eliminating coverage for circumcisions.	9 states cut or restricted benefits. • Reduced adult dental services • Eliminating or restricting podiatry, chiropractic, audiology, physical therapy, occupational therapy, speech, durable medical equipment, eyeglasses, transportation and psychological services • Limits on hospital lengths of stay for adults • Limiting orthodontia for children • Tighter hourly caps on personal care attendant services, brain injury rehabilitation and day health services • Limits on private duty nursing • Reducing physician office visit coverage for adults • Requiring prior authorization for children intervention services (occupational therapy, physical therapy and speech therapy).
Benefit Expansions	
12 states expanded or restored benefits • Restoration adult dental services • Restoration of eyeglasses and hearing aids for adults • Expansion of home and community-based waiver programs and services • Addition of long term personal care services for the elderly and disabled • Expansion of psychologist services to adults • Implementation of care management • Adding coverage of certain over-the-counter drugs • Increasing the annual limit for inpatient hospital days • Expanding or adding a hospice benefit.	14 states expanded or restored benefits • Restoration of podiatry, hearing aids, eyeglasses and chiropractic services • Expansion of home and community-based waiver programs and services • Extending substance abuse treatment for high risk pregnant women from 60 days to 12 months post-partum • Coverage for dentures for adults • Durable medical equipment coverage expansions • Expansion of school based services • Establishment of a PACE program ("Program for All Inclusive Care for the Elderly") • Increased access to mental health services for children • Expansion of dental services for children • Providing two annual authorized nurse visits (home health/HCBS type of services) • Addition of substance abuse treatment for adult populations through managed care • Enhanced community-based, mental health benefit package for qualified recipients • Limited exceptions to physician visit limits • Temporary restoration of physical therapy, audiology, emergency dental services for adults

Changes to Eligibility

Eligibility reductions are often difficult for states to implement because they impact vulnerable populations that usually would have no other access to health insurance or necessary health services. However, during the course of the recent economic downturn many states have turned to eligibility reductions to constrain Medicaid costs. Over the period from FY 2002 to FY 2005, a total of 38 states made restrictions or reductions to Medicaid eligibility in at least one of those four years.

In FY 2004, 21 states reduced or restricted eligibility for Medicaid, including nine states that only made changes to premiums and/or application and renewal procedures. Compared to prior years, these reductions were targeted narrowly, and were expected to affect relatively small numbers of people. In FY 2005, 15 states adopted plans to restrict or cut eligibility for Medicaid enrollees. (Included in this total are three states that imposed new or higher premium requirements and two states that changed application and renewal procedures that negatively affected the number of people on Medicaid.)

In both FY 2004 and FY 2005, a number of states made eligibility expansions. For example, several states that had previously not done so took up recently available options to offer coverage to the working disabled, to cover people under family planning waivers, and to provide coverage for uninsured women with breast and cervical cancer. Many of these expansions provide coverage for a limited set of benefits or to a targeted group of people. Some states undertook broader Medicaid expansions.

The following section describes eligibility changes in the following subsections:

- Eligibility rule changes
- Application and renewal process changes, and
- Premium changes

The changes for FY 2004 and FY 2005 are described in detail in Appendixes F and G.

Changes to Eligibility Standards

Fiscal Year 2004

As a condition of receiving the enhanced federal Medicaid matching rate (FMAP) for April 2003 through June 2004, the Jobs and Growth Tax Relief Reconciliation Act of 2003 required that states maintain eligibility through June 2004 at the levels that were in effect as of September 2, 2003. No state made eligibility changes that caused a loss of the enhanced FMAP during this period. Eligibility restrictions that did occur in FY 2004 were implemented on or before September 1, 2003 or were not changes to eligibility levels. States made reductions in income eligibility standards, eliminated continuous or presumptive eligibility, eliminated extended transitional medical assistance for parents and adults, increased the spend-down threshold for the aged, blind and disabled (ABD) population, and froze income standards.

However, even during the recent period of fiscal stress and cost containment, a number of states also undertook eligibility expansions. In FY 2004, ten states expanded eligibility. Eligibility expansions included income eligibility expansions for the aged and disabled, the elimination of TANF work requirements in determining Medicaid eligibility and two states implemented Medicaid buy-in for disabled workers.

Selected examples of states making changes to eligibility criteria in FY 2004 are described below:

FY 2004	
Eligibility Reductions	**Eligibility Expansions**
• **Kentucky** lowered the amount of income that could be retained for the community spouse of a long-term care resident, and eliminated long term care for the medically needy. • **Massachusetts** cut covered individuals with HIV from under 200% FPL to under 133% FPL. • **Nebraska** adopted eligibility reductions that cut coverage for 3,100 "Ribicoff"[26] children ages 19-20. • **Texas** discontinued coverage for medically needy adults with incomes above the TANF level and discontinued coverage for pregnant women age 19 and older with incomes above 158% FPL level.[27] These changes affected over 12,800 Texans. • **Utah** capped enrollment in the PCN (Primary Care Network) waiver program for "childless" adults and low-income uninsured parents at 19,900 in November 2003. In May 2004 enrollment was selectively reopened for adults with children.	• **Illinois** expanded income eligibility for children from 185 percent to 200 percent of the FPL; for parents from 49 percent to 90 percent of the FPL; and implemented a family planning waiver for women who lose Medicaid. Over 200,000 people were covered as a result of these expansions. • **Missouri** expanded Medicaid eligibility from 80 percent to 90 percent of the Federal Poverty Level to approximately 18,000 aged and disabled individuals.

[26] "Ribicoff children" are an optional eligibility category for states made up of children under 21 who are not receiving cash assistance but whose family incomes and resources meet the state's July 16, 1996 AFDC standards

[27] Texas reinstated coverage for pregnant women to 185% FPL effective September 1, 2004.

Fiscal Year 2005

While fewer states are undertaking eligibility cuts in FY 2005 compared to FY 2004, the eligibility cuts were broader and will affect a larger number of people. In FY 2005, twelve states planned some type of eligibility expansions. Many of these expansions are targeted to specific groups or for specific services. Three of these states plan to implement family planning waivers, one state plans to implement a breast and cervical cancer program and two states are planning Medicaid buy-in programs for the working disabled. Selected examples of planned changes to eligibility criteria in FY 2005 are described below:

FY 2005	
Eligibility Reductions	**Eligibility Expansions**
• **Mississippi** adopted a plan to eliminate coverage for the aged and disabled between 100% and 133% of the Federal Poverty Level. This would affect 65,000 individuals. 17,000 people would get coverage under a new 1115 Waiver. (See Box for more detail) • **Colorado** passed a law to remove legal immigrants from full Medicaid, expected to affect approximately 3,500 individuals and to be implemented in FY 2005. • **Georgia** reduced the Medicaid eligibility income limit for pregnant women and their infants from 235% FPL to 200% FPL, effective July 1, 2004, affecting 7,500 individuals. GA also eliminated coverage for medically needy persons in nursing homes affecting 1,700 individuals. • **Nebraska** adopted eligibility reductions that cut coverage for 3,100 "Ribicoff"[28] children ages 19-20. • **Oregon** closed enrollment for the Oregon Health Plan (OHP) Standard waiver program. State officials expected that enrollment would fall from 54,000 to between 25,000 and 30,000.	• **Illinois** adopted plans to increase eligibility for parents and adults in the FamilyCare program, covering an additional 56,000 adults. • **Maine** plans to increase eligibility for non-categorical adults from 100 percent to 125% of the FPL, covering 10,000 adults. The state also increased coverage for parents from 150 percent to 200 percent of the FPL, covering 25,000 parents. • **Missouri** plans to expand Medicaid eligibility from 90 percent to 95 percent of the FPL for the aged and disabled, covering approximately 12,000 people.

[28] "Ribicoff children" are an optional eligibility category for states made up of children under 21 who are not receiving cash assistance but whose family incomes and resources meet the state's July 16, 1996 AFDC standards.

Overview of the Mississippi Waiver

Mississippi to adopted a plan to eliminate coverage for a group of elderly and disabled beneficiaries with incomes between 100% and 133% of the Federal Poverty Level. This would affect 65,000 people. The state planned to help these people apply for the Medicare Drug Discount Card so that they would receive a discount on their prescription drug costs, including assisting their application for the $600 credit available for low-income beneficiaries with incomes below 135 percent of the FPL. The state received approval of a federal waiver to allow 17,000 of the 65,000 individuals to remain on Medicaid. The current waiver implementation date is scheduled for October 1, 2004. The waiver will cover 2 groups of individuals:

1. About 12,000 dual eligibles (covered by Medicare and Medicaid) will remain in Medicaid under the waiver because they need costly anti-rejection drugs after organ transplants, chemotherapy, kidney dialysis or anti-psychotic drugs and could not afford Medicare co-payments and deductibles.[29] For this group Medicaid coverage would end on January 1, 2006 when the new Medicare Part D prescription drug program begins. By reducing the number of dual eligibles enrolled in Medicaid, Mississippi lowers the amount that they will be required to pay the federal government under the "clawback" provisions of the Medicare prescription drug benefit.

2. The remaining 5,000 beneficiaries covered by the waiver are too young to qualify for Medicare and otherwise ineligible for Medicaid because their income is above poverty. This group would be covered under the Medicaid waiver until January 1, 2009.

Under this plan, 48,000 elderly and disabled beneficiaries would lose access Medicaid. The waiver has raised important policy questions about Medicaid coverage for low-income elderly and disabled Americans.

Application and Renewal Process Changes

Throughout the late 1990s and into 2001, states increasingly adopted measures intended to simplify and streamline the eligibility application and re-determination processes. However, in the face of budget shortfalls, fewer simplifications have occurred, and recently some states have reversed some of the previous simplifications or imposed changes that could make it more difficult for individuals to enroll and stay enrolled in Medicaid.

Ten states in 2004 and four states in FY 2005 made changes that could potentially decrease the number of people on Medicaid. Some of these changes include the:

- Implementation of more frequent re-verification periods than in previous years;
- Elimination of continuous eligibility for certain groups, and

[29] There are 13,000 individuals who would qualify for the waiver under this eligibility category, but the waiver caps enrollment for this group at 12,000.

- Elimination of the self-declaration of income that increases documentation requirements for Medicaid applications.

On the other hand, a total of 12 states made changes that streamlined or simplified their application and renewal procedures in FY 2004 and a total of 8 states made one or more positive changes to the application and renewal process in FY 2005.

Premium Changes

In a limited number of situations, state Medicaid programs are able to require premiums as a condition of coverage. In FY 2004, five states increased premiums, implemented new premiums or increased the number of people subject to paying premiums. Of the five states, two increased premiums for parents and children covered under expansion waivers (Massachusetts and Vermont). Three states implemented new or higher premiums on working disabled populations (Iowa, Louisiana and Minnesota).

Three states increased premiums in FY 2005. Two of these states increased premiums for the working disabled (Iowa and Nevada). One of these states also has a waiver pending to implement premiums on the Katie Beckett population (Maine).[30]

Copayment Requirements

Over the past several years, states have increasingly relied upon new or higher copayments as an important part of their cost containment strategies. In imposing copayments, states must comply with Federal Medicaid law, which specifies that copayments must be "nominal," generally defined as $3.00 or less per service. The law also provides exemptions so copayments cannot apply to certain services or certain eligibility groups such as children or pregnant women. Federal law requires that a provider must render a service regardless of whether the copayment is collected. A substantial body of research indicates that even nominal copayments can deter low-income individuals from receiving needed care.[31]

In FY 2004, a total of 20 states imposed new or higher co-payments. Pharmacy copayments were the most commonly added or increased with 15 states imposing new or increased copayments for prescription drugs. Five states imposed new or increased copayments for hospital visits (both inpatient and outpatient) and two states imposed copayments on non-emergency use of the hospital emergency room. States also applied new or higher co-pays to hearing, vision, dental and therapies, physician office visits and ambulatory services and home health.

For FY 2005, the number of states imposing new or higher copayments dropped to 9, down from 20 in FY 2004. Prescription drugs and emergency room copayments were

[30] Katie Beckett rules allow states the option to cover certain disabled children under age 19 under Medicaid if they meet the SSI standards for disability, the child would be eligible for Medicaid if he or she were in an institution and the child is receiving at home medical care that would be provided in an institution.

[31] Julie Hudman and Molly O'Malley, "Health Insurance Premiums and Cost-Sharing: Findings from the Research on Low-Income Populations," Kaiser Commission on Medicaid and the Uninsured, March 2003.

most commonly increased or added, with three states each for FY 2005. States also imposed new or higher copayments for hospital stays (one state), dental copayments (one state), and physician office visits (one state). One state eliminated all copayments that were previously in place.

Managed Care

In the previous recession in the early 1990s, managed care initiatives were the dominant strategies employed to control Medicaid spending growth. In the recent economic downturn, states have again used managed care as a component of their cost containment strategies, but not to the same extent as in earlier years. In FY 2004 and FY 2005, states continued to regard managed care as a significant vehicle for improving access and quality of care, but the costs of managed care have accelerated in many states making it a less attractive action for controlling spending growth. Common changes to Medicaid managed care include expanding service areas, enrolling new populations such as the elderly and disabled and implementing mandatory enrollment for certain eligibility groups or in certain geographic areas of the state.[32] The ongoing expansion of managed care by Medicaid is different from changing patterns of care in the private sector where the percentage of workers covered by managed care plans has declined since its peak in 1996.

In FY 2004, a total of 15 states made a change to their managed care program.[33] Nine of these states expanded their service areas for either primary care case management (PCCM) or for risk based managed care with four of the nine states expanding PCCM statewide and five of the nine states expanding risk-based managed care into additional counties. One state eliminated its PCCM program in FY 2004 (Alabama) and one state ended risk based contract in favor of expanding PCCM (Oklahoma). Three of the fifteen states enrolled new populations or restored coverage, through managed care, to Medicaid beneficiaries. One state enrolled TANF and ABD populations into managed care and another enrolled half the children with special health care needs into managed care as a cost containment measure. Finally, four of the fifteen states increased the number of people that were enrolled into managed care plans on a mandatory basis by either increasing the number of people that the state "auto assigns" into managed care or by moving from voluntary to mandatory managed care enrollment within certain counties of the state.[34]

In FY 2005, a total of 14 states expanded their managed care programs. Nine of these thirteen states expanded PCCM or risk based managed care into additional service areas

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[32] Most of the states reporting changes to their managed care programs already had managed care programs in place in FY 2004 and FY 2005. States specifically focused on changes that increased the number of Medicaid enrollees service by managed care arrangements (both for PCCM and risk based programs).

[33] Managed care is defined as primary care case management (PCCM) and risk based managed care programs.

[34] Mandatory enrollment is defined as follows: new Medicaid recipients have a certain time period after joining the Medicaid program in which to choose a plan. If a recipient does not choose a plan in that time period, the state can assign the recipient to a managed care plan. The recipient has a period of time in which to opt-out of the plan and into another, or into fee-for-service. Specific details related to time period, opt-out, etc are determined and therefore vary by state.

within the state; five of these nine states expanded PCCM throughout the state and for additional populations (i.e. the aged, blind and disabled eligibility groups). Four of the 14 states expanded risk based managed care throughout the state. Four of the 14 states newly included dual eligibles and the SSI population into managed care, and six of the 14 states increased the amount of mandatory enrollment within the state.

Disease and Case Management

An increasing number of states are turning to disease and case management initiatives as cost containment strategies in FY 2004 and FY 2005. Disease management programs are generally seen as a relatively low-cost way to improve health care for people with chronic or disabling health conditions, including many adult Medicaid beneficiaries. While many states are turning to disease management, savings and quality results from these programs are promising, but not conclusive due to several barriers including voluntary participation, enrollee turnover, and low payment rates.[35]

These initiatives by state Medicaid programs parallel similar efforts in the private sector, although commercial disease management approaches often need to be adapted for Medicaid enrollees who then to be more difficult to contact and have a more complex array of problems than the privately insured population.[36] In the recent 2004 Employer Health Benefit Survey, 15 percent of firms responded that disease management strategies were very effective in containing costs.[37] This was a better rating than other initiatives including higher employee cost sharing (9 percent of firms rated very effective); consumer driven health plans (11 percent of firms rated very effective) or tighter managed care networks (9 percent of firms rated very effective).

For FY 2005, the number of states planning to undertake new or expanded disease or case management programs increased to 28, up from 18 in FY 2004. Five states responded that they would be piloting disease or case management programs on a limited basis within the state. A clear trend was toward more comprehensive care management programs, rather than strictly focusing on specific disease states. While asthma, diabetes, hypertension, depression and congestive heart failure continue to be a major focus, new programs were also implemented for mental and behavioral health and obesity. Between 2002 and 2005, 42 states began a disease or case management program.

Going forward, states may have a more difficult time implementing disease management programs as the duals move to get drug coverage under Medicare Part D. (See Appendix J and K for state-by-state detail for FY 2004 and FY 2005)

> ***Comment of State Medicaid Officials on MMA and Disease Management:***
>
> "The biggest issue is a loss of data, we have duals in disease management and duals in nursing homes."

[35] Claudia Williams, *Medicaid Disease Management: Issues and Promises.* Kaiser Commission on Medicaid and the Uninsured, September 2004.
[36] Ibid
[37] Kaiser Family Foundation and Health Research and Education Trust. Employer Health Benefits 2004 Annual Survey, http://www.kff.org/insurance/7148/index.cfm

Long-Term Care and Home and Community Based Services

Even though long-term care (LTC) represents over a third of total Medicaid spending in most states, states generally did not turn first to adopt major cost containment initiatives in this area throughout the recent period of fiscal stress. However, as states have exhausted other cost containment options, more states are now turning to long-term care initiatives for savings. The number of states focusing on LTC programs to control costs has increased from 10 states in FY 2003 to 17 states in FY 2005.

In FY 2004, eight states implemented cost controls related to nursing homes and 11 states planned for nursing home cost controls in FY 2005. Examples of these initiatives include: policies designed to reduce the number of nursing home beds, to reduce the number of hospital leave days, to tighten eligibility criteria, to reduce payments for bed holds, and to downsize the capacity of ICF/MR facilities. Other cost containment activities involved changes to nursing home reimbursement methodologies, such as adopting a case mix adjustment or reducing excess payment allowances.

In FY 2004 eight states and 11 states in FY 2005 had cost controls directed at home and community based services (HCBS) programs. Some of these states imposed a freeze on waiver slots. These recent reported reductions in HCBS programs is in contrast to state actions over the last five years to eliminate waiting lists for waiver services and expand access to community based long-term care services largely as a response to the United States Supreme Court decision in Olmstead V. L.C. from June 1999. This decision stated that the unjustified institutionalization of people with disabilities is a violation of the Americans with Disabilities Act (ADA). Other examples of cost controls include limiting the hours authorized for specific instrumental activities of daily living (IADLs), restricting private duty nursing hours, reducing budgets for high cost cases and utilization review program for all HCBS.

Fraud and Abuse

States continue to ensure program and fiscal integrity through new and ongoing fraud and abuse activities. In FY 2004, a total of 17 states indicated that they had implemented new or enhanced fraud and abuse activities. These actions are sometimes tied to new or enhanced support and MMIS systems, additional staff, and increased provider audits. For FY 2005, a total of 21 states planned new or enhanced fraud and abuse detection or prevention activities including recipient lock-in, establishment of a new Medicaid fraud unit within the state OIG, and greater focus on third party liability recoveries. Between 2002 and 2005 a total of 32 states have put at new fraud and abuse mechanisms in place in at least one of those years.

5. Provider Taxes

States use provider taxes to generate state and federal funds to support their Medicaid programs in a number of ways. Some states devote all the new resources to support their overall Medicaid budgets. Others use the funds to finance specific provider rate increases. In other cases the funds help address overall state budget shortfalls. Several

states implemented and plan to implement increases or new provider taxes to generate revenue in FY 2004 and FY 2005.

At the beginning of FY 2004, a total of 24 states had one or more provider taxes in place. Among those taxes already in place, the most common were assessments on nursing homes, ICFs/MR, hospitals, and MCOs. In 13 states, taxes or assessments applied to more than one category of provider tax. In FY 2004, a total of 21 states increased or imposed new provider assessments or taxes. New or higher provider taxes or assessments were most frequently imposed on nursing facilities, managed care organizations (MCOs), hospitals and intermediate care facilities for the mentally retarded (ICFs/MR).

While many states added or expanded provider taxes, in FY 2004, two states eliminated existing provider taxes: Oklahoma discontinued its MCO tax and Florida discontinued a tax on ambulatory surgical centers, mobile surgery facilities, clinical laboratories and diagnostic imaging as a result of a court ruling that the assessment violated the Florida constitution.

For FY 2005, 20 states increased or imposed one or more new provider assessments or taxes. Seven states added and three states increased a nursing home provider assessment, making it the most frequently imposed new provider assessment, as also had been the case for FY 2004. Eight states increased or imposed new assessments on ICFs/MR, four states imposed new assessments on MCOs and five states increased or imposed new assessments on hospitals.

Actions on Provider Taxes and Assessments in FY 2004 and FY 2005

Provider Type	In Place Prior to FY 2004	New in 2004	Increased in FY 2004	New in FY 2005	Increased in FY 2005	Total in FY 2005
Nursing Home	17	5	7	7	3	31
ICF/MR	13	3	2	6	2	21
Hospital	11	2	3	3	2	14
Managed Care Organization	3	3	2	4		10
Pharmacy	3					3
Home Health	2		1			2
Other	2		1	1		2

6. Impact of Federal Fiscal Relief

The Jobs and Growth Tax Relief Reconciliation Act of 2003, enacted in May 2003, contained two provisions that provided a total of $20 billion in fiscal relief to states in federal fiscal years 2003 and 2004.[38] The legislation provided $10 billion dollars in the form of a temporary 2.95 percentage point increase in each state's federal matching rate

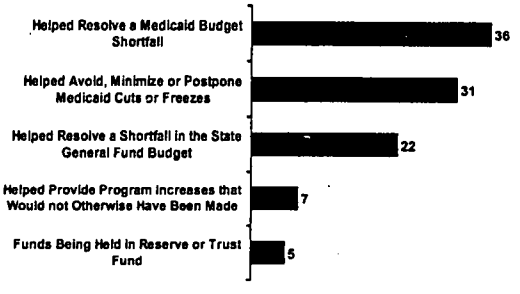
[38] The FMAP increase was in effect for the last two quarters of FY 2003 and the first three quarters of FY 2004.

for Medicaid programs (FMAP). The legislation also provided $10 billion in temporary grants for states to use for Medicaid or other state programs. A maintenance-of-effort provision dictated that only states that maintained eligibility at the levels that were in effect as of September 2, 2003 would receive the fiscal relief.

State Medicaid officials described how their state used the enhanced federal funding provided through the temporary FMAP increase. Officials indicated that states largely utilized the funds to address both Medicaid and overall budget shortfalls in 2004. This was exactly the outcome for which the fiscal relief was enacted. A total of 36 states reported that fiscal relief funds helped resolve an overall Medicaid budget shortfall and 22 states indicated that the funds were used to help resolve an overall state budget shortfall (Figure 16). In 31 states, officials indicated that the funds allowed the state to avoid, minimize or postpone Medicaid cuts or freezes that likely would have occurred, and in seven states officials reported the funds helped to finance program increases that likely would not otherwise have occurred.

Figure 16

States Report Use of Enhanced FMAP in FY 2004



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, June and December 2003 and July 2004.

KAISER COMMISSION ON Medicaid and the Uninsured

The expiration of the temporary enhanced FMAP on June 30, 2004 was expected to have a strong and direct impact on every state Medicaid program, since it caused states to experience exceptionally high FY 2005 state Medicaid spending growth that would be very difficult for states to absorb. Indeed, legislatures authorized spending growth in terms of state general funds of 11.7 percent in FY 2005, an amount 2.4 times greater than the 4.8 percent growth in state funds that actually occurred in FY 2004 (Figure 17).

Child Enters DSS Custody

Placement Decision Made

Basic Foster Care

DSS Family Foster Home

County DSS staff recruit, train (MAPP/GPS) and prepares assessment and recommendations of licensure to submit to the state

Child placed (DSS Social Worker must see child and foster parent at least once during first week)

DSS staff support child and family on an on-going basis

DSS social worker must see child at least once a month

DSS staff support child and foster family on an on-going basis

DSS licensing social worker visits foster family at least each quarter

DSS facilitates team meetings to discuss treatment and permanency plans, usually through coordination with the LME

DSS arranges and provides respite care to family

DSS prepares for court periodically

DSS is responsible for permanent plan and assures achievement

Basic Foster Care

(hard to place children)

CPA Family Foster Home

DSS

Child placed (DSS Social Worker must see child and foster parent at least once during first week)

DSS social worker must see child at least once a month

DSS staff must see family at least once a quarter

DSS participates with CPA in team meetings to discuss treatment and permanency plans

DSS prepares for court periodically and CPA prepares to testify in court

DSS is responsible for permanent plan and assures achievement

CPA

CPA recruits, trains and prepares assessment and recommendations of licensure to submit to the state. May train on client/behavior specific issues related to children who are harder to place

CPA provides on-going support and consultation to foster family (this support to the CPA social worker and foster family is consultation from psychologists, psychiatrists, and medical professionals)

CPA provides supervisors and social workers to work with child and foster family as well as a qualified mental health specialist who provides treatment services

CPA social worker sees child once a week

CPA social worker sees foster family twice a month

CPA arranges and provides respite care to family

3/28/2005

North Carolina Department of Health and Human Services, Division of Social Services

Family Support and Child Welfare Services Section

DEPARTMENT OF HEALTH & HUMAN SERVICES

MEDICAID PROGRAM OVERVIEW

North Carolina General Assembly
Fiscal Research Division
March 2005

Medicaid Program Overview

- Purpose of Medicaid
- Impact of Medicaid
  - On the State Economy
  - On State Government
  - On the State Budget
  - On Local Government
- Medicaid Services
- Medicaid Recipients
- Program Changes Since 1990

Medicaid Program

THREE PROGRAMS IN ONE

- HEALTH INSURANCE
- LONG TERM CARE FOR THE ELDERLY
- SERVICES FOR PEOPLE WITH DISABILITIES

Medicaid Program

MEDICAID VS. MEDICARE

Medicaid is health care for certain groups of poor persons, including single parent families, persons over age 65 and the disabled. Coverage is based on a person falling into one of the target groups and passing income and resources tests. Medicaid is administered by states and counties and financed with federal, state and county funds.

Medicare is health care for persons over age 65 and for the disabled who receive Social Security payments. Medicare is administered by the Centers for Medicare & Medicaid Services and financed by employer/employee contributions to the Social Security Trust Fund. Beginning in 2006, states will pay a portion of Medicare Part D to cover the cost of prescription drugs previously paid for persons dually eligible for Medicaid and Medicare.

Medicaid Program

ENTITLEMENT STATUS

Medicaid is a federal entitlement program. Entitlement means any individual who is found eligible for Medicaid has a legal right to receive services under the Medicaid Program and cannot be denied coverage.

Implications for State Government

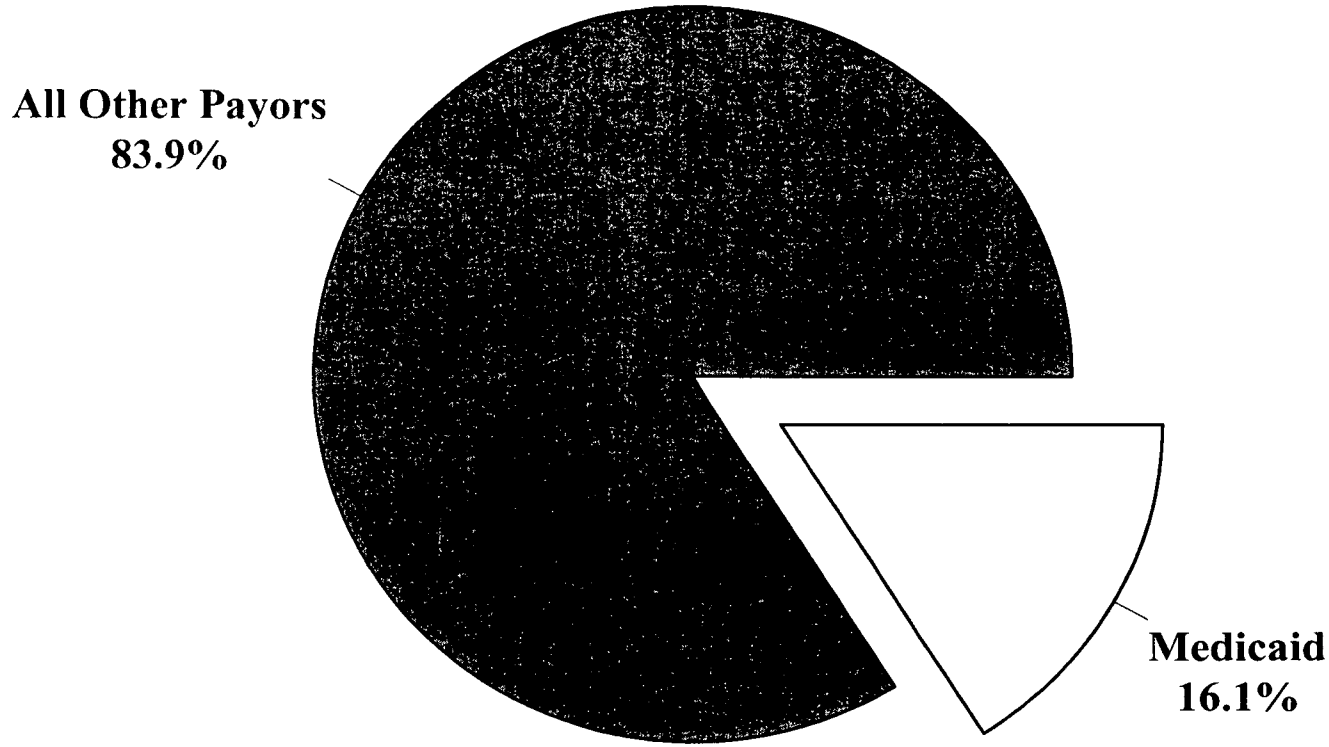
- ✓ **All eligible persons who apply for Medicaid must be served.**
- ✓ **The medical bills for Medicaid eligibles must be paid.**
- ✓ **If the appropriations for the Medicaid Program are inadequate, eligible persons must be served even if the funding must come from other areas of State government.**

IMPACT OF MEDICAID

- ✓ On the State Economy
- ✓ On State Government
- ✓ On the State Budget
- ✓ On Local Government

Medicaid Program

Medicaid Expenditures Vs. NC Health Care Expenditures



SFY 2004

- ✓ **NC Health Care Expenditures $52.7 Billion** (estimated)
- ✓ **All Other Payors $44.2 Billion** (estimated)
- ✓ **Medicaid $8.5 Billion** (actual)
- ✓ **NC Health Care Per Capita $6,167** (estimated)

Source: Health Affairs, February 2004, Health Spending Projections Through 2013

Medicaid Program

N. C. MEDICAID SNAPSHOTS

- Covered 1.5 Million state residents in SFY 2004 -- 17.7% of N.C.'s population
- Covered over 870,000 children during SFY 2003 - 58% of Medicaid eligibles
- Covers 45% of the babies born each year
- 29.3% of recipients consume 69% of resources -- includes aged, blind, and disabled
- Enrolled over 52,000 providers of medical services.

Medicaid Program

N. C. MEDICAID SNAPSHOTS

- Inpatient care consumes 42.6% of expenditures for services -- includes hospitals, nursing homes, residential high risk intervention services and mental retardation centers.

- Expenditures for drugs were $1.47 Billion in SFY 2004.

- 66.5% of the state's 41,000 nursing home beds are funded through Medicaid.

- 16% of N. C. hospital charges are paid by Medicaid -- 45% are paid by Medicare.

Medicaid Program

IMPACT ON STATE AND LOCAL AGENCIES

- The Medicaid Program supplies significant support to State and Local agencies that provide medical services to Medicaid recipients -- 14% of Medicaid expenditures support State and Local agencies.

- The following State and Local Agencies receive reimbursement from Medicaid: Mental Retardation Centers, State Psychiatric Hospitals, Special Care Center, UNC Hospitals, Area Mental Health Agencies, Alcohol and Drug Treatment Centers, Public Health Departments, Social Services Departments, County Owned Home Health Agencies, County Owned Ambulance Services and Local Education Agencies.

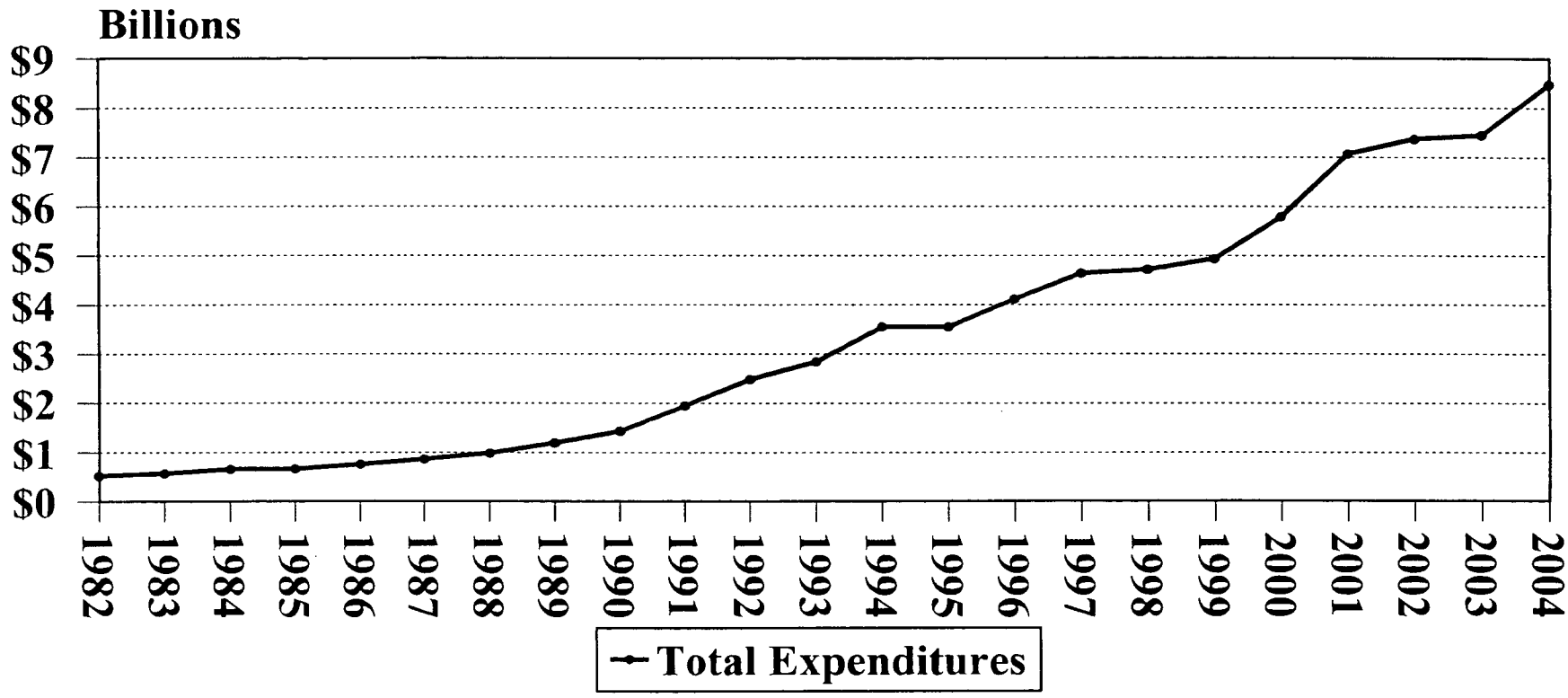
Medicaid Program

HISTORY OF TOTAL EXPENDITURES

STATE FISCAL YEAR	TOTAL EXPENDITURES
1979-80	$410,053,625
1989-90	$1,427,672,567
1999-00	$5,789,133,085
2003-04	$8,475,768,498

Medicaid Program

HISTORY OF MEDICAID EXPENDITURES



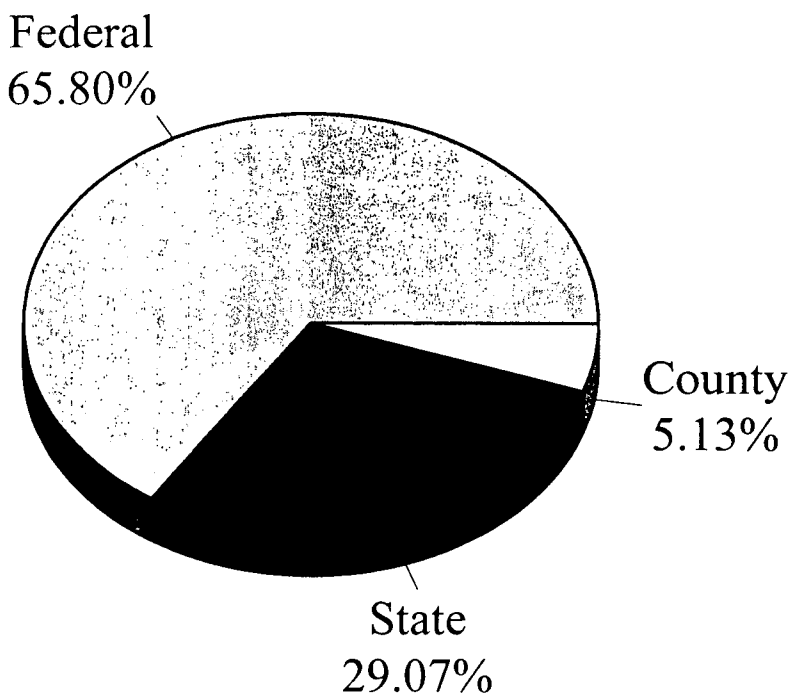
- ✓ During the past twenty years, the rate of growth for Medicaid expenditures has varied considerably - ranging from 0% to 35%.

- ✓ Higher rates of growth have occurred during years of economic distress or when major Medicaid expansions have been authorized. Lower rates of growth have occurred during years when the Medicaid population has been stable or declining.

Medicaid Program

FEDERAL FINANCIAL PARTICIPATION

Medical Benefits



SFY 2003-04

Federal Fiscal Relief provided an enhanced match that ended 06/30/04.

Other Matching Rates

Family Planning

Federal	90%
State	8.5%
County	1.5%

Administration - Skilled Medical Personnel & MMIS

Federal	75%
NonFederal	25%

Administration - All Other

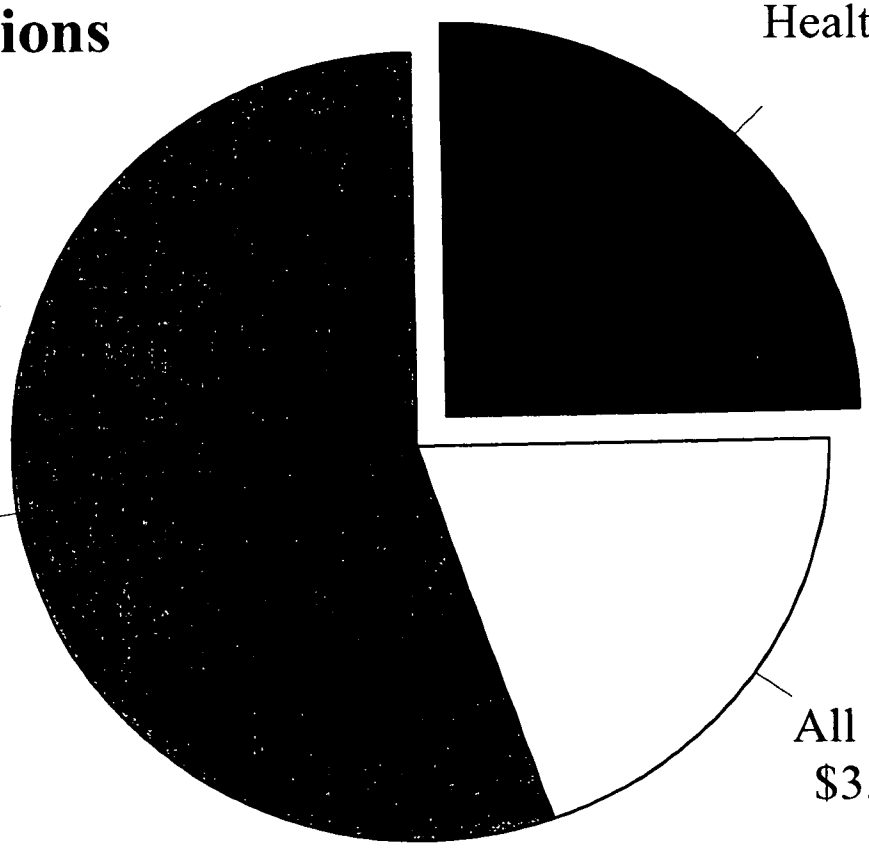
Federal	50%
NonFederal	50%

Medicaid Program

HHS SHARE OF GENERAL FUND APPROPRIATIONS

SFY 2005

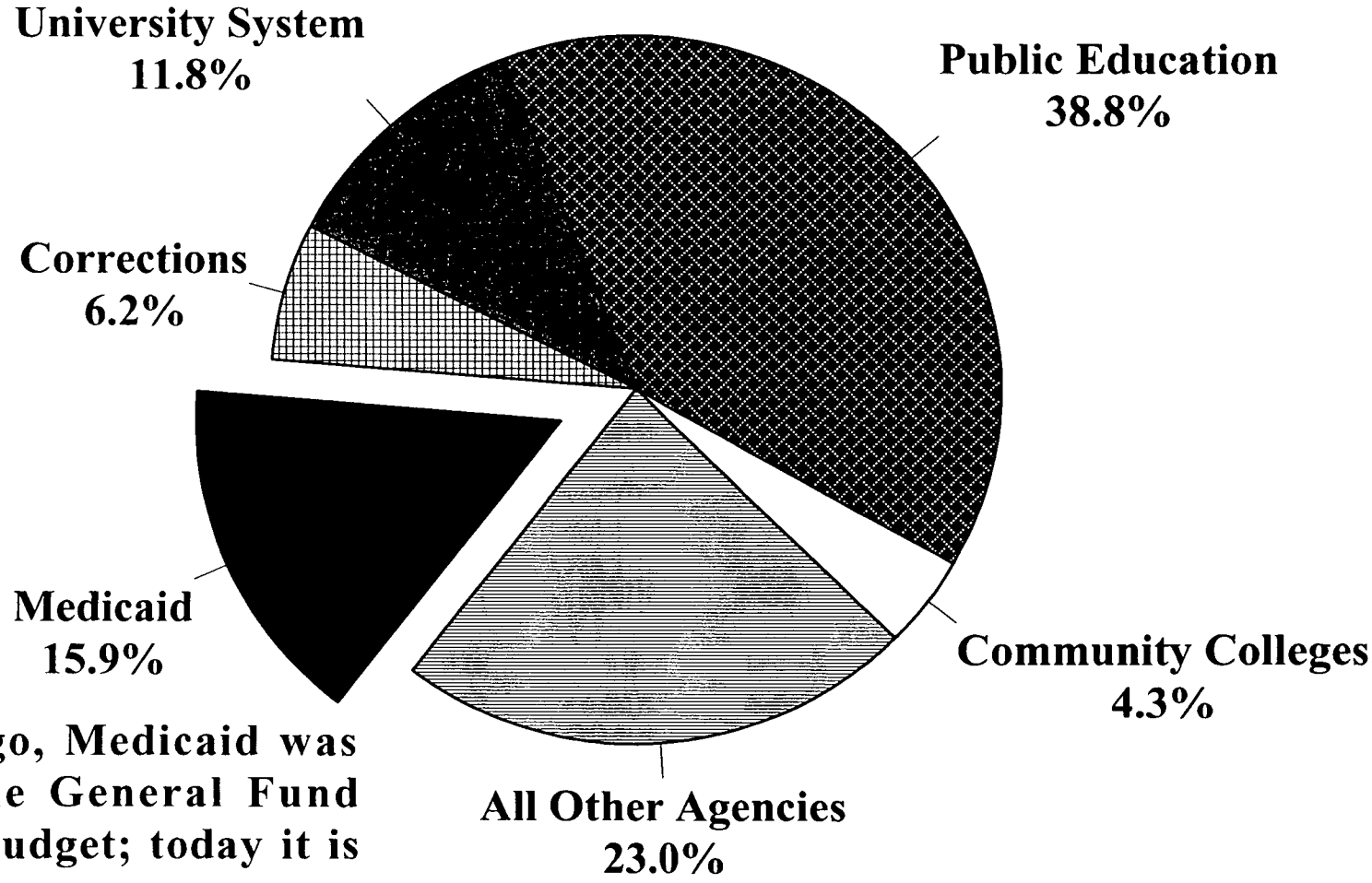
Total Appropriations
$15.5 Billion



Source: NC General Fund Operating Appropriations SFY 2005

Medicaid Program

GENERAL FUND APPROPRIATIONS BY MAJOR PROGRAM AREA
SFY 2005



10 years ago, Medicaid was 8.2% of the General Fund operating budget; today it is 15.9%.

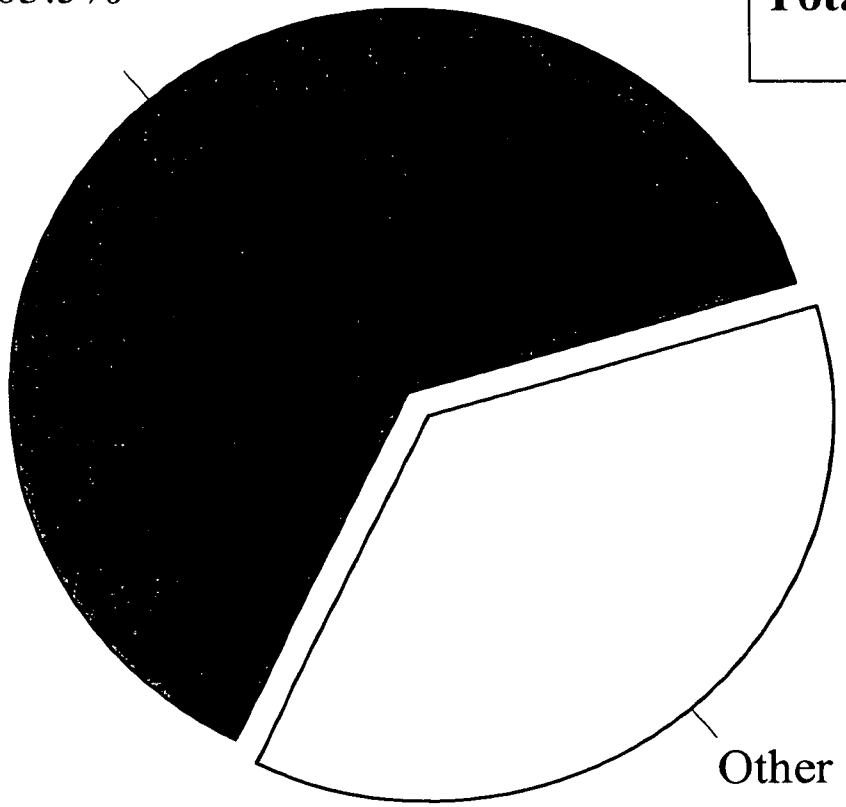
Source: NC General Fund Operating Appropriations SFY 2005

Medicaid Program

MEDICAID'S SHARE OF HHS GENERAL FUND APPROPRIATIONS FOR SFY 2005

Medicaid Program 63.5%
$2.45 Billion

Total HHS Appropriations
$3.86 Billion

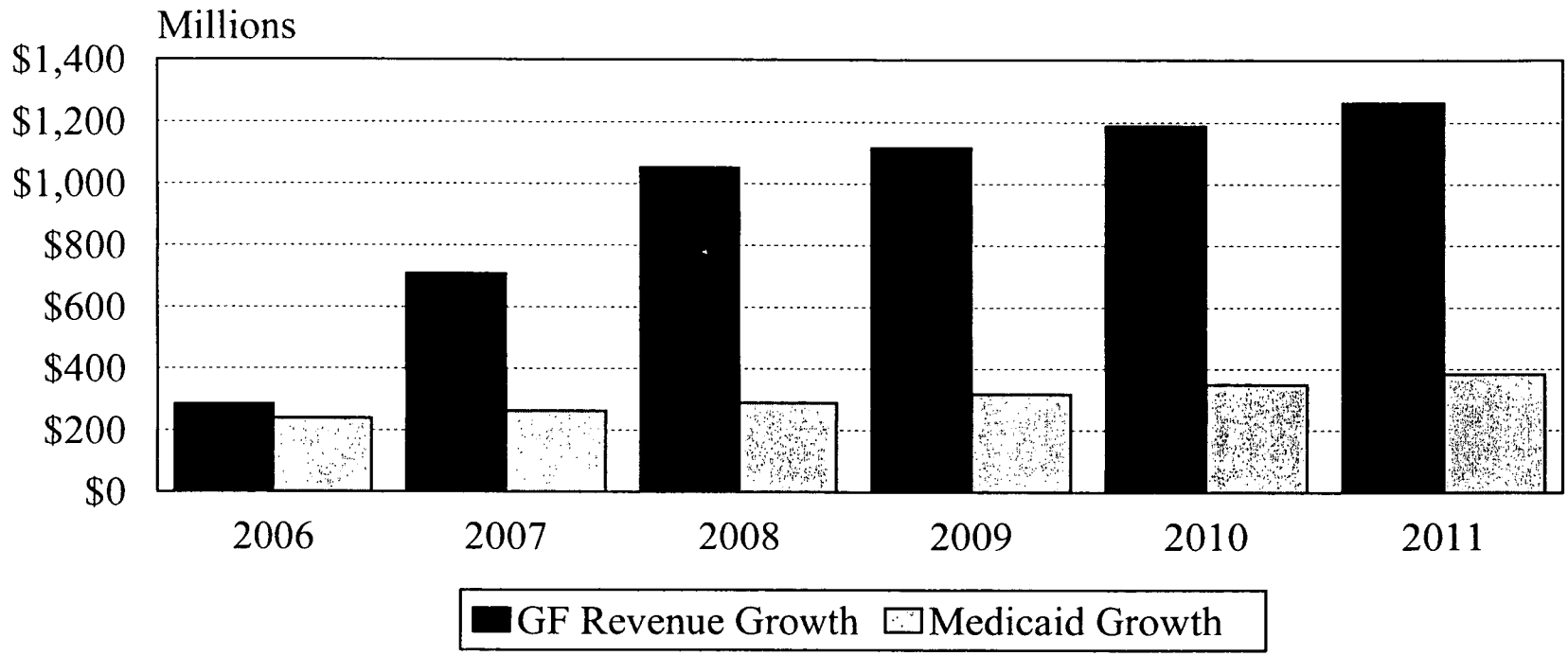


Other HHS Programs 36.5%
$1.41 Billion

Source: NC General Fund Operating Appropriations SFY 2005

Medicaid Program

MEDICAID GROWTH VS. GENERAL FUND REVENUE GROWTH



If Medicaid expenditures increase 10% annually, growth in General Fund expenditures for Medicaid will consume 30% of new General Fund revenues by SFY 2011.

Medicaid Program

IMPACT ON COUNTIES

- State law requires counties to pay 15% of the nonfederal share of Medicaid Services and 100% of the nonfederal share for County Medicaid Administration.

- For SFY 2005, counties are projected to pay $450 million for Medicaid Services or 5.5% of the expenditures for Medicaid Services.

- For SFY 2005, counties are also projected to pay $63 million for County Medicaid Administration or 50% of the expenditures for County Medicaid Administration.

MEDICAID SERVICES

Medicaid Program

Mandatory Services and Eligibles

Under federal law, all states operating a Medicaid Program are required to provide certain services and serve specific categories of eligibles. The services and eligibles are **mandatory** and must be included in order to receive federal reimbursement.

Medicaid Program

Mandatory Services

- Health Check Services (EPSDT)
- Family Planning Services
- Federally Qualified Health Centers
- Hearing Aids (children)
- Home Health Services (includes Durable Medical Equipment)
- Inpatient Hospital Services
- Outpatient Hospital Services
- Physicians
- Laboratory & X - Ray Services
- Nurse Midwives
- Nurse Practitioners
- Nursing Facilities
- Prenatal Care
- Rural Health Clinics
- Specialty Hospitals
- Transportation
- Vaccines for Children

Medicaid Program

Optional Services and Eligibles

- Current 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.

- The North Carolina Medicaid Program covers 28 of the 34 optional Medicaid services.

Medicaid Program

Optional Services

- Ambulance Transportation
- Targeted Case Management Services
- Chiropractors
- Clinic Services
- Community Alternatives Programs (CAP)
- Dental Care Services (Dentures)
- Diagnostic, Screening, Preventative Services
- Emergency Hospital Services
- Eyeglasses
- Hospice
- Intermediate Care Facilities for the Mentally Retarded (ICF-MR)
- Mental Hospitals (Age 65 and over)
- Impatient Psychiatric Care (Under age 21)
- Occupational, Physical, and Speech Therapies
- Optometrists
- Personal Care Services
- Podiatrists
- Prescription Drugs
- Prosthetics and Orthotics
- Private Duty Nursing Services
- Rehab. Services (Mental Health)

Medicaid Program

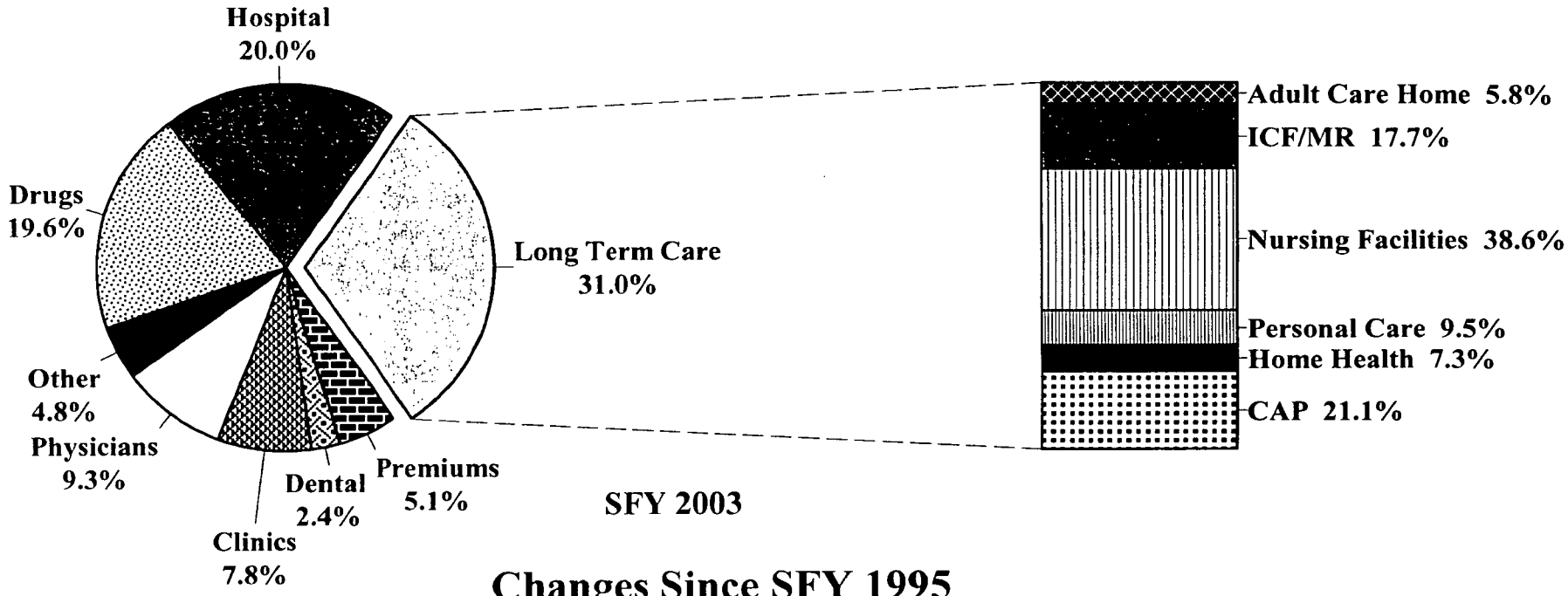
EXPENDITURES FOR SERVICES

- Total expenditures for services and premiums was $7.4 Billion for SFY 2004. The State share was $2.16 Billion.

- 96.5% of expenditures for services paid for direct medical services while the remaining 3.5% paid for Medicare and HMO premiums.

Medicaid Program

EXPENDITURES FOR SERVICES

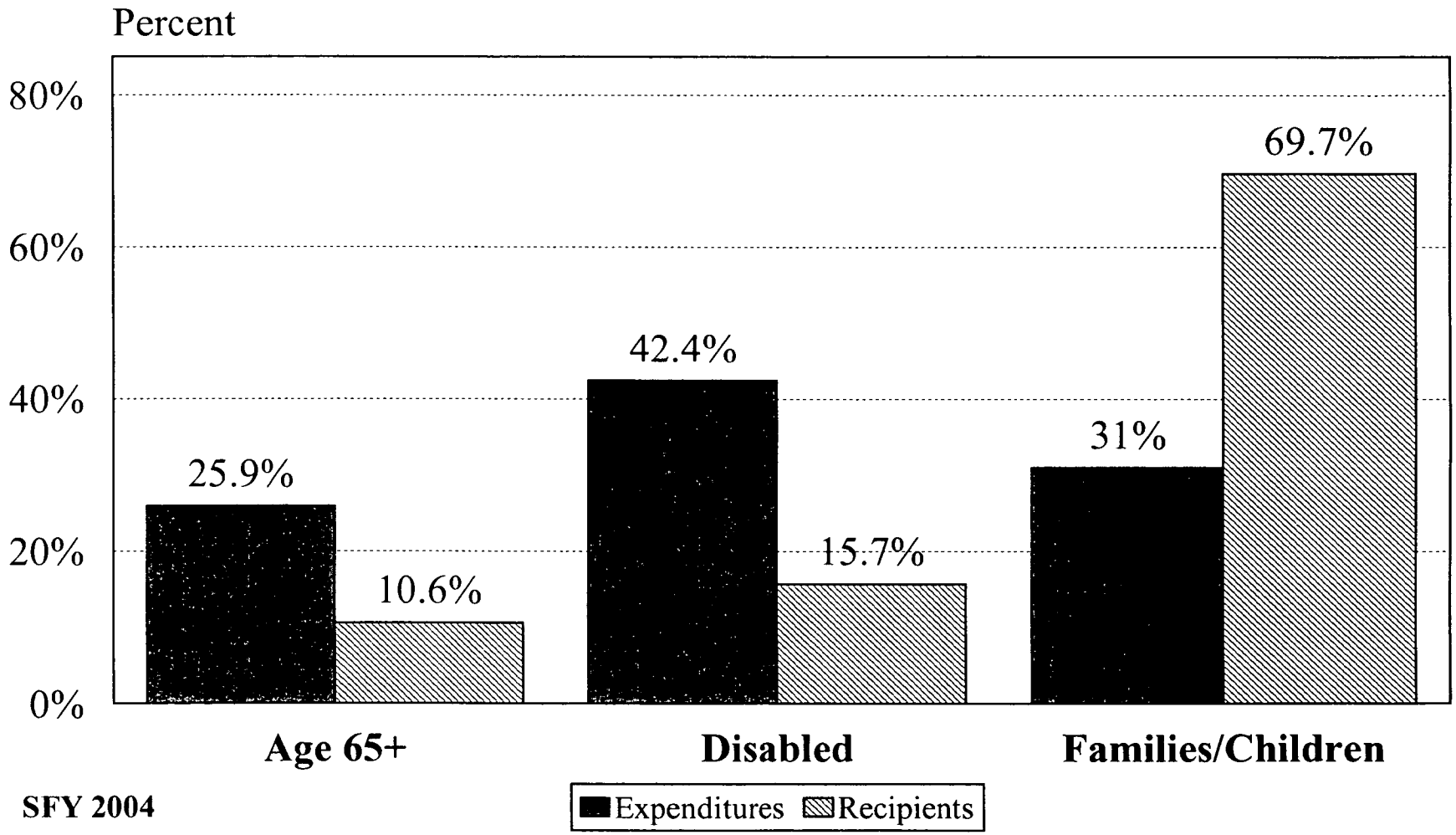


Changes Since SFY 1995

- ✓ Long-Term Care expenditures continue to decline - 40.4% to 31%.
- ✓ In-Home Services are an increasing share of Long-Term Care expenditures - 18.5% to 37.9%
- ✓ Hospital expenditures have also declined - 26.9% to 20%.
- ✓ Drug expenditures have increased significantly - 8.2% to 19.6%.

Medicaid Program

EXPENDITURES AND RECIPIENTS



SFY 2004

Medicaid Program

EXPENDITURES AND RECIPIENTS

SFY 2004

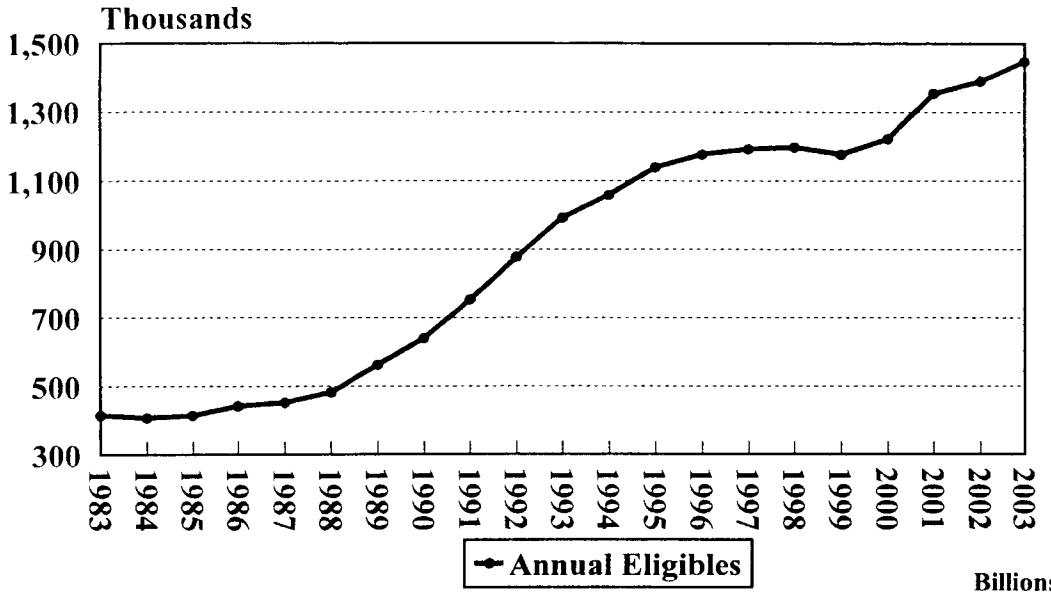
Eligibility Category	Number of Recipients	Expenditures	Annual Cost Per Recipient
Elderly	204,135	$1,941,800,149	$8,932
Aged	162,675	$1,912,877,837	$10,992
Medicare-Aid	41,460	$28,922,311	$665
Disabled	243,774	$3,127,627,817	$11,971
Families & Children	1,074,554	$2,285,088,549	$1,967
Aliens & Refugees	18,987	$51,681,385	$2,735

NOTE: The Aged and Medicare-Aid categories are subsets of the Elderly category.

MEDICAID RECIPIENTS

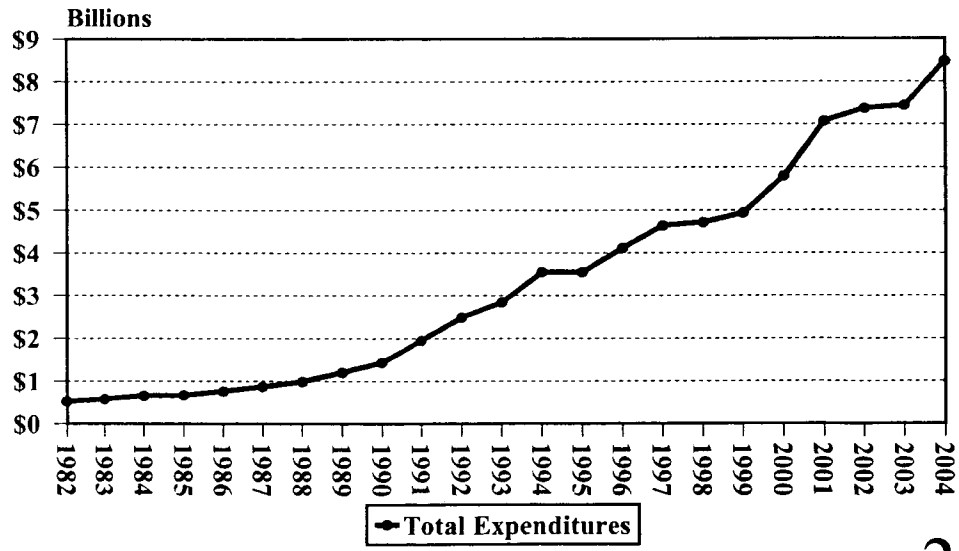
Medicaid Program

GROWTH IN ELIGIBLES AND EXPENDITURES



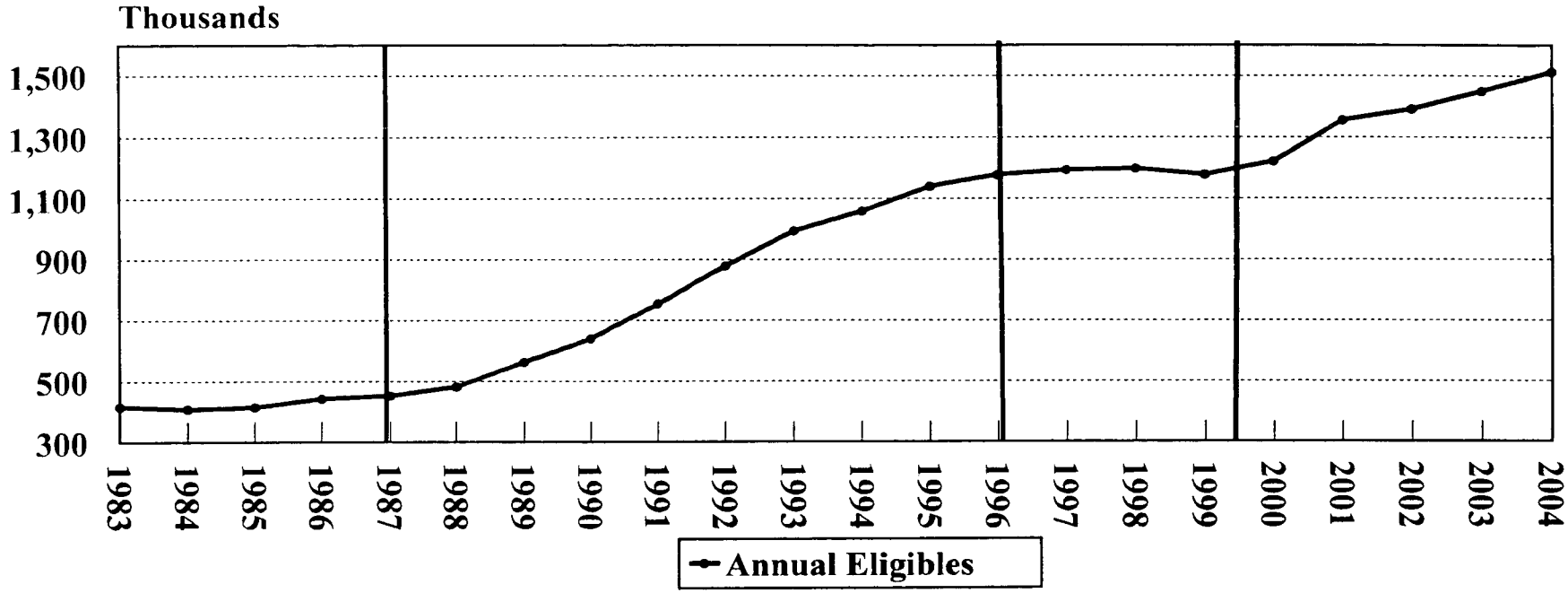
During the early 1980s, the number of eligibles did not grow significantly, and the rate of growth in expenditures for Medicaid was moderate.

Beginning in 1987, a series of mandated and optional eligibility expansions occurred and expenditures for Medicaid began to grow rapidly.



Medicaid Program

HISTORY OF ANNUAL ELIGIBLES



- ✓ Early 19980s - The growth rate for eiligibles was flat because the economy was stable.
- ✓ 1987 through 1996 - A series of mandated and optional eligible expansions occurred, and welfare caseloads increased significantly during the economic downturn in the early 1990s.
- ✓ 1996 through 1999 - Welfare reform and the improved economy caused welfare caseloads to decline and actually decrease.
- ✓ 2000 through 2004 - Economic downturn caused enrollment to increase and the last major eligibility expansions were enacted.

Medicaid Program

MANDATORY ELIGIBILITY GROUPS

- Low Income Families and Children (Based on the AFDC State Plan as of July 16, 1996)
- Transitional Medicaid
- Aged, Blind, and Disabled SSI Recipients
- Infants born to Medicaid eligible women (to 185% of FPL)
- Children under age 6 (to 133% of FPL)
- Pregnant Women (to 185% of FPL)
- All Children born after 9/30/83 (to 100% of FPL)
- Recipients of Adoption Assistance and Foster Care
- Refugees/Aliens
- 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

Medicaid Program

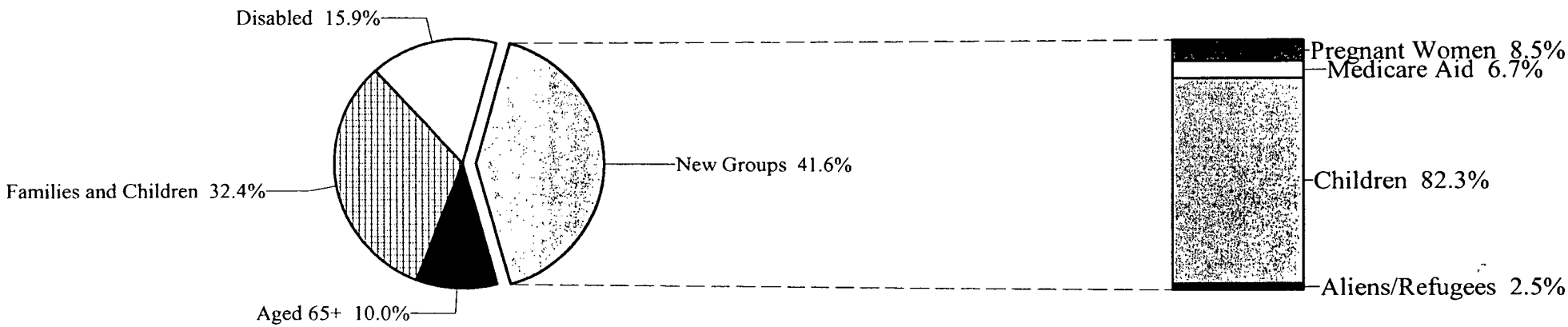
OPTIONAL ELIGIBILITY GROUPS

- Children age 19 and 20 meeting AFDC income standards
- Special Needs Adoptive Children
- 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 the FPL)
- Medically Needy Persons
- Women with Breast and Cervical Cancer (to 185% of FPL)

Note: FPL is the Federal Poverty Level

Medicaid Program

NEW GROUPS SINCE 1987

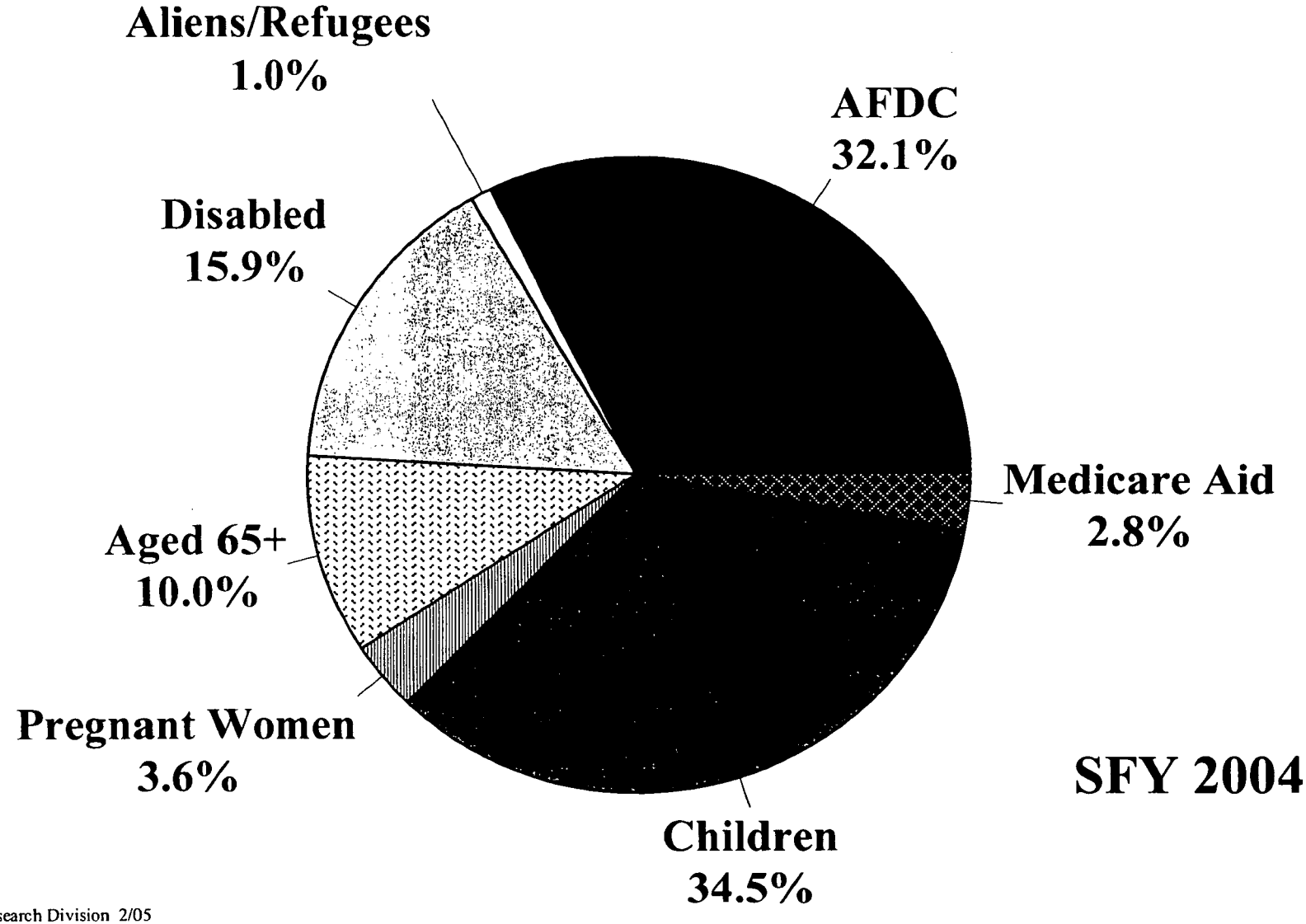


SFY 2004

When Medicaid began, the program focused on providing medical care for the disabled, aged, and families receiving welfare. Since 1987, Medicaid eligibility has been expanded to cover children, pregnant women, qualified Medicare beneficiaries, and aliens/refugees.

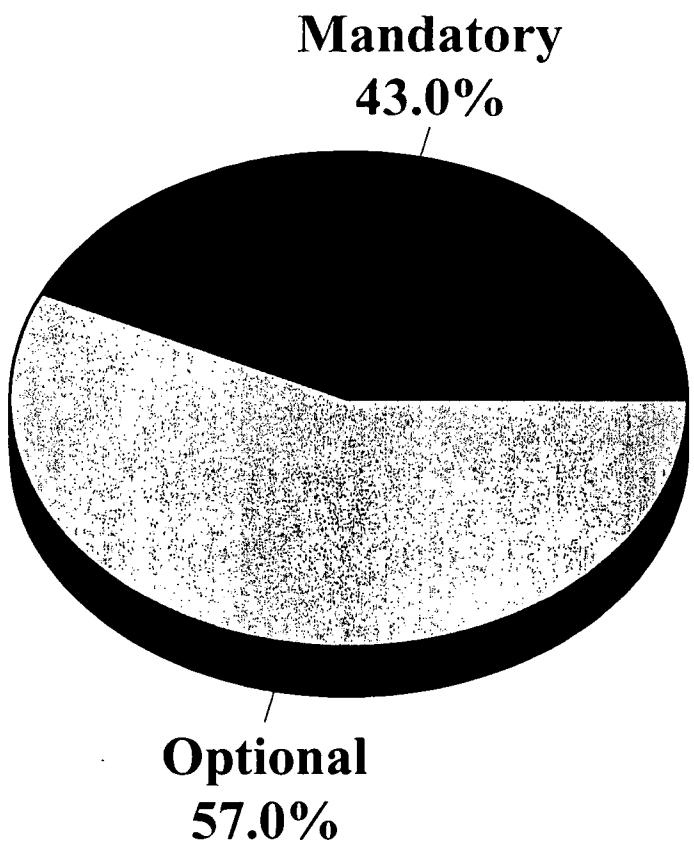
Medicaid Program

MEDICAID ELIGIBLES



Medical Assistance Payments

Mandatory Vs. Optional



Mandatory services and eligibles include expenditures when services and eligibles are both mandatory.

$3.15 Billion

Optional services and eligibles include expenditures when either the services or the eligibles are optional.

$4.17 Billion

Actual Expenditures for SFY 2004

PROGRAM CHANGES SINCE 1990

Medicaid Program
PROGRAM CHANGES SINCE 1990
Eligibility Expansions

- **Mandated**
  - ✓ Increase children ages 11 to 19 coverage to 100% of FPL - Effective 7/1/94
  - ✓ Increase children ages 1 to 6 coverage to 133% of FPL - Effective 10/1/90

- **Optional**
  - ✓ Increase pregnant women and infant coverage to 150% of FPL - Effective 1/1/90
  - ✓ Increase pregnant women and infant coverage to 185% of FPL - Effective 10/1/90
  - ✓ Add adoptive children with special rehabilitative needs - Effective 10/1/94
  - ✓ Automatic coverage of SSI eligible aged, blind and disabled persons - Effective 1/1/95
  - ✓ Add non-SSI eligible aged, blind, and disabled persons to 100% of FPL - Effective 1/1/99
  - ✓ Add women with breast and cervical cancer coverage to 185% of FPL -Effective 10/1/01

Note: FPL is the Federal Poverty Level

Medicaid Program

PROGRAM CHANGES SINCE 1990

Federal Revenue Maximization Efforts

- ✓ Intermediate Care Facilities for the Mentally Retarded
- ✓ Thomas S program (lawsuit)
- ✓ Willie M program (lawsuit)
- ✓ Adult Care Home Personal Care Services
- ✓ DSH Payments
- ✓ Health Departments & Area Mental Health Programs
- ✓ Health Related Services In Schools
- ✓ Administrative Claiming in Schools
- ✓ Provider Assessments for Nursing Facilities and ICF-MRs
- ✓ Targeted Case Management Services

Medicaid Program

PROGRAM CHANGES SINCE 1990

Managed Care Initiatives

- ✓ Carolina ACCESS began implementation - Effective 4//91
- ✓ Carolina Alternatives (mental health managed care for children) was implemented - Effective 1/94
- ✓ Health Care Connections (HMO System) was implemented in Meclenburg County -Effective 6/96
- ✓ ACCESS II and ACCESS III demonstration was implemented - Effective 7/98
- ✓ Carolina ACCESS implemented statewide - Effective 12/98
- ✓ Carolina Alternatives terminated - Effective 6/99
- ✓ Health Care Connections terminated and replaced with Carolina ACCESS II - Effective 10/01
- ✓ Community Care of North Carolina (Carolina ACCESS II and III) demonstration expansion began and is ongoing - Effective 11/02

Medicaid Program

Community Care of North Carolina

- Community Care of North Carolina (CCNC) is a statewide program in which local networks of primary-care providers coordinate prevention, treatment, referral, and other services for Medicaid recipients.

- CCNC is a collaboration between state, counties, community institutions, and physicians that relies on care management, adoption of best practices, and local providers' accountability to reduce duplication and fragmentation of services.

- The goals of CCNC are as follows:
  - ✓Increase access to care,
  - ✓Promote community-based systems of care,
  - ✓Enhance care management, and
  - ✓Improve quality and cost-effectiveness in the Medicaid Program.

Medicaid Program

Community Care of North Carolina

- Over 900 physician practices serve 620,000 Medicaid recipients in 14 networks covering 82 counties.

- The Medicaid pays $5.00 per member per month for the CCNC program:
  - ✓ $2.50 per member per month is paid to the network for an enhanced care management fee
  - ✓ $2.50 per member per month is paid to the primary care provider.

- The networks have the following responsibilities
  - ✓ Identify high-cost patients and develop plans to manage their utilization and cost.
  - ✓ Disease management
  - ✓ Pharmacy management
  - ✓ ER utilization

- CCNC cost for SFY 2003-04 was $28.5 million.

Medicaid Program

COST CONTAINMENT EFFORTS 2001 - 2005

- **Prescription Drugs**
  - ✓ Prior Authorization Program for high cost drugs
  - ✓ State "Maximum Allowable Cost" Drug List
  - ✓ Limit most drugs to a 34-day supply
  - ✓ Increase use of generic drugs
  - ✓ Voluntary Preferred Drug List
  - ✓ Increase copayments for brand name drugs ($1 to $3)
  - ✓ Reduce dispensing fees for brand name drugs ($5.60 to $4.00)
  - ✓ Require pharmacists to coordinate pharmacy benefits
  - ✓ Eliminate coverage for weight loss and weight gain drugs

- **Provider Rates**
  - ✓ Reduce Physician rates from 100% of Medicare rates to 95%.
  - ✓ Eliminate inflationary increases for SFY 2003 and SFY 2004
  - ✓ Reduce rates by 5% for the following providers: private duty nursing, home infusion therapy, home health supplies, durable medical equipment, optical service, ambulatory surgical centers, and high risk intervention
  - ✓ Reduce hospital payments by .5 %
  - ✓ Limit Medicare crossover claims to Medicaid rates
  - ✓ Apply Medicaid medical policy to Medicare crossover claims

Medicaid Program
COST CONTAINMENT EFFORTS 2001 - 2005

- **Recipients**
  - ✓ Apply federal transfer of asset policies to real property excluded as "income producing" under Title XIX.
  - ✓ Apply transfer of asset policies to persons receiving personal care services while residing in their homes
  - ✓ Adopt the SSI method for considering equity value in income-producing property for aged, blind and disabled persons
  - ✓ Modify policy for determining eligibility for pregnant women coverage for minors by counting parental income
  - ✓ Eliminate twelve month State Transitional Medicaid Coverage for families who are working and no longer receiving welfare payments.

- **Managed Care**
  - ✓ Expand Carolina ACCESS II/III activities including reducing hospital admissions, reducing ER visits, using best prescribing practices, increasing generic prescribing, implementing polypharmacy review, reducing therapy visits, and better management of high risk/high cost patients.

Medicaid Program

COST CONTAINMENT EFFORTS 2001 - 2005

- **Services**
  - ✓Reduce monthly limit for Personal Care Services from 80 hours to 60 hours for most recipients
  - ✓Limit Personal Care Services to 3.5 hours per day
  - ✓Eliminate optional circumcision procedures except in cases of medical necessity
  - ✓Reduce case management services for adults and children by reducing rates, streamlining services, and eliminating duplicated services

- **Federal Fiscal Relief**
  - ✓Receipt of enhanced federal reimbursement allowed NC to reduce State appropriations to the Medicaid Program

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ Health and Human Services — 03/31/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MIKE HAMM	DCCA
Lou Wilson	NCALTCF
Dave Richard	the Arc
Hugh Tilson	NCHA
Thomas V. Bennett	NCARF
Angie Harris	Maupin Taylor
DAVID BARNES	Poyner + Spruill LLP
Andy Ellen	NCRMA
Vincent Stephens	CMS
Jim Edgerton	AHIC
Daphne Lyon	OSBM

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ Health and Human Services — 3.31.05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dana Faulkner Morgan	OSBM
Mark Bacon	Capitol Group
Janet Schaffenberger	NC Council
Wayne Wilkerson	OSBM
Lynn Bonner	NRO

AGENDA

Senate Appropriations Committee on Health and Human Services
House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Wednesday, April 13, 2005

Committee Chairmen

Senator William Purcell, Co-Chair
Senator Vernon Malone, Co-Chair
Representative Verla Insko, Co-Chair
Representative Jeff Barnhart, Co-Chair

8:30 AM

Budget Options

Carol Shaw, FRD Staff
Andrea Russo, FRD Staff
Karlynn O'Shaughnessy, FRD Staff
Lisa Hollowell, FRD Staff

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Wednesday, April 13, 2005
8:30 A.M.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met at 8:30 A.M. in Room 643 of the Legislative Office Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Dannelly, Forrester, Berger, Blake, and East. Representatives present were: Co-Chairs Jeff Barnhart and Verla Insko, and Representatives Farmer-Butterfield, Current, England, and Wright.

Senator Purcell presided. After introducing the pages and recognizing the Sergeants-at-Arms, he pointed out that the document provided to the committee (Attachment I) is a working document and not a final version, and that it has been very difficult to choose where cuts must be made. Co-Chairs Insko and Barnhart agreed with his comments. Senator Purcell called on Ms. Carol Shaw for her presentation on the Division of Medical Assistance. She began by noting that there is a shortfall of nearly $26 million.

Ms. Andrea Russo continued with a presentation on the Division of Faculty Services, and Ms. Karlynn O'Shaughnessy continued with the Division of Social Services. Ms. Lisa Hollowell presented the section on the Division of Child Development, and Ms. Shaw continued with the Office of the Secretary.

Senator Purcell opened the meeting for questions from the committee for the staff. Representative Stam asked if a Medicaid buy-in is included. Ms. Shaw answered, no. Senator Forrester asked how many new positions were added to this Health and Human Services budget. Ms. Shaw responded that there are 55 new positions for 2005, and 89.5 for the 2006 budget. Representative Allen asked how many positions will be lost. Ms. Shaw said that there are five positions in the More at Four program, and a $500K reserve for positions in the Central Office, and it will be up to the Department to determine which of the up to ten or fifteen positions will be eliminated, some of which are now vacant. Senator Forrester suggested that by limiting six prescription drugs per month for Medicaid patients, excepting those for diabetes, AIDS, and cardiovascular disease, as outlined in his Senate Bill 581 (Attachment II), a potential saving about $2.3 million could be realized in 2005, and about $5.5 million in 2006; and that perhaps this could be included as a special provision. He and passed out to the committee an outline showing potential savings (Attachment III), and pointed out that some states permit only three prescriptions per month with no exceptions.

Regarding the freeze on Medicaid rates (Item No. 1), Representative England asked if any special consideration had been given to obstetrical fees, since some medial practices have about 60 percent of these OB/GYN patients receive Medicaid. Ms. Shaw gave the committee members a handout showing projected expense and freeze rates (Attachment III), noting that OB/GYN rates would be affected just as any others. Senator Berger asked how individuals covered in Line Item 6 would be affected. Ms. Shaw responded that the primary result of a cut in this category would be the loss of personal care services for those at home, not covered by Medicare and would affect about 57,000 people. Representative Allen expressed appreciation for the continuing support of the Meals on Wheels program. Senator Dannelly echoed his comments, noting that some 330,000 meals are served through this program, at approximately $2.21 per meal.

The meeting adjourned at 9:49 A.M.

William R Purcell
Senator William R. Purcell, M.D., Chair

Lorraine R. Blake
Lorraine R. Blake, Committee Clerk

Lorraine Blake (Sen. Purcell)

From: Andrea Russo (Fiscal Research)
Sent: Tuesday, December 06, 2005 10:05 AM
To: Sen. William Purcell; Sen. Vernon Malone; Rep. Verla Insko; Rep. Jeff Barnhart
Subject: Division of Facility Services' positions

Senator Purcell, Senator Malone, Representative Insko, and Representative Barnhart;

I hope you are all doing well. I wanted to update you on the positions appropriated for the Division of Facility Services in the budget bill.

As you remember, the General Assembly appropriated a number of new positions to the Division of Facility Services (DFS) for the Governor's facility quality and safety improvement initiative. Additionally, Section 10.40A of the budget bill created a number of facility quality and safety improvements, such as requiring annual inspections for adult care homes and residential treatment facilities. For the Adult Care Licensure Section of DFS, the General Assembly appropriated funds for 14 new positions in 05-06 and an additional 17 new positions in 06-07 (for a total of 31 new positions). This was the number of positions that DFS calculated would be needed to annually inspect the state's adult care homes.

In late November, we were notified that the Department moved one of the new facility survey consultant positions appropriated in this year's budget for the Adult Care Licensure Section to the Division of Aging and Adult Services. My understanding is that the Division of Aging and Adult Services felt that they needed an additional position to carry out the Quality Improvement Consultation Program for Adult Care Homes required of them in Section 10.40A (p) of the budget bill. Although only introduced into the budget bill during the conference process, the language was brought into the second version of S1074 on May 18, 2005. The Department never mentioned a need for a position in the Division of Aging and Adult Services for this responsibility to Fiscal Research staff.

It is my understanding that this change came from the Office of the Secretary. It is unclear how this will affect the Adult Care Licensure Section's ability to annually inspect adult care homes. Please let me know if you have any questions.

Sincerely,
Andrea

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andrear@ncleg.net

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Attachment I
4-13-05
8:30 am

Senate Subcommittee on Human Resources

Health and Human Services

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$4,157,710,279**		**$4,478,316,506**	

Legislative Changes

Carol = 1 thru 19

(1.0) Division of Medical Assistance

1 Freeze Medicaid Rates ($60,623,025) R ($67,669,580) R

Freezes rates for SFY 2006-05 for most Medicaid providers at the level authorized in SFY 2004-05. The rate freeze applies to all Medicaid private and public providers with the following exceptions: Federally qualified health clinics, rural health centers, state institutions, intermediate care facilities for the mentally retarded, outpatient hospital, and pharmacy. Effective January 1, 2006.

2 Medicaid Reserve Fund

Transfers funding from the G.S. 143-23.2 reserve to support current services and reduce state appropriations. ($50,000,000) NR ($50,000,000) NR

3 Medicare Part D Claw Back ($11,000,000) R ($22,000,000) R

Reduces funding to reflect the savings realized by the State when the Medicare Part D program begins paying for prescription drugs for dual eligibles January 1, 2006.

4 Co-Payments ($6,000,000) R ($6,000,000) R

Increases the co-payments for the following services: Chiropractor, optometry, podiatry, non-emergency ER visits, inpatient hospital stays, and generic prescription drugs. The new co-payments will be as follows:

Chiropractic	$ 3.00
Optical	$ 3.00
Podiatry	$ 3.00
Hospital Inpatient	$50.00
Hospital Outpatient	$ 3.00
Non-emergency ER Visit	$ 3.00
Generic Prescription Drug	$ 3.00

Effective October 1, 2006.

5 Pharmacy Reimbursement ($9,212,628) R ($15,241,405) R

Reduces funding for pharmacy reimbursement by reducing the payment for prescription drugs from Average Wholesale Price (AWP) minus 10% to AWP minus 14% plus the required dispensing fee. Effective October 1, 2005.

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	FY 05-06		FY 06-07	
6 Medicaid Coverage for Aged, Blind and Disabled Adjusts Medicaid coverage for Aged, Blind, and Disabled recipients with incomes exceeding the SSI income limit to the payment of Medicare Part B premiums, Medicare deductibles, and Medicare co-insurance. Prescription drug coverage will be provided under Medicare Part D. Long term care services will be available under the Medically Needy optional coverage group. Effective January 1, 2006.	($53,053,599)	R	($115,119,694)	R
7 Personal Care Services Reduces the funding for Personal Care Services by reducing the monthly limit to 50 hours from 60 hours for regular PCS and the monthly limit for PCS Plus to 70 hours from 80 hours. In addition, the daily limit is reduced from 3.5 hours to 3 hours per day. Effective October 1, 2005.	($6,263,790)	R	($8,312,090)	R
8 Community Care of NC Management Savings Reduces funding for increased savings resulting from the expansion of scope of the Community Care of NC Program to Aged, Blind, and Disabled Medicaid recipients that are dually eligible for Medicaid and Medicare.	($20,000,000)	R	($30,000,000)	R
9 Community Care of NC Enhancement Expands the scope of the Community Care of NC program to Medicaid recipients who are Aged, Blind, and Disabled and dually eligible for Medicaid and Medicare. The Community Care of NC program will focus on improving the management and coordination of services for the dually eligible targeting Personal Care Services, Private Duty Nursing, Home Health, Durable Medical Equipment, Ancillary Professional Services, Specialty Care, Home Infusion Therapy, Pharmacy, and Residential Long Term Care Services.	$2,549,462	R	$2,549,462	R
10 Coverage for Children 0 to 5 to 200% FPL Provides funding to transfer children age birth to five in families with incomes up to 200% of the federal poverty level from the NC Health Choice Program to the Medicaid Program. Effective January 1, 2006.	$14,571,997	R	$17,685,090	R
(2.0) NC Health Choice				
11 NC Health Choice Provides increased funding for NC Health Choice to support higher enrollment of children age 6 through 18.	$2,812,250	R	$13,613,590	R
(3.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services				
12 Institutional Receipts Reduces funding for the State institutions by budgeting over-realized receipts.	($2,550,000)	R	($2,550,000)	R
13 Central Office Continues reduction in funding for the Central Office based on historical reversions.	($500,000)	R	($500,000)	R

	FY 05-06		FY 06-07	
14 Crisis Intervention Services Provides funding for the start-up and on-going costs of providing community based crisis services for children and adults in the mental health target population.	$2,500,000	R	$2,500,000	R
15 Adult Day Vocational Program Provides funding to expand long-term vocational support services through Adult Day Vocational Program services to additional clients.	$1,500,000	R	$1,500,000	R
16 System of Care for Child Mental Health Provides transition funding for area and county programs for the implementation and on-going support of community-based system of care child and family teams.	$2,000,000	R	$2,000,000	R
17 Mental Health Treatment Court Provides continuation funding for the mental health treatment court in the 15B judicial district.	$150,000	R	$150,000	R
18 Intensive Substance Abuse Services for Children Provides funds for the delivery of substance abuse services for children through multisystemic therapy and intensive in-home services.	$1,500,000	R	$1,500,000	R
19 Adult Substance Abuse Services Provides funding for adult substance abuse services.	$1,000,000	R	$1,000,000	R
(4.0) Division of Facility Services				
20 Mental Health Licensure and Inspections Expands the Division of Facility Services' Mental Health Licensure and Certification Section by 13 positions in the first year and an additional 10 positions in the second year. Additional staff will allow annual inspections of 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations. Two additional regional offices will be created.	$936,029 $45,500 13.00	R NR	$1,560,724 $12,000 23.00	R NR
21 Adult Care Licensure and Inspections Expands the Division of Facility Services' Adult Care Licensure Section by 14 positions in the first year and an additional 17 positions in the second year. Additional staff will allow annual inspections of adult care homes. Two additional regional offices will be created.	$1,006,927 $48,300 14.00	R NR	$2,080,955 $25,000 31.00	R NR
22 Construction Inspections Expands the Division of Facility Services' Construction Section by 9 positions in the first year and an additional 7 positions in the second year. Additional staff will allow physical plant and life-safety inspections of adult care homes and 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations every two years. Will also allow for a faster initial regulatory compliance review time.	$656,413 $33,600 9.00	R NR	$1,166,709 $10,200 16.00	R NR

	FY 05-06		FY 06-07	
23 Complaint Intake	$169,126	R	$169,126	R
Expands the Division of Facility Services' Complaint Intake Unit by 4.5 positions. This expansion will provide the staff necessary to respond to the anticipated increase in complaint call volume as the DFS toll-free complaint number will now be posted in all residential facilities monitored by DFS. This will also support a new automated call directory system.	$373,648	NR		
	4.50		4.50	
24 Home Care Agency Licensure and Inspections	$218,495	R	$218,495	R
Expands the Division of Facility Services' Licensure and Certification Section by 5 positions. Additional staff will allow for inspection and monitoring of non-Medicare licensed home care agencies on the same inspection schedule as Medicare certified agencies (every 36 months).	$5,469	NR		
	5.00		5.00	
(6.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing				
25 Medical Eye Care Program	($81,404)	R	($81,404)	R
Reduces funds for inflation for the biennium.				
26 Receipts from Wireless and Relay Funds	($200,000)	R	($200,000)	R
Reduces funding by increasing receipts from the Wireless and Relay funds to support 29% of fourteen existing positions in the Division of Services for the Deaf and Hard of Hearing.				
27 Accessible Electronic Information for Blind and Disabled Persons				
Provides funding to establish an accessible electronic information service for blind and disabled persons.	$75,000	NR		
(8.0) Division of Social Services				
28 State/County Special Assistance	($977,007)	R	($1,332,626)	R
Reduces excess funds in continuation budget.				
29 Reallocation of Child Caring Institutions Funding	($693,295)	R	($693,295)	R
Reallocates funding for child caring institutions to provide the necessary resources to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.				
30 Strengthen Regulatory Oversight for Licensure	$693,295	R	$693,295	R
Provides funding to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	8.00		8.00	
31 Food Banks	$1,000,000	R	$1,000,000	R
Provides funding to be equally distributed to the regional network of food banks in North Carolina.				

28 thru 32 Karlyn O'Shaughnessy

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	FY 05-06		FY 06-07	
32 Multiple Response System Provides funding to hire additional child protective services workers at the local level to reduce the caseload per child protective services worker ratios throughout the State to support the expansion of the multiple response system to all counties in the State. This funding will be used to expand the Multiple Response System to counties which have not implemented the program.	$2,000,000	R	$2,000,000	R
(9.0) Division of Child Development				
33 Replaces TEACH State funds with CCDF Block Grant Funds Replaces the TEACH Scholarship state appropriations with the Child Care Fund Development Block Grant.	($2,600,000)	NR		
(11.0) Division of Public Health				
34 State Laboratory Replacement Equipment Eliminates the increase for replacement equipment for the NC State Laboratory and reduces its current budget on a nonrecurring basis.	($772,966) ($281,000)	R NR	($888,972) ($200,000)	R NR
35 Newborn Screening Laboratory Fee Increases the fee for the newborn lab screenings from $10.00 to $14.00 per initial patient specimen and reduces state appropriations.	($370,690)	R	($370,690)	R
36 Contract for Vaccines Eliminates increased funding for the Pediarix vaccine.	($1,300,000)	R	($1,300,000)	R
37 Public Health Incubators Provides funding for public health incubators.	$1,250,000	NR		
38 Public Health Improvements Provides funding to local health departments, the accreditation board, staff to the board and those involved with the accreditation process.	$700,000	R	$700,000	R
39 Interpreter Services for Local Health Departments Provides funding for a pilot effort to meet the needs of local health departments for interpreter services.	$250,000	R	$250,000	R
40 School Nurses Provides funding for fifty new school nurses.	$2,500,000	R	$2,500,000	R
41 Public Health Lab Planning Provides funding for planning for a new public health lab.	$100,000	NR		

Lisa Hollowell 33 thru 45

	FY 05-06		FY 06-07	
42 Vital Records Automation Provides funding for the automation of the vital records system in North Carolina.	$100,000	NR	$1,400,000	NR
43 Vital Records Improvements Provides funding for two positions to process vital records.	$74,748 2.00	R	$74,748 2.00	R
44 Arthritis Funds an arthritis program in Mecklenburg County.	$25,000	NR		
45 AIDS Drug Assistance Program (ADAP) Provides additional funding for the AIDS Drug Assistance Program.	$1,000,000	R	$1,000,000	R
(12.0) Office of the Secretary				
46 Transfer More At Four program to the Division of Child Development Transfers the More At Four program, including all positions and the corresponding State appropriations and any other funds that were in the program as of January 1, 2005, from the Office of the Secretary to the Division of Child. Development.	($300,000) -5.00	R	($300,000) -5.00	R
47 Prior Year Earned Revenue Requires the Department of Health and Human Services to budget prior year earned revenue and reduce state appropriations in the programs that received prior earned revenue.	($7,000,000)	NR	($7,000,000)	NR
48 Position Elimination Reserve Reduces funding by eliminating vacant or filled positions, reducing layers of management, and reducing related state administrative operating expenses within Central Management.	($500,000)	R	($500,000)	R
49 NC FAST Funding Requires the Department of Health and Human Services to maintain NC FAST funding at its current level.	($5,400,000)	R	($5,400,000)	R
50 Community Health Center Provides funding to increase services provided by Rural Health Centers and Public Health Department Clinics.	$2,000,000	R	$2,000,000	R
51 Food Runners/Meals on Wheels Collaborative Provides support to a Wake County program that prepares and delivers meals for the elderly and disabled.	$150,000	NR		
52 Special Olympics Provides funding for North Carolina's Special Olympics Program.	$100,000	R	$100,000	R

	FY 05-06		FY 06-07	
Total Legislative Changes	**($137,909,662)**	**R**	**($220,447,562)**	**R**
	($57,674,483)	**NR**	**($55,752,800)**	**NR**
Total Position Changes	50.50		84.50	
Revised Budget	**$3,962,126,134**		**$4,202,116,144**	

Target $ 3,936,143,523

Shortfall ($25,982,611)

Attachment II

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S D

SENATE BILL 581
PROPOSED COMMITTEE SUBSTITUTE S581-PCS75281-LN-7

Short Title: Prescription Management Program/Medicaid. (Public)

Sponsors:

Referred to:

March 16, 2005

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR SUBSTANTIAL COST SAVINGS IN THE STATE MEDICAID PROGRAM BY ELIMINATING PRESCRIPTION DRUG LIMIT OVERRIDES.

The General Assembly of North Carolina enacts:

SECTION 1. Except as otherwise provided in this section, the Department of Health and Human Services, Division of Medical Assistance, shall eliminate the practice of allowing overrides of the six-per-month prescription drug limitation for adult Medicaid recipients. No Medical Assistance Program funds may be used to pay for prescription drugs that exceed the six-per-month limitation, including refills, except if the additional drugs are classes of drugs used for the treatment of AIDS, cardiovascular disease, or diabetes. Exemption from other Medicaid services limitations shall not qualify a Medicaid recipient for automatic exemption from the six-per-month prescription drug limitation. The Department of Health and Human Services shall seek approval by the Centers for Medicare and Medicaid if such approval is necessary to implement this act.

SECTION 2. This act becomes effective July 1, 2005.

DEPAR[redacted]T OF HEALTH AND HUMAN SERVICES
DIVISIO[redacted]MEDICAL ASSISTANCE
BUDGET MANAGEMENT

4/12/2005

DRUG OVERRIDE INQUIRY:
SAVINGS OF ENFORCING 6-MAXIMUM PER MONTH PER PERSON, WITH EXCEPTIONS FOR HEART TREATMENTS, AIDS DRUGS, DIABETES DRUGS (AS DEFINED BY DR. ALLEN DOBSON)
ASSUME MEDICAID ALWAYS PAYS 6 MOST EXPENSIVE DRUGS/MONTH
EXCLUDE FOLLOWING POPULATIONS:

1. AGE < 21
2. CAP
3. DUAL ELIGIBLES
4. LONG-TERM CARE POPULATION

Jul 2004 - Dec 2004 Actual:	**$5,528,032**	**Annualized to SFY 2005:**	**$11,761,770**		
Estimated percent expended 1st half of year)	**47.00%**				
SFY 2005 6-month data projected to SFY 2006:					
			SHARES		
SECOND HALF (53%) OF SFY 2006	**PROJECTED**	**FEDERAL**	**COUNTY**	**STATE**
Percent Increase over 2005 **23.12%**	**$7,674,978**	**$4,875,914**	**$419,821**	**$2,379,243**
			SHARES	
SFY 2007	**PROJECTED**	**FEDERAL**	**COUNTY**	**STATE**
Percent Increase over 2006 **23.42%**	**$17,872,563**	**$11,311,545**	**$984,778**	**$5,576,240**

FROM DR. ALLEN DOBSON--DRUG CLASSES USED (FOR EXCLUSION)
HEART TREATMENTS:
A1A - DIGITALIS GLYCOSIDES
A2A - ANTIARRHYTHMICS
A4B - HYPOTENSIVES,SYMPATHOLYTIC
A4D - HYPOTENSIVES, ACE INHIBITORS
A4F - HYPOTENSIVES,ANGIOTENSIN RECEPTOR ANTAGONIST
A4K - ACE INHIBITOR/CALCIUM CHANNEL BLOCKER
A4Y - HYPOTENSIVES,MISCELLANEOUS
A7B - VASODILATORS,CORONARY
A9A - CALCIUM CHANNEL BLOCKING AGENTS
J7A - ALPHA/BETA-ADRENERGIC BLOCKING AGENTS
J7C - BETA-ADRENERGIC BLOCKING AGENTS
M4E - LIPOTROPICS
R1F - THIAZIDE AND RELATED DIURETICS
R1M - LOOP DIURETICS

DIABETES:
C4G - INSULINS
C4K - HYPOGLYCEMICS, INSULIN-RELEASE STIMULANT TYPE
C4L - HYPOGLYCEMICS, BIGUANIDE TYPE (NON-SULFONYLUREAS)
C4N - HYPOGLYCEMICS, INSULIN-RESPONSE ENHANCER (N-S)

AIDS:
W5C - ANTIVIRALS, HIV-SPECIFIC, PROTEASE INHIBITORS
W5J - ANTIVIRALS, HIV-SPECIFIC, NUCLEOSIDE ANALOG, RTI
W5K - ANTIVIRALS, HIV-SPECIFIC, NON-NUCLEOSIDE, RTI
W5L - ANTIVIRALS, HIV-SPECIFIC, NUCLEOSIDE ANALOG, RTI COMB
W5M - ANTIVIRALS, HIV-SPECIFIC, PROTEASE INHIBITOR COMB

Attachment III

Attachment III

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE
FINANCIAL OPERATIONS
2005-07 BIENNIUM BUDGET PROJECTIONS

ALL ELIGIBLES
SFY 2006 AND SFY 2007

ACCOUNT	CATEGORY OF SERVICE	SFY 2006 PROJECTED EXPENSE	SFY 2006 FREEZE RATES	SFY 2006 EST. VALUE OF FREEZING RATES	SFY 2007 PROJECTED EXPENSE	SFY 2007 WITH SFY 2006 RATES FROZEN	SFY 2007 EST. VALUE OF FREEZING RATES
536101	HOSP INPT-GENERAL	1,100,558,953	1,063,873,654	36,685,298	1,235,496,335	1,194,313,124	41,183,211
536102	HOSP INPT-SPECIALITY	8,784,683	8,491,861	292,823	9,766,657	9,441,102	325,555
536103	HOSP INPT-MTL, SO < 21	11,792,417	11,792,417	0	12,609,634	12,609,634	0
536104	HOSP OUTPT-MTL, SO <21	17,388	17,388	0	18,507	18,507	0
536105001	HOSP INPT-MTL, NSO < 21	18,758,726	18,136,399	622,327	21,150,433	20,448,760	701,673
536105002	HOSP INPT-MTL, NSO > 65	7,620	7,367	253	8,243	7,969	273
536106	HOSP INPT-MTL, SO > 65	5,709,706	5,709,706	0	5,849,005	5,849,005	0
536107	HOSP OUTPT-MTL, SO >65	33,807	33,807	0	34,631	34,631	0
536108	HOSP OUTPT-MTL, NSO	0	0	0	0	0	0
536110	NF-SNF SWING BEDS	954,891	925,706	29,185	1,037,567	1,005,856	31,712
536111	LTC-NURSING FACILITIES	1,150,600,179	1,115,433,794	35,166,386	1,204,678,388	1,167,859,182	36,819,206
536112	NF-ICF SWING BEDS	723,488	701,376	22,112	776,016	752,298	23,718
536113	LTC-ICF MRC, NSO	242,598,526	242,598,526	0	253,890,029	253,890,029	0
536114	LTC-ICF MRC, SO	214,195,718	214,195,718	0	222,172,978	222,172,978	0
536115	PHYSICIAN	848,614,824	824,252,676	24,362,148	941,822,719	914,784,746	27,037,973
536116	DENTAL	237,542,665	230,723,258	6,819,407	263,806,580	256,233,185	7,573,395
536117	OPTICAL SUPPLIES	8,472,242	8,229,020	243,222	9,368,842	9,099,880	268,962
536118	CHIROPRACTIC	2,547,033	2,473,912	73,121	2,811,027	2,730,328	80,699
536119	OPTICAL	15,526,718	15,080,975	445,743	17,218,321	16,724,015	494,306
536120	PODIATRY	4,524,839	4,394,939	129,900	5,003,212	4,859,579	143,633
536121	HOSP OUTPT-GENERAL	414,135,604	414,135,604	0	457,316,018	457,316,018	0
536122	HOSP OUTPT-SPECIALITY	1,067,635	1,067,635	0	1,185,789	1,185,789	0
536123	CLINICS-MENTAL HEALTH	567,448,506	535,328,779	32,119,727	641,252,268	604,954,970	36,297,298
536124	CLINICS-HEALTH DEPT	55,489,561	52,348,642	3,140,919	61,952,923	58,446,154	3,506,769
536125	CLINICS-FREE STANDING	37,050,912	37,050,912	0	41,774,569	41,774,569	0
536126	CLINICS-RURAL HEALTH	17,676,037	17,676,037	0	19,883,872	19,883,872	0
536127	CAP AIDS	2,080,877	2,080,877	0	2,338,445	2,338,445	0
536128	LAB AND X-RAY	42,746,669	41,519,492	1,227,177	47,245,744	45,889,406	1,356,337
536129	HOME HEALTH	123,459,069	119,003,756	4,455,313	137,626,634	132,660,051	4,966,583
536130	PRESCRIBED DRUGS	2,148,000,525	2,148,000,525	0	2,651,017,696	2,651,017,696	0
536132	FAMILY PLAN-STERILIZATION	16,163,128	16,163,128	0	17,738,342	17,738,342	0
536133	FAMILY PLAN-HOSP INPT	0	0	0	0	0	0
536134	FAMILY PLAN-HOSP OUTPT	94,705	94,705	0	102,788	102,788	0
536135	FAMILY PLAN-PHYSICIAN	4,838,981	4,700,063	138,918	5,310,646	5,158,187	152,459
536136	FAMILY PLAN-HEALTH DEPT	6,487,359	6,487,359	0	7,241,005	7,241,005	0
536137	FAMILY PLAN-FREE STANDING	0	0	0	0	0	0
536138	HIV CASE MANAGEMENT	9,447,909	9,106,959	340,950	10,618,233	10,235,049	383,184
536139	HEALTH CHECK-HEALTH DEPT	9,745,229	9,193,613	551,617	11,082,513	10,455,201	627,312
536140	PART B BUY-IN NON CASH	18,160,563	18,160,563	0	22,153,016	22,153,016	0
536141	PART B BUY-IN CAT NEEDY	12,027,507	12,027,507	0	14,724,427	14,724,427	0
536142	AMBULANCE	19,890,954	19,319,922	571,032	21,965,401	21,334,816	630,586
536143	HEARING AIDS	887,765	861,908	25,857	978,253	949,761	28,493
536144	PERSONAL CARE	300,333,407	289,391,250	10,942,157	327,466,224	315,535,527	11,930,697
536145	HEALTH CHECK-INDIAN HEALTH	0	0	0	0	0	0
536146	HEALTH CHECK-RURAL HLTH CTR	1,235,188	1,235,188	0	1,320,382	1,320,382	0
536147	HEALTH CHECK-OTHER PROV	49,452,996	47,098,092	2,354,905	55,753,258	53,098,341	2,654,917
536148	FAMILY PLAN-RURAL HLTH CTR	58,147	58,147	0	61,219	61,219	0
536149	FAMILY PLAN-DRUGS	14,253,944	14,253,944	0	17,602,313	17,602,313	0
536151	CASE MANAGEMENT-NFP	46,627	44,928	1,699	48,291	46,532	1,759
536152	HOSP INPT-LONG TERM CARE	38,516	37,232	1,284	43,324	41,879	1,444
536153	HIGH RISK INTERVENTION	136,240,473	131,252,865	4,987,609	150,910,570	145,385,906	5,524,664
536154	HOSP OUTPT-EMERGENCY ROOM	194,340,766	194,340,766	0	213,579,309	213,579,309	0
536155	NF-HEAD LEVEL OF CARE	0	0	0	0	0	0
536156	HOSP INPT-GENERAL-XOVERS	15,246,666	15,246,666	0	16,693,983	16,693,983	0
536157	NF-VENT LEVEL OF CARE	8,050,753	7,804,694	246,059	8,893,215	8,621,407	271,808
536158	HOSP OUTPT-GENERAL-XOVERS	(61,901)	(61,901)	0	(69,192)	(69,192)	0
536159	CAP-DISABLED	240,111,655	231,321,440	8,790,215	258,727,822	249,256,090	9,471,731
536160	CAP-MENTALLY RETARDED	316,457,637	304,872,483	11,585,154	351,112,234	338,258,414	12,853,820
536161	CAP-CHILDREN	30,599,583	29,479,367	1,120,216	33,959,923	32,716,689	1,243,234
536162	CASE MANAGEMENT-FSO	8,137,551	8,137,551	0	9,021,404	9,021,404	0
536163	LOCAL EDUCATION AGENCIES-FS	4,607,356	4,607,356	0	5,097,522	5,097,522	0
536165	DURABLE MED EQUIPMENT	82,618,302	80,211,944	2,406,358	90,484,028	87,848,571	2,635,457
536166	NF-SNF SWING VENT CARE	635,978	616,541	19,438	695,196	673,949	21,248
536167	HOSP INPT-VENT CARE	0	0	0	0	0	0
536169	PHYSICAL MED-NON PHYSICIAN	53,880,930	52,334,109	1,546,821	60,107,631	58,382,053	1,725,578
536170	HMO PREMIUMS	23,809,037	23,115,570	693,467	25,927,847	25,172,667	755,180
536171	HOME INFUSION THERAPY	8,508,259	8,264,002	244,256	9,466,483	9,194,718	271,765
536172	HOSPICE	45,516,899	44,105,522	1,411,377	48,891,711	47,375,689	1,516,022

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE
FINANCIAL OPERATIONS
2005-07 BIENNIUM BUDGET PROJECTIONS

ALL ELIGIBLES
SFY 2006 AND SFY 2007

ACCOUNT	CATEGORY OF SERVICE	SFY 2006 PROJECTED EXPENSE	SFY 2006 FREEZE RATES	SFY 2006 EST. VALUE OF FREEZING RATES	SFY 2007 PROJECTED EXPENSE	SFY 2007 WITH SFY 2006 RATES FROZEN	SFY 2007 EST. VALUE OF FREEZING RATES
536173	PART A MEDICARE SUB-TOTAL	49,658,180	49,658,180	0	53,054,673	53,054,673	0
536174	PART B BUY-IN MQBQ	544,214	544,214	0	639,282	639,282	0
536175	PART B BUY-IN DUAL Q	201,527,696	201,527,696	0	247,157,888	247,157,888	0
536176001	PART B BUY-IN MQBB	30,224,978	30,224,978	0	37,416,357	37,416,357	0
536176002	PART B BUY-IN DUAL B	4,646,126	4,646,126	0	5,637,133	5,637,133	0
536177	CLINICS-FQHC, CORE & AMBULAT	23,625,225	23,625,225	0	26,603,749	26,603,749	0
536178	FAMILY PLANNING-FQHC	157,532	157,532	0	176,209	176,209	0
536179	HEALTH CHECK-FQHC	2,645,665	2,645,665	0	3,013,322	3,013,322	0
536181	HOSP INPT-INDIAN HEALTH	368,157	368,157	0	412,619	412,619	0
536182	HOSP OUTPT-INDIAN HEALTH	1,044,023	1,044,023	0	1,161,156	1,161,156	0
536183	NF-INDIAN HEALTH	1,359,397	1,359,397	0	1,469,165	1,469,165	0
536184	ACH - PCS BASIC	158,279,886	152,953,159	5,326,727	172,137,435	166,344,348	5,793,087
536185	ACH - PCS ENHANCED	10,613,478	10,256,293	357,184	11,405,040	11,021,217	383,823
536186	HOME HEALTH-INDIAN HEALTH	105,947	105,947	0	117,619	117,619	0
536187	AMBULATORY SURG CENTER	7,707,142	7,483,747	223,395	8,457,822	8,212,667	245,154
536188	TRANSPORTATION-CNTY ADMIN	28,816,892	28,816,892	0	30,915,984	30,915,984	0
536189	ACF-TRANSPORTATION	5,005,798	5,005,798	0	5,370,433	5,370,433	0
			0			0	
			0			0	
	LTC REQUIREMENTS	1,607,394,422	1,572,228,037	35,166,386	1,680,741,395	1,643,922,189	36,819,206
	NLTC REQUIREMENTS	7,831,918,601	7,667,363,232	164,555,370	8,991,226,896	8,808,111,375	183,115,520
	TOTAL REQUIREMENTS	9,439,313,024	9,239,591,269	199,721,755	10,671,968,290	10,452,033,564	219,934,726
53886B	MED ASS'T PAYMENT GRANT	6,002,136,484	5,875,218,806	126,917,678	6,760,433,609	6,621,180,216	139,253,393
432200	COUNTY FUNDS/RECEIPTS	499,901,139	489,644,127	10,257,012	556,680,424	545,695,932	10,984,491
	NF PROVIDER TAX	75,585,509	73,661,468	1,924,041	79,617,229	77,589,967	2,027,261
4381K2	TRF FROM CODE 64445	56,000,000	56,000,000	0	36,000,000	36,000,000	0
4381P1001	TRF FROM B/C 14460 DMH PSYCH	145,632,325	145,632,325	0	145,632,325	145,632,325	0
43819Z002	TRF FROM B/C 00743 UNC	20,043,575	20,043,575	0	20,043,575	20,043,575	0
435900	FEES, FINES, PENALTIES	4,847,156	4,847,156	0	4,847,156	4,847,156	0
438160	INTRA-AGENCY TRANSFER	106,175,063	106,175,063	0	131,554,109	131,554,109	0
	DRUG REBATE (FUND 1330)	*10,385,626*	*10,385,626*	*0*	*16,807,876*	*16,807,876*	*0*
	TOTAL REVENUE	6,920,706,878	6,781,608,147	139,098,731	7,751,616,302	7,599,351,157	152,265,146
	APPROPRIATIONS	2,518,606,146	2,457,983,122	60,623,025	2,920,351,988	2,852,682,408	67,669,580
	STATE FUNDS	2,861,689,892	2,801,066,867	60,623,025	3,275,237,028	3,207,567,448	67,669,580

VISITOR REGISTRATION SHEET

Joint Appropriations on Health and Human Services — 04/13/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Slade	DMA
Tom D'Andrea	DMA
Carleen Massey	DMA
Tom Gilligan	DMA.
Deborah Atkinson	DMA
Lacey Barnes	DMA
Karen Gracyalk	DIRM
Jill Huntsdell	Autism Society of NC/C2001
Jerry Cooper	NCACA
C L Cochran	ESUCP C2001
Denise Hamilton	DHHS - DPH

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Alesia Mills	DHHS-CMS
Jim Slate	DHHS
John Shore	Guilford DSS
Susan Osborne	Alamance Co DSS
J Bach	Wake Forest
Kathleen Purcell	
Mark Mason	Capitol Group
Dina Gyllen. Thorp	OSBM
Daphne Lyon	OSBM
Wayne Williams	OSBM
Debbie Barnes	OSBM

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bob Sedrick	NC Providers Council
Lou Nelson	NCALTCF
Frances Drepa	DHHS-DPH
MIKE MANN	NCCA
Joanne Stevens	nursing
Roger Bone	Bone & Assoc
Angie Harris	Maupin Taylor
Deborah Reese	NCALHD
Joni Allen	BEGINNINGS
Rebecca Trant	NCACC

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joseph G Slater	DHHS - Div. Budget & Analysis
George D. McCoy	DHHS - DVR
Debbie Jackson	DHHS - DSB
Linda Harrington	DVTE - DHHS
Jan Withers	DHHS - DSDHH
Jeffrey Simms	DHHS
Marcia Rao	DHHS/DMA
Wm Lawrence	DHHS/DMA
Jim Flowers	DHHS/DMA
AL DEITCH	DOA/YAIO
Barb Bradley	NC Child Advocacy Institute

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elvis Presley	Graceland Inc.
[illegible]	[illegible]
Marlaa Foster	NCAMP
Robin Haffman	NC Psychiatric Association, Coalition 2001
Natalie Fixmer	Planned Parenthood
Jand Schanzenbach	NC Council
JILL RUSHING	DISABILITY EXPERT
John Tote	MHAINC - C200,
Sally Cameron	NC Psychological Assoc 2 C2001
[illegible]	[illegible]
[illegible]	NMSS

JOINT APPROPRIATIONS SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES

Tuesday, May 3, 2005
1:30 P.M.
Room 1027, Legislative Building

The Senate members of the Joint Appropriations Subcommittee on Health and Human Services met at 1:30 P.M. in Room 1027 of the Legislative Building. Senate members present were: Co-Chair William R. Purcell, Co-Chair Vernon Malone, and Senators Dannelly, Forrester, Berger, Blake, East, and Kerr.

Senator Purcell presided. The committee members received three handouts, the Money Report (Attachment I), Special Provisions (Attachment II), and Block Grants (Attachment III). He told the committee that no amendments would be considered at this meeting, and asked committee members to withhold questions until each presentation had been made.

Ms. Carol Shaw, Ms. Andrea Russo, Ms. Lisa Hollowell, and Ms. Karlynn O'Shaughnessy presented the Money Report. Regarding Item 26, Senator Dannelly asked if the funds allotted are sufficient to cover inspections. Ms. Shaw said that this amount allows for annual inspections as well as inspections made in response to complaints.

Senator Purcell asked Ms. Shaw to proceed with the Special Provisions. Ms. Russo, Ms. O'Shaughnessy, and Ms. Hollowell completed the presentation. Senator Berger asked if the Provisions covered free clinics, Ms. Shaw responded that yes, they are included.

In presenting the Block Grant section, Ms. Shaw said that there are only a couple of areas in which modifications were made to the Department's requests, and she asked Ms. O'Shaughnessy and Ms. Hollowell to describe them to the committee. Ms. O'Shaughnessy said that there is a decrease of about $2.5M in the Social Services Block Grant for this fiscal year, affecting Foster Care Services-CCIS and Child Care Subsidies, and there is a decrease of almost $13M in the TANF Block Grant for this fiscal year. Ms. Hollowell said that in the Preventive Health Services Block Grant, the Adolescent Pregnancy Prevention Coalition of NC will be funded at $150K instead of the $134K that the Department recommended.

Senator Dannelly moved to accept all three reports, including allowing staff to make any needed technical corrections. The motion was seconded and carried.

The meeting adjourned at 3:47 P.M.

William R Purcell
Senator William R. Purcell, M.D., Chair

Lorraine R. Blake
Lorraine R. Blake, Committee Clerk

Attachment I

Senate Appropriations Committee on
Health and Human Services

Money Report

May 3, 2005

Health and Human Services

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$4,157,710,279**		**$4,478,316,506**	
Legislative Changes				
(1.0) Division of Medical Assistance				
1 Freeze Medicaid Rates Freezes rates for SFY 2005-06 and SFY 2006-07 for most Medicaid providers at the level authorized in SFY 2004-05. The rate freeze applies to all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, intermediate care facilities for the mentally retarded, outpatient hospital, and pharmacy. Savings to counties resulting from the rate freeze are ($10,257,012) in SFY 2005-06 and ($21,241,503) in SFY 2006-07.	($60,623,025)	R	($128,292,605)	R
2 Physician and Other Medical Provider Reimbursement Reduces physician reimbursement and other medical providers whose reimbursement is based on physician reimbursement from 95% of Medicare rates to 90% of Medicare rates. With this reimbursement change, NC continues to reimburse physicians at a rate higher than surrounding Southeastern states. Effective 10/1/05. Savings to counties resulting from the reimbursement reduction are ($1,684,755) in SFY 2005-06 and ($2,366,668) in SFY 2006-07.	($9,530,550)	R	($13,401,096)	R
3 Pharmacy Reimbursement Reduces funding for pharmacy reimbursement by reducing the payment for prescription drugs from Average Wholesale Price (AWP) minus 10% to AWP minus 11% plus the required dispensing fee. Effective October 1, 2005. Savings to counties resulting from the reimbursement change are ($270,960) in SFY 2005-06 and ($672,916) in SFY 2006-07.	($1,535,438)	R	($3,810,351)	R
4 Personal Care Services Reduces the funding for Personal Care Services by reducing the monthly limit to 40 hours from 60 hours for regular PCS and eliminating the PCS Plus Program. In addition, the daily limit is reduced from 3.5 hours to 3 hours per day. North Carolina and Florida are the only Southeastern states providing Personal Care Services as an independent service. Effective October 1, 2005. Savings to counties resulting from the policy change are ($3,049,000) in SFY 2005-06 and ($4,087,589) in SFY 2006-07.	($17,184,915)	R	($23,145,693)	R

	FY 05-06		FY 06-07	
5 Private Duty Nursing Reduces funding by limiting private duty nursing services provided outside a community alternatives program to the cost of providing the same level of care in a nursing facility. North Carolina and Florida are the only Southeastern states providing Private Duty Nursing as an independent service. Effective 1/1/06. Savings to counties resulting from the policy change are ($176,727) in SFY 2005-06 and ($383,810) in SFY 2006-07.	($1,001,562)	R	($2,173,299)	R
6 Medicaid Coverage for Aged, Blind and Disabled Adjusts Medicaid coverage for Aged, Blind, and Disabled recipients with incomes exceeding the SSI income limit to the payment of Medicare Part B premiums, Medicare deductibles, and Medicare co-insurance. Prescription drug coverage will be provided under Medicare Part D. Long-term care services will be available under the Medically Needy optional coverage group. Effective January 1, 2006. Savings to counties resulting from the policy change are ($9,361,393) in SFY 2005-06 and ($20,330,433) in SFY 2006-07.	($53,053,599)	R	($115,119,694)	R
7 Safety Net Prescription Drug Coverage Provides funding for the establishment of a reserve in the Office of the Secretary for a safety net program to continue prescription drug coverage for individuals who may lose coverage when Medicaid coverage for the Aged, Blind, and Disabled is adjusted. The Secretary may also develop additional safety net services as allowed under federal law.	$5,000,000	R	$5,000,000	R
8 Co-Payments Increases the co-payments for the following services: chiropractic, optometry, podiatry, non-emergency ER visits, inpatient hospital stays, outpatient hospital visits, and generic prescription drugs. The new co-payments will be as follows: Chiropractic $ 3.00 Optical $ 3.00 Podiatry $ 3.00 Hospital Inpatient $50.00 Hospital Outpatient $ 3.00 Non-emergency ER Visit $ 3.00 Generic Prescription Drug $ 3.00 Effective October 1, 2006. Savings to counties resulting from the increase in co-payments are ($1,058,710) in SFY 2005-06 and ($1,058,710) in SFY 2006-07.	($6,000,000)	R	($6,000,000)	R

	FY 05-06		FY 06-07	
9 Prescription Drug Override Adjusts the policy for prescription drug overrides by limiting the number of prescription drug overrides to two prescriptions per month per person for a total of eight prescriptions per month (six prescriptions without an override plus two additional prescriptions if the individual meets the override criteria). Savings to counties resulting from the policy change are ($410,107) in SFY 2005-06 and ($1,001,293) in SFY 2006-07. Effective January 1, 2006.	($2,273,186)	R	($5,669,754)	R
10 Medicare Part D Claw Back Reduces funding to reflect the savings realized by the State when the Medicare Part D program begins paying for prescription drugs for dual eligibles January 1, 2006. Savings to counties resulting from the policy change are ($1,940,968) in SFY 2005-06 and ($3,885,256) in SFY 2006-07.	($11,000,000)	R	($22,000,000)	R
11 Medicaid Reserve Fund Transfers funding from the G.S. 143-23.2 reserve to support current services and reduces state appropriations.	($50,000,000)	NR	($50,000,000)	NR
12 Community Care of NC Management Savings Reduces funding for the Medicaid program due to increased savings resulting from the expansion of scope of the Community Care of NC Program to Aged, Blind, and Disabled Medicaid recipients that are dually eligible for Medicaid and Medicare. Savings to counties resulting from the policy change are ($3,529,032) in SFY 2005-06 and ($5,298,077) in SFY 2006-07.	($20,000,000)	R	($30,000,000)	R
13 Community Care of NC Enhancement Expands the scope of the Community Care of NC program to Medicaid recipients who are Aged, Blind, and Disabled and dually eligible for Medicaid and Medicare. The Community Care of NC program will focus on improving the management and coordination of services for the dually eligible targeting Personal Care Services, Private Duty Nursing, Home Health, Durable Medical Equipment, Ancillary Professional Services, Specialty Care, Home Infusion Therapy, Pharmacy, and Residential Long-Term Care Services. Enhancing the financing of the Community Care of North Carolina program will insure that the Community Care Management Savings reductions will occur.	$3,000,000	R	$6,000,000	R
14 DOJ Medicaid Investigative Unit Provides funding to support the required state match for the Medicaid Investigative Unit in the Department of Justice.	$406,840	R	$406,840	R
15 Ticket-to Work Medicaid Expansion Provides funding to implement a Medicaid buy-in program for workers with disabilities. Effective July 1, 2006.			$150,000	R

	FY 05-06		FY 06-07	
(3.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services				
16 Institutional Receipts Reduces funding for the State institutions by budgeting over-realized receipts.	($2,550,000)	R	($2,550,000)	R
17 Central Office Continues reduction in funding for the Central Office based on historical reversions.	($500,000)	R	($500,000)	R
18 Crisis Intervention Services Provides funding for the start-up and ongoing costs of providing community based crisis services for children and adults in the mental health target population.	$2,000,000	R	$2,000,000	R
19 Adult Day Vocational Program Provides funding to expand long-term vocational support services through Adult Day Vocational Program services to additional clients.	$1,500,000	R	$1,500,000	R
20 System of Care for Child Mental Health Provides transition funding for area and county programs for the implementation and on-going support of community-based system of care child and family teams.	$2,000,000	R	$2,000,000	R
21 Intensive Substance Abuse Services for Children Provides funding for the delivery of substance abuse services for children through multisystemic therapy and intensive in-home services.	$1,250,000	R	$1,250,000	R
22 Adult Substance Abuse Services Provides funding for adult substance abuse services.	$750,000	R	$750,000	R
23 Division TEACCH Program Provides funding for the Division TEACCH Program at the University of NC at Chapel Hill: $153,000 to support a staff person responsible for researching and developing new public funding opportunities to support research and program development; $132,847 for the Raleigh TEACCH Center; $149,375 TEACCH mandated faculty salary increases; $17,525 for administrative staff at the Greensboro TEACCH Center; and $20,000 for rent increases in diagnostic clinics.	$472,747	R	$472,747	R

	FY 05-06		FY 06-07	
24 El Futuro, Inc.				
Provides a grant-in-aid to El Futuro, Inc. to develop a pilot project to improve access to and quality of mental health, developmental disabilities, and substance abuse services currently available to the Latino population in Orange and Chatham counties.	$75,000	NR		
(4.0) Division of Facility Services				
25 Mental Health Licensure and Inspections	$936,029	R	$1,560,724	R
Expands the Division of Facility Services' Mental Health Licensure and Certification Section by 13 positions in the first year and an additional 10 positions in the second year. Additional staff will allow annual inspections of 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations. Two additional regional offices will be created.	$45,500 13.00	NR	$12,000 23.00	NR
26 Adult Care Licensure and Inspections	$1,006,927	R	$2,080,955	R
Expands the Division of Facility Services' Adult Care Licensure Section by 14 positions in the first year and an additional 17 positions in the second year. Additional staff will allow annual inspections of adult care homes. Two additional regional offices will be created.	$48,300 14.00	NR	$25,000 31.00	NR
27 Construction Inspections	$656,413	R	$1,166,709	R
Expands the Division of Facility Services' Construction Section by 9 positions in the first year and an additional 7 positions in the second year. Additional staff will allow physical plant and life-safety inspections of adult care homes and 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations every two years. Also allows for a faster initial regulatory compliance review time.	$33,600 9.00	NR	$10,200 16.00	NR
28 Complaint Intake	$169,126	R	$169,126	R
Expands the Division of Facility Services' Complaint Intake Unit by 4.5 positions. This expansion will provide the staff necessary to respond to the anticipated increase in complaint call volume as the DFS toll-free complaint number will now be posted in all residential facilities monitored by DFS. This expansion will also support a new automated call directory system.	$373,648 4.50	NR	 4.50	
29 Home Care Agency Licensure and Inspections	$218,495	R	$218,495	R
Expands the Division of Facility Services' Licensure and Certification Section by 5 positions. Additional staff will allow for inspection and monitoring of non-Medicare licensed home care agencies on the same inspection schedule as Medicare certified agencies (every 36 months).	$5,469 5.00	NR	 5.00	

	FY 05-06		FY 06-07	
(6.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing				
30 Medical Eye Care Program Reduces funding for inflation for the biennium.	($81,404)	R	($81,404)	R
31 Receipts from Wireless and Relay Funds Reduces funding by increasing receipts from the Wireless and Relay Funds to support 29% of fourteen existing positions in the Division of Services for the Deaf and Hard of Hearing.	($200,000)	R	($200,000)	R
32 Accessible Electronic Information for Blind and Disabled Persons Provides funding to establish an accessible electronic information service for blind and disabled persons.	$75,000	NR		
(8.0) Division of Social Services				
33 State/County Special Assistance Reduces excess funding in continuation budget.	($977,007)	R	($1,332,626)	R
34 Reallocation of Child Caring Institutions Funding Reallocates funding for child caring institutions to provide the necessary resources to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	($693,295)	R	($693,295)	R
35 Strengthen Regulatory Oversight for Licensure Provides funding to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	$693,295 8.00	R	$693,295 8.00	R
36 Food Banks Provides funding to be equally distributed to the regional network of food banks in North Carolina.	$1,000,000	R	$1,000,000	R
37 Multiple Response System Provides funding to hire additional child protective services workers at the local level to reduce the caseload per child protective services worker ratios throughout the State to support the expansion of the multiple response system to all counties in the State. This funding will be used to expand the Multiple Response System to counties which have not implemented the program.	$2,000,000	R	$2,000,000	R
38 Boys and Girls Clubs Provides funding for grants-in-aid to Boys and Girls Clubs across NC to implement programs to improve motivation, performance and self-esteem of youths and to implement other intiatives expected to reduce school dropout and teen pregnancy rates.	$1,000,000	NR		

	FY 05-06		FY 06-07	
(9.0) Division of Child Development				
39 Replaces TEACH State funds with CCDF Block Grant Funds Replaces the TEACH Scholarship state appropriations with the Child Care Fund Development Block Grant.	($2,600,000)	NR		
(11.0) Division of Public Health				
40 Newborn Screening Laboratory Fee Increases the fee for the newborn lab screenings from $10.00 to $14.00 per initial patient specimen and reduces state appropriations.	($370,690)	R	($370,690)	R
41 Contract for Vaccines Eliminates increased funding for new combination vaccines.	($1,300,000)	R	($1,300,000)	R
42 Public Health Incubators Provides funding for public health incubators.	$1,250,000	NR		
43 Public Health Improvements Provides funding for local public health departments receiving accreditation. In addition, provides funding for the accreditation board, board staff, and others involved with the accreditation process for local public health departments.	$700,000	R	$700,000	R
44 Interpreter Services for Local Health Departments Provides funding for a pilot project to provide to interpreter services for local public health departments.	$250,000	R	$250,000	R
45 School Nurses Provides funding for fifty new school nurses.	$2,500,000	R	$2,500,000	R
46 Vital Records Automation Provides funding for the automation of the vital records system in North Carolina.	$100,000	NR	$1,400,000	NR
47 Vital Records Improvements Provides funding for two positions to process vital records.	$74,748 2.00	R	$74,748 2.00	R
48 Arthritis Funds an arthritis program in Mecklenburg County.	$25,000	NR		
49 AIDS Drug Assistance Program (ADAP) Provides increased funding for the AIDS Drug Assistance Program.	$1,000,000	R	$1,000,000	R

(12.0) Office of the Secretary

	FY 05-06		FY 06-07	
50 Prior Year Earned Revenue Requires the Department of Health and Human Services to budget prior year earned revenue and reduce state appropriations in the programs that received prior earned revenue.	($7,000,000)	NR	($7,000,000)	NR
51 Position Elimination Reserve Reduces funding by eliminating vacant or filled positions, reducing layers of management, and reducing related state administrative operating expenses within Central Management.	($500,000)	R	($500,000)	R
52 Community Health Centers Provides funding for grant-in-aids for Federally-qualified Health Centers, State-designated Rural Health Centers, Public Health Department Clinics, and other clinics.	$2,000,000	R	$2,000,000	R
53 Food Runners/Meals on Wheels Collaborative Provides support to a multi-county program that prepares and delivers meals for the elderly and disabled.	$150,000	R	$150,000	R
54 N.C. Special Olympics, Inc. Provides funding for a grant-in-aid for the North Carolina Special Olympics, Inc.	$100,000	R	$100,000	R
55 ALS Association - Jim "Catfish" Hunter Chapter Provides a grant-in-aid to the ALS Association - Jim "Catfish" Hunter Chapter for ALS research funding.	$400,000	R	$400,000	R
56 More At Four Program Expansion Provides funding for 6,400 additional slots for the biennium and an additional $150 in funding for each slot. Also, provides funding for seven new positions.	$16,540,531 5.00	R	$29,103,657 7.00	R
Total Legislative Changes	**($142,599,520)** **($56,568,483)**	**R** **NR**	**($292,443,211)** **($55,552,800)**	**R** **NR**
Total Position Changes	60.50		96.50	
Revised Budget	**$3,958,542,276**		**$4,130,320,495**	

Attachment II

Senate Appropriations Committee on
Health and Human Services

Special Provisions

May 3, 2005

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

INFORMATION TECHNOLOGY

SECTION 10.1.(a) To support its information technology initiatives, the Department of Health and Human Services shall develop the following:

(1) A detailed business plan.

(2) An information technology plan directly tied to business requirements.

(3) An IT architecture.

The Department of Health and Human Services shall ensure that the planning documents extend three to five years and include detailed shortfall analyses and associated cost assessments. The Department of Health and Human Services shall forward the documents to the Office of Information Technology Services, 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 December 1, 2005. The Office of Information Technology Services shall review the documents and 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 by January 31, 2006.

SECTION 10.1.(b) The Department of Health and Human Services shall develop a project plan for each of its information technology projects. These plans shall include the following:

(1) A detailed description of the project.

(2) A description of how the project improves Department operations and service to customers.

(3) The projected cost of the project by year and phase.

(4) Deliverables required to implement each phase of the system.

(5) The date that each deliverable is to be implemented.

(6) The cost of implementing each deliverable.

(7) What capabilities each deliverable adds to the project.

SECTION 10.1.(c) The Department of Health and Human Services shall provide the plans 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 October 1, 2005, with subsequent updates provided quarterly. The Department of Health and Human Services shall notify the Division of Fiscal Research within 10 days when costs, completion dates, or system capabilities change and provide a report detailing the impact of the change.

SECTION 10.1.(d) The Department of Health and Human Services shall not spend more than the amounts appropriated by the General Assembly for information technology projects and may not allocate funds appropriated for one information technology project to any other information technology project.

SECTION 10.1.(e) The Department of Health and Human Services shall use funds appropriated for the 2005-2006 and 2006-2007 fiscal years for the North Carolina Families Accessing Services through Technology (NC FAST) program only for program-specific development, deliverables, and maintenance costs associated with the NC FAST program.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

OFFICE OF POLICY AND PLANNING

SECTION 10.2. Article 3 of Chapter 143B is amended by adding the following new Part to read:

"Part 34. Office of Policy and Planning.

"**§ 143B-216.70. Office of Policy and Planning.**

(a) To promote coordinated policy development and strategic planning for the State's health and human services systems, the Secretary of Health and Human Services shall establish an Office of Policy and Planning 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) Coordinate the 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.

(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 advise the Secretary when it is determined to be appropriate or necessary 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."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SENIOR PRESCRIPTION DRUG ACCESS PROGRAM FUNDING

SECTION 10.3. The Director of the Budget shall use available funds up to seven million dollars ($7,000,000) in the 2005-2006 fiscal year to fully fund the Senior Prescription Drug Access Program through December 31, 2005, if there is a shortfall of

funds from the Health and Wellness Trust Fund, and the funds are not sufficient to provide drug acquisition services under the Program through December 31, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SENIOR CARES PROGRAM ADMINISTRATION

SECTION 10.4.(a) The Department of Health and Human Services may administer the "Senior Cares" prescription drug access program approved by the Health and Wellness Trust Fund Commission and funded from the Health and Wellness Trust Fund. The Department may use funds appropriated in this act to administer the Senior Cares prescription drug access program.

SECTION 10.4.(b) This section expires December 31, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 10.5. 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.

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:

Family Size	Medical Eye Care Adults	Rehabilitation Except DSB Over 55 Grant	Other
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 55 years of age or older who qualify for services through the Division of Services for the Blind, Independent Living Rehabilitation Program, shall be two hundred percent (200%) 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:

Income (% of poverty)	State Participation	Client Participation
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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PHYSICIAN SERVICES

SECTION 10.6. 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 the constituent institutions of The University of North Carolina.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LIABILITY INSURANCE

SECTION 10.7.(a) 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, on behalf of 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.

SECTION 10.7.(b) 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.

SECTION 10.7.(c) 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 Purcell, Malone, Garrou, Dalton, Hagan

DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES

SECTION 10.8. Part 1 of Article 3 of Chapter 143B of the General Statutes is amended by adding the following new section to read:

"**§ 143B-139.6B. Department of Health and Human Services; authority to deduct payroll for child care services.**

Pursuant to rules adopted by the State Controller, an employee of the Department of Health and Human Services may, in writing, authorize the Department to periodically deduct from the employee's salary or wages paid for employment by the State, a designated lump sum to be paid to satisfy the cost of services received for child care provided by the Department."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

COMMUNITY HEALTH CENTERS FUNDS

SECTION 10.9.(a) Of the funds appropriated in this act for Community Health Grants for the 2005-2006 fiscal year, the sum of two million dollars ($2,000,000)

in nonrecurring funds shall be used for federally qualified health centers, for those health centers that meet the criteria for federally qualified health centers, and for State-designated rural health centers and public health departments and other clinics to:

(1) Increase access to preventative and primary care services by uninsured or medically indigent patients in existing or new health center locations;

(2) Establish community health center services in counties where no such services exist;

(3) Create new services or augment existing services provided to uninsured or medically indigent patients, including primary care and preventative medical services, dental services, pharmacy, and behavioral health; and

(4) Increase capacity necessary to serve the uninsured by enhancing or replacing facilities, equipment, or technologies.

Grant funds may not be used to enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other parties. Grant funds may not be used to supplant federal funds traditionally received by federally qualified community health centers and may not be used to finance or satisfy any existing debt.

SECTION 10.9.(b) The Office shall work with the North Carolina Community Health Center Association (hereafter "NCCHCA") and the North Carolina Public Health Association (hereafter "NCPHA") to establish an advisory committee to develop an objective and equitable process for awarding grant funds. The Office shall also develop auditing and accountability procedures. Not more than one percent (1%) of the funds appropriated in this section may be used to reimburse the Office for administering the grant program in collaboration with the NCCHCA and the NCPHA.

SECTION 10.9.(c) Recipients of grant funds shall provide to the Office annually a written report detailing the number of additional uninsured and medically indigent patients that are cared for, the types of services that were provided, and any other information requested by the Office as necessary for evaluating the success of the grant program.

SECTION 10.9.(d) The Office shall work with the NCCHCA and NCPHA to study and present recommendations for continuing funds to support the expansion of community health centers, State-designated rural health centers, and public health departments to serve more of the State's uninsured and indigent population. The Office shall submit the report to the 2005 General Assembly upon its convening.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PROVIDER REIMBURSEMENT RATES

SECTION 10.10. The Department of Health and Human Services shall maintain reimbursement rates paid to service providers at fiscal year 2004-2005 levels during the 2005-2006 fiscal year. Exceptions made by the Department shall be made on a case-by-case basis and must be approved by the Office of the Secretary. Changes in rate structures that result in lower payments to the providers are exempted from this

requirement. As used in this section, "service providers" includes subcontractors, such as counties, area agencies on aging, departments of social services, departments of public health, child developmental services agencies, and local management entities.

Requested by: Senators Purcell, Malone, Dalton, Garrou, Hagan

MEDICAID

SECTION 10.11.(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. Residents of nursing facilities who are eligible for Medicare coverage of nursing facility services must be placed in a Medicare-certified bed. Medicaid shall cover facility services only after the appropriate services have been billed to Medicare. The Division of Medical Assistance shall allow nursing facility providers sufficient time from the effective date of this act to certify additional Medicare beds if necessary. In determining the date that the requirements of this subdivision become effective, the Division of Medical Assistance shall consider the regulations governing certification of Medicare beds and the length of time required for this process to be completed.

(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. The Department may override the six-prescription limit up to two additional prescriptions for a total of not more than eight

prescriptions per recipient per month, for recipients that meet the Department's override policy requirements. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of this subsection 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 five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand-name drugs. Adjustments to the professional services fee shall be established by the General Assembly. In addition to the professional services fee, the Department may pay an enhanced fee for pharmacy services.

(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.

(7) Community Alternative Program, EPSDT screens. – Payment to be made in accordance with the 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. – Wholesale cost plus a dispensing fee to the provider.

(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. – Payment for materials is made to a contractor in accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers are negotiated fees established by the State agency based on industry charges.

(16) Ambulatory surgical centers. – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

(17) Medicare crossover claims. – By not later than October 1, 2005, the Department shall apply Medicaid medical policy to Medicare claims for dually eligible recipients. The Department shall pay 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. 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) when provided in 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 provided by:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified clinical supervisors, when Medicaid-eligible children are referred by the Community Care of North Carolina

primary care physician, a Medicaid-enrolled psychiatrist, or the area mental health program or local management entity, and

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.

c. For Medicaid-eligible adults, services provided by 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, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified clinical supervisors, Medicaid-eligible adults may be self-referred.

d. Payments made for services rendered in accordance with this subdivision shall be to qualified providers in accordance with approved policies and the State Plan. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to modify the scope of practice of any service provider, practitioner, or licensee, nor to modify or attenuate any collaboration or supervision requirement related to the professional activities of any service provider, practitioner, or licensee. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to require any private health insurer or health plan to make direct third-party reimbursements or payments to any service provider, practitioner, or licensee.

e. The Department of Health and Human Services shall not enroll licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addiction specialists, and certified clinical supervisors until all of the following conditions have been met:

1. The fiscal impact of payments to these qualified providers has been projected;

2. Funding for any projected requirements in excess of budgeted Division of Medical Assistance funding has been identified from within State funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support area mental health

programs or county programs, or identified from other sources; and

3. Approval has been obtained from the Office of State Budget and Management to transfer these State or other source funds from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to the Division of Medical Assistance. Upon approval and implementation, the Department of Health and Human Services shall, on a quarterly basis, provide a status report to the Office of State Budget and Management and the Fiscal Research Division.

Notwithstanding G.S. 150B-21.1(a), 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. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under sub-subdivisions a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

(23) Medically necessary prosthetics or orthotics. – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services, except that in order to be eligible for reimbursement, providers must be Board certified not later than July 1, 2005. Medically necessary prosthetics and orthotics are subject to prior approval and utilization review.

(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 subdivision 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.

Payment is limited to Medicaid-enrolled providers that purchase a performance bond in an amount not to exceed one hundred thousand dollars ($100,000) naming as beneficiary the Department of Health and Human Services, Division of

Medical Assistance, or provide to the Department a validly executed letter of credit or other financial instrument issued by a financial institution or agency honoring a demand for payment in an equivalent amount. The Department may waive or limit the requirements of this paragraph for one or more classes of Medicaid-enrolled providers based on the provider's dollar amount of monthly billings to Medicaid or the length of time the provider has been licensed in this State to provide services. In waiving or limiting requirements of this paragraph, the Department shall take into consideration the potential fiscal impact of the waiver or limitation on the State Medicaid Program. The Department may adopt temporary rules in accordance with G.S. 150B-21.1 as necessary to implement this provision.

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.

SECTION 10.11.(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. In addition, the State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the federal Medicare Part D clawback payments under the Medicare Modernization Act of 2004.

SECTION 10.11.(c) Co-Payment for Medicaid Services. – The Department of Health and Human Services may establish co-payments up to the maximum permitted by federal law and regulation and required by this subsection in order to achieve reductions in the budget in fiscal years 2005-2006 and 2006-2007. The co-payment for inpatient hospitalization services is fifty dollars ($50.00).

SECTION 10.11.(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:

Categorically Needy		Medically Needy	
	WFFA*		
Family Size	Standard of Need	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

*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 10.11.(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. This subsection expires December 31, 2005.

SECTION 10.11.(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:

Monthly Net Wages	Monthly Incentive Allowance
$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 10.11.(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 10.11.(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), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name 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". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription

orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs 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 10.11.(i) The Department of Health and Human Services shall not impose prior authorization requirements or other restrictions under the State Medical Assistance Program on medications prescribed for Medicaid recipients for the treatment of: (i) mental illness, including, but not limited to, medications for schizophrenia, bipolar disorder, and major depressive disorder, or (ii) HIV/AIDS.

SECTION 10.11.(j) 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, contracting for services, managed care plans, or community-based services programs in accordance with plans approved by the United 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 10.11.(k) 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 contracting processes in order to improve cost containment.

SECTION 10.11.(l) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost-containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 10.11.(m) 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 10.11.(n) 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 10.11.(o) 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 one 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 one through five 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 six 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 10.11.(p) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 10.11.(q) 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 10.11.(r) 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. The Department of Health and Human Services shall identify adequate funds to support the implementation and first year's operational costs that exceed the currently allocated funds for the new contract for the fiscal agent for the Medicaid Management Information System.

SECTION 10.11.(s) The Department of Health and Human Services may adopt temporary or emergency rules according to the procedures established in G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules are necessary to maximize receipt of federal funds within existing State appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these

temporary or emergency rules with the Rules Review Commission and 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 or emergency rule and its effect on State appropriations and local governments.

SECTION 10.11.(t) 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 Centers for Medicare and Medicaid Services (CMS). The reports shall be provided at the same time they are submitted to CMS for approval.

SECTION 10.11.(u) Upon approval of a demonstration waiver by the Centers for Medicare and Medicaid Services (CMS), the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of childbearing 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.

SECTION 10.11.(v) The Department of Health and Human Services may apply federal transfer of assets policies, as described in Title XIX, section 1917(c) of the Social Security Act, including the attachment of liens, to real property excluded as "income producing", tenancy-in-common, or as nonhomesite property made "income producing" under Title XIX, section 1902(r)(2) of the Social Security Act. The transfer of assets policy shall apply only to an institutionalized individual or the individual's spouse as defined in Title XIX, section 1917(c) of the Social Security Act. This subsection becomes effective no earlier than October 1, 2001. Federal transfer of asset policies and attachment of liens to properties excluded as tenancy-in-common or as nonhomesite property made "income producing" in accordance with this subsection shall become effective not earlier than November 1, 2002.

SECTION 10.11.(w) When implementing the Supplemental Security Income (SSI) method for considering equity value of income producing property, the Department shall, to the maximum extent possible, employ procedures to mitigate the hardship to Medicaid enrollees occurring from application of the Supplemental Security Income (SSI) method.

SECTION 10.11.(x) Unless required for compliance with federal law, 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 increased 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. The Department shall not implement any proposed medical policy change exceeding three million dollars ($3,000,000) in total requirements for a given fiscal year unless the source of State funding is identified and approved by the Office of State Budget and Management. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than three million dollars ($3,000,000).

SECTION 10.11.(y) The Department shall develop, amend, and adopt medical coverage policy in accordance with the following:

(1) During the development of new medical coverage policy or amendment to existing medical coverage policy, consult with and seek the advice of the Physician Advisory Group of the North Carolina Medical Society and other organizations the Secretary deems appropriate. The Secretary shall also consult with and seek the advice of officials of the professional societies or associations representing providers who are affected by the new medical coverage policy or amendments to existing medical coverage policy.

(2) At least 45 days prior to the adoption of new or amended medical coverage policy, the Department shall:
   a. Publish the proposed new or amended medical coverage policy on the Department's Web site;
   b. Notify all Medicaid providers of the proposed, new, or amended policy; and
   c. Upon request, provide persons copies of the proposed medical coverage policy.

(3) During the 45-day period immediately following publication of the proposed new or amended medical coverage policy, accept oral and written comments on the proposed new or amended policy.

(4) If, following the comment period, the proposed new or amended medical coverage policy is modified, then the Department shall, at least 15 days prior to its adoption:
   a. Notify all Medicaid providers of the proposed policy;
   b. Upon request, provide persons notice of amendments to the proposed policy; and
   c. Accept additional oral or written comments during this 15-day period.

SECTION 10.11.(z) For the purposes of investigating and reducing client fraud and abuse, the Department of Health and Human Services, Division of Medical Assistance, shall include in the Medicaid enrollment process the requirement that the applicant for Medicaid consent to or authorize in writing the release of the applicant's medical records for the three years immediately preceding the application for Medicaid benefits. The Department shall obtain and use information from the applicant's medical records in a manner and form that complies with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191, as amended, and that protects the privacy of the information as required by other applicable federal or State law. In

addition to fraud and abuse detection, the Department may require the applicant's consent for other purposes permitted by HIPAA and required or authorized by other applicable federal or State law.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS

SECTION 10.12.(a) Disproportionate share receipts reserved at the end of the 2005-2006 and 2006-2007 fiscal years shall be deposited with the Department of State Treasurer as nontax revenue for each of those fiscal years.

SECTION 10.12.(b) For each year of the 2005-2007 fiscal biennium, 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 million dollars ($100,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of one hundred million dollars ($100,000,000) shall be reserved by the State Treasurer for future appropriations.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

COUNTY MEDICAID COST SHARE

SECTION 10.13.(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 10.13.(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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MEDICAID COST CONTAINMENT ACTIVITIES

SECTION 10.14. The Department of Health and Human Services may use not more than three million dollars ($3,000,000) in the 2005-2006 fiscal year and not more than three million dollars ($3,000,000) in the 2006-2007 fiscal year in Medicaid funds budgeted for program services to support the cost of administrative activities when cost-effectiveness and savings are demonstrated. The funds 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 limits, prior authorization of services, periodic medical necessity reviews, revised medical necessity criteria, service provision in the least costly settings, plastic magnetic stripped Medicaid identification cards for issuance to Medicaid enrollees, fraud detection software or other fraud detection activities, technology that improves clinical decision making, credit balance recovery and data mining services,

and other cost-containment activities. Funds may be expended under this section only after the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditure of funds under this section shall include the cost of implementing the cost-containment activity and documentation of the amount of savings expected to be realized from the cost-containment activity. The Department shall provide a copy of proposals for expenditures under this section to the Fiscal Research Division.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MEDICAID RESERVE FUND TRANSFER

SECTION 10.15. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of fifty million dollars ($50,000,000) for the 2005-2006 fiscal year and the sum of fifty million dollars ($50,000,000) for the 2006-2007 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

NO PRIOR AUTHORIZATION FOR CERTAIN PRESCRIPTION DRUGS UNDER MEDICAID

SECTION 10.16. The Department of Health and Human Services, Division of Medical Assistance, shall not establish prior authorization requirements or other restrictions under the State Medical Assistance Program for FDA-approved medications indicated for the treatment of life-threatening respiratory conditions due to chronic obstructive pulmonary disease (COPD) or stroke. In developing a disease management program, the Department of Health and Human Services shall include initiatives that positively impact COPD and stroke-related health care costs.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

EXPAND COMMUNITY CARE OF NORTH CAROLINA MANAGEMENT TO ADDITIONAL MEDICAID RECIPIENTS

SECTION 10.17.(a) The Department of Health and Human Services shall expand the scope of Community Care of NC care management model to recipients of Medicaid and dually eligible individuals with a chronic condition and long-term care needs. In expanding the scope, the Department shall focus on the Aged, Blind, and Disabled, and CAP-DA populations for improvement in management, cost-effectiveness, and local coordination of services through Community Care of NC and in collaboration with local providers of care. The Department shall target personal care services, private duty nursing, home health, durable medical equipment, ancillary professional services, specialty care, residential services, including skilled nursing facilities, home infusion therapy, pharmacy, and other services determined target-worthy by the Department. The Department shall pilot communitywide initiatives and shall expand statewide successful models.

SECTION 10.17.(b) The Department of Health and Human Services may work with the federal government to attain the necessary regulatory and policy relief to better align policy and economic incentives to improve care in the most cost-effective manner and attain savings through controlled utilization of services.

SECTION 10.17.(c) The Department of Health and Human Services may pay network and primary care providers an enhanced PMPM care management fee and shall also provide additional block grant funds for start-up during the pilot phase.

SECTION 10.17.(d) The Department of Health and Human Services shall report on the implementation of this section, including resulting savings and quality improvement benchmarks 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, 2007.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

TICKET TO WORK/MEDICAID ELIGIBILITY

SECTION 10.18.(a) Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"**§ 108A-54.1. Medicaid buy-in for workers with disabilities.**

(a) Title. – This act may be cited as the Health Coverage for Workers With Disabilities Act. The Department shall implement a Medicaid buy-in eligibility category as permitted under P.L. 106-170, Ticket to Work and Work Incentives Improvement Act of 1999. The Department shall establish rules, policies, and procedures to implement this act in accordance with this section.

(b) Definitions. – As used in this section, unless the context clearly requires otherwise:

(1) 'FPG' means the federal poverty guidelines.

(2) 'HCWD' means Health Coverage for Workers With Disabilities.

(3) 'SSI' means Supplemental Security Income.

(4) 'Ticket to Work' means the Ticket to Work and Work Incentives Improvement Act of 1999.

(c) Eligibility. – An individual is eligible for HCWD if:

(1) The individual is at least 16 years of age and is less than 65 years of age;

(2) The individual meets Social Security Disability criteria, or the individual has been enrolled in HCWD and then becomes medically improved as defined in Ticket to Work and as further specified by the Department. An individual shall be determined to be eligible under this section without regard to the individual's ability to engage in, or actual engagement in, substantial gainful activity as defined in section 223 of the Social Security Act (42 U.S.C. § 423(d)(4)). In conducting annual redetermination of eligibility, the Department may not determine that an individual participating in HCWD is no longer disabled based solely on the individual's participation in employment or earned income;

(3) The individual's unearned income does not exceed one hundred fifty percent (150%) of FPG, and countable resources for the individual do not exceed the resource limit for the minimum community spouse resource standard under 42 U.S.C. § 1396r, and as further determined by the Department. In determining an individual's countable income and resources, the Department may not consider income or resources that are disregarded under the State Medical Assistance Plan's financial methodology, including the sixty-five-dollar ($65.00) disregard, impairment-related work expenses, student earned-income exclusions, and other SSI program work incentive income disregards; and

(4) The individual is engaged in a substantial and reasonable work effort (employed) as provided in this subdivision and as further defined by the Department and allowable under federal law. For purposes of this subsection, "engaged in substantial and reasonable work effort" means all of the following:

a. Working in a competitive, inclusive work setting, or self-employed.

b. Earning at least the applicable minimum wage.

c. Having monthly earnings above the SSI basic sixty-five-dollar ($65.00) earned-income disregard.

d. Being able to provide evidence of paying applicable Medicare, Social Security, and State and federal income taxes.

The Department may impose additional earnings requirements in defining "engaged in substantial and reasonable work effort" for individuals who are eligible for HCWD based on medical improvement.

Individuals who participate in HCWD but thereafter become unemployed for involuntary reasons, including health reasons, shall have continued eligibility in HCWD for up to 12 months from the time of involuntary unemployment, so long as the individual (i) maintains a connection with the workforce, as determined by the Department, (ii) meets all other eligibility criteria for HCWD during the period, and (iii) pays applicable fees, premiums, and co-payments.

(d) Fees, Premiums, and Co-Payments. – Individuals who participate in HCWD and have countable income greater than one hundred fifty percent (150%) of FPG shall pay an annual enrollment fee of fifty dollars ($50.00) to their county department of social services. Individuals who participate in HCWD and have countable income greater than or equal to two hundred percent (200%) of FPG shall pay a monthly premium in addition to the annual fee. The Department shall set a sliding scale for premiums, which is consistent with applicable federal law. An individual with countable income equal to or greater than four hundred fifty percent (450%) of FPG shall pay not less than one hundred percent (100%) of the cost of the premium, as determined by the Department. The premium shall be based on the experience of all individuals

participating in the Medical Assistance Program. Individuals who participate in HCWD are subject to co-payments equal to those required under the North Carolina Health Choice Program."

SECTION 10.18.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Medical Assistance, the sum of one hundred fifty thousand dollars ($150,000) for the 2006-2007 fiscal year shall be used to support the expansion of Medicaid eligibility authorized under subsection (a) of this section.

SECTION 10.18.(c) Subsection (b) of this section becomes effective July 1, 2006. Subsection (a) of this section becomes effective January 1, 2007. The remainder of this section is effective when it becomes law.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MEDICAID PERSONAL CARE SERVICES LIMITATIONS

SECTION 10.19.(a) The Department of Health and Human Services, Division of Medical Assistance, shall apply the following minimum criteria for eligibility for personal care services under Medicaid:

(1) Personal care services shall not exceed three hours per day and 40 hours per month.

(2) Before services are authorized, the individual must be assessed by a physician who has examined the individual. The assessing physician must use an assessment tool identified by the Division.

(3) The physician must see the individual at least every six months after service is approved to determine if the need for services continues to exist.

(4) The provider of personal care services must ensure that a nurse reviews the individual's services every 90 days or less, as determined by the Division of Medical Assistance.

The Division may include additional criteria for eligibility for personal care services.

SECTION 10.19.(b) The Division of Medical Assistance shall work with Community Care of North Carolina (CCNC) to determine how CCNC can help with the review of the need for personal care services.

SECTION 10.19.(c) The Division of Medical Assistance shall study and determine appropriate utilization/prior authorization systems for personal care services and other home and community-based services that can be provided to individuals who meet medical criteria and that can be implemented when the new MMIS goes into effect. The Department of Health and Human Services, Division of Medical Assistance, shall report the plan for implementation of this section, including costs, not later than May 1, 2006, 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 Purcell, Malone, Garrou, Dalton, Hagan

CAP-DA CHANGES

SECTION 10.20.(a) The Department of Health and Human Services, Division of Medical Assistance, shall develop a new system for reimbursing for the CAP-DA program. The new system shall:

(1) Use a case-mix reimbursement system, similar to the one used by nursing facilities, to determine the level of care provided and the amount paid for the care provided; and

(2) Use the Resource Utilization Groups-III (RUG-III) to determine level of need for CAP-DA services.

SECTION 10.20.(b) When determining eligibility and service level for CAP-DA services, the Division shall include criteria that consider the ability and availability of family members to provide care.

SECTION 10.20.(c) Not later than May 1, 2006, the Department of Health and Human Services, Division of Medical Assistance, shall report on the development of the new system, including an implementation schedule. Full implementation of the new system shall be not later than January 1, 2007. 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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DMA ACCESS TO HEALTH INSURANCE INFORMATION TO ENSURE RECOUPMENT OF MEDICAID FUNDS SPENT ON MEDICAL CARE COVERED BY INSURANCE

SECTION 10.21.(a) Part 1 of Article 50 of Chapter 58 of the General Statutes is amended by adding the following new section to read:

"**§ 58-50-46. Insurers to provide certain information to Department of Health and Human Services.**

(a) As used in this section, the terms:

(1) 'Department' means the Department of Health and Human Services.

(2) 'Division' means the Division of Medical Assistance of the Department of Health and Human Services.

(3) 'Health benefit plan' and 'insurer' have the meaning applicable under G.S. 58-3-167.

(4) 'Medical assistance' means medical assistance benefits provided under the State Medical Assistance Plan.

(b) Every insurer issuing a health benefit plan shall provide to the Department of Health and Human Services, upon its request, information, including automated data matches conducted under the direction of the Department of Health and Human Services, Division of Medical Assistance, as necessary for the purpose of identifying individuals covered under the insurer's health benefit plans who are also recipients of medical assistance. To facilitate the Division in obtaining this and other related information, every insurer shall:

(1) Cooperate with the Division to determine whether a named individual who is a recipient of medical assistance may be covered under the

insurer's health benefit plan and eligible to receive benefits under the health benefit plan for services provided under the State Medical Assistance Plan;

(2) Accept the Division's authorization for the provision of medical services on behalf of the recipient of medical assistance as the insurer's authorization for the provision of the services; and

(3) Respond within 15 working days after receipt of written proof of loss or claim for payment for health care services provided to a recipient of medical assistance who is covered by the insurer's health benefit plan.

(c) An insurer that complies with this section shall not be liable in any civil or criminal action or proceedings brought by an individual covered under the insurer's health benefit plan, or the individual's beneficiaries."

SECTION 10.21.(b) G.S. 108A-70 reads as rewritten:

"**§ 108A-70. Recoupment of amounts spent on medical care.**

(a) The Department may garnish the wages, salary, or other employment income of, and the Secretary of Revenue shall withhold amounts from State tax refunds to, any person who:

(1) Is required by court or administrative order to provide health benefit plan coverage for the cost of health care services to a child eligible for medical assistance under Medicaid; and

(2) Has received payment from a third party for the costs of such services; but

(3) Has not used such payments to reimburse, as appropriate, either the other parent or guardian of the child or the provider of the services;

to the extent necessary to reimburse the Department for expenditures for such costs under this Part; provided, however, claims for current and past due child support shall take priority over any such claims for the costs of such services.

(b) To the extent that payment for covered services has been made under G.S. 108A-55 for health care items or services furnished to an individual, in any case where a third party has a legal liability to make payments, the Department of Health and Human Services is considered to have acquired the rights of the individual to payment by any other party for those health care items or services.

(c) The Department of Health and Human Services, Division of Medical Assistance, may request, receive, and use information obtained pursuant to G.S. 58-50-46 in order to enforce this section."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

NC HEALTH CHOICE APPROPRIATIONS; CLAIMS PROCESSING; MEDICAID RATES

SECTION 10.22.(a) The total amount of funds appropriated to the North Carolina Health Choice for Children Program for the 2005-2007 fiscal biennium may be increased through budget transfers, subject to the approval of the Office of State Budget and Management, if needed to match available federal funds to support program expenditures.

SECTION 10.22.(b) The Department of Health and Human Services shall issue a Request for Proposal to contract for administration and claims processing of the NC Health Choice Program. The contract shall provide for applying Medicaid rates for service providers as provided by law. The Department shall schedule the review process for proposals received such that the Department has signed a contract with the selected contractor not later than July 1, 2006. The contract shall provide for full implementation of administration and claims processing, including the application of Medicaid rates for service providers other than prescription drug and dental care providers, not later than July 1, 2007. The Department shall study the impact of paying dental care providers at Medicaid rates and shall make its recommendation 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 May 1, 2006.

SECTION 10.22.(c) Effective July 1, 2007, G.S. 108A-70.22, G.S. 108A-70.24, and Part 5 of Article 3 of Chapter 135 of the General Statutes are repealed.

SECTION 10.22.(d) Effective July 1, 2007, G.S. 108A-70.20 reads as rewritten:

"**§ 108A-70.20. Program established.**

The Health Insurance Program for Children is established. The Program shall be administered by the Department of Health and Human Services in accordance with this Part and as required under Title XXI and related federal rules and regulations. ~~Administration of Program benefits and claims processing shall be as provided under Part 5 of Article 3 of Chapter 135 of the General Statutes.~~"

SECTION 10.22.(e) Effective July 1, 2007, G.S. 108A-70.21(b) reads as rewritten:

"**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; coverage from private plans; purchase of extended coverage.**

...

(b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles, copayments, and other cost-sharing charges, health benefits coverage provided to children eligible under the Program shall be equivalent to coverage provided for dependents under the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan, including optional prepaid plans. Prescription drug providers shall accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the average wholesale price for the prescription drug or the amounts published by the Centers for Medicare and Medicaid Services plus a dispensing fee of five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand name drugs. Except for dental care providers, ~~All other~~ health care providers providing services to Program enrollees shall accept as payment in full for services rendered the maximum allowable charges under the ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan~~ State Medical Assistance Program for services less any copayments assessed to enrollees under this Part. Dental care providers providing services to Program enrollees shall accept as

payment in full for services rendered the maximum allowable charges under the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan for services less any co-payments assessed to enrollees under this Part. No child enrolled in the Plan's self-insured indemnity program shall be required by the Plan to change health care providers as a result of being enrolled in the Program.

In addition to the benefits provided under the Plan, the following services and supplies are covered under the Health Insurance Program for Children established under this Part:

(1) Dental: Oral examinations, teeth cleaning, and scaling twice during a 12-month period, full mouth X-rays once every 60 months, supplemental bitewing X-rays showing the back of the teeth once during a 12-month period, fluoride applications twice during a 12-month period, fluoride varnish, sealants, simple extractions, therapeutic pulpotomies, prefabricated stainless steel crowns, and routine fillings of amalgam or other tooth-colored filling material to restore diseased teeth. No benefits are to be provided for services under this subsection that are not performed by or upon the direction of a dentist, doctor, or other professional provider approved by the Plan nor for services and materials that do not meet the standards accepted by the American Dental Association.

(2) Vision: Scheduled routine eye examinations once every 12 months, eyeglass lenses or contact lenses once every 12 months, routine replacement of eyeglass frames once every 24 months, and optical supplies and solutions when needed. Optical services, supplies, and solutions must be obtained from licensed or certified ophthalmologists, optometrists, or optical dispensing laboratories. Eyeglass lenses are limited to single vision, bifocal, trifocal, or other complex lenses necessary for a Plan enrollee's visual welfare. Coverage for oversized lenses and frames, designer frames, photosensitive lenses, tinted contact lenses, blended lenses, progressive multifocal lenses, coated lenses, and laminated lenses is limited to the coverage for single vision, bifocal, trifocal, or other complex lenses provided by this subsection. Eyeglass frames are limited to those made of zylonite, metal, or a combination of zylonite and metal. All visual aids covered by this subsection require prior approval of the Plan. Upon prior approval by the Plan, refractions may be covered more often than once every 12 months.

(3) Hearing: Auditory diagnostic testing services and hearing aids and accessories when provided by a licensed or certified audiologist, otolaryngologist, or other hearing aid specialist approved by the Plan. Prior approval of the Plan is required for hearing aids, accessories, earmolds, repairs, loaners, and rental aids.

The Department may provide services to children aged birth through five years enrolled in the Program through the State Medical Assistance managed care program. Services provided through the managed care program shall be paid from Program funds."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

HEALTH CHOICE SUBROGATION SAME AS MEDICAID

SECTION 10.23. Part 8 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"**§ 108A-70.29. Subrogation rights.**

(a) Notwithstanding any other provisions of law, to the extent of payments under this Part, the State or the county providing health care benefits under this Part shall be subrogated to all rights of recovery, contractual or otherwise, of the beneficiary of this assistance, or of the beneficiary's personal representative, heirs, or the administrator or executor of the estate, against any person. The county attorney, or an attorney retained by the county or the State or both, or an attorney retained by the beneficiary of the assistance if this attorney has actual notice of payments made under this Part, shall enforce this section. Any attorney retained by the beneficiary of the assistance shall, out of the proceeds obtained on behalf of the beneficiary by settlement with, judgment against, or otherwise from a third party by reason of injury or death, distribute to the Department the amount of assistance paid by the Department on behalf of or to the beneficiary, as prorated with the claims of all others having medical subrogation rights or medical liens against the amount received or recovered, but the amount paid to the Department shall not exceed one-third of the gross amount obtained or recovered.

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

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

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LONG-TERM PLAN FOR MEETING MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES NEEDS

SECTION 10.24.(a) The Secretary of the Department of Health and Human Services shall, in consultation with interested advocacy groups and affected State and local agencies, develop a long-range plan for addressing the mental health, developmental disabilities, and substance abuse services needs of the State. The plan shall be consistent with the plan developed pursuant to G.S. 122C-102, and shall address the following:

(1) The services needed at the community level within each LME in order to ensure an adequate level of services to the average number of persons needing the services based on population projections.
(2) The full continuum of services needed for each disability group within an LME, including:
a. Which services could be regional or multi-LME based;
b. What percent of the population each LME would expect to use State-level facilities; and
c. An inventory of existing services within each LME for each disability group, and the gaps that exist;
(3) Projected growth in services for each disability group within each LME or region that can reasonably be managed over the ensuing five-year period; and
(4) Projected start-up costs and the total funding needed in each year from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to implement the long-range plan.

Funds shall not be transferred from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs until the Secretary has consulted with the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Chairs of the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services.

SECTION 10.24.(b) Moneys in the Trust Fund established pursuant to G.S. 143-15D shall be used to establish or expand community-based services only 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 county programs, or local government.

SECTION 10.24.(c) Not later than January 1, 2006, the Department of Health and Human Services shall report on the implementation 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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 10.25.(a) The Department of Health and Human Services shall continue 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 system-of-care approach for services to children and their families 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.

(11) A system of identifying and tracking children placed outside of the family unit in group homes, therapeutic foster care home settings, and other out-of-home placements.

SECTION 10.25.(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.

SECTION 10.25.(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 10.25.(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, including provision for the immediate availability of student records to a local school administrative unit receiving a child placed in a residential setting outside the child's home county.

SECTION 10.25.(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 10.25.(f) Of the funds appropriated in this act for the Comprehensive Treatment Services Program, the Department of Health and Human Services shall establish a reserve of three percent (3%) to ensure availability of these funds to address specialized needs for children with unique or highly complex problems.

SECTION 10.25.(g) 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 including the placement of children in programs or facilities outside of the child's home county, 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 10.25.(h) The Department shall submit a report on December 1, 2005, on the implementation of this section and a final report not later than April 1, 2006, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division.

SECTION 10.25.(i) This section expires July 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SERVICES TO MULTIPLY DIAGNOSED ADULTS

SECTION 10.26.(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) 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.
(2) Provide those treatment services that are medically necessary.
(3) Implement utilization review of services provided.

SECTION 10.26.(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.

SECTION 10.26.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 10.26.(d) The Department shall submit a progress report on implementation of this section not later than February 1, 2006, and a final report not later than May 1, 2006, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division.

SECTION 10.26.(e) This section expires July 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

EXTEND MENTAL HEALTH CONSUMER ADVOCACY PROGRAM CONTINGENT UPON FUNDS APPROPRIATED BY THE 2007 GENERAL ASSEMBLY

SECTION 10.27. Section 4 of S.L. 2001-437, as amended by Section 10.30 of S.L. 2002-126, and as further amended by Section 10.10 of S.L. 2003-284, reads as rewritten:

"**SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1, 2002. ~~Section 2 of this act becomes effective only if funds are appropriated by the 2005 General Assembly for that purpose.~~ Section 2 of this act becomes effective July 1 of the fiscal year for which funds are appropriated by the ~~2005~~ General Assembly for that purpose. The remainder of this act is effective when it becomes law."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

TRANSITION PLANNING FOR STATE PSYCHIATRIC HOSPITALS

SECTION 10.28.(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 continue to implement a plan for the transition of patients from State psychiatric hospitals to the community or to other long-term care facilities, as appropriate. The goal is to develop mechanisms and identify resources needed to enable patients and their families 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 10.28.(b) The Department of Health and Human Services shall conduct an analysis of the individual patient service needs and shall develop and implement an individual transition plan, as appropriate, for patients in each hospital. The State shall ensure that each individual transition plan, as appropriate, shall 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 10.28.(c) In accordance with the plan established in subsections (a) and (b) of this section, any nonrecurring savings in State appropriations that result from reductions in beds or services shall be placed in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. These funds shall be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with G.S. 143-15.3D. Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, (i) for implementation of subsections (a) and (b) of this section and (ii) to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W.

SECTION 10.28.(d) 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 of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division. These reports shall be submitted on December 1, 2005, and May 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MENTAL RETARDATION CENTER DOWNSIZING

SECTION 10.29.(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 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 10.29.(b) The Department of Health and Human Services shall apply any savings in State appropriations in each year of the 2005-2007 fiscal biennium that result from reductions in beds or services as follows:

(1) The Department shall place nonrecurring savings in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs and use the savings to facilitate the transition of clients into appropriate community-based services and support in accordance with G.S. 143-15.3D;

(2) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall retain recurring savings realized through implementation of this section to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W. In determining the savings in this section, savings shall include all savings realized from the downsizing of the State mental retardation centers, including the savings in direct State appropriations in the budgets of the State mental retardation centers; and

(3) The Department of Health and Human Services, Division of Medical Assistance, shall transfer any recurring Medicaid savings resulting from the downsizing of State-operated MR centers from the ICF-MR line in Medicaid to the CAP-MR/DD line.

SECTION 10.29.(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. The Department shall submit the progress report no later than January 15, 2006, and submit a final report no later than May 1, 2006.

SECTION 10.29.(d) The Department of Health and Human Services shall maintain downsizing of mental retardation centers occurring in the 2005-2006 fiscal year for the 2006-2007 fiscal year. The Department shall accomplish downsizing in accordance with this section and the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services. The Department shall use all savings resulting from downsizing occurring on and after July 1, 2005, as set forth in subsection (b) of this section.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT

SECTION 10.30.(a) 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 an area program or county program, except for hospital services that have an

established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with 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.

SECTION 10.30.(b) If a private agency fails to timely and accurately complete the required agency-wide uniform cost finding in a manner acceptable to the Department's controller's office, the Department may suspend all Department funding and payment to the private agency until such time as an acceptable cost finding has been completed by the private agency and approved by the Department's controller's office.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DHHS POLICIES AND PROCEDURES IN DELIVERING COMMUNITY MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.31. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall in cooperation with area mental health authorities and county programs, identify and eliminate administrative and fiscal barriers created by existing State and local policies and procedures in the delivery of community-based mental health, developmental disabilities, and substance abuse services provided through the area programs and county programs, including services provided through the Comprehensive Treatment Services Program for Children and services delivered to multiply diagnosed adults. The Department shall implement changes in policies and procedures in order to facilitate all of the following:

(1) The provision of services to adults and children as defined in the Mental Health System Reform State Plan as priority or targeted populations.

(2) A revised system of allocating State and federal funds to area mental health authorities and county programs that reflects projected needs, including the impact of system reform efforts rather than historical allocation practices and spending patterns.

(3) The provision of services to children not deemed eligible for the Comprehensive Treatment Services Program for Children, but who would otherwise be in need of medically necessary treatment services to prevent out-of-home placement.

(4) The provision of services in the community to adults remaining in and being placed in State institutions addressed in Olmstead v. L.C.

Area mental health, developmental disabilities, and substance abuse services authorities and county programs shall use all funds appropriated for and necessary to provide mental health, developmental disabilities, and substance abuse services to meet the need for these services. If excess funds are available after expending appropriated funds to fully meet service needs, one-half of these excess funds shall not revert to the General Fund but shall be transferred to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs, except that one-half of the funds appropriated for the Comprehensive Treatment

Services Program for Children that are unexpended and unencumbered shall not revert to the General Fund but shall be carried forward and used only for services for children and adolescents.

The Department, in consultation with the area mental health authorities and county programs, shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on the progress in implementing these changes. The report shall be submitted on October 1, 2005, and February 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

IMMUNITY FOR REPORTING ABUSE AND NEGLECT

SECTION 10.32. G.S. 122C-66 reads as rewritten:

"**§ 122C-66. Protection from abuse and exploitation; reporting.**

(a) An employee of or a volunteer at a facility who, other than as a part of generally accepted medical or therapeutic procedure, knowingly causes pain or injury to a client or borrows or takes personal property from a client is guilty of a Class 1 misdemeanor. Any employee or volunteer who uses reasonable force to carry out the provisions of G.S. 122C-60 or to protect himself or others from a violent client does not violate this subsection.

(a1) A citizen who witnesses or has knowledge of abuse, neglect, or exploitation of a client of a residential facility may report the incident of abuse, neglect, or exploitation to an authorized employee of the facility.

(b) An employee of a facility who witnesses or has knowledge of a violation of subsection (a) or of an accidental injury to a client shall report the violation or accidental injury to authorized personnel designated by the facility. No employee making a report may be threatened or harassed by any other employee or volunteer on account of the report. Violation of this subsection is a Class 3 misdemeanor punishable only by a fine, not to exceed five hundred dollars ($500.00).

(c) The identity of an individual who makes a report under this section or who cooperates in an ensuing investigation may not be disclosed without his consent, except to persons authorized by the facility or by State or federal law to investigate or prosecute these incidents, or in a grievance or personnel hearing or civil or criminal action in which a reporting individual is testifying, or when disclosure is legally compelled or authorized by judicial discovery. This subsection shall not be interpreted to require the disclosure of the identity of an individual where it is otherwise prohibited by law.

(d) An employee or citizen who makes a report in good faith under this section is immune from any civil liability that might otherwise occur for the report. In any case involving liability, making of a report under this section is prima facie evidence that the maker acted in good faith.

(e) The duty imposed by this section is in addition to any duty imposed by G.S. 7B-301 or G.S. 108A-102.

(f) The facility shall investigate or provide for the investigation of all reports made under the provisions of this section."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

RULES PERTAINING TO CONFLICT OF INTEREST IN REFERRALS TO PROVIDER AGENCIES

SECTION 10.33. G.S. 122C-26 reads as rewritten:

"**§ 122C-26. Powers of the Commission.**

In addition to other powers and duties, the Commission shall exercise the following powers and duties:

(1) Adopt, amend, and repeal rules consistent with the laws of this State and the laws and regulations of the federal government to implement the provisions and purposes of this Article;

(2) Issue declaratory rulings needed to implement the provisions and purposes of this Article;

(3) Adopt rules governing appeals of decisions to approve or deny licensure under this Article;

(4) Adopt rules for the waiver of rules adopted under this Article; and

(5) Adopt rules applicable to facilities licensed under this Article:

a. Establishing personnel requirements of staff employed in facilities;

b. Establishing qualifications of facility administrators or directors;

c. Establishing requirements for death reporting including confidentiality provisions related to death reporting; ~~and~~

d. Establishing requirements for patient ~~advocates.~~ advocates; and

e. Requiring facility personnel who refer clients to provider agencies to disclose any pecuniary interest the referring person has in the provider agency, or other interest that may give rise to the appearance of impropriety."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES TO STUDY OVERSIGHT AND MONITORING BY DEPARTMENT OF HEALTH AND HUMAN SERVICES OF SERVICES TO MENTAL HEALTH CONSUMERS

SECTION 10.34. The Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services shall study the oversight and monitoring roles and activities of the Divisions of: Social Services, Facility Services, Medical Assistance, and Mental Health, Developmental Disabilities, and Substance Abuse Services, of the Department of Health and Human Services. The study shall focus on how the oversight and monitoring activities benefit consumers of mental health, developmental disabilities, and substance abuse services in residential settings,

and shall include in its report recommendations on ensuring quality of care and increasing efficiency in the provision of services. The Oversight Committee 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, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

APPEALS PROCESS FOR CLIENTS OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES PROGRAMS

SECTION 10.35. G.S. 122C-151.2 reads as rewritten:

"**§ 122C-151.2. Appeal by area authorities and county ~~programs.~~programs; rules governing appeals process for clients of area authorities or county programs.**

(a) The area authority or county program may appeal to the Commission any action regarding rules under the jurisdiction of the Commission or rules under the joint jurisdiction of the Commission and the Secretary.

(b) The area authority or county program may appeal to the Secretary any action regarding rules under the jurisdiction of the Secretary.

(b1) The Commission shall adopt rules governing an appeals process for clients to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the Secretary. The appeals process shall ensure that area authority and county program services meet the requirements of applicable statutes and the rules of the Commission and the Secretary.

(c) Appeals shall be conducted according to rules adopted by the Commission and Secretary and in accordance with Chapter 150B of the General Statutes."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CONTROLLED SUBSTANCES REPORTING

SECTION 10.36.(a) Chapter 90 of the General Statutes is amended by adding a new Article to read:

"Article 5D.

"North Carolina Controlled Substances Reporting Act.

"**§ 90-113.60. Short title.**

This Article shall be known and may be cited as the "North Carolina Controlled Substances Reporting System Act."

"**§ 90-113.61. Legislative findings.**

The General Assembly makes the following findings:

(1) North Carolina is experiencing an epidemic of poisoning deaths from unintentional drug overdoses.

(2) Since 1997, the number of deaths from unintentional drug overdoses has increased threefold, from 228 deaths in 1997 to 690 deaths in 2003.

(3) The number of unintentional deaths from illicit drugs in North Carolina has decreased since 1992 while unintentional deaths from licit drugs, primarily prescriptions, have increased.
(4) Licit drugs are now responsible for over half of the fatal unintentional poisonings in North Carolina.
(5) Over half of the prescription drugs associated with unintentional deaths are narcotics (opioids).
(6) Of these licit drugs, deaths from methadone, usually prescribed as an analgesic for severe pain, have increased sevenfold since 1997.
(7) Methadone from opioid treatment program clinics is a negligible source of the methadone that has contributed to the dramatic increase in unintentional methadone-related deaths in North Carolina.
(8) Review of the experience of the 19 states that have active controlled substances reporting systems clearly documents that implementation of these reporting systems do not create a "chilling" effect on prescribing.
(9) Review of data from controlled substances reporting systems help:
a. Support the legitimate medical use of controlled substances.
b. Identify and prevent diversion of prescribed controlled substances.
c. Reduce morbidity and mortality from unintentional drug overdoses.
d. Reduce the costs associated with the misuse and abuse of controlled substances.
e. Assist clinicians in identifying and referring for treatment patients misusing controlled substances.
f. Reduce the cost for law enforcement of investigating cases of diversion and misuse.
g. Inform the public, including health care professionals, of the use and abuse trends related to prescription drugs.

"**§ 90-113.62. Definitions.**

The following definitions apply in this Article:

(1) "Controlled substance" means a controlled substance as defined in G.S. 90-87(5).
(2) "Department" means the Department of Health and Human Services.
(3) "Dispenser" means a person who delivers a Schedule II through V controlled substance to an ultimate user in North Carolina, but does not include any of the following:
a. A licensed hospital or long-term care pharmacy that dispenses such substances for the purpose of inpatient administration.
b. A person authorized to administer such a substance pursuant to Chapter 90 of the General Statutes.
c. A wholesale distributor of a Schedule II through V controlled substance.

(4) "Ultimate user" means a person who has lawfully obtained, and who possesses, a Schedule II through V controlled substance for his or her own use, for the use of a member of his or her household, or for the use of an animal owned or controlled by him or her or by a member of his or her household.

"**§ 90-113.63. Requirements for controlled substances reporting system.**

The Department shall establish and maintain a reporting system of prescriptions for all Schedule II through V controlled substances. Each dispenser shall submit the information in accordance with transmission methods and frequency established by rule by the Commission. The Department may issue a waiver to a dispenser that is unable to submit prescription information by electronic means. Such waiver may permit the dispenser to submit prescription information by paper form or other means, provided all information required of electronically submitted data is submitted.

"**§ 90-113.64. Confidentiality.**

(a) Prescription information submitted to the Department shall be confidential and shall not be public records pursuant to G.S. 132-1. The Department may use such information for purposes of administration and enforcement. Any contractor shall be bound to maintain the confidentiality of prescription information in accordance with this section. The information may only be disclosed in accordance with subsections (b) and (c) of this section.

(b) The Department shall, upon request, release data in the controlled substances reporting system to the following persons:

(1) Persons authorized to prescribe or dispense controlled substances for the purpose of providing medical or pharmaceutical care for their patients.

(2) An individual who requests the individual's own controlled substances reporting system information.

(3) Other agencies authorized to have access to such information pursuant to the provisions of G.S. 90-107.

(4) Primary monitoring authorities for other states if information concerns the dispensing of a Schedule II through V controlled substance to an ultimate user who resides in such state or the dispensing of a Schedule II through V controlled substance prescribed by a licensed health care practitioner whose principal place of business is located in such other state.

(5) To a court pursuant to a lawful court order.

(c) The Department may provide data to public or private entities for statistical, research, or educational purposes after removing information that could be used to identify individual patients who received prescriptions from dispensers.

"**§ 90-113.65. Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services to adopt rules.**

The Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services shall adopt rules necessary to implement this act."

SECTION 10.36.(b) This section becomes effective January 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SENIOR CENTER OUTREACH

SECTION 10.37.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging and Adult Services, for the 2005-2007 fiscal biennium, shall be used by the Division of Aging and Adult Services 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 10.37.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the county commissioners of the county in which the new center will be located shall:

(1) Formally endorse the need for such 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 10.37.(c) State funding shall not exceed seventy-five percent (75%) of reimbursable costs.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

STATE/COUNTY SPECIAL ASSISTANCE

SECTION 10.38.(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.

SECTION 10.38.(b) Effective July 1, 2005, the maximum monthly rate for residents in adult care home facilities shall be one thousand eighty-four dollars ($1,084) per month per resident unless adjusted by the Department in accordance with subsection (d) of this section.

SECTION 10.38.(c) It is the intent of the General Assembly to protect individuals who meet current eligibility standards for State/County Special Assistance from becoming disenfranchised from the program as a result of any changes proposed in this section. Therefore, subject to any necessary approvals by the Center for Medicare & Medicaid Services (CMS):

(1) The eligibility of Special Assistance recipients who resided in adult care homes on September 30, 2003, and remain continuously eligible shall not be affected by an income reduction in the Special Assistance eligibility criteria, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home

facilities shall be one thousand ninety-one dollars ($1,091) per month per resident; and

(2) The standard of need level for coverage eligibility under State/County Special Assistance, for individuals not enrolled or recipients of the program on September 30, 2003, shall be not less than one thousand ninety-one dollars ($1,091) per month per individual, but the monthly reimbursement rate for such individuals shall be the amount established under subsections (c) and (d) of this section. However, the Department of Health and Human Services, in its determination of reimbursement rates, may establish a minimum monthly reimbursement rate of not more than five dollars ($5.00) per month for any resident of an adult care home facility meeting the established standard of need level for coverage.

SECTION 10.38.(d) Notwithstanding any other provision of this section, the Department of Health and Human Services shall review activities and costs related to the provision of care in adult care homes and shall determine what costs may be considered to properly maximize allowable reimbursement available through Medicaid personal care services for adult care homes (ACH-PCS) under federal law. As determined, and with any necessary approval from the Centers for Medicare and Medicaid Services (CMS), and the approval of the Office of State Budget and Management, the Department may transfer necessary funds from the State/County Special Assistance program within the Division of Social Services to the Division of Medical Assistance and may use those funds as State match to draw down federal matching funds to pay for such activities and costs under Medicaid's personal care services for adult care homes (ACH-PCS), thus maximizing available federal funds. The established rate for State/County Special Assistance set forth in subsection (c) of this section shall be adjusted by the Department to reflect any transfer of funds from the Division of Social Services to the Division of Medical Assistance, and related transfer costs and responsibilities from State/County Special Assistance to the Medicaid personal care services for adult care homes (ACH-PCS). Such rate adjustments to the Special Assistance rate shall be effective with the effective date of increased reimbursement under ACH-PCS. In no event shall the reimbursement for services through the ACH-PCS exceed the average cost of such services as determined by the Department from review of cost reports as required and submitted by adult care homes. The Department shall report any transfers of funds and modifications of rates 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 Purcell, Malone, Garrou, Dalton, Hagan

SPECIAL ASSISTANCE IN-HOME

SECTION 10.39.(a) 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 800 individuals during the 2005-2006 fiscal year and the 2006-2007 fiscal year. The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be fifty percent (50%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. For State fiscal year 2005-2006, qualified individuals shall not receive payments at rates less than they would have been eligible to receive in State fiscal year 2004-2005. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment. The Department shall make this in-home option available to all counties on a voluntary basis. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State.

SECTION 10.39.(b) The Department shall report on or before January 1, 2006, and on or before January 1, 2007, to the cochairs of the House of Representatives Appropriations Committee, the House of Representatives Appropriations Subcommittee on Health and Human Services, the cochairs of the Senate Appropriations Committee, and the cochairs of the Senate Appropriations Committee on Health and Human Services. This report shall include the following information:

(1) A description of cost savings that result from allowing individuals eligible for State-County Special Assistance the option of remaining in the home.

(2) A complete fiscal analysis of the in-home option to include all federal, State, and local funds expended.

(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 in-home program.

(8) The level and quantity of services (including personal care services) provided to the demonstration project participants compared to the level and quantity of services for residents in adult care homes.

SECTION 10.39.(c) The Department shall incorporate data collection tools designed to compare quality of life among institutionalized versus noninstitutionalized populations (i.e., an individual's perception of his or her own health and well-being, years of healthy life, and activity limitations). To the extent national standards are available, the Department shall utilize those standards.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LICENSURE OF RESIDENTIAL TREATMENT FACILITIES

SECTION 10.40.(a) Article 2 of Chapter 122C of the General Statutes is amended by adding the following new section to read:

"**§ 122C-23.1. Licensure of residential treatment facilities.**

The General Assembly finds:

(1) That much of the care for residential treatment facility residents is paid by the State and the counties;

(2) That the cost to the State for care for residents of residential treatment facilities is substantial, and high vacancy rates in residential treatment facilities further increase the cost of care;

(3) That the proliferation of residential treatment facilities results in costly duplication and underuse of facilities and may result in lower quality service;

(4) There is currently no ongoing relationship between some applicants for licensure and local management entities (LMEs) that are responsible for the placement of children and adults in residential treatment facilities; and

(5) That it is necessary to protect the general welfare and lives, health, and property of the people of the State for the local management entity (LME) to verify that additional beds are needed in the LME's catchment area before new residential treatment facilities are licensed. This process is established to ensure that unnecessary costs to the State do not result, residential treatment facility beds are available where needed, and that individuals who need care in residential treatment facilities may have access to quality care.

Based on these findings, the Department of Health and Human Services may license new residential treatment facilities if the applicant for licensure submits with the application a letter of support obtained from the local management entity in whose catchment area the facility will be located. The letter of support shall be submitted to the Department of Health and Human Services, Division of Facility Services and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall specify the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility. As used in this subsection, "residential treatment facility" means a "residential facility" as defined in and licensed under this Chapter, but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes.

SECTION 10.40.(b) This section applies to license applications pending and license applications submitted on and after the effective date of this act.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PLAN FOR STAR-RATING SYSTEM FOR ADULT CARE HOMES

SECTION 10.41. The Department of Health and Human Services shall develop a plan for implementing a star-rating system for adult care homes to improve

quality of care. The Department shall report on the status and details of the plan, including a recommended timeline for implementation, 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, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SOCIAL SERVICES COMMISSION TECHNICAL CORRECTION

SECTION 10.42. G.S. 108A-14(a)(8) reads as rewritten:

"**§ 108A-14. Duties and responsibilities.**

(a) The director of social services shall have the following duties and responsibilities:

...

(8) To supervise adult care homes under the rules and regulations of the ~~Social Services~~Medical Care Commission;

...."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD SUPPORT PROGRAM/ENHANCED STANDARDS

SECTION 10.43.(a) The Department of Health and Human Services shall develop and implement performance standards for each of the State and county child support enforcement offices across the State. To develop 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 that 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 10.43.(b) The Department of Health and Human Services shall report on its progress, in compliance 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 by May 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD WELFARE SYSTEM STUDY

SECTION 10.44. The Department of Health and Human Services shall conduct a study to document variations in the implementation of the Child Welfare System within North Carolina counties. The study shall include recommendations for correcting identified disparities. The study shall identify systemic issues associated with North Carolina's Child Welfare System and provide recommendations for resolving these issues. 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 no later than January 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MULTIPLE RESPONSE SYSTEM

SECTION 10.45.(a) The Department of Health and Human Services, Division of Social Services, shall continue working with local departments of social services to implement an alternative response system of child protection. Local departments of social services shall continue systems already in place. The alternative response system shall provide a family-centered approach to child protective services in which local departments of social services use family assessment tools and family support principles when responding to selected reports of suspected child abuse, neglect, and dependency, including establishing a system of care with child and family teams.

SECTION 10.45.(b) The Department of Health and Human Services shall expand this project using both State appropriations and any non-State funding sources that can be identified for this purpose. Counties may also implement the system using existing resources.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 10.46.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 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 10.46.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 per child per month for children aged 13 through 18.

SECTION 10.46.(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 10.46.(d) The maximum rates for the State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

(1) $800.00 per child per month with indeterminate HIV status;
(2) $1,000 per child per month confirmed HIV-infected, asymptomatic;
(3) $1,200 per child per month confirmed HIV-infected, symptomatic; and
(4) $1,600 per child per month terminally ill with complex care needs.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARING INSTITUTIONS

SECTION 10.47.(a) The Office of the State Auditor shall conduct an audit to evaluate overhead rates and reimbursements for child caring institutions receiving State funding. Of the funds appropriated to the Department of Health and Human Services, Office of the Controller, the sum of one hundred fifty thousand dollars ($150,000) shall be transferred to the State Auditor to conduct the audit. The audit shall include the following:

(1) A detailed evaluation of each child caring institution's cost allocation processes.
(2) A determination of whether the allocated costs are consistent in different agencies.
(3) A determination of the basis used for cost allocation by each agency.
(4) The methodology used to assign direct and indirect costs to specific child caring institution programs.
(5) A determination of whether the overhead charged is reasonable for that specific type of nonprofit, based on national surveys.
(6) A determination of how agency utilization rates impact the child caring institutions' cost allocation and subsequent State reimbursements.
(7) An examination of rate-setting methodologies used by other states and how North Carolina's payment to child caring institutions compare to other states.
(8) Recommendations on how to develop equitable, reasonable rates.
(9) An examination of the feasibility of providing child caring institutions with the opportunity to compete based on providing the best service at least cost.

The Office of the State Auditor 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 no later than March 1, 2006. The written report shall include copies of working papers developed during the course of the audit.

SECTION 10.47.(b) The Department of Health and Human Services shall establish standardized rates for child caring institutions in this State. These rates shall be effective January 1, 2006, and shall be updated annually on July 1. Rate-setting recommendations provided by the Office of the State Auditor shall be incorporated into the Department of Social Services rate-setting methodology.

SECTION 10.47.(c) Until standardized rates are set, child caring institutions' maximum reimbursement shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services Office of the Controller. In determining the maximum reimbursement, counties shall include county and IV-E reimbursements.

SECTION 10.47.(d) Minimum reimbursement for foster parents providing services through child caring institutions shall not be lower than the rates established by the General Assembly.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SPECIAL CHILDREN ADOPTION FUND

SECTION 10.48.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one hundred thousand dollars ($100,000) shall be used to support the Special Children Adoption Fund for the 2005-2006 fiscal year. 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 income exceeds two hundred percent (200%) of the federal poverty level.

SECTION 10.48.(b) Of the total funds appropriated for the Special Children Adoption Fund each year, twenty percent (20%) of the total funds available shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private agencies have not been spent on or before March 31, 2006, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies.

SECTION 10.48.(c) The Division of Social Services shall monitor the total expenditures in the Special Children Adoption Fund and redistribute unspent funds to ensure that the funds are used according to the guidelines established in subsection (a) of this section. The Division shall implement strategies to ensure that funds that have historically reverted for this program are used for the intended purpose. The Division shall report 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 on the expenditures and activities of the program no later than December 1, 2005, and June 30, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

STUDY TO IDENTIFY ADOPTION INCENTIVES FOR CHILDREN WHO ARE DIFFICULT TO PLACE

SECTION 10.49. The Department of Health and Human Services shall conduct a study to identify potential incentives for adoption of children who are difficult to place and the associated costs for each incentive. The study shall identify incentives currently in place in individual counties and the associated costs. The study shall identify funding sources available to support each incentive. 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 no later than October 1, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LIMITATION ON STATE ABORTION FUND

SECTION 10.50. 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 2005-2006 and 2006-2007 fiscal years.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

TANF BENEFIT IMPLEMENTATION

SECTION 10.51.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007", prepared by the Department of Health and Human Services and presented to the General Assembly as revised in accordance with subsection (b) of this section, except that the provision contained in the approved North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007 eliminating pay-after-performance as a benefit delivery method for two-parent families will only be implemented if the federal two-parent work participation rate is eliminated. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2005, through September 30, 2007. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services, as amended by this act or any other act of the 2005 General Assembly.

SECTION 10.51.(b) The counties approved as Electing Counties in North Carolina's Temporary Assistance for Needy Families State Plan FY 2005-2007 as approved by this section are: Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, McDowell, Sampson, and Stokes.

SECTION 10.51.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for fiscal years 2005 through 2007, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2005. For

programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

RESIDENTIAL SCHOOLS REPORTING

SECTION 10.52. The Office of Education Services shall report not later than December 1, 2005, 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 activities of the Eastern North Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at Morganton, and the Governor Morehead School for the Blind. The report shall include enrollment numbers at the schools, the budgets, and the academic status of the schools as defined under the ABCs program.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

FUNDS FOR SCHOOL NURSES

SECTION 10.53. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two million five hundred thousand dollars ($2,500,000) for the 2005-2006 fiscal year, and the sum of two million five hundred thousand dollars ($2,500,000) for the 2006-2007 fiscal year shall be used for the school nurse funding initiative. The Department of Health and Human Services, Division of Public Health, in conjunction with the Department of Public Instruction, shall provide funds to communities to hire school nurses. The program will fund 50 permanent local nurses. The criteria shall include determining the areas in greatest need for school nurses with the greatest inability to pay for these nurses. Other criteria to be considered shall include: (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children.

There shall be no supplanting of local, State, or federal funds with these funds. Communities shall maintain their current level of effort and funding for school nurses. These funds shall not be used for funding nurses for State agencies. All funding shall be used for direct services.

The Department of Health and Human Services shall report on the use of funds allocated under this section by December 1, 2005, 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 Purcell, Malone, Garrou, Dalton, Hagan

EARLY INTERVENTION REPORTING AND EVALUATION

SECTION 10.54.(a) The Department of Health and Human Services, Division of Public Health, shall report on Early Intervention services. The report shall include the number of children served, the number and types of services and evaluations provided, and the budget for each Children's Developmental Services Agency. In addition, the Division of Public Health shall evaluate its Early Intervention Program

provider network, including provider certification and continuing education requirements.

SECTION 10.54.(b) The Department of Health and Human Services shall analyze the reimbursement rates for Early Intervention services, and may adjust rates according to the findings of the analysis.

SECTION 10.54.(c) The Division of Public Health shall analyze the program funding for the Children with Special Needs Program and shall develop a plan to utilize these funds within the Early Intervention Program. The Division 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 December 1, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CONTRACTING FOR MORE EFFECTIVE COMBINATION VACCINES

SECTION 10.55. The Department of Health and Human Services may contract for the purchase of new combination vaccines that are more expensive than currently used combination or single component vaccines only if the new, more expensive combination vaccine is more effective than the currently used combination or single component vaccine it replaces.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHRONIC DISEASE PREVENTION ACTIVITIES INVENTORY

SECTION 10.56. In order to reduce costs and eliminate duplication of effort, the Department of Health and Human Services shall create an inventory of all chronic disease prevention activities, funding, staffing, and other resources for these activities, including funding and resources for related task forces and committees. The inventory shall include at a minimum, heart disease, stroke, diabetes, osteoporosis, and cancer. The Department shall create a plan to combine task forces and activities for chronic disease prevention and shall explore collapsing these task forces and committees into the Healthy Carolinians structure. The Department shall report on the inventory and the Department's recommendations not later than February 1, 2006, 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 Purcell, Malone, Garrou, Dalton, Hagan

PILOT PROGRAM FOR AUTOMATIC EXTERNAL DEFIBRILLATORS IN PUBLIC BUILDINGS

SECTION 10.57.(a) The Department of Health and Human Services, Division of Public Health, shall develop a pilot program to place Automated External Defibrillators (AED) in public buildings, including public gymnasiums, that do not have an operational AED in place. In selecting pilot sites, the Department shall ensure geographic representation of the State.

SECTION 10.57.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seventeen thousand dollars ($17,000) for the 2005-2006 fiscal year, and the sum of six thousand dollars ($6,000) for the 2006-2007 fiscal year shall be used to purchase AED units, conduct on-site training at the pilot sites, and conduct ongoing education and awareness campaigns to the general public in the piloted sites. The Department shall ensure that training in the use of an AED shall be conducted in accordance with G.S. 90-21.15(b)(3). The Heart Disease and Stroke Prevention Branch of the Division of Public Health shall be responsible for the purchase of AEDs, the training of pilot program participants, and evaluation of the pilot program.

SECTION 10.57.(c) The Department of Health and Human Services shall report on the location, establishment, and implementation of the pilot sites 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 March 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

IMMUNIZATION PROGRAM FUNDING

SECTION 10.58.(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 one million dollars ($1,000,000) for the 2005-2006 fiscal year and the sum of one million dollars ($1,000,000) for the 2006-2007 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.

(2) Continued development of an automated immunization registry.

SECTION 10.58.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services or contracts, except for contracts to develop an automated immunization registry or contracts with local health departments for outreach.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.59.(a) For the 2005-2006 fiscal year and for the 2006-2007 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 2005-2007 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level.

SECTION 10.59.(b) The Department of Health and Human Services shall make an interim report on ADAP program utilization by January 1, 2006, and a final report on ADAP program utilization by May 1, 2006, 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 ADAP program utilization as follows:

(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) Fiscal year-to-date budget information.

(8) The status of the new system of management for ADAP, the costs savings realized from the new system, and recommendations for improving the system.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.60. 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 a match. This shall not prohibit any locality from spending local funds for child care services.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARE ALLOCATION FORMULA

SECTION 10.61.(a) The Department of Health and Human Services shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) 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 use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

(1) Funds shall be allocated based upon the projected cost of serving children in a county under age 11 in families with all parents working who earn less than seventy-five percent (75%) of the State median income.

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

SECTION 10.62.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development and School Readiness shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 10.62.(f) 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 10.62.(g) 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 and School Readiness for the subsidized child care program.

SECTION 10.62.(h) 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 Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARE REVOLVING LOAN

SECTION 10.63. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the

resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records.

(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.

(3) Not include expenses funded by State funds.

(4) Be supplemental to and not supplant preexisting resources for related program activities.

(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.

(6) Be otherwise allowable under federal or State law.

(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.

(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a 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 10.64.(d) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 10.64.(e) 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 years 2005-2006 and 2006-2007 shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for fiscal years 2005-2006 and 2006-2007. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.

(2) Expenditures of State funds for advertising and promotional activities are prohibited for fiscal years 2005-2006 and 2006-2007.

SECTION 10.64.(f) A county 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

USE OF MEDICATION AIDES TO PERFORM TECHNICAL ASPECTS OF MEDICATION ADMINISTRATION IN SKILLED NURSING FACILITIES

SECTION 10.40C.(a) Article 6 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

"**§ 131E-114.2. Use of medication aides to perform technical aspects of medication administration.**

(a) Facilities licensed and medication administration services provided under this Part may utilize medication aides to perform the technical aspects of medication administration consistent with G.S. 90-171.20(7) and (8), and G.S. 90-171.43.

(1) A medication aide who is employed in a facility licensed under Article 5, Article 6, Part 1, and Article 10 of this Chapter shall be listed as a Nurse Aide I on the Nurse Aide I Registry in addition to being listed on the Medication Aide Registry.

(2) Medication administration as used in Article 5, Article 6, Part 1, and Article 10 of this Chapter shall not include intravenous or injectable medication services.

(b) The Commission shall adopt rules to implement this section. Rules adopted by the Commission shall include:

(1) Training and competency evaluation of medication aides as provided for under this section.

(2) Requirements for listing under the Medication Aide Registry as provided for under G.S. 131E-271.

(3) Requirements for supervision of medication aides by licensed health professionals or appropriately qualified supervisory personnel consistent with this Part."

SECTION 10.40C.(b) Article 9C of Chapter 90 of the General Statutes is amended by adding the following new section to read:

"**§ 90-171.56. Medication aide requirements.**

The Board of Nursing shall do the following:

(1) Establish standards for faculty requirements for medication aide training; and

(2) Provide ongoing review and evaluation, and recommend changes, for faculty and medication aide training requirements to support safe medication administration and improve client, resident, and patient outcomes."

SECTION 10.40C.(c) Article 16 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

"**§ 131E-270. Medication Aide Registry.**

(a) The Department shall establish and maintain a Medication Aide Registry containing the names of all health care personnel in North Carolina who have successfully completed a medication aide training program that has been approved by the North Carolina Board of Nursing and passed a State-administered medication aide competency exam.

(b) Before allowing an individual to serve as a medication aide, an employer shall access the Medication Aide Registry to verify that the individual is listed on the Registry and shall note each incidence of access in the appropriate business file. Employers may not use an individual as a medication aide unless the individual is listed on the Medication Aide Registry.

(c) Employers shall access the Health Care Personnel Registry prior to employing a medication aide. Any substantiated action as defined in G.S. 131E-256(a)(1) listed against the medication aide shall disqualify the medication aide from employment in any facility or agency covered by Part 1 of Article 6 of this Chapter."

SECTION 10.40C.(d) This section becomes effective July 1, 2006. The North Carolina Board of Nursing and the Department of Health and Human Services

shall report on the implementation of this act 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 not later than March 1, 2006, and annually thereafter.

DHHS AND COMMUNITY COLLEGES STUDY USE OF MEDICATION AIDES TO PERFORM TECHNICAL ASPECTS OF MEDICATION ADMINISTRATION

SECTION 10.40D.(a) The Secretary of Health and Human Services and the President of the Community Colleges System shall jointly convene a study group to review and consider the use of medication aides to perform the technical aspects of medication administration. The study group shall consist of members representing at least the following entities and licensed health care facilities and providers:

(1) Appointed by the Secretary of Health and Human Services:
   a. Adult care homes.
   b. Home care agencies.
   c. Ambulatory surgical centers.
   d. Hospitals.
   e. Facilities providing mental health, developmental disabilities, and substance abuse services.
   f. Nursing homes.
   g. The nursing profession, as recommended by the Board of Nursing.

(2) Community colleges appointed by the President of the Community Colleges System.

(3) The Secretary of the Department of Correction.

(4) Others as may be appointed by the Secretary of Health and Human Services or the President of the Community Colleges System.

SECTION 10.40D.(b) The study group shall address at least the following in its study and its recommendations regarding medication aide performance of the technical aspects of medication administration:

(1) Training and competency evaluation of medication aides;

(2) Training standards;

(3) Ongoing review and evaluation of medication aide training; and

(4) Requirements for supervision of medication aides.

SECTION 10.40D.(c) The Secretary of Health and Human Services and the President of the Community Colleges System shall report the progress and recommendations of the study group to the 2006 Regular Session of the 2005 General Assembly upon its convening, and the 2007 General Assembly upon its convening. Recommendations to the 2006 Regular Session of the 2005 General Assembly may include proposed legislation. A copy of the report shall be provided 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 at the same time as the report is submitted to the General Assembly.

SECTION 10.40D.(d) The Department of Health and Human Services shall continue its pilot program on the use of medication aides and shall report on the status of the pilot programs at the same time and to the same persons as the study group report to the General Assembly.

SECTION 10.40D.(f) G.S. 115C-47 is amended by adding the following new subdivision to read:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(46) At the discretion of the board, to adopt policies and procedures authorizing schools that operate programs under G.S. 115C-307(c) to utilize unlicensed health care personnel to perform the technical aspects of medication administration to students. If adopted, the policies and procedures shall be consistent with the requirements of Article 9A of Chapter 90 of the General Statutes and shall include the following:

a. Training and competency evaluation of medication aides as provided for under G.S. 131E-270.

b. Requirements for listing under the Medication Aide Registry as provided for under G.S. 131E-271.

c. Requirements for supervision of medication aides by licensed health professionals or appropriately qualified supervisory personnel consistent with Articles 5, 6, 10, and 16 of Chapter 131E of the General Statutes."

PLAN FOR STAR-RATING SYSTEM FOR ADULT CARE HOMES

SECTION 10.41. The Department of Health and Human Services shall develop a plan for implementing a star-rating system for adult care homes to improve quality of care. The Department shall report on the status and details of the plan, including a recommended time line for implementation, 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, 2007.

SOCIAL SERVICES COMMISSION TECHNICAL CORRECTION

SECTION 10.42. G.S. 108A-14(a)(8) reads as rewritten:

"**§ 108A-14. Duties and responsibilities.**

(a) The director of social services shall have the following duties and responsibilities:

...

(8) To supervise adult care homes under the rules and regulations of the ~~Social Services~~Medical Care Commission;

...."

CHILD SUPPORT PROGRAM/ENHANCED STANDARDS

SECTION 10.43.(a) The Department of Health and Human Services shall develop and implement performance standards for each of the State and county child support enforcement offices across the State. To develop 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 that 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 10.43.(b) The Department of Health and Human Services shall report on its progress, in compliance 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 by May 1, 2006.

MULTIPLE RESPONSE SYSTEM

SECTION 10.45.(a) The Department of Health and Human Services, Division of Social Services, shall continue working with local departments of social services to implement a multiple response system of child protection. Local departments of social services shall continue systems already in place. The multiple response system shall provide a family-centered approach to child protective services in which local departments of social services use family assessment tools and family support principles when responding to selected reports of suspected child abuse, neglect, and dependency, including establishing a system of care with child and family teams.

SECTION 10.45.(b) The Department of Health and Human Services shall expand this project using both State appropriations and any non-State funding sources that can be identified for this purpose. Funds appropriated in this act to the Department for this purpose may be allocated to counties for multiple response system implementation, and counties may use these funds and other resources available for this purpose.

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 10.46.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 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 10.46.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 per child per month for children aged 13 through 18.

SECTION 10.46.(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 10.46.(d) The maximum rates for the State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

(1) $800.00 per child per month with indeterminate HIV status;
(2) $1,000 per child per month confirmed HIV-infected, asymptomatic;
(3) $1,200 per child per month confirmed HIV-infected, symptomatic; and
(4) $1,600 per child per month terminally ill with complex care needs.

CHILD CARING INSTITUTIONS

SECTION 10.47.(a) The Office of the State Auditor shall conduct an audit to evaluate overhead rates and reimbursements for child caring institutions receiving State funding. Of the funds appropriated to the Department of Health and Human Services, the sum of one hundred fifty thousand dollars ($150,000) shall be transferred to the State Auditor to conduct the audit. The audit shall include the following:

(1) A detailed evaluation of each child caring institution's cost allocation processes.
(2) A determination of whether the allocated costs are consistent in different agencies.
(3) A determination of the basis used for cost allocation by each agency.
(4) The methodology used to assign direct and indirect costs to specific child caring institution programs.
(5) A determination of whether the overhead charged is reasonable for that specific type of nonprofit, based on national surveys.
(6) A determination of how agency utilization rates impact the child caring institutions' cost allocation and subsequent State reimbursements.
(7) An examination of rate-setting methodologies used by other states and how North Carolina's payments to child caring institutions compare to other states.
(8) Recommendations on how to develop equitable, reasonable rates.
(9) An examination of the feasibility of providing child caring institutions with the opportunity to compete based on providing the best service at least cost.

The Office of the State Auditor 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 no later than May 1, 2006. The written report shall include copies of working papers developed during the course of the audit.

SECTION 10.47.(b) The Department of Health and Human Services shall establish standardized rates for child caring institutions in this State. These rates shall be effective July 1, 2006, and shall be updated annually on July 1. Rate-setting recommendations provided by the Office of the State Auditor shall be incorporated into the Department of Social Services' rate-setting methodology.

SECTION 10.47.(c) Until standardized rates are set, child caring institutions' maximum reimbursement shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, counties shall include county and IV-E reimbursements.

SECTION 10.47.(d) Minimum reimbursement for foster parents providing services through child caring institutions shall not be lower than the rates established by the General Assembly.

SPECIAL CHILDREN ADOPTION FUND

SECTION 10.48.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one hundred thousand dollars ($100,000) shall be used to support the Special Children Adoption Fund for the 2005-2006 fiscal year. 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 income exceeds two hundred percent (200%) of the federal poverty level.

SECTION 10.48.(b) Of the total funds appropriated for the Special Children Adoption Fund each year, twenty percent (20%) of the total funds available shall be reserved for payment to participating private adoption agencies. If the funds reserved in

this subsection for payments to private agencies have not been spent on or before March 31, 2006, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies.

SECTION 10.48.(c) The Division of Social Services shall monitor the total expenditures in the Special Children Adoption Fund and redistribute unspent funds to ensure that the funds are used according to the guidelines established in subsection (a) of this section. The Division shall implement strategies to ensure that funds that have historically reverted for this program are used for the intended purpose. The Division shall report 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 on the expenditures and activities of the program no later than December 1, 2005, and June 30, 2006.

STUDY TO IDENTIFY ADOPTION INCENTIVES FOR CHILDREN WHO ARE DIFFICULT TO PLACE

SECTION 10.49. The Department of Health and Human Services shall conduct a study to identify potential incentives for adoption of children who are difficult to place and the associated costs for each incentive. The study shall identify incentives currently in place in individual counties and the associated costs. The study shall identify funding sources available to support each incentive. 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 no later than October 1, 2005.

LIMITATION ON STATE ABORTION FUND

SECTION 10.50. 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 2005-2006 and 2006-2007 fiscal years.

TANF BENEFIT IMPLEMENTATION

SECTION 10.51.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007", prepared by the Department of Health and Human Services and presented to the General Assembly as revised in accordance with subsection (b) of this section, except that the provision contained in the approved North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007 eliminating pay-after-performance as a benefit delivery method for two-parent families will only be implemented if the federal two-parent work participation rate is eliminated. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2005, through September 30, 2007. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services, as amended by this act or any other act of the 2005 General Assembly.

SECTION 10.51.(b) The counties approved as Electing Counties in North Carolina's Temporary Assistance for Needy Families State Plan FY 2005-2007 as approved by this section are: Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, McDowell, Sampson, and Stokes.

SECTION 10.51.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for fiscal years 2005 through 2007, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2005. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2005.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

SECTION 10.51A.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be developed and implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 10.51A.(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 information and data that allows for:

(1) An established follow-up system with a minimum of six months of follow-up services.
(2) Detailed information on the specific interventions applied including utilization indicators and performance measurement.
(3) Cost-benefit data.
(4) Data on long-term benefits associated with Intensive Family Preservation Services. This data shall be obtained by tracking families through the intervention process.
(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.
(6) The number and percentage by race of children who received Intensive Family Preservation Services compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 10.51A.(c) The Department shall establish performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

SECTION 10.51A.(d) The Department shall report on the implementation of this section not later than February 1, 2006, 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.

RESIDENTIAL SCHOOLS REPORTING

SECTION 10.52. The Office of Education Services shall report not later than December 1, 2005, 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 activities of the Eastern North Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at Morganton, and the Governor Morehead School for the Blind. The report shall include enrollment numbers at the schools, the budgets, and the academic status of the schools as defined under the ABCs program.

FUNDS FOR SCHOOL NURSES

SECTION 10.53.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two million five hundred thousand dollars ($2,500,000) for the 2005-2006 fiscal year, and the sum of two million five hundred thousand dollars ($2,500,000) for the 2006-2007 fiscal year shall be used for the school nurse funding initiative. The Department of Health and Human Services, Division of Public Health, in conjunction with the Department of Public Instruction, shall provide funds to communities to hire school nurses. The program will fund 50 permanent local

nurses. The criteria shall include determining the areas in greatest need for school nurses with the greatest inability to pay for these nurses. Other criteria to be considered shall include: (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children.

There shall be no supplanting of local, State, or federal funds with these funds. Communities shall maintain their current level of effort and funding for school nurses. These funds shall not be used for funding nurses for State agencies. All funding shall be used for direct services.

The Department of Health and Human Services shall report on the use of funds allocated under this section by December 1, 2005, 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 10.53.(b) All school nurses funded with State funds appropriated in this act shall participate, as needed, in child and family teams established in this act.

EARLY INTERVENTION REPORTING AND EVALUATION

SECTION 10.54.(a) The Department of Health and Human Services, Division of Public Health, shall report on Early Intervention services. The report shall include the number of children served, the number and types of services and evaluations provided, and the budget for each Children's Developmental Services Agency. In addition, the Division of Public Health shall evaluate its Early Intervention Program provider network, including provider certification and continuing education requirements.

SECTION 10.54.(b) The Department of Health and Human Services shall analyze the reimbursement rates for Early Intervention services, and may adjust rates according to the findings of the analysis.

SECTION 10.54.(c) The Division of Public Health shall analyze the program funding for the Children with Special Needs Program and shall develop a plan to utilize these funds within the Early Intervention Program. The Division 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 December 1, 2005.

EARLY INTERVENTION PROGRAM RULES ADOPTED BY COMMISSION FOR HEALTH SERVICES

SECTION 10.54A. Part 1 of Article 5 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"**§ 130A-126. Rule-making authority for birth – three-year-old early intervention program.**

The rule-making authority for the birth – three-year-old early intervention program through Part C of the Individuals with Disabilities Act (IDEA) is transferred from the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services to the Commission for Health Services."

CHRONIC DISEASE PREVENTION ACTIVITIES INVENTORY

SECTION 10.56. In order to reduce costs and eliminate duplication of effort, the Department of Health and Human Services shall create an inventory of all chronic disease prevention activities, funding, staffing, and other resources for these activities, including funding and resources for related task forces and committees. The inventory shall include at a minimum, heart disease, stroke, diabetes, osteoporosis, and cancer. The Department shall create a plan to combine task forces and activities for chronic disease prevention and shall explore collapsing these task forces and committees into the Healthy Carolinians structure. The Department shall report on the

inventory and the Department's recommendations not later than February 1, 2006, 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.

PILOT PROGRAM FOR AUTOMATIC EXTERNAL DEFIBRILLATORS IN PUBLIC BUILDINGS

SECTION 10.57.(a) The Department of Health and Human Services, Division of Public Health, shall develop a pilot program to place Automated External Defibrillators (AED) in public buildings, including public gymnasiums, that do not have an operational AED in place. In selecting pilot sites, the Department shall ensure geographic representation of the State.

SECTION 10.57.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seventeen thousand dollars ($17,000) for the 2005-2006 fiscal year, and the sum of six thousand dollars ($6,000) for the 2006-2007 fiscal year shall be used to purchase AED units, conduct on-site training at the pilot sites, and conduct ongoing education and awareness campaigns to the general public in the piloted sites. The Department shall ensure that training in the use of an AED shall be conducted in accordance with G.S. 90-21.15(b)(3). The Heart Disease and Stroke Prevention Branch of the Division of Public Health shall be responsible for the purchase of AEDs, the training of pilot program participants, and evaluation of the pilot program.

SECTION 10.57.(c) The Department of Health and Human Services shall report on the location, establishment, and implementation of the pilot sites 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 March 1, 2006.

IMMUNIZATION PROGRAM FUNDING

SECTION 10.58.(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 one million dollars ($1,000,000) for the 2005-2006 fiscal year and the sum of one million dollars ($1,000,000) for the 2006-2007 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.

(2) Continued development of an automated immunization registry.

SECTION 10.58.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services or contracts, except for contracts to develop an automated immunization registry or contracts with local health departments for outreach.

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.59.(a) For the 2005-2006 fiscal year and for the 2006-2007 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 2005-2007 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level.

SECTION 10.59.(b) The Department of Health and Human Services shall make an interim report on ADAP program utilization by January 1, 2006, and a final report on ADAP program utilization by May 1, 2006, 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 ADAP program utilization as follows:

(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) Fiscal year-to-date budget information.
(8) The status of the new system of management for ADAP, the costs savings realized from the new system, and recommendations for improving the system.

HEALTH INFORMATION SYSTEMS DEVELOPMENT FUNDS

SECTION 10.59A.(a) The sum of four million sixty-five thousand four hundred sixty-nine dollars ($4,065,469) is appropriated from Budget Code 24430, Fund Code 2117, to the Department of Health and Human Services, Division of Public Health, for the 2005-2006 fiscal year. These funds shall be used for the development and implementation of the Health Information Systems (HIS), an initiative that will provide an automated means of capturing, monitoring, reporting, and billing services provided in local health departments, CDSAs, and the State Public Health Lab. The HIS will allow for interfaces to local health departments' own vendor systems and is intended to replace the outdated Health Services Information System.

SECTION 10.59A.(b) The Department of Health and Human Services, Division of Public Health, shall report on the use of these funds 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 not later than March 1, 2006.

FUNDS FOR PILOT PROGRAM TO RECRUIT MINORITY STUDENTS INTO PHARMACY SCHOOLS

SECTION 10.59B. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of three hundred thousand dollars ($300,000) for the 2005-2006 fiscal year shall be used to develop a pilot program for the recruitment of minority students into pharmacy schools. The pilot program shall include all pharmacy schools willing to participate as well as community colleges with equipment and incentives for students that might be pharmacy school candidates. The Department shall report on the progress of the pilot program 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 not later than March 1, 2006.

HEALTH-RELATED INITIATIVES FUNDS

SECTION 10.59C. The sum of sixty-eight million dollars ($68,000,000) is appropriated from Budget Code 23460, Fund Code 2120, to the Health and Wellness Trust Fund for the 2005-2006 fiscal year for the purpose of health-related initiatives as approved by the Health and Wellness Trust Fund Commission, other projects allowed by G.S. 147-86.30, and line items allowed under G.S. 143-23.

COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.59E. Of funds appropriated in this act to the Department of Health and Human Services for the 2005-2006 fiscal year, the sum of two million dollars ($2,000,000) shall be allocated for the Community-Focused Eliminating Health Disparities Initiative (CFEHDI) to build capacity of faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to white persons. The areas of focus on health status shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and homicides and motor vehicle deaths. These funds shall also be used to support one FTE in the Department of Health and Human Services to monitor, track, and evaluate grantees' progress in meeting performance-based standards and outcomes established by the Department.

GOVERNOR'S VISION CARE PROGRAM ESTABLISHED

SECTION 10.59F.(a) Program established. – There is established in the Department of Health and Human Services, Division of Public Health, the Governor's Vision Care Program. The purpose of the Program is to provide funds for early detection and correction of vision problems in children enrolled in grades K through 3 who are eligible for services under the Program. These funds shall be allocated to reimburse optometrists and ophthalmologists licensed to practice in this State for the comprehensive eye examination, including necessary spectacles, provided to meet the requirements of G.S. 130A-440.1.

SECTION 10.59F.(b) Eligibility. – Children eligible for services under this section shall be those with a family income not exceeding two hundred fifty percent (250%) of the federal poverty level, who do not have private health insurance coverage, and are not eligible for services under NC Health Choice, Medicaid, the Department of Health and Human Services' Commission for the Blind programs, VSP's Sight for Students, or the Lions Club Foundation.

SECTION 10.59F.(c) For the purposes of this section, "comprehensive eye examination" means a complete and thorough examination of the eye and human visual system that includes an evaluation, determination, and diagnosis of:

(1) Visual acuity at distance and near;
(2) Alignment and ocular motility;
(3) Binocular fusion abnormalities, including tracking;
(4) Actual refractive errors, including verification by subject means;
(5) Any color vision disorder;
(6) Intraocular pressure as may be medically appropriate; and
(7) Ocular health, including internal and external assessment.

Routine screening that does not encompass all of the examination components listed in this subsection does not qualify for reimbursement from the Program.

SECTION 10.59F.(d) Article 3 of Chapter 143B of the General Statutes is amended by adding the following new Part to read:

"Part 34. Governor's Commission on Early Childhood Vision Care.

"**§ 143B-216.67. Governor's Commission on Early Childhood Vision Care.**

(a) There is established the Governor's Commission on Early Childhood Vision Care ("Commission"). The Commission shall be located in the Department of Health and Human Services for administrative and budgetary purposes only.

(b) The Commission shall consist of six members appointed as follows:

(1) Two optometrists and two ophthalmologists, each of whom is licensed to practice in this State, appointed by the Governor;

(2) One optometrist licensed to practice in this State appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives; and

(3) One ophthalmologist licensed to practice in this State appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.

The initial members appointed by the General Assembly shall each serve a one-year term. The initial members appointed by the Governor shall each serve a two-year term. Subsequent appointments shall be for three-year terms. Vacancies shall be filled by the original appointing authority.

(c) The Commission shall adopt rules to implement and administer the Governor's Vision Care Program established under this section. The rules shall address:

(1) Accepting and processing of applications by families for Program services.

(2) Verification of applicant income eligibility.

(3) Reimbursement to providers for services provided to eligible participants.

(4) Informing providers and the general public about the Program.

(5) Other duties necessary to implement the purposes and requirements of this section.

The Commission shall develop alternative ways for providing services to children who qualify for the Program when funding for Program services has been exhausted.

(d) Commission members who are officials or employees of the State or local government agencies shall be paid per diem, subsistence, and travel expenses in accordance with G.S. 138-6. All other Commission members shall be paid in accordance with G.S. 138-5.

(e) The Chair of the Commission shall be an ophthalmologist or optometrist appointed by the Governor to serve alternately from year to year. The Commission shall meet upon the call of the Chair. A majority of the Commission members shall constitute a quorum. The Department of Health and Human Services shall provide meeting space and staff to assist the Commission."

SECTION 10.59F.(e) Funds appropriated in this act to the Reserve for the Governor's Vision Care Program shall be used to reimburse providers for comprehensive eye examination services, including necessary spectacles, required under this section.

SECTION 10.59F.(f) Not later than May 1, 2006, the Department of Health and Human Services shall report 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 on the implementation of this section. The report shall include the number of children who were exempt from the comprehensive eye examination requirement under G.S. 130A-440.1(a).

SECTION 10.59F.(g) Article 18 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"**§ 130A-440.1. Comprehensive eye examination required.**

(a) Every child in this State entering kindergarten in the public schools shall obtain a comprehensive eye examination pursuant to the terms of this section not more than six months prior to the date of school entry.

(b) The comprehensive eye examination required under this section shall be conducted by an optometrist or ophthalmologist licensed to practice in this State. No child shall attend kindergarten unless a comprehensive eye examination transmittal form, developed pursuant to G.S. 130A-441, indicating that the child has received the comprehensive eye examination required by this section, is presented to the school

principal, except in cases where the child has moved to North Carolina within the 60 days immediately preceding school entry, in which case the child shall have 60 days from the date of school entry to submit the eye examination transmittal form required under this section. In the event a child is unable to obtain services after the 60-day period has elapsed, the principal shall report this information to the Commission so that the Commission may identify alternative ways to provide services to these children.

The comprehensive eye examination shall consist of a complete and thorough examination of the eye and human visual system that includes an evaluation, determination, and diagnosis of:

(1) Visual acuity at distance and near;
(2) Alignment and ocular motility;
(3) Binocular fusion abnormalities, including tracking;
(4) Actual refractive errors, including verification by subject means;
(5) Any color vision disorder;
(6) Intraocular pressure as may be medically appropriate; and
(7) Ocular health, including internal and external assessment.

Health assessment vision screening under G.S. 130A-440 does not meet the requirements of this section.

(c) The comprehensive eye examination transmittal form shall contain a summary of the comprehensive eye examination performed by the optometrist or ophthalmologist. Any treatment recommendations by the optometrist or ophthalmologist, such as spectacles for schoolwork, shall appear in the summary and school health card.

(d) This section shall not apply to children entering kindergarten in private church schools, schools of religious charter, or qualified nonpublic schools regulated by Article 39 of Chapter 115C of the General Statutes.

(e) G.S. 130A-441, 130A-442, and 130A-443, pertaining to health assessments, apply to comprehensive eye examinations required under this section."

SECTION 10.59F.(h) This section becomes effective beginning with the 2006-2007 school year.

LRC STUDY SCHOOL-BASED AND SCHOOL-LINKED HEALTH CENTERS

SECTION 10.59G.(a) The Legislative Research Commission may study and evaluate the number of school-based and school-linked health centers in providing primary care, mental health, and other health care services to determine the centers' impact on providing health care. In conducting the study, the Commission may consider the following:

(1) The health centers' role in contributing to the health and well-being of adolescents and in reducing the cost of health care.
(2) Adequacy of current funding and measures needed to sustain the centers as part of the overall school health strategy to improve the health of adolescents.
(3) The secured-care rate for students who have access to not only a school nurse but also to a school-based or school-linked health center and whether students receive care in a timely manner from appropriate health care providers.
(4) Other matters related to the efficacy and efficiency of school-based and school-linked health centers such that care provided enables students to remain in class, be productive and attentive while in class, and have fewer absences from school.

To assist in the study, the Commission may consult with such stakeholders as the North Carolina Association of School-Based and School-Linked Health Centers, the North Carolina Pediatric Society, the Adolescent Pregnancy Prevention Coalition of North Carolina, the Department of Health and Human Services, Division of Public Health, and other interested parties.

SECTION 10.59G.(b) The Legislative Research Commission may make an interim report, including proposed legislation, to the 2006 Regular Session of the 2005 General Assembly and shall make its final report to the 2007 General Assembly upon its convening.

SECTION 10.59G.(c) The Legislative Services Officer shall allocate funds appropriated in this act to the General Assembly for the expenditures of the Legislative Services Commission in conducting this study.

FUNDS FOR RURAL HOSPITAL OPERATIONS

SECTION 10.59H. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of three million dollars ($3,000,000) for the 2005-2006 fiscal year shall be allocated to rural hospitals in need of assistance with the operations of the hospital. The Department of Health and Human Services shall convene an advisory group to establish criteria for distribution of these funds. The criteria shall include the number of indigent patients served, the number of Medicaid recipients served, the per capita income of the area served by the hospital, and the financial needs of the hospital. The Department shall report on the allocation of these funds 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, 2006.

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.60. 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 a match. This shall not prohibit any locality from spending local funds for child care services.

CHILD CARE ALLOCATION FORMULA

SECTION 10.61.(a) The Department of Health and Human Services shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) 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 use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

(1) Funds shall be allocated based upon the projected cost of serving children in a county under age 11 in families with all parents working who earn less than seventy-five percent (75%) of the State median income.

(2) No county's allocation shall be less than ninety percent (90%) of its State fiscal year 2001-2002 initial child care subsidy allocation.

SECTION 10.61.(b) The Department of Health and Human Services may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including Smart Start funds, within a county.

SECTION 10.61.(c) Notwithstanding subsection (a) of this section, the Department of Health and Human Services shall allocate up to twenty-two million dollars ($22,000,000) in federal block grant funds and State funds appropriated for fiscal years 2004-2005 and 2005-2006 for child care services. These funds shall be allocated to prevent termination of child care services.

CHILD CARE SUBSIDY RATES

SECTION 10.62.(a) 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 10.62.(b) 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. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 10.62.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

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

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

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

(4) 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 10.62.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

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

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

SECTION 10.62.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 10.62.(f) 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 10.62.(g) 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 10.62.(h) 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.

CHILD CARE REVOLVING LOAN

SECTION 10.63. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or pay the Department's cost of administering the program.

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.64.(a) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management.

SECTION 10.64.(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.
(2) For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.
(3) For amounts of fifteen thousand dollars ($15,000) or more, but less than forty thousand dollars ($40,000), a request for proposal process.
(4) For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 10.64.(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 carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the

purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the 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.
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a 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 10.64.(d) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 10.64.(e) 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 years 2005-2006 and 2006-2007 shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for fiscal years 2005-2006 and 2006-2007. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.
(2) Expenditures of State funds for advertising and promotional activities are prohibited for fiscal years 2005-2006 and 2006-2007.

SECTION 10.64.(f) A county 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.

SECTION 10.64.(g) For fiscal years 2005-2006 and 2006-2007, the local partnerships shall spend an amount for child care subsidies that provides at least fifty-two million dollars ($52,000,000) for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement.

SMART START FUNDING STUDY

SECTION 10.65.(a) The North Carolina Partnership for Children, Inc., shall study its allocation of funds to local partnerships. The North Carolina Partnership for Children, Inc., shall study funding equity among all counties and local partnerships based on population, the number of children from birth to five years of age residing in the county region, economic indicators, and the quality of existing child care. The North Carolina Partnership for Children, Inc., shall develop strategies to alleviate the inequity of funds to local partnerships.

SECTION 10.65.(b) The North Carolina Partnership for Children, Inc., 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 on or before March 1, 2006.

ANALYZE CHILD CARE SUBSIDY REIMBURSEMENT SYSTEM

SECTION 10.66.(a) The Department of Health and Human Services, Division of Child Development, shall conduct an analysis of the child care subsidy reimbursement system. The Division of Child Development shall conduct the analysis as follows:

(1) Compare surveyed rates from the 2005 child care market survey to existing reimbursement rates and identify counties and levels of disparity of current market rates to subsidy reimbursements.

(2) Compare overall compensation for child care workers by county and determine if there is a correlation with child care quality and subsidy reimbursements.

(3) Examine, by county, the prevalence of child care providers who charge parents a differential fee to make up the difference between private and subsidy reimbursement rates.

(4) Examine the impact:

a. That child care reimbursement rates have on providing families' access to all levels of child care; and

b. Of North Carolina Partnership for Children, Inc., funding on market rates and quality of child care by comparing the length of time local partnerships have been present in the counties, the amount local partnerships spend on child care quality initiatives, number of higher quality child care centers and homes, and the allocation to the county by percentage of need.

SECTION 10.66.(b) The Division of Child Development shall develop strategies to implement market rate equity among counties and submit a report of 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 by April 30, 2006.

MORE AT FOUR

SECTION 10.67.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of sixty-six million six hundred forty-six thousand six hundred fifty-three dollars ($66,646,653) for the 2005-2006 fiscal year and the sum of sixty-six million six hundred forty-six thousand six hundred fifty-three dollars ($66,646,653) for the 2006-2007 fiscal year shall be used to implement "More at Four", a voluntary prekindergarten program for at-risk four-year-olds.

SECTION 10.67.(b) The Department of Health and Human Services and the Department of Public Instruction, with guidance from the Task Force, shall continue the implementation of the "More at Four" prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The program is available statewide to all counties that choose to participate, including underserved areas. The goal of the program is to provide quality prekindergarten services to a greater number of at-risk children in order to enhance kindergarten readiness for these children. The program shall be consistent with standards and assessments established jointly by the Department of Health and Human Services and the Department of Public Instruction. The program shall include:

(1) A process and system for identifying children at risk of academic failure.

(2) A process and system for identifying children who are not being served first priority in formal early education programs, such as child care, public or private preschools, Head Start, Early Head Start, early intervention programs, or other such programs, who demonstrate educational needs, and who are eligible to enter kindergarten the next school year, as well as children who are underserved.

(3) A curriculum or several curricula that are recommended by the Task Force. The Task Force will identify and approve appropriate research-based curricula. These curricula shall: (i) focus primarily on oral language and emergent literacy; (ii) engage children through key experiences and provide background knowledge requisite for formal learning and successful reading in the early elementary years; (iii) involve active learning; (iv) promote measurable kindergarten language-readiness skills that focus on emergent literacy and mathematical skills; and (v) develop skills that will prepare children emotionally and socially for kindergarten.

(4) An emphasis on ongoing family involvement with the prekindergarten program.

(5) Evaluation of child progress through preassessment and postassessment of children in the statewide evaluation, as well as ongoing assessment of the children by teachers.

(6) Guidelines for a system to reimburse local school boards and systems, private child care providers, and other entities willing to establish and provide prekindergarten programs to serve at-risk children.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities that demonstrate the ability to establish or expand prekindergarten capacity.

(8) A quality-control system. Participating providers shall comply with standards and guidelines as established by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force. The Department may use the child care rating system to assist in determining program participation.

(9) Standards for minimum teacher qualifications. A portion of the classroom sites initially funded shall have at least one teacher who is certified or provisionally certified in birth-to-kindergarten education.

(10) A local contribution. Programs must demonstrate that they are accessing resources other than "More at Four".

(11) A system of accountability.

(12) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall consider the reallocation of existing funds from State and local programs that provide prekindergarten-related care and services.

SECTION 10.67.(c) The Department of Health and Human Services shall plan for expansion of the "More at Four" program within existing resources to include four- and five-star-rated centers and schools serving four-year-olds and develop guidelines for these programs. The Department shall analyze guidelines for use of the "More at Four" funds, State subsidy funds, and Smart Start subsidy funds and devise a complementary plan for administration of funds for all four-year-old classrooms. The four- and five-star-rated centers that choose to become a "More at Four" program shall, at a minimum, receive curricula and access to training and workshops for "More at Four" programs and be considered along with other "More at Four" programs for T.E.A.C.H. funding. The Department shall ensure that no individual receives funding from more than one source for the same purpose or activity during the same funding period. For purposes of this subsection, sources shall include T.E.A.C.H., W.A.G.E.$., and T.E.A.C.H. Health Insurance programs for individual recipients.

The "More at Four" program shall review the number of slots filled by counties on a monthly basis and shift the unfilled slots to counties with waiting lists. The shifting of slots shall occur through December 30, 2005, at which time any remaining funds for slots unfilled shall be used to meet the needs of the waiting list for subsidized child care.

SECTION 10.67.(d) The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall submit a report by February 1, 2006, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, 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. This final report shall include the following:

(1) The number of children participating in the program.
(2) The number of children participating in the program who have never been served in other early education programs, such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
(3) The expected expenditures for the programs and the source of the local match for each grantee.
(4) The location of program sites and the corresponding number of children participating in the program at each site.
(5) Activities involving Child Find in counties.
(6) A comprehensive cost analysis of the program, including the cost per child served by the program.
(7) The plan for expansion of "More at Four" through existing resources as outlined in this section.

SECTION 10.67.(e) For the 2005-2006 and the 2006-2007 fiscal years, the "More at Four" program shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income to make the program consistent with the child care subsidy requirements. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if they have other designated risk factors.

SECTION 10.67.(f) The "More at Four" program funding shall not supplant any funding for classrooms serving four-year-olds as of the 2003-2004 fiscal year.

SECTION 10.67.(g) The Department of Health and Human Services, Division of Child Development, shall review and evaluate the early literacy project in Davie County and consider incorporation of this curriculum into the "More at Four" program.

OFFICE OF SCHOOL READINESS

SECTION 10.68.(a) The Department of Health and Human Services, the Department of Public Instruction, and the Office of the Governor shall establish a study

group to develop a plan for the creation of an Office of School Readiness. In conducting the study, the study group shall identify all State programs impacting children's readiness for school and the ways in which these State programs currently coordinate. The study shall include a survey of other states to determine organizational structures that exist to manage prekindergarten programs, child care licensure and regulation, and other early childhood-related programs. The study group shall also study the advantages or disadvantages of transferring the "More at Four" program to the Department of Public Instruction or the Department of Health and Human Services and any advantages or disadvantages the transfer may have on children being served by the "More at Four" program.

SECTION 10.68.(b) After conducting the study, the study group shall develop a recommendation for the structure of North Carolina's prekindergarten and other early childhood-related programs and develop a plan for the implementation of these recommendations.

SECTION 10.68.(c) Effective when this act becomes law, early childhood-related programs, including the "More at Four" program, Head Start program, and child care licensure and regulation, shall remain in their current departments until the General Assembly approves the plan.

SECTION 10.68.(d) The study group 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 by March 1, 2006.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services <u>for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and</u> for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of

SECTION 40.2.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2005.

SECTION 40.2.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2005-2006 fiscal year is two hundred thousand dollars ($200,000).

SECTION 40.2.(c) This section becomes effective July 1, 2005.

PART XLI. HEALTH AND HUMAN SERVICES FEES

NEWBORN SCREENING FEE

SECTION 41.1.(a) G.S. 130A-125(c) reads as rewritten:

"(c) ~~The Department may impose a fee for a laboratory test performed pursuant to this section by the State Public Health Laboratory. A fee for a test must be based on the actual cost of performing the test.~~ A fee of fourteen dollars ($14.00) applies to a laboratory test performed by the State Public Health Laboratory performed pursuant to this section. Fees collected shall remain in the Department to be used to offset the cost of the Newborn Screening Program."

SECTION 41.1.(b) This section becomes effective August 15, 2005, and applies to laboratory tests performed on or after that date.

DIVISION OF FACILITY SERVICES FEES

SECTION 41.2.(a) G.S. 131D-2(b)(1), as amended by Section 10.40A.(i) of Senate Bill 622, 2005 General Assembly, 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. The Department shall issue a license for a facility not currently licensed as an adult care home for a period of six months. If the licensee demonstrates substantial compliance with Articles 1 and 3 of this Chapter and rules adopted pursuant thereto, the Department shall issue a license for the balance of the calendar year. Licenses renewed under the authority of this section shall be valid for one year from the date of renewal unless revoked earlier by the Secretary for failure to comply with any part of this section or any rules adopted hereunder. Licenses shall be renewed annually upon filing and the Department's approval of the renewal application. The Department shall charge each adult care home with six or fewer beds a nonrefundable annual license fee in the amount of ~~one hundred twenty-five dollars ($125.00).~~ two hundred fifty dollars ($250.00).The Department shall charge each adult care home with more than six beds a nonrefundable annual license fee in the amount of ~~one hundred seventy-five dollars ($175.00)~~ three hundred fifty dollars ($350.00) plus a nonrefundable annual per-bed fee of ~~six dollars and twenty-five cents ($6.25).~~twelve dollars and fifty cents ($12.50). A license shall not be renewed if outstanding fees, 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
   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 41.2.(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 base license fee plus a nonrefundable annual per-bed fee as follows:

Facility Type	Number of Beds	Base Fee	Per-Bed Fee
General Acute Hospitals:	1-49 beds	~~$125.00~~250.00	~~$6.25~~12.50

50-99 beds	~~$175.00~~350.00	~~$6.25~~12.50
100-199 beds	~~$225.00~~450.00	~~$6.25~~12.50
200-399 beds	~~$275.00~~550.00	~~$6.25~~12.50
400-699 beds	~~$375.00~~750.00	~~$6.25~~12.50
700+ beds	~~$475.00~~950.00	~~$6.25~~12.50
Other Hospitals:	~~$250.00~~500.00	~~$6.25~~12.50"

SECTION 41.2(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 ~~two hundred twenty-five dollars ($225.00)~~ four hundred fifty dollars ($450.00) plus a nonrefundable annual per-bed fee of ~~six dollars and twenty-five cents ($6.25)~~.twelve dollars and fifty cents ($12.50)."

SECTION 41.2(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 seventy-five dollars ($175.00)~~.three hundred fifty dollars ($350.00)."

SECTION 41.2(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 base license fee in the amount of ~~three hundred fifty dollars ($350.00)~~ seven hundred dollars ($700.00) plus a nonrefundable annual per-operating room fee in the amount of ~~twenty-five dollars ($25.00)~~.fifty dollars ($50.00)."

SECTION 41.2(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 one year 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 ~~one hundred twenty-five dollars ($125.00)~~.two hundred fifty dollars ($250.00)."

SECTION 41.2(g) G.S. 131E-269 reads as rewritten:

"**§ 131E-269. Authorization to charge fee for certification of facilities suitable to perform abortions.**

The Department of Health and Human Services shall charge each hospital or clinic certified by the Department as a facility suitable for the performance of abortions, as

authorized under G.S. 14-45.1, a nonrefundable annual certification fee in the amount of ~~three hundred fifty dollars ($350.00).~~seven hundred dollars ($700.00)."

SECTION 41.2(h) G.S. 122C-23(h) reads as rewritten:

"(h) The Department shall charge facilities licensed under this Chapter that have licensed beds a nonrefundable annual base license fee plus a nonrefundable annual per-bed fee as follows:

Type of Facility	Number of Beds	Base Fee	Per-Bed Fee
Facilities (non-ICF/MR):	6 or fewer beds	~~$125.00~~250.00	$0
	More than 6 beds	~~$175.00~~350.00	~~$6.25~~12.50
ICF/MR Only:	6 or fewer beds	~~$325.00~~650.00	$0
	More than 6 beds	~~$325.00~~650.00	~~$6.25~~12.50"

SECTION 41.2(i) G.S. 131E-138.1 reads as rewritten:

"**§ 131E-138.1. Licensure fees for nursing beds and adult care home beds in continuing care retirement communities.**

The Department shall charge continuing care retirement communities licensed under Article 64 of Chapter 58 of the General Statutes that have nursing home beds or adult care home beds licensed by the Department a nonrefundable annual base license fee in the amount of ~~two hundred twenty-five dollars ($225.00)~~four hundred fifty dollars ($450.00) plus a nonrefundable annual per-bed fee in the amount of ~~six dollars and twenty-five cents ($6.25).~~twelve dollars and fifty cents ($12.50)."

SECTION 41.2(j) G.S. 131E-267 reads as rewritten:

"**§ 131E-267. Fees for departmental review of health care facility construction projects.**

The Department of Health and Human Services shall charge a fee for the review of each health care facility construction project to ensure that project plans and construction are in compliance with State law. The fee shall be charged on a one-time, per-project basis, as follows, and shall not exceed twelve thousand five hundred dollars ($12,500) for any single project:

Institutional Project	Project Fee
Hospitals	~~$150.00 plus $0.10/square foot of project space~~
	$300.00 plus $0.20/square foot of project space
Nursing Homes	~~$125.00 plus $0.08/square foot of project space~~
	$250.00 plus $0.16/square foot of project space
Ambulatory Surgical Facility	~~$100.00 plus $0.08/square foot of project space~~
	$200.00 plus $0.16/square foot of project space
Psychiatric Hospital	~~$100.00 plus $0.08/square foot of project space~~
	$200.00 plus $0.16/square foot of project space
Adult Care Home ~~more than 7 beds~~	~~$87.00 plus $0.05/square foot of project space~~
7 or more beds	$175.00 plus $0.10/square foot of project space

Residential Project	Project Fee
Family Care Homes	~~$87.00~~ 175.00 flat fee
ICF/MR Group Homes	~~$137.00~~275.00 flat fee
Group Homes: 1-3 beds	~~$50.00~~ 100.00 flat fee
Group Homes: 4-6 beds	~~$87.00~~ 175.00 flat fee
Group Homes: 7-9 beds	~~$112.00~~225.00 flat fee
Other residential: More than 9 beds	~~$112.00~~225.00 plus ~~$0.038~~/0.075/square foot of project space."

SECTION 41.2.(k) This section becomes effective October 1, 2005.

PART XLII. NATURAL AND ECONOMIC RESOURCES FEES

INCREASE VARIOUS AGRICULTURE FEES

SECTION 42.1.(a) G.S. 106-284.34(c) reads as rewritten:

"(c) No person shall distribute in this State a commercial feed, except a customer-formula feed, which has not been registered pursuant to the provisions of this section. The application for registration shall be submitted in the manner prescribed by the Commissioner. Upon approval by the Commissioner or his duly designated agent the registration shall be issued to the applicant. All registrations expire on the thirty-first day of December of each year. An annual registration fee of ~~three dollars ($3.00)~~five dollars ($5.00) for each commercial feed other than canned pet food shall accompany each request for registration. An annual registration fee of ~~ten dollars ($10.00)~~twelve dollars ($12.00) for each canned pet food shall accompany each request for registration."

SECTION 42.1.(b) G.S. 106-284.40(b)(4) reads as rewritten:

"(4) In the case of a commercial feed other than canned pet food which is distributed in the State only in packages of five pounds or less, an annual registration fee of ~~thirty dollars ($30.00)~~forty dollars ($40.00) shall be paid in lieu of the inspection fee specified above."

SECTION 42.1.(c) G.S. 106-277.28(3) reads as rewritten:

"(3) Each seed dealer or grower who has seed, whether originated or labeled by the dealer or grower, that is offered for sale in this State shall report the quantity of seed offered for sale and pay an inspection fee of ~~two cents (2¢)~~four cents (4¢) for each container of seeds weighing 10 pounds or more. Seed shall be subject to the inspection fee and reporting requirements only once in any 12-month period. This fee does not apply to seed grown by a farmer and offered for sale by the farmer at the farm where the seed was grown."

SECTION 42.1.(d) The Board of Agriculture shall charge no more than the following fees for agronomic services:

Test/Service		Fee
(1)	Routine nematode samples	$ 3.00
(2)	Routine waste samples	$ 5.00
(3)	Research soil and nematode samples	$12.00
(4)	Research plant, waste, and solution samples	$12.00
(5)	Nonresident nematode samples	$14.00
(6)	Nonresident plant, waste, and solution samples	$26.00
(7)	Special services for plant, waste, and solution samples:	
	a. Heavy metals-soils	$25.00
	b. Nitrates-soils	$ 5.00
	c. Waste-heavy metals	$10.00
	d. Waste-N breakout	$10.00
	e. Waste-liming equivalent	$10.00
	f. Plant-chloride	$ 5.00
	g. Plant-molybdenum	$ 5.00
	h. Plant-petiole nitrates	$ 5.00.

SECTION 42.1.(e) The Board of Agriculture shall charge the following fees for animal disease diagnostic tests and services:

Test/Service		Fee
(1)	Histopath	$30.00
(2)	Professional services-EIA	$ 6.00
(3)	Professional services-blood pour-off fees	$ 1.00
(4)	Vacuum tube handling fee	$ 0.04

SECTION 42.1.(f) G.S. 81A-52 reads as rewritten:

"**§ 81A-52. License.**

All public weighmasters shall be licensed. Any person not less than 18 years of age who wishes to be a public weighmaster shall apply to the Department on a form provided by the Department. The Board may adopt rules for determining the qualifications of the applicant for a license. Public weighmasters shall be licensed for a

Senate Appropriations Committee on
Health and Human Services

Block Grants

May 3, 2005

PART V. BLOCK GRANTS

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2006, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	$ 15,071,666
02.	Limited Purpose Agencies	837,315
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	837,315
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 16,746,296

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services (Transfer from TANF – $4,500,000)	$ 28,868,189
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Adult day care services	2,155,301
04.	Child Protective Services/CPS Investigative Services/Child Medical Evaluation Program	238,321
05.	Foster Care Services - CCIS	1,500,000
06.	Division of Aging and Adult Services – Home and Community Care Block Grant	1,834,077
07.	UNC-CH CARES Program for training and consultation services	247,920
08.	Mental Health Services Program	422,003

09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Developmentally Disabled Services Program	5,000,000
10.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
11.	Division of Services for the Blind – Independent Living Program	3,182,987
12.	Division of Vocational Rehabilitation Services – Easter Seals Society/UCP	188,263
13.	Office of the Secretary – Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
14.	Child Care Subsidies	3,356,063
15.	Division of Facility Services – Adult Care Licensure Program	411,897
16.	Division of Facility Services – Mental Health Licensure	205,668
17.	State administration	1,706,017
18.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Administration	18,098
19.	Division of Facility Services	37,204
20.	Office of the Secretary – NC Interagency Council for Coordinating Homeless Programs	250,000
21.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
22.	Transfer to Preventative Health Services Block Grant for HIV/AIDS education, counseling, and	

	testing	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		$ 55,348,041
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	$ 13,208,740
02.	Crisis Intervention	9,592,387
03.	Administration County DSS $1,930,734 Division of Social Services $300,000 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services $7,146 Local Residential Energy Efficiency Service Providers $353,820 Office of the Secretary $594,558	3,186,258
04.	Weatherization Program	4,343,072
05.	Department of Administration – N.C. State Commission of Indian Affairs	54,840
06.	Heating Air Repair and Replacement Program	2,025,687
TOTAL LOW-INCOME ENERGY BLOCK GRANT		$ 32,410,984
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	$ 6,983,202
02.	Provision of community-based services to children	3,921,991
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	568,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		$ 12,974,104

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	$ 20,441,082
02.	Continuation of services for pregnant women and women with dependent children	8,069,524
03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	4,816,378
04.	Child Substance Abuse Prevention	5,835,701
05.	Provision of services to children and adolescents	4,940,500
06.	Juvenile Services – Family Focus	851,156
07.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980
08.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments	209,576
09.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
10.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		$ 48,181,983
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	$158,708,393

02.	Quality and availability initiatives	33,059,644
03.	Administrative expenses	7,163,654
04.	Transfer from TANF Block Grant for child care subsidies	81,292,880
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$280,224,571
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$107,794,365
02.	Work First County Block Grants	94,653,315
03.	Child Protective Services -- Child Welfare Workers for local DSS	12,452,391
04.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,749,642
05.	Family Violence Prevention	1,200,000
06.	Work First – After-School Services for At-Risk Children	2,249,642
07.	Division of Social Services – Administration	356,291
08.	Office of the Secretary – Administration	60,249
09.	Child Welfare Training	2,550,000
10.	Boys and Girls Clubs	1,000,000
11.	Work Central Career Advancement Center	550,000
12.	Special Children's Adoption Fund	3,000,000
13.	Maternity Homes	838,000

14.	After-School Programs for At-Risk Youth in Middle Schools	500,000
15.	Teen Pregnancy Prevention Initiatives	2,500,000
16.	Subsidized Child Care Program	36,601,205
17.	TANF Automation Projects	592,500
18.	NC FAST Implementation	1,447,640
19.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	81,292,880
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$356,888,120

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Aid-to-County	9,359,236
02.	Children's Health Services Aid-to-County	7,364,216
03.	Healthy Beginnings Aid-to-County	404,559
04.	Maternal Health Aid-to-County	397,761
05.	Children's Health Services	2,878,883
06.	Office of Women's Health and Maternal Health Activities	114,063
07.	State Center for Health Statistics	28,874
08.	Local Technical Assistance & Training	46,866
09.	Injury and Violence Prevention	149,438

10.	Office of Minority Health	99,352
11.	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	25,713
12.	Immunization Program – Vaccine Distribution	819,997
13.	Administration	518,137
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		$ 22,207,095

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	$3,637,771
02.	Rape Crisis/Victims' Services Program – Council for Women	197,112
03.	Transfer from Social Services Block Grant – HIV/AIDS education, counseling, and testing	145,819
04.	Adolescent Pregnancy Prevention Coalition of NC	150,000
05.	Administration and Program Support	121,271
06.	Osteoporosis Task Force Operating Costs	150,000
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		$4,401,973

GENERAL PROVISIONS

SECTION 5.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.

(2) A delineation of the proposed State and local administrative expenditures.

(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
(5) A projection of current year expenditures by program or activity.
(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 5.1.(c) Changes in Federal Fund Availability. – If the United States Congress reduces or increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase or decrease proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating a decrease in federal fund availability, the Department shall not eliminate the funding for a program or activity appropriated in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section or increase administrative expenditures.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Committee on Governmental Operations, 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.

SECTION 5.1.(d) All changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and a report shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. All changes to the budgeted allocations to the Block Grant shall be reported immediately 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.

SECTION 5.1.(e) The Department of Health and Human Services shall develop a monitoring and oversight plan for all recipients, both public and private, and subrecipients of the federal Block Grant funding. The plan shall be modeled after the Department's performance contracting initiative and include the following:

(1) Performance standards for recipients.
(2) Financial audit standards for non-State entities equivalent to the requirements in G.S. 143-6.1 for non-State entities receiving State funds.
(3) Means for collecting performance data from recipients.
(4) Any other information necessary for monitoring and overseeing the use of Block Grant funding.

The Department shall provide the plan to the Fiscal Research Division by January 1, 2006.

SECTION 5.1.(f) The Department of Health and Human Services shall report 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 on positions funded from federal Block Grants. The report shall include the following for each Block Grant:

(1) All State positions currently funded through the Block Grant, including permanent, temporary, and time-limited positions.
(2) Budgeted salary and fringe benefits for each position.
(3) Identify the percentage of Block Grant funds used to fund each position.

The report shall be submitted no later than December 1, 2005.

SOCIAL SERVICES BLOCK GRANT

SECTION 5.1.(g) Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Program are exempt from the provisions of 10A NCAC 71R.0201(3).

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

SECTION 5.1.(h) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

MENTAL HEALTH BLOCK GRANT

SECTION 5.1.(i) 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 2005-2006 fiscal year, and the sum of four hundred twenty-two thousand three dollars ($422,003) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2005-2006 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children in accordance with Section 10.25 of this act.

SECTION 5.1.(j) The Department of Health and Human Services shall contract with the University of North Carolina at Chapel Hill for the purpose of providing psychology student stipends in the amount of fifty thousand dollars ($50,000) for the 2005-2006 fiscal year. Twenty-five thousand dollars ($25,000) of this contract shall be paid from the Mental Health Block Grant.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 5.1.(k) The sum of four hundred thousand dollars ($400,000) appropriated in this section to the Department of Health and Human Services in the

Child Care and Development Fund Block Grant shall be used for the operations of the Medical Child Care Pilot.

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 and School Readiness for the subsidized child care program.

SECTION 5.1.(m) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

SECTION 5.1.(n) The sum of four hundred sixteen thousand five hundred forty dollars ($416,540) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2005-2006 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(o) The sum of two million seven hundred forty-nine thousand six hundred forty-two dollars ($2,749,642) 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 2005-2006 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.(p) The sum of one million two hundred thousand dollars ($1,200,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2005-2006 fiscal year shall be used to provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts. The Division of Social Services may use up to seventy-five thousand dollars ($75,000) in TANF funds to support one administrative position within the Division of Social Services to implement this subsection.

Each county department of social services and the local domestic violence shelter program serving the county shall jointly develop a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by December 1, 2005. The Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of five thousand dollars ($5,000); and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2005, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2005. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

The Department of Health and Human Services shall report on the uses of these funds no later than March 1, 2006, 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.

SECTION 5.1.(q) The sum of two million two hundred forty-nine thousand six hundred forty-two dollars ($2,249,642) 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 fund 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, 2006, on its progress in complying with this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Committee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(r) The sum of twelve million four hundred fifty-two thousand three hundred ninety-one dollars ($12,452,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2005-2006 fiscal year for Child Welfare Improvements, shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

SECTION 5.1.(s) The sum of two million five hundred fifty thousand dollars ($2,550,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for fiscal year 2005-2006 shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.

(2) Support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
(3) Provide training for residential child care facilities.
(4) Provide for various other child welfare training initiatives.

SECTION 5.1.(t) The sum of eight hundred thirty-eight thousand dollars ($838,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services shall be used to purchase services at maternity homes throughout the State.

SECTION 5.1.(u) 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, Special Children Adoption Fund, for the 2005-2006 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.(v) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section 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 2005-2006 fiscal year shall be allocated to the State Private Child Caring Agencies Fund.

SECTION 5.1.(w) 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. 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.

SECTION 5.1.(x) The sum of five hundred fifty thousand dollars ($550,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant shall be transferred to Work Central, Inc. Work Central, Inc. shall report on the number of people served and the services received as a result of the receipt of funds. The report shall contain expenditure data, including the amount of funds used for administration and direct training. The report shall also include the number of people who have been employed as a direct result of services provided by Work Central, Inc., including the length of employment in the new position. The Department of Health and Human Services shall evaluate the program and ensure that services provided are not

duplicative of local employment security commissions in the nine counties served by Work Central, Inc. The evaluation report shall be submitted 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 no later than May 1, 2006.

SECTION 5.1.(y) The sum of one million four hundred forty-seven thousand six hundred forty dollars ($1,447,640) in this section appropriated to the Department of Health and Human Services in the TANF Block Grant shall be used to implement the component of N.C. FAST that specifically deals with the creation and implementation of a statewide automated child welfare information system. The statewide system shall be implemented in compliance with federal regulations in order to avoid any potential payback of funds due to noncompliance. The Department of Health and Human Services shall report on its compliance with this subsection 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 no later than January 1, 2006.

SECTION 5.1.(z) The sum of five hundred thousand dollars ($500,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant shall be used to expand after-school programs for at-risk children attending middle school. The Department shall develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy and school dropout. These funds shall not be used for training or administration at the State level. All funds shall be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools. The Department shall report 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 on its progress in complying with this subsection no later than May 1, 2006.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 5.1.(aa) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2005-2006 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.(bb) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

SECTION 5.1.(cc) Of the funds budgeted in the Maternal and Child Health Block Grant, three million two hundred fifty thousand dollars ($3,250,000) shall be used for a school nurse funding initiative for the 2005-2006 fiscal year. The Department

of Health and Human Services, Division of Public Health, in conjunction with the Department of Public Instruction, shall provide funds to communities to hire school nurses. The program will fund approximately 65 time-limited nurses. The criteria shall include determining the areas in the greatest need for school nurses with the greatest inability to pay for these nurses. Among other criteria, consideration shall also be given to (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children.

There shall be no supplanting of local or Title I funds with these block grant funds. Communities shall maintain their current level of effort and funding for school nurses. No block grant funds shall be used for funding nurses for State agencies. All funding shall be used for direct services.

The Department of Health and Human Services shall report on the use of funds allocated under this section by December 1, 2005, 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.

VISITOR REGISTRATION SHEET

Senate Appropriations, HHS — May 3, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Bennett	NCARP
Evelyn Hawthorne	DHHR
Jerry Hardesty	NC Food Banks
	NCAF
Roz Savitt	NCCCC
ANN LORE	DUHS
Martha McCarella	Carolinas Healthcare Sys
John Bowdish	AstraZeneca
	NC Council
John Hall	NCFPC
	NCAEDS
Jennifer Sullivan	National Assoc. of Social Workers - NC Chapter

VISITOR REGISTRATION SHEET

Senate Appropriations, HHS — May 3, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Janet Mason	Institute of Government
Mike Latta	NCT
Bill Rustin	AG
Suzanne Bonellucf	OFFICE OF THE GOVERNOR
PStevens	OSA
Steve Stone	NC Pediatric Society
Julie Grove	Connections
[illegible]	DHHS
Bob Fitzgerald	DHHS/DFS

VISITOR REGISTRATION SHEET

Senate Appropriations, HHS — May 3, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rebecca Troxelman	NCACC
Jim Edgerton	DHHR
[illegible]	[illegible]
Peter A. Young	AARP/NC/FRLTC/MOD
Karen Gottovi	Div of Aging & Adult Services
Mary Bethel	" "
Deborah Rouse	NCALHD / NCPHA
REBECCA REESE	GOV'S INSTITUTE ASA
Bob Deloach	NCCSA
Amy Jo Hume	NCMS
Stacy Flannery	NCHCFA
Lee-Ann Cole	NCPA

VISITOR REGISTRATION SHEET

Senate Appropriations, HHS — May 3, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MARK BENTON	DMA – DHHS
CARMEN HOOKER ODOM	DHHS
Jim Slate	DHHS
Starla McKenney	DHHS
Phillip Hoffman	DMHDDSAS
Pam Leaman	OSBM
Wayne Mallison	OSBM
Peggy Ball	DHHS

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Richard Nixon	White House
Elaine Myers	NC B+TC
Chris Fitzsimon	NC Policy Watch
Kim Schmidt	NC MHCO
Jeffrey Simms	DHHS - ORLT
Joyce Smith	DHHS/DSS
Steve Mitchell	Novartis
Greg Satterwhite	GSK
[illegible]	GSK
[illegible]	Capitol Group
DAVID BARNES	Poyner + Spruill
Jon Walker	NCACT
Hugh Tilson	NLHP
[illegible]	Assoc. Assoc.
Fred Davis	MDPR, Inc.
Allyn Dutton	DHHS
[illegible]	Gov's Office
Dirk Cotton	Mark's Co, Inc.

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Wednesday, May 11, 2005
8:30 a.m.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Wednesday, May 11, 2005 at 8:30 a.m. in Room 643 of the Legislative Office Building. House Members present were Representatives Verla Insko, Jeff Barnhart, Jean Farmer-Butterfield, Mark Hollo, William Current, Bob England and Paul Stam. Staff members present were Carol Shaw, Karlynn O'Shaughnessy, Andrea Russo and Lisa Hollowell. A copy of the roll denoting members present is attached to the minutes (Attachment I) along with a copy of the agenda and visitor registration sheet (Attachments II and III).

Rep. Verla Insko presided, welcomed members and recognized the sergeants-at-arms: Martha Gadison and Earl Coker. There were no pages present. Chair Insko called upon Carol Shaw to explain the Senate Appropriations/Base Budget Committee Unofficial Report on the Continuation, Expansion and Capital Budgets.

Senate Appropriations/Base Budget Committee
Unofficial Report on the Continuation, Expansion and Capital Budgets

Ms. Shaw explained that the report corresponded to the 4th Edition of Senate Bill 622 and that entries reflect floor amendments adopted May 4, 2005. (Attachment IV).

(1) **Freeze Medicaid Rates** Freeze rates for most Medicaid providers remain at the level authorized in SFY 2004-05. The rate freeze applies to all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, intermediate care facilities for the mentally retarded, outpatient hospital, and pharmacy.

(2) **Physician and Other Medical Provider Reimbursement** Reduces reimbursement from 95% of Medicare rates to 90% of Medicare rates. Effective 10/1/05.

(3) **Pharmacy Reimbursement** Reduces funding for pharmacy reimbursement by reducing the payment for prescription drugs from Average Wholesale Price (AWP) minus 10% to AWP minus 11% plus the required dispensing fee. Effective 10/1/05.

(4) **Personal Care Services** Reduces the monthly limit from 50 hours to 40 hours for PCS and eliminates the PCS Plus Program. Also, the daily limit is reduced from 3.5 hours to 3 hours per day. Effective 10/1/05.

(5) **Private Duty Nursing** Reduces funding by limiting private duty nursing services to the same cost as nursing facilities. Effective 1/1/06.

(6) **Medicaid Coverage for Aged, Blind and Disabled** Adjusts Medicaid coverage for Aged, Blind and Disabled recipients with incomes exceeding the SSI income limit to the payment of Medicare Part B premiums, Medicare deductibles and Medicare co-insurance. Prescription drug coverage will be provided under Medicare Part D. Effective 1/1/06.

(7) **Safety Net Prescription Drug Coverage** Provides funding for the establishment of a reserve in the Office of the Secretary for a safety net program to continue prescription drug coverage for individuals who may lose coverage when Medicaid coverage for the Aged, Blind and Disabled is adjusted. Ms. Shaw explained that this was an expansion item.

(8) **Co-Payments** Increases the co-payments for chiropractic, optometry, podiatry, non-emergency ER visits, inpatient hospital stays, outpatient hospital visits and generic prescription drugs.

(9) **Prescription Drug Override** Limits the number of prescription drug overrides to two prescriptions per month per person for a total of eight prescriptions per month. Effective 1/1/06.

(10) **Medicare Part D Claw Back** Reduces funding to reflect the savings realized by the State when the Medicare Part D program begins paying for prescription drugs for dual eligibles January 1, 2006. Ms. Shaw stated that this item was in Governor's budget.

(11) **Medicaid Reserve Fund** Transfers funding from the G.S. 143-23.2 reserve to support current services and reduce state appropriations. Ms. Shaw stated that this was not a reduction, but a transfer of funds.

(12) **Community Care of NC Management Savings** Reduces funding for the Medicaid program due to increased savings resulting from the expansion of the Community Care of NC Program to Aged, Blind and Disabled Medicaid recipients that are dually eligible for Medicaid and Medicare.

(13) **Community Care of NC Enhancement** Expands scope of the Community Care of NC program to Medicaid recipients who are Aged, Blind and Disabled and dually eligible for Medicaid and Medicare. Program focuses on improving management and coordination of services for the dually eligible.

(14) **DOJ Medicaid Investigative Unit** Provides funding to support the required state match for the Medicaid Investigative Unit in the Department of Justice.

(15) **Ticket-to-Work Medicaid Expansion** Provides funding to implement a Medicaid buy-in program for workers with disabilities. Effective 7/1/06.

(16) **NC Health Choice** Provides funding to support increased enrollment of children.

Rep. Stam asked if the co-payments on Page G2, Item 8 were collected at the time of visits. Ms. Shaw responded yes.

Rep. Stam referred to Page G3, Item 15 and asked Ms. Shaw what would cost savings be if effective date moved forward one year to 7/1/05. Ms. Shaw replied there was no analysis yet.

Rep. England and Rep. Farmer-Butterfield referred to Page G3, Item 9 and asked if the number of drugs were realistic and if a cost analysis was done. Ms. Shaw stated that DMA was preparing analysis and Rep. England requested analysis.

Rep. Farmer-Butterfield expressed concern about the Personal Care Services on Page G1, Item 4.

Ms. Shaw requested Andrea Russo to explain next sections. Ms. Russo began her presentation with Item 17 on Page G4.

(17) **Institutional Receipts** Reduces funding for the State institutions by budgeting over-realized receipts.

(18) **Central Office** Continues reduction in funding for the Central Office.

(19) **Crisis Intervention Services** Provides funding for the start-up and ongoing costs of providing community based crisis services for children and adults in the mental health target population.

(20) **Adult Day Vocational Program** Provides funding to expand long-term vocational support services.

(21) **System of Care for Child Mental Health** Provides transition funding for area and county programs for the implementation and on-going support of community-based system of care child and family teams.

(22) **Intensive Substance Abuse Services for Children** Provides funding for the delivery of substance abuse services for children through multisystemic therapy and intensive in-home services.

(23) **Division TEACCH Program** Provides for funding for the Division TEACCH program at UNC-CH.

(24) **Adult Substance Abuse Services** Provides funding for adult substance abuse services.

(25) **El Futuro, Inc.** Provides for grant-in-aid to El Futuro, Inc. to develop a pilot project to improve access to and quality of MH/DD/SA Services currently available to the Latino population of Orange and Chatham counties. Funds are non-recurring.

Ms. Shaw explained that on Page 5, Items 26-30 increases staff positions within the Division of Facility Services.

(26) **Mental Health Licensure and Inspections** Adds 13 positions 1st year and 10 positions 2nd year. Additional staff will allow annual inspections of 24-hour residential facilities for the mentally ill, developmentally disabled and substance abuse populations.

(27) **Adult Care Licensure and Inspections** Adds 14 positions 1st year and 17 positions 2nd year. Additional staff will allow annual inspections of adult care homes.

(28) **Construction Inspections** Adds 9 positions 1st year and 7 positions 2nd year. Additional staff will allow physical plant and life-safety inspections of adult care homes and 24 residential facilities for the mentally ill, developmentally disabled and substance abuse populations every two years. It also allows for a faster initial regulatory compliance review time.

(29) **Complaint Intake** Adds 4.5 positions. Provides necessary staff to respond to the anticipated increase in complaint call volume, as the DFS toll-free complaint number will now be posted in all residential facilities monitored by DFS.

(30) **Home Care Agency Licensure Inspections** Adds 5 positions. Additional staff will allow for inspection and monitoring of non-Medicare licensed home care agencies on the same inspection schedule as Medicare certified agencies (every 36 months)

(31) **Medical Eye Care Program** Reduces funding or inflation for the biennium.

(32) **Receipts from Wireless and Relay Funds** Reduces funding by increasing receipts from the Wireless and Relay Funds to support 29% of 14 existing positions in the Division of Services for the Deaf and Hard of Hearing.

(33) **Accessible Electronic Information for Blind and Disabled Persons** Provides funding to establish an accessible electronic information service for blind and disabled persons.

Rep. Farmer-Butterfield referred to Page G6, Item 31 and asked how may people affected by reduction in funding for the medical eye care program. Andrea Russo replied that she did not have figures. Rep. Farmer-Butterfield requested figures.

(34) **State/County Special Assistance** Reduces excess funding in continuation budget.

Karlynn O'Shaughnessy continues presentation.

(35) **Reallocation of Child Caring Institutions Funding** Reallocates funding for child care institutions to provide the necessary resources to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.

(36) **Strengthen Regulatory Oversight for Licensure** Provides funding to strengthen regulatory oversight in the Division of Social Services for all foster care facilities. This was in Governor's budget.

(37) **Food Banks** Provides funding to be equally distributed to the regional network of food banks in NC.

(38) **Multiple Response System** Provides funding to hire additional child protective services workers at the local level.

(39) **Boys and Girls Club** Provides $1 Million in non-recurring funds.

Rep. Insko requested additional information on the Multiple Response System (Page G6, Item 38) Ms. O'Shaughnessy explained that additional workers were needed to reduce caseload for protective services workers and to support the expansion of the multiple response system to all counties in the State.

Rep. Current asked on Page G8, Item 39 why $1 million was non-recurring funds and how was funds would be spent. Ms. O'Shaughnessy stated that $1 million from block grants and she would provide list of how funds spent.

(40) **Replaces TEACH State funds with CCDF Block Grant Funds** Provides $2.6 million in non-recurring funds.

(41) **Newborn Screening Laboratory Fee** Increases fee from $10 to $14 per initial patient specimen.

(42) **Contract for Vaccines** Eliminates increased funding for new combination vaccines.

(43) **Public Health Incubators** Provides $1,250,000 in non-recurring funds.

(44) Public **Health Improvements** Provides funding for local public health departments receiving accreditation and funding for the accreditation board, board staff, and others involved in the accreditation process for local public health departments.

(45) **Interpreter Services for Local Health Departments** Provides funding for a pilot project to provide interpreter services for local public health departments.

(46) **School Nurses** Provides funding for 50 new school nurses.

(47) **Vital Records Automation.** Provides funding for the automation of the vital records system and scanning of historical records.

(48) Vital **Records Improvements** Provides funding for two position.

(49) **Arthritis** Provides funding for an arthritis program in Mecklenburg County. $25,000 in non-recurring funds.

(50) **AIDS Drug Assistance Program (ADAP** Provides increased funding.

Andrea Russo continues presentation on Page G8, Office of the Secretary.

(51) **Prior Year Earned Revenue** Requires DHHS to budget prior year earned revenue and reduce state appropriations in the programs that received prior earned revenue.

(52) Position **Elimination Reserve** Reduces funding by eliminating vacant or filled positions, reducing layers of management, and reducing related state administrative operating expenses within Central Management.

(53) **Community Health Centers** Provides funding for grant-in-aids for Federally-qualified Health Centers, State-designated Rural Health Centers, Public Health Department Clinics, and other clinics.

(54) **Food Runners/Meals on Wheels Collaborative** Provides support to a multi-county program that prepares and delivers meals for the elderly and disabled.

(55) **NC Special Olympics, Inc.** Provides funding for a grant-in-aid for the NC Special Olympics.

(56) **ALS Association – Jim "Catfish"Hunter Chapter** Provides a grant-in-aid to the ALS –Catfish Hunter Chapter for ALS research funding.

(57) **More at Four Program Expansion** Provides funding for 6,400 additional slots for the biennium and an additional $150 in funding for each slot. Also provides funding for 7 new positions.

Rep. Stam asked if DHHS has discretionary funds to spend at a later time. Ms. Shaw replied to staff's knowledge there were no discretionary funds.

Rep. England asked what was daily rate for reimbursement of non-skilled nursing. Also requested staff to compare and provide figures for one day in home care versus nursing home care.

Chair Insko adjourned meeting at 10:00 a.m.

Verla Insko

Representative Verla Insko, Chair

Pamela J. Evans

Pamela J. Evans, Committee Clerk

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	5/11/05														
INSKO, Verla CHAIR	✓														
BARNHART, Jeff CHAIR	✓														
FARMER-BUTTERFIELD, Jean VICE-CHAIR	✓														
HOLLO, Mark VICE-CHAIR	✓														
ALLEN, Bernard															
CURRENT, William	✓														
ENGLAND, Bob	✓														
STAM, Paul	✓														
WRIGHT, Tom															
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

SENATE
APPROPRIATIONS/BASE BUDGET COMMITTEE

REPORT
ON THE
CONTINUATION, EXPANSION
AND CAPITAL BUDGETS

May 3, 2005

Revised May 5, 2005
as an

Unofficial Report
on the
Continuation, Expansion and Capital Budgets

This report corresponds to the 4th Edition of Senate Bill 622
Entries reflect floor amendments adopted May 4, 2005

Health and Human Services

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$4,157,710,279**		**$4,478,316,506**	
Legislative Changes				
(1.0) Division of Medical Assistance				
1 Freeze Medicaid Rates Freezes rates for SFY 2005-06 and SFY 2006-07 for most Medicaid providers at the level authorized in SFY 2004-05. The rate freeze applies to all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, intermediate care facilities for the mentally retarded, outpatient hospital, and pharmacy. Savings to counties resulting from the rate freeze are ($10,257,012) in SFY 2005-06 and ($21,241,503) in SFY 2006-07.	($60,623,025)	R	($128,292,605)	R
2 Physician and Other Medical Provider Reimbursement Reduces physician reimbursement and other medical providers whose reimbursement is based on physician reimbursement from 95% of Medicare rates to 90% of Medicare rates. With this reimbursement change, NC continues to reimburse physicians at a rate higher than surrounding Southeastern states. Effective 10/1/05. Savings to counties resulting from the reimbursement reduction are ($1,684,755) in SFY 2005-06 and ($2,366,668) in SFY 2006-07.	($9,530,550)	R	($13,401,096)	R
3 Pharmacy Reimbursement Reduces funding for pharmacy reimbursement by reducing the payment for prescription drugs from Average Wholesale Price (AWP) minus 10% to AWP minus 11% plus the required dispensing fee. Effective October 1, 2005. Savings to counties resulting from the reimbursement change are ($270,960) in SFY 2005-06 and ($672,916) in SFY 2006-07.	($1,535,438)	R	($3,810,351)	R
4 Personal Care Services Reduces the funding for Personal Care Services by reducing the monthly limit to 40 hours from 60 hours for regular PCS and eliminating the PCS Plus Program. In addition, the daily limit is reduced from 3.5 hours to 3 hours per day. North Carolina and Florida are the only Southeastern states providing Personal Care Services as an independent service. Effective October 1, 2005. Savings to counties resulting from the policy change are ($3,049,000) in SFY 2005-06 and ($4,087,589) in SFY 2006-07.	($17,184,915)	R	($23,145,693)	R

	FY 05-06		FY 06-07	
5 Private Duty Nursing Reduces funding by limiting private duty nursing services provided outside a community alternatives program to the cost of providing the same level of care in a nursing facility. North Carolina and Florida are the only Southeastern states providing Private Duty Nursing as an independent service. Effective 1/1/06. Savings to counties resulting from the policy change are ($176,727) in SFY 2005-06 and ($383,810) in SFY 2006-07.	($1,001,562)	R	($2,173,299)	R
6 Medicaid Coverage for Aged, Blind and Disabled Adjusts Medicaid coverage for Aged, Blind, and Disabled recipients with incomes exceeding the SSI income limit to the payment of Medicare Part B premiums, Medicare deductibles, and Medicare co-insurance. Prescription drug coverage will be provided under Medicare Part D. Long-term care services will be available under the Medically Needy optional coverage group. Effective January 1, 2006. Savings to counties resulting from the policy change are ($9,361,393) in SFY 2005-06 and ($20,330,433) in SFY 2006-07.	($53,053,599)	R	($115,119,694)	R
7 Safety Net Prescription Drug Coverage Provides funding for the establishment of a reserve in the Office of the Secretary for a safety net program to continue prescription drug coverage for individuals who may lose coverage when Medicaid coverage for the Aged, Blind, and Disabled is adjusted. The Secretary may also develop additional safety net services as allowed under federal law.	$5,000,000	R	$5,000,000	R
8 Co-Payments Increases the co-payments for the following services: chiropractic, optometry, podiatry, non-emergency ER visits, inpatient hospital stays, outpatient hospital visits, and generic prescription drugs. The new co-payments will be as follows: Chiropractic $ 3.00 Optical $ 3.00 Podiatry $ 3.00 Hospital Inpatient $50.00 Hospital Outpatient $ 3.00 Non-emergency ER Visit $ 3.00 Generic Prescription Drug $ 3.00 Effective October 1, 2006. Savings to counties resulting from the increase in co-payments are ($1,058,710) in SFY 2005-06 and ($1,058,710) in SFY 2006-07.	($6,000,000)	R	($6,000,000)	R

	FY 05-06		FY 06-07	
9 Prescription Drug Override Adjusts the policy for prescription drug overrides by limiting the number of prescription drug overrides to two prescriptions per month per person for a total of eight prescriptions per month (six prescriptions without an override plus two additional prescriptions if the individual meets the override criteria). Savings to counties resulting from the policy change are ($410,107) in SFY 2005-06 and ($1,001,293) in SFY 2006-07. Effective January 1, 2006.	($2,273,186)	R	($5,669,754)	R
10 Medicare Part D Claw Back Reduces funding to reflect the savings realized by the State when the Medicare Part D program begins paying for prescription drugs for dual eligibles January 1, 2006. Savings to counties resulting from the policy change are ($1,940,968) in SFY 2005-06 and ($3,885,256) in SFY 2006-07.	($11,000,000)	R	($22,000,000)	R
11 Medicaid Reserve Fund Transfers funding from the G.S. 143-23.2 reserve to support current services and reduces state appropriations.	($50,000,000)	NR	($50,000,000)	NR
12 Community Care of NC Management Savings Reduces funding for the Medicaid program due to increased savings resulting from the expansion of scope of the Community Care of NC Program to Aged, Blind, and Disabled Medicaid recipients that are dually eligible for Medicaid and Medicare. Savings to counties resulting from the policy change are ($3,529,032) in SFY 2005-06 and ($5,298,077) in SFY 2006-07.	($20,000,000)	R	($30,000,000)	R
13 Community Care of NC Enhancement Expands the scope of the Community Care of NC program to Medicaid recipients who are Aged, Blind, and Disabled and dually eligible for Medicaid and Medicare. The Community Care of NC program will focus on improving the management and coordination of services for the dually eligible targeting Personal Care Services, Private Duty Nursing, Home Health, Durable Medical Equipment, Ancillary Professional Services, Specialty Care, Home Infusion Therapy, Pharmacy, and Residential Long-Term Care Services. Enhancing the financing of the Community Care of North Carolina program will insure that the Community Care Management Savings reductions will occur.	$3,000,000	R	$6,000,000	R
14 DOJ Medicaid Investigative Unit Provides funding to support the required state match for the Medicaid Investigative Unit in the Department of Justice.	$406,840	R	$406,840	R
15 Ticket-to Work Medicaid Expansion Provides funding to implement a Medicaid buy-in program for workers with disabilities. Effective July 1, 2006.			$150,000	R

	FY 05-06		FY 06-07	
(2.0) NC Health Choice				
16 NC Health Choice Provides funding for the NC Health Choice program to support increased enrollment of children.	$14,670,669	R	$35,475,399	R
(3.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services				
17 Institutional Receipts Reduces funding for the State institutions by budgeting over-realized receipts.	($2,550,000)	R	($2,550,000)	R
18 Central Office Continues reduction in funding for the Central Office based on historical reversions.	($500,000)	R	($500,000)	R
19 Crisis Intervention Services Provides funding for the start-up and ongoing costs of providing community based crisis services for children and adults in the mental health target population.	$2,000,000	R	$2,000,000	R
20 Adult Day Vocational Program Provides funding to expand long-term vocational support services through Adult Day Vocational Program services to additional clients.	$1,500,000	R	$1,500,000	R
21 System of Care for Child Mental Health Provides transition funding for area and county programs for the implementation and on-going support of community-based system of care child and family teams.	$2,000,000	R	$2,000,000	R
22 Intensive Substance Abuse Services for Children Provides funding for the delivery of substance abuse services for children through multisystemic therapy and intensive in-home services.	$1,250,000	R	$1,250,000	R
23 Division TEACCH Program Provides funding for the Division TEACCH Program at the University of NC at Chapel Hill: $153,000 to support a staff person responsible for researching and developing new public funding opportunities to support research and program development; $132,847 for the Raleigh TEACCH Center; $149,375 TEACCH mandated faculty salary increases; $17,525 for administrative staff at the Greensboro TEACCH Center; and $20,000 for rent increases in diagnostic clinics.	$472,747	R	$472,747	R

	FY 05-06		FY 06-07	
24 Adult Substance Abuse Services Provides funding for adult substance abuse services.	$750,000	R	$750,000	R
25 El Futuro, Inc. Provides a grant-in-aid to El Futuro, Inc. to develop a pilot project to improve access to and quality of mental health, developmental disabilities, and substance abuse services currently available to the Latino population in Orange and Chatham counties.	$75,000	NR		
(4.0) Division of Facility Services				
26 Mental Health Licensure and Inspections Expands the Division of Facility Services' Mental Health Licensure and Certification Section by 13 positions in the first year and an additional 10 positions in the second year. Additional staff will allow annual inspections of 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations. Two additional regional offices will be created.	$936,029 $45,500 13.00	R NR	$1,560,724 $12,000 23.00	R NR
27 Adult Care Licensure and Inspections Expands the Division of Facility Services' Adult Care Licensure Section by 14 positions in the first year and an additional 17 positions in the second year. Additional staff will allow annual inspections of adult care homes. Two additional regional offices will be created.	$1,006,927 $48,300 14.00	R NR	$2,080,955 $25,000 31.00	R NR
28 Construction Inspections Expands the Division of Facility Services' Construction Section by 9 positions in the first year and an additional 7 positions in the second year. Additional staff will allow physical plant and life-safety inspections of adult care homes and 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations every two years. Also allows for a faster initial regulatory compliance review time.	$656,413 $33,600 9.00	R NR	$1,166,709 $10,200 16.00	R NR
29 Complaint Intake Expands the Division of Facility Services' Complaint Intake Unit by 4.5 positions. This expansion will provide the staff necessary to respond to the anticipated increase in complaint call volume as the DFS toll-free complaint number will now be posted in all residential facilities monitored by DFS. This expansion will also support a new automated call directory system.	$169,126 $373,648 4.50	R NR	$169,126 4.50	R
30 Home Care Agency Licensure and Inspections Expands the Division of Facility Services' Licensure and Certification Section by 5 positions. Additional staff will allow for inspection and monitoring of non-Medicare licensed home care agencies on the same inspection schedule as Medicare certified agencies (every 36 months).	$218,495 $5,469 5.00	R NR	$218,495 5.00	R

	FY 05-06		FY 06-07	
(6.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing				
31 Medical Eye Care Program Reduces funding for inflation for the biennium.	($81,404)	R	($81,404)	R
32 Receipts from Wireless and Relay Funds Reduces funding by increasing receipts from the Wireless and Relay Funds to support 29% of fourteen existing positions in the Division of Services for the Deaf and Hard of Hearing.	($200,000)	R	($200,000)	R
33 Accessible Electronic Information for Blind and Disabled Persons Provides funding to establish an accessible electronic information service for blind and disabled persons.	$75,000	NR		
(8.0) Division of Social Services				
34 State/County Special Assistance Reduces excess funding in continuation budget.	($977,007)	R	($1,332,626)	R
35 Reallocation of Child Caring Institutions Funding Reallocates funding for child caring institutions to provide the necessary resources to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	($693,295)	R	($693,295)	R
36 Strengthen Regulatory Oversight for Licensure Provides funding to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	$693,295 8.00	R	$693,295 8.00	R
37 Food Banks Provides funding to be equally distributed to the regional network of food banks in North Carolina.	$1,000,000	R	$1,000,000	R
38 Multiple Response System Provides funding to hire additional child protective services workers at the local level to reduce the caseload per child protective services worker ratios throughout the State to support the expansion of the multiple response system to all counties in the State. This funding will be used to expand the Multiple Response System to counties which have not implemented the program.	$2,000,000	R	$2,000,000	R
39 Boys and Girls Clubs Provides funding for grants-in-aid to Boys and Girls Clubs across NC to implement programs to improve motivation, performance and self-esteem of youths and to implement other intiatives expected to reduce school dropout and teen pregnancy rates.	$1,000,000	NR		

	FY 05-06		FY 06-07	
(9.0) Division of Child Development				
40 Replaces TEACH State funds with CCDF Block Grant Funds Replaces the TEACH Scholarship state appropriations with the Child Care Fund Development Block Grant.	($2,600,000)	NR		
(11.0) Division of Public Health				
41 Newborn Screening Laboratory Fee Increases the fee for the newborn lab screenings from $10.00 to $14.00 per initial patient specimen and reduces state appropriations.	($370,690)	R	($370,690)	R
42 Contract for Vaccines Eliminates increased funding for new combination vaccines.	($1,300,000)	R	($1,300,000)	R
43 Public Health Incubators Provides funding for public health incubators.	$1,250,000	NR		
44 Public Health Improvements Provides funding for local public health departments receiving accreditation. In addition, provides funding for the accreditation board, board staff, and others involved with the accreditation process for local public health departments.	$700,000	R	$700,000	R
45 Interpreter Services for Local Health Departments Provides funding for a pilot project to provide to interpreter services for local public health departments.	$250,000	R	$250,000	R
46 School Nurses Provides funding for fifty new school nurses.	$2,500,000	R	$2,500,000	R
47 Vital Records Automation Provides funding for the automation of the vital records system in North Carolina.	$100,000	NR	$1,400,000	NR
48 Vital Records Improvements Provides funding for two positions to process vital records.	$74,748 2.00	R	$74,748 2.00	R
49 Arthritis Funds an arthritis program in Mecklenburg County.	$25,000	NR		
50 AIDS Drug Assistance Program (ADAP) Provides increased funding for the AIDS Drug Assistance Program.	$1,000,000	R	$1,000,000	R

	FY 05-06		FY 06-07	
(12.0) Office of the Secretary				
51 Prior Year Earned Revenue Requires the Department of Health and Human Services to budget prior year earned revenue and reduce state appropriations in the programs that received prior earned revenue.	($7,000,000)	NR	($7,000,000)	NR
52 Position Elimination Reserve Reduces funding by eliminating vacant or filled positions, reducing layers of management, and reducing related state administrative operating expenses within Central Management.	($500,000)	R	($500,000)	R
53 Community Health Centers Provides funding for grant-in-aids for Federally-qualified Health Centers, State-designated Rural Health Centers, Public Health Department Clinics, and other clinics.	$2,000,000	R	$2,000,000	R
54 Food Runners/Meals on Wheels Collaborative Provides support to a multi-county program that prepares and delivers meals for the elderly and disabled.	$150,000	R	$150,000	R
55 N.C. Special Olympics, Inc. Provides funding for a grant-in-aid for the North Carolina Special Olympics, Inc.	$100,000	R	$100,000	R
56 ALS Association - Jim "Catfish" Hunter Chapter Provides a grant-in-aid to the ALS Association - Jim "Catfish" Hunter Chapter for ALS research funding.	$400,000	R	$400,000	R
57 More At Four Program Expansion Provides funding for 6,400 additional slots for the biennium and an additional $150 in funding for each slot. Also, provides funding for seven new positions.	$16,540,531 5.00	R	$29,103,657 7.00	R
Total Legislative Changes	**($127,928,851)**	R	**($256,967,812)**	R
	($56,568,483)	NR	**($55,552,800)**	NR
Total Position Changes	60.50		96.50	
Revised Budget	**$3,973,212,945**		**$4,165,795,894**	

Attachment II

VISITOR REGISTRATION SHEET

Appropriations / Health + Human Services — 5-11-05
Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
SOHARI	SMART START
Janice Daughtridge, MD	Doctor of the Day, Brody School of Medicine
Evelyn Hawthorne	GHGR
Rebecca Troxler	NCACC
Sally Cameron	NC Psychological Coalition 2001
Robin Huffman	NC Psychiatric Coalition 2001
Chad Essick	Poyner & Spruill, LLP
Vincent Stephens	Centers for Medicare + Medicaid Services
Jennifer M. Bennett	East Carolina University Brody School of Medicine, Student
Daphne Lyon	OSBM
Wayne Wilkerson	OSBM
Lou Wilson	NCALTCF
Jeremy Cooper	NCALA
Roger Allen	Bore Assoc

VISITOR REGISTRATION SHEET

Appropriations/Health + Human Services 5-11-05

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kristin Ratcliff, RN	Nurse of the Day
Jim Slate	DHHS
Abby Carter Emanuelsm	NMSS
Deborah Bowen	NCALHD / NCPNA

VISITOR REGISTRATION SHEET

Appropriations/ Health and Human Services — 5-11-05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dee Rold	[illegible]
Tom Bennett	NCARF
Bill Rustin	[illegible]
Roz Savitt	NC Child Care Coalition
Jessica Sage	NC Family Policy Council
Harry Dyke	NCLHW
Mark Eason	Capitol Group
Gary Salamido	GSK
Mary Scott	DOL
John Bowdish	AstraZeneca
Jim Edge	AHIC

MINUTES

APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

THURSDAY, MAY 12th, 2005
8:45 AM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Appropriations subcommittee on Health and Human Services met on Thursday, May 12, 2005 at 8:45 am in room 643 of the Legislative Office Building. House members present were Representative Verla Insko, Co-Chair; Representative Farmer-Butterfield, Representative Hollo, Vice-Chairs; Representatives B. Allen, Current, Stam, and Wright. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Insko called the meeting to order and presided over the meeting.

Carol Shaw from the Fiscal Research Division distributed the Special Provisions from SB 622, which are made part of these minutes. Carol Shaw, Andrea Russo, and Karlynn O'Shaughnessy reviewed the documents and answered questions.

Representative Insko adjourned the meeting at 10 am.

Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration

House Appropriations Subcommittee on
Health and Human Services

Special Provisions

from Senate Bill 622
Fourth Edition Engrossed 5/5/05

May 12, 2005

DHHS Special Provisions

SECTION 9.28. For nutritional purposes, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall adopt policies governing any food programs operated by the constituent institutions or local community colleges that prohibit: (i) the use of cooking oils in those food programs that contain trans-fatty acids, or (ii) the sale of processed foods containing trans-fatty acids that were formed during the commercial processing of the foods.

Requested by: Senators Lucas, Swindell, Snow, Garrou, Dalton, Hagan

GRANT-IN-AID/FIRE TRUCK FOR CULLOWHEE VOLUNTEER FIRE DEPT. TO HELP ENSURE ADEQUATE FIRE PROTECTION SERVICES TO WESTERN CAROLINA UNIVERSITY

SECTION 9.29. Of the funds appropriated from the General Fund to the Board of Governors of The University of North Carolina, the sum of seven hundred fifteen thousand dollars ($715,000) for the 2005-2006 fiscal year shall be allocated to Western Carolina University as a grant-in-aid for the Cullowhee Volunteer Fire Department, Inc., to use to purchase a 95-foot platform truck and equipment to ensure adequate fire protection services to Western Carolina University.

Requested by: Senators Shaw, Lucas, Swindell, Garrou, Dalton, Hagan

WAIVE TUITION FOR A PERSON OF A CERTAIN AGE WHO IS OR WAS A WARD OF THE STATE AND WHO ATTENDS CLASSES AT ANY CONSTITUENT INSTITUTION OF THE UNIVERSITY OF NORTH CAROLINA OR ANY COMMUNITY COLLEGE

SECTION 9.30.(a) G.S. 115B-2 is amended by adding a new subdivision to read:

"(5) Any child, if the child (i) is at least 17 years old but not yet 23 years old, (ii) is a ward of North Carolina or was a ward of the State at the time the child reached the age of 18, and (iii) is a resident of the State;"

SECTION 9.30.(b) G.S. 115B-5 is amended by adding a new subsection to read:

"(c) The officials of the institutions charged with administration of this Chapter may require proof to verify that a person applying to the institution under G.S. 115B-2(5) is eligible for the benefits provided by this Chapter."

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

INFORMATION TECHNOLOGY

SECTION 10.1.(a) To support its information technology initiatives, the Department of Health and Human Services shall develop the following:

(1) A detailed business plan.
(2) An information technology plan directly tied to business requirements.
(3) An IT architecture.

The Department of Health and Human Services shall ensure that the planning documents extend three to five years and include detailed shortfall analyses and associated cost assessments. The Department of Health and Human Services shall forward the documents to the Office of Information Technology Services, 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 December 1, 2005. The Office of Information Technology Services shall review the documents and 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 by January 31, 2006.

SECTION 10.1.(b) The Department of Health and Human Services shall develop a project plan for each of its information technology projects. These plans shall include the following:

(1) A detailed description of the project.
(2) A description of how the project improves Department operations and service to customers.
(3) The projected cost of the project by year and phase.
(4) Deliverables required to implement each phase of the system.
(5) The date that each deliverable is to be implemented.
(6) The cost of implementing each deliverable.
(7) What capabilities each deliverable adds to the project.

SECTION 10.1.(c) The Department of Health and Human Services shall provide the plans 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 October 1, 2005, with subsequent updates provided quarterly. The Department of Health and Human Services shall notify the Division of Fiscal Research within 10 days when costs, completion dates, or system capabilities change and provide a report detailing the impact of the change.

SECTION 10.1.(d) The Department of Health and Human Services shall not spend more than the amounts appropriated by the General Assembly for information technology projects and may not allocate funds appropriated for one information technology project to any other information technology project.

SECTION 10.1.(e) The Department of Health and Human Services shall use funds appropriated for the 2005-2006 and 2006-2007 fiscal years for the North Carolina Families Accessing Services through Technology (NC FAST) program only for program-specific development, deliverables, and maintenance costs associated with the NC FAST program.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

OFFICE OF POLICY AND PLANNING

SECTION 10.2. Article 3 of Chapter 143B is amended by adding the following new Part to read:

"Part 34. Office of Policy and Planning.

"**§ 143B-216.70. Office of Policy and Planning.**

(a) To promote coordinated policy development and strategic planning for the State's health and human services systems, the Secretary of Health and Human Services shall establish an Office of Policy and Planning 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) Coordinate the 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.

(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 advise the Secretary when it is determined to be appropriate or necessary 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."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SENIOR PRESCRIPTION DRUG ACCESS PROGRAM FUNDING

SECTION 10.3. The Director of the Budget shall use available funds up to seven million dollars ($7,000,000) in the 2005-2006 fiscal year to fully fund the Senior Prescription Drug Access Program through December 31, 2005, if there is a shortfall of funds from the Health and Wellness Trust Fund, and the funds are not sufficient to provide drug acquisition services under the Program through December 31, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SENIOR CARES PROGRAM ADMINISTRATION

SECTION 10.4.(a) The Department of Health and Human Services may administer the "Senior Cares" prescription drug access program approved by the Health and Wellness Trust Fund Commission and funded from the Health and Wellness Trust Fund. The Department may use funds appropriated in this act to administer the Senior Cares prescription drug access program.

SECTION 10.4.(b) This section expires December 31, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 10.5. 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.

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:

Family Size	Medical Eye Care Adults	Rehabilitation Except DSB Over 55 Grant	Other
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 55 years of age or older who qualify for services through the Division of Services for the Blind, Independent Living Rehabilitation Program, shall be two hundred percent (200%) 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:

Income (% of poverty)	State Participation	Client Participation
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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PHYSICIAN SERVICES

SECTION 10.6. 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 the constituent institutions of The University of North Carolina.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LIABILITY INSURANCE

SECTION 10.7.(a) 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, on behalf of 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.

SECTION 10.7.(b) 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.

SECTION 10.7.(c) 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 Purcell, Malone, Garrou, Dalton, Hagan

DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES

SECTION 10.8. Part 1 of Article 3 of Chapter 143B of the General Statutes is amended by adding the following new section to read:

"**§ 143B-139.6B. Department of Health and Human Services; authority to deduct payroll for child care services.**

Notwithstanding G.S. 143-3.3 and pursuant to rules adopted by the State Controller, an employee of the Department of Health and Human Services may, in writing, authorize the Department to periodically deduct from the employee's salary or wages paid for employment by the State, a designated lump sum to be paid to satisfy the cost of services received for child care provided by the Department."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

COMMUNITY HEALTH CENTERS FUNDS

SECTION 10.9.(a) Of the funds appropriated in this act for Community Health Grants, the sum of two million dollars ($2,000,000) in recurring funds for the 2005-2006 fiscal year, and the sum of two million dollars ($2,000,000) in recurring funds for the 2006-2007 fiscal year shall be used for federally qualified health centers, for those health centers that meet the criteria for federally qualified health centers, and for State-designated rural health centers and public health departments and other clinics to:

(1) Increase access to preventative and primary care services by uninsured or medically indigent patients in existing or new health center locations;

(2) Establish community health center services in counties where no such services exist;

(3) Create new services or augment existing services provided to uninsured or medically indigent patients, including primary care and preventative medical services, dental services, pharmacy, and behavioral health; and

(4) Increase capacity necessary to serve the uninsured by enhancing or replacing facilities, equipment, or technologies.

Grant funds may not be used to enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other parties. Grant funds may not be used to supplant federal funds traditionally received by federally qualified community health centers and may not be used to finance or satisfy any existing debt.

SECTION 10.9.(b) The Office shall work with the North Carolina Community Health Center Association (hereafter "NCCHCA") and the North Carolina Public Health Association (hereafter "NCPHA") to establish an advisory committee to develop an objective and equitable process for awarding grant funds. The Office shall also develop auditing and accountability procedures. Not more than one percent (1%) of the funds appropriated in this section may be used to reimburse the Office for administering the grant program in collaboration with the NCCHCA and the NCPHA.

SECTION 10.9.(c) Recipients of grant funds shall provide to the Office annually a written report detailing the number of additional uninsured and medically indigent patients that are cared for, the types of services that were provided, and any other information requested by the Office as necessary for evaluating the success of the grant program.

SECTION 10.9.(d) The Office shall work with the NCCHCA and NCPHA to study and present recommendations for continuing funds to support the expansion of community health centers, State-designated rural health centers, and public health departments to serve more of the State's uninsured and indigent population. The Office shall submit the report to the 2006 Regular Session of the 2005 General Assembly upon its convening.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PROVIDER REIMBURSEMENT RATES

SECTION 10.10. The Department of Health and Human Services shall maintain reimbursement rates paid to service providers at fiscal year 2004-2005 levels during the 2005-2006 fiscal year. Exceptions made by the Department shall be made on a case-by-case basis and must be approved by the Office of the Secretary. Changes in rate structures that result in lower payments to the providers are exempted from this requirement. As used in this section, "service providers" includes subcontractors, such as counties, area agencies on aging, departments of social services, departments of public health, child developmental services agencies, and local management entities.

Requested by: Senators Purcell, Malone, Dalton, Garrou, Hagan

MEDICAID

SECTION 10.11.(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. Residents of nursing facilities who are eligible for Medicare coverage of nursing facility services must be placed in a Medicare-certified bed. Medicaid shall cover facility services only after the appropriate services have been billed to Medicare. The Division of Medical Assistance shall allow nursing facility providers

sufficient time from the effective date of this act to certify additional Medicare beds if necessary. In determining the date that the requirements of this subdivision become effective, the Division of Medical Assistance shall consider the regulations governing certification of Medicare beds and the length of time required for this process to be completed.

(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. The Department may override the six-prescription limit up to two additional prescriptions for a total of not more than eight prescriptions per recipient per month, for recipients that meet the Department's override policy requirements. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of this subsection 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 five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand-name drugs. Adjustments to the professional services fee shall be established by the General Assembly. In addition to the professional services fee, the Department may pay an enhanced fee for pharmacy services.

(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.

(7) Community Alternative Program, EPSDT screens. – Payment to be made in accordance with the 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. – Wholesale cost plus a dispensing fee to the provider.

(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. – Payment for materials is made to a contractor in accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers are negotiated fees established by the State agency based on industry charges.

(16) Ambulatory surgical centers. – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

(17) Medicare crossover claims. – By not later than October 1, 2005, the Department shall apply Medicaid medical policy to Medicare claims for dually eligible recipients. The Department shall pay 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. 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) when provided in 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 provided by:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified clinical supervisors, when Medicaid-eligible children are referred by the Community Care of North Carolina primary care physician, a Medicaid-enrolled psychiatrist, or the area mental health program or local management entity, and

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.

c. For Medicaid-eligible adults, services provided by 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, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified clinical supervisors, Medicaid-eligible adults may be self-referred.

d. Payments made for services rendered in accordance with this subdivision shall be to qualified providers in accordance with approved policies and the State Plan. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to modify the scope of practice of any service provider, practitioner, or licensee, nor to modify or attenuate any collaboration or supervision requirement related to the professional activities of any service provider, practitioner, or licensee. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to require any private health insurer or health plan to make direct third-party reimbursements or payments to any service provider, practitioner, or licensee.

e. The Department of Health and Human Services shall not enroll licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addiction specialists, and certified clinical supervisors until all of the following conditions have been met:

1. The fiscal impact of payments to these qualified providers has been projected;
2. Funding for any projected requirements in excess of budgeted Division of Medical Assistance funding has been identified from within State funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support area mental health programs or county programs, or identified from other sources; and
3. Approval has been obtained from the Office of State Budget and Management to transfer these State or other source funds from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to the Division of Medical Assistance. Upon approval and implementation, the Department of Health and Human Services shall, on a quarterly basis, provide a status report to the Office of State Budget and Management and the Fiscal Research Division.

Notwithstanding G.S. 150B-21.1(a), 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. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and

Substance Abuse Services under sub-subdivisions a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

(23) Medically necessary prosthetics or orthotics. – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services, except that in order to be eligible for reimbursement, providers must be Board certified not later than July 1, 2005. Medically necessary prosthetics and orthotics are subject to prior approval and utilization review.

(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 subdivision 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.

Payment is limited to Medicaid-enrolled providers that purchase a performance bond in an amount not to exceed one hundred thousand dollars ($100,000) naming as beneficiary the Department of Health and Human Services, Division of Medical Assistance, or provide to the Department a validly executed letter of credit or other financial instrument issued by a financial institution or agency honoring a demand for payment in an equivalent amount. The Department may waive or limit the requirements of this paragraph for one or more classes of Medicaid-enrolled providers based on the provider's dollar amount of monthly billings to Medicaid or the length of time the provider has been licensed in this State to provide services. In waiving or limiting requirements of this paragraph, the Department shall take into consideration the potential fiscal impact of the waiver or limitation on the State Medicaid Program. The Department may adopt temporary rules in accordance with G.S. 150B-21.1 as necessary to implement this provision.

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.

SECTION 10.11.(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. In addition, the State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the federal Medicare Part D clawback payments under the Medicare Modernization Act of 2004.

SECTION 10.11.(c) Co-Payment for Medicaid Services. – The Department of Health and Human Services may establish co-payments up to the maximum permitted by federal law and regulation and required by this subsection in order to achieve reductions in the budget in fiscal years 2005-2006 and 2006-2007. The co-payment for inpatient hospitalization services is fifty dollars ($50.00).

SECTION 10.11.(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:

	Categorically Needy	Medically Needy	
	WFFA*		
Family Size	Standard of Need	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

*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 10.11.(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. This subsection expires December 31, 2005.

SECTION 10.11.(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:

Monthly Net Wages	Monthly Incentive Allowance
$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 10.11.(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 10.11.(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), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name 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". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs 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 10.11.(i) The Department of Health and Human Services shall not impose prior authorization requirements or other restrictions under the State Medical Assistance Program on medications prescribed for Medicaid recipients for the treatment of: (i) mental illness, including, but not limited to, medications for schizophrenia, bipolar disorder, and major depressive disorder, or (ii) HIV/AIDS.

SECTION 10.11.(j) 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, contracting for services, managed care plans, or community-based services programs in accordance with plans approved by the United 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 10.11.(k) 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 contracting processes in order to improve cost containment.

SECTION 10.11.(l) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost-containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 10.11.(m) 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 10.11.(n) 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 10.11.(o) 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 one 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 one through five 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 six 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 10.11.(p) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 10.11.(q) 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 10.11.(r) 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. The Department of Health and Human Services shall identify adequate funds to support the implementation and first year's operational costs that exceed the currently allocated funds for the new contract for the fiscal agent for the Medicaid Management Information System.

SECTION 10.11.(s) The Department of Health and Human Services may adopt temporary or emergency rules according to the procedures established in G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules are necessary to maximize receipt of federal funds within existing State appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary or emergency rules with the Rules Review Commission and 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 or emergency rule and its effect on State appropriations and local governments.

SECTION 10.11.(t) 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 Centers for Medicare and Medicaid Services (CMS). The reports shall be provided at the same time they are submitted to CMS for approval.

SECTION 10.11.(u) Upon approval of a demonstration waiver by the Centers for Medicare and Medicaid Services (CMS), the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of childbearing 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.

SECTION 10.11.(v) The Department of Health and Human Services may apply federal transfer of assets policies, as described in Title XIX, section 1917(c) of the Social Security Act, including the attachment of liens, to real property excluded as "income producing", tenancy-in-common, or as nonhomesite property made "income producing" under Title XIX, section 1902(r)(2) of the Social Security Act. The transfer of assets policy shall apply only to an institutionalized individual or the individual's spouse as defined in Title XIX, section 1917(c) of the Social Security Act. This subsection becomes effective no earlier than October 1, 2001. Federal transfer of asset policies and attachment of liens to properties excluded as tenancy-in-common or as nonhomesite property made "income producing" in accordance with this subsection shall become effective not earlier than November 1, 2002.

SECTION 10.11.(w) When implementing the Supplemental Security Income (SSI) method for considering equity value of income producing property, the Department shall, to the maximum extent possible, employ procedures to mitigate the hardship to Medicaid enrollees occurring from application of the Supplemental Security Income (SSI) method.

SECTION 10.11.(x) Unless required for compliance with federal law, 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 increased 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. The Department shall not implement any proposed medical policy change exceeding three million dollars ($3,000,000) in total requirements for a given fiscal year unless the source of State funding is identified and approved by the Office of State Budget and Management. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than three million dollars ($3,000,000).

SECTION 10.11.(y) The Department shall develop, amend, and adopt medical coverage policy in accordance with the following:

(1) During the development of new medical coverage policy or amendment to existing medical coverage policy, consult with and seek the advice of the Physician Advisory Group of the North Carolina Medical Society and other organizations the Secretary deems appropriate. The Secretary shall also consult with and seek the advice of officials of the professional societies or associations representing providers who are affected by the new medical coverage policy or amendments to existing medical coverage policy.

(2) At least 45 days prior to the adoption of new or amended medical coverage policy, the Department shall:
   a. Publish the proposed new or amended medical coverage policy on the Department's Web site;
   b. Notify all Medicaid providers of the proposed, new, or amended policy; and
   c. Upon request, provide persons copies of the proposed medical coverage policy.

(3) During the 45-day period immediately following publication of the proposed new or amended medical coverage policy, accept oral and written comments on the proposed new or amended policy.

(4) If, following the comment period, the proposed new or amended medical coverage policy is modified, then the Department shall, at least 15 days prior to its adoption:
a. Notify all Medicaid providers of the proposed policy;
b. Upon request, provide persons notice of amendments to the proposed policy; and
c. Accept additional oral or written comments during this 15-day period.

SECTION 10.11.(z) For the purposes of investigating and reducing client fraud and abuse, the Department of Health and Human Services, Division of Medical Assistance, shall include in the Medicaid enrollment process the requirement that the applicant for Medicaid consent to or authorize in writing the release of the applicant's medical records for the three years immediately preceding the application for Medicaid benefits. The Department shall obtain and use information from the applicant's medical records in a manner and form that complies with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191, as amended, and that protects the privacy of the information as required by other applicable federal or State law. In addition to fraud and abuse detection, the Department may require the applicant's consent for other purposes permitted by HIPAA and required or authorized by other applicable federal or State law.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS

SECTION 10.12.(a) Disproportionate share receipts reserved at the end of the 2005-2006 and 2006-2007 fiscal years shall be deposited with the Department of State Treasurer as nontax revenue for each of those fiscal years.

SECTION 10.12.(b) For each year of the 2005-2007 fiscal biennium, 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 million dollars ($100,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of one hundred million dollars ($100,000,000) shall be reserved by the State Treasurer for future appropriations.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

COUNTY MEDICAID COST SHARE

SECTION 10.13.(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 10.13.(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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MEDICAID COST CONTAINMENT ACTIVITIES

SECTION 10.14. The Department of Health and Human Services may use not more than three million dollars ($3,000,000) in the 2005-2006 fiscal year and not more than three million dollars ($3,000,000) in the 2006-2007 fiscal year in Medicaid funds budgeted for program services to support the cost of administrative activities when cost-effectiveness and savings are demonstrated. The funds 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 limits, prior authorization of services, periodic medical necessity reviews, revised medical necessity criteria, service provision in the least costly settings, plastic magnetic stripped Medicaid identification cards for issuance to Medicaid enrollees, fraud detection software or other fraud detection activities, technology that improves clinical decision making, credit balance recovery and data mining services, and other cost-containment activities. Funds may be expended under this section only after the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditure of funds under this section shall include the cost of implementing the cost-containment activity and documentation of the amount of savings expected to be realized from the cost-containment activity. The Department shall provide a copy of proposals for expenditures under this section to the Fiscal Research Division.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MEDICAID RESERVE FUND TRANSFER

SECTION 10.15. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of fifty million dollars ($50,000,000) for the 2005-2006 fiscal year and the sum of fifty million dollars ($50,000,000) for the 2006-2007 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

NO PRIOR AUTHORIZATION FOR CERTAIN PRESCRIPTION DRUGS UNDER MEDICAID

SECTION 10.16. The Department of Health and Human Services, Division of Medical Assistance, shall not establish prior authorization requirements or other restrictions under the State Medical Assistance Program for FDA-approved medications indicated for the treatment of life-threatening respiratory conditions due to chronic obstructive pulmonary disease (COPD) or stroke. In developing a disease management program, the Department of Health and Human Services shall include initiatives that positively impact COPD and stroke-related health care costs.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

EXPAND COMMUNITY CARE OF NORTH CAROLINA MANAGEMENT TO ADDITIONAL MEDICAID RECIPIENTS

SECTION 10.17.(a) The Department of Health and Human Services shall expand the scope of Community Care of NC care management model to recipients of Medicaid and dually eligible individuals with a chronic condition and long-term care needs. In expanding the scope, the Department shall focus on the Aged, Blind, and Disabled, and CAP-DA populations for improvement in management, cost-effectiveness, and local coordination of services through Community Care of NC and in collaboration with local providers of care. The Department shall target personal care services, private duty nursing, home health, durable medical equipment, ancillary professional services, specialty care, residential services, including skilled nursing facilities, home infusion therapy, pharmacy, and other services determined target-worthy by the Department. The Department shall pilot communitywide initiatives and shall expand statewide successful models.

SECTION 10.17.(b) The Department of Health and Human Services may work with the federal government to attain the necessary regulatory and policy relief to better align policy and economic incentives to improve care in the most cost-effective manner and attain savings through controlled utilization of services.

SECTION 10.17.(c) The Department of Health and Human Services may pay network and primary care providers an enhanced PMPM care management fee and shall also provide additional block grant funds for start-up during the pilot phase.

SECTION 10.17.(d) The Department of Health and Human Services shall report on the implementation of this section, including resulting savings and quality improvement benchmarks 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, 2007.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

TICKET TO WORK/MEDICAID ELIGIBILITY

SECTION 10.18.(a) Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"**§ 108A-54.1. Medicaid buy-in for workers with disabilities.**

(a) Title. – This act may be cited as the Health Coverage for Workers With Disabilities Act. The Department shall implement a Medicaid buy-in eligibility category as permitted under P.L. 106-170, Ticket to Work and Work Incentives Improvement Act of 1999. The Department shall establish rules, policies, and procedures to implement this act in accordance with this section.

(b) Definitions. – As used in this section, unless the context clearly requires otherwise:

(1) 'FPG' means the federal poverty guidelines.

(2) 'HCWD' means Health Coverage for Workers With Disabilities.

(3) 'SSI' means Supplemental Security Income.

(4) 'Ticket to Work' means the Ticket to Work and Work Incentives Improvement Act of 1999.

(c) Eligibility. – An individual is eligible for HCWD if:

(1) The individual is at least 16 years of age and is less than 65 years of age;

(2) The individual meets Social Security Disability criteria, or the individual has been enrolled in HCWD and then becomes medically improved as defined in Ticket to Work and as further specified by the Department. An individual shall be determined to be eligible under this section without regard to the individual's ability to engage in, or actual engagement in, substantial gainful activity as defined in section 223 of the Social Security Act (42 U.S.C. § 423(d)(4)). In conducting annual redetermination of eligibility, the Department may not determine that an individual participating in HCWD is no longer disabled based solely on the individual's participation in employment or earned income;

(3) The individual's unearned income does not exceed one hundred fifty percent (150%) of FPG, and countable resources for the individual do not exceed the resource limit for the minimum community spouse resource standard under 42 U.S.C. § 1396r, and as further determined by the Department. In determining an individual's countable income and resources, the Department may not consider income or resources that are disregarded under the State Medical Assistance Plan's financial methodology, including the sixty-five-dollar ($65.00) disregard, impairment-related work expenses, student earned-income exclusions, and other SSI program work incentive income disregards; and

(4) The individual is engaged in a substantial and reasonable work effort (employed) as provided in this subdivision and as further defined by the Department and allowable under federal law. For purposes of this

subsection, "engaged in substantial and reasonable work effort" means all of the following:

a. Working in a competitive, inclusive work setting, or self-employed.

b. Earning at least the applicable minimum wage.

c. Having monthly earnings above the SSI basic sixty-five-dollar ($65.00) earned-income disregard.

d. Being able to provide evidence of paying applicable Medicare, Social Security, and State and federal income taxes.

The Department may impose additional earnings requirements in defining "engaged in substantial and reasonable work effort" for individuals who are eligible for HCWD based on medical improvement.

Individuals who participate in HCWD but thereafter become unemployed for involuntary reasons, including health reasons, shall have continued eligibility in HCWD for up to 12 months from the time of involuntary unemployment, so long as the individual (i) maintains a connection with the workforce, as determined by the Department, (ii) meets all other eligibility criteria for HCWD during the period, and (iii) pays applicable fees, premiums, and co-payments.

(d) Fees, Premiums, and Co-Payments. – Individuals who participate in HCWD and have countable income greater than one hundred fifty percent (150%) of FPG shall pay an annual enrollment fee of fifty dollars ($50.00) to their county department of social services. Individuals who participate in HCWD and have countable income greater than or equal to two hundred percent (200%) of FPG shall pay a monthly premium in addition to the annual fee. The Department shall set a sliding scale for premiums, which is consistent with applicable federal law. An individual with countable income equal to or greater than four hundred fifty percent (450%) of FPG shall pay not less than one hundred percent (100%) of the cost of the premium, as determined by the Department. The premium shall be based on the experience of all individuals participating in the Medical Assistance Program. Individuals who participate in HCWD are subject to co-payments equal to those required under the North Carolina Health Choice Program."

SECTION 10.18.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Medical Assistance, the sum of one hundred fifty thousand dollars ($150,000) for the 2006-2007 fiscal year shall be used to support the expansion of Medicaid eligibility authorized under subsection (a) of this section.

SECTION 10.18.(c) Subsection (b) of this section becomes effective July 1, 2006. Subsection (a) of this section becomes effective January 1, 2007. The remainder of this section is effective when it becomes law.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MEDICAID PERSONAL CARE SERVICES LIMITATIONS

SECTION 10.19.(a) The Department of Health and Human Services, Division of Medical Assistance, shall apply the following minimum criteria for eligibility for personal care services under Medicaid:

(1) Personal care services shall not exceed three hours per day and 40 hours per month.

(2) Before services are authorized, the individual must be assessed by a physician who has examined the individual. The assessing physician must use an assessment tool identified by the Division.

(3) The physician must see the individual at least every six months after service is approved to determine if the need for services continues to exist.

(4) The provider of personal care services must ensure that a nurse reviews the individual's services every 90 days or less, as determined by the Division of Medical Assistance.

The Division may include additional criteria for eligibility for personal care services.

SECTION 10.19.(b) The Division of Medical Assistance shall work with Community Care of North Carolina (CCNC) to determine how CCNC can help with the review of the need for personal care services.

SECTION 10.19.(c) The Division of Medical Assistance shall study and determine appropriate utilization/prior authorization systems for personal care services and other home and community-based services that can be provided to individuals who meet medical criteria and that can be implemented when the new MMIS goes into effect. The Department of Health and Human Services, Division of Medical Assistance, shall report the plan for implementation of this section, including costs, not later than May 1, 2006, 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 Purcell, Malone, Garrou, Dalton, Hagan

CAP-DA CHANGES

SECTION 10.20.(a) The Department of Health and Human Services, Division of Medical Assistance, shall develop a new system for reimbursing the CAP-DA program. The new system shall:

(1) Use a case-mix reimbursement system, similar to the one used by nursing facilities, to determine the level of care provided and the amount paid for the care provided; and

(2) Use the Resource Utilization Groups-III (RUG-III) to determine level of need for CAP-DA services.

SECTION 10.20.(b) When determining eligibility and service level for CAP-DA services, the Division shall include criteria that consider the ability and availability of family members to provide care.

SECTION 10.20.(c) Not later than May 1, 2006, the Department of Health and Human Services, Division of Medical Assistance, shall report on the development of the new system, including an implementation schedule. Full implementation of the new system shall be not later than January 1, 2007. 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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DMA ACCESS TO HEALTH INSURANCE INFORMATION TO ENSURE RECOUPMENT OF MEDICAID FUNDS SPENT ON MEDICAL CARE COVERED BY INSURANCE

SECTION 10.21.(a) Part 1 of Article 50 of Chapter 58 of the General Statutes is amended by adding the following new section to read:

"**§ 58-50-46. Insurers to provide certain information to Department of Health and Human Services.**

(a) As used in this section, the terms:

(1) 'Department' means the Department of Health and Human Services.

(2) 'Division' means the Division of Medical Assistance of the Department of Health and Human Services.

(3) 'Health benefit plan' and 'insurer' have the meaning applicable under G.S. 58-3-167.

(4) 'Medical assistance' means medical assistance benefits provided under the State Medical Assistance Plan.

(b) Every insurer issuing a health benefit plan shall provide to the Department of Health and Human Services, upon its request, information, including automated data matches conducted under the direction of the Department of Health and Human Services, Division of Medical Assistance, as necessary for the purpose of identifying individuals covered under the insurer's health benefit plans who are also recipients of medical assistance. To facilitate the Division in obtaining this and other related information, every insurer shall:

(1) Cooperate with the Division to determine whether a named individual who is a recipient of medical assistance may be covered under the insurer's health benefit plan and eligible to receive benefits under the health benefit plan for services provided under the State Medical Assistance Plan;

(2) Accept the Division's authorization for the provision of medical services on behalf of the recipient of medical assistance as the insurer's authorization for the provision of the services; and

(3) Respond to the request for information within 15 working days after receipt of written proof of loss or claim for payment for health care services provided to a recipient of medical assistance who is covered by the insurer's health benefit plan.

(c) An insurer that complies with this section shall not be liable on that account in any civil or criminal action or proceedings brought by an individual covered under the insurer's health benefit plan, or the individual's beneficiaries."

SECTION 10.21.(b) G.S. 108A-70 reads as rewritten:

"**§ 108A-70. Recoupment of amounts spent on medical care.**

(a) The Department may garnish the wages, salary, or other employment income of, and the Secretary of Revenue shall withhold amounts from State tax refunds to, any person who:

(1) Is required by court or administrative order to provide health benefit plan coverage for the cost of health care services to a child eligible for medical assistance under Medicaid; and

(2) Has received payment from a third party for the costs of such services; but

(3) Has not used such payments to reimburse, as appropriate, either the other parent or guardian of the child or the provider of the services;

to the extent necessary to reimburse the Department for expenditures for such costs under this Part; provided, however, claims for current and past due child support shall take priority over any such claims for the costs of such services.

(b) To the extent that payment for covered services has been made under G.S. 108A-55 for health care items or services furnished to an individual, in any case where a third party has a legal liability to make payments, the Department of Health and Human Services is considered to have acquired the rights of the individual to payment by any other party for those health care items or services.

(c) The Department of Health and Human Services, Division of Medical Assistance, may request, receive, and use information obtained pursuant to G.S. 58-50-46 in order to enforce this section."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

NC HEALTH CHOICE APPROPRIATIONS; CLAIMS PROCESSING

SECTION 10.22.(a) Of the funds appropriated in this act to the Department of Health and Human Services for the NC Health Choice Program, the sum of fourteen million six hundred seventy thousand six hundred sixty-nine dollars ($14,670,669) for the 2005-2006 fiscal year, and the sum of thirty-five million four hundred seventy-five thousand three hundred ninety-nine dollars ($35,475,399) for the 2006-2007 fiscal year, shall be used to continue enrolling children in the NC Health Choice Program. The total amount of funds appropriated for the NC Health Choice Program for the 2005-2007

fiscal biennium may be increased through budget transfers, subject to the approval of the Office of State Budget and Management, if needed to match available federal funds to support Program expenditures.

SECTION 10.22.(b) It is the intent of the General Assembly to address the shortfall in federal funding for the NC Health Choice Program in the second year of the 2005 fiscal biennium by directing the Department of Health and Human Services to develop strategies and recommendations for maximizing available federal funds for the Medicaid Program and the NC Health Choice Program and for maximizing administrative efficiencies in the NC Health Choice Program. The purpose of the strategies and recommendations is to produce savings in State and federal funds so as to ensure the ability of the State to continue enrolling children in the NC Health Choice Program and to avoid the necessity of freezing enrollment due to the potential shortage of federal funds. To this end, the Department of Health and Human Services shall develop a Plan for changes to the administration and claims processing of the NC Health Choice Program. The Plan may include issuance of a Request for Proposal, changes incorporated into existing contracts, or by other means that will result in greater savings in administrative costs. The Plan shall provide for full implementation of changes to administration and claims processing not later than July 1, 2007. In developing the Plan, the Department shall consider the fiscal impact of paying NC Health Choice Program claims at Medicaid rates and the impact a change in rates would have on access to services. The Department shall report on the development of the Plan and recommendations for actions by the General Assembly, not later than January 1, 2006. 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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LONG-TERM PLAN FOR MEETING MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES NEEDS

SECTION 10.24.(a) The Secretary of the Department of Health and Human Services shall, in consultation with interested advocacy groups and affected State and local agencies, develop a long-range plan for addressing the mental health, developmental disabilities, and substance abuse services needs of the State. The plan shall be consistent with the plan developed pursuant to G.S. 122C-102, and shall address the following:

(1) The services needed at the community level within each LME in order to ensure an adequate level of services to the average number of persons needing the services based on population projections.

(2) The full continuum of services needed for each disability group within an LME, including:

a. Which services could be regional or multi-LME based;

b. What percent of the population each LME would expect to use State-level facilities; and

c. An inventory of existing services within each LME for each disability group, and the gaps that exist;

(3) Projected growth in services for each disability group within each LME or region that can reasonably be managed over the ensuing five-year period; and

(4) Projected start-up costs and the total funding needed in each year from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to implement the long-range plan.

Funds shall not be transferred from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs

until the Secretary has consulted with the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Chairs of the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services.

SECTION 10.24.(b) Moneys in the Trust Fund established pursuant to G.S. 143-15D shall be used to establish or expand community-based services only 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 county programs, or local government.

SECTION 10.24.(c) Not later than January 1, 2006, the Department of Health and Human Services shall report on the implementation 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.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 10.25.(a) The Department of Health and Human Services shall continue 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 system-of-care approach for services to children and their families 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.
(11) A system of identifying and tracking children placed outside of the family unit in group homes, therapeutic foster care home settings, and other out-of-home placements.

SECTION 10.25.(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.

SECTION 10.25.(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 10.25.(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, including provision for the immediate availability of student records to a local school administrative unit receiving a child placed in a residential setting outside the child's home county.

SECTION 10.25.(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 10.25.(f) Of the funds appropriated in this act for the Comprehensive Treatment Services Program, the Department of Health and Human Services shall establish a reserve of three percent (3%) to ensure availability of these funds to address specialized needs for children with unique or highly complex problems.

SECTION 10.25.(g) 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 including the placement of children in programs or facilities outside of the child's home county, 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 10.25.(h) The Department shall submit a report on December 1, 2005, on the implementation of this section and a final report not later than April 1, 2006, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division.

SECTION 10.25.(i) This section expires July 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SERVICES TO MULTIPLY DIAGNOSED ADULTS

SECTION 10.26.(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) 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.
(2) Provide those treatment services that are medically necessary.
(3) Implement utilization review of services provided.

SECTION 10.26.(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.

SECTION 10.26.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 10.26.(d) The Department shall submit a progress report on implementation of this section not later than February 1, 2006, and a final report not later than May 1, 2006, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health,

Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division.

SECTION 10.26.(e) This section expires July 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

EXTEND MENTAL HEALTH CONSUMER ADVOCACY PROGRAM CONTINGENT UPON FUNDS APPROPRIATED BY THE 2007 GENERAL ASSEMBLY

SECTION 10.27. Section 4 of S.L. 2001-437, as amended by Section 10.30 of S.L. 2002-126, and as further amended by Section 10.10 of S.L. 2003-284, reads as rewritten:

"**SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1, 2002. ~~Section 2 of this act becomes effective only if funds are appropriated by the 2005 General Assembly for that purpose.~~ Section 2 of this act becomes effective July 1 of the fiscal year for which funds are appropriated by the ~~2005~~ General Assembly for that purpose. The remainder of this act is effective when it becomes law."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

TRANSITION PLANNING FOR STATE PSYCHIATRIC HOSPITALS

SECTION 10.28.(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 continue to implement a plan for the transition of patients from State psychiatric hospitals to the community or to other long-term care facilities, as appropriate. The goal is to develop mechanisms and identify resources needed to enable patients and their families 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 10.28.(b) The Department of Health and Human Services shall conduct an analysis of the individual patient service needs and shall develop and implement an individual transition plan, as appropriate, for patients in each hospital. The State shall ensure that each individual transition plan, as appropriate, shall 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 10.28.(c) In accordance with the plan established in subsections (a) and (b) of this section, any nonrecurring savings in State appropriations that result from reductions in beds or services shall be placed in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. These funds shall be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with G.S. 143-15.3D. Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, (i) for implementation of subsections (a) and (b) of this section and (ii) to support the recurring costs of additional

community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W.

SECTION 10.28.(d) 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 of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division. These reports shall be submitted on December 1, 2005, and May 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MENTAL RETARDATION CENTER DOWNSIZING

SECTION 10.29.(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 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 10.29.(b) The Department of Health and Human Services shall apply any savings in State appropriations in each year of the 2005-2007 fiscal biennium that result from reductions in beds or services as follows:

(1) The Department shall place nonrecurring savings in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs and use the savings to facilitate the transition of clients into appropriate community-based services and support in accordance with G.S. 143-15.3D;

(2) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall retain recurring savings realized through implementation of this section to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W. In determining the savings in this section, savings shall include all savings realized from the downsizing of the State mental retardation centers, including the savings in direct State appropriations in the budgets of the State mental retardation centers; and

(3) The Department of Health and Human Services, Division of Medical Assistance, shall transfer any recurring Medicaid savings resulting from the downsizing of State-operated MR centers from the ICF-MR line in Medicaid to the CAP-MR/DD line.

SECTION 10.29.(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. The Department shall submit the progress report no later than January 15, 2006, and submit a final report no later than May 1, 2006.

SECTION 10.29.(d) The Department of Health and Human Services shall maintain downsizing of mental retardation centers occurring in the 2005-2006 fiscal year for the 2006-2007 fiscal year. The Department shall accomplish downsizing in

accordance with this section and the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services. The Department shall use all savings resulting from downsizing occurring on and after July 1, 2005, as set forth in subsection (b) of this section.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT

SECTION 10.30.(a) 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 an area program or county program, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with 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.

SECTION 10.30.(b) If a private agency fails to timely and accurately complete the required agency-wide uniform cost finding in a manner acceptable to the Department's controller's office, the Department may suspend all Department funding and payment to the private agency until such time as an acceptable cost finding has been completed by the private agency and approved by the Department's controller's office.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DHHS POLICIES AND PROCEDURES IN DELIVERING COMMUNITY MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.31. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall in cooperation with area mental health authorities and county programs, identify and eliminate administrative and fiscal barriers created by existing State and local policies and procedures in the delivery of community-based mental health, developmental disabilities, and substance abuse services provided through the area programs and county programs, including services provided through the Comprehensive Treatment Services Program for Children and services delivered to multiply diagnosed adults. The Department shall implement changes in policies and procedures in order to facilitate all of the following:

(1) The provision of services to adults and children as defined in the Mental Health System Reform State Plan as priority or targeted populations.

(2) A revised system of allocating State and federal funds to area mental health authorities and county programs that reflects projected needs, including the impact of system reform efforts rather than historical allocation practices and spending patterns.

(3) The provision of services to children not deemed eligible for the Comprehensive Treatment Services Program for Children, but who would otherwise be in need of medically necessary treatment services to prevent out-of-home placement.

(4) The provision of services in the community to adults remaining in and being placed in State institutions addressed in Olmstead v. L.C.

Area mental health, developmental disabilities, and substance abuse services authorities and county programs shall use all funds appropriated for and necessary to provide mental health, developmental disabilities, and substance abuse services to meet the need for these services. If excess funds are available after expending appropriated funds to fully meet service needs, one-half of these excess funds shall not revert to the General Fund but shall be transferred to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs,

except that one-half of the funds appropriated for the Comprehensive Treatment Services Program for Children that are unexpended and unencumbered shall not revert to the General Fund but shall be carried forward and used only for services for children and adolescents.

The Department, in consultation with the area mental health authorities and county programs, shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on the progress in implementing these changes. The report shall be submitted on October 1, 2005, and February 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

IMMUNITY FOR REPORTING ABUSE AND NEGLECT

SECTION 10.32. G.S. 122C-66 reads as rewritten:

"**§ 122C-66. Protection from abuse and exploitation; reporting.**

(a) An employee of or a volunteer at a facility who, other than as a part of generally accepted medical or therapeutic procedure, knowingly causes pain or injury to a client or borrows or takes personal property from a client is guilty of a Class 1 misdemeanor. Any employee or volunteer who uses reasonable force to carry out the provisions of G.S. 122C-60 or to protect himself or others from a violent client does not violate this subsection.

(a1) An individual who witnesses or has knowledge of abuse, neglect, or exploitation of a client of a residential facility may report the incident of abuse, neglect, or exploitation to an authorized employee of the facility.

(b) An employee of a facility who witnesses or has knowledge of a violation of subsection (a) or of an accidental injury to a client shall report the violation or accidental injury to authorized personnel designated by the facility. No employee making a report may be threatened or harassed by any other employee or volunteer on account of the report. Violation of this subsection is a Class 3 misdemeanor punishable only by a fine, not to exceed five hundred dollars ($500.00).

(c) The identity of an individual who makes a report under this section or who cooperates in an ensuing investigation may not be disclosed without his consent, except to persons authorized by the facility or by State or federal law to investigate or prosecute these incidents, or in a grievance or personnel hearing or civil or criminal action in which a reporting individual is testifying, or when disclosure is legally compelled or authorized by judicial discovery. This subsection shall not be interpreted to require the disclosure of the identity of an individual where it is otherwise prohibited by law.

(d) An employee or citizen who makes a report in good faith under this section is immune from any civil liability that might otherwise occur for the report. In any case involving liability, making of a report under this section is prima facie evidence that the maker acted in good faith.

(e) The duty imposed by this section is in addition to any duty imposed by G.S. 7B-301 or G.S. 108A-102.

(f) The facility shall investigate or provide for the investigation of all reports made under the provisions of this section."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

RULES PERTAINING TO CONFLICT OF INTEREST IN REFERRALS TO PROVIDER AGENCIES

SECTION 10.33. G.S. 122C-26 reads as rewritten:

"**§ 122C-26. Powers of the Commission.**

In addition to other powers and duties, the Commission shall exercise the following powers and duties:

(1) Adopt, amend, and repeal rules consistent with the laws of this State and the laws and regulations of the federal government to implement the provisions and purposes of this Article;
(2) Issue declaratory rulings needed to implement the provisions and purposes of this Article;
(3) Adopt rules governing appeals of decisions to approve or deny licensure under this Article;
(4) Adopt rules for the waiver of rules adopted under this Article; and
(5) Adopt rules applicable to facilities licensed under this Article:
a. Establishing personnel requirements of staff employed in facilities;
b. Establishing qualifications of facility administrators or directors;
c. Establishing requirements for death reporting including confidentiality provisions related to death reporting; ~~and~~
d. Establishing requirements for patient ~~advocates.~~ advocates; and
e. Requiring facility personnel who refer clients to provider agencies to disclose any pecuniary interest the referring person has in the provider agency, or other interest that may give rise to the appearance of impropriety."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES TO STUDY OVERSIGHT AND MONITORING BY DEPARTMENT OF HEALTH AND HUMAN SERVICES OF SERVICES TO MENTAL HEALTH CONSUMERS

SECTION 10.34. The Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services shall study the oversight and monitoring roles and activities of the Divisions of: Social Services, Facility Services, Medical Assistance, and Mental Health, Developmental Disabilities, and Substance Abuse Services, of the Department of Health and Human Services. The study shall focus on how the oversight and monitoring activities benefit consumers of mental health, developmental disabilities, and substance abuse services in residential settings, and shall include in its report recommendations on ensuring quality of care and increasing efficiency in the provision of services. The Oversight Committee 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, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

APPEALS PROCESS FOR CLIENTS OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES PROGRAMS

SECTION 10.35. G.S. 122C-151.2 reads as rewritten:

"**§ 122C-151.2. Appeal by area authorities and county ~~programs.~~programs; rules governing appeals process for clients of area authorities or county programs.**

(a) The area authority or county program may appeal to the Commission any action regarding rules under the jurisdiction of the Commission or rules under the joint jurisdiction of the Commission and the Secretary.

(b) The area authority or county program may appeal to the Secretary any action regarding rules under the jurisdiction of the Secretary.

(b1) The Commission shall adopt rules governing an appeals process for clients to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the Secretary. The appeals process shall ensure that area authority and county program services meet the requirements of applicable statutes and the rules of the Commission and the Secretary.

(c) Appeals shall be conducted according to rules adopted by the Commission and Secretary and in accordance with Chapter 150B of the General Statutes."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CONTROLLED SUBSTANCES REPORTING

SECTION 10.36.(a) Chapter 90 of the General Statutes is amended by adding a new Article to read:

"Article 5D.

"North Carolina Controlled Substances Reporting Act.

"**§ 90-113.60. Short title.**

This Article shall be known and may be cited as the "North Carolina Controlled Substances Reporting System Act."

"**§ 90-113.61. Legislative findings.**

The General Assembly makes the following findings:

(1) North Carolina is experiencing an epidemic of poisoning deaths from unintentional drug overdoses.

(2) Since 1997, the number of deaths from unintentional drug overdoses has increased threefold, from 228 deaths in 1997 to 690 deaths in 2003.

(3) The number of unintentional deaths from illicit drugs in North Carolina has decreased since 1992 while unintentional deaths from licit drugs, primarily prescriptions, have increased.

(4) Licit drugs are now responsible for over half of the fatal unintentional poisonings in North Carolina.

(5) Over half of the prescription drugs associated with unintentional deaths are narcotics (opioids).

(6) Of these licit drugs, deaths from methadone, usually prescribed as an analgesic for severe pain, have increased sevenfold since 1997.

(7) Methadone from opioid treatment program clinics is a negligible source of the methadone that has contributed to the dramatic increase in unintentional methadone-related deaths in North Carolina.

(8) Review of the experience of the 19 states that have active controlled substances reporting systems clearly documents that implementation of these reporting systems do not create a "chilling" effect on prescribing.

(9) Review of data from controlled substances reporting systems help:

a. Support the legitimate medical use of controlled substances.

b. Identify and prevent diversion of prescribed controlled substances.

c. Reduce morbidity and mortality from unintentional drug overdoses.

d. Reduce the costs associated with the misuse and abuse of controlled substances.

e. Assist clinicians in identifying and referring for treatment patients misusing controlled substances.

f. Reduce the cost for law enforcement of investigating cases of diversion and misuse.

g. Inform the public, including health care professionals, of the use and abuse trends related to prescription drugs.

"**§ 90-113.62. Definitions.**

The following definitions apply in this Article:

(1) "Controlled substance" means a controlled substance as defined in G.S. 90-87(5).
(2) "Department" means the Department of Health and Human Services.
(3) "Dispenser" means a person who delivers a Schedule II through V controlled substance to an ultimate user in North Carolina, but does not include any of the following:
a. A licensed hospital or long-term care pharmacy that dispenses such substances for the purpose of inpatient administration.
b. A person authorized to administer such a substance pursuant to Chapter 90 of the General Statutes.
c. A wholesale distributor of a Schedule II through V controlled substance.
(4) "Ultimate user" means a person who has lawfully obtained, and who possesses, a Schedule II through V controlled substance for his or her own use, for the use of a member of his or her household, or for the use of an animal owned or controlled by him or her or by a member of his or her household.

"**§ 90-113.63. Requirements for controlled substances reporting system.**

The Department shall establish and maintain a reporting system of prescriptions for all Schedule II through V controlled substances. Each dispenser shall submit the information in accordance with transmission methods and frequency established by rule by the Commission. The Department may issue a waiver to a dispenser that is unable to submit prescription information by electronic means. Such waiver may permit the dispenser to submit prescription information by paper form or other means, provided all information required of electronically submitted data is submitted.

"**§ 90-113.64. Confidentiality.**

(a) Prescription information submitted to the Department shall be confidential and shall not be public records pursuant to G.S. 132-1. The Department may use such information for purposes of administration and enforcement. Any contractor shall be bound to maintain the confidentiality of prescription information in accordance with this section. The information may only be disclosed in accordance with subsections (b) and (c) of this section.

(b) The Department shall, upon request, release data in the controlled substances reporting system to the following persons:
(1) Persons authorized to prescribe or dispense controlled substances for the purpose of providing medical or pharmaceutical care for their patients.
(2) An individual who requests the individual's own controlled substances reporting system information.
(3) Other agencies authorized to have access to such information pursuant to the provisions of G.S. 90-107.
(4) Primary monitoring authorities for other states if information concerns the dispensing of a Schedule II through V controlled substance to an ultimate user who resides in such state or the dispensing of a Schedule II through V controlled substance prescribed by a licensed health care practitioner whose principal place of business is located in such other state.
(5) To a court pursuant to a lawful court order.

(c) The Department may provide data to public or private entities for statistical, research, or educational purposes after removing information that could be used to identify individual patients who received prescriptions from dispensers.

"**§ 90-113.65. Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services to adopt rules.**

The Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services shall adopt rules necessary to implement this act."

SECTION 10.36.(b) This section becomes effective January 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SENIOR CENTER OUTREACH

SECTION 10.37.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging and Adult Services, for the 2005-2007 fiscal biennium, shall be used by the Division of Aging and Adult Services 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 10.37.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the county commissioners of the county in which the new center will be located shall:

(1) Formally endorse the need for such 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 10.37.(c) State funding shall not exceed seventy-five percent (75%) of reimbursable costs.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

STATE/COUNTY SPECIAL ASSISTANCE

SECTION 10.38.(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.

SECTION 10.38.(b) Effective July 1, 2005, the maximum monthly rate for residents in adult care home facilities shall be one thousand eighty-four dollars ($1,084) per month per resident unless adjusted by the Department in accordance with subsection (d) of this section.

SECTION 10.38.(c) It is the intent of the General Assembly to protect individuals who meet current eligibility standards for State/County Special Assistance from becoming disenfranchised from the program as a result of any changes proposed in this section. Therefore, subject to any necessary approvals by the Center for Medicare & Medicaid Services (CMS):

(1) The eligibility of Special Assistance recipients who resided in adult care homes on September 30, 2003, and remain continuously eligible shall not be affected by an income reduction in the Special Assistance eligibility criteria, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand ninety-one dollars ($1,091) per month per resident; and

(2) The standard of need level for coverage eligibility under State/County Special Assistance, for individuals not enrolled or recipients of the program on September 30, 2003, shall be not less than one thousand ninety-one dollars ($1,091) per month per individual, but the monthly reimbursement rate for such individuals shall be the amount established under subsections (c) and (d) of this section. However, the Department of Health and Human Services, in its determination of reimbursement rates, may establish a minimum monthly reimbursement rate of not more than five dollars ($5.00) per month for

any resident of an adult care home facility meeting the established standard of need level for coverage.

SECTION 10.38.(d) Notwithstanding any other provision of this section, the Department of Health and Human Services shall review activities and costs related to the provision of care in adult care homes and shall determine what costs may be considered to properly maximize allowable reimbursement available through Medicaid personal care services for adult care homes (ACH-PCS) under federal law. As determined, and with any necessary approval from the Centers for Medicare and Medicaid Services (CMS), and the approval of the Office of State Budget and Management, the Department may transfer necessary funds from the State/County Special Assistance program within the Division of Social Services to the Division of Medical Assistance and may use those funds as State match to draw down federal matching funds to pay for such activities and costs under Medicaid's personal care services for adult care homes (ACH-PCS), thus maximizing available federal funds. The established rate for State/County Special Assistance set forth in subsection (c) of this section shall be adjusted by the Department to reflect any transfer of funds from the Division of Social Services to the Division of Medical Assistance, and related transfer costs and responsibilities from State/County Special Assistance to the Medicaid personal care services for adult care homes (ACH-PCS). Such rate adjustments to the Special Assistance rate shall be effective with the effective date of increased reimbursement under ACH-PCS. In no event shall the reimbursement for services through the ACH-PCS exceed the average cost of such services as determined by the Department from review of cost reports as required and submitted by adult care homes. The Department shall report any transfers of funds and modifications of rates 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 Purcell, Malone, Garrou, Dalton, Hagan

SPECIAL ASSISTANCE IN-HOME

SECTION 10.39.(a) 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 800 individuals during the 2005-2006 fiscal year and the 2006-2007 fiscal year. The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be fifty percent (50%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. For State fiscal year 2005-2006, qualified individuals shall not receive payments at rates less than they would have been eligible to receive in State fiscal year 2004-2005. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment. The Department shall make this in-home option available to all counties on a voluntary basis. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State.

SECTION 10.39.(b) The Department shall report on or before January 1, 2006, and on or before January 1, 2007, to the cochairs of the House of Representatives Appropriations Committee, the House of Representatives Appropriations Subcommittee on Health and Human Services, the cochairs of the Senate Appropriations Committee, and the cochairs of the Senate Appropriations Committee on Health and Human Services. This report shall include the following information:

(1) A description of cost savings that result from allowing individuals eligible for State-County Special Assistance the option of remaining in the home.
(2) A complete fiscal analysis of the in-home option to include all federal, State, and local funds expended.
(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 in-home program.
(8) The level and quantity of services (including personal care services) provided to the demonstration project participants compared to the level and quantity of services for residents in adult care homes.

SECTION 10.39.(c) The Department shall incorporate data collection tools designed to compare quality of life among institutionalized versus noninstitutionalized populations (i.e., an individual's perception of his or her own health and well-being, years of healthy life, and activity limitations). To the extent national standards are available, the Department shall utilize those standards.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LICENSURE OF RESIDENTIAL TREATMENT FACILITIES

SECTION 10.40.(a) Article 2 of Chapter 122C of the General Statutes is amended by adding the following new section to read:

"**§ 122C-23.1. Licensure of residential treatment facilities.**

The General Assembly finds:

(1) That much of the care for residential treatment facility residents is paid by the State and the counties;
(2) That the cost to the State for care for residents of residential treatment facilities is substantial, and high vacancy rates in residential treatment facilities further increase the cost of care;
(3) That the proliferation of residential treatment facilities results in costly duplication and underuse of facilities and may result in lower quality service;
(4) There is currently no ongoing relationship between some applicants for licensure and local management entities (LMEs) that are responsible for the placement of children and adults in residential treatment facilities; and
(5) That it is necessary to protect the general welfare and lives, health, and property of the people of the State for the local management entity (LME) to verify that additional beds are needed in the LME's catchment area before new residential treatment facilities are licensed. This process is established to ensure that unnecessary costs to the State do not result, residential treatment facility beds are available where needed, and that individuals who need care in residential treatment facilities may have access to quality care.

Based on these findings, the Department of Health and Human Services may license new residential treatment facilities if the applicant for licensure submits with the application a letter of support obtained from the local management entity in whose catchment area the facility will be located. The letter of support shall be submitted to the Department of Health and Human Services, Division of Facility Services and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall

specify the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility. As used in this subsection, "residential treatment facility" means a "residential facility" as defined in and licensed under this Chapter, but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes.

SECTION 10.40.(b) This section applies to license applications pending and license applications submitted on and after the effective date of this act.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

PLAN FOR STAR-RATING SYSTEM FOR ADULT CARE HOMES

SECTION 10.41. The Department of Health and Human Services shall develop a plan for implementing a star-rating system for adult care homes to improve quality of care. The Department shall report on the status and details of the plan, including a recommended timeline for implementation, 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, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SOCIAL SERVICES COMMISSION TECHNICAL CORRECTION

SECTION 10.42. G.S. 108A-14(a)(8) reads as rewritten:

"**§ 108A-14. Duties and responsibilities.**

(a) The director of social services shall have the following duties and responsibilities:

...

(8) To supervise adult care homes under the rules and regulations of the ~~Social Services~~Medical Care Commission;

...."

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD SUPPORT PROGRAM/ENHANCED STANDARDS

SECTION 10.43.(a) The Department of Health and Human Services shall develop and implement performance standards for each of the State and county child support enforcement offices across the State. To develop 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 that 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 10.43.(b) The Department of Health and Human Services shall report on its progress, in compliance 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 by May 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD WELFARE SYSTEM STUDY

SECTION 10.44. The Department of Health and Human Services shall conduct a study to document variations in the implementation of the Child Welfare System within North Carolina counties. The study shall include recommendations for correcting identified disparities. The study shall identify systemic issues associated with North Carolina's Child Welfare System and provide recommendations for resolving these issues. 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 no later than January 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MULTIPLE RESPONSE SYSTEM

SECTION 10.45.(a) The Department of Health and Human Services, Division of Social Services, shall continue working with local departments of social services to implement an alternative response system of child protection. Local departments of social services shall continue systems already in place. The alternative response system shall provide a family-centered approach to child protective services in which local departments of social services use family assessment tools and family support principles when responding to selected reports of suspected child abuse, neglect, and dependency, including establishing a system of care with child and family teams.

SECTION 10.45.(b) The Department of Health and Human Services shall expand this project using both State appropriations and any non-State funding sources that can be identified for this purpose. Counties may also implement the system using existing resources.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 10.46.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 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 10.46.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 per child per month for children aged 13 through 18.

SECTION 10.46.(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 10.46.(d) The maximum rates for the State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

(1) $800.00 per child per month with indeterminate HIV status;
(2) $1,000 per child per month confirmed HIV-infected, asymptomatic;
(3) $1,200 per child per month confirmed HIV-infected, symptomatic; and

(4) $1,600 per child per month terminally ill with complex care needs.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARING INSTITUTIONS

SECTION 10.47.(a) The Office of the State Auditor shall conduct an audit to evaluate overhead rates and reimbursements for child caring institutions receiving State funding. Of the funds appropriated to the Department of Health and Human Services, Office of the Controller, the sum of one hundred fifty thousand dollars ($150,000) shall be transferred to the State Auditor to conduct the audit. The audit shall include the following:

(1) A detailed evaluation of each child caring institution's cost allocation processes.
(2) A determination of whether the allocated costs are consistent in different agencies.
(3) A determination of the basis used for cost allocation by each agency.
(4) The methodology used to assign direct and indirect costs to specific child caring institution programs.
(5) A determination of whether the overhead charged is reasonable for that specific type of nonprofit, based on national surveys.
(6) A determination of how agency utilization rates impact the child caring institutions' cost allocation and subsequent State reimbursements.
(7) An examination of rate-setting methodologies used by other states and how North Carolina's payment to child caring institutions compare to other states.
(8) Recommendations on how to develop equitable, reasonable rates.
(9) An examination of the feasibility of providing child caring institutions with the opportunity to compete based on providing the best service at least cost.

The Office of the State Auditor 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 no later than March 1, 2006. The written report shall include copies of working papers developed during the course of the audit.

SECTION 10.47.(b) The Department of Health and Human Services shall establish standardized rates for child caring institutions in this State. These rates shall be effective January 1, 2006, and shall be updated annually on July 1. Rate-setting recommendations provided by the Office of the State Auditor shall be incorporated into the Department of Social Services rate-setting methodology.

SECTION 10.47.(c) Until standardized rates are set, child caring institutions' maximum reimbursement shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services Office of the Controller. In determining the maximum reimbursement, counties shall include county and IV-E reimbursements.

SECTION 10.47.(d) Minimum reimbursement for foster parents providing services through child caring institutions shall not be lower than the rates established by the General Assembly.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

SPECIAL CHILDREN ADOPTION FUND

SECTION 10.48.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one hundred thousand dollars ($100,000) shall be used to support the Special Children Adoption Fund for the 2005-2006 fiscal year. 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 income exceeds two hundred percent (200%) of the federal poverty level.

SECTION 10.48.(b) Of the total funds appropriated for the Special Children Adoption Fund each year, twenty percent (20%) of the total funds available shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private agencies have not been spent on or before March 31, 2006, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies.

SECTION 10.48.(c) The Division of Social Services shall monitor the total expenditures in the Special Children Adoption Fund and redistribute unspent funds to ensure that the funds are used according to the guidelines established in subsection (a) of this section. The Division shall implement strategies to ensure that funds that have historically reverted for this program are used for the intended purpose. The Division shall report 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 on the expenditures and activities of the program no later than December 1, 2005, and June 30, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

STUDY TO IDENTIFY ADOPTION INCENTIVES FOR CHILDREN WHO ARE DIFFICULT TO PLACE

SECTION 10.49. The Department of Health and Human Services shall conduct a study to identify potential incentives for adoption of children who are difficult to place and the associated costs for each incentive. The study shall identify incentives currently in place in individual counties and the associated costs. The study shall identify funding sources available to support each incentive. 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 no later than October 1, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

LIMITATION ON STATE ABORTION FUND

SECTION 10.50. 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 2005-2006 and 2006-2007 fiscal years.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

TANF BENEFIT IMPLEMENTATION

SECTION 10.51.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007", prepared by the Department of Health and Human Services and presented to the General Assembly as revised in accordance with subsection (b) of this section, except that the provision contained in the approved North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007 eliminating pay-after-performance as a benefit delivery method for two-parent families will only be implemented if the federal two-parent work participation rate is eliminated. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2005, through September 30, 2007. The Department shall submit the State Plan, as revised in

accordance with subsection (b) of this section, to the United States Department of Health and Human Services, as amended by this act or any other act of the 2005 General Assembly.

SECTION 10.51.(b) The counties approved as Electing Counties in North Carolina's Temporary Assistance for Needy Families State Plan FY 2005-2007 as approved by this section are: Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, McDowell, Sampson, and Stokes.

SECTION 10.51.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for fiscal years 2005 through 2007, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2005. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

RESIDENTIAL SCHOOLS REPORTING

SECTION 10.52. The Office of Education Services shall report not later than December 1, 2005, 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 activities of the Eastern North Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at Morganton, and the Governor Morehead School for the Blind. The report shall include enrollment numbers at the schools, the budgets, and the academic status of the schools as defined under the ABCs program.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

FUNDS FOR SCHOOL NURSES

SECTION 10.53. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two million five hundred thousand dollars ($2,500,000) for the 2005-2006 fiscal year, and the sum of two million five hundred thousand dollars ($2,500,000) for the 2006-2007 fiscal year shall be used for the school nurse funding initiative. The Department of Health and Human Services, Division of Public Health, in conjunction with the Department of Public Instruction, shall provide funds to communities to hire school nurses. The program will fund 50 permanent local nurses. The criteria shall include determining the areas in greatest need for school nurses with the greatest inability to pay for these nurses. Other criteria to be considered shall include: (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children.

There shall be no supplanting of local, State, or federal funds with these funds. Communities shall maintain their current level of effort and funding for school nurses. These funds shall not be used for funding nurses for State agencies. All funding shall be used for direct services.

The Department of Health and Human Services shall report on the use of funds allocated under this section by December 1, 2005, 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 Purcell, Malone, Garrou, Dalton, Hagan

EARLY INTERVENTION REPORTING AND EVALUATION

SECTION 10.54.(a) The Department of Health and Human Services, Division of Public Health, shall report on Early Intervention services. The report shall include the number of children served, the number and types of services and evaluations provided, and the budget for each Children's Developmental Services Agency. In addition, the Division of Public Health shall evaluate its Early Intervention Program

provider network, including provider certification and continuing education requirements.

SECTION 10.54.(b) The Department of Health and Human Services shall analyze the reimbursement rates for Early Intervention services, and may adjust rates according to the findings of the analysis.

SECTION 10.54.(c) The Division of Public Health shall analyze the program funding for the Children with Special Needs Program and shall develop a plan to utilize these funds within the Early Intervention Program. The Division 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 December 1, 2005.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CONTRACTING FOR MORE EFFECTIVE COMBINATION VACCINES

SECTION 10.55. The Department of Health and Human Services may contract for the purchase of new combination vaccines that are more expensive than currently used combination or single component vaccines only if the new, more expensive combination vaccine is more effective than the currently used combination or single component vaccine it replaces.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHRONIC DISEASE PREVENTION ACTIVITIES INVENTORY

SECTION 10.56. In order to reduce costs and eliminate duplication of effort, the Department of Health and Human Services shall create an inventory of all chronic disease prevention activities, funding, staffing, and other resources for these activities, including funding and resources for related task forces and committees. The inventory shall include at a minimum, heart disease, stroke, diabetes, osteoporosis, and cancer. The Department shall create a plan to combine task forces and activities for chronic disease prevention and shall explore collapsing these task forces and committees into the Healthy Carolinians structure. The Department shall report on the inventory and the Department's recommendations not later than February 1, 2006, 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 Purcell, Malone, Garrou, Dalton, Hagan

PILOT PROGRAM FOR AUTOMATIC EXTERNAL DEFIBRILLATORS IN PUBLIC BUILDINGS

SECTION 10.57.(a) The Department of Health and Human Services, Division of Public Health, shall develop a pilot program to place Automated External Defibrillators (AED) in public buildings, including public gymnasiums, that do not have an operational AED in place. In selecting pilot sites, the Department shall ensure geographic representation of the State.

SECTION 10.57.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seventeen thousand dollars ($17,000) for the 2005-2006 fiscal year, and the sum of six thousand dollars ($6,000) for the 2006-2007 fiscal year shall be used to purchase AED units, conduct on-site training at the pilot sites, and conduct ongoing education and awareness campaigns to the general public in the piloted sites. The Department shall ensure that training in the use of an AED shall be conducted in accordance with G.S. 90-21.15(b)(3). The Heart Disease and Stroke Prevention Branch of the Division of Public Health shall be responsible for the purchase of AEDs, the training of pilot program participants, and evaluation of the pilot program.

SECTION 10.57.(c) The Department of Health and Human Services shall report on the location, establishment, and implementation of the pilot sites 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 March 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

IMMUNIZATION PROGRAM FUNDING

SECTION 10.58.(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 one million dollars ($1,000,000) for the 2005-2006 fiscal year and the sum of one million dollars ($1,000,000) for the 2006-2007 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.

(2) Continued development of an automated immunization registry.

SECTION 10.58.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services or contracts, except for contracts to develop an automated immunization registry or contracts with local health departments for outreach.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.59.(a) For the 2005-2006 fiscal year and for the 2006-2007 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 2005-2007 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level.

SECTION 10.59.(b) The Department of Health and Human Services shall make an interim report on ADAP program utilization by January 1, 2006, and a final report on ADAP program utilization by May 1, 2006, 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 ADAP program utilization as follows:

(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) Fiscal year-to-date budget information.

(8) The status of the new system of management for ADAP, the costs savings realized from the new system, and recommendations for improving the system.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.60. 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 a match. This shall not prohibit any locality from spending local funds for child care services.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARE ALLOCATION FORMULA

SECTION 10.61.(a) The Department of Health and Human Services shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) 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 use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

(1) Funds shall be allocated based upon the projected cost of serving children in a county under age 11 in families with all parents working who earn less than seventy-five percent (75%) of the State median income.

(2) No county's allocation shall be less than ninety percent (90%) of its State Fiscal Year 2001-2002 initial child care subsidy allocation.

SECTION 10.61.(b) The Department of Health and Human Services may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including Smart Start funds, within a county.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARE SUBSIDY RATES

SECTION 10.62.(a) 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 10.62.(b) 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. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 10.62.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

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

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

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

(4) Maximum payment rates shall also be calculated periodically by the Division of Child Development and School Readiness 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 10.62.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

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

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

SECTION 10.62.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development and School Readiness shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 10.62.(f) 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 10.62.(g) 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 and School Readiness for the subsidized child care program.

SECTION 10.62.(h) 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 Purcell, Malone, Garrou, Dalton, Hagan

CHILD CARE REVOLVING LOAN

SECTION 10.63. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or pay the Department's cost of administering the program.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.64.(a) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management.

SECTION 10.64.(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.

(2) For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.

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

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

SECTION 10.64.(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 carry-forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the 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.
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a 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 10.64.(d) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 10.64.(e) 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 years 2005-2006 and 2006-2007 shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for fiscal years 2005-2006 and 2006-2007. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.
(2) Expenditures of State funds for advertising and promotional activities are prohibited for fiscal years 2005-2006 and 2006-2007.

SECTION 10.64.(f) A county 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.

Requested by: Senators Purcell, Malone, Hagan, Garrou, Dalton

SMART START FUNDING STUDY

SECTION 10.65.(a) The North Carolina Partnership for Children, Inc., shall study its allocation of funds to local partnerships. The North Carolina Partnership for Children, Inc., shall study funding equity among all counties and local partnerships based on population, the number of children from birth to five years of age residing in the county region, economic indicators, and the quality of existing child care. The North Carolina Partnership for Children, Inc., shall develop strategies to alleviate the inequity of funds to local partnerships.

SECTION 10.65.(b) The North Carolina Partnership for Children, Inc., 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 on or before March 1, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

ANALYZE CHILD CARE SUBSIDY REIMBURSEMENT SYSTEM

SECTION 10.66.(a) The Department of Health and Human Services, Division of Child Development and School Readiness, shall conduct an analysis of the child care subsidy reimbursement system. The Division of Child Development and School Readiness shall conduct the analysis as follows:

(1) Compare surveyed rates from the 2005 child care market survey to existing reimbursement rates and identify counties and levels of disparity of current market rates to subsidy reimbursements.

(2) Compare overall compensation for child care workers by county and determine if there is a correlation with child care quality and subsidy reimbursements.

(3) Examine the impact of North Carolina Partnership for Children, Inc., funding on child care market rates and quality of child care by comparing the length of time local partnerships have been present in counties, the amount local partnerships spend on child care quality initiatives, the number of higher quality child care centers and homes, and the allocation to the county by percentage of need.

(4) Examine, by county, the prevalence of child care providers who charge parents a differential fee to make up the difference between private and subsidy reimbursement rates.

(5) Examine the impact that child care reimbursement rates have on providing families access to all levels of child care.

SECTION 10.66.(b) The Division of Child Development and School Readiness shall develop strategies to implement market rate equity among counties and submit a report of 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 by January 30, 2006.

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

MORE AT FOUR

SECTION 10.67.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of sixty-six million five hundred forty-six thousand six hundred fifty-three dollars ($66,546,653) for the 2005-2006 fiscal year and the sum of seventy-nine million one hundred nine thousand seven hundred seventy-nine dollars ($79,109,779) for the 2006-2007 fiscal year shall be used to implement "More At Four", a voluntary prekindergarten program for at-risk four-year-olds.

SECTION 10.67.(b) The Department of Health and Human Services, Division of Child Development and School Readiness, shall continue the implementation of the "More At Four" prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The program is available statewide to all counties that choose to participate, including underserved areas. The goal of the program is to provide quality prekindergarten services to a greater number of at-risk children in order to enhance kindergarten readiness for these children. The program shall be consistent with standards and assessments established jointly by the Department of Health and Human Services and the Department of Public Instruction. The program shall include:

(1) A process and system for identifying children at risk of academic failure.

(2) A process and system for identifying children who are not being served first priority in formal early education programs, such as child care, public or private preschools, Head Start, Early Head Start, early intervention programs, or other such programs, who demonstrate

educational needs, and who are eligible to enter kindergarten the next school year, as well as children who are underserved.

(3) A curriculum or several curricula that are recommended by the North Carolina Child Development and School Readiness Task Force (hereinafter "Task Force"). The Task Force will identify and approve appropriate research-based curricula. These curricula shall: (i) focus primarily on oral language and emergent literacy; (ii) engage children through key experiences and provide background knowledge requisite for formal learning and successful reading in the early elementary years; (iii) involve active learning; (iv) promote measurable kindergarten language-readiness skills that focus on emergent literacy and mathematical skills; and (v) develop skills that will prepare children emotionally and socially for kindergarten.

(4) An emphasis on ongoing family involvement with the prekindergarten program.

(5) Evaluation of child progress through pre- and postassessment of children in the statewide evaluation, as well as ongoing assessment of the children by teachers.

(6) Guidelines for a system to reimburse local school boards and systems, private child care providers, and other entities willing to establish and provide prekindergarten programs to serve at-risk children.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities that demonstrate the ability to establish or expand prekindergarten capacity.

(8) A quality-control system. Participating providers shall comply with standards and guidelines as established by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force. The Department may use the child care rating system to assist in determining program participation.

(9) Standards for minimum teacher qualifications. A portion of the classroom sites initially funded shall have at least one teacher who is certified or provisionally certified in birth-to-kindergarten education.

(10) A local contribution. Programs must demonstrate that they are accessing resources other than "More At Four".

(11) A system of accountability.

(12) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall consider the reallocation of existing funds from State and local programs that provide prekindergarten-related care and services.

SECTION 10.67.(c) The Department of Health and Human Services shall plan for expansion of the "More At Four" program within existing resources to include four- and five-star-rated centers and schools serving four-year-olds and develop guidelines for these programs. The Department shall analyze guidelines for use of the "More At Four" funds, State subsidy funds, and Smart Start subsidy funds and devise a complementary plan for administration of funds for all four-year-old classrooms. The four- and five-star-rated centers that choose to become a "More At Four" program shall, at a minimum, receive curricula and access to training and workshops for "More At Four" programs and be considered along with other "More At Four" programs for T.E.A.C.H. funding. The Department shall ensure that no individual receives funding from more than one source for the same purpose or activity during the same funding period. For purposes of this subsection, sources shall include T.E.A.C.H., W.A.G.E.$., and T.E.A.C.H. Health Insurance programs for individual recipients.

The "More At Four" program shall review the number of slots filled by counties on a monthly basis and shift the unfilled slots to counties with waiting lists.

The shifting of slots shall occur through December 30, 2005, at which time any remaining funds for slots unfilled shall be used to meet the needs of the waiting list for subsidized child care.

SECTION 10.67.(d) The Department of Health and Human Services, Division of Child Development and School Readiness, and the Task Force shall submit a report by February 1, 2006, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, 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. This final report shall include the following:

(1) The number of children participating in the program.
(2) The number of children participating in the program who have never been served in other early education programs, such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
(3) The expected expenditures for the programs and the source of the local match for each grantee.
(4) The location of program sites and the corresponding number of children participating in the program at each site.
(5) Activities involving Child Find in counties.
(6) A comprehensive cost analysis of the program, including the cost per child served by the program.
(7) The plan for expansion of "More At Four" through existing resources as outlined in this section.

SECTION 10.67.(e) For the 2005-2006 and the 2006-2007 fiscal years, the "More At Four" program shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income to make the program consistent with the child care subsidy requirements. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if they have other designated risk factors.

SECTION 10.67.(f) The "More At Four" program funding shall not supplant any funding for classrooms serving four-year-olds as of the 2003-2004 fiscal year.

SECTION 10.67.(g) The Department of Health and Human Services, Division of Child Development and School Readiness, shall review and evaluate the early literacy project in Davie County and consider incorporation of this curriculum into the "More At Four" program.

SECTION 10.67.(h) The "More At Four" program shall contract with Prevent Blindness of North Carolina for one hundred fifty thousand dollars ($150,000) for vision screenings for children in the "More At Four" program and other child care classrooms.

SECTION 10.67.(i) The "More At Four" program shall provide a grant of one hundred seventy-seven thousand dollars ($177,000) to the Carolina Children's Communicative Disorders Program at the University of North Carolina at Chapel Hill.

Requested by: Senators Garrou, Dalton, Hagan

ESTABLISH THE DIVISION OF CHILD DEVELOPMENT AND SCHOOL READINESS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 10.68.(a) The Division of Child Development of the Department of Health and Human Services is renamed the Division of Child Development and School Readiness (hereinafter "the Division"). The purpose of the Division is to regulate and license child care facilities, administer the five-star rating system of child care facilities, and ensure school readiness for North Carolina's children through increased coordination and effectiveness of the State's early care and education programs and through improved transitions for at-risk children into kindergarten. In

addition, the Division shall have oversight of all prekindergarten programs serving three- and four-year-olds, which includes the More at Four prekindergarten programs, and shall expand the focus of the programs, thereby developing increased collaboration between local Head Start programs and the State's prekindergarten programs as well as private child care programs. The Division shall collaborate with the Department of Public Instruction to develop a common statewide assessment and to promote improved transition practices for children entering kindergarten.

SECTION 10.68.(b) The More at Four Prekindergarten Program is transferred from the Office of the Governor to the Department of Health and Human Services, Division of Child Development and School Readiness. This transfer shall have all the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 10.68.(c) The Head Start Collaboration Office shall remain in the Department of Health and Human Services under the Division of Child Development and School Readiness.

SECTION 10.68.(d) The North Carolina Partnership for Children, Inc., shall continue to be funded through, and work cooperatively with, the Department of Health and Human Services, the Division of Child Development and School Readiness.

SECTION 10.68.(e) The More at Four Task Force shall be reconstituted and renamed the North Carolina Child Development and School Readiness Task Force. The Secretary of the Department of Health and Human Services shall appoint the members of the North Carolina Child Development and School Readiness Task Force from representatives of publicly funded programs and services for children age birth to five years, including the More at Four Prekindergarten Program, the North Carolina Partnership for the Children, Inc., Early Intervention, preschool programs in the public schools and other stakeholders, including Head Start.

The Task Force shall study the integration of public funds and programs to ensure that all North Carolina's children age birth to five years are prepared to come to school ready to achieve. In conducting the study, the Task Force shall consider and develop recommendations for the following:

(1) Creating principles, rationale, strategies, structure, and outcomes for the integration of all funding and programs that serve children age birth to five years to achieve improved school readiness;
(2) Eliminating the duplication of programs;
(3) Enhancing the quality and performance of current programs;
(4) Creating performance measures that will document outcomes for programs and children and will provide accessible service for families;
(5) Creating effective transition plans as children move from one program or service to another;
(6) Documenting all current funding and programs for children ages birth to kindergarten entry and coordination of existing data systems; and
(7) Equalizing the funding of the various programs that provide services to children from birth to the age of five years to ensure equity in accessibility to these programs.

The Task Force shall submit a report by April 1, 2006, to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairs of the Senate Appropriations Committee on Health and Human Services, the Chairs of the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 10.68.(f) The Revisor of Statutes shall substitute the term "Division of Child Development and School Readiness" for the term "Division of Child Development" everywhere those terms appear in the following sections of the General Statutes:

G.S. 110-90.2. Mandatory child care providers' criminal history checks.
G.S. 110-102. Information for parents.
G.S. 114-19.5. Criminal record checks of child care providers.

G.S. 143B-138.1. Department of Health and Human Service functions and organization.

SECTION 10.68.(g) This section becomes effective July 1, 2005, for organizational changes. The budgetary adjustments required by this section become effective October 1, 2005.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services <u>for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and</u> for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available during the 2005-2006 fiscal year, and used by the Department for the following capital improvements projects at agricultural research stations and research farms:

(1) $378,000 for improvements at the swine facility at the Cherry Research Farm.

(2) $285,500 for renovation of dairy facilities at the Cherry Research Farm.

(3) $369,600 for land acquisition and development at the Tidewater Research Station.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PLANT CONSERVATION PROGRAM FUNDS

SECTION 11.3. From funds received from the sale of timber that are deposited with the State Treasurer pursuant to G.S. 146-30 to the credit of the Department of Agriculture and Consumer Services in a capital improvement account,

the sum of twenty thousand dollars ($20,000) shall be transferred to the Department of Agriculture and Consumer Services to be used by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies.

Requested by: Senators Kerr, Garrou, Dalton, Hagan

INCREASE FUNDS FOR NORTH CAROLINA GRAPE GROWERS COUNCIL

SECTION 11.4. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~three hundred fifty thousand dollars ($350,000)~~ five hundred thousand dollars ($500,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS

SECTION 12.1. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to one million five hundred thousand dollars ($1,500,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2005-2006 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EXPAND EXPRESS REVIEW PROGRAM STATEWIDE

SECTION 12.2.(a) Part 1 of Article 7 of Chapter 143B of the General Statutes is amended by adding two new sections to read:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environment and Natural Resources shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environment and Natural Resources shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ Health and Human Services — 5-12-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vincent Stephens	Centers for Medicare + Medicaid Services (CMS)
Suzanne Buckley	Gov. Office
AL DeItch	DOA/RATU
Brian Lewis	Covenant w/ NC's Children
Mark Benson	Capitol Group
Wayne McAllen	OSBM
Lina Guller-Morgan	OSBM
Chris Fitzsimon	NC Policy Watch
Jack Schwarzenbach	NC Council
Ashley Emanuelson	NMSS
David Barnes	Poyner + Spruill

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ Health and Human Services — 5/12/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Randy Huffman	NC Psychiatric Coalition 2001
Sally Cameron	NC Psychological Coalition 2001
Stula McKinney	NC DHHS
[illegible]	[illegible]
[illegible]	HHS
Ann Lake	OUNS
Lyn Wilson	NCALTCF
Barbara Cansler	BBCGR
Al Wentz Ph.D.	Northampton CO BOS
Jim Edge	AHHC
Rebecca Trandem	NCACC

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ Health and Human Services — 5/12/05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jerry Cooper	NCALA
Tom Bennett	NCARF
Roz Savitt	NCAA
Christine Craig	WakeMed
Bill Rustin	AFP
Myron Terry	Pfizer
Brian Shank	AstraZeneca
John Bowdish	AstraZeneca
Mari Kuti	GSK
Hubb Tillson	NCHA
Roger Bone	Bone & Assoc.
Angie Hall	Margaret Taylor

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ Health and Human Services — 5-12-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Andy Elken	NCRMA
Steve Mitchell	NPC
Ron Aycock	County Com Assoc.
David Anders	PFFPNC
Karen Gray	NCACDS
Richard O'Brien	PFFPNC
James Andrews	NC State AFL-CIO

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Tuesday, May 17, 2005
8:30 AM

Opening Remarks	*Representative Verla Insko, Co-Chair*
Block Grants	Fiscal Research Division Staff *Carol Shaw, Lisa Hollowell, Andrea Russo, and Karlynn O'Shaughnessy*

MINUTES

APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

TUESDAY, MAY 17th, 2005
8:30 AM
ROOM 643 LEGISLATIVE OFFICE BUILDING

The Appropriations subcommittee on Health and Human Services met on Tuesday, May 17, 2005 at 8:30 am in room 643 of the Legislative Office Building. House members present were Representative Verla Insko, Co-Chair; Representative Hollo, Vice-Chair; Representatives B. Allen, Current, Stam, and Wright. Members of the NCGA Fiscal Research Division and members of the NC Department of Health and Human Services were present. Visitors signed the visitor registration sheet and it is attached to these minutes.

Representative Insko called the meeting to order and presided over the meeting.

Carol Shaw from the Fiscal Research Division distributed the budgetary information regarding Special Provisions and Block Grants from SB 622, the DHHS Block Grant Plans, and all other Block Grant Management Plans including TANF, Community Services, Substance Abuse Prevention, Maternal and Child Health, LIHEAP, and Social Services, which are made part of these minutes. Carol Shaw, Andrea Russo, and Karlynn O'Shaughnessy reviewed the documents and answered questions.

Representative Insko adjourned the meeting at 10 am.

Representative Jeff Barnhart, Co-Chairman

Pamela Ahlin, Committee Assistant

Attachments:
Agenda
Handouts
Visitor Registration

House Appropriations Subcommittee on Health and Human Services

DHHS Block Grant Plans

Fiscal Research Division
May 16, 2005

Community Services Block Grant Management Plan for SFY 2006
Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

The objective of the Community Services Block Grant (CSBG) program is to provide assistance to a network of community-based organizations for programs and services to ameliorate the causes and consequences of poverty and to revitalize low-income communities. CSBG can be used to fund programs and other activities that assist low-income individuals and families to attain self-sufficiency, provide emergency assistance, support positive youth development, promote civic engagement, and improve the organization infrastructure for planning and coordination among multiple resources that address poverty conditions in the community.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carryforward, SFY04	$	130,621
Block Grant Fund Carryforward, SFY05 (Projected)	$	-
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$	4,153,919
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$	12,461,756
Additional Funds to be Transferred In from other Block Grants	$	-
Total Projected Federal Block Grant Funds Available, SFY06	$	16,746,296

C. Federal Block Grant Financial Requirements

The State must use at least 90 percent of the allotted funds for subgrants to eligible entities (42 USC 9907(a)(1)). State administrative expenses, including monitoring activities, may not exceed 5 percent of CSBG funds.

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all subrecipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS subrecipients will be notified of the new audit standards when they have been made available.

Community Services Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures *(grouped by division, allocated by program)*					
Office of Economic Opportunity-Community Services Block Grant					
01	Community Services Block Grant Program - Community Action Agencies	$15,071,666	0%	0%	Reduction in Federal funding
02	Community Services Block Grant Program - Limited Purpose Agencies	$837,315	0%	0%	Reduction in Federal funding
DHHS Program Expenditures *(grouped by division, allocated by program)*					
Local Administration *(grouped by division, allocated by local entity type)*					
Division Name					
*	* See explaination column.				All Local Expenditures are considered programmatic.
DHHS Administration *(by division)*					
03	DHHS to administer and monitor the activities of CSBG	$837,315	0%	0%	Reduction in Federal funding
Transfers to other State Agencies *(by agency name)*					
Transfers to other Block Grants *(by division, block grant and program name)*					
TOTAL		**$16,746,296**			

Community Services Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

Item #	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
	Community Services Block Grant								
01	Community Action Agencies	$ 15,266,973	$ 14,743,834	$ 15,266,973	$ 15,100,772	$ 15,266,973	$ 15,266,973	$ 15,071,666	$ (195,307)
02	Limited Purpose Agencies	$ 848,165	$ 828,129	$ 848,165	$ 822,474	$ 848,165	$ 848,165	$ 837,315	$ (10,850)
	NC Interagency Council for Homeless Programs	$ -	$ -	$ -	$ -	$ 262,472	$ 262,472	$ -	$ (262,472)
03	DHHS to administer and monitor the activities of CSBG	$ 848,165	$ 717,692	$ 848,165	$ 675,221	$ 848,165	$ 848,165	$ 837,315	$ (10,850)
	TOTAL	$ 16,963,303	$ 16,289,655	$ 16,963,303	$ 16,598,467	$ 17,225,775	$ 17,225,775	$ 16,746,296	$ (479,479)

Community Services Block Grant Management Plan
Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Community Services Block Grant Program	OEO

Note to Divisions: Program Summary Reports do not need to be attached when the Block Grant Management Plan is submitted to the Department, but please be sure that all Programs listed above are represented in the Program Management Database.

Detail of Non-Programmatic Community Services Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
	* See description column.		All Local Expenditures are considered programmatic.
DHHS Administration			
04	DHHS to administer and monitor the activities of CSBG	$837,315	Funds will be used to provide staff and support services to administer the block grant (monitor, provide training and technical assistance to local contractors).
Transfers to other State Agencies			
Transfers to other Block Grants			

New DHHS Positions to be Established with Community Services Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	Office of Economic Opportunity		none					

Mental Health Block Grant Management Plan for SFY 2006
Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

The Mental Health Block Plan 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.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carryforward, SFY04	$2,407,097
Block Grant Fund Carryforward, SFY05 (Projected)	$0
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$2,641,751
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$7,925,256
Additional Funds to be Transferred In from other Block Grants	$0
Total Projected Federal Block Grant Funds Available, SFY06	$12,974,104

C. Federal Block Grant Financial Requirements

The primary Federal requirements related to the Mental Health Block Grant 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 a Maintenance of Effort requirement for State funded 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 that for services provided for children and adults. The State also must maintain a Children's Set-A-Side requirement at a level not less than the 1994 Mental Health Block Grant expenditures for services provided for children.

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all subrecipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS subrecipients will be notified of the new audit standards when they have been made available.

Mental Health Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services					
1	Mental Health Services-Adult	$6,983,202	0%	0%	Increased Carryover Fund availability to SFY05 from SFY04. Excess funds ($676,167) will be allocated to area programs to continue providing an array of community based services for adults with severe and persistent mental illness. In SFY 05 listed as "Provision of community-based services for severe and persistently mentally ill adults".
2	Mental Health Services-Child	$3,921,991	0%	0%	No change from SFY 05. In SFY 05 listed as "Provision of community-based services to children".
3	Comprehensive Treatment Services Program	$1,500,000	0%	0%	No change from SFY 05.
DHHS Program Expenditures					
Local Administration					
DHHS Administration					
4	Division of Mental Health	$568,911	0%	0%	No change from SFY 05.
Transfers to other State Agencies					
Transfers to other Block Grants					
TOTAL		**$12,974,104**			

Mental Health Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division of Mental Health, Developmental Disabilities and Substance Abuse Services									
1	Mental Health Services-Adult	$ 5,442,798	$ 4,058,607	$ 5,657,798	$ 5,605,899	$ 6,307,035	$ 6,307,035	$ 6,983,202	$ 676,167
2	Mental Health Services-Child	$ 2,513,141	$ 2,386,956	$ 2,513,141	$ 2,363,095	$ 3,921,991	$ 3,921,991	$ 3,921,991	$ -
3	Comprehensive Treatment Services Program	$ 1,500,000	$ 30,164	$ 1,500,000	$ -	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ -
4	Administration- Division of Mental Health	$ 783,911	$ 738,793	$ 568,911	$ 634,684	$ 568,911	$ 568,911	$ 568,911	$ -
Transfer to Other State Agencies									
Transfer to Other Block Grants									
	TOTAL	**$ 10,239,850**	**$ 7,214,520**	**$ 10,239,850**	**$ 8,603,678**	**$ 12,297,937**	**$ 12,297,937**	**$ 12,974,104**	**$ 676,167**

Mental Health Block Grant Management Plan for SFY 2006

Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Mental Health Services-Adult	DMHDDSAS
Mental Health Services-Child	DMHDDSAS
Comprehensive Treatment Services Program	DMHDDSAS

Detail of Non-Programmatic Mental Health Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
DHHS Administration			
4	Administration- Division of Mental Health	$568,911	These funds support administrative functions/activities within DMHDDSAS and include costs associated with positions which are earned through cost allocation.
Transfers to other State Agencies			
Transfers to other Block Grants			

New DHHS Positions to be Established with Mental Health Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	Division of Mental Health		none					

Substance Abuse Prevention & Treatment Performance Partnership Block Grant Management Plan for SFY 2006

Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

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. The purpose of this program is to provide funds to states for the provision of prevention and treatment services for children and adults.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carryforward, SFY04	$	9,228,125
Block Grant Fund Carryforward, SFY05 (Projected)	$	-
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$	9,738,464
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$	29,215,394
Additional Funds to be Transferred In from other Block Grants	$	-
Total Projected Federal Block Grant Funds Available, SFY06	$	48,181,983

C. Federal Block Grant Financial Requirements

States are required to maintain aggregate state expenditures for substance abuse prevention and treatment services at the average of what is spent over the past two years. States are required to use 20% of their allotment for primary prevention. States are required to maintain financial commitment to services for pregnant addicts and women with children and to give preferential treatment to pregnant addicts.

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all subrecipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS subrecipients will be notified of the new audit standards when they have been made available.

Substance Abuse Prevention and Treatment Performance Partnership
Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services					
1	Substance Abuse Services - Adult	$20,441,082	0%	0%	No change from SFY 05. In SFY 05 listed as "Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by Alcohol and Drug Abuse Treatment Centers".
2	Substance Abuse Treatment Alternatives for Women	$8,069,524	0%	0%	No change from SFY 05. In SFY 05 listed as "... services for pregnant women and women with dependent children".
3	Substance Abuse-HIV and IV Drug	$4,816,378	0%	0%	No change from SFY 05. In SFY 05 listed as "... services to IV drug abusers and others at risk for HIV diseases".
4	Substance Abuse Prevention-Child	$5,835,701	0%	0%	No change from SFY 05.
5	Substance Abuse Services-Child	$4,940,500	0%	0%	No change from SFY 05. In SFY 05 listed as "Provision of services to children and adolescents".
6	Substance Abuse Strengthening Families-Prevention	$851,156	0%	0%	No change from SFY 05. In SFY 05 listed as "Juvenile Services - Family Focus".
Division of Public Health					
7	HIV/STD Prevention and Community Planning	$383,980	0%	0%	No change from SFY 05. In SFY 05 listed as "Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects".
8	HIV/STD Prevention and Community Planning	$209,576	0%	0%	No change from SFY 05. In SFY 05 listed as "Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments".
9	Maternal Health	$37,779	0%	0%	No change from SFY 05. In SFY 05 listed as "Allocation to the Division of Public Health for the Maternal and Child Health Hotline".
DMHS Program Expenditures					

Substance Abuse Prevention and Treatment Performance Partnership Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Administration					
DHHS Administration					
10	Division of Mental Health	$2,596,307	0%	0%	No change from SFY 05.
Transfers to other State Agencies					
Transfers to other Block Grants					
TOTAL		**$48,181,983**			

Substance Abuse Prevention and Treatment Performance Partnership Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division of Mental Health, Developmental Disabilities and Substance Abuse Services									
1	Substance Abuse Services - Adult	$ 15,401,711	$ 12,912,759	$ 18,901,711	$ 12,176,759	$ 20,441,082	$ 20,441,082	$ 20,441,082	$ -
2	Substance Abuse Treatment Alternatives for Women	$ 8,069,524	$ 4,910,246	$ 8,069,524	$ 5,635,549	$ 8,069,524	$ 8,069,524	$ 8,069,524	$ -
3	Substance Abuse-HIV and IV Drug	$ 4,616,378	$ 4,270,599	$ 4,616,378	$ 4,410,961	$ 4,816,378	$ 4,816,378	$ 4,816,378	$ -
4	Substance Abuse Prevention-Child	$ -	$ 3,403,464	$ -	$ 5,350,384	$ 5,835,701	$ 5,835,701	$ 5,835,701	$ -
5	Substance Abuse Services-Child	$ 7,740,611	$ 4,011,308	$ 7,740,611	$ 4,381,878	$ 4,940,500	$ 4,940,500	$ 4,940,500	$ -
6	Substance Abuse Strengthening Families-Prevention	$ 851,156	$ 623,155	$ 851,156	$ 704,168	$ 851,156	$ 851,156	$ 851,156	$ -
10	Administration-Division of Mental Health	$ 2,596,307	$ 1,653,260	$ 2,596,307	$ 4,077,555	$ 2,596,307	$ 2,596,307	$ 2,596,307	$ -
Division of Public Health									
7	HIV/STD Prevention and Community Planning	$ 383,980	$ 270,052	$ 383,980	$ 363,701	$ 383,980	$ 383,980	$ 383,980	$ -
8	HIV/STD Prevention and Community Planning	$ 209,576	$ 209,576	$ 209,576	$ 201,004	$ 209,576	$ 209,576	$ 209,576	$ -
9	Maternal Health	$ 37,779	$ -	$ 37,779	$ -	$ 37,779	$ 37,779	$ 37,779	$ -
Transfer to Other State Agencies									
Transfer to Other Block Grants									
	TOTAL	**$ 39,907,022**	**$ 32,264,419**	**$ 43,407,022**	**$ 37,301,959**	**$ 48,181,983**	**$ 48,181,983**	**$ 48,181,983**	**$ -**

Substance Abuse Prevention & Treatment Performance Partnership Block Grant Management Plan for SFY 2006

Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Substance Abuse Services - Adult	DMHDDSAS
Substance Abuse Treatment Alternatives for Women	DMHDDSAS
Substance Abuse HIV and IV Drug	DMHDDSAS
Substance Abuse Prevention - Child	DMHDDSAS
Substance Abuse Services -Children and Adolescents	DMHDDSAS
Substance Abuse Strengthening Families-Prevention	DMHDDSAS
HIV/STD Prevention and Community Planning	DPH
Maternal Health	DPH

Detail of Non-Programmatic Substance Abuse Prevention and Treatment Performance Partnership Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
	N/A		
DHHS Administration			
10	Division of Mental Health	$2,596,307	These funds support administrative functions/activities within DMHDDSAS and include costs associated with positions which are earned through cost allocation.
Transfers to other State Agencies			
	N/A		
Transfers to other Block Grants			
	N/A		

New DHHS Positions to be Established with Substance Abuse Prevention and Treatment Performance Partnership Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	Division of Mental Health		none					
	Division of Public Health		none					

Child Care and Development Fund Management Plan for SFY 2006
Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

The purpose of the Child Care and Development Fund (CCDF) is to improve the availability, quality, and affordability of child care. The CCDF grant assists low-income families, families receiving temporary public assistance, and those transitioning from public assistance in obtaining child care so they can work or attend training/education. Subsidized child care services are available to eligible families through vouchers with providers. Some CCDF funds are also used to improve the quality of child care.

B. Projected Federal Block Grant Funds Available

	Quality Funding	Services\ Administration Funding	Total Funding
Block Grant Fund Carry forward, FFY 04	$15,607,337	$5,312,503	$20,919,840
Block Grant Fund Carry forward, SFY05 (Projected)	$0	$0	$0
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$4,464,375	$40,594,730	$45,059,105
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$12,987,932	$119,964,814	$132,952,746
Additional Funds to be Transferred In from other Block Grants	$0	$81,292,880	$81,292,880
Total Projected Federal Block Grant Funds Available, SFY06	**$33,059,644**	**$247,164,927**	**$280,224,571**

C. Federal Block Grant Financial Requirements

As provided by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, CCDF has three funding streams: Mandatory, Matching, and Discretionary. At least 70% of Mandatory and Matching funds must be used to provide child care assistance to families who are receiving TANF, transitioning from TANF, or at risk of becoming eligible for TANF. Discretionary funds are also used to provide assistance to low-income working families and for quality activities. In order to receive federal Matching funds, states must meet a maintenance of effort requirement, obligate Mandatory funds, and provide State funds at the Medicaid match rate. Administrative costs are limited to a maximum of 5% of the total CCDF allocation. At least 4% of CCDF funds must be used to improve the quality and availability of child care.

A minimum of 4% of total CCDF expenditures must be spent on quality activities to improve the quality and availability of child care. This includes activities designed to provide consumer education to parents and to the public; activities that increase parental choice; and activities designed to improve the overall quality and availability of child care, such as child care resource and referral, grants or loans to child care providers, monitoring and enforcement, and training and technical assistance. In addition to the 4%, states must also spend designated amounts on earmarked activities (school-age care, infant/toddler care, child care resource and referral, and quality expansion).

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all sub recipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS sub recipients will be notified of the new audit standards when they have been made available.

Child Care Development Fund Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match *	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures *(grouped by division, allocated by program)*					
Division of Child Development (DCD)					
1	Subsidized Child Care Services (CCDF)	$ 158,708,393	63.63% FFP for FFY 04-05 63.49% FFP for FFY 05-06 State match is required only for the CCDF Match portion of the Child Care Development Fund.*	0%	The amount requested for SFY 05-06 is $190,204 higher than the services funding level in the SFY 04-05 plan. One time funds included in the SFY 04-05 plan have been offset by a small increase in the FFY 04-05 CCDF block grant award for North Carolina and anticipated unspent carry forward funds from SFY 04-05.
2	Subsidized Child Care Services (TANF to CCDF)	$ 81,292,880	0%	0%	This amount is equal to the amount designated in SFY 04-05. An amount equal to 4% of these funds must be spent on child care quality initiatives per CCDF federal requirements. In SFY 05 listed as "Transfer from TANF Block Grant for child care subsidies".

* State match requirements total $24,455,454 for SFY 05-06. In addition, CCDF requires $37,927,282 in state child care expenditures as maintenance of effort. Combined state funding requirements for full draw down of CCDF will total $62,382,736.

DHHS Program Expenditures *(grouped by division, allocated by program)*					
Division of Child Development					
3	Quality and Availability Initiatives	$ 33,059,644	0%	0%	This amount is increased from SFY 04-05 requested levels primarily due to the inclusion of carry forward funding from previous CCDF awards. Total increase from SFY 04-05 Plan: $15,113,606 all of which is due to one-time funding designated for quality activities per federal CCDF regulations. A total of $1,705,613 of these funds will be required to ensure ongoing funding for currently recurring quality initiatives.

Child Care Development Fund Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match *	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Administration *(grouped by division, allocated by local entity type)*					
Division of Child Development					
4	Administrative Expenses (Non-direct Subsidy Services Support)	$ 1,540,000	$ -	$ -	This is the first year we have broken out local administration separately. The amount shown is similar to the amount for SFY 04-05. Combined local and DHHS administration represent 4% of federal CCDF funding. No change from the SFY 04-05 plan.
DHHS Administration - *Division of Child Development*					
5	DCD Administrative Expenses	$ 5,623,654	0%	0%	Combined local and DHHS administration represent 4% of federal CCDF funding. No change from the SFY 04-05 plan.
Transfers to other State Agencies *(by agency name)*					
Transfers to other Block Grants *(by division, block grant and program name)*					
TOTAL		**$280,224,571**			

Child Care and Development Fund Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04*	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division Name - Child Development									
1	Child Care Subsidies	$ 150,180,415	$ 146,977,972	$ 154,713,475	$ 166,485,286	$ 158,518,189	$ 157,501,829	$ 158,708,393	$ 190,204
2	Transfer from TANF Block Grant for Child Care Subsidies**	$ 72,812,189	$ 72,812,189	$ 79,562,189	$ 84,462,189	$ 81,292,880	$ 81,292,880	$ 81,292,880	$ -
3	Quality and Availability Initiatives	$ 16,496,620	$ 17,660,504	$ 16,449,256	$ 17,922,767	$ 17,946,038	$ 18,188,925	$ 33,059,644	$ 15,113,606
4	Administrative Expenses (Non-direct Subsidy Services Support)	N/A	N/A	N/A	N/A	N/A	$ 1,540,000	$ 1,540,000	$ 1,540,000
5	DCD Administrative Expenses	$ 6,550,000	$ 5,704,794	$ 6,969,533	$ 5,898,684	$ 7,163,654	$ 5,623,654	$ 5,623,654	$ (1,540,000)
Transfer to Other State Agencies									
Transfer to Other Block Grants									
	TOTAL	**$ 246,039,224**	**$ 243,155,459**	**$ 257,694,453**	**$ 274,768,926**	**$ 264,920,761**	**$ 264,147,288**	**$ 280,224,571**	**$ 15,303,810**

* Includes the expenditure of funds carried forward from the previous SFY and additional CCDF funds budgeted during the year made available from federal CCDF reallocation.

** In SFY 03-04, a total of $79,562,189 in funds were transferred to CCDF for child care subsidies in HB 397.

During SFY 03-04 an additional $4.9M was transferred from TANF to CCDF for subsidy services (Ref. BR 606 #11-040) to bring total funding to $84,462,189.

CCDF Block Grant Management Plan
Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Subsidized Child Care Services	DCD
Quality and Availability Initiatives	DCD

Note to Divisions: Program Summary Reports do not need to be attached when the Block Grant Management Plan is submitted to the Department, but please be sure that all Programs listed above are represented in the Program Management Database.

Detail of Non-Programmatic Child Care Development Fund Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
4	Administrative Expenses (Non-direct Subsidy Services Support)	$1,540,000	This amount is the projected funding required to cover the indirect costs associated with local county departments of social services administration of the subsidized child care program at the local level
DHHS Administration			
5	DCD Administrative Expenses	$5,623,654	CCDF administrative funds are used for DCD administrative costs associated with child care monitoring improvement and DCD administrative costs to monitor the subsidy program. The CCDF regulations limit expenditures for administration to no more than 5% of the total grant. The recommended amount represents expected combined expenditures of 4% of the SFY CCDF funds for both local administration and DHHS administration. The calculation of the recommended amount for administrative expenses does not include the funds transferred from TANF or CCDF matching funds.
Transfers to other State Agencies			
Transfers to other Block Grants			

New DHHS Positions to be Established with Child Care Development Fund, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	DCD		none					

Maternal and Child Health Block Grant Management Plan for SFY 2006

Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

To enable States to maintain and strengthen their leadership in planning, promoting, coordinating and evaluating health care for pregnant women, mothers, infants, and children and children with special health care needs in providing health services for mothers and children who do not have access to adequate health care.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carryforward, SFY04	$4,685,067
Block Grant Fund Carryforward, SFY05 (Projected)	$0
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$4,380,507
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$13,141,521
Additional Funds to be Transferred In from other Block Grants	$0
Total Projected Federal Block Grant Funds Available, SFY06	$22,207,095

C. Federal Block Grant Financial Requirements

1. There is a 10% cap on administrative costs
2. There is a maintenance of effort requirement for this grant. The state must demonstrate that it budgets a fixed amount of state dollars equivalent to the 1989 amount for maternal and child health. This amount is $29,063,379.

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all subrecipients of these rules and requirements. (Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS subrecipients will be notified of the new audit standards when they have been made available.)

Maternal and Child Health Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures (grouped by division, allocated by program)					
Division of Public Health					
1	Healthy Mothers/Healthy Children	$ 9,359,236	42.86%	0%	Amount requested for SFY 05-06 is $205,969 less than level in SFY 04-05 plan. In SFY 05 listed as "Health Mother/Healthy Children Block Grants to Local Health Departments."
2	Children's Health Services	$ 7,364,216	42.86%	0%	In SFY 05 listed as a part of 3 items. These are: "High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Depts., Office of Women's Health"; "Services to Children With Special Health Care Needs", and "School Health Nurse Initiative".
3	Healthy Beginnings	$ 404,559	42.86%	0%	In SFY 05 listed as a part of "High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Depts., Office of Women's Health".
4	Maternal Health	$ 397,761	42.86%	0%	In SFY 05 listed as a part of "High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Depts., Office of Women's Health".
DHHS Program Expenditures (grouped by division, allocated by program)					
Division of Public Health					

Maternal and Child Health Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
2	Children's Health Services	$ 2,878,883	42.86%	0%	In SFY 05 listed as a part of 2 items. These are: "Services to Children With Special Health Care Needs", and "Administration and Program Support". For SFY 06 this item will support division level program activities, as defined by the Feds.
4	Maternal Health	$ 114,063	42.86%	0%	In SFY 05 listed as a part of "Administration and Program Support" For SFY 06 this item will support division level program activities, as defined by the Feds.
5	State Center for Health Statistics (SCHS) Statistical Services	$ 28,874	42.86%	0%	In SFY 05 listed as a part of "Administration and Program Support" For SFY 06 this item will support division level program activities, as defined by the Feds.
6	Local Technical Assistance & Training	$ 46,866	42.86%	0%	In SFY 05 listed as a part of 2 items. These are: "High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Depts., Office of Women's Health" and "Administration and Program Support". For SFY 06 this item will support division level program activities, as defined by the Feds.
7	Injury Prevention	$ 149,438	42.86%	0%	In SFY 05 listed as a part of 2 items. These are: "High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Depts., Office of Women's Health" and "Administration and Program Support"

Maternal and Child Health Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
8	Office of Minority Health	$ 99,352	42.86%	0%	Amount requested for SFY 05-06 is $59,648 less than level in SFY 04-05 plan. SFY 05 amount included matching requirement in appropriation for line item.
9	Special Supplemental Program for Women, Infants & Children (WIC)	$ 25,713	42.86%	0%	In SFY 05 listed as part of "Services to Children With Special Health Care Needs".
10	Immunization Program/Vaccine Distribution	$ 819,997	42.86%	0%	In SFY 05 listed as a part of "High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Depts., Office of Women's Health".
Local Administration (grouped by division, allocated by local entity type)					
DHHS Administration (by division)					
11	Division of Public Health	$ 518,137	42.86%	0%	In SFY 05 listed as a part of "Administration and Program Support" For SFY 06 item includes funding for administrative activities only, as defined by the Feds.
Transfers to other State Agencies (by agency name)					
Transfers to other Block Grants (by division, block grant and program name)					
TOTAL		**$ 22,207,095**			

Maternal and Child Health Block Grant Management Plan
Prior Year Appropriations and Expenditures
(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

HB 1414 Item #	SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division of Public Health										
1		Healthy Mothers/Healthy Children Block Grants to Local Health Departments	$ 9,838,074	$ 9,305,203	$ 9,838,074	$ 9,285,781	$ 9,565,205	$ 9,565,205		$ (9,565,205)
	1	Healthy Mothers/Healthy Children	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,359,236	$ 9,359,236
2		High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments, Office of Women's Health	$ 2,012,102	$ 2,364,243	$ 2,307,918	$ 1,704,134	$ 2,207,273	$ 2,207,273		$ (2,207,273)
	2	Children's Health Services	$ -	$ -	$ -	$ -	$ -	$ -	$ 665,128	$ 665,128
	3	Healthy Beginnings	$ -	$ -	$ -	$ -	$ -	$ -	$ 404,559	$ 404,559
	4	Maternal Health	$ -	$ -	$ -	$ -	$ -	$ -	$ 397,761	$ 397,761
	6	Local Technical Assistance & Training	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,074	$ 19,074
	7	Injury Prevention	$ -	$ -	$ -	$ -	$ -	$ -	$ 149,438	$ 149,438
	10	Immunization Program/Vaccine Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 819,997	$ 819,997
3		Adolescent Pregnancy Prevention of NC	$ -	$ -	$ -	$ -	$ 150,000	$ 150,000	0	$ (150,000)
4	8	Office of Minority Health	$ -	$ -	$ -	$ -	$ 159,000	$ 159,000	$ 99,352	$ (59,648)
5		Services to Children With Special Health Care Needs	$ 5,078,647	$ 3,345,789	$ 5,078,647	$ 5,076,471	$ 4,280,987	$ 4,280,987		$ (4,280,987)
	2	Children's Health Services	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,524,584	$ 4,524,584
	9	Special Supplemental Program for Women, Infants & Children (WIC)	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,713	$ 25,713
6		School Health Nurse Initiative	$ -	$ -	$ -	$ -	$ 3,250,000	$ 3,250,000		$ (3,250,000)
		School Health Nurse Initiative Reserve 2005-06	$ -	$ -	$ -	$ -	$ 3,250,000	$ -		$ (3,250,000)
	2	Children's Health Services	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,250,000	$ 3,250,000
7		Administration and Program Support	$ -	$ -	$ -	$ -	$ 2,434,303	$ 2,434,303		$ (2,434,303)
	2	Children's Health Services	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,803,387	$ 1,803,387
	4	Maternal Health	$ -	$ -	$ -	$ -	$ -	$ -	$ 114,063	$ 114,063
	5	State Center for Health Statistics (SCHS) Statistical Services	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,874	$ 28,874
	6	Local Technical Assistance & Training	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,792	$ 27,792
	11	Division of Public Health- Administration	$ -	$ -	$ -	$ -	$ -	$ -	$ 518,137	$ 518,137
Transfer to Other State Agencies										
Transfer to Other Block Grants										
		TOTAL	**$ 16,928,823**	**$ 15,015,235**	**$ 17,224,639**	**$ 16,066,386**	**$ 25,296,768**	**$ 22,046,768**	**$ 22,207,095**	**$ (3,089,673)**

Maternal and Child Health Block Grant Management Plan
Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Healthy Mothers/Healthy Children :	Division of Public Health
Children's Health Services	Division of Public Health
Healthy Beginnings	Division of Public Health
Maternal Health	Division of Public Health
State Center for Health Statistics (SCHS) Statistical Services	Division of Public Health
Local Technical Assistance & Training	Division of Public Health
Injury Prevention	Division of Public Health
Office of Minority Health	Division of Public Health
Special Supplemental Program for Women, Infants & Children (WIC)	Division of Public Health
Immunization Program/Vaccine Distribution	Division of Public Health

Note to Divisions: Program Summary Reports do not need to be attached when the Block Grant Management Plan is submitted to the Department, but please be sure that all Programs listed above are represented in the Program Management Database.

Detail of Non-Programmatic Maternal and Child Health Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
DHHS Administration			
11	Division of Public Health- Administration	$519,841	Funds will support positions in administrative roles in the Division of Public Health-Administrative, Community and Local Support Section and Women's and Children's Health Section and related operating expenses. In addition indirect costs are included at 5.3% of budgeted salaries.
Transfers to other State Agencies			
Transfers to other Block Grants			

New DHHS Positions to be Established with Maternal and Child Health Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	MCHBG Support of FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
2	Division of Public Health/Women's and Children's Health Section	PUBLIC HLTH PROG SUPV II*	1	0.1314	74	$ 61,150	$ 74,053	7/1/2005
11	Division of Public Health/Women's and Children's Health Section	STOCK CLERK II**	1	0.5714	55	$ 22,319	$ 29,931	7/1/2005
Supported by SFY 05 Alloc. Item #(s)	**Division/Office**	**Position Title**	**No. of Pos.**	**MCHBG Support of FTEs**	**Salary Grade**	**Salary for 1 FTE**	**Total Salary & Fringe**	**Pos Eff Date**
7	Division of Public Health/Women's and Children's Health Section	Audiologist	1	-0.5714	73	$ 52,135	$59,155	7/1/2005
7	Division of Public Health/Women's and Children's Health Section	Public Hlth Prog Consul II	1	-0.5714	70	$ 41,629	$47,235	7/1/2005

*Position is currently supported by 44% Maternal and Child Health Block Grant funds, and will become 100% supported by the grant
**Existing position currently funded by appropriations; 43% of state funds in the position will be used as match for block grant portion

Note:
All the above positions are 1.0 FTEs and currently exist in DPHS.
DPHS proposes to increase the amount of MCHBG support on the PH Prog.Supv. II and the Stock Clerk II positions. This frees up state salary reserves.
DPHS proposes to eliminate MCHBG funding in the Audiologist and PH Prog. Consul II positions and use a combination of state salary reserve plus Medicaid Admin. receipts in the amount of $23,299 that can be earned by these two positions

PHHS Block Grant Management Plan for SFY 2006
Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

The purpose of the Preventive Health and Health Services (PHHS) Block Grant is to provide states with flexibility and control to address their priority health needs. Programs supported by PHHS Block Grant funds are limited to (1) addressing Healthy People 2010 objectives, (2) emergency medical services, (3) rodent control, (4) fluoridation, and (5) prevention or sexual assault with the Sex Offense set aside portion of the grant.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carryforward, SFY04	$	502,387
Block Grant Fund Carryforward, SFY05 (Projected)	$	17,528
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$	934,060
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$	2,802,179
Additional Funds to be Transferred In from other Block Grants	$	145,819
Total Projected Federal Block Grant Funds Available, SFY06	$	4,401,973

C. Federal Block Grant Financial Requirements

Federal Appropriations Law, Section 1904(a)1 describes allowable uses of Block Grant funds (see Section A) and 1904(b) describes what funds may not be used for. Nonallowable expenses include payment for inpatient services, cash payments to recipients of health services, new construction or maintenance of buildings or major medical equipment, as a match for federal funds, or for assistance to any non public or for profit entity. Administrative costs cannot exceed 10% of the grant. Funds can be spent during a two year period.

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all subrecipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS subrecipients will be notified of the new audit standards when they have been made available.

PHHS Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures *(grouped by division, allocated by program)*					
Division of Public Health					
1	NC Statewide Health Promotion	$2,772,294	0%	0%	No change from SFY05 funding. In SFY 05 listed as "Statewide Health Promotion Programs".
2	Services to Rape Victims	197,112	0%	0%	No change from SFY05 funding. In SFY 05 listed as "Rape Crisis/Victims' Services Program - Council for Women".
3	HIV/STD Prevention and Community Planning, (Transfer from SSBG)	145,819	0%	0%	No change from SFY05 funding. In SFY 05 listed as "Transfer from Social Services Block Grant - HIV/AIDS education, counseling, and testing".
DHHS Program Expenditures *(grouped by division, allocated by program)*					
Division of Public Health					
1	NC Statewide Health Promotion	881,226	0%	0%	In SFY 05 listed as a part of "Administration and Program Support". For SFY 06 this item will support division level Program activities, as defined by the Feds. Additionally, item is increased by one-time carry forward funds which will be used to support office rellocation costs, and other programatic expenses.
4	Oral Health	134,251	0%	0%	In SFY 05 listed as a part of "Administration and Program Support". For SFY 06 this item will support division level Program activities, as defined by the Feds.
5	Osteoporosis Program	150,000	0%	0%	No change from SFY05 funding. In SFY 05 listed as "Osteoporosis Task Force Operating Costs".
Local Administration *(grouped by division, allocated by local entity type)*					

PHHS Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
DHHS Administration *(by division)*					
6	Division of Public Health	$121,271	0%	0%	In SFY 05 listed as " Administration and Program Support".For SFY 06 item includes funding for administrative activites only, as defined by the Feds., and includes an increase due to SFY 04-05 LI and Retirement Rate Increase.
Transfers to other State Agencies *(by agency name)*					
Transfers to other Block Grants *(by division, block grant and program name)*					
TOTAL		$4,401,973			

PHHS Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division of Public Health									
1	NC Statewide Health Promotion	$ 3,282,810	$ 2,876,660	$ 3,132,810	$ 3,156,780	$ 2,772,294	$ 2,772,294	$ 3,653,520	$ 881,226
2	Services to Rape Victims	$ 197,112	$ 197,112	$ 197,112	$ 289,584	$ 197,112	$ 197,112	$ 197,112	$ -
3	HIV/STD Prevention and Community Planning, (Transfer from SSBG)	$ 145,819	$ 105,489	$ 145,819	$ 105,989	$ 145,819	$ 145,819	$ 145,819	$ -
4	Oral Health							$ 134,251	$ 134,251
5	Osteoporosis Program			$ 150,000	$ 257,492	$ 150,000	$ 150,000	$ 150,000	$ -
	Office of Minority Health	$ 159,459	$ 149,275	$ 159,459	$ 151,608				
6	Administration	$ 108,546	$ 108,645	$ 108,546	$ 109,860	$ 699,092	$ 699,092	$ 121,271	$ (577,821)
Transfer to Other State Agencies									
Transfer to Other Block Grants									
	TOTAL	**$ 3,893,746**	**$ 3,437,181**	**$ 3,893,746**	**$ 4,071,313**	**$ 3,964,317**	**$ 3,964,317**	**$ 4,401,973**	**$ 437,656**

PHHS Block Grant Management Plan
Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
NC Statewide Health Promotion	LOCAL & DPH
Services to Rape Victims	DPH
HIV/STD Prevention and Community Planning	DPH
Oral Health	DPH
Osteoporosis Program	DPH

Note to Divisions: Program Summary Reports do not need to be attached when the Block Grant Management Plan is submitted to the Department, but please be sure that all Programs listed above are represented in the Program Management Database.

Detail of Non-Programmatic PHHS
Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
DHHS Administration			
5	Division of Public Health	$121,271	Administrative costs includes rent expense of $49,024.
Transfers to other State Agencies			
Transfers to other Block Grants			

New DHHS Positions to be Established with (Insert Name) Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	Division of Public Health		None					

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
Block Grant Management Plan for SFY 2006
Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

The purpose of the Low Income Home Energy Assistance Program (LIHEAP) grant is to assist eligible households to meet the costs of home energy, and to provide training and technical assistance to States and other jurisdictions administering the LIHEAP block grant program.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carry forward, SFY04	$912,917
Block Grant Fund Carry forward, SFY05 (Projected)	$0
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$3,454,678
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$28,043,390
Additional Funds to be Transferred In from other Block Grants	$0
Total Projected Federal Block Grant Funds Available, SFY06	$32,410,985

C. Federal Block Grant Financial Requirements

Up to 10 percent of these funds may be used for State and local planning and administration. Up to 15 percent may be used for low-cost residential weatherization.

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all sub recipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS sub recipients will be notified of the new audit standards when they have been made available.

LIHEAP Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures *(grouped by division, allocated by program)*					
Division of Social Services					
1	Low Income Energy Assistance Program (LIEAP)	13,208,740	0%	0%	Increase in funding availability. In SFY 05 listed as "Energy Assistance Programs"
2	Crisis Intervention Program (CIP)	9,592,387	0%	0%	Increase in funding availability.
Office of the Secretary - Office of Economic Opportunity					
3	Weatherization Program	$4,343,072	0%	0%	Increase in funding availability.
4	Heating Air Repair & Replacement Program (HARRP)	$2,025,687	0%	0%	Increase in funding availability.
DHHS Program Expenditures *(grouped by division, allocated by program)*					
Local Administration *(grouped by division, allocated by local entity type)*					
Division of Social Services					
5	County DSS Administration	$1,930,734	0%	0%	Increase in funding availability. In SFY 05 listed as "Administration".
Office of the Secretary - Office of Economic Opportunity					
6	Local Residential Energy Efficiency Service Providers - Weatherization	$241,282	0%	0%	Increase in funding availability. In SFY 05 listed as "Administration".
	Local Residential Energy Efficiency Service Providers - HARRP	$112,538	0%	0%	
DHHS Administration *(by division)*					
7	Division of Social Services	$300,000	0%	0%	Increase in funding availability and increase for DIRM and Controller's Office due to LI and Retirement Rate Increase in SFY 04-05. In SFY 05 Appropriation, listed as "Administration".
	Division of Mental Health/DD/SAS	$7,146	0%	0%	
	Office of the Secretary/DIRM	$230,221	0%	0%	
	Office of the Secretary/Controller's Office	$10,517	0%	0%	
	Office of the Secretary/Office of Economic Opportunity - Weatherization	$241,282	0%	0%	
	Office of the Secretary/Office of Economic Opportunity - HARRP	$112,538	0%	0%	

Transfers to other State Agencies *(by agency name)*

LIHEAP Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
8	Department of Administration- N.C. Commission of Indian Affairs	$54,840	0%	0%	No Change from SFY 05

Transfers to other Block Grants ***(by division, block grant and program name)***

TOTAL	**$32,410,984**

LIHEAP Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03 Note 1	Appropriated SFY04	Expended SFY04 *Note 1*	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division of Social Services									
1	Low Income Energy Assistance Program	$11,395,026	$11,247,710	$12,775,323	$ 15,721,112	$ 12,775,323	$ 12,775,323	$ 13,208,740	$ 433,417
2	Crisis Intervention Program	6,598,934	16,732,863	9,192,927	13,510,344	9,192,927	9,192,927	9,592,387	$ 399,460
5	Administration (County DSS)	2,459,510	3,171,339	2,957,339	3,296,516	2,957,339	2,957,339	$1,930,734	$ (1,026,605)
7	Administration	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	300,000	$ 300,000
Division of Mental Health									
9	Administration	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	7,146	$ 7,146
Office of the Secretary									$ -
3	Office of Economic Opportunity - Weatherization Program	3,457,189	3,425,895	4,212,740	5,853,320	4,212,740	4,212,740	4,343,072	$ 130,332
4	Office of Economic Opportunity - Heating Air Repair & Replacement Program (HARRP)	1,613,355	1,738,329	1,966,153	2,742,034	1,966,153	1,966,153	2,025,687	$ 59,534
6	Administration (Local Residential Energy Efficiency Service Providers)	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	353,820	$ 353,820
7	Administration	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	594,558	$ 594,558
Transfer to Other State Agencies									$ -
8	Dept. of Administration-NC Commission of Indian Affairs	45,189	34,728	54,840	28,383	54,840	54,840	54,840	$ -
Transfer to Other Block Grants									$ -
									$ -
	TOTAL	$ 25,569,203	$ 36,350,864	$ 31,159,322	$ 41,151,709	$ 31,159,322	$ 31,159,322	$ 32,410,984	$ 1,251,662

Note 1: Expended amounts include block grant increases, emergency contingency funds, and carryforward as available.

LIHEAP Block Grant Management Plan
Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Low Income Energy Assistance Program	DSS
Crisis Intervention Program	DSS
Weatherization Assistance Program	OEO
Heating and Air Repair and Replacement Program	OEO

Note to Divisions: Program Summary Reports do not need to be attached when the Block Grant Management Plan is submitted to the Department, but please be sure that all Programs listed above are represented in the Program Management Database.

Detail of Non-Programmatic LIHEAP Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration *(by local entity type)*			
5	County DSS	$1,930,733	Cost of county Departments of Social Services for administering Low Income Energy Assistance and Crisis intervention Programs.
6	Local Residential Energy Efficiency Service Providers- Heating and Air Repair and Replacement Program	$112,538	Cost of Local Residential Energy Efficiency Service Providers in administering HARRP & Weatherization program funds.
	Local Residential Energy Efficiency Service Providers- Weatherization Assistance Program	$241,282	
DHHS Administration *(by division)*			
7	Division of Social Services	$300,000	Cost of administering the LIEAP and CIP programs.
	Division of Mental Health/DD/SAS	$7,146	Funds support a portion of DIRM's rent cost on the Dix Campus
	Central Management & Support/DIRM	$230,221	Cost of administering programs funds that includes functions/activities which are earned through cost allocation. DIRM costs include support for automation system used by county DSSs for LIEAP and CIP.
	Central Management & Support/Controller	$10,517	
	Central Management & Support/Office of Economic Opportunity - Weatherization	$241,282	Cost of administering the Weatherization & HARRP programs.
	Central Management & Support/Office of Economic Opportunity - HARRP	$112,538	
Transfers to other State Agencies			
8	Contract by DSS with DOA NC Commission of Indian Affairs	$54,840	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. This line item is considered administration and is part of the 10% cap on administration calculation.
Transfers to other Block Grants			

New DHHS Positions to be Established with LIHEAP Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	Division of Social Services		none					
	Division of Mental Health		none					
	Office of the Secretary		none					

Social Services Block Grant Management Plan for SFY 2006
Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

The purpose of the Social Services Block Grant (SSBG) program is to provide funds to States to provide services for individuals, families and entire population groups to be directed at one or more of the five broad goals: 1) Achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency; 2) Achieving or maintaining self-sufficiency, including reduction or prevention of dependency; 3) Preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests; or preserving, rehabilitating, or reuniting families; 4) Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and 5) Securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carryforward, SFY04	$	1,975,657
Block Grant Fund Carryforward, SFY05 (Projected)	$	-
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$	12,218,096
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$	36,654,288
Additional Funds to be Transferred In from other Block Grants	$	4,500,000
Total Projected Federal Block Grant Funds Available, SFY06	$	55,348,041

C. Federal Block Grant Financial Requirements

States are given wide discretion to determine the services to be provided and the groups that may be eligible for services, usually low income families and individuals. In addition to supporting social services, the law allows States to use their allotment for staff training, administration, planning, evaluation, and purchasing technical assistance in developing, implementing, or administering the State social service program. States decide what amount of the Federal allotment to spend on services, training, and administration.

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all subrecipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS subrecipients will be notified of the new audit standards when they have been made available.

Social Services Block Grant Management Plan
SFY06 Funding Request

	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures *(grouped by division, allocated by program)*					
Divisions of Social Services and Aging & Adult Services					
1	County departments of social services (Transfer from TANF - $4,500,000) **DSS** Adoption Services Foster Care Services Child Protective Services -CPS **DAAS** HCCBG - In-Home Services Adult Home Specialist Fund Guardianship Adult Protective Services Case Management and Counseling	$28,868,189	0%	Varies by Prgm 25% 25% 25% 12.50% 25% 25% 25% 25%	No change from SFY05 appropriation. Division of Aging and DSS share this allocation because counties can drawn SSBG in multiple programs. Includes the $4,500,000 TANF transfer.
2	State In-Home Services Fund	$2,101,113	0%	12.50%	No change from SFY05 appropriation. In SFY 05 listed as "in-home services provided by county departments of social services"
3	State Adult Day Care Fund	$2,155,301	0%	12.5%	No change from SFY05 appropriation. In SFY 05 listed as Adult Day Care Services
4	Child Protective Services/CPS Investigative Services - Child Medical Evaluation Program	$238,321	25%	0%	No change from SFY05 appropriation. In SFY 05 listed as Child Medical Evaluation Program.
5	Foster Care Services	$1,706,063	25%	0%	In SFY05, funding for this line item was through the TANF block grant, appropriated as "DSS Child Caring Agencies" as TANF Transfer. Approval was granted to switch to State Foster Care Assistance as TANF Transfer. TANF funds will not be transferred for SFY 06 to cover this line item. Due to the change of third party payments being made with state funds, carryfoward funds are being requested for this line item.

Social Services Block Grant Management Plan
SFY06 Funding Request

	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Division of Aging and Adult Services					
6	Home and Community Care Block Grant (HCCBG)	$1,834,077	2.50%	10%	In SFY 05 listed as Division of Aging - Home and Community Care Block Grant. Trf. $6,157 to DMH Admin. Ln.
Division of Mental Health, Developmental Disabilities and Substance Abuse Services					
7	Mental Health Services Program	$ 422,003	25%	0%	No change from SFY05 appropriation. Listed in SFY 05 as Comprehensive Treatment Services Program
8	Developmental Disabilities Services Program	$ 5,000,000	25%	0%	No change from SFY05 appropriation. In SFY 05 listed as "Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for Services."
9	Mental Health Services - Adults Mental Health Services - Child Devlopmental Disabilities Program Substance Abuse Services - Adult	$ 3,234,601	25%	0%	No change from SFY05 appropriation. In SFY 05 listed as "Division of Mental Health, Developmental Disabilities, and Substance Abuse Services."
Division of Child Development					
10	Subsidized Child Care Program	$3,150,000	0%	0%	Funding for this line item is decreased as the amount of carryforward has decreased. Increase last SFY was funded completely with carryforward funds. In SFY 05 listed as Child Care Subsidies.
Division of Vocational Rehabilitation					
11	Vocational Rehabilitation Services - Easter Seal Society/UCP	$188,263	25%	0%	In SFY05, funding for this line item was allocated to "Division of Vocational Rehab-United Cerebral Palsy," and "Division of Rehab-Easter Seals Society." UCP and Easter Seals Society have merged into one organization, and will continue to implement both services of this program. Funding level remains the same.
Office of the Secretary - OEO					
12	Elderly Supplemental Grant Program	$41,302	25%	0%	No change from SFY05 appropriation. In SFY05 listed as "Office of the Secretary - Office of Economic Opportunity for NC Senior Citizens' Federation for outreach services to low-income elderly persons."

Social Services Block Grant Management Plan
SFY06 Funding Request

	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
DHHS Program Expenditures *(grouped by division, allocated by program)*					
Division of Aging and Adult Services					
13	UNC-CARES Training Contract	$247,920	0%	25%	No change from SFY05 appropriation. In SFY05 appropriation listed as UNC-CH CARES program for training and consultation services.
Division of Blind					
14	Independent Living Program	$3,182,987	0%	0%	In SFY05 listed as "Division of Services for the Blind," these funds support the Independent Living Program, which is administered by DSB. Increase is due to legislative increase and retirement increases in SFY 04-05.
Division of Facility Services					
15	Adult Care Licensure Program	$411,897	25%	0%	In SFY05 listed as "Division of Facility Services." Trf. $14,939 to DFS Admin. Ln.
16	Mental Health Licensure and Certification Program	$205,668	25%	0%	In SFY05 listed as "DFS - Mental Health Licensure." Trf. $7,460 to DFS Admin. Ln.
Local Administration *(grouped by division, allocated by local entity type)*					
Division Name					
DHHS Administration *(by division)*					
17	Division Aging and Adult Services	$616,891	25%	0%	Increase due to LI and Retirement Rate Increase in SFY 04-05. In SFY 05 this item was included in "State administration."
	Division of Social Services	$884,058	25%	0%	
	Office of the Secretary/Controller's Office	$123,059	25%	0%	
	Office of the Secretary/DIRM	$82,009	25%	0%	
18	Division of Mental Health Developmental Disabilities and Substance Abuse Services	$18,098	25%	0%	No change from SFY05, $6157 had been in Home and Community Block Grant line item and $11,941 was from DIRM for rent on Dix campus. (funds for DIRM had been included in DSS State Admin line)
19	Division of Facility Services	$37,204	25%	0%	In SFY 05 Appropriation, these funds were included in "Division of Facility Services" $14,939, and "DFS - Mental Health Licensure" $7,460. Increase due to LI and Retirement Rate Increase Adjustment in SFY 04-05.

Social Services Block Grant Management Plan
SFY06 Funding Request

	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
20	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs	$250,000	0%	0%	In SFY 05 this was funded at $262,472 from CSBG carryforward.

Transfers to other State Agencies *(by agency name)*

Department of Administration					
21	NC Commission of Indian Affairs In-Home Services for the Elderly	$203,198	0%	25%	No Change from SFY05. In SFY 05 listed as Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly (funds are included in the Division of Aging and Adult Services budget, then a contract is executed)

Transfers to other Block Grants *(by division, block grant and program name)*

Division of Public Health					
22	Transfer to Preventive Health Services BG for HIV/STD Prevention and Community Planning	$145,819	0%	0%	No change from SFY05.

TOTAL	**$55,348,041**

Social Services Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division of Social Services									
1	County Dept. of Social Services	$ 27,095,289	$ 27,095,289	$ 28,868,189	$ 27,855,724	$ 28,868,189	$ 28,868,189	$ 28,868,189	$ -
2	State In-Home Services Fund	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ -
3	State Adult Day Care Fund	$ 2,155,301	$ 2,155,301	$ 2,155,301	$ 2,123,594	$ 2,155,301	$ 2,155,301	$ 2,155,301	$ -
4	Child Protective Services/CPS Investigative Services - Child Medical Evaluation Program	$ 238,321	$ 238,321	$ 238,321	$ 322,188	$ 238,321	$ 238,321	$ 238,321	$ -
	DSS-Child Caring Agencies (TANF Transfer)	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ -	$ -	$ -	$ -
5	Foster Care Services	$ -	$ -	$ -	$ -	$ 1,500,000	$ 1,500,000	$ 1,706,063	$ 206,063
Division of Aging and Adult Services									
5	Home and Community Care Block Grant	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,834,077	$ (6,157)
13	UNC-CARES Training Contract	$ 247,920	$ 247,920	$ 247,920	$ 224,793	$ 247,920	$ 247,920	$ 247,920	$ -
Division of Mental Health, Developmental Disabilities and Substance Abuse Services									
7	Mental Health Services Program	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ -
8	Developmental Disability Services Program	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 4,242,353	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ -
9	Mental Health Services - Adults Mental Health Services - Child Deviopmental Disabilities Program Substance Abuse Services - Adult	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ -
Services for the Blind									
14	Independent Living Program	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,182,987	$ 77,276
Division Vocational Rehabilitation									
11	Division of Vocational Rehabilitation -United Cerebral Palsy	$ 71,484	$ 71,484	$ 71,484	$ 71,484	$ 71,484	$ 71,484	$ -	$ (71,484)
11	Division of Vocational Rehabilitation -Easter Seals Society	$ 116,779	$ 116,779	$ 116,779	$116,779	$ 116,779	$ 116,779	$ -	$ (116,779)
11	Vocational Rehabilitation Services - Easter Seal Society/UCP	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,263	$ 188,263
Office of the Secretary - OEO									
12	Elderly Supplemental Grant Program	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ -
Division of Child Development									
10	Subsidized Child Care Program	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 6,269,309	$ 6,269,309	$ 3,150,000	(3,119,309)
Division of Facility Services									
15	Adult Care Licensure Program	$ 426,836	$ 426,836	$ 426,836	$ 425,764	$ 426,836	$ 426,836	$ 411,897	$ (14,939)
16	Mental Health Licensure and Certification Program	$ 213,128	$ 213,128	$ 213,128	$ 212,593	$ 213,128	$ 213,128	$ 205,668	$ (7,460)
Departmental Administration									
17	Division of Social Services Division of Aging and Adult Services Office of the Secretary/Controller's Office Office of the Secretary/DIRM	$ 1,693,368	$ 1,693,368	$ 1,693,368	$ 1,359,472	$ 1,693,368	$ 1,693,368	$1,706,017	$ 12,649
18	Division of Mental Health Developmental Disabilities and Substance Abuse Services	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	$18,098	$ 18,098
19	Division of Facility Services	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	$ 37,204	$ 37,204
20	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs			$ 150,000			$ 150,000	$ 250,000	$ 250,000
Transfer to Other State Agencies									
Department of Administration									
21	NC Commission of Indian Affairs In-Home Services Program for the Elderly (Funds budgeted in the Division of Aging and Adult Services)	$ 203,198	$ 203,198	$ 203,198	$ 178,868	$ 203,198	$ 203,198	$ 203,198	$ -
Transfer to Other Block Grants									
Division of Public Health									
22	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ -
	TOTAL	**$ 52,852,407**	**$ 52,852,407**	**$ 54,775,307**	**$ 52,524,395**	**$ 57,894,616**	**$ 58,044,616**	**$ 55,348,041**	**$ (2,546,575)**

Social Services Block Grant Management Plan
Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Adoptions Services	DSS
Foster Care Services	DSS
Child Protective Services - CPS	DSS
Child Protective Services/CPS Investigative Services - Child Medical Evaluation Program	DSS
Vocational Rehabilitation Services - Easter Seal Society/UCP	DVR
Elderly Supplemental Grant Program	OEO
Mental Health Services - Adult	DMHDDSAS
Mental Health Services - Child	DMHDDSAS
Mental Health Services Program	DMHDDSAS
Developmental Disabilities Services Program	DMHDDSAS
Substance Abuse Services - Adult	DMHDDSAS
Subsidized Child Care Program	DCD
Adult Care Licensure Program	DFS
Mental Health Licensure and Certification Program	DFS
Independent Living Program	DSB
State Adult Day Care Fund	DAAS
Home And Community Care Block Grant	DAAS
State In-Home Services Fund	DAAS
UNC-CARES Training Contract	DAAS
Adult Home Specialist Fund	DAAS
Guardianship	DAAS
Adult Protective Services	DAAS
Case Management and Counseling	DAAS

Note to Divisions: Program Summary Reports do not need to be attached when the Block Grant Management Plan is submitted to the Department, but please be sure that all Programs listed above are represented in the Program Management Database.

Detail of Non-Programmatic Social Services Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
DHHS Administration			
17	Division of Aging and Adult Services	$616,891	Funds support administrative functions/activities of the division. Increased due to Legislative Increase (LI) and Retirement Rate Increase in SFY 04-05.
	Division of Social Services	$884,058	
	Office of the Secretary/Controller's Office	$123,059	
	Office of the Secretary/DIRM	$82,009	
18	Division of Mental Health Developmental Disabilities and Substance Abuse Services	$18,098	Transferred from DIRM and Division of Aging and Adult Services for portion of Dix office rent
19	Division of Facility Services	$37,204	These funds support management and administrative functions/activities within the Division of Facility Services. Includes costs associated with positions earned through cost allocation. Increase due to LI and Retirement Rate Increase in SFY 04-05.
20	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs	$250,000	Funding supports initiatives by the Council to identify and secure available resources that can be used to assist with cooperative efforts, policy initiatives and program implementation related to homelessness.
Transfers to other State Agencies			
Department of Administration			
21	Dept of Admin-Commission of Indian Affairs	$203,198	Funds go to the Division of Aging and Adult Services who then contracts with the Commission. 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 3 full time FTE positions, along with 7 part-time FTE's are supported with these funds.
Transfers to other Block Grants			
22	Transfer to Preventive Health Services BG for HIV/STD Prevention and Community Planning	$145,819	The HIV/STD Prevention and Care Branch in the Division of Public Health has focused its efforts on the HIV/AIDS awareness and education media campaign and the local HIV/STD prevention partnerships with local health departments.

New DHHS Positions to be Established with Social Services Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	Aging and Adult Services		NONE					
	Child Development		NONE					
	Facility Services		NONE					
	Mental Health Developmental Disabilities and Substance Abuse Services		NONE					
	Office of the Secretary		NONE					
	Public Health		NONE					
	Services for the Blind		NONE					
	Social Services		NONE					
	Vocational Rehabilitation		NONE					

Temporary Assistance for Needy Families (TANF)
Block Grant Management Plan for SFY 2006
Overview and General Requirements

A. Goal or Purpose of Block Grant (as defined by federal funding agency)

To assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

B. Projected Federal Block Grant Funds Available

Block Grant Fund Carryforward, SFY04		
Block Grant Fund Carryforward, SFY05 (Projected)	$	45,621,033
Federal Funds Available, 4th Qtr FFY05 (July 05 - Sept 05)	$	84,587,387
Federal Funds Available, First 3 Quarters FFY06 (Oct 05 - June 06)	$	226,679,700
Additional Funds to be Transferred In from other Block Grants	$	-
Total Projected Federal Block Grant Funds Available, SFY06	$	356,888,120

C. Federal Block Grant Financial Requirements

States, Territories, or Tribes have broad flexibility to use the grant funds in any manner that meets the purposes of the program (including providing low-income households with assistance in meeting home heating and cooling costs) and in ways that the State, Territory and Tribe was authorized to use funds received under the predecessor Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills Training (JOBS) and Emergency Assistance (EA) programs. States and Territories may also transfer no more than 30% of their assistance grant funds to the Child Care and Development Block Grant (CCDBG) and Social Services Block Grant (SSBG) Programs. SSBG is limited to 4.25%. Not more than 15 percent of any State grant may be spent on administrative costs, exclusive of certain computerization and information technology expenses. Cash grants, work opportunities and other services are made directly to needy families with children. **Note: The reauthorization of the TANF program is currently pending and TANF has been operating under a series of continuing resolutions and extensions.**

D. Financial Audit Standards Assurance Statement

It is the responsibility of the Division administering the funds to inform all subrecipients of these rules and requirements. Per G.S. 143-6.2, OSBM will develop and adopt new audit standards for non-State entities, to be effective July 1, 2005. DHHS subrecipients will be notified of the new audit standards when they have been made available.

TANF Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
Local Program Expenditures *(grouped by division, allocated by program)*					
Division of Social Services					
1	Work First Family Assistance (Cash Assistance)	$107,794,365	0	0	Due to a reduction in fund availability, this line item was reduced by $12 million in order fund other items in the TANF program.
2	Work First County Block Grants	$94,653,315	0	0	No Change from SFY05
3	Child Protective Services - Child Welfare Workers for Local DSS	$12,452,391	0	0	No Change from SFY05
4	Family Violence Prevention	$1,200,000	0	0	In SFY05 listed as Domestic Violence Services for Work First Families
5	Work First - Boys and Girls Clubs	$1,000,000	0	0	No Change from SFY05
6	Work First - After-School Services for At-Risk Children	$2,249,642	0	0	No Change from SFY05
7	Work First - After School Programs for At Risk Youth in Middle Schools	$500,000	0	0	No Change from SFY05
8	Work First - Work Central	$550,000	0	0	No Change from SFY05
9	Child Protective Services - Child Welfare Training for Counties	$2,550,000	0	0	No Change from SFY05
10	Adoption Services - Special Children's Adoption Fund	$3,000,000	0	0	No Change from SFY05
11	Maternity Homes	$838,000	0	0	No Change from SFY05
Division of Public Health					
12	Teen Pregnancy Prevention Initiatives	$2,500,000	0	0	No Change in funding from SFY05. In SFY 05 listed as two items, "WCH Teen Pregnancy Prevention" and "Reduction of Out-of-Wedlock Births."
Division of Child Development					
13	Subsidized Child Care Program	$35,331,547	0	0	No Change from SFY05

TANF Block Grant Management Plan
SFY06 Funding Request

Item #	Title	Requested SFY06	Required State Match	Required Local Match	Explanation of Difference Compared to SFY05 Allocation
DHHS Program Expenditures *(grouped by division, allocated by program)*					
Local Administration *(grouped by division, allocated by local entity type)*					
DHHS Administration *(by division)*					
14	Division of Social Services	$356,291	0	0	Increase is due to LI and retirement in SFY 04-05.
15	Office of the Secretary	$60,249	0	0	In SFY 05 this was included in the Division of Social Services Administration line item. Increase is due to LI and retirement in SFY 04-05
16	Office of the Secretary/DIRM - TANF Automation Projects	$592,500	0	0	No Change from SFY05.
17	Office of the Secretary/DIRM - NCFAST Implementation	$2,717,298	0	0	No Change from SFY05
Transfers to other State Agencies *(by agency name)*					
18	Department of Juvenile Justice and Delinquency Prevention - Support our Students	$2,749,642	0	0	No Change from SFY05
Transfers to other Block Grants *(by division, block grant and program name)*					
Division of Child Development					
19	Transfer to Child Care and Development Fund	$81,292,880	0	0	No Change from SFY05
Division of Social Services					
20	Transfer To SSBG for County DSS for Children's Services	$4,500,000	0	0	No Change from SFY05
TOTAL		**$356,888,120**			

TANF Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference
Division of Social Services									
1	Work First Family Assistance (cash assistance)	$ 129,396,275	$ 106,983,538.35	$ 129,396,275	$ 98,200,976	$ 119,841,508	$ 106,705,937	$ 107,794,365	$ (12,047,143)
2	Work First County Block Grant	$ 92,018,855	$ 92,942,431.36	$ 94,653,315	$ 93,433,041	$ 94,653,315	$ 94,653,315	$ 94,653,315	$ -
3	Child Protective Services - Child Welfare Workers for Local DSS's	$ 10,382,391	$10,372,406.72	$ 11,452,391	$ 11,452,391	$ 12,452,391	$ 12,452,391	$ 12,452,391	$ -
18	Dept. Of Juvenile Justice and Delinquency Prevention - Support Our Students	$ 1,425,000	$1,425,000.00	$ 2,249,642	$ 2,249,642	$ 2,749,642	$ 2,749,642	$ 2,749,642	$ -
4	Family Violence Prevention	$ 900,000	$698,420.14	$ 1,200,000	$ 962,627	$ 1,200,000	$ 1,200,000	$ 1,200,000	$ -
6	Work First - After School Services for At-Risk Children	$ 1,425,000	$1,127,133.59	$ 2,249,642	$ 1,802,956	$ 2,249,642	$ 2,249,642	$ 2,249,642	$ -
14	Division Of Social Services Administration	$ 400,000	$ 400,000.00	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 356,291	$ (43,709)
15	Office of the Secretary Administration	included on line 15	included on line 15	included on line 15	included on line 15	included on line 15	included on line 15	$ 60,249	$ 60,249
9	Child Protective Services - Child Welfare Training	$ 1,600,000	$1,600,000.00	$ 2,550,000	$ 2,550,000	$ 2,550,000	$ 2,550,000	$ 2,550,000	$ -
5	Work First - Boys and Girls Clubs			$ 1,000,000	$ 999,405	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ -
8	Work First - Work Central			$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ -
10	Adoption Services - Special Children's Adoption Fund			$ 2,000,000	$ 2,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ -
11	Maternity Homes	$ 438,000	$438,000.00	$ 838,000	$ 837,997	$ 838,000	$ 838,000	$ 838,000	$ -
	Individual Development Accounts			$ 180,000	$ -	$ 180,000	$ 180,000		$ (180,000)
7	After-School Programs for At-Risk Youth in Middle Schools					500,000	$ 500,000	$ 500,000	$ -
	Job Retention and Follow-Up		$123,671.09						$ -
	Domestic Violence and Awareness		$54,118.46						$ -
	Intensive Family Preservation		$92,135.47						$ -
	Work First Pilots		$38,292.43						$ -
	DSS Evaluation	$ 500,000	$418,250.91						$ -
	SACWIS Payback	$ 4,643,454	$4,643,453.00				$ -		$ -
Division of Mental Health							$ -		$ -
	Residential Substance Abuse Services for Women with Children	$ 1,475,142	$1,469,121.00	$ 2,000,000	$ 2,000,000		$ -		$ -
	Allocation to MH/DD/SAS for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	$ 400,000	$361,381.00				$ -		$ -
Division of Public Health							$ -		$ -
12	Teen Pregnancy Prevention Initiatives							$ 2,500,000	$ 2,500,000
	WCH-Teen Pregnancy Prevention			$ 1,500,000	$ 1,097,118	$ 1,500,000	$ 1,500,000		$ (1,500,000)
	Reduction of Out of Wedlock Births			$ 1,000,000	$ 947,399	$ 1,000,000	$ 1,000,000		$ (1,000,000)
	Pregnancy Prevention Coalition of North Carolina			$ 127,500	$ 85,000		$ -		$ -
Division of Child Development							$ -		$ -
13	Subsidized Child Care Program	$ 26,621,241	$26,621,241.00	$ 26,621,241	$ 26,621,241	$ 34,512,238	$ 34,512,238	$ 35,331,547	$ 819,309
Office of the Secretary/DIRM									
16	TANF - Automation Projects	$ 1,200,000	$ 550,120.65	$ 592,500	$ 60	$ 592,500	$ 592,500	$ 592,500	$ -
17	NC Fast Implementation			$ 630,000	$ -	$ 2,717,298	$ 1,447,640	$ 2,717,298	$ -
Transfer to Other Block Grants							$ -		$ -
	Transfer to Social Services Block Grant for Child Caring Institutions			$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000		$ (1,500,000)
19	Transfer to Child Care and Development Fund	72,812,189	$72,812,189.00	79,562,189	$ 84,462,189	81,292,880	$ 81,292,880	81,292,880	$ -
20	Transfer to SSBG for County DSS's for Children's Services	$ 4,500,000	$4,499,999.36	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ -
									$ -
	TOTAL	**$ 350,137,547**	**327,670,903.53**	**$ 366,752,695**	**$ 336,652,043**	**$ 369,779,414**	**$ 355,374,185**	**$ 356,888,120**	$ (12,891,294)

TANF Block Grant Management Plan
Coversheet for Program Summary Reports

Attached herein are Program Summary Reports for all of the locally and State administered programs supported by this block grant. Those programs include:

Program	Supervised/ Administered By
Teen Pregnancy Prevention Initiatives	DPH
Subsidized Child Care Program	DCD
Work First Block Grant	DSS
Work First - After-School Services for At-Risk Children	DSS
Work First - Boys and Girls Clubs	DSS
Child Protective Services	DSS
Family Violence Prevention	DSS
Adoption Services - Special Children Adoption Fund	DSS
Work First - Work Central	DSS
Work First Block Grant	DSS
Maternity Homes (listed under Adoption Services in PMD)	DSS

Detail of Non-Programmatic TANF Block Grant Funding Requests, SFY06

Item #	Title	Requested Amount	Description of Proposed Use of Funds, Including Notes on Changes from SFY05 Allocation
Local Administration			
DHHS Administration			
14	Division of Social Services	$356,291	These funds represent the TANF portion of cost allocated amount to support monitoring and administrative support of TANF and Work First Program. Increase due to LI and retirement increase in 04-05.
15	Office of the Secretary	$60,249	Funds support position that tracks TANF Maintenance of Effort (MOE) requirement and develops and monitors MOE provided by state and local agencies. Increase due to LI and retirement increase in 04-05.
16	Office of the Secretary/DIRM: TANF Automation Projects	$592,500	TANF Automation Reauthorization - Required to make changes based on new Federal Regulations and potentially new federal TANF requirements should TANF be reauthorized this year.
17	Office of the Secretary/DIRM: NCFAST Implementation	$2,717,298	NC Fast - DHHS has been successful with the initial implementation of many of the small automation projects that support NC FAST. The Department is now poised to implement an automated case management system that will support case management services at local Departments of Social Services. Automated case management services are the tools used by the front line DSS workers to more efficiently and accurately determine eligibility and ultimately provide better services to clients.
Transfers to other State Agencies			
18	Department of Juvenile Justice and Delinquency Prevention - Support our Students	$2,749,642	Funds are used to support the Support Our Students mentoring programs for at-risk youth.
Transfers to other Block Grants			
19	Transfer to Child Care and Development Fund	$81,292,880	Funds are transferred to use for child care subsidies.
20	Transfer To SSBG for County DSS for Children's Services	$4,500,000	Funds are included in county departments of social services SSBG allocation to be used for various children's services.

New DHHS Positions to be Established with TANF Block Grant Funds, SFY06

To Be Supported by SFY 06 Alloc. Item #(s)	Division/Office	Position Title	No. of Pos.	FTEs	Salary Grade	Salary for 1 FTE	Total Salary & Fringe	Pos Eff Date
	Division of Public Health	none						
	Division of Child Development	none						
	Division of Social Services	none						
	Office of the Secretary	none						

House Appropriations Subcommittee on
Health and Human Services

Block Grants

from Senate Bill 622
Fourth Edition Engrossed 5/5/05

May 12, 2005

Transfer to General Fund	252,558,117	252,663,009
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	**$1,089,560,000**	**$1,118,600,000**

PART V. BLOCK GRANTS

Requested by: Senators Purcell, Malone, Garrou, Dalton, Hagan

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2006, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT		
01.	Community Action Agencies	$ 15,071,666
02.	Limited Purpose Agencies	837,315
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	837,315
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 16,746,296
SOCIAL SERVICES BLOCK GRANT		
01.	County departments of social services (Transfer from TANF – $4,500,000)	$ 28,868,189
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Adult day care services	2,155,301
04.	Child Protective Services/CPS Investigative Services/Child Medical Evaluation Program	238,321
05.	Foster Care Services – CCIS	1,500,000
06.	Division of Aging and Adult Services – Home and Community Care Block Grant	1,834,077
07.	UNC-CH CARES Program for training and consultation services	247,920
08.	Mental Health Services Program	422,003
09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Developmentally Disabled Services Program	5,000,000
10.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601

11.	Division of Services for the Blind – Independent Living Program			3,182,987
12.	Division of Vocational Rehabilitation Services – Easter Seals Society/UCP			188,263
13.	Office of the Secretary – Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons			41,302
14.	Child Care Subsidies			3,356,063
15.	Division of Facility Services – Adult Care Licensure Program			411,897
16.	Division of Facility Services – Mental Health Licensure			205,668
17.	State administration			1,706,017
18.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Administration			18,098
19.	Division of Facility Services			37,204
20.	Office of the Secretary – NC Interagency Council for Coordinating Homeless Programs			250,000
21.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly			203,198
22.	Transfer to Preventative Health Services Block Grant for HIV/AIDS education, counseling, and testing			145,819
TOTAL SOCIAL SERVICES BLOCK GRANT				$ 55,348,041
LOW-INCOME ENERGY BLOCK GRANT				
01.	Energy Assistance Programs			$ 13,208,740
02.	Crisis Intervention			9,592,387
03.	Administration			3,186,258
	County DSS	$1,930,734		
	Division of Social Services	$ 300,000		
	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	$ 7,146		
	Local Residential Energy Efficiency Service Providers	$ 353,820		

Office of the Secretary	$ 594,558	
04. Weatherization Program		4,343,072
05. Department of Administration – N.C. State Commission of Indian Affairs		54,840
06. Heating Air Repair and Replacement Program		2,025,687
TOTAL LOW-INCOME ENERGY BLOCK GRANT		$ 32,410,984
MENTAL HEALTH SERVICES BLOCK GRANT		
01. Provision of community-based services for severe and persistently mentally ill adults		$ 6,983,202
02. Provision of community-based services to children		3,921,991
03. Comprehensive Treatment Services Program for Children		1,500,000
04. Administration		568,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		$ 12,974,104
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
01. Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers		$ 20,441,082
02. Continuation of services for pregnant women and women with dependent children		8,069,524
03. Continuation of services to IV drug abusers and others at risk for HIV diseases		4,816,378
04. Child Substance Abuse Prevention		5,835,701
05. Provision of services to children and adolescents		4,940,500
06. Juvenile Services – Family Focus		851,156
07. Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects		383,980
08. Allocation to the Division of Public Health		

	for HIV/STD Prevention by County Health Departments	209,576
09.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
10.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		$ 48,181,983
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	$158,708,393
02.	Quality and availability initiatives	33,059,644
03.	Administrative expenses	7,163,654
04.	Transfer from TANF Block Grant for child care subsidies	81,292,880
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$280,224,571
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$107,794,365
02.	Work First County Block Grants	94,653,315
03.	Child Protective Services – Child Welfare Workers for local DSS	12,452,391
04.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,749,642
05.	Family Violence Prevention	1,200,000
06.	Work First – After-School Services for At-Risk Children	2,249,642
07.	Division of Social Services – Administration	356,291
08.	Office of the Secretary – Administration	60,249
09.	Child Welfare Training	2,550,000
10.	Boys and Girls Clubs	1,000,000
11.	Work Central Career Advancement Center	550,000

12.	Special Children's Adoption Fund	3,000,000
13.	Maternity Homes	838,000
14.	After-School Programs for At-Risk Youth in Middle Schools	500,000
15.	Teen Pregnancy Prevention Initiatives	2,500,000
16.	Subsidized Child Care Program	36,601,205
17.	TANF Automation Projects	592,500
18.	NC FAST Implementation	1,447,640
19.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	81,292,880
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$356,888,120
MATERNAL AND CHILD HEALTH BLOCK GRANT		
01.	Healthy Mothers/Healthy Children Block Grants to Aid-to-County	9,359,236
02.	Children's Health Services Aid-to-County	7,364,216
03.	Healthy Beginnings Aid-to-County	404,559
04.	Maternal Health Aid-to-County	397,761
05.	Children's Health Services	2,878,883
06.	Office of Women's Health and Maternal Health Activities	114,063
07.	State Center for Health Statistics	28,874
08.	Local Technical Assistance & Training	46,866
09.	Injury and Violence Prevention	149,438
10.	Office of Minority Health	99,352
11.	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	25,713
12.	Immunization Program – Vaccine Distribution	819,997

13.	Administration	518,137
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		$ 22,207,095
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
01.	Statewide Health Promotion Programs	$3,637,771
02.	Rape Crisis/Victims' Services Program – Council for Women	197,112
03.	Transfer from Social Services Block Grant – HIV/AIDS education, counseling, and testing	145,819
04.	Adolescent Pregnancy Prevention Coalition of NC	150,000
05.	Administration and Program Support	121,271
06.	Osteoporosis Task Force Operating Costs	150,000
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		$4,401,973

GENERAL PROVISIONS

SECTION 5.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.

(2) A delineation of the proposed State and local administrative expenditures.

(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

(5) A projection of current year expenditures by program or activity.

(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 5.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States reduces or increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase or decrease proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating a decrease in federal fund availability, the Department shall not eliminate the funding for a program or activity appropriated in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section or increase administrative expenditures.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the

Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Committee on Governmental Operations, 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.

SECTION 5.1.(d) All changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and a report shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. All changes to the budgeted allocations to the Block Grant shall be reported immediately 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.

SECTION 5.1.(e) The Department of Health and Human Services shall develop a monitoring and oversight plan for all recipients, both public and private, and subrecipients of the federal Block Grant funding. The plan shall be modeled after the Department's performance contracting initiative and include the following:

(1) Performance standards for recipients.
(2) Financial audit standards for non-State entities equivalent to the requirements in G.S. 143-6.1 for non-State entities receiving State funds.
(3) Means for collecting performance data from recipients.
(4) Any other information necessary for monitoring and overseeing the use of Block Grant funding.

The Department shall provide the plan to the Fiscal Research Division by January 1, 2006.

SECTION 5.1.(f) The Department of Health and Human Services shall report 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 on positions funded from federal Block Grants. The report shall include the following for each Block Grant:

(1) All State positions currently funded through the Block Grant, including permanent, temporary, and time-limited positions.
(2) Budgeted salary and fringe benefits for each position.
(3) Identify the percentage of Block Grant funds used to fund each position.

The report shall be submitted no later than December 1, 2005.

SOCIAL SERVICES BLOCK GRANT

SECTION 5.1.(g) Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Program are exempt from the provisions of 10A NCAC 71R.0201(3).

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

SECTION 5.1.(h) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

MENTAL HEALTH BLOCK GRANT

SECTION 5.1.(i) 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 2005-2006 fiscal year, and the sum of four hundred twenty-two thousand three dollars ($422,003) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2005-2006 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children in accordance with Section 10.25 of this act.

SECTION 5.1.(j) The Department of Health and Human Services shall contract with the University of North Carolina at Chapel Hill for the purpose of providing psychology student stipends in the amount of fifty thousand dollars ($50,000) for the 2005-2006 fiscal year. Twenty-five thousand dollars ($25,000) of this contract shall be paid from the Mental Health Block Grant.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 5.1.(k) The sum of four hundred thousand dollars ($400,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant shall be used for the operations of the Medical Child Care Pilot.

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 and School Readiness for the subsidized child care program.

SECTION 5.1.(m) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

SECTION 5.1.(n) The sum of four hundred sixteen thousand five hundred forty dollars ($416,540) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2005-2006 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(o) The sum of two million seven hundred forty-nine thousand six hundred forty-two dollars ($2,749,642) 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 2005-2006 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.(p) The sum of one million two hundred thousand dollars ($1,200,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2005-2006 fiscal year shall be used to provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts. The Division of Social Services may use up to seventy-five thousand dollars ($75,000) in TANF funds to support one administrative position within the Division of Social Services to implement this subsection.

Each county department of social services and the local domestic violence shelter program serving the county shall jointly develop a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by December 1, 2005. The

Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of five thousand dollars ($5,000); and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2005, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2005. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

The Department of Health and Human Services shall report on the uses of these funds no later than March 1, 2006, 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.

SECTION 5.1.(q) The sum of two million two hundred forty-nine thousand six hundred forty-two dollars ($2,249,642) 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 fund 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, 2006, on its progress in complying with this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Committee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(r) The sum of twelve million four hundred fifty-two thousand three hundred ninety-one dollars ($12,452,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2005-2006 fiscal year for Child Welfare Improvements, shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

SECTION 5.1.(s) The sum of two million five hundred fifty thousand dollars ($2,550,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for fiscal year 2005-2006 shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
(3) Provide training for residential child care facilities.
(4) Provide for various other child welfare training initiatives.

SECTION 5.1.(t) The sum of eight hundred thirty-eight thousand dollars ($838,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services shall be used to purchase services at maternity homes throughout the State.

SECTION 5.1.(u) 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, Special Children Adoption Fund, for the 2005-2006 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.(v) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section 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 2005-2006 fiscal year shall be allocated to the State Private Child Caring Agencies Fund.

SECTION 5.1.(w) 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. 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.

SECTION 5.1.(x) The sum of five hundred fifty thousand dollars ($550,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant shall be transferred to Work Central, Inc. Work Central, Inc. shall report on the number of people served and the services received as a result of the receipt of funds. The report shall contain expenditure data, including the amount of funds used for administration and direct training. The report shall also include the number of people who have been employed as a direct result of services provided by Work Central, Inc., including the length of employment in the new position. The Department of Health and Human Services shall evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Work Central, Inc. The evaluation report shall be submitted 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 no later than May 1, 2006.

SECTION 5.1.(y) The sum of one million four hundred forty-seven thousand six hundred forty dollars ($1,447,640) in this section appropriated to the Department of Health and Human Services in the TANF Block Grant shall be used to implement the component of N.C. FAST that specifically deals with the creation and implementation of a statewide automated child welfare information system. The statewide system shall be implemented in compliance with federal regulations in order to avoid any potential payback of funds due to noncompliance. The Department of Health and Human Services shall report on its compliance with this subsection 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 no later than January 1, 2006.

SECTION 5.1.(z) The sum of five hundred thousand dollars ($500,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant shall be used to expand after-school

programs for at-risk children attending middle school. The Department shall develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy and school dropout. These funds shall not be used for training or administration at the State level. All funds shall be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools. The Department shall report 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 on its progress in complying with this subsection no later than May 1, 2006.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 5.1.(aa) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2005-2006 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.(bb) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

SECTION 5.1.(cc) Of the funds budgeted in the Maternal and Child Health Block Grant, three million two hundred fifty thousand dollars ($3,250,000) shall be used for a school nurse funding initiative for the 2005-2006 fiscal year. The Department of Health and Human Services, Division of Public Health, in conjunction with the Department of Public Instruction, shall provide funds to communities to hire school nurses. The program will fund approximately 65 time-limited nurses. The criteria shall include determining the areas in the greatest need for school nurses with the greatest inability to pay for these nurses. Among other criteria, consideration shall also be given to (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children.

There shall be no supplanting of local or Title I funds with these block grant funds. Communities shall maintain their current level of effort and funding for school nurses. No block grant funds shall be used for funding nurses for State agencies. All funding shall be used for direct services.

The Department of Health and Human Services shall report on the use of funds allocated under this section by December 1, 2005, 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 Weinstein, Garrou, Dalton, Hagan

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2006, 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

Community Services Block Grant Management Plan
Prior Year Appropriations and Expenditures
(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

Item #	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
	Community Services Block Grant										
01	Community Action Agencies	$ 15,266,973	$ 14,743,834	$ 15,266,973	$ 15,100,772	$ 15,266,973	$ 15,266,973	$ 15,071,666	$ (195,307)	$ 15,071,666	$ -
02	Limited Purpose Agencies	$ 848,165	$ 828,129	$ 848,165	$ 822,474	$ 848,165	$ 848,165	$ 837,315	$ (10,850)	$ 837,315	$ -
	NC Interagency Council for Homeless Programs	$ -	$ -	$ -	$ -	$ 262,472	$ 262,472	$ -	$ (262,472)	$ -	$ -
03	DHHS to administer and monitor the activities of CSBG	$ 848,165	$ 717,692	$ 848,165	$ 675,221	$ 848,165	$ 848,165	$ 837,315	$ (10,850)	$ 837,315	$ -
	TOTAL	**$ 16,963,303**	**$ 16,289,655**	**$ 16,963,303**	**$ 16,598,467**	**$ 17,225,775**	**$ 17,225,775**	**$ 16,746,296**	$ (479,479)	$ 16,746,296	
										$ 16,746,296	
									Difference:	$ -	

Mental Health Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
Division of Mental Health, Developmental Disabilities and Substance Abuse Services											
1	Mental Health Services-Adult	$ 5,442,798	$ 4,058,607	$ 5,657,798	$ 5,605,899	$ 6,307,035	$ 6,307,035	$ 6,983,202	$ 676,167	$ 6,983,202	$ -
2	Mental Health Services-Child	$ 2,513,141	$ 2,386,956	$ 2,513,141	$ 2,363,095	$ 3,921,991	$ 3,921,991	$ 3,921,991	$ -	$ 3,921,991	$ -
3	Comprehensive Treatment Services Program	$ 1,500,000	$ 30,164	$ 1,500,000	$ -	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ -	$ 1,500,000	$ -
4	Administration- Division of Mental Health	$ 783,911	$ 738,793	$ 568,911	$ 634,684	$ 568,911	$ 568,911	$ 568,911	$ -	$ 568,911	$ -
Transfer to Other State Agencies											
	-										
Transfer to Other Block Grants											
	TOTAL	**$ 10,239,850**	**$ 7,214,520**	**$ 10,239,850**	**$ 8,603,678**	**$ 12,297,937**	**$ 12,297,937**	**$ 12,974,104**	$ 676,167	$ 12,974,104	
										$ 12,974,104	
									Difference	$ -	

Substance Abuse Prevention and Treatment Performance Partnership Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
Division of Mental Health, Developmental Disabilities and Substance Abuse Services											
1	Substance Abuse Services - Adult	$ 15,401,711	$ 12,912,759	$ 18,901,711	$ 12,176,759	$ 20,441,082	$ 20,441,082	$ 20,441,082	$ -	$ 20,441,082	$ -
2	Substance Abuse Treatment Alternatives for Women	$ 8,069,524	$ 4,910,246	$ 8,069,524	$ 5,635,549	$ 8,069,524	$ 8,069,524	$ 8,069,524	$ -	$ 8,069,524	$ -
3	Substance Abuse-HIV and IV Drug	$ 4,616,378	$ 4,270,599	$ 4,616,378	$ 4,410,961	$ 4,816,378	$ 4,816,378	$ 4,816,378	$ -	$ 4,816,378	$ -
4	Substance Abuse Prevention-Child	$ -	$ 3,403,464	$ -	$ 5,350,384	$ 5,835,701	$ 5,835,701	$ 5,835,701	$ -	$ 5,835,701	$ -
5	Substance Abuse Services-Child	$ 7,740,611	$ 4,011,308	$ 7,740,611	$ 4,381,878	$ 4,940,500	$ 4,940,500	$ 4,940,500	$ -	$ 4,940,500	$ -
6	Substance Abuse Strengthening Families-Prevention	$ 851,156	$ 623,155	$ 851,156	$ 704,168	$ 851,156	$ 851,156	$ 851,156	$ -	$ 851,156	$ -
10	Administration-Division of Mental Health	$ 2,596,307	$ 1,653,260	$ 2,596,307	$ 4,077,555	$ 2,596,307	$ 2,596,307	$ 2,596,307	$ -	$ 2,596,307	$ -
Division of Public Health											$ -
7	HIV/STD Prevention and Community Planning	$ 383,980	$ 270,052	$ 383,980	$ 363,701	$ 383,980	$ 383,980	$ 383,980	$ -	$ 383,980	$ -
8	HIV/STD Prevention and Community Planning	$ 209,576	$ 209,576	$ 209,576	$ 201,004	$ 209,576	$ 209,576	$ 209,576	$ -	$ 209,576	$ -
9	Maternal Health	$ 37,779	$ -	$ 37,779	$ -	$ 37,779	$ 37,779	$ 37,779	$ -	$ 37,779	$ -
Transfer to Other State Agencies											
Transfer to Other Block Grants											
	TOTAL	**$ 39,907,022**	**$ 32,264,419**	**$ 43,407,022**	**$ 37,301,959**	**$ 48,181,983**	**$ 48,181,983**	**$ 48,181,983**	**$ -**	$ 48,181,983	
										$ 48,181,983	
									Difference:	$ -	

Child Care and Development Fund Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04*	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
Division Name - Child Development											
1	Child Care Subsidies	$ 150,180,415	$ 146,977,972	$ 154,713,475	$ 166,485,286	$ 158,518,189	$ 157,501,829	$ 158,708,393	$ 190,204	$ 158,708,393	$ -
2	Transfer from TANF Block Grant for Child Care Subsidies**	$ 72,812,189	$ 72,812,189	$ 79,562,189	$ 84,462,189	$ 81,292,880	$ 81,292,880	$ 81,292,880	$ -	$ 81,292,880	$ -
3	Quality and Availability Initiatives	$ 16,496,620	$ 17,660,504	$ 16,449,256	$ 17,922,767	$ 17,946,038	$ 18,188,925	$ 33,059,644	$ 15,113,606	$ 33,059,644	$ -
4	Administrative Expenses (Non-direct Subsidy Services Support)	N/A	N/A	N/A	N/A	N/A	$ 1,540,000	$ 1,540,000	$ 1,540,000	$ 1,540,000	$ -
5	DCD Administrative Expenses	$ 6,550,000	$ 5,704,794	$ 6,969,533	$ 5,898,684	$ 7,163,654	$ 5,623,654	$ 5,623,654	$ (1,540,000)	$ 5,623,654	$ -
Transfer to Other State Agencies											
Transfer to Other Block Grants											
	TOTAL	**$ 246,039,224**	**$ 243,155,459**	**$ 257,694,453**	**$ 274,768,926**	**$ 264,920,761**	**$ 264,147,288**	**$ 280,224,571**	**$ 15,303,810**	$ 280,224,571	
										$ 280,224,571	

* Includes the expenditure of funds carried forward from the previous SFY and additional CCDF funds budgeted during the year made available from federal CCDF reallocation.

** In SFY 03-04, a total of $79,562,189 in funds were transferred to CCDF for child care subsidies in HB 397.

During SFY 03-04 an additional $4.9M was transferred from TANF to CCDF for subsidy services (Ref. BR 606 #11-040) to bring total funding to $84,462,189.

Difference: $ -

Maternal and Child Health Block Grant Management Plan
Multi-Year Appropriations and Expenditures

		FY2002-03	FY2003-04	FY2004-05	Proposed FY2005-06	Senate's Budget	Difference (Senate-Requested)
1	Healthy Mothers/Healthy Children	$ 9,305,203	$ 9,285,781	$ 9,565,205	$ 9,359,236	$ 9,359,236	$ -
2	Children's Health Services	$ 2,364,243	$ 1,704,134	$ 2,207,273	$ 7,364,216	$ 7,364,216	$ -
3	Healthy Beginnings				$ 404,559	$ 404,559	$ -
4	Maternal Health				$ 397,761	$ 397,761	$ -
5	Adolescent Pregnancy Prevention Coalition of NC			$ 150,000			$ -
6	Children's Health Services	$ 3,345,789	$ 5,076,471	$ 4,280,987	$ 2,878,883	$ 2,878,883	$ -
7	School Health Nurse Initiative			$ 3,250,000			$ -
8	School Health Nurse Initiative Reserve			$ 3,250,000			$ -
9	Maternal Health - Office of Women's Health				$ 114,063	$ 114,063	$ -
10	State Center for Health Statistics				$ 28,874	$ 28,874	$ -
11	Local Technical Assistance & Training				$ 46,866	$ 46,866	$ -
12	Injury and Violence Prevention				$ 149,438	$ 149,438	$ -
13	Office of Minority Health			$ 159,000	$ 99,352	$ 99,352	$ -
14	Special Supplemental Nutrition Prog for Women, Infants and Children (WIC)				$ 25,713	$ 25,713	$ -
15	Immunization Program-Vaccine Distribution				$ 819,997	$ 819,997	$ -
16	Division of Public Health Administrative Costs			$ 2,434,303	$ 518,137	$ 518,137	$ -
	Total	$ 15,015,235	$ 16,066,386	$ 25,296,768	$ 22,207,095	$ 22,207,095	$ -
						$22,207,095	
					Difference:	$0	

PHHS Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
Division of Public Health											
1	NC Statewide Health Promotion	$ 3,282,810	$ 2,876,660	$ 3,132,810	$ 3,156,780	$ 2,772,294	$ 2,772,294	$ 3,653,520	$ 881,226	$ 3,637,771	$ (15,749)
2	Services to Rape Victims	$ 197,112	$ 197,112	$ 197,112	$ 289,584	$ 197,112	$ 197,112	$ 197,112	$ -	$ 197,112	$ -
3	HIV/STD Prevention and Community Planning, (Transfer from SSBG)	$ 145,819	$ 105,489	$ 145,819	$ 105,989	$ 145,819	$ 145,819	$ 145,819	$ -	$ 145,819	$ -
4	Oral Health							$ 134,251	$ 134,251	$ -	$ (134,251)
5	Adolescent Pregnancy Prevention of NC									$ 150,000	$ 150,000
6	Osteoporosis Program			$ 150,000	$ 257,492	$ 150,000	$ 150,000	$ 150,000	$ -	$ 150,000	$ -
	Office of Minority Health	$ 159,459	$ 149,275	$ 159,459	$ 151,608						$ -
7	Administration	$ 108,546	$ 108,645	$ 108,546	$ 109,860	$ 699,092	$ 699,092	$ 121,271	$ (577,821)	$ 121,271	$ -
Transfer to Other State Agencies											
Transfer to Other Block Grants											
	TOTAL	**$ 3,893,746**	**$ 3,437,181**	**$ 3,893,746**	**$ 4,071,313**	**$ 3,964,317**	**$ 3,964,317**	**$ 4,401,973**	**$ 437,656**	$ 4,401,973	
										$ 4,401,973	
									Difference:	$ -	

LIHEAP Block Grant Management Plan
Prior Year Appropriations and Expenditures
(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03 Note 1	Appropriated SFY04	Expended SFY04 *Note 1*	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
Division of Social Services											
1	Low Income Energy Assistance Program	$11,395,026	$11,247,710	$12,775,323	$ 15,721,112	$ 12,775,323	$ 12,775,323	$ 13,208,740	$ 433,417	$ 13,208,740	$ -
2	Crisis Intervention Program	6,598,934	16,732,863	9,192,927	16,096,655	9,192,927	9,192,927	9,592,387	$ 399,460	$ 9,592,387	$ -
5	Administration (County DSS)	2,459,510	3,171,339	2,957,339	3,452,239	2,957,339	2,957,339	$1,930,734	$ (1,026,605)	$ 1,930,734	$ -
7	Administration	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	300,000	$ 300,000	$ 300,000	$ -
											$ -
Division of Mental Health											$ -
9	Administration	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	7,146	$ 7,146	$ 7,146	$ -
Office of the Secretary									$ -		$ -
3	Office of Economic Opportunity - Weatherization Program	3,457,189	3,425,895	4,212,740	5,853,320	4,212,740	4,212,740	4,343,072	$ 130,332	$ 4,343,072	$ -
4	Office of Economic Opportunity - Heating Air Repair & Replacement Program (HARRP)	1,613,355	1,738,329	1,966,153	2,742,235	1,966,153	1,966,153	2,025,687	$ 59,534	$ 2,025,687	$ -
6	Administration (Local Residential Energy Efficiency Service Providers)	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	353,820	$ 353,820	$ 353,820	$ -
7	Administration	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	Included on line 5	594,558	$ 594,558	$ 594,558	$ -
Transfer to Other State Agencies									$ -		$ -
8	Dept. of Administration-NC Commission of Indian Affairs	45,189	34,728	54,840	28,383	54,840	54,840	54,840	$ -	$ 54,840	$ -
Transfer to Other Block Grants									$ -		$ -
									$ -		$ -
									$ -		$ -
	TOTAL	**$ 25,569,203**	**$ 36,350,864**	**$ 31,159,322**	**$ 43,893,945**	**$ 31,159,322**	**$ 31,159,322**	**$ 32,410,984**	**$ 1,251,662**	$ 32,410,984	$ -
										$ 32,410,984	
									Difference:	$ -	

Note 1: Expended amounts include block grant increases, emergency contingency funds, and carryforward as available.

Social Services Block Grant Management Plan
Prior Year Appropriations and Expenditures
(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
Division of Social Services											
1	County Dept. of Social Services	$ 27,095,289	$ 27,095,289	$ 28,868,189	$ 27,855,724	$ 28,868,189	$ 28,868,189	$ 28,868,189	$ -	$ 28,868,189	$ -
2	State In-Home Services Fund	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ 2,101,113	$ -	$ 2,101,113	$ -
3	State Adult Day Care Fund	$ 2,155,301	$ 2,155,301	$ 2,155,301	$ 2,123,594	$ 2,155,301	$ 2,155,301	$ 2,155,301	$ -	$ 2,155,301	$ -
4	Child Protective Services/CPS Investigative Services - Child Medical Evaluation Program	$ 238,321	$ 238,321	$ 238,321	$ 322,188	$ 238,321	$ 238,321	$ 238,321	$ -	$ 238,321	$ -
	DSS-Child Caring Agencies (TANF Transfer)	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ -	$ -	$ -	$ -	$ -	$ -
5	Foster Care Services - CCIs	$ -	$ -	$ -	$ -	$ 1,500,000	$ 1,500,000	$ 1,706,063	$ 206,063	$ 1,500,000	$ (206,063)
Division of Aging and Adult Services											$ -
5	Home and Community Care Block Grant	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,840,234	$ 1,834,077	$ (6,157)	$ 1,834,077	$ -
13	UNC-CARES Training Contract	$ 247,920	$ 247,920	$ 247,920	$ 224,793	$ 247,920	$ 247,920	$ 247,920	$ -	$ 247,920	$ -
Division of Mental Health, Developmental Disabilities and Substance Abuse Services											$ -
7	Mental Health Services Program	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ 422,003	$ -	$ 422,003	$ -
8	Developmental Disability Services Program	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 4,242,353	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ -	$ 5,000,000	$ -
9	Mental Health Services - Adults Mental Health Services - Child Devlopmental Disabilities Program Substance Abuse Services - Adult	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ 3,234,601	$ -	$ 3,234,601	$ -
Services for the Blind											$ -
14	Independent Living Program	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,105,711	$ 3,182,987	$ 77,276	$ 3,182,987	$ -
Division Vocational Rehabilitation											$ -
11	Division of Vocational Rehabilitation -United Cerebral Palsy	$ 71,484	$ 71,484	$ 71,484	$ 71,484	$ 71,484	$ 71,484	$ -	$ (71,484)	$ -	$ -
11	Division of Vocational Rehabilitation -Easter Seals Society	$ 116,779	$ 116,779	$ 116,779	$116,779	$ 116,779	$ 116,779	$ -	$ (116,779)	$ -	$ -
11	Vocational Rehabilitation Services - Easter Seal Society/UCP	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,263	$ 188,263	$ 188,263	$ -
Office of the Secretary - OEO											$ -
12	Elderly Supplemental Grant Program	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ 41,302	$ -	$ 41,302	$ -
Division of Child Development											$ -
10	Subsidized Child Care Program	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 6,269,309	$ 6,269,309	$ 3,150,000	(3,119,309)	$ 3,356,063	$ 206,063
Division of Facility Services											$ -
15	Adult Care Licensure Program	$ 426,836	$ 426,836	$ 426,836	$ 425,764	$ 426,836	$ 426,836	$ 411,897	$ (14,939)	$ 411,897	$ -
16	Mental Health Licensure and Certification Program	$ 213,128	$ 213,128	$ 213,128	$ 212,593	$ 213,128	$ 213,128	$ 205,668	$ (7,460)	$ 205,668	$ -
Departmental Administration											$ -
17	Division of Social Services										$ -
	Division of Aging and Adult Services										$ -
	Office of the Secretary/Controller's Office										$ -
	Office of the Secretary/DIRM	$ 1,693,368	$ 1,693,368	$ 1,693,368	$ 1,359,472	$ 1,693,368	$ 1,693,368	$1,706,017	$ 12,649	$ 1,706,017	$ -
18	Division of Mental Health Developmental Disabilities and Substance Abuse Services	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	included on Ln 5 & 17	$18,098	$ 18,098	$ 18,098	$ -
19	Division of Facility Services	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	Included on Ln 15&16	$ 37,204	$ 37,204	$ 37,204	$ -
20	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs			$ 150,000			$ 150,000	$ 250,000	$ 250,000	$ 250,000	$ -
Transfer to Other State Agencies											$ -
Department of Administration											$ -

Social Services Block Grant Management Plan
Prior Year Appropriations and Expenditures

(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
21	NC Commission of Indian Affairs In-Home Services Program for the Elderly (Funds budgeted in the Division of Aging and Adult Services)	$ 203,198	$ 203,198	$ 203,198	$ 178,868	$ 203,198	$ 203,198	$ 203,198	$ -	$ 203,198	$ -
Transfer to Other Block Grants											$ -
Division of Public Health											$ -
22	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ 145,819	$ -	$ 145,819	$ -
											$ -
	TOTAL	**$ 52,852,407**	**$ 52,852,407**	**$ 54,775,307**	**$ 52,524,395**	**$ 57,894,616**	**$ 58,044,616**	**$ 55,348,041**	$ (2,546,575)	$ 55,348,041	$ -

TANF Block Grant Management Plan
Prior Year Appropriations and Expenditures
(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
Division of Social Services											
1	Work First Family Assistance (cash assistance)	$ 129,396,275	$ 106,983,538.35	$ 129,396,275	$ 98,200,976	$ 119,841,508	$ 106,705,937	$ 107,794,365	$ (12,047,143)	$ 107,794,365	$ -
2	Work First County Block Grant	$ 92,018,855	$ 92,942,431.36	$ 94,653,315	$ 93,433,041	$ 94,653,315	$ 94,653,315	$ 94,653,315	$ -	$ 94,653,315	$ -
3	Child Protective Services - Child Welfare Workers for Local DSS's	$ 10,382,391	$10,372,406.72	$ 11,452,391	$ 11,452,391	$ 12,452,391	$ 12,452,391	$ 12,452,391	$ -	$ 12,452,391	$ -
18	Dept. Of Juvenile Justice and Delinquency Prevention - Support Our Students	$ 1,425,000	$1,425,000.00	$ 2,249,642	$ 2,249,642	$ 2,749,642	$ 2,749,642	$ 2,749,642	$ -	$ 2,749,642	$ -
4	Family Violence Prevention	$ 900,000	$698,420.14	$ 1,200,000	$ 962,627	$ 1,200,000	$ 1,200,000	$ 1,200,000	$ -	$ 1,200,000	$ -
6	Work First - After School Services for At-Risk Children	$ 1,425,000	$1,127,133.59	$ 2,249,642	$ 1,802,956	$ 2,249,642	$ 2,249,642	$ 2,249,642	$ -	$ 2,249,642	$ -
14	Division Of Social Services Administration	$ 400,000	$ 400,000.00	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 356,291	$ (43,709)	$ 356,291	$ -
15	Office of the Secretary Administration	included on line 15	included on line 15	included on line 15	included on line 15	included on line 15	included on line 15	$ 60,249	$ 60,249	$ 60,249	$ -
9	Child Protective Services - Child Welfare Training	$ 1,600,000	$1,600,000.00	$ 2,550,000	$ 2,550,000	$ 2,550,000	$ 2,550,000	$ 2,550,000	$ -	$ 2,550,000	$ -
5	Work First - Boys and Girls Clubs			$ 1,000,000	$ 999,405	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000	$ -
8	Work First - Work Central (Connect Inc.)			$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ -	$ 550,000	$ -
10	Adoption Services - Special Children's Adoption Fund			$ 2,000,000	$ 2,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ -	$ 3,000,000	$ -
11	Maternity Homes	$ 438,000	$438,000.00	$ 838,000	$ 837,997	$ 838,000	$ 838,000	$ 838,000	$ -	$ 838,000	$ -
	Individual Development Accounts			$ 180,000	$ -	$ 180,000	$ 180,000		$ (180,000)		$ -
7	After-School Programs for At-Risk Youth in Middle Schools					500,000	$ 500,000	$ 500,000	$ -	$ 500,000	$ -
	Job Retention and Follow-Up		$123,671.09						$ -		$ -
	Domestic Violence and Awareness		$54,118.46						$ -		$ -
	Intensive Family Preservation		$92,135.47						$ -		$ -
	Work First Pilots		$38,292.43						$ -		$ -
	DSS Evaluation	$ 500,000	$418,250.91				$ -		$ -		$ -
	SACWIS Payback	$ 4,643,454	$4,643,453.00				$ -		$ -		$ -
Division of Mental Health							$ -		$ -		$ -
	Residential Substance Abuse Services for Women with Children	$ 1,475,142	$1,469,121.00	$ 2,000,000	$ 2,000,000		$ -		$ -		$ -
	Allocation to MH/DD/SAS for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	$ 400,000	$361,381.00				$ -		$ -		$ -
Division of Public Health							$ -		$ -		$ -
12	Teen Pregnancy Prevention Initiatives							$ 2,500,000	$ 2,500,000	$ 2,500,000	$ -
	WCH-Teen Pregnancy Prevention			$ 1,500,000	$ 1,097,118	$ 1,500,000	$ 1,500,000		$ (1,500,000)		$ -
	Reduction of Out of Wedlock Births			$ 1,000,000	$ 947,399	$ 1,000,000	$ 1,000,000		$ (1,000,000)		$ -
											$ -
	Pregnancy Prevention Coalition of North Carolina			$ 127,500	$ 85,000		$ -		$ -		$ -
Division of Child Development							$ -		$ -		$ -
13	Subsidized Child Care Program	$ 26,621,241	$26,621,241.00	$ 26,621,241	$ 26,621,241	$ 34,512,238	$ 34,512,238	$ 35,331,547	$ 819,309	$ 36,601,205	$ 1,269,658
Office of the Secretary/DIRM											$ -
16	TANF - Automation Projects	$ 1,200,000	$ 550,120.65	$ 592,500	$ 60	$ 592,500	$ 592,500	$ 592,500	$ -	$ 592,500	$ -
17	NC Fast Implementation			$ 630,000	$ -	$ 2,717,298	$ 1,447,640	$ 2,717,298	$ -	$ 1,447,640	$ (1,269,658)
Transfer to Other Block Grants							$ -		$ -		$ -
	Transfer to Social Services Block Grant for Child Caring Institutions			$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000		$ (1,500,000)		$ -
19	Transfer to Child Care and Development Fund	72,812,189	$72,812,189.00	79,562,189	$ 84,462,189	81,292,880	$ 81,292,880	81,292,880	$ -	$ 81,292,880	$ -

TANF Block Grant Management Plan
Prior Year Appropriations and Expenditures
(Item Numbering Corresponds to SFY 06 Proposed Allocation #)

SFY 06 Alloc. Item #(s)	Funded Activities	Appropriated SFY03	Expended SFY03	Appropriated SFY04	Expended SFY04	Appropriated SFY05	Projected Expenditures SFY05	Requested SFY06	Difference	Senate SFY 06	Difference (Senate-Requested)
20	Transfer to SSBG for County DSS's for Children's Services	$ 4,500,000	$4,499,999.36	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ -	$ 4,500,000	$ -
									$ -	$ -	$ -
	TOTAL	**$ 350,137,547**	**327,670,903.53**	**$ 366,752,695**	**$ 336,652,043**	**$ 369,779,414**	**$ 355,374,185**	**$ 356,888,120**	$ (12,891,294)	$ 356,888,120	$ -

VISITOR REGISTRATION SHEET

Health Appr. — Name of Committee

5/17/05 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
W Luke Eleson	Capitol Broadcasting
Daphne Lyon	OSBM
Wayne Wilson	OSBM
Phem Beal	DHHS/DSS
JoAnn Lamm	DHHS/DSS
Jane Smith	DSS
Barbara Bradsher	DHHS/DSS
Joseph Slater	DHHS/B&A
Shad [illegible]	UNC student
Phillip Hoffman	DHHS/DMHDDSAS
Spencer Clark	DHHS/DMHDDSAS
Kristi Hickman	DHHS DMHDDSAS
Bonnie Mould	DHHS DMHDDSAS
Jim Edgett	AHH
Lawrence Wilson	DHHS/OEO
Phil Telfer	Gov. Office
Vince STEPHENS	CMS
Phyllis Daw	OFS
Angela Taylor	DHHS/DIRM
Jill Hunter Reed	Autism Society of NC/C2001
C L Cochran	ES UCP - C2001
REBECCA REEVE	GOV'S INSTITUTE ASA
Tom Bennett	NCARF
Kim Schmidt	NCMHCO/C2001
Robin Huffman	NC Psychiatric Assoc/C2001
[illegible]	MHA/NC - C2001
FRED WARREN	EAstn Seals UCP - C/2001

VISITOR REGISTRATION SHEET

HHS/ Approp — 5-17-05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Jessica Sege	NC Family Policy Council
Chad Essick	Poyner & Spruill, LLP
Suzanne Buckley	GOV OFFICE
Deborah Brown	NCALHD
Joel Maynard	CBMA's Dom.
Steve Mitchell	Novartis
Mari [illegible]	BOK
John Bowdish	AstraZeneca
Karen Johnson	Smith Anderson
John McMillan	MFS
Roz Sasser	NCCCS
Chris Fitzsimon	NC Policy Watch
A. SOLARI	SMART START
Bill McNeal	NC Rural Center
Mark Fr[illegible]	University
John R[illegible]	NCFPC
Christine Crow	WakeMed
Angie Harris	Marpi Taylor
Dept MR/MH/DD	
Evelyn Lance[illegible]	OHSR

Attachment II

AGENDA

House Appropriations Subcommittee on Health and Human Services

Legislative Office Building – Room 643
Friday, June 10, 2005
8:30 AM

Opening Remarks	*Representative Verla Insko, Co-Chair* *Representative Jeff Barnhart, Co-Chair*
Money Report **And Special Provisions**	Fiscal Research Division Staff *Carol Shaw, Lisa Hollowell, Karlynn O'Shaughnessy, and Andrea Russo*

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Friday, June 10, 2005
8:30 a.m.
Room 643, Legislative Office Building

The Joint Appropriations Subcommittee on Health and Human Services met on Friday, June 10, 2005 at 8:30 a.m. in Room 643 of the Legislative Office Building. Members present were Representatives Verla Insko, Jean Farmer-Butterfield, Bernard Allen, and Bob England. Appropriation Co-Chairs Ed Nye and Beverly Earle were also present. Staff members present were Carol Shaw, Karlynn O'Shaughnessy, Andrea Russ and Lisa Hollowell. A copy of the roll denoting members present is attached to the minutes (Attachment I) along with a copy of the agenda and visitor registration sheet (Attachments II and III).

Representative Verla Insko presided, welcomed members and recognized the sergeants-at-arms: Dusty Rhodes, Brad Barefoot, Jay Calloway and Thomas Wilder. No pages were present. Chair Insko reviewed the rules for amendments (Attachment IV) and called upon Carol Shaw to review the House Appropriations Subcommittee on Health and Human Services Money Report.

Money Report

Ms. Shaw referred members to the Money Report (Attachment V) and explained that in the margins of each report was a handwritten notation. The notations were: J for House/Senate Jointly Agreed, G for Governor's Budget, H for House Item, J Modified for House/Senate Jointly Modified, and R for Receipt Supported Position. Ms. Shaw reviewed Items 1-15 under Section 1, Division of Medical Assistance.

Rep. England referred to Item 1, Page G1, Freeze Medicaid Rates, and asked how much Health Departments would be reimbursed under the case-mix reimbursement system for nursing facilities. Ms. Shaw stated she would provide information.

Rep. England referred to Item 12, G3, Adult Care Home Income Disregard, and asked if counties would see an increase. Ms. Shaw replied Item referred to the State part of Medicaid and there would be no increase to counties.

Ms. Shaw continued her explanation with Section 2, Item 16, NC Health Choice and Section 3, Div of MH/DD/SAS, Items 17-29.

Andrea Russo provided an explanation for Items 30-53. Ms. Russo stated that Items 37-47 were Receipt Supported Positions in the Division of Vocational Rehabilitation.

Rep. Allen referred to Item 51, Page G8, State/County Special Assistance, and asked what would impact be on services. Ms. Russo replied that this was excess funding and there would be no impact. Rep. Allen asked if money needed could it be found. Ms. Russo replied that no need was projected.

Karlynn O'Shaughnessy continued explanation with Items 54-59 and Lisa Hollowell explained Items 60-75.

Rep. England referred to Item 67, Page G10, School Nurses for Child and Family Support Teams, and asked where will new nurses be located. Ms. Hollowell replied that nurses would be located in areas of need and would be part of the child and family support teams. Rep. Insko stated that provision was consistent with what Governor had requested and this Item will be in contention.

Ms. Hollowell completed her explanation with Items 76-96.

Rep. Allen referred to Item 23, Page 4, Mental Health Treatment Court, and asked why funds could not be used to assist Wake County. Ms. Hollowell responded that Item called for continued funding of existing mental health courts and that there had been no funding request from Wake County. Rep. Insko told Rep. Allen that if Wake County was interested to please let her know.

Reps. England and Allen requested a list of items from the Senate budget that had been removed. Chair Insko requested staff to provide information to members.

Special Provisions

Ms. Shaw reviewed pages 1-65 of the Special Provisions (Attachment VI). The handwritten notations in the right upper corner of each draft indicated whether the special provisions were Joint, House or Different. Andrea Russo completed review of pages 66-120.

Amendments

Rep. Nye offered an amendment to the Special Provisions to read as follows: Implement Electronic Quality Prescription Management Program. Section #. The Department of Health and Human Services, Division of Medical Assistance, shall implement an Electronic Quality Prescription Management program for prescription drugs through the use of personal data assistance (PDA) technology. Rep. England stated that amendment will enhance the program and made motion for adoption of amendment. Amendment adopted. (Attachment VII)

Rep. Insko offered an amendment to the Special Provisions by adding an Appeals Process for Client of Mental Health, Developmental Disabilities, and Substance Abuse Services Programs (Attachment VIII). Rep. Insko stated that amendment would be in contention.

Rep. Allen asked what was area of contention. Rep. Insko replied that she had added lines 18-24 and the Senate version had stopped at line 17. Rep. Farmer-Butterfield made motion to adopt the amendment. Amendment adopted.

Rep. Farmer-Butterfield offered an amendment to the Money Report on Page G2, Item 8, (Attachment IX) by increasing the amount of the reduction by $225,000 for the 2005-06 fiscal year; and further moves to amend the Subcommittee Money Report on Page G9, Item 59, by increasing the amount of the appropriation for Child Advocacy Centers by $225,000 for the 2005-06 fiscal year. Rep. Farmer-Butterfield told members that the Department had no problem with amendment. Rep. Nye stated that money appeared to be recurring and needed to be changed to non-recurring. Rep. Nye suggested that FY2006-07 to be added. Correction made and Rep. Nye made motion for adoption of amendment. Amendment adopted.

Chair Insko called upon Andrea Russo. Ms. Russo explained the House Appropriations Subcommittee's Special Provision for Division of Facility Services Fees (Attachment X).

Rep. Insko offered an amendment to the DDA Group Home Funding (Attachment XI). Rep. Farmer-Butterfield made motion to adopt the amendment. Amendment adopted.

Carol Shaw continued presentation with an explanation of Block Grants (Attachment XII).

Rep. England offered an amendment to the Money Report on Page G2, Item 8, by increasing the reduction by $100,000 in both the 2005-06 and 2006-07 fiscal years; and to amend the Money Report on Page G11, by inserting after Item 73 a new item to read: "Strike Out Stroke $100,000 -$100,000." (Attachment XIII) Rep. Farmer-Butterfield made motion to adopt amendment. Amendment adopted.

Rep. Allen offered an amendment to the Money Report on Page G2, Item 8, by increasing the reduction by $100,000 in both the 2005-05 and 2006-07 fiscal years; and to amend the Money Report on Page G11, by inserting after Item 73 a new item to read: "Healthy Carolinians $100,000-$100,000". (Attachment XIV) Rep. Farmer-Butterfield made motion to adopt amendment. Amendment adopted.

Report distributed to members of items removed from Senate Budget (Attachment XV). Ms. Russo explained items removed.

Rep. Insko offered an amendment to the HHS Subcommittee Report dated June 10, 2005 and moved to amend Page 21, lines 28-37 by rewriting Section 10.11(t). (Attachment XV) Rep. Insko explained that amendment would expand waiver program. Rep. Farmer-Butterfield made motion to adopt amendment. Amendment adopted.

Rep. Insko offered an amendment to the Money Report on Page G2, Item 8, by increasing the reduction by $1,3000,000 in fiscal years 2005-06 and 2006-07; and further moves to amend Page G14, Item 85, by deleting that Item; and moves to amend the House

Appropriations Subcommittee Special Provision Report dated June 10, 2005 on Page 100, by deleting the special provision entitled Contracting for More Effective Combination Vaccines. Rep. Nye questioned if G14, Item 85 was correct page. Correction made to read G10, Item 64, by deleting lines 6 and 7. Rep. England made motion to adopt amendment. Amendment adopted as amended.

Rep. England made motion to adopt report, roll amendments in report and authorize staff to make technical amendments. Motion seconded and adopted.

Chair Insko adjourned meeting at 10:08 a.m.

Verla Insko
Representative Verla Insko, Chair

Pamela J. Evans
Pamela J. Evans, Committee Assistant

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

DATES	06/10/05														
INSKO, Verla CHAIR	✓														
BARNHART, Jeff CHAIR															
FARMER-BUTTERFIELD, Jean VICE-CHAIR	✓														
HOLLO, Mark VICE-CHAIR															
ALLEN, Bernard	✓														
CURRENT, William															
ENGLAND, Bob	✓														
STAM, Paul															
WRIGHT, Tom															
Ed Nye	✓														
Beverly Earle	✓														
Ex officio Members															
Culpepper, Bill															
Cunningham, Pete															
Eddins, Rick															
Hackney, Joe															

House Appropriations Subcommittee on Health and Human Services Money Report

June 10, 2005
Fiscal Research Division

Health and Human Services

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$4,157,710,279**		**$4,478,316,506**	

Legislative Changes

(1.0) Division of Medical Assistance

J Modified

1 Freeze Medicaid Rates ($62,491,547) R ($69,648,343) R

Freezes rates for SFY 2005-06 for most Medicaid providers at the level authorized in SFY 2004-05. The rate freeze applies to all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, outpatient hospital, pharmacy and the noninflationary components of the case-mix reimbursement system for nursing facilities. Savings to counties resulting from the rate freeze are ($10,257,012) in SFY 2005-06 and ($10,984,491) in SFY 2006-07.

J Modified

2 Personal Care Service Utilization Management ($6,000,000) R ($8,000,000) R

Reduces funding for Personal Care Services by directing the Division of Medical Assistance to develop a utilization management system for personal care services.

G, J Modified

3 Co-Payments ($5,400,000) R ($5,400,000) R

Increases the co-payments for the following services: chiropractic, optometry, podiatry, non-emergency ER visits, inpatient hospital stays, and generic prescription drugs. The new co-payments will be as follows:

Chiropractic	$ 3.00
Optical	$ 3.00
Podiatry	$ 3.00
Hospital Outpatient	$ 3.00
Non-emergency ER Visit	$ 3.00
Generic Prescription Drug	$ 3.00

Effective October 1, 2006. Savings to counties resulting from the increase in co-payments are ($1,058,710) in SFY 2005-06 and ($1,058,710) in SFY 2006-07.

H

4 Prescription Drug Coverage ($8,382,969) R ($20,692,520) R

Changes prescription drug coverage for Medicaid recipients from a maximum of six prescriptions with an override policy to a limit of three (3) name brand prescriptions and unlimited generic prescriptions.

	FY 05-06		FY 06-07	
5 Medicare Part D Claw Back Reduces funding to reflect the savings realized by the State when the Medicare Part D program begins paying for prescription drugs for dual eligibles January 1, 2006. Savings to counties resulting from the policy change are ($1,940,968) in SFY 2005-06 and ($3,885,256) in SFY 2006-07.	($11,000,000)	R	($22,000,000)	R
6 Medicaid Reserve Fund Transfers funding from the G.S. 143-23.2 reserve to support current services and reduces state appropriations.	($50,000,000)	NR	($50,000,000)	NR
7 Closure of State-Operated MR Center Reduce funding from the Medicaid Program resulting from savings associated with closing of one state-operated mental retardation center. These funds will be used to increase funding for the CAP-MR/DD program.			($3,582,925)	R
8 Community Care of NC Management Savings Reduces funding for the Medicaid program due to increased savings resulting from the expansion of scope of the Community Care of NC Program to Aged, Blind, and Disabled Medicaid recipients that are dually eligible for Medicaid and Medicare. Savings to counties resulting from the policy change are ($3,529,032) in SFY 2005-06 and ($5,298,077) in SFY 2006-07.	($20,000,000)	R	($30,000,000)	R
9 Community Care of NC Enhancement Expands the scope of the Community Care of NC program to Medicaid recipients who are Aged, Blind, and Disabled and dually eligible for Medicaid and Medicare. The Community Care of NC program will focus on improving the management and coordination of services for the dually eligible targeting Personal Care Services, Private Duty Nursing, Home Health, Durable Medical Equipment, Ancillary Professional Services, Specialty Care, Home Infusion Therapy, Pharmacy, and Residential Long-Term Care Services. Enhancing the financing of the Community Care of North Carolina program will insure that the Community Care Management Savings reductions will occur.	$3,000,000	R	$6,000,000	
10 CAP- MR/DD Program Appropriates funding resulting from the closure of one state-operated mental retardation center for the CAP-MR/DD program.			$3,922,541	R
11 ACH Personal Care Services for Residents of Special Care Units Provides funding to increase the number of hours of Adult Care Home Personal Care Services for residents of Special Care Units from 1.1 hours per day to 4.07 hours per day beginning October 1, 2005.	$1,744,186	R	$2,325,581	R
12 Adult Care Home Income Disregard Provides funding to support increased enrollment of Medicaid recipients receiving State/County Special Assistance due to the implementation of an income disregard for the State/County Special Assistance Program.	$6,335,278	R	$6,335,278	R

	FY 05-06		FY 06-07	
13 Policy Research and Planning Provides funding to increase staff for the Division of Medical Assistance to expand policy research and planning activities. Activities include the following: (1) Review of the Medicaid State Plan to ensure the program is in compliance with all applicable federal laws and regulations; (2) Researching emerging state, regional, and national health care issues; and (3) Advising on state and national Health care policies, laws and regulations.	$350,000 3.00	R	$350,000 3.00	R
14 Increase Rates for Dental Services Provides funding to increase Medicaid rates for dental services.	$2,000,000	R	$2,000,000	R
15 County Share of Medicaid Provides funding for a grant-in-aid program to offset the county share of Medicaid expenditures for medical assistance payments. Fifty percent of the funding will be used to provide targeted assistance to counties where the number of Medicaid eligibles is equal to or greater than 20% of the county's population. Fifty percent of the funding will be used to provide assistance to all one hundred counties including the counties receiving targeted assistance.	$15,000,000	NR		
(2.0) NC Health Choice				
16 NC Health Choice Provides funding for the NC Health Choice program to support increased enrollment of children.	$14,670,669	R	$35,475,399	R
(3.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services				
17 Institutional Receipts Reduces funding for the State institutions by budgeting over-realized receipts.	($2,550,000)	R	($2,550,000)	R
18 Central Office Continues reduction in funding for the Central Office based on historical reversions.	($500,000)	R	($500,000)	R
19 Closure of State-Operated MR Center Reduce funding resulting from savings associated with closing of one state-operated mental retardation center. These funds will be used to increase funding for the CAP-MR/DD program.			($339,616)	R
20 Crisis Intervention Services Provides funding for the start-up and ongoing costs of providing community based crisis services for children and adults in the mental health target population.	$2,000,000	R	$2,000,000	R
21 Long-Term Vocational Support Services Provides funding to expand long-term vocational support services to additional clients in supported employment.	$1,500,000	R	$1,500,000	R

	FY 05-06		FY 06-07	
22 System of Care for Child Mental Health Provides transition funding for area and county programs for the implementation and on-going support of community-based system of care child and family teams.	$2,000,000	R	$2,000,000	
23 Mental Health Treatment Court Provides continuation funding for the mental health treatment courts in the 15B (Orange/Chatham) and 26 (Mecklenburg) judicial districts.	$190,000	R	$190,000	R
24 Intensive Substance Abuse Services for Children Provides funding for the delivery of substance abuse services for children through multisystemic therapy and intensive in-home services.	$1,250,000	R	$1,250,000	R
25 Care Coordinators for School-Based Child and Family Support Teams Provides funding for care coordinators in the local management entities to train school-based professionals to identify at-risk students and employ strategies to deal with behavioral health issues.	$720,000	R	$720,000	R
26 Division TEACCH Program Provides funding for the Division TEACCH Program at the University of NC at Chapel Hill: $153,000 to support a staff person responsible for researching and developing new public funding opportunities to support research and program development; $132,847 for the Raleigh TEACCH Center; $149,375 TEACCH mandated faculty salary increases; $17,525 for administrative staff at the Greensboro TEACCH Center; and $20,000 for rent increases in diagnostic clinics.	$472,747	R	$472,747	R
27 Adult Substance Abuse Services Provides funding for adult substance abuse services.	$750,000	R	$750,000	R
28 El Futuro, Inc. Provides a grant-in-aid to El Futuro, Inc. to develop a pilot project to improve access to and quality of mental health, developmental disabilities, and substance abuse services currently available to the Latino population in Orange and Chatham counties.	$75,000	NR		
29 Autism Society Provides funding for a grant-in-aid to the Autism Society.	$300,000	NR		

(4.0) Division of Facility Services

	FY 05-06		FY 06-07	
30 Overrealized, Unbudgeted, Indirect Receipts Requires the Department of Health and Human Services to budget overrealized, unbudgeted, indirect receipts within the Division of Facility Services and to reduce state appropriations in the programs and activities that received the overrealized, unbudgeted, indirect receipts.	($600,000)	NR		
31 Licensure and Inspection Fees Doubles all existing licensure and inspection fees.	($1,800,000)	R	($1,800,000)	R
32 Mental Health Licensure and Inspections Expands the Division of Facility Services' Mental Health Licensure and Certification Section by 13 positions. Additional staff will allow for routine inspections of 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations. Two additional regional offices will be created.	$936,029 $45,500 13.00	R NR	$936,029 13.00	R
33 Adult Care Licensure and Inspections Expands the Division of Facility Services' Adult Care Licensure Section by 14 positions. Additional staff will allow for routine inspections of adult care homes. Two additional regional offices will be created.	$1,006,927 $48,300 14.00	R NR	$1,006,927 14.00	R
34 Construction Inspections Expands the Division of Facility Services' Construction Section by 9 positions. Additional staff will allow for routine physical plant and life-safety inspections of adult care homes and 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations. Also allows for a faster initial regulatory compliance review time.	$656,413 $33,600 9.00	R NR	$656,413 9.00	R
35 Home Care Agency Licensure and Inspections Expands the Division of Facility Services' Licensure and Certification Section by 5 positions. Additional staff will allow for inspection and monitoring of non-Medicare licensed home care agencies on the same inspection schedule as Medicare certified agencies (every 36 months).	$218,495 $5,469 5.00	R NR	$218,495 5.00	R
36 Receipt Supported Positions - HSRA Bioterrorism Creates two positions for the Division of Facility Services to develop disaster management initiatives in the Office of Emergency Medical Services: Social Services Program Coordinator - $44,923 Social Services Program Administrator I - $49,076 These positions will be 100% receipt-supported through the federal Bioterrorism Hospital Preparedness Grant and the federal EMS for Children Grant.				

(5.0) Division of Vocational Rehabilitation

37 Receipt Supported Positions - Watauga, Ashe, and Alleghany County Schools

R

Creates 1 position within the Division of Vocational Rehabilitation that will be shared equally between Watauga County Schools, Ashe County Schools, and Alleghany County Schools.

Rehabilitation Counselor I- $38,038

This position is 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

38 Receipt Supported Position - Buncombe County and Madison County Schools

Creates 1 position within the Division of Vocational Rehabilitation that will be shared equally between Buncombe County Schools and Madison County Schools.

R

Human Resources Placement Specialist - $28,000

This position is 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

39 Receipt Supported Position - Catawba County Schools

Creates 1 position within the Division of Vocational Rehabilitation for the Catawba County Schools.

R

Rehabilitation Counselor I- $36,750

This position is 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

40 Receipt Supported Positions - Charlotte/Mecklenburg Board of Education

Creates 3 positions within the Division of Vocational Rehabilitation for the Charlotte/Mecklenburg School System.

R

2 Rehabilitation Casework Technician I's - $30,900 each
Vocational Evaluator II - $33,561

These position are 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

41 Receipt Supported Positions - Columbus County and Whiteville City Schools

R

Creates 2 positions within the Division of Vocational Rehabilitation. The Rehabilitation Casework Technician position will be shared equally between Columbus County Schools and Whiteville City Schools. The Rehabilitation Counselor I position is for Columbus County Schools.

Rehabilitation Casework Technician - $30,900
Rehabilitation Counselor I - $36,050

These position are 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

42 Receipt Supported Positions - New Hanover Board of Education

R

Creates 2 positions within the Division of Vocational Rehabilitation for the New Hanover County School System.

Rehabilitation Casework Technician - $30,900
Rehabilitation Counselor I - $36,050

These position are 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

43 Receipt Supported Position - Onslow County Board of Education

R

Creates 1 position within the Division of Vocational Rehabilitation for the Onslow County Schools.

Rehabilitation Counselor I- $36,050

This position is 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

44 Receipt Supported Position - Pitt County Schools

R

Creates 1 position within the Division of Vocational Rehabilitation for the Pitt County Schools.

Rehabilitation Counselor I- $36,050

This position is 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

45 Receipt Supported Position - Stanley County Schools

Creates 1 position within the Division of Vocational Rehabilitation for the Stanley County Schools.

R

Human Resources Placement Specialist- $33,268

This position is 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

46 Receipt Supported Position - Wilkes County Schools

Creates 1 position within the Division of Vocational Rehabilitation for the Wilkes County Schools.

R

Human Resources Placement Specialist - $32,550

This position is 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

47 Receipt Supported Positions - Winston-Salem/Forsyth County Schools

Creates 2 positions within the Division of Vocational Rehabilitation for the Winston-Salem/Forsyth County School System.

R

Rehabilitation Counselor I - $34,042
Vocational Evaluator II - $34,042

These position are 100% receipt-supported through local funds (21.3%) and US Department of Education-Basic Support funds (78.7%).

(6.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing

J

48 Medical Eye Care Program — ($81,404) R — ($81,404) R

Reduces funding for inflation for the biennium.

49 Receipts from Wireless and Relay Funds — ($200,000) R — ($200,000) R

J

Reduces funding by increasing receipts from the Wireless and Relay Funds to support 29% of fourteen existing positions in the Division of Services for the Deaf and Hard of Hearing.

(7.0) Division of Aging

50 N.C. Senior Games Program

H

Provides grant-in-aid to North Carolina Senior Games, Inc. for the North Carolina Senior Games Program. — $100,000 NR

(8.0) Division of Social Services

51 State/County Special Assistance — ($977,007) R — ($1,332,626) R

J

Reduces excess funding in continuation budget.

	FY 05-06		FY 06-07	
52 Increase SA Rate for Residents of Special Care Units Provides funding for an increase in the Special Assistance rate for residents of Special Care Units from $1,084 to $1,515 beginning October 1, 2005.	$285,632	R	$380,843	R
53 State/County Special Assistance Rate Adjustment Provides state funds for State/County Special Assistance recipients to increase the monthly rate from $1,084 per month to $1,124 per month effective October 1, 2005. The total requirement for the increase is $6,800,000 in SFY 05-06 and $8,200,000 in SFY 06-07, with state funding 50% and counties funding the remaining 50%.	$3,400,000	R	$4,100,000	R
54 Reallocation of Child Caring Institutions Funding Reallocates funding for child caring institutions to provide the necessary resources to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	($693,295)	R	($693,295)	R
55 Strengthen Regulatory Oversight for Licensure Provides funding to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	$693,295 8.00	R	$693,295 8.00	R
56 Food Banks Provides funding to be equally distributed to the regional network of food banks in North Carolina.	$1,000,000	R	$1,000,000	R
57 Multiple Response System Provides funding to hire additional child protective services workers at the local level to reduce the caseload per child protective services worker ratios throughout the State to support the expansion of the multiple response system to all counties in the State. This funding will be used to expand the Multiple Response System to counties which have not implemented the program.	$2,000,000	R	$2,000,000	R
58 Facilitators for School-Based Child and Family Support Teams Provides funding for Facilitators at local Departments of Social Services to coordinate support for at-risk children identified by School-Based Child and Family Support Teams	$1,485,000	R	$1,485,000	R
59 Child Advocacy Centers Provides equal grants-in-aid to each certified child advocacy center	$150,000	NR		
(9.0) Division of Child Development				
60 Replaces TEACH State funds with CCDF Block Grant Funds Replaces the TEACH Scholarship state appropriations with the Child Care Fund Development Block Grant.	($2,600,000)	NR		
61 Child Care Subsidy Provides funding to reduce the child care subsidy waiting list.	$1,231,719	R	$1,231,719	R

	FY 05-06		FY 06-07	
(11.0) Division of Public Health				
62 Newborn Screening Laboratory Fee Increases the fee for the newborn lab screenings from $10.00 to $14.00 per initial patient specimen and reduces state appropriations.	($370,690)	R	($370,690)	R
63 State Laboratory Replacement Equipment Reduces the budget for replacement equipment for the NC State Laboratory.	($772,966) ($250,000)	R NR	($888,972) ($200,000)	R NR
64 Contract for Vaccines Eliminates increased funding for new combination vaccines.	($1,300,000)	R	($1,300,000)	R
65 Public Health Incubators Provides funding for public health incubators.	$1,000,000	NR		
66 Public Health Improvements Provides funding for local public health departments receiving accreditation. In addition, provides funding for the accreditation board, board staff, and others involved with the accreditation process for local public health departments.	$700,000	R	$700,000	R
67 School Nurses for Child and Family Support Teams Provides funding for thirty new school nurses.	$1,500,000	R	$1,500,000	
68 Eye Exams Provides funding to establish a model program to provide eye examinations for needy children who are in child care centers and preschools.	$2,000,000	NR		
69 Vital Records Automation Provides funding for the automation of the vital records system in North Carolina.	$100,000	NR	$1,400,000	NR
70 Vital Records Improvements Provides funding for two positions to process vital records.	$74,748 2.00	R	$74,748 2.00	R
71 Arthritis Funds an arthritis program in Mecklenburg County.	$25,000	NR		
72 Early Intervention Provides funds for the provision of services for the Early Intervention program.	$5,000,000	R	$5,000,000	R
73 Healthy Start Foundation Provides contract funding to the Healthy Start Foundation for efforts to reduce infant mortality and morbidity.	$200,000	NR		

H

74 Minority Pharmacist Recruitment

Provides funding to develop a pilot program for the recruitment of minority students into pharmacy schools. $300,000 NR

75 Receipt Supported Positions - Child Developmental Services Agency

Creates twenty receipt-supported positions within the Division of Public Heath, Women's and Children's Health Section, Children's Developmental Services Agency of the Smokies.The CDSA currently operated by Western Carolina University through contract is transferred to the Division of Public Health.

R

Habilitation Specialist III - $32,289
Habilitation Specialist III - $35,311
Habilitation Specialist III - $36,286
Habilitation Specialist III - $35,772
Habilitation Specialist III - $36,373
Habilitation Specialist III - $34,008
Habilitation Specialist III - $33,930
Habilitation Specialist III - $31,200
Habilitation Specialist III - $30,354
.50 Staff Psychologist II- $25,336
Two Staff Psychologist II's @ $44,161
Two Educational Diagnostician II's @ $32,940
Educational Diagnostician II - $37,886
Educational Diagnostician II - $42,066
Spanish Translator - $28,038
Physical Therapist II - $56,346
Occupational Therapist I - $51,260
Speech and Language Pathologist - $40,310

These positions will be funded through the Individuals with Developmental Disabilities Education Act and Medicaid receipts.

	FY 05-06	FY 06-07
76 Transfer of State Positions		
Creates twenty-two state supported positions within the Department of Health and Human Services, Division of Public Health, Child Development Services Agency of the Smokies. The CDSA currently operated by Western Carolina University through contract is transferred to the Division of Public Health.	22.00	22.00
.5 FTE Computing Support Technician I - $11,626 Two Program Assistant IV's @ $21,576 Program Assistant IV - $29,326 Program Assistant IV - $29,627 Development Evaluation Center Assistant Director - $52,783 Staff Psychologist II - $42,292 Staff Psychologist II - $42,131 Staff Psychologist II - $46,334 Administrative Officer III - $44,923 .625 FTE Administrative Assistant I - $22,091 Processing Assistant IV - $25,047 Processing Assistant IV - $22,800 .75 Physical Therapist II - $46,800 Occupational Therapist I - $38,773 Occupational Therapist I - $42,424 Speech and Language Pathologist I - $56,466 Nutritionist III - $42,126 Habilitation Program Supervisor I - $40,125 Habilitation Program Coordinator - $33,363 Physician Extender II - $58,210 DEC Director - $60,916		
These positions will be funded 100% with state funds. The transfer will not have any fiscal impact on the DPH CDSA Program budget because all funds supporting the transfer are currently located within the DPH budget code.		
77 Receipt Supported Positions - Nutrition Services		
Creates two positions within the Division of Public Health, Women's and Children's Health Section.		
2 Child Nutrition Program Assistants - @ $50,000 each.		
These positions are 100% receipt-supported through the Child and Adult Care Food Program and the Child and Adult Care Food Program Audit Funds.		
78 Receipt Supported Position - Physical Activity and Nutrition		
Creates one position within the Division of Public Health, Chronic Disease and Injury Prevention Section, Physical Activity and Nutrition Branch.		
Information and Communications Specialist II - $46,653		
The position is 100% receipt-supported through the Centers for Disease Control - Chronic Disease Prevention and Health Promotion Programs - Physical Activity, Nutrition and Obesity Component.		

79 Receipt Supported Position - Traumatic Brain Injuries

Creates three receipt-supported positions within the Division of Public Health, Chronic Disease and Injury Prevention Section, Injury & Violence Prevention Branch.

R

Public Health Communication Specialist - $51,044
Public Health Epidemiologist - $58,389
Public Health Evaluator - $51,044

These positions are 100% receipt-supported through the Centers for Disease Control and Prevention, Traumatic Brain Injury Extended Surveillance and Traumatic Brain Injury Emergency Department Surveillance.

80 Receipt Supported Position - Child Development Services Agency, Asheville

Creates two receipt-supported positions within the Division of Public Health, Women's and Children's Health Section, Child Development Services Agency in Asheville.

R

2 Habilitation Specialist III's @ $46,653

These positions will be funded through the Smart Start of Buncombe County.

81 Receipt Supported Positions - HIV/AIDS

Creates seven receipt-supported positions within the Division of Public Health, Epidemiology Section, HIV/AIDS Branch.

R

3 Public Health program Consultant I's @ $46,653,
Processing Assistant V - $34,452
3 Social Research Assistant II's - $40,789

These three positions will be 100% receipt-supported through the Centers for Disease Control HIV Morbidity and Risk Behavior Surveillance Continuation Grant.

82 Receipt Supported Positions - Nutrition Services

Creates one receipt-supported position with the Division of Public Health, Women and Children's Health Section, Nutrition Services Branch.

R

Public Health Program Supervisor II - $53,000

This position is 100% receipt-supported through Special supplemental Nutrition Program for Women, Infants, and Children (WIC) Program through the United States Department of Agriculture.

83 Receipt Supported Positions - Pfiesteria

R

Creates one receipt-supported position within the Division of Public Health, Epidemiology Section, Environmental Epidemiology Branch.

Chemist II - $54,970

This positions is 100% receipt-supported through the Centers for Disease Control, Expanding Surveillance Systems to include Pfiesteria, other Harmful Algal Blooms and Martine Toxins Program.

84 Receipt Supported Position - Youth Suicide Prevention

R

Creates one position within the Division of Public Health.

Public Health Program Consultant II @ $51,044

This position is 100% receipt-supported through the Substance Abuse and Mental Health Services Administration (SAMHSA), Center for Mental Health Services.

(12.0) Office of the Secretary

G, S Modified

85 Prior Year Earned Revenue ($6,000,000) NR ($6,000,000) NR

Requires the Department of Health and Human Services to budget prior year earned revenue and reduce state appropriations in the programs that received prior earned revenue.

86 Position Elimination Reserve ($500,000) R ($500,000) R

J

Reduces funding by eliminating vacant or filled positions, reducing layers of management, and reducing related state administrative operating expenses within Central Management.

87 Overrealized, Unbudgeted, Indirect Receipts ($3,000,000) NR

H

Requires the Department of Health and Human Services to budget overrealized, unbudgeted, indirect receipts within Central Management administration and Department administration, and to reduce state appropriations in the programs and activities that received the overrealized, unbudgeted, indirect receipts.

88 Reserve for NC FAST ($5,400,000) R ($5,400,000) R

H

Requires the Department of Health and Human Services to maintain the reserve for NC FAST at its current level.

89 NC FAST Appropriation $4,900,000 NR

H

Appropriates funding to support the development and implementation of NC FAST.

90 Community Health Centers $2,000,000 R $2,000,000 R

J Modified

Provides funding for grant-in-aids for State-designated Rural Health Centers, Public Health Department Clinics, and other clinics.

	FY 05-06		FY 06-07	
91 Food Runners/Meals on Wheels Collaborative Provides support to a multi-county program that prepares and delivers meals for the elderly and disabled.	$150,000	R	$150,000	R
92 N.C. Special Olympics, Inc. Provides funding for a grant-in-aid for the North Carolina Special Olympics, Inc.	$100,000	R	$100,000	R
93 ALS Association - Jim "Catfish" Hunter Chapter Provides a grant-in-aid to the ALS Association - Jim "Catfish" Hunter Chapter for ALS research funding.	$100,000	NR		
94 More At Four Program Expansion Provides funding for 3,200 additional slots for the biennium and an additional $150 in funding for each slot. Also, provides funding for five new positions.	$16,640,531 5.00	R	$16,640,531 5.00	R
95 Administrative Positions for School-Based Child and Family Support Teams Funds two administrative positions and ongoing support costs in the Office of the Secretary to support School-Based Child and Family Teams	$112,171 2.00	R	$112,171 2.00	R
96 Office of Rural Health-Critical Needs Funding for Eligible Hospitals Provides funding for grants or low-interest loans to eligible hospitals to offset operational losses due to increases in uncompensated care or to address other critical needs as determined by the Department of Health and Human Services.	$3,000,000	NR		
Total Legislative Changes	**($52,246,038)** **($35,067,131)**	R NR	**($70,002,674)** **($54,800,000)**	R NR
Total Position Changes	83.00		83.00	
Revised Budget	**$4,070,397,110**		**$4,353,513,832**	

House Appropriations Subcommittee on Health and Human Services Special Provisions

June 10, 2005
Fiscal Research Division

GENERAL ASSEMBLY OF NORTH CAROLINA

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JUNE 9, 2005

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MORE AT FOUR

Joint

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H6(S10.1)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

INFORMATION TECHNOLOGY

SECTION 10.1.(a) To support its information technology initiatives, the Department of Health and Human Services shall develop the following:

(1) A detailed business plan.

(2) An information technology plan directly tied to business requirements.

(3) An IT architecture.

The Department of Health and Human Services shall ensure that the planning documents extend three to five years and include detailed shortfall analyses and associated cost assessments. The Department of Health and Human Services shall forward the documents to the Office of Information Technology Services, 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 December 1, 2005. The Office of Information Technology Services shall review the documents and 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 by January 31, 2006.

SECTION 10.1.(b) The Department of Health and Human Services shall develop a project plan for each of its information technology projects. These plans shall include the following:

(1) A detailed description of the project.

(2) A description of how the project improves Department operations and service to customers.

(3) The projected cost of the project by year and phase.

(4) Deliverables required to implement each phase of the system.

(5) The date that each deliverable is to be implemented.

(6) The cost of implementing each deliverable.

(7) What capabilities each deliverable adds to the project.

SECTION 10.1.(c) The Department of Health and Human Services shall provide the plans 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 October 1, 2005, with subsequent updates provided quarterly. The Department of Health and Human Services shall notify the Division of Fiscal Research within 10 days when costs, completion

dates, or system capabilities change and provide a report detailing the impact of the change.

SECTION 10.1.(d) The Department of Health and Human Services shall not spend more than the amounts appropriated by the General Assembly for information technology projects and may not allocate funds appropriated for one information technology project to any other information technology project.

SECTION 10.1.(e) The Department of Health and Human Services shall use funds appropriated for the 2005-2006 and 2006-2007 fiscal years for the North Carolina Families Accessing Services through Technology (NC FAST) program only for program-specific development, deliverables, and maintenance costs associated with the NC FAST program.

GENERAL ASSEMBLY OF NORTH CAROLINA

Joint

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H7(S10.2)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

OFFICE OF POLICY AND PLANNING

SECTION 10.2. Article 3 of Chapter 143B is amended by adding the following new Part to read:

"Part 34. Office of Policy and Planning.

"**§ 143B-216.70. Office of Policy and Planning.**

(a) To promote coordinated policy development and strategic planning for the State's health and human services systems, the Secretary of Health and Human Services shall establish an Office of Policy and Planning 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) Coordinate the 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.

(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 advise the Secretary when it is determined to be appropriate or necessary 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."

GENERAL ASSEMBLY OF NORTH CAROLINA

Different

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H9(S10.4)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

SENIOR CARES PROGRAM ADMINISTRATION

SECTION 10.4.(a) The Department of Health and Human Services may administer the "Senior Cares" prescription drug access program approved by the Health and Wellness Trust Fund Commission and funded from the Health and Wellness Trust Fund.

SECTION 10.4.(b) This section expires December 31, 2005.

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H10(S10.5)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 10.5. 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.

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:

Family Size	Medical Eye Care Adults	Rehabilitation Except DSB Over 55 Grant	Other
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 55 years of age or older who qualify for services through the Division of Services for the Blind, Independent Living Rehabilitation Program, shall be two hundred percent (200%) 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:

Income (% of poverty)	State Participation	Client Participation
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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H11(S10.6)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

PHYSICIAN SERVICES

SECTION 10.6. 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 the constituent institutions of The University of North Carolina.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H12(S10.7)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

LIABILITY INSURANCE

SECTION 10.7.(a) 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, on behalf of 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.

SECTION 10.7.(b) 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.

SECTION 10.7.(c) 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H13(S10.8)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES

SECTION 10.8. Part 1 of Article 3 of Chapter 143B of the General Statutes is amended by adding the following new section to read:

"**§ 143B-139.6B. Department of Health and Human Services; authority to deduct payroll for child care services.**

Notwithstanding G.S. 143-3.3 and pursuant to rules adopted by the State Controller, an employee of the Department of Health and Human Services may, in writing, authorize the Department to periodically deduct from the employee's salary or wages paid for employment by the State, a designated lump sum to be paid to satisfy the cost of services received for child care provided by the Department."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Different

DRAFT
SPECIAL PROVISION

2005-DHHS-H14(S10.9)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

COMMUNITY HEALTH CENTERS FUNDS

SECTION 10.9.(a) Of the funds appropriated in this act for Community Health Grants, the sum of two million dollars ($2,000,000) in recurring funds for the 2005-2006 fiscal year and the sum of two million dollars ($2,000,000) in recurring funds for the 2006-2007 fiscal year shall be used for State-designated rural health centers and public health departments and other clinics to:

(1) Increase access to preventative and primary care services by uninsured or medically indigent patients in existing or new health center locations;

(2) Establish community health center services in counties where no such services exist;

(3) Create new services or augment existing services provided to uninsured or medically indigent patients, including primary care and preventative medical services, dental services, pharmacy, and behavioral health; and

(4) Increase capacity necessary to serve the uninsured by enhancing or replacing facilities, equipment, or technologies.

Grant funds may not be used to enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other parties. Grant funds may not be used to finance or satisfy any existing debt.

SECTION 10.9.(b) The Office shall work with the North Carolina Community Health Center Association (hereafter "NCCHCA") and the North Carolina Public Health Association (hereafter "NCPHA") to establish an advisory committee to develop an objective and equitable process for awarding grant funds. The Office shall also develop auditing and accountability procedures. Not more than one percent (1%) of the funds appropriated in this section may be used to reimburse the Office for administering the grant program in collaboration with the NCCHCA and the NCPHA.

SECTION 10.9.(c) Recipients of grant funds shall provide to the Office annually a written report detailing the number of additional uninsured and medically indigent patients that are cared for, the types of services that were provided, and any other information requested by the Office as necessary for evaluating the success of the grant program.

SECTION 10.9.(d) The Office shall work with the NCCHCA and NCPHA to study and present recommendations for continuing funds to support the expansion of community health centers, State-designated rural health centers, and public health

departments to serve more of the State's uninsured and indigent population. The Office shall submit the report to the 2006 Regular Session of the 2005 General Assembly upon its convening.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

Joint

2005-DHHS-H15(S10.10)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

PROVIDER REIMBURSEMENT RATES

SECTION 10.10. Except for rate increases funded in this act, the Department of Health and Human Services shall maintain reimbursement rates paid to service providers at fiscal year 2004-2005 levels during the 2005-2006 fiscal year. Exceptions made by the Department shall be made on a case-by-case basis and must be approved by the Office of the Secretary. Changes in rate structures that result in lower payments to the providers are exempted from this requirement. As used in this section, "service providers" includes subcontractors, such as counties, area agencies on aging, departments of social services, departments of public health, child developmental services agencies, and local management entities.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Different

DRAFT
SPECIAL PROVISION

2005-DHHS-H16(S10.11)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

MEDICAID

SECTION 10.11.(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. Residents of nursing facilities who are eligible for Medicare coverage of nursing facility services must be placed in a Medicare-certified bed. Medicaid shall cover facility services only after the appropriate services have been billed to Medicare. The Division of Medical Assistance shall allow nursing facility providers sufficient time from the effective date of this act to certify additional Medicare beds if necessary. In determining the date that the requirements of this subdivision become effective, the Division of Medical Assistance shall consider the regulations governing certification of Medicare beds and the length of time required for this process to be completed.

(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 three brand-name prescription drugs per recipient per month, including refills, and for an unlimited number of generic prescription drugs per recipient, per month. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of this subsection 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 five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand-name drugs. Adjustments to the professional services fee shall be established by the General Assembly. In addition to the professional services fee, the Department may pay an enhanced fee for pharmacy services. 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).

(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.

(7) Community Alternative Program, EPSDT screens. – Payment to be made in accordance with the 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. – Wholesale cost plus a dispensing fee to the provider.

(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. – Payment for materials is made to a contractor in accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers are negotiated fees established by the State agency based on industry charges.

(16) Ambulatory surgical centers. – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

(17) Medicare crossover claims. – By not later than October 1, 2005, the Department shall apply Medicaid medical policy to Medicare claims for dually eligible recipients. The Department shall pay 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. 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) when provided in 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 provided by:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified

clinical supervisors, when Medicaid-eligible children are referred by the Community Care of North Carolina primary care physician, a Medicaid-enrolled psychiatrist, or the area mental health program or local management entity, and

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.

c. For Medicaid-eligible adults, services provided by 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, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified clinical supervisors, Medicaid-eligible adults may be self-referred.

d. Payments made for services rendered in accordance with this subdivision shall be to qualified providers in accordance with approved policies and the State Plan. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to modify the scope of practice of any service provider, practitioner, or licensee, nor to modify or attenuate any collaboration or supervision requirement related to the professional activities of any service provider, practitioner, or licensee. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to require any private health insurer or health plan to make direct third-party reimbursements or payments to any service provider, practitioner, or licensee.

e. The Department of Health and Human Services shall not enroll licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addiction specialists, and certified clinical supervisors until all of the following conditions have been met:

1. The fiscal impact of payments to these qualified providers has been projected;

2. Funding for any projected requirements in excess of budgeted Division of Medical Assistance funding has been identified from within State funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support area mental health

programs or county programs, or identified from other sources; and

3. Approval has been obtained from the Office of State Budget and Management to transfer these State or other source funds from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to the Division of Medical Assistance. Upon approval and implementation, the Department of Health and Human Services shall, on a quarterly basis, provide a status report to the Office of State Budget and Management and the Fiscal Research Division.

Notwithstanding G.S. 150B-21.1(a), 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. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under sub-subdivisions a. and b.2. of this subdivision shall be established by the Division of Medical Assistance.

(23) Medically necessary prosthetics or orthotics. – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services, except that in order to be eligible for reimbursement, providers must be Board certified not later than July 1, 2005. Medically necessary prosthetics and orthotics are subject to prior approval and utilization review.

(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 subdivision 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.

Payment is limited to Medicaid-enrolled providers that purchase a performance bond in an amount not to exceed one hundred thousand dollars ($100,000) naming as beneficiary the Department of Health and Human Services, Division of Medical Assistance, or provide to the Department a validly executed letter of credit or other financial instrument issued by a financial institution or agency honoring a demand

for payment in an equivalent amount. The Department may waive or limit the requirements of this paragraph for one or more classes of Medicaid-enrolled providers based on the provider's dollar amount of monthly billings to Medicaid or the length of time the provider has been licensed in this State to provide services. In waiving or limiting requirements of this paragraph, the Department shall take into consideration the potential fiscal impact of the waiver or limitation on the State Medicaid Program. The Department may adopt temporary rules in accordance with G.S. 150B-21.1 as necessary to implement this provision.

Reimbursement is available for up to 24 visits per recipient per year to any one or a 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.

SECTION 10.11.(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. In addition, the State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the federal Medicare Part D clawback payments under the Medicare Modernization Act of 2004.

SECTION 10.11.(c) Co-Payment for Medicaid Services. – The Department of Health and Human Services may establish co-payments up to the maximum permitted by federal law and regulation and required by this subsection in order to achieve reductions in the budget in fiscal years 2005-2006 and 2006-2007.

SECTION 10.11.(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:

	Categorically Needy		Medically Needy	
	WFFA*			
Family Size	Standard of Need		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

*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 10.11.(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 10.11.(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:

Monthly Net Wages	Monthly Incentive Allowance
$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 10.11.(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 10.11.(h) The Department of Health and Human Services shall not impose prior authorization requirements under the State Medical Assistance Program on medications prescribed for Medicaid recipients for the treatment of: (i) mental illness, including, but not limited to, medications for schizophrenia, bipolar disorder, and major depressive disorder, or (ii) HIV/AIDS.

SECTION 10.11.(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, contracting for services, managed care plans, or community-based services programs in accordance with plans approved by the United 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 10.11.(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 contracting processes in order to improve cost containment.

SECTION 10.11.(k) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost-containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 10.11.(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 10.11.(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 10.11.(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 one 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 one through five 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 six 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 10.11.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 10.11.(p) 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 10.11.(q) 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. The Department of Health and Human Services shall identify adequate funds to support the implementation and first year's operational costs that exceed the currently allocated funds for the new contract for the fiscal agent for the Medicaid Management Information System.

SECTION 10.11.(r) The Department of Health and Human Services may adopt temporary or emergency rules according to the procedures established in G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules are necessary to maximize receipt of federal funds within existing State appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary or emergency rules with the Rules Review Commission and 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 or emergency rule and its effect on State appropriations and local governments.

SECTION 10.11.(s) 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 Centers for Medicare and Medicaid Services (CMS). The reports shall be provided at the same time they are submitted to CMS for approval.

SECTION 10.11.(t) Upon approval of a demonstration waiver by the Centers for Medicare and Medicaid Services (CMS), the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of childbearing 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. The Department may use up to six hundred seventy-five thousand dollars ($675,000) of funds in the Women's Health Services Fund to provide State matching funds for the family-planning demonstration waiver. The remainder of the funds in the Women's Health Services Fund shall be used for community-based organizations in accordance with the purposes of the Fund.

SECTION 10.11.(u) The Department of Health and Human Services may apply federal transfer of assets policies, as described in Title XIX, section 1917(c) of the Social Security Act, including the attachment of liens, to real property excluded as "income producing", tenancy-in-common, or as nonhomesite property made "income producing" under Title XIX, section 1902(r)(2) of the Social Security Act. The transfer of assets policy shall apply only to an institutionalized individual or the individual's spouse as defined in Title XIX, section 1917(c) of the Social Security Act. This subsection becomes effective no earlier than October 1, 2001. Federal transfer of asset policies and attachment of liens to properties excluded as tenancy-in-common or as

nonhomesite property made "income producing" in accordance with this subsection shall become effective not earlier than November 1, 2002.

SECTION 10.11.(v) When implementing the Supplemental Security Income (SSI) method for considering equity value of income-producing property, the Department shall, to the maximum extent possible, employ procedures to mitigate the hardship to Medicaid enrollees occurring from application of the Supplemental Security Income (SSI) method.

SECTION 10.11.(w) Unless required for compliance with federal law, 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 increased 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. The Department shall not implement any proposed medical policy change exceeding three million dollars ($3,000,000) in total requirements for a given fiscal year unless the source of State funding is identified and approved by the Office of State Budget and Management. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than three million dollars ($3,000,000).

SECTION 10.11.(x) The Department shall develop, amend, and adopt medical coverage policy in accordance with the following:

(1) During the development of new medical coverage policy or amendment to existing medical coverage policy, consult with and seek the advice of the Physician Advisory Group of the North Carolina Medical Society and other organizations the Secretary deems appropriate. The Secretary shall also consult with and seek the advice of officials of the professional societies or associations representing providers who are affected by the new medical coverage policy or amendments to existing medical coverage policy.

(2) At least 45 days prior to the adoption of new or amended medical coverage policy, the Department shall:

a. Publish the proposed new or amended medical coverage policy on the Department's Web site;

b. Notify all Medicaid providers of the proposed, new, or amended policy; and

c. Upon request, provide persons copies of the proposed medical coverage policy.

(3) During the 45-day period immediately following publication of the proposed new or amended medical coverage policy, accept oral and written comments on the proposed new or amended policy.

(4) If, following the comment period, the proposed new or amended medical coverage policy is modified, then the Department shall, at least 15 days prior to its adoption:

a. Notify all Medicaid providers of the proposed policy;
b. Upon request, provide persons notice of amendments to the proposed policy; and
c. Accept additional oral or written comments during this 15-day period.

SECTION 10.11.(y) For the purposes of investigating and reducing client fraud and abuse, the Department of Health and Human Services, Division of Medical Assistance, shall, unless prohibited by federal law, include in the Medicaid enrollment process the requirement that the applicant for Medicaid consent to or authorize in writing the release of the applicant's medical records for the three years immediately preceding the application for Medicaid benefits. The Department shall obtain and use information from the applicant's medical records in a manner and form that complies with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191, as amended, and that protects the privacy of the information as required by other applicable federal or State law. In addition to fraud and abuse detection, the Department may require the applicant's consent for other purposes permitted by HIPAA and required or authorized by other applicable federal or State law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H17(S10.12)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS

SECTION 10.12.(a) Disproportionate share receipts reserved at the end of the 2005-2006 and 2006-2007 fiscal years shall be deposited with the Department of State Treasurer as nontax revenue for each of those fiscal years.

SECTION 10.12.(b) For each year of the 2005-2007 fiscal biennium, 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 million dollars ($100,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of one hundred million dollars ($100,000,000) shall be reserved by the State Treasurer for future appropriations.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H18(S10.13)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

COUNTY MEDICAID COST SHARE

SECTION 10.13.(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 10.13.(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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H19(S10.14)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

MEDICAID COST CONTAINMENT ACTIVITIES

SECTION 10.14. The Department of Health and Human Services may use not more than three million dollars ($3,000,000) in the 2005-2006 fiscal year and not more than three million dollars ($3,000,000) in the 2006-2007 fiscal year in Medicaid funds budgeted for program services to support the cost of administrative activities when cost-effectiveness and savings are demonstrated. The funds 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 limits, prior authorization of services, periodic medical necessity reviews, revised medical necessity criteria, service provision in the least costly settings, plastic magnetic stripped Medicaid identification cards for issuance to Medicaid enrollees, fraud detection software or other fraud detection activities, technology that improves clinical decision making, credit balance recovery and data mining services, and other cost-containment activities. Funds may be expended under this section only after the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditure of funds under this section shall include the cost of implementing the cost-containment activity and documentation of the amount of savings expected to be realized from the cost-containment activity. The Department shall provide a copy of proposals for expenditures under this section to the Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joint

DRAFT
SPECIAL PROVISION

2005-DHHS-H20(S10.15)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

MEDICAID RESERVE FUND TRANSFER

SECTION 10.15. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of fifty million dollars ($50,000,000) for the 2005-2006 fiscal year and the sum of fifty million dollars ($50,000,000) for the 2006-2007 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H22(S10.17)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

EXPAND COMMUNITY CARE OF NORTH CAROLINA MANAGEMENT TO ADDITIONAL MEDICAID RECIPIENTS

SECTION 10.17.(a) The Department of Health and Human Services shall expand the scope of Community Care of NC, Inc., care management model to recipients of Medicaid and dually eligible individuals with a chronic condition and long-term care needs. In expanding the scope, the Department shall focus on the Aged, Blind, and Disabled, and CAP-DA populations for improvement in management, cost-effectiveness, and local coordination of services through Community Care of NC, Inc., and in collaboration with local providers of care. The Department shall target personal care services, private duty nursing, home health, durable medical equipment, ancillary professional services, specialty care, residential services, including skilled nursing facilities, home infusion therapy, pharmacy, and other services determined target-worthy by the Department. The Department shall pilot communitywide initiatives and shall expand statewide successful models.

SECTION 10.17.(b) The Department of Health and Human Services may work with the federal government to attain the necessary regulatory and policy relief to better align policy and economic incentives to improve care in the most cost-effective manner and attain savings through controlled utilization of services.

SECTION 10.17.(c) The Department of Health and Human Services may pay network and primary care providers an enhanced PMPM care management fee and shall also provide additional block grant funds for start-up during the pilot phase.

SECTION 10.17.(d) Community Care of NC, Inc., and the Department of Health and Human Services shall review the prescribing of diagnostic testing by physicians to determine if overutilization is occurring. The Department shall include the results of the review in the report required under subsection (e) of this section. If the Department finds that overutilization is occurring, it shall implement a plan to reduce or eliminate the overutilization.

SECTION 10.17.(e) The Department of Health and Human Services shall report on the implementation of this section, including resulting savings and quality improvement benchmarks, 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, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H23(S10.18)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Different

TICKET TO WORK/MEDICAID ELIGIBILITY STUDY

SECTION 10.18. The Department of Health and Human Services shall study and develop a plan for the implementation of the Ticket to Work Program. The Department shall report 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 not later than March 1, 2006, on the results of its study. The report shall include what system changes need to be made to implement the Ticket to Work Program, how soon the changes can be made, and an analysis of the five-year fiscal impact of the Program.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H24(S10.19)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Different

MEDICAID PERSONAL CARE SERVICES LIMITATIONS

SECTION 10.19.(a) The Department of Health and Human Services, Division of Medical Assistance, shall reduce the cost of providing personal care services under the Medicaid program by six million dollars ($6,000,000) for the 2005-2006 fiscal year and by eight million dollars ($8,000,000) for the 2006-2007 fiscal year. The Department shall accomplish the reduction by implementing a utilization management system for personal care services. The Division of Medical Assistance shall work with Community Care of North Carolina (CCNC) to determine how CCNC can help with the review of the need for and utilization of personal care services.

SECTION 10.19.(b) The Division of Medical Assistance shall study and determine additional utilization/prior authorization systems for personal care services and other home- and community-based services that can be provided to individuals who meet medical criteria and that can be implemented when the new MMIS goes into effect. The Department of Health and Human Services, Division of Medical Assistance, shall report the plan for implementation of this section, including costs, not later than May 1, 2006, 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H25(S10.20)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

COMMUNITY ALTERNATIVE PROGRAMS REIMBURSEMENT SYSTEM

SECTION 10.20.(a) The Department of Health and Human Services, Division of Medical Assistance, shall develop a new system for reimbursing the Community Alternatives Programs. The new system shall:

(1) Use a case-mix reimbursement system, similar to the one used by nursing facilities, to determine the level of care provided and the amount paid for the care provided; and

(2) Use the Resource Utilization Groups-III (RUG-III) to determine level of need for Community Alternatives Programs services.

SECTION 10.20.(b) Not later than May 1, 2006, the Department of Health and Human Services, Division of Medical Assistance, shall report on the development of the new system, including an implementation schedule. Full implementation of the new system shall be not later than January 1, 2007. 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H26(S10.21)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** Different

DMA ACCESS TO HEALTH INSURANCE INFORMATION TO ENSURE RECOUPMENT OF MEDICAID FUNDS SPENT ON MEDICAL CARE COVERED BY INSURANCE

SECTION 10.21.(a) Part 1 of Article 50 of Chapter 58 of the General Statutes is amended by adding the following new section to read:

"**§ 58-50-46. Insurers to provide certain information to Department of Health and Human Services.**

(a) As used in this section, the terms:

(1) 'Department' means the Department of Health and Human Services.

(2) 'Division' means the Division of Medical Assistance of the Department of Health and Human Services.

(3) 'Health benefit plan' and 'insurer' have the meaning applicable under G.S. 58-3-167.

(4) 'Medical assistance' means medical assistance benefits provided under the State Medical Assistance Plan.

(b) Every insurer issuing a health benefit plan shall provide to the Department of Health and Human Services, upon its request, information, including automated data matches conducted under the direction of the Department of Health and Human Services, Division of Medical Assistance, as necessary for the purpose of identifying individuals covered under the insurer's health benefit plans who are also recipients of medical assistance. To facilitate the Division in obtaining this and other related information, every insurer shall:

(1) Cooperate with the Division to determine whether a named individual who is a recipient of medical assistance may be covered under the insurer's health benefit plan and eligible to receive benefits under the health benefit plan for services provided under the State Medical Assistance Plan;

(2) Accept the Division's authorization for the provision of medical services on behalf of the recipient of medical assistance as the insurer's authorization for the provision of services covered under the insurer's health benefit plan; and

(3) Respond to the request for information within 30 working days after receipt of written proof of loss or claim for payment for health care services provided to a recipient of medical assistance who is covered by the insurer's health benefit plan.

(c) An insurer that complies with this section shall not be liable on that account in any civil or criminal action or proceedings brought by an individual covered under the insurer's health benefit plan, or the individual's beneficiaries."

SECTION 10.21.(b) G.S. 108A-70 reads as rewritten:

"**§ 108A-70. Recoupment of amounts spent on medical care.**

(a) The Department may garnish the wages, salary, or other employment income of, and the Secretary of Revenue shall withhold amounts from State tax refunds to, any person who:

(1) Is required by court or administrative order to provide health benefit plan coverage for the cost of health care services to a child eligible for medical assistance under Medicaid; and

(2) Has received payment from a third party for the costs of such services; but

(3) Has not used such payments to reimburse, as appropriate, either the other parent or guardian of the child or the provider of the services;

to the extent necessary to reimburse the Department for expenditures for such costs under this Part; provided, however, claims for current and past due child support shall take priority over any such claims for the costs of such services.

(b) To the extent that payment for covered services has been made under G.S. 108A-55 for health care items or services furnished to an individual, in any case where a third party has a legal liability to make payments, the Department of Health and Human Services is considered to have acquired the rights of the individual to payment by any other party for those health care items or services.

(c) The Department of Health and Human Services, Division of Medical Assistance, may request, receive, and use information obtained pursuant to G.S. 58-50-46 in order to enforce this section."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H91-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Nye, Insko, Barnhart House

VERIFICATION OF STATE RESIDENCY FOR MEDICAL ASSISTANCE

SECTION #.(a) G.S. 108A-24(6) reads as rewritten:

"(6) "Resident," unless otherwise defined by federal regulation, is a person who is living in North Carolina at the time of application with the intent to remain permanently or for an indefinite period; or who is a person who enters North Carolina seeking employment or with a job commitment. For purposes of Part 6 of this Article, a person is not a resident of this State if the person is determined ineligible for medical assistance benefits under G.S. 108A-55.3."

SECTION #.(b) Part 6 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"**§ 108A-55.3. Verification of State residency required for medical assistance.**

(a) At the time of application for medical assistance benefits, the applicant shall provide satisfactory proof that the applicant is a resident of North Carolina and that the applicant is not maintaining a temporary residence or abode incident to receiving medical assistance under this Part.

(b) An applicant may meet the requirements of subsection (a) of this section by providing at least two of the following documents:

(1) A valid North Carolina drivers license.

(2) A current North Carolina rent or mortgage payment receipt or utility bill in the applicant's name with the applicant's current address.

(3) A valid North Carolina motor vehicle registration in the applicant's name and showing the applicant's current address.

(4) A document showing that the applicant is employed in this State.

(5) One or more documents proving that the applicant's domicile in a prior state of residency has been terminated.

(6) Tax records.

(7) A document showing that the applicant has registered with a public or private employment service in this State.

(8) Evidence that the applicant has enrolled the applicant's children in a public or private school or child care facility located in this State.

(9) Evidence that the applicant is receiving public assistance other than medical assistance in this State.

(10) Records from a health department located in this State.

(11) Evidence of other social or economic relationships with the State.

(c) For applicants, including those who are homeless, who declare under penalty of perjury that they do not have one of the verifying documents in subsection (b) of this section, any other evidence that verifies residence may be considered. However, a declaration, affidavit, or other statement from the applicant or another person that the applicant is a resident is insufficient in the absence of other credible evidence.

(d) The Division of Medical Assistance shall not provide payment for medical assistance provided to an applicant unless or until the applicant has met the requirements of this section.

(e) Unless otherwise provided for under Title 19 of the Social Security Act, a child under age 18 is a resident of the state where the child's parent or legal guardian is domiciled.

(f) This section does not apply to an applicant whose eligibility for medical assistance is excepted from State residency requirements under federal law."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H92-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Nye, Insko, Barnhart House

MEDICAID TRANSFER OF ASSETS POLICY APPLICABLE TO TRANSFER OF LIFE ESTATES

SECTION #. For the purposes of determining eligibility for Medical Assistance, the Department of Health and Human Services may apply federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the Social Security Act, to (i) life estates purchased by or on behalf of the recipient, other than life estates excluded from countable resources under this section, and (ii) to real property excluded as "income producing", tenancy-in-common, or as nonhomesite property made "income producing" under Title XIX, section 1902(r)(2) of the Social Security Act. The Department shall exclude from countable resources any life estate in real property that is in the recipient's home, is measured by the recipient's life, and is the result of the transfer of a remainder interest.

Federal transfer of assets policies to "income producing" real property under Title XIX, section 1902(r)2) of the Social Security Act shall become effective not earlier than October 1, 2001. Federal transfer of asset policies applied to real property excluded as tenancy-in-common, or as nonhomesite property made "income producing" in accordance with this subsection shall become effective not earlier than November 1, 2002. Federal transfer of asset policies applied to life estates in accordance with this subsection shall become effective not earlier than October 1, 2005.

DRAFT
SPECIAL PROVISION

2005-DHHS-H93

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representative Nye** House

MEDICAID ESTATE RECOVERY TO INCLUDE LIENS ON REAL PROPERTY

SECTION #.(a) G.S. 108A-70.5 reads as rewritten:

"**§ 108A-70.5. Medicaid Estate Recovery Plan.**

(a) There is established in the Department of Health and Human Services, the Medicaid Estate Recovery Plan, as required by the Omnibus Budget Reconciliation Act of ~~1993, to recover from the estates of recipients of medical assistance an equitable amount of the State and federal shares of the cost paid the recipient.~~1993. The Department shall administer the program in accordance with applicable federal law and regulations, including those under Title XIX of the Social Security Act, 42 U.S.C. § 1396(p). To the extent allowed by Section 1396(p) of Title XIX of the Social Security Act, the Department may impose liens against real property , including the home, of a recipient of medical assistance.

(b) As used in this section:

(1) "Medical assistance" means medical care services paid for by the North Carolina Medicaid Program on behalf of the recipient:

a. If the recipient of any age is receiving ~~these~~ medical care services as an inpatient in a nursing facility, intermediate care facility for the mentally retarded, or other medical institution, and cannot reasonably be expected to be discharged to return home; or

b. If the recipient is 55 years of age or older and is receiving ~~these medical care services, including related hospital care and prescription drugs, for nursing facility services, personal care services, or home- and community-based services.~~one or more of the following medical care services:

1. Nursing facility services.
2. Home and community-based services.
3. Hospital care and prescription drugs related to nursing facility services or home and community-based services.
4. Personal care services.
5. Medicare premiums.
6. Private duty nursing.
7. Home health aide services.
8. Home health therapy.
9. Speech pathology services.

10. Hospice services.

(2) "Estate" means all the real and personal property considered assets of the estate available for the discharge of debt pursuant to G.S. 28A-15-1.

(3) 'Home' means property in which a recipient has, or had immediate before or at the time of the recipient's death, an ownership interest or legal title to, consisting of the recipient's dwelling and the land used and operated in connection with the dwelling.

(c) The amount the Department recovers from the estate of any recipient shall not exceed the amount of medical assistance made on behalf of the recipient and shall be recoverable only for medical care services prescribed in subsection (b) of this section. ~~The~~ To the extent that allowable Medicaid claims are not satisfied as a result of the execution of any liens held by the Department, the Department is a fifth-class creditor, as prescribed in G.S. 28A-19-6, for purposes of determining the order of claims against an estate; provided, however, that judgments in favor of other fifth-class creditors docketed and in force before the Department seeks recovery for medical assistance shall be paid prior to recovery by the Department.

(d) The Department of Health and Human Services shall adopt rules pursuant to Chapter 150B of the General Statutes to implement the Plan, including rules to waive whole or partial recovery ~~when this recovery would be inequitable because it would work an undue hardship or~~ because it would not be administratively cost-effective and rules to ensure that all recipients are notified that their estates are subject to recovery at the time they become eligible to receive medical assistance.

(e) Regarding trusts that contain the assets of an individual who is disabled as defined in Title 19 of Section 1014(a)(3) of the Social Security Act, as amended, if the trust is established and managed by a nonprofit association, to the extent that amounts remaining in the beneficiary's account upon the death of the beneficiary are not retained by the nonprofit association, the trust pays to the Department from these remaining amounts in the account an amount equal to the total amount of medical assistance paid on behalf of the beneficiary under the North Carolina Medicaid Program."

SECTION #.(b) Part 6 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new sections to read:

"**§ 108A-70.6. Postponement of estate recovery required in cases of undue hardship.**

(a) The Department shall postpone or waive estate recovery, including the execution of a lien in whole or in p art, when the Department determines that the estate recovery or the execution of the lien would work an undue hardship to an heir or a beneficiary of the Medicaid recipient.

(b) A claim of undue hardship to an heir or beneficiary shall be made in writing to the Department within 30 days after the receipt of notification of the Medicaid lien or claim. The claim for hardship shall describe the financial circumstance of the heir or beneficiary and the basis for the claim.

(c) An undue hardship exists if:

(1) The property subject to the lien has a tax value less than or equal to thirty thousand dollars ($30,000);

(2) The property subject to the lien is the sole source of income for a surviving heir or beneficiary and the loss of the net income derived from the property would result in the heir's or beneficiary's annual gross income to fall below one hundred percent of the federal poverty guidelines in the year in which the hardship is claimed; or

(3) The sale of the property would be required to satisfy the Department's claim, and all of the following conditions are met:

a. The heir or beneficiary resided in the decedent's home on a continual basis for at least twenty-four months immediately prior to the date of the recipient's death and the heir or beneficiary was using the property as a principal place of residence on the date of the recipient's death;

b. The heir or beneficiary has, from the time the Department first presents is claim for recovery against the deceased recipient's estate and after, annual gross income in the amount not exceeding one hundred fifty percent (150%) of the federal poverty income standard;

c. The heir or beneficiary owns no other real property or agrees to sell other real property in partial payment of the Department's claim; and

d. The heir or beneficiary owns other assets not exceeding a net value of thirty thousand dollars ($30,000).

"**§ 108A-70.7. Notice of claim or lien.**

(a) The Department shall provide each applicant for medical assistance, or the applicant's representative, written notice that:

(1) Receipt of medical assistance may result in a Medicaid claim or lien upon the recipient's estate, including the recipient's home, to recovery costs paid on behalf of the recipient for medical assistance in accordance with G.S. 108A-70.5; and

(2) Receipt of medical assistance as an inpatient in a nursing facility, intermediate care facility for the mentally retarded, or other medical institution, when the recipient cannot reasonably be expected to be discharged to return home may result in a lien upon the recipient's home prior to the recipient's death in accordance with G.S. 108A-70.5.

(b) Notice under this section shall also explain the hardship conditions under which estate recovery, including the execution of a lien, may be postponed or waived.

"**§ 108A-70.8. County departments of social services to provide information.**

The Department may require the county department of social services administering medical assistance to gather and provide the Department with the information and administrative or legal assistance needed to recovery medical assistance under G.S. 108A-70.5. The Department shall pay to the county department of social services an amount equal to twenty percent (20%) of the State share of recovery collected by the Department. The Department may withhold payments under this section for a county department's failure to comply with the Department's requirements under this section."

DRAFT
SPECIAL PROVISION

2005-DHHS-H27(S10.22)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

NC HEALTH CHOICE APPROPRIATIONS; CLAIMS PROCESSING

SECTION 10.22.(a) The total amount of State funds expended for the Health Insurance Program for Children (NC Health Choice) in the 2005-2006 fiscal year and the 2006-2007 fiscal year shall not exceed the amount of State funds appropriated to match federal funds for the Program for the 2003-2004 fiscal year and the 2004-2005 fiscal year. The Department shall manage program enrollment in a way that maximizes the number of children served within existing funds.

SECTION 10.22.(b) The Department of Health and Human Services shall either (i) amend an existing contract, or (ii) issue a Request for Proposal to contract for administration and claims processing of the NC Health Choice Program. The contract shall provide for applying Medicaid rates for service providers as provided by law. The Department shall schedule the review process for proposals received such that the Department has signed a contract with the selected contractor not later than July 1, 2006. The contract shall provide for full implementation of administration and claims processing, including the application of Medicaid rates for service providers other than prescription drug and dental care providers, not later than July 1, 2007. The Department shall study the impact of paying dental care providers at Medicaid rates and shall make its recommendation 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 May 1, 2006.

SECTION 10.22.(c) Effective July 1, 2007, G.S. 108A-70.22, G.S. 108A-70.24, and Part 5 of Article 3 of Chapter 135 of the General Statutes are repealed.

SECTION 10.22.(d) Effective July 1, 2007, G.S. 108A-70.20 reads as rewritten:

"**§ 108A-70.20. Program established.**

The Health Insurance Program for Children is established. The Program shall be administered by the Department of Health and Human Services in accordance with this Part and as required under Title XXI and related federal rules and regulations. ~~Administration of Program benefits and claims processing shall be as provided under Part 5 of Article 3 of Chapter 135 of the General Statutes.~~"

SECTION #.(a) G.S. 108A-70.21(b) and (d) read as rewritten:

"(b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles, copayments, and other cost-sharing charges, health benefits coverage provided to children eligible under the Program shall be equivalent to coverage provided for

dependents under the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan, including optional prepaid plans. Prescription drug providers shall accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the average wholesale price for the prescription drug or the amounts published by the Centers for Medicare and Medicaid Services plus a dispensing fee of five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand name drugs. ~~All other~~Except for dental care providers, health care providers providing services to Program enrollees shall accept as payment in full for services rendered the maximum allowable charges under the ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan~~ State Medical Assistance Program for services less any copayments assessed to enrollees under this Part. Dental care providers providing services to Program enrollees shall accept as payment in full for services rendered the maximum allowable charges under the Teachers' and State Employees' Comprehensive Major Medical Plan for services less any co-payments assessed to enrollees under this Part. No child enrolled in the Plan's self-insured indemnity program shall be required by the Plan to change health care providers as a result of being enrolled in the Program.

In addition to the benefits provided under the Plan, the following services and supplies are covered under the Health Insurance Program for Children established under this Part:

(1) Dental: Oral examinations, teeth cleaning, and scaling twice during a 12-month period, full mouth X-rays once every 60 months, supplemental bitewing X-rays showing the back of the teeth once during a 12-month period, fluoride applications twice during a 12-month period, fluoride varnish, sealants, simple extractions, therapeutic pulpotomies, prefabricated stainless steel crowns, and routine fillings of amalgam or other tooth-colored filling material to restore diseased teeth. No benefits are to be provided for services under this subsection that are not performed by or upon the direction of a dentist, doctor, or other professional provider approved by the Plan nor for services and materials that do not meet the standards accepted by the American Dental Association.

(2) Vision: Scheduled routine eye examinations once every 12 months, eyeglass lenses or contact lenses once every 12 months, routine replacement of eyeglass frames once every 24 months, and optical supplies and solutions when needed. Optical services, supplies, and solutions must be obtained from licensed or certified ophthalmologists, optometrists, or optical dispensing laboratories. Eyeglass lenses are limited to single vision, bifocal, trifocal, or other complex lenses necessary for a Plan enrollee's visual welfare. Coverage for oversized lenses and frames, designer frames, photosensitive lenses, tinted contact lenses, blended lenses, progressive multifocal lenses, coated lenses, and laminated lenses is limited to the coverage for single vision, bifocal, trifocal, or other complex lenses provided by this subsection. Eyeglass frames are limited to those made of zylonite, metal, or a combination of zylonite and metal. All visual aids covered

by this subsection require prior approval of the Plan. Upon prior approval by the Plan, refractions may be covered more often than once every 12 months.

(3) Hearing: Auditory diagnostic testing services and hearing aids and accessories when provided by a licensed or certified audiologist, otolaryngologist, or other hearing aid specialist approved by the Plan. Prior approval of the Plan is required for hearing aids, accessories, earmolds, repairs, loaners, and rental aids.

The Department may provide services to children aged birth through five years enrolled in the Program through the State Medical Assistance managed care program. Services provided through the managed care program shall be paid from Program funds.

...

(d) Cost-Sharing. – There shall be no deductibles, copayments, or other cost-sharing charges for families covered under the Program whose family income is at or below one hundred fifty percent (150%) of the federal poverty level, except that fees for outpatient prescription drugs are applicable and shall be one dollar ($1.00) for each outpatient generic prescription drug and for each outpatient brand-name prescription drug for which there is no generic substitution available. The fee for each outpatient brand-name prescription drug for which there is a generic substitution available is three dollars ($3.00). 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) 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,~~well child or age-appropriate immunization services;

(2) Five dollars ($5.00) per child for each outpatient hospital visit;

(3) A one dollar ($1.00) fee for each outpatient generic prescription drug and for each outpatient brand-name prescription drug for which there is no generic substitution available. The fee for each outpatient brand-name prescription drug for which there is a generic substitution available is ten dollars ($10.00).

(4) Twenty dollars ($20.00) for each emergency room visit unless:

a. The child is admitted to the hospital, or

b. 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."

DRAFT
SPECIAL PROVISION

2005-DHHS-H28(S10.24)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

LONG-TERM PLAN FOR MEETING MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES NEEDS

SECTION 10.24.(a) The Secretary of the Department of Health and Human Services shall, in consultation with interested advocacy groups and affected State and local agencies, develop a long-range plan for addressing the mental health, developmental disabilities, and substance abuse services needs of the State. The plan shall be consistent with the plan developed pursuant to G.S. 122C-102, and shall address the following:

(1) The services needed at the community level within each LME in order to ensure an adequate level of services to the average number of persons needing the services based on population projections.

(2) The full continuum of services needed for each disability group within an LME, including:

a. Which services could be regional or multi-LME based;

b. What percent of the population each LME would expect to use State-level facilities; and

c. An inventory of existing services within each LME for each disability group, and the gaps that exist;

(3) Projected growth in services for each disability group within each LME or region that can reasonably be managed over the ensuing five-year period; and

(4) Projected start-up costs and the total funding needed in each year from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to implement the long-range plan.

Funds shall not be transferred from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs until the Secretary has consulted with the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Chairs of the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services.

SECTION 10.24.(b) Moneys in the Trust Fund established pursuant to G.S. 143-15D shall be used to establish or expand community-based services only 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 county programs, or local government.

SECTION 10.24.(c) Not later than December 1, 2006, the Department of Health and Human Services shall report on the implementation 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.

DRAFT
SPECIAL PROVISION

2005-DHHS-H29(S10.25)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative Different

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 10.25.(a) The Department of Health and Human Services shall continue 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 system-of-care approach for services to children and their families 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.

(11) A system of identifying and tracking children placed outside of the family unit in group homes, therapeutic foster care home settings, and other out-of-home placements.

SECTION 10.25.(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.

SECTION 10.25.(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 10.25.(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, including provision for

the immediate availability of student records to a local school administrative unit receiving a child placed in a residential setting outside the child's home county.

SECTION 10.25.(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 10.25.(f) Of the funds appropriated in this act for the Comprehensive Treatment Services Program, the Department of Health and Human Services shall establish a reserve of three percent (3%) to ensure availability of these funds to address specialized needs for children with unique or highly complex problems.

SECTION 10.25.(g) 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, including the placement of children in programs or facilities outside of the child's home county, 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 10.25.(h) The Department shall submit a report on December 1, 2005, on the implementation of this section and a final report not later than April 1, 2006, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division.

DRAFT
SPECIAL PROVISION

2005-DHHS-H29A(S10.25)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart House

CHILD AND FAMILY TEAMS/INTEGRATED SERVICES PROGRAM FOR CHILDREN AND FAMILIES

SECTION 10.25.(a) Program established. – There is established the Integrated Services Program for Children and Families. The purpose of the Program is to identify and coordinate appropriate community services and supports for children "at risk" and their families. The Program shall be based on accountability, the development of a strong infrastructure of interagency collaboration, individualized strengths-based care, cultural competence, child and family involvement, and community-based services delivered in the most appropriate and natural settings for the child and the child's family. The Department of Health and Human Services, the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, the Administrative Office of the Courts, and other State agencies that provide services for children shall share responsibility and accountability to improve outcomes for children with or at risk for academic, behavioral, health, social, or safety problems and who require assistance from multiple agencies in order to succeed in school and live with their families or in a family-like setting in their community.

SECTION 10.25.(b) The integrated services program for children and families shall be based on the following principles:

(1) One child, one team, one plan; and

(2) A child "at risk" may enter the system of care through any participating agency.

(3) Services shall be:

a. Specified in one unified Child and Family Plan that is outcome-oriented and evaluation-based;

b. Planned, delivered, and monitored through one unified School- or Community-Based Child and Family Team;

c. Delivered as close as possible to the child's home;

d. The most efficient in terms of cost and effectiveness;

e. Out-of-home placements for children shall be a last resort and shall include concrete plans to bring the children back to a stable, permanent home, their schools and their community; and

f. Families and consumers shall be involved in decision making throughout service planning, delivery, and monitoring.

SECTION 10.25.(c) Leadership Council established. – There is established the North Carolina Child and Family Leadership Council ("Council"). The

Superintendent of Public Instruction and the Secretary of Health and Human Services shall serve as cochairs of the Council. Council membership shall include the Secretary of the Department of Juvenile Justice and Delinquency Prevention, the Director of the Administrative Office of the Courts, and other members as appointed by the Governor. The Council shall ensure that policies addressing the needs of children are consistent; that children receiving services are screened initially to identify needs; assessed periodically to determine progress and ensure sustained improvement in educational, health, safety, behavioral, and social outcomes; and that the Program promotes the more effective and efficient use of resources and eliminates duplication of effort.

The Council shall meet at least quarterly to:

(1) Develop a memorandum of agreement (MOA) to be reviewed and signed annually among the named State agencies to define the purposes of the program and to ensure that program goals are accomplished.

(2) Work with local collaboratives or councils to develop a local MOA.

(3) Develop a plan and time line for implementation of school-based child and family teams.

(4) Respond to and resolve State policy issues identified at the local level which interfere with effective implementation of the Program.

(5) Direct the integration of resources as needed to meet goals.

(6) Ensure appropriate outcomes.

(7) Establish criteria for defining success in local programs.

(8) Review progress made on integrating policies and resources across State agencies, reaching definitive child and family outcomes, and accomplishing other goals.

(9) Report semiannually on progress made to the Office of the Governor and the General Assembly.

The Council may designate existing cross agency collaboratives or councils as working groups or to provide assistance in accomplishing established goals.

SECTION 10.25.(d) Local level responsibilities. – A Local Child and Family Team Advisory Committee shall be chaired by the superintendent of the local school administrative unit and the head of a participating county agency as elected by the Committee. The Committee shall include the directors of the county departments of social services and health, the directors of the local management entity, the chief district court judge, the chief court counselor, and representatives of other agencies providing services to children, as designated by the Committee. They shall sign and implement annually a memorandum of agreement (MOA) approved by the State Council. A copy of the MOA shall be maintained on file at the State and local level of each of the named agencies and in the Office of the Governor.

In accordance with the local MOA, each local committee shall develop a plan for integrating children's services. The plan shall include:

(1) Specified outcomes;

(2) Implementation process, including milestones;

(3) Program organization and agency responsibilities;

(4) Criteria for measuring program success;

(5) Reporting requirements;

(6) Administrative and technology support requirements;
(7) Training requirements;
(8) Resources requirements;
(9) Time periods in which the specified services must be provided; and
(10) Defined commitments of staff leadership and time across agencies and at multiple levels.

The plan shall be implemented in each county using all available resources.

SECTION 10.25.(e) Program Services. – In order to ensure that children receiving Program services are appropriately served, the affected State and local agencies shall:

(1) Provide only those services that are known to be effective based upon research or national standards of best practices.
(2) Develop a set of outcomes that are shared across affected State agencies to measure children's progress in home, school, and community settings.
(3) Implement utilization review of services provided across affected State agencies to ensure that children's needs are met.
(4) Named State agencies, local departments of social services, local management entities and their provider communities, and local education agencies shall eliminate cost shifting and shall facilitate cost-sharing among governmental agencies with respect to service development, service delivery, and monitoring for Program children and their families.

SECTION 10.25.(f) Report to Leadership Council. – Each county shall report annually to the North Carolina Child and Family Leadership Council on the status of the Program. The report shall include the following:

(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 how families and consumers are involved in decision making throughout service planning, delivery, and monitoring.
(4) Information regarding the number of children screened, specific placement of children, including the placement of children in programs or facilities outside of the child's home, outside the child's county, and service needs of children served.
(5) The average length of stay in residential treatment, transition, and return to home.
(6) The number of children diverted from institutions or other out-of-home placements such as detention, Youth Development Centers, State psychiatric hospitals, those diverted from the custody of the department of social services because of unmet behavioral health needs, and a description of the services provided.
(7) Recommendations on other areas of the Program that need improvement.
(8) Efficiencies created by implementing the Program.

(9) Other information relevant to successful implementation of the Program.

SECTION 10.25.(g) The North Carolina Child and Family Leadership Council shall submit an interim report on implementation of this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Justice and Public Safety, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division on or before April 1, 2006, and a final report on or before January 1, 2007.

DRAFT
SPECIAL PROVISION

2005-DHHS-H30(S10.26)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Different

SERVICES TO MULTIPLY DIAGNOSED ADULTS

SECTION 10.26.(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) 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.

(2) Provide those treatment services that are medically necessary.

(3) Implement utilization review of services provided.

SECTION 10.26.(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.

SECTION 10.26.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 10.26.(d) The Department shall submit a progress report on implementation of this section not later than February 1, 2006, and a final report not later than May 1, 2006, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H31(S10.27)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** Joint

EXTEND MENTAL HEALTH CONSUMER ADVOCACY PROGRAM CONTINGENT UPON FUNDS APPROPRIATED BY THE 2007 GENERAL ASSEMBLY

SECTION 10.27. Section 4 of S.L. 2001-437, as amended by Section 10.30 of S.L. 2002-126, and as further amended by Section 10.10 of S.L. 2003-284, reads as rewritten:

"**SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1, 2002. ~~Section 2 of this act becomes effective only if funds are appropriated by the 2005 General Assembly for that purpose.~~ Section 2 of this act becomes effective July 1 of the fiscal year for which funds are appropriated by the ~~2005~~ General Assembly for that purpose. The remainder of this act is effective when it becomes law."

DRAFT
SPECIAL PROVISION

2005-DHHS-H32(S10.28)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

TRANSITION PLANNING FOR STATE PSYCHIATRIC HOSPITALS

SECTION 10.28.(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 continue to implement a plan for the transition of patients from State psychiatric hospitals to the community or to other long-term care facilities, as appropriate. The goal is to develop mechanisms and identify resources needed to enable patients and their families 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 10.28.(b) The Department of Health and Human Services shall conduct an analysis of the individual patient service needs and shall develop and implement an individual transition plan, as appropriate, for patients in each hospital. The State shall ensure that each individual transition plan, as appropriate, shall 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 10.28.(c) In accordance with the plan established in subsections (a) and (b) of this section, any nonrecurring savings in State appropriations that result from reductions in beds or services shall be placed in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. These funds shall be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with G.S. 143-15.3D. Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, (i) for implementation of subsections (a)

and (b) of this section and (ii) to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W.

SECTION 10.28.(d) 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 of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division. These reports shall be submitted on December 1, 2005, and May 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H33(S10.29)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

MENTAL RETARDATION CENTER DOWNSIZING

SECTION 10.29.(a) In accordance with the Department of Health and Human Services' plan for mental health, developmental disabilities, and substance abuse services system reform, the Department shall ensure that the downsizing of the State's regional mental retardation facilities is continuously based upon residents' needs and the availability of community-based services with a targeted goal of 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 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 10.29.(b) The Department of Health and Human Services shall apply any savings in State appropriations in each year of the 2005-2007 fiscal biennium that result from reductions in beds or services as follows:

(1) The Department shall place nonrecurring savings in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs and use the savings to facilitate the transition of clients into appropriate community-based services and support in accordance with G.S. 143-15.3D;

(2) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall retain recurring savings realized through implementation of this section to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W. In determining the savings in this section, savings shall include all savings realized from the downsizing of the State mental retardation centers, including the savings in direct State appropriations in the budgets of the State mental retardation centers; and

(3) The Department of Health and Human Services, Division of Medical Assistance, shall transfer any recurring Medicaid savings resulting

from the downsizing of State-operated MR centers from the ICF-MR line in Medicaid to the CAP-MR/DD line.

SECTION 10.29.(c) Notwithstanding G.S. 122C-181(c), the Secretary of Health and Human Services shall close one mental retardation center effective July 1, 2006. The Department of Health and Human Services shall maintain downsizing of other mental retardation centers occurring in the 2005-2006 fiscal year for the 2006-2007 fiscal year. The Department shall accomplish downsizing in accordance with this section and the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services. The Department shall use all savings resulting from downsizing occurring on and after July 1, 2005, as set forth in subsection (b) of this section.

SECTION 10.29.(d) 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. The Department shall submit the progress report no later than January 15, 2006, and submit a final report no later than May 1, 2006.

DRAFT
SPECIAL PROVISION



2005-DHHS-H34(S10.30)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

SECTION 10.39.(a) G.S. 122C-147.2 reads as rewritten:

"**§ 122C-147.2. Purchase of services and reimbursement rates.**

(a) When funds are used to purchase services, the following provisions apply:

(1) Reimbursement rates for specific types of service shall be negotiated between the Secretary and the area authority. The negotiation shall begin with the rate determined by ~~the~~ a standardized cost-finding and rate-setting procedure ~~that is required by G.S. 122C-143.2(a) or by another method~~ approved by the Secretary.

(2) The reimbursement rate used for the payment of services shall incorporate operating and administrative costs, including costs for property in accordance with G.S. 122C-147.

(b) 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 an area program or county program, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with subsection (a) of this section. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding. If a private agency fails to timely and accurately complete the required agency-wide uniform cost finding in a manner acceptable to the Department's controller's office, the Department may suspend all Department funding and payment to the private agency until such time as an acceptable cost finding has been completed by the private agency and approved by the Department's controller's office."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H35(S10.31)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

DHHS POLICIES AND PROCEDURES IN DELIVERING COMMUNITY MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.31. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall in cooperation with area mental health authorities and county programs, identify and eliminate administrative and fiscal barriers created by existing State and local policies and procedures in the delivery of community-based mental health, developmental disabilities, and substance abuse services provided through the area programs and county programs, including services provided through the Comprehensive Treatment Services Program for Children and services delivered to multiply diagnosed adults. The Department shall implement changes in policies and procedures in order to facilitate all of the following:

(1) The provision of services to adults and children as defined in the Mental Health System Reform State Plan as priority or targeted populations.

(2) A revised system of allocating State and federal funds to area mental health authorities and county programs that reflects projected needs, including the impact of system reform efforts rather than historical allocation practices and spending patterns.

(3) The provision of services to children not deemed eligible for the Comprehensive Treatment Services Program for Children, but who would otherwise be in need of medically necessary treatment services to prevent out-of-home placement.

(4) The provision of services in the community to adults remaining in and being placed in State institutions addressed in Olmstead v. L.C.

Area mental health, developmental disabilities, and substance abuse services authorities and county programs shall use all funds appropriated for and necessary to provide mental health, developmental disabilities, and substance abuse services to meet the need for these services.

The Department, in consultation with the area mental health authorities and county programs, shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on the progress in

implementing these changes. The report shall be submitted on October 1, 2005, and February 1, 2006.

DRAFT
SPECIAL PROVISION

2005-DHHS-H37(S10.33)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

RULES PERTAINING TO CONFLICT OF INTEREST IN REFERRALS TO PROVIDER AGENCIES

SECTION 10.33. G.S. 122C-26 reads as rewritten:

"**§ 122C-26. Powers of the Commission.**

In addition to other powers and duties, the Commission shall exercise the following powers and duties:

(1) Adopt, amend, and repeal rules consistent with the laws of this State and the laws and regulations of the federal government to implement the provisions and purposes of this Article;

(2) Issue declaratory rulings needed to implement the provisions and purposes of this Article;

(3) Adopt rules governing appeals of decisions to approve or deny licensure under this Article;

(4) Adopt rules for the waiver of rules adopted under this Article; and

(5) Adopt rules applicable to facilities licensed under this Article:

a. Establishing personnel requirements of staff employed in facilities;

b. Establishing qualifications of facility administrators or directors;

c. Establishing requirements for death reporting including confidentiality provisions related to death reporting; ~~and~~

d. Establishing requirements for patient ~~advocates.~~ advocates; and

e. Providing that facility personnel that have a pecuniary interest in any provider agency that provides services to facility clients may not refer facility clients to provider agencies."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION



2005-DHHS-H38(S10.34)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES TO STUDY OVERSIGHT AND MONITORING BY DEPARTMENT OF HEALTH AND HUMAN SERVICES OF SERVICES TO MENTAL HEALTH CONSUMERS

SECTION 10.34. The Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services shall study the oversight and monitoring roles and activities of the Divisions of: Social Services, Facility Services, Medical Assistance, and Mental Health, Developmental Disabilities, and Substance Abuse Services, of the Department of Health and Human Services. The study shall focus on how the oversight and monitoring activities benefit consumers of mental health, developmental disabilities, and substance abuse services in residential settings, and shall include in its report recommendations on ensuring quality of care and increasing efficiency in the provision of services. The Oversight Committee 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, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H39(S10.35)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** Joint

APPEALS PROCESS FOR CLIENTS OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES PROGRAMS

SECTION 10.35. G.S. 122C-151.2 reads as rewritten:

"**§ 122C-151.2. Appeal by area authorities and county ~~programs.~~programs; rules governing appeals process for clients of area authorities or county programs.**

(a) The area authority or county program may appeal to the Commission any action regarding rules under the jurisdiction of the Commission or rules under the joint jurisdiction of the Commission and the Secretary.

(b) The area authority or county program may appeal to the Secretary any action regarding rules under the jurisdiction of the Secretary.

(b1) The Commission shall adopt rules governing an appeals process for clients to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the Secretary. The appeals process shall ensure that area authority and county program services meet the requirements of applicable statutes and the rules of the Commission and the Secretary.

(c) Appeals shall be conducted according to rules adopted by the Commission and Secretary and in accordance with Chapter 150B of the General Statutes."

DRAFT
SPECIAL PROVISION



2005-DHHS-H75-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart House

DHHS STUDY OF ACCREDITATION OF RESIDENTIAL TREATMENT FACILITIES

SECTION #.(a) The Department of Health and Human Services shall study the feasibility of establishing accreditation requirements for residential treatment facilities. In conducting the study, the Department shall identify accreditation organizations and a review of their standards and shall consider the following:

(1) The financial and other impact accreditation will have on the facilities affected.

(2) The feasibility of developing an alternative to accreditation for small facilities.

(3) The potential for a reduction in the number of visits required by a local management entity if a residential facility were accredited.

(4) Review of accreditation requirements of other states.

(5) Cost of accreditation to the State and affected providers.

(6) The specific requirements to meet accreditation.

SECTION #.(b) The Department of Health and Human Services shall report its findings and recommendations 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 not later than March 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H41(S10.37)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Joint

SENIOR CENTER OUTREACH

SECTION 10.37.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging and Adult Services, for the 2005-2007 fiscal biennium, shall be used by the Division of Aging and Adult Services 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 10.37.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the county commissioners of the county in which the new center will be located shall:

(1) Formally endorse the need for such 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 10.37.(c) State funding shall not exceed seventy-five percent (75%) of reimbursable costs.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H42A(S10.38)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

STATE/COUNTY SPECIAL ASSISTANCE

SECTION 10.38.(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.

SECTION 10.38.(b) Effective October 1, 2005, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred twenty-four dollars ($1,124) per month per resident unless adjusted by the Department in accordance with subsection (e) of this section.

SECTION 10.38.(c) Effective October 1, 2005, the maximum monthly rate for residents in Alzheimer/Dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident unless adjusted by the Department in accordance with subsection (e) of this section.

SECTION 10.38.(d) It is the intent of the General Assembly to protect individuals who meet current eligibility standards for State/County Special Assistance from becoming disenfranchised from the program as a result of any changes proposed in this section. Therefore, subject to any necessary approvals by the Center for Medicare & Medicaid Services (CMS), the eligibility of Special Assistance recipients who resided in adult care homes on September 30, 2003, and remain continuously eligible shall not be affected by an income reduction in the Special Assistance eligibility criteria, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand ninety-one dollars ($1,091) per month per resident.

SECTION 10.38.(e) Notwithstanding any other provision of this section, the Department of Health and Human Services shall review activities and costs related to the provision of care in adult care homes and shall determine what costs may be considered to properly maximize allowable reimbursement available through Medicaid personal care services for adult care homes (ACH-PCS) under federal law. As determined, and with any necessary approval from the Centers for Medicare and Medicaid Services (CMS), and the approval of the Office of State Budget and Management, the Department may transfer necessary funds from the State/County Special Assistance program within the Division of Social Services to the Division of Medical Assistance and may use those funds as State match to draw down federal

matching funds to pay for such activities and costs under Medicaid's personal care services for adult care homes (ACH-PCS), thus maximizing available federal funds. The established rate for State/County Special Assistance set forth in subsections (b) and (c) of this section shall be adjusted by the Department to reflect any transfer of funds from the Division of Social Services to the Division of Medical Assistance and related transfer costs and responsibilities from State/County Special Assistance to the Medicaid personal care services for adult care homes (ACH-PCS). Such rate adjustments to the Special Assistance rate shall be effective with the effective date of increased reimbursement under ACH-PCS. The Division of Medical Assistance shall apply income disregards for current recipients such that cost and rate adjustments made under this subsection do not render otherwise eligible recipients ineligible for services. In no event shall the reimbursement for services through the ACH-PCS exceed the average cost of such services as determined by the Department from review of cost reports as required and submitted by adult care homes. The Department shall report any transfers of funds and modifications of rates 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.

SECTION 10.38.(f) Subject to approval by the Centers for Medicare and Medicaid Services (CMS), the Department may implement a less restrictive income methodology allowed under section 1902(r)(2) of the Social Security Act. The methodology shall be an income disregard for a special purpose and shall be applied only to individuals whose countable income exceeds the current State/County Special Assistance payment standard. The amount of the disregard shall not exceed the value of reductions in the Special Assistance rate occurring on and after October 1, 2003. The income disregarded under this subsection shall be used to reduce the Medicaid payment for the individual's personal care services provided in an adult care home.

Subsequent to approval by CMS under this subsection, the maximum value of an income disregard may be increased by the amount of any reduction in the Special Assistance rate authorized under this section, plus the amount calculated by the annual cost-of-living adjustment factor applied to Supplemental Security Income and Social Security Benefits, rounded up to the nearest dollar.

The effective date of an income disregard approved under this subsection shall be the first day of the third month following approval by CMS.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H43(S10.39)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

SPECIAL ASSISTANCE IN-HOME

SECTION 10.39.(a) 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 1,000 individuals during the 2005-2006 fiscal year and the 2006-2007 fiscal year. The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be seventy-five percent (75%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. For State fiscal year 2005-2006, qualified individuals shall not receive payments at rates less than they would have been eligible to receive in State fiscal year 2004-2005. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment. The Department shall make this in-home option available to all counties on a voluntary basis. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State.

SECTION 10.39.(b) The Department shall report on or before January 1, 2006, and on or before January 1, 2007, to the cochairs of the House of Representatives Appropriations Committee, the House of Representatives Appropriations Subcommittee on Health and Human Services, the cochairs of the Senate Appropriations Committee, and the cochairs of the Senate Appropriations Committee on Health and Human Services. This report shall include the following information:

(1) A description of cost savings that result from allowing individuals eligible for State-County Special Assistance the option of remaining in the home.

(2) A complete fiscal analysis of the in-home option to include all federal, State, and local funds expended.

(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 in-home program.

(8) The level and quantity of services (including personal care services) provided to the demonstration project participants compared to the level and quantity of services for residents in adult care homes.

SECTION 10.39.(c) The Department shall incorporate data collection tools designed to compare quality of life among institutionalized versus noninstitutionalized populations (i.e., an individual's perception of his or her own health and well-being, years of healthy life, and activity limitations). To the extent national standards are available, the Department shall utilize those standards.

DRAFT
SPECIAL PROVISION

2005-DHHS-H44(S10.40)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

LICENSURE OF RESIDENTIAL TREATMENT FACILITIES

SECTION 10.40.(a) Article 2 of Chapter 122C of the General Statutes is amended by adding the following new section to read:

"**§ 122C-23.1. Licensure of residential treatment facilities.**

The General Assembly finds:

(1) That much of the care for residential treatment facility residents is paid by the State and the counties;

(2) That the cost to the State for care for residents of residential treatment facilities is substantial, and high vacancy rates in residential treatment facilities further increase the cost of care;

(3) That the proliferation of residential treatment facilities results in costly duplication and underuse of facilities and may result in lower quality service;

(4) There is currently no ongoing relationship between some applicants for licensure and local management entities (LMEs) that are responsible for the placement of children and adults in residential treatment facilities; and

(5) That it is necessary to protect the general welfare and lives, health, and property of the people of the State for the local management entity (LME) to verify that additional beds are needed in the LME's catchment area before new residential treatment facilities are licensed. This process is established to ensure that unnecessary costs to the State do not result, residential treatment facility beds are available where needed, and that individuals who need care in residential treatment facilities may have access to quality care.

Based on these findings, the Department of Health and Human Services may license new residential treatment facilities if the applicant for licensure submits with the application a letter of support obtained from the local management entity in whose catchment area the facility will be located. The letter of support shall be submitted to the Department of Health and Human Services, Division of Facility Services and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall specify the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility. As used in this subsection, "residential treatment facility" means a "residential facility" as defined in

and licensed under this Chapter, but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes.

SECTION 10.40.(b) This section applies to license applications pending and license applications submitted on and after the effective date of this act.

DRAFT
SPECIAL PROVISION

2005-DHHS-H79-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart, Clary House

REGULATORY CHANGES TO IMPROVE QUALITY AND SAFETY IN HOME CARE SERVICES, MENTAL HEALTH FACILITIES, ADULT CARE HOMES, AND CERTAIN HOSPITAL FACILITIES

SECTION #.(a) G.S. 131E-140(b) reads as rewritten:

"**§ 131E-140. Rules and enforcement.**

...

(b) The Department shall enforce the rules adopted or amended by the Commission with respect to home care ~~agencies.~~agencies and shall conduct an inspection of each agency at least every three years."

SECTION #.(b) G.S. 122C-23(e) reads as rewritten:

"**§ 122C-23. Licensure.**

...

(e) Unless a license is provisional or has been suspended or revoked, it shall be valid for a period not to exceed two years from the date of issue. The expiration date of a license shall be specified on the license when issued. Renewal of a regular license is contingent upon receipt of information required by the Secretary for renewal and continued compliance with this Article and the rules of the Commission and the Secretary. Licenses for facilities that have not served any clients during the previous 12 months are not eligible for renewal."

SECTION #.(c) G.S. 122C-25(a) reads as rewritten:

"**§ 122C-25. Inspections; confidentiality.**

(a) The Secretary shall make or cause to be made inspections that the Secretary considers necessary. Facilities licensed under this Article shall be subject to inspection at all times by the Secretary. All residential facilities as defined in G.S. 122C-3(14)e. shall be inspected on an annual basis. The Division of Facility Services may conduct routine, follow-up, and complaint-generated inspections more frequently as needed to ensure compliance with health and safety requirements.

..."

SECTION #.(d) G.S. 122C-25 is amended by adding the following new subsection to read:

"(d) All residential facilities, as defined in G.S. 122C-3(14)e. shall ensure that the DHHS Care Line number is posted conspicuously in a public place in the facility."

SECTION #.(e) G.S. 131D-2 is amended by adding the following new subsection to read:

"(j) Adult care homes shall post the DHHS Care Line number conspicuously in a public place in the facility."

SECTION #.(f) G.S. 131D-2(b)(1a) reads as rewritten:

"§ 131D-2. Licensing of adult care homes for the aged and disabled.

...

(b) Licensure; inspections. –

...

(1a) The Division of Facility Services shall inspect all adult care homes and adult care units in nursing homes on an annual basis and may conduct routine, follow-up, and complaint-generated inspections more frequently as needed to ensure compliance with health and safety requirements. In addition to the licensing and inspection requirements mandated by subdivision (1) of this subsection, the Department shall ensure that adult care homes required to be licensed by this Article are monitored for licensure compliance on a regular basis. In carrying out this requirement, the Department shall work with county departments of social services to do the routine monitoring and to have the Division of Facility Services oversee this monitoring and perform any follow-up inspection called for. The Department shall monitor regularly the enforcement of rules pertaining to air circulation, ventilation, and room temperature in resident living quarters. These rules shall include the requirement that air conditioning or at least one fan per resident bedroom and living and dining areas be provided when the temperature in the main center corridor exceeds 80 degrees Fahrenheit. The Department shall also keep an up-to-date directory of all persons who are administrators as defined in subdivision (1a) of subsection (a) of this section."

SECTION #.(g) G.S. 131D-2(b)(1a) reads as rewritten:

"(1a) In addition to the licensing and inspection requirements mandated by subdivision (1) of this subsection, the Department shall ensure that adult care homes required to be licensed by this Article are monitored for licensure compliance on a regular basis. In carrying out this requirement, the Department shall work with county departments of social services to do the routine monitoring and to have the Division of Facility Services oversee this monitoring and perform any follow-up inspection called for. In addition, the Department shall ensure that adult care homes are inspected every two years to determine compliance with physical plant and life-safety requirements. The Department shall monitor regularly the enforcement of rules pertaining to air circulation, ventilation, and room temperature in resident living quarters. These rules shall include the requirement that air conditioning or at least one fan per resident bedroom and living and dining areas be provided when the temperature in the main center corridor exceeds 80 degrees Fahrenheit. The Department shall also keep an up-to-date directory of all persons who are administrators as defined in subdivision (1a) of subsection (a) of this section."

SECTION #.(h) G.S. 122C-21 reads as rewritten:

"**§ 122C-21. Purpose.**

The purpose of this Article is to provide for licensure of facilities for the mentally ill, developmentally disabled, and substance abusers by the development, establishment, and enforcement of basic rules governing:

(1) The provision of services to individuals who receive services from licensable facilities as defined by this Chapter, and

(2) The construction, maintenance, and operation of these licensable facilities that in the light of existing knowledge will ensure safe and adequate treatment of these individuals. The Department shall ensure that licensable facilities are inspected every two years to determine compliance with physical plant and life-safety requirements."

SECTION #.(i) G.S. 131E-140 reads as rewritten:

"**§ 131E-140. Rules and enforcement.**

(a) The Commission ~~is authorized to~~ may adopt, amend and repeal all rules necessary for the implementation of this ~~Part.~~ Part and Part 3A of Article 6 of this Chapter. Provided, these rules shall not extend, modify, or limit the licensing of individual health professionals by their respective licensing boards; nor shall these rules in any way be construed to extend the appropriate scope of practice of any individual health care provider.

(a1) The Commission shall adopt rules that recognize the different types of home care services and shall adopt specific requirements for the provision of each type of home care service.

(a2) The Commission shall adopt rules defining geographic service areas for in-home aide services and staffing qualifications for licensed home care agencies.

(a3) The Commission shall adopt rules prohibiting licensed home care agencies from hiring individuals listed on the Health Care Personnel Registry in accordance with G.S. 131E-256(a)(1).

(a4) The Commission shall adopt rules requiring applicants for home care licensure to receive training in the requirements for licensure, the licensure process, and the rules pertaining to the operation of a home care agency.

(b) The Department shall enforce the rules adopted or amended by the Commission with respect to home care agencies."

SECTION #.(j) G.S. 131E-136 reads as rewritten:

"**§ 131E-136. Definitions.**

As used in this Part, unless otherwise specified:

(1) "Commission" means the North Carolina Medical Care Commission.

(1a) "Geographic service area" means the geographic area in which a licensed agency provides home care services.

(2) "Home care agency" means a private or public organization that provides home care services.

(2a) "Home care agency director" means the person having administrative responsibility for the operation of the licensed agency site.

(2b) "Home care client" means an individual who receives home care services.

(3) "Home care services" means any of the following services and directly related medical supplies and appliances, which are provided to an individual in a place of temporary or permanent residence used as an individual's home:

a. Nursing care provided by or under the supervision of a registered nurse;

b. Physical, occupational, or speech therapy, when provided to an individual who also is receiving nursing services, or any other of these therapy services, in a place of temporary or permanent residence used as the individual's home;

c. Medical social services;

d. In-home aide services that involve hands-on care to an individual;

e. Infusion nursing services; and

f. Assistance with pulmonary care, pulmonary rehabilitation or ventilation.

The term does not include: health promotion, preventative health and community health services provided by public health departments; maternal and child health services provided by public health departments, by employees of the Department of Health and Human Services under G.S. 130A-124, or by developmental evaluation centers under contract with the Department of Health and Human Services to provide services under G.S. 130A-124; hospitals licensed under Article 5 of Chapter 131E of the General Statutes when providing follow-up care initiated to patients within six months after their discharge from the hospital; facilities and programs operated under the authority of G.S. 122C and providing services within the scope of G.S. 122C; schools, when providing services pursuant to Article 9 of Chapter 115C; the practice of midwifery by a person licensed under Article 10A of Chapter 90 of the General Statutes; hospices licensed under Article 10 of Chapter 131E of the General Statutes when providing care to a hospice patient; an individual who engages solely in providing his own services to other individuals; incidental health care provided by an employee of a physician licensed to practice medicine in North Carolina in the normal course of the physician's practice; or nursing registries if the registry discloses to a client or the client's responsible party, before providing any services, that (i) it is not a licensed home care agency, and (ii) it does not make any representations or guarantees concerning the training, supervision, or competence of the personnel provided.

(4) "Home health agency" means a home care agency which is certified to receive Medicare and Medicaid reimbursement for providing nursing care, therapy, medical social services, and home health aide services on a part-time, intermittent basis as set out in G.S. 131E-176(12), and is thereby also subject to Article 9 of Chapter 131E."

SECTION #.(k) Article 6 of Chapter 131E of the General Statutes is amended by adding a new Part to read:

"Part 3A. Home Care Clients' Bill of Rights.

"**§ 131E-144.1. Legislative intent.**

It is the intent of the General Assembly to support an individual's desire to live at home and receive home care services.

"**§ 131E-144.2. Definitions.**

Unless otherwise specified, the definitions that are provided in Part 3 of Article 6 of this Chapter apply in this Part.

"**§ 131E-144.3. Declaration of home care clients' rights.**

Each client of a home care agency shall have the following rights:

(1) To be informed and participate in his or her plan of care.

(2) To be treated with respect, consideration, dignity, and full recognition of his or her individuality and right to privacy.

(3) To receive care and services that are adequate, appropriate, and in compliance with relevant federal and State laws and rules and regulations.

(4) To voice grievances about care and not be subjected to discrimination or reprisal for doing so.

(5) To have his or her personal and medical records kept confidential and not be disclosed without appropriate written consent.

(6) To be free of mental and physical abuse, neglect, and exploitation.

(7) To receive a written statement of services provided by the agency and the charges the client is liable for paying.

(8) To be informed of the process for acceptance and continuance of service and eligibility determination.

(9) To accept or refuse services.

(10) To be informed of the agency's on-call service.

(11) To be informed of supervisory accessibility and availability.

(12) To be advised of the agency's procedures for discharge.

(13) To receive a reasonable response to his or her requests of the agency.

(14) To be notified within 10 days when the agency's license has been revoked, suspended, canceled, annulled, withdrawn, recalled, or amended.

(15) To be advised of the agency's policies regarding patient responsibilities.

"**§ 131E-144.4. Notice to client.**

(a) During the agency's initial evaluation visit or before furnishing services, a home care agency shall provide each client with the following:

(1) A copy of the declaration of home care clients' rights.

(2) A copy of the agency's policies regarding client responsibilities as it relates to safety and care plan compliance.

(3) The address and telephone number for information, questions, or complaints about services provided by the agency.

(4) The address and telephone number of the section of the Department of Health and Human Services responsible for the enforcement of the provisions of this Part.

(b) Receipts for the declaration of home care clients' rights and contact information required in this section shall be signed by the client and shall be retained in the agency's files.

"**§ 131E-144.5. Implementation.**

Responsibility for implementing the provisions of this Part shall rest with the home care agency director. Each agency shall provide appropriate training to implement this Part.

"**§ 131E-144.6. Enforcement and investigation.**

(a) The Department of Health and Human Services shall be responsible for enforcing the provisions of this Part. The Department shall investigate complaints made to it and reply within a reasonable period of time, not to exceed 60 days.

(a1) When the Department of Health and Human Services receives a complaint alleging a violation of the provisions of this Part pertaining to client care or client safety, the Department shall initiate an investigation as follows:

(1) Immediately upon receipt of the complaint if the complaint alleges a life-threatening situation.

(2) Within 24 hours if the complaint alleges abuse of a client as defined by G.S. 131D-20(1).

(3) Within 48 hours if the complaint alleges neglect of a client as defined by G.S. 131D-20(8).

(4) Within two weeks in all other situations.

The investigation shall be completed within 30 days. The requirements of this section are in addition to and not in lieu of any investigatory and reporting requirements for health care personnel pursuant to Article 15 of this Chapter, or for adult protective services pursuant to Article 6 of Chapter 108A of the General Statutes.

(b) A home care agency shall investigate, within 72 hours, complaints made to the agency by a home care client or the client's family and must document both the existence of the complaint and the resolution of the complaint.

"**§ 131E-144.7. Confidentiality.**

(a) The Department of Health and Human Services is authorized to inspect home care clients' medical records maintained at the agency when necessary to investigate any alleged violation of this Part.

(b) The Department shall maintain the confidentiality of all persons who register complaints with the Department and of all medical records inspected by the Department. A person who has filed a complaint shall have access to information about a complaint investigation involving a specific home care client if written authorization is obtained from the client or legal representative."

SECTION #.(l) G.S. 131E-140 is amended by adding the following new subsection to read:

"(a1) The Commission shall adopt rules defining the scope of permissible advertising and promotional practice by home care agencies."

SECTION #.(m) The Department of Health and Human Services shall study whether there are any additional "health care facilities" and "health care personnel" that

are employed in health care settings that should be contained in the Health Care Personnel Registry and listed in G.S. 131E-256. The Department shall report its findings and recommendations to the North Carolina Study Commission on Aging by December 1, 2005.

SECTION #.(n) Not later than March 1, 2006, the Department of Health and Human Services shall report 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 on the number of calls received by the DHHS Care Line that had to be referred to the Division of Facility Services complaint hotline.

SECTION #.(o) Subsection (i) of this act becomes effective January 1, 2006. Subsections (c) and (d) of this section become effective July 1, 2007, except that the Division may conduct inspections more frequently than annually prior to July 1, 2007, as funds and personnel permit. The remainder of this section becomes effective July 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H83-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representative Earle** House

VALIDATE CERTAIN CERTIFICATES OF NEED

SECTION 10.40B. Notwithstanding the requirements of Chapter 150B and Article 9 of Chapter 131E of the General Statutes, and notwithstanding any past compliance or failure to comply with those requirements, a certificate of need issued by the Department of Health and Human Services for the development of a health care facility that has been completed and licensed prior to the effective date of this act is hereby validated.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H85-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart House

USE OF UNLICENSED HEALTH CARE PERSONNEL TO PERFORM TECHNICAL ASPECTS OF MEDICATION ADMINISTRATION IN NURSING HOMES

SECTION #.(a) Article 6 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

"**§ 131E-114.2. Use of unlicensed health care personnel to perform technical aspects of medication administration.**

(a) Facilities licensed and medication administration services provided under this Part may utilize unlicensed health care personnel to perform the technical aspects of medication administration consistent with G.S. 90-171.20(7) and (8), and G.S. 90-171.43.

(b) The Commission shall adopt rules to implement this section. Rules adopted by the Commission shall include:

(1) Training and competency evaluation of medication aides as provided for under this section.

(2) Requirements for listing under the Medication Aide Registry as provided for under G.S. 131E-271.

(3) Requirements for supervision of medication aides by licensed health professionals or appropriately qualified supervisory personnel consistent with this Part."

SECTION #.(b) Article 9C of Chapter 90 of the General Statutes is amended by adding the following new section to read:

"**§ 90-171.56. Medication aide requirements.**

The Board of Nursing shall do the following:

(1) Establish standards for faculty requirements for medication aide training; and

(2) Provide ongoing review and evaluation, and recommend changes, for faculty and medication aide training requirements to support safe medication administration and improve client, resident, and patient outcomes."

SECTION #.(c) Article 16 of Chapter 131E of the General Statutes is amended by adding the following new section to read:

"**§ 131E-270. Medication Aide Registry.**

(a) The Department shall establish and maintain a Medication Aide Registry containing the names of all health care personnel in North Carolina who have

successfully completed a medication aide training program that has been approved by the North Carolina Board of Nursing and successfully passed a State-administered medication aide competency exam."

SECTION #.(d) This section becomes effective October 1, 2005. The North Carolina Board of Nursing and the Department of Health and Human Services shall report on the implementation of this act 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 not later than March 1, 2006, and annually thereafter.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H46(S10.42)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

SOCIAL SERVICES COMMISSION TECHNICAL CORRECTION

SECTION 10.42. G.S. 108A-14(a)(8) reads as rewritten:

"**§ 108A-14. Duties and responsibilities.**

(a) The director of social services shall have the following duties and responsibilities:

...

(8) To supervise adult care homes under the rules and regulations of the ~~Social Services~~Medical Care Commission;

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H47(S10.43)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

CHILD SUPPORT PROGRAM/ENHANCED STANDARDS

SECTION 10.43.(a) The Department of Health and Human Services shall develop and implement performance standards for each of the State and county child support enforcement offices across the State. To develop 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 that 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 10.43.(b) The Department of Health and Human Services shall report on its progress, in compliance 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 by May 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H49(S10.45)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

MULTIPLE RESPONSE SYSTEM

SECTION 10.45.(a) The Department of Health and Human Services, Division of Social Services, shall continue working with local departments of social services to implement a multiple response system of child protection. Local departments of social services shall continue systems already in place. The multiple response system shall provide a family-centered approach to child protective services in which local departments of social services use family assessment tools and family support principles when responding to selected reports of suspected child abuse, neglect, and dependency, including establishing a system of care with child and family teams.

SECTION 10.45.(b) The Department of Health and Human Services shall expand this project using both State appropriations and any non-State funding sources that can be identified for this purpose. Funds appropriated in this act to the Department for this purpose may be allocated to counties for multiple response system implementation, and counties may use these funds and other resources available for this purpose.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H50(S10.46)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 10.46.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 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 10.46.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) $390.00 per child per month for children aged birth through 5;
(2) $440.00 per child per month for children aged 6 through 12; and
(3) $490.00 per child per month for children aged 13 through 18.

SECTION 10.46.(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 10.46.(d) The maximum rates for the State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

(1) $800.00 per child per month with indeterminate HIV status;
(2) $1,000 per child per month confirmed HIV-infected, asymptomatic;
(3) $1,200 per child per month confirmed HIV-infected, symptomatic; and
(4) $1,600 per child per month terminally ill with complex care needs.

DRAFT
SPECIAL PROVISION



2005-DHHS-H51(S10.47)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Joint

CHILD CARING INSTITUTIONS

SECTION 10.47.(a) The Office of the State Auditor shall conduct an audit to evaluate overhead rates and reimbursements for child caring institutions receiving State funding. Of the funds appropriated to the Department of Health and Human Services, Office of the Controller, the sum of one hundred fifty thousand dollars ($150,000) shall be transferred to the State Auditor to conduct the audit. The audit shall include the following:

(1) A detailed evaluation of each child caring institution's cost allocation processes.

(2) A determination of whether the allocated costs are consistent in different agencies.

(3) A determination of the basis used for cost allocation by each agency.

(4) The methodology used to assign direct and indirect costs to specific child caring institution programs.

(5) A determination of whether the overhead charged is reasonable for that specific type of nonprofit, based on national surveys.

(6) A determination of how agency utilization rates impact the child caring institutions' cost allocation and subsequent State reimbursements.

(7) An examination of rate-setting methodologies used by other states and how North Carolina's payment to child caring institutions compare to other states.

(8) Recommendations on how to develop equitable, reasonable rates.

(9) An examination of the feasibility of providing child caring institutions with the opportunity to compete based on providing the best service at least cost.

The Office of the State Auditor 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 no later than March 1, 2006. The written report shall include copies of working papers developed during the course of the audit.

SECTION 10.47.(b) The Department of Health and Human Services shall establish standardized rates for child caring institutions in this State. These rates shall be effective January 1, 2006, and shall be updated annually on July 1. Rate-setting

recommendations provided by the Office of the State Auditor shall be incorporated into the Department of Social Services rate-setting methodology.

SECTION 10.47.(c) Until standardized rates are set, child caring institutions' maximum reimbursement shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services Office of the Controller. In determining the maximum reimbursement, counties shall include county and IV-E reimbursements.

SECTION 10.47.(d) Minimum reimbursement for foster parents providing services through child caring institutions shall not be lower than the rates established by the General Assembly.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H52(S10.48)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

SPECIAL CHILDREN ADOPTION FUND

SECTION 10.48.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one hundred thousand dollars ($100,000) shall be used to support the Special Children Adoption Fund for the 2005-2006 fiscal year. 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 income exceeds two hundred percent (200%) of the federal poverty level.

SECTION 10.48.(b) Of the total funds appropriated for the Special Children Adoption Fund each year, twenty percent (20%) of the total funds available shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private agencies have not been spent on or before March 31, 2006, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies.

SECTION 10.48.(c) The Division of Social Services shall monitor the total expenditures in the Special Children Adoption Fund and redistribute unspent funds to ensure that the funds are used according to the guidelines established in subsection (a) of this section. The Division shall implement strategies to ensure that funds that have historically reverted for this program are used for the intended purpose. The Division shall report 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 on the expenditures and activities of the program no later than December 1, 2005, and June 30, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H53(S10.49)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** Joint

STUDY TO IDENTIFY ADOPTION INCENTIVES FOR CHILDREN WHO ARE DIFFICULT TO PLACE

SECTION 10.49. The Department of Health and Human Services shall conduct a study to identify potential incentives for adoption of children who are difficult to place and the associated costs for each incentive. The study shall identify incentives currently in place in individual counties and the associated costs. The study shall identify funding sources available to support each incentive. 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 no later than October 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H54(S10.50)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** Joint

LIMITATION ON STATE ABORTION FUND

SECTION 10.50. 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 2005-2006 and 2006-2007 fiscal years.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H55(S10.51)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

TANF BENEFIT IMPLEMENTATION

SECTION 10.51.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007", prepared by the Department of Health and Human Services and presented to the General Assembly as revised in accordance with subsection (b) of this section, except that the provision contained in the approved North Carolina Temporary Assistance for Needy Families State Plan FY 2005-2007 eliminating pay-after-performance as a benefit delivery method for two-parent families will only be implemented if the federal two-parent work participation rate is eliminated. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2005, through September 30, 2007. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services, as amended by this act or any other act of the 2005 General Assembly.

SECTION 10.51.(b) The counties approved as Electing Counties in North Carolina's Temporary Assistance for Needy Families State Plan FY 2005-2007 as approved by this section are: Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, McDowell, Sampson, and Stokes.

SECTION 10.51.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for fiscal years 2005 through 2007, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2005. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2005.

DRAFT
SPECIAL PROVISION

2005-DHHS-H95-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart House

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

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

SECTION #.(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 information and data that allows for:

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

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

(3) Cost-benefit data.

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

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

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

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

SECTION #.(d) The Department shall report on the implementation of this section not later than February 1, 2006, 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H56(S10.52)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Joint

RESIDENTIAL SCHOOLS REPORTING

SECTION 10.52. The Office of Education Services shall report not later than December 1, 2005, 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 activities of the Eastern North Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at Morganton, and the Governor Morehead School for the Blind. The report shall include enrollment numbers at the schools, the budgets, and the academic status of the schools as defined under the ABCs program.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H57(S10.53)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Different

FUNDS FOR SCHOOL NURSES

SECTION 10.53. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of one million five hundred thousand dollars ($1,500,000) for the 2005-2006 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) for the 2006-2007 fiscal year shall be used for the school nurse funding initiative. The Department of Health and Human Services, Division of Public Health, in conjunction with the Department of Public Instruction, shall provide funds to communities to hire school nurses. The program will fund 30 permanent local nurses. The criteria shall include determining the areas in greatest need for school nurses with the greatest inability to pay for these nurses. Other criteria to be considered shall include: (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children. The Department of Health and Human Services and the Department of Public Instruction shall review the responsibilities of school nurses and consider substituting licensed practical nurses for registered nurses, as licensure and certification requirements permit, as a way to fund additional nurses beyond the 30 nurses funded under this section.

There shall be no supplanting of local, State, or federal funds with these funds. Communities shall maintain their current level of effort and funding for school nurses. These funds shall not be used for funding nurses for State agencies. All funding shall be used for direct services.

The Department of Health and Human Services shall report on the use of funds allocated under this section by December 1, 2005, 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H58(S10.54)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

EARLY INTERVENTION REPORTING AND EVALUATION

SECTION 10.54.(a) The Department of Health and Human Services, Division of Public Health, shall report on Early Intervention services. The report shall include the number of children served, the number and types of services and evaluations provided, and the budget for each Children's Developmental Services Agency. In addition, the Division of Public Health shall evaluate its Early Intervention Program provider network, including provider certification and continuing education requirements.

SECTION 10.54.(b) The Department of Health and Human Services shall analyze the reimbursement rates for Early Intervention services, and may adjust rates according to the findings of the analysis.

SECTION 10.54.(c) The Division of Public Health shall analyze the program funding for the Children with Special Needs Program and shall develop a plan to utilize these funds within the Early Intervention Program. The Division 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 December 1, 2005.

DRAFT
SPECIAL PROVISION

2005-DHHS-H80-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** House

EARLY INTERVENTION PROGRAM RULES ADOPTED BY COMMISSION FOR HEALTH SERVICES

SECTION #. Part 1 of Article 5 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"**§ 130A-126. Rule-making authority for birth – three-year-old early intervention program.**

The rule-making authority for the birth – three-year-old early intervention program through Part C of the Individuals with Disabilities Act (IDEA) is transferred from the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services to the Commission for Health Services."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H96-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** House

CHILDREN'S DEVELOPMENTAL SERVICES AGENCY OF THE SMOKIES

SECTION #. Western Carolina University shall continue to operate the Children's Developmental Services Agency of the Smokies.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H59A(S10.55)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

CONTRACTING FOR MORE EFFECTIVE COMBINATION VACCINES

SECTION 10.55. The Department of Health and Human Services may contract for the purchase of new combination vaccines that are more expensive than currently used combination or single component vaccines only if the new, more expensive combination vaccine is more effective than the currently used combination or single component vaccine it replaces. The Department of Health and Human Services may secure and provide new combination vaccines only after the Commission for Health Services has considered the current scientific and fiscal information available and determined that use of the combination vaccines is in the interest of the public health.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H60(S10.56)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

CHRONIC DISEASE PREVENTION ACTIVITIES INVENTORY

SECTION 10.56. In order to reduce costs and eliminate duplication of effort, the Department of Health and Human Services shall create an inventory of all chronic disease prevention activities, funding, staffing, and other resources for these activities, including funding and resources for related task forces and committees. The inventory shall include at a minimum, heart disease, stroke, diabetes, osteoporosis, and cancer. The Department shall create a plan to combine task forces and activities for chronic disease prevention and shall explore collapsing these task forces and committees into the Healthy Carolinians structure. The Department shall report on the inventory and the Department's recommendations not later than February 1, 2006, 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H61(S10.57)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

PILOT PROGRAM FOR AUTOMATIC EXTERNAL DEFIBRILLATORS IN PUBLIC BUILDINGS

SECTION 10.57.(a) The Department of Health and Human Services, Division of Public Health, shall develop a pilot program to place Automated External Defibrillators (AED) in public buildings, including public gymnasiums, that do not have an operational AED in place. In selecting pilot sites, the Department shall ensure geographic representation of the State.

SECTION 10.57.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seventeen thousand dollars ($17,000) for the 2005-2006 fiscal year, and the sum of six thousand dollars ($6,000) for the 2006-2007 fiscal year shall be used to purchase AED units, conduct on-site training at the pilot sites, and conduct ongoing education and awareness campaigns to the general public in the piloted sites. The Department shall ensure that training in the use of an AED shall be conducted in accordance with G.S. 90-21.15(b)(3). The Heart Disease and Stroke Prevention Branch of the Division of Public Health shall be responsible for the purchase of AEDs, the training of pilot program participants, and evaluation of the pilot program.

SECTION 10.57.(c) The Department of Health and Human Services shall report on the location, establishment, and implementation of the pilot sites 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 March 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION



2005-DHHS-H62(S10.58)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Joint

IMMUNIZATION PROGRAM FUNDING

SECTION 10.58.(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 one million dollars ($1,000,000) for the 2005-2006 fiscal year and the sum of one million dollars ($1,000,000) for the 2006-2007 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.

(2) Continued development of an automated immunization registry.

SECTION 10.58.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services or contracts, except for contracts to develop an automated immunization registry or contracts with local health departments for outreach.

DRAFT
SPECIAL PROVISION

2005-DHHS-H63(S10.59)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Joint

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.59.(a) For the 2005-2006 fiscal year and for the 2006-2007 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 2005-2007 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level.

SECTION 10.59.(b) The Department of Health and Human Services shall make an interim report on ADAP program utilization by January 1, 2006, and a final report on ADAP program utilization by May 1, 2006, 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 ADAP program utilization as follows:

(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) Fiscal year-to-date budget information.

(8) The status of the new system of management for ADAP, the costs savings realized from the new system, and recommendations for improving the system.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H76-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** House

HEALTH INFORMATION SYSTEMS DEVELOPMENT FUNDS

SECTION #.(a) The sum of four million sixty-five thousand four hundred sixty-nine dollars ($4,065,469) is appropriated from Budget Code 24430, Fund Code 117, to the Department of Health and Human Services, Division of Public Health, for the 2005-2006 fiscal year. These funds shall be used for the development and implementation of the Health Information Systems (HIS), an initiative that will provide an automated means of capturing, monitoring, reporting, and billing services provided in local health departments, CDSAs, and the State Public Health Lab. The HIS will allow for interfaces to local health departments' own vendor systems and is intended to replace the outdated Health Services Information System.

SECTION #.(b) The Department of Health and Human Services, Division of Public Health, shall report on the use of these funds 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 not later than March 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H81-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representatives Insko, Barnhart** House

FUNDS FOR PILOT PROGRAM TO RECRUIT MINORITY STUDENTS INTO PHARMACY SCHOOLS

SECTION #. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of three hundred thousand dollars ($300,000) for the 2005-2006 fiscal year shall be used to develop a pilot program for the recruitment of minority students into pharmacy schools. The pilot program shall include all pharmacy schools willing to participate as well as community colleges with equipment and incentives for students that might be pharmacy school candidates. The Department shall report on the progress of the pilot program 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 not later than March 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H82-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

House

HEALTH-RELATED INITIATIVES FUNDS

SECTION #. The sum of sixty-eight million dollars ($68,000,000) is appropriated from Budget Code 23460, Fund Code 2120, to the Health and Wellness Trust Fund for the 2005-2006 fiscal year for the purpose of health-related initiatives as approved by the Health and Wellness Trust Fund Commission, other projects allowed by G.S. 147-86.30, and line items allowed under G.S. 143-23.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H73-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

House

PUBLIC HEALTH INCUBATORS

SECTION #. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of one million dollars ($1,000,000) shall be used to fund new public health incubators. These funds shall be administered by the Division of Public Health through contracts. Not more than eight percent (8%) of the funds authorized under this section may be used for program support and administration. Not later than December 1, 2005, the Division of Public Health shall report on the specific use of these funds. The report shall be submitted 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H64(S10.60)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Joint

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.60. 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 a match. This shall not prohibit any locality from spending local funds for child care services.

DRAFT
SPECIAL PROVISION

2005-DHHS-H65A(S10.61)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Different

CHILD CARE ALLOCATION FORMULA

SECTION 10.61.(a) The Department of Health and Human Services shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) 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 use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

(1) Funds shall be allocated based upon the projected cost of serving children in a county under age 11 in families with all parents working who earn less than seventy-five percent (75%) of the State median income.

(2) No county's allocation shall be less than ninety percent (90%) of its State fiscal year 2001-2002 initial child care subsidy allocation.

SECTION 10.61.(b) The Department of Health and Human Services may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including Smart Start funds, within a county.

SECTION 10.61.(c) Notwithstanding subsection (a) of this section, the Department of Health and Human Services shall allocate up to twenty-two million dollars ($22,000,000) in federal block grant funds and State funds appropriated for fiscal years 2004-2005 and 2005-2006 for child care services. These funds shall be allocated to prevent termination of child care services.

DRAFT
SPECIAL PROVISION

2005-DHHS-H66(S10.62)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

CHILD CARE SUBSIDY RATES

SECTION 10.62.(a) 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 10.62.(b) 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. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 10.62.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

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

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

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

(4) Maximum payment rates shall also be calculated periodically by the Division of Child Development and School Readiness 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 10.62.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

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

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

SECTION 10.62.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development and School Readiness shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 10.62.(f) 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 10.62.(g) 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 and School Readiness for the subsidized child care program.

SECTION 10.62.(h) 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION



2005-DHHS-H67(S10.63)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Joint

CHILD CARE REVOLVING LOAN

SECTION 10.63. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or pay the Department's cost of administering the program.

DRAFT
SPECIAL PROVISION

2005-DHHS-H68(S10.64)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.64.(a) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management.

SECTION 10.64.(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.

(2) For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.

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

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

SECTION 10.64.(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 carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the 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.

(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a 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 10.64.(d) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 10.64.(e) 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 years 2005-2006 and 2006-2007 shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for fiscal years 2005-2006 and 2006-2007. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.

(2) Expenditures of State funds for advertising and promotional activities are prohibited for fiscal years 2005-2006 and 2006-2007.

SECTION 10.64.(f) A county 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.

SECTION 10.64.(g) For fiscal years 2005-2006 and 2006-2007, the local partnerships shall spend an amount for child care subsidies that provides at least fifty-two million dollars ($52,000,000) for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION



2005-DHHS-H69(S10.65)i-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Joint

SMART START FUNDING STUDY

SECTION 10.65.(a) The North Carolina Partnership for Children, Inc., shall study its allocation of funds to local partnerships. The North Carolina Partnership for Children, Inc., shall study funding equity among all counties and local partnerships based on population, the number of children from birth to five years of age residing in the county region, economic indicators, and the quality of existing child care. The North Carolina Partnership for Children, Inc., shall develop strategies to alleviate the inequity of funds to local partnerships.

SECTION 10.65.(b) The North Carolina Partnership for Children, Inc., 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 on or before March 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H70(S10.66)-P

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart Different

ANALYZE CHILD CARE SUBSIDY REIMBURSEMENT SYSTEM

SECTION 10.66.(a) The Department of Health and Human Services, Division of Child Development and School Readiness, shall conduct an analysis of the child care subsidy reimbursement system. The Division of Child Development and School Readiness shall conduct the analysis as follows:

(1) Compare surveyed rates from the 2005 child care market survey to existing reimbursement rates and identify counties and levels of disparity of current market rates to subsidy reimbursements.

(2) Compare overall compensation for child care workers by county and determine if there is a correlation with child care quality and subsidy reimbursements.

(3) Examine, by county, the prevalence of child care providers who charge parents a differential fee to make up the difference between private and subsidy reimbursement rates.

(4) Examine the impact that child care reimbursement rates has on providing families access to all levels of child care.

SECTION 10.66.(b) The Division of Child Development and School Readiness shall develop strategies to implement market rate equity among counties and submit a report of 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 by January 30, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H71(S10.67)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representatives Insko, Barnhart

Different

MORE AT FOUR

SECTION 10.67.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of sixty-six million six hundred forty-six thousand six hundred fifty-three dollars ($66,646,653) for the 2005-2006 fiscal year and the sum of sixty-six million six hundred forty-six thousand six hundred fifty-three dollars ($66,646,653) for the 2006-2007 fiscal year shall be used to implement "More At Four", a voluntary prekindergarten program for at-risk four-year-olds.

SECTION 10.67.(b) The Department of Health and Human Services and the Department of Public Instruction, with guidance from the Task Force, shall continue the implementation of the "More At Four" prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The program is available statewide to all counties that choose to participate, including underserved areas. The goal of the program is to provide quality prekindergarten services to a greater number of at-risk children in order to enhance kindergarten readiness for these children. The program shall be consistent with standards and assessments established jointly by the Department of Health and Human Services and the Department of Public Instruction. The program shall include:

(1) A process and system for identifying children at risk of academic failure.

(2) A process and system for identifying children who are not being served first priority in formal early education programs, such as child care, public or private preschools, Head Start, Early Head Start, early intervention programs, or other such programs, who demonstrate educational needs, and who are eligible to enter kindergarten the next school year, as well as children who are underserved.

(3) A curriculum or several curricula that are recommended by the Task Force. The Task Force will identify and approve appropriate research-based curricula. These curricula shall: (i) focus primarily on oral language and emergent literacy; (ii) engage children through key experiences and provide background knowledge requisite for formal learning and successful reading in the early elementary years; (iii) involve active learning; (iv) promote measurable kindergarten language-readiness skills that focus on emergent literacy and mathematical skills; and (v) develop skills that will prepare children emotionally and socially for kindergarten.

(4) An emphasis on ongoing family involvement with the prekindergarten program.

(5) Evaluation of child progress through pre- and postassessment of children in the statewide evaluation, as well as ongoing assessment of the children by teachers.

(6) Guidelines for a system to reimburse local school boards and systems, private child care providers, and other entities willing to establish and provide prekindergarten programs to serve at-risk children.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities that demonstrate the ability to establish or expand prekindergarten capacity.

(8) A quality-control system. Participating providers shall comply with standards and guidelines as established by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force. The Department may use the child care rating system to assist in determining program participation.

(9) Standards for minimum teacher qualifications. A portion of the classroom sites initially funded shall have at least one teacher who is certified or provisionally certified in birth-to-kindergarten education.

(10) A local contribution. Programs must demonstrate that they are accessing resources other than "More At Four".

(11) A system of accountability.

(12) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall consider the reallocation of existing funds from State and local programs that provide prekindergarten-related care and services.

SECTION 10.67.(c) The Department of Health and Human Services shall plan for expansion of the "More At Four" program within existing resources to include four- and five-star-rated centers and schools serving four-year-olds and develop guidelines for these programs. The Department shall analyze guidelines for use of the "More At Four" funds, State subsidy funds, and Smart Start subsidy funds and devise a complementary plan for administration of funds for all four-year-old classrooms. The four- and five-star-rated centers that choose to become a "More At Four" program shall, at a minimum, receive curricula and access to training and workshops for "More At Four" programs and be considered along with other "More At Four" programs for T.E.A.C.H. funding. The Department shall ensure that no individual receives funding from more than one source for the same purpose or activity during the same funding period. For purposes of this subsection, sources shall include T.E.A.C.H., W.A.G.E.$., and T.E.A.C.H. Health Insurance programs for individual recipients.

The "More At Four" program shall review the number of slots filled by counties on a monthly basis and shift the unfilled slots to counties with waiting lists. The shifting of slots shall occur through December 30, 2005, at which time any remaining funds for slots unfilled shall be used to meet the needs of the waiting list for subsidized child care.

SECTION 10.67.(d) The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall submit a report by February 1, 2006, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, 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. This final report shall include the following:

(1) The number of children participating in the program.

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

(3) The expected expenditures for the programs and the source of the local match for each grantee.

(4) The location of program sites and the corresponding number of children participating in the program at each site.

(5) Activities involving Child Find in counties.

(6) A comprehensive cost analysis of the program, including the cost per child served by the program.

(7) The plan for expansion of "More At Four" through existing resources as outlined in this section.

SECTION 10.67.(e) For the 2005-2006 and the 2006-2007 fiscal years, the "More At Four" program shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income to make the program consistent with the child care subsidy requirements. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if they have other designated risk factors.

SECTION 10.67.(f) The "More At Four" program funding shall not supplant any funding for classrooms serving four-year-olds as of the 2003-2004 fiscal year.

SECTION 10.67.(g) The Department of Health and Human Services, Division of Child Development, shall review and evaluate the early literacy project in Davie County and consider incorporation of this curriculum into the "More At Four" program.

SECTION 10.67.(h) The "More At Four" program shall contract with Prevent Blindness of North Carolina for one hundred fifty thousand dollars ($150,000) for vision screenings for children in the "More At Four" program and other child care classrooms.

SECTION 10.67.(i) The "More At Four" program shall provide a grant of one hundred seventy-seven thousand dollars ($177,000) to the Carolina Children's Communicative Disorders Program at the University of North Carolina at Chapel Hill.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H100

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: **Representative Nye**

IMPLEMENT ELECTRONIC QUALITY PRESCRIPTION MANAGEMENT PROGRAM

SECTION #. The Department of Health and Human Services, Division of Medical Assistance, shall implement an Electronic Quality Prescription Management program for prescription drugs through the use of personal data assistance (PDA) technology.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-DHHS-H39A(S10.35)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative Insko

APPEALS PROCESS FOR CLIENTS OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES PROGRAMS

SECTION 10.35.(a) G.S. 122C-151.2 reads as rewritten:

"**§ 122C-151.2. Appeal by area authorities and county ~~programs.~~programs; rules governing appeals process for clients of area authorities or county programs.**

(a) The area authority or county program may appeal to the Commission any action regarding rules under the jurisdiction of the Commission or rules under the joint jurisdiction of the Commission and the Secretary.

(b) The area authority or county program may appeal to the Secretary any action regarding rules under the jurisdiction of the Secretary.

(b1) The Commission shall adopt rules governing an appeals process for clients to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the Secretary. The appeals process shall ensure that area authority and county program services meet the requirements of applicable statutes and the rules of the Commission and the Secretary.

(b2) By January 1, 2006, the Department of Health and Human Services shall consult with the State Consumers and Families Advisory Council to develop and implement a standardized appeals process to be followed by each local management entity (LME). The appeals process shall include a requirement that the LMEs inform each client of the client's right to complain directly to the State Office of Consumer Empowerment and Customer Services in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(c) Appeals shall be conducted according to rules adopted by the Commission and Secretary and in accordance with Chapter 150B of the General Statutes."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALU-6 [v.1]

Date _____,2005

Comm. Sub. [YES]
Amends Title [NO]
Fourth Edition

Representative Farmer-Butterfield

moves to amend the House Appropriations Subcommittee on Health and Human Services Money Report dated June 10, 2005, on page G2, item 8, by increasing the amount of the reduction by two hundred twenty-five thousand dollars ($225,000) for the 2005-2006 fiscal year; and
and 2006-2007

further moves to amend the Subcommittee Money Report on page G9, item 59, by increasing the amount of the appropriation for Child Advocacy Centers by two hundred twenty-five thousand dollars ($225,000) for the 2005-2006 fiscal year.
+ 2006+2007
Recurring

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALU-9 [v.1]

Date _____,2005

Comm. Sub. [YES]
Amends Title [NO]
Fourth Edition

Representative England

moves to amend the House of Representatives Appropriations Subcommittee on Health and Human Services Money Report dated June 10, 2005, on page G2, item 8, by increasing the reduction by one hundred thousand dollars ($100,000) in both the 2005-2006 and 2006-2007 fiscal years.; and

further moves to amend the Money Report on page G11, by inserting after item 74 a new item to read:

"75	Strike Out Stroke	$100,000	$100,000.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Amendment 6
motion passed

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALU-8 [v.1]

Date _____,2005

Comm. Sub. [YES]
Amends Title [NO]
Fourth Edition

Representative B. Allen

moves to amend the House of Representatives Appropriations Subcommittee on Health and Human Services Money Report dated June 10, 2005, on page G2, item 8, by increasing the reduction by one hundred thousand dollars ($100,000) in both the 2005-2006 and 2006-2007 fiscal years.; and

further moves to amend the Money Report on page G11, by inserting after item 74 a new item to read:

"75	Healthy Carolinians	$100,000	$100,000.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Amendment 7 - adopted **PLEASE PRESS HARD - 5 COPIES**

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 6/10/05

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Insko
(Sen.)

HHS Subcommittee Report dated June 10, 2005

moves to amend the ~~bill~~ on page 21, lines 28 through 37

~~( ) WHICH CHANGES THE TITLE~~

by rewriting the lines to read:

"SECTION 10.11(t). The Department of Health and Human Services shall provide Medicaid Coverage for family planning services to men and women of child-bearing age with family income equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Under the family planning demonstration waiver approved by the federal government, implementation shall be made by October 1, 2005. The Department of Health and Human Services shall not utilize funds currently appropriated to the Women's Health Services Fund to provide the required match for the implementation of the 1115 Medicaid Demonstration ~~Project~~ waiver. Funds in the Women's Health Services Fund ~~to~~ shall be used only for community-based organizations and public health departments in accordance with the purposes of the Fund."

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

Health & Human Svc. — 6-10-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Terry Hardesty	NCPE/ Food Bank
Lu-Ann Coe	NCPA
Tom Bennett	NCARF
Roz Savitt	NCCCC
Dana Simpson	Smith Anderson
Abby Emanuelson	NMSS
Martha Ann McConnell	Carolinas HealthCare System
Angi Harris	Maupin Taylor
Beth Beckey	NCCAT
Tom Sowari	SMART START
Jennifer Mahan	MHA-NC

Name	Organization
Jerry Cooper	NCACA
Richard E. Chard	Richard E. Chard & Associates.
John Rust	NCFPC
Dana Simpson	Smith Anderson
Lou Sheretta	NCALTCF
Chuck Gladek	G.S.K.
Steve Mitchell	Novartis
Andy Ellen	NCLM
Ted Webb	OTHER-
Jim Woodall	ESUCP-NC
Sally Cameron	NCPA & C2001
Jill Hinton Reed	Autism Society of NC / C2001
G. L. Cochran	ESUCP - C2001
Jim Edgerton	BHHC
Marlowe Foster	NCAHP
Janet Schaughency	NC Council

Attachment III

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — ~~May~~ June 10, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Josie Douglas	Coalition 2001 / NC Assoc. of the Deaf
Phyllis T. Dare	DHHS DFS
Parthi Shyppard	DHHS
Linda Albanian	DHHS
Mike Morley	DMH/DD/SAS
Walker Wilson	Office the Governor
Pam Beal	DSS/DHHS
Gina Fuller Hayes	DSBVI
Wayne Wilson	DSBVI

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — ~~May~~ June 10, 2005

Name of Committee — Date

Yo Yo Hawk Signed Up

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
EVajdr	VNCTV
Scott Mooney	The Capitol / Press Assoc / Insider
Paula A Hardy	PPHS
Liz Clarke	Intern-Weiss
Lynette Jones	AHA
Ed Regan	NCACGEA
Tom Murray	
Bob Ellis	NCCSPC
Rebecca Tranter	NCACC
ZEB ALLEY	ALLEY ASSOC INC

VISITOR REGISTRATION SHEET

APPROPRIATIONS / Health and Human Services — ~~May~~ June 10, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mike Johnson	ACB